



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL BOARD MEETING
TUESDAY, MAY 8, 2018
9:30 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 at 5700 Almaden Expressway, San Jose, California, at 9:30 a.m.

1.1. Roll Call.

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

Director Estremera arrived as noted below.

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, M. Baratz, R. Callender, A. Comelo, R. Gibson, G. Hall, N. Hawk, N. Nguyen, L. Orta, E. Soderlund, M. Richardson, D. Taylor, S. Tikekar, and S. Tippets.

1.2. Pledge of Allegiance/National Anthem.

Ms. Glenna Brambill, Management Analyst II, sang the National Anthem.

1.3. 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:

2.1. Update on the California WaterFix, Authorization to Execute Agreements, Designation of District Representative, and Adoption of California Environmental Quality Act Findings. (Continued from May 2, 2018)

- Recommendation:
- A. Receive an update on the California WaterFix (WaterFix);
 - B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;
 - C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;
 - D. Approve the Capacity Interest Option Agreement with Metropolitan Water District of Southern California (Option Agreement) and direct the Chief Executive Officer (CEO) to negotiate the terms and conditions of the Capacity Interest Purchase Agreement (Purchase Agreement), and bring the agreements back to the Board for approval of the Purchase Agreement and execution of the Option Agreement;
 - E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
 - F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See Section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;
 - G. Delegate authority to the CEO to negotiate terms and conditions and execute an agreement between the Department of Water Resources and the District for preconstruction capital costs for the WaterFix for a District contribution of up to \$3.5 million (Gap Funding Agreement);
 - H. Direct staff to continue participating in WaterFix discussions to further develop agreements and contract amendments to protect the District's investment;
 - I. Direct staff to evaluate and negotiate long-term water transfers, water supply alternatives and storage

- opportunities related to WaterFix, and bring terms and conditions to Board for consideration; and
- J. Direct staff to conduct a water affordability analysis for future Board discussion.

Ms. Norma Camacho, Chief Executive Officer, reviewed the information on this item, per the attached Board Agenda Memo, and Ms. Cindy Kao, Imported Water Manager, reviewed information presented to the Board during the May 2, 2018, meeting, Item 2.1, Attachment 9.

Director Estremera arrived.

The Board considered the attached memorandum from Directors Estremera, Keegan, and Kremen, identified as Handout 2.1-F on the agenda and Item 2.1 Board Agenda Memorandum, and reidentified as Attachment 3 herein. Copies of the Handout were distributed to the Board and made available to the public.

Motion: Approve Handout 2.1-F (referenced in archives as Attachment 3), Motions 1 through 14.

Move to Approve: Tony Estremera

Second: The motion did not receive a second and was lost.

Handout 2.1-F (referenced in archives as Attachment 3) was reviewed by staff as follows: Mr. Darin Taylor, Chief Financial Officer, reviewed Motion 1; Ms. Nina Hawk, Chief Operating Officer, reviewed Motions 2 and 7; and Ms. Camacho reviewed Motions 3 through 6, 8, and 10 thorough 14.

Mr. Eric Soderlund, Assistant District Counsel, Mr. Garth Hall, Deputy Operating Officer, Ms. Kao, and Ms. Francis Brewster, Senior Water Resources Specialist, also participated in the review.

Seventeen statements expressing opposition to the California WaterFix were received as follows: Mr. William Sherman and Ms. Christine Donnelly, San Jose residents; Mr. John Delgado, San Martin resident; Ms. Rita Vrhel, Palo Alto resident; Ms. Mei-Ling Stefan, Sunnyvale resident; Mr. Rod Smalley, Morgan Hill resident; Mr. Thomas Keeling, Freeman Firm; Mr. Dean Ruiz, South Delta Water Agency/Central Delta Water Agency; Mr. Christopher Carlson and Mr. Nassim Nouri, Green Party; Ms. Barbara Barrigan-Parrilla, Restore the Delta; Ms. Michelle Ghafav, Earthjustice; Ms. Osha Meserve, Friends of Stone Lakes National Wildlife Refuge and Local Agencies of the North Delta; Mr. Pedes Jones, Protect Our Water—San Francisco; Ms. Shawnee Edwards, Sierra Club; Ms. Kathy Mathewson, Secret Gardens; and Ms. Meg Giberson and Ms. Mary Robertson, of undisclosed residency.

Seven statements expressing support for the California WaterFix were received as follows: Ms. Kendra Schultz, San Jose Resident; Mike Mielke, Silicon Valley Leadership Group; Mr. Jethroe Moore II, San Jose/Silicon Valley National Association for the Advancement of Colored People; Mr. Josue Garcia, Santa Clara County Residents for Responsible Development; Ms. Olivia Navarro, Laborers Local 270; Mr. Darin Compton, Bricklayers and Allied Craftworkers,

Local 3; and Mr. Will Smith, International Brotherhood of Electrical Workers, Local 332.

Two comments expressing a neutral position on the California WaterFix were received as follows: Mr. Dave McLendy, Greenleaf; and Former District 3 Director Dr. Bob Gross, Alviso resident.

Ms. Barrigan-Parrilla, Ms. Vrhel, and Ms. Giberson submitted the attached written comments, which have been included in Agenda and Board Agenda Memorandum Handout 2.1-D, and reidentified as Attachment 9, herein. Copies of the materials were distributed to the Board and made available to the public.

Director Santos declared a brief recess, and upon reconvening the meeting, the same Directors and staff were present.

The Board took no action on Agenda Memorandum Recommendations A, and D through J, and Handout 2.1-F (referenced in archive as Attachment 3), Motion 4; and considered Agenda Memorandum Recommendations B and C, and Handout 2.1-F Motions 1 through 3, and 5 through 14 as follows:

Motion: Approve Agenda Memorandum Recommendation B and adopt Resolution 18-23, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT, by roll call vote.

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

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 1, and direct staff to come back with recommendations on how to implement a low-income and senior resident water payment assistance program to assist qualified low-income and fixed-income seniors with their household water utility costs.

Move to Approve:	Tony Estremera
Second:	John L. Varela
Yeas:	Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, John L. Varela
Nays:	None
Abstains:	None
Recuses:	None
Absent:	None
Summary:	7 Yeas; 0 Nays; 0 Abstains; 0 Absent.
Motion:	Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 2, and direct staff to pursue and advocate for state and federal funding for Delta restoration efforts.
Move to Approve:	Linda J. LeZotte
Second:	Gary Kremen
Yeas:	Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, John L. Varela
Nays:	None
Abstains:	None
Recuses:	None
Absent:	None
Summary:	7 Yeas; 0 Nays; 0 Abstains; 0 Absent.
Motion:	Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 3, and advocate at the Delta Conveyance Design and Construction Joint Powers Authority ("DCA") board level for a per acre-foot surcharge on water delivered through the project to be used for environmental and restoration efforts.
Move to Approve:	Gary Kremen
Second:	John L. Varela
Yeas:	Tony Estremera, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, John L. Varela
Nays:	Nai Hsueh
Abstains:	None
Recuses:	None
Absent:	None
Summary:	6 Yeas; 1 Nays; 0 Abstains; 0 Absent.
Motion:	Approve Agenda Memorandum Recommendation C and Handout 2.1-F (referenced in archive as Attachment 3), Motion 5, and adopt Resolution No. 18-24, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX, by roll call vote, and support participation in the California WaterFix.

Move to Approve: Tony Estremera
Second: Nai Hsueh
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan,
Gary Kremen
Nays: Linda J. LeZotte, Richard Santos, John L. Varela
Abstains: None
Recuses: None
Absent: None
Summary: 4 Yeas; 3 Nays; 0 Abstains; 0 Absent.

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 6, and approve the Capacity Interest Option Agreement with Metropolitan Water District and direct the CEO to negotiate terms and conditions for the Capacity Interest Purchase Agreement and to subsequently, bring back to the Board the Purchase Agreement for approval and execution of Option Agreement.

Move to Approve: Barbara Keegan
Second: Gary Kremen
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan,
Gary Kremen
Nays: Linda J. LeZotte, Richard Santos, John L. Varela
Abstains: None
Recuses: None
Absent: None
Summary: 4 Yeas; 3 Nays; 0 Abstains; 0 Absent.

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 7, and approve and authorize the Board to execute a Joint Powers Agreement forming the DCA that is in substantial conformance to the agreement provided in Attachment 2.

Move to Approve: Tony Estremera
Second: Gary Kremen
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen
Nays: Linda J. LeZotte, Richard Santos, John L. Varela
Abstains: None
Recuses: None
Absent: None
Summary: 4 Yeas; 3 Nays; 0 Abstains; 0 Absent.

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 8, and designate District representatives, Tony Estremera and Barbara Keegan, Alternate, to serve on the Board of Directors of the DCA for the first two years following formation.

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

Directors Varela and LeZotte stated for the record that they supported appointing a representative to the Board of Directors of the DCA, but did not support the California WaterFix project.

Director Hsueh requested Attachment 3, Motion 9, be amended to have District representatives negotiate and pursue “a cost-effective plan” for construction of the project.

Motion: Amend Handout 2.1-F (referenced in archive as Attachment 3), Motion 9, to read Direct District representatives on the DCA to continue to negotiate and pursue the lowest costs most cost-effective plan for the construction of the project and for Santa Clara County, and approve the motion as amended.

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

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 10, and direct the CEO to negotiate the best terms and conditions for the District to participate in the WaterFix Financial Arrangements, including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval.

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

Director LeZotte requested Handout 2.1-F (referenced in archive as Attachment 3), Motion 11, be amended to delete “and execute,” and “bring the agreement back to the Board for approval.”

Motion: Amend Handout 2.1-F (referenced in archive as Attachment 3), Motion 11, to read Delegate authority to the CEO to negotiate the terms and conditions and execute of an agreement between the Department of Water Resources and the District for preconstruction capital costs for the WaterFix for a District contribution of up to \$3.5 million, and bring the agreement back to the Board for approval, and approve the motion as amended.

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

Director Keegan requested Handout 2.1-F (referenced in archive as Attachment 3), Motion 12, be amended to include “and modifications for reductions in the scope of the project as appropriate.”

Motion: Amend Attachment 3, Motion 12, to read Direct staff to continue participating in WaterFix discussions to further develop the best and most responsible agreements and contract amendments to protect the District’s investment, and modifications for reductions in the scope of the project as appropriate, and approve the motion as amended.

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

Director Hsueh requested Handout 2.1-F (referenced in archive as Attachment 3), Motion 13, be amended to delete “related to WaterFix” and included direction for staff to bring back the terms and conditions for Board approval.

Motion: Handout 2.1-F (referenced in archive as Amend Attachment 3), Motion 13, to read Direct staff to evaluate and negotiate long-term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring the terms and conditions to the Board for consideration and approval, and approve the motion as amended.

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

Motion: Approve Handout 2.1-F (referenced in archive as Attachment 3), Motion 14, and direct staff to come back to the Board if major conditions change from the Board’s approved actions.

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

Director Hsueh requested that staff look into the Water Conservation Program currently being used by William Sherman of WRATES (Water Rates Advocacy for Transparency, Equity and Sustainability) and provide information to the Water Conservation and Demand Management Committee for discussion (Board Member Request R-18-0009).

3. ADJOURN:

3.1. Clerk Review and Clarification of Board Requests.

The new Board Member Requests were not read into the record.

3.2. Adjourn to Regular Meeting at 12:00 p.m., on May 8, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Santos adjourned the meeting at 1:40 p.m., to the 2:00 p.m. Closed Session and 3:00 p.m. Regular meeting on May 8, 2018, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date: