

**To: Board of Directors**  
**From: Melanie Richardson, Interim CEO**

## Weeks of March 20, 2026 – April 9, 2026

### Board Executive Limitation Policy EL-7:

*The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.*

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### 1. Data Center Water Use

Valley Water recently participated in a webinar focused on the UC Berkeley Center for Law, Energy and the Environment report on Regulating Data Center Water Use in California. Valley Water reviewed the draft report and provided insights on data center water use in Santa Clara County. The report summarizes current knowledge on data center water use, maps the policy and regulatory framework, and develops recommendations, including developing an understanding of what efficient water use looks like for data centers, and the need to provide more guidance to support local decision-making. A copy of the report is available at: <https://www.law.berkeley.edu/research/cee/research/wheeler/water-innovation/data-center-water-use>.

The webinar included Sean Maguire, Board Member, CA State Water Resources Control Board; Caroline Lee, Partner, DLA Piper; and Assistant Officer Kirsten Struve of Valley Water. The webinar recording can be found at <https://www.deeprogram.org/event-details/regulating-data-center-water-use-in-california>.

For further information, please contact Kirsten Struve at (408) 630-3138.

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### 2. Planned 7-Day Penitencia Water Treatment Plant Shutdown (April 27 to May 4, 2026)

Beginning April 27, 2026, the Penitencia Water Treatment Plant (PWTP) will undergo a planned seven (7)-day shutdown to perform critical annual maintenance activities, including electrical testing and system inspections.

These activities are essential to ensure that critical water treatment plant systems and equipment operate reliably and at full capacity in preparation for the upcoming high-flow season.

During this period, customers typically served by PWTP will be served by the Santa Teresa Water Treatment Plant (STWTP). Customers are expected to experience little to no change in their water quality or characteristics.

This shutdown schedule has been coordinated with East Pipeline (EPL) retailers. In addition, the joint Valley Water–San Francisco Public Utilities Commission Intertie Facility will be placed on standby to provide emergency supply to the EPL in the event of operational issues at STWTP or with the raw water source.

The PWTP is scheduled to return to service by the end of the day on May 4, 2026.

For further information, please contact Sam Bogale at (408) 630-3505.

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### **3. U.S. Bank Line of Credit Amendment**

On March 30, 2026, Valley Water closed on an amendment to the revolving line of credit with U.S. Bank to increase the maximum capacity by \$50 million, from \$150 million to \$200 million, and extend the term to April 30, 2029. The expansion is necessary to ensure sufficient short-term debt capacity is available to meet Valley Water's capital program financing requirements at the lowest cost. The fee to maintain this line of credit is 0.20% for the unutilized portion, or \$406,000 per year. The interest rate for any utilized amounts are adjusted monthly based on a 0.50% spread to the 1-month term Secured Overnight Financing Rate (SOFR), a benchmark overnight interest rate secured by U.S. Treasury securities. As of March 1, 2026, the interest rate for tax-exempt debt is 3.43% and taxable debt is 4.17%.

The amendment is authorized pursuant to Board Resolution 20-11 adopted by the Valley Water Board on April 28, 2020, which authorized up to a \$200 million revolving line of credit program with U.S. Bank.

For further information, please contact Darin Taylor at (408) 630-3068.

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### **4. Valley Water's public meeting on the Anderson Dam Seismic Retrofit Project**

On March 26, 2026, Valley Water held a public meeting to provide an update on the Anderson Dam Seismic Retrofit Project. The hybrid event was held at the Morgan Hill Community and Cultural Center and attracted a total of 50 participants. Valley Water Director John Varela provided comments to a group of about 24 attendees including Morgan Hill Mayor Mark Turner, and 26 people who joined remotely via Zoom.

The presentation covered an update on the Anderson Dam Tunnel Project, an overview on the Anderson Dam Seismic Retrofit Project, an introduction to the Live Oak Restoration Reach and concluded with a Question-and-Answer session, where staff engaged with community members.

A link to the meeting's recording is available on the project [website](#) and [Valley Water's YouTube channel](#).

For further information, please contact Rachael Gibson at (408) 630-2884.