

CEO BULLETIN



To: Board of Directors
From: Rick L. Callender, CEO

Weeks of October 9 – October 22, 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. 2020 Youth Commission Virtual Retreat

The 2020 Valley Water Youth Commission Virtual Retreat was held on October 10, 2020 with seventeen Youth Commissioners in attendance. The overall goal of the retreat was for the Youth Commissioners to sign up for a working group, brainstorm major objectives for fiscal year (FY) 2021, and to get to know each other.

The retreat included the following activities:

- 1) Working group exploration – Four different working groups were introduced: Creek Stewardship Program, Career Shadowing & Mentorship, Youth Citizen Science Network, and Adopt-A-Bench Project. Each youth commissioner signed up to participate in one or two working groups.
- 2) Workplan development - The Youth Commission reviewed the FY20 workplan goals and began to identify new goals/objectives for the FY21 workplan.
- 3) Icebreakers - To build team morale, Youth commissioners participated in two icebreakers.
- 4) Educational activities – youth Commissioners also participated in a Hidden Water activity and a virtual trivia game based on a video of Valley Water history.

In addition to the activities listed, three new Youth Commissioners were sworn in.

The next Youth Commission virtual meeting is scheduled for November 18, 2020 at 6:00 p.m.

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

2. Anderson Dam Operational Impact Contingency Planning Workshop

On October 14, 2020, Valley Water hosted an Anderson Dam Operational Impact Contingency Planning Workshop via Zoom. Valley Water presented contingency plans for the Anderson Reservoir water supply outage, inviting water retailers to participate in discussions of operational strategies and communication protocols in response to the impacts of the Anderson Dam Seismic Retrofit Project (Project). In all, 35 individuals representing all 13 of the water retailers within Santa Clara County attended the workshop.

Following an overview of the Project construction elements and timeline, and presentations of groundwater recharge operations and raw and treated water operational contingency planning by Valley Water, scenario exercises were conducted. These exercises guided attendees through mock events during the Anderson outage, and engaged water retailer participants.

Valley Water received helpful feedback from water retailers about how they might operate under certain situations, and Valley Water was able to respond to water retailers' questions and comments. This dialogue will help refine our contingency planning, and our communications strategy with water retailers as well as the broader community. Preliminary feedback from participants was that the workshop was worthwhile, and future such sessions may be scheduled.

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

3. "Ask the CEO" Virtual Meeting Series - Fall 2020

Valley Water hosted an "Ask the CEO" virtual meeting to offer the community an opportunity to ask questions and have informal discussions with Valley Water's CEO Rick Callender on projects and issues within each of Valley Water's seven districts in Santa Clara County.

Valley Water held a virtual meeting for each district with the representing board member in attendance on the following dates:

- September 21, 2020, with Director Richard P. Santos for District 3
- September 25, 2020, with Chair Nai Hsueh for District 5
- September 30, 2020, with Director John L. Varela for District 1
- October 2, 2020, with Director Linda J. LeZotte for District 4
- October 6, 2020, with Director Gary Kremen for District 7
- October 7, 2020, with Vice Chair Tony Estremera for District 6
- October 14, 2020, with Director Barbara F. Keegan for District 2

In total, 206 community members participated via Zoom and Facebook Live, plus an additional 539 community members who viewed recordings on YouTube and Facebook to date.

In addition to providing updates on Valley Water priority projects and programs, CEO Callender fielded questions from the community about Valley Water's efforts surrounding the Anderson Dam Seismic Retrofit Project, the Coyote Creek Flood Protection Project, homeless activity along creeks and streams, climate change, and both the existing and proposed renewal of the Safe, Clean Water and Natural Flood Protection Program.

Residents were encouraged to email follow-up questions or comments directly to the CEO, using the CEO@ValleyWater.org address. Video recordings of the Ask the CEO meetings can be found at <https://www.valleywater.org/ask-the-ceo>.

For further information, please contact Theresa Chinte at (408) 630-2714.

4. California Natural Resources Agency Proposition 68 Grants Announcement

On October 1, 2020, the California Natural Resources Agency announced it is directing almost \$50 million in Proposition 68 funding toward 15 projects that are expected to immediately improve the ecosystem health for protected fish species in the Central Valley. The projects benefit salmon, steelhead, and other native fish through improvements in food availability, creation of more suitable spawning and rearing habitat, installation of fish passage and fish screens to reduce entrainment, and more. Many of these projects were identified in the Voluntary Agreements and would count towards Voluntary Agreement improvements if the Agreements move forward.

Proposition 68 authorized \$4 billion in funding for natural resource programs, of which \$200 million was allocated to support multi-benefit water quality, water supply, and watershed programs in the Sacramento and San Joaquin river systems. California state agencies worked together to select projects based on their feasibility and delivery of long-term recovery for target species, for example the Central Valley Chinook salmon.

Environmental regulations to protect state and federally listed species, such as Central Valley Chinook salmon, influence the amount of imported water available to Valley Water. As such, improving conditions for these species helps protect the water supply reliability for Valley Water.

Visit <https://resources.ca.gov/-/media/CNRA-Website/Files/NewsRoom/email-items/Proposition-68-Restoration-Projects-20201001.pdf> to view more details on each project and proposed awards.

For further information, please contact Vincent Gin at (408) 630-2633.

5. FAHCE Plus Pilot Program on Stevens Creek and Guadalupe Reservoirs

Valley Water officially began its Fish and Aquatic Habitat Collaborative Effort (FAHCE) Plus Pilot Program on Thursday, October 15, 2020. This pilot program is intended to provide improved conditions for steelhead trout, a federally threatened species. FAHCE Plus is a modified version of the FAHCE reservoir re-operations presented in the 2003 "FAHCE Settlement Agreement".

The pilot program will apply to Stevens Creek and Guadalupe reservoirs, and includes reservoir operating rules that provide for pulse flows in the winter for adult steelhead to migrate upstream from San Francisco Bay into Stevens Creek and Guadalupe River/Creek to lay their eggs and reproduce. The operating rules also provide for flows necessary to allow the eggs to hatch, then provide for an additional pulse flow in the spring to help the adult fish and juveniles from previous years to migrate back to San Francisco Bay, and on to the Pacific Ocean. This pilot program will involve data collection, so that the effectiveness of the reservoir operating rules in improving fish habitat conditions and reproductive success may be assessed and adjustments made to future operations, if necessary.

More information about FAHCE may be found at: <https://www.valleywater.org/project-updates/creek-river-projects/fahce-fish-and-aquatic-habitat-collaborative-effort>.

For further information, please contact Greg Williams at (408) 630-2867.

6. Forecast Informed Reservoir Operations

Valley Water, like other water agencies, operates its reservoirs based on fixed rule curves developed from decades-old hydrology data. Forecast-Informed Reservoir Operations (FIRO) incorporates weather forecast data and stochastic modeling into the operating rules for reservoirs. As we face climate change, with the potential for more uncertainty in weather and more intense storms, the FIRO approach could help to optimize our reservoir management for both water supply and flood management.

In our region, nearly 85% of flooding events are caused by atmospheric river storms. The Center for Western Weather & Water Extremes (CW3E) at Scripps Institution of Oceanography leads a variety of contemporary, science-based Atmospheric River and FIRO programs and projects to optimize weather, climate and water forecasts — providing water managers with practical tools to improve their operations, increase water supplies, and promote public safety. Valley Water has elected to join and be a founding member of the CW3E. This membership will provide Valley Water with the opportunity to help guide and provide feedback on strategies to transfer research to operations through scientific insights and decision support tools.

For further information, please contact Sue Tippetts at (408) 630-2253.

7. Valley Water Adds New Internet Service Provider

Valley Water has partnered with Wiline Networks to supplement the existing internet connection provided by AT&T. Wiline utilizes Microwave, Laser and other line-of-sight or near-line-of-sight communication methods to provide connectivity to locations where fiber optic and copper networks are unavailable. During normal operations, Wiline will effectively double network bandwidth. In the event of either a Wiline or AT&T outage, Valley Water can seamlessly continue operations.

In addition to improved speed and redundant connectivity to the internet, Valley Water is completing a proof of concept with Wiline to bring Valley Water's internal network to the remote Anderson Dam construction site. If successful, this proof of concept will be expanded to bring much higher speeds (up to 40x) to treatment and pumping facilities as well as connectivity to remote locations currently relying on low-speed connections.

For further information, please contact Mike Cook at (408) 630-2424.

8. Municipal Regional Stormwater Permit Annual Report

Valley Water complies with the Municipal Regional Stormwater NPDES Permit (MRP) by implementing actions in accordance with the applicable portions of the MRP's major provisions, including operation of storm drains from our facilities, illicit discharge detection and elimination, public information and outreach, and other actions. These compliance actions are reported annually to the San Francisco Bay Regional Water Quality Control Board. The report provides data and narrative demonstrating Valley Water's compliance, progress, and accomplishments throughout the reporting year. Valley Water leads by serving as Chair of the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) Management Committee, representing SCVURPPP at the Bay Area Stormwater Management Agencies Association Board of Directors, and serving on the Board of Directors of the statewide California Stormwater Quality Association.

Major accomplishments this year include:

- As one of the few Santa Clara County Permittees with 24-hour availability to conduct storm water pollution investigations, Valley Water received and responded to 86 emergency response reports in FY19-20.
- The Valley Water's Code Enforcement Program processed 240 cases in FY19-20, including encroachments and illegal dumping on Valley Water property.
- The Water Waste Inspector Program responded to and resolved 272 reports of water waste.
- During FY19-20, Valley Water removed 11,568 cubic yards of trash and debris from various waterways in Santa Clara County. Most of this trash is removed through the Good Neighbor Encampment Cleanup program and partnerships with other agencies.

The report also highlights Valley Water's public information and outreach program, including the popular Water Resources Education Outreach Program, Adopt-A-Creek and creek clean up events, attendance at many community events, the Grants and Partnerships program, and distance learning content produced in response to students' learning needs during the COVID-19 pandemic. The Stormwater Annual report will be posted on the Water Board's website at https://www.waterboards.ca.gov/sanfranciscobay/water_issues/programs/stormwater/MRP/Annual_Reports1.html and on the Safe, Clean Water Project B2 Interagency Urban Runoff Program page: <https://www.valleywater.org/project-updates/b2-interagency-urban-runoff-program>.

For further information, please contact Lisa Bankosh at (408) 630-2618.

9. New Warehouse Fall Protection Improvements at Coyote Pumping Plant

Permanent fall protection systems have been incorporated into Valley Water's new Coyote Pumping Plant Warehouse. Fall protection cable systems were installed on the fixed ladder and roof. These two systems are composed of steel cables attached with stanchions/anchors that are secured along the ladder and the entire length of the roof. Staff connect to the cable system using a fall protection harness and a connector that allows them to move safely along the system. These fixed fall protection cable systems allow staff to remain tied-off at all times, which significantly reduces the risk of falls during roof access maintenance work activities.

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

10. Results of the Sale of Water Utility Debt Obligations

On October 14, 2020, Valley Water closed on a debt issuance to finance capital improvement costs for the water utility system. The financing was authorized by Valley Water's Board of Directors at its September 8, 2020, regular meeting. Total debt proceeds of \$216 million plus \$20 million of original issue premium were used to repay \$99.3 million of commercial paper that was issued as interim financing for previously-incurred costs (Water System Refunding Revenue Bonds, Series 2020A/B) and generate \$135 million of new money proceeds to fund eligible capital costs over the next 1-2 years (Revenue Certificates of Participation, Water Utility System Improvement Projects, Series 2020AC/D). Valley Water received 'AA+' and 'Aa1' credit ratings on the debt from Fitch and Moody's, respectively. The debt obligations will be repaid over 30 years at fixed rates. Valley Water achieved very favorable pricing with an aggregate, all-in true interest cost of 2.69% and achieved budgetary debt service savings of approximately \$5 million for the current fiscal year 2020-21. The successful transaction was a result of the Board's strong leadership and fiscally prudent executive management team.

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

11. Update on Valley Water Response to PFAS

Valley Water continues to track the emerging issues related to PFAS (Per- and Polyfluoroalkyl Substances), which are persistent in the environment and have known and suspected adverse health effects. Two PFAS, PFOA and PFOS, have health-based notification and response levels set by the State Water Resources Control Board (State Board). As presented at the August 11, 2020 Board Meeting, voluntary Valley Water sampling of 55 monitoring wells does not indicate widespread presence of PFOA and PFOS above health advisory levels in local groundwater, but the presence of PFAS in some wells is concerning. Valley Water will resample all 12 monitoring wells with detections of PFOA or PFOS to confirm the previous results.

In September 2020, Valley Water met with the San Francisco Bay and Central Coast Regional Water Quality Control Boards (Regional Boards) and the Division of Drinking Water regarding regional PFAS sampling results and potential coordination. The Regional Board was interested in any information that will help them prioritize investigations, especially as they relate to impacted drinking water wells. Valley Water is evaluating the extent of PFAS in groundwater using all available data and will continue to collaborate with water retailers and regulatory agencies to better understand PFAS occurrence and potential sources, and to identify any action that may be needed to protect local water supplies.

Valley Water also plans to conduct voluntary, quarterly PFAS sampling at Valley Water's three water treatment plants beginning this Fall 2020. In addition, the State Board has ordered quarterly PFAS sampling at Valley Water's Campbell Well C beginning in late 2020 since low levels of PFAS were detected in two of the three Campbell wells under a 2019 State Board Investigative Order. All PFAS detections at these wells were below the notification levels. At no point was water from the Campbell Wells, which remain an emergency source of supply, served to the public.

For further information, please contact Greg Williams at (408) 630-2867.

12. Valley Water Appeals the Cal/OSHA Citation Alleging an Excavation Safety Order Violation

In the September 11 – September 24, 2020 Issue of the CEO Bulletin, it was reported that Valley Water Legal Counsel was reviewing a citation that Valley Water received from the California Division of Occupational Safety and Health. The alleged safety violation was associated with an excavation that was dug for the repair of a 12-inch water main at the Santa Teresa Water Treatment Plant.

Valley Water Legal Counsel has reviewed the citation, and associated facts, and recommended to appeal the citation, which was subsequently approved by the Appointing Authority. The appeal has been made within the statutory time limits, and further notification is anticipated to be forthcoming from either the Occupational Safety and Health Appeals Board, or the Division of Occupational Safety and Health to determine the next steps in the appeal process.

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

13. Valley Water Hosts 2020 Virtual Water Walk Tour

On October 9, 2020, Valley Water conducted its first-ever Virtual Water Walk Tour, which educated and engaged 40 elected officials, federal, state, regional, and local jurisdiction representatives, and key advocacy stakeholders on various Valley Water projects, and highlighted the continued partnership and advocacy needed to advance them.

Tour attendees then virtually visited the Anderson Dam in Morgan Hill where the group learned about the Seismic Retrofit Project and Anderson's role in supplying safe, clean water to the county, and how it will be funded, including through Santa Clara County Measure S if it is passed by voters.

Next, the tour stopped at the San Francisquito Creek Flood Protection Project in Palo Alto where attendees heard the critical need for and complexities involved in a multi-jurisdictional flood protection project that spans two counties and four cities and aims to provide flood protection, improved water quality, enhanced recreational opportunities, and habitat for endangered species.

The next project visit was a strategic stop at the Downtown Guadalupe Flood Protection Project which allowed tour attendees to see the results of a successfully completed, multi-agency and multi-benefit project first-hand.

The tour finished up at the Silicon Valley Advanced Water Purification Center, where the group learned about Valley Water's use of cutting-edge recycled water technologies that showcase the future of water supplies for Silicon Valley. This virtual stop enabled a robust discussion of the essential partnerships necessary to ensure the future of water supplies in Santa Clara County.

The tour concluded with a discussion of Valley Water's legislative priorities and the need for continued engagement and support from policymakers and advocacy stakeholders on water supply and watersheds projects that benefit Silicon Valley. Attendees were fully engaged throughout the tour and asked many good questions throughout the event. Valley Water received overwhelmingly positive feedback from attendees and are hopeful to return to a traditional bus tour in 2021.

For further information, please contact Don Rocha at (408) 630-2338.

14. Valley Water Launches a Water Conservation Webinar Series

Valley Water has a four-part Water Conservation Facebook Live Series. Two of the presentations have already been taped and are posted to the Water Savings Videos page on the Valley Water website located at: <https://www.youtube.com/user/Valleywater>, within the Conservation is a California Way of Life section.

The topics include:

- Top Ten Ways to Save Water in Your Home, recorded on September 15th; and
- How to Lose Your Lawn with Valley Water's Landscape Rebate Program, recorded on September 23rd.

The upcoming topics include:

- Reuse Graywater and Rainwater in Your Yard, will air on October 22nd at 6:00 pm.
To register for the live presentation: <https://www.eventbrite.com/e/reuse-graywater-and-rainwater-in-your-yard-tickets-120877165857>
- How to be a Leak Detective at Home, will air on November 18th at 12:00 pm.
To register for the live presentation: <https://www.eventbrite.com/e/become-a-leak-detective-at-home-tickets-120885847825>

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

15. Valley Water Submits Letter of Interest for WIFIA Loan for Pacheco Reservoir Expansion Project

Valley Water submitted a letter of interest (LOI) for the Pacheco Reservoir Expansion Project (project) to the U.S. Environmental Protection Agency (EPA) for a loan under its Water Infrastructure Finance and Innovation Act (WIFIA) loan program. The LOI, submitted prior to the deadline on October 15, 2020, described the project and its community benefits in detail and provided information on the creditworthiness of Valley Water as a borrower.

The EPA will announce in 3 months which projects from across the nation are invited to apply for a WIFIA loan. The federal WIFIA loan program, previously identified by Valley Water as a preferential, low-cost option for borrowing funds to finance the development, design, and construction of the project, can fund up to 49% of eligible capital costs. In its notice of funding availability, the EPA estimated that its budget authority for its fiscal year ending September 30, 2021 may provide for approximately \$5 billion in loans to selected projects, with additional funding possibly available from prior year carryover resources.

Valley Water's funding plan for the \$1.3 billion project includes maximizing the use of eligible state Proposition 1 Water Storage Investment Program grant funds (\$485 million) and maximizing WIFIA support to finance the remainder, with additional funds to be generated from the issuance of water utility enterprise revenue bonds, as needed, other federal and state programs, and contributions from project partner beneficiaries. It is anticipated that any increases to the project cost may be accommodated by the WIFIA loan program depending on the availability of program funding.

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

16. Water 101 Academy - Spring 2021 Applications Launching

Valley Water is preparing to launch the third cohort of the "Water 101 Academy" for Spring 2021. Last year, the program received over 70 applications and a total of 21 community ambassadors were selected from all seven districts by their respective board member. The leadership program is designed to educate and engage community members who would then become an ambassador in their communities on all things water and provide accurate and up-to-date information on resources, opportunities, challenges or other pertinent issues, helping to provide a local voice in their personal and virtual social networks.

Since the completion of the academy last Spring 2020, ambassadors have continued to be active spokespeople in their communities on water issues, with several of them advocating for Valley Water efforts such as purified and recycled water expansion, as well as volunteering to participate in community events including the recent California Coastal Cleanup (with social distancing measures in place). Several ambassadors have expressed fervent support of the Water 101 Academy and are highly motivated to encourage other community leaders to participate.

Applications for the third year of the Water 101 Academy will be made available from October 6 through December 4, 2020. Valley Water is working on a comprehensive promotion and outreach plan to promote the program through social media, blog posts, monthly newsletters and Nextdoor posts from each Board of Director. Selected applicants (three from each board district) will undergo six educational sessions starting in March 2021, including a virtual tour of Valley Water facilities. Due to the COVID-19 pandemic, the sessions will be hosted virtually until further notice. The final session and graduation ceremony will conclude in June 2021 during a regular evening board meeting.

Expected outcomes include expanding the cadre of countywide water ambassadors who will help support and share invaluable information between Valley Water and their respective communities. The ultimate goal is to improve two-way communication with the residents of Santa Clara County by leveraging community leaders to help expand information sharing and input gathering, resulting in more knowledgeable and engaged residents.

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

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