Outlook

From: Tanya Moniz-Witten <tanya.moniz-witten@sjwater.com>
Date: August 10, 2026 at 1:12:50 PM PDT
To: Melanie Richardson <mrichardson@valleywater.org>
Subject: San Jose Water Letter — August 11 Board Agenda Item 5.3 (B.F. Sisk Project)

Hi Melanie,

Please find attached my letter regarding Agenda Item 5.3 on tomorrow's Board agenda, requesting deferral of the B.F. Sisk Project funding authorization to the August 25 meeting. I look forward to your response.

Best regards,

Tanya Moniz-Witten

Tanya Moniz-Witten | **President** | San Jose Water Company | 110 West Taylor St. | San Jose, CA 95110 | Mobile: +1 408 966-0623

Mission: *We sustain life by providing high-quality water and exceptional service while investing in the health and vitality of our communities.*
Vision: *Empowering thriving local communities, built on reliable water and world-class service.*
Values: *Do it right. Do it together. Do it with heart.*

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August 10, 2026

VIA ELECTRONIC MAIL ONLY: (mrichardson@valleywater.org)

Melanie Richardson
Interim Chief Executive Officer
Santa Clara Valley Water District
5700 Almaden Expressway
San José, CA 95118

Re: August 11, 2026 Board Meeting — Agenda Item 5.3, File No. 26-0623 Consider the June 8, 2026, Water Supply and Demand Management Committee Recommendation to Authorize Payment of up to $1,344,613 for Valley Water's Share of Project Planning Costs for the B.F. Sisk Dam Raise and Reservoir Expansion Project and receive an update.

Dear Ms. Richardson:

I am writing about Agenda Item 5.3 on your August 11, 2026, Board agenda, which would authorize payment of up to $1,344,613 for Valley Water's share of planning costs for the B.F. Sisk Dam Raise and Reservoir Expansion Project (the Project).

San Jose Water commends Valley Water for pursuing new storage. It is my understanding that the Project would reserve 63,560 acre-feet of expanded San Luis Reservoir storage for Valley Water, more than any Valley Water reservoir except Anderson, and that it fits the storage diversification strategy in the Water Supply Master Plan 2050 the Board approved in November 2025.

It is my understanding that the item before the Board tomorrow would increase the total authorized funding for Project planning to $5,137,274, and that Valley Water's 49 percent participation share carries a capital cost most recently estimated at $414 million. Those costs could ultimately be passed on through groundwater production charges and treated water rates paid by San Jose Water, and through the bills of the customers we serve.

Despite the size of the commitment and the length of time the Project has been under study, I am concerned that the retailers have not yet had the opportunity to fully understand its risks and implications. I am not aware of any substantive briefing to the water retailers about the Project,

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nor do I believe it has been discussed at the retailers' Capital Improvement Program Subcommittee.

I have attached several questions to this letter, the answers to which would help water retailers understand the merits and risks of the Project, as well as its anticipated and potential impacts on our respective customers. The questions are grouped by subject. They are not meant to be exhaustive but, rather, to serve as the basis for a working discussion to more thoroughly vet the Project with impacted retailers.

I, therefore, respectfully request that you defer the funding authorization recommended in Item 5.3 to the Board's August 25, 2026 meeting, and that we meet in the interim to discuss the Project. It is my understanding that the staff report states additional funds are not needed until September 1, 2026, so a deferral to August 25 would not delay the Project.

I would also ask that the Project be added as a standing topic at the Quarterly Water Retailer Meetings beginning October 21, 2026, and that the retailers be included as the finance plan is developed over the coming months.

San Jose Water values its partnership with Valley Water. A short pause to bring the retailers into the conversation is a small step that will serve the Project well, and I appreciate your consideration.

Sincerely,

Tanya Moniz-Witten

Tanya Moniz-Witten
President and Chief Executive Officer
San Jose Water Company

Attachment: Project Questions

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Questions re: B.F. Sisk Dam Raise and Reservoir Expansion Project

Yield and Supply Value

1. How much additional water, on average, does Valley Water expect to receive each year from its 63,560 acre-foot reservation?
2. Under what Delta conveyance and operating assumptions is that figure calculated?
3. In how many years of the historical record would the expanded space have filled, and in how many would it have been drawn upon?
4. What supports the statement that the Project reduces a six-year drought shortage by about 66 percent, and against what baseline is that measured?
5. What is the all-in cost per acre-foot of water actually delivered, including financing and operations, over a thirty-year term, and how does that compare with the other options in the Water Supply Master Plan 2050?

Cost, Allocation, and Financing

6. If construction costs exceed the current estimate, how is the increase shared among the participants?
7. If another participant withdraws, is its share redistributed automatically, and on what formula?
8. What is Valley Water's maximum exposure if the remaining non-federal participants withdraw?
9. Does Valley Water hold a cost cap, an off-ramp, or an exit right, and at what stage does it expire?
10. Under what authority, and with what further Board approval, would Valley Water take the additional storage up to 70,000 acre-feet contemplated in March 2025?
11. What caused the unit price to move from roughly $7,250 to $8,083 to $6,515 per acre-foot, and how firm is the current figure?
12. What is the estimated cost including financing, as distinct from the capital figure?
13. How has funding been spent on the Project to date, as distinct from what has been authorized, and can we see detailed expenditure records?
14. Which agreements now govern Valley Water's participation, and what do the follow-on agreements still being negotiated provide on cost sharing and exit? May the retailers review those that are not already public?

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15. Four of the ten original participants have withdrawn. What did each withdrawal do to Valley Water's storage share and cost obligation, and what does that history suggest about the risk of further withdrawals?

Rates and Customer Impacts

16. What is the expected effect on the groundwater production charge and the treated water charge, by year?
17. What is the current estimate of the effect on a typical residential bill? Is the figure of roughly $7.80 per month reported in April 2025 still Valley Water's view?
18. How are Project costs allocated between the north county and south county service areas, and among charge categories?
19. In which fiscal year does the Project first enter the Capital Improvement Program and the rate base?

Conveyance Capacity and Condition

20. Can the Pacheco Pumping Plant and Pacheco Tunnel convey Valley Water's expanded share at the rate at which it would be withdrawn?
21. What did the 2026 tunnel inspection find, and what is the remaining useful life of those facilities?
22. What is the cost of the golden mussel response, and does the Project create or accelerate any conveyance capital need not counted in the Project cost?

Outside Funding

23. What is the status of the federal construction funds announced through January 2025, and how much has been released?
24. Was the State Route 152 request included in the adopted 2026 State Highway Operation and Protection Program?
25. What is Valley Water's exposure if no state funding is secured for the State Route 152 component?

Retailer Engagement

26. Will the Project be added as a standing item at the Quarterly Water Retailer Meetings?
27. Will the retailers be included as the finance plan is developed?
28. What decision framework will govern the final participation decision, and when will the retailers see it?