From: Katja Irvin
To: Shiloh Ballard; Nai Hsueh; Richard Santos
Cc: Stephanie Simunic
Subject: 3/23/26 WSDMC Item 4.1 Water Use Projections, Water Demand Elasticity, and Customer Affordability
Date: Sunday, March 22, 2026 9:27:42 PM
Attachments: 032326 WSDMC item 4-1 Sierra Club Comment.pdf

Dear Chair Ballard and WSDMC members,

Please find comments from the Sierra Club regarding the subject agenda item below and attached. Thank you for your sincere consideration of these comments.

I apologize for these last-minute comments given our limited resources and the short time available for review.

Best regards,

Katja Irvin
Guadalupe Group Conservation Chair
Sierra Club Loma Prieta Chapter

Dear Water Supply and Demand Management Committee,

Although we did not have time to fully review the final reports, the Sierra Club would like to highlight a few points related to the materials included in the agenda packet for this item.

Staff report (page 2)

Under Task 1: Water Use Projections key takeaways

- "Forecast-to-actual water use has been largely accurate, with reduced variance in recent years." We note that this may be true for rate-setting forecasts, but not for long-term planning forecasts. UWMP forecasts have historically over-projected future demand by about 50%.
- "Water use overall continues to trend downward." This confirms what we have been saying, but it is not reflected in the WSMP long-term water demand forecasts. The Sierra Club recommends using a broader range of scenarios for long-term supply/demand planning, including scenarios that use reasonable alternative assumptions related to growth and climate impacts.

Under Task 2: Water Demand Elasticity Analysis key takeaways

- "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%." According to a presentation to the Water Commission about Groundwater Production Charge

Projections, rate increases over the next 10 years add up to 81% for the North County W-2 zone, which would result in at least a 13% decrease in demand. This accounts for the finding that 83% of retail rate increases are attributable to Valley Water rate increases, but does not account for the fact that rate increases are cumulative. This elasticity impact on demand should be added to Valley Water's models along with drought and conservation, as recommended on page 6 of the Executive Summary.

Under Task 3: Water Affordability Analysis key takeaways

- "An estimated 37,000 households – equivalent to 6% of Santa Clara County households – could have water bills that are unaffordable." to paint a different picture about what this means, this is more than 1 in every 20 customers, which is about 1 per every street block (my street block has twenty properties). At least 7 of the cities in Santa Clara County have fewer than 37,000 households (assuming 1.5 persons per household). This seems significant, indicating that affordability metrics need to be tracked and addressed as part of the rate-setting process.

Executive Summary (page 2)

Here, the Executive Summary says "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." Since UWMP projections have significantly over-projected future demand as described above, it is unclear how using these projections would improve near-term forecasts for rate-setting, especially since near-term projections have been largely accurate.

Under Executive Summary Looking Forward section (page 7)

The section says "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 Sierra Club supports Valley Water incorporating ways to address these issues.

In addition, the Sierra Club encourages Valley Water to build on this water use projections study to evaluate the long-term projections used for the Water Supply Master Plan and the Urban Water Management Plan. No model is completely accurate, but the historical 50% error for UWMP projections indicates that something isn't right. The Sierra Club has identified that this is likely due to assumptions about population growth and economic growth, as well as the use of a climate model that does not completely account for the impact of future droughts.
