



SANTA CLARA VALLEY WATER DISTRICT

# NON-AGENDA

January 26, 202

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

| Page |  | <u><a href="#">CEO BULLETIN &amp; NEWSLETTERS</a></u>  |
|------|--|--|
|      |  | CEO Bulletin: None.  |
|      |  | <u><a href="#">BOARD MEMBER REQUESTS &amp; INFORMATIONAL ITEMS</a></u>   |
| 3    |  | <b>BMR/IBMR Weekly Reports: 01/26/24</b>   |
| 4    |  | Memo from Luz Penilla, Assistant Officer, to Director Keegan, dated 01/24/24, regarding Projecting Long-Term Maintenance Costs of Future Watershed Assets – BMR-24-0001.   |
|      |  | <u><a href="#">INCOMING BOARD CORRESPONDENCE</a></u>   |
| 21   |  | <b>Board Correspondence Weekly Report: 01/26/24</b>  |
| 26   |  | Email from Dave Madero to Director Santos, dated 01/20/24, regarding unhoused encampment west of McKee VTA stop along Capitol Avenue. C-24-0013  |
| 28   |  | Email from Brigitte Rince to the board, dated 01/23/24, requesting a copy of the flood Zone A and De Rack 12 paperwork and info on raising the levee to migrate the oriented for flooding. C-24-0014                             |
| 30   |  | Letter from Dhruv Khanna, President, Santa Clara County Farm Bureau, to the board dated 01/24/24, regarding agricultural water rates. C-24-0015.   |
|      |  | <u><a href="#">OUTGOING BOARD CORRESPONDENCE</a></u>   |
| 34   |  | Email from Director Beall to Helen Boettner, dated 01/22/24, regarding encampments of unsheltered people located near the Erickson neighborhood.   |
| 36   |  | Email from Director Beall to Mark Bolger, dated 01/23/24, regarding information on Valley Water's planned Emergency Interim Housing site adjacent to the Guadalupe River at Cherry Avenue.                                       |
| 38   |  | Form Letter from Director Beall send to Brigitte Rince regarding efforts to address the encampments of unsheltered people located on Valley Water property along the Guadalupe River between Branham Lane and Blossom Hill Road. |
| 40   |  | Letter from Director Estremera to Ms. McCarthy and Mr. Steuer, dated 01/23/24, regarding leak that resulted in high San Jose Water Company Bill.   |

# **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 |
|-----------|--------------|-----------|-----------|-----------|--|------------------|--------------------------|-------------|
| I-23-0033 | 12/21/23     | Beall     | Yoke      | Mcelroy   | Provide Director Beall with a copy of Valley Water's reasonable accommodation policy.  | 01/10/24         |                          |             |
| R-24-0002 | 01/09/24     | Eisenberg | Callender | Taylor    | Provide breakdown on how water recycling costs are calculated, including comparing with Orange County and Los Angeles.   | 01/30/24         |                          |             |
| R-24-0003 | 01/09/24     | Beall     | Baker     | Gin       | What can Valley Water do about nanoplastics/microplastics in greywater being used in yards and gardens?  | 01/30/24         |                          |             |
| R-24-0004 | 01/09/24     | Keegan    | Hakes     | Bourgeois | Do wild pigs pose any difficulties or challenges to Valley Water watersheds?   | 01/30/24         |                          |             |
| R-24-0005 | 01/23/24     | Beall     | Callender | Taylor    | Director Beall requests that future significant financial board agenda items be published in a manner that allows the board and the public extensive time to review. | 02/14/24         |                          |             |

**TO:** Director Barbara Keegan**FROM:** Luz E. Penilla**SUBJECT:** Projecting Long-Term Maintenance Costs of  
Future Watershed Assets – Responding to  
BMR No. R-24-001**DATE:** 1/24/2024

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Through BMR R-24-001, Director Keegan requested staff to provide information on the plan for projecting long-term maintenance costs of future watershed assets.

**Staff Response**

Valley Water employs an Asset Management Planning Tool (AMPT), financial modeling, and Capital Improvement Program processes to estimate the long-term maintenance costs of both current and future watershed assets. This requires close collaboration among the Asset Management, Financial Planning, Capital, and Watersheds Operations and Maintenance teams.

Long-Term Maintenance Costs of Existing Assets

For existing assets, Asset Management staff models long-term costs for the inspection, maintenance, rehabilitation, and replacement of existing assets in AMPT for 100 years. This tool uses information from asset management plans that define the strategies needed to minimize the total cost of owning the assets while operating at an acceptable level of risk. The 100-year long-term forecast analysis is published in the Asset Management Plan. A portion of this information is shared with Valley Water's Finance Team annually to help develop the 5-, 10-, 15-, and 30-year models presented to the Board through Asset Management, Finance, and Capital Improvement Program presentations throughout the year. In addition, Watersheds Operations and Maintenance costs for existing assets are included in Valley Water's annual operating budget forecast.

Long-Term Maintenance Costs of Proposed Projects

Valley Water evaluates and determines the future needs of watershed assets through master planning projects such as the F8: Sustainable Creek Infrastructure for Continued Public Safety project. This supports Valley Water's long-term efforts to ensure that existing flood protection infrastructure continues to function sustainably and provide the level of service originally intended. Inspection data and asset risk scores are analyzed annually (including for storm events and public requests) to update and identify future needs.

In addition, Valley Water determines future improved needs for watersheds through the One Water Plan, which further integrates Valley Water's water supply, flood protection, and stream stewardship missions at the watershed scale. Costs of projects recommended through master planning efforts are provided to the Financial Planning Team to include as placeholder costs in financial models. These costs are analyzed annually as needs are further identified through the master plans.

As needs from those plans become further refined into implementable project recommendations, staff bring forth the proposed projects through our Capital Project Validation Process. This process involves using life-cycle cost analysis to build a business case that compares solutions to a given problem or failure. The goal is to validate capital project ideas before inclusion into the Capital Improvement Program (CIP). Project validation ensures that Valley Water invests in the right solutions or projects at the right time, whether now or in the future. To validate projects, life-cycle cost analysis is used to identify and document all the benefits and costs over the life of an alternative solution. This includes up-front capital costs, annual lifetime operations, maintenance and renewal costs, renewal savings, and

other monetized benefits. Attachment 1 consists of a Project Business Case Development Tool Kit User Guide for staff to use when submitting a project proposal.

The projected costs of approved, validated projects are provided to the Financial Planning Team for assistance in developing financial models to help the CIP Evaluation Team understand the impact on funds and potential changes to water rates if the projects are recommended to the Board for inclusion into the CIP. The CIP Evaluation Team consists of Deputies (of the divisions initiating, delivering, implementing, and operating capital projects), Chiefs, ACEO, and the CEO. They meet each November to review the financial models and determine which unfunded projects, if any, should be recommended for inclusion in the CIP. The CIP Evaluation Team reviews the projects based upon:

- Board Priorities
- Asset's remaining lifespan
- Available funding and staff resources
- Urgency of investment

Based upon the outcome of its review, the CIP Evaluation Team recommends to the Capital Improvement Program Committee whether the new proposed capital projects should be included in the upcoming Preliminary Five-Year CIP or remain on the unfunded list. These funding scenarios are presented to the CIP Committee for review and feedback in December and to the Board of Directors, along with any CIP Committee recommendations, in January.

#### Long-Term Maintenance Costs of Capital Projects (Watersheds)


Following Board approval of capital flood protection projects' inclusion in the CIP, Watersheds Operations & Maintenance (O&M) Engineering Support staff work with capital project managers to further estimate the operating cost impacts of capital flood protection projects before they are turned over to Watersheds O&M. Cost estimates are obtained for vegetation management, sediment removal, bank protection, levee maintenance, debris removal, good neighbor maintenance, encampment cleanup, creek inspection, and other related maintenance activities. Estimated costs for said maintenance activities are reviewed and updated annually by capital and watershed staff and included in our operating budget forecast and long-term operations cost forecast.

The Capital Project Delivery process requires a more refined life-cycle cost analysis during the project planning phase to help select the Recommended Alternative that feeds into the Planning Study Report. After completing these deliverables, staff must present the overall costs and analysis to the Board for feedback. Attachment 2 provides the CIP Processes Overview, highlighting those critical points for Board engagement.

Overall, the Financial Planning staff uses operating budget maintenance and AMPT asset renewal costs to model long-term costs for maintenance and operations of existing assets. They use life-cycle costs developed from business case reports of proposed validated projects and Capital Project Delivery alternative analysis to develop long-term fund projections of maintaining and operating future assets, keeping the budget, CIP, and rate-setting process in sync yearly.

Additionally, staff are currently developing and testing supplementary tools for use in the evaluation of new project requests. These tools will further aid in determining whether existing watersheds and water utility O&M teams can handle the long-term maintenance work and costs for proposed projects or if new resources would be necessary.

If you have additional questions, please contact me at (408) 630-2228 or [lpinilla@valleywater.org](mailto:lpinilla@valleywater.org).

  
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Assistant Officer  
Office of Integrated Water Management

Attachments: (1) Project Business Case Development Toolkit User Guide; (2) Capital Delivery Process

# **BOARD MEMBER REQUEST**

**R-24-0001**

## **ATTACHMENT 1:**

**PROJECT BUSINESS CASE DEVELOPMENT TOOLKIT USER GUIDE**

**PROJECT BUSINESS CASE DEVELOPMENT TOOLKIT USER GUIDE**  
**ATTACHMENT 2 TO BUSINESS CASE REPORT TEMPLATE (F-710-161)**

**January 2024**

**Santa Clara Valley Water District**

Project Validation Process ([Q-710-034](#))

## 1. Background

The purpose of this user guide is to provide assistance in using the validation toolkit as part of preparing a project Business Case Report ([F-710-161](#)) as part of Valley Water's Capital Project Validation Process ([Q-710-034](#)).

The validation toolkit provides excel worksheets for conducting a life-cycle cost (LCC) analysis and a business risk exposure reduction (BRER) analysis. The LCC analysis compares life cycle costs of various project options. The BRER analysis measures the reduction in business risk for various project options and allows Valley Water to identify the project option that offers the greatest risk reduction.

### 1.1 Validation

65% to 85% of project lifecycle costs are locked in at the project identification stage. As such, it is vital for Valley Water to validate its investments before adding them to the capital budget. Validation will help Valley Water make informed decisions and allow better reporting to stakeholders and the Board.

Project validation is an important component of asset management. Validation ensures that Valley Water invests in the right solutions or projects at the right time (i.e., now vs. future) for the right costs and for the right reasons. The right reason means that the project addresses the appropriate failure mode. There are four typical 'failure modes' that result in the inability of an asset to deliver a service.

1. **Capacity Failure:** An asset is considered to have reached the end of its effective life (i.e., failed) if its designed capacity does not meet the demands at a specified level-of-service, irrespective of its condition.
2. **Level-of-Service Failure:** An asset is considered to have failed if its performance or output cannot meet quality requirements, irrespective of its condition. Quality requirements include design and/or applicable laws, regulations, contractual obligations, Board Policies and actions, and customer expectations. This may overlap with a Capacity failure if the asset cannot meet a design or Board approved capacity.
3. **Mortality Failure:** An asset is considered to have failed if it cannot do what is required due to its condition.
4. **Economic Efficiency Failure:** An asset is considered to have failed if there is a more economical alternative management strategy for delivering required capacity and level-of-service, irrespective of the condition of the asset.

The project validation process compares the business case of capital to non-capital solutions for a given problem or failure. A capital investment is only one of several solutions that may be feasible for addressing failure. Other possible solutions include allowing failure to take place, changing the asset's maintenance program, changing operations, or implementing non-asset solutions (demand management, partnerships, ordinances, outreach, renegotiating permits,



etc.). In contrast, the planning phase of a capital project compares one capital solution to other capital solutions, and to the 'no project' alternative.

Since the business case for a capital solution can improve or worsen as we learn more about a project, the business case is reviewed and revised periodically throughout planning and design. This helps Valley Water keep track of how a business case is changing from the time a project is conceived and added to the CIP until the project is constructed. Valley Water may choose to stop or 'shelve' a project after the planning or design phases due to a worsening business case. This not only saves the large sum of money that is typically spent in construction, but also saves the lifecycle costs associated with operating and maintaining a new project.

## 1.2 Life-Cycle Cost (LCC)

Life-cycle cost analysis is the process of identifying and documenting all the benefits and costs over the life of an alternative solution, including up-front capital costs; annual lifetime operations, maintenance, and renewal costs; annual lifetime operations, maintenance, and renewal savings; and other monetized benefits. Life-cycle cost analysis compares the total costs of alternative options that have different capital values and lifecycles (time).

The initial capital cost has typically been the key factor influencing the choice between project alternatives. **The initial capital cost, however, is only a portion of the cost incurred over an asset's or project's life. The total cost of ownership of an asset is often far greater than the initial capital cost and can vary significantly between different alternative solutions to a given problem or need.** Consideration of all costs and benefits over the life of an asset provides a sound basis for decision-making.

The objective of life-cycle cost analysis as part of the capital project validation process is to compare the life-cycle costs of different project options. Life-cycle cost analysis will enable management to make investment decisions based on the total cost of ownership rather than the initial capital cost.

### A. Project Options:

Each project should consider the project options described below.

1. **Status Quo:** Continuing the current operations and planned maintenance strategies. It is the base case against which other alternatives are compared.
2. **Do-nothing:** Running an asset or system to failure. It involves not spending any money on planned maintenance or refurbishments. It has the benefits of no planned maintenance cost but at the expense of increased risk exposure, increased repairs (unplanned maintenance) and premature replacement of the asset (reduced effective life).
3. **Operate Differently:** Changing asset or system operations to meet the project objective. Examples include running a pump at lower speeds or releasing lower flows into a channel.

4. **Maintain Differently:** Changing the maintenance program of an asset or system to meet the project objective. Examples include increasing the frequency of planned maintenance.
5. **Refurbish/Rehabilitation:** Transforming the asset to "as new" condition. It includes replacement of a component part or parts of an asset or multiple assets, or equivalent intervention sufficient to return the asset to a level of performance that meets the project objective.
6. **Replace:** Substitution of an entire asset with a new or equivalent asset. For example, when an asset reaches the end of its life cycle it is removed and replaced by an identical asset in new condition. The original level of service is now provided by the new asset for the duration of its life cycle.
7. **New Asset or Augmentation:** Augmenting or adding a new asset, typically to meet new level of service or capacity requirements.
8. **Decommission:** Retiring an asset at the end of its useful life. This option may apply if the level of service originally desired from the asset is no longer necessary.
9. **Non-Asset Solutions:** A solution that meets the project objective without changing the asset or its operations and maintenance plans. Examples include changing policies, contracts, or regulations to decrease demand on the asset, such as conservation.

## B. Life-Cycle Cost Calculation

Among many metrics used to select the most economical alternative using Life Cycle Costing, **Net Present Value** and **Equivalent Uniform Annualized Series** are the most widely used methods.

1. **Net Present Value (NPV)** is defined as the sum of the present values (PVs) of the individual cash flows (both incoming and outgoing) of an asset. This metric can only be used when all alternatives have equal planning horizons.

$$NPV = \sum_{t=1}^N \frac{X_t}{(1+i)^t}$$

where:  $X_t$  is cash flow amount at year  $t$ ,  $i$  is discount rate,  $N$  is the planning horizon.

2. **Equivalent Uniform Annualized Series (EUAS)** is defined as the annual cost of owning an asset over its entire life. It is also known as Annualized NPV or EUAC (Equivalent Uniform Annualized Cost). This metric can be used for any alternative selection, equal or unequal planning horizon.

$$EUAS = \frac{NPV * i}{1 - (1+i)^{-N}}$$

where:  $NPV$  is the total net present value,  $i$  is discount rate,  $N$  is the planning horizon.

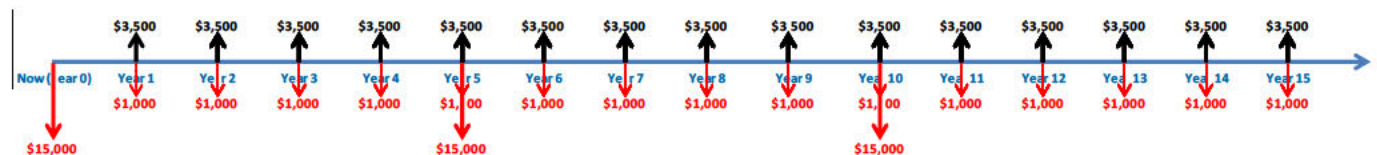
The characteristics of the two calculation techniques are explained using the example of selecting the most economical option given two alternatives (i.e., Machine A or Machine B) below.

|                | Machine A | Machine B |
|----------------|-----------|-----------|
| Capital:       | -\$15,000 | -\$11,500 |
| Annual O&M:    | -\$1,000  | -\$800    |
| Annual saving: | \$3,500   | \$3,500   |
| Useful life:   | 5 years   | 3 years   |
| Discount rate: | 5%        | 5%        |

### Equal Planning Horizon

In order to create an equal planning horizon without having to calculate (or assume) the salvage value (for options with different useful life), it is a common practice to choose a longer planning horizon than needed. In this case, a 15-year planning horizon is used to model the complete life cycle of both alternatives (i.e., 3 complete life cycles for Machine A and 5 complete life cycles for Machine B). The cash flow diagrams are shown below.

Machine A:



Machine B:



The summary of life cycle cost analysis results are as follow.

| Alternatives | NPV       | EUAS     |
|--------------|-----------|----------|
| Machine A    | -\$10,012 | -\$965   |
| Machine B    | -\$15,807 | -\$1,523 |

Using equal planning horizon approach, the NPV and EUAS techniques provide a consistent recommendation. Machine A should be selected because it has the lowest NPV (-\$10,012) and EUAS (-\$965).

### Unequal Planning Horizon

Using this approach, only one complete life cycle is needed. Therefore, the cash flow models are simpler. The cash flow diagrams are shown below.

Machine A:



Machine B:



The summary of life cycle cost analysis results are as follow.

| Alternatives | NPV      | EUAS     |
|--------------|----------|----------|
| Machine A    | -\$4,176 | -\$965   |
| Machine B    | -\$4,147 | -\$1,523 |

With unequal planning horizons, the two techniques generate contrasting conclusions. The NPV analysis recommends Machine B while the EUAS analysis recommends Machine A. In this case, making a decision based on the NPV results is misleading because the calculation has violated the basic assumption of equal planning horizon for NPV analysis. Therefore, the EUAS recommendation to select Machine A should be used.

As shown in the following table, the EUAS analysis is proven to generate a consistent result for both equal and unequal planning horizons.

| Alternatives | NPV                    |                          | EUAS                   |                          |
|--------------|------------------------|--------------------------|------------------------|--------------------------|
|              | Equal planning horizon | Unequal planning horizon | Equal planning horizon | Unequal planning horizon |
| Machine A    | -\$10,012              | -\$4,176                 | -\$965                 | -\$965                   |
| Machine B    | -\$15,807              | -\$4,147                 | -\$1,523               | -\$1,523                 |

### Validation Toolkit Method

The Validation toolkit calculates both NPV and EUAS. It is recommended that the EUAS number be used for comparing project options because it will generate a consistent result, no matter what planning horizon is used.

It is important to remember that the annual present value calculation is a **comparative value**. Its purpose is to compare alternatives with different investment lengths. It does not indicate the absolute cost. Hence, the use of these calculations for any other purpose than comparing alternatives needs to be logically reasoned and justified.

### 1.3 Business Risk Exposure Reduction (BRER)

Business risk exposure estimates the risk of an asset failure and the reduction in risk achieved by a project option. Business risk exposure is a function of the probability of failure (PoF) and consequence of failure (CoF).

The probability of failure is calculated based on the time to failure and system redundancy. The time to failure is an estimate of the number of years until the predicted asset or service failure will occur. Although the asset could fail tomorrow, the time to failure represents the point in time of a 100% likelihood that the asset will fail.

In many cases, there is redundancy built into a system of assets. If an asset fails, a spare asset can continue to deliver the required level of service. The level of redundancy can lower the probability of failure for the asset. The equation used to calculate the probability of failure is provided below.

$$\text{PoF} = \text{Time to Failure (in years)} * \text{Redundancy (in \% backup)}$$

The consequence of failure estimates the impact resulting from an asset failure, considering the economic, social, and environmental costs (Triple Bottom Line). For every potential asset failure there can be direct and indirect consequences to Valley Water. Direct consequences may include asset repairs, legal fees, and fines. Indirect consequences may include environmental cleanup and loss of business revenue to the community.

A project alternative, capital or not, can reduce the risk of failure by:

- Reducing the probability of a failure by renewing assets
- Changing (increasing) the redundancy of the assets
- Reducing the consequence of failure through emergency response planning

## 2. Validation Toolkit

The following is a list of steps to be taken when entering data into the toolkit. Section 2.1 offers hints to assist in data entry.

1. **Upon opening the toolkit, make sure to enable macros.** Click OK. Clear any runtime errors if they arise.
2. Go to Toolkit tab (if not already there). Complete the “Project Information” highlighted in yellow.
3. Go to the “Help-LCC” tab and select “LCC/BRE” (blue button). You have the option of clearing the contents at this point. Select “Yes” to clear contents and start a new validation or select “No” to keep the contents of existing validation. Toolkit automatically takes you to next tab, LCC (Life-Cycle Cost).
4. Enter “First Year of Analysis” in yellow box
5. Under ‘Option’, click yellow box for drop down menu of project options. Select all options you want to analyze.

6. Click “Analyze Option?” drop down menu and chose “analyze”. You must do this for each option you want analyzed.
7. Enter “Project Design Life” for all options.
8. Hit “enter”, then click on green “Prepare Sheets” button (or “Reset” button to reset project options). Toolkit automatically takes you to the next tab, COF.
9. Complete COF matrix. Click green “COF Complete” button on top of page. The toolkit will then take you to the POF tab. This sheet shows you the BRER information for all options to help select the best project option.
10. Click on each “Option” tab and complete the cost information. For maintenance projects, complete as much information as you have, or you can enter a lump sum maintenance cost. For Capital project options, enter as much cost information as you have, or enter a lump sum project cost.
11. Click “Summary Analysis” for LCC comparison sheet.

## 2.1 LCC Analysis (Includes BRER)

This section includes some helpful hints for each workbook tab used in the LCC and BRER analyses.

### LCC

- Always analyze the “Status Quo” option – it is the baseline against which we compare all the other options.
- First Year of Analysis = Starting year of the project. This is the present year or the first year of money spent. For a capital project this is typically the year that the project will start the planning phase.
- “Project Design Life” should be estimated based on data available at the time. It is the same as the years to expected failure. The design life that you enter here is carried over to the PoF page for BRER analysis.
- A lower LCC is better, even if negative value. (i.e., -\$5.00 is better than -\$1.00; -\$1.00 is better than +\$1.00; +\$1.00 is better than +\$5.00).

### CoF

- For each subcomponent (financial impact, impact to reputation, service delivery, workplace and public safety, disruption to the community, duration of damage), evaluate the choices along the subcomponent’s row and select the most appropriate score from the impact scale at the top of the matrix. The CoF should be estimated based on the knowledge available at the time.

### PoF

- The probability of failure before the project is calculated using the “Status Quo” option.



- The years to failure carry over from the LCC sheet, from the “Project Design Life” column.
- Redundancy is optional. If used, provide an explanation.

## Options

- ***The costs should be developed based on the information available at the time. The benefits calculations are not required until the end of the planning phase.*** The goal is to have some basis for the benefits calculations, so they are meaningful.
- The benefit of O&M cost savings will be captured in the O&M Costs section through a comparison of project options. For example, if the “Status Quo” project costs \$5 per year in O&M and the “Operate Differently” project costs \$1, the \$4 cost savings will show up in the difference in these two projects’ costs. In other words, the O&M efficiencies “benefits” are captured in the differences in project option costs. Therefore, the user does not need to enter a benefit value for O&M savings if captured this way.
- **The “Status Quo” option will only have O&M costs, no Capital costs.**
- **Can have several “Replace” options. The Toolkit will choose the lowest cost.**
- Enter all Costs anticipated for each year in the yearly calendar area on the right of the spreadsheet. For example, the costs in year 1 may include planning and design, and the costs in year 2 may include design and construction.
- Enter dollars in current year dollars (no inflation). The discount rate used in the calculations accounts for inflation.
- The Cost section is divided into Capital Costs and O&M Costs
  - Capital Costs are divided into headings corresponding to the breakdown of tasks in Capital project proposals, plans and work plans. The cost estimate prepared here may help in developing the project proposal. If the project is in the planning or design phase a more detailed cost estimate may be available but is not required if sufficient information to develop one is not available.
  - O&M Costs are divided into headings corresponding to the breakdown of costs in Valley Water’s operations and operating project plans. The headings include regular, overtime and standby labor, and services and supplies. Services and supplies costs should include items such as chemical costs, power, replacement parts, etc.

- The Benefits section is divided into the sections described below. ***The Benefits section is intended to capture community/other benefits that extend beyond the asset itself.*** All sections will not apply to every project and not all benefits will be quantifiable. Only complete sections that apply and for which benefits can be quantified. Benefits that cannot be quantified may be mentioned in the project business case. The purpose of the benefit calculations here is to compare project options.
  - Reliability/Redundancy: Benefits associated with increased system reliability, for example, the avoided cost of a water system outage on the GRP of Santa Clara county
  - Added Capacity: Benefits associated with increased system capacity, for example, the avoided cost of water shortages in the future (Water Master Plan or Water Resources Planning Unit Staff may be able to provide guidance)
  - Flood Protection: Benefits associated with increasing flood protection, for example, the avoided flood damages including structure replacement and business losses (Hazus model may be a source of this information)
  - Regulatory: Benefits associated with meeting regulatory requirements, for example, avoided fines or fees
  - Safety: Benefits associated with increasing safety, for example, avoided loss of staff time due to injury
  - Environmental: Benefits associated with improving the environment, for example, improved fish habitat or avoided fines
  - Social: Benefits to society, for example, increased business in an economically disadvantaged area of the county due to reduced potential of flooding
  - Efficiencies: Efficiencies beyond the asset itself (not O&M based)
- If preferred, the costs and benefits can be entered as lump sums. Please reference attachments or reports if this method is used.

### Summary Analysis

- The values for each option are summarized in a table. ***No one value will identify which option is the most ideal.*** The user must take all the values into account with other project information to identify the most desirable project option in the Business Case.

### Sensitivity Analysis

- The user can run a sensitivity analysis to explore the relative effects of changing individual components of the cost estimate. A sensitivity analysis indicates where confidence in estimates is most vital. The idea behind sensitivity tests is to determine if any change has a major impact on the project life-cycle cost analysis. The project sensitivity analysis is not 'built-in' to the workbook tool, but is a good final step for the life-cycle cost analysis. To do this, the user would create additional versions of the file in which he/she could change numbers to see the overall impact.
- Typical sensitivity tests that could be applied are:
  - Minor changes to cost estimates



- Changes to labor costs
- Changes to benefit estimates
- Changes in the timing of implementation

### 3. FAQs

This section presents recommendations and suggestions based on issues and questions that have come up as staff has worked through the validation of actual projects.

**Question: Should benefits and costs be limited to those directly related to and affecting Valley Water or should the analysis also include the costs and benefits to the community and the world at large?**

As described above in Section 2, the intended method is as follows:

- Include costs directly related to the asset in the costs calculation. Costs include capital costs and operations and maintenance costs. Operating and maintenance efficiencies (or benefits) provided by an option will be evident in the difference in costs between options. (One option costs \$5/year, the other only \$1/year.)
- Include other costs (negative benefit) and benefits to Valley Water, the community, and world at large in the benefits calculation. This may include avoided costs of flood damage, fines, lost revenue, water shortages, etc.

Although the above method is suggested, any method is acceptable provided the same method is applied to all the options being examined. As long as we apply the same approach to all alternatives, it should not matter whether we include global costs and global benefits, District costs and global benefits, or Valley Water costs and Valley Water benefits because we are comparing the ratio of benefits to costs and the NPV between the alternatives.

Regardless of which approach is chosen, we must always be very careful not to allow preconceptions and biases towards certain alternatives to influence the level of creativity and due diligence we exercise when identifying those costs and benefits.

**Question: My project has multiple failure modes. Should I analyze the project for all failure modes, or just one?**

We should always analyze a project based on the most imminent failure mode. This is typically the reason a project has been suggested.

For projects with multiple components that have different failure modes, the best approach is to analyze each component separately. For example, a project at a water treatment plant may include clarifier upgrades and filter basin capacity increases. The clarifiers are failing in mortality (they are in very poor condition). The filters are failing in capacity (they are a bottle-neck in the plant). The projects were combined because it ‘makes sense’ to do all the work on the facility at the same time.

Although it seems to make sense to combine projects, it may not always be the best choice. In the above example, maybe the clarifiers have already failed multiple times, but the filters only

become a problem a couple of days out of the year when the plant is running at full capacity. Each of these failures should be analyzed separately to determine if each can stand on its own merit. If each component is valid, the projects should be combined. If not, it may make better business sense to wait on one component until it has a better business case.

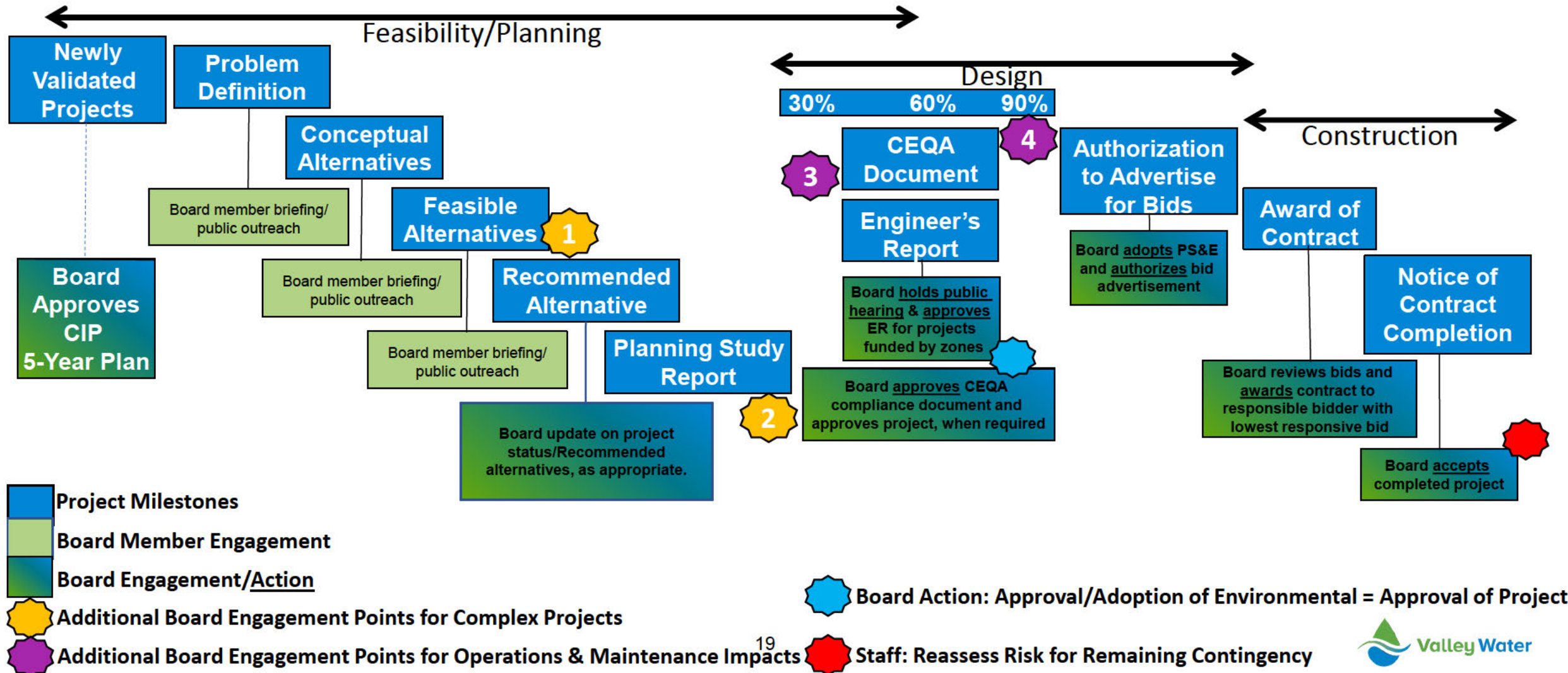
**Question: Not doing the project is really not an option in this case. (For example, a dam seismic retrofit is required by DSOD). It doesn't seem like it should have to be validated. How should I proceed?**

The business case should lay out the argument for why not doing the project is not an option (i.e., why there is no feasible non-capital solution), and then proceed directly to the recommendation without doing the LCC analysis. Note that BRE Reduction analysis (nature, consequence, and probability of the failure with and without the project) should make up at least parts of the argument for why not doing anything is not an option.

# CIP Processes Overview

## BOARD ACTION & ENGAGEMENT: CAPITAL PROJECT DELIVERY PROCESS\*

\* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.



# **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 |
|---------------|-------------------|--------------|-----------|----------------|---|----------------|------------|-----------|-------------------------|--------------------------|------------------|-------------------------|
| C-24-0016     | 01/24/24          | 01/25/24     | All       | ALBERT PRUNERA | Email from Albert Prunera to the board, dated 01/24/24 expressing concerns about ongoing safety crisis at the unhoused encampment on Willow St and Lelong St. | Refer to Staff | Hakes      | Codianne  | 02/02/24                | -                        | n/a              | 02/08/24                |
| C-24-0014     | 01/23/24          | 01/23/24     | All       | BRIGITTE RINCE | Email from Brigitte Rince to Board on NHD Report  | Refer to Staff | Hakes      | Yerrapotu | 01/31/24                | -                        | n/a              | 02/06/24                |
| C-24-0013     | 01/21/24          | 01/22/24     | Santos    | DAVE MADERO    | Email from Dave Madero to Director Santos, dated 01/21/24, regarding concern about the unhoused encampment on Capitol Expressway across from Targt.           | Refer to Staff | Hakes      | Codianne  | 01/30/24                | -                        | n/a              | 02/05/24                |
| C-24-0011     | 01/13/24          | 01/16/24     | All       | TIFFANY HOWARD | Email from Tiffany Howard to the board, dated   | Refer to Staff | Hakes      | Codianne  | 01/24/24                | 01/22/24                 | n/a              | 01/30/24                |

| 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 |
|---------------|-------------------|--------------|-----------|------------------|--|----------------|------------|----------|-------------------------|--------------------------|------------------|-------------------------|
|               |                   |              |           |                  | 01/13/04, regarding the unhouse in the creek behind her home.  |                |            |          |                         |                          |                  |                         |
| C-24-0007     | 01/11/24          | 01/11/24     | Beall     | ROGER CASTILLO   | Email from Roger Castillo to Director Beall, dated 1/12/23, conveying a copy of the "12-29-23 101 Bayshore Chinook killed" document. | Refer to Staff | Hakes      | Codianne | 01/19/24                | 01/16/24                 | n/a              | 01/25/24                |
| C-23-0293     | 12/04/23          | 12/07/23     | Beall     | AFSHIN ROUHANI   | Email from Afshin Rouhani to Director Beall, dated 12/04/23, regarding Anderson Dam options.   | Refer to Staff | Richardson | Mccarter | 12/15/23                | 12/18/23                 | n/a              | 12/21/23                |
| C-23-0287     | 11/29/23          | 11/29/23     | Hsueh     | DWIGHT NICKERSON | Email from Dwight Nickerson to Director Hsueh, dated 11/29/23, regarding damaged retaining wall on Saratoga Creek.                   | Refer to Staff | Hakes      | Codianne | 12/07/23                | 12/05/23                 | n/a              | 12/13/23                |
| C-23-0267     | 11/03/23          | 11/03/23     | Varela    | ROCHELLE BEERLI  | Email from Rochelle Beerli to  | Refer to Staff | Richardson | Mccarter | 11/11/23                | 11/16/23                 | n/a              | 11/17/23                |



| 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 |
|---------------|-------------------|--------------|-----------|--------------------|--|----------------|------------|-----------|-------------------------|--------------------------|------------------|-------------------------|
|               |                   |              |           |                    | Chair Varela, dated 11/03/23, conveying questions about Pacheco Dam.   |                |            |           |                         |                          |                  |                         |
| C-23-0266     | 10/31/23          | 10/31/23     | All       | JOHN GUISLIN       | Email from John Guislin to the board, dated 10/31/23, expressing concern for Creek Flooding mitigation along San Francisquito Creek.                   | Refer to Staff | Hakes      | Yerrapotu | 11/08/23                | 11/06/23                 | n/a              | 11/14/23                |
| C-23-0239     | 09/24/23          | 09/25/23     | Beall     | KATHLEEN O'CONNELL | Emal from Kathleen O'Connell to the Director Beall, dated 9/24/23, regarding Water Resource Protection Zone at the upcoming Cherry Avenue EIH project. | Refer to Staff | Hakes      | Codianne  | 10/03/23                | 09/27/23                 | n/a              | 10/09/23                |
| C-23-0235     | 09/21/23          | 09/22/23     | All       | JESSICA CALDERON   | Email from Jessica Calderon to the Board, dated 9/21/22 regarding the unhoued at   | Refer to Staff | Hakes      | Codianne  | 09/30/23                | 09/25/23                 | n/a              | 10/06/23                |

| 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 |
|---------------|-------------------|--------------|-----------|--------------|--|----------------|-----------------|----------|-------------------------|--------------------------|------------------|-------------------------|
|               |                   |              |           |              | Church st./Howson Creek Monterey Road/Howson Creek, Gilroy.  |                |                 |          |                         |                          |                  |                         |
| C-23-0212     | 08/24/23          | 08/24/23     | Santos    | ERIC HA      | Email from Eric Ha to Director Santos, dated 8/24/23, regarding unhoused individual setting fire behind property.  | Refer to Staff | Hakes           | Codianne | 09/01/23                | 08/30/23                 | n/a              | 09/07/23                |
| C-23-0211     | 08/24/23          | 08/24/23     | Varela    | LUIS RAMIREZ | Email from Luis Ramirez to Chair Varela, dated 8/24/23, regarding homeless in Gilroy on Valley Water property.   | Refer to Staff | Hakes           | Codianne | 09/01/23                | 08/30/23                 | n/a              | 09/07/23                |
| C-23-0101     | 05/12/23          | 05/12/23     | All       | STEVE KELLY  | Email from Steve Kelly, to the Board, dated 5/12/23, regarding concern for unhoused that may cause threats to residents living near the creeks in Santa Clara. | Refer to Staff | Blank Yerrapotu | Codianne | 05/20/23                | 05/22/23                 | n/a              | 05/26/23                |



| 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 |
|---------------|-------------------|--------------|-----------|-----------------|--|----------------|------------|--------------------|-------------------------|--------------------------|------------------|-------------------------|
| C-23-0076     | 03/31/23          | 04/03/23     | All       | H.K. WILLARD    | Email from H.K. Willard to the Board dated 3/31/23 regarding misleading information in March Water News. | Refer to Staff | Gibson     | Rocha              | 04/11/23                | 04/07/23                 | n/a              | 04/17/23                |
| C-23-0045     | 02/23/23          | 02/24/23     | All       | MELISSA MALLORY | EMail from Melissa Mallory regarding unhouse along Los Gatos Creek Trail.                                | Refer to Staff | Blank      | Codianne Yerrapotu | 03/04/23                | 03/03/23                 | n/a              | 03/10/23                |

## Michele King

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**Subject:** FW: [Penitencia-Association] Re: Homeless encampment west of McKee VTA stop along Capitol Ave

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**From:** Richard Santos <[rsantos@valleywater.org](mailto:rsantos@valleywater.org)>

**Sent:** Sunday, January 21, 2024 7:01 AM

**To:** Dave M [REDACTED]

**Cc:** Candice Kwok-Smith <[ckwok-smith@valleywater.org](mailto:ckwok-smith@valleywater.org)>

**Subject:** RE: [Penitencia-Association] Re: Homeless encampment west of McKee VTA stop along Capitol Ave

Thank you for the concern, I will also have Valley Water staff look into this, and provide some type of action, Richard Santos

---

**From:** Dave M [REDACTED]

**Sent:** Saturday, January 20, 2024 9:13 PM

**To:** [Penitencia@googlegroups.com](mailto:Penitencia@googlegroups.com)

**Cc:** Anurag Pal <[anurag.pal@asm.ca.gov](mailto:anurag.pal@asm.ca.gov)>; [District4@sanjoseca.gov](mailto:District4@sanjoseca.gov); Eric Stroker <[eric.stroker@bos.sccgov.org](mailto:eric.stroker@bos.sccgov.org)>; Madero, Angel <[Angel.Madero@sanjoseca.gov](mailto:Angel.Madero@sanjoseca.gov)>; Rheya Pawar <[Rheya.Pawar@sanjoseca.gov](mailto:Rheya.Pawar@sanjoseca.gov)>; Richard Santos <[rsantos@valleywater.org](mailto:rsantos@valleywater.org)>; Stephen Ngo <[stephen.ngo@sanjoseca.gov](mailto:stephen.ngo@sanjoseca.gov)>

**Subject:** Re: [Penitencia-Association] Re: Homeless encampment west of McKee VTA stop along Capitol Ave

\*\*\* This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. \*\*\*

The encampment on Capitol across from the Target has only gotten worse. A new sprouts is planning to open this year right next door and I doubt it will be successful with these vagrants living in the adjacent area. I dont intend to shop in that plaza until these encampments are removed.

What is CM ortiz cohen doing about this???

On Wed, Jan 17, 2024 at 4:41 PM Mike Kraus [REDACTED] wrote:

Dear Mr. Madero,

Thank you for your feedback on the above subject homeless encampment issue.

In light of this property being private property, can you please provide the following information so we can reach out to the owner to address the issue.

- Name
- Mailing Address
- City, state and zip code.

Thank you in advance

Mike Kraus

President-Penitencia Neighborhood Association  
Cell: [REDACTED]  
Web Page: [www.Penitenciaassociation.com](http://www.Penitenciaassociation.com)

--

You received this message because you are subscribed to the Google Groups "Penitencia Neighborhood Association" group.

To unsubscribe from this group and stop receiving emails from it, send an email to [Penitencia+unsubscribe@googlegroups.com](mailto:Penitencia+unsubscribe@googlegroups.com).

On Jan 17, 2024, at 2:38 PM, Madero, Angel <[Angel.Madero@sanjoseca.gov](mailto:Angel.Madero@sanjoseca.gov)> wrote:

Hello, Mr. Kraus. Thank you for taking the time to share this very serious concern with our office.

As an update, the lands where these individuals have decided to encamp on are private property, therefore we are forced to follow private property laws to ensure that the City is within its rights of enforcement. Our Code Enforcement department has been working to develop what is called an Appeals Packet, which will provide our City Staff the ability to enter the property and address the concerns.

This is neither an ideal or a timely process, and CM Ortiz is working diligently to expedite the process and ensure a timely solution to this. Thank you again for reaching out, and I hope to get back to you soon with a more positive update.

Kindly,

**Ángel Madero - Chief of Staff**

**Office of Councilmember Peter Ortiz | East San José, District 5**

**(408) 535-4944 | [angel.madero@sanjoseca.gov](mailto:angel.madero@sanjoseca.gov)**

**200 E. Santa Clara St. - 18th Floor**

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You received this message because you are subscribed to the Google Groups "Penitencia Neighborhood Association" group.

To unsubscribe from this group and stop receiving emails from it, send an email to [Penitencia+unsubscribe@googlegroups.com](mailto:Penitencia+unsubscribe@googlegroups.com).

## Michele King

---

**From:** brigitte rince [REDACTED]  
**Sent:** Tuesday, January 23, 2024 6:47 PM  
**To:** Board of Directors  
**Cc:** [REDACTED]  
**Subject:** Re: Letter for Real Estate agent

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

\*\*\* This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. \*\*\*

Hi  
On the NHD report that our agent ran shows our home as in a flood zone. A and D  
Can you please provide the paperwork for the rack 12 work and the work to raise the levee to migrate the oriented for flooding here?  
Thank you  
Mark and Brigitte

On Jan 23, 2024, at 9:36 AM, Board of Directors <board@valleywater.org> wrote:

**Sent on Behalf of Director Beall:**

Dear Mark Bolger,

Thank you for reaching out to Valley Water. Please see the attached letter which provides details regarding Valley Water's planned Emergency Interim Housing site adjacent to the Guadalupe River at Cherry Avenue. You may contact Assistant Operating Officer Mark Bilski at [mbilski@valleywater.org](mailto:mbilski@valleywater.org) for any follow-up information.

Sincerely,

<image001.png>

Jim Beall  
Director, District 4

C-23-0006

---

**From:** Mark Bolger [REDACTED]  
**Sent:** Monday, January 8, 2024 4:45:03 PM  
**To:** Jim Beall <[JBeall@valleywater.org](mailto:JBeall@valleywater.org)>  
**Cc:** Brigitte Rince [REDACTED]  
**Subject:** Letter for Real Estate agent

**\*\*\* This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. \*\*\***

Hi Jim,

We are interested in putting our home on the market to sell so that we can move.

As we discussed today, would you please draft a letter for our real estate agent to provide to potential home buyers that will layout the plans that the Valley Water district and the City of San Jose plan to execute to remove the homeless and create the EIH enclosure between Branham Lane and Blossom Hill Road.

We are hoping that your plans will ease their minds about purchasing the property adjacent to percolation pond 3. The camps are very visible from our back yard and could deter potential buyers or lower the price they are willing to pay.

Sincerely,

Mark Bolger and Brigitte Rince

[REDACTED]

<012324\_SCVWD Letter on EIH.pdf>



605 Tennant Ave., Suite H, Morgan Hill, CA 95037  
(408) 776-1684  
[info@sccfarmbureau.org](mailto:info@sccfarmbureau.org)  
[www.sccfarmbureau.org](http://www.sccfarmbureau.org)

January 23, 2024

Nai Hsueh, Chair  
Board of Directors  
Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118-3686

**Subject: Agricultural Groundwater Rates**

Dear Valley Water Directors,

We write to ask that you maintain the current agricultural groundwater production charge at \$36.85 per acre foot this upcoming year. As you know, agricultural groundwater is used for the production of agricultural commodities in our County. We have in years past emphasized that the setting of the agricultural groundwater charges should be dictated by critical policy considerations and should not be reduced to a robotic, accounting exercise. These policy considerations are more acute in 2024 than ever before.

It is beyond dispute that agriculture remains on the ropes, as it has in our County, for the past half-a-century. The commercial orchards of Palo Alto and the vineyards of Almaden Valley are gone. Residential, commercial and infrastructure developments – rooftops, cemented and asphalted driveways and roads – have increased our Santa Clara County's carbon-footprint exponentially in direct relationship to our County's prosperity. We have written to you extensively in the past about the ecosystem benefits of agriculture: groundwater recharge, reductions in run-off, flood mitigation, soil erosion mitigation and soil conservation, bio-filtration, open-space, and recreation, among others.

Last year, as global warming and climate change reached the forefront of public concern, we reminded you of the role of trees, vineyards and other crops in cleansing the air by using up its carbon dioxide and incorporating the carbon into tree trunks, bark and plant tissue. We noted the cooling effects of agricultural water use in carbon sequestration and physical cooling of the land when rainwater is stored and used in agriculture instead of gushing into the ocean. Farmers have not received compensation for their efforts which are enjoyed by society as a whole in addition to the actual consumption of agricultural produce. All of our contentions from years past remain relevant and important; in fact, our contentions are more critical in the years ahead.



This past year, in the aftermath of economic constriction (including many permanent business closures and the flight of businesses and wealthy residents to other states) and governmental expenditures related to COVID, County residents face severe consequences from inflation. We draw to your attention, research results published by the Public Policy Institute of California ("PPIC"):

*"Californians feel the pressure from more than two years of higher than usual inflation. Between January 2020 (just before COVID) and June 2023, prices increased by 17.9%, climbing consistently with no sign yet of a turnaround. Medical care and housing prices rose relatively less, but **food and beverages are up by more (24%)**, as are energy and gasoline prices (38% and 42%, respectively). **Lower-income families spend a greater percentage of their budget on essential items like food and transportation, and these persistently higher prices create severe strain.** Over half of the state's residents (57%) say inflation has caused financial hardship, according to PPIC's Statewide Survey in June; **76% of those in households earning \$40,000 or less indicate hardship due to prices.** One-third of residents feel their finances are worse off as of June, compared to just one year go."*

See <https://www.ppic.org/blog/californias-economic-outlook-as-inflation-dips/>

Californians including Santa Clara County residents should focus on consuming locally-grown agricultural products – lettuce, tomatoes, bok choy, lettuce, peaches, cherries, almonds, wine etc. Transportation of produce is expensive and increases fossil fuel use. The California Department of Pesticide Regulation's annual testing shows that most pesticide-infused produce on our local grocery store shelves are imported! **Local produce is better, more eco-friendly and safer.** Like kibble, imported food and beverage products are sometimes cheaper but rarely better or safer.

We urge you to keep the agricultural groundwater production charge unchanged and discard permanently a mechanical-rate-increase approach to the setting of this charge. We increasingly see the interests of farming and Valley Water align with respect to the abundant *availability and affordability* of water. By definition, water should be clean, safe, reliable, *abundant and affordable* if we are to thrive as a society and renew the health of our planet. Any increase in the agricultural groundwater charge will adversely impact the prices and availability of remaining agricultural products grown in our Santa Clara County **with particularly disproportionate and inequitable impact on low-income households**, as illustrated by PPIC's published research quoted above.

The total costs and benefits of agricultural water use can only fairly be assessed when actual dollar values are assigned to the various benefits of agriculture noted above. Agricultural water use creates benefits that the use of water for pedicures and other commercial and residential uses do not. We respectfully submit that the current open space credit undercompensates farmers, farming efforts and agricultural production in our County. We are farmers, not accountants or economists. We support a refreshed and updated study to account mathematically for the benefits of agriculture noted by us in this letter and in our previous communications.

We also support any effort by Valley Water to obtain additional funds from the County of Santa Clara and the State of California to fund the open space credit because both the County of Santa Clara and the State of California require Santa Clara farmers to actively produce agricultural commodities on their Williamson Act lands that are subject to Williamson Act contracts. Under these contracts, Santa Clara County farmers have an affirmative obligation to produce agricultural commodities because the County of Santa Clara (as an agent of the State of California) has deemed the fallowing of Williamson Act lands to be inconsistent with a farmer's Williamson Act contract obligations. As Valley Water has roughly doubled the agricultural groundwater production charges over the past decade, Valley Water is increasingly facilitating the fallowing of Williamson Act lands. In our view, enough is enough with these increases in groundwater production charges -- and it is clearly increasingly vexatious of the government agencies involved to ask Santa Clara County farmers to both actively farm their Williamson Act lands while routinely increasing agricultural groundwater production charges. It is impossible to actively farm Williamson Act contract lands and commercially produce agricultural commodities without water priced at affordable rates.

We are grateful for your thoughtful approach to the setting of the agricultural groundwater charge in the past and appreciate this opportunity to contribute to your decision-making going forward.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dhruv Khanna', with a stylized, flowing script.

Dhruv Khanna  
President

CC: Chris Scheuring



# **OUTGOING BOARD CORRESPONDENCE**

**Michele King**

---

**Subject:** FW: Homeless encampment in Erikson neighborhood

---

**From:** Candice Kwok-Smith **On Behalf Of** Board of Directors

**Sent:** Monday, January 22, 2024 12:51 PM

**To:** [REDACTED]

**Subject:** Re: Homeless encampment in Erikson neighborhood

**Sent on Behalf of Director Beall:**

Dear Helen Boettner,

Thank you for sharing your experiences related to the encampments of unsheltered people located near the Erikson neighborhood. Valley Water field staff visited the site of the recent fire that you referenced in your message. Staff will evaluate what we can do to respond to this event and reduce future risks. When making risk assessments, staff do consider factors such as recent fire activity and the presence of open flames adjacent to flammable structures.

While applicable case law has significantly affected how Valley Water can respond to encampments on our property, we are actively working in concert with our agency partners and the community to find solutions to address unsheltered homelessness. Valley Water is not a law enforcement agency, nor do we provide direct homelessness/housing services, but we are committed to using the power we have as an environmental stewardship agency to protect our waterways in collaboration with cities and the County as they fulfill their public safety and social service roles.

As you may be aware, Valley Water is currently working with the City of San José to resolve the encampments of unsheltered people located on our property in your area. Valley Water and the City are actively negotiating the development of nearly 100 Emergency Interim Housing (EIH) units on Valley Water's undeveloped 2.52-acre lot along Cherry Avenue between the Guadalupe River and the Almaden Ranch shopping center. The project has been approved by both bodies, the site has been surveyed, and efforts are ongoing to develop a collaborative agreement to move forward toward construction. Once this EIH site has been established, and after safe relocation of unsheltered individuals living in this reach of the Guadalupe River into the EIH community has taken place, a Water Resources Protection Zone (WRPZ) will be established along Guadalupe River from Branham Lane in the north to Blossom Hill Road in the south. The reach of the waterway designated as a WRPZ will be kept clear of camping, fires, damage to vegetation and wildlife, and pollution to the water. Joint City and Valley Water efforts would aim to protect this reach by ensuring that it remains clear of encampments in the future.

Please continue to contact the police or fire department if you observe illegal activity, a threat to public health and safety, or smoke/fire. Concerns relating to fires and unwanted or illegal behaviors are best handled by City resources. Since Valley Water is not a law enforcement agency, we must work in concert with cities and the County to address these types of activities.

We appreciate your comments. You may contact Assistant Operating Officer Mark Bilski at [mbilski@valleywater.org](mailto:mbilski@valleywater.org) with any follow-up information. You can also report your concerns to Valley Water via our online system at <https://access.valleywater.org/s/>.

Thanks again for your message.

Sincerely,



Jim Beall  
Director, District 4

C-24-0012

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**From:** Helen Boettner [REDACTED]  
**Sent:** Tuesday, January 16, 2024 2:58 PM  
**To:** Board of Directors <[board@valleywater.org](mailto:board@valleywater.org)>  
**Subject:** Homeless encampment in Erikson neighborhood

**\*\*\* This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. \*\*\***

Hello!

I'm a resident of the Erikson neighborhood. I've lived here for 10 years. My house is roughly 3 blocks from the trail. I understand that Valley Water is in a tough position with the ever growing encampment on Valley Water property.

Yesterday evening, it smelled like tires are being burned on Valley Water property. The smell remained quite strong this morning. According to the information posted in the neighborhood Facebook group, SJFD was notified and didn't respond. While I understand you can't force them to relocate, allowing them to burn tires is unreasonable. This ruins the air quality for the entire neighborhood. As a person with asthma, these fumes significantly limit my ability to be outside. I imagine it's also causing a great deal of damage to the property, creek, and any wildlife in the area. If this was occurring on my property, I would have an obligation to ensure it ceased.

Please provide security to stop activity like this.

Regards,  
Helen Boettner

**Michele King**

---

**Subject:** FW: Letter for Real Estate agent  
**Attachments:** 012324\_SCVWD Letter on EIH.pdf

---

**From:** Candice Kwok-Smith **On Behalf Of** Board of Directors  
**Sent:** Tuesday, January 23, 2024 9:36 AM  
**To:** [REDACTED]  
**Subject:** Re: Letter for Real Estate agent

**Sent on Behalf of Director Beall:**

Dear Mark Bolger,

Thank you for reaching out to Valley Water. Please see the attached letter which provides details regarding Valley Water's planned Emergency Interim Housing site adjacent to the Guadalupe River at Cherry Avenue. You may contact Assistant Operating Officer Mark Bilski at [mbilski@valleywater.org](mailto:mbilski@valleywater.org) for any follow-up information.

Sincerely,



Jim Beall  
Director, District 4

C-23-0006

---


**From:** Mark Bolger [REDACTED]  
**Sent:** Monday, January 8, 2024 4:45:03 PM  
**To:** Jim Beall <[JBeall@valleywater.org](mailto:JBeall@valleywater.org)>  
**Cc:** Brigitte Rince [REDACTED]  
**Subject:** Letter for Real Estate agent

**\*\*\* This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. \*\*\***

Hi Jim,  
We are interested in putting our home on the market to sell so that we can move.  
As we discussed today, would you please draft a letter for our real estate agent to provide to potential home buyers that will layout the plans that the Valley Water district and the City of San Jose plan to execute to remove the homeless and create the EIH enclosure between Branham Lane and Blossom Hill Road.  
We are hoping that your plans will ease their minds about purchasing the property adjacent to percolation pond 3. The camps are very visible from our back yard and could deter potential buyers or lower the price they are willing to pay.

Sincerely,

Mark Bolger and Brigitte Rince

A large black rectangular redaction box covering the signature area.

January 23, 2024

**BOARD OF DIRECTORS**

John L. Varela (District 1)

Barbara F. Keegan (District 2)

Richard P. Santos / Vice Chair (District 3)

Jim Beall (District 4)

Nai Hsueh / Chair (District 5)

Tony Estremera (District 6)

Rebecca Eisenberg (District 7)

**CHIEF EXECUTIVE OFFICER**

Rick L. Callender, Esq.

**CLERK OF THE BOARD**

Michele L. King, CMC

To Whom it May Concern:

Valley Water is committed to using its power as an environmental stewardship agency to protect our waterways in collaboration with the County and cities as they fulfill their public safety and social service roles. Recently, the applicable 9th Circuit Federal Court of Appeals ruling in Martin v. Boise has significantly affected how Valley Water can respond to encampments of unsheltered people located on its land. Due to this ruling, there is often little that Valley Water and other California public agencies can do to remove encampments until there are adequate housing alternatives available.

Currently, Valley Water is working with the City of San José in seeking to address the encampments of unsheltered people located on Valley Water Property along the Guadalupe River between Branham Lane and Blossom Hill Road. Valley Water and the City are actively negotiating the development of nearly 100 Emergency Interim Housing (EIH) units on Valley Water's undeveloped 2.52-acre lot along Cherry Avenue between the Guadalupe River and the Almaden Ranch shopping center. The project has been approved by both bodies, the site has been surveyed, and efforts are ongoing to develop a collaborative agreement to move forward toward construction.

Valley Water's interest in having the City develop EIH on its property at this location is to facilitate the safe relocation of encampments of unsheltered individuals living in this reach of the Guadalupe River into the EIH community, thereby enabling protection of the waterway from encampment generated environmental impacts. Through a collaborative effort, Valley Water and City staff have developed the concept of creating a Water Resources Protection Zone (WRPZ) along Guadalupe River from Branham Lane in the north to Blossom Hill Road in the south. After the safe relocation of unsheltered individuals currently living in encampments into the EIH community, this reach of the waterway would be designated as a WRPZ. The WRPZ will be an identified zone to be kept clear of camping, fires, damage to vegetation and wildlife, and pollution to the water. The WRPZ was approved in concept by City Council with a clear intent for its creation in collaboration with Valley Water. Joint City and Valley Water efforts would aim to protect this reach by ensuring that it remains clear of encampments in the future.

Additionally, in terms of strategic solutions, a Valley Water-sponsored State Assembly bill, *AB 1469 (Kalra) Valley Water Assisting Unsheltered People*, was signed by Governor Newsom and took effect on January 1, 2024. AB 1469 amends Valley Water's governing District Act to authorize the agency to assist unsheltered people living along streams, in riparian corridors, or otherwise in the district's jurisdiction, in consultation with a city or the County of Santa Clara, to provide solutions or improve outcomes for the unsheltered individuals. Specifically, the bill will allow Valley Water more flexibility to use district land and a part of an existing ad valorem property tax for lasting encampment solutions. The intent is to work with local cities or the County to construct low-barrier navigation centers,

supportive housing, transitional housing, affordable housing, or other facilities to assist unsheltered people. These facilities would be operated by a city, the County, or a non-profit with the appropriate expertise to provide shelter and services that can improve outcomes for unsheltered people. AB 1469 will help Valley Water comply with the federal case law that requires a legitimate offer of shelter before relocating an unsheltered person from public land.

I want to assure you that Valley Water is actively working in concert with our agency partners and the community to address unsheltered homelessness. Should you have any concerns, please feel free to contact Assistant Operating Officer Mark Bilski at [mbilski@valleywater.org](mailto:mbilski@valleywater.org).

I also invite you to attend meetings of Valley Water's Environmental Creek Cleanup Committee, a board committee focused on these issues. Details can be found here: <https://www.valleywater.org/how-we-operate/committees/board-committees>.

Sincerely,

A handwritten signature in blue ink that reads "Jim Beall". The signature is written in a cursive, flowing style.

Jim Beall  
Director, District 4

C-24-0006

Shannon McCarthy and Robert Steuer  
[REDACTED]  
San Jose, CA 95125

January 23, 2024

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Dear Ms. McCarthy and Mr. Steuer,

Thank you for reaching out to Valley Water. We're sorry to hear about the recent leak you experienced and the resulting high San Jose Water Company bill. Although Valley Water is a separate entity from San Jose Water Company, we collaborate closely with our retailers and wanted to see if there was something we could do to help.

Our staff reached out to Matthew Mortenson at San Jose Water Company and asked him to contact you. We understand from Matthew that he's been in touch and that he's working with you on your bill. His contact information should you have further need of assistance is (408) 918-8204 or [Matt.mortenson@sjwater.com](mailto:Matt.mortenson@sjwater.com).

We're sorry we're not able to directly resolve the issue of your high water bill, but we hope San Jose Water Company will resolve your issue. If San Jose Water Company is unable to resolve your dispute, you may file a complaint with the California Public Utilities Commission which regulates San Jose Water Company at the following link: <https://www.cpuc.ca.gov/consumer-support/file-a-complaint/utility-complaint>.

If you have additional questions or requests, please contact Matthew Mortenson at San Jose Water Company at (408) 918-8204 or [Matt.Mortenson@sjwater.com](mailto:Matt.Mortenson@sjwater.com) or Justin Burks, Senior Water Conservation Specialist at Valley Water at (408) 630-2684 or [JBurks@valleywater.org](mailto:JBurks@valleywater.org).

Sincerely,



Tony Estremera  
Director, District 6

C-24-0005