Valley Water
SANTA CLARA VALLEY WATER DISTRICT

NON-AGENDA

June 26, 2026

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

Page	CEO BULLETIN & NEWSLETTERS
	CEO Bulletin: None
	BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS
2	**BMR/IBMR Weekly Reports:** 06/24/26
4	Memo from Carmen Narayanan for Darin Taylor, Acting Chief Financial Officer, to the board, dated 06/22/26, providing a summary of the May 2026 monthly report of investments.
	INCOMING BOARD CORRESPONDENCE
21	**Board Correspondence Weekly Report:** 06/24/26
22	Email from Doug Peterson to the board and the Palo Alto Park and Recreation Committee, dated 06/22/26, requesting that the Palo Alto Flood Basin's broken Sluice gate be repaired. BC-26-0054
	OUTGOING BOARD CORRESPONDENCE
67	Email from Director Hsueh to Vice Mayor Chao, dated 06/18/26, responding to their inquiry regarding AB 1572 Compliance, Certification, and Local Implementation.

BOARD MEMBER REQUESTS and Informational Items

Report Name: Board Member Requests

Request	Request Date	Director	BAO/Chief	Staff	Description	20 Days Due Date	Expected Completion Date	Disposition
IBMR-26-0002	06/01/26	Varela	Baker	Struve	Director Varela has asked staff to review the Amazon project proposed in Gilroy and determine impacts on potable water supply and to agriculture. https://www.cityofgilroy.org/1019/Gilroy-Data-Center-by-AWS	06/21/26		
BMR-26-0003	06/09/26	Hsueh	Chan	Penilla Collins	At the 6/9/26 Board meeting, Director Hsueh requested that staff consider continued funding for water conservation programs beyond the 7 years allocated in the Safe Clean Water Program.	06/30/26		

Valley Water

MEMORANDUM

FC 14 (02-08-19)

TO: Board of Directors

FROM: Carmen Narayanan for Darin Taylor,
Acting Chief Financial Officer

SUBJECT: Summary of Monthly Report of Investments, May 2026

DATE: June 22, 2026

California Government Code (Government Code) section 53607 requires the Treasurers of local agencies that are delegated the authority to invest funds to provide monthly reports of investment transactions to their legislative bodies. This report is being provided to comply with the Government Code, as incorporated into Valley Water's Board Investment Policy (Investment Policy).

The report on investments as of May 31, 2026 is attached. All investments were in compliance with the Investment Policy. The attached report includes a summary of the portfolio holdings, details of each security in the portfolio and an investment activity summary with comparisons to the previous 12 months. The following are highlights of the investment activities for the month:

- The book value of Valley Water's portfolio as of May 31, 2026, was $757 million. This is $59 million less than the $817 million book value as of April 30, 2026. The change in value is due to cash expenditures exceeding cash receipts during the month.

- Valley Water's portfolio is invested with the primary goals of safety and liquidity. To accomplish these goals, staff only invest in securities that are permitted by the Government Code and Investment Policy. Permitted investments have high credit ratings and maturities of no more than 5 years. As of May 31, 2026, approximately 58% of the portfolio was held in the US Government Treasuries/Agencies and municipal bonds, 38% was held in highly liquid funds such as Local Area Investment Fund (LAIF), California Asset Management Pool (CAMP), money market mutual funds, and certificates of deposit (CDs), and 4% in supranational/corporate medium-term notes.

- The portfolio had a yield-to-maturity of 3.83% for the month of May 2026. This is 0.07% below Valley Water's benchmark, the 24-month floating average of the 2-year Treasury note, which was 3.90%.

- Valley Water's portfolio is reviewed every month for compliance with the Investment Policy. All investments were in compliance for the reporting period.

- The California Government Code requires that a public entity structure its portfolio so that it, at minimum, can meet expenditures for the next six months. The investment portfolio has been structured to ensure that sufficient monies will be available to cover anticipated expenditure in the coming six months.

Community Bank Investments

The Investment Policy encourages investments in small, local banks and credit unions located within the nine Bay Area counties with total assets at or below $10 billion, including maintaining a minimum of 4% of the portfolio in such investments. The following banking arrangements have been established with local institutions to meet these criteria:

- $65 million (8% of the portfolio) in deposits with various small community banks and credit unions, and
- Three separate standby letters of credit issued by Technology Credit Union, based in San Jose, totaling $841,000 to Valley Water to meet the U.S. Army Corp's financial assurance requirements for the operations of Upper Penitencia, Coyote Ridge, and Rancho Cañada de Pala Preserve watershed projects.

If you have any questions regarding the Investment Report, please contact Darin Taylor, Chief Financial Officer, at 408-630-3068.

DS
SP

DocuSigned by:
Carmen Narayanan 6/22/2026
879ECDA4804F444...

Carmen Narayanan for Darin Taylor,
Acting Chief Financial Officer

Attachment: Monthly Investment Report - May 2026

SANTA CLARA VALLEY WATER
5750 Almaden Expressway
San Jose, San Jose, Ca 951
(408)265-2607

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Summary
May 31, 2026

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM 365 Equiv.	Term	Days to Maturity
Treasury Securities - Coupon	56,500,000.00	56,158,611.00	56,078,096.83	7.41	4.227	1,001	464
Federal Agency Issues - Coupon	323,625,000.00	322,033,795.78	323,564,150.96	42.73	3.976	1,263	903
LAIF	73,284,015.28	73,284,015.28	73,284,015.28	9.68	3.980	1	1
Medium Term Notes	28,000,000.00	26,235,955.00	26,469,896.32	3.50	3.997	1,328	976
Money Market Account	48,641,906.26	48,641,906.26	48,641,906.26	6.42	3.540	1	1
TimeCD_Deposit Account	162,784,183.27	162,784,183.27	162,784,183.27	21.50	3.247	1	1
Supranational	3,000,000.00	3,034,869.00	3,023,027.09	0.40	4.241	1,272	792
Municipal Bonds	65,035,000.00	63,172,102.83	63,422,440.85	8.38	4.158	1,379	956
Investments	**760,870,104.81**	**755,345,438.42**	**757,267,716.86**	**100.00%**	**3.827**	**781**	**538**

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	2,532,770.37	27,028,821.02
Average Daily Balance	**794,299,665.28**	**798,279,359.71**
Effective Rate of Return	**3.75%**	**3.69%**

Current market pricing is updated at the end of each month from data provided by Interactive Data, a securities pricing service.

DocuSigned by:
Steve Peters
7C62393D55A5435...

Steve Peters
Treasury/Debt Officer

6/22/2026
Date

DocuSigned by:
Carmen Narayanan
879ECDA4804F444...

Carmen Narayanan for Darin Taylor,
Acting Chief Financial Officer

6/22/2026
Date

Santa Clara Valley Water Dist.
Portfolio Management
Activity Summary
May 2025 through May 2026

Month End	Year	Number of Securities	Total Invested	Yield to Maturity 360 Equivalent	Yield to Maturity 365 Equivalent	Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
May	**2025**	144	636,982,631.01	3.319	3.365	4.480	11	11	914	431
June	**2025**	153	858,331,307.30	3.468	3.517	4.480	12	4	724	378
July	**2025**	149	791,098,007.56	3.515	3.564	4.400	8	7	811	437
August	**2025**	148	763,705,715.96	3.680	3.731	4.400	6	13	821	478
September	**2025**	147	821,815,207.52	3.652	3.702	4.400	13	5	816	496
October	**2025**	146	796,098,082.68	3.684	3.735	4.400	4	5	844	506
November	**2025**	142	799,887,463.40	3.642	3.693	4.400	1	11	788	491
December	**2025**	141	794,455,912.48	3.637	3.687	4.400	9	4	833	522
January	**2026**	138	825,438,518.94	3.546	3.595	4.200	2	1	805	489
February	**2026**	137	813,020,174.74	3.611	3.662	4.200	3	1	816	500
March	**2026**	141	840,233,050.86	3.656	3.707	4.200	5	5	773	494
April	**2026**	143	816,525,315.51	3.731	3.783	3.980	7	7	774	518
May	**2026**	139	757,267,716.86	3.775	3.827	3.980	3	10	781	538
	Average	**144**	**793,450,700.37**	**3.609%**	**3.659%**	**4.302**	**6**	**6**	**808**	**483**

Santa Clara Valley Water Dist.
Portfolio Management
Activity By Type
May 1, 2026 through May 31, 2026

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Securities - Coupon							
91282CCF6	5521	US Treasury Bill	0.750	05/31/2026	0.00	5,000,000.00	
91282CCF6	5526	US Treasury Bill	0.750	05/31/2026	0.00	3,000,000.00	
91282CCF6	5538	US Treasury Bill	0.750	05/31/2026	0.00	5,000,000.00	
		Subtotal			**0.00**	**13,000,000.00**	**56,078,096.83**
Treasury Discounts -Amortizing							
912797TS6	5725	US Treasury Bill	3.605	05/19/2026	0.00	15,000,000.00	
		Subtotal			**0.00**	**15,000,000.00**	**0.00**
Federal Agency Issues - Coupon							
3133EMYV8	5514	Federal Farm Credit Bank	0.820	05/11/2026	0.00	5,000,000.00	
3130B3XA6	5624	Federal Home Loan Bank	4.590	05/27/2026	0.00	5,000,000.00	
3130B6BZ8	5654	Federal Home Loan Bank	4.250	05/08/2026	0.00	5,000,000.00	
3130B6FU5	5657	Federal Home Loan Bank	4.410	05/15/2026	0.00	5,000,000.00	
3130B6FT8	5658	Federal Home Loan Bank	4.450	05/14/2026	0.00	5,000,000.00	
3130BARH2	5734	Federal Home Loan Bank	4.440	05/15/2026	5,000,000.00	0.00	
3130BAQX8	5735	Federal Home Loan Bank	4.250	05/18/2026	5,000,000.00	0.00	
3134HCR92	5733	Federal Home Loan Mortgage Cor	4.340	05/06/2026	5,000,000.00	0.00	
3136GAHF9	5659	Fed Natl Mortgage Assoc	4.500	05/20/2026	0.00	5,000,000.00	
		Subtotal			**15,000,000.00**	**30,000,000.00**	**323,564,150.96**
LAIF (Monthly Summary)							
		Subtotal					**73,284,015.28**
Medium Term Notes							
		Subtotal					**26,469,896.32**
Money Market Account (Monthly Summary)							
23380W523	4102	Daily Income US Gov MMF	3.540		46,772,841.11	67,265,528.46	
		Subtotal			**46,772,841.11**	**67,265,528.46**	**48,641,906.26**
TimeCD_Deposit Account (Monthly Summary)							
SYS5665	5665	CA Assest Mgmt Program	3.790		159,884.48	0.00	
SYS5309	5309	Commercial Bank of CA	0.800		164.44	164.44	
SYS5371	5371	Commercial Bank of CA	4.080		19,183.50	0.00	
SYS5701	5701	Commercial Bank of CA	4.080		17,444.59	0.00	
SYS5705	5705	Bank of San Francisco (CDAR)	3.750		47,647.35	0.00	
SYS4912	4912	Deposit Account	1.820		62,790,561.64	59,070,000.00	

Santa Clara Valley Water Dist.
Portfolio Management
Activity By Type
May 1, 2026 through May 31, 2026

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
TimeCD_Deposit Account (Monthly Summary)							
SYS5570	5570	Meriwest Credit Union	3.720		17,278.02	0.00	
SYS5636	5636	Meriwest Credit Union	3.900		35,807.19	0.00	
SYS5556	5556	Provident Credit Union	2.018		425.23	0.00	
SYS5369	5369	Technology Credit Union	3.880		57,457.77	0.00	
		Subtotal			**63,145,854.21**	**59,070,164.44**	**162,784,183.27**
Supranational							
		Subtotal					**3,023,027.09**
Municipal Bonds							
		Subtotal					**63,422,440.85**
		Total			**124,918,695.32**	**184,335,692.90**	**757,267,716.86**

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Investments
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Term	Days to Maturity	Maturity Date
Treasury Securities - Coupon												
91282CJK8	5596	US Treasury Bill		04/17/2024	5,000,000.00	5,018,440.00	4,995,399.52	4.625	4.840	942	167	11/15/2026
91282CJK8	5597	US Treasury Bill		04/17/2024	5,000,000.00	5,018,440.00	4,994,944.68	4.625	4.862	942	167	11/15/2026
912828U24	5603	US Treasury Bill		06/04/2024	5,000,000.00	4,960,115.00	4,942,502.68	2.000	4.693	894	167	11/15/2026
91282CJK8	5609	US Treasury Bill		07/17/2024	3,000,000.00	3,011,064.00	3,003,495.52	4.625	4.352	851	167	11/15/2026
912828YU8	5619	US Treasury Bill		10/02/2024	5,000,000.00	4,947,030.00	4,953,775.54	1.625	3.568	789	182	11/30/2026
91282CJK8	5620	US Treasury Bill		10/29/2024	3,000,000.00	3,011,064.00	3,006,575.83	4.625	4.119	747	167	11/15/2026
91282CDG3	5622	US Treasury Bill		10/29/2024	3,000,000.00	2,967,129.00	2,964,379.67	1.125	4.125	732	152	10/31/2026
91282CCY5	5637	US Treasury Bill		02/06/2025	5,500,000.00	5,160,760.00	5,151,512.17	1.250	4.209	1,332	852	09/30/2028
91282CHX2	5639	US Treasury Bill		02/06/2025	2,000,000.00	2,013,984.00	2,007,497.12	4.375	4.193	1,302	822	08/31/2028
91282CJF9	5640	US Treasury Bill		02/06/2025	5,000,000.00	5,093,360.00	5,075,667.20	4.875	4.190	1,363	883	10/31/2028
91282CHA2	5642	US Treasury Bill		03/05/2025	5,000,000.00	4,952,345.00	4,962,076.82	3.500	3.924	1,152	699	04/30/2028
91282CJN2	5662	US Treasury Bill		05/22/2025	5,000,000.00	5,037,890.00	5,040,426.65	4.375	4.024	1,288	913	11/30/2028
91282CPE5	5729	US Treasury Bill		04/16/2026	5,000,000.00	4,966,990.00	4,979,843.43	3.500	3.796	563	517	10/31/2027
		Subtotal and Average	**68,636,923.19**		**56,500,000.00**	**56,158,611.00**	**56,078,096.83**		**4.227**	**1,001**	**464**	
Treasury Discounts -Amortizing												
		Subtotal and Average	**8,702,263.91**									
Federal Agency Issues - Coupon												
3133ENPB0	5533	Federal Farm Credit Bank		02/16/2022	5,000,000.00	4,940,690.00	5,000,000.00	2.180	2.180	1,826	260	02/16/2027
3133ELY32	5565	Federal Farm Credit Bank		03/09/2023	5,000,000.00	4,977,890.00	4,972,481.86	0.550	4.804	1,231	51	07/22/2026
3133ERKR1	5606	Federal Farm Credit Bank		07/10/2024	5,000,000.00	5,004,495.00	4,999,875.42	4.625	4.649	730	39	07/10/2026
3133ERMD0	5612	Federal Farm Credit Bank		07/24/2024	3,000,000.00	3,006,567.00	2,999,526.08	4.375	4.420	821	144	10/23/2026
3133ERHH7	5613	Federal Farm Credit Bank		08/01/2024	3,000,000.00	3,014,931.00	3,006,774.23	4.750	4.300	865	196	12/14/2026
3133ERHH7	5614	Federal Farm Credit Bank		08/01/2024	3,000,000.00	3,014,931.00	3,006,747.08	4.750	4.302	865	196	12/14/2026
3133ERVU2	5618	Federal Farm Credit Bank		10/02/2024	5,000,000.00	4,995,215.00	4,998,395.07	3.500	3.600	730	123	10/02/2026
3133ETHG5	5672	Federal Farm Credit Bank		06/25/2025	5,000,000.00	5,006,305.00	5,000,000.00	4.220	4.219	1,063	722	05/23/2028
3133ETHG5	5673	Federal Farm Credit Bank		06/25/2025	5,000,000.00	5,006,305.00	4,998,301.53	4.220	4.237	1,063	722	05/23/2028
3133ETPN1	5679	Federal Farm Credit Bank		07/10/2025	3,000,000.00	2,997,891.00	3,000,000.00	4.280	4.280	1,096	770	07/10/2028
3133ETPN1	5680	Federal Farm Credit Bank		07/10/2025	3,000,000.00	2,997,891.00	3,000,000.00	4.280	4.280	1,096	770	07/10/2028
3133ETPR2	5681	Federal Farm Credit Bank		07/14/2025	3,000,000.00	2,991,414.00	3,000,000.00	4.000	4.000	1,096	774	07/14/2028
3133ETYX9	5696	Federal Farm Credit Bank		09/24/2025	3,000,000.00	2,977,521.00	3,000,000.00	3.900	3.900	1,461	1,211	09/24/2029
3133ETYX9	5697	Federal Farm Credit Bank		09/24/2025	3,000,000.00	2,977,521.00	3,000,000.00	3.900	3.900	1,461	1,211	09/24/2029
3133ETYX9	5698	Federal Farm Credit Bank		09/25/2025	3,000,000.00	2,977,521.00	2,998,756.43	3.900	3.914	1,460	1,211	09/24/2029
3133ETF69	5702	Federal Farm Credit Bank		10/23/2025	3,840,000.00	3,810,481.92	3,840,000.00	3.950	3.950	1,453	1,232	10/15/2029
3133ET3S4	5707	Federal Farm Credit Bank		12/10/2025	5,000,000.00	4,978,713.06	5,000,518.06	3.730	3.730	729	556	12/09/2027
3133ET3S4	5710	Federal Farm Credit Bank		12/12/2025	5,000,000.00	4,979,749.17	5,001,554.17	3.730	3.730	727	556	12/09/2027
3133ET3S4	5711	Federal Farm Credit Bank		12/12/2025	3,000,000.00	2,987,849.50	3,000,932.50	3.730	3.730	727	556	12/09/2027

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Investments
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Term	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3133ET4M6	5716	Federal Farm Credit Bank		12/31/2025	5,000,000.00	4,964,916.39	5,008,270.96	3.850	3.840	1,265	1,113	06/18/2029
3133EWKP4	5728	Federal Farm Credit Bank		04/09/2026	5,000,000.00	4,969,735.00	5,000,000.00	4.070	4.070	1,096	1,043	04/09/2029
3130AQMX8	5524	Federal Home Loan Bank		01/26/2022	5,000,000.00	4,947,465.00	5,000,000.00	0.011	0.457	1,826	239	01/26/2027
3130ARKL4	5537	Federal Home Loan Bank		04/21/2022	5,000,000.00	5,015,615.00	5,000,000.00	4.250	3.650	1,826	324	04/21/2027
3130AYJ31	5584	Federal Home Loan Bank		01/17/2024	5,000,000.00	4,998,010.00	5,000,000.00	4.375	4.375	1,827	961	01/17/2029
3130AXQL5	5608	Federal Home Loan Bank		07/17/2024	2,000,000.00	2,010,864.00	2,004,829.17	4.875	4.386	877	193	12/11/2026
3130B1JT5	5621	Federal Home Loan Bank		10/29/2024	2,950,000.00	2,960,631.80	2,957,053.53	4.759	4.151	731	151	10/30/2026
3130B5K64	5648	Federal Home Loan Bank		04/14/2025	5,000,000.00	5,007,585.00	5,002,765.60	4.000	3.924	695	282	03/10/2027
3130B5VA3	5649	Federal Home Loan Bank		04/16/2025	5,000,000.00	4,970,865.00	5,000,000.00	4.000	4.000	1,279	868	10/16/2028
3130B6TC0	5668	Federal Home Loan Bank		06/20/2025	10,000,000.00	9,997,640.00	10,000,000.00	4.300	4.300	1,277	931	12/18/2028
3130B6YA8	5678	Federal Home Loan Bank		07/07/2025	25,000,000.00	24,950,075.00	25,000,000.00	4.035	4.035	1,096	767	07/07/2028
3130AXQK7	5685	Federal Home Loan Bank		08/06/2025	5,000,000.00	5,080,690.00	5,124,240.89	4.750	3.691	1,220	921	12/08/2028
3130B7F33	5686	Federal Home Loan Bank		08/07/2025	5,000,000.00	4,985,055.00	5,000,000.00	4.000	4.000	1,096	798	08/07/2028
3130B7RY2	5694	Federal Home Loan Bank		09/12/2025	5,000,000.00	4,953,155.00	5,000,000.00	3.800	3.801	1,551	1,289	12/11/2029
3130B8DA7	5703	Federal Home Loan Bank		10/24/2025	5,000,000.00	4,964,335.00	5,000,000.00	3.830	3.830	1,460	1,240	10/23/2029
3130APJG1	5717	Federal Home Loan Bank		01/30/2026	5,000,000.00	4,697,845.00	4,759,384.15	1.900	3.671	1,183	1,061	04/27/2029
3130B9D98	5718	Federal Home Loan Bank		02/02/2026	5,000,000.00	4,955,370.00	5,000,000.00	3.800	3.801	1,185	1,066	05/02/2029
3130B9D98	5719	Federal Home Loan Bank		02/05/2026	4,610,000.00	4,568,851.14	4,610,000.00	3.800	3.801	1,182	1,066	05/02/2029
3130BARH2	5734	Federal Home Loan Bank		05/15/2026	5,000,000.00	5,000,560.00	5,000,000.00	4.440	4.440	1,460	1,443	05/14/2030
3130BAQX8	5735	Federal Home Loan Bank		05/18/2026	5,000,000.00	4,997,200.00	5,000,000.00	4.250	4.250	1,823	1,809	05/15/2031
3130B4K75	5631	Federal Home Loan Bank-CN		01/13/2025	5,000,000.00	5,002,305.00	5,000,000.00	4.570	4.571	1,430	926	12/13/2028
3134HBQB0	5655	Federal Home Loan Mortgage Cor		05/08/2025	5,000,000.00	4,995,230.00	5,000,000.00	4.235	4.237	1,188	799	08/08/2028
3134HBQA2	5656	Federal Home Loan Mortgage Cor		05/09/2025	5,000,000.00	4,981,925.00	5,000,000.00	3.875	3.877	1,188	800	08/09/2028
3134HB2Q3	5706	Federal Home Loan Mortgage Cor		10/29/2025	1,160,000.00	1,146,563.72	1,160,000.00	3.830	3.830	1,461	1,246	10/29/2029
3134HCLH0	5712	Federal Home Loan Mortgage Cor		12/24/2025	5,000,000.00	4,952,570.00	5,000,000.00	3.750	3.750	1,465	1,306	12/28/2029
3134HCLU1	5713	Federal Home Loan Mortgage Cor		12/30/2025	5,000,000.00	4,936,155.00	5,000,000.00	3.900	3.900	1,459	1,306	12/28/2029
3134HCJQ3	5714	Federal Home Loan Mortgage Cor		12/31/2025	5,260,000.00	5,201,034.82	5,267,568.56	3.700	3.700	1,262	1,110	06/15/2029
3134HCTU3	5720	Federal Home Loan Mortgage Cor		02/10/2026	5,000,000.00	4,947,240.00	5,000,000.00	3.750	3.751	1,185	1,074	05/10/2029
3134HCZQ5	5723	Federal Home Loan Mortgage Cor		03/17/2026	5,000,000.00	4,953,220.00	5,000,000.00	4.000	4.000	1,371	1,295	12/17/2029
3134HCR92	5733	Federal Home Loan Mortgage Cor		05/06/2026	5,000,000.00	4,958,030.00	5,000,000.00	4.340	4.340	1,461	1,435	05/06/2030
3136GAH77	5661	Fed Natl Mortgage Assoc		05/22/2025	3,805,000.00	3,801,697.26	3,797,751.98	4.320	4.404	1,273	898	11/15/2028
3136GAJC4	5669	Fed Natl Mortgage Assoc		06/26/2025	10,000,000.00	9,985,680.00	10,000,000.00	4.420	4.420	1,279	939	12/26/2028
3136GAJD2	5670	Fed Natl Mortgage Assoc		06/26/2025	10,000,000.00	9,985,680.00	10,000,000.00	4.400	4.400	1,279	939	12/26/2028
3136GAJL4	5674	Fed Natl Mortgage Assoc		06/26/2025	5,000,000.00	4,992,840.00	5,000,000.00	4.300	4.300	1,279	939	12/26/2028
3136GAKZ1	5683	Fed Natl Mortgage Assoc		08/06/2025	5,000,000.00	4,988,535.00	5,000,000.00	4.150	4.150	1,087	788	07/28/2028
3136GAKZ1	5684	Fed Natl Mortgage Assoc		08/06/2025	5,000,000.00	4,988,535.00	5,000,000.00	4.150	4.150	1,087	788	07/28/2028
3136GAP45	5688	Fed Natl Mortgage Assoc		08/20/2025	5,000,000.00	4,984,060.00	5,000,000.00	4.125	4.127	1,367	1,082	05/18/2029
3136GASM2	5691	Fed Natl Mortgage Assoc		09/17/2025	5,000,000.00	4,948,545.00	5,000,000.00	3.920	3.921	1,552	1,295	12/17/2029

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Investments
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Term	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3136GASN0	5692	Fed Natl Mortgage Assoc		09/17/2025	5,000,000.00	4,948,895.00	5,000,000.00	3.910	3.911	1,552	1,295	12/17/2029
3136GAUD9	5699	Fed Natl Mortgage Assoc		09/25/2025	5,000,000.00	4,972,000.00	4,997,927.38	4.000	4.014	1,460	1,211	09/24/2029
3136GCAM7	5708	Fed Natl Mortgage Assoc		12/11/2025	5,000,000.00	4,926,725.00	5,000,000.00	4.000	4.000	1,826	1,654	12/11/2030
3136GCSK2	5722	Fed Natl Mortgage Assoc		03/10/2026	5,000,000.00	4,955,275.00	5,000,000.00	3.850	3.850	1,280	1,197	09/10/2029
3136GCUA1	5724	Fed Natl Mortgage Assoc		03/18/2026	5,000,000.00	4,938,820.00	5,000,000.00	4.000	4.000	1,280	1,205	09/18/2029
3136GD2L6	5727	Fed Natl Mortgage Assoc		04/06/2026	5,000,000.00	4,967,385.00	5,000,000.00	4.050	4.052	1,187	1,131	07/06/2029
880591FE7	5689	Tennesse Valley Authority		09/08/2025	5,000,000.00	4,934,505.00	5,050,496.31	3.875	3.608	1,788	1,522	08/01/2030
		Subtotal and Average	**332,105,973.11**		**323,625,000.00**	**322,033,795.78**	**323,564,150.96**		**3.976**	**1,263**	**903**	
LAIF												
SYS88-0237LAIF	88-0237LAIF	Local Agency Investment Fund			73,284,015.28	73,284,015.28	73,284,015.28	3.980	3.980	1	1	
		Subtotal and Average	**73,284,015.28**		**73,284,015.28**	**73,284,015.28**	**73,284,015.28**		**3.980**	**1**	**1**	
Medium Term Notes												
037833EH9	5671	Apple Inc		06/24/2025	3,000,000.00	2,835,585.00	2,843,899.38	1.400	3.963	1,138	796	08/05/2028
037833DP2	5700	Apple Inc		09/25/2025	2,000,000.00	1,885,450.00	1,903,458.39	2.200	3.800	1,447	1,198	09/11/2029
02079KAC1	5601	Alphabet Inc DBA Google		05/10/2024	3,000,000.00	2,988,495.00	2,983,813.07	1.998	4.798	827	75	08/15/2026
023135BY1	5644	Amazon.com Inc.		03/05/2025	5,000,000.00	4,771,085.00	4,778,546.34	1.650	4.099	1,164	711	05/12/2028
478160CQ5	5690	Johnson & Johnson		09/11/2025	5,000,000.00	4,434,810.00	4,529,033.52	1.300	3.750	1,816	1,553	09/01/2030
92826CAM4	5721	Visa Inc		03/05/2026	5,000,000.00	4,601,310.00	4,692,380.56	2.050	3.780	1,502	1,414	04/15/2030
931142ES8	5653	Wal-mart Stores		05/07/2025	5,000,000.00	4,719,220.00	4,738,765.06	1.500	3.939	1,234	844	09/22/2028
		Subtotal and Average	**26,446,624.74**		**28,000,000.00**	**26,235,955.00**	**26,469,896.32**		**3.997**	**1,328**	**976**	
Money Market Account												
23380W523	4102	Daily Income US Gov MMF			48,641,906.26	48,641,906.26	48,641,906.26	3.540	3.540	1	1	
		Subtotal and Average	**61,927,053.91**		**48,641,906.26**	**48,641,906.26**	**48,641,906.26**		**3.540**	**1**	**1**	
TimeCD_Deposit Account												
SYS5311	5311	Bank of San Francisco			244,617.21	244,617.21	244,617.21	0.880	0.880	1	1	
SYS5665	5665	CA Assest Mgmt Program		07/01/2025	51,576,560.33	51,576,560.33	51,576,560.33	3.790	3.790	1	1	
SYS5309	5309	Commercial Bank of CA			250,000.00	250,000.00	250,000.00	0.800	0.800	1	1	
SYS5371	5371	Commercial Bank of CA			5,608,263.77	5,608,263.77	5,608,263.77	4.080	4.080	1	1	
SYS5701	5701	Commercial Bank of CA		09/18/2025	5,143,907.73	5,143,907.73	5,143,907.73	4.080	4.080	1	1	
SYS5660	5660	Bank of San Francisco (CDAR)			0.00	0.00	0.00	3.500	3.500	1	1	
SYS5705	5705	Bank of San Francisco (CDAR)		10/23/2025	15,262,808.14	15,262,808.14	15,262,808.14	3.750	3.750	1	1	
SYS5732	5732	Bank of San Francisco (CDAR)		04/23/2026	4,372,361.29	4,372,361.29	4,372,361.29	3.500	3.500	1	1	
SYS4912	4912	Deposit Account			45,411,278.05	45,411,278.05	45,411,278.05	1.820	1.820	1	1	
SYS5570	5570	Meriwest Credit Union			5,582,476.19	5,582,476.19	5,582,476.19	3.720	3.720	1	1	

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Investments
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Term	Days to Maturity	Maturity Date
TimeCD_Deposit Account												
SYS5636	5636	Meriwest Credit Union			11,037,851.70	11,037,851.70	11,037,851.70	3.900	3.900	1	1	
SYS5556	5556	Provident Credit Union			248,529.67	248,529.67	248,529.67	2.018	2.018	1	1	
SYS5310	5310	Technology Credit Union			245,641.53	245,641.53	245,641.53	1.000	1.000	1	1	
SYS5369	5369	Technology Credit Union			17,799,887.66	17,799,887.66	17,799,887.66	3.880	3.880	1	1	
SYS5553	5553	US Bank (NIB)			0.00	0.00	0.00		0.000	1	1	
		Subtotal and Average	**156,777,791.82**		**162,784,183.27**	**162,784,183.27**	**162,784,183.27**		**3.247**	**1**	**1**	
Supranational												
459058KW2	5638	INTL BK RECON & DEVELOP		02/06/2025	3,000,000.00	3,034,869.00	3,023,027.09	4.626	4.241	1,272	792	08/01/2028
		Subtotal and Average	**3,023,441.35**		**3,000,000.00**	**3,034,869.00**	**3,023,027.09**		**4.241**	**1,272**	**792**	
Municipal Bonds												
010878AS5	5541	County of Alameda		05/26/2022	500,000.00	500,058.50	500,777.01	4.000	3.000	1,528	61	08/01/2026
13067WSW3	5542	CA Department Water Resources		05/26/2022	440,000.00	433,729.56	435,341.58	1.051	3.350	1,650	183	12/01/2026
13063DC48	5615	CA Department Water Resources		08/08/2024	2,000,000.00	1,925,084.00	1,925,375.90	1.700	4.126	1,272	610	02/01/2028
13063DMB1	5599	State of California		04/24/2024	3,000,000.00	2,910,654.00	2,870,557.01	3.050	4.777	1,803	1,035	04/01/2029
13063ETP1	5730	State of California		04/24/2026	7,000,000.00	6,928,810.00	7,007,875.00	4.050	4.050	1,803	1,765	04/01/2031
13077DQH8	5731	California State University		04/24/2026	4,000,000.00	3,672,244.00	3,709,653.99	1.674	3.971	1,287	1,249	11/01/2029
79730CJK1	5598	City of San Diego CA Water		04/22/2024	1,640,000.00	1,633,863.12	1,631,992.23	1.903	5.039	831	61	08/01/2026
250375LV2	5726	Desert Community College Distr		04/06/2026	2,800,000.00	2,598,611.87	2,625,903.51	2.208	3.950	1,578	1,522	08/01/2030
357155BC3	5715	Fremont Unified High Sch Dstt		01/09/2026	5,000,000.00	4,617,140.00	4,696,148.21	1.577	3.640	1,300	1,157	08/01/2029
544647KY5	5651	Los Angeles Unified School Dis		05/13/2025	1,000,000.00	1,004,412.00	1,000,000.00	4.423	4.420	1,145	761	07/01/2028
544647KX7	5652	Los Angeles Unified School Dis		05/13/2025	1,000,000.00	1,004,207.00	1,000,000.00	4.382	4.378	779	395	07/01/2027
544647LC2	5682	Los Angeles Unified School Dis		07/10/2025	3,750,000.00	3,752,651.25	3,766,508.88	4.347	4.203	1,544	1,218	10/01/2029
542411RC9	5693	Long Beach Community College		09/24/2025	3,500,000.00	3,498,803.00	3,500,000.00	3.750	3.754	311	61	08/01/2026
797272RP8	5676	San Diego County Water Authori		07/03/2025	2,480,000.00	2,414,017.12	2,416,459.61	1.633	3.941	759	426	08/01/2027
797272TH4	5632	San Diego Community College		01/23/2025	2,500,000.00	2,579,650.00	2,559,914.83	5.750	4.540	1,286	792	08/01/2028
797272RS2	5709	San Diego Community College		12/12/2025	2,500,000.00	2,282,795.00	2,335,283.10	2.013	3.750	1,693	1,522	08/01/2030
79773KMJ0	5633	SF City and County GO Bonds		01/30/2025	1,930,000.00	1,957,919.38	1,935,174.65	4.800	4.703	1,597	1,110	06/15/2029
79768HJP4	5611	San Fran CY&Cnty CA PUC WTR		07/31/2024	2,750,000.00	2,769,563.50	2,750,000.00	4.655	4.657	1,157	487	10/01/2027
798170AK2	5569	San Jose Redevelopment Ag		05/05/2023	3,000,000.00	2,974,083.00	2,973,743.12	3.226	4.049	1,549	426	08/01/2027
798170AM8	5617	San Jose Redevelopment Ag		09/23/2024	2,000,000.00	1,941,058.00	1,968,421.74	3.250	3.800	1,773	1,157	08/01/2029
798189TM8	5566	San Jose Evergreen		03/15/2023	1,000,000.00	1,008,519.00	1,000,000.00	4.718	4.718	1,631	457	09/01/2027
798189QB5	5666	San Jose Evergreen		06/18/2025	1,100,000.00	1,041,453.60	1,046,043.33	2.440	4.140	1,505	1,157	08/01/2029
802385RD8	5667	Santa Monica CA Cmnty CLG		06/18/2025	1,595,000.00	1,562,139.81	1,570,931.74	3.592	4.114	1,505	1,157	08/01/2029
799408Z93	5543	SAN RAMON VALLEY UNIFIED		05/26/2022	390,000.00	388,142.04	388,577.34	1.034	3.400	1,528	61	08/01/2026
91412HGF4	5581	University of California		10/19/2023	3,160,000.00	3,083,016.08	3,053,172.54	1.316	5.241	1,304	348	05/15/2027
91412HFQ1	5677	University of California		07/03/2025	2,000,000.00	1,900,018.00	1,909,421.40	1.514	3.987	1,047	714	05/15/2028

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Investments
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Term	Days to Maturity	Maturity Date
Municipal Bonds												
923040HA0	5704	Ventura Cnty Comm College Dist		11/05/2025	3,000,000.00	2,789,460.00	2,845,164.13	2.417	3.781	1,730	1,522	08/01/2030
		Subtotal and Average	**63,395,577.95**		**65,035,000.00**	**63,172,102.83**	**63,422,440.85**		**4.158**	**1,379**	**956**	
		Total and Average	**794,299,665.28**		**760,870,104.81**	**755,345,438.42**	**757,267,716.86**		**3.827**	**781**	**538**	

Santa Clara Valley Water Dist.
Portfolio Management
Portfolio Details - Cash
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Term	Days to Maturity
		Average Balance	0.00							0	0
		Total Cash and Investments	794,299,665.28		760,870,104.81	755,345,438.42	757,267,716.86		3.827	781	538

Valley Water

Santa Clara Valley Water Dist.
Transaction Activity Report
May 1, 2026 - May 31, 2026
Sorted by Transaction Date - Investment Number
All Funds

SANTA CLARA VALLEY WATER
5750 Almaden Expressway
San Jose, San Jose, Ca 951
(408)265-2607

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	MaturityDate	RedemptionType	New Principal	Principal Paydowns	Interest	Total Cash
4102	82	23380W523	Money Market Fund	Purchase	05/01/2026			33,480.00			-33,480.00
4102	82	23380W523	Money Market Fund	Purchase	05/01/2026			174,041.85			-174,041.85
4102	82	23380W523	Money Market Fund	Interest	05/01/2026					174,041.85	174,041.85
5654	82	3130B6BZ8	FEDERAL HOME	Redemption	05/01/2026	05/08/2028	Call		5,000,000.00		5,000,000.00
5731	82	13077DQH8	CASHGR 1.674%	Interest	05/01/2026	11/01/2029				33,480.00	33,480.00
5731	82	13077DQH8	CASHGR 1.674%	Accr Int	05/01/2026	11/01/2029			32,178.00	-32,178.00	0.00
		Totals for 05/01/2026						**207,521.85**	**5,032,178.00**	**175,343.85**	**5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/04/2026			91,295.00			-91,295.00
5718	82	3130B9D98	FEDERAL HOME	Interest	05/04/2026	05/02/2029				47,500.00	47,500.00
5719	82	3130B9D98	FEDERAL HOME	Interest	05/04/2026	05/02/2029				43,795.00	43,795.00
5719	82	3130B9D98	FEDERAL HOME	Accr Int	05/04/2026	05/02/2029			1,459.83	-1,459.83	0.00
		Totals for 05/04/2026						**91,295.00**	**1,459.83**	**89,835.17**	**0.00**
4102	82	23380W523	Money Market Fund	Redemption	05/06/2026				5,000,000.00		5,000,000.00
5733	82	3134HCR92	FEDERAL HOME LN	Purchase	05/06/2026	05/06/2030		5,000,000.00			-5,000,000.00
		Totals for 05/06/2026						**5,000,000.00**	**5,000,000.00**		**0.00**
4102	82	23380W523	Money Market Fund	Redemption	05/07/2026				5,000,000.00		5,000,000.00
		Totals for 05/07/2026							**5,000,000.00**		**5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/08/2026			106,250.00			-106,250.00
4102	82	23380W523	Money Market Fund	Purchase	05/08/2026			5,000,000.00			-5,000,000.00
5654	82	3130B6BZ8	FEDERAL HOME	Interest	05/08/2026	05/08/2028				106,250.00	106,250.00
5657	82	3130B6FU5	FEDERAL HOME	Redemption	05/08/2026	05/15/2028	Call		5,000,000.00		5,000,000.00
5658	82	3130B6FT8	FEDERAL HOME	Redemption	05/08/2026	07/14/2028	Call		5,000,000.00		5,000,000.00
		Totals for 05/08/2026						**5,106,250.00**	**10,000,000.00**	**106,250.00**	**5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/11/2026			46,875.00			-46,875.00
4102	82	23380W523	Money Market Fund	Purchase	05/11/2026			20,500.00			-20,500.00
4102	82	23380W523	Money Market Fund	Purchase	05/11/2026			5,000,000.00			-5,000,000.00
4102	82	23380W523	Money Market Fund	Purchase	05/11/2026			15,528.46			-15,528.46
5514	82	3133EMYV8	FEDERAL FARM CR	Redemption	05/11/2026	05/11/2026	Maturity		5,000,000.00		5,000,000.00
5514	82	3133EMYV8	FEDERAL FARM CR	Interest	05/11/2026	05/11/2026				20,500.00	20,500.00
5659	82	3136GAHF9	FEDERAL NATL MTG	Redemption	05/11/2026	05/20/2030	Call		5,000,000.00		5,000,000.00
5720	82	3134HCTU3	FHLMC 3.75% MAT	Interest	05/11/2026	05/10/2029				46,875.00	46,875.00
		Totals for 05/11/2026						**5,082,903.46**	**10,000,000.00**	**67,375.00**	**4,984,471.54**
4102	82	23380W523	Money Market Fund	Purchase	05/12/2026			41,250.00			-41,250.00
4102	82	23380W523	Money Market Fund	Redemption	05/12/2026				15,528.46		15,528.46

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	MaturityDate	RedemptionType	New Principal	Principal Paydowns	Interest	Total Cash
5644	82	023135BY1	AAPL 1.65% MAT	Interest	05/12/2026	05/12/2028				41,250.00	**41,250.00**
		Totals for 05/12/2026						**41,250.00**	**15,528.46**	**41,250.00**	**15,528.46**
4102	82	23380W523	Money Market Fund	Redemption	05/13/2026				5,030,000.00		**5,030,000.00**
		Totals for 05/13/2026							**5,030,000.00**		**5,030,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/14/2026			111,250.00			**-111,250.00**
4102	82	23380W523	Money Market Fund	Purchase	05/14/2026			5,000,000.00			**-5,000,000.00**
5658	82	3130B6FT8	FEDERAL HOME	Interest	05/14/2026	07/14/2028				111,250.00	**111,250.00**
		Totals for 05/14/2026						**5,111,250.00**		**111,250.00**	**-5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			82,188.00			**-82,188.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			50,000.00			**-50,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			15,140.00			**-15,140.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			370,000.00			**-370,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			20,792.80			**-20,792.80**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			110,250.00			**-110,250.00**
4102	82	23380W523	Money Market Fund	Purchase	05/15/2026			5,000,000.00			**-5,000,000.00**
4102	82	23380W523	Money Market Fund	Redemption	05/15/2026				5,000,000.00		**5,000,000.00**
5581	82	91412HGF4	UNIVERSITY CALIF	Interest	05/15/2026	05/15/2027				20,792.80	**20,792.80**
5596	82	91282CJK8	UNITED STATES	Interest	05/15/2026	11/15/2026				115,625.00	**115,625.00**
5597	82	91282CJK8	UNITED STATES	Interest	05/15/2026	11/15/2026				115,625.00	**115,625.00**
5603	82	912828U24	UNITED STATES	Interest	05/15/2026	11/15/2026				50,000.00	**50,000.00**
5609	82	91282CJK8	UNITED STATES	Interest	05/15/2026	11/15/2026				69,375.00	**69,375.00**
5620	82	91282CJK8	UNITED STATES	Interest	05/15/2026	11/15/2026				69,375.00	**69,375.00**
5657	82	3130B6FU5	FEDERAL HOME	Interest	05/15/2026	05/15/2028				110,250.00	**110,250.00**
5661	82	3136GAH77	FEDERAL NATL MTG	Interest	05/15/2026	11/15/2028				82,188.00	**82,188.00**
5677	82	91412HFQ1	UNIVERSITY CALIF	Interest	05/15/2026	05/15/2028				15,140.00	**15,140.00**
5734	82	3130BARH2	FEDERAL HOME	Purchase	05/15/2026	05/14/2030		5,000,000.00			**-5,000,000.00**
		Totals for 05/15/2026						**10,648,370.80**	**5,000,000.00**	**648,370.80**	**-5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/18/2026			103,125.00			**-103,125.00**
4102	82	23380W523	Money Market Fund	Redemption	05/18/2026				5,000,000.00		**5,000,000.00**
4102	82	23380W523	Money Market Fund	Redemption	05/18/2026				15,000,000.00		**15,000,000.00**
5688	82	3136GAP45	FEDERAL NATL MTG	Interest	05/18/2026	05/18/2029				103,125.00	**103,125.00**
5735	82	3130BAQX8	FEDERAL HOME	Purchase	05/18/2026	05/15/2031		5,000,000.00			**-5,000,000.00**
		Totals for 05/18/2026						**5,103,125.00**	**20,000,000.00**	**103,125.00**	**15,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/19/2026			81,112.50			**-81,112.50**
4102	82	23380W523	Money Market Fund	Purchase	05/19/2026			14,918,887.50			**-14,918,887.50**
5624	82	3130B3XA6	FEDERAL HOME	Redemption	05/19/2026	02/27/2029	Call		5,000,000.00		**5,000,000.00**
5725	82	912797TS6	UNITED STATES	Redemption	05/19/2026	05/19/2026	Maturity		15,000,000.00		**15,000,000.00**
		Totals for 05/19/2026						**15,000,000.00**	**20,000,000.00**		**5,000,000.00**
4102	82	23380W523	Money Market Fund	Purchase	05/20/2026			112,500.00			**-112,500.00**
4102	82	23380W523	Money Market Fund	Purchase	05/20/2026			5,000,000.00			**-5,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	MaturityDate	RedemptionType	New Principal	Principal Paydowns	Interest	Total Cash
5659	82	3136GAHF9	FEDERAL NATL MTG	Interest	05/20/2026	05/20/2030				112,500.00	**112,500.00**
		Totals for 05/20/2026						**5,112,500.00**		**112,500.00**	**-5,000,000.00**
4102	82	23380W523	Money Market Fund	Redemption	05/21/2026				15,000,000.00		**15,000,000.00**
		Totals for 05/21/2026							**15,000,000.00**		**15,000,000.00**
5673	82	3133ETHG5	FEDERAL FARM CR	Interest	05/23/2026	05/23/2028				105,500.00	**105,500.00**
		Totals for 05/23/2026								**105,500.00**	**105,500.00**
4102	82	23380W523	Money Market Fund	Purchase	05/26/2026			211,000.00			**-211,000.00**
5672	82	3133ETHG5	FEDERAL FARM CR	Interest	05/26/2026	05/23/2028				105,500.00	**105,500.00**
		Totals for 05/26/2026						**211,000.00**		**105,500.00**	**-105,500.00**
4102	82	23380W523	Money Market Fund	Purchase	05/27/2026			57,375.00			**-57,375.00**
4102	82	23380W523	Money Market Fund	Purchase	05/27/2026			5,000,000.00			**-5,000,000.00**
4102	82	23380W523	Money Market Fund	Redemption	05/27/2026				5,150,000.00		**5,150,000.00**
5624	82	3130B3XA6	FEDERAL HOME	Interest	05/27/2026	02/27/2029				57,375.00	**57,375.00**
		Totals for 05/27/2026						**5,057,375.00**	**5,150,000.00**	**57,375.00**	**150,000.00**
4102	82	23380W523	Money Market Fund	Redemption	05/28/2026				7,070,000.00		**7,070,000.00**
		Totals for 05/28/2026							**7,070,000.00**		**7,070,000.00**
5521	82	91282CCF6	UNITED STATES	Redemption	06/01/2026	05/31/2026	Maturity		5,000,000.00		**5,000,000.00**
5521	82	91282CCF6	UNITED STATES	Interest	06/01/2026	05/31/2026				18,750.00	**18,750.00**
5526	82	91282CCF6	UNITED STATES	Redemption	06/01/2026	05/31/2026	Maturity		3,000,000.00		**3,000,000.00**
5526	82	91282CCF6	UNITED STATES	Interest	06/01/2026	05/31/2026				11,250.00	**11,250.00**
5538	82	91282CCF6	UNITED STATES	Redemption	06/01/2026	05/31/2026	Maturity		5,000,000.00		**5,000,000.00**
5538	82	91282CCF6	UNITED STATES	Interest	06/01/2026	05/31/2026				18,750.00	**18,750.00**
5619	82	912828YU8	UNITED STATES	Interest	06/01/2026	11/30/2026				40,625.00	**40,625.00**
5662	82	91282CJN2	UNITED STATES	Interest	06/01/2026	11/30/2028				109,375.00	**109,375.00**
		Totals for 06/01/2026							**13,000,000.00**	**198,750.00**	**13,198,750.00**
		Grand Total						**61,772,841.11**	**125,299,166.29**	**1,922,424.82**	**65,448,750.00**

Valley Water

Santa Clara Valley Water Dist.
Purchases Report
Sorted by Security Type - Investment Number
May 1, 2026 - May 31, 2026

SANTA CLARA VALLEY WATER
5750 Almaden Expressway
San Jose, San Jose, Ca 951
(408)265-2607

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM 365	Ending Book Value
Federal Agency Issues - Coupon													
3134HCR92	5733	82	FAC	FHLMC	5,000,000.00	05/06/2026	11/06 - 05/06	5,000,000.00		4.340	05/06/2030	4.340	5,000,000.00
3130BARH2	5734	82	FAC	FHLB	5,000,000.00	05/15/2026	11/14 - 05/14	5,000,000.00		4.440	05/14/2030	4.440	5,000,000.00
3130BAQX8	5735	82	FAC	FHLB	5,000,000.00	05/18/2026	11/15 - 05/15	5,000,000.00		4.250	05/15/2031	4.250	5,000,000.00
				Subtotal	**15,000,000.00**			**15,000,000.00**	**0.00**				**15,000,000.00**
				Total Purchases	**15,000,000.00**			**15,000,000.00**	**0.00**				**15,000,000.00**

INCOMING BOARD CORRESPONDENCE

Board Correspondence (open)

Correspond No	Rec'd By District	Rec'd By COB	Letter To	Letter From	Description	Disposition	BAO/ Chief	Staff	Draft Response Due Date	Draft Response Submitted	Writer Ack. Sent	Final Response Due Date
BC-26-0051	06/11/26	06/11/26	Ballard	RRTALLEY @ATT.NET .	Email from rrtalley@att.net to director Ballard, dated 06/07/26, regarding a missing connection on the Coyote Creek trail at Highway 237.	Refer to Staff	Hakes	Infante	06/19/26	06/18/26	n/a	06/25/26
BC-26-0054	06/22/26	06/22/26	All	DOUG PETERSON	Email from Doug Peterson to the board and the Palo Alto Park and Recreation Committee, dated 06/22/26, requesting that the Palo Alto Flood Basin's broken Sluice gate be repaired.	Refer to Staff	Hakes	Yerrapotu	06/30/26	-	n/a	07/06/26

From:	Doug Peterson
To:	ParkRec.commission@paloalto.gov; Board of Directors
Cc:	Ben Heistein; Sarah Robustelli; Bhavani Yerrapotu; Kirsten Struve; John Bourgeois
Subject:	Broken PAFB Sluice Gate
Date:	Monday, June 22, 2026 12:48:36 PM
Attachments:	Sluice Gate Essay.pdf

Dear Commissioners and Directors,

June 22nd, 2026

I am writing to the Palo Alto Parks and Recreation Commission and Valley Water's Board of Directors to ask that you address the ongoing environmental harm that the inoperable sluice gate is causing to the wetland ecosystem within the Palo Alto Flood Basin. Estuaries isolated behind tide gates suffer when they are denied the regular flushing associated with tidal exchange, and the sluice gate was deliberately added to the flood basin's tide gate structure in 1978 to partially mitigate this well-understood harm. Palo Alto owns and operates the specialized gate and has a standing obligation to maintain it. The Addendum that was employed to authorize the Tide Gate Retrofit Project under CEQA stated that the sluice gate is "regularly inspected and maintained" by the City Of Palo Alto. In fact, it has fallen into disrepair over the course of many years and was known to be completely immobile in its current closed position when the Addendum was approved by Valley Water and the Parks and Recreation Commission. In this instance, the CEQA process has failed to deliver its customary level of protection, and there is now an urgent need for cooperative efforts that honor the fundamental rights of the vulnerable wildlife residing within the 600-acre flood basin.

During formal public discussions related to the sluice gate that occurred in conjunction with the authorization of the Retrofit Project, repeated assurances were given by Palo Alto officials that efforts were underway to repair the sluice gate. The first of these were voiced back on 8/27/24, and the assurances have continued to this day. At a recent PRC Meeting held on 5/26/26, Palo Alto's Assistant Director of Open Space, Parks, and Golf, Ben Heistein, provided an update claiming once again that Palo Alto intends to repair the sluice gate but is also continuing to investigate the necessity of the repair. I have been following developments regarding the sluice gate closely for some time, and it is difficult to view this latest assurance as anything other than a continuation of the stalling that has been going on for nearly two years now. I have expressed my concerns to the PRC on three occasions, and I was extremely disappointed when not a single Commissioner brought up the numerous unfulfilled assurances during Mr. Heistein's recent update.

It appears that the lack of visible progress is caused, at least in part, by disagreement over how the repair might be funded. There also may be some uncertainty about the future of the Palo Alto Flood Basin and the long-term sustainability of the existing flood control strategy. The current thinking, however, is that the tide gate structure's flood control function remains extremely valuable. It was rehabilitated at great expense to extend its service life another twenty years or so, and this would seem to necessitate the immediate rehabilitation of the sluice gate as well. In hopes of resolving the impasse, I have prepared my own exhaustive report that explores the thorny fairness issues related to the sluice gate, trying to articulate the perspectives of Palo Alto and Valley Water as best I can as an outside observer. It is a long report, I know, but brevity can be difficult when one is trying to be fair-minded and thorough. I have worked very hard on it in my capacity as an independent environmental advocate, and I will continue to pursue every possible remedy that might expedite relief for the flood basin's wildlife. It is my hope that at least some of you will read my report in its entirety. It is not my intent to question anybody's commitment to environmental stewardship. Both Valley Water and the City of Palo Alto remain engaged with

multifaceted environmental initiatives, and it is difficult for me to understand why the repair of the sluice gate has been excluded from these efforts. I also suspect that there are elements of the sluice gate issue that I am unable to grasp. Know that I have made every effort to maintain my objectivity, give others the benefit of the doubt, and check my facts. I welcome any opportunity to discuss my concerns further, exploring any and all feasible solutions in a spirit of goodwill.

Sincerely, Doug Peterson

It is Time to Repair the Palo Alto Flood Basin's Broken Sluice Gate

Doug Peterson **6/22/26**

Since its construction in 1957, the tide gate structure that controls water surface elevations within the Palo Alto Flood Basin (PAFB) has provided critical flood protection to the City of Palo Alto and the vulnerable ecosystem within the basin itself. The structure is currently being retrofitted by Valley Water to extend its service life and increase its ability to withstand a major earthquake. The urgently needed structural reinforcement is now complete, and work will resume next September to replace six leaking flap gates that are allowing water to enter the basin from the San Francisco Bay. The tide gate structure houses an important environmental feature called a sluice gate that has not been functioning properly for many years and is now completely immobile in the closed position. There is a compelling argument that the sluice gate needs to be repaired and that now would be an opportune time to do the work. The circumstances surrounding the sluice gate are unusually complex, and if a discussion of the issue is to be rooted in goodwill, a great number of words are required.

The tide gate structure houses fifteen passive flap gates which open to allow freshwater inflows to drain out of the basin during low tides. These gates close automatically when the tidal elevation of the Bay exceeds the surface elevation of the water held within the flood basin, protecting the basin's subsided interior from tidal exchange, and maintaining adequate holding capacity to temporarily store future inflows from three local creeks. Adobe, Barron, and Matadero Creeks converge at the PAFB to drain an aggregate watershed of 32 square miles. Chronic, severe flooding would occur across the highly developed Palo Alto shoreline area if the lowest reaches of the three creeks were not maintained at an artificially low level. For nearly seventy years, the levees surrounding the Palo Alto Flood Basin have worked in tandem with the tide gate structure to help keep these creeks within their banks as they approach their common outfall. From an environmental standpoint, the flood control strategy is far from ideal, but the drawbacks were part of a pragmatic tradeoff made long ago that are difficult to mitigate today.

When the tide gate structure was erected in 1957, there were sixteen 5' x 5' top-hinged flap gates in all, mounted in pairs within eight individual box culverts. In 1978, one of the flap gates was replaced with a motorized sluice gate that allowed saline, nutrient rich water to enter the PAFB from the Bay in a controlled manner. Fifteen flap gates were deemed sufficient for releasing fluvial inflows to the Bay, and the sluice gate provided important environmental benefits, improving water quality within the basin's estuary by providing the circulation and nourishment associated with full tidal exchange. The sluice gate also allowed water surface elevations within the flood basin to be managed with more precision, aiding the abatement of troublesome mosquito populations. Water quality within the basin becomes especially poor from May to September, when inflows from the three creeks slow to a trickle and the water trapped in the estuary approaches a stagnant, hypoxic condition. In general, the sluice gate supports the best possible approximation of the native tidal marsh habitat that existed before the tide gate structure was built. The degraded habitat within the PAFB is quite different from other, more pristine marshes within the Baylands Nature Preserve that have never been severed from tidal exchange. It is also distinct from the tidal mudflats of neighboring Charleston Slough, which has its own tide gate structure that delivers muted tidal exchange using a somewhat different strategy.

The environmental benefits provided by the sluice gate are well understood, and it was deliberately added to the tide gate structure to optimize water quality within the PAFB. The City of Palo Alto agreed to install and maintain the sluice gate as an environmental mitigation associated with the Palo Alto Landfill that is now Byxbee Park. The mitigation was part of an agreement with the U.S. Army Corps of Engineers (USACE). Valley Water owns and maintains the overall tide gate structure and is the lead agency overseeing its rehabilitation, while the City of Palo Alto owns and operates the sluice gate feature and has a standing obligation to maintain it. Sadly, the scope of work for Valley Water's Palo Alto Flood Basin Tide Gate Structure Project Seismic Retrofit and Rehabilitation (Retrofit Project) did not include any plan to repair or replace the broken sluice gate. Environmental concerns surrounding its current state are complicated by the unusual circumstance whereby Palo Alto's sluice gate is mounted on Valley Water's tide gate structure. This complication is secondary, however, to the fixed realities that are primarily responsible for today's unacceptable environmental conditions: the decision made in the late 1950s to exploit the subsided flood basin in this manner and the inevitable deterioration of the tide gate structure, including the sluice gate, that has occurred over a very long time-period. It is especially difficult to appreciate Palo Alto's point of view without an exhaustive discussion.

To further understand the sluice gate issue, it is necessary to begin by reviewing the protracted series of events that culminated in the implementation of the current Retrofit Project. As the tide gate structure aged, it began to experience serious problems. In 2011, water began passing below the structure, prompting emergency repairs and a determination by the USACE that the old structure needed to be replaced. Further study was done, and Valley Water managed to safely extend its service life, but eventually it was agreed that a whole new structure would need to be built. Valley Water's PAFB Tide Gate Structure Replacement Project (Replacement Project) was a massive, multi-year project that underwent customary environmental review under the California Environmental Quality Act (CEQA), and the project included a new state-of-the art sluice gate that would be easier to maintain and operate. But in late 2022, the USACE shared results of its South San Francisco Bay Shoreline Phase II Feasibility Study which indicated that there was no federal interest at this time in pursuing coastal flood protection in Economic Impact Areas 1-4, which include the entire Palo Alto shoreline, arguing that the potential economic damages from a major flood event were considerably less than the projected cost of flood protection measures. The Replacement Project was being designed to work in tandem with raised levees along the perimeter of the PAFB, but only if the UCACE were to pursue that levee alignment. The USACE Feasibility Study was considering alternative levee alignments that would not work in tandem with the Replacement Project. Also, the San Francisquito Creek Joint Power Authority's SAFER Bay Project was considering similar alternatives. Faced with great uncertainty, rising cost estimates, and no federal support at this time, Valley Water had no choice but to put the ambitious Replacement Project on hold and begin work immediately on the Retrofit Project, which did not include the rehabilitation of the broken sluice gate. The Retrofit Project had to proceed with great urgency, because it had already been determined and communicated to the public that the existing tide gate structure was in danger of failing. An Addendum to the original Mitigated Negative Declaration (MND) was employed that characterized the Retrofit Project as a modification of the Replacement Project, and construction ended up commencing in record time. The rapid completion of the seismic reinforcement work has now delivered a valuable margin of safety to residents of Palo Alto and the vulnerable wildlife residing in the marshes of the subsided PAFB.

Palo Alto benefits from the higher level of flood protection that the Retrofit Project provides, but the broken sluice gate was not addressed in the scope of work, resurrecting the

City's obligation to address its disfunction. The following passage is from a memo written by Palo Alto's Daren Anderson and submitted to the Parks and Recreation Commissioners in conjunction with a 6/22/21 Agenda Item seeking the Commission's approval of a Park Improvement Ordinance that would allow the multi-year Replacement Project to move forward. The ordinance would then be presented to the Palo Alto City Council for final project approval. Valley Water staff gave a complete presentation of the project, and the ordinance was unanimously approved after a thorough discussion. The memo describes the events leading up to the decision to retire the old tide gate structure and the major objectives of Valley Water's Replacement Project. It is especially helpful for this discussion because it illustrates Palo Alto's understanding at the time that its deteriorating sluice gate was going to be replaced.

> The Structure has been regularly inspected and maintained by Valley Water. In 2011, Valley Water discovered that water was flowing beneath the Structure, undermining the function of the tide gates and potentially its structural stability. In 2012, Valley Water completed emergency repairs to stop seepage flow beneath the Structure. As part of that effort, staff prepared a post construction report (as required by the United States Army Corps of Engineers' Emergency Permit) which detailed the emergency work and recommended replacement of the Structure.
>
> In 2014, Valley Water retained the services of Mark Thomas & Company (MT) to perform structural inspections and prepare an assessment report for the Structure. The report concluded that the Structure was generally in fair condition and recommended minor structural repairs.
>
> In 2017, Valley Water retained a construction contractor to perform minor repairs. The work was complicated due to cracks found in the bottom slab and inability to dewater for the repair work, which resulted in the contract being terminated without completing the work. Subsequently, a structural assessment was performed by MT in October 2017 which concluded that the structure would be functional for a couple more years and recommended the Structure be replaced.
>
> In 2018, after project objectives were changed to replace (rather than repair) the Structure, a new team was assigned to the Project to commence planning and design of the new Structure. The new Project team also prepared an Emergency Action Plan in coordination with the City of Palo Alto in 2019 to provide guidance for potential flooding emergencies in the interim. MT was engaged to perform additional structural assessments in January 2020 and January 2021, and both assessments concluded that the Structure would still be good for another couple of years.
>
> <u>Project Description</u>
>
> The Project objectives include the following:
>
> - Prevent failure of the existing Structure, which would result in increased risk of coastal and fluvial flooding
> - Maintain or improve the level of flood protection for Matadero, Adobe, and Barron Creeks, including during Project construction
> - Construct a new motorized sluice gate on the City's behalf which will be used to maintain or improve water quality within the Flood Basin
> - Upsize the Structure to function with two feet of future sea-level rise.

The same memo from Daren Anderson goes on to describe the advantages to Palo Alto that the new, state-of-the-art sluice gate was expected to provide. A new Supervisory Control and Data Acquisition (SCADA) system was going to be especially helpful because the existing sluice gate had become very inconvenient to operate, demanding manual adjustments performed by Baylands Park Rangers who have numerous other responsibilities, many of which might require their immediate attention at any given moment. The mention of mosquito control reflects Palo Alto's concern about mosquito species that breed in the PAFB, one of which is a very aggressive biter that can travel long distances and others that can transmit diseases to humans. Manual treatment of ponds with larvicide and occasional aerial spraying of the PAFB is currently required to keep these populations under control.

> The replacement Structure will include a dedicated concrete bay with motor driven sluice gate solely for the City's use of maintaining water quality within the PAFB and controlling mosquito breeding. This new motor operated sluice gate will replace the existing motor operated sluice gate which is owned and operated by the City. The Structure will also include new water level sensors and SCADA system to improve flexibility and efficiency for the City's sluice gate operations. The new sluice gate will enable remote operation of the sluice gate.
>
> The replacement Structure with its improved operations and maintenance features and improved hydraulic performance is anticipated to reduce mosquito breeding within the PAFB compared to the existing conditions.

It is worth noting that Daren Anderson's memo was submitted to the Parks and Recreation Commission in June of 2021, and it goes on to describe the sluice gate as still being mobile, but functioning in a way that was very problematic. At this point in time, it appears that the motor was broken, as was the existing SCADA system that might otherwise provide automation. The gate had to be raised and lowered by cranking a wheel that was designed to allow manual operation. The memo also gives insight into a chronic problem with debris that would occasionally enter the sluice gate from the Bay side and undermine the gate's operation. The original tide gate structure had sixteen passive flap gates that were all protected by trash racks mounted on the flood basin side. These racks did not provide adequate protection for the sluice gate, which had been swapped out for one of the flap gates. The trash racks were mounted on the inboard side because water flows through the flap gates from the flood basin as it drains into the Bay, delivering debris that approaches from that direction. The sluice gate allowed Bay water to pass through the tide gate structure in the opposite direction. A dedicated trash rack on the outboard side was never built, and debris moving from the Bay to the flood basin would apparently interfere with the operation of the sluice gate. The following detailed passage from the 6/22/21 memo is helpful for understanding the problematic nature of the sluice gate.

The Project would construct a new motorized sluice gate with Supervisory Control And Data Acquisition (SCADA) system and water elevation sensors which would be monitored and operated by the City and used to maintain or improve water quality within the Flood Basin. The existing sluice gate constructed in 1978 is now over 40 years old and shows aging. Some of the basic operations such as closing the gate must be done by manual physical cranking rather than use of the motor. Similarly, the existing SCADA system cannot currently be used to automate opening and closing of the sluice gate. The new sluice gate infrastructure would remove the existing City owned sluice gate and replace with a new City owned sluice gate and SCADA system integrated with the replacement tide gate Structure.

Maintenance of the Site:
Maintenance of the City's sluice gate should be improved with the new Structure which will improve on the existing conditions by installing trash racks on both the San Francisco Bay (Bay) side as well as the Flood Basin side. The existing sluice gate only has a trash rack on the Flood Basin side. When the sluice gate is opened water from the Bay enters into the Flood Basin through the sluice gate. The incorporation of the additional trash rack on Bay side of the sluice gate should reduce the risk of debris interference and subsequential potential damage to the sluice gate system.

The memo does not fully capture all the elements of the Replacement Project that were designed to address the problematic nature of operating and maintaining the sluice gate. The following passage from the Replacement Project's Mitigated Negative Declaration (MND) gives a fuller picture.

Operations and Maintenance

Standard testing for materials strength (i.e., concrete) and performance testing of the tide gate would be performed by the construction contractor prior to operation. Eight of the nine tide gate cells would be opened or closed by the opposing hydrostatic forces of the water surface level in the PAFB and tide level of the Bay. The remaining tide gate, a sluice gate, would be mechanically driven and operated by Supervisory Control and Data Acquisition data or by the City of Palo Alto. The sluice gate on the existing structure must be opened and closed manually by an operator physically at the sluice gate. The new sluice gate would be improved such that it can also be operated remotely from the City's Regional Water Quality Control Plant (RWQCP). Should the new sluice gate require repairs, any of the passive tide gates can be manually opened to provide the function of the sluice gate during the time of repairs. The new sluice gate would allow water to flow both directions between the PAFB and Bay to allow for muted tidal influence in the PAFB, maintaining the existing operational condition. In case of a power outage, the new sluice gate would include connection for a generator, and support for fully manual gate operation. In addition, the passive tide gates would have the ability to be manually hoisted if needed for maintenance.

The sluice gate feature was discussed at the 6/22/21 Parks and Recreation Commission Meeting just before the vote was taken, with Daren Anderson providing a detailed response to a specific inquiry from Commissioner Reckdahl. The response provides firsthand insight into how the aging tide gate structure's disfunction interfered with the effective deployment of the sluice

gate feature. The passage below from the 6/22/21 Meeting Minutes summarizes Daren Anderson's candid response:

> Commissioner Reckdahl said in looking at the proposed Park Improvement Ordinance, it's talking about mosquitos and maintaining water quality. He asked Mr. Anderson to give an overview of how they plan on using this. He wondered if they are actively raising and lowering the sluice, or just basically letting the water come down and letting the passive gates do their work most of the time. Mr. Anderson said it's different right now than it used to be because of the condition of the existing structure. Prior to its most recent problems, five or six years ago, the Rangers would come out and adjust the gate as necessary. The frequency of adjustments to it varies. There are times when it can be left static, when approximately six inches open would get about a foot tidal exchange, which would bring in water and flush it out, and get a good exchange. He explained, you've got the gravity-fed exit and the one tidal gate to allow water in. During the rainy season there are times when they leave it closed and there aren't any tidal waters coming in, and the water is just passively exiting from the basin to the Bay. The way the mosquitos factor in is at a particular height – negative 2.2 feet in the winter – if the water rises above this they start to get ponding. Water will accumulate in low areas in the marsh in that 600-acre flood basin area, and mosquitos will breed, so it's very important to monitor the water. In the past they would actively manage this. In more recent times, the past few years, the water has started to flow underneath the structure. Valley Water came out and did a very extensive repair to try to stop that, but there are a few other issues with the aged infrastructure that causes water to flow in in ways that they can't control. This is the biggest problem in terms of making sure there is good tidal exchange, which means healthy water and avoiding things like low dissolved oxygen which can kill off fish. The other big piece is the controlling of the water levels to control ponding that breeds mosquitos.

Daren Anderson's response is especially helpful in clarifying how uncontrolled entry of water from the Bay would sometimes cause ponding within the basin that allowed mosquitoes to breed in greater numbers. This was a major concern for Palo Alto that complicated the operation of the sluice gate. Nothing in Daren Anderson's memo to the Commission or his testimony during Valley Water's presentation indicated that the sluice gate had already become completely immobile. It had become difficult to operate conveniently, it was still somewhat useful for providing tidal exchange during the summer months when it was needed the most, and there was an incentive to use it as little as possible during periods when the additional inflow into the basin might result in ponding that favored mosquito breeding. In general, Palo Alto was coping with the disfunction of Valley Water's tide gate structure by operating its sluice gate as necessary in the summer and keeping it closed during the winter, when fluvial inflows would provide adequate circulation within the PAFB.

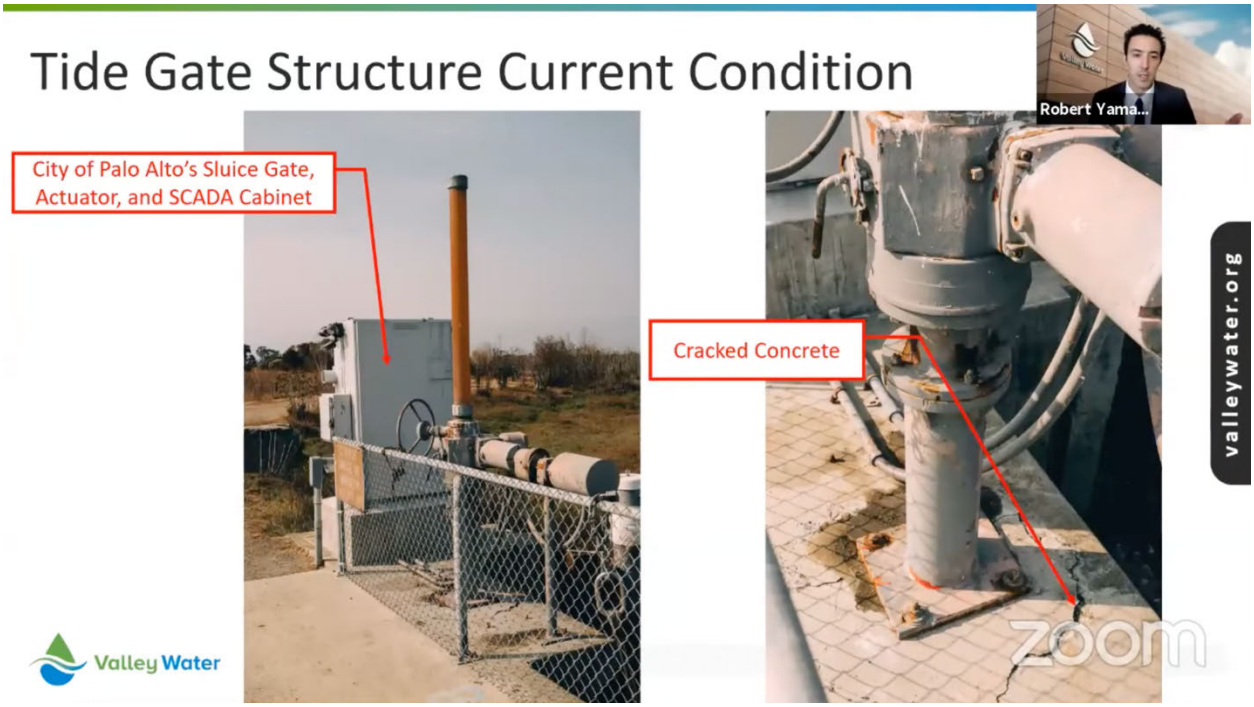
An unfortunate series of events forced Valley Water to appear before the Parks and Recreation Commission again two months later, on 8/24/21. The project was originally thought to require improvements to the levee trail surface that would need to be completed before heavy trucks could haul their loads to the worksite. It seems there were unforeseen delays obtaining permits for the trail improvements, and Valley Water ultimately decided to forgo the improvements and have the contractor make trail repairs on an as needed basis. The change in plans was significant enough to require a new Park Improvement Ordinance, and Daren Anderson submitted another memorandum that was almost identical to his 6/22/21 memo but went on to explain the change of strategy regarding the trail surface. The memo suggests that the sluice gate was still operable by hand cranking, but there is also evidence that it was now completely immobile. The failure to mention it's immobility in the updated memo might have been because a large section of the 8/24/21 memo was simply copied from the 6/22/21 memo, and a new section was added explaining the trail surface issue. A photo that was part of Valley Water's slide presentation on 8/24/21 showed a dramatic crack in the concrete block where the motorized sluice gate mechanism was bolted to the tide gate structure, and there is reason to believe that it was this crack that fully immobilized the sluice gate.

The Minutes from the 8/24/21 Meeting also include a forceful statement from Daren Anderson saying that the sluice gate feature had become "unmanageable." He goes on to emphasize the sluice gate's environmental value and its important connection to the mosquito abatement effort. It is especially important for this discussion because it is one of the last statements from a Palo Alto official acknowledging the sluice gate's environmental necessity, and it was unequivocal. When the Replacement Project was put on hold in early 2023 and then supplanted by the Retrofit Project, Palo Alto would begin to argue that the sluice gate might not be necessary, but in August of 2021, nobody was questioning its environmental value. It had been added to the tide gate structure for sound environmental reasons, and a new sluice gate was being incorporated into the Replacement Project for those same reasons. As a former manager of the Baylands Nature Preserve, Daren Anderson was intimately aware of the sluice gate's significant contribution to the ecological health of the PAFB, and the following passage from the Minutes conveys his compassionate concern that it had become unmanageable:

> Chair Cribbs thanked them for the presentation. She asked Mr. Anderson for any comments. Mr. Anderson thanked the Valley Water staff for being receptive to working with the Ad Hoc, who he thought did a wonderful job of digging in to make sure the reasons for the change were articulated. They were sensitive to the fact that they had just come to the Commission asking for approval for the Park Improvement Ordinance, got the approval, and then changed the terms. He thought they did a good job explaining why this happened and reacting to the concerns from the Ad Hoc and the Commission. He thought they had a good proposal. From a City perspective, he emphasized how important the project is to the community and to the Baylands Preserve. As a former manager of the Preserve and caretaker of the sluice gate, he shared that it is unmanageable at this point. The water cannot be controlled, which means that 622 acres of wetland in the flood basin

that are not being properly managed. They also run the risk of mosquito vector issues, an increasing problem for the last five years in which the tide gate structure has been progressively failing. Any further delays may exacerbate all of these issues, including the flood protection, mosquito abatement and habitat enhancement abilities. He is hopeful the project can move along with as much support as possible.

The photo below was reproduced from the video recording of the 8/24/21 PRC Meeting. The slide appeared briefly as the presenter from Valley Water was discussing the deterioration of the tide gate structure. Whoever prepared the slide might have added the graphics seen in red to clarify that the sluice gate belonged to Palo Alto, not Valley Water. It might have also seemed important to Valley Water to document the location of the large crack, which is very close to the point where the mechanism that raises and lowers the sluice gate, the actuator, is bolted to a concrete block. The gate itself sits just below this mechanism, and the concrete block was a structural element of the sluice gate project that was added to the tide gate structure back in 1978. The sluice gate replaced a passive flap gate at the far end of the tide gate structure closest to the available electric power supply, which is delivered through an underground conduit. The slide goes out of its way to highlight the crack at the base of the actuator, but the presentation did not dwell on it. The Replacement Project was going to deliver a new sluice gate with similar capabilities, and there would have been little reason to emphasize the fact that the existing sluice gate was now completely immobile, or the relevance of the crack.



The sluice gate deteriorated and eventually became immobile about five years ago. This may seem like a long time to leave it in disrepair, but it is important to recognize that, during the first two years or so of that five-year period, Palo Alto had good reason to believed that a new sluice gate was on its way. It was not until early 2023 that Valley Water signaled its intention to put the Replacement Project on hold and pursue the smaller Retrofit Project instead. At some point after that, it became clear that Valley Water did not intend to include the repair of the sluice gate in the scope of work for the urgent Retrofit Project. Up until then, there would have been little reason for Palo Alto to proceed on its own with the repair, and the time that has elapsed from then until now was considerably less than five years. Once the scope of work for the Retrofit Project was known, one might argue that the time had come for Palo Alto to fulfill its maintenance obligation. But whatever duty Palo Alto had to honor a commitment made a half-century ago, back when Carter was president, that duty had been resurrected by a very unfortunate turn of events that surely seemed unfair. The motorized sluice gate would not have been expected to keep working forever, even with regular maintenance, it was very difficult to maintain and operate, and it was an environmental mitigation for mounds of refuse that were now the beautiful rolling hills of Byxbee Park.

An important theme in this discussion will involve the level of transparency regarding the broken sluice gate. There is an argument that both Valley Water and Palo Alto could have been more forthcoming about its disfunction when the smaller Retrofit Project was being presented to the public. As late as 2022, a new sluice gate was thought to be on its way, and transparent discussions were taking place about the deteriorating sluice gate. The new sluice gate was going to be much more practical, but the Replacement Project was going to cause a prolonged, unpopular impasse along the Adobe Creek Loop Trail. Daren Anderson's memo was delivering the bad news about the trail closures to a Parks and Recreation Commission that would surely be hearing from upset residents who use the popular trail. The advantages of the new sluice gate were thoroughly described to help explain the necessity of the multi-year project. Trail closures would come up again in conjunction with the Retrofit Project, but a new, state-of-the-art sluice gate would no longer be a feature that could be used to help defend the project's necessity. The unpopular trail closures could only be justified by pointing to the ongoing need for flood protection, and Palo Alto's standing obligation to repair the problematic sluice gate was once again a reality. The sluice gate had been acknowledged by one and all as having significant environmental value, but apparently not enough to be included in the scope of work for the Retrofit Project. What had been a useful talking point was now a sore subject that would best be avoided by Valley Water and Palo Alto whenever the project was presented to the public.

Transparency regarding the environmental necessity of the sluice gate would normally be supported by CEQA's procedural requirements. CEQA is a foundational regulatory mandate that is thoroughly interwoven with the permitting processes of the numerous government entities that oversee development of the San Francisco Bay shoreline. One of CEQA's core functions is to demand rigorous transparency whenever a major construction project might have significant environmental ramifications. The protracted series of events that culminated in the Retrofit Project and the unusual status of the embedded sluice gate feature resulted in an atypical application of the CEQA review process. The vetting of the Retrofit Project using an Addendum appears to have undermined CEQA's normal transparency function with respect to water quality within the PAFB. The final MND for the Replacement Project represented years of hard work

and was adopted by the Valley Water Board of Directors on April 27, 2021. The much shorter Addendum that authorized the Retrofit Project was adopted three-and-a-half years later, on October 22, 2024. As has already been noted, the Replacement Project included a new motorized sluice gate which, by virtue of its inclusion in the scope of work, acknowledged its significant environmental value related to water quality. When an Addendum was employed to establish CEQA compliance for the much smaller Retrofit Project, the seismic retrofit work and some other minor improvements were characterized as a modification of the original Replacement Project. The use of an Addendum required that the modified project be compared with the original project authorized by the MND to determine if there might be any significant environmental consequences associated with the proposed modifications. In this instance, the original project that included a new sluice gate was being modified back to an existing tide gate structure housing a sluice gate that had now become inoperable but was very likely salvageable. The argument that Valley Water had an obligation to disclose the environmental consequences of not including a new sluice gate feature in its modified project was extraordinarily enigmatic because Valley Water did not own the broken sluice gate and was not seeking to establish its compliance with CEQA. In every respect other than the effect on water quality related to the embedded sluice gate feature Valley Water did not own, the Retrofit Project had significantly smaller environmental impacts than the original Replacement Project. To its credit, Valley Water was focused on shoring up the tide gate structure as quickly as possible in the interest of public safety. Environmental concerns regarding the broken sluice gate and its impact on water quality could be addressed later outside the cumbersome CEQA process.

The Addendum says very little about the sluice gate, but it is mentioned prominently in the second paragraph of the first Section of the document, which is titled “Project Background and Purpose of Addendum”. That paragraph is extremely significant, and reads as follows:

> The approved project is located along the San Francisco Bay (Bay) shoreline in the City of Palo Alto, east of the Palo Alto Municipal Airport and Palo Alto Baylands Nature Preserve. The levees forming the PAFB, and tide gate structure were constructed in 1957 by Valley Water with support from the City of Palo Alto to prevent flooding in the lower creek reaches and avoid coastal flooding and future loss in the level of service of flood protection. The tide gate structure is regularly inspected and maintained by Valley Water, and the motorized sluice gate is regularly inspected and maintained by the City of Palo Alto. In 2011, the City of Palo Alto and Valley Water discovered that water was flowing beneath the structure, undermining the function of the tide gates and potentially, its structural stability. Temporary emergency repairs to arrest flow were completed in 2012.

Reasonable people might disagree about the disclosive adequacy of the phrase “…the motorized sluice gate is regularly inspected and maintained by the City of Palo Alto,” which fails to mention the existing sluice gate’s inoperable condition. In this context, the phrase clarified that Valley Water considered the sluice gate to be outside the purview of the Addendum, which was seeking to authorize the retrofit of the tide gate structure to bolster its structural stability. The brief mention of the sluice gate served as a disclaimer that disqualified the unowned tide gate feature from the Addendum’s comparative analysis, and there is no further discussion of the sluice gate when evaluating the modified project’s impact on water quality. It is important to note here that the sluice gate’s condition had changed significantly sometime during the three years that elapsed between the preparation of the MND and the preparation of the Addendum. The

sluice gate had become very difficult to operate when the MND was prepared, but it was not yet completely immobile. The MND is consistently vague about the loss of the existing sluice gate's original motorized capability and its SCASA system, saying simply that it "must be opened and closed manually by an operator physically at the sluice gate." There is another passage in the 2021 MND evaluating potential impacts on special-status species, and discussion of the existing sluice gate's former motorized capabilities is avoided in the same way, saying simply that the gate was operated manually.

> Operation and maintenance of the new tide gate structure and levee would remain consistent, if not less intrusive, compared with existing conditions, and therefore would have **no impact** on special-status species. Since the motor-controlled sluice gate would be operated remotely (rather than manually opening and closing the sluice gate under existing practice), there would be less human operation time at the tide gate structure. In addition, isolation of each tide gate during maintenance (if required) would be performed faster than current conditions and there would be less maintenance time associated with maintenance work. Relocation of the tide gate structure is not expected to result in erosion of sensitive salt marsh habitats on Hooks Island (see **Appendix E**), as the new structure was positioned to direct flows towards the existing tidal channel rather than Hooks Island. Therefore, impacts from operations and maintenance would not impact special-status species and operational impacts are not discussed further in this analysis.

It is not exactly clear when it became impossible to raise and lower the gate manually, but it is very safe to say that it had reached its current immobile state by the time the Addendum was prepared and adopted in October of 2024. The Addendum's declaration that the sluice gate was "regularly inspected and maintained by the City of Palo Alto", avoiding any discussion of the additional deterioration of the sluice gate that had occurred since the preparation of the MND, was now extremely misleading. It was not being regularly maintained and was now completely incapable of performing its environmental function.

Setting aside the issue of transparency, it is worth noting that CEQA's fundamental mission to prevent environmental harm was not undermined by failing to candidly address the sluice gate's immobility when employing the Addendum. By its very nature, CEQA's project modification process focuses on preventing or mitigating *harmful* environmental impacts and is ill-suited to an instance such as this where an environmentally beneficial feature incorporated into an original project is subsequently eliminated when that project is modified. When an original project is evaluated side by side with its modification, the Addendum identifies all potential environmental harms for both projects *relative to the existing conditions* and assigns defensible conclusions such as "no impact", "less than significant" (impacts), or "less than significant (impacts) with mitigation". The designations typically fall within a spectrum of *negative impacts*, rating the severity of harms and their prospects for adequate mitigation when they are found to be significant. In the formalization of the comparative process, there is typically no "beneficial impact" designation assigned to something like a state-of-the-art sluice gate that might subsequently be compared to the continuing use of a broken sluice gate determined to be less beneficial. Even if an Addendum's comparative process could formally identify a significant harm when a beneficial feature is eliminated by a project's modification, the logic of CEQA would demand that the harm be mitigated. In this peculiar case, it is difficult to conclude that Valley Water would thus be obligated to mitigate the harm by repairing Palo

Alto's sluice gate or incorporating a new sluice gate into the scope of its modified project. It is also worth noting that the Replacement Project included other environmentally beneficial features that would not be incorporated into the Retrofit Project. For example, the Replacement Project was going to deploy side-hinged gates that are known to facilitate fish passage more effectively than the existing top-hinged flap gates. The Replacement Project was also designed to accommodate two feet of sea level rise. The new sluice gate feature on the Replacement Project had to be fully described and authorized by the MND, but the broken sluice gate was considered outside the purview of the Addendum and arguably immune from the standard comparative process. The process itself was inherently unsuited to the unusual circumstances, and the new sluice gate was not the only beneficial feature of the Replacement Project to escape formal evaluation when the ambitious project was compared to its less-ambitious counterpart.

It is, however, difficult to deny that the use of an Addendum that did not disclose the sluice gate's immobility undermined the transparency function that lies at the heart of CEQA. An Addendum would normally be used to vet minor changes to a project that had already been subjected to thorough public scrutiny. To use an Addendum, a lead agency must show that the changes that are deemed necessary after a project has been vetted do not create or increase significant environmental harms. It is normally a pragmatic tool designed to accommodate unforeseen project complications, and the Addendum does not have to be circulated to the public. When downsizing from the Replacement Project to the Retrofit Project, the use of an Addendum was somewhat extraordinary because the proposed modifications were not at all minor. The construction cost of the Replacement Project was estimated to be as high as 70 million dollars and the Retrofit Project will likely come in at less than six million. The courts have ruled that it is not the magnitude of the modification that is at issue, but the impact that the changes might have on the environment. In this case, most of the relevant environmental harms were related to potential construction impacts common to both projects, and the much smaller project that did not involve dewatering could easily be shown to reduce those impacts, not increase them.

It is possible, however, that the courts would frown upon the use of an Addendum for an extensive modification such as this that results in the masking of a significant environmental issue that would surely be of interest to stakeholders. CEQA's core transparency function is rooted in the notion that environmental harms are best avoided, or at least mitigated, when a project is subjected to rigorous public scrutiny and then augmented by the robust oversight of the appropriate regulatory agencies; it seeks to shine daylight as brightly as possible from every conceivable angle. In this highly unusual case, the use of the Addendum thwarted this core transparency function. An Addendum is excused from public release because it is typically a pragmatic tool designed to accommodate minor changes that the public would not be concerned about. When employed for an extensive modification such as this, the Addendum's secretive nature should arguably be countered with more ample disclosure. The public had no reason to be concerned about a negative impact on water quality within the PAFB caused by the original Replacement Project, which included a modern sluice gate that would maintain or improve water quality. When the uncirculated Addendum was used to authorize modification to a Retrofit Project that included an undisclosed, broken sluice gate, the public was denied appropriate notice about a significant environmental issue directly related to the modification. The text of the

Addendum was available in the published Agenda Packet for Valley Water's October 22, 2024, Board Meeting, and it was adopted as a consent item after little discussion. The sluice gate was not an essential element of the Retrofit Project Valley Water was seeking to authorize, but it was an integral feature of the tide gate structure being renovated and its complete immobility would seem to have had enough environmental significance to warrant a higher level of daylighting under CEQA.

The following passage is taken from Section 4 of the Addendum, which is titled "Environmental Analysis," and appears in Table 2, which is titled "Resource Areas with Substantially Same of Less Impacts Compared to MND". The bold phrase to the left falls in a table column titled "Resource Area", and the paragraph falls in a table column titled "Rationale for Impact Evaluation." There is no mention of the sluice gate feature.

Hydrology and Water Quality	The MND concluded that the approved project would result in less than significant impacts related to water quality and waste discharge requirements; altering the existing drainage pattern causing erosion or siltation on- or off-site, increasing the rate of surface runoff on- or off-site, or impeding flood flows; and flood hazard zones. The approved project would not result in any impacts to groundwater supplies, stormwater drainage, or conflict with implemented water control/management plans. Hydrology and water quality impacts would primarily be caused by temporary construction and earthmoving activities. The modified project would continue to require construction, although at a smaller scale and for a shorter overall duration. Large scale levee construction and dewatering activities would be removed from the approved project. Upon completion of the modified project, there would be no appreciable changes to the current existing conditions and existing operations would continue. **BMPs WQ-1** through **WQ-11**, and **HM-2** through **HM-5** would continue to be incorporated into the modified project. Therefore, the modified project would not result in any changes to levels of significance related to Hydrology and Water Quality.

The rationale appears to be reasonable and straightforward with respect to the modified project Valley Water was vetting, and it illustrates how the Addendum process is ill-suited to an unusual situation such as this that involves an environmentally beneficial feature that is eliminated when a large project is extensively downsized. CEQA concerns itself with *harmful* impacts relative to the existing conditions, and the impact on water quality for the original project had already been certified as being "less than significant" (as opposed to "beneficial"), even though the new sluice gate might have arguably provided a higher level of water quality. The water quality impacts of the modified project were evaluated as being "less than significant" because they perpetuated the existing conditions. The logic of the Addendum's traditional comparative process generated the inescapable conclusion that the modification did not result in any significant new harm with respect to water quality. If the broken sluice gate had been squarely within the purview of the modified project's evaluation, there would have been a stronger argument for addressing its disfunction in the comparative impact evaluation.

The rationale is consistent with abbreviations assigned to Hydrology and Water Quality in Table 3 of the Addendum, which is titled "Comparison of Environmental Impact Significance Levels". The relevant portion of the table is reproduced below, but the headings for each column are not visible. The heading for the first column of the table identifies the potential resource area

that might be impacted and simply reads, “Impact.” The second column provides the environmental significance impact level for the original project under the heading, “MND Level of Impact for Approved Project.” The heading for the third column reads, “Level of Impact for Modified Project”, and the final column identifies the “Change in Level of Impact with Modified Project.” The abbreviation, “LTS” is assigned to the Approved Project (Replacement Project), and the Modified Project (Retrofit Project), indicating that both were seen as having “less than significant” negative impacts on existing water quality. The perfectly logical entry in the final column speaks for itself.

HYD-WQ (a), (c)(i), (c)(ii), (c)(iv), (d)	LTS	LTS	No change

CEQA is structured to provide adequate transparency, and here it is important to consider the informed scrutiny that regulatory agencies might provide when an Addendum is used to authorize an extensively modified project. The San Francisco Bay shoreline is guarded by an impressive arsenal of regulatory agencies. When it comes to evaluating potential environmental harms associated with large construction projects near the shoreline, these agencies act on behalf of the public and have the necessary expertise to render sound judgments. The agencies share the public’s desire for robust environmental protection and are staffed with exceptionally good people acting with integrity. The original Replacement Project that was put on hold in 2023 came very close to being constructed, and its exhaustive MND had been employed to secure a broad array of permits. The following paragraph from the Addendum describes the numerous governmental entities that evaluated the Replacement Project based on the MND that had been adopted in April of 2021.

> In adherence to the CEQA review process, Valley Water collaborated with both trustee and responsible agencies that had authority or responsibility for carrying out or approving portions of the original approved project. These public agencies made a discretionary decision to issue permits related to carrying out the proposed work. In this instance, the California Department of Fish and Wildlife (CDFW) (permit issued May 5, 2022), San Francisco Bay Regional Water Quality Control Board (RWQCB) (permit issued April 8, 2022), San Francisco Bay Conservation and Development Commission (BCDC) (permit issued September 15, 2022), and the City of Palo Alto were considered responsible agencies for purpose of CEQA. In addition, several federal agencies, including U.S. Army Corps of Engineers (USACE) (permit issued November 21, 2022), U.S. Fish and Wildlife Service (USFWS), and National Marine Fisheries Service (NMFS), and the Federal Aviation Administration (FAA) also had regulatory authority over the original approved project.

It is notable that the USACE issued its permit on November 21, 2022, in accordance with its authority to safeguard wetlands under Section 404 of the Clean Water Act. This was very close to the time that the results of its South San Francisco Bay Shoreline Phase II Feasibility Study first became known, the findings of which suspended federal interest in new flood protection for the Palo Alto shoreline and ended up making the expensive Replacement Project

unaffordable for Valley Water. The USACE was also the agency that had negotiated with Palo Alto in the 1970s regarding its landfill, which displaced native wetlands, and asked that the sluice gate be added to the tide gate structure as a mitigation for the loss of wetland acreage. The new sluice gate was a prominent feature of the Replacement Project being proposed, and the issuance of the permit suggests that the USACE was aware of the feature and continued to acknowledge its environmental value. Many of the other agencies that issued permits were also likely aware of the environmental benefits that a modern sluice gate would deliver to the PAFB, and there is no evidence that any of the agencies, or Palo Alto, felt that the Replacement Project's new sluice gate feature was unnecessary. There are numerous environmental harms associated with the full isolation of estuaries from tidal exchange, and these harms were likely known to one and all. Up until late 2022, all the scrutiny that the CEQA process delivered through the MND confirmed the view that the ecological health of the PAFB's habitat would be supported by the new sluice gate's capacity to provide a limited degree of tidal exchange.

When the Addendum was employed to authorize the Retrofit Project under CEQA, its opaque nature shielded the fact that the modification would result in a return to a tide gate structure housing an immobile sluice gate, but it is not entirely clear that the relevant regulatory agencies that issued updated permits under the Addendum knew that the existing sluice gate was now completely immobile. The public would be counting on these agencies to act in their interest with respect to environmental concerns, but the opaque Addendum process denied them an opportunity to determine for themselves if that was indeed the case. Under these circumstances, the trust placed in the regulatory agencies to bring their expertise to bear inadvertently undermined CEQA's core transparency function by diminishing public vigilance. The public understandably believes that if a project has been extensively vetted under CEQA and then permitted by numerous regulatory agencies, there is likely nothing much left to worry about by the time the project goes to construction. But the Addendum masked a significant environmental issue that the public had every right to know about, and the post-Addendum permitting process was not likely to deliver the additional public transparency just as the vetting process was wrapping up. In fact, the very existence of the robust permitting process would lead the public to believe that the Retrofit Project had been exhaustively vetted, was now in its eleventh hour of scrutiny, and could not possibly still include a significant, unmitigated, undisclosed environmental drawback. Permitting takes place after an MND is shared with the public, and that permitting process largely unfolds behind closed doors. The Addendum was not circulated to the public, and if a concerned citizen or environmental organization were to have scrutinized the Addendum when it came before Valley Water's Board, they would have read this perfunctory statement and concluded that no environmental stone could possibly remain unturned.

> To adequately account for the project modifications, Valley Water plans to amend and renegotiate permit conditions to be commensurate with reduced impacts of the modified project.

Before moving away from the discussion of transparency issues related to the Addendum, a fair-minded assessment is required regarding Valley Water's actions as the lead agency. Whatever one may think about the Addendum's level of disclosure regarding the sluice gate's disfunction, any shortcoming was primarily caused by the unusual status of the sluice gate feature, the complex history of its deterioration, Valley Water's limited obligation to address the environmental significance of an apparatus it did not own, and the inherent inability of the

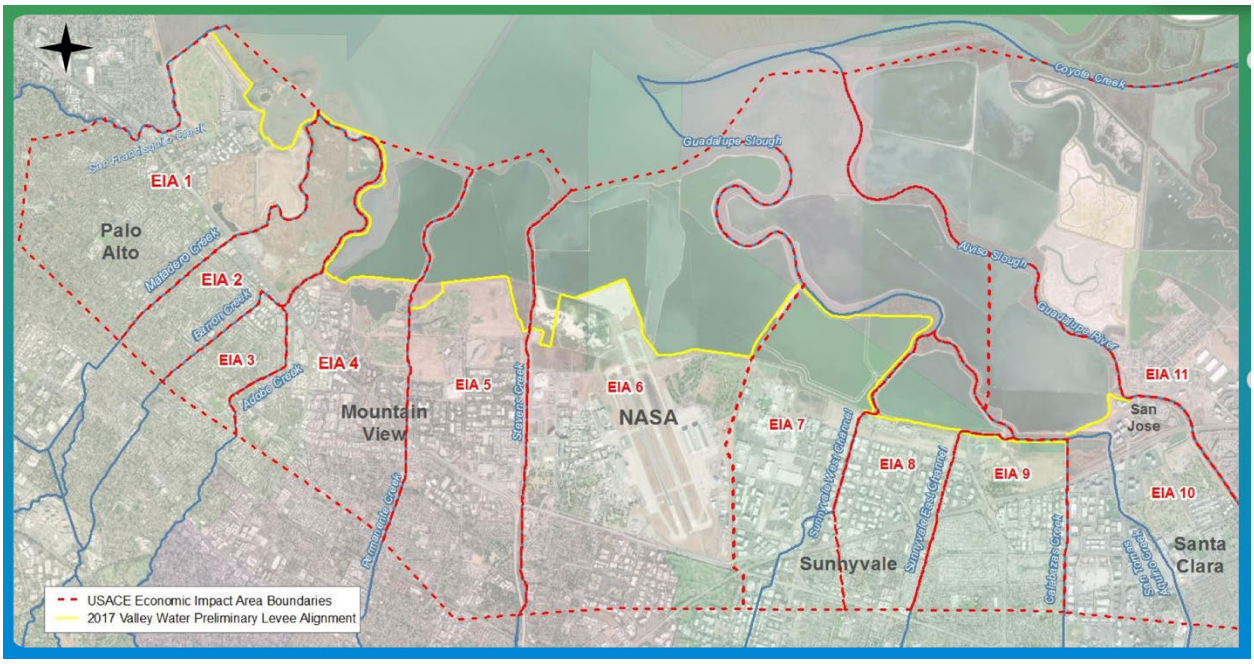
Addendum process to deliver customary transparency when an ambitious, beneficial project is extensively downsized. A lead agency such as Valley Water that is tasked with getting critical infrastructure projects over the finish line must contend with a formidable array of environmental safeguards enforced by multiple regulatory agencies, and is required to make difficult, pragmatic judgements regarding the precise boundaries of its compliance obligations, which include judgements related to transparency. The Addendum was honest and direct in conveying Valley Water's reasonable view that the sluice gate feature was outside the purview of the customary comparative process used to evaluate its modified project. One might question the Addendum's failure to disclose the immobility of the existing sluice gate, but the overall environmental impact of the Retrofit Project itself was clearly not *harmful*. Construction had to proceed as quickly as possible, and potential environmental harms associated with construction identified in the MND were thoroughly reevaluated by the Addendum. The proactive measures seeking to minimize those harms were actualized as the Retrofit Project was implemented. There was an urgent need to maintain flood protection for Palo Alto's shoreline community, and the same margin of safety shielded the vulnerable ecosystem within the PAFB from the threat of prolonged inundation, delivering a distinct and significant environmental benefit to the basin's wild inhabitants. Given Valley Water's dual mission to provide flood protection while mitigating environmental harm, the sluice gate's disfunction was a relatively minor issue that was tangential to the primary objectives of the modified project, and any shortcoming related to transparency might also be regarded as minor.

It has already been stated that it is difficult to understand Palo Alto's perspective about the sluice gate without an exhaustive discussion, and it is now possible to fully consider that perspective. There has always been a compelling argument that the sluice gate provides significant environmental benefits to the habitat within the PAFB and was deliberately added to the tide gate structure in 1978 to deliver those precise benefits. The Replacement Project was designed with a new state-of-the-art sluice gate, reaffirming its environmental value and its usefulness in the mosquito abatement effort. But when the Replacement Project was cancelled and the smaller Retrofit Project commenced, Palo Alto immediately began to reevaluate the sluice gate's usefulness and its own obligation to maintain it. As things stand today, the long overdue repair remains on hold while that reevaluation runs its course, and an up-to-date analysis of water quality is complicated by the fact that six of the tide gate structure's fifteen flap gate continue to leak water from the Bay into the PAFB in an uncontrolled and immeasurable way.

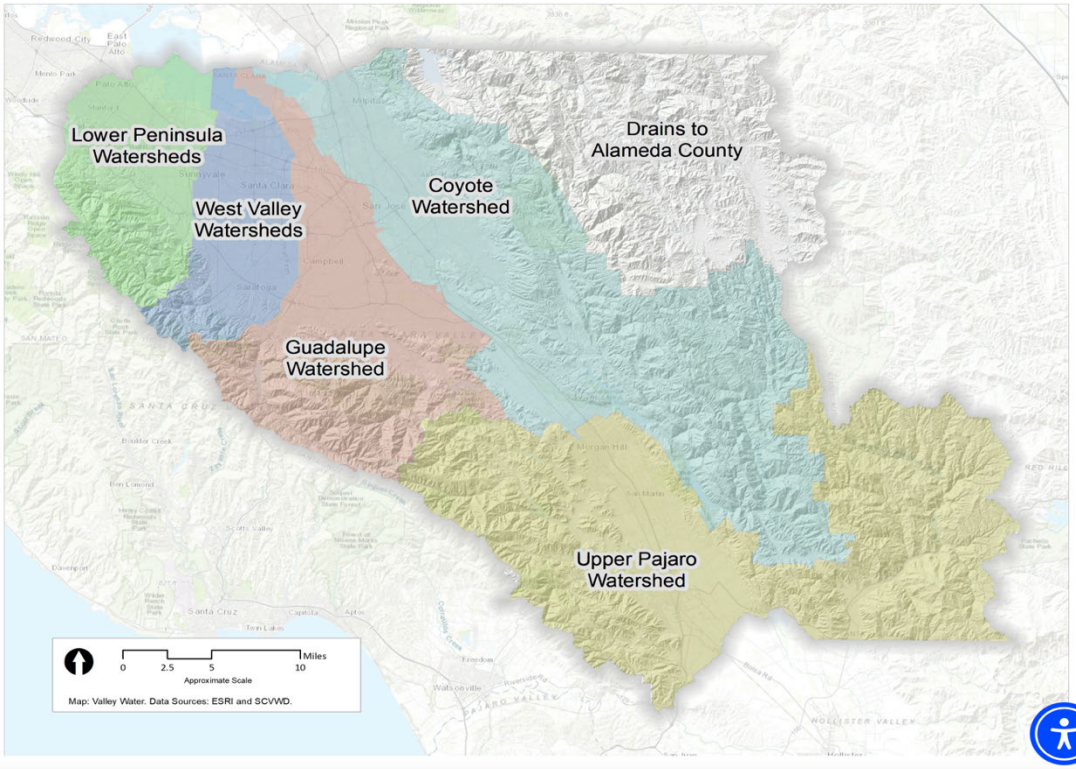
To this outside observer, Palo Alto's recent misgivings about the environmental value of the sluice gate appear to be influenced by its exclusion from significant funding sources that might help finance the repair. City leaders currently find themselves out of the running for assistance associated with the USACE's South San Francisco Bay Shoreline Phase II Project, which has now been postponed indefinitely. The entire Palo Alto shoreline has also been passed over for potential assistance from the South Bay Salt Ponds Restoration Project, which is currently the largest wetlands restoration project on the west coast. Both massive projects are delivering extraordinary financial resources to Palo Alto's neighbors along the South Bay shoreline, none of which is available for the sluice gate repair. Valley Water controls significant county resources that might be useful, but the agency has its own fiscal challenges and sees the sluice gate as a feature of the tide gate structure that has always been Palo Alto's responsibility and falls outside its own core obligation to facilitate countywide flood control. To fully

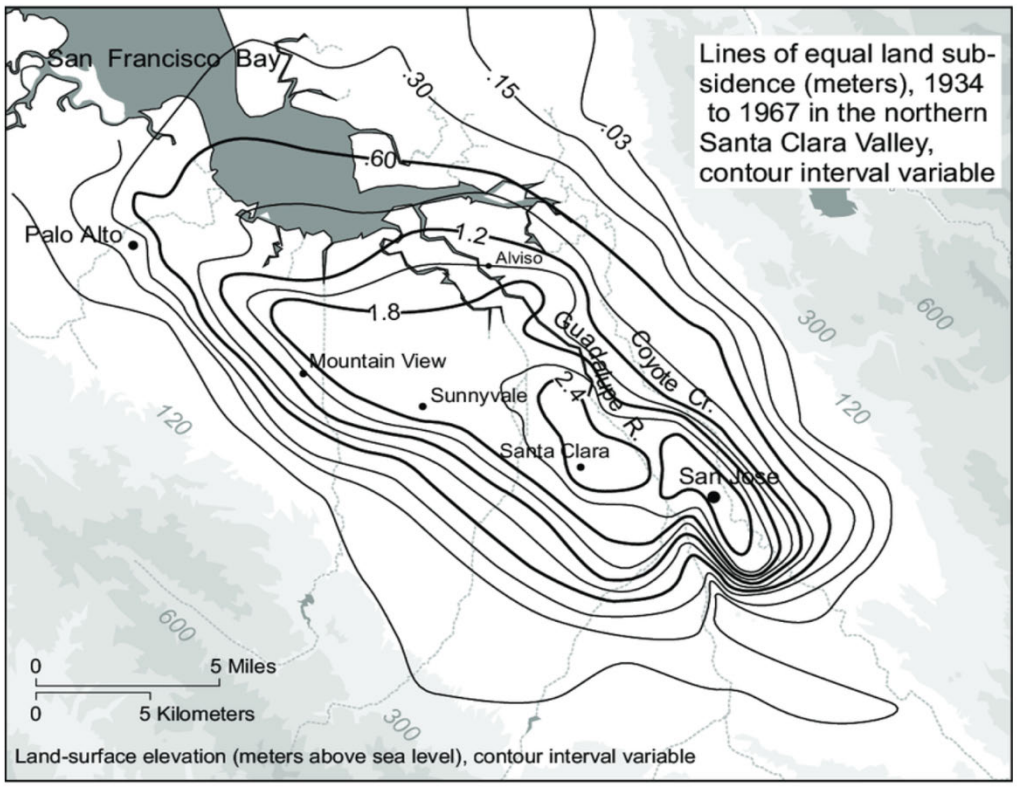
appreciate Palo Alto's perspective regarding these complex fairness issues, it is helpful to look more closely at each potential source of funding.

The USACE's South San Francisco Bay Shoreline Project is divided into eleven Economic Impact Areas (EIAs) that stretch from San Francisquito Creek to Coyote Creek. Palo Alto's shoreline falls within EIAs 1-3, separated from Mountain View's EIA 4 by Adobe Creek, and the PAFB comes to a point at the north end of EIA 2.



Phase I prioritized EIA 11, where there is extraordinary concern about flooding because of severe land subsidence. EIA 11 also includes Coyote Creek and the Guadalupe River, which drain two of Santa Clara County's largest watersheds. The massive Coyote Creek Watershed drains about 320 square miles, and the Guadalupe Watershed drains about 170 square miles. EIAs 1-5 span the shoreline of Valley Water's Lower Peninsula Watershed, which drains 98 square miles. The three creeks that flow into the PAFB run through the center of EIAs 1-4 and drain a watershed of just 32 square miles. The high priority given to EIA 11 stemmed from these geographic realities, and these same realities ultimately contributed to the USACE's determination that there was no federal interest at this time for flood control projects in EIAs 1-4, which were evaluated as one group under Phase II of the project. The USACE is tasked with directing limited federal flood control resources to areas that need it the most, and their allocation process is applied the same way to different localities. The process has its own internal fairness, but it resulted in an all-or-nothing determination that granted extensive federal resources to EIA 11 and none to Palo Alto, at least for now. The map below illustrates the major watersheds served by Valley Water and is followed by a map showing the relatively high level of subsidence in EIA 11 that allowed it to receive urgent federal assistance.


Lower Peninsula Watersheds
West Valley Watersheds
Coyote Watershed
Drains to Alameda County
Guadalupe Watershed
Upper Pajaro Watershed
0 2.5 5 10 Miles
Approximate Scale
Map: Valley Water. Data Sources: ESRI and SCVWD.


San Francisco Bay
Lines of equal land subsidence (meters), 1934 to 1967 in the northern Santa Clara Valley, contour interval variable
.30
.15
.03
.60
1.2
1.8
2.4
Palo Alto
Alviso
Mountain View
Sunnyvale
Santa Clara
San Jose
Guadalupe R.
Coyote Cr.
300
600
120
0 5 Miles
0 5 Kilometers
Land-surface elevation (meters above sea level), contour interval variable

Palo Alto's shoreline area clearly has flooding challenges of its own, but the USACE's allocation process determined that expensive new protection measures would not be justified until about 2060. In an odd twist of fate, the postponement of federal assistance was partly made possible by the effectiveness of Palo Alto's existing flood control strategy that deploys the tide gate structure to exploit the ample storage capacity of the subsided 600-acre PFAB. Sea level rise will steadily undermine the ability of the passive tide gates to drain the basin, but the time-tested strategy continues to deliver substantial flood control benefits and is now thoroughly integrated with the extensive channelization of Adobe, Barron, and Matadero Creeks. Palo Alto's shoreline area is most vulnerable to flooding when heavy, prolonged rainfall coincides with very high tides, and the pragmatic, effective tide-gate strategy deployed in 1957 is quite unlike flood control strategies deployed elsewhere along the South Bay Shoreline.

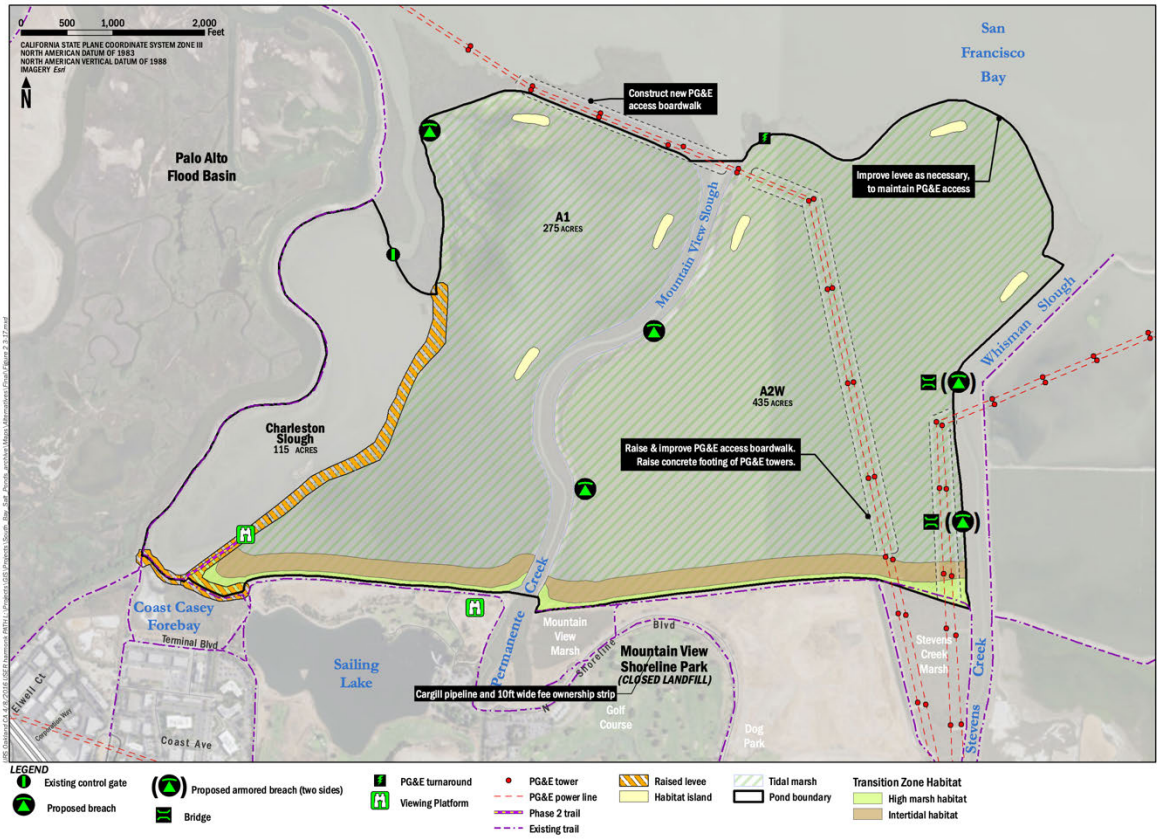
When the USACE directed federal assistance to EIA 11, some of the funding addressed the environmental impacts of the massive Phase I Project. The environmental benefits of the new, state-of-the-art sluice gate might have received similar support had the Replacement Project moved forward, but that project's indefinite postponement was made possible by the ability of the existing tide gate structure to continue delivering impressive flood control. There is a reasonable argument that financial assistance for the sluice gate repair would have been analogous to federal and local support devoted to environmental concerns in EIA 11, and that the tide gate structure's extended longevity should not negate our shared obligation to nurture the isolated, troubled ecosystem within the PAFB. The counterargument rests on the notion that the sluice gate was a specific environmental mitigation agreed to long ago that disqualifies Palo Alto from communal assistance today. While perhaps technically true, that counterargument seems unreasonably harsh and incompatible with common sense. Whatever environmental debt Palo Alto incurred during its prolonged landfill operations, that debt appears to have been paid. The landfill is now Byxbee Park, and the unspoiled marshes of the Palo Alto Baylands have received an extraordinarily high level of environmental protection for decades courtesy of Palo Alto, benefitting the entire region.

The South Bay Salt Pond Restoration Project represents another potential source of regional support that remains unavailable to Palo Alto. The massive project represents our noblest conservation values in action, and its immeasurable value will be augmented by enhanced resilience to sea level rise. The boundaries of the project were largely determined by an agreement with Cargill Salt that made 15,100 acres of industrial salt ponds available for restoration. The project is divided into three major project areas called Eden Landing, Ravenswood, and Alviso that stretch from Hayward to Menlo Park. The western boundary of the sprawling Alviso project area is Pond A1, which rests in Mountain View adjacent to Charleston Slough, a short distance from the PAFB. The Palo Alto shoreline is not included in the restoration project because Cargill had no salt ponds to surrender in this area. Cargill purchased its extensive SF Bay salt pond holdings from Leslie Salt in 1978, and much of what is now the Baylands Nature Preserve was never acquired by Leslie Salt because Palo Alto purchased these wetlands for its own use in the first half of the twentieth century. The PAFB was purchased from Leslie Salt in 1956 to make the basin available for flood control. When the environmental value of wetlands began to be acknowledged in the 1960's, Palo Alto was ahead of its time and became more determined than ever to protect its relatively pristine shoreline. It seems ironic that Palo

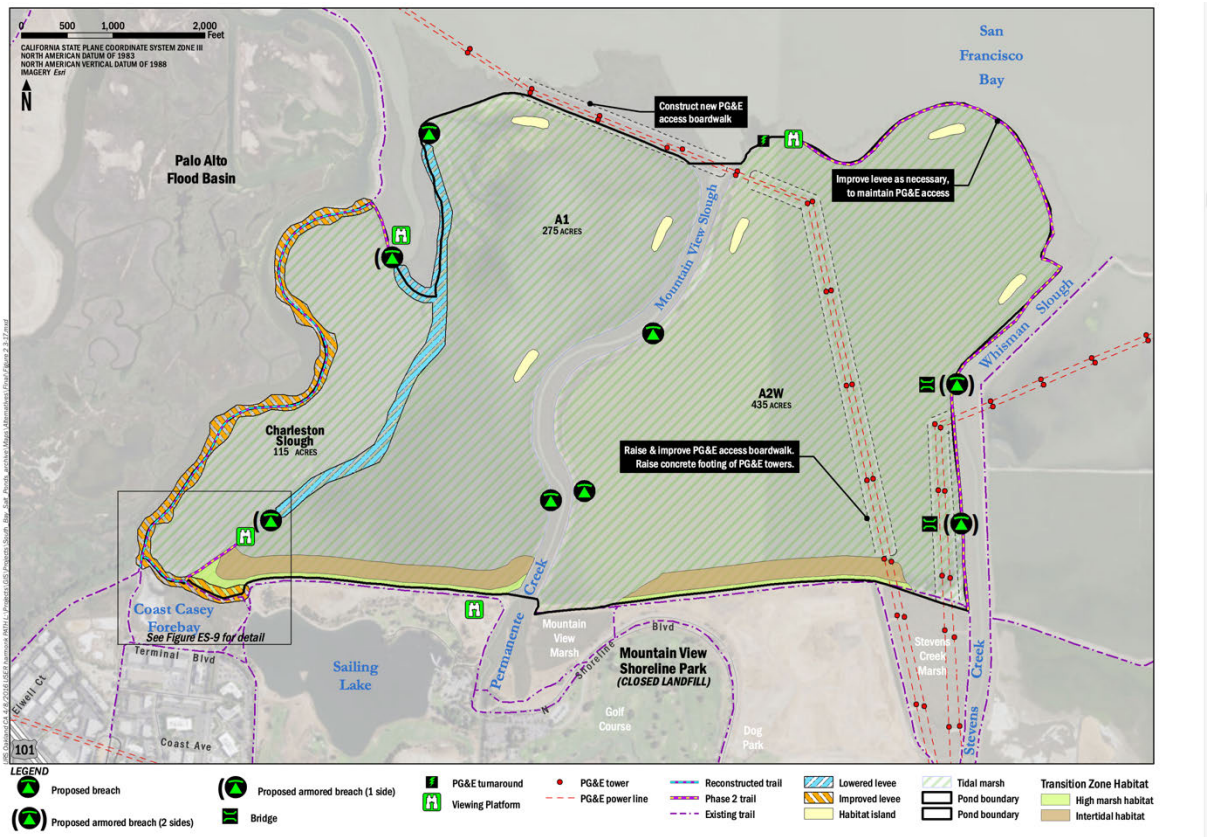
Alto's robust environmentalism demonstrated over decades has now resulted in its complete exclusion from the South Bay Salt Pond Restoration Project, which is a manifestation of the same laudable environmentalism but is confined to the shoreline parcels obtained from Cargill.

Palo Alto's exclusion can be illustrated by considering the restoration of Ponds A1 and A2W in neighboring Mountain View. The completion of Pond A2W was recently celebrated, and the restored shoreline features a horizontal levee that required 180,000 cubic yards of carefully placed fill. The former salt pond will revert to tidal marsh in the years ahead, and there is now a public spur trail on a breached levee that reaches far out into the Bay. The restoration of Pond A1 is currently underway and will one day have a similar horizontal levee of its own requiring a similar quantity of dirt. When the restoration of the two ponds is mature, there will be a continuous 700-acre stretch of tidal marsh from the eastern flank of Charleston Slough to the outfall of Stevens Creek at Whisman Slough. The horizontal levee at the southwest corner of Pond A1 will be fortified by raising the existing levee north of the Coast Casey Forebay, delivering ample flood protection to this westernmost segment of Mountain View's shoreline.

The figure below from the Final EIR/EIS for Phase 2 shows Alternative B, which was the preferred alternative and is the project currently underway at this location. It is important to note that this alternative does not incorporate Charleston Slough into the restored tidal marsh, keeping it separate from Pond A1 and raising the levee that currently sits between them. The existing levee that runs along the eastern bank of Adobe Creek separates the tidal mudflats of Charleston Slough from the PAFB, marking the border between Mountain View and Palo Alto.



A rejected scenario for this project area, Alternative C, would have expanded the restored tidal marsh to include Charleston Slough. Instead of raising Pond A1's western levee, the alternative would have raised Charleston Slough's western levee to enclose one continuous tidal marsh from Adobe Creek to Stevens Creek. The integration of Charleston Slough was the only significant variable differentiating Alternative C from Alternative B, and the difficult choice presented in the Draft EIS/EIR drew extensive comments. Palo Alto submitted comments supporting the slough's inclusion, recognizing the value of the raised levee protecting the PAFB's eastern flank. Alternative C was ultimately rejected because of complications involving Shoreline Park's Sailing Lake, which is currently fed by tidal water drawn from the southernmost end of Charleston Slough. Obtaining sufficient flow to implement Alternative C would have required moving the Sailing Lake's main intake to the breach between Charleston Shough and Pond A1. The new intake would have required screening to prevent harm to endangered aquatic species, and the existing intake would have been retained as a backup. It was determined that adequate screening at the breach location would not be feasible, and Alternative C was rejected, ending Palo Alto's only opportunity to benefit directly from the Salt Pond Restoration Project. The new raised levee planned for the northern flank of the Coast Casey Forebay will only provide flood protection to a small section of Palo Alto at the north end of San Antonio Road.



Palo Alto's unsuitability for the Salt Pond Restoration Project and the postponement of support for EIAs 1-4 under Phase II of the USACE's South San Francisco Bay Shoreline project create significant fiscal challenges for the municipality as it seeks to maintain its time-tested

flood control strategy. The obligation to fund the sluice gate repair is best understood in this context, and there is still more to be articulated regarding Palo Alto's perspective. There is an argument to be made that Valley Water controls regional funding sources earmarked for environmental initiatives that would seem appropriate for the repair. The impasse appears to be tied to the long history of the sluice gate and its genesis as an environmental mitigation. Valley Water sees the tide gate structure's flood control function as its primary obligation, and the agency has devoted considerable resources to extending its service life well beyond original expectations. The Retrofit Project was just the latest in a steady stream of difficult repair work, and the postponement of federal support for EIAs 1-4 that resulted in the cancellation of the massive Replacement Project just as it was nearing construction was just as frustrating to Valley Water as it was to Palo Alto, though it did postpone the significant financial burden of building a whole new tide gate structure. Considerable funds had already been spent designing and vetting the Replacement Project. In Valley Water's latest Capital Improvement Program budget, total project expenditures between 2018 and 2029 are reported out at $13.8 million, with only $5.7 million spent on the construction of the Retrofit Project.

Valley Water's Board of Directors gave its approval for the full Replacement Project to continue moving forward and adopted its MND on April 27, 2021, and the staff recommendation in the Board Agenda Memorandum stated that the Board would have another opportunity to review the project before it was put out to bid. There was little mention of the sluice gate or its environmental significance in the memorandum, and maintaining its benefits was not among Valley Water's defined objectives for the project, which were listed as follows:

The Project objectives include the following:

- Prevent failure of the existing Structure, which would result in increased risk of coastal and fluvial flooding;
- Maintain or improve the level of flood protection for Matadero, Adobe, and Barron Creeks, including during Project construction; and
- Upsize the Structure to function with two feet of future sea-level rise.

The following passage from the memorandum reflects Valley Water's position that the sluice gate benefitted Palo Alto and that the city was being asked to contribute appropriate reimbursement. It appears that the planned trail surface improvements were seen the same way.

Next Steps

If the Board approves the recommendations, staff will continue to complete the Project design and obtain environmental permits necessary for Project implementation. The Board will be requested to adopt the plans and specifications and authorize advertisement for bids for construction in a future Board meeting. The typical Project Delivery Process Chart is provided in Attachment 3 for reference.

FINANCIAL IMPACT:
The Project is included in the Board-adopted Draft Five-Year 2022-26 Capital Improvement Program (CIP) and the Board-adopted FY 2020-21 Budget. The current total Project cost estimate for planning, design and construction is $39 million. This Project is funded by the Watersheds and Stream Stewardship Fund (Fund 12). The Project team is currently discussing with City of Palo Alto staff, the possibility of the City reimbursing Valley Water for the motor-operated sluice gate and trail surface improvements which benefit the City. In addition, the Project team is in discussions with the City of Mountain View for possible cost-share based on the benefits to the Coast Casey pump station outfall due to the proposed tide gate structure improvements including the accommodation of sea level rise within the flood basin.

Daren Anderson's 6/22/21 memo to the Palo Alto Parks and Recreation Commission was written two months later and mentions the cost-sharing negotiations without specifying the sluice gate feature or the trail surface improvements.

RESOURCE IMPACT

Valley Water has requested cost sharing for specific project elements. The City and Valley Water are working together on cost sharing discussions. Post-construction operations and maintenance costs are expected to be reduced compared to existing conditions.

The documents indicate that cost sharing discussions were underway as the Replacement Project was nearing construction, and that Valley Water was asking Palo Alto to pay for the new sluice gate feature. When the massive Replacement Project was downsized to the Retrofit Project, the sluice gate's repair was not included in the scope of work. This reflects Valley Water's firm position that the environmental benefits it delivered would still have to be funded by Palo Alto. The fairness issues are complex, but a few initial observations are in order.

Valley Water's obligation to equitably support different regions within the county is extraordinarily complicated, and the resources allocated to address environmental concerns make up a relatively small portion of the funds under Valley Water's control. Each region has its own unique characteristics that define its needs, and there are sophisticated accounting processes in place to allocate major expenditures in as fair a way as is practical. When dividing up resources dedicated to environmental concerns, regulations and litigation generate mandatory funding obligations that do not conform to a balkanized, even-steven approach. California has especially strict protocols in place to enforce environmental protections, and progressive agencies like Valley Water manifest their own sincere environmentalism by complying with these protocols in good faith on an as needed basis as they seek to fulfill their core missions. When it comes to the allocation of extremely limited green funding, the amount any individual region receives ends up being determined by the severity of its environmental challenges, the requirements imposed by multiple regulatory agencies, and the ubiquitous, uncompromising demands of CEQA. To execute its fiduciary duties competently, Valley Water must allocate its environmental resources to meet its most pressing obligations, and these allocations only represent a small portion of its overall budget. Valley Water's Capital Improvement Program Five-Year Plan for Fiscal Year 2025/26 through Fiscal Year 2029/30 includes 76 projects totaling $10.8 billion, described further in this passage from the agency's website:

> Projects in the CIP will improve, repair, replace, or construct infrastructure. There are 43 Water Supply projects ($7.90 billion), 14 projects to increase flood protection ($2.11 billion), 12 environmental restoration, enhancement and mitigation projects ($148 million), 3 projects to repair or maintain Valley Water buildings and grounds ($96 million), and 4 projects to upgrade or expand existing information technology ($72 million).

The 148 million dollars devoted specifically to environmental projects make up just 1.4% of the $10.8 billion CIP budget. There are also considerable environmental expenditures that are difficult to quantify because they fund mandatory green features embedded in larger projects. Much of the limited funding Valley Water has available for targeted environmental projects is currently being allocated to support Central California Coast steelhead trout and fall-run Chinook salmon. The Fish and Aquatic Habitat Collaborative Effort was established in response to litigation and is restoring habitat for these struggling anadromous species. The funding is specifically directed to the watersheds of Coyote Creek, Stevens Creek, and the Guadalupe River, where there are numerous opportunities for worthwhile projects spread out over a very large area. Adobe Creek, Barron Creek, and Matadero Creek flow to the PAFB through the relatively small Lower Peninsula Watershed, and their small anadromous fish populations were extirpated long ago. The tide gate structure itself represents a formidable obstacle preventing the passage of anadromous fish and is likely the primary cause of their disappearance. Beyond the

structure, water quality within the PAFB is inhospitable, and numerous other barriers exist upstream in highly channelized reaches that prevent migration to and from suitable spawning grounds. Also, steelhead trout and Chinook salmon are especially vulnerable to hypoxic waters and are thought to avoid them, and the water detained in the PAFB is notable for its low dissolved oxygen levels. In 2002, there was a major fish die-off within the basin caused by unusual conditions that suddenly reduced dissolved oxygen to lethal levels. Common Carp thrive in the PAFB because their cardio-vascular systems are extremely resilient to hypoxia. They can even gulp air at the surface when necessary, which is a rare feat for a fish.

The following graphic from the Valley Water Capital Improvement Program lists the major projects devoted specifically to Water Resources Stewardship. Some of the projects that do not mention fish passage in their titles support anadromous fish in other ways.

Major Capital Improvements Identified in the CIP

- Stevens Creek Fish Passage Enhancement
- Hale Creek Enhancement Pilot Study (D6.1)
- SCW Regnart Creek Rehabilitation (F8)
- Coyote Percolation Dam - Phase 2
- Ogier Ponds Separation from Coyote Creek (D4.2)
- Bolsa Road Fish Passage Improvement (D6.2)
- Calabazas/San Tomas Aquino Creek-Marsh Connection (formerly named Salt Ponds A5-11 Restoration)
- Pond A4 Resiliant Habitat Restoration Project
- Safe, Clean Water Program Fish Passage Improvements (D4.3)
- Safe, Clean Water Program D4.3 Fish Passage Improvements (Moffett)
- Coyote 10B Freshwater Wetlands

Adobe and Matadero have recently received major upgrades related to flood control, but all three creeks that flow to the PAFB are currently being passed over for habitat restoration related to anadromous fish because it would be extremely difficult to remove all the existing barriers to fish passage, and restoration would yield relatively minor benefits in these small creeks. The indispensable tide gate structure is the most significant barrier, and the full Replacement Project offered the most promising opportunity to improve fish passage. The new structure was designed with side-hinged gates that are not as restrictive as the existing top-hinged gates. The sluice gate provides significant environmental benefits to the flood basin, but it generally supports the well-being of the entire marsh ecosystem, not a specific endangered fish species that would demand legal protection. The following passage from the MND lists the only candidates that might be of concern, and none are viewed as PAFB inhabitants:

Fish

Special-status fish species with the potential to occur in the study area during work include longfin smelt (*Spirinchus thaleichthys*), the Central California Coast steelhead DPS (*Oncorhynchus mykiss*), Central Valley fall-run Chinook salmon (*Oncorhynchus tshawytscha*), Pacific lamprey (*Entosphenus tridentatus*), green sturgeon (*Acipenser medirostris*), and white sturgeon (*Acipenser transmontanus*). All of these species could forage in the Bay, though the likelihood of presence in the study area is low. None of these species are known or expected to breed in the study area. Habitat for special-status fish is limited to estuarine intertidal unconsolidated shore habitat, which in the Project area is open waters of the Bay. Special-status fish are not expected to occur in the PAFB given the lower salinity, lower dissolved oxygen content, and the partial barrier to fish movement from the tide gate. Any special-status fish found in the PAFB would be considered strays.

With no argument available that a functional sluice gate would provide meaningful support to anadromous fish passage, the otherwise worthwhile apparatus finds itself less attractive for green funding through Valley Water. There is also a pragmatic tendency for Valley Water to favor environmental expenditures that might be augmented by multiple partners. Palo Alto's ineligibility for the Salt Pond Restoration Project and the postponement of USACE's Phase II Shoreline Project were missed opportunities for the sluice gate repair to be melded into a large, multi-partner project. When the financial burden of the tide gate structure's urgently needed seismic reinforcement fell onto Valley Water's shoulders, the environmental benefits of the embedded sluice gate feature were misaligned with the agency's ongoing commitments to anadromous fish and there was no compelling reason to take on Palo Alto's longstanding maintenance obligation. The abundant environmental goodwill of the South SF Bay was being manifested across its shoreline, but when all was said and done, funding opportunities that might support the repair of the sluice gate remained stubbornly unavailable to one of its most environmentally progressive communities.

Palo Alto's inability to tap into funding support is just one element of any fair-minded acknowledgement of their perspective. Before moving on to discuss recent events concerning the sluice gate, it is also important to briefly revisit the nuts-and-bolts difficulties Palo Alto had to contend with as they tried to maintain and operate an apparatus mounted on Valley Water's unpredictable, decrepit tide gate structure. Over the course of many recent years, the intended

environmental function of the sluice gate was thwarted by the inability of the tide gate structure to keep Bay water out of the PAFB. There were periods of significant structural leakage, and routine flap gate blockages also caused leakage. Unpredictable inflows of Bay water might have been reasonably easy to accommodate had the sluice gate's SCADA system and electric motor been maintained, but far less so when it became necessary to operate the gate manually. The gate itself and its supports were difficult to access, remaining submerged under tidal water much of the time, and it shared a box culvert with a passive flap gate. While it was possible to dewater the sluice gate's culvert using a bulkhead while keeping the other culvert's functional, it was clearly a daunting task that would complicate any major repair work. The lack of a trash rack on the Bay side of the tide gate structure was a notable design flaw in the original sluice gate addition that allowed large and small debris to enter its culvert and disrupt its operation. The state-of-the-art sluice gate that was envisioned for the Replacement Project was designed to address all these challenges, and it would have been capable of consistently delivering its intended environmental benefits in a reasonably convenient manner. When that project was cancelled and the Retrofit Project took its place, all the technical difficulties that had lingered and worsened over many years landed back on Palo Alto's plate, and the old sluice gate was now completely immobile. Combined with the inability to secure funding support, the troublesome gate had become an infuriating burden, and recent events are best understood with this in mind.

After Valley Water's Replacement Project was abandoned in June of 2023, the Retrofit Project was fast-tracked to address the pressing safety concern, and the use of an Addendum contributed greatly to the rapid implementation of the seismic improvements, expediting the CEQA process and the procurement of permits. As has already been noted, the use of the uncirculated Addendum shielded the sluice gate's disfunction from public scrutiny, but CEQA's core transparency function was not thwarted entirely. When details about the Retrofit Project became known to the public in presentations hosted by Valley Water in 2024, the sluice gate's condition became known to people who understood its environmental significance. The Retrofit Project also had to be presented to the Palo Alto Parks and Recreation Commission before an appropriate Park Improvement Ordinance could be approved by the Palo Alto City Council, creating a public forum where environmental concerns could be formally voiced. Local environmental titans Emily Renzel and Eileen McLaughlin learned about the issue and expressed their concerns in writing, and there was no way to pass the ordinance without some discussion of their valid concerns. Shani Kleinhaus is a renowned environmental advocate in her own right, and she sat on the Parks and Recreation Commission along with another environmental stalwart, Jeff Greenfield. The formal interactions with the PRC represented the most significant daylighting that the CEQA process delivered, but the concerns expressed about the sluice gate were ultimately neutralized by assurances from Palo Alto officials who testified publicly that they intended to repair the sluice gate and were in the process of making the necessary arrangements.

It appears that Emily Renzel became aware of the sluice gate's condition when she attended a site visit to the tide gate structure to learn about the Retrofit Project. She was intimately acquainted with the origins of the sluice gate as an environmental mitigation, and the event prompted her to include her concerns about its disfunction in a letter she sent to the Palo Alto City Council on 4/17/24, copying Shani Kleinhaus, Eileen McLaughlin, and Phil Bobel. She then forwarded the letter to the Parks and recreation Commission, which reads as follows:

From: Emily Renzel
To: ParkRec Commission
Subject: Fwd: Flood Basin Tidegate
Date: Wednesday, April 17, 2024 4:49:09 PM

Dear Parks & Rec Commission: I should have copied you on this. Please do what you can to reinstate the proper wetland mitigation in the Flood Basin. Thanks. Emily Renzel

Begin forwarded message:

From: Emily Renzel [redacted]
Subject: Flood Basin Tidegate
Date: April 17, 2024 at 9:28:55 AM PDT
To: City Council Council <city.council@cityofpaloalto.org>
Cc: Shani Kleinhaus [redacted], Eileen McLaughlin [redacted] Phil Bobel <Phil.Bobel@CityofPaloAlto.org>

Dear Mayor Stone and Members of the City Council:

When I recently attended a Valley Water District meeting at the Palo Alto Flood Basin Tidegates, I was shocked to learn that the City of Palo Alto Mitigation tidegates are **not currently functioning as designed**.

As a bit of history, prior to 1975 the City of Palo Alto violated its landfill permit issued by the U.S. Army Corps of Engineers. The City had filled about 25 acres of wetlands without a permit. In conjunction with mitigating that violation, the City also requested permission to fill an additional 40 acres of wetlands. Altogether a total of ~65 acres of prime tidal wetlands would be lost. (It should be noted that the entire 137-acre landfill aka *Byxbee Hills Park* is on filled wetlands, much of which was done prior to adoption of the U.S. Clean Water Act.)

In March 1975 the City prepared a draft Palo Alto Refuse Disposal Area EIR which identified two mitigation measures - one for the already filled wetlands and one for the proposed new fill. Those mitigation measures were: 1) pipes allowing tidal fluctuation in the lagoon adjacent to the Interpretive Center, and 2) Conversion of two of the 16 tidegates for the Flood Basin to allow **very limited and closely controlled tidal fluctuation** in the 600 acre Flood Control Basin to improve water quality and to encourage the growth of wetland habitat. **The City Refuse Utility has a perpetual obligation to keep those tidegates functioning properly for the purposes specified.**

The City of Palo Alto Refuse Utility charged residents and businesses as much as $100,000/acre/year rent for use of **dedicated parkland** as landfill for **FIFTY YEARS!** Much of that revenue went to the General Fund. The City budget was heavily subsidized by that revenue. **Please live up to our City's mitigation responsibility.**

I hope the Council will follow up with the Refuse Utility and get them to repair the mitigation tidegates as soon as possible. The nesting season has begun and if the tidegates are malfunctioning, an entire season of nesting birds will be flooded out.

Please instruct staff to fix the flexible tidegates pronto. Thanks.

Emily Renzel
Councilmember 1979-91,
Planning Commissioner 1973-79

Information from **Palo Alto Refuse Disposal Area Draft EIR**, March 1975

Emily Renzel was clearly referring to the sluice gate when writing about the "flexible tidegates". It is interesting that she recalled there being two flexible gates out of sixteen total. It may well be that there were discussions about installing two sluice gates back in 1975, but one was eventually deemed sufficient, and the change escaped her attention. In a subsequent letter submitted on 6/24/24, she would accurately refer to it as a single gate. Her concern about a season of nesting birds possibly being "flooded out" might indicate that the presentation left her with a mistaken impression regarding the sluice gate's current condition. Other reports from this timeframe indicate that it was immobile in the closed position, which would nullify its core environmental function but would not cause water surface elevations within the PAFB to rise. Her firsthand recollections regarding Palo Alto's obligation to honor the mitigation it agreed to with the USACE seem entirely accurate.

Two months after Emily Renzel submitted her letter to Palo Alto officials, Valley Water presented its Retrofit Project to the Parks and Recreation Commission (PRC). Community Services Director Steve Castile prepared a Staff Report for the Agenda Item that became available to the public shortly before the 6/25/24 PRC Meeting. Renzel's concern would surely have been taken seriously by the PRC and the City Council, but Castile's memo was ambiguous about Palo Alto's intentions regarding the sluice gate repair. The relevant passage from the memo makes no mention of the sluice gate's inoperable condition, and reads as follows:

In 1977, the City requested to change one of the passive tide gates to include a sluice gate for a mitigation project. This project was accepted through an agreement with the United States Army Corps of Engineers and the City for the continued operation of the Palo Alto Refuse Disposal Area. In 1978, the City forwarded the plans and specifications for the gate modification and Valley Water issued a permit to the City for the gate modification. The City operates the sluice gate to improve water quality within the Flood Basin.

Valley Water's impending presentation to the PRC prompted another letter from Emily Renzel and a letter from Eileen McLaughlin expressing their concerns about the sluice gate, and both were received on 6/24/24, the day before the meeting. Whatever feedback Emily Renzel had received regarding her April 17th letter had clearly not convinced her that Palo Alto's Public Works Department intended to initiate repairs on the sluice gate. The two letters are best considered together, and read as follows:

From: Eileen Mclaughlin
To: ParkRec Commission; Bhavani Yerraputo
Cc: Kleinhaus; Renzel, Emily
Subject: 6/25/2024 Agenda Item 2, Park Improvement Ordinance for the Palo Alto Floods Basin Tide Gate Structure
Date: Monday, June 24, 2024 11:07:35 AM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Chair Brown, Members of the Parks & Recreation Commission and Bhavani Yerraputo of Valley Water:

The staff report for Item 2, June 25, 2024 leaves several questions that require additional information. I ask that they be covered during the presentation to the Commission.

1. For the item to be discussed, the Palo Alto Flood Basin Tide Gate Structure Phase 1: Seismic Retrofit and Rehabilitation Project, a major purpose is Seismic Retrofit. It is well known that the location is at high risk to liquefaction in a major seismic event. However, the staff report does not discuss the risk basis for the seismic purpose i.e. potential risks to Palo Alto if the existing Tide Gate structure fails. What are possible risks to the flood basin, the adjacent developed facilities and infrastructure? Is it possible that structure failure might impede flows of Adobe and Matadero Creeks, potentially impacting upstream residential and other development on the far side of Highway 101? To understand the need for approval of the disruption to park use, the basis for the project's seismic purpose should be provided.

2. The Staff report discusses the City's conversion of one of the structures tide gates to a sluice gate in 1977-1978 (p. 2) as a mitigation project and intended to manage water quality in the Flood Basin. The report does not discuss how this Valley Water project impacts the sluice gate or its operation. As this gate is the City's responsibility, it would be helpful if a qualified city engineer would address the sluice gate status with information on associated water quality and if it meets the mitigation requirements for which it was designed. We understand park personnel operate the gate but there is a need to know about the technical water quality outcomes. Does it serve its purpose? Is the Valley Water project an opportunity that could be used by the City to sustain the value of the sluice gate?

I plan to attend the meeting and look forward to hearing responses to these questions.

Eileen McLaughlin
Board Member

Citizens Committee to Complete the Refuge
wildlifestewards@aol.com

From: Emily Renzel
To: ParkRec Commission
Cc: Eggleston, Brad
Subject: Valley Water Tide gate project/City of PA mitigation gate
Date: Monday, June 24, 2024 12:12:52 PM

Dear Chair Brown and Members of the Commission:

I agree with the comments provided by Eileen McLaughlin. I actually was on the Palo Alto Planning Commission in the 1970's when Palo Alto approved filling c.50-60 acres of wetlands to expand the landfill. The **required mitigation** was to modify one of the Flood Basin tidegates to improve tidal exchange in the 600 acre basin to improve water quality and provide replacement wetlands for those being lost to landfill.

Over the years there have been some issues about making the tidegate fulfill its required tidal exchange properly but the City has honored its commitment. (NOTE: Once, when Larry White was in charge of Palo Alto Open Space, he thought the gate could just be opened at 8 am and closed at 5 p.m. As a result of that mistaken assumption, an entire season of nesting birds in the Flood Basin was wiped out!!!!)

It was only at the recent Parks and Rec Commission meeting at the tidegate that I learned that the flexible gate has not been functioning for some time. **This is a serious violation of the City's Army Corps of Engineers landfill permit.** The loss of wetlands for landfill expansion was **PERMANENT.** The mitigation tide gate was also supposed to be **PERMANENT**. The Refuse Fund needs to adopt a capital budget for proper maintenance of the flexible tidegate. That cannot wait for the 60 years until the Army Corps might replace the rest of the Flood Basin tidegates.

In conjunction with your latest review of the Valley Water Tide Gates project, I hope you will recommend that the Public Works Refuse Fund honor its commitment to return the flexible tidegate mitigation into good repair as soon as possible. It cannot wait for 60 years! As a City, Palo Alto has attempted to be a good steward of our local environment. We should demonstrate our commitment by taking our mitigation requirements seriously. The wildlife of Palo Alto's Baylands need you to stand up for them.

Thank you.

Emily Renzel
Palo Alto Planning Commission 1973-79
Palo Alto City Council 1979-1991

Eileen McLaughlin's letter was addressed to the Parks and Recreation Commission and Bhavani Yerraputo, the Valley Water's Deputy Operating Officer for Watershed Design and Construction who would lead the Retrofit Project presentation. Her email was copied to Emily Renzel and Shani Kleinhaus, and McLaughlin identified herself as a Board Member for the Citizens Committee to Complete the Refuge, which works to protect and expand the Don Edwards SF Bay National Wildlife Refuge and takes a special interest in defending the tidal marshes of the Palo Alto Baylands. Bhavani Yerraputo's email response reflected Valley Water's longstanding position that the sluice gate was Palo Alto's responsibility; she promised to address the first question about the possible consequences of a tide gate failure while deferring the question regarding the sluice gate to appropriate officials from Palo Alto, copying Michel Jeremias, a Senior Engineer at the Public Works Department, Sarah Robustelli, a Division Manager for the Community Services Department, and Steve Castile, the Director of Community Services for Open Space, Parks, and Golf.

During Valley Water's presentation on 6/25/24, the sluice gate was mentioned briefly, but its inoperable condition was not highlighted. Eileen McLaughlin commented at the appropriate time via ZOOM, but she limited her comments to her concern about a potential tide gate failure.

Commissioner Greenfield asked if Palo Alto's engineers had evaluated Valley Water's plans and brought up the concerns raised by Emily Renzel, asking for specific clarification regarding the mitigation requirements. Steve Castile's response expressed the new idea that the sluice gate might not be necessary, that the Public Works Department had studied the issue and tentatively determined that the broken sluice gate did not appear to be causing significant changes to the PAFB habitat, that they believed that their obligations under the mitigation agreement were being met, and that they were looking into it further with regulators and would report back. The following summary of his comments are reproduced from the 6/25/24 Meeting Minutes:

> Mr. Castile advised they had worked collaboratively with Valley Water. He looked at the designs and plans and they have had multiple meetings. They have been receptive to comments and input with the materials, how they will proceed to do the work with the habitat sensitivity and trails, and when they will do the work. They have been amenable to meeting the expectations of the project. He confirmed Public Works Engineering has assessed the plan. He added a deep dive had been done and have not seen any noticeable observational difference for water quality over the years. They believe they are in compliance and have met the obligations from the mitigation. They are going to reach out to the regulatory agencies to confirm this. They would report back on that.

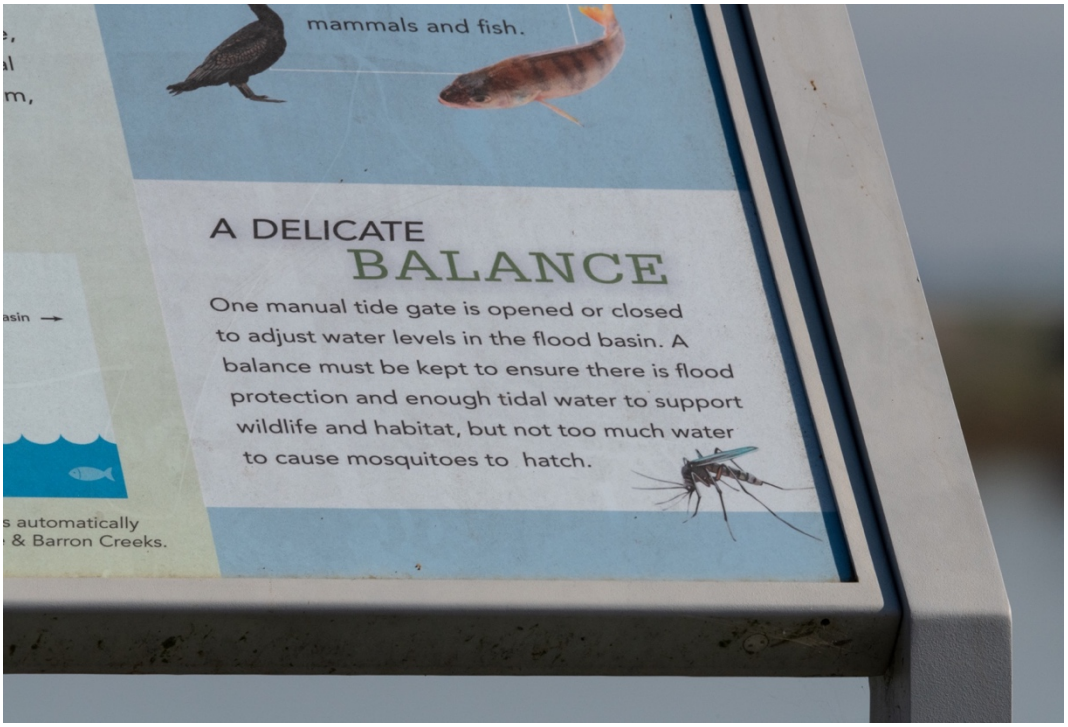
Commissioner Greenfield did not push back on the sluice gate issue. The matter would be coming back to the Commission when the time was right to discuss the Park Improvement Ordinance, and the Public Works Department had now indicated that they were still investigating Palo Alto's legal obligations. It is worth noting here that this brief exchange between Jeff Greenfield and Steve Castile regarding the environmental significance of the inoperable sluice gate and the extent of Palo Alto's legal obligations addressed the kinds of questions that would have been thoroughly vetted under a normal CEQA process. If not for the anomalies associated with the use of an Addendum, the tentative determinations reached by Palo Alto officials would have been subjected to informed public scrutiny. At this point in time, the Addendum itself was not available to the public or the PRC. The only formal discussion about the sluice gate was related to the Replacement Project and its MND, and that discussion acknowledged its environmental value unanimously. The PRC would forward the Park Improvement Ordinance to the City Council on August 27, 2024, without ever seeing the Addendum, which would not be approved by Valley Water until October 22nd, and the City Council would then adopt the PIO after its second reading on January 13, 2025.

As stated earlier, an Addendum is normally used for minor modifications to a project that has already undergone extensive CEQA review, and it has also been noted that this was not the case when the massive Replacement Project was modified to become the much smaller Retrofit Project. There is little reason to think that a concerned member of the public or a Commissioner on the PRC would appreciate how this unorthodox use of an Addendum might mask the environmental significance of the broken sluice gate. Steve Castile's Staff Memo for the 6/25/24 PRC did not mention the sluice gate's inoperable condition, and the passage describing the Retrofit Project's CEQA documentation would be unlikely to raise concerns. In fact, the passage would likely provide reassurance that all the customary environmental safeguards were being implemented in a normal manner under the robust CEQA process.

ENVIRONMENTAL ASSESSMENT

Valley Water is the lead agency under the California Environmental Quality Act (CEQA). The CEQA Final Mitigated Negative Declaration (MND) is available on the Valley Water Project website[2]. An Addendum to the Final MND will be submitted in the summer of 2024 stating that the changes to the original Structure replacement project will not result in new significant impacts or increase the severity of the already disclosed impacts.

It is helpful to pause and consider other factors that would lead a person to believe that the Retrofit Project was being vetted in a normal, environmentally responsible way. Great care was being taken to confine the construction schedule to five months that were outside the nesting season of the endangered Ridgway's Rail. A fulltime biologist would oversee the construction site to ensure that appropriate safeguards were being implemented. After the seismic work was completed, damage to vegetation in the main staging area would be restored with native plants and watered by an elaborate, solar-powered irrigation system until the plants were well established. These easily understood mitigation measures would give the impression that customary environmental protections were in place and functioning in a normal way. The sluice gate, however, was discussed as little as possible, and the average person walking across the tide gate structure would likely be oblivious to the environmental significance of the rusty, motionless sluice gate. In fact, a sign on the Adobe Creek Trail provides information to the public about the nearby tide gate structure, and it overtly states that the sluice gate is functioning as intended and is operated manually. The photo below was taken on February 4th of this year.



Valley Water made a second presentation to the Palo Alto PRC on 8/27/24 to secure the necessary Park Improvement Ordinance, and it was a very significant turning point in the conflict regarding the sluice gate. Obtaining the PRC's approval of the PIO would likely guarantee subsequent approval of the Retrofit Project by the Palo Alto City Council, so a smooth presentation was critical for advancing the urgently needed project to construction. Two months had passed since the 6/25/24 presentation, but Emily Renzel was continuing to insist that Palo Alto had a permanent legal obligation to maintain a functional sluice gate. She had submitted yet another letter to the Palo Alto City Council on 8/8/24 providing her informed perspective on challenges facing the Palo Alto Baylands, and it included a paragraph about the sluice gate reiterating the same concern expressed in her earlier letters. She forwarded the letter to the PRC and urged them to read the 2008 Baylands Master Plan, which was central to the arguments she was making to the City Council. The relevant passage from her 8/8/24 letter reads as follows:

> The City also kept expanding the "dump" into 126 acres of wetlands. By the early 1970's the approved footprint of the dump was completely filled. The City, however, continued to fill new wetlands. By that time the Clean Water Act had been adopted by Congress and there was a new permit process required to fill wetlands. In 1975, the City was required to mitigate unpermitted fill by 1) installing pipes to one remnant of San Francisquito Creek (now commonly known as the Lagoon) to improve water quality and create a marshy fringe, and 2) installing a flexible tide gate in the 600-acre Flood Basin to also improve water quality and create marshland. **Those mitigation requirements are a permanent obligation of the City of Palo Alto.**

At this point, it was clear that valid concerns about the broken sluice gate had the potential to delay the project, and both Valley Water and Palo Alto had an interest in diffusing the thorny environmental issue, which was only tangentially connected to the reinforcement of the tide gate structure. It is notable that the Staff Report for the Agenda Item was reproduced almost word for word from the Staff Report for the presentation two months earlier, but the paragraph describing the purpose of the sluice gate and its historical origins as an environmental mitigation had been removed. Four Commissioners were present at the Meeting, and Commissioner Greenfield was absent. The Commissioners expressed numerous, thoughtful concerns and questions about the project, many of them articulated by Commissioner Kleinhaus, who was familiar with the sluice gate issue and the environmental advocacy of Eileen McLaughlin and Emily Renzel. The thorough discussion is documented in the Meeting Minutes, and the sluice gate was not addressed until the very end. Commissioner Greenfield had previously asked the Palo Alto staff to comment on Emily Renzel's concerns at the 6/25/24 presentation, and Emily Renzel was continuing to press her case. Given her extraordinary gravitas as an environmental advocate, her persistent concern could not simply be ignored. Shortly before the PRC voted on the PIO, PRC Chair Amanda Brown read out a question that had been provided to her ahead of time by Commissioner Greenfield asking the Palo Alto staff for an update on the sluice gate, saying "I know it's not necessarily related to this item, but he just did want to have an update in the record for this meeting." She also asked a very thoughtful question about comments on the

Addendum that Valley Water might have received from the community. The Minutes read as follows:

> Chair Brown asked if there were significant comments on the addendum to the MND. Mr. Newman explained that the addendum did not go through a public scoping period because the scope was less than the original project.
>
> Chair Brown read Commissioner Greenfield's request for an update on the non-passive sluice gate. Mr. Castile replied that staff was reaching out to contractors to see what
>
> ***APPROVED***
>
> maintenance work was needed for the sluice gate. The sluice gate had not been operational for the last four years. Staff was working with local regulatory agencies to determine if permitting was required. Staff potentially would work with Valley Water on a plan to clean the gate and possibly have it functional in October.

Steve Castile's exact words are reproduced below, transcribed from the video recording of the presentation.

> **"…Sure, where we are with the sluice gate: Basically, we've been reaching out to different contractors and seeing what we could do to do a maintenance work on that to get it operational. Just to be transparent on that, it hasn't been operational for the last four years, so what we've been doing, we've reached out to them. We've been working with our local regulatory agencies and determining if permitting is required prior to that, and potentially working with Valley Water as well, maybe in October, get them on board, uh, get the gate cleaned off and functional. So, that's the plan for now. "**

This on-the-record assurance from Steve Castile directly addressed Emily Renzel's concern and may well have been seen as necessary for securing the approval of the PIO. His statement represented a major departure from the statement he made two months earlier indicating that Palo Alto was investigating the environmental necessity of the sluice gate and the extent of the City's legal obligations. Similar assurances that Palo Alto was working to repair the sluice gate would be given in the months ahead. The PIO was endorsed by the PRC on a 4-0 vote and was approved by the Palo Alto City Council in January of 2025. The statement might also have been important to Valley Water, which was intending to secure permits for the work pursuant to its Addendum, which stated that Palo Alto was inspecting and maintaining the sluice gate. The Addendum was approved by the Valley Water Board two months later, on October 22nd.

Similar assurances were expressed at an informational meeting for the public hosted by Valley Water at the Mitchell Park Community Center on 11/20/24. A video recording of the event was posted to Valley Water's YouTube channel on 12/2/24, but it is not always possible to identify speakers heard on the video. Palo Alto City Council Member Lydia Kou attended the meeting, and Shani Kleinhaus was there to speak on her own behalf as a resident of Palo Alto, and as a representative for the Santa Clara County Audubon Society.

Valley Water's presentation focused squarely on details about the Retrofit Project that did not include the sluice gate, but the subject could not be avoided. Shani Kleinhaus confronted Valley Water about its decision to exclude the sluice gate repair from the scope of the project, and her articulate, forceful description of the issue centered on the use of county stewardship funds for a project that did not address an inoperable feature of the tide gate structure that might well cause environmental harm. The text below is a transcription of her comment, but parts of her statement were difficult to transcribe with confidence.

I speak as a resident and for the Santa Clara County Audubon Society, no other hats right now. If these were stewardship funds, why is stewardship of the flood basin not included? My concern here is we have eight gates, one of them belongs to the City, it doesn't function. But the stewardship of the level of water in the flood basin is not maintained according to the historical agreements and permit requirements that the Army Corps required with Palo Alto. So, you're doing this huge project here on seven out of the eight gates and coordinating with Palo Alto, but there is an eighth gate that is not being addressed so eventually Palo Alto will have to address it, and then we have to close the trail again, we do all the mitigations again. Why can't those things be done at the same time? And the other layer on top of that is, the Palo Alto Master Plan, the Comprehensive Plan, and the Baylands Plan call for art. This was a perfect opportunity, this would have been something that the public has been… *(hard to transcribe)…* and the City for a long time to do something so this bridge is beautiful. So that was an opportunity. So, when you say "Oh, yeah. We're collaborating with Palo Alto." I'm sure you are. But it's at the level of, "O.K. We're getting to do our project and ignoring the needs of Palo Alto." And I don't think this is

right. You know, again, I speak for Audubon and as a resident. I spoke about this before and was basically told, "Well, you know, this is our property, this other property is Palo Alto's. They'll deal with theirs." That's double the impact. It definitely takes a lot longer, and it's not right. If this is stewardship money, it should do stewardship and fix the Palo Alto gate and restore the function of the Palo Alto Flood Basin to what it's supposed to be. It's not functioning. So, this is really difficult for me as a resident to accept that these things are, "Oh yeah, it's a bridge and it has eight gates but we're only taking care of seven and the City will deal with the rest of it." Find a way to do it together. It needs to be a wholistic process.

Valley Water's presenter, Karl Neuman, thanked Kleinhaus for her comment but did not respond to her informed concerns. The comment prompted a different attendee to inquire further about the sluice gate, leading to another assurance that Palo Alto intended to repair the sluice gate and was currently working to obtain permits to do the necessary work. The exchange is transcribed below, with the assurance highlighted in bold print.

Attendee: "… Is there evidence that the Palo Alto gate is leaking more than the Valley Water gates?"

Valley Water's Karl Neuman: "No., it's not leaking. It just isn't working. And we've been working with them. In fact, we've offered to replace it. We haven't been given any direction yet to do that. But my understanding is that they're working to fix it."

Palo Alto Spokesperson: **"So, right now, it is correct the Palo Alto gate, the sluice gate, is not being able to open or close. And so, as a result of that, what we're doing, we're currently going through seeking the permitting to basically have a company go out there and clean all the mussels and debris off of that to start working those gates again."**

Attendee: So, is it closed or open?

Palo Alto Spokesperson: "It's currently closed."

Attendee: "So that's fine. You have seven gates that let water out and one doesn't, so it's no problem."

Palo Alto Official: "No. The purpose of the sluice gate basically is to let salt water in for the marsh area there just to make sure we have higher salt concentrations in there to support the bio-habitat in that area."

It is difficult to identify the Palo Alto official, but it was likely Community Services Director Steve Scalise. Throughout the exchange initiated by Shani Kleinhaus, there were repeated references to seven gates owned by Valley Water and one owned by Palo Alto. The confusion is entirely understandable, and Karl Neuman never stopped to clarify that there are eight box culverts, each of which includes two gates. It is significant to this discussion that the

official from Palo Alto was speaking at an official public forum in the presence of a City Council Member and he confirmed that the sluice gate was immobile in the closed position, going on to state that Palo Alto was in the process of seeking permits to do the repair work. He also provided an accurate, though highly simplified explanation of the sluice gate's environmental prupose. Before the conversation moved on to a new topic, Shani Kleinhaus jumped in to emphasize the historical origins of the sluice gate, accurately explaining that it was an environmental mitigation requirement demanded by the USACE that compensated for Palo Alto's landfill operations in the 1970s, echoing the argument that had already been made by Emily Renzel three times.

The 11/20/24 meeting at the Mitchell Park Community Center was the last opportunity for the public to weigh in on the environmental inadequacy of a Retrofit Project that did not address the inoperable sluice gate, and the valid concerns expressed at the meeting were neutralized by the assurance expressed by the Palo Alto Spokesperson. The Addendum had already been approved by the Valley Water Board, and formal public concerns expressed to the PRC and Valley Water would not deter the Palo Alto City Council from approving the Park Improvement Ordinance on 1/13/25. The procurement of the PIO cleared the way for a new round of permits, with the permitting agencies relying on an Addendum which stated that the sluice gate was regularly inspected and maintained by Palo Alto.

The permitting was completed in time for the Retrofit Project to start on schedule, and a Preconstruction Meeting was held at the Mitchell Park Community Center on 8/21/25 to discuss the purpose of the project and the necessity of the upcoming trail closures. The video recording of that meeting became available on Valley Water's YouTube channel on 8/25/25, but much of the audio is difficult to make out. This meeting was part of my own introduction to the sluice gate issue, which I had just found out about while investigating concerns related to fish passage.

As it turned out, it was my own question about fish passage that provided yet another opportunity for a brief public discussion about the inoperable sluice gate. It was my understanding that the sluice gate provided a better opportunity for fish passage than the flap gates, and I had somehow learned that the sluice gate was not operating properly. The response from Sarah Robustelli was likely the last time that an official spokesperson from Palo Alto stated

publicly that there were efforts underway to initiate the repair. Her statement also included elements of Palo Alto's current argument that the sluice gate might not be necessary, resembling the statement made by Steve Castile on 6/25/24. The exchange also provided one last chance for Valley Water to say that it was their understanding that Palo Alto was looking into the repair. Once again, the assurance is highlighted in bold print.

Doug Peterson: "… I'm just wondering if, whether the sluice gate, getting that thing working again, is part of the project."

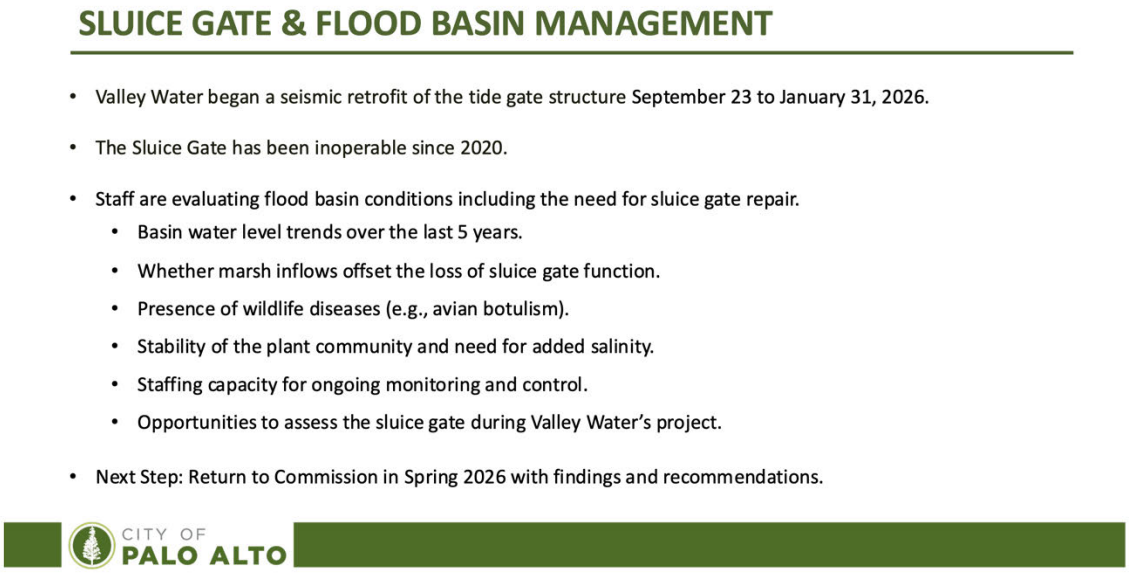
Mike Potter: "That did come up on the tour, and… I will bring this up to Karl."

Karl Neuman: "Yeah, so we have been talking with the City, the Palo Alto staff, about that idea, and it's my understanding that it hasn't been working and I know that they've been looking into it recently, and we've got Sarah from the City over here and maybe she could add more to that, but I know that they are looking at getting it fixed. They operate it. So, Sarah, anything you want to add to that."

Sarah Robustelli: "So, Sarah Robustelli, Division Manager for Open Space, Parks, and Golf. The City is working with our Public Works Department to reevaluate the sluice gate, so we don't have an actual update. **But we're working to get it functional** and we're reevaluating our current requirements, and we're still going through that process, so we'll follow back up with you after this project."

Events that transpired between 4/17/24, when Emily Renzel's first letter was received, and this 11/11/25 Preconstruction Meeting included three public statements that the sluice gate was going to be repaired, but there is little evidence that Palo Alto's Public Works Department ever intended to do so. The begrudging assurances were likely motivated by genuine concerns about public safety and the real possibility that debating the necessity of the sluice gate could delay the implementation of the urgently needed project. Whatever power the CEQA process had to demand appropriate environmental protection for the PAFB's habitat, that power was nullified by employing the uncirculated Addendum for the extensively modified project, limiting the Retrofit Project's exposure to public and regulatory scrutiny. At the time the Addendum was approved by the Valley Water Board and the Park Improvement Ordinance was subsequently approved by the Palo Alto City Council, both government entities knew that the sluice gate had degrade over many years and was now immobile in the closed position, negating its environmental function entirely. The brief passage in the Addendum stating that the sluice gate was "regularly inspected and maintained by the City of Palo Alto" was logically incompatible with the actual condition of the sluice gate and the long history of its deterioration. In context, the misleading passage served to clarify that the lead agency under CEQA, Valley Water, was responsible for the inspection and maintenance of the tide gate structure, and a government entity identified in the Addendum as a responsible agency, the City of Palo Alto, was providing regular inspection and maintenance of the embedded sluice gate feature. Under CEQA, the approval of the Addendum by the Palo Alto City Council indicated that they had reviewed it and understood its characterization of their custodial actions as a responsible agency. Palo Alto did not object to the characterization when they approved the Addendum, and there is now a compelling argument that the passage constitutes a legal obligation to regularly inspect and maintain the sluice gate.

As noted above, Sarah Robustelli's public statement at the 11/11/25 Preconstruction Meeting echoed the statement made by Steve Scalise at the 6/25/24 PRC Meeting, signaling Palo Alto's intention to reevaluate the environmental consequences of the sluice gate's immobility and investigate the current extent of the City's legal obligations. Shortly after the seismic reinforcement work commenced in September of 2025, the PRC received a brief update on the sluice gate. The memo seen below is reproduced from the Commission's 9/23/25 Agenda Packet.



The memo reflects Palo Alto's current position regarding the sluice gate. There is no mention of an investigation into the City's legal obligations being part of the current evaluation, but this is not all that surprising. Back in June of 2024, Steve Scalise had responded to a direct question from Commissioner Greenfield about the mitigation requirements by saying that Palo Alto had thoroughly examined the mitigation agreement with the USACE and determined that they were meeting the requirements. The assurances that came afterword saying Palo Alto intended to repair the sluice gate would not necessarily contradict this statement. The current position of Palo Alto seems rooted in the plausible notion that any decision to repair the gate would essentially be discretionary, and that the Public Works Department retains the right to evaluate the extent of any legitimate environmental concerns and balance the potential benefits to the PAFB habitat with the costs involved.

The prominent, candid admission that the sluice gate has been inoperable since 2020 is perplexing, as "inoperable" would appear to signify being immobile in the closed position. Darren Anderson's memos to the PRC from 6/22/21 and 8/24/21 indicated that it was still possible to operate the sluice gate manually. The dramatic crack associated with the sluice gate becoming "unmanageable" likely appeared after 6/22/21 but before 8/24/21, but this is hard to determine with certainty. The 2020 date seems a bit early, but the discrepancy is not especially significant for this discussion, as the sluice gate was surely immobile when the Retrofit Project was being vetted pursuant to the misleading Addendum.

Let me conclude by emphasizing that it is not my intention to cast any individual or government entity as a villain, or to question anybody's commitment to the environmental values we all share. As a freelance environmental advocate, I believe that the challenging problems we face as we strive to fulfill our moral obligations to innocent wildlife are just that – problems. The rampant demonization of public institutions by many in the environmental community saddens me, as I believe that challenging environmental problems are best solved through pragmatic, constructive dialogue rooted in trust and goodwill. The Retrofit Project has already delivered a priceless environmental benefit to the inhabitants of the PAFB by decreasing the likelihood of catastrophic inundation that would surely occur were the tide gate structure to fail. I applaud this significant benefit, but I feel compelled to advocate for additional environmental protection and will continue to do so until I have exhausted every conceivable remedy. The sluice gate was designed to mitigate multiple harms, providing a limited amount of tidal exchange without compromising the tide gate's critical flood control function or the mosquito abatement effort. Brackish estuaries like the PAFB are dependent on regular, ample inflows of saline water that deliver chemical nutrients, phytoplankton, and zooplankton. Tide gates that isolate inland estuaries from tidal waters are known to restrict this critical nourishment at the base of the food chain, undermining the biological productivity of the entire ecosystem. The additional salinity associated with tidal exchange supports the native salt marsh vegetation nearest the tide gate structure that is known to favor the endangered Ridgway's Rail and Salt Marsh Harvest Mouse. The sluice gate is also a valuable tool for improving circulation within the PAFB in the summer months when inflows from the creeks taper off, combatting unhealthy stagnation, elevated water temperatures, and chronic hypoxia. A tide gate structure that includes 15 flap gates holding Bay water out needs to have a functioning 16th gate capable of letting some Bay water in. The immobile sluice gate deprives the PAFB's wild inhabitants of food, oxygen, and suitable shelter, basic needs that living things depend upon for their prosperity, and the survival of their offspring. Valley Water and the City of Palo Alto should honor their longstanding environmental commitments by working together to ensure its prompt repair.

OUTGOING BOARD CORRESPONDENCE

From: Candice Kwok-Smith on behalf of Board Correspondence
To: Emelia Lamas; Aaron Baker; Kirsten Struve
Cc: Board of Directors
Subject: FW: Inquiry Regarding AB 1572 Compliance, Certification and Local Implementation
Date: Thursday, June 18, 2026 9:18:19 AM
Attachments: image001.png

From: Candice Kwok-Smith **On Behalf Of** Board of Directors
Sent: Thursday, June 18, 2026 9:17 AM
To: 'LChao@cupertino.gov' <LChao@cupertino.gov>
Subject: Re: Inquiry Regarding AB 1572 Compliance, Certification and Local Implementation

Sent on Behalf of Director Hsueh:

Dear Vice Mayor Chao:

Thank you for your inquiry regarding Assembly Bill (AB) 1572 and its implementation within Santa Clara County. We appreciate your interest in helping residents and businesses understand this new statewide water conservation requirement. Valley Water is the wholesaler and groundwater management agency for the county. Valley Water's role under AB 1572 is primarily to support our water retailers, property owners, and landscape managers through education, technical assistance, and water conservation programs. While Valley Water administers Ordinance 23-02, Enforcement Measures for Water Conservation in Santa Clara County, the retailers serving Cupertino are San Jose Water Company and California Water Service. Valley Water is not an enforcement agency under AB 1572 and does not have a direct compliance or enforcement role.

AB 1572 establishes a phased prohibition for use of potable (drinking) water to irrigate non-functional turf, generally defined as ornamental turf that is not regularly used for recreation or community gathering purposes. The compliance deadlines are January 1, 2027, for public properties, January 1, 2028, for commercial, industrial, and institutional properties, and January 1, 2029, for common areas managed by homeowners' associations and similar organizations. It is important to note that the law does not require turf removal by these dates; rather, it requires that potable water irrigation of non-functional turf cease by the applicable compliance deadline.

Regarding your question about certification requirements, based on information published by the State Water Resources Control Board (State Water Board), guidance and implementation materials are expected to be released in July 2026. Decisions regarding certification requirements, compliance procedures, and enforcement of AB 1572 will ultimately be determined through the State Water Board's implementation process and any applicable local requirements.

Valley Water has already taken steps to address non-functional turf irrigation locally through Ordinance 23-02, which was adopted by the Board of Directors in 2023 after extensive collaboration with the water retailers that Valley Water serves. Ordinance 23-02 includes restrictions on the irrigation of non-functional

turf as part of Valley Water's permanent water waste prohibitions. These provisions are similar in intent to AB 1572 and were adopted to increase local awareness of non-functional turf and encourage long-term water-use efficiency ahead of the State's implementation timeline.

To help customers prepare for both existing local requirements and future AB 1572 compliance deadlines, Valley Water is developing educational materials and outreach resources regarding non-functional turf, including information on identifying non-functional turf, protecting trees during landscape transitions, improving irrigation efficiency, and planning water-wise landscapes. Valley Water also offers landscape rebates and other conservation programs that may assist property owners interested in converting turf to more water-efficient landscaping. Additional information about available rebates and water-saving resources can be found at WaterSavings.org.

Thank you again for your interest in this important water conservation measure. As additional guidance becomes available from the State Water Board, Valley Water will continue working with our retail water agencies and customers to provide information and resources that support compliance with the law.

Please do not hesitate to contact Kirsten Struve, Assistant Officer of Water Supply at kstruve@valleywater.org should you have any further questions.

Sincerely,

Nai Hsueh
Director, District 5
BC-26-0048

From: Liang Chao <LChao@cupertino.gov>
Sent: Sunday, June 7, 2026 4:32 PM
To: Board of Directors <board@valleywater.org>
Cc: Clerk of the Board <clerkoftheboard@valleywater.org>
Subject: Inquiry Regarding AB 1572 Compliance, Certification and Local Implementation

Dear Valley Water Board Members,

I am the Vice Mayor of Cupertino, writing in my individual capacity. A few businesses and residents have inquired about the implementation of AB 1572, which would prohibit the use of potable water to irrigate nonfunctional turf. As I understand it, the compliance deadline is January 1, 2027 for local governments, January 1, 2028 for commercial properties, and January 1,

2029 for HOAs.

AB 1572 authorizes “the State Water Resources Control Board to create a form for compliance certification and would require owners of covered properties to certify their compliance, as specified. The bill would authorize a public water system, city, county, or city and county to enforce these provisions, as specified."

Has Valley Water received any guidance from the State Water Resources Control Board regarding the AB 1572 compliance certification form or certification process? I would also appreciate any clarification on Valley Water’s expected role, if any, in local implementation, including adoption of regulations or policies, compliance procedures, or enforcement.

Thank you for your assistance.

Sincerely,

Liang Chao

Liang Chao
Vice Mayor
City Council
LChao@cupertino.gov
408-777-3192