



Santa Clara Valley Water District

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File No.: 24-0335

Agenda Date: 4/9/2024

Item No.: 3.6.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Conduct a Public Hearing on Proposed Changes to Projects under Priorities A, E, and F of the Renewed Safe, Clean Water and Natural Flood Protection Program.

RECOMMENDATION:

- A. Open and conduct the public hearing to receive comments on the renewed Safe, Clean Water and Natural Flood Protection Program:
 - i. Project A1: Pacheco Reservoir Expansion;
 - ii. Project E8: Upper Guadalupe River Flood Protection
 - iii. Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship
- B. Close the public hearing;
- C. Review and approve the Proposed Text Adjustments to Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship Recommendation;
- D. Adopt the resolution APPROVING NOT IMPLEMENTING PROJECT A1: PACHECO RESERVOIR EXPANSION UNDER THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM;
- E. Adopt the resolution APPROVING THE MODIFICATION OF PROJECT E8: UPPER GUADALUPE RIVER FLOOD PROTECTION OF THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM; and
- F. Adopt the resolution APPROVING THE MODIFICATION OF PROJECT F9: GRANTS AND PARTNERSHIPS FOR SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP OF THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM.

SUMMARY:

In recent years, infrastructure construction projects within the renewed Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) have experienced significant cost escalation, while community expectations for other projects are increasing. The proposed recommendations are designed to address the funding gaps and the community needs while helping maintain the financial health of the Safe, Clean Water Program's Fund (Fund 26).

Catalyst for Recommended Changes**Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection (Project E2) slated to begin construction in 2025**

In January 2023, in the face of significant project construction cost increases, including approximately \$162 million escalation in Project E1: Coyote Creek Flood Protection, the Board held a public hearing in compliance with the Change Control Process (as defined in Attachment 1), and approved staff recommendations to reduce funding allocations for some capital projects. Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection (Project E2) was among the projects with reduced funding allocation. However, staff committed to continue reassessing funding availability for Project E2 as part of the Capital Improvement Program's (CIP) annual financial planning process.

Subsequently, in fiscal year 2023-24 (FY2024), Santa Clara Valley Water District (Valley Water) resubmitted regulatory permit applications for Project E2 and expects to receive the permits by the end of 2024, making the project shovel-ready for construction in 2025.

Project E2, which voters first approved in November 2000 as part of the Clean, Safe Creek and Natural Flood Protection Plan, entails upgrading approximately three (3) miles of the existing West Channel (Phase 1) to provide 1% (100-year event) flood protection for 47 acres of highly valuable industrial lands, including the former Onizuka Air Force Base, and approximately 6.4 miles of the existing Sunnyvale East Channel (Phase 2) to provide 1% flood protection to 1,618 parcels.

Construction of Phase 1 of the project is slated for 2025, but due to the existing funding shortfall, Phase 2 awaits funding to commence construction. Constructing both phases without delaying Phase 2 will allow Valley Water to complete the entire project, thus providing 1% flood protection and helping the community to be removed from the FEMA flood zone, pending a Letter of Map Revision. Bundling Phase 1 and 2 construction will also result in potential cost savings, such as saving on leasing costs by utilizing the same large construction staging area for a shorter period. By moving forward with Phase 2 construction without delay, Valley Water will also limit the impact of anticipated future construction cost escalations.

Construction of Phase 2 will also fulfill Valley Water's Joint Use Agreement with the City of Sunnyvale for trail improvements and recreational uses along the Sunnyvale West and Sunnyvale East Channels. Under the agreement, the city is committed to providing funding (\$500,000) to pave the maintenance road on each channel for use as a public trail. After the project is completed, the city will maintain the public trails.

Board direction to enhance Project F5: Good Neighbor Program: Encampment Cleanup (Project F5) level of service

In response to community demands and expectations, the Board directed staff to enhance Project F5's level of service to clean up encampment-generated trash, debris, and hazardous pollutants along waterways. Per the Board's direction, in August 2023 (FY2024), Valley Water launched the Portable Toilet Facilities Program, installing portable toilets and wash stations at critical locations along local creeks to improve water quality. Additionally, Valley Water is developing the Clean Camps,

Clean Creeks Program, which will provide debit cards to incentivize unsheltered individuals residing along waterways to maintain camp areas free of trash and debris.

While these initiatives will better equip Valley Water to confront challenges posed by encampments of unsheltered people, at the August 22, 2023, Board meeting, staff informed the Board that Project F5 required increased funding to sustain the enhanced level of service (LOS). Staff front-loaded the project to implement the efforts and informed the Board that without additional funding, staff anticipated a funding shortfall in later years, starting FY30. Staff also committed to reassessing funding availability and the LOS required for the project and, if needed, present funding scenarios for the Board's consideration in compliance with the Safe, Clean Water Program's Change Control Process.

Staff evaluated various funding scenarios during the FYs 2025-2026 biennial budget development. Under the first-pass proposed long-term forecast (LTF), the enhanced LOS was to be fully funded by the Watershed Stream Stewardship (WSS) Fund 12. However, following the second-pass forecast, which included funding some essential unfunded projects per the Board's direction, it became evident that Fund 12 could not carry the entire obligation. Subsequently, the latest funding scenario reflects Fund 26 funding a portion of the enhanced LOS, with Fund 12 covering the remainder.

Even with Valley Water successfully securing external grants and low-cost loans, the renewed Safe, Clean Water Program cannot fully fund Project E2 and Project F5 without impacting the financial health of Fund 26. This funding gap has prompted staff to recommend that the Board provide direction on balancing the Safe, Clean Water Fund (Fund 26) to ensure the delivery of the renewed Safe, Clean Water Program.

IMC Recommendations and Need to Expand Project to Deliver Project Objective

In addition, the renewed Safe, Clean Water Program's Independent Monitoring Committee (IMC), an external monitoring committee, has recommended that Project E8: Upper Guadalupe River Flood Protection (Project E8) key performance indicator (KPI) #2 be modified to include aquatic habitat improvement benefiting all native fish species. Staff concurred with the recommendation, and on March 12, 2024, the Board directed staff to pursue the modification.

Finally, Valley Water staff has identified the need to modify Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship (Project F9) to expand the project to initiate a new Creekside Neighbor Rebate Program in response to community need.

Therefore, staff recommends not implementing Project A1: Pacheco Reservoir Expansion (Project A1) by not implementing the fund transfer, resulting in the project being removed from the renewed Safe, Clean Water Program, and modifying Project E8: Upper Guadalupe River Flood Protection and Project F9: Grants and Partnerships.

Proposed Changes

Project A1: Pacheco Reservoir Expansion (Not Implement under Safe, Clean Water Program)

Project A1 is one of the three renewed Safe, Clean Water projects with a fiscal-based KPI, where the deliverable is not to construct a project directly but to allocate a portion of funding to support project construction. In this instance, the project KPI is to provide “up to \$10 million” to help construct the Pacheco Reservoir Expansion Project (Pacheco Project). The Safe, Clean Water Program funding of \$10 million constitutes less than half a percent (0.36%) of the estimated cost of \$2.75 billion, as reflected in the CIP’s Draft Fiscal Years (FYs) 2025-2029 Five-Year Plan. Furthermore, the Safe, Clean Water funding is scheduled to be transferred to the Water Utility Fund over seven years from FY2026 to FY2032, amounting to approximately \$1.4 million annually.

The Pacheco Project is primarily funded by the Water Utility Fund and has continued to progress without any contributions from the renewed Safe, Clean Water Program. Additionally, the project, a strategic and long-term investment toward ensuring a more reliable supply of safe, clean drinking water in the face of climate change, is eligible for a \$504 million California Water Commission (CWC) funding.

Given the project’s other funding sources and relatively minor contributions from the renewed Safe, Clean Water Program, the absence of a \$10 million allocation will not significantly impact its advancement and can be absorbed under the current water rate projection, all else being equal.

Therefore, staff recommends not implementing Project A1 by not implementing its single KPI to “provide a portion of the funds, up to \$10 million...” (through the transfer of funds) and removing the project from the Safe, Clean Water Program. The \$10 million would be released into the Operating and Capital Reserves of Fund 26, and these can subsequently be allocated to help complete the construction of Project E2, thus providing the much-needed and long-awaited flood protection and bolster Project F5 to meet the growing needs of the community, including the unsheltered community. This additional funding and the strategic and flexible utilization of short-term and long-term debt issuances will provide sufficient funding to advance these critical projects.

Attachment 2 shows Project A1, which is not to be implemented under the Safe, Clean Water Program.

Project E8: Upper Guadalupe River Flood Protection (Modify KPI)

Project E8 continues a project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design, and construct improvements along 5.5 miles of the channel extending from Interstate 280 to Blossom Hill Road. The project has two KPIs. KPI #1, the preferred project with federal and local funding, is to “Construct a flood protection project to provide 1% (100-year) flood protection to 6,280 homes, 320 businesses, and 10 schools and institutions.”

KPI #2, with local funding only, is to “Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability.”

During its Fiscal Year 2022-23 Safe, Clean Water Program review, the IMC recommended that the KPI be modified to include protecting all native fish species. The KPI currently mentions only steelhead because steelhead are a federally protected species within the creek according to the Endangered Species Act. Project E8 improvements, while targeting to better the habitat for protected steelhead by adding gravel and providing habitat for rearing their young, spawning, and providing food sources, benefit all native fish species. Hence, staff concurred with the recommendation, and on March 12, 2024, the Board directed staff to pursue the modification. Therefore, staff recommends that the Board modify KPI #2 to include all native fish species.

Attachment 3 shows Project E8 with a proposed modification to KPI #2. The proposed change of adding new text is shown in red font.

F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship (Modify KPI)

Project F9 “provides grants and partnerships for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network.”

The project has four KPIs providing grants and partnerships. While Valley Water has successfully awarded grants and partnerships under KPIs #1, 2, and 3, it has not had any success in delivering KPI #4, which is restricted to partnerships with “small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities.”

Meanwhile, community members have expressed interest in receiving Valley Water assistance to implement watershed activities that provide community benefits, such as bank repair, sediment removal, and downed tree management. Broadening program access beyond small municipalities and special districts to include individuals by offering a rebate program covering watershed

stewardship activities will help deliver the project objectives and be responsive to the community's needs.

Therefore, staff recommends that KPI #4 be modified to broaden access beyond small municipalities and special districts and include individuals, with a rebate program covering watershed stewardship activities. Staff also proposes adjusting the project description to align with the proposed KPI modification.

Attachment 4 shows the proposed adjustments to Project F9's description and the proposed modification to KPI #4, with all proposed changes shown with strike-through for removed text and red font for new text. The attachment also contains a clean copy showing the proposed KPI #2 changes incorporated.

Next Steps

After opening and closing the public hearing, staff is recommending that the Board first review and approve the proposed text adjustments to F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship and then consider the adoption of the resolutions as follows:

1. Adopt the resolution APPROVING NOT IMPLEMENTING PROJECT A1: PACHECO RESERVOIR EXPANSION UNDER THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM;
2. Adopt the resolution APPROVING THE MODIFICATION OF PROJECT E8: UPPER GUADALUPE RIVER FLOOD PROTECTION OF THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM; and
3. Adopt the resolution APPROVING THE MODIFICATION OF PROJECT F9: GRANTS AND PARTNERSHIPS FOR SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP OF THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

Individual projects may have environmental justice impacts and Valley Water will conduct outreach and engagement to the impacted communities, which will be reported to the Board accordingly.

FINANCIAL IMPACT:

Upon adoption of the resolutions, the 15-year funding allocation for Project A1: Pacheco Reservoir Expansion (fund transfer to Water Utility Fund 61), Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection (26074002), and Project F5: Good Neighbor Program: Encampment Cleanup (26771027) projects would change. Project A1 would have zero funding after releasing

\$10.0 million to the Operating and Capital Reserves. The Project F5 cost allocation would increase by \$14.5 million from FY25 through FY36. The Total Project Cost (TPC) for Project E2 would increase by \$32.0 million to \$90.0 million, offset primarily by anticipated additional debt proceeds. Project E2 funding allocations are approximated at this time and will be finalized and implemented in FY2024-25 and incorporated in the CIP's Final Fiscal Years 2026-2030 Five-Year Plan.

CEQA:

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

ATTACHMENTS:

Attachment 1: Program Background
Attachment 2: A1 Proposed Not Implementation
Attachment 3: E8 Proposed Modification
Attachment 4: F9 Proposed Modification
Attachment 5: Project A1 Resolution
Attachment 6: Project E8 Resolution
Attachment 7: Project F9 Resolution
Attachment 8: Notice of Public Hearing
Attachment 9: PowerPoint

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228

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Attachment 1

Safe, Clean Water and Natural Flood Protection Program Background

In November 2020, Santa Clara County voters overwhelmingly approved Measure S, a renewal of Valley Water's Safe, Clean Water and Natural Flood Protection Program. Voters first approved a community-focused program to address our waterways and water supply in 2000 as the Clean, Safe Creeks and Natural Flood Protection Plan, then again in 2012 as the Safe, Clean Water and Natural Flood Protection Program.

The Safe, Clean Water Program addresses the following six community priorities:

- Priority A:** Ensure a Safe, Reliable Water Supply
- Priority B:** Reduce Toxins, Hazards, and Contaminants in Our Waterways
- Priority C:** Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters
- Priority D:** Restore Wildlife Habitat and Provide Open Space
- Priority E:** Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways
- Priority F:** Support Public Health and Public Safety for Our Community

Each of these priorities has specific operational and capital projects, which have key performance indicators (KPIs) to keep them on track in meeting the overall Safe, Clean Water Program priorities. KPIs are considered the measurement for the delivery of each project and represent Valley Water's commitment to the voters.

The renewed Safe, Clean Water Program will continue to be monitored by the Independent Monitoring Committee to ensure transparency, accountability, and fiscal responsibility. The Program also requires that staff develop five-year implementation plans, implement a change control process, and conduct independent audits at least every five years.

As changes may be required throughout the implementation of the Safe, Clean Water Program, staff has developed a change control process, which outlines the differences between adjustments and modifications to the Program and identifies the different processes for implementing both. In summary, "adjustments" are project changes that do not impact KPIs, such as updates to text, financial allocation, or schedule, and can be approved by the Valley Water Board during a public board meeting. Any changes to KPIs are considered "modifications." Modifications to KPIs or a decision to "Not Implement" a project require a public hearing, which must be publicly noticed.

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(NOT IMPLEMENT UNDER THE SAFE, CLEAN WATER PROGRAM)

PROJECT A1 PACHECO RESERVOIR EXPANSION

A collaboration between Valley Water, the San Benito County Water District and the Pacheco Pass Water District, the Pacheco Reservoir Expansion Project is a strategic and long-term investment toward ensuring a more reliable supply of safe, clean drinking water in the face of climate change.

This project will boost Pacheco Reservoir's operational capacity from 5,500 acre-feet to up to 140,000 acre-feet, enough to supply up to 1.4 million residents with water for one year in an emergency. Located in southeast Santa Clara County, the expanded reservoir will also reduce the frequency and severity of water shortages during droughts, protect our drinking water supply and infrastructure and improve habitat for fish.

Valley Water has taken into consideration 2030 and 2070 projected future conditions with climate change to ensure that the reservoir is not only viable today, but can withstand the changes expected in the future.

Benefits

- Ensures a reliable supply of drinking water
- Provides an emergency supply of drinking water
- Improves habitat for fish, including federally threatened steelhead
- Reduces flood risk to disadvantaged communities
- Allows for environmental water management that supports habitat projects and other environmental water needs
- Addresses climate change

Key Performance Indicator (FY22–36)

1. Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project.

Geographic Area of Benefit: Countywide

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PROJECT E8

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 project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct improvements along 5.5 miles of the 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.

USACE has initiated a General Re-evaluation Report (GRR) of the preferred project, which is anticipated to be completed by October 2023. The scope of the project may change as a result of the GRR findings.

Local-funding-only project

The locally funded project entails constructing flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive (Reach 7). It also includes completing a gravel augmentation project along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability. Flood damage will be reduced through the local-funding-only project. However, protection from the 1% (100-year event) flood is not provided without completion of the entire Upper Guadalupe River Flood Protection Project.

Mitigation elements of the project, namely Reach 10B (from Curtner Avenue to Almaden Expressway) and Reach 12 (from Brahm Lane to Blossom Hill Road), were completed in 2015 in partnerships with USACE. Construction on the gravel augmentation project is scheduled to begin in August 2021.

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 of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing downstream of Padres Drive to convey 1% flow
- Improves stream habitat values and fisheries
- Improves stream water quality
- Allows for creekside trail access
- Addresses climate change

Key Performance Indicators (FY22–36)

1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) 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 the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and all native fish species and channel stability.

Geographic Area of Benefit: San José

PROJECT F9

GRANTS AND PARTNERSHIPS FOR SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP

This project provides grants, and partnerships, and rebates for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network.

Benefits

- Leverages community resources for efficient use of funds to implement projects that conserve water, prevent trash and contaminants from entering our waterways and groundwater, enhance creek and bay ecosystems, and expand trail and open space access
- Increases collaborations and partnerships with cities, the County, nonprofit organizations, schools and other stakeholders
- Promotes public involvement, awareness and education of safe, clean drinking water, flood protection and environmental stewardship through community-led projects
- Broadens opportunities for smaller jurisdictions

Key Performance Indicators (FY22–36)

1. Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship.
2. Provide annual funding for bottle filling stations to increase drinking water accessibility, with priority for installations in economically disadvantaged communities and locations that serve school-age children and students.
3. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship.
4. Provide up to \$3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management. ~~partnerships with small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities, for projects aligned with the District Act and related to safe, clean drinking water, flood protection and environmental stewardship.~~

Geographic Area of Benefit: Countywide

PROJECT F9

GRANTS AND PARTNERSHIPS FOR SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP

This project provides grants, partnerships, and rebates for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network.

Benefits

- Leverages community resources for efficient use of funds to implement projects that conserve water, prevent trash and contaminants from entering our waterways and groundwater, enhance creek and bay ecosystems, and expand trail and open space access
- Increases collaborations and partnerships with cities, the County, nonprofit organizations, schools and other stakeholders
- Promotes public involvement, awareness and education of safe, clean drinking water, flood protection and environmental stewardship through community-led projects
- Broadens opportunities for smaller jurisdictions

Key Performance Indicators (FY22–36)

1. Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship.
2. Provide annual funding for bottle filling stations to increase drinking water accessibility, with priority for installations in economically disadvantaged communities and locations that serve school-age children and students.
3. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship.
4. Provide up to \$3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management.

Geographic Area of Benefit: Countywide

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 24-13

**APPROVING NOT IMPLEMENTING PROJECT A1: PACHECO RESERVOIR EXPANSION
UNDER THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM**

WHEREAS, on July 21, 2020, the Board of Directors of the Santa Clara Valley Water District (Valley Water) adopted Resolution No. 20-64 Providing for the Continuation and Levy of a Special Tax to Pay the Cost of the Safe, Clean Water and Natural Flood Protection Program in the Combined Flood Control Zone of the Santa Clara Valley Water District Subject, Nevertheless, to Specified Limits and Conditions (Resolution No. 20-64); and

WHEREAS, the purpose of the special tax is to supplement other available but limited revenues to keep Valley Water's flood protection system of levees, channels, drains, debris basins, and other improvements in a safe and effective condition; to enable Valley Water to respond to emergencies; to perform maintenance and repair; to acquire, restore, and preserve habitat; to provide recreation; to conduct environmental education; to protect and improve water quality; and, to construct and operate flood protection storm drainage facilities; including in each case the cost of financing such activities; support public health and public safety as it relates to Valley Water's mission; and

WHEREAS, in November 2020, Valley Water's Measure S was overwhelmingly approved by more than a two-thirds majority vote of the electorate of Valley Water, renewing a special tax, the proceeds of which are used solely to support the six funding priorities of the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), which are as follows: Priority A: Ensure a Safe, Reliable Water Supply; Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways; Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters; Priority D: Restore Wildlife Habitat and Provide Open Space; Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways; and Priority F: Support Public Health and Public Safety for Our Community; and

WHEREAS, Project A1: Pacheco Reservoir Expansion (Project A1) is included under Priority A of the Safe, Clean Water Program; and

WHEREAS, the objective of Project A1 is to provide a portion of funding to help construct the Pacheco Reservoir Expansion Project (Pacheco Project), which is a collaboration between Valley Water, San Benito County Water District, and the Pacheco Pass Water District; and

WHEREAS, the Safe, Clean Water Program identifies the Key Performance Indicator (KPI) for Project A1 as follows:

- "1. Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project."; and

WHEREAS, the Pacheco Project is primarily funded by the Water Utility Fund and has continued to progress without any contributions from the renewed Safe, Clean Water Program; and

WHEREAS, the Safe, Clean Water Program funding of \$10 million constitutes less than half a percent (0.36%) of the estimated cost of \$2.75 billion, as reflected in the Capital Improvement Program's Draft Fiscal Years (FY) 2025-2029 Five-Year Plan; and

Approving Not Implementing the Pacheco Reservoir Expansion Project Under the Safe, Clean Water and Natural Flood Protection Program Resolution No. 24-13

WHEREAS, the Safe, Clean Water funding is scheduled to be transferred to the Water Utility Fund over seven years from FY 2026 to FY 2032, amounting to approximately \$1.4 million annually; and

WHEREAS, infrastructure construction projects in the Safe, Clean Water Program are experiencing significant cost increases; and

WHEREAS, Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection, which is anticipated to be shovel-ready for construction in 2025, does not have the funding to construct Phase 2 and complete the project to deliver flood 1% flood protection and help remove the community from FEMA flood zone; and

WHEREAS, in response to community demands and expectations, the Board directed staff to enhance the Project F5: Good Neighbor Program: Encampment Cleanup level of service to clean up encampment-generated trash, debris, and hazardous pollutants along waterways; and

WHEREAS, given the Pacheco Project's other funding sources and relatively minor contributions from the Safe, Clean Water Program, the absence of a \$10 million allocation will not have a significant impact on its advancement; and

WHEREAS, to close the funding gap to fully construct Project E2 and sustain the enhanced level of service for Project F5 while helping maintain the financial health of the Safe, Clean Program's Fund (Fund 26), staff is recommending that the Valley Water Board of Directors not implement Project A1 by not implementing the fund transfer, resulting in removing the project from the renewed Safe, Clean Water Program, and releasing the \$10 million project allocation into Fund 26 Operating and Capital Reserves; and

WHEREAS, Valley Water's Resolution No. 20-64 authorizes modifications to proposed projects. Paragraph N. reads as follows: "The Board of Directors may direct that proposed projects in the Safe, Clean Water and Natural Flood Protection Program be modified or not implemented depending upon a number of factors, including federal and state funding limitations and the analysis and results of CEQA environmental review and permitting by state and federal regulatory agencies. The Board of Directors must hold a formal, public hearing on the matter, which will be noticed by publication and notification to interested parties, before adoption of any such decision to modify or not implement a project."; and

WHEREAS, at its regular Board meeting on March 26, 2024, Valley Water's Board of Directors set a time and place for a formal public hearing on April 9, 2023, at which time the Board will consider the proposed change to Not Implement Project A1: Pacheco Reservoir Expansion Project of the Safe, Clean Water and Natural Flood Protection Program.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. Pursuant to the requirements stated in California Government Code § 6066, staff prepared and published advertisements in Santa Clara County newspapers of general circulation.
2. Pursuant to the requirements stated in Valley Water's Resolution No. 20-64, Paragraph N., a noticed public hearing was held.

Approving Not Implementing the Pacheco Reservoir Expansion Project Under the Safe, Clean Water and Natural Flood Protection Program Resolution No. 24-13

3. Not Implement Project A1: Pacheco Reservoir Expansion under the Safe, Clean Water Program.
4. Valley Water's Safe, Clean Water and Natural Flood Protection Program's Project A1: Pacheco Reservoir Expansion is not to be implemented and be removed from the Program as stated in Exhibit A: Not Implement the Project Under the Safe, Clean Water Program.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on April 9, 2024:

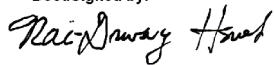
AYES: Directors Varela, Estremera, Beall, Eisenberg, Hsueh Keegan, Santos

NOES: None

ABSENT: None

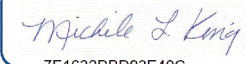
ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:

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NAI HSUEH
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC

DocuSigned by:

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Clerk, Board of Directors

EXHIBIT A COVERSHEET

NOT IMPLEMENT THE PROJECT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

(NOT IMPLEMENT UNDER THE SAFE, CLEAN WATER PROGRAM)

PROJECT A1 PACHECO RESERVOIR EXPANSION

A collaboration between Valley Water, the San Benito County Water District and the Pacheco Pass Water District, the Pacheco Reservoir Expansion Project is a strategic and long-term investment toward ensuring a more reliable supply of safe, clean drinking water in the face of climate change.

This project will boost Pacheco Reservoir's operational capacity from 5,500 acre-feet to up to 140,000 acre-feet, enough to supply up to 1.4 million residents with water for one year in an emergency. Located in southeast Santa Clara County, the expanded reservoir will also reduce the frequency and severity of water shortages during droughts, protect our drinking water supply and infrastructure and improve habitat for fish.

Valley Water has taken into consideration 2030 and 2070 projected future conditions with climate change to ensure that the reservoir is not only viable today, but can withstand the changes expected in the future.

Benefits

- Ensures a reliable supply of drinking water
- Provides an emergency supply of drinking water
- Improves habitat for fish, including federally threatened steelhead
- Reduces flood risk to disadvantaged communities
- Allows for environmental water management that supports habitat projects and other environmental water needs
- Addresses climate change

Key Performance Indicator (FY22–36)

1. Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project.

Geographic Area of Benefit: Countywide

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**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 24-14

**APPROVING THE MODIFICATION OF PROJECT E8: UPPER GUADALUPE RIVER FLOOD
PROTECTION OF THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION
PROGRAM**

WHEREAS, on July 21, 2020, the Board of Directors of the Santa Clara Valley Water District (Valley Water) adopted Resolution No. 20-64 Providing for the Continuation and Levy of a Special Tax to Pay the Cost of the Safe, Clean Water and Natural Flood Protection Program in the Combined Flood Control Zone of the Santa Clara Valley Water District Subject, Nevertheless, to Specified Limits and Conditions (Resolution No. 20-64); and

WHEREAS, the purpose of the special tax is to supplement other available but limited revenues to keep Valley Water's flood protection system of levees, channels, drains, debris basins, and other improvements in a safe and effective condition; to enable Valley Water to respond to emergencies; to perform maintenance and repair; to acquire, restore, and preserve habitat; to provide recreation; to conduct environmental education; to protect and improve water quality; and, to construct and operate flood protection storm drainage facilities; including in each case the cost of financing such activities; support public health and public safety as it relates to Valley Water's mission; and

WHEREAS, in November 2020, Valley Water's Measure S was overwhelmingly approved by more than a two-thirds majority vote of the electorate of Valley Water, renewing a special tax, the proceeds of which are used solely for the purpose of supporting the six funding priorities of the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), which are as follows: Priority A: Ensure a Safe, Reliable Water Supply; Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways; Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters; Priority D: Restore Wildlife Habitat and Provide Open Space; Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways; and Priority F: Support Public Health and Public Safety for Our Community; and

WHEREAS, Project E8: Upper Guadalupe River Flood Protection (Project E8) is included under Priority E of the Safe, Clean Water Program; and

WHEREAS, the Safe, Clean Water Program describes the primary objective of Project E8 as follows: "This federally authorized project continues a project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct improvements along 5.5 miles of the 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."; and

Approving the Modification to the Upper Guadalupe River Flood Protection Project of the Safe, Clean Water and Natural Flood Protection Program Resolution No. 24-14

WHEREAS, the Safe, Clean Water Program identifies the Key Performance Indicators (KPIs) for Project E8 as follows:

- “1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) 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 the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability.”; and

WHEREAS, KPI #2 currently mentions only steelhead because steelhead are federally protected species within the creek according to the Endangered Species Act; and

WHEREAS, the Project E8 improvements, while targeted to better the habitat for protected steelhead by adding gravel and providing habitat for rearing their young, spawning, and providing food sources, benefit all native fish species; and

WHEREAS, the Independent Monitoring Committee (IMC) made the recommendation that KPI #2 be modified to include protecting all native fish species; and

WHEREAS, on March 12, 2024, the Board directed staff to implement the IMC recommendation to modify KPI #2 to include protecting all native fish species; and

WHEREAS, Valley Water’s Resolution No. 20-64 authorizes modifications to proposed projects. Paragraph N. reads as follows: “The Board of Directors may direct that proposed projects in the Safe, Clean Water and Natural Flood Protection Program be modified or not implemented depending upon a number of factors, including federal and state funding limitations and the analysis and results of CEQA environmental review and permitting by state and federal regulatory agencies. The Board of Directors must hold a formal, public hearing on the matter, which will be noticed by publication and notification to interested parties, before adoption of any such decision to modify or not implement a project.”; and

WHEREAS, at its regular Board meeting conducted on March 26, 2024, Valley Water’s Board of Directors set a time and place for a formal public hearing to occur on April 9, 2023, at which time the Board will consider the Proposed Modification to Project E8: Upper Guadalupe River Flood Protection of the Safe, Clean Water and Natural Flood Protection Program.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. Pursuant to the requirements stated in California Government Code § 6066, staff prepared and published advertisements in Santa Clara County newspapers of general circulation.
2. Pursuant to the requirements stated in Valley Water’s Resolution No. 20-64, Paragraph N., a noticed public hearing was held.

Approving the Modification to the Upper Guadalupe River Flood Protection Project of the Safe,
Clean Water and Natural Flood Protection Program Resolution No. 24-14

3. Modify KPI #2 for Project E8: Upper Guadalupe River Flood Protection, as set forth in the Safe, Clean Water Program, as follows:

“With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and all native fish species and channel stability.”

4. Valley Water’s Safe, Clean Water and Natural Flood Protection Program’s Project E8: Upper Guadalupe River Flood Protection KPI #2 is hereby modified as stated in Exhibit A: Modified Key Performance Indicator.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on April 9, 2024:

AYES: Directors Varela, Estremera, Beall, Eisenberg, Hsueh, Keegan, Santos

NOES: None

ABSENT: None

ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

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NAI HSUEH
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC

DocuSigned by:

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Clerk, Board of Directors

EXHIBIT A COVERSHEET

MODIFIED KEY PERFORMANCE INDICATOR

No. of Pages: 2

Exhibit Attachments: None

EXHIBIT A

PROJECT E8

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 project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design and construct improvements along 5.5 miles of the 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.

USACE has initiated a General Re-evaluation Report (GRR) of the preferred project, which is anticipated to be completed by October 2023. The scope of the project may change as a result of the GRR findings.

Local-funding-only project

The locally funded project entails constructing flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive (Reach 7). It also includes completing a gravel augmentation project along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability. Flood damage will be reduced through the local-funding-only project. However, protection from the 1% (100-year event) flood is not provided without completion of the entire Upper Guadalupe River Flood Protection Project.

Mitigation elements of the project, namely Reach 10B (from Curtner Avenue to Almaden Expressway) and Reach 12 (from Brahmam Lane to Blossom Hill Road), were completed in 2015 in partnerships with USACE. Construction on the gravel augmentation project is scheduled to begin in August 2021.

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 of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing downstream of Padres Drive to convey 1% flow
- Improves stream habitat values and fisheries
- Improves stream water quality
- Allows for creekside trail access
- Addresses climate change

EXHIBIT A (Continued)

Key Performance Indicators (FY22–36)

1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) 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 the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and all native fish species and channel stability.

Geographic Area of Benefit: San José

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 24-15

**APPROVING THE MODIFICATION OF PROJECT F9: GRANTS AND PARTNERSHIPS FOR
SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP OF
THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM**

WHEREAS, on July 21, 2020, the Board of Directors of the Santa Clara Valley Water District (Valley Water) adopted Resolution No. 20-64 Providing for the Continuation and Levy of a Special Tax to Pay the Cost of the Safe, Clean Water and Natural Flood Protection Program in the Combined Flood Control Zone of the Santa Clara Valley Water District Subject, Nevertheless, to Specified Limits and Conditions (Resolution No. 20-64); and

WHEREAS, the purpose of the special tax is to supplement other available but limited revenues to keep Valley Water's flood protection system of levees, channels, drains, debris basins, and other improvements in a safe and effective condition; to enable Valley Water to respond to emergencies; to perform maintenance and repair; to acquire, restore, and preserve habitat; to provide recreation; to conduct environmental education; to protect and improve water quality; and, to construct and operate flood protection storm drainage facilities; including in each case the cost of financing such activities; support public health and public safety as it relates to Valley Water's mission; and

WHEREAS, in November 2020, Valley Water's Measure S was overwhelmingly approved by more than a two-thirds majority vote of the electorate of Valley Water, renewing a special tax, the proceeds of which are used solely to support the six funding priorities of the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), which are as follows: Priority A: Ensure a Safe, Reliable Water Supply; Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways; Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters; Priority D: Restore Wildlife Habitat and Provide Open Space; Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways; and Priority F: Support Public Health and Public Safety for Our Community; and

WHEREAS, Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship (Project F9) is included under Priority F of the Safe, Clean Water Program; and

WHEREAS, the objective of Project F9 is to provide grants and partnerships for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network; and

Approving the Modification to the Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship of the Safe, Clean Water and Natural Flood Protection Program
Resolution No. 24-15

WHEREAS, the Safe, Clean Water Program identifies the Key Performance Indicators (KPIs) for Project F9 as follows:

- “1. Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship.
2. Provide annual funding for bottle filling stations to increase drinking water accessibility, with priority for installations in economically disadvantaged communities and locations that serve school-age children and students.
3. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship.
4. Provide up to \$3 million per 15-year period for partnerships with small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities, for projects aligned with the District Act and related to safe, clean drinking water, flood protection and environmental stewardship.”; and

WHEREAS, while Valley Water has successfully awarded grants and partnerships under KPIs #1, 2, and 3, it has not had any success in delivering KPI #4, which is restricted to partnerships with “small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities,”; and

WHEREAS, community members have expressed interest in receiving Valley Water assistance to implement watershed activities, such as bank repair, sediment removal, and downed tree management, with community benefits; and

WHEREAS, broadening access beyond small municipalities and special districts to include individuals by offering a rebate program covering watershed stewardship activities, such as bank repair, sediment removal, and downed tree management, will help deliver the project objectives and be responsive to the community’s needs; and

WHEREAS, Valley Water’s Resolution No. 20-64 authorizes modifications to proposed projects. Paragraph N. reads as follows: “The Board of Directors may direct that proposed projects in the Safe, Clean Water and Natural Flood Protection Program be modified or not implemented depending upon a number of factors, including federal and state funding limitations and the analysis and results of CEQA environmental review and permitting by state and federal regulatory agencies. The Board of Directors must hold a formal, public hearing on the matter, which will be noticed by publication and notification to interested parties, before adoption of any such decision to modify or not implement a project”; and

WHEREAS, at its regular Board meeting on March 26, 2024, Valley Water’s Board of Directors set a time and place for a formal public hearing on April 9, 2023. At that time, the Board will consider the Proposed Modification to Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewards of the Safe, Clean Water and Natural Flood Protection Program.

Approving the Modification to the Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship of the Safe, Clean Water and Natural Flood Protection Program
Resolution No. 24-15

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. Pursuant to the requirements stated in California Government Code § 6066, staff prepared and published advertisements in Santa Clara County newspapers of general circulation.
2. Pursuant to the requirements stated in Valley Water's Resolution No. 20-64, Paragraph N., a noticed public hearing was held.
3. Modify KPI #4 for Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship as set forth in the Safe, Clean Water Program, as follows:

"Provide up to \$3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management."
4. Valley Water's Safe, Clean Water and Natural Flood Protection Program's Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship KPI #4 is hereby modified as stated in Exhibit A: Modified Key Performance Indicator.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on April 9, 2024:

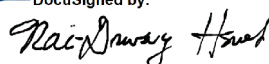
AYES: Directors Directors Varela, Estremera, Beall, Eisenberg, Hsueh, Keegan, Santos

NOES: None

ABSENT: None

ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

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NAI HSUEH
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC

DocuSigned by:

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Clerk, Board of Directors

Approving the Modification to the Grants and Partnerships for Safe, Clean Water, Flood Protection
and Environmental Stewardship of the Safe, Clean Water and Natural Flood Protection Program
Resolution No. 24-15

EXHIBIT A COVERSHEET

MODIFIED KEY PERFORMANCE INDICATOR

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

PROJECT F9

GRANTS AND PARTNERSHIPS FOR SAFE, CLEAN WATER, FLOOD PROTECTION AND ENVIRONMENTAL STEWARDSHIP

This project provides grants, ~~and~~ partnerships, ~~and rebates~~ for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network.

Benefits

- Leverages community resources for efficient use of funds to implement projects that conserve water, prevent trash and contaminants from entering our waterways and groundwater, enhance creek and bay ecosystems, and expand trail and open space access
- Increases collaborations and partnerships with cities, the County, nonprofit organizations, schools and other stakeholders
- Promotes public involvement, awareness and education of safe, clean drinking water, flood protection and environmental stewardship through community-led projects
- Broadens opportunities for smaller jurisdictions

Key Performance Indicators (FY22–36)

1. Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship.
2. Provide annual funding for bottle filling stations to increase drinking water accessibility, with priority for installations in economically disadvantaged communities and locations that serve school-age children and students.
3. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship.
4. Provide up to \$3 million per 15-year period ~~for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management. partnerships with small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities, for projects aligned with the District Act and related to safe, clean drinking water, flood protection and environmental stewardship.~~

Geographic Area of Benefit: Countywide

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Safe, Clean Water and Natural Flood Protection Program Changes - Countywide



- What:** Public Hearing on Changes to the Safe, Clean Water and Natural Flood Protection Program
- Who:** Santa Clara Valley Water District (Valley Water)
- When:** Tuesday, April 9, 2024, at 1:00 p.m.
- Where:** Valley Water Headquarters Building Boardroom
5700 Almaden Expressway, San Jose, CA
Or by Zoom Teleconference at <https://valleywater.zoom.us/j/84454515597>

Valley Water invites you to a Public Hearing regarding proposed changes to the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program).

Infrastructure construction projects within the Safe, Clean Water Program have experienced significant cost escalation, while community expectations for other projects are increasing, resulting in funding gaps.

Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection (Project E2) has the funding to construct Phase 1, but Phase 2 awaits construction funding. Valley Water expects to receive regulatory permits for the project by the end of 2024, making the project shovel-ready for construction in 2025. The project, which voters first approved in November 2000 as part of the Clean, Safe Creek and Natural Flood Protection Plan, entails upgrading approximately three (3) miles of the existing West Channel (Phase 1) to provide 1% (100-year event) flood protection for 47 acres of highly valuable industrial lands, including the Onizuka Air Force Base, and approximately 6.4 miles of the existing Sunnyvale East Channel (Phase 2) to provide 1% flood protection to 1,618 parcels.

Phase 1 construction is slated for 2025, but Phase 2 requires funding to commence construction. Constructing both phases without delaying Phase 2 will allow Valley Water to complete the entire project, thus providing 1% flood protection and helping the community to be removed from the FEMA flood zone. Bundling Phase 1 and 2 constructions will also result in potential cost savings, such as saving on leasing costs by utilizing the same large construction staging area for a shorter period. By moving forward with Phase 2 construction without delay, Valley Water will also limit the impact of anticipated future construction cost escalations.

Construction of Phase 2 will also fulfill Valley Water's Joint Use Agreement with the City of Sunnyvale for trail improvements and recreational uses along the Sunnyvale West and Sunnyvale East Channels. Under the agreement, the city is committed to providing funding (\$500,000) to pave the maintenance road on each channel for use as a public trail. After the project is completed, the city will maintain the public trails.

Furthermore, following the Board's direction, prompted by community demands, staff enhanced the level of service and launched fresh initiatives to clear encampment-generated waste, debris, and hazardous pollutants along waterways through Project F5: Good Neighbor Program: Encampment Cleanup (Project F5). In August 2023 (FY2023-24), Valley Water launched the Portable Toilet Facilities Program, installing portable toilets and wash stations at critical locations along local creeks to improve water quality.

Additionally, Valley Water is developing the Clean Camps, Clean Creeks Program, which will provide debit cards to incentivize unsheltered individuals residing along waterways to maintain camp areas free of trash and debris. Although these initiatives will better equip Valley Water to confront challenges posed by encampments of unsheltered people, Project F5 requires increased funding to sustain this level of service.

Even with Valley Water successfully securing external grants and low-cost loans, Project E2 and Project F5 do not have adequate funding. This funding gap has prompted staff to recommend that the Board provide direction on balancing the Safe, Clean Water Fund (Fund 26) to ensure the delivery of the renewed Safe, Clean Water Program.

In addition, the renewed Safe, Clean Water Program's Independent Monitoring Committee (IMC), an external monitoring committee, has recommended that Project E8: Upper Guadalupe River Flood Protection Key Performance Indicator (KPI) #2 be modified to include aquatic habitat improvement benefiting all native fish species. Staff concurred with the recommendation, and on March 12, 2024, the Board directed staff to pursue the modification.

Finally, Valley Water staff has identified the need to modify Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship (Project F9) to expand the project to initiate a new Creekside Neighbor Rebate Program in response to community need.

Therefore, staff is recommending not implementing Project A1: Pacheco Reservoir Expansion by not carrying out the fund transfer, resulting in the project being removed from the renewed Safe, Clean Water Program, and modifying Project E8: Upper Guadalupe River Flood Protection and Project F9: Grants and Partnerships.

Project A1: Pacheco Reservoir Expansion (A1)

Project A1 is one of the three renewed Safe, Clean Water projects with a fiscal-based KPI, where the deliverable is not to construct a project directly but to allocate a portion of funding to support project construction. In this instance, the project KPI is to "Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project. The Safe, Clean Water Program funding of \$10 million constitutes less than half a percent (0.36%) of the estimated cost of \$2.75 billion (Capital Improvement Program's Draft FYs 2025-2029 Five-Year Plan.) Furthermore, the funding is scheduled to be transferred to the Water Utility Fund over seven years, from FY26 to FY32, amounting to approximately \$1.4 million annually.

The reservoir expansion project is primarily funded by the Water Utility Fund and has continued to progress without any contributions from the renewed Safe, Clean Water Program. Additionally, the project, a strategic and long-term investment toward ensuring a more reliable supply of safe, clean drinking water in the face of climate change, is eligible for a \$504 million California Water Commission (CWC) funding.

Given the project's other funding sources and relatively minor contributions from the renewed Safe, Clean Water Program, the absence of a \$10 million allocation will not have a significant impact on its advancement.

Therefore, staff is recommending the following:

A1 – Not Implement the project and its KPI #1 to “Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project” under the renewed Safe, Clean Water Program.

Project E8: Upper Guadalupe River Flood Protection (E8)

Project E8 continues a project in partnership with the U.S. Army Corps of Engineers (USACE) to plan, design, and construct improvements along 5.5 miles of the channel extending from Interstate 280 to Blossom Hill Road.

The project’s KPI #2, with local funding only, is to “Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability.”

During its Fiscal Year 2022-23 Safe, Clean Water Program review, the IMC recommended that the KPI be modified to include protecting all native fish species. The KPI currently mentions only steelhead because steelhead are federally protected species within the creek according to the Endangered Species Act. Project E8 improvements, while targeting to better the habitat for protected steelhead by adding gravel and providing habitat for rearing their young, spawning, and providing food sources, benefit all native fish species. Hence, staff is recommending that the Board modify KPI #2 to include all native fish species. Below is the proposed modification.

E8 – KPI #2: With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and all native fish species and channel stability.

Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship (F9)

Project F9 provides grants and partnerships for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. Eligible projects include water conservation; recycled water programs and infrastructure; pollution prevention programs; watershed stewardship; creek cleanups; education; and developing plans and/or implementing projects that create or enhance wetland, riparian and tidal marsh habitat; protect special status species; improve fish passage and habitat; remove non-native, invasive plant species; plant native species; partnerships to remove flood-inducing blockages, and provide access to creekside trails or trails that provide a significant link to the creekside trail network.

The project has four KPIs providing grants and partnerships. While Valley Water has successfully awarded grants and partnerships under KPIs #1, 2, and 3, it hasn’t had any success in delivering KPI #4, which is restricted to partnerships with “small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities.” Meanwhile, community members have expressed interest in receiving Valley Water assistance to implement watershed activities that provide community benefits, such as bank repair, sediment removal, and downed tree

management. Therefore, staff is recommending that the Board modify KPI #4 to broaden access beyond small municipalities and special districts and include individuals, with a rebate program covering watershed stewardship activities. Below is the proposed modification.

F9 – KPI #4: Provide up to \$3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management.

This meeting is being held in accordance with the Brown Act. The 1:00 p.m. April 9, 2024, Public Hearing will be held during a Board Meeting and is accessible for public in-person participation at the time, date, and location shown above or by public virtual participation at the Zoom link above. Document(s) associated with this hearing are available for public inspection prior to the meeting in the Clerk of the Board's Office or online at <http://www.valleywater.org> and will be available at the meeting.

For more information, contact Meenakshi Ganjoo, Program Administrator, at **408-630-2295**.

Important Notices:

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled Valley Water Board meeting to ensure that Valley Water may assist you. Reasonable efforts will be made to accommodate persons with disabilities.

重要通知：

Valley Water 遵守美國殘疾人法案 (ADA)，要求需要特殊便利才能訪問和/或參加 Valley Water 委員會會議的個人請致電 (408) 630-2711 聯繫委員會辦公室的書記員，網址為在預定的 Valley Water 委員會會議召開前至少 3 個工作日，以確保 Valley Water 可以為您提供幫助。將做出合理的努力以容納殘疾人。

Thông báo quan trọng:

Valley Water, để tuân thủ Đạo luật Người Mỹ Khuyết tật (ADA), yêu cầu những cá nhân cần điều chỉnh đặc biệt để tiếp cận và/hoặc tham gia các cuộc họp của Hội đồng Valley Water vui lòng liên hệ với Văn phòng Thư ký của Hội đồng theo số (408) 630-2711, tại ít nhất 3 ngày làm việc trước cuộc họp đã lên lịch của Hội đồng Valley Water để đảm bảo rằng Valley Water có thể hỗ trợ bạn. Những nỗ lực hợp lý sẽ được thực hiện để hỗ trợ người khuyết tật.

Aviso Importantes:

Valley Water, en cumplimiento de la Ley de Estadounidenses con Discapacidades (ADA), solicita a las personas que requieren adaptaciones especiales para acceder y/o participar en las reuniones de la Junta de Valley Water que se comuniquen con la oficina del Secretario de la Junta al (408) 630-2711, al menos 3 días hábiles antes de la reunión programada de la Junta de Valley Water para asegurarse de que Valley Water pueda ayudarlo. Se harán esfuerzos razonables para acomodar a las personas con discapacidades.

Safe, Clean Water Program Public Notice Ad Publication Schedule:

San Jose Post – March 29 and April 5

Chinese News – April 1

Vietnam Daily – April 3

Community papers – April 5

El Observador – April 5

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Safe, Clean Water Program Proposed Changes

Presented by: Jessica Collins, Business Planning and Analysis Unit Manager
April 9, 2024



BOARD ACTIONS TODAY

- A. Conduct the Public Hearing on the proposed changes to the Safe, Clean Water Program projects under Priorities A, E, and F**
- B. Adopt Resolutions approving the following:**
 - Not Implement Project A1: Pacheco Reservoir Expansion under the Safe, Clean Water Program
 - Modify Project E8: Upper Guadalupe River Flood Protection
 - Modify Project F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship
- C. Approve text adjustments to Project F9: Grants and Partnership**

Change Control Process

1. Program Change Control Process to modify, not implement, or adjust projects consistent with Resolution No. 20-64
 - i. Adjustments – Text changes not impacting key performance indicators (KPIs) can be approved during a public Board meeting
 - ii. Modifications - Changes to project KPIs or funding allocations impacting KPIs require a public hearing
 - iii. Not Implementation – The decision to not implement a project requires a public hearing
2. On March 26, the Board set April 9 as the public hearing date
3. Public hearing notices placed in newspapers
4. Stakeholder outreach conducted

Catalyst for proposed changes

- 1. Rising infrastructure construction costs and increasing community expectations**
- 2. Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection Project**
 - Shovel-ready in 2025, but inadequate funding to complete the two-phased project
 - Bundling Phase 1 and Phase 2 construction offers potential cost savings and delivers 1% flood protection
- 3. Project F5: Good Neighbor Program: Encampment Cleanup**
 - Per Board direction, increased the level of service (LOS), launching the Portable Toilets Facilities Program and developing the Clean Camps, Clean Creeks Program
 - Additional funding required to sustain the enhanced LOS
- 4. E8: Upper Guadalupe River Flood Protection Program**
 - IMC recommended and Board directed modifying KPI #2 to include aquatic habitat improvement benefiting all native fish species, not just steelhead
- 5. F9: Grants and Partnerships**
 - Not successful in delivering KPI # 4, offering partnerships limited to small municipalities or special districts
 - Community members seeking assistance for watershed activities with community benefits

Changes proposed

1. Not Implement A1: Pacheco Reservoir Expansion under Safe, Clean Water Program

- Fiscal-based KPI requires Safe, Clean Water Program to provide “up to \$10 million” to help construct the Pacheco Reservoir Expansion Project
- The project is primarily funded by the Water Utility Fund (Fund 61)
- \$10 million Safe, Clean Water allocation constitutes 0.36% of the estimated project cost of \$2.75 billion
- Safe, Clean Water Program funding scheduled to occur over 7 years, starting FY26, amounting to about \$1.4 million annually
- The absence of a \$10 million allocation will not have a significant impact on the project’s progress and can be absorbed under the current water rate projection, all else being equal
- \$10 million can be released into the Operating and Capital Reserves of Fund 26 and subsequently allocated to help:
 - Complete the construction of the Sunnyvale project that voters approved in 2000
 - Bolster Project F5 to meet the growing needs of the community, including the unsheltered community

Changes proposed...contd.

1. E8: Upper Guadalupe River Flood Protection Project

- **Modify** KPI #2 to “With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead **and all native fish species** and channel stability.”

2. F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship

- **Modify** KPI #4 to “Provide up to \$3 million per 15-year period **for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management.** ~~partnerships with small municipalities (defined as under 50,000 people in the most recent census available), or special districts with boundaries substantially within the footprint of small cities, for projects aligned with the District Act and related to safe, clean drinking water, flood protection and environmental stewardship.~~
- **Adjust Project Description** to “This project provides grants, ~~and~~ partnerships, **and rebates** for agencies, organizations, and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space.

Next steps

- Review and approve the proposed text adjustments to F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship
- Adopt the following resolutions:
 - Not implementing Project A1: Pacheco Reservoir Expansion under the Safe, Clean Water And Natural Flood Protection Program;
 - Modification of Project E8: Upper Guadalupe River Flood Protection
 - Modification of Project F9: Grants And Partnerships For Safe, Clean Water, Flood Protection And Environmental Stewardship

QUESTIONS





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