



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION AND REGULAR MEETING
TUESDAY, DECEMBER 12, 2017
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District Board of Directors was called to order on Tuesday, December 12, 2017, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, at 10:00 a.m.

1.1. Roll Call.

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

Director Keegan was excused from attending, and Director Estremera arrived as noted below.

Staff members in attendance were S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, K. Arends, R. Chan, A. Cheung, A. Comelo, R. Gibson, V. Gin, C. Hakes, G. Hall, N. Hawk, B. Hopper, L. Orta, K. Oven, M. Richardson, D. Taylor, S. Tikekar, and S. Tippets. Chief of External Affairs R. Callender represented Chief Executive Officer N. Camacho.

Chairperson Varela declared time open for public comment on Item 2.3.

Three statements expressing concerns regarding fair and moderate labor negotiations were received from: Mr. Stanley Young, International Federation of Professional and Technical Engineers Local 21 (IFPTE Local 21); Mr. John Tucker, American Federation of State, County and Municipal Employees Local 101 (AFSCME Local 101); and Mr. Gary Nagaoka, Professional Managers Association.

Mr. Young submitted the attached written comments; and Mr. Tucker submitted labor rates report identified as Handouts 2.3-A and 2.3-B, herein respectively. Copies of the Handouts were distributed to the Board and made available to the public.

Director Estremera arrived.

Chairperson Varela announced that the Board would adjourn to Closed Session for consideration of Items 2.1 through 2.3.

Upon return to Open Session, the same Board members including Director Estremera and excluding Director Keegan, and staff were present.

2. TIME CERTAIN:

10:00 AM

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - LIABILITY CLAIMS
Government Code Section 54956.9(e)(3)
Receipt of Claims Claimants: Thomas Wingens, Kera Prum, Hoang Pham,
Mong Van Fousek
Claim against: District
- 2.2. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Silicon Valley Foundation for a Better Environment v. SCVWD and California
Department of Fish and Wildlife Santa Clara County Superior Court, Case No.
17CV31886
- 2.3. CLOSED SESSION
CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6(a)
Agency Designated Representatives: Norma Camacho, Anil Comelo, Michael
Baratz, Laura Harbert, Dania Torres Wong, Esq.
Employee Organizations: Employees Association, Engineers Society,
Professional Managers Association

1:00 PM

- 2.4. District Counsel Report.

Mr. Brian Hopper, Senior Assistant District Counsel, reported that in regards to Item 2.1 and 2.3, the Board met in Closed Session with all members present, excluding Director Keegan, and gave direction to staff; and Ms. Rita Chan, Assistant District Counsel, reported that in regards to Item 2.2, the Board met in Closed Session with all members present, excluding Director Keegan, and gave direction to staff.
- 2.5. Pledge of Allegiance/National Anthem.

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

2.6. Orders of the Day.

Chairperson Varela announced that Item 10.1 would be considered after approval of the Consent Calendar.

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

Chairperson Varela declared time open for public comment on any subject not on the agenda.

Director Santos recognized the Organization for Latino Affairs members and other District staff who volunteered at the December 9, 2017 Santa Visits Alviso Foundation event.

2.8. Water Resources Management Degree Program at Gavilan College in Gilroy, California.

Recommendation: Receive information on the Water Resources Management Degree Program at Gavilan College and the District's partnership in support of the program.

Ms. Nina Hawk, Chief Operating Officer, reviewed the information on this item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff and representatives from Gavilan College as follows: Ms. Ingrid Bella, Senior Management Analyst, reviewed Slides 1 through 2; Dr. Kathleen Rose, President Gavilan College, provided opening remarks; and Ms. Sherrean Carr, Dean Gavilan College, reviewed Slides 3 through 9.

The Board noted the information without formal action.

Director Santos left the meeting and returned as noted below.

2.9. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, Independent Auditor's Reports, and Auditing Services Contract One-Year Extension.

Recommendation: Accept the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 and other Independent Auditor's Reports, and approve one-year extension of current audit services contract.

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

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

Director Santos returned.

Chairperson Varela moved the agenda to the Consent Calendar.

3. **CONSENT CALENDAR:**

The Board considered Consent Calendar Items 3.1 through 3.7, under one motion.

3.1. Renew the Wells Fargo Bank Sanctions Through September 27, 2018.

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|-----------------|----|---|
| Recommendation: | A. | Receive updates on the State Treasurer's Office sanctions against Wells Fargo Bank; and |
| | B. | Approve the extension of District sanctions against Wells Fargo Bank through September 27, 2018, and provide direction to staff as necessary. |

3.2. Amendment No. 2 to Grant Agreement No. A3710R, with City of Gilroy for the Ronan Channel Interim Trail Project (Gilroy) (District 1).

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|-----------------|----|---|
| Recommendation: | A. | Approve Amendment No. 2 to the Grant Agreement A3710R between the Santa Clara Valley Water District and the City of Gilroy; and |
| | B. | Authorize the Chief Executive Officer to execute Amendment No. 2 to the Agreement. |

3.3. Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2017.

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| Recommendation: | A. | Review the Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2017; and |
| | B. | Approve the report, if the reimbursements comply with Board Policy. |

- 3.4. Amendment to Purchase Order No. 29651 with FISHBIO for Fish Monitoring Devices, Resulting in a Total Not-to-Exceed Amount of \$273,283.

Recommendation: Authorize the CEO to increase the maximum purchase order amount for FISHBIO by \$46,920 for a total amount, not to exceed \$273,283 to enable the installation of three Vaki fish monitoring systems.

- 3.5. Claim by Great Oaks Water Company Against the Santa Clara Valley Water District for Refund of Groundwater Production Charges.

Recommendation: Deny the claim.

- 3.6. Claim of Mary Rea, et al.

Recommendation: Deny the Claim of Mary Rea, et al.

- 3.7. CEO Bulletins for the Weeks of November 24-30, and December 1-7, 2017.

Recommendation: Accept the CEO Bulletins.

Motion: Approve Consent Calendar Items 3.1 through 3.7 under one motion, as follows: approve the extension of District sanctions against Wells Fargo Bank through September 27, 2018, and provide direction to staff as necessary, as contained in Item 3.1; approve Amendment No. 2 to the Grant Agreement A3710R between the Santa Clara Valley Water District and the City of Gilroy, and authorize the CEO to execute Amendment No. 2 to the Agreement, as contained in Item 3.2; approve the Board of Directors' Quarterly Expense Report for the quarter ending September 30, 2017, as contained in Item 3.3; authorize the Chief Executive Officer to increase the maximum purchase order amount for FISHBIO by \$46,920 for a total amount, not to exceed \$273,283 to enable the installation of three Vaki fish monitoring systems, as contained in Item 3.4; deny the claim by Great Oaks Water Company, as contained in Item 3.5; deny the claim by Mary Rea, as contained in Item 3.6; and accept the CEO Bulletins, as contained in Item 3.7.

Move to Approve : Richard Santos

Second: Tony Estremera

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

Nays: None

Abstains: None

Recuses: None

Absent: Barbara Keegan

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

Chairperson Varela moved the agenda to Item 10.1.

REGULAR AGENDA:

10. DISTRICT COUNSEL:

- 10.1. Application for Leave to File Late Claim for Claim of Thomas Wingens, 4355 Monterey Rd., LLC.

Recommendation: Deny the application to file a late claim.

Mr. Bart Hechtman, Matteoni, O'Laughlin and Hechtman Lawyers, reviewed the information on this item, per the attached Board Agenda Memorandum, and reviewed and distributed the attached California Government Codes §911.4 and §911.6, identified as Handout 10.1-A herein. Copies of the Handout were distributed to the Board and made available to the public.

Motion to Approve: Accept the Application for Leave to File a Late Claim and direct staff to bring back the claim for consideration at a future meeting.

Move to Approve : Tony Estremera

Second: Linda J. LeZotte

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

Nays: None

Abstains: None

Recuses: None

Absent: Barbara Keegan

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

Chairperson Varela returned the agenda to Item 4.1.

4. BOARD OF DIRECTORS:

- 4.1. Providing Notice of Time and Place of Public Hearing for the Santa Clara Valley Water District Board of Directors to Consider Directors' Compensation for Calendar year 2018, Pursuant to Chapter 2, Division 10 of the California Water Code.

- Recommendation:
- A. Set a time and place for a public hearing for the Board of Directors to consider Directors' compensation for calendar year 2018, pursuant to Chapter 2, Division 10 of the California Water Code, for 6:00 p.m. on January 23, 2018, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California; and
 - B. Direct the Clerk of the Board to publish notice of public hearing in a newspaper of general circulation within the county.

Ms. Michele King, Clerk/Board of Directors, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

4.2. Amend Fiscal Year (FY) 2017-2018 District Investment Policy to Incorporate Socially Responsible Investment (SRI) Objectives.

Recommendation: Approve the Amended FY 2017-2018 District Investment Policy to incorporate socially responsible investment objectives.

Ms. Charlene Sun, Treasury and Debt Officer, reviewed the information on this item, per the attached Board Agenda Memorandum.

Motion: Direct staff to revise the proposed amendments to the District Investment Policy on Page 6, Section 3.5, to include language keeping investments local to Bay Area banks with less than \$10 billion in assets, and to maintain 5% of funds not needed for the immediate necessities of the District in these banks for a limit of 5 years, at the discretion of the District Treasurer; direct staff to issue a press release advising the media of the Board's action on this item; and approve the proposed amendments to the District Investment Policy, as revised.

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

4.3. THIS ITEM REMOVED FROM AGENDA.

4.4. Santa Clara Valley Water Commission's Recommendation and Associated Staff Analysis from the Commission's October 25, 2017, Meeting.

Recommendation: Consider and act on the recommendations by the Santa Clara Valley Water Commission, encouraging the Board to target and concentrate its potable and non-potable water reuse education and outreach efforts on the youth.

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

4.5. Board Committee Reports.

None

5. WATER UTILITY ENTERPRISE:

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on Items 5.1 and 5.2, per the attached Board Agenda Memorandums.

5.1. Reduction of Construction Contract Retention for the Wolfe Road Recycled Water Facilities Project, JMB Construction, Inc., Contractor, Project No. 91244001, Contract No. C0607 (Sunnyvale) (District 5).

Recommendation: Authorize reducing the current construction contract retention of ten percent (10%) to five percent (5%), consistent with the minimum amount required by the California Public Contract Code.

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

5.2. Expedited Purified Water Program - Program Status Updates and Implementation Next Steps.

- Recommendation:
- A. Receive and discuss Expedited Purified Water Program updates;
 - B. Consider staff's recommendation to proceed with Indirect Potable Reuse to Los Gatos Ponds; and
 - C. Provide input on next steps for the Expedited Purified Water Program's implementation process, including proceeding with procurement and initiating environmental assessment and permitting.

Ms. Debra Butler, Senior Project Manager, reviewed the information contained in Attachment 2, Slides 1 through 14; Ms. Owen reviewed Slides 16 and 21; and Mr. David Moore, Clean Energy Capital, reviewed Slides 17-20.

Chairperson Varela declared time open for public comment on Item 5.2.

Three statements expressing support for the District to implement an accelerated process shortening the project schedule by two years were received from: Mr. Peter Luchetti, and Ms. Megan Matson, Table Rock Capital; and Mr. Stan Williams, Poseidon Water.

Motion: Accept the next steps identified in Attachment 2, Page 21, and direct staff to expedite the Request for Quotes to result in up to three qualified contractors, accelerate the Memorandum of Understanding with the City of San Jose to complete by June 2018 or sooner, and shorten the overall project schedule by two or more years.

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

Chairperson Varela returned the agenda to Item 2.10.

2.10. Winter Preparedness Briefing.

Recommendation: Receive information on the Santa Clara Valley Water District's preparedness for winter operations.

Mr. Anil Comelo, Acting Chief Operating Officer, Administration, reviewed the information on this item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1 were reviewed as follows: Mr. Charles Bell, National Weather Service, reviewed Slides 1-3; Ms. Melanie Richardson, Interim Chief Operating Officer, reviewed Slides 4-13; Mr. Marty Grimes, Program Administrator, reviewed Slides 14-21, Mr. Raymond Fields, Project Manager, reviewed Slides 22-23, and 27-33, and Mr. Vincent Gin, reviewed Slides 24-26.

The Board noted the information without formal action.

5.3. Update on the Condition of the Almaden Valley Pipeline Inspection and Rehabilitation Project (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7) and Determination that the Condition of the Almaden Valley Pipeline Continues to Constitute an Emergency.

- Recommendation:
- A. Receive an update on the Almaden Valley Pipeline Inspection and Rehabilitation Project; and
 - B. Determine by a four-fifths vote of the Board, that there is a need to continue the emergency action declared by the Chief Executive Officer (CEO) on December 5, 2017, pursuant to California Public Contract Code ?22050, to repair the Almaden Valley Pipeline (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7).

Mr. Christopher Hakes, Assistant Officer, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

6. WATERSHEDS:

None.

7. EXTERNAL AFFAIRS:

7.1. Update on the Office of Civic Engagement and Formation of Board Advisory Youth Commission.

- Recommendation:
- A. Receive information and updates on Office of Civic Engagement;
 - B. Approve the formation of a Santa Clara Valley Water District Youth Commission; and
 - C. Adopt the Resolution PROVIDING FOR AND DEFINING THE STRUCTURE AND FUNCTION OF ADVISORY COMMITTEES TO THE SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS AND REPEALING RESOLUTION 15-28.

Mr. Rick Callender, Chief of External Affairs, reviewed the information on this Item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1.

Motion: Approve the formation of a Santa Clara Valley Water District Youth Commission; and adopt Resolution No. 17-75, PROVIDING FOR AND DEFINING THE STRUCTURE AND FUNCTION OF ADVISORY COMMITTEES TO THE SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS AND REPEALING RESOLUTION 15-28, by roll call vote; and send the Executive Limitations Policy on Sponsorship level to the Board Planning and Policy Committee for discussion and recommended changes.

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

7.2. Update on a District Branding Initiative.

Recommendation: Provide feedback on the proposed plan for developing a branding initiative for the District.

Mr. Grimes reviewed the information on this item, per the attached Board Agenda Memorandum.

The Board noted the information without formal action.

- 7.3. Recommended Positions on Federal Legislation: HR 3916 (Calvert) - Federally Integrated Species Health (FISH) Act; HR 3912 (Walorski) - Move America Act of 2017; and HR 1971 (Smucker) and S 692 (Fischer) Water Infrastructure Flexibility Act.

- Recommendation:
- A. Adopt a position of "Support" on: HR 3916 (Calvert) - Federally Integrated Species Health (FISH) Act;
 - B. Adopt a position of "Support" on: HR 3912 (Walorski) - Move America Act of 2017; and
 - C. Adopt a position of "Support" on: HR 1971 (Smucker) and S 692 (Fischer) - Water Infrastructure Flexibility Act.

Ms. Rachael Gibson, Program Administrator, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

8. CHIEF EXECUTIVE OFFICER:

- 8.1. Fiscal Year 2018-19 Budget Process Overview and Financial Liability Discussion.

Recommendation: Receive and discuss the Fiscal Year 2018-19 overview of the District's Budget Development Process and financial liability status.

Mr. Taylor reviewed the information on this item, per the attached Board Agenda Memorandum.

The Board noted the information without formal action.

- 8.2. Chief Executive Officer Report.

Ms. Richardson reported that Director Santos and District staff would testify before the San Francisco Regional Water Quality Control Board on the tentative order for the South San Francisco Bay Shoreline Project EIA 11, on December 13, 2017.

9. ADMINISTRATION:

None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

Director LeZotte reported attending an Emergency Training for Directors meeting; two Capital Improvement Program (CIP) Committee meetings; a Coleman Avenue Undercrossing Trail Ribbon Cutting event; a Special District's Association meeting; a Vistapark, Encore, and Parkview Valley (VEP) Community Association presentation; an All Employee meeting; and various meetings with staff.

Director Santos reported attending the aforementioned All Employee meeting; a Berryessa Citizens Advisory Council meeting; and a Meet and Greet with Mr. Eric Thornburg, San Jose Water Company CEO.

Chairperson Varela reported attending the aforementioned All Employee meeting and Meet and Greet with Mr. Thornburg; a Board Policy and Planning Committee meeting; the Fall Association of California Water Agencies conference; the Morgan Hill Downtown Parks grand opening event; a Local Agency Formation Commission meeting; a San Luis Delta Mendota Water Authority (SLDMWA) Board meeting and workshop; a meeting with Ms. Cindy Chavez, Santa Clara County District 2 Supervisor; a meeting with Mr. Sergio Jimenez, City of San Jose District 2 Councilmember; and participating as a presenter at a Sustainable Silicon Valley Winter conference.

Director Estremera reported attending the aforementioned meetings with Ms. Chavez and Mr. Jimenez; and the California-Nevada Section, American Water Works Association 2017 North American Water Loss Conference.

Director Hsueh reported attending the aforementioned CIP Committee meetings; a Residents of Saratoga meeting; and various meetings with staff.

Director Kremen reported attending the aforementioned Sustainable Silicon Valley Winter conference, and SLDMWA Board meeting and workshop; a McKelvey Park Site Tour; a Water in the West Program; and Pacheco Presentation Dry-Run meetings.

11.2. Clerk Review and Clarification of Board Requests.

There were no new Board Member Requests.

- 11.3. Adjourn to Special Meeting at 10:00 a.m., on December 19, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting in memory of San Francisco Mayor Ed Lee, and Mr. Guy Wamocha, SLDMWA, at 4:45 p.m., to the Special Meeting at 10:00 a.m., on December 19, 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: February 13, 2018