

March 19, 2014

Mr. Jeff Moneda
City of Milpitas
455 East Calaveras Boulevard
Milpitas, California 95035

RE: Revised Monthly Treated Water Delivery Schedule March – December 2014.

Dear Mr. Moneda:

As the county's wholesale water supplier, the Santa Clara Valley Water District (District) Board of Directors (Board) is responsible for making decisions that will help balance supply and demand to meet the county's water needs. On January 28, 2014, the District Board set a preliminary water use reduction target equal to 10% of 2013 county-wide water use. Since that time, water supply conditions and operational challenges have grown more severe. On February 25, the Board unanimously passed a resolution calling for mandatory measures to reach a water use reduction target equal to 20% of 2013 water use, through December 31, 2014. A copy of the Resolution is attached as Attachment A.

On January 31, the State Department of Water Resources reduced its initial allocation from 5% of the District's contract amount to zero. On February 21, the U.S. Bureau of Reclamation announced that the District's agricultural allocation is at zero, and the municipal and industrial allocation is 50% of historic use, which the District expects to amount to 65,000 acre-feet. As imported water typically accounts for 85% of the source water for the treatment plants, and as the District's imported water allocations are significantly reduced this year, the District's current projection is that the amount of imported and local surface water available for 2014 is only sufficient to supply 80% of the contract treated water delivery schedules.

These foregoing challenges pose extraordinary circumstances for the District and its water retailers. Therefore, pursuant to Article B, Section 1(c) of the Treated Water Contract, the District is requesting a reduction of City of Milpitas's monthly treated water delivery schedule by 20% beginning March 1 through December 31, 2014. The reduced schedule, which includes water use reduction required by Article C, Section 4(c) due to the Board's 20% water use reduction target, are reflected in Attachment B. We are requesting your concurrence with the reduced schedule by signing Attachment B and returning a signed copy to my office by March 28, 2014.

With the reduced schedule specified in Attachment B, the 90% minimum charge will be based on those monthly delivery amounts as opposed to the original monthly delivery amounts adjusted pursuant to Article C, Section 4(c). Under Article C, Section 4(c), the monthly delivery amounts are reduced by the 20% water reduction target less 10%. However, with Attachment B, City of Milpitas's monthly delivery amounts will be reduced to 80% of its original delivery amounts. Hence, the effective minimum charge with the Attachment B delivery schedule is equal to 90% multiplied by 80% (i.e. $90\% \times 80\% = 72\%$) of the original delivery schedule.

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We appreciate all your efforts working with us to ensure we can continue to deliver safe, clean water despite the extraordinary circumstances posed by the 2014 drought.

If you have any questions, please feel free to contact me at (408) 630-2735.

Sincerely,


Angela Cheung
Deputy Operating Officer
Water Utility Operations and Maintenance Division

Attachments:

- A. Board resolution calling for 20 percent water use reductions through December 31, 2014
- B. Revised Monthly Treated Water Delivery Schedule March – December 2014

cc: J. Fiedler, J. Maher, A. Fulcher, J. Atmore, L. Sullivan

RESOLUTION NO. 14- 11

CALLING FOR 20 PERCENT WATER USE REDUCTION
THROUGH DECEMBER 31, 2014

WHEREAS, in California, water is a precious and limited resource that must be used wisely; and

WHEREAS, 2013 was the driest year on record and 2014 is projected to be critically dry as well;
and

WHEREAS, on January 17, 2014, Governor Brown proclaimed a State of Emergency calling on all Californians to reduce their water usage by 20 percent, and calling on local urban water suppliers and municipalities to implement their local water shortage contingency plans immediately; and

WHEREAS, Santa Clara County relies on water supply imported by the State Water Project and Central Valley Project to provide treated drinking water, replenish the local groundwater basin and prevent the return of historic overdraft and land surface subsidence that could damage Bay-front levees and other critical infrastructure in northern Santa Clara County; and

WHEREAS, in 2014, State Water Project allocations have been reduced to zero percent of contract quantity, Central Valley Project water allocations for agricultural use are also expected to be zero percent, and Central Valley Project water allocations for municipal and industrial uses are expected to be no greater than 50 percent, or as needed to support public health and safety; and

WHEREAS, deliveries of imported water to the Santa Clara Valley Water District's (District's) drinking water treatment plants are being affected by poor water quality conditions in the Sacramento-San Joaquin Delta that have developed from lack of precipitation and depleted storage in State and federal reservoirs, and deliveries may be further limited or interrupted this summer due to degraded Delta water quality and low storage levels in San Luis Reservoir; and

WHEREAS, local watershed runoff has been extremely low this winter, and the District's ability to augment reservoir storage with imported water is limited because of California Department of Water Resources Division of Dam Safety requirements; and

WHEREAS, through careful water management, Santa Clara County groundwater reserves at the start of 2014 were well within the normal range, but these reserves are projected to drop significantly by the end of 2014; and

WHEREAS, the District must maintain sufficient local surface and groundwater reserve supplies to cope with supply interruptions from natural disasters and catastrophic events such as earthquake; and

Resolution Calling for 20 Percent Water Use Reductions Through December 31, 2014

WHEREAS, the District's Urban Water Management Plan, Water Shortage Contingency Plan guides the District's water supply management actions for supply augmentation, increased water use reduction measures, and the use of local reserve supplies; and

WHEREAS, the District through coordination with retail water agencies, local municipalities and the County of Santa Clara is increasing public outreach and education to create greater awareness of countywide water supply challenges and need for efficient water use; and

WHEREAS, the District must rely on the actions of the retail water agencies, local municipalities and the County of Santa Clara to enact and implement local ordinances and water use reduction measures; and

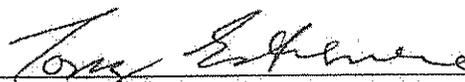
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that a water use reduction target equal to 20 percent of 2013 water use is called for through December 31, 2014, and it is further recommended that retail water agencies, local municipalities and the County of Santa Clara implement mandatory measures as needed to achieve the 20 percent water use reduction target.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 25, 2014:

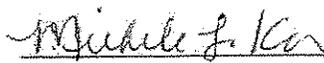
AYES: Directors B. Kennedy, R. Santos, N. Hsueh, B. Keegan, B. Schmidt,
L. LeZotte, T. Estremera
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


TONY ESTREMERERA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

**Revised Monthly Treated Water Delivery Schedule
March – December 2014**

2014 Schedule (Acre-Feet)	City of Milpitas	
	Original	Revised (20% Reduction)
MAR	268.00	214.40
APR	282.00	225.60
MAY	316.00	252.80
JUN	333.00	266.40
JULY	359.00	287.20
AUG	361.00	288.80
SEPT	335.00	268.00
OCT	310.00	248.00
NOV	282.00	225.60
DEC	249.00	199.20
TOTAL	3,095.00	2,476.00

Please sign below and return by March 28, 2014.

City of Milpitas

Santa Clara Valley Water District

Jeff Moneda

Date



Angela Cheung, P.E.

3/24/14

Date

March 21, 2014

«Address»

Subject: Notice to Cease Diversion of District Untreated Surface Water

Dear «Salutation»: Surface Water Permit No. «Permit_»

As a surface water permittee, your diversion of District surface water is governed by the Santa Clara Valley Water District's ("District's") Rules and Regulations for the Service of Surface Water ("Surface Water Rules").¹ In normal years, providing untreated surface water for irrigation of landscaping, golf courses and agriculture offsets demands on the groundwater basin and helps basin replenishment. However, we all know that this is not a normal year, and that California--including Santa Clara County--is experiencing some of the driest times in recorded history.²

This letter follows up on electronic notices sent February 19, March 11, and March 12, 2014 and phone calls to each surface water permit holder, and the meeting held March 13, 2014, at District headquarters regarding plans to cease diversions on April 1, 2014. After receiving your feedback, we have modified the schedule to allow more time, if needed, for you to arrange an alternate source of supply. We understand that, for some surface water users, making this change will involve additional effort and cost, and the District is prepared to assist with pursuit of grants or other drought relief funding, expedited well permitting, and other actions. Making sure that you have an alternate source of supply is important not only for years like this, when surface water is extremely limited, but for reliability in future years as the District undertakes seismic repairs and other Water Utility infrastructure work.

Statewide drought conditions, low allocations of imported water under the District's State and federal contracts, and minimal runoff in District reservoirs are causing a critical shortage of untreated surface water this year. Locally, 2013 was the driest year on record, and 2014 is so far tracking similar critically dry conditions. On January 31, 2014, the Department of Water Resources announced a zero allocation for the State Water Project, and on February 21, 2014, the Bureau of Reclamation announced a zero allocation for Central Valley Project agricultural water service, and an allocation of only 50% of historic use for municipal and industrial purposes. The District is also facing significant operational challenges, including poor Delta water quality and extremely low storage levels in San Luis Reservoir that may interrupt imported water deliveries for up to three months this summer. Under these circumstances, the priority for limited surface water must be maintaining drinking water supplies for the county.

¹ A copy of the Surface Water Rules is available on the District's Website - <http://www.valleywater.org/drought2014/>

² Drought State of Emergency Declaration by Governor Brown, January 17, 2014.



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Pursuant to Section 18.2 of the Surface Water Rules, all District water furnished to surface water permittees is subject to shortage and interruption. You are hereby notified to cease diversion of District untreated surface water by **May 1, 2014**, until further notice. An extension of time may be allowed to arrange access to groundwater or another source of supply for irrigation needs, subject to criteria included in Attachment A. Beginning May 1, 2014, District staff will be securing the valves on the District pipelines that supply untreated surface water if an extension has not been granted.

Please return a copy of the enclosed form (Attachment A) to Aaron Baker, Operations Planning and Analysis Unit Manager, by **April 15, 2014**, to coordinate next steps. He may also be contacted at (408) 630-2135 if you need additional information or assistance. We appreciate your cooperation in this historic dry period.

Sincerely,

Joan Maher
Deputy Operating Officer
Water Supply Division

Enclosure

Attachment A
Untreated Surface Water User Information

Name: _____ Email Address: _____

Property Address: _____

District Surface Water Permit #: _____ Phone #: _____

Date Completed: _____

Given the critical shortage in surface water supplies in 2014, deliveries of untreated surface water will be discontinued effective **May 1, 2014**, pursuant to Section 18.2 of the Rules and Regulations for Service of Surface Water. Please indicate if you would like to discuss coordination and scheduling of District valve closure, and when you are available.

____ I do not need to be contacted regarding District untreated surface water valve closure.

____ Please contact me to coordinate and schedule District untreated surface water valve closure.
The best time to contact me is:

Permittees may request an extension of time beyond May 1, 2014, to arrange access to groundwater or an alternate source of supply for agricultural or commercial needs (see next page).

Please return completed form to the District by **April 15, 2014**, via one of the following methods:

USPS mailing address

Mr. Aaron Baker
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Fax

(408) 979-5640

Email

abaker@valleywater.org

Express mailing address

Mr. Aaron Baker
Santa Clara Valley Water District
5905 Winfield Blvd.
San Jose, CA 95123-2428

Questions?

Aaron Baker,
Operations Planning & Analysis Unit Manager
(408) 630 2135



Application for Extension of Service Beyond May 1, 2014

1. Extensions are available only to permittees that have been using untreated surface water for agriculture (as defined in the District Act) or commercial enterprises. Commercial enterprises must provide evidence of a current business license.
2. Provision of untreated surface water during the period of extension will be limited to minimum quantities needed to avoid undue hardship, such as maintenance of trees and vines.
3. Requests for extension must be received at the District by **April 15, 2014**.

Name: _____

District Surface Water Permit #: _____

Purpose of use for untreated surface water:

If for commercial enterprise, Business License # _____

Requested period of time for extension (e.g. 1 month):

Description of work required to establish alternate supply:

Reasons for extension request:

Quantity of untreated surface water requested during the period of extension to meet minimum needs (e.g. # acre-foot/month for # acres of orchard):

___ I am interested in information on possible grant opportunities for agricultural or other uses.

___ I am interested in information on the District's well permitting process.

Attach additional sheets, if necessary, including District Surface Water Permit # on each sheet.