

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

## Chief Executive Officer Bulletin Week of February 24 – March 2, 2017

### 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.*

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### Reallocation of \$3M in Proposition 84 San Francisco Bay Integrated Regional Water Management Plan 2015 Implementation Grant Funding to the San Francisquito Creek Flood Protection Project

Upon review of recent seismic studies completed for Anderson Dam, the water district determined that the Anderson Dam Seismic Retrofit Project (ADSRP) will undergo a significant change in design approach and, as a result, its revised the Project construction schedule makes it ineligible to utilize \$4.05M in Proposition 84 grant funding previously committed through the Integrated Regional Water Management Plan (IRWMP). The water district proposed to the IRWMP Planning and Process Subcommittee (PnP), and ultimately to its Coordinating Committee (CC), that the grant funding be reallocated to the San Francisquito Flood Protection Project (SF Creek Project).

The water district considered other water district projects with similar benefits to the ADSRP, particularly water supply benefits, but none of the projects are ready for implementation. The water district considered other projects with benefits to the South Bay region. One of the important considerations for choosing the ADSRP for the grant application was that it would ensure the Bay Area IRWMP Coordinating Committee's agreements regarding the geographic distribution of funding are met. In reallocating the funds to the SF Creek Project, the water district is still able to ensure the broad geographic distribution of funding, while at the same time, provide a benefit to the West region, as SF Creek is the dividing line between Santa Clara and San Mateo counties.

The SF Creek Project was also awarded approximately \$1.04M in Proposition 84 grant funds through the IRWMP 2015 Implementation Grant and was ranked 4th of the 45 projects considered during the application process. After the grant was awarded, Project costs escalated because an additional year of construction was added to the schedule. This resulted from increased restrictions by the environmental permitting agencies upon the discovery of nesting sites of Ridgeway Rails, an endangered species. In addition, approximately \$4M in unanticipated project costs have been identified

While the SF Creek Project demonstrated the need for additional funding and met the geographic distribution requirements, other projects under the IRWMP were identified as needing additional funding as well. Of those projects, the City of East Palo Alto requested funding for construction of a new treatment system for the existing Gloria Way Well, which would increase water supply by 225 acre feet per year to the Disadvantaged Community and address the California Department of Water Resources Human Right to Water Policy. The city had received approximately \$1.5M in Proposition 84 grant funding for this project, but the lowest responsive bid came in \$1M over the Engineer's Estimate. The city also requested an additional \$3M to fund construction of a new Well project.

Following the presentation of the projects to the PnP, the City of East Palo Alto and the water district had a separate discussion about the benefits and needs of the projects; both of which benefit the city, focus on life safety issues, and are under construction or have active construction bids. As a result of that discussion, the city amended its request for reallocation of grant funding to support a funding allocation that would award \$1.05M to the city's Gloria Way Well Project and \$3M to the water district's SF Creek Project. This amended request was presented to the CC and the water district expressed its support. The CC agreed to reallocate the \$4.05M Anderson Dam grant as follows:

\$3M to the water district for the SF Creek Project  
\$1.05M to the City of East Palo Alto for the Gloria Way Well Project

For further information, please contact Melanie Richardson at (408) 630-2035.

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### **Report of Non-Compliance with Executive Limitations (EL) Policy EL 6.7.1.4: Quarterly Summary of Properties**

This is to report to the Board a non-compliance with Executive Limitations Policy 6.7.1.4 regarding Real Property and associated quarterly reporting to the Board.

The acquisition of property rights is necessary to fulfill the water district's mission of providing Silicon Valley safe, clean water for a healthy life, environment, and economy. This is achieved through watershed stewardship and comprehensive management of water resources in a cost effective, and environmentally sensitive manner for current and future generations.

EL 6.7.1.4 requires that the Real Estate Service Unit provide the Board a quarterly summary of properties that have been acquired under EL- 6.7.1, in which the purchase price does not exceed \$500,000, and include the respective statutory offer of just compensation (the fair market value or a property interest determined by an independent certified appraiser) and final negotiated values that will be reported to the Board.

This item was not completed on time due to the extraordinary workload by the Real Estate Unit to acquire over 600 active acquisitions and retrieve real estate transaction data.

A full report of all quarters for Fiscal Year 2016 will be submitted in the March 10, 2017, Non-Agenda package.

The Real Estate Service Unit is also re-evaluating the current process to expedite Board reporting of acquisitions. This may include recommending a new reporting frequency for Board approval of a revised Board policy.

For further information, please contact Ngoc Nguyen at (408) 630-2632.

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