



Local businesses to receive preference in contracting

BOARD EXECUTIVE LIMITATION POLICY 5.8



On Dec. 10, 2013, the board unanimously approved an ordinance to establish a local business preference for some types of procurement of goods and non-professional services. The preference will essentially give local businesses a 5 percent advantage over non-local businesses.

An analysis presented to the board concluded that local businesses are at a competitive disadvantage due to the high cost of doing business in Santa Clara County. According to the analysis, the new policy serves the public interest by encouraging businesses to locate and remain in the jurisdiction through the provision of a minimal good faith preference to local businesses.

Several board members acknowledged the leadership of Director Richard P. Santos on this issue. Director Santos has been a long-time advocate for establishing a preference for local, small and minority businesses.

The ordinance will be applicable only to solicitations (Invitations to Bid or Requests for Proposals) for goods and non-professional services more than \$50,000. Non-professional services include auditing, marketing, management consulting, real estate, and insurance.

Bay Delta Conservation Plan Workshops

BOARD ENDS POLICY 2.1.3 WATER SUPPLY

The board hosted four workshops on the Bay Delta Conservation Plan (BDCP) to discuss ongoing Delta planning efforts critical to both restoring the health of the Delta ecosystem and ensuring the long-term reliability of water supplies conveyed through the Delta.

The four board workshops were scheduled October through December to present information on the BDCP, the comprehensive plan that the Department of Water Resources and federal Bureau of Reclamation released for formal public review in December 2013.

The district aggressively pursues the Delta solution to achieve the coequal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem, all in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.

County honors local businesses for being green

BOARD ENDS POLICY 4.3.1 WATER RESOURCES STEWARDSHIP

The County of Santa Clara Green Business Program recognized the district as a significant partner and as a Green Business.

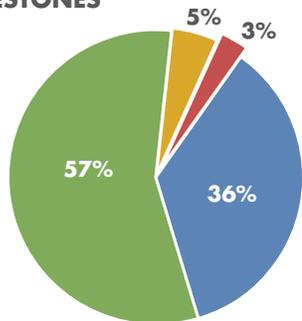
Now in its 14th year, Santa Clara County's (county) Green Business Program continues to attract environmentally minded business owners and assist them in the process of lowering the environmental impact in their communities. The county's green business program certifies businesses that exceed standard environmental compliance required by local regulators.

The district takes pride in its partnership with the county and in being recognized as a certified green business since 2003 in the Bay Area Green Business Program.

The district has invested over \$1 million in this partnership. In June of this year, the district entered into another two year partnership with the county to continue this important effort as part of the district's Safe, Clean Water and Natural Flood Protection Program's Priority B to reduce toxins, hazards and contaminants in waterways. The investment in this partnership helps reduce greenhouse gas emissions and contributes to the district's goal of becoming carbon neutral by 2020.



MILESTONES



327 total milestones

- % completed (117)
- % not complete but on schedule (185)
- % needs adjustment (15)
- % behind schedule (10)

BOARD ENDS POLICY 2.0

There is a reliable, clean water supply for current and future generations.

- Provided the board and public with information on the development and implementation of the district's asset management program and its Computerized Maintenance Management System, which helps track and manage district assets, maintenance service requests, and work activities.

BOARD ENDS POLICY 2.1.1

Aggressively protect groundwater from the threat of contamination and maintain and develop groundwater to optimize reliability and to minimize land subsidence and salt water intrusion.

- Initiated the Safe, Clean Water and Natural Flood Protection nitrate rebate program for treatment systems, which remove excess nitrate from drinking water.

BOARD ENDS POLICY 2.1.2

Protect, maintain, and develop local surface water.

- Installed piezometers and Automated Data Acquisition Systems at Stevens Creek and Coyote dams to measure dam performance.
- Installed a creep meter at Coyote Dam to monitor fault movement.
- Provided regulatory permit and environmental support on the Almaden Dam outlet works

Ends Policy 2.1.2. continued ...

- inspection and valve replacement project, which improves Almaden Dam's reliability by resolving sedimentation issues at the intake structure.
- Completed construction of the Kirk Diversion Dam Replacement and Fish Screen Project, which maximizes the use of the dam without increasing the risk of flooding and minimizes the mortality of fish and smaller organisms.

BOARD ENDS POLICY 2.1.5

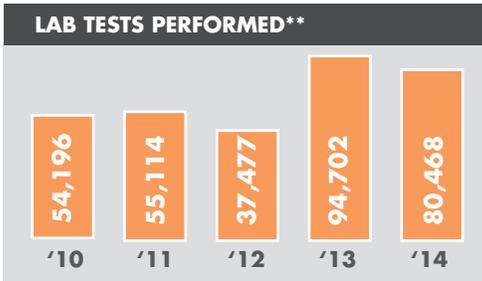
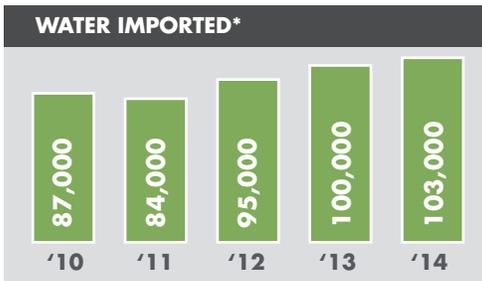
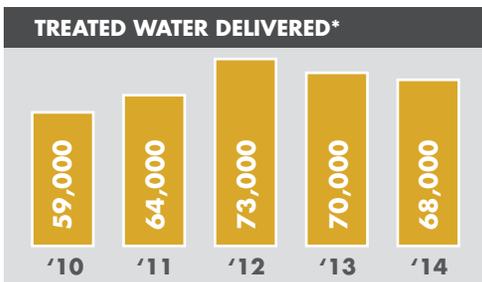
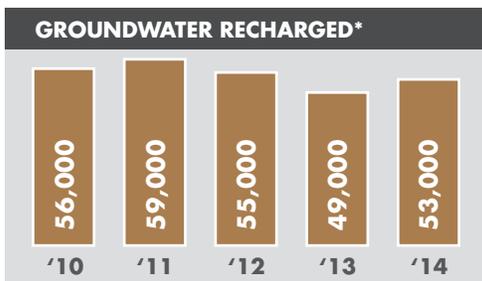
Maximize water use efficiency, water conservation and demand management opportunities.

- Completed final research on a Laundry-to-Landscape Graywater Rebate Program for residents to connect clothes washers to a graywater irrigation system.
- Completed semi-annual water meter reads and flow meter replacements for groundwater customers.
- Released water conservation research grant program Request for Proposals for research of new and innovative water conservation programs and technologies.

BOARD ENDS POLICY 2.2.1

Raw water transmission and distribution assets are managed to ensure efficiency and reliability.

- Repaired two leaks on Milpitas Pipeline, which transmits drinking water from the Penitencia Water Treatment Plant to water retailers.



*acre-feet, cumulative through each quarter by fiscal year
**cumulative through each quarter

"Water to Go" Launch Event

Board Policy Interpretation: Outcome Measure 2.3.2.b



Beau Goldie, district CEO; Ken Yeager, Santa Clara County Board of Supervisors President; Dan Peddycord, county Public Health Director; and Jolene Smith, executive director of First 5 Santa Clara County, pose with Potter the Otter to feature one of the new water bottle filling stations in downtown San Jose.

An innovative regional partnership between the water district, Santa Clara County Public Health Department, and FIRST 5 Santa Clara County officially launched the "Water to Go" program.

The program will fund the installation of 100 refillable water bottle stations at schools and public gathering spaces across Santa Clara County. Half of these stations will be funded by

the district with funding through the Safe, Clean Water and Natural Flood Protection Program approved by Santa Clara County voters in 2012.

These hydration stations will be installed over the next three years and will help local schools comply with the Healthy, Hunger-Free Kids Act (Senate Bill 1413), which requires access to free drinking water during meal times in school food service areas.

BOARD ENDS POLICY 3.1.1

Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding.

- Completed construction of Lower Silver Creek Reaches 4-5B, upstream of Interstate 680, which is part of a project that will increase flood protection to 3800 parcels in the surrounding area.
- Completed 30% design of McKelvey Park detention basin and 90% design of Rancho San Antonio detention basin, which are parts of a project that will provide flood protection for at least 1664 properties in Mountain View and Los Altos.

BOARD ENDS POLICY 3.1.2

Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values.

- Removed 30,053 cubic yards of sediment from creeks to maintain channel capacity.
- Repaired 1,060 linear feet of eroded creek banks to protect from flooding and to reduce sediment accumulation downstream.
- Repaired 2,000 linear feet of levees to protect from flooding.

BOARD ENDS POLICY 3.2.3

Prepare and respond effectively to flood emergencies countywide to protect life and property.

- Completed Upper Guadalupe River flood warning system, including a process to disseminate information via the web, in anticipation of winter storms.
- Stocked 40,000 sandbags at the district's Winfield facility and satellite stations for public distribution to protect homes and businesses from flooding.
- Hosted a Winter Preparedness Workshop with over 50 attendees from local and state emergency response agencies.

WATER UTILITY PROJECT SPOTLIGHT

Domestic Well Testing Program Wins Award

Board Ends Policy 2.1.1. Water Supply

On Oct. 8, 2013, the Groundwater Resources Association of California recognized the district with an award for its unique and proactive Domestic Well Testing Program. The Kevin J. Neese Award recognizes significant accomplishments that foster the understanding, development, protection, and management of groundwater.

BOARD ENDS POLICY 4.1.1

Preserve creeks, bay and ecosystems through environmental stewardship.

- Cleaned up 25 illegal encampments in joint effort with the City of San Jose, resulting in the removal of 146 tons of trash.
- Completed Guadalupe Watershed Stream Assessment Report, providing an analysis and summary of the existing physical conditions within Guadalupe Watershed.

BOARD ENDS POLICY 4.1.2

Improve watersheds, streams, and natural resources.

- Evaluated the accuracy of existing precipitation and streamflow gauges and developed a correction plan to fix any inaccuracies.

BOARD ENDS POLICY 4.1.3

Promote the protection of creeks, bay and other aquatic ecosystems from threats of pollution and degradation.

- Installed trash boom devices at Thompson Creek and Lower Silver Creek to reduce the amount of trash in the creeks.

BOARD ENDS POLICY 4.1.4

Engage and educate the community in the protection of water quality and stream stewardship.

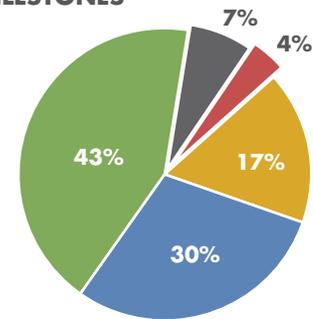
- Published and distributed a Water Resources Stewardship wall calendar, receiving over 1,000 public requests for copies.

BOARD ENDS POLICY 4.3.1

Reduce greenhouse gas emissions to achieve carbon neutrality by 2020.

- Provided the board with information on the district's efforts to mitigate its impact on global climate change, focusing on the Energy Optimization Plan and status report.

MILESTONES



355 total milestones

- % completed (106)
- % not complete but on schedule (152)
- % needs adjustment (59)
- % behind schedule (14)
- % other (24)

Celebrating the Santa Clara Valley Habitat Plan

Board Ends Policy 4.1.1
Water Resource Stewardship

On Oct. 4, 2013, elected officials and other dignitaries gathered at the crest of Anderson Dam to celebrate the signing of the long-awaited Santa Clara Valley Habitat Plan (Habitat Plan).

The Habitat Plan benefits the district and its local partners by providing streamlined permitting and mitigation processes. It can take public agencies and private developers many years to get permits, which compound project costs. By monetizing the mitigation up front, the district will know what costs are going to be from the outset.

When implemented, the plan will protect 18 endangered species found in watersheds in Santa Clara County by creating a reserve area where habitat will be preserved for these species. Under the plan, approximately 49,000 acres of land will be managed as a habitat reserve. Protected species include the Western Burrowing Owl, the Bay Checkerspot Butterfly and other serpentine soil species, the California Red Legged Frog and the California Yellow Legged Frog.



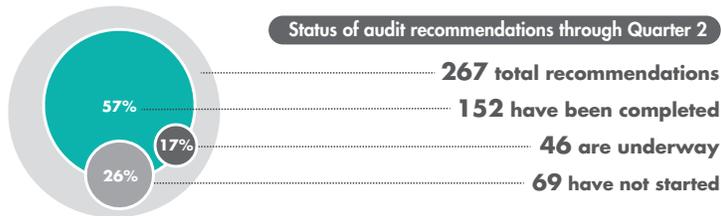
Santa Clara Valley Habitat Plan signing celebration at Anderson Dam.

CEO Management Audit Program

Board-BAO Linkage Policy 5.5 Monitoring Board Appointed Officer Performance

The CEO Management Audit Program (program) facilitates assessments of district functions and activities to establish the extent they are conducted efficiently and in compliance with policies, procedures, and established project plans. The program allows the district to demonstrate, in an objective and systematic way, the condition of the organization at various levels. It also establishes a systematic process for monitoring the implementation of accepted audit recommendations. The results from this program provide the CEO and board with information to make decisions on improvements and opportunities to help the organization achieve its operational goals and objectives, continue on its quest for excellence, and provide a source of accountability to the public.

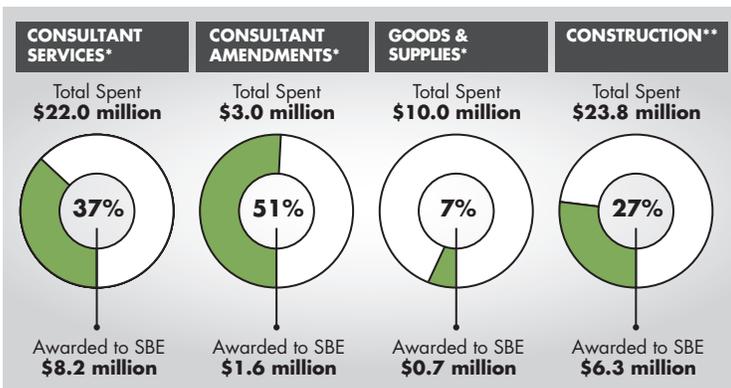
The district is currently tracking the implementation status of 267 audit findings, recommendations, and opportunities for improvement identified in the Comprehensive Performance Audit, Water Utility Maintenance Audit, Diversity and Inclusion Audit, Capital Program Services Audit, and Quality and Environmental Management System external and internal audits.



- Floodplain Mailer:** The district mailed the 2013 Floodplain Mailer to 68,000 Santa Clara County homes and businesses. This annual publication is distributed to property owners in flood prone areas as mapped by the Federal Emergency Management Agency.
- Board Performance:** At the December 17, 2013, board meeting, the board adopted indicators to monitor its own performance. Monitoring board performance contributes both to the effectiveness of an organization and to the trust that is placed in it by stakeholders and the public it serves.

Small Business Enterprise (SBE) Participation

SBE participation target for all four sourcing activities is 10%



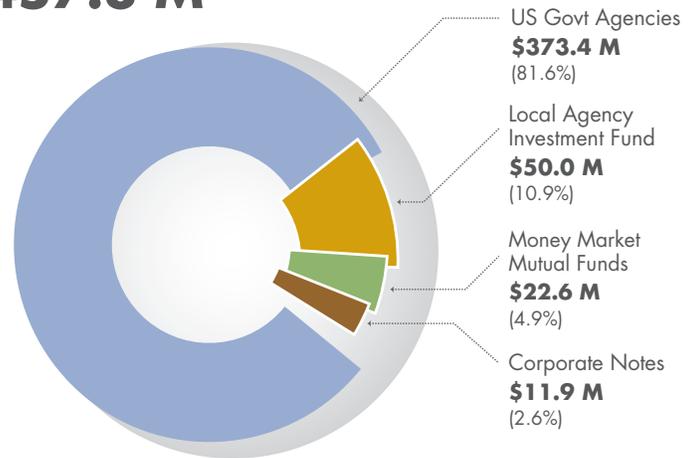
* Data shown is for July 1, 2013, through December 31, 2013.

** Data shown is for January 1, 2013, through December 31, 2013.

Financial Information

TOTAL PORTFOLIO BOOK VALUE as of Dec 31, 2013

\$457.8 M



FY2014 REVENUES as of Dec. 31, 2013

(\$ in millions)	FY 14 Adopted	FY 14 Adjusted	YTD Q2 '14	RECVD
General Fund	\$4.8	\$4.8	\$2.3	48%
Service Funds	\$0.2	\$0.2	\$0.2	100%
Benefit Assessment Funds ^A	\$16.1	\$16.1	\$0.0	0%
Stream Stewardship	\$67.7	\$67.7	\$25.8	38%
Safe, Clean Water	\$46.5	\$46.5	\$0.9	2%
Water Utility	\$188.1	\$188.1	\$107.7	57%
Total	\$323.4	\$323.4	\$136.9	42%

^A 0% of Benefit Assessments and Special Parcel Tax revenues have been received. Majority of Taxes are received in December and January.

FY2014 EXPENDITURES as of Dec. 31, 2013

(\$ in millions)	FY 14 Adopted	FY 14 Adjusted	YTD Q2 '14	SPENT
General Fund ^B	\$46.0	\$46.0	\$21.3	46%
Service Funds ^B	\$9.7	\$9.6	\$4.1	42%
Benefit Assessment Funds	\$13.3	\$13.3	\$0.0	0%
Stream Stewardship	\$45.2	\$45.1	\$19.4	43%
Safe, Clean Water	\$13.4	\$13.4	\$3.6	27%
Water Utility	\$158.1	\$159.9	\$69.8	44%
Subtotal Operations	\$285.7	\$287.3	\$118.2	41%
Capital (All funds)^C	\$241.2	\$305.5	\$89.1	29%

^B Gross figures do not reflect netting out intra-district reimbursement of \$55M.

^C Adjusted capital budget includes carryforward of \$56M from prior year.