



Santa Clara Valley Water District Safe, Clean Water Independent Monitoring Committee (SCW IMC)

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California

Alternate location:
6535 Ravenna Ave NE, Seattle, WA

REGULAR MEETING AGENDA

**Wednesday, December 3, 2025
4:00 PM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

**SAFE, CLEAN WATER PROGRAM
INDEPENDENT MONITORING
COMMITTEE (IMC)**

COMMITTEE OFFICERS:
TBD, Committee Chairperson
Susan M. Landry, Committee Vice
Chairperson

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Dave Leon (Committee Liaison)
daveleon@valleywater.org (408)
630-2006

BOARD REPRESENTATIVES:
Tony Estremera, Board
Chairperson
Richard Santos, Board Vice
Chairperson

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
SCW Independent Monitoring Committee (SCW IMC)
REGULAR MEETING
AGENDA

Wednesday, December 3, 2025	4:00 PM	HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California Join Zoom Meeting: https://valleywater.zoom.us/j/85611501656
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*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with **Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS** located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

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This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has

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Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/85611501656>

Meeting ID: 856 1150 1656

Join by Phone:

1 (669) 900-9128, 85611501656#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: Members of the public who wish to address the Board/Committee on any item not listed on the agenda may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board/Committee may take action on any item of business appearing on the posted agenda.

2.1. Elect 2025-2026 Chairperson and Vice Chairperson. 25-1040

Recommendation: Elect 2025-2026 Chairperson and Vice Chairperson.

Manager: Candice Kwok-Smith, 408-630-3193

Est. Staff Time: 5 Minutes

3. APPROVAL OF MINUTES:

- 3.1. Approve the February 19, 2025 and September 11, 2025 IMC Minutes. [25-1041](#)

Recommendation: Approve the minutes.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [Attachment 1: 02192025 Draft IMC Minutes](#)

[Attachment 2: 09112025 Draft IMC Minutes](#)

Est. Staff Time: 5 Minutes

4. REGULAR AGENDA:

- 4.1. Independent Monitoring Committee's Annual Review of the Safe, Clean Water and Natural Flood Protection Program's Fiscal Year 2024-25 Annual Report. [25-1024](#)

Recommendation: A. Receive an overview of the fourth year of implementation of the Safe, Clean Water and Natural Flood Program (Safe, Clean Water Program) and the Fiscal Year 2024-25 (FY25):
B. Determine whether to continue the existing process or establish a new process to review the Annual Report; and
C. Consider and approve the schedule for finalizing the Independent Monitoring Committee's annual report on Santa Clara Valley Water District's FY25 Annual Report.

Manager: Luz Penilla, 408-630-2228

Attachments: [Attachment 1: FY25 Safe, Clean Water Program Annual Report](#)

[Attachment 2: Resolution 20-64](#)

[Attachment 3: Resolution No. 2025-59 Establishing IMC](#)

[Attachment 4: Project Modification](#)

[Attachment 5: Project Text Adjustments Redlined](#)

[Attachment 6: Change Control Process At-A-Glance](#)

[Attachment 7: PowerPoint](#)

Est. Staff Time: 15 Minutes

- 4.2. Receive Information on Jurisdictional Complexities Impacts on Projects In the Safe, Clean Water and Natural Flood Protection Program. [25-1039](#)

Recommendation: Receive information on jurisdictional complexities impacts on projects in the Safe, Clean Water and Natural Flood Protection Program.

Manager: Luz Penilla, 408-630-2228

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 20 Minutes

- 4.3. Receive the Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the Period Covering July 1, 2021, Through June 30, 2024, with Valley Water Management's Response.

25-1037

Recommendation: Receive the Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the period covering July 1, 2021, through June 30, 2024, with Valley Water management's response.

Manager: Luz Penilla, 408-630-2228

Attachments: [Attachment 1: Performance Audit Report](#)

[Attachment 2: Resolution 20-64](#)

[Attachment 3: PowerPoint](#)

Est. Staff Time: 20 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. ADJOURN:

- 6.1. Adjourn. The Next Regular Meeting is Scheduled at 4:00 p.m. on January 29, 2026.

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Santa Clara Valley Water District

File No.: 25-1040

Agenda Date: 12/3/2025

Item No.: 2.1.

COMMITTEE AGENDA MEMORANDUM Safe Clean Water Independent Monitoring Committee (SCW IMC)

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

SUBJECT:

Elect 2025-2026 Chairperson and Vice Chairperson.

RECOMMENDATION:

Elect 2025-2026 Chairperson and Vice Chairperson.

SUMMARY:

Per Board Resolution 21-10, the duties of the Chair and Vice Chair are as follows:

The officers of the Committee shall be a Chairperson and Vice Chairperson, both of whom shall be members of the Committee. The Committee shall elect its officers at the first meeting of the Committee's annual review cycle. The Chairperson and Vice Chairperson shall serve a term of one year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.

The Chairperson shall preside at all meetings of the Committee. The Chairperson shall sign all resolutions and all other instruments made or promulgated by the Committee and he or she shall perform such other duties as the Committee may prescribe consistent with the purpose of the Committee.

The Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson; and in case of the resignation of or death of the Chairperson, the Vice Chairperson shall perform such duties as are imposed upon the Chairperson until such time as a new Chairperson is elected by the Committee.

Should the office of Chairperson or Vice Chairperson become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with this item.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193



Santa Clara Valley Water District

File No.: 25-1041

Agenda Date: 12/3/2025

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM Safe Clean Water Independent Monitoring Committee (SCW IMC)

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

SUBJECT:

Approve the February 19, 2025 and September 11, 2025 IMC Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: 02192025 Draft IMC Minutes

Attachment 2: 09112025 Draft IMC Minutes

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

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SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM
INDEPENDENT MONITORING COMMITTEE

DRAFT MINUTES

WEDNESDAY, FEBRUARY 19, 2025

(Paragraph numbers coincide with agenda item numbers)

A regularly scheduled meeting of the Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee was held on February 19, 2025 at the Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, CA 95118.

1. CALL TO ORDER

Committee Chair Jeffrey Hare called the meeting to order at 4:01 p.m.

1.1. ROLL CALL

A quorum was established with nine Members present.

Members in attendance were:

District 1: Marc Rauser

District 2: Chairperson Jeffrey Hare, Kathleen Sutherland

District 3: Will Ector

District 4: Vice Chairperson Susan M. Landry

District 5: Bill Hoeft and George Fohner

District 6: Patrick Kwok

District 7: Forest Peterson

Members absent were:

District 3: Bill Chuan

Member Rebecca Gallardo, District 6, arrived as noted below.

Directors in attendance were: Director Richard Santos, District 3

Valley Water staff in attendance were: Emmanuel Aryee, Mark Bilski, Wade Blackard, John Bourgeois Jen Codianne, Jessica Collins, Meenakshi Ganjoo, Rachael Gibson, Chris Hakes, Dave Leon, Ryan McCarter, Patrice McElroy, Lizzie Mercado, Judy Nam, Tony Ndah, Max Overland, Peter Park, Luz Penilla, Kevin Sibley, and Kirsten Struve.

Public in attendance were: Rebecca's iPhone, and Sam.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA

There was no one who wished to speak.

3. APPROVAL OF MINUTES

3.1 APPROVE THE JANUARY 31, 2025 IMC MINUTES

Recommendation: Approve the January 31, 2025 IMC minutes

It was moved by Vice Chairperson Landry, seconded by Member Hoeft, and unanimously carried, to approve the January 31, 2025 Committee meeting minutes as submitted.

4. REGULAR AGENDA

4.1 REPORT DRAFTING COMMITTEE PRESENTS FINAL INDEPENDENT MONITORING COMMITTEE (IMC) ANNUAL REPORT FOR FISCAL YEAR 2023-2024

Meenakshi Ganjoo and Jessica Collins reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding presentation materials contained in Attachments 1, 2, and 3, and were available to answer questions.

Member Gallardo arrived at 4:09 p.m.

Discussion ensued relating to various proposed edits to the report.

It was moved by Member Kwok, seconded by Vice Chairperson Landry, and carried by unanimous vote, to approve all edits and feedback in the final report for submission to the Board of Directors.

4.2. RECEIVE INFORMATION ON AND DISCUSS SANTA CLARA VALLEY WATER DISTRICT'S PROPOSED AMENDED CONFLICT OF INTEREST CODE

Patrice McElroy reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding presentation materials contained in Attachment 1. Patrice McElroy, Jessica Collins, and Luz Penilla were available to answer questions.

The Committee received the information, provided feedback and comments, and took no formal action.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

The Committee took no formal action.

6. ADJOURN.

Chairperson Hare adjourned the meeting at 5:34 p.m.

Dave Leon
Assistant Deputy Clerk II
Office of the Clerk of the Board

Approved:



SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM
INDEPENDENT MONITORING COMMITTEE

DRAFT MINUTES

THURSDAY, September 11, 2025

(Paragraph numbers coincide with agenda item numbers)

A special meeting and site visit (in-person only) of the Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee was held on September 11, 2025 at the Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, CA 95118.

1. CALL TO ORDER

Committee Vice Chairperson Susan Landry called the meeting to order at 8:36 a.m.

1.1. ROLL CALL

A quorum was established with eight members present.

Members in attendance were:

District 1: Marc Rauser

District 2: Erika Laguna, Greg Pollock

District 3: Will Ector and Bill Chuan

District 4: Vice Chairperson Susan M. Landry

District 5: Bill Hoeft

District 7: Forest Peterson

Members absent were:

District 5: George Fohner

District 6: Rebecca Gallardo and Patrick Kwok

Valley Water staff in attendance were: Wade Blackard, Jessica Collins, Meenakshi Ganjoo, Dave Leon, Nicole Merritt, Sophie Padilla, and Stephanie Simunic.

No members of the public were in attendance.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA
There was no one who wished to speak.

4. REGULAR AGENDA

4.1 IMC COMMITTEE TOUR OF VARIOUS VALLEY WATER PROJECT SITES

Recommendation: The tour of the various sites is for informational purposes only and no staff recommendation or action is requested to be taken by the Committee at this time.

The Committee recessed to the tour at 8:37 a.m. and departed Valley Water headquarters at 8:55 a.m.

The Committee took an in-person tour of the following sites:

- Coyote Creek Flood Protection Project
- Anderson Dam Seismic Retrofit Project
- Hale Creek Enhancement Pilot Project
- Saratoga Creek Hazard Tree Removal and Restoration Project

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

The Committee took no formal action.

6. ADJOURN.

At the conclusion of the site visit at the Saratoga Creek Hazard Tree Removal and Restoration Project, Vice Chairperson Landry adjourned the meeting and site visits at 3:05 p.m.

Dave Leon
Assistant Deputy Clerk II
Office of the Clerk of the Board

Approved:



Santa Clara Valley Water District

File No.: 25-1024

Agenda Date: 12/3/2025

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM Safe Clean Water Independent Monitoring Committee (SCW IMC)

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

SUBJECT:

Independent Monitoring Committee's Annual Review of the Safe, Clean Water and Natural Flood Protection Program's Fiscal Year 2024-25 Annual Report.

RECOMMENDATION:

- A. Receive an overview of the fourth year of implementation of the Safe, Clean Water and Natural Flood Program (Safe, Clean Water Program) and the Fiscal Year 2024-25 (FY25);
- B. Determine whether to continue the existing process or establish a new process to review the Annual Report; and
- C. Consider and approve the schedule for finalizing the Independent Monitoring Committee's annual report on Santa Clara Valley Water District's FY25 Annual Report.

SUMMARY:

Fiscal Year 2025 marked the fourth year of implementation for the Safe, Clean Water Program by the Santa Clara Valley Water District (Valley Water). The Program, overwhelmingly approved by Santa Clara County voters in November 2020, took effect on July 1, 2021, and is being implemented over a 15-year financial cycle.

The FY25 Annual Report (Attachment 1) serves as the fourth annual update, providing progress reports on each project under the following key 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

In accordance with the transparency and accountability provisions outlined in the ballot measure,

Resolution No. 20-64, Section P (Attachment 2), the Board passed Resolution 21-10 on February 23, 2021, establishing the Independent Monitoring Committee (IMC) for the Safe, Clean Water Program. Subsequently, on September 23, 2025, the Valley Water Board of Directors (Board) adopted Resolution No. 2025-59 (Attachment 3), which superseded Resolution 21-10 to establish new conflict of interest disclosure requirements for members of the Safe, Clean Water, and Natural Flood Protection Program's Independent Monitoring Committee (IMC). This action was taken in response to independent program audits that recommended adopting a conflict-of-interest policy for the IMC, highlighting that both real and perceived conflicts of interest could undermine the Program's credibility. After reviewing various options, it was determined that adopting a new resolution specifying disclosure and recusal requirements, rather than requiring IMC members to file Form 700 statements, was the most effective approach.

FY25 Program Performance:

Annual Project Status

As of FY24, there are 31 projects in the Program. In FY25, of the 31 projects, 28 projects (91%) were Active, one (1) project (3%) was Scheduled to Start in future years, one (1) project (3%), D6: Restoration of Natural Creek Functions, was Completed, and one (1) project (3%), Project E4: Upper Penitencia Creek Flood Protection (Project E4), was put On Hold due to the reallocation of staff resources to other priority projects approaching construction. Previously in FY24, the Board decided not to implement Project A1: Pacheco Reservoir Expansion under the Safe, Clean Water Program.

Change Control Process Indicators - Modifications and Adjustments

The voter-approved measure allows the Board to direct that proposed projects in the Program be modified or not implemented, depending on several factors, including federal and state funding limitations and the analysis and results of the CEQA environmental review and permitting by state and federal regulatory agencies. The measure requires the Board to hold a formal, public hearing on the matter, to be noticed by publication and notification to interested parties, before adopting any such decision to modify or not implement a project.

Modifications - On August 13, 2024, the Valley Water Board approved a funding modification for Project Upper Guadalupe River Flood Protection Project (Project E8), reducing the 15-year allocation from approximately \$65 million to approximately \$22 million (Attachment 4). This decision followed Valley Water's analysis of its project cost share based on the latest USACE estimates. Approximately 95% of the required real estate acquisitions, representing the majority of Valley Water's cost share, had already been completed. The funding modification was recommended to help balance the Safe, Clean Water Fund (Fund 26) in the short term and to provide sufficient funding to award a construction contract and complete the final phase of another Safe, Clean Water project, namely Project E6: Upper Llagas Creek Project (E6), while still ensuring that there are sufficient funds to meet any remaining obligations for Project E8. For details about the modifications, see individual project updates in the annual report and to view the public hearing, visit https://scvwd.granicus.com/MediaPlayer.php?view_id=3&clip_id=2194.

Adjustments (Schedule) - In FY25, the Board also approved schedule adjustments for Project A3: Pipeline Reliability, Project D4: Fish Habitat and Passage Improvement, Project E1: Coyote Creek Flood Protection, Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection, Project E4: Upper Penitencia Creek Flood Protection, Project E5: San Francisquito Creek Flood Protection and Project F8: Sustainable Creek Infrastructure for Continued Public Safety.

The schedule changes were required for several reasons. For example, Project D4.2 Ogier Ponds Separation from Coyote Creek Project schedule was pushed back to align with the construction timeline of Project C1: Anderson Dam Seismic Retrofit (ADSRP). Construction of D4.2 will not begin until the ADSRP can effectively manage the output flow of the Anderson Reservoir, ensuring a safer and more efficient construction process. The updated timeline expects a three-year construction season. The Safe, Clean Water Program partially funds the project. Similarly, Project E1: Coyote Creek Flood Protection Project (Phase 2) schedule delay in start and completion by one year was influenced by a delay in the construction of the ADSRP due to the extension of the environmental permitting process. This provided greater flexibility regarding the scheduled start of Phase 2, which needs to be implemented by the end of 2028 (FY29), aligning with the completion of the Anderson Dam Stage 2 diversion system. This postponement provides Valley Water with additional time to secure all necessary land rights for the Phase 2 project, thereby avoiding the increased costs associated with working in only approved areas and ensuring a smoother construction process.

Project E2: Sunnyvale East and Sunnyvale West Channels Flood Protection construction start and completion were delayed by a year due to a delay in obtaining regulatory permits. *Adjustments (Text)* - On November 12, 2025, with the approval of the FY25 Safe, Clean Water Program Annual Report, the Board also approved adjusting the project description or benefits text for four projects, namely Project A2: Water Conservation Rebates and Programs, Project D1: Management of Riparian Planting and Invasive Plant Removal, Project D4: Fish Habitat and Passage Improvement, and Project E5: San Francisquito Creek Flood Protection. The text adjustments were primarily made to provide additional explanation and greater clarity in response to the IMC recommendations or to incorporate more current information. Attachment 5 shows the redlined version of the text adjustments, while Attachment 6 shows the clean version with adjusted text.

Change Control Process Updated to Enhance Community Engagement: Valley Water follows a Board-approved Change Control Process when considering whether to modify or not implement a proposed project within the Program. Originally developed and adopted as part of the 2012 Safe, Clean Water Program, the process has been updated over time to incorporate Board feedback and direction, address audit recommendations, and align with the renewed Safe, Clean Water Program.

On October 28, 2025, the Board approved an enhanced process for modifications and non-implementation to increase transparency and expand opportunities for public engagement. For more information on the Change Control Process, visit: tinyurl.com/SCWFY26ChangeControl [<https://tinyurl.com/SCWFY26ChangeControl>](https://tinyurl.com/SCWFY26ChangeControl). Valley Water has also developed a "Change Control At-A-Glance" summary to provide the public with a clear, accessible overview of the process (Attachment 7).

Program Highlights:

Upper Llagas Creek Flood Protection Project: In September 2024, Valley Water began constructing Phase 2B, the final phase of the project. In FY25, Valley Water secured up to \$80 million in grant funding from the Natural Resources Conservation Service to support Phase 2B construction. Valley Water also completed the construction of Phase 2A in October 2024.

Anderson Dam Seismic Retrofit: On February 25, 2025, the Valley Water Board of Directors certified the Final Environmental Impact Report (EIR), approved the engineer's report for the Anderson Dam Seismic Retrofit Project and approved the environmentally superior alternative described in the EIR.

Coyote Creek Flood Protection Project: Valley Water completed the Coyote Creek Flood Management Measures Project (Phase 1), one of two projects to reduce flood risks along Coyote Creek. The project included the construction of over 8,500 feet of floodwalls along a four-mile stretch between Old Oakland Road and Interstate 280. Phase 1 is part of the Anderson Dam Federal Energy Regulatory Commission Order (FERC) Compliance Project for Anderson Dam Seismic Retrofit and is, therefore, funded by the Water Utility Enterprise Fund. Valley Water also reached a key milestone on the Safe, Clean Water Program-funded Coyote Creek Flood Protection Project (Phase 2) by completing 90% design. On March 11, 2025, the Valley Water Board of Directors certified the Final Environmental Impact Report (EIR).

Water Conservation Rebates and Programs: Valley Water issued 766 rebates totaling nearly \$2.2 million to convert more than 960,000 square feet (sq ft) of lawns into low-water-use landscapes, upgrade irrigation equipment, and install rainwater capture systems. Of these rebates, the Safe, Clean Water Program provided \$876,000 to issue over 450 rebates, successfully converting 876,000 sq ft of lawn to low-water-use plants.

Safe, Clean Water Grants: Valley Water awarded over \$2 million in grants, including \$1.92 million in the standard grants program, which resumed after a temporary pause to complete the Grants Redesign Project.

New Creekside Neighbor Rebate Program: Valley Water launched the Creekside Neighbor Rebate Program, a new initiative designed to support property owners who live alongside local creeks. The program offers rebates of up to \$150,000 to help offset the costs of essential creek maintenance and improvement projects, such as bank stabilization (erosion repair), sediment, vegetation, or debris removal and storm drain outfall repair. These efforts support residents taking care of their property and protecting their community. The rebate can be used for qualifying construction and permit costs.

Trash Removal: Five Safe, Clean Water projects include trash removal components to reduce and remove contaminants in our local streams and the bay. This work is accomplished not only by Valley Water but with the help of volunteers and grantees. In FY25, 904 tons of trash were removed from local waterways.

Vegetation Control and Sediment Removal: Valley Water completed 1,988 acres of in-stream vegetation management to reduce flood risk along 200 miles of streams throughout Santa Clara

County. In terms of volumes, Valley Water removed approximately 317 cubic yards of vegetation from streams to restore capacity. Additionally, 11 sediment removal projects were completed, removing approximately 14,545 cubic yards of sediment to ensure flood protection projects continue to deliver the protection they were designed to provide. The Safe, Clean Water Program funds 21% of the sediment removal projects.

Good Neighbor Program: Encampment Cleanup: Valley Water managed 4,321 acres to clean up 697 tons of trash, debris, and hazardous pollutants generated from encampments, reducing the amount of these pollutants entering streams.

FY25 Annual Report Review Process and Timeline:

Dec. 3, 2025 - IMC Review Kickoff Meeting (Full IMC meeting)
Jan. 5-9, 2026 - IMC project review via priority subcommittees
Jan. 29 - Subcommittee chairs report findings to IMC (Full IMC meeting)
Jan. 30 - IMC Report drafting meeting
Feb. 18 - IMC meeting to review/update/finalize the report (Full IMC meeting)
Mar. 10 - IMC Report & Management Response presented to the Board

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice and equity impacts associated with this item.

ATTACHMENTS:

Attachment 1: FY25 Safe, Clean Water Program Annual Report
Attachment 2: Resolution No. 20-64
Attachment 3: Resolution No. 2025-59 Establishing IMC
Attachment 4: Project Modification
Attachment 5: Project Text Adjustments Redlined
Attachment 6: Change Control Process At-A-Glance
Attachment 7: PowerPoint

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228

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Click Link to View Document: tinyurl.com/SCWFY25AnnualReport

FY 2024-25 Annual Report

**Safe, Clean Water and
Natural Flood Protection**

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Resolution

APPENDIX A

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

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**

WHEREAS, the Santa Clara Valley Water District (Valley Water) policy is to ensure current and future water supplies and provide healthy, clean, and reliable water in Santa Clara County; and

WHEREAS, Valley Water policy is to protect Santa Clara County creeks, reservoirs, Monterey Bay, and San Francisco Bay from toxins, pollutants, and contaminants; and

WHEREAS, Valley Water policy is to provide for flood water and storm water flood protection to residents, businesses, visitors, public highways, and the watercourses flowing within the District; and

WHEREAS, Valley Water policy is to protect our water supply, pipelines, and local dams from earthquakes and natural disasters; and

WHEREAS, Valley Water maintains a flood protection system of levees, channels, drains, detention basins, and other improvements upon which the lives and property of Valley Water residents depend, which said improvements must be kept in a safe and effective condition; and

WHEREAS, the Valley Water policy is to protect, enhance, and restore healthy Santa Clara County creeks, watersheds, and bay lands ecosystems; and

WHEREAS, in 2000, voters passed the 15-year Clean, Safe Creeks and Natural Flood Protection Plan; and

WHEREAS, the Valley Water policy is to engage in partnerships with the community to provide open spaces, trails, and parks along Santa Clara County creeks and watersheds; and

WHEREAS, in November 2012, voters passed the Safe, Clean Water and Natural Flood Protection Program which replaced the Clean, Safe Creeks and Natural Flood Protection Plan in its entirety when it became effective on July 1, 2013; and

WHEREAS, the Safe, Clean Water and Natural Flood Protection Program was originally scheduled to sunset on June 30, 2028; and

WHEREAS, in order to protect Santa Clara County water supplies, creeks, watersheds, and bay lands and ensure residents have an ample supply of clean water in the future, Valley Water will need a dedicated source of revenue in the future and beyond 2028 to maintain the programs established in the Safe, Clean Water and Natural Flood Protection Program; and

WHEREAS, the California State Legislature has authorized Valley Water to levy a special tax on each parcel of property within Valley Water or any zone or zones thereof upon approval by a two-thirds vote of the electorate of Valley Water or zones therein; and

Resolution

APPENDIX A

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

WHEREAS, the purpose of the special tax is to supplement other available but limited revenues to keep said 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 opportunities and access to recreation; to conduct environmental education; to protect and improve water quality; and to construct, operate, and maintain flood protection and storm drainage facilities; to support public health and public safety through efforts authorized by the District Act; and to fund the cost of financing such activities; and

WHEREAS, State California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), states that government funding mechanisms are not projects subject to the requirements of CEQA.

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

FIRST: The Board hereby finds that since (a) the management of creeks, watersheds, and bay lands are necessary to ensure safe, clean water and to protect, enhance and restore healthy ecosystems, (b) the construction and management of flood protection services are made necessary by stormwater runoff, and (c) the lands from which runoff derives are benefitted by provision of means of disposition which alleviates or ends the damage to other lands affected thereby, by direct protection of loss of property, and other indirect means which include improved aesthetics and quality of life, the basis on which to levy the special tax is at fixed and uniform rates per area and county or city designated land use of each parcel, taxed as such parcel is shown on the latest tax rolls.

SECOND: Pursuant to the authority of Section 3 of the District Act, a Combined Zone consisting of the aggregate metes and bounds descriptions of Zones One, Two, Three, Four, and Five is presently existing as generally depicted in Attachment 1.

THIRD: A special Valley Water Election for November 3, 2020 will be called within said District, on the proposition of levy of a special tax.

FOURTH: Subject to approval by two-thirds of the electors of Valley Water voting at such election and pursuant to the authority vested in the Board, there is hereby established a special tax as authorized by this resolution, the proceeds of which shall be used solely for the purpose of supporting the priorities of the Safe, Clean Water and Natural Flood Protection Program. The priorities are summarized in Attachment 2. The Safe, Clean Water and Natural Flood Protection Program Report (hereafter "Report") generally describes the priorities. This tax shall be instituted with the following provisions:

- A. The Chief Executive Officer (CEO) or designee of Valley Water is directed to cause a written Report to be prepared for each fiscal year for which a special tax is to be levied and to file and record the same, all as required by governing law. Said Report shall include the proposed special tax rates for the upcoming fiscal year at any rate up to the maximum rate approved by the voters. Valley Water's Board of Directors shall consider formal acceptance of this Report at a public meeting and shall thereafter make a final determination of special taxes with a confirming resolution. A special fund shall be established into which proceeds from the tax shall be deposited. Proceeds from the tax may be used only for the Safe, Clean Water and Natural Flood Protection Program.

RL14541

Resolution

APPENDIX A

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

- B. The CEO, or designee of Valley Water may cause the special tax to be corrected in the same manner as assessor's or assessee's errors may be corrected but based only upon any or all of the following:

1. Changes or corrections in ownership of a parcel;
2. Changes or corrections of address of an owner of a parcel;
3. Subdivision of an existing parcel;
4. Changes or corrections in the use of all or part of a parcel;
5. Changes or corrections in the computation of the area of a parcel;
6. As to railroad, gas, water, telephone, cable television, electric utility right of way, electric line right of way, or other utility right of way properties.

Changes and corrections are not valid unless and until approved by the Board.

- C. The Clerk of the Board shall immediately file certified copies of the final determination of special taxes and confirming resolution with the Auditor-Controller of the County of Santa Clara and shall immediately record with the County Recorder of said County a certified copy of the resolution confirming the special tax.
- D. The special tax for each parcel set forth in the final determination by the Board shall appear as a separate item on the tax bill and shall be levied and collected at the same time and in the same manner as the general tax levy for county purposes. Upon recording of the resolution confirming the special tax such special tax shall be a lien upon the real property affected thereby.
- E. Failure to meet the time limits set forth in this resolution for whatever reason shall not invalidate any special tax levied hereunder.
- F. No special tax for the Safe, Clean Water and Natural Flood Protection Program shall be imposed upon a federal or state or local governmental agency. Where real property owned by a federal, state, or local agency is leased to a private person or private entity, the private interest so created shall be separately assessed as a possessory interest and the special tax for the Safe, Clean Water and Natural Flood Protection Program shall be levied on all holders of such possessory interests. With said exceptions, a Safe, Clean Water and Natural Flood Protection Program special tax is levied on each parcel of real property in the five Flood Control Zones of Valley Water subject to this resolution for the purposes stated in the Report and in this resolution. Except for the minimum special tax as hereinafter indicated, the special tax for each parcel of real property in each such zone is computed by determining its area (in acres or fractions thereof) and land use category (as hereinafter defined) and then multiplying the area by the special tax rate applicable to land in such land use category. A minimum special tax may be levied on each parcel of real property having a land area up to 0.25 acre for Groups A, B, and C, up to 10 acres for Groups D and E Urban and, for Group E Rural, the minimum special tax shall be that as calculated for the E Urban category.

Resolution

APPENDIX A

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

- G. Land use categories for each parcel of land in Valley Water are defined and established as follows:

- Group A: Land used for commercial or industrial purposes.
- Group B: Land used for institutional purposes such as churches and schools or multiple dwellings in excess of four units, including apartment complexes, mobile home parks, recreational vehicle parks, condominiums, and townhouses.
- Group C: (1) Land used for single-family residences and multiple-family units up to four units and (2) the first 0.25 acre of a parcel of land used for single-family residential purposes.
- Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses and (2) the portion of the land, if any, in excess of 0.25 acre of a parcel used for single-family residential purposes.
- Group E: Vacant undisturbed land (1) in urban areas and (2) in rural areas including dry farmed land, grazing and pasture land, forest and brush land, salt ponds, and small parcels used exclusively as well sites for commercial purposes.
- Group F: Parcels used exclusively as well sites for residential uses are exempt from the special tax.

- H. The special tax amounts applicable to parcels in the various land uses shall be as prescribed by the Board of Directors in each fiscal year (July 1 through June 30) beginning with fiscal year 2021-2022 as set forth in Attachment 3, which is incorporated herein by reference, and as required by law; provided, that the annual basic special tax unit (single-family residential parcel of 1/4 acre or less) shall not exceed a maximum limit of \$67.67 annually (averaging \$0.006 per square foot annually), as adjusted by the compounded percentage increases of the San Francisco-Oakland-San Jose Consumer Price Index (CPI-U) for all Urban Consumers (or an equivalent index published by a government agency) in the year or years after April 30, 2021; provided, however, that appropriate amounts may be increased in any year by up to the percentage increase of the San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers in the preceding year or two percent (2%) whichever is greater; provided further, however, that in any period, not exceeding three years, immediately following a year in which the Governor of the State of California or the President of the United States has declared an area of said zones to be a disaster area by reason of flooding or other natural disaster, then to the extent of the cost of repair of Valley Water facilities damaged by such flooding or other natural disaster, the maximum tax rate shall be the percentage increase in CPI-U plus 4.5 percent; and provided, that special taxes for the Safe, Clean Water and Natural Flood Protection Program shall be levied annually until ended by voters.

Resolution

APPENDIX A

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

- I. In the event that the county or city designated land use for a parcel is different than the actual land use, the CEO of Valley Water may, pursuant to written policies and procedures, cause the special tax to be adjusted based upon any or all of the following:
 - 1. The parcel owner shall provide Valley Water a claim letter stating that the present actual land use is different than the county or city designated land use, including an estimate of the portion of the parcel that is different than the designated land use. Such claim is subject to investigation by Valley Water as to the accuracy of the claim. Parcel owner shall furnish information deemed necessary by Valley Water to confirm the actual uses and areas in question which may include, but not be limited to, a survey by a licensed surveyor.
 - 2. The parcel owner shall request Valley Water to inspect the parcel and reevaluate the parcel tax.
 - 3. The parcel owner shall notify Valley Water after a substantial change in the actual land use occurs, including a new estimate of the portion of the parcel that is different than the designated land use.
 - 4. Valley Water may inspect and verify the actual land use for these parcels on a regular basis and will notify the appropriate parcel owners when it is determined that the actual land use has matched a county or city designated land use. Valley Water shall then correct the special tax rates for these parcels accordingly.
- J. Pursuant to state law, Valley Water may provide an exemption from the special tax for low income owner-occupied residential properties for taxpayer-owners who are 65 years of age or older, the following shall apply:

Residential parcels where the total annual household income does not exceed 75 percent of the latest available figure for state median income at the time the annual tax is set, and such parcel is owned and occupied by at least one person who is aged 65 years or older is qualified to apply for an exemption from the applicable special tax.
- K. The Safe, Clean Water and Natural Flood Protection Program shall follow 15-year financial planning cycles. This will allow Valley Water to align its budget each year with the projects' key performance indicators as well as long-term financial planning efforts, such as the Capital Improvement Program. Prior to the development of each 15-year financial plan, Valley Water will conduct outreach to engage the community and key stakeholders, including the Safe, Clean Water and Natural Flood Protection Program's independent monitoring committee (IMC) and Valley Water advisory committees, to help ensure that the Safe, Clean Water and Natural Flood Protection Program's priorities remain aligned with the priorities of the residents of Santa Clara County.
- L. After a period of no longer than fifteen (15) years, the Board of Directors shall evaluate the need for the Safe, Clean Water and Natural Flood Protection Program, and make an affirmative determination of whether the special tax should be reduced or repealed, or is needed to build additional Projects to achieve related programmatic benefits in accordance with the priorities of the Safe, Clean Water and Natural Flood Protection Program. Should the Board of Directors determine that no additional Projects are needed, the Safe, Clean Water and Natural Flood Protection Program special tax will be

Resolution

APPENDIX A

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

- reduced accordingly, to reflect a transition from funding new Projects to funding operation, maintenance and replacement of Projects that were constructed with Safe, Clean Water and Natural Flood Protection Program funds. This evaluation process shall include the Valley Water advisory committees and the Program's IMC, which will be charged with making recommendations to the Board of Directors on the determination of whether the special tax should be reduced, repealed, or maintained. Following the first fifteen-year determination of continued need for the special tax, the determination shall be made every fifteen (15) years thereafter.
- M. As projects under the Program are completed, the Board of Directors shall identify and prioritize new projects for inclusion in the Program. These new projects may be identified and proposed for Board approval at a public meeting through the Board's review and approval of the Program's five-year implementation plans, the first of which will be produced by the CEO or designee of Valley Water in year one of the Program and every five years thereafter; or, as directed by the Board.
 - N. 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.
 - O. The Chief Financial Officer or designee of Valley Water shall file a fiscal year report with the Board of Directors no later than January 1 of each year for the prior fiscal year. The annual report shall contain both of the following: (a) the amount of funds collected and expended; and (b) the status of any project required or authorized to be funded under this resolution.
 - P. An external, independent monitoring committee (IMC) shall be appointed by the Valley Water Board of Directors to conduct an annual review of Valley Water's fiscal year report and provide an annual report from the IMC to the Board of Directors regarding implementation of the intended results of the Program. The IMC shall also review each proposed five-year implementation plan prior to its submittal for Board approval. Through review of both the annual reports and five-year implementation plans, the IMC may make recommendations to the Valley Water Board of Directors regarding reasonably necessary measures to meet the priorities of the Safe, Clean Water and Natural Flood Protection Program. Every fifteen years, the IMC will review, and recommend to the Board and general public, whether the special tax should be reduced or repealed, or is needed to build additional Projects to achieve related programmatic benefits in accordance with the priorities of the Safe, Clean Water and Natural Flood Protection Program as described in Paragraph L of this resolution.
 - Q. While the Safe, Clean Water and Natural Flood Protection Program is in effect, the Board of Directors shall conduct independent professional audits of the Program to provide for accountability and transparency at least every five years.
 - R. Grants and partnerships offered through the Safe, Clean Water and Natural Flood Protection Program, where aligned with the District Act and permitted by law, may

RL14541

Resolution

APPENDIX A

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

extend to state and local governmental organizations; organized community groups with an established structure; nonprofit organizations as defined by Internal Revenue Code subsections (c) or (d); schools, community colleges, or universities (public or nonprofit); non-profit organizations as defined under Internal Revenue Code section 501(c); religious or apostolic associations as defined under Internal Revenue Code section 501(d); for-profit organizations; and persons.

- S. Pursuant to the State California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), adoption of this resolution for continuation of the parcel tax and as a government funding mechanism, is not a project subject to the requirements of CEQA. Prior to commencement of any project included in the Safe, Clean Water and Natural Flood Protection Program, any necessary environmental review required by CEQA shall be completed.
- T. Upon entering into effect, the Safe, Clean Water and Natural Flood Protection Program parcel tax authorized by this resolution and placed on the ballot by RESOLUTION NO. 20-63, shall repeal and replace the Safe, Clean Water and Natural Flood Protection Program parcel tax approved by the voters in 2012. On the date that the parcel tax authorized by this resolution and RESOLUTION NO. 20-63 goes into effect, the updated Safe, Clean Water and Natural Flood Protection Program (the priorities of which are summarized in Attachment 2) will replace in its entirety the previously approved Safe, Clean Water and Natural Flood Protection Program. Any tax payments already made by voters and collected for use by Valley Water for the prior Safe, Clean Water and Natural Flood Protection Program will be used to achieve priorities identified in this updated Safe, Clean Water and Natural Flood Protection Program. Funding for capital projects currently identified in the prior Safe, Clean Water and Natural Flood Protection Program, will continue under this updated Safe, Clean Water and Natural Flood Protection Program to meet previous commitments. All other projects and programs identified in the prior Safe, Clean Water and Natural Flood Protection Program will be replaced by comparable projects or programs with similar or expanded obligations under the updated Safe, Clean Water and Natural Flood Protection Program. Commitments for incomplete non-capital projects or programs carried forward from the 2012 Safe, Clean Water and Natural Flood Protection Program, shall continue at no less than the current levels (funding or key performance indicators) as identified in the comparable replacement projects or programs under the updated Safe, Clean Water and Natural Flood Protection Program, until such time as they are completed. Changes to funding levels or key performance indicators may only be made by the Board as set forth under Paragraphs K and L or through Board decisions via a Board-approved Change Control Process.

Resolution

APPENDIX A

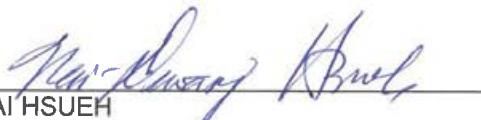
Providing for the Continuation and Levy of a Special Tax to Pay the Cost of the Safe, Clean Water and Natural Flood Protection Program in the Combined Flood Control Zone of the Santa Clara Valley Water District Subject, Nevertheless, to Specified Limits and Conditions

Resolution No. 20-64

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on July 21, 2020:

AYES:	Directors	Santos, Estremera, Keegan, Kremen, LeZotte, Varela, Hsueh
NOES:	Directors	None.
ABSENT:	Directors	None.
ABSTAIN:	Directors	None.

SANTA CLARA VALLEY WATER DISTRICT



NAI HSUEH
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk, Board of Directors

RL14541

Resolution

APPENDIX A

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

ATTACHMENT 1 COVERSHEET

SCVWD FLOOD CONTROL ZONES AND BOARD DISTRICTS IN SANTA CLARA COUNTY

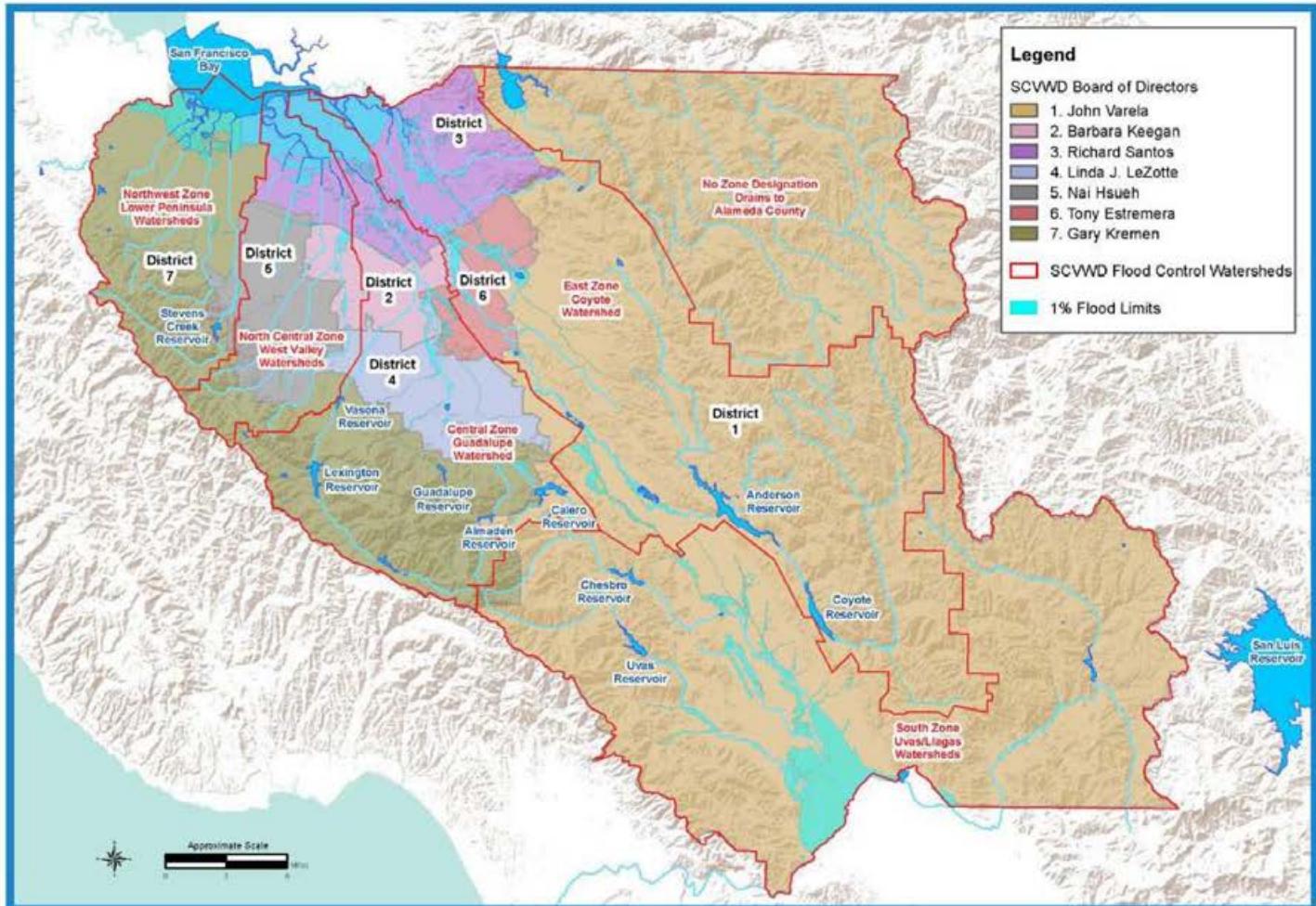
No. of Pages: 1

Additional Items: None.

Resolution

APPENDIX A

SCVWD Flood Control Zones and Board Districts in Santa Clara County



GIS themes are for illustration and general analysis purposes only and are not accurate to surveying or engineering standards. Information is not guaranteed to be accurate, current, or complete and use of this information is your responsibility.

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RL14541

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

ATTACHMENT 2 COVERSHEET

SUMMARY OF KEY PERFORMANCE INDICATORS FOR THE FIRST 15 YEARS OF PROGRAM

No. of Pages: 5

Additional Items: None.

Resolution

APPENDIX A

Summary of Key Performance Indicators for the First 15 Years of Program

Project	Key Performance Indicator
Priority A: Ensure a Safe, Reliable Water Supply	
A1 Pacheco Reservoir Expansion	<ol style="list-style-type: none"> Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project.
A2 Water Conservation Rebates and Programs	<ol style="list-style-type: none"> Award up to \$1 million per year toward specified water conservation program activities, including rebates, technical assistance and public education within the first seven (7) years of the Program.
A3 Pipeline Reliability	<ol style="list-style-type: none"> Install four (4) new line valves on treated water distribution pipelines.

Project	Key Performance Indicator
Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways	
B1 Impaired Water Bodies Improvement	<ol style="list-style-type: none"> Investigate, develop and implement actions to reduce methylmercury in fish and other organisms in the Guadalupe River Watershed. Prepare and update a plan for the prioritization of surface water quality improvement activities, such as addressing trash and other pollutants. Implement at least two (2) priority surface water quality improvement activities identified in the plan per 5-year implementation period.
B2 Inter-Agency Urban Runoff Program	<ol style="list-style-type: none"> Address trash in creeks by maintaining trash capture devices or other litter control programs. Maintain Valley Water's municipal stormwater compliance program and partner with cities to address surface water quality improvements, including participation in at least three (3) countywide, regional or statewide stormwater program committees to help guide regulatory development, compliance, and monitoring. Support at least one (1) stormwater quality improvement activity per 5-year implementation period in Santa Clara County, including providing up to \$1.5 million over 15 years to support implementation of green stormwater infrastructure consistent with Santa Clara Basin and South County Stormwater Resource Plans.
B3 Hazardous Materials Management and Response	<ol style="list-style-type: none"> Respond to 100% of hazardous materials reports requiring urgent on-site inspection in two (2) hours or less.
B4 Support Volunteer Cleanup Efforts	<ol style="list-style-type: none"> Fund Valley Water's creek stewardship program to support volunteer cleanup activities such as annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Litter Pick Up; and the Adopt-A-Creek Program.

Resolution

APPENDIX A

Project	Key Performance Indicator
Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters	
C1 Anderson Dam Seismic Retrofit	<ol style="list-style-type: none"> Provide portion of funds, up to \$54.1 million, to help restore full operating reservoir capacity of 90,373 acre-feet.
Priority D: Restore Wildlife Habitat and Provide Open Space	
D1 Management of Riparian Planting and Invasive Plant Removal	<ol style="list-style-type: none"> Maintain a minimum of 300 acres of riparian planting projects annually to meet regulatory requirements and conditions. Maintain a minimum of 200 acres of invasive plant management projects annually to meet regulatory requirements and conditions. Remove 25 acres of Arundo donax throughout the county over a 15-year period.
D2 Revitalize Riparian, Upland and Wetland Habitat	<ol style="list-style-type: none"> Revitalize at least 21 acres over a 15-year period through native plant revegetation and/or removal of invasive exotic species. Develop an Early Detection and Rapid Response Program Manual. Identify and treat at least 100 occurrences of emergent invasive species over a 15-year period, as identified through the Early Detection and Rapid Response Program. Develop at least eight (8) information sheets for Early Detection of Invasive Plant Species.
D3 Sediment Reuse to Support Shoreline Restoration	<ol style="list-style-type: none"> Maintain partnership agreements to reuse sediment to improve the success of salt pond and tidal marsh restoration projects and activities. Provide up to \$4 million per 15-year period to support activities necessary for sediment reuse.
D4 Fish Habitat and Passage Improvement	<ol style="list-style-type: none"> Complete planning and design for one (1) creek/lake separation. Construct one (1) creek/lake separation project in partnership with local agencies. Use \$8 million for fish passage improvements by June 30, 2028. Update study of all major steelhead streams in the county to identify priority locations for fish migration barrier removal and installation of large woody debris and gravel as appropriate. Complete five (5) habitat enhancement projects based on studies that identify high priority locations for large wood, boulders, gravel, and/or other habitat enhancement features.
D5 Ecological Data Collection and Analysis	<ol style="list-style-type: none"> Reassess and track stream ecological conditions and habitats in each of the county's five (5) watersheds every 15 years. Provide up to \$500,000 per 15-year period toward the development and updates of five (5) watershed plans that include identifying priority habitat enhancement opportunities in Santa Clara County.
D6 Restoration of Natural Creek Functions	<ol style="list-style-type: none"> Construct the Hale Creek Enhancement Pilot Project, which includes restoration and stabilization of a 650-foot section of concrete-lined channel on Hale Creek, between Marilyn Drive and North Sunshine Drive on the border of Mountain View and Los Altos. Construct the Bolsa Road Fish Passage Project along 1,700 linear feet of Uvas-Carnadero Creek in unincorporated Santa Clara County, which includes geomorphic design features that will restore stability and stream function. Identify, plan, design, and construct a third geomorphic-designed project to restore stability and stream function by preventing incision and promoting sediment balance throughout the watershed.

Resolution

APPENDIX A

Priority D: Restore Wildlife Habitat and Provide Open Space cont...	
D7 Partnerships for the Conservation of Habitat Lands	<ol style="list-style-type: none"> Provide up to \$8 million per 15-year period for the acquisition or enhancement of property for the conservation of habitat lands.
Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways	
E1 Coyote Creek Flood Protection, Montague Expressway to Tully Road – San Jose	<ol style="list-style-type: none"> Construct flood protection improvements along Coyote Creek between Montague Expressway and Tully Road to provide protection from floods up to the level that occurred on February 21, 2017, approximately a 5% (20-year) flood event.
E2 Sunnyvale East and Sunnyvale West Channels Flood Protection, San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale	<ol style="list-style-type: none"> Provide 1% (100-year) flood protection for 1,618 properties and 47 acres (11 parcels) of industrial land, while improving stream water quality and working with other agencies to incorporate recreational opportunities.
E3 Lower Berryessa Flood Protection, including Tularcitos and Upper Calera Creeks (Phase 3) – Milpitas	<ol style="list-style-type: none"> With local funding only: Complete the design phase of the 1% (100-year) flood protection project to protect an estimated 1,420 parcels.
E4 Upper Penitencia Creek Flood Protection, Coyote Creek to Dorel Drive – San Jose	<ol style="list-style-type: none"> Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) flood protection to 8,000 parcels. With local funding only: Construct a 1% (100-year) flood protection project from Coyote Creek confluence to Capital Avenue to provide 1% (100-year) flood protection to 1,250 parcels, including the new Berryessa BART station.
E5 San Francisquito Creek Flood Protection, San Francisco Bay to Upstream of Highway 101 – Palo Alto	<ol style="list-style-type: none"> Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection. With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.

Resolution

APPENDIX A

Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways cont...	
E6 Upper Llagas Creek Flood Protection, Buena Vista Avenue to Llagas Road – Morgan Hill, San Martin, Gilroy	<ol style="list-style-type: none"> 1. Preferred project with federal and local funding: Plan, design and construct flood protection improvements along 13.9 miles of Upper Llagas Creek from Buena Vista Avenue to Llagas Road to provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat. 2. With local funding only: Construct flood protection improvements along Llagas Creek from Buena Vista Avenue to Highway 101 in San Martin (Reaches 4 and 5 (portion)), Monterey Road to Watsonville Road in Morgan Hill (Reach 7a), approximately W. Dunne Avenue to W. Main Avenue (portion of Reach 8), and onsite compensatory mitigation at Lake Silveira.
E7 San Francisco Bay Shoreline Protection – Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale	<ol style="list-style-type: none"> 1. Provide portion of the local share of funding for planning, design and construction phases for the Santa Clara County shoreline area, EIAs 1-4. 2. Provide portion of the local share of funding for planning and design phases for the Santa Clara County shoreline area, EIAs 5-9.
E8 Upper Guadalupe Flood Protection, Highway 280 to Blossom Hill Road – San Jose	<ol style="list-style-type: none"> 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 Jose, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability.

Project	Key Performance Indicator
Priority F: Support Public Health and Public Safety for Our Community	
F1 Vegetation Control and Sediment Removal for Capacity	<ol style="list-style-type: none"> 1. Maintain completed flood protection projects for flow conveyance.
F2 Emergency Response Planning and Preparedness	<ol style="list-style-type: none"> 1. Coordinate with local municipalities to merge Valley Water-endorsed flood emergency processes with their own emergency response plans and processes. 2. Complete five (5) flood management plans/procedures per 5-year period, selected by risk priorities. 3. Train Valley Water staff and partner municipalities annually on disaster procedures via drills and exercises before testing the plans and procedures. 4. Test flood management plans/procedures annually to ensure effectiveness.
F3 Flood Risk Assessment Studies	<ol style="list-style-type: none"> 1. Complete engineering studies on three (3) creek reaches to address 1% (100-year) flood risk. 2. Annually, update floodplain maps on a minimum of three (3) creek reaches in accordance with new FEMA standards.

Resolution

APPENDIX A

Priority F: Support Public Health and Public Safety for Our Community cont...	
F4 Vegetation Management for Access and Fire Safety	<ol style="list-style-type: none"> Provide vegetation management for access and fire risk reduction on an average of 495 acres per year, totaling 7,425 acres along levee, property lines and maintenance roads over a 15-year period.
F5 Good Neighbor Program: Encampment Cleanup	<ol style="list-style-type: none"> Perform 300 annual cleanups to reduce the amount of trash and pollutants entering the streams. Provide up to \$500,000 per year in cost-share with other agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways or addressing the homelessness crisis with the goal of reducing the need for encampment cleanups.
F6 Good Neighbor Program: Graffiti and Litter Removal and Public Art	<ol style="list-style-type: none"> Cleanup identified trash and graffiti hotspots at approximately 80 sites four (4) times per year. Respond to requests on litter or graffiti cleanup within five (5) working days. Provide up to \$1.5 million over 15 years to implement public art projects on Valley Water property and infrastructure.
F7 Emergency Response Upgrades	<ol style="list-style-type: none"> Maintain existing capabilities for flood forecasting and warning. Improve flood forecast accuracy and emergency response time working with the National Weather Service and through research and development.
F8 Sustainable Creek Infrastructure for Continued Public Safety	<ol style="list-style-type: none"> Provide up to \$7.5 million in the first 15-year period to plan, design and construct projects identified through Watersheds asset management plans.
F9 Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship	<ol style="list-style-type: none"> Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship. 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. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship. 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.

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

ATTACHMENT 3 COVERSHEET

FIGURE 1 ACTUAL FY 2019–20 AND ACTUAL FY 2020–21 SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION SPECIAL TAX RATES

No. of Pages: 1

Additional Items: None.

Resolution

APPENDIX A

FIGURE 1
Actual FY 2019–20 and Actual FY 2020–21
Safe, Clean Water and Natural Flood Protection Special Tax Rates

Land Use Categories	Actual FY '19-20	Actual FY '20-21
A - Commercial, Industrial		
Rate (\$/Acre)	\$541.60	\$541.60
Minimum Assessment ⁽¹⁾	\$135.39	\$135.39
B - Apartment, Schools, Churches, Condominiums & Townhouse		
Rate (\$/Acre)	\$406.20	\$406.20
Minimum Assessment ⁽¹⁾	\$101.55	\$101.55
Condominiums & Townhouses (\$/unit)	\$32.95	\$32.95
C - Single Family Residential, Small Multiples (2-4 units) ⁽²⁾		
Minimum Assessment ⁽¹⁾	\$67.67 (Averaging \$0.006 per square foot)	\$67.67 (Averaging \$0.006 per square foot)
D - Utilized Agriculture⁽²⁾		
Rate (\$/Acre)	\$3.47	\$3.47
Minimum Assessment ⁽¹⁾	\$34.70	\$34.70
E - Urban - Nonutilized Agricultural, Grazing Land, Salt Ponds, Well Site in Urban Areas		
Rate (\$/Acre)	\$1.02	\$1.02
Minimum Assessment ⁽¹⁾	\$10.23	\$10.23
E - Rural - Nonutilized Agricultural, Grazing Land, Well Sites in Rural Areas		
Rate (\$/Acre)	\$0.14	\$0.14
Minimum Assessment ⁽¹⁾	\$10.23	\$10.23

(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment is the same for both the Urban Category and the Rural Category parcels, however the Rural Category applies to parcels of 80 acres or less.

(2) Residential land in excess of 1/4 acre is assessed at the "D" rate.

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

RESOLUTION NO. 2025- 59

**PROVIDING FOR A SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION
PROGRAM INDEPENDENT MONITORING COMMITTEE OF THE SANTA CLARA
VALLEY WATER DISTRICT – SUPERSEDING RESOLUTION NO. 21-10**

RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

I. GENERAL

- A. Resolution 20-64, approved by the voters of Santa Clara County by the passage of the November 3, 2020, Safe, Clean Water and Natural Flood Protection Program (Program) (ballot Measure S), requires that the Santa Clara Valley Water District (Valley Water) Board of Directors (Board) appoint an external Independent Monitoring Committee (Committee) to: (1) conduct an annual review of Valley Water's fiscal year report on the Program; (2) provide an annual report from the Committee to the Board regarding implementation of the intended results of the Program; (3) review each five-year implementation plan for the Program prior to its submittal to the Board for approval; and (4) review and recommend to the Board and Public every fifteen years whether the special tax should be reduced or repealed, or is needed to build additional projects to achieve related programmatic benefits in accordance with the priorities of the Program. The Committee also may, through its review of the annual reports and five-year implementation plans, make recommendations to the Board regarding reasonably necessary measures to meet the priorities of the Program.
- B. The Committee shall be comprised of 14 members who reside within Santa Clara County: two members to be nominated by each member of the Board. In nominating Committee members, Board members shall strive to ensure fair treatment and meaningful involvement of all peoples regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, English language proficiency, or religion.
- C. In order to provide continuity, each Board member shall nominate one Committee member to serve a three-year term, and one Committee member to serve a two-year term. The terms of office of Committee members shall begin on July 1 of a given year and are subject to reappointment by the full Board.
- D. Committee members shall be subject to Valley Water's Conflict of Interest Code (Code), including its filing requirements for statements of economic interest, if the Code is subsequently amended to specifically include them.
- E. Independent of section 1.D. above, all Committee members shall have an obligation to promptly disclose to the Committee Chair, other Committee members, and Valley Water staff supporting the Committee, a potential financial conflict of interest involving a matter that is before the Committee, namely:

Providing for a Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee of the Santa Clara Valley Water District – Superseding Resolution No. 21-10

Resolution No. 2025-59

- a any real property interest worth \$2,000 or more of the Committee member or their spouse/domestic partner within 1,000 feet of an area affected by a flood mitigation/protection project, or proposed flood mitigation/protection project, being reviewed by the Committee;
- b any source of income to the Committee member or their spouse/domestic partner of \$500 or more from an entity doing work on a Valley Water matter before the Committee and/or concerning an entity which receives grant funding from Valley Water on a matter before the Committee;
- c any ownership or investment interest of the Committee member or their spouse/domestic partner worth \$2,000 or more in a contractor, subcontractor, or consultant that does business with Valley Water or is proposing to do business with Valley Water on a matter being considered by the Committee;
- d any financial interest worth \$500 or more of the Committee member or their spouse/domestic partner relating to any existing or proposed litigation against Valley Water; or
- e a membership, employment, management, or governance position in any entity that is receiving or seeking grant funding from Valley Water or the Safe Clean Water Program involving a matter before the Committee, whether held by the Committee member or her/his spouse/domestic partner.

If a Committee Member has a potential financial conflict of interest with respect to any matter before the Committee, the member must publicly disclose this conflict of interest at a public meeting discussing the matter, including a brief description of the nature of the conflict, but may participate in discussion or debate concerning the matter. The Committee Member must, however, recuse themselves from any Committee vote on the matter. Failure to do so may be grounds for removal from the Committee by the Board of Directors.

- F. Meetings of the Committee shall be governed by the Ralph M. Brown Act, Government Code Sections 54950-54961.

II. PURPOSE

- A. The Committee will provide for a regular meeting to be held not less than once per year.
- B. Between December and February every year beginning in December 2022, the Committee shall conduct an annual review of the Program's prior fiscal year annual report and prepare and submit a summary of its findings to the Board, which shall be made available to Santa Clara County residents, regarding the Committee's review of the implementation of the intended results of the Program.
- C. The Committee shall review each five-year implementation plan for the Program prior to its submittal to the Board for approval. In this review, the Committee will reasonably inform itself to the extent necessary to determine the degree to which Valley Water's five-year implementation plans for the Program are being accomplished.

Providing for a Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee of the Santa Clara Valley Water District – Superseding Resolution No. 21-10

Resolution No. 2025-59

- D. Through its review of the annual reports and five-year implementation plans, the Committee may make recommendations to the Board regarding reasonably necessary measures to meet the priorities of the Program.
- E. Every fifteen years, starting in 2035, the Committee shall review and recommend to the Board and Public whether the special tax should be reduced or repealed, or is needed to build additional projects to achieve related programmatic benefits in accordance with the priorities of the Program.
- F. Valley Water shall fund clerical support.

III. CONDUCT OF MEETINGS

- A. A majority of the Committee will be determined based upon the simple majority of the number of Committee members holding office.
- B. The Chairperson or a majority of the Committee membership may call for a special meeting of the Committee from time to time in accordance with Section 54956 of the Government Code. Such meetings shall be held at the Valley Water Headquarters or such other place and time as the Chairperson may designate. Valley Water may request the Chairperson or Committee to convene a special meeting.
- C. Notices of each Committee meeting, together with an agenda thereof and the draft minutes of the preceding meeting, shall be electronically mailed or sent by first class mail, postage prepaid, to each Committee member, and made available to the public in accordance with the Ralph M. Brown Act.
- D. The Committee may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time.
- E. The powers of the Committee shall be vested in the members thereof in office from time to time. A majority of the full membership of the Committee shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. With the exception above specified, actions of the Committee may be taken upon the affirmative vote of not less than a majority of a quorum present and voting.
- F. The voting on all matters shall be by voice vote unless a roll call vote is called for by any member of the Committee.
- G. Discussion on any particular matter by either Committee members or by any member of the general public may be limited, in the discretion of the Chairperson, to such length of time as the Chairperson may deem reasonable under the circumstances.

Providing for a Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee of the Santa Clara Valley Water District – Superseding Resolution No. 21-10

Resolution No. 2025-59

- H. Whenever the Committee authorizes and instructs the Chairperson to appoint a subcommittee of the Committee or a committee composed of persons who are not members of the Committee, the members of such subcommittee or committee shall serve at the pleasure of the Chairperson. The Chairperson of such subcommittees and committees shall be appointed by the Chairperson of the Committee. All subcommittee meetings shall be conducted in accordance with the Ralph M. Brown Act.
- I. All meetings of the Committee shall be open and public.
- J. The Committee may be adjourned sine die by the Chairperson at the close of consideration of the business before it and may thereafter be returned to a course of regular meetings upon the call of the Chairperson or of a majority of the Committee membership in the manner prescribed for a call a special meeting.

IV. OFFICERS

- A. The officers of the Committee shall be a Chairperson and Vice Chairperson, both of whom shall be members of the Committee. The Committee shall elect its officers at the first meeting of the Committee's annual review cycle. The Chairperson and Vice Chairperson shall serve a term of one year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.
- B. The Chairperson shall preside at all meetings of the Committee. The Chairperson shall sign all resolutions and all other instruments made or promulgated by the Committee and he or she shall perform such other duties as the Committee may prescribe consistent with the purpose of the Committee.
- C. The Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson; and in case of the resignation of or death of the Chairperson, the Vice Chairperson shall perform such duties as are imposed upon the Chairperson until such time as a new Chairperson is elected by the Committee.
- D. Should the office of Chairperson or Vice Chairperson become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.
- E. In the event the Chairperson and Vice Chairperson are both absent from a meeting, the Committee may elect a Chairperson Pro-tempore to preside over the meeting during the absence of the Chairperson and Vice Chairperson.
- F. Additional bylaws may be adopted for the purpose of conducting the business of the Committee.

Providing for a Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee of the Santa Clara Valley Water District – Superseding Resolution No. 21-10

Resolution No. 2025-59

V. FUTURE REVISIONS

- A. Revisions to this resolution consistent with or necessary to carry out or support the purpose of the Committee may be proposed by vote of the Committee or by Valley Water's Board of Directors. The Board will consider and act upon the proposed revisions without delay but following not less than three calendar days (72 hours) written notice to each Committee member of the time and place when and where the proposed revisions are to be acted upon.

PASSED AND ADOPTED by the Santa Clara Valley Water District Board of Directors by the following vote on September 23, 2025:

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

NOES: None

ABSENT: Directors Ballard, Hsueh

ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:



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TONY ESTREMERA
Chair, Board of Directors

ATTEST:

DocuSigned by:



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CANDICE KWOK-SMITH
Clerk, Board of Directors

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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. In January 2021, USACE initiated a General Reevaluation Study of the preferred project. The General Reevaluation Report (GRR) is expected to be completed by June 2025.~~ 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 Branham 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

Modified Funding Allocation

Project E8: Upper Guadalupe River Flood Protection, Reaches 7-12 Financial Summary (\$ Thousand)	
15-Year Allocation	Proposed Modified 15-Year Allocation*
\$64,947	\$22,278

**The modified funding allocation is approximated at this time and shown in inflated dollars. The amounts will be finalized. Updated final amounts will be reflected in the Capital Improvement Program FY2026-30 Five-Year Plan. The Plan will also include prior year expenditures under the 2012 Safe, Clean Water Program as part of the updated total project cost.*

PROJECT A2

WATER CONSERVATION REBATES AND PROGRAMS

This project to help meet and exceed long-term water conservation and reliability goals will increase water-use efficiency in the landscape, residential, schools and commercial sectors through water conservation rebates, technical assistance and public education.

Water Conservation rebate programs may include a residential leak detection and assistance program, an expanded landscape rebate program that promotes California-native plant species as well as water-saving plants, advanced metering infrastructure (AMI) and a restaurant-efficiency and school-efficiency upgrade program.

Water conservation helps manage risks to water supply reliability from climate change and reduces greenhouse gases. Without water conservation, Valley Water would need to import more water or develop additional infrastructure to yield a commensurate water supply every year. Water conservation reduces reliance on imported water supply by creating a more diverse portfolio of supply that is more resilient to risks and uncertainties.

For example, in fiscal year (FY) 2023 2024, approximately ~~83,174~~-~~85,204~~ acre-feet of water were saved through Valley Water's long-term conservation programs and plumbing code regulations. Water conservation programs ensure water supply resiliency as the risk of drought increases due to climate change.

Supplying water, ~~including extracting, conveying, treating, and distributing~~, requires a lot of energy ~~to extract, convey, treat, and distribute~~, which may account for up to 10% of California's greenhouse gas (GHG) emissions. Hence, reducing water demand through conservation reduces GHG emissions. Valley Water's 2011 "From Watts to Water" report (tinyurl.com/WattsToWater2011) explains in more detail the crucial role water conservation plays in reducing GHG emissions.

Water conservation also helps adapt to climate change by conserving limited water supply and lessening demand to meet an uncertain water supply future.

Additionally, conservation helps reduce pollution to the Bay because overwatering of irrigated areas, such as lawns, can carry pollutants such as pesticides, herbicides, fertilizers, soil, and trash, which pollute our creeks and the Bay. Minimizing water waste from overwatering and converting landscapes to ones that require fewer chemicals protects our watersheds.

Benefits

- Helps county residents exceed the countywide goal of conserving 110,000 acre-feet of water per year by 2040
- Increases water supply reliability by creating a more diverse portfolio of supply that is more resilient to risks and uncertainties
- Reduces greenhouse gases by reducing water usage, thereby decreasing the energy required for water conveyance, treatment, and distribution
- Supports climate change adaptation by conserving limited water supply and lessening demand to meet an uncertain water supply future
- Reduces pollution to the Bay by reducing irrigation runoff

Key Performance Indicators (FY22-36)

1. Award up to \$1 million per year toward specified water conservation program activities, including rebates, technical assistance, and public education, within the first seven (7) years of the Program.



Permaculture pilot project students learning hands-on lawn conversion.

ACTIVE
ADJUSTED

Project A2 FY25 Highlights

- Provided \$1.1 million towards water conservation activities, including rebates.
- The funding helped Valley Water to convert more than 960,000 square feet (sq ft) of lawn into low water-use landscapes.
- Began the procurement process for the design of the demonstration garden in Valley Water's HQ building.

PROJECT D1

MANAGEMENT OF RIPARIAN PLANTING AND INVASIVE PLANT REMOVAL

This project supports Valley Water management of at least 300 acres of existing riparian planting projects and 200 acres of invasive plant removal projects throughout the five (5) watersheds. The project also funds maintenance of future riparian planting and invasive plant removal sites, which are anticipated as part of upcoming environmental mitigation requirements. Funding for this project ensures that all required riparian planting and invasive plant removal projects are maintained as functional habitat that can support wildlife. In addition, this project includes targeted control of especially damaging non-native, invasive plant species, such as Arundo donax, throughout the county.

Climate change has increased temperatures and lengthened growing seasons, which facilitates the spread of non-native invasive vegetation by allowing it to establish early in spring before native species, thus transforming ecosystems.

Riparian planting aims to reestablish native California plant species, combating habitat loss and fragmentation from urban development and sprawl. Carefully selected perennial plants, which can thrive for decades, aid in climate change mitigation by producing oxygen and absorbing and storing carbon in various forms. The shade provided by mature trees helps to moderate the urban heat island effect, reducing the need for additional energy sources to keep us comfortable. *Shade can also help moderate the water temperature of streams, limiting extreme changes that can impact fish and other aquatic organisms.* Invasive plant control targets non-native species, often less tolerant to climate extremes like flooding and droughts. These species can hinder the reestablishment of native plants after such disturbances and can diminish forest carbon storage capacity. Invasive plants also tend to form dense monospecific thickets, increasing the risk of more frequent and severe wildfires. Management of riparian planting and invasive plant removal helps prevent the spread of non-native species, making the natural habitat less vulnerable and more resilient to climate change. Furthermore, restoring habitats that are damaged during regular operations is an important component of sustainable stewardship to protect nearby natural areas. It helps improve native habitat.

Benefits

- Maintains 300 acres of existing riparian planting sites
- Maintains 200 acres of existing invasive plant management projects
- Allows Valley Water to monitor plant survival and habitat functions
- Complies with environmental laws, which require long-term habitat mitigation for routine stream maintenance, flood protection and water supply projects
- Provides for the maintenance of future riparian planting and invasive plant management sites
- Addresses climate change impacts by making the natural habitat less vulnerable and more resilient



Removing giant reed (*Arundo donax*).

ACTIVE
ADJUSTED

Project D1 FY25 Highlights

- Maintained 425.4 acres of riparian planting projects at 105 sites throughout Santa Clara County.
- Maintained 313.53 acres of invasive plant management projects at 23 sites throughout the county.
- Removed 1.78 acres of Arundo donax at 25 sites throughout the county.

PROJECT D4

FISH HABITAT AND PASSAGE IMPROVEMENT

This project helps restore and maintain healthy fish populations, especially steelhead, by improving fish passage and habitat. Sites may include Alamitos Creek at Almaden Lake and County of Santa Clara-owned Ogier Ponds, where human-made creek alterations disrupt fish migration. Project D4, which includes coordinating and partnering with other external parties, incorporates studies of streams throughout the county to determine what and where habitat improvements will most benefit steelhead. These studies can be used by regional partners to implement complementary habitat enhancements.

The project also continues funding to place instream gravel, boulders, large wood, or other features to enhance fish habitat at appropriate locations. By adding natural stream features such as large wood, we can create habitat to provide refuge during fish migration, prolonged drought, or extreme rainfall events. Additionally, habitat restoration can improve ecosystem function and increase resiliency to climate change. By restoring natural functions, issues such as water quality may be ~~less exacerbated~~ improved and native species can continue to flourish and adapt.

Benefits

- Improves habitat and passage for steelhead and other native fish within Santa Clara County watersheds
- Contributes to required mitigation for environmental impacts of reservoir and recharge operations and countywide Stream Maintenance Program
- Maintains investment in earlier habitat improvements
- Improves fish passage and habitat conditions, strengthening the resiliency of native fish populations, including steelhead, against the impacts of climate change

Key Performance Indicators (FY22-36)

1. Complete planning and design for one (1) creek/lake separation.
2. Partially fund the construction of one (1) creek/lake separation project in partnership with local agencies.
3. Use \$8 million for fish passage improvements by June 30, 2028.
4. Update study of all major steelhead streams in the county to identify priority locations for fish migration barrier removal and installation of large woody debris and gravel as appropriate.
5. Complete five (5) habitat enhancement projects based on studies that identify high priority locations for large wood, boulders, gravel, and/or other habitat enhancement features.

Geographic Area of Benefit: Countywide



Ogier Ponds, looking north.

ACTIVE

ADJUSTED

Project D4 FY25 Highlights

- Completed the Feasible Alternatives Analysis Report for the Ogier Ponds-Coyote Creek Separation Project.
- Completed the Conceptual Alternatives Report and Feasible Alternatives Analysis Report for the Moffett Fish Ladder.
- Completed the data collection and stream reconnaissance phases of the fish passage barrier prioritization study for Guadalupe Creek, Alamitos Creek, and Arroyo Calero.

PROJECT E5

SAN FRANCISQUITO CREEK FLOOD PROTECTION, SAN FRANCISCO BAY TO UPSTREAM OF HIGHWAY 101—PALO ALTO

This project is led by the San Francisquito Creek Joint Powers Authority (SFCJPA), of which Valley Water is a member agency, in partnership with the U.S. Army Corps of Engineers (USACE).

Preferred project: A **federal-state-local** partnership

The project is to construct improvements along San Francisquito Creek from San Francisco Bay to Middlefield Road and additional detention of floodwaters upstream of Highway 280 to provide 1% (100-year event) flood protection, ecosystem protection and recreational benefits to surrounding communities.

Local-state-limited federal funding partnership

San Francisco Bay to Highway 101 (Reach 1)

In 2019, Valley Water completed the construction of the San Francisco Bay to Highway 101 reach of the project to provide 1% flood protection and ecosystem benefits to the neighboring communities. Major improvements included construction of approximately ~~4,600~~ 4,000 feet of floodwalls, 6,100 feet of levees, and encompassed a total of 58 acres, creating a significantly wider creek marsh plain.

Highway 101 to Pope-Chaucer Bridge (Reach 2)

This stretch of the project will remedy channel constrictions and replace bridges at Newell Road and Pope/Chaucer streets to allow the channel to contain floodwaters of approximately 7,500 cubic feet per second, equivalent to approximately a 1.4% flood event (70-year event). Allowing this level of water to flow through the channel will protect approximately 3,000 parcels in Palo Alto from a flood event close to the February 1998 flood, the largest on record. Currently, the channel can only convey **between a 4-10% flood event (10- to 25-year event)**. **approximately a 7% flood event (approximately a 15-year event)**.

The USACE is studying the San Francisquito Creek through its Continuing Authorities Program, Section 205 (CAP 205), which allows the USACE to study, design, and construct small flood risk reduction projects in partnership with non-federal agencies with a maximum project cost of \$10 million. The level of protection provided is still being studied but will likely be less than 1%.

The Newell Road bridge replacement, unlike the rest of the project elements in this stretch, is led by the City of Palo Alto, which has applied for funding through Caltrans' Highway Bridge Program (HBP). The project has been programmed by Caltrans to fund approximately 89% of the total cost for replacing the Newell Road bridge, while the local match funds, approximately 11% of the total cost, will be funded by Valley Water through the Safe, Clean Water Program. The City of East Palo Alto and the SFCJPA continue to provide input on the Newell Road Bridge replacement.

The SFCJPA continues to pursue partnerships with federal, state, and local agencies for additional construction funding **for the Reach 2 Project.**



Location of proposed in-channel widening along San Francisquito Creek.

ACTIVE

ADJUSTED

Project E5 FY25 Highlights

- SFCJPA Board reaffirmed its commitment to the goal to provide flood protection from a 70-year event (KPI #2).
- A draft augmented alternatives evaluation report was presented to the SFCJPA Board.
- The City of Palo Alto awarded the construction contract for the Newell Road Bridge Replacement project.

Benefits

- Provides 1% flood protection to approximately 3,000 homes and businesses in Palo Alto
- Local-state-funding-only project provides approximately 1.4% (70-year event) flood protection for approximately 3,000 homes and businesses in Palo Alto
- Reduces bank erosion and sedimentation-related impacts along San Francisquito Creek
- Provides new or improved habitats for endangered species
- Improves water quality
- Enhances recreational opportunities for the community
- **Minimizes operational and maintenance requirements**
- Leverages dollars via cost-shares and grants from the state Department of Water Resources and the California Department of Transportation
- Addresses climate change as the project is designed to increase flow capacity, thereby reducing flood risks from storm events projected to become more frequent and intense due to climate change. Furthermore, the project accounts for 2 feet of sea level rise

Key Performance Indicators (FY22-36)

1. Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection.
2. With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.

Geographic Area of Benefit: Palo Alto

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Safe, Clean Water Program

Change Control Process—At-A-Glance

YOUR TAX DOLLARS AT WORK



**Safe,
Clean
Water**

and Natural Flood Protection

What is the Change Control Process?

The Change Control Process is how Valley Water decides whether to **adjust, modify, or not carry out** a Safe, Clean Water project. It ensures projects stay on track, use funds wisely, and meet community needs. Every project has clear outcomes, called key performance indicators (KPIs), that are used to measure progress and results.

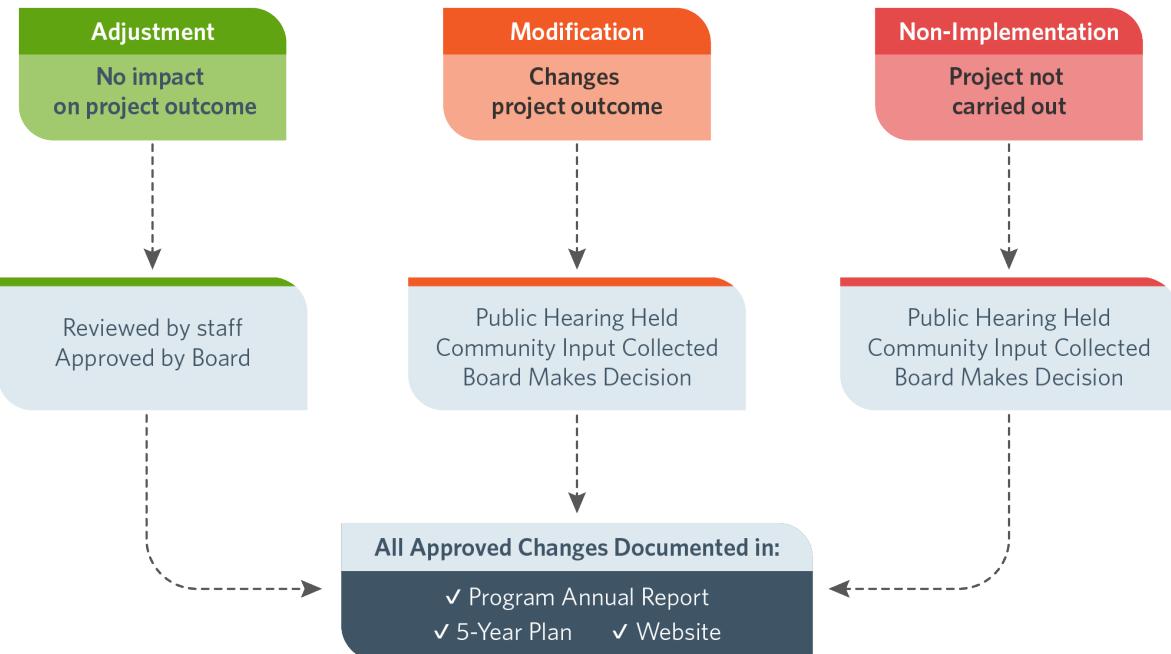
Types of Changes

Type of Change	What It Means	Public Hearing Needed?
Adjustment	Changes to text, timelines, or budgets that do not affect any project outcome (KPI).	No hearing—Board approves during regular meetings.
Modification	A change to the project outcome (KPI) or funding that does affect an outcome.	Yes—requires a public hearing.
Non-Implementation	A decision not to carry out a project.	Yes—requires a public hearing.

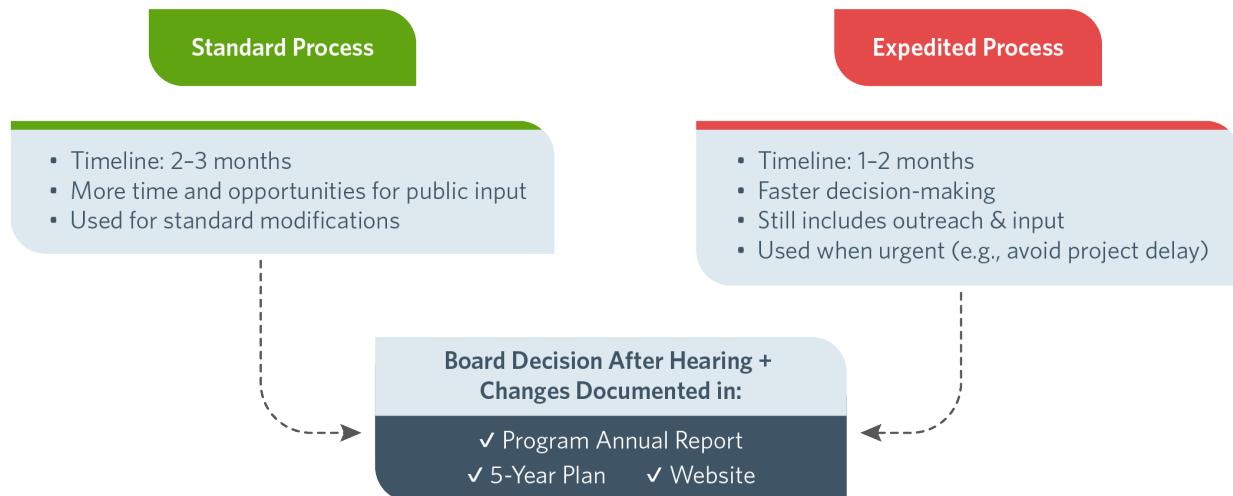
Public Hearings—Your Role

- **When?**
Usually, no later than April.
- **How long?**
Standard process (2-3 months) or expedited process (1-2 months if urgent).
- **How are you notified?**
Notices in local newspapers, Valley Water's website, social media, and email updates.
- **How can you participate?**
Attend hearings, sign up for email updates, and join public meetings.

How a Proposed Project Change Flows



Standard vs. Expedited Public Hearing



Summary

- Changes with no impact on outcomes happen during Board meetings.
- Changes with any impact on outcomes always come back to the public through a hearing.
- Your voice helps shape the future of Safe, Clean Water projects.



Fiscal Year 2024-25 Annual Report

Presented by: **Meenakshi Ganjoo**, Program Administrator

Safe, Clean Water Program Independent Monitoring Committee, December 3, 2025

Agenda

Safe, Clean Water Program Implementation

Annual Report Improvements

FY25 Program Performance

FY25 Annual Report Review Timeline

Program Implementation

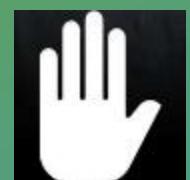
Community-Preferred Priorities



Transparency and Accountability



Multiple
15-Year
Financial
Planning
Cycles



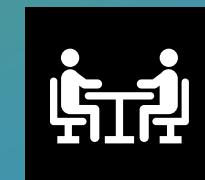
5-Year
Checkpoints and
Implementation
Plans



Annual Reports;
Website
Updates



Independent
Monitoring



5-Year
Professional,
Independent
Audits



Change
Control
Process



Public &
Interested
Parties
Engagement
Process every
15-years

Valley Water Board Roles & Responsibilities

1. Approve implementation strategies, project budgets, and budget adjustments.
2. Conduct an annual detailed review of the Safe, Clean Water Program performance, financial analysis, and strategies.
3. Direct project adjustments or modifications, including not implementing a project due to funding or other limitations.
4. Initiate professional, independent audits of the program every five years.
5. Appoint the Independent Monitoring Committee (IMC).
6. Evaluate the need for the Safe, Clean Water Program at 15-year intervals.

Staff Roles & Responsibilities

1. Plan Program implementation.
2. Develop 5-year implementation plans with targets for the Board's consideration.
3. Implement projects to meet project-specific key performance indicators (KPIs).
4. Publish annual reports to track and report on the Program's progress.
5. Perform annual financial analysis and recommend budget adjustments and modifications necessary to maintain Safe, Clean Water Fund financial health.
6. Recommend text and schedule adjustments, as necessary.
7. Ensure project adjustments and modifications are carried out per the Board-approved Change Control Process.
8. Maintain Program webpages.
9. Support the work of the IMC.

IMC Roles & Responsibilities

1. Conduct an annual review of Valley Water's fiscal year report on the Program.
2. Provide an annual report to the Board regarding the implementation of the Program's intended results.
3. Review each five-year implementation plan for the Program before it is submitted to the Board for approval.
4. Through its reviews, make recommendations to the Board regarding reasonably necessary measures to meet the Program's priorities.
5. Review and provide recommendations to the Board and the public every 15 years on whether the special tax should be reduced, repealed, or maintained to fund additional projects that support programmatic goals and priorities.

Annual Report Improvements



Report Improvements

Several report improvements, including:

1. Providing information on debt financing.
2. Updating project descriptions for clarity and replacing/deleting outdated information.

PROJECT A2 WATER CONSERVATION REBATES AND PROGRAMS



This project to help meet and exceed long-term water conservation and reliability goals will increase water-use efficiency in the landscape, residential, schools and commercial sectors through water conservation rebates, technical assistance and public education.

Water Conservation rebate programs may include a residential leak detection and assistance program, an expanded landscape rebate program that promotes California-native plant species as well as water-saving plants, advanced metering infrastructure (AMI) and a restaurant-efficiency and school-efficiency upgrade program.

Water conservation helps manage risks to water supply reliability from climate change and reduces greenhouse gases. Without water conservation, Valley Water would need to import more water or develop additional infrastructure to yield a commensurate water supply every year. Water conservation reduces reliance on imported water supply by creating a more diverse portfolio of supply that is more resilient to risks and uncertainties.

For example, in fiscal year (FY) 2023-2024, approximately ~~83,174~~-~~85,204~~ acre-feet of water were saved through Valley Water's long-term conservation programs and plumbing code regulations. Water conservation programs ensure water supply resiliency as the risk of drought increases due to climate change.

Supplying water, **including extracting, conveying, treating, and distributing**, requires a lot of energy **to extract, convey, treat, and distribute**, which may account for up to 10% of California's greenhouse gas (GHG) emissions. Hence, reducing water demand through conservation reduces GHG emissions. Valley Water's 2011 "From Watts to Water" report (tinyurl.com/WattsToWater2011) explains in more detail the crucial role water conservation plays in reducing GHG emissions.

Water conservation also helps adapt to climate change by conserving limited water supply and lessening demand to meet an uncertain water supply future.

Additionally, conservation helps reduce pollution to the Bay because overwatering of irrigated areas, such as lawns, can carry pollutants such as pesticides, herbicides, fertilizers, soil, and trash, which pollute our creeks and the Bay. Minimizing water waste from overwatering and converting landscapes to ones that require fewer chemicals protects our watersheds.

Benefits

- Helps county residents exceed the countywide goal of conserving 110,000 acre-feet of water per year by 2040
- Increases water supply reliability by creating a more diverse portfolio of supply that is more resilient to risks and uncertainties
- Reduces greenhouse gases by reducing water usage, thereby decreasing the energy required for water conveyance, treatment, and distribution
- Supports climate change adaptation by conserving limited water supply and lessening demand to meet an uncertain water supply future
- Reduces pollution to the Bay by reducing irrigation runoff

Key Performance Indicators (FY22-36)

1. Award up to \$1 million per year toward specified water conservation program activities, including rebates, technical assistance, and public education, within the first seven (7) years of the Program.

SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION

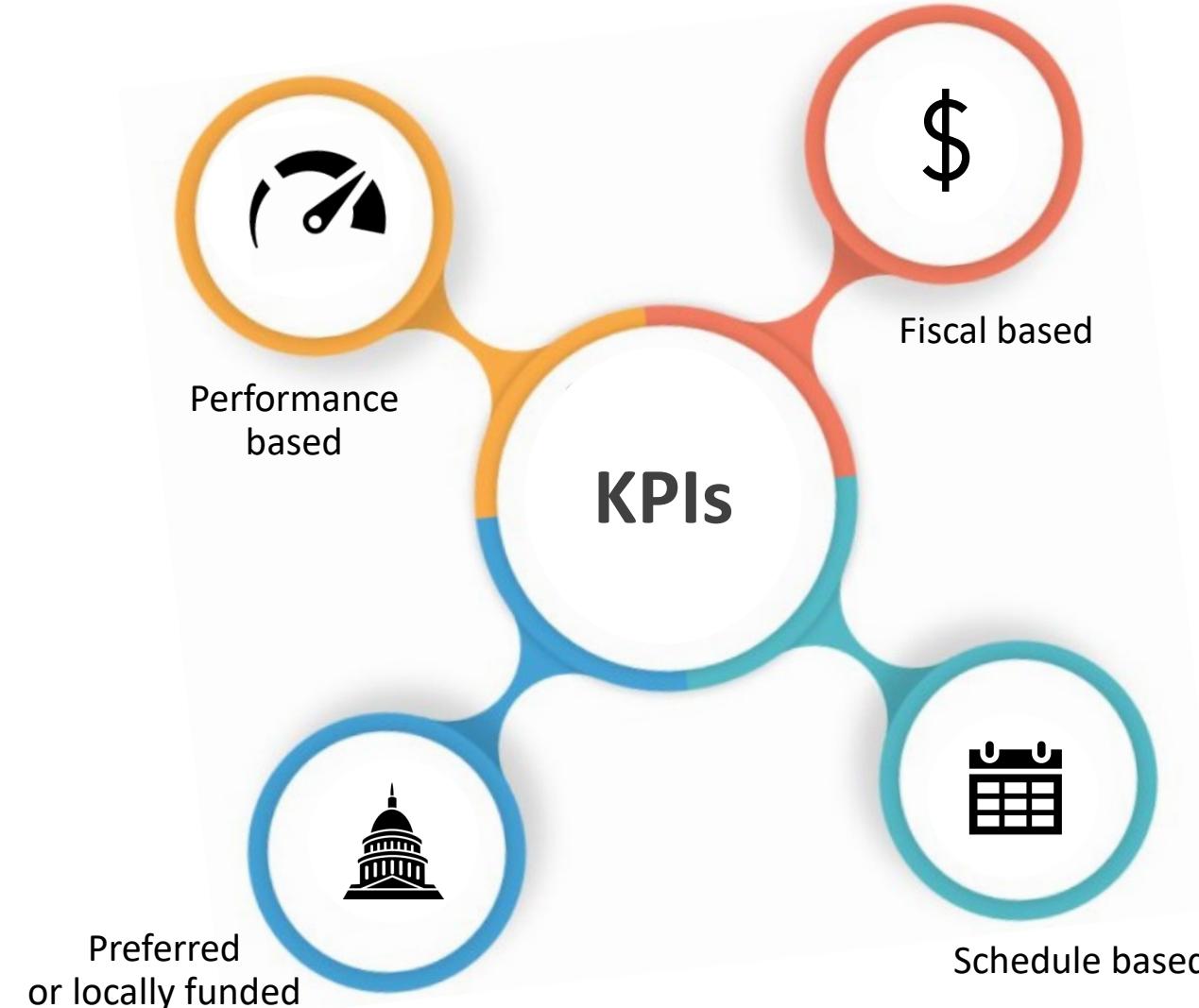
Priority A 11

FY2024-25 Program Performance



Monitoring Projects & Program Performance

- KPIs are contained in the election resolution approved by the voters
- Board may modify KPIs as per the Change Control Process
- IMC may recommend to the Board KPI modification



Annual Project Status Categories



Active



Scheduled
to start



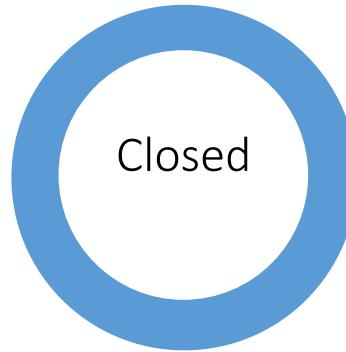
On Hold



KPI Not
Achieved



Completed



Closed

The project
is currently
underway.

The project
is scheduled
to start in a
future fiscal
year.

Work on
delivering the
project KPIs is
temporarily on
hold while
challenges are
being
addressed.

Project KPIs
were not met.

Project KPIs
have been met.

Project KPIs
have been met
and the project
has been
closed out.

Change Control Process*

Adjustment

(Requires publicly noticed meeting)

Changes to a project text, funding, or schedule that don't impact Program KPIs

Modification

(Requires formal public hearing)

Changes to KPIs or funding changes that impact any Program KPIs

Not Implement

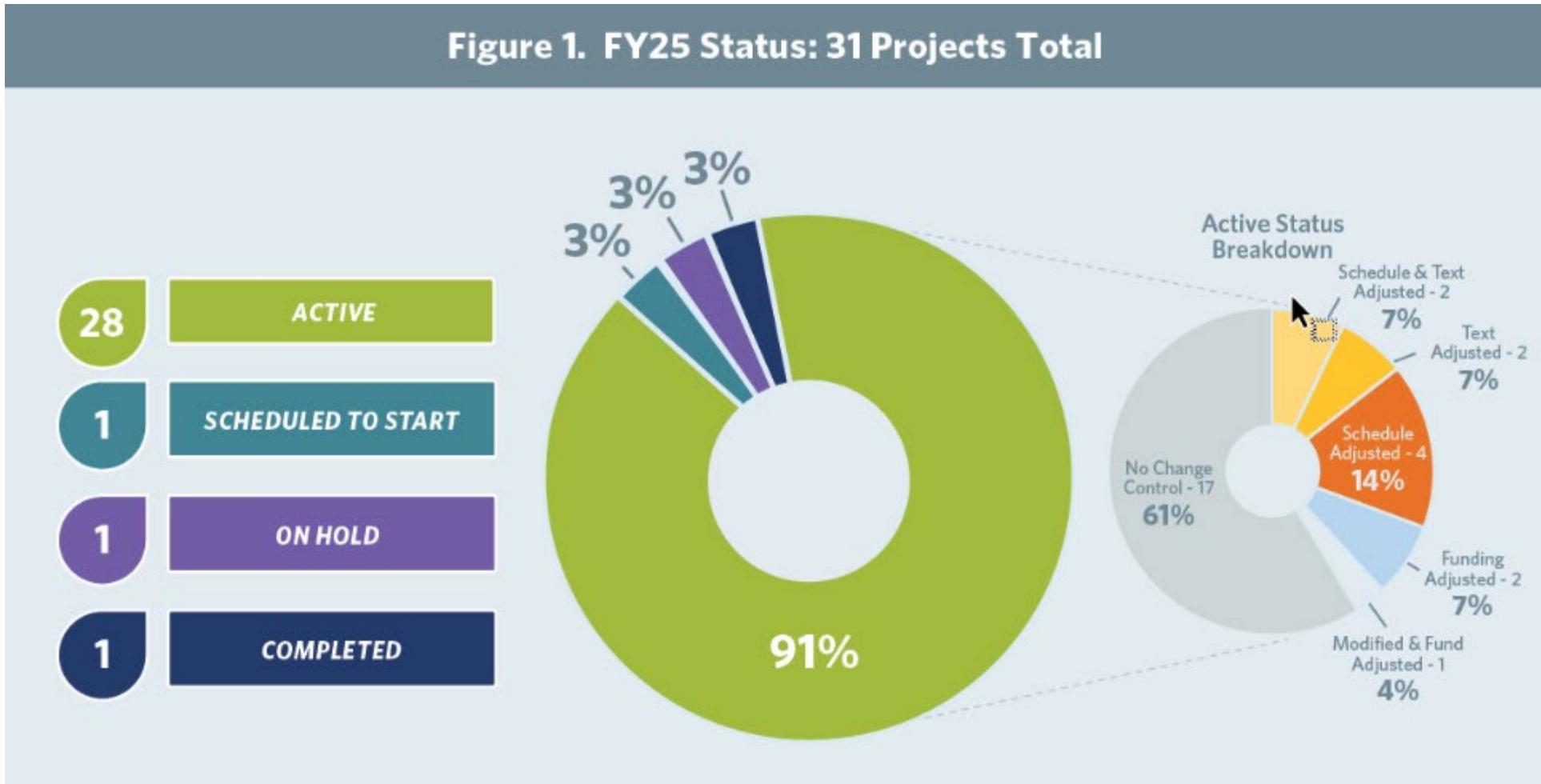
(Requires formal public hearing)

Decision to not implement a project

*The Board approved the enhanced process in October 2025.

<https://scvwd.legistar.com/LegislationDetail.aspx?ID=7708227&GUID=5851453E-3BEE-4E1B-A85C-4D6D0CB69751>

Annual Project Status



Project Modification FY25

Following the close of the public hearing on August 13, 2024, the Board approved the following Program change:

1. Modifications - funding modification for Project E8: Upper Guadalupe River Flood Protection.

Public Hearing link:

<https://scvwd.legistar.com/LegislationDetail.aspx?ID=6816000&GUID=9C85B173-189B-4038-872C-AC2C11C55BBB>

FY25 Program Highlights



Installation of reinforced concrete box culvert at Hale Ave.

1. Began construction of the Upper Llagas Creek Flood Protection Project, **Phase 2B**; secured up to **\$80 million** in grant funding from the Natural Resources Conservation Service.
2. Board certified the **Final Environmental Impact Report (EIR)**; approved the **Engineer's Report** for the Anderson Dam Seismic Retrofit Project.
3. Completed the **Coyote Creek Flood Management Measures Project (Phase 1)**; Board certified the **Final (EIR)** for Phase 2.

FY25 Program Highlights...cont.



A San José HOA received a rebate for converting over 30,000 square feet of lawn to a climate-appropriate, low-water-use landscape.

5. Provided **\$1.1 million** for water conservation efforts, including **450 rebates** totaling **\$876,000**, converting **876,000 sq ft** of lawns to **low-water-use landscapes**.
6. Awarded over **\$2 million** in grants.
7. Launched a new rebate program offering **up to \$150,000** for creekside property owners to support essential creek maintenance and improvement.

FY25 Program Highlights...cont.



Coyote Creek before (above) and after (below) cleanup.

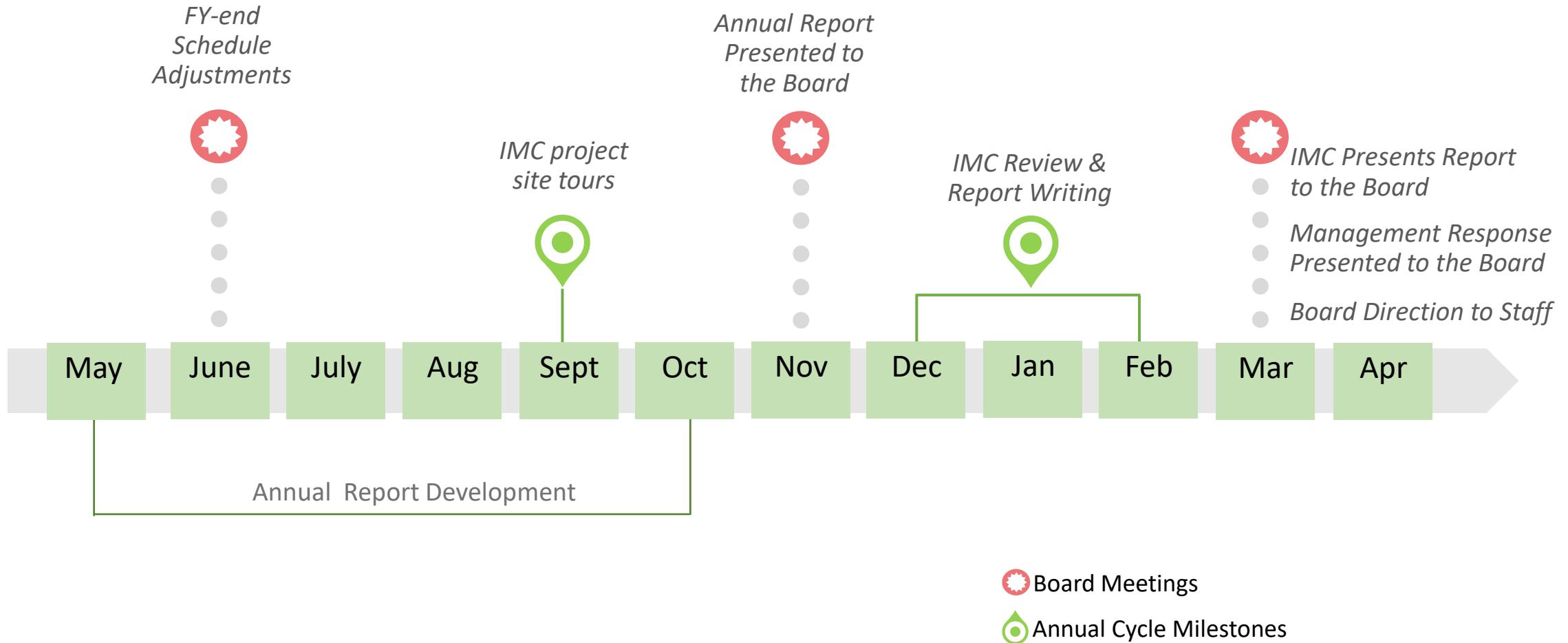


9. Removed **904 tons** of trash from local waterways.
10. Removed **317 cubic yards of vegetation** and **14,545 cubic yards of sediment** from creeks to reduce flood risks.
11. Managed nearly **4,321 acres** to clean up encampment-generated trash, debris, and hazardous pollutants.

Annual Report Review Process and Timeline



Annual Report & IMC Review Timeline



IMC Meeting and Annual Review Process

1. All IMC meetings comply with the Brown Act, requiring a quorum to conduct business
2. Meeting agendas are published one week in advance
3. The chair presides over meetings in coordination with staff
4. Actions are approved by voice vote
5. All communications to the IMC outside of public meetings must be directed through the Clerk's Office to ensure Brown Act compliance
6. The annual report is reviewed through the formation of working groups or subcommittees tasked with evaluating:
 - a. Projects under each priority area
 - b. Overall program financials

IMC Review: Schedule

- **Sept. 11, 2025** - Site visits✓
- **Dec. 3, 2025** - IMC Review Kickoff Meeting ([Valley Water HQs](#); 4-7 p.m.)
- **Jan. 5-9, 2026** - IMC project review via priority subcommittees ([via Zoom](#))
- **Jan. 29** - Subcommittee chairs report findings to IMC ([Valley Water HQs](#))
- **Jan. 30** - IMC Report drafting meeting ([via Zoom](#))
- **Feb. 18** - IMC meeting to review/finalize the report ([Valley Water HQs](#))
- **Mar. 10** - IMC Report & Management Response presented to the Board

QUESTIONS

Stay informed
about
Valley Water
by signing up
for our
eNewsletter.





Valley Water

Clean Water • Healthy Environment • Flood Protection

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Santa Clara Valley Water District

File No.: 25-1039

Agenda Date: 12/3/2025

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM Safe Clean Water Independent Monitoring Committee (SCW IMC)

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

SUBJECT:

Receive Information on Jurisdictional Complexities Impacts on Projects In the Safe, Clean Water and Natural Flood Protection Program.

RECOMMENDATION:

Receive information on jurisdictional complexities impacts on projects in the Safe, Clean Water and Natural Flood Protection Program.

SUMMARY:

During the FY2023-24 annual review, the Independent Monitoring Committee requested a presentation on the impacts of Jurisdictional Complexities, such as permitting and external funding, on progress toward Safe, Clean Water and Natural Flood Protection Program projects, as well as an overview of the innovative approaches Valley Water is already taking to address these complexities.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228

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Understanding Jurisdictional Complexities

Presented by: **Luz Penilla**, Assistant Officer

Safe, Clean Water Program Independent Monitoring Committee

December 3, 2025

Agenda

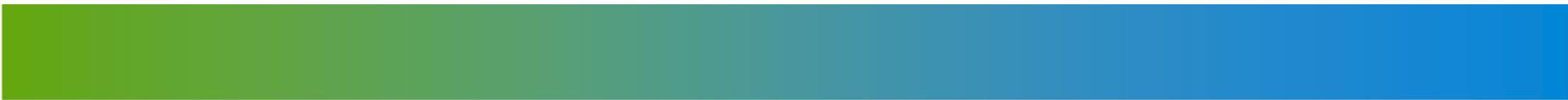
Why Jurisdictional Complexities Exist

What Staff Are Doing to Address Them

What's Being Done Organizationally

Summary and Key Takeaways

Why Jurisdictional Complexities Exist



Why Jurisdictional Complexities Exist



Regulatory

- Projects occur in a stringent regulatory environment
- Permits are required from multiple agencies



Partners

- Need to clarify roles, responsibilities, cost sharing and joint uses
- Need for land right and easement agreements



Federal/State

- Projects with federal or state agencies must meet their design requirements and approvals



Cities

- Valley Water projects aligns with other cities general plans
- Must coordinate land usage and management



Utilities

- Must address utility impacts and secure utility relocation design reviews and approvals

What's being done by Staff



What's being done by Staff

1. Agency Coordination

- Coordinate early on and throughout all project phases to *secure very high confidence levels*
- Seek *concurrence* on designs, utility relocations, cost sharing, land right transfers/acquisitions/easements, permits and maintenance responsibilities
- Conduct quarterly meetings* on multiple projects to identify challenges/issues that require upper management support

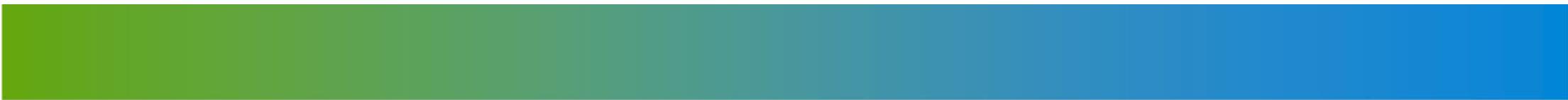
2. Partnered Projects

- Staff *work side by side* as one team with federal, state and local partners

3. Agreements

- Develop land rights, licensing, cost share/funding, and maintenance agreements with agencies to *ensure clear terms for project delivery*

What's Being Done Organizationally



What's being done Organizationally

State & Federal Advocacy Trips

- Discuss project needs and challenges during scheduled lobbying trips

Outreach and Coordination

- Meet with interested parties to align design decisions and maintain transparency

Outside Agency Staff Support

- Fund staff at regulatory agencies and Santa Clara County to ensure timely reviews

Partner Updates to the Board

- Invite project partners to discuss status on schedule, funding, challenges, and way forwards

Joint Board Meetings

- Conduct joint board meetings with cities to ensure alignment on projects by the decision makers

Jurisdictional Complexity Summary



Summary

Jurisdictional Complexities are important because they can influence:

1. Project Delivery Schedule and Costs

- Coordinating between multiple agency reviews, approvals, and permitting can increase project schedules and costs

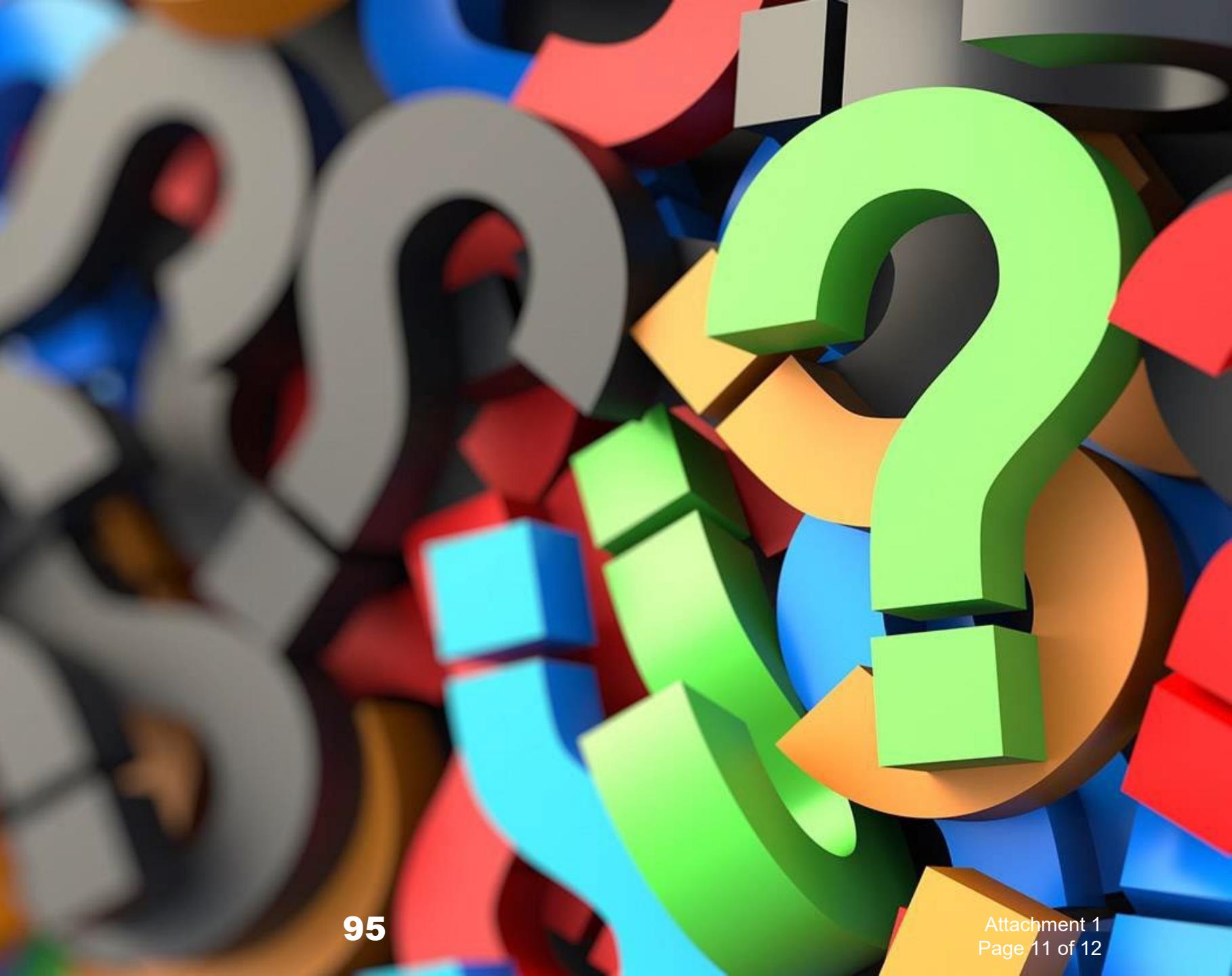
2. Roles and Responsibilities

- Shared responsibilities among multiple jurisdictions require identifying who is responsible for the completed project, especially for operation and maintenance or during emergencies

3. Collaboration and Shared Benefits

- Jurisdictional complexity can foster collaboration, resource sharing, and regional planning when managed through strong partnerships and a clear governance structure

QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection



Santa Clara Valley Water District

File No.: 25-1037

Agenda Date: 12/3/2025

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Safe Clean Water Independent Monitoring Committee (SCW IMC)

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

SUBJECT:

Receive the Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the Period Covering July 1, 2021, Through June 30, 2024, with Valley Water Management's Response.

RECOMMENDATION:

Receive the Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the period covering July 1, 2021, through June 30, 2024, with Valley Water management's response.

SUMMARY:

On November 12, 2025, the Valley Water Board of Directors (Board) received the independent performance audit report for the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program). The report (Attachment 1), which includes the Valley Water management response, is now being shared with the Independent Monitoring Committee (IMC).

This audit was conducted in accordance with Resolution No. 20-64, Section Q (Attachment 2) of the renewed Safe, Clean Water Program, which requires that:

"While the Safe, Clean Water and Natural Flood Protection Program is in effect, the Board of Directors shall conduct independent professional audits of the Program to provide for accountability and transparency at least every five years."

The Board's decision followed a March 14, 2023, recommendation from the Independent Monitoring Committee (IMC) for an audit covering the previous 2012 Safe, Clean Water and Natural Flood Protection Program (2012 Program), which ended in FY21, and the renewed Safe, Clean Water Program that took effect in FY22.

Subsequently, the Board directed staff to conduct separate, independent audits for both programs: a closeout audit for the 2012 Program, followed by an audit of the renewed Safe, Clean Water Program.

The 2012 Program closeout audit report was presented to the Board on April 23, 2024, and to the IMC on December 4, 2024.

On December 4, 2024, the IMC also received a brief verbal update from the independent auditor PMA Consultant, LLC (PMA), on the audit scope, process, and timeline.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with receiving the Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the Period Covering July 1, 2021, through June 30, 2024, with Valley Water Management's Response. This action is unlikely to or will not result in disproportionate impacts on any specific community relative to the general population from the implementation of this Program.

ATTACHMENTS:

Attachment 1: Performance Audit Report
Attachment 2: Resolution 20-64
Attachment 2: PowerPoint

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228



Santa Clara Valley Water District

Safe, Clean Water and Natural Flood Protection Program (Measure S)

Performance Audit Report FY22 – FY24

Prepared by:

PMA Consultants
San Jose, California
July 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
A. Introduction	3
B. Overall Audit Objectives	3
C. Summary of Key Findings.....	4
D. Summary of Key Recommendations.....	4
D. Findings, Recommendations, and Management Responses Overview.....	5
I. INTRODUCTION	7
A. Background on the Safe, Clean Water and Natural Flood Protection Program	7
B. Audit Objectives and Methodology	8
C. Audit Scope and Period.....	9
D. Acknowledgements	10
II. COMMENDATIONS.....	11
III. PROCEDURES, FINDINGS AND RECOMMENDATIONS.....	13
A. Reporting and Transparency.....	13
B. Program Oversight and Governance.....	13
C. Program and Project Performance	22
IV. APPENDICES	27
A. List of Projects Selected for Review.....	27
B. Prioritization of Findings	29
C. Summary of Findings, Recommendations and Management Responses.....	30

EXECUTIVE SUMMARY

A. Introduction

The Santa Clara Valley Water District (Valley Water) ensures current and future water supplies, protects water resources from contaminants, provides flood protection, safeguards infrastructure from natural disasters, and restores ecosystems within Santa Clara County. In November 2020, voters in Santa Clara County approved Measure S, establishing the renewed Safe, Clean Water and Natural Flood Protection Program (SCW Program). This measure provides continued funding via a special parcel tax for projects delivering safe water, natural flood protection, and environmental stewardship. The renewed SCW Program, effective July 1, 2021, replaced the previous 2012 Safe, Clean Water and Natural Flood Protection Program in its entirety, carrying forward funding for previously identified capital projects and replacing other projects with comparable initiatives under the renewed program structure.

To ensure accountability and transparency, Measure S requires the Valley Water Board of Directors to conduct independent professional audits of the SCW Program at least every five years while the program is in effect. In fulfillment of this requirement, Valley Water engaged PMA Consultants to conduct this independent performance audit of the renewed SCW Program.

B. Overall Audit Objectives

The primary objective of this independent performance audit was to assess the renewed Safe, Clean Water and Natural Flood Protection (SCW) Program for the period covering July 1, 2021, through June 30, 2024. The audit evaluated key aspects of program implementation, including:

- **Governance and Transparency:** The audit evaluated the effectiveness of overall program governance, managerial oversight and independent monitoring, including the roles of the Board of Directors and the Independent Monitoring Committee (IMC), and assessed the transparency and accuracy of public reporting on program progress and outcomes.
- **Compliance:** The audit verified the program's compliance with key provisions of the Measure S tax measure. This included assessing whether funds were collected and expended appropriately and whether the Board-approved Change Control Process was properly implemented for project adjustments, modifications and non-implementation.
- **Performance:** The audit assessed Valley Water's progress toward meeting the SCW Program's six priorities and its key performance indicators (KPIs). This assessment included deep-dive reviews of a sample of projects to evaluate project management effectiveness in meeting scope, budget, and schedule commitments.

The remainder of this report provides the detailed procedures, findings, and recommendations resulting from this work.

C. Summary of Key Findings

The audit concluded that Valley Water has established the formal governance, oversight, and reporting structures mandated by Measure S, and the audit identified several noteworthy practices demonstrating effective program management. The audit also resulted in nine findings that identified opportunities for improvement. The key findings, which are summarized below, focus on opportunities to improve the processes for reporting project progress and to strengthen the governance of complex partnerships and program oversight.

Key findings are summarized below:

- **Opportunity to Improve Reporting for SCW Program Projects:** The audit identified opportunities to improve the processes used to report on the funding allocations and schedules for SCW Program projects. For project funding allocations, the methods for reconciling adjustments can be improved to ensure more accurate and timely reporting in the SCW Annual Report. Similarly, for project schedules, improving the reconciliation of changes approved in the Capital Improvement Program's Five-Year Plan (CIP Plan) would make it easier for stakeholders to trace the impact of adjustments on the delivery of project KPIs.
- **Governance and Partnership Complexity:** The audit identified governance challenges with the San Francisquito Creek flood protection project (Project E5), where Valley Water's evolution from project lead to funding partner has resulted in a misalignment between its accountability for a specific outcome and its current role and authority. Additionally, opportunities were identified to enhance the effectiveness of the Independent Monitoring Committee (IMC), and a prior audit recommendation regarding the Conflict of Interest policy for the IMC remains unresolved.

D. Summary of Key Recommendations

The recommendations in this report are intended to support Valley Water's continuing efforts to maintain and enhance a robust, transparent, and effective oversight and governance framework for the SCW Program. The key recommendations are:

- **Improve Reporting Processes and Transparency:** Strengthen the processes for reporting on SCW Program projects by requiring a formal reconciliation of all funding allocations and schedule changes. This will ensure changes approved through the CIP Plan are accurately translated and reported, improving the clarity and transparency of the SCW Annual Report.

- **Strengthen Governance and Partnership Management:** Enhance the management of key external partnerships, such as on the San Francisquito Creek flood protection project (Project E5), by developing tools to better track strategic decisions and risks, and continuing efforts to align project KPIs with Valley Water's evolving role. Strengthen the processes for recruiting IMC members and resolve the outstanding Conflict of Interest policy issue.

D. Findings, Recommendations, and Management Responses Overview

Our procedures identified improvement opportunities that are listed in the following table and presented in detail in the Procedures, Findings, and Recommendations section of this report. All improvement opportunities are also summarized in Appendix C.

Summary of observations	Detail on Page #
<p>1. <u>The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted</u> The audit identified a minor procedural discrepancy in how Valley Water files Measure S tax resolutions with Santa Clara County.</p>	14
<p>2. <u>Process for Reconciling SCW Project Funding Allocations with CIP Adjustments Needs Improvement to Enhance Reporting Reliability.</u> The process for reconciling SCW capital project funding allocations with CIP Plan adjustments needs improvement to support accurate and timely reporting in the SCW Annual Report.</p>	15
<p>3. <u>A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments</u> A clearer crosswalk is needed between CIP and SCW schedule adjustments to improve transparency and traceability.</p>	18
<p>4. <u>A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved</u> A prior audit recommendation to implement a conflict-of-interest policy for the Independent Monitoring Committee (IMC) remains unresolved.</p>	21
<p>5. <u>Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness</u> Ongoing vacancies on the Independent Monitoring Committee have created challenges in meeting quorum requirements and distributing workload.</p>	21

Summary of observations	Detail on Page #
<p>6. <u>Management of Key Partnership Projects Could Be Enhanced</u> Valley Water's current management tools are not fully suited to its evolving role as a funding partner in externally led projects like Project E5.</p>	23
<p>7. <u>The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority</u> The KPI for Project E5 does not reflect Valley Water's current role as a funding partner and may overstate its accountability for project outcomes.</p>	24
<p>8. <u>Performance Data Impacted by Inconsistent Data Entry and Reporting</u> Discrepancies in operational data reporting for Projects D1 and F5 stemmed from inconsistent data entry and compilation.</p>	24
<p>9. <u>KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks</u> There is an opportunity to improve KPIs to ensure long-term financial sustainability and clearer communications. Project F1.1's KPI represents a perpetual maintenance commitment, and KPIs for Projects D1 and F3 could be enhanced for clarity and scope.</p>	25

I. INTRODUCTION

A. Background on the Safe, Clean Water and Natural Flood Protection Program

In November 2020, Santa Clara County voters approved Measure S, establishing the renewed Safe, Clean Water and Natural Flood Protection Program (hereafter referred to as the "SCW Program" or "the Program"). This measure replaced the prior 2012 program of the same name and the original 2000 Clean, Safe Creeks and Natural Flood Protection Plan. Effective July 1, 2021, the renewed SCW Program provides a dedicated and continuous funding source through a special parcel tax levied on properties within the Santa Clara Valley Water District (Valley Water).

The purpose of the special tax is to fund projects and activities aligned with Valley Water's core mission areas. These missions include ensuring safe and reliable water supplies, protecting water resources from toxins, providing natural flood protection, safeguarding infrastructure from natural disasters, and restoring creek and bay ecosystems. The renewed Program's priorities were developed with community and stakeholder engagement to ensure alignment with the priorities of Santa Clara County residents. The Program operates on 15-year financial planning cycles and includes specific projects with Key Performance Indicators (KPIs) to monitor long-term performance and maintain accountability. As part of this long-term framework, Measure S also mandates that the Board of Directors evaluate the continued need for the special tax every fifteen years, ensuring ongoing public oversight.

The renewed SCW Program is organized around six key priorities that guide the allocation of funds and the execution of specific projects. The six priorities are:

- **Priority A: Ensure a Safe, Reliable Water Supply:** Focuses on upgrading water infrastructure, supporting water conservation efforts, and ensuring emergency water supply reliability.
- **Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways:** Addresses water quality through pollution reduction, hazardous material response, supporting volunteer cleanups, and managing urban runoff.
- **Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters:** Centers on the seismic retrofitting of critical infrastructure like Anderson Dam to ensure public safety and water supply security.
- **Priority D: Restore Wildlife Habitat and Provide Open Space:** Includes projects for managing vegetation, revitalizing habitats, improving fish passage, supporting ecological data collection, restoring natural creek functions, and conserving habitat lands.

- **Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways:** Concentrates on major capital construction projects to reduce flood risk in vulnerable areas, often involving partnerships with federal and state agencies.
- **Priority F: Support Public Health and Public Safety for Our Community:** Encompasses a range of multi-benefit projects, including vegetation and sediment management for flood channel capacity, emergency response planning, encampment cleanups, and community grant programs.

B. Audit Objectives and Methodology

As mandated by Measure S, the primary objective of this performance audit was to provide the Board of Directors, stakeholders, and the public with an independent and transparent assessment of the renewed Safe, Clean Water and Natural Flood Protection (SCW) Program. The audit was designed to evaluate program governance, compliance, transparency, and performance since the renewed program's inception.

To achieve these objectives, the audit team performed procedures aligned with the key tasks outlined in the Scope of Work. The methodology for each major area of the audit is described below.

Prior Audit Documentation Review: The audit commenced with a review of prior audits of the 2012 Safe, Clean Water Program, including an initial audit dated June 1, 2017, and a closeout performance audit dated March 25, 2024. The findings from those reports were discussed with Valley Water management to provide context and inform the scope and focus of the current audit. Based on this review, it was determined that no modifications were needed to the planned scope of work.

Reporting and Transparency Review: To assess the program's transparency, the audit team reviewed public-facing documents, including financial reports and project status updates, to evaluate their accuracy and clarity. The audit also included a review of the Independent Monitoring Committee's (IMC) roles and responsibilities as outlined in the SCW Program Resolution, along with related documentation such as meeting minutes and annual reports.

Program Oversight and Governance Review: The audit team evaluated the effectiveness of the program's governance framework and managerial oversight mechanisms. This included conducting interviews with key personnel, including members of the Board of Directors, the IMC, and Valley Water management, to understand oversight roles and responsibilities. The procedures also included assessing compliance with key provisions of the Measure S tax measure by reviewing financial data to determine if funds were collected and expended appropriately. Finally, the audit evaluated whether Valley Water is properly implementing the Board-approved Change Control Process for program adjustments.

Program and Project Performance Assessment: This phase of the audit assessed whether Valley Water is making reasonable progress toward meeting the Program's six priorities and associated Key Performance Indicators (KPIs). The methodology involved a multi-step process:

- **Project Selection:** To facilitate the review of program execution and progress, a representative sample of projects was selected from the renewed SCW Program. A judgmental sampling approach was used to select approximately one-third of the projects while ensuring diversity across several criteria, including representation from each of the program's six priorities, project budget size, and project complexity. The initial selection was discussed with Valley Water staff, leading to minor refinements to ensure adequate coverage.
- **Project Deep Dives:** For each selected project, the audit team performed deep-dive reviews to evaluate project management effectiveness. This included obtaining and evaluating project management artifacts (e.g., schedules, budgets, progress reports) and assessing performance against scope, schedule, budget, and KPIs. These procedures were designed to identify any deficiencies or challenges, such as funding delays or hyper-escalation, and to form a basis for recommending improvements.

C. Audit Scope and Period

The scope of this audit focused exclusively on the renewed SCW Program. The audit period covered program activities from July 1, 2021, through June 30, 2024, which aligns with the first three fiscal years of the program's implementation. This report reflects audit activities and the status of findings and recommendations as of July 28, 2025—the date fieldwork was completed. It does not reflect any subsequent developments or client actions occurring after that date.

To provide further clarity, the scope of this audit did not include: a review of the prior 2012 Safe, Clean Water Program, other than for historical context; an opinion on Valley Water's overall financial statements, as this was a performance audit, not a financial statement audit; a deep-dive review of every project within the SCW Program portfolio, as our work was based on a representative sample; or a technical validation of project designs or construction quality. Furthermore, the audit focused on assessing progress toward the formal Key Performance Indicators (KPIs) defined in the Measure S program text and did not include an evaluation of the ultimate attainment of the separate project "Benefits" that are also described in the SCW Annual Report. The audit assessed whether Valley Water is making "reasonable progress" toward its KPIs based on activities and evidence from the audit period; the objective was not to conclude on the ultimate achievement of long-term KPIs but to evaluate the program's management and progress to date.

D. Acknowledgements

The audit team wishes to thank the many individuals at Valley Water who contributed to this performance audit. We appreciate the time and effort provided by the Safe, Clean Water Program team and other staff, whose cooperation and responsiveness were essential to our work.

II. COMMENDATIONS

In addition to the findings and recommendations detailed later in this report, the audit identified several practices that demonstrate effective program management and oversight. These practices are highlighted to provide a balanced assessment of the program and to acknowledge areas of strength that support the successful implementation of the Safe, Clean Water Program.

- **Established and Transparent Governance Structure:** The audit confirmed that Valley Water has established the formal, multi-faceted governance structure mandated by Measure S, consisting of the Board of Directors, the Independent Monitoring Committee (IMC), and dedicated program staff. The Board provides ultimate oversight and decision-making authority, utilizing its standing committees for more detailed review of SCW projects. The IMC serves its mandated role of providing independent annual review and recommendations directly to the Board, and its operations are transparent, with information such as meeting dates, agendas, and minutes made publicly available. This overall structure creates a continuous cycle of oversight encompassing strategic planning, financial governance, and project monitoring.
- **Adherence to Annual Reporting Requirements:** Valley Water adheres to the Measure S requirements for both annual rate-setting and annual financial reporting. For each year of the audit period, the CEO prepared and published the SCW Annual Rate-Setting Report, which was formally accepted by the Board of Directors at a public meeting. Similarly, the Chief Financial Officer filed a fiscal year report with the Board in compliance with the required deadline. These annual reports contained the mandated information, including the amount of funds collected and expended and the status of authorized projects.
- **Public Access to Information:** Valley Water uses multiple channels to provide the public with access to program information. These include a monthly Valley Water eNewsletter with over 50,000 subscribers, project-specific email lists and public meetings, and the SCW Program webpages. These webpages feature an archive page that contains all program reports, change control documents, five-year implementation plans, and audit reports. Additionally, the SCW Program project pages are updated at least once each quarter.
- **Comprehensive Capital Project Management Framework:** The audit observed that SCW-funded capital projects are managed under a comprehensive framework guided by the Capital Improvement Program (CIP) Program Manual. This framework provides a strong foundation for project execution, including detailed work plans, phase-based delivery procedures, and a clear hierarchy of oversight meetings. While the findings in

this report identify opportunities to improve the reconciliation between the CIP and the SCW Program's external reporting, the underlying project management structure is a key strength.

- **Effective Performance of Operational Projects:** The audit of selected projects indicated that six of the seven¹ active operational, maintenance (e.g., performance-based), and fiscal-based projects included in our sample of projects are consistently meeting or exceeding their annual Key Performance Indicator (KPI) targets.
- **Strategic Use of Tiered KPIs for Risk Management:** The audit identified that the use of a tiered KPI structure for certain complex capital projects, which includes both a preferred KPI and a "local-funding-only" alternative, serves as an effective risk management tool, providing a pre-approved path for project progress under different funding scenarios.

¹ See Finding 9 on page 25 regarding Project D1 (Management of Riparian Planting and Invasive Plant Removal).

III. PROCEDURES, FINDINGS AND RECOMMENDATIONS

This section of the report presents the summary of findings and recommendations resulting from our audit procedures. The findings are organized by the major audit objectives outlined in Section I.

A. Reporting and Transparency

This area of the audit focused on assessing the transparency and accuracy of reporting on the renewed SCW Program's progress and outcomes, including the public disclosure of financial information, project status updates, and the roles and responsibilities of the Independent Monitoring Committee (IMC).

Procedures Performed

To evaluate reporting and transparency, audit procedures included reviewing key documents required by Measure S. This involved examining the Annual Rate-Setting Reports prepared by Valley Water's CEO for each year of the audit period to confirm they included the required proposed tax rates. We also reviewed the annual fiscal year reports prepared by the Chief Financial Officer to verify they were filed on time and contained the required information on funds collected and expended, and the status of funded projects. Additionally, the audit reviewed the operations of the Independent Monitoring Committee (IMC). Procedures included examining the public availability of meeting schedules, agendas, and minutes, and reviewing Valley Water's Conflict of Interest policy applicable to the IMC.

B. Program Oversight and Governance

This area of the audit focused on evaluating the overall program governance and the effectiveness of managerial oversight mechanisms. The audit also verified compliance with key provisions of the Measure S tax measure and the implementation of the Board-approved Change Control Process.

Procedures Performed

To evaluate program oversight and governance, our audit procedures were designed to assess the framework from multiple perspectives:

- **Review of the Governance Framework:** We reviewed the governance structure mandated by Measure S and established in Valley Water documentation. To understand the roles, responsibilities, and effectiveness of this structure, we conducted interviews with members of the Board of Directors, the Independent Monitoring Committee (IMC), and key Valley Water management and staff.

- **Assessment of Compliance:** To assess compliance with key provisions of Measure S, we reviewed publicly available documentation, including Annual Reports and Board meeting materials, to evaluate adherence to the measure's requirements. This included assessing whether program funds were collected and expended appropriately.
- **Evaluation of the Change Control Process:** We reviewed the Board-approved Change Control Process and examined a sample of project adjustments and modifications made during the audit period to determine if the process was being implemented as designed.

Findings, Recommendations and Management Responses

Finding 1: The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted.

Issue: The audit's review of compliance with key Measure S provisions found that Valley Water adheres to the primary procedural, financial control, and reporting mandates. A minor discrepancy was noted regarding Measure S, Provision C, which specifies that tax resolutions be filed with the "Auditor-Controller" and the "County Recorder." Current practice involves filing these documents with the County Clerk-Recorder's Office and the County Tax Assessor's Office. This variance appears related to changes in County departmental structures since Measure S was drafted. While the specific titles of the offices differ, the filings appear to achieve the functional intent of the provision by ensuring the relevant county entities are formally notified for billing and recording purposes.

Risk: Without formal documentation explaining the variance between the procedural text in Measure S and current practice, there is a risk of perceived non-compliance with the voter-approved measure. Such perceived non-compliance may make it more difficult for future such initiatives to pass.

Recommendation: To address the minor discrepancy in filing offices for tax resolutions, Valley Water should formally document its assessment that the current process meets the functional intent of Measure S, Provision C. Furthermore, standard clarifying language should be incorporated into future Board resolutions to explicitly state the specific County offices where certified copies will be filed. These actions will enhance transparency by creating a clear and complete public record, demonstrating the Program's adherence to Measure S requirements.

Management's Response: Agree. Management agrees with the recommendation and staff will implement this recommendation.

Responsible Party: Chief Financial Officer (CFO), Financial Planning & Management Services Division.

Completion Date: Q4, FY26 for FY2026-2027 Annual Rate Setting Report (May 2026).

**Finding 2: Process for Reconciling SCW Project Funding Allocations with CIP Adjustments
Needs Improvement to Enhance Reporting Reliability.**

Issue: To support Valley Water's ongoing efforts to improve the Safe, Clean Water (SCW) Program, this finding identifies an opportunity to enhance the reporting of long-term project funding allocation adjustments. Primarily there is a need to strengthen the procedural methods for reconciling CIP Plan adjustments to project funding allocations in order to increase data accuracy and reliability. Additionally, there is an opportunity to clarify the language in the Board-approved Change Control Process to specify what information regarding these adjustments will be reported and where information related to budget adjustments and changes to project funding allocations will be made publicly available. This issue is specific to the program's capital projects, as our audit work found no similar material discrepancies in the reporting for operational projects. Our audit of the SCW Program's capital project budgets found that the cumulative "Board Appv'd Adj" figures reported in Appendix A-1.2 of the SCW Annual Reports for FY23, and FY24 did not reconcile to supporting documentation. We were unable to determine the magnitude of the reconciliation discrepancies as performance of detailed reconciliations was outside the scope of our procedures, and staff's efforts to update the reconciliation is ongoing. In response to our inquiries, staff indicated they had identified an error in the methodology used for their detailed review of Board-approved adjustments, which was initiated as part of the FY24 reporting cycle. As staff explained, this methodology used the Capital Improvement Program's Five-Year Plan (CIP Plan) as the baseline for identifying funding allocation adjustments instead of the SCW Program's 5-Year Implementation Plan. While the Change Control Process for capital projects appropriately uses the CIP Plan cycle for approving changes, there is an opportunity to improve the methods used to identify, reconcile, and report those approved changes within the SCW Annual Report in an accurate and timely manner. Staff have been proactive in addressing this issue and plan to restate and republish the FY23 and FY24 annual reports once their detailed review and reconciliation is complete. The following recommendations are intended to support these ongoing improvement efforts.

Risk: When the funding allocation data presented in the SCW Annual Report is not presented in an accurate, complete, and timely manner, there is a risk that public accountability is diminished. This condition could have an impact on effective oversight by the Board.

Recommendation: To help ensure the accuracy, completeness and timeliness of the SCW Program's long-term budgetary reporting, we recommend that Staff revise the methods and processes used to identify, reconcile and report funding allocation adjustments within the SCW Annual Reports. This revised process should include:

1. **A Corrected and Auditable Baseline:** Complete an updated, comprehensive review and reconciliation of all Board-approved funding allocation adjustments made since FY22,

starting from the SCW 5-Year Implementation Plan. This corrected baseline must be documented and used for all future reporting.

2. **A Formal Reconciliation Procedure:** For any CIP change affecting a SCW project, a standard procedure must be followed to formally document the specific impact on the SCW Program's 15-year allocation. This reconciliation and supporting documentation must be retained as auditable evidence.
3. **Independent Review:** This SCW-specific reconciliation should be reviewed and approved by management before the SCW Annual Report is finalized.
4. **Accurate and Transparent Reporting:** Ensure the "Board Appv'd Adj" column in Appendix A-1.2 and its corresponding footnotes accurately reflect the reconciled, cumulative adjustments to only the renewed SCW Program funding allocations, clearly distinguishing it from the total project costs reported in the CIP Plan.
5. **Informed Board Approval of the CIP Plan:** When presenting the annual CIP Plan for Board approval, management should include a summary schedule that explicitly quantifies how proposed CIP planned expenditures will impact the 15-year funding allocations of the corresponding SCW Program projects. This ensures the Board is fully informed of the SCW Program implications at the time of the CIP decision.
6. **Clarify the Change Control Process Policy:** In conjunction with the procedural improvements, update the language in the Board-approved Change Control Process to better clarify how fiscal year budget adjustments and changes to project funding allocation will be made publicly available through reporting and posting on the Program's web page.

Management's Response: Agree. Management agrees with the recommendation. Staff will address the recommendation as follows:

1. **A Corrected and Auditable Baseline:** As noted in the report, staff is proactively addressing this issue. Staff completed a detailed review and reconciliation of all Board-approved funding allocation adjustments made since FY22 and republished the FY23 and FY24 annual reports. Staff is also implementing measures to strengthen and enhance processes for identifying, reconciling, and reporting funding allocation adjustments to Safe, Clean Water projects.
2. **A Formal Reconciliation Procedure:** Currently, the standard process for capital projects follows the annual Capital Improvement Program's Five-Year Plan (CIP Plan) development cycle, which includes Change Management Memos (CMMs) outlining scope, schedule and budget adjustments, financial analysis to determine fund impacts, CIP evaluation team review, recommendations for Board approval, and activation of the Change Control Process for any changes that affect any key performance indicators (KPIs). To address the audit recommendation and enhance accountability, staff plans to

strengthen this process by implementing a requirement for the CMMs to clearly identify impacts on Safe, Clean Water projects and developing a standardized reconciliation template to clearly quantify and document any SCW-related financial impacts from CIP changes. These documents will be retained as auditable evidence.

3. **Independent Review:** The SCW annual report is approved by the management, including Deputy Operating Officers, Chiefs, CFO, ACEO, and the CEO, prior to Board approval. The CFO will review and validate the standardized reconciliation template being developed prior to its implementation to clearly quantify and document any SCW-related financial impacts from the CIP Plan planned expenditure changes.
4. **Accurate and Transparent Reporting:** In future annual reports, staff will ensure that the Board Approved Adjustment column in Appendix A-1.2 and its footnotes accurately reflect that the reconciled, cumulative adjustments are specifically related to the renewed SCW Program funding allocations. It will clearly differentiate these adjustments from the total capital project reported in the CIP Plan.
5. **Informed Board Approval of the CIP:** The current Annual Process for Development of the CIP Five-Year Plan (CIP Plan Process) for Safe, Clean Water projects will be enhanced to implement the recommendation. Currently, staff brings to the Board all project scope, schedule, and cost changes. The Project Plan Updates attachment is presented every year to the Board to provide details regarding the changes incorporated into the CIP Plan and all Safe, Clean Water projects are noted with a reference to the SCW project number. Furthermore, through the financial modeling presented and discussed as part of the preliminary CIP plan and rate-setting process, staff assesses and determines if there are any impacts on the fund's health that would trigger the Safe, Clean Water Program's Change Control Process.

To enhance clarity and visibility, staff plans to implement the following changes:

- a. Currently, any changes to the scope, schedule, or costs of a capital project must be documented through a Change Management Memo (CMM). This memo is submitted by the Project Manager to the Deputy Operating Officer for approval. The CMM template is being updated to specifically identify if the proposed change affects the scope, schedule, or cost of a SCW project. The memo will specify whether the change impacts the project KPI(s), the scheduled delivery date, or funding allocations. If any of these elements are affected, the CMM will indicate this, alerting staff to initiate the Change Control Process.
- b. The Project Plan Updates provided to the Board as part of the CIP Plan development will include information specific to each SCW project scope, schedule, or cost change. It will capture the impact of these changes and clearly state if it triggers the Program's Change Control Process.

- c. Similarly, for Operating projects, the Budget Adjustment Form is being updated to clearly specify whether the requested adjustment is for an SCW project and whether it impacts the project's funding allocations and/or KPI delivery. If any of these elements are affected, the form will indicate this, alerting staff to initiate the Change Control Process.
6. **Clarify the Change Control Process Policy:** The Safe, Clean Water Program Change Control Process is being enhanced to expand opportunities for public engagement. The enhancement will include updating language to better clarify how fiscal year budget adjustments and changes to project funding allocation will be made publicly available through reporting and posting on the Program's web page. The enhanced Change Control Process, first presented to the Board in June 2025, is scheduled for formal approval in FY26 Q2.

These enhancements will ensure that all CIP planned expenditure changes affecting SCW projects are transparently assessed, clearly documented, and readily available for audit purposes.

Additional Clarification: It should be clarified that the SCW Annual Report is retrospective in nature and does not serve as a forward-looking planning document. Its primary purpose is to transparently report on progress and expenditures for public accountability. Accurate and complete financial information in the report is indeed vital for transparency and monitoring, and we are committed to achieving that. However, it is important to note that the data presented in the SCW Annual Report does not directly influence budget or funding decisions. These determinations are made through a separate, forward-looking process, namely, the long-term forecast and the financial modeling that supports the development of the CIP Plan and the rate-setting process. As part of this process, staff evaluate whether any funding needs impact the overall health of the SCW Fund and, if so, whether those impacts warrant action through the established Change Control Process.

Responsible Party: CFO, Financial Planning & Management Services Division (1, 3, 4, and 5.c) ; and Assistant Officer (AO), Office of Integrated Water Management – Business Planning and Analysis Unit (2, 5.a, 5.b, and 6).

Completion Date: Q4, FY26.

Finding 3: A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments

Issue: Similar to the budget reporting process, there is an opportunity to enhance the transparency of project schedule reporting by providing a clearer crosswalk between the schedules presented in the CIP Plan and those in the SCW Annual Report. Additionally, there is an opportunity to clarify the language in the Board-approved Change Control Process to specify

what information will be reported and where information related to adjustments to project schedules will be made publicly available. The SCW Change Control Process appropriately uses the CIP Plan as the primary vehicle for approving schedule changes for capital projects. However, the two reports are prepared on different bases and at different times, which can make it challenging for an external stakeholder to independently reconcile the information. As management explained, a key reason for these differences is the timing of when each report is produced. The CIP Plan is adopted in May and reflects planned schedules and expenditures for the upcoming fiscal year. In contrast, the SCW Annual Report is published after the fiscal year has ended and reflects actual project developments. This can lead to situations where a project's schedule is adjusted in the SCW Annual Report based on year-end progress, but that change is not yet reflected in the already-published CIP Plan.

Risk: While this approach is reasonable for internal management, and the schedules in the SCW Annual Report are clear, the lack of a formal, public-facing reconciliation between these two reporting methodologies makes it difficult for stakeholders to independently trace the impact of a schedule change approved in the CIP Plan on the delivery of a project's KPI. This places the burden of reconciling the different reporting frameworks on the reader and reduces the ease with which stakeholders can track the impact changes to the CIP plans will have on the project's KPI schedule.

Recommendation: To improve the clarity and consistency of project schedule reporting, we recommend that Valley Water:

1. Continue the practice of clearly and visually differentiating the milestone for achieving a project's KPI from the milestones for other project phases (e.g., design, plant establishment, closeout) in the SCW Annual Report's schedule graphics.
2. Provide a clear reconciliation on the SCW Program webpage that illustrates and explains how Board-approved changes to capital project construction schedules in the CIP Plan impact the delivery schedule for the corresponding SCW Program KPI.
3. When presenting the annual CIP Plan for Board approval, explicitly report on how proposed schedule changes will affect the KPI delivery dates for SCW projects, ensuring the Board understands the direct impact on program commitments at the time of their decision.
4. In conjunction with the procedural improvements, update the language in the Board-approved Change Control Process to better clarify how adjustments to project schedules will be made publicly available through reporting and posting on the Program's web page.

Management's Response: Agree. Management agrees with the recommendation and will implement the following:

1. **Differentiated milestones:** In the Safe, Clean Water Program Annual Report schedule graphics, Valley Water will continue the practice of clearly and visually differentiating the milestone for achieving a project's KPI from the milestones for other project phases (e.g., design, plant establishment, closeout).
2. **Schedule Reconciliation:** At the end of each fiscal year, staff will provide the Board with a summary of all schedule adjustments impacting KPI delivery, including those approved as part of the Board's approval of the CIP Plan. Currently, these schedule adjustments are reported in the SCW Program annual report. Going forward, a consolidated summary will also be available to the public on the Program's webpage.
3. **CIP Plan Impacts on KPI Delivery:** The current CIP Plan Process for SCW projects will be enhanced to implement the recommendation. Currently, staff brings to the Board all project scope, schedule, and cost changes. The Project Plan Updates attachment is presented every year to the Board to provide details regarding the changes incorporated into the CIP Plan and all SCW projects are identified through the SCW project number.

To enhance clarity and visibility, staff plans to implement the following changes:

- a. The CMM template is being updated to specifically identify if the proposed change affects the scope, schedule, or cost of a SCW project. The memo will specify whether the change impacts the project KPI(s), the scheduled delivery date, or funding allocations. If any of these elements are affected, the CMM will indicate this, alerting staff to initiate the Change Control Process.
 - b. The Project Plan Updates provided to the Board as part of the CIP Plan development will include information specific to each SCW project scope, schedule, or cost change. It will capture the impact of these changes and clearly state if it triggers the Program's Change Control Process.
4. **Clarify the Change Control Process Policy:** The Safe, Clean Water Program Change Control Process is being enhanced to expand opportunities for public engagement. The enhancement will include updating language to better clarify how adjustments to project schedules will be made publicly available through reporting and posting on the Program's webpage. The enhanced Change Control Process, first presented to the Board in June 2025, is scheduled for formal approval in FY26 Q2.

Responsible Party: AO, Office of Integrated Water Management – Business Planning and Analysis Unit

Completion Date: Q4, FY26.

Finding 4: A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved

Issue: A 2024 closeout audit of the prior Safe, Clean Water Program recommended that Valley Water develop a conflict-of-interest policy for the Independent Monitoring Committee (IMC) to manage real or perceived conflicts. During our audit period, we noted that Valley Water is actively working to address this recommendation. However, a formal, updated Conflict of Interest framework specifically for the IMC has not yet been finalized and implemented.

Risk: Without a formal, implemented conflict-of-interest policy tailored to the specific advisory role of the IMC, there is a risk that real or perceived conflicts could arise. This could potentially undermine the credibility of the committee's independent oversight function and diminish public trust in the governance of the SCW Program.

Recommendation: We recommend that Valley Water finalize and implement a formal Conflict of Interest framework for the Independent Monitoring Committee.

Management's Response: Agree. Management agrees with the recommendation and on Sept. 23, 2025, the Board adopted a resolution establishing new conflict of interest disclosure requirements for IMC members.

Responsible Party: AO, Office of Integrated Water Management – Business Planning and Analysis Unit; and Clerk of the Board (COB), Office of the Clerk of the Board.

Completion Date: Q2, FY26.

Finding 5: Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness

Issue: Interviews with members of the Independent Monitoring Committee (IMC) highlighted operational challenges that could impact the effectiveness of this key oversight body. Members noted that ongoing vacancies on the committee have created difficulties in consistently attaining a quorum for meetings and have led to an uneven distribution of workload.

Risk: The operational challenges facing the IMC, including persistent vacancies, could hinder its ability to consistently and effectively fulfill its mandated oversight responsibilities. This could lead to delays in the IMC's annual review process, reduce the depth of its analysis, and ultimately weaken a key component of the SCW Program's public accountability framework.

Recommendation: To support Valley Water's ongoing efforts to ensure the effectiveness of the Independent Monitoring Committee, we recommend that management partner with the Board of Directors to enhance the processes for recruiting committee members. This could include:

- **Enhancing Recruitment:** Exploring additional recruitment strategies beyond standard website postings to identify, attract, and recruit qualified candidates to fill committee vacancies in a timely manner. This could involve targeted outreach to subject matter experts or community organizations.

Management's Response: Agree. Management agrees with the recommendation and staff will explore additional recruitment strategies in partnership with the Board of Directors.

Responsible Party: COB, Office of the Clerk of the Board.

Completion Date: Q4, FY26; and will be implemented on an ongoing basis.

C. Program and Project Performance

This area of the audit focused on assessing whether Valley Water is making reasonable progress toward meeting the SCW Program's six priorities and their associated Key Performance Indicators (KPIs). This assessment was based on detailed reviews of a representative sample of projects to evaluate project management effectiveness and the adequacy of the KPIs themselves.

Procedures Performed

To evaluate program and project performance, the audit team performed the following procedures:

- **Assessed Progress Toward KPIs:** We assessed Valley Water's progress toward meeting the Program's six priorities by evaluating the reported progress for a selection of projects against their established KPIs. Our assessment included a review of progress documented in the FY22, FY23, and FY24 SCW Annual Reports and an evaluation of documented project challenges and risks impacting KPI achievement.
- **Reviewed KPI Adequacy and Structure:** We reviewed the KPIs for the selected projects to determine their adequacy and inherent achievability. This review included an assessment of each KPI's clarity and measurability, its alignment with the corresponding Program Priority, and its structure in measuring project outputs (e.g., construction deliverables) versus community outcomes (e.g., parcels protected).
- **Evaluated Project Management:** We performed deep-dive reviews of the selected projects to understand and evaluate how each is being managed. This included conducting interviews with Project Managers and other key staff to discuss the management of project scope, budget, schedule, and progress toward achieving KPIs.

- **Verified Project Artifacts:** We obtained and evaluated a variety of project management artifacts, such as project plans, work-tracking reports, budget vs. actual expenditure reports, and risk assessments. The purpose of this review was to identify process strengths, deficiencies, and challenges, and to obtain evidence supporting the reported progress towards reported project milestones.

Findings, Recommendations and Management Responses

Finding 6: Management of Key Partnership Projects Could Be Enhanced

Issue: For Project E5 (San Francisquito Creek Flood Protection), Valley Water's role has evolved from project lead to that of a primary funder and influential partner within the San Francisquito Creek Joint Powers Authority (SFCJPA). The project's existing management mechanisms, which are designed for direct project execution, may not be the most effective tools for managing this evolving role. This presents an opportunity to supplement existing processes with a more strategic tool to effectively track risks to Valley Water's investment, coordinate its positions on key issues, and document decisions within the multi-agency partnership.

Risk: Without a formal mechanism to track and manage its position on key decisions within the partnership, there is a risk that Valley Water may not be able to effectively influence project outcomes, protect its financial investment, or ensure alignment with its strategic goals. This could lead to a misalignment of priorities between Valley Water and the lead agency, potentially impacting the project's success and the return on public funds.

Recommendation: To effectively manage its role in externally led partnerships like Project E5, Valley Water should develop and implement a 'Strategic Decision & Risk Log' to formalize its partnership management. This tool would serve as a formal mechanism to 1) identify and monitor the key technical, funding, and governance decisions being managed by the partner agency; 2) formally document Valley Water's official position on each critical issue; 3) identify the associated risks to Valley Water's investment and policy goals; and 4) define and track a proactive position strategy.

Management's Response: Agree. Management agrees with the recommendation and where applicable, staff will develop and implement a Strategic Decision & Risk Log to formalize its partnership management.

Responsible Party: Chief Operating Officer (COO), Watersheds.

Completion Date: Q4, FY26.

Finding 7: The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority

Issue: The KPI for Project E5 holds Valley Water accountable for delivering a specific community outcome (protecting parcels from a 70-year flood event), yet Valley Water no longer has the direct control or authority to ensure this outcome is achieved. The transfer of project leadership to the SFCJPA means the KPI, as currently worded, does not accurately reflect Valley Water's role as a funding partner, making it an inadequate measure of its performance and accountability for the public funds invested.

Risk: When a project's KPI is not aligned with Valley Water's actual role and authority, there is a risk that the organization will be held accountable for outcomes it cannot control. This can lead to a misrepresentation of Valley Water's performance, diminish public accountability, and make it difficult to accurately assess the effectiveness of its contributions to the project.

Recommendation: Valley Water should continue to formalize the re-evaluation of the Project E5 KPI to align it with current realities. This evaluation should consider options for shifting the KPI from an outcome-based metric to one that measures Valley Water's specific, controllable contributions, such as a funding or partnership-based deliverable.

Management's Response: Agree. Management agrees with the recommendation and staff will reevaluate Project E5: San Francisquito Creek Flood Protection KPIs to determine how best to reflect current realities. If it is determined that modifications to the KPIs are required, management will propose them in accordance with the Change Control Process.

Responsible Party: COO, Watersheds.

Completion Date: Q4, FY26.

Finding 8: Performance Data Impacted by Inconsistent Data Entry and Reporting

Issue: For the two projects noted below, the performance information included in the SCW Annual Reports does not align with detailed operational activities performed. Our audit identified an opportunity to improve the processes for entering data into the Maximo work management system and compiling data from the system for reporting.

- **Project D1 (Management of Riparian Planting and Invasive Plant Removal),** Variances exist between the operational data recorded in the Maximo work management system and the summary figures published in the SCW Annual Reports because of incorrect summary information being pulled from the system. While these variances did not materially affect the project's overall achievement of its KPI targets for the years reviewed, this represents an opportunity to strengthen procedural controls.

- **Project F5 (Good Neighbor Program: Encampment Cleanup)**, Our sample of work orders reviewed identified instances where the amount of work recorded in completed work orders differed from the amount of work expected and actually performed. These differences in the manual entry of "acreage of work accomplished" resulted in both under-reported and over-reported amounts of the acreage in our sample of work orders. As a result of our audit, staff have corrected the data entry errors identified and are performing a review of similar data to ensure its accuracy.

These two observations—the first related to the compilation of summary data for Project D1 and the other to the initial entry of source data for Project F5—point to an opportunity to improve procedures for ensuring data integrity from its initial entry in Maximo to its final publication in the SCW Annual Report.

Risk: When operational data is not accurately entered into the source system, or when it is not correctly compiled for reporting, there is a risk that the reliability of performance data in the SCW Annual Report could be diminished. This could reduce the ability of stakeholders to independently validate the program's progress.

Recommendation: We recommend that management enhance procedures for entering operational data into the Maximo work management system and compiling data for reporting to ensure accuracy and reliability. These procedures should include, at a minimum,

- **Data Review Processes:** Implement a supervisory review for key data fields (such as acres managed for Project F5) within Maximo work orders to verify data accuracy, comparing the amounts entered against expected results.
- **Data Reporting:** Define processes for extracting data from source systems and for reconciling detailed supporting data to the figures that will be published in the SCW Annual Report, to ensure accuracy and completeness.

Management's Response: Agree. Management agrees with the recommendations and staff will develop a process to verify that the data entered is aligned with the work performed.

Responsible Party: Deputy Operating Officer (DOO), Watersheds Operations and Maintenance Division.

Completion Date: Q4, FY26.

Finding 9: KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks

Issue: There is an opportunity to improve KPIs to ensure long-term financial sustainability and clearer communications. The KPI for Project F1.1 ("Maintain completed flood protection

projects for flow conveyance") represents a perpetual maintenance commitment. While appropriate for the project's flood protection function, an open-ended commitment of this nature poses a long-term financial commitment and risk for the program. For projects D1 and F3, the audit identified instances where specific KPI language could be enhanced for clarity and scope. The KPI for Project D1 (Management of Riparian Planting and Invasive Plant Removal) focuses exclusively on removing *Arundo donax*, which does not fully capture the work done by Valley Water on other high-priority invasive species. For Project F3 (Flood Risk Assessment Studies), the KPI's reference to "FEMA standards" for map updates could be misinterpreted by stakeholders, as the primary deliverable is an internal planning map, not an official FEMA regulatory map.

Risks:

- Project F1.1: A perpetual maintenance commitment creates a potential long-term financial risk, as unforeseen increases in future maintenance costs could consume a disproportionate amount of SCW Program funds. This could impact the funding available for other new projects and priorities in future 15-year cycles of the program.
- Projects D1 and F3: When KPI language is not clear or does not fully reflect the scope of work being performed, there is a risk of miscommunicating the program's accomplishments and challenges to the public and oversight bodies. This can lead to a misunderstanding of the project's value and progress and could create incorrect expectations about project deliverables.

Recommendation: Valley Water should enhance its review of KPIs to ensure they are financially sustainable, remain aligned with current project activities, and that their descriptions clearly articulate the project's scope and deliverables. Should this review identify the need for a modification to a KPI, management should use the established Change Control Process to bring a formal proposal to the Board.

Management's Response: Management acknowledges the recommendation. Staff is assessing related policies and processes. Depending on the outcome of those efforts, Valley Water may consider modifying the KPI in the current 15-year financial cycle or revisit it in the next 15-year financial cycle.

Responsible Party: COO, Watersheds.

Completion Date: Q4, FY26.

IV. APPENDICES

A. List of Projects Selected for Review

To facilitate the review of SCW Program execution and progress, a representative sample of projects was selected from the projects included in the renewed SCW Program.

Selection Rationale and Criteria

A judgmental sampling approach was used to select approximately one-third of the projects (11 projects were chosen). The key criteria used for selecting the sample and ensuring diversity included:

- Representation from each of the SCW Program's six priorities.
- Proportional representation based on total project budget, with more selections from priorities having higher total budgets.
- Inclusion of projects managed by different project managers and across different Valley Water divisions.
- A mix of large and small projects based on budget.
- Representation of various Key Performance Indicator (KPI) types.
- Consideration of project complexity and geographic location.
- Exclusion of projects that had not yet started or were in very early stages, as they offered limited audit evidence.
- Adaptation of the selection as needed, such as adjusting selections between priorities to ensure adequate coverage.

The initial selection was discussed with Valley Water staff, leading to minor refinements.

Final Sampled Projects

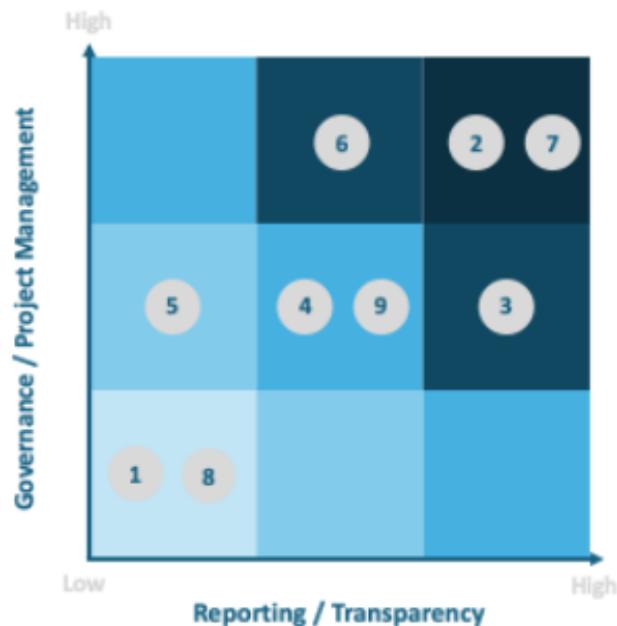
The final list of 11 projects selected for detailed audit procedures, including interviews and documentation review, is as follows:

- A2: Water Conservation Rebates and Programs
- B1: Impaired Water Bodies Improvement
- C1: Anderson Dam Seismic Retrofit
- D1: Management of Riparian Planting and Invasive Plant Removal
- D4: Fish Habitat and Passage Improvement Projects (including D4.1-D4.5 subprojects)

- E1: Coyote Creek Flood Protection
- E5: San Francisquito Creek Flood Protection: SF Bay to Upstream of Hwy 101
- E6: Upper Llagas Creek Flood Protection
- F1.1: Vegetation Control for Capacity (Flood Protection)
- F3: Flood Risk Assessment Studies
- F5: Good Neighbor Program: Encampment Cleanups

B. Prioritization of Findings

To assist the reader, this appendix summarizes the audit findings and assigns a priority level (High, Medium, or Low) to each. The priority is judgmentally determined by assessing the finding's impact on two key areas: 1) internal **Governance and Project Management** and 2) external **Reporting and Transparency**. Findings with a high impact on either area are assigned a high priority.



Finding No.	Topic	Finding Title	Priority (High / Medium / Low)
1	Measure S	The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted	Low
2	Change Control / Annual Reporting	Process for Reconciling SCW Project Budgets with CIP Adjustments Needs Improvement to Enhance Reporting Reliability.	High
3	Change Control / Annual Reporting	A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments	High
4	IMC	A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved	Medium
5	IMC	Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness	Medium
6	Project E5	Management of Key Partnership Projects Could Be Enhanced	High
7	Project E5	The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority	High
8	Projects D1 & F5	Performance Data Impacted by Inconsistent Data Entry and Reporting	Low
9	Project F1, D1 & F3	KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks	Medium

C. Summary of Findings, Recommendations and Management Responses

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 1: The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted		
<p>Issue: The audit identified a minor procedural discrepancy in how Valley Water files Measure S tax resolutions with Santa Clara County. While the measure specifies filing with the Auditor-Controller and County Recorder, current practice is to file with the County Clerk-Recorder and Tax Assessor, reflecting changes in County office structure.</p> <p>Recommendation: Formally document the assessment that the current process meets the functional intent of Measure S, Provision C. Furthermore, incorporate clarifying language into future Board resolutions to explicitly state the specific County offices where certified copies will be filed. Document the rationale supporting the current filing process and include clarifying language in future Board resolutions specifying why certified copies are filed with the current County offices.</p>	CFO, Financial Planning & Management Services	<p>Agree.</p> <p>Management agrees with the recommendation and staff will implement this recommendation.</p> <p>Implementation Date: Q4, FY26 for FY2026-2027 Annual Rate Setting Report (May 2026).</p>



Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 2: Process for Reconciling SCW Project Funding Allocations with CIP Adjustments Needs Improvement to Enhance Reporting Reliability (Priority High)		
<p>Issue: The process for reconciling SCW capital project funding allocations with adjustments approved in the CIP Plan needs improvement to support accurate and timely reporting in the SCW Annual Report.</p> <p>Recommendation: Revise methods for identifying, reconciling, and reporting SCW funding allocation adjustments. Establish a corrected baseline, create a formal reconciliation process for CIP changes, require management review before publication, and clarify public reporting expectations in the Change Control Process.</p>	CFO, Financial Planning & Management Services and AO, Office of Integrated Water Management – Business Planning and Analysis Unit	<p>Agree.</p> <p>Management agrees with the recommendation and staff will implement the recommendation.</p> <p>Implementation Date: Q4, FY26.</p>

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 3: A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments (Priority High)		
<p>Issue: A clearer crosswalk is needed between CIP and SCW project schedule adjustments to improve transparency for stakeholders. Currently, differences in reporting cycles and formats make it challenging to track the impact of schedule changes on KPI delivery.</p> <p>Recommendation: Continue the practice of clearly and visually differentiating the milestone for achieving a project's KPI from the milestones for other project phases; illustrate and explain how adjustments to capital project schedules in the CIP Plan impact the delivery schedule for the corresponding SCW Program KPI; when presenting the annual CIP Plan for Board approval, explicitly report on how proposed schedule changes will affect the KPI delivery dates for SCW projects; and update the Change Control Process to clarify how schedule changes will be made publicly available through reporting and posting on the Program's web page.</p>	AO, Office of Integrated Water Management – Business Planning and Analysis Unit	<p>Agree.</p> <p>Management agrees with the recommendation and staff will implement the recommendation.</p> <p>Implementation Date: Q4, FY26.</p>

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 4: A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved		
<p>Issue: A prior audit recommendation to implement a conflict-of-interest policy for the Independent Monitoring Committee (IMC) has not yet been finalized or implemented.</p>	AO, Office of Integrated Water Management – Business Planning and Analysis Unit and COB, Office of the Clerk of the Board	<p>Agree.</p>
<p>Recommendation: Finalize and implement a formal Conflict of Interest framework for the Independent Monitoring Committee.</p>		<p>Management agrees with the recommendation and on Sept. 23, 2025, the Board adopted a resolution establishing new conflict of interest disclosure requirements for IMC members.</p> <p>Implementation Date: Q2, FY26.</p>
Finding 5: Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness		
<p>Issue: Ongoing vacancies on the IMC have made it challenging to consistently meet quorum requirements and distribute workload among members.</p>	COB, Office of the Clerk of the Board	<p>Agree.</p>
<p>Recommendation: Partner with the Board to enhance recruitment strategies, to identify, attract, and recruit qualified candidates.</p>		<p>Management agrees with the recommendation and staff will explore additional recruitment strategies in partnership with the Board of Directors.</p> <p>Implementation Date: Q4, FY26.</p>

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 6: Management of Key Partnership Projects Could Be Enhanced (Priority High)		
<p>Issue: Valley Water's role in this externally led partnership, Project E5, has shifted from project lead to funding partner. The project's existing management mechanisms, designed for direct project execution, may not be the most effective tools for managing this evolving role.</p> <p>Recommendation: Implement a Strategic Decision & Risk Log to identify and monitor key decisions, document Valley Water's official positions, assess associated risks, and guide proactive engagement.</p>	COO, Watersheds	<p>Agree.</p> <p>Management agrees with the recommendation and where applicable, staff will develop and implement a Strategic Decision & Risk Log to formalize its partnership management.</p> <p>Implementation Date: Q4, FY26.</p>

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 7: The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority (Priority High)		
<p>Issue: The KPI for Project E5 holds Valley Water accountable for a community outcome it no longer directly controls due to the transfer of leadership to the SFCJPA. The KPI, as currently worded, does not accurately reflect Valley Water's role.</p>	COO, Watersheds	Agree.
<p>Recommendation: Continue to re-evaluate the KPI, shifting from an outcome-based metric to one that measures Valley Water's specific, controllable contributions, such as a funding or partnership-based deliverable.</p>		<p>Management agrees with the recommendation and staff will reevaluate Project E5: San Francisquito Creek Flood Protection KPIs to determine how best to reflect current realities. If it is determined that modifications to the KPIs are required, management will propose them in accordance with the Change Control Process.</p> <p>Implementation Date: Q4, FY26.</p>

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 8: Performance Data Impacted by Inconsistent Data Entry and Reporting		
<p>Issue: Inconsistent processes for entering and compiling operational data impacted the accuracy of reported performance figures. For Project F5, inconsistencies were noted in the initial entry of source data, while for Project D1, reported figures in the SCW Annual Report varied from the underlying data in the Maximo system.</p>	DOO, Watersheds Operations and Maintenance Division	Agree.
<p>Recommendation: Enhance procedures to ensure accurate data entry and processes for ensuring final reports align with source data.</p>		Management agrees with the recommendations and staff will develop a process to verify that the data entered is in alignment with the work performed. Implementation Date: Q4, FY26.

Issue and Recommendation Summary	Responsible Party	Summary of Management Response/Implementation Plan
Finding 9: KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks		
<p>Issue: KPIs could be improved to support long-term financial sustainability and more accurately reflect the scope of program activities. Project F1.1's KPI represents a perpetual maintenance commitment, while KPIs for Projects D1 and F3 could be enhanced for clarity and scope.</p> <p>Recommendation: Enhance review of KPIs to ensure they are financially sustainable, remain aligned with current project activities, and that their descriptions clearly articulate the project's scope and deliverables.</p>	COO, Watersheds	<p>Acknowledge.</p> <p>Management acknowledges the recommendation. Staff is assessing related policies and processes. Depending on the outcome of those efforts, Valley Water may consider modifying the KPI in the current 15-year financial cycle or revisit it in the next 15-year financial cycle.</p> <p>Implementation Date: Q4, FY26.</p>

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APPENDIX A

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

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**

WHEREAS, the Santa Clara Valley Water District (Valley Water) policy is to ensure current and future water supplies and provide healthy, clean, and reliable water in Santa Clara County; and

WHEREAS, Valley Water policy is to protect Santa Clara County creeks, reservoirs, Monterey Bay, and San Francisco Bay from toxins, pollutants, and contaminants; and

WHEREAS, Valley Water policy is to provide for flood water and storm water flood protection to residents, businesses, visitors, public highways, and the watercourses flowing within the District; and

WHEREAS, Valley Water policy is to protect our water supply, pipelines, and local dams from earthquakes and natural disasters; and

WHEREAS, Valley Water maintains a flood protection system of levees, channels, drains, detention basins, and other improvements upon which the lives and property of Valley Water residents depend, which said improvements must be kept in a safe and effective condition; and

WHEREAS, the Valley Water policy is to protect, enhance, and restore healthy Santa Clara County creeks, watersheds, and bay lands ecosystems; and

WHEREAS, in 2000, voters passed the 15-year Clean, Safe Creeks and Natural Flood Protection Plan; and

WHEREAS, the Valley Water policy is to engage in partnerships with the community to provide open spaces, trails, and parks along Santa Clara County creeks and watersheds; and

WHEREAS, in November 2012, voters passed the Safe, Clean Water and Natural Flood Protection Program which replaced the Clean, Safe Creeks and Natural Flood Protection Plan in its entirety when it became effective on July 1, 2013; and

WHEREAS, the Safe, Clean Water and Natural Flood Protection Program was originally scheduled to sunset on June 30, 2028; and

WHEREAS, in order to protect Santa Clara County water supplies, creeks, watersheds, and bay lands and ensure residents have an ample supply of clean water in the future, Valley Water will need a dedicated source of revenue in the future and beyond 2028 to maintain the programs established in the Safe, Clean Water and Natural Flood Protection Program; and

WHEREAS, the California State Legislature has authorized Valley Water to levy a special tax on each parcel of property within Valley Water or any zone or zones thereof upon approval by a two-thirds vote of the electorate of Valley Water or zones therein; and

Resolution

APPENDIX A

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

WHEREAS, the purpose of the special tax is to supplement other available but limited revenues to keep said 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 opportunities and access to recreation; to conduct environmental education; to protect and improve water quality; and to construct, operate, and maintain flood protection and storm drainage facilities; to support public health and public safety through efforts authorized by the District Act; and to fund the cost of financing such activities; and

WHEREAS, State California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), states that government funding mechanisms are not projects subject to the requirements of CEQA.

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

FIRST: The Board hereby finds that since (a) the management of creeks, watersheds, and bay lands are necessary to ensure safe, clean water and to protect, enhance and restore healthy ecosystems, (b) the construction and management of flood protection services are made necessary by stormwater runoff, and (c) the lands from which runoff derives are benefitted by provision of means of disposition which alleviates or ends the damage to other lands affected thereby, by direct protection of loss of property, and other indirect means which include improved aesthetics and quality of life, the basis on which to levy the special tax is at fixed and uniform rates per area and county or city designated land use of each parcel, taxed as such parcel is shown on the latest tax rolls.

SECOND: Pursuant to the authority of Section 3 of the District Act, a Combined Zone consisting of the aggregate metes and bounds descriptions of Zones One, Two, Three, Four, and Five is presently existing as generally depicted in Attachment 1.

THIRD: A special Valley Water Election for November 3, 2020 will be called within said District, on the proposition of levy of a special tax.

FOURTH: Subject to approval by two-thirds of the electors of Valley Water voting at such election and pursuant to the authority vested in the Board, there is hereby established a special tax as authorized by this resolution, the proceeds of which shall be used solely for the purpose of supporting the priorities of the Safe, Clean Water and Natural Flood Protection Program. The priorities are summarized in Attachment 2. The Safe, Clean Water and Natural Flood Protection Program Report (hereafter "Report") generally describes the priorities. This tax shall be instituted with the following provisions:

- A. The Chief Executive Officer (CEO) or designee of Valley Water is directed to cause a written Report to be prepared for each fiscal year for which a special tax is to be levied and to file and record the same, all as required by governing law. Said Report shall include the proposed special tax rates for the upcoming fiscal year at any rate up to the maximum rate approved by the voters. Valley Water's Board of Directors shall consider formal acceptance of this Report at a public meeting and shall thereafter make a final determination of special taxes with a confirming resolution. A special fund shall be established into which proceeds from the tax shall be deposited. Proceeds from the tax may be used only for the Safe, Clean Water and Natural Flood Protection Program.

RL14541

Resolution

APPENDIX A

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

- B. The CEO, or designee of Valley Water may cause the special tax to be corrected in the same manner as assessor's or assessee's errors may be corrected but based only upon any or all of the following:
1. Changes or corrections in ownership of a parcel;
 2. Changes or corrections of address of an owner of a parcel;
 3. Subdivision of an existing parcel;
 4. Changes or corrections in the use of all or part of a parcel;
 5. Changes or corrections in the computation of the area of a parcel;
 6. As to railroad, gas, water, telephone, cable television, electric utility right of way, electric line right of way, or other utility right of way properties.

Changes and corrections are not valid unless and until approved by the Board.

- C. The Clerk of the Board shall immediately file certified copies of the final determination of special taxes and confirming resolution with the Auditor-Controller of the County of Santa Clara and shall immediately record with the County Recorder of said County a certified copy of the resolution confirming the special tax.
- D. The special tax for each parcel set forth in the final determination by the Board shall appear as a separate item on the tax bill and shall be levied and collected at the same time and in the same manner as the general tax levy for county purposes. Upon recording of the resolution confirming the special tax such special tax shall be a lien upon the real property affected thereby.
- E. Failure to meet the time limits set forth in this resolution for whatever reason shall not invalidate any special tax levied hereunder.
- F. No special tax for the Safe, Clean Water and Natural Flood Protection Program shall be imposed upon a federal or state or local governmental agency. Where real property owned by a federal, state, or local agency is leased to a private person or private entity, the private interest so created shall be separately assessed as a possessory interest and the special tax for the Safe, Clean Water and Natural Flood Protection Program shall be levied on all holders of such possessory interests. With said exceptions, a Safe, Clean Water and Natural Flood Protection Program special tax is levied on each parcel of real property in the five Flood Control Zones of Valley Water subject to this resolution for the purposes stated in the Report and in this resolution. Except for the minimum special tax as hereinafter indicated, the special tax for each parcel of real property in each such zone is computed by determining its area (in acres or fractions thereof) and land use category (as hereinafter defined) and then multiplying the area by the special tax rate applicable to land in such land use category. A minimum special tax may be levied on each parcel of real property having a land area up to 0.25 acre for Groups A, B, and C, up to 10 acres for Groups D and E Urban and, for Group E Rural, the minimum special tax shall be that as calculated for the E Urban category.

Resolution

APPENDIX A

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

- G. Land use categories for each parcel of land in Valley Water are defined and established as follows:

- Group A: Land used for commercial or industrial purposes.
- Group B: Land used for institutional purposes such as churches and schools or multiple dwellings in excess of four units, including apartment complexes, mobile home parks, recreational vehicle parks, condominiums, and townhouses.
- Group C: (1) Land used for single-family residences and multiple-family units up to four units and (2) the first 0.25 acre of a parcel of land used for single-family residential purposes.
- Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses and (2) the portion of the land, if any, in excess of 0.25 acre of a parcel used for single-family residential purposes.
- Group E: Vacant undisturbed land (1) in urban areas and (2) in rural areas including dry farmed land, grazing and pasture land, forest and brush land, salt ponds, and small parcels used exclusively as well sites for commercial purposes.
- Group F: Parcels used exclusively as well sites for residential uses are exempt from the special tax.

- H. The special tax amounts applicable to parcels in the various land uses shall be as prescribed by the Board of Directors in each fiscal year (July 1 through June 30) beginning with fiscal year 2021-2022 as set forth in Attachment 3, which is incorporated herein by reference, and as required by law; provided, that the annual basic special tax unit (single-family residential parcel of 1/4 acre or less) shall not exceed a maximum limit of \$67.67 annually (averaging \$0.006 per square foot annually), as adjusted by the compounded percentage increases of the San Francisco-Oakland-San Jose Consumer Price Index (CPI-U) for all Urban Consumers (or an equivalent index published by a government agency) in the year or years after April 30, 2021; provided, however, that appropriate amounts may be increased in any year by up to the percentage increase of the San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers in the preceding year or two percent (2%) whichever is greater; provided further, however, that in any period, not exceeding three years, immediately following a year in which the Governor of the State of California or the President of the United States has declared an area of said zones to be a disaster area by reason of flooding or other natural disaster, then to the extent of the cost of repair of Valley Water facilities damaged by such flooding or other natural disaster, the maximum tax rate shall be the percentage increase in CPI-U plus 4.5 percent; and provided, that special taxes for the Safe, Clean Water and Natural Flood Protection Program shall be levied annually until ended by voters.

Resolution

APPENDIX A

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

- I. In the event that the county or city designated land use for a parcel is different than the actual land use, the CEO of Valley Water may, pursuant to written policies and procedures, cause the special tax to be adjusted based upon any or all of the following:
 - 1. The parcel owner shall provide Valley Water a claim letter stating that the present actual land use is different than the county or city designated land use, including an estimate of the portion of the parcel that is different than the designated land use. Such claim is subject to investigation by Valley Water as to the accuracy of the claim. Parcel owner shall furnish information deemed necessary by Valley Water to confirm the actual uses and areas in question which may include, but not be limited to, a survey by a licensed surveyor.
 - 2. The parcel owner shall request Valley Water to inspect the parcel and reevaluate the parcel tax.
 - 3. The parcel owner shall notify Valley Water after a substantial change in the actual land use occurs, including a new estimate of the portion of the parcel that is different than the designated land use.
 - 4. Valley Water may inspect and verify the actual land use for these parcels on a regular basis and will notify the appropriate parcel owners when it is determined that the actual land use has matched a county or city designated land use. Valley Water shall then correct the special tax rates for these parcels accordingly.
- J. Pursuant to state law, Valley Water may provide an exemption from the special tax for low income owner-occupied residential properties for taxpayer-owners who are 65 years of age or older, the following shall apply:

Residential parcels where the total annual household income does not exceed 75 percent of the latest available figure for state median income at the time the annual tax is set, and such parcel is owned and occupied by at least one person who is aged 65 years or older is qualified to apply for an exemption from the applicable special tax.
- K. The Safe, Clean Water and Natural Flood Protection Program shall follow 15-year financial planning cycles. This will allow Valley Water to align its budget each year with the projects' key performance indicators as well as long-term financial planning efforts, such as the Capital Improvement Program. Prior to the development of each 15-year financial plan, Valley Water will conduct outreach to engage the community and key stakeholders, including the Safe, Clean Water and Natural Flood Protection Program's independent monitoring committee (IMC) and Valley Water advisory committees, to help ensure that the Safe, Clean Water and Natural Flood Protection Program's priorities remain aligned with the priorities of the residents of Santa Clara County.
- L. After a period of no longer than fifteen (15) years, the Board of Directors shall evaluate the need for the Safe, Clean Water and Natural Flood Protection Program, and make an affirmative determination of whether the special tax should be reduced or repealed, or is needed to build additional Projects to achieve related programmatic benefits in accordance with the priorities of the Safe, Clean Water and Natural Flood Protection Program. Should the Board of Directors determine that no additional Projects are needed, the Safe, Clean Water and Natural Flood Protection Program special tax will be

Resolution

APPENDIX A

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

reduced accordingly, to reflect a transition from funding new Projects to funding operation, maintenance and replacement of Projects that were constructed with Safe, Clean Water and Natural Flood Protection Program funds. This evaluation process shall include the Valley Water advisory committees and the Program's IMC, which will be charged with making recommendations to the Board of Directors on the determination of whether the special tax should be reduced, repealed, or maintained. Following the first fifteen-year determination of continued need for the special tax, the determination shall be made every fifteen (15) years thereafter.

- M. As projects under the Program are completed, the Board of Directors shall identify and prioritize new projects for inclusion in the Program. These new projects may be identified and proposed for Board approval at a public meeting through the Board's review and approval of the Program's five-year implementation plans, the first of which will be produced by the CEO or designee of Valley Water in year one of the Program and every five years thereafter; or, as directed by the Board.
- N. 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.
- O. The Chief Financial Officer or designee of Valley Water shall file a fiscal year report with the Board of Directors no later than January 1 of each year for the prior fiscal year. The annual report shall contain both of the following: (a) the amount of funds collected and expended; and (b) the status of any project required or authorized to be funded under this resolution.
- P. An external, independent monitoring committee (IMC) shall be appointed by the Valley Water Board of Directors to conduct an annual review of Valley Water's fiscal year report and provide an annual report from the IMC to the Board of Directors regarding implementation of the intended results of the Program. The IMC shall also review each proposed five-year implementation plan prior to its submittal for Board approval. Through review of both the annual reports and five-year implementation plans, the IMC may make recommendations to the Valley Water Board of Directors regarding reasonably necessary measures to meet the priorities of the Safe, Clean Water and Natural Flood Protection Program. Every fifteen years, the IMC will review, and recommend to the Board and general public, whether the special tax should be reduced or repealed, or is needed to build additional Projects to achieve related programmatic benefits in accordance with the priorities of the Safe, Clean Water and Natural Flood Protection Program as described in Paragraph L of this resolution.
- Q. While the Safe, Clean Water and Natural Flood Protection Program is in effect, the Board of Directors shall conduct independent professional audits of the Program to provide for accountability and transparency at least every five years.
- R. Grants and partnerships offered through the Safe, Clean Water and Natural Flood Protection Program, where aligned with the District Act and permitted by law, may

RL14541

Resolution

APPENDIX A

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

extend to state and local governmental organizations; organized community groups with an established structure; nonprofit organizations as defined by Internal Revenue Code subsections (c) or (d); schools, community colleges, or universities (public or nonprofit); non-profit organizations as defined under Internal Revenue Code section 501(c); religious or apostolic associations as defined under Internal Revenue Code section 501(d); for-profit organizations; and persons.

- S. Pursuant to the State California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), adoption of this resolution for continuation of the parcel tax and as a government funding mechanism, is not a project subject to the requirements of CEQA. Prior to commencement of any project included in the Safe, Clean Water and Natural Flood Protection Program, any necessary environmental review required by CEQA shall be completed.
- T. Upon entering into effect, the Safe, Clean Water and Natural Flood Protection Program parcel tax authorized by this resolution and placed on the ballot by RESOLUTION NO. 20-63, shall repeal and replace the Safe, Clean Water and Natural Flood Protection Program parcel tax approved by the voters in 2012. On the date that the parcel tax authorized by this resolution and RESOLUTION NO. 20-63 goes into effect, the updated Safe, Clean Water and Natural Flood Protection Program (the priorities of which are summarized in Attachment 2) will replace in its entirety the previously approved Safe, Clean Water and Natural Flood Protection Program. Any tax payments already made by voters and collected for use by Valley Water for the prior Safe, Clean Water and Natural Flood Protection Program will be used to achieve priorities identified in this updated Safe, Clean Water and Natural Flood Protection Program. Funding for capital projects currently identified in the prior Safe, Clean Water and Natural Flood Protection Program, will continue under this updated Safe, Clean Water and Natural Flood Protection Program to meet previous commitments. All other projects and programs identified in the prior Safe, Clean Water and Natural Flood Protection Program will be replaced by comparable projects or programs with similar or expanded obligations under the updated Safe, Clean Water and Natural Flood Protection Program. Commitments for incomplete non-capital projects or programs carried forward from the 2012 Safe, Clean Water and Natural Flood Protection Program, shall continue at no less than the current levels (funding or key performance indicators) as identified in the comparable replacement projects or programs under the updated Safe, Clean Water and Natural Flood Protection Program, until such time as they are completed. Changes to funding levels or key performance indicators may only be made by the Board as set forth under Paragraphs K and L or through Board decisions via a Board-approved Change Control Process.

Resolution

APPENDIX A

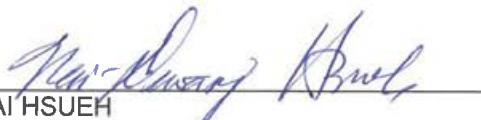
Providing for the Continuation and Levy of a Special Tax to Pay the Cost of the Safe, Clean Water and Natural Flood Protection Program in the Combined Flood Control Zone of the Santa Clara Valley Water District Subject, Nevertheless, to Specified Limits and Conditions

Resolution No. 20-64

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on July 21, 2020:

AYES:	Directors	Santos, Estremera, Keegan, Kremen, LeZotte, Varela, Hsueh
NOES:	Directors	None.
ABSENT:	Directors	None.
ABSTAIN:	Directors	None.

SANTA CLARA VALLEY WATER DISTRICT



NAI HSUEH
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk, Board of Directors

RL14541

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

ATTACHMENT 1 COVERSHEET

SCVWD FLOOD CONTROL ZONES AND BOARD DISTRICTS IN SANTA CLARA COUNTY

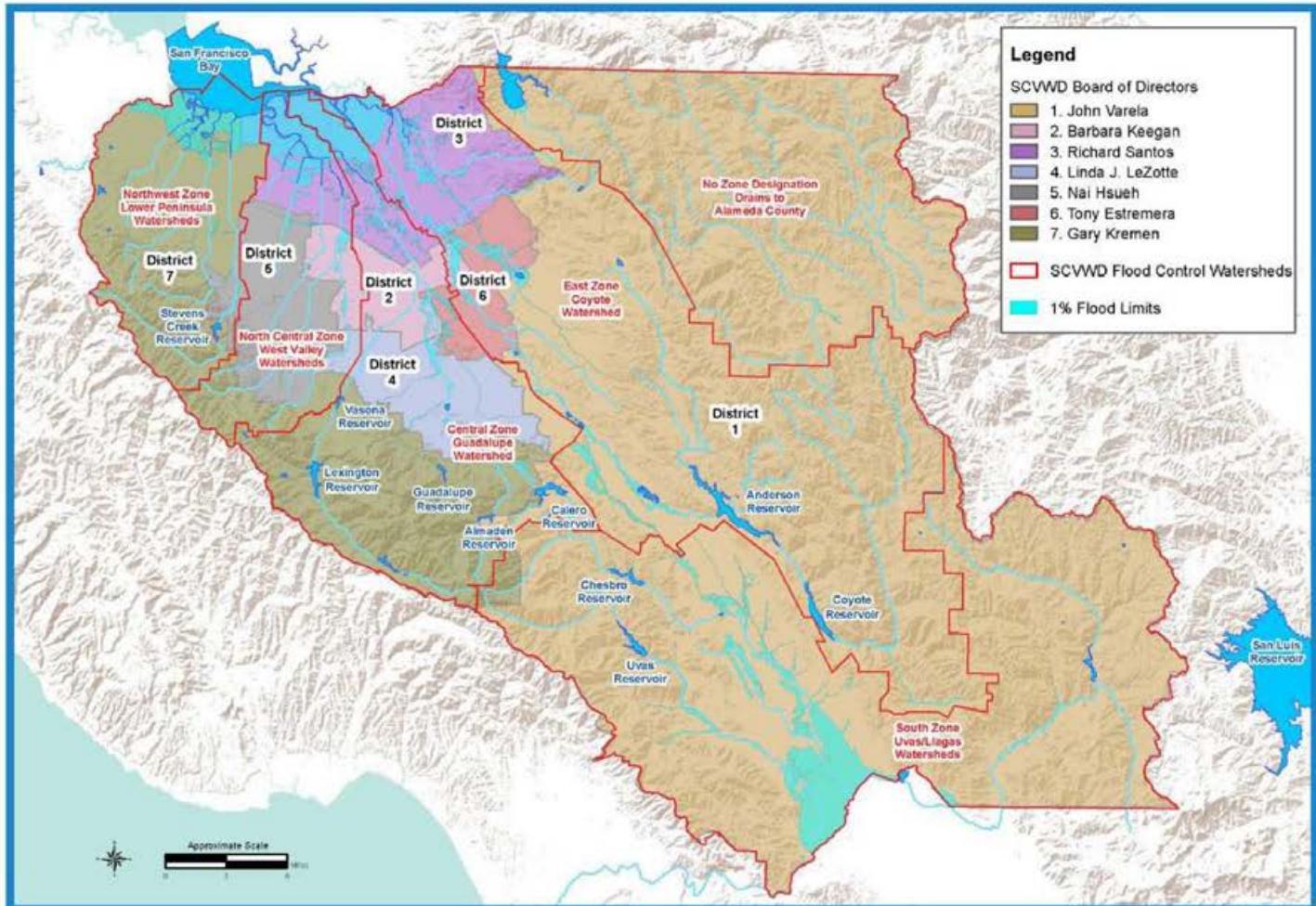
No. of Pages: 1

Additional Items: None.

Resolution

APPENDIX A

SCVWD Flood Control Zones and Board Districts in Santa Clara County



GIS themes are for illustration and general analysis purposes only and are not accurate to surveying or engineering standards. Information is not guaranteed to be accurate, current, or complete and use of this information is your responsibility.

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RL14541

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

ATTACHMENT 2 COVERSHEET

SUMMARY OF KEY PERFORMANCE INDICATORS FOR THE FIRST 15 YEARS OF PROGRAM

No. of Pages: 5

Additional Items: None.

Resolution

APPENDIX A

Summary of Key Performance Indicators for the First 15 Years of Program

Project	Key Performance Indicator
Priority A: Ensure a Safe, Reliable Water Supply	
A1 Pacheco Reservoir Expansion	1. Provide a portion of funds, up to \$10 million, to help construct the Pacheco Reservoir Expansion Project.
A2 Water Conservation Rebates and Programs	1. Award up to \$1 million per year toward specified water conservation program activities, including rebates, technical assistance and public education within the first seven (7) years of the Program.
A3 Pipeline Reliability	1. Install four (4) new line valves on treated water distribution pipelines.

Project	Key Performance Indicator
Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways	
B1 Impaired Water Bodies Improvement	1. Investigate, develop and implement actions to reduce methylmercury in fish and other organisms in the Guadalupe River Watershed. 2. Prepare and update a plan for the prioritization of surface water quality improvement activities, such as addressing trash and other pollutants. 3. Implement at least two (2) priority surface water quality improvement activities identified in the plan per 5-year implementation period.
B2 Inter-Agency Urban Runoff Program	1. Address trash in creeks by maintaining trash capture devices or other litter control programs. 2. Maintain Valley Water's municipal stormwater compliance program and partner with cities to address surface water quality improvements, including participation in at least three (3) countywide, regional or statewide stormwater program committees to help guide regulatory development, compliance, and monitoring. 3. Support at least one (1) stormwater quality improvement activity per 5-year implementation period in Santa Clara County, including providing up to \$1.5 million over 15 years to support implementation of green stormwater infrastructure consistent with Santa Clara Basin and South County Stormwater Resource Plans.
B3 Hazardous Materials Management and Response	1. Respond to 100% of hazardous materials reports requiring urgent on-site inspection in two (2) hours or less.
B4 Support Volunteer Cleanup Efforts	1. Fund Valley Water's creek stewardship program to support volunteer cleanup activities such as annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Litter Pick Up; and the Adopt-A-Creek Program.

Resolution

APPENDIX A

Project	Key Performance Indicator
Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters	
C1 Anderson Dam Seismic Retrofit	<ol style="list-style-type: none"> Provide portion of funds, up to \$54.1 million, to help restore full operating reservoir capacity of 90,373 acre-feet.
Priority D: Restore Wildlife Habitat and Provide Open Space	
D1 Management of Riparian Planting and Invasive Plant Removal	<ol style="list-style-type: none"> Maintain a minimum of 300 acres of riparian planting projects annually to meet regulatory requirements and conditions. Maintain a minimum of 200 acres of invasive plant management projects annually to meet regulatory requirements and conditions. Remove 25 acres of Arundo donax throughout the county over a 15-year period.
D2 Revitalize Riparian, Upland and Wetland Habitat	<ol style="list-style-type: none"> Revitalize at least 21 acres over a 15-year period through native plant revegetation and/or removal of invasive exotic species. Develop an Early Detection and Rapid Response Program Manual. Identify and treat at least 100 occurrences of emergent invasive species over a 15-year period, as identified through the Early Detection and Rapid Response Program. Develop at least eight (8) information sheets for Early Detection of Invasive Plant Species.
D3 Sediment Reuse to Support Shoreline Restoration	<ol style="list-style-type: none"> Maintain partnership agreements to reuse sediment to improve the success of salt pond and tidal marsh restoration projects and activities. Provide up to \$4 million per 15-year period to support activities necessary for sediment reuse.
D4 Fish Habitat and Passage Improvement	<ol style="list-style-type: none"> Complete planning and design for one (1) creek/lake separation. Construct one (1) creek/lake separation project in partnership with local agencies. Use \$8 million for fish passage improvements by June 30, 2028. Update study of all major steelhead streams in the county to identify priority locations for fish migration barrier removal and installation of large woody debris and gravel as appropriate. Complete five (5) habitat enhancement projects based on studies that identify high priority locations for large wood, boulders, gravel, and/or other habitat enhancement features.
D5 Ecological Data Collection and Analysis	<ol style="list-style-type: none"> Reassess and track stream ecological conditions and habitats in each of the county's five (5) watersheds every 15 years. Provide up to \$500,000 per 15-year period toward the development and updates of five (5) watershed plans that include identifying priority habitat enhancement opportunities in Santa Clara County.
D6 Restoration of Natural Creek Functions	<ol style="list-style-type: none"> Construct the Hale Creek Enhancement Pilot Project, which includes restoration and stabilization of a 650-foot section of concrete-lined channel on Hale Creek, between Marilyn Drive and North Sunshine Drive on the border of Mountain View and Los Altos. Construct the Bolsa Road Fish Passage Project along 1,700 linear feet of Uvas-Carnadero Creek in unincorporated Santa Clara County, which includes geomorphic design features that will restore stability and stream function. Identify, plan, design, and construct a third geomorphic-designed project to restore stability and stream function by preventing incision and promoting sediment balance throughout the watershed.

Resolution

APPENDIX A

Priority D: Restore Wildlife Habitat and Provide Open Space cont...	
D7 Partnerships for the Conservation of Habitat Lands	<ol style="list-style-type: none"> Provide up to \$8 million per 15-year period for the acquisition or enhancement of property for the conservation of habitat lands.
Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways	
E1 Coyote Creek Flood Protection, Montague Expressway to Tully Road – San Jose	<ol style="list-style-type: none"> Construct flood protection improvements along Coyote Creek between Montague Expressway and Tully Road to provide protection from floods up to the level that occurred on February 21, 2017, approximately a 5% (20-year) flood event.
E2 Sunnyvale East and Sunnyvale West Channels Flood Protection, San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale	<ol style="list-style-type: none"> Provide 1% (100-year) flood protection for 1,618 properties and 47 acres (11 parcels) of industrial land, while improving stream water quality and working with other agencies to incorporate recreational opportunities.
E3 Lower Berryessa Flood Protection, including Tularcitos and Upper Calera Creeks (Phase 3) – Milpitas	<ol style="list-style-type: none"> With local funding only: Complete the design phase of the 1% (100-year) flood protection project to protect an estimated 1,420 parcels.
E4 Upper Penitencia Creek Flood Protection, Coyote Creek to Dorel Drive – San Jose	<ol style="list-style-type: none"> Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) flood protection to 8,000 parcels. With local funding only: Construct a 1% (100-year) flood protection project from Coyote Creek confluence to Capital Avenue to provide 1% (100-year) flood protection to 1,250 parcels, including the new Berryessa BART station.
E5 San Francisquito Creek Flood Protection, San Francisco Bay to Upstream of Highway 101 – Palo Alto	<ol style="list-style-type: none"> Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection. With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.

Resolution

APPENDIX A

Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways cont...	
E6 Upper Llagas Creek Flood Protection, Buena Vista Avenue to Llagas Road – Morgan Hill, San Martin, Gilroy	<ol style="list-style-type: none"> Preferred project with federal and local funding: Plan, design and construct flood protection improvements along 13.9 miles of Upper Llagas Creek from Buena Vista Avenue to Llagas Road to provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat. With local funding only: Construct flood protection improvements along Llagas Creek from Buena Vista Avenue to Highway 101 in San Martin (Reaches 4 and 5 (portion)), Monterey Road to Watsonville Road in Morgan Hill (Reach 7a), approximately W. Dunne Avenue to W. Main Avenue (portion of Reach 8), and onsite compensatory mitigation at Lake Silveira.
E7 San Francisco Bay Shoreline Protection – Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale	<ol style="list-style-type: none"> Provide portion of the local share of funding for planning, design and construction phases for the Santa Clara County shoreline area, EIAs 1-4. Provide portion of the local share of funding for planning and design phases for the Santa Clara County shoreline area, EIAs 5-9.
E8 Upper Guadalupe Flood Protection, Highway 280 to Blossom Hill Road – San Jose	<ol style="list-style-type: none"> 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. 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 Jose, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and channel stability.

Project	Key Performance Indicator
Priority F: Support Public Health and Public Safety for Our Community	
F1 Vegetation Control and Sediment Removal for Capacity	<ol style="list-style-type: none"> Maintain completed flood protection projects for flow conveyance.
F2 Emergency Response Planning and Preparedness	<ol style="list-style-type: none"> Coordinate with local municipalities to merge Valley Water-endorsed flood emergency processes with their own emergency response plans and processes. Complete five (5) flood management plans/procedures per 5-year period, selected by risk priorities. Train Valley Water staff and partner municipalities annually on disaster procedures via drills and exercises before testing the plans and procedures. Test flood management plans/procedures annually to ensure effectiveness.
F3 Flood Risk Assessment Studies	<ol style="list-style-type: none"> Complete engineering studies on three (3) creek reaches to address 1% (100-year) flood risk. Annually, update floodplain maps on a minimum of three (3) creek reaches in accordance with new FEMA standards.

Resolution

APPENDIX A

Priority F: Support Public Health and Public Safety for Our Community cont...	
F4 Vegetation Management for Access and Fire Safety	<ol style="list-style-type: none"> Provide vegetation management for access and fire risk reduction on an average of 495 acres per year, totaling 7,425 acres along levee, property lines and maintenance roads over a 15-year period.
F5 Good Neighbor Program: Encampment Cleanup	<ol style="list-style-type: none"> Perform 300 annual cleanups to reduce the amount of trash and pollutants entering the streams. Provide up to \$500,000 per year in cost-share with other agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways or addressing the homelessness crisis with the goal of reducing the need for encampment cleanups.
F6 Good Neighbor Program: Graffiti and Litter Removal and Public Art	<ol style="list-style-type: none"> Cleanup identified trash and graffiti hotspots at approximately 80 sites four (4) times per year. Respond to requests on litter or graffiti cleanup within five (5) working days. Provide up to \$1.5 million over 15 years to implement public art projects on Valley Water property and infrastructure.
F7 Emergency Response Upgrades	<ol style="list-style-type: none"> Maintain existing capabilities for flood forecasting and warning. Improve flood forecast accuracy and emergency response time working with the National Weather Service and through research and development.
F8 Sustainable Creek Infrastructure for Continued Public Safety	<ol style="list-style-type: none"> Provide up to \$7.5 million in the first 15-year period to plan, design and construct projects identified through Watersheds asset management plans.
F9 Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship	<ol style="list-style-type: none"> Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship. 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. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship. 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.

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

ATTACHMENT 3 COVERSHEET

**FIGURE 1
ACTUAL FY 2019–20 AND ACTUAL FY 2020–21 SAFE, CLEAN WATER
AND NATURAL FLOOD PROTECTION SPECIAL TAX RATES**

No. of Pages: 1

Additional Items: None.

Resolution

APPENDIX A

FIGURE 1
Actual FY 2019–20 and Actual FY 2020–21
Safe, Clean Water and Natural Flood Protection Special Tax Rates

Land Use Categories	Actual FY '19-20	Actual FY '20-21
A - Commercial, Industrial		
Rate (\$/Acre)	\$541.60	\$541.60
Minimum Assessment ⁽¹⁾	\$135.39	\$135.39
B - Apartment, Schools, Churches, Condominiums & Townhouse		
Rate (\$/Acre)	\$406.20	\$406.20
Minimum Assessment ⁽¹⁾	\$101.55	\$101.55
Condominiums & Townhouses (\$/unit)	\$32.95	\$32.95
C - Single Family Residential, Small Multiples (2-4 units) ⁽²⁾		
Minimum Assessment ⁽¹⁾	\$67.67 (Averaging \$0.006 per square foot)	\$67.67 (Averaging \$0.006 per square foot)
D - Utilized Agriculture⁽²⁾		
Rate (\$/Acre)	\$3.47	\$3.47
Minimum Assessment ⁽¹⁾	\$34.70	\$34.70
E - Urban - Nonutilized Agricultural, Grazing Land, Salt Ponds, Well Site in Urban Areas		
Rate (\$/Acre)	\$1.02	\$1.02
Minimum Assessment ⁽¹⁾	\$10.23	\$10.23
E - Rural - Nonutilized Agricultural, Grazing Land, Well Sites in Rural Areas		
Rate (\$/Acre)	\$0.14	\$0.14
Minimum Assessment ⁽¹⁾	\$10.23	\$10.23

(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment is the same for both the Urban Category and the Rural Category parcels, however the Rural Category applies to parcels of 80 acres or less.

(2) Residential land in excess of 1/4 acre is assessed at the "D" rate.

SCW Audit

Review and Discussion

Summary Findings, Recommendations and Management Responses

Safe, Clean Water Independent Monitoring Committee

December 3, 2025

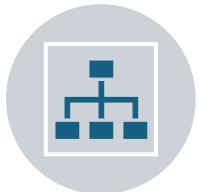


Audit Objective

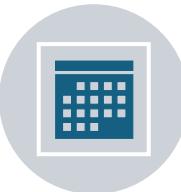
Assess the renewed SCW Program (July 1, 2021 – June 30, 2024), including:

- 1. Governance & Transparency:** Evaluated program governance, Board and managerial oversight, and independent monitoring. Assessed the transparency and accuracy of public reporting.
- 2. Compliance:** Verified adherence to Measure S provisions, appropriate fund collection/use, and proper implementation of Board-approved Change Control Process.
- 3. Performance:** Assessed progress toward the SCW Program's six priorities and KPIs. This included deep-dive reviews of sample projects to determine effectiveness in meeting scope, budget, and schedule commitments.

Commendations



Established and Transparent Governance Structure: VW has established the formal, multi-faceted governance structure consisting of the Board of Directors, the Independent Monitoring Committee (IMC), and dedicated program staff.



Adherence to Annual Reporting Requirements: Valley Water adheres to the Measure S requirements for both annual rate-setting and annual financial reporting.



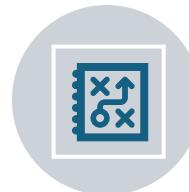
Public Access to Information: Valley Water uses multiple channels to provide the public with access to program information.



Comprehensive Capital Project Management Framework: The SCW-funded capital projects are managed under a comprehensive framework guided by the CIP Program Manual, providing a strong underlying project management structure.



Effective Performance of Operational Projects: 6 of 7 active projects (operational, maintenance and fiscal-based) are meeting or exceeding annual KPIs.

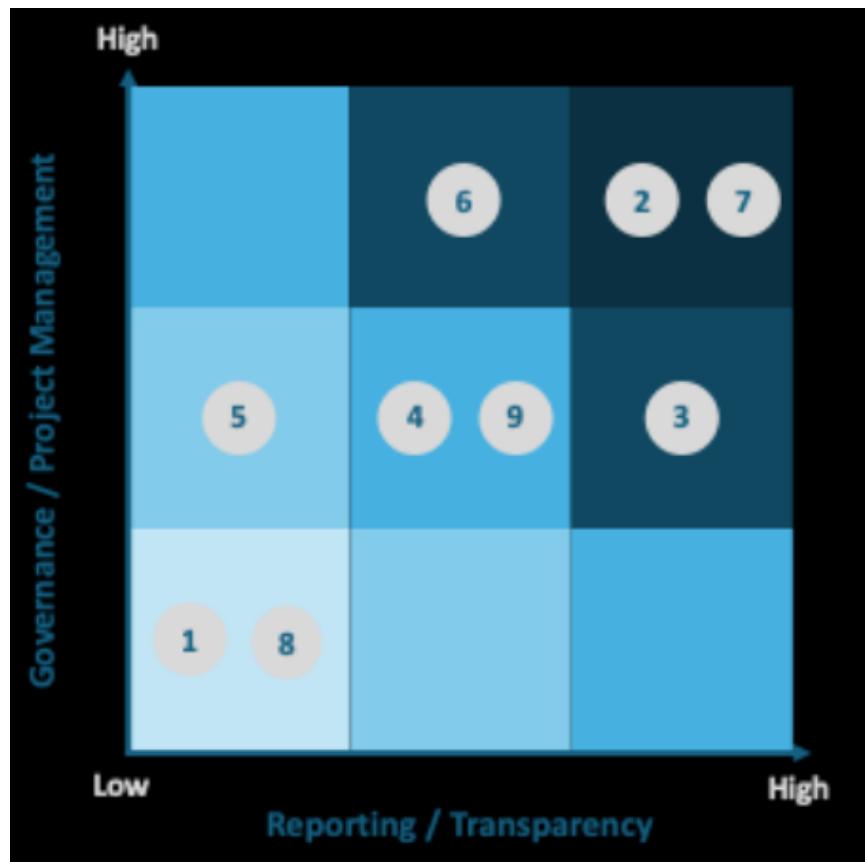


Strategic Use of Tiered KPIs for Risk Management: Tiered KPIs used in complex capital projects serve as an effective risk management tool.

Summary of Key Recommendations

1. Improve Reporting Processes and Transparency	<ul style="list-style-type: none">a. Improve the process for reconciling SCW Project funding allocations with CIP Plan changes to support accurate and timely reporting in the SCW Program Annual Report. (#2)b. A clearer crosswalk is needed between the CIP and SCW schedule adjustments to improve transparency and traceability. (#3)
2. Strengthen Governance and Partnership Management	<ul style="list-style-type: none">a. Enhance the management of key external partnerships, such as on the San Francisquito Creek flood protection project, by developing tools to better track strategic decisions and risks, and continuing efforts to align project KPIs with Valley Water's evolving role. (#6 and #7)b. Strengthen the processes for recruiting IMC members and resolve the outstanding Conflict of Interest policy issue. (#5 and #4)

Summary of Findings and Priorities



Finding No.	Topic	Finding Title	Priority (High / Medium / Low)
1	Measure S	The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted	Low
2	Change Control / Annual Reporting	Process for Reconciling SCW Project Budgets with CIP Adjustments Needs Improvement to Enhance Reporting Reliability.	High
3	Change Control / Annual Reporting	A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments	High
4	IMC	A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved	Medium
5	IMC	Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness	Medium
6	Project E5	Management of Key Partnership Projects Could Be Enhanced	High
7	Project E5	The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority	High
8	Projects D1 & F5	Performance Data Impacted by Inconsistent Data Entry and Reporting	Low
9	Project F1, D1 & F3	KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks	Medium

Measure S Provisions

Issue and Recommendation Summary		Responsible Party	Summary of Management Responses
Finding 1: The Program is Operating in Compliance with Key Measure S Provisions, with One Minor Procedural Discrepancy Noted.			
Issue:	The audit identified a minor procedural discrepancy in how Valley Water files Measure S tax resolutions with Santa Clara County. While the measure specifies filing with the Auditor-Controller and County Recorder, current practice is to file with the County Clerk-Recorder and Tax Assessor, reflecting changes in County office structure.	CFO, Financial Planning & Management Services Division	Agree.
Rcmd:	Formally document the assessment that the current process meets the functional intent of Measure S, Provision C. Furthermore, incorporate clarifying language into future Board resolutions to explicitly state the specific County offices where certified copies will be filed. Document the rationale supporting the current filing process and include clarifying language in future Board resolutions specifying why certified copies are filed with the current County offices.		<p>Management agrees with the recommendations and staff will implement this recommendation.</p> <p>Implementation Date: Q4, FY26 for FY2026-2027 Annual Rate Setting Report (May 2026)</p>

Change Control & Annual Reporting

Issue and Recommendation Summary		Responsible Part	Summary of Management Responses
Finding 2: Process for Reconciling SCW Project Funding Allocations with CIP Adjustments Needs Improvement to Enhance Reporting Reliability.			
Issue:	The process for reconciling SCW capital project funding allocations with adjustments approved in the CIP Plan needs improvement to ensure reporting in the SCW Annual Report is accurate, complete, and timely.	CFO, Financial Planning & Management Services and AO, Office of Integrated Water Management – Business Planning and Analysis Unit	Agree.
Rcmd:	Revise methods for identifying, reconciling, and reporting SCW funding allocation adjustments. Establish a corrected baseline, create a formal reconciliation process for CIP changes, require management review before publication, and clarify public reporting expectations in the Change Control Process.		Management agrees with the recommendations and staff will implement the recommendations. Implementation Date: Q4, FY26

Change Control & Annual Reporting

Issue and Recommendation Summary		Responsible Part	Summary of Management Responses
Finding 3: A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments			
Issue:	A clearer crosswalk is needed between CIP and SCW project schedule adjustments to improve transparency for stakeholders. Currently, differences in reporting cycles and formats make it challenging to track the impact of schedule changes on KPI delivery.	AO, Office of Integrated Water Management – Business Planning and Analysis Unit	Agree.
Rcmd:	Continue the practice of clearly and visually differentiating the milestone for achieving a project's KPI from the milestones for other project phases; illustrate and explain how adjustments to capital project schedules in the CIP Plan impact the delivery schedule for the corresponding SCW Program KPI; when presenting the annual CIP Plan for Board approval, explicitly report on how proposed schedule changes will affect the KPI delivery dates for SCW projects; and update the Change Control Process to clarify how schedule changes will be made publicly available through reporting and posting on the Program's web page.		Management agrees with the recommendations and staff will implement the recommendations. Implementation Date: Q4, FY26

Independent Monitoring Committee

Issue and Recommendation Summary		Responsible Party	Summary of Management Responses
Finding 4: A Prior Audit Recommendation Regarding the IMC Conflict of Interest Policy Remains Unresolved			
Issue:	A prior audit recommendation to implement a conflict-of-interest policy for the Independent Monitoring Committee (IMC) has not yet been finalized or implemented.	AO, Office of Integrated Water Management – Business Planning and Analysis Unit and COB, Office of the Clerk of the Board	Agree.
Rcmd:	Finalize and implement a formal Conflict of Interest framework for the Independent Monitoring Committee.	AO, Office of Integrated Water Management – Business Planning and Analysis Unit and COB, Office of the Clerk of the Board	Management agrees with the recommendation and on Sept. 23, 2025, the Board adopted a resolution establishing new conflict of interest disclosure requirements for IMC members. Implementation Date: Q2, FY26.
Finding 5: Ongoing Vacancies on the Independent Monitoring Committee Impact its Effectiveness			
Issue:	Ongoing vacancies on the IMC have made it challenging to consistently meet quorum requirements and distribute workload among members.	COB, Office of the Clerk of the Board	Agree.
Rcmd:	Partner with the Board to enhance recruitment strategies, to identify, attract, and recruit qualified candidates.		Management agrees with the recommendation and staff will explore strategies in partnership with the Board of Directors. Implementation Date: Q4, FY26; and will be implemented on an ongoing basis.

Project E5 - San Francisquito Creek Flood Protection

Issue and Recommendation Summary		Responsible Party	Summary of Management Responses
Finding 6: Management of Key Partnership Projects Could Be Enhanced			
Issue:	Valley Water's role in this externally led partnership, Project E5, has shifted from project lead to funding partner. The project's existing management mechanisms, designed for direct project execution, may not be the most effective tools for managing this evolving role.	COO, Watersheds	Agree.
Rcmd:	Implement a Strategic Decision & Risk Log to identify and monitor key decisions, document Valley Water's official positions, assess associated risks, and guide proactive engagement.		<p>Management agrees with the recommendation and where applicable, staff will develop and implement a Strategic Decision & Risk Log to formalize its partnership management.</p> <p>Implementation Date: Q4, FY26</p>
Finding 7: The KPI for a Key Partnership Project is Misaligned with Valley Water's Role and Authority			
Issue:	The KPI for Project E5 holds Valley Water accountable for a community outcome it no longer directly controls due to the transfer of leadership to the SFCJPA. The KPI, as currently worded, does not accurately reflect Valley Water's role.	COO, Watersheds	Agree.
Rcmd:	Continue to re-evaluate the KPI, shifting from an outcome-based metric to one that measures Valley Water's specific, controllable contributions, such as a funding or partnership-based deliverable.		<p>Management agrees with the recommendation and staff will re-evaluate Project E5: San Francisquito Creek Flood Protection KPIs to reflect current realities. If it is determined that modifications to the KPIs are required, management will propose these modifications in accordance with the Change Control Process.</p> <p>Implementation Date: Q4, FY26</p>

Date Entry and Reporting – Projects D1 and F5

Issue and Recommendation Summary		Responsible Party	Summary of Management Responses
Finding 8: Performance Data Impacted by Inconsistent Data Entry and Reporting			
Issue:	Inconsistent processes for entering and compiling operational data impacted the accuracy of reported performance figures. For Project F5, inconsistencies were noted in the initial entry of source data, while for Project D1, reported figures in the SCW Annual Report varied from the underlying data in the Maximo system.	DOO, Watersheds Operations and Maintenance Division	Agree.
Rcmd:	Enhance procedures to ensure accurate data entry and processes for ensuring final reports align with source data.		Management agrees with the recommendations and staff will develop a process to verify that the data entered is in alignment with the work performed. Implementation Date: Q4, FY26

KPI Clarification – Project's D1, F1, and F3

Issue and Recommendation Summary		Responsible Party	Summary of Management Responses
Finding 9: KPIs that are Open-Ended or Do Not Fully Reflect Program Activities Pose Long-Term Financial and Communication Risks			
Issue:	KPIs could be improved to support long-term financial sustainability and more accurately reflect the scope of program activities. Project F1.1's KPI represents a perpetual maintenance commitment, while KPIs for Projects D1 and F3 could be enhanced for clarity and scope.	COO, Watersheds	Acknowledge.
Rcmd:	Enhance review of KPIs to ensure they are financially sustainable, remain aligned with current project activities, and that their descriptions clearly articulate the project's scope and deliverables.		<p>Management acknowledges the recommendation. Staff is assessing related policies and processes. Depending on the outcome of those efforts, Valley Water may consider modifying the KPI in the current 15-year financial cycle or revisit it in the next 15-year financial cycle.</p> <p>Implementation Date: Q4, FY26</p>