



# NON-AGENDA

April 5, 2019

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

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**Page**      **CEO BULLETIN & NEWSLETTERS**

3              **CEO Bulletin:** 03/29/19 – 04/04/19

**BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS**

6              **BMR/IBMR Weekly Reports:** 04/04/19

7              Memo from Michele King, Clerk, to the Board, dated 04/02/19, regarding Board Governance Policy Revision to BAO Interpretation Ends Policy 2, Strategy S 2.4.

8              Memo from Nina Hawk, COO/WUE and Rick Callender, CEA, to the Board, dated 04/02/19, regarding the California Water Commission resolution regarding availability of additional funds for storage projects through Proposition 1.

13             Memo from Nina Hawk, COO/WUE, to the Board, dated 04/02/19, regarding Lake Oroville Operations Update.

**INCOMING BOARD CORRESPONDENCE**

17             **Board Correspondence Weekly Report:** 04/04/19

18             Email from Charles Hoehn to the Board, dated 03/31/19, regarding fence repairs along Canoas Creek (C-19-0102).

**OUTGOING BOARD CORRESPONDENCE**

21             Reply email from Director Varela to Dave Matthews, dated 04/03/19, regarding the Uvas Creek Levee Rehabilitation Project (C-19-0093).

23             Reply email from Director Varela to George Fohner, dated 04/03/19, regarding the ERA Economics Report (C-19-0100).

24             Reply email from Chair LeZotte to Doug Muirhead, dated 04/03/19, regarding policy and master planning public participation (C-19-0079).

25             Follow up email from Vice-Chair Hsueh to Doug Muirhead, dated 04/04/19, regarding a BPPC review of SCW/IMC.

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

# **CEO BULLETIN/ NEWSLETTERS**

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

## Chief Executive Officer Bulletin Week of March 29 – April 4, 2019

### Board Executive Limitation Policy EL-7:

*The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.*

Item	IN THIS ISSUE
<u>1</u>	<b>Open House at the Surface Water Charge Setting Process Public Hearing</b>
<u>2</u>	<b><u>Kremen</u> Detailed Request Below I-19-0004</b>
<u>3</u>	<b><u>Santos</u> District's Local Investments R-19-0002</b>

### Open House at the Surface Water Charge Setting Process Public Hearing

On Thursday, April 11, 2019, Valley Water will hold an open house as a precursor to the public hearing regarding 2019-2020 groundwater and surface water charges. The annual public hearing is a component of the rate-setting process that includes a series of opportunities for the public to provide input.

The open house takes place at 6 p.m. in the foyer of the Morgan Hill City Council Chambers, 17555 Peak Avenue in Morgan Hill, Ca. The public hearing begins at 7 p.m. in the chamber.

Attendees at the open house will receive a variety of information on services provided to groundwater rate payers, including details on wells, groundwater management and water production. Information will also be made available on South County work such as the Madrone and Main Avenue Pipeline and the Anderson Dam Seismic Retrofit projects.

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

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**Kremen**  
**Detailed Request Below**  
**I-19-0004**

Full Inquiry:

Recalling that in 2014 / 2015 as the drought caused us to enter into more water transfer/purchase agreements than usual, I asked staff for reference information on market reference prices at the time. Now in 2019, I would like to expand the question as follows: What are current reference prices for water South of Delta distinguished by term, point of delivery, limits on delivery period (e.g., subject or not subject to the transfer window July-Sept) and degree of reliability (for example available vs. not available in critically dry years)? How much more does non interruptible supplies cost? Are their charges tacked on for transportation? How are losses handled? Where is the measurement? Do we assume the water will be delivered to San Luis Reservoir? How do we assure we are getting the best prices? Do we use any third parties to check for best prices? Do other water districts go through contacting and purchasing for purchases of water?

Response: Nina Hawk, COO, Water Utility Enterprise, responded to this informal board correspondence in a memo to the Board of Directors, dated March 14, 2019. This memo is included in the March 22, 2019, Non Agenda packet.

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

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**Santos**  
**District's Local Investments**  
**R-19-0002**

At the March 26, 2019, Board meeting Director Santos requested staff to furnish a list of local investments in Valley Water's investment portfolio. As of March 29, 2019, Valley Water has \$29.3 million in local investments in the following Bay area entities: Santa Clara County, City and County of San Francisco, City of San Jose, Alameda County, San Jose Evergreen Community College, San Francisco Bay Area Rapid Transit District, Marin Community College, University of California, Avidbank, Union Bank, First Technology Federal Credit Union, First Republic Bank, Community Bank of the Bay, Bank of San Francisco, Technology Credit Union, Mechanics Bank, Alliance Credit Union, and Apple.

Additionally, Valley Water has invested in \$12.7 million in the following California entities: California State Department of Water Resources, City of Los Angeles, City of Pasadena, Bank of Hope, Pacific City Bank, Hanmi Bank, First General Bank, and Community West Bank.

Valley Water is actively monitoring investment opportunities in local Bay area entities and makes investments in local entities in accordance to Valley Water's Investment Policy and the California Government Code.

For further information, please contact Darin Taylor at (408) 630-3068.

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# **BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS**

**Report Name: Board Member Requests**

Request	Request Date	Director	BAO/Chief	Staff	Description	20 Days Due Date	Expected Completion Date	Disposition
I-19-0006	03/25/19	Kremen	Hawk	Hall	Please provide Director Kremen with the request for information in the attached email.	04/16/19		
R-19-0001	03/26/19	Hsueh	Hawk	Hakes	Notify former Uvas/Llagas Flood Protection Advisory Committee members of the 404 permit signing with the Army Corps of Engineers for the Upper Llagas Flood Protection Project.	04/16/19		
R-19-0003	03/26/19	Keegan	Callender	Gibson	Director Keegan requested that External Affairs (GRU) assist the Homeless Encampment Ad Hoc Committee with the logistics, topic, participants, etc. for the proposed Homeless Summit.	04/16/19		



# MEMORANDUM

FC 14 (02-08-19)

**TO:** Board of Directors

**FROM:** Michele King

**SUBJECT** Board Governance Policy Revision to  
BAO Interpretation Ends Policy 2–Strategy-2.4

**DATE:** April 2, 2019

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At the January 14, 2019 meeting, the Board approved changing the water supply reliability level of service goal from meeting 90 percent of normal year demands, as identified in the Water Supply Master Plan, in drought years to meeting 80 percent of demands in drought years.

This board-approved revision required the BAO Interpretation of Ends Policy 2, Strategy S-2.4, to be revised as follows:

*S 2.4. Develop water supplies designed to meet at least 100 percent of average annual water demand identified in the District's ~~Urban Water Management Plan~~ Water Supply Master Plan during non-drought years and at least ~~90~~ 80 percent of average annual water demand in drought years.*



## MEMORANDUM

FC 14 (02-08-19)

**TO:** Board of Directors  
**FROM:** Nina Hawk & Rick Callender  
**SUBJECT:** California Water Commission Resolution Regarding Availability of Additional Funds for Storage Projects through Proposition 1  
**DATE:** 4/2/19

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On March 20, 2019, the California Water Commission (CWC) approved a *Resolution Regarding Availability of Additional Funds in the Water Storage Investment Program* (Resolution, Attachment 1). Previously, on July 24-25, 2018, the CWC made Maximum Conditional Eligibility Determinations (MCEDs) for eight water storage projects that were eligible to receive funding from the Proposition 1 Water Storage Investment Program (WSIP). One of these projects was Pacheco Reservoir Expansion (Pacheco Project). A project's MCED is the amount of WSIP funding set aside for that project, subject to the terms and conditions of WSIP. Combined, these MCEDs totaled the amount of funds available for WSIP. The Resolution recommends a potential path for additional allocations of funds to other WSIP projects if one of the approved WSIP projects does not move forward and thus frees up previously allocated funds.

Valley Water has an interest in the Resolution not only because its Pacheco Project is one of the WSIP projects, but also because it is contributing funds towards the development of two other WSIP projects: the Los Vaqueros Expansion Project and the Sites Reservoir Project.

### Resolution Summary and Analysis

The Resolution recommends the following preferences be considered if additional funds become available:

- Adjust the MCED of projects that received an MCED lower than their funding request. The Sites Reservoir Project could receive up to \$100 million in additional funding under this preference.
- Adjust the MCED of projects that requested less funding than their CWC approved eligible amount. The Sites Reservoir Project could receive up to \$92 million in additional funding under this preference. This additional funding would be above and beyond any additional funding the Sites Reservoir Project could receive under the first preference.
- After considering the first two preferences, if funds remain in WSIP, the CWC could consider changes in the CWC regulations (Title 23 of the California Code of Regulations, Section 6000 et. al) to perform an expedited solicitation to fund additional projects. Depending on what changes are made to the regulations, it may also be possible for some of the remaining WSIP projects to receive additional funding under this preference.

Because the Resolution is non-binding in nature, the CWC is not required to follow these recommended preferences.

### Pacheco Reservoir Expansion Project Considerations

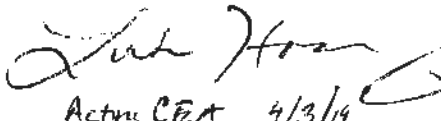
Although the value of the public benefits of the Pacheco Project exceeds the \$484,550,000 MCED amount assigned to it, Proposition 1 grant funding for the project was limited to that amount because, by law, a project cannot receive WSIP funding that exceeds 50% of its total project capital costs (Water Code Section 79756 and 23 CCR 6004(a)(7)(A)(2)). The \$484,550,000 Proposition 1 grant authorized for the Pacheco Project is equal to 50% of its estimated capital costs in 2015 dollars. Hence, Valley Water requested and received the maximum amount of funding for the Pacheco Project that is permissible by law.



Uncertain Path for Grant Recipients Receiving MCEds Equal to Their Funding Requests and Seeking Additional Funding

Valley Water and other WSIP grant recipients that received an MCEd equal to their funding requests have an uncertain path forward if they choose to seek additional WSIP funding for their projects. In such an effort, modification or elimination of the statutory 50% cap and other modifications would be necessary. In addition to regulatory changes, any amendment to the Proposition 1 statutes requires approval by a 2/3 vote of each house of the State Legislature and approval by a majority of California voters. Staff anticipates that such an effort would face significant procedural and political challenges.

Staff has been tracking the CWC actions regarding this resolution since it was first discussed by the Commission in their September 2018 meeting, and staff will continue to closely follow this issue.

  
Acting CEA 4/3/19  
Rick L. Callender  
Chief of External Affairs

  
Nina Hawk  
Chief Operating Officer  
Water Utility Enterprise

Attachment 1: Resolution

STATE OF CALIFORNIA  
CALIFORNIA NATURAL RESOURCES AGENCY  
CALIFORNIA WATER COMMISSION  
RESOLUTION NUMBER: 2019-02

RESOLUTION REGARDING AVAILABILITY OF ADDITIONAL FUNDS IN  
THE WATER STORAGE INVESTMENT PROGRAM

WHEREAS, on November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 ("Proposition 1");

WHEREAS, Proposition 1 contained Chapter 8, "Statewide Water System Operational Improvement and Drought Preparedness," ("Chapter 8") which appropriates \$2.7 billion to the California Water Commission ("Commission") to invest in public benefits associated with water storage projects "that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions" (Water Code section 79750);

WHEREAS, on December 14, 2016, the Commission adopted regulations governing the quantification and management of public benefits associated with water storage projects that meet the criteria established for public investment (the Water Storage Investment Program ("WSIP"));

WHEREAS, the regulations were approved by the Office of Administrative Law on March 7, 2017, and appear in the California Code of Regulations, title 23, section 6000 *et seq.* ("regulations");

WHEREAS, the Commission, pursuant to the terms of the regulations, began the application period for funds from the WSIP on March 15, 2017;

WHEREAS, the Commission closed the application period for funds from the WSIP on August 14, 2017;

WHEREAS, the Commission, at meetings on May 3-5, 2018, determined each project's public benefit ratio;

WHEREAS, the Commission, at meetings on June 28, 2018, made the

determinations necessary pursuant to regulations section 6011(c) for eight projects that applied for funding from the WSIP;

WHEREAS, the Commission, at meetings on July 24-25, 2018, determined Maximum Conditional Eligibility Amounts for the eight projects that were eligible to receive funds from the WSIP;

WHEREAS, the Commission made Maximum Conditional Eligibility Amount determinations that total the amount of funds available in the WSIP;

WHEREAS, at its meeting on September 19, 2018, the Commission discussed how to address the potential issue of additional funding becoming available through the WSIP in the future because a project may not be able to move forward;

WHEREAS, the regulations do not address what the Commission should do if funds become available;

WHEREAS, the Commission expressed a desire to adopt a resolution with potential considerations for the disbursement of funds that may become available for future Commissions;

NOW, THEREFORE, BE IT RESOLVED that the California Water Commission hereby recommends the following preferences be considered if additional funds become available:

- Adjust the Maximum Conditional Eligibility Determination for Rank 3 projects to the Applicant Request from May 2018 (Table 1)

**Table 1. Rank 3 Project Summary**

<b>Project</b>	<b>Score</b>	<b>Applicant Request (May 2018)</b>	<b>Commission MCED (July 2018)</b>	<b>Difference between MCED and Request</b>
<b>Sites Project</b>	61	\$916,620,000	\$816,377,686	\$100,242,314
<b>Kern Fan</b>	54	\$85,700,000	\$67,537,315	\$18,122,685*
<b>Willow Springs</b>	53	\$123,290,000	\$95,405,999	\$27,884,001
<b>Total</b>				<b>\$146,249,000</b>
*Requested amount exceeds eligible amount. Eligible amount of \$85,660,000 used.				

- Query applicants who requested less than their Commission approved eligible amount from May 2018 to see if additional funding could be utilized and adjust those MCEDs accordingly (Table 2)

**Table 2. WSIP Projects Requesting Less than the Eligible Amount**

<b>Project</b>	<b>Rank</b>	<b>Commission-Approved Eligible Amount (May 2018)</b>	<b>Applicant Request (May 2018)</b>	<b>Commission MCED (July 2018)</b>	<b>Difference between Applicant Request and Eligible Amount</b>
<b>South County Ag Program</b>	2	\$280,530,000	\$280,500,000	\$280,500,000	\$30,000
<b>Sites Project</b>	3	\$1,008,280,000	\$916,620,000	\$816,377,686	\$91,660,000
<b>Total</b>					<b>\$91,690,000</b>

- If, after consideration of the above, funds remain in the WSIP, consider needed changes in the regulations to perform an expedited solicitation to fund additional projects.

Signed:

\_\_\_\_\_  
 Armando Quintero, Chair  
 California Water Commission

\_\_\_\_\_  
 Date

Attest:

\_\_\_\_\_  
 Joseph R. Yun, Executive Officer  
 California Water Commission

\_\_\_\_\_  
 Date



**MEMORANDUM**

FC 14 (02-08-19)

**TO:** Board of Directors

**FROM:** Nina Hawk

**SUBJECT:** Lake Oroville Operations Update

**DATE:** April 2, 2019

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On April 2, 2019, the California Department of Water Resources (DWR) released a statement announcing that DWR will begin using Lake Oroville's main spillway. The announcement is provided as Attachment 1. Staff will continue to monitor DWR operations for Lake Oroville and related State Water Project facilities.

*Additional info on DWR Oroville Spillways Recovery is available at [water.ca.gov/Oroville-Spillways](http://water.ca.gov/Oroville-Spillways).*

A handwritten signature in blue ink that reads "Nina Hawk".

Nina Hawk  
Chief Operating Officer  
Water Utility Enterprise

Attachment 1: DWR Press Release Notice



## DWR Uses Oroville Main Spillway

Published: Apr 02, 2019

**SACRAMENTO, Calif.** – Due to forecasted storms and growing snowpack, the California Department of Water Resources (DWR) will begin to release flows at 11 a.m. today from the Oroville main spillway. By early afternoon, releases from the main spillway will be about 8,300 cubic feet per second (cfs). This will be the first time the spillway is used since it has been reconstructed and its use will provide room for flood storage within the reservoir.

“Protecting communities from flooding is a vital part of the Department’s mission,” said DWR Director Karla Nemeth. “Today we inaugurate the reconstructed spillway to serve that essential purpose and to prepare us for the future.”

“The Oroville main spillway was rebuilt using modern engineering practices with the oversight of state and federal regulators on site and a team of experts assisting the Department,” said Joel Ledesma, Deputy Director, State Water Project for DWR. “With an average concrete thickness of seven and a half feet, 12.4 million pounds of reinforcing steel, and approximately 7,000 anchors, the main spillway is ready to handle flows.”

The information below reflects current reservoir level estimates. Forecasts can change quickly and may affect the estimates provided.

- **Current Oroville Reservoir level:** 854 feet elevation
- **Planned Main Spillway Releases:** approximately 8,300 cfs by early afternoon on April 2
- **Planned Total Releases to the Feather River:** up to 20,000 cfs from Oroville facilities and other natural inflows

DWR may increase flows to the Feather River again later this week to between 40,000 and 60,000 cfs to prepare for forecasted inflows. DWR also anticipates potential further releases to manage snowmelt and lake elevations later this spring.

Oro Dam Blvd. East will be open to pedestrian and vehicle traffic unless flows exceed 30,000 cfs. If spillway flows exceed 30,000 cfs, the road will be closed to ensure public safety. Credentialed media will be provided access past the roadblocks located at Glen Drive and Canyon Drive and can use turnouts along Oro Dam Blvd. East.

DWR has followed its standard process of notifying regulatory agencies, local law enforcement and local elected officials regarding the anticipated use. The Department will continue to update the public, media and local partners through emails, news releases and social media.

*To sign up for community notifications, contact [oroville@water.ca.gov](mailto:oroville@water.ca.gov). Media should contact [media@water.ca.gov](mailto:media@water.ca.gov) to be added to DWR’s media list.*

*View construction [time-lapse video](#), additional construction [videos](#) and [photos](#).*

*California State Parks offers a [live camera feed](#) of the spillway. Feed availability may be disrupted at times due to network connection.*

**Contact:**

Erin Mellon, Assistant Director, Public Affairs Office, Department of Water Resources  
916-704-5529 | [erin.mellon@water.ca.gov](mailto:erin.mellon@water.ca.gov)

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*For more information, follow us on **Twitter** or **Facebook** and read our **news releases** and **DWR updates**.*