



May 2, 2018

The Honorable Richard Santos, Chair
Santa Clara Valley Water District Board of Directors
5750 Almaden Expressway
San Jose, CA 95118

Re: California WaterFix Tunnel Project

Honorable Board Chair Santos and SCVWD Board of Directors:

On behalf of The Silicon Valley Organization (The SVO), I am writing to applaud the Santa Clara Valley Water District's (SCVWD) latest proposal to commit up to \$650 million to support the California WaterFix Tunnel Project. We encourage you to support this proposal with your affirmative vote at your special Board meeting on May 2nd. By way of background, we are the Silicon Valley's premier business advocacy organization representing 1,400+ companies that employ nearly 300,000 workers and we represent our membership as the region's largest Chamber of Commerce.

The SVO believes that a reliable water supply is essential to California's economy and to support businesses in Silicon Valley. Currently, the statewide water system that supports California's water infrastructure is in dire need of restoration and our aging water system is in urgent need of repair. The California WaterFix project will deliver vital water resources through modern pipes and provide precious drinking water throughout the state. In addition, the WaterFix project is one of the most affordable options to support a reliable and regional water supply that will also power Silicon Valley's long term economic engine.

Furthermore, SCVWD staff have taken special effort to consider the guiding principles adopted by the SCVWD Board back in October 2017 regarding the California WaterFix project. We understand that this latest proposal to support the WaterFix project is not inconsistent with these guiding principles. Thus, the Santa Clara Valley Water District should be a partner in this effort and take leadership in securing California's water supply for the future. We urge you to support this important and vital project. Should you or your staff have any questions about our position, please contact Eddie Truong, Director of Public Policy, at 408-291-5267.

Sincerely,

Matthew R. Mahood
President & CEO

cc: Santa Clara Valley Water District Board of Directors

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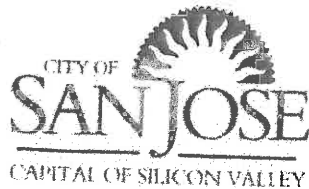
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The silicon valley organization



Sam T. Liccardo

MAYOR

May 1, 2018

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

Dear Board Members of the Santa Clara Valley Water District,

The Santa Clara Valley Water District (SCVWD) has an opportunity to update California's infrastructure and secure the region's water supply. By participating in the California WaterFix, the SCVWD would help provide a way to move Sierra Nevada water through the Delta and to our homes and businesses.

The WaterFix will allow California to capture more storm water and improve water recycling and groundwater recharge efforts throughout the state - strategies that require reliable water from the Delta. The WaterFix provides the insurance policy against future disruption during droughts and disasters that our region will need.

With the recent vote of support by the Metropolitan Water District of Southern California, there is an opportunity to move forward. The Governor, the State and the other Public Water Agencies are ready to partner with the SCVWD to move the project forward. The time is now for the SCVWD to join the effort and ensure Silicon Valley's water future by the California WaterFix.

Sincerely,

Sam Liccardo
Mayor
City of San José

Date: 5/2/18

To: Santa Clara Valley Water District Board of Directors

From: Directors Tony Estremera, Barbara Keegan, and Gary Kremen

RE: Application of the SCVWD WaterFix Guiding Principles to Changed Conditions

In October 2017, we wrote to the Board as three interested individual members to say that we understand how challenging it is to reach a decision on what the District's participation should be in the WaterFix. We jointly provided the board with suggested WaterFix guiding principles to help frame our participation. The Board collectively agreed with those guiding principles and that if the conditions of the WaterFix proposal substantially changed, we would re-consider them as a Board.

A little over six months later we find ourselves with significant changes in conditions which require our review. As you are aware, the conditions of the WaterFix project substantially changed when the Metropolitan Water District voted to underwrite the majority of the infrastructure investment, thus reducing our risks. Additionally, there is no choice to build just one tunnel: the project is now funded for two tunnels and our only choice is whether we participate or not. Regardless of the decision of our Board, we believe, the State of California has the authority to pass the tunnel costs on to all State Water Project contractors including us. Additionally, if we do not participate, it is likely we will be unable to transport our CVP allocation through the project.

If we want to ensure that Santa Clara County will be provided with a sustainable and the most affordable supply of water as well as protect the interests of Northern California and the environment, we believe that the time to act is now. By taking an active role in the WaterFix and its governance, consistent with the principles we have already approved, we can get the best outcomes for Santa Clara County.

As we noted in October 2017, we as a Board are collectively trying to achieve our mission of providing Silicon Valley with safe, clean water for a healthy life, environment, and economy. Further, as a Board we want to make sure that the residents of Silicon Valley can rely upon, and trust, the Santa Clara Valley Water District to provide clean, safe water, and guarantee our water supply now and in the future.

We have considered the staff report and strongly advocate for adherence to the Board's policy principles. Attachment 6, Guiding Principles Evaluation, demonstrates the application of our principles that were unanimously adopted by the board in October 2017. The board *is not* being asked to consider increases in project costs, subsidies for farmers, or a redistribution of costs among our local ratepayers. The board *is* being asked to evaluate the changed condition presented by the Metropolitan Water District action and to determine if there is a way to proceed to protect Silicon Valley's water supply and past investments in the SWP/CVP without increasing risk.

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