



BOARD OF DIRECTORS MEETING

MINUTES

SPECIAL BOARD LEADERSHIP STUDY

FRIDAY, JUNE 8, 2018

9:00 AM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

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 9:00 a.m.

1.1. Roll Call.

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

Director Kremen was excused from attending.

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, E. Aryee, M. Baratz, R. Callender, A. Comelo, R. Gibbons, V. Gin, C. Hakes, K. Oven, M. Richardson, D. Taylor, S. Tippetts

Pledge of Allegiance/National Anthem.

Mr. Anil Comelo, Acting Chief Operating Officer, Administrative Services, led all present in reciting the Pledge of Allegiance.

1.4. 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. There was no one present who wished to speak.

2. TIME CERTAIN:

9:00 AM

- 2.1. Special Board Leadership Study Regarding Ensuring Effective Representation for Our Constituents as We Provide a Safe, Clean and Affordable Supply of Water, Construct Natural Flood Protection Projects, and Deliver on Our Environmental and Stream Stewardship Commitments to Our Community for a Healthy Life, Environment and Economy Within Our Current Funding Constraints.

- Recommendation:
- A. Receive brief staff presentations and participate in a facilitated work session to discuss and brainstorm on how the Board can ensure it is providing effective representation for our constituents as it pertains to the subject set forth above, in relation to the following sub-topics; and
 - i. Current and potential future demands on Watersheds Stream Stewardship Property Tax Revenue;
 - ii. Meeting District Commitments with the Safe, Clean Water Special Tax Revenue; and
 - iii. Affordability of Water Charges.
 - B. Provide direction to staff as to which possible solutions and/or approaches will require staff to further research for feasibility, and if appropriate, develop an action plan proposal for the Board's future consideration.

Ms. Jessica Collins, Supervising Program Administrator, reviewed the information on this item, per the attached Board Agenda Memo, and served as facilitator of the Board Leadership Study, and Mr. Darin Taylor, Chief Financial Officer, reviewed the materials contained in Attachment 1.

A summary of the Board's discussion is contained in the attached flip chart notes.

3. ADJOURN:

- 3.1. Clerk Review and Clarification of Board Requests.

Ms. Collins read a summary of the Board discussion outcomes into the record.

- 3.2. Adjourn to Regular Meeting at 1:00 p.m., on June 12, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Santos adjourned the meeting at 12:45 p.m., to the next regular meeting at 1:00 p.m., on June 12, 2018, 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:

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Santa Clara Valley Water District

Board of Directors Meeting: Special Board Leadership Study

Friday, June 8, 2018

Summary of Item 2.1: Board Leadership Work Session

Staff presented a financial overview on the District's three main funding sources: Watersheds Stream Stewardship Property Tax Revenue; Safe, Clean Water Special Tax Revenue; and Water Charges. The Board, staff and members of the public engaged in a facilitated work session to discuss and brainstorm on how the Board could ensure effective representation for our constituents as we provide a safe, clean and affordable supply of water, construct natural flood protection projects, and deliver on our environmental and stream stewardship commitments to our community for a healthy life, environment and economy within our current funding constraints.

The discussion related to the following sub-topics:

1. Current and potential future demands on Watersheds Stream Stewardship Property Tax Revenue
2. Meeting District Commitments with the Safe, Clean Water Special Tax Revenue; and
3. Affordability of Water Charges.

The facilitated discussion focused on identifying the following for each of the sub-topics:

- **Givens** – Identify what is known and will not change, such as Board Priorities (FY19) and Board actions.
- **Strive to avoid** – Identify what we don't want to have to do and what our solutions will strive to avoid.
- **Consider pursuing** – Identify solutions for staff to analyze for the Board's consideration.

Participants in the discussion included the Board, staff and members of the public.

The tables enclosed are a summary of the discussion notes that were displayed during the meeting.

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Watersheds Stream Stewardship Property Tax Revenue

Givens	Strive to Avoid	Consider Pursuing
<p>Board Priorities (FY19):</p> <ul style="list-style-type: none"> • Provide for watershed-wide regulatory planning and permitting effort • Foster a coordinated approach to environmental stewardship effort • Immediate Emergency Action Plan and flood protection for Coyote Creek <p>Board actions:</p> <ul style="list-style-type: none"> • Directed staff to look into feasibility of potential private funding for supporting Open Space Credit • Board Homeless Encampment Ad Hoc Committee is scheduled to research potential funding sources for encampment cleanup beyond 2019 • Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act <p>Group's additions:</p> <ul style="list-style-type: none"> • Board doesn't have control over the amount collected each year • Board has control over how funds are spent • Open Space Credit is funded by the 1% property tax • When the Capital Improvement Program (CIP) projects are completed in the next 5-8 years, the operations and maintenance (O&M) costs will increase 	<ul style="list-style-type: none"> • Negative public perception • Avoid excessive permitting and mitigation requirements • Legal challenges, such as California Environmental Quality Act (CEQA) lawsuits • Conflicts with sister agencies, non-profits, environmental agencies • Being distracted from our vision while being flexible and adaptable • Avoid conflicts with property ownership; (e.g. encroachments) • Misalignment of public's expectations with District priorities • Providing unrealistic timelines • Conflicts with non-profit and environmental agencies 	<p>Special Parcel Tax</p> <p>Benefit Assessments</p> <p>Development Impact Fees</p> <ul style="list-style-type: none"> • Expand what we consider as a development impact fee <p>Explore Tax Options</p> <ul style="list-style-type: none"> • Explore the 1% tax on businesses • Explore a water affordability and environmental stewardship or benefit assessment • Explore other taxes, including property tax • Find out if personal property is included in the 1% ad valorem. If not, do we have authority for collection? • Explore property tax revenue and a process for the Board to evaluate the allocation to projects (i.e. prior to budget process) • Create a process for the Board to be engaged in the allocation of the property tax <p>Water conservation credit and possible separation from groundwater charges</p> <ul style="list-style-type: none"> • Separate water conservation from groundwater charges • Consider a water conservation credit that businesses can fund <p>Open Space Credit Endowment Fund</p> <ul style="list-style-type: none"> • Explore working with a foundation to set up an endowment fund • Explore business partnerships or sponsorships <p>Partnering to generate revenue &/or reduce costs</p> <ul style="list-style-type: none"> • Partner with county and Santa Clara Valley Transportation Authority (VTA) on trails projects and

		<p>pursue funding together, including partnership with Open Space Authority</p> <ul style="list-style-type: none"> • Partner with cities/county on a ballot measure • Continue to engage other policy makers for partnership opportunities • Explore a mix of local and county revenue sources • Doing stream stewardship in conjunction with parks and recreation projects • Where can we realize revenue together? (with other agencies on integrated projects) • Partner with other agencies to pursue different revenue sources • Look at existing projects for integration opportunities • Partner with county, since they can implement taxes (i.e. sales tax) • Reducing costs by shifting the work to other agencies (i.e. homeless encampment)
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Safe, Clean Water Special Tax Revenue

Givens	Strive to Avoid	Consider Pursuing
<p>Program Priorities:</p> <p>Priority A: Ensure a safe, reliable water supply</p> <p>Priority B: Reduce toxins, hazards and contaminants in our waterways</p> <p>Priority C: Protect our water supply from earthquakes and natural disasters</p> <p>Priority D: Restore wildlife habitat and provide open space</p> <p>Priority E: Provide flood protection to homes, businesses, schools, and highways</p> <p>Other Givens:</p> <ul style="list-style-type: none"> • Special tax sunsets in FY28 • Commitment to deliver 38 projects <p>Board actions:</p> <ul style="list-style-type: none"> • Board Homeless Encampment Ad Hoc Committee is scheduled to research potential funding sources for encampment cleanup beyond 2019 • Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act • Board CIP Committee is scheduled to develop some more robust prioritization criteria for stewardship capital projects for the Board's discussion <p>Group's additions:</p> <ul style="list-style-type: none"> • We are entering the second 5 years of the Program • Priorities A, C and E are on track 	<ul style="list-style-type: none"> • Avoid not delivering any Safe, Clean Water project • Avoid waiting too long to come to the Board to make key decision (esp. stewardship projects) • Avoid creating challenges in delivering stream stewardship projects (i.e. approach like CIP projects instead) • Avoid being short-sighted with how we manage this Program • As we engage on stream stewardship projects, avoid creating conflicts for the FAHCE team 	<p>Internal proactive effort to focus on delivery, prioritization and funding</p> <ul style="list-style-type: none"> • Take a proactive look at the priorities and their funding • Create a unit or team to focus on delivering the Safe, Clean Water Program • Identify adjustments or modifications that may be required to address funding priorities • Maintain a level of contingency based upon Program year • Establish lead staff advocate for stream stewardship • Establish priorities and consistent approach to implementation <p>Board engagement on Watershed Stream Stewardship (WSS) Fund</p> <ul style="list-style-type: none"> • Increased Board engagement in WSS property tax to address Safe, Clean Water shortfalls • Engage the Board with elevating the stream stewardship projects with the county (i.e. funding, land use) • Request report on lessons learned (Priorities B and D) • Establish a clear vision to work toward <p>WSS alignment with FAHCE</p> <ul style="list-style-type: none"> • Work internally and externally to ensure consistency with Fisheries and Aquatic Habitat Collaboration Effort (FAHCE) settlement • Explain the linkage between the Safe, Clean Water stewardship projects with FAHCE <p>Proactively engage cities and county in planning, partnerships, and regulatory lobbying</p> <ul style="list-style-type: none"> • Be proactive when working with other agencies

<ul style="list-style-type: none"> • Priorities B and D (environmental stewardship projects) require more Board engagement • If we want to go out for another special parcel tax, we have to deliver • Contingency funds have been expended already • Assumptions made at the onset of the Program are causing challenges • Board has the authority to make changes to the Program 		<ul style="list-style-type: none"> • Work with partners within the county and ask them to lobby on our behalf (i.e. with regulatory agencies) for regulatory relief and removal of project road blocks • Explore joint powers authorities (JPAs) with specific deliverables (i.e. cost, timeline, etc.) • Establish joint principles for working together with the county moving forward • Participate with other agencies when they develop their strategic plans • Agendize cities to present their plans to the Board <p>Definition: "Other agencies" include cities, counties, retailers and NGOs.</p>
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Water Charges

Givens	Strive to Avoid	Consider Pursuing
<p>Board Priorities (FY19):</p> <ul style="list-style-type: none"> • Make key decisions regarding the California (CA) Water Fix • Advance the Anderson Dam Seismic Retrofit Project • Advance recycled and purified water efforts • Finalize Fisheries and Aquatic Habitat Collaboration Effort (FAHCE) • Actively pursue efforts to increase water storage opportunities <p>Additional:</p> <ul style="list-style-type: none"> • Staff requested Proposition 1 funding for water storage projects <p>Board actions:</p> <ul style="list-style-type: none"> • Approved the P3 (public-private partnership) project delivery and financing for the Purified Water Program to ease the projected water charges • Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act • Board CIP Committee is studying feasibility of available methods, other than Water Charges, to fund capital projects • Board directed staff to research affordability for disadvantaged communities and bring back recommendations on how to implement a low income and senior resident water payment assistance program 	<ul style="list-style-type: none"> • Unaffordable rates • Avoid increasing water rates • Avoid letting others establish the narrative for us • Concerned most about the groundwater charges increasing • Avoid infrastructure failure and water shortage • Avoid community fatigue of rate increases • Avoid misuses of the rates • Avoid pitting the environment against water reliability 	<p><i>Request a clear explanation of how each option (Special Parcel Tax, Development Impact Fees, Benefit Assessments) works.</i></p> <p>Special Parcel Tax</p> <p>Development Impact Fees</p> <p>Benefit Assessments</p> <ul style="list-style-type: none"> • Request Water Demand Committee explore benefit assessments further • Review using the same zones for benefit assessments • Support benefit assessments, because: <ul style="list-style-type: none"> ○ High probability of passing ○ Legal requirements aren't as steep as others ○ Is a secure source of funding for capital projects and not rely on water charges • Staff to work with Tim Guster from Great Oaks Water Company <p>Strategic communications and coordination with External Affairs</p> <ul style="list-style-type: none"> • Follow Government Relations lead with communications for politically sensitive topics • Spend more time strategically engaging with other agencies • Consider opportunities to use "plain English" to explain to the public • Create a simple, easy-to-understand explanation of how rates work so people understand • Coordinated communications with the cities regarding rates and water storage

<p>Group's additions:</p> <ul style="list-style-type: none"> • Currently have 2 benefit assessments • Water rates are going up • Per capita usage is projected to go down 		<p>Additional opportunities for revenue</p> <ul style="list-style-type: none"> • Explore water rights that are for sale and storage opportunities outside the county • If we have a water surplus, could we sell it and are there restrictions on those revenues? • Pursue external funding, such as grant funding and cost-share agreements • Explore revenue sources through District-owned properties <p>Water Supply Master Planning</p> <ul style="list-style-type: none"> • Explore additional opportunities to capture and store water • Engage Board in the 2040 Water Supply Master Plan • Pursue how we operate our facilities for groundwater conveyance and recharge • Pursue a balance between water reliability, flood protection and environment • Acknowledge the constraints of the water charges • Continue a 20% water conservation goal to help continue services through extremely dry years <i>(Director Hsueh clarified at the end of the Leadership Study that she intended to state: With the demonstrated water conservation by the community and the new legislation of "Conservation a California way of life", reaching a 20% Conservation goal on an ongoing basis does not seem unreachable. Therefore, a lower Level of Service Goal for future water supply should be evaluated as part of the 2040 Water Supply Master Plan.)</i> • Consider and plan for the effects of climate change • Pursue opportunities under the Water Bond • Explain how today's ideas are being considered in the 2040 Water Supply Master Plan at next Board meeting
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Next Steps

- Staff to summarize today's discussion and report an initial analysis to the Board, sooner rather than later.