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

CEO BULLETIN / NEWSLETTERS

CEO Bulletin: 05/25/18 – 05/31/18

BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS

BMR/IBMR Weekly Reports: 05/31/18

Memo from Nina Hawk, COO/WUE, to the Board, dated 05/21/18, regarding Annual Capital Improvement Program Update Process.

Memo from Rachael Gibson, DAO, Office of Government Relations, to Rick Callender, Chief of External Affairs, dated 05/23/18, regarding Monthly Legislative Summary for March/April 2018.

Memo from Jim Scott, AOO/WUE, to Nina Hawk, COO/WUE, dated 05/23/18, regarding Evaluation of Lifting Daily Recreational Watercrafts Launch Limit at Calero Reservoir.

Memo from Nina Hawk, COO/WUE, to the Board, dated 05/29/18, regarding Response to May 2, 2018 Letter from Deirdre Des Jardins regarding California WaterFix (BMR-18-0010).

INCOMING BOARD CORRESPONDENCE

Board Correspondence Weekly Report: 06/01/18

Letter from Megan Medeiros, Committee for Green Foothills, to the Board, dated 05/23/18, regarding sponsorship for their event (C-18-0095).

Email from Deanna Lopez to the Board, dated 05/25/2018, regarding California WaterFix (C-18-0096).

Email from Ingrid Desilvestre to the Board, dated 05/26/18, regarding California WaterFix (C-18-0097).

Email from Ken Colson to the Board, dated 05/27/18, regarding California WaterFix. (C-18-0098).

Letter from the Ortiz Family to the Board, received 05/25/18, thanking them for the floral arrangement for Jan Ortiz’s memorial services (C-18-0099).

Email from Sue McElwaine to the Board, dated 05/30/18, regarding funding for California WaterFix (C-18-0100).

Email from Elaine Talerico to Director Varela, dated 05/31/18, regarding homeless encampments along Thompson creek (C-18-0101).
OUTGOING BOARD CORRESPONDENCE

None
To: Board of Directors  
From: Norma J. Camacho, CEO

Chief Executive Officer Bulletin  
Week of May 25 - 31, 2018

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>Judge invite for FIRST Lego League Global Innovation Expo</td>
</tr>
<tr>
<td>2</td>
<td>Tax Defaulted Property Acquisitions Underway in Alviso</td>
</tr>
<tr>
<td>3</td>
<td>Cost Sharing Agreement with the City of San Jose for Water Conservation Programs</td>
</tr>
<tr>
<td>4</td>
<td>27th Annual Coastal Cleanup Day - Saturday, May 19, 2018</td>
</tr>
<tr>
<td>5</td>
<td>Update on Local Solar Development and Almaden Campus Solar Carport Warranty Settlement</td>
</tr>
</tbody>
</table>

Judge invite for FIRST Lego League Global Innovation Expo

The district has been invited to serve as an honorary judge at the Global Innovation Expo in the final round of the For Inspiration & Recognition of Science & Technology (FIRST) Lego League competition. The Global Innovation Expo takes place over three (3) days, from June 19-21, 2018 at San Jose State University’s (SJSU) Student Union.

The Education Outreach team in the Office of Civic Engagement has been actively involved with 127 local FIRST Lego League teams over the past year, providing support as they studied hydrodynamics, the theme for this year. Due to this involvement, the Office of Civic Engagement has been invited to be one of the judges on the panel for the Global Innovation Award. This award is the final level of competition for these teams. The Office of Civic Engagement sent a request to the board to serve on the judging panels on May 16, 2018.

The details of the training and time commitments for being the judge on panel are as follows:

June 19, 2018: Judge training at SJSU location from 3 p.m.-5 p.m.; Judge Welcome dinner from 6 p.m. - 8:30 p.m.
June 20, 2018: Judging at SJSU location from 7:30 a.m.-5:30 p.m.
June 21, 2018: Complete any scoring still needed at SJSU location from 9 a.m. – 2 p.m.; arrive at 4 p.m. to California Theatre for medaling; Closing ceremony is at 5:30 p.m.- 6:30 p.m.; VIP Reception (optional) starts at 6:30 p.m.

Should the Directors not be able to attend, the plan is to have a staffer in the Office of Civic Engagement attend and serve as a judge. In addition, a separate request is being made of the Directors to attend the award/closing ceremony on June 21, 2018, at 5:30 p.m.

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

---

**Tax Defaulted Property Acquisitions Underway in Alviso**

The district has been working with the County of Santa Clara to acquire two (2) parcels of property adjacent to current lands of Santa Clara Valley Water District, along the Guadalupe River area in Alviso. These lands are subject to the power of sale by the Department of Tax and Collections for non-payment of taxes. These properties were formerly owned by the Blue Whale Sailing School. The district will pay all defaulted taxes, assessments and associated fees to obtain full fee ownership of the properties. This extra stretch of ownership will provide the necessary right of way for the district's maintenance access road, levee and the public trail. Due to the extensive processing required, the final documents need to be approved by the board, San Jose City Council, County Board of Supervisors and the State Controller's Office. We anticipate bringing this before the board for approval in July 2018, to meet the current timelines with the other agencies.

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

---

**Cost Sharing Agreement with the City of San Jose for Water Conservation Programs**

Staff would like to inform the board of a retroactive start date for a Cost Sharing Agreement (Agreement) with the City of San Jose for Water Conservation Programs. This is informational only; no specific action is needed by the board.

The district has been working with the City of San Jose on this Agreement since September 2017, and it includes three (3) water conservation programs: the Landscape Rebate Program, the Graywater Rebate Program, and the Home Water Use Reports Program. While the district administers the Landscape Rebate and Graywater Rebate Programs, the City of San Jose administers the Home Water Use Reports Program, utilizing the assistance of an outside contractor, who sends out the reports.

Due to issues between the City of San Jose and their Home Water Use Reports Program contractor, their contract to administer this program was not finalized until March 2018, therefore, holding up the process of finalizing the Agreement with the district. The City of San Jose has requested the Agreement have a start date of January 1, 2018, in order to be reimbursed for all work related to their Home Water Use Reports Program.

For further information, please contact Garth Hall at (408) 630-2750.
27th Annual Coastal Cleanup Day - Saturday, May 19, 2018

In support of the 27th National River Cleanup Day (NRCD), the district, in partnership with the Creek Connections Action Group (CCAG), coordinated another successful cleanup event in Santa Clara County on May 19, 2018. From Palo Alto to Gilroy, 44 sites participated in this year’s NRCD. A total of 1,354 volunteers cleaned 65 miles of creek and shoreline, removing approximately 47,353 pounds of trash, which included 2,085 pounds of recyclables. The district broke last year’s records in volunteer turnout, trash collected, and miles cleaned.

This year the district had great participation, including three (3) directors attending cleanup sites in their respective districts (Chair Richard Santos and Directors Barbara Keegan and Nai Hsueh). District employees also attended a cleanup site in Milpitas on Tularcitos Creek. Other organizations that participated included PG&E, Guadalupe River Park Conservancy, San José Fairmont, various Boy/Girl, and Cub Scout troops, Keep Coyote Creek Beautiful, South Bay Clean Creeks Coalition, Santa Clara County Creeks Coalition, Forest Hill Elementary, Blackford Elementary School, The Rotary Club of San Jose/Salas O'Brien, Star Fellowship, De Mattei Construction, Ducks Unlimited Gilroy, Abbott, Save The Bay, Haley & Aldrich, Don Edwards Wildlife Refuge, Santa Clara University, Lockheed Martin Leadership Association, Silicon Valley FACES, Santa Clara County Parks and Recreation, City of Cupertino, GreenTown Los Altos, City of Milpitas, City of Morgan Hill, City of Mountain View, City of Palo Alto, West Valley Clean Water Program, City of Santa Clara, City of San Jose, and the City of Sunnyvale.

Some interesting items that were picked up by volunteers, include: A Google bike frame, 767 tennis balls, a Christmas tree, a kitchen sink, 100 rounds of live ammunition, shopping carts, a bird scooter, a suitcase with clothes, over 1,000 cigarette butts, a truck bed shell, and some plywood.

The district has received numerous emails from satisfied volunteers after the cleanup, such as:

- "I love seeing [Thompson] creek so clean." - San Jose Resident and Volunteer Site-Coordinator
- "Great job this year!! What a great number of volunteers and a huge amount of trash collected!" - City of Sunnyvale
- "Thanks for coordinating! Great job." - Palo Alto Resident and Volunteer Site-Coordinator
- "Thank you for organizing the event." - City of Mountain View (Fire and Environmental Compliance Division)
- "Thank you for organizing another successful event!" - City of Palo Alto (Environmental Services Department)
- "It was nice having Director Hsueh at our cleanup site, she can come back whenever she likes." - Lockheed Martin Leadership Association (Adopt-A-Creek Partner and Volunteer Site-Coordinator)

The district will continue to leverage the momentum from the volunteers to further encourage them to sign up for the upcoming Coastal Cleanup Day, Adopt-A-Creek Program, and to support other district volunteer efforts.

The CCAG is a consortium of public agencies and non-profit organizations that share a goal of protecting Santa Clara County's waterways. These agencies include the district (Chair), Santa Clara County Parks and Recreation, and the City of San José (Parks Recreation and Neighborhood Services, Environmental Services Department), City of Santa Clara, City of Palo Alto, City of Sunnyvale, City of Milpitas, City of Cupertino, and West Valley Clean Water Program (Campbell, Monte Sereno, Saratoga and the Town of Los Gatos).

For further information, please contact Rick Callender at (408) 630-2017.
Update on Local Solar Development and Almaden Campus Solar Carport Warranty Settlement

In January 2018, the district released a Request for Proposals (RFP) through the Power and Water Resources Pooling Authority (PWRPA), to solicit interest in developing solar installations at the district’s Rinconada Water Treatment Plant (RWTP), Silicon Valley Advanced Water Purification Center (SVAWPC), and Almaden Campus. The RFP also included the warranty rehabilitation of the existing solar panels on the district’s headquarters solar carports and the district’s administration building rooftop.

The district evaluated multiple finance options presented in the proposals and determined the most competitive finance option to be a long-term, 20-year power purchase agreement (PPA). However, the portfolio pricing for the proposed local solar PPA was approximately 50-60% higher than an equivalent utility-scale solar project, including transmission and distribution costs to deliver power to District facilities. The district is continuing to explore local solar alternatives that are outside the scope of this RFP but may be more cost effective.

Since there are time constraints to complete the Almaden Campus solar carport warranty settlement close-out, the district continues to negotiate rehabilitation efforts with the top-ranked solar developer to replace the defective solar panels on the carport with new, higher density solar panels. The district is preparing a board agenda memo for the June 29, 2018, board meeting to authorize the CEO to execute a rate agreement with PWRPA to enter a PPA with the solar developer to perform the Almaden Campus solar carport rehabilitation. The district is still negotiating with BP Solar in our efforts to obtain a second settlement offer relating to the solar panels on the Administration building rooftop.

For further information, please contact Kurt Arends at (408) 630-2284.
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-18-0009</td>
<td>Pending</td>
<td>05/08/18</td>
<td>Hsueh</td>
<td>Hawk</td>
<td>Staff to look into water conservation software being used by Mr. Dave McLeroy and provide information to Water Conservation and Demand Management Committee for discussion.</td>
<td>05/28/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-18-0000</td>
<td>Pending</td>
<td>04/24/18</td>
<td>Keegan</td>
<td>Richardson</td>
<td>Director Keegan requested that staff provide the Board with a report on the Conservation Corps Trail Security Plan.</td>
<td>05/16/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-18-0010</td>
<td>Pending</td>
<td>05/02/18</td>
<td>Keegan</td>
<td>Hawk</td>
<td>Staff to respond to Ms. Deirdre Des Jardins’ letter presented to the Board during Public Comments on the California WaterFix for Item 2.1 at the May 2, 2018 Special Board Meeting.</td>
<td>05/22/18</td>
<td></td>
<td></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-18-0006</td>
<td>Pending</td>
<td>04/24/18</td>
<td>Hsueh</td>
<td>Richardson</td>
<td>Director Hsueh requests staff prepare a draft response to the October 21, 2016 Saratoga Creek petitioners for the May 22, 2018, Board Meeting.</td>
<td>05/14/18</td>
<td>04/25/18 Information Only.</td>
<td></td>
</tr>
<tr>
<td>I-18-0008</td>
<td>Pending</td>
<td>05/09/18</td>
<td>Keegan</td>
<td>Hawk</td>
<td>Staff is to investigate options, and other agency’s best management practices, for contractor or consultant contractual ability/restriction to issue press releases, advertise, or otherwise communicate with the public about projects.</td>
<td>05/29/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I-18-0007</td>
<td>Pending</td>
<td>05/08/18</td>
<td>Kremen</td>
<td>Hawk</td>
<td>Provide Director Kremen with the Draft P3 Term Sheet in WORD format.</td>
<td>05/29/18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TO: Board of Directors

SUBJECT: Annual Capital Improvement Program (CIP) Update Process – Letters from Cities and County

FROM: Nina Hawk

DATE: May 21, 2018

The purpose of this memorandum is to transmit to the Board additional letters received from various cities and the County regarding the consistency of the District’s 5-Year Capital Improvement Program (CIP) with the cities’ and county’s general plans.

As part of the annual 5-Year CIP updating process, staff distributes the Draft 5-Year CIP to all the cities and the County of Santa Clara for their review. Staff also offers to meet with staff at each city and with county staff to discuss key capital projects and solicit city/county staff’s concerns or interests in these projects.

At the May 8, 2018 Board meeting, the Board approved the Fiscal Years’ 2019-2023 CIP. Several letters that had been received from various cities (Cupertino, Morgan Hill, and Sunnyvale) were provided as an attachment to the CIP Board item. Several additional letters have been received (from the cities of San Jose and Milpitas, and from Santa Clara County) since the May 8, 2018 Board meeting, and are provided herein.

For further information, please contact Katherine Oven at extension 3126.

Nina Hawk
Chief Operating Officer
Water Utility Enterprise

Attachment 1: CIP letters from City of San Jose; City of Milpitas; County of Santa Clara

Cc: B. Redmond
May 7, 2018

Melanie Richardson, P.E.
Chief Operating Officer
SCVWD – Watersheds Design and Construct Division
5750 Almaden Expressway
San Jose, CA  95118-3614

Dear Ms. Richardson,

SUBJECT: SANTA CLARA VALLEY WATER DISTRICT (SCVWD) FY 2019-23 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Thank you for the opportunity to review and comment on the SCVWD’s Draft Fiscal Years 2019-23 Five-Year Capital Improvement Program (CIP). Overall, the City finds it consistent with the Envision San José 2040 General Plan.

City staff has conducted a review of the SCVWD 5-year CIP document to identify any issues of concern or partnering opportunities as they relate to Flood Control, Trails Program and the City’s overarching planning documents (Envision San José 2040 General Plan, The Greenprint, The Green Vision, and Storm Sewer Master Plan).

The City looks forward to continued cooperation and successful partnerships with the various programs and projects of both our agencies. The SCVWD’s attention and support for river and stream improvements, capital maintenance, storm response and trail programs provide benefits for the entire community. The City’s comments are detailed below:

Storm Sewer CIP and Storm Sewer Master Plan
Rajani Nair 408-535-8306 (Storm CIP), and Shelley Guo 408-793-4132 (Storm Master Plan)

III-15: Guadalupe River -Upper, Interstate 280 to Blossom Hill — The Expenditure Schedule shows significant increase during the construction phase from the adopted FY 18-22 CIP project information sheet. SCVWD staff explained that the USACE will focus on expansion of the bridge improvements over Willow and Alma Street crossings where the City will be maintaining the structure and SCVWD will maintain the flood control aspects. USACE will continue to seek additional funding to perform the flood control channel improvements. The City seeks the opportunity to incorporate any storm capacity improvements that may be included in this project. The City has developed the Guadalupe River Trail Master Plan from Virginia Street to Chynoweth Avenue, and is coordinating a final review with SCVWD staff at this time. The City seeks to be engaged in all planning and design work to support future joint use.
III-17: Berryessa Creek, Calaveras Boulevard to Interstate 680 – The Expenditure Schedule shows a decrease in construction phase from the adopted FY 18-22, however the project was extended to FY 21-22. Please provide information about the amount of sediment removed to the City (Rajani Nair).

III-21: Coyote Creek, Montague Expressway to Interstate 280 – The City recognizes the efforts SCVWD provided for the community to protect the Rockspings neighborhood after the February 2017 floods by building a temporary wall. The City wants to continue to collaborate with SCVWD in providing additional flood control protection to 1400 business and homes near Coyote Creek. Also, the City will continue to collaborate with SCVWD on its findings to further accelerate the schedule for immediate flooding protection where the community can benefit from these improvements in the future.

The City has completed three master plans for Coyote Creek Trail development from Montague Expressway to Highway 101, Highway 101 to Story Road, and Phelan Avenue to Tully Road. Design work is at the 100% stage for Story to Phelan. Design work is now commencing for Phelan Avenue to Tully Road. The City requests to be actively engaged in planning and design work to support future joint use.

III-23: Cunningham Flood Detention Certification – The City is aware this project is currently being advertised and is waiting for CAFW permitting approval. City staff has been working closely with SCVWD staff with this project that will increase the height of the flood wall along the Cunningham Avenue located on the north side of Lake Cunningham Regional Park. Additional improvements will be design for the park and outfall into Silver Creek that will help maintain water levels at Lake Cunningham. SCVWD has incorporated design changes that include relocation of the trash compactor and beautification to the north entrance. This project has been a very good collaborative effort between the City of San Jose and SCVWD.

III-29: Upper Penitencia Creek, Coyote Creek to Dorel Drive – The SCVWD has notified the City that it will be unable to assist with the sediment removal where Upper Penitencia Creek crosses Mabury Road. In the interim, the City will obtain necessary permits from the regulatory agencies and work with SCVWD to obtain encroachment permits prior to the removal of sediment under these bridges. Since this project will no longer obtain USACE funding and the design and construction of this project is unknown, the City wants to establish a maintenance or relinquishment of water rights agreement with SCVWD so that the conveyance within this area of the Upper Penitencia Creek will be maintained and will minimize future flooding issues to the Fox Hollow Neighborhood. The City operates the Penitencia Creek Trail from Berryessa BART to Dorel Avenue, with the majority of the system governed per a Tri-Party Agreement between the City, SCVWD and County of Santa Clara. As is now occurring, the City wishes to be engaged as part the SCVWD’s planning process.

IV-9: Almaden Lake Improvements – The City seeks to assist SCVWD as it presents these future improvements to the local community and City Council District 10 staff.
City of San Jose CIP updates:
The citywide Storm Sewer Master Plan will recommend storm drain system improvements to convey the 10-year storm event at the General Plan 2040 land use scenario. The City’s master planning efforts to provide increased flood protection for North San Jose proposes two new pump stations.

- Alviso Storm Sewer Pump Station (Guadalupe River) – This project will construct a new storm sewer pump station at the corner of Catherine and Gold Streets that will convey approximately 110 cfs capacity to provide protection for the ten-year storm and 100-year storm. Also, this project will install a new outfall with a bubbler structure within SCVWD right of way at Catherine Street and the levee structure by Guadalupe River. The City will coordinate with SCVWD to finalize a license agreement for use of SCVWD property for this outfall structure. The existing Gold Street storm pump station will remain in operation as a back up station and to assist United States Fish and Wildlife (USFW), to reduce water levels in the marsh during the wet season. Currently, the City is working with other regulatory agencies and SCVWD to obtain permits for this project. The project was awarded in October 2017 and is currently under construction with anticipated completion date in late 2019.

- Charcot Storm Sewer Pump Station (Coyote Creek) – It is recommended that a new 225 cfs pump station should be constructed to eliminate flooding of roadways and private property. During the past winter season (15-16) due to the potential threats of El Nino to provide an increased amount of rainfall, the City installed 3-12 inch temporary pumps to provide a continuous service in case excessive rainfall occurred. The City obtained a 2-year permit with SCVWD. The City will request this continued support until additional funds can be acquired to determine a location and build a permanent structure.

Trails Program
City Contact: Yves Zsutty 408-793-5561

Page VIII-17 Appendix E – Feasibility Studies: City staff is working collaboratively with the SCVWD to design and ultimately replace the low-channel crossing at Singleton Road with a clear-span bridge structure. The “Ogier Ponds Separation from Coyote Creek” Feasibility Study supports creek restoration upstream. PRNS Staff (Yves Zsutty) seeks to be kept informed of study progress and findings to ensure that current design approach at Singleton Road remains viable.

Page VIII-19 Appendix F: City staff is completing the Guadalupe River Trail Master Plan which defines a 4.9-mile Class I trail between Virginia Street and Chynoweth Avenue. Staff has been working closely with US Army Corps of Engineers and SCVWD staff to ensure flood control maintenance roads offer a footprint for the future trail to the greatest extent possible. The Master Plan is to be presented to the City Council for final approval on May 23, 2018. PRNS
Staff (Yves Zsutty) seeks to be kept informed of any changes to the design/construction schedule per the table provided, as the City seeks to prioritize trail development projects to immediately follow flood control work. Ideally, we seek a schedule that is based on major reaches (between Arterial Roadways) because the overall schedule is too general in order to schedule priority projects.

Page VIII-19 Appendix F: City staff continues work on the Penitencia Creek trail. Currently, work concludes on newly-paved trails between Berryessa Station Way and King Road, and from Noble Avenue to Dorel Drive. Flood control planning and design should consider these public access trails and seek to secure their accessibility and operation.

Department of Transportation – Storm and Sewer Operation Maintenance Division
City Contact: Jennifer Seguin 408-794-6453

The City of San Jose would like to partner with SCVWD in determining opportunities to prioritize projects that will help benefit the San Jose residents in light of recent flooding events that occurred in surrounding areas of Coyote Creek watershed.

If you have any questions, please feel free to contact me at 408.975-7333.

Sincerely,

Michael O’Connell, P.E.
Deputy Director
Public Works Department

cc. Nicolle Burnham, PRNS
    Kevin O’Conner, DOT
    Napp Fukuda, ESD
April 26, 2013

Katherine Oven
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

Re: Santa Clara Valley Water District 2018-2023 Capital Improvement Program

Dear Ms. Oven,

City staff appreciated the opportunity to meet with yourself and Ngoc Nguyen this afternoon to discuss the Santa Clara Valley Water District 2018-2023 5-year Capital Improvement Program, and the eleven projects affecting the City of Milpitas (attached). City staff has reviewed these projects and find the District Capital Improvement Program to be consistent with the Milpitas General Plan. If you have any questions on this matter, please feel free to contact me at 408-586-3301.

Sincerely,

[Signature]
Steven Erickson, PE
Engineering Director/City Engineer

CC. Tony Ndah, Director of Public Works
    Bradley Misner, Planning and Neighborhood Services Director
    Kan Xu, Associate Engineer
May 16, 2018

Katherine Oven
Deputy Operating Officer, Water Utility Capital Division
Santa Clara Valley Water District
5750 Almaden Expressway, San Jose, CA 95118

RE: General Plan Conformance for Santa Clara Valley Water District Capital Improvement Program – FY2019-23

Dear Mrs. Oven

Thank you for the opportunity to review the FY-2019-23 Capital Improvement Program for the Santa Clara Valley Water District. The Department of Planning and Development has reviewed the project categories and itemized project descriptions and locations for General Plan conformance.

The Department evaluated the Capital Improvement projects for both conformance with the countywide General Plan policies, and, where applicable, the County's land use designations. The Department has determined that projects within the FY2019-23 Capital Improvement Program are consistent with the County's 1994 General Plan, as amended.

Please don't hesitate to contact me at (408) 299-5792 if you have any questions regarding this.

Sincerely,

[Signature]

Rob Eastwood
Planning Manager, County of Santa Clara

Cc: Jeff Smith,
    Kirk Girard, Director, Planning and Development
MEMORANDUM

TO: Rick L. Callender
FROM: Rachael Gibson
DATE: May 23, 2018

SUBJECT: Monthly Legislative Summary for March/April 2018

FEDERAL ISSUES

Omnibus Bill Becomes Law; Legislators Crafting Appropriations Bills

In late March, the President signed a $1.3 trillion Omnibus package (Omnibus) that funds the Federal government through the end of the Federal fiscal year (September 30, 2018). The Omnibus resulted in an increase in funding for the U.S. Army Corps of Engineers (USACE), the Bureau of Reclamation (Reclamation), and the Water Infrastructure Finance and Innovation Act (WIFIA) Program. These funding increases will help support both the District’s flood protection projects and water supply infrastructure projects, which rely heavily on federal funding.

- The Omnibus included an allotment to the USACE of $123 million for studies and $2.085 billion for construction. This increase reflects a nearly $800 million boost to the overall USACE budget, bringing it to a total of $6.83 billion. The USACE’s budget lines increased by an additional $200 million for its construction funds, and nearly $500 million more for operations and maintenance of its aging portfolio of locks, dams, levees, and ports.

- Also included in the Omnibus was an allotment of $63 million for the WIFIA program, which provides low-interest loans for water projects. Out of this total allotment, $55 million in WIFIA funds will be provided for direct loan subsidization which could translate into a potential loan capacity in excess of $6 billion to eligible entities, such as the District, for water infrastructure projects.

- Reclamation would also see an increase of $163 million to its budget to support water supply infrastructure projects and promote drought resiliency. Of this funding, $20 million would be allotted for water recycling and reuse projects which could benefit the District’s Title XVI recycled water projects.

Now that the Omnibus is law, Federal agencies are approaching their 60-day deadline of May 23rd to submit their funding work plans to Congress. The District continues to advocate to key federal elected officials and leadership of the USACE, Reclamation, and the Environmental Protection Agency (EPA) (which oversees the administration of the WIFIA program), to utilize this funding to support and advance the District’s critical flood protection and water supply projects.

Chair Richard Santos Leads District Advocacy Trip to Washington D.C.

From April 23 through April 25, 2018, Board Chair Richard Santos led District leadership and staff on the biannual advocacy trip to Washington DC, where they engaged in robust advocacy efforts to advance the Board’s and the District’s key projects and priorities.

Chair Santos and the District team met with key elected officials of Congress and the Administration to advocate for funding, streamlined permitting, and Board-supported legislation, to help advance the District’s flood protection, water infrastructure, water supply, and recycled water
projects. Meetings were held with Santa Clara County’s elected delegation, including Congresswoman Zoe Lofgren and Congressman Jimmy Panetta, as well as other key legislators, such as Congressmen Ken Calvert and John Garamendi. The District also met with the leadership staff of Congressional Committees and top officials at the USACE, Reclamation, the EPA, the Office of Management and Budget, the Department of Interior, and the Federal Energy Regulatory Commission, among many others.

These meetings allowed the District to advocate directly with decision makers at the federal level to secure strong support, provide project updates, and build relationships with these elected and appointed officials, in order to advance the District’s key flagship projects, such as the Pacheco Reservoir Expansion Project, the Anderson Dam Seismic Retrofit Project, and the South San Francisco Bay Shoreline Project. This comprehensive approach provided the District with the opportunity to promote three overall outcomes:

1. Influence the federal budget and appropriations process to ensure that District projects and District-supported projects receive needed funding in the Fiscal Year (FY) 2018 Work Plan, the FY 2019 Congressional appropriations, as well as through the Disaster Supplemental Funding that was recently allotted to the USACE as an additional source of funding to support flood risk and storm risk reduction projects;

2. Advocate for and influence legislation and administrative policies which support the District’s projects, funding priorities, and Legislative Guiding Principles; and

3. Advocate for and influence regulatory policies to ensure permits are approved and received in a timely, efficient and affordable manner.

The trip featured a productive series of meetings and Office of Government Relations (OGR) staff is following up on all requests and action items that resulted from the meetings.

**Western Urban Water Coalition’s Annual Spring Conference Features P3 Advocacy**

On April 12 and 13, 2018, staff advocated for the importance of Public Private Partnership (P3) financing for the District’s water infrastructure projects by presenting via tele-conference at the Western Urban Water Coalition’s (WUWC) Annual Spring Conference in Washington D.C. During these meetings, staff emphasized the need for a solution that will amend the current tax code to allow public agencies, such as the District, to combine tax-exempt bonds with public private partnerships, in order to produce increased funding to support the financing of the District’s recycled water, drinking water, and wastewater projects. The meetings on P3s sparked a discussion among other WUWC coalition members and resulted in a follow-up opportunity for the District to lead WUWC in promoting P3s not only through this legislative solution but also to advance P3s at the federal level by working with other coalition members to generate administrative strategies to advocate for P3s on the agency side as well. Staff is working with WUWC to develop administrative solutions and continue to advocate for the support of P3s at the federal level.
## Federal Legislation With Board-Approved Positions

<table>
<thead>
<tr>
<th>Bill</th>
<th>Author</th>
<th>Subject</th>
<th>District Position</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>S 216</td>
<td>Barrasso</td>
<td>Bureau of Reclamation Transparency Act (See HR 660)</td>
<td>Support and Amend</td>
<td>Passed by committee and sent to Senate floor for vote. No floor vote yet.</td>
</tr>
<tr>
<td>S 677</td>
<td>Barrasso</td>
<td>Water Supply Permitting Coordination Act (See HR 1654)</td>
<td>Support</td>
<td>On June 14, 2017—Subcommittee hearing held.</td>
</tr>
<tr>
<td>S 698</td>
<td>Cantwell</td>
<td>National Landslide Preparedness Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>S 731</td>
<td>Feinstein</td>
<td>Sacramento-San Joaquin Delta National Heritage Area Establishment Act (See HR 1738)</td>
<td>Support</td>
<td>On March 30, 2017—Full committee consideration and markup held by the Senate Energy and Natural Resources Committee.</td>
</tr>
<tr>
<td>S 1137</td>
<td>Cardin</td>
<td>Clean Safe Reliable Water Infrastructure Act</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>S 1464</td>
<td>Feinstein</td>
<td>Water Conservation Tax Parity Act</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>S 1696</td>
<td>Udall</td>
<td>Smart Energy and Water Efficiency Act</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>S 1700</td>
<td>Udall</td>
<td>Water Efficiency Improvement Act of 2017</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>S 2176</td>
<td>Whitehouse</td>
<td>Safeguarding America's Future and Environment (SAFE) Act (See HR 4490)</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>S 2329</td>
<td>Hoeven</td>
<td>Water Infrastructure Finance and Innovation Reauthorization Act of 2018 (See HR 4492)</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>S 2346</td>
<td>Booker</td>
<td>Innovative Workforce Development Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 434</td>
<td>Denham</td>
<td>New WATER Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 448</td>
<td>Huffman</td>
<td>Water Conservation Rebate Tax Parity Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>District Position</td>
<td>Status</td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>HR 519</td>
<td>Buck</td>
<td>Water and Agriculture Tax Reform Act</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 660</td>
<td>Gosar</td>
<td>Bureau of Reclamation Transparency Act (See S 216)</td>
<td>Support and Amend</td>
<td>Passed by committee and sent to House floor for vote. No floor vote yet.</td>
</tr>
<tr>
<td>HR 1269</td>
<td>LaMalfa</td>
<td>Sacramento Valley Water Storage and Restoration Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 1654</td>
<td>McClintock</td>
<td>Water Supply Permitting Coordination Act (See S 677)</td>
<td>Support</td>
<td>Passed in House sent to Senate on June 26, 2017. No hearings held in Senate yet.</td>
</tr>
<tr>
<td>HR 1669</td>
<td>Delaney</td>
<td>Partnership to Build America Act</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 1738</td>
<td>Garamendi</td>
<td>Sacramento-San Joaquin Delta National Heritage Area Establishment Act (See S 731)</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 1971</td>
<td>Smucker</td>
<td>Water Infrastructure Flexibility Act (See S 692)</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 2799</td>
<td>McNemey</td>
<td>Western Water Recycling and Drought Relief Act</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 3009</td>
<td>Duncan</td>
<td>Sustainable Water Infrastructure Investment Act</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 3275</td>
<td>McNerney</td>
<td>Water and Energy Sustainability through Technology Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 3604</td>
<td>Loebesack</td>
<td>National Flood Research and Education Center Act</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 3859</td>
<td>Waters</td>
<td>Drinking Water Infrastructure for Job Creation Act</td>
<td>Support</td>
<td>No hearing date set.</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>District Position</td>
<td>Status</td>
</tr>
<tr>
<td>--------</td>
<td>----------</td>
<td>-------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>HR 3912</td>
<td>Walorski</td>
<td>Move America Act of 2017</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 4419</td>
<td>Newhouse</td>
<td>Bureau of Reclamation and Bureau of Indian Affairs Water Project Streamlining Act</td>
<td>Support and Amend</td>
<td>A hearing was held by the House Natural Resources Committee on November 30, 2017, in the House Subcommittee on Water, Power, and Oceans.</td>
</tr>
<tr>
<td>HR 4490</td>
<td>Cartwright</td>
<td>Safeguarding America’s Future and Environment (SAFE) Act (See S 2176)</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 4492</td>
<td>Mast</td>
<td>Water Infrastructure Finance and Innovation Reauthorization Act of 2017 (See S 2329)</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 4525</td>
<td>Pallone</td>
<td>Living Shorelines Act of 2017</td>
<td>Support</td>
<td>No hearing dates set.</td>
</tr>
<tr>
<td>HR 5127</td>
<td>Napolitano</td>
<td>Water Recycling and Improvement Act</td>
<td>Support and Amend</td>
<td>No hearing dates set.</td>
</tr>
</tbody>
</table>

**STATE ISSUES**

**Pacheco Reservoir Expansion Project Advocacy Continues**

On March 21, staff secured speakers to testify in support of the District’s Water Storage Investment Program (WSIP) application for the Pacheco Reservoir Expansion Project before the California Water Commission (CWC), including Peter Ansel, representing Assemblymember Anna Caballero, and hydrologist Mark Strudley, representing the Santa Cruz County Flood Control and Water Conservation District Zone 7. Mr. Ansel underscored the benefits of the Pacheco Project and endorsed a request by the Association of California Water Agencies (ACWA) for three additional meetings with CWC staff, each before a WSIP milestone decision. Mr. Strudley provided the perspective of disadvantaged communities along the Pajaro River that would benefit from reduced flood risk.

Staff continues to generate support for this critical District project, and works each month to secure testimony from project supporters at each hearing before the CWC. The charts below indicate the CWC’s Public Benefit Ratio Determinations as of the end of April, as well as the latest WSIP Program schedule.
CA Water Commission Determinations for PBR Portion of Score

<table>
<thead>
<tr>
<th>Project</th>
<th>Commission-Approved Eligible Amount</th>
<th>Public Benefit Ratio Pending Applicant Funding Request Confirmation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program</td>
<td>$206.9 M</td>
<td>0.92 to 1.23</td>
</tr>
<tr>
<td>Kern Fan Groundwater Storage Project</td>
<td>$85.7 M</td>
<td>0.85 to 1.05</td>
</tr>
<tr>
<td>Los Vaqueros Reservoir Expansion Project</td>
<td>$459 M</td>
<td>1.77 to 1.81</td>
</tr>
<tr>
<td>Pacheco Reservoir Expansion Project</td>
<td>$484.5 M</td>
<td>1.77 to 2.02</td>
</tr>
<tr>
<td>Sites Project</td>
<td>$1,008.3 M</td>
<td>0.67 to 0.73</td>
</tr>
<tr>
<td>South Sacramento County Agriculture &amp; Habitat Lands Recycled Water, Groundwater Storage and Conjunctive Use Program</td>
<td>$280.5 M</td>
<td>0.87 to 1.05</td>
</tr>
<tr>
<td>Temperance Flat Reservoir Project</td>
<td>$171.3 M</td>
<td>0.38 to 0.47</td>
</tr>
<tr>
<td>Willow Springs Water Bank Conjunctive Use Project</td>
<td>$123.3 M</td>
<td>0.35 to 0.41</td>
</tr>
<tr>
<td>Total Commission-Approved Eligible Amount</td>
<td>$2,819.5 M</td>
<td></td>
</tr>
</tbody>
</table>

CA Water Commission Water Storage Investment Program Schedule

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Benefit Ratio (PBR) Review Applicant Notification</td>
<td>February 1, 2018</td>
</tr>
<tr>
<td>PBR Review Posted to <a href="#">WSIP Portal</a></td>
<td>February 2, 2018</td>
</tr>
<tr>
<td>Applicant PBR Appeals Due</td>
<td>February 23, 2018</td>
</tr>
<tr>
<td>Reviewer Responses to PBR Appeals Posted</td>
<td>April 20, 2018</td>
</tr>
<tr>
<td>Reviewers Meet with Applicants Regarding PBR Appeal Responses</td>
<td>April 25, 2018</td>
</tr>
<tr>
<td>Commission 3-day Meeting to Determine PBRs</td>
<td>May 1-3, 2018</td>
</tr>
<tr>
<td>Preliminary Application Scores Posted</td>
<td>May 25, 2018</td>
</tr>
<tr>
<td>Commission 3-day Meeting to Determine Scores</td>
<td>June 27-29, 2018</td>
</tr>
<tr>
<td>Final Scores and Application Ranks Posted</td>
<td>July 6, 2018</td>
</tr>
<tr>
<td>Commission 3-day Meeting, Maximum Conditional Eligibility Determinations</td>
<td>July 24-26, 2018</td>
</tr>
</tbody>
</table>

District-Sponsored State Legislation

*Senate Bill 881 (Wieckowski) Shoreline Project State Flood Subventions Authorization*

On April 17, 2018, the District's sponsored Senate Bill (SB) 881, which would add the South San Francisco Bay Shoreline Project (Shoreline Project) to the list of projects authorized to receive State Flood Control Subventions funding, was passed out of the Senate Judiciary Committee on a 7-0 vote. The bill is expected to be heard in the Senate Appropriations committee on May 7, where it will likely go to the suspense file.

Staff has secured strong support for SB 881 from multiple organizations including: ACWA, California Municipal Utilities Association, California Special District's Association, Silicon Valley Leadership Group, City of San Jose, Midpeninsula Regional Open Space District,
Santa Clara Valley Open Space Authority, and the Santa Clara Chamber of Commerce, among others. The bill has no opposition.

**Assembly Bill 1889 (Caballero) District Act Revisions**

Assembly Bill (AB) 1889 is District-sponsored legislation that makes three common sense changes to the District Act: (1) modifies the parcel tax exemption process for low-income seniors; (2) increases the number of meeting days for which a Director is eligible for remuneration from up to 10 days per month to up to 20 days per month; and (3) requires that the appointment to a vacant seat on the District Board be made from the geographic district in which the vacancy exists rather than from anywhere in Santa Clara County. Throughout March and April, OGR staff met with key policy consultants and members of the District’s legislative delegation to advocate for the bill, and on April 18 the Assembly Local Government Committee passed AB 1889 in a bipartisan vote of 9-0.

On April 26, AB 1889 was taken up on the Assembly Floor and was passed in a bipartisan vote of 71-1. The bill is now pending in the Senate Rules Committee for policy committee assignment. OGR staff anticipate the bill will be referred to the Senate Governance and Finance Committee for a hearing sometime in June.

Staff has secured support from a broad range of stakeholders, including ACWA, the California Municipal Utilities Association, the California Special Districts Association, American Federation of State, County, and Municipal Employees Local 101, and the San Jose/Silicon Valley Branch of the National Association for the Advancement of Colored People.

**Senate Bill 1301 (Beall) Permit Transparency and Expedited Approvals for Human Life Safety**

In March and April, OGR staff met with the California State Association of Counties, ACWA, San Francisco Baykeeper, CalTrout, and the Midpeninsula Open Space District, as well as resources and regulatory agencies, to discuss the District’s sponsored Senate Bill 1301, which would expedite permit processing and approval for dam safety and flood risk reduction projects.

On April 16, SB 1301 was passed by the Senate Natural Resources and Water Committee in a bipartisan vote of 8-0. On April 18, the bill was passed by the Senate Environmental Quality Committee in a vote of 5-0. In the weeks leading up to the hearings, OGR staff built support for the bill that enabled its the bill’s passage out of both committees. SB 1301 is now pending in the Senate Appropriations Committee which must either pass or hold the bill by May 25.
## State Legislation with Board-Approved Positions

Following is the status of bills on which the Board has adopted formal positions:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Author</th>
<th>Subject</th>
<th>Position/Priority</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coyote Creek Flood Victim Assistance Funding $10.4 million</td>
<td>Kalra</td>
<td>Coyote Creek Flood Victim Assistance</td>
<td>Support</td>
<td>$5.4 million approved for flood victim case work assistance as part of the budget</td>
</tr>
<tr>
<td>Budget Trailer Bill 810</td>
<td>Governor</td>
<td>Making Water Conservation a California Way of Life</td>
<td>Support if Amended</td>
<td>Failed—Assembly and Senate Budget Committees</td>
</tr>
<tr>
<td>Budget Trailer Bill on Dam Safety</td>
<td>Governor</td>
<td>Dam Safety</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>$10 Million for SB 492 Acquisition of San Jose Water Co Lands</td>
<td>Beall</td>
<td>Appropriate $10 from the Habitat Conservation Fund for SB 492 Implementation</td>
<td>Support</td>
<td>Pending in Assembly and Senate Budget Subcommittees</td>
</tr>
<tr>
<td>Flood Control Funding $100 million</td>
<td>Nielsen/Pan</td>
<td>$100 Million for Flood Control, including $50 Million for Flood Control</td>
<td>Support</td>
<td>Pending in Assembly and Senate Budget Subcommittees</td>
</tr>
<tr>
<td>AB 18</td>
<td>E. Garcia</td>
<td>California Clean Water, Climate, Coast Protection, and Outdoor Access for All Act of 2018</td>
<td>Support if Amended</td>
<td>Failed—Senate Appropriations Committee 2-Year Bill</td>
</tr>
<tr>
<td>AB 388</td>
<td>Mullin</td>
<td>Greenhouse Gas Reduction Fund: Wetland Restoration Projects</td>
<td>Support</td>
<td>Failed—Senate Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>AB 574</td>
<td>Quirk</td>
<td>Potable Reuse</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>AB 646</td>
<td>Kalra</td>
<td>Rental Property: Disclosures: Flood Hazard: Areas of Potential Flooding</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>AB 791</td>
<td>Frazier</td>
<td>SWP-and CVP: new conveyance facility</td>
<td>Oppose</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>Position/Priority</td>
<td>Status</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>---------------------------------------------------</td>
<td>-------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>AB 792</td>
<td>Frazier</td>
<td>Sacramento-San Joaquin Delta: Delta Stewardship Council</td>
<td>Oppose</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 793</td>
<td>Frazier</td>
<td>Delta: financing</td>
<td>Oppose</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 851</td>
<td>Caballero</td>
<td>Design Build</td>
<td>Sponsor</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>AB 968</td>
<td>Rubio</td>
<td>Urban water use: water efficiency</td>
<td>Support</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 979</td>
<td>Lackey</td>
<td>Local agency formation commissions: district representation</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>AB 1427</td>
<td>Eggman</td>
<td>Water: underground storage</td>
<td>Oppose</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 1489</td>
<td>Brough</td>
<td>Architects Practice</td>
<td>Oppose</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 1587</td>
<td>Levine</td>
<td>Invasive species: dreissenid mussels</td>
<td>Support</td>
<td>Failed—Senate Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>AB 1608</td>
<td>Kalra</td>
<td>Vibrant landscapes for California</td>
<td>Support</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 1654</td>
<td>Rubio</td>
<td>Water conservation</td>
<td>Support</td>
<td>Substantially Amended by Senate Natural Resources and Water Committee—Pending in Senate Rules Committee 2-Year Bill</td>
</tr>
<tr>
<td>AB 1667</td>
<td>Friedman</td>
<td>Water management planning (Mirrors Governor’s Budget Trailer Bill Language)</td>
<td>Support if amended</td>
<td>Pending—Senate Natural Resources and Water Committee 2-Year Bill</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>Position/ Priority</td>
<td>Status</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>AB 1668</td>
<td>Friedman</td>
<td>Water management planning (Mirrors Governor's Budget Trailer Bill Language with modifications requested by the District)</td>
<td>Support</td>
<td>Pending—Senate Rules Committee 2-Year Bill</td>
</tr>
<tr>
<td>AB 1669</td>
<td>Friedman</td>
<td>Urban water conservation standards and use reporting (Mirrors Governor's Budget Trailer Bill Language)</td>
<td>Support if Amended</td>
<td>Failed—Returned to the Chief Clerk of the Assembly</td>
</tr>
<tr>
<td>AB 1876</td>
<td>Frazier</td>
<td>Sacramento-San Joaquin Delta: Delta Stewardship Council</td>
<td>Oppose</td>
<td>Failed—Assembly Water Parks and Wildlife Committee</td>
</tr>
<tr>
<td>AB 1889</td>
<td>Caballero</td>
<td>Santa Clara Valley Water District</td>
<td>Sponsor</td>
<td>Pending—Senate Rules Committee</td>
</tr>
<tr>
<td>AB 2283</td>
<td>Holden</td>
<td>Income taxes: exclusion: turf removal water conservation program</td>
<td>Support</td>
<td>Pending—Assembly Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>AB 2308</td>
<td>Stone</td>
<td>Cigarettes: single-use filters</td>
<td>Support</td>
<td>Failed—Assembly Governmental Organization Committee</td>
</tr>
<tr>
<td>AB 2649</td>
<td>Arambula</td>
<td>Water rights: water management</td>
<td>Oppose</td>
<td>Pending—Assembly Appropriations Committee</td>
</tr>
<tr>
<td>AB 3170</td>
<td>Friedman</td>
<td>Sales and use taxes: exemptions: water efficiency</td>
<td>Support</td>
<td>Pending—Assembly Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>SB 3</td>
<td>Beall</td>
<td>Affordable Housing Bond Act of 2018</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>SB 5</td>
<td>De Leon</td>
<td>California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018</td>
<td>Support if Amended</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>SB 231</td>
<td>Hertzberg</td>
<td>Local Government fees and charges</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>Position/Priority</td>
<td>Status</td>
</tr>
<tr>
<td>-------</td>
<td>--------</td>
<td>---------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>SB 252</td>
<td>Dodd</td>
<td>Water Wells</td>
<td>Oppose unless Amended, now Neutral</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>SB 424</td>
<td>Allen</td>
<td>The California Regional Environmental Education Community Network</td>
<td>Support</td>
<td>Pending—Assembly Education Committee 2-Year Bill</td>
</tr>
<tr>
<td>SB 492</td>
<td>Beall</td>
<td>Midpeninsula Regional Open Space District: purchase of property: San Jose Water Company</td>
<td>Support</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>SB 519</td>
<td>Beall</td>
<td>Santa Clara Valley Water District</td>
<td>Sponsor</td>
<td>Pending—Assembly Local Government Committee</td>
</tr>
<tr>
<td>SB 594</td>
<td>Beall</td>
<td>Flood risk: dam failure: expedited permit processing and approval: human life safety protection.</td>
<td>Sponsor</td>
<td>Failed—Returned to the Secretary of the Senate</td>
</tr>
<tr>
<td>SB 634</td>
<td>Wilk</td>
<td>Santa Clarita Valley Water District Agency</td>
<td>Oppose unless Amended, now Neutral</td>
<td>Signed by the Governor</td>
</tr>
<tr>
<td>SB 705</td>
<td>Allen</td>
<td>Solid Waste: expanded polystyrene food service containers</td>
<td>Support</td>
<td>Failed—Senate Floor</td>
</tr>
<tr>
<td>SB 740</td>
<td>Wiener</td>
<td>Onsite treated water</td>
<td>Support</td>
<td>Failed—Returned to the Secretary of the Senate.</td>
</tr>
<tr>
<td>SB 881</td>
<td>Wieckowski</td>
<td>Flood control: County of Santa Clara: South San Francisco Bay Shoreline Project</td>
<td>Sponsor</td>
<td>Pending—Senate Appropriations Committee</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>Position/ Priority</td>
<td>Status</td>
</tr>
<tr>
<td>--------</td>
<td>--------</td>
<td>----------------------------------------------</td>
<td>--------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>SB 919</td>
<td>Dodd</td>
<td>Water Resources: stream gages</td>
<td>Support</td>
<td>Pending—Senate Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>SB 929</td>
<td>McGuire</td>
<td>Special districts: Internet Web Sites</td>
<td>Support</td>
<td>Pending—Assembly Local Government Committee</td>
</tr>
<tr>
<td>SB 966</td>
<td>Wiener</td>
<td>Onsite treated nonpotable water systems</td>
<td>Support</td>
<td>Pending—Senate Appropriations Committee—Suspense</td>
</tr>
<tr>
<td>SB 1301</td>
<td>Beall</td>
<td>Transparent and Expeditious Permitting for Human Life Safety</td>
<td>Sponsor</td>
<td>Pending—Senate Appropriations Committee</td>
</tr>
</tbody>
</table>

**LOCAL AND REGIONAL ISSUES**

**Santa Clara County Special Districts Association Awarded Special District Leadership Foundation’s Transparency Certificate of Excellence**

![Image of three people with a certificate]

*Director Tony Estremera, Chair Richard P. Santos, Vice Chair Linda J. LeZotte with Transparency Certificate of Excellence*

On Monday, March 5, OGR staff prepared remarks for and facilitated the Santa Clara County Special Districts Association’s (SCCSDA) quarterly meeting, which featured Chair Santos as the guest speaker. The Chair provided an overview of the District Board’s priorities for 2018 and discussed the importance of collaboration and commitment to working closely with other government agencies to provide the best possible service to the community. The California Special Districts Association also honored the SCCSDA, which is comprised of more than a dozen independent special districts in Santa Clara County, for their transparency efforts by presenting
the body with a Special District Leadership Foundation Transparency Certificate of Excellence. Staff maintains the SCCSDA’s website and all materials generated for the group, which are fundamental to the application for the Transparency Certificate of Excellence, which staff also prepared and submitted to the Special District Leadership Foundation for consideration.

Joint Meeting of the Santa Clara Valley Water District and the City of Milpitas

On March 21, staff coordinated the first joint meeting between the District Board of Directors and Milpitas City Council (Council). The two elected bodies received presentations on and discussed an overview of the District’s water infrastructure and water supplies, opportunities for coordination and collaboration on projects benefiting Milpitas, legislative efforts, and emergency preparedness. The Board and Council engaged in robust dialogue on each issue and agreed to meet again on an annual basis to continue discussing issues of mutual interest.

Board Members Engage the Community on Water Issues

Each month, OGR facilitates and supports Board Members’ participation at water- and legislative-related forums, presentations, and other events across the county.

On Wednesday, March 14, staff prepared remarks for and facilitated Director Tony Estremera’s participation at the Goodyear and Mastic Neighborhood Association Meeting. Director Estremera presented on flood preparation and discussed the importance of preparing for floods, including how to prepare an emergency kit, where to obtain sandbags, various disaster notification resources, flood insurance, and other helpful information. Director Estremera also distributed 40 family emergency packs to the meeting attendees. The presentation and information was well received by the attendees.

On Thursday, April 5, staff prepared remarks for and facilitated Director John Varela’s participation at the Morgan Hill Chamber of Commerce Breakfast. The theme of the meeting was “Live Lean, Go Green” and the Director provided introductory remarks and introduced water conservation staff to present on the Graywater Rebate Program. The presentation was well
received and the participants were appreciative of the District providing information on this unique program.

On Friday, April 13, staff prepared remarks for and facilitated Chair Santos' participation in the Silicon Valley Regional Economic Forum, which is one of the 16 regional forums in the state of California that are held in spring to help identify economic competitiveness issues of the region. Chair Santos introduced the Environmental and Sustainability, Advancing Transportation, Energy and Water Solutions Panel, who then discussed potential solutions to these important issues. The results from the forums are funneled up to a statewide summit or Capitol day to identify the issues facing the state. All of these efforts work towards influencing legislation regarding the most pressing issues of the state.

On Friday, April 20, staff prepared remarks for and facilitated Director Varela's participation at the Gilroy Chamber of Commerce's 5th Annual Legislative Summit. Director Varela gave an overview of the District's mission, advocacy efforts, and key District projects, including the Pacheco Reservoir Expansion Project, Upper Llagas Creek Flood Protection Project, and the Anderson Dam Seismic Retrofit Project. Director Varela was joined at the Summit by a host of other elected officials representing the south county area, including Congressman Jimmy Panetta, State Assemblymember Anna Caballero, Santa Clara County Supervisor Mike Wasserman, Gilroy Mayor Roland Valesco, and Morgan Hill Mayor Steve Tate.
On Thursday, April 25, staff prepared remarks for and facilitated Director Gary Kremen's participation in the Pajaro Compass Network Field Day, hosted by The Nature Conservancy. The Field Day was held at the Gabilan Ranch in San Juan Bautista. Director Kremen provided an overview of the Pacheco Reservoir Expansion Project to the group, which included staff for Congressman Jimmy Panetta, Land Trust of Santa Cruz County, REACH San Benito County, and Renz Livestock, among others. Director Kremen extended an invitation to the group to sign up for a tour of the Pacheco Reservoir and which is scheduled for summer of 2018.

Festival Season Begins, Strong Engagement Continues

During the month of March and April, OGR staffed community events for the Morgan Hill Wildflower Run on March 25; Bunnies and Bonnets Parade on March 31; West Valley Senior Walk on April 13; Great Race For Saving Water on April 14; Silicon Valley Business Expo on April 25; and the Tech Challenge on April 28 and 29. Together, these events drew thousands of people and provided the District with the opportunity to educate and engage our diverse community on priority District issues, initiatives, and programs, including water conservation, rebates, One Water, and others. District participation in these events also allows the District to update event attendees about specific projects and upcoming events in those communities.
District Water Truck Debuts

On Sunday, March 25, the District’s Water Truck had its inaugural community event at the Morgan Hill Wildflower Run. The Water Truck was placed at the finish line and both sides were fully deployed and utilized by hundreds of runners. To keep pace with demand, Director Varela, District staff, and Wildflower Run volunteers also hand-delivered water in cups from the truck to runners as they completed the race. Following the race, both runners and visitors to the Wildflower Run Festival visited the Water Truck for water, and Director Varela and District staff engaged the visitors in answering questions about the District, our water, and District projects like Anderson Dam and the Llagas Creek Flood Protection Project. The District also had a booth at the festival which engaged hundreds of runners and visitors as well. The event was a success, with positive feedback from both runners and visitors alike about the Water Truck.

The next weekend, on Saturday, March 31, Vice Chair Linda J. LeZotte and the District’s Water Truck participated in Campbell’s Bunnies and Bonnets Parade. Following the end of the parade, the Water Truck was parked along the main street in downtown Campbell and Vice Chair LeZotte and staff distributed cold water to hundreds of attendees. Vice Chair LeZotte also engaged in dialogue with the visitors about the District and our water. The event was another success, with positive comments from all attendees.

On Saturday, April 14, the District participated in the Great Race For Saving Water hosted by the City of Palo Alto Utilities Department. Hundreds of runners benefited from the delicious water being served and festival participants visited the District’s booth and received great information on District Programs.

Deputy Administrative Officer
Office of Government Relations

rg:fd
MONTHLY REPORTS FROM
WASHINGTON D.C. AND SACRAMENTO

Contract Representatives

February and March 2018

(Please Note: The consultant reports will be one month behind due to the fact that monthly report of the Office of Government Relations is provided prior to the consultant reports being due)
MONTHLY REPORT
CARPI & CLAY

February 2018

On behalf of the Santa Clara Valley Water District (Water District), the report below summarizes the Federal Agency and Executive Branch activities advanced and monitored by Carpi & Clay during the month of February.

NEW ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS

In early February, RD James was sworn in as the new Assistant Secretary of the Army for Civil Works (ASA). We assisted the Water District in preparing a congratulatory letter to ASA James and coordinated with the ASA’s office to ensure that the letter was delivered. The letter includes an invitation for the ASA to visit the Water District; something that we will be following up on in the coming months.

COYOTE CREEK SECTION 1126

In recognition of the one-year anniversary of the President’s Day flood, we coordinated with the US Army Corps of Engineers (Corps) to arrange for participation by the Corps at a Water District led event. The Corps remains focused on finalizing the MOU with the Water District which will be among the first in the nation and likely the first such agreement for the South Pacific Division.

DISASTER SUPPLEMENTAL

Under the new two-year bipartisan budget agreement, Congress has included additional disaster supplemental funding. This funding largely goes towards areas impacted by hurricanes Harvey, Irma and Maria, but notably for the Corps it also includes areas that have had “more than one flood-related major disaster declaration under the Stafford Act in 2014-2017.”

Here are the Stafford Act declarations that allow CA to qualify:

California Severe Winter Storms, Flooding, Mudslides (DR-4308)
Incident period: February 01, 2017 to February 23, 2017
Major Disaster Declaration declared on April 01, 2017

California Severe Winter Storms, Flooding, and Mudslides (DR-4305)
Incident period: January 18, 2017 to January 23, 2017
Major Disaster Declaration declared on March 16, 2017

The potential funding opportunities for Water District projects through the supplemental are as follows:

- Up to $60M in general investigations to support ongoing Corps studies and to start new studies. The bill sets up monthly report to Congress (the first required within 60 days) for the Corps to make these determinations. Note: total GI funding is $135M,

- but up to $75M of that is directed to areas impacted by hurricanes Maria, Irma and Harvey.
• **Up to $5B for construction of Corps projects and $50M for the Continuing Authorities Program.** The bill sets up monthly report to Congress (the first required within 60 days) for the Corps to make these determinations. Note: total CG funding is $15.55B, but up to $10.425B of that is directed to areas impacted by hurricanes Maria, Irma and Harvey.

• **$608M for O&M needs “to dredge federal navigation channels in response to, and to repair damages to Corps projects, caused by natural disasters.”** This section does not appear to have the same hurricane restrictions as GI and CG. The bill sets up monthly report to Congress (the first required within 60 days) for the Corps to make these determinations.

These disaster funds are in addition to the regular FY18 appropriations bills which Congress will hopefully finalize by March 23rd. These disaster funds also set up a work plan like structure for the Corps and provides the Corps 60-days in which to make the first round of decisions. We are coordinating with Corps Division and Headquarters contacts to discuss opportunities for Water District projects. This effort runs parallel to the FY18 Corps work plan process which we had previously identified as the first and best opportunity for the South San Francisco Bay Shoreline Study to secure a new start construction designation.

**US BUREAU OF RECLAMATION**

To support the Water District’s priorities with the US Bureau of Reclamation, we have assisted in coordinating teleconferences and western states meetings for the Water District with the Bureau of Reclamation. We will continue to support these relationships building efforts to support the Water District's water supply priorities.

**PRESIDENT TRUMP SENDS BUDGET REQUEST TO CONGRESS**

Just three days after signing the new budget caps into law, the President submitted his FY2019 budget request to Congress. The White House sent up the request with an addendum recognizing the additional funding called for under the new budget caps. It then parcelled out this funding for several White House priorities (including restoring funding to EPA’s Clean Water and Drinking Water SRFs that would have been cut in the request), while maintaining deep cuts to broad swaths of the domestic discretionary budget.

For more than 40 years, budget requests have been labeled “dead on arrival” in Congress, but in light of the new budget caps, this one may be seen as “deader than dead.” Republicans and Democrats on both sides of Capitol Hill have rejected most of the President’s budget recommendations. While agencies will be called to testify on their proposals, Congress is already moving to craft an FY2019 budget more according to its own priorities.

For the US Army Corps of Engineers (Corps), the Administration proposes a top-level funding level of $4.8B. This level is $202M below the Administration’s FY18 proposal. By major account this proposal further breaks down to the following:

- **$82M general investigations**
- **$872M construction**
- **$2.077B operation and maintenance**
As well the proposal does not recommend any new studies or any new construction projects to be initiated. Rather the proposal seeks to complete six feasibility studies (out of 24 funded in the recommendation) as well as to complete one construction project (out of the 26 funded in the recommendation). The proposal also priorities dam safety projects.

For comparison purposes, the chart below shows the Administration's starting point for the Corps in FY16, FY17 and FY18 and the increases that Congress made during the respective appropriations cycle. Congress has yet to complete work on the FY18 appropriations bills (and now with a two-year budget deal in place hopefully that happens around March 23rd) which is why that column is left "TBD." The chart below also shows a comparison for the Administration's FY18 budget proposal vs the FY19 budget proposal.

<table>
<thead>
<tr>
<th>Account/Activity</th>
<th>FY16 President's Budget Request vs FY16 Omnibus</th>
<th>FY17 President's Budget Request vs FY17 Omnibus</th>
<th>FY18 President's Budget vs FY18 Omnibus</th>
<th>FY18 President's Budget vs FY19 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Investigations (GI)</td>
<td>$97M/$121M</td>
<td>$85M/$121M</td>
<td>$86M/TBD</td>
<td>$86M/$82M</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4M reduction</td>
</tr>
<tr>
<td>Construction General (CG)</td>
<td>$1.172B/$1.862B</td>
<td>$1.090B/$1.876B</td>
<td>$1.020B/TBD</td>
<td>$1.020B/$872M</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$184M reduction</td>
</tr>
<tr>
<td>Operation and Maintenance (O&amp;M)</td>
<td>$2.710B/$3.137B</td>
<td>$2.705B/$3.149B</td>
<td>$3.100B/TBD</td>
<td>$3.100B/$2.705B</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1.023B reduction</td>
</tr>
<tr>
<td>New Start Designations</td>
<td>2 studies and 4 construction/10 studies and 6 construction</td>
<td>1 construction for Mud Mountain Dam, WA/6 studies and 6 construction</td>
<td>None/TBD</td>
<td>None/None</td>
</tr>
</tbody>
</table>

The Administration's budget provides funding only to those projects which have a benefit-to-cost ratio of 2.5 to 1 or higher using the OMB preferred discount rate of 7%. This is a higher bar than Congress uses for authorization purposes. Using these metrics, the Administration's budget leaves out a number of worthy projects which is why Congress provides a mechanism for funding additional projects (or as the case may be increasing funding for projects identified in the Corps budget) through the annual work plan process. The work plan process happens after Congress finalizes the appropriations package for any given year.

A full copy of the Corps' FY19 project recommendations can be viewed here: [http://www.usace.army.mil/Missions/Civil-Works/Budget/](http://www.usace.army.mil/Missions/Civil-Works/Budget/)

**INFRASTRUCTURE PRINCIPLES UNVEILED**

After a wait of over a year, the President released a 55-page document entitled "Legislative Outline for Rebuilding Infrastructure in America." The principles contained in the outline propose $200 billion in additional spending on infrastructure over the next ten years; financing reforms to support leveraging this spending into as much as $1.3 trillion in addition, non-federal funding; and a long list of changes to streamline project reviews and shorten project delivery times. The plan does not include suggestions on how to pay for the $200 billion in new
funding, a hurdle that will be the centerpiece of congressional debate. However, many of the environmental reform proposals have a variety of paths forward in Congress or administrative actions.

The plan includes the following major provisions:

- **Infrastructure Incentives Program**—$100 billion for grants to be administered by the Department of Transportation, Army Corps of Engineers, and U.S. EPA. Funds would be awarded to sponsors that can best leverage non-federal funding — whether private or public — to meet at least 80 percent of total project costs.

- **Rural Infrastructure Program**—$50 Billion in block grants to states by formula to address rural development needs.

- **Transformative Projects Program**—$20 Billion for funding and technical assistance to deliver "bold, innovative and transformative" projects that may also have high risks that would otherwise prevent public funding. Officials have pointed to Elon Musk's "hyperloop" as an example of the type of project that might receive funding.

- **Infrastructure Financing Programs**—$20 Billion for programs such as TIFIA, WIFIA, or RRIF to leverage significantly higher amounts of funding. This program would also pay for the costs associated with expanding eligibility for Private Activity Bonds (PABs) to cover more types of infrastructure and eliminate the Alternative Minimum Tax (AMT) on PABs.

Apart from funding, the proposal also includes an extensive list of project review and delivery reforms. Central to the proposal is the establishment of a "One Agency, One Decision" review process with a 21-month deadline for the lead agency to issue either a Finding of No Significant Impact (FONSI) or Record of Decision (ROD) under NEPA. Agencies would have a three-month deadline to issue needed permits after the 21-month review. Other reforms include broader use of nationwide permits and less duplication during a review process among agencies.

**Outlook**

Now that the principles have been released, Congress will begin to work through them to adopt, amend, or reject many of the ideas. Committees held numerous hearings last year on infrastructure needs and ideas to improve funding and delivery. Transportation Secretary Elaine Chao and R.D. James, the new Assistant Secretary of the Army for Civil Works, testified before the Senate to explain the President's proposal, but few additional hearing are expected. Congress appears to have the information it needs to move forward on its own.

Again, funding will be the most significant hurdle and finding support from 60 Senators will be a serious challenge. Nonetheless, many of the principle are likely to find their way into a bill later this year or into other infrastructure-related bills such as the FAA authorization or Water Resources Development Act (WRDA) while funding may also be addressed through regular appropriations acts and other individual pieces of legislation.

Democrats released a competing $1 trillion infrastructure plan shortly before the President released his plan. Their plan offers few details, but relies on $1 trillion in direct spending on a broad range of infrastructure, including local schools (the plan does not identify a source for this
funding). Their plan seeks to address the pending insolvency of the Highway Trust Fund while seeking to provide tougher environmental reviews rather than programmatic or bureaucratic reforms. Many key Democrats in Congress have rejected the President's plan in its entirety although it remains to be seen if they will oppose targeted funding and reforms attached to legislation such as WRDA, the FAA authorization, or other bills.

Since December, Congress has passed legislation adding nearly $2 trillion to the nation's already staggering debt total. Whether congressional Republicans have the appetite to add even more debt to support infrastructure – or the have the willingness to raise fuel taxes or other revenue to pay for it – will be the story that unfolds over the coming months.
MONTHLY REPORT
CARPI & CLAY
March 2018

On behalf of the Santa Clara Valley Water District (Water District), the report below summarizes the Federal Agency and Executive Branch activities advanced and monitored by Carpi & Clay during the month of March.

CIVIL WORKS FUNDING OPPORTUNITIES

The FY18 Omnibus Appropriations bill provides a total of $1.29 trillion for federal discretionary programs, a nearly ten percent increase over FY2017. The new law provides $700 billion for defense and $591 billion for non-defense programs. Within these totals, the spending bill provides an additional $21.2 billion over FY2017 for transportation, water and wastewater projects, rural broadband, and other infrastructure programs.

For the civil works program, the FY18 Omnibus increased funding for every major account for the US Army Corps of Engineers (Corps). The chart below provides a snapshot of annual increases to the Corps through the appropriations process.

Presidential Budgets vs Congressional Appropriations Process

<table>
<thead>
<tr>
<th>Account</th>
<th>FY16 President’s Budget vs FY16 Omnibus</th>
<th>FY17 President’s Budget vs FY17 Omnibus</th>
<th>FY18 President’s Budget vs FY18 Omnibus</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI</td>
<td>$97M/$121M $24M increase</td>
<td>$85M/$121M $36M increase</td>
<td>$86M/$123M $37M increase</td>
</tr>
<tr>
<td>CG</td>
<td>$1.172B/$1.862B $688M increase</td>
<td>$1.090B/$1.876B $786M increase</td>
<td>$1.02B/$2.085B $1.065B increase</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>$2.71B/$3.137B $420M increase</td>
<td>$2.705B/$3.149B $444M increase</td>
<td>$3.1B/$3.63B $530M increase</td>
</tr>
<tr>
<td>New Starts</td>
<td>2 studies and 4 construction/10 studies and 6 construction</td>
<td>1 construction/6 studies and 6 construction</td>
<td>None/6 studies and 5 construction</td>
</tr>
</tbody>
</table>

The funding increases above allow the Corps to provide funds for projects either inadequately funding in the President’s budget proposal or not included in the President’s budget. This happens through a Corps work plan and Congress has directed the Corps to produce a work plan within 60-days. The work plan is expected to be released on or before May 22nd and we have been actively working the Administration to further the Water District’s project priorities.
### FY18 Work Plan Funds

<table>
<thead>
<tr>
<th>General Investigations</th>
<th>Construction General</th>
<th>Operation &amp; Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood and Storm Damage Reduction $6.5M</td>
<td>Flood and Storm Damage Reduction $180M</td>
<td>Navigation Maintenance $24.280M</td>
</tr>
<tr>
<td>- Flood Control $5M</td>
<td>- Flood Control $180M</td>
<td>- Deep-Draft Harbor and Channel $341.4M</td>
</tr>
<tr>
<td>- Shore Protection $2M</td>
<td>- Shore Protection $50M</td>
<td>- Donor and Energy Transfer Ports $40M</td>
</tr>
<tr>
<td>Navigation $6.607M</td>
<td>Navigation $337.130M</td>
<td>- Inland Waterways $30M</td>
</tr>
<tr>
<td>- Coastal and Deep-Draft $5M</td>
<td>- Inland Waterways Trust Fund Revenues $112M</td>
<td>- Small, Remote, or Subsistence Navigation $50M</td>
</tr>
<tr>
<td>- Inland $5M</td>
<td>Other Authorized Project Purposes $70M</td>
<td>Other Authorized Project Purposes $24M</td>
</tr>
<tr>
<td>Other Authorized Project Purposes $3M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Environmental Restoration or Compliance $1.5M</td>
<td>- Environmental Infrastructure $70M</td>
<td></td>
</tr>
<tr>
<td>Total General Investigations $34.607M</td>
<td>Total Construction General $1.034B</td>
<td>Total Operation &amp; Maintenance $509.68M</td>
</tr>
</tbody>
</table>

In addition to the work plan, the Disaster Supplemental funding bill that Congress passed in February to assist with hurricane impacted includes California as a qualified state for certain Corps funds. The Disaster Supplemental process is running parallel to the Corps work plan process. We have weighed in with the Corps regarding Water District priorities for this potential funding opportunity. The chart below summaries the similarities, differences and timeframes for the two funding opportunities.

### FY18 Civil Works Funding Opportunities

<table>
<thead>
<tr>
<th>FY18 Work Plan</th>
<th>FY18 Disaster Supplemental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timeline</strong></td>
<td>Work Plan decisions to be made within 60-days of enactment, anticipated before May 23rd.</td>
</tr>
<tr>
<td></td>
<td>First decision memo to be provided to Congress within 60-days of enactment, anticipate by April 9th.</td>
</tr>
<tr>
<td><strong>Method</strong></td>
<td>One-time decision document called the Work Plan to be posted on the Corps website that specifies funding for projects not included in the president’s budget.</td>
</tr>
<tr>
<td></td>
<td>Incremental release of funds through monthly memos to Congress. Note that all funding will be at full federal expense, with any cost share to be repaid over 30 years.</td>
</tr>
<tr>
<td><strong>Available Funding</strong></td>
<td>$34.607M for GI and $1.034B for CG. Within these amounts $5M of GI allocated to flood projects and $2M for shore protection and</td>
</tr>
<tr>
<td></td>
<td>$17.4B total: $1.9B for near-term repairs and $15.5B for long-term investments. Note that non-hurricane impacted states</td>
</tr>
<tr>
<td>FY18 Work Plan</td>
<td>FY18 Disaster Supplemental</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>$180M of CG allocated for flood projects and $50M for shore protection.</td>
<td>are limited to: GI - up to $60M; CG - up to $5B; and O&amp;M - $608M</td>
</tr>
<tr>
<td>Eligibility</td>
<td>States impacted by hurricanes Harvey, Irma or Maria. Also, for GI and CG, any project or study in a states with two or more flood-related Stafford Act declarations between 2014 and 2017. For O&amp;M, only projects specifically impacted by events are eligible.</td>
</tr>
<tr>
<td>Decision Factors</td>
<td>Fluid; however, very likely to use preexisting decision factors used in budgeting and workplans. In addition, four classes based on risk and consequences avoided; newly arising higher class work will get priority and lower class work not yet started will be deferred. Benefit-cost-ratio and impacts on life safety will be among the considerations.</td>
</tr>
<tr>
<td>Guidance</td>
<td>Implementation guidance for long-term investments in flood risk and coastal storm risk management is being developed by the ASA’s office to be reviewed and signed by the ASA.</td>
</tr>
<tr>
<td>New Starts</td>
<td>Yes. 6 new feasibility studies and 5 new construction starts. Note that Congress assigns a breakdown of the following: Studies - 2 navigation, 1 flood, 2 navigation or flood and 1 environmental restoration and Construction - 1 navigation, 1 flood, 2 navigation or flood including one coastal storm project, and 1 environmental restoration.</td>
</tr>
<tr>
<td></td>
<td>Yes. New feasibility studies and new construction starts are allowed; no limitations noted in the law.</td>
</tr>
<tr>
<td>Key Decision Makers</td>
<td>Corps, ASA &amp; OMB</td>
</tr>
<tr>
<td>FY18 Work Plan</td>
<td>FY18 Disaster Supplemental</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Source</td>
<td>H.R. 1625 TARGET Act</td>
</tr>
<tr>
<td></td>
<td>(Consolidated Appropriations Act of 2018), PL 115-141</td>
</tr>
<tr>
<td>Enactment Date</td>
<td>March 23, 2018</td>
</tr>
<tr>
<td></td>
<td>H.R. 1892 FY18 Supplemental Appropriations Act, PL 115-123</td>
</tr>
<tr>
<td></td>
<td>February 9, 2018</td>
</tr>
</tbody>
</table>

And finally, with two budget submissions under his belt we now have our first look at how the Trump Administration’s FY18 budget proposal for the Corps compares to his FY19 budget proposal. The chart below compares the last year of the Obama presidency with the first year of the Trump presidency as well as Trump’s civil works proposals during his first two budget cycles.

<table>
<thead>
<tr>
<th>Account</th>
<th>Trump FY18 Budget vs Obama FY17 Budget</th>
<th>Trump FY18 Budget vs Trump FY19 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI</td>
<td>$86M/$85M Increase</td>
<td>$86M/$82M Reduction</td>
</tr>
<tr>
<td>CG</td>
<td>$1.02B/$1.090B Decrease</td>
<td>$1.020B/$872M Reduction</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>$3.1B/$2.705B Increase</td>
<td>$3.1B/$2.705B Reduction</td>
</tr>
<tr>
<td>New Starts</td>
<td>None/1 construction</td>
<td>None/None</td>
</tr>
</tbody>
</table>

**FY18 OMNIBUS APPROPRIATIONS**

In addition to the civil works funding of interest to the Water District, the FY18 Omnibus Appropriations bill also funding for programs within the EPA and Bureau of Reclamation. Additional infrastructure related increases of note include:

- $1.694 billion for EPA’s Clean Water State Revolving Fund and $1.164 billion for the Drinking Water SRF, an increase of $300 million for each program over FY2017.

- $63 million for the WIFIA water infrastructure loan program, an amount that can be leveraged into a loan volume of $6 billion

- $54.4 million for the Title XVI water recycling program, an increase of $20 million increase over FY2017. This total includes $34.4 million for prior-authorized projects and $20 million for projects recognized through the new WIIN-authorized process.

The passage of an omnibus bill containing broad increases to infrastructure funding has made it more unlikely that a broad infrastructure bill will move through Congress this year. President Trump and key congressional leaders have said as much and important Administration officials tied to the President’s plan, notably D.J. Gribbin, who spearheaded the White House effort. Congress is expected to pass infrastructure-related bills this year, such as an FAA authorization.
and a new Water Resources Development Act (WRDA), and these bills may carry related streamlining reforms.

**CONGRESS BEGINS WORK ON FY2019 BUDGET AND INFRASTRUCTURE**

Reclamation Commissioner Brenda Burman, the Corps of Engineers’ uniformed and civilian leaders, and others agencies involved in physical infrastructure programs have spent the month appearing before multiple committees to discuss the President's FY19 budget request. While Congress has rejected already most elements of the budget request — including the steep cuts proposed for most programs — the hearings do offer a constructive venue to understand programmatic needs and for Members of Congress to begin shaping funding bills for the coming year.

This year, these hearings are also providing a glimpse into how Congress may address the Trump Administration’s goals to increase funding for infrastructure and reduce the time and expense of delivering projects. Committees are expected to release drafts of the Water Resources Development Act of 2018 in May or June. Retiring Senator Jeff Flake (R-AZ) has introduced the Water Supply Infrastructure and Drought Resilience Act of 2018 (S. 2563) which may form the core of a broader package to address water supply needs in the West or the nation.

Similar bills to address transportation, energy, and communications needs are also poised to move forward as Congress also tries to advance a Farm Bill that could address many water and transportation needs for rural areas. Whether bundled together or passed individually, these bills could represent Congress’ best attempt to respond to popular pressure for improved infrastructure. Any new funding is likely to fall far short of the trillion-dollar goals of the President and congressional Democrats however.

**ADMINISTRATION SHAKE UPS CONTINUE**

President Trump has continued to shuffle his Cabinet and team of senior advisors. On the infrastructure front, Gary Cohn, Director of the National Economic Council and the chief economic adviser to the president, stepped down on March 6. The NEC served a pivotal role in the development of the Administration’s Infrastructure Proposal and guiding principles.
OVERVIEW

Both the House and Senate were in session for just over two weeks in February. February was dominated with the rollout of the President's FY19 Budget on February 12, a two-year budget and appropriations deal and continued discussion of the infrastructure package.

INFRASTRUCTURE

On the last day of the month the leader of the Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) said he hopes to pass a bill before Congress leaves Washington for its August recess, and if not, an option may be to vote after the election. "We haven't passed anything in a lame-duck recently," Shuster, a Pennslyvania Republican, told reporters after speaking at a conference held by the American Association of State Highway and Transportation Officials. "Nothing is easy in Washington, D.C." Shuster's comments followed statements by second-ranking Senate Republican John Cornyn of Texas and Senate Commerce Chairman John Thune of South Dakota casting doubt on whether the chamber will have time to pass a bill this year. The legislative process is just beginning as the Senate Environment and Public Works Committee is set to hold a hearing on Trump's plan with Transportation Secretary Elaine Chao. Shuster said the Highway Trust Fund, which uses mostly federal gas taxes to help pay for road, bridge and transit projects, is set to become insolvent by 2021 without additional money. If no action is taken to increase funding—Shuster supports raising the gas tax for the first time since 1993—he said lawmakers will suffer politically if projects back home are stalled as a result.

Democratic Representative Peter DeFazio of Oregon, the top Democrat on the House transportation panel, said his position is "show me the money" regarding additional federal dollars for projects and that it will take Trump to force the issue. "Unless Trump makes a very strong case and pushes the Republicans there will be no investment, and hence there will be no bill," DeFazio said at the conference. The White House released Trump's long-awaited infrastructure plan on Feb. 12, a 53-page document meant to be the outline for legislation and the starting point for negotiations with lawmakers on the details. Trump surprised a group of lawmakers on Feb. 14 by saying he would support a 25-cent-per-gallon increase in federal gasoline and diesel taxes. Some Republicans have downplayed those remarks, but White House officials have said the president hasn't ruled out the option.

BUDGET/APPROPRIATIONS/DEBT

Congress still must complete and vote on a FY18 Omnibus budget package by March 23, and the House and Senate have been tied up by debates on immigration and guns without a resolution. Lawmakers also will be turning attention to their re-election campaigns before the November congressional elections, which will decide control of Congress. On February 8, the House and Senate cleared a new, two-year budget cap, a one-year resolution of the debt limit
and passed another Continuing Resolution (CR) for government funding through March 23 which also extended spending caps would by about $300 billion over two years.

The measure would also:

- Suspend the debt limit for about one year.
- Provide $84 billion for disaster relief and provide tax relief for wildfire victims.
- Extend the Children's Health Insurance Program an additional four years.
- Repeal a Medicare cost-control panel known as the Independent Payments Advisory Board.
- Renew a litany of expired tax provisions.
- Increase support for cotton and dairy producers by modifying agriculture programs.

The Congressional Budget Office estimated that the measure's changes to mandatory spending and revenue would reduce the deficit by a net $38.2 billion through fiscal 2027. Over an initial five-year window from fiscal 2018 through 2022, the measure would increase the deficit by $24.3 billion, though those effects wouldn't be reflected in pay-as-you-go budget scorecards. The increased spending caps aren't reflected in that estimate because the effects will depend on future appropriations legislation.

The limit on federal borrowing would be suspended through March 1, 2019. Suspending the current limit would enable the U.S. government to continue to borrow money to pay its bills. Once the limit comes back into effect it would reflect all outstanding U.S. debt as of that date. The limit came back into effect on Dec. 8, at which point the U.S. had about $20.5 trillion in outstanding debt.

DISASTER AID

The measure would provide about $84.3 billion in emergency supplemental funding for hurricane and wildfire relief efforts. That would be about twice as much as the White House requested in November and would omit the administration's proposed spending offsets. It would also be $3.33 billion more than provided in a disaster aid package (H.R. 4667) that the House passed 251-169 on Dec. 21. The measure would also increase the Medicaid funding cap for Puerto Rico and the U.S. Virgin Islands by as much as $4.94 billion from Jan. 1, 2018, through Sept. 30, 2019, and waive local cost-sharing requirements. The bill's emergency funding would be the largest standalone total ever appropriated for disaster relief. The measure would provide several forms of tax relief to individuals and businesses affected by the California wildfires, which would be similar to the relief provided to hurricane victims in Florida, Puerto Rico, Texas, and the U.S. Virgin Islands in September under Public Law 115-63. The relief would apply to any area of California where the president had declared a major wildfire disaster from Jan. 1, 2017, through Jan. 18, 2018.
The measure would modify several retirement account rules for individuals in areas affected by the California wildfires. It would allow them to:

- Take temporary withdrawals or loans of as much as $100,000 from their retirement accounts without penalty. Withdrawals would be treated as a tax-free rollover if repaid within three years.

- Pay back loans that were already outstanding over an extra year if the repayment date was from Oct. 8, 2017, through Dec. 31, 2018.

- Recontribute withdrawals they took out for homes in the wildfire areas if they didn’t ultimately buy or construct them.

Activities Summary:

- Analyzed and shared information on FY19 Budget proposal and FY18-19 budget and appropriations deal.

- Coordinated Congressional inquiry/intervention to release Biological Opinion for Llagas Creek.

- Began to scope April DC fly-in trip.

- In conjunction with SCVWD staff we are monitoring and developing infrastructure-related legislative and administrative strategies which can achieve SCVWD goals and work within legislative/executive authorizing/appropriating formats and programs.

- Continued to participate in small group ad hoc and/or ACWA-led discussions regarding Title XVI vs WIIN project funding.

- Continued to monitor, analyze and pass on relevant legislation of interest to SCVWD.

- Participated in regular conference call with subsequent follow up assignments.

- Answered specific questions from SCVWD staff.

- Kept staff updated as to legislative changes, committee assignments and confirmations.

- Monitored and shared updates on Administration regarding budget, appropriations, Interior, EPA, transportation, and environmental policies and personnel.
MONTHLY REPORT
KADESH & ASSOCIATES

March 2018

OVERVIEW

Both the House and Senate were in session for four of the five weeks in March. March was dominated with the release and passage of the FY18 Appropriations Omnibus. H.R. 1625 passed the House on March 22 by a vote of 256-167 and the Senate on March 23 by a vote of 65-32 and was signed into law by President Trump on March 23, 2018 (Public Law 115-141). The $1.3 trillion omnibus spending measure would boost funding for defense and domestic programs. The measure is consistent with the two-year budget caps deal reached in February (Public Law 115-123) which allowed for $80 billion more in defense spending and $63 billion more for nondefense programs. The measure would allocate $78.1 billion for Overseas Contingency Operations (OCO) funding that doesn't count toward the caps.

PROGRAMS OF INTEREST

<table>
<thead>
<tr>
<th>Agency</th>
<th>2018 Omnibus</th>
<th>2019 President's Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean Water SRF</td>
<td>$1.7 billion</td>
<td>$1.39 billion</td>
</tr>
<tr>
<td>Drinking Water SRF</td>
<td>$1.16 billion</td>
<td>$863 million</td>
</tr>
<tr>
<td>WIFIA</td>
<td>$63 million</td>
<td>$20 million</td>
</tr>
<tr>
<td><strong>Interior Department</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureau of Reclamation</td>
<td>$1.48 billion</td>
<td>$1.05 billion</td>
</tr>
<tr>
<td>Title XVI water recycling program and WIIN recycling</td>
<td>$54.4 million</td>
<td>$3 million</td>
</tr>
<tr>
<td>CalFed</td>
<td>$37 million</td>
<td>$35 million</td>
</tr>
<tr>
<td>WaterSMART Grants Western Drought</td>
<td>$34 million</td>
<td>$10 million</td>
</tr>
<tr>
<td>WIIN Desalination program</td>
<td>$12 million</td>
<td>$0</td>
</tr>
<tr>
<td>WIIN water storage projects</td>
<td>$134 million</td>
<td>$0</td>
</tr>
<tr>
<td>Agency</td>
<td>2018 Omnibus</td>
<td>2019 President's Request</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>WIIN operational Review and listed species actions</td>
<td>$30 million</td>
<td>$0</td>
</tr>
</tbody>
</table>

**U.S. Army Corps of Engineers (Civil Works)**

O&M | $3.63 billion | $2.1 billion |
Construction | $2.08 billion | $872 million |

**INFRASTRUCTURE**

Infrastructure programs got a $21.2 billion boost in the fiscal 2018 omnibus appropriations law, following a push from the administration to make them a priority. The measure (Public Law 115-141) topped up existing grant and loan programs, and created new discretionary grants for airports, transit, and highways. Lawmakers didn't adopt many of the administration's requests. Instead of eliminating Transportation Investment Generating Economic Recovery (TIGER) grants, the omnibus tripled them, to $1.5 billion. It also added $300 million to the Community Development Block Grant for economic development, which the president's budget sought to terminate. The law includes funding to address recent safety concerns related to driverless cars and trains. Funding boosts were provided to programs at the departments of Agriculture, Energy, Interior, and Veterans Affairs, as well as the Environmental Protection Agency. The Transportation Department's discretionary appropriation for fiscal 2018 is 41 percent greater than fiscal 2017, including: $3.5 billion for highways and $3.1 billion for rail infrastructure. Spread among several agencies is $1.4 billion for water infrastructure. The Transportation department will receive $86.2 billion in total budgetary resources -- $27.3 billion is discretionary appropriations, remainder is from trust funds: Discretionary funding is $7.93 billion more than fiscal 2017.

**Activities Summary:**

- Prepared for April Fly-In with Board Chair and Executive staff.
- Analyzed information on FY19 Budget proposal and FY18-19 budget and appropriations deal.
- In conjunction with SCVWD staff we are monitoring and developing infrastructure-related legislative and administrative strategies which can achieve SCVWD goals and work within legislative/executive authorizing/appropriating formats and programs.
- Continued to monitor and pass on relevant legislation of interest to SCVWD.
- Participated in regular conference call with subsequent follow up assignments.
- Answered specific questions from SCVWD staff.
- Kept staff updated as to legislative changes, committee assignments and confirmations.
Monitored and shared updates on Administration regarding budget, appropriations, Interior, EPA, transportation, and environmental policies and personnel.

**Outlook**

Staff turnover in the Administration and challenging midterm elections set a meager legislative table for the rest of 2018. The courts have preserved the status quo for the Deferred Action for Childhood Arrivals (DACA) program, leaving little support for a major immigration overhaul. The House may move forward with a bill to provide regulatory relief from the Dodd-Frank financial law, but it is unclear whether there is support in the Senate. The House and Senate will move forward with the 12 annual appropriations bills for FY 2019, as well as a National Defense Authorization Act, but there is little appetite for a budget reconciliation bill, nor consensus on welfare overhaul. The Farm Bill is set to be reauthorized in 2018, which could attract some workforce development measures. Also possible is reauthorization of the Federal Aviation Administration. A major infrastructure bill faces an uphill climb.
With the bill introduction deadline having passed on February 16, 2018, we have now concluded the reading of all the bills and will work with your staff to determine the priorities for the year. Keeping in mind that this is a living document that changes as bills are amended and the budget comes together.

With the release of the Governor’s budget in January, the budget subcommittees will begin to meet to parse through his priorities while adding in their priorities. As you know, each house will have their own set of priorities, so what they are not able to reconcile will go to the budget conference committee late this spring.

There will be a leadership change in the Senate on March 21, 2018 with Senator Toni Atkins (D-San Diego) taking the reins as the next President Pro-Tem of the Senate and the first woman to hold this position. With her coming in, the Senate priorities are expected to change, however she has said that she does not plan to make any changes to the current committees chairs, which is good news as we get into the weeds in the policy committees.

This year the legislature will be dealing with a budget surplus, an election year and a new Governor coming into office, all will be very significant on the direction for our state and its constituents. We also have several special elections coming up given the many resignations that have happened over the last few months, many of which are in Los Angeles area, in addition to one recall happening in the senate.

Below we have listed the bills that the District has successfully introduced to date. We have one more to introduce, however the bill is currently in legislative counsel being drafted, we anticipate we will run close to the deadline, but have a committed author in Senator Beall.

AB 1889 (Caballero), this bill was introduced at the request of the District to allow for some cleanup of the District Act. The bill was introduced to make three important reforms to improve fairness in parcel tax exemption processing, to help ensure a socio- economically diverse Board of Directors, and to ensure that if a vacancy occurs on the Board, it is filled by a resident from the geographic district where the vacancy occurs. We anticipate the bill will be referred to the Assembly Local Government Committee.

SB 881 (Wieckowski), this bill was introduced at the request of the District to add the South San Francisco Bay Shoreline Project (Shoreline Project) to the list of flood control projects authorized to receive state flood control subventions reimbursements. The bill has been referred to the Senate Natural Resources Committee and the Senate Judiciary Committee. We expect the bill to be heard in the Senate Natural Resources Committee on March 13, 2018 and then it will be heard in the Senate Judiciary Committee later this spring. He governmental affairs staff continues to work with the District's attorney's, the Department of Water Resources
attorney’s and the State Coastal Conservancy staff to ensure the language is drafted correctly to achieve our intended goals.

SB 1301 (Beall) This bill was introduced at the request of the District. The bill is an attempt to work with the various state agencies that the District and other public agencies do business with to try to expedite the permits when it relates to human life safety projects. The bill also is requesting that these various agencies work with the legislature to identify the permitting times and types of permits being requested. As we took a deeper dive, it was obvious that these permitting times have increased significantly and were causing some serious and costly delays. We are hopeful that this will allow for a better understanding of what is happening and hopefully allow for the permits to be issued in a timely manner. The bill was introduced on February 16, 2018 so it will need to go through the various policy and fiscal committees as well as a full vote on the floor in both houses.

This is a list of all of the bills that the District worked on in 2017 that we will continue to work on in 2018. It should be noted that some of these bills we took a “watch” position on, while others we have taken an active position on, their status is also listed as part of this update.

AB 1427 (Eggman), which is a bill that is opposed by the District. This bill would revise the declaration to additionally provide that certain uses of stored water while underground constitute beneficial use. The bill would provide that the forfeiture periods of a water right do not apply to water being beneficially used or being held in storage for later beneficial use. The bill is currently on the Assembly Appropriations suspense file where it was held, so the bill is dead for this year. However, there continues to be a working group of interested stakeholders to see if they can come up with a solution in 2018.

AB 1668 (Friedman), which has a support if amended position by the District. This bill and AB 1669 are very similar to what the Administration would like to accomplish in the budget trailer bill. There was some dispute as to whether or not these issues should be handled with budget trailer bill language or as a matter of policy and therefore go through the policy committees. This bill creates a new drought response plan by making numerous changes to water supply planning and drought planning to incorporate climate change, enhance water supply analysis, and strengthen the enforceability of urban water management plans (UWMP) and drought contingency planning. The bill was heard in the Senate Appropriations committee however; the committee re-referred it to Senate Rules committee. The Senate wanted to continue to work members on the floor to see if they could get the necessary votes, however they were unsuccessful. The bill will be held in the Senate Rules committee until they return in January 2018. It should be noted that AB 1669 died as a part of the overall discussion between the Senate and the Assembly on this issue.

SB 519 (Beall) This is another one of our sponsored bills related to cleaning up the District Act. The bill seeks to clarify that when there is a vacancy in one of the seven districts all applicants must be from that district. The bill is sitting at the Assembly Desk awaiting a committee referral, which will not happen until late this spring or early summer 2018. The bill continues to be a work in progress as negotiations are on-going with Senator Beall and his staff.

SB 606 (Skinner and Hertzberg) The District had a support if amended position on this bill, this is part of a two-bill package. This bill, along with AB 1668, would have provided authority for long-term standards for the efficient use of water, and limit that authority to the 2020-2026 UWMP planning cycles. The bill requires the standard to be a water budget based methodology. The standard is to include specific components on indoor residential water use,
outdoor residential water use, outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CII water use, and water loss through leaks. Additionally, the bill establishes an ongoing 10% credit for delivered potable reuse of water. Both bills were amended very late in the session and much like AB 1668, SB 606 held on the Assembly floor due to the lack of support from legislators. We anticipate both bills will move later this year with a new set of proposed amendments that were negotiated over the fall. Staff will need to review to determine the content of the bills and their impacts on the District.

CONCLUSION

As we move into the spring, the Capitol will start to get very busy, committees are beginning to meet and hear bills, budget sub-committees are beginning their work and deadlines are coming our way. Once we take positions on the legislation that we determine important to follow, we can map out both the policy committees and the budget committees to be the most effective. In short, this should be a productive year and we look forward to working with you in the capitol. As always, please let me know if you have any questions.
The legislature will return early April from their spring break and hit the ground running. The Senate has elected their new Pro-temp, Senator Toni Atkins (D-San Diego) on March 21, just prior to the spring recess break. To date, many of the committees in both houses have yet to meet but now they are starting to run against the clock of the deadlines. The budget process is in full swing as well; they have only a handful of budget subcommittee hearings still left and a lot of items to close out. They are also waiting for the May Revise to be released so they can see what the April receipts look like and where the state is financially.

Below we have listed the bills that the District has successfully introduced to date.

AB 1889 (Caballero), this bill was introduced at the request of the District to allow for some cleanup of the District Act. The bill was introduced to make three important reforms to improve fairness in parcel tax exemption processing, to help ensure a socio-economically diverse Board of Directors, and to ensure that if a vacancy occurs on the Board, it is filled by a resident from the geographic district where the vacancy occurs. This bill has been referred to the Assembly Local Government Committee and will be heard on April 18, 2018. We are working on some amendments currently and anticipate they will come out of legislative counsel soon.

SB 881 (Wieckowski), this bill was introduced at the request of the District to add the South San Francisco Bay Shoreline Project (Shoreline Project) to the list of flood control projects authorized to receive state flood control subventions reimbursements. The bill has been referred to the Senate Natural Resources Committee and the Senate Judiciary Committee. The bill was heard in the Senate Natural Resources Committee on March 13, 2018 on the consent calendar and will be heard in the Senate Judiciary Committee on April 17, 2018. The governmental affairs staff continued to work with the District's attorney's, the Department of Water Resources attorney's and the State Coastal Conservancy staff to ensure the language is drafted correctly to achieve our intended goals. We have proposed amendments, which we believe, will satisfy everyone thus far and are hopeful that SB 881 will be on the consent for the Senate Judiciary Committee as well.

SB 1301 (Beall) This bill was introduced at the request of the District. The bill is an attempt to work with the various state agencies that the District and other public agencies do business with to try to expedite the permits when it relates to human life safety projects. The bill also is requesting that these various agencies work with the legislature to identify the permitting times and types of permits being requested. As we took a deeper dive, it was obvious that these permitting times have increased significantly and were causing some serious and costly delays. We are hopeful that this will allow for a better understanding of what is happening and hopefully allow for the permits to be issued in a timely manner. The bill has been referred to both the Senate Natural Resources Committee, where it will be heard on April 16, 2018 and then it will be heard in the Senate Environmental Quality Committee on April 18, 2018. We will continue to work with both committees and the Senate Appropriations Committee to get the bill in the best possible shape to move it to the floor. We are also continuing to meet with the affected state agencies to get their feedback as well.
This is a list of all of the bills that the District worked on in 2017 that we will continue to work on in 2018. It should be noted that some of these bills we took a “watch” position on, while others we have taken an active position on, their status is also listed as part of this update.

AB 1427 (Eggman), which is a bill that is opposed by the District. This bill would revise the declaration to additionally provide that certain uses of stored water while underground constitute beneficial use. The bill would provide that the forfeiture periods of a water right do not apply to water being beneficially used or being held in storage for later beneficial use. The bill is currently on the Assembly Appropriations suspense file where it was held, so the bill is dead for this year. However, there continues to be a working group of interested stakeholders to see if they can come up with a solution in 2018.

AB 1668 (Friedman), which has a support if amended position by the District. This bill and AB 1669 are very similar to what the Administration would like to accomplish in the budget trailer bill. There was some dispute as to whether or not these issues should be handled with budget trailer bill language or as a matter of policy and therefore go through the policy committees. This bill creates a new drought response plan by making numerous changes to water supply planning and drought planning to incorporate climate change, enhance water supply analysis, and strengthen the enforceability of urban water management plans (UWMP) and drought contingency planning. The bill was heard in the Senate Appropriations committee however; the committee re-referred it to Senate Rules committee. The Senate wanted to continue to work members on the floor to see if they could get the necessary votes, however they were unsuccessful. The bill will be held in the Senate Rules committee until they return in January 2018. It should be noted that AB 1669 died as a part of the overall discussion between the Senate and the Assembly on this issue.

SB 519 (Beall) This is another one of our sponsored bills related to cleaning up the District Act. The bill seeks to clarify that when there is a vacancy in one of the seven districts all applicants must be from that district. The bill is sitting at the Assembly Desk awaiting a committee referral, which will not happen until late this spring or early summer 2018. The bill continues to be a work in progress as negotiations are on-going with Senator Beall and his staff.

SB 606 (Skinner and Hertzberg) The District had a support if amended position on this bill, this is part of a two-bill package. This bill, along with AB 1668, would have provided authority for long-term standards for the efficient use of water, and limit that authority to the 2020-2026 UWMP planning cycles. The bill requires the standard to be a water budget based methodology. The standard is to include specific components on indoor residential water use, outdoor residential water use, outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CI water use, and water loss through leaks. Additionally, the bill establishes an ongoing 10% credit for delivered potable reuse of water. Both bills were amended very late in the session and much like AB 1668, SB 606 held on the Assembly floor due to the lack of support from legislators. We anticipate both bills will move later this year with a new set of proposed amendments that were negotiated over the fall. Staff will need to review to determine the content of the bills and their impacts on the District.

CONCLUSION

They return from their spring recess the first week of April. We anticipate that this is when it will get very busy until the summer recess. With the policy deadlines, the May Revise being released, the appropriations committees will release their suspense file items and as we move into the summer they will need to finalize the budget. As always, please let me know if you have any questions.
TO: Nina Hawk
FROM: Jim Scott
SUBJECT: Evaluation of Lifting Daily Recreational Watercrafts Launch Limit at Calero Reservoir
DATE: May 23, 2018

Summary

In March 2018, the Santa Clara County Parks and Recreation Department (Parks) recommended that the Santa Clara Valley Water District (District) lifts the daily launch limit at Calero Reservoir.

In order to assess the proposed action, the District’s Water Quality Laboratory evaluated historical water quality data in Anderson, Calero, and Coyote reservoirs. For this purpose, the data for key gasoline constituents i.e., Methyl Tertiary-Butyl Ether (MTBE) and BTEX compounds (Benzene, Toluene, Ethylbenzene, and Xylene) were reviewed, and the results of this evaluation are presented in this memo.

The conclusion of the current evaluation is that lifting the daily launch limit at Calero Reservoir would not increase the risk of introducing MTBE and BTEX into the reservoir. This is supported by the reformulation of gas to remove MTBE as a constituent, and the ongoing non-detect data.

Background

In 1998, the District and Parks implemented a management strategy to eliminate MTBE, a chemical compound resulting from the incomplete combustion of gasoline in recreational watercraft, from the District’s local reservoirs. The strategy included managing the number and type of watercrafts allowed on the reservoirs, requesting boaters to show a proof of purchasing MTBE-free gasoline, and extensive water quality monitoring.

In 2004, MTBE was banned in California fuel production. In response, the District and Parks agreed to increase the limit of daily launches in Anderson, Calero, and Coyote reservoirs where motorized boating is permitted. The current daily limit of vessels allowed at Calero Reservoir is 60, with only 34 vessels allowed at a time, at Anderson Reservoir the limit is 170, with only 117 allowed at a time, and at Coyote Reservoir the vessel limit is 75. These figures correspond to when the reservoirs are at their full capacities.

In 2013, the District received a request from Parks to lift the daily launch limit at Calero Reservoir and increase the number of boats allowed. No decision was made at the time, and the policy limiting the maximum number of daily launches at Calero Reservoir remained unchanged.

In March 2018, the District received a new request from Parks to lift the daily launch limit at Calero Reservoir, mainly due to impacts on the County’s recreational water-based activities because of the low surface water elevation in Anderson Reservoir.

Evaluation

Historically, to ensure that water quality is protected from boating activities, monitoring for Volatile Organic Compounds including MTBE and BTEX compounds was conducted on a weekly basis during the high recreational season, including special monitoring immediately following high traffic weekends, and monthly for the rest of the year.
Having detected no contamination from these constituents following heavy use periods, and after consultation with State Water Resources Control Board Division of Drinking Water, MTBE and BTEX monitoring frequency has been reduced. Since 2005, MTBE and BTEX are only monitored in Anderson, Calero, and Coyote reservoirs above the portal, on a quarterly basis with the Title 22 organic analyses, and monthly at the Anderson and Calero force mains. This monitoring provides extra assurances that the water being sent to the treatment plants during a Stage 1 or Stage 2 Emergency Declaration does not have detectable levels of these contaminants.

Review of last 13 years of historical data after MTBE was banned from California fuel, indicates that MTBE and BTEX have not been detected in Anderson, Calero, and Coyote reservoirs since the ban. On May 22, 2018, staff brought forward to the board staff recommendation to approve lifting the daily limit on recreational watercraft launched at Calero, Anderson, and Coyote Reservoirs. The board approved this staff recommendation.

Recommendations

Given the ongoing non-detect MTBE and BTEX data in the District's reservoirs since MTBE was phased out of California gasoline in 2004, lifting of the daily recreational watercraft launch limit at Calero would not negatively impact the reservoir water quality.

Jim Scott
Assistant Operating Officer
Water Utility Operations & Maintenance Division
May 23, 2018

Robb Courtney
Director
Santa Clara County Parks and Recreation
298 Garden Hill Drive
Los Gatos, CA 95032

Subject: Lifting Daily Recreational Watercraft Launch Limits at Santa Clara Valley Water District Reservoirs

Dear Mr. Courtney:

In response to recent request to lift the daily recreational watercraft launch limits at the Santa Clara Valley Water District’s (District) local reservoirs made by the Santa Clara County Parks and Recreation Department (Parks), the District’s Water Quality Laboratory evaluated historical water quality data in the District’s reservoirs.

For this purpose, the data was reviewed to determine the presence of key gasoline constituents i.e., MTBE (Methyl Tertiary-Butyl Ether) and BTEX compounds (Benzene, Toluene, Ethylbenzene, and Xylene) in the reservoirs where motorized boating is permitted, Anderson, Calero, and Coyote.

Review of last 13 years of historical data since MTBE was phased out of California gasoline in 2004, indicates that MTBE and BTEX have not been detected in Anderson, Calero, and Coyote reservoirs since the ban.

Given the ongoing non-detect MTBE and BTEX data in the District’s reservoirs after MTBE was banned from California fuel, lifting of the daily recreational watercraft launch limit at all reservoirs would not negatively impact water quality in the District’s reservoirs. On May 22, 2018, staff brought forward to the board staff recommendation to approve lifting the daily limit on recreational watercraft launched at Calero, Anderson, and Coyote Reservoirs. The board approved this staff recommendation.

Therefore, the District approves of lifting the daily recreational watercraft launch limits and will continue to monitor water quality for operational and compliance requirements, and communicate our findings as needed for any adjustments.

If you have any questions regarding this matter, please feel free to contact Jim Scott at 408-630-3228 or jscott@valleywater.org.
Robb Courtney
Director
Santa Clara County Parks and Recreation
May 23, 2018

Sincerely,

[Signature]

Nina Hawk
Chief Operating Officer
Water Utility Enterprise

cc: N. Camacho, C. Hakes, K. Arends, J. Scott
TO: Board of Directors

SUBJECT: Response to May 2, 2018 letter from Deirdre Des Jardins regarding California WaterFix (BMR R-18-0010)

FROM: Nina Hawk

DATE: May 29, 2018

On May 2, 2018, Ms. Deirdre Des Jardins submitted a letter to the Board of Directors of Santa Clara Valley Water District (District) regarding California WaterFix. That letter was shared with the Department of Water Resources (DWR) as the District prepared its response.

The letter of response from Board Chair Santos is attached. This response includes two attachments; the May 2, 2018 letter from Ms. Des Jardins, and a May 7, 2018 memo from DWR regarding her letter.

Nina Hawk
Chief Operating Officer
Water Utility Enterprise

Attachment 1: District response letter with two attachments.
May 24, 2018

Ms. Deirdre Des Jardins
145 Beel Drive
Santa Cruz, CA 95060

Dear Ms. Des Jardins:

Thank you for your interest in California WaterFix, and for alerting the Santa Clara Valley Water District to your concerns regarding the risks associated with construction of the proposed tunnels in the Sacramento-San Joaquin River Delta.

We've reviewed the Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (DCA Agreement) with your concerns in mind. We recognize that membership in any Joint Powers Authority (JPA) carries with it a degree of risk. However, on balance, most risk is attenuated and effectively minimized through the JPA’s indemnification of its members, the procurement of appropriate insurance (both through third party contractors and the insurance to be procured by the JPA) and the JPA’s declaration that its contractual debts are not the debts or obligations of the members.

We’ve also raised your concern regarding the presence of gas wells in the anticipated construction areas to the California Department of Water Resources (DWR). DWR has provided a response, as seen in the attached memorandum.

With respect to concerns raised regarding the seismic design of the tunnels, our staff reached out to the WaterFix project and engineering managers who’ve provided the following information:

*The work completed so far on the project is “conceptual engineering” as presented in the title of the report “Conceptual Engineering Report, Volume 1, Final Draft July 1, 2015”. Conceptual engineering is characterized as a 5-10% complete design effort. Consequently, it is recognized by DWR that much more work is necessary to complete design of the tunnels, but the work completed to date validates the concept that the tunnels can safely and reliably function as intended.*

*In numerous places in this DWR conceptual report, references are made to the fact that preliminary and final design will evaluate seismic and structural performance of the tunnels based on final geotechnical information and subsequent seismic risk analyses.*
Ms. Deirdre Des Jardins  
Page 2  
May 24, 2018  

If you have any further questions, please feel free to contact Ms. Nina Hawk at (408) 630-2736. Thank you for your continued interest in this project. 

Sincerely,  

[Signature]  

Richard P. Santos  
Chair/Board of Directors  

Attachments:  
1. Letter From Ms. Des Jardins to SCVWD Board  
2. DWR Response to Letter From Ms. Des Jardins to SCVWD Board Regarding Gas Wells  

js:mf  
0523c-1
Attachment 1

Letter from Ms. Des Jardins to SCVWD Board
May 2, 2018

Board of Directors
Santa Clara Valley Water District
5700 Almaden Expressway
San Jose, CA 95118

Re: Duty of care in WaterFix project design and construction

Dear Directors,

This letter is with respect to the actions proposed to be taken by the Board at the May 2, 2018 special meeting. I request that this letter be put in the Board’s WaterFix Responsible Agency CEQA administrative record, and the footnoted documents be incorporated by reference.

By the attached letter dated April 18, 2018, the Chief Executive Officers and Board of Directors for Santa Clara Valley Water District and Metropolitan Water District were put on notice of the seismic deficiencies of the WaterFix tunnel design. The Director for Kern County Water Agency was also put on notice. I request that this letter be put in the Board’s WaterFix Responsible Agency CEQA administrative record, and the footnoted documents be incorporated by reference.

The attached copy of California Water Research’s blog post, WaterFix Tunnel Construction: Gas Wells also describes safety risks from Metropolitan Water District’s failure to follow recommendations of the independent review committee on locating abandoned gas wells in the tunnel alignment. I request that this letter be put in the Board’s WaterFix Responsible Agency CEQA administrative record, and the linked documents be incorporated by reference.

The standard of care for construction of underground tunnels is defined in the International Tunnelling Association’s “Code of Practice for Risk Management of Tunnel Works” and the
Underground Construction Association’s Guidelines for Improved Risk Management on Tunnel and Underground Construction Projects in the United States of America.¹

The Guidelines state in part:

The process of risk management—including risk assessment, characterization, and response, as well as elimination, mitigation, avoidance, transference, or acceptance—is required to identify and clarify ownership of risks and should detail clearly and concisely how the risks are to be allocated, controlled, mitigated, and managed.

The Delta Conveyance Design and Construction Joint Powers Agreement (“Joint Powers Agreement”) fails this standard of care, in that it does not identify how the risks of tunnel construction are to be allocated, controlled, mitigated, or managed. Instead, it simply states that Santa Clara Valley Water District is not liable for the activities of the Joint Powers Agency. It also fails to require the Joint Powers Agency to buy insurance for the tunnel construction.

The Joint Powers Agreement’s attempt to indemnify the member agencies from liability for any claims arising from the WaterFix tunnel design and construction may not stand up to judicial review. In Tucker Land Co. v. State of California (2001) 114 Cal. App. 4th 1191, the 2nd District appellate court reviewed Chapter 21 of the Government Code, Tort Liability Under Agreements Between Public Entities, and associated Law Revision Commission opinions. The court concluded “these sections make clear that the Legislature intended that member entities of a JPA be liable for the torts of the JPA.”

To address the responsibilities of the member agencies in designing and constructing the WaterFix tunnels, the Joint Powers Agreement should be revised to require compliance with the UCA Guidelines for Improved Risk Management on Tunnel and Underground Construction Projects in the United States of America.

The Joint Powers Agreement should be revised to require the JPA to buy insurance for the tunnel construction.

The Department of Water Resources’ CEQA mitigations for the Delta tunnels construction are inadequate and create a risk to public health and safety, and are being challenged in court. The implementation of the CEQA mitigations is also in question if the Department of Water Resources is not constructing the tunnels.

Since the Director appointed by Santa Clara Valley Water District (“SCVWD”) to the Delta Conveyance Design and Construction Joint Powers Authority will be president of the Construction JPA, SCVWD can and should delay SCVWD’s CEQA findings of fact and adoption of mitigation measures to do further design and adopt the needed CEQA mitigations to protect public health and safety.

Doing otherwise fails in the Board’s duty of care as a public agency overseeing the design and construction of the WaterFix tunnels, and as a CEQA responsible agency.

Sincerely,

Deirdre Des Jardins
Principal, California Water Research

Cc: Norma Carmacho, Chief Executive Officer
WaterFix tunnel construction: gas wells

The WaterFix/Delta tunnels go through the West Thornton - Walnut Grove and River Island gas fields, just east of the Rio Vista gas field, the largest natural gas field in California. The map below, a closeup from the map on page 155 the WaterFix 2015 Final Draft Conceptual Engineering Report, shows the high density of gas fields and gas wells in the Delta tunnel alignment near Walnut Grove. The purple shaded areas are gas fields, and the purple dots are gas wells – either producing or abandoned.
The 2010 internal DHCCP engineering document for the Delta tunnels discusses precautions recommended by an Independent Review Committee, which were never publicly disclosed by DWR or MWD:

Proposed Tunnel Alignment Revision
The Outside Reviewers recommended the tunnel alignment avoid any active or idle gas wells and minimize intersection with plugged wells due to the potential for damage to the wells by the tunnel boring machines during mining operations.

The 2010 internal DHCCP engineering document also states that the Independent Review Committee recommended the following:

- Participate in the DOGGR Well Review Program;
- Obtain permits for any well work (active or abandoned);
- Given that well coordinates on DOGGR website are not necessarily accurate, conduct a survey to determine their exact location;
- Avoid all wells to the extent practical; avoid tunneling over wells;
- Given that DOGGR makes no guarantee that wells are properly abandoned or will not leak after abandonment, address each proximate well specifically;
- DWR has neither designed nor constructed a project that passes through a gas field or near existing gas wells, either active or abandoned. Accordingly, and as recommended by the Outside Reviewers, engage the services of a petroleum engineering consultant with experience in the installation and abandonment of gas wells (ideally one familiar with the Delta and its gas wells and fields) to advise the DWR and the DHCCP.

MWD has since taken over the WaterFix tunnel engineering, and appears not to have implemented any of these recommendations.

The only mitigation for gas well risk that MWD's engineers are proposing in the WaterFix Conceptual Engineering Report is to "identify the minimum allowable distance between wells and tunnel excavation" with a future study. The 2015 Conceptual Engineering Report also states that "it is anticipated that the State of California Division of Occupational Safety and Health (Cal/OSHA) may classify the tunnels as 'potentially gassy.'"

North Delta Cares presented testimony in the WaterFix Water Right Change Petition Hearing by Mark Pruner, who is on the Board of Directors for the Clarksburg Fire Protection District. Pruner testified on cross-examination that DWR had never discussed the gas well risk with the Clarksburg Fire Protection District, nor disclosed the recommendations of the 2010 Independent Review Committee on tunneling through a gas field. Pruner testified that the Clarksburg Fire Protection District would have commented that DWR must follow the recommendations of the Independent Review Committee.

DWR's attorneys objected to the entire line of questioning.

Metropolitan Water District has a disastrous history with tunneling through strata with methane gas. The worst tunneling accident in California history occurred in 1971 during MWD's boring of the 22' Sylmar tunnel to Castaic reservoir with a tunnel boring machine. The Sylmar tunnel was known to go through strata with oil and gas. As documented by in an engineering journal article by Richard J. Proctor, former Chief Geologist for MWD:
(1) The MWD geologic report, given with the Specifications to all bidders, warned of the possibility of encountering oil and/or gas in the western part of the tunnel route. This warning was based on: (a) producing oil fields in the region; (b) oil and tar seeps in the area; (c) the presence of Pico Formation sandstone in the western part of the tunnel route—a known source-rock of oil; (d) the presence of oil and gas in two nearby tunnels—the L.A. Department of Water and Power's Newhall Tunnel in 1912, and the MWD's Balboa Tunnel in 1967; (e) the crossing of the Santa Susana fault, which acts as an oil trap in the nearby Cascade Oil Field.

(2) Several months before the explosion, the contractor posted a notice that stated "Expect explosive gas ahead."

There were other factors listed in the article by Proctor. Lockheed was the low bidder on the tunnel construction contract, and was trying to finish the tunnel quickly to get a bonus from Metropolitan Water District for early completion. Workers on the tunnel were not adequately trained. When workers smelled gas, the supervisor stopped work briefly, but then kept going, and did not implement all the recommended precautions. The day of the fatal explosion, they had to stop work 35 times. Firefighters worked under extremely hazardous conditions in the smoky, water filled tunnel for the next two days, extinguishing fires and searching for workers.

After the fatal explosion, construction was halted for 2 years while MWD, Lockheed, and OSHA figured out how to proceed safely. Lockheed also filed a breach of contract suit against MWD for not warning of the real danger of encountering gas during tunnel boring.
There was a 54-week criminal trial against the tunnel contractor, resulting in the highest municipal fines and some of the greatest civil damages awards of its time. After the longest municipal court trial in U.S. history, Lockheed Shipbuilding & Construction Co., a subsidiary of Lockheed Aircraft, was found guilty of gross negligence and violating state safety laws, and fined $106,250. Lockheed was also forced to pay $9.3 million in civil judgments.

MWD dedicated a plaque to the 17 workers who were killed in the explosion in December of 2013. But MWD appears not to have connected the dots with the need to follow the recommended precautions for tunneling through the Rio Vista gas field for the WaterFix project.

_Corrected re: Rio Vista gas field 4/30._
Attachment 2

DWR Response to Letter from Ms. Des Jardins to SCVWD Board regarding Gas Wells
Below is our response to address concerns raised by Ms. Des Jardins regarding gas wells located along the California WaterFix tunnel (CWF) alignment in her letter dated May 2, 2018 to the Board of Directors, Santa Clara Valley Water District. We would like to note that the Ms. Des Jardins has incorrectly stated that the CWF team has failed to follow the recommendations provided by the Independent Review Committee in February 2010. On page 3 of the California Water Research blog’s post attached to the letter, Ms. Des Jardins has incorrectly stated the recommendation provided by CWF team in the December 2010 Optimization Report as recommendations provided by the Independent Review Committee. As shown in the map referenced by the commenter taken from the 2015 Conceptual Engineering Report, CWF team considered locations of gas wells in siting the tunnel alignment. As a first step to avoid conflicts with the existing gas wells, the CWF team relied on the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR) database records to plot the oil and gas wells along the tunnel alignment as recommended by the independent review committee.

Given that well coordinates on the DOGGR database are not necessarily accurate, CWF team recommended a survey to determine their exact locations in the field (Initial Analysis & Optimization of the Pipeline/Tunnel Option Report, December 2010). In January of 2018, the CWF team conducted an unmanned aircraft system (UAS) airborne magnetometer survey (airborne magnetometer survey) on Bouldin Island along the tunnel alignment covering a corridor of approximately 2-mile long and 1,000-feet wide. The magnetic method has been used effectively to locate orphaned vertical oil and gas wells with steel casings. The survey conducted on Bouldin Island enabled the CWF team to locate an abandoned gas well along the proposed tunnel alignment. The well location identified in the survey was excavated and the abandoned well was physically verified in the field. As part of next engineering phase, the remainder of the project alignment will be surveyed as access to the project sites becomes available.

As discussed above, CWF is committed to following all the recommendations provided in the Initial Analysis & Optimization report (December 2010) including:

- Participating in the DOGGR Well Review Program;
- Obtaining permits for any well work (active or abandoned);
- Given that well coordinates on DOGGR website are not necessarily accurate, conduct a survey to determine their exact location (this is item discussed above);
- Avoiding all wells to the extent practical; avoiding tunneling over wells;
- Given that DOGGR makes no guarantee that wells are properly abandoned or will not leak after abandonment, address each proximate well specifically;
- Engaging the services of a petroleum engineering consultant with experience in the installation and abandonment of gas wells (ideally one familiar with the Delta and its gas wells and fields) to advise the CWF team.