



FISCAL YEAR 2023-24

SCVWD Groundwater Production & Other Water Charges

For City of Sunnyvale

May 2, 2023



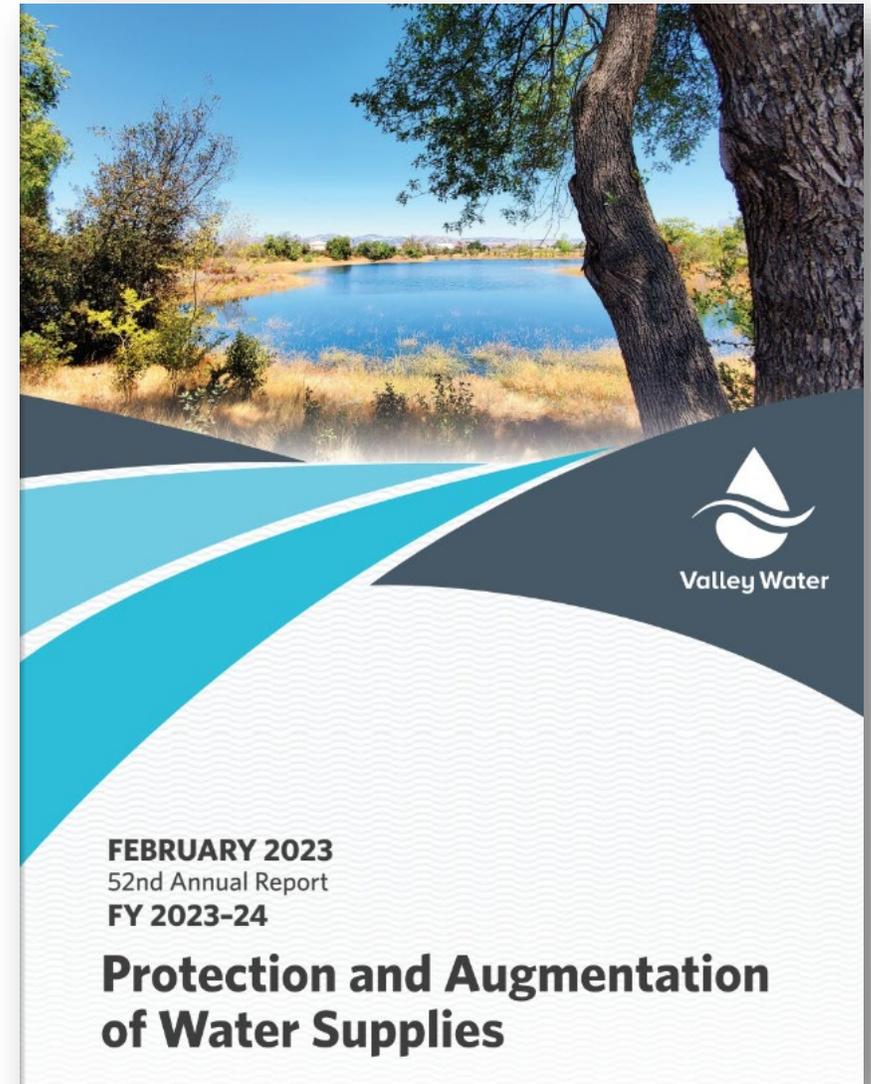
52nd Annual Report Released

**Annual Protection and Augmentation of
Water Supplies Report provides
information & accountability**

Filed February 24, 2023

Available Online:

<https://www.valleywater.org/ProposedWaterCharges>



A comprehensive, flexible water system

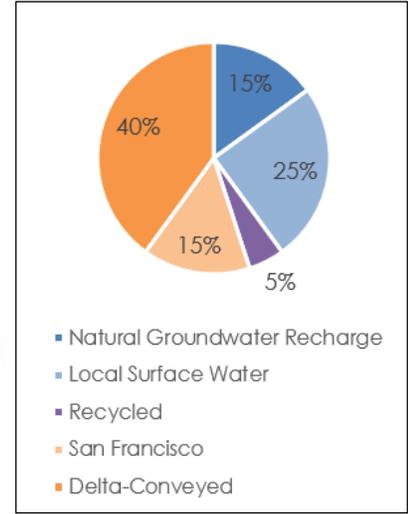
SERVING OVER 2.0 MILLION PEOPLE



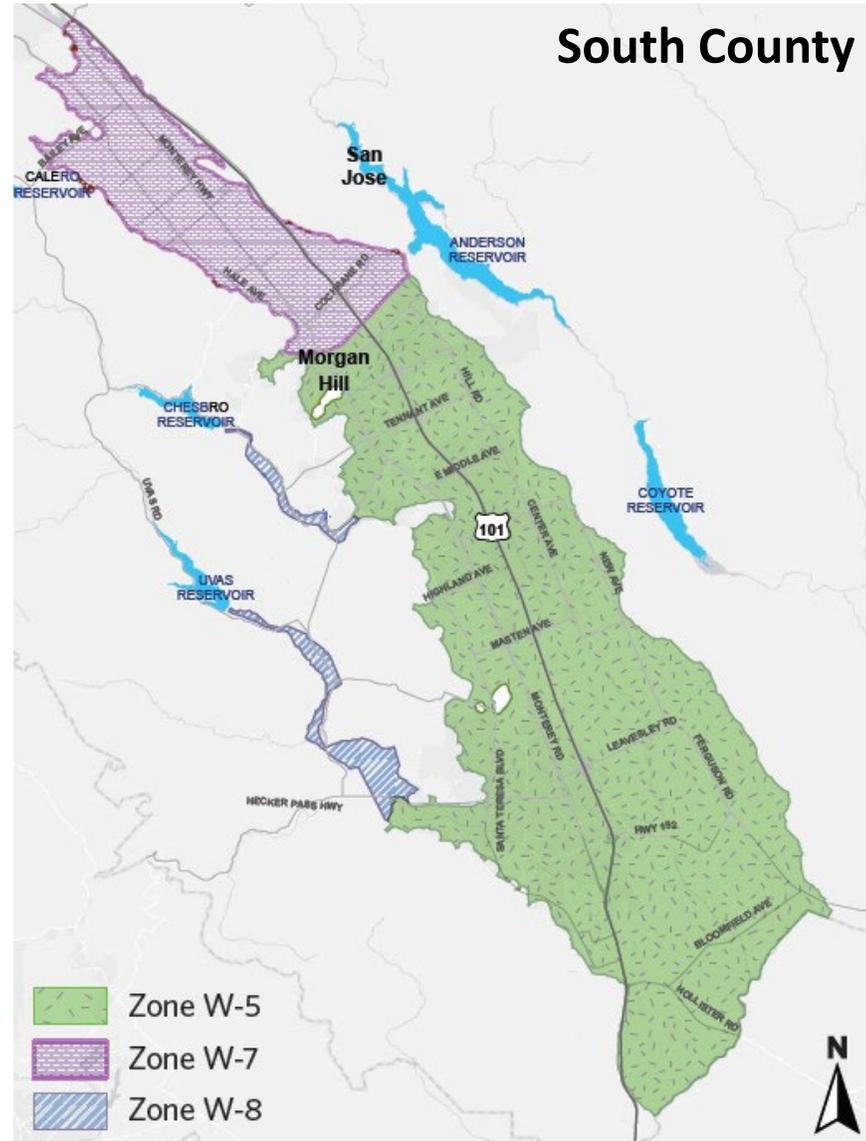
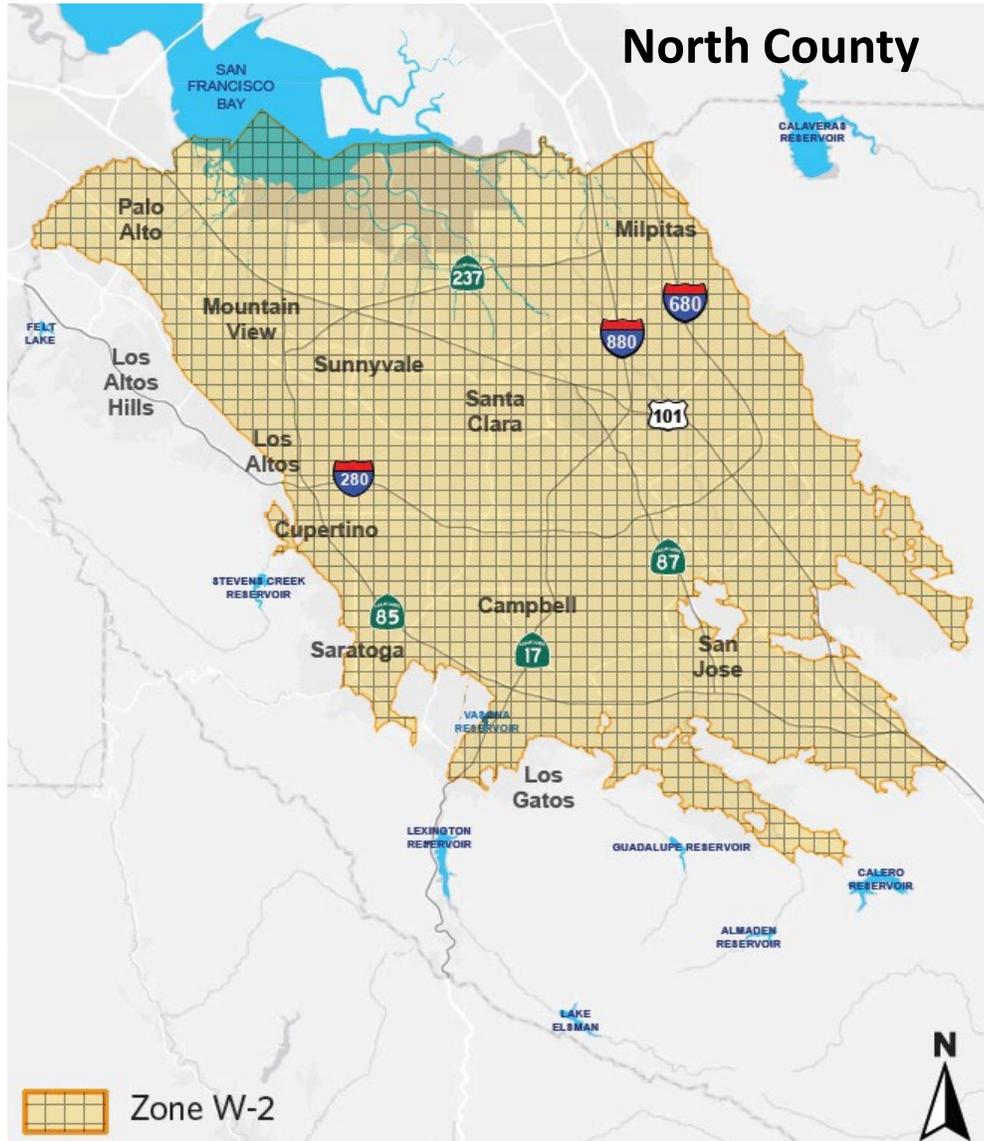
Legend

- 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



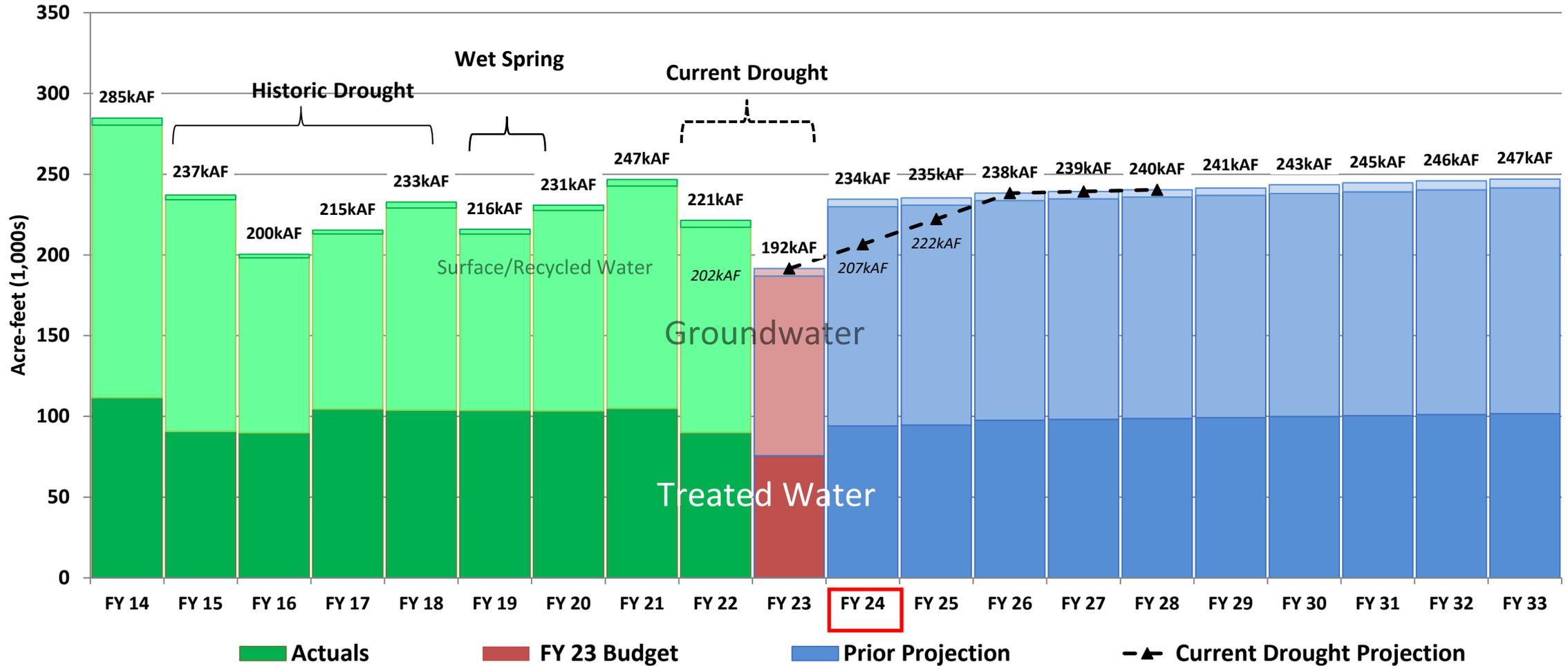
Groundwater Benefit Zones



- Groundwater charges are levied within a zone for benefits received
- Treated water charges are set equivalent to the groundwater charge plus a treated water surcharge
 - Helps Valley Water manage water conjunctively to prevent over use or under use of the groundwater basin

Water Usage (District Managed)

Water Usage (District Managed)



Drought Drives Near-Term Water Rates

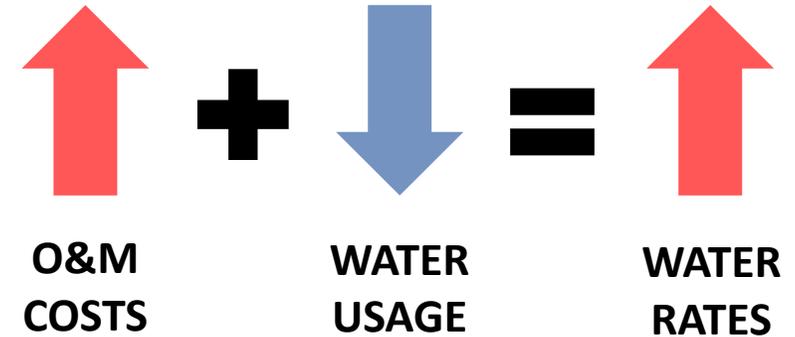
Key drivers of near-term rate projection (FY 24 and FY 25)

Drought Puts Pressure on Water Rates:

O&M Costs up

*Reduced
\$26M
in FY24*

- Emergency Water Purchases projected to be \$24.5M in FY24 & FY25
- Emergency Conservation activities projected to be \$7.0M in FY24 & FY25



Water Usage down: Mandatory 15% call for conservation compared to 2019 (on track to achieve in FY23)

- Results in lower revenue to pay for highly fixed cost structure

Continued Measures to Soften Water Rate Impact:

- Draw down Rate Stabilization reserves in FY 24 & FY 25
- Suspension of certain position backfills, sharing certain positions between multiple divisions, careful scrutiny of draft biennial budget to offset inflation impact

Infrastructure Repair and Water Supply Investments Drive Medium-Term and Long-Term Water Rates



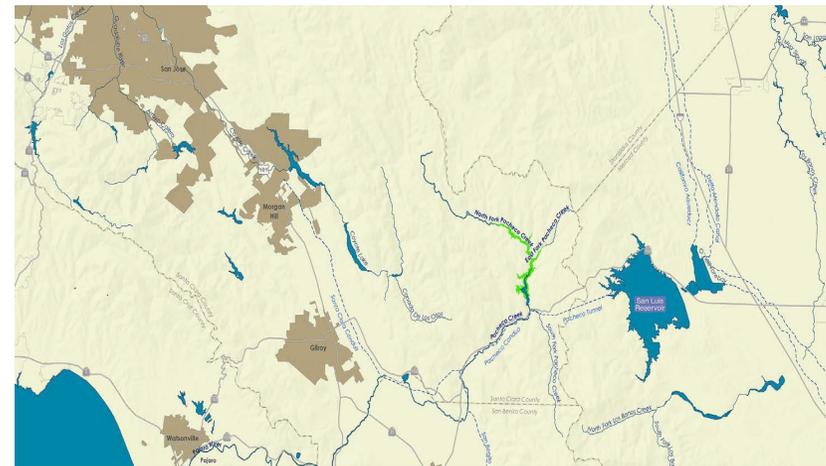
**Dam Seismic Retrofits/Improvements
(\$1,771 Million)**



**RWTP Reliability Improvements
(\$628 Million)**



**Purified Water Program
(\$1,210 Million)**



**Pacheco Reservoir Expansion
(\$2,780 Million)**

- Project costs shown include impact of recent inflation trends
- Rising interest rates mean more costly debt issuances

FY 2023-24 Recommended Groundwater Charge Projection

M&I Groundwater Charge Year to Year Growth %

Reflects Staff Proposed Revisions

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
North County Zone W-2	15% 14.5%	15% 14.5%	9.9%	9.9%	9.9%	9.9%	9.9%	6.3% 6.8%	6.3% 6.8%	6.3% 6.8%
<i>Prior Year</i>	15%	15%	9.1%	9.1%	9.1%	9.1%	9.1%	5.0%	5.0%	

M&I Groundwater Charge Monthly Impact to Average Household

Reflects Staff Proposed Revisions

Staff Recommendation	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
North County Zone W-2	\$8.92 \$8.61	\$10.24 \$9.86	\$7.77 \$7.71	\$8.54 \$8.47	\$9.39 \$9.31	\$10.32 \$10.23	\$11.34 \$11.24	\$8.18 \$8.49	\$8.72 \$9.06	\$9.28 \$9.68

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

FY 2023-24 North County Zone W-2 Maximum Proposed Charges

Zone W-2 (North County)	Dollars Per Acre Foot		
	FY 2021-22	FY 2022-23	Proposed Maximum FY 2023-24
Basic User/Groundwater Production Charge			
Municipal & Industrial	1,499.00	1,724.00	1,983.00
Agricultural	34.15	36.85	39.80
Surface Water Charge			
Surface Water Master Charge	40.90	47.10	54.20
Total Surface Water, Municipal & Industrial*	1,539.90	1,771.10	2,037.20
Total Surface Water, Agricultural*	75.05	83.95	94.00
Treated Water Charges			
Contract Surcharge	115.00	115.00	115.00
Total Treated Water Contract Charge**	1,614.00	1,839.00	2,098.00
Non-Contract Surcharge	200.00	200.00	200.00
Total Treated Water Non-Contract Charge***	1,699.00	1,924.00	2,183.00

Reflects Staff Proposed Revisions

\$1,974

\$54.00

\$2,037

\$93.80

\$2,089

\$2,174



* The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

** The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

*** The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

M&I Increase approximately \$8.61 per month increase to the average household user.

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

2023 Schedule

Jan 9	Ag Water Advisory Committee
Jan 10	Board Meeting: Preliminary Groundwater Charge Analysis
Jan 18	Water Retailers Meeting: Preliminary Groundwater Charge Analysis
Jan 23	Water Commission Meeting: Preliminary Groundwater Charge Analysis
Feb 7	Board Meeting: Set time & place of Public Hearing
Feb 24	Mail notice of public hearing and file PAWS report
Mar 7	Board Meeting: Budget development update
Mar 15	Water Retailers Meeting: FY 24 Groundwater Charge Recommendation
Apr 3	Ag Water Advisory Committee
Apr 11	Open Public Hearing
Apr 12	Water Commission Meeting
Apr 13	Continue Public Hearing in South County
Apr 25	Conclude Public Hearing
Apr 26	Board Meeting: Budget work study session
 May 16	Adopt budget & groundwater production and other water charges

Key Drivers for Near-Term Water Rate Increases:

- Recovery from current historic drought (reduced water usage due to necessary conservation)

Key Drivers for Medium-Term & Long-Term Water Rate Increases:

- Smart infrastructure investments: Rinconada Water Treatment Plant, Purified Water Program, Anderson Dam Seismic Retrofit & Pacheco Reservoir Expansion Project
 - Investing now remains the most cost-efficient way to get critical multi-year projects done

Proposed Maximum FY 24 Groundwater Production Charge for North County in terms of average household increase are:

- Increase of \$8.61 per month in Zone W-2 for groundwater and treated water



Valley Water

Clean Water • Healthy Environment • Flood Protection