

CEO BULLETIN



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

Weeks of October 23 – November 5, 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. Amendment to California Universal Waste Regulations

Last month, California's Department of Toxic Substances Control (DTSC) officially added photo-voltaic (PV) modules, better known as solar panels, to the state universal waste system. Effective January 1, 2021, solar panels will be allowed to be managed and recycled more easily throughout the state. By adding solar panels to the state universal waste regulations, state regulators hope to encourage proper waste disposal, reduce waste abandonment, and increase cost savings for PV module waste generators.

California's universal waste program will now cover eight items: batteries, electronic devices, mercury-containing equipment, lamps, cathode-ray tubes (CRT), CRT glass, aerosol cans, and solar panels. Currently, solar panels fall under the state's hazardous waste regulations primarily due to their glass and metal components. Solar panels can be made of palladium, silver, nickel, copper, or cadmium. When not disposed of properly, these metals can leach into the soil and groundwater. For public safety and to protect the environment, the state classified end-of-life solar panels as a hazardous waste in 2015. The DTSC has cited these stringent regulations as a significant burden on generators that creates a disincentive for proper disposal of solar panel waste.

Due to concerns of improper disposal, as well as the low risk posed by solar panels, the DTSC moved forward with streamlining the solar panel waste collection and treatment to meet California's universal waste requirements. The DTSC has cited the successful inclusion of "electronic waste" to the universal waste requirements as a positive sign that solar panel inclusion will also be a win for waste generators, handlers, and transporters.

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

2. Annual Valley Water-San Francisco Public Utilities Commission Intertie Meeting

On October 22, 2020, Valley Water and the San Francisco Public Utilities Commission (SFPUC) participated in their annual meeting to discuss the Valley Water-SFPUC Intertie facility (Intertie). The Intertie comprises a pipeline and pump station connecting Valley Water's Milpitas Pipeline to SFPUC's Bay Division Pipeline Nos. 3 and 4. The Intertie allows for up to 40 million gallons per day to be conveyed to or from Valley Water and SFPUC systems during critical or emergency situations.

The meeting included discussions about past and planned operations and maintenance, successes in regulatory compliance, and administrative items. Of particular focus was our agencies' continued coordination on future system shutdowns that may compel use of the Intertie to provide water supply for each agency. SFPUC informed Valley Water of its plans to shut down key parts of its water supply system for extended periods in each of the next six years. Valley Water committed to working closely with SFPUC to ensure the continued water supply reliability of both agencies' systems.

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

3. Bureau of Reclamation Awards \$40 Million for Sacramento River Salmon Habitat Improvements

The Bureau of Reclamation (Reclamation) recently awarded \$40 million in funding to four projects in the Sacramento River that will improve spawning and rearing habitat for Chinook salmon. These projects will receive \$10 million each over a five-year period and were selected through a competitive process. The projects were identified in Central Valley Project Improvement Act (CVPIA) workplans, but funds had not previously been awarded to those that would carry them out. These are paid for via the Central Valley Project (CVP) Restoration Fund, which uses revenue generated from CVP water and power customers to carry out fish and wildlife projects. Valley Water has contributed to the CVP Restoration Fund every year since 1994, and in the last three years has contributed an average of \$2.3 million annually.

The funding for the projects was awarded to Glen-Colusa Irrigation District, Reclamation District 108, River Partners, and Chico State Enterprises. Glen-Colusa Irrigation District will increase salmon's access to rearing habitat through the implementation of seven habitat restoration actions. Reclamation District 108 will restore habitat through gravel augmentation and side channel restoration. River Partners, a non-profit organization, will improve spawning and rearing habitat in six locations, including floodplains. Chico State Enterprises, an organization of CSU Chico, will focus on restoration along the Battle Creek confluence.

Along with the recently allocated \$50 million in state dollars via Prop 68 Grants, this funding will contribute to healthier conditions for Chinook salmon, which in turn helps protect the water supply reliability for Valley Water. Reclamation's press release can be viewed here:

<https://www.usbr.gov/newsroom/newsrelease/detail.cfm?RecordID=73047#:~:text=%E2%80%93%20The%20Bureau%20of%20Reclamation%20announces,projects%20along%20the%20Sacramento%20River.>

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

4. Countywide Water Reuse Master Plan's Project Partner Group Meeting No. 7

The Project Partner Group (PPG) is an integral part of Valley Water's robust engagement with various interest groups involved in the Countywide Water Reuse Master Plan (CoRe Plan). PPG Meeting No. 7 was held on October 27, 2020. The PPG meeting attendees are primarily Partner Agencies including San Francisco Public Utility Commission and the four non-potable reuse producers in the County: City of Palo Alto/City of Mountain View Recycled Water System (RWS), City of Sunnyvale RWS, City of San José/City of Santa Clara South Bay Water Recycling, and South County Regional Wastewater Authority.

The CoRe Plan is being developed incrementally with stakeholder input on interim deliverables that build on one another and will collectively form the basis for the final CoRe Plan report aimed for completion in early 2021. PPG Meeting No. 7 presented the participants with an opportunity to view the latest version of the CoRe Plan titled "Draft Final Countywide Water Reuse Master Plan" and provide input and feedback. The Project Partners acknowledged and expressed their appreciation for Valley Water's leadership in developing the CoRe Plan and for having the forward thinking vision of developing more reliable, drought-resistant, and sustainable water supply for the county and the future residents.

Valley Water will be working closely with the Project Partners to solicit their written comments on the Draft Final CoRe Plan to ensure their valuable input and feedback are captured accurately. Meanwhile, a meeting summary of PPG No. 7 is being developed and will be presented to the Recycled Water Committee on November 20, 2020.

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

5. Execution of \$170 Million Bank Line of Credit with U.S. Bank and Small Local Community Banks

On October 30, 2020, Valley Water closed on a \$170 million syndicated revolving line of credit with U.S. Bank and three small local community banks. U.S. Bank is the lead bank and will act as the agent to administer the syndicated loan with the following credit allocations: (1) U.S. Bank \$150 million; (2) Bank of San Francisco \$7 million; (3) Community Bank of the Bay \$5 million; and (4) First Foundation Bank \$8 million. The line of credit has a three-year term through October 27, 2023, with renewal options pursuant to Board Resolution 20-11 adopted by the Valley Water Board on April 28, 2020. The estimated true interest cost of the credit facility is between 0.574% - 1.557%, or between \$0.9 to \$2.4 million per year to depending on the amount and timing of any draws and future market conditions. This credit facility ensures that Valley Water will have ample liquidity to continue funding ongoing capital projects and meet general financing needs despite the economic uncertainties related to the ongoing Covid19 pandemic. 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.

6. Mass Soil Offhaul Activities Resume at the Permanente Creek Flood Protection Project for the Rancho San Antonio Detention Basin Project

The contractor (Granite) at the Rancho San Antonio Detention Basin Project (Project) has worked diligently to find suitable sites that will accept the excess soil from the Project. Starting on November 2, 2020, trucks began offhauling approximately 12,000 cubic yards of soil to the first of two sites that would accept the soil. The remaining soil, approximately 18,000 cubic yards, will be offhauled to another site beginning November 9, 2020. Offhaul activities are anticipated to be completed by the end of November 2020, pending minimal weather delays and no other unexpected discoveries or challenges.

Once all the excess soil has been removed from the site, fence work, trail restoration, mitigation plantings, and miscellaneous punch-list items will commence, barring any delays from inclement weather.

For further information, please contact Rechelle Blank at (408) 630-2615.

7. Office supplies distribution for Valley Water employees

Valley Water distributed frequently ordered office supplies and Valley Water logo reusable face coverings to employees. The distribution occurred over the period of 3-weeks, on Mondays and Wednesdays, starting September 21, 2020, through October 7, 2020, from 9 AM to 2 PM.

A total of approximately two-hundred and seventy employees, with several of these employees picking up supplies for their respective units, participated in picking up office supplies and face coverings. Throughout the duration of the distribution period, COVID-related safety protocols were adhered to, such as social distancing.

Due to the success of the office supplies distribution, Valley Water will continue to hold the office supplies distribution on a regularly recurring basis to support the Valley Water team.

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

8. Safe, Clean Water Grant Closeout: Frontier Energy, Inc Fisher Nickel FY17 A2 Dipper Well Replacement Project

Frontier Energy, Inc. received a \$37,500 Safe, Clean Water Program Fiscal Year 2017 A2 Grant agreement for the Dipper Well Replacement Project (Agreement No. A4079R). The agreement began on June 16, 2017 and was completed on December 31, 2019.

Dipper wells are pieces of commercial kitchen equipment designed to rinse and sanitize serving utensils in cafeterias, grocery stores, and ice cream shops. In California, there are approximately 100,000 dip wells, each utilizing up to 500 gallons of freshwater per day. The Dipper Well Replacement Project seeks to determine the water-saving potential of three replacement technologies through direct field replacements.

The three technologies evaluated include: 1) Lolsberg i.ScoopShower, a pressure-activated switch system, 2) ConserveWell Heated Utensil Holder, an electric heated basin system that doesn't require continuously flowing water, and 3) Rinsewell Smart Eco-Rinse, a system that recirculates water through a dissolved ozone generator. The field monitoring study included five different locations with wide-ranging operating conditions and situations.

This study's goal was to demonstrate that alternative dipper well replacement technologies can be successful in the field. Cost-positive and yield water savings research will be shared with commercial foodservice facilities to bring awareness of the benefits of using the dipper well technologies examined in this study.

Key Outcomes:

Location #1: Stanford University Jamba Juice

- Technology used: Lolsberg i.ScoopShower/ConserveWell Heated Utensil Holder
- Water savings: 47.25 gal/d

Location #2: Stanford Florence Moore Dining Commons

- Technology used: Rinsewell Smart Eco-Rinse
- Water savings: 222 gal/d

Location #3: Il Fornaio Restaurant Santa Clara

- Technology used: ConserveWell Heated Utensil Holder
- Water savings: 250 gal/d

Location #4: Il Fornaio Restaurant San Jose

- Technology used: ConserveWell Heated Utensil Holder
- Water savings: 598 gal/d

Location #5: Corporate Cafe

- Technology used: ConserveWell Heated Utensil Holder
- Water savings: 166 gal/d

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

9. Update on Valley Water Response to PFAS

On October 29, 2020, Valley Water met with San Jose Water Company, the San Francisco Bay Regional Water Quality Control Board, and the Division of Drinking Water to discuss the impact of PFAS (Per- and Polyfluoroalkyl Substances) on water supply wells and the Santa Clara Subbasin. As reported in previous CEO Bulletins and the August 11, 2020 Board update, San Jose Water Company has taken ten wells offline due to the presence of PFAS.

The goal of the recent meeting was to develop a coordinated approach to better understand and address PFAS. The meeting resulted in a robust discussion of the impacts of PFAS in the Santa Clara Subbasin and the role of each organization. The four organizations will continue to collaborate to identify potential PFAS sources, impact, and appropriate actions, and will ensure continued progress through quarterly meetings.

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

10. Valley Water Mercury Study Published in Scientific Journal

Valley Water, along with colleagues from UC Merced and the San Francisco Bay Regional Water Quality Control Board, recently published results from Valley Water's 15-year mercury study in the respected journal *Environmental Pollution*. The article presents a statistical evaluation of the effectiveness of line-diffuser oxygenation systems in reducing methylmercury in water and fish of Almaden, Calero, Guadalupe, and Stevens Creek reservoirs. The study methods and findings made it through a rigorous editorial review by some of our nation's mercury experts. Valley Water's work will have far-reaching impacts, informing reservoir mercury management around the world.

The article was published open access, and can be downloaded here:

<https://www.sciencedirect.com/science/article/pii/S0269749120364484?via%3Dihub>

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