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April 23, 2020

Honorable Nai Hsueh
Chair of the Board of Directors
Valley Water
5750 Almaden Expressway
San Jose, CA 95118-3686

Re: Proposed Wholesale Water Rate Increase FY 2020-21

Dear Chair Hsueh,

Larry Klein
Mayor

Nancy Smith
Vice Mayor

Gustav Larsson
Councilmember

Glenn Hendricks
Councilmember

Russ Melton
Councilmember

Michael S. Goldman
Councilmember

Mason Fong
Councilmember

On behalf of the City of Sunnyvale, I respectfully request that Valley Water's Board of Directors suspend any wholesale water cost increases proposed for FY 2020-21. The City's treated water contract for FY 2020-21 is 8,800 AF. The proposed 8.6% rate increase will result in an additional cost to our customers of \$1,040,000, at minimum. With the current, unprecedented COVID-19 pandemic and its adverse impact on the economy, including massive job losses, Sunnyvale City Council authorized a FY 2020-21 suspension of rate increases for water service and solid waste collection. We have also suspended water service turn-offs and late payment fees. Moreover, the City is already seeing an increase in delinquent utility bill payments.

We do recognize that such action by the Board will result in service level impacts, including the possible elimination of new positions, project delays and additional measures to compensate for reduced revenue. In preparation, the City is proactively identifying where we can reduce our FY 2020-21 budget and expenditures.

As you hold your Public Hearing on April 28 to discuss the proposed rate increase, we trust that the Board will take into account the best interests of Santa Clara County residents and businesses, prior to enacting the final rate.

We request that the Board suspend any proposed wholesale water increases for FY 2020-2021, due to the adverse impact of these increases on residents and businesses. We appreciate your time and consideration.

If you would like to discuss further, please do not hesitate to contact me or Ramana Chinnakotla, Director of Environmental Services, rchinnakotla@sunnyvale.ca.gov.

Sincerely,



Larry Klein
Mayor

cc: Valley Water Board of Directors
City Council
Kent Steffens, City Manager
Ramana Chinnakotla, Director of Environmental Services