

To: Board of Directors
From: Norma J. Camacho, CEO

Chief Executive Officer Bulletin

Week of March 15 – 21, 2019

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

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DWR Acceptance of Penitencia Force Main/Delivery Main Seismic Retrofit Project

On July 10, 2018, the Board accepted as complete the construction of the Penitencia Force Main/Delivery Main Seismic Retrofit Project (Project). The Project included replacement of approximately 865 lineal feet of each of three (3) pipelines - the 66-inch diameter Penitencia Force Main, the 60-inch diameter Penitencia Delivery Main, and the 72-inch diameter South Bay Aqueduct, with earthquake-resistant pipes. These three (3) pipelines currently convey raw and treated water to and from the Penitencia Water Treatment Plant. The Project also included installation of a new flowmeter, a new control building, and several pipeline vaults.

The California State Department of Water Resources (DWR) constructed and operates and maintains the South Bay Aqueduct, which includes the segment of 72-inch diameter that was replaced as part of this Project. In November 2015, Valley Water and DWR executed a Joint Powers Authority (JPA) agreement to jointly fund the seismic retrofit of the three (3) above-described pipeline segments, with Valley Water and DWR paying 2/3 and 1/3 of the costs, respectively, to plan, design, and construct the Project. Because the Project is an expense that qualifies for funding through the State Water Project tax, the agreement allows for DWR to reimburse Valley Water for its portion of Project costs and concurrently bill Valley Water's Fund 63 through the Statement of Charges. DWR's reimbursement payments will offset these impacts by a like amount.

DWR staff was very engaged during the planning and design phases, and visited the site regularly during construction to conduct its own independent inspection of the SBA replacement. DWR staff also fully participated in partnering sessions Valley Water and contractor staff to discuss and resolve the challenges that arose during construction.

On February 27, 2019, the Deputy Director of the State Water Project signed DWR staff's memorandum recommending Project acceptance. The reimbursement mechanism contained in the JPA agreement allowed payments from the Imported Water Unit budget of up to \$11.0 million over the term of the agreement. DWR expended approximately \$9M for its share of planning, design and construction phase costs.

For further information, please contact Katherine Oven at (408) 630-3126.

New EPA Underground Storage Tank Regulations

In 2015, the Environmental Protection Agency (EPA) enacted new underground storage tank (UST) regulations. Following the EPA's enactment of the regulations, the California State Water Resources Control Board (SWRCB) amended California regulations to incorporate the new federal requirements. A portion of the updated UST regulations, associated with fuel line leak monitoring, applies to Valley Water operations.

Prior to October 2018, USTs that fuel emergency generators were exempt from the requirement to monitor fuel supply line leaks. At typical retail gas stations, this monitoring is required and if the monitoring system detects a leak from the pressurized fuel supply lines, flow from the UST to the dispenser is shutoff. For an emergency generator, utilized at critical facilities, such as hospitals and water treatment plants, automatic shutdown of the emergency generator is not desirable. The newly enacted regulations require leak detection on emergency generator fuel supply lines; however, the regulation requires alarm activation without shutting down the fuel supply lines.

In October 2018, necessary upgrades were implemented to the UST, at the Penitencia Water Treatment Plant (PWTP), to comply with the new UST requirements. Valley Water hired a contractor to upgrade the current UST monitoring system at the PWTP to include fuel supply line leak detection. This upgrade was permitted through the Santa Clara County Hazardous Material Compliance Division (HMCD). Once the upgrade was complete, staff from HMCD witnessed a functional test of the new leak monitoring system to ensure it functioned as designed by sounding the alarm without shutting down the fuel supply line.

For further information, please contact Tina Yoke at (408) 630-2385.

Public meeting for the Anderson Dam Seismic Improvement Project

On Wednesday, April 10, 2019, Valley Water will update the Morgan Hill community on the Anderson Dam Seismic Retrofit Project (Project). The public meeting is at the Morgan Hill Community Center and will fulfill Valley Water's commitment to the public to provide a quarterly update on the Project. The last public meeting was held in October 2018.

Director Varela is scheduled to deliver remarks at the April 10, 2019, public meeting. The Project update will be provided by the Valley Water Project team.

The update will focus on the Project's ongoing progress, current geotechnical work at the reservoir and the status of the California Environmental Quality Act. The Project team will also address the status of a conveyor belt placement and the resulting neighborhood petition against the proposed location.

The public meeting begins at 6 p.m. and will be available on Facebook live.

For further information, please contact Rick Callender at (408) 630-2017.

San Francisco Regional Board Lists Lower Los Gatos Creek as Impaired

On March 13, 2019, the San Francisco Bay Regional Water Quality Control Board (Regional Board) voted unanimously to list lower Los Gatos Creek as impaired by water temperatures too warm for the out migration of steelhead trout. The listing is based on temperature studies from the Pacific Northwest where snow melt and colder air temperatures simply don't reflect the realities of the South Bay's warm Mediterranean climate. The listing of impaired water bodies under Section 303(d) of the federal Clean Water Act may be the Regional Board's first step toward requiring actions to reduce the temperatures of flows on the creek.

Los Gatos Creek provides about a third of the managed recharge in the Northern Santa Clara Sub-basin (up to 30,000 acre-feet/year). At the Regional Board hearing, Director Kremen led testimony highlighting Valley Water's efforts to improve fish habitat in the streams of Santa Clara County, and raised concerns about this precedent-setting listing of Los Gatos Creek. Director Kremen's testimony was followed by testimony by Valley Water staff and several stakeholders including representatives from Santa Clara County Supervisor Mike Wasserman's office, the Silicon Valley Leadership Group, San Jose Water Company, the City of Saratoga, and the Santa Clara Valley Urban Runoff Pollution Prevention Program, who testified about and expressed concern over staff's analysis and the potential impacts this listing could have on the region's water supply.

The listing now goes to the State Water Resources Control Board for approval, and then to the U.S. Environmental Protection Agency's Region 9 for final approval. Valley Water is evaluating its next steps on the Los Gatos Creek listing, including opportunities for targeted advocacy efforts on this issue, and urging the Regional Board to comprehensively review the academic literature and raw data applicable to Bay Area streams, and to establish a standardized process for evaluating streams that may be impaired by temperature, to achieve more informed outcomes for the 303(d) listing of other creeks in Santa Clara County.

For further information, please contact Rachael Gibson at (408) 630-2884.

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