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April 13, 2021

City of San José Mayor and City Council
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Dear City of San José Mayor and City Council:

We are writing this letter to you today in regard to Item #6.1 on your April 13, 2021, City Council Agenda, the Purified Water Project in Santa Clara County.

We would like to take this opportunity to thank you for taking time to consider this item today. With that said, our elected Board of Directors would like to acknowledge the previous memorandum from Vice Mayor Jones from the Joint Meeting on March 19, 2021, under Item #5 as well as memoranda for today's Council items from the Mayor, Vice Mayor, and Councilmember Jimenez, as well as from Councilmember Cohen. Our Board appreciates the original proposed direction based on the Vice Mayor's March 18 memorandum to establish an executive negotiation team now, address negotiations for water, land, Reverse Osmosis concentrate management, and the integration agreement, and return to the City Council in June. We are unsure of what conditions and/or circumstances that have changed which resulted in the new direction listed in the memorandum from Mayor Liccardo, Vice Mayor Jones, and Councilmember Jimenez. We also appreciate Councilmember Cohen's memo to accelerate the timeline, as the Santa Clara Valley Water District (Valley Water) is looking to implement the Purified Water Project as soon as possible. Please know, we completely respect your decision to adjust or pivot to a new or expanded direction and look forward to hearing the discussion at your meeting which might offer insight.

Valley Water has a long history of collaborating with the Cities of San José and Santa Clara to advance the use of recycled and purified water. Our agency has invested \$65 million to construct the Silicon Valley Advanced Water Purification Center (SVAWPC) located at the Regional Wastewater Facility (RWF). The SVAWPC blends purified water with the recycled water produced at the RWF to enhance its quality for recycled water customers. Since the facility opened, Valley Water has subsidized the City's recycled water program with \$12 million by operating the facility. The RWF contributed funds, recognizing the benefits of the facility to reducing wastewater discharge and increasing filter capacity. This is the kind of joint effort and project that public agencies like ours should operate and invest in on behalf of the public, it not only benefits our mutual residents financially, but also our water supply now and long into the future. As water policy experts and regulators recognize, potable re-use is a necessary part of water supply options for the state, and regulatory agencies are poised to facilitate increased water re-use.

Valley Water's CountyWide Water Reuse Master Plan found that potable water reuse is a more cost-effective investment for the future compared to non-potable water reuse. As we are heading into another drought, the Valley Water Board of Directors directed staff to implement a potable water reuse project as soon as possible so that we have a drought resilient water supply for the future.

The SVAWPC was developed with such a vision to demonstrate the advanced water purification technology and was designed and built with modular components to allow for an easy add-on and expansion to eventually support a potable re-use project. As the largest City in the County, San José accounts for the largest share of water use in the County and as a result is the source of the largest



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quantity of wastewater available for such a project. The foresight and leadership of the City in partnering with Valley Water in developing Northern California's first purification project and accounting for its expansion in their planning efforts would now result in an expanded project with a significantly lower water rate impact as well as lower environmental footprint.

On a staff-to-staff level, we believe Valley Water has provided potential solutions to all of the issues listed in the City staff memorandum over the past five years. Valley Water would like to respond to some of the statements in the administration's memorandum:

- **Recycled Water Expansion:** While the CountyWide Water Reuse Master Plan included future reuse opportunities for the non-potable (purple pipe) South Bay Water Recycling system per request from City staff, it found that investment in potable reuse is a more cost-effective investment for the county's water supply future. The map in the staff report shows the planned expansion of existing recycled water distribution systems throughout Santa Clara County based on partner agencies' master plans.
- **Integrated vs stand-alone facility:** As presented in the City administration memorandum the definitions have been mis-stated. The concept of a "scalping" plant has not been discussed in conversations with Valley Water staff.
- **Source Control:** The CountyWide Water Reuse Master Plan designates the Purified Water Project as "low complexity" for source control not "medium complexity" as written in the City's memo.
- **Reverse Osmosis (RO) Concentrate:** The mass loading of pollutants does not change due to the production and discharge of RO Concentrate. Per our Regulator's water quality control planning document, effluent concentrations may be adjusted if facilities engage in significant water recycling. Valley Water conducted studies, including as part of the CountyWide Water Reuse Master plan, to show that blending and disposal of the RO Concentrate through the effluent of the RWF is a viable and cost-effective alternative. Valley Water is committed to working collaboratively with our wastewater agency partners on this issue.
- **Private Activity Considerations:** Valley Water will structure our contract with the private entity that will deliver this project in a way to ensure there are no impacts on the City's bonds.

Given the urgency of having to address future droughts, as mentioned above, an extension of the timeline of proceeding with the Purified Water Project by several years is undesirable, as it will leave Santa Clara County's water supply at risk in future droughts. Therefore, Valley Water respectfully requests negotiating all necessary components (water, land, Reverse Osmosis concentrate management, integration agreement) by September using an executive negotiation team consisting of Councilmembers and Valley Water Board of Directors as well as staff to allow this project to proceed.

We look forward to your discussion on how the City decides to move forward on this important project. Thank you for your time and consideration, it is greatly appreciated.

Sincerely,



Tony Estremera
Chair, Board of Directors

cc: Board of Directors (7)

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