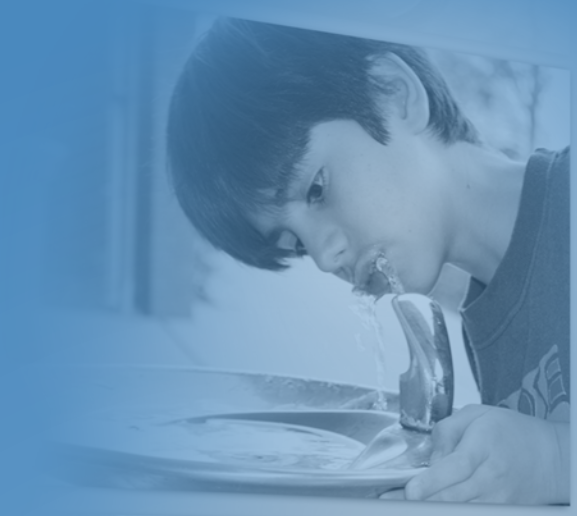
FY 2014-15 | Year 2

Safe, Clean Water and Natural Flood Protection







Santa Clara Valley Water District

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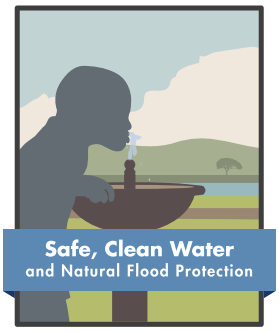

Safe, Clean Water
and Natural Flood Protection
Fiscal Year 2014-2015 | Year 2

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Submitted by

Beau Goldie
Chief Executive Officer

Presented by

Norma Camacho
Chief Operating Officer

November 20, 2015

Santa Clara Valley Water District

Santa Clara Valley Water District

Safe, Clean Water and Natural Flood Protection Fiscal Year 2014-15 Annual Report

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Santa Clara Valley Water District

Safe, Clean Water and Natural Flood Protection Fiscal Year 2014-15 Annual Report

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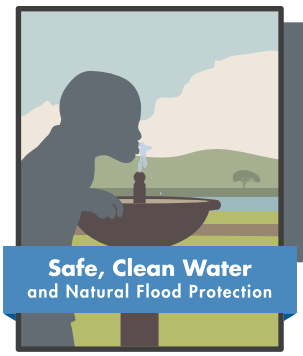


FY 2014-15 Annual Report

Safe, Clean Water and Natural Flood Protection

Santa Clara Valley Water District

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

November 2015

Fiscal Year 2014-15 (FY15) marks the second of the 15–year Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water). This report (Year 2 annual report) presents a status update on the implementation of projects during FY15.

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, 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 year, Santa Clara Valley Water District (District) prepares a report providing a progress update for each of these program priorities, along with fiscal year accomplishments.

Highlights of the program for FY15 include:

- **Water Conservation Grants:** Awarded $223,500 to 4 recipients to test new conservation activities. Total amount awarded since FY14 is $328,500.
- **Management of Revegetation Projects:** Exceeded the maintenance requirements by nearly 100 acres, while achieving cost savings.
- **Fish Habitat and Passage Improvement (Evelyn Bridge):** Fast tracked the Evelyn Bridge Fish Passage project by reprioritizing resources to focus on this project. Construction of this critical fish passage project is now scheduled to begin in FY16.
- **Good Neighbor-Illegal Encampment Cleanup:** Conducted 362 encampment cleanups to reduce pollutants in our waterways, exceeding the annual goal of 52 by 696%.
- **Upper Guadalupe Flood Protection Project:** The U.S. Army Corps of Engineers (USACE) and District held a groundbreaking ceremony for the construction of Reach 12.

- **Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails:** Awarded 3 grants to provide new access to trails and open space totaling $571,000.

To ensure transparency and accountability, the District's Board of Directors established an Independent Monitoring Committee (IMC) to monitor the program's progress and to ensure the outcomes are achieved in a cost-efficient manner. After the Year 2 annual report is accepted by the Board as final, the Board will authorize the District to present it to the IMC for its review.

The Year 1 annual report was reviewed by the IMC and recommendations for improving the report were presented to the Board. These recommendations have been incorporated into the Year 2 annual report. The District appreciates each IMC member for volunteering and looks forward to the committee's review of the Year 2 annual report.

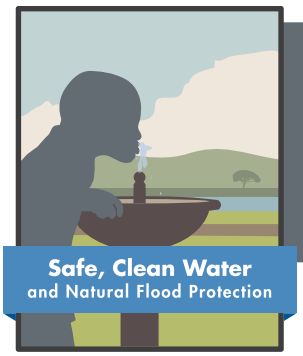
The accomplishments presented in this report would not have been achieved without the dedicated District employees, each of whom is committed to the success of the Safe, Clean Water program and will continue to work hard to protect and manage water resources today to ensure Silicon Valley's sustainability into the future.

The annual report is available to the public at **www.valleywater.org/SafeCleanWater.aspx**. Also available is the Safe, Clean Water 5-Year Implementation Plan. Approved by the District Board of Directors (Board) on May 14, 2013, the 5-Year Implementation Plan provides direction for the first 5 years of the 15-year program.

We welcome your inquiries and insightful comments on the 2015 annual report.

Sincerely,

Beau Goldie,
Chief Executive Officer, Santa Clara Valley Water District



FY 2014-15 Annual Report

Safe, Clean Water and Natural Flood Protection

Santa Clara Valley Water District

TABLE OF CONTENTS

Safe, Clean Water and Natural Flood Protection

Fiscal Year 2014-2015 Annual Report

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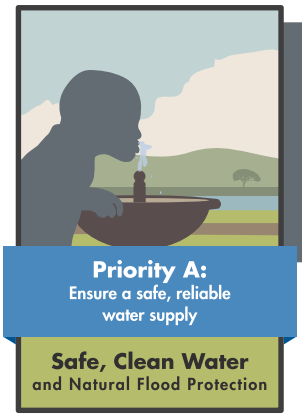


FY 2014-15 Annual Report

Safe, Clean Water and Natural Flood Protection

Santa Clara Valley Water District

PROGRAM SUMMARY

The Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water) is a 15-year strategy to ensure uninterrupted water resources services in Santa Clara County. The program was developed through more than 18 months of community collaboration, with input from more than 16,000 residents and stakeholders, to prepare for the scheduled sunset of Clean, Safe Creeks (CSC) and Natural Flood Protection funding. The result of this effort is a program that fulfills our community's top priorities to:

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

Santa Clara County voters passed the Safe, Clean Water ballot measure in November 2012 by an overwhelming majority – nearly 74%. Safe, Clean Water extends funding at the same parcel tax rate approved under the previous Clean, Safe Creeks plan, and ensures a seamless continuation of critical water-related services to Santa Clara County.

This report is the second of 15 annual reports to be prepared for Safe, Clean Water and provides project status towards accomplishing program Key Performance Indicators (KPIs) and the targets in the 5-Year Implementation Plan:

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

There are 38 projects under Safe, Clean Water. As indicated in Figure 1, 82%, or 31 projects, are on target ( ), 11% (4 projects) required schedule adjustments ( ), 2% (1 project) was not on target ( ) due to the need to re-scope the project and develop new alternatives; no project was modified by the Board following a formal public hearing in FY15. Projects that are not scheduled to start ( )

until future years account for the remaining 5% (2 projects) and therefore do not have any activity reflected within this current report. See Graph 1 on page 4.

Graph 1

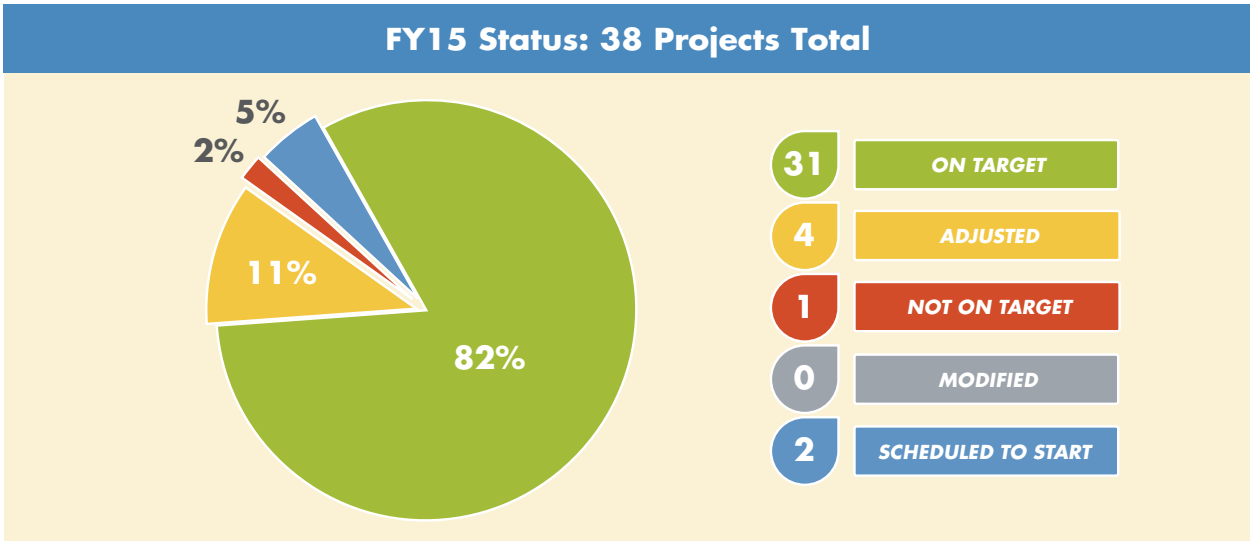


Table 1 (on page 4) summarizes total program status as of June 30, 2015.

For Fiscal Year 2014-15 (FY15), the adopted budget for the program totaled $181.1 million. Actual funds expended and encumbered as of June 30, 2015 were $31.7 million, approximately 17% of the Safe, Clean Water program's adopted budget. Underspending was primarily due to delays in construction of the following capital flood protection projects: San Francisquito Creek (E5), Upper Llagas (E6), Permanente Creek (CSC), Sunnyvale East & West (CSC), and Coyote Creek (CSC). Project construction delays occurred as a result of: addressing redesign or analyses requested by regulatory agencies, coordinating construction phasing to minimize impacts to existing critical facilities and infrastructure, and exploring upstream options to ensure identification of the least environmentally damaging practicable alternative (LEDPA). 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 address recommendations made by the IMC, the District has incorporated a permitting phase within each project schedule and assigned a confidence level to indicate the probability for the project to remain On Target. The confidence level is addressed under the Opportunities and Challenges section for each of the capital projects. Listed below are the 3 confidence levels and their definitions:

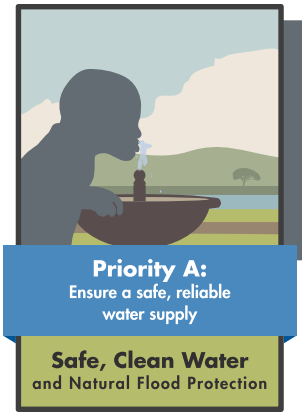
- **High** – Applies to projects that have received full funding and regulatory permits and the project manager is certain that the project will move forward on schedule.
- **Moderate** – Applies to projects that are in the process of receiving permits and funding and for which the project manager is reasonably certain that the project will receive the required funds and permits and move forward on schedule.

- **Low** – Applies to projects that have or will be delayed due to denied funding and/or permits or for which the project manager is reasonably certain that the project will be denied funding and/or permits, requiring the project to be rescoped and resubmitted to the regulatory agencies for review.

For further project and contact information, visit the Safe, Clean Water homepage at: ***www.valleywater.org/SafeCleanWater.aspx***

Table 1

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	ON TARGET
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	Inter-Agency Urban Runoff Program	ON TARGET
B3	Pollution Prevention Partnerships and Grants	ON TARGET
B4	Good Neighbor Program: Illegal 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 Improvements Trails	ON TARGET
D5	Ecological Data Collection and Analysis	ON TARGET
D6	Creek Restoration and Stabilization	SCHEDULED TO START
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
E2.1	Coordination with Local Municipalities on Flood Communication	ON TARGET
E2.2	Flood-Fighting Action Plans	ON TARGET
E3	Flood Risk Reduction Studies	ON TARGET
E4	Upper Penitencia Creek Flood Protection	ADJUSTED
E5	San Francisquito Creek Flood Protection	ON TARGET
E6	Upper Llagas Creek Flood Protection	ADJUSTED
E7	San Francisco Bay Shoreline Study	ON TARGET
E8	Upper Guadalupe River Flood Protection	ON TARGET
Other Flood Protection Projects and Clean, Safe Creeks Grants Projects		
	Permanente Creek Flood Protection	ADJUSTED
	Sunnyvale East/West Channels Flood Protection	ADJUSTED
	Berryessa Creek Flood Protection	ON TARGET
	Coyote Creek Flood Protection	NOT ON TARGET
	Calabazas Creek Flood Protection	ON TARGET
	Clean Safe Creeks Grants Projects	ON TARGET



Priority A

Ensure a Safe, Reliable Water Supply

Projects under Priority A will upgrade aging water transmission systems to increase pipeline capacity and reduce the risk of water outages. The priority also provides grants to develop future conservation programs, helps local schools fulfill state mandates for drinking water availability, and provides rebates on nitrate removal systems to improve water quality and safety for private well users.

Project A1
Main Avenue and Madrone Pipelines Restoration

Project A2
Safe, Clean Water Partnerships and Grants

Project A3
Pipeline Reliability Project

Appendix A: Financials

Appendix B: Inflation assumptions

Project A1

ON TARGET

Main Avenue and Madrone Pipelines Restoration

This project will restore the Main Avenue and Madrone pipelines to full operating capacity of 37 cubic feet per second from Anderson Reservoir. The upgrade includes replacement of a 1-mile section of pipe on the Main Avenue line which has been out of service since 1994, and restoration of approximately 1.25 miles of Madrone pipeline which has restricted capacity due to root intrusion and deterioration.

Benefits

- Increases groundwater recharge by about 2,000 acre-feet per year in South County's Llagas Groundwater Sub-basin, a sufficient water supply for 4,000 families of 5
- Improves operational flexibility
- Maximizes the delivery of imported water to treatment plants supplying drinking water to North County
- Saves energy, reduces operating costs, and cuts CO emissions by reducing dependence on Coyote Pumping Plant

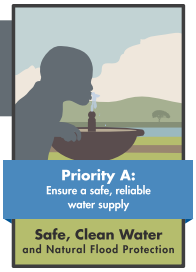
Key Performance Indicators (15-year Program)

1. Restore transmission pipeline to full operating capacity of 37 cubic feet per second from Anderson Reservoir.
2. Restore ability to deliver 20 cubic feet per second to Madrone Channel.

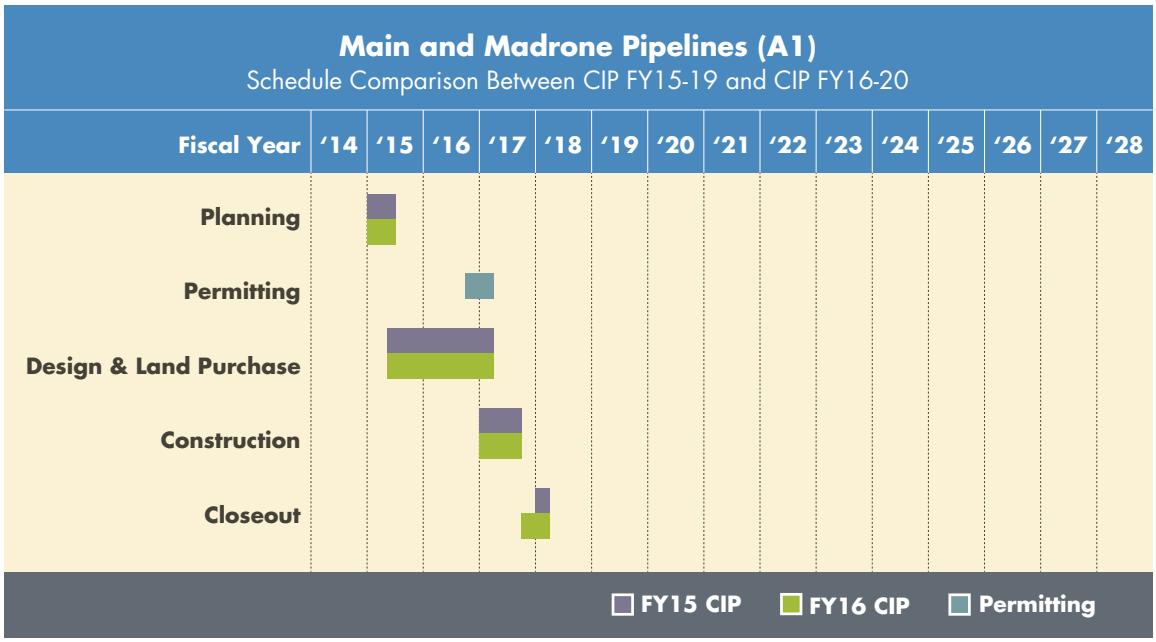
Geographic Area of Benefit: Countywide

Project Location

Project Location



Schedule



Confidence Level: Moderate

Status for FY15: On Target

Progress on KPI's 1 & 2:

- Project work was initiated in FY15 with planning and design. The Planning Study Report was completed in March 2015, and the 30% design was substantially completed in June 2015. Survey mapping to determine if the project's existing pipeline alignments are within their operating and maintenance easements began in April 2015, with completion scheduled for July 2015. Once this work is done, the District will determine whether any property easement acquisitions are necessary.

Financial Information

This project's FY15 expenditures were 41% of the total approved annual budget. A substantial portion of planning work was conducted between 2009 and 2012, when the project feasibility was first determined. As a result, completion of the planning phase and preparation the Planning Study Report for this project required less District hours than originally estimated.

The original Safe, Clean Water Program funding level for this project was presented in 2012 dollars at $5.4 million; however, this amount is subject to inflation and the inflated amount is $8.3 million. The total project cost is currently estimated to be $12.8 million. The Water Utility Enterprise Fund will cover the non-Safe, Clean Water funded costs, or $4.5 million. The program has been designed to collect sufficient revenues to account for project cost increases due to inflation.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) A1. Main Avenue and Madrone Pipelines Restoration				
Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$630	$260	$0	$260	41%

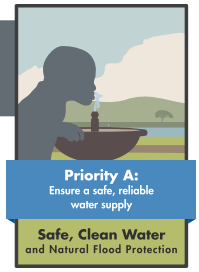
Opportunities and Challenges

Land acquisition and easements

While researching the project's background, the District questioned whether portions of existing pipelines may be located outside of their operating and maintenance easements. To assess this issue, survey mapping began in April 2015 to document the existing pipeline locations compared to their easements. As a result, some segments of the new pipelines for this project may require the acquisition of easement rights. This challenge may add time and cost to the project, as it was not anticipated in the original scope of work. This issue will be addressed further as design progresses.

Confidence level: Moderate

While the amount of time required to acquire a permit from the California Department of Fish and Wildlife for lake and streambed alteration can vary depending on the agency's workload, based on similar work performed on recently completed projects, the District estimates that 6 months could be considered a typical timeframe to receive permits for proposed improvements to the Madrone Channel. The strategy to acquire this permit will be to contact the permitting agency as the design progresses to 60% to determine the exact timelines necessary to acquire the permit needed.



Project A2

ON TARGET

Safe, Clean Water Partnerships and Grants

Grants and partnerships covered under this project include:

- Grants for agencies and organizations to study and pilot-test new water conservation programs. In FY10, county water conservation stood at 50,600 acre-feet, but this number needs to nearly double by 2030 to meet future demand.
- Grants to help schools in the county provide drinking water dispensers and other potable water devices for students. California Senate Bill 1413 requires that schools provide access to free, fresh drinking water during mealtimes in food service areas.
- Rebates to private well water users for the installation of point-of-use treatment systems to remove excess nitrate from their drinking water.

Benefits

- Helps the District exceed the conservation goal of 98,500 acre-feet per year by 2030
- Reduces water demands and the need to invest in new or expanded water supply sources and associated infrastructure
- Increases water supply reliability
- Helps schools provide safe, clean drinking water to students and comply with state mandate
- Assists private well water users in maintaining the quality and safety of their drinking water

Key Performance Indicators (15-year Program)

1. Award up to $1 million to test new conservation activities.
2. Increase number of schools in Santa Clara County in compliance with SB 1413 and the Healthy Hunger-Free Kids Act, regarding access to drinking water by awarding 100% of eligible grant requests for the installation of hydration stations; a maximum of 250 grants up to $254,000.
3. Reduce number of private well water users exposed to nitrate above drinking water standards by awarding 100% of eligible rebate requests for the installation of nitrate removal systems; a maximum of 1,000 rebates up to $702,000.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- Awarded $223,500 to 4 recipients to test new conservation activities. Total amount awarded to date is $328,500.

Progress on KPI #2:

- In FY15, 100% of the available hydration station grants were awarded to 22 schools. The grants will be awarded at the set amount of $5,000 each upon installation of the hydration stations for a total of $110,000. Total amount awarded to date is $200,000.

  FY16 will be the last year of the Hydration Station Grant Program, during which the District will award the remaining $50,000 to 10 schools.

Progress on KPI #3:

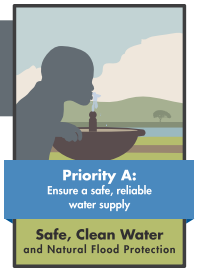
- In FY15, 100% of eligible rebate requests totaling $1,049 were awarded to private well users for the installation of 6 nitrate removal systems. Total amount awarded to date is $1,382.

Financial Information

In FY15, 150% of the total annual budget was expended. The Water Conservation project (KPI #1) was primarily responsible for the overage as it expended 257% of its FY15 budget. This was due to the District Board's approval of $150,000 increase to the FY15 budget in response to the continued drought and carry over expenses of $105,000 from the FY14 grant cycle to FY15. The Hydration Stations project (KPI #2) was on target, with 98% of its budget expended. The Nitrate Treatment System Rebate project (KPI #3) offset the overage by expending only 39% of its budget. The low expenditures are the result of few rebates being issued due to low participation in this voluntary program. The District is exploring ways to increase well owner participation as described in the opportunities and challenges section.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
A2. Safe, Clean Water Partnerships and Grants

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26061008 Water Conservation	129	5	327	332	257%
26062009 Hydration Stations	126	23	100	123	98%
26061010 Nitrate Treatment System Rebate	64	25	0	25	39%
Total	**$319**	**$53**	**$427**	**$480**	**150%**



Opportunities and Challenges

Water Conservation Grant Program – Ongoing drought impacts

The District has faced challenges administering the Water Conservation Grant Program due to the increased workload resulting from the continued drought. As a result, the preparation of agreements were delayed from FY14 to FY15 and $105,000 from the FY14 grant cycle was paid using the FY15 budget, causing an over expenditure. This has been addressed by assigning additional resources to the program. Subsequently, all FY15 grant agreements were executed and funded in FY15.

Hydration Station Grant Program

After encountering challenges identifying interested schools that met the approved eligibility criteria developed by the partnership in FY14, the Water District worked with FIRST 5 Santa Clara County (FIRST 5) and revised and expanded the criteria by removing requirements that participating schools must have an onsite childcare, preschool, or child development center serving children 5 years old or younger.

With the expanded criteria, 42 schools across Santa Clara County applied for the 22 available grants. The application timeline was adjusted to fit school schedules, as many schools schedule capital improvements during the summer months. Therefore, the actual installation of the 22 hydration stations was not completed by the end of FY15; however, this project is on track to grant funds to the schools by December 2015.

The FY15 grant agreement with schools continues to include the opportunity for the Water District and FIRST 5 to share water education programs and organize student assemblies to reinforce the messages about water conservation and drinking water as a healthy choice.

Nitrate Treatment System Rebate Program

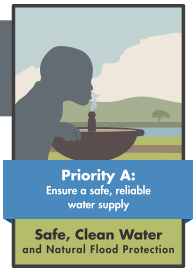
While the nitrate treatment system rebate program awarded 100% of eligible rebate requests in FY 15, private well water user participation in the program has been very low. In FY15, the District took several actions based on the initial low response to the nitrate treatment system rebate program, including:

- Outreach to private well water owners known to have elevated nitrate in their well water;
- Outreach to the general public, including potential well water users, through targeted promotion in South County retail stores; and
- Collaboration with the Santa Clara County Department of Environmental Health.

Based on feedback from outreach, the majority of those that chose not to participate in the rebate program do not use their well water for drinking or already have a treatment system. In early 2015, the District increased the maximum rebate amount from $200 to $500 to further incentivize the program. In FY15, the District approved 6 applications for a total of $1,049 in rebates. One application was denied because the well did not contain elevated nitrate.

The number of private domestic well users exposed to elevated nitrate is unknown, as water quality monitoring and reporting for these wells is not required by the state. Results from the District's voluntary domestic well testing program over the last 2 years indicate that about one-third of domestic wells had nitrate above the state drinking water standard. Based on these results and the number of wells reporting domestic use, it is estimated that about 900 well users could be exposed to elevated nitrate. Wells with elevated nitrate are most frequently located in South County due to historic and ongoing nitrate sources including synthetic fertilizers, septic systems, and animal waste. As in many other areas of the state, lowering nitrate levels in groundwater and reducing well user exposure to nitrate is an ongoing and long-term challenge. In 2014, the District completed Salt and Nutrient Management Plans in coordination with basin stakeholders, and the District continues to implement programs and work with regulatory and land use agencies to address nitrate concerns.

In FY15, the District continued to explore the potential demand for the nitrate treatment system rebate program. The District contacted Yakima County, Washington which launched a similar rebate program in 2011. Their participation rate was 2%, despite offering systems at no cost to participants. The low response in Yakima County was attributed to a lower percentage of homes with high nitrate than initially estimated, low public concern about nitrate, perceived complexity of the program, and unwillingness to deal with treatment system maintenance. Based on these findings and the District's low participation rate, in FY16 the District will reevaluate and determine the need for the Nitrate Treatment System Rebate Program.



Project A3

SCHEDULED TO START FY25

Pipeline Reliability Project

This project constructs 4 line valves at various locations along the East, West and Snell treated water pipelines in Saratoga, Cupertino and San José. This will allow the District to isolate sections of pipelines for scheduled maintenance and repairs following a catastrophic event, such as a major earthquake.

Benefits

- Supports shorter service interruption in the case of a pipeline break
- Provides operational flexibility for pipeline maintenance work
- Improves drinking water reliability

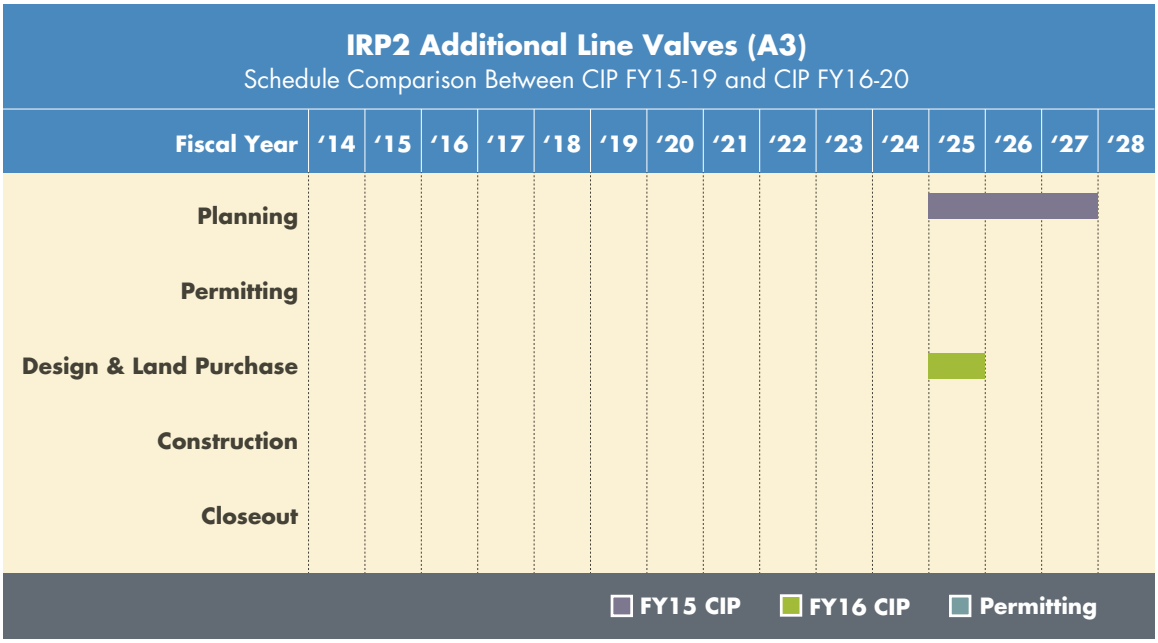
Key Performance Indicator (15-year Program)

1. Install 4 new line valves on treated water distribution pipelines.

Geographic Area of Benefit: Mountain View, Sunnyvale, Santa Clara, Cupertino, Saratoga, Los Gatos, Los Altos, Campbell, San José, and Milpitas

Project Location

Schedule



Confidence Level: To Be Determined

Status for FY15: Scheduled to Start

This project is scheduled to begin in FY25.

Financial Information

This project is not scheduled to begin until FY25; thus, there were no expenditures in FY15.

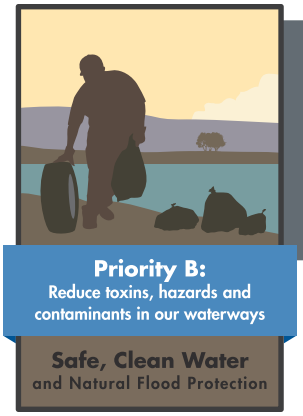
The original Safe, Clean Water Program funding level for this project was presented in 2012 dollars at $7.3 million; however, this amount is subject to inflation and the inflated amount is $12.9 million. The total project cost is currently estimated to be $13.9 million. The program has been designed to collect sufficient revenues to account for project cost increases due to inflation.

Opportunities and Challenges

Opportunities and challenges related to this project may materialize during the project delivery cycle and will be reported in subsequent annual reports.

Confidence level: To be determined

The confidence level will be determined when work on the project begins.



Priority B

Reduce Toxins, Hazards and Contaminants in Our Waterways

Projects under Priority B use multiple strategies to reduce and remove contaminants in our local creeks, streams and bay. In addition to mercury treatment systems in our reservoirs, projects under this priority also prevent toxins from entering waterways by working with municipalities and other agencies to reduce runoff pollution. The District also provides grants to reduce emerging contaminants and supports public education and volunteer cleanup efforts. Additional projects include coordinated cleanup of illegal encampments near waterways, trash and graffiti removal, and rapid emergency response to hazardous materials spills.

Project B1
Impaired Water Bodies Improvement

Project B2
Interagency Urban Runoff Program

Project B3
Pollution Prevention Partnership and Grants

Project B4
Good Neighbor Program: Illegal Encampment Cleanup

Project B5
Hazardous Materials Management and Response

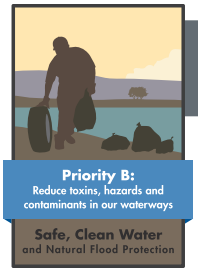
Project B6
Good Neighbor Program: Remove Graffiti and Litter

Project B7
Support Volunteer Cleanup Efforts and Education

Appendix A: Financials

Appendix B: Inflation assumptions

Appendix C: Grantee information for Project B3



Project B1

ON TARGET

Impaired Water Bodies Improvement

This project helps the District meet surface water quality standards and reduces pollutants in streams, groundwater, lakes and reservoirs. Efforts are carried out in compliance with the Regional Water Quality Control Board (RWQCB) Total Maximum Daily Loads (TMDLs) standards as they continue to evolve (TMDLs are the maximum amount of a pollutant that a water body can receive and still safely meet water quality standards). Under this project, the District employs treatment systems in reservoirs to reduce methyl mercury formation, and helps create realistic plans and expectations for reducing contaminant loads by engaging in the regulatory development process with the RWQCB for new and emerging contaminants.

Benefits

- Reduces contamination in creeks and reservoirs
- Improves water quality, including water going to drinking water treatment plants
- Reduces mercury in reservoirs to prevent its entry into the food web
- Improves fisheries by reducing mercury contamination
- Supports regulatory compliance of TMDL standards affecting District operations

Key Performance Indicators (15-year Program)

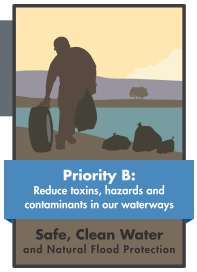
1. Operate and maintain existing treatment systems in 4 reservoirs to remediate regulated contaminants, including mercury.
2. Prepare plan for the prioritization of pollution prevention and reduction activities.
3. Implement priority pollution prevention and reduction activities identified in the plan in 10 creeks.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- Operated and maintained treatment systems in 4 reservoirs (Almaden – 4 days, Calero – 34 weeks, Guadalupe – 6 weeks, and Stevens Creek – 17 weeks) to mitigate regulated contaminants, including mercury. Systems are typically operated for approximately 30 weeks between March and October, when methyl mercury levels are high. After October, cooler temperatures, wind and rain reduce methylation by natural oxygenation. Water quality samples are taken to determine if methylation has started prior to turning the treatment systems back on. There will be some variation in each reservoir.



Progress on KPI #2:

- Completed a plan in January 2015 for prioritization and implementation of pollution prevention and reduction activities in 10 water bodies identified as impaired water bodies (plan) in Santa Clara County. This plan sets the foundation for implementing activities to improve impaired water bodies in Santa Clara County based on the California Regional Water Quality Control Board's (RWQCB) current 303 (D) list. The plan includes trash reduction in Guadalupe, Coyote, San Francisquito and Stevens creeks; methyl mercury reduction in Almaden Lake; and nitrate reduction in Pajaro, Furlong and Carnadero creeks. The plan will be updated, as needed, based on additional water quality data, field observations, and the new 303 (D) list to be released in 2016.

Progress on KPI #3:

- The first pollution reduction project identified in the plan is to map trash accumulation locations in the Guadalupe River to allow cleanup activities to be developed. The trash assessment and reduction in Guadalupe River from the S.F. Bay to Blossom Hill Road started in FY15. To reduce trash accumulation, the project will fund a San José City park ranger to prevent reestablishment of homeless encampments along the Coyote Creek and Guadalupe River in FY16.

Financial Information

Project expenditures for FY15 are 86% of the annual budget. Due to low water levels, oxygenation systems were turned off in Stevens Creek and Guadalupe reservoirs through the fall of 2014, resulting in lower sampling, testing and operation and maintenance activities.

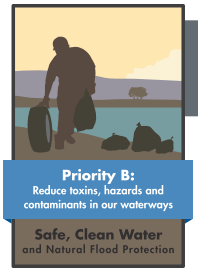
Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
B1. Impaired Water Bodies Improvements

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$1,040	$872	$21	$893	86%

Opportunities and Challenges

Partnership opportunities

The District sees an opportunity to explore partnerships with cities, agencies, and volunteer groups to implement priority pollution prevention and reduction activities in 10 water bodies throughout the county. The project can also assist the water utility with manganese sampling to support improved water quality at the Santa Teresa Water Treatment Plant.



Non-operational systems

There were several contributing factors to the periods of non-operation for 3 of the 4 reservoirs. For Almaden, the greatest challenge faced in FY15 was acquiring PG&E service. Due to delays, power was not installed until June 2015. The system then experienced motor problems, which further impacted its operational period.

For Guadalupe and Stevens Creek low water levels were the main cause of non-operation. For Guadalupe, even after the water levels rose, the treatment system was not fully functional as a result of multiple mechanical failures.

Drought impacts on sampling

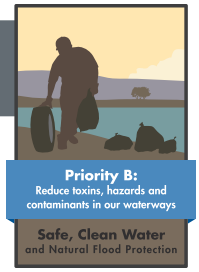
During FY15, water quality sampling was limited due to low water levels in the reservoirs and Almaden Lake.

Sampling on Almaden, Guadalupe, and Stevens Creek reservoirs could only be conducted during winter months when methyl mercury levels were historically low. The sample results were well below the California Regional Water Quality Control Board's (Regional Board's) 1.5 ng/l Total Maximum Daily Load (TMDL) limit.

Calero Reservoir was sampled monthly. The average methyl mercury concentration was 0.44 ng/l, with a seasonal maximum of 0.46 ng/l, both of which fell below the established TMDL. In FY14, the seasonal maximum methyl mercury concentration recorded was 2.95 ng/l, indicating that continuous oxygenation may be effective in reducing methyl mercury concentrations below the TMDL.

Due to low water levels in Lake Almaden, no sampling could be conducted in 2014. These low water levels were raised in May 2015. Water sampling on Lake Almaden will be reinstated beginning July 2015 and continue for the rest of the calendar year. This data will be reported in the FY16 Safe, Clean Water Annual Report.

The District has informed the RWQCB of the low water levels and impacts to our ability to record and report water quality data.



Project B2

ON TARGET

Interagency Urban Runoff Program

This project supports the District's continued participation in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) and South County programs that help the District reduce storm water pollution and meet regulatory requirements to reduce contaminants in surface water.

The District also participates in the regulatory development process related to storm water by providing review, analysis and commentary on various basin plan amendments, Total Maximum Daily Loads (TMDLs) and water bodies listed as impaired or threatened under the federal Clean Water Act. Project B2 also allows the District to maintain regional public education and outreach activities to help prevent urban runoff pollution at the source.

Benefits

- Uses partnerships with municipalities and local agencies to reduce contaminants and improve surface water quality in our streams, reservoirs, lakes and wetlands
- Maintains District compliance with the Regional Water Quality Control Board and National Pollutant Discharge Elimination System (NPDES) permits
- Allows continued participation in SCVURPPP and South County runoff programs
- Promotes storm water pollution prevention through public outreach

Key Performance Indicators (15-year Program)

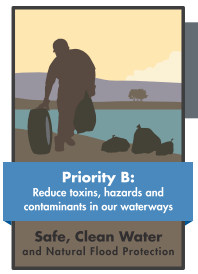
1. Install at least 2 and operate 4 trash capture devices at storm water outfalls in Santa Clara County.
2. Maintain partnerships with cities and County to address surface water quality improvements.
3. Support 5 pollution prevention activities to improve surface water quality in Santa Clara County, either independently or collaboratively with South County organizations.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- In FY15, a total of 4 trash capture devices (booms) were operational in Santa Clara County, from which 46 cubic yards of trash were collected and removed.
  - » Lower Silver Creek near 33rd Street
  - » Matadero Creek at West Bayshore Road



- » Adobe Creek at East Bayshore Road
- » Thompson Creek near Glen Loman Way

The trash booms at Lower Silver Creek and Thompson Creek were installed by the District in FY14.

Progress on KPI #2:

- Maintained 2 partnerships with cities and Santa Clara County.
  - » In July 2014, the District renewed its annual agreement for the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP). SCVURPPP is a partnership with Santa Clara County and 13 cities in the county to work on storm water-related issues.
  - » In June 2015, a partnership with Santa Clara County's Green Business Program was extended for another year to certify local businesses that have adopted environmentally sound principles for daily operation. This partnership was extended to allow the County to increase outreach activities.

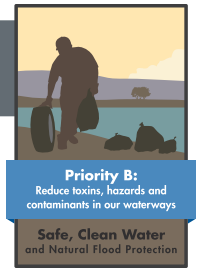
Progress on KPI #3:

- The District continued to work on the first of 5 pollution prevention activities required over the course of the 15-year Safe, Clean Water program. The Pajaro River Pathogen Total Maximum Daily Load (TMDL) study is a project that will specifically support the cities of Gilroy and Morgan Hill, along with Santa Clara County. The District developed a sampling plan that uses Microbial Source Tracking to facilitate the identification of actual sources of fecal bacteria. Multiple sampling sites were proposed in Uvas Creek, Llagas Creek and Pajaro River in Santa Clara County's Pajaro River Watershed. Due to lack of precipitation in FY15, only 5 sites had runoff and were sampled.

  The results indicate that E. Coli bacteria continue to be elevated in the lower reaches of the Pajaro River Watershed. While birds are the major contributor, an adjacent cow lot near the Pajaro River likely contributed to the fecal pollution at 1 of the sampling sites. Control measures around cattle lots to reduce fecal runoff will be considered in future pollution reduction projects in the Pajaro River Watershed. This pathogen TMDL study will continue in FY16.

Financial Information

The project expended 85% of the annual budget which reflects proportional progress towards the project's 5-year targets and KPIs. The project was slightly underspent due to the delay of the Municipal Regional Permit-2 adoption to FY16.



Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) B2. Inter-agency Urban Runoff Program				
Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$703	$593	$4	$596	85%

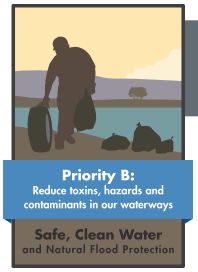
Opportunities and Challenges

Trash capture

Opportunities exist for the use of booms at additional creek locations to help capture trash. This opportunity will be further explored with the trash mapping project conducted under Project B1 in FY16.

Microbial source tracking

Continued implementation of Microbial Source Tracking may prove to be a worthy endeavor to illuminate potential sources of pathogen indicator and allow proper pollution reduction measures to be developed.



Project B3

ON TARGET

Pollution Prevention Partnerships and Grants

This project provides pollution prevention grants to qualified local agencies, nonprofit groups, schools, etc., totaling an average of $500,000 per cycle. In addition, up to $200,000 per year would go toward partnerships with municipalities for specific programs to reduce contaminants in surface or groundwater, and reduce emerging contaminants.

Grants could support programs such as public education to prevent pharmaceuticals from entering waterways, technical assistance to help growers protect groundwater, and partnerships to reduce litter and graffiti.

Benefits

- Helps prevent contaminants such as pharmaceuticals, household hazardous waste and trash from entering our waterways
- Helps meet regulatory requirements as listed under the impaired water bodies listing of the federal Clean Water Act
- Reduces contaminant source loads in groundwater and surface water, and protects local watersheds
- Provides public education to reduce contaminants in our waterways
- Leverages community resources for efficient use of funds

Key Performance Indicator (15-year Program)

1. Provide 7 grant cycles and 5 partnerships that follow pre-established competitive criteria related to preventing or removing pollution.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- Continued to administer the grant agreements executed in FY14 (Grant Cycle 1). Of the 3 grants awarded, the San José Parks Foundation for the Trash Free Coyote Creek Cleanup grant project has achieved 90% completion by removing 66,000 pounds of trash along 4.5 miles of Coyote Creek. This project is expected to be completed by the end of December 2015.
- In FY15 the District developed 2 partnerships related to preventing or removing pollution, the City of San José's Watershed Community Stewardship and Engagement Project and the County of Santa Clara's Green Business Program.

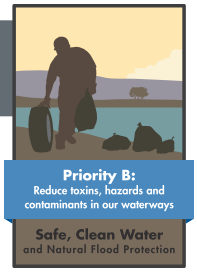


Table B3 : Partnership Agreements Approved in FY15

Partner	Project	Description	Funding
City of San José	San José Watershed Community Stewardship & Engagement Project	The work will provide community engagement, outreach and education to engage the homeless population, and provide trash cleanup in both Coyote Creek and Guadalupe River. The work will be conducted in socio-economically diverse neighborhoods along 2 different watersheds.	$196,250
County of Santa Clara	Green Business Program	The District continues to partner with the Santa Clara County (County) Green Business Program and provides funding for Green Business certifications to promote the awareness and increase the number of certifications and re-certifications.	$40,000
TOTAL			**$236,250**

(Refer to Appendix B for more information about the Safe, Clean Water grants awarded.)

There were 2 major tasks carried out in FY15 to further develop the partnership program:

1. The District implemented the Partnership Process and Guidelines established in April 2015, and processed 1 new partnership proposal with the City of San José.
2. Processed an amendment request for an existing partnership agreement with the County of Santa Clara.

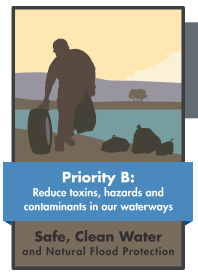
On May 26, 2015, the Board approved both partnerships for pollution prevention, with City of San José and County of Santa Clara, respectively. A description of these partnerships is provided in Table B3.

The FY16 grants and partnerships program funding cycle was started toward the end of FY15 to allow more time to develop mutually benefiting agreements. As of May 2015, 36 interested parties participated in a pre-proposal workshop. Grantees shared perspectives and lessons learned from past grant cycles. Workshop presentations and frequently-asked-questions were posted on the website in June 2015.

Story Road Cleanups

Financial Information

FY15 project expenditures were 105% of the total annual budget. The budget was primarily overspent due to a carryover of tasks from FY14, which included the finalization and implementation of the Partnership Process and Guidelines.



Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) B3. Pollution Prevention Partnerships and Grants				
Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$376	$117	$278	$395	105%

Opportunities and Challenges

Process Improvement

There were lessons learned from operating the grants and partnerships program through FY14. As a result, an improved template for partnership agreements and internal coordination have been incorporated into the partnership development process.

Outreach

The District recognized that more time should be allocated to outreach and development of partnership agreements. To address this, an early start of the proposal solicitation process was initiated for FY16. In May 2015, the District began using a web-based proposal solicitation portal and releasing the request for proposals via emails, a press release and email marketing postings.

Technical Assistance

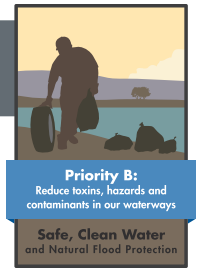
During the partnership proposal solicitation, partnership applicants were referred to subject matter experts for technical assistance, as requested. Moving forward, the District will continue to provide referrals for technical assistance to applicants in a fair and consistent manner during the proposal solicitation process.

Secure Pharmaceutical Collection Bin Expansion

Changes in regulations delayed the implementation of the Secure Pharmaceutical Collection Bin Expansion project awarded in FY14. A 6-12 month delay from the original schedule is anticipated at this time. Despite this delay, at this time there is no need to extend the agreement beyond the current expiration date of June 30, 2017.

County Green Business Program

The project has experienced a continuous decline in participation over the last 5 years. Many businesses no longer have dedicated staff to handle voluntary projects, such as being certified as a Green Business. This seems to be a state-wide trend as well. In FY15, the County added staffing hours to work directly with the businesses to assist them with certification and recertification. The FY15 partnership funding will assist the County to conduct more outreach and education.



Project B4

ON TARGET

Good Neighbor Program: Illegal Encampment Cleanup

This project supports the District's ongoing coordination with local cities and agencies to clean up large illegal creekside encampments that contaminate waterways and damage District facilities. This cooperative effort includes local police departments, social services, and nonprofit advocacy groups that help provide alternatives to homelessness.

Benefits

- Reduces trash and other pollutant loads in surface water, including streams, reservoirs and wetlands
- Improves the aesthetics of creeks in neighborhoods and parks
- Coordinates efforts among multiple agencies to create lasting solutions

Key Performance Indicator (15-year Program)

- Perform 52 annual cleanups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

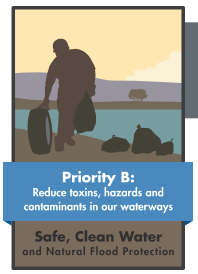
Progress on KPI #1:

- Cleaned 362 encampment sites in FY15 (Graph B4.1)
  - » Removed more than 1,214 tons of trash and debris from encampments.

The majority of these cleanups were performed in coordination with the City of San José as part of an ongoing agreement to complete encampment removal activities along the creeks. In addition, the District participated in the Joint Trash Team along with the City of San José and other partner agencies on a monthly basis to plan and schedule services that are required for cleanup events such as: social services, law enforcement, and volunteer support.

Financial Information

Despite exceeding the KPI of 52 annual cleanups by nearly 700%, the project only expended 101% of FY15 funds. This is primarily because the first 2 years of the program were funded at a higher level to meet the high demand. This level of funding cannot be sustained over the course of 15-year program. At the current level of annual funding, the project will expend its full allocation by the end of FY19. The secondary reason the project was able to perform this level of service without exceeding the FY15 budget allocation is a result of the collaborative working relationship between the District and the City of San José, which resulted in cost-sharing for police services and dump fees.



Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
B4. Good Neighbor Program: Illegal Encampment Cleanup

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$1,330	$1,119	$222	$1,341	101%

Opportunities and Challenges

Partnerships and volunteer support

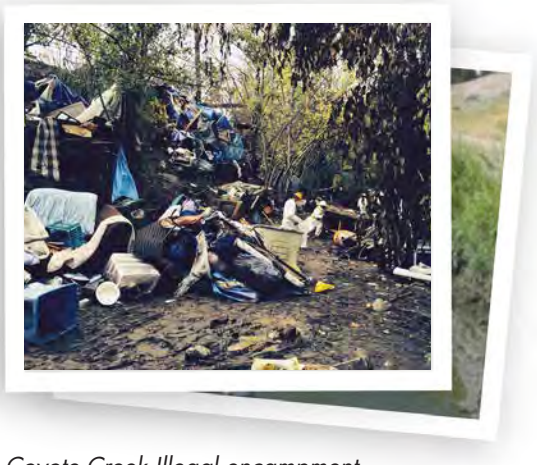
The District continues to seek opportunities to partner with the cities and volunteer organizations to implement a comprehensive and coordinated effort to address this countywide issue.

Homelessness in Santa Clara County

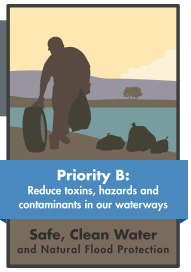
Along with a number of cities and countywide agencies, the District Board of Directors has endorsed the Community Plan to End Homelessness in Santa Clara County and the District remains an active partner in implementing the plan.

Funding constraints

There continues to be an increasing demand for District resources to address encampment cleanups from cities and the community. These additional requests, combined with costs associated with preventing re-encampment by using City of San José Park Ranger and California Department of Fish and Wildlife Officer services has significantly increased the cost of performing cleanups and preventing re-encampments along county creeks. This project does not have sufficient Safe, Clean Water funding allocated to accomplish the current level of demand for service beyond FY19.

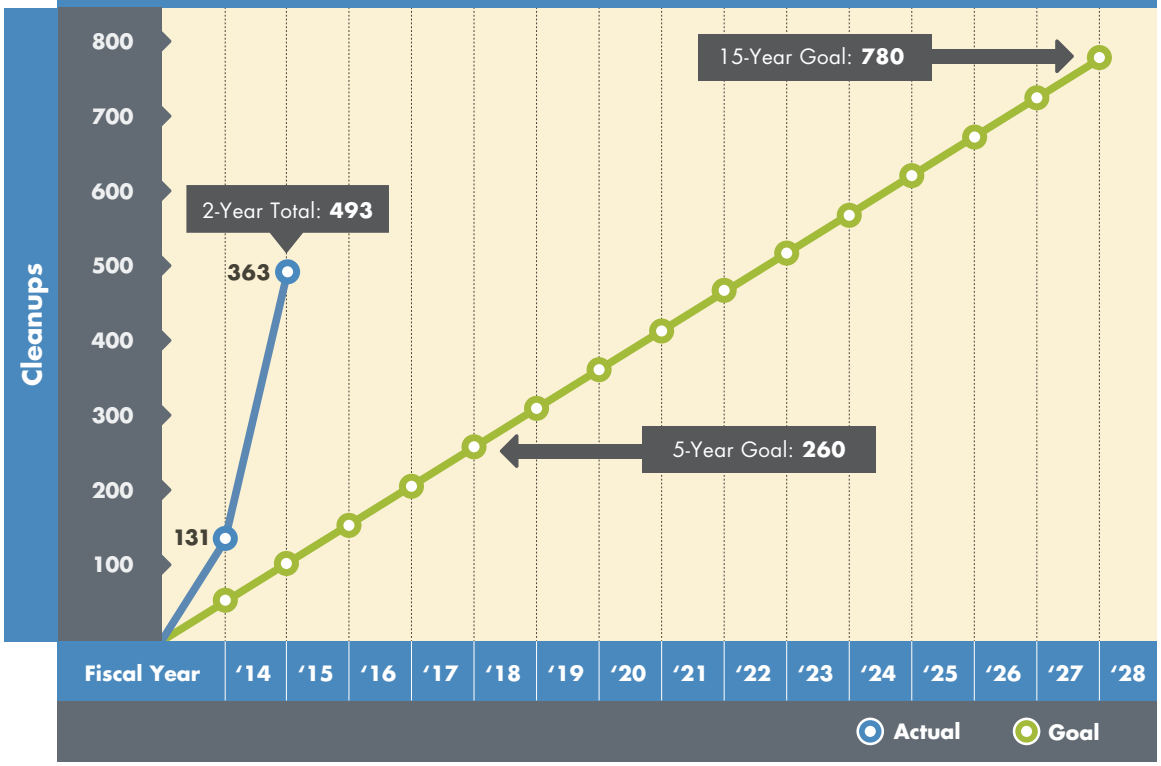


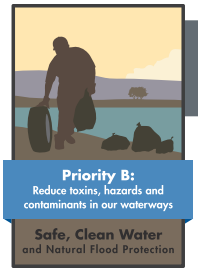
Coyote Creek Illegal encampment



Graph B4.1 Encampment Cleanups

Good Neighborhood Program Number of Encampment Cleanups





Project B5

ON TARGET

Hazardous Materials Management and Response

This project allows the District to continue providing a local, toll free number to report hazardous materials spills 24 hours a day, 7 days a week. Emergency staff responds within 2 hours of the initial report, with spill cleanup performed in a timely manner. Appropriate agencies are alerted when spills are outside District jurisdiction.

Benefits

- Prevents and reduces contaminants in surface and groundwater
- Provides a quick, systematic emergency response that reduces negative impacts of hazardous materials spills

Key Performance Indicator (15-year Program)

1. Respond to 100% of hazardous materials reports requiring urgent on-site inspection in 2 hours or less.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- The District received 99 incident calls countywide, of which 45 received an on-site response; 34 were classified as urgent, requiring a 2 hour or less response time. The average response time for urgent responses was 67 minutes countywide.

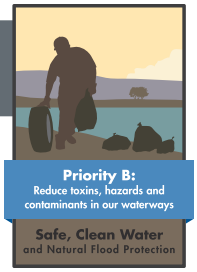
Financial Information

FY15 expenditures totaled 70% of the annual budget. Expenditures under this project can fluctuate widely based on the following:

1. The number of calls received on the Pollution Prevention hotline,
2. The number of calls requiring a field response,
3. A varying amount of time required resolving/mitigating once in the field, and
4. An unspecified amount of waste to be disposed under the program.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
B5. Hazardous Materials Management and Response

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$33	$23	$0	$23	70%



Opportunities and Challenges

Multiple incidences

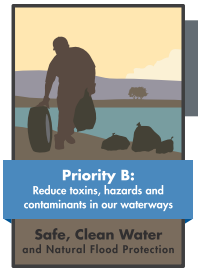
Occasionally, multiple incidents occur on the same day and the current emergency response program may potentially experience difficulty meeting the 2 hour response goal. However, this rarely occurs and hasn't prevented the District from meeting the KPI.

Response times

Other challenges to meeting timeliness performance standards include accessing remote locations, mobilizing equipment and supplies (boats and absorbents) for on-water response, or encountering traffic when traveling to various locations in the county. It is also critical that the District's Watershed Emergency Response Program maintain good working relationships with other response agencies and be trained and equipped to continue to respond effectively to a wide array of pollutants and hazardous substances.

Red wine discharge into El Camino storm drain in Sunnyvale

Fiscal Year	Total Reports	Total Responses	On-site Responses Classified as "Urgent"	Countywide Average Responses Time
2014–2015	99	45	34	67 minutes



Project B6

ON TARGET

Good Neighbor Program: Remove Graffiti and Litter

This project allows the District to continue responding to complaints about illegal dumping, trash and graffiti on District property, and rights-of-way. Cleanup efforts include graffiti removal from headwalls, concrete embankments, signs, structures and other District assets, as well as maintaining, repairing and installing fences and gates so that District structures and facilities remain safe and clean. The project also includes quarterly cleanups of problem sites to help reduce waterway pollution and keep creeks and riparian areas free of debris.

Benefits

- Reduces trash and contaminants in local waterways
- Improves the appearance of waterways in neighborhoods and parks by removing trash, graffiti and litter as well as illegally dumped items such as cars, shopping carts, appliances, etc.
- Reduces illegal dumping into or near waterways by repairing and installing fencing on District property
- Provides coordinated response to community complaints about trash and graffiti in neighborhoods

Key Performance Indicators (15-year Program)

1. Conduct 60 cleanup events (4 per year).
2. Respond to requests on litter or graffiti cleanup within 5 working days.

Geographic Area of Benefit: Countywide

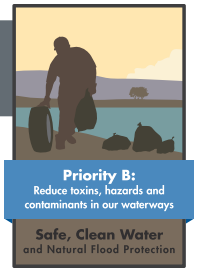
Status for FY15: On Target

Progress on KPI #1:

- Conducted 4 litter cleanup events (1 per quarter), which consisted of removing trash and debris from identified hotspots where the District has fee title. In total, 1,760 cubic yards (CY) of debris was removed from 610 sites countywide.
- Conducted 4 graffiti cleanup events (1 per quarter), which consisted of removing graffiti from identified hotspots, and from sites based on inspection or citizen complaint as needed. A total of 324,274 square feet of graffiti was covered at 664 sites throughout the county.

Progress on KPI #2:

- Logged 213 complaints regarding illegal dumping and trash and 109 complaints



regarding graffiti into Access Valley Water. All complaints were responded to within 5 days or less (2 days on average).

Financial Information

Managing the scheduled quarterly cleanup events and responding to 213 complaints resulted in 100% expenditure of the FY15 budget.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
B6. Good Neighbor Program: Remove Graffiti and Litter

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$480	$478	$2	$480	100%

Opportunities and Challenges

Volunteer coordination and partnerships

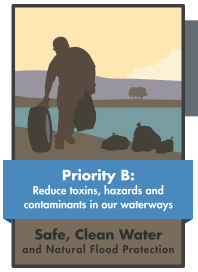
In an effort to address the high volume of complaints regarding graffiti and litter, while at the same time managing a backlog of high priority watershed projects, the District is exploring opportunities for community engagement to expand the program through partnership and enhanced volunteer coordination efforts.

Contractor services

In addition, a pilot program was conducted utilizing the services of a contractor for graffiti removal. The contractor conducted at least monthly inspections of 5 specific geographic locations with subsequent removal of any graffiti found. Utilizing a computer application on a smart phone, an "app," the contractor also responded to on-call requests for graffiti removal. In a period of 4 months, from mid-February through mid-June 2015, the contractor completed 114 work orders for removal of 83,191 square feet of graffiti. Work was completed within an average of 1.10 business days of report for an average cost of $0.24/square foot. In FY14, the average cost was $0.85/square foot for the District to complete graffiti removal, so the pilot demonstrated a considerable reduction in cost. This resulted not only in cost savings for the work performed, but better utilization of District labor at the journeyman level and associated resources for higher level watershed technical work, such as levee erosion repair, salt pond restoration, dams and reservoir maintenance.

Because of the success of the pilot program, graffiti removal will be completely managed by a contractor in FY16.

Graffiti at Montpere Way in Saratoga



Project B7

ON TARGET

Support Volunteer Cleanup Efforts and Education

This project provides grants and partnerships for cleanup, education, outreach and watershed stewardship activities. Funding also allows the District to continue supporting volunteer cleanup activities such as National River Cleanup Day, California Coastal Cleanup Day, the Great American Pick Up, and Adopt-A-Creek, as well as Creek Connections Action Group and creekwise education.

Benefits

- Reduces contaminants entering our waterways and groundwater
- Engages community, and supports watershed stewardship
- Leverages volunteer community resources for efficient use of funds

Key Performance Indicators (15-year Program)

1. Provide 7 grant cycles and 3 partnerships that follow pre-established competitive criteria related to cleanups, education and outreach, and stewardship activities.
2. Fund District support of annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Pick Up; and fund the Adopt-A-Creek Program.

Geographic Area of Benefit: Countywide

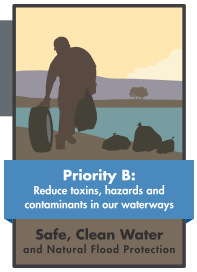
Status for FY15: On Target

Progress on KPI #1:

- Continued to implement and manage the 7 grants awarded in FY14.
- In FY15, identified cost-effective methods by benchmarking the outreach and education efforts funded by the FY14 grant cycle. The next grant cycle is scheduled for FY16.
- Began development of a Volunteer Creek Cleanup Partnership Program.

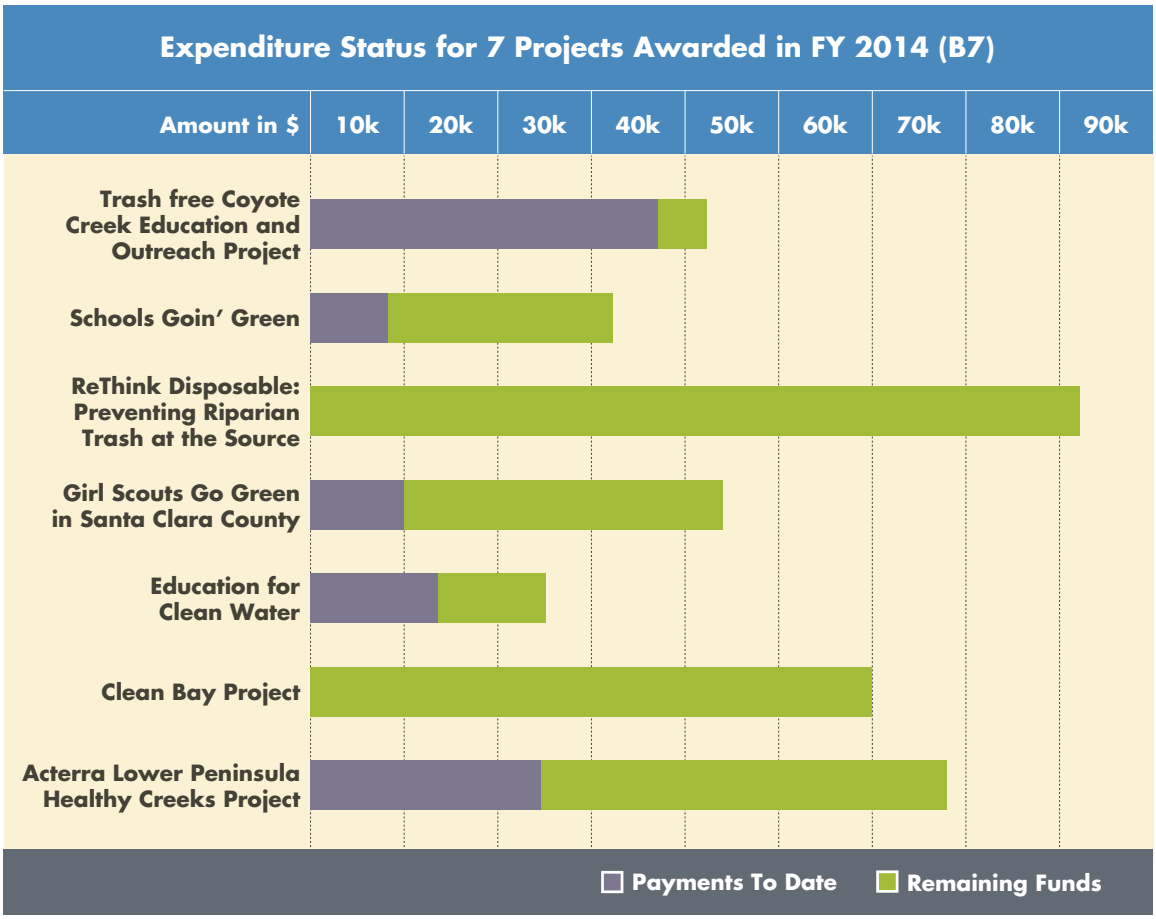
In addition, many of the FY14 grant recipients made significant progress (Table B7, p. 33):

- Trash Free Coyote Creek Education and Outreach Project – About 90% completion
  - » Created 8 educational brochures
  - » Organized a 1-day Coyote Howl Conference attended by over 170 interested parties
  - » Made presentations to 29 community organizations
- Education for Clean Water – Over 50% complete
  - » Developed field trip and water resource curriculum

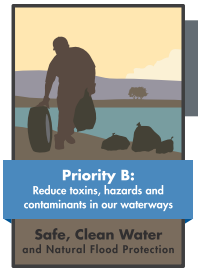


  - » Distributed the curriculum to 45 school partners
  - » Trained 29 environmental volunteers
- Acterra Lower Peninsula Healthy Creeks Project – Over 30% complete
  - » Organized multiple water quality monitoring events on San Francisquito, Stevens, Permanente, Barron, Matadero and Adobe creeks
  - » Organized 4 field trips for local students and 5 Bug Club events
  - » Hosted World Water Monitoring Challenge Event at Cupertino, Sunnyvale and Los Altos
  - » Conducted 3 trash pickups on Stevens and San Francisquito creeks

Table B7



(Refer to Appendix B for more information about the Safe, Clean Water grants awarded)



Progress on KPI #2:

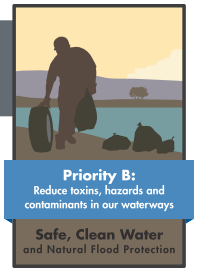
- Continued funding of countywide volunteer cleanup activities:
  - » National River Cleanup Day: 1,027 volunteers cleaned 66 miles of creeks and shoreline removing approximately 28,027 pounds of trash and 1,804 pounds of recyclables.
  - » Coastal Cleanup Day: 1,654 volunteers picked up more than 49,000 pounds of trash and 4,872 pounds of recyclables along 55.35 miles of creeks in Santa Clara Valley.
  - » Great American Pickup: the District supported this annual event focusing on picking up litter from city streets, parks and public areas.
  - » Adopt-A-Creek: this program continues to be highly popular with many neighborhood and civic groups. Participation in this program is at 113 adopted sites (an increase of 10 sites from the previous year) with groups committing to host a minimum of 2 cleanup events per year.

Financial Information

In FY15, 96% of the total annual budget was expended. The Support Volunteer Clean Up Efforts and Education project (KPI #1) expended 113% of its FY15 budget. The over-expenditure is a result of increased District labor hours to implement process improvements for tracking and processing payments, and for the development and implementation of a project closure process. The Volunteer Activities project (KPI #2) was on target, with 93% of its budget expended.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
B7. Support Volunteer Cleanup Efforts and Education

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26061011 Support Volunteer Clean up Efforts and Education	18	20	0	20	113%
26061078 Volunteer Activities	116	104	4	108	93%
Total	**$134**	**$124**	**$4**	**$128**	**96%**



Opportunities and Challenges

Grants

Of 7 projects awarded in FY14, 2 projects are experiencing late starts. The Acterra project team also reported the discovery of invasive New Zealand Mudsnails in Stevens Creek watershed and adjustments were made to prevent or minimize the inadvertent spread of these invasive snails by volunteers working in the field collecting water quality data.

Volunteer Creek Cleanup Partnership Program

The interest and enthusiasm for volunteer cleanup is very high. Some activities appear to overlap with activities covered in B2, B3, B4 and B6. To achieve cost-effectiveness, and avoid duplication, benchmarking and a high level of coordination are essential. To ensure effectiveness, a volunteer and partnership program is being developed to improve the coordination and effectiveness of the various outreach activities and to optimize the use of the various funding sources.

Adopt-A-Creek Program

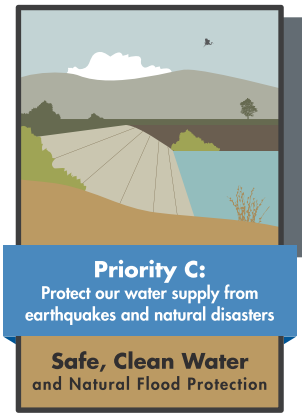
In Santa Clara County, trash in creeks and waterways continues to be a significant impact to stream water quality and risks from flooding. These volunteer activities engage and actively involve residents in helping to keep trash out of our rivers, streams, and creeks.

The Adopt-A-Creek (AAC) program has been the District's successful volunteer program since it began in 1994. Along with the other cleanup activities, these programs are successful because of the thousands of volunteers that participate. In the second half of FY15, the District established a single point of contact for all volunteer-related programs and made several customer service improvements, including:

1. Online submission and renewal of existing AAC applications
2. GIS database allows for quick identification of available adoption sites along District owned creeks and tracking collected debris
3. Improved management of renewal process by designating a date for annual renewal of all AAC permits

The enhanced customer improvements benefit volunteers and the program as it will be easier to respond and address administrative tasks and make it easier for the volunteers to get answers via a single point of contact at the District.

Coastal Cleanup Day at Los Gatos Creek



Priority C

Protect our Water Supply from Earthquakes and Natural Disasters

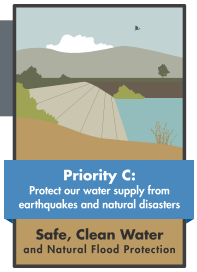
Projects under Priority C include retrofitting to protect our water supply infrastructure from the impacts of natural disasters, like earthquakes. It also includes emergency flood response enhancements to improve communication between responders and help reduce damages from floods.

Project C1
Anderson Dam Seismic Retrofit

Project C2
Emergency Response Upgrades

Appendix A: Financials

Appendix B: Inflation assumptions



Project C1

ON TARGET

Anderson Dam Seismic Retrofit

Anderson Reservoir is currently limited to 68% of its capacity due to seismic concerns, costing Santa Clara County valuable drinking water resources. This project covers earthquake retrofitting of Anderson Dam to improve reliability and safety, and returns the reservoir to its original storage capacity.

Anderson Dam creates the county's largest surface water reservoir—Anderson Reservoir—which stores local rainfall runoff and imported water from the Central Valley Project. The reservoir is an important water source for treatment plants and the recharge of the groundwater basin. Besides restoring drinking water supplies, the upgrade also supports compliance with environmental regulations. The District's regular reservoir releases ensure that downstream habitat has healthy flows and temperatures to sustain wildlife.

A breach of Anderson Dam at full capacity could have catastrophic consequences, including inundation of surrounding land more than 30 miles northwest to San Francisco Bay, and more than 40 miles southeast to Monterey Bay.

Benefits

- Brings the dam into compliance with today's seismic standards
- Increases reliability and safety of our area's largest reservoir by protecting it from earthquakes
- Eliminates operational restrictions issued by the state Division of Safety of Dams which would restore Anderson Reservoir to its full capacity of approximately 30 billion gallons, regaining 32% or 9.3 billion gallons of water storage for our current and future water supply
- Ensures compliance with environmental laws requiring reservoir releases that maintain appropriate flows and temperatures to support downstream wildlife habitat
- Minimizes the risk of uncontrollable releases from the reservoir which could cause downstream flooding

Key Performance Indicator (15-year Program)

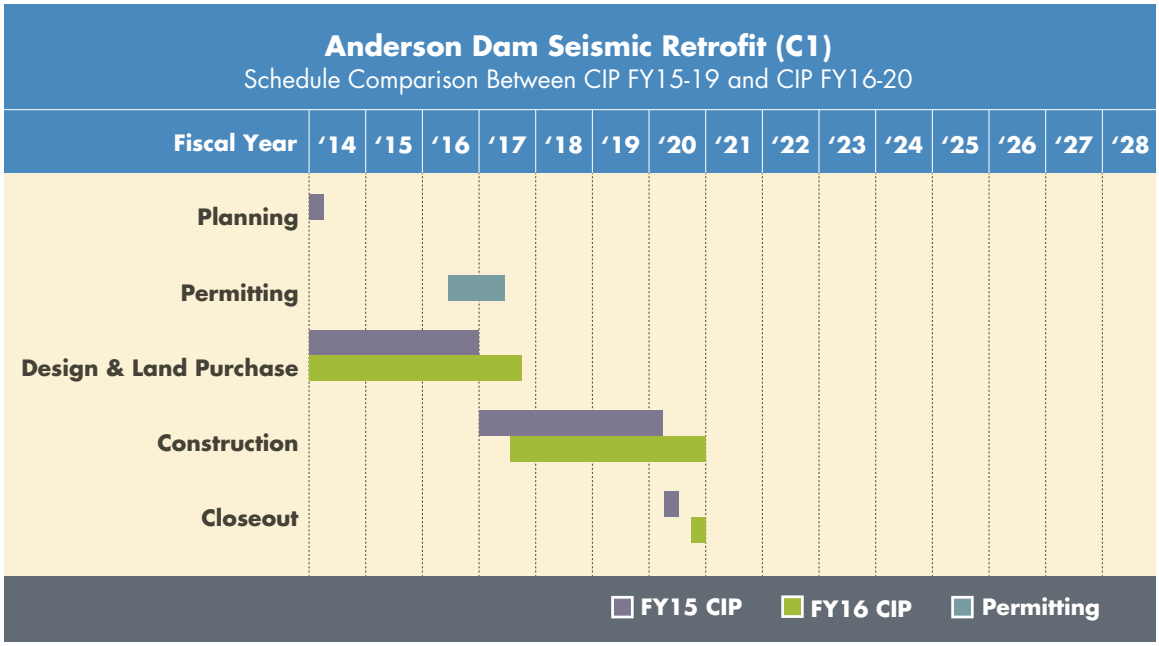
1. Provide portion of funds, up to $45 million, to help restore full operating reservoir capacity of 90,373 acre-feet.

Geographic Area of Benefit: Countywide

Anderson Dam

Project Location

Schedule

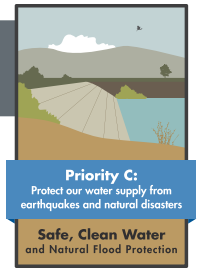


Confidence Level: Moderate

Status for FY15: On Target

Progress on KPI #1:

- Project design work continued in FY15. Geotechnical and geologic investigations to inform the design process were completed in December 2014, and included drilled borings on the dam embankments and adjacent borrow areas, as well as excavation



of trenches to investigate the presence of trace earthquake faults. The findings of the investigations indicated that an additional phase of investigations is necessary before the final design parameters for retrofit can be prepared. The second phase of investigations is anticipated to be complete in early FY16.

Financial Information

The total Safe, Clean Water Program funding level for this project was presented in 2012 dollars at $45 million; however, this amount is subject to inflation and the inflated amount is $67.1 million. These funds will be distributed in 2 payments to the Water Utility Enterprise Fund; with the first portion transferred in FY16, and the remainder scheduled to be transferred in FY28. As a result, the FY15 expenditures for Safe, Clean Water were 0%. The program has been designed to collect sufficient revenues to account for project cost increases due to inflation.

Opportunities and Challenges

Permits

The proposed project is a covered activity under the Santa Clara Valley Habitat Plan, and the Habitat Plan will provide the federal Endangered Species Act and state Natural Community Conservation Planning Act compliance for several special-status species the project may affect, including California tiger salamander, California red-legged frog, and Coyote ceanothus. Consistent with Habitat Plan requirements, the District must consult with wildlife agencies when project-specific design and construction details are 60% complete. Such consultations will be initiated when the project design is about 60% complete.

Additionally, Coyote Creek downstream of Anderson Dam is designated critical habitat for Central California Coast steelhead and Essential Fish Habitat for Chinook salmon. Early coordination with natural resource agencies indicates potential construction-related water quality concerns, fish passage considerations, and operational effects will require appropriate evaluation.

An Environmental Impact Report will further evaluate the magnitude of impacts of implementation of the project. The District will continue to engage natural resource agencies through development of environmental documentation to support natural resource permitting efforts.

Confidence level: Moderate

There are numerous permits from different agencies that will be required for this project and the schedule for some of these permits cannot be easily predicted.

Project C2

ON TARGET

Emergency Response Upgrades

This project covers the development of an automated flood warning system that uses real-time rainfall data to predict stream flows and potential flood risk. The system efficiently disseminates information to emergency responders and the public using the web, text, automated calls and other technologies, allowing more time to activate flood-fighting measures and reduce flood damage.

Benefits

- Enhances interagency response to storm-related emergencies
- Improves the accuracy of flood forecasting services
- Helps municipalities and neighborhoods lessen flood impacts
- Maintains access to technical resources that assist municipalities with floodplain management
- Promotes community awareness of flood risks
- Implements risk reduction strategies consistent with the Federal Emergency Management Agency's (FEMA) Community Rating System as appropriate

Key Performance Indicator (15-year Program)

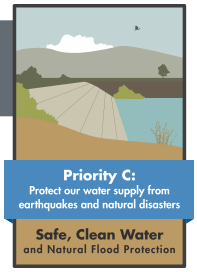
1. Map, install, and maintain gauging stations and computer software on seven flood-prone reaches to generate and disseminate flood warnings.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- In FY15, the District installed a gauging station on San Francisquito Creek. This allowed a flood-warning system to be developed to minimize flood damage. Together with the West Little Llagas and Upper Guadalupe River systems, 3 of the 7 required flood-warning systems are now complete.
  - » The first live test of the flood-warning system occurred on December 11, 2014 during a storm event. The application performed satisfactorily, and valuable information was gathered to improve the system.
  - » The flood-warning system was migrated from a local District computer to a cloud computing system to improve speed and reliability until a permanent District server can be obtained.



Financial Information

In FY15, project spending was on track with 94% of the annual budget expended.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
C2. Emergency Response Upgrades

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$384	$359	$0	$359	94%

Opportunities and Challenges

National Weather Service

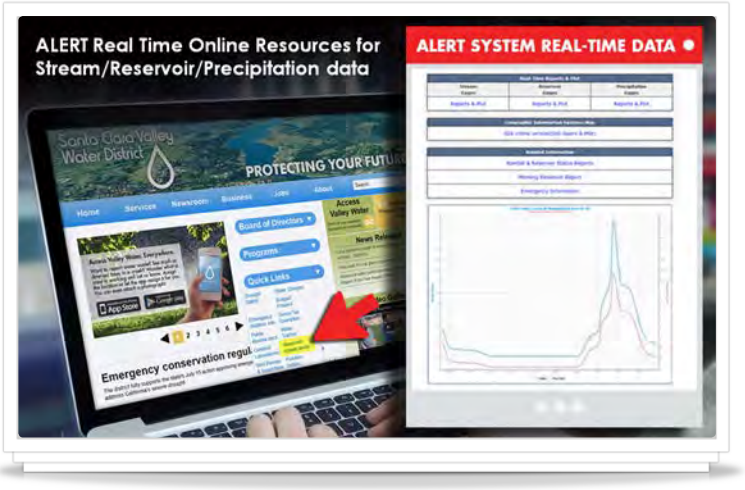
From our live tests over this past year, forecasting rainfall accurately is the largest hurdle to providing accurate flood forecast. The District relies on outside consultants to provide this information, who in turn rely on the National Weather Service (NWS) data. The varying algorithms and techniques used by consultants to predict and distribute rainfall may be improved and tested. The District will start a conversation with NWS on this subject in FY16.

User-friendly system

Maintaining dedicated District labor resources has preserved the knowledge necessary to accomplish the major task of building a complex computer program that is user-friendly and robust. In addition, developing a process to calibrate the hydraulics/hydrologic models using real-time data automatically during a storm event is technically challenging and still under development.

New software

An opportunity for more dynamic flood mapping may exist using a new flood mapping tool that will be released by the Hydrologic Engineering Center of the U.S. Army Corps of Engineers in calendar year 2015. This will result in more accurate maps. The new software will be researched, incorporated, and tested.



Priority D

Restore Wildlife Habitat and Provide Open Space

The 8 projects under Priority D restore and protect vital wildlife habitat and provide opportunities for increased access to trails and open space. Funding for this priority pays for control of non-native, invasive plants, revegetation for native species, and maintenance of previously revegetated areas. Other projects include removal of fish barriers, improvement of steelhead habitat and stabilization of eroded creek banks.

To support these and future restoration projects the District would create a comprehensive, updated database on stream conditions countywide. The District and other agencies could then use the new information to make informed decisions on where and how to use restoration dollars so they have the greatest value for wildlife.

Project D1
Management of Revegetation Projects

Project D2
Revitalize Stream, Upland and Wetland Habitat

Project D3
Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails

Project D4
Fish Habitat and Passage Improvement

Project D5
Ecological Data Collection and Analysis

Project D6
Creek Restoration and Stabilization

Project D7
Partnerships for the Conservation of Habitat Lands

Project D8
South Bay Salt Ponds Restoration Partnership

Appendix A: Financials

Appendix B: Inflation assumptions

Appendix C: Grantee information for Project D3

Project D1

ON TARGET

Management of Revegetation Projects

This project supports District maintenance of at least 300 acres of existing revegetation projects throughout the 5 watersheds, and provides for maintenance of future revegetation sites. Funding for this project ensures that design objectives of all revegetation projects are maintained during the establishment period so that mitigation results in functional habitat that can support wildlife.

Benefits

- Maintains 300 acres of existing revegetation
- Allows the District to monitor plant survival and habitat functions
- Complies with environmental laws requiring habitat mitigation for flood protection and water supply projects
- Provides for maintenance of future revegetation sites

Key Performance Indicator (15-year Program)

1. Maintain a minimum of 300 acres of revegetation projects annually to meet regulatory requirements and conditions.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- In FY15, the District maintained 399 acres of revegetation projects. Maintenance work included invasive weed control and irrigating 41 newer sites, which require more maintenance, and 132 established sites, which require a lower level of maintenance, throughout all 5 watersheds in Santa Clara County.

Financial Information

In FY15, 94% of the annual budget was expended to meet the target.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D1. Management of Revegetation Projects

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$757	$710	$0	$710	94%

Opportunities and Challenges

Cost savings

The District was able to achieve cost reduction in meeting the target by increasing the utilization of contract labor to supplement existing District labor resources.

Increased acreage

The 99 acre overage can be applied to the FY14 deficit of 173 acres, leaving 74 acres deficit from FY14 that is left to be addressed in future years beyond the KPI annual target of 300 acres.

Ongoing drought

A major challenge encountered this year in meeting the KPI for this project is the continued impacts of the ongoing drought on new or revegetated planting. The primary impact was to labor resources. New or revegetated plantings required much more maintenance than planned. The reason for the increased maintenance is due to additional watering at 41 new sites that is necessary to ensure survival of vegetation under the prolonged drought conditions over the past 3 years. This was addressed through the use of additional contract maintenance workers to meet the increased labor need.

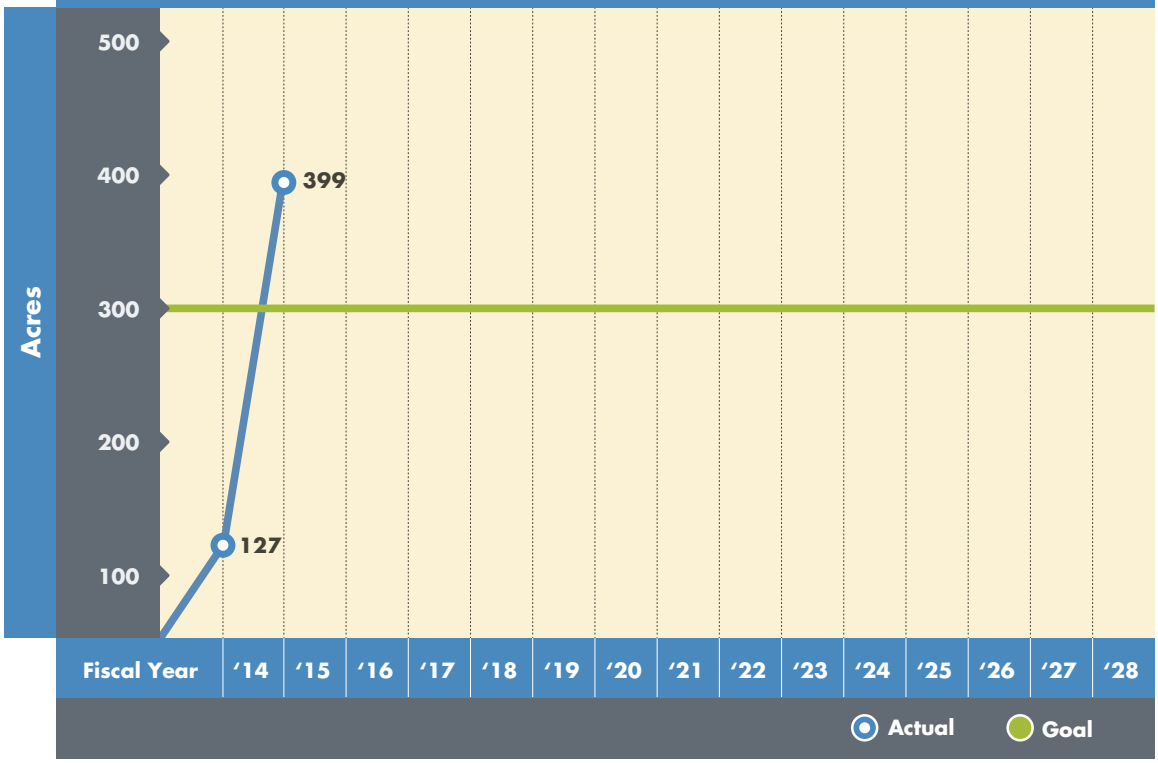
New Stream Maintenance Program (SMP2) permits

The SMP2 permits require an increased level of mitigation. The District plans to use additional contract labor to supplement existing District labor resources to comply with the increased mitigation requirements while minimizing costs.

Revegetation at Calabazas Creek

Graph D1.1 Acres of Revegetation

Acres of Annual Revegetation Maintenance



Project D2

ON TARGET

Revitalize Stream, Upland and Wetland Habitat

This project allows the District to remove non-native, invasive plants and revegetating habitat with native species when needed. Funding also restores degraded habitat between revegetated sites to create a more contiguous habitat corridor for wildlife. This project includes targeted control of especially damaging non-native, invasive plant species such Arundo donax, and education for nearby landowners and other stakeholder groups on the control of harmful species. This project also helps implement the Stream Corridor Priority Plans developed in Project D3.

Benefits

- Increases viability of native riparian species by reducing competition from non-native, invasive species
- Improves habitat by installing tidal and riparian plant species
- Improves ecological function of existing riparian and wetland habitats to support more diverse wildlife species
- Improves patchy wildlife corridors by increasing connectivity of habitat
- Increases community awareness about the damaging impact that non-native, invasive plants have on local ecosystems

Key Performance Indicators (15-year Program)

1. Revitalize at least 21 acres, guided by the 5 Stream Corridor Priority Plans, through native plant revegetation and removal of invasive exotic species.
2. Provide funding for revitalization of at least 7 of 21 acres through community partnerships.
3. Develop at least 2 plant palettes for use on revegetation projects to support birds and other wildlife.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- The District is working toward the 5-year target of revitalizing at least 7 acres through native plant revegetation, and removal of invasive, exotic plant species. Using the information and priorities noted below in FY15, Project D2:
  - » Removed 0.8 acres of invasive, non-native, woody vegetation along the lower Guadalupe River to meet flood protection design conditions near Mineta San José International Airport and Montague Expressway; and

» Controlled 7.8 acres of invasive plants along Stevens and Saratoga creeks in coordination with the District's Stream Maintenance Program (SMP).

The Stream Corridor Priority Plans (SCPPs) are a KPI under SCW Project D3 with its 5-year target to develop 2 plans by the end of FY18. Until the SCPPs are completed, the District has been prioritizing D2 habitat revitalizations by selecting areas where invasive non-native vegetation has at least 1 of the following characteristics:

a. Has a major impact on sensitive plant or animal communities;

b. Reduces hydraulic flow conveyance;

c. Is recommended for removal by the U. S. Army Corps of Engineers for levee and flood protection;

d. Grows adjacent to, but not within, existing District mitigation or revegetation sites;

e. Is identified by others or referenced in environmental documents (such as Coyote Creek Watershed Master Plan, historical ecology reports); and

f. Occurs on steelhead creeks and rivers.

Progress on KPI #2:

- The District made the following efforts to identify plans and potential community partnerships with the 15-year target to provide funding for revitalization of at least 7 of 21 acres through community partnerships:
  - » Initiated discussions with Santa Clara County Parks on a partnership to control invasive vegetation.
  - » Continued the Invasive Spartina Project through the ongoing Clean, Safe Creeks and Natural Flood Protection partnership between the California Wildlife Foundation, San Francisco Estuary Invasive Spartina Project and the U.S. Fish and Wildlife Service (FWS) Don Edwards San Francisco Bay National Wildlife Refuge. Future work under this partnership may include increased habitat connectivity for salt marsh species through expansion and creation of transitional and upland refugia habitat for endangered Ridgeway rail (Rallus obsoletus) and salt marsh harvest mouse (Reithrodontomys raviventris). Follow-up control work on more than 4 acres occurred in FY15, with re-treatment of all persistent patches of invasive smooth cordgrass that were treated in FY14.

Progress on KPI #3:

- Two (2) plant palettes were developed and are available on the Project D2 website for use on revegetation projects to support birds and other wildlife. The palettes are native riparian, freshwater marsh and wet meadow plants of the Santa Clara Valley, and include links to ecological information, wildlife values described by the USDA Forest Service, FWS wetland rating, and more references.

In addition to the KPIs, Project D2's benefits include habitat connectivity. The District is in the process of developing the maps which will show where habitat connectivity can be improved.

Financial Information

The project continues to be in a habitat mapping, inventory, planning, prioritizing, permitting, and transition stage, which is required prior to implementing KPIs 1 and 2. As a result, only 448 of 1,500 budgeted District labor hours were charged. Subsequently, only 48% of the annual budget was expended. Partnership opportunities are being developed and procedures to meet environmental requirements have been finalized, which should result in increased spending in FY16.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D2. Revitalize Stream, Upland and Wetland Habitat

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$310	$148	$0	$148	48%

Opportunities and Challenges

Mapping techniques and partnerships

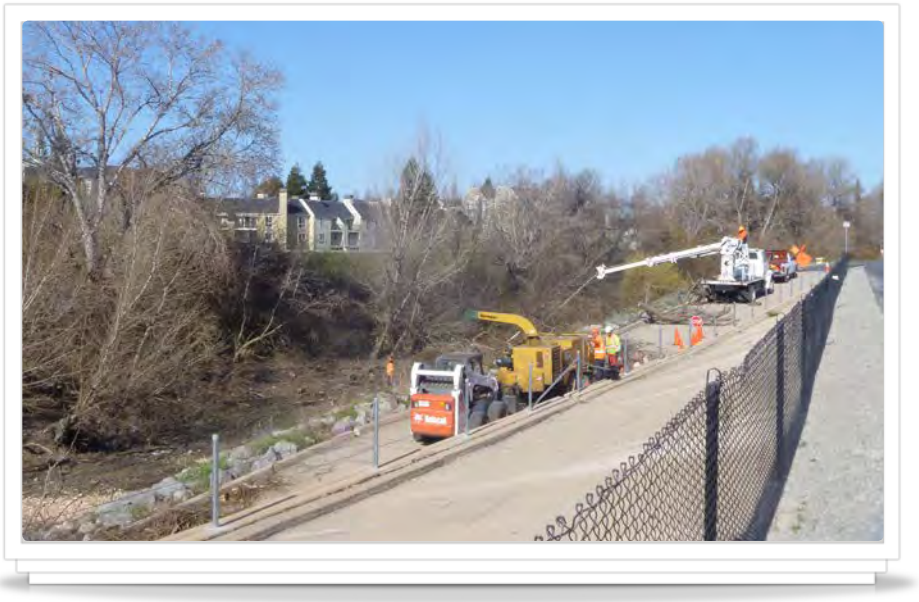
The District is pursuing partnerships to establish connectivity of wildlife habitats based on corridor studies in Santa Clara County and wildlife refugia needs in the South San Francisco Bay. Opportunities for Project D2 include developing GIS and remote sensing techniques to map large areas of dominant vegetation types, as well as developing partnerships. There are an abundance of sites that could benefit by revitalizing native habitats across Santa Clara County. Sites need to be identified, inventoried, mapped, and prioritized. Potential partners are already approaching the District to cooperate on habitat revitalizations. An added benefit of partnerships is their willingness to assist with CEQA and permitting. Opportunities also exist for wildlife habitat improvements in both the riparian and the South San Francisco Bay.

Ongoing drought impacts

The ongoing drought and identification of new plant pathogens in Santa Clara County (water molds or Phytophthora spp.) are ecological challenges. Both the drought and Phytophthora curtail planting native species for habitat revitalization until sufficient irrigation, and methods to prevent further pathogen introduction are available. The District has begun implementation of a plant pathogen testing program, developed best management practices (BMPs) for the District, contractors, and nurseries, and conducted educational outreach in attempts to understand and control the spread of water molds.

Habitat Connectivity Metric

The District is investigating watershed quality and how to improve habitat connectivity through the master planning process (Project D3). There are multiple metrics and methods to assess wildlife habitat functions and values. The District is exploring the state-of-the-science and regulatory agencies' practices to determine the best metric or method. Currently, the county's wetland, riparian, creek and riverine habitats are evaluated using the California Rapid Assessment Method (CRAM) (Project D5). Based on CRAM scores, we can identify creek reaches where wildlife corridors can be improved. CRAM includes elements of wildlife habitat and has been positively correlated with riparian bird use. In addition, the District intends to build on large-scale studies of wildlife corridors in Santa Clara County, for example, the Wildlife Corridor Project at DeAnza College, and is investigating expanding wildlife refugia habitat in South San Francisco Bay tidal marshes.



Vegetation Removal in Lower Guadalupe River

Project D3

ON TARGET

Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails

This project provides grants and partnerships for activities such as developing Stream Corridor Priority Plans; creating or enhancing wetland, riparian and tidal marsh habitat; protecting special status species; removing fish migration barriers; installing fish ladders; removing non-native, invasive plant species; and planting native species. The project includes 7 grant cycles, 1 held approximately every other year during the 15-year duration of the Safe, Clean Water program, as well as funding for partnerships that restore stream and wetland habitat and provide open space access. This project also funds work that provides access to creekside trails or trails that provide a significant link to the creekside trail network, for example, the possible construction of a bridge over Coyote Creek in the Rockspring neighborhood.

Benefits

- Enhances creek and bay ecosystems
- Improves fish passage and habitat
- Expands trail and open space access
- Leverages community funding through grants
- Increases collaborations and partnerships for stewardship activities with cities, the County, nonprofit organizations, schools and other stakeholders

Key Performance Indicators (15-year Program)

1. Develop 5 Stream Corridor Priority Plans to prioritize stream restoration activities.
2. Provide 7 grant cycles and additional partnerships for $21 million that follow pre-established criteria related to the creation or restoration of wetlands, riparian habitat and favorable stream conditions for fisheries and wildlife, and providing new public access to trails.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- Stream Corridor Priority Plans (SCPPs) are in development as a part of the Integrated Water Resources Master Plan, which is a major District planning effort currently underway. In FY15, a partnership was established with the Aquatic Science Center (ASC) a joint powers authority affiliated with the San Francisco Estuary Institute (SFEI). ASC will partner with the District in the development of master plans for all 5 major watershed areas. The SCPPs will be prepared as a product of the master planning effort.

Progress on KPI #2:

- Completed the first round of 7 trails grant cycles. The District received and evaluated 6 grant proposals and awarded 3 grants to provide new access to trails and open space totaling $571,000 on February 24, 2015. (Table D3.1).
- Implemented the Safe, Clean Water Program Partnership Process and Guidelines in April 2015 and developed 2 partnership agreements, which were approved by the Board of Directors on May 26, 2015 (Table D3.2).

In addition, the FY16 grants and partnerships program funding cycle was started toward the end of FY15 to allow more time to develop agreements. As of May 2015, 36 interested parties participated in a pre-proposal workshop. Grantees shared perspectives and lessons learned from past grant cycles. Workshop presentations and frequently-asked-questions were posted on the website in June 2015.

Table D3.1 Trail Grants

Grantee	Project	Description	Awarded
County of Santa Clara	Calero County Park Oak Cove & North Shore Trails	Construct approximately 5.0 miles natural-surface multi-use trails adjacent to Calero Reservoir.	$200,000
Santa Clara County Open Space Authority	Outdoor Learning Center and Creek Side Valley Loop Trail	Construct an Outdoor Learning Center within the 348-acre Coyote Valley Open Space Reserve, to serve as an outdoor classroom, a meeting location for educational and interpretive programs. This project also incorporated 0.6 miles of ADA accessible trail.	$200,000
West Valley College	Vasona Creek Trail	The project will provide 0.33 miles of new ADA accessible trails within the West Valley College Campus.	$171,000
TOTAL			**$571,000**

Priority D: Restore wildlife habitat and provide open space
Safe, Clean Water and Natural Flood Protection

Table D3.2 List of Partnerships

Partner	Project	Description	Funding
San Francisco Bay Bird Observatory	Active Vegetation Management at Levees around South Bay Salt Pond	The partnership will create transitional and upland habitats and provide the habitat structure needed by several federally listed species and state Species of Special Concern. Creating native plant communities on a 15-acre site will require 2 years of preparation and 4 years of phased implementation, maintenance, and monitoring. The project supports multiple Safe, Clean Water Program projects. It restores wildlife habitat; strengthens the South Bay Salt Ponds Restoration Partnership and revitalizes wetland habitat. The work also builds upon the strong existing partnership between the District and the U.S. Fish and Wildlife Service to improve habitat on salt pond levees.	$690,000
Santa Clara County Open Space Authority	Carnadero Creek Agricultural Ford (Creek Crossing) Project	This partnership will result in the design of a free span bridge and the abandonment of the existing bridge. This would eliminate the fish migration barrier and improve water quality and riparian conditions. The District's contribution will provide a matching fund for a state grant application.	$24,450
TOTAL			**$714,450**

(Refer to Appendix B for more information about the Safe, Clean Water grants awarded)

Financial Information

In FY15, expenditures were on track at 99% of the annual budget.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D3. Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
1,596	153	1,423	1,576	99%

Opportunities and Challenges

Process improvements

Lessons learned from the FY14 operation were incorporated into the FY15 work plan. The partnership process was modified to allow for more communication and negotiation to develop a scope that would meet both parties' needs. The process was also started earlier to allow more time for communication.

Land use

When the request for proposals for the FY15 trails grant was released, some stakeholders raised concerns about creek trail placement adversely affecting habitats and advocated for no trails in sensitive riparian habitats. This concern was incorporated into the boilerplate trail grant agreement.

Plant pathogen

In Jan 2015, the District became aware of a water mold pathogen Phytophthora which is related to Sudden Oak Death. This plant pathogen was identified in Santa Clara County. It posed a significant risk to the habitat restoration efforts covered by existing and future grant/partnership agreements. An internal team was formed to assess the risks, establish measures to address the risks, e.g., informing grantees and potential partners, negotiating agreement provisions and developing best management practices and standards, and to facilitate collaborative problem solving to minimize impacts to District funded habitat restoration projects.

Project D4

ON TARGET

Fish Habitat and Passage Improvement

This project helps restore and maintain healthy steelhead trout populations by improving fish passage and habitat. Possible work sites include Alamitos Creek at Lake Almaden and Ogier Ponds in the Coyote watershed, where man-made creek alterations disrupt fish migration. The project also includes studies of steelhead streams throughout the county to determine where improvements are needed to support spawning, rearing and migration. Funding also pays for the development of a program to use large woody debris to create fish habitat.

Benefits

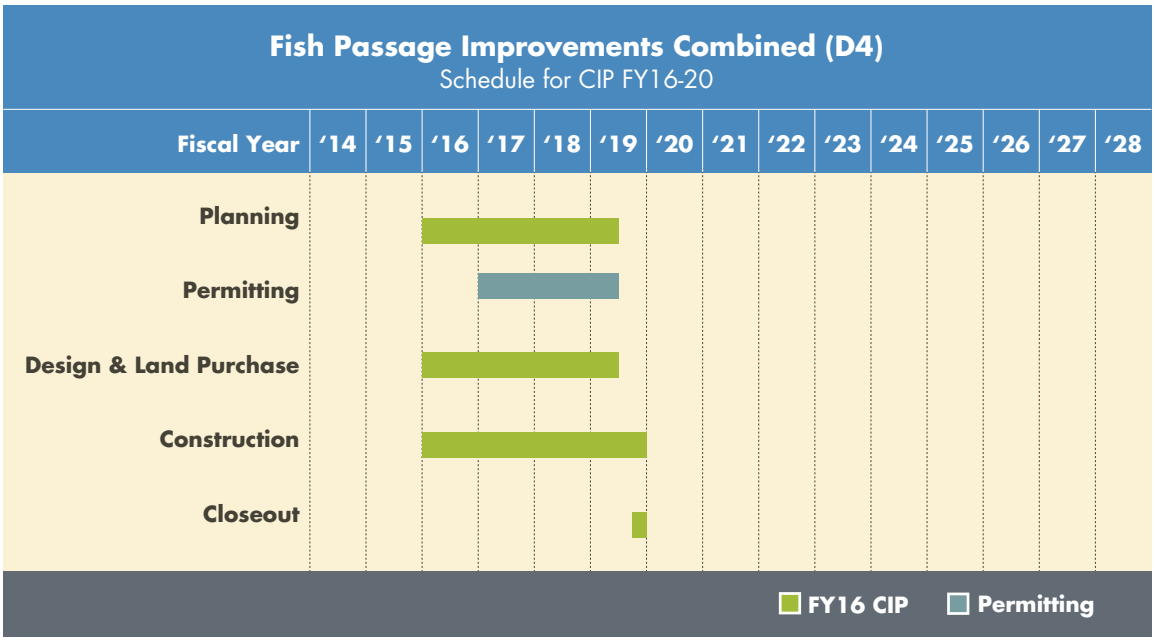
- Improves spawning and rearing habitat within the Coyote, Guadalupe and other watersheds
- Improves steelhead trout habitat
- Helps provide required mitigation for environmental impacts of reservoir and recharge operations

Key Performance Indicators (15-year Program)

1. Complete planning and design for 2 creek/lake separations.
2. Construct 1 creek/lake separation project in partnership with local agencies.
3. Use $6 million for fish passage improvements.
4. Conduct study of all major steelhead streams in the county to identify priority locations for installation of large woody debris and gravel as appropriate.
5. Install large woody debris and/or gravel at a minimum of 5 sites (1 per each of 5 major watersheds).

Geographic Area of Benefit: Countywide

Schedule



Confidence Level:

Fish Passage Improvements

Evelyn Bridge - High

Singleton Road Bridge - Moderate

Bolsa Bridge Crossing - Moderate

Status for FY15: On Target

Progress on KPI #1:

Creek/Lake Separation Site 1: Almaden Lake

- In FY15, the District completed the consultant selection process to hire an environmental consultant to develop the Environmental Impact Report (EIR) for the Almaden Lake Improvements Project (located within Almaden Lake Park in San José). On May 12, 2015, the District Board of Directors awarded the contract to Environmental Science Associates (ESA). The EIR will provide legally defensible California Environmental Quality Act compliance analyses of the proposed project through the preparation of a draft and final EIR; and assistance to the District in obtaining regulatory permits.

Creek/Lake Separation Site 2: Ogier Ponds

- The District has selected a second site, Ogier Ponds (on Coyote Creek in San José) to begin a planning study for a creek/lake separation.

Creek/Lake Separation Site 2: Ogier Ponds cont...

- » Worked with the land owner, Santa Clara County Parks and Recreation (SCC Parks), to sign a letter of intent to enter (January 7, 2015) and to develop a partnership to study the feasibility for separation of Ogier ponds from Coyote Creek.
- » The District worked with the SCC Parks on a Memorandum of Agreement (MOA) to begin feasibility study in FY16. The final draft MOA was sent to SCC Parks on July 23, 2015 for legal review. The District expects the MOA to be finalized by September 2015.
- » The District scoped the data collection elements needed to begin the feasibility study in FY16. These included topographic surveys, a water budget for the ponds, a percolation study, and hydrology, water quality, and wildlife/fisheries assessments.

Progress on KPI #2:

- This KPI currently has 2 projects in the planning phase. The Board has not yet selected which project will be constructed.

Progress on KPI #3:

Fish Passage Improvements

- Identified 3 high priority migratory fish passage barriers in Santa Clara County to be addressed under Project D4. See locations on the project map (Figure 1, p. 59).
  - » Singleton Road Bridge (Coyote Creek Watershed)
  - » Evelyn Bridge (Stevens Creek Watershed)
  - » Bolsa Bridge Crossing (Uvas Creek)
- Worked with the landowner, City of San José, on submittal of a partnership agreement for remediation of the fish passage barrier located at Singleton Road.
  - » Reviewed contracting documents for a feasibility analysis for removal of Singleton Road Bridge.
  - » Participated in Technical Advisory Committee meeting with City of San José staff and resource agency representatives for alternative analysis at Singleton Road.
  - » Reviewed alternative analysis and provide comments to City of San José.
- Submitted 50% design plans for the Bolsa Road fish passage project to the National Marine Fisheries Service for review and endorsement.
  - » Requested staff from the NMFS to write a letter in support of project implementation to the landowner, Union Pacific Railroad.

Progress on KPI #4:

Fish Habitat Improvements

- Drafted a scope of work for countywide steelhead streams to identify priority locations for installation of large woody debris and gravel. The scope of work included the required mitigation for environmental impacts for the District's countywide Stream Maintenance Program.

Progress on KPI #5:

Fish Habitat Improvements

- Began data collection efforts and design for installation of 1 large woody debris structure in Stevens Creek watershed.

Financial Information

In FY15, 100% of the total annual budget was expended. The Almaden Lake Improvements project (KPIs #1 and 2) was on track with 95% of its annual budget expended. The Fish Habitat Improvement project (KPIs #1, 4 and 5) was slightly over expended at 102%. This was due to the resource agencies prioritization of the Evelyn Bridge Fish Passage project by approving it for mitigation under the District's Stream Maintenance Program. In response, District management reprioritized resources to focus on planning and design in FY15 to ensure this critical fish passage project was ready for construction in FY16. The Fish Passage Improvements project (KPI #3) expended 80% of its FY15 budget. This was due to reprioritization of District labor resources to complete the Evelyn Bridge Fish Passage project.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D4. Fish Habitat and Passage Improvements

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26042001 Fish Passage Improvement	295	219	19	238	80%
26042002 Fish Habitat Improvement	339	5	339	344	102%
26044001 Almaden Lake Capital Project	1,148	322	766	1,088	95%
Total	**$1,783**	**$656**	**$1,124**	**$1,780**	**100%**

Priority D:
Restore wildlife habitat and provide open space
Safe, Clean Water and Natural Flood Protection

Opportunities and Challenges

Confidence levels

Fish Passage Improvements:

Evelyn Bridge - High

Singleton Road Bridge - Moderate

Bolsa Bridge Crossing - Moderate

The District is very confident that the Evelyn Bridge project will be completed in FY16. The District remains reasonably confident that the Singleton Road Bridge and Bolsa Bridge Crossing projects will remain on schedule. The main concern is the permitting process, however, the District anticipates a positive working relationship with the resource agencies due to the nature of the projects.

Almaden Lake Improvements

Fish barrier mitigation and creek/lake separation projects will continue to require a high amount of resources to maintain the level of stakeholder engagement necessary for project success.

Fish Habitat Improvements

An excellent opportunity for the District is to enter into a partnership agreement with the land owners for Ogier Ponds, Santa Clara County Parks (SCC Parks), for a creek/pond separation planning study. The SCC Parks and the District share complimentary missions and already share management of the District's water supply reservoirs to support public access and recreation. Therefore, a partnership opportunity for a creek/lake separation is an excellent way to maximize public dollars for environmental benefit.

A challenge for the countywide steelhead study is access to portions of the watersheds where the District currently does not have fee or easement. When considering the most appropriate locations for gravel augmentation or large woody debris augmentation to benefit steelhead, those locations may not align with stream reaches located within public or District fee or easement access points. Land rights acquisition will need to be developed.

Fish Passage Improvements

Singleton Road

The City of San José is currently working towards completion of a feasibility study which includes trail realignment, construction of a pedestrian bridge and removal of the Singleton Road fish passage barrier (Photo 1). The City worked with the District to develop a partnership agreement

Photo 1: Singleton Road Fish Passage Barrier

Figure 1

Proposed Fish Passage Projects for D4

with funds allocated from D4 to finance up to $1 million for construction costs to support removal of the Singleton Road Bridge and associated channel restoration. The remainder of the City's project will be funded from other sources. The District will work with the City on execution of the partnership agreement to fund the removal of the fish barrier once the feasibility analysis is complete. The results of the feasibility analysis are anticipated in August 2015.

Evelyn Bridge Road Crossing-Stevens Creek Watershed

In March of 2013, District fisheries biologists observed approximately 10 adult steelhead, several of which were actively spawning, above the Central Avenue fish ladder located downstream of the Evelyn Bridge Project (Photo 2). Steelhead typically ascends main stem streams to the higher quality habitats in upper tributaries where conditions are more conducive for successful emergence of fry. Therefore, this main stem spawning in downtown Mountain View prompted a detailed evaluation of passage conditions in the lower portions of Stevens Creek.

Photo 2: Spawning Steelhead downstream of the Evelyn Bridge Fish Passage Project

Through the fish passage evaluation and data collection efforts of existing conditions within Stevens Creek, District

survey data and analysis determined that sediment accretion under the Evelyn Avenue Bridge is creating a barrier to upstream migration of steelhead. The accretion is related to 2 existing drop structures (Photo 3), upstream and downstream of the existing Union Pacific Railroad/Caltrans (Joint Powers Board-JPB) Bridge, which is directing the low and medium flows into the adjacent existing concrete bypass box culvert, intended for only high flows, and away from the natural creek channel. Therefore, the objective of the Evelyn Bridge fish passage Project is to remove the 2 existing drop structures, thereby increasing the sediment transport rates through the series of bridges and creating a sustainable low flow channel for fish passage through the concrete lined UPPR/JPB Bridge, keeping bankfull flows within the natural creek channel (i.e., out of the high flow bypass box culvert) to facilitate fish passage to higher quality upstream spawning habitat.

Photo 3: Two weirs located downstream of Evelyn Bridge contributing to the fish passage problems through the site

The District prepared 60% design plans and a draft basis of design report which was submitted to resource agency staff on May 21, 2015 for evaluation and inclusion for mitigation credit under the District's countywide Stream Maintenance Program. If approvals are obtained and the land owners agree to the proposed channel modifications, construction will commence in FY16.

Bolsa Bridge Fish Passage Project

The District applied for an internal grant from the Clean, Safe Creeks and Natural Flood Protection Plan (2001) for remediation of this passage impediment at the Union Pacific Railroad Bridge in Uvas Creek. The District was awarded $40,000 for fish passage remediation tasks under that program. The District evaluated the site and came up with a basis of design document and design drawings which are approximately 50% complete. Funding was limited and, therefore, design plans were not completed under that program.

Photo 4: Bolsa Road fish passage impediment

Due to long term channel incision within Uvas Creek, this railroad bridge presents a well known passage impediment for migratory fish in a very important watershed for recovery of the threatened South Central California Coast steelhead (Photo 4 at left & Photo 5, p. 61). As such, on October 29, 2014 the NMFS prioritized review of the draft design

plans and report previously prepared by the District and has endorsed the project to move forward. Detailed planning and design work will continue for Bolsa Bridge Fish Passage project in FY16.

The greatest challenge for Evelyn Bridge and Bolsa Bridge fish passage projects is obtaining land owner approvals. However, a great opportunity exists for the District to work with staff from the California Department of Fish and Wildlife Service and the National Marine Fisheries Service, using their help to obtain the needed approvals. Both the state and federal agencies endorse these projects and understand the importance of successful implementation to the continued perseverance of an endangered fish (i.e., steelhead) in Santa Clara County. These projects also have the strong support of the fisheries restoration community.

Another opportunity for the District is to work in partnership with the City of San José to remediate a well known, high priority passage barrier in Coyote watershed. Removal of the Singleton Road Bridge and restoration of the stream channel will provide steelhead and other native fish unimpeded access to higher quality habitats in Coyote Creek.

Photo 5: Dead adult steelhead found downstream of Bolsa Road March 2012

Project D5

ON TARGET

Ecological Data Collection and Analysis

This project creates a comprehensive watershed database that tracks stream ecosystem conditions helping the District, other County agencies and organizations make informed watershed and asset management decisions. This new information integrates and enhances the District's stewardship actions through a standardized, repeatable and defensible approach that guides, organizes and integrates information on stream conditions.

This ecological monitoring and assessment is conducted on an ongoing basis and is shared with land use agencies, environmental resource groups, and the public to support efficient restoration decisions throughout the county.

Benefits

- Improves watershed and asset management decisions
- Provides a systematic, scientific guide for decisions and actions to improve stream conditions
- Supports effective design options for capital projects
- Maximizes the impact of restoration dollars with more reliable data on countywide stream conditions

Key Performance Indicators (15-year Program)

1. Establish new or track existing ecological levels of service for streams in 5 watersheds.
2. Reassess streams in 5 watersheds to determine if ecological levels of service are maintained or improved.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- To establish ecological levels of service for streams, the Pajaro River and Lower Peninsula watershed assessments began in FY15 with the following activities:
  - » Signed a consultant agreement with the San Francisco Estuary Institute (SFEI) to provide expert guidance and assistance for the 2 watershed assessments.
  - » Selected 155 targeted field sites or assessment areas (AAs) in the 2 watersheds.
  - » Certified 7 District staff in the California Rapid Assessment Method (CRAM).
  - » Completed field work at the 8 District-owned AAs in the Pajaro Watershed.
  - » Acquired the permit to access 9 AAs in Henry Coe State Park.

- Requested permission to access and right to enter for AAs on private properties in the Pajaro watershed.
- Received 5 competitive bids for consultant assistance with CRAM field work in the 2 watersheds.

The Pajaro River and Lower Peninsula watershed assessments will be completed by December 2016 (mid-FY17). West Valley will be the fifth and final watershed to assess before the end of FY18 to meet the 5-Year Implementation Plan target.

CRAM assessments in the Pajaro Watershed

Watershed assessments utilize CRAM to generate quantitative measures of ecosystem conditions. Watershed and stream condition is calculated using a statistical technique, such that results can be compared to the District's Coyote and Guadalupe assessments, as well as to watershed assessments in other parts of California.

There are 88 and 50 target AAs in the Pajaro and Lower Peninsula watersheds, respectively, which require field assessment.

Both the Pajaro and Lower Peninsula watersheds extend beyond Santa Clara County which is unique compared to the other 3 watersheds that are solely within the county (Coyote, Guadalupe, and West Valley). The planned survey design will generate ESIs for the portion of the Pajaro and Lower Peninsula watersheds within Santa Clara County, as well as separate ESI's for Llagas Creek, Uvas Creek, San Francisquito Creek, and Stevens Creek.

An essential part of employing a statistical technique is its development specifically for reassessment over time and trend analysis to accomplish KPI #2. Future watershed assessments will be done using this technique to achieve a combination of AAs previously measured with new randomly selected AAs.

Progress on KPI #2:

- The work plan and schedule are being prepared to reassess streams in 5 watersheds to determine if ecological levels of service are maintained or improved per the 5-Year Implementation Plan. At the current schedule, all 5 watersheds will be assessed by mid-FY18. Planning and scheduling for watershed reassessment can begin at that time, allowing 1½ years to complete the work plan and schedule to meet the KPI.

In addition, the District performs other activities to achieve the project's description and benefits. These activities include assisting the Districtwide Asset Management program to define and identify ecological assets, develop levels of service driving management and maintenance of environmental resources, and providing methods to measure the condition of ecological assets. Ecological assets inventoried to date include District mitigation and revegetation sites, features promoting fish habitat and movement (e.g., fish ladders, screens, weirs, riffles), and barriers to fish migration.

Financial Information

As a result of delays in securing a contract with an environmental consulting firm, only 67% of the annual budget was expended and field work was delayed. The contract will be finalized in early FY16, enabling the completion of 2 watershed assessments by mid-FY17. As a result, the project remains on-track to meet the 5-Year Implementation Plan Target.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D5. Ecological Data Collection and Analysis

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$496	$203	$129	$332	67%

Opportunities and Challenges

Database improvements

The District's environmental databases are being combined, integrated, and improved in Oracle and GIS. The Ecological Monitoring Information Management System (EM-IMS) water quality module was upgraded for better user access and development of the wildlife module began in FY15. Integration with the District's recently completed SMP environmental database has also begun. Gathering District environmental data into an integrated internal database with quality assurances is a necessary first step to inform watershed and asset management, and for data sharing with land use agencies, environmental resource groups, and the public. The District continues to share environmental data with publically available online resources, particularly the California Water Quality Monitoring Council and Wetland and Riparian Area Assessment Plan (WRAM, see http://www.mywaterquality.ca.gov/).

Ongoing drought conditions

The continuing drought stresses ecosystem health. The extent to which the drought affects stream conditions and ability of the watershed assessments to estimate drought impacts will not be known until field work is completed.

Landowner coordination

As noted in the FY14 Safe, Clean Water Annual Report, the District needs the assistance and cooperation of land owners, resource agencies, environmental organizations, and citizen groups to maintain healthy ecosystems. The District owns or has easement on approximately 3% of Coyote and 8% of the Guadalupe watersheds' streams; mostly distributed below the headwaters with larger tracts adjacent to the reservoirs. The District must receive permission to access and collect data from land owners prior to conducting field work. The process to receive permission to access takes a substantial amount of planning and time.

Project D6

SCHEDULED TO START FY16

Creek Restoration and Stabilization

This project will use geomorphic data to design and construct projects to increase the stability of eroding creek banks and help restore the natural functions of stream channels. Possible work may include the removal of Comer Debris Basin on Calabazas Creek in Saratoga, and activities to reduce and prevent incision and promote sediment balance in Stevens and Uvas creeks.

Benefits

- Uses scientific principles to restore sediment balance and reduce erosion, instability and sedimentation in creeks
- Helps restore stream functions and improves recharge capacity of channel by decreasing sedimentation
- Protects roads from damage caused by eroding channel banks
- Reduces annual maintenance cost for sediment removal

Key Performance Indicator (15-year Program)

1. Construct 3 geomorphic designed projects to restore stability and stream function by preventing incision and promoting sediment balance throughout the watershed.

Geographic Area of Benefit: Countywide

Status for FY15: Not Started

Progress on KPI #1:

- Project D6 is scheduled to begin in FY16, with the construction of the Hale Creek project, which is partially funded by the Safe, Clean Water Program. The remaining 2 projects have not yet been identified.

In coordination with the Regional Water Quality Control Board, a section of concrete-lined channel on Hale Creek has been prioritized and selected for a pilot study to restore geomorphic creek features in a confined urbanized setting. In FY16, this section of the creek will be designed for geomorphic restoration.

Financial Information

This project is not scheduled to begin until FY16, as a result there was no budget for FY15. The original Safe, Clean Water Program funding level for this project was presented in 2012 dollars at $12.8 million; however, this amount is subject to inflation and the inflated amount is $16.7 million. The program has been designed to collect sufficient revenues to account for project cost increases due to inflation.

Project D7

ON TARGET

Partnerships for the Conservation of Habitat Lands

Funding from this project helps the community acquire important habitat land to preserve local ecosystems. The project supports implementation of the Valley Habitat Plan, a multi-agency agreement that pools mitigation dollars to purchase large areas of habitat land for conservation.

Benefits

- Fulfills a portion of the District's acre allocation to the Valley Habitat Plan
- Protects, enhances, and restores natural resources in Santa Clara County
- Contributes to the recovery of special status species
- Coordinates regional mitigation projects to create larger, less fragmented conservation lands that are more beneficial for wildlife and the environment
- Provides for endangered species and wetlands mitigation for future water supply and flood protection projects

Key Performance Indicator (15-year Program)

1. Provide up to $8 million for the acquisition of property for the conservation of habitat lands.

Geographic Area of Benefit: Countywide

Status for FY14: On Target

Progress on KPI #1:

- The Valley Habitat Agency (VHA) Restoration/Creation Planning and Design working group has met regularly to identify potential land acquisition and restoration opportunities to support Valley Habitat Plan goals.
- VHA has begun working with the Open Space Authority and other partners to elicit funds for potential properties for acquisition and restoration.
- The District has assisted in the development of land acquisition policies for VHA to support purchase of reserve areas.

Financial Information

This project is currently in a planning stage with partner agencies and, therefore, no Safe, Clean Water funds were budgeted or expended in FY15.

Opportunities and Challenges

Process development

The District is developing a process for decision-making regarding the award and use of funds to clearly link land acquisition/partnerships to the benefits identified in this project. In addition, the District is working to forecast the expenditure of the $8 million. A funding selection process will be developed in FY16 for funding to be allocated in FY17.

Project D8

ON TARGET

South Bay Salt Ponds Restoration Partnership

This project reuses local sediment from streams flowing into San Francisco Bay to create and rehabilitate habitat in the South Bay Salt Ponds Restoration. The District reuses sediment that has to be removed from streams to maintain their capacity to carry floodwaters. In partnership with the U.S. Fish and Wildlife Service (FWS), clean sediment is applied to appropriate locations to improve the success of the South Bay Salt Ponds Restoration effort.

Benefits

- Accelerates progress of an important tidal wetland restoration project
- Reduces disposal costs for sediment that has been removed from local channels to maintain flood carrying capacity
- Increases space availability in local landfills

Key Performance Indicators (15-year Program)

1. Establish agreement with FWS to reuse sediment at locations to improve the success of Salt Pond restoration activities.
2. Construct site improvements up to $4 million to allow for transportation and placement of future sediment.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- Completed in FY14.

Progress on KPI #2:

- Through FY15, repairs were carried out on the interior side on the Pond A10 & A11 levees adjacent to Alviso Slough based on a request from FWS. The levees in this area were suffering from erosion, which threatened their structural integrity and ability to provide flood protection for Alviso and North San José. The District and FWS agreed to utilize soil from interior levees to make the repairs on the perimeter levees. After the Shoreline Project Levee is constructed, it will be possible to let these salt pond levees breach. Until that time they must be kept intact.
- The Stream Maintenance Program (SMP) deposited 60,000 cubic yards of sediment on the Pond A8 levee constructing a gentle slope that will be a good substrate for marsh vegetation to grow on. This work was paid for by the SMP project through Project E1 Vegetation Control and Sediment Removal for Flood Protection. No site improvements were needed to transport and place sediment to Pond A8 in FY15.

Financial Information

In FY15, 32% of the annual budget was expended. The project was underspent primarily because site improvements were not needed at Pond A8. These funds will be used in future years to improve roads/levees when sediment placement moves to new sites.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
D8. South Bay Salt Ponds Restoration Partnership

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$476	$151	$0	$151	32%

Opportunities and Challenges

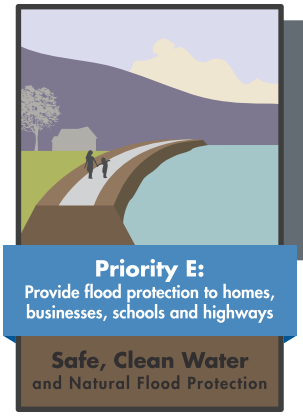
Flood risk reduction

This is particularly important due to the flood protection value provided to the county by the salt ponds. The challenge is to accomplish restoration activities in concert with flood protection and sea level rise.

Habitat improvement

This project provides an important opportunity to assist with the South Bay Salt Pond Restoration Program. The sediment is being used to construct a broad, gentle slope that will increase marshland acreage that absorbs energy during storm surges, while providing habitat for many wetland species. After the slope is constructed, the District will partner with San Francisco Bay Bird Observatory to revegetate the site with diverse, native species.

District crews placing sediment at Pond A8



Priority E

Provide Flood Protection to Homes, Businesses, Schools and Highways

Flood protection measures under Priority E include capital construction projects, studies of flood prone areas, maintenance of existing flood protection channels and improvements to emergency planning for flood response.

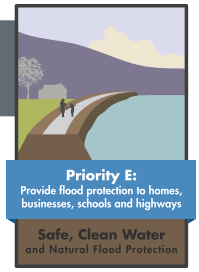
Flood protection capital projects are prioritized to protect the largest number of people, homes and businesses, as well safeguard the highways, streets, public transportation and business centers that people depend on for their livelihoods. All the construction projects under Priority E are undertaken in partnership with the federal government, and will require federal funding in addition to local funding to complete the preferred scope. Should federal funding become scarce, a reduced scope would be implemented, as described in the individual project summaries.

Whenever possible, the District also leverages funds from the state, local municipalities and other stakeholders.

Project E1: Vegetation Control and Sediment Removal for Flood Protection
Project E2: Emergency Response Planning
Project E3: Flood Risk Reduction Studies
Project E4: Upper Penitencia Creek Flood Protection
Coyote Creek to Dorel Drive – San José
Project E5: San Francisquito Creek Flood Protection
San Francisco Bay to Middlefield Road – Palo Alto
Project E6: Upper Llagas Creek Flood Protection
Buena Vista Avenue to Wright Avenue – Morgan Hill, San Martin, Gilroy
Project E7: San Francisco Bay Shoreline Study
Milpitas, Mountain View, Palo Alto, San José, Santa Clara and Sunnyvale
Project E8: Upper Guadalupe River Flood Protection
Highway 280 to Blossom Hill Road – San José

The countywide map and schedule comparison for Safe, Clean Water flood protection projects (E4 to E8) and other capital projects can be found on pages 129 - 131.

Appendix A: Financials
Appendix B: Inflation assumptions



Project E1

ON TARGET

Vegetation Control and Sediment Removal for Flood Protection

This project supports the District's ongoing vegetation control and sediment removal activities that reduce flood risk by maintaining design conveyance capacity of flood protection projects. These activities also provide access for maintenance personnel and equipment. The project includes: controlling in-stream vegetation growth, removing sediment at appropriate intervals, removing hazardous trees, and performing weed abatement and pruning to provide access and establish firebreaks. Before carrying out in-stream maintenance, District personnel perform biological pre-construction surveys to minimize environmental impacts. Allocations for Project E1 also helps fund future maintenance of flood protection projects completed under the Safe, Clean Water program.

This project is comprised of 4 sub-projects that support the District's ongoing vegetation control and sediment removal activities. Reference Appendix B in the 5-Year Implementation Plan for project descriptions. These sub-projects are:

E1.1 Vegetation Control for Capacity

E1.2 Sediment Removal for Capacity

E1.3 Maintenance of Newly Improved Creeks

E1.4 Vegetation Management for Access

Benefits

- Ensures that existing flood protection projects continue to provide maximum flood protection
- Provides safe access for maintenance of creek channels
- Reduces fire risk along creeks and maintains compliance with fire codes
- Improves water quality

Key Performance Indicators (15-year Program)

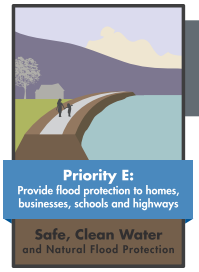
1. Maintain 90% of improved channels at design capacity.
2. Provide vegetation management for 6,120 acres along levee and maintenance roads.

Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

- In FY15, 93.6% of improved channels were maintained at design capacity. Improved channels are those channels that have been modified over which the District has



jurisdiction. This percentage is based upon identification of sediment and vegetation that compromise the flow conveyance capacity of channels. This identification occurs through routine maintenance inspections, following operations and maintenance manuals, and review of as-built plans and specifications.

Updated maintenance guidelines, including levels of service, are currently being developed to provide improved thresholds for sediment removal and vegetation management. These updated guidelines will better inform the inspection and maintenance process for the District's flood protection assets.

E1.1 Vegetation Control for Capacity

Completed 270 acres of in-stream vegetation management to reduce flood risk on 195 miles of streams throughout the county using an integrated combination of mechanical, hand labor and herbicide methods.

E1.2 Sediment Removal for Capacity

Completed 6 sediment removal projects, removing 4,114 cubic yards (CY) of sediment to maintain design capacity:

Lower Peninsula Watershed

- Adobe Creek – 1,190 CY
- Barron Creek – 1,130 CY
- Matadero Creek (2) – 1,010 CY

Guadalupe Watershed

- Guadalupe River – 760 CY
- Ross Creek – 24 CY

E1.3 Maintenance of Newly Improved Creeks: Funding for future maintenance

Sub-project E1.3 Maintenance of Newly Improved Creeks has $19.1M identified in the original 15-year plan, as shown in the financial summary, to ensure funding is available for future necessary work. This item is unique because the $19.1 million is a placeholder and does not currently have any projects associated with it. As maintenance projects are identified for newly improved creeks, the District will allocate the placeholder dollars to the appropriate projects. In general, vegetation management and sediment removal are the primary activities that comprise maintenance of newly improved creeks for flood protection; however, there may be other levels of service required for maintenance (e.g., address streambed and streambank erosion to stabilize the channels).

Progress on KPI #2:

E1.4 Vegetation Management for Access

- Completed 3,065 acres of upland vegetation management to maintain access and

provide fire protection using an integrated combination of mechanical, hand labor and herbicide methods. Of this total acreage, 15% of the completed work was funded by Safe, Clean Water for a total of 459 acres towards the 15-year goal of 6,120 acres. (Graph E1.1)

- During the first 2 years of the program, the total accomplishment for the program is a cumulative amount of 854 acres, compared to a 2-year target of 816 acres.

Vegetation removal on North Morey Channel in Gilroy

Financial Information

E1.1 Vegetation Control for Capacity

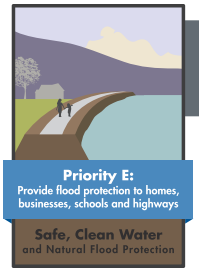
In FY15, this project was on track with 97% of annual funds expended.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E1.1. Vegetation Control for Capacity

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$932	$904	$0	$904	97%

E1.2 Sediment Removal for Capacity

The project spent 56% of the annual budget for sediment removal at 6 project sites. Projected expenditures for FY15 were low due to delays with the regulatory permitting process that impacted the District's ability to do work within the stream bed.



Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) E1.2. Sediment Removal for Capacity				
Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$466	$169	$92	$261	56%

E1.3 Maintenance of Newly Improved Creeks

N/A – No newly improved channel was prioritized for maintenance in FY15.

E1.4 Vegetation Management for Access

The project expended 102% of annual budgeted funds. Due to the unprecedented drought and associated dry conditions, additional weed management work was necessary to eliminate combustible fuel loads on watershed facilities and meet fire code requirements, resulting in the over expenditure.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) E1.4. Vegetation Management for Access				
Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$335	$319	$22	$342	102%

Opportunities and Challenges

Updated Maintenance Guidelines:

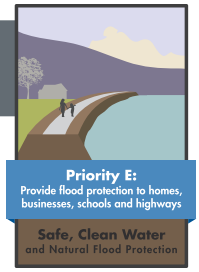
The current inspection reports show that channels are in good condition for flood conveyance as evidenced by:

- compliance with facility operations and maintenance manuals;
- as-built plans and specifications for each creek; and
- routine preventive maintenance of vegetation in creeks.

To complement District inspection and creek maintenance standards, detailed maintenance guidelines are being developed and/or updated for managing improved channels along local creeks. When completed, these guidelines will serve as a critical resource to guide the District in maintaining 90% of improved channels at design capacity.

Ongoing Drought

Due to the unprecedented drought and associated dry conditions, additional weed



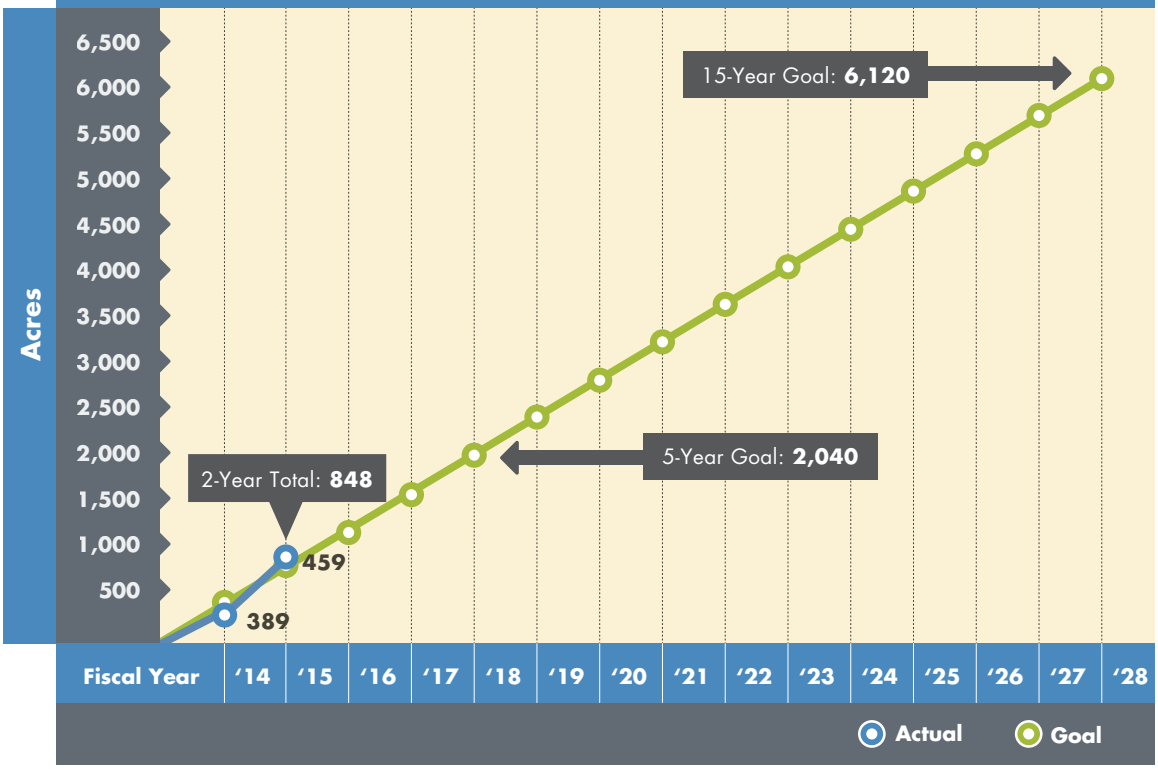
management work was necessary to meet fire code requirements by eliminating combustible fuel loads on watershed facilities. If the drought is ongoing, resources may continue to be diverted to such activities.

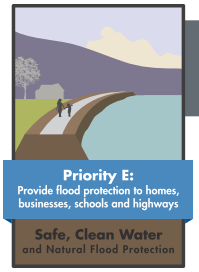
Permitting challenges

Challenges in future years may be increased regulatory and permitting requirements affecting both the ability and the cost to do necessary maintenance.

Graph E1.1 Acres of Revegetation

Vegetation Management Acres





Project E2

ON TARGET

Emergency Response Planning

This project allows the District to work with local municipalities to clearly identify roles and responsibilities for floodplain management and flood emergency management. The project supports countywide emergency response and preparedness activities and develops communication procedures and disseminates web-based flood forecasting information developed under Priority C2, Emergency Response Upgrades. Collaborators also develop formal, site-specific flood-fighting strategies and coordinate outreach throughout the county so that the public receives uniform flood warning messages.

This project is comprised of 2 sub-projects that support the District's ongoing emergency response planning. Refer to Appendix B in the 5-Year Implementation Plan for project descriptions. These sub-projects are:

E2.1 Coordination with Local Municipalities on Flood Communication

E2.2 Flood-Fighting Action Plans

Benefits

- Reduces flood damage
- Provides effective coordinated response to storm-related emergencies
- Improves community awareness about flood risks

Key Performance Indicators (15-year Program)

1. Coordinate with agencies to incorporate District-endorsed flood emergency procedures into their Emergency Operations Center plans.
2. Complete 5 flood-fighting action plans (1 per major watershed).

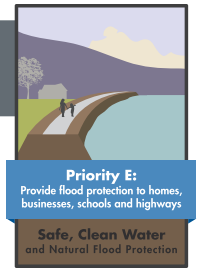
Geographic Area of Benefit: Countywide

Status for FY15: On Target

Progress on KPI #1:

E2.1 Coordination with Local Municipalities on Flood Communication

- Coordinated and facilitated 3 countywide meetings and 2 city-specific meetings with city and county municipalities to discuss flood issues, roles and responsibilities, and means of minimizing flood damage in flood-prone areas.
  - » The District met with other communities' floodplain managers and emergency managers through at least 3 separate efforts – the Federal Emergency Management Agency (FEMA) Community Rating System Countywide User's Group; the



Emergency Operations Services annual Pre-Winter Countywide Preparedness Meeting, and the San Francisquito Creek Joint Powers Authority (SFCJPA).

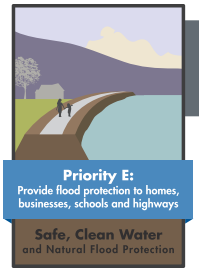
- In addition, the District's Office of Emergency Services (OES) participates in the Emergency Managers Association, Operational Area Council, and the Operational Area Signatories meeting. The OES also supports and attends the SFCJPA emergency management committee and the City Manager's meeting on a regular basis, and continues to work with SFCJPA member agencies to establish a Flood Multi-Agency Coordination (MAC). The OES is also working to develop an inter-agency Emergency Response Assistance Agreement that can be employed during flood events.

Progress on KPI #2:

E2.2 Flood-Fighting Action Plans

- In FY14, 1 creek was selected from each of the five major watersheds, based on:
  - » Number of parcels subject to flooding from a 1% event;
  - » Documented occurrence(s) of damaging overbanking;
  - » Anticipated minimum of 5 years before a capital improvement project will be constructed (or no capital improvements are planned); and
  - » Statistical flood frequency return period.
- The selected high-priority creeks were:
  - » San Francisquito Creek (Lower Peninsula Watershed)
  - » Ross Creek (Guadalupe Watershed)
  - » West Little Llagas Creek (Uvas/Llagas Watershed)
  - » Mid-Coyote – downtown San José area and Rockspring (Coyote Watershed)
  - » San Tomas Creek (West Valley Watershed)
- In FY15, work was initiated to create a Draft Flood Emergency Action Plan (EAP) for San Francisquito Creek, outlining actions the District will take in a flood emergency. The San Francisquito EAP will be completed in FY16.
- Technical mapping and flood-warning baselines are being produced under project C2, Emergency Response Upgrades. These will be used in the Flood EAP for San Francisquito Creek when fully developed.
- Discussions with San Francisquito Creek flood managers are underway to plan and implement the Flood EAP for this creek (See E2.1 KPI #1)

The project is on track to meet the targets identified in the 5-Year Implementation Plan.



Financial Information

The project experienced less activity than planned, primarily due to the re-allocation of District labor resources to address higher-priority projects related to maintenance and operations; therefore, 22% of the annual budget was expended. The project continues to be on track to develop 1 emergency action plan by the end of FY18, a target set in the 5-Year Implementation Plan.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E2.1. Coordination with Local Municipalities on Flood Communication

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$118	$26	$0	$26	22%

Opportunities and Challenges

Community Rating System scores

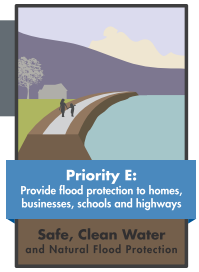
There is an excellent opportunity to increase Community Rating System (CRS) scores throughout the county if the municipalities choose to develop plans and programs jointly in accordance with specific CRS guidelines. Increasing CRS point scores can translate to reduced flood insurance rates within each participating community.

Coordination on Emergency Action Plan

The San Francisquito Creek Joint Powers Authority, which meets regularly and focuses a significant amount of effort on flood issues in the watershed, offers an excellent opportunity to closely coordinate with multiple municipalities, including from another county, on a Flood EAP. The most significant challenge is dedicating District labor resources to focus on creating the Flood EAP when other flood protection, maintenance and technical priorities arise, often at a higher priority and immediacy.

Ongoing drought conditions

A challenge continues to be maintaining interest among the municipalities to continue regular meetings on flood issues during a severe drought.



Project E3

ON TARGET

Flood Risk Reduction Studies

This project develops engineering studies to understand the actual flood risk in high priority flood-prone areas and develops options for managing the flood risks.

Studies will focus on the following reaches:

- Alamitos Creek upstream of Almaden Lake in San José
- Rockspring Neighborhood along Coyote Creek in San José
- Calera Creek near Milpitas High School to Interstate 680 in Milpitas
- Tributaries to Lower Silver Creek (Ruby, Norwood, Quimby and Fowler creeks) in San José

The study includes hydrology, hydraulics, geotechnical and remapping work of the floodplain areas. If appropriate, updated maps will be submitted to Federal Emergency Management Agency (FEMA) to provide a more accurate reflection of the floodplain.

Benefits

- Provides more accurate mapping of areas at risk of flooding
- May remove hundreds of parcels from the FEMA regulatory floodplain, based on updated mapping standards
- Information can be integrated into flood warning program to provide advance, real-time warnings of impending flood events
- Provides technical basis for developing future flood protection plans, and for potential funding partnerships

Key Performance Indicators (15-year Program)

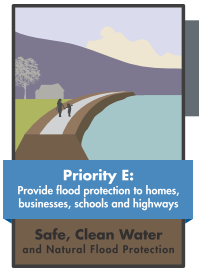
1. Complete engineering studies on 7 creek reaches to address 1% flood risk.
2. Update floodplain maps on a minimum of 2 creek reaches in accordance with new FEMA Standards.

Geographic Area of Benefit: Milpitas and San José

Status for FY15: On Target

Progress on KPI #1:

- In FY15, the District worked on engineering studies on Coyote and Alamitos creeks to evaluate the 1% flood risk.



- A new Hydrologic Engineering Center-River Analysis System (HEC-RAS) model on Coyote Creek from Hwy 280 to Anderson Dam was completed in FY15. This will be used as the basis for the floodplain mapping for the Rockspring Neighborhood.
- A hydrologic study for the Coyote Watershed was completed and will be used for the Rockspring Neighborhood study.
- The draft problem definition report for the Rockspring Neighborhood was completed in FY15.
- The geotechnical field work was completed for Alamitos Creek in FY15 and the analysis will be completed in early FY16.
- Channel hydraulic analysis was completed and channel capacities were determined for Alamitos Creek.
- Floodplain hydraulic analysis and mapping was started for Alamitos Creek and will be completed in FY16.

Progress on KPI #2:

- Activity for KPI#2 is budgeted for FY16.

Financial Information

In FY15, the project expended 99% of its annual budget.

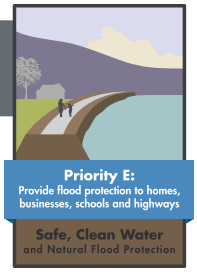
Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E3. Flood Risk Reduction Studies

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$909	$738	$166	$904	99%

Opportunities and Challenges

Floodplain maps

The Alamitos Creek and Rockspring Neighborhood projects will present an opportunity for the District to learn how to use new software (HEC-RAS 5.0) to generate state of the art, 2-dimensional floodplain maps.



Project E4

ADJUSTED

Upper Penitencia Creek Flood Protection Coyote Creek to Dorel Drive – San José

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 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 Berryessa station near King Road, which would otherwise be subject to flooding.

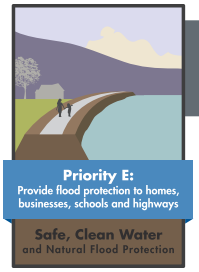
The natural creek channel will be preserved while adjacent existing open space and parkland will remain as recreational areas, only rarely taking the role as a temporary floodplain so that floodwaters do not enter surrounding neighborhoods and commercial areas. Proposed construction measures may include 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 in local funding from Safe, Clean Water allows the District to move ahead with the planning, design and construction of the project.

Benefits

- Preferred project provides 100-year flood protection to approximately 5,000 homes, schools and businesses. Locally funded-only project provides 100–year flood protection to the proposed rapid transit station and areas downstream from King Road
- Reduces sedimentation and maintenance requirements
- Improves water quality in Coyote Creek
- Provides opportunities for recreation improvements consistent with the City of San José and Santa Clara County Park master plans

King Road Bridge



Key Performance Indicators (15-year Program)

1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% flood protection to 5,000 homes, businesses and public buildings.
2. With local funding only: Acquire all necessary rights-of-way and construct a 1% flood protection project from Coyote Creek confluence to King Road.

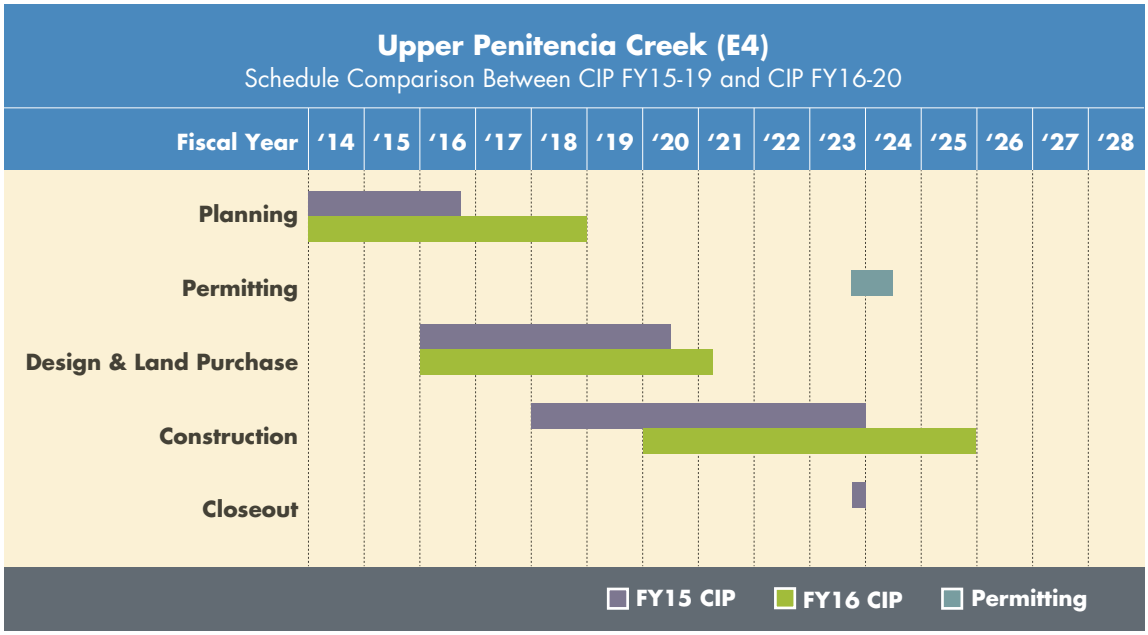
Geographic Area of Benefit: San José

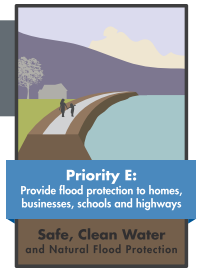
Project Location

Project Location

1 Percent Floodplain

Schedule





Confidence Level: Low

Status for FY15: Adjusted

Progress on KPI #1 and #2 (combined):

- The Planning Phase is continuing.
- Submitted information to USACE on environmental and water supply constraints for consideration in developing project alternatives.
- Based on the feedback from the public meeting on April 1, 2014, the District and the USACE project team are planning to reevaluate the project scope and request federal funds to complete the Feasibility Study. The District has requested USACE staff to consider constraints in preserving existing riparian vegetation for fisheries and other wildlife, protecting existing District's water rights, and compensating for impacts to existing groundwater recharge facilities to ensure that the project preserves the local, pristine habitat and the priorities of the voters. The USACE is planning to reevaluate the scope of work for this project and request federal funding in spring of 2016 to continue the Feasibility Study.

Financial Information

This project is currently being planned by the USACE project team and, therefore, no Safe, Clean Water funds were budgeted or expended in FY15.

Opportunities and Challenges

Project alternatives

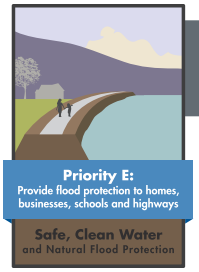
The project alternative has not been finalized. The District has requested USACE to address various environmental and water supply concerns and further refine the alternatives or possibly develop additional alternatives to ensure that the project preserves the local, pristine habitat and the priorities of the voters.

Funding

Federal funding may be difficult to justify in FY16 as this project already has had a protracted planning phase. Also with a relatively low benefit–to-cost ratio (BCR), this project does not compete well with other USACE projects with higher BCRs. Without federal funding, the District may have to proceed with the local funding only option and complete a smaller portion of the project.

Confidence level: Low

The project has a lower BCR that does not compete well with other USACE projects for federal funding. There are challenging issues regarding aquatic habitat preservation, flood protection level, and water rights that need funding and time to address. It's a low probability for USACE to receive federal funding in a timely manner to complete the feasibility study and proceed with design and construction as scheduled.



Project E5

ON TARGET

San Francisquito Creek Flood Protection
San Francisco Bay to Middlefield Road – Palo Alto

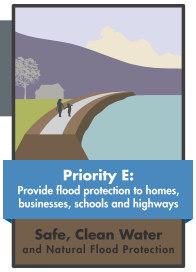
Preferred project: A federal-state-local partnership

This project would complete construction of setback levees and floodwalls from San Francisco Bay to Highway 101 to provide 100-year flood protection and ecosystem benefits. Upstream of Highway 101 the project would provide 1% flood protection, ecosystem protection and recreational benefits.

The work upstream of Highway 101 would remedy channel constrictions and modify bridges at Newell Road and Pope/Chaucer Street, and include; a combination of: modified bridges at University Avenue and Middlefield Road; upstream detention; under-ground bypass channels; and floodwalls. The project is sponsored by the San Francisquito Creek Joint Powers Authority, of which the District is a member agency, in partnership with the U.S. Army Corps of Engineers (USACE). The project builds on the planning and design tasks initiated as part of the Clean, Safe Creeks plan, which are on track to be completed.

On June 10, 2014, the Board conducted a public hearing on the modification to the San Francisquito Creek Flood Protection Project. Below is the modified text of the preferred project with state and local funding:

> The local-state-funding-only project will be the same as the preferred project downstream of Highway 101; but upstream of Highway 101, the project will remedy channel constrictions and modify bridges at Newell Road and Pope/Chaucer Street to allow the channel to contain flood waters equal to the channel's capacity of 7,000 cubic feet per second, approximately a 30-year event. Allowing this level of water to flow through the channel will protect approximately 3,000 parcels in Palo Alto from a flood event close to the February 1998 flood, the largest on record. Currently the channel can only convey a 15-year flood event.
>
> If sufficient funding becomes available, a 1% (100-year) flood protection project upstream of Highway 101, including some combination of: modifications to the University Avenue and Middlefield Road bridges; upstream detention; underground bypass channels; and floodwalls, could be built.



Benefits

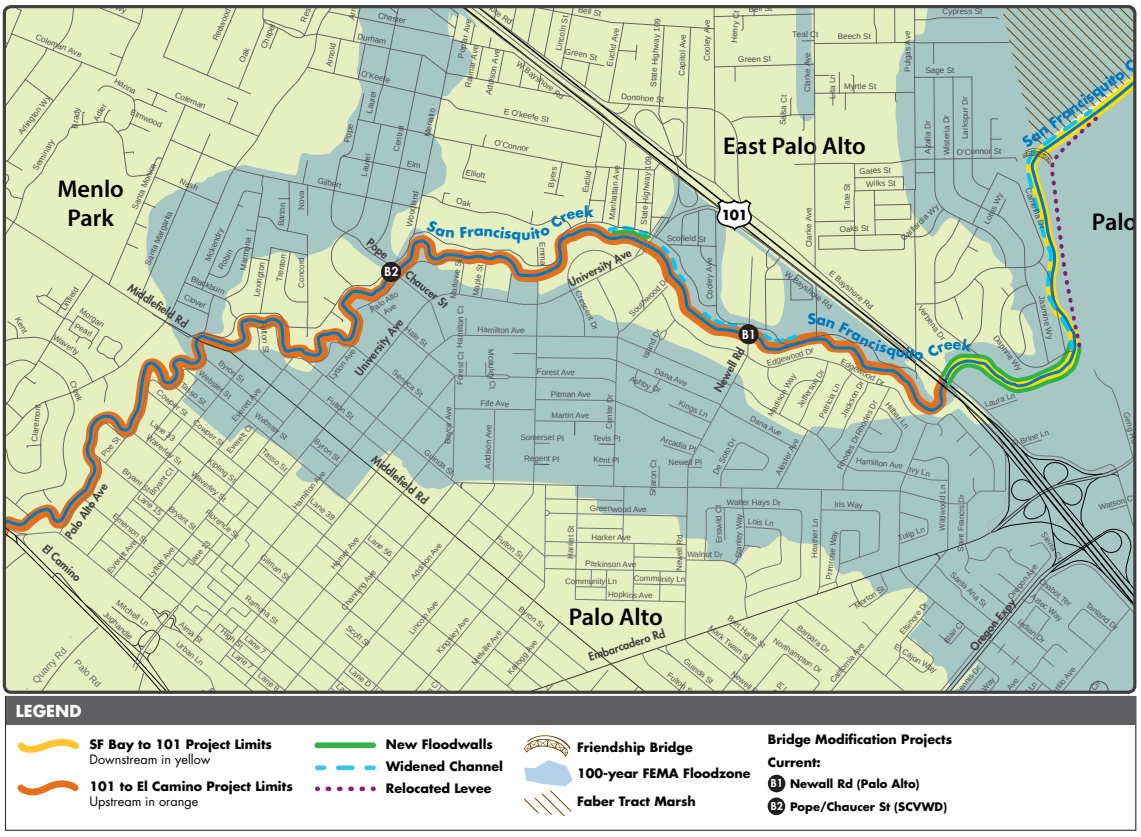
- Provides 1% flood protection for approximately 3,000 homes and businesses in Palo Alto
- Reduces bank erosion and sedimentation-related impacts along San Francisquito Creek
- Provides new or improved habitats for endangered species
- Improves water quality
- Enhances recreational opportunities for the community
- Leverages dollars via cost-shares and grants from the state Department of Water Resources and the California Department of Transportation

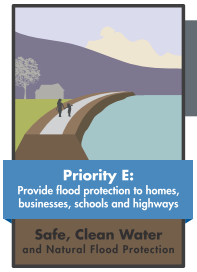
Key Performance Indicators (15-year Program)

1. Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% flood protection.
2. With state and local funding only: Protect approximately 3,000 parcels from flooding (100-year protection downstream of Highway 101, and approximately 30-year protection upstream of Highway 101).

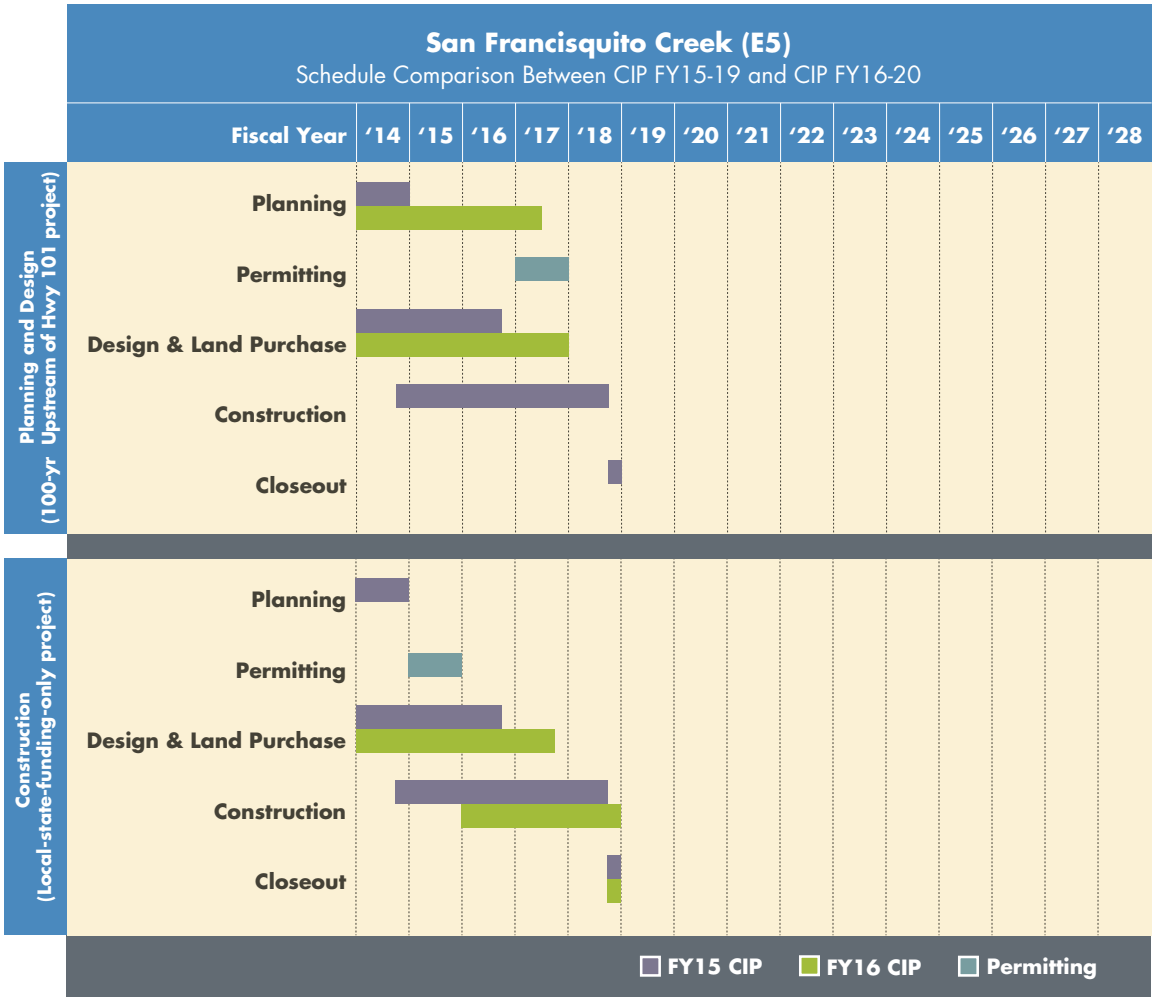
Geographic Area of Benefit: Palo Alto

Project Location





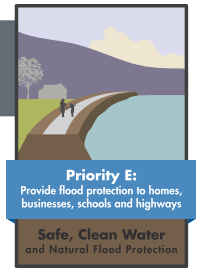
Schedule



Confidence Level:

Construction (local-state-funding-only project) – Moderate
Planning and design (100-year flood protection upstream of Highway 101 project) – Moderate

Status for FY15: On Target



Progress on KPI #1 and #2 (combined):

Planning and design project (100-year flood protection upstream of Highway 101)

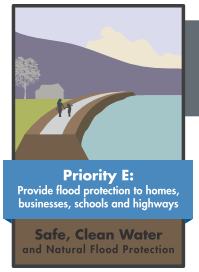
- The U.S. Army Corps of Engineers (USACE) completed the Feasibility Study Alternatives Milestone 1.
- The District and Caltrans prepared a draft Cooperative Agreement for channel widening at West Bayshore Road.
- The District is in the process of acquiring a portion of the property needed to widen the creek at West Bayshore Road. The real estate transaction is expected to be completed by August 2015.

In September of 2014, USACE revised the project scope of work and resources schedule. On December 15, 2014 the USACE successfully conducted the Alternatives Milestone Conference which is the first milestone of the USACE smart planning procedure. The Alternatives Milestone received approval from USACE upper management to continue evaluating alternatives presented and determine the Tentatively Selected Plan which will be completed by December 2015.

Construction (local-state-funding-only project)

SF Bay to Highway 101

- Developed draft 100% design documents.
- The San Francisquito Creek Joint Powers Authority (SFCJPA) project team, which includes District, is currently working with all of the state and federal regulatory agencies to obtain the necessary permits to proceed with construction.
  - » The USACE published the Public Notice for the project on December 18, 2015 and resumed consultation with U.S. Fish and Wildlife and National Marine Fisheries Service, which is necessary to obtain federal regulatory permits.
  - » Received Section 401 Certification from the Regional Water Quality Control Board on April 7, 2015.
- There were 3 required real estate transactions completed in FY15:
  - » United States Postal Service easement
  - » City of Palo Alto easement
  - » Yeaman and Johnson commercial property Possession and Use Agreement
- Acquiring easement and fee for the International School of the Peninsula is the only remaining real estate transaction in Santa Clara County to be completed and is expected to be finished by August 2015.



Channel constrictions

- In FY15, the 60% design document for channel constrictions upstream of Highway 101 was completed.
- The District and the SFCJPA worked with Caltrans to prepare a cooperative agreement that will incorporate channel widening and construction of a transition floodwall just upstream from West Bayshore Road into the Caltrans Highway 101 Bridge replacement project. This work was originally planned as part of the construction work upstream of Hwy 101; however, to minimize construction and traffic impacts to neighbors and aquatic habitat disturbance, the project will be constructed by the Caltrans bridge contractor and funded by the District.

Newell Road Bridge

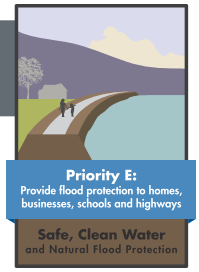
- The City of Palo Alto is responsible for planning, permitting, design, and construction of the Newell Road Bridge Replacement project. The planning, permitting and design phases are primarily funded by a CalTrans grant. The District is contributing the grant-required local share. The planning phase will be complete upon the certification of the Newell Road Bridge Environmental Impact Report, which is estimated to be complete February 2017. The design is scheduled to be completed by May 2017. Construction is set to begin in the summer of 2018 and will be completed by the end of 2018.

Pope/Chaucer Street Bridge

- Pope/Chaucer Street Bridge design is on-hold pending the USACE feasibility study. The outcome of the upstream alternatives analysis will impact the design of the bridge replacement project. The feasibility study is scheduled to be completed by June 2016, after which design of the bridge modifications will resume and should be completed by February 2017. Construction is set to begin in the summer of 2018 and will be completed by the end of 2018.

Financial Information

In FY15, 10% of the total annual budget was expended. The Planning and Design (Highway 101 to Searsville Dam) project (KPIs #1 and 2) expended 62% of its FY15 budget. This was due to delays to the design of the Pope/Chaucer Street Bridge as a result of coordination between the SFCJPA and USACE to prepare a draft Feasibility Study report. The Construction (SF Bay to Highway 101 and Upstream Elements) project (KPIs #1 and 2) expended only 6% of its FY15 budget. This was due to permitting and property acquisition challenges in FY15, which delayed construction.



Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands) E5. San Francisquito Creek					
Project No. and Name	**Adjusted Budget**	**Budgetary Actual**			**% of Budget Spent**
		Actual	**Encumbrance**	**Total**	
26284001 Planning and Design (Highway 101 to Searsville Dam)	1,529	703	241	944	62%
26284002 Construction (SF Bay to Highway 101 and Upstream Elements)	23,123	1,455	14	1,469	6%
Total	**$24,652**	**$2,158**	**$255**	**$2,413**	**10%**

Opportunities and Challenges

Confidence levels:

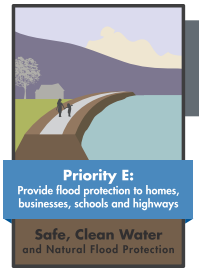
Planning and design (100-year flood protection upstream of Highway 101 project) – Moderate

This project relies on cooperation with multiple stakeholders, including the USACE and Stanford University's Searsville Dam Project, along with the SFCJPA. Upon completion of the USACE feasibility study, the SFCJPA will seek federal funding for the 100-year flood protection project upstream of Highway 101.

Construction (local-state-funding-only project) – Moderate

SF Bay to Highway 101 – Obtaining state and federal resource agency permits is an on-going activity, requiring discussion with the agencies to clarify issues, provide additional requested information, and make minor design changes to improve habitat. The ongoing coordination between all of the regulatory agencies to finalize permits continues to be a challenge. While in-channel construction is limited to June 15-October 15, out-of-channel work, such as utility relocation, levee construction, and clearing activities, can begin in spring of 2016.

Remedying channel constrictions and modifications to Newell Road Bridge and Pope/ Chaucer Street Bridge – While funding has been secured for constructing these project elements, the remaining challenges include completion of the USACE feasibility study and securing state and federal regulatory permits.



Project E6

ADJUSTED

Upper Llagas Creek Flood Protection Project Buena Vista Avenue to Wright Avenue – Morgan Hill, San Martin, Gilroy

Preferred project: A federal-state-local partnership

This project continues a Clean, Safe Creeks project in partnership with the U.S. Army Corps of Engineers (USACE) and the state to plan, design, and construct improvements along 13.9 miles of channel. The project extends from Buena Vista Avenue to Wright Avenue, including West Little Llagas Creek in downtown Morgan Hill. The federally authorized preferred project protects the urban area of Morgan Hill from a 1% flood, and reduces the frequency of flooding in surrounding areas. Construction includes channel modifications and replacement of road crossings. The District continues to work with Congress to aggressively pursue federal funds to bring this project to full fruition. In 2012, project limits were extended 2,700 feet upstream to Llagas Road to address public concerns.

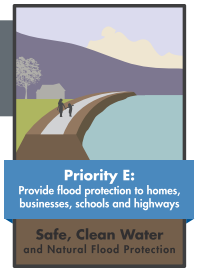
Benefits

- Preferred project provides 100-year flood capacity for 4 miles of channel in downtown Morgan Hill, protecting approximately 1,100 homes and 500 businesses
- Preferred project provides 10-year flood protection to approximately 1,300 agricultural acres in Morgan Hill, Gilroy and San Martin
- Locally-funded-only project provides 100-year flood protection for a limited number of homes and businesses in Morgan Hill
- Improves stream habitat and fisheries
- Creates additional wetlands
- Improves stream water quality
- Identifies opportunities to integrate recreation improvements with the City of Morgan Hill and others as appropriate

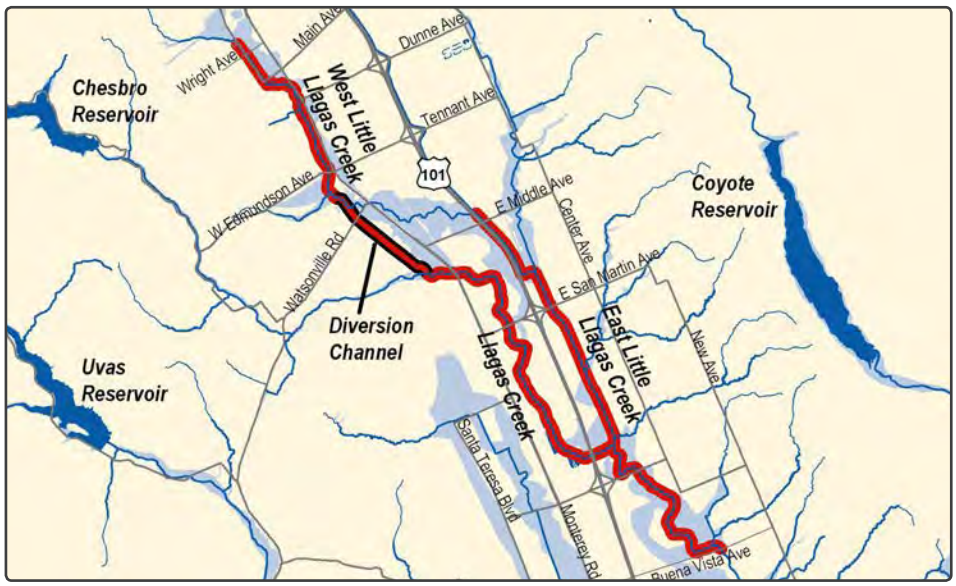
Key Performance Indicators (15-year Program)

1. Preferred project with federal and local funding: Provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat.
2. With local funding only: Provide 100-year flood protection for Reach 7 only (up to W. Dunne Avenue in Morgan Hill). A limited number of homes and businesses will be protected.

Geographic Area of Benefit: Morgan Hill, San Martin, Gilroy.



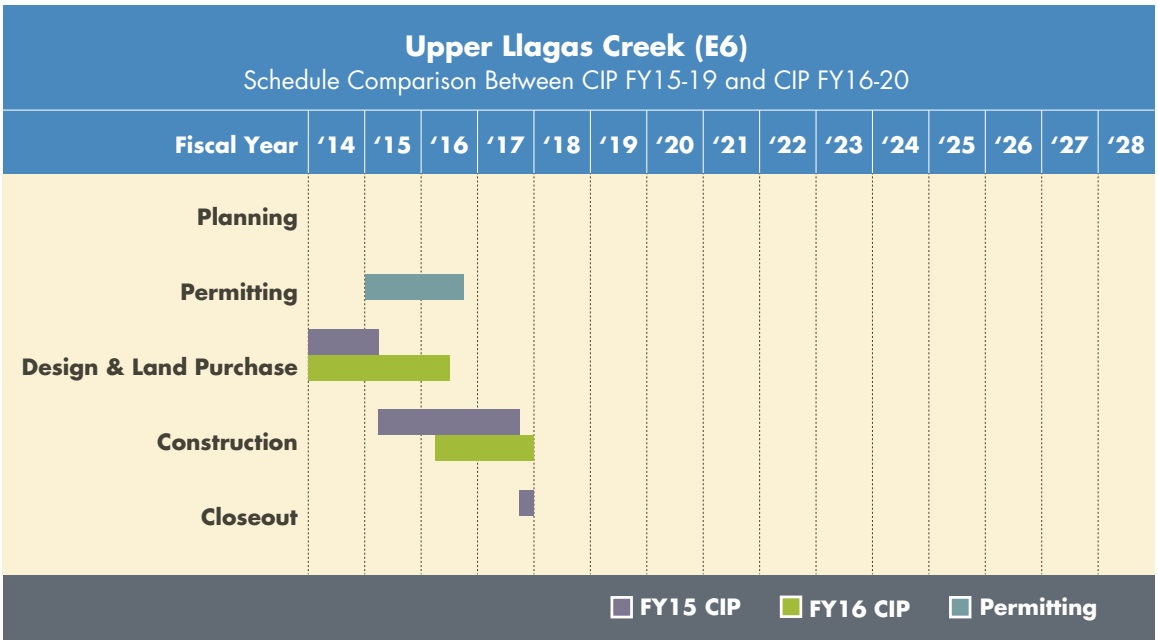
Project Location



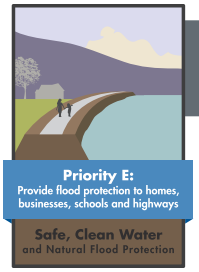
Project Location

1 Percent Floodplain

Schedule



Confidence Level: Low



Status for FY15: Adjusted

Progress on KPI #1 and #2 (combined):

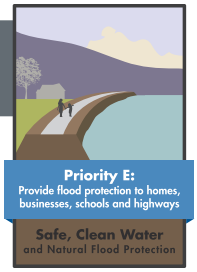
- In February 2015, the 100% design plans were completed for Phase 1 construction from approximately Buena Vista Avenue to Hwy 101 (San Martin) and from Monterey Road to Watsonville Road (Morgan Hill), including the on-site compensatory mitigation for Lake Silveira.
- The 100% design submittal for Phase 2 construction, from Hwy 101 to Monterey Road (San Martin), from Watsonville Road to Llagas Road (Morgan Hill), and from Sycamore Avenue to approximately Hwy 101 (San Martin), is underway and is scheduled for completion in November 2015.
- Acquired 27 of the 41 properties needed for Phase 1.
- Acquired 15 of the 105 properties needed for Phase 2. Environmental site assessments, appraisals, offers, and acquisitions are underway for the remaining properties needed for Phase 2.
- The Conditional Letter of Map Revision package to FEMA was submitted on June 3rd, 2015.
- Rare plant surveys and red-legged frog protocol surveys are underway as identified to be conducted per the Project's Environmental Impact Report Mitigation and Monitoring Reporting Program.

The project design documents for Phase 1 and Phase 2 construction continues to move forward. 100% design plans for Phase 1 were completed in February 2015. Phase 2 100% design submittal is underway with expected completion in November 2015. Construction to follow is subject to receipt of project permits from state and federal regulatory agencies.

The project was approved and the Final EIR was certified by the District's Board on June 10, 2014. Due to lack of federal funding, USACE was not able to continue as lead agency for the environmental review of the project. To keep the project moving forward, the District assumed the role of lead agency and prepared the Final EIS/EIR to evaluate environmental impacts of the proposed project. This change was essential to minimize delays of the property acquisitions necessary for Phase 1.

The District continues work on the property acquisition process, including the necessary Phase 1 rights-of-way within Reach 4 (Buena Vista Avenue to Highway 101), and Reach 7A (Main Branch Llagas Creek near Monterey Road to Watsonville Road), which are required to construct the Phase 1 flood protection improvements. Phase 2 right-of-way acquisitions are underway and remain on schedule with acquisitions anticipated by June 2016.

The concurrent design of Phase 2 construction of Reach 5 (East Little Llagas confluence to 700 feet upstream of Highway 101), Reach 6 (700 feet upstream of Highway 101 to West Little Llagas Creek), Reach 7B (La Crosse Drive to West Dunne Avenue), Reach 8 (West Dunne Avenue to 200 feet upstream of Llagas Road), and Reach 14 (East Little Llagas Creek



to 2,400 feet upstream of San Martin Avenue) remains on schedule. Phase 2 construction will need an additional estimated $46 million from state subventions, federal, and/or Safe, Clean Water funding to complete construction. Upon completion of Phase 2, the project will provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat.

Compensatory Mitigation

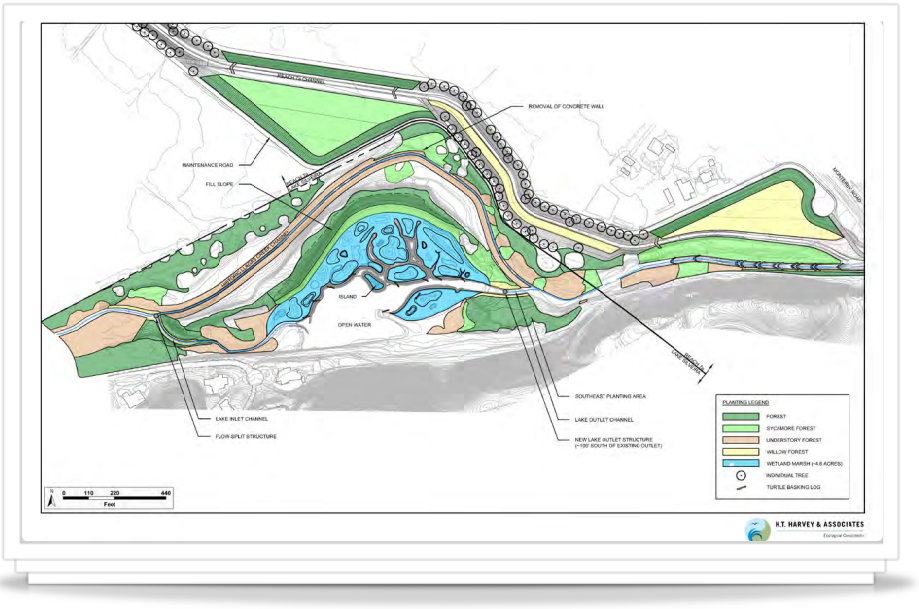
As a major mitigation element for the flood protection improvements in the project, the United States Fish and Wildlife Service recommended restoration of approximately 1,980 linear feet of abandoned stream channel and conversion of the present day Lake Silveira to emergent marsh habitat to replace lost functions and values, and provide aquatic habitat diversity with the mosaic of wetlands adjacent to the restored channel. The lake was artificially created prior to 1989 when unknown parties breached a portion of the northern levee forcing stream flows into an abandoned gravel quarry pit. The rerouting of the stream subsequently isolated and dewatered a portion of the higher quality riparian habitat of Llagas Creek.

Silveira Lake

The District conducted outreach to resource agencies, local agencies, community members, and the local homeowners in the area to discuss the vision and potential of the lake. As a result of the outreach efforts, multiple objectives for the project design of Lake Silveira were developed and are as follows:

1. Maximize mitigation value for the project and provide for overall increased ecological functions and values;
2. Provide improved habitat for steelhead, Western Pond turtles, and other special status wildlife species known to occur at the site;
3. Reduce suitable habitat for non-native predatory fish;
4. Improve or protect upstream and downstream functions and resources, hydraulic conveyance, groundwater recharge, ecological resources;
5. Contribute to improved sediment supply to downstream reaches; ensure geomorphic stability for the lake, the restored historic channel, and downstream reaches;
6. Improve water quality, including turbidity, temperature, circulation/flushing;
7. Provide for public access opportunities while respecting neighboring communities, thus, the project is planning the mitigation such that if in the future the City of Morgan Hill develops passive recreation in the area, the mitigation will be adequately buffered; and
8. Minimize design, permitting, construction, and maintenance costs.

Figure 1 below provides a proposed design for the compensatory mitigation element:

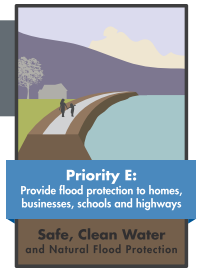


Additional enhancement features of the lake site include augmentation of large woody debris at the wetland creation site and removal of extension stands (12 acres) of invasive Himalayan blackberry within the 52-acre parcel and replanting with native understory. The 52 acre parcel is owned by Santa Clara County Parks and, therefore, the District will continue work with the County on acquisition of this mitigation element. The design plans for the lake are near completion and construction of this mitigation element is planned during Phase 1 of construction.

Functional Assessment

As part of the USACE Regional Compensatory Mitigation and Monitoring Guidelines (2015) a functional/condition assessment for projects which impact aquatic resources is recommended to facilitate the permitting process and develop appropriate mitigation and monitoring guidelines. The District chose the California Rapid Assessment Method (CRAM) to integrate into the District's Ecological Monitoring and Assessment Program (EMAP), which is priority D5 in the Safe, Clean Water and Natural Flood Protection Program.

The District will utilize the results of the CRAM analysis to provide an assessment of the pre- and post-project environmental condition within the project reaches including the compensatory mitigation site, Lake Silveira. The analysis will also provide an assessment of the performance/success of the revegetation sites, and to demonstrate compliance with regulatory performance criteria and requisite targets. The expected completion date for this work is March 2016.



Financial Information

In FY15, 15% of the total annual budget was expended. The Real Estate Acquisitions project (KPIs #1 and 2) expended 15% of its FY15 budget. Funds weren't fully expended in FY15 due to ongoing negotiations to acquire the required properties for the project. The construction project (KPIs #1 and 2) had no expenditures in FY15. Construction funding is budgeted in this project and due to delays in real estate transactions and permitting, construction did not begin in FY15. The design project (KPIs #1 and 2) expended 118% of its FY15 budget. This project was over expended due to increased labor hours needed to facilitate the completion of the design.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E6. Upper Llagas Creek

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26174051 Real Estate Acquisitions	31,515	4,809	0	4,809	15%
26174052 Construction	16,420	10	18	27	0%
26174054 Design	2,096	1,926	549	2,475	118%
Total	**$50,030**	**$6,745**	**$567**	**$7,311**	**15%**

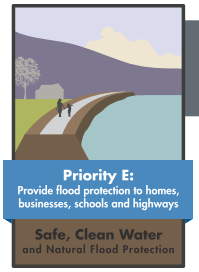
Opportunities and Challenges

Funding:

To achieve the KPI of providing flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat Phase 2 construction must be completed. Currently, Phase 2 requires an additional estimated $46 million from state subventions, federal, and/or Safe, Clean Water funding to complete construction. For this project to be completed, with an estimated cost currently at $137 million, using only local funding will be a difficult challenge. The District will continue to explore federal funding. Completion of Phase 1 construction alone will not provide 100-year flood protection to the City of Morgan Hill.

Environmental Impact Statement:

Currently, the most significant challenge for the project is related to certification of the EIS. USACE Headquarters directed its Civil Works Division (USACE Civil) to no longer lead the effort for environmental review until completion of a Limited Reevaluation Report to determine the level of federal interest in the project. USACE Civil was the lead on coordination with USACE Regulatory Division and the development, review, and then certification of the EIS, until this direction was given from USACE Headquarters.



While the District awaits a resolution from the USACE Regulatory Division on EIS certification for the project, management is also exploring multiple options to complete the required federal review and EIS certification. Resolution of the issue requires further discussions between USACE and District executive management.

Property Acquisitions:

Approximately 146 property acquisitions (Phase 1: 41 parcels; Phase 2: 105 parcels) are required for the project; 26 of the 41 parcels have been acquired for Phase 1 as of June 2015. The remaining are in negotiations, but the challenge is that some property owners may be unwilling to sell. As a result, legal recourse may be necessary to complete the property acquisitions.

Permitting:

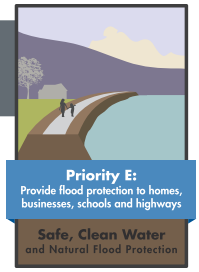
An additional challenge is related to permit acquisition. The District must incorporate regulatory agency permit requirements into the Final Construction Documents before the documents can be finalized and the construction contract awarded. The District submitted the 404 permit application to USACE on June 27, 2014 to start the permitting process. Due to lack of staffing in San Francisco USACE District, the permit has not been deemed complete or a public notice has yet to be issued. If the EIS issue is not resolved and permit not acquired, project construction will be delayed. The District continues to explore options to resolve these issues and move the project towards completion.

The project team has been consulting with the various resource agencies, with the exception of USACE Regulatory, through the various design submittals (30%, 60%, and 90%) for nearly 4 years. Comments from the regulatory agencies have been addressed and are reflected in the project design documents.

Confidence level: Low

Based upon the challenges described above, the permitting level of confidence is currently low.

Monterey Road in Morgan Hill



Project E7

ON TARGET

San Francisco Bay Shoreline Study Milpitas, Mountain View, Palo Alto, San José, Santa Clara and Sunnyvale

This project is a partnership with the California State Coastal Conservancy, the U.S. Army Corps of Engineers (USACE), and regional stakeholders to provide tidal flood protection, restore and enhance tidal marsh and related habitats, and provide recreational and public access opportunities. Initial construction for flood protection is planned for Economic Impact Area (EIA) 11, which is the urban area of North San José and the community of Alviso.

This project relies on federal participation from USACE to review and approve the plans. Without federal participation, the District cannot implement additional planning, design and construction due to limited available funding. The proposed Safe, Clean Water funding provides the District's cost share to complete the planning study for EIAs 1-10, and provides a portion of the District's cost share toward design and construction of flood protection improvements in the North San José area (EIA 11), in and near Alviso.

Benefits

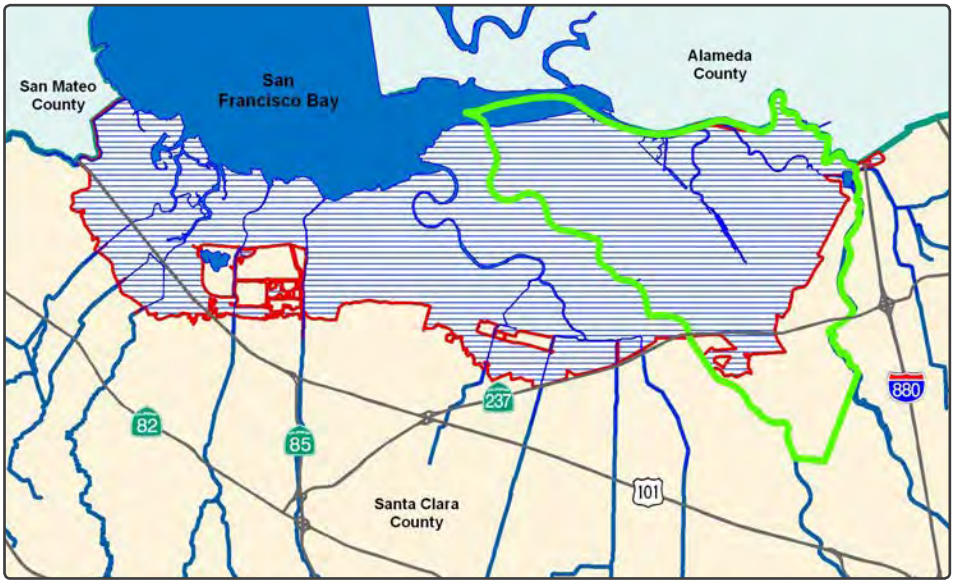
- Protects more than 500 structures and 37 businesses (EIA 11)
- Provides planning and design to protect nearly 4,700 acres and more than 5,000 structures, including roads, highways, parks, airports and sewage treatment plants
- Allows for the restoration of 2,240 acres of tidal marsh and related habitats (EIA 11)
- Provides recreational and public access opportunities

Key Performance Indicators (15-year Program)

1. Provide portion of the local share of funding for planning and design phases for the former salt production ponds and Santa Clara County shoreline area.
2. Provide portion of the local share of funding toward estimated cost of initial project phase (EIA 11).

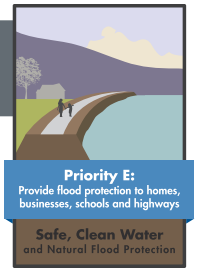
Geographic Area of Benefit: Milpitas, Mountain View, Palo Alto, San José, Santa Clara and Sunnyvale

Project Location

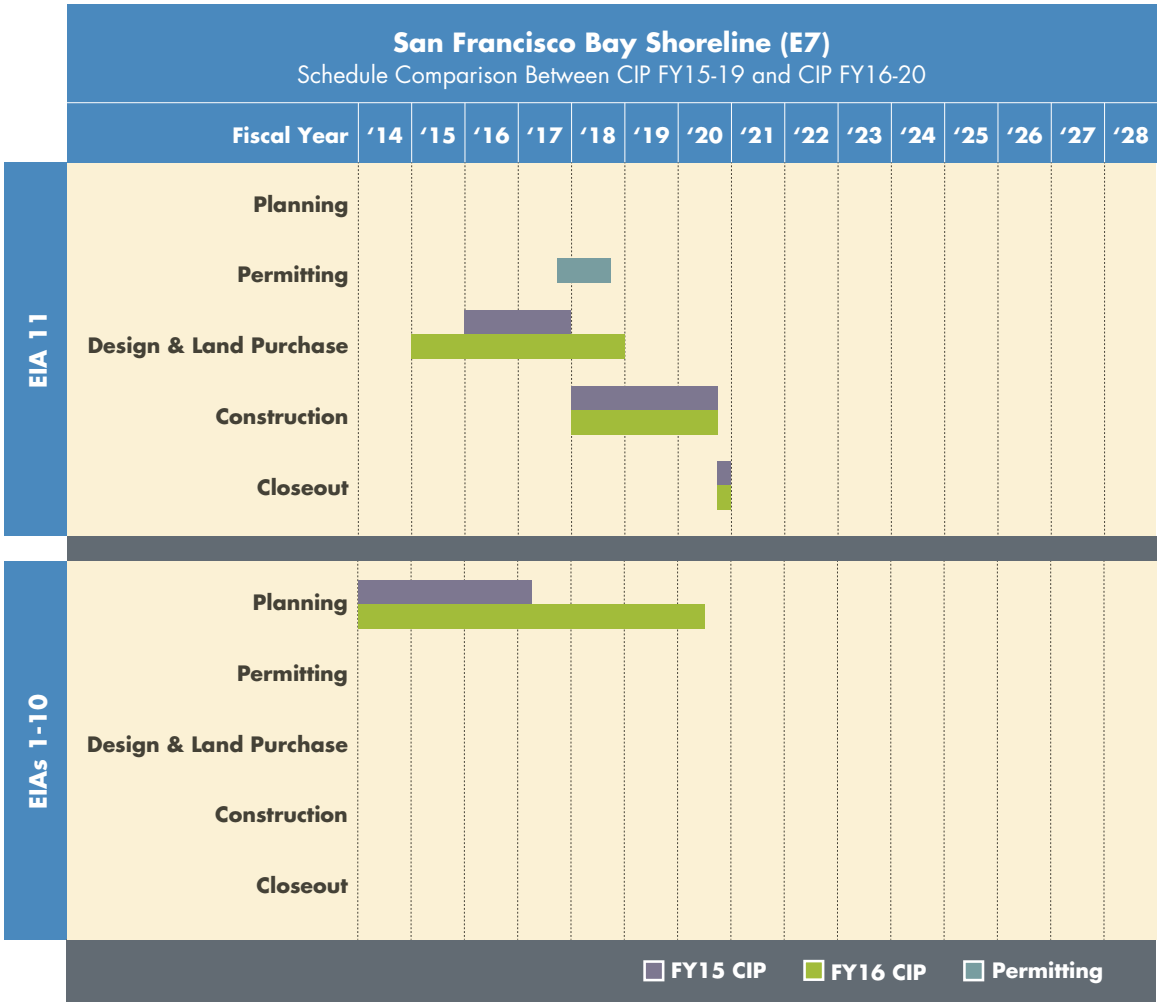


EIA 11

Project Area



Schedule



Confidence Level: Low

San Francisco Bay Shoreline Study, Phase I EIA 1-10 – Low

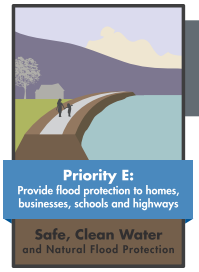
San Francisco Bay Shoreline Study, Phase I EIA 11 – Low

Status for FY15: On Target

Progress on KPI #1:

San Francisco Bay Shoreline Study, Phase I EIA 1-10

- Provided $1,097,321 (72.3%) of local funding for the preliminary feasibility study of EIA's 1-10, which is part of the planning phase for the former salt production ponds and Santa Clara County shoreline area.



Progress on KPI #2:

San Francisco Bay Shoreline Study, Phase I EIA 11

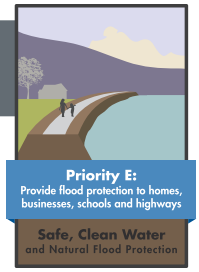
- For EIA 11, the original feasibility study completion date was delayed by 1 year to December 2015. The delays were primarily due to additional requirements from USACE, including the sea-level rise re-analysis. In spite of this delay, the District anticipates beginning design work in FY16.

Financial Information

In FY15, 12% of the total annual budget was expended. The San Francisco Bay Shoreline Study, Phase I EIA 1-10 project (KPI #1) expended 59% of its FY15 budget. This was due to reduced costs for the consultant services contract for hydraulic, coastal and economic analysis. The San Francisco Bay Shoreline Study, Phase I EIA 11 project (KPI #2) had no expenditures in FY15. This was due to the delays encountered in addressing the sea-level rise re-analysis required by USACE Headquarters.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E7. San Francisco Bay Shoreline Study

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26444002 EIAs 1-10	1,517	511	388	899	59%
26444001 EIA 11	6,239	1	20	21	0%
Total	**$7,756**	**$512**	**$408**	**$920**	**12%**



Opportunities and Challenges

Confidence levels:

San Francisco Bay Shoreline Study, Phase I EIA 1-10 – Low

In developing the coastal flood protection levee alignment for EIA's 1-10, located between San Francisquito Creek and the Guadalupe River, the District has to work with local, state and federal agencies on the economic analysis within their jurisdictions. These include the cities of Palo Alto, Mountain View, Sunnyvale, and San José; along with NASA Moffett Field, United States Fish and Wildlife Service, California State Coastal Conservancy, Mid Peninsula Open Space Authority and USACE. This is an ongoing challenge because it requires extensive regional coordination for a significant countywide tidal flood protection project with an estimated price tag of nearly $800 million. Currently Safe, Clean Water provides nearly $1.1 million for a portion of the local share of funding.

San Francisco Bay Shoreline Study, Phase I EIA 11 – Low

The feasibility study for EIA 11 is currently scheduled to be completed in December 2015, approximately 1 year behind schedule. Since this project missed the latest Water Resources Development Act (WRDA 2014), it is currently not authorized for construction. To avoid another year-long delay, the District will take the lead on design in FY16 using Safe, Clean Water local funding. The low confidence level is based on continued uncertainties and risk for continued federal funding and approval of the USACE Chief's report in December 2015.

South Bay Salt Ponds near the Shoreline project area

Priority E: Provide flood protection to homes, businesses, schools and highways
Safe, Clean Water and Natural Flood Protection

Project E8

ON TARGET

Upper Guadalupe River Flood Protection
Highway 280 to Blossom Hill Road – San José

Preferred project: A federal-state-local partnership

This federally authorized project continues a Clean, Safe Creeks project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct improvements along 5.5 miles of channel extending from Interstate 280 to Blossom Hill Road. Improvements include channel widening, construction of floodwalls and levees, replacement of road crossings and planting of streamside vegetation. Reducing flood frequency and bank erosion will improve water quality, while planned mitigation measures will give fish access to an additional 12 miles of habitat within and upstream of the project reach.

Benefits

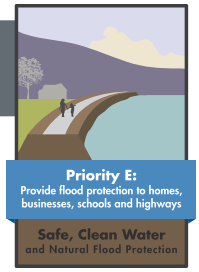
- Preferred project will construct 1% flood conveyance capacity for 5.5 miles of channel in San José, protecting approximately 6,280 homes, 320 businesses and 10 schools/institutions
- Local funding only constructs improvements to 4,100 linear feet to convey 1% flow
- Improves stream habitat values and fisheries
- Improves stream water quality
- Allows for creekside trail access

Upper Guadalupe Reach 12 Groundbreaking on May 28, 2015

Key Performance Indicators (15-year Program)

1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% flood protection to 6,280 homes, 320 businesses and 10 schools and institutions.
2. With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive. Flood damage will be reduced; however, protection from the 1% flood is not provided until completion of the entire Upper Guadalupe River Project.

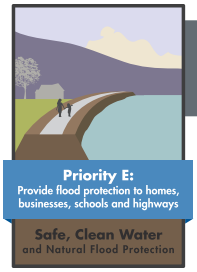
Geographic Area of Benefit: San José



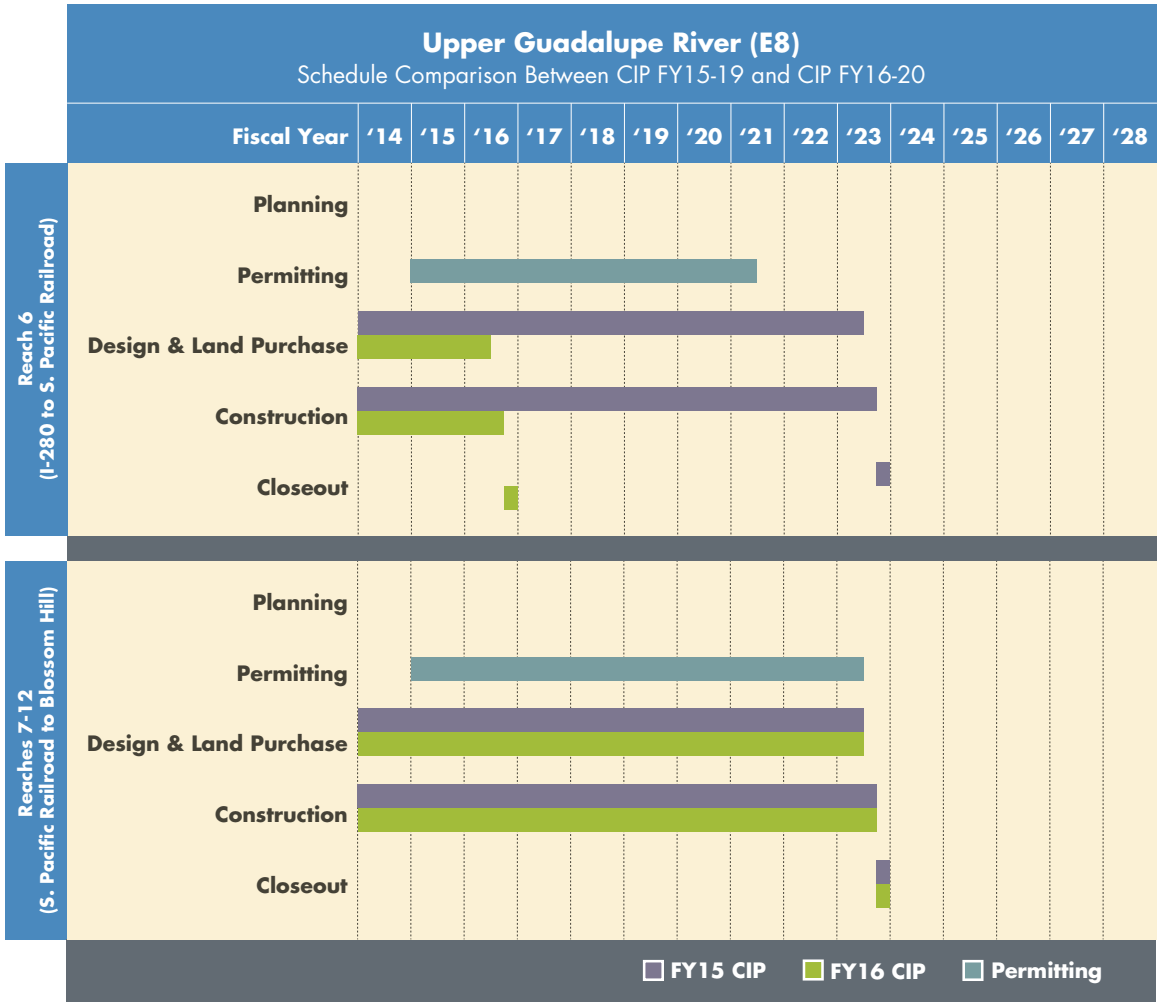
Project Location

Project Location

1 Percent Floodplain



Schedule



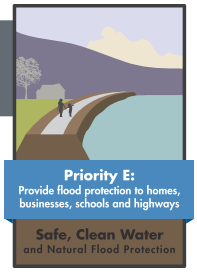
Confidence Level:

Reach 6 (I-280 to S. Pacific Railroad) Project – Moderate
Reaches 7-12 (S. Pacific Railroad to Blossom Hill) Project – Low

Status for FY15: On Target

Progress on KPI #1 and #2 (combined):

- As part of the project's closeout, completed year 3 of the 4 years of post-construction mitigation plant maintenance contract for Reach 6.
- On track to acquire rights-of-way for the project in accordance with USACE construction schedule.
- USACE awarded a construction contract for Reach 12 on September 22, 2014 and a design contract for Reaches 7 and 8 on September 30, 2014.



- USACE completed 30% design documentation for Reaches 7 and 8. USACE received $12.6 million in federal funds for design and construction of Reach 12.

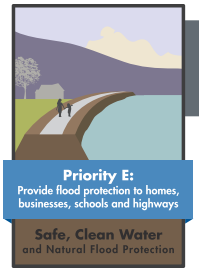
The project is divided into 7 reaches, from Reach 6 to Reach 12. In FY15, efforts were directed toward maintaining the vegetation plantings that were completed in Reach 6 (from Interstate 280 to the UPRR bridge crossing downstream of Willow Street) and Reach 10B (from Wren Drive to Koch Lane), completing the design for and awarding a construction contract for Reach 12 (from Branham Lane to Blossom Hill Road), and beginning design of Reaches 7 and 8 (from the UPRR bridge crossing downstream of Willow Street to Willow Glen Way). USACE and the District held a community meeting on May 6, 2015 to discuss construction of Reach 12 and a groundbreaking event for Reach 12 construction on May 28, 2015.

Financial Information

In FY15, 10% of the total annual budget was expended. The Reach 6 (I-280 to S. Pacific Railroad) project (KPIs #1 and 2) expended 17% of its FY15 budget. This was because the erosion repair work was not completed in summer 2014 due to lack of permits from the USACE. The District anticipates performing this work in summer of 2015, pending receipt of the necessary permits. The Reaches 7-12 (S. Pacific Railroad to Blossom Hill) project (KPIs #1 and 2) expended 8% of its FY15 budget. This was due to not acquiring the right-of-way for Reach 7 in FY15 as scheduled, as a result of additional necessary discussions with the property owner and City of San José about riparian setback requirements, amounts of land needed, and property values. The District continues to work with the city and property owner to complete acquiring the necessary rights of way for Reach 7 in FY16.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
E8. Upper Guadalupe River

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26154002 Reach 6 (I-280 to S. Pacific Railroad)	1,835	315	1	316	17%
26154003 Reaches 7-12 (S. Pacific Railroad to Blossom Hill)	13,962	1,115	32	1,147	8%
Total	**$15,964**	**$1,536**	**$33**	**$1,569**	**10%**



Opportunities and Challenges

Confidence levels:

Reach 6 (I-280 to S. Pacific Railroad) Project: Moderate

This project is fully funded, however, the District is working on acquiring state and federal regulatory permits for gravel placement.

Reaches 7-12 (S. Pacific Railroad to Blossom Hill) Project: Low

Federal funding appropriation continues to be the main challenge for this project. Currently, USACE may not have adequate funds for construction of Reach 12 and design of Reach 7. The District will need to continue working with USACE leadership and federal elected officials to encourage federal appropriations for construction of Reaches 7 and 8 and to complete the remaining reaches of the project.

Flooding along Guadalupe River

Other Capital Flood Protection Projects and Clean, Safe Creeks Grants Projects

Permanente Creek Flood Protection
San Francisco Bay to Foothill Expressway – Mountain View

Sunnyvale East and Sunnyvale West Channel Flood Protection
San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale

Berryessa Creek Flood Protection
Calaveras Boulevard to Interstate 680 – Milpitas and San José

Coyote Creek Flood Protection
Montague Expressway to Interstate 280 – San José

Calabazas Creek Flood Protection
Miller Avenue to Wardell Road – Sunnyvale

Clean, Safe Creeks Grants Projects

The countywide map and schedule comparison for Safe, Clean Water flood protection projects (E4 to E8) and other capital projects can be found on pages 129 - 131.

Appendix A: Financials

Appendix B: Inflation assumptions

Permanente Creek Flood Protection

ADJUSTED

This project will protect up to 2,700 parcels from a 1% flood. It is currently scheduled to begin construction in June 2015 and is on track to provide flood protection to 2,700 parcels by 2016. The District Board has certified the Environmental Impact Report (EIR) and approved the project in November 2012. The project has been in detailed design for the past 4 years. The District has completed design for the Permanente Creek channel widening, floodwalls/levees and the Rancho San Antonio flood detention basin. Also completed is 60% design for the Hale Creek channel widening and the McKelvey Park flood detention basin. Applications for resource agency permits were filed in October 2013. The project is entirely funded with local funds.

Benefits

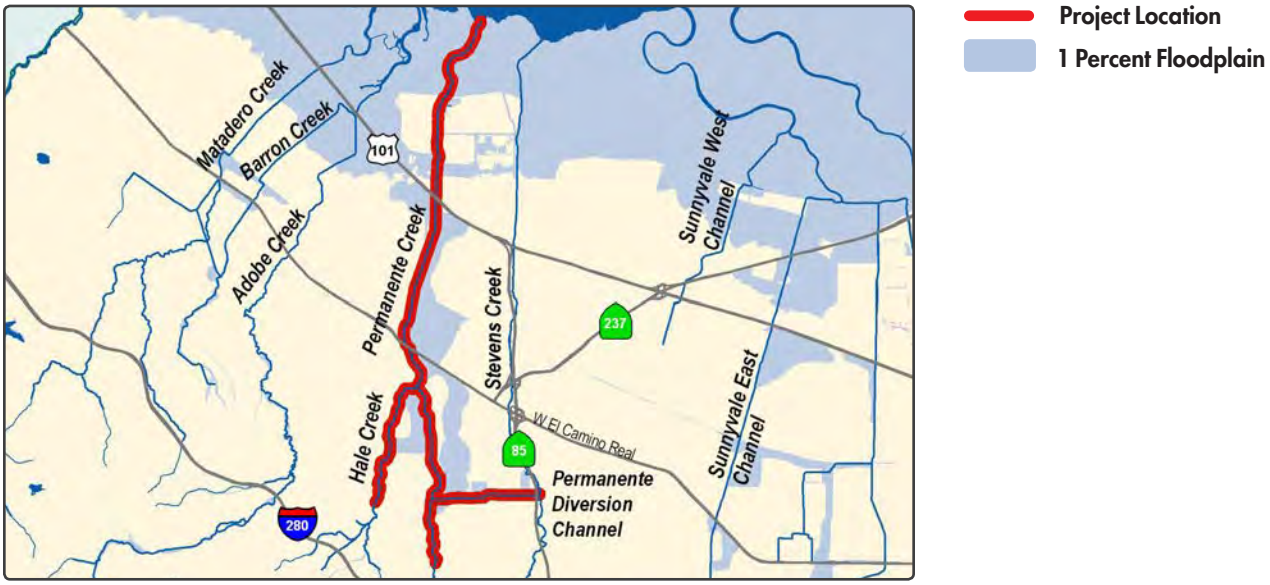
- Provides flood protection to a minimum of 1,664 parcels (1,378 homes, 160 businesses and 4 schools/institutions) downstream of El Camino Real from a 1% flood
- Prevent flooding of Middlefield Road and Central Expressway
- Minimize the future cost for maintenance
- Provide opportunities for environmental enhancements and trail extension

Key Performance Indicator (5-year Implementation Plan)

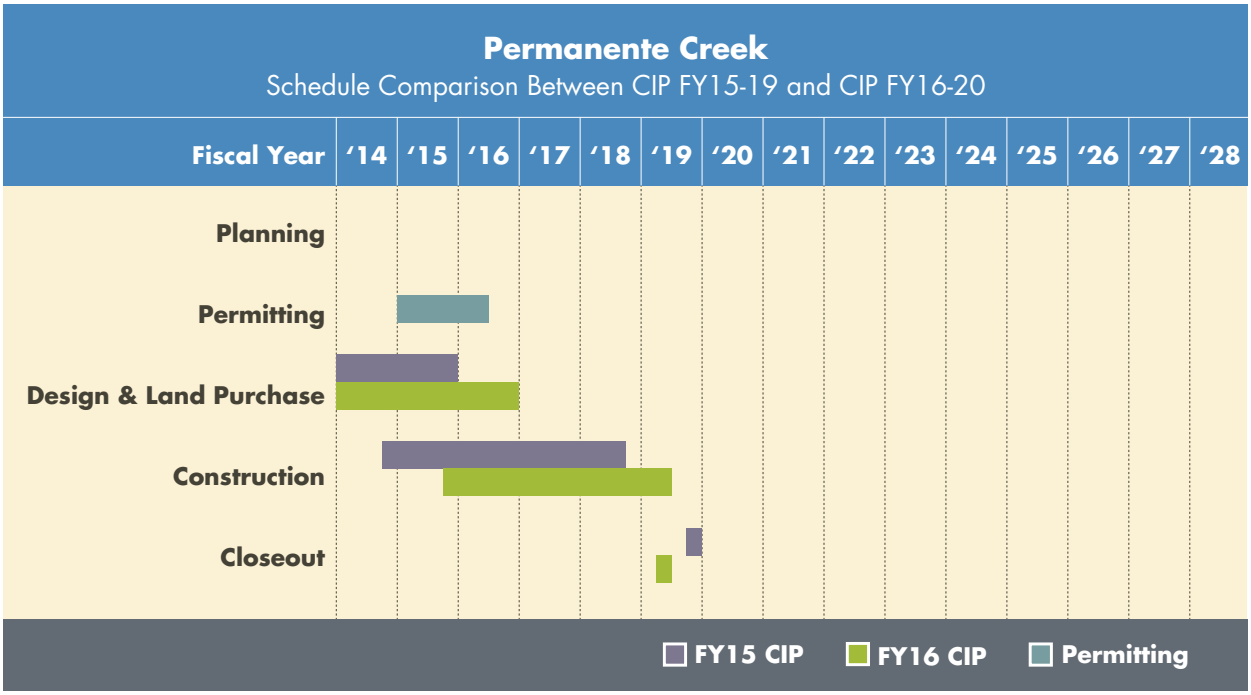
1. Provide flood protection to 1,664 parcels downstream of El Camino Real, including Middlefield Road and Central Expressway.

Geographic Area of Benefit: Mountain View and Los Altos

Project Location



Schedule



The construction of the Rancho San Antonio and McKelvey Park detentions has been adjusted to begin in FY16.

Confidence Level: Moderate

Status for FY15: Adjusted

Progress on KPI #1:

- Developed 99% design plans for McKelvey Park flood detention site on April 17, 2015.
- Received Conditional Section 401 Water Quality Certification from the Regional Water Quality Control Board April 13, 2015.
- On May 13, 2015, the California Department of Fish and Wildlife deemed the application for the project "complete."

On September 23, 2013, the District submitted a Joint Aquatic Resources Permit Application (JARPA) for the project to the San Francisco Bay Regional Water Quality Control Board (RWQCB), California Department of Fish and Wildlife (CDFW), and United States Army Corps of Engineers (USACE).

Negotiations with RWQCB have been ongoing for the last 18 months. The District ultimately submitted a revised JARPA application in early April 2015, incorporating many of the RWQCB's comments. Subsequently, the RWQCB issued a Conditional Water Quality Certification for the project on April 13, 2015 and the CDFW deemed the project's Notification of Lake or Streambed Alteration (Notification) to be complete on May 13, 2015. (With

the completion of the Notification, the CDFW has 60 calendar days to issue a draft Streambed Alteration Agreement.) Currently, the District is waiting for USACE to post the Public Notice for the project and to initiate consultation with USFWS.

Financial Information

The pursuit of agency permits in FY15 delayed project construction to FY16 resulting in only a 2% expenditure of the annual budget.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
Permanente Creek Flood Protection

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$31,901	$905	($161)	$744	2%

Opportunities and Challenges

Permits

By rule, CDFW has 60 calendar days from the "complete" determination to prepare a draft permit or deny the project a permit. Given the size and scope of the project, there is likelihood that they may request an extension of several weeks to prepare the draft permit.

Confidence level: Moderate

Overall, obtaining resource agency permits continues to be the critical challenge. During FY15, the District eliminated the Hale Creek concrete channel replacement portion of the project in the revised JARPA application and has made significant progress with RWQCB and CDFW. The District is continuing to work with the USACE and USFWS to obtain federal permits.

Permanente Creek downstream of Central Expressway

Sunnyvale East and Sunnyvale West Channels Flood Protection Projects

ADJUSTED

San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale

In the early stages of the project design process, the District project team decided to join both improvement projects into a single flood protection project with a single Environmental Impact Report (EIR) to reduce construction costs and minimize construction coordination issues between the 2 channels.

The West Channel extends approximately 3 miles and upgrades existing channel capacity to provide 100-year riverine flood protection for 47 acres of highly valuable industrial lands, including the Onizuka Air Force Base. The East Channel extends approximately 6.4 miles and upgrades existing channel capacity to provide 100-year riverine flood protection for 1,618 parcels. Both projects decrease channel turbidity and sediment by repairing erosion sites, thereby improving water quality.

Benefits

- Provides 1% flood capacity for approximately 6.5 miles of channel along Sunnyvale East and approximately 3.0 miles of channel along Sunnyvale West within the City of Sunnyvale, protecting 1,618 properties (Sunnyvale East) and 47 acres (11 properties) of industrial land (Sunnyvale West)
- Improves stream water quality, by providing erosion control measures to decrease sediment and turbidity
- Identifies opportunities to integrate recreation improvements with the City of Sunnyvale and others as appropriate

Key Performance Indicator (5-year Implementation Plan)

1. Provide riverine flood protection for 1,618 properties and 47 acres (11 parcels) of industrial land, while improving stream water quality and providing for recreational opportunities.

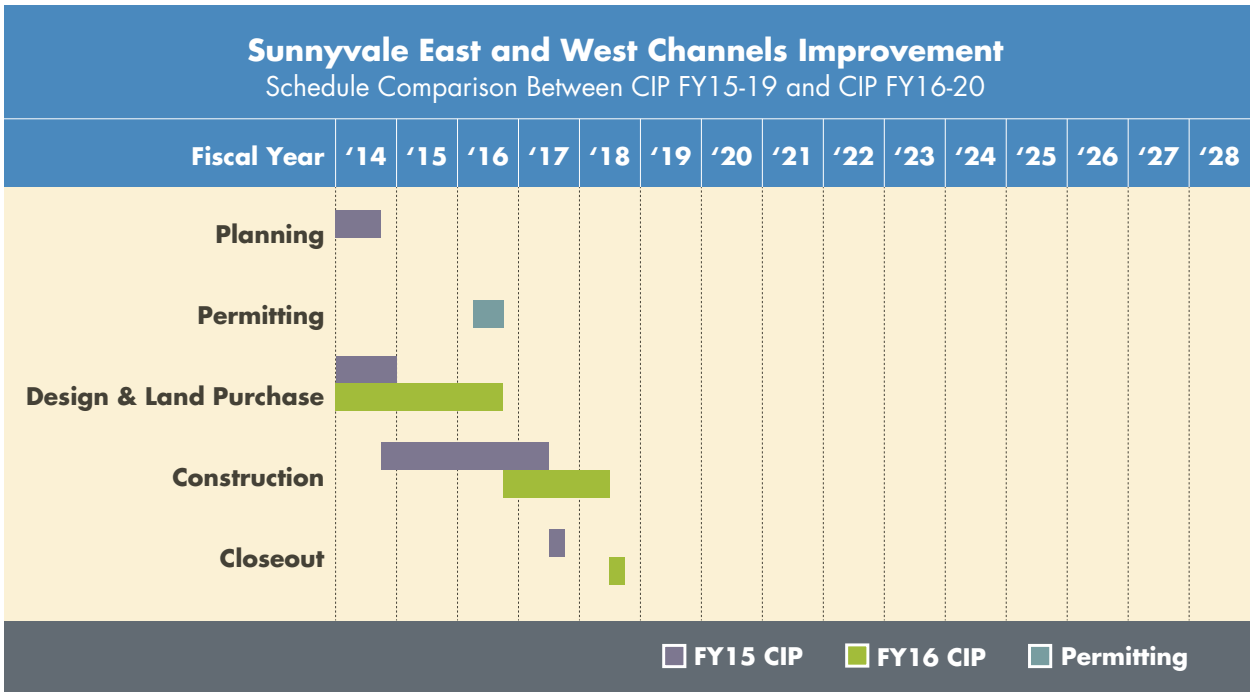
Geographic Area of Benefit: Sunnyvale

Project Location

Project Location

1 Percent Floodplain

Schedule



Confidence Level: Moderate

Status for FY15: Adjusted

Progress on KPI #1:

- On September 9, 2014, Final Environmental Impact Report (EIR) was certified by the District Board of Directors.
- Upon certification of the Project EIR, the project team began the acquisition process to purchase permanent right-of-way within 5 parcels required for the Project.
- 100% Design remains underway and is expected to be completed by September 2015.

The project team is planning to submit the various project permit applications in July 2015.

Permanent right-of-way acquisitions (5 parcels), including temporary staging areas (approximately 4 parcels) required for construction are ongoing. Of the 5 parcels, 3 are owned by City of Sunnyvale, and the others are owned by PG&E and U.S. Fish & Wildlife. Legal plats and descriptions have been prepared and appraisals have been completed. Acquisitions are anticipated to be completed by November 2015.

100% project design documents, which will include addressing the 90% design review comments, are scheduled for completion in September 2015. The project will be advertised for construction upon receipt of project permits from the various state and federal regulatory agencies. If resource agency permits are received by February 2016, the project will be advertised immediately for a summer 2016 construction start.

Financial Information

The FY15 budget included funding for construction; however, due to delays in completion of the EIR, the construction funding was unspent. As a result, expenditures were 5% of the annual budget. The FY16 budget includes construction costs; however, these may be carried over to FY17 depending on the acquisition of the permits.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
Sunnyvale East & West Channels Flood Protection

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$25,754	$1,338	$56	$1,394	5%

Opportunities and Challenges

Sunnyvale East Channel

The significant challenge is timely completion of construction to replace the existing Caribbean Drive Bridge with a new triple cell box culvert. The project team had previously asked the City of Sunnyvale to consider allowing a complete closure of Caribbean Drive to avoid a 2-year construction window, expensive detours, lane closure, public safety and other concerns that are involved with a partial closure. The City of Sunnyvale elected to require the District to complete the construction with a partial closure of Caribbean Drive, thus requiring a 2-year construction window.

Sunnyvale West Channel

The significant challenge is to coordinate the construction of the Carl Road box culvert with the City of Sunnyvale Wastewater Pollution Treatment Plant (WPTP) staff as the existing Carl Road crossing serves as their only access to portions of the WPTP facilities out in the lower San Francisco Bay region. In addition, the existing Carl Road box culvert has several gravity extraction conduits to existing adjacent landfills that are required to remain in service 24 hours/7 days a week. Finding resolutions to these WPTP challenges are ongoing.

Permitting

The significant challenge faced by the project overall is securing the necessary regulatory agency permits in a timely manner to facilitate construction. Upon receipt of the various regulatory agency permits, permit conditions and requirements will need to be incorporated into the Final Construction Documents before the documents can be finalized and the project advertised for construction.

The Sunnyvale East and West Channels were man-made storm drain systems constructed by the District in the 1950's and 1960's. Therefore, both channels have no naturally occurring headwaters, resulting in extremely limited existing channel vegetation making the project's environmental impact minimal.

Confidence level: Moderate

The project team's level of confidence is moderate because the team is hopeful the resource agencies will view the channels as less than significant environmentally, resulting in a fairly straight-forward permitting process.

Sunnyvale West, Looking South at Carl Road

Berryessa Creek Flood Protection

ON TARGET

Calaveras Boulevard to Interstate 680

This project is a partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct flood improvements to protect homes in Milpitas and San José, as well as Silicon Valley's commercial district, from a 1% flood flow. The Bay Area Rapid Transit (BART) 10-mile extension project spans from Warm Springs Station in Fremont to the North San José Berryessa area. The new Milpitas Station is underground, located in the Berryessa Creek floodplain and is scheduled for completion December 2017. The Berryessa Creek project's completion is critical to the BART extension's planned operations.

Benefits

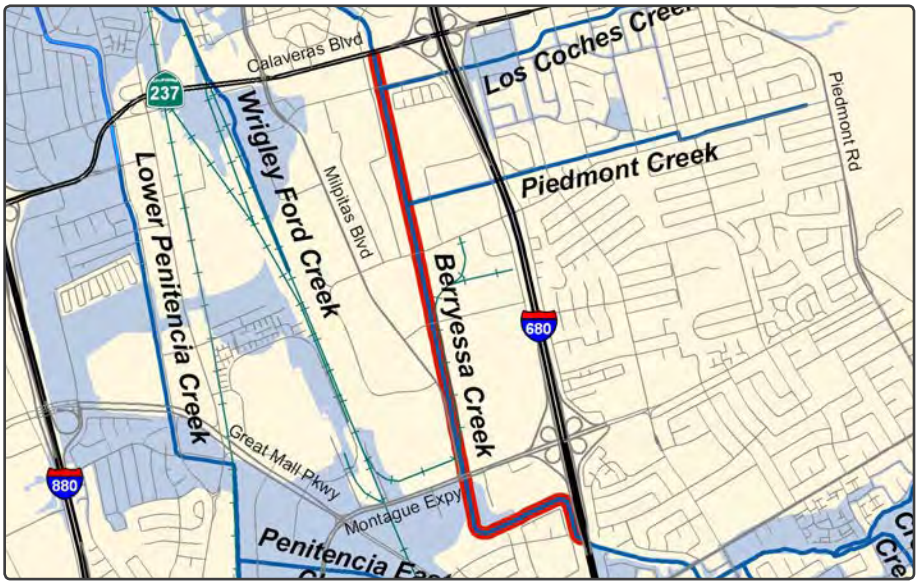
- Protects up to 1,662 businesses and homes in Milpitas and San José from a 1% flood, saving potential damages in excess of $527 million
- Provides protection for more than 30 miles of streets including Highway 237 and Montague Expressway

Key Performance Indicators (5-year Implementation Plan)

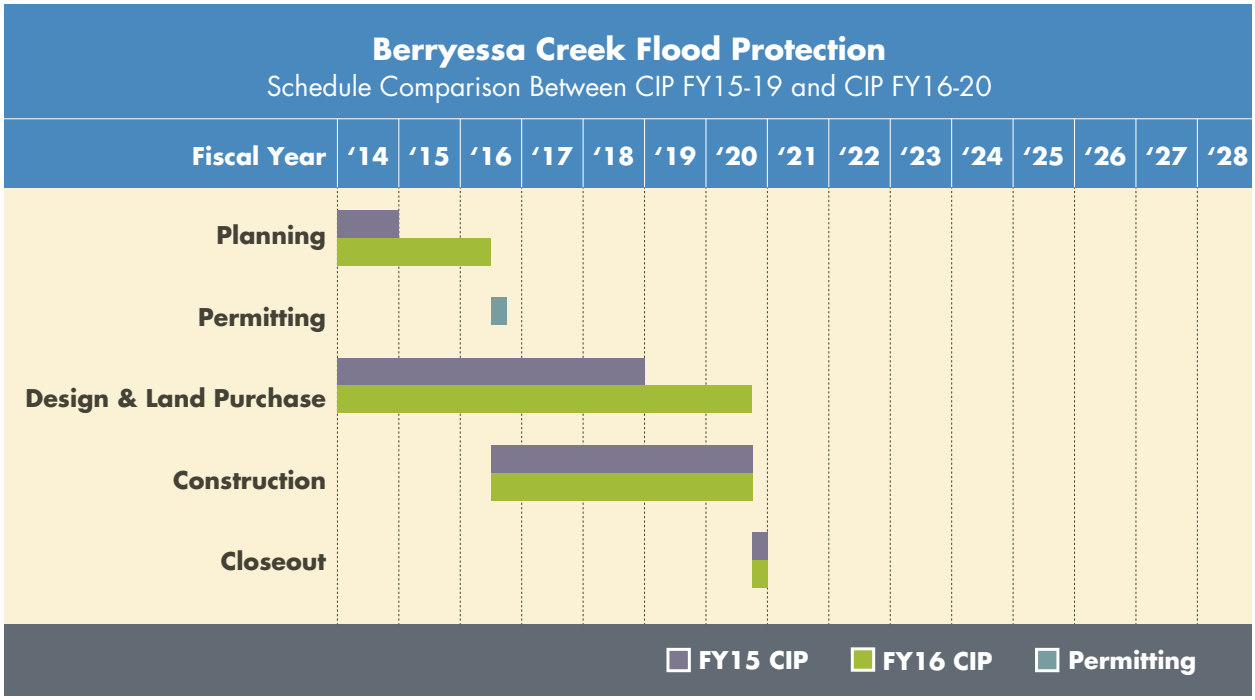
1. Local and federal funding flood damage reduction for 1,662 parcels, including 1,420 homes, 170 businesses, and 5 schools/institutions.
2. Using local funds only, a reduced project would extend from the confluence with Lower Penitencia upstream to Montague Expressway, modifying 2 miles of channel and protecting approximately 100 parcels.

Geographic Area of Benefit: Milpitas and San José

Project Location



Schedule



Confidence Level: Moderate

Status for FY15: On Target

Progress on KPI #1 and #2 (combined):

- USACE received $600,000 in the FY15 work plan for design, and the president's proposed budget for FY16 includes $12.7 million for construction.
- USACE and the District completed final Geotechnical and Soil and Groundwater Sampling Report on April 7, 2015, hydraulic design modeling on December 2, 2014, Administrative Draft Environmental Impact Report (EIR) on May 7, 2015, 30% design, and 60% design documentation on April 7, 2015.
- The County of Santa Clara is expected to advertise the Montague Expressway Bridge construction contract in October 2015.
- Executed agreements with Pacific, Gas, and Electric Company (PG&E) for relocation of gas and electric facilities to facilitate construction of the Montague Expressway Bridge.

The Montague Expressway Bridge Replacement Project is being administered by County of Santa Clara (County) and is cost-shared among the County, Valley Transportation Agency, and the District. The District continues to provide as needed supplemental engineering support to USACE through its consultant, to ensure that USACE can complete its design and begin construction in summer 2016.

Financial Information

In FY15, 66% of the total annual budget was expended. The Design and Construction project (KPIs #1 and 2) expended 199% of its FY15 budget. The overage can be adjusted, bringing the project to 100% expended, by applying funds previously committed to USACE for the Reevaluation Study of the Berryessa Creek that the District is no longer required to pay. The Real Estate Acquisitions project (KPIs #1 and 2) expended only 18% of its FY15 budget. The FY15 unused land acquisition budget will be carried forward to FY16. Upon completion of the EIR, the District will proceed with land acquisition in FY16 for construction to begin in summer 2016.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
Berryessa Creek Flood Protection

Project No. and Name	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
26174041 Design and Construction	1,115	2,219	1	2,220	199%
26174042 Real Estate Acquisitions	3,037	536	0	536	18%
Total	**$4,152**	**$2,756**	**$1**	**$2,757**	**66%**

Opportunities and Challenges

Construction schedule and funding challenges

To adhere to the project's construction schedule, USACE must receive the $12.7 million from the president's proposed budget in the FY16 work plan.

The potential presence of underground hazardous materials and cultural resources such as burial grounds can add complexity to project construction, extend the project schedule and affect the budget. The District will need to continue working with USACE leadership and federal elected officials to encourage funding for this project.

Confidence level: Moderate

The ability for this project to remain on schedule depends on federal allocation of construction funding for construction to begin in summer 2016.

Upper Berryessa Creek between Calaveras Boulevard and Los Coches Street

Coyote Creek Flood Protection

NOT ON TARGET

Montague Expressway to Interstate 280 – San José

The project is located in the central portion of the Coyote Watershed and extends approximately 6.1 miles between Montague Expressway and Interstate 280 in San José. The primary project objective is to enhance the creek's conveyance to protect homes, schools, businesses, and highways from the 1% or greater flood frequency events and includes the planning, design, and partial construction. Alternative funding sources will need to be identified for the remaining construction work.

Benefits

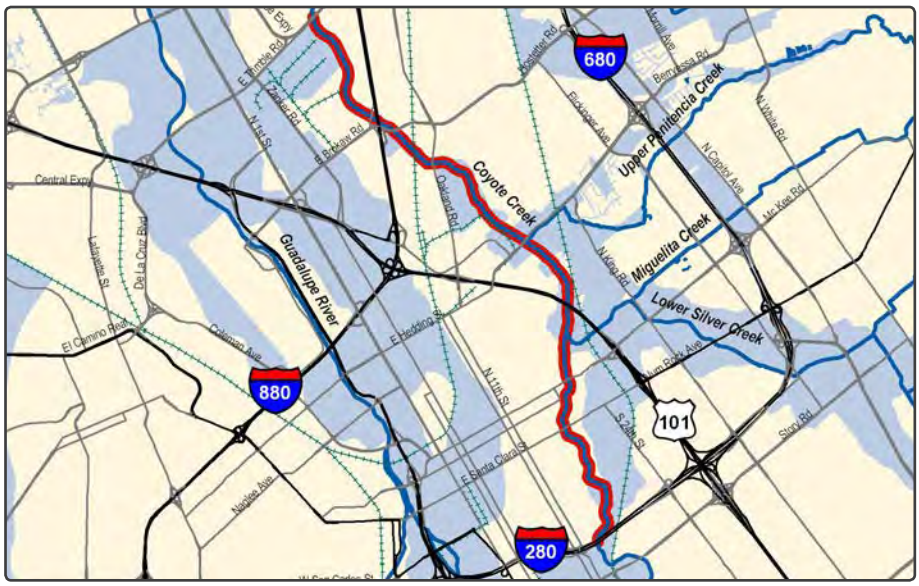
- Planning and design for flood protection of 1,400 businesses and homes from a 1% flood when the entire project from Montague Expressway to Interstate 280 is constructed
- Improves water quality, enhances stream habitat and recreational opportunities
- Incorporates revegetation and aesthetic elements of the Coyote Creek park chain in the project

Key Performance Indicator (5-year Implementation Plan)

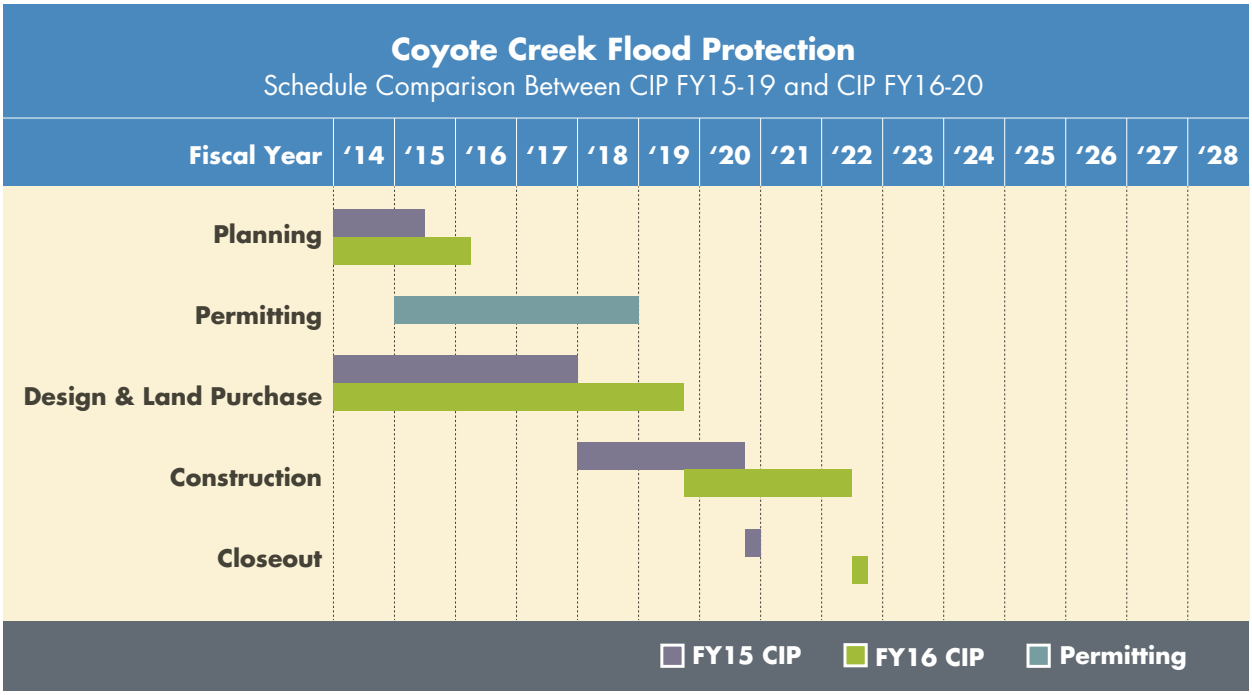
1. Complete construction of downstream project elements.

Geographic Area of Benefit: Milpitas, San José and Morgan Hill

Project Location



Schedule



Confidence Level: Low

Status for FY15: Not On Target

Progress on KPI #1:

- The Coyote watershed hydrology was updated in January 2015.
- The HEC-RAS hydraulic model was extended to the Upper Coyote Creek from Blossom Hill Road to Anderson Dam.
- HEC-RAS hydraulic model simulations investigated the potential channel capacity benefits of invasive species removal.

In FY15, the District began investigating potential revisions to the current Coyote Creek hydrology by incorporating additional gauge data including streamflow, rain and reservoir level. The updated hydrology was vetted through a quality control process involving professional peer review. In addition, the District analyzed the reduction to channel capacity caused by non-native vegetation in the Coyote Creek reach from Montague Expressway to Hwy 280 and initiated a California Environmental Quality Act process to remove non-native vegetation.

Financial Information

Expenditures were 10% of the annual budget. Due to several opportunities to investigate new and potentially superior alternatives, revisions may be necessary to the Planning Study Report.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
Coyote Creek Flood Protection Study and Partial Construction

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$2,631	$255	$0	$255	10%

Opportunities and challenges

Watershed planning

Opportunities include the potential for developing watershed-based, integrated multi-objective alternatives that would enhance flood protection and improve habitat quality, and enhance water supply. These opportunities can be investigated in the currently active Coyote Creek Watershed Master Plan, which could identify potentially feasible multi-objective projects to meet the project's goals, which could then be further developed by the project team.

Confidence level: Low

In response to recent regulatory changes that require holistic watershed-scale investigations to develop the Least Environmentally Damaging Practicable Alternatives, this project needs to be re-scoped to allow consideration of potential new opportunities in the Coyote Creek watershed. As a result, the project may not be completed by the target date of FY18 as set forth in the Safe, Clean Water and Natural Flood Protection Program Report (July 24, 2012). This potential change in project schedule and scope will need to be approved by the Board in a public hearing.

Public hearing

In the Safe, Clean Water and Natural Flood Protection Program Report (July 24, 2012), FY18 was set as the target date for completion of the planning study, design and partial construction of an engineering plan to provide flood damage reduction to Coyote Creek. Due to recommended re-scoping of the project, the schedule should be modified to reflect a new target completion date as shown in the project schedule comparison above. The District will include this project as part of the annual public hearing process planned for May 2016.

Existing Charcot Road Bridge over Coyote Creek

Calabazas Creek Flood Protection

ON TARGET

Miller Avenue to Wardell Road

The project's objective was to provide 1% flood protection to 2,483 parcels in the Calabazas Creek watershed between Miller Avenue and Wardell Road. A long detention basin parallel to the creek was built to capture high storm flows, preventing the creek from overtopping its banks in a 100-year flood.

The District repaired 14 severely eroding banks, using as little "hardscape" as possible. The project incorporated environmental stewardship principles to reduce erosion with vegetation to enhance habitat for wildlife. The District reduced the cost of the project by collaborating with the City of San José, which rebuilt a bicycle motocross (BMX) park at Calabazas Park.

On November 20, 2012, the District and the cities of Saratoga, San José, and Cupertino received notification from the Federal Emergency Management Agency (FEMA) that the Letter of Map Revision (LOMR) submittal for the Calabazas Creek Flood Protection Project had been approved resulting in a revision of the Flood Insurance Rate Map for the requested area upstream of Miller Avenue. The project objectives have been met.

Benefits

- Provide flood protection on Calabazas Creek from Miller Avenue to Wardell Road
- Protect 2,483 parcels from 100-year flooding
- Provide erosion protection measures to improve stream quality
- Identify environmental restoration and enhancement and recreational enhancements, where opportunities exist

Key Performance Indicator (Completed)

1. Flood damage reduction for 2,483 parcels that include: 2,270 homes, 90 businesses, and 7 schools/institutions.

Geographic Area of Benefit: Saratoga, San José and Cupertino

Project Location

Status for FY14: On Target

Progress on KPI #1:

- Continued third year monitoring of mitigation plantings.
- Completed storm drain outlet repair.

Financial Information

In FY15, the project expended 1% of the annual budget. Moving forward, this project is considered completed and will be closed. The activities related to mitigation maintenance will continue to be funded by Watershed Stream Stewardship.

Opportunities and Challenges

Mitigation activities

Mitigation included planting more than 700 native plants of 16 different species. At this time, all success criteria are being met or exceeded. Some of the plants are already established and no longer receive supplemental irrigation. The greatest maintenance challenge is the very close proximity to back decks of private homes so that some annual mowing will continue to be required for fuel abatement. However, many of the neighbors reportedly appreciate the added color, texture, and diversity of the plantings with the increased habitat value.

Box culvert at Saratoga-Sunnyvale Road

Clean, Safe Creeks Grants Projects

ON TARGET

The Clean, Safe Creeks (CSC) Program awarded grants in 3 categories to encourage community involvement in protecting and enhancing the environment. The District awarded grants for 45 projects under the Clean, Safe Creeks Program between FY10 and FY13. As reported in the FY13 Clean, Safe Creeks report, all KPIs have been met as per the executed agreements. However, some grant projects have yet to be completed.

Benefits

These grant agreements address:

- CSC Outcome 2.1: Pollution prevention
- CSC Outcome 3.2: Healthy creek and bay ecosystems are protected, enhanced or restored as determined appropriate by the Board
- CSC Outcome 4.1: There are additional open spaces, trails and parks along creeks and in the watersheds when reasonable and appropriate

Key Performance Indicators (5-year Implementation Plan)

1. CSC 2.1: Reduce urban runoff pollutants in south county cities.
2. CSC 3.2: Creation of additional wetlands, riparian habitat and favorable stream conditions for fisheries and wildlife. (Equivalent of 100 acres of tidal or riparian habitat created or restored).
3. CSC 4.1: Community partnership to identify and provide public access to 70 miles of open space or trails along creeks.

Geographic Area of Benefit: countywide

Status for FY15: On Target

Progress on KPI #1 - #3:

- As of the end of FY15, 26 of 45 grant projects have been completed and closed. The following summarizes key progress during FY15:
  - » The City of Cupertino completed 2 projects at Steven Creek Corridor Park and Restoration Project, Phase 2 under Trail & Open Space and Enhancement Implementation Grants (Projects Nos. 3 and 4 in Table 1). The project closure presentation was made at May 26, 2015 Board meeting. A total of $850,000 was paid in full. These 2 projects were closed.
  - » West Valley College completed 2 projects (Projects Nos. 13 and 14 in Table 1): Tennis Court Wetland Enhancement Project and Vasona Creek Enhancement Project Bridge #3 Replacement and Channel Stabilization. A total of $278,100 was expended. Once the project closure presentation is provided to the Board in FY16, the 10% payment retention will be released and the projects will be closed.
  - » In July 2014, City of Santa Clara's financial audit revealed a series of errors made in its previous payment requests that resulted in an overpayment of $29,472 from 4 previous

invoices. The situation was rectified to allow for timely completion of the project. Originally awarded $106,976 in grant funds, the City was able to finish the project under the awarded amount by $11,791. The savings will be returned to the Safe, Clean Water Fund. A board presentation will be scheduled in FY16.

- The Downtown Street Team completed Coyote Creek Encampment Cleanup Project (Project No. 20). A total of $197,848 will be expended. A project closure presentation will be scheduled in FY16.
- The Town of Los Altos Hills completed majority part of the O'Keefe Preserve Purissima Creek Habitat Restoration Project (Project No. 22). A ribbon cutting ceremony was held on March 17, 2015.
- Acterra completed the San Francisquito Creek habitat restoration project (Project No. 16). A celebration event was held on June 9, 2015.
- The District initiated discussions on amending 3 agreements (Projects Nos. 5, 6 and 12) to address changes in schedule and scope.

The remaining projects are on schedule for completion by the respective expiration dates.

CSC Grant Table

No.	Grantee Organization	Project Name	Grant Amount Total	Project Start Date	Project End Date	Status
1	City of Saratoga	Village Creek Trail Planning	$39,000	7/1/2011	7/25/2015	Completed
2	Acterra	Adobe Creek Restoration: Redwood Grove to Shoup Park	$46,365	6/28/2011	12/30/2015	In-Progress
3	City of Cupertino	Stevens Creek Corridor Park and Restoration Project, Phase 2	$285,000	6/28/2011	12/30/2015	Closed
4	City of Cupertino	Stevens Creek Corridor Park and Restoration, Phase 2	$565,000	6/28/2011	12/30/2015	Closed
5	City of San José	Penitencia Creek Trail, Reach 1	$300,000	6/15/2010	12/30/2015	Amendment in Process
6	City of San José	Three Creeks Trail – Trestle and Interim Improvements	$450,000	6/28/2011	12/30/2015	Amendment in Process
7	City of Santa Clara –Parks & Recreation Department	City of Santa Clara – Ulistac Natural Area Environmental Enhancement	$106,976	6/28/2011	12/30/2015	Completed
8	City of Saratoga	Village Creek Trail, Phase 1	$27,000	6/28/2011	12/30/2015	In-Progress
9	SCVWD with: CA Wildlife Fndn, S.F. Estuary Invasive Spartina Project and the USFWS Don Edwards S.F. Bay National Wildlife Refuge	Invasive Spartina Monitoring & Control in South Bay Marshes & Creeks	$75,000	6/28/2011	12/30/2015	In-Progress
10	Town of Los Altos Hills	Adobe Creek Restoration Project at Edith Park	$83,960	9/27/2011	12/30/2015	In-Progress
11	Town of Los Gatos	Creekside Sports Park Pedestrian Bridge	$300,000	6/28/2011	12/30/2015	Cancelled
12	Trout Unlimited	Little Arthur Creek Streamflow Stewardship Implementation Project	$220,500	6/28/2011	12/30/2015	Amendment in Process

CSC Grant Table

No.	Grantee Organization	Project Name	Grant Amount Total	Project Start Date	Project End Date	Status
13	West Valley College	Tennis Court Wetland Enhancement Project	$109,000	6/28/2011	12/30/2015	Completed
14	West Valley College	Vasona Creek Enhancement Project: Bridge #3 Replacement and Channel Stabilization	$200,000	6/28/2011	12/30/2015	Completed
15	West Valley College	Vasona Creek Native Vegetation Enhancement Project	$180,000	6/28/2011	12/30/2015	In-Progress
16	Acterra	San Francisquito Creek	$80,000	10/19/2013	6/30/2016	Completed
17	City of Gilroy	Ronan Channel Trail – Interim Project, Phase 1	$190,000	1/29/2014	6/30/2016	In-Progress
18	City of Los Altos	Adobe Creek Restoration at Redwood Grove – Phase 2	$90,000	12/27/2013	6/30/2016	In-Progress
19	City of San José	Los Alamitos Creek – Coleman Road Under-Crossing	$62,727	1/8/2014	6/30/2016	Amendment in Process
20	Downtown Streets Team	Coyote Creek Encampment Cleanup	$197,848	1/8/2014	6/30/2016	Completed
21	Save the Bay	Palo Alto Baylands Tidal Marsh Transition Zone Restoration	$75,000	12/27/2013	6/30/2016	In-Progress
22	Town of Los Altos Hills	O'Keefe Preserve Purissima Creek Habitat Restoration Project	$98,425	10/19/2013	6/30/2016	In-Progress

Closed: Project completed – Board presentation provided.
Completed: Project completed – Board presentation to be scheduled.
In-Progress: Project on schedule for completion by end date.
Cancelled: Project cancelled by grantee.
Amendment in Process: Project schedule or scope is being amended.

Financial Information

FY15 project expenditures were 146% of the total annual budget. The over-expenditure reflects a more accelerated pace for the 22 projects. As a result, the project expended more labor hours than anticipated. Despite the over expenditure in FY15, the early completion of multiple grant projects will decrease the level of administrative resources allocated to this project in future years. As a result, the project remains on-target.

Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)
CSC Environmental Enhancement and Open Space Grant

Adjusted Budget	Budgetary Actual			% of Budget Spent
	Actual	Encumbrance	Total	
$60	$88	$0	$88	146%

Opportunities and Challenges

Standardize payment process

In FY15, the District established and refined a written process to ensure proper oversight and provide consistency in processing payment requests.

Plant pathogen issue

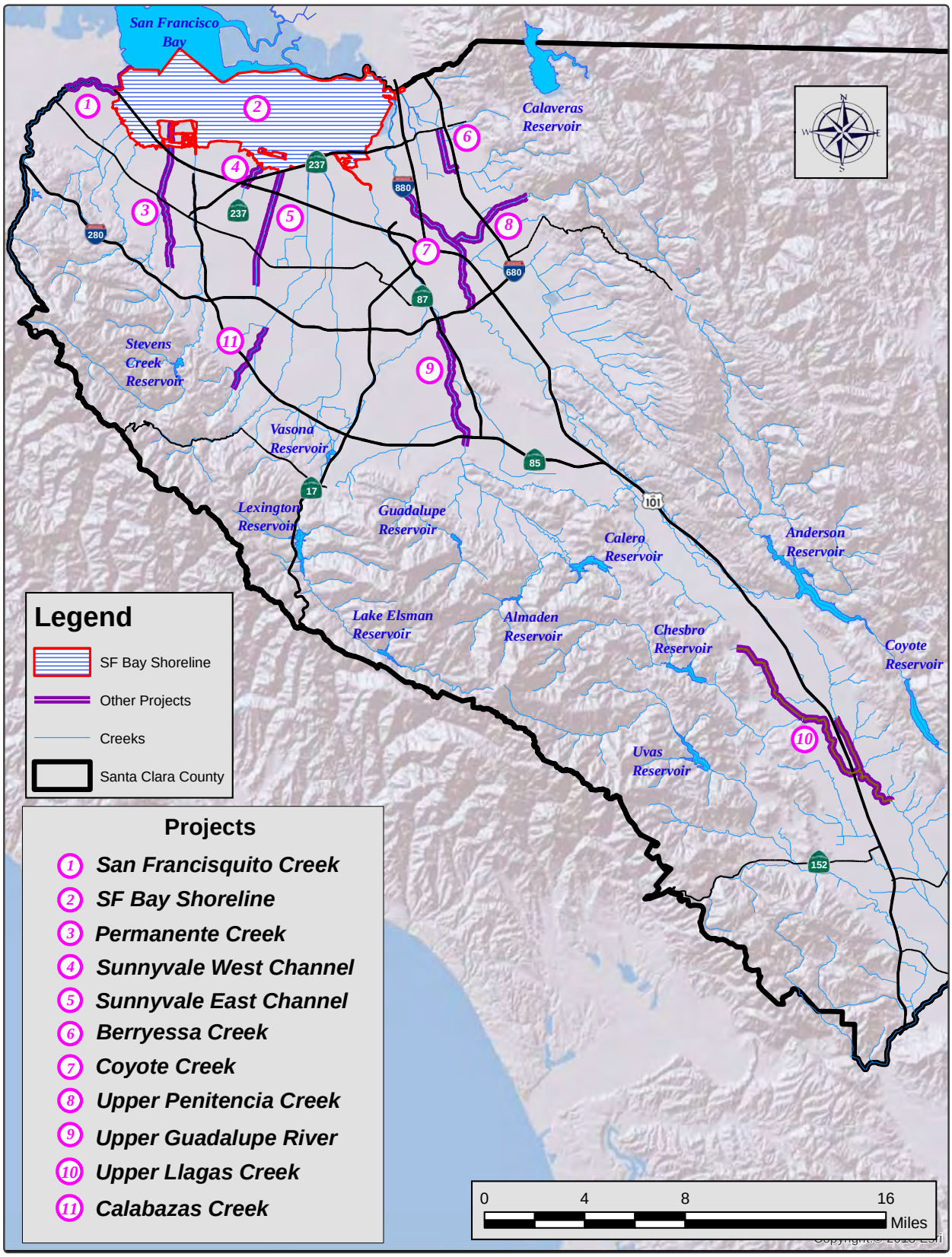
In Jan 2015, the District became aware of a water mold pathogen Phytophthora which is related to Sudden Oak Death. This plant pathogen was identified in Santa Clara County. It posed a significant risk to project with native planting components. An internal team was formed to assess the risks, establish measures to address the risks, e.g., informing grantees and potential partners, negotiating agreement provisions and developing best management practices and standards, and to facilitate collaborative problem solving to minimize impacts to District funded projects.

Project amendments

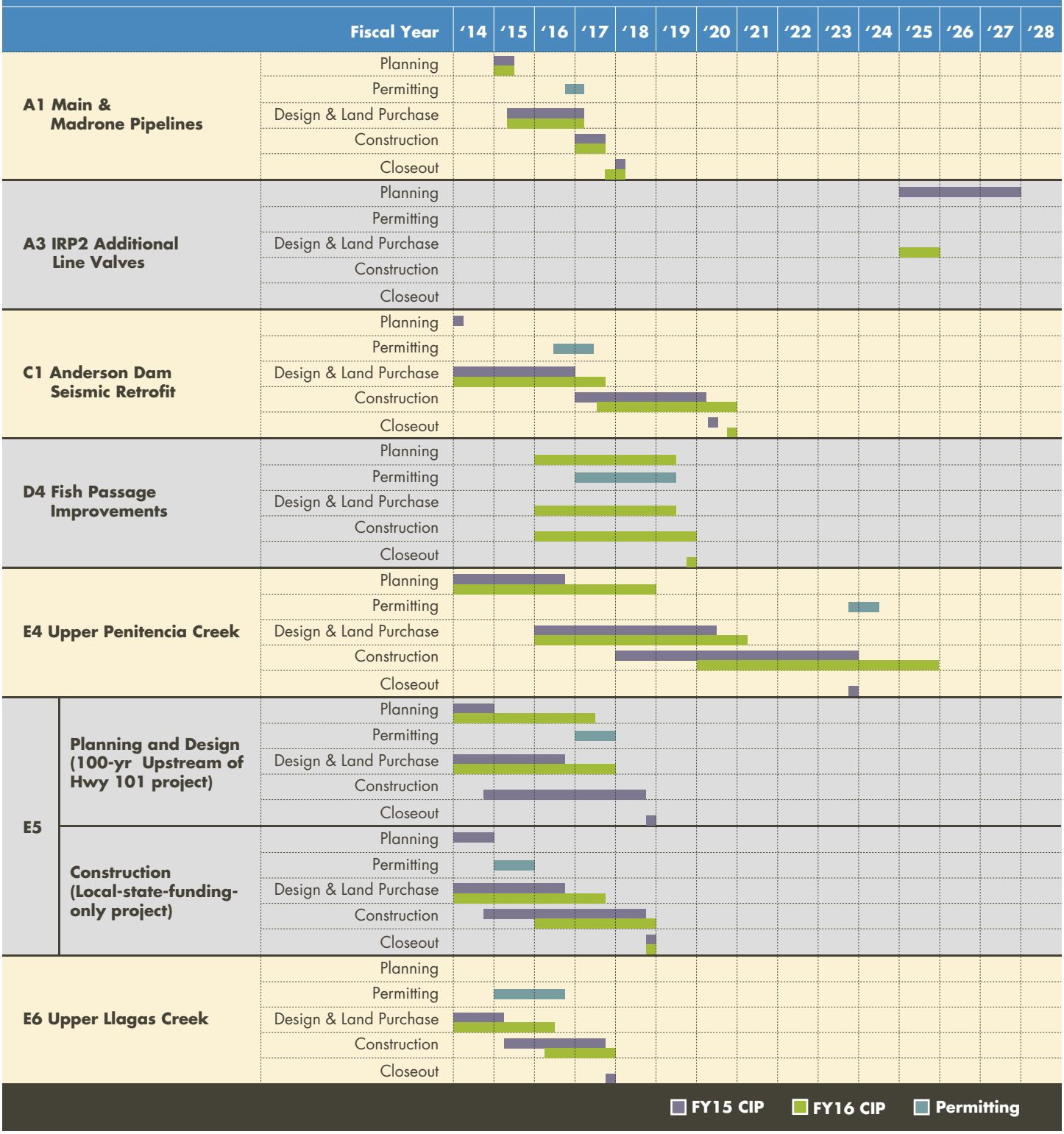
The District identified 3 projects that will need a 1-year time extension. Despite this, the schedules for these projects remain on-track to be completed by the 5-Year Implementation Plan Target of the end of FY18. Of these 3, 1 project requires changes in project approach, which requires extensive negotiation and justification to ensure the project goal or project benefits are maintained.

This pair of photos shows progress of the City of Cupertino's grant project to install native plantings on the banks of Stevens Creek. Photos on top is Oct.-Nov. 2013. Photo at bottom is March 2014.

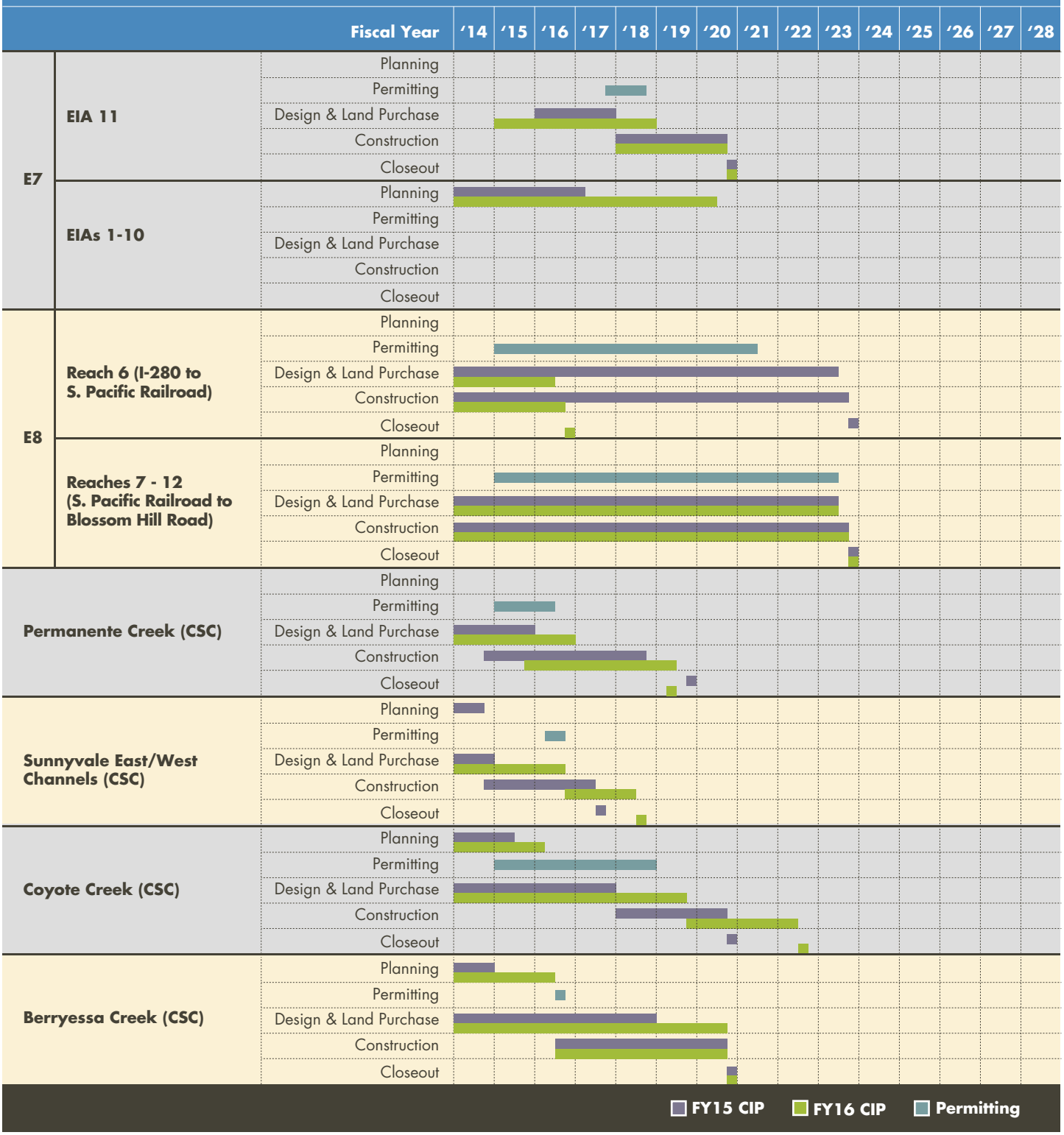
Safe, Clean Water Capital Flood Protection Projects



Schedule Comparison Between CIP FY15-19 & CIP FY16-20 (As of June 30, 2015)



Schedule Comparison Between CIP FY15-19 & CIP FY16-20 (As of June 30, 2015)



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Appendices

Appendix A: Annual Financial Summary Fiscal Year 2014-2015 ($ Thousands)

	Adjusted Budget	Budgetary Actual Total	% Received
Revenue			
Special Tax	38,767	38,545	99%
Interest	775	1,474	190%
Other	17,213	697	4%
Subtotal	**56,755**	**40,716**	**72%**
Transfers & Refunding Proceeds	-	-	0%
Total Funding Sources	**56,755**	**40,716**	**72%**

Costs	Adjusted Budget	Budgetary Actual			% of Budget Spent
		Actual	Encumbrance	Total	
Priority A: Ensure a safe, reliable water supply					
A1 Main Avenue and Madrone Pipelines Restoration	630	260	–	260	41%
A2 Safe, Clean Water Partnerships and Grants	319	53	427	480	150%
A3 Pipeline Reliability Project	–	–	–	–	0%
Subtotal	**949**	**313**	**427**	**740**	**78%**
Priority B: Reduce toxins, hazards and contaminants in our waterways					
B1 Impaired Water Bodies improvements	1,040	872	21	893	86%
B2 Inter-agency Urban Runoff Program	703	593	4	596	85%
B3[1] Pollution Prevention Partnerships and Grants	376	117	278	395	105%
B4 Good Neighbor Program: Illegal Encampment Cleanup	1,330	1,119	222	1,341	101%
B5 Hazardous Materials Management and Response	33	23	–	23	70%
B6 Good Neighbor Program: Remove Graffiti and Litter	480	478	2	480	100%
B7[2] Support Volunteer Cleanup Efforts and Education	134	124	4	128	96%
Subtotal	**4,095**	**3,326**	**530**	**3,856**	**94%**
Priority C: Protect our water supply from earthquakes and natural disasters					
C1 Anderson Dam Seismic Retrofit	–	–	–	–	0%
C2 Emergency Response Upgrades	384	359	–	359	94%
Subtotal	**384**	**359**	–	**359**	**94%**
Priority D: Restore wildlife habitat and provide open space					
D1 Management of Revegetation Projects	757	710	–	710	94%
D2 Revitalize Stream, Upland and Wetland Habitat	310	148	–	148	48%
D3[1] Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	1,596	153	1,423	1,576	99%
D4 Fish Habitat and Passage Improvements	1,783	656	1,124	1,780	100%
D5 Ecological Data Collection and Analysis	496	203	129	332	67%
D6 Creek Restoration and Stabilization	–	46	–	46	0%
D7 Partnerships for the Conservation of Habitat Lands	–	–	–	–	0%
D8 South Bay Salt Ponds Restoration Partnership	476	151	–	151	32%
Subtotal	**5,418**	**2,069**	**2,676**	**4,744**	**88%**
Priority E: Provide flood protection to homes, business, schools, and highways					
E1.1 Vegetation Control for Capacity	932	904	–	904	97%
E1.2 Sediment Removal for Capacity	466	169	92	261	56%
E1.3 Maintenance of Newly Improved Creeks	–	–	–	–	0%
E1.4 Vegetation Management for Access	335	319	22	342	102%
E2.1 Coordination with Local Municipalities on Flood Communication	118	26	–	26	22%
E2.2 Flood–Fighting Action Plans	–	–	–	–	0%
E3 Flood Risk Reduction Studies	909	738	166	904	99%
E4 Upper Penitencia Creek	–	–	–	–	0%
E5 San Francisquito Creek	24,652	2,158	255	2,413	10%
E6 Upper Llagas Creek	50,030	6,745	567	7,311	15%
E7 San Francisco Bay Shoreline Study	7,756	512	408	920	12%
E8 Upper Guadalupe River	15,964	1,536	33	1,569	10%
Subtotal	**101,162**	**13,107**	**1,543**	**14,650**	**14%**
Clean, Safe Creeks Capital Flood Protection Projects					
Permanente Creek Flood Protection	31,901	905	(161)	744	2%
Sunnyvale East & West Channels Flood Protection	25,754	1,338	56	1,394	5%
Berryessa Creek Flood Protection	4,152	2,756	1	2,757	66%
Coyote Creek Flood Protection Study and Partial Construction	2,631	255	–	255	10%
CSC Environmental Enhancement and Open Space Grant	60	88	–	88	146%
Calabazas Creek Miller to Wardell	1,071	7	–	7	1%
Subtotal	**65,569**	**5,348**	**(103)**	**5,245**	**8%**
Subtotal of All Outcome Costs	**177,578**	**24,522**	**5,073**	**29,595**	**17%**
SCW Planning & Development	1,564	1,697	–	1,697	108%
Debt Proceeds	(7,000)	–	–	–	
Debt Service	–	–	–	–	
Transfer for Winfield improvement	985	–	–	–	0%
Total Program Cost	**$173,127**	**$26,218**	**$5,073**	**$31,292**	**18%**
Net Increase/(Decrease) to Reserves	(116,372)			9,424	

[1] The Encumbrance balance for B3 & D3 has been adjusted to reflect an accounting correction made in FY15 ($200k to B3 from D3)

[2] The Encumbrance balance for B7 has been adjusted to reflect an accounting correction made in FY15 for $42k that should have been booked to FY2014

Appendix A: Cumulative Financial Summary Fiscal Year 2014-2015 ($ Thousands)

	15-year Plan	FY13 Enc Bal & Cap Project Reserve	Board Approved Adjusted	Adjusted 15-year Plan	Program-To-Date Actual Total	Current 15-year Forecast	% Received
Revenue							
Special Tax	722,739			722,739	75,804	722,542	10%
Interest	11,676			11,676	2,863	23,677	12%
Other	79,714			79,714	6,563	81,994	8%
Total	**814,129**			**814,129**	**85,229**	**828,213**	**10%**
Beginning CSC Reserves	115,623	80,474		196,097	178,074	178,074	
Transfers & Refunding Proceeds	–	–			11,697	26,785	
Total Funding Sources	**929,752**	**80,474**	**–**	**1,010,226**	**275,001**		

		15-year Plan	FY13 Enc Bal & Cap Project Reserve	Board Approved Adjusted	Adjusted 15-year Plan	Program-To-Date Actual Total			Current 15-year Forecast	% of Forecast Spent	15-year Forecast/ above (below) 15-year Plan
						Actual	Encumbrance	Total			
A1	Main Avenue and Madrone Pipelines Restoration	8,303	–	4,505	12,808	260	–	260	12,809	2%	1
A2	Safe, Clean Water Partnerships and Grants	2,360	–		2,360	215	437	653	2,850	23%	490
A3	Pipeline Reliability Project	12,923	–	988	13,911	–	–	–	13,911	0%	–
	Subtotal	**23,586**	**–**	**5,493**	**29,079**	**475**	**437**	**913**	**29,570**	**3%**	**491**
Priority B:	**Reduce toxins, hazards and contaminants in our waterways**										
B1	Impaired Water Bodies improvements	26,982	445	–	27,427	2,466	150	2,616	26,276	10%	(1,151)
B2	Interagency Urban Runoff Program	12,641	–	–	12,641	1,219	4	1,223	11,871	10%	(770)
B3[2]	Pollution Prevention Partnerships and Grants	7,595	–	–	7,595	360	639	1,000	7,997	12%	403
B4	Good Neighbor Program: Illegal Encampment Cleanup	5,209	105	–	5,314	1,961	272	2,233	6,630	34%	1,316
B5	Hazardous Materials Management and Response	618	–	–	618	47	–	47	629	7%	11
B6	Good Neighbor Program: Remove Graffiti and Litter	10,036	2	–	10,038	935	2	937	8,274	11%	(1,763)
B7	Support Volunteer Cleanup Efforts and Education	2,430	–	–	2,430	398	232	630	2,102	30%	(328)
	Subtotal	**65,511**	**552**	**–**	**66,063**	**7,387**	**1,299**	**8,686**	**63,780**	**14%**	**(2,283)**
Priority C:	**Protect our water supply from earthquakes and natural disasters**										
C1	Anderson Dam Seismic Retrofit	67,053	–	–	67,053	–	–	–	66,053	0%	(1,000)
C2	Emergency Response Upgrades	3,357	–	–	3,357	473	–	473	2,879	16%	(478)
	Subtotal	**70,410**	**–**	**–**	**70,410**	**473**	**–**	**473**	**68,932**	**1%**	**(1,478)**
Priority D:	**Restore wildlife habitat and provide open space**										
D1	Management of Revegetation Projects	22,259	–	–	22,259	1,306	–	1,306	21,941	6%	(318)
D2	Revitalize Stream, Upland and Wetland Habitat	18,190	–	–	18,190	200	–	200	16,813	1%	(1,376)
D3[2]	Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	24,092	–	–	24,092	369	2,576	2,944	22,768	13%	(1,324)
D4	Fish Habitat and Passage Improvements	29,176	358	–	29,534	1,011	1,124	2,135	27,163	8%	(2,371)
D5	Ecological Data Collection and Analysis	9,020	–	–	9,020	338	235	572	6,698	9%	(2,322)
D6	Creek Restoration and Stabilization	16,719	–	–	16,719	46	–	46	19,030	0%	2,311
D7	Partnerships for the Conservation of Habitat Lands	10,524	–	–	10,524	–	–	–	10,936	0%	412
D8	South Bay Salt Ponds Restoration Partnership	4,694	–	(101)	4,593	192	–	192	4,592	4%	(2)
	Subtotal	**134,673**	**358**	**(101)**	**134,930**	**3,461**	**3,935**	**7,396**	**129,941**	**6%**	**(4,990)**
Priority E:	**Provide flood protection to homes, business, schools, and highways**										
E1.1	Vegetation Control for Capacity	24,560	11	–	24,571	1,675	–	1,675	23,923	7%	(648)
E1.2	Sediment Removal for Capacity	9,832	16	–	9,848	560	95	655	9,508	7%	(339)
E1.3	Maintenance of Newly Improved Creeks	19,051	–	–	19,051	–	–	–	18,657	0%	(394)
E1.4	Vegetation Management for Access	6,156	–	–	6,156	709	22	731	6,562	11%	405
E2.1	Coordination with Local Municipalities on Flood Communication	2,530	–	–	2,530	85	–	85	1,936	4%	(595)
E2.2	Flood–Fighting Action Plans	1,361	–	–	1,361	–	–	–	–	0%	(1,361)
E3	Flood Risk Reduction Studies	9,374	–	–	9,374	1,094	166	1,260	5,542	23%	(3,832)
E4	Upper Penitencia Creek	59,413	–	(6,235)	53,178	–	–	–	53,180	0%	2
E5	San Francisquito Creek	47,740	2,907	(488)	50,159	4,610	1,241	5,851	50,157	12%	(1)
E6	Upper Llagas Creek	84,098	6,784	25,775	116,657	14,243	1,304	15,547	116,666	13%	8
E7	San Francisco Bay Shoreline Study	22,288	–	9,811	32,099	634	408	1,041	32,100	3%	1
E8	Upper Guadalupe River	69,112	39,382	(115)	108,379	4,248	4,746	8,994	109,201	8%	822
	Subtotal	**355,515**	**49,100**	**28,748**	**433,363**	**27,859**	**7,981**	**35,840**	**427,430**	**8%**	**(5,932)**
Clean, Safe Creeks Capital Flood Protection Projects											
	Permanente Creek Flood Protection	22,111	9,398	9,942	41,451	2,735	1	2,737	41,739	7%	287
	Sunnyvale East & West Channels Flood Protection	82,249	4,463	(28,393)	58,319	3,335	191	3,526	58,405	6%	86
	Berryessa Creek Flood Protection	25,288	6,757	9,396	41,441	13,428	2,553	15,980	41,656	38%	214
	Coyote Creek Flood Protection	18,663	5,757	1,387	25,807	536	–	536	25,806	2%	(1)
	Calabazas Creek Flood Protection	–	2,864	–	2,864	1,796	1,983	3,779	4,099	92%	1,235
	CSC Grant Projects	–	1,223	–	1,223	66	–	66	1,223	5%	–
	Subtotal	**148,311**	**30,462**	**(7,668)**	**171,105**	**21,897**	**4,728**	**26,625**	**172,927**	**15%**	**1,821**
	Subtotal of All Outcome Costs	**798,007**	**80,472**	**26,472**	**904,951**	**61,553**	**18,380**	**79,932**	**892,580**	**9%**	**(12,371)**
	SCW Planning & Development	31,999	2	–	32,002	3,107	1	3,108	23,157	13%	(8,845)
	Cost of Financing	43,119	–	–	43,119	–	–	–	49,249	0%	6,130
	Debt Proceeds	–	–	–	–	–	–	–	–	0%	–
	Debt Service	–	–	–	–	–	–	–	–	0%	–
	Winfield Warehouse	–	–	–	–	–	–	–	1,274	0%	1,274
	Overhead Adjustment	–	–	–	–	283	–	283	–	0%	–
	Market Valuation Reserve	–	–	–	–	–	–	195	–	0%	–
	Currently Authorized Projects	–	–	–	–	–	–	188,391	–	0%	–
	Operating & Capital Reserve	56,627	–	(26,472)	30,155	–	–	3,092	67,818	5%	37,663
	Total Program Cost	**$929,753**	**$80,474**	**–**	**$1,010,227**	**$64,943**	**$18,380**	**$275,001**	**$1,034,078**	**27%**	**$23,851**

[1] Board approved adjustments include changes to Safe Clean Water capital projects based on the Board approved FY15 CIP

[2] The $4.1m includes CSC encumbrance carryfoward, plus $823k for 2013 Comprehensive Stewardship Grant Program, $63k for Guad R Invasive Exotic Vegetation Removal, and associated labor not encumberred at the end of FY13

Appendix B: Inflation Assumptions

	Actual FY14	Budget FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
COLA Increase %	1.5%	2.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Step Increase %	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Benefits Rate	52.0%	50.8%	54.0%	54.0%	57.0%	60.0%	63.0%	66.0%	68.0%	70.0%	72.0%	74.0%	76.0%	79.0%	82.0%
Supplies & Svcs Inflation*	2.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Construction Cost Inflation**	Not. Avail	2.0%	3.0%	4.0%	5.0%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

*Actual supplies and services inflation based on the San Francisco-Oakland-San Jose Consumer Price Index for all urban consumers as of December

** Actual construction cost inflation based on Engineering News Record results for the San Francisco Bay Area (two year lag until actuals are available)

Appendix C: Grantee and Partners Information

SCW Project Number	Grantee	Project Name	Description of Project	Amount Awarded	Grantee Website
B3	City of San José	San José Watershed Community Stewardship & Engagement Project	The work will provide community engagement, outreach and education engage the homeless population, and provide trash cleanup in both Coyote Creek and Guadalupe River. The work will be conducted in socio-economically diverse neighborhoods along 2 different watersheds.	$196,250	www.sanjoseca.gov/index.aspx?nid=195 • streetsteam.org • www.keepcoyotecreekbeautiful.org • sbcleancreeks.myevent.com
B3	County of Santa Clara	Green Business Program	The District continues to partner with the Santa Clara County (County) Green Business Program and provides funding for Green Business certifications to promote the awareness and increase the number of certifications and re-certifications.	$40,000	www.greenbiz.ca.gov/AboutUsSCC.html
D3	County of Santa Clara	Calero County Park Oak Cove & North Shore Trails	Construct approximately 5.0 miles natural-surface multi-use trails adjacent to Calero Reservoir.	$200,000	www.sccgov.org/sites/parks/PlansProjects/Pages/Calero-County-Park-Trails-Master-Plan.aspx
D3	Santa Clara County Open Space Authority	Outdoor Learning Center and Creek Side Valley Loop Trail	Construct an Outdoor Learning Center within the 348-acre Coyote Valley Open Space Reserve, to serve as an outdoor classroom, a meeting location for educational and interpretive programs. This project also incorporated a 0.6 miles of ADA accessible trail.	$200,000	www.openspaceauthority.org
D3	West Valley College	Vasona Creek Trail	The project will provide 0.33 miles of new ADA accessible trails within the West Valley College Campus.	$171,000	www.westvalley.edu/committees Sustainability/Creek_Restoration
D3	San Francisco Bay Bird Observatory	Active Vegetation Management at Levees around South Bay Salt Pond	The partnership will create transitional and upland habitats and provide the habitat structure needed by several federally listed species and state Species of Special Concern. Creating native plant communities on a 15-acre site will require 2 years of preparation and 4 years of phased implementation, maintenance, and monitoring. The project supports multiple Safe, Clean Water Program projects. It restores wildlife habitat; strengthens the South Bay Salt Ponds Restoration Partnership and revitalizes wetland habitat. The work also builds upon the strong existing partnership between the District and the U.S. Fish and Wildlife Service to improve habitat on salt pond levees.	$690,000	www.sfbbo.org
D3	Trout Unlimited	Carnadero Creek Agricultural Ford (Creek Crossing) Project	This partnership will result in the design of a free span bridge and the abandonment of the existing bridge. This would eliminate the fish migration barrier and improve water quality and riparian conditions. The District's contribution will provide a matching fund for a state grant application.	$24,450	www.tu.org

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ENSURE

A SAFE

RELIABLE

WATER SUPPLY

Reduce Toxins

Hazards and Contaminants

IN OUR WATERWAYS

RESTORE WILDLIFE HABITAT AND PROVIDE OPEN SPACE

safe clean drinking water

AND NATURAL FLOOD PROTECTION

Provide Flood Protection to Homes Businesses Schools and Highways

Protect our Water Supply from Earthquakes

and Natural Disasters Ensure a safe reliable water supply

REDUCE TOXINS HAZARDS AND

and Contaminants in our Waterways

SAFE CLEAN WATER

AND NATURAL FLOOD PROTECTION

Ensure a safe Provide Flood Protection to Homes Businesses Schools and Highways

RELIABLE WATER SUPPLY ***Restore Wildlife Habitat and Provide Open Space***

RESTORE WILDLIFE HABITAT AND PROVIDE OPEN SPACE ***Protect our Water Supply from*** from Earthquakes and Natural Disasters

Provide Flood Protection to Homes Businesses Schools and Highways *SAFE CLEAN WATER* **and Natural Flood Protection**

ENSURE A SAFE *reliable water supply*

REDUCE TOXINS **HAZARDS AND CONTAMINANTS** *IN OUR WATERWAYS*

SAFE CLEAN WATER

and Natural *FLOOD PROTECTION* ***Reduce Toxins***

Hazards and Contaminants in our Waterways

SAFE CLEAN WATER

Santa Clara Valley Water District

Santa Clara Valley Water District
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