



Overview of SCVWD Water Charges & Key Projects

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Chief Financial Officer

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Agenda

Topic	Presenter
Water Charge Projection Overview	Darin Taylor, CFO
Pure Water Silicon Valley	Aaron Baker, COO, Water Utility Enterprise



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A comprehensive, flexible water system serving over 2 million people

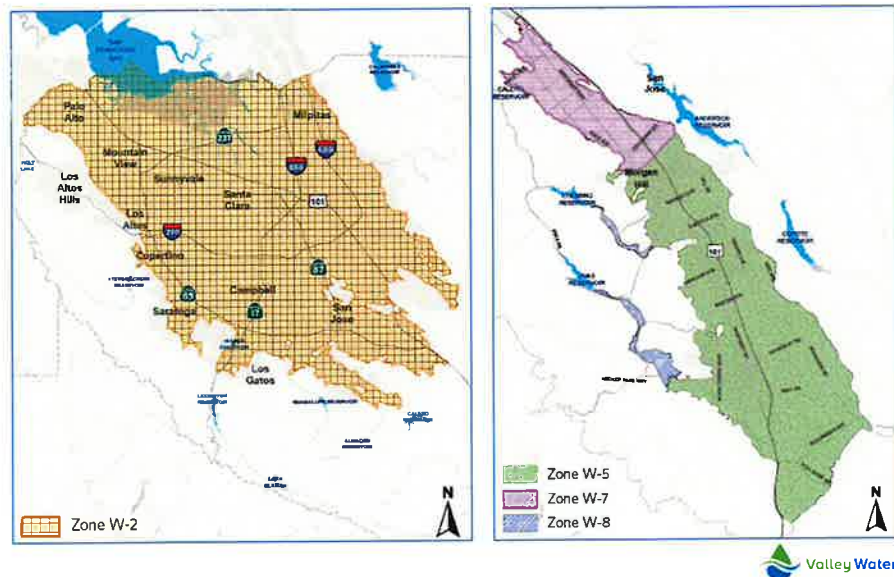


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Valley Water Groundwater Charge Zones of Benefit

Board Pricing Policy Summary

- Groundwater charges are levied within a zone for benefits received
- All water sources and water facilities contribute to common benefit within a zone regardless of cost, known as "pooling" concept
 - Helps maximize effective use of available resources
- Agricultural water charge shall not exceed 10% of M&I water charge



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Impact of Shortage

WHAT WOULD WATER SHORTAGE MEAN DURING A FUTURE MULTI-YEAR DROUGHT?

Annual Water Supply Shortage in AF (6-year drought in 2050)	Moderately Impacted Imported Water in AF		Severely Impacted Imported Water in AF	
	Supply	Shortage	Supply	Shortage
High Demand: 350,000	316,000 (19,000 GWB)	34,000	278,000 (3,000 GWB)	72,000
Stable Demand: 330,000	328,000 (33,000 GWB)	2,000	282,000 (11,000 GWB)	48,000

AF: Acre Feet (1 AF equals 325,851 gallons or enough water for 10 people for an entire year)
GWB: Groundwater Banking water transfers

During a 6-year drought in 2050:

- All four potential future conditions ***show some level of water supply shortfall.***
- Assumptions: Reliance on existing supplies and infrastructure only & water conservation goals are met, including short-term drought reductions. Future supply and demand conditions may vary.

Not investing wisely – or forgoing rate increases – may result in future supply shortages or lower levels of service.

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Impact of Shortage

COMMUNITY DISRUPTION AND POTENTIALLY STAGGERING ECONOMIC IMPACT

Potential Impacts of Lower Levels of Service:

- Quality of Life
- Economic Impact
- Irrigation for Parks & Trees
- Declining Agricultural Production
- Irreversible Subsidence

Estimated Costs of Water Supply Shortages (2023\$):

- **Residential** \$1.6 – \$2.8 Billion
- **Agricultural** \$220 – \$280 Million
- **Commercial** \$1.2 – \$14.2 Billion
- **Subsidence** Potentially Billions



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Infrastructure Repair and Water Supply Investments Drive Water Rate Projection



Additional
Planned
Investments in
Capital Projects
Led by Other
Agencies

- Sisk Dam Raise
~ Up to \$563M
in 2024 \$'s
- Delta Conveyance
Project
~ Up to \$650M
in 2023 \$'s

Water Supply Master Plan 2050 is nearly finished and includes adaptive management framework to provide Valley Water's Board with flexibility to make incremental investment decisions and refine them over time.

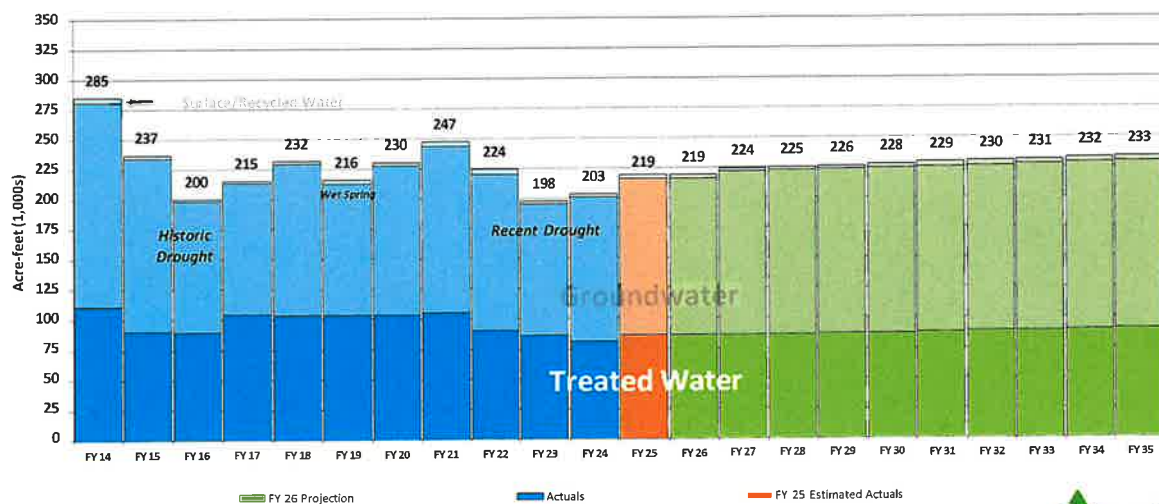


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District Managed Water Usage

REFLECTS MORE MODERATE REBOUND FROM 2023 DROUGHT

District Managed Water Usage (TAF)



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Groundwater Charge Increase Projection

M&I Groundwater Charge Year to Year Growth %

North County Zone W-2	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Baseline	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	7.0%
Scenario w/o Pacheco & with Expanded Sites	9.9%	9.2%	9.2%	9.2%	9.2%	6.8%	6.8%	6.8%	6.8%	6.8%

M&I Groundwater Charge Monthly Impact to Average Household

North County Zone W-2	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Baseline	\$7.60	\$8.35	\$9.18	\$10.09	\$11.09	\$12.19	\$13.39	\$14.72	\$16.18	\$12.57
Scenario w/o Pacheco & with Expanded Sites	\$7.60	\$7.76	\$8.48	\$9.26	\$10.11	\$8.16	\$8.71	\$9.31	\$9.94	\$10.61

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



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Local Assistance Programs

Multiple Retailers offer Customer Assistance Programs (CAP) to help residents with their water bills.

Valley Water's WRAP (Water Rate Assistance Program) is budgeted at \$1M per year.



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Summary

Valley Water's "era of investment" is driving water charge projection

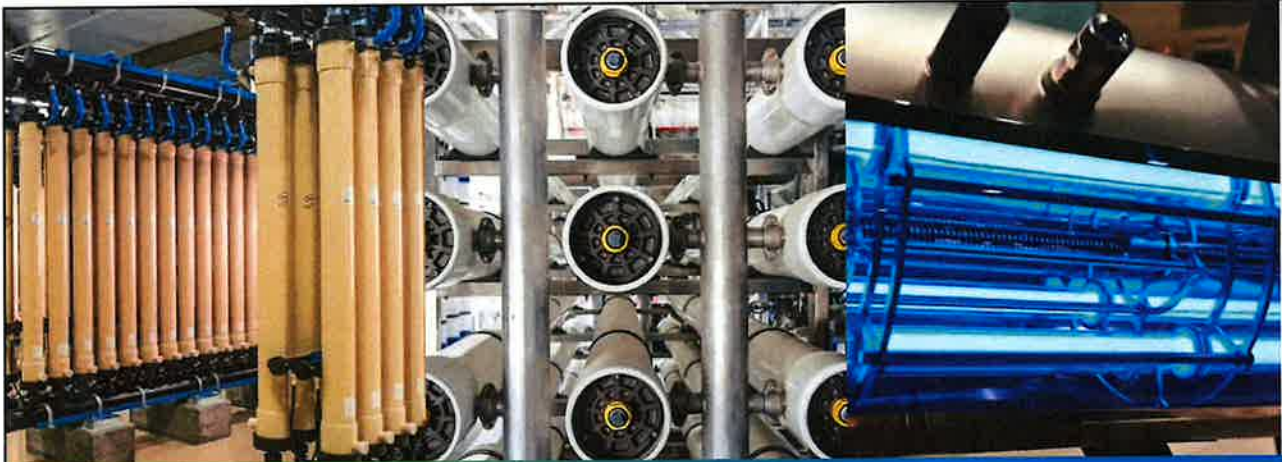
- Needed infrastructure repair coupled with climate change driving planning efforts for investments
- Water charge projection adjusted downward due to Pacheco Project suspension

Water Utility Enterprise cost containment measures include:

- Pausing 45 positions district-wide
- Deferring unfunded capital projects (Almaden Calero Canal Phase 2, Alamitos Dam replacement)
- Submitting applications for an additional \$1.3B worth of low-cost federal loans for the Dam Safety Project and the ADSRP



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A photograph of industrial water treatment equipment. On the left, there are several tall, vertical, yellow cylindrical filters. To the right, there are horizontal, blue cylindrical units, possibly UV disinfection lamps or membrane modules, with various pipes and valves connecting them.

Pure Water Silicon Valley

Aaron Baker, Chief Operating Officer
Water Utility Enterprise

October 21, 2025

The Valley Water logo, featuring a stylized white water drop icon to the left of the text "Valley Water" in a sans-serif font.

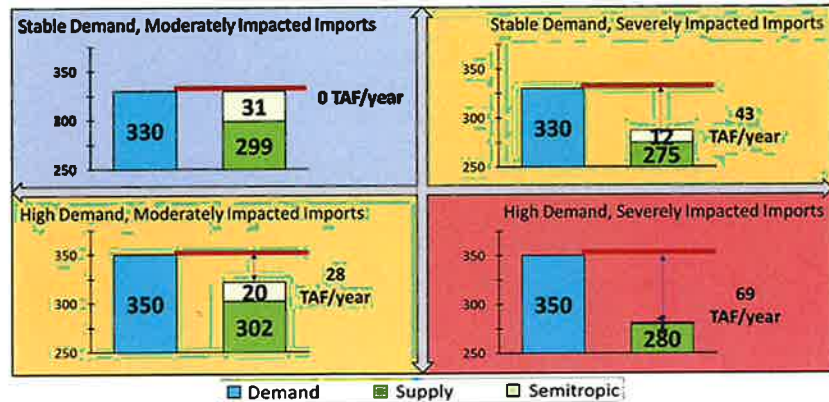
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Water Supply Master Plan

Needs and Challenges:

- Multi-year droughts
- Climate change impact
- Aging infrastructure
- Affordability

Annual shortage in a 6-year drought



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Proposed New WSMP Strategies

Lower Cost (\$4.6 → \$3.9 Billion)



Local Control (\$4.5 Billion)



Diversified (\$4.1 Billion)



Total cost represents Present Value of lifecycle cost in 2025 dollars

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Potable Reuse:

Project Commitment

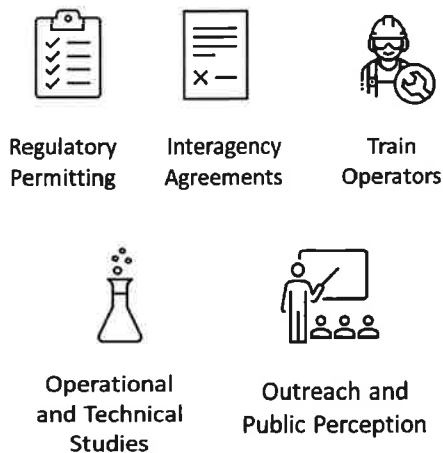
- Potable reuse goal
 - 24,000 AFY by 2035 – focus on a project in San José
- Letter of Intent with the Cities:
 - Partnered pursuit with Santa Clara and San Jose for a project to meet local supply needs
- Approved Capital Improvement Program
 - Pure Water Silicon Valley Project Phase 1 (Demonstration Facility)



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Demonstration facility

Pathway to Direct Potable Reuse



- Approximately \$100M
- Progress to date:
 - Staff funding agreement & amended agreements
 - Procurement for design consultant,
 - CEQA
 - Learningcenter site visits & reconnaissance
 - Meeting with regulators on testing plan and a regulatory roadmap for future permit applications for the full-scale facility

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Full-scale Facility

Pathway to Direct Potable Reuse

- Up to 24 MGD
- Approximately \$2B capital cost
- \$328,249 in USBR Grant for feasibility study
- SFPUC Collaboration opportunities
- Charter and Vision:
 - A model for inter-agency cooperation
 - Innovative, cost-effective, potable reuse program
- Exclusive Negotiation Agreement being developed to set aside land



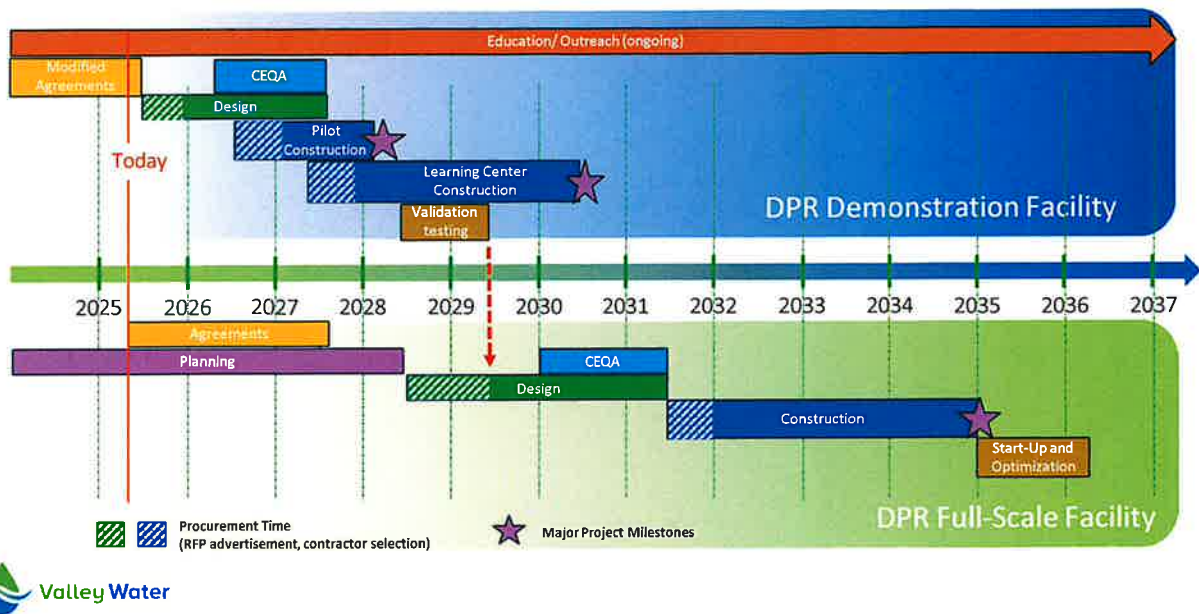
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Demonstration and Full-Scale facilities



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Draft Timeline for Pure Water Silicon Valley



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The Way Ahead

Education Outreach

Goals:

- To educate
- To be Transparent
- To raise awareness
- To build public support for potable reuse



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Questions