

CEO BULLETIN



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

Weeks of May 8 – May 21, 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. Anderson Dam Bill Passes Assembly Water, Parks & Wildlife Committee

On May 14, 2020, the California State Assembly Water, Parks & Wildlife Committee passed AB 3005 (R. Rivas), Valley Water's sponsored bill to expedite the Anderson Dam Seismic Retrofit Project, in a bipartisan, unanimous vote of 14 to 0. In the hearing, the bill author, Assembly Member Robert Rivas (D-Hollister), spoke passionately about the inundation risks, the urgency of the project considering the Federal Energy Regulatory Commission (FERC) order to drain the reservoir, and the need to proceed expeditiously to protect public safety and the environment. Morgan Hill Mayor Rich Constantine spoke by phone about the stress of wondering every time the ground shakes if a 30-foot wall of water is headed his way. Kurt Lueneburger, Valley Water's Environmental Services Manager, joined by phone and gave an overview of the project and its environmental impacts and enhancements, as well as the public safety, water supply, environmental, and economic stimulus benefits of the project.

Representatives of numerous organizations called into the hearing to express their support for the bill, including San Jose Water Company, Silicon Valley Leadership Group, Association of California Water Agencies (ACWA), California Municipal Utilities Association (CMUA), State Building and Construction Trades Council, Santa Clara Valley Open Space Authority, AFSCME Local 101, Midpeninsula Regional Open Space District, City of Gilroy, Santa Clara County Board of Supervisors, and the City of Santa Clara.

Speaking in opposition to AB 3005 were representatives of California Trout and the Guadalupe Coyote Resource Conservation District, who expressed concern that the bill doesn't allow permitting agencies enough time to appropriately address environmental impacts. During the debate on the bill, Assembly Ash Kalra (D-San Jose), who is a co-author of the bill, spoke about damage in his district in the February 2017 Coyote Creek flood, the importance of using a skilled and trained workforce as required by the bill, and the urgency of the Anderson Project. He urged the Committee to pass the bill.

The unanimous vote of support in the Assembly Water, Parks, and Wildlife Committee leaves AB 3005 well-positioned for future two-thirds majority votes needed on the floors of both houses in order to enact the urgency provisions of the bill. AB 3005 now moves to the Assembly Appropriations Committee for a hearing in early June 2020. Valley Water is engaging in robust advocacy efforts ahead of that hearing.

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

2. Contra Costa Water District Approves the Los Vaqueros Expansion Project Supplemental Environmental Impact Report

As the Valley Water Board of Directors (Board) has directed, Valley Water has been evaluating potential long-term participation in the Los Vaqueros Expansion Project (Project) as a 'Local Agency Partner' (LAP). The Project involves expansion of the existing Los Vaqueros Reservoir (Los Vaqueros) from 160,000 acre-feet of storage to 250,000 acre-feet in total (Phase 2 Expansion), as well as the construction of new conveyance facilities to support use of this expansion including the Transfer-Bethany Pipeline. Project LAPs include several prominent Bay Area water agencies working with the Contra Costa Water District (CCWD) who owns the Los Vaqueros facility in eastern Contra Costa County. Valley Water has been participating in the Project since early formation and LAP involvement started in 2016. In 2018, the Project received a maximum eligibility award of \$459 million from the California Water Commission as part of Proposition 1 Water Storage Investment Program (WSIP) grant funding process.

As part of Project development, CCWD produced a draft supplement to the 'Final Environment Impact Statement/Environmental Impact Report' (Final EIS/EIR) to evaluate the environmental impacts of the Phase 2 Expansion and associated infrastructure improvements. Refinement of the Final EIS/EIR and response to public comments was jointly prepared by CCWD and the Bureau of Reclamation (Reclamation), available online at: <https://www.ccwater.com/710/Environmental-Documents>. On May 13, 2020, the CCWD Board of Directors, at a regular public (teleconference) meeting, considered and certified the Final EIS/EIR document, including the adoption of findings from the CCWD/Reclamation report, and approved the Phase 2 Expansion project to continue development. This certification and adoption help to satisfy environmental regulatory and WSIP requirements for the Project, facilitating the continued development and review of the Project by CCWD and the LAPs. Additional information regarding these requirements will be provided to the Board, as it is made available.

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

3. Follow up to Restricted Reserves Discussion at April 29, 2020 Budget Workstudy Session

During the Budget Workstudy session on April 29, 2020, the Valley Water Board of Directors (Board) asked for clarification with regard to Water Utility restricted reserves in which the Board had control over the dollar amount, versus those in which the dollar amount was governed by contract or legal restriction. Valley Water staff incorrectly stated that the dollar amount for the Rate Stabilization Fund reserve was required per debt covenant and consequently wanted to correct the record.

The Rate Stabilization Fund reserve amount can be determined by the Board, and the minimum is currently established by Board policy at 10% of annual debt service due on all senior and parity obligations plus one month of adopted budget operations outlays. The Board's reserve policy can be found on page 3-39 of the Draft FY 2020-21 Operating and Capital Budget document (Attachment 2 of Item 2.2 on the April 29, 2020 Board meeting agenda). A more thorough discussion regarding Water Utility restricted reserves is included in the non-agenda packet for May 15, 2020.

For further information, please contact Darin Taylor at (408) 630-3068.

4. Safe, Clean Water Program Renewal Efforts Texting Campaign

The Safe, Clean Water Renewal team launched a countywide text campaign to increase Community Survey Inputs.

The campaign began on Tuesday, May 12, 2020 and concluded by Saturday, May 16, 2020 with 8,188 responses directly from this one outreach effort, which is nearly double the response rate expected.

As of Monday, May 18, 2020, the total number of surveys gathered is 13,560. This total includes a combination of outreach methods including social media promotion, texting, telephone banking, and other outreach efforts to meet the 15,000 input goal in an effort to encourage direct public participation in the formation of a draft Community-Preferred Plan.

For further information, please contact Marta Lugo at (408) 630-2237.

5. Spring Pulse Flow in Coyote Creek to Support Steelhead Migration

On the evening of May 11, 2020, Valley Water initiated a spring pulse flow in Coyote Creek to give steelhead, a federally threatened species, a signal to migrate downstream to the San Francisco Bay. The spring pulse flow was coordinated with the National Marine Fisheries Service (NMFS) and California Department of Fish and Wildlife (CDFW). During the period of May 6-10, 2020, Valley Water drained the Coyote Percolation Pond in advance of the pulse flow.

Valley Water, NMFS, and CDFW had agreed on a higher-than-normal flow of 120 cubic feet per second (cfs) for one day, followed by 90 cfs for another day, and then 60 cfs for the subsequent three days to persuade steelhead to out-migrate. This pulse flow is important to encourage steelhead to migrate downstream to the San Francisco Bay prior to October 1, 2020, when Valley Water starts to drain Anderson Reservoir per the order by the Federal Energy Regulatory Commission (FERC) that was issued on February 20, 2020.

The Santa Clara County Parks and Recreation Department and the City of San Jose were notified of the increased creek flows. The City of San Jose notified residents via social media, as well as the unhoused/unsheltered population along the creek.

On Saturday, May 16, 2020, Valley Water will start refilling the Coyote Percolation Pond, which is an important recharge facility for the Santa Clara Subbasin, and flows in Coyote Creek will soon resume to normal for this time of year.

For further information, please contact Aaron Baker at (408) 630-2135.

6. Water Quality Lab Accreditation Update

Last week, Valley Water's Water Quality Lab was notified of renewal of its accreditation from the California Environmental Laboratory Accreditation Program (CA ELAP) for all previously accredited analytical test methods, and three (3) additional test methods. Effective June 1, 2020, the Lab will have the added capability to test for: Per- and Polyfluoroalkyl Substances (PFAS), 1,4-Dioxane, and Perchlorate. These additions expand the laboratory's scope of analytical testing from 36 methods to 39 methods, increasing Valley Water's ability to analyze 21 additional compounds to support treated water operations in providing safe, high quality drinking water to Santa Clara County residents. The newly added accreditations allow the lab to detect PFAS compounds at levels as low as 2 parts per trillion, 1,4-Dioxane as low as 0.1 parts per billion (ppb) and analyze perchlorate to 0.1 ppb.

In addition, on May 5, 2020, the State Water Resources Control Board adopted new CA ELAP regulations, which require accredited laboratories to implement a nationally accepted standard, called the NELAC Institute (TNI) Standard, for managing quality of supplies, documentation and staff training. The adoption of these regulations requires laboratories to meet these requirements by 2023. Valley Water is evaluating these requirements and planning to transition to the new requirements by the due date.

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