



Santa Clara Valley Water District Santa Clara Valley Water Commission Meeting

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/91095453959>

REGULAR MEETING AGENDA

Wednesday, April 8, 2026
12:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

COMMISSION:
Hon. Murali Srinivasan, Chairperson
Hon. Rob Rennie, Vice Chairperson

BOARD REPRESENTATIVES:
Chairperson Tony Estremera
Vice Chairperson Richard Santos
Director Nai Hsueh

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 630-2277.

Staff Liaisons:
Rita Chan
Rachael Gibson

Stephanie Simunic (COB Liaison)
Assistant Deputy Clerk II
ssimunic@valleywater.org
1-408-630-2408

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Santa Clara Valley Water Commission
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IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board’s office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <http://emmas.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/91095453959>

Meeting ID: 910 9545 3959

Join by Phone:

1 (669) 900-9128, 91095453959#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: Members of the public who wish to address the Board/Committee on matters not listed on the agenda may do so by completing a Speaker Card and submitting it to the Clerk, or by using the "Raise Hand" feature within the Zoom meeting application to request recognition. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and, when recognized, will be granted speaking access to address the Board/Committee.

Public comments shall be limited to three (3) minutes per speaker, or such other time as determined by the Chair. State law does not permit the Board/Committee to take action on, or engage in extended discussion of, any item not appearing on the posted agenda, except as otherwise authorized under applicable law. If Board/Committee action is requested, the matter may be scheduled for consideration at a future meeting.

All public comments requiring a response will be referred to staff for a written reply. The Board/Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

- 3.1. Approval of January 28, 2026 Santa Clara Valley Water District Water Commission (SCVWD WC) Minutes. [26-0328](#)
Recommendation: Approve the minutes.
Manager: Wendy Ho, 408-630-3874
Attachments: [Attachment 1: 01282026 SCVWD WC Minutes](#)
Est. Staff Time: 5 Minutes

4. REGULAR AGENDA:

- 4.1. Receive Results of Consultant Study Regarding Santa Clara Valley Water District's Water Use Projections, Water Demand Elasticity, and Customer Affordability; Provide Feedback or Recommendations to Board. [26-0320](#)
Recommendation: A. Receive results of the consultant study regarding Santa Clara Valley Water District's water use projections, water demand elasticity, and customer affordability, including study scope, objectives, and status update; and
B. Provide feedback or recommendation(s) to the Board as desired.
Manager: Darin Taylor, 408-630-3068
Attachments: [Attachment 1: PowerPoint](#)
[Attachment 2: Comprehensive Executive Summary](#)
[Attachment 3: Full Study Report](#)
Est. Staff Time: 25 Minutes
- 4.2. Review Proposed Fiscal Year 2026-27 Groundwater Production Charge and Provide Feedback. [26-0256](#)
Recommendation: Review proposed Fiscal Year 2026-27 Groundwater Production Charge and provide feedback.
Manager: Darin Taylor, 408-630-3068
Attachments: [Attachment 1: PowerPoint](#)
Est. Staff Time: 25 Minutes
- 4.3. Review the 2026 Santa Clara Valley Water District Water Commission (SCVWD WC) Work Plan, the Outcomes of Board Action of Commission Requests, the Commission's Next Meeting Agenda; and Confirm Next Meeting Date. [26-0359](#)
Recommendation: Review the SCVWD WC Work Plan to guide the Commission's discussions regarding policy alternatives and

implications for Board deliberation; the outcomes of Board action of Commission requests, the Commission's next meeting agenda; and confirm next meeting date.

Manager: Wendy Ho, 408-630-3874

Attachments: [Attachment 1: SCVWD WC 2026 Work Plan](#)

Est. Staff Time: 5 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. REPORTS:

6.1. Directors Report

6.2. Managers Report

6.3. Commission Member Report

6.4. Informational Links:

<https://www.valleywater.org/how-we-operate/committees/board-committees>

- Board Policy and Monitoring Committee (BPMC) - formerly Board Policy and Planning Committee & Diversity and Inclusion Ad Hoc Committee

- Environmental Creek Cleanup Committee (ECCC) - formerly Homeless Encampment Committee

- Water Supply and Demand Management (WSDM) - formerly Water Storage Exploratory Committee & Water Conservation & Demand Management Committee

<https://www.valleywater.org/your-water/water-supply-planning/monthly-watert-racker>

- Water Tracker

7. ADJOURN:

7.1. Adjourn. The Next Regular Meeting is Scheduled at 12:00 p.m. on Wednesday July 22, 2026.



Santa Clara Valley Water District

File No.: 26-0328

Agenda Date: 4/8/2026
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Approval of January 28, 2026 Santa Clara Valley Water District Water Commission (SCVWD WC) Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ENVIRONMENTAL JUSTICE IMPACT:

Approval of minutes is not subject to environmental justice analysis.

ATTACHMENTS:

Attachment 1: 01282026 SCVWD WC Minutes

UNCLASSIFIED MANAGER:

Wendy Ho, 408-630-3874



SANTA CLARA VALLEY WATER COMMISSION MEETING

DRAFT MINUTES

**REGULAR MEETING
WEDNESDAY, JANUARY 28, 2026
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting and of the Santa Clara Valley Water District (Valley Water) Santa Clara Valley Water Commission (Commission) was called to order by Hon. Chairperson Dailey in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 12:04 p.m.

A quorum 12 was established of Commission members present in person.

Members in attendance were:

<u>Municipality</u>	<u>Representative</u>	<u>Alternate</u>
City of Campbell	Hon. Member Terry Hines	
City of Cupertino	Hon. Member Shelia Mohan	
City of Los Altos	Hon. Member Pete Dailey	
Town of Los Altos Hills	Hon. Member Linda Swan	
Town of Los Gatos	Hon. Member Rob Rennie	
City of Milpitas	Hon. Member Carmen Montano	
City of Palo Alto	Hon. Member Keith Reckdahl	
City of San Jose	Hon. Member Domingo Candelas	
City of Saratoga	Hon. Member Yan Zhao	
City of Sunnyvale	Hon. Member Murali Srinivasan	
County of Santa Clara	Hon. Member Sylvia Arenas (AB2449)	
Open Space Auth. SCV	Hon. Member Calvin Gill	
Midpen. Regional OSD	Hon. Member Jed Cyr	

Members not in attendance were:

<u>Municipality</u>	<u>Representative</u>	<u>Alternate</u>
City of Campbell		Hon. Member Sergio Lopez
City of Cupertino		Hon. Member JR Fruen
City of Gilroy	Hon. Member Dion Bracco	Hon. Member Terence Fugazzi
Town of Los Gatos		Hon. Member Maria Ristow
City of Milpitas		Hon. Member Gary Barbadillo
City of Monte Sereno	Hon. Member Lisa Shannon	Hon. Member Bryan Mekechuk
City of Morgan Hill	Hon. Member Yvonne Martinez-Beltran	Hon. Member Miriam Vega
City of Mountain View	Hon. Member Lucas Ramirez	Hon. Member Pat Showalter
City of Santa Clara	Hon. Member Karen Hardy	Hon. Member Suds Jain
City of Saratoga		Hon. Member Kookie Fitzsimmons
City of Sunnyvale		Hon. Member Charlsie Chang
County of Santa Clara		Hon. Member Betty Du'ong
Midpen. Regional OSD		Hon. Member Yoriko Kishimoto

Valley Water Board members attendance were Vice Chairperson Richard Santos (District 3), Director Nai Hsueh (District 5) and Director Shiloh Ballard (District 2).

Staff members in attendance were: Jennifer Abadilla, Brandon Adriano, Gina Adriano, Aaron Baker, Roseryn Bhudsabourg, Rita Chan, Wendy Ho, Matt Keller, Emila Lamas, Nicole Merritt, Carmen Narayan, David Ngo, Carlos Orellana, Mark Poole, Stephanie Simunic, Kirsten Struve, Darin Taylor, Metra Ulloa, Jing Wu, Beckie Zisser.

Public in attendance were: Carly Deitsch, Jeff Provenzano (City of San Jose).

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA:

Chairperson Dailey declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES:

3.1. Approval of October 22, 2025 Santa Clara Valley Water Commission Meeting Minutes.

Recommendation: Approve the minutes.

The Commission considered the attached minutes of the October 22, 2025 meeting.

Public Comments: None.

It was moved by Hon. Carmen Montano and seconded by Hon. Rob Rennie and the minutes were approved by majority roll call vote.

Hon. Sylvia Arenas concluded her participation by teleconference and rejoined, as noted below.

For full meeting record, please review meeting videos at:
<https://www.valleywater.org/how-we-operate/committees/board-advisory-committees>

Yeas: T. Hines, P. Dailey, L. Swan, R. Rennie, C. Montano,
K. Reckdahl, D. Candelas, M. Srinivasan, K. Gill, J. Cyr.

Nays: None

Abstains: S. Mohan, Y. Zhao

Recuses: None

Absent: D. Bracco, L. Shannon, Y. Martinez-Beltran, L. Ramirez,
K. Hardy, S. Arenas

Summary: 10 Yeas; 0 Nays; 2 Abstains; 6 Absent.

4. REGULAR AGENDA:

4.1 Election of Char and Vice Chair.

Recommendation: Election of Chair and Vice Chair.

The Commission considered this Item without a staff presentation.

Public Comments: None.

Hon. Sylvia Arenas rejoined the meeting by teleconference.

It was moved by Hon. Carmen Montano and seconded by Hon. Linda Swan for Hon. Murali Srinivasan to become the 2026 Chairperson, and was carried by a majority roll call vote.

Yeas: T. Hines, S. Mohan, P. Dailey, L. Swan, R. Rennie, C. Montano,
K. Reckdahl, D. Candelas, Y. Zhao, M. Srinivasan, S. Arenas,
K. Gill, J. Cyr.

Nays: None

Abstains: None.

Recuses: None

Absent: D. Bracco, L. Shannon, Y. Martinez-Beltran, L. Ramirez,
K. Hardy.

Summary: 13 Yeas; 0 Nays; 0 Abstains; 5 Absent.

It was moved by Hon. Carmen Montano and seconded by Hon. Yan Zhao for Hon. Rob Rennie to become the 2026 Vice Chairperson, and was carried by a majority roll call vote.

Yeas: T. Hines, S. Mohan, P. Dailey, L. Swan, R. Rennie, C. Montano,
K. Reckdahl, D. Candelas, Y. Zhao, M. Srinivasan, S. Arenas,
K. Gill, J. Cyr.

Nays: None

Abstains: None.

Recuses: None

Absent: D. Bracco, L. Shannon, Y. Martinez-Beltran, L. Ramirez,
K. Hardy

Summary: 13 Yeas; 0 Nays; 0 Abstains; 5 Absent.

4.2 Review and Approve 2025 Annual Accomplishments Report for Presentation to the Board (Commission Chair).

Recommendation: **A. Approve the 2025 Accomplishments Report for presentation to the Board; and**
B. Provide comments to the Commission Chair to share with the Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Commission.

Stephanie Simunic reviewed the information on this item, per the attached Commission Agenda Memo, and reviewed the information contained in Attachment 1.

Stephanie Simunic was available to answer questions.

Public Comments: None

It was moved by Hon. Domingo Candelas, seconded by Hon. Calvin Gill, the 2025 Accomplishments Report for presentation to the Board was carried by a majority roll call vote.

Yeas: T. Hines, S. Mohan, P. Dailey, L. Swan, R. Rennie, C. Montano, K. Reckdahl, D. Candelas, Y. Zhao, M. Srinivasan, S. Arenas, K. Gill, J. Cyr.

Nays: None

Abstains: None.

Recuses: None

Absent: D. Bracco, L. Shannon, Y. Martinez-Beltran, L. Ramirez, K. Hardy

Summary: 13 Yeas; 0 Nays; 0 Abstains; 5 Absent.

4.3 Receive Information on Valley Water's Water Supply Master Plan 2050.

Recommendation: **A. Receive Information on Valley Water's Water Supply Master Plan 2050.**

Kirsten Struve reviewed the information on this item, per the attached

Commission Agenda Memo, and reviewed the information contained in Attachment 2.

Kirsten Struve and Aaron Baker were available to answer questions.

Public Comments: Carley Deitsch.

For full meeting record, please review meeting videos at:
<https://www.valleywater.org/how-we-operate/committees/board-advisory-committees>

The Commission discussed the following with staff input including: discovering impacts of local data center demands on customers, Valley Water's feasibility study of using desalination in the south bay, expanding water storage relating to dams and reservoirs (notably Sites Reservoir), following federal regulatory rules, historical and forecasted demand based on Association of Bay Area Governments projections, Valley Water's investment and partnership efforts, and project options grouped by primary benefits.

Hon. Pete Dailey left the meeting and did not return.

The Commission received the information and took no formal action.

4.4 Review and Provide Comment to the Board on Staff's Preliminary Fiscal Year 2026-2027 Groundwater Production Charges.

Recommendation: **Discuss staff's preliminary Fiscal Year 2026-2027 Groundwater Production Charge analysis; provide comment to the Board as desired.**

Carmen Narayanan reviewed the information on this item, per the attached Commission Agenda Memo, and reviewed the information contained in Attachment 1.

Carmen Narayanan, Darin Taylor, Kirsten Struve, and Aaron Baker were available to answer questions.

Public Comments: None

The Commission discussed the following with staff input including: adding an indication of quantitative issues of not doing capital projects, concerns for ratepayers relating to raised rates, the preliminary schedule for adopting rates, and the Pure Water Silicon Valley project.

Hon. Sylvia Arenas concluded her participation by teleconference and did not return.

Hon. Domingo Candelas left the meeting and did not return.

The Commission received the information and took no formal action.

4.5 Review and Approve the Proposed 2026 Santa Clara Valley Water District Water Commission (SCVWD WC) Work Plan, the Outcomes of Board Action of Commission Requests, the Commission's Next Meeting Agenda; and Recommend the Proposed 2026 SCVWD WC Work Plan to the Board.

Recommendation: **Review and approve the Commission’s work plan to guide the Commission’s discussions regarding policy alternatives and implications for Board deliberation; and recommend the proposed 2026 SCVWD WC Work Plan to the Board.**

Stephanie Simunic reviewed the information on this item, per the attached Commission Agenda Memo, and reviewed the information contained in Attachment 1.

Stephanie Simunic was available to answer questions.

Public Comments: None

The Commission requested to add an item to the 2026 work plan relating to an informational review of Valley Water efforts regarding discovering impacts of data center water demand and supply on customers, with the timing and content of the item to be decided in collaboration between Valley Water staff and Chairperson Srinivasan.

It was moved by Hon. Terry Hines, seconded by Hon. Calvin Gill, the amended work plan (with the addition of information review of impact of Artificial Intelligence and data centers on Valley Water requirements and supply) was approved for recommendation to the Board was carried by a majority roll call vote.

Yeas: T. Hines, S. Mohan, L. Swan, R. Rennie, C. Montano, K. Reckdahl, Y. Zhao, M. Srinivasan, K. Gill, J. Cyr

Nays: None

Abstains: None.

Recuses: None

Absent: D. Bracco, P. Dailey, L. Shannon, Y. Martinez-Beltran, L. Ramirez, D. Candelas, K. Hardy, S. Arenas

Summary: 10 Yeas; 0 Nays; 0 Abstains; 8 Absent.

INFORMATIONAL ITEMS

5.1 Standing Items Report

Stephanie Simunic noted the information on this item, per the attached Commission Agenda Memo.

Stephanie Simunic was available to answer questions.

Public Comments: None

The Commission received the information and took no formal action.

6. CLERK REVIEW AND CLARIFICATION OF COMMISSION REQUESTS:

None.

REPORTS:

7.1. Directors Report

Director Santos thanked the Commission for their questions and comments.

Director Ballard announced Valley Water's approval of a grant agreement for funding acquisition of Sargent Ranch with Peninsula Open Space Trust.

7.2 Managers Report

No report was received.

7.3 Committee Member Report

No report was received.

7.4 Informational Links

Links noted on agenda.

8. ADJOURN

8.1 Adjourn. The next Regular Meeting is scheduled at 12 p.m. on Wednesday, April 8, 2026.

Chairperson Srinivasan adjourned the meeting at 1:51 p.m.

Stephanie Simunic,
Assistant Deputy Clerk II

Date approved:



Santa Clara Valley Water District

File No.: 26-0320

Agenda Date: 4/8/2026

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive Results of Consultant Study Regarding Santa Clara Valley Water District's Water Use Projections, Water Demand Elasticity, and Customer Affordability; Provide Feedback or Recommendations to Board.

RECOMMENDATION:

- A. Receive results of the consultant study regarding Santa Clara Valley Water District's water use projections, water demand elasticity, and customer affordability, including study scope, objectives, and status update; and
- B. Provide feedback or recommendation(s) to the Board as desired.

SUMMARY:

Santa Clara Valley Water District (Valley Water) has engaged two consultants to perform a study to validate or suggest refinements to Valley Water's current water use projections for Valley Water-managed water use, analyze water demand elasticity, and determine or address the affordability of water to residents and businesses within Santa Clara County (the Study). The majority of County residents and businesses receive water service from a retailer, while Valley Water acts as the water wholesaler. Study results have been finalized and may impact future Valley Water groundwater charges.

Background:

The Financial Planning and Revenue Collection office manages long-term forecast models and the annual rate setting process for the Water Utility. Water charges are adopted annually. Based upon feedback received from the Board during previous long-term forecasting cycles, staff pursued a study to inform future rate setting cycles.

The consultants - Raftelis Financial Consultants, Inc. and Hazen and Sawyer - were tasked to provide analyses for the following Study scope and objectives:

1. Analyze water use projections in Santa Clara County, for retailers, their direct customers, and private well owners to better determine Valley Water-managed water use projections. Valley

Water-managed water use translates to revenue for Water Utility.

2. Prepare a water demand elasticity analysis to better understand how rates impact water demand.
3. Determine the affordability of water provided by Valley Water to Santa Clara County residents and businesses now and based on future rate projections.

Valley Water staff and Valley Water's consultants both recognize that the scope of this Study presented unique challenges, one of which was obtaining detailed water usage data from non-Valley Water sources.

Technical memorandums for each of the three (3) analyses have been compiled into a final report documenting the study. Attachment 1 is a PowerPoint presentation. A Comprehensive Executive Summary is included in Attachment 2, and a link to the full report is provided in Attachment 3.

Study Results:

Task 1: Water Use Projections key takeaways are:

- Valley Water's approach to projecting water use is consistent with peer agencies
- Forecast-to-actual water use has been largely accurate, with reduced variance in recent years
- High level statistical analyses demonstrate that the current approach yields reasonable ranges for near-term demand
- Water use overall continues to trend downward
- Tools exist to refine the forecasting method, if desired

Task 2: Water Demand Elasticity Analysis key takeaways are:

- Three econometric methods were used to assess Retailer's water demand sensitivity to Valley Water's wholesale rates, and understand the effect on Retailer's customers.
- Water use in Santa Clara County is generally inelastic with respect to price; a 10% increase in price would be expected to reduce retail demand by about 2%
- There is a high correlation (about 83%) and common trend between Valley Water and Retailer's *volumetric* rates

Task 3: Water Affordability Analysis key takeaways are:

- Based on multiple affordability indicators residential water bills are generally below threshold levels
- Based on both the Poverty Prevalence Indicator and Household Burden Indicator, nearly all Retailer water providers fall within the *Low Burden* category
- An estimated 37,000 households - *equivalent to 6% of Santa Clara County households* - could have water bills that are unaffordable (defined as annual water bills that total more than 2% of reported household income)

The three study tasks produced discrete and valuable results, highlighting the dynamic interrelationships among water demand projections, price elasticity, and affordability. The Study has provided a foundation by identifying a feedback loop that can inform future rate setting cycles and

policy decisions:

- Demand forecasts drive rate levels and are key to rate stability.
- Rate increases reduce demand through price elasticity.
- Wholesale prices pass through to volumetric retail rates.
- Affordability constrains rate-setting flexibility.

Staff seeks feedback from the Commission, if any, to share with the Board.

ENVIRONMENTAL JUSTICE IMPACT:

Increasing wholesale water rates may have a direct impact on water bill affordability for households in Santa Clara County.

ATTACHMENTS:

Attachment 1: PowerPoint

Attachment 2: Comprehensive Executive Summary

Attachment 3: Full Study Report

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Santa Clara Valley Water District

**Water Use Projections, Water Demand Elasticity, and Customer
Affordability Study – Final Results**

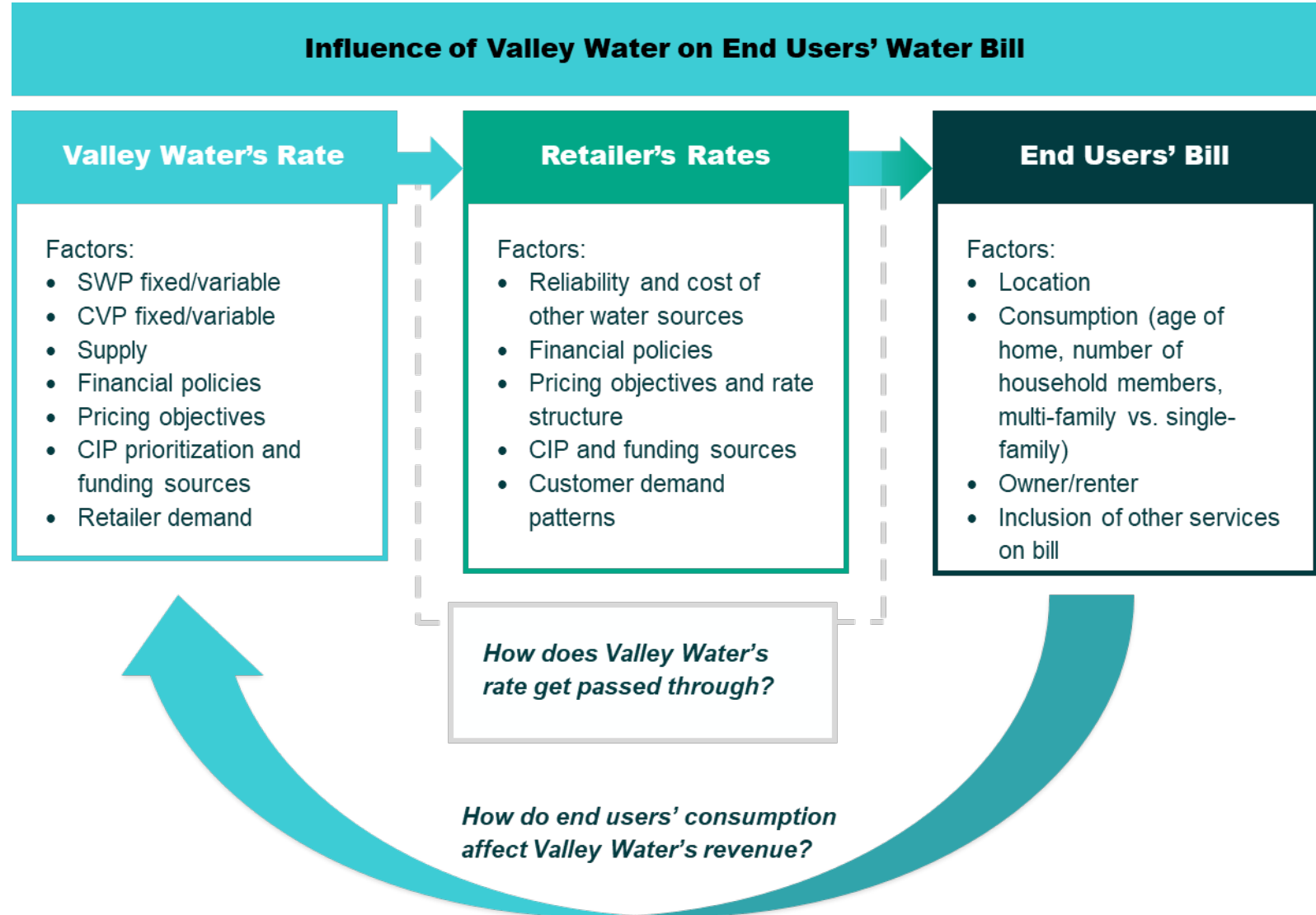
Santa Clara Valley Water Commission

April 8, 2026



Project Goals

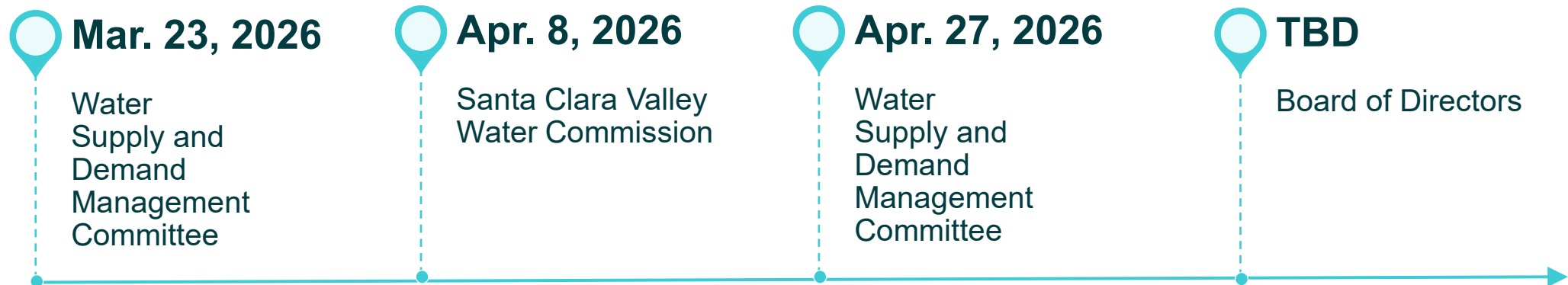
- Identify how Valley Water's rates impact water demand (elasticity) and affordability of water service in Santa Clara County
- Validate and/or refine water demand forecasting for purposes of annual rate setting and long-term capital planning
- Tasks:
 - › Demand Forecast
 - › Elasticity Analysis
 - › Affordability Assessment



Preliminary Results – Fall 2025 Meetings



Final Results – Spring 2026 Meetings



Summarized Feedback

- **Affordability results averaged by retailer may not tell the whole story within a community**
- **How to harmonize these affordability indicators with other non-utility indicators? How does affordability relate to other known socio-economic indicators?**
- **At what change in rates would people make behavioral changes? What is that elasticity estimate?**
- **Does Valley Water have a low-income assistance program?**
- **What is Valley Water doing to increase recycled water use?**

Key Findings

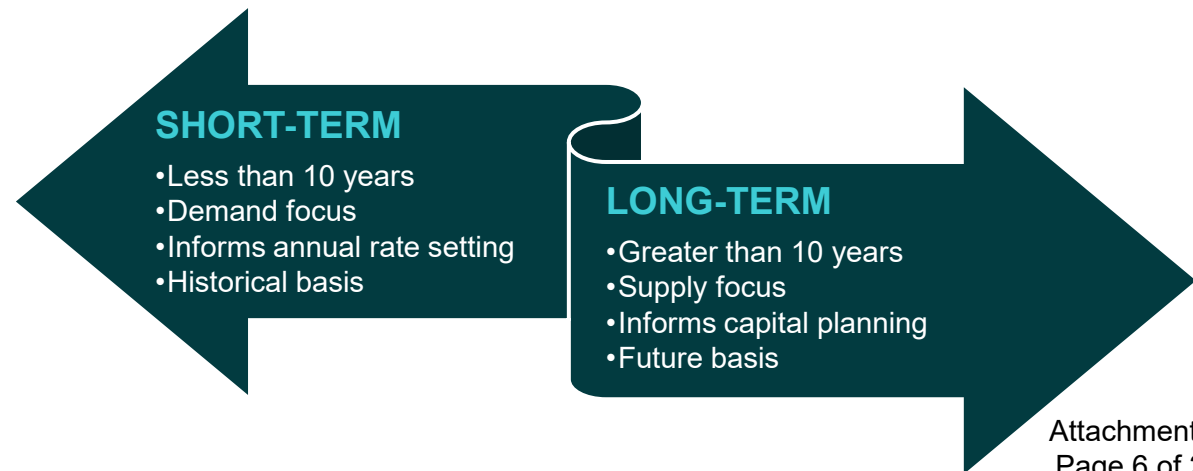


Task 1: Water Use Projections (for rate setting)

- Declining demands across the Valley Water service area
- Demand forecasting approach is consistent with peers and largely accurate
- Evaluation of alternatives demonstrate Valley Water’s approach falls between other approaches

FY 2025	Valley Water Method	Time Series Method	Regression Method	Average
Low Range	208	187	221	205
Medium Range	217	198	230	215
High Range	223	204	234	220





Values in thousand acre-feet per year (TAF)



Task 2: Water Demand Elasticity

- Goal: Estimate the relationship between water prices and water consumption
- Estimates across three methods: **-0.18 to -0.21**
 - › Confirms water demand is inelastic with respect to price
 - › A 10% change in price would be expected to drive a 2% change in demand
- Results align with prior Valley Water studies and academic literature
- Supplemental finding: wholesale-to-retail volumetric pass-through
 - › **83%** of the annual variation in retail volumetric prices is explained by the change in Valley Water's wholesale rates (statistical significance)

Task 3: Customer Affordability

Retail Metrics	North Zone	South Zones	Total Valley Water Service Area	Metric Thresholds
 AR20	1.5% - 3.4%	1.3% - 3.4%	2.5%	5%
 HMW	2.7 – 3.8	2.8 – 5.4	4.6	4
 LQI RI	0.7% - 0.9%	0.7% - 1.6%	1.2%	2%
 MHI RI	0.4% - 0.5%	0.4% - 0.8%	0.7%	2%

¹All results shown at essential water use of 6 HCF

Affordability results averaged by retailer may not tell the whole story within a community.

How to harmonize these affordability indicators with other non-utility indicators?

Single Family Residential Affordability Results by Retailer

Single Family Residential Water Affordability Metrics				
Retailer (and Service Area)	LQI	MHI	HMW	AR ₂₀
City Of Gilroy	0.7%	0.4%	2.7	1.5%
City Of Milpitas	1.1%	0.7%	4.6	2.0%
City Of Morgan Hill	0.9%	0.5%	3.8	1.6%
City Of Mountain View	0.9%	0.5%	3.1	1.8%
City Of Santa Clara	1.1%	0.6%	4.2	2.3%
City Of Sunnyvale	0.7%	0.4%	2.8	1.4%
CWSC Los Altos Suburban	0.9%	0.5%	4.1	1.6%
Great Oaks Water Company	0.8%	0.5%	2.9	1.7%
San Jose Municipal Water System (Coyote)	1.1%	0.7%	3.6	2.5%
San Jose Municipal Water System (Evergreen/Edenvale)	1.2%	0.8%	5.4	2.0%
San Jose Municipal Water System (North San Jose/Alviso)	0.8%	0.6%	4.6	1.3%
San Jose Water	1.6%	0.8%	5.3	3.4%
Valley Water Service Area of Included Retailers*	1.2%	0.7%	4.6	2.5%
<i>Affordability Thresholds - Water Service</i>	<i>2.0%</i>	<i>2.0%</i>	<i>4.0</i>	<i>5.0%</i>

Census tract information - American Community Survey maintained by the US Census Bureau and Consumer Expenditure survey

**Weighted based on the population served by each retailer*

Single Family Residential AR₂₀ by Retailer and Census Tract

Retailer (and Service Area)	Weighted Average Census Tracts	Affordable Census Tracts (Count)	Unafford. Census Tracts (Count)
City Of Gilroy	1.5%	13	1
City Of Milpitas	2.0%	16	5
City Of Morgan Hill	1.6%	9	2
City Of Mountain View	1.8%	22	3
City Of Santa Clara	2.3%	26	7
City Of Sunnyvale	1.4%	40	1
CWSC Los Altos Suburban	1.6%	40	2
Great Oaks Water Company	1.7%	18	5
San Jose Municipal Water System (Coyote)	2.5%	4	1
San Jose Municipal Water System (Evergreen/Edenvale)	2.0%	18	4
San Jose Municipal Water System (North San Jose/Alviso)	1.3%	8	1
San Jose Water	3.4%	125	88
Valley Water Service Area of Included Retailers	2.5%*	339	120

**Weighted based on the population served by each retailer*

Comparison with Non-Utility Indicators

Source/Method	% of Households
Social Security Income (SSI) Households	8.3%
Supplemental Nutrition Assistance Program (SNAP) Enrolled	7.7%
Public Use Microdata Sample (PUMS) Analysis	5.95%

- PUMS analysis is based on a survey of self-reported income and self-reported household size
- The estimate of 5.95% of households in the Valley Water service area having unaffordable water bills tracks with other indicators that reflect lower income and needs based households

Customer Assistance Programs (CAP) and Valley Water

- Retailers offer their own customer assistance programs
 - › These vary by retailer and are distinct between private / IOUs and public / municipal utilities
- Valley Water contributes directly across the service area via \$1 million annual funding from property tax revenues to Sacred Heart Community Service
- Affordability projections can help inform Valley Water's future level of direct support
- Valley Water can further work with retailers on related assistance like payment programs, rate design, and customer outreach

Backup



Glossary of Terms

- HCF: Hundred Cubic Feet (748 gallons)
- gpcd: gallons per capita per day
- MHI: Median Household Income
- LQI: Lowest Quintile of Income
- AR: Affordability Ratio
- HW: Hours at Minimum Wage
- PPI: Poverty Prevalence Indicator
- HBI: Household Burden Indicator
- SFR: Single Family Residential
- MFR: Multi-Family Residential
- PPH: Persons per Household
- CPUC: California Public Utilities Commission
- EPA: United States Environmental Protection Agency
- MIT: Massachusetts Institute of Technology
- CIP: Capital Improvement Program
- SWP: State Water Project
- CVP: Central Valley Project
- SFPUC: San Francisco Public Utilities Commission
- RI: Residential Indicator
- AWWA: American Water Works Association
- WEF: Water Environment Federation
- NACWA: National Association of Clean Water Agencies
- PUMS: Public Use Micro Statistics
- FPL: Federal Poverty Level
- California Urban Water Agencies (CUWA)
- California Water Association (CWA)

Residential Affordability Indicators

Measurement Approaches (Metrics):		Used By
MHI RI: Median Household (Income) Residential Indicator	<i>Average</i> Water Bill / 50 th Percentile Household Income	California Urban Water Agencies (CUWA), California Water Association (CWA), EPA, SFPUC
LQI RI: Lowest Quintile Income	<i>Essential</i> Water Bill / 20 th Percentile Household Income	EPA, SFPUC
HMW: Hours at Minimum Wage	<i>Essential</i> Water Bill / Minimum Wage Rate	California PUC, EPA
AR₂₀: Affordability Ratio	<i>Essential</i> Water Use Bill / (Total Income - Non-Discretionary Expenses ¹)	California PUC ²
HBI: Household Burden Index (HBI)	<i>Average</i> Water Bill / LQI	AWWA/NACWA “New Framework”
PPI: Poverty Prevalence Indicator	Population at or below 200% FPL/ Total population	AWWA/NACWA “New Framework”
Essential Water Use Bill	Bill at 47 gallons per capita per day	California PUC, CWA
Average Water Use Bill	Bill at 64 gallons per capita per day	CUWA, EPA, SFPUC





^{1, 2} *Non-Discretionary expenses = Housing, health care, food, and home energy*

³ *Federal Poverty Level*

Retailer Affordability Characteristics*

Characteristics	North Zone	South Zones	Total Valley Water Service Area
% of Total Service Area Population	4% - 52%	3% - 5%	100%
Average Household Size	2.3 – 3.5	3.1 – 3.4	3.0
Minimum Hourly Wage	\$18.20 - \$19.00	\$18.20	\$18.30
Median Household Income (MHI)	\$120k - \$236k	\$142k - \$169k	\$169k
Lowest Quintile Income (LQI)	\$68k - \$80k	\$69k - \$112k	\$76k
Monthly Water Bill @ Essential Use (~6 HCF)	\$54 - \$98	\$45 - \$64	\$83
Monthly Water Bill @ Average Use (~8 HCF)	\$65 - \$118	\$52 - \$71	\$96

Resulting Retailer Metrics – AR20, HMW, LQRI, MHRI¹

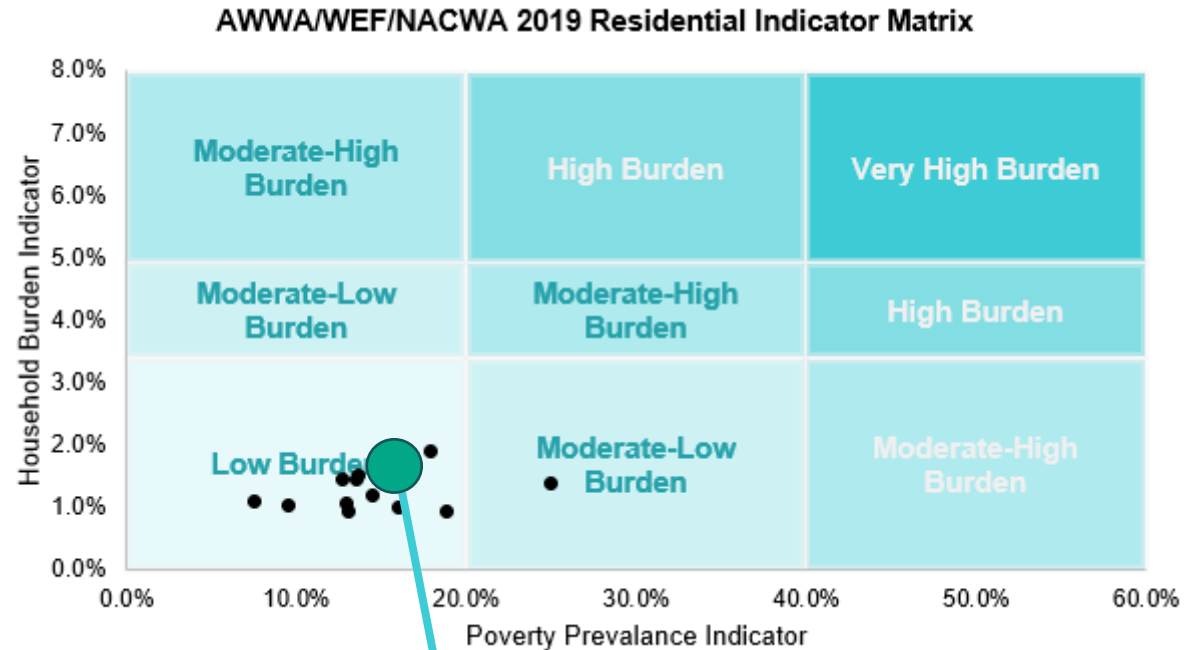
Retail Metrics	North Zone	South Zones	Total Valley Water Service Area	Metric Thresholds
 AR20	1.4% - 3.8%	1.7% - 1.9%	2.8%	5%
 HMW	3.7 – 6.2	2.7 – 3.8	5.3	4
 LQI RI	0.8% - 1.7%	0.8% - 1.0%	1.3%	2%
 MHI RI	0.4% - 0.7%	0.4% - 0.5%	0.6%	2%

¹All results shown at essential water use of 6 HCF

- AR20, LQI, and MHI are all below thresholds across the service area
- HMW is modestly above the threshold value across the service area
- Results are generally lower (water bill is less burdensome) in the South zones

Resulting Retailer Metrics – HBI/PPI Matrix

Retail Metrics	North Zone	South Zones	Total VW Service Area	Metric Threshold Low Burden
HBI	0.8% - 1.7%	0.8% - 1.0%	1.3%	3.5%
PPI	7.5% - 25%	13% - 19%	15.7%	20%



- HBI and PPI are both within the low burden category
 - › All but one retailer are in the Low Burden category
- Both metrics have a wider range in the North zones than in the South zones

Valley Water Service Area Result (Weighted Average)

Resulting Retailer Metrics – Estimate of Affordability Impact¹

Retail Metrics	North Zone (per Retailer)	South Zones (per Retailer)	Estimated Households Valley Water Service Area ²
Estimated Number of Customers with Unaffordable Water Bills	200 – 24,000	1,000 - 1,200	37,000

¹ Estimate of customers that could be have bills considered unaffordable

² Out of approximately 625,000 households

- Estimates extrapolated based on public use micro statistics (PUMS) household survey data including self reported income, water use, household size, and/or payment of a water bill
- Then, calculate bills over 2% of reported household income and estimated essential water use at each retailers’ service area rates
- **Household water bills estimated as unaffordable across the Valley Water service area is 5.95%**

Groundwater Benefit Zones

North County Zone W2

- Santa Clara County north of Metcalf Road

South County Zone W5

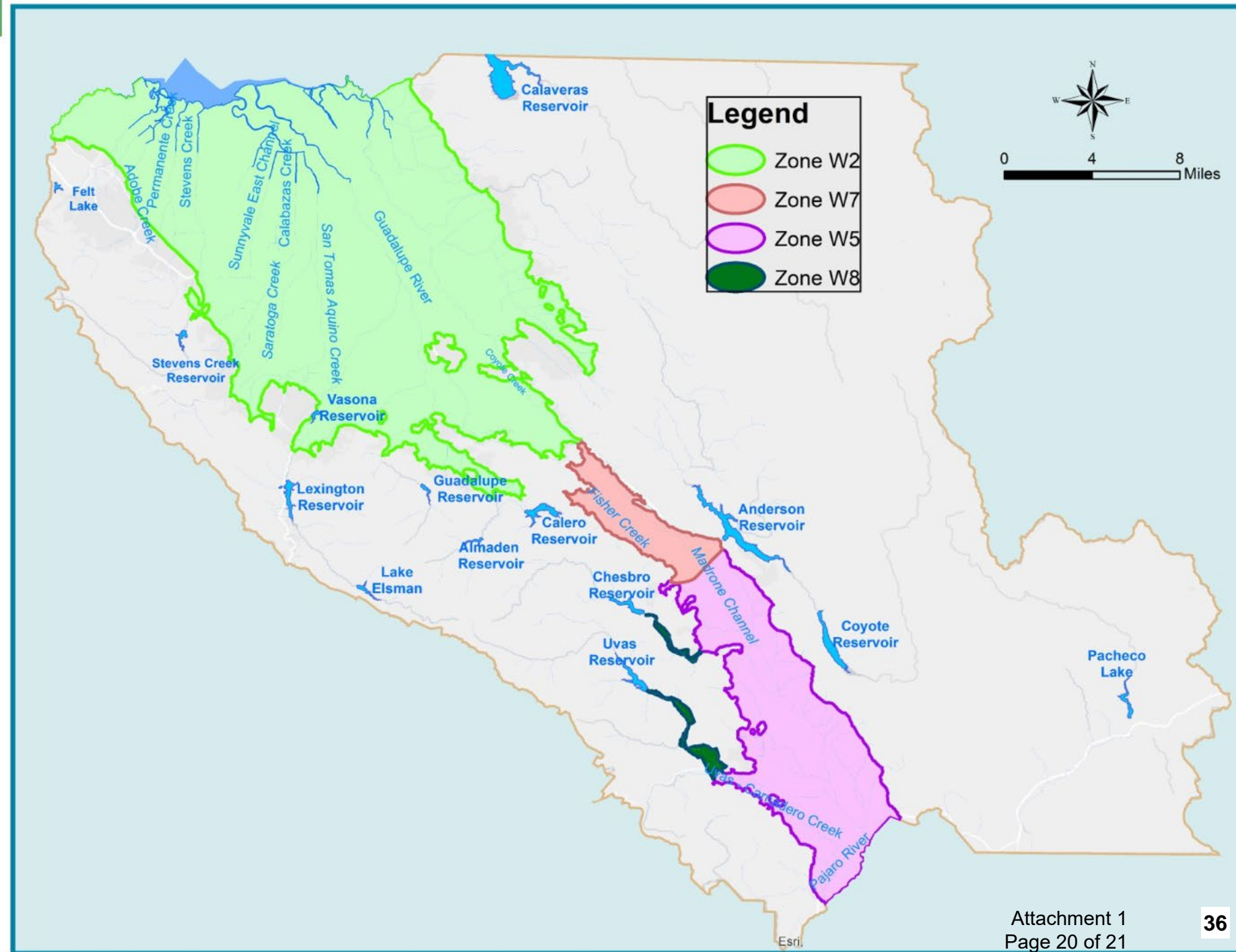
- Morgan Hill to Pajaro River

South County Zone W7

- Coyote Valley

South County Zone W8

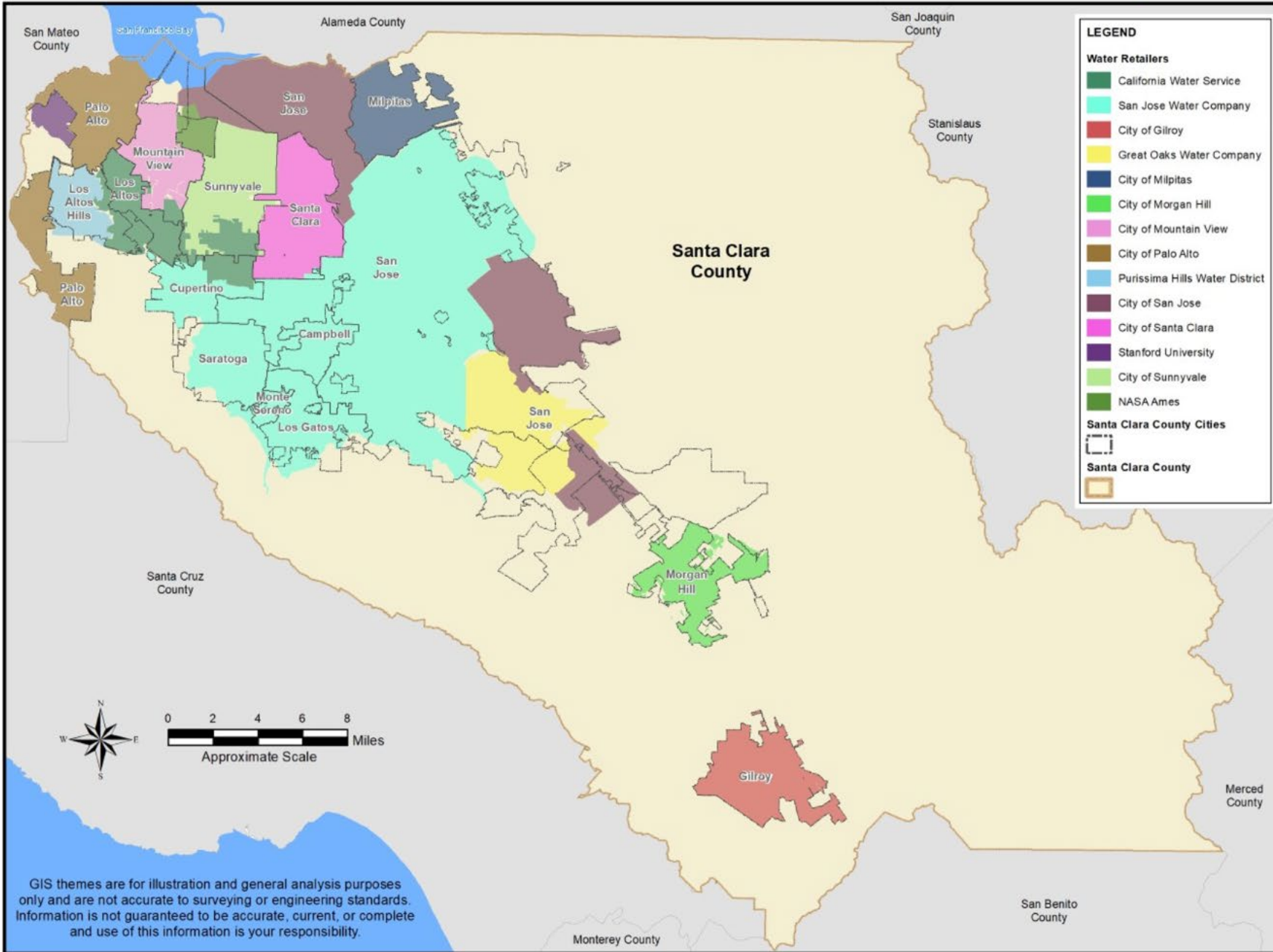
- Foothills below Uvas & Chesbro Reservoirs



Water Retailers in Santa Clara County



Water Retailers in Santa Clara County



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Executive Summary

Introduction

Raftelis Financial Consultants, Inc. and Hazen and Sawyer (the "project team") were engaged by Santa Clara Valley Water District (Valley Water) to conduct an integrated study comprising three interrelated tasks: 1) review and refinement of water use projections for rate setting, 2) estimation of water demand price elasticity, and 3) assessment of customer affordability of water rates in Santa Clara County. Valley Water provides wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to approximately two million residents across Santa Clara County. This executive summary synthesizes the findings from all three tasks and highlights the critical linkages among them.

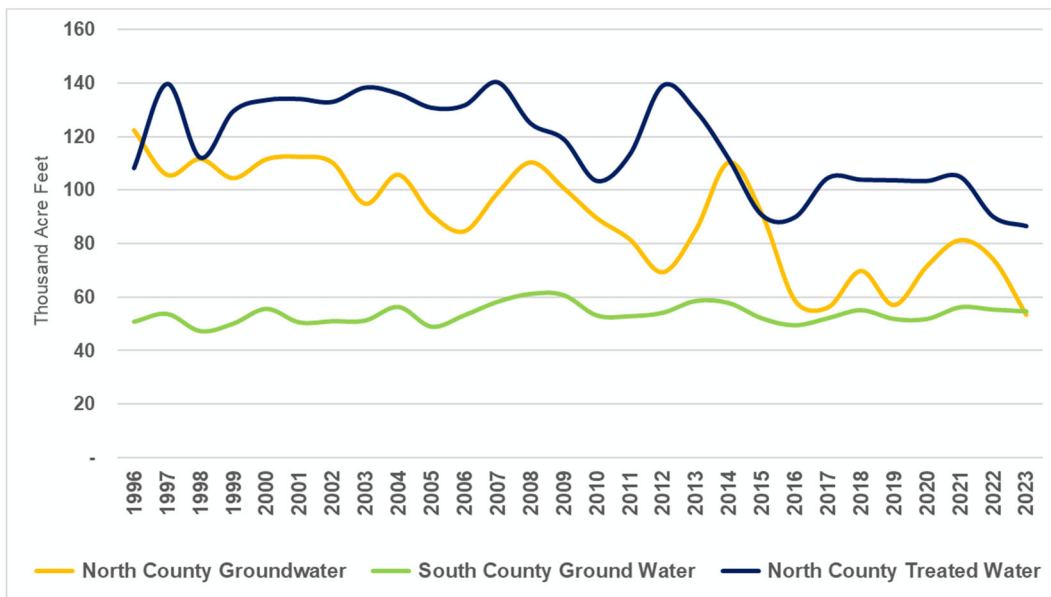
Task 1: Water Use Projections for Rate Setting

Task 1 evaluated Valley Water's methodology for projecting near-term water demand used in annual rate setting. The project team reviewed the District's existing approach, which relies on a three-part framework:

- Historical demand data weighted toward the prior year for the upcoming fiscal year (Year 1);
- Institutional knowledge and professional judgment for interim years (Years 2–3); and
- Growth rates from the 2010 Urban Water Management Plan (UWMP) for the longer term (Year 4 and beyond).

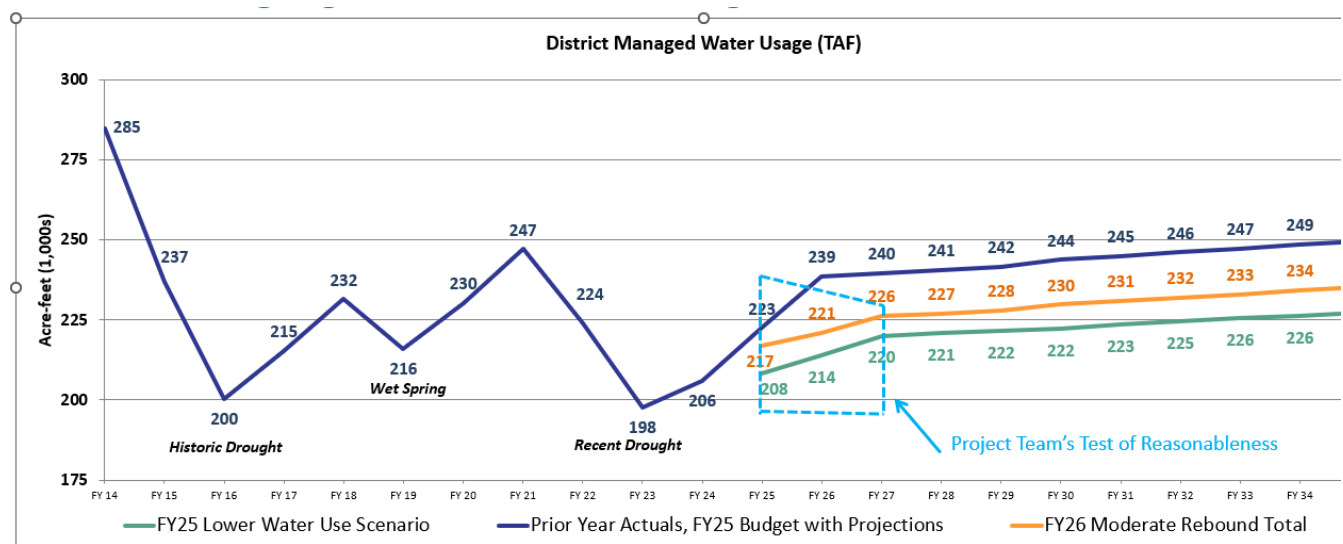
The analysis found that Valley Water's existing approach is largely consistent with practices at peer wholesale agencies and has produced modest forecast variances—averaging 1.41% over the 2012–2024 period—that have narrowed over time. Long-term trends show declining Treated Water and North County Groundwater demands since 1996, while South County Groundwater has remained relatively stable.

ES-1: Water Demand Trends



The project team applied regression and time series methods to generate a range of alternative demand projections with which to compare against Valley Water staff’s approach. As shown in Exhibit ES- 2, Valley Water’s baseline projection and higher and lower end ranges for FY 2025 fall between the ranges estimated by the project team (ES-3). However, the statistical approaches project declining demand in future years compared to Valley Water’s projections which increase over time due to growth assumptions. Valley Water’s demand projections could be enhanced by updating their methodology using growth demand forecasts from the most recent UWMP and by weighting demand projections for lower and moderate scenarios more to reflect the overall elasticity results from Task 2.

ES-2: Valley Water District Managed Water Use Demand Projection Ranges Compared to Project Team’s Range of Projections



ES-3: Valley Water District Managed Water Use Demand Projection Ranges – Comparison of Alternative Methods

FY 2025 Ranges	Valley Water Method	Time Series Method	Regression Method	Average of Methods
Low Range	208	187	221	205
Medium Range	217	198	230	215
High Range	223	204	234	220

Task 2: Water Demand Price Elasticity

Task 2 estimated the relationship between water prices and water consumption in the Valley Water service area. The analysis used available data which included historical billed water use data from 10 retailers served by Valley Water, over the period from January 2000 to December 2024, which included Valley Water supplies delivered to retailers and classified by source as well as non-Valley Water supplies delivered to retailers. Historical water rate data, including Valley Water wholesale rates, San Francisco Public Utilities Commission (SFPUC) wholesale rates, and individual retailer rates, as well as relevant demographic, economic, public health, and weather data, were also collected.

The study conducted exploratory data analyses involving several different model configurations to estimate price elasticity for water demand from the available data. These configurations experimented with different aggregations of volumes by source, as well as different measures of price, or price instruments. Ultimately, the study applied three general estimation methodologies relating total per capita water use (both Valley Water- and non-Valley Water-sourced) by retailer using a price instrument defined as the incremental residential charge for the 15th water consumption unit.

Three econometric methods—Ordinary Least Squares (OLS), Error Correction Models (ECM), and Cointegrating Regression—produced consistent system-wide price elasticity estimates ranging from -0.18 to -0.21. These results confirm that water demand in Santa Clara County is inelastic with respect to price: a 10% increase in price would be expected to reduce retail demand by only about 2%. This finding aligns with prior Valley Water studies and the broader academic literature. The ECM analysis further indicates that consumer adjustment to price changes occurs relatively rapidly, within approximately two months.

A significant supplementary finding is that approximately 83% of the annual variation in volumetric retail prices assessed by the retailers is explained by variation in Valley Water's wholesale rates, and statistical tests confirm that wholesale price changes lead to volumetric retail price changes. This wholesale-to-retail volumetric price pass-through establishes a direct pathway through which Valley Water's rate decisions influence end-user costs and, consequently, water demand and affordability outcomes.

Task 3: Customer Affordability Assessment

Task 3 established a baseline assessment of water service affordability across Valley Water's service area using multiple quantitative indicators and qualitative analysis. Water affordability is fundamentally a measure of the financial burden that water service places on a household relative to its ability to pay. The most common approach expresses a household's water bill as a percentage of income—the higher the percentage, the greater the burden. The study employed affordability calculations/metrics embraced by the water industry, California water associations, and the California Public Utilities Commission (which regulates several of Valley Water's private water providers). Four primary affordability indicators were evaluated across 12 retailer service areas and 459 census tracts:

1. **Lowest Quintile of Income (LQI):** Annual essential water bill (monthly bill at 47 gpcd × 12) divided by the weighted lowest quintile income for the retailer's service area.
2. **Median Household Income (MHI):** Annual average water bill (monthly bill at 69 gpcd × 12) divided by the weighted median household income for the retailer's service area.
3. **Hours at Minimum Wage (HMW):** Monthly essential water bill divided by the applicable minimum wage (dollars per hour) for the retailer's jurisdiction.

4. **Affordability Ratio at the 20th Percentile of Income (AR₂₀):** Annual essential water bill divided by annual discretionary income (lowest quintile income minus rent minus other utilities minus the essential water bill itself), expressed as a percentage.

Calculating a household’s water bill is shaped not only by the wholesale rates charged by Valley Water, but also by the retail rate structures implemented independently by each of the retailers. Five retailers employ tiered rate structures that charge progressively higher rates for higher consumption, while five utilize uniform rates that apply a single volumetric charge regardless of usage. Tiered structures can promote affordability by keeping the cost of essential water use lower—the average Tier 1 rate among tiered retailers was \$4.70 per HCF, compared to \$6.48 per HCF for those with uniform rates. Beyond volumetric pricing, the balance between fixed and variable charges plays a critical role: fixed charges as a percentage of the total bill ranged from 25% to 65% across retailers, representing the portion of a customer's bill that cannot be reduced through conservation. Similarly, the volume of water allocated to the lowest-priced tier varied from 3 HCF to 6 HCF, affecting how much essential use a household can consume before facing higher rates.

Each retailer’s water rate structure was used to estimate a single-family household’s water bill at both essential and average water use. The water bill was then compared to various income levels – lowest quintile household income, median household income, minimum wage, or discretionary household income at the lowest quintile. Affordability of water service was calculated in aggregate (weighted based on population within a retailer’s service area), granularly by census tract within a retailer’s service area for the AR₂₀ metric only, and extrapolated using *self-reported* household income and estimated indoor water use based on *self-reported* household size. The resulting range of affordability metrics and estimate of the number of households with affordability challenges are shown in exhibits ES – 3 through ES -5.

ES-4: Resulting Aggregated Single Family Residential Water Affordability Metrics

Single-Family Water Affordability Metrics				
Retailer	LQI	MHI	HMW	AR ₂₀
City Of Gilroy	0.7%	0.4%	2.7	1.5%
City Of Milpitas	1.1%	0.7%	4.6	2.0%
City Of Morgan Hill	0.9%	0.5%	3.8	1.6%
City Of Mountain View	0.9%	0.5%	3.1	1.8%
City Of Santa Clara	1.1%	0.6%	4.2	2.3%
City Of Sunnyvale	0.7%	0.4%	2.8	1.4%
CWSC Los Altos Suburban	0.9%	0.5%	4.1	1.6%
Great Oaks Water Company	0.8%	0.5%	2.9	1.7%
San Jose Municipal Water System Coyote	1.1%	0.7%	3.6	2.5%
San Jose Municipal Water System Evergreen/Edenvale	1.2%	0.8%	5.4	2.0%
San Jose Municipal Water System North San Jose/Alviso	0.8%	0.6%	4.6	1.3%
San Jose Water	1.6%	0.8%	5.3	3.4%
Valley Water Service Area of Included Retailers*	1.2%	0.7%	4.6	2.5%
Affordability Thresholds - Water Service	2.0%	2.0%	4.0	5.0%

Census tract information - American Community Survey maintained by the US Census Bureau and Consumer Expenditure survey

*Weighted based on the population served by each retailer.

ES-5: Single Family Residential Water Affordability, by Retailer - AR₂₀ Metrics

Retailer	Weighted Average Census Tracts	Most Affordable Census Tract	Least Affordable Census Tract	Affordable Census Tracts (Count)	Unafford. Census Tracts (Count)
City Of Gilroy	1.5%	0.7%	7.8%	13	1
City Of Milpitas	2.0%	0.8%	18.1%	16	5
City Of Morgan Hill	1.6%	0.9%	7.8%	9	2
City Of Mountain View	1.8%	0.5%	34.2%	22	3
City Of Santa Clara	2.3%	0.9%	-63.5%	26	7
City Of Sunnyvale	1.4%	0.7%	5.9%	40	1
CWSC Los Altos Suburban	1.6%	0.6%	33.2%	40	2
Great Oaks Water Company	1.7%	0.8%	52.7%	18	5
San Jose Municipal Water System Coyote	2.5%	1.0%	8.0%	4	1
San Jose Municipal Water System Evergreen/Edenvale	2.0%	0.6%	40.9%	18	4
San Jose Municipal Water System North San Jose/Alviso	1.3%	0.8%	8.9%	8	1
San Jose Water	3.4%	0.8%	-132.4%	125	88
<i>Census tract information - American Community Survey maintained by the US Census Bureau and Consumer Expenditure survey</i>					

ES-6: Extrapolated Unaffordable Bills Per Retailer Using Reported Household Income

Retailer	Percentage Unaffordable From PUMS Sample Data	Estimated Service Area Households	Estimated Households with Unaffordable Bills
City of Gilroy	6.06%	20,324	1,232
City of Milpitas	3.02%	25,675	775
City of Morgan Hill	6.06%	17,308	1,049
City of Mountain View	9.65%	34,188	3,300
City of Santa Clara	2.19%	48,138	1,052
City of Sunnyvale	0.50%	47,272	236
CWSC Los Altos Suburban	7.79%	40,308	3,142
Great Oaks Water Company	1.62%	30,249	489
San Jose Muni	5.22%	40,191	2,096
San Jose Water	7.41%	320,902	23,775
Retailer Total	5.95%	624,555	37,145
<i>Self-reported household data - Public Use Microdata Sample (PUMS) data available from the ACS maintained by the US Census Bureau</i>			

At the aggregate level, water service in Santa Clara County remains generally affordable, and Valley Water's service area performs favorably compared to peer agencies. However, household-level analysis using Public Use Microdata Sample (PUMS) data estimates that approximately 6% of households, or roughly 37,000 households in the service area, currently face water affordability challenges. This estimate aligns with other social indicators such as 7.7% of county households receiving Supplemental Nutrition Assistance Program (SNAP) benefits and 8.3% dependent on fixed incomes via Social Security Income (SSI).

Several retailers within Valley Water's service area offer customer assistance programs to help households manage the cost of water and wastewater services, including bill discount programs, flexible payment arrangements, and crisis assistance funds. The availability and design of these programs vary by retailer, and it should be noted that private / investor-owned utilities and public / municipal utilities in California operate under distinct, and different, regulatory requirements that govern how they may fund and administer affordability programs. Beyond retailer-led efforts, Valley Water contributes directly to addressing water affordability through an annual \$1 million contribution to Sacred Heart Community Service, a San Jose–based nonprofit that provides water bill assistance to low-income households in Santa Clara County. In its 2023/2024 Impact Report, Sacred Heart reported providing \$681,701 in water bill assistance to over 1,545 households alongside other forms of financial relief. Together, these retailer and Valley Water initiatives represent a layered approach to mitigating water affordability challenges.

Linking the Three Tasks: An Integrated Framework

While each task produced discrete and valuable results, the study's design recognizes the dynamic interrelationships among water demand projections, price elasticity, and affordability. These connections form a feedback loop central to Valley Water's rate setting and policy decisions:

- **Demand forecasts drive rate levels.** Valley Water's costs are predominantly fixed. When demand declines, rates must increase to recover the same revenue requirement. The demand projection methodology evaluated in Task 1 directly determines the denominator in the rate equation—estimated annual water sales—making demand forecasting for rate setting essential to rate stability.
- **Rate increases reduce demand through price elasticity.** Task 2 established that a 10% wholesale-driven price increase reduces *overall* retail demand (supply from Valley Water and other water providers) by approximately 2%. This creates a recursive dynamic: rate increases needed to offset declining demand may further suppress demand, requiring additional rate adjustments. Explicitly incorporating the elasticity estimate into demand forecasts could produce more realistic revenue projections and reduce forecast variance identified in Task 1, but more analysis is needed to identify which water types of Valley Water's supply, such as treated water, groundwater, etc., would decline.
- **Wholesale prices pass through to volumetric retail rates.** Task 2 demonstrated that 83% of the variation in volumetric retail prices is explained by Valley Water wholesale rates, with wholesale price changes leading retail volumetric price changes. This pass-through means Valley Water's investment decisions and rate increases directly affect the retail volumetric prices that determine affordability for end users.
- **Affordability constrains rate-setting flexibility.** Task 3 identified that while water service is broadly affordable in aggregate, approximately 37,000 households already face affordability challenges, and 26% of census tracts exceed the AR₂₀ threshold. Future rate increases—driven by capital investments, supply reliability needs, and statewide efficiency mandates that reduce volumetric revenue—will intensify these pressures. The inelastic demand estimated in Task 2 means that low-income households, who have the least discretionary water use to curtail, may bear a disproportionate burden from price increases, not only because their water use may be inelastic but also because the fixed portion of their monthly water bill could represent a larger portion of their total water bill and which

is designed based on each retailer's pricing objectives. All of these factors highlight the importance of funding customer assistance programs to offset the burden to these customers.

Looking Forward

Together, the three tasks provide Valley Water with an analytical framework for informed decision-making. Improved demand forecasting (Task 1) enables more accurate rate setting, reducing revenue volatility and unexpected rate adjustments. Price elasticity estimates (Task 2) allow the District to anticipate how rate changes will affect both demand and revenue, and can be explicitly integrated into the demand forecast to improve projections. The affordability baseline (Task 3) equips the District to evaluate how future investments and rate decisions will impact vulnerable populations and the levels of future funding for customer assistance programs to promote affordability. This integrated approach supports Valley Water's mission of delivering reliable, affordable water service while maintaining the financial health of the water enterprise.

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Santa Clara Valley Water District's Water Use Projections, Water Demand Elasticity, Customer Affordability Study

Prepared by Raftelis Financial Consultants and Hazen & Sawyer

March 2026

- Comprehensive Executive Summary
- Task 1 Technical Memorandum: Water Use Projections
- Task 2 Technical Memorandum: Water Demand Elasticity
- Task 3 Technical Memorandum: Water Rate Affordability Assessment

TO VIEW FULL STUDY REPORT DOCUMENTS CLICK

LINK: <https://fta.valleywater.org/fl/qgVqGyghQCYM>

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Santa Clara Valley Water District

File No.: 26-0256

Agenda Date: 4/8/2026
Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Review Proposed Fiscal Year 2026-27 Groundwater Production Charge and Provide Feedback.

RECOMMENDATION:

Review proposed Fiscal Year 2026-27 Groundwater Production Charge and provide feedback.

SUMMARY:

Why Groundwater Production Charges Are Necessary

The proposed groundwater production charges for FY 2026-27 are necessary to pay for ongoing operations and maintenance of the existing water utility system, investments in water supply infrastructure rehabilitation and upgrades, and new water supply reliability investments. Investing in key rehabilitation and upgrade projects and securing new water supply has resulted in a multi-year era of investment for the water utility. Investing now remains the prudent path to ensure that our water utility projects continue to do their job of providing safe, clean, and reliable water to all of Santa Clara County.

The proposed groundwater production charges for FY 2026-27 that are detailed below are necessary to (1) advance the Anderson Dam Seismic Retrofit project; (2) to fund key baseline projects such as the Rinconada Water Treatment Plant reliability improvement and the 10-year Pipeline Rehabilitation Program; (3) to participate in the B.F. Sisk Dam Raise and Sites Reservoir projects, which would provide additional water storage capacity; and, (4) to pay for general inflation.

The groundwater production charge recommendations are detailed in the Annual Report on the Protection and Augmentation of Water Supplies that was filed with the Clerk of the Board on February 27, 2026. The public hearing on groundwater production charges is scheduled to open on April 14, 2026 and will continue on April 22, 2026 with a focus on South County, and conclude April 28, 2026. It is anticipated that the Board would set the FY 2025-26 groundwater production charges by May 12, 2026, with an effective date of July 1, 2026.

The FY 2026-27 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act, and Board resolutions 99-21 and 12-10.

Groundwater Production and Treated Water Charge Recommendations

Staff proposes a 9.1% increase in the North County Zone W-2 Municipal and Industrial (M&I) groundwater production charge, from \$2,450.00 per acre foot (AF) to \$2,673/AF. Staff recommends maintaining the treated water surcharge on treated water delivered under the contracts with retail agencies at \$115/AF, and maintaining the non-contract treated water surcharge at \$200/AF. The proposal equates to a monthly bill increase for the average household of \$5.63 or about 19 cents a day.

In the South County Zone W-5, staff proposes a 6.6% increase in the M&I groundwater production charge from \$624.50/AF to \$665.50/AF. The proposal equates to a monthly bill increase for the average household of \$1.04 or about 3 cents per day.

In the South County Zone W-7, staff proposes a 9.4% increase in the M&I groundwater production charge from \$834.50/AF to \$913.00/AF. The proposal equates to a monthly bill increase for the average household of \$1.98 or about 7 cents per day.

In the South County Zone W-8, staff proposes an 8% increase in the M&I groundwater production charge from \$464.00/AF to \$501.00/AF. The proposal equates to a monthly bill increase for the average household of \$0.93 or about 3 cents per day.

Customers in both areas of North and South County may also experience additional charge increases enacted by their retail water providers.

For agricultural groundwater users, staff proposes an increase of 8 percent from the prior year, which equates to setting the agricultural groundwater charge at 9.25 percent of the lowest M&I rate (Zone W-8). The proposed agricultural groundwater production charge in any groundwater benefit zone would change from \$43.00/AF to \$46.50/AF, or roughly a \$0.58 increase per month per acre, assuming two acre-feet of water usage per acre per year.

Surface Water and Recycled Water Charge Recommendations

Staff recommends a 9.1% increase to the surface water master charge from \$67.00/AF to \$73.00/AF to align revenues with costs related to managing, operating and billing for surface water diversions. This increase results in a proposed 9.1% increase to the North County (Zone W-2) M&I surface water charge, to \$2,746.00/AF. For South County zones, staff proposes the following M&I surface water charge increases: for Zone W-5, a 6.8 percent increase to \$738.50/AF; for Zone W-7, a 9.4 percent increase to \$986.00/AF; for Zone W-8, an 8.1 percent increase to \$574.00/AF. Staff recommends that the total agricultural surface water charge be increased 8.6 percent in all zones, to \$119.50/AF.

For recycled water (Zone W-5), staff recommends increasing the M&I charge by 6.8 percent, to \$645.50/AF, and increasing the agricultural charge by 4.8 percent, to \$76.85/AF. The increase

maximizes cost recovery while concurrently providing an economic incentive to use recycled water. This pricing is consistent with the provisions of the “Wholesale-Retailer Agreement for Supply of Recycled Water Between Santa Clara Valley Water District and City of Gilroy.”

State Water Project Tax and Additional Details

Staff recommends setting the State Water Project Tax at \$28 million for FY 2026-27. This translates to a property tax bill for the average single-family residence of roughly \$46.00 per year. This tax amount is necessary to pay for State Water Project costs. If the recommended FY 2026-27 State Water Project Tax is not approved, the impact translates to a needed increase in the M&I groundwater production charge of an additional \$158/AF in North County Zone W-2 and in South County an additional \$37/AF in Zone W-5, \$49/AF in Zone W-7 and \$38/AF in Zone W-8 in South County. The open space credit would increase by roughly \$962,533.00.

Santa Clara Valley Water District’s (Valley Water) 55th Annual Report on the Protection and Augmentation of Water Supplies, among other information, contains a financial analysis of the Valley Water’s water utility system and additional details about the above recommendations. This report can be found at www.valleywater.org <<http://www.valleywater.org>>.

Staff is seeking the Commission’s feedback, or input, with regard to these proposed groundwater production charges for FY 2026-27.

A PowerPoint presentation will be provided at the meeting.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



FISCAL YEAR 2026-27

Water Charge Recommendations

Santa Clara Valley Water Commission

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

55th Annual Report Released

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

Filed February 27, 2026

Available Online:

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

4

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*

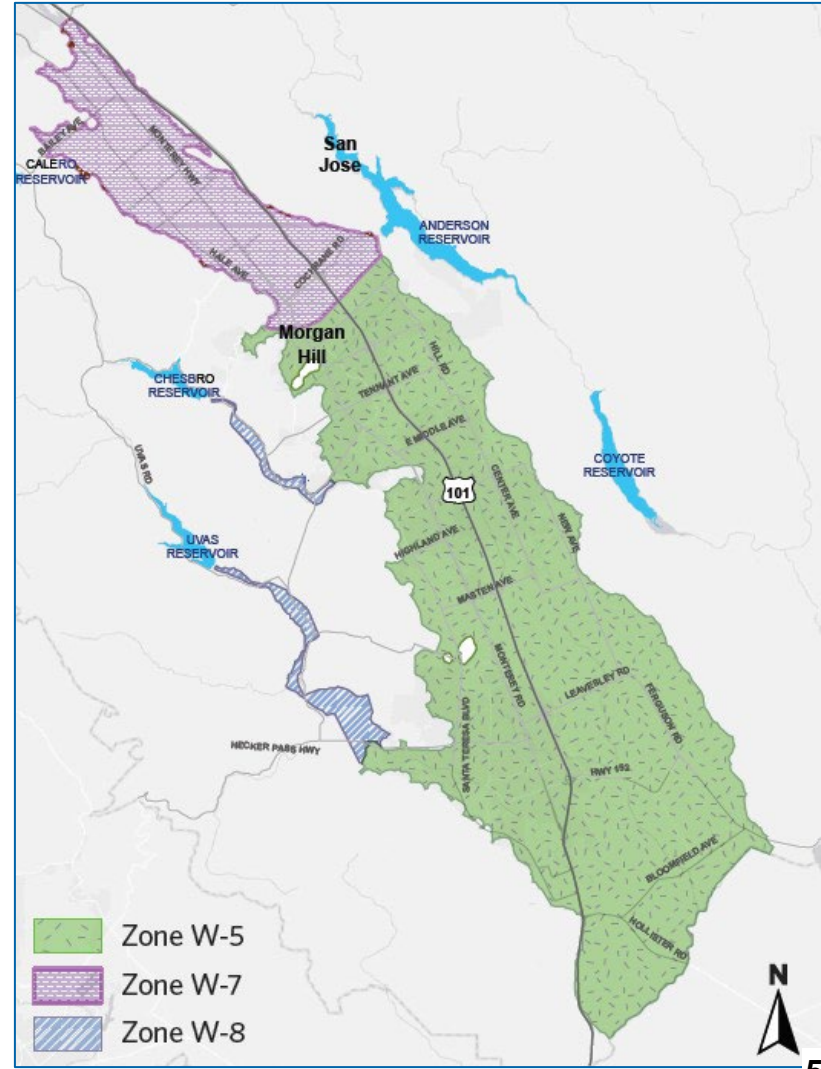
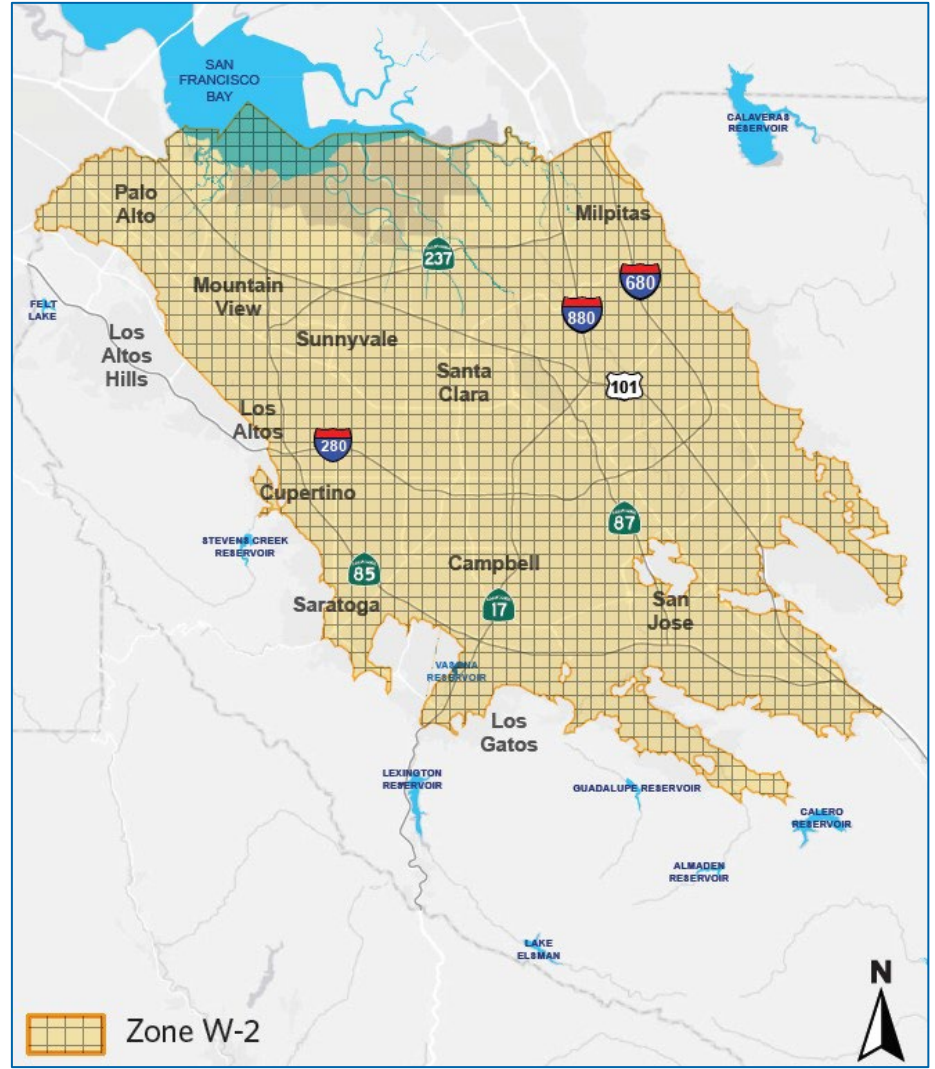
South County

- 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

6

- **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

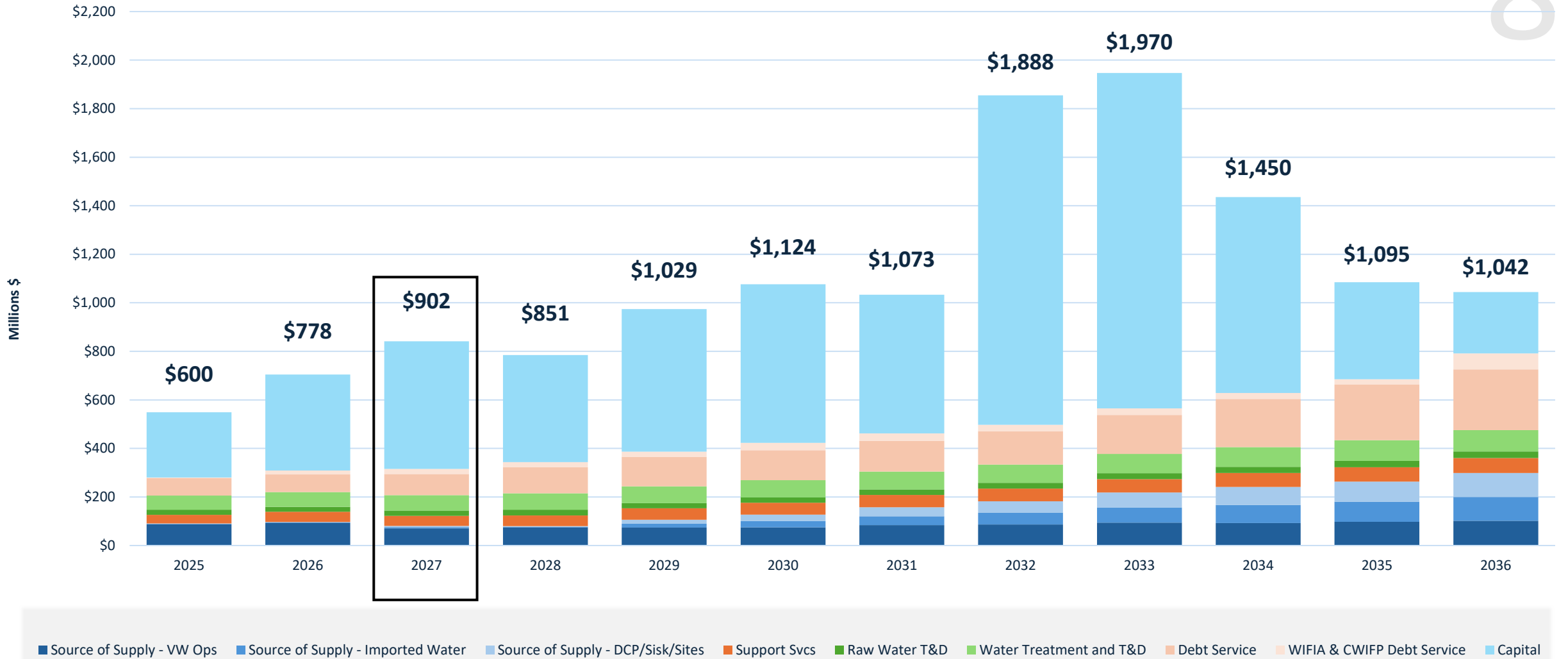
7

- 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
LAND, IMPROVEMENTS, PERSONAL PROPERTY				
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		
TOTAL ASSESSED VALUE TAXES	1,718,310	1.182600		
LAND AND IMPROVEMENTS				
SCVWD-STATE WATER PROJ	1,718,310	0.004100	50.00	10,160.37
TOTAL LAND & IMPROVEMENT TAXES	1,718,310	0.004100	50.00	35.23
ROUNDING ADJUSTMENT				0.00
TAXES DUE				\$10,195.60

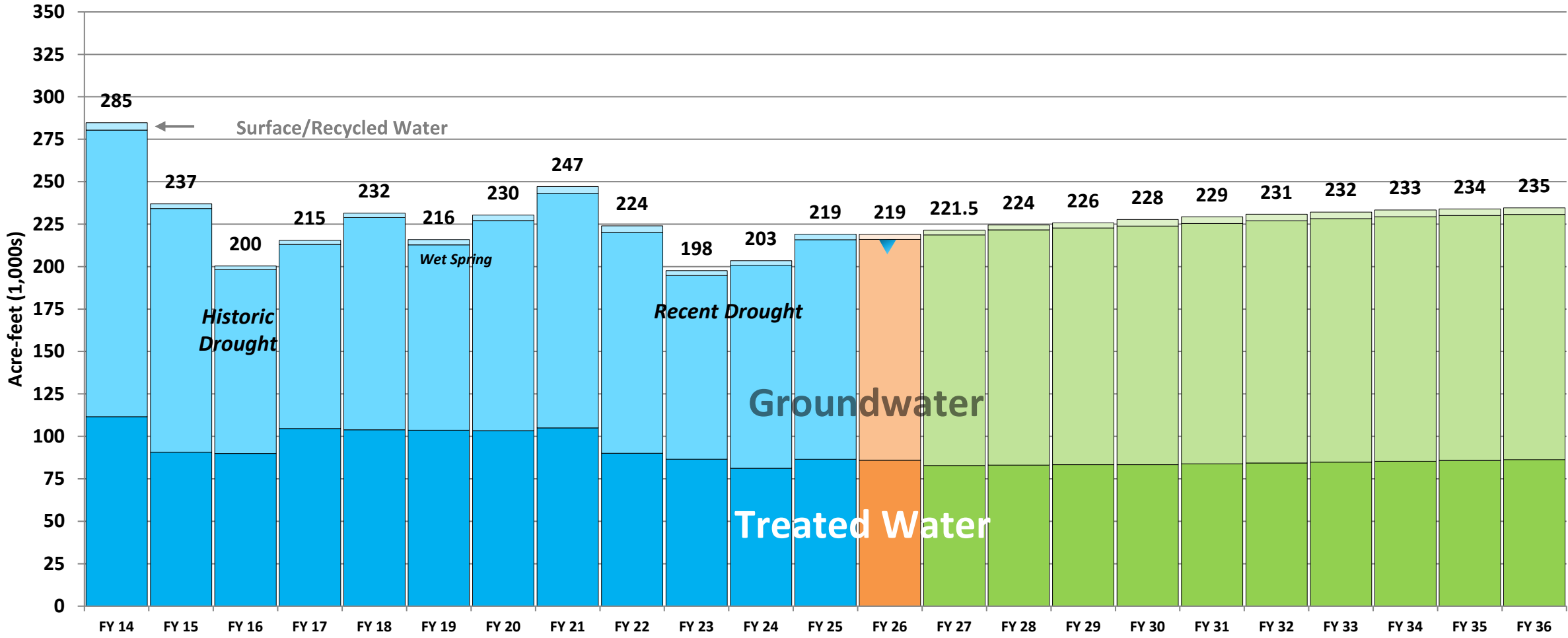
Water Utility Cost Projection



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

10

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	9.9%* 9.1%	\$5.63
South County W-5	\$624.50	\$665.50	7.9%* 6.6%	\$1.04
South County W-7	\$834.50	\$913.00	11.2%* 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.

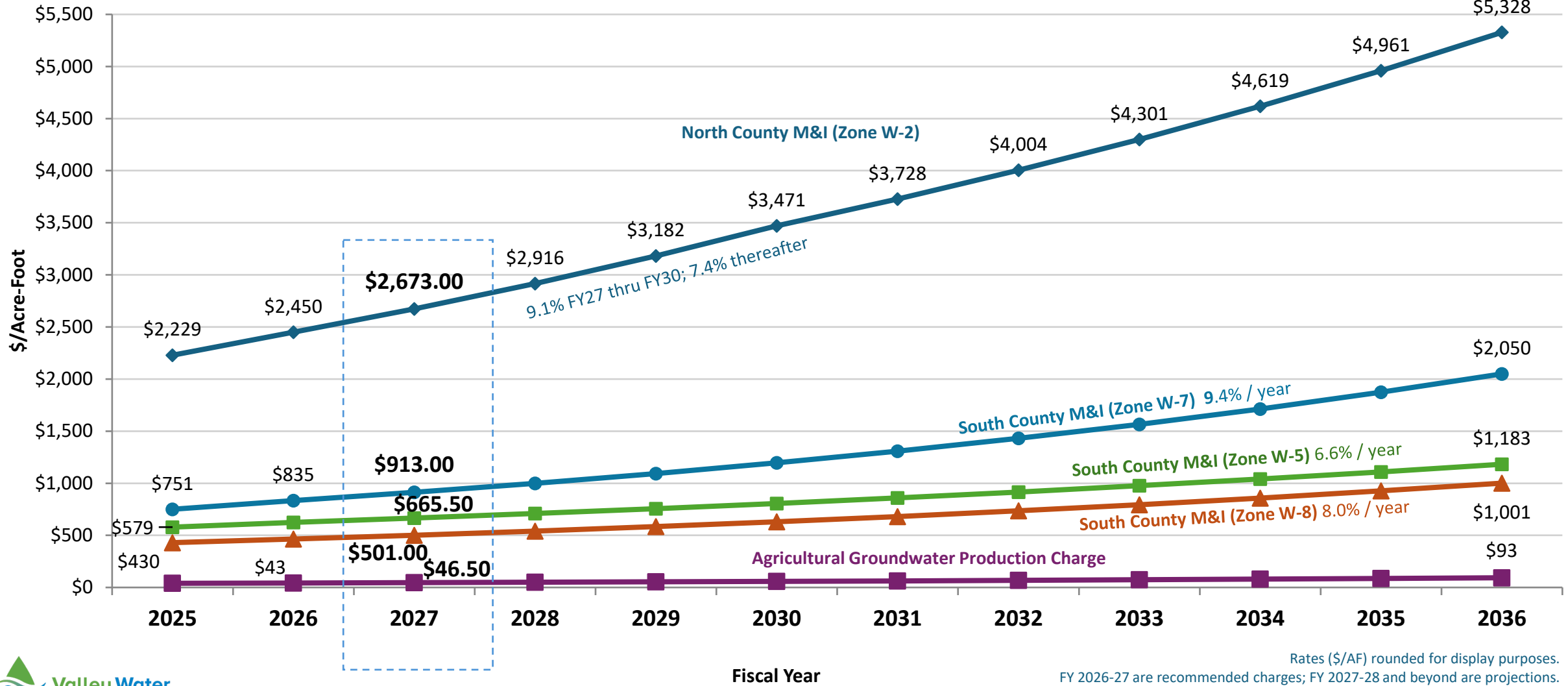
** Assumes Agricultural users who pump 2 AF of water, per acre, per year.

Groundwater Production Charge Recommendation

As published in the PAWS Report February 27, 2026

11

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

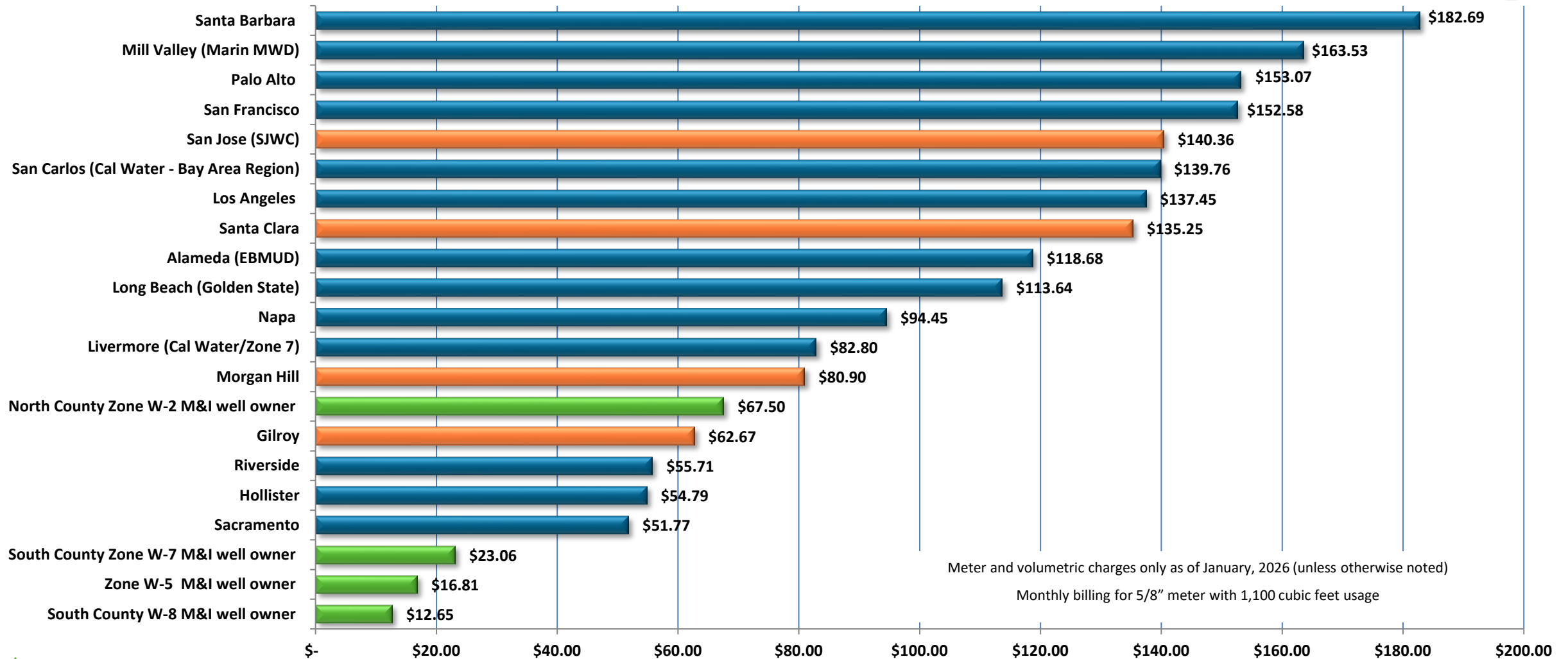
Municipal & Industrial Groundwater Charge Monthly Impact to Average Household (11 HCF/Month)

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

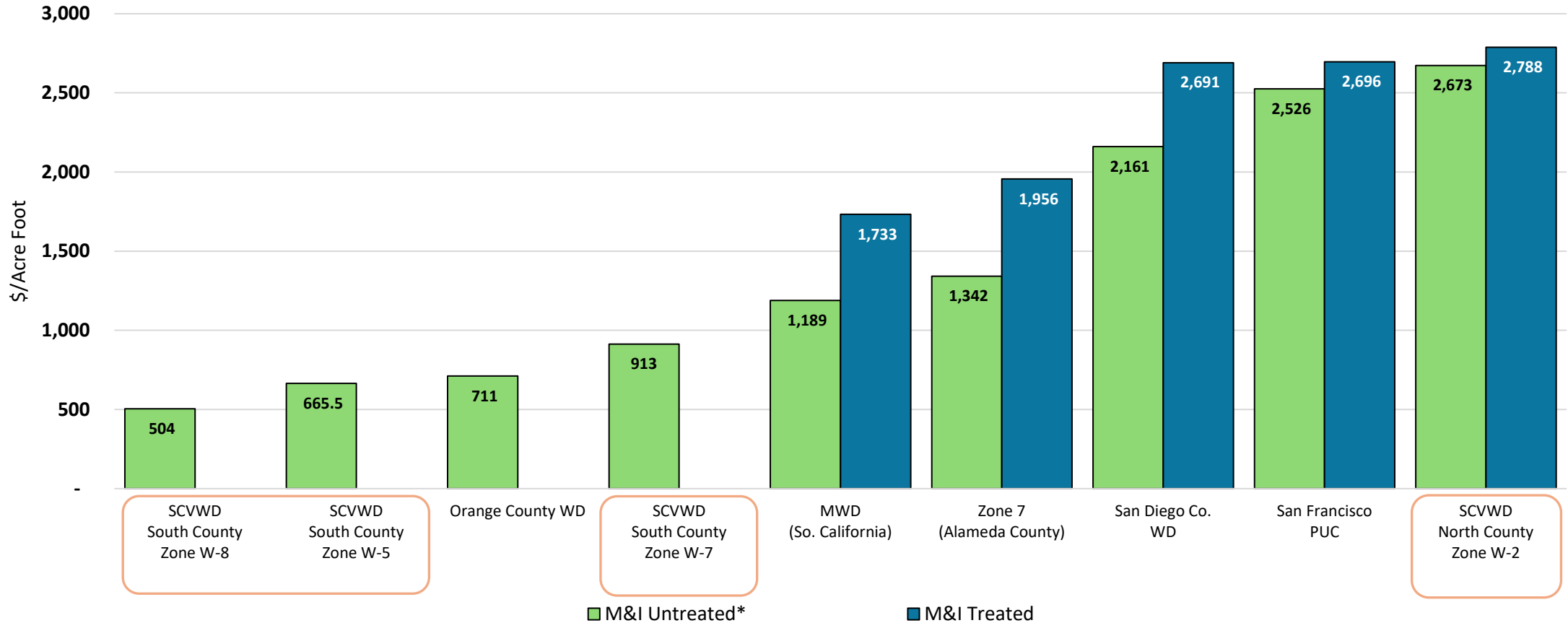


Retail Agency Benchmarks



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

15

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



Rate Setting Schedule FY 2026-27

16

- 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

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

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

- 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**

- **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
Basic User/Groundwater Production Charge			
Municipal & Industrial	2,229.00	2,450.00	2,673.00
Agricultural	39.80	43.00	46.50
Surface Water Charge			
Surface Water Master Charge	61.00	67.00	73.00
Total Surface Water, Municipal & Industrial*	2,290.00	2,517.00	2,746.00
Total Surface Water, Agricultural*	100.80	110.00	119.50
Treated Water Charges			
Contract Surcharge	115.00	115.00	115.00
Total Treated Water Contract Charge**	2,344.00	2,565.00	2,788.00
Non-Contract Surcharge	200.00	200.00	200.00
Total Treated Water Non-Contract Charge***	2,429.00	2,650.00	2,873.00



* 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
Basic User/Groundwater Production Charge			
Municipal & Industrial	579.00	624.50	665.50
Agricultural	39.80	43.00	46.50
Surface Water Charge			
Surface Water Master Charge	61.00	67.00	73.00
Total Surface Water, Municipal & Industrial*	640.00	691.50	738.50
Total Surface Water, Agricultural*	100.80	110.00	119.50
Recycled Water Charges			
Municipal & Industrial	559.00	604.50	645.50
Agricultural	70.15	73.35	76.85



* 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
Basic User/Groundwater Production Charge			
Municipal & Industrial	750.50	834.50	913.00
Agricultural	39.80	43.00	46.50
Surface Water Charge			
Surface Water Master Charge	61.00	67.00	73.00
Total Surface Water, Municipal & Industrial*	811.50	901.50	986.00
Total Surface Water, Agricultural*	100.80	110.00	119.50



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
Basic User/Groundwater Production Charge			
Municipal & Industrial	430.00	464.00	501.00
Agricultural	39.80	43.00	46.50
Surface Water Charge			
Surface Water Master Charge	61.00	67.00	73.00
Total Surface Water, Municipal & Industrial*	491.00	531.00	574.00
Total Surface Water, Agricultural*	100.80	110.00	119.50



* 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 \$0.93 per month increase to the average household user.

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

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
North County Zone W-2	9.1%	9.1%	9.1%	9.1%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
<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>	
South County Zone W-5	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
<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>	
South County Zone W-7	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%
<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>	
South County Zone W-8	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<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

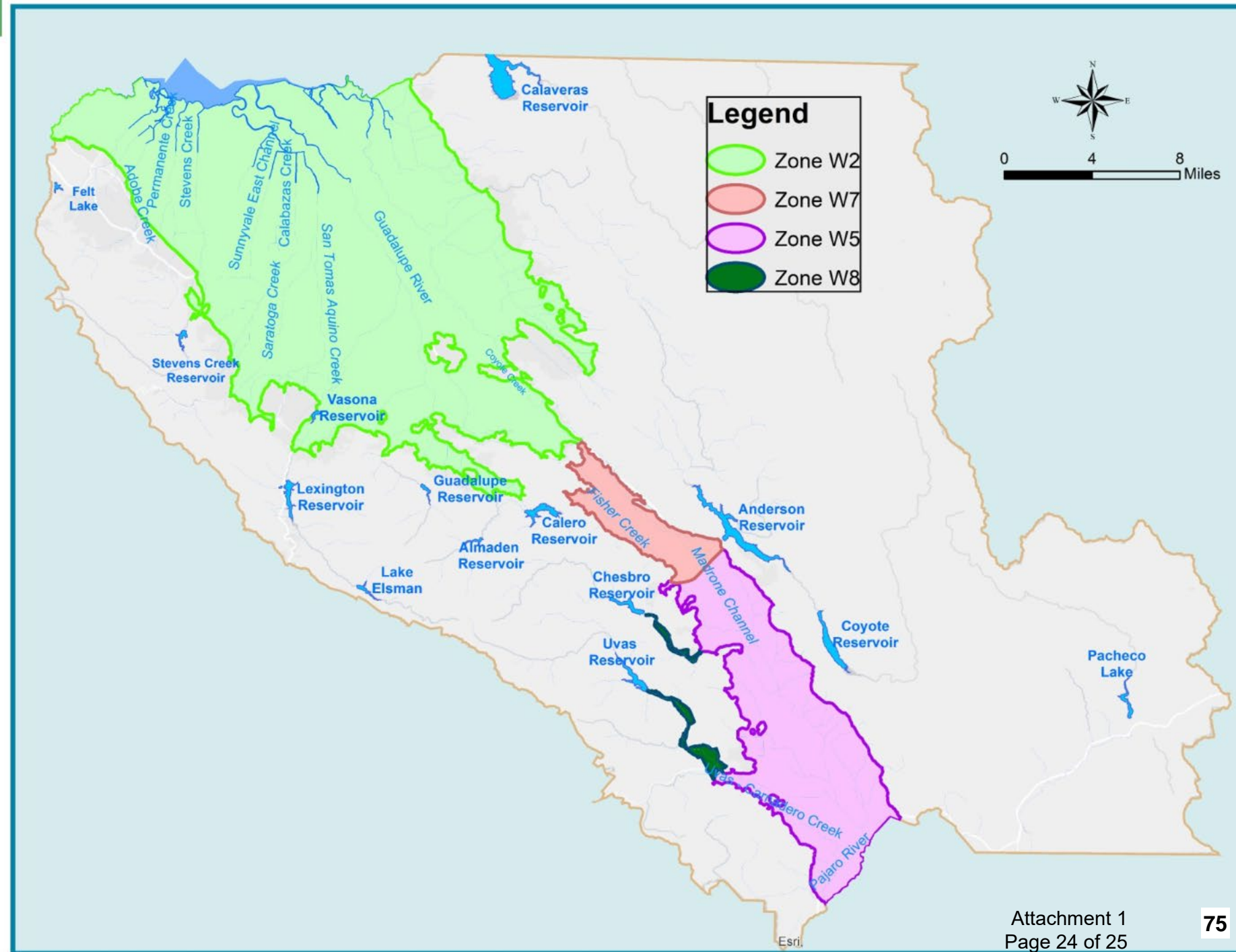
- Morgan Hill to Pajaro River

South County Zone W7

- Coyote Valley

South County Zone W8

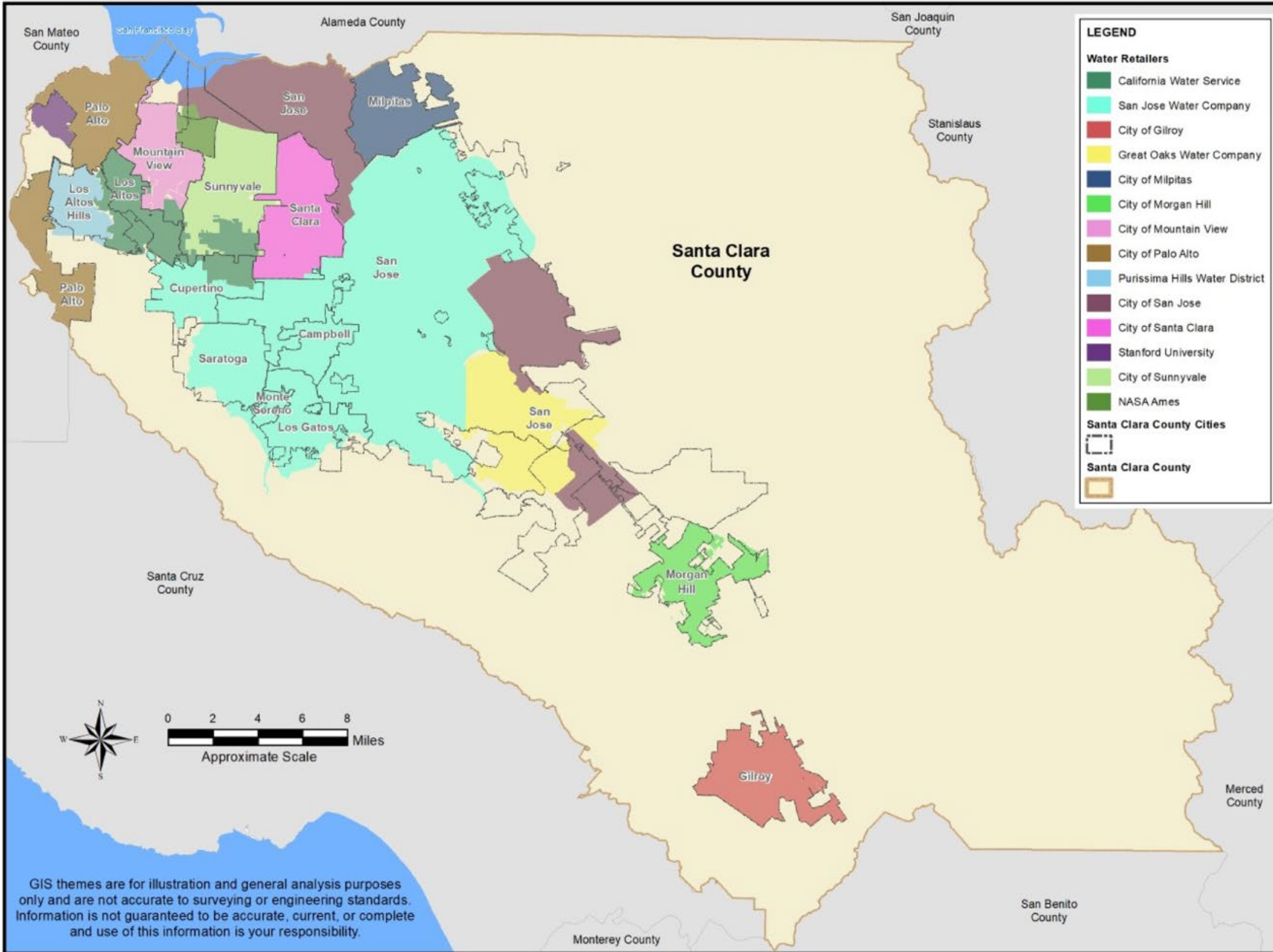
- Foothills below Uvas & Chesbro Reservoirs



Water Retailers in Santa Clara County



Water Retailers in Santa Clara County



GIS themes are for illustration and general analysis purposes only and are not accurate to surveying or engineering standards. Information is not guaranteed to be accurate, current, or complete and use of this information is your responsibility.





Santa Clara Valley Water District

File No.: 26-0359

Agenda Date: 4/8/2026
Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Review the 2026 Santa Clara Valley Water District Water Commission (SCVWD WC) Work Plan, the Outcomes of Board Action of Commission Requests, the Commission's Next Meeting Agenda; and Confirm Next Meeting Date.

RECOMMENDATION:

Review the SCVWD WC Work Plan to guide the Commission's discussions regarding policy alternatives and implications for Board deliberation; the outcomes of Board action of Commission requests, the Commission's next meeting agenda; and confirm next meeting date.

SUMMARY:

The attached Work Plan outlines the topics for discussion to be able to prepare policy alternatives and implications for Board deliberation. The work plan is agendaized at each meeting as accomplishments are updated and to review any work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the

Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

ENVIRONMENTAL JUSTICE IMPACT:

The review of the Commission Work Plan is not subject to environmental justice analysis.

ATTACHMENTS:

Attachment 1: SCVWD WC 2026 Work Plan

UNCLASSIFIED MANAGER:

Wendy Ho, 408-630-3874

2026 Work Plan: Santa Clara Valley Water Commission

Update: February 2026

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The Committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
1	Election of Chair and Vice Chair for 2026	January 28	<ul style="list-style-type: none"> Commission Elects Chair and Vice Chair for 2026. (Action) 	<p>Accomplished January 28, 2026 The Committee approved Hon. Member Srinivasan as Commission Chairperson and Hon. Member Rennie as Vice Chairperson.</p>
2	2025 Accomplishments Report	January 28	<ul style="list-style-type: none"> Review and approve 2025 Accomplishments Report for presentation to the Board. (Action) Submit requests to the Board, as appropriate. 	<p>Accomplished January 28, 2026 The Commission unanimously approved the 2025 Annual Accomplishments Report for presentation to the Board.</p>
3	2026 Work Plan: Review of Santa Clara Valley Water Commission Work Plan, the Outcomes of Board Action of Commission Requests and the Commission's Next Meeting Agenda, and Recommend the Proposed 2025 Water Commission Work Plan to the Board	Vote: January 28 Review: April 8 July 22 October 28	<ul style="list-style-type: none"> Receive and review the FY2025-2026 Board-approved Committee work plan. (Information) Submit requests to the Board, as appropriate. (Action) 	<p>Accomplished January 28, 2026 The Commission approved their 2026 work plan with the addition of an item relating to an information review of impact of Artificial Intelligence (AI) and data centers on Valley Water requirements and supply. The Commission unanimously approved the 2025 Annual Accomplishments Report for presentation to the Board.</p>
4	Approve 2026 Meeting Schedule	January 28	<ul style="list-style-type: none"> Discuss and approve 2026 meeting schedule. (Action) January 28 April 8 July 22 (may be changed to Aug.) October 28 	<p>Accomplished January 28, 2026 The Commission approved the 2026 Meeting Schedule.</p>

Yellow = Update Since Last Meeting
Blue = Action by the Board of Directors

Attachment 1
Page 1 of 3

2026 Work Plan: Santa Clara Valley Water Commission

Update: February 2026

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
5	Review and comment to the Board relating to the Fiscal Year 2026-2027 Preliminary Groundwater Production Charges	January 28 April 8	<ul style="list-style-type: none"> Review and comment to the Board on the Fiscal Year 2026-2027 Preliminary Groundwater Production Charges. (Information) Receive/discuss community outreach/messaging of groundwater rates. (Information) Submit requests to the Board, as appropriate. 	<p>Accomplished January 28, 2026</p> <p>The Commission reviewed and commented on the Fiscal Year 2026-2027 Preliminary Groundwater Production Charges.</p>
6	Standing Items Report Fiscal Year 2026 Goals and Strategies	January 28 October 28	<ul style="list-style-type: none"> Receive reports on FY25-26 Valley Water Board Work Plan standing items (Information) 	<p>Accomplished January 28, 2026</p> <p>The Commission received the Standing Items Report Fiscal Year 2026 Goals and Strategies report.</p>
7	Review and comment to the Board relating to the Development of Valley Water's Water Supply Master Plan 2050	January 28	<ul style="list-style-type: none"> Receive Information and Provide Feedback on the Development of Valley Water's Water Supply Master Plan 2050. (Action) Receive information relating to possible desalination projects in the WSMP 2050 (Information) 	<p>Accomplished January 28, 2026</p> <p>The Commission reviewed and commented the Board relating to the Development of Valley Water's Water Supply Master Plan 2050.</p>
8	Overview of Valley Water's Role in Emergency Preparedness and Response	TBD	<ul style="list-style-type: none"> Receive overview of Valley Water's Role in Emergency Preparedness and Response. (Information) 	
9	Overview of Valley Water's Water Conservation Programs	TBD	<ul style="list-style-type: none"> Receive information from Valley Water relating to water conservation programs. (Information) 	
10	Tour a VW Water Supply Facility	TBD	<ul style="list-style-type: none"> Conduct tour (Information) 	

Yellow = Update Since Last Meeting
Blue = Action by the Board of Directors

Attachment 1
Page 2 of 3

2026 Work Plan: Santa Clara Valley Water Commission

Update: February 2026

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
11	Update of AB 1469 relating to Unhoused	TBD	<ul style="list-style-type: none"> Receive update on AB 1469 relating to unhoused (Information) 	
12	Overview/Update of Valley Water's Flood Protection Projects	TBD	<ul style="list-style-type: none"> Receive information from Valley Water relating to flood protection projects and efforts. (Information) 	
13	Informational review of impact of AI and data centers on Valley Water requirements and supply	October 28	<ul style="list-style-type: none"> Receive information relating to impact of AI and data centers on Valley Water requirements and supply. (Information) 	
14	Water Use Projections, Water Demand Elasticity and Customer Affordability Study	April 8	<ul style="list-style-type: none"> Receive information relating to Water Use Projections, Water Demand Elasticity and Customer Affordability Consultant Study (Information) 	

BOARD WORK PLAN GOALS:

- 1. Integrated Water Resources Management** – Goal: Efficiently manage water resources across business areas.
- 2. Water Supply** – Goal: Provide a reliable, safe, and affordable water supply for current and future generations in all communities served.
- 3. Natural Flood Protection** – Goal: Provide natural flood protection to reduce risk and improve health and safety.
- 4. Environmental Stewardship** – Goal: Sustain ecosystem health while managing local water resources for flood protection and water supply.
- 5. Addressing Encampments of Unsheltered People** – Goal: safeguard water resources and facilities from encampment impacts.
- 6. Extreme Weather Events** – Goal: Mitigate carbon emissions and adapt Valley Water operations to extreme weather events.
- 7. Business Management** – Goal: Promote effective management of water supply, flood protection, and environmental stewardship through responsive and socially responsible business services.

Yellow = Update Since Last Meeting
 Blue = Action by the Board of Directors

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