### Board Policy: EL-7 Communication and Support to the Board

The BAOs shall inform and support the Board in its work.

<table>
<thead>
<tr>
<th>Page #</th>
<th><strong>A. NEWSLETTERS &amp; BRIEFINGS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>ACWA e-news: 02/22/17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>B. CEO BULLETIN</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
</tr>
<tr>
<td>Week of: 02/17/17 – 02/23/17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>C. BOARD MEMBER REQUESTS &amp; INFORMATIONAL ITEMS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
</tr>
<tr>
<td>17</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>54</td>
</tr>
<tr>
<td>61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>D. INCOMING BOARD CORRESPONDENCE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
</tr>
<tr>
<td>64</td>
</tr>
<tr>
<td>83</td>
</tr>
<tr>
<td>85</td>
</tr>
<tr>
<td>86</td>
</tr>
<tr>
<td>87</td>
</tr>
</tbody>
</table>
Email from Justin Wilson to the Board, dated 02/19/17, regarding the community meeting in Mountain View to discuss housing the homeless in vacant District-owned rental properties (C-17-0083).

Memo from Michele King, Clerk, to the Board, dated 02/21/17, regarding form emails to the PUC (cc: BOD) protesting SJWC’s Advice Letter No. 501 (C-17-0084).

Letter from Norma Camacho, Interim CEO, to Lieutenant Colonel Morrow (cc: Varela), dated 02/10/17, regarding the Upper Llagas Creek Flood Protection Project meeting with the City of Morgan Hill on 01/21/17 (C-17-0085).

Email from Jan Kuersten to the Board, dated 02/21/17, regarding the community meeting in Mountain View to discuss housing the homeless in District owned rental properties (C-17-0086).

Letter from David and Barbara Rigney to the Board, dated 02/21/17, regarding the community meeting in Mountain View to discuss housing the homeless in vacant District owned rental properties (C-17-0087).

Email from Gerhard Eschelbeck to Samina Shaik, Raw Water Operations Unit (cc: BOD), dated 02/18/17, regarding management of Stevens Creek Reservoir (C-17-0088).

Email from John Ennals to Samina Shaik, Raw Water Operations Unit (cc: BOD), dated 02/18/17, regarding management of Stevens Creek Reservoir (C-17-0089).

Email from Michelle Wilson to the Board, dated 02/22/17, regarding the proposed plan to house the homeless in vacant District-owned rental properties in Mountain View (C-17-0090).

Email from Patrick Pizzo to Directors LeZotte and Estremera, dated 02/22/17, regarding Anderson Dam and Guadalupe Creek (C-17-0091).

Email from Tempus Vernum to the Board, dated 02/22/17, regarding Anderson Dam (C-17-0092).

Email from Dorsey Moore, San Jose Conservation Corps, to Director Estremera, dated 02/22/17, regarding an offer to help residents impacted by the Coyote Creek flood (C-17-0093).

E. OUTGOING BOARD CORRESPONDENCE

Reply email from Director Keegan to Dave Poeschel, dated 02/23/17, regarding problems with Los Gatos Creek in Willow Glen (C-17-0054).

Reply email from Chair Varela to Laura Brown, dated 02/23/17, regarding housing homeless in vacant District-owned properties in Mountain View (C-17-0063).

Reply email from Chair Varela to Stephanie Morris, dated 02/23/17, regarding support for the Education Outreach Program (C-17-0065).

Reply email from Chair Varela to Larry Mehringer, dated 02/23/17, regarding the Campbell percolation ponds (C-17-0067).

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
ACWA eNews for Feb. 22, 2017

in ACWA eNews

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

Delta Stewardship Council to Host March Workshop on Performance Measures

Submitted by Emily Allshouse on Wed, 02/22/2017 - 11:56am

As part of its multi-year effort to refine Delta Plan performance measures with specific emphasis on “outcome” and “output” measures, the Delta Stewardship Council is set to host a workshop on Thursday, March 9.

The workshop will be held from 1:30 – 4:30 p.m. at the Sheraton Grand Hotel in Sacramento.

The workshop follows the February 2016 adoption of new and refined performance measures designed to assess “whether actions in the Delta Plan are producing expected results.”

Read more

Consumer Groups, Lawmakers Call for Lead-Free Water in California Schools

Submitted by Pamela Martineau on Wed, 02/22/2017 - 2:23pm
Members of the consumer group CALPIRG joined a group of California lawmakers at a press conference at the state Capitol today and called for action to ensure lead-free water in the state’s schools.

Read more

ACWA’s 2017 Legislative Symposium Approaches March 8

Submitted by Pamela Martineau on Wed, 02/22/2017 - 5:13pm

ACWA's 2017 Legislative Symposium will be held March 8 at the Sacramento Convention Center and will feature a luncheon address by Sen. Robert M. Hertzberg, D-Van Nuys, the new chair of Senate Natural Resources and Water Committee. The registration is open until Feb. 24.

ACWA's Legislative Symposium is an annual Sacramento event that engages water district directors, general managers, attorneys, and staff from across the state, providing them with up-to-date information on critical water policy issues.

Read more

ACWA and CESA Energy Storage Summit Slated for March 30

Submitted by Pamela Martineau on Wed, 02/22/2017 - 4:37pm

ACWA's and the California Energy Storage Alliance’s Energy Storage Summit is approaching March 30 and registration for the event remains open.

The summit, which will be held at ACWA’s offices in Sacramento, will feature panel discussions on various aspects of energy storage. The first panel will explore pumped hydroelectric storage, examining different PHS technologies, applications, siting, and permitting considerations. The panel will be moderated by Alex Morris, director of Policy and Regulatory Affairs for the CESA.
Water Diverters Must Meet April 1 Deadline Under New Measurement Requirement

Submitted by Pamela Martineau on Fri, 02/17/2017 - 11:07am

The State Water Resource Control Board’s Division of Water Rights is reminding water diverters that they must file annual use reports for the 2016 calendar year by April 1 under the new measurement regulation.

The regulation requires that diversions greater than 10 acre-feet per annum be measured using equipment which meets specified accuracy requirements. The measurement requirement is being phased in, with larger diverters required to measure first.

Read more

Deadline Extended on Draft Resolution on Response to Climate Change

Submitted by Pamela Martineau on Thu, 02/16/2017 - 5:01pm

The State Water Resources Control Board announced today that it has extended the comment deadline to March 3 at noon for its draft resolution for a comprehensive response to climate change. A public hearing on the draft resolution has been moved to March 7.

The State Water Board will hold a public hearing and consider adoption of the proposed resolution at its regularly scheduled meeting on March 7. The meeting agenda will be posted on the State Water Board website.

Read more

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.

Read more

**Future Water Leaders: Deadline for ACWA Scholarships Extended to March 1**

Submitted by Marie Meade on Fri, 01/06/2017 - 9:17am

![Image](image_url)

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

**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

Capital Hilton  
1001 16th St. NW, Washington, DC 20005  
(202) 393-1000
Online Registration & cancellation deadline is February 10, 2017 - 4:30 p.m. (PST)

Why Attend?

Registration

Read more

Event Examines Water Stress and a Changing San Joaquin Valley

Tue, 03/07/2017 - 9:00am - 1:30pm
Location: Clovis Veterans Memorial District, Clovis

The PPIC Water Policy Center and the California Water Institute at Fresno State will hold a free, half-day public event featuring panels of local leaders and experts exploring key water issues facing the San Joaquin Valley—California's largest agricultural region.

Register Here

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 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 offers 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

Read more

**HEADWATERS TOUR 2017**

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


CEO BULLETIN
To: Board of Directors  
From: Norma J. Camacho, Interim CEO

Chief Executive Officer Bulletin  
Week of February 17 – 23, 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.

<table>
<thead>
<tr>
<th>Page</th>
<th>IN THIS ISSUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Results of Sale - Watersheds Certificates of Participation, Series 2017A</td>
</tr>
</tbody>
</table>
| 2    | Hsueh  
Staff is to prepare for Chair signature, thank you letters to water retailers commending their efforts that enabled the county meeting 20% conservation measures  
R-17-0001 |

Results of Sale - Watersheds Certificates of Participation, Series 2017A

On February 14, 2017, the water district took advantage of a favorable low interest rate market and refinance $59.39 million of outstanding debt. The refinanced debt is called the Watersheds Refunding and Improvement Certificates of Participation (COPs), Series 2017A.

The debt proceeds will be used to refund the outstanding Series 2004A and 2007A COPs and pay costs of issuance. The pricing generated $8.9 million in Net Present Value (NPV) savings, or 15% of refunded principal amount, of which $8.5 million will be used to fund Watersheds capital projects in the Lower Peninsula, Guadalupe, West Valley, and Coyote flood control zones. The all-in True Interest Cost (TIC) of the Series 2017A COPs is 2.56% with a final maturity of February 1, 2030. The COPs are rated AA+ by Fitch Ratings and Aa1 by Moody's Investor Services. The transaction is scheduled to close on March 7, 2017.

The results of the sale are consistent with the projections provided in the December 13, 2016, board memo when the board approved this refunding transaction. The water district had projected NPV savings of between $8.4 - $10.3 million and all-in TIC of 2.26% - 2.71%. The difference in savings is a result of the slight increase in interest rates that has occurred in the last few months.

The successful pricing was led by the water district and the Senior Underwriter, Siebert Cisneros Shank & Co. LLC., a woman owned minority firm and supported by the Co-Manager, Fidelity Capital Market Services, for retail market access.
The team generated very strong investor demand which resulted in over 4 times over-subscription of the bonds offered, allowing the water district to generate the 15% NPV savings. The investor base included individual investors with orders ranging from $5,000 to $595,000 as well as institutional investors such as Nuveen Asset Management, Blackrock, State Farm Insurance Company and others with individual orders of up to $36 million.

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

---

Hsueh

Staff is to prepare for Chair signature, thank you letters to water retailers commending their efforts that enabled the county meeting 20% conservation measures R-17-0001

A proposed response has been provided to the board Chair on February 14, 2017.

For further information, please contact Garth Hall at (408) 630-2750.
BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS
<table>
<thead>
<tr>
<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>
</tr>
</thead>
<tbody>
<tr>
<td>R-17-0005</td>
<td>Pending</td>
<td>02/14/17</td>
<td>Estremera</td>
<td>Fiedler</td>
<td>Staff to prepare a response to Ms. Geotze's handout and questions on Fluoride presented during public comments. (See X Drive\ Conformed Board Agenda Items\ 2017 Board Meetings\ 021417 Regular Meeting\ Handout 2.6- A))</td>
<td>03/06/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-16-0041</td>
<td>Pending</td>
<td>12/13/16</td>
<td>Estremera</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>
<td></td>
<td></td>
</tr>
<tr>
<td>R-17-0004</td>
<td>Pending</td>
<td>02/14/17</td>
<td>Hsueh</td>
<td>Camacho</td>
<td>Look at how our Flood Protection projects performed during recent storms to protect properties. If a project hasn’t been completed, investigate what impact the storms had on the community.</td>
<td>03/06/17</td>
<td></td>
<td></td>
</tr>
<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>
</tr>
<tr>
<td>R-17-0003</td>
<td>Pending</td>
<td>02/14/17</td>
<td>Keegan</td>
<td>Fiedler</td>
<td>After storm season is over, staff to review our rule curve in terms of discharge to see if they still serve us well.</td>
<td>03/06/17</td>
<td></td>
<td></td>
</tr>
<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>
<td>04/25/17</td>
<td>02/17/17 CEO Bulletin.</td>
</tr>
<tr>
<td>Request</td>
<td>Completed Date</td>
<td>Request Date</td>
<td>Director</td>
<td>GM / AGM</td>
<td>Description</td>
<td>20 Days Due Date</td>
<td>Expected Completion Date</td>
<td>Disposition</td>
</tr>
<tr>
<td>---------</td>
<td>----------------</td>
<td>--------------</td>
<td>----------</td>
<td>----------</td>
<td>-------------</td>
<td>-----------------</td>
<td>------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>I-17-0001</td>
<td>Pending</td>
<td>02/15/17</td>
<td>Varela</td>
<td>Stanton</td>
<td>Staff to create a website and send mailer to all agricultural well owners with information and frequently asked questions about crop factors, rate increases, and water production statement.</td>
<td>03/07/17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Attached to this memorandum is a copy of a congratulatory letter sent by Chair John L. Varela to President Trump.

The Office of Government Relations will reach out to President Trump's staff to set up a meeting with the President in May.

Deputy Administrative Officer
Office of Government Relations and Communications

Attachment
February 17, 2017

The President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

On behalf of the Santa Clara Valley Water District (District), I would like to congratulate you on your election as President of the United States. We are looking forward to working with your administration on water, flood protection, and environmental stewardship issues affecting Santa Clara County, which is located in a region of California often referred to as Silicon Valley.

The District has a strong legislative and funding interest in the issues impacting Silicon Valley’s water supply, environmental stewardship, and flood protection. It was promising to see that your “Contract with the American Voter” included providing $1 trillion in infrastructure funding, which speaks directly to the needs of this agency in funding water infrastructure projects, including the expansion of our recycled water program, a $1 billion infrastructure project that will create jobs, potentially leverage public private partnerships and decrease reliance on imported water.

A delegation from the District will be in Washington, DC, the first week of May and would like to meet with you to brief you on the District’s initiatives and priorities. We will be contacting your staff to arrange a brief meeting as well as to invite you to tour the Silicon Valley Advanced Water Purification Center, which commenced operations in 2014, and is the largest advanced water purification plant in Northern California.

The District manages an integrated water resources system that includes the supply of clean, safe water, flood protection, and stewardship of streams on behalf of Santa Clara County’s 1.9 million residents. The District also manages ten dams and surface water reservoirs, three water treatment plants, a world-class water purification plant, a state-of-the-art water quality laboratory, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. We provide wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to homes and businesses in Santa Clara County.
If you have any questions about District programs, projects, or current legislative issues that may pertain to the District, please do not hesitate to contact Rick Callender, Deputy Administrative Officer, Office of Government Relations, at (408) 630-2017, or via email at rcallender@valleywater.org.

Sincerely,

John L. Varela
Chair/Board of Directors

cc: Board of Directors (7), N. Camacho, R. Callender, C. Togami
jv:tdb
0214a-l.docx
Please find attached for your review a draft copy of the Safe, Clean Water (SCW) Program Performance Audit report prepared by Moss Adams LLP. This draft Audit report documents the District's progress towards meeting the priorities of the SCW program identified some findings and provided recommendations for improvements. Staff plans to return to the Board Audit Committee in April, then to the full Board in May 2017 with a final draft report that includes management response to the findings.

For further information, please contact me at (408) 630-2084.

Norma Camacho
Interim Chief Executive Officer

Attachment: Draft Report for SCVWD Safe, Clean Water Program Performance Audit
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>EXECUTIVE SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>II.</td>
<td>BACKGROUND, SCOPE, &amp; METHODOLOGY</td>
<td>6</td>
</tr>
<tr>
<td>III.</td>
<td>COMMENDATIONS</td>
<td>11</td>
</tr>
<tr>
<td>IV.</td>
<td>PROGRESS TOWARD PRIORITIES AND KPIS</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>PRIORITY A: ENSURE A SAFE, RELIABLE WATER SUPPLY</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>PRIORITY B: REDUCE TOXINS, HAZARDS, AND CONTAMINANTS IN OUR WATERWAYS</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>PRIORITY C: PROTECT OUR WATER SUPPLY FROM EARTHQUAKES AND NATURAL DISASTERS</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>PRIORITY D: RESTORE WILDLIFE HABITAT AND PROVIDE OPEN SPACE</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>PRIORITY E: PROVIDE FLOOD PROTECTION TO HOMES, BUSINESSES, SCHOOLS, AND HIGHWAYS</td>
<td>18</td>
</tr>
<tr>
<td>V.</td>
<td>COMPLIANCE FINDINGS &amp; RECOMMENDATIONS</td>
<td>21</td>
</tr>
<tr>
<td>VI.</td>
<td>PERFORMANCE FINDINGS &amp; RECOMMENDATIONS</td>
<td>22</td>
</tr>
</tbody>
</table>
I. EXECUTIVE SUMMARY

A. BACKGROUND

The Santa Clara Valley Water District (the District) manages an integrated water resources system that includes the supply of clean, safe water, flood protection, and stewardship of streams on behalf of Santa Clara County's nearly 2 million residents and businesses. The District effectively maintains 10 dams and surface water reservoirs, three water treatment plants, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams.

On November 6, 2012, Santa Clara County voters passed Measure B, the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) as a countywide special parcel tax. The tax went into effect on July 1, 2014 for a period of 15 years with a sunset date of June 30, 2028. The Program builds upon the success of its predecessor, the 15-year Clean, Safe Creeks and Natural Flood Protection Plan (Clean, Safe Creeks Plan).

The Safe, Clean Water Program addresses the needs, values, and priorities as identified by Santa Clara County stakeholders. Through a comprehensive community engagement process, five priorities were identified and included in the Safe, Clean Water Program. These five priorities were summarized in the Measure B Tax Measure Summary of Key Performance Indicators for the 15-year Program.

B. SCOPE & METHODOLOGY

The performance audit of the Safe, Clean Water Program addresses the following objectives for the first three years of the Program:

1. Assess and determine if Measure B funds were collected and expended by the District in accordance with the tax measure.
2. Verify compliance with all applicable provisions of the Measure B tax, including stated provisions A through O. Identify any opportunities for improvement or performance gaps.
3. Assess and determine if the District is making reasonable progress towards meeting the Program's priorities and key performance indicators (KPIs).
4. Assess and determine if the District is on track to meet the five Program priorities outlined in the Safe, Clean Water Program Report, and the five-year targets established in the 5-Year Implementation Plan. Assess and determine if the District is properly implementing approved change control processes to make Program adjustments and modifications deemed necessary.

We conducted the performance audit through a four-phased approach, which included 1) startup/management, 2) fact finding, 3) analysis, and 4) reporting. The primary techniques utilized to gather and assess relevant information included:

- Interviews: We met with over two dozen personnel throughout the organization, including individuals responsible for compliance with the Measure and implementation of each Program activity.
C. SUMMARY OF COMMENDATIONS

Through the audit process, we gained broad and deep exposure to District management and staff with roles and responsibilities associated with the Safe, Clean Water Program. It is evident that the District has made significant progress in a number of areas relevant to Program implementation. Examples include:

- IMC role
- Annual report process
- Use of KPIs
- Change control process
- Succession planning
- Compliance

D. SUMMARY OF PROGRESS TOWARDS PRIORITIES AND KPIs

The District has made progress implementing the projects that comprise each of the five priorities of the Safe, Clean Water Program as of FY16. A summary of the progress for each priority is provided below.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Adjusted</th>
<th>On Target</th>
<th>Not Started</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority A</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Priority B</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Priority C</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Priority D</td>
<td>-</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Priority E</td>
<td>3</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>

E. SUMMARY OF FINDINGS AND RECOMMENDATIONS

District employees were extremely responsive to our information requests and forthcoming with ideas for improving economy, efficiency, and effectiveness, while being mindful of the need to meet public information and process obligations. As we assessed compliance and performance, our findings and recommendations naturally fit into four groupings.
Our findings and recommendations are provided below, organized by the categories of compliance, workforce, program management, and leveraging external resources. Unless specified otherwise, recommendations are directed toward the District.

1. Compliance

<table>
<thead>
<tr>
<th>A. Tax Levy and Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Findings</strong></td>
</tr>
<tr>
<td>Based on testing a sample of parcels in the District, the special tax was levied and collected in accordance with the provisions of Measure B.</td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
</tr>
<tr>
<td>Continue to use District controls and processes for levying and collecting the special tax to adhere to the provisions of Measure B.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Findings</strong></td>
</tr>
<tr>
<td>Based on testing a sample of applications, exemptions from the special tax for low-income owner-occupied residential properties for taxpayers-owners who are 65 years of age or older were applied in accordance with the provisions of Measure B.</td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
</tr>
<tr>
<td>Continue to use District controls and processes for exempting low-income, owner-occupied residential properties from the special tax levied under the provisions of Measure B.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Findings</strong></td>
</tr>
<tr>
<td>Based on testing a sample of expenditures, Measure B proceeds were used for the Safe, Clean Water Program.</td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
</tr>
<tr>
<td>Continue to use District controls and processes for ensuring that the proceeds from Measure B are used for the Safe, Clean Water Program.</td>
</tr>
</tbody>
</table>

2. Performance

<table>
<thead>
<tr>
<th>A. Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Findings</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
</tr>
<tr>
<td>Evaluate project staffing levels, considering current and future needs, and hire qualified staff, as necessary, to execute projects according to plan.</td>
</tr>
</tbody>
</table>
### B. Program Management

<table>
<thead>
<tr>
<th>#</th>
<th>Findings</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Some KPIs focus on outputs rather than outcomes and do not address District success in achieving key objectives.</td>
<td>Consider revising output-focused KPIs to better demonstrate District success in meeting intended outcomes.</td>
</tr>
<tr>
<td>3</td>
<td>Grants management activities have been under-resourced and cumbersome to perform.</td>
<td>Continue to take measures to centralize and strengthen grants management.</td>
</tr>
<tr>
<td>4</td>
<td>Lack of planning and coordination between project managers and the Legal and Procurement Departments has hindered timely completion of key project initiation tasks.</td>
<td>Establish a task force comprised of project managers and representatives from the Legal and Procurement Departments to identify ways to streamline project initiation.</td>
</tr>
<tr>
<td>5</td>
<td>Some project managers report challenges with appropriately prioritizing projects and coordinating with other priorities to meet timelines.</td>
<td>Increase communication and collaboration among project managers and District stakeholders to ensure progress towards KPIs moves forward according to established plans.</td>
</tr>
<tr>
<td>6</td>
<td>There is an increase in demand for encampment cleanup due to homelessness issues. B4 used future funding to meet current demand and may completely expend earmarked funds by 2019.</td>
<td>Develop a plan for using the Priority B4's remaining resources and determine whether additional resources should be allocated.</td>
</tr>
<tr>
<td>7</td>
<td>Demand for nitrate removal system rebates is lower than anticipated, so the District has only issued 12 of the 1,000 rebates.</td>
<td>Continue looking for innovative solutions to educate private well users and disperse nitrate rebates.</td>
</tr>
</tbody>
</table>

### C. Leveraging External Resources

<table>
<thead>
<tr>
<th>#</th>
<th>Findings</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Project managers reported difficulty in collaborating with other agencies and expressed concerns that project progress and financial resources may be negatively impacted as a result.</td>
<td>Ensure consistent stakeholder collaboration by establishing District-wide standards and managing activities through the Government Relations Department.</td>
</tr>
<tr>
<td>9</td>
<td>Some projects have required additional funding for materials and supplies to leverage increasing volunteer resources</td>
<td>Consider establishing a Volunteer Coordinator position to manage volunteer sign-ups, data and tracking, community engagement, and materials for all projects.</td>
</tr>
</tbody>
</table>
MOSS-ADAMS LLP

F. REPORT CONTENT

The balance of this report consists of six sections. They include:

- Section II: Background, Scope, & Methodology
- Section III: Commendations
- Section IV: Progress Towards Priorities and KPIs
- Section V: Compliance Findings and Recommendations
- Section VI: Performance Findings and Recommendations
- Section VII: Management Response
II. BACKGROUND, SCOPE, & METHODOLOGY

A. INTRODUCTION

The District manages an integrated water resources system on behalf of Santa Clara County’s nearly 2 million residents and businesses, including the maintenance of 10 dams and surface water reservoirs, three water treatment plants, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. The Safe, Clean Water Program, which built upon the success of the Clean, Safe Creeks Plan, went into effect on July 1, 2014 for a period of 15 years with a sunset date of June 30, 2028. Through a comprehensive community engagement process, five priorities were identified and included in the Safe, Clean Water Program. These five priorities were summarized in the Measure B Tax Measure Summary of Key Performance Indicators for the 15-year Program. They include:

- Priority A: Ensure a safe, reliable water supply
- Priority B: Reduce toxins, hazards, and contaminants in waterways
- Priority C: Protect District water supply and dams from earthquakes and natural disasters
- Priority D: Restore wildlife habitat and provide open space
- Priority E: Provide flood protection to homes, businesses, schools, and highways

Each of these priorities has specific operation and capital projects, including descriptions, benefits, KPIs, and estimated schedules. Each project also has a funding allocation for the 15-year Program. Per the direction of the District’s Board of Directors, two audits are required throughout the 15-year Program. This is the first of two independent audits of the Safe, Clean Water Program and covers Program years 1 through 3 (FY 2014-2016).

B. SCOPE

The performance audit of the Safe, Clean Water Program addresses the following objectives for the first three years of the Program:

1. Assess and determine if Measure B funds were collected and expended by the District in accordance with the tax measure.
2. Verify compliance with all applicable provisions of the Measure B tax measure, including stated provisions A through O. Identify any opportunities for improvement or performance gaps.
3. Assess and determine if the District is making reasonable progress towards meeting the Program’s priorities and KPIs.
4. Assess and determine if the District is on track to meet the five Program priorities outlined in the Safe, Clean Water Program Report, and the five-year targets established in the 5-Year Implementation Plan. Assess and determine if the District is properly implementing approved change control processes to make Program adjustments and modifications deemed necessary.
C. MANAGEMENT RESPONSIBILITIES

District management has a number of responsibilities that were assessed as part of the Safe, Clean Water Program performance audit. These responsibilities included ensuring that:

- The District developed policies and procedures to ensure compliance with relevant laws and regulations;
- The District established controls to assure compliance with policies and procedures; and
- The District effectively administered, measured, and reported progress on Program implementation.

D. METHODOLOGY

This study was conducted between August and November 2016, and consisted of four phases, including 1) startup/management, 2) fact finding, 3) analysis, and 4) reporting. Through this process, we addressed the primary areas of focus relative to Measure B, and we developed audit objectives for each area. These areas include:

1. **Compliance** with assessment, collection, and expenditure requirements; and
2. **Performance** relative to priorities, KPIs, and change control processes.

Our audit approach for each area and project deliverable is described below. Areas of audit focus were informed by a risk assessment that included various fact finding activities such as a kickoff meeting, interviews, document review, and walkthroughs.

1. **Compliance Procedures**

We reviewed the Santa Clara Valley Water District’s policies and procedures for the Safe, Clean Water Program for fiscal years 2014-2016, which covered the period from July 1, 2013 to June 30, 2014; July 1, 2014 to June 30, 2015; and July 1, 2015 to June 30, 2016, as guided by Measure B. Key audit objectives included evaluating whether:

- The special tax was levied and collected on each parcel of land in the District, or any zone thereof, in accordance with the provisions of Measure B; and
- The proceeds of the tax were used in accordance with the goals of the Program.

We interviewed key personnel involved in complying with Measure B, and we performed walkthroughs of the tax levy process, as well as the process for expending the proceeds generated from the special tax. Interviews and walkthroughs ensured we understood the workflow necessary to ensure compliance with the Program, as well as the key controls employed.

Based on the interviews and walkthroughs, we verified the processes employed by the District, as well as the key internal controls utilized. We updated our preliminary risk assessment based on insights gained from interviews and walkthroughs.
Key controls identified during the interview and walk through process were tested. Key controls included:

- The Board approved the annual increase in the tax levy.
- The Board approved any changes to the Program through the approved process.
- CEQA environmental reviews were completed before commencement of projects.
- Parcel data from the County Assessor's Office was analyzed and reviewed. If changes were made to the parcel data, the reason for the change was documented.
- The tax levied annually for each parcel was automatically calculated by the system based on certain parameters.
- The District reconciled the total amount levied and certified for the fiscal year to the amount received semi-annually from Santa Clara County.
- Applications for low-income, owner-occupied residential properties for taxpayers-owners who are 65 years of age or older were approved.
- Expenditures of the proceeds of tax levy funds were approved.
- Management prepared an annual budget for the Program and monitored actual expenditures of the tax proceeds to the budget.

We performed tests of internal controls and tests of compliance for adherence to the provisions of Measure B. Sample sizes were determined based on guidance from the American Institute of Certified Public Accountants Audit Guide, *Audit Sampling*. Compliance tests included:

- The annual increase in the tax levy was in accordance with provisions of Measure B.
- The special tax for each parcel of real property was calculated in accordance with the provisions of Measure B.
- The exemption from the special tax for low-income, owner-occupied residential properties for taxpayers-owners who are 65 years of age or older was in accordance with the provisions of Measure B.
- Expenditures of the proceeds of the tax levy funds were used in accordance with the goals of Tax Measure B.

We documented and summarized the results of our tests of controls and compliance and performed follow-up procedures to ensure we were aware of all the facts and circumstances. We developed findings based on procedures performed during the testing process.

Throughout the compliance audit process, we analyzed whether there were any opportunities for improvement or performance gaps. We discussed our findings and recommendations with District management to verify facts contained in our findings and test the practicality of our recommendations.
2. Performance Procedures

We reviewed the District’s implementation of the Safe, Clean Water Program based on reporting from inception to date, which covers the period July 1, 2013 through June 30, 2016, and Annual Reports covering the first three years of the Program. Key audit objectives included assessment of:

- Progress towards achieving priorities and KPIs;
- Implementation of Program activities in accordance with the Plan; and
- Implementation of change control processes.

We conducted interviews with District personnel to gather the information necessary to assess the Program. Through interviews, we gained perspective on the extent to which the District is meeting program provisions, outcomes, and key performance indicators. Interviews included, but were not limited to, the following personnel:

- Interim Chief Executive Officer
- Interim Watershed Chief Operating Officer
- Watershed Assistant Operating Officer overseeing Program implementation
- Senior Management Analyst responsible for Program implementation
- Independent Monitoring Committee Chair
- Managers responsible for each of the Project Background priorities

Interviews were augmented with the review of key documents, such as:

- Safe, Clean Water Program Report – July 24, 2012
- November 6, 2012 General Election ballot – Measure B tax measure
- Safe, Clean Water and Natural Flood Protection 15-Year Program – 5-Year Implementation Plan for Fiscal Year 2014-2018
- Safe, Clean Water Program Annual Reports for years one, two and three of the Program
- Supporting documentation for assessing Program implementation

Our assessment was based on best industry practices. We documented any relevant assumptions that were made as part of our findings or recommendations.

E. DELIVERABLES

Moss Adams was responsible for submitting four deliverables to the District. They included the Audit Plan, Draft Audit Report, Final Draft Audit Report, and Final Report. We presented the study results to the Independent Monitoring Committee (IMC), Board Audit Committee (BAC), and District Board of Directors at the conclusion of the project.
The timing of key project milestones is summarized below.

- Conducted Entrance Conference 08-24-16
- Submitted Audit Plan 09-04-16
- Submitted Draft Audit Report to District Management 01-27-17
- Submitted Final Draft Audit Report XX-XX-17
- Presented Final Draft Audit Report to IMC XX-XX-17
- Presented Final Draft Audit Report to BAC XX-XX-17
- Submitted Final Audit Report XX-XX-17
- Presented Final Audit Report to District Board of Director XX-XX-17

**F. STATEMENT ON COMPLIANCE WITH GAGAS**

Moss Adams conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
III. COMMENDATIONS

A. IMC ROLE

Since the 2012 report, the IMC and the District have clarified their respective roles and responsibilities. IMC members monitor activities and make recommendations, but they are not a decision-making body. District staff is responsive to IMC requests and try to ensure information is easy to understand rather than technical.

B. ANNUAL REPORT PROCESS

The District established a process for communicating and receiving annual report information from project managers. The District appointed a Senior Management Analyst to spearhead the annual report process. Since the implementation of this process, the annual report has been completed on time and the District feels it better meets the public's needs by including contextual information.

C. PROCESS IMPROVEMENTS

1. Use of Internal KPIs

After voters passed the Safe, Clean Water Program, the District drafted the first of three implementation plans, which covers the first five years of the Program. The use of a five-year plan allows for adjustments and keeps the program current with ongoing economic, policy, and regulatory changes. The five-year plan includes KPIs that are based on the overall 15-year performance expectations. The use of these internal measures assists in keeping projects on track and identifies where adjustments may be necessary.

2. Change Control Process

In April 2016, District staff presented a change control process to the Board. The process distinguishes between project adjustments and modifications, as described in the table below.

<table>
<thead>
<tr>
<th>Types of Changes</th>
<th>Adjustments</th>
<th>Modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Text</td>
<td>Edits of text for correction of grammatical errors, information/data updates, and overall readability.</td>
<td>Changes to project KPIs.</td>
</tr>
<tr>
<td>Schedule</td>
<td>Adjustments to project schedules provided in the original SCW Program.</td>
<td>-</td>
</tr>
<tr>
<td>Funding</td>
<td>Fiscal Year budget adjustments and increases to project funding allocations that do not impact any project deliverables in the SCW Program.</td>
<td>Increases to project funding allocations that will impact any project KPIs in the SCW Program.</td>
</tr>
</tbody>
</table>
The change control process establishes how each of these adjustments or modifications may occur and what approvals are required. By Year 3 of the Program, eight projects were adjusted, primarily due to scheduling, and one project (E5) was modified.

D. SUCCESSION PLANNING

The District is dedicated to preparing for an increasing number of retirements through succession planning. Management has established an internal committee that develops programs to help plan for the transition. For example, the District has considered encouraging phased retirements, where staff work part-time for two years before fully retiring. This enables the employee to pass along institutional knowledge to their successors and ease staff transitions. Additionally, the District has leadership development training available and operates an emerging leaders program to support staff development into a unit manager position.

E. COMPLIANCE

District staff has established a number of best practices and highly effective processes to ensure compliance with Measure B provisions. For instance, the Revenue Unit utilizes several resources to prepare for the constant change in the land category and acreage of land. The Revenue Unit reviews the County Assessor map and online diagrams to verify the status and acres of specific parcels. As a result, the District is able to help ensure the accuracy of the parcel data in the system and help detect errors prior to the tax rate being assessed.
IV. PROGRESS TOWARD PRIORITIES AND KPIs

This section of the report includes an evaluation of the progress the District has made toward achieving the five priorities and associated KPIs of the Safe, Clean Water Program as of FY16. Overall, the District is on track to meet the majority of the Safe, Clean Water Program KPIs. Progress on each priority that was noted in this assessment is indicated in the Status column. Relevant opportunities for improvement, provided in the next section of this report and referenced, are referenced in the Findings column.

### PRIORITY A: ENSURE A SAFE, RELIABLE WATER SUPPLY

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1: Main and Madrone Avenue pipelines restoration</td>
<td>1. Restore transmission pipeline to full operating capacity of 37 cubic feet per second from Anderson Reservoir. 2. Restore ability to deliver 20 cubic feet per second to Madrone Channel.</td>
<td>1. Restore transmission pipelines to full operating capacity of 37 cubic feet per second from Anderson Reservoir. 2. Restore ability to deliver 20 cubic feet per second to Madrone Channel.</td>
<td>Adjusted</td>
<td>4</td>
</tr>
<tr>
<td>A2: Safe, clean water partnerships and grants</td>
<td>1. Award up to $1 million to test new conservation activities. 2. Increase number of schools in Santa Clara County in compliance with SB 1413 and the Healthy Hunger-Free Kids Act, regarding access to drinking water by awarding 100 percent of eligible grant requests for the installation of hydration stations; a maximum of 250 grants up to $254,000. 3. Reduce number of private well water users exposed to nitrate above drinking water standards by awarding 100 percent of eligible rebate requests for the installation of nitrate removal systems; a maximum of 1000 rebates up to $702,000.</td>
<td>1. Carry out at least 3 grant cycles to test new conservation activities. 2. Award grants to up to 25 schools. 3. Award up to 100 percent of eligible rebate requests subject to annual program budget for the installation of nitrate treatment systems.</td>
<td>On target</td>
<td>2, 3, 7</td>
</tr>
</tbody>
</table>
### MOSS-ADAMS 11P

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A3: Pipeline reliability project</strong></td>
<td>1. Install four new line valves on treated water distribution pipelines.</td>
<td>1. None. Project scheduled to start in 2025.</td>
<td>Start FY 2025</td>
<td>-</td>
</tr>
</tbody>
</table>

### PRIORITY B: REDUCE TOXINS, HAZARDS, AND CONTAMINANTS IN OUR WATERWAYS

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B1: Impaired water bodies improvement</strong></td>
<td>1. Operate and maintain existing treatment systems in 4 reservoirs to remediate regulated contaminants, including mercury.</td>
<td>1. Operate and maintain treatment systems in 4 reservoirs (Almaden, Calero, Guadalupe, and Stevens Creek) to remediate regulated contaminants, including mercury.</td>
<td>On target</td>
<td>1, 8</td>
</tr>
<tr>
<td></td>
<td>2. Prepare a plan for the prioritization of pollution prevention and reduction activities.</td>
<td>2. Prepare a plan for the prioritization of and implementation of pollution prevention and reduction activities in 10 creeks identified as impaired water bodies in Santa Clara County.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Implement priority pollution prevention and reduction activities identified in the plan in 10 creeks.</td>
<td>3. Implement pollution prevention and reduction activities in at least 1 creek.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B2: Interagency urban runoff program</strong></td>
<td>1. Install at least 2 and operate 4 trash capture devices at storm water outfalls in Santa Clara County.</td>
<td>1. Install at least 2 and operate 4 trash capture devices at storm water outfalls in Santa Clara County.</td>
<td>On target</td>
<td>1, 5, 8, 9</td>
</tr>
<tr>
<td></td>
<td>2. Maintain partnerships with cities and County to address surface water quality improvements.</td>
<td>2. Maintain at least 2 partnerships with cities and County to address surface water quality improvements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Support 5 pollution prevention activities to improve surface water quality in Santa Clara County either independently or collaboratively with south county organizations.</td>
<td>3. Support 1 pollution prevention activity, including education and outreach, to improve surface water quality in Santa Clara County either independently or collaboratively with south county organizations.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## MOSS-ADAMS

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>B3: Pollution prevention partnerships and grants</td>
<td>1. Provide 7 grant cycles and 5 partnerships that follow pre-established competitive criteria related to preventing or removing pollution.</td>
<td>1. Provide 3 grant cycles and 2 partnerships that follow pre-established criteria related to pollution prevention.</td>
<td>On target</td>
<td>1, 3, 5, 9</td>
</tr>
<tr>
<td>B4: Good neighborhood program</td>
<td>1. Perform 52 annual cleanups for the duration of the Safe, Clean Water Program to reduce the amount of trash and pollutants entering the streams.</td>
<td>1. Conduct 260 cleanups.</td>
<td>On target</td>
<td>2, 5, 6, 9</td>
</tr>
<tr>
<td>B5: Hazardous materials management and response</td>
<td>1. Respond to 100 percent of hazardous materials reports requiring urgent on-site inspection in two hours or less.</td>
<td>1. 100 percent of hazardous materials reports requiring urgent on-site inspection responded to in two hours or less.</td>
<td>On target</td>
<td></td>
</tr>
<tr>
<td>B6: Good neighborhood program: remove graffiti and litter</td>
<td>1. Conduct 60 clean-up events (4 per year) 2. Respond to requests on litter or graffiti cleanup within 5 working days.</td>
<td>1. Conduct 20 cleanup events. 2. Respond to requests on litter or graffiti cleanup within 5 working days.</td>
<td>On target</td>
<td>2, 5, 9</td>
</tr>
<tr>
<td>B7: Support volunteer cleanup efforts and education</td>
<td>1. Provide 7 grant cycles and 3 partnerships that follow pre-established competitive criteria related to cleanups, education and outreach, and stewardship activities. 2. Fund District support of annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Litter Pick Up, and the Adopt-A-Creek Program.</td>
<td>1. Provide at least 2 grant cycles and 1 partnership. 2. Fund 4 programs.</td>
<td>On target</td>
<td>1, 3, 5, 9</td>
</tr>
</tbody>
</table>
## PRIORITY C: PROTECT OUR WATER SUPPLY FROM EARTHQUAKES AND NATURAL DISASTERS

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1: Anderson Dam Seismic Retrofit</td>
<td>1. Provide a portion of funds, up to $45 million, to help restore full operating reservoir capacity of 90.373 acre-feet.</td>
<td>1. Provide $15 million toward program completion.</td>
<td>On target</td>
<td></td>
</tr>
<tr>
<td>C2: Emergency response upgrades</td>
<td>1. Map, install, and maintain gauging stations and computer software on seven flood-prone reaches to generate and disseminate flood warnings.</td>
<td>1. Map, install, and maintain gauging stations and computer software on three flood-prone reaches to generate and disseminate flood warnings (Uvas, Coyote, and San Francisquito Creeks).</td>
<td>On target</td>
<td></td>
</tr>
</tbody>
</table>

## PRIORITY D: RESTORE WILDLIFE HABITAT AND PROVIDE OPEN SPACE

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1: Management of revegetation projects</td>
<td>1. Maintain a minimum of 300 acres of revegetation projects annually to meet regulatory requirements and conditions.</td>
<td>1. Maintain a minimum of 300 acres of revegetation projects annually to meet regulatory requirements and conditions.</td>
<td>On target</td>
<td>1, 4</td>
</tr>
<tr>
<td>D2: Revitalize stream, upland, and wetland habitat</td>
<td>1. Revitalize at least 21 acres, guided by the five Stream Corridor Priority Plans, through native plan revegetation and removal of invasive exotic species.</td>
<td>1. Revitalize at least 7 acres, guided by Stream Corridor Priority Plan(s), through native plant revegetation and removal of invasive exotic species.</td>
<td>On target</td>
<td>8</td>
</tr>
<tr>
<td>Project</td>
<td>15-Year KPI</td>
<td>5-Year Target</td>
<td>Status</td>
<td>Findings</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>----------</td>
</tr>
</tbody>
</table>
| D3: Grants and partnerships to restore wildlife habitat and provide access to trails | 1. Develop 5 Stream Corridor Priority Plans to prioritize stream restoration activities.  
2. Provide 7 grant cycles and additional partnerships for $21 million that follow pre-established criteria related to the creation or restoration of wetlands, riparian habitat, and favorable stream conditions for fisheries and wildlife, and providing new public access to trails. | 1. Develop two Stream Corridor Priority Plans to prioritize stream restoration activities.  
2. Provide 3 grant cycles and additional partnerships that follow pre-established criteria related to the creation or restoration of wetlands, riparian habitat, and favorable stream conditions for fisheries and wildlife, and providing new public access to trails. | On target | 3, 8     |
| D4: Fish habitat and passage improvement     | 1. Complete planning and design for two creek/lake separations.  
2. Construct one creek/lake separation project in partnership with local agencies.  
3. Use $6 million for fish passage improvements.  
4. Conduct study of all major steelhead streams in the County to identify priority locations for installation of large woody debris and gravel as appropriate.  
5. Install large woody debris and/or gravel at a minimum of 5 sites (1 per each of 5 major watersheds). | 1. Complete planning and design of Lake Almaden and a second site.  
2. Construct one creek/lake separation project.  
3. Complete plan, design, and CEQA for high priority fish passage projects expending approximately 30% of the $6 million.  
4. Complete study of all major steelhead streams in the County to identify priority locations for installation of large woody debris and gravel as appropriate.  
5. Install large woody debris and/or gravel at a minimum of 2 sites. | On target | 8        |
| D5: Ecological data collection and analysis   | 1. Establish new or track existing ecological levels of service for streams in 5 watersheds.  
2. Reassess streams in 5 watersheds to determine if ecological levels of service are maintained or improved. | 1. Establish new or track existing ecological levels of service for streams in 5 watersheds.  
2. Prepare workplan and schedule for reassessing streams in 5 watersheds. | On target | 4        |
## MOSS-ADAMS LLP

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>D6: Creek restoration and stabilization</td>
<td>1. Construct 3 geomorphic designed projects to restore stability and stream function by preventing incision and promoting sediment balance throughout the watershed.</td>
<td>1. Prioritize potential projects, recommend 3 sites for geomorphic restoration; and begin design and start CEQA process for 1 project.</td>
<td>On target</td>
<td>4</td>
</tr>
<tr>
<td>D7: Partnerships for the conservation of habitat lands</td>
<td>1. Provide up to $8 million for the acquisition of property for the conservation of habitat lands.</td>
<td>1. Provide up to $2 million for the acquisition of property for the conservation of habitat lands.</td>
<td>On target</td>
<td>2, 4</td>
</tr>
<tr>
<td>D8: South Bay Salt Ponds restoration partnership</td>
<td>1. Establish agreement with U.S. Fish and Wildlife Service to reuse sediment at locations to improve the success of Salt Pond restoration activities. 2. Construct site improvements up to $4 million to allow for transportation and placement of future sediment.</td>
<td>1. Establish agreement with the U.S. Fish and Wildlife Service to reuse sediment at locations to improve the success of Salt Pond restoration activities. 2. Construct 2 site improvement projects.</td>
<td>On target</td>
<td>8</td>
</tr>
</tbody>
</table>

### PRIORITY E: PROVIDE FLOOD PROTECTION TO HOMES, BUSINESSES, SCHOOLS, AND HIGHWAYS

<table>
<thead>
<tr>
<th>Project</th>
<th>15-Year KPI</th>
<th>5-Year Target</th>
<th>Status</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1: Vegetation control and sediment removal for flood protection</td>
<td>1. Maintain 90 percent of improved channels at design capacity 2. Provide vegetation management for 6,120 acres along levee and maintenance roads.</td>
<td>1. Maintain 90 percent of improved channels at design capacity. 2. Provide vegetation management on a minimum of 2,040 acres along levee and maintenance roads.</td>
<td>On target</td>
<td>5</td>
</tr>
<tr>
<td>E2: Emergency response planning</td>
<td>1. Coordinate with agencies to incorporate District-endorsed flood emergency procedures into their Emergency Operations Center plans. 2. Complete 5 flood-fighting action plans (one per major watershed)</td>
<td>1. Coordinate with at least one agency to incorporate District-endorsed flood emergency procedures into its Emergency Operations Center plans. 2. Complete at least one flood-fighting action plan.</td>
<td>On target</td>
<td>8</td>
</tr>
<tr>
<td>Project</td>
<td>15-Year KPI</td>
<td>5-Year Target</td>
<td>Status</td>
<td>Findings</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>---------------</td>
<td>--------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>E3: Flood risk reduction studies</strong></td>
<td>1. Complete engineering studies on 7 creek reaches to address 1 percent flood risk. 2. Update floodplain maps on a minimum of 2 creek reaches in accordance with new FEMA standards.</td>
<td>1. Complete engineering studies on 2 creek reaches to address 1 percent flood risk (Coyote Creek at Rockspring and Alamitos Creek upstream of Lake Almaden). 2. Develop updated floodplain maps on 1 creek reach in accordance with new FEMA standards (if applicable) (Alamitos Creek upstream of Lake Almaden).</td>
<td>On target</td>
<td></td>
</tr>
<tr>
<td><strong>E4: Upper Penitencia Creek flood protection Coyote Creek to Dorel Drive—San Jose</strong></td>
<td>1. <em>Preferred project with federal and local funding:</em> Construct a flood protection project to provide 1 percent flood protection to 5,000 homes, businesses, and public buildings. 2. <em>With local funding only:</em> Acquire all necessary rights-of-way and construct a one percent flood protection project from Coyote Creek confluence to King Road.</td>
<td>1. Continue to aggressively pursue federal funding. 2. Complete planning, using non-Safe, Clean Water funds. 3. Complete design.</td>
<td>Adjusted</td>
<td>8</td>
</tr>
<tr>
<td><strong>E5: San Francisquito Creek flood protection San Francisco Bay to Middlefield Road—Palo Alto</strong></td>
<td>1. <em>Preferred project with federal, state, and local funding:</em> Protect more than 3,000 parcels by providing 1 percent flood protection. 2. <em>With state and local funding only:</em> Protect approximately 3,000 parcels from flooding (100-year protection downstream of Highway 101, and approximately 30-year protection upstream of Highway 101).</td>
<td>1. Assess the value of federal partnerships. 2. a. Provide 100-year flood protection from San Francisco Bay to Highway 101 with local funding b. Provide improved flood capacity between Pope-Chaucer Street and Highway 101 with local funding.</td>
<td>On target</td>
<td>8</td>
</tr>
<tr>
<td>Project</td>
<td>15-Year KPI</td>
<td>5-Year Target</td>
<td>Status</td>
<td>Findings</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>----------</td>
</tr>
</tbody>
</table>
| E6: Upper Llagas Creek flood protection project Buena Vista Avenue to Wright Avenue—Morgan Hill, San Martin, Gilroy | 1. Preferred project with federal and local funding: Provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat.  
2. With local funding only: Provide 100-year flood protection for Reach 7 only (up to W. Dunne Avenue in Morgan Hill). A limited number of homes and businesses will be protected. | 1. Continue to pursue federal and other funding sources.  
2. Complete Phase 1 construction (Reach 4 and 7A) with 100-year protection for Reach 7A with local funding. Purchase all required Project Rights-of-Way. If State subvention reimbursements are received, a portion of Phase 2 may be constructed. | Adjusted | 4, 8 |
| E7: San Francisco Bay shoreline study | 1. Provide a portion of the local share of funding for planning and design phases for the former salt production ponds and Santa Clara County shoreline area.  
2. Provide a portion of the local share of funding toward the estimated cost of the initial project phase (Economic Impact Area 11). | 1. Begin planning phase of other EIAs.  
   b. Complete the design phase for EIA 11.  
   c. Begin the construction phase for EIA 11.  
   d. Pursue federal and other funding sources to complete construction of EIA 11. | On target | 8 |
| E8: Upper Guadalupe River flood protection | 1. Preferred project with federal and local funding: Construct a flood protection project to provide one percent flood protection to 6,280 homes, 320 businesses, and 10 schools and institutions.  
2. With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad crossing downstream of Willow Street to the Union Pacific Railroad crossing downstream of Padres Drive. Flood damage will be reduced; however, protection from the 1 percent flood is not provided until completion of the entire Upper Guadalupe River project. | 1. Continue acquiring rights-of-way and relocating utilities for all reaches.  
2. Construct flood protection improvements for a portion of Reach 12 (from upstream of Branham Lane to Blossom Hill Road) and Reach 7 (from Southern Pacific Railroad crossing downstream of Willow Street to the Union Pacific Railroad crossing upstream of Alma Avenue). | Adjusted | 4, 8 |
V. COMPLIANCE FINDINGS & RECOMMENDATIONS

A. TAX LEVY AND COLLECTION

Finding: Based on testing a sample of parcels in the District, the special tax was levied and collected in accordance with the provisions of Measure B.

Recommendation: Continue to use District controls and processes for levying and collecting the special tax to adhere to the provisions of Measure B.

B. EXEMPTIONS

Finding: Based on testing a sample of applications, exemption from the special tax for low-income owner-occupied residential properties for taxpayers-owners who are 65 years of age or older were applied in accordance with the provisions of Measure B.

Recommendation: Continue to use District controls and processes for exempting low-income, owner-occupied residential properties from the special tax levied under the provisions of Measure B.

C. EXPENDITURES

Finding: Based on testing a sample of expenditures, Measure B proceeds were used for the Clean, Safe Creeks Program.

Recommendation: Continue to use District controls and processes for ensuring that the proceeds from Measure B are used for the Clean, Safe Creeks and Natural Flood Protection Program.
VI. PERFORMANCE FINDINGS & RECOMMENDATIONS

This section of the report consists of findings and recommendations to help the District enhance achievement of the Safe, Clean Water Program. These findings and recommendations are referenced in the previous section of the report.

A. WORKFORCE

1. Program Staffing

Finding: Staffing decreased at the end of the Clean, Safe Creeks Plan and has not increased with the start of the Safe, Clean Water Program. Project managers, particularly those responsible for Priority B, rely on temporary staff and interns to accomplish project milestones.

At the end of 2012, many employees dedicated to the Clean, Safe Creeks Plan left the District as part of a wind-down plan. The District took a cautious approach to staffing for the Safe, Clean Water Program and capped the number of hires in the first five years of the Program. In an attempt to adequately staff projects, the District added duties to the roles and responsibilities of existing employees and relied on interns and other temporary staff.

Several District project managers, particularly those responsible for Priority B, report staffing shortages over the first three years of the Program, which have impeded project progression. For example, Priorities B1 and B2 were staffed by a single employee, jeopardizing progress toward established targets. However, the District recently hired three additional staff members to support progress. Additionally, the project manager for Priority D1 reported that the project is slightly behind, because the priority was understaffed during the first year and began using contract labor in the second year. The project manager reports having insufficient staff to perform additional administrative tasks required for compliance reporting and oversight of contract labor. Contractors have made mistakes, such as mowing the wrong area, because there is a shortage of staff to monitor contract activities related to this priority.

Recommendation: Evaluate project staffing levels, considering current and future needs, and hire qualified staff, as necessary, to execute projects according to plan.

The District should assess project plans and develop a staffing plan to adequately staff Priority B projects. In order to completing Priority B projects in their entirety and on-time, it is imperative for the District to staff each priority appropriately. Taking current and future needs into consideration and hiring proactively helps ensure projects can be carried out according to defined plans. Without sufficient staff with enough experience and expertise, projects may not meet deadlines and potentially exceed their budgets due to overtime costs.
B. PROGRAM MANAGEMENT

2. Utility of KPIs

Finding: Some KPIs focus on outputs rather than outcomes and do not address District success in achieving key objectives.

KPIs are utilized to measure how effectively an organization achieves key objectives. Some Safe, Clean Water KPIs address outputs rather than outcomes, which does not portray whether or not the District is meeting objectives. Examples of output-oriented KPIs are included in the table below.

<table>
<thead>
<tr>
<th>Project</th>
<th>KPI</th>
<th>Intended Outcome</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2.1</td>
<td>Award up to $1 million to test new conservation activities.</td>
<td>Help the District exceed the conservation goal of 98,500 acre-feet per year by 2028. Reduces water demands and the need to invest in new or expanded water supply sources and associated infrastructure.</td>
<td>The District reported this project as exceeding its target because more grant dollars were awarded in the first two years to spur innovation during the drought. The KPI does not address whether outcomes from the use of these funds have been realized.</td>
</tr>
<tr>
<td>A2.3</td>
<td>Reduce the number of private well water users exposed to nitrate levels that exceed drinking water standards by awarding 100% of eligible rebate requests, a maximum of 1,000 rebates up to $702,000, for the installation of nitrate removal systems.</td>
<td>Assist private well water users in maintaining the quality and safety of their drinking water.</td>
<td>The District reported this target as on track, because it has provided 100% of eligible rebates with funding. Measure B provided funding for up to 1,000 rebates, but the District awarded a total of 12 rebates by Year 3. Although the District's efforts appear to be meeting the established KPI, they are not meeting the intended benefit of the program.</td>
</tr>
<tr>
<td>B4</td>
<td>Perform 52 annual cleanups for the duration of the Program and reduce the amount of trash and pollutants entering the streams.</td>
<td>Reduce trash and other pollutants in surface water, including streams, reservoirs, and wetlands. Improve the aesthetics of creeks in neighborhoods and parks, and coordinate efforts among multiple agencies to create lasting solutions.</td>
<td>The District reports this target as ahead of schedule due to increased demand for encampment cleanups. However, the KPI was established with current conditions in mind. Therefore, even if the District performed additional cleanups, the benefits of the established KPI would not be realized. If homelessness does not decrease in the region, then the District may not be able to fulfill the KPI due to decreased demand.</td>
</tr>
</tbody>
</table>
Recommendation: Consider revising output-focused KPIs to better demonstrate District success in meeting intended outcomes.

Adopting outcome-based KPIs would enable the District to more effectively communicate the impact of the investment in the priorities, rather than simply state the volume of work accomplished. Examples of potential outcome-based KPIs are provided below.

<table>
<thead>
<tr>
<th>Project</th>
<th>Current KPI</th>
<th>Sample Outcome-Based KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2.1</td>
<td>Award up to $1 million to test new conservation activities.</td>
<td>Reduce water usage by 15% by 2020.</td>
</tr>
<tr>
<td>A2.3</td>
<td>Reduce the number of private well water users exposed to nitrates that exceed drinking water standards by awarding 100% of eligible rebate requests, a maximum of 1,000 rebates up to $702,000, for the installation of nitrate removal systems</td>
<td>Reduce to zero all private well water users exposed to nitrates above drinking water standards</td>
</tr>
<tr>
<td>B4</td>
<td>Perform 52 annual cleanups for the duration of the Program and reduce the amount of trash and pollutants entering the streams.</td>
<td>Maintain or improve water quality as measured by turbidity, sediment, toxic substances, etc.</td>
</tr>
<tr>
<td>B6</td>
<td>Conduct 60 cleanup events.</td>
<td>Maintain or improve water quality as measured by turbidity, sediment, toxic substances, etc.</td>
</tr>
</tbody>
</table>

3. Grants Management

Finding: Grants management activities have been under-resourced and cumbersome to perform.

Grants are administered separately for the four priorities of the Safe, Clean Water Program, including A2, B3, B7, and D3. Currently, the grants program relies on temporary employees, in part because administrative overhead was not included in the grant formula allocation. The time and effort required to manage the 48 existing grants will increase as additional grants are awarded. District staff report that there are opportunities to streamline grants management and increase District transparency.
Two grants programs managed for Priority B3 were transferred from the Watershed Division on July 30, 2015. Following this transition, staff conducted an assessment of the grants program in collaboration with prior grantees and identified several opportunities for improvement. District staff expressed concerns that the existing process has cumbersome reimbursement procedures and labor-intensive contract processes. There were also concerns regarding grants management and tracking use of funds, as the previous grant administrator used an internally-designed tracking system that could no longer be used.

Based on the following diagram provided by the District, the entire grants process may take up to 16 months to complete.

In response to the 2015 staff assessment, the District implemented a number of improvements to the grants process by March 2016, including:

- Proposal Solicitation Process
  - Used a single competitive process for proposal solicitations
  - Began the FY 2016 grant cycle earlier to allow for additional time for proposal development, applications, and agreement execution
  - Two grantees shared successes and lessons learned in the funding application process in addition to a District staff presentation about the funding requirements, schedule, and criteria at the proposal solicitation workshop
  - Crafted seven e-mail reminders to be sent at various times in the proposal solicitation process to guide interested parties through the application process
  - Conducted after-application surveys to solicit ideas for improvements
  - Refined the Project Budget form for clarity and to support more streamlined reporting
MOSS ADAMS LLP

- Actively updated and maintained a centralized e-mail list for notifying interested parties, and to better use other communication tools including social media postings

- Proposal Review and Award Recommendation
  - Collaborated with the review panel to brainstorm how to fund as many proposals as possible within the budget, executive limitations, minimum qualifications, and evaluation criteria

- Negotiating and Executing Agreements
  - Collaborated with the legal and planning team to assist awardees in addressing the CEQA documentation requirement for executing the grants and partnership agreements
  - Provided guidance to awardees to bring clarity on success measures including long-term measures and other concerns raised by the review panelists to refine the SOW to be included in the agreements
  - Updated safety tips for volunteer cleanup activities

However, opportunities for improving the grants management remain. The District lacks central oversight over grants management that would provide consistent information and granting processes. Additionally, overhead for the program is not included in the grant formula, leaving this priority slightly underfunded.

**Recommendation: Continue to take measures to centralize and strengthen grants management.**

The District should consider hiring an internal grants manager to solicit RFPs and oversee all grant management activities. In order to fund this position and associated administrative costs, the District should also ensure that overhead costs are included in the grant formula. Over time, the District should continue to evaluate the grant process against relevant priorities and identify opportunities for improvement, potentially including additional staff.

4. **Coordination with Legal and Procurement**

**Finding: Lack of planning and coordination between project managers and the Legal and Procurement Departments has hindered timely completion of key project initiation tasks.**

Due to the nature of large, primarily capital projects, the first five years of the Safe, Clean Water Program requires project managers to work more closely with the Legal and Procurement Departments. For example, E6 requires the District to obtain right of ways for 80 parcels with private owners, which can take over a year to acquire if there are legal issues. Delays in the land rights transactions, in turn, can prevent the District from meeting established timelines for construction bids. Project managers and Legal Department staff have not jointly established priorities and milestones for project tasks.
Additionally, the District recently completed a contracts audit, which found that Procurement appeared to be understaffed and key functions were handled in a non-standardized fashion. Most of the audit focused on contract management, which will become vital over the next three to five years for many projects. The audit acknowledged lengthy cycle times for contract creation and approval, explaining that delays are typically a result of multiple rounds of edits and amendments to the Standard Consultant Agreement and repetitive approvals required throughout the contract approval process.

**Recommendation:** Establish a task force comprised of project managers and representatives from the Legal and Procurement Departments to identify ways to streamline project initiation.

To facilitate improved collaboration between project managers and internal services that support capital projects, the District should form a cross-functional task force focused on process improvement. The task force should define relevant project initiation tasks, roles and responsibilities, and estimated durations. Then the task force should identify ways to streamline tasks such as performing tasks concurrently versus in series, developing templates to enhance consistency, and standardizing work scopes to expedite reviews.

**5. Prioritizing Cross-Functional Projects**

**Finding:** Some project managers report challenges with appropriately prioritizing projects and coordinating with other priorities to meet timelines.

Many of the projects included in Safe, Clean Water Program are related and interdependent. District staff report that they coordinate with one another on an individual basis, but not for Program-wide priority settings. Staff use the District's project management system to support communication with one another. However, they reported that it is a challenge to sufficiently manage multiple priorities to keep everything on track. For example, the E1 project manager explained that the work associated with this priority is mitigated through other priorities related to Stream Mitigation. Project managers require additional communication and coordination to ensure that each priority progresses according to plan.

Many project managers reported managing activities based on five-year targets rather than the overall 15-year KPI. This can pose challenges, because some projects are dynamic and require flexibility that the shorter, five-year deadlines don't accommodate. In order to meet these targets, some projects may need deadlines or costs adjusted.

**Recommendation:** Increase communication and collaboration among project managers and District stakeholders to ensure progress towards KPIs moves forward according to established plans.

To allow for effective use of resources across priority projects, the District should take steps to increase collaboration between project managers. Management of interdependent projects should include regular meetings between responsible staff to help keep the projects on track and assist with potential delays or other concerns. Increased collaboration will also help project managers to identify areas for improved efficiency and effectiveness.
6. Priority B4 Funding

Finding: There is an increase in demand for encampment cleanup due to homelessness issues. B4 used future funding to meet current demand and may completely expend earmarked funds by 2019.

The funding needs for encampment cleanups has doubled each year since 2014 due to rising regional homelessness. The District has three FTEs dedicated to this priority and continues to receive high volumes of cleanup requests. The B4 project manager reported that the priority has a backlog of cleanups and struggles to balance additional seasonal work, requiring staff to work overtime and clean up encampments over the weekends. To keep up with cleanup requests, the District has been utilizing future funding and expects to allocate the priority's complete 15-year funding by 2019. It is unclear whether the full expenditure of funds will render the priority "achieved," when encampment cleanups will likely be necessary throughout the life of the Program.

The increased demand for encampment cleanups cannot be addressed by the District alone. The District does not have land use or enforcement authority to prevent encampments or litter in the waterways it maintains. The Board is cooperating with the City and local non-profits to abate encampments.

Recommendation: Develop a plan for using the Priority B4's remaining resources and determine whether additional resources should be allocated.

The District should continue to work towards regional homelessness solutions in cooperation with other local entities. The District should also consider seeking additional funding sources to ensure sufficient funding throughout the 15-year Safe, Clean Water Program because additional funds will be required to perform all the cleanups, which are vital for water quality.

7. Nitrate Rebate Program

Finding: Demand for nitrate removal system rebates is lower than anticipated, so the District has only issued 12 of the 1,000 rebates.

Measure B provided funding for 1,000 nitrate removal system rebates. However, the District issued a total of 12 rebates in the first three years of the Program. To encourage more private well users to take advantage of the rebate, staff for this priority worked with the Communications Department to develop an outreach plan. The District increased the rebate dollar amount from $200 to $500, which covers approximately 80% of the cost. District staff report that these changes did not increase demand for rebates.

Private wells are not monitored, making it difficult to determine how many private well users may be in need of this program. Some well owners may already have systems installed, while others may use bottled water for drinking. The District does not know how many individuals are exposed to nitrates or if there is demand for the rebate program. Similar programs in other locations have also been characterized by low participation rates.
Recommendation: Continue looking for innovative solutions to educate private well users and disperse nitrate rebates.

In order to increase participation in the program, the District should continue to conduct outreach to private well users. However, if there continues to be little public interest in the rebates, the District may consider adjusting priorities and reallocating funds to other projects in Priority B as funding needs arise.

C. LEVERAGING EXTERNAL RESOURCES

8. Stakeholder Collaboration: Cities, County, State

Finding: Project managers reported difficulty in collaborating with other agencies and expressed concerns that project progress and financial resources may be negatively impacted as a result.

Several priorities require stakeholder collaboration with residents, local cities, and Santa Clara County. District project managers reported that a contributing difficulty in timely achievement of project milestones is collaboration and engagement with stakeholders. For example, Priority E7 involves two other agencies, the Union Pacific Railroad and the City of San Jose, and the District is reliant on funding from the U.S. Army Corps of Engineers (USACE). The two other agencies made adjustments to the project plan that are longer than the District had anticipated and changed elements that require an adjusted completion date as well. Although the District has a Government Relations Department, individual project managers report that they handle the bulk of stakeholder engagement themselves.

Several Priority B projects depend on USACE funding, which the District has limited control over. In addition, the Corps typically does not communicate funding timing in advance, which hinders the District’s ability to plan funding-dependent project phases. The constraints of these funds should also be communicated to stakeholders to ensure that projects advance according to plan and do not experience delays due to modification requests.

Recommendation: Ensure consistent stakeholder collaboration by establishing District-wide standards and managing activities through the Government Relations Department.

Meaningful stakeholder engagement and subsequent relationships may derive tremendous value for the District. To harness potential benefits, the District needs to develop and utilize a strategic and consistent approach in communicating with stakeholders. Communication should include clarifying staff members’, stakeholders’, and residents’ roles in each Priority to ensure each party knows their expected contributions. Additionally, consistent stakeholder communication helps protect the District’s reputation and encourages future opportunities for collaboration.
9. **Use of Volunteers**

**Finding:** Some projects have required additional funding for materials and supplies to leverage increasing volunteer resources.

Several priorities leverage volunteers to achieve project milestones. District staff report administrative improvements related to volunteer management, including online applications, improved database monitoring and tracking, and defined roles and responsibilities. Each project utilizes volunteers in a manner that best serves the project, and projects do not typically share physical resources. However, as more volunteers participate in District efforts, additional funding is needed to purchase supplies, such as shovels, rakes, and other equipment, to leverage volunteer labor.

**Recommendation:** Consider establishing a Volunteer Coordinator position to manage volunteer sign-ups, data and tracking, community engagement, and materials for all projects.

Volunteers help the district achieve priority goals in a cost-effective, collaborative manner, and volunteer participation is a valuable way to engage the community. Proper volunteer management is central to the District’s success in recruiting and retaining volunteers, including helping them develop into new roles as their needs and the needs of the organization change and develop over time. By creating a dedicated position to manage volunteers and materials, the District will be able to help ensure that volunteers feel engaged and maximize resource capacity.
TO: Board of Directors

FROM: James M. Fiedler

DATE: February 21, 2017

SUBJECT: Recent letters between the Department of Water Resources and Federal Energy regarding the Oroville Dam Spillway

Attached is a letter written February 13, 2017 from the Federal Energy Regulatory Commission (FERC) to the Department of Water Resources (DWR) regarding emergency repair and Board of Consultants for the Oroville Dam Spillway. FERC's letter instructs the DWR to:

1. Initiate immediate design of emergency repair to minimize further degradation of both the emergency spillway and the service spillway,
2. Convene an Independent Board of Consultants (BOC) to review and assess current conditions and operations of Oroville Reservoir and proposed remedial options as well as long-term modifications, and
3. Perform a forensic analysis aimed at determining the cause of the chute failure and ascertain if the failure mode could occur again.

Also attached is the February 17, 2017 letter from the DWR in response to the letter from FERC, providing the names of the BOC members and discussing other aspects of FERC's February 13 letter. DWR also makes several requests of FERC for cooperation and staff time.

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

Attachment 1: February 13, 2017 letter from the Federal Energy Regulatory Commission
Attachment 2: February 17, 2017 letter from Department of Water Resources
FEDERAL ENERGY REGULATORY COMMISSION  
Office of Energy Projects  
Division of Dam Safety and Inspections - Headquarters Office  
888 First Street, N.E., Routing Code: PJ-13  
Washington, D.C. 20426  
(202) 502-6025 Office - (202) 219-2731 Facsimile  

February 13, 2017  

In reply refer to:  
P-2100  

Mr. William Croyle  
Acting Director  
California Department of Water Resources  
P.O. Box 942836  
Sacramento, California, 94236-0001  

Re: Emergency Repair and Board of Consultants for Oroville Dam Spillway  

Dear Mr. Croyle:  

Major damage occurred to the Oroville Dam Service Spillway during spillway operation on February 7, 2017. This event and subsequent operations have led to the loss of a significant portion of the spillway chute, and has reduced the amount of available spillway capacity at the project. Ongoing service spillway operations may continue to lead to additional damage to the service spillway. Additionally, due to high inflows and reduced service spillway capacity, the ungated emergency spillway saw overtopping flow beginning on February 11, 2017, for the first time which resulted in excessive erosion threatening the stability of the structure on February 12, 2017. Due to the magnitude of this event and the potential for additional issues, we are requiring California Department of Water Resources (DWR) to initiate immediate design of emergency repair to minimize further degradation of both the emergency spillway and the service spillway. In addition, DWR shall convene an Independent Board of Consultants (BOC).  

The BOC shall review and assess the:  

1. Current measures being implemented at the project to pass inflows.  
2. Current condition of the service spillway and adjacent areas of the project.  
3. Current condition and capability of the Emergency Spillway to safely pass flood flows.  
4. Risk reduction measures currently implemented and any additional risk reduction measures proposed.
5. Measures to keep the Powerhouse operable during the short-term and long-term.
6. All proposed remedial options for the service spillway.
7. All proposed remedial options for the emergency spillway.
8. Long-term, permanent modifications and project operations.
9. Any additional information or analysis requested by the BOC.

In addition, DWR shall perform a forensic analysis aimed at determining the cause of the chute failure and ascertaining if the failure mode could occur again. The forensic analysis must be performed by a fully independent third party with no previous involvement in assessing the spillway structure at this project. The BOC shall also be tasked to review and comment on this analysis.

Effort must be focused on emergency repair and risk reduction actions in the short term. The forensic analysis can not be allowed to interfere with or detract from the design of emergency repair or proposed risk reduction actions. However the forensic analysis must be performed.

The BOC shall review and assess all aspects of the forensic analysis to include:

1. Review of the plan of action describing the steps that will be undertaken for the forensic analysis, to include an analysis of the root cause and contributing causes of the spillway damage.

2. Project operations, before, during and after the event.

3. A thorough review of project documents, including the emergency action plans, Potential Failure Mode Analyses, Part 12D Independent Consultant Inspection Reports and the Supporting Technical Information Documents, should be included in the analysis. This review should include an assessment of how extreme flood flows are passed at Oroville Dam.

4. Any additional information or analysis requested by the BOC.

The BOC is to consist of at least 5 members with experience that covers the following engineering disciplines: structural engineering (with specialization in concrete spillway structures), spillway hydraulics, engineering geology, geotechnical engineering, and civil engineering with extensive experience in dam design, construction and operation. By letter, a copy of each proposed Board member’s resume is to be submitted to the Acting Director, Division of Dam Safety and Inspections (D2SI) for review and approval, and two copies submitted to the D2SI-San Francisco Regional Engineer.

Due to the urgency to complete assessment and manage the current situation through the Spring, we will allow some flexibility on the requirements that follow. The operation of
each BOC will normally be as follows:

1. There will be formal meetings of the BOC scheduled to review the technical areas
   the BOC is required to assess. The meetings should be scheduled at important
   milestones for the investigations and design and construction of remediations. It is
   anticipated that the meetings will be attended by members of the BOC, DWR,
   DWR’s engineering consultants, and FERC.

   The BOC should convene their first meeting as soon as possible to provide any
   potential input into the forensic analysis.

2. At least two weeks prior to each BOC meeting, DWR shall provide to the
   distribution list below a data package that contains:

   a) An agenda for the meeting;
   b) A statement of the specific level of review the BOC is expected to provide;
   c) A list of the items to be reviewed and discussed with the BOC;
   d) Investigations, engineering analyses, reports, and design drawings and
      specifications to be reviewed by the BOC; and
   e) A discussion of significant events in the investigation that have occurred
      since the last BOC meeting.

   The data package, as well as all project related correspondence, should be
   distributed as follows:

   a) One copy to each BOC member;
   b) Three copies to the D2SI-San Francisco Regional Engineer; and
   c) Three copies to the Acting Director, D2SI, Washington DC

3. At the end of each BOC meeting, the BOC shall verbally present their conclusions
   and recommendations and provide DWR a copy of the BOC meeting report. An
   electronic copy of the report should also be included.

4. Within 15 days after each BOC meeting, DWR must submit to the Acting
   Director, D2SI, and to the D2SI-San Francisco Regional Engineer three copies of
   a plan and schedule to comply with the BOC’s recommendations or a statement
   identifying a plan to resolve any issue(s). In the event the BOC’s
   recommendations are not implemented, detailed reasons for not doing so should be
   provided. We may require additional action after we review the above
   information.

5. A summary of all the BOC’s recommendations is to be maintained in a periodic
   status report folder, indicating the BOC report in which the recommendation was
   made, and including the current status and outcome of each recommendation.
6. The BOC shall remain in effect through the design and construction of any required remediation.

7. The final BOC meeting is to be held one year after implementation of operational changes and completion of construction of any required remediation. The final BOC report shall assess the operation of the project and if the project is performing as intended based on the engineering investigations, design report, construction reports and instrumentation performance. Within 45 days of the date of the final BOC report, three copies are to be submitted to the Acting Director, D2SI, and the D2SI-San Francisco Regional Engineer.

You must submit resumes for your proposed BOC members and your proposed forensic team, and a plan and schedule for the required actions as soon as possible, but not later than 5 days of this letter. Please contact me with any questions.

Sincerely,

[Signature]

David E. Capka, PE
Acting Director, Division of Dam Safety and Inspections

cc:
Mr. David Panec
Chief, Dam Safety Branch
California Department of Water Resources
P.O. Box 942836
1416 Ninth Street, Room 604-9
Sacramento, CA 94236-0001

Ms. Sharon Tapia, Chief
Division of Safety of Dams
California Department of Water Resources
2200 X Street, Suite 200
Sacramento, CA 95818
February 17, 2017

Mr. David E. Capka
Acting Director, Division of Dam Safety and Inspections
Federal Energy Regulatory Commission
888 First Street, NW Routing Code: PJ-13
Washington, DC 20426

Re: Emergency Repair Board of Consultants for Oroville Dam Spillway (P-2100)

Dear Mr. Capka:

The California Department of Water Resources (DWR) appreciates your arrival and initial review of the situation that has unfolded at Oroville Dam starting February 7, 2017. This is in response to your letter dated February 13, 2017 asking DWR to, among other things, create an Independent Board of Consultants (BOC) and a separate independent team to investigate the cause of the main spillway failure and ascertain if the failure mode could occur again. This letter describes our recent progress on both of those fronts.

DWR has selected five qualified experts to serve as members of the BOC:
- Kerry Cato, Ph.D., Engineering Geology; M.S., Engineering Geology; B.S., Geology
- John J. Cassidy, Ph.D., Mechanics and Hydraulics; M.S., Civil Engineering; B.S., Civil Engineering
- Eric Kollgaard, B.S., Civil Engineering
- Faiz Makdisi, Ph.D., Geotechnical and Geoenvironmental Engineering; M.A., Geotechnical and Geoenvironmental Engineering; B.E., Civil Engineering
- Larry Nuss, M.S. Civil Engineering; B.S., Architectural Engineering

The BOC will immediately engage with DWR and its emergency response partners to review and assess operations, conditions and risk reduction measures associated with the dam and appurtenant structures. The BOC will continue in this role during the repair of the main and emergency spillways.

Second, as you asked, the process to establish an independent forensic review is underway. The U.S. Society of Dams and Association of State Dam Safety Officials will identify an independent team of experts to perform this critical function. Given the immediacy of the current emergency situation and subsequent repairs, we estimate the forensic review will ensue in approximately three months. The forensic review will include an independent assessment of the conditions that led to the incident.

As you know, we face highly dynamic hydrological and engineering challenges in the context of multiple compromised appurtenances. The near-term recovery effort will
involve significant reconstruction on an accelerated time schedule to meet the demands of the 2017-18 flood season and the long-term recovery will require a thorough examination of the spillway failure causes.

As DWR representatives discussed with you this week, this dynamic situation will require BOC and FERC reviews beyond what is normally completed and in a compressed timeline. Expedited FERC and BOC reviews and approvals will be necessary in order to implement the recovery plan and construction necessary to complete a safe structure. Therefore, DWR asks FERC to provide the following assistance:

1. Full-time FERC staff who can provide immediate oversight and approval as plans and specifications are being developed.
2. Federal assistance to streamline or eliminate any permitting that normally would be required for a repair of this magnitude in order to expedite construction and provide a safe structure by the 2017-18 flood season.
3. Constant and immediate oversight of the BOC, which will require rapid input and comments as design and construction unfold.
4. Full-time FERC staff to review and approve construction activities, including any changes necessitated by conditions encountered in the field.
5. As recognized in your letter and as discussed, flexibility, including time requirements associated with meetings and data packages. As outlined in items 1, 3 and 4 above, this unprecedented situation will require immediate BOC reviews and comments in addition to a different approach to typical FERC and BOC meetings and reviews.

We look forward to coordinating with you on these requests and the governance and operational details of the BOC and on all other aspects of this emergency.

If you have any questions, please contact me at (916) 653-7007 or Ted Craddock at (916) 557-4555.

Sincerely,

[Signature]

William A. Croyle
Acting Director
The Report on Protection and Augmentation of Water Supplies (PAWS), 2017 was filed with the Clerk of the Board on February 24, 2017 as required by the District Act. It contains the recommended groundwater production and other water charges for fiscal year 2017-18. A copy for your review in preparation for the public hearing, which opens on April 11, 2017 can be downloaded at the following URL:

http://www.valleywater.org/2017-18GroundwaterChargeProcess

Also posted at the above URL, or linked from that page, are the notices to well owners and surface water users, which describe the rate-setting process, give the rationale for the determination of proposed rates, and provide the dates and times of upcoming public hearings. These notices were mailed to all well owners and surface water users of record on February 24. Note that there are four notices, a groundwater and a surface water notice for North County Zone W-2 and a groundwater and a surface water notice for South County Zone W-5. A total of 1,553 North County and 4,503 South County customers receive these notices. These mailers will also be shared with subscribers to the district’s 12,000+ eNewsletter in March.

Finally, the Water Utility Enterprise Five-Year Operations Plan is also posted at:

http://www.valleywater.org/2017-18GroundwaterChargeProcess

This report provides a five-year outlook for the district’s water supply system and water supply operations. It describes the district’s operational activities and projected resources and expenditures needed to ensure a reliable, clean water supply over the next five years.

Hardcopies of the PAWS report, the Five-Year Operations Plan and the well owner notices are available upon request. If you have any questions, please call me at 408 630-2736 or Darin Taylor at 408 630-3068.

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