

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

April 27, 2020

Re: Proposed Groundwater and Treated Water Wholesale Rates for FY 2020-21

Dear Chair Hsueh:

We are writing on behalf of the City of San José, requesting that Valley Water's Board of Directors suspend any wholesale water cost increases proposed for FY 2020-21. The COVID-19 pandemic is causing economic hardship for many residents and businesses in Santa Clara County, including those in San José. Our shared constituents, especially our most vulnerable, are struggling with food insecurities, to pay rent, and job loss. Valley Water's proposed 8.6 percent rate increase will add an unnecessary cost burden to our community, when they can least afford it.

We do recognize that such action by the Board will result in service level impacts, including possible elimination of new positions, hiring freezes, project delays and additional measures to compensate for reduced revenue.

Currently, the City of San José is also experiencing similar fiscal challenges as a result of the pandemic. We are proactively identifying where we can reduce our FY 2020-21 budget. Some of the cost saving measures already implemented include hiring freezes, reducing expenditures, and some capital projects delays. In addition, the City has already taken steps to support residents by suspending water service disconnections for non-payment, waiving late fees, and providing flexible payment plans.

Our agencies share a common goal in providing safe, clean, reliable and *cost-effective* water supply to our community. The City of San José is also a committed regional partner with Valley Water and other public water agencies to reach this goal. While recognizing that continued investment in water sustainability is vital for the economic health, safety and quality of life in Santa Clara County, due to the current economic hardship facing our residents and businesses, this is not the right time to continue to increase wholesale water rates.

As you open your Public Hearing on April 28, 2020 to discuss proposed rates, we request that the Board suspend any proposed wholesale water increases for FY 2020-21. We appreciate your time and consideration.

Sincerely,
Sylvia Arenas, San José City Councilmember, District 8
Lan Diep, San José City Councilmember, District 4

Cc: Valley Water Board of Directors
City Council
Dave Sykes, City Manager
Kerrie Romanow, Director of Environmental Services