Board Policy: EL-7 Communication and Support to the Board
The BAOs shall inform and support the Board in its work.

**CEO BULLETIN / NEWSLETTERS**

4  CEO Bulletin: 10/06/17 – 10/12/17

5  Water Tracker Report: 10/01/17

**BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS**

8  BMR/IBMR Weekly Reports: 10/12/17

   Memo from Garth Hall, Acting Chief Operating Officer – Water Utility Enterprise, to the Board, dated 10/04/17, regarding WaterFix questions asked by Doug Muirhead (R-17-0031).

10  Memo from Darin Taylor, CFO, to the Board, dated 10/06/17, regarding information on the State Water Project Tax.

15  Memo from Michele King, Clerk, to the Board, dated 10/10/17, regarding a handout from a member of the public at the 10/10/17 Board Meeting.

**INCOMING BOARD CORRESPONDENCE**

20  Board Correspondence Weekly Report: 10/12/17

21  Email from Patrick Ferraro to the Board, dated 10/06/17, regarding the Anderson Dam Retrofit Public Meeting (C-17-0379).

22  Email from Chris Dietrich to the Board, dated 10/07/17, regarding water conservation issues (C-17-0380).

23  Email from Steve Trigonis to the Board, dated 10/11/17, regarding feral pigs in creeks (C-17-0381).

24  Letter from Gerald Meral, National Heritage Institute, to the Board, dated 10/12/17, regarding support for the California WaterFix (C-17-0382).

25  Memo from Michele King, Clerk, to the Board, dated 10/13/17, regarding emails expressing opposition to the California WaterFix (C-17-0383).

**OUTGOING BOARD CORRESPONDENCE**

44  Letter from Directors Santos, Keegan, and Estremera, to Tab Brown, US Army Corps of Engineers, dated 10/05/17, regarding the tour and briefing of the Coyote Creek Flood Protection Project and South San Francisco Bay Shoreline Project.

45  Letters from Chair Varela to various community leaders, dated 10/06/17, thanking them for participating in the Coyote Creek Cleanup Day event.
Letters from Chair Varela to various state Governors, dated 10/10/17, regarding travel limitations to states that have passed discriminatory laws against the LGBT community.

Reply email from Director Hsueh to Lisa Giefer, dated 10/09/17, regarding a San Jose Water Company water holding tank (C-17-0378).

Email from Director Keegan to John Davis, dated 10/12/17, regarding trespassing and dumping issues on District-owned property near his home.

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

Chief Executive Officer Bulletin  
Week of October 6 -12, 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>Estremera</td>
</tr>
<tr>
<td></td>
<td>Staff to respond to questions asked by Mr. Doug Muirhead on California WaterFix Item 2.1 Memo Section C.2.4 (access to transfer supplies)</td>
</tr>
<tr>
<td></td>
<td>R-17-0031</td>
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Estremera  
Staff to respond to questions asked by Mr. Doug Muirhead on California WaterFix Item 2.1 Memo Section C.2.4 (access to transfer supplies)  
R-17-0031

The response is included in the board’s October 13, 2017, Non-Agenda package.

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

------------------------------------------------------------------------------------
On June 13, 2017, the Board of Directors approved a resolution calling for the community to voluntarily reduce their water use 20 percent and continued certain water waste prohibitions. The resolution also recommended that all municipalities consider adopting a permanent three day per week watering restriction and resulted in a 10 percent reduction to treated contract deliveries.

Groundwater recharge in 2016 was far greater than in normal years. Preliminary water supply analysis shows that 2017 District recharge, together with natural recharge, will sustain or further improve groundwater storage in 2017.

Due to improved conditions, the District is replenishing storage in the Semitropic Water Bank that was utilized during the recent drought. So far this year the District has stored over 50,000 acre-feet of imported supplies in the Semitropic Water Bank and plans to add an additional 15,000 acre-feet by the end of the year.

Outlook as of October 1, 2017

Weather

Rainfall in San Jose

- Month of September = 0 inches
- The average daily high temperature for September was 85.2 degrees Fahrenheit. Temperatures were above normal for the month

Local Reservoirs

- Total October 1 storage = 77,025 acre-feet
  - 91% of 20-year average for that date
  - 46% of total capacity
  - 68% of restricted capacity (169,009 acre-feet total storage capacity limited by seismic restrictions to 113,667 acre-feet)
- Approximately 1,000 acre-feet of imported water was delivered into local reservoirs during September 2017
- Total estimated releases to streams (local and imported water) during September was 9,250 acre-feet

Groundwater

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

<table>
<thead>
<tr>
<th></th>
<th>Santa Clara Subbasin</th>
<th>Llagas Subbasin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Santa Clara Plain</td>
<td>Coyote Valley</td>
</tr>
<tr>
<td>September managed recharge estimate (AF)</td>
<td>8,000</td>
<td>900</td>
</tr>
<tr>
<td>January to September managed recharge estimate (AF)</td>
<td>44,600</td>
<td>7,800</td>
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<td>January to September managed recharge, % of 5-year average</td>
<td>112%</td>
<td>98%</td>
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<tr>
<td>August pumping estimate (AF)</td>
<td>7,700</td>
<td>1,500</td>
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<tr>
<td>January to August pumping estimate (AF)</td>
<td>46,100</td>
<td>8,700</td>
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<tr>
<td>January to August pumping, % of 5-year average</td>
<td>83%</td>
<td>117%</td>
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<tr>
<td>GW index well level compared to last September</td>
<td>Increase</td>
<td>Increase</td>
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</tbody>
</table>

AF = acre-feet
Imported Water

- 2017 State Water Project (SWP) and Central Valley Project (CVP):
  » 2017 SWP allocation: 85% announced on April 14, 2017, provides 85,000 acre-feet
  » 2017 South-of-Delta CVP allocations announced on April 11, 2017.
    ▪ M&I water service allocation: 100%, District’s M&I allocation is 119,400 acre-feet
    ▪ Agricultural water service allocation: 100%, or 33,100 acre-feet

- Reservoir storage information, as of October 1, 2017:
  » Shasta Reservoir at 74% of capacity (124% of average for this date)
  » Oroville Reservoir at 37% of capacity (60% of average for this date)
  » San Luis Reservoir at 86% of capacity (183% of average for this date)

- District’s Semitropic groundwater bank reserves are 232,245 acre-feet as of August 31, 2017

- Estimated SFPUC deliveries to Santa Clara County:
  » Projected month of September = 4,556 acre-feet
  » 2017 Total to Date = 31,293 acre-feet
  » Five-year annual average is 48,700 acre-feet

Treated Water

- Below average demands of 11,377 acre-feet delivered in September
- This total is 98% of the five-year average for the month of September
- Year-to-date deliveries = 80,871 acre-feet or 94% of the five-year average

Conserved Water

- Saved 72,000 acre-feet in FY17 from long-term program (baseline year is 1992)
- Long-term program goal is to save over 74,000 acre-feet in FY18
- The Board has called for a 20% reduction and a limit of three days per week for irrigation of ornamental landscape with potable water
- Achieved a 23% reduction in water use through the first eight months of 2017, compared to 2013

Recycled Water

- Estimated September 2017 production = 1,800 acre-feet
- Estimated Year-to-Date through September = 13,200 acre-feet or 84% of the five-year average
- Silicon Valley Advanced Water Purification Center produced an estimated 1.3 billion gallons (3,900 acre-feet) of purified water in 2016. Since the beginning of 2017, about 3,400 acre-feet of purified water has been blended with existing tertiary recycled water for South Bay Water Recycling Program’s customers

CONTACT US

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

Follow us on:
BOARD MEMBER REQUESTS
& INFORMATIONAL ITEMS
<table>
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<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>
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<tbody>
<tr>
<td>R-17-0031</td>
<td>Pending</td>
<td>09/12/17</td>
<td>Estremera</td>
<td>Fiedler</td>
<td>STAFF TO RESPOND TO QUESTIONS ASKED BY MR. DOUG MUIRHEAD ON CALIFORNIA WATERFIX ITEM 2.1 MEMO SECTION C.2.4 (ACCESS TO TRANSFER SUPPLIES).</td>
<td>10/10/17</td>
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<tr>
<td>R-16-0021</td>
<td>Pending</td>
<td>04/12/16</td>
<td>Keegan</td>
<td>Stanton</td>
<td>Staff to take a preliminary look at the use of PLAs on Non-federal District projects.</td>
<td>03/22/17</td>
<td>03/02/17 Continued. 07/28/16 CEO Bulletin.</td>
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<tr>
<td>R-17-0033</td>
<td>Pending</td>
<td>09/26/17</td>
<td>Keegan</td>
<td>Fiedler</td>
<td>Staff to provide the Board with proactive options to address unauthorized access to District property and the dumping of trash and debris. See memo dated 09/01/2017 Handout 11.1-A.</td>
<td>10/17/17</td>
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<tr>
<td>R-17-0030</td>
<td>Pending</td>
<td>09/12/17</td>
<td>Kremen</td>
<td>Fiedler</td>
<td>STAFF TO COME BACK TO THE BOARD ON COSTS REQUIRED TO STORE EMERGENCY BACKUP EQUIPMENT AT ALL CRITICAL WATER SUPPLY FACILITIES TO Handle EMERGENCIES.</td>
<td>10/10/17</td>
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<td>Pending</td>
<td>09/26/17</td>
<td>Kremen</td>
<td>Callender</td>
<td>Staff to provide the Board with an update on the District’s education program.</td>
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<td>R-17-0025</td>
<td>Pending</td>
<td>07/11/17</td>
<td>Lezotte</td>
<td>Camacho</td>
<td>Staff is to investigate whether there is a need for additional staffing to handle the construction management-watersheds asset rehabilitation program priorities.</td>
<td>08/10/17</td>
<td>09/29/17</td>
<td>08/17/17 CEO Bulletin.</td>
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<td>R-17-0026</td>
<td>Pending</td>
<td>08/22/17</td>
<td>Varela</td>
<td>Fiedler</td>
<td>Staff to follow up with Roger Castillo and view the videos on the Coyote Percolation Dam and provide a report back to the Board.</td>
<td>09/12/17</td>
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<td></td>
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<tr>
<td>Request Date</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>
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No open informal BMRs
During staff’s September 12, 2017 update to the Board on the California WaterFix, Mr. Doug Muirhead of Morgan Hill requested more information regarding access to transfer supplies described in Section C.2.4 in staff’s agenda memo. In particular, Mr. Muirhead expressed concern regarding losses and capacity restrictions and how these limitations might affect Semitropic deliveries and the District’s imported water deliveries in general.

All water conveyed by the State Water Project and Central Valley Project are subject to losses; these losses are addressed differently for different types of water supply. Losses include estimates of physical loss of water as it is moved through the system as well as the estimated portion of conveyed water needed to meet regulatory objectives for water quality and environmental protection, commonly known as “carriage water”. Because carriage water cannot be pumped, it is considered a loss and is commonly called “carriage water loss”.

Each year the Department of Water Resources (DWR) and U.S. Bureau of Reclamation (Reclamation) take into account estimated losses, including carriage water losses in the Delta, as they determine how much water is available to allocate to SWP and CVP contractors. Because losses are already factored in, there are no additional losses associated with the District’s SWP and CVP allocations.

Losses associated with the Semitropic Groundwater Bank are due to anticipated storage losses and are established at 10%. In other words, when the District withdraws its previously banked water from Semitropic, 10% of it is left behind to compensate for losses. The District receives SWP contract supplies by exchange when it withdraws water from Semitropic; these SWP supplies are part of the SWP allocation and are not subject to any additional loss, as described above.

The carriage water losses described in section C.2.4 refer to losses that are applied to the purchase of supplemental supplies, or water transfers. Unlike the SWP and CVP allocations, purchased water that is transferred from a willing seller to a willing buyer are not pre-adjusted to account for losses; instead, these losses are determined by DWR and Reclamation after the seller and buyer request that those agencies approve the requested transfer. The magnitude of loss varies year to year due to Delta hydrologic and regulatory conditions. Losses associated with transfer supplies have ranged from 0% to up to 35% over the past 15 years but have averaged about 25%.

Regulatory requirements limit the times during which transfer supplies may be conveyed across the Delta; currently, transfers may only be conveyed between July 1 and September 30. Water transfers requiring conveyance across the Delta are also limited by the availability of pumping capacity at Banks and Jones pumping plants, the two facilities in the South Delta that pump water for delivery south of the Delta. DWR and Reclamation prioritize pumping SWP and CVP contract supplies at these facilities; if there is remaining pumping capacity available, then transfer supplies may be pumped. Pumping capacity during the summer is limited when pumping restrictions cause water to be backed up in northern reservoirs during winter and spring months, with a limited window to move the water across the Delta during the summer. Under these circumstances, all available pumping capacity is used to
move this stored SWP and CVP water, and there is no additional capacity available to convey transfer supplies. These conditions generally occur when the SWP allocation is roughly 50% or higher.

Available information indicates that the WaterFix would provide the following benefits:

1. Allow SWP and CVP contract supplies to be conveyed earlier in the year, which would increase available pumping capacity to convey transfer water during summer months

2. Reduce the amount of loss associated with transfers, as conveyance through isolated tunnels would not require pumping from surface channels, thereby reducing the amount of carriage water needed to maintain existing regulatory and water quality requirements in the Delta.

Garth Hall
Acting Chief Operating Officer, Water Utility Enterprise
MEMORANDUM

TO: Board of Directors
FROM: Darin Taylor

SUBJECT: Information re. State Water Project Tax
DATE: October 6, 2017

Rick Callender, Chief of External Affairs, and Darin Taylor, Chief Financial Officer, met with Director Kremen on Thursday afternoon, October 5, 2017. The attached information was provided in this meeting. Please contact Darin at ext. 3068 if you have questions about the meeting and attachment.

Attachment 1
<table>
<thead>
<tr>
<th>City</th>
<th>FY 18 SWP Tax Estimate</th>
<th>Percentage</th>
<th>FY 16 Total Water Use</th>
<th>FY 16 HH Water use</th>
<th>FY 16 GW Water use</th>
<th>FY 16 TW Water use</th>
<th>FY 16 SCVWD Water use</th>
<th>FY 21 SWP Tax Estimate</th>
<th>FY 22 SWP Tax Estimate</th>
<th>FY 23 SWP Tax Estimate</th>
<th>FY 24 SWP Tax Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>565,242</td>
<td>2%</td>
<td>-</td>
<td>6,569</td>
<td>6,569</td>
<td>6,569</td>
<td>6,569</td>
<td>1,589,239</td>
<td>1,640,505</td>
<td>1,794,302</td>
<td>1,896,634</td>
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<td>Cupertino</td>
<td>1,030,206</td>
<td>6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>580,911</td>
<td>599,650</td>
<td>655,967</td>
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<td>Gilroy</td>
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<td>6,569</td>
<td>6,569</td>
<td>1,072,874</td>
<td>1,107,483</td>
<td>1,211,300</td>
<td>1,280,527</td>
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<td>Los Altos</td>
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<td>6,569</td>
<td>6,569</td>
<td>6,569</td>
<td>6,569</td>
<td>568,083</td>
<td>576,096</td>
<td>630,094</td>
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<tr>
<td>Los Altos Hills***</td>
<td>468,174</td>
<td>2%</td>
<td>4,497</td>
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<td>722</td>
<td>2,242</td>
<td>3,143</td>
<td>893,960</td>
<td>912,475</td>
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<td>Los Gatos</td>
<td>741,551</td>
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<td>-</td>
<td>-</td>
<td>3,468</td>
<td>1,140,568</td>
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<td>Milpitas</td>
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<td>5,050</td>
<td>3,468</td>
<td>41%</td>
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<td>154,280</td>
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<td>-</td>
<td>626,555</td>
<td>646,777</td>
<td>707,412</td>
<td>747,635</td>
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<td>Morgan Hill</td>
<td>525,623</td>
<td>2%</td>
<td>5,784</td>
<td>5,784</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>1,790,747</td>
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<td>Mountain View</td>
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<td>686</td>
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<td>Palo Alto</td>
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<td>9,197</td>
<td>9,197</td>
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<td>-</td>
<td>-</td>
<td>12,019,653</td>
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<td>Santa Clara</td>
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<td>16,852</td>
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<td>Saratoga</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Sunnyvale</td>
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<tr>
<td>Unincorporated**</td>
<td>1,051,906</td>
<td>4%</td>
<td>1,560</td>
<td>1,560</td>
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<td>-</td>
<td>-</td>
<td>31,000,000</td>
<td>32,000,000</td>
<td>35,000,000</td>
<td>37,000,000</td>
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<td>Total</td>
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<td>195,461</td>
<td>40,667</td>
<td>64,879</td>
<td>89,915</td>
<td>154,794</td>
<td>31,000,000</td>
<td>32,000,000</td>
<td>35,000,000</td>
<td>37,000,000</td>
</tr>
</tbody>
</table>

* Cities of Campbell, Cupertino, Los Gatos, Monte Sereno and Saratoga water use primarily sourced by San Jose Water Co, which is reflected under San Jose

** Stanford University comprises about 1/3 of the unincorporated area Assessed Value

*** This analysis assumes that 1/3 of Cal Water Services groundwater & treated water use serves Los Altos Hills

Note: this analysis includes major retailer water usage only (and excludes small well owner water usage)

<table>
<thead>
<tr>
<th>City</th>
<th>FY 21 SWP Tax Est. for CWF</th>
<th>FY 22 SWP Tax Est. for CWF</th>
<th>FY 23 SWP Tax Est. for CWF</th>
<th>FY 24 SWP Tax Est. for CWF</th>
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<tbody>
<tr>
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<td>150,132</td>
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<tr>
<td>Milpitas</td>
<td>254,136</td>
<td>367,759</td>
<td>484,417</td>
<td>600,075</td>
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<tr>
<td>Monte Sereno</td>
<td>34,376</td>
<td>49,745</td>
<td>65,555</td>
<td>81,170</td>
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<tr>
<td>Morgan Hill</td>
<td>139,608</td>
<td>202,026</td>
<td>266,112</td>
<td>329,648</td>
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<tr>
<td>Mountain View</td>
<td>399,006</td>
<td>577,400</td>
<td>760,557</td>
<td>942,147</td>
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<tr>
<td>Palo Alto</td>
<td>528,618</td>
<td>764,960</td>
<td>1,007,613</td>
<td>1,248,189</td>
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<tr>
<td>San Jose</td>
<td>2,678,166</td>
<td>3,875,558</td>
<td>5,104,929</td>
<td>6,323,770</td>
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<tr>
<td>Santa Clara</td>
<td>539,667</td>
<td>780,949</td>
<td>1,028,675</td>
<td>1,274,279</td>
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<tr>
<td>Saratoga</td>
<td>238,878</td>
<td>346,678</td>
<td>456,392</td>
<td>564,046</td>
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<tr>
<td>Sunnyvale</td>
<td>621,398</td>
<td>899,221</td>
<td>1,184,484</td>
<td>1,467,264</td>
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<tr>
<td>Unincorporated</td>
<td>273,322</td>
<td>404,307</td>
<td>532,557</td>
<td>659,710</td>
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<tr>
<td>Total</td>
<td>6,907,284</td>
<td>9,995,488</td>
<td>13,166,170</td>
<td>16,309,695</td>
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</tbody>
</table>
SWP Tax Credit Analysis

<table>
<thead>
<tr>
<th></th>
<th>Palo Alto</th>
<th>Milpitas</th>
<th>Mountain View</th>
<th>San Jose</th>
<th>Santa Clara</th>
<th>Sunnyvale</th>
<th>Los Altos Hills (Purissima)</th>
<th>Stanford</th>
<th>Total</th>
<th>SJWC</th>
<th>Great Oaks</th>
<th>Cal Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Supply Guarantee (AF)</td>
<td>19,118</td>
<td>10,338</td>
<td>15,075</td>
<td>N/A</td>
<td>N/A</td>
<td>14,090</td>
<td>1,814</td>
<td>3,394</td>
<td>63,829</td>
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<tr>
<td>Min HH volume (AF)</td>
<td>N/A</td>
<td>5,982</td>
<td>10,002</td>
<td>N/A</td>
<td>N/A</td>
<td>10,002</td>
<td>N/A</td>
<td>N/A</td>
<td>25,986</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>FY 16 HH volume (AF)</td>
<td>9,197</td>
<td>5,050</td>
<td>7,542</td>
<td>4,569</td>
<td>2,634</td>
<td>8,761</td>
<td>1,354</td>
<td>1,560</td>
<td>40,667</td>
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</tr>
<tr>
<td>FY 16 SCVWD GW volume (AF)</td>
<td>3,468</td>
<td>686</td>
<td>10,029</td>
<td>4,366</td>
<td>6,562</td>
<td>-</td>
<td>25,111</td>
<td>57,466</td>
<td>7,338</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal M&amp;I volume (AF)</td>
<td>9,197</td>
<td>8,518</td>
<td>8,340</td>
<td>15,104</td>
<td>16,852</td>
<td>15,474</td>
<td>1,354</td>
<td>1,560</td>
<td>76,399</td>
<td>92,578</td>
<td>4,606</td>
<td>9,525</td>
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<tr>
<td>% HH to Total water use</td>
<td>100%</td>
<td>59%</td>
<td>90%</td>
<td>30%</td>
<td>16%</td>
<td>57%</td>
<td>100%</td>
<td>100%</td>
<td>53%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

FY 18 HH price per AF $1,969 $1,969 $1,969 $1,969 $1,969 $1,969 $1,969 $1,969 $1,969
FY 18 SCVWD TW Price per AF $1,275 $1,275 $1,275 $1,275 $1,275 $1,275 $1,275 $1,275 $1,275
Difference vs SCVWD TW price $694 $694 $694 $694 $694 $694 $694 $694 $694

1) Est. FY 18 SWP tax payment ($K) $1,990 $957 $1,502 $951 $2,031 $2,339 $314 $354 $10,437
Adjusted for % HH to Total water use $1,990 $567 $1,358 $288 $317 $1,324 $314 $354 $6,512
60% cap $1,194 $567 $901 $288 $317 $1,324 $188 $212 $4,992

Note: Est. FY 18 SWP tax payment for Purissima Hills is based on 2/3 of the Los Altos Hills Assessed Value (Cal Water serves the other 1/3)
Note: Est. FY 18 SWP tax payment for San Jose has been adjusted for proportion of water used by SJ Muni versus SJWC & Great Oaks

Attachment 1, Page 2 of 2
The following documents were submitted by a member of the public at the October 10, 2017 Board Meeting during public comment.
Investment Opportunity for Santa Clara Valley Water District

California WaterFix
(10-Year-Old Start-up)

Green Light to Product Launch: 20 Years
Projected Payout on Each $1 Billion Invested: $220 Million
Net Return: Negative $780 Million.
Note: Return could be less favorable if project experiences expected cost overruns.

Project Features
Employs Rotary-Dial-Era Technology
Has Little Potential for Improved Performance via Emergent Technologies
Produces No Additional Water for Residential, Commercial, or Agricultural Use
Will Convey Little or No Water in Dry Years
Costs More and Creates Less Value Than All Major Alternatives
Highly Likely to Become Stranded Asset as Climate Changes

Project History
SCVWD Staff Reporting to Board Done Solely to Support Predetermined Outcome
Incomplete/Inaccurate Project Information Provided by State Agencies
District's Share of Project Cost Revealed Less Than Two Months Before Critical Vote
Pressure Applied Directly to Each Board Member by Natural Resources Secretary

Community Relations Talking Points
Creates Almost No Jobs in Santa Clara County
Zero Workforce Development Statewide
Will Destroy One of Largest Sandhill Crane Nesting Grounds in Western U.S.
Leaves Lasting Monument to Governor Edmund G. Brown, Jr.

Finances
Project Currently 100% Over Budget for Planning Phase
+/-40% Hole in Project Financing
May Require Over $5 Billion in Tax Monies to Close Gap

Legal Issues
Negative Report on Project from State Auditor:
  • Project lacks a financial or economic analysis of its feasibility
  • Lead agency broke state contracting laws
Federal Determination: Illegal Transfer of U.S. Funds to Project
Lawsuits Filed by Counties and by Fishing, Farming, and Environmental Groups

"in California, water is a public trust resource."
Valley Economy

A discussion of economic, business, and environmental issues of importance in the Central Valley.

Sunday, October 8, 2017

In the nation's poorest big city, tunnel supporters push to raise water bills based on nostalgia instead of facts.

After 11 years of planning, the $17 billion WaterFix project has no viable financial plan (other than approving a blank check from southern California water ratepayers), no benefit-cost analysis justifying the project, a negative environmental assessment, and a small and highly uncertain water supply effect.

So how does the Governor, Metropolitan Water Districts and other leaders sell a rate increase of substantial magnitude to poor households to pay for such a poorly-justified legacy project? With a mix of nostalgia, hyperbole and fear.

The LA Times editorial board echoed this weak case for the tunnels in its Sunday editorial, “Stop wafting over the delta tunnels and dig.” Without even mentioning the recent news that the tunnels’ already shaky finances were blown up by Westlands Water District and Bureau of Reclamation’s decisions not to pay for the tunnels, the Times gives a strong endorsement a few days before Metropolitan Water District votes.

One might expect some thoughtful discussion of ratepayer effects and how to pay the colossal costs. This is especially true given that Los Angeles has the highest level of poverty of any big city in the U.S., with the enormous and rising cost of living for LA households the largest contributor to the city’s biggest crisis. Instead, ratepayer effects were brushed aside with this dismissive, fact-free statement at the end of the editorial.

   One thing urban ratepayers can count on, though, is that their water bills will go up. The issue is whether they will be paying more because they are financing a project that keeps a sustainable amount of water coming to them, or because there is no project and water therefore becomes a scarcer and more precious commodity.

Rather unbelievably, they are asserting that there will be no difference in rates with and without the project. Even the most deceptive pro-tunnel propaganda doesn’t make that claim.

When it comes to modern, more sustainable alternatives for water supply, the editorial says - yes, we need to build and pay for all of that too. This argument that assumes household water bills are an unlimited resource in the nation’s poorest city. There is no need to prioritize, buy it all!

LA is a city with serious economic issues. It needs a spark from new industries with growth potential, not higher household bills for outdated legacy projects. It could be a worldwide hub for the next generation of water technology, a silicon valley of water tech, creating jobs and economic development while it solves its own water challenges by developing and deploying technologies that can be replicated and sold around the world. Rather than direct LA ratepayer dollars in this forward-looking direction that would give the City an economic boost in the short and long-term, tunnel backers would prefer to cement (literally) its water future to an outdated approach that creates environmentally destructive one-time jobs hundreds of miles away.

The editorial boldly argues that the tunnels are good for the rest of the state too. I guess those Westlands farmers who voted no and residents of the Delta counties are just too stupid to know what’s good for them. It says it will be good for the delta’s environment, repeating advocates propaganda and ignoring the actual scientific assessments. It says it will benefit agriculture, ignoring the assessment of the farmers who would supposedly benefit. And it says it is good for the entire state’s economy because we are all interconnected. Wrong. Because the state is interconnected, the whole state would benefit if LA were to choose to invest new technologies, greater regional self-sufficiency, and reduced reliance on the Delta.

Ultimately, the piece is nothing more than nostalgic praise for the great “ingenious” water projects of
the past, and a desire for one more giant project to complete the legacy of the last century. It's impatient call to "stop waffling and dig" is reminiscent of Governor Brown's comments about "analysis paralysis" and "I want to get shit done."

These kind of statements feel good and sound decisive, but they actually prevent California from moving forward. Absent an enormous, unjustified and unlikely subsidy, there is no viable path forward on the tunnels. Rather than being decisive, these sentiments can only force the state into wasting another decade of time and money on a project that simply won't work. The editorial should be titled, "Stop waffling, and vote no on the doomed delta tunnels."

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