

NORTH COUNTY
 FY 2024/2025
 Notice of Proposed
 Groundwater Production Charges

We want to hear from you.



If you wish to speak to the Valley Water Board of Directors on this topic, you are encouraged to participate in one of three public hearings scheduled in April 2024 or send correspondence to the following address:

Valley Water Clerk of the Board
 5750 Almaden Expressway
 San José, CA 95118

Contact Us

For more information please contact:

Jose Villarreal or **Carmen Narayanan**
 408-630-2879 408-630-3041
jvillarreal@valleywater.org cnarayanan@valleywater.org

Visit our website at valleywater.org to use our **Access Valley Water** online customer service center.



Envíe un correo electrónico a Translations@valleywater.org si tiene preguntas sobre este documento.

Vui lòng liên hệ với Translations@valleywater.org nếu bạn có thắc mắc về tài liệu này.

如果您对此文件有任何疑问, 请联系 Translations@valleywater.org。

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February 23, 2024

Dear Well Owner, Operator or Property Owner,

This notice officially opens Valley Water's (Santa Clara Valley Water District) public process for setting its fiscal year (FY) 2024/2025 (July 1, 2024–June 30, 2025) groundwater production charges. This rate-setting process is scheduled to conclude on April 23, 2024.

As Santa Clara County's primary water resources agency, Valley Water ensures there is enough safe, clean water to sustain the region's economy and quality of life. The existing major facilities that serve the county's water needs, including the system of dams, pipelines, and treatment plants, were built decades ago. Projects like the Anderson Dam Seismic Retrofit are necessary to ensure this system continues to operate efficiently and safely for many years to come.

Groundwater charges paid by North County well users fund the infrastructure and services required to maintain a reliable groundwater supply and to provide safe, clean water for North County residents, farms and businesses. Industry-wide cost impacts associated with post-COVID-19 supply chain issues and rapid inflation have dramatically impacted the cost of delivering on important water supply projects, like the Anderson Dam Seismic Retrofit Project. While Valley Water continually strives to be a careful steward of the financial resources entrusted to us, we must align water charges with the costs of delivering the services the community relies upon.

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 of this notice. We welcome feedback on the proposed increase from well owners, operators, and owners of land upon which a well is located. More information can be found in the [We want to hear from you](#) section of this notice. Revenue from groundwater production charges may be used to pay for and incur debt for infrastructure, water quality and water supply activities. Examples of these activities are listed in this notice's [Valley Water Activities](#) section.

Climate change has brought the possibility of more frequent and prolonged droughts and the need for new infrastructure investments. Accordingly, planning work continues on efforts to expand purified water use in the county, expand local water storage at Pacheco Reservoir, and improve water storage diversification with investments in out-of-county water storage facilities. The effort to develop Valley Water's 2050 Water Supply Master Plan is under way. When completed, it will guide critical investments for projects and programs to increase future water supply reliability.

Water will always be one of our most precious resources, and we are committed to its preservation and responsible management while ensuring the prudent use of public funds. This letter would not be complete without a reminder that Valley Water's Board of Directors encourages everyone to make water conservation a way of life. A water conservation mindset paired with strategic infrastructure investments will help secure a sustainable and resilient water supply, now and into the future.

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

Sincerely,

Aaron Baker, P.E.
 Chief Operating Officer
 Water Utility Enterprise

NORTH COUNTY

How will rates change?

Valley Water is proposing up to a **12.9% rate increase** for groundwater, which is an increase of approximately **\$8.78 per month** to the average household.

Agricultural water rates are proposed to **increase up to \$0.49 per month per acre**, assuming two acre-feet of water usage per acre per year.

CURRENT CHARGES 2023/2024

MUNICIPAL & INDUSTRIAL
\$1,974.00 /acre-foot

AGRICULTURAL WATER
\$36.85 /acre-foot

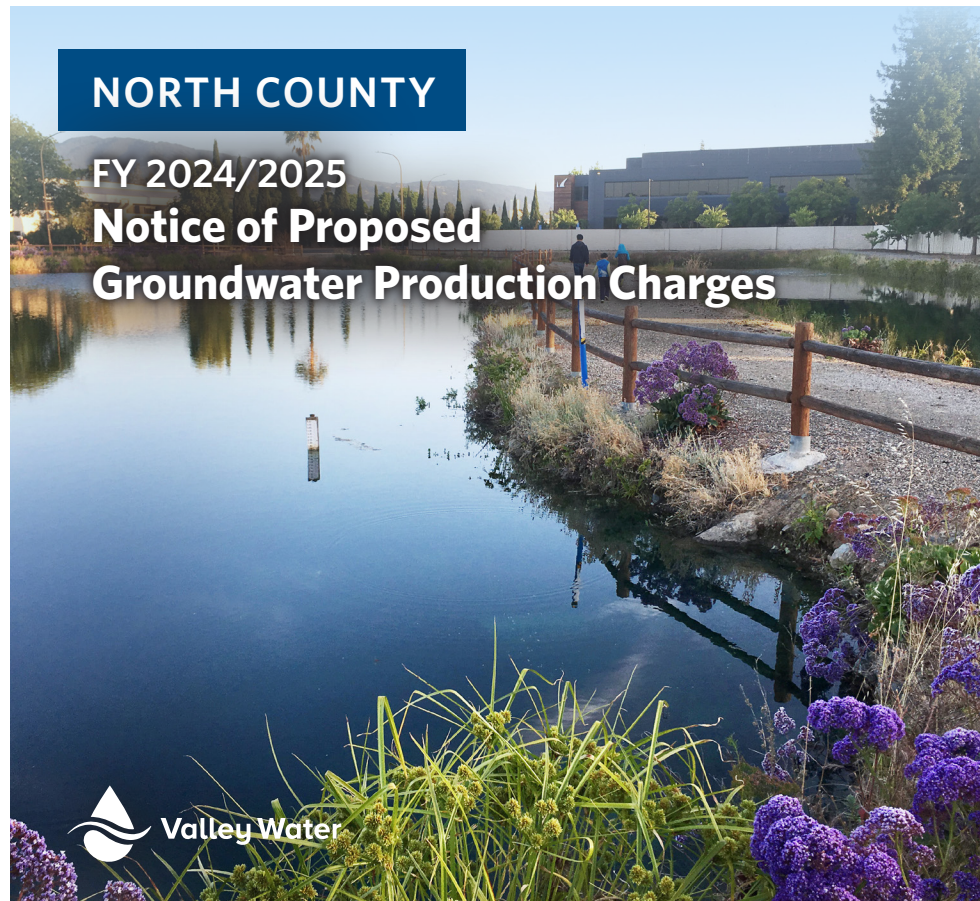
PROPOSED CHARGES 2024/2025*

MUNICIPAL & INDUSTRIAL
\$2,229.00 /acre-foot

AGRICULTURAL WATER
\$39.80 /acre-foot

*Effective July 1, 2024
 (See details on next page)

North County (Zone W-2) is generally defined as the portion of Santa Clara County north of Metcalf Road.



NORTH COUNTY

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IMPORTANT DATES

April 9, 2024

1 p.m. Public Hearing
 Valley Water Headquarters Boardroom
 5700 Almaden Expy, San José, CA 95118
 Zoom: valleywater.zoom.us/j/84454515597
 Meeting ID: 844 5451 5597
 Dial-in: 1-669-900-9128

April 11, 2024

Focused on South County

6 p.m. Open House (in-person only)
 Gilroy City Hall
 7351 Rosanna Street, Gilroy, CA 95020

7 p.m. Public Hearing available remotely via
 Zoom: valleywater.zoom.us/j/84454515597
 Meeting ID: 844 5451 5597
 Dial-in: 1-669-900-9128

April 23, 2024

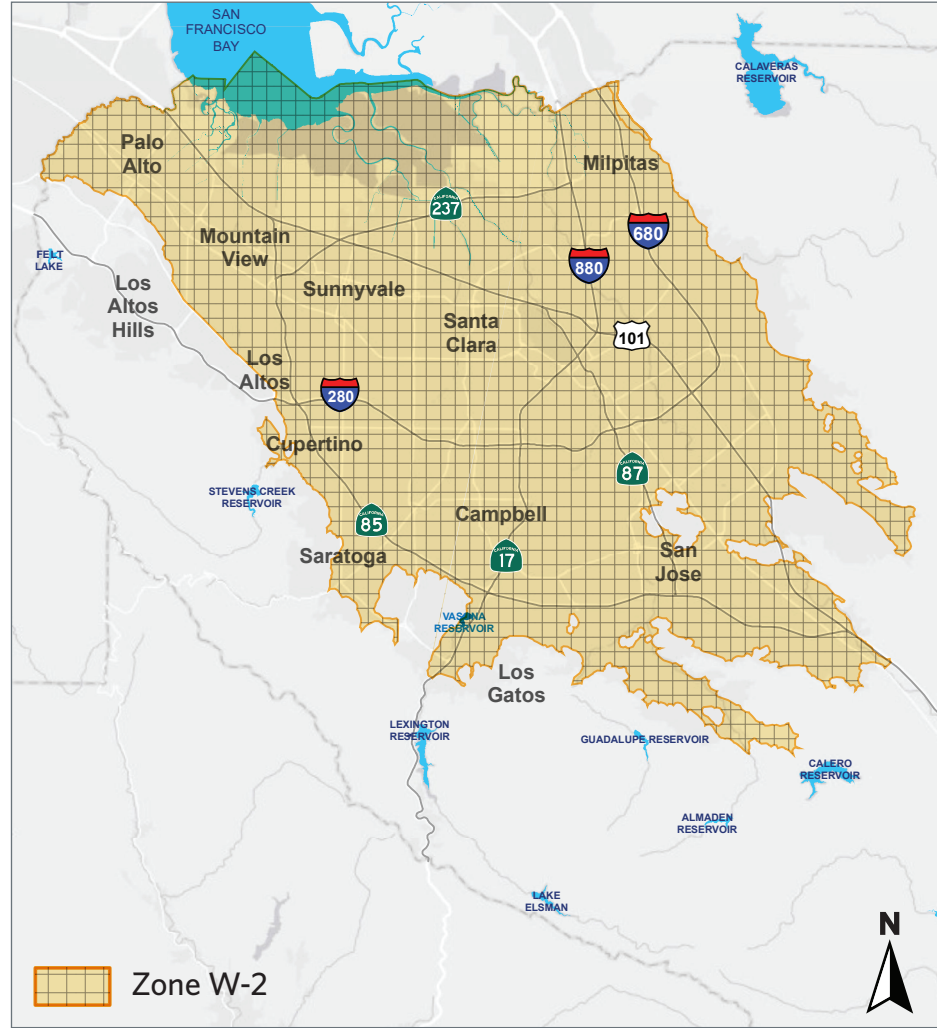
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NORTH COUNTY GROUNDWATER

What is a Groundwater Benefit Zone?



A groundwater benefit zone is an area where Valley Water activities help protect and replenish groundwater supplies. Groundwater production charges (based on adopted rates) collected in the groundwater benefit zones fund these activities. These charges are paid by owners and operators of groundwater wells based on the amount of water they pump. More information about the Groundwater Benefit Zones can be found online at valleywater.org/gwbenefits.



What are the proposed rate changes?

Zone W-2	Municipal and Industrial (M&I) (\$/acre-foot)	Agricultural (\$/acre-foot)
2023/2024 Current charges	\$1,974.00	\$36.85
2024/2025 Proposed charges Effective July 1, 2024	\$2,229.00	\$39.80

Zone W-2 is generally defined as the portion of Santa Clara County north of the Coyote Valley.

One acre-foot = 325,851 gallons

What do the proposed rates mean?

The proposed increase of up to 12.9% for Municipal and Industrial (M&I) water customers would impact the average household by approximately \$8.78 per month. The maximum proposed Agricultural rate is set at 9.25% of the lowest proposed M&I rate based on past direction from the Valley Water Board (9.25% x \$430 in Zone W-8 = \$39.80), an increase of up to 8% or \$0.49 per month per acre, assuming two acre-feet of water usage per acre per year.

More information on proposed groundwater production charges can be found online at valleywater.org/ProposedWaterCharges.



NORTH COUNTY GROUNDWATER

Why is my rate changing?

As infrastructure ages, it must be replaced to ensure safety, quality, reliability and capacity. By bolstering the efficiency of current systems, we secure the sustainability of our water supply and address the challenges posed by climate change and increasing demand.

Although the recent drought is behind us, water supply challenges remain. Anderson Reservoir will be unavailable for several years to come. The reservoir is the county's largest surface water supply source, and in 2021, Valley Water began 10+ years' worth of work to rebuild the dam and reservoir. The rehabilitation of several other dams within the system has become an elevated priority based on recent reports that show the need for critical repairs and upgrades. As such, Valley Water is currently developing plans to retrofit the dams at Guadalupe, Calero, Coyote and Almaden reservoirs. Additionally, Valley Water is investing in out-of-county storage opportunities to ensure future water supply reliability.

Rates provide revenue vital to ensuring we have future water capacity and drought-resilient water supplies for Santa Clara County.

ENSURING A RELIABLE WATER SUPPLY

Construction at Anderson Dam in east Morgan Hill continues, with crews progressing on a 24-foot outlet tunnel that will feed into Coyote Creek when the project is complete. That new tunnel will allow for the quicker, controlled release of water from the reservoir during a storm or other emergency.

Following construction of the tunnel, Valley Water will begin the seismic retrofit project to strengthen the dam in case of a large earthquake. In addition to building a high-level outlet, the project work includes removal and construction of the spillway and dam embankment. This effort will ensure public safety and secure a reliable water supply and is expected to be completed by 2032. Anderson Reservoir remains an integral part of our regional water supply system. For further details please visit valleywater.org/project-updates/c1-anderson-dam-seismic-retrofit.



Tunnel Portal and Diversion Outlet Structure Overview

UPGRADES CONTINUE AT THE RINCONADA WATER TREATMENT PLANT

Upgrades to Valley Water's longest operating treatment facility restarted in January 2024. The work will continue through April 2029. Among the planned work is the demolition of the plant's four concrete clarifiers, considered the plant's largest features, as each tank has a depth of about 20 feet.

The work will upgrade all major plant components and increase the plant's treatment capacity to 100 million gallons of water a day. When completed, Valley Water will meet increasingly stringent standards for water quality, seismic stability and safety.



Rinconada Water Treatment Plant

Valley Water Activities

Infrastructure upgrades and maintenance activities are supported by water rates. They include:



Planning, constructing and retrofitting infrastructure such as dams, pipelines, groundwater recharge ponds, and pump stations to help sustain the groundwater basins.



Monitoring and protecting groundwater from pollutants.



Operating and maintaining local reservoirs to capture water and fill recharge ponds, replenishing the groundwater basins.



Operating and maintaining pipelines, groundwater recharge ponds and pumping plants to sustain groundwater supplies.



Ensuring proper construction and destruction of wells to help prevent contaminants from reaching groundwater resources.



Purchasing imported water and developing drought resilient local water supplies to replenish the groundwater basins.