



Santa Clara Valley Water District

File No.: 19-1172

Agenda Date: 12/10/2019

Item No.: *7.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Opportunities to Enhance and Update the Safe, Clean Water and Natural Flood Protection Program by Evaluating a Future Funding Measure.

RECOMMENDATION:

- A. Receive information on opportunities to strengthen and update the existing Safe, Clean Water and Natural Flood Protection Program;
- B. Receive information on the feasibility of developing and placing a future funding measure on the November 2020 ballot;
- C. Receive information of next steps towards developing a future funding measure and program, which will be brought to the Board for consideration in 2020; and
- D. Provide staff direction on considerations and next steps for developing a funding measure to continue and extend an existing special parcel tax for continued funding of the Safe, Clean Water and Natural Flood Protection Program for potential placement on the November 2020 ballot.

SUMMARY:

Overwhelmingly approved by voters, the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) is a 15-year strategy to ensure uninterrupted water resources services in Santa Clara County. The program was developed through community collaboration and input from residents and stakeholders that identified five top community priorities:

Priority A: Ensure a Safe, Reliable Water Supply

Priority B: Reduce Toxins, Hazards, and Contaminants from our Waterways

Priority C: Protect our Water Supply from Earthquakes and Natural Disasters

Priority D: Restore Wildlife Habitat and Provide for Open Space

Priority E: Provide Flood Protection to Homes, Business, Schools and Highways

In November 2012, Santa Clara County voters passed the Safe, Clean Water ballot measure by nearly 74%, extending the funding at the same parcel tax rate approved under the previous Clean, Safe, Creek and Natural Flood Protection Plan (Clean, Safe Creeks Plan).

Currently, the Safe, Clean Water Program special parcel tax includes six (6) tiered rates that cover

parcel categories for commercial/ industrial, high-density parcels, single-family residential and multi-family units up to four, agricultural, and nonutilized urban and rural areas. An annual escalator is also included to account for the effects of inflation. Santa Clara Valley Water District (Valley Water) Board of Directors may adjust the special tax amounts annually by the change in the San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI-U), or 3%, whichever is greater.

The current FY20 annual tax rate for the average single-family residence stands at \$67.67. In FY21, the Board may consider increasing the tax to \$69.70 based on the consumer price index increase in costs for performing the functions of the program.

With the upcoming November 2020 elections, staff is exploring the opportunity to place a ballot measure to continue the existing special parcel tax that funds the Safe, Clean Water Program beyond 2028 in an effort to extend existing funding levels and address additional funding needs. Additionally, this new program could potentially include more multi-benefit projects and strategies to address Board priorities such as infrastructure reliability and climate change adaption.

Current Program Needs and Opportunities

In the face of new challenges due to climate change, population/economic growth and future uncertainties with imported water supplies, it is imperative for Valley Water to plan, adapt, build, and upgrade its water resources systems by investing in existing and new programs that will help meet the future challenges of tomorrow. Currently, there is an opportunity to put a ballot measure in front of voters to extend the Safe, Clean Water Program which sunsets on June 30, 2028, and funds approximately one-third of the existing watershed and stewardship budgeted programs.

The existing Safe, Clean Water Program has priorities that could be enhanced to address several existing and new challenges, including the opportunity to develop more multi-benefit projects that provide enhanced environmental benefits, and providing needed funding for several large infrastructure and flood protection projects.

Furthermore, with increased homeless encampments along our creeks and waterways, water quality will remain a top priority. A new program will enable Valley Water to adequately address such existing challenges that have significant impacts to our water quality, as well as new and emerging threats. Valley Water must remain well-equipped to address all water quality issues in order to continue providing safe, clean water to our entire community.

In addition, a new program would allow Valley Water to better adapt and meet the growing challenges that stem from climate change and extreme weather patterns, such as severe drought, flooding and wildfires. Climate change adaptation needs to be integrated across projects to include upgrading aging infrastructure; expanding water storage; securing locally-controlled, reliable and sustainable water supplies; increasing and expanding flood protection for homes, businesses, and schools, as well as addressing sea-level rise. Each of these priorities will require significant mitigation, along with ongoing infrastructure maintenance and vegetation and sediment removal. This work is more critical than ever as we face increased flooding and wildfire threats.

Some of the key projects that have been identified as prime candidates for additional enhancements or funding under the new program are:

- *Anderson Dam Seismic Retrofit*
- *Pacheco Reservoir Expansion*
- *Almaden Valley Pipeline Replacement Project*
- *Coyote Creek Flood Protection Project*
- *Upper Penitencia Creek Flood Protection Project*
- *San Francisquito Creek Flood Protection Project*
- *Upper Llagas Creek Flood Protection Project*
- *Upper Guadalupe Flood Protection Project*
- *San Francisco Bay Shoreline Flood Protection*
- *Stevens Creek Fish Passage Barrier Removal*
- *Creek Cleanups and Homeless Encampments*

Project Priorities and Initial Gap Assessment

Staff has begun the process for a preliminary identification of needs and opportunities in November 2019. The identified needs and opportunities represent a range of candidate projects and programs that could be undertaken. The development of needs and opportunities is in effect the “gap” analysis to identify those areas where the current Safe, Clean Water Program could benefit from additional funding for existing projects over the next planning horizon, along with potential new projects that could benefit the community. The identified opportunities are included below and will be further refined, if the Board directs staff to continue in these efforts.

Priority A: Ensure a Safe, Reliable Water Supply

- Safe Clean Water Partnerships and Grants - Continue and Enhance
- Pipeline Reliability Project - Continue and Enhance

Priority A Newly Identified Opportunities

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Pacheco Reservoir Expansion
- Water Conservation Rebate Program

Priority B: Reduce Toxins, Hazards, and Contaminates from our Waterways

- Impaired Water Bodies Improvement - Continue
- Interagency Urban Runoff Program - Continue
- Pollution Prevention Partnerships and Grants - Continue and Enhance
- Good Neighbor Program: Encampment Cleanup - Continue and Enhance
- Hazardous Materials Management and Response - Continue
- Good Neighbor Program: Remove Graffiti and Litter - Continue
- Support Volunteer Cleanup Efforts and Education - Continue and Enhance

Priority B Newly Identified Opportunities

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Green Stormwater Infrastructure Projects
- Good Neighbor Public Arts Program

Priority C: Protect our Water Supply from Earthquakes and Natural Disasters

- Anderson Dam Seismic Retrofit - Continue and Enhance
- Emergency Response Upgrades - Continue and Enhance

Priority C Newly Identified Opportunities

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Dam Safety Program Seismic Retrofit Projects
- Almaden Valley Pipeline Replacement Project

Priority D: Restore Wildlife Habitat and Provide for Open Space

- Management of Riparian Vegetation Projects - Continue and Enhance
- Revitalize Stream, Upland and Wetland Habitat - Continue and Enhance
- Grants and Partnerships to Restore Wildlife Habitat/ Provide Access to Trails - Continue and Enhance
- Fish Habitat and Passage Improvements
 - Almaden Creek-Lake Separation - Continue and Enhance
 - Fish Passage Improvements - Continue and Enhance
 - Install Large/Woody Debris and Gravel Augmentation - Continue and Enhance
- Ecological Data Collection and Analysis - Continue and Enhance
- Creek Restoration and Stabilization
 - Hale Creek - Continue and Enhance
- Partnerships for the Conservation of Habitat Lands - Continue and Enhance
- South Bay Salt Ponds Restoration Partnership - Continue

Priority D Newly Identified Opportunities

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Coyote Valley Partnership
- Lands Management - Land acquisition for strategic floodplain management, access for operations, mitigation efforts, and habitat connectivity.
- Calabazas - San Tomas Aquino Creeks Realignment Project
- Coyote Creek Riparian and Aquatic Enhancements
- Coyote Meadows Habitat and Floodplain Enhancements

Priority E: Provide Flood Protection to Homes, Business, Schools and Highways

- Vegetation Control and Sediment Removal for Flood Protection - Continue and Enhance
- Emergency Response Planning - Continue and Enhance
- Flood Risk Reduction Studies - Continue and Enhance
- Upper Penitencia Creek Flood Project - Additional funding
- San Francisquito Creek Flood Protection - Additional funding
- Upper Llagas Creek Flood Protection - Additional funding
- San Francisco Bay Shoreline Protection - Additional funding
- Upper Guadalupe River Flood Protection - Additional funding

Continued Clean, Safe Creeks Projects

- Sunnyvale East and Sunnyvale West Channels Flood Protection - Continue
- Coyote Creek Flood Protection - Additional funding

Priority E Newly Identified Opportunities

Staff is exploring the feasibility of adding, replacing, enhancing or expanding the following new concepts:

- Upper Silver Creek Flood Protection
- Ross Creek Flood Protection
- Upper Berryessa Creek (680 to Old Piedmont)
- 5-year O&M Plan identified activities
- Thompson Creek Sediment and Erosion Management
- Watersheds Asset Reliability Program - prioritize/ improve reaches in need of rehabilitation

NEXT STEPS

In preparation for Board direction, an agency-wide internal Steering Committee with functional task groups has been assembled and key program staff have been identified to assist with internal project teams to start developing an updated community plan to refine priorities. These priorities will be further developed upon the Board's direction between mid-December 2019 and May 2020.

If directed to continue the effort, staff will run financial analysis models between mid-December and May to further refine program funding estimates. Financial models will be shared with the Board in upcoming board meetings.

Community and Stakeholder Outreach

To achieve public consent on any future program, which may go to the voters, staff will lead a broad communications effort. This effort will allow for the public to provide input on their interests and values for the new program, including recommended project outcomes. This input will aid staff in developing a draft community preferred program.

Upon the Board's direction, staff will fine tune the priorities and projects through a series of broad

outreach efforts. These efforts will include outreach meetings, such as our past blue-ribbon stakeholder roundtable, which is anticipated to be held in March 2020.

Additionally, staff will develop other outreach tools and strategies to solicit programmatic input for the Board's consideration. Based on information gathered from the community and stakeholders, staff will prepare a report for the Board on the community preferred program, for the Board's consideration for the 2020 ballot.

Throughout this process, staff will bring back information to the Board and seek further direction on the draft program and financial models. The anticipated schedule for Board updates is February, April, June, and July, with a Board decision anticipated in early August 2020 to consider placement of the measure on the November 2020 ballot.

FINANCIAL IMPACT:

Staff estimates that continuing the existing special parcel tax until a June 30, 2035 sunset under the existing tax rate structure with an annual escalator for inflation would generate approximately \$475 million in incremental revenue versus the current program, which sunsets on June 30, 2028.

In preparation, staff has identified partial funding to kick off the effort to place a ballot measure if directed to proceed. A budget adjustment for \$200,000 from Fund 12 is required to fund the initial start-up costs associated with hiring needed consultants for polling, program development support, and other professional services. Upon Board direction, the funds will be moved into a new project specifically for this effort. However, approximately another \$600,000-\$800,000 may be needed to launch a full ballot measure development effort. If directed to proceed, staff will come back to the full Board in January 2020 for a budget adjustment. Staff will also be requesting additional funding during the FY21 budget process for continued support of these efforts.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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