
File No.: 18-0777

Agenda Date: 10/9/2018

Item No.: 6.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Fiscal Year 2017-2018 Safe, Clean Water and Natural Flood Protection Program Annual Report - Year 5.

RECOMMENDATION:

- A. Approve the proposed text adjustments to the Safe, Clean Water and Natural Flood Protection Program;
- B. Approve the Fiscal Year 2017-2018 Safe, Clean Water Program Draft Annual Report - Year 5 with unaudited financials; and
- C. Authorize staff to finalize the Fiscal Year 2017-2018 Safe, Clean Water Program Annual Report - Year 5 Annual Report (with audited financials) and submit the final report to the Independent Monitoring Committee for its review.

SUMMARY:

Safe, Clean Water Program Text Adjustments

As per the Safe, Clean Water and Natural Flood Protection Program's (Safe, Clean Water Program) Change Control Process, the proposed text adjustments are listed below and incorporated into the Year 5 Annual Report (Report). Adjustments to project schedules and budgets are annually considered for approval by the Board in the spring through the Capital Improvement Program Progress Report and Budget Adjustment and Adoption processes, respectively.

E3 Flood Risk Reduction Studies

Sections: Flooding History and Project Background

Adjusted text:

In 1997, the Rock Springs neighborhood suffered severe flood damages to approximately 25 low-income apartment buildings. A subsequent study investigated the flooding problem and offered possible solutions. ~~With the additional planning and partial design from Project E3, the District would be well-positioned to apply for future grants and/or partnerships to complete the needed flood protection work in this neighborhood.~~

Justification:

Adjustment of text to reflect the Modification to the Coyote Creek Flood Protection Project to include the Rock Springs neighborhood.

E4 Upper Penitencia Creek Flood Protection Project

Section: Description and Geographic Area of Benefit

Adjusted text:

Preferred project: A federal-state-local partnership

This project continues a partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct improvements along 4.2 miles of Upper Penitencia Creek from the confluence with Coyote Creek to Dorel Drive. ~~The project is also funded in partnership with the state.~~ Part of the project **will** ~~must be completed prior to a planned Silicon Valley Rapid Transit extension to the Bay Area Rapid Transit line,~~ to protect the area around the proposed **Bay Area Rapid Transit's** Berryessa station near King Road, which would otherwise be subject to flooding.

The natural creek channel will be preserved while adjacent existing open space and parkland will remain as recreational areas, only rarely taking the role as a temporary floodplain so that floodwaters do not enter surrounding neighborhoods and commercial areas. Proposed construction measures may include modified floodplains, levees, flood walls, bypass channels, and fish passage improvements. Existing District water supply facilities may also be modified to protect habitat and improve water supply reliability.

The \$41.9 million (**\$48.9 million in inflated dollars**) in local funding from the Safe, Clean Water Program allows the District to move ahead with the planning, design and construction of the project.

Geographic Area of Benefit

San José **and Milpitas**

Justification:

Adjustment of text to reflect the current funding sources, impact to the Berryessa Station Bay Area Rapid Transit, and the geographic area of benefit.

Fiscal Year 2017-2018 (FY18) Safe, Clean Water Program Annual Report - Year 5

FY18 marks the fifth of the 15-year Safe, Clean Water Program. This Report presents a status update on the implementation of projects during FY18.

On November 6, 2012, voters approved the Safe, Clean Water Program as a countywide special parcel tax for 15 years with a sunset date of June 30, 2028. This program replaced the Clean, Safe Creeks and Natural Flood Protection Plan (CSC), which voters approved in November 2000. The Safe, Clean Water Program addresses the following needs, values, and priorities as identified by

Santa Clara County stakeholders:

Priority A: Ensure a safe, reliable water supply

Priority B: Reduce toxins, hazards and contaminants in our waterways

Priority C: Protect our water supply from earthquakes and natural disasters

Priority D: Restore wildlife habitat and provide open space

Priority E: Provide flood protection to homes, businesses, schools, and
Highways

Each of these priorities has specific operational and capital projects, which have key performance indicators (KPIs) meant to keep them on track to meet the overall program priorities. Additionally, the program requires the District to prepare an annual report providing a progress update and fiscal year accomplishments for each project. To ensure transparency and accountability, the program requires that the annual report be reviewed by an independent committee of volunteers, known as the Independent Monitoring Committee (IMC), which are appointed by the District Board of Directors (Board).

The Report provides the status of each project's progress towards accomplishing its KPIs and targets established in the 5-Year Implementation Plan. The project status is described by one of six categories listed below:

On Target: Status indicates the project is on track to meet targets

Adjusted: Status indicates the potential that targets will not be met and implementation required a schedule adjustment (future year status' will be based upon the adjusted schedule)

Not on Target: Status indicates that the target has not been or will not be met

Modified: Status indicates the Board formally modified the project following a public hearing (future year status' will be based upon the modified project targets)

Scheduled to Start: Status indicates that the project is scheduled to start in a future fiscal year

Completed: Status indicates that the project has been completed and the KPIs have been met

Overall FY18 Program Performance

There are 37 projects under the Safe, Clean Water Program. As of June 30, 2018, approximately 81% (30 projects) are on target; 8% (3 projects) required schedule adjustments; 3% (1 project) was modified; 3% (1 project) is scheduled to start in FY19; and 5% (2 projects) were completed. See Graph 1 and Table 1 on the following pages.

Graph 1

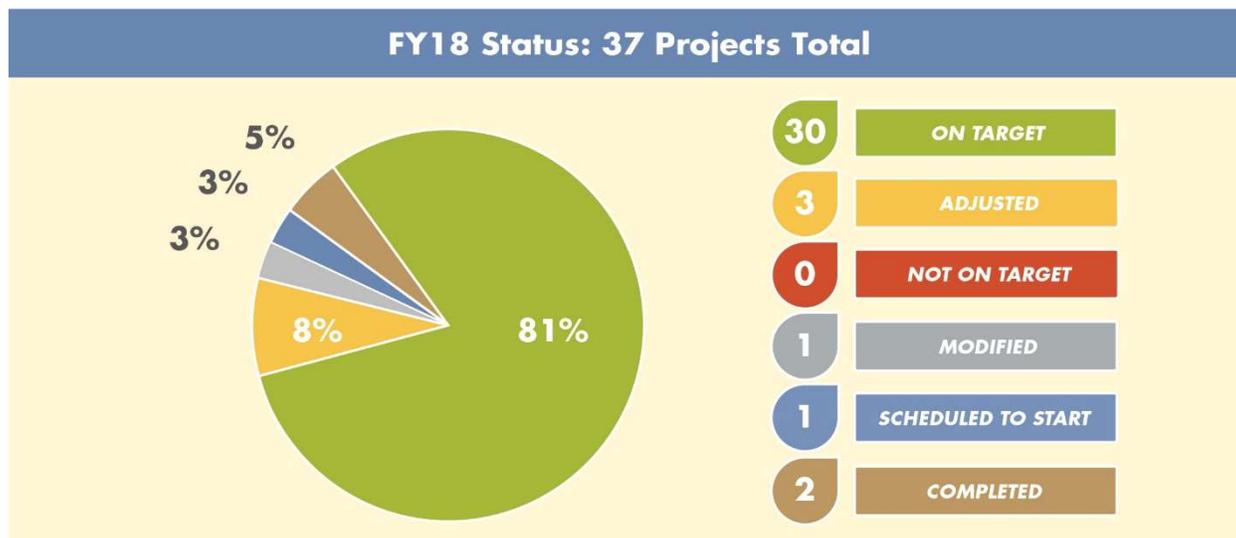


Table 1: Program Status as of June 30, 2018

Project	Project Description	Status
Priority A: Ensure a Safe, Reliable Water Supply		
A1	Main and Madrone Avenue Pipelines Restoration	ON TARGET
A2	Safe, Clean Water Partnerships and Grants	MODIFIED
A3	Pipeline Reliability Project	SCHEDULED TO START
Priority B: Reduce Toxins, Hazards, and Contaminants in our Waterways		
B1	Impaired Water Bodies Improvement	ON TARGET
B2	Interagency Urban Runoff Program	ON TARGET
B3	Pollution Prevention Partnerships and Grants	ON TARGET
B4	Good Neighbor Program: Encampment Cleanup	ON TARGET
B5	Hazardous Materials Management and Response	ON TARGET
B6	Good Neighbor Program: Remove Graffiti and Litter	ON TARGET
B7	Support Volunteer Cleanup Efforts and Education	ON TARGET
Priority C: Protect our Water Supply from Earthquakes and Natural Disasters		
C1	Anderson Dam Seismic Retrofit	ON TARGET
C2	Emergency Response Upgrades	ON TARGET
Priority D: Restore Wildlife Habitat and Provide Open Space		
D1	Management of Revegetation Projects	ON TARGET
D2	Revitalize Stream, Upland and Wetland Habitat	ON TARGET
D3	Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	ON TARGET
D4	Fish Habitat and Passage Improvement	ON TARGET
D5	Ecological Data Collection and Analysis	ON TARGET
D6	Creek Restoration and Stabilization	ON TARGET
D7	Partnerships for the Conservation of Habitat Lands	ON TARGET
D8	South Bay Salt Ponds Restoration Partnership	ON TARGET
Priority E: Provide Flood Protection to Homes, Businesses, Schools, and Highways		
E1.1	Vegetation Control for Capacity	ON TARGET
E1.2	Sediment Removal for Capacity	ON TARGET
E1.3	Maintenance of Newly Improved Creeks	ON TARGET
E1.4	Vegetation Management for Access	ON TARGET
E2	Emergency Response Planning	ON TARGET
E3	Flood Risk Reduction Studies	ON TARGET
E4	Upper Penitencia Creek Flood Protection	ON TARGET
E5	San Francisquito Creek Flood Protection	ADJUSTED
E6	Upper Llagas Creek Flood Protection	ON TARGET
E7	San Francisco Bay Shoreline Protection	ON TARGET
E8	Upper Guadalupe River Flood Protection	ON TARGET
Other Flood Protection Projects and Clean, Safe Creeks Grants Projects		
	Permanente Creek Flood Protection	ON TARGET
	Sunnyvale East and Sunnyvale West Channels Flood Protection	ADJUSTED
	Berryessa Creek Flood Protection	COMPLETED
	Coyote Creek Flood Protection	ON TARGET
	Calabazas Creek Flood Protection	COMPLETED
	Clean Safe Creeks Grants Projects	ADJUSTED

For FY18, the adjusted budget for the Safe, Clean Water Program totaled \$106 million. Actual funds

expended and encumbered as of June 30, 2018 were \$61.9 million, approximately 58% of the Safe, Clean Water Program's adjusted budget. Underspensing was primarily due to delays in construction and real estate acquisition for the following capital flood protection projects: Upper Llagas (E6) and Sunnyvale East and West (CSC). Project construction delays occurred primarily as a result of: determining suitable and appropriate project mitigation, on-going negotiations with various resource agencies, delays in acquisition of regulatory permits, delays in land acquisition, and incorporating design changes. To address delays in obtaining permits, the District permit strategy team continues to work on short-and long-term strategies to secure timely permits.

To ensure transparency and accountability, the Safe, Clean Water Program requires the District's Board of Directors to establish the IMC by appointing its members and they will monitor the Safe, Clean Water Program's progress to ensure the outcomes are achieved in a cost-efficient manner. Each year, the Board authorizes finalization of the prior fiscal year's annual report and submittal to the IMC for its review. In addition, the Safe, Clean Water Program requires 3 independent audits, the first of which was conducted in FY17. The audit focused on compliance and performance, and while the Safe, Clean Water Program was found to be operating in full compliance, the auditors did make some recommendations regarding performance. The audit findings can be found on www.valleywater.org/SafeCleanWater.aspx <<http://www.valleywater.org/SafeCleanWater.aspx>>. To address recommendations made by the IMC, the District utilizes a confidence level rating system for capital projects that include confidence levels for schedule, funding, permits, and jurisdictional complexity (the level to which a project's deliverables can be impacted by other entities or jurisdictions). By applying a confidence level to each of these topics, the IMC and community will be able to identify the areas of concern for each project that could impact the probability for the project to remain On Target. The confidence levels are addressed in the Report under the Opportunities and Challenges section for each of the capital projects. Appendix D was created to delve into the confidence levels for each capital project, as well as demonstrate the jurisdictional complexity related to funding sources, regulatory permitting, and coordination between cities, counties and other agencies. Listed below are the 3 confidence levels and their definitions:

High - Applies to projects that have achieved the following: received full funding, received regulatory permits, met schedule milestones (and will continue to move forward on schedule), and, if applicable, jurisdictional complexity issues have been resolved.

Moderate - Applies to projects that are in the process of the following: receiving funding from other sources, receiving permits, recommending the Board approve a schedule adjustment, and, if applicable, resolving jurisdictional complexity issues.

Low - Applies to projects that have a high probability of experiencing or already have been: denied funding, denied permits, delayed in schedule, and, if applicable, jurisdictional complexity issues that are impacting completion of the project.

Also addressing a recommendation by the IMC, the Safe, Clean Water Program's 5-Year Implementation Plan glossary is now included in the annual report as Appendix J -Glossary. To reflect a text adjustment that was approved by the Board on September 27, 2015, the word "illegal" has been removed from the glossary definition of encampment. Additionally, an updated countywide map was added as Appendix I - Countywide Map of Projects, along with Appendix G - Projects by

Organizational Structure and Appendix H - Projects by Mission Area, which will aid those reviewing the annual report in their understanding of the projects and how they align with the District's business and mission areas, respectively. For further project and contact information, visit:

www.valleywater.org/SafeCleanWater.aspx <<http://www.valleywater.org/SafeCleanWater.aspx>>.

Key Accomplishments

To date, the District has completed multiple KPIs for various projects and laid the groundwork for many other projects to be completed in the next 5 years. Key highlights from FY18 accomplishments consistent with the District's core mission areas include:

Water Supply

- **Main Avenue and Madrone Pipelines Restoration:** Construction began in FY18 and is scheduled to be completed in FY19. Once completed, this project will increase the District's groundwater recharge in South County by about 2,000 acre feet per year and maximize the delivery of imported water to treatment plants supplying drinking water to North County.
- **Water Conservation Grant Program:** Under KPI #1 of the Safe, Clean Water Program's Partnerships and Grants project (Project A2) the District awarded three grants for a total of \$130,192 in grant funding toward project costs of \$291,028. The grants are for agencies and organizations to study and pilot-test new water conservation programs.
- **Water to Go (Hydration Station) Grant Program:** Completed KPI #2 of the Safe, Clean Water Program's Partnerships and Grants project in FY18 by funding grants for 50 bottle filling stations to help schools provide safe, clean drinking water to students and comply with the state mandate, SB 1413, and the Healthy Hunger-Free Kids Act.

Flood Protection

- **Berryessa Creek Flood Protection Project:** This project was completed in FY18, upon the finalization of Phase 3 construction of the Montague Expressway bridge replacement in June 2018. This project provides 1% flood protection to approximately 1,662 parcels in Milpitas and San José.
- **Coyote Creek Flood Protection Project:** In FY18, the District identified and constructed a short-term flood relief solution for the Rock Springs neighborhood prior to the 2017- 2018 winter season. The District also signed a Memorandum of Agreement with the U.S. Army Corps of Engineers (USACE) that allows the District to conduct a USACE feasibility study, which is the first step in pursuing federal and state funding for the preferred project. Once completed, the preferred project will provide flood protection for approximately 1,000 parcels in San José from the level of flooding that occurred on February 21, 2017.
- **Permanente Creek Flood Protection Project:** Construction of the Rancho San Antonio and McKelvey Park detention sites and channel improvements continued in FY18 and are on target for completion by FY19. Once completed, this project will provide 1% flood protection to approximately 1,664 parcels in Mountain View and Los Altos.

- **San Francisquito Creek Flood Protection Project:** For the local-state funding only project for S.F. Bay to Highway 101, construction continued in FY18, which included installing approximately 4,000 feet of floodwall; excavating sediment and reducing the height of the existing levee; and completing approximately 800 feet of the new offset levee. Construction is scheduled to be completed in FY19. Once completed, this reach will protect approximately 3,000 parcels in Palo Alto from a flood event close to the February 1998 flood, the largest on record.
- **Sediment Removal:** The District completed 12 sediment removal projects, removing nearly 34,714 cubic yards of sediment to maintain design capacity, with 14% of this work funded through the Safe, Clean Water Program.
- **Vegetation Control:** The District completed 470 acres of in-stream vegetation management to reduce flood risk on 168 miles of streams throughout the county using an integrated combination of mechanical, hand labor, and herbicide methods.

Stewardship

- **Trash Removal Projects:** Of the 7 projects in Priority B, 5 include trash removal components, with the goal of reducing and removing contaminants in our local creeks, streams and bay. This work is accomplished not only by the District, but with the help of volunteers and grantees alike. In FY18, approximately 1,404 tons of trash was removed from our waterways.
- **Safe, Clean Water Program Stewardship Grants:** Through Priorities B and D, the District awarded more than \$1.4 million in grant funding toward project costs exceeding \$3.5 million. These dollars went to local grantees for projects addressing issues such as water conservation, water quality, green initiatives, storm water pollution reduction, storm water quality, trash removal and reduction along our waterways, restoring wildlife habitat, and providing access to trails. In FY18, the Board of Directors also approved \$200,000 for a Pilot Mini-Grant Program, with each mini-grant not-to-exceed \$5,000. Since the release of the pilot program, the District has awarded more than \$106,000 in mini-grant funds to 22 projects. Projects range from restoring native wildlife habitat to community outreach and education around watershed stewardship to engaging seniors on the importance of restoring open space and healthy watersheds.

5-Year Implementation Plan

On July 10, 2018, the Board approved a 5-Year Implementation Plan for FYs 19-23 that describes how the District will effectively and efficiently implement the Program over the second five years of the 15-year Safe Clean Water Program. The annual Report provides stakeholders the opportunity to compare the program's five-year performance with the targeted accomplishments in the first 5-Year Implementation Plan. Both 5-Year Implementation Plans are available at www.valleywater.org/SafeCleanWater.aspx <<http://www.valleywater.org/SafeCleanWater.aspx>>.

Next Steps

Once approved by the Board and all necessary appendices, charts and tables are updated with the audited financials and corresponding accomplishments to finalize the Report, the final Report will be sent to the Board and the IMC and made available to the public on the District's website at www.valleywater.org/SafeCleanWater.aspx <<http://www.valleywater.org/SafeCleanWater.aspx>>.

The IMC is scheduled to receive the final Report by November 16, 2018, after which time the committee will meet in early December to discuss and establish the review process and schedule for the FY18 annual Report. Also during that meeting, the committee will receive presentations on the following subjects:

- The Good Neighbor Encampment Cleanup (Project B4) funding plan to address the funding shortfall;
- The new grants management system and process; and
- The 5-Year Implementation Plan for FYs 19-23.

FINANCIAL IMPACT:

The annual report is produced and printed internally and the costs are budgeted to the Safe, Clean Water Implementation Project (26061012).

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Draft Annual Report

Attachment 2: PowerPoint

UNCLASSIFIED MANAGER:

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