

11/10/2020


**MEMORANDUM**  
 FC 14 (01-02-07)

**TO:** Board of Directors

**FRO** Environmental and Water  
Resources Committee

**SUBJECT:** Environmental and Water Resources  
Committee Meeting Summary for  
October 19, 2020

**DATE** November 10, 2020

This memorandum summarizes agenda items from the regular meeting of the Environmental and Water Resources Committee held on October 19, 2020.

**Attendees:**

Committee members in attendance were: Bonnie Bamburg, Loren Lewis, Rita Norton, Charles Ice, Hon. Dean J. Chu, Rev. Jethroe Moore, II, Charles Taylor, Susan Blake, John Bourgeois, Bob Levy, Hon. Tara Martin-Milius, Mike Michitaka, Marc Rauser, Hon. Patrick S. Kwok, Tess Byler, Steve Jordan, and Arthur M. Keller, Ph.D.

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

Staff members in attendance were: Aaron Baker, Lisa Bankosh, Glenna Brambill, Michele King, Carmen Narayanan, Darin Taylor, and Kristen Yasukawa.

Guests in attendance were: Director Barbara Keegan and Director Richard P. Santos (Valley Water), and Ms. Kit Gordon.

**AGENDA ITEM:**
**4.1 FY2020-21 GROUNDWATER PRODUCTION CHARGES AND VALLEY WATER BUDGET UPDATE**

Mr. Darin Taylor gave an overview of the following:

**Summary from Meeting Agenda Memo:**

On May 26, 2020, the Board adopted groundwater production and other water charges for Fiscal Year 2020-21. In response to the ongoing pandemic the Board adopted no increase in the groundwater production charge for Groundwater Benefit Zones W-2 (encompassing the area north of Metcalf Road often referred to as North County), and W-7 (overlaying the Coyote Valley south of Metcalf Road). The Board adopted decreases in the groundwater production charge for Groundwater Benefit Zones W-5 (overlaying Gilroy, San Martin and most of Morgan Hill) and W-8 (includes areas below Uvas and Chesbro Reservoirs). Note that the Board approved a staff proposal to parse the original Zone W-5 in the South County into the three zones mentioned above to ensure that ratepayers are grouped in a way that reflects the most recent and relevant data regarding the services and benefits received by well users. The Board adopted no increase to the agricultural groundwater production charge, maintaining it at \$28.86/AF for all zones.

The Board requested that staff bring back information on the financial impacts of the COVID-19 Pandemic on the community and on Valley Water so that the Board could consider whether or not a mid-year rate increase for FY 2020-21 should be pursued for Zones W-2 and W-7, and whether or not any adjustments should be made to the FY 2020-21 budget. As of the writing of this memo, staff is planning to go to the Board on September 22, with a recommendation from the Budget Review Working Group (an ad hoc working group made up of three Board members) to not pursue a mid-year rate increase. This recommendation will result in the need for higher water rate increases in future years in the absence of offsetting cost cutting actions.

Also, on May 26, 2020 the Board adopted a \$610 million budget for FY 2020-21, as shown in the attached Budget in Brief document (Attachment 1). As of the writing of this memo, staff is not planning to recommend any changes to the budget to the Board on September 22.

The Environmental and Water Resources Committee (Mr. Steve Jordan and Mr. Mike Michitaka) discussed the following: what drove the no increase, impacts, total debt bond amount, depreciation, revenue-debt service, outstanding bond service, investments, gaps and cash accruals.

The Environmental and Water Resources Committee took no action.

#### **4.2 REVIEW FY2020-21 BOARD WORK PLAN**

Ms. Glenna Brambill, Director Nai Hsueh and Director Linda J. LeZotte gave an overview of the following.

##### **Summary from Meeting Agenda Memo:**

The attached Work Plan outlines the Board-approved topics for discussion to be able to prepare policy alternatives and implications for Board deliberation.

As part of the Board's annual strategic planning process, board members and the Chair identify specific areas that they will monitor closely and engage as necessary. The specific areas identified during the strategic planning process are outlined in the FY21 Board Work Plan. In FY21 the Board will focus on new water storage opportunities as well as advancing major water supply facilities such as Anderson Dam and leading efforts in recycled and purified water. We will prioritize funding to protect and maintain our flood protection assets. In all focus areas we will continue to engage the community and not lose sight of our environmental stewardship goals such as a net positive impact on the environment. They will also address impacts of climate change on their work. As policy makers for Valley Water the Board will engage through board committees and full board discussion to monitor progress in the focus areas highlighted in this plan.

Early 2020 has brought about unprecedented and challenging times for everyone. The Board wants to assure the community that all board members remain committed through policymaking to ensuring Valley Water remains a high performing organization.

The Environmental and Water Resources Committee (Mr. Mike Michitaka, Mr. Steve Jordan, Ms. Rita Norton, Mr. Bob Levy, and Ms. Tess Byler ) discussed the following: climate change's own strategy, population growth, census impact on change in businesses, monitoring homeless encampments, tracking metrics and water storage concerns.

Mr. Aaron Baker, Director Hsueh, and Director LeZotte were available to answer questions.

The Environmental and Water Resources Committee took no action.

The next regularly scheduled meeting is Monday, January 25, 2021, 6:00 p.m.

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

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