



BOARD OF DIRECTORS MEETING

MINUTES

**REGULAR MEETING CLOSED SESSION
TUESDAY, DECEMBER 13, 2016
4:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building, Boardroom, 5700 Almaden Expressway, San Jose, California, at 4:00 p.m.

1.1. Roll Call.

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

Director Santos was excused from attending.

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (Interim CEO), S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, J. Aranda, R. Callender, A. Cheung, N. Chu, C. Elias, J. Fiedler, A. Fulcher, B. Hopper, K. Oven, M. Richardson, and R. Subramanian.

Chairperson Keegan announced that the Board would adjourn to Closed Session for consideration of Items 1.2, 1.3, and 1.4, and acknowledged receipt of the attached Comment Card from Mr. George Cook, Engineers Society, identified as Handout 1.2-A herein. Copies of the Comment Card were distributed to the Board and made available to the public.

4:00 PM

1.2. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a):

Agency Designated Representatives: Norma Camacho, Michael Baratz, Anil Comelo, Angelica Cruz, Frank David, and Laura Harbert
Employee Organizations: Employees Association, Engineers Society

1.3. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(a)
Santa Clara Valley Water District v. All Persons Unknown Claiming An Interest In
The Property To Be Condemned Herein; and DOES 1-10 inclusion.
Case No. 115SCV287906.

- 1.4. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4)
One potential case

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

2. TIME CERTAIN:

6:00 PM

- 2.1. District Counsel Report.

Mr. Stan Yamamoto, District Counsel, reported that the Board met in Closed Session with all members present, excluding Director Santos, and gave direction to staff on Items 1.2, 1.3, and 1.4.

- 2.2. Pledge of Allegiance/National Anthem.

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

- 2.3. Orders of the Day.

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

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

Mr. Gary Wesley, Mountain View resident, stated that a summons to file written response to a lawsuit regarding fluoridation had been served upon the District, and questioned the District's authority to fluoridate drinking water.

Ms. Maureen Jones, San Jose resident, expressed opposition to fluoridation of drinking water and distributed the attached materials identified as Handout 2.4-A herein. Copies of the materials were distributed to the Board and made available to the public.

Ms. Briana Lipka, Santa Clara County Creeks Coalition and Friends of Coyote Creek Watershed, requested that in regards to Item 8.1, that the Board consider increasing the maximum funding limit for Safe, Clean Water Priorities B7 to \$200,000.

- 2.5. Ceremonial Swearing-In of Directors John Varela, District 1, Barbara Keegan, District 2, Richard Santos, District 3, and Nai Hsueh, District 5, for Terms Expiring December 2020.

Recommendation: Request that the Clerk of the Board administer a Ceremonial Swearing-in and Oath of Office for Directors John Varela, District 1, Barbara Keegan, District 2, Richard Santos, District 3, and Nai Hsueh, District 5, for Terms expiring December 2020.

Ms. Michele King, Clerk/Board of Directors, administered the ceremonial Swearing In and Oaths of Office for District 1 Director Varela, District 2 Director Keegan, and District 5 Director Hsueh.

Chairperson Keegan confirmed that Swearing In and Oath of Office for District 3 Director Santos had been administered previously, without ceremony.

Ms. Charlene Sun, Treasury and Debt Manager, reviewed the information on Items 2.6 and 2.7, per the attached Board Agenda Memorandums.

- 2.6. Adopt a Resolution of the Board of Directors of the Santa Clara Valley Water District Authorizing the Execution and Delivery of Certain Agreements In Connection With the Expansion of the Existing Commercial Paper Program and Certain Other Related Actions and Adopt a Resolution of the Board of Directors of the Santa Clara Valley Water District Amending Resolution No. 16-10 Providing for the Allocation of Water Utility System Revenues and Establishing Covenants to Secure the Payment of Obligations Payable from Net Water Utility System Revenues (Water Utility Parity System Master Resolution).

- Recommendation:
- A. Adopt a Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS IN CONNECTION WITH THE EXPANSION OF THE EXISTING COMMERCIAL PAPER PROGRAM AND CERTAIN OTHER RELATED ACTIONS;
 - B. Adopt the Resolution AMENDING RESOLUTION NO. 16-10 PROVIDING FOR THE ALLOCATION OF WATER UTILITY SYSTEM REVENUES AND ESTABLISHING COVENANTS TO SECURE THE PAYMENT OF OBLIGATIONS PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES (WATER UTILITY PARITY SYSTEM MASTER RESOLUTION); and
 - C. Authorize the Chief Executive Officer, Chief Operating Officer-Administrative Services, Chief Financial Officer, or Treasury and Debt Officer (in each case, including any interim, acting or otherwise appointed such officer, as the case may be, and together, the "Authorized Officers") and the Clerk of the Board of Directors and such other officers and staff of the District, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable and to do and cause to be done any and all acts and things necessary for carrying out the transactions contemplated by the resolutions and related documents and ratifying all such prior actions taken.

Directors Estremera and LeZotte requested that staff come back with information and potential policy language on "Wall Street" banks, and how the District can deal with them in the future (Board Member Request No. R-16-0048).

Motion: Adopt Resolution No. 16-81, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS IN CONNECTION WITH THE EXPANSION OF THE EXISTING COMMERCIAL PAPER PROGRAM AND CERTAIN OTHER RELATED ACTIONS, and Resolution No. 16-82, AMENDING RESOLUTION NO. 16-10 PROVIDING FOR THE ALLOCATION OF WATER UTILITY SYSTEM REVENUES AND ESTABLISHING COVENANTS TO SECURE THE PAYMENT OF OBLIGATIONS PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES (WATER UTILITY PARITY SYSTEM MASTER RESOLUTION), by roll call vote; approve the authorizations identified in Recommendation C; and direct staff to come back with information on enacting a moratorium on Wells Fargo Bank and other underwriter institutions, similar to moratoriums being taken by other agencies within the state.

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

- 2.7. Adopt a Resolution of the Board of Directors of the Santa Clara Valley Water District Authorizing the Execution and Delivery of Aggregate Principal Amount Not to Exceed \$65 Million Refunding and Improvement Certificates of Participation, Approving the Execution and Delivery of Certain Documents and Authorizing Certain Acts in Connection Therewith.

Recommendation: A. Adopt a Resolution of the Board of Directors of the Santa Clara Valley Water District AUTHORIZING THE EXECUTION AND DELIVERY OF AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$65 MILLION REFUNDING AND IMPROVEMENT CERTIFICATES OF PARTICIPATING, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH;
B. Authorize the Chief Executive Officer, Chief Operating Officer-Administrative Services, Chief Financial Officer, or Treasury and Debt Officer (in each case, the interim, acting or otherwise appointed such officer, as the case may be, and together, the "Authorized Officers") and

the Clerk of the Board of Directors and such other officers and staff of the District, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable and to do and cause to be done any and all acts and things necessary in order to consummate the sale and delivery of the Certificates of Participation; and

- C. Approve the Certificate of the District Regarding Project Substitution.

Motion: Adopt Resolution No. 16-83, AUTHORIZING THE EXECUTION AND DELIVERY OF AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$65 MILLION REFUNDING AND IMPROVEMENT CERTIFICATES OF PARTICIPATING, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH, by a roll call vote; approve the authorizations contained in Recommendation B; and approve the Certificate of the District Regarding Project Substitution.

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

2.8. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

Recommendation: Accept the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

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

Ms. Gloria Del Rosario, Accounting Manager, and Mr. Armad Garvey, Vavrinek, Trine, and Day Co., LLP, presented the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, as contained in Attachment 2.

Director LeZotte left the meeting and returned as noted below.

Move to Accept: Tony Estremera
Second: John L. Varela

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

3. **CONSENT CALENDAR: (3.1 - 3.13)**

Director LeZotte returned.

Director Estremera requested that Item 3.7 be removed from the Consent Calendar for individual consideration, Chairperson Keegan acknowledged that Item 3.8 had been removed from the agenda, and the Board considered Consent Calendar Items 3.1 through 3.6, and 3.9 through 3.13, under one motion.

3.1. Resolution Expressing Appreciation to U.S. Senator Barbara Boxer.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION TO U.S. SENATOR BARBARA BOXER.

3.2. Resolution Expressing Appreciation to Congressman Sam Farr.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION TO CONGRESSMAN SAM FARR.

3.3. Resolution Expressing Appreciation to Assembly Member Luis A. Alejo.

Recommendation: Adopt the resolution EXPRESSING APPRECIATION TO ASSEMBLY MEMBER LUIS A. ALEJO.

3.4. Resolution Expressing Appreciation to Assembly Member Nora Campos.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION TO ASSEMBLY MEMBER NORA CAMPOS.

3.5. Resolution Expressing Appreciation to Assembly Member Richard S. Gordon.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION TO ASSEMBLY MEMBER RICHARD S. GORDON.

3.6. Resolution Expressing Appreciation to Zachariah Paul Lewis, Outgoing Agricultural Water Advisory Committee Member.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION TO ZACHARIAH PAUL LEWIS, outgoing Agricultural Water Advisory Committee member.

3.9. Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2016.

- Recommendation: A. Review the Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2016; and
 B. Approve the report, if the reimbursements comply with Board Policy.

- 3.10. Ratify Addenda for the Pacheco Conduit Rehabilitation Project, Project Nos. 91214001 and 91221006, Contract No. C0621.

- Recommendation: Ratify Addenda Nos. 1 through 5 to the Contract Documents.

- 3.11. CEO Bulletin for the Week of November 25 through December 1, and December 3-8, 2016.

- Recommendation: Accept the CEO Bulletin.

- 3.12. Approval of Minutes.

- Recommendation: Approve the minutes.

- 3.13. Report of Bids Received and Award of Construction Contract to Cascade Drilling, L.P., for the Construction of the John D. Morgan Park Monitoring Wells Project, Project No. 91304001, Contract No. C0622 (Campbell) (District 4).

- Recommendation: A. Ratify Addendum No. 1 to the Contract Documents for the John D. Morgan Park Monitoring Wells Project;
 B. Award the Construction Contract to Cascade Drilling, L.P., in the sum of \$593,640; and
 C. Approve a contingency sum of \$59,364 and authorize the Interim Chief Executive Officer or designee to approve individual change orders up to the designated amount.

- Motion: Approve Consent Calendar Items 3.1 through 3.6, and 3.9 through 3.13, under one motion as follows: adopt Resolution Nos. 16-84, 16-85, 16-86, 16-87, 16-88, and 16-89, EXPRESSING APPRECIATION TO U.S. SENATOR BARBARA BOXER, CONGRESSMAN SAM FARR, ASSEMBLY MEMBER LUIS A. ALEJO, ASSEMBLY MEMBER NORA CAMPOS, ASSEMBLY MEMBER RICHARD S. GORDON, AND ZACHARIAH PAUL LEWIS, respectively, by roll call vote, as contained in Items 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6; accept the Quarterly Expense Report, as contained in Item 3.9; ratify Addenda Nos. 1 through 5, as contained in Item 3.10; accept the CEO Bulletins, as contained in Item 3.11; approve the minutes, as contained in Item 3.12; and ratify Addendum No. 1, award the contract to Cascade Drilling, L.P., in the sum of \$593,640, and approve a contingency sum of \$59,364 and authorize the Interim CEO or

designee to approve individual change orders, as contained in Item 3.13.

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

Chairperson Keegan returned the agenda to Item 3.7.

- 3.7. Resolution Authorizing Application for Funding From the United States Bureau of Reclamation WaterSMART Title XVI Water Reclamation and Reuse Program and Executing Grant Agreements for the South Santa Clara County Recycled Water Project, Project No. 91094009 (Gilroy) (District 1).

Recommendation: Adopt a Resolution AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO FILE AN APPLICATION AND EXECUTE A GRANT AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION FOR A WATERSMART: TITLE XVI WATER RECLAMATION AND REUSE PROGRAM GRANT FOR THE SOUTH SANTA CLARA COUNTY RECYCLED WATER (PHASES 1B/2A) PROJECT.

Director Estremera expressed concern with governance issues pertaining to the South Santa Clara County Recycled Water Project and requested that staff come back with discussion.

Motion: Adopt Resolution No. 16-90, AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO FILE AN APPLICATION AND EXECUTE A GRANT AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION FOR A WATERSMART: TITLE XVI WATER RECLAMATION AND REUSE PROGRAM GRANT FOR THE SOUTH SANTA CLARA COUNTY RECYCLED WATER (PHASES 1B/2A) PROJECT, by roll call vote, and direct staff to come back to the Board with discussion on governance issues.

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

Chairperson Keegan moved the agenda to Item 5.1.

REGULAR AGENDA:

5. WATER UTILITY ENTERPRISE:

5.1. Planning for Fiscal Year 2017-18 Groundwater Production Charges.

Recommendation: Discuss planning for Fiscal Year 2017-18 Groundwater Production Charges and provide direction to staff.

Mr. Darin Taylor, Senior Project Manager, reviewed the information on this item per the attached Board Agenda Memorandum and corresponding presentation materials.

Director Hsueh requested that staff meet with South County well owners in advance of the South County Public Hearing on the Annual Report on the Protection and Augmentation of Water Supplies.

Directors Kremen and Varela, and Chairperson Keegan, requested that staff prepare a letter for Chairperson's signature, inviting the San Jose Water Company Board and CEO to attend a public meeting with the District Board of Directors to discuss costs and profits (Board Member Request No. R-16-0050).

Chairperson Keegan acknowledged receipt of the attached letter from Ms. Mary Robertson, Santa Clara County resident, identified as Handout 5.1-A herein. Copies of the Handout were distributed to the Board and made available to the public.

Chairperson Keegan requested that staff prepare a fact sheet on water rates that shows the different elements of District costs (Board Member Request No. R-16-0049).

Ms. Rita Benton, Saratoga resident, expressed concern about water rate increases and made the following requests: that the Board reduce the District's water conservation targets from 20 to 5 percent; that the Board cut non-priority Capital Projects to enable lessened rate increase scenarios; and that the Board require staff to provide information on low, medium, and high-cost alternatives for all future projects.

Chairperson Keegan acknowledged receipt of a Comment Card from Mr. Tim Guster, Great Oaks Water Company, and read Mr. Guster's comment into the record as follows: As a follow up to Chair Keegan's comment about scrutiny of water bills, does the District agree that its water charges should be itemized on utility bills so water users understand District costs being charged?

Chairperson Keegan confirmed that she did not oppose itemization of District charges on consumer utility bills.

Ms. Mary Jo Townzen, of undisclosed residency, read into the record excerpts from the aforementioned letter from Ms. Mary Robertson, identified as Handout 5.1-A herein.

Ms. Virginia Huerger, Saratoga resident, discussed her efforts to work with San Jose Water Company officials to understand their billing practices and discussed how the District portion of bills is established. She encouraged reduction of conservation targets as a method of reducing customer bills.

The Board noted the information without formal action.

Chairperson Keegan returned the agenda to Item 4.1.

4. BOARD OF DIRECTORS:

- 4.1. Consultant Agreement with Korn Ferry to Assist the District with the Search and Selection of a Chief Executive Officer (CEO).

Recommendation: Approve the consultant agreement with Korn Ferry to provide Executive Recruitment Services-CEO Project (Project) for a not-to-exceed fee of \$155,000, and authorize the District Counsel to execute the agreement.

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

- 4.2. Recommendation from the Recycled Water Committee - Enter into a Funding Agreement with City of San Jose for Expedited Purified Water Program Support.

Recommendation: Authorize creating a funding agreement with the City of San Jose (City) to obtain City staff support on the completion of a Memorandum of Understanding for the Expedited Purified Water Program development.

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on this Item per the attached Board Agenda Memorandum.

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

4.3. Water Conservation and Demand Management Committee's Request and Associated Staff Analysis from the Committee's December 9, 2016, Special Meeting.

Recommendation: Consider approving the following Water Conservation and Demand Management Committee request and staff's analysis:

Consider the comments provided by the Water Conservation and Demand Management Committee to be included in a District comment letter regarding the State's proposed framework for water conservation and drought preparedness: "Making Water Conservation a California Way of Life".

Mr. Gerald De La Piedra, Water Supply Plan and Conservation Manager, reviewed the information on this Item per the attached Board Agenda Memorandum.

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

4.4. Board Committee Reports.

Director Kremen reported attending Pacheco Reservoir Exploratory Ad Hoc and San Felipe Division Reach One Committee meetings.

5.2. Update on the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) Process.

Recommendation: A. Discuss the status of completing the conditions precedent to the FAHCE Settlement Agreement (Settlement Agreement) - Fish Habitat Restoration Plan, Environmental Impact Report, water rights change petition process, and provide guidance to staff;
B. Consider a funding option, if any, to fund technical experts representing Guadalupe-Coyote Resource Conservation District (GCRCD)/non-government organizations (NGOs);
C. Approve a budget adjustment in the amount of \$1,398,057 from the Water Utility Enterprise Fund to fund the following;
i. A contract amendment to the Standard Consultant Agreement between the District and HDR Engineering Inc. (HDR) to manage the completion of the Modeling Work Plan, the biological evaluation, the Fish Habitat Restoration Plan

- (FHRP), and Final Environmental Impact Report (EIR);
 - ii. A contract amendment to the Short Form Services Agreement between the District and SEI, Inc. to provide water supply modeling support services to complete the California Environmental Quality Act (CEQA) alternatives analyses of FAHCE FHRP reservoir reoperations; and
 - iii. A contract amendment to the Consultant Funding Agreement between the District and Water Power Law Group (WPLG), which provides GCRC and NGOs with funding for their technical experts who are participating in the FAHCE technical modeling efforts.
- D. Authorize the Interim Chief Executive Officer (CEO) to negotiate and execute: Amendment No. 1 to the Consultant Funding Agreement No. 3905X between the District and WPLG to increase the contract amount, as determined by the Board, by up to \$89,544 for a total contract value of up to \$113,544; and
- E. Authorize the;
- i. Board Chair to Execute Amendment No. 2 to the Short Form Services Agreement No. A3939a between the District and SEI to increase the maximum contract amount by \$196,239 for a total contract value of \$496,208; and
 - ii. CEO to finalize and execute Amendment No. 2 to the Standard Consultant Agreement No. A3716G between the Santa Clara Valley Water District (District) and HDR to increase the maximum contract amount by \$1,112,274 for a total contract value of \$2,171,392.

Ms. Sarah Young, Senior Project Manager, reviewed the information on this Item per the attached Board Agenda Memorandum and corresponding presentation materials contained in Attachment 1.

Motion: Authorize staff to prepare a letter to the Guadalupe Coyote Resource Conservation District and Trout Unlimited, inviting them to participate in a public meeting with the District Board.

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

Motion: Approve Recommendations C., C.i., C.ii., E.i., and E.ii, under one motion, as follows: approve a budget adjustment in the amount of \$1,398,057 from the Water Utility Enterprise Fund, as described in Recommendation C; approve a contract amendment to the Standard Consultant Agreement with HDR Engineering, as described in Recommendation C.i.; approve a contract amendment to the Short Form Services Agreement with SEI, Inc., as described in Recommendation C.ii.; authorize the Chair to execute Amendment No. 2 to the Short Form Services Agreement with SEI, as described in Recommendation E.i.; and authorize the Interim CEO to finalize and execute Amendment No. 2 to the Standard Consultant Agreement with HDR, as described in Recommendation E.ii.

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

5.3. Project Status Update on the Anderson Dam Seismic Retrofit Project - Project No. 91864005 (Morgan Hill) (District 1).

Recommendation: Receive an update on the Anderson Dam Seismic Retrofit Project.

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memorandum, and Mr. Chris Mueller, Black and Veatch, reviewed the corresponding presentation materials contained in Attachment 1.

Mr. Jim Fiedler, Chief Operating Officer, Water Utilities, distributed the attached e-mail from Ms. Sophia Quesada, of undisclosed residency, identified as Handout 5.3-A herein, and advised the Board that consistent with the District's Water Supply Master Planning process, preliminary analysis was being conducted by staff on increased water storage alternatives.

Copies of the Handout were distributed to the Board and made available to the public.

Director Kremen reported that the San Felipe Division Reach One Committee supported District consideration of submitting a Proposition 1 application to fund an increased water storage alternative, and requested that staff come back with more information in January 2017.

The Board noted the information without formal action.

5.4. ITEM REMOVED FROM AGENDA.

The Board noted that Item 5.4 had been removed from the agenda.

6. **WATERSHEDS:**

None.

7. **CHIEF EXECUTIVE OFFICER:**

7.1. Chief Executive Officer Report.

Ms. Angela Cheung, Deputy Operating Officer, confirmed that delivery of fluoridated water from the Santa Teresa Water Treatment Plant had commenced on December 12, 2016.

Mr. Saeid Hosseini, Capital Engineering Manager, advised the Board of a November 10, 2016, Lower Berryessa Creek Flood Protection Project noncompliance with a San Francisco Bay Water Quality Control Board permit requirement pertaining to affluent limitations for turbidity and temperature. He reported that staff was in communication with the Regional Water Quality Control Board (RWQCB) and the California Department of Fish and Wildlife, and confirmed that RWQCB staff was considering issuing a notice of violation without fines.

Mr. Hosseini also provided an update on floodwall redesign efforts on the Lower Berryessa Creek Flood Protection Project.

Ms. Melanie Richardson, Interim Chief Operating Officer, Watersheds, distributed the attached Storm Report identified as Handout 7.1-A herein. Copies of the Handout were distributed to the Board and made available to the public.

Mr. Najon Chu, Chief Financial Officer (CFO), informed the Board that Mr. Ravi Subramanian, Deputy Administrative Officer, had submitted a notice of resignation effective January 6, 2017, as a result of family medical issues, provided an update on the Chief Operating Officer of Administrative Services recruitment, announced his own retirement from the District effective December 31, 2016, and acknowledged the promotion of Mr. Darin Taylor, Senior Project Manager, as the District's new Chief Financial Officer.

8. **ADMINISTRATION:**

- 8.1. Approval of Fiscal Year 2017 Safe, Clean Water and Natural Flood Protection Program (SCW) Grants Evaluation Criteria and Funding Limits for Supporting Volunteer Cleanup Efforts and Education (SCW Priority B7), Providing Access to Trails and Open Space (SCW Priority D3), and Receipt of an Update and Opportunity to Provide Feedback on the Pilot Mini-Grants Program for Wildlife Habitat Restoration (SCW Priority D3).

Recommendation: A. Approve the FY17 evaluation criteria and funding limits for two SCW priorities;

- i. Support Volunteer Cleanup Efforts and Education (SCW Priority B7);
- ii. Access to Trails and Open Space (SCW Priority D3); and
- B. Receive an update and provide feedback on the Pilot Mini-Grants Program for Wildlife Habitat Restoration (SCW Priority D3)

Mr. Chris Elias, Deputy Administrative Officer, reviewed the information on this item per the attached Board Agenda Memorandum.

Motion: Approve the FY17 evaluation criteria for SCW Priorities B7 and D3; increase the maximum funding limit for volunteer cleanup efforts and education (SCW Priority B7) to \$200,000 and raise the minimum funding limit for access to trails and open space (SCW Priority D3) from \$50,000 to \$75,000; approve the funding limits for SCW Priorities B7 and D3 as revised; and direct staff to include reasonable flexibility in the transfer of funds between accounts and the total budgeted amount.

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

8.2. Fiscal Year 2017-18 Overview of the Santa Clara Valley Water District Financial Planning and Budget Development Process.

Recommendation: Receive and discuss the Fiscal Year 2017-18 overview of the District's Financial Planning and Budget Development Process.

Mr. Chu reviewed the information on this item per the attached Board Agenda Memorandum, and Ms. Nicole Berrocal, Budget Manager, reviewed the presentation materials contained in Attachment 1.

Motion: Refer to the Board Policy Planning Committee to come back to the Board with recommendations for a budget message for the Fiscal Year 2017-18 District Budget.

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

Nays:	None
Abstains:	None
Recuses:	None
Absent:	Richard Santos
Summary:	6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

The Board noted the information without formal action.

9. DISTRICT COUNSEL:

None.

10. ADJOURN:

10.1. Board Member Reports/Announcements.

Director LeZotte expressed appreciation to Mr. Subramanian and Mr. Chu, and congratulated Mr. Taylor on his promotion.

10.2. Clerk Review and Clarification of Board Requests.

Ms. Michele King, Clerk/Board of Directors, read the new Board Member Requests into the record.

10.3. Adjourn to Regular Meeting at 5:00 p.m., on January 10, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Keegan adjourned the meeting at 10:15 p.m., in memory of Mr. Steven Burt Malech, Morgan Hill resident and long-standing member of the District's Agricultural Water and Uvas/Llagas Watershed and Flood Protection Advisory Committees, to the 5:00 p.m. Closed Session and 6:00 p.m. Regular Meeting, on January 10, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date: