

CEO BULLETIN



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

Week of January 24 – January 30, 2020

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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1. Coyote Creek Flood Protection Project Presentation to San Jose Parks Advocates

On Thursday January 23, 2020, Valley Water Directors Barbara Keegan and Richard Santos participated in a San Jose (SJ) Parks Advocates meeting of more than 30 attendees to provide details about the Coyote Creek Flood Protection project at the East San José Carnegie Library in downtown San Jose. The group requested the presentation on the Coyote Creek Flood Protection project with a singular focus on the impact to the parks that are along the nine mile stretch of the project.

Valley Water provided an update on the potential flood control alternatives, specifically, floodwalls, passive flood barriers, vegetated berms, and other options. Valley Water also sought and documented feedback from the SJ Parks Advocates members about impacts to parks that are along the Coyote Creek Flood Protection project areas of Watson Park, Roosevelt Park, William Street Park, Selma Olinder Park, Coyote Meadows, and Kelley Park.

City of San José Parks, Recreation and Neighborhood Services was in attendance and appreciated the revisions to the project and pledged to continue to work cooperatively with Valley Water as this effort moves forward to the design phase. Valley Water is scheduled to host public

meetings to provide an update on the progress of the Coyote Creek Flood Protection project in spring of this year.

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

2. Reclamation Schedules Santa Clara Valley Water District's Second Contract Amendment Negotiations

Valley Water is scheduled to meet with the Bureau of Reclamation (Reclamation) on January 29, 2020 to negotiate a proposed second amendment to Valley Water's Central Valley Project (CVP) Contract No. 7-07-20-W0023 (Contract). On January 22, 2020, Reclamation issued a news release announcing the scheduled contract negotiation session in Fresno, California.

The original Contract forms the basis for Valley Water's receipt and payments of annual CVP supplies through federal government facilities, primarily works of the CVP San Felipe Division. Because of CVP facility outages and other conditions which adversely impact delivery of CVP water supplies to Valley Water, such as San Luis Reservoir constraints, Valley Water requested an amendment to the Contract to effectively support delivery of Valley Water's CVP supplies through the State Water Project's (SWP) South Bay Aqueduct (SBA).

This second amendment would provide Reclamation the authority to deliver Valley Water's CVP supply to 'mutually agreed upon' points of delivery, principally the SBA by exchange for SWP water supplies. Historically, Valley Water was able to request temporary Reclamation approval for use of the SBA to deliver CVP water supplies to Santa Clara County, however, Valley Water was notified that temporary approvals would no longer be an option. Retaining the ability to use the SBA to deliver Valley Water's CVP supply, via amendment of the CVP Contract, is important for both operational flexibility and increased water supply reliability at Valley Water.

Both CEQA and NEPA review were completed for the second amendment to the Contract. Following Valley Water and Reclamation public negotiation, and upon mutual agreement of the proposed amendment language, Reclamation will submit the amendment for a public review period. Following public review and response to any comments received, the second amendment will be released and brought to the Board of Directors for execution.

For further information, please contact Jerry De La Piedra at (408) 630-2257.

3. Upcoming Rinconada Water Treatment Plant (RWTP) Shutdown

For the purpose of performing electrical tie-in work and backup power generator system testing (required to keep the RWTP Reliability Improvement Project (RRIP) progressing) the RWTP and West Pipeline (WPL) will be shut down for four (4) days, from January 27 to January 30, 2020. It is anticipated that both the RWTP and WPL will be returned to service by the end of the workday on January 31, 2020.

WPL retailers impacted by the upcoming outage are the cities of Santa Clara and Sunnyvale, the California Water Service Company, and the San Jose Water Company. The impacted retailers will use their groundwater and/or alternate supplies to meet demands during the plant shutdown. Customers may notice a change in water characteristics and pressure during the shutdown. The above stated shutdown schedule has also been communicated to the retailers and Valley Water will continue to send periodic updates and reminders.

Construction activities at RWTP are taking place during daytime, weekday hours, and with some extended hours before and during plant shutdowns. Plant neighbors are updated regularly through Valley Water's blog, social media and neighborhood meetings.

For further information, please contact Bhavani Yerrapotu at (408) 630-2735.

4. Valley Water in Compliance with Updated CA Air Resources Board Portable Equipment Regulations

In 2018, the CA Air Resources Board (CARB) updated regulations applicable to portable/mobile equipment with the aim of reducing emission of diesel exhaust. Over the past decade CARB has compiled an extensive database on diesel engine emissions data. Each engine that appears in CARB's database is placed into one of four categories, Tier 1 through Tier 4. A Tier 1 engine being an older, more polluting engine and Tier 4 engine being a newer, cleaner burning engine.

In their revised regulations CARB provided the regulated community one of two ways to reduce their overall diesel emissions. The first approach would have Valley Water phase-out Tier 1 through Tier 3 engines for newer, clean-burning Tier 4 engines over several years. This phase-out approach required all Tier 1 models to be retired by January 2020, Tier 2 models by January 2022, and Tier 3 models by January 2027. To take this approach, Valley Water would be required to provide documentation demonstrating that Tier 1 through Tier 3 models were being replaced with Tier 4 engines. The second approach to comply with the CARB regulation proposed was to simply retire all older Tier 1 through Tier 3 engines with current Tier 4 engines, and this is the approach Valley Water took.

Valley Water has 16 engines registered under CARB's Portable Equipment Registration Program. Over the past few years the Equipment Management Unit has replaced several old portable equipment units with cleaner burning Tier 4 engines. Given that our inventory of portable equipment consists of all Tier 4 engines, Valley Water has complied with the 2018 CARB requirement to reduce diesel emissions.

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

5. Kremen

Response to I-19-0024: What has been the all in cost of water/acre-foot from our recycling plant in the last 12 and 24 months? Please show calculations including cost on bonds, final capital costs, all O&M, membrane reserve etc? What is the name plate rating on water production and what have we produced in the last 12 and 24 months?
I-19-0024

The response for IBMR-19-0024 was included in the January 10, 2020, Board Non-Agenda packet.

For further information, please contact Bhavani Yerrapotu at (408) 630-2735.

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