

**Board Policy, CEO Interpretations, and District Principles
Related to the Imported Water Program & California WaterFix**

Board Governance Policy provides the following guidance for implementing the Imported Water Program

Global Policy

GP-1: The purpose of the Board, on behalf of the people of Santa Clara County, is to see to it that the District provides Silicon Valley safe, clean water for a healthy life, environment, and economy.

Ends Policies

E-2: There is a reliable, clean water supply for current and future generations

Strategies:

S 2.4. Develop water supplies designed to meet at least 100 percent of average annual water demand identified in the District's Urban Water Management Plan during non-drought years and at least 90 percent of average annual water demand in drought years.

S 2.5. Engage, educate, and advocate with federal, state, regional and local agencies, and the water retailers on the delivery of a reliable and clean water supply.

- E-2.1: Current and future water supply for municipalities, industries, agriculture and the environment is reliable.
 - E-2.1.3: Protect, maintain and develop imported water.

Outcome Measures:

OM 2.1.3.a. 100% of imported water identified in annual operations plan delivered to County to meet annual water needs.

Strategies:

S.2.1.3.1: Develop and maintain imported water contracts and water management partnerships.

S.2.1.3.2: Aggressively pursue the Delta solution to achieve the coequal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem, all in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.

CEO Direction:

D 2.1.3.2.a. The District's desired outcome is a cost-effective, comprehensive, long-term solution for the Delta that meets the water supply, water supply reliability, and water quality needs of Santa Clara County while balancing other beneficial uses and providing a sustainable Delta ecosystem.

D 2.1.3.2.b. The District supports moving forward with environmental review and feasibility studies for a long-term Delta solution, including analyses of a dual Delta conveyance and a full range of isolated facility sizes.

D 2.1.3.2.c. Continuing to rely solely on existing through-Delta conveyance for the District's imported water supplies is not acceptable because of the instability of existing Delta levees, underlying seismic risks, increasing threats of altered hydrology and sea level rise due to climate change, and ongoing regulatory uncertainty and concerns over the environmental health of the Delta.

D.2.1.3.2.d. The long-term Delta solution should promote a resilient Delta ecosystem by basing all actions on sound science and addressing the full range of environmental stressors, including toxics, invasive species, and all watershed diverters.

Executive Limitations

EL-4: Financial planning for any fiscal year shall be aligned with the Board's Ends, not risk fiscal jeopardy, and be derived from a multi-year plan. With respect to the actual, ongoing financial condition and activities, the BAOs shall provide for the development of fiscal sustainability.

- EL-4.2: The Board Appointed Officer shall "spend in ways that are cost-efficient."
 - I-EL-4.2.a. Costs of the long-term Delta solution should be allocated equitably.
 - I-EL-4.2.b. The District favors a flexible approach to cost allocation that maximizes the opportunity for discretionary allocations of cost based on incremental benefits.

EL-5: With respect to purchasing and contract activities, use a fair, open and expeditious process and stay within the Board's authorized expenditures.

- EL-5.1: A BAO shall not make a single purchase, contract, 3rd party claim settlement of liability, or any other financial commitments in amounts greater than the following, unless authorized by the Board:
 - EL-5.1.6.: For Imported Water Management Contracts—No limit; the CEO will inform the Board on a timely basis of Imported Water Management Contracts executed.

- EL-5.3: A BAO shall not make a single purchase, contract, or any other financial commitment without a competitive procurement process, unless authorized by the Board or one of the following exemptions is applicable:
 - EL-5.3.3.: Financial commitments resulting from imported water management agreements, so long as the CEO informs the Board of the commitment on a timely basis.

EL-6: The BAOs shall protect and adequately maintain corporate assets.

- EL-6.5: Protect water rights and rights of way.
 - I-EL-6.5.b.: Meet all water contract terms and conditions, and take action as needed to protect and preserve water contract rights and benefits.
 - I-EL-6.5.b.i.: Governance structures and operating agreements related to the long-term Delta solution must provide the ability to protect the value of the District's imported water assets, including water supply and banking contracts.

EL-7: The BAOs shall inform and support the Board in its work.

- EL-7.3.: Inform the Board of the intent to undertake negotiation of any imported water management agreement connected with proposed land development or involving a private or non-governmental party and keep the Board informed of imported water management activities on an ongoing basis.
 - I-EL-7.3.a.: Provide at least quarterly updates to the Board on imported water management activities, including forecasts of water transfers or other imported water management agreements, and provide confirmation of executed agreements within one month of completion.
- EL-7.4: Marshal for the Board as many employee and external points of view, issues and options as needed for fully informed Board choices.
 - I-EL-7.4.a.: Notify public of Board meetings, workshops, and committees.

Santa Clara Valley Water District Principles
California Water Fix
March 14, 2017

Principles:

1. General

- a. The quality of life and economy for the Silicon Valley would not be possible without imported water.¹
- b. The District's desired outcome is a cost-effective, comprehensive and reliable long-term solution for the Delta that meets the water supply, water supply reliability, and water quality needs of Santa Clara County, while balancing other beneficial uses and providing a sustainable Delta ecosystem.¹
- c. The Delta solution should achieve the coequal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem, all in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.²
- d. The District will work to ensure water quality will support all beneficial uses, including recreation, fishing, drinking water, and environment.³
- e. Governance structures and operating agreements related to the long-term Delta solution must provide the ability to protect the value of the District's imported water assets, including water supply and banking contracts.²
- f. The board will evaluate not only ecosystem and water supply benefits, but also whether the balance of the CWF's costs and benefits weighs in favor of the District's customers and ratepayers.¹
- g. Continuing to rely on the existing system of through-Delta conveyance for the County's imported water supplies is not sustainable. Many factors affect species' health in the Delta, and the Delta is also threatened by continuing land subsidence, seismic risk, and effects of climate change.³

2. Water supply reliability

- a. Continuing to rely solely on existing through-Delta conveyance for the District's imported water supplies is not acceptable because of the instability of existing Delta levees, underlying seismic risks, increasing threats of altered hydrology and sea level rise due to climate change, and ongoing regulatory uncertainty and concerns over the environmental health of the Delta.²
- b. The Delta and its watershed has played a significant role in recharging the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County.³
- c. Any participation in the CWF would be part of a comprehensive plan that includes sustainable approaches for improved water supply, water quality, and reliability through increased regional self-sufficiency. Methods include increased conservation, water use efficiency, recycling and reuse, conjunctive use of groundwater, and other approaches to

contribute to reducing reliance on the Delta, including the Bay Area Regional Reliability (BARR) effort.³

- d. Substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water.¹

3. *Environmental protection*

- a. The long-term Delta solution should promote a resilient Delta ecosystem by basing all actions on sound science and addressing the full range of environmental stressors, including toxics, invasive species, and all watershed diverters. (also from District's Board Policies and CEO Interpretations)³
- b. The CWF should not be viewed as the single solution to the Delta's troubles but instead should be viewed as an important part of a comprehensive solution.¹
- c. The District supports environmental restoration and protection, including the State's EcoRestore program, and other programs that will improve the overall Delta ecosystem.¹
- d. Protection and restoration of a healthy sustainable Bay-Delta Estuary includes improvements in habitat, water quality, flows, and water supply to support fisheries, wildlife, and a resilient ecosystem.³
- e. Restoration of native habitat to protect endangered fish, wildlife and plant species is needed to improve the ecological functions of the Bay Delta Estuary.³
- f. Restoration of more natural flow patterns within the Delta and bay would support robust fish and wildlife populations and their habitat.³
- g. Measures should be taken to control and reduce invasive species that impair the health of the Delta ecosystem.³

4. *Costs and financing*

- a. Costs of the long-term Delta solution should be allocated equitably.²
- b. The District favors a flexible approach to cost allocation that maximizes the opportunity for discretionary allocations of cost based on incremental benefits.²
- c. The District supports full public disclosure of costs of all proposed solutions.³
- d. The District's investment decisions will protect the economic viability of industry, recreation, tourism, fisheries, and agriculture, and the vitality of the County.³

¹ Derived from the District 7/21/16 policy statement before the state Water Resources Control Board

² Derived from Board Policy and CEO Interpretations

³ Derived from the 8/16/16 Resolution of the Board of Supervisors of the County of Santa Clara Expressing its Interests in the Bay Delta Estuary Planning Process