

**FY 2018/2019
Notice of Proposed
Surface Water
Charges**

SOUTH COUNTY

Contact Us

For more information, contact:
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Visit our website at www.valleywater.org to use our
Access Valley Water online customer service center.



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We speak your language

Si habla español y tiene preguntas sobre el contenido de este mensaje por favor de comunicarse con José Villarreal al JVillarreal@valleywater.org o (408) 630-2879.

Nếu bạn nói tiếng Việt và có thắc mắc về nội dung của thông báo này, xin vui lòng liên hệ với Triet Trinh tại TTrinh@valleywater.org hoặc (408) 630-3211.

如果你說中文並對上述訊息有疑問, 請聯繫 Jane Zhou, 電郵 JZhou@valleywater.org, 或者電話:(408) 630-2631.

February 23, 2018

Dear surface water user:

This notice officially opens the Santa Clara Valley Water District's public process for setting its fiscal year (FY) 2018/2019 (July 1, 2018 —June 30, 2019) surface water charges. The FY 2018/2019 rate-setting process is scheduled to conclude on **April 24, 2018**.

As Santa Clara County's primary water wholesaler, the water district strives to make sure there is enough clean, safe water to sustain the region's economic vitality and quality of life. Water charges pay for the infrastructure and services required to deliver clean, safe drinking water to Silicon Valley residents and businesses.

The rate-setting process includes a series of opportunities for the public to provide input at an open house and public hearings in April. The details of these meetings are listed in the **Important Dates** section on page 3 of the notice. The rate-setting process also includes a formal protest procedure by which well owners, operators, and owners of land upon which a well is located can object to the proposed increase in rates. That procedure is explained in detail on the **About the protest procedure** insert to this notice.

As you are aware, what you pay the Santa Clara Valley Water District to divert surface water for your use is comprised of a basic user charge, which is equivalent to the groundwater production charge, and a surface water master charge. The basic user charge helps pay for the cost to manage and augment surface water supplies and is set equal to the groundwater production charge because surface water is considered in-lieu groundwater usage. The surface water master charge pays for costs that are specific to surface water users only, including the work to operate surface water turnouts, and maintain information on surface water accounts. The current and proposed maximum rates are shown below:

South County		Municipal and Industrial (M&I)	Agricultural	*Effective July 1, 2018. South County (Zone W-5) is generally defined as the portion of Santa Clara County south of Metcalf Road.
2017/2018 current charges (\$ per acre-foot)	Basic User Master charge Total	418.00 33.36 \$451.36	25.09 33.36 \$58.45	
2018/2019* proposed maximum charges (\$ per acre-foot)	Basic User Master charge Total	451.00 36.00 \$487.00	30.67 36.00 \$66.67	

Due to the severity of the historic drought of 2012 to 2016, the water district suspended almost all raw surface water deliveries in 2014. Now that the historic drought is over, the district has restored surface water for those who requested it. Please keep in mind that drought conditions could return at any time. In fact, this winter-to-date has been uncharacteristically dry, providing a sober reminder that we must make conservation a way of life.

To prepare for the next drought, we must invest in large infrastructure projects. Of critical importance to water supply reliability and public safety are the seismic retrofits and upgrades at several dams, most notably Anderson Dam. Until Anderson Dam is restored, the district must operate the largest reservoir in the county at a fraction of its storage capacity due to state imposed restrictions. Unfortunately, the cost estimate for the Anderson Dam project has risen sharply, in part, as a result of the learnings from the Oroville Dam spillway disaster a year ago. Without the California WaterFix, which is the state's proposed plan to improve the infrastructure through which roughly 40% of the county's water supply is delivered, these critical imported water deliveries are expected to decline in the future. The district is conscientious about utilizing the public's money wisely, but the need to invest in large infrastructure projects is driving the need to propose an increase to water charges. The proposed maximum charges will allow the district to make the necessary investments to help ensure reliable water supply as we face uncertain and extreme climate changes.

I invite you to join us at one of our public hearings or visit our website, www.valleywater.org, for more information.

Sincerely,

Nina Hawk
Chief Operating Officer, Water Utility Enterprise



Rehabilitating Aging Infrastructure and Securing Water Reliability

Why increase rates now?

The District's proposed maximum increase is driven by vital infrastructure needs. Public safety is our highest priority, which is driving the need to invest \$116 million in the next few years for the South County portion of the Anderson Dam Seismic

Retrofit. In addition, over \$19M is earmarked for the expansion of drought-proof recycled water supplies that will help ensure reliable water supply in the future. \$29 million is planned over the next 10 years for the California WaterFix to improve

the reliability and water quality of supplies conveyed through the Bay Delta. Finally, \$14M is planned for pipeline inspection and rehabilitation efforts to help prevent a repeat of a catastrophic failure like the one that occurred in August 2015 to the 8 foot

diameter Santa Clara Conduit near Highway 152.

The maximum rate shown represents a 7.9 percent increase for Municipal and Industrial water (M&I), and a 22.2 percent increase for agricultural water.

South County – Recycled water expansion in Gilroy



The water district knows that to protect us from future droughts and dependency on imported water, we must continue to work toward securing reliable local water sources. That's why we've been hard at work expanding the recycled and purified water program.

In the last few years, we've made great strides expanding this drought-proof local water supply throughout the county. Currently underway, the South County Recycled Water Pipeline Project, a partnership between the water district, cities of Gilroy and Morgan Hill, and the South County Regional Wastewater Authority, will increase the availability of recycled water in South County by roughly 50 percent, from 2,000 acre-feet per year to up to 3,000.

The installation of the nearly 3-mile pipeline will expand the use of recycled water, currently used for agricultural and industrial purposes, and will allow us to conserve our water supplies including surface water.

Working to protect future water supply

The California WaterFix project is the state's proposed plan to improve the infrastructure that carries water through the Sacramento-San Joaquin Delta.

The condition of the Delta is important to the water district because as much as 40 percent of the water Santa Clara County uses each year comes through the Delta. But its aging network of earthen levees faces risks from rising seas, earthquakes and flooding, while the declining conditions for fish and wildlife have led regulators to put more restrictions on when water can move through the Delta.

The water district's board of directors voted in October to participate in the project, provided it meets certain conditions, including being lower-cost, scaled-down and constructed in stages. Over the next 10 years, we anticipate paying about \$29 million to fund the Sounty County share of the project.

The board adopted the following principles to guide its participation:

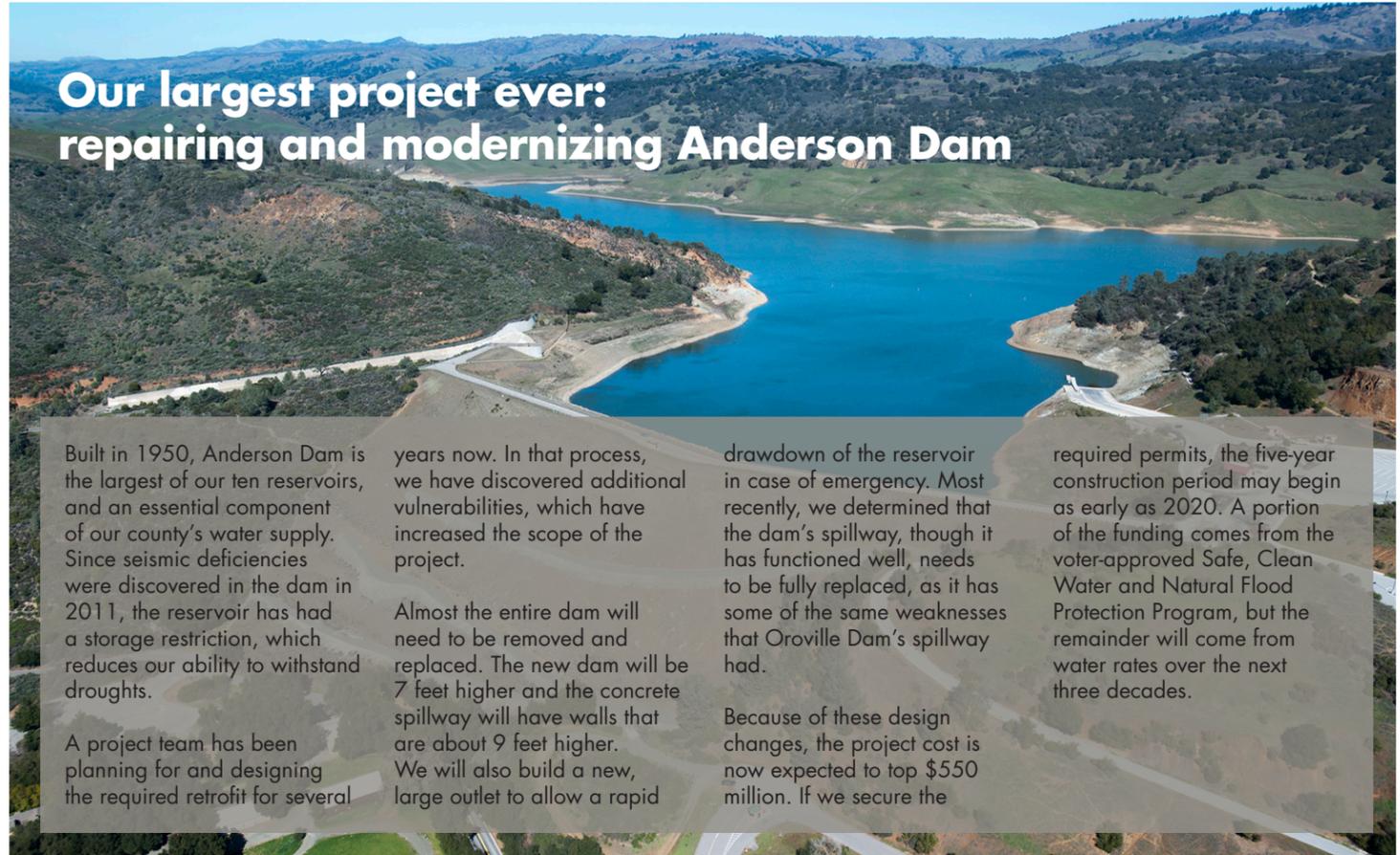
1. Santa Clara County needs are the primary drivers in all our decisions involving the WaterFix project.
2. We will not allow Silicon Valley values and priorities to be placed at a disadvantage relative to Central Valley Agriculture or Southern California.
3. We are advocating for a flexible approach that addresses Silicon Valley stakeholder and community input.
4. As water is a human right, we must make investments to make sure our water supply meets future needs at a cost affordable by everyone.
5. Equity and costs are important.
6. Any final arrangement must provide flexibility to acquire supplemental water by taking advantage of future wet years to ensure residents have a reliable water



7. Keep negotiating for the best deal for Santa Clara County.

Discussions with the state and partner water agencies about the multi-billion-dollar project are ongoing.

Our largest project ever: repairing and modernizing Anderson Dam



Built in 1950, Anderson Dam is the largest of our ten reservoirs, and an essential component of our county's water supply. Since seismic deficiencies were discovered in the dam in 2011, the reservoir has had a storage restriction, which reduces our ability to withstand droughts.

A project team has been planning for and designing the required retrofit for several

years now. In that process, we have discovered additional vulnerabilities, which have increased the scope of the project.

Almost the entire dam will need to be removed and replaced. The new dam will be 7 feet higher and the concrete spillway will have walls that are about 9 feet higher. We will also build a new, large outlet to allow a rapid

drawdown of the reservoir in case of emergency. Most recently, we determined that the dam's spillway, though it has functioned well, needs to be fully replaced, as it has some of the same weaknesses that Oroville Dam's spillway had.

Because of these design changes, the project cost is now expected to top \$550 million. If we secure the

required permits, the five-year construction period may begin as early as 2020. A portion of the funding comes from the voter-approved Safe, Clean Water and Natural Flood Protection Program, but the remainder will come from water rates over the next three decades.

Important Dates

- | | | |
|-----------------------|---------------|---|
| April 10, 2018 | 1 p.m. | Open public hearing
Santa Clara Valley Water District Board Room
5700 Almaden Expressway, San Jose |
| April 12, 2018 | 6 p.m. | Open house and |
| | 7 p.m. | Public hearing continue
Gilroy City Council Chambers
7351 Rosanna Street, Gilroy |
| April 24, 2018 | 6 p.m. | Conclude public hearing
Santa Clara Valley Water District Board Room
5700 Almaden Expressway, San Jose |

We are currently conducting a study to evaluate whether the groundwater charge zones need to be refined to ensure they accurately reflect areas benefitting from District activities. Information about the study, including opportunities for public input, can be found at <https://tinyurl.com/yc66zc7q>.

If you object to the proposed rates described in this notice you may file a written protest with the Santa Clara Valley Water District before the conclusion of the public hearing scheduled for April 24, 2018, either in person or by mail. Email is not accepted.

A valid protest must:

1. Contain an original signature of the Record Owner. For properties with more than one Record Owner, no more than one protest per category will be counted.
2. Be sealed in an envelope which conceals the contents.
3. Include the return address or the APN (Assessor's Parcel Number) or well identification number written on the outside of the envelope.

If written protests of a proposed rate increase are filed for a majority of: either a) the affected properties within a charge zone, or b) the identified number of owners and operators within a charge zone, then the proposed rate increases will not be imposed. Protests can be mailed or personally delivered to: **Santa Clara Valley Water District, Clerk of the Board, 5750 Almaden Expressway, San Jose, CA 95118**