The following transcript is provided for your convenience, but does not represent the official record of this meeting. The transcript is provided by the firm that provides closed captioning services to the City. Because this service is created in real-time as the meeting progresses, it may contain errors and gaps, but is nevertheless very helpful in determining the gist of what occurred during this meeting.

>> Board Member Sanchez: Welcome everybody, good morning. We have quorum, so we'll start the meeting by roll call. Water district, please.

>> Directors Estremera, Judge, Kamei, Kwok, Santos, Wilson, Chair Sanchez.

>> Board Member Sanchez: Roll is called. Item number 3, we have a public comment, is there somebody that wants to be heard on an item not on the agenda? Mr. David Wall. Three minutes sir, please.

>> First of all, good morning.

>> Board Member Sanchez: Good morning.

>> Anyway, it's nice for everyone to be here today. [Inaudible] In relation to unbridled growth for housing which I've spoken to this robust group many times before. I think what should be communicated in a very broad and sincere sense is that within a given geographical location, there can only exist so many people without being -- from a sustainability point of view. Sustainability -- what brings us all together today is water. I've spoken before about the necessity to cease and desist all housing permits, because we cannot sustain any more people coming into this area. There is talk within the City of San JosÈ, about the inclusion of 400,000 more people over the next 20 years. It's my position that those people who espouse that position must suffer from mental disease and/or mental defect. We just do not have the required resources to maintain this type of growth. Other than that, I thank you all for your concern for water, and pay specific attention to funding mechanisms in relation to the sewer service and use charge as your basic funding mechanism for any advanced water filtration systems that you may or may not want to incur. Thank you again for your entire participation.

>> Board Member Sanchez: Thank you. Mr. Mayor, do you want to bring your -- your roll call for your city?

>> Mayor Reed: Yes. Let me figure out how to work the microphones. Got the microphone on, so I will call the San JosÈ city council meeting into order. We have a quorum. Do you want to -- I don't think we need to call the roll. As long as we have a quorum, we're okay. And yes, I can count to six. We've got more than six, we're okay. I'd just like to thank the Water District and the Board for inviting us back. We've been here before, and so getting invited back is always some indication that it was a good time. I think this is actually the ninth time we have met in joint meetings, sometimes here and sometimes in City Hall. This started when I first got on the City Council, growing out of a conversation that Richard Santos and I were just talking about this morning, when I first got elected, and he was newly elected. We started talking about the responsibilities for cleanup on one of our creek sections. And Water District had a piece, City had a piece, Water District had a piece, City had a piece. And so as consequence nothing got done because nobody was really responsible. So we started talking about how we can get our organizations to work together on that one little thing. And out of that, ultimately, we came up with a much longer list of issues to work on together, and that ultimately the board and the council decided, you know, we should start having joint meetings so that we can talk about our mutual interest, and our staff can work towards those joint meetings every year on all the issues that we have. As you've seen from the staff report, those issues have gotten longer. We've made a lot of progress, and today was another effort. We now open a new chapter talking about recycled water in a whole different way. This is another example of how we're working together on common interests. Probably 99% of what we do we have interests in common, and your people are our people. Your water is our water, and we got to do a good job, and you got to good job in order to serve the people that we all represent. So I'm very happy to be back. We have a great relationship with the Board, and we'll continue to work on that as we continue to identify things where we can make progress together.

>> Board Member Sanchez: Thank you, Chuck, and we welcome you. Obviously, the subject on the agenda couldn't be more timely today with the water situation that we have, so I'm happy that we're going to get into that area. Recycling, of course, being the most important of the three subjects that we're going to discuss today. I would suggest, if I may, to the presenters that they try to stay within the allotted time that's been allocated. I don't know who did it, and whether it's practical, but I would suggest that -- try not to get into too much detail, because there's 10 and 7, there's 17 elected officials, and we have a habit of asking questions, and I want to make sure that everybody has an opportunity to ask questions.

>> Mayor Reed: Mr. Chair, I didn't read my script all the way to the end, and I think I'm supposed to introduce my City Manager, Deb Figone.

>> Board Member Sanchez: Yes, yes. I was going to suggest that you do that.

>> Mayor Reed: Okay.

>> Board Member Sanchez: That would be appropriate to do at this time.

>> Mayor Reed: Okay. I'd like to introduce my City Manager, Deb Figone.

>> Board Member Sanchez: Let me say that, you know, you and I are going to play a duel here, and it's quite obvious that the agenda was made up here, because my name appears more often than yours. [Laughter]

>> Mayor Reed: That's good staff work.

>> Board Member Sanchez: We're going to operate on a very informal basis. We won't necessarily follow the script. So go ahead.

>> Mayor Reed: Okay, City Manager Deb Figone.

>> City Manager Figone: Thank you. I don't have a script, so just to thank you also for hosting us, and I do want to thank the staffs for all their work in getting us here today, and we will stand ready to answer your questions as we work through the morning and handle any follow-up that you would like us to handle. So thank you for having us.

>> Board Member Sanchez: Sharon.

>> Sharon Judkins: Thank you, Director Sanchez. Good morning. Honorable Mayor Reed, members of the San JosÈ City Council, and to our Board members, it is indeed a pleasure for us to host you here today. Like everybody has said, it has been very important that we've had such a collaborative effort, and we want to continue that. While I do have a script, I don't intend to read from that, because we have very important things to talk about, like recycled water. So I'm going to say let's get to it.

>> Board Member Sanchez: Thank you. See, she got my message.

>> Mayor Reed: That's a good chief executive officer.

>> Board Member Sanchez: Thank you, Sharon. The mayor is on somewhat of a time schedule, obviously as busy as he is. We're going to take the 10:30 item, which is the recycling issue, first, rather than get into water conservation and so forth and so on. So that one is yours, Chuck. So you want to introduce the --

>> Mayor Reed: Okay, this item -- and thanks for moving it up on the agenda, Mr. Chairman. I've got to go to a District Attorney press conference, and I don't want to be in trouble with the DA. So I have to be there on time. So I'm going to make sure we got through this before I had to leave. Tony knows why I don't want to be in trouble with the DA. He's always in trouble with the DA. [Laughter]

>> Mayor Reed: Anyway, the recycled water item which is scheduled later on the agenda, is an item that we've been working on. We had a committee of councilmembers and our TPAC members. The mayor of Santa Clara has been participating in that, as well as members of the Board, trying to come up with something that we can all agree upon, on how we move forward with the next phase, next level of using our recycled water. We're almost at the goal line, I think we're down inches from the goal, but we will discuss it here, get an update, and then the Board can decide what to do next. I don't know if John Stufflebean is going to kick that off. Looks like Mansour is going to take it.

>> Mansour Nasser: Good morning, Mr. Chair, Mr. Mayor, and members of the Council and the Board. I'm going to briefly talk about what South Bay Water Recycling is doing now, before I turn it over to Keith, and he'll go into detail on our partnership with the Water District. First, to mention the Green Vision again, the goal of the City is to 100%, use 100% of our wastewater, which is going to be up to 40 million gallons per day. We are planning to achieve that goal by nonpotable expansion, by marsh protection, stream flow augmentation -- that's our partnership with the Water District -- and groundwater recharge, another partnership with the Water District. Strategies that will help us expand the system and achieve our goal, and our goal is going to be increasing recycled water use by one to 2 million gallons per day, per year. We are looking at expanding the system into new developing areas, throughout the City of San JosÈ, Santa Clara and Milpitas. We're looking at implementing developer fee, developer fee schedule, all that is subject obviously to council approval. We're also looking at developing an ordinance requiring indoor use of recycled water for properties that are re -- or that are located within the vicinity of South Bay water system, and also, take advantage of the stimulus funding. This is an example of the projects we're planning to do under the stimulus funding. In Santa Clara, we're looking at parks and industrial facilities. In San JosÈ we're looking at extending the system to the airport, to the convention center, San Jose State, parks and schools. And in Milpitas, we're looking at putting points where trucks can actually fill the recycled water for construction purposes. This is an example of the companies and the facilities that will be serviced if our stimulus package is approved. And we plan to start work and complete a lot of the work over the next two years. This will yield about 3,000 acre feet or about -- little bit less than 3 million gallons per day of recycled water. There are two critical aspects for having successful recycled water system. It's customer support and public education. Currently we provide support to landscape contractors and industrial facilities such as cooling towers. We also provide guidance and help new customers through the permitting process with the Department of Health if they want to connect to the recycled water system, and we continue to improve our site supervisor training. We hold that training four times year, and we receive feedback from the attendees, and we continue to improve and build on our success so that the supervisors are trained and welcome the use of recycled water. This is an example of our customer support. The Silicon Valley conference and expo attended by 500, West Coast green, attended by about 14,000, and some of the guidelines that we help our customers. Public education is also very critical. We continue to work with schools and communities to build awareness of recycled water benefits and value. We also work to increase acceptance and support for irrigation and industrial use of recycled water system. We provide technical assistance to landscapers on how they can work with the soil so that it is an effective use of recycled water. And finally, we also work closely with the district on an outreach message. This is an example of our community events, National Night Out and Pumpers in the Park that's a family event, and the Water Wizards Festival was targeted towards 300 third graders. And finally the Earth Day at City Hall, attended by about a thousand people. That concludes my remarks on what we currently are doing. And now I'll turn it over to Keith to talk about our partnership with the Water District.

>> Keith Whitman: Thank you, Mansour. Good morning, Mr. Mayor, Mr. Chairman, members of the board and council. I'm Keith Whitman. I'm the water supply manager here at the District. And you can tell that we have been working together very closely. Nobody sent us a memo, but we're wearing practically the same attire. We've become a seamless team. [Laughter]

>> Keith Whitman: And that's probably reflective of the amount of time we've spent together in recognition that we all serve the same community. So we're definitely moving in that direction. And this part of the presentation now we're going to shift to really looking at the future, the challenges that we have in talking specifically about recycled water, the importance of really forging the relationship, and the collaboration of the District and the City. So that's really -- I have terrible allergies, so bear with me. April was like the worst month of the year for me, so I brought some water up here. Hopefully that will help me out. Anyway, so what we really want to do is formalize our relationship and working together, the two agencies, committing, really, to that relationship, over the long term. So one of the things that has come out of this process that we got input from the liaison committee, members of the Board and the Council, was we really ought to be looking even longer term, even longer term than what the staff was talking. So we're really talking 40 years, maybe more, maybe even 50 years in terms of our relationship. The other thing that came out of this that's very important is, the farther you look into the future, the more uncertain it becomes. So we realize, too, that we've got to craft a sufficiently flexible agreement so that we can adapt to changes, the uncertainty and the challenges that we face. So a quick overview of the Recycled Water Committee. I'm sure many of you recall this was formed by the Board and the Council with three members of the District, two members of the San JosÈ City Council, and the mayor of Santa Clara. This is a photograph of the April 9th meeting of the Liaison Committee, which was really the culmination of a series of meetings that we

walked through, and this just sort of commemorates the conclusion of that process. In terms of a quick refresher on the overview of the committee and what they did, they set up a series of six meetings. This is an outline of those meetings and the key purposes of them. And essentially, the first one was to focus on objectives, second one was to focus on the facilities and understand the system and how recycled water and water supply works. The third one was looking at institutional aspects. The fourth one was talking about programs and options that we could consider. And then the final one was really to go over the key elements of a potential framework agreement. And so that's actually what I'm going to present today to you. It's basically the same presentation that the Liaison Committee received on April 9th and its concluding discussion and meeting. I'm sure nobody can read this from where you are, so I'll just do a quick description of it. This is what was laid out at the very beginning of the Liaison Committee when it was first formed in terms of planning those six meetings. This is what I just mentioned, but it summarizes -- you may recall, we started last August, and it had a series of meetings in August, September, October, November. And then this year, in 2009, we had meetings on February and then concluding meeting in April. A couple of things I want to mention. We had a series of presentations by staff, discussion by the Liaison Committee, we got input, a lot of things that we worked on. A couple of very interesting points through this process. At the February meeting we had both elected officials and some of the senior staff attend from Orange County Water District and Orange County Sanitation District. And that was a very informative and helpful meeting. They essentially came in, told us their whole story as public agencies, the Sanitation District and Water District, how did they work together? What created the circumstances that they chose to work together to form a long-term relationship, to craft agreements, and to figure out how best to combine their two missions to the overall good of the community. It was very interesting. I think the Liaison Committee enjoyed that a lot. Certainly as staff, it was very helpful. And one of the things that came out after that meeting actually was a field trip. So some of the members of the staff and some of the members of the Liaison Committee were able to actually go down to Orange County, see the facilities that they've built, and take a tour of it, and talk even further. And so that was particularly helpful because we're able to see, where do we have similarities here in Santa Clara County? What's similar to Orange County and what they have done, and where are some key areas where we have some differences? So it was very helpful to have that. And of course then that sort of set the stage, too, to try and wrap things up at our concluding meeting on April 9th. So now I'm going to shift to the key elements of the agreement that we were talking about. And again, this is essentially the same presentation to the Liaison Committee on April 9th. So we're going over that. There are a couple of things that emerged in terms of some discussion on April 9th. I'll touch on those briefly, and it would probably be good also to have some further discussion. So we're ready at the end of this to open up for questions and further discussion. In terms of the key elements, they're outlined here, the idea of coordination and collaboration, forging that long term relationship and partnership of working together, the creation of a policy advisory committee. In a sense we got to kind of try this thing out on a pilot schedule with the Liaison Committee. Seems like it was very valuable and helpful. So the idea that we would form something, and again, this is what we learned from Orange County, as well, that that can be very helpful. Technical advisory committee, that's essentially the staff level, the working team that we already have in place now. Then there's key elements that identify the benefits to the District, the benefits to the City, roles and responsibilities of each and then some particulars on advanced water treatment and how that would work. So starting with the first one, in terms of coordination, the key points on that is just that the two parties commit to coordination, collaboration, a long-term relationship, information-sharing, all those good things, kind of mom and apple pie types of things. A second key issue that we had a lot of discussion on is the idea of potential export of recycled water out of the county. That's a topic that the District Board expressed some concern about. We talked about that a lot as staff. It is not necessarily a problem or an issue if we work together and we address any of those possibilities together. There may be some positive opportunities we can address, but the important thing is doing that together, so if we choose to do that, we choose to do that in a way that has benefit to the community, rather than some unintended consequences that might be a concern. The Policy Advisory Committee, again, this is sort of modeled after the Liaison Committee. Minimum of two members from the District Board, and an equal number of members from the TPAC. The TAC, or Technical Advisory Committee, that is the staff-level work, and again coordination of all the technical work, various activities, information-sharing, technical studies, projects, a whole variety of things there. The benefits to the District, one of the key concepts here that we've talked about is this idea of reserving rights for the district. And so this slide kind of outlines some of those key rights. And top of the list really is the desire of the District to be able to count on, in the future, a certain minimum amount of recycled water that's accessible, and that we can plan for, make investment decisions on, capital investment, financial planning, water supply planning, so we can count on being able to have that available, build those facilities, finance them, integrate it into the overall water supply system. So that's probably the top of the list. In terms of other things, the idea of just having other water, other recycled water available depending on how the

system is operating and being used, having that flexibility is also something important. Advanced water treatment, we're doing some planning and design work on that for a future advanced water treatment plant that could really take recycled water virtually to drinking -- drinking water standards and eliminate all the constituents of concern. As part of an advanced treatment plant, when you produce that very high-quality water, you also produce a brine stream. And so the importance of coordinating where and how that plant is going to be built and the ability to have that brine stream in a sense integrated back into the wastewater plant, and the outflow to the bay, is something that's very important for us to coordinate, as well. And then finally, the appropriate siting of that plant nearby the wastewater plant and adjacent to some of those facilities, it's essentially a strategic and appropriate location for it. In terms of benefits to the City, one of the key things, certainly not the only, but an important one, we talked about this idea of an annual payment. Annual payment to the City from the District that builds upon and kind of cements our relationship, but also advances some of those common goals that Mansour covered at the beginning of his presentation, the District Board has policies to expand the use of recycled water. The City has policies in place in terms of the Green Vision, being able to encourage that in a way that supports our relationship over the long term, is something that this helps happen. Essentially, it's a payment in a way you could think of as like an option payment to reserve those rights that I outlined in the previous slide, one of the most important being the reservation of the water, but also there were other rights that were mentioned. Another important benefit to the City is enhancement of the recycled water quality. Obviously, building an advanced treatment plant, improving the water quality with the potential to blend some of that back into the nonpotable system, has the ability to improve the overall water quality at the system level. And then another one is avoided cost of filtration in the tertiary system. The way this would work: If we divert water out of the wastewater treatment system after secondary and before the final tertiary treatment, there's an avoided cost savings to the City in doing that. And interestingly, in our pilot and performance tests where we've done some ground-truthing of the water quality and the treatment, we found that we actually get some better performance with secondary water rather than tertiary water. There's a lot of technical reasons why that is, but we did pilot studies on this, and that's another important thing to make note of because it's kind of a win-win for both agencies. Okay, the fifth area of this framework agreement is roles and responsibilities. And so this, again, ties in a little bit to the TAC, work that staff would be doing, and somewhat to the policy advisory committee that would be created, and of course, to the Board and the Council. But top of the list here is public outreach and participation. Mansour already touched on this. We know, especially from Orange County, one of the keys to the success in recycled water is a good public outreach and education program, really getting the support of the community and so forth. And so that's very important, as well as a variety of special studies, projects, programs, things that we'd be doing together, collaboration, and a coordination of the future planning and expansion of the whole system. Planning and pursuing capital investment, grants, funding, all of those things that, if we're working on those together, everybody will end up better off by coordination. So these again are key roles and responsibilities for us. And then ultimately in the future, when we envision this expanded system, it's going to be more -- somewhat more complex, but a lot more robust and able to meet our water demands, we anticipate it will become increasingly important to have operational coordination as well. So that's kind of the final thing here. And the sixth and final part of the agreement is with regard to advance water treatment. And so again, a few elements of that. We've talked about the need and the value of an advanced treatment plant. We've talked about the need and value of getting demonstration of the advanced treatment technology, being able to really run this plant, track the quality of the water, take members of the public and the community in there and show them what it can do, and what it can produce. And of course that ties in with the public involvement in outreach. Improving the water quality, and also, sets the stage for, out there in the future, the potential for what's called indirect potable reuse. So some of you who may not be quite as familiar with that, essentially what that means is taking recycled water, running it through the advanced water treatment plant, and then the potential to blend that in with the district's raw water system and be able to use it as replenishment for the groundwater basin. That's what Orange County is doing already, has been doing already, has been doing for some time now. So we're looking at that and studying that as a future possibility. Okay. So now, this is about my last slide. I want to go over the next steps here, but I also wanted to reflect back on what happened April 9th at the Liaison Committee. Because there's a couple of key topics or issues that came up. So I'll try and set the stage for some questions and discussion about that. Two or three things came up at April 9th Liaison Committee meeting. The first one was pretty much all the members of the Liaison Committee said, "This sounds really good. Why aren't we thinking even longer term for the framework agreement?" Staff was talking about an agreement that would go through the year 2040, and so we talked about that some more. As staff, we debriefed and met. We said, "You know what, we can easily take this to 2050, potentially even farther." And so we pretty much reached agreement fairly easily on that. So we got the direction and input from the Liaison Committee, discussed it as staff, and that's sort of like yes, longer is better, there really aren't any issues with

that. Another topic that came up at the April 9th Liaison Committee meeting was a question about priorities. We had some discussion about the priorities on the use of the recycled water. So to just take a step back real quickly and summarize what that means, we had talked in the draft framework agreement about the idea of having more or less tiers of priorities. Tier 1, first priority being any water that's required as a condition of the NPDES discharge permit of the wastewater permit, that's got to be first priority. And second, the South Bay water recycling system, its needs, currently customers, and certain amount of planned expansion. Third priority would be new water supply provided to the District in order to meet some of the demands in that part of the system. And the input we got from some of the committee -- Liaison Committee members was, well, this sounds like there could be conflict. What happens if things change in the future? What if we have some severe conditions of drought, or a delta outage, or we've got severely overdrafted groundwater basin, there are a whole variety of conditions that might exist where we could have a competition for those priorities. So we've been talking about that as staff. We have some ideas on that in terms of what we think would better address that. I'm not going to go into any of the detail of it at this point, but just mention that sort of the idea we've discussed at the staff level is to focus more on the overall relationship, the big picture goals, recognizing that we all serve the same community, and try and focus on maximizing the value to the community, maximizing the best overall use of recycled water. So that's just the idea that we're talking about at this point. So that's kind of an open question. And then there is another key topic that came up, and this actually came up after the April 9th concluding Liaison Committee, and that was about the charge or the cost that the District would pay to the City at the time that we exercise our option. In other words, once we develop the infrastructure to actually take recycled water, the District would pay the City some type of charge. This has come up, and we, I think, all recognize that this is really important, and that there's probably some real value and benefit to trying to nail that down. It's also fairly complicated. So it's important, and it's complicated. As staff, we think it will take a little more time to get that figured out. What we've talked about at the staff level is, maybe we ought to take the time right now, hammer out something that really addresses the needs and interests of both agencies, and then, because this was not discussed or presented to the Liaison Committee, it may justify -- there may be merit to having just one last meeting of the Liaison Committee where staff would come back, present this to the committee as kind of the final concluding thing, have the discussion and input, and do that before we go back to the full Board and Council and ask you for adoption of the framework agreement. So those are a couple of key things we talked about. And so in terms of next steps here, that's kind of a question that's out there for discussion right now. This first bullet of course is the meeting today. The next bullet which we had anticipated Board approval, then TPAC approval, execution of the framework agreement, formation of the policy advisory committee, and so forth. What we're thinking is that there may be some merit and value to having that one last Liaison Committee meeting after today. So that's really open for a discussion, input, or comments by the committee members on anything I've said, and that takes us to where we are right here. So staff is available to answer questions, and whatever you want to do from here.

>> Mayor Reed: Thank you, Keith. I think I'd like to ask John Stufflebean if he has anything to add to the staff presentation before we take it up to the Board and the Council.

>> John Stufflebean: Thank you very much. I just wanted to say two brief things. One is that we've really enjoyed working with Water District staff, and we totally agree with what Keith said in terms of we believe that the best future direction is to take out the priorities and talk about how we're going to work together to supply both potable and nonpotable water uses to the area, and that the idea of taking the time to work out a cost structure right now is something that we've already started looking at, and we're thinking that's enough of a new idea that we ought to -- we haven't really talked about that at the Liaison Committee. The idea of having one more meeting of the Liaison Committee seems to make sense to us, too, to make sure that they have a chance to talk and have input into that, especially since the City of Santa Clara is not here, and so that gives them, the City of Santa Clara, an opportunity to participate as well through the Liaison Committee. And then I did also want to mention, I'm not sure that you all got the word that Councilmember Chu had some emergency dental work, and he wanted to make sure you knew that he really wants to be here but he had to take care of that. Thank you.

>> Mayor Reed: Thank you, John. Well, I think having another meeting of the Liaison Committee is a good idea, a good way to resolve it. And since Councilmember Chu isn't here to defend himself, he's a member of that committee, I'm happy to create another meeting for him. Councilmember Oliverio is here. He serves on that committee. I know you Board members serve on the committee, as well. But I think it is a good way to resolve the final, final, final, final issues here as we move forward. Any other comments or questions for the presentation or comments? Councilmember Kalra.

>> Councilmember Kalra: Thank you. And thank you very much for the presentation. I'm really glad to see the collaboration and the constructive collaboration with the actual results moving forward. A couple of questions. One in regards to the expansion of the recycled -- the water pipes with the stimulus funds. I'm just curious if that -- if we are able to accomplish that expansion, which I think is great, and goes a significant way to meeting our goals. Where would we stand in comparison to other cities or regions in terms of the amount of water we're recycling, at least as far as the City of San Jose is concerned?

>> John Stufflebean: Yes, well, we would certainly be one of the leaders in the country. Orange County may be the only one that's doing more than us, so certainly we are at the top of the list in terms -- we already are. This would even take us further in terms of being a major water recycler in the country.

>> Councilmember Kalra: Good. That's what I suspected, and it's good to hear that. And I have another question in regards to the advance water treatment. I believe there was mention that the City would get around $1 million a payment annually, and I'm just curious as to where -- how that number was arrived at. Other than the fact it's a clean number, what was the rationale for that number?

>> John Stufflebean: There was a number of things that we put into that, the discussion of that number. One is -- one frankly is that that's currently what we're getting now from the District for -- the District currently pays us for -- kind of for a different purpose. The current purpose is because based on the fact that because we provide recycled water, the District doesn't have to bring that water into the valley, so that's additional water supply. But as we got looking at the value of that water over the long term, what other -- what other water costs in terms of reserving other water -- other agreements the District has, what it cost us to produce the water, what the potential future value of that, that was a number that seemed to fit in both the city and the staff and the district staff in terms of a pretty good number. And I can let the District staff address that further if they want to. Anything else you want to say on that?

>> I would just second what John just said. So there's some historical basis to the quantity or, you know, the value, a million dollars. And in terms of looking forward into the future, what we did is really look out there on the horizon, say well, what's going to be important? We wanted to transition really away from kind of a passive reimbursement agreement, get much more into an active collaboration and partnership, and identify some specific things that we knew would be important in the future. So that's kind of what we outlined in that. And that's the thinking and intent. And ultimately it becomes a -- it's a value judgment of the two parties. This feels like a pretty balanced deal. Each party gets some important things, and we think we can support it.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Any other questions? Comments or questions from members of the Board or Council? Board Member Patrick Kwok.

>> Board Member Kwok: Thank you. As a member of the Liaison Committee, I enjoy really working with City staff and City Council on this very, very challenging issue. When we started about six months ago, I was kind of a bit hesitant. I said there was a lot of issues that need to be resolved. But during the course of our discussions, we pretty much, with strong collaborations, we come up to some consensus. And I was one of the members who also toured Orange County Water District. And we got a lot of insights, a lot of advice from them, and I even drank the water, and I'm still feeling really, really, really good. That shows the water is really of top quality. One of the things that I think that we talk about on the April 8th meeting is the $1 million that we are putting in there until 2013. I think Councilmember Oliverio brought up the questions about should the -- we do not come up with any agreement, which is a very, very remote, you know, scenario, what happen to that $1 million, should we get a full refund, or should we get a partial refund? Something that I think we need -- still work -- still got to work on that $1 million. I think the $1 million starts on June or July of 2009, and go through 2013. So what happen to the $1 million if we do not come up with an agreement? Should we entitle for some refund or partial refund or some kind of compensations, as a District perspective would like to have a full refund. So that's something we need to work on, again, I'm really confident that we will have some agreement of some kind by 2013.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you. I just want to say I'm honored to be part of sitting here today and witnessing this collaboration. I think it's very important for the future of our communities, and I'm glad that we're leading the way. Because water is indeed the new oil, and it's very critical that we get these kinds of issues discussed. I just had a question on the brine that would be remaining. What kind of issues do we see in dealing with that as we begin to use in the future potable water and actually reusing that, what kinds of issues or how do we see that being resolved?

>> John Stufflebean: I'll address that, I'll start addressing that. Essentially, the brine is what is left over after you pull out the clean water. And what we think is going to be the best solution for that is to simply put it into the bay with our outfall from the treatment plant. And the argument for that, of course, is if we hadn't had the recycled water system, this would go into the bay anyway. It would have already been in the recycled water or in the effluent, in the wastewater. So it would have gone into the bay anyway. So the typical solution for that is to place it in the bay. There will be some permits required for that, and we'll have to make sure that we -- obviously we'll have to get those permits, but we think that -- we think that shouldn't be a problem. That's what others are doing. The other issue then comes up is that if a treatment plant is built somewhere else in the system, it also might generate brine. And that's really one of the major advantages of putting at least a fundamental water treatment plant at the plant, because it's close to the outfall, so you can go right into the outfall. But if upstream plants are built, then the brine might have to back into the sewer system, and we'll have to work out an arrangement for that. But in terms of the brine from the proposed treatment plant, it would just go right into the bay, and we think that's going to be a feasible solution.

>> Councilmember Herrera: And I had one other question, and I'm not sure if this is regarding the potable or not. It's mentioned that the water would be distilled, similar to distilled water, the result of going through the system. And I'm thinking down the road, if we're reusing, that distilled water lacks minerals and things that wouldn't -- would make it not suitable for drinking water, I think. So how would -- would it going back into the aquifer cause those minerals to be redeposited, or can you just comment on that?

>> John Stufflebean: Right. It isn't distilled in terms of like zero minerals. There are still some in there. But that is an issue, that it does get so clean that there actually lacks some of the chemicals that typically water has. And so you have to deal with that. In fact, in Orange County they do add some chemicals back in to make it more acceptable for use, which we may have to do that same thing here.

>> Mayor Reed: Board member Kamei.

>> Board Member Kamei: Thank you. As a member of the committee, I just want to say when we first looked at the schedule, and that we were going to accomplish all of these things and come up with a draft agreement, I thought, boy, that's really fast. And I wasn't quite sure, because initially we were sort of, you know, learning what was going to go on and how we were going to get together. And I must really commend both the staff of the City as well as the Water District, who really, really rolled up their sleeves and got things done. So when that -- you may not have been able to see the detail on the schedule, but what was accomplished was major. And you know, I recall the meeting that Tony Estremera and I had with the mayor. And to credit the mayor, putting this team together was really the start of something good. So I think that while in many instances we've got a ways to go in terms of the details of the agreement, we have accomplished a lot. And to think that there are no issues in terms of whether it's a 40-year agreement or 50-year agreement is something that, you know, is a legacy to leave behind. So I just want to really thank the staff, because they got the message to work together for the community. And, you know, it was a really great pleasure to work on this.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. And it's been summed up pretty well by the other Liaison Committee members and staff on both sides of the fence. You know there are certainly options out there between us and Alameda County, and us and San Francisco County but I think in the end we want it to work out between the Santa Clara Valley Water District and our facility. So I think staff will come up with the minutiae and the details to where we all agree and we'll have another Liaison Committee meeting and we'll solve it from there. But we'll have a partnership that will suit us all very well.

>> Mayor Reed: Board member Estremera.

>> Board Member Estremera: Thank you, Mr. Mayor. I just didn't want to be repetitive, but I wanted to acknowledge especially your leadership, Mr. Mayor. I recall in 2007, as Director Kamei was saying, we asked for a meeting with the mayor, we met with the mayor, and we talked about putting together a committee, and he kind of was saying, oh-oh. But I know he thought about it, and he put together a very good committee. If you'll notice, this is how unusual this process is. We have an even number of public officials on both this committee and the proposed committee. That's unheard of generally, because what you want to do is make a decision based on votes, and that's all there is to it. Well, this has become a different process throughout, and in fact, we're all as members recommending that we continue that process, which is that we don't need votes. If it doesn't work for all of us, it doesn't work for any of us. And when we first talked about this, the thing that we all agreed on, the mayor and Director Kamei and I, immediately, was that we're working for the same folks. The same people are paying for this, and the same people are being represented by all of us. So it's important for us never to lose sight of that. And I have to say that we never did lose sight of that. I think that's why we have an agreement that looks like it does, and I think that's why we have the kind of partnership that we have now. It's a very positive working relationship. In 2001, I was chair then, and I had -- it was my turn to, towards the end of the year, write to the mayor of the City at that time and say that, you know, we've never met. We don't meet as policy makers. We represent the same communities, and yet we're not working together. And since that time to now, as the mayor just mentioned, we've had nine meetings. We have pretty regular meetings now. And not -- but it's not just the meetings. Initially we had one to two meetings there in early 2002, where it was more ceremonial than anything else. But as you've noticed, these have been all very substantive meetings in the last three to four years, and we're getting an awful lot done. So I wanted to acknowledge especially your leadership in this area. I thought you made some great appointments to the committee. You got Mayor Mahan to participate. She certainly was a great addition to the committee. And all of us on the committee have been very comfortable with this process, and all of us support not only the process, but we also support all the recommendations. And lastly, thank the staff, because it's pretty difficult for all of us to come together. We have different methods of decision making, each organization. So it's really difficult for the staff to get together and try and get the different corporate bodies that they've worked for to appreciate what they're doing, and then, of course, to make more decision based on our recommendations. So hats-off to, you know, both staffs. Thank you very much for the work you've done.

>> Mayor Reed: Other comments? On that, do we need to take action, or do we just continue with the committee, the liaison process without Council action or Board action?

>> City Attorney Doyle: Mr. Mayor, I think it's just accepting -- accept the report or just direct staff to continue action.

>> Mayor Reed: Well, If we accept the report and the actions, that includes going through the Liaison Committee. Councilmembers, anything else? Is there a motion to accept the report?

>> Motion.

>> Mayor Reed: We have a motion to accept the report. All in favor, opposed, none opposed, it's approved by the City Council. Let's see if it can pass the Board.

>> Board Member Sanchez: Let me just add: I'm real excited over the fact that as our committee has been reporting, that progress is being made on this issue. Because it's pretty obvious that we're not going to -- I don't think we're going to build any more dams in this county. And we don't know whether they're going to build any in the state. So recycling of water of course is going to be a very important long-term need. So okay, we're moving along. We're going to go -- evidently, the next subject is overview of the water supply and the same -- I'm sorry.

>> Any action --

>> Board Member Sanchez: Well, yeah, we can --

>> Board Member Estremera: Mr. Chairman, before you move on, could I make a motion that we accept the report?

>> Second.

>> Board Member Sanchez: We have a motion and second to accept the report. All in favor, opposed, so ordered, thank you. Okay, the next subject is water supply overview with water supply outlook. And the same presenters, Keith and Mansour.

>> Keith Whitman: Thank you, Mr. Chairman. So we're going a little out of sequence now. What we're doing with the zoom lens, we're going to zoom --

>> Board Member Sanchez: Excuse me. This subject should not take as long as the other once one.

>> Keith Whitman: I'll do my best. I'll try and get through it quickly. And at the -- we have two sections here, just to go over it real quickly, water supply outlook. So I'll talk a little bit about our current water supply conditions and where we are at this point in the drought. And so we're kind of zooming out with the land, so to speak, from being very focused on recycled water, so we're going to go to kinds of a wide-angle view on water supply. And then following the water supply part, we're going to talk about water conservation and some particulars there. So I'll try and do this as quickly as I can on current water supply conditions, and then we can have questions and discussion. So quick overview on water supply outlook, starting with an overview of our water supply and sources. Roughly, on long term average, we get here in Santa Clara County about half of our water from imported sources. Those are the State Water Project, the Federal Central Valley Project, and San Francisco's Hetch-Hetchy Project. Also on long term average, we get about half our water supply from local sources. We have ten local reservoirs and three local groundwater subbasins. In terms of how we manage all this water, that's what our infrastructure and some of our natural systems like the groundwater basins are for. We blend it together. We have three water treatment plants. We've replenished the groundwater basin, and that meets the county's water demands. Just as kind of a benchmark and a reference point, total county-wide water demands and use currently is about 400,000 acre feet per year. So in terms of the challenges that we face here today, of course this is the third year of a drought. You all know that. One of the things that we do is, we're constantly planning both in terms of long-term planning for infrastructure and investment purposes, as well as operational planning. We're doing operational planning to look at the possibility of another multiyear drought like we had in 1987 through '92. So we're looking at how much water supply do we have this year? What are the risks and uncertainties? How do we position ourselves to be best prepared for a continuing drought into 2010, 2011, or beyond? And one of the challenges that we're seeing now is an increasing amount of uncertainty. So this slide just outlines some of those uncertainties that we're dealing with. So the Endangered Species Act Federal Endangered Species Act, there's listings of several different species of fish in the delta. This creates operational uncertainty in terms of our ability, and for that matter, everybody who gets water from the State Water Project or the Federal Central Valley Project, there's greater uncertainty in terms of our ability to get that water. There's greater risk of facing some potential interruptions or restrictions on the ability to get that water. That also creates limited opportunities in terms of water transfer markets. It puts some constraints on our ability to get water supply reserves out of our banking programs. It creates operational concerns in the San Luis reservoir. That's what the low point problem is about. And then again here locally, with some of our own dams and reservoirs, we have DSOD, is the Division of Safety of Dams, they have some restrictions currently on some of our local dams that can constrain how we operate them. These are all -- and then there's more than these, as well, a set of operational concerns that all create more uncertainty and challenge for us. Now, taking a look, just in terms of kind of a static view of our water supply, if you look at kind of a balance sheet, so to speak, these two bar charts, these are vertical bar graphs. And what this is intended to show is two different scenarios. On the left side is median spring and fall. In other words this brings us up to date as of the end of March and looks forward through the end of 2009. This takes us all the way through the end of 2009. And on the left side it said what if we had median, which is essentially average conditions, this is the situation we'd expect to see. And so these different colors kind of stack up all of our different sources of water supply and how we would draw on reserves and other sources to meet those needs. On the other side, that looks at a dry spring. We're almost out of spring, but that looks at a dry spring and fall, again takes us through the end of 2009. And I'll skip all the details on this, but kind of the bottom line is, on the left side average conditions, it looks like we'd be in the neighborhood of maybe 100,000 acre feet short just in terms of our currently available supplies. We would make up that gap by a combination of drawing on reserves,

invoking additional water conservation, drawing on banked supplies, and drawing down some of our local groundwater basins. On the right side, the dryer scenario, that number is about 145,000 acre feet. So this was the snapshot as of the end of March where we went to our Board, March 24th as staff, we presented this, and our Board adopted a resolution calling on water retailers and cities to invoke mandatory programs to achieve 15%. So that very top slice or that orange slice, that is the water conservation quantity that we're asking for. And so that's a basis of it. Since March, we've had some improvements in terms of our imported water supply. We have a little bit more quantity on the State Water Project, a little bit more quantity on the Central Valley Project. Things have improved a little bit. So rather than being on the right side, the dry scenario, we've moved a little bit to the left, not politically speaking but just on this -- on this chart here, from being in the dry to being closer, little closer to the median scenario. But there's still a need for additional water conservation. And so that's kind of the overview of how that stacks up. In terms of what we look at, and the basis for, people ask, well, why 15%? And another question is, how does that relate to the governor's call for the 20%? Those are a couple of key questions that often come up. This chart here shows one of our key indicators of what we look at. It's not the only one by any stretch, but one of the key indicators is, we look at the condition of our groundwater basins. We have three groundwater subbasins in this county, and we have computer models and lots of technical ways of being able to model and project out in the future and see, what do we expect things to happen? And so this chart here essentially tracks a key metric, which is our projected end-of-year groundwater storage, total groundwater storage throughout the county in all three of these basins. This is sort of a threshold of actions. So what you see there on the left column, it's looking at stages going from normal to alert, severe, critical. Where we are right now, we're kind of straddling between alert and severe. Our projections and best information looking at the end of the year indicates that there's some likelihood that we will be into the severe stage. So the action on the right side in terms of a demand reduction goal puts us in the 10 to 20% range. So 15 is pretty much right in the middle there. So that's where that number came from. How does it relate to the governor's call? The governor called for individuals to reduce 20%. So that did not include business, industry and agriculture. It's really focused more on residential and individual water use, and so 20% is higher on an individual basis, but on a larger scale it's not too far from 15%. And let's see. I think that was the main point I wanted to make there. In terms of the action plan, what we've done since March, of course on March 24th, the District Board adopted the resolution calling for 15% mandatory conservation. Following that, District staff have been doing things in terms of media and drought messages, and we're stepping that effort up. You'll hear a little bit more about that in our conservation presentation. District staff and City and water retailer staff have been working together in a variety of things to put programs in place. Cities would be adopting model ordinances, put those into place, and be prepared to enforce those. Water retailers would be putting into place programs to actually achieve the reduction in the water use. And that -- that's kind of a quick summary of what's happening there. District drought response, I think I pretty much covered what's -- what's on this since March 24th. And so the combination of things that the District is doing, that cities are doing, and that water retailers are doing together is pretty much all part of the drought response. In addition to that, we have a number of contingency plans and actions that we've put in place. So that concludes my part of the presentation. I'm going to turn it over to Mansour, who will talk more specifically about City actions.

>> Mansour Nasser: Thanks, Keith. Again, the last bullet in Keith's slides is urging cities and local water providers to take immediate actions. And I have one slide to share with you, what we are proposing, what staff will be submitting for Council consideration and approval in May, in response and support of the action taken by the Water District. Staff will recommend that Council document a resolution declaring 15% water shortage. Staff will also recommend for council approval that the current ordinance be updated to strengthen water waste prevention measures. The City staff, partnering with the District, and staff from throughout the cities in the county, to work out on a model ordinance. And we've taken some of those provisions and we are going to be submitting them to Council for approval to be included in the updated ordinance. We'll also be recommending for Council, again, the first two recommendations apply on a citywide basis. The last two recommendations apply to the municipal water system customers. We'll also be recommending for Council approval that water budgets be established and sent to municipal water system customers as water use guidelines to achieve our conservation goal. The purpose of the budget for each customer is to allow the customer to know what their monthly and daily allocation or daily water use will be, and will help them and to be used as a guideline as they try to cut their water use. And finally, to increase targeted outreach and education towards a -- to our municipal water system customers. I know Hussein, in the conservation presentation, will be talking about the countywide campaign that the District will be undertaking. As far as the effort to help achieve our long-term water conservation goals in San JosÈ beside the water waste ordinance update in May, we are looking on the following -- we are working on the following updates. In 2010 we are looking at updating the landscape ordinance to be modeled after the state landscape

ordinance, and that to go into effect in 2010. And also, as part of the Envision 2040 general plan update, we are incorporating water conservation into citywide goals and policies. We are also working on new green building design guidelines to increase water efficiency for new construction. And other possible policies we are working on is gray -- we may issue gray water permits, if the updated state code allows more gray water uses. The state is looking at allowing more gray water uses, and if that's the case, we will be looking -- we'll be looking at issuing gray water permits. And finally -- and this also will be on a countywide basis -- is we're looking at retrofit on resale. And that's where if somebody's trying to sell their home, and I know it's a bad time now to do that, is to install water-efficient fittings before the home is transferred ownership. So these are some of the measures that the City will be undertaking, and we're here to answer any questions. Thank you very much.

>> Board Member Sanchez: Thank you, Mansour. Are there any questions on the part of City Council or Board members, or comments?

>> Mayor Reed: I had one question.

>> Board Member Sanchez: We'll let the mayor go first.

>> Mayor Reed: Thank you. First, if you go to my house, you'll see the front lawn is gone, it's dirt. I'm not quite sure what we're going to plant in there, native plants, maybe it's going to be rocks, but the lawn is gone, and that will save me some water. So I'm working on it. The question I had was one that's been raised by people about hey, I'm already conserving. How do we know that the people who have been conserving since the last drought are going to get at least brownie points or something who have been conserving all along when we set the baselines and budgets and things?

>> John Stufflebean: There are a couple of things we're going to -- we propose to do about -- recommend about that. One is that we will calculate your water use based on 80% of last year's same-month water use. And of course, if you were conserving last year, you should get benefit for that. So there's two things we propose to put into place to accommodate that. One is that if you -- you can appeal. You can appeal the decision on your use and say we really think our allocation should be higher than this because of the situation, either we have conserved a lot, or there's been a change of use in the house, or last year on that month we were on vacation, we didn't use any, so now 80% of that would be too low. We are also setting a floor that is below a certain amount that's still okay. So in other words there's a base amount that anyone can use without being asked to go below that, so we're kind of getting the basic floor that anybody can use. So those are the two things. And also, keep in mind that certainly this year, we're not proposing a penalty if they don't reach it. We're just simply providing information about that.

>> Mayor Reed: Last year, though, we asked people to conserve by 10%. Shouldn't you be looking at year before last to set the baseline?

>> John Stufflebean: Yeah, that would be good if we could do that. Our database system makes it somewhat difficult to do that. So maybe in future years we could look back further, but because we made the big transition, we would have to go back into the old system.

>> Mayor Reed: I still have my water bill from the last drought. [Laughter]

>> John Stufflebean: And that could be something people could bring in if they appeal. They could look at what their past use has been.

>> Mayor Reed: Thank you.

>> Board Member Sanchez: Nancy.

>> Councilmember Pyle: Thank you. You know, as a teacher for many, many years, I know that if you make a rule, but you don't have any mandatory enforcement, nobody is going to follow it. Or it's not going to be a colossal success. So when you say there's no penalties, how can we expect this to work?

>> John Stufflebean: Well, I guess the first thing to say is that last year we simply had an educational program, and we did get 9% conservation. So people did respond to the call for action last year, and we feel this is kind of the next logical step is to actually give them the data on how much that would be and, you know, we -- at some point we could go to penalties, but we think that's -- maybe would be the next phase, if this isn't successful or if we need to do additional cuts in the future then we could look at recommending penalties.

>> Councilmember Pyle: Well, there isn't a young man out there that would say, I won't take baths as often. But at any rate beyond that will there be an education component that targets schools and young people who will get into hopefully habits that will be with them for their lives? Yeah, that's already a part of the equation? Okay, thank you.

>> Board Member Sanchez: I may add to that question, we are budgeting $2 million, promotion dollars --

>> Councilmember Pyle: Okay.

>> Board Member Sanchez: -- to educate the public, and schoolchildren, so forth, so on. So that hopefully will cover it.

>> Councilmember Pyle: Thank you.

>> Board Member Sanchez: Anyone else have a question?

>> Councilmember Campos: More of a comment. I wanted to piggyback off what Councilmember Pyle was talking about, education and penalties. It's interesting how the young generation really does monitor the older generation, or even their own generation. I was at two different public entities, and when I say public, whether it was the grocery store or whether it was at the bank. And you know, people are very friendly, they -- especially young people they start talking to you when you start asking them questions. And this young woman said, I think she was about 19, she said, "I got on my brother because he was being very wasteful with the water in the front yard." And then another young man at another place said, "I got on my mother because she was being very wasteful in the front yard of watering down the cement." And so I think that putting money in education and targeting our next generation is very smart, because they -- they get it. And they're monitoring I think some of us that may not be as willing to conserve but young -- but it's going to take a generation to really change the future. And so I commend you for spending money in education.

>> Board Member Sanchez: Thank you.

>> John Stufflebean: Can I just address that very briefly, just to note that the City does have a go-green schools program, and we just had our conference a few weeks ago, with tremendous attendance. And we kind of used recycling to get in the door, is that something easy that people can do, but then we do talk about all the other environmental issues. And certainly water conservation is kind of number 2 on the list of that we talk about once we get into the school.

>> Board Member Sanchez: Yes.

>> Councilmember Herrera: Thank you. I think it's very important to give people the ability to budget, to understand: Using water is like using money. Only it's even more critical. It's a very scarce resource. So I think it's great they're going to get that visibility. Do you foresee some technological advances that will allow people to really look in more detail as to how they use the water, and actually have a lot of visibility into specific uses, and how much that uses water down the road? That's one question, and I wanted to comment on folks who have swimming pools and other things. How will that impact them in terms of, you know, water, the new water requirements?

>> Mansour Nasser: You can talk about the technology, I can talk about the pools. The -- again, Councilmember Herrera, we are going to be prefer -- municipal water system customers, we are going to be providing budgets. And the customers, if they have a pool or not, at this time they can use their budget to fill their pool. Should the target be raised to 30% or 40%, I believe the ordinance say -- says that you cannot fill your

pool. But at this time we're at 15%, and customers have the flexibility to continue filling their pools if they choose to. And as far as the next generation in conservation, you know, Hussein from the district is an expert on that, so if you want to answer that one.

>> Board Member Sanchez: Go ahead, we're --

>> If you would, I'll --

>> Board Member Sanchez: It's part of your presentation.

>> Yes, it's part of my presentation. We have currently more than 20 programs in conservation and one of them is technologies, and new technologies that we have been working in conservation. If you would allow me, I will cover it in my presentation.

>> Board Member Sanchez: Larry.

>> Board Member Wilson: Because I don't want to slow things down, the landscape ordinances that the state has that the model ordinance that you folks will be looking at, this is your opportunity to really make a difference in outside water use. I commend the mayor for taking his grass out. Some day, we may have a program to help pay for that grass you take out. But too late now. But thank you very much for doing that. I know I've done the same thing. So we need to urge people to remember that we live in a semi arid region. This isn't a place where you can have spacious green lawns all year long.

>> Board Member Sanchez: Thank you, Larry. Richard.

>> Board Member Santos: And even to -- taking off what the mayor said, you can take advantage of our house call inspection programs, that is probably one of the best things I can advise anybody to do, because they'll give you a lot more ideas how to save water and so on. But then again, in our rebates that's good incentives to do certain things about saving water. So they have a great program, they come out, it's free, they will inspect your place, your premises, tell you maybe where the leaks are at, give you a lot of incentives and rebates and so on, so take advantage of it.

>> Board Member Sanchez: Anyone else? I would just had a comment as it relates to the attaining the 15% conservation goal. A little history in the late '80s and the early '90s when we had the last drought we called for 25%. And we attained it. We had excellent cooperation from the community and we expect and hopefully that we will -- that that will be repeated. You know, we are talking about 15%. And maybe we shouldn't even announce this. We -- we're really talking about an additional 8% over what we've attained, when we announced the voluntary. So it shouldn't be too, too hard, I don't think, for us to attain the 15%. But maybe I shouldn't announce that, because it might discourage people from really, really working at it. So anyway, if there are no further questions we'll go to the next subject. And the presenter is -- the subject is water conservation information. And our expert is Hussein, who's going to tell us how we're going to attain this.

>> Good morning, Mr. Chair, Mayor, and Board, and City Council members. I would like to start with saying, another area of success working together collaboratively is water conservation. And I would also ask Mayor Reed to look at this picture of whether this is going to be your backyard or your front yard that you took the lawn out. Because this is the example of efficient landscaping that we hope to have throughout the county. I would like to start with talking about the long-term and short-term goals. The short-term target for us is what one of the examples is what the Board asked, 15% mandatory water conservation, that the District Board called for 2009. And the long-term target is also -- it's important, because we look at long term, by 2030, based on our all-around water management plan, we need to save 100,000 acre of the water, almost quarter of total water supply in the county by 2030. This is an aggressive goal, but we are hoping to reach that. Another part of this, I should mention, is the saving in the city will be almost half of that. And that would be 50,000 acre foot per year, which is almost equal to 50 million gallons per day of saving. I would also mention that couple of examples that you can compare with other agency, within the region. Contra Costa Water District Water District's goal is 10,000 acre foot by 2050. And East Bay municipal utility district which is called East Bay MUD, there's about 45,000 acre feet per year, by 2020. So you just get the feeling that we are really aggressive in water conservation. Thank you for your

support, both Board members and City Council. This goal also is in line with the City's Green Vision as well. Because not only we save water, we save energy as well, and also, we reduce the greenhouse gases, the CO2. So this is important, and that has to be recognized. Keith already covered this part, I'm going to pass this. In 2008, water conservation, if you look at this chart, this is starting from 1992, which is the last drought. Since then, we start ramping up our water conservation programs. And it's by just last year, we almost saved 42,000 acre feet per year of water. And in city area, working collaborative with the city, is also saving 21,000 of acre full of water in throughout the city. I should mention here that we work together with our retailers. And without helping ask to achieve this goal, this would not be possible. I would like to thank our retailers, as is the city staff that we are working together very nicely to come up with these aggressive goals. These are the programs that some of you mentioned. We have over 20 different type of programs. We have 10 residential programs. And we have 10 water conservation commercial, industrial, institutional programs. We have believe it or not, we have agriculture also in the Silicon Valley and we have two agricultural programs in that area, mostly in South County. I would also mention that we are glad to mention receive award in best overall category in 2008, Flex Your Power awards. We were one of the 60 entity, private and public, that would receive this award. And we were the only water agency that we got this award. And also, the City of San JosÈ recently received water efficient technology program award from 2009 Silicon Valley water conservation. So that's another success for the city and working together on that. The programs that we said in conservation residential, one of those is Water Wise House Call, that Director Santos mentioned about it. This is a very successful program. And they call, they come into your house and tell you what you have to do in order to be water efficient. Not only for interior but also for exterior. And then clothes washer rebates, another program that we pay up to $200 for replacing your old washer with a more efficient one. In commercial, institutional and industrial, we have different programs, as I said, more than ten programs. These are the two examples of that. Of water use survey that we go through the commercial and industrial, and we give some tips to them, how to save water. And then the rebates for water efficient technology that we call WET, and in the tributary yard, the City administrate that program, and outside risk of the tributary in the county, we do administrate it. And then the conservation program in ag, we have on-farm irrigation technical assistance program. We go through the farm and give them some recommendation, how to save water, and be more efficient in their irrigation. And then all major California irrigation management information system, this is a weather component of coming up with irrigation scheduling. I should mention also that we have very good successful outreach programs and we have media outreach. We have newspaper ads, and we do have campaign. Overall, we have multilingual educational programs in conservation. And this is the key element of our success in water conservation to have a good outreach. And I think at this time, I would like to stop here, and answer any question that you have.

>> Board Member Sanchez: Very good, thank you. Any questions or comments? Larry.

>> Board Member Wilson: Just a quick one. I was thinking back to the last drought and at that time we were using about just under 400,000 acre feet of water a year in the county. And we're just getting back up to that number now. So conservation that was brought about because of that drought, the hardening of that carries us over 20 years. This drought may have some beneficial impact, in a way, that it's going to help us get through the next 20 years without increasing our water as much as we might suspect.

>> Board Member Sanchez: Yes, thank you Larry for raising that point. It's pretty obvious that what happened, we continue to benefit from the efforts of the people interested in conservation, as far back as the late -- early '90s, late '80s. That's the reason that we continue to supply our needs, as Larry points out, is -- are no greater today than they were in the early '90s. So that tells you something. Any questions? Oh, I'm sorry, Nancy, go ahead.

>> Councilmember Pyle: Thank you, Sig. I just wanted to ask a quick question about the irrigation methods. I'm assuming that most of the irrigation that takes place on in farms is done with recycled water. Is that a correct assumption?

>> Board Member Sanchez: Most of it, no, no, a small part of it.

>> Councilmember Pyle: So how can we increase that component of it?

>> Board Member Sanchez: We continue to make progress. The cost of recycled water, treating water for agriculture, the economy, agriculture economy really is -- can't afford that level of cost. But what -- we're doing it in the South County, we're -- the level of charge is the same as if it was not treated. And we're getting some use. But Hussein, you might want to address that.

>> Sure. As you mentioned, yes, we have been using recycled water in ag. In South County we have score wastewater treatment plant that supply the water, that District is wholesaler on that. In South County we almost reach the capacity in terms of we have more customer that we have recycled water. However, in North, we have South Bay water recycling, it takes a lot of effort and capital investment to take that pipeline down to south, because most ag is going to be in the South County in the Gilroy and Morgan areas. So that's something that we have been looking into, and it looks like it's much more cost effective to use it in north, in IPR or groundwater recharge use, than sending it all the way back there.

>> Councilmember Pyle: Thank you.

>> Board Member Sanchez: Any further questions? Before we go into the wrapup, I'm going to ask, is there anyone in the audience that would like to make a comment or ask a question? Yes, would you please come to the mic. Your name please for the record.

>> Is this on? Whatever.

>> Mayor Reed: It is on.

>> It is okay, my name is Anil Babar. I'm with the Santa Clara County association of Realtors. I just heard, we're not in support of anything when it comes to retrofit on resale as you can possibly imagine because of the amount of time it takes for anything to get done at point of sale. By all estimates to get anything done on a county wide level would take 60-plus years to do 2 to 3% turnover we have every year on homes sold. We believe that education is a great component to any water conservation program, water supply program. And we do encourage that portion. But as I said before, point of sale just doesn't work. And thank you.

>> Board Member Sanchez: Thank you, sir. Anyone else that would like to comment? If not, we're running ahead of schedule. So we're going to have Jim Fiedler and John Stufflebean wrap up. Who wants to go first? Jim, go ahead.

>> Yes, Mr. Chairman, Jim Fiedler with the Water District. Given the fact we're ahead of schedule I think underscores the understanding both the board certainly has and the council has with these very important issues. But what I took away from our discussion this morning, particularly with regard to recycled water, and the understanding I think both the council and our board have with the importance that recycled water plays in the long term reliability for the supplies for Santa Clara County. And I think what I also took away was, the recognition that much good work has been done by the council, and the board members, on the Liaison Committee, and yet we still want to have one additional meeting to wrap up some of the loose ends that staff described for both the board and council this morning, which we will do at a staff level and bring back to that Liaison Committee for further understanding prior to bringing the issues before our board and the city council. With that I'll turn it over to John.

>> Board Member Sanchez: John.

>> John Stufflebean: I really have nothing to add to that. I guess that's an indication that we are on the same page on this and it's been -- and we'll bring it back to the Liaison Committee for one last meeting and continue to work together, thank you.

>> Board Member Sanchez: Sam.

>> Councilmember Liccardo: Thank you, Chair. I just had a question as we were talking about conservation issues, in particular this comes to mind water supply. Can we expect that the Water District will take a formal position sometime during the EIR process of our general plan effort? We are obviously facing the potential of

enormous growth in San JosÈ. We're seeing population figures on the order of 470,000 over the next -- until the end of the projected plan 2040. And it would be hugely helpful for us to understand from the Water District's perspective and certainly we have a member of the Water District Board on our panel. But it would be helpful to have the staff really weigh in, in terms of helping us understand where the constraints are on growth from a water perspective. And I know often it matters how you grow, not just how much but really a clear statement on both issues would be very helpful I think to our task force.

>> Board Member Sanchez: Who wants it? Go ahead Mayor.

>> Mayor Reed: I certainly agree with Sam who is the co-chair of our task force. He's very up to the minute on the issues there so that would be helpful if we could get the Water District to help us out. The other question I had is, given what we've got in place now, how much trouble are we going to be in if we get an earthquake tomorrow, and the delta goes out? Because it will take about a 6.5 quake in the right place to eliminate the delta as a water -- fresh water source. So what would we have to do, assuming that we get our recycled water operation going and we get our conservation going, you know, how big is the problem?

>> Actually, Mr. Mayor, one judge alone could do it.

>> Mayor Reed: One earthquake or one judge, pretty much the same thing.

>> Board Member Sanchez: Go ahead, Keith.

>> Keith Whitman: Let me take a shot at this and address it maybe in the short term and then in a long-term context. In the short term, if we just had a minor disruption, something that took our imported water source offline, in the short term, I don't think it's a real big problem. Up until yesterday, we actually had both the State Water Project and the Central Valley Project offline. There was actually a leak earlier this week in the State Water Project system, and we had the Central Valley Project system shut down for planned maintenance inspection and repairs. So when the State Water Project got that leak, we actually shifted our sources of supply. We went to 100% Anderson reservoir water. We fed all three of our water treatment plants with that water, and essentially it was seamless, and nobody even noticed. So we just did that this week. But there's a limit on how long we could do that. So it really depends on the A water that we have in storage, and how long we could shift to that. So in the longer term, the problems that we see in the delta, we really need a long term, permanent delta fix. That's what's being discussed a lot, you know on a statewide basis, and that's absolutely critical and essential for us in the long term. It's not going to be easy. It's not going to be cheap. But that's what we need. And in terms of the difference pain between an acute event like an earthquake and a regulatory event like the endangered species act, certainly if we had an earthquake that has a whole host of other risks to our whole -- to the entire system, not necessarily just the delta but our pipeline system and some of our other facilities have a certain amount of vulnerability. We have a variety of projects and studies that are underway to try and address that and reduce that vulnerability. So that's kind of a short answer to try and address all those.

>> Board Member Sanchez: Go ahead.

>> Mayor Reed: Just to follow up on that. The governor or legislature last year tried to come up with a solution long-term for the State's water problems. And trying to get a bond measure on the ballot to do things like fix the delta, among other things. They were unsuccessful. And my last trip to Sacramento I talked to a whole bunch of people who were involved in that conversation this year. So they are going to attempt again this year to try to put together a comprehensive package to bring to the voters, and for probably in the form of some kind of a bond issue and other things that need to be done. And I want to make sure that we at the city and the Water District get on the same page as to what we -- what we ought to do so that we're speaking with one voice from this region about our interests in whatever the package might be. And so I think we are, based on what I've heard about the Water District's position, what I know about our position but it's just something that's going to be moving. Hopefully it will get somewhere this year. But I talked to Darryl Steinberg, and he's going to push it on the Senate side. And Gary Bass is pushing it on the Assembly side. The governor is talking about it, and Senator Feinstein is pushing it. So I don't know if it will overcome the institutional inertia, but we ought to prepared to make sure that we can weigh into it with one voice. So I would ask our staffs to that that issue and make sure we're working together.

>> Board Member Sanchez: A little history. Unfortunately, this Board, this Water District, we've talked about additional storage in Santa Clara County. Few years ago, we attempted and we spent, I don't know, million and a half, $2 million, made a study as to where we could put in another reservoir. And unfortunately, we were unsuccessful because of the environmental issues that were raised. And there was -- there is a site in the Pacheco Pass area that would be an excellent site for a reservoir, which would certainly be a real asset if in fact the delta were for some reason to be cut off. And I had hoped before I left this board that we could resurrect that issue. I've only got a few more months and I have been talking to some of the environmental people to see if we can't at least sit down and talk about the possibility of discussing that point again. Larry.

>> Board Member Wilson: Mayor Reed, you're quite right. We need to have a very straightforward, common message, that we send to Sacramento, about what our position is. And I hope our staff's working on that. Because I know where we are. I'm not quite sure where the city is, I think it's the same place, but I'm not too sure. And I think we need to craft a message that we can send, not only send but take to Sacramento and bang on the doors.

>> Board Member Sanchez: Anyone else? I thought -- Tony.

>> Board Member Estremera: Mr. Chairman, after we finish this issue, I want to make sure that our staff let everybody know about our grant for the Silver Creek project and stuff later on before we adjourn.

>> Board Member Sanchez: Who wants -- Jim, oh, Mark.

>> I don't know if it was now --

>> Board Member Sanchez: Thank you for the -- go ahead, Mark.

>> Mr. Chair, Mayor, City Council, Board members, Director Estremera is talking about the stimulus money that the District just heard we received through the Natural Resources Conservation Service of $10 million for Lower Silver Creek Flood Protection Project. So the commitment that we've paid is to take that money, put it out in the community as quickly as we can, starting construction this year, we're hopeful. So we'll be going to our Board on Tuesday to move quickly on our side, to move forward with that project. So you'll be hearing more about it. We'll be out in the community very soon with that project.

>> Board Member Sanchez: Thank you, Mark. Sam.

>> Councilmember Liccardo: Thank you, Mr. Chair. I know my comment was a bit long winded, but there was actually a question in there. I was hoping I could --

>> Board Member Sanchez: Sam, we are a bit ahead of schedule.

>> Councilmember Liccardo: Oh, good, fabulous. The question was, I was hoping that maybe somebody from Water District staff might be able to indicate if we can expect Water District to be commenting during our EIR period. We are formulating the scenarios now. Can we expect some kind of analysis from the Water District on our general plan scenarios?

>> Yes, we will be preparing a letter of comment, recommendation. We'll provide technical support as much as we can also.

>> Councilmember Liccardo: Great, I appreciate that. Thank you very much. We of course love having Dick Santos there, but it's good to have you weighing in as well.

>> Board Member Sanchez: Anyone else? Mayor, you have any comments? Oh.

>> Councilmember Oliverio: Since the Silver Creek trail got brought up, as far as the flood mitigation or whatever, but what's the opportunity for the -- I know people like to see the trail connect Lake Cunningham all the way through to Coyote Creek, I believe. I believe the Water District owns the land; is that correct?

>> Yes, the Water District owns most of the land along Lower Silver Creek. Our project is just the flood control portion, the flood protection part of it. The City could come in afterwards and could put in trails afterwards, and we're designing the project in a way that that could happen. We already built three reaches of it all the way up to 680, from Coyote Creek to 680, so some of that is available right now for trails for the City. And then also, we'll be including that in the next phases. So the portion that the $10 million will go towards is final design of the remainder of the project. And we'll start at 680 and work our way upstream and take as much money as we get and go as far as we can with the money. But whatever we build in the trails will be available for the city to come back and then open up trails on.

>> Board Member Sanchez: Ladies first.

>> Councilmember Herrera: Thank you. It's very exciting, I'm very happy to hear that we have this $10 million to begin work on the last two segments of the Silver Creek, of this project. It was my understanding that this was the last project of the flood control projects. And last but not least it would be great to get this concluded. I just wanted to verify, this is one segment taking it to Lake Cunningham. There is still another segment that connects up with Thompson creek and hopefully we'll get that entire thing funded.

>> Board Member Sanchez: Larry, Larry and then --

>> Board Member Wilson: I just wanted to point out that --

>> Board Member Sanchez: Let me suggest something. In as much as we have time, and we don't get together that often, we don't have to stay with the agenda. There has to be questions among us that we certainly can ask and comment on.

>> Mayor Reed: Uh oh.

>> The lawyers will tell you otherwise. I don't mean the ones on the board and council.

>> Board Member Sanchez: Oh, we can't -- I'm sorry. [Laughter]

>> Board Member Sanchez: Okay. All right, okay. Who was it? Larry?

>> Councilmember Liccardo: Can I get an answer to my question, my comment?

>> Board Member Wilson: Yes, for your information, on the trails --

>> The answer to the question about Lower Silver Creek, the $10 million would go towards completing the final three reaches of Lower Silver Creek which takes it from 680 up to Lake Cunningham, all the way up to, I believe Tully Avenue. We'll have to go and make some modifications around Lake Cunningham, also. 10 million will not get us there, so we'll go as far as we can. We're continuing to submit reimbursement requests to the State for state subventions money. We're hopeful to get reimbursements back that we can reinvest potentially in the project. The Board had already approved spending some of those reimbursements on a couple of bridges in that section of Lower Silver Creek on Jackson and Capitol Avenue to keep that project moving in some way. I do also want to mention on the trails side, that the City, I believe, knows that the District has a grant program through our Clean and Safe Creeks, Measure B funding. And it's been a few years now since we've had a cycle of grant requests and proposals coming to the District. Our Board just recently approved at a board meeting to start that program back up again next year, and we're going to come out with another request for proposals for trail grants next year. So that will be coming out, too. I think that answered -- did that answer all of your questions?

>> Councilmember Herrera: And will that, then, that project, whatever is remaining will that be prioritized on the Measure B?

>> The trails part? The trails part, the money is dedicated towards the trails. Lower Silver Creek is not part of the Clean and Safe Creeks Program. It is part of our baseline funding program.

>> Councilmember Campos: Thank you, Chair. First of all, for some of my new colleagues that don't have the history -- which means I've been here a long time -- in 2001 when we started working on Lower Silver Creek, Board Member Estremera and Santos and Judge met with me regarding Lower Silver Creek, and they made a commitment about the fact that we needed to address this together as the Water District, and the City. Which I think was the beginning of the partnership, and so it's nice to see that we're really formalizing it. But I was whispering to Board Member Estremera that I think that the fact that almost eight years ago, when they came to the table and said that we service the same people, and we really need to start pulling our resources together. And I think that the fact that we're now going to move forward, and being able to address the Lower Silver Creek and complete that project, and with the City moving forward on the trail project, I think that the community and the residents of the City of San JosÈ will be able to connect from point A to point B in Santa Clara. So I want to thank you very much, did board members of the Water District, for your continued commitment to the Lower Silver Creek, and to your commitment to making sure that we continue our partnership. I think it is -- it shows, even though it's eight years later, it's not 20 years later, and I think that's a plus for us, when sometimes we have to wait a long time. But I'm very grateful for your commitment to the Lower Silver Creek.

>> Board Member Sanchez: Thank you. Is it -- I'm trying to get around the -- is there any reason why we can't ask questions or make comments about projects that -- that we're interested in, or that the City's interested in, that we're interested in?

>> City Attorney Doyle: Who wants to take the lead here? I think as long as you can make a connection with water supply conservation, the supply or the -- or the recycle program, that's really the limitation. I think we could talk about projects that you know enhance that. But if we get too far into trails, it hasn't been agendized.

>> Board Member Sanchez: Anybody have any questions that they can tie in to water, trails? Okay, Mr. Mayor, you want -- I want to say, I would -- let me say something before, if you want to wrap up here. I think it's remarkable that the mayor has dried up his lawn. And I would suggest that somebody put out a press release. We don't have too good a reputation with the Mercury News. But maybe the city works better with the newspaper than we do. I think it's a -- I think it's a community interest, interest story, and I think it would go a long ways towards bringing to the community that here we have a person in leadership that has set an example. So I commend you for your efforts, and hopefully somebody will pick up the idea of trying to get the Mercury to write a little story. Do you have any wrap-up comments?

>> Mayor Reed: Is it time to wrap it up? I think.

>> Board Member Sanchez: I think so unless --

>> Mayor Reed: We don't seem to have any additional comments or questions from the council or the board. So let's just wrap it up with a couple of comments. I think the meeting illustrates the progress that we've made over the last nine years or so we've been trying to do these joint meetings. It's pretty obvious of the mutual interests and the things we need to do together. I really want to thank our staffs for making it easy for us. Because we come in here once a year for a joint meeting and the staffs have been working on these things hours and hours and hours all year long to get it to a point where we're on the same page. Because although we have many interests in common we are different organizations with different missions. And sometimes we focus only on our mission to the exclusion of others, and sometimes it's good, sometimes it's bad. But I know it takes a lot of staff effort to do it, get us on the same page. We're there on some great -- great issues and we've got a lot of work cut out ahead of us. As Councilmember Liccardo has pointed out if we're going to have another 400,000 people moving to San JosÈ over the next 30-some years then I'd say that's probably based on past numbers, a conservation estimate of the number of people. All have you to do is just look at our history of the county and the city, and the fact that we're still basically using the same amount of water we did in 1992, which is now 17 years ago, we have probably several hundred thousand more people now than we did then. So all we have to do is to do it all over again. All that conservation, only more. So I want to thank the Board for inviting us in,

councilmembers for helping us all stay on the same page. We got a lot of work to do but I'm confident that we'll do it by working together.

>> Board Member Sanchez: Thank you, Mr. Mayor and City Council members and City staff, and our staff. I thought we had an excellent meeting. Obviously, we hope that this cooperation will continue, that was started some years back, and if we continue to cooperate with one another, we'll be successful in attaining some of the necessary goals that are important for our community. Larry, did you want to say something?

>> Board Member Wilson: No, I just wondered what our schedule is, when will we meet again.

>> Board Member Sanchez: Oh, we have to close, we have to adjourn, I guess. Let me first announce, there's light lunch, and we don't want it to go to waste. Because as my mother used to say, a lot of people are going hungry. So eat your food. If there's nothing further, I'll entertain a motion that our Board recess 'til what is it, next Tuesday, I think?

>> Board Member Wilson: No, when do we meet again?

>> Mayor Reed: Our next joint meeting.

>> Board Member Sanchez: Oh, I'm sorry.

>> Mayor Reed: Same time next year.

>> Board Member Sanchez: I misread you completely. I don't know.

>> Mayor Reed: We're on an annual schedule. We just don't have the date set yet, I believe that's what staff is saying.

>> Board Member Sanchez: Why don't we just let the staffs work that out.

>> Mayor Reed: But essentially one year from now is what we'll shoot for.

>> Board Member Sanchez: If there's nothing further, we stand adjourned, and thank you all very much.

>> Mayor Reed: City Council meeting is adjourned, as well. Make sure you eat lunch before you take off.