### A. NEWSLETTERS & BRIEFINGS

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### B. CEO BULLETIN

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### C. BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS

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<td>BMR/IBMR Weekly Reports</td>
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<td>Memo from Jim Fiedler</td>
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<td>San Luis and Delta Mendota</td>
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<td>Water Authority Series 2009A note</td>
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<td>proceeds for continued funding</td>
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<td>of delta planning costs.</td>
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<td>21</td>
<td>Memo from Jim Fiedler</td>
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<tr>
<td></td>
<td>groundwater workshop hosted</td>
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<td></td>
<td>by Santa Clara County.</td>
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<td>24</td>
<td>Memo from Jim Fiedler</td>
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<td></td>
<td>wholesale water rates fact sheet</td>
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<td>(R-16-0049).</td>
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### D. INCOMING BOARD CORRESPONDENCE

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<tr>
<td>29</td>
<td>Email from Katja Irvin, Sierra Club/Loma Prieta Chapter</td>
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<tr>
<td></td>
<td>regarding their comments on the 2017 Water Supply Master Plan and Potential Storage</td>
</tr>
<tr>
<td></td>
<td>Options (C-17-0048).</td>
</tr>
<tr>
<td>30</td>
<td>Email from Katja Irvin, Sierra Club/Loma Prieta Chapter</td>
</tr>
<tr>
<td></td>
<td>regarding a fact sheet on the Sites Reservoir (C-17-0049).</td>
</tr>
<tr>
<td>40</td>
<td>Email from Arlene Goetze to Chair Varela</td>
</tr>
<tr>
<td></td>
<td>regarding water fluoridation (C-17-0050).</td>
</tr>
<tr>
<td>43</td>
<td>Email from Arlene Goetze to Chair Varela</td>
</tr>
<tr>
<td></td>
<td>regarding water fluoridation (C-17-0051).</td>
</tr>
<tr>
<td>45</td>
<td>Email from Gerhard Eschelbeck to Samina Shaikh, Raw Water Operations (cc: BOD)</td>
</tr>
<tr>
<td></td>
<td>regarding damage to Stevens Creek caused by spill over from the reservoir (C-17-0052).</td>
</tr>
<tr>
<td>46</td>
<td>Letter from Michael Jackson, Bureau of Reclamation, regarding 2017 rescheduling</td>
</tr>
<tr>
<td></td>
<td>guidelines for the federal share of storage in San Luis Reservoir (C-17-0053).</td>
</tr>
</tbody>
</table>
Email from Dave Poeschel on behalf of Monika Gardias, to Director Keegan, dated 02/09/17, regarding problems with Los Gatos Creek in Willow Glen (C-17-0054).

Email from Sue McElwaine to Chair Varela, dated 02/09/17, with follow up comments on the flooding at her property in San Martin (C-17-0055).

Email from Sue McElwaine to the Board, dated 02/09/17, expressing dissatisfaction with the response time to her email (C-17-0056).

Email from Richard Blish to the Board, dated 02/09/17, regarding water rates (C-17-0057).

E. OUTGOING BOARD CORRESPONDENCE

Reply email from Chair Varela to Matt Angotti, dated 02/06/17, regarding his follow up questions on restricted usage at local dams (C-17-0038).

Reply email from Chair Varela to Sue McElwaine, dated 02/09/17, regarding flooding on her property in San Martin along Llagas Creek (C-17-0040).

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.
NEWSLETTERS & BRIEFINGS
Santa Clara County residents and businesses reduced water use by 27% in December 2016 compared to December 2013. This brings the cumulative 2016 water savings through December to 28% compared to the same period of 2013. Realizing parts of the state were better off than others in terms of water supply, the State Water Resources Control Board adopted an updated Emergency Regulation in May 2016 that allowed water retailers throughout the state to determine their individual conservation standards based on local conditions.

At its January 31 meeting, the District’s Board of Directors (Board) continued its call for a water use reduction target of 20% and emphasized that residents should continue their efforts to conserve. The Board also called for continued restrictions on watering schedules to a maximum of three times a week.

Groundwater recharge in 2016 was greater than in normal years and preliminary water supply analysis shows that 2017 recharge should also meet or exceed normal year recharge.

### Weather

**Rainfall in San Jose**
- Month of January = 5.28 inches
- Rainfall yeat to date = 9.41 inches (Rainfall year is July 1 to June 30)
- Normal rainfall for the full year = 14.33 inches
- February 1 Northern Sierra snowpack was 145% of normal for this date

### Local Reservoirs

- Total February 1 storage = 133,745 acre-feet
  - 147% of 20-year average for that date
  - 79% of total capacity
  - 109% of restricted capacity (169,009 acre-feet total storage capacity limited by seismic restrictions to 122,924 acre-feet)
- Approximately 0 acre-feet of imported water delivered into local reservoirs during January 2017
- Total estimated releases to streams (local and imported water) during January was 80,775 acre-feet

### Groundwater

- Groundwater (GW) Storage: Total storage at the end of 2017 is predicted to fall within Stage 1 (Normal) of the Water Shortage Contingency Plan

<table>
<thead>
<tr>
<th></th>
<th>Santa Clara Subbasin</th>
<th>Llagas Subbasin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Santa Clara Plain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 2017 managed recharge estimate (AF)</td>
<td>2,300</td>
<td>800</td>
</tr>
<tr>
<td>January 2017 managed recharge, % of 5-year avg.</td>
<td>70%</td>
<td>87%</td>
</tr>
<tr>
<td>December 2016 pumping estimate (AF)</td>
<td>3,700</td>
<td>900</td>
</tr>
<tr>
<td>January to December 2016 pumping estimate (AF)</td>
<td>54,100</td>
<td>11,400</td>
</tr>
<tr>
<td>January to December pumping, % of 5-year average</td>
<td>64%</td>
<td>105%</td>
</tr>
<tr>
<td>GW index well level compared to last January</td>
<td>Increase</td>
<td>Increase</td>
</tr>
</tbody>
</table>

AF = acre-feet
**Imported Water**

- As of February 1, 2017, the Statewide Average snowpack water content is 174% of the historic average for this date.
- 2017 State Water Project (SWP) and Central Valley Project (CVP) allocations:
  » 2017 SWP allocation: 60% = 60,000 acre-feet announced on January 18, 2017
  » 2017 CVP allocations: A 2017 CVP allocation has not yet been announced
- Reservoir storage information, as of February 1, 2017:
  » Shasta Reservoir at 78% of capacity (115% of average for this date)
  » Oroville Reservoir at 80% of capacity (123% of average for this date)
  » San Luis Reservoir at 83% of capacity (106% of average for this date)
- District’s Semitropic groundwater bank reserves: An estimated 192,115 acre-feet as of February 1, 2017
- Estimated SFPUC deliveries to Santa Clara County:
  » Month of January = 3,383 acre-feet
  » 2017 Total to Date = 3,383 acre-feet
  » Five-year average is 48,700 acre-feet

**Treated Water**

- Below average demands of 5,705 acre-feet (estimated) delivered in January
- This total is 78% of the five-year average for the month of January
- Year-to-date estimated = 5,705 acre-feet or 78% of the five-year average

**Conserved Water**

- Saved 69,000 acre-feet in FY16 from long-term program (baseline year is 1992)
- Long-term program goal is to save nearly 72,000 acre-feet in FY17
- The Board has called for a 20% reduction and a limit of three days per week for irrigation of ornamental landscape with potable water
- Achieved a 28% reduction in water use in 2016, compared to 2013

**Recycled Water**

- Estimated January 2017 production = 900 acre-feet
- Estimated Year-to-Date through January = 900 acre-feet or 86% of the five-year average
- Silicon Valley Advanced Water Purification Center produced an estimated 4.4 billion gallons (13,400 acre-feet) of purified recycled water since March 25, 2014. The purified water is blended with existing tertiary recycled water for South Bay Water Recycling Program’s customers

**CONTACT US**

For more information, contact Customer relations at (408) 630-2880, or visit our website at valleywater.org and use our Access Valley Water customer request and information system. With three easy steps, you can use this service to find out the latest information on district projects or to submit questions, complaints or compliments directly to a district staff person.
ACWA eNews for Feb. 8, 2017

in  ACWA eNews

ACWA's eNews is a weekly roundup of California water news and events. Manage your subscription here.

Save Our Water Partner Webinar

Wed, 02/15/2017 - 1:00pm - 2:00pm
Location:  Webinar

Save Our Water is hosting its first webinar of the year on Feb. 15 from 1 p.m. to 2 p.m. The webinar will focus on plans for 2017 as Save Our Water looks at new and creative ways to tailor and target its messaging and campaigns. Save Our Water also is also looking to solicit input from water agencies on how Save Our Water can assist them.

Register for Save Our Water Webinar

ACWA Energy Committee Meeting

Thu, 02/16/2017 - 10:00am - 2:00pm
Location:  ACWA Boardroom, 910 K Street, Sacramento, CA 95814

ACWA DC2017: Washington, D.C. Conference

Tue, 02/28/2017 - 8:00am - Thu, 03/02/2017 - 5:00pm
Location:  St. Regis Hotel, Washington, D.C.


Other hotels:

Hyatt Place
1522 K Street NW, Washington, DC 20005
(202) 830-1900 Online only rate
Online Registration & cancellation deadline is February 10, 2017 - 4:30 p.m. (PST)

Why Attend?

Registration

Read more

WEF Central Valley Tour 2017 Field Trip

Wed, 03/08/2017 - Fri, 03/10/2017
Location: This tour starts and ends at the Sacramento International Airport

The Water Education Foundation is presenting a 3-day, 2-night tour through California's Central Valley, known as the nation’s breadbasket thanks to an imported supply of surface water and local groundwater. Covering about 20,000 square miles through the heart of the state, the valley provides 25 percent of the nation’s food, including 40 percent of all fruits, nuts and vegetables consumed throughout the country.

REGISTRATION

Read more

ACWA 2017 Legislative Symposium

Wed, 03/08/2017 - 9:00am - 4:30pm
Location: Sacramento Convention Center, Sacramento, CA

ACWA's 2017 Legislative Symposium is set for March 8, 2017, at the Sacramento Convention Center in Sacramento, CA.

Online Registration & cancellation deadline is February 24, 2017 - 4:30 p.m. (PST)

IMPORTANT LINKS:

Registration

Read more

ACWA Water Quality Committee Meeting

Thu, 03/09/2017 - 10:00am - 2:00pm
Location: ACWA Boardroom, 910 K Street, Sacramento, CA 95814
Water Education Foundation 2017 Executive Briefing

Thu, 03/23/2017 - 8:15am - 5:00pm
Location: Hilton Sacramento Arden West hotel, 2200 Harvard St.

With a theme focusing on “Wave of Change: Breaking the Status Quo,” the Water Education Foundation’s 34th annual Executive Briefing will be held March 23 in Sacramento. The event will examine new approaches to water management, tools to extend supplies, plans to prepare for drought, and the intersection between politics and policy.

This water conference will offer the opportunity to hear from top policymakers and leading stakeholders on key water topics:

REGISTRATION

Read more

ACWA Energy Storage Summit in Partnership with CESA

Thu, 03/30/2017 - 9:00am - 5:00pm
Location: ACWA Board Room, Sacramento, California

ACWA’s 2017 Energy Storage Summit in Partnership with CESA is set for March 30, 2017, in the ACWA Boardroom, 910 K Street, Sacramento, CA.

Online Registration & cancellation deadline is March 22, 2017 - 4:30 p.m. (PST)

IMPORTANT LINKS:

REGISTRATION

Read more

LOWER COLORADO RIVER TOUR 2017

Wed, 04/05/2017 - Fri, 04/07/2017
Location: The tour begins in Las Vegas (with an optional start in Ontario) and ends at Ontario International Airport.

Presented by the Water Education Foundation. Explore the Lower Colorado River where virtually every drop of the river is allocated, yet demand is growing from a myriad of sources — increasing population, declining habitat, drought and climate change.

Registration
HEADWATERS TOUR 2017

Thu, 04/27/2017 - Fri, 04/28/2017  
**Location:** The tour begins and ends at Sacramento International Airport.

Presented by the Water Education Foundation.

Registration

ACWA 2017 Spring Conference & Exhibition

Tue, 05/09/2017 - Fri, 05/12/2017  
**Location:** Monterey, CA

ACWA's 2017 Spring Conference & Exhibition is set for May 9-12, 2017, at the Monterey Marriott and Portola Hotel & Spa in Monterey. Further details to come.

*Online Registration & cancellation deadline is April 14, 2017 - 4:30 p.m. (PST)*

**IMPORTANT LINKS:**

REGISTRATION

State Water Board Extends Emergency Water Conservation Regulation

Submitted by Pamela Martineau on Wed, 02/08/2017 - 4:51pm

Citing a need to be prudent and prepare for another possible dry year, the State Water Resources Control Board on Wednesday voted unanimously to extend the state’s emergency conservation regulation amid criticism that this year’s rains have ended California’s state of emergency.

“We’ve had an impressive first half… (of the water year),” State Water Board Chair Felicia Marcus said during the meeting. “But we can’t predict where we will stand at the end of the season.”
Drinking Water Safety and Affordability Issues Explored During State Water Board Workshop

Submitted by Emily Alshouse on Wed, 02/08/2017 - 3:22pm

The State Water Resources Control Board Wednesday held an in-depth workshop to discuss drinking water safety and affordability issues and options for developing and implementing a plan for a statewide low-income water rate assistance (LIRA) program as required by AB 401 (Dodd) of 2015.

Following introductory remarks from Sen. Bill Dodd (D-Napa) about the importance of safe, affordable water, the State Water Board heard from staff, state agencies, and stakeholder’s panels on various issues related to drinking water safety and affordability.

Read more

Messer Appointed Chief Deputy Director at DWR

Submitted by Pamela Martineau on Wed, 02/08/2017 - 11:13am

Cindy Messer, a former deputy director of the Delta Stewardship Council, has been appointed chief deputy director at the California Department of Water Resource where she has served as assistant chief deputy director since 2016, Gov. Jerry Brown's Office announced Tuesday.

Read more

DWR Temporarily Halts Flows Down Oroville Dam Spillway

Submitted by Pamela Martineau on Tue, 02/07/2017 - 4:14pm
The California Department of Water Resources today temporarily suspended flows from the Oroville Dam spillway to investigate concrete erosion on the bottom half of the spillway. Officials said there is no anticipated threat to the dam or the public and releases are expected to resume later today after a thorough inspection is performed.

Read more

**Bill to Overhaul State’s Water Management Introduced in Assembly**

Submitted by Emily Allshouse on Tue, 02/07/2017 - 2:17pm

Calling water management at the state level “broken,” Assembly Member Adam Gray (D-Merced) has introduced a new bill aimed at restructuring the administration and enforcement of water rights and the State Water Project.

The bill, AB 313, would move authority and enforcement over water rights from the State Water Resources Control Board to the California Department of Water Resources and create a new State Water Project Authority that would assume DWR’s administration of the State Water Project.

Read more

**Two Informational Hearings on California WaterFix Scheduled for February**

Submitted by Emily Allshouse on Tue, 02/07/2017 - 9:24am

The Senate Natural Resources and Water Committee has scheduled two informational hearings on California WaterFix in February. The first hearing will be held Feb. 14 and a second held on Feb. 28.

Read more

**One-Time Grant Opportunity Available to Local Government Entities Utilizing Innovative Technology**

Submitted by Emily Allshouse on Mon, 02/06/2017 - 2:13pm
As a result of a class action lawsuit known as the DRAM Settlement, local government entities, including water districts, may now apply for a one-time grant of up to $200,000 for projects that utilize innovative technology and software to improve operations.

The DRAM Settlement Fund is a result of price-fixing lawsuits related to Dynamic Random Access Memory (DRAM) chips manufactured from 1998-2002. The DRAM Settlement Fund, obtained by the California Attorney General, is being administered by the Cy Pres Fund.

Read more

**DWR and Bureau Release Draft Study on Fremont Weir Fish Passage Project**

Submitted by Pamela Martineau on Fri, 02/03/2017 - 4:16pm

The California Department of Water Resources and U.S. Bureau of Reclamation have released for public review the draft Initial Study and Environmental Assessment (IS/EA) for the proposed Fremont Weir Adult Fish Passage Modification Project.

The proposed project, located in the northern portion of the Yolo Bypass, is intended to improve fish passage at the Fremont Weir and within the Tule Canal. Written comments on the IS/EA must be received by close of business Monday, March 6, 2017

Read more

**Sierra Nevada Snowpack Surges Following Recent Storms**

Submitted by Pamela Martineau on Thu, 02/02/2017 - 3:24pm

Recent storms have significantly bolstered snowpack throughout the Sierra Nevada, with electronic readings taken today at more than 100 sites indicating that the snowpack water equivalence is
173% of average for this date, according to a press release from the California Department of Water Resources.

On Jan. 1, before a series of big January storms, the snow water equivalence of the statewide snowpack was 6.5 inches, just 64% of the New Year’s Day average.

State Water Board Staff Proposes Extension of Emergency Conservation Regulation

Submitted by Pamela Martineau on Thu, 02/02/2017 - 1:58pm

The State Water Resources Control Board staff is formally proposing that the state’s emergency conservation regulation be extended another 270 days. A draft resolution to amend and readopt the emergency regulation will be taken up after 1 p.m. on Feb. 8. Comments on the proposed resolution will be accepted through noon Monday, Feb. 6.

ACWA sent a comment letter to the State Water Board Feb. 3 asking that the emergency regulation be allowed to lapse.

Exceptional ACWA Members Recognized with Two Upcoming Awards - Deadline March 1

Submitted by Marie Meade on Thu, 02/02/2017 - 9:11am

Do you know someone who has made a remarkable contribution to California water? Does your agency have a capital project that deserves statewide recognition? Now is the time to submit entries for ACWA’s spring awards.

Future Water Leaders: Deadline for ACWA Scholarships Extended to March 1
Know a hardworking graduate or undergraduate student majoring in a water resources-related field? ACWA has several scholarships available to assist the industry’s best and brightest, and the deadline for these has now been extended to March 1.

If you know someone who will be a full-time junior or senior college student in a water resources-related field of study for the 2017-’18 academic year, please recommend him or her for this prestigious $5,000 scholarship Clair A. Hill Scholarship Award.

Read more

Source URL: http://www.acwa.com/newsletter/acwa-enews/acwa-enews-feb-8-2017
Chief Executive Officer Bulletin
Week of February 3 – 9, 2017

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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<td>1</td>
<td>Storm Event: February 7, 2017</td>
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<td>2</td>
<td>Santa Clara Conduit Line Valve (SV-2) Malfunction</td>
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Local Water Supply Outlook

In 2016, Santa Clara County water retailers used 28 percent less water than was used in 2013,
exceeding the board’s water use reduction target of 20 percent. This achievement, along with an
above-normal water district groundwater replenishment program, resulted in groundwater storage
ending the year in the “normal” stage for the first time since the beginning of 2014.

Local reservoir storage is currently at 146 percent of the 20-year average for this date. Several
reservoirs have exceeded their capacity and excess water has been flowing from their spillways.
Rainfall totals exceed 120% of normal for this time of year in San Jose.

For further information, please contact Garth Hall at (408) 630-2750.

Storm Event: February 7, 2017

The water district opened its Emergency Operations Center (EOC) for monitoring from 1:00 p.m. to
7:00 p.m. on February 7, 2017. The EOC was also activated for one hour at 3:40 p.m. after a 5-inch
hole developed about two feet below the top of the outboard side of the water district-owned levee
along San Francisquito Creek on the Palo Alto side.

On the night of February 7th, both the water district and the City of Palo Alto completed construction of
a “chimney” to fix the levee, which should last the rest of this winter.
During the period that the EOC was open, the water district monitored and shared information both internally and externally as needed, with focus on San Francisquito Creek in the City of Palo Alto, West Little Llagas Creek in the City of Morgan Hill, and Uvas Creek in the City of Gilroy.

During the storm event, the water district disseminated information via Nextdoor to specific neighborhoods in the cities of Palo Alto, Morgan Hill, and Gilroy, issued an urgent alert via Nextdoor to neighborhoods in the City of Palo Alto along San Francisquito Creek. Furthermore, staff provided regular updates to inform elected officials, municipalities, and the public about the latest storm conditions, reservoir and creek activity, and flood resources via the water district’s Twitter and Facebook pages and the water district’s website.

Watershed field crews are continuing post-storm activities and removing downed trees and debris along various creeks throughout the county.

Sandbag sites are fully stocked and being periodically checked for inventory.

For further information, please contact Melanie Richardson at (408) 630-2035.

Santa Clara Conduit Line Valve (SV-2) Malfunction

On February 4, 2017, at 4:25 a.m., Santa Clara Conduit line valve SV-2 malfunctioned and started to close. Santa Clara Conduit line valve is an essential part of the water supply pipeline that conveys raw water from the San Luis Reservoir to the treatment plants.

The line valve was completely closed at 4:45 a.m., which prevented both Santa Teresa Water Treatment Plant (STWTP) and Rinconada Water Treatment Plant (RWTP) from receiving source water from San Luis Reservoir through Pacheco Pump Plant.

In response to the malfunction, the water district activated the standard operating procedure for water source changes, dispatched on-call maintenance and engineering resources, curtailed STWTP water flow, and switched the source water for STWTP and RWTP to Calero Reservoir.

The water district stabilized the problem associated with the malfunctioned line valve and returned the source water for both STWTP and PWTP back to San Luis Reservoir at 9:45 a.m.

A process to determine the root cause of the malfunction and to recommend corrective and preventive actions has been initiated.

For further information, please contact John Brosnan, acting Deputy Operating Officer, at (408) 630-2849.
BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS
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<th>Request</th>
<th>Completed Date</th>
<th>Meeting Date</th>
<th>Director</th>
<th>GM / AGM</th>
<th>Description</th>
<th>20 Days Due Date</th>
<th>Expected Completion Date</th>
<th>Disposition</th>
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<tbody>
<tr>
<td>R-16-0048</td>
<td>Pending</td>
<td>12/13/16</td>
<td>Estremera Lezotte</td>
<td>Camacho</td>
<td>Staff is to return with information and potential policy language on &quot;Wall Street&quot; banks and how we deal with them in the future on financing.</td>
<td>01/04/17</td>
<td>02/14/17</td>
<td>01/05/17 CEO Bulletin.</td>
</tr>
<tr>
<td>R-17-0001</td>
<td>Pending</td>
<td>01/24/17</td>
<td>Hsueh</td>
<td>Fiedler</td>
<td>Staff is to prepare for Chair Signature, thank you letters to water retailers, commending efforts that enabled county meeting 20% conservation measures.</td>
<td>02/15/17</td>
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<tr>
<td>R-16-0021</td>
<td>Pending</td>
<td>04/12/16</td>
<td>Keegan</td>
<td>Nava</td>
<td>Staff to take a preliminary look at the use of PLAs on Non- federal District projects.</td>
<td>05/03/16</td>
<td>09/13/16</td>
<td>07/28/16 CEO Bulletin.</td>
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<tr>
<td>R-16-0049</td>
<td>Pending</td>
<td>12/13/16</td>
<td>Keegan</td>
<td>Fiedler</td>
<td>Staff is to prepare a fact sheet on water rates that shows the different elements of District costs, etc.</td>
<td>01/04/17</td>
<td>02/03/17</td>
<td>01/05/17 CEO Bulletin.</td>
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<tr>
<td>R-17-0002</td>
<td>Pending</td>
<td>01/24/17</td>
<td>Santos</td>
<td>Camacho</td>
<td>Prepare Board item considering policy restricting District funded travel to states of KS/MS/NC/TN, due to sexual orientation, gender identity, gender expression discriminatory laws.</td>
<td>02/13/17</td>
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<tr>
<td>Request</td>
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<td>I-16-0039</td>
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<td>12/13/16</td>
<td>Varela</td>
<td>Fiedler</td>
<td>In light of the on-going drought in California, staff to investigate (a) implementation of storm water capture program to improve local water storage and (b) re-negotiating existing permits from resource agencies to reduce releases of runoff from South County reservoirs in order to maximize the amount of stored water while ensuring habitat protection as part of winter operations.</td>
<td>01/05/17</td>
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MEMORANDUM
FC 14 (01-02-07)

TO: Board of Directors

SUBJECT: The Use of Remaining San Luis and Delta-Mendota Water Authority (Authority) Series 2009A Note Proceeds for Continued Funding of Delta Planning Costs

FROM: James M. Fiedler

DATE: February 7, 2017

The Authority has requested the District’s election regarding the disposition of approximately $388,000, which is the District’s share of the remaining note proceeds from the Authority’s issuance of a $50 million note to support Delta Habitat Conservation and Conveyance Program (DHCCP) planning studies. The District’s representatives on the Authority Board believe that, consistent with the Board original approval of use of the funds, that the District’s share of the note proceeds should be contributed towards continued DHCCP Planning.

On December 9, 2008, the District Board authorized the CEO to execute “Agreements to fund the Delta Habitat Conservation and Conveyance Program (DHCCP).” This authorization included “any necessary future amendments which are consistent with Board policy, subject to final review and approval of form by District Counsel.” In addition, the Board approved a $2 million budget adjustment for initial funding of these agreements. At that time, the estimated cost of completing the DHCCP was $100 million, and half of this was identified as a federal obligation to be paid by the U.S. Bureau of Reclamation (Reclamation) and the San Luis and Delta Mendota Water Authority (SLDMWA) on behalf of federal contractors.

In April 2009, the District joined with other Authority members in the DHCCP Activity Agreement which provided a mechanism for payment of the federal contractors’ share of the DHCCP. The District elected to participate in the Activity Agreement as a “Financing Participant” for the issuance of a $50 million note. Further development of project tasks and elements resulted in revisions that increased the budget from $100 million to $240 million of which half ($120 million) is the federal share. To cover the District’s share of these additional costs, on May 25, 2010, the District Board approved a second budget adjustment of $3.9 million “to fund Delta planning costs.”

In 2013 certain DHCCP Activity Agreement Members elected to participate in a refinancing of the 2009 note, for which the Authority issued refunding revenue bonds (Series 2013A). At this time the District decided to pay off its share of the 2009 note in lieu of participating in the refinancing and made a payment of approximately $4.2 million to the Authority thus fulfilling the District’s obligation. This payment was made using encumbered funds from the $3.9 million budget adjustment in addition to supplemental funds from the FY13 Imported Water Unit budget.

In 2016, $240 million in DHCCP funds were expended without utilizing all the proceeds from the Authority’s 2009 note issuance of $50 million (Series 2009A). Approximately $7 million of additional funds are needed to reach the Record of Decision/Notice of Determination for the California Water Fix, which is the program that evolved from the DHCCP. The Authority has approximately $4.2 million in remaining note proceeds and accumulated interest, of which the District’s share is about $388,000.

At its January 12, 2017 meeting, the Authority’s Board of Directors authorized its Executive Director to provide an election form to Authority members that provides the choice of 1) contributing funds to the Department of Water Resources (DWR) for continued DHCCP Planning, 2) receiving a refund of its respective share of that interest, or 3) using that interest to defease a portion of its share of outstanding debt resulting from the 2013 refinancing. The deadline for submitting the form is February 17, 2017. Staff intends to submit the form with the direction to contribute 100% of the District’s interest in the
remaining note proceeds, or $388,000, to support remaining DHCCP planning costs, consistent with direction from the District's representatives on the Authority Board. This action is being performed under the previously mentioned District Board authorization and does not represent an additional cost beyond that previously approved.

James M. Fiedler, P.E., D.WRE
Chief Operating Officer, Water Utility Enterprise

Attachment 1: Election on Disposition of Interest in Note Proceeds Form
REQUEST TO NOTE INTEREST AGENCIES
[Without Bond Obligation]

ELECTION ON DISPOSITION OF INTEREST IN NOTE PROCEEDS

San Luis & Delta-Mendota Water Authority
842 Sixth Street
Los Banos, CA 93635

The District, in accordance with the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies, made as of January _, 200_, hereby notifies and directs the Authority to dispose of the District’s interest in the proceeds of the 2009A Notes as designated below [District must dispose of 100 percent of the District’s interest in the remaining 2009A Note proceeds]:

☐ Option 1: The District authorizes and directs the Water Authority to contribute ____ percent of the District’s interest in the remaining 2009A Note proceeds to DWR for DHCCP Planning Phase costs.

☐ Option 2: The District authorizes and directs the Water Authority to refund to the District ____ percent of the District’s interest in the remaining 2009A Note proceeds.

District: ________________________________

By: _____________________________________

Dated: _________________________________

BY NO LATER THAN FEBRUARY 17, 2017, PLEASE RETURN THE COMPLETED FORM TO CHERI WORTHY BY MAILING TO P O BOX 2157, LOS BANOS, CA 93635 OR E-MAILING TO CHERI.WORTHY@SLDMWA.ORG
MEMORANDUM
FC 14 (01-02-07)

TO: Board of Directors
FROM: James Fiedler
       Chief Operating Officer
       Water Utility Enterprise

SUBJECT: Groundwater Workshop Hosted by Santa Clara County
DATE: 02/07/17

On February 2, 2017, Santa Clara County planning staff hosted a groundwater workshop to discuss groundwater quality conditions and related regulations. The workshop was attended by County staff representing planning, environmental health, and Supervisor Wasserman's office. Other participants included staff from both the San Francisco Bay and Central Coast Regional Water Quality Control Boards and the District.

County planning staff arranged the workshop to engage various agencies involved in managing or regulating groundwater resources, with a focus on the groundwater-dependent San Martin area. Several large projects are being proposed in San Martin including the Cordoba Center, a proposed Islamic religious and cultural center with a mosque, cemetery, and ancillary structures. The County has recently released a Notice of Preparation of an EIR for the proposed Cordoba Center project, and has hired a consultant to study potential groundwater quality effects from the proposed onsite wastewater treatment facility and cemetery.

During the workshop, staff from the various agencies discussed current groundwater quality conditions with a focus on nitrate, as well as various groundwater quality regulatory programs, including septic system permitting by the County and/or Regional Boards. The workshop was helpful in bringing together staff from multiple agencies and working to ensure strong coordination between land use planning, regulatory oversight, and groundwater management.

The County will continue to coordinate with District and Regional Board staff on these proposed projects in San Martin, and staff will continue to keep the Board informed.

James Fiedler, P.E., D. WRE
Chief Operating Officer
Water Utility Enterprise

cc: G. Hall, V. De La Piedra, R. Callender, Y. Arroyo
TO: Board of Directors

SUBJECT: BMR 16-0049

FROM: Jim Fiedler

DATE: February 10, 2017

Staff has prepared the attached wholesale water rates fact sheet in response to Board Member Request 16-049.

If you have any questions, or would like to discuss any of this information, please contact me at 408 630-2736 or Darin Taylor at 408 630-3068.

Jim Fiedler, P.E., D.WRE
Chief Operating Officer
Water Utility

Attachments: 1) Wholesale Water Rates Fact Sheet
Wholesale Water Rates

Investing in Infrastructure

Feb 2017

Fast Facts

• The District operates and maintains assets that total $7.1 billion in replacement value (2014 $')s to meet current and future water demands.

• Wholesale water costs range from 35% to 65% of the average residential water bill depending on wholesale provider and retail provider.

• The average family of five uses about 135,000 gallons of water per year. Between $36 and $41 per month of the average retail water bill pays for District costs in the North County, and roughly $14 per month in the South County.

• Where does your rate money go?

  North County ($278.8M)
  - Capital Infrastructure, 23%
  - Administrations, 9%
  - Treated Water, 28%
  - Water Service Ops, 12%
  - Recycled Water, 13%
  - Imported Water, 15%

  South County ($227.7M)
  - Capital Infrastructure, 23%
  - Administrations, 9%
  - Treated Water, 34%
  - Water Service Ops, 92%
  - Recycled Water, 5%
  - Imported Water, 12%

Background

The Santa Clara Valley Water District (SCVWD) is the groundwater management agency and primary wholesale water provider for Santa Clara County. We actively manage the groundwater basins by replenishing them with local and imported water, and by operating surface water treatment plants that provide “in-lieu” recharge. A complex system that includes 10 reservoirs, 142 miles of pipelines, 4 water treatment plants, and 3 pump stations, helps ensure that water flows to your tap.

The cost to operate and maintain this system is reimbursed primarily through groundwater and treated water charges paid by water retail customers. Groundwater charges differ depending on the “zone of benefit.” The North County (Zone W-2) is defined as the portion of the county north of the Coyote Valley. The South County (Zone W-5) is defined as the portion of the county extending from Coyote Valley to Gilroy. Treated water is only offered in the North County.

How do wholesale rates compare?

While the cost to provide wholesale water service varies across the state, the District’s wholesale charges are in line with other providers.

Wholesale Agency Rate Comparison

Municipal & Industrial (M&I) Water as of January 2017

- Orange County WD
- SCVWD South Co.
- MWD (So. California)
- SCVWD North Co.
- Zone 7 (Alameda County)
- San Diego Co. WD
- San Francisco PUC

$/Acre Foot

- SCVWD groundwater production charge is equivalent to SCVWD raw surface water basic user charge

Where does your rate money go?

Water Utility program costs total $301.5M for FY 2016-17 (excluding state imported water purchases, which are paid for by a tax). In both the North County and South County, purchasing federal imported water
Wholesale Water Rates
Investing in Infrastructure

is a significant expense category at 15% and 34% respectively. Other major cost categories are: Water service operations, which includes operating and maintaining local reservoirs, pipelines, pump stations, and recharge ponds; Purified & recycled Water operations, maintenance, and expansion; Treated Water capital infrastructure, operations and maintenance, which is the largest North County cost at 28%; Capital infrastructure, which includes improvements to local reservoirs, pipelines, and pump stations; and Administration, which includes support services like human resources and legal.

District Managed Water Use Trend
The District's water revenues vary depending on water use. With the exception of the impact of the current historic drought, the District estimates water use conservatively, to help ensure that revenues are adequate to cover expenses each year.

How do wholesale rates affect my retail bill?
Retail agency water bills vary within the county based on many factors including wholesale water costs and their own infrastructure needs. For the average family of five, between $36 and $41 per month of the retail water bill pays for District costs in the North County, and $14 per month in the South County. Wholesale water costs range from 35% to 65% of the average residential water bill depending on the retail provider, and the wholesale provider (District or San Francisco Public Utilities Commission).

Conclusion
We must continue to invest in our infrastructure rather than wait until the system fails. Previous generations invested in the water system, and it's now our turn to invest for our children and their children. For more information, please visit our website at www.valleywater.org