January 18, 2024

MEETING NOTICE & REQUEST FOR RSVP

TO: SANTA CLARA VALLEY WATER COMMISSION

Municipality	Representative	Alternate
City of Campbell	Hon. Susan M. Landry	Hon. Sergio Lopez
City of Cupertino	Hon. J. R. Fruen	Hon. Sheila Mohan
City of Gilroy	Hon. Dion Bracco	Hon. Fred Tovar
City of Los Altos	Hon. Neysa Fligor	Hon. Pete Dailey
Town of Los Altos Hills	Hon. Lisa Schmidt	
Town of Los Gatos	Hon. Rob Rennie	Hon. Maria Ristow
City of Milpitas	Hon. Carmen Montano	
City of Monte Sereno	Hon. Evert Wolsheimer	Hon. Bryan Mekechuk
City of Morgan Hill	Hon. Gino Borgioli	Hon. Yvonne Martinez-Beltran
City of Mountain View	Hon. Lucas Ramirez	Hon. Pat Showalter
City of Palo Alto	Hon. Lydia Kou	Hon. Vicki Veenker
City of San Jose	Hon. Domingo Candelas	Kerrie Romanow
City of Santa Clara	Hon. Karen Hardy	Hon. Kathy Watanabe
City of Saratoga	Hon. Chuck Page	Hon. Belal Aftab
City of Sunnyvale	Hon. Alysa Cisneros	Hon. Richard Mehlinger
Santa Clara County Board of Supervisors	Hon. Sylvia Arenas	Hon. Cindy Chavez
Midpeninsula Regional Open Space District	Hon. Jed Cyr	Hon. Yoriko Kishimoto
Open Space Authority Santa Clara Valley	Hon. Mike Flaugher	Hon. Helen Chapman

The regular meeting of the Santa Clara Valley Water Commission is scheduled to be held on **Wednesday, January 24, 2024, at 12:00 p.m., In-Person at, Santa Clara Valley Water District, 5700 Alamaden Expressway, San Jose, CA 95118.**

Commission Members - Enclosed are the meeting agenda and corresponding materials. Please bring this packet with you to the meeting. Additional copies of this meeting packet are available on-line at https://www.valleywater.org/how-we-operate/committees/board-advisory-committees.

A majority of the appointed membership is required to constitute a quorum, which is fifty percent plus one. A quorum for this meeting must be confirmed at least 48 hours prior to the scheduled meeting date or it will be canceled.

Further, a quorum must be present on the day of the scheduled meeting to call the meeting to order and take action on agenda items. Members with two or more consecutive unexcused absences will be subject to rescinded membership.

Please confirm your attendance no later than Monday January 22, 2024 by noon by contacting Nicole Merritt at 1-408-630-3262, or nmerritt@valleywater.org.

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Santa Clara Valley Water District
Santa Clara Valley Water Commission Meeting

Headquarters Building Boardroom
5700 Almaden Expressway, San Jose, CA 95118

Join Zoom Meeting:
https://valleywater.zoom.us/j/91095453959

REGULAR MEETING
AGENDA

Wednesday, January 24, 2024
12:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

Hon. Karen Hardy, Chairperson
Hon. Domingo Candelas, Vice Chairperson

Chairperson Nai Hsueh, District 5
Director Barbara F. Keegan, District 2
Director John L. Varela, District 1

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Rachael Gibson
Melanie Richardson
(Staff Liaisons)

Nicole Merritt
Assistant Deputy Clerk II
Office/Clerk of the Board
(408) 630 - 3262
nmerritt@valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Santa Clara Valley Water Commission
REGULAR MEETING AGENDA

Wednesday, January 24, 2024 **12:00 PM** **Headquarters Building Boardroom**
5700 Almaden Expressway,
San Jose, CA 95118
Join Zoom Meeting
https://valleywater.zoom.us/j/91095453959

IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a "hybrid" meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: https://zoom.us/test
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: https://www.youtube.com/watch?v=TojJpYCxXm0

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds,

notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at https://emma.msrb.org/ and https://www.valleywater.org/how-we-operate/financebudget/investor-relations, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:
https://valleywater.zoom.us/j/91095453959
Meeting ID: 910 9545 3959
Join by Phone:
1 (669) 900-9128, 91095453959#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: Members of the public who wish to address the Board/Committee on any item not listed on the agenda may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board/Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes. 24-0086

Recommendation: Approve the October 25, 2023, Meeting Minutes.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: Attachment 1: 10252023 Water Comm Draft Mins

Est. Staff Time: 5 Minutes

4. CONSENT CALENDAR

5. REGULAR AGENDA:

5.1. Election of Chair and Vice Chair. 24-0087

Recommendation: Elect 2024 Chair and Vice Chair.

Manager: Candice Kwok-Smith, 408-630-3193

Est. Staff Time: 5 Minutes

5.2. Review and Approve 2023 Annual Accomplishments Report for Presentation to the Board (Commission Chair). 24-0088

Recommendation:
A. Approve the 2023 Accomplishments Report for presentation to the Board; and
B. Provide comments to the Commission Chair to share with the Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Commission.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: Attachment 1: 2023 Water Commission Accomplishments Rpt.

Est. Staff Time: 5 Minutes

5.3. Receive Information and Provide Feedback on the Development of Valley Water's Water Supply Master Plan 2050. 24-0042

Recommendation: Provide feedback on the development of Water Supply Master Plan 2050.

Manager: Kirsten Struve, 408-630-3138

Attachments: Attachment 1: Demand Projection
Attachment 2: Project Descriptions
Attachment 3: PowerPoint

Est. Staff Time: 15 Minutes

5.4. Review and Provide Comment to the Board on Staff's Preliminary Fiscal Year 2024 - 2025 Groundwater Production Charges. 24-0089

Recommendation: Discuss staff's preliminary Fiscal Year 2024 - 2025 Groundwater Production Charge analysis; provide comment to the Board as desired.

Manager: Darin Taylor, 408-630-3068

Attachments: Attachment 1: PowerPoint

Est. Staff Time: 20 Minutes

5.5. Receive AB 1469 Update and Discuss Encampments of Unsheltered People. 24-0121

Recommendation: Receive information on the new authorities granted to Valley Water by AB 1469 Valley Water Assisting Unsheltered People.

Manager: Mark Bilski, 408-630-2830

Attachments: Attachment 1: PowerPoint

Est. Staff Time: 15 Minutes

5.6. Review Santa Clara Valley Water Commission Work Plan, the Outcomes of Board Action of Commission Requests; and the Commission's Next Meeting Agenda. 24-0090

Recommendation: Review the Commission work plan to guide the commission's discussions regarding policy alternatives and implications for Board deliberation.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: Attachment 1: 2024 Water Commission Work Plan

Est. Staff Time: 5 Minutes

6. INFORMATION ITEM:

6.1. Standing Items Report. 24-0091

Recommendation: Standing Items Report
This item allows the Santa Clara Valley Water Commission to receive verbal or written updates and discuss the Board's Fiscal Year 2023-2024 Work Plan Strategies. These items are generally informational; however, the Commission may request additional information and/or provide collective input to the assigned Board Committee.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: Attachment 1: Board Work Plan Standing Items Report

Est. Staff Time: 5 Minutes

7. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

8. REPORTS:

8.1. Director's Report

8.2. Manager's Report

8.3. Commission Member Report

8.4. Informational Links:
https://www.valleywater.org/how-we-operate/committees/board-committees

- Board Policy and Planning Committee (BPPC)
- Stream Planning and Operations Committee (SPOC) (formerly FAHCE Ad Hoc Committee)
- Environmental Creek Cleanup Committee formerly Homeless Encampment Committee
- Water Storage Exploratory Committee (WSEC)

https://www.valleywater.org/how-we-operate/committees/board-advisory-committees

- Water Conservation and Demand Management Committee (WCaDMC)

https://www.valleywater.org/your-water/water-supply-planning/monthly-water-tracker

- Water Tracker

PAWS Report Link:
https://www.valleywater.org/GroundwaterChargeProcess

9. ADJOURN:

9.1. Adjourn to Regular Meeting at 12:00 p.m., on Wednesday, April 10, 2024.

Santa Clara Valley Water District

File No.: 24-0086

Agenda Date: 1/24/2024
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Approval of Minutes.

RECOMMENDATION:
Approve the October 25, 2023, Meeting Minutes.

SUMMARY:
A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: 10252023 Water Comm Draft Meeting Mins

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

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SANTA CLARA VALLEY WATER COMMISSION MEETING

DRAFT MINUTES

WEDNESDAY, OCTOBER 25, 2023

(Paragraph numbers coincide with agenda item numbers)

A regular scheduled meeting of the Santa Clara Valley Water Commission (Commission) was held on October 25, 2023, at Santa Clara Valley Water District, Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose CA 95118.

1. CALL TO ORDER/ROLL CALL

Chair Hon. Karen Hardy called the meeting to order at 12:04 p.m. A quorum of 13 was established.

Members in attendance were:

Municipality	Representative	Alternate
City of Campbell	Hon. Susan M. Landry	
City of Cupertino	Hon. J. R. Fruen	
City of Los Altos		Hon. Pete Dailey
Town of Los Altos Hills	Hon. Lisa Schmidt	
Town of Los Gatos		Hon. Matthew Hudes
City of Milpitas	Hon. Carmen Montano*	
City of Monte Sereno		Hon. Bryan Mekechuk
City of Morgan Hill	Hon. Gino Borgioli	
City of Palo Alto	Hon. Lydia Kou	
City of San José	Hon. Domingo Candelas	
City of Santa Clara	Hon. Karen Hardy	
City of Saratoga	Hon. Chuck Page*	
City of Sunnyvale	Hon. Alysa Cisneros	
Midpeninsula Regional Open Space District	Hon. Jed Cyr	
Santa Clara Valley Open Space Authority	Hon. Mike Flaugher	

Members not in attendance were:

Municipality	Representative	Alternate
City of Campbell		Hon. Sergio Lopez
City of Cupertino		Hon. Liang Chao

City of Gilroy	Hon.. Dion Bracco	Hon. Fred Tovar
City of Los Altos	Hon. Neysa Fligor	
Town of Los Gatos	Hon. Maria Ristow	
City of Monte Sereno	Hon. Evert Wolsheimer	
City of Morgan Hill		Hon. Yvonne Martinez-Beltran
City of Mountain View	Hon. Lucas Ramirez	Hon. Pat Showalter
City of Palo Alto		Hon. Vicki Veenker
City of San José		Kerrie Romanow
City of Santa Clara		Hon. Kathy Watanabe
City of Saratoga		Hon. Belal Aftab
City of Sunnyvale		Hon. Richard Mehlinger
County of Santa Clara	Hon. Sylvia Arenas	Hon. Cindy Chavez
Midpeninsula Regional Open Space District		Hon. Yoriko Kishimoto
Santa Clara Valley Open Space Authority		Helen Chapman

*Water Commission Members arrived as noted below.

Board member in attendance was: Director/Board Vice Chair Barbara F. Keegan (District 2) (Board Representative).

Staff members in attendance were: Brandon Adriano, Aaron Baker, Glenna Brambill, Jennifer Codianne, Rachael Gibson, Christopher Hakes, Joel Jenkins, Emelia Lamas, Marta Lugo, Becky Manchester, Metra Richert, Don Rocha, and Kirsten Struve.

Public in attendance were: Hon. Rebecca Eisenberg (Valley Water Board Member-District 7), and Gary Williams (City of Santa Clara).

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON AGENDA

There was no one present who wished to speak.

3. APPROVAL OF MINUTES

It was moved by Hon. Domingo Candelas, seconded by Hon. Susan Landry, and by majority vote approved the special August 23, 2023, Santa Clara Valley Water Commission meeting minutes as presented. Hon. Alysa Cisneros and Hon. Mike Flaugher abstained.

4. CONSENT CALENDAR

There was no action taken.

5. REGULAR AGENDA ITEMS:

5.1 ELECTION OF CHAIR

Commission Chair Hon. Karen Hardy reviewed the materials as outlined in the agenda item. The floor was open for nominations and Hon. Lydia Kou self-nominated for the

Vice Chair, Hon. J. R. Fruen nominated Hon. Domingo Candelas and Hon. Lydia Kou seconded and withdrew her name. Hon. Domingo Candelas was unanimously approved for the 2023 Water Commission Vice Chair.

*Hon. Carmen Montano arrived at 12:10 p.m.

5.2 OVERVIEW OF SANTA CLARA VALLEY WATER DISTRICT PROGRAMS AND OPPORTUNITIES FOR PARTICIPATION AND COLLABORATION

Rachael Gibson reviewed the materials as outlined in the agenda item and was available to answer questions.

*Hon. Chuck Page arrived at 12:15 p.m.

The Santa Clara Valley Water Commission discussed the following: educating public about safe drinking water from the tap, involvement in the Art Planning, getting the youth involved (outreach team), volunteer opportunities, Landscape Rebate Program, creek cleanups, weed abatement, bottled water, flood insurance, ADU's, unhoused issues, and Low Assistance Program.

Don Rocha, Director Barbara F. Keegan, and Kirsten Struve were available to answer questions.

The Santa Clara Valley Water Commission took no formal action.

5.3 REVIEW SANTA CLARA VALLEY WATER COMMISSION WORK PLAN, THE OUTCOMES OF BOARD ACTION OF COMMISSION REQUESTS; AND THE COMMISSION'S NEXT AGENDA

Commission Chair Hon. Karen Hardy and Glenna Brambill reviewed the materials as outlined in the agenda item.

Hon. Domingo Candelas left at 1:14 p.m. and did not return.

The Santa Clara Valley Water Commission had questions on the agenda items: unhoused issues, Cities adopting MWENDO, purification lines extending, and climate change.

Aaron Baker and Director Barbara F. Keegan were available to answer questions.

The Santa Clara Valley Water Commission took the following action:
It was moved by Hon. Gino Borgioli, seconded by Hon. Susan Landry, and unanimously voted to approve the Water Commission's work plan.

6. INFORMATION ITEM:

6.1. STANDING ITEMS REPORT

Glenna Brambill reviewed the materials as outlined in the agenda item and was available to answer questions.

The Santa Clara Valley Water Commission took no formal action.

7. CLERK REVIEW AND CLARIFICATION OF COMMISSION REQUESTS TO THE BOARD

Glenna Brambill reported there were no actions for the Board's consideration.

Agenda Item 5.3

The Water Commission unanimously approved the 2023 Water Commission's work plan.

8. REPORTS

8.1 Director's Report

Director Barbara F. Keegan reported on:

- The Stream Maintenance Program
- Filling of sandbags
- Flood Ready website real-time information

8.2 Manager's Report

Rachael Gibson reported on.

- Flood Ready website has been corrected and the mailer will be going out

8.3 Commission Member Report

Hon. Gino Borgioli reported on:

- Little Llagas Flood Protection Project going well

8.4 Informational Links Report

Information located on the agenda.

9. 9.1. ADJOURN

Commission Chair Hon. Karen Hardy adjourned at 1:44 p.m. to the regularly scheduled meeting on Wednesday, January 24, 2024, at 12:00 p.m.

Glenna Brambill
Board Committee Liaison
Office of the Clerk of the Board

Approved:

Santa Clara Valley Water District

File No.: 24-0087

Agenda Date: 1/24/2024
Item No.: 5.1.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Election of Chair and Vice Chair.

RECOMMENDATION:
Elect 2024 Chair and Vice Chair.

SUMMARY:
Per the Board Resolution, the duties of the Chair and Vice-Chair are as follows:

The officers of each Committee shall be a Chair and Vice-Chair, both of whom shall be members of that Committee. The Chair and Vice-Chair shall be elected by the Committee, each for a term of one year commencing on January 1 and ending on December 31 and for no more than two consecutive terms. The Committee shall elect its officers at the first meeting of the calendar year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.

The Chair shall preside at all meetings of the Committee, and he or she shall perform other such duties as the Committee may prescribe consistent with the purpose of the Committee.

The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair In case of the unexpected vacancy of the Chair, the Vice-Chair shall perform such duties as are imposed upon the Chair until such time as a new Chair is elected by the Committee.

Should the office of Chair or Vice-Chair become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

Should the Chair and Vice-Chair know in advance that they will both be absent from a meeting, the Chair may appoint a Chair Pro-tempore to preside over that meeting. In the event of an unanticipated absence of both the Chair and Vice-Chair, the Committee may elect a Chair Pro-tempore to preside over the meeting in their absence.

BACKGROUND:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.
Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

The Board may also establish Ad-hoc Committees to serve in a capacity as defined by the Board and will be used sparingly.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:
None.

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

Santa Clara Valley Water District

File No.: 24-0088

Agenda Date: 1/24/2024
Item No.: 5.2.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Review and Approve 2023 Annual Accomplishments Report for Presentation to the Board (Commission Chair).

RECOMMENDATION:
A. Approve the 2023 Accomplishments Report for presentation to the Board; and
B. Provide comments to the Commission Chair to share with the Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Commission.

SUMMARY:
The Accomplishments Report summarizes the committee's discussions and actions to prepare Board policy alternatives and implications for Board deliberation throughout 2023. The Commission Chair, or designee, presents the Accomplishments Report to the Board at a future Board meeting.

The Commission may provide feedback to the Commission Chair, at this time, to share with Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Commission.

BACKGROUND:

Governance Process Policy-8:
The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and

provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: 2023 Water Commission Accomplishments Rpt.

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

2023 Accomplishments Report:
Santa Clara Valley Water Commission

Update: December 2023

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
1	**Election of Chair and Vice Chair for 2023**	January 25	**Accomplished January 25, 2023:** The Water Commission elected Hon. Karen Hardy as 2023 Water Commission Chair. Also, elected Hon. Kitty Moore as 2023 Water Commission Vice Chair.
2	**Annual Accomplishments Report**	January 25	**Accomplished January 25, 2023:** The Water Commission reviewed and approved he 2022 Accomplishments Report for presentation to the Board. *The Board received the Commission's presentation at its March 28, 2023, meeting.*
3	**Update on progress towards Valley Water's drought emergency response and drought-related water conservation efforts.**	January 25 April 12	**Accomplished January 25, 2023,** **April 12, 2023:** The Water Commission received an update on progress towards Valley Water's drought emergency response and drought-related water conservation efforts and took no action.
4	**Review and Comment to the Board on the Fiscal Year 2023–2024 Preliminary Groundwater Production Charges.**	January 25	**Accomplished January 25, 2023:** The Water Commission reviewed and made no comments on the Fiscal year 2024 Preliminary Groundwater Production Charges.
5	**Consent Calendar**	January 25 April 12 August 23 October 25	**Accomplished January 25, 2023, April 12, 2023 and October 25, 2023:** The Water Commission reviewed the consent calendar and took no action.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
			Accomplished August 23, 2023 The Water Commission approved moving Agenda Item 6.1 (Standing Items) on the consent calendar.
6	**Review of Santa Clara Valley Water Commission Work Plan, the Outcomes of Board Action of Commission Requests, and the Commission's Next Meeting Agenda**	January 25 April 12 August 23 October 25	**Accomplished January 25, 2023:** The Water Commission received and reviewed the 2023 work plan and took no action. **Accomplished April 12, 2023:** The Water Commission received and reviewed the 2023 work plan and took the following action: The Commission by majority vote approved to having a special meeting August 23, 2023, 12:00 p.m. at the Silicon Valley Advanced Water Purification Center. *The Board received the Commission's action at its May 16, 2023, meeting.* **Accomplished August 23, 2023:** The Water Commission received and reviewed the 2023 work plan and took the following action: The Commission by majority vote approved to having the Board consider adding to the Water Commission's Work Plan a discussion on the Unhoused Issues in Santa Clara County and to Receive an Update on AB1469. *The Board approved the Commission's action at its September 26, 2023, meeting.* **Accomplished October 25, 2023:** The Water Commission received and reviewed the 2023 work plan and took the following action: The Commission by majority vote approved the work plan.

2023 Accomplishments Report:
Santa Clara Valley Water Commission

Update: December 2023

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
7	**Standing Items Reports Fiscal Year 2023:**	•Receive quarterly reports on standing items. **(Information)**	**Accomplished January 25, 2023:** The Water Commission received the quarterly report and took no action.

GOAL	OBJECTIVE	FY23 TACTICS	MONITORING COMMITTEE
INTEGRATED WATER RESOURCES MANAGEMENT ***"Efficiently manage water resources across business areas."***	*Objective #1 Challenge/Opportunity* *The maintenance of Valley Water's infrastructure is crucial to ensuring we continue to provide safe, clean water and critical flood protection for our communities. Timely maintenance is the most cost-effective investment, whereas deferred maintenance disproportionately increases costs and causes unplanned outages and failures risking the population of the county. In addition, aging assets are reaching the end of the design life and will require major recapitalization.*	• Develop a Fuel Management Policy to guide the incorporation of wildfire planning efforts in an integrated and programmatic way. • Continue a robust preventive maintenance program including monitoring asset condition and risk. • Strategically plan for larger infrastructure renewal projects through Safe Clean Water Project F8 – Sustainable Creek Infrastructure for Continued Public Safety; Water Treatment Plant, Distribution System, and SCADA Implementation Plans; Watersheds and Water Utility Operations and Maintenance Plans; and various Asset Management Plans. • Advance infrastructure renewal projects identified in strategic planning efforts by initiating new Capital or Small Capital Projects, or by conducting work as part of ongoing operations projects. • Develop comprehensive infrastructure master plans for all water utility treatment plant and distribution infrastructure (e.g. pipelines and pump stations) to plan out 30-year capital investments that meet future regulatory requirements, and fold in projects identified in the Asset Management and Operations & Maintenance Plans. • Expedient execution of the adopted Capital program and projects.	Board Policy and Planning Committee (BPPC) CIP Committee (CIPC)
	Objective #2 Challenge/Opportunity *Valley Water continues to pursue legislative and administrative solutions to resolve regulatory and permitting issues at the federal and state levels. The Board's efforts will continue to focus on improving internal capacity when applying for permits, as well as continuing to build relationships with regulatory agencies and staying abreast of the regulatory environment.*	• Continue to provide for agency-wide regulatory planning and permitting effort and pursue other efforts at the state and federal level to expedite permit review. • Continue to foster better relationships with regulatory agencies and open dialogue with environmental, environmental justice and other stakeholders. • Continue to work with the Regional Water Quality Control Board (RWQCB) under the terms of our memorandum of understanding (MOU) to expedite issue resolution and prevent regulatory overreach.	BPPC

Yellow = Update Since Last Meeting
Blue = Action taken by the Board of Directors

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
		• Collaborate with RWQCB on the Steelhead Regional Temperature Study.	
WATER SUPPLY ***"Provide a reliable, safe, and affordable water supply for current and future generations in all communities served."***	*Objective #1 Challenge/Opportunity* *Half of Santa Clara County's water supply is imported from outside the county. At this time, when there is a lot of water, Valley Water may not be able to take advantage of these supplies due to limitations in existing storage and transmission infrastructure as well as regulatory constraints. Having a diverse portfolio of storage options helps Valley Water be resilient. Therefore, Valley Water is evaluating whether diversifying its storage portfolio could help maximize our use of storage and stored water recovery under future conditions. Water storage in reservoirs also provides environmental, recreational, and incidental flood risk reduction benefits. Challenges include determining the appropriate level of participation for Valley Water in collaborative water storage projects and prioritizing projects within funding constraints.*	• Explore opportunities to develop new surface and groundwater storage projects that help Valley Water meet future water supply needs and be resilient to climate change. • Determine level of participation for projects and decisions about partnerships in accordance with the Water Supply Master Plan and water affordability. • Explore partnership opportunities for the Pacheco Reservoir Expansion Project • Validate Valley Water's continued participation in the Pacheco Reservoir Expansion Project during the MAP review process, bi-annual budget development, and following review and certification of the project's Environmental Impact Report (EIR).	Water Storage Exploratory Committee (WSEC)
	Objective #2 Challenge/Opportunity *The Water Supply Master Plan's "Ensure Sustainability" strategy includes securing existing water supplies and infrastructure. Valley Water's local and imported water supplies are vulnerable to climate change impacts, droughts, earthquake, and regulatory requirements that may restrict the amount of available water.*	• Participate in and influence decisions regarding the Delta Conveyance Project. • Participate in regional water supply resilience efforts. • Build and maintain effective partnerships to increase resiliency. • Complete and implement infrastructure master plans and asset management plans. • Partner with the California Department of Water Resources (DWR) to ensure reliability of the South Bay Aqueduct.	Water Conservation and Demand Management Committee (WCaDMC) (Groundwater) CIPC (infrastructure projects)
	Objective #3 Challenge/Opportunity *Recycled and purified water is a drought resilient, locally controlled water supply important to long-term sustainability. The Water Supply Master Plan includes developing up to 24,000 acre-feet per year of purified water by 2040. Purified water is recycled water that has been treated further using reverse osmosis and other advanced treatment to make it fit for drinking. Valley Water is pursuing indirect potable reuse which would use this purified water to*	• Implement the first phase of the Purified Water Program, including release of a Request For Proposal (RFP) and enter into a contract for an Indirect Potable Reuse project that is implemented via a Public Private Partnership. • Implement the Countywide Water Reuse Master Plan. • Develop a Comprehensive Water Reuse Agreement for South County to advance water reuse and its production, distribution, and wholesaling in South County. • Continue to actively be involved with the Direct Potable Reuse (DPR)	Recycled Water Committee (RWC)

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
	replenish our groundwater. Implementation challenges include securing wastewater supply contractual agreements with wastewater agencies, available land, stringent regulatory requirements, and implementation costs.	guidance and ensure Valley Water is positioned to implement a DPR project in the future. • Continue collaboration on the Silicon Valley Advanced Water Purification Center including building a strong collaborative relationship with the San José-Santa Clara Regional Wastewater Facility to expand the facility.	
	Objective #4 Challenge/Opportunity *As our largest reservoir, Anderson serves not only as a critical water supply facility, but also supports Valley Water's mission of flood protection and environmental stewardship. Given the reservoir's critical importance to ensuring safe, clean water for our communities and to protect public safety, it is imperative that the Anderson Dam Seismic Retrofit Project (ADSRP) move forward expeditiously. This includes the reconstruction of the Dam and completion of the interim risk reduction measures resulting from the February 20, 2020, directive from the Federal Energy Regulatory Commission (FERC).*	•Maintain the Anderson Reservoir level at the FERC directed level. • Complete the construction on the Anderson Dam Tunnel Project (ADTP). • Complete the design of the ADSRP. • Continue to work with appropriate regulatory agencies to advance the ADSRP. • Release the Draft Environmental Impact Report for the ADSRP. • Obtain all necessary permits for ADSRP construction. • Continue to educate and engage the public, key stakeholders, decision makers, and elected officials of the project progress and construction timeline. • Coordinate long term ADSRP operations with the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE).	CIPC Stream Planning and Operations Committee (SPOC)
	Objective #5 Challenge/Opportunity *Droughts are a recurring feature of California's climate and may intensify with climate change. Water conservation is an essential component in providing a reliable water supply and Valley Water has set a water conservation goal for annual water savings of 99,000 acre-feet (AF) by 2030 and 109,000 AF by 2040. As Valley Water faces challenges from climate change and drought, water conservation will continue to be amongst the most cost-effective tools for efficiently meeting current and future demands while mitigating droughts.*	•Continue communication and educational outreach to promote Valley Water's water conservation programs. •Increase collaboration with our retailer partners to promote Valley Water's water conservation programs. •Implement new water conservation programs and engagement strategies identified within the Water Conservation Strategic Plan. •Engage and support private-sector stakeholders, local, state, and federal agencies that promote water conservation. •Develop and implement a Drought Response Plan with support and input from our retailer partners and the broader community to guide short-term behavioral changes during water shortages.	WCaDMC
NATURAL FLOOD PROTECTION **"Provide Natural Flood Protection to reduce risk and improve health and safety."**	Objective #1 Challenge/Opportunity *Valley Water is challenged to sustain ecosystem health while managing local water resources for flood protection and water supply. By using an integrated approach to planning and designing flood protection planning, there is an opportunity to create projects with multiple benefits.*	•Make significant progress on One Water plans for the Guadalupe and Pajaro watersheds. •Complete construction of Reaches 1-3 of the Shoreline Phase I Project and pursue funding alternatives for Reaches 4-5 to provide 100-year coastal flood risk management, ecosystem restoration, recreational opportunities, and resiliency for sea levelrise. •Complete construction of Phase 2A of the Upper Llagas Flood Protection Project to provide flood protection and habitat	CIPC BPPC

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
		enhancement. • Advance the Palo Alto Flood Basin Project into construction, a repair project to ensure a functional flood basin with wetland habitat. • Advance the Sunnyvale East/West Channels Project into construction to provide 100-year storm water flood protection. • Compete the U.S. Army Corps of Engineers Upper Guadalupe River Project General Reevaluation Study to provide 100-year flood protection. • Advance the San Francisquito Creek upstream 101 Project into construction to provide flood protection. • Advance the Coyote Creek Flood Mitigation and Flood Protection Projects into construction to provide flood protection for an event equivalent to the 2017 storm event.	
	Objective #2 Challenge/Opportunity *As Valley Water continues to advance flood protection projects, the Board has an opportunity to strengthen relationships and improve coordination with conservation and environmental justice groups, as well as other local jurisdictions, with a specific focus on ensuring the voices of disadvantaged communities are equitably represented.*	• Advance One Water Countywide Framework in a comprehensive manner that includes diverse community-wide stakeholders and the incorporation of environmental justice policies in all planning efforts. • Continue progress on flood protection capital projects consistent with Valley Water's commitment to the Safe, Clean Water Program and equitability in all regions. • Plan flood risk reduction projects to provide a minimum level of protection countywide.	CIPC BPPC
ENVIRONMENTAL STEWARDSHIP ***"Sustain ecosystem health while managing local water resources for flood protection and water supply."***	*Objective #1 Challenge/Opportunity* *Valley Water's projects and programs require integrated planning to ensure capital improvements, operations, and maintenance activities are balanced with environmental stewardship goals. Valley Water strives to protect and restore habitats to support native species throughout Santa Clara County.*	• Continue to develop an integrated water resource plan for each watershed, including appropriate metrics to monitor Valley Water's impacts on and benefit to the environment. • Implement high priority actions included in the Climate Change Action Plan. • Make significant progress on the grant-funded planning study for the San Tomas Aquino Calabazas Creek Realignment Project. • Advance construction for the Bolsa Creek and Hale Creek projects to begin in Summer 2022. • Advance Almaden Lake Improvement Project to begin construction in 2023. • Continue to develop and build on partnerships with environmental organizations and tribal communities when developing projects.	BPPC

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
	Objective #2 Challenge/Opportunity *Valley Water continues to coordinate with local cities and agencies to improve the health of our local waterways, including pollution prevention and addressing threats to water quality. Opportunities exist to further collaborate with the County, cities, and social services agencies on encampment abatement efforts and to develop long-term solutions for the homeless to keep our creeks clean.*	•Continue efforts to protect the ecosystem and water quality of our water Bodies and the integrity of our infrastructure. Such efforts include preventing stormwater pollution, increased implementation of green stormwater infrastructure, addressing mercury pollution, and homeless encampment clean ups. • Coordinate with the County, cities, and other service providers to try to ensure the permanent removal of homeless encampments from creeks and trails. • Continue partnerships and investments on a regional scale such as the South Bay Salt Pond Restoration and Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP).	Environmental Creek Cleanup Committee (ECCC) (SPOC)
	Objective #3 Challenge/Opportunity *For nearly 20 years, Valley Water has been working to resolve a water rights complaint surrounding fish, wildlife, water quality, and other beneficial uses in Coyote Creek, Guadalupe River, and Stevens Creek watershed areas. Challenges include completing the environmental review process, obtaining federal and state permits from multiple regulatory agencies, refining and processing water rights change petitions, the technical complexity of the fisheries impacts analysis, coordination with other ongoing related projects and managing stakeholder expectations.*	•Finalize the June 2021 Guadalupe River and Stevens Creek Environmental Impact Report (EIR) consistent with existing stakeholder agreement. •Advance 10 water right change petitions for securing water right orders. • Continue to implement the pilot flow program in Guadalupe and Stevens Creek. • Continue to implement feasibility studies, monitoring activities, and Planning and construction of various fish passage improvements as identified in existing stakeholder agreement. • Continue fisheries monitoring program. • Continue to support an adaptive management program that encompasses all three creeks.	SPOC
CLIMATE CHANGE ***"Mitigate Carbon Emissions and Adapt Valley Water Operations to Climate Change Impacts."***	*Objective #1 Challenge/Opportunity* *Valley Water's ability to fulfill its mission will be challenged in the future by warmer temperatures, changing precipitation patterns, reduced snowpack, and rising sea levels. Valley Water has been working on greenhouse reduction efforts since 2008 and many adaptation actions over the past decade; however, with adoption of the Climate Change Action Plan there is an opportunity for greater impact.*	•Update carbon accounting and establish new emissions reduction goal if needed. •Make significant progress on development of an agency-wide greenhouse gas reduction plan.	Climate Adaptation and Sustainability Committee (CAaSC)
BUSINESS MANAGEMENT ***"Promote effective management of water supply, flood protection, and environmental stewardship through responsive and***	*Objective #1 Challenge/Opportunity* *Valley Water is committed to creating and maintaining a diverse, inclusive, and equitable work environment that is devoid of discrimination and harassment and provides equal opportunity employment and advancement. Valley Water aims to implement the same values in the community through its flood protection, water supply, and environmental*	•Develop and implement a Diversity, Equity and Inclusion Master Plan that institutes best practices to address internal and external disparities and builds an organizational culture that is consistent with the Board's Resolution addressing racial equity, diversity, and inclusion. • Remain committed to environmental justice and the fair treatment and meaningful engagement of all people regardless of race, color, national origin, religion, gender identity, disability status, tribe, culture, income,	Diversity & Inclusion Ad Hoc Committee (DIAHC)

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
socially responsible business services."	*stewardship projects, and has an opportunity to serve as a leader for racial equity, diversity, and inclusion throughout the state.*	immigration status, or English language proficiency, with respect to the planning, projects, policies, services, and operations of Valley Water. • Continue to collaborate with external stakeholders that are engaged in developing diversity, equity, and inclusion initiatives and actively participate in and provide leadership for diversity, equity, and inclusion efforts throughout the state. • Advance and foster mutually beneficial partnerships with regional tribal communities.	
8	**Review and Comment to the Board on the Fiscal Year 2022 - 2023 Proposed Groundwater Production Charges.**	April 12	**Accomplished April 12, 2023:** The Water Commission reviewed and commented to the Board on the Fiscal Year 2023 Proposed Groundwater Production Charges and took the following action: The Commission by majority vote approved to recommend that staff bring to the Board a review on how to decrease staff's recommended increase from 14.5% for North County Zone W-2, and an analysis on how capital projects can be prioritized to better conserve water. *The Board received the Commission's recommendation at its May 16, 2023, meeting and took action.*
9	**Updates on Valley Water's Encampment Cleanup Operations.**	April 12	**Accomplished April 12, 2023:** The Water Commission received information on the updates on Valley Water's Encampment Cleanup Operations and took no action.
10	**Tour of the Silicon Valley Advanced Water Purification Center.**	August 23	**Accomplished August 23, 2023:** The Water Commission received a presentation on the Silicon Valley Advanced Water Purification Center and toured the facility.
11	**Overview of Valley Water Programs and Opportunities for Participation and Collaboration.**	October 25	**Accomplished October 25, 2023:** The Water Commission received an update on Valley Water's externally-focused programs and community engagement efforts, and opportunities for collaboration with partner agencies and took no action.

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	ACCOMPLISHMENT DATE AND OUTCOME
12	**Standing Items Report Fiscal Year 2024 Goals and Strategies:**	October 25	**Accomplished October 25, 2023:** The Water Commission received a report on the standing items, goals and strategies for FY 2024 and took no action.
BOARD WORK PLAN GOALS: 1. **Integrated Water Resources Management** - Goal: Efficiently manage water resources across business areas. 2. **Water Supply** – Goal: Provide a reliable, safe, and affordable water supply for current and future generations in all communities served. 3. **Natural Flood Protection –** Goal: Provide natural flood protection to reduce risk and improve health and safety. 4. **Environmental Stewardship** – Goal: Sustain ecosystem health while managing local water resources for flood protection and water supply. 5. **Addressing Encampment of Unsheltered People** – Goal: Humanely assist in the permanent relocation of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities in order to address the human health, public safety, operational, and environmental challenges posed by encampments. 6. **Climate Change** – Goal: Mitigate carbon emissions and adapt Valley Water operations to climate change impacts. 7. **Business Management** – Goal: Promote effective management of water supply, flood protection, and environmental stewardship through responsive and socially responsible business services.			
13	**Election of Vice Chair for 2023**	October 25	**Accomplished October 25, 2023:** The Water Commission elected Hon. Domingo Candelas as 2023 Water Commission Vice Chair to replace Hon. Kitty Moore elected earlier in the year.

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File No.: 24-0042

Agenda Date: 1/24/2024
Item No.: 5.3.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Receive Information and Provide Feedback on the Development of Valley Water's Water Supply Master Plan 2050.

RECOMMENDATION:
Provide feedback on the development of Water Supply Master Plan 2050.

SUMMARY:
The Water Supply Master Plan (WSMP) is the Santa Clara Valley Water District's (Valley Water) guiding document for long-term water supply investments to ensure water supply reliability for Santa Clara County. Updated about every five years, this long-range plan assesses future countywide demands and evaluates and recommends water supply and infrastructure projects to meet those demands to achieve Valley Water's level of service (LOS) goal through the planning horizon. Valley Water's LOS goal is "Meet 100 percent of annual water demand during non-drought years and at least 80 percent demand in drought years" as established in Board Ends Policy 2.

The most recent plan, Water Supply Master Plan 2040, was adopted by the Valley Water Board of Directors (Board) in 2019. In 2023, Valley Water embarked on an effort to update the WSMP. This memorandum presents the framework of and progress on the development of the WSMP 2050 and a timeline for completing the plan.

Planning Goals
The WSMP 2050 establishes planning goals to guide what Valley Water intends to achieve. Valley Water's mission is to provide a safe and reliable water supply now and in the future. To that end and consistent with Board Ends Policies, the proposed planning goals of the WSMP 2050 are to:

- Ensure reliability and sustainability of the existing water supply system.
- Diversify water supplies to meet the Level of Service goal.
- Minimize the risk of shortage and disruption.
- Maintain affordable water rates through cost-effective water supply investments and management.

Planning Approach
The WSMP 2050 extends the planning horizon to 2050, which strikes a balance between data availability and the uncertainty related to future conditions. This longer timeframe will enable more of the benefits of large infrastructure projects to be captured, as they often take several decades to be fully implemented and functioning.

To account for uncertainty in forecasted future supply and demand and provide further flexibility in decision-making, a scenario planning approach is used to analyze four possible futures based on the combination of demand projections and forecasted imported water supplies:

- Stable demand and moderately impacted imported supplies.
- Stable demand and severely impacted imported supplies.
- High demand and moderately impacted imported supplies.
- High demand and severely impacted imported supplies.

The demand projections were developed from Valley Water's demand model as described in Attachment 1. The stable demand, representing the low end, assumes demands stay flat at 2025 levels through 2050, in part owing to the success in making water conservation a way of life and mitigating the impacts of growth on water use. The high demand assumes significant impacts from growth and severe climate change. The forecasted countywide 2050 stable and high demands are approximately 330,000 acre feet per year (AFY) and 370,000 AFY, respectively. Both demands assume Valley Water achieves its long-term conservation goals.

The imported water baseline supply scenarios were selected from Department of Water Resources (DWR) modeling. The modeling assumes existing regulatory conditions and State Water Project (SWP) and Central Valley Project (CVP) infrastructure and takes into account climate change impacts. The moderately impacted imports scenario represents SWP and CVP deliveries with small impact from climate change, while the severely impacted imports scenario represents significantly impacted deliveries, particularly during droughts.

Baseline Needs Assessment Under Alternative Futures
Under each of the four future conditions, water supply needs under baseline condition (completion of planned local dam seismic retrofits by 2035, achieving long-term water conservation goals, and maintaining Valley Water assets) were assessed, to serve as the basis for identifying projects and programs for potential investment. Under all four futures, Valley Water will experience water shortages if relying only on existing supplies and infrastructure, and the biggest challenge for meeting water supply needs will be multi-year droughts. The shortages will start as early as 2030 in the future scenarios with severely impacted imported supplies. Valley Water's current system can handle the first two years of a multi-year drought in 2050, with shortage starting the third year. The projected shortages represent the targets that future water supply investment aim to meet to achieve Valley Water's LOS.

Projects Under Consideration
The WSMP 2050 will evaluate a total of 18 projects for meeting future needs/goals. For organizational purposes, these projects are grouped as shown in Table 1. More detailed description of each project is provided in Attachment 2.

Table 1 Projects Under Consideration

Project Type	Project
Alternative Supply[1]	Potable Reuse - Palo Alto
	Potable Reuse - San José
	Refinery Recycled Project
	Local Seawater Desalination Project
Surface Supply	Delta Conveyance Project
	Sites Reservoir
	Stormwater - Agricultural Land Recharge (FloodMar)
	Stormwater Capture
Storage	Pacheco Reservoir Expansion
	Los Vaqueros Expansion
	Groundwater Banking
	B.F. Sisk Dam Raise
Recharge & Pipelines	Coyote Valley Recharge Pond
	Lexington Pipeline
	Lexington-Montevina Water Treatment Plant Connection
	Butterfield Channel Managed Aquifer Recharge
	Madrone Channel Expansion
	San Pedro Ponds Improvement Project

[1]Recycled and purified water, desalination, and stormwater capture are considered alternative supply as defined by CA Department of Water Resources.

Conservation and MWENDO
In addition to potential investments on new projects, Valley Water continues to promote water conservation programs to help reduce water use in the county. Currently, Valley Water has more than 20 water conservation programs which help our community make water conservation a way of life. In addition, water conservation is also due to passive savings resulting from conservation regulations and past and ongoing efforts. The WSMP 2050 assumes Valley Water will achieve its long-term water conservation goals and staff is currently developing proposals for 2050 conservation targets as part of the WSMP 2050 development.

As part of its water conservation efforts, Valley Water continues to promote and monitor actions related to the adoption of the Model Water Efficient New Development Ordinance (MWENDO) and provide support to municipalities to support their interests in expanding water efficiency measures.

MWENDO was developed in 2015 and updated in 2018 by a task force consisting of Valley Water, Santa Clara County, the Cities of Cupertino, Morgan Hill, Mountain View, Palo Alto, and Sunnyvale, and other stakeholders, to ensure that new development meets strong water efficiency standards to extend the region's water supplies. It establishes requirements for new developments promoting water use efficiency and is designed to be easily customizable for local municipalities to adopt either in whole or in part. The ordinance has been revised in preparation for the upcoming 2025 building code adoption cycle to reflect the most up-to-date water efficiency standards, include water conservation reach code best practices, and encourage cities and the County to prohibit irrigation of decorative, non-functional turf with potable water on commercial, industrial, and institutional (CII) sites within their jurisdictions.

Project Evaluation and Portfolio Analysis
Project evaluation is a critical step in the WSMP 2050 development to identify the portfolios for recommendation. A list of 14 criteria (Table 2) was developed to evaluate and compare projects. Among the proposed criteria, the water supply benefit and cost will be the most important and therefore the first criteria to be used to evaluate projects and portfolios. Following that, the remaining criteria will be used to further differentiate among options.

Table 2 Project Evaluation Criteria

Evaluation Criteria	Description
Water Supply Benefit	Quantifiable water supply benefits of the project
Cost/Rate Impact	Construction, planning/design, O&M, and other cost
Timing	The year the project will be in service
Technical Feasibility	Technical ability to implement the project
Operation	How the project operates, specifically how it connects to existing system and moves water around
Reliability	Reliability of the project in providing its primary benefits during periods of dry year need
Readiness/Likelihood of Success	The readiness of project implementation and chance of success
Flexibility	Operation/implementation across a wide range of conditions and whether it can enhance overall system flexibility
Jurisdiction/Partnership	Primary jurisdiction and partners of the project
Permitting/Legal Issues	Permits required and any legal issues/concerns
Environmental Impacts/Justice	Anticipated positive or negative impacts on the natural environment and environmental justice
Public Acceptance	Public opinion and political support for the project
Inter-dependence	Whether the project will need other projects to be functioning or can magnify other projects

Risk/Challenges	Any significant risks/challenges that could potentially derail the project

As the first step in project evaluation and portfolio analysis, an initial list of over 50 portfolios with different combinations of projects was developed and evaluated through modeling analysis. On January 9, 2024, staff presented an update to the Board which included four example portfolios. The portfolio analysis so far suggests that drought resilient supply such as direct potable reuse coupled with storage are effective in eliminating shortage, and maintaining out-of-county storage is critical in securing water supply reliability. Additional portfolio modeling and further evaluation of portfolios is needed before making investment recommendations. Valley Water is currently working to refine and develop portfolios and plans to bring another update to the Board in the spring. In addition, staff will bring a proposed water conservation goal for 2050 to the Water Conservation and Demand Management Committee and is working to develop a potable reuse goal with the Recycled Water Committee.

WSMP Update Timeline
The timeline for the plan development is as follows.

- **2023-COMPLETED**
  - Establishment of overall framework and procedures
  - Project/portfolio analysis and evaluation
  - Stakeholder engagement

- **2024**
  - Portfolio analysis and recommendation
  - Plan development
  - Stakeholder outreach
  - Plan adoption

ENVIRONMENTAL JUSTICE IMPACT:
There are no environmental justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: Demand Projection
Attachment 2: Project Descriptions
Attachment 3: PowerPoint

UNCLASSIFIED MANAGER:
Kirsten Struve, 408-630-3138

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Santa Clara Valley Water District

File No.: 23-0806

Agenda Date: 8/28/2023
Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM
Water Conservation and Demand Management Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Valley Water Demand Model and Forecast.

RECOMMENDATION:
Receive and discuss Valley Water demand model and forecast.

SUMMARY:
As part of the Water Supply Planning program, Valley Water developed and maintains an econometric-based demand model. A reliable water demand forecast is needed to determine the level of investment necessary to meet Santa Clara County's future water supply needs. This memorandum summarizes Valley Water's demand modeling approach and provides the demand forecasts Valley Water proposes to use in its Water Supply Master Plan 2050.

Demand Model Approach
Valley Water's demand modeling integrates the understanding of historic water use trends, housing and economic growth, climate change, and post-drought water use rebound. The model was developed, calibrated, and validated using historic datasets, including sectoral water use provided by the retailers (e.g., residential, commercial, etc.), independent well owner pumping, weather, economic parameters, and housing information (Attachment 1).

The demand model is segmented by billing group (e.g., individual retailers, independent pumpers grouped by groundwater management zone, and agricultural users grouped by management zone). Each retailer is then further segmented into single family, multi-family, and commercial, industrial, and institution (CII) sectors. An econometric equation developed using historic datasets was created for each model segment. The model combines the segment-level equations with projected growth, climate, economic, and drought rebound parameters to forecast Santa Clara County demands. Given the uncertainty in each of the projected parameters, Valley Water is proposing to use a demand range for its Water Supply Master Plan 2050 analyses.

Forecasted Water Use

Valley Water used forecast information on housing and economic growth from the Association of Bay Area Governments (ABAG) Plan Bay Area 2040 and city general plans. Water rate forecasts were provided by the Valley Water Protection and Augmentation of Water Supplies (PAWS) analyses. Climate change data from global climate models were downscaled for Santa Clara County. Valley Water also included a drought rebound assumption that considered the muted rebound seen during the 2012-2016 drought and the Board of Directors (Board) June 2023 resolution to make water conservation a way of life.

Forecasted county-wide 2050 demands for Valley Water range from approximately 330,000-425,000 acre-feet per year (AFY) if Valley Water does not achieve its long-term water conservation goal of 110,000 AFY by 2040. If Valley Water achieves its conservation goal by 2040, then forecasted demands range from approximately 330,000 AFY-390,000 AFY. The lower bound, which is the same with and without conservation forecasts, assumes demands stay constant at 2025 levels through 2050, in part owing to the success in making water conservation a way of life and mitigating the impacts of growth on water use. From a historical perspective, water use dropped 25% in the last 5 years (from 148 gallons per person per day in 2017 to 111 gallons per person per day in 2022). In addition, the county population increased by 25% over the past 30 years, while water demand has decreased by about 8% in that time (1990-2020). The higher bound demand is significantly impacted by severe climate change and growth. As part of the Water Supply Master Plan update, Valley Water is developing a 2050 conservation target and will bring it to the committee for review when ready; thus, no conservation is accounted for between 2040-2050 in the reported forecasts.

Next Steps

Valley Water will continue to track growth, economic, and climatic factors that can impact demands and update forecasts as needed. Valley Water plans to use the demand forecast data in water supply modeling that will inform Water Supply Master Plan 2050 investment recommendations.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: Demand Model Development
Attachment 2: PowerPoint Presentation

UNCLASSIFIED MANAGER:

Kirsten Struve, 408-630-3138

March 2, 2020

To: Samantha Greene, Ph.D.

From: Luke Wang
Jack Kiefer
Kinsey Hoffman
Leah Bensching

cc: Jing Wu, Metra Richert, Jessica Lovering

Technical Memorandum 3

Modeling Approach and Development

Introduction

Santa Clara Valley Water District (Valley Water) has developed a new model to forecast total water demand in Santa Clara County. Demand projections from the model will be used to support several planning initiatives and documents including:

- The 2021 Urban Water Management Plan (UWMP);
- Monitoring of and updates to the Water Supply Master Plan;
- Inputs to Valley Water's water supply planning model; and
- Evaluation of conservation programs and capital projects.

Valley Water manages a diverse portfolio of water supplies to provide water to Santa Clara County's 13 water supply retailers and non-retailer groundwater pumpers.[1] The majority of water users in Santa Clara County are customers of the water supply retailers. As a result, each retailer typically develops their own water demand forecasts. These forecasts are useful and have been used to inform Valley Water's prior UWMPs. However, Valley Water is responsible for County-wide water resource planning activities (e.g., groundwater management, treated water production, potable reuse development, surface water infrastructure management and development, and active conservation program implementation); collectively, these activities are better served by a consistent modeling approach and planning assumptions across the service area.

The purpose of this Technical Memorandum (TM 3) is to document the modeling approach selected to develop Valley Water's updated demand model. Major characteristics of the modeling approach include a statistical/econometric analytical framework, differentiation of rates of water use from drivers of growth, and model segmentation based on geography (e.g., retail agency), time of year, and water use sector. TM 3 also includes a summary of the statistical model fits and performance compared to historical

[1] Non-retail groundwater pumpers include private well owners that are outside of retailers' service areas.

observations of water consumption. Discussions of model fits and performance are organized based on water use sector segmentation and includes the following sectors:

- Single family;
- Multifamily;
- Commercial, Industrial, and Institutional (CII); and
- Non-retailer groundwater pumpers.

The model sectors are designed to establish baseline demand projections without considering additional future water conservation. Projections of future conservation savings are generated separately by Valley Water's water conservation model and then deducted from the baseline projections generated for the model sectors described herein.

Table of Contents

1. Modeling Approach

Valley Water's demand model is organized following the demand forecasting typology identified in TM 1.[2] This section provides a general overview of this approach to establish context for detailed discussions on model development in Sections 2 – 5 of this TM.

1.1 Model Segmentation

The demand model was segmented based on type of provider, i.e., retail agency or non-retail groundwater pumper. Within each provider type, the model was further segmented by geography, sector/billing classification, and time of year. For retail provided water, model geographies were based on each retail agency's service area within Santa Clara County. Billing classifications often differed among retail agencies necessitating standardization of billing classifications into common sectors (e.g., single family, multifamily, commercial, industrial, and institutional). Appendix A provides a detailed summary of the billing classifications for each retail agency, and the standardized sectors used for modeling; Valley Water directly solicited the retail agencies for input in standardizing billing classifications, particularly for classes that have the potential to span across multiple water use sectors (e.g., landscape irrigation and recycled water). Non-retail groundwater pumpers were organized geographically by groundwater basin charge zone, including W2 (representing the Santa Clara Plain sub-basin management area) and W5 (representing the Llagas sub-basin and Coyote Valley sub-basin management area). Water use classifications for non-retail groundwater pumpers are consistent across each charge zone and include agricultural, municipal, and domestic water use types. These water use classifications were ultimately organized into two model sectors, Municipal and Industrial (M&I) and Agricultural (Ag).

The retail agency demands were modeled using a monthly timestep, and non-retail groundwater pumper demands were modeled using an annual timestep. Non-retail groundwater pumper annual demands were then post-processed to monthly demands using a monthly distribution. Figure 1-1 further details the hierarchical structure of model segmentation.

[2] Technical Memorandum 1: Benchmark Analysis of Regional Demand Projection Models.

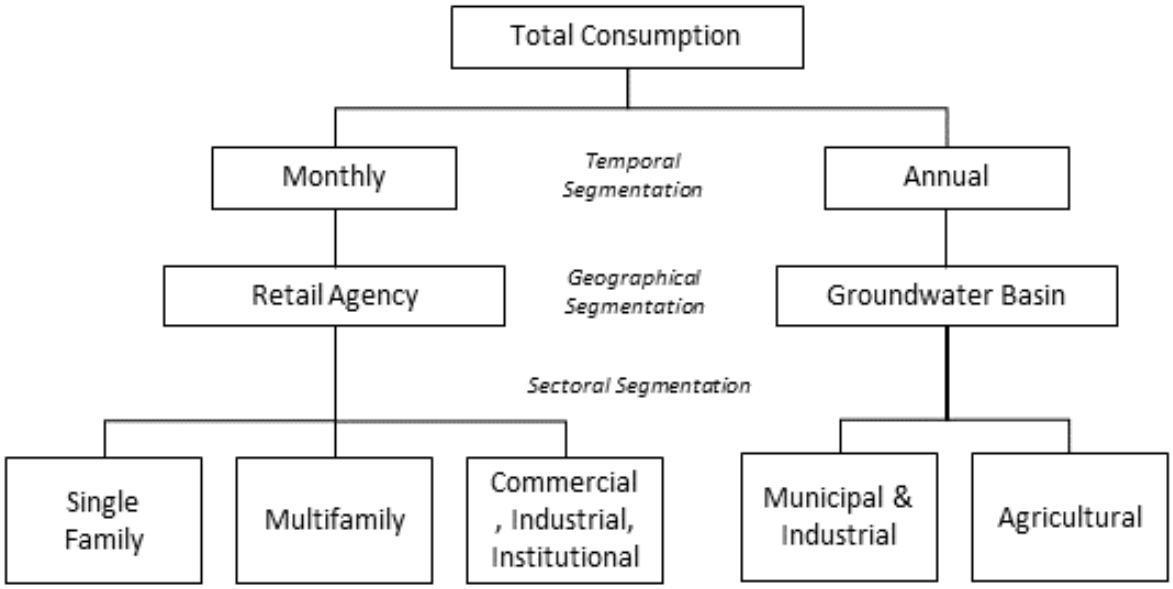


Figure 1-1: Hierarchy of Model Segmentation

1.2 Rate of Use Differentiation

Rate of use differentiation (i.e., characterizing consumption to reflect water using intensity) was applied in developing the retailer models. Rates of use were calculated given Equation (1) below, where for any given model sector *Q* reflects volumetric consumption, *N* is the count of driver units, and *q* is the rate of water use per driver unit.

$$Q \equiv N * \frac{Q}{N} \equiv N * q \quad (1)$$

Rate of use differentiation requires a reliable and consistent historical driver unit dataset for model development and a corresponding future dataset representing projected driver unit counts. Consistent and reliable driver unit datasets for the retailer models were developed using data from the California Department of Finance (CADOF; historical data) and the Association of Bay Area Governments (ABAG; future projected data).[3] Corresponding driver units were not available for the non-retailer groundwater pumpers, so models were developed on a volumetric basis. Table 1-1 documents the driver units and corresponding rate of use for each retail model sector.

Table 1-1: Driver Units and Rate of Use for Each Retail Model Sector

Model Sector	Driver Unit (*N*)	Corresponding Rate of Use (*q*)
Single Family Multifamily	Housing units	Consumption per housing unit
CII	Employees	Consumption per employee
CII (Stanford)	Population	Consumption per capita

[3] Refer to Technical Memorandum 2: Data Collection and Review (TM 2).

1.3 Method / Statistical Approach

Valley Water collected historical consumption data from its retail agencies,[3] which generally spanned the period 2000-2018.[4] This dataset was sufficient from temporal, geographical, and sectoral perspectives (following sectoral standardization) to explore fitting customized statistical / econometric models identified in TM 1.[2] Development of historical econometric models provide a strong analytical benefit in forecasting demand, as they allow for the estimation of cause-effect relationships between weather, price, socioeconomic, and other factors that lead to variability in water demand. Quantifying these causal relationships allows for analysis of "what-if" scenarios that are uncertain, but important to consider for planning (e.g., climate change, development patterns, drought recovery).

Development of statistical / econometric models is an iterative process. Figure 1-2 and Table 1-2 outline the process used to fit the econometric models.

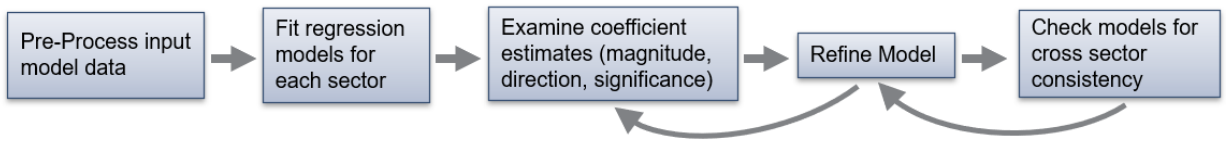


Figure 1-2: Process for Developing Statistical / Econometric Models

Table 1-2: Description of Model Fitting Procedures

Model Fitting Procedure	Description
Pre-process model input data[(a)]	Conduct necessary pre-processing calculations prior to model fitting, e.g.: • Geographical processing of driver units. • Calculate per-unit use. • Calculate natural logarithms of per-unit use and appropriate predictors. • Calculate departures from normal conditions for appropriate predictors (i.e., economic trend and weather). • Calculate any index, "dummy", or interacted parameters (e.g., seasonal cycle, geography, drought severity). • Smoothing monthly and bimonthly data to adjust for irregular billing cycles.
Fit regression models for each sector	Use statistical estimation software (e.g., R, SAS, EViews) to fit linear regression equations to per unit use with the initially selected predictor variables.
Examine coefficient estimates and measure of fit	Check measures of fit (e.g., R^2) and coefficient estimates for reasonable magnitude, direction/sign, and significance.
Refine model to improve measures of fit and coefficient estimates	If the model fit is poor or if coefficient estimates are illogical or insignificant, several actions can be taken, including but not limited to: • Identifying and removing outlier data points that have significant leverage on coefficient estimates. • Remove predictors with insignificant or illogical coefficient estimates from the regression equation. • Testing alternate specifications of predictor variables.
Check models for cross-sector consistency	Model fits and predictors are compared across sectors to judge estimates relative to prior expectations; e.g., testing if the relative effects of price and socioeconomic variables vary by sector in a logical way based on past experience.
[(a)] Model data pre-processing is detailed in TM 2.	

[4] Retail agencies submitted historical billing records of varying lengths. Sufficient retailers submitted records from 2000-2018 to establish model fits over the time period.

1.4 Summary of Model Predictors

Several model predictors were used to develop Valley Water's demand model. To be considered for use, potential predictors needed to pass the following conceptual criteria:

- Logical connection to explaining changes in water consumption;
- Historical record consistent with the time series of observed water consumption; and
- Availability of future projections consistent with the desired forecast horizon (i.e., 2020-2045) or a reasonable basis for assuming or generating projected values.

Initial selection of model predictors is discussed in detail in TM 2. However, during the model fitting process, derivatives of initial variables were also developed and included in subsequent model equations. One example is time lags on weather variables; supplementary variables were created from the temperature and precipitation time series at one to three-month lags. These lagged weather variables aimed to capture a delayed or persistent response in water use. A second example is an extended drought effect variable. The initial drought variables were directly calculated from historic water use restrictions. A supplemental drought variable was created that extended the last historic occurrence of mandatory water restrictions (2017) through the end of the historic dataset (2019); this "extended drought effect" variable was considered to represent inertia in behavioral changes in water use after the water use restrictions were no longer in place (i.e., delayed drought rebound). Table 1-3 details the predictors used to develop the demand models and identifies the expected sign and magnitude of the coefficient estimates resulting from the linear regression.

Table 1-3: Description of Demand Model Predictors

Predictor Variable	Log Transformed?	Expectations about Coefficient Estimates	Description
Departure from normal temperature[a]	Yes	Positive sign	Represents difference from long-term temperature. Higher than normal temperatures are associated with higher demands.
Departure from normal precipitation[a]	Yes	Negative sign	Represents difference from long-term precipitation. Higher than normal rainfall is associated with lower demands.
Seasonal index	No	Larger absolute magnitudes for agencies with greater seasonal peaking	Reflects the cyclical pattern in water use where demands a generally higher in the summer and lower in the winter. Represented in the model as a sine / cosine pair of variables.[b]
Price	Yes	Negative sign with absolute value between 0 and 1	Economic theory suggests negative correlation with demand.
Economic index	Yes	Positive sign	Several economic indices were explored as potential predictors[c] with the detrended Economic Cycles Research Institute (ECRI) selected as the index that produced the most reasonable coefficient estimates across model sectors. Water demand is positively correlated with economic fluctuations of the business cycle. The index is modeled in form of departures from long-term trend.
Housing density	Yes	Negative sign (commonly with absolute value between 0 and 1)	Housing density is negatively correlated with demand; on average, residences with more units per acre (or smaller parcel sizes) tend to use less water on outdoor uses.
Median income	Yes	Positive sign (commonly with absolute value between 0 and 1)	Economic theory suggests positive correlation of income with demand; generally geographical areas with higher median incomes tend to use more water.
Persons per household	Yes	Positive sign (commonly with absolute value between 0 and 1)	Positively correlated with demand; generally, residences with more people tend to use larger amounts of water.
Mix of Industries / economic activity[d]	Yes	N/A	The representation of industries / economic activity with a geographical area is related to the amount of water used within the CII sector. Fitted parameters for these variables are generally unique by utility, thus there is no generally accepted range of coefficient estimates.
Drought Severity	No	Negative sign	Reflects the effect of drought restrictions from the most recent drought (2014-2017, with extended restrictions though 2019) on water demand.[e] Defined as the presence of drought restrictions (represented as a binary) multiplied by the requested cutback (e.g. 0-30%).

[a] Lagged values of temperature and precipitation were also evaluated and included as model predictors as the influence of weather on water demand can persist several months.

[b] Most sectors have a single sine/cosine pair representing the seasonal cycle, except for Stanford. Stanford has two sine/cosine pairs to capture seasonal effects associated with the academic calendar. See Section 4.3 for additional discussion.

[c] Other economic indices explored as potential predictors are documented in TM 3.

[d] Detail on the derivation of specific predictors representing mix of industries / economic activity is documented in TM 3.

[e] A unique prediction variable was also evaluated for the 2008-2011 drought but was dropped during the model development process as the coefficient estimate was not statistically significant. The 2008-2011 drought overlapped with the severe economic downturn of the Great Recession which likely mutes its statistical significance.

2. Single Family Regression Development

This section reviews the development of the statistical regression for the single family residential sector.

2.1 Model Predictors and Fitted Coefficients

The fit for the final single family regression is presented in Table 2-1. Coefficient estimates are within the expected range for all explanatory variables.

Table 2-1: Single-Family Regression Predictors and Coefficients

Variable	Coefficient	Standard Error	t-Statistic	Probability
Intercept	3.821	0.324	11.776	<0.05
Seasonal index 1[(a)]	-0.283 (avg) -0.045 to -0.185	0.013 (avg) 0.008 to 0.026	-24.086 (avg) -7.379 to -24.086	<0.05
Seasonal index 2[(a)]	-0.262 (avg) -0.616 to -0.064	0.013 (avg) 0.008 to 0.026	-23.026 (avg) -44.960 to -3.786	<0.05
Departure from normal temperature	1.008	0.135	7.464	<0.05
Departure from normal temperature, 1-month lag	0.824	0.137	5.997	<0.05
Departure from normal temperature, 2-month lag	0.354	0.137	2.583	<0.05
Departure from normal temperature, 3-month lag	0.306	0.127	2.413	<0.05
Departure from normal precipitation	-0.008	0.003	-3.01	<0.05
Departure from normal precipitation, 1-month lag	-0.009	0.003	-3.649	<0.05
Departure from normal precipitation, 2-month lag	-0.004	0.003	-1.582	0.114
Price	-0.085	0.009	-9.942	<0.05
Economic index	0.945	0.101	9.316	<0.05
Housing density	-0.406	0.007	-60.745	<0.05
Median income	0.195	0.025	7.778	<0.05
Persons per household	0.473	0.04	11.907	<0.05
Drought severity, extended	-1.506	0.048	-31.109	<0.05
[(a)] Seasonal indices are unique to each retail agency.				

Variables with an increasing effect on water use (i.e., a positive coefficient) included temperature, economic index, median income, and persons per household. Variables with a decreasing effect on water use (i.e., a negative coefficient) included precipitation, price, housing density, and the extended drought effect.

2.2 Historical Model Performance

Figure 2-1 shows the observed and predicted per-unit use for the single family sector in gallons per unit per day (gpud) calculated as a unit-weighted average across all retail agencies. Performance of the single family regression is summarized in Table 2-2 which shows performance metrics for unit-weighted average County-wide demand. Visual inspection of the time series plot and review of the model fit parameters showed good performance at the County-wide level, including strong agreement with the observed seasonal cycle and ability to reproduce declining consumption during the Great Recession, recovery between the Great Recession and the recent drought, and the sharp decline and muted recovery following the most recent drought.

Historical performance of the single family regression was also strong at the retail agency-level. Model fit statistics calculated at the retail agency-level generally mirrored County-wide performance. Model fit statistics and time series plots for each retailer are presented in Appendix B.

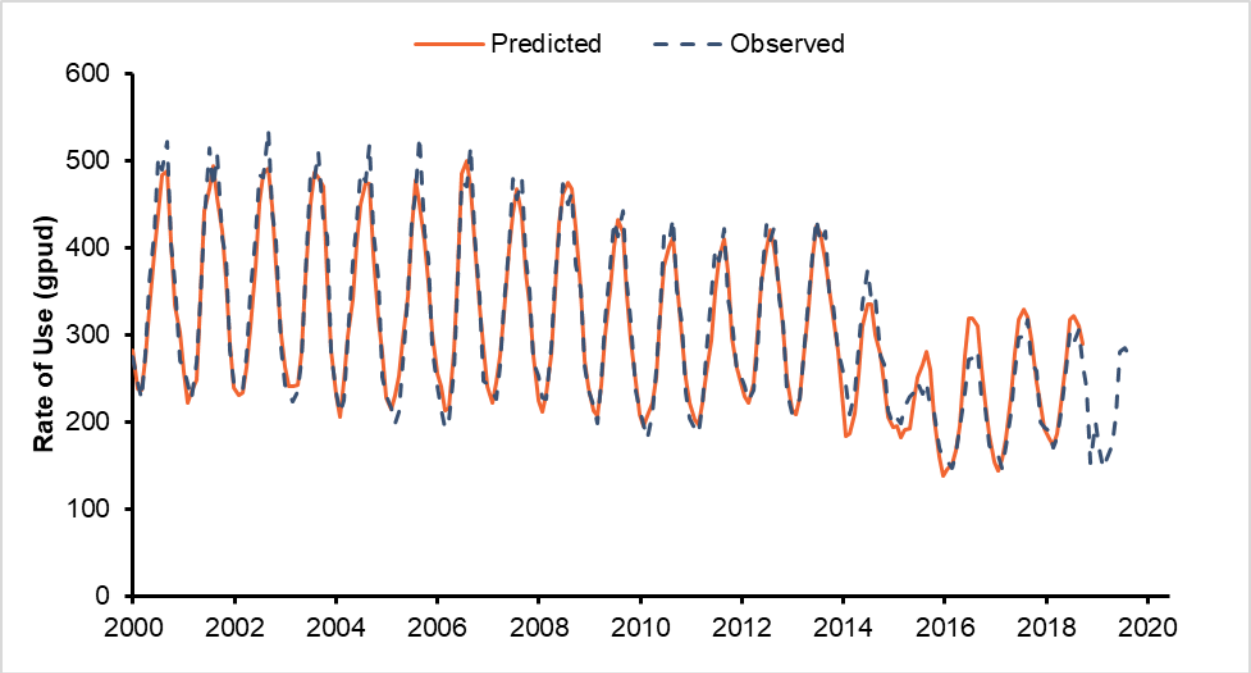


Figure 2-1: County-Wide Single-Family Observed and Predicted Per Unit Rate of Use

Table 2-2: County-Wide Single-Family Regression Performance Metrics

Regression Statistic[(a)]	Value
R-squared	0.95
Average Observed Value (gpud)	305.71
Mean Absolute Percentage Error	5.82%
Mean Bias	-1.13%

[(a)] Statistics calculated using County-wide unit-weighted average observations and predicted values from the regression fits.

3. Multifamily Regression Development

This section reviews the development of the statistical regression model for the multifamily residential sector.

3.1 Model Predictors and Fitted Coefficients

The fit for the final multifamily regression is presented in Table 3-1. Though most predictors are the same as the single family sector, several predictors (e.g., median income and 2-month lagged departure from precipitation) were dropped and certain predictors (e.g., the intercept term and drought severity) were allowed to vary by retail agency. These modifications to the model design resulted in stronger measures of fit and more reasonable coefficient estimates. Final coefficient estimates presented in Table 3-1 are within the expected range for all explanatory variables.

Table 3-1: Multifamily Regression Predictors and Coefficients

Variable	Coefficient	Standard Error	t-Statistic	Probability
Intercept	5.209	0.074	70.141	<0.05
Agency-specific intercepts[a]	-0.223 (avg) -0.719 to 0.280	0.013 (avg) 0.007 to 0.023	-31.555 (avg) -104.09 to 15.203	<0.05
Seasonal index 1[b]	-0.161 (avg) -0.372 to -0.056	0.012 (avg) 0.006 to 0.031	-16.311 (avg) -35.651 to -3.872	<0.05
Seasonal index 2[b]	-0.138 (avg) -0.255 to -0.056	0.012 (avg) 0.006 to	-13.943 (avg) -29.588 to -13.943	<0.05
Departure from normal temperature	0.488	0.098	4.974	<0.05
Departure from normal temperature, 1-month lag	0.514	0.100	5.155	<0.05
Departure from normal temperature, 2-month lag	0.397	0.094	4.226	<0.05
Departure from normal temperature, 3-month lag	0.194	0.092	2.101	<0.05
Departure from normal precipitation	-0.002	0.002	-1.127	0.260
Departure from normal precipitation, 1-month lag	-0.006	0.002	-2.954	<0.05
Price	-0.055	0.013	-4.347	<0.05
Economic index	1.568	0.091	17.226	<0.05
Housing density	-0.205	0.011	-18.105	<0.05
Persons per household	0.900	0.057	15.788	<0.05
Drought severity, extended[c]	-0.718	0.044	-16.294	<0.05

[a] Several agencies including San Jose Water Company, San Jose Municipal Water, Great Oaks Water Company, City of Gilroy, California Water Service, and the City of Sunnyvale were fitted with agency-specific intercept terms in order to optimize historical model performance.

[b] Seasonal indices are unique to each retail agency.

[c] Recorded drought severity coefficient estimate is for all agencies except San Jose Water Company, which was fitted an agency-specific drought severity coefficient.

Variables with an increasing effect on water use (i.e., a positive coefficient) included temperature, economic index, and persons per household. Variables with a decreasing effect on water use (i.e., a negative coefficient) included precipitation, price, housing density, and the extended drought effect.

3.2 Historical Model Performance

Figure 3-1 shows the observed and predicted per-unit use for the multifamily sector in gpud calculated as a unit-weighted average across all retail agencies.[5] Performance of the multifamily regression is summarized in Table 3-2 which shows performance metrics for unit-weighted average County-wide demand. Visual inspection of the time series plot and review of the model fit parameters showed good model performance at the County-wide level, including strong agreement with the observed seasonal cycle and ability to reproduce declining consumption during the Great Recession, recovery between the Great Recession and the recent drought, and the sharp decline and muted recovery following the most recent drought.

Historical performance of the multifamily regression was also strong at the retail agency-level. Model fit statistics calculated at the retail agency-level generally mirrored County-wide performance. Model fit statistics and time series plots for each retailer are presented in Appendix C.

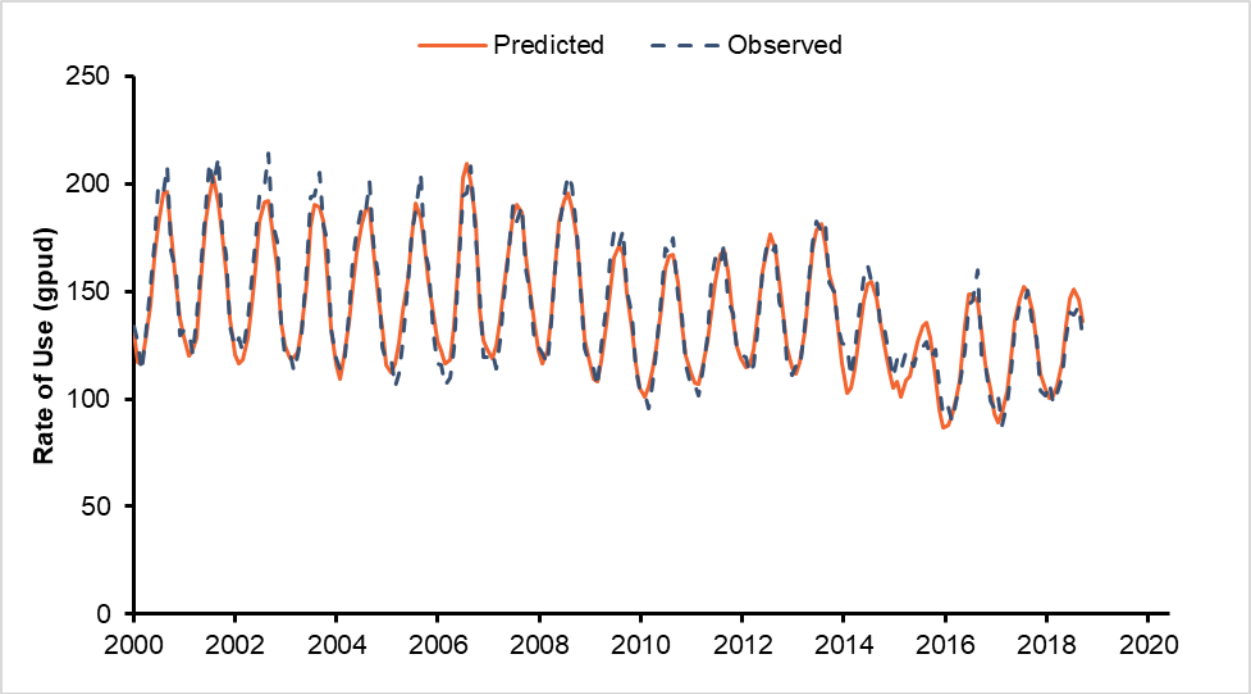


Figure 3-1: County-Wide Multifamily Observed and Predicted Per Unit Rate of Use

[5] Figure 3-1 excludes an outlier monthly observed datapoint for a single retail agency.

Table 3-2: County-Wide Multifamily Regression Performance Metrics

Regression Statistic[(a)]	Value
R-squared	0.94
Average Observed Value (gpud)	142.26
Mean Absolute Percentage Error	4.53%
Mean Bias	-0.87%
[(a)] Statistics calculated using County-wide unit-weighted average observations and predicted values from the regression fits.	

4. CII Regression Development

This section reviews the development of the statistical regression for the CII sector. Distinct regressions representing the commercial, industrial, and institutional water use sectors[6] were initially considered. However, different billing classification schemes among retail agencies introduced definitional uncertainty in sectoral water use and driver units. For example, certain agencies lacked a distinct industrial billing classification while others combined commercial and institutional categories. Additional verification of water use at the account-level was not possible given the data constraints for this project.[7] In response to these constraints and uncertainties, total use within the commercial, industrial, and institutional sectors was consolidated into a single composite CII regression. The benefit of combining these sectors is a more parsimonious representation with respect to number of sectors, while providing a means to use the mix of industries to explain CII water use variability across retail agencies.

4.1 Model Predictors and Fitted Coefficients

Model predictors for the final CII regression equation along with their statistics are in Table 4-1. Note that understanding/quantifying the types of economic activity occurring within the County are important to understanding changes in CII consumption over time. Since individual regressions for the commercial, industrial, and institutional sectors were not developed, predictor variables representing the relative proportion of employment among different industry groupings was used in the CII regression. Proportional employment based on industry grouping is meant to reflect the relative mix of industries / economic activity within each retail agencies' service area. Most CII model predictors are similar to those used for the single family and multifamily sectors, however certain variables (e.g., 3-month lagged departure from normal temperature) were excluded during the regression refinement process. Final coefficient estimates presented in Table 4-1 are within the expected range for all explanatory variables.

[6] Refer to Appendix A for a summary of standardized sectors by retail agency.

[7] The finest spatial resolution of all consumption data was at the retail agency-level.

Table 4-1: CII Regression Predictors and Coefficients

Variable	Coefficient	Standard Error	t-Statistic	Probability
Intercept	-0.186	0.268	-0.695	0.49
Seasonal index 1[(a)]	-0.29 (avg) -0.41 to -0.17	0.02 (avg) 0.01 to 0.03	-20.79 (avg) -33.3 to -9.2	<0.05
Seasonal index 2[(a)]	-0.34 (avg) -0.53 to -0.10	0.02 (avg) 0.01 to 0.03	-23.34 (avg) -39.2 to -3.5	<0.05
Departure from normal temperature	1.037	0.158	6.580	<0.05
Departure from normal temperature, 1-month lag	0.912	0.161	5.657	<0.05
Departure from normal temperature, 2-month lag	0.370	0.158	2.340	<0.05
Departure from normal precipitation	-0.003	0.003	-0.997	0.32
Departure from normal precipitation, 1-month lag	-0.007	0.003	-2.312	<0.05
Departure from normal precipitation, 2-month lag	-0.002	0.003	-0.692	0.49
Price	-0.062	0.025	-2.453	<0.05
Economic index	0.963	0.140	6.881	<0.05
Proportion of total Employment (Retail)	0.142	0.032	4.430	<0.05
Proportion of total Employment (Professional Services)	0.499	0.031	16.065	<0.05
Proportion of total Employment (Information, Government, and Construction)	0.093	0.026	3.508	<0.05
Proportion of total Employment (Industrial)	0.351	0.026	13.249	<0.05
Proportion of total Employment (Health Education, and Recreational Services)	0.466	0.059	7.923	<0.05
Drought severity, extended	-1.424	0.070	-20.232	<0.05
[(a)] Coefficients vary by retailer.				

Variables with an increasing effect on water use (i.e., a positive coefficient) included temperature, economic index, and the mix of industries/economic activity ratios. Variables with a decreasing effect on water use (i.e., a negative coefficient) included precipitation, price, and the extended drought effect.

4.2 Historical Model Performance

Figure 4-1 shows the observed and predicted per-unit use for the CII sector in gallons per employee per day (gped) calculated as a unit-weighted average for across all retail agencies. Performance of the CII model is summarized in Table 4-2 which shows regression performance metrics for county wide demand. Visual inspection and performance metrics showed good model performance including the same seasonal cycle and quantities. The CII regression was also able to reproduce declining consumption during the Great Recession, recovery between the Great Recession and the recent drought, and the sharp decline and muted recovery following the most recent drought.

Historical performance of the CII regression was also strong at the retail agency-level. Model fit statistics calculated at the retail agency-level generally mirrored County-wide performance. Model fit statistics and time series plots for each retailer are presented in Appendix D.

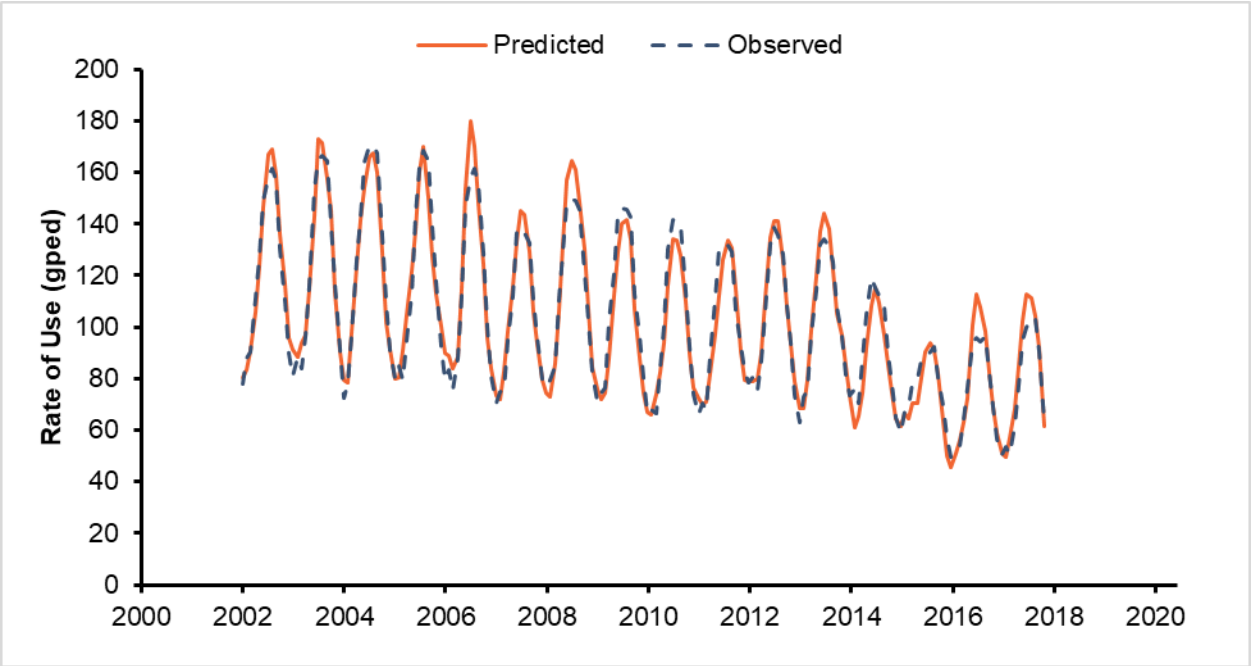


Figure 4-1: CII Observed and Predicted Rate of Use

Table 4-2: County-Wide CII Regression Performance Metrics

Regression Statistic[(a)]	Value
R-squared	0.96
Average Observed Value (gped)	103.89
Mean Absolute Percentage Error	5.08%
Mean Bias	-0.06%
[(a)] Statistics calculated using County-wide unit-weighted average observations and predicted values from the regression fits.	

4.3 Stanford University Regression Development

As an academic institution, Stanford University (Stanford) is considered part of the CII sector. However, an independent regression for Stanford was developed given its unique characteristics among retailers. Unlike other retail agencies, Stanford does not have accounts in the traditional sense as individual users are not billed. Additionally, employee water use as the sole driver unit (consistent with the CII sector for other retailers) is not appropriate for Stanford as students account for a significant portion of water use. This distinction informed the decision to use population (understood to be total faculty, staff, and students) as the driver unit for Stanford. Since the driver unit for the Stanford CII model was population, rather than jobs like the rest of the retailers' CII use, rate of use must be modeled separately. It is expected that the significant variables and/or magnitudes of coefficients would be different for Stanford than the other retailers' CII sectors due to the difference in driver units. A discussion of Stanford's regression predictors and fitted coefficients is presented in Appendix E. A summary of the Stanford's historical model performance is included in Appendix D.

5. Non-Retail Groundwater Pumper Regression Development

Historic water use for non-retail groundwater pumpers includes groundwater use by private well owners that are outside of retailers' service areas. Historic groundwater use was reported by groundwater basin and billing classification. The groundwater basins include Santa Clara Plain (referred to as charge zone "W2") as well as Coyote Valley sub-basin management area and the Llagas sub-basin and (referred to as charge zone "W5"). Water use was classified as either agricultural or municipal/industrial (M&I). M&I can include residential domestic water use.

Historical regression fits for non-retail groundwater pumpers were performed on annual water use. Agricultural water use was typically reported annually or semi-annually. M&I use was reported monthly or semi-annually. As a result, a monthly resolution for model fitting was not possible.

Further, historical model fits for non-retail groundwater pumpers were performed on a volumetric basis. Typical driver units for groundwater use, such as number of wells, did not support the "rate of use times driver" approach that was used for single family, multifamily, and CII model development.

Fitted models were only finalized for the M&I sector for the two groundwater basins. Agricultural use was often reported semi-annually (in January and July) and was estimated by a "table of averages" approach based on crop type, resulting in a lack of variability that could be modeled by predictor variables. Initial exploration of statistical/econometric model development showed that agricultural water use has been generally constant over the last twenty years and was not well-characterized by typical predictor variables.

5.1 Model Predictors and Fitted Coefficients

Model predictors for the non-retail groundwater pumpers M&I regression models along with their statistics are in Table 5-1. The two groundwater zones were modeled separately; a combined regression provided no improvement in the statistical significance of coefficients.

Table 5-1: Predictors for Non-Retail Groundwater Pumpers M&I Regression.

Basin	Variable	Coefficient	Std. Error	t-Statistic	Prob.
W2	Intercept	-0.59	4.08	-0.14	0.89
	Drought	-0.70	0.20	-3.54	<0.05
	Price	-0.81	0.06	-13.31	<0.05
	Temperature[(a)]	1.83	0.93	1.98	0.07
W5	Intercept	1.43	0.47	3.04	<0.05
	Number of Wells	0.19	0.04	5.56	<0.05
	Drought	-0.31	0.15	-2.09	0.06
	Price	-0.12	0.05	-2.41	<0.05
	Precipitation[(a)]	-0.09	0.02	-3.62	<0.05

[(a)] Temperature and precipitation for non-retail groundwater pumper models were in absolute terms, not departures from normal.

Variables with an increasing effect on water use (i.e., positive coefficient) included maximum temperature (used in the W2 model only) and number of wells (used in the W5 model only). Variables with a decreasing effect on water use (i.e., negative coefficient) included the extended drought effect,

price, and precipitation (used in the W5 model only). Economic indices, density, and median income were not found to be statistically significant for the groundwater M&I regressions. Note that temperature was found to be statistically significant for the W2 charge zone but not for the W5 charge zone regression, while precipitation was found to be statistically significant for W5 but not W2.

5.2 Historical Model Performance

Performance of the groundwater M&I regressions is summarized in Table 5-2. Figure 5-1 and Figure 5-2 show the observed and predicted demand for the M&I sector for groundwater charge zone W2 and W5, respectively. The M&I W5 regression had a lower correlation coefficient than all other model fits described in this TM, likely due to the relatively constant annual average water use over the available period.

Table 5-2: Regression Performance Metrics for Groundwater M&I Models

Regression Performance Metric	M&I, W2	M&I, W5
R-squared	0.96	0.81
Average Observed Value (mgd)	7.81	7.68
Mean Absolute Percent Error	4.32%	3.54%
Mean Bias	-0.22%	-0.09%

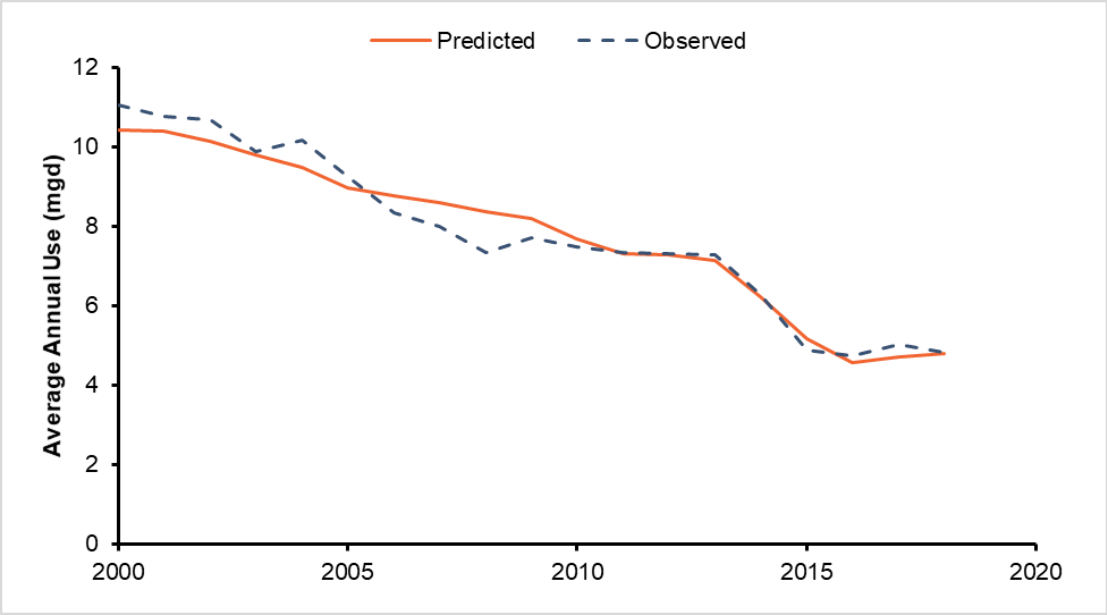


Figure 5-1: Observed and Predicted M&I Demand for Groundwater Basin W2

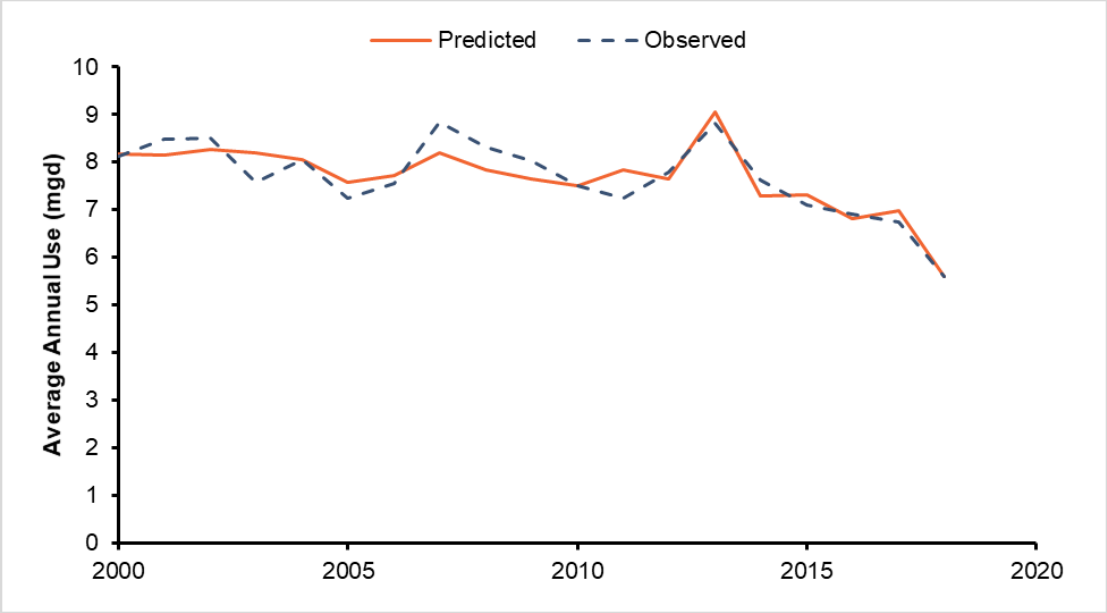


Figure 5-2: Observed and Predicted M&I Demand for Groundwater Basin W5

Figure 5-3 shows historic agricultural water use for the W2 and W5 charge zones. Agricultural water use in the W2 charge zone is less than 1 mgd and has been slightly declining over the last twenty years. Agricultural water use in the W5 charge zone has been generally constant over the last twenty years at approximately 23 mgd. Initial exploration of statistical/econometric model development showed that agricultural water use was not well-characterized by typical predictor variables. Agricultural water use in both charge zones would be well-represented by an average water use from a historical reference period that is then held constant into the future.

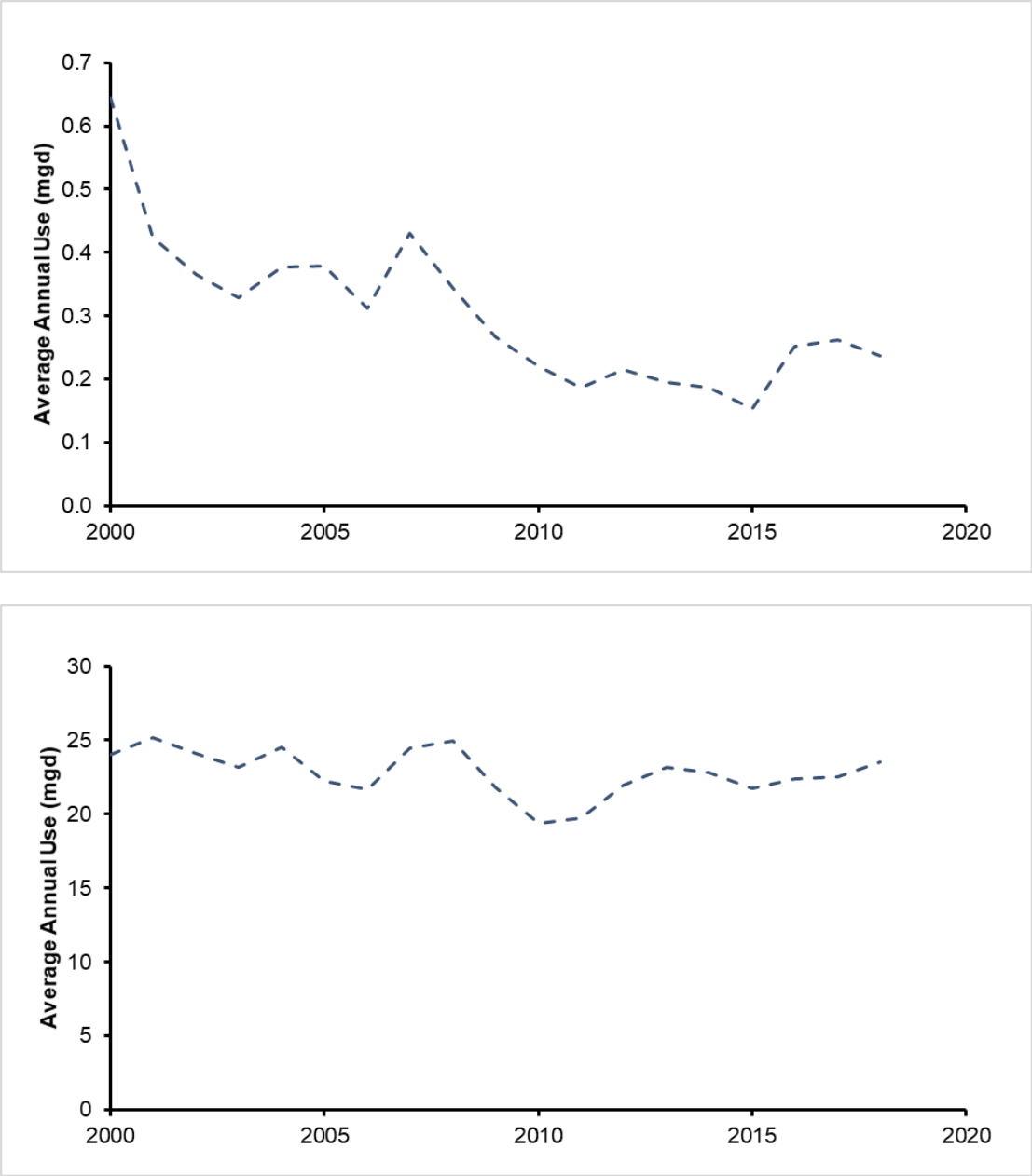


Figure 5-3: Observed Agricultural Demand for Groundwater Basin W2 (top) and W5 (bottom)

6. Summary / Conclusions

In summary, the statistical/econometric regressions presented in TM 2/4 show strong performance is explaining historical patterns of consumption over the last 20 years, including two major droughts and the Great Recession. All regressions had R-squared values of 0.81 or greater. The retailer-specific regressions, which represent the majority of water use in the County, had R-squared values of 0.94 or greater. None of the regressions demonstrated a large consistent bias. Based on this analysis, the regression reflect a suitable basis for forecasting.

The overall model approach allows for demand forecast scenario analysis based on varying assumptions of future conditions. Several forecast scenarios may be explored, including climate change-adjusted weather, alternate assumptions around the timing and magnitude of drought recovery, alternate assumptions around urban development, and/or different assumptions around future economic conditions. For any of these future scenarios, the model coefficients developed in this TM should be maintained as they reflect the best fitted estimates of causal relationships between external socioeconomic conditions and historical water demand given the available modeling data. Model scenarios can also be developed to address uncertainties in future predictor variables, such as housing / job growth and density. Future inputs in these scenarios could be conducted as a sensitivity analysis or be driven by alternate growth projections.

On a regular basis, overall model performance should be evaluated. Annually, forecasted consumption and input assumptions (e.g., driver unit counts, economic conditions, water rates, etc.) can be compared with observed conditions as data becomes available to monitor predictive performance. Less frequently (around every 5 years) model predictors should be revaluated using the process outlined in Figure 1-2. Major events, such as another drought or a severe economic recession may necessitate reexamination and/or refitting model coefficients and may cause changes in longer term expectations over the forecast period. As more data becomes available on the impacts of COVID-19 on County demographics and water use (e.g., potential shifts in CII to residential demand), reexamination of the underlying sectoral rates of water use as well as model coefficients should be conducted.

Attachment 3 Water Supply Master Plan Project Description

Project Type	Project Name	Description
Alternative Supply	**Potable Reuse – Palo Alto**	Construction of an Advanced Water Purification Facility in Palo Alto capable of producing up to 10 MGD of purified water, for groundwater replenishment at the existing percolation ponds within the Los Gatos Recharge System Complex (LGRS). This project is included in the CIP.
	Potable Reuse – San Jose	Constructs an expanded advanced water purification facility in San Jose to increase purified water for potable reuse.
	Refinery Recycled Project	Builds a tertiary recycled water facility in Contra Costa County through a partnership with Central San. Central San would provide the recycled water produced from the facility to two oil refineries in Contra Costa County. Valley Water would then receive Contra Costa Water District's (CCWD) Central Valley Project (CVP) water currently used by the refineries. This project has an existing committee.
	Local Seawater Desalination Project	Proposes a seawater desalination project in Santa Clara County using seawater from the South San Francisco Bay to obtain a reliable local water supply. The project would provide treated water supplies directly to Valley Water's treated water system for distribution to customers but would generate brine effluent that requires management. This project is at the pre-feasibility stage
Surface Water Supply	**Delta Conveyance Project**	Modernizes the State Water Project (SWP) infrastructure by constructing alternative conveyance to divert up to 6,000 CFS from the Sacramento River north of the Delta and deliver it to SWP facilities at the southern end of the Delta. The project helps restore and protect the reliability of SWP water deliveries and, potentially, CVP water supplies south of the Delta.

	Sites Reservoir	By partnering with other agencies, builds an off-stream water supply reservoir north of the Delta to collect flood flows from the Sacramento River. This project would provide dry year yield and would be operated in coordination with the SWP and CVP, which could improve flexibility of the statewide water system.
	Stormwater - Agricultural Land Recharge (FloodMar)	Recharge stormflows on open space during the winter months. Feasibility study under way.
	Stormwater Capture	Constructs a stormwater capture and infiltration system. Site selection is still underway and will most likely require partnerships with other agencies.
Storage	**Pacheco Reservoir Expansion**	Enlarges Pacheco Reservoir from about 5,500 AF to 140,000 AF and connects the reservoir to the Pacheco Conduit. The reservoir plans to be filled with natural inflow and CVP supplies. Potential project benefits include water for downstream fisheries, emergency storage, and managing water quality impacts. This project is in the CIP.
	Los Vaqueros Expansion	Secures an agreement with CCWD and other partners to expand Los Vaqueros Reservoir by 115,000 AF, use CCWD intakes, and constructs a new pipeline (Transfer-Bethany) connecting the reservoir to the South Bay Aqueduct. This would provide storage and deliveries of delta surplus supplies. This project has a JPA.
	Groundwater Banking	Explores options for securing out-of-county storage through the development of new groundwater banks or extension of existing groundwater banking programs.

	B.F. Sisk Dam Raise	Increases the height of B.F. Sisk Dam and expands the capacity of San Luis Reservoir by 130,000 AF. New capacity would be shared by Reclamation and project participants and would be operationally integrated with the CVP. Benefits are expected to include dedicated storage capacity and supplemental imported water supply.
Recharge & Pipelines	**Coyote Valley Recharge Pond**	Constructs a new percolation pond(s) in Coyote Valley off-stream of Coyote Creek and near the Cross-Valley Pipeline (CVP). This project would require purchasing land and creating a new turn-out and diversion pipeline from the CVP to the pond. This project helps create operational flexibility for managed recharge operations in Coyote Valley, reducing its reliance on Coyote Creek flows and operational constraints.
	Lexington Pipeline	Constructs a pipeline between Lexington Reservoir (or Vasona Reservoir) and the raw water system to allow surface water from Lexington to be put to beneficial use elsewhere in the county. The pipeline may also convey some wet-weather flows to treatment plants or recharge facilities.
	Lexington-Montevina Water Treatment Plant Connection	Sends water from Lexington Reservoir to San Jose Water Company's (SJWC) Montevina WTP to allow for Lexington water to be used in the SJWC service area. The project would require construction of a pump station and intake pipe from Lexington to Montevina.
	Butterfield Channel Managed Aquifer Recharge	Connects Butterfield Channel to Valley Water's raw water conveyance system so imported water can be recharged along Butterfield Channel during the summer months when it is not used for stormwater conveyance.
	Madrone Channel Expansion	Expand managed aquifer recharge in Madrone Channel by adding one or two dams/ponds downstream of the existing Madrone Channel Pond #10. There's a reach approximately 4,600 feet in length between

		the dam for pond #10 and the confluence with East Little Llagas Creek, located downstream.
	San Pedro Ponds Improvement Project	Implements a project or program to enable the ponds to be operated at full capacity without interfering with existing septic systems in the vicinity.

Water Supply Master Plan 2050

Water Commission Meeting, January 24, 2024

Long-Range Water Supply Planning

- Uncertain future
- Aging infrastructure
- Incomplete information
- Imminent decisions on generational opportunities for investment

WSMP 2050 Updates

Goals

Planning horizon

Wider range of values

Portfolio approach

Recognition of uncertainty

Planning Goals to Achieve Level of Service

System reliability

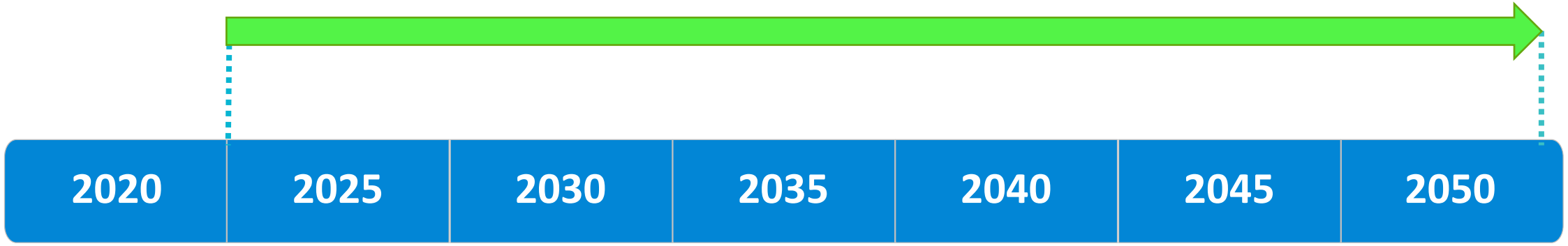
Supply diversification

Reduced shortage risk

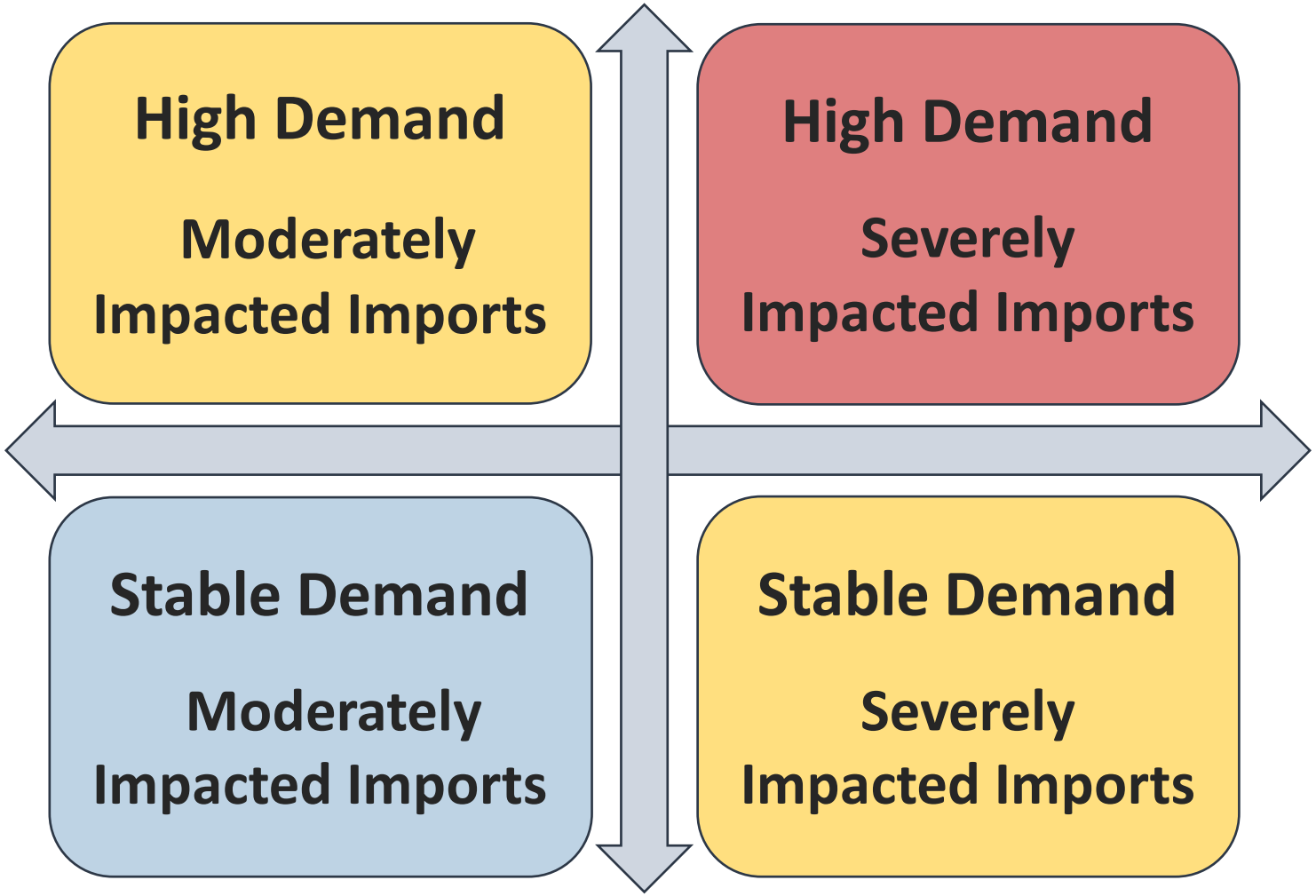
Affordable rates

Planning Horizon

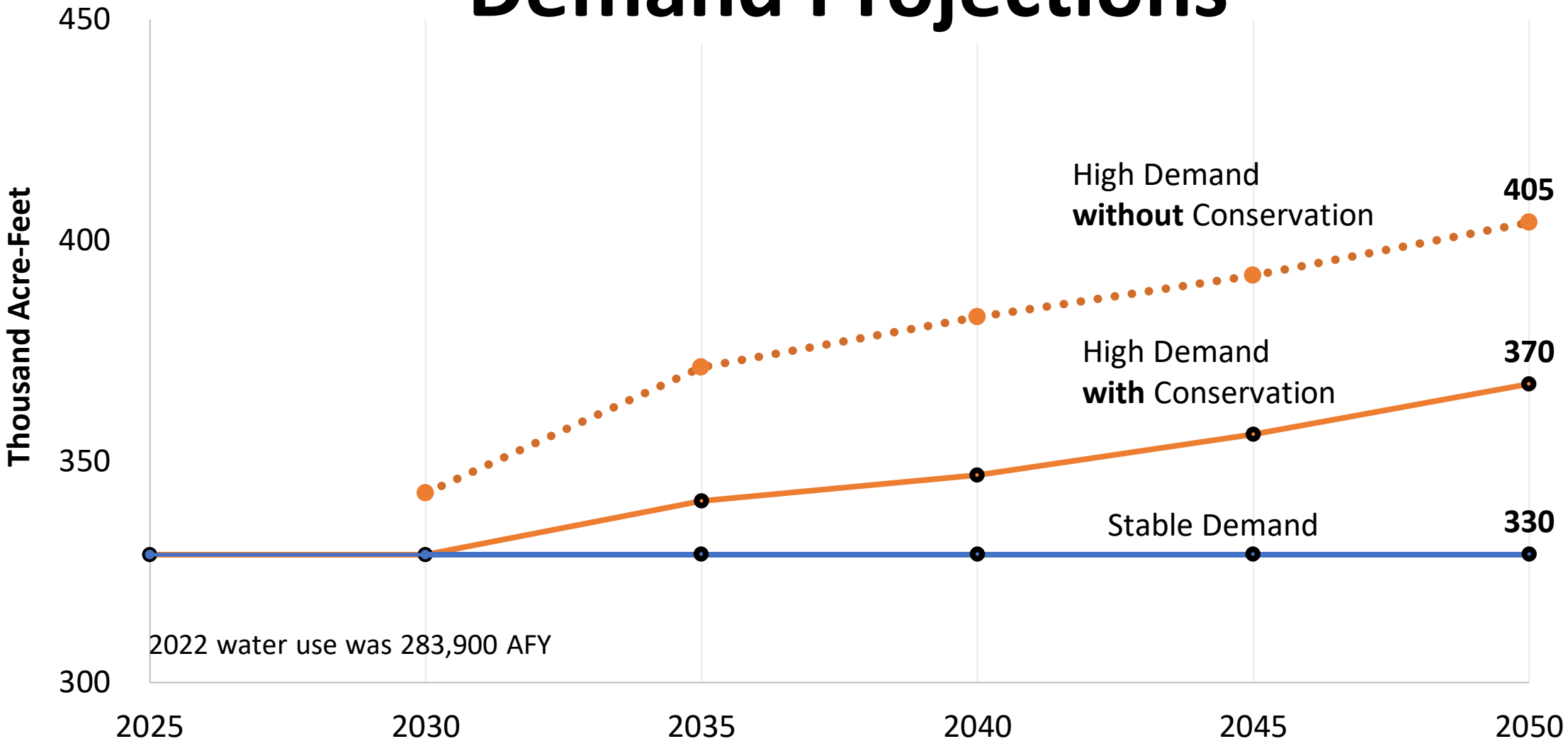
20 years → 30 years



Planning Approach – Scenario Planning



Demand Projections



Demand modeling integrates historic water use trends, housing and economic growth, climate change, and post-drought water use rebound.

Imported Water Supply

Two imported water scenarios

- Moderately impacted imports
- Severely impacted imports

Climate change considered

Baseline Assumptions

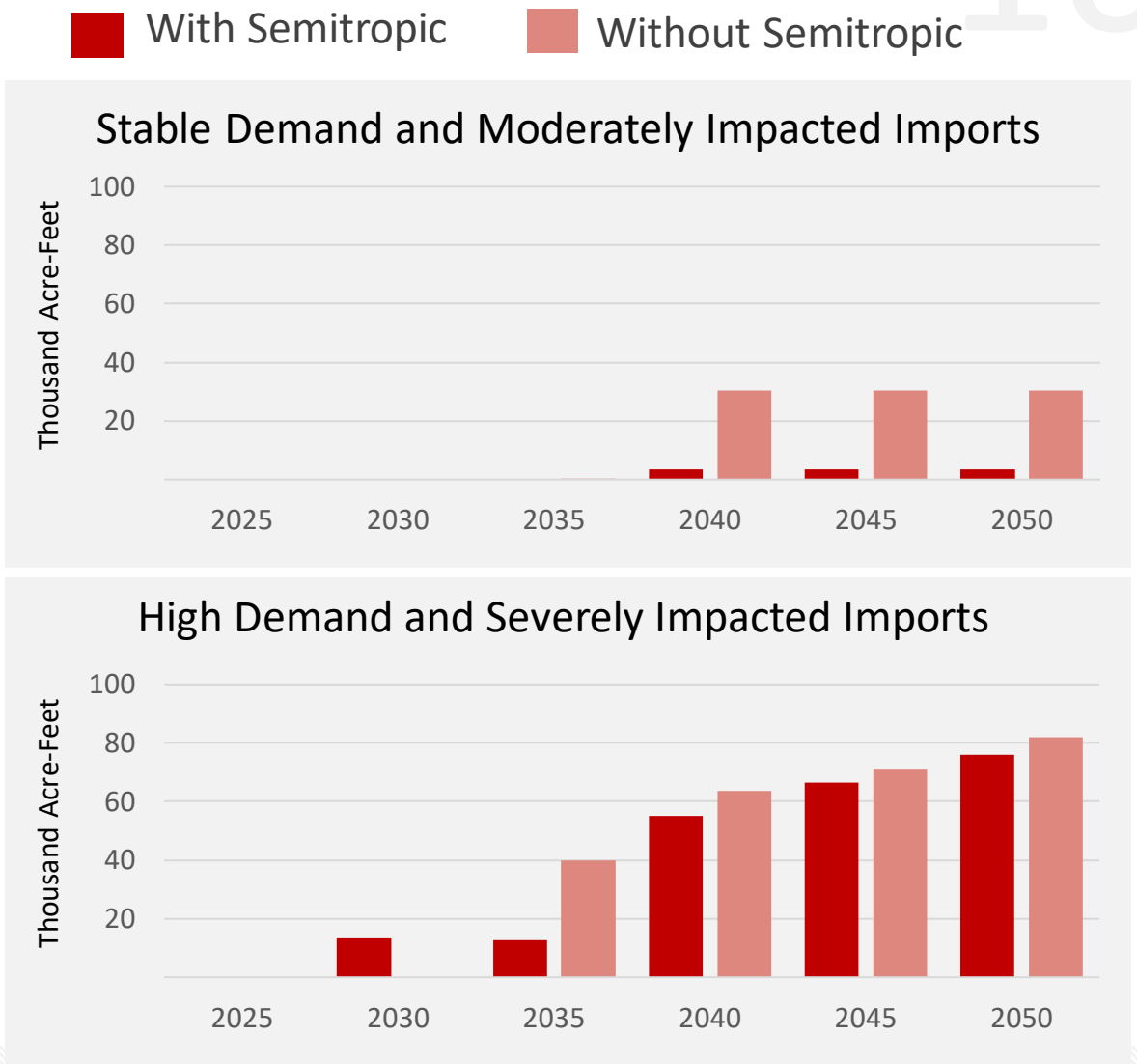
Achieve long-term conservation goals

Complete dam seismic retrofits

Maintain Valley Water assets

Future Water Supply Needs

- Shortage in all scenarios and as early as 2030
- Average annual shortages 4-76 Thousand Acre-Feet in 2050
- 2-year drought manageable
- Out-of-County groundwater storage important



Future Investment Options

- Alternative supply - dependable during drought/year round
- Surface supply - increase reliability and resilience
- Storage - capture excess water supply in wet years to be used during drought years
- Recharge ponds and pipeline – increase local supply

Project List Grouped by Primary Benefits

Alternative Supply
Potable Reuse – Palo Alto
Potable Reuse – San Jose
Refinery Recycled Project
Local Seawater Desalination Project

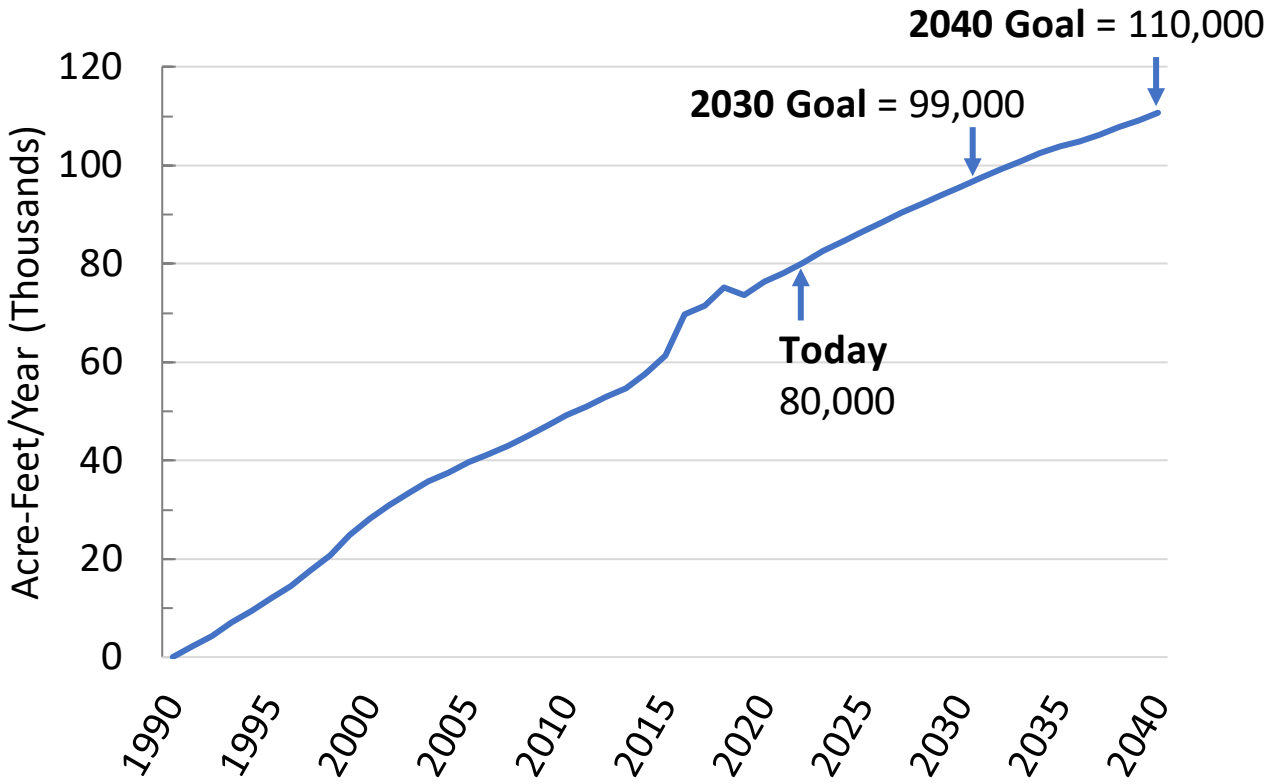
Surface Supply
Delta Conveyance Project
Sites Reservoir
Stormwater – Agricultural Land Recharge (FloodMar)
Stormwater Capture

Storage
Pacheco Reservoir Expansion
Los Vaqueros Expansion
Groundwater Banking
B.F. Sisk Dam Raise

Recharge and Pipelines
Coyote Valley Recharge Pond
Lexington Pipeline
Lexington-Montevina Water Treatment Plant Connection
Butterfield Channel Managed Aquifer Recharge
Madrone Channel Expansion
San Pedro Ponds Improvement Project

Conservation Effort and MWENDO

- Continued conservation
- Promote MWENDO*
  - Water use efficiency measures for new development
  - Developed in 2015 and updated with new plumbing code
  - Customizable for local priorities to adopt
- Develop 2050 conservation targets



valleywater.org

* Model Water Efficient New Development Ordinance

Project Evaluation Criteria

- **Water Supply Benefit**
- **Cost/Rate Impact**
- Timing
- Technical Feasibility
- Operation
- Reliability
- Readiness/Likelihood of Success
- Flexibility
- Jurisdiction/Partnership
- Permitting/Legal issues
- Environmental Impacts/Justice
- Public Acceptance
- Inter-dependence
- Risk/Challenges

Portfolio Analysis and Evaluation

- Evaluate portfolios to identify cost-effective solutions
- Develop cost estimates for comparison
- Develop recommendations

WSMP Update Schedule

2023

- Establish overall framework and procedures
- Project/portfolio analysis and evaluation
- Stakeholder engagement

2024

- Portfolio analysis and recommendations
- Plan development
- Stakeholder outreach
- Plan adoption

File No.: 24-0089

Agenda Date: 1/24/2024
Item No.: 5.4.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Review and Provide Comment to the Board on Staff's Preliminary Fiscal Year 2024 - 2025 Groundwater Production Charges.

RECOMMENDATION:
Discuss staff's preliminary Fiscal Year 2024 - 2025 Groundwater Production Charge analysis; provide comment to the Board as desired.

SUMMARY:

Summary of Groundwater Production Charge Analysis

Staff has prepared Valley Water's preliminary Fiscal Year 2024 - 2025 (FY 2024-25) groundwater production charge analysis, which includes several scenarios presented to the Board on January 9, 2024. Staff sought Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge reflects the benefit of Valley Water activities to protect and augment groundwater supplies and is applied to water extracted from the groundwater basin in Zones W-2, W-5, W-7, and W-8. Zone W-2 encompasses the Santa Clara groundwater subbasin north of Metcalf Road or the North County. Zone W-5 overlays the Llagas subbasin from northern Morgan Hill south to the Pajaro River. Zone W-7 overlays the Coyote Valley south of Metcalf Road to northern Morgan Hill, and W-8 encompasses the area below Uvas and Chesbro Reservoirs.

The groundwater production charge recommendation will be detailed in the 53rd Annual Report on the Protection and Augmentation of Water Supplies that staff plans to provide to the Clerk of the Board on February 23, 2024. The public hearing on groundwater production charges is scheduled to open on April 9, 2024. It is anticipated that the Board will set the FY 2024-25 groundwater production charges by May 14, 2024, and those charges will become effective on July 1, 2024.

The FY 2024-25 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act requirements, and Board Resolutions 99-21 and 12-10.

Water Use Assumptions

District managed water use for FY 2022-23 was approximately 197,600 acre-feet (AF), roughly 6,100 AF higher than budgeted due to a slight increase in water use at the conclusion of the drought. Water use is budgeted slightly higher for FY 2023-24 at 207,000 AF. In FY 2024-25 and beyond, water usage has been adjusted based on trends from the last drought (2014-2017). Returning to "normal" water use is projected by FY 2025-26, with water usage projected to be 222,000 AF for FY 2024-25.

Groundwater Production Charge Projection Scenarios

Staff prepared an initial baseline groundwater production charge projection scenario for Board review, with several additional scenarios including a lower water use scenario and scenarios reflecting a range of assumptions for several capital investments.

For the baseline scenario, the increase in the North County Zone W-2 Municipal and Industrial (M&I) groundwater production charge is 14.5% for FY 2024-25. In the South County, for the FY2024-25 baseline scenario, increases in the M&I groundwater production charge projections are 6.5% for Zone W-5; 14.0% for Zone W-7; and 8.0% for Zone W-8.

The overall impact of the preliminary analysis baseline scenario for FY 2024-25 on the average household would be an estimated increase of $9.85 per month in North County, $1.21 per month in South County Zone W-5, $3.17 per month in South County in Zone W-7, and $1.10 per month in South County in Zone W-8.

Staff assumes the continuation of the Contract Treated Water Surcharge at $115/AF to maintain alignment with the cost that retailers would incur to pump water from their wells.

Staff prepared the following scenarios for Board consideration.

Scenario 1) Baseline with Return to Prior Projected Water Use by FY26:
This scenario includes the following projects and assumptions:

1. Conservation: voluntary conservation continues, with water use returning to prior projections by FY 2025-26; FY 2024-25 water use is projected at 222 thousand acre-feet (TAF);
2. Anderson Reservoir leveraging Water Infrastructure Finance and Innovation Act (WIFIA) loans (up to 49% of total project costs [TPC]);
3. Pacheco Reservoir Expansion Project with $504M Proposition 1 grants, WIFIA loans (up to 49% of TPC) and Partnership Participation at 35% of TPC;
4. Palo Alto Purified Water Project (PA PWP) operational by FY 2028-29, assumes 100% debt financed by P3 entity with a $100M reduction in TPC combined with $183M in potential Large-

Scale Water Recycling Program grant funding;

5. Funding 3.23% of Delta Conveyance Project costs;
6. Los Vaqueros Expansion Project and Transfer Bethany Pipeline - up to 50 TAF storage;
7. B.F. Sisk Dam Raise and Reservoir Expansion Project - up to 60 TAF storage;
8. Master Plan Project Placeholder: assumes $326M in anticipated costs from FY 2025-26 to FY 2033-34 for new pipelines, pipeline rehabilitations, treatment plant upgrades, and SCADA implementation projects; and,
9. Agricultural rates set at or below 10% of the lowest groundwater benefit zone M&I rate (Zone W-8).

Scenario 2) Baseline with Lower Water Use:
Rebound from the recent drought is slower than projected; water use is projected at 208 kAF in FY 2024-25.

Scenario 3) Baseline excluding Pacheco Reservoir Expansion Project:
Includes the same projects and assumptions as Scenario 1; excludes Pacheco Reservoir Expansion Project.

Scenario 4) Baseline with 0% Partnership Participation Funding for Pacheco Reservoir Expansion Project:
Includes the same projects and assumptions as Scenario 1 with 0% partnership participation funding.

Scenario 5) Baseline excluding the Palo Alto Purified Water Project, plus preliminary projection for Dam Safety Program:
Includes the same projects and assumptions as Scenario 1; excludes the PA PWP delivered via P3 entity; includes a preliminary cost projection for the Dam Safety Program (Almaden, Calero, Coyote and Guadalupe).

Scenario 6) Baseline excluding Palo Alto Purified Water Project, plus preliminary projection for Dam Safety Program, plus preliminary projection for San Jose Purified Water Project (SJ PWP) - Phase 2 (Full-Scale Facility):
Includes the same projects and assumptions as Scenario 1; excludes the PA PWP delivered via P3 entity; includes a preliminary cost projection for the Dam Safety Program (Almaden, Calero, Coyote and Guadalupe); includes a preliminary cost projection for SJ PWP - Phase 2 (Full-Scale Facility).

Other Assumptions

These scenarios assume that Valley Water will continue to pay for 100% of its State Water Project (SWP) costs through the SWP Tax, due to the severe, or infeasible, impact of paying for SWP costs through water charges. All scenarios assume setting the SWP Tax for FY 2024-25 at $28M. The SWP Tax for the average household in Santa Clara would be about $42 per year.

A Drought Reserve was established in FY 2015-16 to help minimize future rate impacts and

complements the Supplemental Water Supply Reserve. The reserve ($10M) was used fully in FY 2022-23 due to the ongoing drought. The staff analysis assumes that future reserve levels gradually build back up to $20M over subsequent years beginning in FY 2025-26.

All scenarios assume Water Utility operations cost of $289.4M in FY 2024-25 versus the FY 2023-24 adopted budget of $244.1M.

The preliminary analysis does not include unfunded capital projects or additional unfunded operations cost needs identified by staff.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

PRELIMINARY FISCAL YEAR 2024-25

Groundwater Production Charge Analysis

Presented by:
Carmen Narayanan, Financial Planning and Revenue Unit Manager

Santa Clara Valley Water Commission, January 24, 2024

Valley Water

Presentation Outline

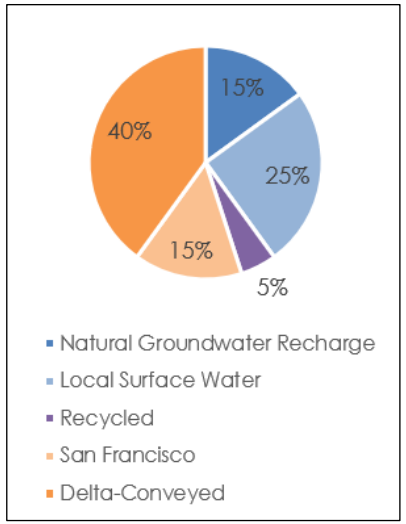
1. Background, System Information & Water Utility Outlook
2. Water Usage & Water Utility Cost Projections
3. Baseline Scenario Assumptions & Alternative Scenarios
4. Preliminary Groundwater Charge Forecast (Baseline & Alt. Scenarios)
5. Other Information
6. Schedule & Summary

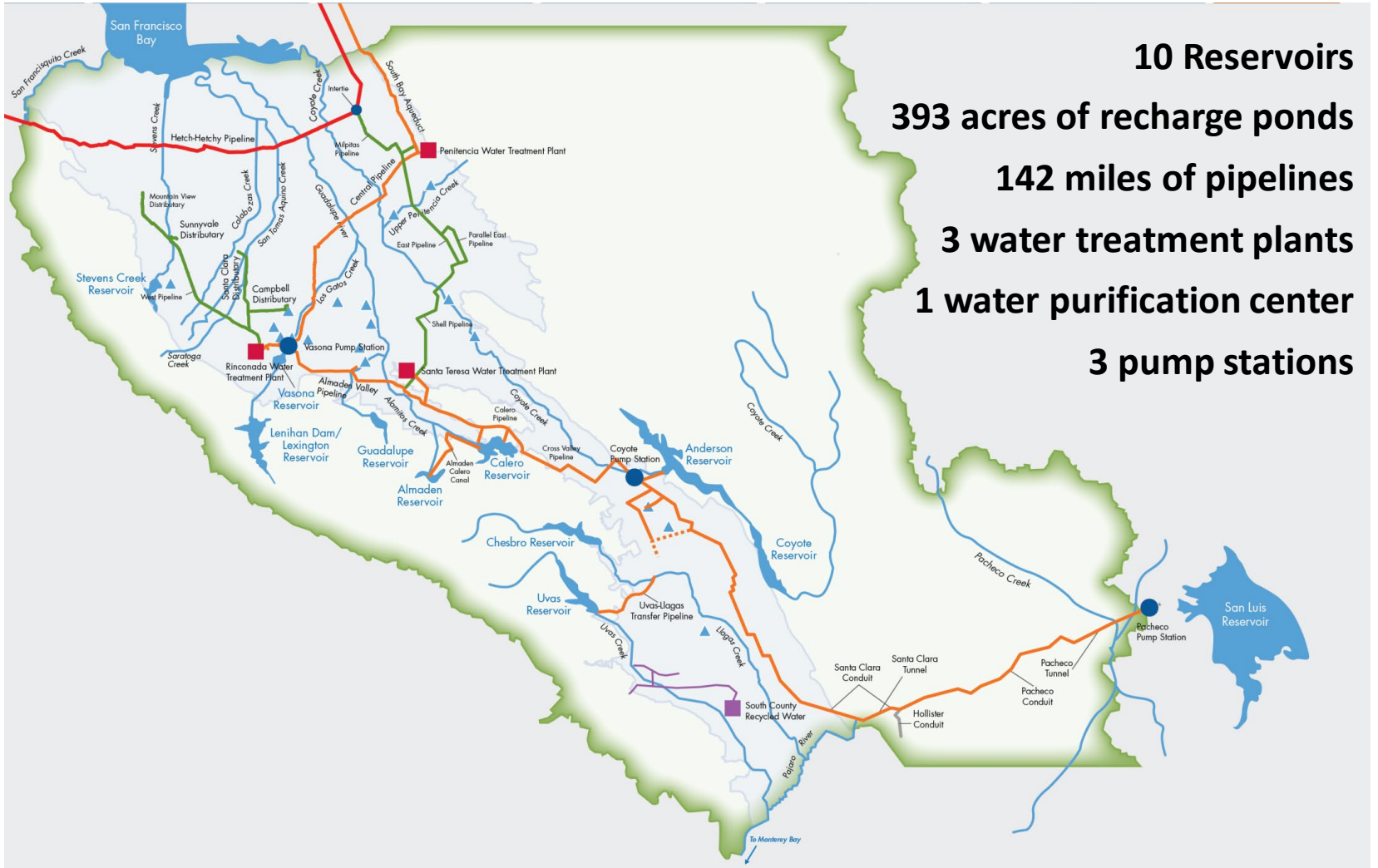
A comprehensive, flexible water system

SERVING OVER 2.0 MILLION PEOPLE

Legend

- Lakes, reservoirs, rivers, creeks, & bays
- Raw water pipeline
- Drinking water pipeline
- Pump Plants
  1. Vasona
  2. Coyote
  3. Pacheco
- Drinking Water Treatment Plants
  A. Rinconada
  B. Santa Teresa
  C. Penitencia
- Silicon Valley Advanced Water Purification Center
- Anderson Hydroelectric Facility
- Local wastewater treatment plant and recycled water provider
  a. Palo Alto
  b. Sunnyvale
  c. San Jose-Santa Clara
  d. South County
- Recharge Ponds





10 Reservoirs

393 acres of recharge ponds

142 miles of pipelines

3 water treatment plants

1 water purification center

3 pump stations

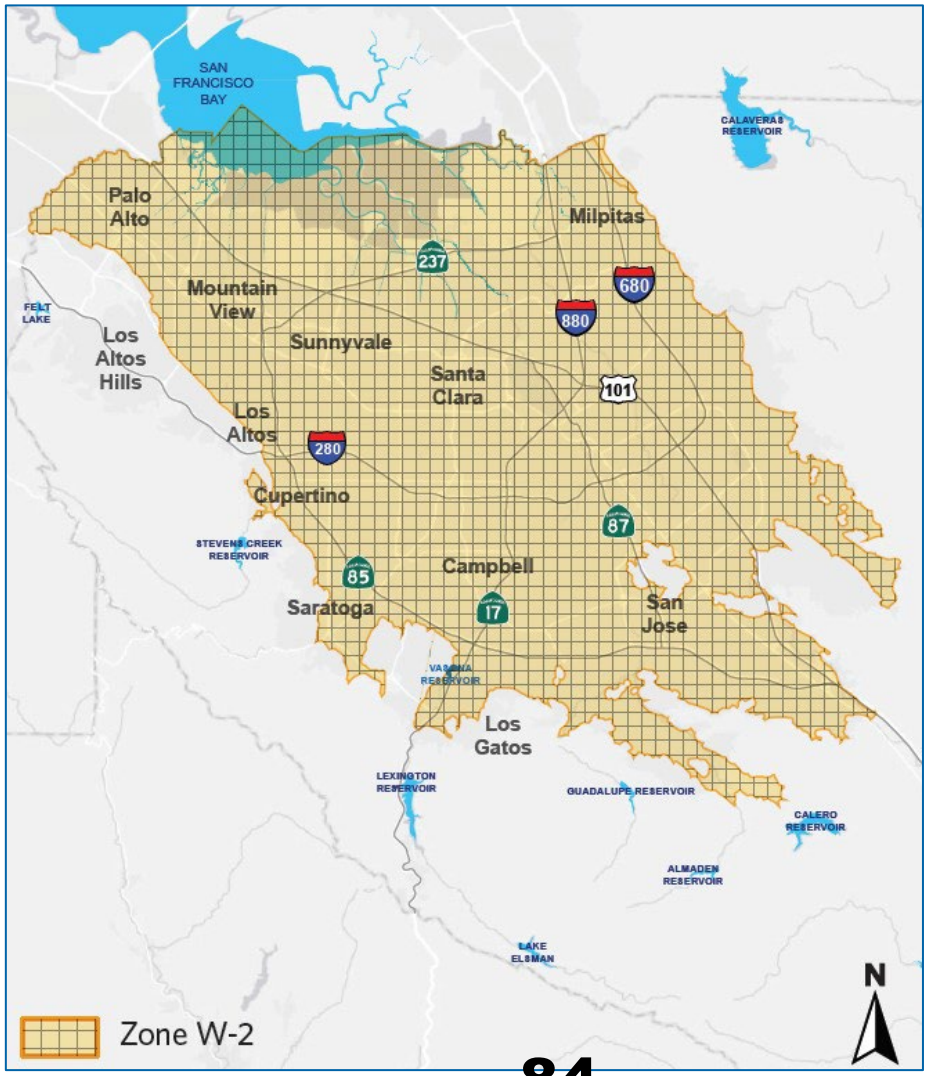
Valley Water Groundwater Charge Zones of Benefit

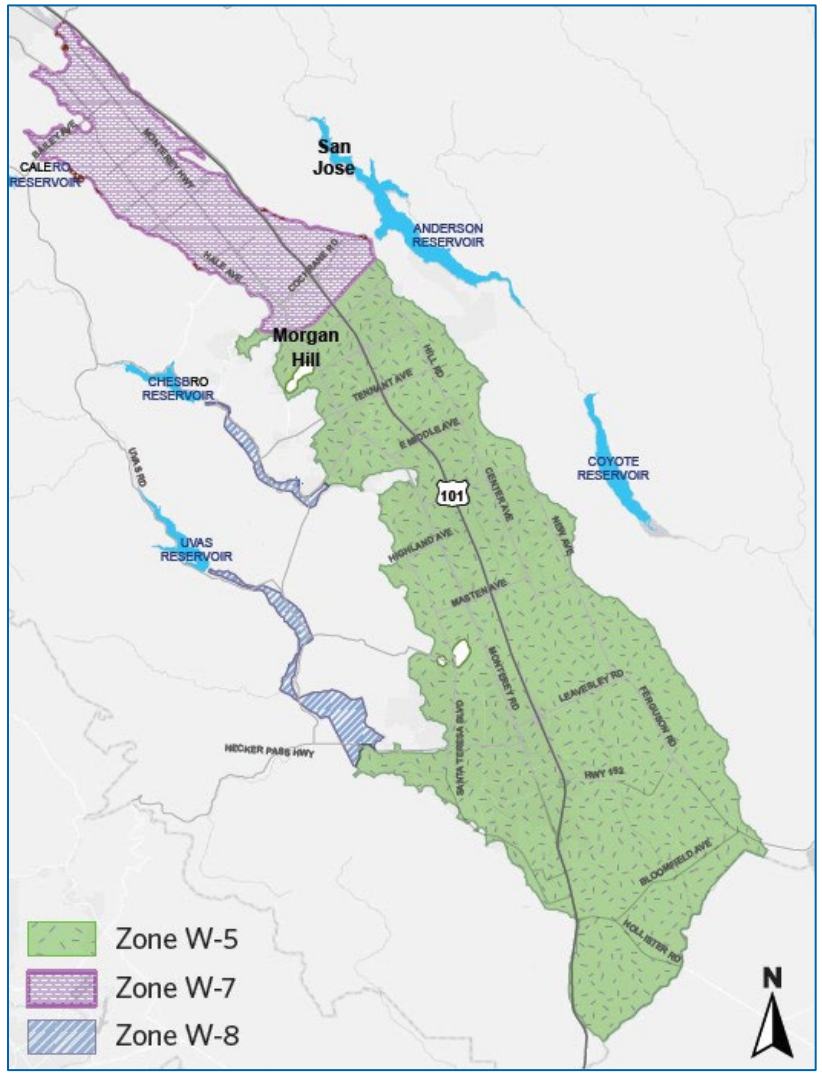
Board Pricing Policy Summary

- Groundwater charges are levied within a zone for benefits received
- 10

- All water sources and water facilities contribute to common benefit within a zone regardless of cost, known as “pooling” concept
  - Helps maximize effective use of available resources

- Agricultural water charge shall not exceed 10% of M&I water charge





Infrastructure

DRIVES DIFFERENT GROUNDWATER PRODUCTION CHARGES IN EACH ZONE

North County

- 3 water treatment plants
- Reservoirs –
  - Almaden
  - Calero
  - Guadalupe
  - Lexington
  - Stevens Creek
  - Vasona
- Silicon Valley Advanced Water Purification Center
- Imported Water – State Water Project

Shared

- Reservoirs –
  - Anderson
  - Coyote
  - Pacheco
- Imported Water –
  - Central Valley Project
- *Shared facilities do not benefit Zone W-8*

South County

- Reservoirs –
  - Chesbro
  - Uvas
    - *Does not benefit Zone W-7*
- SCRWA Recycled Water System
  - *Benefits Zone W-5 only*

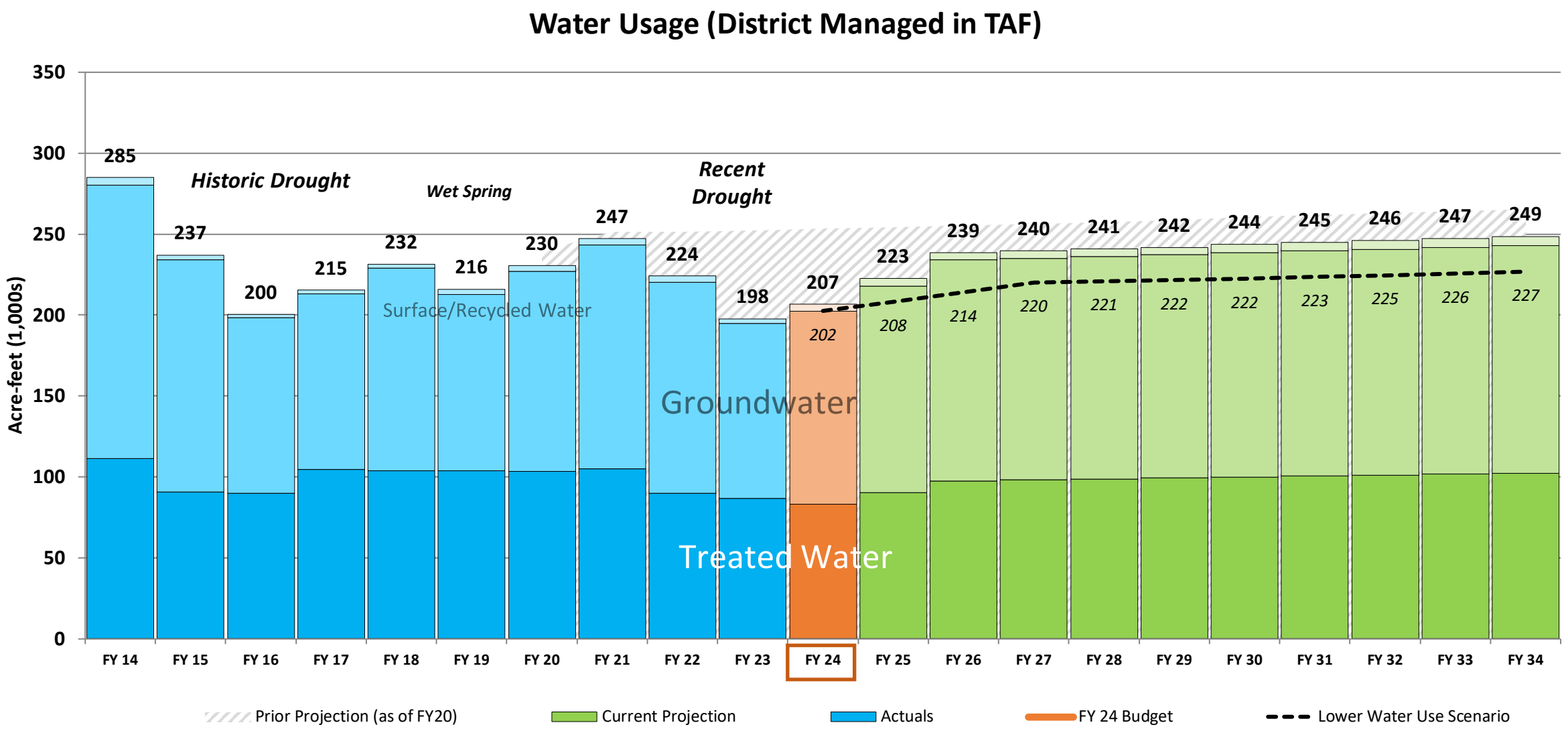
Future Outlook

- **Recent inflation trends have put upward pressure on water rates**
- **Valley Water is in era of investment as existing water supply infrastructure was built decades ago**
  - **Fixing Anderson Dam –** Address public health and safety concerns and relieve operational restrictions
  - **Upgrading Rinconada Water Treatment Plant –** Extend service life of plant for next 50 years and expand plant capacity
  - **Address seismic deficiencies at Almaden, Calero, Coyote, and Guadalupe Dams –** DSOD requested expedited project implementation schedule
- **Climate change has brought need for new infrastructure investments**

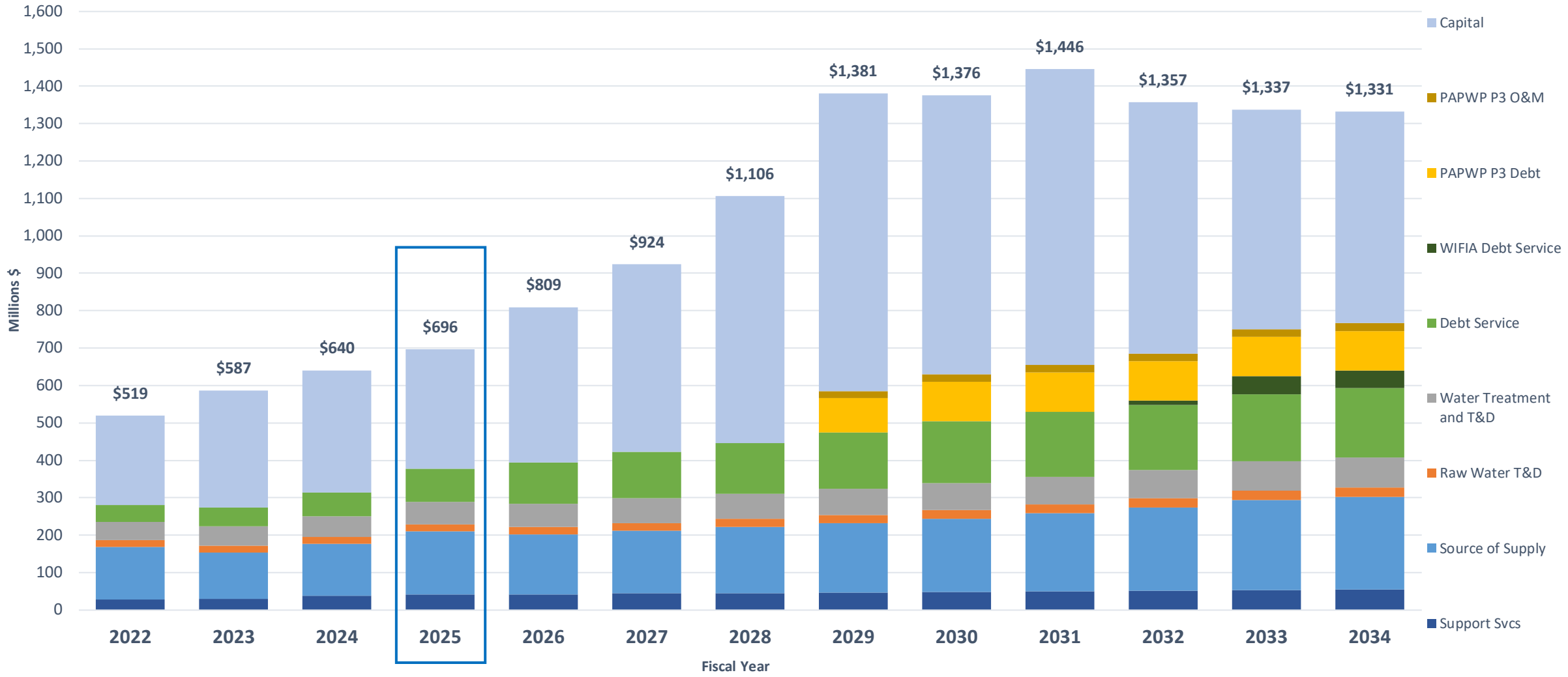
Planning work

  - **Building local storage with Pacheco Reservoir Expansion Project –** Add water storage to help face extended droughts
  - **Expanding Purified Water –** Provide incremental drought proof water supply
  - **Investing in out-of-county storage with Los Vaqueros Reservoir Expansion & Sisk Dam Raise –** Maintaining out-of-county storage is critical in securing water supply reliability and for storage diversification
- **Water Supply Master Plan 2050 will shed more light on what new infrastructure investments are recommended to be built**

Water Usage (District Managed)



Preliminary Cost Projection



Cost Projection reflects Baseline Assumptions and includes impacts of recent inflationary trends.

Rate setting strategy for FY 2024-25

FY 25 BASELINE CASE ASSUMPTIONS

Water Usage (District-Managed)

- Continued rebound from the drought – water use projected at 222 kAF (vs. 207 kAF in FY24)

Secure Existing Supplies and Infrastructure

- Baseline Projects [1]
- Anderson Dam Seismic Retrofit with WIFIA loan (up to 49% of TPC)
- Master Plan Projects Placeholder: Assumes $326M from FY26-FY34 [2]
- SWP Tax pays for 100% of SWP costs (excludes SWP portion of Delta Conveyance)
- Delta Conveyance SWP portion continues at 3.23% [3, 4]

Expand Conservation and Reuse

- Palo Alto Purified Water Project (PAPWP) via P3 with operations beginning in FY28, assumes 100% debt financing through P3 entity [4]

Increase System Reliability & Flexibility

- Pacheco Reservoir Expansion Project (PREP) with $504M Proposition 1 grants, WIFIA loan (up to 49% of TPC) and Partnership Participation at 35% of TPC [4]
- Los Vaqueros (Transfer Bethany Pipeline) with up to 50 kAF Storage [3, 4]
- Sisk Dam Raise at San Luis Reservoir with up to 60 kAF Storage [3, 4]

1 Includes but not limited to dam seismic retrofits, Rinconada WTP reliability improvement, 10-year pipeline rehabilitation program.

2 Master Plan Project Placeholder includes anticipated costs for new pipelines, pipeline rehabilitations, treatment plant upgrades & SCADA implementation projects.

3 Project costs are reflected as Operations & Maintenance.

4 Project is included in Water Supply Master Plan 5050 Update analysis.

TPC: Total Project Cost

kAF: Thousand Acre-Feet

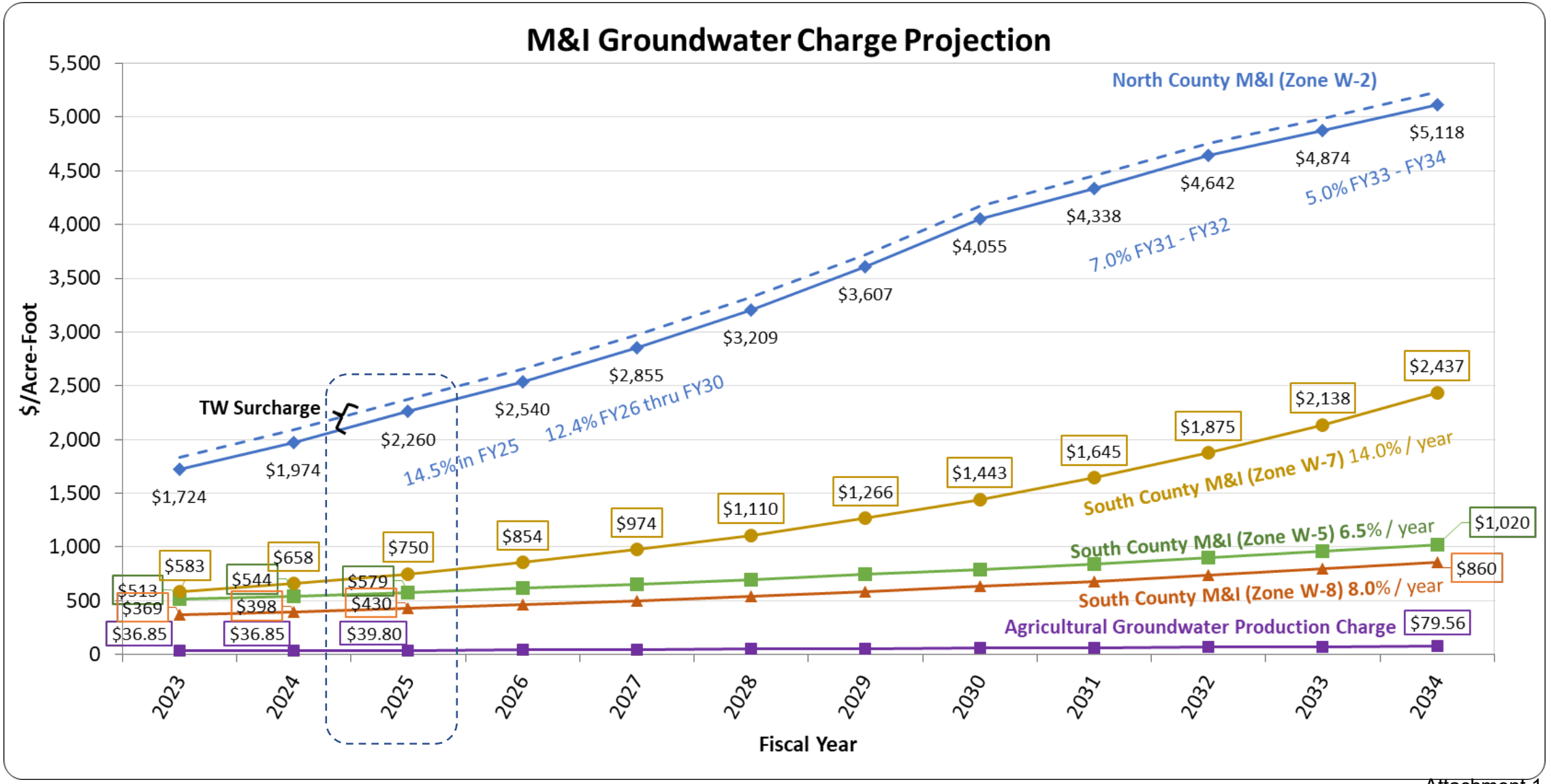
Preliminary Groundwater Charge Increase Projection

Baseline Scenario

M&I Groundwater Charge Year to Year Growth %

Baseline Scenario 1	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
North County Zone W-2	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	7.0%	7.0%	5.0%	5.0%
Prior Year	*14.5%*	*9.9%*	*9.9%*	*9.9%*	*9.9%*	*9.9%*	*6.3%*	*6.3%*	*6.3%*	
South County Zone W-5	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Prior Year	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	
South County Zone W-7	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Prior Year	*12.9%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*	*12.9%*	
South County Zone W-8	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Prior Year	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	

Preliminary Groundwater Production Charge Projection



Rate setting strategy for FY 2024-25 – additional scenarios

ADDITIONAL FY 25 SCENARIOS

Scenario 2 Baseline with Lower Water Use: Water use projection does not rebound as planned; around 202 kAF in FY24 (vs. 207 kAF budgeted) and 208 kAF in FY25 (vs. 222 kAF)

Scenario 3 Baseline excluding Pacheco Reservoir Expansion Project

Scenario 4 Baseline with 0% Partnership Participation Funding for Pacheco Reservoir Expansion

Scenario 5 Baseline excluding Palo Alto Purified Water Project (PAPWP) delivered via P3;
Plus preliminary projection for Dam Safety Program (Almaden, Calero, Coyote & Guadalupe)

Scenario 6 Baseline excluding PAPWP delivered via P3;
Plus preliminary projection for San Jose Purified Water Project (SJPWP) – Phase 2 (Full-Scale Facility);
Plus preliminary projection for Dam Safety Program (Almaden, Calero, Coyote & Guadalupe)

All scenarios assume annual water use growth of ~ 0.5% based on Urban Water Management Plan.

Financial modeling for Scenarios 2 – 6 includes the same projects and assumptions as Baseline Scenario 1 unless noted otherwise.

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

North County Zone W-2		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1	Baseline	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	7.0%	7.0%	5.0%	5.0%
Scenario #2	Baseline with Lower Water Use	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	6.5%	6.5%	5.0%	5.0%
Scenario #3	Baseline excluding Pacheco	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	4.5%	4.5%	4.5%	4.5%
Scenario #4	Baseline with 0% PREP Partnership Funding	14.5%	13.0%	13.0%	13.0%	13.0%	13.0%	8.0%	8.0%	5.0%	5.0%
Scenario #5	Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program	14.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	5.0%	5.0%
Scenario #6	Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	14.5%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	7.0%	7.0%

Preliminary Monthly Impact to Average Household Scenarios

M&I Groundwater Charge – Monthly impact to Average Household

North County Zone W-2		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1	Baseline	$9.85	$9.65	$10.85	$12.19	$13.71	$15.40	$9.77	$10.46	$7.99	$8.39
Scenario #2	Baseline with Lower Water Use	$10.81	$12.53	$14.52	$16.83	$19.51	$22.61	$10.71	$11.41	$9.35	$9.81
Scenario #3	Baseline excluding Pacheco	$9.85	$9.65	$10.85	$12.19	$13.71	$15.40	$6.28	$6.57	$7.62	$8.01
Scenario #4	Baseline with 0% PREP Partnership Funding	$9.85	$10.12	$11.43	$12.92	$14.60	$16.50	$11.47	$12.39	$8.36	$8.78
Scenario #5	Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program	$9.85	$9.85	$5.84	$6.28	$6.75	$7.25	$7.80	$8.38	$9.01	$6.46
Scenario #6	Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	$9.85	$7.71	$8.47	$9.31	$10.23	$11.24	$12.35	$13.58	$10.55	$11.29

Note: Does not include any increase that a retailer would layer on top

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

South County Zone W-5	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Scenario #2 – Baseline with Lower Water Use	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
Scenario #3 – Baseline excluding Pacheco	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%

Preliminary Monthly Impact to Average Household Scenarios

M&I Groundwater Charge – Monthly impact to Average Household

South County Zone W-5	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	$1.21	$1.30	$1.38	$1.47	$1.56	$1.67	$1.77	$1.89	$2.01	$2.14
Scenario #2 – Baseline with Lower Water Use	$1.24	$1.34	$1.43	$1.52	$1.62	$1.73	$1.85	$1.97	$2.11	$2.25
Scenario #3 – Baseline excluding Pacheco	$1.10	$1.17	$1.24	$1.31	$1.39	$1.47	$1.56	$1.65	$1.75	$1.85
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	$1.22	$1.32	$1.40	$1.50	$1.59	$1.70	$1.81	$1.93	$2.06	$2.19

Note: Does not include any increase that a retailer would layer on top

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

South County Zone W-7	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Scenario #2 – Baseline with Lower Water Use	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Scenario #3 – Baseline excluding Pacheco	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%

Preliminary Monthly Impact to Average Household Scenarios

M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-7	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	$3.17	$3.61	$4.12	$4.70	$5.35	$6.10	$6.96	$7.93	$9.04	$10.31
Scenario #2 – Baseline with Lower Water Use	$3.36	$3.87	$4.45	$5.11	$5.88	$6.75	$7.76	$8.91	$10.24	$11.77
Scenario #3 – Baseline excluding Pacheco	$2.82	$3.18	$3.58	$4.03	$4.53	$5.10	$5.74	$6.45	$7.26	$8.17
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	$3.20	$3.67	$4.19	$4.79	$5.47	$6.24	$7.13	$8.14	$9.30	$10.62

Note: Does not include any increase that a retailer would layer on top

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year To Year Growth %

South County Zone W-8	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-8	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	$1.10	$1.18	$1.28	$1.38	$1.49	$1.61	$1.74	$1.88	$2.03	$2.19

Note: Does not include any increase that a retailer would layer on top

Agricultural Groundwater Charge Increase & Prior Direction

District Act limits Agricultural Water Charges to 25% of M&I Water charges

- Board Pricing Policy (Resolution 99-21) further limits Agricultural Water Charges to 10% of M&I Water Charges

Board Direction in FY 22

- Maintain full Open Space Credit, keeping Ag rates set at [or under] 10% of lowest M&I charge

Agricultural Groundwater Charge Year To Year Growth %

Agricultural Rate	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**

M&I Groundwater Charge – Monthly Impact To Average User*

Agricultural Rate	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	**$0.49**	**$0.53**	**$0.57**	**$0.62**	**$0.67**	**$0.72**	**$0.78**	**$0.84**	**$0.91**	**$0.98**

* Assumes 2 acre-feet of water usage per acre per year

Other Charges, Taxes, Reserves Information

	FY 2024 Budget	FY 2025 Projection	FY 2026 Projection
Other Charges			
Contract TW Surcharge ($/AF)	$115.00	$115.00	$115.00
Non-contract TW Surcharge ($/AF)	$200.00	$200.00	$200.00
Surface Water Master Charge ($/AF)	$54.00	$61.90	$69.60
Agricultural Groundwater Charge ($/AF)	$36.85	$39.80	$42.98
SWP Tax			
Revenue	$27M	$28M	$28M
Cost per average household	$41/Yr.	$42/Yr.	$42/Yr.
Reserves			
Supplemental Water Reserve	$5.3M	$5.3M	$8.7M
Drought Reserve	$0M	$0M	$1.0M
Rate Stabilization Reserve	$6.0M	$40.5M	$43.7M
Operating and Capital Reserve	$62.0M	$61.6M	$61.6M

Information above reflects Baseline Assumptions.

2024 Groundwater Production Charge Setting Process Schedule

Jan 8	Agricultural Water Advisory Committee: Preliminary Groundwater Charge Analysis
Jan 9	Board Meeting: Preliminary Groundwater Charge Analysis
Jan 17	Water Retailers Meeting: Preliminary Groundwater Charge Analysis
Jan 24	**Water Commission Meeting: Preliminary Groundwater Charge Analysis**
Feb 13	**Board Meeting: Set time & place of Public Hearing**
Feb 23	**Mail notice of public hearing and file PAWS report**
Mar 12	**Board Meeting: Budget development update**
Mar 13	**Water Retailers Meeting: FY 25 Groundwater Charge Recommendation**
Mar 26	**40-Year Financial Forecast Review**
Apr 1	**Agricultural Water Advisory Committee**
Apr 9	**Open Public Hearing**
Apr 10	**Water Commission Meeting**
Apr 11	**Continue Public Hearing in South County**
Apr 23	**Conclude Public Hearing**
Apr 24-25	**Board Meeting: Budget work study session**
May 14	**Adopt budget & groundwater production and other water charges**

Next Steps

- **Discuss Preliminary Fiscal Year 2024-25 Preliminary Groundwater Production Charge Analysis**

- **Provide Comment to the Board as Desired**

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Santa Clara Valley Water District

File No.: 24-0121

Agenda Date: 1/24/2024
Item No.: 5.5.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Receive AB 1469 Update and Discuss Encampments of Unsheltered People.

RECOMMENDATION:
Receive information on the new authorities granted to Valley Water by AB 1469 Valley Water Assisting Unsheltered People.

SUMMARY:
Assembly Bill (AB) 1469 *Valley Water Assisting Unsheltered People*, authored by Assemblymember Ash Kalra (D - San José), was signed by Governor Newsom on October 10, 2023, and took effect on January 1, 2024. In sponsoring AB 1469, Valley Water took proactive steps to gain the authority to use certain resources to assist unsheltered individuals living on public lands and along waterways in Santa Clara County.

AB 1469 amends the District Act to authorize Valley Water to assist unsheltered individuals living along streams, in riparian corridors, or otherwise in the district's jurisdiction, in consultation with a city or the County of Santa Clara, to provide solutions or improve outcomes for the unsheltered individuals. Specifically, the bill allows Valley Water more flexibility to use district land and a part of an existing 1% ad valorem property tax for lasting encampment solutions. The intent is to work with local cities or the County to construct low-barrier navigation centers, supportive housing, transitional housing, affordable housing, or other facilities to assist unsheltered people. These facilities would be operated by a city, the County, or a non-profit with the appropriate expertise to provide shelter and services that can improve outcomes for unsheltered people.

AB 1469 will help Valley Water comply with federal case law that requires a legitimate offer of shelter before relocating an unsheltered individual from public land. In 2019, the U.S. Court of Appeals for the Ninth Circuit held that "as long as there is no option of sleeping indoors, the government cannot criminalize indigent, homeless people for sleeping outdoors, on public property, on the false premise they had a choice in the matter." The United States Supreme Court declined to review the Ninth Circuit's decision, leaving it in effect in the western states covered by the Ninth Circuit, including

California. This decision has been interpreted by some jurisdictions to mean a de facto requirement to offer shelter before unsheltered people may be relocated from public lands, with very limited life safety exceptions.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this update. However, the potential projects and initiatives implemented under the authority provided by AB 1469 will impact the vulnerable unsheltered community as Valley Water seeks to provide shelter and services to improve outcomes for unsheltered people.

ATTACHMENTS:
Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:
Mark Bilski, 408-630-2830

AB 1469 (Kalra)Valley Water Assisting Unsheltered People

- Amends the District Act to authorize Valley Water to assist unsheltered people in consultation with a city or the County, to provide solutions and improve outcomes
- Allows Valley Water flexibility to use district land and a part of an existing ad valorem property tax for lasting encampment solutions
- Intent is to work with local cities or the County to construct low barrier navigation centers, supportive housing, transitional housing, affordable housing, or other facilities to assist unsheltered people
- Helps Valley Water comply with federal case law that requires a legitimate offer of shelter before relocating an unsheltered person from public land

Santa Clara Valley Water Commission, January 24, 2024

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File No.: 24-0090

Agenda Date: 1/24/2024
Item No.: 5.6.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Review Santa Clara Valley Water Commission Work Plan, the Outcomes of Board Action of Commission Requests; and the Commission's Next Meeting Agenda.

RECOMMENDATION:
Review the Commission work plan to guide the commission's discussions regarding policy alternatives and implications for Board deliberation.

SUMMARY:
The attached Work Plan outlines the Board-approved topics for discussion to be able to prepare policy alternatives and implications for Board deliberation. The work plan is agendized at each meeting as accomplishments are updated and to review additional work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the

Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

ENVIRONMENTAL JUSTICE IMPACT:
There are no environmental Justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: 2024 Water Commission Work Plan

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

2024 Work Plan: Santa Clara Valley Water Commission

Update: December 2023

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
1	**Election of Chair and Vice Chair for 2024**	January 24	•Commission Elects Chair and Vice Chair for 2024. **(Action)**	
2	**Annual Accomplishments Report**	January 24	•Review and approve 2023 Accomplishments Report for presentation to the Board. **(Action)** •Submit requests to the Board, as appropriate.	
3	**Review and Comment to the Board on the Fiscal Year 2024 – 2025 Preliminary Groundwater Production Charges**	January 24 April 10	•Review and comment to the Board on the Fiscal Year 2024-2025 Preliminary Groundwater Production Charges. **(Action)** •Submit requests to the Board, as appropriate.	
4	**Receive Information and Provide Feedback on the Development of Valley Water's Water Supply Master Plan 2050.**	January 24	•Receive Information and Provide Feedback on the Development of Valley Water's Water Supply Master Plan 2050. **(Action)**	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
5	**Review of Santa Clara Valley Water Commission Work Plan, the Outcomes of Board Action of Committee Requests and the Commission's Next Meeting Agenda**	January 24 April 10 July 24 October 23	•Receive and review the 2024 Board-approved Committee work plan**. (Action)** •Submit requests to the Board, as appropriate.	
6	**Unhoused Discussion with AB1469 update**	January 24	•Have a discussion on the unhoused with an update on AB1469. •Submit requests to the Board, as appropriate.	
7	**Standing Items Report Fiscal Year 2024 Goals and Strategies:**	January 24 July 24	•Receive quarterly reports on standing items, FY2024. **(Information)**	
BOARD WORK PLAN GOALS: 1. **Integrated Water Resources Management** - Goal: Efficiently manage water resources across business areas. 2. **Water Supply** – Goal: Provide a reliable, safe, and affordable water supply for current and future generations in all communities served. 3. **Natural Flood Protection –** Goal: Provide natural flood protection to reduce risk and improve health and safety. **4. Environmental Stewardship** – Goal: Sustain ecosystem health while managing local water resources for flood protection and water supply. 5. **Addressing Encampment of Unsheltered People** – Goal: Humanely assist in the permanent relocation of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities in order to address the human health, public safety, operational, and environmental challenges posed by encampments. 6. **Climate Change** – Goal: Mitigate carbon emissions and adapt Valley Water operations to climate change impacts. **7. Business Management** – Goal: Promote effective management of water supply, flood protection, and environmental stewardship through responsive and socially responsible business services.				
7	**Review Proposed Fiscal Year 2024-25 Groundwater Production Charges and Receive Committee Feedback**	April 10	•Review Proposed Fiscal Year 2024-25 Groundwater Production Charges and Receive Committee	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

ITEM	WORK PLAN ITEM BOARD POLICY	MEETING DATE	INTENDED OUTCOME(S) (Action or Information Only)	ACCOMPLISHMENT DATE AND OUTCOME
			Feedback. **(Action)**	

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Santa Clara Valley Water District

File No.: 24-0091

Agenda Date: 1/24/2024
Item No.: 6.1.

COMMITTEE AGENDA MEMORANDUM
Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Standing Items Report.

RECOMMENDATION:
Standing Items Report
This item allows the Santa Clara Valley Water Commission to receive verbal or written updates and discuss the Board's Fiscal Year 2023-2024 Work Plan Strategies. These items are generally informational; however, the Commission may request additional information and/or provide collective input to the assigned Board Committee.

SUMMARY:
The Santa Clara Valley Water Commission was established to assist the Board with policy review and development, provide comment on activities in the implementation of Valley Water's mission, and to identify Board-related issues.

On January 2022, the Board of Directors approved aligning the Board Advisory Committees' agendas and work plans with the Board's yearly work plan.

The new agenda format will allow regular reports on the Board's priorities from the Board's committees and/or Board committee representative and identify subjects where the committees could provide advice to the Board on pre-identified subjects in a timely manner to meet the Board's schedule and distribute information/reports that may be of interest to committee members.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:
Attachment 1: Board Work Plan Standing Items Report

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

FY2022-2023 BOARD WORK PLAN – STANDING ITEMS REPORT

December 2023

INTEGRATED WATER RESOURCES MANAGEMENT GOAL: Efficiently manage water resources across business areas.	
Objective 1:	**Protect and maintain existing assets and infrastructure and advance new projects.**
Updates:	• On September 19, 2023, the Valley Water Board of Directors held a special workshop to review and provide feedback on the Capital Projects included in the Five-Year Capital Improvement Program funded by the Water Utility Enterprise Fund. • Valley Water's Water Quality Lab received recognition from the Environmental Laboratory Accreditation Program (ELAP) for its proactive implementation of The TNI standard. The recognition comes after completing the lab's on-site audit, where the program commended Valley Water for its commitment to protecting environmental and public health by producing reliable data. The Water Quality Lab is also accredited to test 29 PFAS compounds, also known as "forever chemicals," which puts it amongst a select few utility laboratories in the State of California that have this specialized testing capability.
Objective 2:	**Improve internal capacity to negotiate and acquire regulatory permits.**
Updates:	• In September 2023, Valley Water hosted an environmentally-focused stakeholders Meeting of a diverse cross-section of environmental leaders to discuss how we can best work together to better accomplish mutually beneficial projects and shared goals, including climate resiliency, environmental stewardship, and potential areas for partnership associated with Valley Water's key projects and priorities.
Objective 3:	**Educate the community, elected officials and external stakeholders on our management of water resources in Santa Clara County.**
Updates:	• Valley Water released the first installments of an environmental video series highlighting Valley Water's commitment to environmental stewardship. Videos released so far this fiscal year include: "The Transformation of Lake Silveira," "Saving the Coyote Ceanothus," and "Monitoring Fish in Santa Clara County." Videos can be found through Valley Water's social media and YouTube channels. • On November 17, 2023, Valley Water held a Special Joint Meeting with the City of San Jose and discussed: emergency preparedness, the South San Francisco Bay Shoreline Project Phase I, purified and recycled water, the Anderson Dam Seismic Retrofit Project and Coyote Creek Flood Protection Project, and coordination on unhoused issues. • In November 2023, Valley Water executive staff met with officials in Washington, DC, to advocate for federal funding and policies that will help advance Valley Water projects including the Anderson Dam Seismic Retrofit Project, South San Francisco Bay Shoreline Project, Recycled and Purified Water Program, Upper Guadalupe River Project, and more. Valley Water received positive feedback about the progress we have made on these projects, along with continued support for funding and resolving regulatory issues. • To date in FY24, Valley Water's Education Outreach Program presented to: 2,730 students and educators, and 900 members of the public. • To date in FY24, Valley Water provided Water Infrastructure & Advanced Water Purification Center Tours to 897 individuals.

WATER SUPPLY GOAL: Provide a reliable, safe, and affordable water supply for current and future generations in all communities served.	
Objective 1:	**Pursue new and diversified water supply and storage opportunities.**
Updates:	• In October 2023, Valley Water closed on a $92 million Water Infrastructure Finance and Innovation Act (WIFIA) planning and design loan with the US Environmental Protection Agency (EPA) for the Pacheco Reservoir Expansion Project, at an interest rate of 5.08%. Total principal and interest cost for the loan is currently projected at $285.7 million. The WIFIA loan is projected to save Valley Water $45 million over the life of the loan, as compared to issuing long-term debt in the capital markets. Execution of the loan does not commit the Board to take any definitive action with regard to the project. No interest costs will be incurred until the loan is drawn upon, which is not anticipated to occur in Fiscal Year's 2024 or 2025. • On December 8, 2023, the California Department of Water Resources (DWR) reached a significant milestone by releasing the final Environmental Impact Report (EIR) for the Delta Conveyance Project, the State of California's proposed plan to improve the infrastructure that carries water through the Sacramento-San Joaquin Delta. Valley Water will review the final EIR and use it as one of many pieces of information to help inform decisions regarding the project.
Objective 2:	**Secure existing water supplies and water supply infrastructure**
Updates:	• On September 19, 2023, the Valley Water Board of Directors held a special workshop to receive an update and provide feedback on the Water Supply Master Plan 2050 planning and development. • On December 1, 2023, the Department of Water Resources (DWR) announced an initial State Water Project (SWP) allocation of 10% for Valley Water. As is typical of DWR's approach to developing the SWP allocation, the initial allocation is a conservative initial assessment that will be updated through the winter and spring to reflect ongoing precipitation activity and storage levels. The December 10% allocation reflects the fact that storage levels in the State Water Project system are healthy (above average storage levels), but that hydrologic conditions in October and November were significantly drier than average. The allocation also conservatively assumes that dry conditions will continue in 2024.
Objective 3:	**Lead purified water efforts with committed partners.**
Updates:	• Valley Water secured $680,429 in grant awards from the U.S. Bureau of Reclamation (USBR) Water Recycling and Desalination Planning Fund. $299,180 in grant funding will support the South County Water Reuse Program Feasibility Study Project and $381, 249 will support the San José-Santa Clara Purified Water Program Feasibility Study. • On October 4, 2023 Valley Water hosted a ribbon cutting for the South County Recycled Water Pipeline Project at the South County Regional Wastewater Authority. • In September 2023, Valley Water participated as part of a panel of several water agencies and technical experts assembled by WateReuse California to deliver comments to the California State Water Resources Control Board (Water Board) regarding Direct Potable Reuse (DPR) regulations. In December 2023, the Water Board voted in favor of new DPR regulations.
Objective 4:	**Complete the Anderson Dam Seismic Retrofit Project.**

Updates:	• In September 2023, Valley Water released the Draft Environmental Impact Report (EIR) for the Anderson Dam Seismic Retrofit Project. • On October 4, 2023, Valley Water hosted a public meeting on the Draft Environmental Impact Report for the Anderson Dam Seismic Retrofit Project at the Morgan Hill Community and Cultural Center. The hybrid meeting drew 107 attendees. • At the November 14, 2023 Board Meeting, staff provided an update to the Board of Directors on the status of the Anderson Dam Seismic Retrofit Project and Federal Energy Regulatory Commission Order Compliance Project. • Work continues on the Anderson Dam Outlet Tunnel Project. Contractors have excavated more than 1,000 feet of the 1,736-foot-long tunnel, which will provide greater control over reservoir water levels.
Objective 5:	**Making water conservation a California way of life in Santa Clara County.**
Updates:	• In October 2023, Valley Water was awarded WaterSense Partner of the Year by the U.S. Environmental Protection Agency. This is a competitive national award recognizing agencies that have gone above and beyond to promote an ethic of water efficiency to conserve water resources for future generations. As a first-time applicant, Valley Water won the award thanks to our outstanding water conservation programs and the collaboration and outreach efforts with our partners in the community to save water during our record-breaking drought in 2022.

NATURAL FLOOD PROTECTION GOAL: Provide Natural Flood Protection to reduce risk and improve health and safety.	
Objective 1:	**Protect people and property from flooding by applying a comprehensive, integrated watershed management approach that balances environmental quality, sustainability, and cost.**
Updates:	• In September 2023, Valley Water completed emergency construction on Regnart Creek in Cupertino to help stabilize the creekside so stormwater could safely flow downstream and away from the surrounding neighborhood in preparation for the upcoming rainy season.
Objective 2:	**Provide flood protection equitably in all regions of the County, prioritizing disadvantaged communities.**
Updates:	• Valley Water completed stream maintenance program work from June to October 2023, removing over 45,000 cubic yards (CY) of sediment for capacity and repairing over 1,200 linear feet (LF) of creek bank. Field crews continue monitoring over 275 locations countywide before, during, and after storm events to eliminate flow restrictions. • On October 25, 2023, Valley Water hosted a news conference for California Flood Preparedness Week to promote our Stream Maintenance Program and Get Flood Ready campaign and highlight our partnerships with the City of San José and other agencies. • On November 13, 2023, Valley Water and the City of San José held a joint news conference to outline storm emergency plans, the partnership between the two agencies, and our collaboration on the Coyote Creek Flood Measures Management Project. A toolkit with flood preparedness resources was shared with partner agencies and government officials. • On November 16, 2023, Valley Water provided a Winter Preparedness Workshop to the Santa Clara County Operational Area Council that acknowledges efforts to support flood readiness throughout the year. Valley Water will continue to work with regional partners to support storm-related response as needed.

	• Valley Water's annual Flood Awareness Campaign was launched with the delivery of the flood mailer to 48,000 homes and businesses in the Federal Emergency Management Agency's Special Flood Hazard Area.

ENVIRONMENTAL STEWARDSHIP GOAL: Sustain ecosystem health while managing local water resources for flood protection and water supply.	
Objective 1:	**Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity, equitably in all regions of the county.**
Updates:	• As part of the One Water Plan, Valley Water continues to develop watershed plans for Upper Pajaro River and Guadalupe River Watershed and expects to recommend finalized plans to the Board before the end of fiscal year 2024.
Objective 2:	**Protect creeks, bay, and other aquatic ecosystems from threats of pollution and degradation.**
Updates:	• On August 22, 2023, Valley Water's Board of Directors allocated additional resources to expand the level of service for cleanups of trash and debris generated from encampments in Santa Clara County. • September 21, 2023 was Coastal Cleanup Day in Santa Clara County. The annual event attracted 1,209 volunteers to 53 cleanup sites countywide. Over 27,000 pounds of trash and recyclables were removed. • Total Clean Up Numbers FY24 to date: 1,376 Volunteers and 34,000 pounds of trash & recyclables removed.
Objective 3:	**Complete and implement the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) agreement.**
Updates:	• On August 8, 2023, Valley Water's Board of Directors certified the Final Environmental Impact Report (EIR) for the Fish and Aquatic Habitat Collaborative Effort (FAHCE). The EIR details how Valley Water proposes to release water from our reservoirs to balance water supply needs while also providing habitat for steelhead in Stevens Creek and both steelhead and Chinook salmon in the Guadalupe watershed. The document also details how plants, wildlife, fisheries and water supply will be affected under different scenarios for operations and what we can do to enhance the various benefits. • In August 2023, Valley Water reached a five-year milestone in its extensive fisheries monitoring program to collect data on various fish species in our creeks.

ADDRESSING ENCAMPMENTS OF UNSHELTERED PEOPLE GOAL: Humanely assist in the permanent relocation of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities in order to address the human health, public safety, operational, and environmental challenges posed by encampments.	
Objective 1:	**Collaborate with agencies and other service providers to address the challenges posed by encampments and their impacts to waterways, water supply, and flood risk reduction facilities, including supporting the provision of outreach, counseling, transitional or affordable housing, or other services by these agencies and service providers.**
Updates:	• In August 2023, Valley Water was awarded a grant from the U.S. Environmental Protection Agency providing approximately $2.2 million to perform encampment cleanups and provide portable toilets on heavily impacted creeks. The grant also provides about $900,000 to address encampment-generated environmental impacts on Coyote Creek. • On August 22, 2023, the Valley Water Board of Directors adopted a framework to address the effects of homelessness along waterways and work toward achieving a "functional

	zero" level of encampments of unsheltered individuals and additional resources to support an enhanced level of service for Valley Water's encampment cleanup operations. • On September 26, 2023, the Valley Water Board of Directors adopted a new Board Ends Policy "E-6: Encampments of Unsheltered People" that provides a vision and framework for addressing the broad impact of unsheltered people living in encampments on Valley Water land. • In September 2023, CA Governor Newsom signed AB 1469 (Kalra) Valley Water Assisting Unsheltered People. The bill amended Valley Water's District Act to allow flexibility to use Valley Water land and the existing ad valorem property tax to assist unsheltered people, including contracting for services or providing low-barrier navigation centers, supportive housing, transitional housing, affordable housing, or other facilities. These facilities would be operated by a city, the County, or a non-profit with the appropriate expertise to provide shelter and services that can improve outcomes for unsheltered people and enable compliance with federal case law requiring a legitimate offer of shelter before relocating unsheltered people living on public lands.
Objective 2:	**Collaborate with the County and municipal partners to secure the safety of unsheltered people living on Valley Water lands along waterways and at water supply and flood risk reduction facilities, as well as secure the safety of residential neighbors and Valley Water staff.**
Updates:	• In August 2023, Valley Water was awarded a grant from the U.S. Environmental Protection Agency providing approximately $2.2 million to perform encampment cleanups and provide portable toilets on heavily impacted creeks. The grant also provides about $900,000 to address encampment-generated environmental impacts on Coyote Creek. • On August 22, 2023, the Valley Water Board of Directors adopted a framework to address the effects of homelessness along waterways and work toward achieving a "functional zero" level of encampments of unsheltered individuals and additional resources to support an enhanced level of service for Valley Water's encampment cleanup operations. • On September 26, 2023, the Valley Water Board of Directors adopted a new Board Ends Policy "E-6: Encampments of Unsheltered People" that provides a vision and framework for addressing the broad impact of unsheltered people living in encampments on Valley Water land. • In September 2023, CA Governor Newsom signed AB 1469 (Kalra) Valley Water Assisting Unsheltered People. The bill amended Valley Water's District Act to allow flexibility to use Valley Water land and the existing ad valorem property tax to assist unsheltered people, including contracting for services or providing low-barrier navigation centers, supportive housing, transitional housing, affordable housing, or other facilities. These facilities would be operated by a city, the County, or a non-profit with the appropriate expertise to provide shelter and services that can improve outcomes for unsheltered people and enable compliance with federal case law requiring a legitimate offer of shelter before relocating unsheltered people living on public lands.

CLIMATE CHANGE GOAL: Mitigate carbon emissions and adapt Valley Water operations to climate change impacts.	
Objective:	**Address future impacts of climate change to Valley Water's mission and operations.**
Updates:	• On September 7, 2023, the Valley Water Board Policy and Planning Committee received an update on Valley Water's Climate Change Action Plan including information on the Greenhouse Gas Reduction Plan and implementation of climate change adaptation actions.

	• In October 2023, Valley Water released a Climate Change Action Plan (CCAP) annual implementation update, the first progress update and summary of actions since the initial adoption of the CCAP by Valley Water's Board of Directors in 2021.

BUSINESS MANAGEMENT **GOAL: Promote effective management of water supply, flood protection, and environmental stewardship through responsive and socially responsible business services.**	
Objective 1:	**Incorporate racial equity, diversity, and inclusion throughout Valley Water as a core value.**
Updates:	• Valley Water's Office of Racial Equity, Diversity and Inclusion (REDI) is continuing to evaluate, prioritize and implement the recommendations from its Diversity, Equity and Inclusion (DEI) Five-Year Strategic Master Plan. • In October 2023, Valley Water was the recipient of the first-ever Environmental Justice Award from the Association of Metropolitan Water Agencies (AMWA), an organization of the largest publicly-owned drinking water systems nationwide. The Environmental Justice Award was created to recognize member utilities that commit to advancing equity and justice in their communities. The award is recognition of the work Valley, Water has done over the years to incorporate environmental justice and equity into its work both internally as an organization and in the greater community. • On October 10, 2023, the Valley Water Board of Directors approved updates to the guidelines for naming/renaming district-owned lands, facilities and amenities. • Valley Water's Board of Directors made the following declarations: September 15-October 15, 2023 as Chicano/Hispanic/Latino Heritage Month, October 2023 as Americans with Disabilities Employment Awareness Month, October 2023 as Polish American Heritage Month, October 2023 as German Heritage Month, October 2023 as Italian Heritage Month, October 2023 as Filipino American History Month, November as National Native American Heritage Month, and November 12-18, 2023 as United Against Hate Week.
Objective 2:	**Maintain appropriate staffing levels and expertise while prioritizing the safety of our staff.**
Updates:	• On September 14, 2023, Valley Water's Next Gen Career Pathways Program presented at the statewide California Environmental Literacy Initiative (CAELI) Green Career Education Innovation Hub meeting in collaboration with Santa Clara County's Office of Education College and Career Pathways. The presentation was designed to spark interest in careers connected to the water industry and highlight Valley Water's efforts to create equitable access to high-growth, living-wage green careers that are essential to building a sustainable future.
Objective 3:	**Provide affordable and cost-effective level of services.**
Updates:	• In September 2023, CA Governor Newsom signed AB 939 (Pellerin) Smart Financing for Valley Water Infrastructure. The bill amends the District Act to add the financial flexibility needed to help Valley Water adapt to climate change by fixing the revenue bond authority and authorizing general obligation bonds. • The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Santa Clara Valley Water District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The report has been judged by an impartial panel to meet the high standards of the program. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and

	its attainment represents a significant accomplishment by a government and its management. • In October 2023, Valley Water hosted a "Meet the Primes" event aimed at connecting small and locally-owned businesses with prime contractors. The event provided a platform for diverse businesses, including small and locally-owned enterprises, to connect with prime contractors on contracting opportunities. The event also provided an opportunity for vendors to learn how to do business with Valley Water, discuss upcoming contracting opportunities, and receive information about the Small Business Enterprise (SBE) Preference and the Project Labor Agreement (PLA). Approximately 25 prime contractors attended hosting their own booths, and over 175 diverse businesses participated in the event. • Valley Water continues its partnership with Sacred Heart Community Service with funding for a Low-Income Residential Water Rate Assistance Program. Hundreds of households have qualified for assistance since the program's launch in late 2021. With submitted applications still being processed, hundreds more will benefit from the initiative in the coming months.

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