



FISCAL YEAR 2026-27

# Water Charge Recommendations

Santa Clara Valley Water Commission

Presented by: Carmen Narayanan, Financial Planning & Revenue Manager  
April 8, 2026

# 55<sup>th</sup> Annual Report Released

**Annual Protection and Augmentation of  
Water Supplies Report provides  
information & accountability**

Filed February 27, 2026

Available Online:

[www.valleywater.org/ProposedWaterCharges](http://www.valleywater.org/ProposedWaterCharges)



**FEBRUARY 2026**  
55th Annual Report  
**FY 2026-27**

**Protection and Augmentation  
of Water Supplies**



# Infrastructure

## DRIVES DIFFERENT GROUNDWATER PRODUCTION CHARGES IN EACH ZONE

### North County

- 3 water treatment plants
- Reservoirs –
  - Almaden
  - Calero
  - Guadalupe
  - Lexington
  - Stevens Creek
  - Vasona
- Silicon Valley Advanced Water Purification Center
- Imported Water – State Water Project

### Shared

- Reservoirs –
  - Anderson
  - Coyote
  - Pacheco
- Imported Water –
  - Central Valley Project
- *Shared facilities do not benefit Zone W-8*

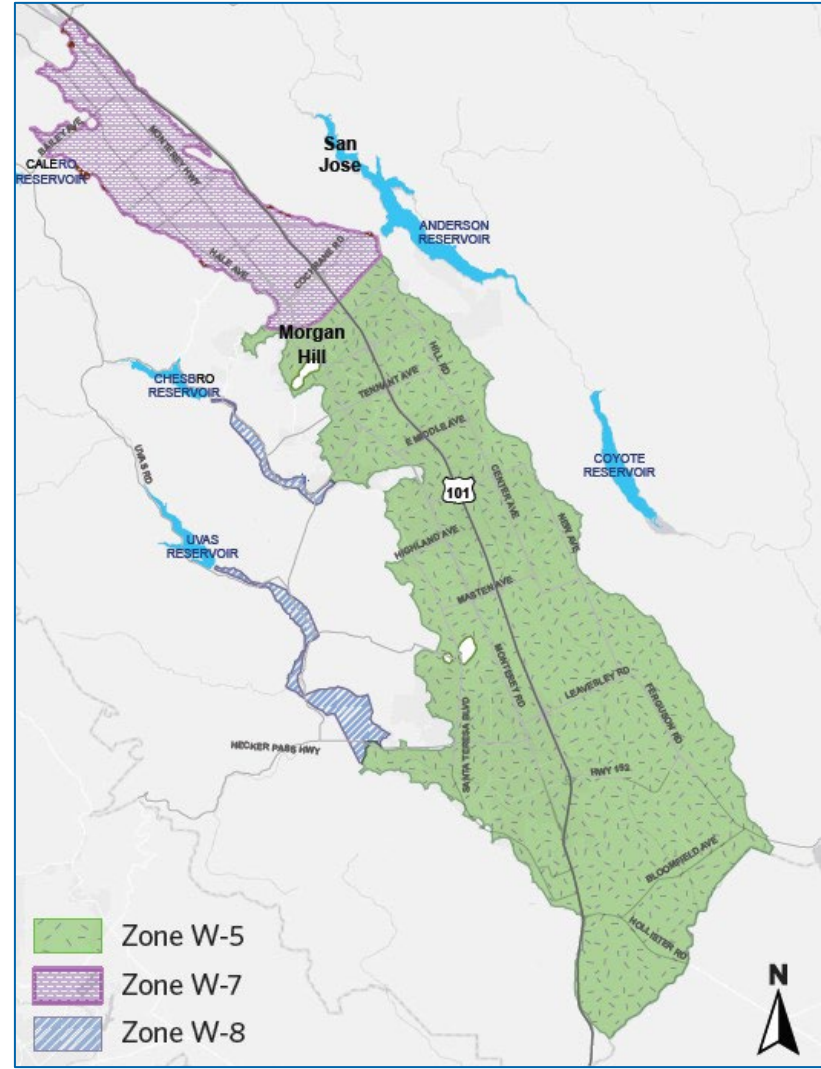
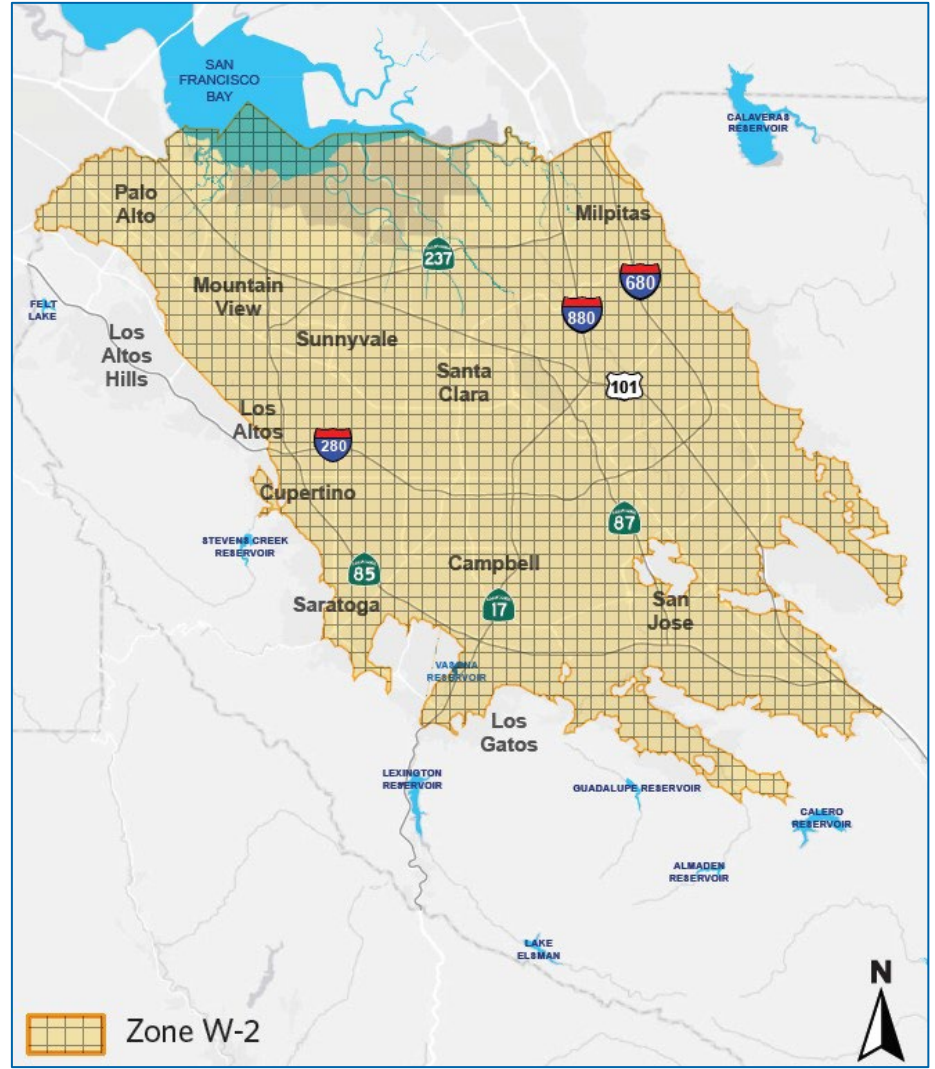
### South County

- Reservoirs –
  - Chesbro
  - Uvas
    - *Does not benefit Zone W-7*
- SCRWA Recycled Water System
  - *Benefits Zone W-5 only*

# Valley Water Groundwater Charge Zones of Benefit

## Board Pricing Policy Summary

- Groundwater charges are levied within a zone for benefits received
- All water sources and water facilities contribute to common benefit within a zone regardless of cost, known as “pooling” concept
  - Helps maximize effective use of available resources
- Agricultural water charge shall not exceed 10% of M&I water charge



# FY 2026-27 Rate Setting Outlook

## FY 27 Baseline Case Assumptions

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- **Maintain Agricultural Rate set at 9.25% of lowest M&I rate (Zone W-8)**
- **Plan for slightly increased District-managed water use of 221,500 AF**
- **Maintain current level of service and ongoing operations and maintenance**
- **Anderson Dam Seismic Retrofit**
- **Master Plan projects: SCADA, Water Treatment Plants & Distribution**
- **Dam Safety Program: Almaden, Calero, Coyote, & Guadalupe**
- **Pure Water Silicon Valley *Demonstration Facility & Full-Scale Direct Potable Reuse (DPR) Facility***
- **Delta Conveyance project participation \***
- **San Luis Reservoir: B.F. Sisk Dam Raise with up to 63 TAF Storage \***
- **Sites Reservoir project participation \***
- **SWP Tax pays for 100% of SWP costs *Excludes SWP portion of Delta Conveyance***

Note: Pacheco Reservoir Expansion Project has been eliminated from baseline case assumptions.

\* Project costs are reflected as Operations & Maintenance costs.

SWP: State Water Project

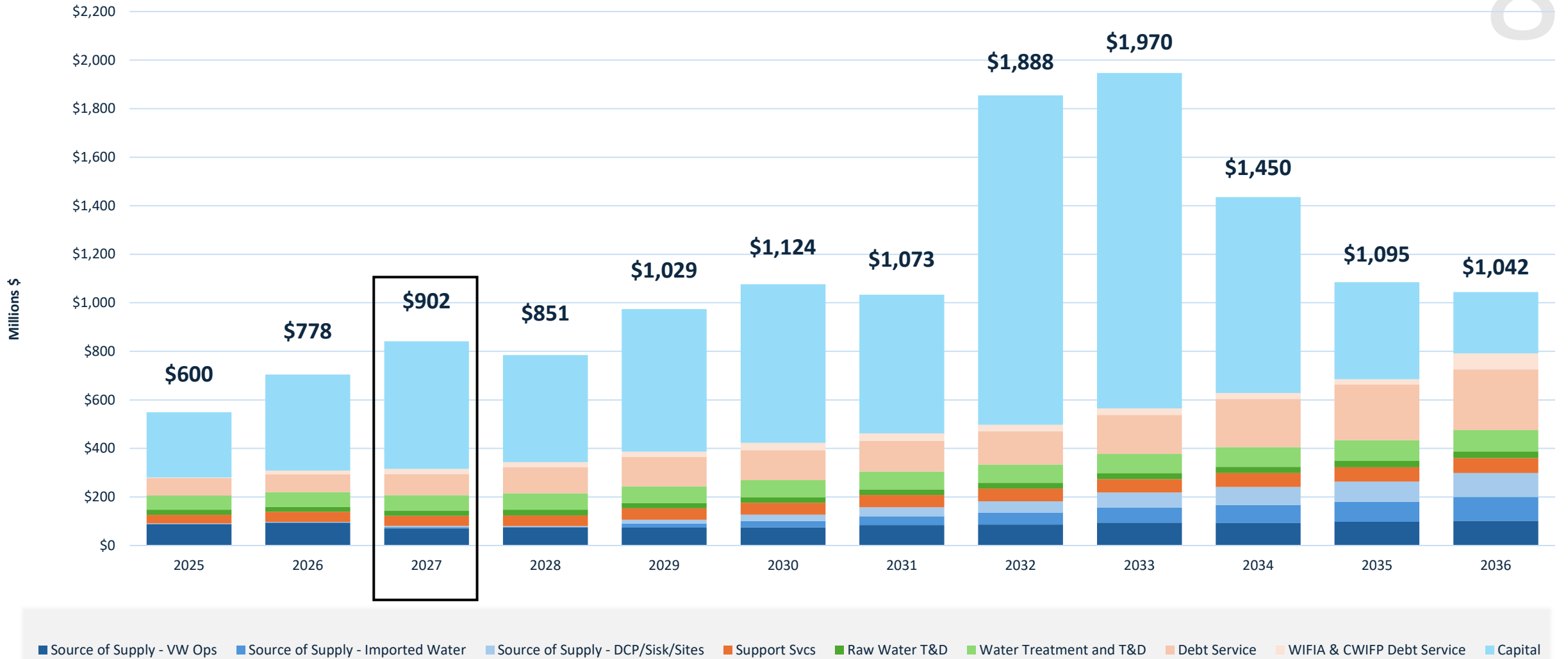
# FY 2026-27 State Water Project Tax Recommendation

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- Staff recommends maintaining the SWP tax at \$28M (current FY 2026-27 SWP tax is \$28M)
- The annual SWP tax bill for the average single-family residence would be about \$46.00
- Impact if SWP tax not approved:
  - \$158/AF additional increase in terms of North County M&I groundwater production charge
  - In terms of South County M&I groundwater production charge, additional increases of:
    - \$37/AF for Zone W-5
    - \$49/AF for Zone W-7
    - \$38/AF for Zone W-8
  - Placing all SWP expenses on groundwater rates would impact affordability
  - \$962,533 additional increase in terms of Open Space Credit

TAXING AGENCY	VALUE	RATES (%)	PRORATION (%)	AMOUNT
<b>LAND, IMPROVEMENTS, PERSONAL PROPERTY</b>				
1% MAXIMUM LEVY	1,718,310	1.000000		
CO BOND 2008 HOSP FAC	1,718,310	0.006900		
CO LIBRARY RETIREMENT	1,718,310	0.002400		
CO RETIREMENT LEVY	1,718,310	0.038800		
CO. HOUSING BOND 2016	1,718,310	0.010000		
COMM COLLEGE BONDS	1,718,310	0.019900		
ELEM OR UNIF SCH BONDS	1,718,310	0.104600		
<b>TOTAL ASSESSED VALUE TAXES</b>	<b>1,718,310</b>	<b>1.182600</b>		
<b>LAND AND IMPROVEMENTS</b>				
SCVWD-STATE WATER PROJ	1,718,310	0.004100	50.00	10,160.37
<b>TOTAL LAND &amp; IMPROVEMENT TAXES</b>	<b>1,718,310</b>	<b>0.004100</b>	50.00	35.23
ROUNDING ADJUSTMENT				0.00
<b>TAXES DUE</b>				<b>\$10,195.60</b>

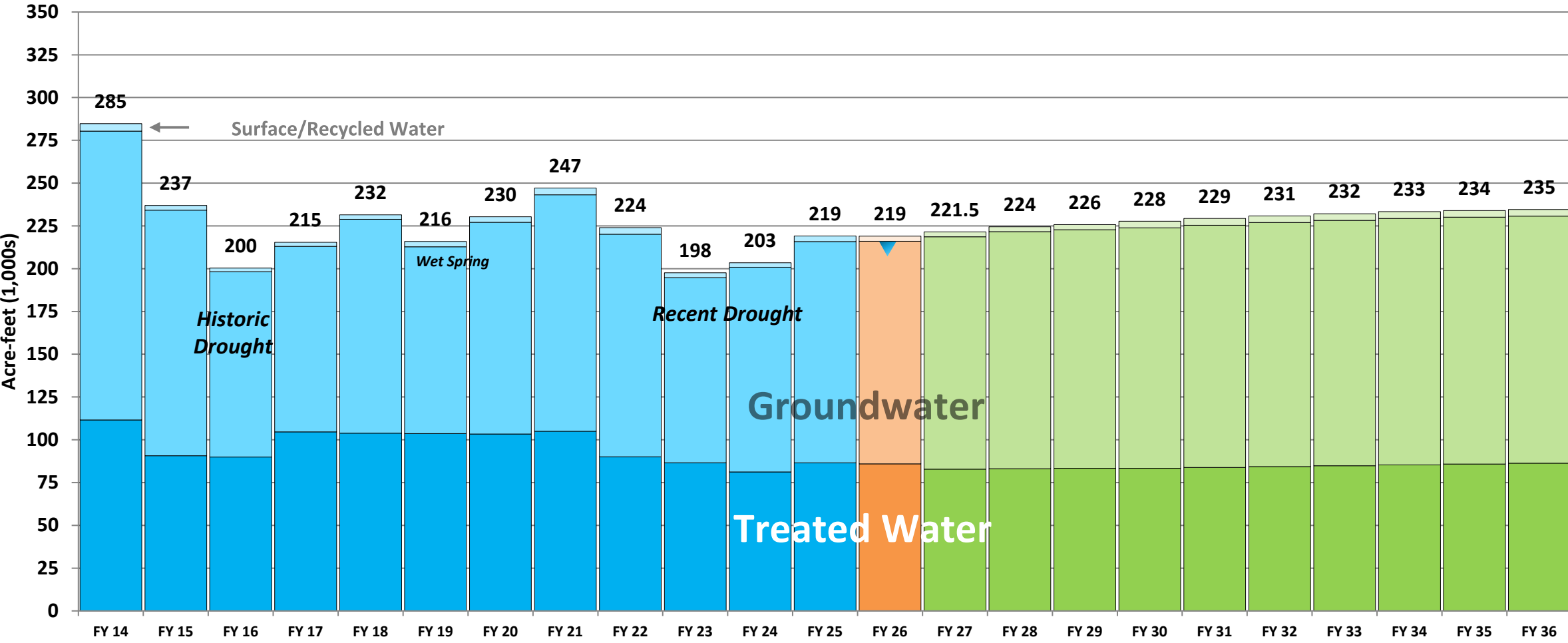
# Water Utility Cost Projection



# District Managed Water Usage

Reflects Lower Water User Projections Post 2023 Drought Rebound

District Managed Water Usage (TAF)



FY 27 Projection

Actuals

FY 26 Budget

FY 26 Estimated Actuals

# FY 2026-27 Groundwater Production Charge Projection

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Municipal & Industrial Rate by Zone	FY 2025-26 GW Production Charge	FY 2026-27 Recommended GW Production Charge	Preliminary % Increase	Increase to Average Monthly Bill (11 HCF/month)
North County W-2	\$2,450.00	\$2,673.00	<del>9.9%*</del> 9.1%	\$5.63
South County W-5	\$624.50	\$665.50	<del>7.9%*</del> 6.6%	\$1.04
South County W-7	\$834.50	\$913.00	<del>11.2%*</del> 9.4%	\$1.98
South County W-8	\$464.00	\$501.00	8.0%	\$0.93
Agricultural	\$43.00	\$46.50	8.0%	\$0.58**

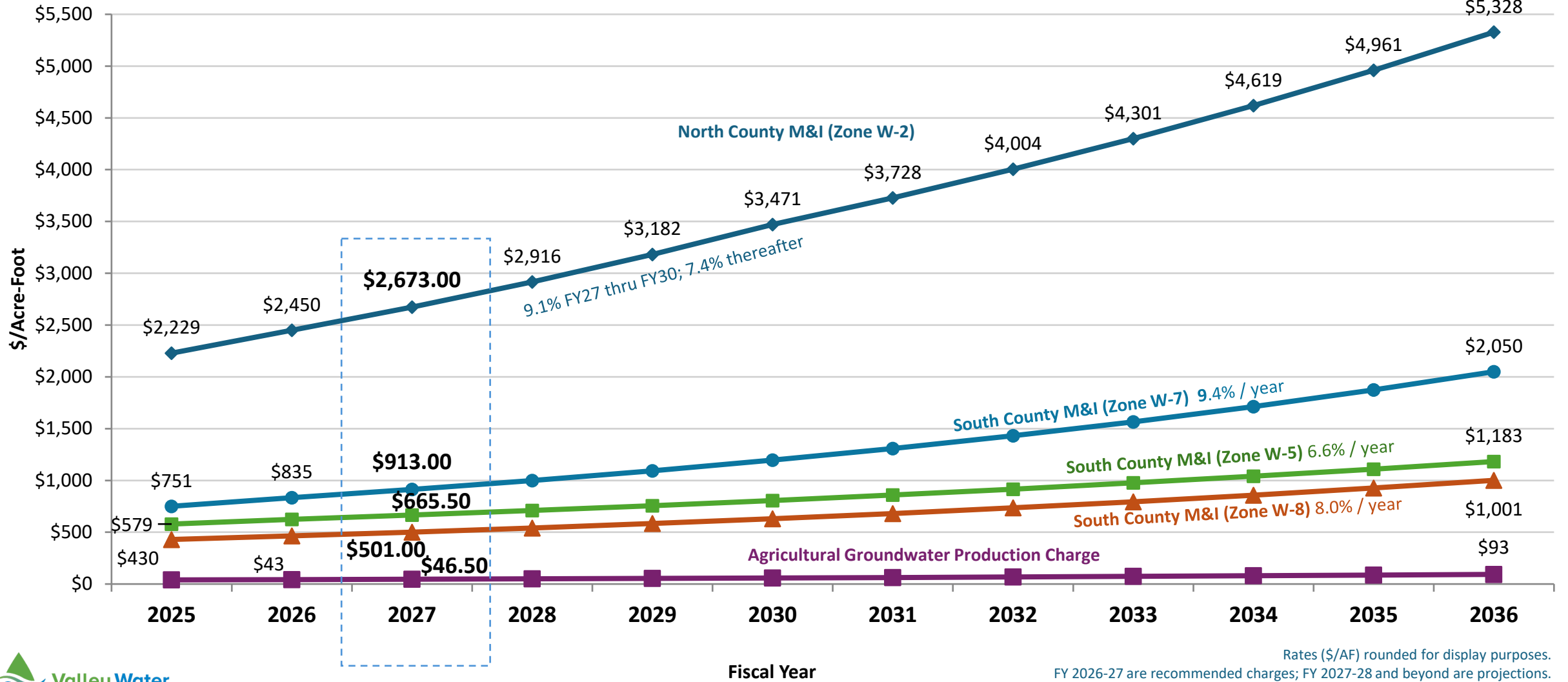
\* Reflects prior rate increases (%) projected during the FY2025-26 planning cycle.

\*\* Assumes Agricultural users who pump 2 AF of water, per acre, per year.

# Groundwater Production Charge Recommendation

As published in the PAWS Report February 27, 2026

FY 2026-27 Groundwater Charge Recommendation (M&I and Ag)



Rates (\$/AF) rounded for display purposes.  
FY 2026-27 are recommended charges; FY 2027-28 and beyond are projections.



# Groundwater Charge Increase Projection

As published in the PAWS Report February 27, 2026

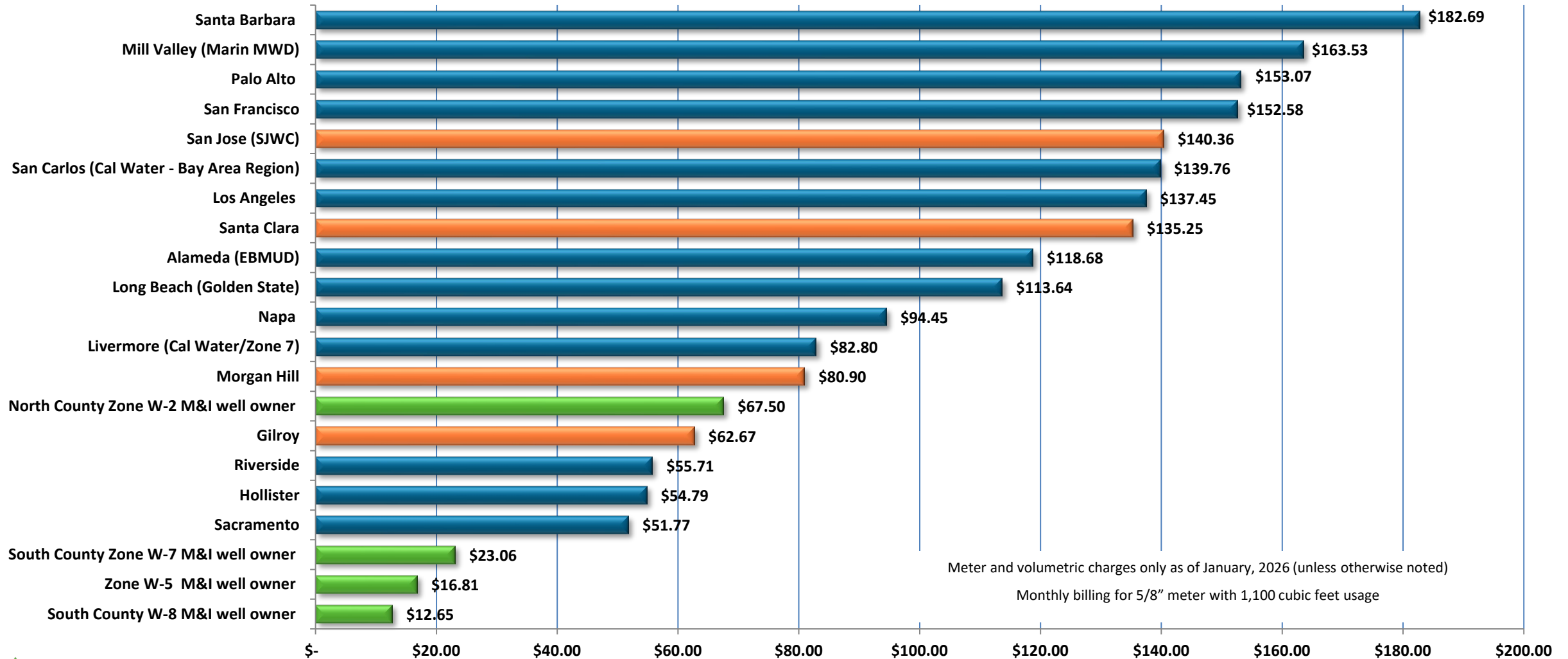
## Municipal & Industrial Groundwater Charge Monthly Impact to Average Household (11 HCF/Month)

Baseline Scenario 1	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
North County Zone W-2	\$5.63	\$6.14	\$6.70	\$7.31	\$6.49	\$6.97	\$7.49	\$8.03	\$8.64	\$9.27
South County Zone W-5	\$1.04	\$1.11	\$1.19	\$1.26	\$1.34	\$1.43	\$1.53	\$1.63	\$1.73	\$1.84
South County Zone W-7	\$1.98	\$2.17	\$2.37	\$2.59	\$2.84	\$3.11	\$3.40	\$3.71	\$4.07	\$4.44
South County Zone W-8	\$0.93	\$1.01	\$1.09	\$1.19	\$1.26	\$1.36	\$1.49	\$1.62	\$1.74	\$1.87

Note: Does not include any increase that a retailer would layer on top

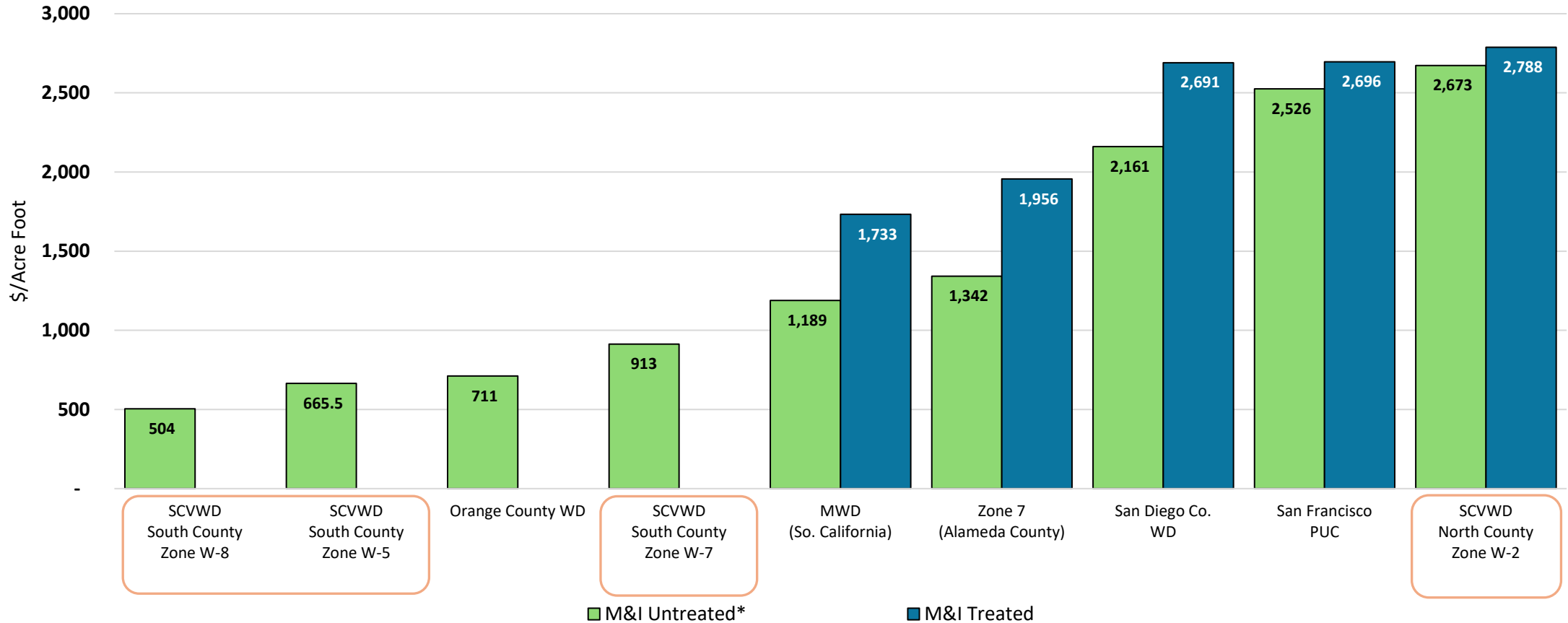


# Retail Agency Benchmarks



# Wholesale Agency Rate Comparison

Wholesale Agency Rate Comparison  
Municipal & Industrial (M&I) Water



\* SCVWD groundwater production charge is equivalent to SCVWD raw surface water basic user charge  
Note: some rates rounded to the nearest dollar.

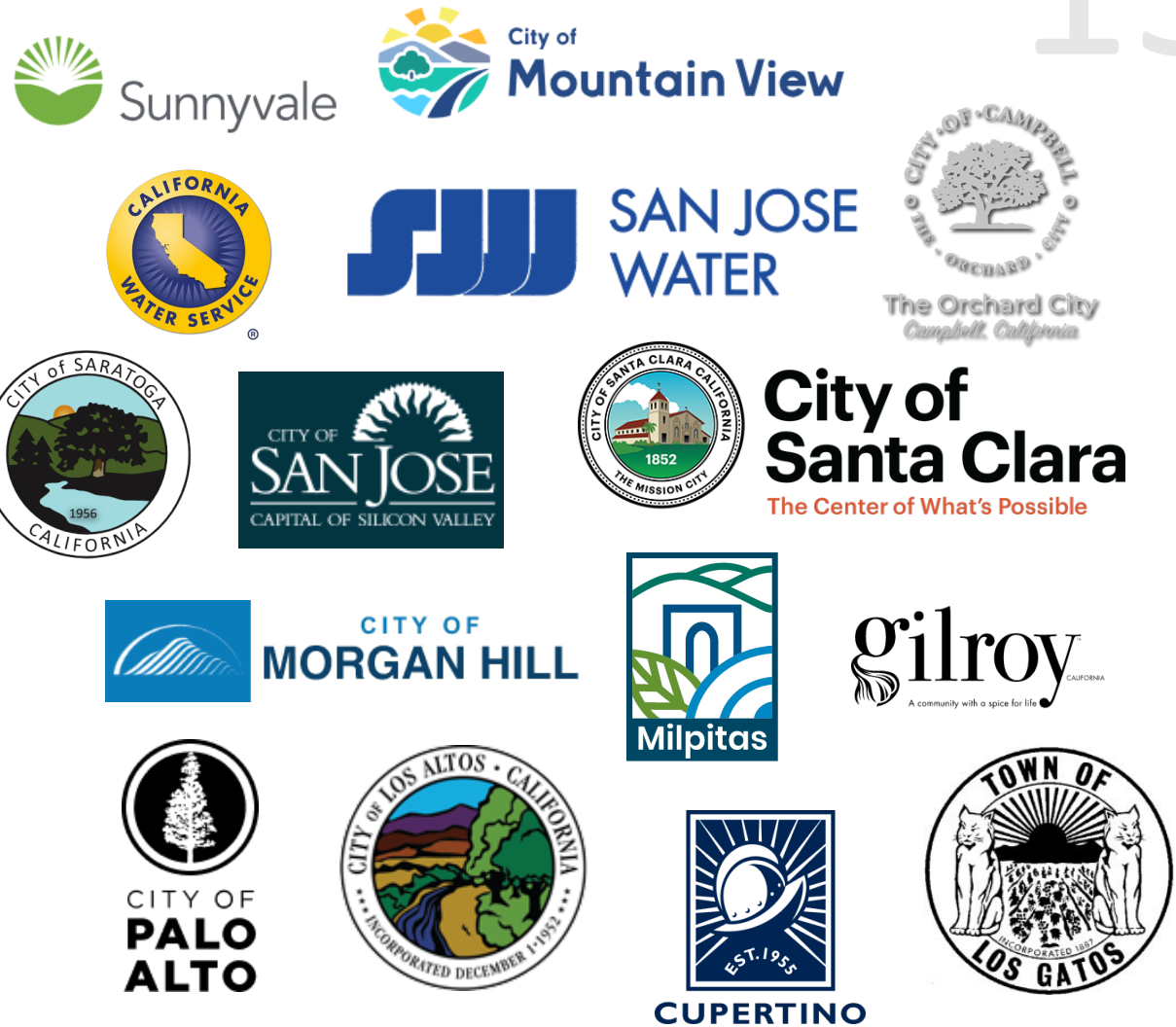
# Local Water Bill Assistance Programs

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Multiple Retailers offer Customer Assistance Programs (CAP) to help residents with their water bills.

Valley Water's Water Rate Assistance Program (WRAP) has been renewed.

[www.valleywater.org/WRAP](http://www.valleywater.org/WRAP)



# Rate Setting Schedule FY 2026-27

- Jan 5 Agricultural Water Advisory Committee
- Jan 13 Board Meeting: Preliminary Groundwater Charge Analysis
- Jan 21 Water Retailers Meeting: Preliminary Groundwater Charge Analysis
- Jan 28 Water Commission Meeting: Preliminary Groundwater Charge Analysis

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- Feb 10 Board Meeting: Set time & place of Public Hearing
- Feb 27 Mail notice of public hearing and file PAWS report

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- Mar 10 Board Meeting: Budget development update
- Mar 11 Water Retailers Meeting: FY 27 Groundwater Charge Recommendation

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- Apr 6 Agricultural Water Advisory Committee
- **Apr 8 Water Commission Meeting**
- **Apr 14 Open Public Hearing**
- **Apr 22 Continue Public Hearing in South County (Morgan Hill)**
- **Apr 28 Conclude Public Hearing**
- **Apr 29-30 Board Meeting: Budget work study session**

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- **May 12 Adopt budget, 5-Year CIP & groundwater production and other water charges**

# Summary

- **Valley Water remains in an era of investment**
  - To upgrade, rehabilitate, replace existing water supply infrastructure that was built decades ago
  - To invest in new infrastructure in response to changing weather patterns
- **FY 2026-27 water rate case investment assumptions**
  - Maintain alignment with CIP FY 2027-31 Five-Year Plan & Water Supply Master Plan 2050 Low-Cost Portfolio
  - Reflects lower rate projections driven by August 26, 2025 decision by the Board to suspend development of the Pacheco Reservoir Expansion Project

Municipal & Industrial Rate by Zone	% Increase	FY 2026-27 GW Production Charge Recommendation	Increase to Average Monthly Bill (11 HCF/month)
North County W-2	9.1%	\$2,673.00	\$5.63
South County W-5	6.6%	\$665.50	\$1.04
South County W-7	9.4%	\$913.00	\$1.98
South County W-8	8.0%	\$501.00	\$0.93
Agricultural Water	8.0%	\$46.50	\$0.58 Per month per acre at 2 AF /year

**Staff seeking Commission endorsement of FY 2026-27 groundwater production charge recommendations.**



# Valley Water

Clean Water • Healthy Environment • Flood Protection

# FY 2026-27 North County Zone W-2 Proposed Charges

Zone W-2 (North County)	Dollars Per Acre Foot		
	FY 2024-25	FY 2025-26	Proposed FY 2026-27
<b>Basic User/Groundwater Production Charge</b>			
Municipal & Industrial	2,229.00	2,450.00	<b>2,673.00</b>
Agricultural	39.80	43.00	<b>46.50</b>
<b>Surface Water Charge</b>			
Surface Water Master Charge	61.00	67.00	<b>73.00</b>
Total Surface Water, Municipal & Industrial*	2,290.00	2,517.00	<b>2,746.00</b>
Total Surface Water, Agricultural*	100.80	110.00	<b>119.50</b>
<b>Treated Water Charges</b>			
Contract Surcharge	115.00	115.00	<b>115.00</b>
Total Treated Water Contract Charge**	2,344.00	2,565.00	<b>2,788.00</b>
Non-Contract Surcharge	200.00	200.00	<b>200.00</b>
Total Treated Water Non-Contract Charge***	2,429.00	2,650.00	<b>2,873.00</b>



\* The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

\*\* The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

\*\*\* The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge



M&I Increase approximately \$5.63 per month increase to the average household user.

Note: Does not include any increase that a retailer would layer on top

# FY 2026-27 South County Zone W-5 Proposed Charges

Zone W-5 (Llagas Subbasin)	Dollars Per Acre Foot		
	FY 2024-25	FY 2025-26	Proposed FY 2026-27
<b>Basic User/Groundwater Production Charge</b>			
Municipal & Industrial	579.00	624.50	<b>665.50</b>
Agricultural	39.80	43.00	<b>46.50</b>
<b>Surface Water Charge</b>			
Surface Water Master Charge	61.00	67.00	<b>73.00</b>
Total Surface Water, Municipal & Industrial*	640.00	691.50	<b>738.50</b>
Total Surface Water, Agricultural*	100.80	110.00	<b>119.50</b>
<b>Recycled Water Charges</b>			
Municipal & Industrial	559.00	604.50	<b>645.50</b>
Agricultural	70.15	73.35	<b>76.85</b>



\* The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

M&I Increase approximately \$1.04 per month increase to the average household user.  
 Note: Does not include any increase that a retailer would layer on top



# FY 2026-27 South County Zone W-7 Proposed Charges

Zone W-7 (Coyote Valley)	Dollars Per Acre Foot		
	FY 2024-25	FY 2025-26	Proposed FY 2026-27
<b>Basic User/Groundwater Production Charge</b>			
Municipal & Industrial	750.50	834.50	<b>913.00</b>
Agricultural	39.80	43.00	<b>46.50</b>
<b>Surface Water Charge</b>			
Surface Water Master Charge	61.00	67.00	<b>73.00</b>
Total Surface Water, Municipal & Industrial*	811.50	901.50	<b>986.00</b>
Total Surface Water, Agricultural*	100.80	110.00	<b>119.50</b>

M&I Increase approximately \$1.98 per month increase to the average household user.  
 Note: Does not include any increase that a retailer would layer on top



\* The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

# FY 2026-27 South County Zone W-8 Proposed Charges

Zone W-8 (Uvas / Chesbro)	Dollars Per Acre Foot		
	FY 2024–25	FY 2025-26	Proposed FY 2026–27
<b>Basic User/Groundwater Production Charge</b>			
Municipal & Industrial	430.00	464.00	<b>501.00</b>
Agricultural	39.80	43.00	<b>46.50</b>
<b>Surface Water Charge</b>			
Surface Water Master Charge	61.00	67.00	<b>73.00</b>
Total Surface Water, Municipal & Industrial*	491.00	531.00	<b>574.00</b>
Total Surface Water, Agricultural*	100.80	110.00	<b>119.50</b>

M&I Increase approximately \$0.93 per month increase to the average household user.

Note: Does not include any increase that a retailer would layer on top



\* The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

# Groundwater Charge Increase Projection

As published in the PAWS Report February 27, 2026

## Municipal & Industrial Groundwater Charge Year to Year Growth %

Baseline Scenario 1	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
<b>North County Zone W-2</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>7.4%</b>
<i>Prior Year</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>9.9%</i>	<i>7.0%</i>	
<b>South County Zone W-5</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.6%</b>
<i>Prior Year</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	
<b>South County Zone W-7</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>
<i>Prior Year</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	<i>11.2%</i>	
<b>South County Zone W-8</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<i>Prior Year</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	

# Groundwater Benefit Zones

## North County Zone W2

- Santa Clara County north of Metcalf Road

## South County Zone W5

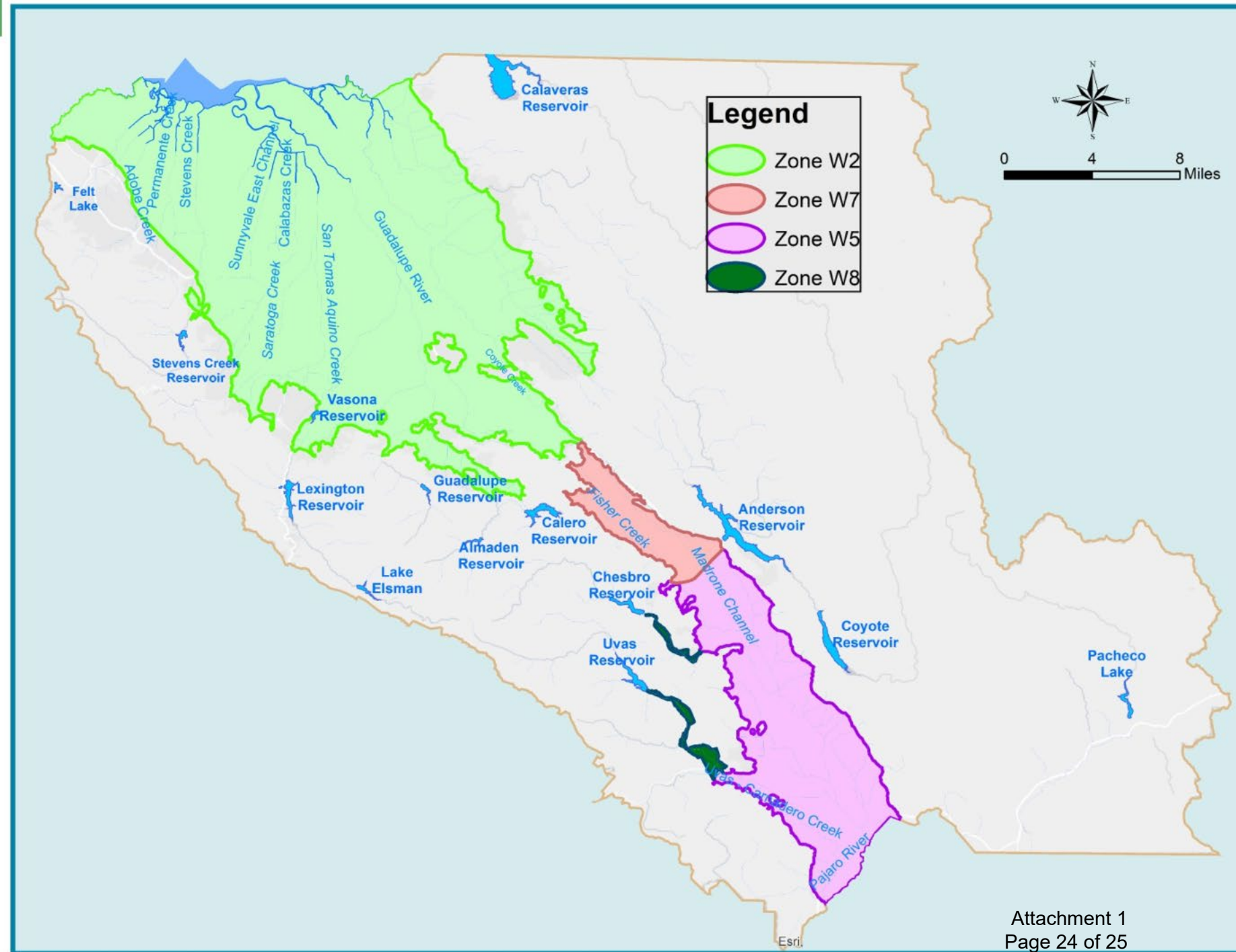
- Morgan Hill to Pajaro River

## South County Zone W7

- Coyote Valley

## South County Zone W8

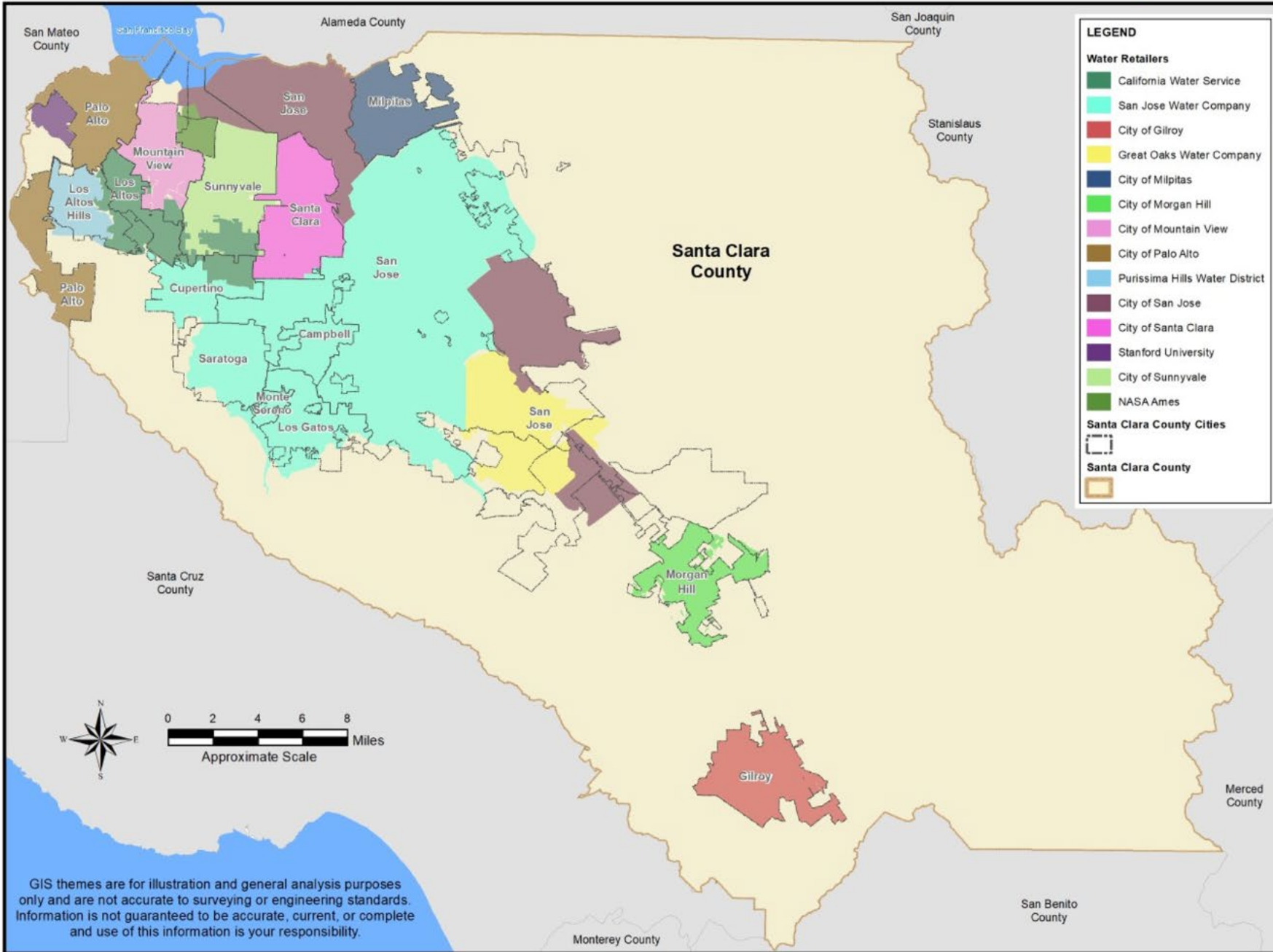
- Foothills below Uvas & Chesbro Reservoirs



# Water Retailers in Santa Clara County



# Water Retailers in Santa Clara County



**LEGEND**

**Water Retailers**

- California Water Service
- San Jose Water Company
- City of Gilroy
- Great Oaks Water Company
- City of Milpitas
- City of Morgan Hill
- City of Mountain View
- City of Palo Alto
- Purissima Hills Water District
- City of San Jose
- City of Santa Clara
- Stanford University
- City of Sunnyvale
- NASA Ames

**Santa Clara County Cities**

Santa Clara County

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