

CONFORMED COPY
BOARD AGENDA MEMO

SUBJECT: Management Response to IMC Report on Safe, Clean Water and Natural Flood Protection Program Year 1 Annual Report for Fiscal Year 2013-2014

RECOMMENDATION:

- A. Accept Management Response to IMC Report on Safe, Clean Water and Natural Flood Protection Program Year 1 Annual Report for Fiscal Year 2013-2014; and
- B. Provide additional direction as necessary

SUMMARY:

On June 23, 2015, the Independent Monitoring Committee (IMC) issued their report on the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) Year 1 Annual Report, which provides information on Fiscal Year 2013-2014 (FY14).

Over the past months, Safe, Clean Water Program Project Managers and Deputies have met with both the IMC and sub-committees for each of the program's priorities to review the report, answer questions, and provide follow-up information as necessary.

Staff and management alike have been greatly impressed by the passion and dedication the IMC members have demonstrated throughout this process. Not only have they taken on the challenge of learning a complex and diverse range of projects and the task of assessing and reporting on the district's performance in delivering our promises to the voters, but they have done so in an effective and timely manner.

While the IMC agreed with the status of each of the projects and expressed general satisfaction with the content of the report, they did make general and formatting recommendations, as well as project specific recommendations.

To address each of these recommendations, a column has been added to the IMC's report table for management's response. In addition, the general and formatting recommendations have been incorporated into the same table structure.

District staff is committed to the success of the Safe, Clean Water Program and to achieving the Key Performance Indicators in a cost-efficient and transparent manner. In turn, we appreciate the role that the IMC plays in ensuring that the District delivers the outcomes that were promised to the voters and look forward to continuing to engage in an open and responsive review process.

SUBJECT: Management Response to IMC Report on Safe, Clean Water and Natural Flood Protection Program Year 1 Annual Report for Fiscal Year 2013-2014 (06/30/15)

FINANCIAL IMPACT:

None.

CEQA:

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

ATTACHMENTS:

Attachment 1: Management Response to IMC Report on Safe, Clean Water and Natural Flood Protection Program Year 1 Annual Report for Fiscal Year 2013-2014 Table



Independent Monitoring Committee Report Safe, Clean Water and Natural Flood Protection Fiscal Year 2013-2014 Annual Report

Letter to the Santa Clara Valley Water District Board of Directors IMC General Recommendations

Subject:	IMC Recommendation:	Management Response:
Timing of the Annual Report	<p>The second fiscal year will be coming to an end as the IMC report for the first year is being presented to the Board in June. To ensure the Board is able to consider the IMC's findings before the beginning of the next fiscal year, the District's needs to submit its annual report to the IMC in a timely manner.</p> <ul style="list-style-type: none"> The IMC strongly recommends that District staff commit to presenting the Annual Report to the Board in time for the IMC to receive the report in January. 	<p>Staff agrees and will present the Safe Clean Water and Natural Flood Protection Program (SCW) Annual Report for Fiscal Year 2014-2015 to the Board on September 22, 2015 and thereafter finalize the report for submittal to the IMC by November 20, 2015.</p>
Permitting	<p>The majority of capital projects in the Annual Report require permits from other agencies and obtaining these permits in a timely manner can be a challenge. Permit delays can increase construction costs and erode the public's trust.</p> <ul style="list-style-type: none"> The IMC recommends the District continue to look for new ways to reduce or eliminate permitting delays and provide the public with clear information about the timeline for each project including specific information about how long the District has been waiting for permits from other agencies and steps taken to address the delays. The IMC recommends staff develop an action plan to thoroughly assess options to address permit delays and include that information in the next Annual Report. 	<p>Staff agrees and moving forward will:</p> <ul style="list-style-type: none"> Include a permitting phase as part of each capital project schedule Introduce a pilot conceptual measurement rating system of High, Moderate and Low to indicate staff's confidence level related to the project schedule, along with a detailed explanation for the rating <p>In addition, staff has developed a strategic approach and action plan for securing permits from regulatory agencies in a timely manner and will provide the IMC with a informational briefing on this topic during the December 2015 committee meeting.</p>

Subject:	IMC Recommendation:	Management Response:
Partnerships	<p>Large capital projects cannot be funded solely by the District and can rely heavily on funds from outside agencies. There are two areas which can prove challenging to the successful completion of these types of projects.</p> <p>Funding – Funding from outside agencies is not always guaranteed nor is it always delivered at the projected time.</p> <p>Local Priorities –</p> <ul style="list-style-type: none"> • The IMC recommends the District continue to develop projects that reflect our local priority of enhancing and improving the condition of our rivers and creeks while providing the necessary flood protection. 	Staff agrees.
Climatic Extremes – Drought	<p>The effect of the current drought on stream flow, water quality and vegetation restoration has created challenges for meeting specific KPIs in several projects. For the District as a whole, the immediate need for staff to address the impacts of the current drought on available water has diverted staff time from the program to the pressing need to conserve and find other sources of water, including recycled water.</p> <ul style="list-style-type: none"> • The IMC recommends the District re-evaluate the timing and costs of projects significantly affected by drought or other climatic extremes. • The IMC recommends the District provide information about how the need to address our critical water shortage has affected staff time for the Safe, Clean Water and Natural Flood Protection Program. 	Staff agrees and will provide a report to the CEO evaluating the timing and costs of projects significantly affected by the current drought. Further, staff will provide information in the FY2014-2015 Annual Report on how the need to address our critical water shortage has affected staff time.

**Letter to the Santa Clara Valley Water District Board of Directors
IMC Recommendations - Annual Report Format**

Subject:	IMC Recommendation:	Management Response:
Budget	<ul style="list-style-type: none"> Actual inflation over the term of the SCW Program (15 years) could have a significant impact on the program. To assist in monitoring the program, staff should include information regarding inflation projections so the IMC can monitor projections over the life of the program. The information should provide initial inflation assumptions, changes to inflation projections that may result from actual inflation numbers, and a comparison of actual vs. projected inflation for the years of the program. 	<p>Staff agrees and will include actual inflation dollars over the term of the SCW Program in a Financial Appendix in the Annual Report.</p>
Financial Information for Individual Project Reports	<ul style="list-style-type: none"> In addition to the current financial information given in the Annual Report, project specific budget figures, as currently presented in Appendix A should also be included in the respective Project Report. Bullet point formatting should be used to highlight key financial facts in addition to the more detailed text in the Financial Information section. Any funds that are transferred from one project to another should include detailed information regarding why the funds were transferred and how the transfer will affect both projects. 	<p>Staff agrees and will:</p> <ul style="list-style-type: none"> Include a project specific financial table for each project in the report Use bullet point formatting to highlight key financial facts and information, along with the more detailed information presented in the Financial Information section Provide detailed information and project impacts regarding any funds that are transferred between projects
Project Report Schedule	<ul style="list-style-type: none"> Project Schedule should include a Staff Level as to whether or not the project will be completed on time. The Staff Confidence Level can be a simple percentage with 100% indicating full confidence the project will be completed within the Project Schedule. Information regarding current or anticipated permit delays and partnership challenges affecting the confidence level should be included. 	<p>Staff agrees and will introduce a pilot conceptual measurement rating system of High, Moderate and Low to indicate staff's confidence level related to the project schedule, along with a detailed explanation for the rating.</p>

Subject:	IMC Recommendation:	Management Response:
Additional IMC Support	<ul style="list-style-type: none"> • Provide opportunities for IMC members to visit projects to obtain a clearer understanding of each Project. • Present an overview of the Valley Habitat Plan for a greater understanding about the benefits of the plan and how it will improve the permitting process. • Provide information to the IMC regarding the process to revise KPIs. 	<p>Staff agrees and will:</p> <ul style="list-style-type: none"> • Coordinate and schedule project site visits for the IMC during summer of 2015 • Schedule a presentation on the benefits of the Valley Habitat Plan for the Dec. IMC meeting • Provide information to the IMC regarding the process to revise the KPIs during the Dec. IMC meeting.



Priority A Ensure a Safe, Reliable Water Supply

Project:		Status:	IMC Recommendation:	Management Response:
A1	Main Avenue and Madrone Pipelines Restoration	On Target	<ul style="list-style-type: none"> IMC recommends a more detailed schedule and budget in the next Annual Report (FY 14-15) 	Staff agrees and moving forward will include a more detailed schedule and budget.
A2	Safe, Clean Water Partnerships and Grants	On Target	<p>KPI 3 Nitrate Removal Systems –</p> <ul style="list-style-type: none"> IMC recommends finding new ways to reach out to private well users. 	Staff agrees and has taken several actions based on the initial low response to the program and will continue to find new ways to reach out to private well users. This includes working with the Santa Clara County Public Health Department to identify ways to reach those most sensitive to nitrate, pregnant women and infants.
A3	Pipeline Reliability Project	Scheduled to begin in 2025	No comment	No response required

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Priority B Reduce Toxins, Hazards and Contaminants in Our Waterways

Project:		Status:	Comment:	Management Response:
B1	Impaired Water Bodies Improvement	On Target	<p>Only 79% of the annual budget was spent due to drought conditions and delay in installing PG&E power at all reservoirs.</p> <ul style="list-style-type: none"> IMC recommends continuing to work with PG&E to secure power for Almaden Reservoir. 	Staff agrees.
B2	Interagency Urban Runoff Program	On Target	<p>IMC recommends current and potential future drought impacts on projects be clearly indicated.</p>	Staff agrees and moving forward, current and potential future drought impacts will be included in the Opportunities and Challenges section of the SCW Annual Reports.
B3	Pollution Prevention Partnership and Grants	On Target	<p>Only 78% of the annual budget was spent because Partnership funds were not fully expended.</p> <ul style="list-style-type: none"> IMC recommends more outreach on the Partnership process and technical assistance whenever possible for grant applicants. 	Staff agrees and moving forward, will be using a web-based proposal solicitation portal and releasing the request for proposals via emails, a press release and constant contact postings. Staff will continue to provide technical assistance to grant applicants in a fair and consistent manner during the proposal solicitation process.

Project:		Status:	Comment:	Management Response:
B4	Good Neighbor Program: Illegal Encampment Cleanup	On Target	<p>Project is high profile, but underfunded.</p> <p>This reporting period, spending was accelerated drawing funds from future years.</p> <ul style="list-style-type: none"> IMC recommends the Board discuss how to adequately fund the clean-up of encampments. 	Staff agrees and will be performing a Good Neighbor Program Analysis to determine the funds required to perform the Encampment Cleanups at the current rate of demand, along with an impact analysis on a reduced level of service. Staff will present this information to the Board during its annual update.
B5	Hazardous Materials Management and Response	On Target	No comment	No response required
B6	Good Neighbor Program: Remove Graffiti and Litter	On Target	This reporting period, spending was accelerated by 7% drawing funds from future years in response to community concerns.	No response required
B7	Support Volunteer Cleanup Efforts and Education	On Target	IMC recommends replacing the first sentence under Opportunities and Challenges, "Unless this project receives additional funding, the 6 future grant cycles will be reduced to approximately \$75,000 per cycle, as a result of the \$154,000 budget adjustment made in FY14" with "While the \$154K increase to the FY14 grant cycle did not impact the overall 15-year allocation, it did accelerate the spending, which will result in reduced funding available for future grant cycles."	Staff agrees and will amend the language in the FY 2013-2014 SCW Annual Report.



Priority C
Protect our Water Supply from Earthquakes and Natural Disasters

Project:		Status:	Comment:	Management Response:
C1	Anderson Dam Seismic Retrofit	On Target	No Comment	No response required
C2	Emergency Response Upgrades	On Target	No Comment	No response required

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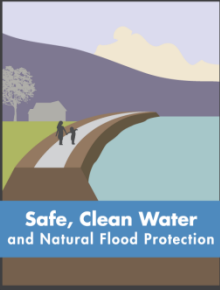
Priority D Restore Wildlife Habitat and Provide Open Space

Project:		Status:	Comment:	Management Response:
D1	Management of Revegetation Projects	Not on target	<p>Recognize drought has impacted project timeline.</p> <ul style="list-style-type: none"> See General Recommendations under Climatic Extremes – Drought 	Staff agrees and moving forward, current and potential future drought impacts will be included in the Opportunities and Challenges section of the SCW Annual Reports.
D2	Revitalize Stream, Upland and Wetland Habitat	On Target	<p>Although the 5 Stream Corridor Priority Plan has not yet been adopted, District staff confirmed that non-native and invasive vegetation removal along the lower Guadalupe River in FY14 counts toward meeting KPI 1. Current KPIs do not address the stated benefit of increasing habitat connectivity.</p> <ul style="list-style-type: none"> IMC recommends the District include a metric to demonstrate the increase in habitat connectivity. 	Staff agrees and will include progress on habitat connectivity and wildlife corridors in future Annual Reports.

Project:		Status:	Comment:	Management Response:
D3	Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	On Target	<p>The IMC recognizes that the District may not have land use authority over grant projects but the grant criteria for trails should reflect the District's goal to enhance, not degrade, habitats.</p> <ul style="list-style-type: none"> IMC recommends the District does not fund trail projects that adversely affect habitat. 	Staff agrees and will incorporate the District's goal to enhance, not degrade, habitats in the grant criteria for trails.
D4	Fish Habitat and Passage Improvement	On Target	<p>Progress on KPI 1 includes a statement that the primary project objective of the Almaden Lake project "is to reduce mercury in target fish and reduce production of methyl mercury to meet site-specific mercury water quality objectives". This is not a listed benefit or KPI for Project D4.</p> <ul style="list-style-type: none"> The IMC recommends District staff provide a cost allocation plan that appropriately apportions the expenditures of this project between Priority B (e.g. B1 - Impaired Water Bodies Improvement) and Priority D4. 	Staff agrees and will prepare a cost allocation plan and analyze the impacts of separating out the project in the next budget planning cycle for FY 2016-2017.
D5	Ecological Data Collection and Analysis	On Target	See General Recommendations under Annual Report Format - Financial Information for Individual Project Reports and Project Report Schedule.	Staff agrees and moving forward will include a more detailed schedule and budget in the SCW Annual Report.

Project:		Status:	Comment:	Management Response:
D6	Creek Restoration and Stabilization	Scheduled to start FY18	No Comment	No response required
D7	Partnerships for the Conservation of Habitat Lands	On Target	IMC recommends the District arrange for a presentation to the IMC by the Santa Clara Valley Habitat Agency on the selection criteria of land purchases and partnerships.	Staff agrees and will schedule a presentation for the IMC's next meeting, to be held in December 2015.
D8	South Bay Salt Ponds Restoration Partnership	On Target	No Recommendation No concerns this fiscal period.	No response required

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Priority E Provide Flood Protection to Homes, Businesses, Schools and Highways

Project:		Status:	Comment:	Management Response:
E1	Vegetation Control and Sediment Removal for Flood Protection	On Target	<p>Maintenance is driven by or attributed to permit restrictions. Maintenance Guidelines are under development. If guidelines are not complete, staff uses site inspections and historical information to determine whether or not maintenance needs to be done. All work must be approved by regulatory permitting agencies. Selection of vegetation management sites is based on a process that is outlined in the District's Stream and Maintenance Program. (SMP) which prioritizes sites for implementation.</p> <ul style="list-style-type: none"> • IMC recommends future reports include the name of the creek and watershed for sediment removal projects. • IMC recommends that future reports explain progress towards measuring the Key Performance Indicator of 90% of improved channels are at design capacity. 	Staff agrees and moving forward will incorporate this information into the SCW Annual Report.

Project:		Status:	Comment:	Management Response:
E2	Emergency Response Planning	On Target	39% of annual budget spent due to re-allocation of resources	No response required
E3	Flood Risk Reduction Studies	On Target	Extensive screening process carried out thru the SCW program in order to determine priority reaches.	No response required
E4	Upper Penitencia Creek Flood Protection Coyote Creek to Dorel Drive – San José	Adjusted	Currently in planning stages. Funds were not utilized in FY2014. IMC acknowledges that the scope will need to be adjusted to obtain permits. <ul style="list-style-type: none"> IMC recommends the Board ensure that the project preserves the local, pristine habitat and the priorities of the voters. 	Staff agrees will present a recommendation to the Board in spring of 2016 on how to move forward with the project.
E5	San Francisquito Creek Flood Protection San Francisco Bay to Middlefield Road – Palo Alto	Modified	Project seeks permits. Final design will be submitted in May 2015. Per the General Recommendation “Annual Report Format - Project Report Schedule”, <ul style="list-style-type: none"> IMC recommends including a Staff Confidence Level with each project schedule to provide notice of possible setbacks and help manage expectations. 	Staff agrees and will introduce a pilot conceptual measurement rating system of High, Moderate and Low to indicate staff’s confidence level related to the project schedule, along with a detailed explanation for the rating.
E6	Upper Llagas Creek Flood Protection Buena Vista Avenue to Wright Avenue – Morgan Hill, San Martin, Gilroy	On Target	Need U.S. Army Corp of Engineers approval and some land acquisition. Environmental Impact Statement (EIS) needs to be accepted.	During the IMC review process, staff reported that the project has sufficient funds. The Environmental Impact Statement (EIS) needs to be accepted and permits need to be obtained prior to construction.

Project:		Status:	Comment:	Management Response:
E7	San Francisco Bay Shoreline Study Milpitas, Mountain View, Palo Alto, Santa Clara and Sunnyvale	On Target	9% of committee money spent. Design to be presented to U.S. Army Corp of Engineers in December of 2015.	No response required
E8	Upper Guadalupe River Flood Protection Highway 280 to Blossom Hill Road – San José	On Target	Joint project with U.S. Army Corp of Engineers. Federal funding 12.6 million dollars.	No response required

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Other Capital Flood Protection Projects and Clean, Safe Creeks Grants Projects

Project:	Status:	Comment:	Management Response:
<p>Permanente Creek Flood Protection San Francisco Bay to Foothill Expressway – Mountain View</p>	Adjusted	<p>Waiting for agency permits to begin construction. Per the General Recommendation “Annual Report Format - Project Report Schedule”,</p> <ul style="list-style-type: none"> IMC recommends including a Staff Confidence Level with each project schedule to provide notice of possible setbacks and help manage expectations. 	<p>Staff agrees and will introduce a pilot conceptual measurement rating system of High, Moderate and Low to indicate staff’s confidence level related to the project schedule, along with a detailed explanation for the rating.</p>
<p>Sunnyvale East and Sunnyvale West Channel Flood Protection San Francisco Bay to Inverness Way and Almanor Avenue -- Sunnyvale</p>	Adjusted	<p>Delayed due to Environmental Impact Report process. Staff refined the design reducing the initial planning/design/construction budget by \$25 million. Per the General Recommendation “Annual Report Format - Project Report Schedule”,</p> <ul style="list-style-type: none"> IMC recommends including a Staff Confidence Level with each project schedule to provide notice of possible setbacks and help manage expectations. 	<p>Staff agrees and will introduce a pilot conceptual measurement rating system of High, Moderate and Low to indicate staff’s confidence level related to the project schedule, along with a detailed explanation for the rating.</p>

Project:	Status:	Comment:	Management Response:
Berryessa Creek Flood Protection Calaveras Boulevard to Interstate 680 – Milpitas and San José	Adjusted	<p>Staff explained that the Army Corps of Engineers had received federal support for this project, and project construction will be completed earlier than planned.</p> <ul style="list-style-type: none"> • IMC recommends staff develop a revised project schedule for the next annual report. 	Staff agrees and will include revised project schedule in the next SCW Annual Report (FY14-15).
Coyote Creek Flood Protection Montague Expressway to Interstate 280 – San José	Adjusted	<p>This project is on hold due to waiting on the Anderson Dam Retrofit project design, which will change downstream flow.</p> <ul style="list-style-type: none"> • IMC recommends the District encumber the current budget for this project to ensure it is available for this project in the future. • IMC recommends the District ensure that outside funding for this project is not jeopardized due to the timing of the Anderson Dam Retrofit. 	Staff agrees and will ensure that the funding for this project is not jeopardized due to the timing of the Anderson Dam Retrofit. The SCW funding allocation for this project was not impacted by under expenditure in FY2013-2014.
Calabazas Creek Flood Protection Miller Avenue to Wardell Road – Sunnyvale	On Target	No comment	No response required
Clean, Safe Creeks Grants Projects	On Target	<p>There are 22 outstanding grant projects from Clean Safe Creeks.</p> <p>All projects on target in FY 2014. However projects 11 and 12 (Creekside Sports Park Pedestrian Bridge and Little Arthur Creek Streamflow Stewardship Implementation Project) may need extensions for FY 2015.</p>	No response required