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: 06/29/18 – 07/05/18

## BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS

### BMR/IBMR Weekly Reports: 07/05/18

- Memo from Nina Hawk, COO/WUE, to the Board, dated 07/02/18, regarding the Expedited Purified Water Program: Shortlisted P3 Entities Informed of Delay in Release of Request for Proposals.
- Memo from Nina Hawk, COO/WUE, to the Board, dated 07/03/18, regarding flowing artesian wells.

## INCOMING BOARD CORRESPONDENCE

- Email from Rowan Pike to the Board, dated 06/29/18, regarding District property at Willow and Lelong streets in San Jose (C-18-0124).
- Letter from Michael Jackson, Bureau of Reclamation, to the Board, dated 06/25/18, regarding the update to allocation of water made available for 2018, Central Valley Project (C-18-0125).
- Email from Chris Gilbert to the Board, dated 07/02/18, regarding a news article on the Calvert rider (C-18-0126).
- Email from Barbara Barrigan-Parilla, Restore the Delta, to the Board, dated 07/02/18, regarding the Calvert rider (C-18-0127).
- Email from David Lane to the Board, dated 07/03/18, regarding the 2018 Mid-Year Vasona/Los Gatos Creek Cleanups Report (C-18-0128).
- Email from Barbara Barrigan-Parrilla, Restore the Delta, to Chair Santos, dated 07/05/18, regarding the Calvert rider (C-18-0129).
- Letter from Maribel Montanez, Gardner Health Services, to Chair Santos, dated 06/16/18 (rec'd 07/05/18), regarding a sponsorship opportunity for their event (C-18-0130).

## OUTGOING BOARD CORRESPONDENCE

- Reply email from Director Varela to Susan Mister, dated 06/29/18, regarding the Landscape Rebate Program (C-18-0102).
Reply email from Chair Santos to Cheri Machado-Knapp, dated 07/03/18, regarding fallen trees in Los Gatos Creek (C-18-0114).

Reply email from Vice Chair LeZotte to K. Shintani, dated 06/21/18, regarding ground water supplied to Almaden Valley (C-18-0121).

Reply email from Chair Santos to Chris Gilbert, dated 07/02/18, regarding a news article on the Calvert rider (C-18-0126).

Reply email from Chair Santos to Barbara Barrigan-Parilla, Restore the Delta, dated 07/02/18, regarding the Calvert rider (C-18-0127).

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

$75 Million Wells Fargo Bank Revolving Line of Credit Terminated by District

Effective June 30, 2018, the district will terminate its $75 million revolving line of credit with Wells Fargo Bank without paying any early termination fee. The early termination reflects recent updates to the projected financing needs for the Safe, Clean Water (SCW) program and Water Utility Enterprise (WUE) projects, which show that the existing $150 million commercial paper program capacity is sufficient to meet the financing needs without the Wells Fargo Bank’s $75 million line of credit. This termination will save the district a minimum of $190,000 in annual banking fees effective FY 2018-19.

The Board approved the line of credit on December 13, 2016, with an initial term of three (3) years through January 17, 2020. The line of credit was established to expand the borrowing capacity of the district’s short-term financing program beyond the $150 million capacity provided by a commercial paper facility backed by a letter-of-credit from the Bank of Tokyo-Mitsubishi. Recently, updated financial projections show that the district will have sufficient capacity with the commercial paper facility alone to finance anticipated fiscal year 2018-19 and 2019-20 capital costs for SCW and WUE. Bond issuances are planned for this timeframe to refinance outstanding commercial paper certificates issued for the WUE costs and maintain capacity in the commercial paper program to finance on-going costs.

For further information, please contact Darin Taylor at (408) 630-3068.
Vision Document for Calabazas Creek, San Tomas Aquino Creek, and Pond A8

San Francisco Estuary Institute/Aquatic Science Center (SFEI) and the district have partnered to explore new approaches to integrate resilience in project planning. An example of this is the recently released Vision Document for Calabazas Creek, San Tomas Aquino Creek, and Pond A8, which was funded by an Environmental Protection Agency (EPA) Water Quality Improvement Fund grant in the amount of $1,667,683.

This joint effort, including the South Bay Salt Pond Restoration Project, builds on SFEI’s Healthy Watersheds and Resilient Baylands Program and explores flood protection and habitat improvements at the Bay shoreline while considering sea level rise. The vision, which was developed with a panel of regional expert scientists, focuses on breaching a levee protecting a historical commercial salt pond (Pond A8) and allowing Calabazas and San Tomas Aquino creeks to drain directly into the pond. This connection would deliver sediment to restore the pond back to tidal marsh. This vision is a major step in identifying opportunities for improving the landscape in the West Valley area. Potential benefits from creek-bayland reconnection could include flood protection, sediment delivery to tidal marshes, and improving estuarine transition zones.

The district will continue to work with partners for feasibility analyses, garnering regulatory agency support, and stakeholders outreach.

For further information, please contact Vincent Gin at (408) 630-2633.

Varela

Create an agenda item to discuss how California Water Managers are dealing with the large amount of water used to grown cannabis; how the district's Open Space Credit could be affected; and could this be additional revenue for the district.

R-18-0011

Staff is preparing to bring this item to the Board on August 14, 2018.

For further information, please contact Garth Hall at (408) 630-2750.
BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS
<table>
<thead>
<tr>
<th>Request</th>
<th>Completed Date</th>
<th>Meeting Date</th>
<th>Director</th>
<th>GM / AGM</th>
<th>Description</th>
<th>20 Days Due Date</th>
<th>Expected Completion Date</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-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>05/28/18 Information Only.</td>
<td></td>
</tr>
<tr>
<td>R-18-0012</td>
<td>Pending</td>
<td>06/26/18</td>
<td>Keegan</td>
<td>Comelo</td>
<td>Director Keegan requested that staff provide the Board with the status and report on the last major District-wide security assessment and provide a schedule for the next assessment.</td>
<td>07/22/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-18-0011</td>
<td>Pending</td>
<td>06/26/18</td>
<td>Lezotte</td>
<td>Hawk Callender</td>
<td>The Board requested staff to schedule a tour of the Pacheco Reservoir for Board members as well as regular periodic tours for the public.</td>
<td>07/22/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-18-0011</td>
<td>Pending</td>
<td>04/24/18</td>
<td>Varela</td>
<td>Hawk</td>
<td>Create an agenda item to discuss how California Water Managers are dealing with the large amount of water used to grow cannabis; how the District's Open Space Credit could be affected; and could this be additional revenue for the District.</td>
<td>07/01/18</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>06/26/18 Information Only.</td>
<td></td>
</tr>
</tbody>
</table>
TO: Board of Directors

FROM: Nina Hawk, COO, Water Utility Enterprise

SUBJECT: Expedited Purified Water Program:
Shortlisted P3 Entities Informed of Delay in Release of Request for Proposals (RFP)

DATE: July 2, 2018

Per recent CEO direction, staff informed the five (5) shortlisted P3 entities that the Request for Proposal (RFP) process, anticipated to begin before the end of this summer, will be delayed to a later point in time.

Attachment 1 provides a copy of one of the five identical letters that were transmitted to the following P3 entities:

1. AECOM Veolia Partners
2. Poseidon Water LLC
3. Santa Clara Water Partners
4. Silicon Valley NEWater Partners
5. Silicon Valley Water

As stated in the letters, the District referred to its current countywide water reuse master plan effort and the expectation that this effort will identify other potential sites/locations to possibly expand the P3 project scope. To maximize the productivity of the P3 procurement process for all involved, the District has determined to release the RFP at a later date to allow clearer project definition.

For more information, please contact Katherine Oven at (408) 630-3126.

Nina Hawk
Chief Operating Officer
Water Utility Enterprise

Attachment 1: June 27, 2018 letter to AECOM Veolia Partners

Cc: K. Oven
June 27, 2018

AECOM Veolia Partners  
100 W San Fernando Street, Suite #200  
San Jose CA, 95126  
Attn: Karun Malhotra – Project Executive/Project Manager  

RE: Expedited Purified Water Program – P3 Procurement Process Update  

Dear Mr. Malhotra:  

Thank you for your participation at our recent technical workshop and one-on-one meetings. As you know from the information the District has presented, the District, in collaboration with the County's wastewater plant owners and retailers that use recycled water, is developing a countywide master plan for water reuse. That plan is due for completion by June 2019. It will include analysis and specific recommendations on new reuse opportunities using treated wastewater from all four plants in the County.

The opportunities under evaluation in the countywide master plan may identify other potential sites/locations to possibly expand the P3 project scope. To maximize the productivity of the District's P3 procurement process, both for the District and P3 respondents, the District has determined to release the RFP at a later date in order to allow project definition to become more advanced prior to the RFP.

Last week, you received the June 18, 2018 Draft Term Sheet for your review. Please continue with this review and submit your comments, as requested, by July 3, 2018. The District has determined to reschedule the one-on-one meetings with each entity in July. The District will contact each of the five shortlisted P3 entities within 4 to 5 months with an update regarding the RFP, one-on-one meetings, and next steps.

Thank you again for your interest and participation in the process.

Sincerely,

Katherine Oven, P.E.  
Deputy Operating Officer  
Water Utility Capital Division

Cc: N. Camacho, N. Hawk  
via email

ko:br
MEMORANDUM
FC 14 (01-02-07)

TO: Board of Directors

FROM: Nina Hawk
Chief Operating Officer for Water Utility Enterprise

DATE: July 3, 2018

SUBJECT: Flowing Artesian Wells

District staff have received numerous reports of flowing artesian wells, particularly in the spring of 2018. Typically, these are long-abandoned or improperly sealed wells discovered by property owners. As described below, artesian conditions occur naturally in the Santa Clara Valley and abandoned well discoveries often coincide with high water pressures due to above-normal rainfall or significant reductions in pumping. Abandoned or improperly sealed wells violate District and state well standards, and the District works with the affected property owners to ensure the wells are properly destroyed. District staff is also planning to work with water retailers to assess their flexibility to pump additional groundwater in 2018 rather than using treated water, as this is expected to reduce artesian pressures.

Artesian (confined) aquifers occur in large portions of the Santa Clara Valley. The water level in wells screened in these aquifers rises, and may even reach the ground surface, because the pressure in these aquifers is greater than atmospheric pressure. Wells flowing artesian under natural conditions have been documented since the 1850s, and are known to cover a wide portion of the valley. Due to groundwater overdraft during much of the 20th century, pressures in the artesian aquifers were greatly reduced, leading to subsidence. Groundwater conditions have been largely restored to a more natural state due to the District’s groundwater management efforts over many decades.

Pressures in artesian aquifers often peak after wet years, and it’s not uncommon to get more frequent reports of discovered abandoned wells when artesian pressures are high, since they may prompt old wells to begin flowing at the land surface. Regardless of whether they are flowing or not, abandoned wells violate District and state well standards, and must be properly destroyed to protect local aquifers. These wells provide vertical conduits where contaminants may move into groundwater from the surface or between aquifers. If uncapped or improperly sealed, large volumes of water can also flow freely from these wells, resulting in wasted water. Staff are working to ensure affected property owners effectively destroy abandoned wells as they are identified.

Reduced retailer pumping during the latter years of the recent drought was instrumental in the rapid recovery of groundwater levels to pre-drought conditions. Water demands continue to be lower than they were before the drought, indicating the community continues to heed the Board’s call for reduced water use. Similarly, groundwater pumping in the last several years has been lower than normal. Because this also contributes to high artesian pressures in some areas, District staff plan to work with water retailers to assess their flexibility in increasing pumping to reduce artesian pressures while still maintaining sustainable groundwater levels. Any increased pumping is anticipated to result in a corresponding reduction in treated water use. Staff will continue to work closely with water retailers and monitor available supplies, water usage, and groundwater conditions.

Please contact me at (408) 630-2736 with any related questions.

Nina Hawk
Chief Operating Officer for Water Utility Enterprise

N. Camacho, G. Hall, C. Hakes, K. Arends