



02/25/20

## MEMORANDUM

FC 14 (01-02-07)

**TO:** Board of Directors

**FROM:** Environmental and Water Resources Committee

**SUBJECT:** Environmental and Water Resources Committee Meeting Summary for January 27, 2020

**DATE:** February 25, 2020

This memorandum summarizes agenda items from the regular meeting of the Environmental and Water Resources Committee held on January 27, 2020.

### **Attendees:**

Committee members in attendance were: Bonnie Bamburg, Loren Lewis, Charles Ice, Elizabeth Sarmiento, Hon. Dean Chu, Rev. Jethroe Moore, II, Charles Taylor, Susan Blake, John Bourgeois, Bob Levy, Hon. Tara Martiin-Milius, Marc Rauser, Hon. Patrick S. Kwok, Tess Byler, Stephen A. Jordan and Arthur M. Keller, Ph.D.

Board members in attendance were: Director Tony Estremera, Board Representative, Director Nai Hsueh, Board Alternate and Director Linda J. LeZotte, Board Representative.

Staff members in attendance were: Aaron Baker, Glenna Brambill, Vincent Gin, Garth Hall, Marta Lugo, Brian Mendenhall, Michael Potter and Darin Taylor.

### **ACTION ITEMS:**

#### **4.1 ELECTION OF 2020 CHAIR AND VICE CHAIR**

The Environmental and Water Resources Committee by majority vote, approved Arthur M. Keller, Ph.D. as Chair and Rev. Jethroe Moore, II, as Vice Chair for 2020.

#### **5.1. REVIEW AND APPROVE 2019 ANNUAL ACCOMPLISHMENTS REPORT FOR PRESENTATION TO THE BOARD**

Ms. Glenna Brambill gave an overview of the Committee's Accomplishments for 2019.

The Committee took the following action:

The Committee by unanimous vote, approved the 2019 Annual Accomplishments Report for Presentation to the Board.

The Board should receive the Committee's report at its March 24, 2020, meeting.

#### **5.2. OPPORTUNITIES TO ENHANCE AND UPDATE THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM BY EVALUATING A FUTURE FUNDING MEASURE**

Ms. Marta Lugo reviewed the following:

### **Summary:**

The Safe Clean Water team wishes to share information and receive input from Valley Water's Board advisory committees to keep them apprised of planning for future funding. It is recognized that the committees provide a valuable service to Valley Water with each member bringing expertise and insight that reflect the values of the community at large for their specific committee directives. The team sees

this as the first step of many in engaging the committees as stakeholders in this process that is critical to the future of Valley Water and its projects and programs.

With the upcoming November 2020 elections, staff is exploring the opportunity to place a ballot measure to continue the existing special parcel tax for the Safe, Clean Water Program beyond its current expiration in 2028 in an effort to extend existing funding levels and address additional funding needs. Additionally, this new program could potentially include more multi-benefit projects and strategies to address Board priorities such as infrastructure reliability and climate change adaption.

At the December 10 Board meeting, the Board of Directors provided direction to staff to continue exploring the feasibility of such a funding measure and to bring back information as it relates to what a new program would look like. Staff is now seeking input from the advisory committees.

### **Current Safe Clean Water Program**

Overwhelmingly approved by voters, the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) is a 15-year strategy to ensure uninterrupted water resources services in Santa Clara County. The program was developed through community collaboration and input from residents and stakeholders that identified five top community priorities:

Priority A: Ensure a Safe, Reliable Water Supply

Priority B: Reduce Toxins, Hazards, and Contaminants from our Waterways

Priority C: Protect our Water Supply from Earthquakes and Natural Disasters

Priority D: Restore Wildlife Habitat and Provide for Open Space

Priority E: Provide Flood Protection to Homes, Business, Schools and Highways

In November 2012, Santa Clara County voters passed the Safe, Clean Water ballot measure by nearly 74%, extending the funding at the same parcel tax rate approved under the previous Clean, Safe, Creek and Natural Flood Protection Plan (Clean, Safe Creeks Plan).

Currently, the Safe, Clean Water Program special parcel tax includes five (5) types of parcels that cover categories for commercial/ industrial, institutional purposes such as churches, schools or multiple dwellings exceeding four units, single-family residential and multi-family units up to four, agricultural, and nonutilized urban and rural areas. A sixth category, parcels used exclusively as well sites for residential use, is exempt from the special parcel tax. An annual escalator is also included to account for the effects of inflation. Santa Clara Valley Water District (Valley Water) Board of Directors may adjust the special tax amounts annually by the change in the San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI-U), or 3%, whichever is greater.

The current FY20 annual tax rate for the average single-family residence stands at \$67.67. In FY21, the Board may consider increasing the tax to \$69.70 based on the consumer price index increase in costs for performing the functions of the program.

### **Current Program Needs and Opportunities**

In the face of new challenges due to climate change, population/economic growth and future uncertainties with imported water supplies, it is imperative for Valley Water to plan, adapt, build, and upgrade its water resources systems by investing in existing and new programs that will help meet the future challenges of tomorrow. Currently, there is an opportunity to put a ballot measure in front of voters to extend the Safe, Clean Water Program which sunsets on June 30, 2028, and funds approximately one-third of the existing watershed and stewardship budgeted programs.

The existing Safe, Clean Water Program has priorities that could be enhanced to address several existing and new challenges, including the opportunity to develop more multi-benefit projects that provide enhanced environmental benefits, and providing needed funding for several large infrastructure and flood protection projects.

Furthermore, with increased homeless encampments along our creeks and waterways, water quality will remain a top priority. A new program will enable Valley Water to adequately address such existing challenges that have significant impacts to our water quality, as well as new and emerging threats. Valley Water must remain well-equipped to address all water quality issues to continue providing safe, clean water to our entire community.

In addition, a new program would allow Valley Water to better adapt and meet the growing challenges that stem from climate change and extreme weather patterns, such as severe drought, flooding and wildfires. Climate change adaptation needs to be integrated across projects to include upgrading aging infrastructure; expanding water storage; securing locally-controlled, reliable and sustainable water supplies; increasing and expanding flood protection for homes, businesses, and schools, as well as addressing sea-level rise. Each of these priorities will require significant mitigation, along with ongoing infrastructure maintenance and vegetation and sediment removal. This work is more critical than ever as we face increased flooding and wildfire threats.

Some of the key projects that have been identified as prime candidates for additional enhancements or funding under the new program are:

- *Anderson Dam Seismic Retrofit*
- *Pacheco Reservoir Expansion*
- *Almaden Valley Pipeline Replacement Project*
- *Coyote Creek Flood Protection Project*
- *Upper Penitencia Creek Flood Protection Project*
- *San Francisquito Creek Flood Protection Project*
- *Upper Llagas Creek Flood Protection Project*
- *Upper Guadalupe Flood Protection Project*
- *San Francisco Bay Shoreline Flood Protection*
- *Stevens Creek Fish Passage Barrier Removal*
- *Creek Cleanups and Homeless Encampments*

### **Project Priorities and Initial Gap Assessment**

Staff has begun the process for a preliminary identification of needs and opportunities in November 2019. The identified needs and opportunities represent a range of candidate projects and programs that could be undertaken. The development of needs and opportunities is in effect the “gap” analysis to identify those areas where the current Safe, Clean Water Program could benefit from additional funding for existing projects over the next planning horizon, along with potential new projects that could benefit the community. The identified opportunities are included below and will be further refined. Staff is seeking input from the advisory committees on such priorities that they would like staff to investigate and consider.

#### **Priority A: Ensure a Safe, Reliable Water Supply**

- Safe Clean Water Partnerships and Grants – Continue and Enhance
- Pipeline Reliability Project – Continue and Enhance

#### ***Priority A Newly Identified Opportunities***

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Pacheco Reservoir Expansion
- Water Conservation Rebate Program

#### **Priority B: Reduce Toxins, Hazards, and Contaminates from our Waterways**

- Impaired Water Bodies Improvement – Continue
- Interagency Urban Runoff Program – Continue

- Pollution Prevention Partnerships and Grants – Continue and Enhance
- Good Neighbor Program: Encampment Cleanup – Continue and Enhance
- Hazardous Materials Management and Response – Continue
- Good Neighbor Program: Remove Graffiti and Litter – Continue
- Support Volunteer Cleanup Efforts and Education – Continue and Enhance

***Priority B Newly Identified Opportunities***

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Green Stormwater Infrastructure Projects
- Good Neighbor Public Arts Program

**Priority C: Protect our Water Supply from Earthquakes and Natural Disasters**

- Anderson Dam Seismic Retrofit – Continue and Enhance
- Emergency Response Upgrades – Continue and Enhance

***Priority C Newly Identified Opportunities***

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Dam Safety Program Seismic Retrofit Projects
- Almaden Valley Pipeline Replacement Project

**Priority D: Restore Wildlife Habitat and Provide for Open Space**

- Management of Riparian Vegetation Projects – Continue and Enhance
- Revitalize Stream, Upland and Wetland Habitat – Continue and Enhance
- Grants and Partnerships to Restore Wildlife Habitat/ Provide Access to Trails – Continue and Enhance
- Fish Habitat and Passage Improvements
  - Almaden Creek-Lake Separation – Continue and Enhance
  - Fish Passage Improvements – Continue and Enhance
  - Install Large/Woody Debris and Gravel Augmentation – Continue and Enhance
- Ecological Data Collection and Analysis – Continue and Enhance
- Creek Restoration and Stabilization
  - Hale Creek – Continue and Enhance
- Partnerships for the Conservation of Habitat Lands – Continue and Enhance
- South Bay Salt Ponds Restoration Partnership – Continue

***Priority D Newly Identified Opportunities***

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Coyote Valley Partnership
- Lands Management – Land acquisition for strategic floodplain management, access for operations, mitigation efforts, and habitat connectivity.
- Calabazas – San Tomas Aquino Creeks Realignment Project
- Coyote Creek Riparian and Aquatic Enhancements
- Coyote Meadows Habitat and Floodplain Enhancements

**Priority E: Provide Flood Protection to Homes, Business, Schools and Highways**

- Vegetation Control and Sediment Removal for Flood Protection – Continue and Enhance

- Emergency Response Planning – Continue and Enhance
- Flood Risk Reduction Studies – Continue and Enhance
- Upper Penitencia Creek Flood Project – Additional funding
- San Francisquito Creek Flood Protection – Additional funding
- Upper Llagas Creek Flood Protection – Additional funding
- San Francisco Bay Shoreline Protection – Additional funding
- Upper Guadalupe River Flood Protection – Additional funding

#### ***Continued Clean, Safe Creeks Projects***

- Sunnyvale East and Sunnyvale West Channels Flood Protection – Continue
- Coyote Creek Flood Protection – Additional funding

#### ***Priority E Newly Identified Opportunities***

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Ross Creek Flood Protection
- Upper Berryessa Creek (680 to Old Piedmont)
- 5-year O&M Plan identified activities
- Thompson Creek Sediment and Erosion Management
- Watersheds Asset Reliability Program – prioritize/ improve reaches in need of rehabilitation

## **NEXT STEPS**

### **Program Development**

Under the Board's direction, staff is exploring the feasibility of this effort, including how to enhance and update the program that is inclusive of the community's desire and values. As part of this effort, an agency-wide internal Steering Committee with functional task groups has been assembled and key program staff have been identified to assist with internal project teams to start developing an updated community plan to refine priorities. These priorities, along with financial analysis models to further refine program funding estimates, will be further developed between mid-December 2019 and May 2020.

### ***Community and Stakeholder Outreach***

To achieve public consent on any future program, which may go to the voters, staff will lead a broad public participation effort. This effort will allow for the public to provide input on their interests and values for the new program, including recommended project outcomes. This input will aid staff in developing a draft community preferred program.

Staff will fine tune the priorities and projects through a series of broad outreach efforts, such as Board advisory committees and a blue-ribbon stakeholder roundtable (anticipated to be held in February 2020).

Additionally, staff will develop other outreach tools and strategies to solicit programmatic input for the Board's consideration. Based on information gathered from the community and stakeholders, staff will prepare a report for the Board on the community preferred program, for the Board's consideration for the November 2020 ballot.

**The Committee (Ms. Tess Byler, Mr. Steve Jordan, Mr. Bob Levy, Mr. John Bourgeois, Mr. Marc Rauser, Hon. Dean Chu, Arthur M. Keller, Ph.D., Mr. Charles Ice, Ms. Elizabeth Sarmiento and Director Nai Hsueh) discussed the following issues/concerns: Blue Ribbon stakeholder meeting, why try to place on ballot now, current program, funding measure votes needed, survey/extensive outreach, agricultural rate stabilization, setting aside specific funds for program, project(s) expenses, relabel priorities for climate change issues/concerns, flood protection issues and Coyote Creek project completed.**

**The Committee took no action.**

## **5.5. REVIEW AND COMMENT TO THE BOARD ON THE FISCAL YEAR 2020-21 PRELIMINARY GROUNDWATER PRODUCTION CHARGES**

Mr. Darin Taylor reported on the following:

### **Summary:**

#### ***Summary of Groundwater Production Charge Analysis:***

Staff has prepared the preliminary FY 2020-21 groundwater production charge analysis, which includes several scenarios for Board review. Staff has developed a baseline scenario that aligns with the 80% level of service goals per the Water Supply Master Plan approved by the Board in November 2019, along with several other scenarios for Board consideration. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge recommendation will be detailed in the Annual Report on the Protection and Augmentation of Water Supplies that is planned to be filed with the Clerk of the Board on February 28, 2020. The public hearing on groundwater production charges is scheduled to open on April 14, 2020. It is anticipated that the Board would set the FY 2020-21 groundwater production charges by May 12, 2020, that would become effective on July 1, 2020.

The FY 2020-21 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act, and Board resolutions 99-21 and 12-10.

### ***Water Use Assumptions***

District managed water use for FY 2018-19 is estimated to be approximately 208,000 acre-feet (AF), roughly 19,000 AF lower than budgeted due to a wet winter and wet spring. If the wet winter and wet spring were to repeat for the current year FY 2019-20, then there would be a 30,000 AF water usage shortfall versus budget, which would translate to an estimated \$40 million revenue shortfall. Wet springs have happened roughly 30% of the time over the past two decades, so the likelihood of a repeat is low but still possible. The current water demand projection for FY 2020-21 is 251,000 AF, which is approximately a 21% increase compared to the FY 2018-2019 estimate. Staff believes that the water demand projection should be adjusted downward to 230,000 AF for FY 2020-21. This adjustment would better align with the FY 2017-18 actuals (which did not include a wet spring) and includes consideration for the impact of ramping up production at San Jose Water Company's Montevina Treatment Plant, which uses non-District sourced water. The preliminary groundwater charge scenarios discussed in the following section are based on a reduced water demand projection of 230,000 AF in FY 2020-21, and then assumes a very small amount of growth in the following years.

Staff will continue to carefully monitor monthly water use actuals and work closely with the water retailers during the upcoming rate setting process to modify the water usage forecast as necessary.

### ***Newly Proposed Water Supply Projects***

On November 20, 2019, the Board approved the Water Supply Master Plan 2040, which identified a suite of investments to meet long-term water supply reliability goals. The WSMP's sustainability strategy emphasized the need to secure existing supplies and infrastructure. However, this plan did not evaluate the utility infrastructure needs; this evaluation has not taken place since 2011. Valley Water continues to experience greater constraints on system operations (including recent Public Safety Power Shutoffs), and infrastructure is aging/obsolete and needs to be replaced (e.g., SCADA, Almaden Valley Pipeline).

Therefore, to ensure all the conveyance, treatment, and distribution systems are ready to deliver on those future investments, staff has identified the following three new projects:

1. Supervisory Control and Data Acquisition (SCADA) Implementation Project,

2. Water Treatment Plant Implementation Project, and
3. Distribution System Implementation Project.

The three projects referenced above are aligned with the WSMP's sustainability strategy. However, as a result of the parallel timelines, the three projects were not included in the FY 2021-25 Preliminary CIP, but can be added into the Draft FY 2021-25 CIP upon Board direction.

Additional information about the scope of work, deliverables, schedule, and resource needs for each new project is provided below:

#### SCADA Implementation Project

Valley Water's process control and SCADA systems, which serve a pivotal role in monitoring and controlling the raw water conveyance system (including reservoirs and pumping plants), treatment plants and distribution systems are aging and in need of coordinated replacement and upgrade. The proper functioning of these systems is essential for meeting water demand, maintaining water quality, achieving regulatory compliance, and satisfying customer expectations. In addition, the process control and SCADA systems contain important data used by Operations, Maintenance, Water Quality, Management and other Engineering staff for operations, reporting, analysis, and planning purposes; and expanded access to the data systems is needed.

The objectives of the project are to prepare an update to the process control systems/SCADA master plan (2011), recommend a coordinated suite of improvement projects (projects implementation plan) for the Board's consideration, produce detailed design and implementation standards for the new projects, develop the new projects through conceptual design, and provide owner's engineering support for new projects through construction.

It is anticipated that the project will start in FY 2021 and take 15 years to complete. The first three years of the project will be focused on bringing the updated master plan and suite of new projects with an implementation plan to the Board, at a budgeted cost of \$6.7 million (which includes \$3.3 million in consultant cost, along with staff resources for project engineering, and key partner and stakeholder participation). The remainder of the project, through FY 2035, will consist of the design and construction of the recommended replacement and upgrade projects themselves, with Board check-ins and approvals for each as they are initiated.

#### Water Treatment Plant Implementation Project

The infrastructure needs for the water treatment plants (WTPs) have been developed over the years through a number of planning documents focused on specific process areas, and not through an integrated master implementation plan. As a result, projects are often piecemealed for specific needs, needing frequent rebuilds or upgrades due to adjacent processes or regulatory requirements changes. There is a need to develop a comprehensive implementation plan that coordinates regulatory-driven changes with aging infrastructure needs and other operational improvements for the WTPs as well as integrates with the recently completed Water Supply Master Plan.

The WTP Implementation Project will prepare an implementation plan over the next 30 years to identify projects needed to repair, replace, and/or upgrade Valley Water's WTP infrastructures; address the increasingly stringent water quality regulations; and prepare to implement projects that the Board approves. The implementation plan will also conclude with a programmatic EIR. Facilities include the Rinconada, Santa Teresa, Penitencia WTPs and the Purification Center.

It is anticipated that the project will start in FY 2021 and take three years to complete. The estimated cost of the project is \$8.4 million (which includes \$6 million in consultant cost, along with staff resources for dedicated project management and project engineering, and for key partner and stakeholder participation).

### Distribution System Implementation Project

Valley Water has not conducted a comprehensive evaluation of its distribution system (raw and treated water pipelines) in recent history. With the recently completed Water Supply Master Plan, there is a need to develop a comprehensive Distribution Systems Implementation Plan (DSMP) looking out 30 years to identify improvements to Valley Water's raw and treated water systems based on current demands, future growth, and emergencies.

The DSMP will provide significant insights, analysis tools for Valley Water's raw and treated water distribution systems to ensure that the distribution system infrastructure is appropriately sized to accommodate new supplies as they are brought online, retailer needs, recommend direct capital actions needed to protect existing distribution systems, and will conclude with a programmatic EIR.

It is anticipated that the project will start in FY 2021 and take three years to complete. The estimated cost of the project is \$8.1 million (which includes \$6 million in consultant cost, along with staff resources for dedicated modeling analysis and evaluation, project engineering support, and for key partner and stakeholder participation).

### ***Groundwater Production Charge Projections***

Staff has prepared several preliminary groundwater production charge projection scenarios for Board review. The increase in the North County Municipal and Industrial (M&I) groundwater production charge ranges from 8.1% to 8.7% for FY 2020-21 depending on the scenario, and from 4.7% to 5.3% in the South County.

The overall impact of the preliminary analysis scenarios for FY 2020-21 to the average household would be an increase ranging from \$3.83 to \$4.12 per month in North County and from \$0.78 to \$0.88 per month in South County.

Staff proposes to increase the Contract Treated Water Surcharge from \$100/AF to \$200/AF to encourage retailers to continue investing in groundwater wells. Staff is concerned about increased retailer interest in reliance on treated water relative to groundwater due to the increased life-cycle cost of groundwater wells. Groundwater provides 40% of water used in the county and is the largest emergency supply. It is important that treated water retailers maintain groundwater wells for routine use as well as use during an emergency.

Staff has prepared the following scenarios for Board consideration:

### Scenario 1) Baseline: Water Supply Master Plan (WSMP) 80% Level of Service (LOS)

This scenario includes the following projects and assumptions:

- Baseline Projects according to the WSMP including the Almaden Valley Pipeline Replacement, Land Rights – South County Recycled Water Pipeline, and Supervisory Control and Data Acquisition (SCADA)/Water Treatment Plant/ Distribution System Implementation Projects;
- Delta Conveyance (State side only);
- No Regrets Package projects;
- Potable Reuse Phase 1 to produce 24,000 AF (assume operations start in FY 28);
- Pacheco Reservoir Expansion (assumes \$485M Proposition 1 grant, \$250M of WIIN Act Funding, 20% Partnerships);
- Transfer-Bethany Pipeline;
- South County Recharge (assume facilities built beyond FY 2029-30);
- \$200M warranty placeholder cost for dams and Water Treatment Plants.

### Scenario 2) No WIIN Act Funding

Includes the same projects and assumptions as Scenario 1 except as follows:

- Assumes \$0 WIIN Act Funding instead of \$250M.



### Scenario 3) Revised Purified Water Program

Includes the same projects and assumptions as Scenario 2 except as follows:

- Replaces Potable Reuse Phase 1 placeholder project with a \$614M Potable Reuse Project based on the recently signed agreement with Palo Alto and Mountain View to produce 13KAF by FY 30, and;
- Assumes that the District builds, finances and operates the facilities (i.e. not delivered via a Public-Private Partnership or P3) and therefore the P3 reserve is eliminated.

### Scenario 4) Add Delta Conveyance Central Valley Project (CVP) side investment

Includes the same projects and assumptions as Scenario 3 except as follows:

- Adds the Delta Conveyance CVP side costs.

Staff can model additional scenarios for the Board as needed.

It should be noted that Investment Scenario 3 replaces the Potable Reuse Phase 1 placeholder project, which would produce 24KAF by FY 28, with a \$614M Potable Reuse Project based on the recently signed agreement with Palo Alto/Mountain View to produce 10 to 13KAF by FY 30. This revised Potable Reuse Project under Scenario 3 would meet the 80% level of service goal (note that the Baseline scenario slightly exceeded the 80% LOS goal, due to future uncertainties discussed with the Board in 2019). The cost estimate for the revised Potable Reuse Project is based on an indirect potable reuse (IPR) project, but it could potentially be a direct potable reuse (DPR) project. Regulations for DPR are expected by the end of 2023, and draft regulations are expected to be released sometime in 2022. A DPR project may lower total cost due to avoiding long pipelines to recharge areas.

There are a couple of strategic options for the Board to consider:

1. Given the reduced near-term water usage projection, the Board could wait until the Fall of 2020 for the Monitoring and Assessment Plan (MAP) review to determine if a water supply shortfall exists relative to achieving the 80% level of service goal.
2. Pursue substitute water supply investment to make up the 11 to 14KAF shortfall (including incremental purified water investments, incremental Delta Conveyance “CVP side” investments, and/or investments in Sites or Los Vaqueros water storage projects).

### ***Transition to modified Groundwater Benefit Zones***

On October 8, 2019, the Board directed staff to pursue modifying the existing groundwater benefit zones W-2 and W-5, and to create two new zones W-7 (Coyote Valley) and W-8 (below Uvas and Chesbro Reservoirs), effective July 1, 2020. New metes and bounds (the legal description that defines the boundaries of the zones) will be developed for Board consideration in accordance with Santa Clara Valley Water District Act requirements. Accordingly, staff has engaged Raftelis Financial Consultants to assist with analyzing cost allocations between the modified zones that would support corresponding modified groundwater charges for each zone for FY 2020-21. As of the preparation of this memo, staff is still working on the cost allocations between the modified zones in the South County area (Zones W-5, W-7 and W-8).

### ***Other Assumptions***

All scenarios assume the continued practice of relying on the State Water Project (SWP) Tax to pay for 100% of the SWP contractual obligations. Pursuant to Water Code Section 11652, the District, whenever necessary, is required to levy on all property in its jurisdiction not exempt from taxation, a tax sufficient to provide for all payments under its SWP contract with the California Department of Water Resources (DWR). All scenarios assume no change in the SWP Tax for FY 2020-21, which would remain at \$18M. The SWP Tax for the average household in Santa Clara would remain at about \$27 per year.

All scenarios also assume the continued practice to set the South County agricultural groundwater production charge at 6% of the M&I charge until FY 2022.

A Drought Reserve was established in FY 2015-16 and was budgeted at \$10M for FY 2019-20. No further funding for this reserve is included in the preliminary analysis. The purpose of this reserve would be to help minimize rate impacts during the next drought and would complement the Supplemental Water Supply Reserve. The preliminary analysis also includes a P3 reserve of \$10M in FY 2020-21 under Scenarios 1 and 2, which is adjusted to \$0 under Scenarios 3 and 4. The purpose of this reserve would be to help minimize the impact of unforeseen events associated with the delivery of the Purified Water Program via a public-private partnership or P3. The preliminary analysis does not include unfunded capital projects or additional unfunded operations cost needs identified by staff.

All scenarios assume Water Utility operations cost of \$208.7M in FY 2020-21 versus the FY 2019-20 adopted budget of \$184.9M.

A PowerPoint presentation will be provided at the meeting.

**The Committee (Arthur M. Keller, Ph.D., Ms. Tess Byler, Mr. Steve Jordan, Mr. Marc Rauser, Mr. Charles Ice, Hon. Dean Chu, Ms. Elizabeth Sarmiento, Ms. Bonnie Bamburg) discussed the following issues/concerns: gap funding calculation, 3 new master plans, Transfer Bethany Pipeline/Los Vaqueros Expansion projects, wells in or out of zones, preparing for April Charges discussions, treated water surcharges, optimization, recycle water/balancing rates, direct/indirect potable water, groundwater, concern with the summary-on what was approved in 2020's budget-increase (\$3.00), charges are being increased because of reduction of base, annual rate model/surplus, water conservation/revenue sales of water (reduction of water usage) and projections being utilized (trends).**

**Comments to the Board: Continue Water Usage Reduction, use #3b scenario-wait for the fall 2020 on Monitoring Assessment Plan, don't assume another P3 (recent signing of Palo Alto/Mtn View), wait for it to play out,-see what happens, do not get involved with the Delta/CVP and continue with Sites and LVE.**

**The Committee took no action.**

## **6.1 STANDING ITEMS REPORT**

Chair Arthur M. Keller, Ph.D. reviewed the following standing agenda items.

### **Summary:**

The Environmental and Water Resources Committee was established to assist the Board with policy review and development, provide comment on activities in the implementation of the District mission, and to identify Board-related issues.

On March 12, 2019, the Board of Directors approved aligning the Board Advisory Committees' agendas and work plans with the Board's yearly work plan.

The new agenda format will allow regular reports on the Board's priorities from the Board's committees and/or Board committee representative and identify subjects where the committees could provide advice to the Board on pre-identified subjects in a timely manner to meet the Board's schedule, and distribute information/reports that may be of interest to committee members.

For the Environmental and Water Resources Committee to receive information on the Board's priorities on the following subjects:

**The Committee took no action.**

The next scheduled meeting is Monday, April 20, 2020, 6:00 p.m., in the Valley Water Headquarters Boardroom.

If you have any questions or concerns, you may contact me at, [gbrambill@valleywater.org](mailto:gbrambill@valleywater.org) or 1.408.630.2408.

Thank you.

Glenna Brambill, Management Analyst II,  
Board Committee Liaison  
Office of the Clerk of the Board