### CEO BULLETIN & NEWSLETTERS

**Weeks of May 23 – June 4, 2020**

### BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS

#### BMR/IBMR Weekly Reports: 06/04/20


2. Memo from Garth Hall, Acting COO, Water Utility, to the Board of Directors, dated 6/1/20, Regarding IBMR No. I-20-0010 Request from Director Varela Regarding Twin Valley Water Company.

3. Memo from Rachael Gibson, DAO, Government Relations, to Rick Callender, CEA, dated 6/2/20, regarding Letter of Support from Director Varela to the Santa Clara County Board of Supervisors Supporting Agricultural Conservation Easements.

### INCOMING BOARD CORRESPONDENCE

#### Board Correspondence Weekly Report: 06/04/20

4. Email from Rose Amador, Native Voice, to the Board of Directors, dated 5/29/20, regarding the NAACP Records Request (C-20-0069).

5. Letter from Richard Konda, Asian Law Alliance, to the Board of Directors, dated 5/30/20, regarding CEO selection (C-20-0070).

### OUTGOING BOARD CORRESPONDENCE

6. Email from Chair Hsueh, to Ashok Aggarwal, dated 6/3/20, regarding Condition of Property along Upper Penitencia Creek and Cape Horn Drive (C-20-0066).

7. Email from Director Varela, to Janet Espinosa, dated 6/3/20, regarding the Upper Llagas Creek Project (C-20-0067).

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Board correspondence has been removed from the online posting of the Non-Agenda to protect personal contact information. Lengthy reports/attachments may also be removed due to file size limitations. Copies of board correspondence and/or reports/attachments are available by submitting a public records request to publicrecords@valleywater.org.
CEO BULLETIN
To: Board of Directors  
From: Norma J. Camacho, CEO

Weeks of May 22 - June 4, 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.

<table>
<thead>
<tr>
<th>Item</th>
<th>IN THIS ISSUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Anderson Dam Seismic Retrofit Project Virtual Public Meeting</td>
</tr>
<tr>
<td>2</td>
<td>Central Valley Project Improvement Act Annual Best Management Practices Update</td>
</tr>
<tr>
<td>3</td>
<td>Monterey Mushrooms Inc., in Morgan Hill Fined for Unauthorized Discharges of Polluted Stormwater</td>
</tr>
<tr>
<td>4</td>
<td>Palo Alto City Council Unanimously Approves Newell Road Bridge Replacement Project</td>
</tr>
<tr>
<td>5</td>
<td>Update on the B.F. Sisk Dam Raise Project</td>
</tr>
<tr>
<td>6</td>
<td>Youth Commission Quarterly Meeting &amp; Virtual Graduation</td>
</tr>
</tbody>
</table>

1. Anderson Dam Seismic Retrofit Project Virtual Public Meeting

On May 28, 2020, more than 100 community members joined Valley Water virtually via Zoom to receive the latest information on the progress of the Anderson Dam Seismic Retrofit Project. Participants also had an opportunity to comment and ask questions of Valley Water project staff.

Valley Water Director Varela opened the virtual meeting with brief remarks and introduced other Valley Water Board Members present including Chair Hsueh, Vice Chair Estremera, Director LeZotte and Director Keegan. The meeting was emceed by Chief Operating Officer Melanie Richardson and included an update and request for support of Assembly Bill 3005 by Spencer Jones, Chief of Staff for CA State Assembly member Robert Rivas. The bill was introduced by Assembly member Rivas to help expedite the Anderson Dam project.

Deputy Operating Officer for the Capital Delivery Division Chris Hakes provided an overview of the project elements, which included the seismic retrofit of the dam embankment, construction of a new higher capacity outlet tunnel system, the replacement of a major section of the concrete spillway. He also presented information about the complex permitting process and Valley Water’s response to the Federal Energy Regulatory Commission (FERC) directive. Following his presentation, Mr. Hakes and other Valley Water staff answered questions from meeting participants.

The Anderson Dam Seismic Retrofit Project virtual public meeting was streamed concurrently on Facebook live and a recording of it is available on Valley Water’s YouTube channel. The video link
and meeting materials are also on the project webpage. As of June 1, 2020, the recorded meeting has received more than 3,000 impressions and 325 full video views.

For further information, please contact Rick Callender at (408) 630-2017.

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2. Central Valley Project Improvement Act Annual Best Management Practices Update

The U.S. Bureau of Reclamation (Reclamation) requires all Central Valley Water (CVP) contractors to adopt a water conservation plan based on a specific set of reporting criteria developed by Reclamation per the Reclamation Reform Act of 1982 (RRA) and the Central Valley Project Improvement Act of 1992 (CVPIA). Failure to adopt a water conservation plan that meets Reclamation’s criteria could jeopardize continued delivery of CVP water. A CVPIA Water Management Plan (Management Plan) must be submitted to Reclamation every five years and updates on implementation of Municipal and Industrial (M&I) and Agricultural Best Management Practices (BMPs) submitted annually.

The most recent Management Plan was submitted in 2017 and the next one will be due in 2022.

Valley Water’s 2019 annual update on M&I and Agricultural BMP implementation was recently provided to Reclamation. The update shows that Valley Water continues to implement applicable BMPs to promote water conservation with a strong public outreach program, school education programs, tracking and managing water loss, metering all turnouts, and encouraging the use of recycled water.

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

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3. Monterey Mushrooms Inc. in Morgan Hill Fined for Unauthorized Discharges of Polluted Stormwater

In recent years, Valley Water’s Pollution Prevention Hotline received reports of potential discharges into Fisher Creek, thought to have originated from the Monterey Mushroom facility in Morgan Hill. Valley Water was involved in the initial site investigation and assessment of the impacts to Fisher Creek and reported the alleged violations.

On March 7, 2016, and February 17 – 19, 2017, Monterey Mushroom allegedly violated Water Code section 13376 and Clean Water Act section 301 when polluted stormwater from the Facility discharged into Fisher Creek. The facility released polluted stormwater from one of its compost storage areas into a ditch that flowed into Fisher Creek which flows northwesterly through the Facility’s western half and through the Laguna Seca and a series of channels to Coyote Creek.

Recently, the San Francisco Bay Regional Water Quality Control Board has ordered Monterey Mushrooms, Inc. to pay $911,800 for discharging the polluted stormwater into Fisher Creek, and harming water quality and threatening aquatic life. The company, which is the largest grower of fresh mushrooms in North America, discharged more than 650,000 gallons of polluted water from its Morgan Hill facility into Fisher Creek. Nearly half of the penalty ($440,364) will fund a Santa Clara Valley Open Space Authority project to restore 3.5 acres of habitat along the creek, downstream of the Morgan Hill facility.

For further information, please contact Tina Yoke at (408) 630-2385.
4. Palo Alto City Council Unanimously Approves Newell Road Bridge Replacement Project

As part of the San Francisquito Creek Upstream project, the City of Palo Alto (CPA), in partnership with the City of East Palo Alto, Valley Water, and the San Francisquito Creek Joint Powers Authority (SFCJPA), evaluated options for the replacement of the Newell Road Bridge over San Francisquito Creek. Constructed in 1911, Newell Road Bridge is a 76-foot long, reinforced concrete girder structure spanning 22 feet in width and measuring 18 feet curb to curb. The California Department of Transportation has inspected the bridge on multiple occasions and determined that it does not comply with their geometric design standards therefore deemed it functionally obsolete and added the bridge to the Federal Statewide Transportation Improvement Program (FTIP) in 2011.

A draft Environmental Impact Report (EIR) was released in late Spring 2019 followed by several public meetings. On May 7, 2020, the Palo Alto Architectural Review Board reviewed CPA’s preferred alternative for the replacement of the bridge and recommended it for approval.

On June 1, 2020, the Palo Alto City Council heard CPA’s recommendations to certify the project EIR and approve the recommended project alternative. During the public comment portion, numerous residents in the neighborhoods adjacent to the creek voiced their concerns about a higher volume of traffic and speeding cars that would result from the recommended alternative being constructed; additionally, a common concern was for the safety of children walking or biking to and from local schools utilizing Newell Road. Other nearby residents expressed the urgency of constructing this project and not delaying it any further, to avoid flooding like the flood of record which occurred in 1998.

CPA clarified that the construction of the Newell Road bridge is estimated to be completed in December 2022, with the in-channel portion of the work completed in October 2022. As part of the San Francisquito Creek Flood Protection Project upstream of Highway 101, the Pope-Chaucer bridge will also need to be replaced. Since both bridges cannot be replaced in the same construction season to avoid negative traffic impacts to the local community, construction of the Pope-Chaucer bridge is expected to begin in Summer 2023.

After several hours of deliberation and public comment, Palo Alto City Council unanimously approved the EIR and the CPA’s recommended project alternative for the Newell Road bridge.

For further information, please contact Ngoc Nguyen at (408) 630-2632.

5. Update on the B.F. Sisk Dam Raise Project

This is an update regarding recent efforts to study a possible raise of B.F. Sisk Dam to enlarge San Luis Reservoir beyond its existing water storage capacity. An option of raising B.F. Sisk Dam by an additional 10 feet above that required for existing water storage would result in an increased storage volume of 130 thousand acre-feet.

On August 31, 2018, the San Luis and Delta-Mendota Water Authority (SLDMWA) sent a letter to the United States Department of the Interior, Bureau of Reclamation’s (Reclamation) Mid-Pacific Regional Director requesting that Reclamation investigate the feasibility of raising Sisk Dam as part its B.F. Sisk Safety of Dams Modification Project, which is meant to address seismic concerns of the existing dam. Subsequently, at its February 7, 2019, Board meeting, the SLDMWA approved execution of a contributed funds agreement with Reclamation in the amount of $25,000 to fund additional studies that will produce a revised cost estimate, project schedule, and description of how these projects might be integrated.
SLDMWA and Reclamation are developing a B.F. Sisk Dam Raise and Reservoir Expansion Project (Project) Feasibility Study to evaluate alternatives to improve water supply reliability for the Central Valley Project and State Water Project, and a joint Environmental Impact Report/Supplemental Environmental Impact Statement (EIR/Supplemental EIS) to provide California Environmental Quality Act and National Environmental Policy Act compliance for these alternatives.

Anticipated Project milestones are completion of the EIR/Supplemental EIS and submittal of a Feasibility Report to Congress by December 31, 2020. A Notice of Preparation for the EIR/Supplemental EIS was published May 14, 2020. Public comments are due June 14, 2020.

Valley Water is actively evaluating and coordinating with SLDMWA on this Project and potential benefits for Valley Water such as additional water supply and reliability. Valley Water will be evaluating and commenting on the Project documents as they are released.

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

6. Youth Commission Quarterly Meeting & Virtual Graduation

On May 27, 2020, the Valley Water Youth Commission hosted their Spring quarterly meeting. This was the first Youth Commission meeting since the shelter in place order. The meeting allowed the commissioners to share how they have been coping with the changes and challenges in the past few months. The commissioners also provided updates from the various working groups: Career Shadowing/Mentoring, Creek Stewardship, Youth Citizens Science Network and Adopt-A-Bench. For the Adopt-A-Bench program, the commissioners approved to add the following phrase “Thank you to the 2020 Youth Commissioners” on all seven pilot bench projects.

The quarterly meeting also served as a virtual graduation for the outgoing seniors on the commission. Valley Water developed a program that included speeches from Valley Water Board Chair Hsueh and Director Varela, who both shared words of encouragement and appreciation for the commitment Youth Commission members illustrated and the impact they had on their communities. Youth Commission Chair Shloka Janapaty and Vice Chair Navya Paritial also shared some words as the outgoing chair and vice chair. Valley Water also virtually presented each of the eight graduating seniors with certificates (which will be mailed to them) and each of them also expressed their gratitude for serving on the Youth Commission and emphasized the impact their service had on their leadership development. The Youth Commissioners were treated to a photo slide show capturing all their activities from 2019 to 2020.

Fourteen members of the Youth Commission were in attendance at the meeting.

The application deadline for the vacant seats on the Youth Commission closed on May 31, a total of twelve applications were received. Valley Water is reviewing the applications and will submit to the Valley Water Board members to make appointments in their respective districts in the coming weeks.

For further information, please contact Marta Lugo at (408) 646-7441.
BOARD MEMBER REQUESTS
and Informational Items
## Report Name: Board Member Requests

<table>
<thead>
<tr>
<th>Request</th>
<th>Request Date</th>
<th>Director</th>
<th>BAO/Chief</th>
<th>Staff</th>
<th>Description</th>
<th>20 Days Due Date</th>
<th>Expected Completion Date</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-20-0011</td>
<td>05/21/20</td>
<td>Kremen</td>
<td>Richardson</td>
<td>Collins</td>
<td>Provide breakdown of expenditures for the Safe Clean Water Program for Priority A by individual Districts</td>
<td>06/10/20</td>
<td></td>
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</tr>
</tbody>
</table>
To: Norma Camacho  
Chief Executive Officer  

From: Garth Hall  
Acting Chief Operating Officer  
Water Utility Enterprise  

Subject: Termination of Emergency Action for Repair of the Milpitas Pipeline Pursuant to Public Contract Code §22050 and District Resolution 05-67  

Date: May 22, 2020  

The purpose of this memorandum is to formally request a finding that the emergency action declared on March 16, 2020 for the prompt repair of Milpitas Pipeline (MPL) is terminated. The emergency declaration allowed the District to take immediate action to undertake any and all actions necessary to avoid a significant risk to the District’s ability to provide sufficient water to meet minimum water supply demands without giving notice of bid to let contracts.

The serious and impactful leak that developed on the MPL posed an emergency condition as the pipeline supplies essential drinking water to the Milpitas service area; is Valley Water’s sole connection to the San Francisco Public Utilities Commissions intertie facility, which provides redundancy to the East Side treated water transmission system; and caused significant localized damage to and subsidence of the roadway structure in the south-bound travel way of North Capital Avenue, a highly traveled traffic corridor.

Valley Water staff, in coordination with partner agencies including the City of San Jose, the Valley Transportation Authority and other utility providers with adjacent buried facilities, expedited leak investigation, planning and coordination activities to facilitate the work. Contract C0659 for the emergency repair work was awarded to Kiewit Infrastructure West Company (Kiewit). Kiewit completed the pipeline repair work on April 30, 2020. The Milpitas Pipeline was returned to service on May 1, 2020. The remaining scope of the construction contract work including roadway restoration and site demobilization was completed on May 20, 2020.

The conditions that precipitated the declaration of emergency have now been abated and there is no longer a need to continue the emergency declaration. The MPL was returned to service on May 1, 2020 and on May 20, 2020, the contractor completed all remaining work required by the construction contract. District staff has and will continue to monitor the pipeline to ensure safe and reliable operation.

I recommend effective immediately that the Chief Executive Officer officially terminate the emergency action.

Garth Hall  
Acting Chief Operating Officer  
Water Utility Enterprise
I find that substantial evidence exists to terminate the emergency action declared on March 16, 2020.

Norma J. Camacho
Chief Executive Officer

I have reviewed and considered the Memorandum dated May 22, 2020 from Garth Hall, Acting Chief Operating Officer, Water Utility Enterprise, to Norma Camacho, Chief Executive Officer, recommending that she find that the above-referenced emergency action declared on March 16, 2020 for the prompt repair of the Milpitas Pipeline be terminated. The Office of District Counsel concurs with the Chief Operating Officer’s recommended action as consistent with applicable laws.

Leslie Orta
Senior Assistant District Counsel
Director Varela requested that staff explore potential Valley Water support in finding a solution for the customers of the Twin Valley Water Company (IBMR I-20-0010). This memo provides information on the water system as well as potential Valley Water support.

Twin Valley, Inc., is a public water system with about 100 service connections serving over 200 individuals in the foothills southwest of Morgan Hill. The system is regulated by the Division of Drinking Water (DDW) and has a history of mismanagement and violations. In 2018, at the behest of DDW, Santa Clara County Superior Court appointed a receiver (Marlene Demery, PE) to manage the system. The receiver contracts with Cypress Water Services to operate the Twin Valley system, and has overseen some infrastructure improvements, including the addition of disinfection and repair/replacement of several tanks. The system is served by four wells with fairly low production, and the well that produces most of the system’s water has reported nitrate above drinking water standards. Recent operational reports from the system indicate that nitrate in the well is close to, but below, the maximum contaminant level.

In an effort to limit or eliminate the use of the well with elevated nitrate, DDW tasked the receiver with evaluating the system capacity. That analysis, dated August 2018, indicates the current system cannot adequately meet customer needs, and identified four potential options: (1) connection to the West San Martin Water Works system, (2) drilling of new wells, (3) well treatment, and (4) blending. Connection to the West San Martin Water Works system (Option 1) is identified as the preferred option to ensure adequate water quantity and quality for Twin Valley customers. The West San Martin Water Works system is located in the valley floor so a pipeline of over 4,000 lineal feet would need to be constructed, along with other improvements. A sanitary survey of the system by DDW in September 2018 confirms additional infrastructure improvements to the Twin Valley system are needed to ensure compliance with state standards.

To provide a long-term solution for the struggling Twin Valley system, the receiver spent many months negotiating terms to sell Twin Valley’s assets to Great Oaks Water Company, who was also concurrently negotiating acquisition of the West San Martin Water Works system. However, in April 2020, Great Oaks withdrew their interest in pursuing acquisition of both systems due to issues connected with the corona virus pandemic. With this recent development, the prospect of a permanent solution for the Twin Valley system is once again unclear.

Staff has discussed the status and outlook of the Twin Valley system with the receiver, DDW, and Great Oaks. DDW staff prefer consolidation of the Twin Valley and West San Martin Water Works systems. While West San Martin Water Works is willing and interested to serve Twin Valley customers through a connection (presumably funded by others), it does not seem they are interested in consolidation. DDW staff noted the pipeline project is likely to cost $500,000 to $1,000,000 and that Twin Valley is likely not a strong candidate for state funding opportunities like the State Revolving Fund due to the system’s lack of financial records and relatively high median income. DDW is exploring other potential funding opportunities. Given the limited time availability of the receiver, DDW is also considering appointment of an administrator to address the system’s financial issues and any
improvement projects, potentially with related costs recovered through grants or state funding. This would allow the receiver to focus on the day-to-day operations of the system.

In exploring Valley Water’s potential involvement in a solution to Twin Valley issues, staff considered District Act authorities, funding constraints, and Board policy. The District Act provides Valley Water with broad authorities to manage water supplies within the county, and does not appear to preclude involvement on this issue. Several of the Twin Valley wells are currently in a groundwater benefit zone (W-5). However, all Twin Valley wells will be outside any groundwater benefit zone as of July 1, 2020, due to the zone changes recently approved by the Board.

Valley Water expenditures for technical support, planning, or capital improvements may be funded by ad valorem tax revenue, beneficiaries, or potentially through state funding. As the Board is aware, the Board has discretion to use ad valorem tax revenue for water utility purposes, such as the open space credit. However, there is increasing competition for these funds. Beyond the use of ad valorem tax revenue, Valley Water expenditures related to Twin Valley would need to be funded by those receiving the benefits of its efforts to ensure compliance with the District Act, Proposition 26, and potentially Proposition 218. Given that the pipeline needed to connect the Twin Valley water system to the West San Martin Water Works system would be for the sole benefit of Twin Valley customers, Twin Valley customers must pay the related costs. In addition, the Board’s pricing policy (Resolution 99-21) requires that costs for specific benefits, which are clearly and easily measurable, be paid for by the beneficiaries in accordance with their specific groundwater benefit zone. In this case, the pipeline would connect two public water systems (including one geographically located outside of the recently approved modified groundwater benefit zones) and would be unrelated to Valley Water infrastructure. Similarly, other potential Valley Water expenditures related to system management or operation would benefit only Twin Valley. The costs to Twin Valley customers are expected to be fairly significant given the small number of service connections (approximately 100) but could potentially be reduced if state funding were available.

The potential administration, operation, or ownership goes beyond Valley Water’s current role of water wholesaler and groundwater management agency, and there is no relevant Board policy that guides staff in evaluating potential involvement in a solution for this public water system.

In discussing the Twin Valley system with Great Oaks, it seems they may have future interest in renewed discussions on acquiring both the Twin Valley and West San Martin Water Works systems. However, that will not occur in the near future and likely depends on their priorities in addressing the pandemic. DDW and the court-appointed receiver remain committed to seeking long-term solutions for the Twin Valley water system issues.

Valley Water staff are exploring potential grant funding opportunities, but there appear to be some barriers related to median household income of Twin Valley’s customer base and other issues. Staff will further research the possible use of property tax revenue to assist Twin Valley, including the potential to fund the pipeline if Great Oaks does not reengage in acquisition of the Twin Valley system. However, the use of property tax monies would reduce funding for flood protection efforts. Depending on Board direction, staff can further discuss potential support for the Twin Valley system with the court-appointed receiver, DDW, Great Oaks, and/or West San Martin Water Works, including arranging related meetings with individual Board members if desired. Staff will provide additional information or explore other options per Board direction.

___________________________
Garth Hall
Acting Chief Operating Officer
Water Utility Enterprise

cc: N. Camacho, D. Taylor, A. Fulcher, A. Baker, V. De La Piedra
MEMORANDUM

TO: Rick L. Callender, Chief of External Affairs
FROM: Rachael Gibson, Deputy Administrative Officer of Government Relations
SUBJECT: Letter from Director John L. Varela to the Santa Clara County Board of Supervisors supporting Item 114 on the meeting agenda RE: agricultural conservation easements.
DATE: 6/2/2020

Attached to this memorandum is a copy of the June 2 letter Director Varela sent to the Santa Clara County Board of Supervisors expressing support for an item on the agenda concerning agricultural conservation easements.

Please let me know if you have any questions.

Rachael Gibson
Deputy Administrative Officer
Office of Government Relations

Attachment: Support Letter from Director Varela to the Santa Clara County Board of Supervisors
June 2, 2020

Santa Clara County Board of Supervisors
East Wing, Tenth Floor
70 West Hedding Street
San Jose, CA  95110

Subject: Support for June 2, 2020, Consent Agenda Item 114 – Recommended Approval of Request for Appropriation Modification No. 231

Dear Board President Chavez and Supervisors of the County of Santa Clara:

I write today expressing my strong support for the adoption of a one-time reserve allocation of the $4,980,429 for Agricultural Conservation Easement (ACE) acquisition through execution of a Memorandum of Understanding (MOU) with the Santa Clara Valley Open Space Authority (Authority). This MOU builds upon the partnership to implement the Santa Clara Valley Agricultural Plan: Investing in our Working Lands for Regional Resilience (Ag Plan).

As the Valley Water Director who represents the area containing much of the county’s remaining farmland, I recognize the importance of farmlands and the strategic role open space farmlands play as a resource steward of groundwater and watershed protection. Farmland can help replenish aquifers by keeping lands open, and allowing groundwater infiltration, as opposed to urban development which creates impervious surfaces.

Formalizing this agricultural preservation partnership through an MOU and disbursement protocol responds to the strategic plan requested by the Board of Supervisors when it approved the one-time reserve for agricultural conservation easements in June of 2019. This action leverages limited funding, secures matching funds, and ensures that the County and Authority’s investments in agricultural preservation come to fruition through strategic conservation actions in the County’s most vulnerable farmland areas. The dedication of local agricultural preservation funding from the County of Santa Clara now will also help leverage future outside sources of agricultural conservation funding.

Approval of this one-time reserve allocation allows on-the-ground agricultural conservation actions to be achieved in the near term, implements a critical step within the Ag Plan, invests in regional resilience, supports climate smart agricultural practices and strengthens agricultural viability in our region, all of which benefit not just current, but also future generations in our county.

I respectfully urge the Board to approve staff’s recommendation, and I look forward to continued collaboration with Santa Clara County to support our vital agricultural community.

Sincerely,

John L. Varela
Director, District 1

cc:  Board of Directors (7)
dc:fd
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