



MEMORANDUM
FC 14 (01-02-07)

TO: Board of Directors

FROM: Santa Clara Valley Water
Commission

SUBJECT: Santa Clara Valley Water Commission
Meeting Summary for April 14, 2021

DATE: April 27, 2021

This memorandum summarizes agenda items from the regular meeting of the Santa Clara Valley Water Commission held on April 14, 2021.

Attendees:

Commission members in attendance were: Hon. Susan M. Landry, Hon. Hung Wei, Hon. Peter Leroe-Muñoz, Hon. Lynette Lee Eng, Hon. Lisa Schmidt, Hon. Maria Ristow, Hon. Carmen Montano, Hon. Liz Lawler, Hon. Rich Constantine, Hon. Lucas Ramirez, Hon. Greg Tanaka, Hon. Pam Foley, Hon. Karen Hardy, Hon. Rishi Kumar, Hon. Omar Din, Hon. Mike Wasserman, Hon. Mike Flaughner, and Hon. Jed Cyr.

Board members in attendance were: Director Tony Estremera (Board Representative), Director Nai Hsueh (Board Alternate), and Director Gary Kremen (Board Representative).

Staff members in attendance were: Jennifer Abadilla, Aaron Baker, Lisa Bankosh, Glenna Brambill, Rick Callender, Andrew Gschwind, Candice Kwok-Smith, Carmen Narayanan, Melanie Richardson, Donald Rocha, Darin Taylor, and Bhavani Yerrapotu.

Guests in attendance were: Hon. Helen Chapman (Open Space Authority), Christopher Hoem (Santa Clara County Board of Supervisors), Karla Dailey (City of Palo Alto), Mansour Nasser (City of Sunnyvale), Tony Ndah (City of Milpitas), James Sylvain (City of Morgan Hill), John Tang (San Jose Water Company), Director John L. Varela (Valley Water, District 1), Gary Welling (City of Santa Clara), Kat Wilson (City of San José).

Public in attendance were: Rhoda Fry, Sharon Luna, Matt Morley, and Bill Rankin.

AGENDA ITEM:

4.1 REVIEW AND COMMENT TO THE BOARD ON THE FISCAL YEAR 2021-22 PROPOSED GROUNDWATER PRODUCTION CHARGES

Mr. Darin Taylor reported on the following:

Summary from Meeting Agenda Memo:

Staff proposes a maximum 9.6% increase in the North County (Zone W-2) Municipal and Industrial groundwater production charge from \$1,374/AF to \$1,506/AF. The proposal equates to a monthly bill increase for the average household of \$4.55 or about 15 cents a day.

In the South County Zone W-5, staff proposes a maximum 4.6% increase in the M&I groundwater production charge from \$467/AF to \$488.50/AF. The proposal equates to a monthly bill increase for the average household of \$0.74 or about 2 cents per day.

In the South County Zone W-7, staff proposes a maximum 10.3% increase in the M&I groundwater production charge from \$481/AF to \$530.50/AF. The proposal equates to a monthly bill increase for the average household of \$1.70 or about 6 cents per day.

In the South County Zone W-5, staff proposes a maximum 4.4% increase in the M&I groundwater production charge from \$327/AF to \$341.50/AF. The proposal equates to a monthly bill increase for the average household of \$0.50 or about 2 cents per day.

Based on Board direction, the staff proposed maximum agricultural groundwater production charge is at 25% of M&I for Zone W-8, which would mean an increase from \$28.86/AF in FY2020-21 to \$85.38 in FY2021-22. The proposed maximum groundwater production charge for FY 2021–22 agricultural rates would translate to an increase of up to \$9.41 per month per acre, assuming 2 (two) acre-feet of water usage per acre per year.

Customers in both areas of North and South County may also experience additional charge increases enacted by their retail water providers.

The recommended increases in water charges are necessary to pay for supplemental water purchases in preparation for drought, investments in water supply infrastructure rehabilitation and upgrades, and new water supply reliability investments. The need to purchase supplemental water is driven by the fact that the next drought appears to be on our doorstep, coupled with the recent lowering of water levels at Anderson Reservoir.

Key infrastructure rehabilitation investments include the Anderson Dam Seismic Retrofit, which is a \$650 million project that will help ensure public safety and bolster future water supply reliability, and the \$360 million Rinconada Water Treatment Plant upgrade, which is more than halfway complete and will extend the plant's service life for the next 50 years as well as increase production capacity by up to 25%. Also, roughly \$66 million is planned to be spent over the next 10 years to solve the statewide issue of the Bay Delta, where 40% of the county's current water supply travels through.

A key water supply reliability investment is Valley Water's effort to forge its first public-private partnership (P3) on a roughly \$600 million investment for expanded recycled and purified water that would bring up to 12,000 AF of new water supply to the county each year. Additionally, the Pacheco Reservoir Expansion project, estimated to cost roughly \$2.5 billion, would provide an additional 80,000 acre-feet of water storage capacity.

For reference purposes, given the size of the Pacheco Reservoir Expansion project investment, staff has also prepared an alternative rate projection scenario that shows the impact to the water rate projection if the Pacheco Reservoir Expansion Project were excluded. Under that scenario, the increase to the North County Zone W-2 Municipal and Industrial groundwater production charge would be 8.5% instead of 9.6% for FY 2021-22 and the next 7 years into the future. Also, under this alternative rate scenario, for FY 2021-22 and the next 7 years into the future, the increase to the South County Zone W-5 Municipal and Industrial groundwater production charge would be 3.8% instead of 4.6%; in Zone W-7 it would be 8.1% instead of 10.3%; and in Zone W-8 it would remain 4.4% since Zone W-8 does receive a direct benefit from the Pacheco Reservoir Expansion project.

In summary, the proposed maximum groundwater production charge for FY 2021-22 is driven by drought preparation, water supply infrastructure rehabilitation investments and water supply reliability investments.

The Board is seeking input with regard to staff's groundwater production charge recommendation for FY 2021-22.

The Santa Clara Valley Water Commission discussed the following: rates, Pacheco Reservoir Expansion Project, recycling, purification, long-term planning, drought, tiered pricing, water storage and development projects, Urban Water Management Plan, Retailers increases, arena allocations, discretionary open space funds, agricultural rates, Measure S passage, County tax, Landscape Rebate Program, suggested rebuilding Anderson Dam ½ the size by building purifications plants, stormwater capture, high density housing (lot splitting), current water infrastructure-urban planning, lobbying for Biden's Infrastructure Bill, not raising rates, desalination and property taxes.

Mr. Aaron Baker, Mr. Rick Callender, Ms. Melanie Richardson were available to answer questions.

Ms. Rhoda Fry commented on concerns with the following:

- Lehigh Quarry and Cement Plant (Cupertino), waste water, Permanente Creek, crumbling infrastructure, Stevens Creek Reservoir, and water quality (being free of contaminants).

The Santa Clara Valley Water Commission took the following action:

The Commission by majority vote approved not increasing the Ground Water Production Charges along with the following comments:

- Having the Board of Directors write a letter in support of tier rates and low-income programs,
- Supports keeping the Agricultural rates/SWP taxes as low as possible,
- Looking at other resources such as, purification (building plants-1/2 size of dams), recycling, desalination, stormwater capture and Federal funding (President Biden's Infrastructure Bill-Lobbying for funds), and
- urban planning and housing-development concerns and having Valley Water engage with local agencies

4.2 PUBLIC TRAILS ON VALLEY WATER LANDS: POLICY CRITERIA AND GUIDANCE

The Commission passed on this agenda item because of time constraints.

Summary from Meeting Agenda Memo:

At their July 24, 2019 regular meeting, the Commission received information on the Valley Water Trails Policy Framework and proposed public outreach plan. Since that time, staff have drafted the Public Trails Policy: Criteria and Guidance (Criteria and Guidance; Attachment 1) and completed public and stakeholder outreach. The Criteria and Guidance provide a clear and objective process for trail projects that support healthy communities, engage residents to promote water resources stewardship, and protect water resources and streamside ecosystems in Santa Clara County.

The Criteria are evaluative standards by which Valley Water staff and the Board of Directors may objectively determine whether trail projects proposed on Valley Water lands are compatible with its core functions of water supply, flood protection, and environmental stewardship. The Criteria include Planning and Public Outreach, Flood Protection, Valley Water Operations, Habitat Protection, Trail Maintenance and Security, Water Quality, Channel Stability, and Regulatory Compliance. The Guidance provide a detailed roadmap to meet the Criteria, allowing partner agencies to design trails projects which are eligible for a trail Joint Use Agreement with Valley Water. The Criteria are anticipated to be considered by the Valley Water Board of Directors as a resolution, and the Guidance as administrative policy.

The Criteria and Guidance interpret existing Board Governance Policy pertaining to trails, including the District Act, the Water Resources Stewardship Ends Policy E.4, and Resolutions establishing recreational and/or joint use of Valley Water facilities. The Criteria and Guidance reflect Valley Water's **Water Resources Protection Ordinance, including the Guidelines and Standards for Land Use Near Streams**, and clarify how the ordinance applies specifically to trails projects.

The Criteria and Guidance was developed with input from a Technical Advisory Committee (TAC) including representatives from the Santa Clara Valley Open Space Authority, the County of Santa Clara Department of Parks and Recreation, Midpeninsula Regional Open Space District, and the City of San Jose Department of Parks Recreation, and Neighborhood Services. The draft was then provided to public works staff of every city of Santa Clara County for review and feedback, as well as to environmental stakeholders and trails advocates. All comments provided during this process were incorporated or otherwise directly responded to by staff. In addition, a community meeting was held via Zoom on December 17, 2020. Approximately 90 members of the public attended the meeting. As a means of engaging the audience and demonstrating the complex factors Valley Water must consider for trail Joint Use Agreements, a series of survey questions were posed and responses were shown in real time during the presentation. Public comments and questions were then received. The majority of comments were in support of the Criteria and Guidance or were clarifying questions regarding the Habitat Protection criteria.

At this time, staff seek input from the Commission on the Criteria and Guidance. Following this, the Criteria and Guidance would be presented for consideration by the full Board.

The Santa Clara Valley Water Commission's next regularly scheduled meeting is Wednesday, October 27, 2021, 12:00 p.m. The Commission unanimously voted to cancel the July 28, 2021, meeting.

If you have any questions or concerns, you may contact me at, gbrambill@valleywater.org or 1.408.630.2408.

Thank you.

Glenna Brambill, Management Analyst II,
Board Committee Liaison
Office of the Clerk of the Board