



SANTA CLARA VALLEY WATER DISTRICT

NON-AGENDA

March 18, 2022

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

Page		<u>CEO BULLETIN & NEWSLETTERS</u>
3		CEO Bulletin: Weeks of March 4 – March 17, 2022
		<u>BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS</u>
		BMR/IBMR Weekly Reports: None.
8		Memo from Darin Taylor, CFO, to the Board of Directors, dated 03/11/22, regarding the Second Quarter Fiscal Year 2021-22 Financial Status Update.
		<u>INCOMING BOARD CORRESPONDENCE</u>
19		Board Correspondence Weekly Report: 03/17/22
20		Email from Ken Colson, to the Board of Directors, date 03/10/22, regarding Valley Water Term Limits (C-22-0044).
21		Email from Kris Cameron, to Chair Kremen, dated 03/11/22, regarding the Purified Water Project (C-22-0045).
23		from Ankur Pai, to the Board of Directors, dated 03/14/21, regarding Homeless Activity (C-22-0046).
25		Email from Constituent Relations, CC to the Board of Directors, dated 03/15/22, regarding Pool Construction Amidst Severe Drought (C-22-0047).
26		Email from John Kolski, to the Board of Directors, dated 03/15/22, regarding the Stevens Creek Quarry (C-22-0048).
31		Email from Danny Garza, to Director Santos, dated 03/15/22, regarding Dumping in the Creek (C-22-0049).
		<u>OUTGOING BOARD CORRESPONDENCE</u>
		None.

Board correspondence has been removed from the online posting of the Non-Agenda to protect personal contact information. Lengthy reports/attachments may also be removed due to file size limitations. Copies of board correspondence and/or reports/attachments are available by submitting a public records request to publicrecords@valleywater.org.

CEO BULLETIN

CEO BULLETIN



To: Board of Directors
From: Rick L. Callender, CEO

Weeks of March 4 – March 17, 2022

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
<u>1</u>	Joint Emergency Action Plan Tabletop Exercise with City of San Jose
<u>2</u>	Safe, Clean Water Mini-Grant Closeout: Living Classroom's Equity in Environmental Literacy Project
<u>3</u>	Safe, Clean Water Mini-Grant Closeout: San Jose State University Research Foundation's Watershed Stewardship Awareness - Educational Workshop Series Project
<u>4</u>	Second Quarter Fiscal Year 2021-22 Financial Status Update
<u>5</u>	Silicon Valley Advanced Water Purification Center named Tertiary Recycled Water Plant of the Year.
<u>6</u>	South San Francisco Bay Shoreline Phase I Webcams

1. Joint Emergency Action Plan Tabletop Exercise with City of San Jose

On March 10, 2022 Valley Water's Office of Emergency Services met with local municipalities to exercise the Joint Emergency Action Plan (JEAP). This exercise focused on the Guadalupe River appendix where flooding conditions would require deployment of a Temporary Flood Barrier.

The JEAP was initially developed in collaboration with the City of San Jose in 2017. Since then, every year, Valley Water and the City work together, within their common jurisdictions, to ensure rivers and creeks have actionable plans for responding during heavy storms or flooding. This year's exercise training, whose setting was a flood scenario, was held for 3 hours to discuss roles/responsibilities, emergency response, and communication protocols.

Training participants included: City of San Jose's City Manager's Office, Communications, Emergency Management, Public Works, Transportation, and Parks, Recreation & Neighborhood Services departments, the Santa Clara County Office of Emergency Management, and Valley Water's Watersheds Operations & Maintenance Engineering, Field Operations, Hydraulics & Hydrology, Communications, and Emergency Services units.

This collaborative exercise was possible due to funding provided by the Safe Clean Water Program - Emergency Response Planning project.

For further information, please contact Alexander Gordon at (408) 630-2637.

2. Safe, Clean Water Mini-Grant Closeout: Living Classroom's Equity in Environmental Literacy Project

In Fiscal Year 2019, Valley Water awarded Living Classroom a \$5,000 Safe, Clean Water Program D3 Mini-Grant for their Equity in Environmental Literacy Project (Project). Living Classroom completed the Project in December 2020 and submitted the final invoice items on January 24, 2022, allowing for grant closeout.

Living Classroom is a 501(c)(3) non-profit that provides garden-based education programs, with an emphasis on native ecology lessons, to certain school districts in Santa Clara County. The original mini-grant Project included plans to engage community members in planting native trees, understory plants and interpretive signs in the front of three Mountain View Whisman School District (MVWSD) schools. However, due to the COVID-19 pandemic, MVWSD closed school campuses and the original Project was not able to be implemented as planned. With approval from Valley Water, the grant funding was instead used to meet similar benefits and outcomes through creating a new native and edible garden at Jose Vargas Elementary School (Mountain View, CA), which serves students in Kindergarten to 4th grade. Jose Vargas Elementary School had recently opened in 2019 and prior to this Project, there was no garden space to use for outdoor garden lessons. With the re-purposed grant funding, the school now has an outdoor classroom space with native plants, vegetable garden beds and future irrigation set up.

Key Outcomes:

- Removed existing topsoil, mulch, and existing shrubs and planted 30 native plants
- Built two 8" x 4" x 24" redwood garden beds with vegetable blend soil added to each box
- Installed 10 stub ups which provides easy diversion of greywater for future irrigation in the new garden beds and for future garden beds

For further information, please contact Marta Lugo at (408) 630-2237.

3. Safe, Clean Water Mini-Grant Closeout: San Jose State University Research Foundation's Watershed Stewardship Awareness - Educational Workshop Series Project

In Fiscal Year 2020, Valley Water awarded San Jose State University Research Foundation a \$5,000 Safe, Clean Water Program D3 Mini-Grant for their Watershed Stewardship Awareness - Educational Workshop Series (Project). San Jose State University Research Foundation (Grantee) completed the Project on December 20, 2021 and submitted the final invoice items on December 22, 2021, allowing for grant closeout.

As an integral part of the Division of Research and Innovation, the San Jose State University Research Foundation provides administrative and business support to the campus research enterprise. With this mini-grant funding, the Grantee conducted a series of watershed stewardship awareness workshops and a research study to assess its effectiveness among student participants. The goal was to create and increase watershed stewardship awareness among students at San Jose State University. The workshops engaged 20 students and covered in-depth topics on watershed concepts and hydrologic cycles, water conservation techniques, and Best Management Practices (BMPs) for stormwater management.

Key Outcomes:

- Conducted three virtual 90-minute workshops with a total engagement of 20 student participants.
- Surveyed 20 participants prior to and upon completion of the workshop series. The survey found that:
 - 100% of surveyed participants indicated confidence in their knowledge of watershed concepts and the watershed hydrologic cycle versus 28% of participants prior to the workshop series.
 - 100% of surveyed participants were able to list a minimum of three ways to conserve water versus 57% of participants prior to the workshop series.
 - 100% of surveyed participants indicated confidence in their knowledge of Best Management Practices (BMPs) for storm water quantity management versus 0% of participants prior to the workshop series.

For further information, please contact Marta Lugo at (408) 630-2237.

4. Second Quarter Fiscal Year 2021-22 Financial Status Update

Valley Water's second quarter Fiscal Year 2021-22 closed on December 31, 2021. The second quarter financial status update presentation summarizes cash and investment balances, the debt portfolio and includes a detailed comparison, and analysis, of the budget to actual status of revenues and expenditures for all funds as of December 31, 2021.

The presentation was provided to the Board Audit Committee on February 16, 2022 and has been submitted separately to Valley Water's Clerk of the Board as a March 18, 2022 Non-Agenda item.

For further information, please contact Darin Taylor at (408) 630-3068.

5. Silicon Valley Advanced Water Purification Center named Tertiary Recycled Water Plant of the Year

The California Water Environment Association (CWEA) selected the Silicon Valley Advanced Water Purification Center (SVAWPC) as the winner of the 2021-2022 Tertiary Recycled Water Plant of the Year award. CWEA holds a statewide annual competition in various categories to recognize and highlight the accomplishment of leading water/wastewater facilities in areas of regulatory compliance, innovative practices, cost effectiveness, and safe plant operations.

The SVAWPC progressed to compete at a state level after becoming the CWEA Santa Clara Valley section 2021-2022 Tertiary Recycled Water Plant of the Year. As part of the state level award evaluation, four judges from the CWEA Leadership Development Committee toured the SVAWPC on February 17, 2022 to conduct a plant-wide inspection and in-person interviews with Valley Water management, operations, maintenance, and other support staff. During this half-day inspection and interview process, Valley Water successfully demonstrated the center's achievement in areas of management practices, asset management program, regulatory compliance monitoring, laboratory accreditation, succession planning, staff development and safety training.

The CWEA 2021-2022 Tertiary Recycled Water Plant of the Year award will be presented to Valley Water on April 14, 2022, at the CWEA annual conference in Sacramento, California.

For further information, please contact Sam Bogale at (408) 630-3505.

6. South San Francisco Bay Shoreline Phase I Webcams

The U.S. Army Corps of Engineers (USACE) awarded a construction contract for the South San Francisco Bay Shoreline Project (Project) Phase I, Reaches 1-3, in August 2021. Construction of Reaches 1-3 began in December 2021. Activities such as preparatory work, dewatering, and installation of cofferdams have started.

This Project is a partnership with the USACE, Valley Water, the California State Coastal Conservancy, U.S. Fish and Wildlife Services (USFWS), and various stakeholders, and will provide for coastal storm risk management, ecosystem restoration, and recreational opportunities. The Project will also include protection for sea level rise.

To capture the Project's levee construction from start to completion for Reaches 1-3, Valley Water will be setting up two web cameras - one camera is being coordinated with a private property owner and one is being coordinated with the USFWS Refuge at the Don Edwards Environmental Education Center. After completion of Reaches 1-3, footage will be shared on Valley Water's website at <https://www.valleywater.org/project-updates/creek-river-projects/E7-san-francisco-bay-shoreline-protection>.

For further information, please contact Bhavani Yerrapotu at (408) 630-2735.

BOARD MEMBER REQUESTS and Informational Items

TO: Board of Directors**FROM:** Darin Taylor, CFO**SUBJECT:** Second Quarter Fiscal Year 2021-22
Financial Status Update**DATE:** March 11, 2022

Valley Water's second quarter Fiscal Year 2021-22 closed on December 31, 2021. The second quarter financial status update presentation, attached, summarizes cash and investment balances, the debt portfolio and includes a detailed comparison, and analysis, of the budget to actual status of revenues and expenditures for all funds as of December 31, 2021.

The presentation was provided to the Board Audit Committee on February 16, 2022 and is being provided to the Board via this non-agenda item and an accompanying CEO bulletin.



Darin Taylor
Chief Financial Officer

Attachment: First Half FY2021-22 Mid-Year Financial Status Update

First Half FY2021-22 Mid-Year Financial Status Update

February 16, 2022

Agenda

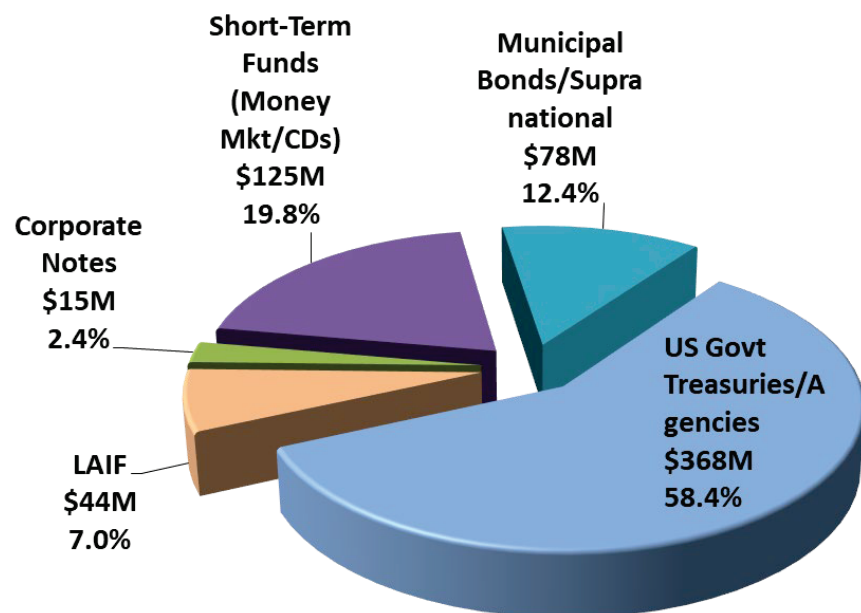
- **Financial Status**
 - **Cash and Investments**
 - **Debt Portfolio**
- **1H FY22 Financial Status Update**
 - **Revenue**
 - **Operating and Capital Expenditures**
 - **Reserves**

Financial Status Update – Cash & Investments

\$279M or 44% of portfolio very liquid (<1-year maturity)

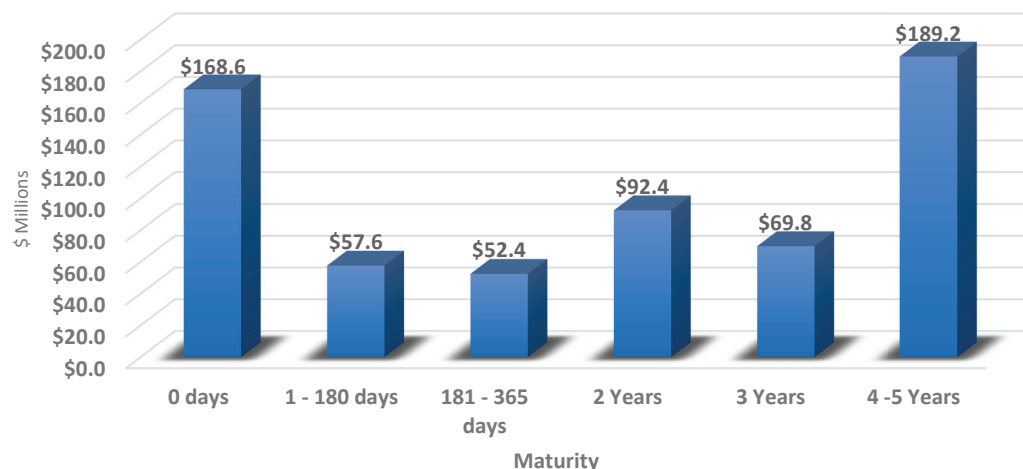
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Investment Portfolio Composition



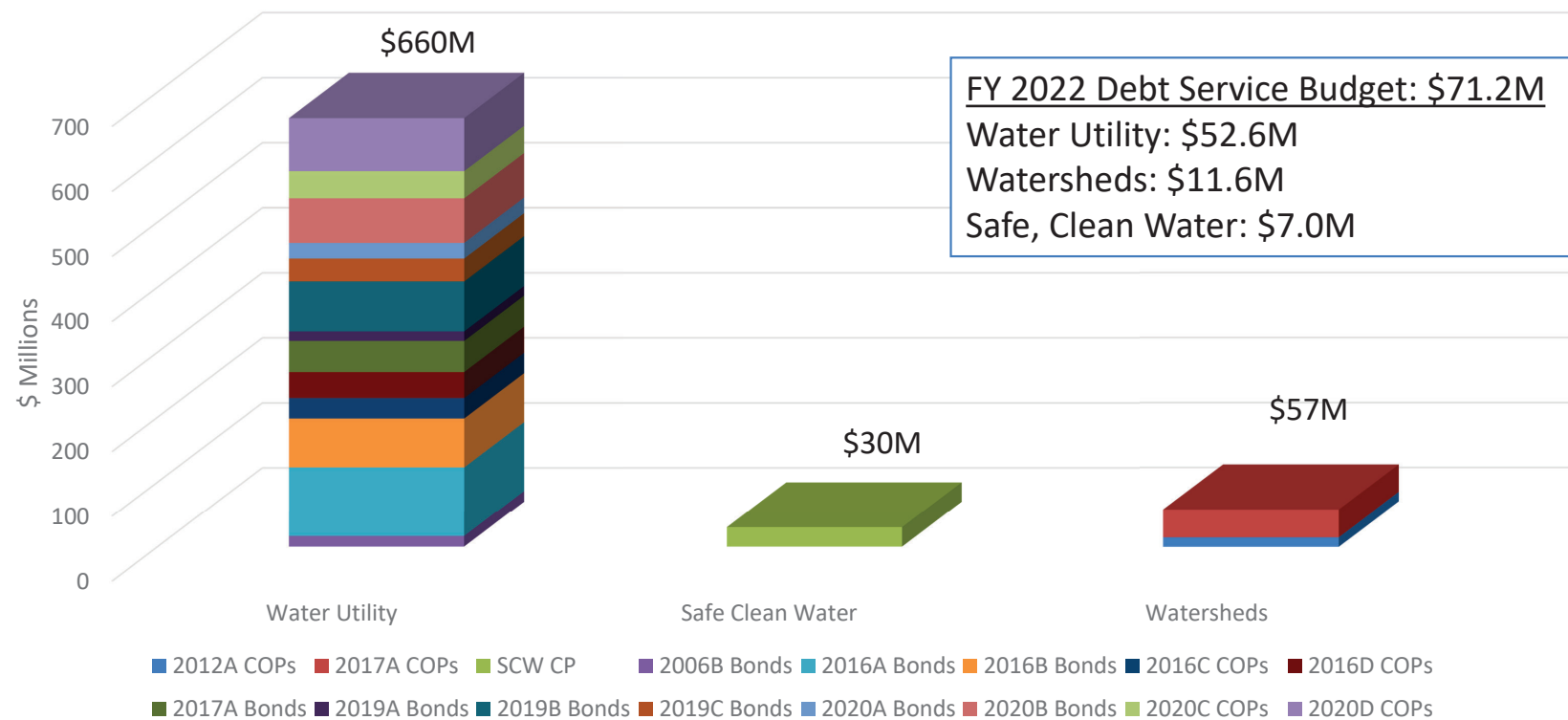
SCVWD Portfolio Book Value as of Dec 31, 2021: \$630,102,645

Valley Water Portfolio Aging Report December 31, 2021 Portfolio Book Value: \$630 Million



Financial Status Update - Outstanding Debt (12/31/21)

Total Outstanding Debt: \$747 Million



Financial Status Update – Debt Portfolio

Ample access to cash at low interest rates

\$320M short-term credit facilities

- \$150M Commercial Paper – ongoing program
- \$170M Bank Line of Credit (\$150M Lead + \$20M Small/Local)
 - US Bank Lead (\$150M), Community Bank of the Bay (\$5M), Bank of SF (\$7M), and First Foundation Bank (8M)

FY 2022 & FY 2023 Financing Plan

- Defease WU 2006B by June (~\$20M)
- Refund SCW and WU outstanding short-term debt by November 2022, pending CIP expenditures

WIFIA Loan Program Update: \$80M SCW + \$1.2B Pacheco

Mid-Year Revenue by Category and Fund

Majority of revenues are anticipated to end the year at budgeted estimates

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(\$ in millions)	FY22 Adj Budget	1H FY22 Actuals	1H FY22 % Rec'd	1H FY21 Actuals	1H FY21 % Rec'd
Groundwater Production Charges	\$ 135.3	\$ 50.9	38%	\$ 51.9	41%
Treated Water Revenue	150.5	70.6	47%	78.3	57%
Surface/Recycled Water Revenue	2.8	0.1	2%	0.2	2%
1% Ad-valorem Property Tax	118.4	46.9	40%	44.2	40%
Safe Clean Water Special Parcel Tax	47.1	-	0%	-	0%
Benefit Assessment	13.4	-	0%	-	0%
State Water Project Tax	26.0	0.5	2%	0.7	4%
Capital Reimbursements	35.1	10.0	28%	5.1	12%
Interest Income & Other	10.8	7.8	72%	7.3	70%
Total Revenue	\$ 539.4	\$ 186.8	35%	\$ 187.7	37%

(\$ in millions)	FY22 Adj Budget	1H FY22 Actuals	1H FY22 % Rec'd	1H FY21 Actuals	1H FY21 % Rec'd
General Fund	\$ 10.0	\$ 4.7	47%	\$ 3.8	40%
Watershed Stream Stewardship Fund	123.4	44.7	36%	39.4	33%
Safe Clean Water Fund	56.2	5.0	9%	3.6	6%
Water Utility Enterprise Fund	335.9	132.0	39%	140.6	46%
Service Funds	0.4	0.4	100%	0.3	75%
Benefit Assessment Funds	13.5	-	0%	-	0%
Total Revenue	\$ 539.4	\$ 186.8	35%	\$ 187.7	37%

Observations

- 1H FY22 revenue was \$186.8M or 35% of FY22 Budget
- SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues will be received in second-half of the fiscal year
- Groundwater production charges \$50.9M or 38% of Budget and \$1.0M lower than 1H FY21 actuals
- Treated water revenue \$70.6M or 47% of Budget and \$7.7M lower than 1H FY21 actuals
- Capital reimbursements of \$10.0M, which varies year-over-year depending on progress of grant-funded projects

Mid-Year Operating and Capital Expenditures

Operating & Capital expenditures estimated to end FY within budgeted levels

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(\$ in millions)	FY22 Adj Budget	1H FY22 Actuals	1H FY22 % Spent	1H FY21 Actuals	1H FY21 % Spent
General Fund	\$ 76.5	\$ 36.3	47%	\$ 34.4	49%
Watershed Stream Stewardship Fund	68.6	32.3	47%	30.6	49%
Safe Clean Water Fund	30.2	8.8	29%	8.1	37%
Water Utility Enterprise Fund	299.4	155.8	52%	97.9	39%
Service Funds	34.8	13.2	38%	14.6	45%
Benefit Assessment Funds	11.2	1.2	11%	1.4	12%
Total Operating Expenditures	\$ 520.7	\$ 247.6	48%	\$ 187.0	42%

Note 1: Operating Adjusted Budget includes Adopted Budget and current year budget adjustments

Note 2: Budgetary basis Actuals includes actuals and encumbrances as of 12/31/21

Observations

- 1H FY22 Operating Expenditures of \$247.6M or 48% of FY22 Adjusted Budget
- Benefit Assessment Funds expenses occur in second half of fiscal year
- Safe Clean Water Fund expenses lower than budget due to delay in CP issuance and deferral of the 2022A bond issuance

(\$ in millions)	FY22 Adj Budget	1H FY22 Actuals	1H FY22 % Spent	1H FY21 Actuals	1H FY21 % Spent
General Fund	\$ 6.1	\$ 1.8	30%	\$ 0.7	23%
Watershed Stream Stewardship Fund	87.5	34.7	40%	12.6	17%
Safe Clean Water Fund	115.3	41.2	36%	46.5	39%
Water Utility Enterprise Fund	326.2	113.0	35%	67.9	34%
Service Funds	15.3	5.7	37%	2.0	11%
Total Capital Expenditures	\$ 550.4	\$ 196.4	36%	\$ 129.7	32%

Note 1: Capital Adjusted Budget includes Adopted Budget and prior year capital carryforward

Note 2: Budgetary basis Actuals includes actuals and encumbrances as of 12/31/21

- 1H FY22 Capital Expenditures of \$196.4M or 36% of Adjusted Budget; 4% higher as compared to the same period of FY21

Reserve Balances

Projected FY22 year-end reserve balances higher than Adopted Budget

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(\$ in millions)	FY22 Adopted Budget	FY22 Estimate Year-end	Estimate vs Adopted
Restricted Reserves			
Safe Clean Water Fund	\$ 123.9	\$ 155.6	\$ 31.7
Water Utility Enterprise Fund	60.1	92.1	32.0
Restricted Subtotal	\$ 184.0	\$ 247.7	\$ 63.7
Committed Reserves			
General Fund	\$ 6.6	\$ 7.0	\$ 0.4
Watershed & Stream Stewardship Fund	74.3	117.1	42.8
Water Utility Enterprise Fund	56.7	87.0	30.3
Service Funds	14.7	18.9	4.2
Committed Subtotal	\$ 152.3	\$ 230.0	\$ 77.7
Total Reserves	\$ 336.3	\$ 477.7	\$ 141.4

Observations

- FY22 projected reserve balances at year-end \$477.7M, \$141.4M higher than Adopted Budget
- Safe Clean Water Fund reserve \$31.7M higher than FY22 Adopted Budget due to higher currently authorized capital projects reserve carried from FY21
- Watershed & Stream Stewardship Fund reserve \$42.8M higher than FY22 Adopted Budget due to higher Actual reserves balance in FY21 (\$38.9M) and higher FY22 Property Tax Revenue (\$3.2M)
- Water Utility Enterprise Fund reserve \$62.3M higher than FY22 Adopted budget due to higher Actual reserve balance in FY21 (\$88.6M) and increase in FY22 Debt Proceeds (\$12.0M) offset by a projected decrease in Water Revenue in FY22 (\$43M)



Mid-Year Financial Update Summary

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- Will continue to monitor performance of revenues in second half of fiscal year
- Operating expenditures estimated to end FY within budgeted levels
- First half capital expenditures trending lower than budget
- Highlight any significant developments as well as identify any potential budget actions necessary in second half of fiscal year