



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL MEETING
TUESDAY, JANUARY 31, 2017
1:00 PM**

(Paragraph numbers coincide with agenda item numbers)

A special meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, at 1:00 p.m.

1. CALL TO ORDER:

1.1. Roll Call.

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

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (Interim CEO), M. King, Clerk/Board of Directors, R. Chan, C. Elias, J. Fiedler, V. Gin, G. Hall, C. Kao, K. Oven, M. Richardson, S. Stanton, and S. Tikekar. Senior Assistant District Counsel A. Fulcher represented District Counsel S. Yamamoto.

1.2. Pledge of Allegiance/National Anthem.

Ms. Glenna Brambill, Senior Management Analyst, performed "America the Beautiful."

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

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

2. TIME CERTAIN:

1:00 PM

2.1. Update on the 2017 Water Supply Master Plan and Potential Storage Options.

- Recommendation:
- A. Receive information on the updated long-term water supply outlook;
 - B. Receive and discuss risk assessment results;
 - C. Discuss the level of service goal;
 - D. Receive and discuss information on preliminary project and portfolio analyses; and
 - E. Receive and discuss information on potential storage options.

Mr. Gerald De La Piedra, Water Supply Planning and Conservation Manager, reviewed the information on this item, per the attached Board Agenda Memorandum, and Ms. Tracy Hemmeter, Senior Project Manager, reviewed the attached presentation materials.

Ms. Hemmeter confirmed that Attachment 5, Page 26, would be revised to include the Uvas Reservoir to Santa Clara Conduit connector pipeline.

A summary of the Board's discussion is contained in the attached flip chart notes. Mr. Stan Williams, Poseidon Water, expressed support for maintaining a diversified water supply portfolio and for the District's recycled water use goals. He encouraged increased discussion on the District's level of service goals, and submitted the attached materials identified as Handout 2.1-A herein. Copies of the Handout were distributed to the Board and made available to the public.

Ms. Katja Irvin, Sierra Club, expressed concern with the following components of the Water Supply Master Plan: cost and yield models for the California WaterFix; potential over-estimation in Sites Reservoir analysis; inconsistency in demand and conservation trending vs. baseline analyses; an absence of per acre foot cost variations between small and large projects; and yield estimates for storm water capture.

Ms. Libby Lucas, Los Altos resident, expressed concern with the impacts of quarry activities on the northern portion of the Santa Clara Valley Aquifer and requested that the Board direct staff to investigate water quality from Cal Water wells.

Chairperson Varela acknowledged receipt of the attached e-mail from Director Kremen, identified as Handout 2.1-B herein. Copies of the Handout were distributed to the Board and made available to the public.

The Board noted the information, without formal action.

2.2. Potential Expansion of Pacheco Reservoir and/or Anderson Reservoir, Proposition 1 Funding Opportunity, and Potential Single Source Consultant Agreement.

- Recommendation:
- A. Receive information on and discuss the merits of expanding Pacheco Reservoir and/or Anderson Reservoir;
 - B. Discuss the merits of preparing a Proposition 1 funding application for one or both of these projects;
 - C. Provide direction to staff to continue to evaluate Anderson Reservoir expansion as part of the 2017 Water Supply Master Plan update but not to proceed with studies or Proposition 1 application to expand the reservoir at this time; and
 - D. Authorize the Interim CEO to negotiate and execute a single source agreement with a consultant for up to \$900,000 to prepare a Proposition 1 funding application for Pacheco Reservoir.

Ms. Cindy Kao, Imported Water Manager, reviewed the information on this item, per the attached Board Agenda Memorandum and reviewed the materials contained in Attachment 3.

Motion: Authorize Directors Kremen and Santos, and Chairperson Varela, to meet with the Boards of the Pacheco Pass Water District (PPWD) and the San Benito County Water District (SBCWD) to discuss opportunities for partnerships on the possible expansion of Pacheco Reservoir; authorize staff to continue with negotiations on the single-source consultant contract for Proposition 1 application; and direct staff to return to the Board when appropriate, after meetings with the PPWD and SBCWD Boards have been held.

Move to Authorize: Tony Estremera
Second: Richard Santos

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

2.3. Resolution Calling for a Water Use Reduction Target Equal to 20 Percent of 2013 Water Use.

Recommendation: Adopt the Resolution CALLING FOR A 20 PERCENT WATER USE REDUCTION TARGET AND A RESTRICTION ON OUTDOOR WATERING OF ORNAMENTAL LANDSCAPES OR LAWNS WITH POTABLE WATER TO A MAXIMUM OF THREE DAYS A WEEK; FURTHER, SUPPORTING LOCAL ENFORCEMENT OF THE WATER WASTE PROHIBITIONS CURRENTLY IN EFFECT BY THE STATE WATER RESOURCES CONTROL BOARD, OR AS MAY BE AMENDED.

Ms. Mary Robertson, of undisclosed residency, thanked the Board for the District's efforts to promote conservation during the drought, and expressed support for adoption of the proposed resolution. She discussed California Water Service's water conservation incentives as a model for managing implementation of conservation measures; encouraged a District outreach message expressing appreciation to water users for their conservation efforts; and expressed support for inclusion of multi-family, high density, and industrial water users in future conservation-related surcharges.

Motion: Adopt Resolution No. 17-08, CALLING FOR A 20 PERCENT WATER USE REDUCTION TARGET AND A RESTRICTION ON OUTDOOR WATERING OF ORNAMENTAL LANDSCAPES OR LAWNS WITH POTABLE WATER TO A MAXIMUM OF THREE DAYS A WEEK; FURTHER, SUPPORTING LOCAL ENFORCEMENT OF THE WATER WASTE PROHIBITIONS CURRENTLY IN EFFECT BY THE STATE WATER RESOURCES CONTROL BOARD, OR AS MAY BE AMENDED, by roll call vote, and direct staff to prepare a written response to issues raised in the comment letters contained in Handout 2.3-A.

Move to Adopt: Richard Santos
Second: Linda J. LeZotte

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

3. ADJOURN:

3.1. Clerk Review and Clarification of Board Requests.

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

3.2. Adjourn to 5:00 p.m. Closed Session and 6:00 p.m. Regular Meeting, on February 14, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 3:45 p.m., to the 5:00 p.m. Closed Session and 6:00 p.m. Regular meeting on February 14, 2017, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date: 03/14/2017

**Santa Clara Valley Water District
Special Board Meeting**

January 31, 2017

FLIP CHART NOTES

**Agenda Item 2.1
Update on the 2017 Water Supply Master Plan
and Potential Storage Options**

- Staff is to show costs in billions, where applicable, in future presentations. (L. LeZotte) (*Reference Attachment 5, Page 20*)
- Staff is to include incentives to water retailers for identifying and fixing leaks in their distribution system in future presentations. (G. Kremen) (*Reference Attachment 5, Page 19*)
- Staff is to further break-out the various programs that are included in Conservation and Demand Management in future presentations. (N. Hsueh) (*Reference Attachment 5, Page 19*)
- Staff is to investigate opportunities to add additional water recharge facilities downstream of Uvas Reservoir. (G. Kremen)
- Staff is to consider purchasing water storage rights from other agencies, such as those with excess storage. (G. Kremen)
- Staff is to come back at the next update with more detail on the various projects being considered (e.g., instead of a range for storm water, include information on specific projects). (G. Kremen)
- Staff is to investigate the District's ability to use impact fees. (T. Estremera)
- Staff is to come back with the results of surveying the community and water retailers regarding level of service during the next presentation to the Board. (G. Kremen)
- Staff is to investigate methods of increasing drought-response commercial and industrial water conservation efforts in the future. (L. LeZotte)
- Staff is to consider flood protection benefits of storm water capture. (R. Santos)
- Staff is to consider how demand hardening may impact the region's ability to meet future calls for water savings. (G. Kremen)
- Staff to consider how the future scenarios will be affected if the baseline is not implemented. (N. Hsueh)
- Staff to investigate if small, low-cost projects can fill the gaps to avoid significant rate hikes. (G. Kremen)

Agenda Item 2.2
Potential Expansion of Pacheco Reservoir and/or Anderson Reservoir, Proposition 1
Funding Opportunity, and Potential Single Source Consultant Agreement

- Vice-Chair Santos
 - Inquired about participation in this effort/project by Pacheco Pass Water District (PPWD) and San Benito Water District (SBWD).
 - Sees the potential benefit of this project. We must invest the District's money wisely, with the most bang for our buck. We need to keep sight of the future possibilities as well.
- Director Estremera
 - Concerns about ownership of the Reservoir expressed, must be addressed.
 - Questioned if we are looking at Pacheco expansion in addition to other storage or instead of?
 - Suggests that the PPWD Board be contacted to inquire about their interest and willingness for some partnership/participation/cooperation.
 - Moved that Chair Varela, Vice-Chair Santos and Director Kremen, the three SCVWD board members who have already met the PPWD board members, meet with them again (also with SBWD board members) to discuss this possible expansion and Prop 1 funding project and report back to the full board.
 - Concurrently with the above, staff should negotiate, but not execute, a single source consultant agreement to prepare the Prop 1 funding application.
 - The consultant agreement should come before the full board for approval.
- Director Hsueh
 - Hesitant to support spending \$900K even if it might bring funding down the road.
- Chair Varela
 - However, it may be worth exploring to have a local future water supply, it may afford long-term benefits.
 - Partnering with smaller districts can be beneficial in many ways.
- Director Kremen
 - Disappointed that no one has spoken to PPWD board members since they were elected to introduce the idea of doing this project with them yet.
 - Disappointed staff has not already developed other partnerships for expanding Pacheco.
- Chair Keegan
 - Concerns that Pacheco is a facility with deficiencies, a new Board with limited funds. Feels we are gambling nearly \$1M on a high-risk option with fewer upsides as other options.
 - Concerns that the PPWD is inexperienced in this sort of thing and may not be able to work with us in a timely fashion to meet the Prop 1 funding filing deadlines.
 - Staff should come back at the 2nd February board meeting (2/28) with the consultant agreement. There will be a lot of work that will need to be done by the consultants, so we need to be quick.

- Director LeZotte
 - A Pacheco Reservoir expansion is already in our Master Plan and is confused. Asked Director Estremera and Kremen for clarification of their proposals.
 - Ensure that the consultant contract can be ended at any time, terminated at our convenience.