



Stevens Creek Corridor Park & Restoration Phase 2 Awarded 2015 Public Works Project of the Year

The Stevens Creek Corridor Park & Restoration Phase 2 project received the American Public Works Association's 2015 Public Works Project of the Year under the Small Cities/Rural Communities Environmental Project category. This project is an excellent example of implementing the water district's natural flood protection policies.

The managing agency for this award-winning project is the City of Cupertino. The water district shares the honor because it has worked in partnership on this project since its inception in 2003 and has provided funding through grant programs and the Fisheries and Aquatic Habitat Collaborative Effort.

In 2011, the board authorized grants of \$850,000 to the City of Cupertino for the Stevens Creek Corridor Park and Restoration, Phase 2 under the Enhancement Implementation and Trails and Open Space Grant Programs of the Clean, Safe Creeks and Natural Flood Protection Program. Phase 1 funding was awarded in 2005, making the water district's total contribution \$2.24 million.

The Stevens Creek Corridor Park & Restoration Project widened and restored Stevens Creek and adjacent parks from McClellan Road to Stevens Creek Boulevard. In Phase 2, 700-linear feet of channel was improved by creating pool-riffle sequences for steelhead, removing 550 feet of riprap and providing new backwater areas for habitat complexity and wildlife refuge. Over 300 new trees and 2,400 native plants were planted to provide both tree canopy and understory habitat.

District Awarded Flood Management Association 2015 Communications and Outreach Award

The water district has been awarded the Flood Management Association's (FMA) Communications and Outreach Award during the FMA annual conference in Rancho Mirage, California on September 9, 2015.

This award recognizes the development of the water district's Flood Forecast and Warning System. The Flood Forecast and Warning System adopts state-of-the-art geographic information system (GIS) technology and engineering analyses to alert communities to the imminent flooding risks by forecasting rainfall and streamflow in flood prone areas of Santa Clara County (County).

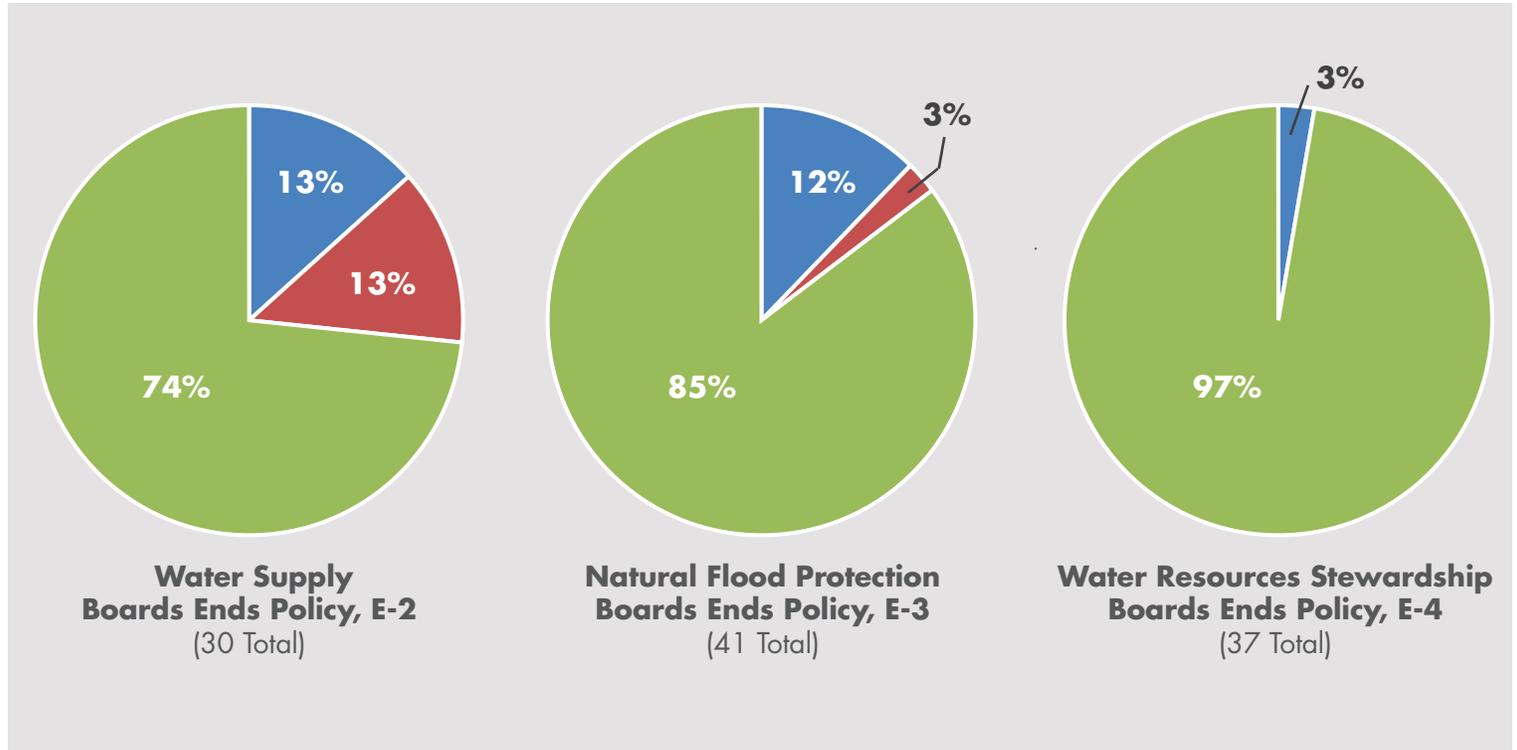
This system currently covers the San Francisquito, Upper Guadalupe, and West Little Llagas watersheds. The Safe, Clean Water and Natural Flood Protection Program will support expanding this system to other watersheds of the County. Most of the GIS applications, website design, and modeling algorithm were developed by water district staff.

The system will undergo continuous improvements for the next few years as more storm events and better meteorological forecast skills develop.

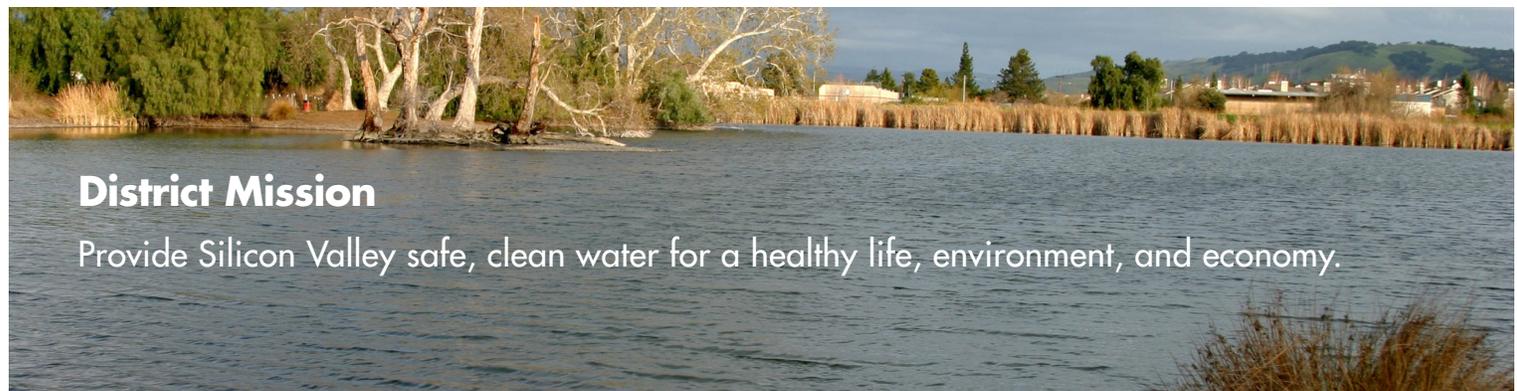


Outcome Measure Status

Overview



| Policy | Completed or On Target | Adjustment Needed | Not on Target | Total |
|------------|------------------------|-------------------|---------------|-------|
| E-2 | 22 | 4 | 4 | 30 |
| E-3 | 35 | 5 | 1 | 41 |
| E-4 | 36 | 1 | 0 | 37 |
| Total | 93 | 10 | 5 | 108 |
| Percentage | 86.1% | 9.3% | 4.6% | ----- |



Board Governance Policy Framework and Organizational Performance

As part to the Board's desire to govern transparently and effectively, it adopted a governance policy framework in 1999. Within this framework, the Board's role is to serve as the initiator of policy and delegator of authority to its executive managers, or Board Appointed Officers (BAOs).

This framework also drives overall performance for the Board, the organization, and staff. The Board adopted specific policies to set the direction of the organization, called Ends policies.

These policies describe what the organization is to achieve for the public pertaining to water supply, flood protection, and environmental stewardship.

The organization's performance toward accomplishing the Board's Ends policy goals and objectives is the responsibility of the Board Appointed Officers. Through the BAOs' interpretation of these policies, Outcome Measures are derived and implemented through the budget process and guide development of project and individual staff work plans. These plans specify operational activities to be implemented to achieve the Board's direction for the organization.

The BAOs analyze and monitor organizational performance through operational Quarterly Management Reviews and report results to the Board through Quarterly Performance Reports.

The performance of the Outcome Measures are regularly monitored to ensure that they are achieved and meet customer expectations and are used to monitor the CEO's performance.

The alignment of the Board policies, BAO Interpretations, and the Budget Process supports a cycle of continual improvement. The outcomes from monitoring either reinforce existing Board policy or facilitate recommended policy changes for Board consideration.

This quarterly report describes progress toward achieving the Board's policy goals and objectives for water supply, flood protection, and environmental stewardship. This report also describes performance of administrative support activities and highlights key accomplishments for this quarter.

To share comments or feedback about this report, please contact the Chief Executive Officer at (408) 265-2600.



Santa Clara Valley Water District Board of Directors (2015)



Update on Climate Change Mitigation

This provides an update on efforts to reduce greenhouse gas (GHG) emissions as part of the board policy objective to achieve carbon neutrality by 2020.

The water district continues to make progress towards carbon neutrality through development of updated conservation strategies for importing water, implementation of energy conservation measures at water district facilities, and on-site solar panel installations. The water district's preliminary calculations indicate that it has met the carbon neutrality goal for 2013. It is projected that the water district will also meet the goal for 2014 and 2020.

The largest component of the water district's carbon footprint (65-75% depending on hydrology) is importing water through the State Water Project. In 2014, the Department of Water Resources (DWR) updated its Greenhouse Gas Emission Reduction goals. The update established year 2010 as the benchmark year, and targeted 33% reduction by 2020 and 73% by 2050 from 2010 levels. DWR made significant progress towards GHG reduction in 2014, significantly reducing the

emission factor. In addition, the amount of water imported from the State Water Project reduced significantly in 2014, due to the drought. The water district is also updating the 2020 imported water GHG emission projections and expects to see a significant reduction. Additionally, the water district is exploring an option to further reduce GHG emissions from this source by contracting with DWR to purchase renewable power for this energy load.

The water district continues to pursue energy conservation efforts at its facilities and has completed 20 of the 49 energy conservation measures (ECMs) in the 2013 Energy Optimization Plan. In Fiscal Year 2014-2015, the water district completed five ECMs and currently has 19 ECMs in progress. These include a pump selection tool to display the efficiency of operating pumps at Pacheco Pumping Plant (PPP) and recommend the most efficient combination of pumps using real-time operating conditions. The water district also completed lighting upgrades at PPP, heating, ventilating, and air conditioning improvements for the Almaden Campus, and updated water district specifications to replace older motors with high-efficiency motors at the treatment plants.

CONTACT US: If you have questions or concerns about this report, please contact the CEO at **(408) 265-2600**



BOARD ENDS POLICY 2.0

There is a reliable, clean water supply for current and future generations.

- Conducted modeling to support operations & implement Water Shortage Contingency Plan, which provides contingency planning for actions that can be taken should water shortages occur, including up to a 50 percent reduction in water supplies.

BOARD ENDS POLICY 2.1.2

Protect, maintain, and develop local surface water.

- Completed first phase of the seismic stability geotechnical investigations at Uvas and Chesbro Dams to retrofit and strengthen the dams so they can withstand any probable earthquake.

BOARD ENDS POLICY 2.1.5

Maximize water use efficiency, water conservation and demand management opportunities.

- Participated in four National Night Out events throughout the county to inform the public about the drought and distribute educational material.
- Held a state-of-the drought webinar for local broadcast meteorologists and weather forecasters. Water district staff explained in detail the role of the district in water and drought management.
- The Landscape Rebate Program received approximately 1,000 landscape rebate program applications requesting over \$5M in rebates.

BOARD ENDS POLICY 2.3.1

Meet or exceed all applicable water quality regulatory standards.

- Repaired pipe rupture of Santa Clara Conduit. The ruptured pipe section was located a quarter of a mile downstream of the Santa Clara Conduit/Hollister Conduit bifurcation near Casa de Fruta. The failed section of pipe was replaced and 3,637 feet of adjacent piping was inspected.
- Repainted Penitencia Water Treatment Plant pump station and chemical tanks.
- Repaired booster pump systems at the Rinconada Water Treatment Plant.

31st Annual Coastal Cleanup Day

The water district, in partnership with the Creek Connections Action Group, coordinated another successful countywide cleanup event on Saturday, September 19, 2015.

From Palo Alto to Gilroy, 50 sites participated in this year's Coastal Cleanup Day. Over 1800 volunteers (an almost ten percent increase from last year) cleaned 73.5 miles (thirty-two percent more from last year) of creek and shoreline removing approximately 49,300 pounds (270 lbs more from last year) of trash and 2,900 pounds of recyclables.

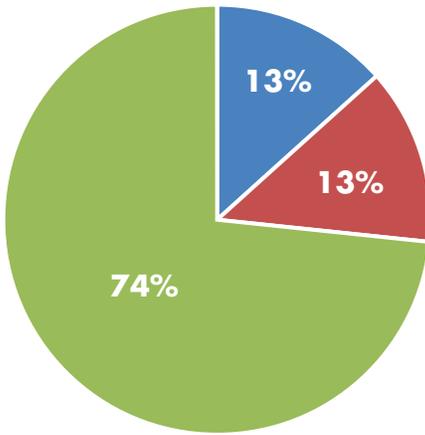
There was excellent participation this year. Organizational participants included Google, Acterra, Santa Clara County Parks, various Boy, Girl, and Cub Scout troops, South Bay Clean Creeks Coalition, and Save the Bay. Water district employee, Eric Olson, hosted the water district's cleanup site along with members of the Employee Resource Group "the Green Team," which cleaned a stretch of Guadalupe River behind water district headquarters. Director Linda LeZotte co-hosted a site in San Jose on Ross Creek.

Because of drought conditions, volunteers were able to remove "legacy trash," years of layered trash in dry creek beds. Some of the unusual items found this year include a slot machine, a bowling ball and bowling pin, a small guitar, and a sailor captain's hat.



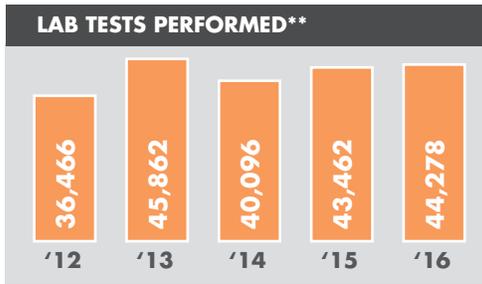
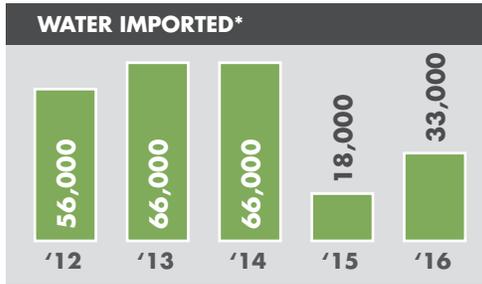
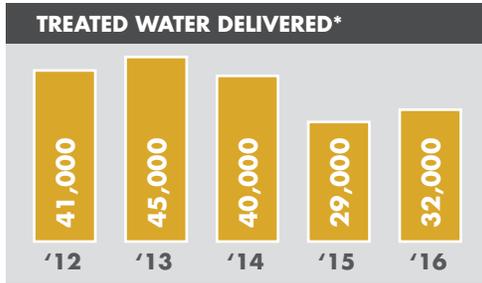
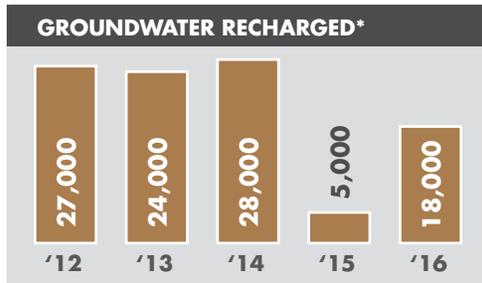
2015 Coastal Cleanup Day

Water Supply



E-2 Water Supply (30 Total)

- Completed or on target (22)
- Adjustment needed (4)
- Not on target (4)



* acre-feet, cumulative through each quarter
 ** cumulative through each quarter

| Board Policy Objective | | Outcome Measure Status |
|------------------------|---|--|
| E-2.1.1 | Aggressively protect groundwater from the threat of contamination and maintain and develop groundwater to optimize reliability and to minimize land subsidence and salt water intrusion. | On target: 50% (4 of 8) Adjusted: 0% Not On Target: 50% (4 of 8) |
| E-2.1.2 | Protect, maintain, and develop local surface water. | On target: 75% (6 of 8) Adjusted: 25% (2 of 8) Not On Target: 0% |
| E-2.1.3 | Protect, maintain, and develop imported water. | On target: 100% (1 of 1) Adjusted: 0% Not On Target: 0% |
| E-2.1.4 | Protect, maintain, and develop recycled water. | On target: 100% (1 of 1) Adjusted: 0% Not On Target: 0% |
| E-2.1.5 | Maximize water use efficiency, water conservation, and demand management opportunities. | On target: 100% (2 of 2) Adjusted: 0% Not On Target: 0% |
| E-2.1.6 | Prepare for and respond effectively to water utility emergencies. | On target: 100% (2 of 2) Adjusted: 0% Not On Target: 0% |
| E-2.2.1 | Raw water transmission and distribution assets are managed to ensure efficiency and reliability. | On target: 67% (2 of 3) Adjusted: 33% (1 of 3) Not On Target: 0% |
| E-2.3.1 | Meet or exceed all applicable water quality regulatory standards. | On target: 67% (2 of 3) Adjusted: 33% (1 of 3) Not On Target: 0% |
| E-2.3.2 | Maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water. | On target: 100% (2 of 2) Adjusted: 0% Not On Target: 0% |



Santa Teresa Water Treatment Plant

BOARD ENDS POLICY 3.1.1

Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding.

- Finalized South San Francisco Bay Shoreline Integrated Document. This project examines the feasibility of options for managing flood risk along the South Bay shoreline as well as undertaking ecosystem restoration and expanding public access.
- Acquired 13 parcels for the Upper Llagas Creek Flood Protection Project, which will provide flood protection to communities along the East Little Llagas Creek, West Little Llagas Creek, and Llagas Creek in San Martin and Morgan Hill.

BOARD ENDS POLICY 3.1.2

Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values.

- Removed 2,678 cubic yards of sediment from streams to preserve flood conveyance capacity.
- Repaired or replaced 1,534 linear feet of fence along creeks.
- Cleared 145 cubic yards of debris from creek trash racks, bridge piers, and fish ladders.
- Completed 321 acres of vegetation management to provide flood conveyance capacity.

BOARD ENDS POLICY 3.2.1

Promote the preservation of flood plain functions.

- Issued 42 Encroachment Permits, which grant permission allowing a permittee to enter, use, temporarily access, or undertake any modification on water district facilities.

BOARD ENDS POLICY 3.2.3

Prepare and respond effectively to flood emergencies countywide to protect life and property.

- Prepared for flood emergencies with the procurement of 900,000 sandbags and 900 tons of sand. Sandbags are provided free to residents to prevent flooding and are most effective when used to prevent flooding from one foot or less of water from entering a home or business through doorways and garage door openings.

BOARD ENDS POLICY 4.1.1

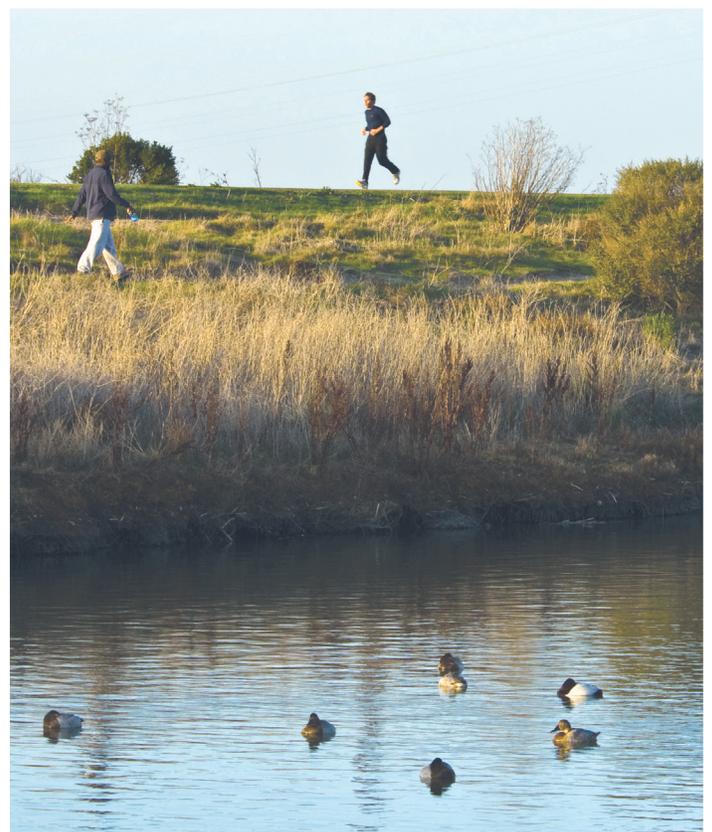
Preserve creeks, bay, and ecosystems through environmental stewardship.

- Cleaned up 188 encampments in joint effort with the City of San Jose, resulting in the removal of 912 cubic yards of trash.
- Removed 37,050 square feet of graffiti.

BOARD ENDS POLICY 4.1.4

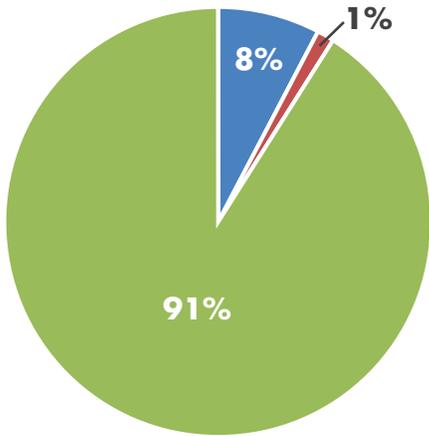
Engage and educate the community in the protection of water quality and stream stewardship.

- Held four stakeholder work group meetings for the One Water plan, which aims to plan and prioritize projects that maximize established water supply, flood protection, and environmental stewardship by emphasizing the interconnected nature of the District's water management goals.



San Francisquito Creek

Natural Flood Protection and Water Resources Stewardship



E-3 and E-4 (78 Total) Natural Flood Protection Water Resources Stewardship

- Completed or on target (71)
- Adjustment needed (6)
- Not on target (1)



| Board Policy Objective | | Outcome Measure Status |
|------------------------|--|---|
| E-3.1.1. | Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding. | On target: 71% (10 of 14) Adjusted: 29% (4 of 14) Not On Target: 0% |
| E-3.1.2. | Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values. | On target: 89% (8 of 9) Adjusted: 11% (1 of 9) Not On Target: 0% |
| E-3.2.1. | Promote the preservation of flood plain functions. | On target: 75% (3 of 4) Adjusted: 0% Not On Target: 25% (1 of 4) |
| E-3.2.2. | Reduce flood risks through public engagement. | On target: 100% (4 of 4) Adjusted: 0% Not On Target: 0% |
| E-3.2.3. | Prepare and respond effectively to flood emergencies countywide to protect life and property. | On target: 100% (10 of 10) Adjusted: 0% Not On Target: 0% |
| E-4.1.1. | Preserve creeks, bay, and ecosystems through environmental stewardship. | On target: 92% (12 of 13) Adjusted: 8% (1 of 13) Not On Target: 0% |
| E-4.1.2. | Improve watersheds, streams, and natural resources. | On target: 100% (12 of 12) Adjusted: 0% Not On Target: 0% |
| E-4.1.3. | Promote the protection of creeks, bay, and other aquatic ecosystems from threats of pollution and degradation. | On target: 100% (4 of 4) Adjusted: 0% Not On Target: 0% |
| E-4.1.4. | Engage and educate the community in the protection of water quality and stream stewardship. | On target: 100% (3 of 3) Adjusted: 0% Not On Target: 0% |
| E-4.1.5. | Prepare and respond to emergencies that threaten local waterways. | On target: 100% (1 of 1) Adjusted: 0% Not On Target: 0% |
| E-4.1.6. | To the extent within practicable control of the District, adopt a strategy to restore the salmonid fishery on identified salmonid streams within fifteen years of strategy adoption by creating suitable accessible spawning and rearing habitats. | Measures for this Objective pending board review. |
| E-4.2.1. | Support healthy communities by providing access to additional trails, parks, and open space along creeks and in the watersheds. | On target: 100% (1 of 1) Adjusted: 0% Not On Target: 0% |
| E-4.2.2. | Support healthy communities by providing appropriate public access to District facilities. | On target: 100% (1 of 1) Adjusted: 0% Not On Target: 0% |
| E-4.3.1. | Reduce greenhouse gas emissions to achieve carbon neutrality by 2020. | On target: 100% (2 of 2) Adjusted: 0% Not On Target: 0% |

HIGHLIGHTS AND ACHIEVEMENTS

Employee Services and Recruitment

- Filled 52 positions. 21 of these positions were filled with internal candidates and 31 offer letters were extended to external candidates.

Workforce Development

- Participated in the Santa Clara County Leadership Program and the Management Talent Exchange Program in partnership with the cities and counties of Santa Clara and San Mateo.
- Launched internal rotational program to provide employees an opportunity to learn new skills and assist with career development.

Information Technology

- Conducted a series of geographic information system workshops with users to assess the water district's current and planned implementation, identify additional business needs, and recommend a roadmap to support future implementation.

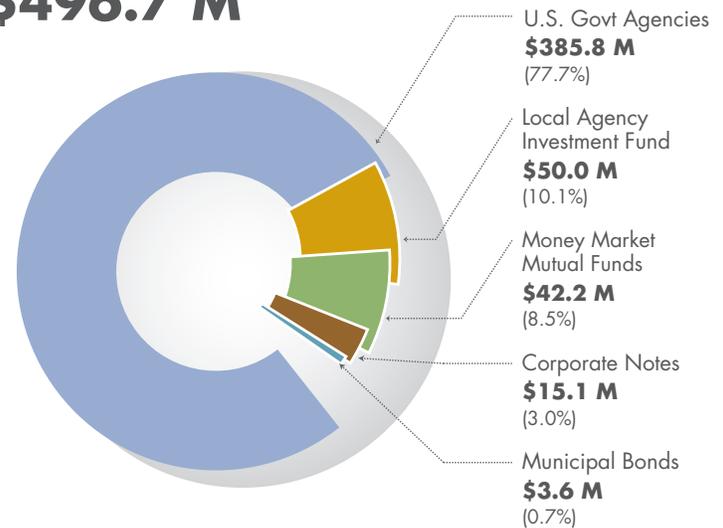
District celebrates ISO Certification for the next three years!

- The district is celebrating certification and continued registration to the International Organization for Standardization's (ISO) Quality Standards (9001:2008) for quality products and services and Environmental Standards (14001:2004) for environmental management through pollution prevention.
- ISO is the world's largest developer of voluntary international standards, which are state of the art specifications for products, services, and good practices, helping make industry more efficient and effective.
- The rigor and high standards of ISO are extremely valuable as the district continually strives to improve its delivery of programs and services.
- ISO certification validates that district processes continue to be effectively implemented by employees to improve efficiency, reduce waste, and produce consistent results for our customers.
- To achieve certification, the district effectively focused its efforts on the scope of its management system, which includes organizational units responsible for the direct delivery of programs and services provided by the Water Utility Capital, Watersheds Capital, Water Utility Operations and Maintenance divisions, and associated support functions, including training, emergency preparedness, environmental health and safety, procurement, contracts, warehouse, information technology, facilities management, equipment management, and customer communications.

Financial Information

TOTAL PORTFOLIO BOOK VALUE as of September 30, 2015

\$496.7 M



FY2015-2016 REVENUES as of September 30, 2015

| (\$ in millions) | FY 16 Adopted | FY 16 Adjusted | YTD Q4 '15 | RCVD |
|--------------------------|----------------|----------------|---------------|-----------|
| General Fund | \$6.1 | \$6.1 | \$0 | 0% |
| Service Funds | \$0.2 | \$0.2 | \$0 | 0% |
| Benefit Assessment Funds | \$14.7 | \$14.8 | \$0 | 0% |
| Stream Stewardship | \$86.6 | \$86.6 | \$1.1 | 1% |
| Safe, Clean Water | \$44.8 | \$44.8 | \$0.4 | 1% |
| Water Utility | \$225.0 | \$225.0 | \$32.4 | 14% |
| Total | \$377.4 | \$377.5 | \$33.9 | 9% |

FY2015-2016 EXPENDITURES as of September 30, 2015

| (\$ in millions) ^A | FY 16 Adopted | FY 16 Adjusted | YTD Q1 '16 | SPENT |
|--|----------------|----------------|---------------|------------|
| General Fund | \$52.3 | \$52.3 | \$11.6 | 22% |
| Service Funds | \$9.5 | \$9.5 | \$1.6 | 17% |
| Benefit Assessment Funds | \$12.3 | \$12.3 | \$0 | 0% |
| Stream Stewardship | \$46.8 | \$46.8 | \$9.8 | 21% |
| Safe, Clean Water | \$14.5 | \$14.5 | \$2.2 | 15% |
| Water Utility | \$206.9 | \$211.2 | \$39 | 18% |
| Subtotal Operations | \$342.3 | \$346.6 | \$64.2 | 19% |
| Capital (All funds)^B | \$201.2 | \$468.4 | \$21 | 4% |

^A Gross figures do not reflect netting out intra-district reimbursement of \$68M.

^B Adjusted capital budget includes carryforward of \$211M from prior year.

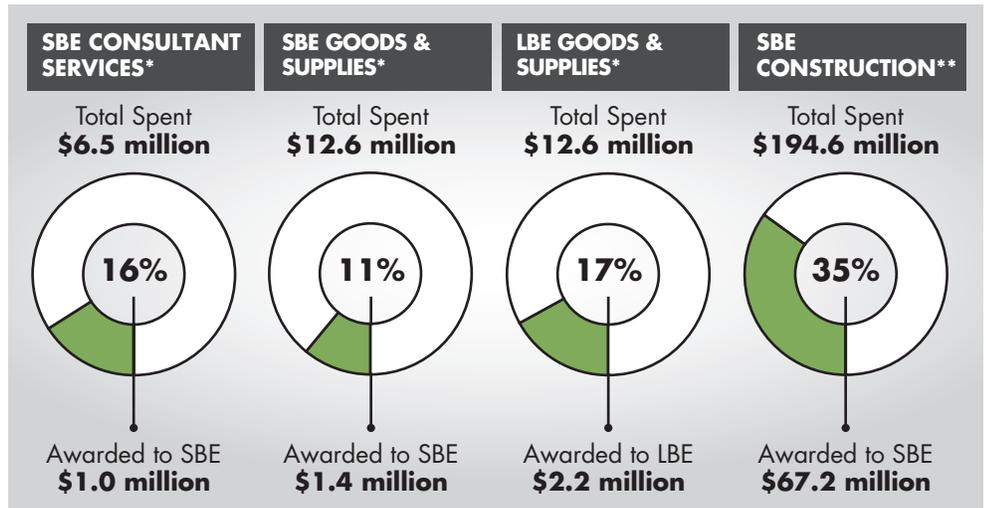
Snap shots: ISO Audit meetings



| Board Executive Limitation | | Compliance Status |
|----------------------------|---|--|
| EL-1 | General Principles | On target: 100% (1 of 1) Not On Target: 0% |
| EL-2 | Customer Relations | On target: 75% (3 of 4) Not On Target: 25% (1 of 4) |
| EL-3 | Human Resources | On target: 100% (19 of 19) Not On Target: 0% |
| EL-4 | Financial Management | On target: 97% (28 of 29) Not On Target: 3% (1 of 29) |
| EL-5 | Procurement | On target: 100% (34 of 34) Not On Target: 0% |
| EL-6 | Asset Management | On target: 96% (23 of 24) Not On Target: 4% (1 of 24) |
| EL-7 | Communication and Support to the Board | On target: 92% (11 of 12) Not On Target: 8% (1 of 12) |
| EL-8 | Inclusion, Equal Employment Opportunity, Discrimination/ Harassment Prevention and Diversity | On target: 100% (11 of 11) Not On Target: 0% |

Small Business Enterprise (SBE) and Local Business Enterprise (LBE) Participation

Target for all four sourcing activities is 10%



* Data shown is for July 1, 2015, through September 30, 2015. LBE does not apply to professional services and public works.

** Data shown is for October 1, 2014, through September 30, 2015.