

Santa Clara Valley Water District

WATER CONSERVATION PERFORMANCE AUDIT

Board Audit Committee Meeting

January 21, 2026

Agenda

01 OBJECTIVES AND SCOPE

02 METHODOLOGY

03 COMMENDATIONS

04 RESULTS, FINDINGS, AND RECOMMENDATIONS



Objectives and Scope

The purpose of this performance audit was to assess and further enhance Valley Water's approach to water conservation strategies and incentives. The objectives of this performance audit were to:

1. Evaluate the extent to which the strategies and approaches taken by Valley Water to promote or incentivize water conservation align with peer and best practices.
2. Identify opportunities for improvement through lessons learned at Valley Water and other water districts.
3. Review use of funds dedicated to conservation activities and corresponding performance measures.





Methodology

This audit was primarily conducted between April and August 2025 and consisted of project initiation and management, fact finding, analysis, and reporting. Fact-finding and analysis was informed by:

- **Interviews:** We conducted interviews with staff to identify strengths, challenges, and opportunities for improvement in water conservation strategies and activities.
- **Document and Information Review:** We reviewed documents, including organizational charts, performance reports, District strategic goals and workplans, budget presentations, and educational materials.
- **Industry Best Practice:** We researched industry best practices related to water conservation operations, including water tracking, demand analysis, planning, performance, equity, and related topics.
- **Peer Benchmarking:** We compared Valley Water's water conservation strategies and activities, outreach and communication methods, organization-wide goals, and challenges to six peer organizations identified in collaboration with the Conservation Team: Alameda County Water District, Contra Costa Water District, Solano County Water Agency, Marin Municipal Water District, East Bay Municipal Utility District, San Francisco Public Utilities Commission





Commendations

The Water Conservation team:

- Fosters collaborative teamwork internally and with other divisions across the District
- Demonstrates thoughtful and strategic planning approaches that include clear, well-defined goals to guide conservation efforts effectively
- Provides relevant, publicly accessible information with a commitment to openness that helps build trust and awareness with stakeholders
- Meets best practices for financial reporting, including timely independent audits
- Has consistently met performance targets for annual water savings and Conservation program participation within the last three fiscal years



Best Practices

We evaluated Valley Water's water conservation strategies against industry standards and found that it meets identified best practices in:

- Conducting water audits
- Using AMI
- Analyzing end-user demand
- Setting measurable goals
- Tracking performance
- Supporting continuous improvement

Valley Water also uses best practices in outreach and program accessibility to promote equity and access within conservation programs.



Performance Measurement

The District has a Board goal of achieving water use savings of 99,000 acre-feet per year (AFY) by 2030.

Two performance targets support this goal:

1. Valley Water must sustain drought-year-level participation in non-drought years to generate at least 2,400 AFY in additional savings annually.
2. Outdoor conservation and program participation by commercial, industrial, and institutional (CII), including multifamily residential (MF) sites, must increase.



Performance Measurement

Goal 1: Valley Water must sustain drought-year level participation in non-drought years to generate at least 2,400 AFY in additional savings annually

| Fiscal Year | AFY Increase in Annual Savings | Total AFY |
|-------------|--------------------------------|-----------|
| 2022 | 3,489 | 80,073 |
| 2023 | 3,096 | 83,174 |
| 2024 | 3,022 | 85,204 |
| Average | 3,202 | 82,817 |





Performance Measurement

Goal 2: Outdoor conservation and program participation by commercial, industrial, and institutional (CII), including multifamily residential (MF) sites, must increase

| Fiscal Year | Total Sq. Ft. Converted (Single-Family) | Total Sq. Ft. Converted (CII and MF) | Total | CII and MF Percent of Area | CII and MF Percent of Rebated Applications |
|-------------|---|--|-----------|----------------------------------|---|
| 2021 | 258,644 | 82,415 | 341,059 | 24% | 5% |
| 2022 | 804,226 | 231,316 | 1,035,542 | 22% | 5% |
| 2023 | 1,153,764 | 832,605 | 1,986,369 | 42% | 9% |
| 2024 | 759,722 | 658,706 | 1,418,428 | 46% | 11% |





Use of Funds

Valley Water's water conservation programs fall under the Board goal of increasing regional self-reliance through water conservation and reuse. Overall, water conservation programs were allocated \$12,553,044 of these funds.

WS Goal 2.4: Increase regional self-reliance through water conservation and reuse

| | | |
|-------|---|--------------|
| 2.4.1 | Maximize utilization of all demand management tools | - |
| 2.4.2 | Incentivize water use efficiency and water conservation. | \$17,860,692 |
| 2.4.3 | Promote, protect, and expand potable and non-potable water reuse. | \$19,566,885 |
| 2.4.4 | Promote stormwater capture and reuse. | \$88,758 |
| Total | | \$37,516,335 |





Use of Funds

| Expense Category | FY 2025 Budget | % of Overall Budget |
|------------------------|----------------|---------------------|
| Salaries and Benefits | \$1,762,084 | 14% |
| Services and Supplies* | \$9,680,400 | 77% |
| Intra-District Charges | \$1,110,559 | 9% |
| Total | \$12,553,044 | 100% |





Summary of Recommendations

Medium-Risk

- Consider adding at least five additional staff to the Water Conservation team who are dedicated to stakeholder engagement and administrative and program support
- Work with other District departments, including the Office of Communications, to develop and implement a formalized, comprehensive, data-driven strategic engagement strategy

Low-Risk

To address the capacity and coordination needs impacting water conservation activities, the District should:

- Evaluate workload and staffing needs in the Procurement, Communications, and IT departments
- Continue the current procurement audit to review and streamline procurement processes

To facilitate better coordination, the Water Conservation team should:

- Formalize collaboration efforts with the Communications department

Thank You

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