NON-AGENDA

September 19, 2025

Board Policy EL-7 Communication and Support to the Board
The BAOs shall inform and support the Board in its work.

Page	CEO BULLETIN & NEWSLETTERS
3	CEO Bulletin: 09/18/25
	BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS
	BMR/IBMR Weekly Reports: None
6	Memo from Darin Taylor, Chief Financial Officer, to the board, dated 09/12/25, forwarding a memo from the Financial Auditors (Vasquez and Company) related to the planned financial audit for FY 20024-25.
12	Memo from Vincent Gin, Deputy Operating Officer, to the board, dated 09/04/25, providing a Bay Area Coalition letter supporting the Delta Conveyance Project Streamlining Trailer Bill.
17	Memo from Luz Penilla, Assistant Operating Officer, to the board, dated 08/27/25, sharing the Watersheds and Water Utility FY 2026-2030 Asset Renewal Plans
	INCOMING BOARD CORRESPONDENCE
20	**Board Correspondence Weekly Report:** 09/17/25
21	Email from Terence Szewczyk to Chair Estremera, dated 09/12/25, following up on an inquiry they made regarding comments submitted for PLN25-090-SB330. **C-25-0121**
25	Letter from Peter Drekmeier, Policy Director-Tuolomne River Trust, to the board, dated 09/16/25, regarding the drought plan in Valley Water's Draft Water Supply Management plan 2050. **C-25-0122**
	OUTGOING BOARD CORRESPONDENCE: None

CEO BULLETIN

CEO BULLETIN

Valley Water

To: Board of Directors
From: Melanie Richardson, Interim CEO

Weeks of September 5, 2025 – September 18, 2025

Board Executive Limitation Policy EL-7:
The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
1	Results of the Sale of Water Utility Bonds
2	Safe, Clean Water Mini-Grant Closeout: Latimer Home and School Club's Latimer Garden and Outdoor Classroom Project
3	Valley Water's pre construction meeting on the Palo Alto Flood Basin Tide Gate Seismic Retrofit and Rehabilitation Project

1. Results of the Sale of Water Utility Bonds

On September 10, 2025, Valley Water closed on $200 million of bond issuances, comprised of $109.4 million of tax-exempt bonds and $90.7 million of taxable bonds for the Water Utility capital program. The financing was authorized by the Board at its regular Board meeting on May 16, 2025, and the Preliminary Official Statement was approved by the Board on August 12, 2025 (Resolutions 25-03 and 25-52). The bond proceeds were primarily used to refund outstanding short-term debt issued for Water Utility capital projects and refund the Series 2016A and 2016C bonds for debt service savings. Valley Water received 'AA+' and 'Aa1' credit ratings from Fitch and Moody's, respectively. The debt was sold in a competitive sale to the lowest cost bidders, with a total of seven bids submitted for the tax-exempt debt and six bids submitted for the taxable debt. The tax-exempt low bid was at 3.66% vs. high bid at 3.79% and the taxable debt low bid was at 5.45% vs. high bid of 5.51%. The tax-exempt bonds were sold to professional investors, bond funds, professional investment accounts and trading accounts through J.P. Morgan Securities LLC and the taxable bonds were sold to large financial institutions, municipalities and other California water districts through Raymond James & Associates, Inc. Both banks are currently qualified in the State of California Underwriter Pool and meet the "medium" Environmental, Social and Governance (ESG) ranking per Board Policy (Executive Limitation 4.7.7).

Valley Water achieved very favorable pricing with an aggregate true interest cost of 4.54% vs. 4.80% which was estimated in the May 16, 2025, Board Agenda Memo and achieved total debt service savings of approximately $14 million from the refunding of the 2016A and 2016C bonds.

For further information, please contact Darin Taylor at (408) 630-3068.

2. Safe, Clean Water Mini-Grant Closeout: Latimer Home and School Club's Latimer Garden and Outdoor Classroom Project

In Fiscal Year 2021, Valley Water awarded Latimer Home and School Club (Grantee) a $4,959 Safe, Clean Water Program D3 Mini-Grant for their Latimer Garden and Outdoor Classroom (Project). Latimer Home and School Club completed the Project on April 5, 2023, and submitted the final invoice items in June 2025, allowing for grant closeout.

Latimer Home and School Club is a volunteer-led, nonprofit team of parents, teachers, students, school administrators, district officials, and community partners that organizes activities and events, and raises money to support students, staff, and the Latimer School community. The grantee designed a 30' x 95', water-efficient garden space at Latimer School in San José. Students learned to conserve water through building irrigated raised beds, implementing a grey water system, planting drought-tolerant/native plants, and spreading mulch. The Project influenced the broader community by serving as a model garden, with referrals to visit by the Master Gardeners of Santa Clara and the Santa Clara County Office of Education. The school partnered with the California Native Plant Society to host neighborhood events, including the annual plant swap.

Key Outcomes:

- Replaced invasive weeds with a garden that now supports 12+ species including bees, butterflies, hummingbirds, lizards, and opossums, which allows students to engage in regular wildlife observation and studies.
- Delivered hands-on instruction to all 500 students across nine grade levels, from planting bulbs, to composting, to building grey water systems.
- Engaged over 100 students and 10 adults through weekly events open to the public.
    - Students established the Student Garden Club consisting of 15 students and three adults every Monday.
    - The Harvest Hop, Coffee in the Garden, and Spring Open House events attracted 100+ attendees each.
    - The garden provided staff and teachers with a relaxation space and a student reward activity.

For further information, please contact Rachael Gibson at (408) 630-2884.

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3. Valley Water's pre construction meeting on the Palo Alto Flood Basin Tide Gate Seismic Retrofit and Rehabilitation Project

On August 21, 2025, Valley Water held a public meeting to present and gather feedback on the Palo Alto Flood Basin Tide Gate Seismic Retrofit and Rehabilitation Project. The hybrid event was held at the Mitchell Park Community Center and attracted a total of 30 participants, including Valley Water Director Nai Hsueh, who provided opening comments. Vice Chair Santos joined via Zoom, along with 17 people, including Mountain View city staff. Thirteen people attended in person, including Director Rebecca Eisenberg.

The presentation covered a project overview, scope of work and was followed by a question-and-answer session, where staff engaged with community members.

A link to the recording of the public meeting is available on the project website and Valley Water's YouTube channel.

For further information, please contact Rachael Gibson at (408) 630-2884.

BOARD MEMBER REQUESTS and Informational Items

Valley Water

MEMORANDUM

FC 14 (01-25-23)

TO: Board of Directors

FROM: Darin Taylor

SUBJECT: Memo from Financial Auditors (Vasquez and Company LLP) to the Board related to the planned financial audit for FY 2024-25

DATE: September 12, 2025

Please refer to the attached memo addressed to the Board of Directors from Valley Water's financial audit firm, Vasquez and Company LLP. The memo discusses planning for the upcoming audit of Valley Water's financial statements for the year ended June 30, 2025. Please contact the Clerk of the Board if you would like a 1:1 meeting with the auditors.

Please let me know if any questions.

Darin Taylor
Chief Financial Officer
Office of the Chief Executive Officer

Cc: Melanie Richardson, Oliva Manaloto

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

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September 3, 2025

To the Board of Directors
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Santa Clara Valley Water District (the "District") financial statements and compliance as of and for the year ended June 30, 2025.

Communication

Effective two-way communication between our firm and the Board of Directors is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the District and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, statutes, regulations, rules, provisions of contracts or grant agreements or abuse that is likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance or fraud that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Additionally, we will communicate significant unusual transactions, matters that are difficult or contentious for which we consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees, (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. For Vasquez and Company LLP (Vasquez) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and Vasquez each play an important role.

Our responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. Vasquez is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.

- Maintain a system of quality management over compliance with independence rules and firm policies.

Your responsibilities

- Timely inform Vasquez, before the effective date of transactions or other business changes, of the following:

  - New affiliates, directors or officers.

  - Changes in the organizational structure or the reporting entity impacting affiliates such as related entities, investments, joint ventures, and jointly governed organizations.

- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.

- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with Vasquez.

- Not entering into arrangements of nonaudit services resulting in Vasquez being involved in making management decisions on behalf of the District.

- Not entering into relationships resulting in close family members of Vasquez covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the District.

Our Independence Policies and Procedures

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, our partners and professional employees are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies prohibit us from providing certain non-attest services and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your District functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of the District and its environment, we will obtain an understanding of your system of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America. As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of controls	Management could override controls to commit fraudulent financial reporting, misappropriate assets, and manipulate earnings.	• Obtain an understanding of the District's financial reporting process. • Examine selected journal entries and other adjustments. • Conduct procedures to evaluate fraud risks.
Revenue recognition	There is a risk that revenue is not properly recognized.	• Perform revenue testing and cut-off testing around year-end for completeness of revenues. • Analyze receivable and revenue balances in relation to prior year balances and current year activity
Accounting Estimate	Significant risk resulting from risk of material misstatements	• Obtain understanding of how management developed estimates. • Review and test management's process, including: − Testing data used in forming assumptions − Evaluating assumptions − Analyzing historical data • Review subsequent events or transactions
Improper Application of New GASB Standards	• Risk to accurate and complete application and implementation of the new GASB standards. • Risk to accurate, complete, and understandable disclosures required by the new GASB standards.	We will perform the following procedures: • Review the District's process in determining the applicability of the new GASB standards. • Review selected source documents to verify propriety and completeness of the application and disclosures of the new GASB standards.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control over financial reporting and compliance sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control over financial reporting and compliance or to identify significant deficiencies or material weaknesses. Our review and understanding of the District's internal control over financial reporting and compliance is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue a report on internal control over financial reporting and compliance and other matters related to the financial statements. This report describes the scope of testing of internal control over financial reporting and compliance and the results of our tests of internal control over financial reporting and compliance .Our report on internal control over financial reporting and compliance and othe matters will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and noncompliance and other matters consistent with the requirements of *Government Auditing Standards issued by the Comptroller General of the United States.*

We will also issue a report on compliance for each major federal program and on internal control over compliance; consistent with the requirement of *the Single Audit Act and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). This report describes the scope of testing of internal control and compliance and the results of our tests of internal control and compliance, consistent with the Single Audit Act; and Uniform Guidance. We will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over each major program, report any noncompliance that could have a direct and material effect on each major program and report any known or likely fraud affecting a federal award consistent with the Single Audit Act and Uniform Guidance.

Timing of the Audit

We have scheduled the audit fieldwork starting September 2025. Management's adherence to its closing schedule and timely completion of information used by us in the performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Santa Clara Valley Water District.

This communication is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

Very truly yours,

Vasquez & Company LLP

Valley Water

MEMORANDUM

TO: Board of Directors

FROM: Vincent Gin, P.E.

SUBJECT: Bay Area Coalition Letter Supporting Delta Conveyance Project (DCP) Streamlining Trailer Bill

DATE: September 4, 2025

On August 19, 2025, a coalition of Bay Area water agencies submitted a letter to State legislative leadership urging support for the Governor's proposed budget trailer bill language related to the Delta Conveyance Project (DCP).

The DCP is a major component of California's water supply reliability strategy. Delta supplies serve over 27 million Californians and 750,000 acres of farmland. The Bay Area relies heavily on Delta water, including Valley Water (40%), Alameda County Water District (40%), and Zone 7 Water Agency (70–90%). Agricultural users in Zone 7 are 100% dependent on Delta supplies, with an estimated $2 billion in annual production.

The coalition letter emphasizes:

- The proposed budget trailer bill will NOT approve the project or bypass environmental review requirements; instead, it seeks to streamline processes to a point where informed decisions can be made by Public Water Agency Boards regarding construction investment.
- The Delta system faces increasing risks from climate change, extreme weather, seismic activity, and sea level rise.
- Water deliveries from the Delta are projected to decline by up to 23% in coming decades.
- Each year of delay adds an estimated $500 million to project costs due to inflation.

The coalition's position is that timely advancement of the DCP is critical to maintain water supply reliability for Bay Area communities, the broader state economy, and disadvantaged communities that depend on Delta water.

Staff will continue to monitor the legislative process and provide updates as developments occur.

Vincent Gin, P.E.
Deputy Operating Officer
Water Supply Division

Attachment 1: DCP- Bay Area Letter

August 19, 2025

Honorable Mike McGuire, President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Honorable Robert Rivas, Speaker
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Honorable Josh Becker, Chair
Bay Area Caucus
1021 O Street, Suite 6520
Sacramento, CA 95814

Honorable Buffy Wicks, Vice Chair
Bay Area Caucus
1021 O Street, Suite 8140
Sacramento, CA 95814

RE: Support for Delta Conveyance Project Streamlining Trailer Bill

Dear Pro Tem McGuire, Speaker Rivas, Bay Area Caucus Chair Becker, and Bay Area Caucus Vice Chair Wicks:

On behalf of a coalition of Bay Area water agencies and communities, we urge your strong support for Governor Newsom's proposed budget trailer bill language seeking to streamline processes for advancing the Delta Conveyance Project (DCP) to a point where informed decisions can be made by Public Water Agency Boards regarding construction investment.

The DCP is a critical component of California's plans to fortify water supplies conveyed through the Sacramento-San Joaquin Delta (Delta) in preparation for the impacts of extreme weather and climate change. Delta supplies provide long-term water supply reliability and resiliency to the Alameda County Water District, Santa Clara Valley Water District, and Zone 7 Water Agency, which collectively provide water to more than 2.5 million south and east Bay Area residents. On average, about 40% of the water for these residents flows through the Delta to homes, farms, and businesses throughout the region. Additionally, more than 50% of the supplies for Napa and Solano Counties comes from Delta supplies through the North Bay Aqueduct.

Across the state, more than 27 million Californians and more than 750,000 acres of farmland depend on water from the Delta; this supply powers California's economic success and ensures millions of disadvantaged communities have access to clean, affordable water. However, the Delta water conveyance system is vulnerable to extreme weather and unpredictable precipitation patterns, which leaves our state's main water supply at serious risk. Water deliveries from the Delta are projected to decline by up to 23% in the coming decades because of climate change and are susceptible to disruptions from extreme weather, seismic risks and sea level rise. Modernizing infrastructure would stabilize Delta deliveries and mitigate existing risks. The DCP trailer bill language proposed by the Governor would streamline and fast-track the advancement of permitting processes

related to the DCP without circumventing environmental review or public engagement[1]. Our collective support reflects the importance of the Delta, not only to water supplies for the people of California and the Bay Area, but also for the fourth largest economy in the world.

To put a finer point on the importance of the DCP for the San Francisco Bay Area, consider the dependencies on Delta supplies for these communities:

% OF DELTA DEPENDENCY	AGENCY	CITIES/ENTITIES SERVED	
40%*	Santa Clara Valley Water District	Campbell Cupertino Gilroy Los Altos Los Altos Hills Los Gatos Milpitas Monte Sereno Morgan Hill	Mountain View Palo Alto San Jose Santa Clara Saratoga Stanford University Sunnyvale County of Santa Clara Agricultural Uses
40%	Alameda County Water District	Fremont Newark Union City	
70-90%	Zone 7 Water Agency	Dublin Livermore Pleasanton **Agricultural Uses	

* Average across Santa Clara County
**Agricultural uses are 100% dependent on Delta supplies with annual revenue production approximately $2 billion

For decades, the Delta has provided water at a scale and affordability no alternative can easily – or feasibly – replace. This water has sustained and continues to sustain the development of Silicon Valley and East Bay communities, protecting Santa Clara County from land subsidence as demands far outstripped local supply. This water also ensures that Alameda County can manage its critical groundwater basins in light of saltwater intrusion and ongoing sustainable groundwater management. The DCP, which would be fully funded by the agencies that benefit from it, is among the most affordable alternatives for sustaining the water supply for our communities and businesses into the future.

Throughout the Bay Area, our agencies have worked diligently to implement Conservation as a Way of Life by encouraging and incentivizing our residents and businesses to employ best practices for water use efficiency. We have also invested in and supported local water supply projects, such as recycled water, to reduce our dependency on the imported water system. However, our region cannot control the weather, and climate change continues to affect the State's rain and snowpack, making it critical to build the DCP to enable capture of surplus water and to improve storage and conveyance capabilities to maintain sustainable groundwater levels and reliability of water service.

In supporting the DCP budget trailer bill, our agencies collectively recognize that these streamlining proposals are NOT project approvals – the budget trailer bill does not greenlight construction or bypass environmental protections. Rather, the streamlining proposals enable long-overdue planning and decision-making so that California can adapt before the next crisis hits. California doesn't need to be in an emergency every time there is a drought – and we know there will be more in the future. California residents that depend on Delta water supplies

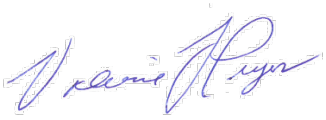
[1] The Final EIR was completed in December 2023, and awaits court proceedings. The DCP is also subject to public processes related to the water rights permit before the State Water Board (currently underway), and the consistency with the Delta Plan pursuant to the Delta Reform Act of 2009.

need modernized infrastructure to manage the new climate extremes. Every year of delay increases the DCP costs by $500 million due to inflation. California water ratepayers deserve better. Modernizing Delta water conveyance is time-critical and must not be further delayed. Nearly all of the provisions of the trailer bill are tools that have been deployed for other projects and/or other state agencies.

For these reasons, and on behalf of our communities and region, we urge you to support the Governor's budget trailer bill proposal. We appreciate your consideration and look forward to working with you to advance this important legislation during the final weeks of the 2025 legislation session.

Sincerely,

Rita Chan, P.E.
Assistant Chief Executive Officer
(Acting for Melanie Richardson, Interim CEO)
Valley Water



Valerie Pryor
General Manager
Zone 7 Water Agency

Ed Stevenson
General Manager
Alameda County Water District

cc: Members, Bay Area Caucus
Brady Borcherding, Office of the Governor
Honorable Sylvia Arenas, Santa Clara County Board of Supervisors
Honorable Betty Duong, Santa Clara County Board of Supervisors
Honorable Otto Lee, Santa Clara County Board of Supervisors
Honorable Susan Ellenberg, Santa Clara County Board of Supervisors
Honorable Margaret Abe-Koga, Santa Clara County Board of Supervisors
Honorable David Haubert, Alameda County Board of Supervisors
Honorable Lena Tam, Alameda County Board of Supervisors
Honorable Elisa Marquez, Alameda County Board of Supervisors
Honorable Nate Miley, Alameda County Board of Supervisors
Honorable Nikki Fortunato Bas, Alameda County Board of Supervisors
Honorable Sergio Lopez, Mayor, City of Campbell
Members, Campbell City Council
Honorable Liang Fang-Chao, Mayor, City of Cupertino
Members, Cupertino City Council
Honorable Greg Bozzo, Mayor, City of Gilroy
Members, Gilroy City Council
Honorable Pete Dailey, Mayor, City of Los Altos
Members, Los Altos City Council
Honorable Kavita Tankha, Mayor, City of Los Altos Hills
Members, Los Altos Hills City Council
Honorable Matthew Hudes, Mayor, Town of Los Gatos
Members, Los Gatos Town Council
Honorable Carmen Montano, Mayor, City of Milpitas
Members, Milpitas City Council
Honorable Burton Craig, Mayor, City of Monte Sereno
Members, Monte Sereno City Council
Honorable Mark Turner, Mayor, City of Morgan Hill

Members, Morgan Hill City Council
Honorable Ellen Karmei, Mayor, City of Mountain View
Members, Mountain View City Council
Honorable Ed Lauing, Mayor, City of Palo Alto
Members, Palo Alto City Council
Honorable Matt Mahan, Mayor, City of San Jose
Members, San Jose City Council
Honorable Lisa Gillmor, Mayor, City of Santa Clara
Members, Santa Clara City Council
Honorable Belal Aftab, Mayor, City of Saratoga
Members, Saratoga City Council
Honorable Jonathan Levin, President, Stanford University
Honorable Larry Klein, Mayor, City of Sunnyvale
Members, Sunnyvale City Council
Honorable Raj Salwan, Mayor, City of Fremont
Members, Fremont City Council
Honorable Mike Hannon, Mayor, City of Newark
Members, Newark City Council
Honorable Gary Singh, Mayor, City of Union City
Members, Union City Council
Honorable Sherry Hu, Mayor, City of Dublin
Members, Dublin City Council
Honorable John Marchand, Mayor, City of Livermore
Members, Livermore City Council
Honorable Jack Balch, Mayor, City of Pleasanton
Members, Pleasanton City Council

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Valley Water

MEMORANDUM

FC 14 (08-21-19)

TO: Board of Directors

FROM: Luz Penilla
Assistant Operating Officer
Office of Integrated Water Management

SUBJECT: Watersheds and Water Utility FY 2026-2030 Asset Renewal Plans

DATE: August 27, 2025

SUMMARY

Valley Water has finalized the Fiscal Year (FY) 2026-20230 **Watersheds Asset Renewal Plan (WS Plan)** and **Water Utility Asset Renewal Plan (WU Plan)**. These five-year rolling plans provide a comprehensive overview of asset renewal activities, associated expenditures, and unfunded needs critical to sustaining reliable flood protection and water supply services.

Both plans were presented in a draft form to the Board on January 14, 2025, for review and feedback. They have since been finalized following the adoption of Valley Water's FY 2025-26 and 2026-27 rolling biennial budget plan.

Watersheds Asset Renewal Plan

The WS Plan provides an overview of the asset renewal activities for watershed infrastructure and includes details on the projected funding necessary over the next five years to ensure that flood protection projects and their associated facilities continue to operate as intended, in alignment with Ends Policies E-3 and E-4.

The Watersheds O&M Division has identified approximately $371.5 million in funded resource needs over the next five years, along with an additional unfunded need of $11.4 million. For FY 2026, $68.4 million has been funded, while $1.5 million remains unfunded. The unfunded needs would support SMP permit compliance, Valley Habitat Plan (VHP) fees, and in-stream vegetation management, which falls under the Safe, Clean Water Priority F1.1 for Vegetation Control for Capacity.

Additionally, the plan highlights further unfunded asset renewal projects identified through the strategic planning led by the Watersheds Asset Management Program. This planning has identified and prioritized creek infrastructure issues, which will inform future asset management plans and asset renewal projects. Currently, the total estimated cost for this unfunded work is $402 million. Additional details can be found in the attached WS Plan.

Water Utility Asset Renewal Plan

The WU Plan provides the strategy for future asset renewal projects, detailing the activities and costs required over the next five years to provide a reliable, clean water supply in support of Ends Policy E-2.

The Raw and Treated Water Divisions have identified a total of approximately $584.4 million in funded resource needs, along with an additional unfunded need of $24.6 million over the next five years. For FY 2026, $110.7 million has been funded, while $4.5 million remains unfunded. The unfunded amount is intended to support the corrosion control program, mechanical engineering services, and laboratory and water quality operations.

In addition, the WU Plan incorporates a five-year projection of asset renewal projects that are identified through annual maintenance work planning. The plan outlines $59.6 million in planned asset renewal work to be completed from fiscal years 2026 to 2030, with $10.1 million of that work scheduled for the current fiscal year, 2026.

Next Steps

The next plan update will begin in Fall 2025 and cover FYs 2027-2031. Draft plans will be completed by December 2025 and will align with the FY 2026-27 and 2027-28 biennial budget process.

Hard copies of these documents are available at the Clerk of the Board's office. Electronic copies of these documents can be found at the links below:

Watersheds:
https://s3.us-west-1.amazonaws.com/valleywater.org.us-west-1/s3fs-public/FY26-30_WS_Asset_Renewal_Plan_FINAL_signed.pdf

Water Utility:
https://s3.us-west-1.amazonaws.com/valleywater.org.us-west-1/s3fs-public/FY26-30_WUE_Asset_Renewal_Plan_FINAL_signed.pdf

For further information, please contact James Bohan, Business Support and Asset Management Unit Manager, at (408) 630-2575 or jbohan@valleywater.org.

DocuSigned by:
Luz Penilla
569326E851AB42A...

Luz Penilla
Assistant Operating Officer
Office of Integrated Water Management

cc: J. Bohan, E.Mercado, L.Yiu, J.Abad (Cordero)
LP

INCOMING BOARD CORRESPONDENCE

Board Correspondence (open)

Correspond No	Rec'd By District	Rec'd By COB	Letter To	Letter From	Description	Disposition	BAO/ Chief	Staff	Draft Response Due Date	Draft Response Submitted	Writer Ack. Sent	Final Response Due Date
C-25-0121	09/12/25	09/12/25	All	TERENCE SZEWCZYK	Email from Terence Szewczyk to Chair Estremera, dated 09/12/25, following up on an inquiry they made regarding comments submitted for PLN25-090-SB330	Refer to Staff	Hakes	Infante	09/20/25	-	n/a	09/26/25
C-25-0122	09/16/25	09/16/25	Cc: Estremera	PETER DREKMEIER	Letter from Peter Drekmeier, Policy Director-Tuolomne River Trust, to the board, dated 09/16/25, regarding the drought plan in Valley Water's Draft Water Supply Management plan 2050.	Refer to Staff	Baker	Struve	09/24/25	-	n/a	09/30/25

From:	Candice Kwok-Smith
To:	Board of Directors
Subject:	FW: REPLY DEADLINE SEPTEMBER 18, 2025----------PLN25-090-SB330 379 Meadow Ln_Valley Water Comments
Date:	Friday, September 12, 2025 12:56:39 PM

From: Terence J. Szewczyk <terry@tscivil.com>
Sent: Friday, September 12, 2025 11:43 AM
To: Tony Estremera <TEstremera@valleywater.org>; Colleen Haggerty <CHaggerty@valleywater.org>
Cc: Kurt Anderson <kanderson@andarchinc.com>; Candice Kwok-Smith <ckwok-smith@valleywater.org>; Ahluwalia, Charu <charu.ahluwalia@pln.sccgov.org>
Subject: REPLY DEADLINE SEPTEMBER 18, 2025----------PLN25-090-SB330 379 Meadow Ln_Valley Water Comments

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Mr. Estremera, I responded to SCVWD staff comments on Aug 29, 2025, . Then I escalated my contact to the clerk of the board on Sept 8, 2025. I have a deadline to resubmit plans on September 18, 2025, for this SB330 project at the County. I STILL HAVE NOT HEARD FROM ANYONE OTHER THAN THE CLERK ON THIS PROJECT.

Best regards, Terry
Terence J. Szewczyk. P.E.
TS/Civil Engineering, Inc
1776 Technology Drive
San Jose, CA 95110
(408) 316-2696 cell (BEST NUMBER)
(408) 452-9300 ext 220 office (RINGS THRU TO CELL)

---------- Forwarded message ---------
From: **Terence J. Szewczyk** <terry@tscivil.com>
Date: Mon, Sep 8, 2025 at 6:29 PM
Subject: Re: FW: PLN25-090-SB330 379 Meadow Ln_Valley Water Comments
To: Candice Kwok-Smith <ckwok-smith@valleywater.org>

Cc: Terence J. Szewczyk <terry@tscivil.com>, Colleen Haggerty <CHaggerty@valleywater.org>, Kurt Anderson <kanderson@andarchinc.com>

SCVWD was formerly a benign & helpful agency in 1982 with Bill Carlsen & Gene Sullivan
Today, your board, especially John Valera, ignores property owners.

Thanks, Terry
Terence J. Szewczyk. P.E.
TS/Civil Engineering, Inc
1776 Technology Drive
San Jose, CA 95110
(408) 316-2696 cell
(408) 452-9300 ext 220 office
terry@tscivil.com

On Mon, Sep 8, 2025, 5:36 PM Candice Kwok-Smith <ckwok-smith@valleywater.org> wrote:

> Dear Terence J. Szewczyk,
>
> I have forwarded your email to our District Counsel.
>
> Thanks,
> Candice
>
> ---
>
> **From:** Terence J. Szewczyk <terry@tscivil.com>
> **Sent:** Monday, September 8, 2025 11:55 AM
> **To:** Candice Kwok-Smith <ckwok-smith@valleywater.org>; Colleen Haggerty <CHaggerty@valleywater.org>
> **Cc:** Kurt Anderson <kanderson@andarchinc.com>
> **Subject:** Fwd: FW: PLN25-090-SB330 379 Meadow Ln_Valley Water Comments
>
> ***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****
>
> Dear Clerk of the Board, Please forward this to your General Counsel for consideration:
> I have a 20-year ongoing concern about the performance of your Community Project folks:
> 1) Replies to referrals from other public planning agencies are never made on time within the 30 days required by the Permit Streamlining Act
> 2) There is no apparent institutional memory of what staff approved on the same property 10 years earlier and

3) Even Caltrans allows surface drainage where a right has existed for adjacent property. Could you please let me know whether the SCVWD is exempt from basic CA Drainage Law?
4) Was it in 2007 that the SCVWD remanded all local drainage control to the cities and the County?

Sure, we are all busy, but if public agencies don't respect the law, who will?

Candice Kwok-Smith was appointed Clerk of the Board on April 22, 2025. As a Board Appointed Officer, she answers directly to the Board of Directors and supervises a staff of 8. Ms. Kwok-Smith has been with the district since 2004 and has had over 8 years experience in providing support to elected officials of special districts. As a member of the California Municipal Clerks Association and the International Institute of Municipal Clerks, she brings years of experience and training to her job of assisting Board members and the public.

As Clerk, her priorities are ensuring that the public has access to the board's information and records as well as supporting board members so they can do the jobs they were elected to do. Ms. Kwok-Smith is an expert in state regulatory requirements, such as the Ralph M. Brown Act, which ensures through posting and archiving of records that the public has equal access to the information of the district's elected officials. While overseeing her staff, she also makes sure the district complies with regulations and deadlines for board and committee meetings, agenda publications, frequent Groundwater Production Charge Protests, directors' schedules and travel plans, Lobbyist Ordinance compliance, public record requests, directors' expenses, and the Board of Directors, Board Advisory and Ad Hoc Committee, and Clerk of the Board annual budgets.

Best regards, Terry
Terence J. Szewczyk. P.E.
TS/Civil Engineering, Inc
1776 Technology Drive
San Jose, CA 95110
(408) 316-2696 cell (BEST NUMBER)
(408) 452-9300 ext 220 office (RINGS THRU TO CELL)

---------- Forwarded message ---------
From: **Terence J. Szewczyk** <terry@tscivil.com>
Date: Fri, Aug 29, 2025 at 3:38 PM
Subject: Re: FW: PLN25-090-SB330 379 Meadow Ln_Valley Water Comments
To: Colleen Haggerty <CHaggerty@valleywater.org>, <msasaki@valleywater.org>, <yarroyo@valleywater.org>
Cc: Kurt Anderson <kanderson@andarchinc.com>, Ahluwalia, Charu <charu.ahluwalia@pln.sccgov.org>

Dear SCVWD:
I disagree with your comments on this project. We obtained prior approval for an outfall as part of a previous subdivision application, and we nearly completed the encroachment permit issuance with Usha at that time.

Additionally, the SCVWD is not exempt from basic CA drainage law, which allows surface runoff, at the same volume, to run across the property line to an adjoining landowner. Your insistence on surface release to Meadow Lane would result in a 7' fill at the rear of the property, which is ridiculous. Please amend or withdraw your comments.

Best regards, Terry
Terence J. Szewczyk. P.E.
TS/Civil Engineering, Inc
1776 Technology Drive
San Jose, CA 95110
(408) 316-2696 cell (BEST NUMBER)
(408) 452-9300 ext 220 office (RINGS THRU TO CELL)

On Mon, Aug 11, 2025 at 10:50 AM Kurt Anderson <kanderson@andarchinc.com> wrote:

> Terry:
>
> Here is Valley Water comments.
>
> ---
>
> **From:** Ahluwalia, Charu <charu.ahluwalia@pln.sccgov.org>
> **Sent:** Monday, June 23, 2025 5:02 PM
> **To:** Kurt Anderson <kanderson@andarchinc.com>
> **Cc:** Collins, Nicole <nicole.collins@cco.sccgov.org>; Stella, Cristina <cristina.stella@cco.sccgov.org>; Gutierrez, Samuel <samuel.gutierrez@pln.sccgov.org>
> **Subject:** PLN25-090-SB330 379 Meadow Ln_Valley Water Comments
>
> Hi Kurt,
>
> Attached please find Valley Water comments for PLN25-090-SB330 (SB330 Housing Development, Major Subdivision and Grading Approval Application at 379 Meadow Lane, San Jose; APN: CA; APN: 601-25-125)
>
> Best,
> ---
> **Charu Ahluwalia** | Senior Planner

Tuolumne River Trust

OFFICES
San Francisco

Modesto

Sonora

Mailing Address
P.O. Box 3727
Sonora, CA 95370

Phone
(415) 882-7252

Website
www.tuolumne.org

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Bart Westcott
Brad Wurtz

September 16, 2025

Chair Tom Chambers and Board Members
Bay Area Water Supply and Conservation Agency
bawscaboardofdirectors@bawsca.org

Chair Tony Estremera and Board Members
Valley Water
Board@valleywater.org

Re: Substantial Difference between Valley Water and SFPUC Drought Planning.

Dear Chair Chambers, Chair Estremera and Board Members:

In June 2025, Valley Water released its Draft Water Supply Management Plan 2050. Valley Water is planning for a future drought that is equivalent to the drought-of-record (1987-92) with a few adjustments that take into consideration potential impacts from climate change on water supply.

The SFPUC, on the other hand, is planning for a much more severe drought. The SFPUC's Design Drought combines the two worst droughts from the 20th Century to create an 8.5-year megadrought. While the Design Drought is only two years longer than the 1987-92 drought, the additional two years (1976 and 1977) were the driest on record, making the Design Drought significantly more severe.

You'll see from Table 3-9 in the SFPUC's Long-Term Vulnerability Assessment (LTVA)[1] that a repeat of the 1987-92 drought at 240 mgd demand creates a deficit of 707 thousand acre feet (TAF) for the SFPUC. Deficit can be thought of as water that must come out of storage. The 1976/77 drought creates a deficit of 594 TAF, which is 72% of the 1987-92 deficit. In other words, the Design Drought is 72% more severe than the 1987-92 drought, which is what Valley Water is planning for.

It would be in the interest of BAWSCA, Valley Water and the agencies that purchase water from both Valley Water and the SFPUC to hold a joint study session to explore whether the SFPUC's drought planning policy is too conservative or Valley Water's is not conservative enough. Being too conservative could lead to over-investing in expensive alternative water supplies, whereas not being conservative enough could lead to unacceptable water shortages.

[1] Long Term Vulnerability Assessment and Adaptation Plan for the San Francisco Public Utilities Commission Water Enterprise - Phase I (2021), p. 70 – https://www.sfpuc.gov/sites/default/files/about-us/policies-reports/LTVA_AdaptationPlanSFPUC_Phase1.pdf

Table 3-9. Extracted Drought Events from Historical Tuolumne Flow at La Grange for Two Different Thresholds.
For each threshold, the drought events are sorted by decreasing severity.

Threshold: 269 TAF			Threshold: 365 TAF		
Year Drought ends	Severity [TAF]	Duration of Deficit [Years]	Year Drought Ends	Severity [TAF]	Duration of Deficit [Years]
1992	707.39	6	1992	1283.39	6
2015	594.35	4	2015	978.35	4
1977	510.18	2	1977	702.18	2
1961	389.44	3	1961	677.44	3
1931	312.14	3	1931	600.14	3
1924	233.66	1	2008	418.98	2
2008	226.98	2	1934	357.10	2
1934	218.34	1	1924	329.66	1
1994	204.77	1	1968	229.06	1
1968	133.06	1	1939	223.20	1
1939	127.20	1	1947	190.42	1
1947	94.42	1	1964	189.19	1
1964	93.19	1	1981	165.90	1
1981	69.90	1	1972	154.99	1
1972	58.99	1	1985	118.42	1
1985	22.42	1	1955	104.96	1
1955	8.96	1	2001	75.15	1
			1926	72.70	1
			1966	45.69	1
			1944	37.45	1
			2004	37.09	1

TRT's assessment is that Valley Water is much closer to the mark on drought planning. According to the LTVA, the return period (likelihood of occurrence) for the 1987-92 drought is projected to be once in 420 years (see Table 5-1). While the LTVA did not include a return period for the Design Drought, based on a draft document that did include a projection, and then adjusting that figure proportionally to changes made to the known droughts, the Design Drought might be expected once in 8,000 years (details available upon request).

Table 5-1. Effect of Precipitation and Temperature Change on the Return Periods Associated with the Severity of the Historic Droughts.
Return periods are round off to the nearest 5 years.

Threshold [TAF]	Drought Event	Changes in Precipitation			Changes in Temperature [°C]		
		0%	-10%	-20%	0	+2	+4
	1976-1977	100	45	25	100	105	130
269	1987-1992	420	120	45	420	495	675
	2012-2015	180	70	35	180	200	260

The SFPUC's Alternative Water Supply (AWS) Plan[2] projects the SFPUC might need to develop between 92 and 122 mgd of alternative water supplies by 2045. The cost would be between $17 billion and $25

[2] SFPUC Alternative Water Supply Plan, February 2024 – https://www.sfpuc.gov/sites/default/files/about-us/policies-reports/AWS%20Report%20Feb2024_web.pdf

billion. Removing one year from the Design Drought would reduce the perceived need for AWS by 25 mgd, saving $4.6 billion. If the SFPUC were to plan for the same drought as Valley Water, this would reduce the perceived need for AWS by 50 mgd, saving $9.2 billion.

Please schedule a study session to explore the question: Is the SFPUC's Design Drought too conservative, or is Valley Water's drought plan not conservative enough?

Thank you for your consideration.

Sincerely,

Peter Drekmeier
Policy Director
peter@tuolumne.org

Cc: Mountain View City Council
Santa Clara City Council
Sunnyvale City Council
Milpitas City Council