SOUTH 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.

Valley Water
Santa Clara Valley Water District
5750 Almaden Expressway
San José, CA 95118-3686
valleywater.org

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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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

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

Valley Water
Clean Water • Healthy Environment • Flood Protection

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 South County's water needs, including the system of dams and pipelines, 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 South County well users fund the infrastructure and services required to maintain a reliable groundwater supply and to provide safe, clean water for South 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 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

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

SOUTH COUNTY

How will rates change?

Valley Water is proposing rate increases for groundwater charges: **up to 6.6% for Zone W-5, up to 14.2% for Zone W-7, and up to 8% for Zone W-8.** Average household increases range from $1.10 to $3.20 per month.

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
ZONE W-5
$543.50/acre-foot
ZONE W-7
$657.50/acre-foot
ZONE W-8
$398.00/acre-foot
AGRICULTURAL WATER
$36.85/acre-foot

PROPOSED CHARGES 2024/2025*

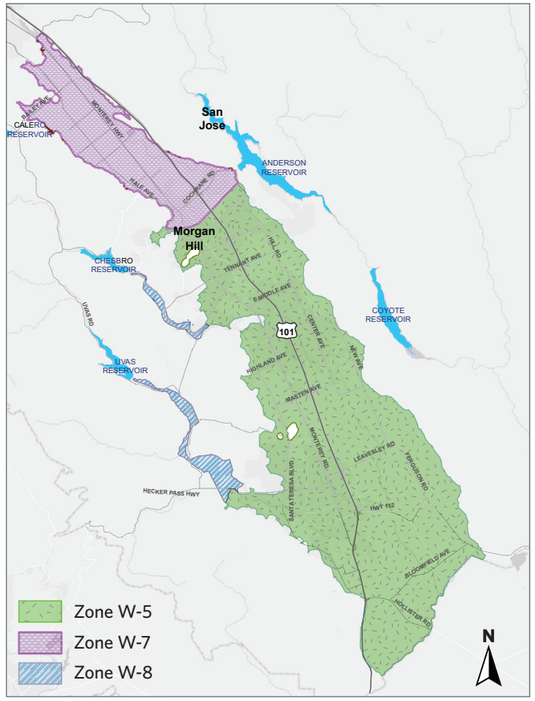
MUNICIPAL & INDUSTRIAL
ZONE W-5
$579.00/acre-foot
ZONE W-7
$750.50/acre-foot
ZONE W-8
$430.00/acre-foot
AGRICULTURAL WATER
$39.80/acre-foot

South County (Zones W-5, W-7 and W-8) is generally defined as the portion of Santa Clara County south of Metcalf Road.

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 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.

South County groundwater benefit zones include Zone W-5, which overlays most of the Llagas Subbasin; Zone W-7, which encompasses the Coyote Valley; and Zone W-8 which encompasses areas in the foothills southeast of Uvas and Chesbro Reservoirs. More information about the Groundwater Benefit Zones can be found online at ***valleywater.org/gwbenefits***.



What are the proposed rate changes?

Zone	2023/2024 Adopted Charges		2024/2025 Proposed Charges *Effective July 1, 2024*	
	Municipal and Industrial (M&I) ($/acre-foot)	Agricultural ($/acre-foot)	Municipal and Industrial (M&I) ($/acre-foot)	Agricultural ($/acre-foot)
Zone W-5 Llagas Subbasin	$543.50	$36.85	$579.00	$39.80
Zone W-7 Coyote Valley	$657.50	$36.85	$750.50	$39.80
Zone W-8 Below Uvas & Chesbro Reservoirs	$398.00	$36.85	$430.00	$39.80

South County is generally defined as the portion of Santa Clara County south of Metcalf Road.

One acre-foot = 325,851 gallons

What do the proposed rates mean?

ZONE W-5 For Zone W-5, the proposed M&I increase is **6.6%** or **$1.22 per month** to the average household.

ZONE W-7 For Zone W-7, the proposed M&I increase is **14.2%** or **$3.20 per month** to the average household.

ZONE W-8 For Zone W-8, the proposed M&I increase is **8%** or **$1.10 per month** to the average household.

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***.

SOUTH 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, including the dam at Coyote Reservoir, 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 for retrofit work. 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 A 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

Anderson Dam Tunnel, Low-Level Outlet Tunnel

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.