

February 23, 2010

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DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY D. ALDYCKI

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CIVIL GRAND JURY

Judy B. Shaw
Foreperson Pro tem
Santa Clara County Civil Grand Jury
111 West St. John Street, Suite 100
San Jose, CA 95113

Subject: Status on Implementation of Grand Jury Recommendations

The Santa Clara County Civil Grand Jury Final Reports, Parts 1, 2, 3, and 4 contained certain recommendations to the Santa Clara Valley Water District (SCVWD) for further action. We are submitting the attached report as a courtesy follow-up to keep the Grand Jury informed on the status of actions currently in progress or completed.

On July 14, 2009, SCVWD provided a detailed response to the Grand Jury's findings and recommendations in the above mentioned Reports. The attached report presents those items for which SCVWD responded in agreement or determined that further analysis would be necessary. For some items, long-term solutions were identified while other recommendations have already been implemented.

Should you have any question please contact Sharon Judkins at (408) 265-2607 extension 2764.

Sincerely,



Beau Goldie
Chief Executive Officer

Attachment
cc: Board of Directors (7), S. Judkins, J. Fiedler, M. Klemencic

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GJ Report/Recommendation	SCVWD Response	SCVWD Status on Implementation as of 12/09
PART 1 OF 4-Awash in Cash as County and Cities Drown in Red Ink		
<p>Recommendation 4a. The District should publish similar annual reports for all District divisions, particularly for flood control and watersheds. The reports should include performance metrics and quality of service indicators.</p>	<p>Response: The recommendation requires further analysis. An annual report is published by the Independent Monitoring Committee for the Clean Safe Creeks Program which provides information on metrics, expenditures and service indicators. A similar report is not published for the overall Flood Protection and Stream Stewardship Program. However, an annual Flood Protection and Stream Stewardship budget plan with goals, objectives, milestones, and spending levels is developed and approved by the Board. Quarterly performance metrics are presented to the Board in public session. The meetings are open to the public and the materials are available on-line. A companion report has not been published due to limited staff resources and an desire to reduce costs. The District will assess by December, 2009 whether additional expenditures to prepare an additional report are warranted.</p>	<p>The District has completed the assessment of developing an annual report to be available to the public, special interest groups and City Councils. District concluded that an annual report will be developed to provide the community with information on the District's programs, activities, expenditures, and challenges. The report will be developed from the many existing reports used by the District including the Clean Safe Creeks annual report. A conceptual report is planned to be developed by April 30, 2010 and the systems to collect the information and data from the report is planned to be developed by June 30, 2010. The development of the first annual report is planned to be implemented during the next fiscal year 2011-2012.</p>
<p>Recommendation 4b . The Board of Directors should publish a detailed report annually on their strategies, plans, priorities and issues as well as Board member compensation, benefits, travel and other expenditures. The District should present financing and flood control information annually to the Santa Clara County Board of Supervisors and city councils in the County.</p>	<p>Response: The recommendation has not been implemented but will be implemented in the future. The District currently publishes many reports presenting strategies, plans, and financial information that is available to the Board of Supervisors and the City councils. The District could develop an annual report that presents information on the District's plans, programs, issues as well as financial information including the currently publicly available Board member compensation, benefits, travel and other expenditures. A report has not been published due to limited staff resources and an desire to reduce costs. The District will assess by December, 2009 whether additional expenditures to prepare an additional report are warranted.</p>	<p>The District has completed the assessment of developing an annual report to be available to the public, special interest groups and City Councils. District concluded that an annual report will be developed to provide the community with information on the District's programs, activities, expenditures, and challenges. The report will be developed from the many existing reports used by the District including the Clean Safe Creeks annual report. A conceptual report is planned to be developed by April 30, 2010 and the systems to collect the information and data from the report is planned to be developed by June 30, 2010. The development of the first annual report is planned to be implemented during the next fiscal year 2011-2012.</p>
<p>Recommendation 6. The District should continue to look into other avenues where it can reduce excess spending. The costs of outsourcing rather than in house staffing should be reviewed.</p>	<p>Response: The recommendation has been implemented. The District is continuing to explore other avenues where it can be more efficient. The results are evident in our FY2009/2010 budget. Additionally, the District's Strategic Plan 2009-2014 has identified milestones to recommend areas that can be insourced or outsourced more cost effectively. Following a review, the areas will be appropriately evaluated. It is expected that these tasks will be completed by November 2009.</p>	<p>The District has developed a scope and schedule to implement insourcing and outsourcing of District functions when cost effective as part of our Strategic Plan. An evaluation method and a list of district functions has been developed to determine which District functions can be insourced or outsourced. We will complete the review of all activities and prioritize them for evaluation by March 31, 2010. The schedule of all District functions to be evaluated will be finalized by June 30, 2010.</p>

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GJ Report/Recommendation	SCVWD Response	SCVWD Status on Implementation as of 12/09
<p>Recommendation 8a. The Board of Directors should enlist the help of outside consultants to implement a plan for cost-effective operation of the district.</p>	<p>Response: The recommendation requires further analysis. The District is continuing to develop and implement plans for cost-effectiveness, and will determine appropriate resources needed to be successful. Further directions to staff for implementation of cost efficiencies will be deployed by December 2009.</p>	<p>In the updated agency-wide strategic plan for 2010-2015, a major emphasis was placed on financial management and accountability including the implementation of cost efficiencies. To that end, several tasks and milestones have been created internally to focus on more effective business practices that demonstrate fiscal accountability. The following actions were taken to demonstrate cost efficiencies:</p> <ul style="list-style-type: none"> • Through the budget process staff has been instructed to only budget funds that are critical to achieving project objectives and to thoroughly consider areas to implement efficiencies that may translate into cost savings. • A district-wide planning process was developed and implemented to ensure linkage of financial plans including the strategic plan, the annual budget, CIP, 5-year financial plan and development of groundwater production charges. The linkage improves the coordination of the various efforts and encourages a deeper planning process which translates into improved efficiencies. Additionally work flow process by division have been developed to link into the budget development process. • An International Organization for Standardization (ISO) procedure was developed to provide financial principles and guidelines to project managers to strengthen oversight and sound management of public resources entrusted to the District. ISO guidelines are used worldwide in both public and private sector to ensure desirable characteristics of products and services such as quality, environmental friendliness, safety, reliability and interchangeability are accomplished at an economical cost. • A thorough analysis of insourcing and outsourcing functions has been completed to determine areas of cost efficiency • A milestone to be achieved through the annual budget process is to meet the CEO's target and cost cutting measures.
<p>PART 2-NEW WATER QUALITY LABORATORY BUILDING</p>		
<p>Recommendation 3. The excess lab office space could be shared with another county agency or governmental group that needs an essential service facility, including the District's own Emergency Service Group, or possibly as a back-up site for the County Office of Emergency Services. The District should investigate these options.</p>	<p>Response: The recommendation requires further analysis. The lab currently has 6 cubicles available as office work space. By December 2009, staff will examine whether other non-Lab District staff could utilize these cubicles and if so, will reallocate staff to these cubicles.</p>	<p>As part of a district-wide consolidation effort to reduce office space requirements that includes vacating the Great Oaks site, staff have examined whether other non-lab district staff could utilize the vacant cubicles in the Water Quality Lab building. That analysis concluded that 7 Water Utility staff could be relocated into these cubicles. The moves were completed in January, 2010.</p>
<p>PART 3- ALVISO SLOUGH</p>		

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<p>Recommendation 2 . The District should demonstrate to the public that proposed Environmental Enhancements acutally enhance the environment</p>	<p>Response: The recommendation has not yet been implemented, but will be implemented in the future. The Board will be re-examining its current Ends Policy related to environmental enhancements in a work study session scheduled for September 2009.</p>	<p>On November 20, 2009, the Board held a special meeting to review their Ends Policies and consider staff's recommendations for modifications or additions to the current policies. At this meeting staff proposed a new Policy E-4: Water Resources Stewardship (WRS). The first WRS Goal is E-4.1: "Healthy creek and bay ecosystems", with a subsequent objective, E-4.1.2: "Improve watersheds, streams, and natural resources." Environmental enhancement projects are defined as implementation measures under this objective. WRS Goal E-4.3 is: "Improved quality of life in Santa Clara County through trails, open space, and water resources management. One objective under this goal is E-4.3.1 "Support additional trails, parks, and open space along creeks and in the watersheds when reasonable and appropriate." Strategies to achieve this objective include 4.3.1.3 "Support creek-side or water-related recreation, as appropriate."The above-provided excerpts of policy modifications separate out the environmental enhancement projects from other projects.The Board discussed the proposed policy revisions on November 20th, and the December 15, 2009 Board meeting, the Board approved the updated policies. The next step is to develop measures that provide reporting on the implementation of all the policies including Environmental Enhancements as part of the new Policy E-4.1.2.</p>
<p>Recommendation 4b. The SCVWD shoud cease fundign the Alviso Slough Restoration Project and instrad insure that areas with obvious potential flood damage are addressed first.</p>	<p>Response: The recommendation requires further analysis. The Board is scheduled to make a decision on whether to proceed with the Alviso Slough Restoration Project by December 2009.</p>	<p>On November 10, 2009, the Board considered the findings and statement of overriding considerations for the Final Environmental Impact Report (EIR) for the Alviso Slough Restoration Project. The Board adopted a resolution to adopt the findings and statement of overriding considerations, certified the Final EIR, and directed staff to proceed with design and implementation of a smaller project than had been recommended by staff in the Draft EIR. The smaller project carries a significantly lower cost and will focus on improving navigation and access to the slough along the east bank of the slough.</p>
<p>PART 4 - GOLD STREET EDUCATION CENTER</p>		
<p>Recommendation 3. The District should not expend fruther funds or resources on the Gold Street Education Center project.</p>	<p>Response: The recommendation requires further analysis. Consistent with Board Policy, the Board will seek and receive extensive public input prior to deciding whether to proceed with the project. The Board will then determine whether to expend further funds or resources on this proposed project. Staff is currently working on project design and completing the CEQA review and documentation. Staff will be requesting the Board to adopt the CEQA document and associated findings and approve the project in July 2009.</p>	<p>On July 29, 2009, the Board of Directors adopted the Final Mitigated Negative Declaration for the Gold Street Educational Center project.On October 27, 2009, the Board approved the project, but reduced the total remaining project budget by \$200,000, and directed staff to solicit lower cost bids for optional facilities at the proposed education center so as to reduce the overall project cost. The project has moved into the design phase.</p>