



Office of the City Manager

April 23, 2021

Rick L. Callender, Esq.
Chief Executive Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Re: Proposed Groundwater and Treated Water Wholesale Rates for FY 2021-22

Dear Mr. Callender:

At its April 13th meeting, the San José City Council considered the impact that an increase in Valley Water rates may have on our shared constituents. After review, the City requests that Valley Water reduce, suspend, or defer any wholesale water cost increases proposed for FY 2021-22. The COVID-19 pandemic continues to cause economic hardship for many residents and businesses in Santa Clara County, including those in San José. Many of our most vulnerable, struggle with food insecurities, job loss, and to pay rent. Valley Water's proposed 9.6 percent rate increase will add an additional and possibly unavoidable cost burden to our community, when they can least afford it.

In addition, the City requests that Valley Water evaluate the following:

- Projects that could be funded through property tax roll;
- Potential cost saving measures to partially offset anticipated increased project costs;
- Creation of a legally compliant equity program, potentially establishing a low-income tier that would allow Valley Water to charge lower rates.

Our agencies share a common goal in providing safe, clean, reliable and *cost-effective* water supply to our community. The City is 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, the City requests that Valley Water continue to maintain its existing wholesale water rates, as it did in the prior fiscal year.

As you conclude your Public Hearing and discuss proposed rates during the April 28th Budget Work Study Session, we request that the Board reduce or suspend any proposed wholesale water increases for FY 2021-22. We appreciate your time and consideration.



If you would like to discuss further, please do not hesitate to contact me at 408-535-8111.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Sykes", with a stylized flourish at the end.

David Sykes
City Manager

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