



Andrea Mackenzie, General Manager
Alex Kennett, District 1
Mike Flaughner, District 2
Helen Chapman, District 3
Dorsey Moore, District 4
Shay Franco-Clausen, District 5
Mike Potter, District 6
Kalvin Gill, District 7

April 26, 2021

Valley Water
Board of Directors
Sent via email to the Clerk of the Board (clerkoftheboard@valleywater.org)

Re: April 27, 2021 Agenda Item 2.9, related to Groundwater Production Charges

Dear Valley Water Directors,

On behalf of the Santa Clara Valley Open Space Authority, **I strongly support limiting the groundwater charge to agricultural customers as much as possible, and in no event, more than 10% of the Municipal and Industrial (M&I) rate, and support this across all zones.**

Agricultural operations in Santa Clara Valley provide a raft of services to our communities and the region, some of which are obvious, but many of which are often overlooked. Of course, farmers provide us with food, and local sources of produce make better climate sense than relying on distant sources. As well, our farms provide many ecosystem services that benefit our communities, like absorbing and spreading rainfall during heavy storms, providing places for wildlife to roam along the edges of fields, and stopping sprawl and the associated greenhouse gas emissions when agricultural lands are preserved at our urban edges.

Many agricultural producers are faced with very low profit margins, so even small increases in water rates can make a large difference in the economic viability of an agricultural operation. Many farmers are tenant farmers who would bear the brunt of increased rates, while having no control over whether a property is protected by a Williamson Act contract or conservation easement, so there is an important equity concern to consider here as well.

Increasing water rates for our farmers works against the aim of preventing the further loss of our vital working lands. The Santa Clara Valley Ag Plan, a plan developed in 2017 by Santa Clara County and the Open Space Authority to limit conversion of farmland to development as a climate strategy, envisions permanently protecting up to 12,000 acres of our highest priority agricultural lands in the next decade, but this effort will be moot if ag operations increasingly cease to be economically feasible.

The Open Space Authority recommends keeping groundwater rates charged to agricultural users as low as possible, even keeping them at current rates if that is feasible, but that rates in all zones certainly be limited to no more than 10% of the Municipal and Industrial (M&I) rate, consistent with the alternative staff recommendation. As more is understood about the beneficial role that agricultural and natural lands can play in groundwater recharge, we would hope for, and would strongly support, opportunities in the future to bring rates back down below 10% M&I.

To the above point, it has been well-documented that nature-based solutions, including those on farmland and rangeland, can play an important role in groundwater recharge, and thereby provide significant benefits to the larger groundwater equation.

However, implementation of nature-based solutions on public and private lands for groundwater recharge requires localized study and coordination of ongoing land conservation, rangeland/farmland management, and water resource management activities.

Valley Water staff are currently working on an initial assessment of flood-Managed Aquifer Recharge (flood-MAR), which generally seeks to buffer water supplies by routing of stream flows and hillside runoff over agricultural lands. This provides an immediate opportunity for Valley Water to partner with the Open Space Authority to develop a coordinated strategy for this key nature-based approach. We propose that Valley Water works with the Open Space Authority and other stakeholders to:

- Explore potential incentives, financing pathways, and models of administrative structures that could promote flood-MAR projects. This includes existing and prospective opportunities.
- Collaboratively identify potential flood-MAR pilot projects, especially multi-benefit pilot projects that conserve agricultural lands, enhance aquatic habitat conditions, improve water quality, and sequester carbon.
 - This also includes projects where flood-MAR may be a secondary benefit (e.g. species/natural community recovery projects, ag land conservation activities, and regenerative agriculture practices)
- Estimate the potential costs and identify funding sources for implementing these pilot projects
- Work collaboratively to address key incentive, funding, policy, and regulatory barriers to scaled implementation of nature-based solutions like flood-MAR

The Open Space Authority stands ready to partner with Valley Water and our county's agricultural community to help identify and bring to bear these and other opportunities to understand and quantify the many benefits that farms and ranches bring to our region.

Thank you for the opportunity to comment on this important issue.

Sincerely,



Andrea Mackenzie
General Manager

Cc: Santa Clara Valley Open Space Authority Board of Directors