



**SPECIAL MINUTES OF THE JOINT MEETING OF THE
SAN JOSÉ CITY COUNCIL AND SANTA CLARA VALLEY
WATER DISTRICT BOARD SPECIAL MEETING**

SAN JOSÉ, CALIFORNIA

FRIDAY, MARCH 19, 2021

Consistent with the California Governor's Executive Order No. N-29-20, Resolution No. 79450 from the City of San José and the Santa Clara County Health Officer's March 16, 2020 Shelter in Place Order, the Joint Meeting was not physically open to the public. Public comments were accepted via eComment, email, by phone/Webinar or online.

The Special Joint Meeting of the Santa Clara Valley Water District (District) Board of Directors and the City of San Jose City (City), Council, was teleconferenced from remote locations and called to order at 9:01 a.m.

Present: Councilmembers - Liccardo, Jones, Jimenez, Peralez, Cohen, Carrasco, Esparza, Arenas, Foley, Mahan.

Absent: Councilmembers - Davis.

Present: District Board Members - Estremera, Santos, Keegan, Kremen, LeZotte, Varela.

Absent: District Board Members - All present.

City Staff: Deputy City Manager, David Sykes, City Attorney, Nora Frimann; City Clerk, Toni J. Taber; Office of the City Manager, Chief of Staff, Lee Wilcox; City Manager's Office, Gloria Schmanek; Mayor's Office, Henry Smith; and City Clerk's Office, Yasmin Johnson.

District Staff Members: Clerk for the Board of Directors, Michele L. King; Chief Executive Officer (CEO), Rick Callender; Assistant Chief Executive Officer, Melanie Richardson; Chief Financial Officer, Darin Taylor; Chief Operating Officer, Information Technology and Administrative Services, Tina Yoke; Chief of External Affairs, Rachael Gibson; Chief Operating Officer, Water Utility, Aaron Baker; Interim Chief Operating Officer, Watersheds, Sue Tippetts; Deputy Chief Officer, Watersheds Design and Construction Division, Rechelle Blank; Deputy Administrative Officer, Information Technology Division, Michael Cook; Deputy Operating Officer, Water Supply Division, Vincent Gin; Deputy Operating Officer, Dam Safety & Capital Delivery Division, Christopher Hakes; Deputy Administrative Officer, Office of Government Relations, Donald Rocha; Deputy Operating Officer, Water Utility Capital Division, Heath McMahon;

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District Staff Members (Cont'd)

Deputy Operating Officer, Treated Water Division, Bhavani Yerrapotu; Assistant District Counsel, Leslie Orta; Assistant District Counsel, Joseph Aranda; Senior Assistant District Counsel, Brian Hopper; Watershed Stewardship & Planning Assistant Officer, Lisa Infante; and Assistant Officer, Water Supply Division, Kirsten Struve.

Absent District Staff Members: Valley Water Director, Nai Hsueh.

2. Pledge of Allegiance.

Mayor Sam Liccardo led the Pledge of Allegiance.

3. Opening Remarks by Chair of the Board and the Mayor

Chairperson Tony Estremera and Mayor Sam Liccardo offered brief opening comments and Director Richard Santos provided an introduction of all the District Directors.

4. Update on Anderson Dam Seismic Retrofit Project.

Recommendation: That the Santa Clara Valley Water District (Valley Water) Board, and the City of San Jose (City) Mayor and Council, receive an update on the Anderson Dam Seismic Retrofit Project.

Valley Water Deputy Operating Officer, Director of Operations (DOO), Christopher Hakes offered the Santa Clara Valley Water District presentation and reviewed the information on this item.

Councilmember Raul Peralez requested information on the impacts associated with the emergency use of Anderson Dam's high-level outlet pipe to reduce reservoir capacity and if other options exist to prevent induced flooding in an emergency reservoir drawdown situation.

Councilmember Maya Esparza requested information of how close and on track the work is to being done according to the dates provided in the presentation, the final approval for the dam, and regarding the contract for the construction.

Councilmember Matt Mahan had questions regarding how many years are left until the embankment is operationally sound, how it would hold up to earthquakes; and the water supply in case of a drought.

Mayor Sam Liccardo requested further discussion regarding the video clip in the presentation that was not included in the report to work more collaboratively.

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City Manager, Dave Sykes stated that the City doesn't have the ability to come to an agreement if there is not a clear mutual understanding, there would need to be a mutual agreement for the City to be in support.

Valley Water Deputy Operating Officer, Christopher Hakes and Valley Water Chief Financial Officer (CFO), Darin Taylor answered the Staff's questions and discussed the update on the Anderson Dam.

Public Comment: Caller '5140' expressed his discontentment with Valley Water's management of flood protection, preparation, and opposed increased water rates for San José residents.

No motion was required.

5. Update on Santa Clara Valley Water District Efforts to Develop Purified Water Projects in Santa Clara County.

Recommendation: Receive information regarding the status of Purified Water Projects and provide comment and direction:

- a.) Direct staff to collaborate to complete negotiations for the needed agreements by June 2021, with direction to prioritize an integrated facility located in San José that provides purified water for groundwater recharge.
- b.) That the San Jose City Council accept the report regarding the status of the Santa Clara Valley Water District's (Valley Water) Purified Water Project in Santa Clara County.

Valley Water Assistant Officer, Kirsten Struve reviewed the information on this item per the attached Board Agenda Memorandum and offered the Santa Clara Valley Water District presentation.

Deputy Director, Water Resources, Jeff Provenzano and Deputy Director, Wastewater Management, Amit Mutsuddy offered the City of San José presentation.

Deputy Director, Department of Water Resources, Jeff Provenzano offered a summary of the goals and discussed the impacts on the residents and customers.

Public Comment: (1) Robert Reese, District 8 resident, is hopeful for a collaborative agreement and a similar agreement between Valley Water and the City of Palo Alto. (2) Daniel Reyes requested information on the length of time needed for return on recycled water investments, supported increased transparency, and opposed increased water rates. (3) Blair Beekman opposed the water rate increases and is in support of the subsidy programs for low-income homes. (4) Wesley Lee addressed his opposition of water rate increases and suggested rate increases remain consistent with the Consumer Price Index.

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Public Comment Continued: (5) Craig Ferguson stated he's not in support of water rate increases. (6) Caller '5140' addressed water conservation, drought preparation, and opposed the increased water rates.

Mayor Sam Liccardo addressed the recommendation, legal issues, private activity bonds, and stated the need for an in depth conversation. He requested this item return to Council in two weeks at the April 13, 2021 Council Meeting for resolution.

Vice Mayor Chappie Jones spoke to the collaborative efforts with the Valley Water District, thanked Staff for being open to moving the process forward, addressed the disconnect to come to a mutual agreement for both the City of San José and the Valley Water District, and resource constraints. He recommended a deferral regarding his memorandum dated March 18, 2021, to the Council Meeting of April 13, 2021.

Councilmember Sylvia Arenas addressed her concerns, possible consequences, and impacts to the city's residents regarding the water rate increases and requested clarification of the cost to the city.

Valley Water District Director, Vice Chair, Gary Kremen requested that staff redistribute information to the City on the Draft Water Retailers' Deferred Payment Program.

Environmental Services Director, Kerrie Romanow and Deputy Director, Water Resources, Jeff Provenzano responded to staffs' concerns and questions.

City Manager, Dave Sykes addressed the city's limited resources.

Action on the item was deferred to April 13, 2021.

6. **Overview on Water Supply Planning and Water Charge Setting Processes.**

Recommendation: Receive information on the Santa Clara Valley Water District's (Valley Water's) water supply planning efforts and the Fiscal Year 2021-2022 water charge setting process.

Valley Water Chief Operating Officer, Aaron Baker began the Santa Clara Valley Water District presentation.

Due to time constraints, the Valley Water Board Members and San José City Council agreed that Valley Water would continue the presentation on Water Supply Planning and Water Charge Setting Process at the City Council Meeting on March 23, 2021.

OPEN FORUM

1. Caller '5140' spoke on his water billing errors, water infrastructures, and rent increases.
2. Blair Beekman thanked the staff for the meeting.
3. Daniel Reyes expressed opposition on the return of investments at the expense of San José residents, addressed contamination issues, and the need for open public policies without a hidden agenda.
4. Scott Largent addressed water company policies and having encampment cleanup efforts be modeled after Federal Emergency Management Agency (FEMA) camps.
5. Wesley Lee, District 8 resident spoke to water rate increases worsening due to his financial struggles.
6. Richard Scott spoke to the Valley Water District homeless encampment sweep near Alma Avenue, the need for working with the homeless encampments before tearing them down, and need for flood preparation.
7. Craig Ferguson, District 8 resident spoke on rent increases, and challenges during the pandemic; he stated the proposed 10% water rate increases is absurd, and spoke on water shortages.
8. Michael Duffy, Valley Water Professional Managers' Association President expressed his support of the proposed Valley Water budget, the associated water rate increases, and the private sector jobs it will create.
9. Janet Holt stated she's disappointed that Item 6 did not discuss rent increases, the lack of communication to come to a recycled water agreement, and opposed the water rate increases.
10. Chris Pilson, Valley Water Employees' Association President stated he's in support of the proposed budget, the associated rate increases to help maintain creeks, waterways, and reduce potential flooding.
11. Robert Reese addressed the letters from community members and is in support of Sylvia Arenas memorandum dated March 16, 2021.
12. Marisela Garcia, Valley Water Engineers' Society President expressed her support for the proposed Valley Water budget and associated rate increases.
13. Jeremy Barousse, District 8 Round Table President expressed his opposition to rent increases and increased water rates.

ADJOURNMENT

Valley Water Chairperson Tony Estremera and City of San José Mayor Sam Liccardo adjourned the Special Meeting at 12:12 p.m., with the meeting to be reconvened at the March 23, 2021 City Council Meeting.

Minutes Recorded, Prepared and Respectfully Submitted by,

Toni J. Taber, CMC
City Clerk

yj/3-19-21