



Santa Clara Valley Water District Board of Directors Meeting

Headquarters Building Boardroom
5700 Almaden Expressway
San Jose, CA 95118

***AMENDED/APPENDED**
AMENDED 12:00 PM CLOSED SESSION AND 1:00 PM
REGULAR MEETING
AGENDA

Tuesday, February 12, 2019
12:00 PM

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

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

DISTRICT BOARD OF DIRECTORS

Linda J. LeZotte, Chair, District 4
Nai Hsueh, Vice Chair, District 5
John L. Varela, District 1
Barbara Keegan, District 2
Richard P. Santos, District 3
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**

***AMENDED/APPEDED
AGENDA**

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

Tuesday, February 12, 2019

12:00 PM

Headquarters Building Boardroom

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME CERTAIN:

12:00 PM

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

- *2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Tanya Ruiz v. SCVWD, et al

[19-0149](#)

1:00 PM

- *2.2. District Counsel Report.
- *2.3. Pledge of Allegiance/National Anthem. (Previously Item 1.2)
- *2.4. Orders of the Day. (Previously Item 1.3)
A. *Approximate Discussion Time (Board); and*
B. *Adjustments to the Order of Agenda Items.*

- *2.5. Time Open for Public Comment on any Item not on the Agenda.
(Previously Item 1.4)

[19-0178](#)

Attachments: [*Handout 2.5-A - R. Fry Comment](#)
[*Handout 2.5-B - Rev. Moore Comment](#)

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

- *2.6. State of the District. (Chairperson Linda LeZotte) (Previously Item 2.1)

- *2.7. Application for Leave to File Late Claim of Susan Landry. (Previously Item 2.2)

[19-0131](#)

Recommendation: Approve the application to file a late claim.

Manager: Stan Yamamoto, 408-630-2755

Attachments: [Attachment 1: Claim](#)
[Attachment 2: Application for Leave for Late Filing](#)
[Attachment 3: Amended Application for Leave for Late Filing](#)

Est. Staff Time: 5 Minutes

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

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

- 3.1. Resolution Setting Time and Place of a Public Hearing on April 9, 2019, [19-0120](#)
for the Report on Activities in Protection and Augmentation of Water
Supplies of the District - 2019.

Recommendation: A. Adopt the Resolution CALLING A PUBLIC HEARING TO
CONSIDER COMMENTS FROM MEMBERS OF THE
PUBLIC ON THE REPORT ON THE ACTIVITIES IN THE
PROTECTION AND AUGMENTATION OF THE WATER
SUPPLIES OF THE SANTA CLARA VALLEY WATER
DISTRICT, 2019; and

B. Set time and place for public hearing to occur on April 9,
2019 at 1:00 p.m., at the Santa Clara Valley Water
District Board Chambers, 5700 Almaden Expressway,
San Jose, CA 95118.

Manager: Nina Hawk, 408-630-2736

Attachments: [Attachment 1: Resolution](#)
[Attachment 2: Notice of Public Hearing](#)

- 3.2. Notice of Completion of Contract and Acceptance of Work for the Coyote [19-0045](#)
Creek Levee Rodent Damage Repair Project, Downstream of State Route
237, Granite Rock Company, Contractor, Project No. 62084001, Contract
No. C0637 (Milpitas) (District 3).

Recommendation: A. Accept the work as complete; and

B. Direct the Clerk of the Board to sign the Notice of
Completion of Contract and Acceptance of Work and
submit for recording at the Santa Clara County
Clerk-Recorder.

Manager: Ngoc Nguyen, 408-630-2632

Attachments: [Attachment 1: Notice of Completion and Acceptance of Work](#)
[Attachment 2: Construction Contract Acceptance](#)
[Attachment 3: Project Completion Letter](#)
[Attachment 4: Construction Summary](#)
[Attachment 5: Project Delivery Process Chart](#)

- 3.3. Notice of Completion of Contract and Acceptance of Work for the Coyote Creek Levee Rodent Damage Repair Project, Upstream of State Route 237, PMK Contractors LLC, Contractor, Project No. 62084001, Contract No. C0639 (San Jose) (District 3). [19-0097](#)

Recommendation: A. Accept the work as complete; and
 B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording at the Santa Clara County Clerk-Recorder.

Manager: Ngoc Nguyen, 408-630-2632

Attachments: [Attachment 1: Notice of Completion and Acceptance of Work](#)
 [Attachment 2: Construction Contract Acceptance](#)
 [Attachment 3: Project Completion Letter](#)
 [Attachment 4: Construction Summary](#)
 [Attachment 5: Project Delivery Process Chart](#)

- 3.4. Semi-Annual Lobbyist Report of Individuals Engaged in Compensated Lobbying Activities Aimed at Influencing District Decisions, in Accordance With District Ordinance 10-01. [19-0080](#)

Recommendation: Receive the Semi-Annual Lobbyist Report of Individuals Engaged in Compensated Lobbying Activities for the period July 1, 2018 through December 31, 2018.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: Lobbyist Report](#)

- *3.5. CEO Bulletins for the Weeks of January 18 - 24 and 25 - 31, and February 1 - 7, 2019. [19-0143](#)

Recommendation: Accept the CEO Bulletins.

Manager: Norma Camacho, 408-630-2084

Attachments: [Attachment 1: 012419 CEO Bulletin](#)
 [Attachment 2: 013119 CEO Bulletin](#)
 [*Attachment 3: 020719 CEO Bulletin](#)

*3.6. Approval of Minutes.

[19-0099](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 010819 Regular Meeting Minutes](#)
[Attachment 2: 010919 Special Meeting Minutes](#)

REGULAR AGENDA:

4. BOARD OF DIRECTORS:

4.1. Board Committee Reports.

- A. *Delta Conveyance Design and Construction Authority Update.*
- B. *Delta Conveyance Finance Authority Update.*

5. WATER UTILITY ENTERPRISE:

5.1. Sites Project Authority 2019 Reservoir Project Agreement for Continued District Participation in the Sites Reservoir Project.

[19-0062](#)

Recommendation:

- A. Receive update and report on the Sites Reservoir Project;
- B. Authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;
- C. Authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, and decide on the specific participation level (up to 4.8%); and
- D. Direct staff to continue engagement in Sites Reservoir Committee and negotiate future funding participation to include stronger governance role.

Manager: Garth Hall, 408-630-2750

Attachments: [Attachment 1: 2019 Reservoir Project Agreement](#)
[Attachment 2: Exhibit A, Project Agreement Members List \(Copy\)](#)
[Attachment 3: Joint Powers Agreement](#)
[Attachment 4: Project Map](#)
[Attachment 5: Sites Authority and Reservoir Committee Structure](#)
[Attachment 6: Project Overview-Phase Level Schedule](#)
[Attachment 7: List of Sites Project Supporters](#)
[Attachment 8: PowerPoint](#)

Est. Staff Time: 5 Minutes

- 5.2. Preliminary Fiscal Year 2019-20 Groundwater Production Charge Analysis Update. [19-0110](#)

Recommendation: Discuss and provide direction on the preliminary Fiscal Year 2019-20 Groundwater Production Charge analysis prepared by staff.

Manager: Nina Hawk, 408-630-2736
Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 10 Minutes

6. WATERSHEDS:

7. EXTERNAL AFFAIRS:

8. CHIEF EXECUTIVE OFFICER:

- 8.1. Update on Pension and Other Post-Employment Benefits Unfunded Liabilities. [19-0046](#)

Recommendation: Receive information on the status of pension and Other Post-Employment Benefit unfunded liabilities and provide direction to staff as necessary.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 5 Minutes

- 8.2. Overview of the Fiscal Year 2019-20 First Pass Budget Development Process. [18-1151](#)

Recommendation: Receive and discuss the overview of the District's Fiscal Year 2019-20 First Pass Budget Development Process.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 10 Minutes

- 8.3. CEO and Chiefs' Report.

9. ADMINISTRATION:

10. DISTRICT COUNSEL:

11. ADJOURN:

- 11.1. Board Member Reports/Announcements.
 - A. *Video of Completed San Francisquito Creek Project. (Director Kremen)*
- 11.2. Proposed Future Board Member Agenda Items.
- 11.3. Clerk Review and Clarification of Board Requests.
- 11.4. Adjourn to Regular Meeting at 6:00 p.m., on February 26, 2019, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

File No.: 19-0149

Agenda Date: 2/12/2019
Item No.: *2.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Tanya Ruiz v. SCVWD, et al

THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 19-0178

Agenda Date: 2/12/2019
Item No.: *2.5.

TIME OPEN FOR PUBLIC COMMENT

SUBJECT:

Time Open for Public Comment on any Item not on the Agenda. (Previously Item 1.4)

THIS PAGE INTENTIONALLY LEFT BLANK

Michele King

From: Rhoda Fry <fryhouse@earthlink.net>
Sent: Tuesday, February 05, 2019 9:41 AM
To: Board of Directors
Subject: RE: Concerns about threat to Stevens Creek Reservoir Water Quality
Attachments: CityofCupertinoLettertoCou-3mb.pdf

Dear Santa Clara Valley Water District Board Members,

Thank you for your response. The City of Cupertino has asked the County to have the quarries cease and desist new operations that threaten our water quality. Please refer to the attached letter.

Please include this email along with the attached at the next Board Meeting public comment. It is good to know that Valley Water is concerned about Stevens Creek Reservoir water quality. WE NEED MORE FROM YOU.

We need more than your concern and ask that you write a public letter to the County Board of Supervisors and County Staff to request action on threats to our water quality.

For years, the County knew that it was allowing our water quality to be threatened by its lax oversight at Stevens Creek Quarry (and Permanente Quarry, for that matter, which culminated in multiple lawsuits); yet it allowed the Quarry to expand its operations in May 2018. When the City of Cupertino learned of these threats, City staff investigated and discovered that the County was allowing the two quarries, Lehigh Hanson Permanente Quarry owned by HeidelbergCement, Germany and Stevens Creek Quarry, to engage in activities that were against the County's own regulations and State law. The attached letter is the outcome of the City's numerous attempts for civic discourse with the County. The letter asks that the County make the two quarries cease and desist in their new operations with a deadline of February 8, 2019.

The series of events along with the attached letter can be found on the City of Cupertino's webpage here:

<https://www.cupertino.org/our-city/city-news/increased-truck-traffic-between-lehigh-quarry-and-stevens-creek-quarry>

The link below provides more issues at Stevens Creek Quarry including a 55+ foot tall earthen dam that has been built (likely without permits) across the street from Stevens Creek Reservoir.

https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_2017_MRRC.pdf

Thank you for doing what you can to protect our water resources. It is unfortunate that the City did what the County should have done. I do think that we might assure more progress toward protecting our water quality if the Board were to support the City's letter.

Thank You,

Rhoda Fry

PS, Supervisor Simitian's annual meeting at the City of Cupertino is tightly choreographed and has never produced any results; we go so that the County knows we care.

From: Melissa Stone [mailto:mstone@valleywater.org] **On Behalf Of** Board of Directors
Sent: Friday, February 01, 2019 1:26 PM
To: 'Rhoda Fry '
Cc: Board of Directors
Subject: RE: Concerns about threat to Stevens Creek Reservoir Water Quality

Sent on behalf of Chair LeZotte and Vice-Chair Hsueh

Dear Ms. Fry,

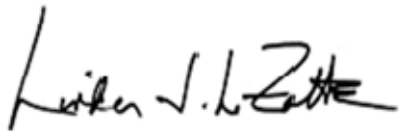
Thank you for your email dated January 16, 2019, regarding recent activities at the Stevens Creek Quarry and Lehigh Hanson facilities. The Santa Clara Valley Water District (District) mission is to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy; a key element of which is to protect creeks and groundwater from pollutants. Stevens Creek Reservoir is an important water supply facility that stores local runoff for future support of aquatic habitat in Stevens Creek and recharge local groundwater aquifers. The dam's location near these two industrial facilities ensures our continued interest in their effects on water quality in the reservoir and creek.

Although the District does not regulate land use or development in the county, District staff does act in an advisory role on surface and groundwater quality in the Stevens and Permanente Creek watersheds through periodic interagency meetings held to coordinate environmental regulatory issues related to Lehigh Hansen. County Board Supervisor Joseph Simitian hosts annual public meetings on Lehigh Hanson issues. The next meeting is scheduled for February 28, 2019 from 7 to 9 p.m. at the Cupertino Community Hall, located at 10350 Torre Avenue in Cupertino. Please contact Christopher Hoem, County Department of Planning and Development at (408) 299-5784, for specific information.

District staff will continue to engage with the regulatory agencies on both Lehigh Hanson and Stevens Creek Quarry water quality concerns. We will also be following the response to the Water Board requirements and will be especially interested in the monitoring report that Stevens Creek Quarry is required to provide in mid-May 2019. We will work with County staff to address any serious water quality issues that threaten inflows into the reservoir.

Again, thank you for taking the time to bring your concerns to our attention, and for supporting the District's efforts to ensure a safe, clean water supply.

Sincerely,



Linda J. LeZotte
Chair/Board of Directors



Nai Hsueh
Vice Chair/Board of Directors

C-19-0013

From: Rhoda Fry [mailto:fryhouse@earthlink.net]
Sent: Wednesday, January 16, 2019 5:54 PM
To: Board of Directors <board@valleywater.org>
Subject: Concerns about threat to Stevens Creek Reservoir Water Quality

Dear Santa Clara Valley Water District Board Members,

Please include this email and the attached for the public comment section of the next board meeting.

I am very concerned about a new manufacturing operation that could threaten the water quality at Stevens Creek Reservoir and Stevens Creek.

Beginning in May 2018, Stevens Creek Quarry began importing mined materials from the Lehigh Hanson Quarry for processing into construction aggregate. Mined materials from Lehigh Hanson are known to create water pollution (and legal action from the EPA and the Sierra Club:

[https://www.losaltosonline.com/news/sections/news/297-news-features/50181-\)](https://www.losaltosonline.com/news/sections/news/297-news-features/50181-)

In November 2018, the Water Boards ordered Stevens Creek Quarry to perform water testing for pollution created by their operations and in particular, potential pollution created by newly imported mined materials. Test results are due by May 2019.

It is inconceivable, that Santa Clara County could allow this significant change in manufacturing operations at Stevens Creek Quarry without first explicitly permitting it. Santa Clara County has a reputation for lax management of mines in its jurisdiction that has led to permanent pollution.

Attached please find a letter that describes the issues pertaining to this new business, an 18-year history of County negligence, and the letter from the Water Boards.

We ask that you protect our water supply.

Sincerely,
Rhoda Fry, Cupertino Resident
fryhouse@earthlink.net 408 - 529 - 3560



Virus-free. www.avg.com



CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3223 • FAX: (408) 777-3366
CUPERTINO.ORG

January 31, 2019

Rob Eastwood
Principal Planner
County of Santa Clara
70 West Hedding Street
East Wing, Seventh Floor
San Jose, CA 95110
Rob.Eastwood@pln.sccgov.org

Dear Mr. Eastwood,

The County of Santa Clara issued a Notice of Violation to Lehigh Southwest Cement Company (Lehigh) on August 17, 2018 for illegal grading of a haul road outside the boundaries of the 2012 Reclamation Plan Amendment approved for Lehigh's Permanente Quarry. The haul road followed an existing utility access road allowed Lehigh to ship aggregate mined on its property to the neighboring Stevens Creek Quarry (SCQ) for processing and sale. The County required that Lehigh halt further grading and use of the haul road, a portion of which falls within the jurisdictional boundaries of the City.¹

Since the Notice of Violation,² Lehigh has continued to haul material to SCQ, now via City of Cupertino streets. An estimated twenty to twenty-seven trucks circulate continuously between the quarries each work day. This dramatic change in the volume and composition of traffic on Stevens Creek and Foothill Boulevards causes hazardous conditions for pedestrians, bicyclists, and drivers, as well as significant backups, idling, and associated noise and emissions. The loaded quarry trucks have also dropped quantities of sediment and debris on City streets, resulting in runoff of potentially contaminated material to the City's storm drain system, which discharges to nearby creeks.

The recent expansion in operations at both SCQ and Lehigh, and the associated hauling through City streets, are unacceptable and illegal. The two quarries appear to have struck a deal that allows Lehigh to ship its aggregate offsite for processing at a facility subject to less stringent

¹ As a portion of the illegal grading occurred within the jurisdictional boundary of the City, the City has been waiting to coordinate with the County to take enforcement action against Lehigh as provided by the City and County ordinance.

² Available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/2250_NOV_20180817.pdf.

environmental controls and SCQ to extend the life of its aggregate business as its own deposits run out. But SCQ is neither authorized nor entitled to process aggregate or overburden mined offsite. It is required to comply with the conditions of approval established by its 1996 Use Permit for Parcel A (Conditions of Approval) and the Mediated Conditions governing Parcel B (Mediated Conditions).³ These conditions provide for SCQ to process and export aggregate mined on its property. They also prohibit SCQ from trucking material in from Permanente Quarry, either over the boundary it shares with Lehigh or using City streets not identified in its designated, mandatory haul routes.

Likewise, Lehigh cannot ship (potentially contaminated) aggregate for processing and sale offsite without first obtaining a use permit from the County and undergoing environmental review.

Accordingly, the County's Notice of Violation and enforcement against Lehigh do not address the primary violations of County law, which continue to this date. The County must order SCQ to cease and desist processing aggregate hauled in from offsite, and Lehigh to cease and desist shipping its aggregate to offsite locations for processing and sale. Such action will moot Lehigh's pending Reclamation Plan Minor Amendment for Rock Plant Haul Road Reclamation and Boundary Adjustment, dated November 2018 (Proposed RPA) and its application for the same dated November 9, 2018 (Application).⁴

Lehigh's grading and road improvements are illegal. But neither new steps to permit that road nor Lehigh's Proposed RPA can provide Lehigh and SCQ a compliant means for SCQ to process Lehigh's aggregate. Their current use of City streets only exacerbates their violations by violating additional conditions of approval, endangering Cupertino's residents, and creating nuisance conditions. The County must therefore reject Lehigh's Proposed RPA and immediately halt SCQ's and Lehigh's illegal expansion of their respective operations.

I. Stevens Creek Quarry's processing and sale of imported aggregate violates applicable permits, conditions, and County law.

The Stevens Creek Quarry consists of two areas commonly referred to as Parcels A and B. Parcel A contains offices, scales, and a concrete recycling facility, and Parcel B contains a quarry pit, rock crusher, and material stockpiles. Parcel A is governed by a use permit originally issued in 1984 and renewed with conditions of approval in 1996. Parcel B is subject to a set of Mediated Conditions—the result of mediation between SCQ and a group of neighbors—with

³ Conditions of Approval available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_SCQ_UsePermit_ParcelA_COA.pdf; Mediated Conditions available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_SCQ_Agreement_ParcelB_COA.pdf.

⁴ Proposed RPA available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/2250_HaulRoad_RPA.pdf; Application available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/2250_HaulRoad_AppForms.pdf.

which SCQ is required to comply pursuant to its 2009 reclamation plan amendment. In May 2018, the County and SCQ entered into a Compliance Agreement and Stipulation to Comply (Compliance Agreement), in which SCQ acknowledged that it has violated County and State law and agreed to steps to bring SCQ into compliance with both, including that SCQ “shall submit an application for a Use Permit and Reclamation Plan Amendment for Parcels A and B.”⁵ Accordingly, SCQ is currently operating under a combination of a use permit and the associated Conditions of Approval, Mediated Conditions, reclamation plan, and Compliance Agreement.⁶

Rather than bringing its operations into long-overdue compliance as it committed to do only eight months ago, SCQ has intensified and expanded its nonconforming use during the very period in which it has been subject to the Compliance Agreement. All of SCQ’s approvals anticipate—and allow—an export mining operation. But as SCQ exhausts its own raw materials, it has developed a new line of business to extend the life of its aggregate processing operation.⁷ The County should immediately halt SCQ’s latest attempt to flout State, County, and local law and prohibit any import of aggregate from offsite until SCQ has applied for, performed environmental review of, and obtained a use permit and reclamation plan amendment.

The Conditions of Approval and Mediated Conditions both specify practices for trucks loading material at SCQ and hauling it elsewhere for delivery. Neither set of conditions refers to or contemplates deliveries to or unloading associated with the aggregate operation. For example, Condition of Approval 44 requires SCQ to “supply [the County with] monthly totals of vehicular (truck) traffic serviced by the quarry operations.” Mediated Condition 20(a) limits hours of operation so that “[b]eginning at 6:00 a.m., trucks shall be able to stack, *load* and haul.” Mediated Condition 14 requires “[t]ruck *loading* practices to be such as to eliminate spillage on public roads” and 15 mandates that “[a]ll truck parking, queuing and *loading*, shall be carried out on the property.” *See also* Mediated Condition 12(a) (dust control for areas where “haulage vehicles” are “used” or “*loaded*”), 12(b) (“Dozing, digging, scraping, and *loading* of excavated materials shall be done in a manner which reduces to the minimum level possible the raising of dust.”), 20(b) (“Plant operation does not include material *loading* and hauling, because it is covered in the use permit for parcel “A”), 24 (SCQ “shall maintain control over . . . hauling and *loading* hours”). And Mediated Condition 13 limits the “[h]aul route being approved [to] Stevens

⁵ Compliance Agreement at 9, available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_2018_ComplianceAgreement_StipulatedOrdertoComply.pdf.

⁶ In November 2018, the Regional Water Quality Control Board also issued a Technical Report Order requiring SCQ to update its Stormwater Pollution Prevention Plan and to collect data on specific water quality parameters including metals such as selenium due in part to concerns that aggregate imported from Permanente Quarry could introduce new contaminants to the site, which lacks specialized water quality treatment facilities. *See* Technical Report Order Per Water Code Section 13267, Stevens Creek Quarry, Inc., Santa Clara County (Nov. 8, 2018), available at <https://www.cupertino.org/home/showdocument?id=23484>.

⁷ SCQ’s entire mining area, including both its quarry pit and all buildings and facilities, encompasses approximately 123 acres, of which 13 are depleted and now undergoing reclamation. *See* Surface Mining Inspection Report at 5 (Sept. 14, 2018), available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_2018_MRRC.pdf.

Canyon Road-Foothill Boulevard to Highway 280 and Foothill Expressway. No other route to be used.” (Emphasis added.) Thus, SCQ’s approvals describe operations exclusively as trucks loading at and leaving the quarry, not delivering to it or travelling on Stevens Creek Boulevard west of Foothill Boulevard.

SCQ was already years out of compliance with its reclamation plan prior to adding its new import business, with numerous and persistent violations that culminated in the Compliance Agreement. Nonetheless, its expanded aggregate processing activities further violate its reclamation plan by causing a “change or expansion to a surface mining operation that substantially affects the completion of the previously approved reclamation plan,” including by “exten[ding] the termination date of the mining operation.” 14 C.C.R. § 3502(d). Washing and crushing Lehigh’s aggregate without the rigorous water quality protections required at the Permanente Quarry could also “substantially affect the approved end use of the site” or cause inconsistency with “previously adopted environmental determinations,” as the Regional Water Quality Control Board has recently indicated in requiring data specifically targeted at contaminants of concern imported with the Lehigh aggregate.⁸

The County should not allow SCQ to expand its operations and worsen its violations while nominally following the steps identified in the Compliance Agreement. Instead, the County should require that SCQ immediately halt all imports of aggregate while it works to achieve compliance for even its existing operations.

II. Lehigh does not have a vested right to construct a “customer access” road for processing aggregate offsite.

Lehigh claims that the new haul road in its Proposed RPA falls within the vested rights that the County recognized in 2011 and thus requires no permit beyond the Proposed RPA. It is wrong. The County found that “[q]uarry surface mining operations on Vested Parcels” specified by the County “are a legal non-conforming use, and do not require a County use permit for *continued surface mining operations within the geographic area bounded by the Vested Parcels.*”⁹ The County also found “that vested rights do not exist over” other parcels within the Permanente Quarry property. *Id.*

By Lehigh’s own admission, the proposed haul road “will not expand the area in which mineral deposits are harvested.”¹⁰ Its sole purpose is to allow Lehigh to ship aggregate offsite for

⁸ See Technical Report Order Per Water Code Section 13267, Stevens Creek Quarry, Inc., Santa Clara County (Nov. 8, 2018), available at <https://www.cupertino.org/home/showdocument?id=23484>.

⁹ Santa Clara County Board of Supervisors Resolution 2011-85 ¶ 4 (emphasis added), available at <http://sccgov.iqm2.com/Citizens/FileOpen.aspx?Type=4&ID=3038&highlightTerms=2011-85>.

¹⁰ Proposed RPA at 1; Application at 1.

processing and sale on the neighboring property.¹¹ Shipping material offsite is not part of Lehigh's historical—and thus vested—use of the Permanente Quarry property. To the contrary, Lehigh processed its own aggregate onsite until 2011.¹² Lehigh refused to even consider shipping overburden offsite in its environmental impact report for the 2012 Reclamation Plan Amendment because “[t]oo little is . . . known about the range of possible destinations, distances, . . . and about whether some marketable or other use could be made of the materials.”¹³ Thus, neither the road nor the activities that it would facilitate is a “continued surface mining operation[.]” Resolution 2011-85 ¶ 4. Nor would the processing (and half the hauling) take place “within the geographic area bounded by the Vested Parcels.” *Ibid.* Accordingly, the proposed offsite haul road and aggregate processing are not vested. As a result, they require, at a minimum, use and grading permits and environmental review. Santa Clara County Zoning Ordinance § 4.10.370(I)(D), Code of Ordinances § C12-406.

More generally, a determination of vested rights is limited to “uses normally incidental and auxiliary to the nonconforming use” (*Hansen Bros. Enters. v. Bd. of Supervisors* (1996) 12 Cal.4th 533, 565), which courts interpret narrowly (*County of San Diego v. McClurken* (1951) 37 Cal.2d 683, 687). Shipping aggregate offsite for processing and sale, after decades of processing and selling that same material onsite, falls well outside of Lehigh's vested rights. Addressing analogous facts, the court in *Paramount Rock Company v. County of San Diego* held that a ready-mix concrete business exceeded the scope of its vested right when it switched from importing gravel and crushed rock as of the vesting date to use of an onsite rock crushing plant to produce that material. (1960) 180 Cal.App.2d 217, 221-22, 233. Lehigh—also a concrete business—has clearly done the same by switching from onsite rock crushing to exporting aggregate for processing at a nearby facility with less stringent environmental controls.

In fact, the new business arrangement between SCQ and Lehigh appears to be a mutually beneficial end run around the rigorous water quality controls under which Lehigh operates and the diminishing material available to SCQ on its own property. The conditions of approval for Lehigh's 2012 reclamation plan amendment require, among other things, a demanding Verification and Water Quality Monitoring Program that began 90 days after approval of that amendment and must continue for at least five years following completion of reclamation of the Permanente Quarry. Final Conditions of Approval (June 26, 2012), Condition 76.¹⁴ This requirement expressly targets metals including selenium and provides that reclamation will not

¹¹ See Letter from E. Guerra to J. Onciano and R. Lee (Jan. 9, 2019) (“To be clear, Lehigh did not and does not believe that an RPA is necessary for a road that is used for customer access to Lehigh's quarry.”), available at <https://www.cupertino.org/home/showdocument?id=23408>.

¹² See Draft Environmental Impact Report for Lehigh Permanente Quarry Reclamation Plan Amendment (DEIR) at 2-11 to 2-12 (Dec. 2011) (describing Rock Plant facilities), available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/Lehigh_DEIR_201112.pdf; Workplan for Characterization of Eastern and Western Materials Storage Areas, Permanente Quarry at 3, available at https://www.waterboards.ca.gov/rwqcb2/water_issues/hot_topics/Lehigh/04-13-13/Pond_Workplan.pdf.

¹³ DEIR at 3-17.

¹⁴ Available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/Lehigh_20120607_COA_Final.pdf.

be complete until five years of data show that runoff and point source discharges from the Permanente Quarry comply with applicable water quality standards. *Id.*, Condition 77. Another condition requires the design and implementation of a specialized facility to treat water discharged to Permanente Creek to bring concentrations of selenium within the water quality objective set in the applicable basin plan. *Id.*, Condition 82. Several additional conditions require that Lehigh design, implement, and monitor stringent controls of water and water quality. *E.g.*, *Id.*, Conditions 74-84. And while these conditions attach to the reclamation plan, many require Lehigh to act within 30 to 90 days of approval of the 2012 amendment. Accordingly, operations at Permanente Quarry are subject to exceptionally rigorous water quality controls and constant monitoring that ensures that those operations do not allow contaminants, especially metals such as selenium, to enter the watershed. These controls are expensive and unusual. Lehigh has a rock plant onsite that processed its aggregate for sale until 2011. Its decision to ship the same materials, which implicate the same water quality concerns, to a neighboring business that operates without such essential protections constitutes improper evasion of these requirements, as well as an impermissible expansion and extension of both quarries' operations.

III. Stevens Creek Quarry and Lehigh are prohibited from hauling aggregate from the Permanente Quarry to Stevens Creek Quarry.

Even if Lehigh was allowed to outsource its aggregate and SCQ was allowed to process it, they are prohibited from hauling the material from the Permanente Quarry to SCQ. SCQ operates under express limits on its ingress and egress locations, and a designated, mandatory haul route. As recognized by the County in its Notice of Violation, Lehigh's current reclamation plan does not extend to the property line that it shares with SCQ. Thus, the businesses may not haul aggregate between their properties either on private or public roads.

A. A new haul road between the Permanente Quarry and Stevens Creek Quarry properties would be illegal.

SCQ's Conditions of Approval for both Parcels A and B prohibit access over the ridge between it and the Permanent Quarry: "Ingress and egress locations [to Parcel B] to be limited to three (3) existing driveways onto Stevens Canyon Road." Mediated Condition 8, Condition of Approval 13. Likewise, Lehigh is prohibited from conducting mining activity—which the haul road purports to be—outside the boundaries of an approved reclamation plan.¹⁵ Thus, under their current approvals, neither SCQ nor Lehigh can build a haul road between the two properties.

SCQ's conditions of approval also expressly limit its haul truck traffic to "Stevens Canyon Road-Foothill Boulevard to Highway 280 and Foothill Expressway. *No other route to be used.*" Mediated Condition 13, Condition of Approval 17 (emphasis added). The County Standards for Surface Mining Operations (Santa Clara County Zoning Ordinance § 4.10.370(II)(A)(4)(c), (d)) require that quarries in the County specify haul roads to be used and the number and location of access points in permit conditions. Accordingly, Lehigh would be

¹⁵ *E.g.*, Notice of Violation at 2.

bound by similar limits on haul routes and access if it obtained a use permit to allow export of its aggregate.

Nonetheless, Lehigh blithely proposes a new haul road to directly link the Permanente Quarry and SCQ properties, without acknowledging that such a route would violate SCQ's mandatory operating conditions. Even if Lehigh's Proposed RPA was complete, both the operation and proposed haul route would remain illegal.

B. Lehigh's proposed reclamation plan amendment is inadequate and incomplete.

Lehigh responded to the County's Notice of Violation by applying to amend its reclamation plan, ignoring other constraints that preclude the new business arrangement. Lehigh's proposed reclamation plan is cursory and insufficient. It asserts that the new haul road is encompassed by its vested right to mine, and thus not subject to environmental review. Then it states that it will leave the road in place as a permanent improvement, without providing any explanation of how a steep, private haul road constructed specifically for heavy trucks will be consistent with the long-term use of the Permanente Quarry as open space following reclamation. Finally, Lehigh simply states that because "the project is a reclamation plan boundary adjustment. . . no impacts would occur."¹⁶ This is incorrect.

As an initial matter, and as discussed above, Lehigh's proposed haul road is not encompassed by its vested right to conduct surface mining on designated parcels. That road thus requires discretionary use and grading permits, and environmental review.

Even if Lehigh did not require a permit for the portion of the proposed road located on its property, the road and the aggregate processing that it would enable extend onto the SCQ property, for which Lehigh does not even allege vested status. Under this analysis, the proposed road would also be subject to the California Environmental Quality Act, Public Resources Code §21000 et seq (CEQA). *See Nelson v. County of Kern* (2010) 190 Cal.App.4th 252, 276 (full environmental review required of both reclamation plan and new proposed mining activity, even though the mining activity was located on federal land and subject to federal, rather than county, approval). Lehigh is improperly piecemealing the project by characterizing the project as only the Proposed RPA, excluding both the road that admittedly gave rise to the amendment, located both on and off Lehigh's property, and the aggregate processing for which the road and Proposed RPA are proposed. *See Banning Ranch Conservancy v. City of Newport Beach* (2012) 211 Cal.App.4th 1209, 1223 ("[T]here may be improper piecemealing when the reviewed project legally compels or practically presumes completion of another action."); *Tuolumne County Citizens for Responsible Growth, Inc. v. City of Sonora* (2007) 155 Cal.App.4th 1214, 1231 (environmental review improperly excluded road when "project cannot be completed and opened legally without the completion of the road realignment").

¹⁶ Application at 10.

Even considering the Proposed RPA in isolation, as Lehigh would have the County do, reclamation plans and their amendments are subject to CEQA. *See City of Ukiah v. County of Mendocino* (1987) 196 Cal.App.3d 47, 54, fn. 4 (“We reject [the] argument that CEQA is entirely inapplicable [to a reclamation plan] . . . [A] reclamation plan is an ‘entitlement for use’ inasmuch as the SMARA prohibits surface mining operations unless a reclamation plan has been submitted and approved. Thus, a reclamation plan is a ‘project’ under CEQA.”); *see also El Dorado County Taxpayers for Quality Growth v. County of El Dorado* (2004) 122 Cal.App.4th 1591, 1596 (affirming reliance on negative declaration to approve reclamation plan). Lehigh’s application illustrates why. It provides minimal information on the baseline conditions where the road will be built, although other documents show that the road essentially traces the route of the Berrocal fault.¹⁷ The limited information about construction of the road describes a 36-foot wide road engineered for 45-ton trucks that climbs over a steep hillside, requiring at least 100,000 to 150,000 cubic yards of cut and fill and a significant retaining wall.¹⁸ Yet Lehigh challenges the need even to submit a reclamation plan amendment, much less environmental review to, for example, consider alternatives or identify mitigation.¹⁹ Even if the County were to accept Lehigh’s premise that construction of the new road falls within its vested rights, Lehigh provides no explanation of why the purportedly mining-related road should remain in place once the property is reclaimed. Such a bald omission is particularly inappropriate when Lehigh’s own analysis notes the likely occurrence of erosion and need for maintenance associated with the steep design.²⁰ Nor does Lehigh’s application consider how to reclaim this proposed infrastructure. CEQA is designed to force disclosure and consideration of such information at the outset, before an agency approves a project.

Lehigh fails to support its assertion that the Proposed RPA falls within CEQA’s categorical exemptions for minor alteration of existing facilities (Class 1); minor alterations to land, water, or vegetation which do not involve removal of healthy, mature, scenic trees (Class 4); or the “common sense” exemption “where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment” (14 C.C.R. § 15061(b)(3)). Because exempt projects require no CEQA review, courts construe the exemptions narrowly “to afford the fullest possible environmental protection.” *Azusa Land Reclamation Co. v. Main San Gabriel Basin Watermaster* (1997) 52 Cal.App.4th 1165, 1193-94.

The Class 1 categorical exemption applies only to operation of “existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.” 14 C.C.R. § 15301. In this instance, there is no existing facility, nor will there be at the time of the lead

¹⁷ *See* Stevens Creek Quarry Reclamation Plan Amendment, Appx. D (Slope Stability Report), fig. 6, 12, available at https://www.sccgov.org/sites/dpd/DocsForms/Documents/1253_SCQ_RPA.pdf.

¹⁸ Proposed RPA at 4.

¹⁹ Letter from E. Guerra to J. Onciano and R. Lee (Jan. 9, 2019), available at <https://www.cupertino.org/home/showdocument?id=23408>.

²⁰ Application, Appx. B at 6.

agency's determination regarding the Proposed RPA. In addition, the Proposed RPA is proposed for the sole reason of expanding use of the larger property to allow offsite processing of Lehigh's aggregate. For both reasons, the Class 1 exemption does not apply.

The Class 4 categorical exemption applies to "minor . . . alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees." 14 C.C.R. § 15304. Examples include "[g]rading on land with a slope of less than 10 percent." *Id.* § 15304(d). Lehigh's reliance on this exemption is ironic considering its initial, wholly unpermitted improvement of the PG&E road, which involved bulldozing an estimated 35 trees.²¹ For purposes of the Proposed RPA, Lehigh simply attributes all tree removal to the purportedly vested road construction.²² Even limiting consideration solely to the Proposed RPA, Lehigh's own documents show that the proposed road will have an average grade of over 14 percent and be as steep as 20 percent. Presumably the surrounding slopes are comparably steep, if not steeper. This is precisely the information that CEQA would disclose and allow the County to consider and address through alternatives or mitigation measures.

Nor can Lehigh or the County say "with certainty that there is no possibility that the activity in question may have a significant effect on the environment." 14 C.C.R. § 15061(b)(3). Even setting aside the flaws discussed above, Lehigh has provided scant information—far from the substantial evidence required—to support its assertion that reclamation of the haul road will have no significant impact on the steeply sloped and wooded hills through which the haul road is proposed to cut.

C. The quarries' interim solution of hauling aggregate on Cupertino City Streets is also illegal.

The County's Notice of Violation preventing Lehigh from using the haul road that it improved illegally along the route of an existing PG&E access easement did not stop Lehigh from shipping its aggregate to SCQ for processing. Instead, the businesses began hauling aggregate on City streets, using heavy trucks to haul Lehigh's aggregate east on Stevens Creek Boulevard into Cupertino and then south on Foothill Boulevard, with empty trucks making the reverse trip. In addition to causing hazardous conditions described in Section IV below, the quarries' new haul route through the largely residential streets violates SCQ's express restriction to hauling from "Stevens Canyon Road-Foothill Boulevard to Highway 280 and Foothill Expressway. *No other route to be used.*" Mediated Condition 13, Condition of Approval 17 (emphasis added). Accordingly, the County should again enforce against the illegal expansion of both quarries' operations and violation of SCQ's Mediated Conditions to protect Cupertino residents.

²¹ Memo to E. Guerra and T. Jackson at 3 (Oct. 12, 2018), available at <https://www.cupertino.org/home/showdocument?id=23406>.

²² Application, Addendum at 3.

IV. The quarries' illegal operations are creating hazardous conditions in the City of Cupertino that create a public nuisance.

The quarries' decision to route haul trucks through the City's residential streets is endangering pedestrians, cyclists, and cars; imposing increased noise and emissions on surrounding homes; and dropping significant quantities of dirt and rock on City streets and in City storm drains. Use of these streets as a regular haul route violates the permit conditions described above. Those conditions reflect local infrastructure that cannot safely—and should not have to—accommodate high volumes of heavy commercial traffic on routes that were not designed to accommodate such traffic. The quarries' recent hauling creates nuisance conditions against which the City must consider legal action if the County does not enforce the existing legal restrictions.

Stevens Creek and Foothill Boulevard both are almost entirely residential along the current haul route and include designated bike lanes. They provide a single lane for traffic in each direction and limited turn lanes at their intersections that can accommodate a single truck without blocking through traffic. Trucks hauling material from Permanente Quarry to SCQ have routinely been crossing the dividing line of Foothill Boulevard as they turn onto it from Stevens Creek Boulevard. This is due to the geometry of the southwest corner of this intersection, where an existing utility pole and traffic pole limit large vehicles from making the turn without crossing the dividing line and facing oncoming traffic in the wrong lane. Empty trucks traveling from SCQ back to the Permanente Quarry are causing serious congestion issues on Foothill Boulevard as the wait to turn left onto Stevens Creek Boulevard. When more than two trucks wait to make the turn, through traffic on Foothill Boulevard is restricted due the trucks filling up the turn pocket and blocking the through northbound lane of Foothill Boulevard. This issue is especially acute during the morning commute when it is common to have vehicles waiting 15 minutes or more to clear the intersection, resulting in not only delays and traffic hazards but also substantial noise and emissions.

In addition, the quarries' haul trucks are not tarped, as required by local and state law, and residents and City staff have observed regular instances in which they drop dust, dirt, and debris on City streets. *See* Cupertino Municipal Code § 9.18.215(A)(6) (“It is unlawful for any person to drive or move any open vehicle or trailer within the City unless there is a tarp over the contents or the material is constructed and located so as to ensure that all litter is prevented from being blown or deposited upon any street.”); Cal. Veh. Code § 23114(a) (“[A] vehicle shall not be driven or moved on any highway unless the vehicle is so constructed, covered, or loaded as to prevent any of its content or load . . . from dropping, sifting, leaking, blowing, spilling, or otherwise escaping from the vehicle.”).

Significant and consistent disruption of traffic can create a public nuisance when such disruption unlawfully obstructs the free passage or use of a street. *People v. Amdur* (1954) 123 Cal.App.2d Supp. 951, 959. “Any obstruction” that is not temporary and incidental to the primarily intended use of the street or authorized by ordinance “constitutes a public nuisance *per se*.” *Id.* at 959-60. In this case, the haul trucks' presence on residential City streets is neither temporary, given the frequency and duration of their presence, nor incidental to the primarily intended use of the streets for residential purposes. Moreover, the trucks' haul route is not

authorized by ordinance, but rather violates mandatory conditions of operation required by the County.

Likewise, discharge of mining waste, aggregate, dirt, or debris to the City's stormwater system is both a violation of the City's NPDES permit and a public nuisance. Municipal Regional Stormwater NPDES Permit, Order R2-12015-0049, NPDES Permit No. CAS612008 at 5; *see also* Cupertino Municipal Code §§ 9.18.020 (50), 9.18.040(A)-(C), 9.18.215(A)(6), 1.09.180. Moreover, Lehigh's mining waste and soil are known to contain elevated levels of contaminants such as selenium, heightening the City's concern about the material dropped in City streets.²³

The hazardous conditions resulting from the high volume of haul trucks currently using City streets would not exist if the County enforced existing requirements that limit operations at both SCQ and Permanente Quarry. And even if SCQ was allowed to process Lehigh's aggregate, neither business can use the current route through residential City streets as a haul route. If the County simply enforced existing requirements, many of the nuisance conditions currently affecting the City would be resolved.

The City therefore requests that the County enforce SCQ's Conditions of Approval and Mediated Conditions and prohibit it from both importing aggregate for processing and deviating from its specified haul route. Likewise, the City asks the County to order Lehigh to cease and desist from exporting aggregate and other materials for processing offsite unless and until it obtains a use permit for such activities from the County.

As the current conditions created by the two quarries are not acceptable to the City, we respectfully request that the County acknowledge this letter by February 4, 2019 and have the two quarries cease and desist the exporting and processing of material between the two facilities no later than February 8, 2019. Thank you for your prompt attention to this matter, and please do not hesitate to contact my office with any questions.



Timm Borden
Interim City Manager

CC: Supervisor Joseph Simitian

1081984.6

²³ The Regional Water Quality Control Board has thus far taken the only enforcement action to require characterization of material hauled from Lehigh to SCQ, or at least of water quality affected by that material, by May 2019. As a result, the City will not know until approximately nine months after the quarries started hauling through City streets whether the debris their trucks have dropped on City streets and in City storm drains is dangerously contaminated.

SAN JOSE/SILICON VALLEY BRANCH OF THE
NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

1313 N Milpitas Blvd #175 Milpitas Ca 95035 P.O. BOX 1345 San Jose, California 95109
Phone (669)284-2173

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Re: Request Read into the record at Board Meeting

Dear Editor,

Regarding Mr. Peter Drekmeier's January 23rd Opinion piece, he states the Santa Clara Valley Water District made a grave miscalculation. He's clearly forgotten the environmental community includes environmental justice proponents.

The real grave miscalculation is his threatening to sink flood protection and local funding measures which protect Santa Clara County's underserved communities, such as those impacted by poverty, who need reliable water.

In many communities, it is easier to find a bag of Cheetos than a carton of strawberries. This will worsen with drought and increased flood risks. Santa Clara County's most vulnerable residents can't afford solutions that make this problem worse. I'm glad the Water District is considering the environmental justice impacts of their decision.

Santa Clara County residents' value both priorities—environmental justice and environmental quality. There's a balanced way to achieve both.

Sincerely,

Rev. Jethroe Moore II

President, San Jose/Silicon Valley National Association for the Advancement of Colored People (NAACP)

File No.: 19-0131

Agenda Date: 2/12/2019

Item No.: *2.7.

BOARD AGENDA MEMORANDUM

SUBJECT:

Application for Leave to File Late Claim of Susan Landry. (Previously Item 2.2)

RECOMMENDATION:

Approve the application to file a late claim.

SUMMARY:

Susan Landry filed a claim on December 20, 2018 claiming that she was denied a contract employment opportunity March 19, 2018 due to a conflict of interest related to CalPERS. Ms. Landry stated that she had asked CEO Norma Camacho and Director Richard Santos to look into this matter and subsequently filed a claim against the District.

The claim (Attachment 1) was received by the Clerk of the Board on December 20, 2018 and was returned to Ms. Landry as untimely. In response, Ms. Landry called Risk Management requesting an Application for Leave for Late Filing. On January 14, 2019, Ms. Landry filed with the Board for Leave for Late Filing for damages less than \$10,000.00 (Attachment 2). On January 29, 2019, Ms. Landry amended her Leave for Late Filing for damages in excess of \$10,000.00 (Attachment 3).

Government Code Section 911.2 states that a claim relating to . . . injury or to personal property . . . shall be presented . . . not later than six months after the accrual of the cause of action. Government Code Section 911.4-911.6 states that, when a claim is not presented within the six-month window, the claimant can apply to the Board and that the board shall grant an application for a late claim where the failure to present the claim was through mistake, inadvertence, surprise or excusable neglect and the public entity was not prejudiced in its defense of the claim.

Staff believes that, since Ms. Landry was in communication with CEO Camacho and Director Santos, there was excusable neglect in this instance. Therefore, the Board should approve the application to file a late claim. If the Board grants applicant leave to file a late claim, staff will investigate and process the claim, which would include discussing this matter with the relevant people and will make a decision on the claim.

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: Claim

Attachment 2: Application for Leave for Late Filing

Attachment 3: Amended Application for Leave for Late Filing

UNCLASSIFIED MANAGER:

Stan Yamamoto, 408-630-2755

Santa Clara Valley Water District

Phone: 408 265 2600

Fax: 408 445 1435



**Claim Against the
Santa Clara Valley Water District
California Government Code
Sections 900 and following.**

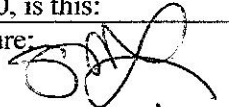
General Counsel form updated July, 2003

**Serve or mail this form to: Clerk of the Board
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118**

For Office Use Only:

Date Received:

By:

1. Name(s) and Address(es) of the person or persons making the claim	Name(s): Susan M. Landry Address: 349 Curtner Ave Campbell, CA 95008 Phone number (optional): 408.644.6936
2. Is this claim filed on behalf of a minor? Yes ___ No <u>x</u>	If so, please indicate minor's date of birth: Relationship of claim filer to minor:
3. Name and address of the person to whom notices are to be sent, if different than Number 1.	Name: Address:
4. Date, place and other circumstances of the occurrence, incident, injury or transaction. <i>Attach additional sheets for more space, if needed.</i>	Date: Oct 2-17 thru March 2018 Location (address and or nearest intersection): Other circumstances, including time, if known: Refer to attached document
5. Describe the debt, obligation, injury, damage or loss suffered so far as they are known. Include a description of the facts giving rise to the claim and why you believe the Santa Clara Valley Water District is responsible. <i>Attach additional sheets for more space, if needed, and photos, if available.</i>	Description: Refer to attached document. This is regarding a job I was offered. When I first applied I asked the question if there were any 'conflicts' between my position on the Campbell City Council and the position offered. I was told in Ot 2017 there was NO conflict. Three days before my start date of March 19th, I was told I could not take the job because of CalPERS. I had turned down other job offers because I taken the position with the District.
6. Name of the District employee who caused the injury, if known.	Name: Numerous people in the Distrcti & in HR
7. Is the amount of this claim now:	Under \$10,000? Yes <u>x</u> No ___ Over \$10,000? Yes ___ No <u>x</u>
8. If the amount is now over \$10,000, is this:	A Limited Civil Case? (Less than \$25,000) Yes ___ No ___ An Unlimited Civil Case? (Greater than \$25,000) Yes ___ No ___
Signature:  Date: 20 Dec 18	Additional Signature(s): Date(s):

Subject:	Fw: Water Wise Outdoor Survey Position - Problems with Hiring Procedures
From:	Susan Landry (environmental.edges@yahoo.com)
To:	BOARD@valleywater.org;
Date:	Monday, December 10, 2018 2:46 AM

Hi Richard,

We talked awhile back about my problems with the District's hiring procedures. I brought to your attention that I was offered a part time job and three days before I was to start work I was told I could not take the job because I was being hired through a temp agency and they did not offer CalPers. After being told there was NO conflicts.

I have been reluctant to pursue a claim against the District because I have not wanted to 'burn a bridge'.

Over the past 30 years I have worked on several District projects and would like to be able to work with you in the future.

After I talked to you and taking some time, I re-considered what I should do.

I am now interested in FILLING A CLAIM FOR LOST INCOME because the District was negligent in their actions regarding a job offer, provided me with misinformation and pursued me for employment and only three days before I was to start work, I was told I could not be hired.

The email below details the sequence of events that occurred. I was told in Oct of 2017 that there was NO conflicts between my City Council position and the position being offered with the district.

As you can see, I was offered a job, told I had the job and then told I could not be hired.

Because I was offered the District job, I had turned down two landscape projects totaling \$5,000. Additionally, I would have had a two year contract for part time work.

Please let me know what I need to do to pursue my CLAIM FOR LOST INCOME.

Thank you.

Susan M. Landry
Principal Landscape Architect
Environmental Edges

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>

To: Susan Landry <environmental.edges@yahoo.com>

Sent: Saturday, December 8, 2018 3:47 PM

Subject: Fw: Water Wise Outdoor Survey

Susan M. Landry
Principal Landscape Architect
Environmental Edges

Designing Spaces Between the Natural and Built Environment TM

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>

To: Anil Comelo <AComelo@valleywater.org>

Sent: Friday, March 16, 2018, 2:29:33 PM PDT

Subject: Re: RE: Water Wise Outdoor Survey

Hi Anil,

I'm sure what information you have, so I'm sending this email with a summary of what happened.

I would like to share with you my recent disappointing experience with the District regarding a job that I was offered. I should have been starting on the 19th and now I do not have the job.

Sorry my email's is long, I didn't know how to tell you in a shorter one ;)

The District's problem has now become my problem.

After everything listed below, Laurel, with HR's last email was: *Thank you for your time and your understanding.*

I am NOT understanding to the situation and it **is now causing me 'financial heartburn'**. My stomach has been in knots since last week. I am so disappointed and frustrated.

Not only do I not have a job that was to start on the 19th, to make things worse, I am now scrambling to find other work to replace this lack of income. After I received the District's official job offer letter I had two people contact me about their residential projects. Not wanting

to over commit myself, I let them know that I had a project starting on the 19th and that I needed a few weeks to see how much time I would have available for their projects before I could commit to them. They have since hired someone else.

HERE IS A SUMMARY OF WHAT OCCURRED:

I applied for this job in October 2017. The following is the title of the posting for the position: **Part-Time Irrigation Auditor Temporary Worker Assignments Available at the Santa Clara Valley Water District** (there is NO mention that this job would be through a temp agency)

The following are the emails from Oct 2017 between Ashley and myself. **I asked the question of 'conflict' in my first email regarding this position.** Her email responds with 'conflict of interest' and says '**We don't see any conflicts of interest think we are ok to proceed**'. Since I am not an attorney or in HR, my assumption was that '**all aspects**' of being a council member were evaluated regarding 'conflict'.

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]

Sent: Wednesday, October 18, 2017 10:09 AM

To: Ashley Carter <acarter@valleywater.org>

Subject: Re: RE: Part-Time Irrigation Auditor Job Opening

Hi Amy, Has this position been filled? I am interested in applying, Questions:

* Besides being a Landscape Architect, I am also a City of Campbell Councilmember.

* Is there a conflict with my council position in regards to this part time job with the district?

* What is the hourly rate for this job?

If there is no conflict, I will send you my resume.

Susan M. Landry

HER RESPONSE:

On Monday, October 23, 2017, 4:09:03 PM PDT, Ashley Carter <acarter@valleywater.org> wrote:

Hi Susan, Thanks for sending this over. **We don't see any conflicts of interest so I think we're ok to proceed.** Would you be free tomorrow to interview, the 24th? We can do 2:30, 3:00 or 3:30.

Again, just to reiterate, this job would require pretty in-depth knowledge of irrigation installation, components, and troubleshooting as well as the ability to operate a number of types of irrigation controllers.

Thank you and I look forward to hearing from you.

ASHLEY CARTER

I did not get that position.

Then on Feb 9th I got an email from Justin asking if I would still be interested in the position.

Hello Susan,

I'm following up on this morning's voicemail, and also I hope you've been well.

You and I met at the interview for the Water Wise Outdoor Surveyor temporary position last fall, along with Ashley Carter. Ashley and I thought you were an extremely strong candidate, and we have new opportunity. Are you still interested?

To my understanding, we would not have to go through another interview or formal application process but HR would reach out to you to confirm next steps. That you for letting me know either way. Please let me know if you have any questions or concerns. Have a pleasant weekend.

Best, Justin Burk

I again asked Justin if there was any conflict between my council job and the District Job. I was reassured there was none. I still was NOT told that the position would be through a contracting firm.

I then received this email:

Hi Susan,

Welcome to Systems America. Congratulations on your assignment with the Santa Clara Valley Water District.

*We are targeting **March 19th** as your first day. Included is a checklist and all the documents that need to be executed in order to initiate the onboarding process. **You can send back the documents in the next three [3] business days.** *What you have to do:* Download all the forms.*

- *Review and Sign the offer letter*
- *Review the policies (Sick Leave, Drug Alcohol Testing, Paycheck & Time Card and Sexual Harassment)*
- *Sign the Policy Acknowledgement Form*
- *Fill all the other documents as per the requirement*
- *Review the Sample Timesheet*
- *Send us back all the executed forms*
- ***Medical Benefits:** If you are interested in getting Medical Insurance please let us know so we can pass on the information to you, If you are not interested please sign the waiver attached.*

Please do not hesitate to call me in case of any doubts.

Regards, Yamina Rais | Systems America, Inc.. People & HR Operations Associate

I signed and returned the Background Check and Offer letters, then spent an evening filling out all the forms and returned most of them. She said she still needed 2 more, one of which was about CalPERs. This is part of the form:

CalPERS Membership Eligibility for Temporary Workers

*Temporary workers seeking employment with the Santa Clara Valley Water District (SCVWD) who are paid through the SCVWD's contracting temporary staffing agency **cannot be current members of CalPERS.***

WHAT?

After all this time, NOW this comes up.

I called Justin and he was as shocked as I was. He gave me Peggy's name in HR. I called her. Her response was 'We only looked at 'conflict of interest'.

My response: I told you I was a council member for Campbell, why didn't anyone know about the CalPERs issue?

Peggy: We weren't ask to look into this and some council members aren't paid, so...

I was flabbergasted and I told her so. How in the hack can you be in HR and not know if I'm being paid or not and why won'y you have at least checked? I then got an email from Laurel:

*March 9, 2018, 10:45:00 AM PST, Laurel Hanchett <LHanchett@valleywater.org> wrote:
Hi Susan, The problem is a Calpers' law not a conflict of interest with the SCVWD.*

THEN WHY WASN'T THIS ISSUE LOOKED INTO BACK IN OCTOBER 2017!!!!

I am sooo disappointed.

To add salt to the wound, I got an email yesterday from Justin 'Seeking Applicants for Water Wise Outdoor Surveyor'

Look forward to talking today

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:41:03 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

I have meetings until 3pm. So I will call you then else after 4:30. Lets plan on talking at 3pm.

Thanks

Anil

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]
Sent: Friday, March 16, 2018 10:38 AM
To: Anil Comelo <AComelo@valleywater.org>
Subject: Re: Water Wise Outdoor Survey

Hi Anil,

Thank you for getting back to me.

I have a few meetings today.

What time do you think you will call?

Between 2:30 - 3:15 would be best for me or after 4:30

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:36:21 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

Hi Susan,

Sorry we played phone tag last night.

I am in meetings this morning but will reach out to you this afternoon.

Thanks

Anil Comelo

HR Director

Santa Clara Valley Water District

(408) 630-2470

THIS PAGE INTENTIONALLY LEFT BLANK

Santa Clara Valley Water District
Claim for Loss of Wages

SCVWD Board of Directors
5750 Almaden Expressway
San Jose, CA 95118

RE: Request for leave to present a late Claim

To the Clerk of the Board,

I am writing regarding the Claim I submitted on December 20, 2018 to the District regarding my loss of wages resulting from the problems with my job offer and the resulting outcome of not being able to start work. I submitted this claim on this date since I never heard back from Norma Camacho after my July 25th conversation with her when she told me she would look into the problem.

As most of the Board members are aware, over the past 30 years I have had a working relationship with the District either as a landscape architectural consultant on your construction projects, as a Project manger working for numerous City's and the County during their permitting process and as a volunteer on the EWRC, Ad-Hoc Homeless Committee and your Landscape Committee. Most recently as a City of Campbell Council Member I sit on the District's Water Commission as their representative.

Because of my long-standing relationship, I was very torn about submitting a formal claim. I did not want to hire an attorney, for fear of what that may do to any potential work in the future. I tried to work with District staff and with Norma Camacho regarding my loss of income, to no avail. On July 25th, after the Water Commission Meeting, I spoke with her, asking if she know about the problems with my job offer. She stated she was aware of the situation and had received copies of my emails. I told her I wanted to pursue my loss of income but was concerned about what it may do to our working relationship. Norma said she would look into the situation. I asked if I needed to send her my emails and she said that was not needed.

I wanted to give Norma a chance to investigate my claim, so I waited to her from her. In the mean time I spoke with Director Santos regarding the situation. As of December 2018, I had not heard from Norma, so I became concerned that there was no follow up and I would only get resolution by making a formal claim with the District. Without legal advice, I was under the impression I had a year to file this claim.

Not sure of how to pursue, I sent an email to Director Santos stating my intent of filling a formal complaint. I also spoke with Director LeZotte and Stan Yamamoto, District Counsel. This is when I was informed that I needed to file a claim. I was provided with the form and made my formal submittal on December 20, 2018.

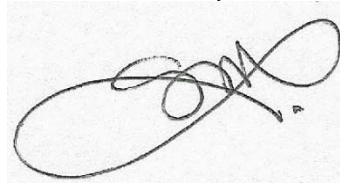
My claim states that the District was negligent when they pursued me for employment and in their actions regarding this job offer by providing me with misinformation, which resulted in my loss of income.

On January 4th, 2019 I received a certified letter from David Cahen, in which he states that my claim against the SCVWD for lost income has been returned for not being presented within 6 months after the event. His letter states that I may apply for leave to present a late claim to the Board for consideration.

Per David's letter, I am requesting that my claim be submitted to the Board for consideration for leave to present a late claim. I have attached the emails and notes regarding the problems with the job offer and ultimately the resulting loss of income.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susan M. Landry', with a large, stylized loop at the end.

Susan M. Landry
Principal Landscape Architect
Environmental Edges

Designing Spaces Between the Natural & Built Environment[™]

January 2, 2019

Susan Landry
349 Curtner Ave.
Campbell, CA 95008

Re: Claim

Dear Ms. Landry,

The claim which was presented to the Santa Clara Valley Water District on December 20, 2018 is being returned because it was not presented within six (6) months after the event or occurrence as required by law. See sections 901 and 911.2 of the Government Code. Because the claim was not presented within the time allowed by law, no action was taken on the claim.

WARNING

Your only recourse at this time is to apply without delay to the Board of the Santa Clara Water District for leave to present a late claim. See sections 911.4 to 912.2, inclusive, and section 946.6 of the Government Code. Under some circumstances, leave to present a late claim may be granted. See Government Code section 911.6.

If you have any questions, you can contact me at (408) 630-2213.

Sincerely,



David Cahen
Risk Manager

Enc: Claim



Santa Clara Valley Water District

Phone: 408 265 2600

Fax: 408 445 1435



**Claim Against the
Santa Clara Valley Water District
California Government Code
Sections 900 and following.**

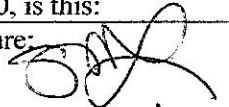
General Counsel form updated July, 2003

**Serve or mail this form to: Clerk of the Board
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118**

For Office Use Only:

Date Received:

By:

1. Name(s) and Address(es) of the person or persons making the claim	Name(s): Susan M. Landry Address: 349 Curtner Ave Campbell, CA 95008 Phone number (optional): 408.644.6936
2. Is this claim filed on behalf of a minor? Yes ___ No <u>x</u>	If so, please indicate minor's date of birth: Relationship of claim filer to minor:
3. Name and address of the person to who notices are to be sent, if different than Number 1.	Name: Address:
4. Date, place and other circumstances of the occurrence, incident, injury or transaction. <i>Attach additional sheets for more space, if needed.</i>	Date: Oct 2-17 thru March 2018 Location (address and or nearest intersection): Other circumstances, including time, if known: Refer to attached document
5. Describe the debt, obligation, injury, damage or loss suffered so far as they are known. Include a description of the facts giving rise to the claim and why you believe the Santa Clara Valley Water District is responsible. <i>Attach additional sheets for more space, if needed, and photos, if available.</i>	Description: Refer to attached document. This is regarding a job I was offered. When I first applied I asked the question if there were any 'conflicts' between my position on the Campbell City Council and the position offered. I was told in Ot 2017 there was NO conflict. Three days before my start date of March 19th, I was told I could not take the job because of CalPERS. I had turned down other job offers because I taken the position with the District.
6. Name of the District employee who caused the injury, if known.	Name: Numerous people in the Distrcti & in HR
7. Is the amount of this claim now:	Under \$10,000? Yes <u>x</u> No ___ Over \$10,000? Yes ___ No <u>x</u>
8. If the amount is now over \$10,000, is this:	A Limited Civil Case? (Less than \$25,000) Yes ___ No ___ An Unlimited Civil Case? (Greater than \$25,000) Yes ___ No ___
Signature:  Date: 20 Dec 18	Additional Signature(s): Date(s):

Subject:	Fw: Water Wise Outdoor Survey Position - Problems with Hiring Procedures
From:	Susan Landry (environmental.edges@yahoo.com)
To:	BOARD@valleywater.org;
Date:	Monday, December 10, 2018 2:46 AM

Hi Richard,

We talked awhile back about my problems with the District's hiring procedures. I brought to your attention that I was offered a part time job and three days before I was to start work I was told I could not take the job because I was being hired through a temp agency and they did not offer CalPers. After being told there was NO conflicts.

I have been reluctant to pursue a claim against the District because I have not wanted to 'burn a bridge'.

Over the past 30 years I have worked on several District projects and would like to be able to work with you in the future.

After I talked to you and taking some time, I re-considered what I should do.

I am now interested in FILLING A CLAIM FOR LOST INCOME because the District was negligent in their actions regarding a job offer, provided me with misinformation and pursued me for employment and only three days before I was to start work, I was told I could not be hired.

The email below details the sequence of events that occurred. I was told in Oct of 2017 that there was NO conflicts between my City Council position and the position being offered with the district.

As you can see, I was offered a job, told I had the job and then told I could not be hired.

Because I was offered the District job, I had turned down two landscape projects totaling \$5,000. Additionally, I would have had a two year contract for part time work.

Please let me know what I need to do to pursue my CLAIM FOR LOST INCOME.

Thank you.

Susan M. Landry
Principal Landscape Architect
Environmental Edges

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>

To: Susan Landry <environmental.edges@yahoo.com>

Sent: Saturday, December 8, 2018 3:47 PM

Subject: Fw: Water Wise Outdoor Survey

Susan M. Landry
Principal Landscape Architect
Environmental Edges

Designing Spaces Between the Natural and Built Environment TM

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>

To: Anil Comelo <AComelo@valleywater.org>

Sent: Friday, March 16, 2018, 2:29:33 PM PDT

Subject: Re: RE: Water Wise Outdoor Survey

Hi Anil,

I'm sure what information you have, so I'm sending this email with a summary of what happened.

I would like to share with you my recent disappointing experience with the District regarding a job that I was offered. I should have been starting on the 19th and now I do not have the job.

Sorry my email's is long, I didn't know how to tell you in a shorter one :)

The District's problem has now become my problem.

After everything listed below, Laurel, with HR's last email was: *Thank you for your time and your understanding.*

I am NOT understanding to the situation and it **is now causing me 'financial heartburn'**. My stomach has been in knots since last week. I am so disappointed and frustrated.

Not only do I not have a job that was to start on the 19th, to make things worse, I am now scrambling to find other work to replace this lack of income. After I received the District's official job offer letter I had two people contact me about their residential projects. Not wanting

to over commit myself, I let them know that I had a project starting on the 19th and that I needed a few weeks to see how much time I would have available for their projects before I could commit to them. They have since hired someone else.

HERE IS A SUMMARY OF WHAT OCCURRED:

I applied for this job in October 2017. The following is the title of the posting for the position: **Part-Time Irrigation Auditor Temporary Worker Assignments Available at the Santa Clara Valley Water District** (there is NO mention that this job would be through a temp agency)

The following are the emails from Oct 2017 between Ashley and myself. **I asked the question of 'conflict' in my first email regarding this position.** Her email responds with 'conflict of interest' and says '**We don't see any conflicts of interest think we are ok to proceed**'. Since I am not an attorney or in HR, my assumption was that '**all aspects**' of being a council member were evaluated regarding 'conflict'.

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]

Sent: Wednesday, October 18, 2017 10:09 AM

To: Ashley Carter <acarter@valleywater.org>

Subject: Re: RE: Part-Time Irrigation Auditor Job Opening

Hi Amy, Has this position been filled? I am interested in applying, Questions:

* Besides being a Landscape Architect, I am also a City of Campbell Councilmember.

* Is there a conflict with my council position in regards to this part time job with the district?

* What is the hourly rate for this job?

If there is no conflict, I will send you my resume.

Susan M. Landry

HER RESPONSE:

On Monday, October 23, 2017, 4:09:03 PM PDT, Ashley Carter <acarter@valleywater.org> wrote:

Hi Susan, Thanks for sending this over. **We don't see any conflicts of interest so I think we're ok to proceed.** Would you be free tomorrow to interview, the 24th? We can do 2:30, 3:00 or 3:30.

Again, just to reiterate, this job would require pretty in-depth knowledge of irrigation installation, components, and troubleshooting as well as the ability to operate a number of types of irrigation controllers.

Thank you and I look forward to hearing from you.

ASHLEY CARTER

I did not get that position.

Then on Feb 9th I got an email from Justin asking if I would still be interested in the position.

Hello Susan,

I'm following up on this morning's voicemail, and also I hope you've been well.

You and I met at the interview for the Water Wise Outdoor Surveyor temporary position last fall, along with Ashley Carter. Ashley and I thought you were an extremely strong candidate, and we have new opportunity. Are you still interested?

To my understanding, we would not have to go through another interview or formal application process but HR would reach out to you to confirm next steps. That you for letting me know either way. Please let me know if you have any questions or concerns. Have a pleasant weekend.

Best, Justin Burk

I again asked Justin if there was any conflict between my council job and the District Job. I was reassured there was none. I still was NOT told that the position would be through a contracting firm.

I then received this email:

Hi Susan,

Welcome to Systems America. Congratulations on your assignment with the Santa Clara Valley Water District.

*We are targeting **March 19th** as your first day. Included is a checklist and all the documents that need to be executed in order to initiate the onboarding process. **You can send back the documents in the next three [3] business days.** *What you have to do:* Download all the forms.*

- *Review and Sign the offer letter*
- *Review the policies (Sick Leave, Drug Alcohol Testing, Paycheck & Time Card and Sexual Harassment)*
- *Sign the Policy Acknowledgement Form*
- *Fill all the other documents as per the requirement*
- *Review the Sample Timesheet*
- *Send us back all the executed forms*
- ***Medical Benefits:** If you are interested in getting Medical Insurance please let us know so we can pass on the information to you, If you are not interested please sign the waiver attached.*

Please do not hesitate to call me in case of any doubts.

Regards, Yamina Rais | Systems America, Inc.. People & HR Operations Associate

I signed and returned the Background Check and Offer letters, then spent an evening filling out all the forms and returned most of them. She said she still needed 2 more, one of which was about CalPERS. This is part of the form:

CalPERS Membership Eligibility for Temporary Workers

*Temporary workers seeking employment with the Santa Clara Valley Water District (SCVWD) who are paid through the SCVWD's contracting temporary staffing agency **cannot be current members of CalPERS.***

WHAT?

After all this time, NOW this comes up.

I called Justin and he was as shocked as I was. He gave me Peggy's name in HR. I called her. Her response was 'We only looked at 'conflict of interest'.

My response: I told you I was a council member for Campbell, why didn't anyone know about the CalPERS issue?

Peggy: We weren't ask to look into this and some council members aren't paid, so...

I was flabbergasted and I told her so. How in the hack can you be in HR and not know if I'm being paid or not and why won'y you have at least checked? I then got an email from Laurel:

*March 9, 2018, 10:45:00 AM PST, Laurel Hanchett <LHanchett@valleywater.org> wrote:
Hi Susan, The problem is a Calpers' law not a conflict of interest with the SCVWD.*

THEN WHY WASN'T THIS ISSUE LOOKED INTO BACK IN OCTOBER 2017!!!!

I am sooo disappointed.

To add salt to the wound, I got an email yesterday from Justin 'Seeking Applicants for Water Wise Outdoor Surveyor'

Look forward to talking today

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:41:03 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

I have meetings until 3pm. So I will call you then else after 4:30. Lets plan on talking at 3pm.

Thanks

Anil

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]
Sent: Friday, March 16, 2018 10:38 AM
To: Anil Comelo <AComelo@valleywater.org>
Subject: Re: Water Wise Outdoor Survey

Hi Anil,

Thank you for getting back to me.

I have a few meetings today.

What time do you think you will call?

Between 2:30 - 3:15 would be best for me or after 4:30

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:36:21 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

Hi Susan,

Sorry we played phone tag last night.

I am in meetings this morning but will reach out to you this afternoon.

Thanks

Anil Comelo

HR Director

Santa Clara Valley Water District

(408) 630-2470

Santa Clara Valley Water District
Claim for Loss of Wages

SCVWD Board of Directors
5750 Almaden Expressway
San Jose, CA 95118

RE: Request for leave to present a late Claim

To the Clerk of the Board,

I am writing regarding the Claim I submitted on December 20, 2018 to the District regarding my loss of wages resulting from the problems with my job offer and the resulting outcome of not being able to start work. I submitted this claim on this date since I never heard back from Norma Camacho after my July 25th conversation with her when she told me she would look into the problem.

As most of the Board members are aware, over the past 30 years I have had a working relationship with the District either as a landscape architectural consultant on your construction projects, as a Project manger working for numerous City's and the County during their permitting process and as a volunteer on the EWRC, Ad-Hoc Homeless Committee and your Landscape Committee. Most recently as a City of Campbell Council Member I sit on the District's Water Commission as their representative.

Because of my long-standing relationship, I was very torn about submitting a formal claim. I did not want to hire an attorney, for fear of what that may do to any potential work in the future. I tried to work with District staff and with Norma Camacho regarding my loss of income, to no avail. On July 25th, after the Water Commission Meeting, I spoke with her, asking if she know about the problems with my job offer. She stated she was aware of the situation and had received copies of my emails. I told her I wanted to pursue my loss of income but was concerned about what it may do to our working relationship. Norma said she would look into the situation. I asked if I needed to send her my emails and she said that was not needed.

I wanted to give Norma a chance to investigate my claim, so I waited to her from her. In the mean time I spoke with Director Santos regarding the situation. As of December 2018, I had not heard from Norma, so I became concerned that there was no follow up and I would only get resolution by making a formal claim with the District. Without legal advice, I was under the impression I had a year to file this claim.

Not sure of how to pursue, I sent an email to Director Santos stating my intent of filling a formal complaint. I also spoke with Director LeZotte and Stan Yamamoto, District Counsel. This is when I was informed that I needed to file a claim. I was provided with the form and made my formal submittal on December 20, 2018.

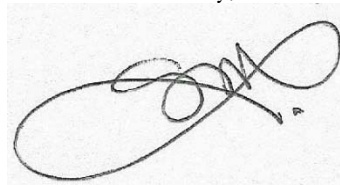
My claim states that the District was negligent when they pursued me for employment and in their actions regarding this job offer by providing me with misinformation, which resulted in my loss of income.

On January 4th, 2019 I received a certified letter from David Cahen, in which he states that my claim against the SCVWD for lost income has been returned for not being presented within 6 months after the event. His letter states that I may apply for leave to present a late claim to the Board for consideration.

Per David's letter, I am requesting that my claim be submitted to the Board for consideration for leave to present a late claim. I have attached the emails and notes regarding the problems with the job offer and ultimately the resulting loss of income.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susan M. Landry', with a large, stylized loop at the end.

Susan M. Landry
Principal Landscape Architect
Environmental Edges

Designing Spaces Between the Natural & Built Environment[™]

Santa Clara Valley Water District

Phone: 408 265 2600

Fax: 408 445 1435



**Claim Against the
Santa Clara Valley Water District
California Government Code
Sections 900 and following.**

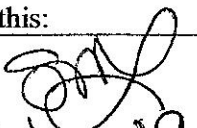
General Counsel form updated July, 2003

For Office Use Only:

Date Received:

By:

**Serve or mail this form to: Clerk of the Board
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118**

1. Name(s) and Address(es) of the person or persons making the claim	Name(s): Susan M. Landry Address: 349 Curtner Ave Campbell, Ca 95008 Phone number (optional): 408.644.6936
2. Is this claim filed on behalf of a minor? Yes ___ No <u>x</u>	If so, please indicate minor's date of birth: Relationship of claim filer to minor:
3. Name and address of the person to who notices are to be sent, if different than Number 1.	Name: Address:
4. Date, place and other circumstances of the occurrence, incident, injury or transaction. <i>Attach additional sheets for more space, if needed.</i>	Date: October 2, 2017 thru July 2018 Location (address and or nearest intersection): Other circumstances, including time, if known: Refer to attached documents
5. Describe the debt, obligation, injury, damage or loss suffered so far as they are known. Include a description of the facts giving rise to the claim and why you believe the Santa Clara Valley Water District is responsible. <i>Attach additional sheets for more space, if needed, and photos, if available.</i>	Description: Refer to attached documents. This is regarding a job I was offered. When I first applied, I asked the question if there were any 'conflicts' between my position on the Campbell City Council and the position offered. I was told in Oct 2017 there as NO conflict. I was offered a position in March 2018. Three days before my start date on March 19th, I was told I could not take the job because the Temp Agency hiring me did not offer CalPERS. I had turned down other job offers and suffered lost wages.
6. Name of the District employee who caused the injury, if known.	Name: Numerous people within the District & in HR
7. Is the amount of this claim now:	Under \$10,000? Yes ___ No <u>X</u> Over \$10,000? Yes <u>X</u> No ___
8. If the amount is now over \$10,000, is this:	A Limited Civil Case? (Less than \$25,000) Yes ___ No ___ An Unlimited Civil Case? (Greater than \$25,000) Yes ___ No ___
Signature:  Date: 28 Jan 19	Additional Signature(s): Date(s):

January 2, 2019

Susan Landry
349 Curtner Ave.
Campbell, CA 95008

Re: Claim

Dear Ms. Landry,

The claim which was presented to the Santa Clara Valley Water District on December 20, 2018 is being returned because it was not presented within six (6) months after the event or occurrence as required by law. See sections 901 and 911.2 of the Government Code. Because the claim was not presented within the time allowed by law, no action was taken on the claim.

WARNING

Your only recourse at this time is to apply without delay to the Board of the Santa Clara Water District for leave to present a late claim. See sections 911.4 to 912.2, inclusive, and section 946.6 of the Government Code. Under some circumstances, leave to present a late claim may be granted. See Government Code section 911.6.

If you have any questions, you can contact me at (408) 630-2213.

Sincerely,



David Cahen
Risk Manager

Enc: Claim



Subject:	Fw: Water Wise Outdoor Survey Position - Problems with Hiring Procedures
From:	Susan Landry (environmental.edges@yahoo.com)
To:	BOARD@valleywater.org;
Date:	Monday, December 10, 2018 2:46 AM

Hi Richard,

We talked awhile back about my problems with the District's hiring procedures. I brought to your attention that I was offered a part time job and three days before I was to start work I was told I could not take the job because I was being hired through a temp agency and they did not offer CalPers. After being told there was NO conflicts.

I have been reluctant to pursue a claim against the District because I have not wanted to 'burn a bridge'.

Over the past 30 years I have worked on several District projects and would like to be able to work with you in the future.

After I talked to you and taking some time, I re-considered what I should do.

I am now interested in FILLING A CLAIM FOR LOST INCOME because the District was negligent in their actions regarding a job offer, provided me with misinformation and pursued me for employment and only three days before I was to start work, I was told I could not be hired.

The email below details the sequence of events that occurred. I was told in Oct of 2017 that there was NO conflicts between my City Council position and the position being offered with the district.

As you can see, I was offered a job, told I had the job and then told I could not be hired.

Because I was offered the District job, I had turned down two landscape projects totaling \$5,000. Additionally, I would have had a two year contract for part time work.

Please let me know what I need to do to pursue my CLAIM FOR LOST INCOME.

Thank you.

Susan M. Landry
Principal Landscape Architect
Environmental Edges

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>
To: Susan Landry <environmental.edges@yahoo.com>
Sent: Saturday, December 8, 2018 3:47 PM
Subject: Fw: Water Wise Outdoor Survey

Susan M. Landry
Principal Landscape Architect
Environmental Edges

Designing Spaces Between the Natural and Built Environment TM

----- Forwarded Message -----

From: Susan M. Landry <environmental.architect@yahoo.com>
To: Anil Comelo <AComelo@valleywater.org>
Sent: Friday, March 16, 2018, 2:29:33 PM PDT
Subject: Re: RE: Water Wise Outdoor Survey

Hi Anil,

I'm sure what information you have, so I'm sending this email with a summary of what happened.

I would like to share with you my recent disappointing experience with the District regarding a job that I was offered. I should have been starting on the 19th and now I do not have the job.

Sorry my email's is long, I didn't know how to tell you in a shorter one :)

The District's problem has now become my problem.

After everything listed below, Laurel, with HR's last email was: *Thank you for your time and your understanding.*

I am NOT understanding to the situation and it **is now causing me 'financial heartburn'**. My stomach has been in knots since last week. I am so disappointed and frustrated.

Not only do I not have a job that was to start on the 19th, to make things worse, I am now scrambling to find other work to replace this lack of income. After I received the District's official job offer letter I had two people contact me about their residential projects. Not wanting

to over commit myself, I let them know that I had a project starting on the 19th and that I needed a few weeks to see how much time I would have available for their projects before I could commit to them. They have since hired someone else.

HERE IS A SUMMARY OF WHAT OCCURRED:

I applied for this job in October 2017. The following is the title of the posting for the position: **Part-Time Irrigation Auditor Temporary Worker Assignments Available at the Santa Clara Valley Water District** (there is NO mention that this job would be through a temp agency)

The following are the emails from Oct 2017 between Ashley and myself. **I asked the question of 'conflict' in my first email regarding this position.** Her email responds with 'conflict of interest' and says '**We don't see any conflicts of interest think we are ok to proceed**'. Since I am not an attorney or in HR, my assumption was that '**all aspects**' of being a council member were evaluated regarding 'conflict'.

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]

Sent: Wednesday, October 18, 2017 10:09 AM

To: Ashley Carter <acarter@valleywater.org>

Subject: Re: RE: Part-Time Irrigation Auditor Job Opening

Hi Amy, Has this position been filled? I am interested in applying, Questions:

* Besides being a Landscape Architect, I am also a City of Campbell Councilmember.

* Is there a conflict with my council position in regards to this part time job with the district?

* What is the hourly rate for this job?

If there is no conflict, I will send you my resume.

Susan M. Landry

HER RESPONSE:

On Monday, October 23, 2017, 4:09:03 PM PDT, Ashley Carter <acarter@valleywater.org> wrote:

Hi Susan, Thanks for sending this over. **We don't see any conflicts of interest so I think we're ok to proceed.** Would you be free tomorrow to interview, the 24th? We can do 2:30, 3:00 or 3:30.

Again, just to reiterate, this job would require pretty in-depth knowledge of irrigation installation, components, and troubleshooting as well as the ability to operate a number of types of irrigation controllers.

Thank you and I look forward to hearing from you.

ASHLEY CARTER

I did not get that position.

Then on Feb 9th I got an email from Justin asking if I would still be interested in the position.

Hello Susan,

I'm following up on this morning's voicemail, and also I hope you've been well.

You and I met at the interview for the Water Wise Outdoor Surveyor temporary position last fall, along with Ashley Carter. Ashley and I thought you were an extremely strong candidate, and we have new opportunity. Are you still interested?

To my understanding, we would not have to go through another interview or formal application process but HR would reach out to you to confirm next steps. That you for letting me know either way. Please let me know if you have any questions or concerns. Have a pleasant weekend.

Best, Justin Burk

I again asked Justin if there was any conflict between my council job and the District Job. I was reassured there was none. I still was NOT told that the position would be through a contracting firm.

I then received this email:

Hi Susan,

Welcome to Systems America. Congratulations on your assignment with the Santa Clara Valley Water District.

*We are targeting **March 19th** as your first day. Included is a checklist and all the documents that need to be executed in order to initiate the onboarding process. **You can send back the documents in the next three [3] business days.** *What you have to do:* Download all the forms.*

- *Review and Sign the offer letter*
- *Review the policies (Sick Leave, Drug Alcohol Testing, Paycheck & Time Card and Sexual Harassment)*
- *Sign the Policy Acknowledgement Form*
- *Fill all the other documents as per the requirement*
- *Review the Sample Timesheet*
- *Send us back all the executed forms*
- ***Medical Benefits:** If you are interested in getting Medical Insurance please let us know so we can pass on the information to you, If you are not interested please sign the waiver attached.*

Please do not hesitate to call me in case of any doubts.

Regards, Yamina Rais | Systems America, Inc.. People & HR Operations Associate

I signed and returned the Background Check and Offer letters, then spent an evening filling out all the forms and returned most of them. She said she still needed 2 more, one of which was about CalPERS. This is part of the form:

CalPERS Membership Eligibility for Temporary Workers

*Temporary workers seeking employment with the Santa Clara Valley Water District (SCVWD) who are paid through the SCVWD's contracting temporary staffing agency **cannot be current members of CalPERS.***

WHAT?

After all this time, NOW this comes up.

I called Justin and he was as shocked as I was. He gave me Peggy's name in HR. I called her. Her response was 'We only looked at 'conflict of interest'.

My response: I told you I was a council member for Campbell, why didn't anyone know about the CalPERS issue?

Peggy: We weren't ask to look into this and some council members aren't paid, so...

I was flabbergasted and I told her so. How in the hack can you be in HR and not know if I'm being paid or not and why won'y you have at least checked? I then got an email from Laurel:

*March 9, 2018, 10:45:00 AM PST, Laurel Hanchett <LHanchett@valleywater.org> wrote:
Hi Susan, The problem is a Calpers' law not a conflict of interest with the SCVWD.*

THEN WHY WASN'T THIS ISSUE LOOKED INTO BACK IN OCTOBER 2017!!!!

I am sooo disappointed.

To add salt to the wound, I got an email yesterday from Justin 'Seeking Applicants for Water Wise Outdoor Surveyor'

Look forward to talking today

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:41:03 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

I have meetings until 3pm. So I will call you then else after 4:30. Lets plan on talking at 3pm.

Thanks

Anil

From: Susan M. Landry [mailto:environmental.architect@yahoo.com]
Sent: Friday, March 16, 2018 10:38 AM
To: Anil Comelo <AComelo@valleywater.org>
Subject: Re: Water Wise Outdoor Survey

Hi Anil,

Thank you for getting back to me.

I have a few meetings today.

What time do you think you will call?

Between 2:30 - 3:15 would be best for me or after 4:30

Susan M. Landry
Environmental Architect
LA Lic. No. 3161

Designing Spaces Between the Natural and Built Environment TM

On Friday, March 16, 2018, 10:36:21 AM PDT, Anil Comelo <AComelo@valleywater.org> wrote:

Hi Susan,

Sorry we played phone tag last night.

I am in meetings this morning but will reach out to you this afternoon.

Thanks

Anil Comelo

HR Director

Santa Clara Valley Water District

(408) 630-2470

File No.: 19-0120

Agenda Date: 2/12/2019

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution Setting Time and Place of a Public Hearing on April 9, 2019, for the Report on Activities in Protection and Augmentation of Water Supplies of the District - 2019.

RECOMMENDATION:

- A. Adopt the Resolution CALLING A PUBLIC HEARING TO CONSIDER COMMENTS FROM MEMBERS OF THE PUBLIC ON THE REPORT ON THE ACTIVITIES IN THE PROTECTION AND AUGMENTATION OF THE WATER SUPPLIES OF THE SANTA CLARA VALLEY WATER DISTRICT, 2019; and
- B. Set time and place for public hearing to occur on April 9, 2019 at 1:00 p.m., at the Santa Clara Valley Water District Board Chambers, 5700 Almaden Expressway, San Jose, CA 95118.

SUMMARY:

Section 26.6 requires a public hearing that allows any well owner/user and surface water permittee within the district, or any person interested in the district's activities in the protection and augmentation of the water supplies of the district be held to allow anyone, in person, or by representative, appear and submit evidence concerning the subject of the Report on Activities in the Protection and Augmentation of the Water Supplies of the District (PAWS Report). This public hearing must be held on or before the fourth Tuesday of April of each year, in the chambers of the Board. The District must provide advance notice of the public hearing to well owners/users and surface water users. Staff recommends that the Board set Tuesday, April 9, 2019 for the public hearing in accordance with this year's budget and groundwater production charge setting schedule; and close the public hearing on April 23, 2019.

The PAWS Report is prepared annually in accordance with Section 26.5 of the District Act. Section 26.6 of the District Act requires the PAWS Report be filed with the Clerk of the Board on or before the first Tuesday in April. The PAWS Report will be filed with the Clerk of the Board on Friday, February 22, 2019 and available for public review thereafter.

FINANCIAL IMPACT:

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

CEQA:

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

ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: Notice of Public Hearing

UNCLASSIFIED MANAGER:

Nina Hawk, 408-630-2736

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER**

RESOLUTION NO. 19-

**CALLING A PUBLIC HEARING TO CONSIDER COMMENTS
FROM MEMBERS OF THE PUBLIC ON THE REPORT ON THE ACTIVITIES
IN THE PROTECTION AND AUGMENTATION OF THE WATER SUPPLIES
OF THE SANTA CLARA VALLEY WATER DISTRICT, 2019**

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

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

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

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

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 12, 2019.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

LINDA J. LEZOTTE
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk, Board of Directors

RL14310

THIS PAGE INTENTIONALLY LEFT BLANK



Exhibit A

Public hearing notice

- Topic:** Fiscal Year 2019/2020 Groundwater Production and Surface Water Charges
- Who:** Santa Clara Valley Water District Board of Directors
- What:** Public hearings on proposed fiscal year 2019/2020 Groundwater Production and Surface Water Charges
- When:** April 9, 2019 at 1:00 p.m. – open public hearing
April 11, 2019 at 6:00 p.m. – open house in South County; 7:00 p.m. - continued public hearing in South County
April 23, 2019 at 6:00p.m. – close public hearing
- Place:** April 9 and April 23, 2019
Santa Clara Valley Water District Board Room
5700 Almaden Expressway, San Jose, CA 95118
- April 11, 2019
Morgan Hill City Council Chambers
17555 Peak Avenue, Morgan Hill, CA
- Why:** The Santa Clara Valley Water District (water district) has prepared an annual report on the Protection and Augmentation of Water Supplies documenting financial and water supply information, which provides the basis for recommended groundwater production and surface water charges for fiscal year 2019/2020.
- The report includes financial analyses of the water district's water utility system; supply and demand forecasts; future capital improvement, maintenance and operating requirements; and method to finance such requirements.
- The water district will hold a public hearing to obtain public comments on the report, which will be available at the hearing.
- Based upon findings and determinations made at the public hearing, including the results of the surface water protest procedure, the water district Board of Directors will decide whether or not groundwater production and surface water charges should be increased, and if so, to what level, in each charge zone or zones for the fiscal year beginning July 1, 2019.

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

For more information on the public hearing, please visit our website at www.valleywater.org, or contact **K. Anthony Mendiola at (408) 630-2437**.

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

File No.: 19-0045

Agenda Date: 2/12/2019

Item No.: 3.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Notice of Completion of Contract and Acceptance of Work for the Coyote Creek Levee Rodent Damage Repair Project, Downstream of State Route 237, Granite Rock Company, Contractor, Project No. 62084001, Contract No. C0637 (Milpitas) (District 3).

RECOMMENDATION:

- A. Accept the work as complete; and
- B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording at the Santa Clara County Clerk-Recorder.

SUMMARY:

The Construction Contractor, Granite Rock Company (Granite Rock), has completed the Coyote Creek Levee Rodent Damage Repair Downstream of State Route (SR) 237 Project (Project). The construction contract was awarded by the Board on May 22, 2018 in the amount of \$869,050.00 plus a 10% contingency of \$87,000.00. The civil construction component of the Project was completed on Oct 15, 2018 and the final contract amount of the project is \$795,117.00 which is approximately 8% less than the original contract award amount. Subject to any withholds required by law or the contract, acceptance of the work by the Board will allow for the release of \$38,505.85 in retention to the contractor.

The objective of the Project was to address the rodent damage along the inboard levee of the U.S. Army Corps of Engineer's certified Coyote Creek facility, and to minimize the threat of erosion to the impacted areas.

The Project included the following major items of work:

1. Compliance with NPDES General Permit and Stream Maintenance Program-2 Permits, including Storm Water Pollution Prevention Plan preparation, and installation of BMP's;
2. Clearing and grubbing within the project limits, including the removal of vegetation, and other miscellaneous items;
3. Levee excavation, reconstruction and replacement of unsuitable material, as required, in order to re-establish the channel as-built geometry;
4. Installation and anchoring of chain link fabric along the finished surface of the levee/embankment slopes;

5. Control of water, including but not limited to proper handling and disposal of groundwater flows that are byproducts of the required construction;
6. Traffic control;
7. Establishment of construction staging areas;
8. Three (3)-year chain-link-fabric mesh maintenance and hydroseed establishment period;
9. Winterization of all levees and embankments for early termination of work;
10. Installation of erosion control mats and blankets and hydroseeding after completion of levee reconstruction;
11. Coordination of Trail closure activities with the City of Milpitas and neighboring business community;
12. Other miscellaneous construction work and items necessary to satisfactorily complete the work.

Contract Change Orders

No contract change orders were executed for this contract. Various cost reduction for quantity adjustments attributed by value engineering; non-implementation of supplemental bid items such as winterization for early termination of work, resulted in a net savings amount of \$73,933.00 less than the original contract award amount.

Table 1 presents a summary of the construction contract and contingency amounts.

TABLE 1: SUMMARY OF CONSTRUCTION CONTRACT AND CONTINGENCY AMOUNTS

Description	Contract Amount	Contingency Amount
Original Contract (Board Approved)	\$869,050.00	\$87,000
Cost Reduction Net Savings	<\$73,933.00>	\$87,000
Final Contract Amount and Remaining Contingency	\$795,117.00	\$87,000

Acceptance of the Work and Recording Notice of Completion Contract

The California Civil Code allows an owner or its agent to execute a Notice of Completion of Contract Acceptance of the work by the Board. The Notice of Completion of Contract and Acceptance of Work is included in Attachment 1. The Designated Engineer has determined that the work has been completed, to the best of his knowledge, in accordance with the plans and specifications, and recommends acceptance. The Designated Engineer's Recommendation of the Construction Contract Acceptance is included in Attachment 2. The Project Completion Letter is included in Attachment 3. Photos of the completed Project are included in PowerPoint Presentation of Construction Summary in Attachment 4.

Construction Contract Retention

California law requires the District to release contract retention in accordance with certain time frames, which will commence once the Notice of Completion is recorded at the Santa Clara County

Clerk-Recorder. Interest payment on retention due to the contractor may be avoided by meeting the requisite deadlines.

The District is currently withholding retention funds totaling approximately five percent (5%) of the contract amount (\$38,505.85) in accordance with the Public Contract Code. Per the construction contract documents, the District is required to release retention funds associated with the contract 35 days after recording the Notice of Completion of Contract and Acceptance of Work, subject to any withholds required by law or the contract.

FINANCIAL IMPACT:

The Project has been completed and no additional funding is recommended. As indicated in the Table 1, the original contract amount of \$869,050.00 was decreased to the final contract amount of \$795,117.00, a reduction of approximately 8%. The remaining unspent encumbrance amount of \$73,933.00 together with the originally approved 10% contingency fund of \$87,000.00, resulting in a total of \$160,933.00, will be released to the Watersheds Asset Rehabilitation Program (WARP) budget and will be available to be spent for the other future projects.

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: Notice of Completion and Acceptance of Work
- Attachment 2: Construction Contract Acceptance
- Attachment 3: Project Completion Letter
- Attachment 4: Construction Summary
- Attachment 5: Project Delivery Process Chart

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

THIS PAGE INTENTIONALLY LEFT BLANK



5750 Almaden Expressway
San Jose, CA 95118-3686
Phone: (408) 265-2600

NOTICE OF COMPLETION OF CONTRACT AND ACCEPTANCE OF WORK

NOTICE IS HEREBY GIVEN by order of the Board of Directors of Santa Clara Valley Water District, State of California, pursuant to law, that work to be performed under the contract heretofore made and executed by and between Santa Clara Valley Water District, as Owner therein, and **Granite Rock Company, 5225 Hellyer Avenue, Suite #220, San Jose, CA 95138** as Contractor therein, bearing the date **June 5, 2018** for the construction of **Coyote Creek Levee Rodent Damage Repair D/S of SR 237 Project, Contract No. C0637, and Project No. 62084001** and appurtenant facilities upon lands of said District known as **Coyote Creek from approximately 1,000' north of Ranch Drive to Alviso-Milpitas Road** situated in the County of Santa Clara, State of California, was completed as called for and in the manner designated by the plans and specifications, by the said Contractor, and the said work was accepted by the said District Board of Directors on behalf of said District on **February 12, 2019**.

That upon said contract, **Western Surety Company, 333 S. Wabash Avenue, Chicago, IL 60604 (Bond No. 929625378)** was surety on the bond given by said **Granite Rock Company** the said Contractor, as required by law;

That the title of said District to the real property upon which said work and contract was performed is that of **Fee** and;

That the address of said District is 5750 Almaden Expressway, San Jose, California 95118.

IN WITNESS WHEREOF, pursuant to the order of the Board of Directors made and given on **February 12, 2019** authorizing and directing the execution of this instrument, the said District has caused these presents to be executed in its name, authenticated by the signature of the Clerk of the said Board of Directors on **February 12, 2019**.

Clerk/Board of Directors
Santa Clara Valley Water District

I, the undersigned, say that I am Clerk of the Board of Directors of the Santa Clara Valley Water District; that I make this declaration on its behalf; that said District is the owner of the real property interest described in the foregoing Notice; that declarant has read the foregoing Notice and knows the contents thereof, and the same is true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **February 12, 2019**, at San Jose, California.

Clerk/Board of Directors
Santa Clara Valley Water District

THIS PAGE INTENTIONALLY LEFT BLANK

SANTA CLARA VALLEY WATER DISTRICT

RECOMMENDATION OF THE CONSTRUCTION CONTRACT ACCEPTANCE

In accordance with **Article 9.14, Final Inspection of Work**, of the contract specifications, a final inspection was conducted on October 15, 2018, for the Coyote Creek Levee Rodent Damage Repair Downstream of SR 237 Project, Contract No. C0637, Project No. 62084001, Facility ID No. 4021. The Project Completion Letter dated January 9, 2018 indicates that the work was completed in accordance with the requirements of the contract.

It is recommended that the work under this contract be accepted by the District.

Recommended By:

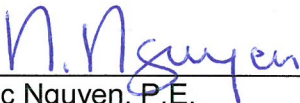


Roger Narsim, P.E., PLS
Engineering Unit Manager
Designated Engineer's Representative

1/9/19

Date

Concurrence:



Ngoc Nguyen, P.E.
Deputy Operating Officer
Watersheds Design and Construction Division

1/10/19

Date

THIS PAGE INTENTIONALLY LEFT BLANK



January 9, 2019

Korey Marr
Project Manager
Granite Rock Company
120 Granite Rock Way
San Jose, CA 95136

Ref: Coyote Creek Levee Rodent Damage Repair Downstream of SR 237 Project
Contract No. C0637. Project No. 62084001

Subject: Project Completion Letter

Dear Mr. Marr,

In accordance with Contract Specifications Section 11.01.05. *Project Completion*, this serves as the Project Completion Letter for the subject contract and establishes the completion of the project.

A Final Inspection for the subject project was performed on October 15, 2018. Completion of all deficiency list items has been attested to by Santa Clara Valley Water District (District) staff.

The District is in receipt of the Project Completion Certification, dated December 12, 2018 from Granite Rock Company.

Therefore, in accordance with Contract Specification Section 11.01.06. *Acceptance of Work*, District staff will recommend that the District Board of Directors formally accept the Work for this contract.

Sincerely,

Victor Livingston
Resident Engineer

CC:

Santa Clara Valley Water District
Roger Narsim, Ted Ibarra, Keiron Nawbatt

Ghirardelli Associates, Inc.
Charlie Krueger, Lesha Kubacki, Jude Dictado

Attachment 3
Page 1 of 1

THIS PAGE INTENTIONALLY LEFT BLANK

Coyote Creek Levee Rodent Damage Repair Downstream of SR 237 Project

Notice of Completion of Construction Contract

February 12, 2019

**Santa Clara Valley
Water District**

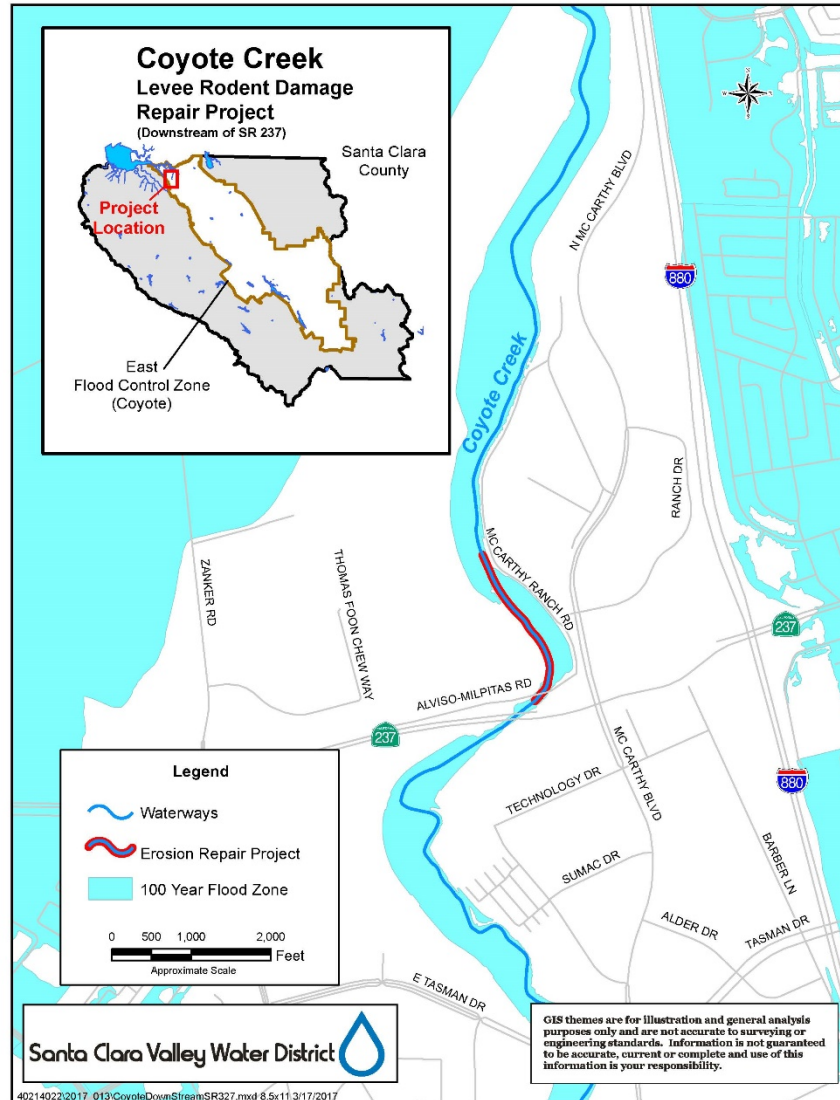
Attachment 4
Page 1 of 10



Presentation Topics

- ▶ Project Location, Objective, and Description
- ▶ Project Construction Costs
- ▶ Construction Photos

Project Location



Coyote Creek Levee

Rodent Damage

Downstream of SR 237 Project

Santa Clara Valley
Water District

Attachment 4
Page 3 of 10



Project Objective

- ▶ The objective of the Project was to address the existing rodent damage along the inboard levee of the US Army Corps of Engineer's certified Coyote Creek facility, and to minimize the threat of erosion to the impacted areas.

Project Description

The Project included the following major items of work:

- ▶ Compliance with the District's Stream Maintenance Program Permit;
- ▶ Clearing and grubbing within the project limits;
- ▶ Levee excavation, and reconstruction to re-establish the channel as-built geometry;
- ▶ Installation and anchoring of chain link fabric along the finished levee surface/slopes;
- ▶ Control of water;
- ▶ Traffic control;
- ▶ Establishment of construction staging areas;
- ▶ Three (3)-year chain link fabric mesh maintenance and hydroseed establishment period;
- ▶ Coordination of Trail closure activities with the City of Milpitas and neighboring business community;
- ▶ Winterization of the area upon completion of the Work.

Project Construction Costs

► Construction:

- \$869,050.00–Contract Award Amount
- \$87,000.00–10% Contingency
- (\$73,933.00)–Construction Cost Reduction Net Savings
- \$795,117.00–Final Contract Amount (8.5% Decrease)
- \$160,933.00–Total Savings (including contingency funds)
available for transfer to Project Reserve Funds

► Funding Source:

- Watersheds Asset Rehabilitation Program (WARP)

Pre-Construction Photos



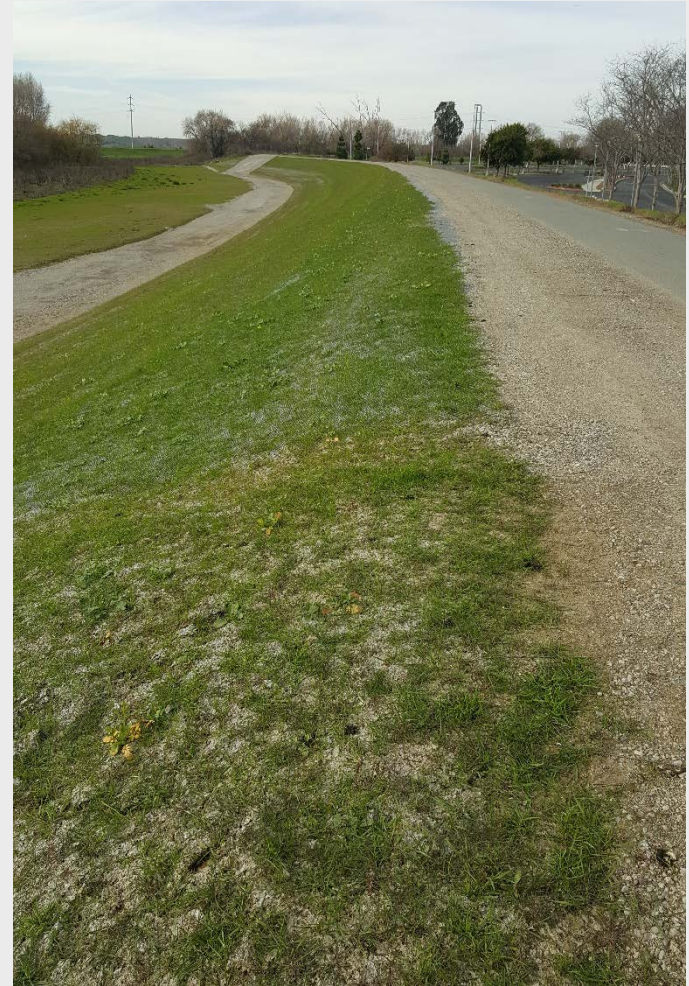
Construction Photos (July – September 2018)



Post-Construction Photos (October 2018)



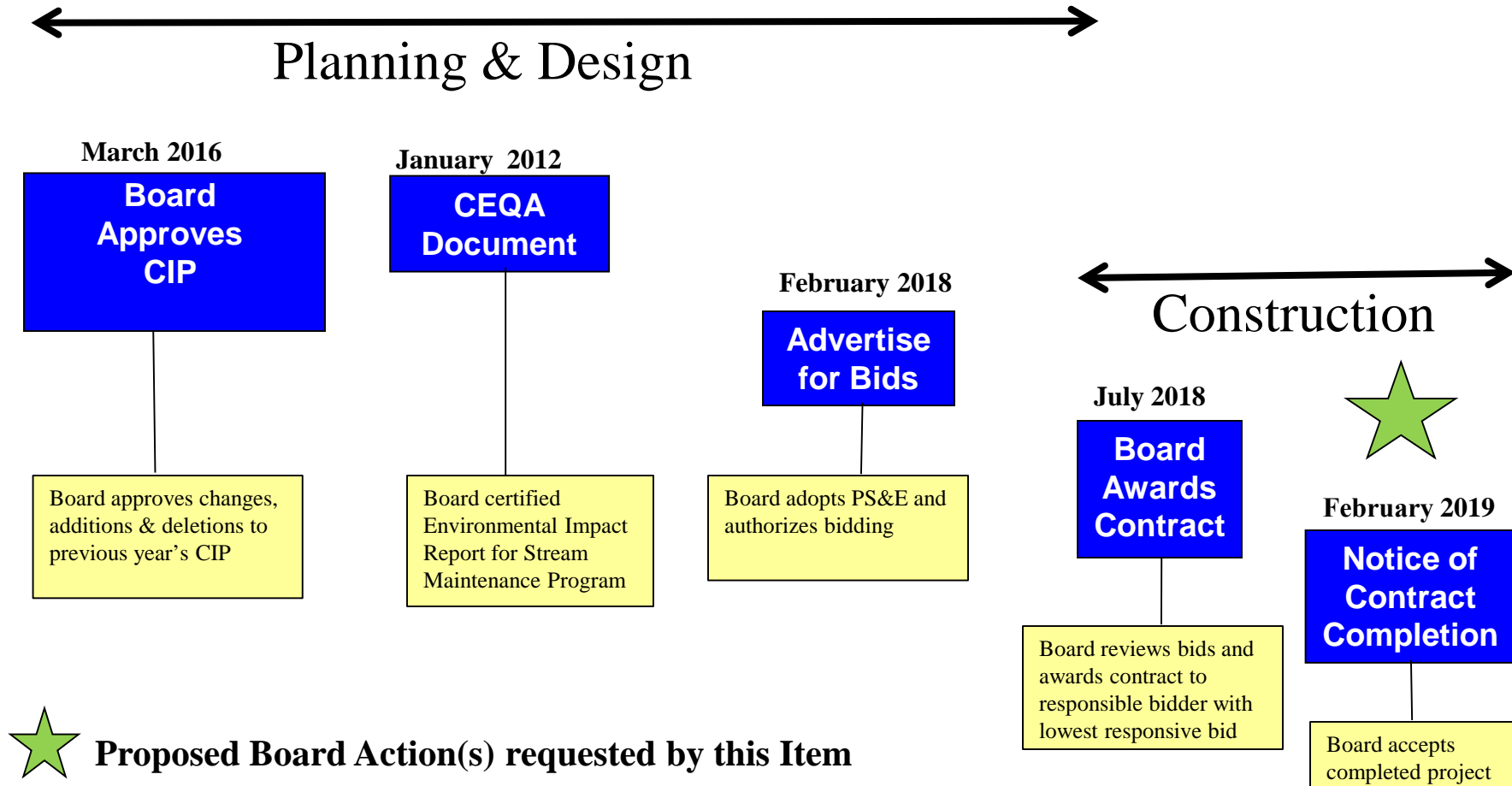
Post-Construction Photos (January 2019)



Project Delivery Process

Coyote Creek Levee Rodent Damage Repair D/S of SR 237

Project # 62084001



THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 19-0097

Agenda Date: 2/12/2019

Item No.: 3.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Notice of Completion of Contract and Acceptance of Work for the Coyote Creek Levee Rodent Damage Repair Project, Upstream of State Route 237, PMK Contractors LLC, Contractor, Project No. 62084001, Contract No. C0639 (San Jose) (District 3).

RECOMMENDATION:

- A. Accept the work as complete; and
- B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording at the Santa Clara County Clerk-Recorder.

SUMMARY:

The Construction Contractor, PMK Contractors, LLC (PMK), has completed the Coyote Creek Levee Rodent Damage Repair Upstream of State Route (SR) 237 Project (Project). The construction contract was awarded by the Board on May 22, 2018 in the amount of \$1,122,900.00 plus a 10% contingency of \$113,000.00. The civil construction component of the Project was completed on Oct 15, 2018 and the final contract amount of the project is \$911,254.00. Subject to any withholds required by law or the contract, acceptance of the work by the Board will allow for the release of \$44,112.70 in retention to the contractor.

The objective of the Project was to address the rodent damage along the inboard levee of the U.S. Army Corps of Engineer's certified Coyote Creek facility, and to minimize the threat of erosion to the impacted areas.

The Project included the following major items of work:

1. Compliance with NPDES General Permit and Stream Maintenance Program-2 Permits, including Storm Water Pollution Prevention Plan preparation, and installation of BMP's;
2. Clearing and grubbing within the project limits, including the removal of vegetation, and other miscellaneous items;
3. Levee excavation and reconstruction, including compaction testing of material, as required, in order to re-establish the channel as-built geometry;
4. Installation and anchoring of chain-link-fabric along the finished surface of the levee slopes;
5. Control of water, including but not limited to proper handling of groundwater flows that are byproducts of the required construction;

6. Resurfacing the existing maintenance access road with asphalt concrete trail;
7. Hydroseed application after completion of levee reconstruction and on staging areas;
8. Traffic control;
9. Establishment of construction staging areas;
10. Three (3)-year chain-link-fabric mesh maintenance and hydroseed establishment period;
11. Coordination of Trail closure activities with the City of San Jose and neighboring business community;
12. Other miscellaneous construction work and items necessary to satisfactorily complete the work.

Contract Change Orders

No contract change orders were executed for this contract. Various cost reduction for quantity adjustments attributed by value engineering; non-implementation of supplemental bid items such as winterization for early termination of work, resulted in a net savings amount of \$211,646.00 less than the original contract award amount.

Table 1 presents a summary of the construction contract and contingency amounts.

TABLE 1: SUMMARY OF CONSTRUCTION CONTRACT AND CONTINGENCY AMOUNTS

Description	Contract Amount	Contingency Amount
Original Contract (Board Approved)	\$1,122,900.00	\$113,000.00
Cost Reduction Net Savings	<\$211,646.00>	\$113,000.00
Final Contract Amount and Remaining Contingency	\$911,254.00	\$113,000.00

Acceptance of the Work and Recording Notice of Completion Contract

The California Civil Code allows an owner or its agent to execute a Notice of Completion of Contract Acceptance of the work by the Board. The Notice of Completion of Contract and Acceptance of Work is included in Attachment 1. The Designated Engineer has determined that the work has been completed, to the best of his knowledge, in accordance with the plans and specifications, and recommends acceptance. The Designated Engineer's Recommendation of the Construction Contract Acceptance is included in Attachment 2. The Project Completion Letter is included in Attachment 3. Photos of the completed Project are included in PowerPoint Presentation of Construction Summary in Attachment 4. The Project Delivery Process Chart is included in Attachment 5.

Construction Contract Retention

California law requires the District to release contract retention in accordance with certain time frames, which will commence once the Notice of Completion is recorded at the Santa Clara County Clerk-Recorder. Interest payment on retention due to the contractor may be avoided by meeting the requisite deadlines.

The District is currently withholding retention funds totaling approximately five percent (5%) of the contract amount (\$44,112.70) in accordance with the Public Contract Code. Per the construction contract documents, the District is required to release retention funds associated with the contract 35 days after recording the Notice of Completion of Contract and Acceptance of Work, subject to any withholds required by law or the contract.

FINANCIAL IMPACT:

The Project has been completed and no additional funding is recommended. As indicated in the Table 1, the original contract amount of \$1,122,900.00 was decreased to the final contract amount of \$911,254.00, a reduction of approximately 19%. The remaining unspent encumbrance amount of \$211,646.00 together with the originally approved 10% contingency fund of \$113,000.00, resulting in a total of \$324,646.00, will be released to the Watersheds Asset Rehabilitation Program (WARP) budget and will be available to be spent for the other future projects.

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: Notice of Completion and Acceptance of Work
Attachment 2: Construction Contract Acceptance
Attachment 3: Project Completion Letter
Attachment 4: Construction Summary
Attachment 5: Project Delivery Process Chart

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

THIS PAGE INTENTIONALLY LEFT BLANK



5750 Almaden Expressway
San Jose, CA 95118-3686
Phone: (408) 265-2600

NOTICE OF COMPLETION OF CONTRACT AND ACCEPTANCE OF WORK

NOTICE IS HEREBY GIVEN by order of the Board of Directors of Santa Clara Valley Water District, State of California, pursuant to law, that work to be performed under the contract heretofore made and executed by and between Santa Clara Valley Water District, as Owner therein, and **PMK Contractors, LLC, 1530 Chabot Court, 2nd Floor, Hayward, CA 94545** as Contractor therein, bearing the date **June 8, 2018** for the construction of **Coyote Creek Levee Rodent Damage Repair U/S of SR 237 Project, Contract No. C0639, and Project No. 62084001** and appurtenant facilities upon lands of said District known as **Coyote Creek from SR 237 to E. Tasman Drive** situated in the County of Santa Clara, State of California, was completed as called for and in the manner designated by the plans and specifications, by the said Contractor, and the said work was accepted by the said District Board of Directors on behalf of said District on **February 12, 2019**.

That upon said contract, **Indemnity Company of California, 17771 Cowan, Suite 100, Irvine CA 92614 (Bond No. 507802P)** was surety on the bond given by said **PMK Contractors, LLC** the said Contractor, as required by law;

That the title of said District to the real property upon which said work and contract was performed is that of **Fee** and;

That the address of said District is 5750 Almaden Expressway, San Jose, California 95118.

IN WITNESS WHEREOF, pursuant to the order of the Board of Directors made and given on **February 12, 2019** authorizing and directing the execution of this instrument, the said District has caused these presents to be executed in its name, authenticated by the signature of the Clerk of the said Board of Directors on **February 12, 2019**.

Clerk/Board of Directors
Santa Clara Valley Water District

I, the undersigned, say that I am Clerk of the Board of Directors of the Santa Clara Valley Water District; that I make this declaration on its behalf; that said District is the owner of the real property interest described in the foregoing Notice; that declarant has read the foregoing Notice and knows the contents thereof, and the same is true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **February 12, 2019**, at San Jose, California.

Clerk/Board of Directors
Santa Clara Valley Water District

THIS PAGE INTENTIONALLY LEFT BLANK

SANTA CLARA VALLEY WATER DISTRICT

RECOMMENDATION OF THE CONSTRUCTION CONTRACT ACCEPTANCE

In accordance with **Article 9.14, Final Inspection of Work**, of the contract specifications, a final inspection was conducted on October 24, 2018, for the Coyote Creek Levee Rodent Damage Repair Upstream of SR 237 Project, Contract No. C0639, Project No. 62084001, Facility ID No. 4021. The Project Completion Letter dated January 17, 2019 indicates that the work was completed in accordance with the requirements of the contract.

It is recommended that the work under this contract be accepted by the District.

Recommended By:

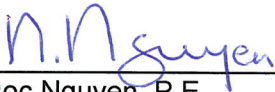


Roger Narsim, P.E., PLS
Engineering Unit Manager
Designated Engineer's Representative



Date

Concurrence:



Ngoc Nguyen, P.E.
Deputy Operating Officer
Watersheds Design and Construction Division



Date

THIS PAGE INTENTIONALLY LEFT BLANK



January 17, 2019

Keith Dorsa
Project Manager
PMK Contractors
1580 Chabot Court, 2nd Floor
Hayward, CA 94545

Ref: Coyote Creek Levee Rodent Damage Repair Upstream of SR 237 Project
Contract No. C0639. Project No. 62084001

Subject: Project Completion Letter

Dear Mr. Dorsa,

In accordance with Contract Specifications Section 11.01.05. *Project Completion*, this serves as the Project Completion Letter for the subject contract and establishes the completion of the project.

A Final Inspection for the subject project was performed on October 24, 2018. Completion of all deficiency list items have been attested to by Santa Clara Valley Water District (District) staff.

The District is in receipt of the Project Completion Certification, dated January 17, 2019 from PMK Contractors.

Therefore, in accordance with Contract Specification Section 11.01.06. *Acceptance of Work*, District staff will recommend that the District Board of Directors formally accept the Work for this contract.

Sincerely,

Victor Livingston
Resident Engineer

CC:

Santa Clara Valley Water District
Roger Narsim, Ted Ibarra, Keiron Nawbatt

Ghirardelli Associates, Inc.
Charlie Krueger, Lesha Kubacki, Jude Dictado

THIS PAGE INTENTIONALLY LEFT BLANK

Coyote Creek Levee Rodent Damage Repair Upstream of SR 237 Project

Notice of Completion of Construction Contract

February 12, 2019

**Santa Clara Valley
Water District**

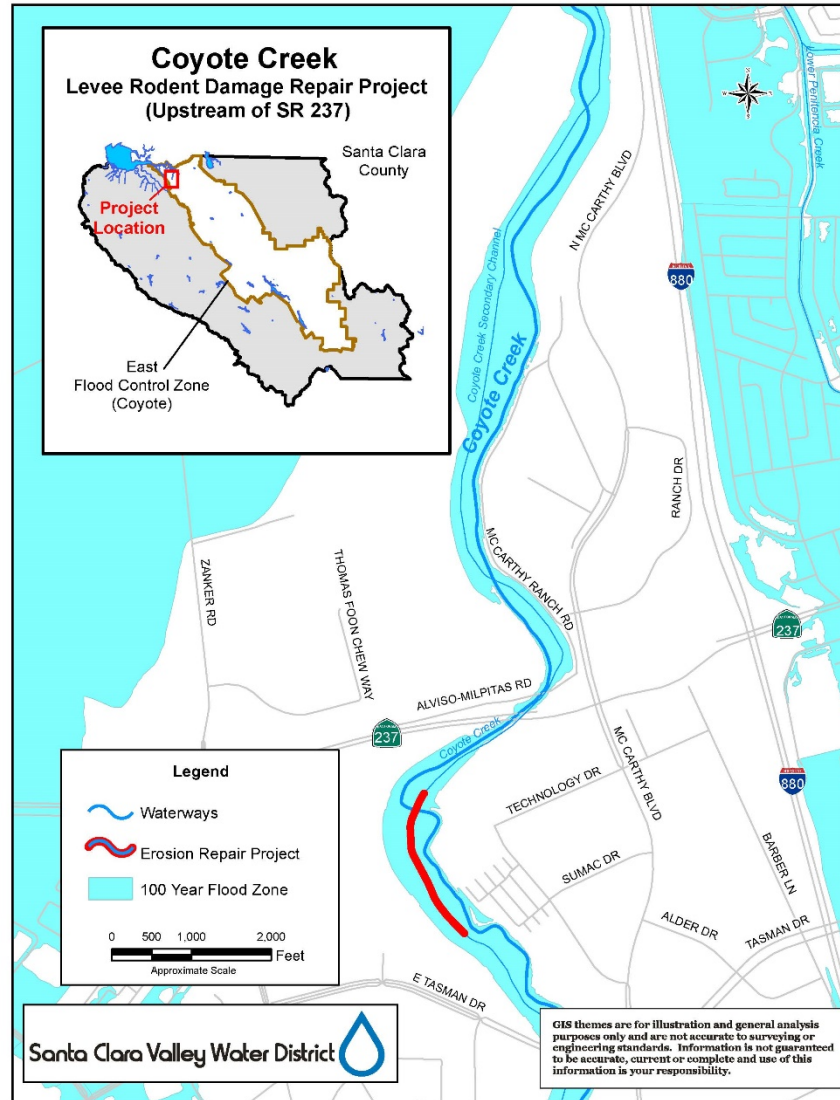
Attachment 4
Page 1 of 10



Presentation Topics

- ▶ Project Location, Objective, and Description
- ▶ Project Construction Costs
- ▶ Construction Photos

Project Location



Coyote Creek Levee Rodent Damage Upstream of SR 237 Project

Project Objective

- The objective of the Project was to address the existing rodent damage along the inboard levee of the US Army Corps of Engineer's certified Coyote Creek facility, and to minimize the threat of erosion to the impacted areas.

Project Description

The Project included the following major items of work:

- ▶ Compliance with the District's Stream Maintenance Program Permit;
- ▶ Clearing and grubbing within the project limits;
- ▶ Levee excavation and reconstruction, including compaction testing of material to re-establish the channel as-built geometry;
- ▶ Installation & anchoring of chain link fabric on the finished levee slopes;
- ▶ Resurfacing the existing maintenance access road with asphalt concrete trail;
- ▶ Control of water;
- ▶ Traffic control;
- ▶ Establishment of construction staging areas;
- ▶ Three (3)-year chain link fabric mesh maintenance and hydroseed establishment period;
- ▶ Coordination of Trail closure activities with the City of San Jose and neighboring business community;
- ▶ Winterization of the area upon completion of the Work.

Project Construction Costs

► Construction:

- \$1,122,900.00 – Contract Award Amount
- \$113,000.00 – 10% Contingency
- (\$211,646.00) – Construction Cost Reduction Net Savings
- \$911,254.00 – Final Contract Amount (19% Decrease)
- \$324,646.00 – Total Savings (including contingency funds)
available for transfer to Project Reserve Funds

► Funding Source:

- Watersheds Asset Rehabilitation Program (WARP)

Pre-Construction Photos



Construction Photos (June – September 2018)



Post-Construction Photos (October 2018)



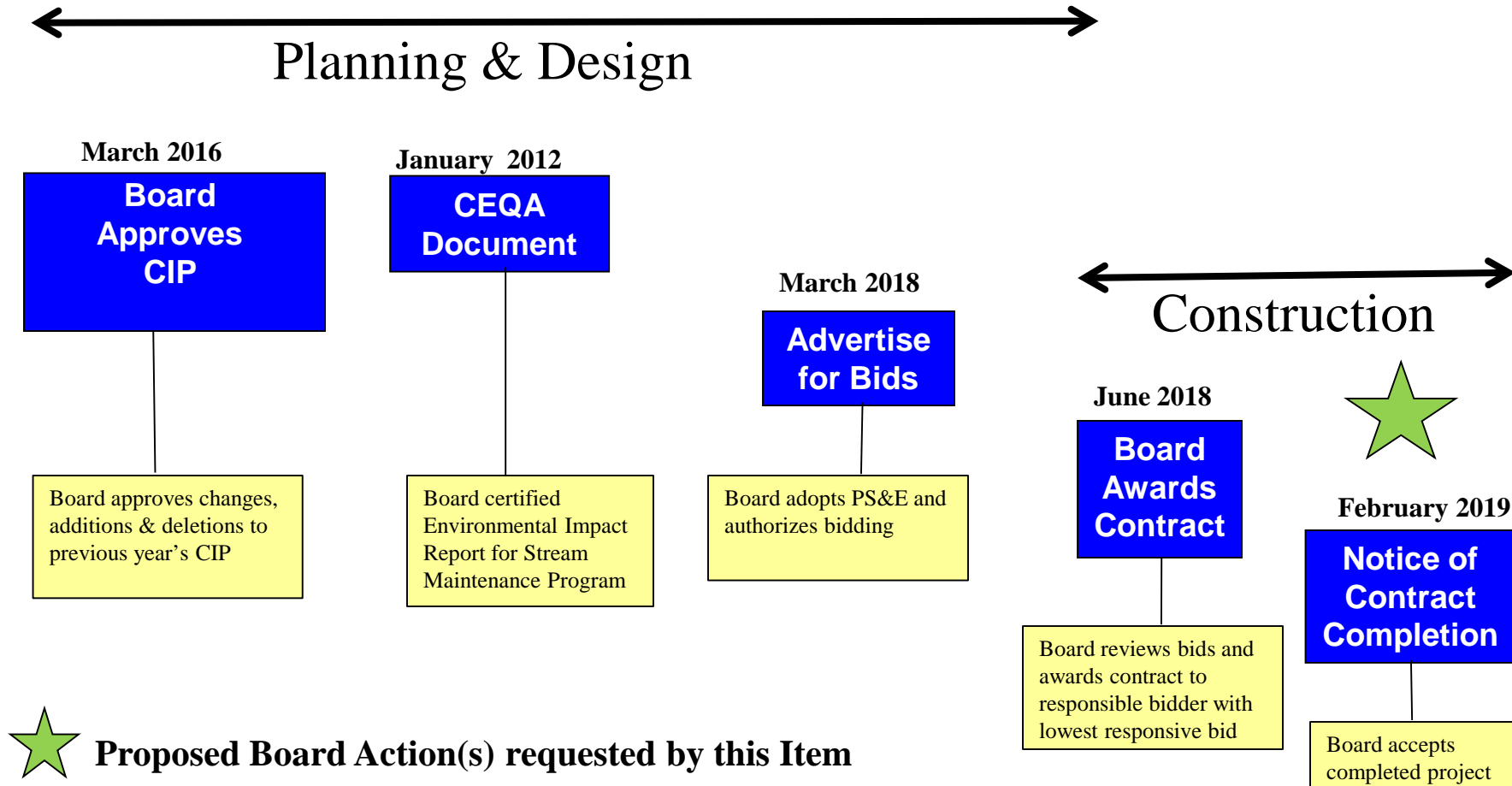
Post-Construction Photos (January 2019)



Project Delivery Process

Coyote Creek Levee Rodent Damage Repair U/S of SR 237

Project # 62084001



THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 19-0080

Agenda Date: 2/12/2019

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Semi-Annual Lobbyist Report of Individuals Engaged in Compensated Lobbying Activities Aimed at Influencing District Decisions, in Accordance With District Ordinance 10-01.

RECOMMENDATION:

Receive the Semi-Annual Lobbyist Report of Individuals Engaged in Compensated Lobbying Activities for the period July 1, 2018 through December 31, 2018.

SUMMARY:

In accordance with reporting requirements of the Lobbyist Ordinance, Ordinance No. 10-01, adopted by the Board on June 5, 2010, the attached Semi-Annual Lobbyist Report of Individuals Engaged in Compensated Lobbying Activities (Attachment 1) for the period of July 1, 2018, through December 31, 2018, is provided for Board information.

The Lobbyist Ordinance was adopted by the Board to ensure that the public is aware of the identity of interests which attempt to influence decisions of the District.

A Lobbyist webpage (<https://www.valleywater.org/how-we-operate/lobbyist-ordinance>) has been created on the District's website providing the public access to the District's Lobbyist Ordinance, Lobbyist Report, filing forms and a frequently asked questions form.

Along with providing a semi-annual report, the Lobbyist Ordinance also requires that the Clerk recommend a fee schedule to the Board for adoption, based on the estimated cost of the services provided pursuant to the ordinance. With only three registered individuals at present, there has not been a significant amount of staff time spent in performing duties relevant to lobbyist registration. Therefore, no fee schedule is recommended at this time. The Clerk will continue to monitor staff time required to process lobbyist reports and return to the Board at a future date, if necessary, to recommend a fee schedule.

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: Lobbyist Report

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

Santa Clara Valley Water District Registered Lobbyists - 2019

Lobbyist Entity / Firm	Clients	Individuals Lobbying under Entity	District Decisions
San Jose Water Company		Eric W. Thornburg, Andrew F. Walters, Andrew Gere, Palle Jensen, Craig Giordano, and John B. Tang	<ol style="list-style-type: none"> 1. Public-private partnerships (e.g. groundwater storage) 2. SCVWD fiscal/budget issues, conservation efforts, ongoing operational issues, recycled water, and related water issues.
Pacific Gas and Electric Company		Daniel Cedenro	Working with District officials to ensure that necessary work on gas and electric infrastructure can be completed in a timely and cost effective fashion in order to provide safe, reliable, and affordable service to our customers. PG&E's lobbying may occasionally include advocating for District policy that ensures our customers continue to receive safe, reliable, and affordable gas and electric service.

THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 19-0143

Agenda Date: 2/12/2019

Item No.: *3.5.

BOARD AGENDA MEMORANDUM

SUBJECT:

CEO Bulletins for the Weeks of January 18 - 24 and 25 - 31, and February 1 - 7, 2019.

RECOMMENDATION:

Accept the CEO Bulletins.

SUMMARY:

The CEO Bulletin is a weekly communication for the CEO, to the Board of Directors, assuring compliance with Executive Limitations Policy EL-7: The BAOs inform and support the Board in its work. Further, a BAO shall: inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established; and report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

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

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

Attachment 1: 012419 CEO Bulletin

Attachment 2: 013119 CEO Bulletin

*Attachment 3: 020719 CEO Bulletin

File No.: 19-0143

Agenda Date: 2/12/2019
Item No.: *3.5.

UNCLASSIFIED MANAGER:
Norma Camacho, 408-630-2084

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

Chief Executive Officer Bulletin Week of January 18 - 24, 2019

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
<u>1</u>	Reservoir Storage and Releases
<u>2</u>	Administration Annex Warehouse Fall Protection Project
<u>3</u>	Quarterly Water Retailer Meeting Held January 16, 2019
<u>4</u>	Anderson Dam Seismic Retrofit Project - Conveyor System

Reservoir Storage and Releases

Following the storms the week of January 14, 2019, storage in the district's ten (10) surface reservoirs increased by approximately 18,000 acre-feet. Although this is only about 40 percent of total storage capacity, several of the reservoirs reached or are approaching their seismic restriction levels or flood risk reduction rule curves. As of Friday, January 18, 2019, flood releases were being made from Almaden and Coyote Reservoirs. Depending on inflows into the reservoir, Anderson, Stevens Creek, and Guadalupe Reservoirs may begin making releases.

Following the board's direction, the Anderson Reservoir System (Anderson and Coyote Reservoirs) is being operated to the 40% exceedance rule curve. As of Friday, January 18, 2019, their combined storage was approximately 1,700 acre-feet below the rule curve. The district will continue to monitor reservoir levels and weather forecasts throughout the winter.

For further information, please contact Kurt Arends at (408) 630-2284.

Administration Annex Warehouse Fall Protection Project

Exposing personnel to fall hazards is an issue routinely faced by district personnel working at height. Statistics from the Census of Occupational Injuries published by the California Department of Occupational Safety and Health, reveals that falls were the third major cause of occupational fatalities occurring between 2013-2017.

As a result, the district performed risk assessments and hazard analyses of maintenance work on district facilities. During these assessments, potential fall hazards were identified on the

Administration Annex Warehouse rooftop. Once the risks were identified, interim safety measures were put in place to protect personnel. The district then designed and engineered a guardrail system to mitigate the potential fall hazards.

The guardrails are currently being installed per the engineering design criteria. Guardrails provide a passive form of fall protection which relieves personnel from having to wear personal fall arrest systems or the need for specialized training. Guardrails are an effective means to provide a safe working environment for district personnel, contractors, vendors, and anyone else who has the need to access rooftops buildings.

For further information, please contact Tina Yoke at (408) 630-2385.

Quarterly Water Retailer Meeting Held January 16, 2019

The first quarterly Water Retailer Meeting of 2019 was held on January 16, 2019, and was attended by representatives from various water retailers and stakeholders such as Bay Area Water Supply & Conservation Agency, Division of Drinking Water, and Stanford University.

Written reports on regular operations of the Water Utility were provided under each area of interest as well as verbal updates on key upcoming items and any unusual activity in the last quarter. The district presented the results of the 2018 Water Retailer Survey and alerted the group to meeting invites to be sent out for in-person check in meetings in February 2019 by the Chief Operating Officer of Water Utility Enterprise and Water Utility Enterprise Deputy Operating Officers. The district also presented on the Water Supply Master Plan, Open Space Credit Policy, Water Utility Capital Improvement Program, as well as the Groundwater (GW) Production Charges.

Discussion on the Water Supply Master Plan Level-of-Service as well as the GW Production Charges will continue in the Finance Sub-Committee meeting to be held on January 30, 2019. Retailers had several questions related to the applicability of the Open Space Credit Policy and the district, along with Chair LeZotte and Director Hsueh responded to them. The next quarterly Water Retailer Meeting is scheduled for March 20, 2019.

For further information, please contact Bhavani Yerrapotu at (408)630-2735 or Aaron Baker at (408)630-2135.

Anderson Dam Seismic Retrofit Project - Conveyor System

In October 2018, a public meeting was held at the City of Morgan Hill Community Center to provide status on the Anderson Dam Seismic Retrofit Project's (Project) schedule and preliminary environmental impacts to the community. On January 14, 2019, the district received a petition from a group of residents that live along the alignment of a proposed conveyor belt system on Malaguerra Avenue in Morgan Hill.

The petition describes the residents' concerns of placing the conveyor system on Malaguerra Avenue and has requested the district consider relocating the proposed conveyor onto County of Santa Clara (County) property. Prior to receipt of the petition, the district had requested a meeting the County representatives to determine the possibility of relocating the conveyor system. This meeting is slated to occur at the end of January 2019. The district also plans to meet with

the City of Morgan Hill prior to the meeting to brief them of the concerns presented by the residents in the petition. The district had already met with Ms. Lai (petition organizer) in late November 2018, to address her concerns.

The Project construction is scheduled to last five (5) years. Approximately 250,000 cubic yards of imported filter drain material will be stockpiled and transported to the dam via conveyor system. The conveyor belt system will mostly be operational on Malaguerra Avenue only during Construction Year 4 (April through October) and Construction Year 5 (April through October). The traffic in the area will be re-routed and/or controlled during the conveyor belt operations to ensure public safety. The conveyor belt roller assembly will be specified as ultra-quiet, typically constructed of rubber and not steel. Noise levels due to conveyor belt operations are currently being evaluated and are typically about 50-60dB - equivalent to that in an office building. These and other anticipated construction impacts will be discussed in the project Environmental Impact Report.

For further information, please contact Christopher Hakes at (408) 630-3796.

THIS PAGE INTENTIONALLY LEFT BLANK

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

Chief Executive Officer Bulletin Week of January 25 - 31, 2019

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
<u>1</u>	District Credit Rating Upgraded to 'AAA' by S&P Global Ratings
<u>2</u>	San Francisco Creek Joint Powers Authority Bay to Highway 101 Project Trails Update
<u>3</u>	<u>Varela</u> Staff is to schedule an update on CA WaterFix for second meeting in January 2019. R-18-0017
<u>4</u>	<u>Kremen</u> Our Level of Service objective for water supply is to survive the drought planning scenario (1987-92 followed by 1976-77) with no more than 20% rationing from a total system demand of 265 MGD...We need to plan for each year as if it is the beginning of our drought planning scenario. R-19-0001

District Credit Rating Upgraded to 'AAA' by S&P Global Ratings

On January 22, 2019, S&P Global Ratings ("S&P") upgraded the district's flood control system Refunding and Improvement Certificates of Participation (COPs), Series 2012A to 'AAA' from 'AA+.

With this rating change, the district's overall credit rating profile is now as follows:

- (1) Watersheds Credit Ratings: Fitch AA+; Moody's Aa1; S&P AAA
- (2) Water Utility Credit Ratings: Fitch AA+; Moody's Aa1; S&P AA-

The strong credit ratings reflect the district's large size, diverse sources of revenues, strong liquidity position, economic strength of the service area, strong management team and the board's leadership in maintaining a strong financial position.

For further information, please contact Darin Taylor at (408) 630-3068.

San Francisco Creek Joint Powers Authority Bay to Highway 101 Project Trails Update

San Francisquito Creek Joint Powers Authority's (SFC JPA) first of two (2) projects, the Bay to Hwy 101 Project (Project) is in its last phases of construction. The last push to complete the Project entails finishing work on trails and vegetation planting.

From Monday, January 28, 2019, through Friday, February 8, 2019, a portion of recreational trail will be intermittently closed in East Palo Alto from East Bayshore Road to the O'Connor Street entrance as crews lay base rock on a 900-foot section of pathway and make other grading improvements to the trail adjacent to the new levee. Neighborhood outreach has been coordinated with partner agencies, who will push trail closure communication via their respective platforms. A detour route defined by the City of East Palo Alto staff has been provided in all update materials. Director Kremen approved the trail closure messaging sent to his district and JPA partner agencies.

The mitigation planting contract for the Project is currently being advertised and approval is tentatively scheduled during the February 26, 2019, board meeting.

The second of the two (2) projects, the Upstream of Highway 101 Reach, is in the planning phase. The administrative Environmental Impact Report (EIR) was distributed in early January 2019. The JPA draft EIR is scheduled for public review in March 2019.

For further information, please contact Rick Callendar at (408) 630-2017 or Melanie Richardson at (408) 630-2035.

Varela

**Staff is to schedule an update on CA WaterFix for second meeting in January 2019.
R-18-0017**

Staff provided an update on California WaterFix at the January 22, 2019, Board Meeting.

For further information, please contact Nina Hawk at (408) 630-2736.

Kremen

**Our Level of Service objective for water supply is to survive the drought planning scenario (1987-92 followed by 1976-77) with no more than 20% rationing from a total system demand of 265 MGD...We need to plan for each year as if it is the beginning of our drought planning scenario.
R-19-0001**

Response to I-19-0001 requires additional modeling to be performed. Staff requests the due date be extended to Friday, February 8, 2019, to allow the staff time to finish updating the model and review the results.

For further information, please contact Nina Hawk at (408) 630-2736.

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

Chief Executive Officer Bulletin Week of February 1 - 7, 2019

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
<u>1</u>	Water Utility Enterprise Chief Operating Officer participates as an evaluation panel member for the Delta Conveyance Design and Construction Authority for the California WaterFix Program Manager and Associated Support Services
<u>2</u>	Online Purchase Requisitions Update
<u>3</u>	North County Lake or Streambed Alteration Agreement Update
<u>4</u>	District Employee Smartphone Program Update
<u>5</u>	Consultant Contracts Improvement Status Report
<u>6</u>	Water ambassador program (Water 101 Academy) set to begin on February 6, 2019
<u>7</u>	Reopening of Stevens Creek Trail celebration event
<u>8</u>	Valley Water Branding Implementation Update
<u>9</u>	<u>Kremen</u> Our Level of Service objective for water supply is to survive the drought planning scenario (1987-92 followed by 1976-77) with no more than 20% rationing from a total system demand of 265 MGD...We need to plan for each year as if it is the beginning of our drought planning scenario. I-19-0001
<u>10</u>	<u>Kremen</u> Director Kremen requests staff to provide a list of Public Records Act Requests made within the last 12 months. I-19-0002

Water Utility Enterprise Chief Operating Officer participates as an evaluation panel member for the Delta Conveyance Design and Construction Authority for the California WaterFix Program Manager and Associated Support Services

On Monday, January 28, 2019, Nina Hawk, Water Utility Enterprise Chief Operating Officer participated as an evaluation panel member for the Delta Conveyance Design and Construction Authority (DCA) for the California WaterFix Program Manager and Associated Support Services.

Other panel members included: Jill Duerig, Interim Executive Director, DCA; Robert Shaver, General Manager, Alameda County Water District; Gary Lippner, Delta Conveyance Office, Department of Water Resources; Shane Chapman, Chief Administrative Officer, Metropolitan Water District; Tom McCarthy, General Manager, Mojave Water; Valerie Pryor, General Manager, Zone 7; and Adrian Brown, Interim Procurement Manager, DCA.

For further information, please contact Nina Hawk at (408) 630-2736.

Online Purchase Requisitions Update

Effective Monday, February 18, 2019, the district's Purchasing Unit will fully deploy the new electronic Purchase Request (ePR) form that replaces the multi-page hard copy purchase requisition form that has been in use for many years.

The new ePR process will provide a fully electronic workflow for requisition completion, approval routing, and submittal to Purchasing for processing. The ePR form also provides process time savings by no longer routing a multi-part hardcopy form from procurement requesters to purchasing.

Testing of the new ePR began in December 2018, and in January 2019 a partial roll-out of the new process was implemented for select business areas.

For further information, please contact Tina Yoke at (408) 630-2385.

North County Lake or Streambed Alteration Agreement Update

Groundwater recharge in the North County relies largely on the Alamitos, Coyote, Kirk, and Masson Diversions to percolate the water released from district facilities. The operation and maintenance of diversions may affect fish and wildlife; therefore, such activities are subject to California Fish and Game Code §1600 et. seq., that requires notification and a Lake or Streambed Alteration Agreement (LSAA) with the California Department of Fish and Wildlife (CDFW).

The LSAAs for these diversions were first issued in 2009, for a five (5) year term, to replace a long-term Memorandum of Understanding with CDFW for operation of the facilities. In 2014, CDFW agreed to the one-time five (5) year extension to December 31, 2018. In anticipation of the need for renewed agreements, staff submitted notifications for the diversion facilities on November 30, 2018.

The notifications describe existing diversion operations that maintain fish in good condition consistent with water rights licenses issued by the State Water Resources Control Board. Although routine activities remain unchanged, ongoing operations are better regulated through long-term agreements allowed by the statute. This approach also supports incorporation of

operational flow changes that may result from the Fish and Aquatic Habitat Collaborative Effort (FAHCE) or water rights petitions, through amendment of the LSAAs. Long term agreements will incorporate monitoring and adaptive management developed through the process.

To address the added CDFW requirements, staff provided as-built plans, more detailed descriptions of operations, and mapped areas of routine maintenance. In addition to an extended term, the following two (2) new aspects are proposed:

- The inclusion of drought provision language to address drought or severe water supply shortage conditions and,
- Certification and applicable fees will be submitted to support LSAA conditions for recharge operations and facilities that are covered activities in the Santa Clara Valley Habitat Plan for which the U.S. Fish and Wildlife Service has authorized a 50-year incidental take permit for listed species under the federal Endangered Species Act, and CDFW has issued a 50-year take authorization for covered species under the Natural Community Conservation Planning Act in 2013.

The CDFW letter dated January 4, 2019, requested biological assessment and hydrologic studies, that include flow-habitat relationships based on the results of instream flow models under development for FAHCE.

In a discussion on January 17, 2019, CDFW supported long-term agreements and requested assessment of passage issues for Pacific Lamprey, a newly listed State species of concern. The district and CDFW staff are scheduled to meet in February, 2019, to review the FAHCE model results. During negotiations, staff will provide requested information to CDFW and routine operations will continue under the original agreement provisions until new LSAAs are issued.

For further information, please contact Kurt Arends at (408) 630-2284.

District Employee Smartphone Program Update

In alignment with the district's commitment to modernization, the district has completed the rollout of more than 100 Smartphones to employees. The upgrade allows staff, previously issued only basic flip phones, to now access email, calendar, mobile apps and the internet in the field.

The Smartphones are equipped with unlimited talk, text and data and will soon be enrolled in the FCC Wireless Priority Service (WPS) for priority access to cellular networks during emergencies. The change comes after a thorough assessment of the district's telecommunications carriers and agreements which have allowed for this significant technology upgrade without increasing overall cost.

For further information, please contact Tina Yoke at (408) 630-2385.

Consultant Contracts Improvement Status Report

The district provided an update to the board on February 13, 2018, regarding the implementation of recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and the Fiscal Year (FY) 18 Consultant Contracts Improvement Process. Additionally, the district provided a presentation to the Audit Committee on August 15, 2018. The district committed

to monitoring the process improvement performance initiated on July 1, 2018, and providing a performance measurement update with six (6) months of data through a CEO Bulletin in Quarter (Q) 3 of FY19, and return to the Board in Q1 of FY 2019-2020 with a full year of data.

A summary of the Contracts Process Improvements includes:

- Consultant Contracts staff are the primary procurement process owners;
- Training in drafting and negotiations provided ongoing basis to Contracts staff;
- Structured contract drafting and negotiations processes; and
- Clearly defined roles, responsibilities and target timelines to meet in order to shorten the contracting timelines and streamline process.

The district continues to focus on providing an enhanced level of customer service during drafting and negotiations, beginning with preparing the preliminary scope of services for the Request for Proposals (RFP). As contract subject matter experts, providing an enhanced level of support to project managers during the drafting of agreements is critical, as project managers are not regularly called upon to draft contract scope of services. Additionally, training to staff on drafting, evaluating, and negotiating RFPs and agreements continue in order to enhance service, achieve efficiencies, consistency, and a streamlined process.

Q1 and Q2 data for the first six (6) months of implementation of FY19 were analyzed against comparable data of Q1 and Q2 for FY17.

- For contracts with a value under \$225,000 in FY19, award of contracts occurred 5.71 weeks faster than comparatively in FY17, even with a higher volume of nine (9) contracts in FY19 versus six (6) in FY17.
- For contracts between a value range of \$225,000 and \$1,000,000, the processing time in FY19 was longer than in FY17 by 3.6 weeks. A review of the data shows staff is taking longer time to negotiate and finalize the draft agreement along with reviewing and approving the finalized agreement than originally estimated. There was the same quantity volume of contracts processed in Q1 and Q2 of FY19, between \$225,000 and \$1,000,000 as in Q1 and Q2 of FY17.
- For contracts valued at \$1,000,000 or greater, the processing time for has not been calculated as award is pending for the 5 contracts in various stages of negotiation and finalizing of the agreement. In comparison, in Q1 and Q2 of FY17, only one (1) contract was finalized valued at \$1,000,000 and above with a processing time of slightly over a year.

The district will continue to implement the Navigant audit recommendations along with the Contracts Process Improvement. The district will monitor performance measurements and commits to return to the board with a presentation in FY20, with a full year of data for a status update on the implementation of the process improvements.

For further information, please contact Tina Yoke at (408) 630-2385.

Water ambassador program (Water 101 Academy) set to begin on February 6, 2019

The district's inaugural Water 101 Academy ambassador program is set to begin on Wednesday, February 6, 2019. Out of nearly 90 applicants, 21 new water ambassadors have been selected by the directors and confirmed:

DISTRICT 1:

- Laura Quemada
- Swanee Edwards
- Susan (Farkhondeh) Kazemi

DISTRICT 2:

- Jennifer Sant'Anna
- Nancy Avila
- Brianna Duarte

DISTRICT 3:

- Shari Carlet
- Leslie Stobbe
- Teiana Johnson

DISTRICT 4:

- Kristin Apple
- Vikki Essert
- Bob Berends

DISTRICT 5:

- Craig Pasqua
- Hung Wei
- Michael Metz

DISTRICT 6:

- Rebecca Gallardo
- Jorge Rubio
- Joshua Williams

DISTRICT 7:

- Stephen Ferree
- Kevin O'Reilly
- Dave Warner

The first session included welcome remarks by Chair Linda J. LeZotte and Chief Executive Officer, Norma J. Camacho. Educational presentations were made by both staff and a guest speaker from the Department of Water Resources Public Affairs Office, who gave participants a primer on state water infrastructure, primarily the State Water Project.

All of the directors are invited to welcome, mingle and meet the ambassadors at any one of the upcoming sessions on either February 20, 2019; March 13 or 23, 2019; or during the graduation reception on March 26, 2019.

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

Reopening of Stevens Creek Trail celebration event

On Wednesday, February 13, 2019, the district will be hosting a celebration marking the reopening of Stevens Creek Trail in Mountain View. Following heavy storms in February 2017, a 140-foot portion of the Stevens Creek Bank eroded, threatening Stevens Creek Trail and the adjacent maintenance road. The trail was closed for emergency temporary repairs to prevent further damage to the creek bank and trail. The district completed permanent repairs in fall 2018.

Media will be invited and the event will be recorded and broadcast live via social media.

Approximately 40 people are expected to attend the event, including members of the public, the Friends of Stevens Creek Trail, the mayor, councilmembers, and staff from the City of Mountain View. Speakers are expected to include Director Kremen and Mayor Lisa Matichak of Mountain View. Speakers will highlight the district's commitment to flood protection and inter-agency partnership with the City of Mountain View.

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

Valley Water Branding Implementation Update

Following the December 12, 2018, board selection of a new agency logo and tagline, the district is proceeding with a phased roll out of the new branding elements. The district has been meeting with stakeholders from throughout the organization to identify all assets that currently display the logo, and to develop priorities for an efficient, cost-conscious transition.

Progress in January 2019 includes the development of a comprehensive Brand Management Style Guide, design of new business cards and email signature templates, and preparations for displaying the new logo on our website and social media accounts. Prior to the launch of the new brand, a news release will describe the branding effort, explaining that it has been more than 40 years since our current logo was created, and that in this, the agency's 90th year, Valley Water is celebrating by modernizing its name and visual brand to emphasize our forward-looking, environmentally conscious approach to water resources management.

The first phase of implementation will begin Friday, February 8, 2019. On that day, the website, social media and district emails will display the new agency name and logo. Forms and other printed material will begin using the new branding as they are designed or updated.

The second phase, currently under development, will include an orderly strategy to update signage (both facility and fleet), uniforms and related items. A news release detailing the district's new agency logo and tagline, along and details of what to expect in the next few months, is also planned for distribution.

To ensure a fiscally responsible approach, the district will be encouraged to use up existing stock of disposable items with the legacy logo, such as letterhead and sandbags, and re-order new materials with the new logo as they come up for replacement. High visibility items, such as the business cards of staff who frequently engage the public, will have priority for updating. The district is working with the warehouse and procurement teams to ensure they have the new logo art files necessary when ordering materials.

A Frequently Asked Questions is being developed to address all related concerns regarding the Valley Water branding implementation.

The district is excited to shepherd the brand into usage, but is keenly aware that it is a transitional process that takes time for full realization. As the process proceeds, we will further update the board on our progress.

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

Kremen

Our Level of Service objective for water supply is to survive the drought planning scenario (1987-92 followed by 1976-77) with no more than 20% rationing from a total system demand of 265 MGD...We need to plan for each year as if it is the beginning of our drought planning scenario.

I-19-0001

This IBMR originates from a modeling request from Mr. Peter Drekmeier. The district is scheduling a meeting with Mr. Drekmeier to better understand the request, including what assumptions to model. The district requests the due date be extended to Friday, March 8, 2019, to allow time to meet with Mr. Drekmeier and complete the additional modeling.

For further information, please contact Jerry De La Piedra at (408) 630-2257.

Kremen

Director Kremen requests staff to provide a list of Public Records Act Requests made within the last 12 months.

I-19-0002

A list of Public Records Act Requests made within the last 12 months (January 2018 - January 2019) is included in the February 8, 2019, Non-Agenda packet.

For further information, please contact Michele King at (408) 630-2711.

THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 19-0099

Agenda Date: 2/12/2019

Item No.: *3.6.

BOARD AGENDA MEMORANDUM

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

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

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

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

Attachment 1: 010819 Regular Meeting Minutes

Attachment 2: 010919 Special Meeting Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

THIS PAGE INTENTIONALLY LEFT BLANK



BOARD OF DIRECTORS MEETING

MINUTES

**RESCHEDULED REGULAR MEETING
TUESDAY, JANUARY 8, 2019
6:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A Rescheduled Regular Meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, at 6:00 p.m.

1.1. Roll Call.

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

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk, Board of Directors, J. Aranda, K. Arends, R. Callender, G. De La Piedra, R. Gibson, V. Gin, C. Hakes, G. Hall, N. Hawk, N. Nguyen, K. Oven, M. Richardson, D. Taylor, S. Tikekar, B. Yerrapotu, and T. Yoke.

2. TIME CERTAIN:

6:00 PM

2.1. Pledge of Allegiance/National Anthem.

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

2.2. Orders of the Day.

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

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

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

Ms. Victoria Garcia, Ms. Metra Richert, and Ms. Samantha Greene, Women of Water (WOW) District Employee Resource Group, discussed WOW's beginnings and purpose, and invited the Board to attend WOW's inaugural event.

2.4. Election of Board Chair and Vice Chair for Year 2019.

Recommendation: Nominate and elect a new Chairperson and Vice Chairperson for the calendar year 2019

Motion: Nominate and elect District 4 Director Linda J. LeZotte as Board Chairperson, and District 5 Director Nai Hsueh as Vice Chairperson, for the calendar year 2019.

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

2.5. Recognition of Outgoing Chair.

Ms. Norma Camacho, Chief Operating Officer (CEO), presented outgoing Chairperson Santos with a memento of appreciation, and reviewed his accomplishments as Chairperson during 2018.

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

The remainder of the meeting was facilitated by newly-elected Chairperson LeZotte.

2.6. Public Hearing—Determine the Necessity for the Board of Directors to be Compensated for up to 15 Days Per Calendar Month and to Consider Compensation Amount for Calendar Year 2019; and Revise Board Compensation Governance Process Policy.

Recommendation: A. Review and approve proposed revisions to the Board Governance Policy GP-10.6.1, documenting process required by AB 1889 (Caballero) for Board to determine business need to compensate Directors for up to 15 days per calendar month;
B. Conduct a Public Hearing to allow members of the public to provide comments on the need to compensate Directors for up to 15 days per calendar month and Director compensation amount for calendar year 2019;
C. Close the Public Hearing; and
D. Discuss, make a finding and adopt an Ordinance reflecting the number of meetings per calendar month Directors should be compensated and the Director compensation amount for calendar year 2019; or

- E. Provide direction to the Clerk of the Board relevant to the authorized number of compensated meetings per month and meeting compensation amount for calendar year 2019.

Chairperson LeZotte opened the Public Hearing.

Ms. Michele King, Clerk, Board of Directors, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachments 1 and 3.

Chairperson LeZotte declared time open for public comments.

Mr. Doug Muirhead, Morgan Hill resident, expressed opposition to increasing Directors' compensated number of meetings per month, and per diem rate.

Motion: Approve revising Board Governance Policy GP-10.6.1, documenting process required by AB 1889 (Caballero), as contained in the attached Board Agenda Memo, Page 2.

Move to Accept: Tony Estremera

Second: Richard Santos

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

Motion: Make findings as outlined in the Board agenda memorandum, that there is business need for 15 meetings per month, and adopt Ordinance No. 19-01, PROVIDING FOR COMPENSATION OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT, PURSUANT TO CHAPTER 2, DIVISION 10, CALIFORNIA WATER CODE, by roll call vote, confirming Directors should be compensated for 15 meetings per month effective March 9, 2019, and providing for a five percent increase in Director compensation over the current rate of \$286.68 to \$301.01 effective April 14, 2019.

Move to Accept: John L. Varela

Second: Richard Santos

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

2.7. Open Space Credit Policy Discussion Continued.

- Recommendation:
- A. Provide direction to increase Agricultural Rates to 10% of the Municipal and Industrial (M&I) charge over a 7-Year period;
 - B. Direct staff to implement an agricultural water charge adjustment for Williamson Act and Conservation Easement participants that would hold their agricultural water charge to 6% of the M&I charge; and
 - C. Provide further direction as necessary for the Fiscal Year (FY) 2019-20 rate setting cycle.

Mr. Joe Atmore, Revenue Manager, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

The Board took no reportable action, and made the following requests:

- Staff is to solicit input from the Water Conservation and Demand Management and Water Retailers Committees on implementing the maximum agricultural water rates over a 7-year period;
- Staff is to include a maximum agricultural rate increase in the PAWS report; and
- Staff is to bring the agricultural water rate proposal during the next District budget session.

Chairperson LeZotte acknowledged receipt of the attached materials, identified respectively as Handouts 2.7-A through 2.7-E herein: an email from Mr. Dhruv Khanna, Kirgin Cellars; a letter from Mr. Alan and Mrs. Meg Giberson, to the Agricultural Water Advisory Committee; written comments pertaining to the Agricultural Water Committee January 7, 2019 agenda, Item 5.2; revised presentation materials, replacing Attachment 5, Pages 26 and 27; an email and corresponding attachments from Mr. Michael Meehan, County of Santa Clara; and a letter from Mr. and Mrs. Giberson to the Board of Directors. Copies of the Handouts were distributed to the Board and made available to the public.

Mr. Muirhead discussed agricultural preservation efforts already underway, including: the County of Santa Clara (County) and Santa Clara Valley Open Space Authority's jointly developed Santa Clara Valley Agricultural Plan (SCV Agricultural Plan); the County's enactment of the Agricultural Preservation Task Force (Task Force); the assignment of the Task Force to discuss methods for implementing the SCV Agricultural Plan; and the upcoming recommendation from the Task Force to the County, suggesting implementation of an Agricultural Commission to assist in developing an Agricultural Easement Purchase Program. He encouraged the Board to defer action on the Open Space Credit, and consider joining with the County in support of these efforts instead.

Chairperson LeZotte moved the agenda to Item 3.2.

- 3.2 Resolution Authorizing the Exchange of Real Property Interests with Silicon Valley Club, LLC, at Assessor Parcel Nos. 015-45-013 and 015-45-024, Real Estate File Nos. 3015-503.1, 3015-55.4 and 3015-684 (San Jose) (District 3).

Recommendation: A. Adopt the resolution AUTHORIZING EXCHANGE OF REAL PROPERTY RIGHTS WITH SILICON VALLEY CLUB, LLC, ADJACENT TO GUADALUPE RIVER, ASSESSOR PARCEL NOS. 015-45-013 and 015-45-024, REAL ESTATE FILE NOS. 3015-503.1, 3015-55.4 and 3015-684;

B. Authorize the Chief Executive Officer (CEO) to execute the Santa Clara Water District Real Property Exchange Agreement for District Real Estate File Nos. 3015-503.1, 3015-55.4 and 3015-684;

C. Authorize the CEO to accept the Easement Deed from Silicon Valley Club, LLC, District Real Estate File No. 3015-684; and

D. Authorize the CEO to execute the Quitclaim Deed to Silicon Valley Club, LLC, District Real Estate File Nos. 3015-503.1 and 3015-55.4

The Board requested that staff come back with more information on Silicon Valley Club, LLC, and continued Item 3.2 to the next regular Board meeting.

3. CONSENT CALENDAR:

The Board considered Consent Calendar Items 3.1, and 3.3 through 3.8, under one motion.

- 3.1. Santa Clara Valley Water District Comprehensive Annual Financial Report for the Fiscal Year Ending on June 30, 2018, and Independent Auditor's Reports.

Recommendation: Accept the Santa Clara Valley Water District (District) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending on June 30, 2018, and the Independent Auditor's Report.

- 3.3. Certification of November 6, 2018 General Election and Official Results for Board of Directors District 6 and Appointment of Directors to Represent Districts 1, 4, and 7.

Recommendation: A. Accept the County of Santa Clara Registrar of Voters' Statement of Votes and Certificates of Election Results for District 6, declaring the totals to be the final results of the election, and declaring elected the person having received the highest number of votes for this office; and

B. Accept the County of Santa Clara Board of Supervisors Resolution No. BOS-2018-114, APPOINTING DIRECTORS TO SPECIAL DISTRICT BOARDS OF DIRECTORS IN LIEU OF THE NOVEMBER 6, 2018

GENERAL ELECTION for District 1, District 4, and District 7.

- 3.4. Resolution Authorizing Conveyance of Real Property Interests for the Harriet Avenue Sidewalk Improvements, at Assessor Parcel Nos. 403-53-105, 403-53-107, and 403-53-108, near San Tomas Aquino Creek, to the City of Campbell, Real Estate File No. 2019-101.3 (Campbell) (District 4).

Recommendation: A. Adopt the Resolution AUTHORIZING CONVEYANCE OF REAL PROPERTY INTERESTS TO THE CITY OF CAMPBELL; and
B. Authorize the Chief Executive Officer to execute the Quitclaim Deed, Real Estate File No. 2019-101.3.

- 3.5. Amendment No. 3 to Grant Agreement No. A3536R, with City of San Jose for the Three Creeks Trail, Trestle and Interim Improvements Project, Project No. 26091002 (San Jose) (District 2).

Recommendation: Approve and authorize the Chief Executive Officer to execute Amendment No. 3 to the Grant Agreement A3536R between the Santa Clara Valley Water District and the City of San Jose.

- 3.6. Membership Nomination for Committee Re-Appointment to the Agricultural Water Advisory Committee.

Recommendation: Consider 2018 Board Chair and Vice Chair nomination for one-year membership re-appointment of Dhruv Khanna to the Agricultural Water Advisory Committee for 2019.

- 3.7. CEO Bulletins for the Weeks of December 7-13, December 14-20, December 21-27, 2018, and December 28, 2018-January 3, 2019.

Recommendation: Accept the CEO Bulletins.

- 3.8. Approval of Minutes.

Recommendation: Approve the minutes.

Motion: Approve Consent Calendar Items 3.1, and 3.3 through 3.8, under one motion, as follows: accept the Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2018, and the Independent Auditor's Reports, as contained in Item 3.1; accept the County of Santa Clara Registrar of Voters' Statement of Votes and Certificates of Election Results for District 6, and accept the County of Santa Clara Board of Supervisors Resolution No. BOS-2018-114, APPOINTING DIRECTORS TO SPECIAL DISTRICT BOARDS OF DIRECTORS IN LIEU OF THE NOVEMBER 6, 2018 GENERAL ELECTION for District 1, District 4, and District 7, as contained in Item 3.3; adopt Resolution No. 19-01, AUTHORIZING CONVEYANCE OF REAL PROPERTY INTERESTS TO

THE CITY OF CAMPBELL, by roll call vote, and authorize the CEO to execute the Quitclaim Deed, as contained in Item 3.4; approve and authorize the CEO to execute Amendment No. 3 to the Grant Agreement A3536R with the City of San Jose, as contained in Item 3.5; approve the 2018 Board Chair and Vice Chair nomination for one-year membership re-appointment of Dhruv Khanna to the Agricultural Water Advisory Committee, as contained in Item 3.6; accept the CEO Bulletins, as contained in Item 3.7; and approve the minutes, as contained in Item 3.8.

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

REGULAR AGENDA:

4. BOARD OF DIRECTORS:

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

Recommendation: A. Consider the schedule for the regular meetings of the Board, currently held on the second and fourth Tuesday of each month, beginning at 1:00 p.m. and 6:00 p.m., respectively, or as designated by the Clerk of the Board to accommodate closed session subject matter;
B. Discuss and identify, if necessary, 2019 Board meeting recess dates; and
C. If a new regular Board meeting schedule is approved, adopt the Resolution SETTING TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AND RESCINDING RESOLUTION NO. 17-55.

Mr. Muirhead expressed support for keeping the current Board meeting schedules for 2019.

Motion: Continue to maintain the current meeting schedule for calendar year 2019.

Move to Approve: Richard Santos
Second: John L. Varela

Director Santos withdrew his motion.

Seeing that a motion was not necessary to maintain the Board's existing regular meeting schedule through 2019, the Board noted the information, without formal action.

4.2. Board Committee Reports.

Director Hsueh reported attending the December 10, 2018 Capital Improvement Program (CIP) Meeting and confirmed that more information on the meeting was contained in Handout 5.3-B for consideration with the Work Study Session on the Preliminary Fiscal Year 2019-20 Groundwater Production Charges and Fiscal Years 2020-24 Preliminary CIP.

The Board noted the information, without formal action.

5. WATER UTILITY ENTERPRISE:

- 5.1. ITEM REMOVED FROM AGENDA - Amendment No. 4 to Agreement No. A3902G with HDR Engineering, Inc., for Design Consultant Services for the Calero Dam Seismic Retrofit Project, Project No. 91874004 (San Jose) (District 1).

The Board noted that Item 5.1 had been removed from the agenda.

- 5.2. Sole Source Purchase of Electromagnetic Inspections and Acoustic Fiber Optic Monitoring System(s) (AFO System) Installation, and Services for the AFO System(s) Operation, Maintenance, Monitoring, and Reporting, from Pure Technologies U.S. Inc., for the 10-Year Pipeline Inspection and Rehabilitation Program, Project No. 95084002, for a Not-to-Exceed Fee of \$13,880,314.

Recommendation: A. Approve a sole source purchase of equipment and services from Pure Technologies U.S., Inc. (Pure), to provide Electromagnetic Inspection, Acoustic Fiber Optic (AFO) Monitoring System Installation, and AFO System Services for the 10-Year Pipeline Inspection and Rehabilitation Program (Program), Project No. 95084002 for a not-to-exceed amount of \$13,880,314; and
 B. Authorize the CEO to negotiate, execute, and amend purchase order(s) as-needed with Pure Technologies U.S. Inc., for these Electromagnetic Inspections, AFO System installation, and AFO System Services.

Ms. Katrina Jessop, Associate Civil Engineer, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 3.

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

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

5.3. Work Study Session on Preliminary Fiscal Year (FY) 2019-20 Groundwater Production Charges and the District's Capital Improvement Program, and Board Consideration to Approve the District's Fiscal Years 2020-24 Preliminary Capital Improvement Program (CIP).

Recommendation: A. Review and approve the Fiscal Years (FY) 2020-24 Preliminary CIP; and
B. Discuss and provide direction on the preliminary FY 2019-20 Groundwater Production Charge analysis prepared by staff.

Director Keegan left the meeting and did not return.

Mr. Ngoc Nguyen, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo, and the corresponding presentation materials contained in Attachment 5 were reviewed by staff as follows:

Mr. Nguyen reviewed Slides 1 through 13, and 16 through 21; Ms. Katherine Oven, Deputy Operating Officer, reviewed Slides 14 and 15; and Mr. Darin Taylor, Chief Financial Officer, reviewed Slides 22 through 39.

Motion: Approve the Fiscal Years (FY) 2020-24 Preliminary CIP; direct staff to return with additional information on the Calero Dam Seismic Retrofit Project, Lower Guadalupe River Freeboard Restoration Project, and Workspace Optimization Project; and continue discussion on Recommendation B to a future special Board meeting.

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

Ms. Katja Irvin, Sierra Club Loma Prieta Chapter, reviewed and distributed the attached email expressing concern about water supply investments, and how these will impact the CIP, groundwater production charges, treated water rates, and property taxes, identified as Handout 5.3-A herein. Copies of the Handout were distributed to the Board and made available to the public.

The Board acknowledged that Handout 5.3-B had been considered during discussion of Item 4.2.

5.4. Water Supply Master Plan 2040 Update.

- Recommendation:
- A. Reaffirm the 2012 “Ensure Sustainability” Strategy for the Water Supply Master Plan 2040;
 - B. Approve changing the water supply reliability level of service goal from meeting 90 percent of normal year demands, as identified in the Water Supply Master Plan, in drought years to meeting 80 percent of demands in drought years;
 - C. Receive information and provide direction on the approach to the monitoring and assessment plan (MAP) for implementing the Water Supply Master Plan 2040; and
 - D. Direct staff to return with updates on projects with near-term decisions points.

The Board continue Item 5.4 to a future special Board meeting.

6. WATERSHEDS:

6.1. Agreement with R.E.Y. Engineers, Inc., for a Not-to-Exceed Amount of \$1,500,000 for On-Call Land Surveying and Mapping Services.

Recommendation: Approve the agreement with R.E.Y. Engineers, Inc., for on-call land surveying and mapping services for a not-to-exceed fee of \$1,500,000.

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

7. EXTERNAL AFFAIRS:

None.

8. CHIEF EXECUTIVE OFFICER:

8.1. CEO and Chiefs’ Report.

Mr. Rick Callender, Chief of External Affairs, reviewed and distributed the attached reports for the Offices of Civic Engagement, Communications, and Government Relations, identified as Handout 8.1-A herein; and Ms. Melanie Richardson, Chief Operating Officer, reviewed and distributed the attached Storm Report, identified as Handout 8.1-B herein. Copies of the Handouts were distributed to the Board and made available to the public.

Ms. Richardson additionally reported that staff would come back to the Board in February 2019 with information on conveyance reductions in the Lower Guadalupe River Flood Protection Project area; and reported on the City of San Jose's Bridge Housing Ordinance adoption, which approved Bridge Housing Projects at a Valley Transportation Authority-owned site on Maybury Road and at a Caltrans-owned site at the Highway 101/680 interchange. She confirmed that the Bridge Housing facilities were scheduled to open in July or August 2019, and that there were no District permit requirements for either site.

9. ADMINISTRATION:

None.

10. DISTRICT COUNSEL:

None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

There were no Board member reports or announcements.

11.2. Proposed Future Board Member Agenda Items.

There were no proposed future Board Member agenda items.

11.3. Clerk Review and Clarification of Board Requests.

Ms. Michele King, Clerk, Board of Directors, confirmed that there were no new Board Member Requests.

11.4. Adjourn to Special Closed Session Meeting at 12:00 p.m. on January 9, 2019, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson LeZotte adjourned the meeting at 9:50 p.m., to the Special Closed Session meeting at 12:00 p.m., on January 9, 2019, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose.

Michele L. King, CMC
Clerk, Board of Directors

Approved:

Date: 02/12/2019



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION SPECIAL MEETING
WEDNESDAY, JANUARY 9, 2019
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

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

1.1 Roll Call.

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

Director John L. Varela arrived, and Director Gary Kremen participated via teleconference, as noted below.

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk, Board of Directors, C. Hakes, N. Hawk, L. Orta, K. Oven, and T. Yoke.

1.2 Pledge of Allegiance.

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

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

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

2. TIME CERTAIN:

12:00 P.M.

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

During Closed Session, Director Varela arrived, and Director Kremen participated via teleconference.

Upon conclusion of Closed Session, Director Kremen ended his participation via teleconference, and upon return to Open Session, the same Board members and staff, including Director Varela, and excluding Director Kremen, were present.

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code
Section 54956.9(d)(2)
One potential case

- 2.2 District Counsel Report.

Ms. Leslie Orta, Senior Assistant District Counsel, reported that the Board met in Closed Session with all members present, including Director Varela and Director Kremen, who participated via teleconference, and in regards to Item 2.1, gave direction to staff.

3. ADJOURN:

- 3.1 Adjourn to 4:00 p.m. Closed Session, and 6:00 p.m. Regular Meeting on January 22, 2019, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson LeZotte adjourned the meeting at 1:40 p.m., to the 4:00 p.m. Closed Session and 6:00 p.m. Regular meeting on January 22, 2019, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose.

Michele L. King, CMC
Clerk, Board of Directors

Approved:

Date: 02/12/2019

File No.: 19-0062

Agenda Date: 2/12/2019

Item No.: 5.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Sites Project Authority 2019 Reservoir Project Agreement for Continued District Participation in the Sites Reservoir Project.

RECOMMENDATION:

- A. Receive update and report on the Sites Reservoir Project;
- B. Authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;
- C. Authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, and decide on the specific participation level (up to 4.8%); and
- D. Direct staff to continue engagement in Sites Reservoir Committee and negotiate future funding participation to include stronger governance role.

SUMMARY:

In 2017 the Board authorized the CEO to execute an agreement to participate in Phase 1 of the Sites Reservoir Project (Sites Project). That agreement is set to expire on March 31, 2019. The Sites Joint Powers Authority (JPA) is offering the District the opportunity to continue participating in the Sites Project by executing the Sites Project Authority 2019 Reservoir Project Agreement (2019 Project Agreement), which will cover calendar year 2019 work activities. Execution of the agreement would obligate the District to contribute funds to support development of the Sites Project through calendar year 2019 (Phase 2, Year 1). The District has been participating in the Sites Project at a targeted participation level of 4.8 percent (i.e., funding 4.8 percent of total project costs to preserve rights to 4.8 percent of total project benefits); maintaining this participation level would obligate the District to provide up to \$1.44 million in funding for Phase 2, Year 1. However, the District may choose to participate at a lower or higher level or to discontinue participation. A copy of the proposed 2019 Project Agreement is included as Attachment 1.

2019 Funding Objectives

The District's funding contribution would support a focused effort to develop key information needed prior to the end of calendar year 2019 to enable individual participants to decide whether to provide substantial funding for continued development of the Sites Project. Key information to be developed includes the following:

- 1) *Defined storage benefits and operational rules for participant utilization of storage in Sites Reservoir.*
 - a) Potential benefits of dedicated District storage in the Sites Reservoir Project has not yet been analyzed. Throughout Phase 1, each participant's stake in the Sites Project has been expressed in terms of the initial estimated *total yield*. However, Sites Project participants have agreed to explore the allocation of benefits in another way -- that is in terms of dedicated storage to individual participants, who would determine how they would use their share of storage to best meet their needs.
- 2) *Better definition of the expected level of funding by the state of California (State) and U.S. Bureau of Reclamation (Reclamation); associated benefits to State, Reclamation, and CVP water users; and determination of the impact of such funding on the cost and yield allocation among participants.*
 - a) During its December 12, 2018 presentation to the State Water Resources Control Board on Voluntary Agreements as part of the Water Quality Control Plan update, the State indicated that Proposition 1 storage projects may be tapped in the future to help provide environmental flows for the Delta. Among the Prop. 1 storage projects, Sites Project may be identified as providing significant outflow in this context. Currently, the State's Prop. 1 funding for Sites is tied to benefits anticipated for recreation, flood control, and water deliveries to benefit both smelt in the Cache Slough area and wildlife refuges; the State has yet to determine how it might participate in the Sites Project for purposes of securing water for Delta outflow. The State's approach may significantly affect the funding level and operations of the Sites Project.
 - b) Benefits modeled for Sites Project participants south of the Delta, including the District, are based on participation as SWP contractors. However, the District may stand to benefit on the CVP side as well if Reclamation participates to secure water supplies for both fish protection and water supply reliability for CVP contractors. Reclamation has expressed interest in funding 12 to 25 percent of the Sites Project. These potential benefits have also not yet been evaluated.
- 3) *Completion of, or at least significant advancement on, key agreements with the California Department of Water Resources (DWR) to define the relationship of the Sites Project to the SWP, and to identify the delivery priority for Sites Project water supply to participating SWP contractors south of the Delta.*
 - a) District staff has been working with other participants and DWR staff to define how Sites Project operations may be integrated into or coordinated with the State Water Project. This task involves resolution of operational and contractual issues.
- 4) *An updated and narrowed range of Sites Project operating scenarios and yields, considering the following:*

-
- a) The best information available from 2019 permitting discussions with fish and wildlife agencies and the State Water Resources Control Board regarding Sites Project operating criteria.
- The workplan for 2019 prioritizes working with resource agencies to reduce the operational uncertainty related to diversions and releases associated with the Sites Project. Currently, the range of possible requirements is too large to define whether the Sites Project can viably move forward. At the more restrictive end of the range of potential flow requirements, the performance of the Sites Project would be impaired such that it would likely lose support, while at the less restrictive end, the Sites Project would be one of the most cost-effective water supply projects available to the District and other participants.
- b) Potential water supply yield and operational flexibility provided to Reclamation and CVP contractors.
- The available modeling performed to date does not include water supply yield and operational flexibility for Reclamation, the operator of the CVP.

5) Compilation of geotechnical information for the Sites Project, including historical data and sampling planned for 2019, to further refine the range of construction cost estimates.

- a) The Sites JPA held a series of risk assessment workshops in 2018 to develop strategies to mitigate risk during the development of the Sites Project. In these meetings, there was broad consensus that additional geotechnical data collection would better inform design work, thus reducing the risk of design changes and improving the certainty of the construction cost estimate and schedule.

District staff's assessment is that, while preliminary estimates of water supply yield and costs are available, it is critical that the information above is developed to better define project benefits and costs prior to the District making a decision on whether to continue supporting the Sites Project.

Additional work included in the Sites Reservoir Project workplan for calendar year 2019, which the Sites JPA recommends performing to facilitate longer term project development, includes development of procedures to improve management and controls, preliminary design work, and agency coordination related to power and dam safety.

2019 Project Agreement

Execution of the 2019 Project Agreement would obligate the District to provide funding for continued work on the Sites Project in calendar year 2019 and provide the District with a continuing seat on the Reservoir Project Committee (Reservoir Committee) through 2019. The total 2019 budget is roughly \$35 million, with about \$14 million of this to be funded by water user participants that comprise the Reservoir Committee. The remaining budget is expected to be funded using Prop 1 Water Storage Investment Program (WSIP) early funding and funds secured from provisions under the Water Infrastructure Improvements for the Nation Act (WIIN Act). The allocation of costs to the Reservoir

Committee members is outlined in Exhibit A of the 2019 Project Agreement, and shows the District's contribution to be 10.3 percent of the \$14 million component of the budget. This contribution would correspond to the 4.8% total Sites Project targeted participation level at which the District has been participating in Phase 1 of the project. The District may choose to provide funding at a different participation level for Phase 2 Year 1, with corresponding adjustments to the District's voting rights and preserved share of project benefits. Or the District may choose to discontinue participation in the Sites Project at this time. For the Board's convenience, a copy of the Project Members Agreement List contained in Exhibit A to the 2019 Reservoir Project Agreement has been included as Attachment 2.

The 2019 Project Agreement permits the Sites JPA and the participants in the 2019 Project Agreement to continue development of the Sites Project, consistent with the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement (Joint Powers Agreement), which is provided in Attachment 3. The 2019 Project Agreement defines the Reservoir Committee's budget approval and management process and delineates the responsibilities and authorities of the Sites JPA and the Reservoir Committee during 2019 for the Sites Project. Under the 2019 Project Agreement, the Reservoir Committee would undertake all actions necessary for carrying out the 2019 Project Agreement, including recommending actions, authorizing expenditure of funds, and other actions necessary to move the Sites Project forward.

The 2019 Project Agreement provides that those who execute the agreement (Project Agreement Members) will preserve through 2019 a first right, equal to that Project Agreement Member's participation percentage, to contract in the future for a share of any water supply and storage capacity available from the Sites Project. In any successor phase agreements, continuing Project Agreement Members shall continue to preserve those rights.

Background

On March 14, 2017, the Board authorized the CEO to execute the Sites JPA's Amended and Restated Phase 1 Reservoir Project Agreement (Phase 1 Project Agreement). The Phase 1 Project Agreement allowed the District to join the Reservoir Committee and provides the District with a first right to contract for the Sites Project's water supply and storage capacity, commensurate with its participation and financial contributions to the Sites Project. The District has currently reserved 4.8 percent of the initial expected yield of the Sites Project and has contributed \$997,232.75 toward Phase 1 of the Sites Project.

District staff have continued to analyze the Sites Project and provide input into its development through participation in the Reservoir Committee and its various workgroups. Status updates on the Sites Project have been presented to the District's Water Storage Exploratory Committee.

Sites Reservoir is a proposed 1.81 million acre-foot north-of-Delta off-stream reservoir that would be located approximately 10 miles west of the town of Maxwell in Colusa County. The Sites Project would collect winter flood flows from the Sacramento River with the objective of increasing water supply certainty, while ensuring in-stream flows to benefit the Delta ecosystem. The existing Tehama Colusa and Glenn County Irrigation District Canals, which both divert water from the Sacramento

River, would be adapted to connect to Sites Reservoir. A new intake pump station and twin pipeline would be added to divert water near Delevan on the Sacramento River to Sites Reservoir. A map of the Sites Project is included as Attachment 4. The total capital cost of the Sites Project is anticipated to be \$5.5 billion in constant 2015 dollars, according to estimates provided by the Sites JPA to the California Water Commission (CWC).

Project Governance

The Sites JPA is comprised of Sacramento Valley water agency and landowner interests and was formed on August 26, 2010 to pursue the development and construction of the Sites Project. The Sites JPA delegates authority to the Reservoir Committee, which has effectively become responsible for design and analysis of Sites Reservoir facilities and financing. The District, as well as other State Water Project contractor participants (SWC Participants) and some Sites JPA participants, serve on the Reservoir Committee. The governance structure with a list of current participants is shown in the Sites Authority and Reservoir Committee Structure, contained in Attachment 5. Staff anticipates that the governance structure may be evaluated and adjusted during Phase 2. District staff has communicated to the Sites Executive Director that the District will require a stronger role in project governance than that afforded under the Reservoir Committee if the District makes further significant funding to the Project.

Potential District Benefits

Sites Project water supply and operational benefits could be realized by diverting surplus water into Sites Reservoir during high river flow events for later release to participants, in conjunction with operation of Oroville and Shasta Reservoirs. District staff anticipates that the Sites Project could provide the following benefits to the District, if it is able to divert and store water as proposed with operations integrated with the SWP and CVP:

- An increase in water supply, primarily in dry years, which could, subject to future negotiations, be delivered as SWP project supplies;
- Storage rights in Sites reservoir proportional to the District's targeted participation level;
- Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits; and
- Stabilization or increase in CVP water supply allocations.

The extent to which these benefits can be realized depends on several issues that have yet to be resolved, including permit requirements, potential participation by Reclamation and other agencies, and integration of operations with the SWP and CVP as well as with other Sacramento Valley users and projects. While other participants have indicated their support for Phase 2, Year 1 during recent Reservoir Committee meetings, there is uncertainty regarding continued support in subsequent years. This support will depend largely on the outcome of Phase 2, Year 1 work efforts.

Staff has evaluated preliminary modeling results provided by the Sites JPA in its WSIP application to assess the share of yield that could be delivered to the District if the District continues to target a 4.8 percent participation level. Given several uncertainties associated with permit requirements and

implementation of the California WaterFix, staff has conservatively assigned losses of 25 percent on the modeled deliveries. This results in a yield of roughly 23,000 acre-feet per year in 'dry' and 'critical' years being available to the District, and around 12,000 acre-feet per year on average. Note that these yield amounts available to the District are *new water*, not otherwise available to the District, for example, through other projects currently being considered. These modeled values of 23,000 AFY in dry/critical years and 12,000 AFY on average require significant updating with information to be developed in 2019. Ultimately the amount of project yield and benefit that is *usable* by the District depends on the portfolio of water supply projects that the District ultimately implements; the outcome of negotiations among water agency participants, DWR, and Reclamation; the outcome of ongoing regulatory processes; and refinements of Sites Project operations to reflect storage benefits and updated operational constraints. Additional modeling refinements are currently being implemented to better estimate potential yields and benefits.

Development Phases

The Sites Project is envisioned to progress in five phases:

- Phase 1 - WSIP funding application and EIR/EIS development;
- Phase 2 - EIR/EIS completion, predesign, critical permits, and water rights;
- Phase 3 - Final design, land and right of way acquisition, and remaining permits;
- Phase 4 - Construction
- Phase 5 - Transfer to Operations

A copy of the Project Overview - Phase Level Schedule can be found in Attachment 6.

Phase 1 Accomplishments

The primary objectives of Phase 1 were to secure funding through the state's Proposition 1 Water Storage Investment Program (WSIP) and to develop an EIR/EIS for the Sites Project. The Sites JPA submitted its WSIP funding application to the CWC on August 11, 2017, with an initial funding request of \$1.622 billion. After conducting a lengthy review and appeal process, on July 24, 2018 the CWC gave the Sites Project a Maximum Conditional Eligibility Determination (MCED) of \$816 million. While this amount was lower than the initial request, it was still the largest MCED of any of the projects considered. The CWC also determined that the Sites Project was eligible to receive up to \$40.8 million of its MCED in early funding, which the Sites JPA intends to use towards Phase 2 work.

The Sites JPA released a draft EIR/EIS for the Sites Project on August 14, 2017. This was followed by a 154-day extended comment period that closed on January 15, 2018. The Sites JPA is now working to respond to the comments and advance a final EIR/EIS, with an anticipated release date of late 2020.

Other Phase 1 accomplishments include:

- Reclamation's release of a draft Feasibility Report for the Sites Project on August 14, 2017. A Final Feasibility Report is expected in December of 2020 and will serve as the basis for federal appropriations under the WIIN Act. Based on conversation with Reclamation, the Sites JPA estimates the total WIIN Act funding for the Sites Project at \$1.3 billion, with \$10.1 million

available as early funding in 2019.

- Approval by the U.S. Department of Agriculture (USDA) for a \$449 million construction loan, with a locked-in interest rate of 3 $\frac{7}{8}$ percent.
- Strong bipartisan support including 43 of California's Congressional Representatives. A list of Sites Project supporters is included as Attachment 7.

Phase 2 Costs

Phase 2 is currently expected to extend through June 2022. The Sites JPA has estimated this phase will cost a total of \$420 million. Early funding through WSIP and the WIIN Act is expected to cover \$70 million, with the remaining \$350 million being covered by Sites Project participants. Based on feedback from participating agencies, including the District, the Sites JPA is currently planning to utilize annual funding agreements to cover the participant share of the costs. The 2019 Project Agreement covers funding for only the first year of Phase 2. Table 1 shows how the participant costs will be broken up over these agreements and provides an estimate of the Districts expected share of those costs if the District continues to target a 4.8 percent participation level.

Table 1: Estimated Sites Phase 2 Participant Costs (\$ millions)

	Year 1	Year 2	Years 3-4
Participant Costs	14	90	245
District Share at a 4.8% participation level	1.4	9.2	25.1

Phase 2, Year 1 Participation Level

While staff is recommending that the District continue to pursue a 4.8 percent participation level in the Sites Project, the Board may wish to consider options for reducing its participation or discontinuing participation altogether at this time. Should the District decide to discontinue participation, the future opportunity for rejoining the Sites Project depends largely on the extent to which other participants continue to participate and on any new terms and conditions for entry that may be applicable in the then-current reservoir project agreement. The proposed 2019 Reservoir Project Agreement provides for new participation (or stepping up a prior participation level) at a lower priority than existing participant allocated shares. Also, should the District elect to discontinue or decrease its participation level, it may be able to receive a refund (or partial refund) of monies already contributed to the Sites Project.

Table 2 shows how different levels of participation could affect expected yield and costs to the District, while Table 3 provides pros and cons for each option.

Table 2: A Comparison of Cost and Yields at Different Participation Targets in the Sites Project

Option	Target District Share	Average Annual Yield (acre-feet)	District Costs (\$ millions)	
			Phase 2, Year 1	Capital (2015 Do

A	4.8%	12,000	1.4	265
B	3.2%	8,000	0.96	177
C	1.6%	4,000	0.48	88
D	0%	0	0	0

Table 3: A Comparison of Pros and Cons at Different Participation Targets in the Sites Project.

Option	Target District Share	Pros	Cons
A	4.8%	<ul style="list-style-type: none"> • Est. 12,000 AFY avg. yield (23,000 AF in dry/critical years) • Retain influence over the project as the 2nd largest investor • Option to reduce participation at a later date 	<ul style="list-style-type: none"> • Water Master Plan analysis indicates that the District may not need Sites yield if California WaterFix, advanced purified water, and other anticipated projects are successfully developed
B	3.2%	<ul style="list-style-type: none"> • Lower Phase 2 Year 1 costs • Est. 8,000 AFY avg. yield (15,000 AF in dry/critical years) • Maintain some influence over project development • Possible credit on Phase 2 cost based on Phase 1 payments 	<ul style="list-style-type: none"> • May be difficult to increase participation at a later date • Reduced influence over the project as medium investor
C	1.6%	<ul style="list-style-type: none"> • Lower Phase 2 Year 1 costs • Est. 4,000 AFY avg. yield (8,000 AF in dry/critical years) • Maintain some influence over project development • Possible credit on Phase 2 cost based on Phase 1 payments 	<ul style="list-style-type: none"> • May be difficult to increase participation at a later date • Reduced influence over the project as small investor
D	0%	<ul style="list-style-type: none"> • No additional costs to the District • Possible reimbursement for Phase 1 payments 	<ul style="list-style-type: none"> • Unknown future opportunity to contract for water supply and storage • May increase possibility the project may not go forward

Total Project Cost

The total capital cost of the Sites Project in constant 2015 dollars is roughly \$5.5 billion and its annual

O&M costs are estimated at \$27 million. At a 4.8 percent participation level in the Sites Project, the District's share of these costs are \$265 million and \$1.3 million, respectively, and the cost per acre-foot of yield could potentially be between \$800 to \$1,200. These cost estimates are based on assumptions made in the WSIP application for the project; staff will provide an updated financial analysis prior to requesting any additional funding for the project.

FINANCIAL IMPACT:

At a Sites Project targeted participation level of 4.8 percent, the District's total payment for the 2019 Project Agreement will not exceed \$1,440,000. Sufficient funds are available in the adjusted fiscal year 2019 budget Imported Water Program #91131004 to cover these costs.

CEQA:

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

ATTACHMENTS:

- Attachment 1: 2019 Reservoir Project Agreement
- Attachment 2: Agreement Exhibit A, Project Agreement Members List (Copy)
- Attachment 3: Joint Powers Agreement
- Attachment 4: Project Map
- Attachment 5: Sites Authority and Reservoir Committee Structure
- Attachment 6: Project Overview - Phase Level Schedule
- Attachment 7: List of Sites Project Supporters
- Attachment 8: PowerPoint

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

THIS PAGE INTENTIONALLY LEFT BLANK

SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF APRIL 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

Section 1	Definitions.....	2
Section 2	Purpose.....	3
Section 3	Reservoir Project Committee	3
Section 4	Funding	5
Section 5	Participation Percentages	6
Section 6	Future Development of the Sites Reservoir Project.....	6
Section 7	Indemnity and Contribution	7
Section 8	Term.....	7
Section 9	Withdrawal From Further Participation.....	7
Section 10	Admission of New Project Agreement Members	8
Section 11	Amendments	8
Section 12	Assignment; Binding on Successors	8
Section 13	Counterparts.....	9
Section 14	Merger of Prior Agreements	9
Section 15	Severability	9
Section 16	Choice of Law.....	9
Section 17	Notices	9
EXHIBIT A	PROJECT AGREEMENT MEMBERS	A-1
EXHIBIT B	2019 WORK PLAN.....	B-1
EXHIBIT C	NOTIFICATIONS	C-1

THIS PAGE INTENTIONALLY LEFT BLANK

THIS 2019 RESERVOIR PROJECT AGREEMENT is made effective as of April 1, 2019, by and among (a) the Sites Project Authority (the “Authority”) and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A** and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed created the Authority in 2010. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, previously entered into the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, pursuant to which they are developing the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for “Project Agreements” (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On September 17, 2018, the Authority’s Board of Directors also adopted Bylaws for Phase 2 of the Sites Reservoir Project, which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT which was amended and restated as of November 21, 2016.

C. The Authority and certain Project Agreement Members have undertaken a process to negotiate a 2019 Reservoir Project Agreement to undertake specific work activities.

D. The Project Agreement Members wish to continue development of the Project pursuant to a Work Plan approved by the Authority on November 19, 2018 and the Reservoir Project Committee on November 16, 2018 and a summary of which is described in **Exhibit B** attached hereto. The Project will be undertaken in the name of the Authority and in accordance with the Authority’s stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Project Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement.

E. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority’s Board of Directors on September 17, 2018.

F. The Authority and the Project Agreement Members acknowledge that one of the Authority’s goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

G. The Authority and the Project Agreement Members acknowledge that the approval and execution of this Project Agreement does not commit the Authority, the Project Agreement Members or any other party to any definite course of action regarding the Sites Reservoir Project. As

set forth in Section 6(a) of this Project Agreement, there are no assurances that the Sites Reservoir Project will be constructed. One of the prerequisites that would need to be fulfilled before the Sites Reservoir Project could be constructed is the completion of environmental review under the California Environmental Quality Act (“CEQA”). As part of this environmental review, the Authority, as the lead agency that is conducting the review, reserves all of its rights, responsibilities, obligations, powers, and discretion under the provisions of CEQA to: (i) evaluate the environmental impacts of the Sites Reservoir Project; (ii) deny and disapprove the Sites Reservoir Project if the environmental review reveals significant environmental impacts that cannot feasibly be mitigated; (iii) adopt feasible mitigation measures and/or an alternative to the Sites Reservoir Project to avoid or lessen significant environmental impacts; or (iv) determine that any significant environmental impacts that cannot feasibly be mitigated are outweighed by the economic, social or other benefits of the Sites Reservoir Project.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

Section 1 Definitions

“Authority” means the Sites Project Authority, a joint exercise of powers agency created pursuant to the Joint Powers Agreement.

“Authority Members” means the members of the Authority executing the Joint Powers Agreement, as such members may change from time-to-time in accordance with Section 3.3, Section 7.12 and Section 7.2 of the Joint Power Agreement.

“Board” means the Board of Directors of the Authority.

“Bylaws” means the Bylaws for Phase 2 of the Sites Reservoir Project adopted by the Authority on September 17, 2018, as such Bylaws may be amended or supplemented from time-to-time in accordance therewith.

“Committee” means the Reservoir Project Committee described in Section 3 of this Project Agreement.

“Fiscal Year” means the fiscal year of the Authority, which currently begins on January 1 of each calendar year and ends on December 31 of each calendar year, or such other twelve month period which may be designated by the Authority as its Fiscal Year.

“Joint Power Agreement” means the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, as such agreement may be amended or supplemented from time-to-time in accordance therewith.

“Law” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented from time-to-time.

“Material Change Item” shall have the meaning ascribed thereto in the Bylaws.

“Participation Percentage” means the Participation Percentages as set forth in **Exhibit A** hereto, as such Participation Percentages may be modified in accordance herewith.

“2019 Budget” means the 2019 Budget approved by the Committee on November 16, 2018 and the Authority on November 19, 2018, as such 2019 Budget may be amended or supplemented from time-to-time in accordance with the Joint Powers Agreement, this Project Agreement and the Bylaws.

“Project” or “Sites Reservoir Project” means the Sites Reservoir Project as described in **Exhibit B** hereto, as modified from time-to-time in accordance therewith.

“Project Agreement” means this Project Agreement, dated as of April 1, 2019, by and among the Authority and the Project Agreement Members listed on **Exhibit A** from time-to-time, as such Project Agreement may be amended or supplemented from time-to-time in accordance herewith.

“Project Agreement Members” means (a) the Authority Members listed in the attached **Exhibit A**, (b) the Non-Member Participating Parties listed in the attached **Exhibit A** and (c) additional Authority Members or Non-Member Participating Parties who execute this Project Agreement from time-to-time pursuant to Section 10 hereof.

“Work Plan” means the activities described in **Exhibit B** hereto as such description may be amended or supplemented from time-to-time.

Section 2 Purpose

The purpose of this Project Agreement is to permit the Authority and the Project Agreement Members to continue development of the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Authority and the Committee in accordance with this Project Agreement, the Joint Powers Agreement and the Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding the Authority’s costs undertaken to carry out the directions of the Committee. Notwithstanding any other provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity or combination of entities that is separate and apart from the Authority.

Section 3 Reservoir Project Committee

(a) Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may

cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 3(g) at any given meeting; provided however, that if the appointing Project Committee Member is an officer of the Committee, the appointed alternate Committee member shall not assume the capacity of such officer position. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b) Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 3(g);

(c) Treasurer. The Authority Treasurer shall serve as the Committee's Treasurer and shall act as the Committee's liaison to the Authority's General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee. The Treasurer shall not be required to be a member of the Board of Directors of the Authority.

(d) General Manager. The Authority's General Manager shall (1) serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of activities between the Authority and Committee, (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis, and (5) coordinate the activities between the Committee and both the United States Bureau of Reclamation and Department of Water Resources.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Committee members based on the weighted vote provided in Subsection 3(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member as defined in **Exhibit A**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50; plus

- (ii) an additional number of voting shares for each Project Agreement Member equal to its respective Participation Percentage described in **Exhibit A**, multiplied by 50, using the version of **Exhibit A** in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A**.

(h) Decision-making Thresholds. In accordance with Section 5.8 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the affirmative vote of at least a majority of the total weighted vote as provided in Subsection 3(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the Participation Percentages for each fiscal year, and the timing required for payments of obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the Work Plan and budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 3(i) is subject to any and all limitations set forth in the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

Section 4 Funding

(a) Budget. The Committee shall, in cooperation with the Authority's Board, provide and approve both a Fiscal Year operating budget and reestablish a Phase 2 budget target, annually or more frequently as needed. On November 19, 2018, the Board approved the Fiscal Year 2019 operating budget. The Work Plan, including annual budget, dated November 19, 2018, is attached at Exhibit B, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 5 of this Project Agreement; provided, however, that in no event shall the amount paid by a Project Agreement Member exceed \$60 per acre-foot without the approval of such Project Agreement Member.

(b) Fiscal Responsibilities. Exhibit B specifies the Authority's requirements regarding the fiscal responsibilities of the Committee.

(c) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Project Agreement Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project

Agreement Members from accepting voluntary contributions and/or Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority's Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 5 Participation Percentages

Subject to Section 4(a), each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member Participation Percentage as established in this Section 5. The initial Participation Percentages of the Project Agreement Member are set forth in the attached **Exhibit A**. These initial Participation Percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for costs under this Project Agreement and other amounts contained in the approved Fiscal Year budget and Phase 2 budget target, which is defined as the "Reservoir Total" on **Exhibit B**. The Participation Percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A** shall be amended to reflect all such changes. Such amended **Exhibit A** shall, upon approval by the Committee, be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A** without the requirement of further amendment of this Project Agreement.

Section 6 Future Development of the Sites Reservoir Project

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Sites Reservoir Project will be constructed or that any water supplies will be developed as a result of this Project Agreement. **Exhibit B** includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific permitting, design, engineering and other materials that will be in the Work Plan Project as described in **Exhibit B**, and that the Project Agreement Members are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member's Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 15, 2019, shall be granted rights to contract for a share of any water supply that is developed, and for storage capacity

that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

Section 7 Indemnity and Contribution

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority, Authority Members and other Project Agreement Members and their directors, trustees, officers, employees, and agents harmless from and against any liability, cause of action or damage (including, without limitation, reasonable attorneys' fees) arising out of the performance of this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of an Authority Member or a Project Agreement Member, such Authority Member or Project Agreement Member shall bear such liability.

(b) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement and their directors, trustees, officers, employees and agents harmless from and against any liabilities, costs or expenses of any kind (including, without limitation, reasonable attorney's fees) arising as a result of the activities described in or undertaken pursuant to this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

Section 8 Term

(a) No provision of this Project Agreement shall take effect until this Project Agreement has been duly executed and delivered by the Authority and by one Project Agreement Member.

(b) The term of this Project Agreement shall continue until December 31, 2019, unless extended in writing by the parties hereto.

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.11 in effect on the withdrawal date, shall consist of the

withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 13.3 of the Bylaws.

Section 10 Admission of New Project Agreement Members

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon (a) confirmation of compliance with the membership requirements established in the Bylaws, (b) the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g) of the then-current Project Agreement Members, (c) the affirmative vote of at least 75% of the total number of Directors of the Authority, and (d) upon such conditions as are fixed by such Project Agreement Members.

Section 11 Amendments

This Project Agreement may be amended only by a writing executed by the Authority and at least 75% of the total weighted vote as provided in Subsection 3(g) of the then-current Committee members.

Section 12 Assignment; Binding on Successors

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority, which consent shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in this Project Agreement. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.

Section 13 Counterparts

This Project Agreement may be executed by the Authority and each Project Agreement Member in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

Section 14 Merger of Prior Agreements

This Project Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understanding between the parties relating to the subject matter hereof. This Project Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

Section 15 Severability

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

Section 16 Choice of Law

This Project Agreement shall be governed by the laws of the State of California.

Section 17 Notices

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit E (“Notifications”)**, or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: _____

Name:

Title:

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of	~4,000	1.7%
Antelope Valley-East Kern Water Agency	~500	0.2%
Carter Mutual Water Company ‡	~500	0.2%
Coachella Valley Water District	~10,000	4.3%
Colusa County	~10,000	4.3%
Colusa County Water District	~13,100	5.6%
Desert Water Agency	~6,500	2.8%
Glenn-Colusa Irrigation District	~5,000	2.1%
Metropolitan Water District of S. CA	~50,000	21.4%
Pacific Resources Mutual Water Company ‡	~20,000	8.5%
Reclamation District 108	~5,000	2.1%
San Bernardino Valley Municipal Water District	~21,400	9.1%
San Geronio Pass Water Agency	~14,000	6.0%
Santa Clara Valley Water District	24,000	10.3%
Santa Clarita Valley Water Agency	~5,000	2.1%
TC-4: Cortina Water District	~300	0.1%
TC-4: Davis Water District	~2,000	0.9%
TC-4: Dunnigan Water District	~2,774	1.2%
TC-4: LaGrande Water District	~1,000	0.4%
Westside Water District	~15,000	6.4%
Wheeler Ridge-Maricopa Water Storage District	14,000	6.0%
Zone 7 Water Agency	~10,000	4.3%
Potential new participants	TBD	%
Total:	234,074	100.0%

Participation Percentages exclude State of California and United States Bureau of Reclamation share of the Project.

NOTE: Any annualized amounts listed for Phase 2 are preliminary and are based on best estimates received after participants' respective review of the draft financing plan and draft Phase 2 Reservoir Project Agreement. These amounts do not represent the results of any action having been taken by the participants' respective governing body to formally execute the Phase 2 Reservoir Project Agreements. Final participation amounts will be established after interim financing terms and conditions have been provided and incorporated into the final Phase 2 Reservoir Project Agreement.

‡ Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.

EXHIBIT B

2019 WORK PLAN

2018 November 16 Reservoir Committee Meeting - Attachment A - Agenda Item 3-3

Category	(Multiple Items)
Action	(Multiple Items)
Funding Source	(Multiple Items)
Work Manager	(All)
Priority	(All)

Report: **Reservoir Committee 2019 Work Plan & Budget**
Report Date: 2018 Nov 12

Expense (-) or Revenue (+)	Cost Center	Task	Resource	Reprioritize	Proposed Budget
				Currently Approved Budget	Authority= 12 mon Res. Comm= 9 mon
				Sum of Total End of Phase 1	Sum of Total 2019
Expense	C.R. Policy			\$ -	\$ (2,067,094)
	Engagement			\$ -	\$ (135,000)
	Operations	Contingency		\$ -	\$ -
		Env Interests		\$ (44,936)	\$ (120,552)
		Exchange		\$ -	\$ (75,550)
		Modeling		\$ (325,000)	\$ (998,480)
		Op POA		\$ (59,488)	\$ (61,040)
		Staff+		\$ (69,705)	\$ (417,555)
		Storage		\$ (17,824)	\$ (136,300)
		Water Rights		\$ (29,712)	\$ (204,264)
		Water Rights+		\$ (29,712)	\$ (119,892)
	Operations Total			\$ (576,377)	\$ (2,133,633)
	Power	Grid Interconn+		\$ -	\$ (1,097,880)
		H2oPower+		\$ -	\$ (668,453)
		Staff Aug+		\$ -	\$ (632,880)
		Staff+		\$ -	\$ -
	Power Total			\$ -	\$ (2,399,213)
	Res. Comm. O	Advisory		\$ (43,200)	\$ (82,565)
		Office		\$ -	\$ (133,100)
		Participation		\$ (109,800)	\$ (210,600)
		PROCURE		\$ -	\$ (80,240)
		PROCURE-2		\$ -	\$ -
		Rebalance		\$ (8,400)	\$ (134,070)
		Staff		\$ (6,000)	\$ (1,739,573)
		Staff Aug		\$ -	\$ (4,237,495)
		Staff Aug+		\$ -	\$ (225,990)
		Staff+		\$ -	\$ -
		Support		\$ (26,925)	\$ (107,678)
		Technology		\$ (3,330)	\$ (13,280)
		USDA-1		\$ (10,000)	\$ (10,800)
		WSIP-1		\$ (51,440)	\$ (81,960)
	Res. Comm. OH Total			\$ (259,095)	\$ (7,057,351)
	Water	Dam Design		\$ -	\$ (8,776,500)
		Economics+		\$ -	\$ (329,880)
		EIR-EIS		\$ (165,000)	\$ (2,371,767)
		Field Studies		\$ (200,000)	\$ (887,876)
		Field Surveys		\$ -	\$ (91,980)
		Permit Coord		\$ (590,000)	\$ (8,095,900)
		Rights of Entry		\$ (306,000)	\$ (600,119)
	Water Total			\$ (1,261,000)	\$ (21,154,022)
Expense Total				\$ (2,096,472)	\$ (34,946,312)

Summary - Page 1 of 2

NOTE: 2019 proposed budget, which is applicable to this Agreement, was approved by the Reservoir Committee at their November 16, 2018 meeting with the Reservoir Committee's share of expenses listed on page B-2.

				Reprioritize Currently Approved Budget	Proposed Budget Authority= 12 mon Res. Comm= 9 mon
Expense (-) or Revenue (+)	Cost Center	Task	Resource	Sum of Total End of Phase 1	Sum of Total 2019
Revenue	Conversion			\$ -	\$ 2,067,094
	WIIN			\$ -	\$ 8,776,500
	WSIP			\$ 821,603	\$ 10,077,760
	Res. Comm.			\$ -	\$ 14,044,440
Revenue Total				\$ 821,603	\$ 34,965,795
Grand Total				\$ (1,274,870)	\$ 19,482

EXHIBIT C

NOTIFICATIONS

Attention: Mr. Steve Hartwig
City of American Canyon
4381 Broadway, Suite 201
American Canyon, CA 94503

Attention: Mr. Dwayne Chisam
Antelope Valley-East Kern WA
6500 West Avenue N
Palmdale, CA 93551

Attention: Mr. Ben Carter
Carter MWC
4245 River Road
Colusa, CA 95932

Attention: Mr. Jim Barrett
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Attention: Ms. Wendy Tyler
Colusa County
547 Market St., Suite 102
Colusa, CA 95932

Attention: Ms. Shelley Murphy
Colusa County Water District
P.O. Box 337
Arbuckle, CA 95912

Attention: Mr. Jim Peterson
Cortina Water District
P.O. Box 489,
Williams, CA 95987

Attention: Mr. Tom Charter
c/o Ms Jamie Traynham
Davis Water District
P.O. Box 83
Arbuckle, CA 95912

Attention: Mr. Mark Krause
Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Attention: Mr. Bill Vanderwaal
Dunnigan Water District
P.O. Box 84
Dunnigan, CA 95937

Attention: Mr. Thad Bettner
Glenn-Colusa Irrigation District
P.O. Box 150
Willows, CA 95988

Attention: Mr. Matt LaGrande
LaGrande Water District
P.O. Box 370
Williams, CA 9598

Attention: Mr. Steve Arakawa
Metropolitan Water District of Southern
California
1121 L Street, Suite 900
Sacramento, CA 95814

Attention: Mr. Preston Brittain
Pacific Resources MWC
4831 Calloway Drive, Ste. 102
Bakersfield, CA 93312
Bakersfield, CA 93312

Attention: Mr. Bill Vanderwaal
Reclamation District 108
P.O. Box 50
Grimes, CA 95950

Attention: Mr. Dirk Marks
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Attention: Mr. Doug Headrick
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

Attention: Dan Ruiz
Westside Water District
5005 State Hwy 20
Williams, CA 95987

Attention: Mr. Jeff Davis
San Geronio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Attention: Robert Kunde
Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166
Bakersfield, CA 93313

Attention: Ms. Cindy Kao
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686
Attention: Mr. Dirk Marks

Attention: Ms. Valerie Pryor
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 945

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of	~4,000	1.7%
Antelope Valley-East Kern Water Agency	~500	0.2%
Carter Mutual Water Company ‡	~500	0.2%
Coachella Valley Water District	~10,000	4.3%
Colusa County	~10,000	4.3%
Colusa County Water District	~13,100	5.6%
Desert Water Agency	~6,500	2.8%
Glenn-Colusa Irrigation District	~5,000	2.1%
Metropolitan Water District of S. CA	~50,000	21.4%
Pacific Resources Mutual Water Company ‡	~20,000	8.5%
Reclamation District 108	~5,000	2.1%
San Bernardino Valley Municipal Water District	~21,400	9.1%
San Geronio Pass Water Agency	~14,000	6.0%
Santa Clara Valley Water District	24,000	10.3%
Santa Clarita Valley Water Agency	~5,000	2.1%
TC-4: Cortina Water District	~300	0.1%
TC-4: Davis Water District	~2,000	0.9%
TC-4: Dunnigan Water District	~2,774	1.2%
TC-4: LaGrande Water District	~1,000	0.4%
Westside Water District	~15,000	6.4%
Wheeler Ridge-Maricopa Water Storage District	14,000	6.0%
Zone 7 Water Agency	~10,000	4.3%
Potential new participants	TBD	%
Total:	234,074	100.0%

Participation Percentages exclude State of California and United States Bureau of Reclamation share of the Project.

NOTE: Any annualized amounts listed for Phase 2 are preliminary and are based on best estimates received after participants' respective review of the draft financing plan and draft Phase 2 Reservoir Project Agreement. These amounts do not represent the results of any action having been taken by the participants' respective governing body to formally execute the Phase 2 Reservoir Project Agreements. Final participation amounts will be established after interim financing terms and conditions have been provided and incorporated into the final Phase 2 Reservoir Project Agreement.

‡ Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.

THIS PAGE INTENTIONALLY LEFT BLANK

FOURTH AMENDED AND RESTATED
SITES PROJECT AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”) is made and entered into by and among Colusa County Water District (CCWD), County of Colusa (Colusa County), County of Glenn (Glenn County), Glenn-Colusa Irrigation District (GCID), Maxwell Irrigation District (MID), Orland-Artois Water District (OAWD), Proberta Water District (PWD), Reclamation District 108 (RD 108), Tehama-Colusa Canal Authority (TCCA), Westside Water District (WWD), and Western Canal Water District (WCWD), jointly, Placer County Water Agency and City of Roseville (PCWA/Roseville), and Reclamation District 2035 (RD 2035) hereinafter “Authority Members” or “Authority Member Agencies”.

RECITALS

The Authority Members are public entities located and operating in the Sacramento Valley, and are formed and operating under the laws of the State of California;

Congress and the State Legislature have declared that the Sacramento-San Joaquin Delta watershed and California’s water infrastructure are in crisis and they have encouraged regional and local public agencies to form joint powers authorities to improve the operation of the state’s water system;

Sites Reservoir (sometimes referred to as North of Delta Offstream Storage) has been identified by the State of California and the federal government as an important component of integrated water management in the Sacramento River watershed that could support the state’s co-equal policy to improve water management and restore the ecological health for beneficial uses of the Sacramento-San Joaquin Delta and the Sacramento River watershed;

The principal purpose of this Agreement is to establish an independent special agency, known as the Sites Project Authority (“Authority”), that will have as its mission, to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state’s water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta;

Each Authority Member is uniquely situated with respect to Sites Reservoir and the related facilities to help design, acquire, construct, manage, govern, and operate the project to provide local, regional, and statewide public benefits and improve the state’s water system;

Certain Authority Members executed the Memorandum of Understanding Between the Department of Water Resources, the United States Bureau of Reclamation, the Western Area Power Administration, the California Department of Fish and Game, the United States Fish and

Wildlife Service, the Glenn-Colusa Irrigation District, the Tehama-Colusa Canal Authority, and Other CalFed Agencies and Local Interests Pursuant to the Directive with Respect to Sites Reservoir Contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000;

In August 2010, Glenn-Colusa Irrigation District, Reclamation District 108, Tehama-Colusa Canal Authority, Maxwell Irrigation District, County of Glenn, County of Colusa, Yolo County Flood and Water Conservation District entered into an Agreement creating a public entity known as the Authority.

By First Amendment to the Agreement in July 2015, Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District became signatories to the Agreement and became Authority Members. In addition, Yolo County Flood and Water Conservation District has notified the Authority it is withdrawing as an Authority Member and will become an Associate Member, effective January 1, 2016. By this Amendment, Western Canal Water District, a joint participation by Placer County Water Agency and City of Roseville, and Reclamation District 2035 upon executing this Agreement became Authority Members.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Authority Members as follows:

I. DEFINITIONS

As used in this Agreement, the meaning of the terms used hereafter shall be as follows:

1.1. Agreement: This Joint Exercise of Powers Agreement as it currently exists or as it may be amended or revised from time to time.

1.2. Authority: The legal entity defined in this Agreement for the Sites Project Authority as organized by this Agreement.

1.3. Authority Member: The signatories to this Agreement.

1.4. Board of Directors or Board: The governing body of the Authority as established in Article IV of this Agreement.

1.5. Bylaws: Additional requirements to those contained in the Agreement related to the implementation of the Sites Reservoir Project; emphasizing delegations of authority, decision-making and dispute resolution; roles and responsibilities for Board and Project Agreement Committee; membership types; and cost management.

1.6. Member: An Authority Member or another entity that meets the requirements of California Water Code § 79759 (a) or (b), respectively as defined for each membership type

established in the Bylaws. Generally, any Member can either be a signatory to a Project Agreement or participate in the Consultation Committee, but only Authority Members have representation on the Board.

1.7 Non-Member Participating Party: An agency, entity or company, that does not meet the Joint Powers Authority (“JPA”) membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract in certain elements of the Project. The Bylaws may provide for additional requirements for such non-members.

II. PURPOSES AND POWERS

2.1 Creation: Pursuant to the Joint Exercise of Powers Act (“Act”), California Government Code Section 6500 et seq., a public entity has been created to be known as the Sites Project Authority (“Authority”), which shall be an agency that is separate from its Authority Members.

2.2 Purpose: The purpose of this Agreement is to establish an independent joint powers authority (“JPA”) to exercise powers common to the Authority Members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities such as recreation and power generation. The purposes of pursuing and developing Sites Reservoir are to: (1) increase surface water storage and supply while enhancing water management flexibility and reliability in the Sacramento River watershed, (2) provide flood control benefits, (3) improve conditions for fish and wildlife in the Sacramento River watershed, including anadromous fish in the Sacramento River, and (4) improve the operation of the state’s water system to provide improvements in ecosystem and water quality conditions in the Bay-Delta while providing a more reliable water supply for the State of California.

2.3. Powers: The Authority shall have the power to pursue the purposes described above and to perform all acts necessary for the exercise of said powers, including, but not limited to, the ability to:

- 2.3.1. make and enter into contracts necessary for the full exercise of its powers;
- 2.3.2. perform studies, environmental review, engineering and design, and if appropriate, permitting, construction of water storage, and related conjunctive management;
- 2.3.3. contract for the services of engineers, attorneys, scientists, planners, financial consultants, and separate and apart therefrom, to employ such persons as it deems necessary;
- 2.3.4. hold or dispose of any property, including acquisition by eminent domain;

- 2.3.5. apply for, accept, and receive permits, licenses, grants, loans, or other funding from any federal, state or local public agency;
- 2.3.6. issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;
- 2.3.7. incur debts, liabilities, and obligations;
- 2.3.8. adopt bylaws, rules, regulations, and procedures, governing the operation of the Authority; and
- 2.3.9. delegate levels of authority to Project Agreement Committees, Consultation Committee, and other advisory groups as the Board deems appropriate and consistent with the requirements specified in the Bylaws.

2.4. Manner of Exercise of Powers: To the extent not specifically provided for in this Agreement or the Act, the Authority shall exercise its powers subject to the restrictions upon the manner of exercising the powers under the laws applicable to Westside Water District.

2.5. GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.

2.6. MID Operations: The Authority Members anticipate that the pipeline connecting the reservoir to the Sacramento River will utilize an existing MID easement. The Authority shall not have the power, except with the express written consent of MID to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of MID or the operation of its facilities or any facilities that MID operates under contract.

2. 7. Counties' Powers: Nothing in this Agreement shall be construed as the surrender or relinquishment of the land use authorities as provided by law of the County of Colusa and County of Glenn.

III. AUTHORITY MEMBERSHIP

3.1. Generally: Authority membership is comprised of the public agencies (as defined in Section 6500 of the Act) that are authorized to be Authority Members and are signatories to this Agreement.

3.2. DWR and Bureau of Reclamation: The Authority may enter into a contract or other arrangement with the California Department of Water Resources ("DWR") and/or the Bureau of Reclamation (USBR) to carry out the purposes of this Agreement. DWR, upon the approval of the Authority Board, may be a non-voting, ex-officio member of the Authority.

3.3. Addition of Members: Entities authorized by law to participate in a JPA located within the Sacramento River watershed may subsequently become Authority Members upon an affirmative vote of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies and the new Member's execution of this Agreement, as it may have been amended. An entity requesting to become an Authority Member shall provide certification of compliance with the membership requirements of the Agreement and the Bylaws. The entity requesting to become an Authority Member may represent a group of other entities. Terms and conditions for new Authority Member's participation in the Authority, if any, shall be set forth in an amendment to this Agreement or in the Bylaws. Such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.

3.4. Membership Types: The Board may approve the creation of different types of memberships that may include governmental agencies that meet the provisions of California Water Code Section 79759 (b) as it may be amended, other public agencies, entities, and companies, in funding and/or financing of the different elements of the Sites Reservoir Project. The creation of any additional membership types are defined in the Bylaws. Admission of non-Authority Members shall be upon the affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

3.5. Consultation Committee: A Consultation Committee may be formed to provide a forum for public agencies and private entities to provide input on matters affecting the Authority. The charter for this committee, including the manner in which it conducts itself, will be established by the Board, and described in the Bylaws.

IV. GOVERNANCE AND INTERNAL ORGANIZATION

4.1. Board of Directors: The governing body of the Authority shall be a Board of Directors (Board) that will conduct all business on behalf of the Authority consistent with this Agreement and applicable law. The Board will consist of one representative of each Authority Member. To remain in an active status, each Authority Member having representation on the Board shall be in good standing as defined in the Bylaws.

4.2. Appointment: Each Authority Member Agency shall appoint a Director to the Board. Each Authority Member Agency shall also be entitled to appoint an Alternate Director to the

Authority. The role of the Alternate Director shall be to assume the duties of an Authority Member Agency's Director in case of the absence or unavailability of such Director.

Should a Director who is an officer of the Board not be in attendance, the Authority Member Agency's Alternate Director shall not assume the duties of the officer. Should the Chair be absent, the Vice-Chair shall assume the Chair's responsibilities until the Chair is present, and if both are absent the Board may appoint a temporary Chair.

Directors and Alternates both serve at the pleasure of the governing body of their respective Authority Member Agency. Authority Member Agencies shall communicate their initial Director and Alternate selections, and any subsequent changes thereto, to the Authority in writing. Each Authority Member Agency is only entitled to have one vote, either by its Director or the Alternate, at a meeting of the Board.

4.3. Meetings: The Board shall hold at least one regular meeting per year, and may hold regular or special meetings at more frequent intervals. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Government Code section 54950, et seq.).

4.4. Quorum: A majority of the total number of Directors shall constitute a quorum.

4.5. Voting:

4.5.1. Routine Matters or Non-Material Change Items Before the Authority: The Board shall take action only upon an affirmative vote of a majority of the total number of Directors.

4.5.2. Material Change Items Before the Authority: Based on the thresholds established in the Bylaws regarding a Material Change, the Board shall take action only upon an affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

4.6. Officers:

4.6.1. The Board shall select, from among the Directors, a Chair, who will be the presiding officer for all Board meetings, and a Vice-Chair, who will preside in the absence of the Chair.

4.6.2. The Board shall also select a Treasurer, who shall be the depository and have custody of all money of the Authority and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bonded in accordance with Government Code section 6505.1 and shall pay all demands against the Authority that have been approved by the Board.

4.6.3. The Board shall also select a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority. The Board may combine the positions of Secretary and Treasurer.

4.6.4. The Bylaws may further address the duties, responsibilities and administrative requirements for the respective offices.

4.7. General Manager. The Board may appoint a General Manager or assign staff of one or more Authority Members to conduct the business of the Authority in accordance with the policies of the Board; provided that no Authority Member's staff will be so assigned without the consent of that Authority Member. The General Manager serves at the pleasure of the Board and may be an employee or a contractor of the Authority.

4.8. Liability of Authority, Officers, and Employees: The Directors, officers, and any employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Director, officer, employee or agent will be responsible for any act or omission by another board member, officer or employee. The Authority shall indemnify and hold harmless the individual board members, officers, employees, and agents of the Authority for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Authority Members, the Authority, or its Directors, officers, employees or agent.

V. FINANCIAL PROVISIONS

5.1. Fiscal year: The fiscal year shall run concurrent with the calendar year, unless the Directors decide otherwise and shall also apply to any Project Agreements.

5.2. Depository: All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Regular reports shall be made as directed by the Board, but at least quarterly, to the Board of all receipts and disbursements. The books and records shall be open to inspection by the Board and individual Directors upon reasonable notice.

5.3. Budgets: A draft budget will be prepared for the Member Agencies to review at least 45 days before the beginning of the Authority's next fiscal year. The Board shall approve the budget no later than 15 days before the beginning of the fiscal year. The budget shall include:

5.3.1. General and administrative costs include the general operation and administration of the Authority. These costs do not include any costs incurred by the Authority directly as a result of a specific Project Agreement as described in Article VI.

5.3.2. Project specific costs shall be fully described and specified in a Project Agreement. The Board shall ensure that all costs incurred by the Authority directly relating to any specific project will be paid only by the parties to the Project Agreement and will not be paid for by the Authority as general and administrative costs. The Bylaws may include additional requirements and criteria for such costs.

5.4 Initial Contributions: Upon formation of the Authority, each Authority Member shall pay an application fee as prescribed in the Bylaws.

5.5. Recovery of General and Administrative Costs:

5.5.1. The Board may assess each Authority Member for the general and administrative costs to operate the Authority. Payments of public funds may be made to defray the costs incurred in carrying out such purposes, and advances of funds may be made for use in doing so, to be repaid as provided in this Agreement. Personnel, equipment or property of one or more of the Authority Members may be used in lieu of other contributions or advances, upon Board approval, and will be treated as a contribution from that Authority Member.

5.5.2. General and administrative costs incurred by the Authority in carrying out its purposes, as described in Section 5.3.1, shall be shared by the Authority Members as determined by the Board.

5.5.3. The Authority shall periodically, as necessary, issue an invoice to each Member reflecting the expenses attributable to that Member in accordance with this Agreement and/or Project Agreement, respectively. The Authority must receive payment within 60 days of the date listed on the invoice. Delinquent sums shall bear interest at a rate per year equal to the Federal Reserve's 11th District cost of funds index on the first business day of then current year plus eight percent (8%) . The Bylaws include additional requirements.

5.5.4. Upon request of any Member, the Authority shall produce and allow the inspection of all documents relating to the computation of expenses attributable to the Members under this Agreement. If a Member does not agree with the amount listed on the invoice, it must make full payment and provide a cover letter accompanying payment to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for the dispute. The Authority shall advise the disputing Member of the Authority's determination within 30 business days.

5.6. Recovery of Project Agreement Costs: Each Project Agreement shall specify the requirements for recovery of costs, which shall be consistent with the requirements of Section 5.5.

5.7. Auditor: An auditor shall be chosen annually by, and serve at the pleasure of, the Board. The auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act, and with each agency that is a Member or an advisory member. Such report shall also be filed with the California Secretary of State or State Controller within twelve months of the end of the fiscal year.

5.8. Bonds: The Board shall, from time to time, designate the officers or other persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority's expense, in an amount to be fixed by the Board.

5.9. Authority Members Limited Liability: As provided by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority only, and not of the constituent Authority Members of the Authority.

VI. PROJECT AGREEMENTS

6.1. General: The Authority intends to carry out the purposes of this Agreement through projects that are consistent with the joint exercise of powers described herein. Funding and participation in any project undertaken by the Authority shall be governed by a Project Agreement. The Authority may undertake all or any portion of each project on its own or it may enter into agreements with the State of California, the United States, or any other public or private entity.

6.2. Parties to Agreement: Prior to undertaking a project, the Members and Non-Member Participating Parties electing to participate in the project shall enter into a Project Agreement. A Project Agreement may involve the Authority or one or more Members and any Non-Member Participating Parties. No Member shall be required to be involved in a Project Agreement.

6.3. Project Agreement: All assets, rights, benefits, and obligations attributable to the project shall be assets, rights, benefits, and obligations of those Members and Non-Member Participating Parties that have entered into the Project Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Authority in regard to a particular project shall be the debts, liabilities, obligations, and indebtedness of the Members and Non-Member Participating Parties who have executed the respective Project Agreement and shall not be the debts, liabilities, obligations or indebtedness of the Members and Non-Member Participating Parties that have not executed the Project Agreement, nor of the Authority. If a project is undertaken by less than all the Members, the Members and Non-Member Participating Parties to a Project Agreement shall appoint a representative to a Project Agreement Committee for that project. The Project Agreement may include entities that are not Authority Members. The Bylaws may provide additional requirements regarding the implementation of each Project Agreement.

VII. TERMINATION, WITHDRAWAL, AND SUSPENSION

7.1. Termination:

7.1.1. Mutual Termination. This Agreement may be terminated by the mutual agreement of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies in writing.

7.1.2. Termination of an Authority Member by the Authority. This Agreement may be terminated with respect to any Authority Member upon the affirmative vote of all Directors less one. Prior to any vote to terminate this Agreement with respect to an Authority Member, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Authority Member subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. If an Authority Member is terminated, that Authority Member will be responsible for its share of any costs incurred by the Authority up to the date of termination.

7.2. Member Withdrawal from Authority: Any Authority Member may withdraw from the Authority by giving at least 30 days written notice of its election to do so, which notice shall be given to the Authority and each Member to this Agreement; provided that such withdrawal does not in any way impair any contracts or obligations of the Authority then in effect. Prior to withdrawal or as soon as an accounting can be completed, the withdrawing Authority Member shall pay its share of General and Administrative Costs, described in Section 5.5; provided, however, the withdrawing member shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Authority Member shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular project, and subject to the terms of the applicable Project Agreement, the withdrawing Authority Member shall be responsible for its share of all costs, expenses, advances, contractual obligations, and other obligations, including bonds, notes or other indebtedness issued by the Authority while such withdrawing entity was a party to a project Agreement. The remaining parties to a Project Agreement shall have the option of discontinuing a project and/or acquiring the interests of the withdrawing party, as may be more particularly described in the Project Agreement. If the remaining Members to a Project Agreement under Article VI decide to terminate the Project Agreement, any remaining funds will be allocated pursuant to the terms of the agreement and the costs will be allocated to all parties as described in the Project Agreement, including the withdrawing party.

7.3. Membership Suspension: Should any Authority Member be deemed by the Board to not be in Good Standing as defined in the Bylaws, an affirmative vote of at least seventy-five percent (75%) of the total number of Directors can suspend the Authority Member's voting rights. Once the Authority Member is deemed by the Board to meet the requirements for being in Good Standing, the Authority Member can petition the Board of Directors to be have its voting privileges and, if applicable, any Board officer status restored by an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. During the time the Authority Member has not been in Good Standing, the Authority Member shall remain obligated to comply with all other requirements of this Agreement, the Bylaws and any Project Agreements the Authority Member executed.

7.4. Disposition of Assets Upon Termination: Upon termination of this Agreement, any surplus money or assets in the possession of the Authority for use under this Agreement, after payment of liabilities, costs, expenses and charges incurred under this Agreement, shall be returned to the then-existing Members in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights and interests of the Authority shall be allocated to the then-existing Members in the same manner upon termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale and the net proceeds from the sale shall be distributed in the same manner as set forth above.

VIII. MISCELLANEOUS PROVISIONS

8.1. Amendment of Agreement: This Agreement may be amended only by an affirmative vote of at least seventy-five percent (75%) of the Boards of the Authority Member Agencies; provided, however, this Agreement may not be amended to terminate the participation of an Authority Member without the affirmative vote of all Boards of the Authority Member Agencies less one . The Authority shall provide notice to all Members of amendments to this Agreement, including the effective date of such amendments.

8.2. Adoption and Amendment of Bylaws: The Bylaws may be adopted or amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors. The Authority shall provide notice to all Members of amendments to the Bylaws, which includes the effective date of such amendments.

8.3. Assignment: Except as otherwise expressed in this Agreement, the rights and duties of the Authority Members may not be assigned or delegated without the advance written consent of all the other Authority Members, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority Members. This section does not prohibit an Authority Member from entering into an independent agreement with another agency, person or entity regarding the funding or financing of that Authority Member's contributions to the Authority, or the disposition of the proceeds which that Authority Member receives under this Agreement, so long as the independent agreement does not affect or purport to affect, the rights and duties of the Authority or the Authority Members under this Agreement.

8.4. Severability: If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Authority Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

8.5. Execution by Counterparts: This Agreement may be executed in any number of counterparts and upon execution by all Authority Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Authority Members had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but have attached to it one or more signature pages.


8.6. Authority Members to be Served Notice: Any notice authorized to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by electronic mail (e-mail), by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender returns the

receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile number or email address. All Notices shall be sent to the addresses listed in Exhibit A to this Agreement:

IN WITNESS WHEREOF, the Authority Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

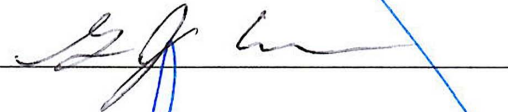
COLUSA COUNTY WATER DISTRICT

Dated: 3-19-2018
(Effective March 23, 2017)

Joseph Marsh
By: 

COUNTY OF COLUSA

Dated: 3/19/18
(Effective March 23, 2017)

GARY J. EVANS
By: 


COUNTY OF GLENN

Dated: 4/9/2018
(Effective March 23, 2017)

LEIGH W. McANULTY
By: 

GLENN-COLUSA IRRIGATION DISTRICT

Dated: 3-19-18
(Effective March 23, 2017)

LOGAN A. DENNIS
By: 

MAXWELL IRRIGATION DISTRICT

Dated: 3/19/18 Mary Wells
(Effective March 23, 2017)
By: Mary Wells

ORLAND-ARTOIS WATER DISTRICT

Dated: 3/19/18 James A. Jones
(Effective March 23, 2017)
By: James A. Jones

PLACER COUNTY WATER AGENCY & CITY OF ROSEVILLE, Jointly

Dated: 3/19/18 Graham L. Allen
(Effective March 23, 2017)
By: _____

Dated: _____
(Effective March 23, 2017)
City of Roseville: Optional
By: _____

PROBERTA WATER DISTRICT, designated to 4M Water District on behalf of the TC-6

Dated: 4/23/2018 [Signature]
(Effective March 23, 2017)
By: _____

RECLAMATION DISTRICT 108

Dated: 3/19/18 Rec. Dist 108
(Effective March 23, 2017)
By: [Signature] president

TEHAMA-COLUSA CANAL AUTHORITY

Dated: 3/19/18
(Effective March 23, 2017)

By: Jeff Sutton
Jeff Sutton G.M.

WESTERN CANAL WATER DISTRICT

Dated: 7/9/18
(Effective March 23, 2017)

By: Ted Trimble
Ted Trimble G.M.

WESTSIDE WATER DISTRICT

Dated: 3/19/18
(Effective March 23, 2017)

By: Jamie Traynham
Jamie Traynham

CITY OF SACRAMENTO & SACRAMENTO COUNTY WATER AGENCY, Jointly

Dated: 5/31/18
(Effective February 19, 2018)

By: William O. Busath

Dated: _____
(Effective February 19, 2018)

Attested on: 5/31/18 (date)
Wendy Klock-Johnson
Wendy Klock-Johnson, Assistant City Clerk

Agreement, Version 4
Effective Date: 2017 March 23

APPROVED AS TO FORM:

mls
CITY ATTORNEY

File: 12.210-010.04
Page 14 of 15

Exhibit A to the Sites Project Authority Joint Exercise of Powers Agreement:

Effective Date: _____

Colusa County Water District
General Manager
P.O. Box 337
Arbuckle, CA 95912

County of Colusa
Chair of the Board of Supervisors
547 Market Street, Suite 108
Colusa, CA 95932

County of Glenn
Chair of the Board of Supervisors
525 West Sycamore Street
Willows, CA 95988

Glenn-Colusa Irrigation District
General Manager
P.O. Box 150
Willows, CA 95988

Maxwell Irrigation District
General Manager
P.O. Box 217
Maxwell, CA 95955

Orland-Artois Water District
General Manager
P.O. Box 218
Orland, CA 95963

Placer County Water Agency
PO Box 6570
Auburn CA 95604

& City of Roseville
2005 Hilltop Circle
Roseville, CA 95747
Proberta
Water District
P.O. Box 134
Proberta, CA 96078

Reclamation District 108
General Manager
P.O. Box 50
Grimes, CA 95950

Reclamation District 2035
General Manager
45332 County Road 25
Woodland, CA 95776

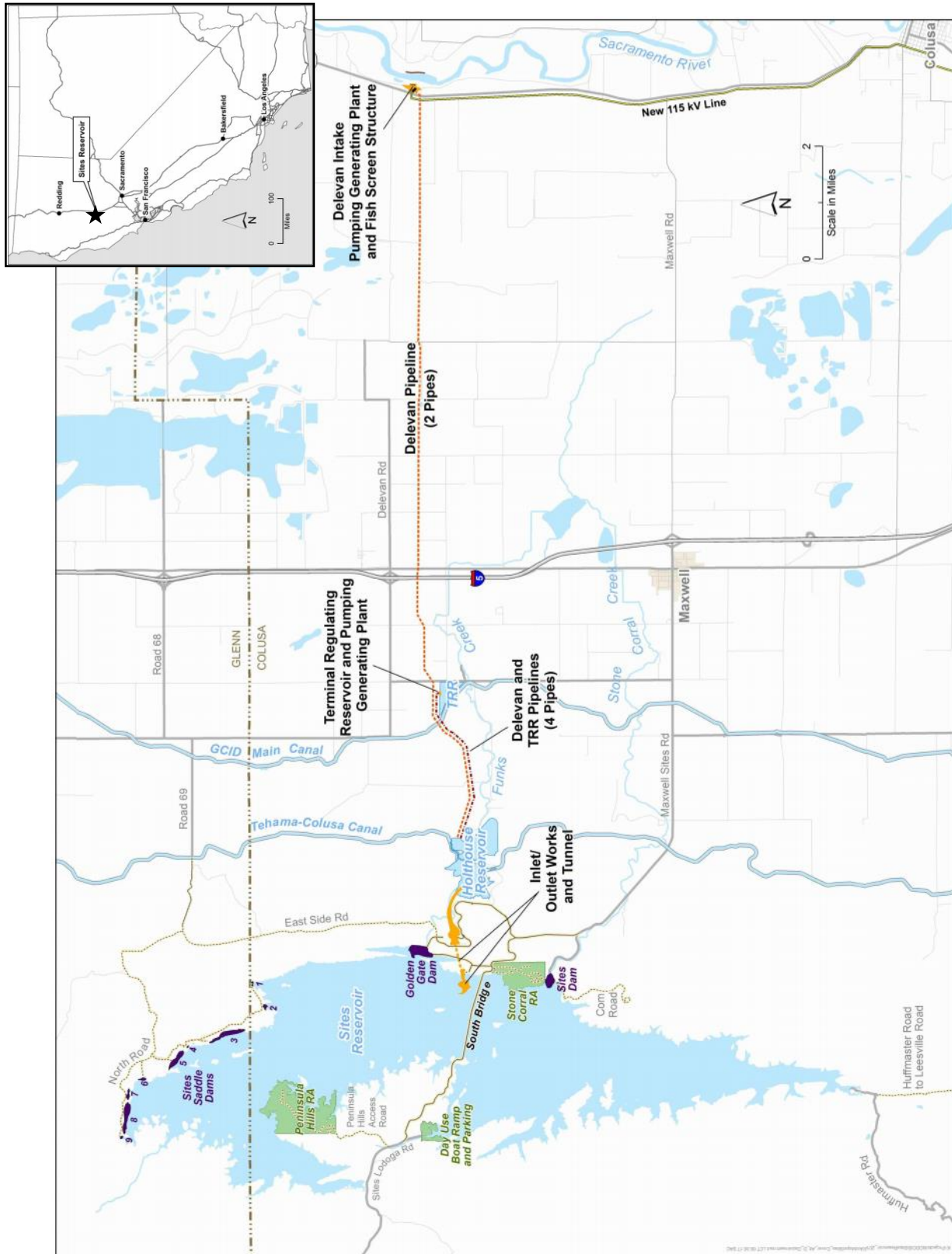
Tehama-Colusa Canal Authority
General Manager
P.O. Box 1025
Willows, CA 95988

Western Canal Water District
General Manager
PO Box 190
Richvale, CA 95974

Westside Water District
General Manager
5005 CA-20
Williams, CA 95987

THIS PAGE INTENTIONALLY LEFT BLANK

Sites Reservoir Project Map



From public Proposition 1 WSIP Application ('A4_Drawings' sub-section) document.

THIS PAGE INTENTIONALLY LEFT BLANK

Sites Authority and Reservoir Committee Structure

Below is a general diagram showing the roles of the Sites Project Authority (Sites JPA) and the Reservoir Project Committee (Reservoir Committee), adapted from Sites Project documentation.

Sites JPA Participation only:

- Glenn County
- Maxwell Irrigation District
- Placer County Water Agency¹
- City of Roseville¹
- County of Sacramento²
- City of Sacramento²
- Tehama-Colusa Canal Association

Sites JPA and Reservoir Committee:

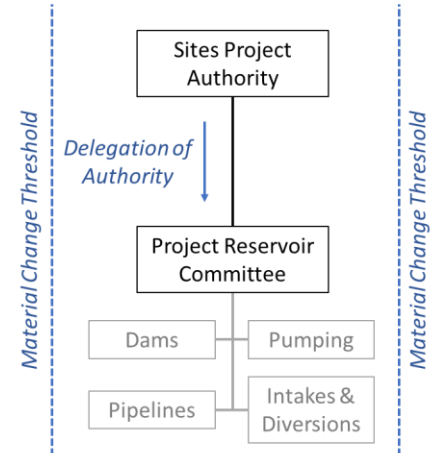
- Colusa County
- Colusa County Water District
- Cortina Water District³
- Davis Water District³
- Dunnigan Water District³
- Glenn-Colusa Irrigation District
- LaGrande Water District³
- Reclamation District 108
- Westside Water District

Project Reservoir Committee only:

- City of American Canyon
- Antelope Valley-East Kern Water Agency⁴
- Carter Mutual Water Co.
- Coachella Valley Water District⁴
- Desert Water Agency⁴
- Metropolitan Water District of So Cal.⁴
- Pacific Resources Mutual Water Co.⁴
- San Bernardino Valley Municipal Water Dist.⁴
- San Geronio Pass Water Agency⁴
- Santa Clarita Valley Water Agency⁴
- **Santa Clara Valley Water District⁴**
- Wheeler-Ridge Maricopa Water Storage Dist.⁴
- Zone 7 Water Agency⁴

Non-Voting and Non-Share Participants:

- California Dept. of Water Resources
- US Bureau of Reclamation



¹ Placer County Water Agency and City of Roseville share one vote.

² City and County of Sacramento share one vote.

³ Part of group known as TC6 Districts, shares one vote on Sites JPA.

⁴ South of Bay-Delta participant (none in Sites JPA).

Sites JPA roles and responsibilities:

- Applicant for Proposition 1 Water Storage Investment Program (WSIP) application.
- CEQA lead agency, and work with USBR as NEPA lead agency.
- Hold title to any water rights issued by State Water Resources Control Board (SWRCB).
- Obtain permits and acquire property, easements and rights-of-way.
- Be owner of record for dam safety requirements and regulatory obligations.
- Work with DWR and USBR for Project operations and coordination with SWP and CVP.
- May delegate (or rescind) responsibilities of Project Reservoir Committee.

Reservoir Committee roles and responsibilities:

- Comply with terms and conditions established by Sites JPA in Reservoir Project Agreement.
- Maintain sufficient reserves to ensure positive cash flow.
- For Phase 1, manage the studies and related materials that will be required in the WSIP application.
- For Phase 2, studies and materials required for additional planning, preliminary engineering and design, and environmental review.

Decision Making:

Each decision-making body has discretion to make decisions within limits of their authorities. Limits are defined as thresholds that may result in a Material Change from baseline conditions approved by Sites JPA.

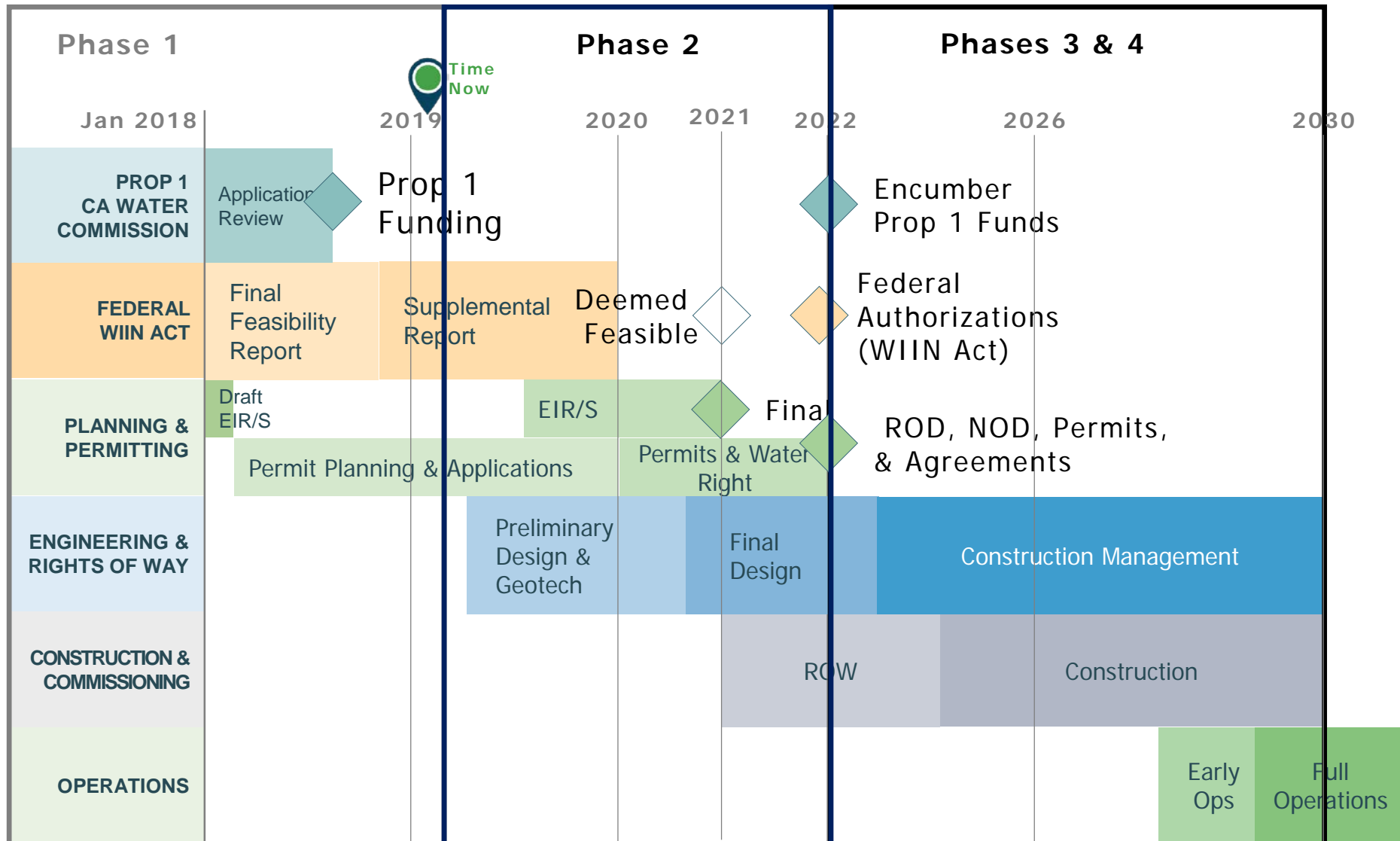
- *Sites JPA*: Chartering documents and bylaws.
- *Reservoir Committee*: Bylaws and compliance with terms and conditions delegated by Sites JPA in the Reservoir Project Agreement.

Material Change provisions:

- Budgets: operating and target, including line-item transfers or adjustments.
- Eligibility to receive funds from WSIP.
- Impact to water rights and/or annualized yield.
- Changes in Participants' levels of funding commitment that may shift additional costs to other participants.
- Dam safety permits and compliance.
- Changes in scope, schedule, or cost – both up-front and O&M.
- Change in pumping power (or renewable generation).
- Comply or require extreme measures to comply with OSHA requirements.
- Shifting or significant risk.
- Changes in environmental mitigation or compliance obligations.
- Changes in facility performance or reliability.

THIS PAGE INTENTIONALLY LEFT BLANK

1. Project Overview - Phase Level Schedule



THIS PAGE INTENTIONALLY LEFT BLANK



SUPPORT – Sites Project

Water Districts/Agencies/Retailers

Regional Water Authority
 Mountain Counties Water Association
 Southern California Water Committee*
 Northern California Water Association
 Anderson-Cottonwood Irrigation District
 B&B Ranch
 Brophy Water District
 Browns Valley Irrigation District
 Butte County Board of Supervisors
 Crain Orchards, Inc.
 Danna & Danna Inc.
 Edwards Ranch
 Feather Water District
 G&K Farms, LLC.
 Garden Highway Mutual Water Company
 Garner, Garner & Stoy
 Hallwood Irrigation District
 Hershey Land Row Crop, LLC.
 J.A. Driver
 Joint Water Districts Board
 Biggs-West Gridley Water District
 Butte Water District
 Richvale Irrigation District
 Sutter Extension Water District
 Larry Pires Farms
 Lindauer River Ranch, Inc.
 Llano Seco Rancho
 M&T Ranch
 Maxwell Irrigation District
 Meridian Farms Water Company
 Natomas Mutual Water Co.
 North Yuba County Water District
 Oji Brothers Farms, Inc.
 Pacific Farms & Orchards
 Pelger Mutual Water Company
 Pleasant Grove-Verona Mutual Water Co.
 Plumas Mutual Water Co.
 Princeton-Codora-Glenn Irrigation Dist.

Provident Irrigation District
 R. Gorrill Ranch Enterprises
 Ramirez Water District
 Reclamation District 1004
 Reclamation District 108
 Reclamation District 2035
 Richter Brothers, Inc.
 River Garden Farms
 Riverview Land & Equipment, Inc.
 Shasta County Board of Supervisors
 South Sutter Water District
 South Yuba Water District
 Sutter Bypass-Butte Slough WUA
 Sutter County Board of Supervisors
 Sutter Mutual Water Company
 Taylor Brothers Farms
 Tehama Angus Ranch, Inc.
 Tehama County Board of Supervisors
 Thermalito Irrigation District
 Tudor Mutual Water Company
 Tuttle Ranches
 Western Canal Water District
 William P. Locket
 Yolo County Flood Control & WCD
 Yuba County Water Agency

Agricultural Interests

California Rice Commission
 Family Water Alliance
 California Fresh Fruit Association*
 California Farm Bureau Federation*
 California Agricultural Aircraft Association*
 Western Growers*
 California Alfalfa & Forage Association*
 California Agricultural Irrigation Association*
 California Association of Wheat Growers*
 California Bean Shippers Association*
 California Warehouse Association*
 California Cotton Ginners & Growers Association*

*Letter, resolution or support card included as part of this submittal
 Page 1 of 3



SUPPORT – Sites Project

Western Agricultural Processors Association*
Yuba-Sutter Farm Bureau*
Passmore Ranch*
California Women for Agriculture*

Business Groups

California Business Properties Association*
California Building Industry Association*
California Chamber of Commerce*
San Gabriel Valley Economic Partnership*
East Bay Leadership Council*
Sacramento Metro Chamber of Commerce*

Labor

California Alliance for Jobs*
State Building & Construction Trades Council & Local Affiliates*

Local Government

City of Williams*
City of Willows*
Shasta County*
City of Roseville*
Sutter County*
City of Orland*
County of Tehama*
City of Colusa*
Sacramento Area Council of Governments

Local Associations/Businesses

Roseville Coalition of Neighborhood Associations*
PackageOne*
VCS Consulting*
J.V. Camp & Associates*

Elected Officials

Senator Feinstein*
Congresswoman Matsui*
California Congressional Delegation (42) *
Doug LaMalfa (CD 1)

John Garamendi (CD 3)
Kevin McCarthy (CD 23)
Jim Costa (CD 16)
Jeff Denham (CD 10)
Mike Thompson (CD 5)
Ken Calvert (CD 42)
Ami Bera (CD 7)
Devin Nunes (CD 22)
Grace Napolitano (CD 32)
Ed Royce (CD 39)
Zoe Lofgren (CD 19)
David Valadao (CD 21)
Adam Schiff (CD 28)
Tom McClintock (CD 4)
Anna Eshoo (CD 18)
Mimi Walters (CD 45)
Eric Swalwell (CD 15)
Paul Cook (CD 8)
Mark DeSaulnier (CD 11)
Darrell Issa (CD 49)
Jimmy Panetta (CD 20)
Steve Knight (CD 25)
Raul Ruiz (CD 36)
Dana Rohrabacher (CD 48)
Norma Torres (CD 35)
Duncan Hunter (CD 50)
Juan Vargas (CD 51)
Scott Peters (CD 52)
Mark Takano (CD 41)
Jerry McNerney (CD 9)
Alan Lowenthal (CD 47)
Ted Lieu (CD 33)
Judy Chu (CD 27)
Ro Khanna (CD 17)
Tony Cardenas (CD 29)
Linda Sanchez (CD 38)
Lou Correa (CD 46)
Salud Carbajal (CD 24)
Brad Sherman (CD 30)
Lucille Roybal-Allard (CD 40)



SUPPORT – Sites Project

Pete Aguilar (CD 31)

California State Senators (12) *

Jim Nielsen (SD 4)

Bill Dodd (SD 3)

Tom Berryhill (SD 8)

Jeff Stone (SD 28)

Cathleen Galgiani (SD 5)

Mike Morrell (SD 23)

Steven Glazer (SD 7)

Scott Wiener (SD 11)

Steven Bradford (SD 35)

Andy Vidak (SD 14)

California State Assemblymembers (17) *

James Gallagher (AD 3)

Vince Fong (AD 34)

Chad Mayes (AD 42)

Anna Caballero (AD 30)

Raul Bocanegra (AD 35)

Ken Cooley (AD 8)

Blanca Rubio (AD 48)

Brian Dahle (AD 1)

Catherine Baker (AD 16)

Health Flora (AD 12)

Jay Obernolte (AD 33)

Jim Cooper (AD 9)

Marc Steinorth (AD 40)

Kevin Kiley (AD 6)

Kevin McCarty (AD 7)

Timothy Grayson (AD 14)

Frank Bigelow (AD 5)

THIS PAGE INTENTIONALLY LEFT BLANK

Sites JPA 2019 Reservoir Project Agreement and Continued District Participation in the Sites Reservoir Project

Board Meeting
February 12, 2019



Staff Recommendations

- ▶ Receive and discuss information on the Sites Reservoir Project.
- ▶ Authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 Participation.
- ▶ Authorize the District to participate in Phase 2 Year 1 of the Sites Project, and decide on the specific project participation level (up to 4.8%)
- ▶ Direct Staff to continue engagement in Sites Reservoir Committee and negotiate future funding participation to include stronger governance role

Project Location and Description

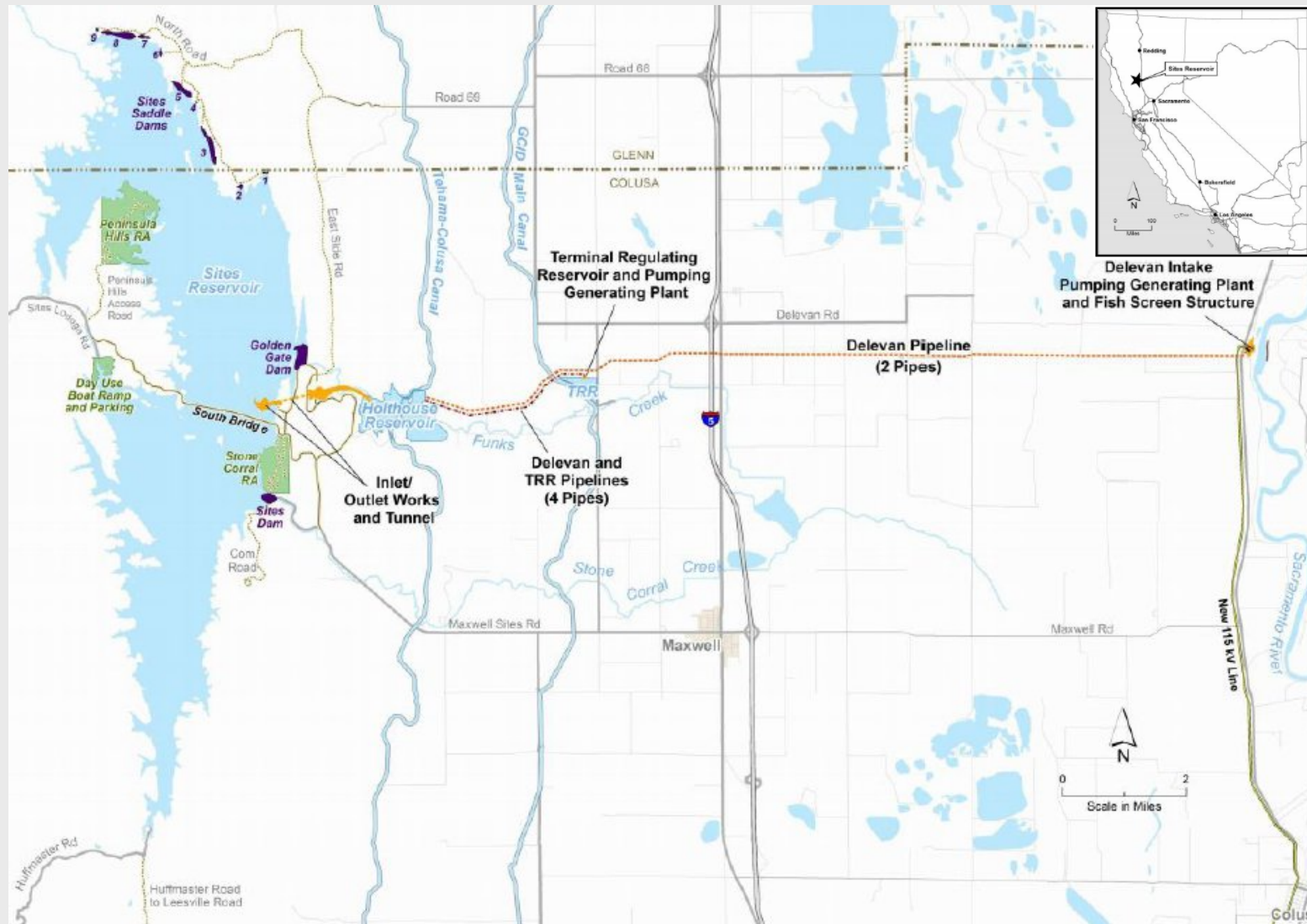


Image from Sites Proposition 1 Application (A4_Drawings' sub-section)

Potential District Benefits

- ▶ An increase in available water supply, primarily in drier years, that may potentially be delivered as SWP project supplies.
 - ▶ Preliminary estimate of 8,000 to 12,000 acre-feet (average) per year at a 4.8% Project Participation level.
- ▶ Storage rights in Sites reservoir proportional to the District Share.
- ▶ Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits and help stabilize/increase CVP deliveries.

Sites Project – Phases and Near Term Funding

- ▶ The Sites Project is envisioned to progress in five phases:
 - ▶ Phase 1 - WSIP funding application and EIR/EIS development; **Complete**
 - ▶ Phase 2 - EIR/EIS completion, predesign, critical permits, and water rights; **To begin**
 - ▶ Phase 3 - Final design, land and right of way acquisition, and remaining permits; **Future**
 - ▶ Phase 4 – Construction **Future**
 - ▶ Phase 5 - Transfer to Operations **Future**

Estimated Sites Phase 2 Participant Costs (\$ millions)

	Year 1	Year 2	Years 3-4
Participant Costs	14	90	245
District Share at a 4.8% Project Participation level	1.4	9.2	25.1

Phase 1 Accomplishments

- ▶ Prop1 WSIP funding: \$816 million
 - ▶ Early Funding: \$40.8 million
- ▶ Draft EIR/EIS
- ▶ Draft Federal Feasibility Study
 - ▶ Basis for WIIN Act Funding
- ▶ USDA construction loan: \$449 million
 - ▶ 3.875% interest rate
- ▶ Bipartisan support for Proposition 1 funding, including 43 of California's Congressional Representatives.

2019 Project Agreement (Phase 2, Year 1)

- ▶ Substantially similar to Phase 1 Project Agreement
- ▶ Ability to influence Project through Reservoir Committee.
- ▶ Preserves right to contract for water supply and storage from finished project if executed by Feb. 15, 2019.
- ▶ District cost not to exceed \$1.44 million at current participation level.

Funding Deliverables (Phase 2, Year 1)

- ▶ Define storage benefits and operational rules for participant utilization of storage in Sites Reservoir
- ▶ Better define State and Federal interests and benefits
- ▶ Complete key agreements with DWR and USBR
- ▶ Update and narrow range of operating scenarios and yields
- ▶ Compile data to further refine construction cost estimates

Budget and Funding (Phase 2, Year 1)

- ▶ Phase 2 , Year 1: April 2019 – December 2019
- ▶ Total Budget: \$35 million
 - ▶ Funding from Water Agencies: \$14 million
 - ▶ WIIN Act Funding: \$9 million
 - ▶ WSIP Funding: \$10 million
- ▶ District current cost share at 4.8% Project participation level
 - ▶ No more than \$1.44 million
 - ▶ Approximately 10.3% of water agencies' share

Alternatives: Budget and Funding (Phase 2, Year 1)

Option	Target District Share	Average Annual Yield (acre-feet)	District Costs (\$ millions)	
			Phase 2 Year 1	Capital (2015 Dollars)
A	4.8%	12,000	1.4	265
B	3.2%	8,000	0.96	177
C	1.6%	4,000	0.48	88
D	0%	0	0	0

Alternatives: Pros and Cons (Phase 2, Year 1)

Option	District Participation Level	Pros	Cons
A	4.8% (\$1.4 M)	<ul style="list-style-type: none"> 12,000 AFY avg. yield 23,000 AF in D/C years More influence May reduce participation later 	<ul style="list-style-type: none"> Sites benefit may not ultimately be needed if other projects built
B	3.2% (\$0.96 M)	<ul style="list-style-type: none"> 8,000 AFY avg. yield 15,000 AF in D/C years Maintain some influence Possible credit of prior payments 	<ul style="list-style-type: none"> May be difficult to increase participation later Reduced influence as medium investor
C	1.6% (\$0.48 M)	<ul style="list-style-type: none"> 4,000 AFY avg. yield 8,000 AF in D/C years Maintain some influence Possible credit of prior payments 	<ul style="list-style-type: none"> May be difficult to increase participation later Reduced influence as small investor
D	0% (\$0)	<ul style="list-style-type: none"> Lowest cost Possible refund of prior payments 	<ul style="list-style-type: none"> No benefits preserved May be difficult to rejoin May increase chance project does not move forward

Staff Recommendations

- ▶ Receive and discuss information on the Sites Reservoir Project.
- ▶ Authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 Participation.
- ▶ Authorize the District to participate in Phase 2 Year 1 of the Sites Project, and decide on the specific project participation level (up to 4.8%)
- ▶ Direct Staff to continue engagement in Sites Reservoir Committee and negotiate future funding participation to include stronger governance role

File No.: 19-0110

Agenda Date: 2/12/2019

Item No.: 5.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Preliminary Fiscal Year 2019-20 Groundwater Production Charge Analysis Update.

RECOMMENDATION:

Discuss and provide direction on the preliminary Fiscal Year 2019-20 Groundwater Production Charge analysis prepared by staff.

SUMMARY:

This agenda memo is an update to the January 14, 2019 follow-up discussion of the Preliminary Fiscal Year (FY) 2019-20 Groundwater Production Charge Analysis (Item 2.1). This item addresses Board requests to see the impact of certain adjustments on the preliminary FY 2019-20 groundwater production charge analysis. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge recommendation will be detailed in the Annual Report on the Protection and Augmentation of Water Supplies that is planned to be filed with the Clerk of the Board on February 22, 2019. The public hearing on groundwater production charges is scheduled to open on April 9, 2019. It is anticipated that the Board would set the FY 2019-20 groundwater production charges by May 14, 2019, that would become effective on July 1, 2019.

Groundwater Production Charge Projections Presented on January 8, 2019

Staff presented 5 preliminary groundwater charge scenarios on January 8, 2019 for Board review. For North County Municipal and Industrial (M&I) groundwater production, the scenarios ranged from an increase of 4.7% to 8.1% for FY 2019-20, and from 5.7% to 7.7% for South County M&I groundwater production depending on the scenario.

The overall impact of the 5 preliminary analysis scenarios for FY 2019-20 to the average household that uses 1,500 cubic feet on average per month would be an increase ranging from \$2.09 to \$3.60 per month in North County and from \$0.88 to \$1.19 per month in South County.

For reference purposes the projects and assumptions included in the original 5 scenarios are listed below:

Scenario 1) Water Supply Master Plan (WSMP) 90% Level of Service

This scenario includes the following projects and assumptions:

- Baseline Projects (according to the WSMP);
- California WaterFix (CWF) (State and Federal side);
- No Regrets Package projects;
- Potable Reuse Phase 1 to produce 24,000 AF (assume operations start in FY 28);
- Pacheco Reservoir Expansion (assumes \$485 M Proposition 1 grant);
- Transfer-Bethany Pipeline;
- South County Recharge (assume facilities built beyond FY 2028-29);
- \$200M contingency placeholder cost for dams and treatment plant upgrades;
- The Board's CWF Guiding Principle #5.

Scenario 2) Water Supply Master Plan 80% Level of Service (LOS)

Includes the same projects and assumptions as Scenario 1 except as follows:

- CWF Federal side is excluded;
- Transfer-Bethany Pipeline is excluded;
- Pacheco Reservoir Expansion is paid for by a special tax, not water charges.

Scenario 3) Water Supply Master Plan 80% LOS, Reduce Potable Reuse

Includes the same projects and assumptions as Scenario 2 except as follows:

- Potable Reuse Phase 1 capital costs are reduced by 50%, with the remaining 50% assumed to be spent beyond FY 2028-29; the District "pay as you go" contribution is reduced from 30% to 15%; and the Public-Private Partnership (P3) reserve grows to \$10 M by FY 2027-28 instead of \$20 M;
- Transfer-Bethany Pipeline is included.

Scenario 4) Water Supply Master Plan 80% LOS, Reduce Potable Reuse, No CWF

Includes the same projects and assumptions as Scenario 3 except as follows:

- CWF State side is excluded

Scenario 5) Water Supply Master Plan 80% LOS, Reduce Potable Reuse, Add Los Vaqueros and Sites Reservoirs

Includes the same projects and assumptions as Scenario 4 except as follows:

- CWF State side is included;
- Sites and Los Vaqueros Reservoirs are included.

Board Member Comments on January 8, 2019

Staff captured the following Board member comments on January 8, 2019 in no particular order:

- Scenario 4 should be eliminated as it does not meet the 80% level of service goal (does not meet 80% of average annual water demand in drought years)
- The potential investments in Sites and Los Vaqueros reservoirs should be separated for purposes of the scenarios (include most viable option only)

- Little support for reducing the investment in potable reuse prior to FY 2028-29 and delaying the remaining investment to beyond FY 2028-29
- Support indicated for Scenario 1, which would achieve the 90% level of service goal, although there was also general support indicated for looking at scenarios that would achieve the 80% level of service goal

Groundwater Production Charge Projections Presented on January 14, 2019

Staff presented 4 additional preliminary groundwater charge scenarios on January 14, 2019 for Board review as follows:

Scenario 6) Water Supply Master Plan 90% LOS, Pacheco paid by Other Sources

Includes the same projects and assumptions as Scenario 1 except as follows:

- Pacheco Reservoir Expansion is paid for by other sources, not water charges.

Scenario 7) Water Supply Master Plan 80% LOS, Pacheco paid by Other Sources

Includes the same projects and assumptions as Scenario 6 except as follows:

- CWF Federal side is excluded.

Scenario 8) Water Supply Master Plan 80% LOS, Pacheco paid by Other Sources, Add Los Vaqueros Reservoir

Includes the same projects and assumptions as Scenario 7 except as follows:

- Includes investment in Los Vaqueros Reservoir.

Scenario 9) Water Supply Master Plan 80% LOS, Pacheco with \$250M WIIN funding, WIFIA loan & Partners Pay 20%

Includes the same projects and assumptions as Scenario 8 except as follows:

- Excludes investment in Los Vaqueros Reservoir;
- Pacheco Reservoir Expansion funding includes \$250M Water Infrastructure Improvements to the Nation Act (WIIN) funds, a Water Infrastructure Finance and Innovation Act (WIFIA) loan, partner agencies assumed to pay for 20% of project, remaining balance paid for by water charges or other District revenue sources

For North County Municipal and Industrial (M&I) groundwater production, scenarios 1, 6, 7, 8 and 9 range from an increase of 5.9% to 8.1% for FY 2019-20, and from 6.4% to 7.7% for South County M&I groundwater production depending on the scenario.

The overall impact of Scenarios 1, 6, 7 and 8 for FY 2019-20 to the average household that uses 1,500 cubic feet on average per month would be an increase ranging from \$2.62 to \$3.60 per month in North County and from \$0.99 to \$1.19 per month in South County.

Adjusted Scenario 9

The Board gave feedback to staff on January 14, 2019 to develop the FY 20 groundwater production

charge recommendation based on Scenario 9. In addition, the Board requested to see the impact of increasing the drought reserve and including any other potential contingency funding needs, like the potential for increased future employer contributions toward the pension unfunded liability. The adjusted scenario 9 includes the following adjustments:

- PERS contribution contingency of \$3.9M per year beginning in FY 22
- CIP projection refinements (negligible total cost change)
- Updated Overhead and Benefits rates (impact is roughly \$2.7M per year)
- Added \$3M to the Drought Reserve in FY 20 for a total reserve balance of \$10M

For North County Municipal and Industrial (M&I) groundwater production, the adjusted Scenario 9 results in an increase of 6.6% for FY 2019-20, and 6.9% for South County M&I groundwater production.

The overall impact of the adjusted Scenario 9 for FY 2019-20 to the average household that uses 1,500 cubic feet on average per month would be an increase \$2.93 per month in North County and \$1.07 per month in South County.

Based on Board member feedback, staff is currently assuming that the proposed maximum Agricultural groundwater production charge for FY20 will be equivalent to the District Act maximum while the Board continues to deliberate its Open Space Credit Policy.

FINANCIAL IMPACT:

This preliminary analysis of the groundwater production charges does not have any direct financial impact, however, the adopted groundwater production charges will affect the future finances of the Water Utility Enterprise.

CEQA:

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

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Nina Hawk, 408-630-2736

Darin Taylor, 408-630-3068

Preliminary FY 20 Groundwater Production Charge Analysis Update

February 12, 2019



Board Member Comments on January 14, 2019

- ▶ Prepare FY 20 groundwater charge recommendations based on Scenario 9
- ▶ Show impact of increasing drought reserve
- ▶ Show impact of other potential contingencies (ie. increased PERS contributions)

Financial Analysis: Additional Scenario Assumptions

1) WSMP 90% Level Of Service (LOS)

- ▶ Baseline Projects
- ▶ CWF (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ CWF (CVP side)
- ▶ No Regrets Package
- ▶ Potable Reuse Phase 1 to produce 24KAF by FY 28
 - ▶ Based on \$690M capital project, District contributes 30% "pay as you go"
 - ▶ P3 reserve at \$8M in FY 20 growing to \$20M by FY 28
- ▶ Pacheco Reservoir
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 29

Also Includes:

- ▶ \$200M contingency placeholder for dams & WTP's
- ▶ Guiding Principle #5

North 8.1%, South 7.7% avg annual incr.

9) WSMP 80%, Pacheco w/ \$250M WIIN, WIFIA loan & Partners Pay 20%

- ▶ Baseline Projects
- ▶ CWF (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ ~~CWF (CVP side)~~
- ▶ No Regrets Package
- ▶ Potable Reuse Phase 1 to produce 24KAF by FY 28
 - ▶ Based on \$690M capital project, District contributes 30% "pay as you go"
 - ▶ P3 reserve at \$8M in FY 20 growing to \$20M by FY 28
- ▶ Pacheco Reservoir
 - ▶ \$250M WIIN funding + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 29

Also Includes:

- ▶ \$200M contingency placeholder for dams & WTP's
- ▶ Guiding Principle #5

North 6.4%, South 6.6% avg annual incr.

Scenario 9 Adjusted

Includes all Scenario 9 projects and assumptions plus the following adjustments:

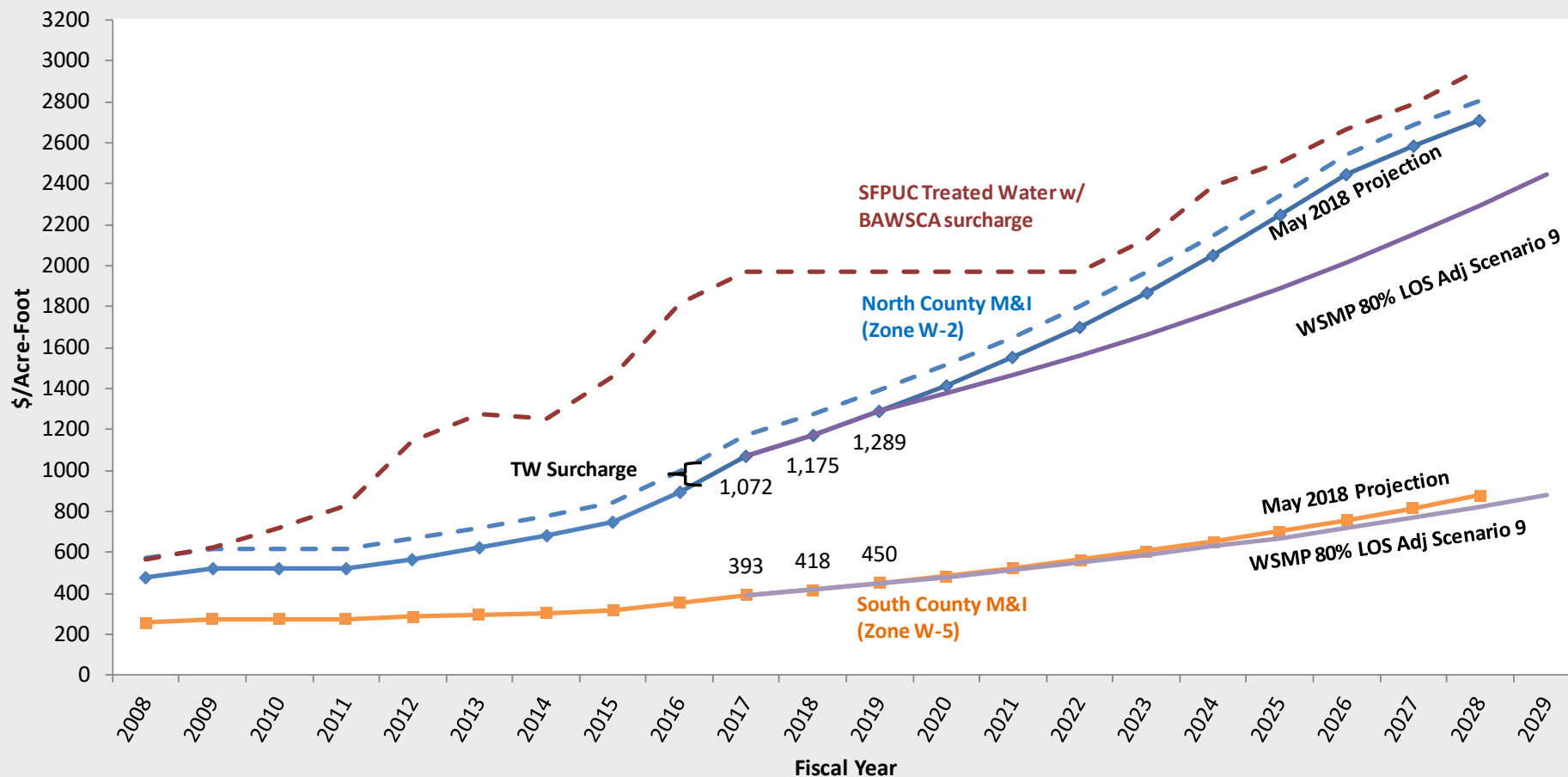
- ▶ PERS contribution contingency
 - ▶ \$3.9M per year beginning FY 22
- ▶ CIP projection refinements
- ▶ Updated OH and Benefits rates
- ▶ +\$3M for Drought Reserve in FY 20
 - ▶ FY 20 balance is \$10M

North 6.6%, South 6.9% avg annual incr.

Groundwater Production Charge Projection

Water Utility Enterprise Fund

M&I Groundwater Charge Projection



Note: This projection does not account for impacts associated with the Bay Delta Water Quality Control Plan

Financial Analysis: Preliminary Maximum Charge Proposal North County

6.6% increase for M&I groundwater production

6.1% increase for contract treated water

6.5% increase for M&I surface water

Ag groundwater reflects max per District Act (25% of South County M&I)

		Dollars Per Acre Foot		
		FY 2017-18	FY 2018-19	Proposed Maximum FY 2019-20
Zone W-2 (North County)				
Basic User/Groundwater Production Charge				
	Municipal & Industrial	1,175.00	1,289.00	1,374.00
	Agricultural	25.09	27.02	121.16
Surface Water Charge				
	Surface Water Master Charge	33.36	35.93	37.50
	Total Surface Water, Municipal & Industrial*	1,208.36	1,324.93	1,411.50
	Total Surface Water, Agricultural*	58.45	62.94	158.66
Treated Water Charges				
	Contract Surcharge	100.00	100.00	100.00
	Total Treated Water Contract Charge**	1,275.00	1,389.00	1,474.00
	Non-Contract Surcharge	50.00	100.00	100.00
	Total Treated Water Non-Contract Charge***	1,225.00	1,389.00	1,474.00
			\$1,339	\$1,424
*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge				
**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge				
***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge				

Max per District Act while Board deliberates Open Space Credit Policy

\$2.93 per month average household increase

Financial Analysis: Preliminary Maximum Charge Proposal South County

6.9% increase for M&I groundwater production

6.7% increase for M&I surface water

7.2% increase for M&I recycled water

Ag groundwater reflects max per District Act (25% of South County M&I)

		Dollars Per Acre Foot		
		FY 2017-18	FY 2018-19	Proposed Maximum FY 2019-20
Zone W-5 (South County)				
Basic User/Groundwater Production Charge				
	Municipal & Industrial	418.00	450.00	481.00
	Agricultural	25.09	27.02	121.16
Surface Water Charge				
	Surface Water Master Charge	33.36	35.93	37.50
	Total Surface Water, Municipal & Industrial*	451.36	485.93	518.50
	Total Surface Water, Agricultural*	58.45	62.94	158.66
Recycled Water Charges				
	Municipal & Industrial	398.00	430.00	461.00
	Agricultural	48.88	54.41	148.56

Max per District Act while Board deliberates Open Space Credit Policy

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

\$1.07 per month average household increase

Financial Analysis: Preliminary Water Supply Investment Scenarios

No. County M&I Groundwater Charge Y-Y Growth %

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
May 2018	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	8.7%	5.9%	4.7%	
1) WSMP 90% LOS	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
9) WSMP 80% LOS w/ Xfer Bethany + WIIN	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
9 Adj) WSMP 80% LOS w/ Xfer Bthny + WIIN	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%

So. County M&I Groundwater Charge Y-Y Growth %

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
May 2018	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	
1) WSMP 90% LOS	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
9) WSMP 80% LOS w/ Xfer Bethany + WIIN	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
9 Adj) WSMP 80% LOS w/ Xfer Bthny + WIIN	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%

Financial Analysis: Preliminary Water Supply Investment Scenarios

No. County Increase per Month per Avg Household*

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
May 2018	\$4.31	\$4.72	\$5.18	\$5.68	\$6.24	\$6.84	\$6.73	\$4.96	\$4.19	
1) WSMP 90% LOS	\$3.60	\$3.89	\$4.20	\$4.54	\$4.91	\$5.31	\$5.74	\$6.20	\$6.71	\$7.25
9) WSMP 80% LOS w/ Xfer Bethany + WIIN	\$2.84	\$3.02	\$3.22	\$3.42	\$3.64	\$3.87	\$4.12	\$4.39	\$4.67	\$4.97
9 Adj) WSMP 80% LOS w/ Xfer Bthny + WIIN	\$2.93	\$3.12	\$3.33	\$3.55	\$3.78	\$4.03	\$4.30	\$4.58	\$4.89	\$5.21

So. County Increase per Month per Avg Household*

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
May 2018	\$1.19	\$1.29	\$1.38	\$1.49	\$1.61	\$1.73	\$1.86	\$2.01	\$2.16	
1) WSMP 90% LOS	\$1.19	\$1.29	\$1.38	\$1.49	\$1.61	\$1.73	\$1.86	\$2.01	\$2.16	\$2.33
9) WSMP 80% LOS w/ Xfer Bethany + WIIN	\$1.02	\$1.09	\$1.16	\$1.24	\$1.32	\$1.41	\$1.50	\$1.60	\$1.71	\$1.82
9 Adj) WSMP 80% LOS w/ Xfer Bthny + WIIN	\$1.07	\$1.14	\$1.22	\$1.31	\$1.40	\$1.49	\$1.60	\$1.71	\$1.82	\$1.95

* Calculated based on groundwater production charge (assumes 1,500 cubic feet of water usage per month)

FY 2019-2020 Schedule

- ✓ Jan 8 Board Meeting: Preliminary Groundwater Charge Analysis
- ✓ Jan 16 Water Retailers Meeting: Preliminary Groundwater Charge Analysis
- ✓ Jan 23 Water Commission Meeting: Prelim Groundwater Charge Analysis

- Feb 12 Board Meeting: Review draft CIP & Budget development update
- Feb 22 Mail notice of public hearing and file PAWS report

- Mar 20 Water Retailers Meeting: FY 20 Groundwater Charge Recommendation
- Mar 26 Board Meeting: Budget development update

- Apr 1 Ag Water Advisory Committee
- Apr 2 Landscape Committee Meeting
- Apr 9 Open Public Hearing
- Apr 10 Water Commission Meeting
- Apr 11 Continue Public Hearing in South County
- Apr 23 Conclude Public Hearing
- Apr 24-26 Board Meeting: Budget work study session

- May 14 Adopt budget & groundwater production and other water charges

Summary of Preliminary Analysis

- Adjusted Scenario 9 reflects 6.6% annual increases in North County M&I groundwater charge, & 6.9% in South County
- Potential FY 20 increase is \$2.93 per month for average household in North County, and \$1.07 per month in South County
- Agricultural groundwater charge proposed maximum at District Act limit (25% of M&I) while Board deliberates Open Space Credit Policy
- Board direction to be incorporated into Report on Protection and Augmentation of Water Supplies (PAWS) scheduled for release on February 22, 2019

File No.: 19-0046

Agenda Date: 2/12/2019

Item No.: 8.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Update on Pension and Other Post-Employment Benefits Unfunded Liabilities.

RECOMMENDATION:

Receive information on the status of pension and Other Post-Employment Benefit unfunded liabilities and provide direction to staff as necessary.

SUMMARY:

The purpose of this agenda memo is to provide a status of the District's pension and Other Post-Employment Benefits (OPEB) unfunded liabilities, which total \$230 million and \$78 million respectively as of June 30, 2018. The District's OPEB Trust Fund continues to perform well. The most recent actuarial study shows the District is on track to have the OPEB unfunded liability paid off by Fiscal Year (FY) 2027-28 assuming a 7.28% average annual return, or by FY 2029-30 assuming a 6.28% average annual return. Both scenarios assume no incremental trust fund contributions.

The unfunded pension liability remains a concern as it is highly dependent on investment returns of the District's pension plan within the California Public Employees' Retirement System (CalPERS). If a 7% average annual return is assumed, then the District's plan is projected to achieve an 80% funded level by FY 2023-24, and a 100% funded level by FY 2034-35. If, however, a 6% average annual return is assumed, then the District's plan is projected to achieve an 80% funded level by FY 2026-27, and would achieve a maximum funded ratio of 97% by FY 2041-42. Lower investment returns ultimately translate to higher required employer contributions in future years.

FINANCIAL IMPACT:

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

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.

File No.: 19-0046

Agenda Date: 2/12/2019
Item No.: 8.1.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Status of CalPERS Unfunded Liability

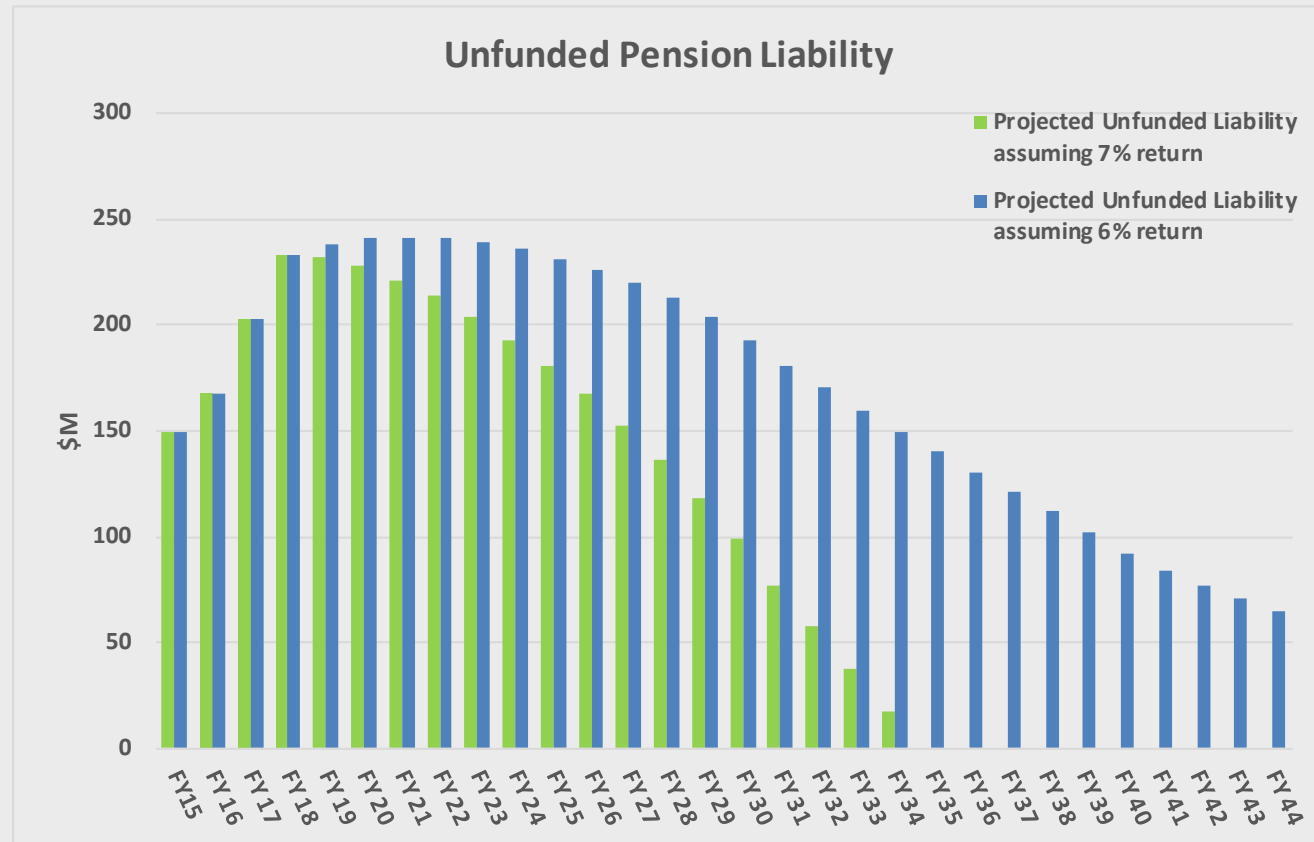
Total Pension Liability is 70.7% funded as of 6/30/18

If assume 7% return:

- Achieve 80% funded by FY 24
- Achieve 100% funded by FY 35

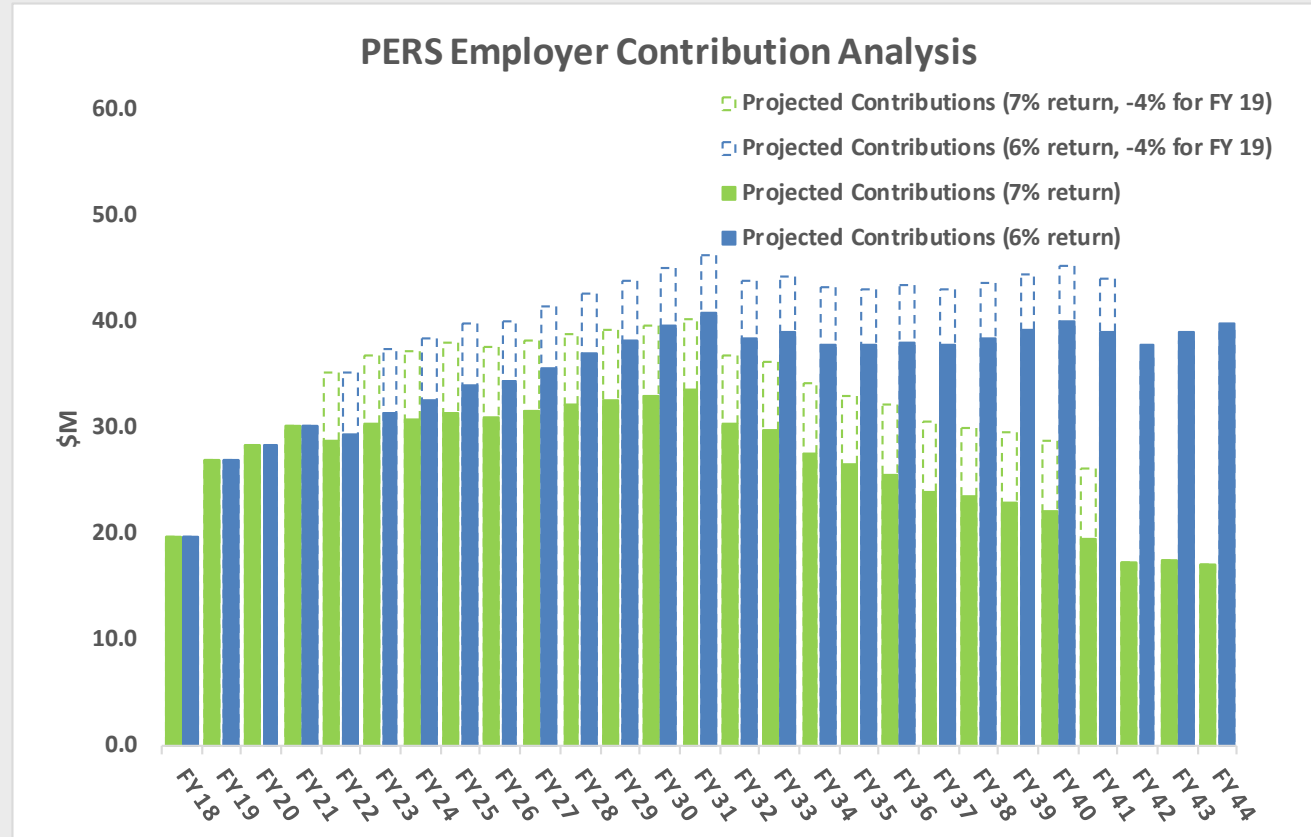
If assume 6% return:

- Achieve 80% funded by FY 27
- Max funded ratio achieved is 97% by FY 42



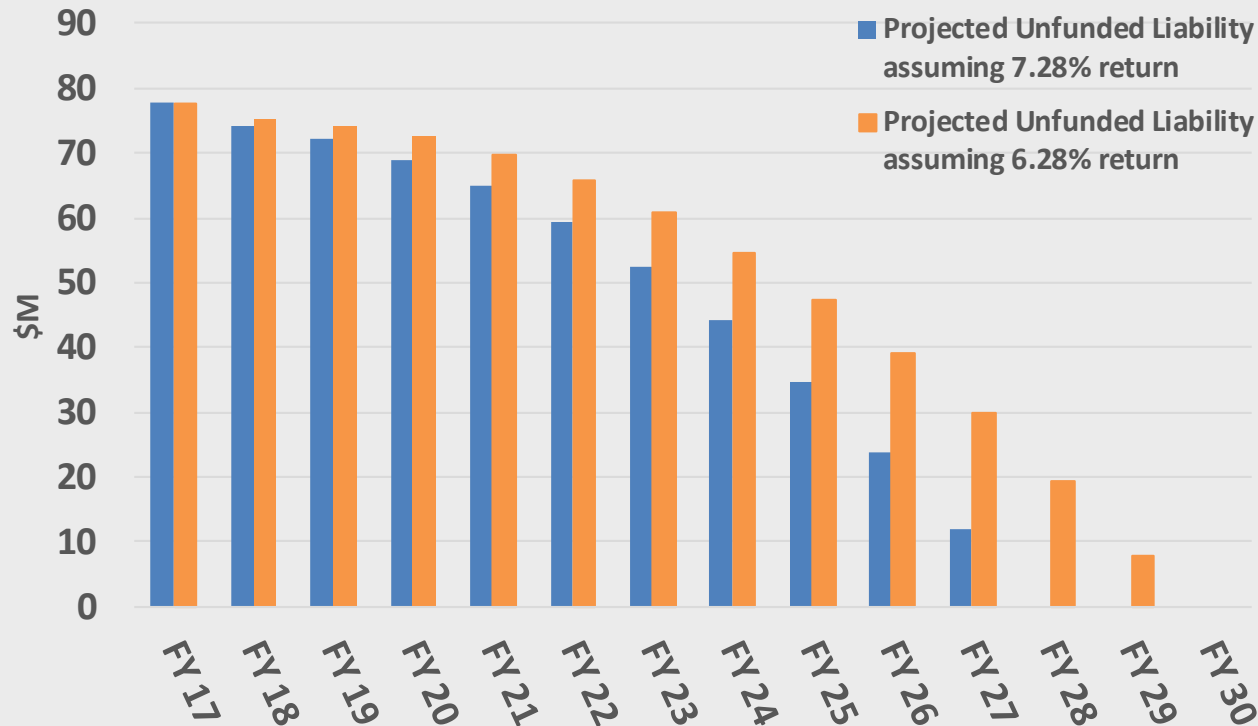
Status of CalPERS Contributions

- Staff prepared fund financial models include PERS contribution forecast equivalent to 6% average return (blue bar)
- If FY 19 year-end investment return is -4%, future employer contributions will increase by \$6.5M per year in FY 22, and 80% and 100% funding dates will push out by 2 to 4 years



OPEB Unfunded Liability on Target for FY 28 to FY 30 Payoff

Unfunded OPEB Liability



- FY 17 Unfunded OPEB Liability = \$77.6M (for FY 18 reporting date in CAFR)
- Estimated FY 18 Unfunded OPEB Liability = \$74.0M
- Projections assume no OPEB trust fund contributions
- Board redirected \$3M/yr from OPEB trust fund contribution to PERS unfunded liability for 3 years (FY 19 thru FY 21)

File No.: 18-1151

Agenda Date: 2/12/2019

Item No.: 8.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Overview of the Fiscal Year 2019-20 First Pass Budget Development Process.

RECOMMENDATION:

Receive and discuss the overview of the District's Fiscal Year 2019-20 First Pass Budget Development Process.

SUMMARY:

The District develops the annual budget to allocate the public's funds that are necessary to provide Silicon Valley with safe, clean water for a healthy life, environment and economy. The development of the District's budget is accomplished in an open transparent process providing opportunity for Board and public input. This report presents the first pass budget update and schedule for development of the final Fiscal Year (FY) 2019-20 Budget. The process includes over nine (9) open session discussions providing the Board and public significant opportunity for input. In addition to the Board open sessions, Board Advisory committees have opportunities for input during the development of the Budget. The Board has scheduled Budget work study sessions on April 24 and 25. The process is scheduled to conclude with the adoption of the budget on May 14, 2019.

The First Pass budget update includes the various assumptions that support the first pass results (See attachment 1). The key revenue assumption is a 6.6% increase for the North County Zone W-2 Municipal & Industrial (M&I) groundwater production charge and a 6.9% increase for the South County Zone W-5. The groundwater production charge analysis presented to the Board on January 8th, 2019 assumed a 6.4% increase for North County and 6.6% for South County. The difference is driven by schedule and cost refinements to the Capital Improvement Program (CIP) as well as increases to contingency reserves and corrections to the Salary and Benefits overhead rates.

The District's financial planning and budget development processes are governed by the District Act, Section 13 for taxation and Section 20 for adoption of the budget. In addition, state and federal laws require annual examinations of financial records. Board Governance Policies EL-4 guide financial management, planning, budgeting and ongoing financial activities.

FINANCIAL IMPACT:

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

CEQA:

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

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

FY2019-20 First Pass Budget Development Process

February 12, 2019



Topics

- **Budget Schedule Update**
- **Revenue: Assumptions & Results**
- **Salaries & Benefits: Assumptions & Results**
- **Districtwide Outlays Results**
- **Next Steps**

FY 2019-20 Budget Schedule for Board

Board Budget Development Updates:

- ➡ • February 12, 2019 – Budget Update
- March 26, 2019 – Second Pass Results
- April 24-25, 2019 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- ✓ • January 8, 2019
- February 12, 2019
- April 9 to 26, 2019

Capital Improvement Plan Board Updates:

- ✓ • January 8, 2019
- February 26, 2019

Budget Adoption: (Budget, GWP and CIP)

- May 14, 2019

FY 2019-20 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charge revenue: \$277.4M, up \$31.2M or 12.7% over FY19**
 - M&I Ground Water Production Charge: 6.6% increase for North County and 6.9% for South County
- **Property Tax (1% Ad-valorem): \$102.2M, up \$8.3M or 8.8% over FY19, due to both new construction and increased assessed valuation based on the local Real Estate market**
- **Capital Reimbursements & State Subventions: \$45.6M, an increase of \$22.7M or 99.1% verses FY19**
 - Watershed Fund: \$7.3M
 - Safe, Clean Water Fund: \$13.5M
 - Water Enterprise Fund: \$24.8M

FY 2019-20 First Pass Revenue Projections

(\$ in millions)		Over/ (Under)			
		FY19	FY19	FY20	FY19
Revenue	Adopted	Projected	1st Pass	Adopted	%
Water Charges	246.2	246.1	277.4	31.2	12.7%
1% Ad-valorem Property Tax	93.9	98.8	102.2	8.3	8.8%
SCW Special Parcel Tax	44.0	44.0	45.5	1.5	3.4%
State Water Project Revenues	18.0	18.0	18.0	0.0	0.0%
Benefit Assessment	14.8	14.8	13.4	(1.4)	(9.5%)
Capital Reimbursements	22.9	33.5	45.6	22.7	99.1%
Interest Income & Other	8.1	8.8	10.4	2.3	28.4%
Total Revenue	447.9	464.0	512.5	64.6	14.4%

FY 2019-20 Salaries & Benefits Assumptions

Salaries & Benefits - First Pass

- **Total Salaries budget: \$109.3M (824 regular positions; 4 fellowships) up \$6.3M or 6.1% over FY19**
 - Includes a 4% COLA increase and step increases for eligible positions
 - 11 new positions added after FY19 budget adoption
- **Total Benefits budget: \$58.3M, an increase of \$3.1M or 5.6% over FY19**
 - CalPERS Employer contribution: \$27.6M, up \$0.7M or 2.6% over FY19
 - Health benefits – Active Employees: \$16.7M, up \$1.3M or 8.4% over FY19
 - Health benefits – Retirees: \$11.4M, up \$1.0M or 9.6% over FY19
 - Other Benefits – Deferred Compensation: \$1.2M, No Change over FY19

FY 2019-20 Salaries & Benefits Assumptions

(\$ in millions)	FY19 Adopted	FY20 1 st Pass	Over/ (Under) FY19	%
Salaries				
Salaries - Regular Employees	103.5	110.3	6.8	6.6%
Overtime and Special Pays	3.9	3.7	(0.2)	(5.1%)
Salary Savings	(4.4)	(4.7)	(0.3)	6.8%
Total Salaries	103.0	109.3	6.3	6.1%
Benefits				
Fed & State Taxes & Benefits	1.3	1.4	0.1	7.7%
Retirement Contributions (PERS)	26.9	27.6	0.7	2.6%
Group Insurance - Active Employees	15.4	16.7	1.3	8.4%
Group Insurance - Retired Employees	10.4	11.4	1.0	9.6%
Other Benefits	1.2	1.2	0.0	NA
Total Benefits	55.2	58.3	3.1	5.6%
Net Total Salary & Benefits	158.2	167.6	9.4	5.9%

FY 2019-20 First Pass Results – Districtwide Outlays

(\$ in millions) Category	FY19 Adopted	FY20 1st Pass	Over/ (Under) FY20	%
Operations	323.5	333.9	10.4	3.2%
Operating Project	7.6	6.5	(1.1)	(14.5%)
Debt Service	59.2	58.6	(0.6)	(1.0%)
Operating Outlays	390.3	399.0	8.7	2.2%
Capital Projects	205.1	205.0	(0.1)	0.0%
Total Outlays	595.4	604.0	8.6	1.4%
Intra-District Reimbursement*	(85.5)	(80.9)	(4.6)	(5.4%)
Net Outlays	509.9	523.1	4.0	0.8%

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

First Pass results guided by draft Board Work Plan for FY 20

FY 2019-20 First Pass Results – Operations & Operating Projects

(\$ in millions)	FY19	FY20	Over/	
Operations & Operating Projects	Adopted	1st Pass	(Under) FY20	%
General Fund	53.3	56.4	3.1	5.8%
Watershed Stream Stewardship Fund	55.4	57.6	2.2	4.0%
Safe, Clean Water Fund	18.5	17.3	(1.2)	(6.5%)
Water Enterprise Funds	177.6	184.4	6.8	3.8%
Fleet Management Fund	5.1	4.8	(0.3)	(5.9%)
Risk Insurance Fund	7.0	5.8	(1.2)	(17.1%)
Information Technology Fund	14.2	14.1	(0.1)	(0.7%)
Total Operations	331.1	340.4	9.3	2.8%

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

FY 2019-20 First Pass Results - Capital

(\$ in millions)	Over/			
	FY19	FY20	(Under)	
Capital Budget	Adopted	1st Pass	FY20	%
General Fund	14.9	2.1	(12.8)	(85.9%)
Watershed Stream Stewardship Fund	35.4	24.1	(11.3)	(31.9%)
Safe, Clean Water Fund	37.2	32.2	(5.0)	(13.4%)
Water Enterprise Funds	109.3	140.4	31.1	28.5%
Fleet Management Fund	1.8	2.2	0.4	22.2%
Information Technology Fund	6.5	4.0	(2.5)	(38.5%)
Total Operations	205.1	205.0	(0.1)	0.0%

Note: FY20 First Pass capital budget is based on draft FY20-24 CIP

Next Steps

Board Budget Development Updates:

- **March 26, 2019 – Second Pass Results**
- **April 24-25, 2019 – Board Work Study Sessions**

Groundwater Production Charge Updates/Hearings:

- **April 9 to 26, 2019**

Capital Improvement Plan Board Updates:

- **February 26, 2019**

Budget Adoption: (Budget, GWP and CIP)

- **May 14, 2019**