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Board of Directors  
Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

Dear Chair and Members of the Board,

San Jose Water appreciates the important work needed to ensure the long-term reliability of water supplies for Silicon Valley. As our region experiences increasing demand and uncertain supply, seeking additional water resources becomes essential. It is equally important that the pursuit is technically sound and financially responsible for our customers, who are also your constituents, and who ultimately fund these efforts.

Direct potable reuse (DPR) represents one of the most promising opportunities to develop a new, drought-resilient water supply for Silicon Valley. To help advance this resource efficiently, San Jose Water has been developing a pilot DPR program designed to validate the technology quickly while protecting customers from unnecessary costs.

We plan to use a mobile treatment unit for our pilot, so DPR technology can be demonstrated without having to build a permanent facility right away. This method enables the pilot program to be used in areas where it will most benefit communities, while also collecting important operational and regulatory data for future DPR implementation.

The program's estimated cost is approximately \$3 million. The system can be built in just one or two years, enabling DPR technology to undergo testing and validation much earlier than conventional demonstration projects.

Notably, this method allows DPR to be tested in real-world scenarios while still providing the flexibility to adjust system design and operations.

The purpose of this pilot is to provide information for developing a long-term DPR solution for the region. Preliminary planning indicates that a full-scale facility based on this approach could ultimately produce up to 24 million gallons of new drinking water per day, providing a significant drought-resilient water supply for Silicon Valley residents and businesses.

By progressing with DPR methodically and in stages, the technology can be effectively validated, ensuring that subsequent infrastructure investments are made thoughtfully and with accountability.

These considerations are particularly important because every major water project ultimately flows through to customer bills. Nearly half of a typical San Jose Water customer's bill already reflects pass-through at cost from Valley Water that we do not control nor benefit. Ensuring that new water infrastructure is developed with strong cost discipline is therefore essential for protecting affordability for our shared customers.

As both Valley Water and San Jose Water know, DPR is important to the future of Silicon Valley and California because it helps address the state's ongoing water shortages.

California frequently experiences droughts, and climate change is making water supplies less dependable by reducing snowpack in the Sierra Nevada, which historically provides about 30% of the state's water. At the same time, population growth continues to increase water demand. DPR provides a drought-resistant solution by recycling wastewater and purifying it to drinking water standards, creating a new and dependable water source that does not rely on rainfall.

DPR also helps Silicon Valley become more water-secure and environmentally sustainable. Cities can reduce their dependence on imported water from distant sources. This also lowers pressure on stressed ecosystems such as rivers, groundwater basins, and the Sacramento-San Joaquin Delta.

San Jose Water believes our pilot presents an opportunity to advance DPR technology in a way that strengthens regional water reliability while maintaining a strong focus on fiscal stewardship.

Regional collaboration between us is essential to successfully implementing DPR in Silicon Valley. San Jose Water is committed to working constructively with Valley Water, the City of San Jose and other regional partners to explore opportunities that strengthen water reliability while protecting affordability for the communities we collectively serve.

When water providers deliver projects transparently, manage costs responsibly and keep customers' interests front and center, affordability and reliability reinforce one another for customers.

We look forward to continuing this dialogue and identifying pathways to advance DPR in a manner that protects the region's water future and the mutual customers we serve.

Sincerely,



Tanya Moniz-Witten

President

San Jose Water Company