



# Santa Clara Valley Water District

File No.: 25-0301

Agenda Date: 3/25/2025

Item No.: 4.4.

## SUPPLEMENTAL BOARD AGENDA MEMORANDUM

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

### SUBJECT:

Adopt Recommended Positions on State Legislation: AB 514 (Petrie-Norris) Emergency Water Supplies, \*AB 532 (Ransom) Water Rate Assistance Program, \*SB 31 (McNerney) Water Quality: recycled water, and Other Legislation Which May Require Urgent Consideration for a Position by the Board.

### REASON FOR SUPPLEMENTAL MEMORANDUM:

This supplemental Board agenda memorandum conveys additional information received after the initial agenda item was released, consistent with Executive Limitations Policy EL-7-10-5.

### RECOMMENDATION:

- A. Adopt a position of "Support" on: AB 514 (Petrie-Norris) Emergency Water Supplies;
- B. \*Adopt a position of "Support" on: AB 532 (Ransom) Water Rate Assistance Program;
- C. \*Adopt a position of "Support" on: SB 31 (McNerney) Water Quality: recycled water.

### SUMMARY:

**\*AB 532 (Ransom) Water Rate Assistance Program (Introduced - 02/11/2025)**

**Position Recommendation: Support**

**Priority Recommendation: 2**

AB 532 establishes the California Low Income Household Water Assistance Program, administered by the Department of Community Services and Development, to provide water rate assistance to low-income residential ratepayers. Key provisions of the bill include:

(1) Repeals the Drinking Water and Wastewater Emergency Assistance Program, also known as the Low Income Household Water Assistance Program. AB 532 would instead require, upon appropriation by the Legislature, the Department of Community Services and Development to establish and administer the California Low Income Household Water Assistance Program to provide water rate assistance to residential ratepayers of community water systems with under 3,000

connections or water systems serving predominantly disadvantaged communities.

(2) Authorizes an urban retail water supplier to provide water rate assistance through any offset of the cost of water service provided through a low-income water rate assistance program, including, but not limited to, a reduction in a volumetric or fixed water fee or charge, a percentage reduction of a water utility bill, a water account credit, or crisis assistance used to reduce or eliminate a water bill arrearage or potential arrearage. Authorizes an urban retail water supplier to use any available funding to provide water rate assistance to its ratepayers, including voluntary contributions sought from other ratepayers.

(3) Requires an urban retail water supplier to, beginning January 1, 2028, include specified information regarding its water rate assistance program in its technical report to the State Water Resources Control Board.

### *Impact to Valley Water*

Although Valley Water does not provide retail water service, there is a substantial concern about the rising cost of water rates and the impact on low-income communities. Aging infrastructure, stricter water quality regulations, and climate change require costly investments in system upgrades, treatment technologies, and reliability projects. These costs are passed on to residents through water rates, disproportionately affecting vulnerable households.

Valley Water has appropriated funding to provide water rate assistance to residents who have fallen behind on water bills charged by the water retailers. The proposed program in AB 532 would not implement any changes to benefit Valley Water as the bill does not apply to water wholesalers and does not make any changes to the restrictions created by Proposition 218 to collect fees unrelated to the cost of providing water service. While investor-owned water utilities can place a surcharge on rates to pay for water rate assistance programs, Proposition 218 prohibits public water agencies from doing so. The program in AB 532 would allow water retailers to collect voluntary contributions from ratepayers to create a water rate assistance program. While not directly benefitting Valley Water, the bill would create an opportunity for the residents in Santa Clara County served by water retailers to receive a benefit to assist with the rising cost of water bills.

Disadvantaged community groups have been sponsoring legislation for several years in an effort to create a water rate assistance program that does not violate Proposition 218. The effort has been unsuccessful, mainly due to the difficulty in creating a funding source allowable under the law. AB 532 provides a new framework for water rate assistance sponsored by the California Municipal Utilities Association, helping to alleviate affordability challenges for those most affected. The program would rely on voluntary contributions controlled by the water utility and collected from customers who willingly sign up.

Supporting AB 532 aligns with Valley Water's commitment to maintaining a reliable, affordable water supply while protecting vulnerable communities from financial strain.

Staff recommends that the Board adopt a position of “Support” on AB 532.

*Pros*

- Establishes a permanent statewide water rate assistance program for low-income ratepayers.
- Provides flexibility for urban retail water suppliers to implement localized assistance programs.
- Addresses affordability concerns by offering direct financial relief to low-income customers.
- Supports equity in water access, particularly for disadvantaged communities.

*Cons*

- Relies on voluntary contributions and other funding sources, which may not materialize.
- Potential administrative burden on retail water suppliers to implement and report on assistance programs.
- Would not fund existing water rate assistance programs offered by water wholesalers such as Valley Water.

**\*SB 31 (McNerney) Water Quality: recycled water. (Amended - 02/10/2025)**

**Position Recommendation: Support**

**Priority Recommendation: 2**

SB 31 makes several changes to the water recycling law to expand its use and align regulatory oversight.

(1) For the purposes of the Water Recycling Law, redefines “recycled water” and provides that water discharged (spilled) from a decorative body of water, such as a pond or fountain, during storm events is not to be considered an unauthorized discharge, for regulatory purposes, if recycled water was used to restore levels due to evaporation.

(2) The bill allows incidental amounts of spray, mist, or runoff in eating areas, such as picnic tables or awnings irrigated with disinfected tertiary recycled water. Current law restricts the use of recycled water in these areas, reducing the opportunity for its use.

(3) Provides that outdoor landscape irrigation of common areas operated by a homeowners association that does not enter a home premises is not to be considered a dual-plumbed system.

(4) Authorizes the use of recycled water for toilet or urinal flushing or outdoor irrigation in and around

food handling or processing facilities, commercial, institutional, and industrial buildings, and cafeterias, provided the recycled water does not enter the room where food handling or processing occurs.

*Impact to Valley Water*

Valley Water has set a goal of increasing recycled water production to meet 10 percent of the county's total water demand by 2035. To support long-term water sustainability and resilience, the Valley Water Board has also directed staff to explore expanding purified water production to up to 45,000 acre-feet per year. Achieving these goals requires a regulatory framework that facilitates, rather than hinders, the expanded use of recycled water.

SB 31 aligns with these objectives by updating outdated regulations that currently create barriers to recycled water use in various applications. By clarifying that recycled water can be used in homeowners' association landscapes, decorative water features, food handling facilities, and public parks, the bill removes unnecessary restrictions that have limited adoption. Additionally, the bill provides regulatory certainty on incidental runoff and the use of recycled water in non-potable applications, reducing the risk of regulatory conflicts that could slow implementation.

However, the regulations governing non-potable recycled water use under Title 22 have not been updated in two decades. These outdated provisions create unnecessary barriers to expanding recycled water use in homeowners association landscapes, decorative water features, public parks, and food handling facilities. Given advancements in water treatment technology, updating Title 22 is essential to increasing safe and efficient recycled water use across more applications.

By modernizing the state's approach to recycled water, SB 31 supports Valley Water's mission to develop a sustainable, diversified water supply and enhance drought resilience.

Staff recommends that the Board adopt a position of "Support" on SB 31.

*Pros*

- Requires the revision of outdated regulations pertaining to the use of recycled water.

*Cons*

- None.

**ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:**

No Change from original memo.

**FINANCIAL IMPACT:**

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No Change from original memo.

**CEQA:**

No Change from original memo.

**ATTACHMENTS:**

None.

**UNCLASSIFIED MANAGER:**

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