

CEO BULLETIN



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

Weeks of November 6 – November 19, 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 Reservoir Operations Post Federal Energy Regulatory Commission's Drawdown Order

Valley Water began drawing down Anderson Reservoir to meet the October 1, 2020 deadline that was imposed by the Federal Energy Regulatory Commission (FERC) Order. Valley Water is currently lowering the reservoir down to deadpool which is approximately 3-percent of capacity. As of November 16, 2020, Anderson Reservoir storage was at approximately 7-percent of capacity. Valley Water has been beneficially using Anderson Reservoir water by sending it to the drinking water treatment plants and releasing it to Coyote Creek for managed groundwater recharge.

On October 8, 2020, Valley Water stopped the release of Anderson water to the water treatment plants due to degrading water quality—high manganese levels and low dissolved oxygen. Valley Water increased the release to Coyote Creek to 100 cubic feet per second to comply with the FERC Order to draw down the reservoir as quickly and as safely as possible.

In early November 2020, Anderson Reservoir water turned over due to cooling air and water temperatures. That is, the reservoir water at different depths has mixed and the water quality became acceptable for treatment at the drinking water treatment plants. Consequently, Valley Water started sending Anderson Reservoir water again to the drinking water treatment plants on November 9, 2020. The plan is to keep on using Anderson Reservoir as a water source for the Rinconada and Santa Teresa Water Treatment Plants until Anderson's water storage nears deadpool or the water quality becomes unacceptable to use at the water treatment plants, whichever comes first. Flows to Coyote Creek are primarily from imported water sources when sending Anderson water to the drinking water treatment plants.

On November 13, 2020, Valley Water reduced the blend of Anderson water to the drinking water treatment plants due to water quality issues. The Anderson Reservoir water quality parameters continue to be monitored and, when the water becomes acceptable for the treatment plants, the use of Anderson Reservoir water will be increased to maximize its beneficial use.

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

2. BAYWORK Annual Report for 2019-2020

BAYWORK, a regional consortium of water and wastewater utilities working on operational sustainability through workforce sustainability has issued its Annual Report for 2019-2020. Valley Water is a charter member of BAYWORK and has benefited from support from Valley Water's Board of Directors. Valley Water's participation is a part of efforts for succession development.

Last fiscal year was a noteworthy one for BAYWORK. The COVID-19 pandemic derailed many planned activities however, it remained a strong year for the organization. The Annual Report is organized in an infographic format that highlights some of the most significant accomplishments and is available on the recently updated website at www.baywork.org.

For further information, please contact Ingrid Bella at (408) 630-3171.

3. Department of Water Resources Releases Oroville Dam Comprehensive Needs Assessment Summary Report

On November 9, 2020, the Department of Water Resources (DWR) issued a news release announcing the publication of a summary report on the Oroville Dam Safety Comprehensive Needs Assessment (CNA), initiated in January 2018, to identify dam safety and operational needs following reconstruction of the spillways damaged in February 2017.

The news release states that a team of experts, including an Independent Review Board of dam safety experts, determined that the Oroville Dam Complex is safe to operate and no urgent repairs are needed. The CNA identified several risk-reduction projects that DWR already is moving to implement and identified potential vulnerabilities that require further examination to better understand their actual risk. Since conditions can change over time, DWR will conduct ongoing monitoring and assessment to maintain the safety and reliability of the dam complex.

The news release from DWR can be found at the following website:

<https://water.ca.gov/News/News-Releases/2020/Nov-20/Oroville-CNA-Assessment-Summary-Report>

The CNA Summary Report can be found at the following website:

<https://water.ca.gov/Programs/State-Water-Project/SWP-Facilities/Oroville/Oroville-Dam-Safety-Comprehensive-Needs-Assessment>

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

4. Freedom Bridge

As a part of the continuing effort to advance the removal of a temporary bridge, known as the Freedom Bridge, across San Tomas Creek that was constructed by Intel, Valley Water met with Intel again in September 2020. Intel agreed to proceed with the removal of the bridge and Valley Water agreed that it would be appropriate for Valley Water to act as lead agency under the California Environmental Quality Act (CEQA). Intel will be responsible for preparing CEQA documentation, obtaining permits, preparing revised plans, removing the bridge, and restoring the levee. Intel also agreed to provide periodic check-ins to assure progress.

Based on the schedule provided, removal of the bridge is targeted for Summer of 2021 which will require extension of the lease for the bridge on Valley Water lands until October 1, 2021.

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

5. Saratoga Creek Hazard Tree Removal & Restoration Project

All Phase 1 tree removal work was completed as of October 28, 2020 and our completion memo (permit requirement) went out to the California Department of Fish and Wildlife (CDFW). Phase 1 operations removed 48 Eucalyptus trees and 49 remain to be removed in Phase 2 operations which are slated to begin in August 2021. Project site winterization measures have been put in place, all disturbed areas have been hydroseeded with a native grass and forbs seed mix. Dudek will continue to monitor the project site weekly until winter rains begin as required by the Stormwater Pollution Prevention Plan (SWPPP).

Native plant restoration work will begin in October of 2021. Starting in June of 2021, all encroached fences, fenceposts, landscaping and hardscaping will need to be removed from Valley Water property to allow for minor grading in preparation for restoration work.

The Brookside Club is generally pleased with how operations went, and Valley Water's lease of their parking lot has expired and will need to be renewed for Phase 2 tree removal operations. Valley Water is also in contact with Cupertino Union School District for discussions on obtaining maintenance access to their back gate for Phase 2 (August 2021) and Phase 3 (August 2022) tree removal operations.

For further information, please contact Jennifer Codianne at (408) 630-3876.

6. Update on PG&E's Wholesale Distribution Tariff (WDT) Rate Case

On October 6, 2020, Power and Water Resources Pooling Authority (PWRPA), together with Calaveras Public Power Agency (CPPA), and Tuolumne Public Power Agency (TPPA), filed a joint Protest at Federal Energy Regulatory Commission (FERC) on the rate and non-rate changes proposed by Pacific Gas & Electric Company (PG&E) to its Wholesale Distribution Tariff (WDT) and WDT Service Agreements Nos. 17, 30, and 56. The proposed increase in PG&E's rate adjustments would increase Valley Water's annual electricity budget by about 37 percent or approximately \$750,000. In addition to the protest filed by PWRPA, CPPA and TPPA, the City and County of San Francisco and the California Public Utilities Commission also filed motions for dismissal. On November 7, 2020, PWRPA and Westlands Water District filed a Supplemental Protest at FERC citing the rate adjustments proposed by PG&E created a price squeeze that will harm PWRPA and some of its customers. Valley Water will continue to work with PWRPA on this case and will keep the Valley Water Board of Directors apprised of the progress as well as bring forth, as necessary, actions for the Board's consideration.

PWRPA is a Joint Powers Authority comprising nine irrigation districts that organized in 2004 under California State law to collectively manage individual power assets and loads. The Authority serves 15 water agencies including Valley Water. The aerial scope of PWRPA spans a significant portion of the Sacramento-San Joaquin Valleys and coastal counties of California. The Authority's power load ranges from 20 to 120 megawatts (MW) from winter to summer, consuming 290 to 520 gigawatt hours of energy annually to convey, treat, and recycle water for their growers and consumers. The Participants' individual loads range from 2 to 35 MW. PWRPA performs an annual cost-benefit comparison between PWRPA electricity costs and PG&E electricity costs. The most recent comparison indicates Valley Water achieved \$7.8 million in cost savings from calendar year 2016 through 2019. In addition, Valley Water's purchased electricity from PWRPA is 100 percent carbon free. Approximately 95 percent of Valley Water's purchased energy is provided by PWRPA.

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

7. Valley Water Hosts Virtual Presentation on the Stevens Creek Fish Passage Study

On Friday, November 13, 2020, Valley Water hosted a lunchtime virtual presentation on the Stevens Creek Fish Passage Study to share the latest data with interested stakeholders and regulatory agencies. Together with a team of consultants, Valley Water analyzed 30 sites along Stevens Creek suspected of impeding steelhead passage. The study identified and evaluated physical structures and channel conditions which potentially affect steelhead migration in the creek reach between San Francisco Bay and Stevens Creek Dam.

During the webinar event, a total of 35 stakeholders and regulatory agency staff participated via Zoom. Ten questions and answers about the study results were posed during the last portion of the recorded webinar event. A video of that virtual presentation, along with the study are available on the project's webpage: www.valleywater.org/stevens-creek-fish-passage-analysis.

With the completion of this study, Valley Water will begin to prioritize the study sites and identify fish passage solutions to evaluate and develop into future projects.

For further information, please contact Rachael Gibson at (408) 781-4739.

8. **LeZotte**

At the 10/13/20 Board meeting, Director LeZotte requested a list of subjects and locations of the 19 Editorial Columns listed as accomplishments in the Board Provides Linkage to the Community section in the FY20 Board Performance Report.

R-20-0011

Below is a list of subjects and locations of the 19 Editorial Columns listed as accomplishments in the Board Provides Linkage to the Community section in the Fiscal Year 2020 (FY20) Board Performance Report.

July 2019

- Director Varela: Main Avenue and Madrone Pipeline Restoration Project. Published in Morgan Hill Life; Santa Clara County Farm Bureau newsletter. morganhilllife.com/2019/07/26/your-water-with-john-varela-new-pipeline-helps-water-district-ensure-re-liaable-supply-for-the-region/
- Director LeZotte: Valley Water's capital improvement and conservation work. Published in Valley Water News. valleywaternews.org/2019/08/05/valley-waters-capital-improvement-and-conservation-work/

August 2019

- Director Santos: Protecting East San Jose from flooding while safeguarding the environment. Published in Valley Water News. valleywaternews.org/2019/08/14/protecting-east-san-jose-from-flooding-while-safeguarding-the-environment/

September 2019

- Vice Chair Estremera: Flood protection project in East San Jose nearly complete. Published in San Jose Inside. sanjoseinside.com/opinion/op-ed-valley-water-close-to-finalizing-key-flood-protections-at-lake-cunningham-park/
- Director Varela: Upper Llagas Creek Flood Protection Project. Published in the Santa Clara County Farm Bureau newsletter.

November 2019

- Director Keegan: Valley Water seeks public input on flood protection project. Published in San Jose Inside. sanjoseinside.com/opinion/op-ed-valley-water-seeks-public-input-on-flood-protection-project/
- Director Varela: Groundwater benefit zones. Published in the Santa Clara County Farm Bureau newsletter.

December 2019

- Director Kremen: Recycled and purified water. Published in Los Altos Online and Mountain View Voice. losaltosonline.com/news/sections/comment/257-other-voices/61731-other-voices-valley-water-partners-to-expand-water-supply
mv-voice.com/print/story/2020/03/06/play-ball
- Director LeZotte: 2019, a year in review. Published in Valley Water News. valleywaternews.org/2020/01/27/2019-a-year-in-review/

January 2020

- Director LeZotte, Almaden Lake project. Published in Mercury News. mercurynews.com/2020/02/14/almaden-lake-project-will-help-the-environment/

- Director LeZotte: Open Space Credit. Published in the Santa Clara County Farm Bureau newsletter.

February 2020

- Director Kremen, McKelvey Park. Published in Mercury News and Mountain View Voice. [Valley Water completes work at McKelvey Park in Mountain View](https://issuu.com/mountainviewvoice/docs/2020_03_06.mvv.section1) https://issuu.com/mountainviewvoice/docs/2020_03_06.mvv.section1 (Page 17)

April 2020

- Chair Hsueh, board priorities. Published in Valley Water News. valleywaternews.org/2020/04/17/valley-water-board-chair-outlines-2020-priorities/
- Director LeZotte, Covid-19 update and Valley Water's commitment to providing safe, clean water. Published in VEP Newsletter. www.vepca.net/index.php?option=com_content&view=article&id=48&Itemid=54

May 2020

- Vice Chair Estremera, emergency preparedness, response. Published in San Jose Inside. sanjoseinside.com/opinion/op-ed-from-covid-to-storms-valley-water-is-prepared-for-a-range-of-emergencies/
- Director Varela: Upper Llagas Creek Flood Protection Project. Published in the Santa Clara County Farm Bureau newsletter.

June 2020

- Director Varela, Anderson Dam Seismic Retrofit. Published in Gilroy Life. gilroylife.com/2020/07/03/community-voices-by-john-varela-valley-water-board-approves-next-steps-in-fixing-anderson-dam/
- Director Keegan, Coyote Creek public meetings. Published in Valley Water News. valleywaternews.org/2020/06/04/valley-water-hosting-virtual-public-meetings-to-share-preferred-project-alternative-for-the-coyote-creek-flood-protection-project/
- Director Kremen: A social justice perspective of the Delta tunnel project. Published in Cal Matters. calmatters.org/commentary/my-turn/2020/06/a-social-justice-perspective-of-the-delta-tunnel-project/

For further information, please contact Rachael Gibson at (408) 781-4739.

9. **Kremen**

**Staff is to Provide Director Kremen with a draft copy of the Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR).
I-20-0016**

On November 9, 2020, Valley Water provided Director Kremen with a draft copy of the Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR). A copy of the file can be obtained by contacting the Clerk of the Board.

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