



Santa Clara Valley Water District Board of Directors

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/84454515597>

SPECIAL BOARD MEETING BUDGET WORK STUDY SESSION AGENDA

Wednesday, April 29, 2026
5:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS
Tony Estremera, Chair-District 6
Richard P. Santos, Vice Chair-District 3
John L. Varela-District 1
Shiloh Ballard-District 2
Jim Beall-District 4
Nai Hsueh-District 5
Rebecca Eisenberg-District 7

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 630-2277.

MELANIE RICHARDSON
Interim Chief Executive Officer

CANDICE KWOK-SMITH
Clerk, Board of the Directors
(408) 630-3193
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Board of Directors
SPECIAL BOARD MEETING
AGENDA

Wednesday, April 29, 2026

5:00 PM

HQ. Bldg. Boardroom, 5700 Almaden
Expressway, San Jose, California
Join Zoom Meeting:

<https://valleywater.zoom.us/j/84454515597>

IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as hybrid meetings, conducted in-person as well as by telecommunication, and are compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while maintaining transparency and public access, members of the public have the option to participate via teleconference/video conference or attend in person. To participate in the meeting via teleconference/video conference, please refer to the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order that requests are received and granted speaking access to address the Board. Written comments on any item on the agenda may be submitted to clerkoftheboard@valleywater.org or board@valleywater.org.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

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This agenda has been prepared as required by the applicable laws of the State of

California, including but not limited to, Government Code Sections 54950 et. seq., and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information on this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/84454515597>

Meeting ID: 844 5451 5597

Join by Phone:

1 (669) 900-9128, 84454515597#

1. CALL TO ORDER/ROLL CALL:

- 1.1. Roll Call.
- 1.2. Pledge of Allegiance/National Anthem.
- 1.3. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: Members of the public who wish to address the Board/Committee on matters not listed on the agenda may do so by completing a Speaker Card and submitting it to the Clerk, or by using the "Raise Hand" feature within the Zoom meeting application to request recognition. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and, when recognized, will be granted speaking access to address the Board/Committee.

Public comments shall be limited to three (3) minutes per speaker, or such other time as determined by the Chair. State law does not permit the Board/Committee to take action on, or engage in extended discussion of, any item not appearing on the posted agenda, except as otherwise authorized under applicable law. If Board/Committee action is requested, the matter may be scheduled for consideration at a future meeting.

All public comments requiring a response will be referred to staff for a written reply. The Board/Committee may take action on any item of business appearing on the posted agenda.

2. 5:00 PM - TIME CERTAIN:

- 2.1. Conduct a Public Hearing to Consider the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan. [26-0450](#)

- Recommendation:
- A. Open and conduct a Public Hearing to receive public comments and Board feedback regarding the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan; and
 - B. Continue the Public Hearing to the subsequent Special Board Meeting for the Budget Work Study Sessions currently scheduled for April 30, 2026, and conclude the Public Hearing at the regularly scheduled Board Meeting on May 12, 2026.

Manager: Luz Penilla, 408-630-2228

Attachments: [Attachment 1: CIP Draft FY 2026-30 Five-Year Plan](#)
[Attachment 2: Letters of Support](#)
[Attachment 3: Notice of Public Hearing](#)
[*Handout 3.5-A: City of Santa Clara Letter of Support](#)

- 2.2. Work-Study Session to Consider the Fiscal Year 2026-27 Proposed Operating and Capital Rolling Biennial Budget. [26-0297](#)

- Recommendation:
- A. Receive, review, and discuss Santa Clara Valley Water District's Fiscal Year 2026-27 Proposed Rolling Biennial Budget;
 - B. Receive comments and input from the public regarding the Fiscal Year 2026-27 Proposed Rolling Biennial Budget;
 - C. Incorporate any changes deemed necessary into the Fiscal Year 2026-27 Proposed Rolling Biennial Budget; and
 - D. Continue this item, if needed, to the April 30, 2026, Special Board Meeting - Budget Work-Study Session.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)
[Attachment 2: FY26-27 Proposed Budget](#)
[Attachment 3: Project Detail Pages](#)

Est. Staff Time: 2 Hours.

3. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

4. ADJOURN:

- 4.1 The Board will convene for the next Special Board meeting at 5:00 p.m. on Thursday, April 30, 2026, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.



Santa Clara Valley Water District

File No.: 26-0450

Agenda Date: 4/29/2026

Item No.: 2.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Conduct a Public Hearing to Consider the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan.

RECOMMENDATION:

- A. Open and conduct a Public Hearing to receive public comments and Board feedback regarding the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan; and
- B. Continue the Public Hearing to the subsequent Special Board Meeting for the Budget Work Study Sessions currently scheduled for April 30, 2026, and conclude the Public Hearing at the regularly scheduled Board Meeting on May 12, 2026.

SUMMARY:

Santa Clara Valley Water District's (Valley Water) Capital Improvement Program (CIP) Draft Fiscal Years (FY) 2027-31 Five-Year Plan (Attachment 1) includes 73 funded projects distributed among the following categories: 42 Water Supply, 13 Flood Protection, 12 Water Resources Stewardship, 3 Buildings and Grounds, and 3 Information Technology projects, for a total CIP value of \$10.39B. This includes Valley Water's prior actuals and future years' planned funding of \$9.55B combined with received and planned outside funding of \$835M, which includes grants from nonprofits, local public agencies, special districts, state and federal grants agencies, state subvention reimbursements and cost-share partnerships. Capital projects with excess funding will release excess funds to the respective operating and capital reserve fund upon completion and closeout of the project.

On March 10, 2026, the Board directed staff to release the CIP Draft FY 2027-31 Five-Year Plan for public review.

Subsequently, on March 11, 2026, the CIP Draft FY 2027-31 Five-Year Plan was released to all cities and land use authorities in Santa Clara County and the County of Santa Clara for review as to its consistency with their General Plans. Valley Water offered to meet with each of these agencies, and to date, the City of Santa Clara has requested a meeting to discuss projects and provide feedback on the CIP Draft FY 2027-31 Five-Year Plan.

As part of this outreach effort, staff requested letters of support. To date, Valley Water has received letters of support from the cities of Campbell, Mountain View and Cupertino (Attachment 2). Any additional letters received will be attached to subsequent public hearing items and to the May 12, 2026, agenda item recommending the adoption of the CIP Final FY 2027-31 Five-Year Plan.

Changes Identified for Final FY 2027-31 Five-Year Plan

Since the release of the CIP Draft FY 2027-31 Five-Year Plan, staff has identified the following pending change. The pending change is not incorporated into the CIP Draft FY 2027-31 Five-Year Plan. The finalized project plan update will be incorporated for the Board’s final review and adoption of the CIP FY 2027-31 Five-Year Plan on May 12, 2026, Board Meeting.

The following project has identified changes from the CIP Draft FY 2027-31 Five-Year Plan, as shown below:

1. Upper Llagas Creek Flood Protection Project (E6) (26174055)
Upper Llagas Creek Flood Protection Project - Phase 2B began construction in fiscal year 2025 with a contract bid award of \$129M, not including the 10% contingency. The construction expenditures were distributed throughout FY25-FY27 for the construction of the flood protection improvements and throughout FY28-FY30 for the 3-year mitigation vegetation establishment period. Currently, construction is ahead of schedule as a result of the mild 2026-2027 winter, which allowed the construction contractor to continue to complete the contract work. FY26 projected construction budget has been spent, and there is now a need to reallocate \$15M from the FY27 projected construction budget to pay for construction tasks being completed sooner than anticipated. In addition, to pay updated projected FY28 labor costs for Regulatory Compliance, \$688,000 will be re-allocated from FY27 to FY28. The Total Project Cost will remain unchanged since no new scope is being added.

Small Capital Improvement Projects Forecast Revisions:

The small capital project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The change is not caused by a single asset rehabilitation project but by the cumulative total of multiple changes.

The following small capital improvement projects will require updates which are anticipated to be completed for inclusion in the CIP Final FY 2027-31 Five-Year Plan:

1. 91214010s San Felipe (Reaches 1-3)
2. 92764009 Raw Water Transmission
3. 94764006 Treated Water Transmission
4. 93764004 Water Treatment
5. 73274008 Software Upgrades & Enhancements
6. 95274003 Water Utility Network Modernization

Administrative Project Plan Updates - Budget Reconciliation

Each year between the presentation of the CIP Draft Five-Year Plan and the CIP Final Five-Year Plan, the CIP team reviews the 2nd Pass Budget and, if applicable, 3rd Pass Budget to ensure CIP project planned expenditures for the next two Fiscal Years are in alignment with the proposed budgets. If necessary, the CIP team will reconcile the planned expenditures in the Five-Year Plan with the proposed budgets to ensure that the Final Budget and CIP Final Five-Year Plan that are presented to the Board each May are in alignment.

Projects Planned for Closure

Additionally, five (5) projects in the Board Adopted CIP FY 2026-30 Five-Year Plan are anticipated to be completed and/or closed out by June 30, 2026, as listed below:

1. Coyote Percolation Dam Replacement (91864009)
2. Pacheco Reservoir Expansion (91954002)
3. South County Recycled Water Pipeline, Short-term Phase 2 (91094010)
4. San Francisco Bay Shoreline, EIAs 1-4 (26444002)
5. Hale Creek Enhancement Pilot Project (26164001)

The projects listed above are planned for closure but will remain in the CIP FY 2027-31 Five-Year Plan to allow for close-out reporting of FY 2026 actuals. The projects will be removed from the CIP FY2028-32 Five-Year Plan unless a project plan update occurs, necessitating an extension of the schedule.

Operations and Maintenance Cost Forecast Revisions

It is understood that new capital projects impact future operations and maintenance (O&M), which is included in the financial analysis. Throughout the various phases of a capital project, projections of this impact are regularly considered and updated as needed to reflect changes in project elements. This information is considered during long-term forecasting by the respective operating project managers.

Communications and Community Outreach

Informing community members about the CIP efforts, process, and program details remains an integral part of Valley Water's communications and public engagement. Staff regularly invites community members to participate in the CIP public comment period, the CIP public hearings, and other milestone dates through frequent posts across all of our social media platforms. Staff promotes monthly CIP committee meetings on Nextdoor, Facebook, and X (formerly Twitter), and boosts them on Facebook once the meeting agenda is posted online, typically within the week leading up to those scheduled meetings.

In early December 2025, a detailed blog about the CIP Five-Year Plan and process was shared with

the community, and a three-blog series to highlight projects within the CIP launched in January. These blogs were posted on valleywaternews.org and shared in Valley Water's newsletter, Facebook, and X. Staff also posts on the CIP webpage and project pages about how to submit public comments and other reminders about ways community members can participate in the CIP process.

Additionally, Valley Water's public events, including scheduled Speakers Bureau presentations, serve as venues for staff to remind community members about the CIP efforts and how they can participate in that process, and CIP projects are highlighted at community events where Valley Water hosts booths throughout the year. In short, staff supports all Board-approved CIP efforts with year-round community engagement. CIP project outreach includes distributing information through mailings, social media updates, email blasts, Nextdoor notifications, hosting public meetings, during community events, and updating project webpages with details about current project progress. On average, staff posts about CIP projects approximately five times per month across all our platforms.

Next Steps

Pursuant to California Government Code §65403(d), the governing body of a special district is required to hold at least one Public Hearing before adopting a capital improvement program. The public was informed of the time and place of this Hearing through a notice published in the San Jose Post newspaper (Attachment 3).

To allow the public additional opportunities to provide comments, staff recommends continuing the Public Hearing, opened at this meeting, to the subsequent Special Board Meeting for the Budget Work Study Sessions currently scheduled for April 29, 2026, and if needed, April 30, 2026. The Public Hearing will conclude on May 12, 2026, at 1:00 p.m., when the Board will consider staff's recommendation to adopt the resolution to approve the CIP Final FY 2027-31 Five-Year Plan.

ENVIRONMENTAL JUSTICE IMPACT:

Individual capital projects may have environmental justice impacts. When this occurs, staff will conduct outreach to and engagement with impacted communities, which will be reported to the Board accordingly. Conducting a Public Hearing for the CIP Draft FY 2027-31 Five-Year Plan has no environmental justice impact.

The CIP Draft FY 2027-31 Five-Year Plan is a projection of Valley Water's capital funding for planned capital projects. Its purpose is to document planned capital projects to help integrate Valley Water work with the larger community by aligning Valley Water planning with other local agency planning efforts. The CIP Draft FY 2027-31 Five-Year Plan documents any changes to capital projects' planned funding and expenditures. It is updated and brought to the Board of Directors for approval each year in February.

Each February, upon the Board's direction, staff provides a copy of the CIP Draft Five-Year Plan to all cities and land use authorities in Santa Clara County and the County of Santa Clara to ensure meaningful engagement of all Santa Clara County communities in the decision-making process. It publishes a public notification for review before the Board of Directors adopts the Resolution to Adopt the CIP Five-Year Plan in May.

The CIP Five-Year Plan is thus produced each year in collaboration with government, academic, private, non-governmental, and non-profit organizations, as well as diverse and disadvantaged communities, and as such, adheres to the Board's General Principles and Ends Policies, which are integral in ensuring that Valley Water meets its mission.

FINANCIAL IMPACT:

There is no financial impact associated with Board approval of the recommendations for this item. The total value of the CIP Draft FY 2027-31 Five-Year Plan is \$10.39B, of which \$835M may be funded by external sources.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- Attachment 1: CIP Draft FY 2027-31 Five-Year Plan
- Attachment 2: Letters of Support
- Attachment 3: Notice of Public Hearing
- *Handout 3.5-A: City of Santa Clara Letter of Support

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228

DRAFT

**Click Link to View Document:
[https://fta.valleywater.org/dl/
BDKCv9GHdTYJ](https://fta.valleywater.org/dl/BDKCv9GHdTYJ)**



Valley Water



FY 2027-31

Capital Improvement Program Five-Year Plan

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CITY OF CAMPBELL
Community Development Department

via electronic mail

April 10, 2026

Melanie Richardson, Interim Chief Executive Officer
Valley Water
5750 Almaden Expressway
San Jose, CA 95118
mrichardson@valleywater.org

RE: Valley Water's Draft CIP for FY 2027-2031 – 2040 General Plan Consistency

Interim Chief Executive Officer Richardson:

Thank you for the opportunity to review and provide feedback on [Valley Water's Draft Capital Improvement Program \(CIP\) for Fiscal Years \(FY\) 2026-30](#).

As requested, this letter serves to confirm that Valley Water's Draft Capital Improvement Program (CIP) for Fiscal Years (FY) 2027-2031 may be found consistent with the [City of Campbell's 2040 General Plan](#).

This conclusion is based on an assessment of the projects outlined in the Draft CIP, compared to the relevant Policies and Actions in the **2040 General Plan** (enclosed). While many of the listed projects may benefit the City and align with the General Plan's goals and objectives, the following projects are particularly significant:

1. Vasona Pump Station Upgrade (Project No. 92264001)
2. Santa Clara and Campbell Distributary Inspection & Rehabilitation (Project No. 95084008)
3. 10-Year Pipeline Inspection & Rehabilitation (Project No. 95084002)
4. Small Capital Improvements, Water Treatment (Project No. 93764004)

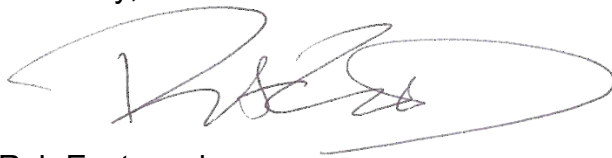
These projects are recognized for their potential to directly support the City's infrastructure needs and contribute to the successful implementation of the **2040 General Plan**.

Nonetheless, the City encourages Valley Water to consider the following actions to further enhance environmental sustainability, water management, and public access:

- Maintain native trees and plants and replace invasive, non-native species with native ones along creek corridors for projects included in the CIP (in furtherance of General Plan Action COS-7.a);
- Make use of water quality wetlands, bioretention, watershed-scale retrofits, where such measures are likely to be effective and technically and economically feasible for projects included in the CIP (in furtherance of General Plan Policy COS-7.5);
- Explore future opportunities to partner with the City to enhance public use of Valley Water owned lands and facilities and develop the San Tomas Aquino Creek Trail within the 2040 General Plan planning period (in furtherance of General Plan Policy COS-1.7, COS-1.a, and COS-1.h); and
- Coordinate with the City on projects affecting Campbell creek corridors and Campbell-area facilities to maximize feasible habitat, public access, and trail connectivity benefits, and to provide early coordination regarding design, construction phasing, traffic control, temporary access disruptions, and site restoration, where applicable.

Please do not hesitate to contact me with any questions at 408-866-2141 or by email at robe@campbellca.gov.

Sincerely,



Rob Eastwood
Community Development Director

encl: Exhibit A - 2040 General Plan (Envision Campbell) – Relevant Policies & Actions

cc: Brian Loventhal, City Manager

Amy Olay, Public Works Director

2040 General Plan (Envision Campbell) – Relevant Policies & Actions

Conservation and Open Space (COS)

Policy COS-1.7 Continue to work with regional agencies and neighboring jurisdictions to ensure that regional open space amenities located in Campbell—the Los Gatos Creek Trail, the Santa Clara County Parklands, Santa Clara Valley Water District groundwater recharge facilities, and lands owned by the Santa Clara County Open Space Authority—remain publicly-accessible, well-maintained, and utilized.

Action COS-1.a Prepare and adopt a Parks and Recreation Facilities Master Plan to evaluate and address the following:

- Conduct a needs assessment through community outreach;
- Routinely evaluate the benefit and use of existing facilities, amenities, and programs against other priorities;
- Identify potential sites for new parks, including pocket-parks, community gardens, neighborhood playgrounds, and other alternative opportunities;
- Assess demand for park land based on approved development and future land use patterns;
- Guide operations;
- Develop an implementation strategy for potential park site acquisitions, leases, other public access arrangements, expansions, improvements, and ongoing maintenance;
- Identify priority projects for use of existing and future Park Impact Fee funds;
- Identify opportunities to establish joint use agreements with other municipal agencies, including but not limited to, school districts, the County, neighboring cities, and the Santa Clara Valley Water District to expand Campbell residents’ access to parks, open spaces, and other recreational facilities and amenities; and
- Establish a financial plan and funding sources.

Action COS-1.g Enter into facilities improvement, maintenance, and use agreements with the County of Santa Clara, the Santa Clara Valley Water District, local school districts, and neighboring cities to improve, maintain, and increase access to these open space, park lands, and facilities.

Action COS-1.h Work with Santa Clara Valley Water District to explore funding and coordination options to develop the San Tomas Aquino Creek Trail.

Policy COS-7.5 Work with Valley Water (Santa Clara Water Valley District) to preserve wetlands, riparian corridors, and buffer zones in Campbell by continuing to require that new development follow the “Guidelines and Standards for Land Use Near Streams” to protect streams and riparian habitats. Encourage the use of water quality wetlands, bioretention, watershed-scale retrofits, etc., where

such measures are likely to be effective and technically and economically feasible.

Action COS-7.a Cooperate with State, federal, and local agencies to ensure that development does not cause significant adverse impacts to existing riparian corridors; this includes continued compliance with the “Guidelines and Standards for Land Use Near Streams” from Valley Water (Santa Clara Valley Water District).

Action COS-7.d Work with Valley Water (Santa Clara Valley Water District) to restrict future fencing, piping, and channelization of creeks when flood control and public safety can be achieved through measures that preserve the natural environmental and habitat of riparian corridors; in addition, evaluate opportunities to revert some existing concrete-lined channels to more natural alternatives such as levees.



PUBLIC WORKS DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3354 • FAX: (408) 777-3333
CUPERTINO.ORG

April 17, 2026

Luz Penilla
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Subject: Review of Santa Clara Valley Water District’s Draft FY 2027-31 Capital Improvement Program

Dear Luz Penilla:

Thank you for the opportunity to review the Santa Clara Valley Water District draft 2027-2031 Capital Improvement Program. After reviewing the CIP, we have determined that the capital projects affecting Cupertino are consistent with the City of Cupertino’s General Plan.

We have reviewed the document for all CIP projects, both within and outside of Cupertino’s jurisdiction, that are expected to have significant effects to the City. The projects are:

- | | |
|---|------------|
| 1) Dam Seismic Stability Evaluations | Page II-35 |
| 2) 10-Year Pipeline Inspection & Rehabilitation | Page II-41 |
| 3) Distribution System Implementation Project | Page II-57 |
| 4) FAHCE Implementation | Page II-59 |
| 5) IRP2 Additional Line Valves | Page II-61 |
| 6) SCADA Master Plan Implementation | Page II-65 |
| 7) SMP/IP Upgrades – Phase 1 | Page II-67 |
| 8) Small Capital Improvements, Treated Water Transmission | Page II-69 |
| 9) Small Capital Improvements, Raw Water Transmission | Page II-71 |
| 10) Treated Water Isolation Valves | Page II-73 |
| 11) Vasona Pump Station Upgrade | Page II-75 |
| 12) RWTP Reliability Improvement | Page II-79 |
| 13) RWTP Ammonia Storage and Metering Facility Upgrade | Page II-81 |
| 14) Small Capital Improvements, Water Treatment | Page II-83 |
| 15) WTP Implementation Project | Page II-89 |

SCVWD

April 9, 2026

Page 2


16) Sunnyvale East and West Channels	Page III-11
17) Watersheds Asset Rehabilitation Program	Page III-31
18) Stevens Creek Fish Passage Enhancements	Page IV-5
19) Regnart Creek Rehabilitation	Page IV-9

Listed projects 1 through 15 are focused on the maintenance, quality, and reliability of the water supply and transmission systems in the Cupertino area. Projects 16 and 17 listed above are described as flood protection and erosion and sedimentation repair projects. The City of Cupertino requests that it be notified of any modifications to plan or scope for these projects. Projects 18 and 19 listed above will work to enhance wildlife and natural habitat and reduce erosion along Stevens and Regnart Creeks. There do not appear to be any general plan inconsistencies with these projects.

The City has several storm drain outfalls that feed into District maintained creeks. All City outfalls were inspected in 2024 and their conditions have been documented. Some facilities require repair. We request that the District work with the City to find opportunities to efficiently address these repairs. These collaborative efforts could include the District performing the necessary repairs in areas where the District has planned construction activities and has obtained the necessary environmental permits to enable the work. The City will work with the District regarding appropriate payment for construction activities. Collaborating in this manner would cut down on redundant activities, ensure improvements are aligned with both the District's and the City's interests, and would result in good stewardship of taxpayer dollars. We look forward to working with the District on addressing this work.

Thank you for the opportunity to review the CIP and we look forward to reviewing the listed CIP projects during the design development process. Please feel free to contact me if you have questions or comments.

Sincerely,



Chad Mosley

Director of Public Works/City Engineer

City of Cupertino

(408) 777-3354

chadm@cupertino.gov

CC: Tina Kapoor, City Manager
Ben Fu, Director of Community Development



PUBLIC WORKS DEPARTMENT
500 Castro Street, P.O. Box 7540
Mountain View, CA 94039-7540
650-903-6311 | MountainView.gov

April 16, 2026

Ms. Melanie Richardson
Interim Chief Executive Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686
Via email: MRichardson@valleywater.org; LPenilla@valleywater.org

VALLEY WATER—DRAFT FISCAL YEARS 2027-2031 CAPITAL IMPROVEMENT PROGRAM

Dear Ms. Richardson:

Thank you for the opportunity to review Valley Water's draft Fiscal Years 2027-31 Capital Improvement Program (CIP). The CIP generally aligns with the City of Mountain View (City or Mountain View)'s General Plan. We support the majority of the proposed capital expenditures in the CIP for infrastructure, security, reliability, and technology to ensure a safe and adequate water supply and flood protection for our City and neighboring agencies.

One project that we seek more background on is the Pure Water Silicon Valley Project. As an avid supporter of water reuse for nearly half a century, Mountain View has invested heavily in recycled water infrastructure and continues to convert non-potable users away from potable water sources. We have found this practice to be successful in bolstering local resilience to drought and other uncertainties. Given that the Pure Water Project is Valley Water's single largest CIP expenditure (over \$2.5 billion), we are interested in understanding whether other reuse projects could achieve Valley Water's supply goals to help ensure water rates remain affordable for customers in the region.

We sincerely appreciate the opportunity to review the CIP. Please contact Lisa Au, Assistant Public Works Director, at 650-903-6140 with any questions regarding this letter.

Sincerely,

Signed by:

6ABFC047259B485...
Jennifer Ng
Public Works Director

Signed by:

B4F87E7060D64B7...
Christian Murdock
Community Development Director

cc: APWD—Au

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Public Hearing Notice

CAPITAL IMPROVEMENT PROGRAM



Topic: Capital Improvement Program (CIP) Draft Fiscal Years (FY) 2027-2031 Five-Year Plan

Who: Santa Clara Valley Water District (Valley Water)

What: Public Hearing on CIP Draft FY 2027-2031 Five-Year Plan

When: Tuesday, April 28, 2026 – Item is Time Certain at 1:00 p.m.

Where: Valley Water Headquarters Building Boardroom
5700 Almaden Expressway, San Jose, CA
and by Zoom Teleconference at <https://valleywater.zoom.us/j/84454515597>

Valley Water invites you to a Public Hearing regarding the Capital Improvement Program (CIP) Draft Fiscal Years (FY) 2027-2031 Five-Year Plan.

The Draft FY 2027-2031 Five-Year Plan was authorized by the Valley Water Board of Directors for release to the County of Santa Clara and all cities within its boundaries for review on March 10, 2026. It includes a description, schedule, planned expenditure, and map for each of the capital improvements Valley Water plans to undertake over the next five years, a financial analysis, and a method of financing such improvements.

The Draft Five-Year Plan is available on Valley Water's website: <https://www.valleywater.org/how-we-operate/five-year-capital-improvement-program>. A copy of this Notice has been posted outside Valley Water's Offices at 5700 Almaden Expressway, San Jose, CA 95118.

This meeting is being held in accordance with the Brown Act. The 1:00 p.m., **April 28, 2026**, Public Hearing will be held during a Board Meeting and is accessible to the public for in-person participation at the time, date, and location shown above, or for public virtual participation via the Zoom link above. The Hearing will continue at the following subsequent Special Board Meeting scheduled for **April 29, 2026**, at 5:00 p.m., and if needed, **April 30, 2026**, at 5:00 p.m. The public hearing will then be continued and conclude at the Board Meeting scheduled for **May 12, 2026**, at 1:00 p.m. Document(s) associated with this hearing are available for public inspection prior to the meeting in the Clerk of the Board's Office and online at www.valleywater.org, and will be available at the meeting.

For more information, contact **Jennifer Martin, Supervising Program Administrator** at (408) 630-3724.

Important Notices:

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board meetings to please contact the Clerk of the Board's office at (408) 630-2277, at least 3 business days before the scheduled Valley Water Board meeting to ensure that Valley Water may assist you. Reasonable efforts will be made to accommodate persons with disabilities.

重要通知：

Valley Water 遵守美國殘疾人法案 (ADA)，要求需要特殊便利才能訪問和/或參加 Valley Water 委員會會議的個人請致電 (408) 630-2277 聯繫委員會辦公室的書記員，網址為在預定的 Valley Water 委員會會議召開前至少 3 個工作日，以確保 Valley Water 可以為您提供幫助。將做出合理的努力以容納殘疾人。

Thông báo quan trọng:

Valley Water, để tuân thủ Đạo luật Người Mỹ Khuyết tật (ADA), yêu cầu những cá nhân cần điều chỉnh đặc biệt để tiếp cận và/hoặc tham gia các cuộc họp của Hội đồng Valley Water vui lòng liên hệ với Văn phòng Thư ký của Hội đồng theo số (408) 630-2277, tại ít nhất 3 ngày làm việc trước cuộc họp đã lên lịch của Hội đồng Valley Water để đảm bảo rằng Valley Water có thể hỗ trợ bạn. Những nỗ lực hợp lý sẽ được thực hiện để hỗ trợ người khuyết tật.

Aviso Importantes:

Valley Water, en cumplimiento de la Ley de Estadounidenses con Discapacidades (ADA), solicita a las personas que requieren adaptaciones especiales para acceder y/o participar en las reuniones de la Junta de Valley Water que se comuniquen con la oficina del Secretario de la Junta al (408) 630-2277, al menos 3 días hábiles antes de la reunión programada de la Junta de Valley Water para asegurarse de que Valley Water pueda ayudarlo. Se harán esfuerzos razonables para acomodar a las personas con discapacidades.



**City of
Santa Clara**
The Center of What's Possible

Community Development

April 16, 2026

Melanie Richardson, Interim CEO
Valley Water
5750 Almaden Expressway
San Jose, CA 95118
Via Email: mrichardson@valleywater.org

Re: Review of Santa Clara Valley Water District's Draft FY 2027-31 Capital Improvement Program

Dear Ms. Richardson:

Thank you for the opportunity to review the Santa Clara Valley Water District draft 2027-2031 Capital Improvement Program (CIP). Based upon the information presented by Valley Water staff to the City of Santa Clara on April 10, 2026 we believe the Valley Water CIP appropriately prioritizes and focuses resources to meet needs within our community consistent with the Santa Clara 2010-2035 General Plan. This conclusion is based on an assessment of the projects outlined in the Draft CIP, compared to the relevant Goals and Policies in the Santa Clara 2010-2035 General Plan.

We look forward to working with Valley Water on the implementation of the CIP. Please feel free to contact me if you have any questions or comments at (408) 615-5670 or AHamid@SantaClaraCA.gov.

Sincerely,

Afshan Hamid

Digitally signed by Afshan
Hamid
Date: 2026.04.17
12:10:29 -07'00'

Afshan Hamid
Community Development Director

cc: Craig Mobeck, Director of Public Works, City of Santa Clara
Lakshmi Rajagopalan, Assistant Director of Community Development
Mike Liw, Assistant Director of Public Works

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Santa Clara Valley Water District

File No.: 26-0297

Agenda Date: 4/29/2026

Item No.: 2.2.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Work-Study Session to Consider the Fiscal Year 2026-27 Proposed Operating and Capital Rolling Biennial Budget.

RECOMMENDATION:

- A. Receive, review, and discuss Santa Clara Valley Water District's Fiscal Year 2026-27 Proposed Rolling Biennial Budget;
- B. Receive comments and input from the public regarding the Fiscal Year 2026-27 Proposed Rolling Biennial Budget;
- C. Incorporate any changes deemed necessary into the Fiscal Year 2026-27 Proposed Rolling Biennial Budget; and
- D. Continue this item, if needed, to the April 30, 2026, Special Board Meeting - Budget Work-Study Session.

SUMMARY:

Santa Clara Valley Water District (Valley Water) develops the annual budget to allocate public funds to provide Santa Clara County with safe, clean water for a healthy life, environment, and economy. The development of Valley Water's budget is accomplished in an open, transparent process providing an opportunity for Board and public input.

Valley Water's financial planning and budget development processes are governed by the District Act, Section 13 (Taxation), and Section 20 (Adoption of Budget). In accordance with District Act Section 20, "on or before June 15 of each year, the board shall meet, at the time and place designated by published notice, at which meeting any member of the general public may appear and be heard regarding any item in the proposed budget or for the inclusion of additional items." Board Governance Policy EL-4 Financial Management guides financial planning, budgeting, and ongoing financial activities.

This agenda item presents Valley Water's Chief Executive Officer's Fiscal Year 2026-27 (FY 2026-27) Proposed Budget for Board consideration. The Proposed Budget was planned and developed to enable Valley Water to accomplish the Board's Ends priorities in a cost-efficient and fiscally

accountable manner, and to provide a balanced annual budget that is sustainable and complies with the District Act and the Board's Financial Management Policy (EL-4).

The Proposed Budget was developed based on the Board's FY 2025-26 Board Work Plan. Staff recommend a proposed FY 2026-27 Operating and Capital Budget of \$1.413 billion, less \$131 million in intra-district reimbursements, resulting in a net proposed budget of \$1.282 billion. The gross budget of \$1.413 billion is comprised of:

- \$730 million in capital outlays,
- \$555 million in operations outlays, and
- \$129 million in debt service.

The proposed budget revenue is \$811 million, which includes proposed groundwater production and other water charges for FY 2026-27. Debt proceeds are budgeted at \$526 million and with the use of budgeted reserves, make up the difference between total outlays (including capital carryforward) and total revenues. Budgeted year-end reserves are \$519 million, of which \$175 million are legally restricted. Restricted Reserves are reserves with externally imposed legal restrictions, or amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, etc.), through constitutional provisions or enabling legislation.

Additionally, Staff provides a FY 2027-28 Operating and Capital Plan of \$1.411 billion, less \$148 million in intra-district reimbursements, resulting in a total net proposed plan of \$1.263 billion. The gross plan of \$1.411 billion is comprised of:

- \$670 million in capital outlays,
- \$580 million in operations outlays, and
- \$161 million in debt service.

The proposed plan revenue is \$821 million, which includes proposed groundwater production and other water charges for FY 2027-28. Debt proceeds are at \$459 million and with the use of reserves, make up the difference between total outlays (including capital carryforward) and total revenues. Planned year-end reserves are \$528 million, of which \$176 million are legally restricted. The FY 2027-28 Plan will serve as the forecast for the second year's budget and be approved but not formally adopted by the Board.

For the FY 2026-27 rolling biennial budget process, the Board will adopt a one-year Budget for FY 2026-27 and approve a one-year Plan for FY 2027-28. This means the first year's appropriations are formally adopted by the Board, whereas the second year's appropriations are not. The rolling biennial budget process is aligned with the guiding State, District Act and Valley Water Policies, and is conducive to long-term planning while remaining responsive to the dynamic and ever-changing needs of the organization and will need to be updated annually as the just-completed fiscal year rolls off and the new second fiscal year is added.

On April 29 and 30, the Board will discuss the Budget, Water Charges, and Capital Improvement Program. Depending on the Board direction provided at the meeting, the FY 2026-27 Proposed Budget, as presented, may require additional modifications. The budget process is scheduled to conclude with the Board's adoption of the FY 2026-27 Proposed Budget at its regularly scheduled meeting on May 12, 2026.

ENVIRONMENTAL JUSTICE IMPACT:

Valley Water acknowledges that disadvantaged communities have historically been disproportionately impacted by the effects of drought and flooding and currently provides the Water Rate Assistance Program to help low-income households pay their water bills. The development of Valley Water's budget is accomplished in an open, transparent process, providing an opportunity for public input into the decision-making process. To ensure meaningful awareness of Valley Water's budget and engagement in the decision-making process, public hearings are noticed in county newspapers in various languages, including English, Spanish, Chinese, and Vietnamese. The FY 2026-27 Budget, Water Charges, and Capital Improvement Program processes include over nine (9) open session discussions, supported by the Balancing Act online budget simulation tool, providing the public with significant opportunity for input.

FINANCIAL IMPACT:

There is no financial impact related to this agenda item. It is presented for information only.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential to result in direct or reasonably foreseeable indirect physical changes in the environment.

ATTACHMENTS:

- Attachment 1: PowerPoint
- Attachment 2: FY26-27 Proposed Budget
- Attachment 3: Project Detail Pages

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



FY 2026-27 Proposed Biennial Operating and Capital Budget Board Work Study Session

April 29, 2026

Valley Water Fiscal Year 2026-27 Budget

- Stay grounded in our core mission to provide safe, clean water, flood protection and environmental stewardship for our community.
- Maintain a disciplined financial approach to ensure long-term sustainability in an uncertain economy.
- Provide stability in workforce costs, supported by a new labor agreement and no new staff positions.
- Prioritize investments in critical infrastructure to maintain affordability.

Presentation Summary

BUDGET OVERVIEW

- Budget Development & Review Process
- FY 2026-27 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization

PROPOSED BUDGET BY ORGANIZATION

- Administration
- Integrated Water Management
- Water Utility
- Watersheds

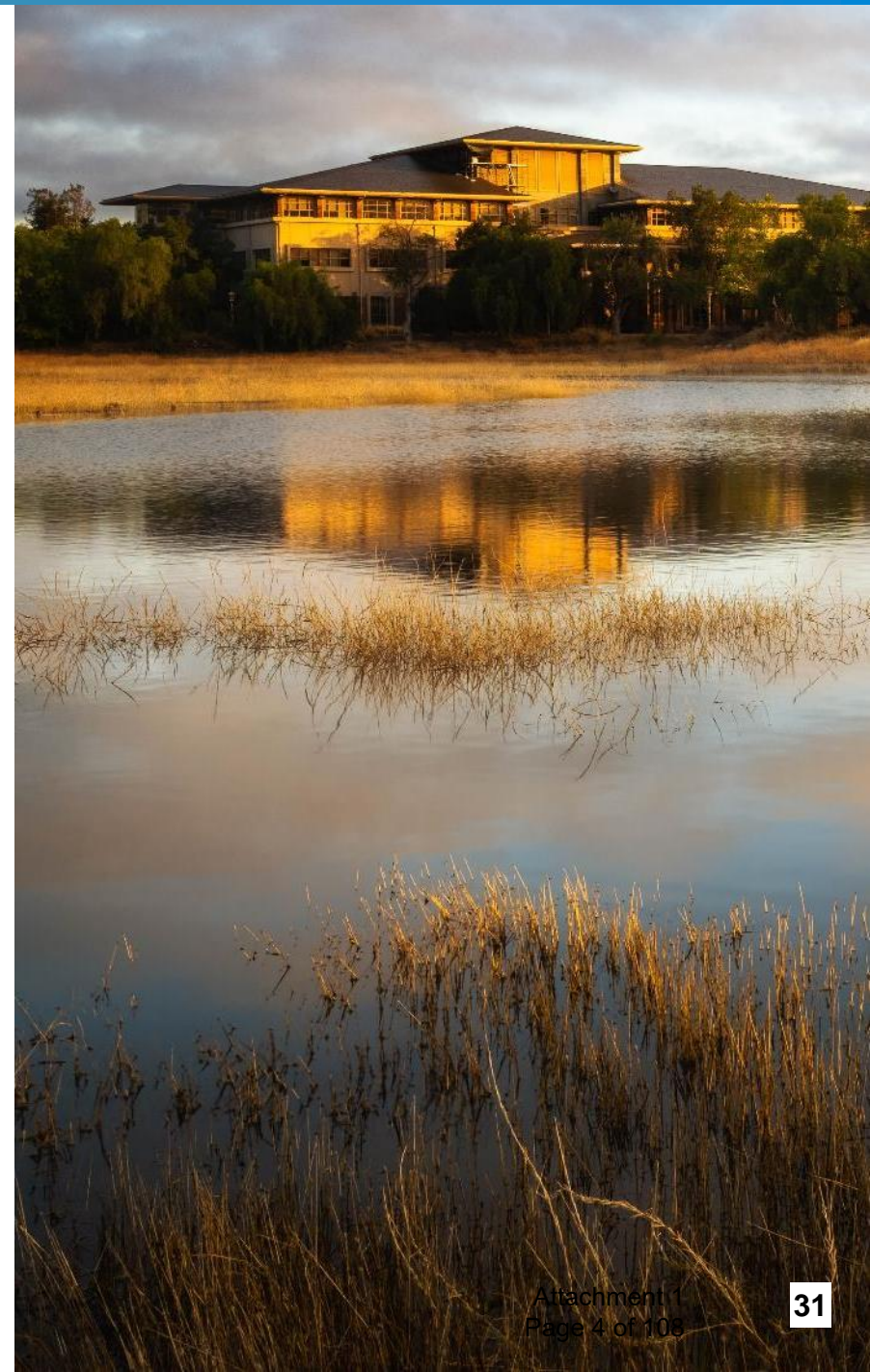
NEXT STEPS

- Board considerations for May 12, 2026

Budget Development and Review Process

Achieve the Board's Work Plan while ensuring financial sustainability

- Update long-term forecast and set funding limits (fund targets)
- Multiple staff reviews (1st Pass through 4th Pass)
- Conduct multiple Board reviews
 - Receive and incorporate Board direction
 - Allow public to provide input
- Conduct separate public hearings
 - Groundwater Production Charges
 - Capital Improvement Program



FY 2026-27 Budget Schedule

Next steps

Operating and Capital Budget Development Updates

- ✓ January 27 – 1st Pass Budget Update
- ✓ March 10 – 2nd Pass Budget Update
- ➔ April 29 to 30 – Budget Work Study Sessions

Capital Improvement Program (CIP)

- ✓ January 13 – Preliminary CIP
- ✓ March 10 – Draft CIP
- ✓ April 28 to 29 – CIP Public Hearings

Groundwater Production Charge (GWP)

- ✓ January 13 – Preliminary GWP Analysis
- ✓ April 14 to 28 – GWP Public Hearings

Budget Approval (Budget, GWP and CIP)

- May 12

Board considerations for May 12, 2026

Approve
FY 27 Rates
and Charges

1

Approve
FY 27-31
Five Year CIP

2

Approve
FY 27 Budget

3

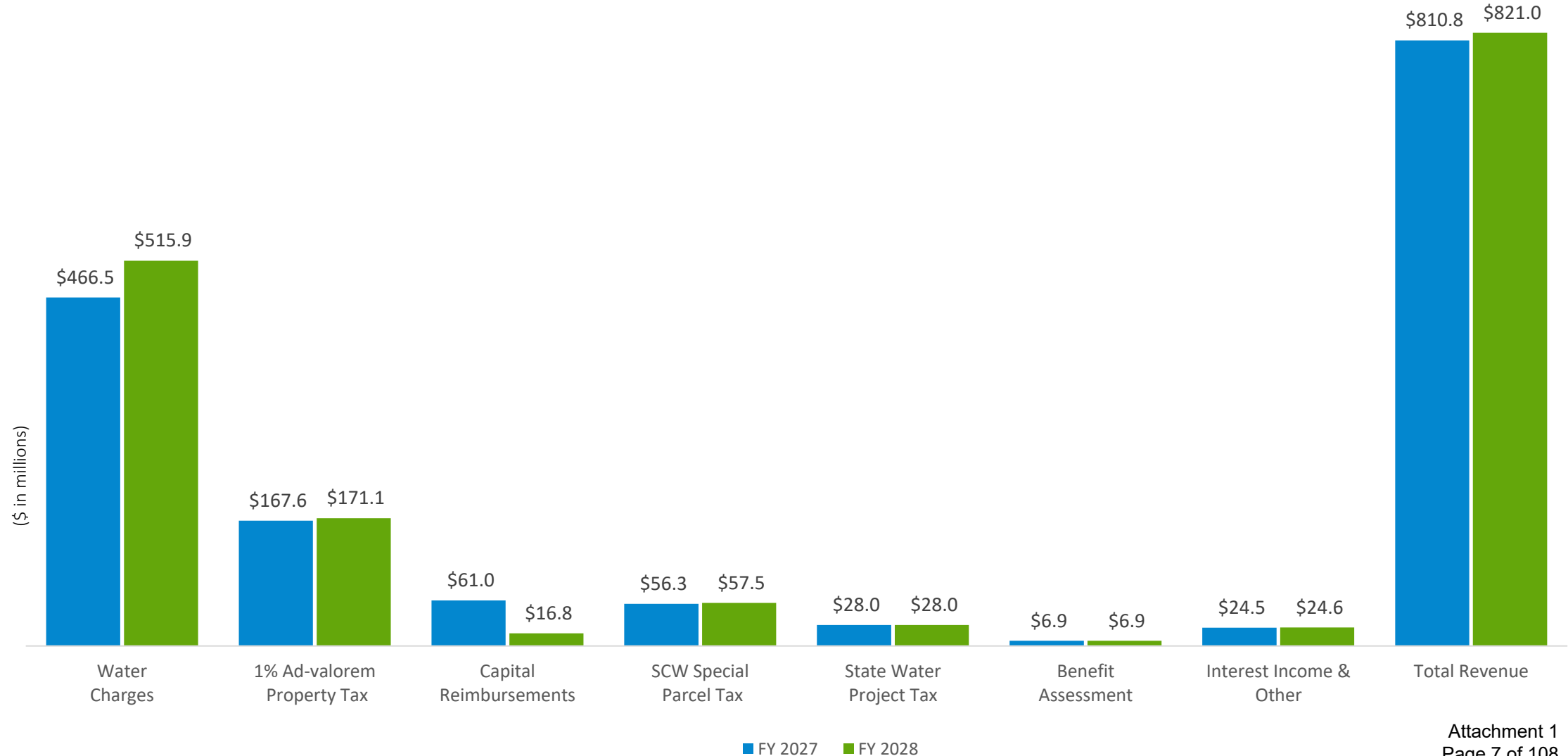
- Water Charges
- SWP Tax Amount
- SCW Special Tax increase
- Benefit Assessments

- 73 Projects
- \$3.1 billion planned expenditures over the next five (5) years
- Aligned with FY 27 budget and FY 28 plan

- Budgeted Reserve amounts
- Project/Funding levels

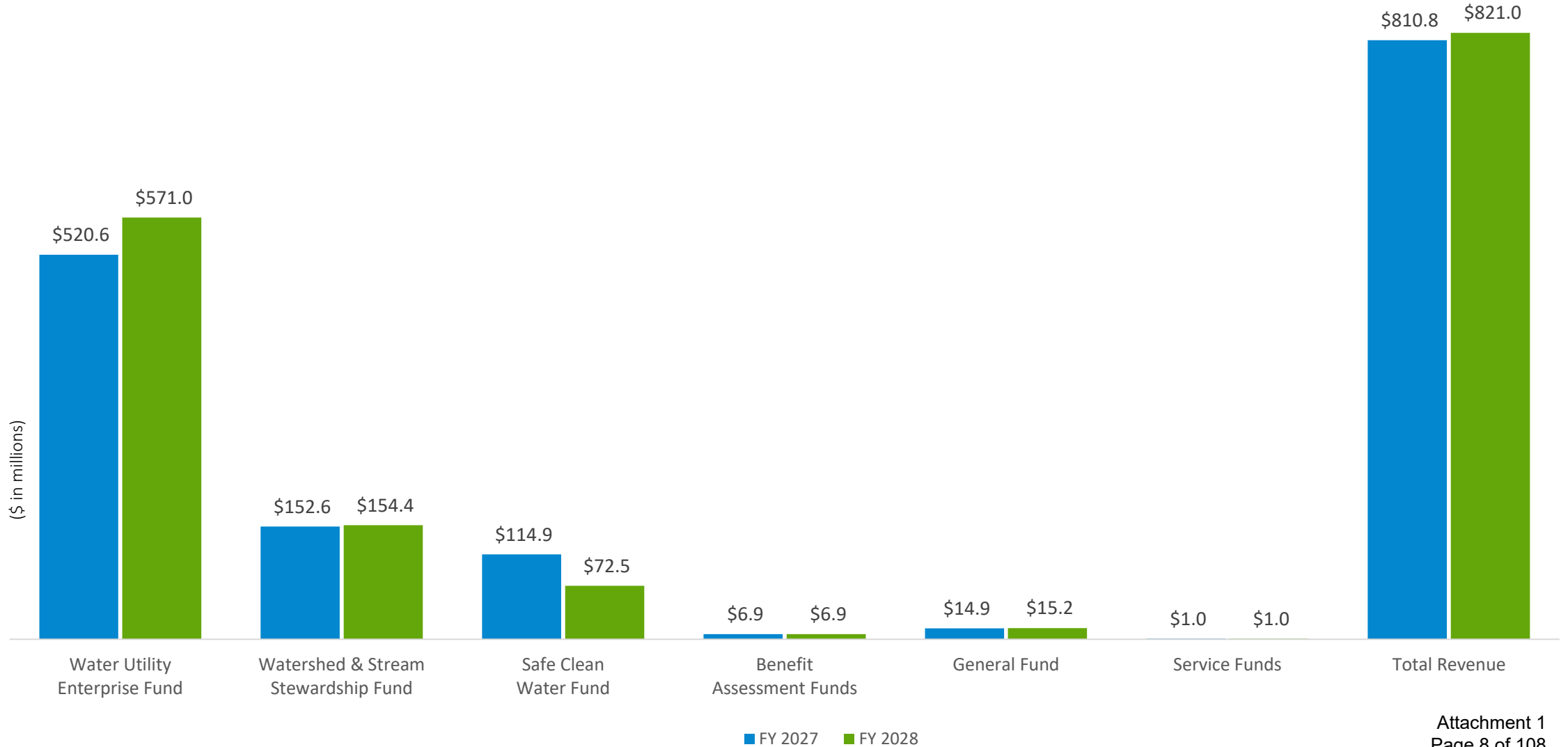
Proposed Budget Revenue

Revenue by Source



Proposed Budget Revenue

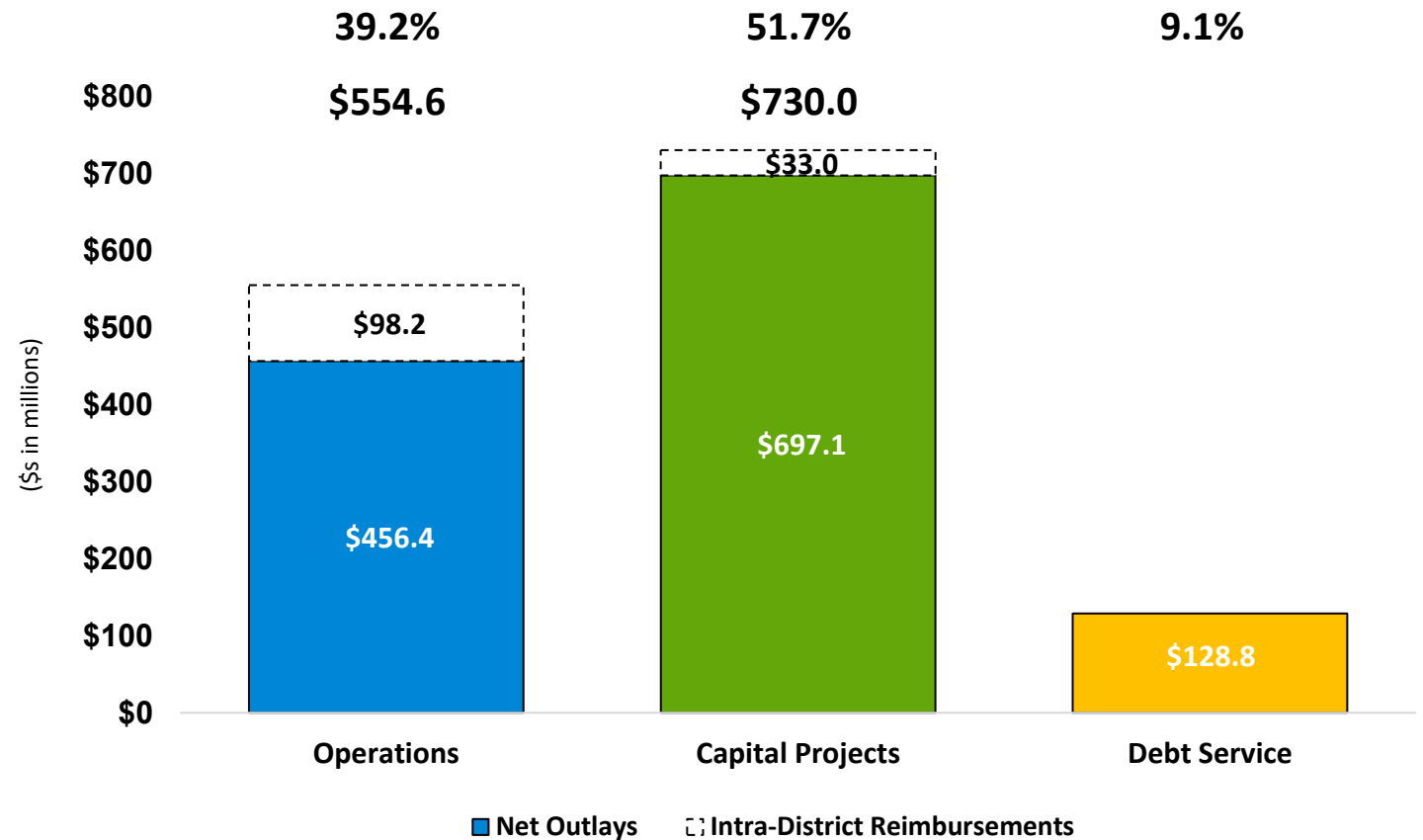
Revenue by Fund



FY 2026-27 Proposed Budget by Category

Total operating and capital outlays of \$1.413 billion

- Net FY 27 Proposed Budget of \$1.282B, net of \$131.2M Intra-District Reimbursements

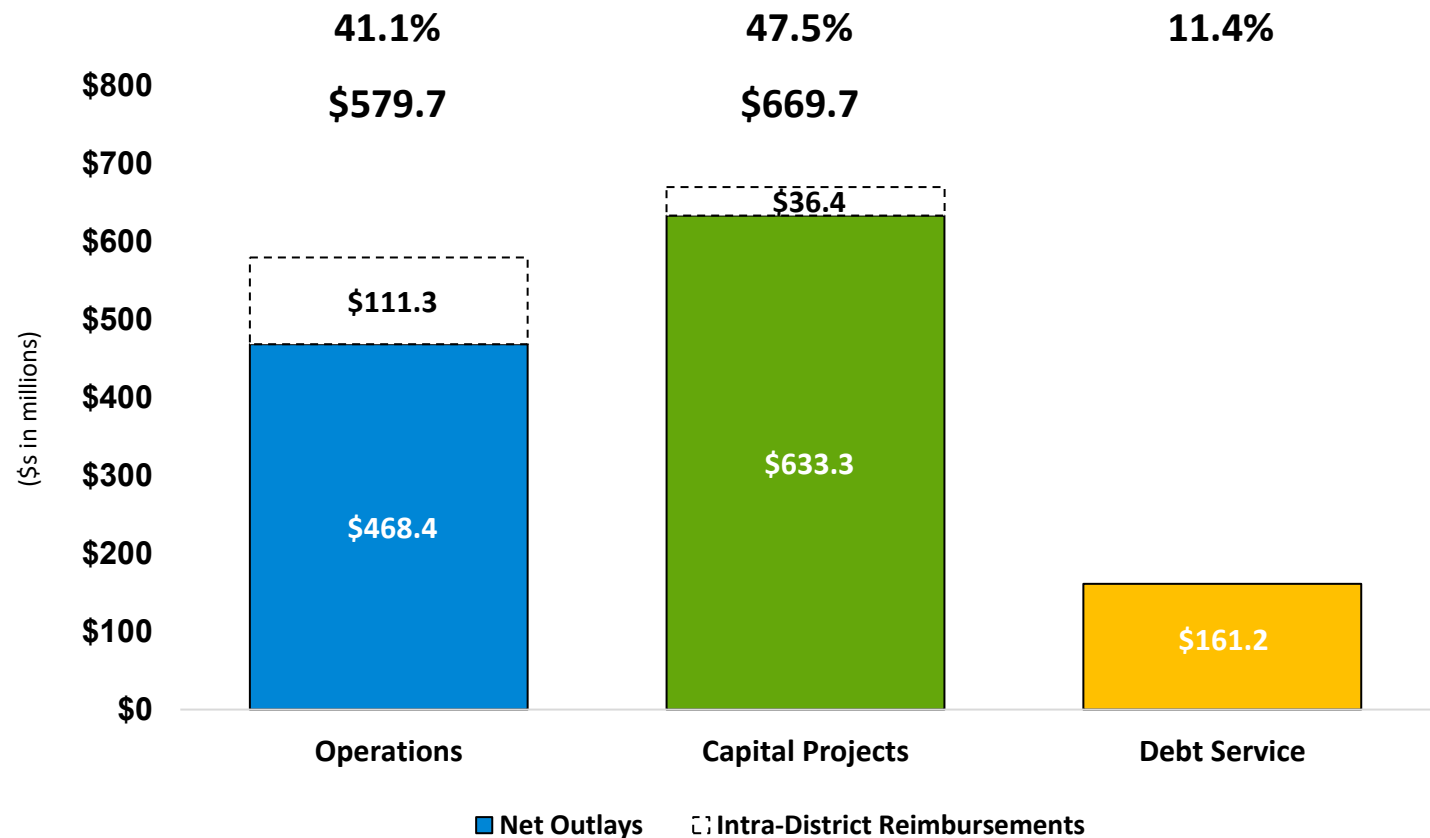


Note: Capital projects budget of \$730.0 million excludes carry forward capital project amount of \$63.1 million
 Attachment 1
 Page 9 of 108

FY 2027-28 Proposed Plan by Category

Total operating and capital outlays of \$1.411 billion

- Net FY 28 Proposed plan of \$1.262B, net of \$147.7M Intra-District Reimbursements



Note: Capital projects budget of \$669.7 million excludes carry forward capital project amount of \$36.4 million. Attachment 1
Page 10 of 108

FY 2026-27 Proposed Budget by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration Funds ²	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
Revenue	\$491.6	\$29.0	\$114.9	\$152.6	\$6.9	\$15.9	\$810.8
Interfund Transfer	(12.0)	-	2.1	(10.5)	(1.1)	21.4	(0.0)
Ops Costs	(232.0)	(35.8)	(33.1)	(101.5)	-	(152.1)	(554.6)
Debt Service	(110.5)	-	(12.5)	-	(5.8)	-	(128.8)
Capital	(504.9)	-	(182.1)	(12.9)	-	(30.1)	(730.0)
Capital Carry-Forward	(23.4)	-	(18.6)	(21.1)	-	0.0	(63.1)
Debt Proceeds	407.0	-	119.3	-	-	-	526.3
IntraDistrict Reimbursements ¹	-	-	-	-	-	131.2	131.2
Total Changes to Reserves	\$15.8	(\$6.8)	(\$9.9)	\$6.6	\$0.0	(\$13.7)	(\$8.1)
Reserves							
Restricted	\$63.0	\$14.9	\$97.2	\$0.0	\$0.0	\$0.0	\$175.1
Committed	89.8	-	-	211.6	-	43.0	344.4
Total Reserves	\$152.8	\$14.9	\$97.2	\$211.6	\$0.0	\$43.0	\$519.5

Notes:
¹ Intra-District Reimbursements represent overhead costs that have been allocated to the Water Utility, Safe, Clean Water, and Watersheds (included in the operations and capital costs for those funds)
² Administration Funds include General Fund and Service Funds (Fleet Management, Risk Management, & Information Technology Funds)

FY 2027-28 Proposed Plan by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration Funds ²	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
Revenue	\$541.99	\$29.00	\$72.47	\$154.43	\$6.92	\$16.16	\$820.97
Interfund Transfer	(11.7)	-	5.4	(6.7)	(1.1)	14.0	(0.0)
Ops Costs	(243.0)	(37.6)	(32.7)	(109.4)	-	(156.9)	(579.7)
Debt Service	(132.0)	-	(23.4)	-	(5.8)	-	(161.2)
Capital	(437.4)	-	(148.6)	(59.8)	-	(24.0)	(669.7)
Capital Carry-Forward	(3.0)	-	(5.6)	-	-	-	(8.6)
Debt Proceeds	329.2	-	130.0	-	-	-	459.2
IntraDistrict Reimbursements ¹	-	-	-	-	-	147.7	147.7
Total Changes to Reserves	\$44.2	(\$8.6)	(\$2.4)	(\$21.4)	\$0.0	(\$3.0)	\$8.7
Reserves							
Restricted	\$75.0	\$6.2	\$94.8	\$0.0	\$0.0	\$0.0	\$176.1
Committed	122.0	0.0	0.0	190.2	0.0	40.0	352.2
Total Reserves	\$197.0	\$6.2	\$94.8	\$190.2	\$0.0	\$40.0	\$528.2

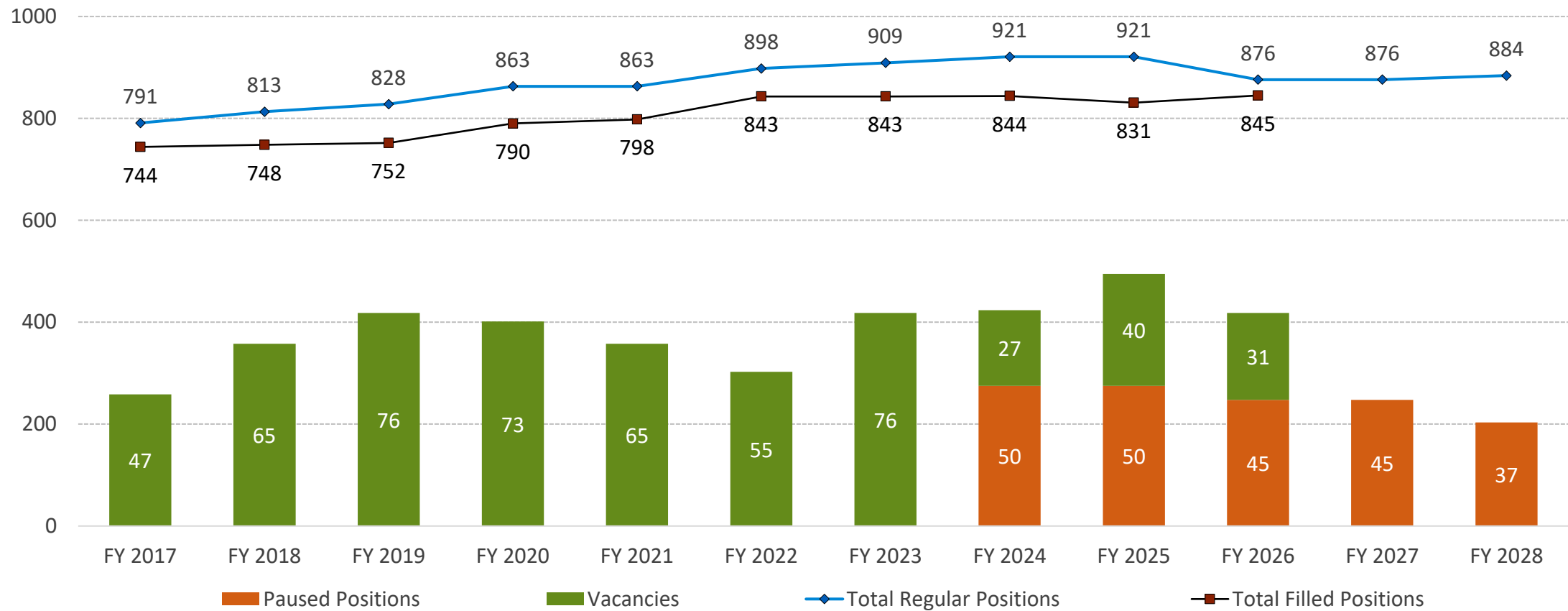
Notes:

¹ Intra-District Reimbursements represent overhead costs that have been allocated to the Water Utility, Safe, Clean Water, and Watersheds (included in the operations and capital costs for those funds)

² Administration Funds include General Fund and Service Funds (Fleet Management, Risk Management, & Information Technology Funds)

Permanent Position Trend

FY 2027 budget assumes 45 paused positions, decreasing by 8 in FY 2028



Note: FY 2026 position/vacancies data as of February 2026

Limited Term Positions

Number of Limited Term (LT) positions will be reduced to reflect most current operational needs

	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Limited Term Positions	4	5 2	4 1
Limited Term Position Cost	\$0.8M	\$1.4M \$0.7M	\$0.9M \$0.2M

- Budget will be reduced to two (2) LT positions in FY 27 and one (1) LT position in FY 28:
 - One (1) HR Technician – FY 27 and FY 28
 - One (1) Senior Advisor – FY 27 only
- Salaries and Benefits budget to decrease by \$664K in FY 27 and \$712K in FY 28

Proposed Biennial Budget by Salaries and Benefits

Budget to decrease due to Limited Term position change (-\$0.7M in FY 2027);
 Budget to increase due to Retiree Health Insurance change (+\$1.7M in FY 2027)

Salary and Benefits (\$ in millions)	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted	FY 2027 Proposed	FY 2028 Plan	FY 2027 vs FY 2026	FY 2028 vs FY 2027
Salaries									
Salaries - Regular Employees	\$128.3	\$130.5	\$135.3	\$138.8	\$150.3	\$158.0	\$166.1	\$7.7	\$8.1
Overtime and Special Pays	5.8	6.2	6.3	6.5	5.4	6.2	6.4	0.8	0.2
Salary Savings	-	-	-	-	(2.5)	(5.6)	(5.8)	(3.0)	(0.3)
Total Salaries	\$134.1	\$136.7	\$141.6	\$145.2	\$153.2	\$158.6	\$166.7	\$5.4	\$8.0
Benefits									
Fed & State Taxes & Benefits	\$1.9	\$2.0	\$2.1	\$2.1	\$2.2	\$2.4	\$2.5	\$0.1	\$0.1
Retirement Contributions	36.7	42.1	43.7	46.4	51.0	54.3	57.1	3.3	2.8
Group Insurance - Active Employees	15.1	16.0	17.6	22.3	28.1	29.9	33.1	1.8	3.3
Health Insurance - Retired Employees	12.1	13.9	14.6	16.9	15.0	15.3	15.7	0.3	0.4
Total Benefits	\$65.8	\$74.0	\$78.0	\$87.7	\$96.3	\$101.8	\$108.4	\$5.5	\$6.6
Total Salary & Benefits	\$199.9	\$210.7	\$219.6	\$233.0	\$249.9	\$260.4 \$261.4	\$275.1 \$276.5	\$10.5	\$14.6
Regular Positions	893	909	919	921	876	876	884	0	0

Follow up on questions from Board

Questions re: OPEB unfunded liability on March 24, 2026

- 1) Given that OPEB Actuarial Accrued Liability as of 6/30/25 is 61.3% funded, and given current actuarial projection showing unfunded liability pay off by end of FY 2042, how many years would it take to reach 75% funded?

Answer: The current actuarial projection shows that by the end of FY 2032 (7 years), the OPEB Actuarial Accrued Liability would be 75% funded.

- 2) How would incremental contributions toward the OPEB unfunded liability impact the projected date of payoff, which is currently the end of FY 2042?

Answer: Incremental \$1M per year for next 6 years results in payoff by FY 2041 (1 year earlier).

- Incremental \$2M per year = payoff by FY 2040
- Incremental \$3M per year = payoff by FY 2039
- Incremental \$4M per year = payoff by FY 2038
- Incremental \$5M per year = payoff by FY 2037

Proposed Biennial Budget Outlays

FY 2027 Net Outlays \$334M higher than FY 2026 primarily due to higher capital projects funding

Budget by Category (\$ in millions)	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted	FY 2027 Proposed	FY 2028 Plan	FY 2027 vs FY 2026	FY 2028 vs FY 2027
Operations	\$414.2	\$417.0	\$423.7	\$456.7	\$528.7	\$545.2	\$570.7	\$16.5	\$25.5
Operating Projects	8.5	4.6	9.5	28.5	6.2	9.4	9.0	3.2	(0.4)
Debt Service	58.1	65.1	75.0	86.0	116.9	128.8	161.2	11.9	32.4
Total Operating Outlays	\$480.8	\$486.7	\$508.2	\$571.2	\$651.8	\$683.4	\$740.9	\$31.6	\$57.5
Capital Outlays	\$372.7	\$414.1	\$389.7	\$387.2	\$427.9	\$730.0	\$669.7	\$302.1	(\$60.3)
Total Gross Outlays	853.5	900.8	897.9	958.4	1,079.7	1,413.4	1,410.6	333.7	(2.8)
Intra-District Reimbursements*	(97.3)	(107.2)	(116.8)	(121.3)	(131.7)	(131.2)	(147.7)	0.5	(16.6)
Net Total Outlays	\$756.2	\$793.6	\$781.1	\$837.1	\$948.0	\$1,282.2	\$1,262.8	\$334.2	(\$19.4)

* Intra-District reimbursements represent cost recovery for support services such as human resources and information technology, etc.

Proposed Biennial Budget Debt Service

Increase in debt service driven by planned debt issuances for Water Utility and Safe, Clean Water projects in the Capital Improvement Plan

(\$ in millions)	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted	FY 2027 Proposed	FY 2028 Plan	FY 2027 vs FY 2026	FY 2028 vs FY 2027
Principal Repayment	\$27.7	\$28.7	\$29.3	\$34.2	\$35.2	\$45.8	\$50.9	\$10.6	\$5.1
Interest	28.5	33.6	44.1	49.1	76.3	78.8	105.8	2.5	27.0
Debt-related Fees	1.9	2.6	1.3	2.7	5.4	4.2	4.5	(1.2)	0.3
Total Debt Service	\$58.1	\$64.9	\$74.7	\$86.0	\$116.9	\$128.8	\$161.2	\$11.9	\$32.4

Debt Portfolio Status Update

\$1.7 billion projected outstanding debt as of June 30, 2026

- Water Utility: \$1.4 billion
- Safe, Clean Water: \$239 million
- Watersheds: \$20 million

\$450 million Short-term Debt Program

- \$250 million commercial paper program with Sumitomo Mitsui Banking Corporation (SMBC) letter of credit
- \$200 million revolving bank line of credit with U.S. Bank



Debt Portfolio Status Update (cont.)

FY 2026 Financing Activity

- Water Utility Refunding Bonds 2025AB - \$200 million (September 10, 2025)
 - Refunded short-term debt, and 2016AC debt for \$14 million in debt service savings
- Draws on WIFIA loans: \$46 million (ADSRP) / \$10 million (CCFPP, Sunnyvale E-W Channels)
- Short-term debt issuances planned for spring 2026
 - WU: \$225 million (construction funds) / \$102 million (refunding of 2023C-1/D interim notes)
 - SCW: \$30 million (construction funds)

FY 2027 Financing Plan

- Refund short-term debt issued in spring 2026, refund long-term debt for savings, and issue \$100 million short-term note to fund initial construction costs for Anderson Dam Seismic Retrofit
 - Board authorizations: Issuance - May 2026 / Bond Disclosure - August 2026
- Issue short-term debt to fund Water Utility and Safe, Clean Water capital costs

Proposed Biennial Budget Operating Expenditures

Ops expenditures increased primarily due to ratified MOU

- FY 2027 Operating Expenditures of \$554.6M, **increase** of \$19.7M or 3.7% over FY 2026 and \$579.7M in FY 2028, increase of \$25.1M or 4.5% over FY 2027 primarily due to ratified MOU
- Includes eight (8) regular positions in FY 2028 Plan to address control of instream vegetation removal and watershed asset rehabilitation projects
- Water rate assistance program \$1.3M budget included in FY 2027 and FY 2028

Budget by Category (\$ in millions)	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted	FY 2027 Proposed	FY 2028 Plan	FY 2027 vs FY 2026	FY 2028 vs FY 2027
General Fund	\$74.3	\$74.8	\$77.3	\$77.3	\$90.9	\$97.8	\$98.5	\$6.9	\$0.7
Watershed Stream Stewardship Fund	62.5	69.3	75.4	82.3	95.1	101.5	109.4	6.4	7.9
Safe, Clean Water Fund	16.2	19.2	25.6	23	27.7	33.1	32.7	5.4	(0.4)
Water Enterprise Fund	235.3	224	213.6	257.6	269.6	267.8	280.6	(1.8)	12.8
Fleet Management Fund	3.8	5	5.2	5.3	6.6	6.7	7.1	0.1	0.4
Risk Management Fund	9.5	6.8	9.9	9.1	12.1	12.7	13.4	0.6	0.7
Information Technology Fund	21.1	22.4	26.2	30.6	32.9	34.9	37.9	2.0	3.0
Total	\$422.7	\$421.5	\$433.2	\$485.2	\$534.9	\$554.6	\$579.7	\$19.7	\$25.1

Note: This table reflects gross figures that have not been adjusted for intra-district reimbursements

Proposed Biennial Budget Capital Expenditures

Capital outlays aligned with draft Capital Improvement Program

- FY 2027 **increase** of \$302.1M primarily due to the Coyote Creek, Montague-Tully (\$59M), Sunnyvale East & West (\$45M), and Llagas Phase 2B (\$22M), Anderson Dam Seismic Retrofit (\$133M), Almaden Valley Pipeline (\$41M), PWTP Residuals Management (\$19M) and Almaden Calero Canal Rehab (\$18M)
- FY 2028 **decrease** of \$60.3M primarily due to completion of HQ Operations Building (-\$5M), Security Upgrades Program (-\$4M), the Llagas Creek Phase 2B (-\$33M), IRP2 Add Line Valves (-\$5M), RWTP Reliability Improvement (-\$62M), Almaden Calero Canal Rehab (-\$17M), Anderson Dam Tunnel (-\$13M) offset by increases in the Pure Water Silicon Valley (\$14M), SF Bay Shoreline (\$23M), Watersheds Asset Rehabilitation project (\$14M) and Lower Guadalupe Capacity Restoration (\$7M) projects

Budget by Category (\$ in millions)	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted	FY 2027 Proposed	FY 2028 Plan	FY 2027 vs FY 2026	FY 2028 vs FY 2027
General Fund	\$3.2	\$4.2	\$2.6	\$9.8	\$13.3	\$13.3	\$4.2	\$0.0	(\$9.1)
Watershed Stream Stewardship Fund	66.2	44.5	26.3	15	31.3	12.9	59.8	(18.4)	46.9
Safe, Clean Water Fund	52.8	46.6	45.8	84.2	65.7	182.1	148.6	116.4	(33.5)
Water Enterprise Fund	238	311.9	307.5	268.6	312	504.9	437.4	192.9	(67.5)
Fleet Management Fund	2.8	2.2	0.8	3.2	2	3.4	4.7	1.4	1.3
Information Technology Fund	9.7	4.7	6.7	6.3	3.6	13.3	15.0	9.7	1.7
Total	\$372.7	\$414.1	\$389.7	\$387.1	\$427.9	\$730.0	\$669.7	\$302.1	(\$60.3)

Note: FY27 Proposed budget and FY28 Plan are aligned with the FY27-31 CIP

Proposed Biennial Budget Reserve Balances

Reserve balances in FY 2027 and FY 2028 remain healthy

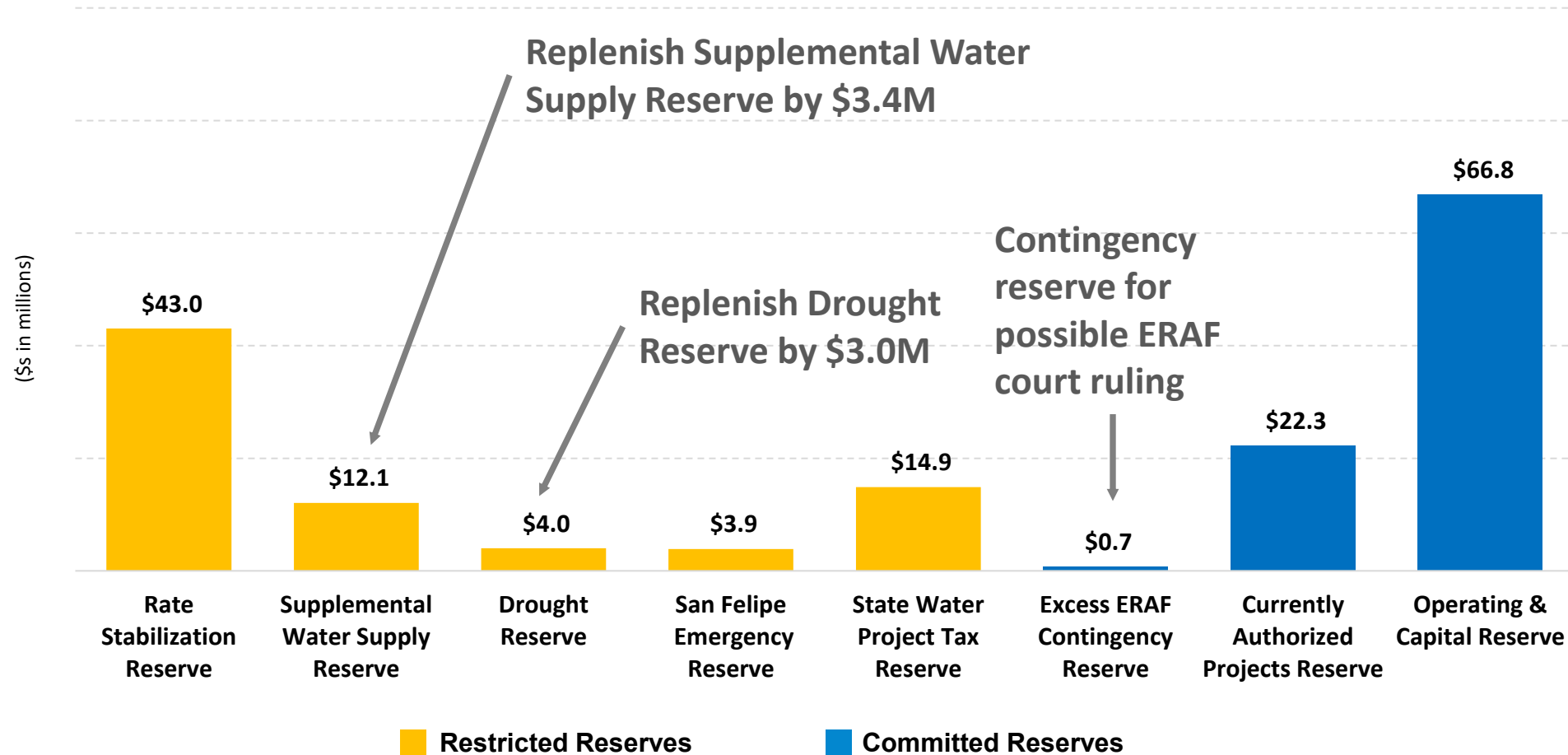
Reserves (\$ in millions)	FY 2026 Projected	FY 2027 Estimate	FY 2028 Estimate	FY 2027 vs FY 2026	FY 2028 vs FY 2027
Restricted Reserves					
Safe, Clean Water Fund	\$107.1	\$97.2	\$94.8	(\$9.9)	(\$2.4)
Water Utility Enterprise Fund	75.5	77.9	81.3	2.4	3.4
Restricted Subtotal	\$182.7	\$175.1	\$176.1	(\$7.6)	\$1.0
Committed Reserves					
General Fund	27.1	12.9	12.3	(14.3)	(0.6)
Watershed Stream Stewardship Fund	204.9	211.6	190.2	6.6	(21.4)
Water Utility Enterprise Fund	83.3	89.8	122.0	6.5	32.2
Internal Service Funds	29.6	30.1	27.7	0.5	(2.4)
Committed Subtotal	\$345.0	\$344.4	\$352.2	(\$0.6)	\$7.8
Net Total Outlays	\$527.6	\$519.5	\$528.2	(\$8.1)	\$8.7

Restricted Reserves are reserves with externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government), through constitutional provisions or enabling legislation

Committed Reserves are self-imposed limitations or amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint

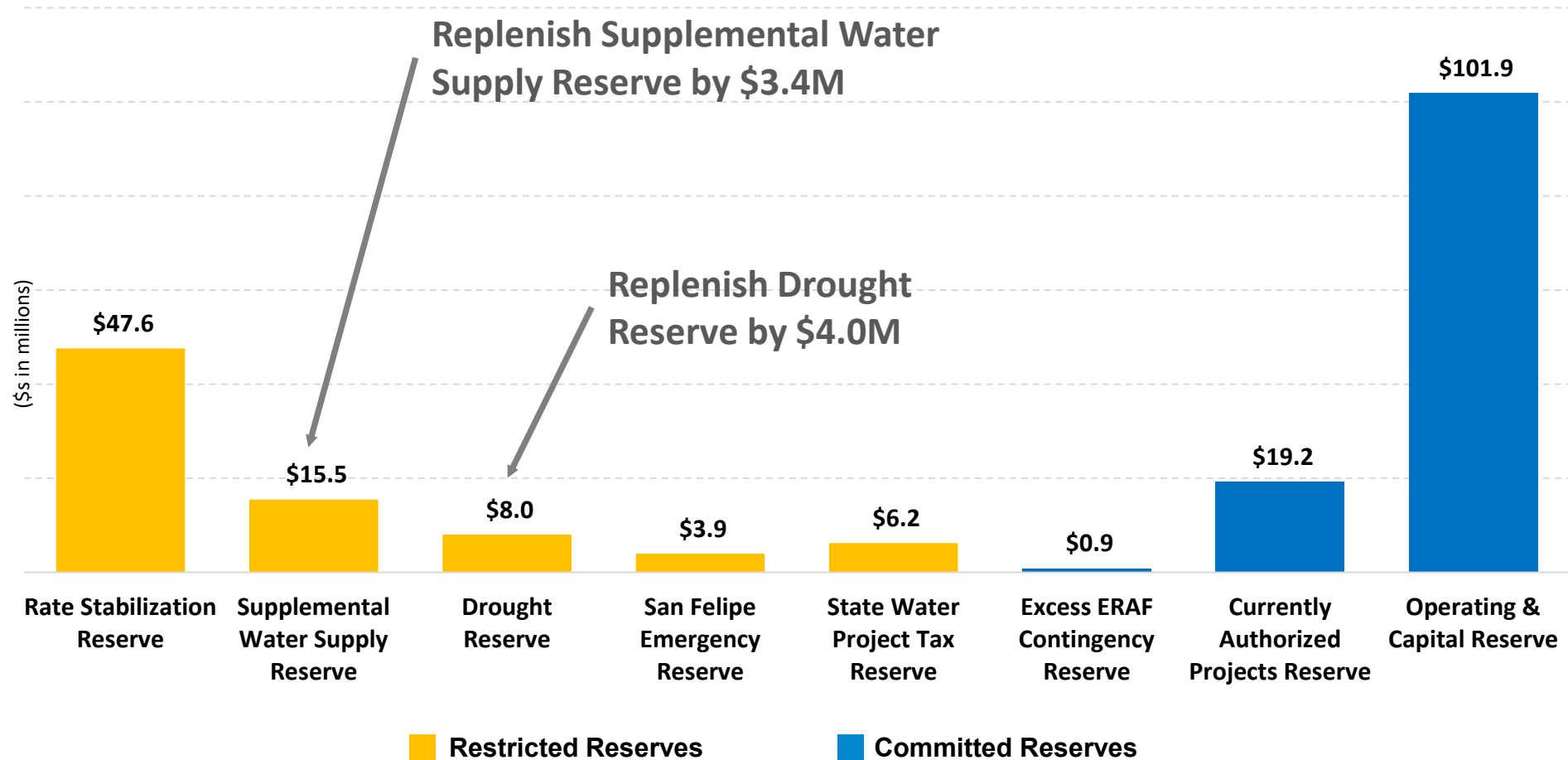
FY 27 Proposed Budget Water Utility Reserves

Total reserve balances of \$167.7 million



FY 28 Proposed Plan Water Utility Reserves

Total reserve balances of \$203.2 million



Proposed Adjustment to Budget Resolution

Additional phrase to improve efficiency

Resolution Approving and Adopting the Biennial Budget – Section 1

“BE IT FURTHER RESOLVED that:

1. Any subsequent changes to the Adopted Valley Water FY 2026-27 Operating, Capital and Interfund Transfer Budget shall occur as follows:

(a) By Valley Water Board of Directors action for all budget adjustments that either increase or decrease a fund’s total operating, capital, or interfund transfer budget or reserve appropriations **with the exception of Currently Authorized Projects Reserve, which is comprised of accumulated unexpended and unencumbered balances of Board-approved capital project appropriations from prior years.”**

- Rationale for change

- Process improvement - Elimination of redundant administrative process: (i.e. ask Board to approve a capital project budget adjustment to utilize money that Board previously budgeted in a prior year)

Proposed Adjustment to Budget Resolution

Questions and Answers

Q: Would this change take away Board control over the capital budget?

A: No, it would take away a redundant control touchpoint; Board still has control over new funding budgeted for capital projects each year. Adjustments that impact total project cost would still come to Board for approval.

Q: How would the Board stay informed of draws on the Current Authorized Projects Reserve?

A: Staff would develop a reporting mechanism: ideas include; 1) a quarterly report for CIP committee, 2) a slide in Quarterly Financial Status Update (which is presented to Board Audit Committee and provided to Board via non-agenda), 3) CEO bulletin information article each time reserve is tapped (or quarterly).

Q: What is the impact if the Board rejects this proposed change to the resolution?

A: Current process would continue (i.e. staff would continue to bring budget adjustments that impact Current Authorized Projects Reserve to Board for approval)

Q: Doesn't the Budget Resolution already give staff the ability to carryover unspent capital budget?

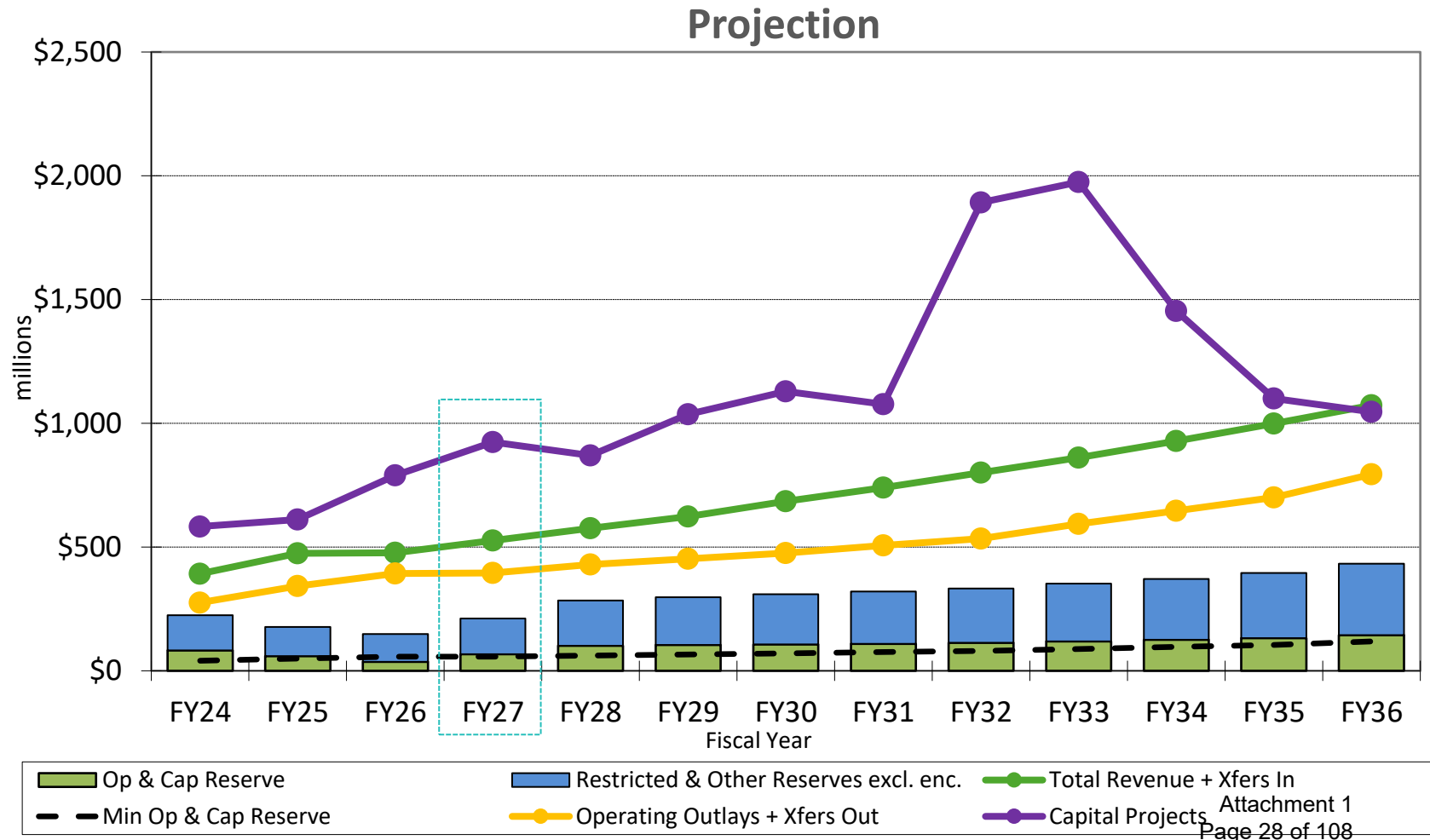
A: The Budget Resolution authorizes staff to reappropriate unspent prior year capital budget into current year budget for the same projects, or to put that money into Currently Authorized Projects Reserve. If put in the Currently Authorized Projects Reserve, Board approval is necessary to draw on it.

Water Utility Enterprise (WUE) Fund

FY 2026-27 Projection – Financially Sustainable with Proposed Rates

Key Assumptions

- Slightly increased FY 2027 District-managed water use compared to FY 2026
- Draft FY 2027-31 CIP projects + Sites, Sisk & DCP
- Average annual Municipal and Industrial (M&I) groundwater charge increases of:
 - North County Zone W-2:
 - 9.1% FY 2027 – FY 2030
 - 7.4% FY 2031 – FY 2036
 - South County:
 - 6.6% in Zone W-5
 - 9.4% in Zone W-7
 - 8.0% in Zones W-8

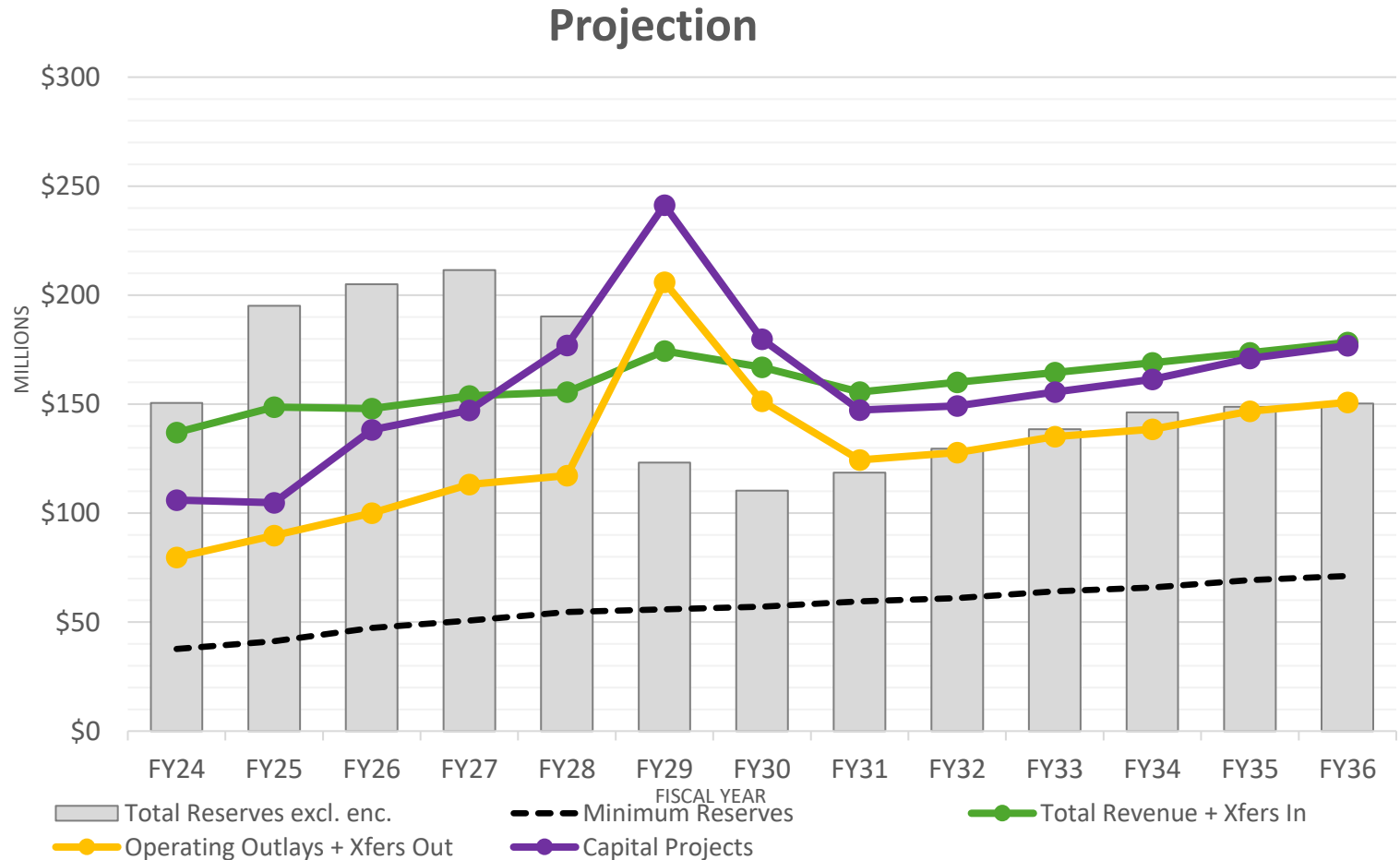


Watershed and Stream Stewardship (WSS) Fund

FY 2027-36 Projection – Improved due to capital project reprioritization actions discussed with Board in November 2025

Key Assumptions

- 1% property tax growth at 3.0% per year
- Includes reduced scope for Shoreline & Lower Guadalupe
- O&M Maintenance placeholder
 - \$5M/yr FY 2029 to FY 2036
- \$126M Watershed Asset Rehabilitation Program (WARP) FY 2027 thru FY 2036
- Multiple unfunded capital projects:
 - Berryessa Crk Phase 3; Calabazas/San Tomas Aquino Creek-Marsh Connection; South Babb Creek Long Term; Pond A4; Palo Alto Tide Gate; Lower Llagas Creek Capacity Restoration; Watershed Master Planning*



Watershed and Stream Stewardship (WSS) Fund

Maintaining Infrastructure

Key Operations & Maintenance (O&M) Examples

- **Flow Conveyance**
 - Sediment Removal (e.g., Sierra Creek)
 - Vegetation Management (e.g., San Tomas Aquino Creek)
- **Levee Maintenance** (e.g., Stevens Creek)
- **Bank Protection** (e.g., Ross Creek, Princevalle Drain)
- **Rodent Damage Repair** (e.g., Guadalupe River)

Key Watershed Asset Rehabilitation Program Examples

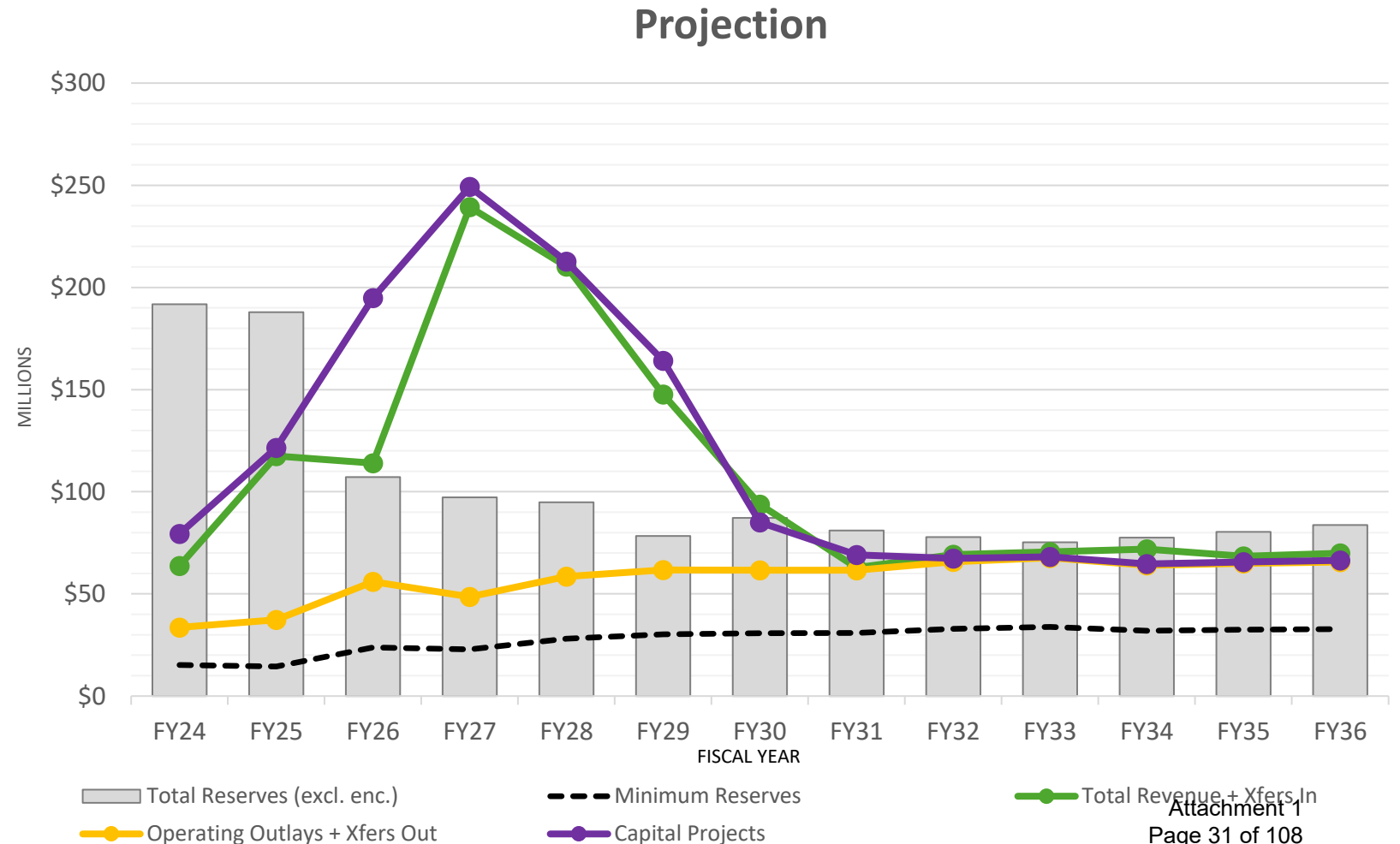
- **Flow Conveyance**
 - Lower Penitencia Creek
 - Coyote Creek at Julian
 - Guadalupe River at Malone Road and Blossom Hill Road
- **Fish Passage Project** at Stevens Creek at Evelyn Avenue

Safe, Clean Water (SCW) Fund

FY 2027-36 Projection – Improved due to capital project reprioritization actions discussed with Board in November 2025

Key Assumptions

- Special Property tax growth at 2% per year
- Includes \$147M WIFIA loan
- Includes \$80M NRCS reimbursements for Upper Llagas Creek to fully construct Phase 2B
- San Francisquito Creek now an O&M Project with ~ \$19M SCW funds; no add'l external funding
- Includes reduced scope for Upper Penitencia Crk Flood Protection
- Transfer for Anderson to be evaluated annually; not included in FY 2027 and beyond
- Pending grant application for Sunnyvale East Flood Protection (\$25M)



Proposed Budget by Fund and Organization

Projects managed within Organization and by Fund

FY 2027 Proposed (\$ in millions)	BAO	CEA	Admin	OIWM	WU	WS	Debt	Salary Savings	Total
General Fund & Internal Service Funds	\$ 53.2	\$ 16.7	\$ 112.1	\$ 0.5	\$ 0.2	\$ 1.1	\$ -	\$ (1.5)	\$ 182.2
WS and Stream Stewardship Funds	1.6	1.8	3.3	3.1	0.0	105.6	5.8	(1.1)	120.2
Safe, Clean Water Fund	0.2	4.4	0.7	2.7	5.5	202.2	12.5	(0.5)	227.7
Water Enterprise and State Water Funds	4.2	2.9	6.8	203.8	544.8	12.7	110.5	(2.5)	883.3
Total	\$ 59.2	\$ 25.8	\$ 122.9	\$ 210.2	\$ 550.5	\$ 321.5	\$ 128.8	\$ (5.6)	\$ 1,413.4

FY 2028 Plan (\$ in millions)	BAO	CEA	Admin	OIWM	WU	WS	Debt	Salary Savings	Total
General Fund & Internal Service Funds	\$ 52.3	\$ 17.5	\$ 111.1	\$ 0.6	\$ 0.2	\$ 0.7	\$ -	\$ (1.6)	\$ 180.9
WS and Stream Stewardship Funds	1.7	1.7	3.6	3.4	0.0	160.0	5.8	(1.2)	174.9
Safe, Clean Water Fund	0.2	4.1	0.7	3.1	0.5	173.2	23.4	(0.5)	204.7
Water Enterprise and State Water Funds	4.5	3.0	7.8	214.8	477.4	13.0	132.0	(2.6)	850.0
Total	\$ 58.7	\$ 26.3	\$ 123.3	\$ 221.9	\$ 478.1	\$ 347.0	\$ 161.2	\$ (5.8)	\$ 1,410.6

Note: Negative amounts due to salary savings in projects managed by Finance.



Questions?

Presentation Summary



BUDGET OVERVIEW

- Budget Development & Review Process
- FY 2026-27 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization



PROPOSED BUDGET BY ORGANIZATION

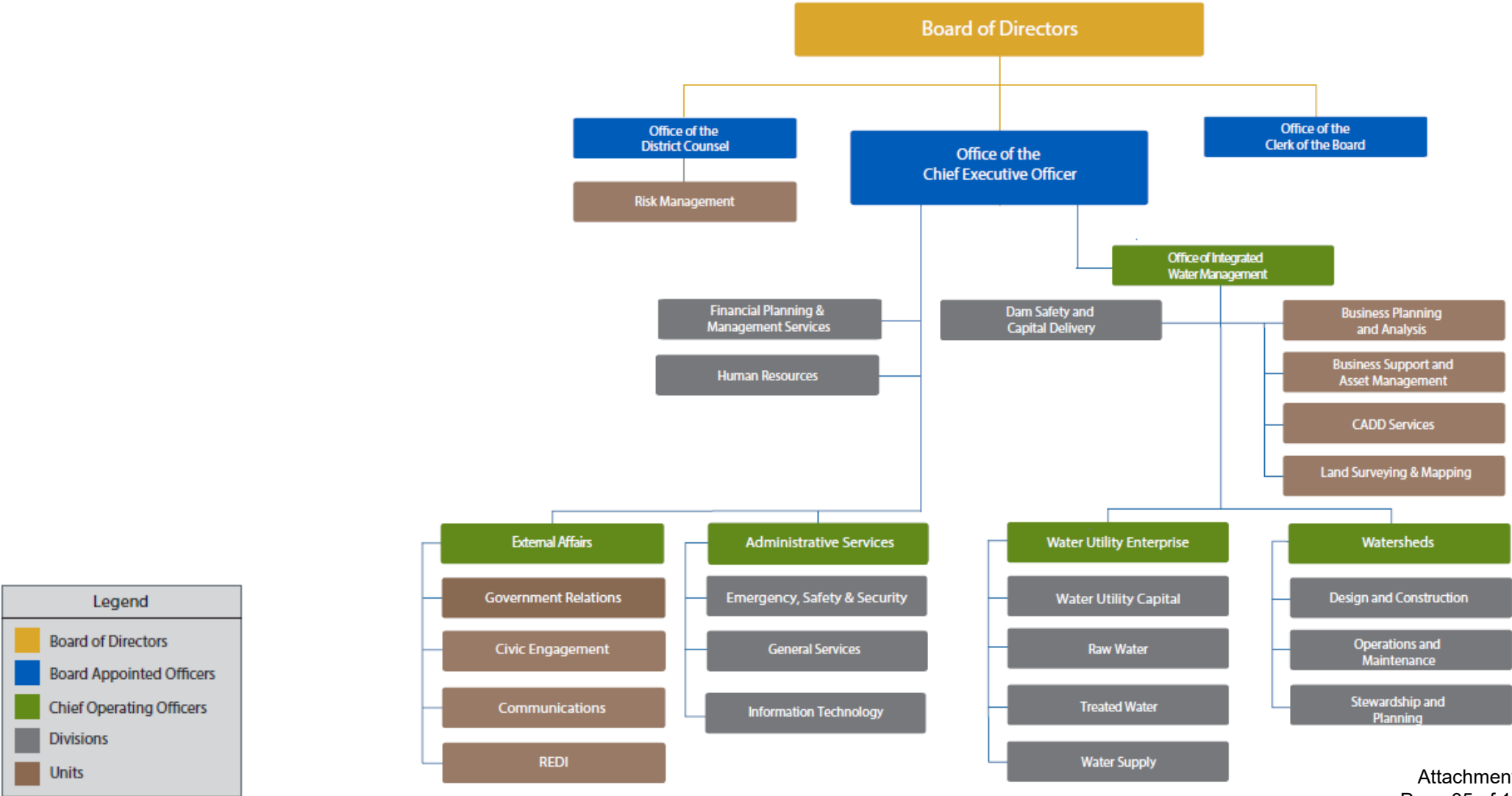
- Administration
- Integrated Water Management
- Water Utility
- Watersheds



NEXT STEPS

- Board considerations for May 12, 2026

Presentation Summary





Administration

Presented by: **Darin Taylor**, Chief Financial Officer
Patrice McElroy, Deputy Administrative Officer
Rachael Gibson, Chief of External Affairs
Tina Yoke, Chief Operating Officer

Administration Outline

- Administration Overview
- Administration FY 2026-27 Proposed Biennial Budget and Outlook



Board Appointed Officers



External Affairs



Administrative Services

Achieving Board Work Plan Goals

Business Management

- Maintain appropriate staffing levels and expertise while prioritizing the safety of our staff
- Provide efficient and effective services



Administration

Objectives & Benefits

Objective

- Provide Strategic Direction and Oversight
- Advocate for and represent Valley Water's interests
- Strengthen relationships with key partners and stakeholders
- Provide Operational Support Services
- Support in Achieving FY 2025-26 Board Work Plan

Benefits

- Executive leadership and oversight
- Long-term and short-term financial planning
- A capable and knowledgeable workforce
- Sustainable assets, equipment, and infrastructure
- Meaningful engagement and partnerships with the community we serve
- Well-informed elected officials, stakeholders, and the public

Administration

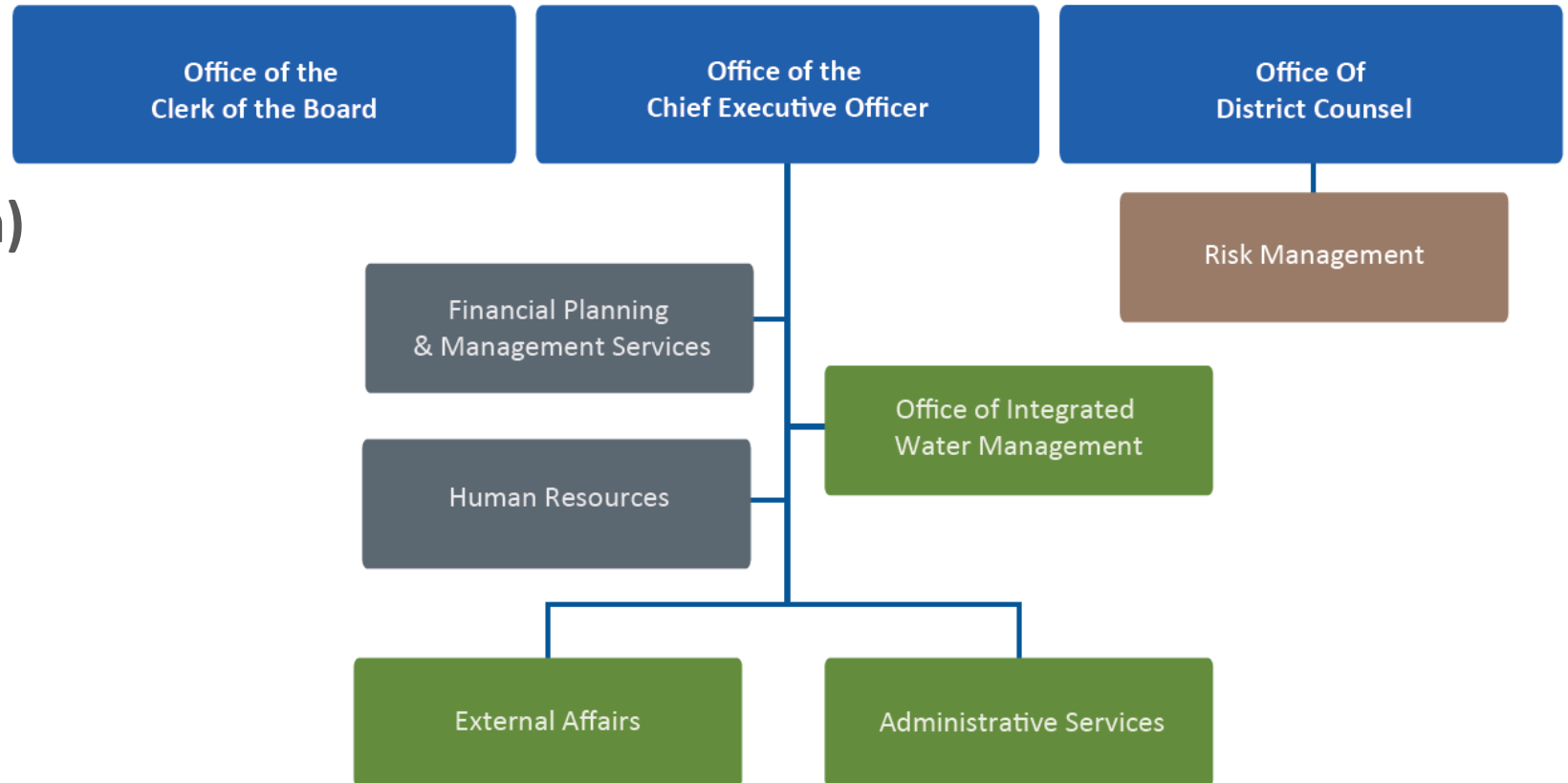
Organizational Chart

Proposed FY 2026-27

Total Positions :

273 (~~+3~~ +2 Limited Term)

Legend	
■	Board Appointed Officer
■	Chief Operating Officer
■	Division
■	Department (Unit)



Administration

FY 2026-27 Proposed Biennial Budget by Organizational Area

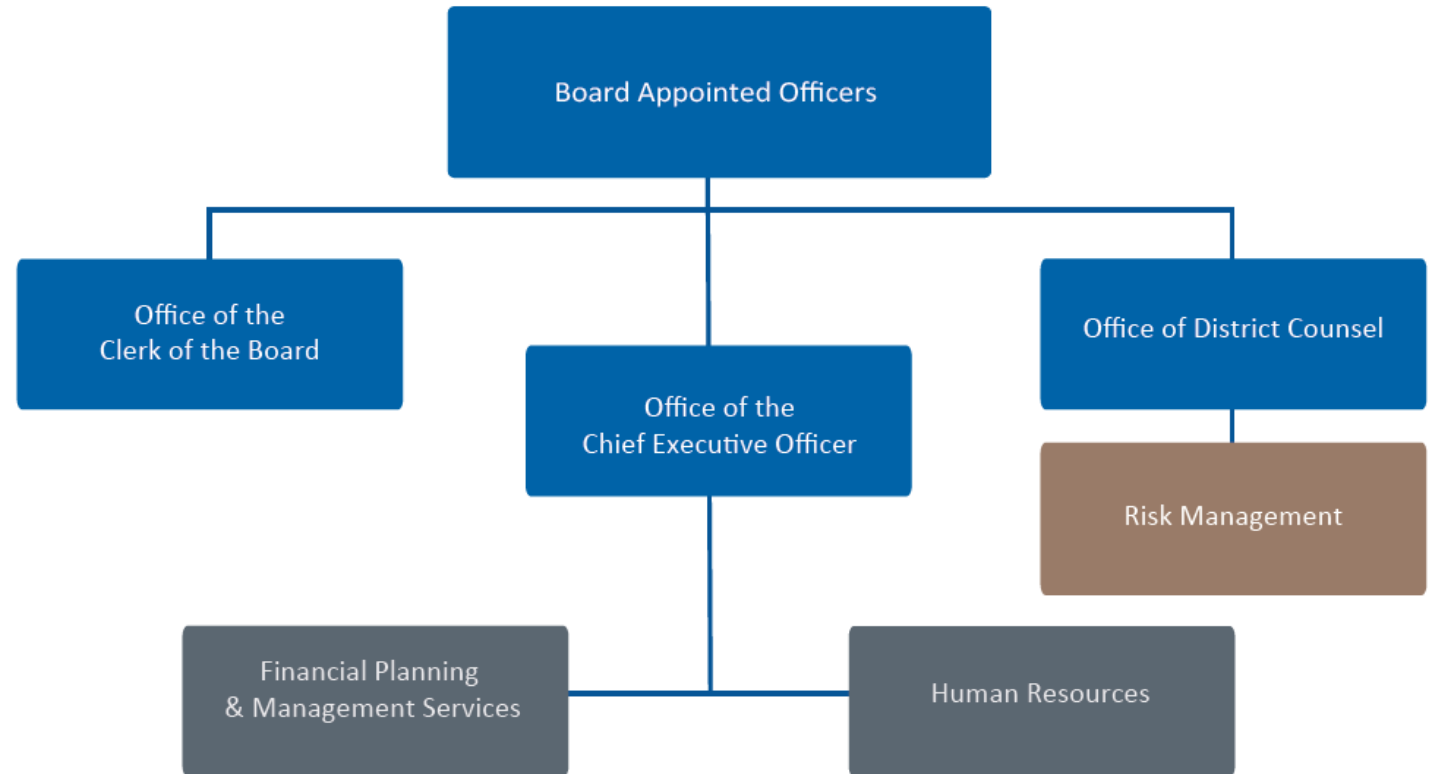
(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Board Appointed Officers	\$ 53.8	\$ 59.2	\$ 5.4	10.0% ↑	\$ 58.7
External Affairs	24.3	25.8	1.5	6.1% ↑	26.3
Administrative Services	108.7	122.9	14.2	13.1% ↑	123.3
Total	\$ 186.8	\$ 207.9	\$ 21.1	11.3% ↑	\$ 208.3

Board Appointed Officers

Organizational Chart

Proposed FY 2026-27
Total Positions : 101
(~~+3~~ +2 Limited Term)

Legend	
■	Board Appointed Officer
■	Division
■	Department (Unit)



Board Appointed Officers

FY 2026-27 Proposed Biennial Budget by Divisions

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
Office of Chief Executive Officer	\$ 1.9	\$ 1.8	\$ (0.1)	(5.3%) ↓	\$ 1.9
Financial Planning & Management Division	18.6	19.2	0.6	3.2% ↑	20.3
Human Resources Division	16.5	17.0	0.5	3.0% ↑	17.8
Office of District Counsel	13.2	13.9	0.7	5.3% ↑	14.7
Clerk of the Board	3.6	7.3	3.7	102.8% ↑	3.9
Operating Outlays Subtotal	\$ 53.8	\$ 59.2	\$ 5.4	10.0% ↑	\$ 58.7
Salary Savings					
Capital Outlays	\$ (0.6)	\$ (1.3)	\$ (0.7)	116.7% ↑	\$ (1.3)
Operating Outlays	(2.0)	(4.3)	(2.3)	115.0% ↑	(4.6)
Salary Savings Subtotal	(2.5)	(5.6)	(3.1)	124.0% ↑	(5.8)
Total	\$ 51.3	\$ 53.6	\$ 2.3	4.5% ↑	\$ 52.9

Finance Division

FY 2026-27 Deliverables

- Partner with IT & HR to implement new Payroll/HR system
- Finish implementation of new utility billing system
- Implement Grants Management System
- Implement optimal financing strategy to support the WU and SCW capital programs
- Diligent pursuit of grant funding opportunities



Human Resources Division

FY 2026-27 Deliverables and FY 2027-28 Outlook

- Update Human Resources Processes to ensure transparency and compliance
- In Partnership with Payroll implement a new HR System
- Continue to enhance the Next Gen Career Pathways, Veterans, Disability, and Second Chance Programs in collaboration with community partners
- Enhance and deliver critical EEO compliance, workforce, and technical trainings, and mediation/conflict resolution services
- Continue to Implement items resulting from the 2025 labor negotiations

Join Our Team

Make A Difference





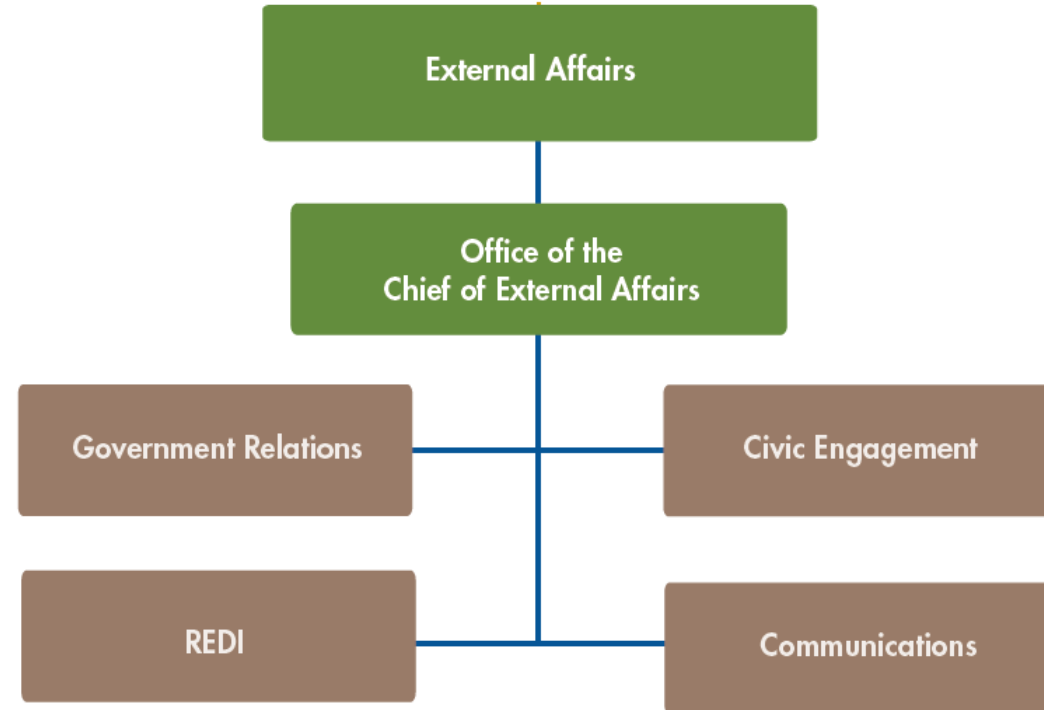
Questions?

External Affairs

Organizational Chart

Proposed FY 2026-27

Total Positions: 43



Legend	
■	Chief Operating Officer
■	Department (Unit)

External Affairs

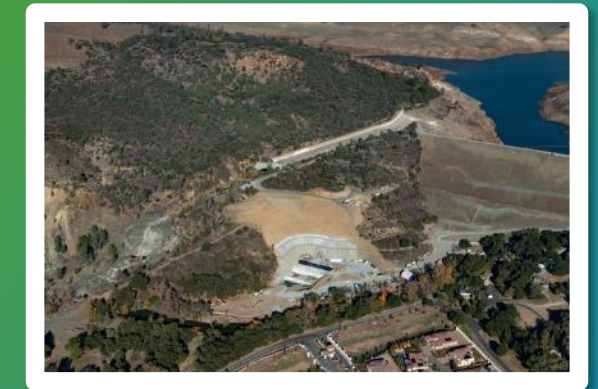
FY 2026-27 Proposed Biennial Budget by Units

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
Office of Civic Engagement	\$ 9.5	\$ 10.4	\$ 0.9	9.3%↑	\$ 10.2
Office of Communications	6.8	7.0	0.2	2.9%↑	7.3
Office of Government Relations	5.0	5.4	0.4	8.0%↑	5.6
Office of Chief of External Affairs	1.5	1.5	0.0	0%	1.6
REDI	1.5	1.5	0.0	0%	1.6
Total	\$ 24.3	\$ 25.8	\$ 1.5	6.1%↑	\$ 26.3

External Affairs

FY 2026-27 Deliverables

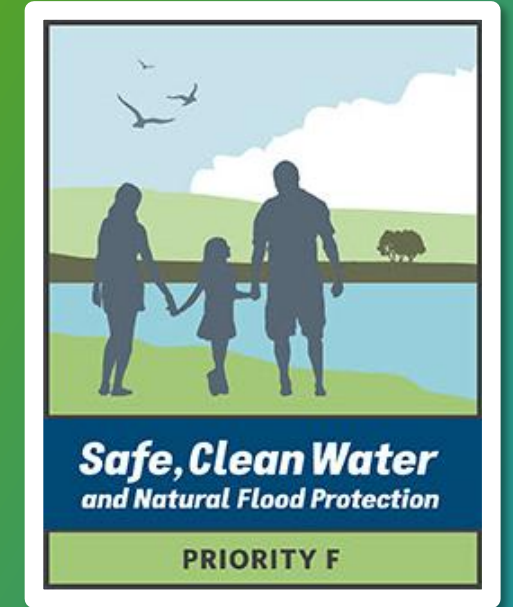
- Advance the Board’s legislative priorities
- Pursue and secure funding and authorizations
- Promote water conservation and public awareness
- Increase positive public awareness of Valley Water’s key projects and initiatives, including targeted campaigns such as flood awareness
- Implement the redesigned Safe, Clean Water Grants & Partnership Program
- Implement the Residential Water Rate Assistance Program (WRAP)



External Affairs

FY 2027-28 Outlook

- Continue advocacy and pursuit of funding
- Expand outreach to increase favorable public perception on potable reuse
- Encourage youth involvement through the Youth Commission
- Engage volunteers and ambassadors in Valley Water programs, such as creek stewardship activities
- Highlight priority projects through targeted messaging

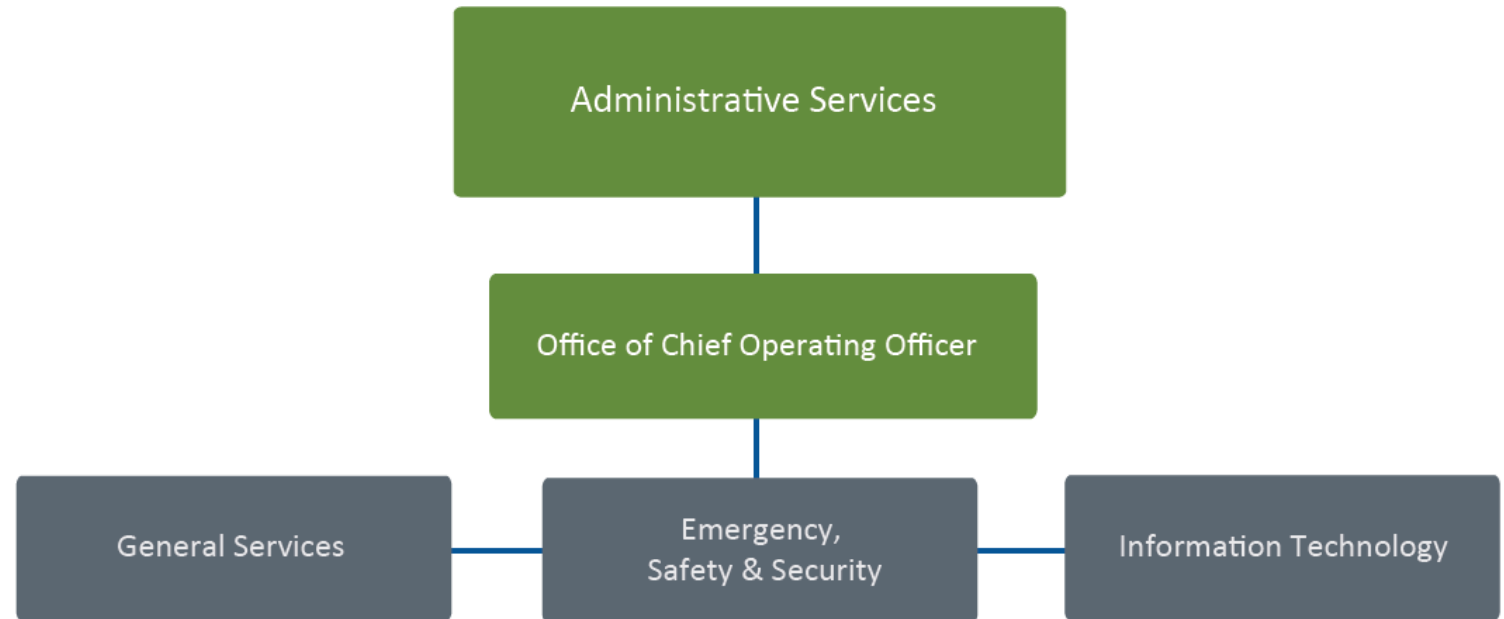
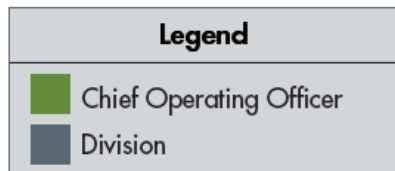




Questions?

Administrative Services Organizational Chart

Proposed FY 2026-27
Total Positions: 129



Administrative Services

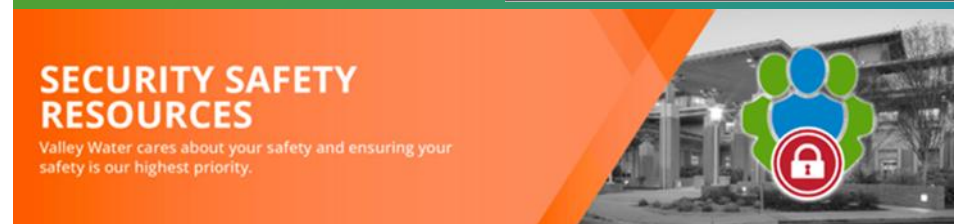
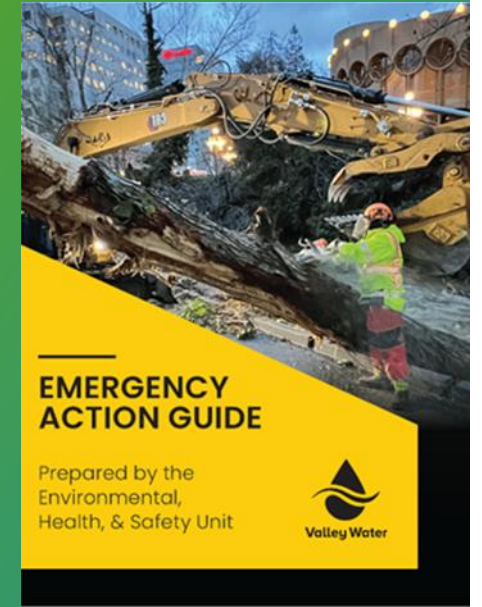
FY 2026-27 Proposed Biennial Budget by Divisions

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
Office of COO Administrative Services	\$ 2.7	\$ 2.7	\$ 0.0	0%	\$ 2.8
Emergency, Safety & Security Division	15.7	16.2	0.5	3.2% ↑	17.0
General Services Division	31.9	34.1	2.2	6.9% ↑	35.9
Information Technology Division	35.2	37.7	2.5	7.1% ↑	40.6
Operating Outlays Subtotal	\$ 85.6	\$ 90.7	\$ 5.1	6.0% ↑	\$ 96.4
Capital Outlays					
General Services Division	\$ 17.2	\$ 18.9	\$ 1.7	9.9% ↑	\$ 11.2
Information Technology Division	5.9	13.3	7.4	125.4% ↑	15.7
Capital Outlays Subtotal	23.2	32.2	9.0	38.8% ↑	26.9
Total	\$ 108.7	\$ 122.9	\$ 14.2	13.1% ↑	\$ 123.3

Administrative Services

FY 2026-27 Deliverables

- Enhance security and safety for staff and workplace violence prevention and response
- Renovate facilities for workforce operational needs
- Initiate the second phase of Security CIP to replace existing camera and badging system
- Increase efficiency of warehouse operations
- Bolster IT enterprise Security
- Implemented AI solutions to enhance efficiencies and prioritized additional operational technology solutions to support the workforce and enhance operational efficiencies.



Administrative Services

FY 2027-28 Outlook

- Progress with capital security system and infrastructure upgrades, repair, and replacements
- Modernize IT enterprise applications and technology, and update the Technology Master Plan
- Continue with the technology transition from on-site servers to cloud technology to save infrastructure and maintenance costs
- Progress with the HQ Maintenance Building project to enhance workspace requirements for operational staff
- Continue to expand EV chargers to Valley Water facilities
- Proceed with facility assessment for all facilities to prioritize maintenance projects

Instrumentation & Controls
Apprenticeship Opportunity





Questions?



Office of Integrated Water Management

Presented by: Rita Chan, Assistant Chief Executive Officer

Integrated Water Management

Achieving Board Ends

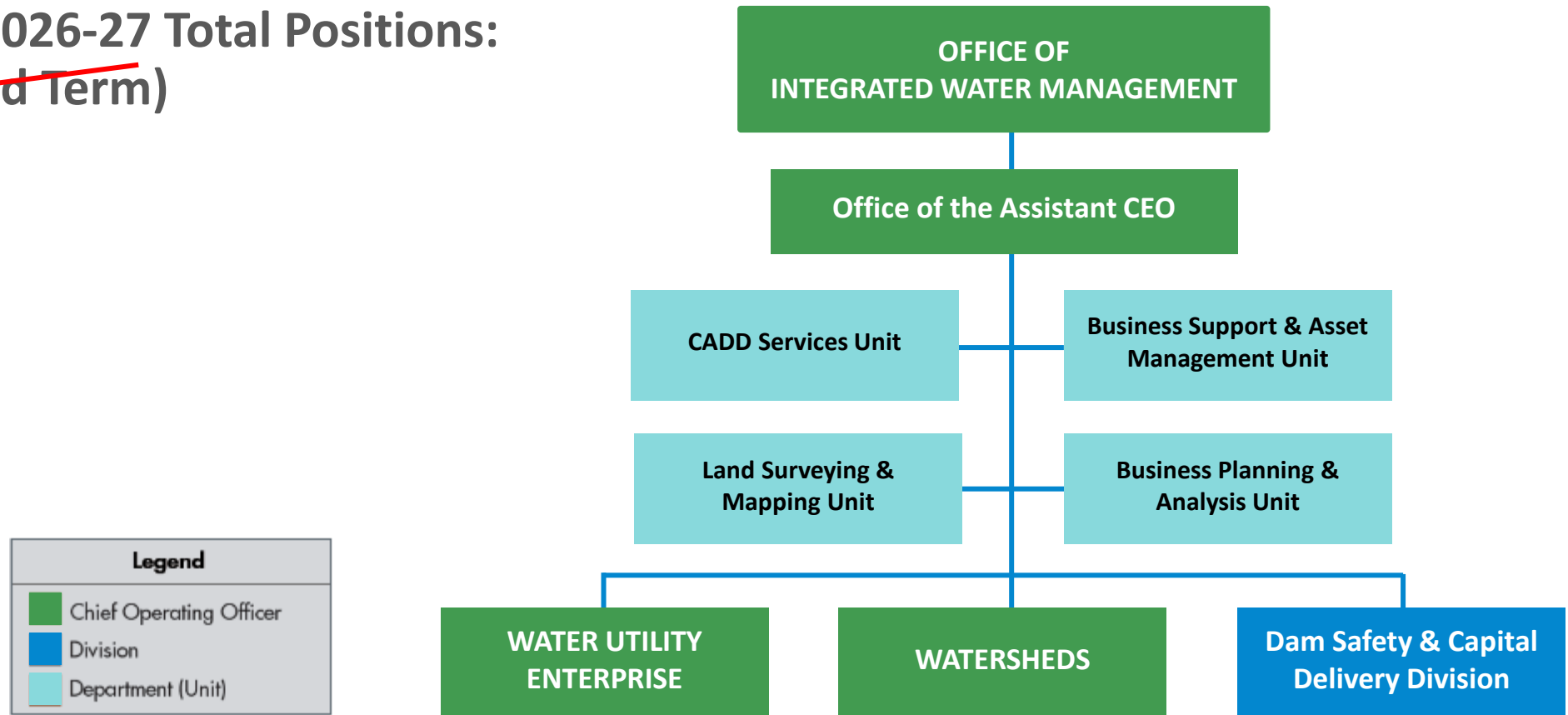
- E-2 Water Supply Services
- E-3 Natural Flood Protection
- E-4 Water Resources Stewardship
- E-5 Climate Change Mitigation Adaptation
- E-6 Encampments of Unsheltered People (EUP)



Integrated Water Management

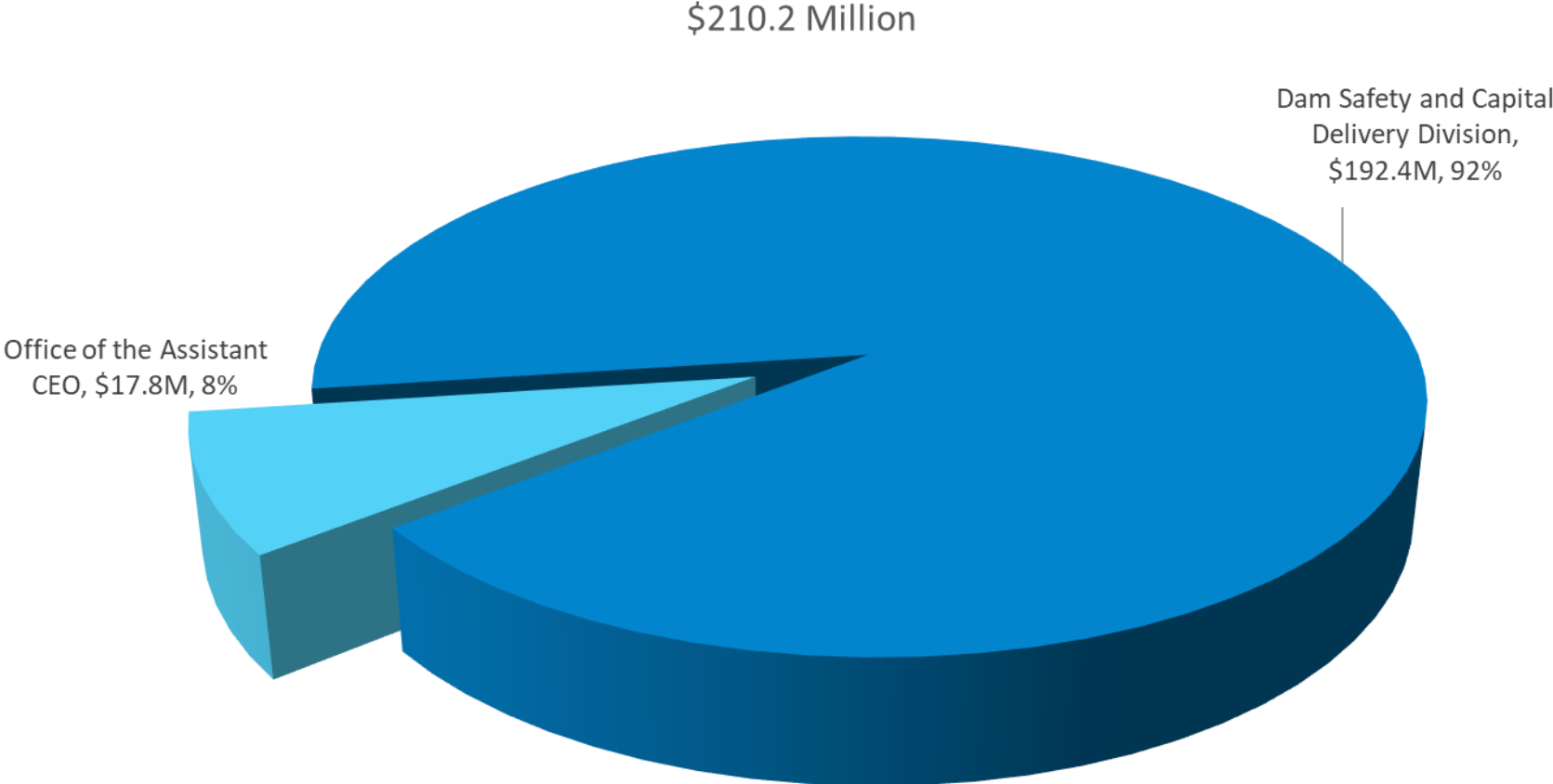
Organizational Chart

Proposed FY 2026-27 Total Positions:
603 (+2 ~~Limited Term~~)



Integrated Water Management

FY 2026-27 Proposed Budget



Integrated Water Management

FY 2026-27 Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
Office of the Assistant CEO	\$ 11.8	\$ 8.6	\$ (3.2)	(27%)↓	\$ 9.5
Dam Safety and Capital Delivery Division	6.7	6.0	(0.7)	(11%)↓	6.3
Operating Outlays Subtotal	\$ 18.6	\$ 14.6	\$ (4.0)	(21%)↓	\$ 15.9
Capital Outlays					
Office of the Assistant CEO	\$ 6.8	\$ 9.2	\$ 2.4	35%↑	\$ 10.8
Dam Safety and Capital Delivery Division	84.3	186.4	102.1	121%↑	195.2
Capital Outlays Subtotal	\$ 91.1	\$ 195.6	\$ 104.5	115%↑	\$ 206.0
TOTAL	\$ 109.7	\$ 210.2	\$ 100.5	92%↑	\$ 221.9

Office of the Assistant CEO

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2028 Proposed Plan
Office of Integrated Water Management	\$ 4.3	\$ 3.5	\$ (0.7)	\$ 3.8
Asset Management Program	5.2	3.4	(1.7)	4.0
Survey Management & Technical Support	0.7	2.6	1.9	2.8
CIP Development & Administration	1.6	1.8	0.2	1.9
Capital Project Management & Controls	1.4	1.7	0.4	1.8
Computer-Aided Design for Engineering	1.8	1.5	(0.3)	2.3
Water Treatment Plant Master Plan Implementation	0.3	1.2	1.0	1.5
Safe Clean Water Implementation	1.2	1.2	0.0	1.3
Subsidence Monitoring	1.2	0.5	(0.8)	0.4
SCADA Master Plan Implementation	0.5	0.2	(0.3)	-
Other	0.6	0.1	(0.5)	0.5
TOTAL	\$ 18.6	\$ 17.8	\$ (0.8)	\$ 20.4

Dam Safety and Capital Delivery Division

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2028 Proposed Plan
Anderson Dam Seismic Retrofit	\$ 24.2	\$ 157.4	\$ 133.2	\$ 169.1
Anderson Dam Tunnel	42.7	13.2	(29.5)	-
Calero Dam Seismic Retrofit Design & Construction	6.3	5.2	(1.1)	12.4
Guadalupe Dam Seismic Retrofit Design & Construction	4.0	5.2	1.2	5.1
Dams / Reservoir General Maintenance	3.8	3.9	0.1	4.2
Coyote Dam Seismic Retrofit	0.9	2.6	1.7	1.8
Calero-Guadalupe Dams Seismic Retro	-	2.6	2.6	3.0
Dam Safety Program	3.0	2.1	(0.9)	2.2
Almaden Dam Improvements	0.1	0.2	0.1	0.2
Dam Safety Seismic Stability	-	-	-	0.1
Other	6.1	-	(6.1)	3.5
TOTAL	\$ 91.1	\$ 192.4	\$ 101.3	\$ 201.4

FY 2026-27 Deliverables

Office of Integrated Water Management

- **CIP** – Develop the FY 2028-2032 CIP Five-Year Plan
- **Safe, Clean Water (SCW)** – Oversee the renewed SCW Program; develop the FY 2025-2026 SCW Annual Report
- **Master Plan Implementation Projects (MPIPs)**
 - Water Treatment Plants – Complete Planning Study Report and Implementation Plan
 - SCADA – Complete selection of standard technology platform for plant upgrade projects
 - Distribution System – Complete Problem Definition Report



FY 2026-27 Deliverables

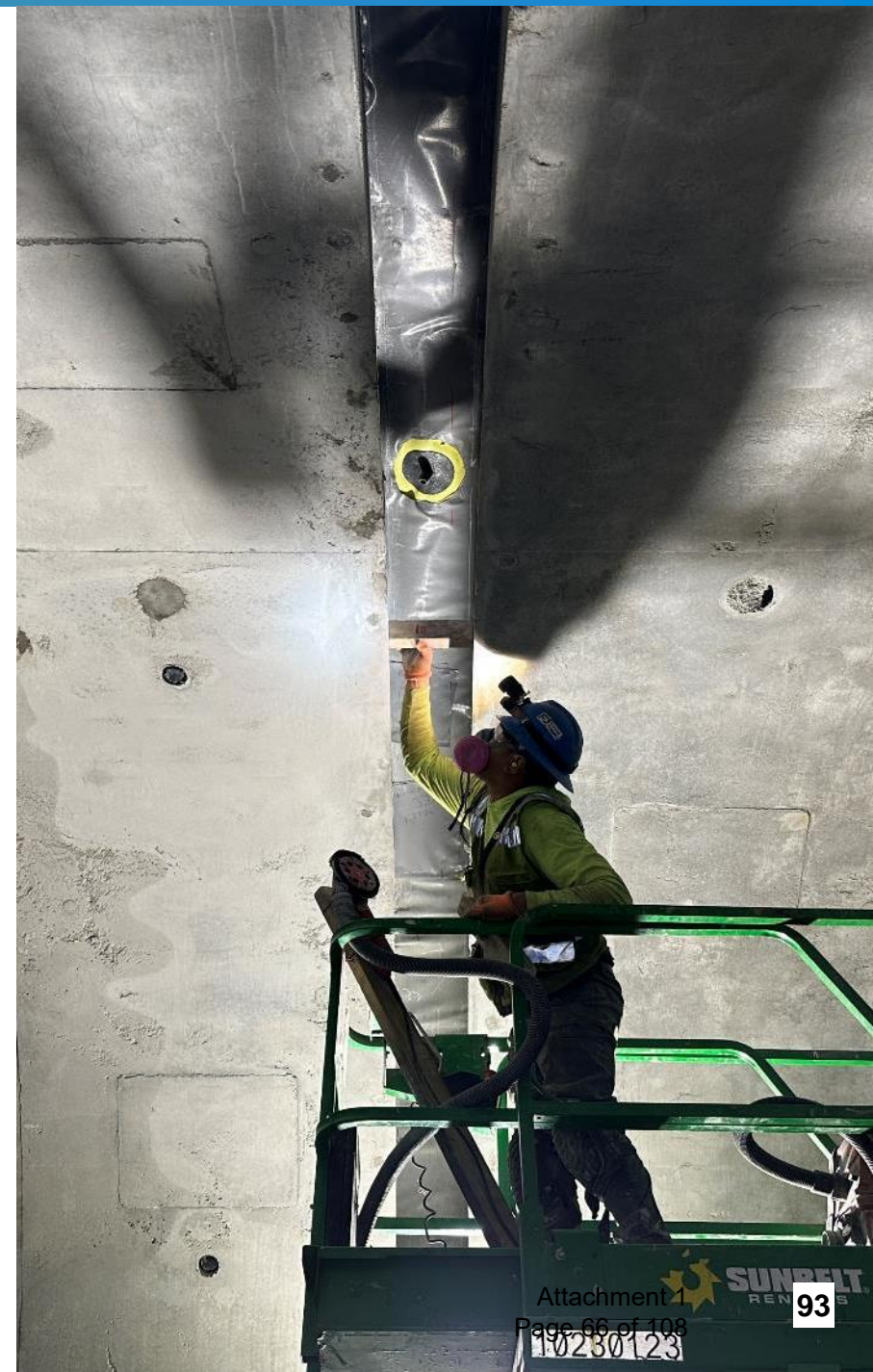
Dam Safety & Capital Delivery Division

- **Anderson Dam Seismic Retrofit Project (ADSRP)**
 - Complete construction of the Anderson Dam Tunnel Project
 - Award the ADSRP construction contract and issue Notice to Proceed (NTP) 1 and NTP 2 for initial submittals and mobilization
 - Begin construction of Coyote Percolation Dam Phase 2
- **Calero Dam Seismic Retrofit Project**
 - Complete 100% design of dam embankment, spillway, and breaching of Fellow's Dike (Package A)
- **Guadalupe Dam Seismic Retrofit Project**
 - Complete 100% design of Intake Riser Improvement
 - Award construction contract for Intake Riser Improvements



FY 2026-27 Challenges

- **Integrated Water Management** – Balancing our water supply, environmental, and flood protection missions
- **Anderson Dam** – Resolving complex regulatory and construction challenges while coordinating with regulatory agencies and project partners to keep the project on track
- **WU Asset Management** – Developing implementable long-term plans around project delivery resource constraints and increasing construction costs
- **Project Funding** – Pursuing and securing available federal and state funding



FY 2027-28 Future Outlook

- **Anderson Dam** – Complete Stage 2 Diversion Conversion, begin Embankment Dam excavation, and complete construction of Coyote Percolation Dam Phase 2
- **Calero Dam** – Award construction contract for Package A
- **Guadalupe Dam** – Complete 100% design for Package A
- **Capital Improvement Plan** – Produce FY 2028-2032 CIP Five-Year Plan
- **Master Plan Implementation Projects (MPIPs)**
 - Water Treatment Plants – Establish ongoing Program Management to support STWTP Rehabilitation Project
 - SCADA – Complete Programming Implementation Standards and Planning Study Report for first SMP/IP Upgrade project
 - Distribution System – Complete Recommended Alternatives Report and Implementation Plan





Questions?



Water Utility Enterprise

Presented by: **Aaron Baker**, Chief Operating Officer

Valley Water's Comprehensive, Flexible Water System



	<p>Local Water (30%)</p> <ul style="list-style-type: none"> • Groundwater aquifer • Reservoirs
	<p>Imported Water (50%)</p> <ul style="list-style-type: none"> • Delta conveyed • Hetch Hetchy
	<p>Recycled Water (5%)</p> <ul style="list-style-type: none"> • Wastewater Treatment • Advanced Purification
	<p>Conservation (15%)</p> <ul style="list-style-type: none"> • Residential • Commercial, Agriculture

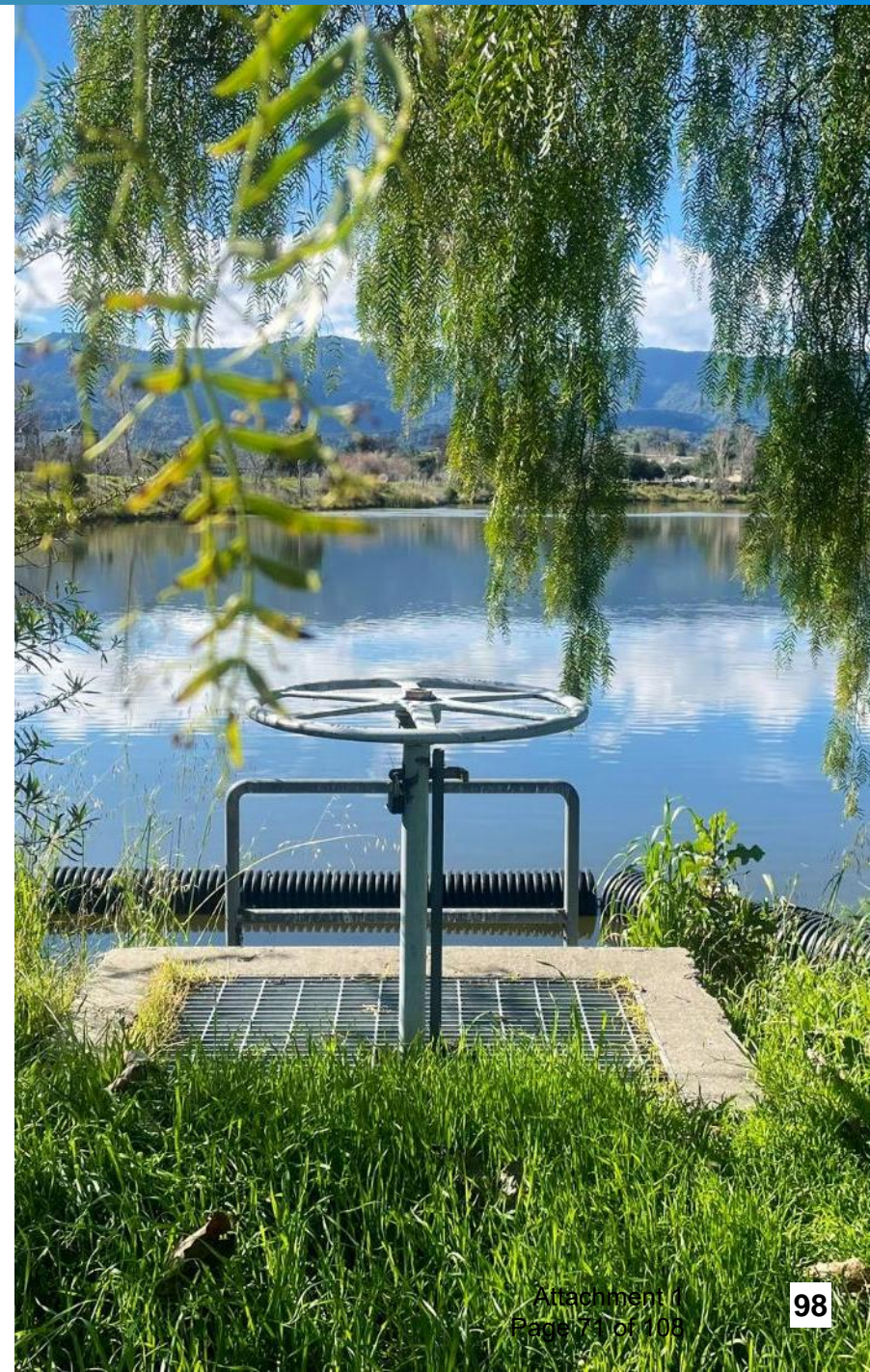
- 10** reservoirs
- 3** pump stations
- 150** miles of pipelines
- 3** drinking water treatment plants
- 1** purification center
- 275** acres of recharge ponds
- 333** miles of jurisdictional streams

Water Utility Enterprise

Achieving Board Ends

- **E-2 Water Supply Services**

Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served

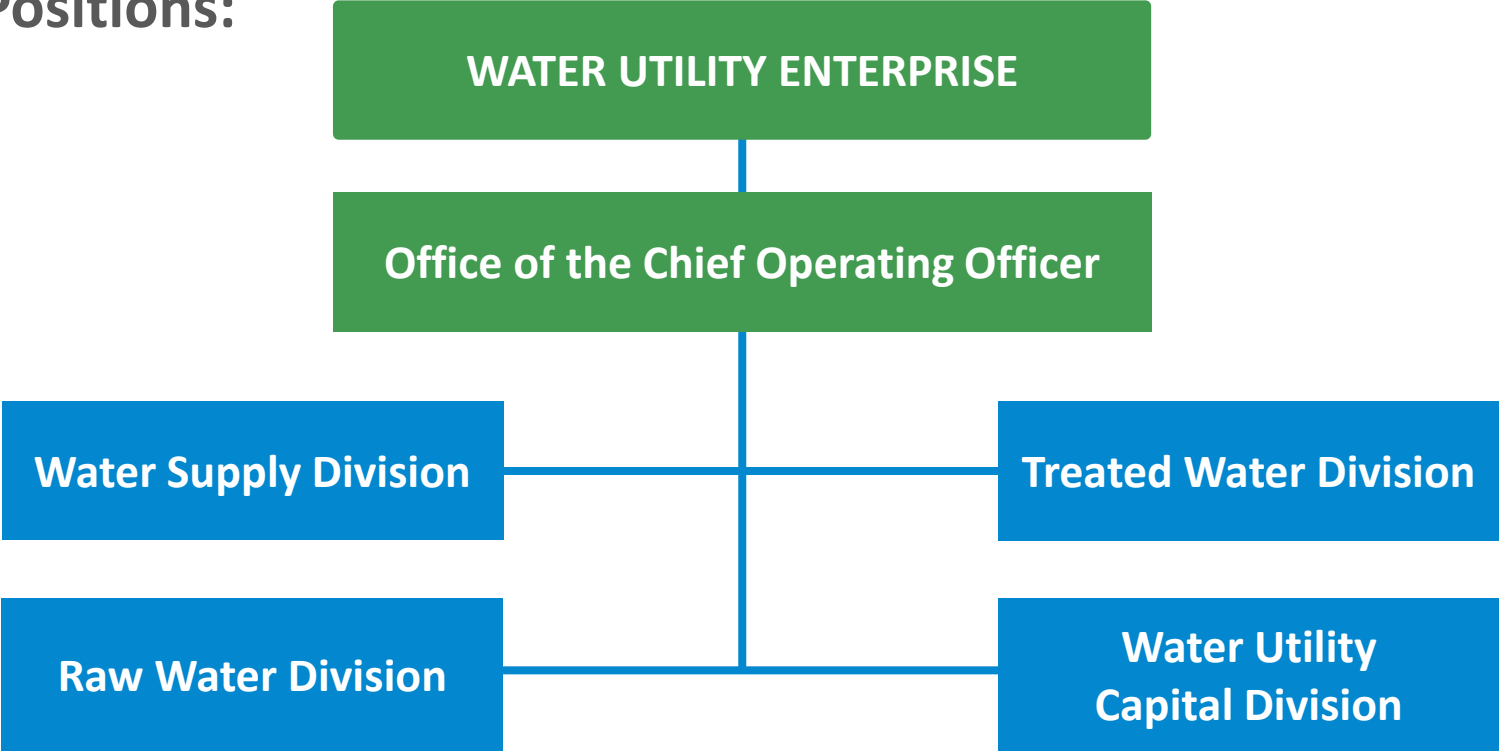


Water Utility Enterprise

Organizational Chart

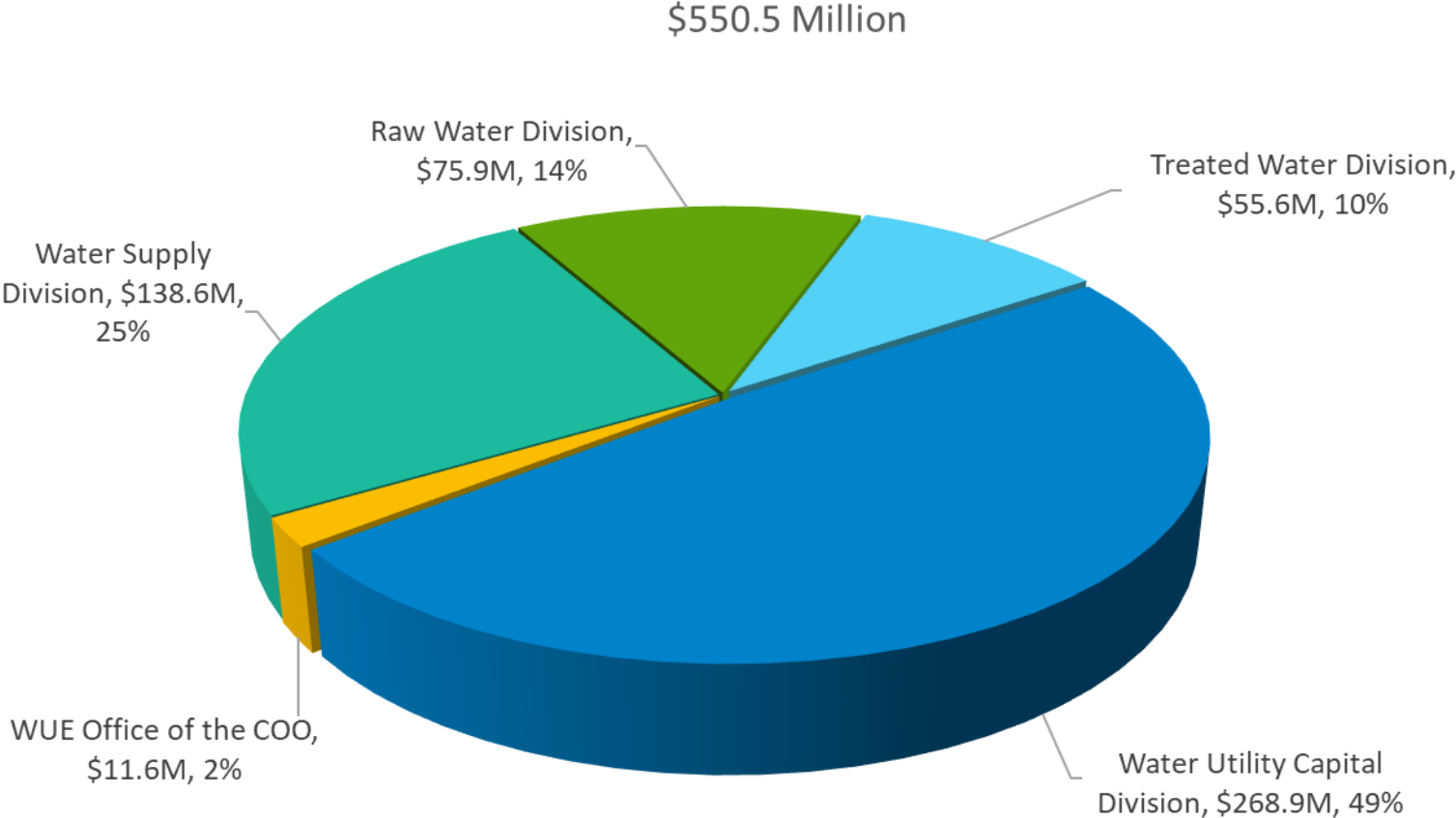
Proposed FY 2026-27 Total Positions:
291 (~~+2 Limited Term~~)

Legend	
	Chief Operating Officer
	Division



Water Utility Enterprise

FY 2026-27 Proposed Budget



Water Utility Enterprise

FY 2026-27 Proposed Biennial Budget

Water Utility Enterprise Division Budget (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
WUE Office of the COO	\$ 12.3	\$ 11.6	\$ (0.7)	(6%)↓	\$ 12.6
Water Supply Division	112.5	107.2	(5.3)	(5%)↓	108.0
Raw Water Division	55.3	59.2	3.9	7%↑	61.8
Treated Water Division	55.1	55.6	0.5	1%↑	62.1
Operating Outlays Subtotal	\$ 235.2	\$ 233.6	\$ (1.6)	(1%)↓	\$ 244.4
Capital Outlays					
Water Utility Capital Division	\$ 191.9	\$ 268.9	\$ 77.0	40%↑	\$ 171.6
Water Supply Division	20.2	31.4	11.2	55%↑	44.3
Raw Water Division	18.0	16.7	(1.3)	(7%)↓	17.8
Treated Water Division	-	-	-	-	-
Capital Outlays Subtotal	\$ 230.1	\$ 317.0	\$ 86.8	38%↑	\$ 233.7
TOTAL	\$ 465.3	\$ 550.5	\$ 85.2	18%↑	\$ 478.1

Office of the COO of Water Utility

Proposed Biennial Budget

Office of the COO (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
WUE Administration	\$ 12.2	\$ 11.5	\$ (0.7)	(6%)↓	\$ 0.2
Unscoped Projects-Budget Only	0.2	0.2	0.0	0%	12.4
TOTAL	\$ 12.3	\$ 11.6	\$ (0.7)	(6%)↓	\$ 12.6

Water Supply Division

Proposed Biennial Budget

Water Supply Division (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
State Water Project Costs	\$ 32.5	\$ 35.9	\$ 3.3	10%↑	\$ 37.7
Imported Water San Felipe Division Deliveries	27.3	22.3	(5.0)	(18%)↓	23.0
Pure Water Silicon Valley	7.4	16.3	8.9	120%↑	30.4
Water Conservation Program	13.5	13.3	(0.2)	(2%)↓	13.6
San Felipe Division Capital	12.8	13.3	0.4	4%↑	11.9
Imported Water South Bay Aqueduct Deliveries	8.0	7.5	(0.5)	(6%)↓	7.7
Imported Water Program	6.4	6.7	0.3	5%↑	6.4
Water Banking Operations	6.5	5.9	(0.5)	(8%)↓	6.1
Delta Conveyance Project	2.0	4.9	2.9	143%↑	2.5
Recycled & Purified Water Program	5.4	4.3	(1.0)	(19%)↓	4.5
Other	11.0	8.3	(2.7)	(25%)↓	8.8
TOTAL	\$ 132.7	\$ 138.6	\$ 5.9	4%↑	\$ 152.4

Raw Water Division

Proposed Biennial Budget

Raw Water Division (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Small Caps, Water Treatment	\$ 11.2	\$ 9.0	\$ (2.2)	(19%)↓	\$ 7.0
Groundwater Management Program	6.7	6.8	0.1	1%↑	7.3
Rinconada WTP General Maintenance	5.1	5.3	0.3	5%↑	5.7
Small Caps, San Felipe R1	2.3	5.2	2.9	126%↑	5.2
Santa Teresa WTP General Maintenance	4.6	5.0	0.4	9%↑	5.3
Recharge & Raw Water Field Operations	4.4	4.8	0.4	10%↑	5.0
Raw Water T&D General Maintenance	3.2	4.1	0.8	26%↑	4.3
Penitencia WTP General Maintenance	3.6	3.8	0.2	7%↑	4.1
Recharge & Raw Water Field Facility Maintenance	2.5	3.3	0.8	34%↑	3.6
Well Ordinance Program	2.9	3.0	0.2	5%↑	3.2
Other	26.9	25.5	(1.4)	(5%)↓	29.1
TOTAL	\$ 73.3	\$ 75.9	\$ 2.6	4%↑	\$ 79.6

Treated Water Division

Proposed Biennial Budget

Treated Water Division (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
RWTP General Operations	\$ 11.4	\$ 11.9	\$ 0.5	4%↑	\$ 12.9
STWTP General Operations	8.6	8.9	0.3	4%↑	8.7
Water District Laboratory	7.8	7.9	0.1	1%↑	8.4
PWTP General Operations	8.3	7.3	(0.9)	(11%)↓	9.2
SVAWPC Facility Operations	4.6	4.6	0.1	1%↑	4.9
SVAWPC Facility Maintenance	4.6	4.5	(0.1)	(2%)↓	6.3
Treated Water Control & Electrical Engineering	3.0	3.3	0.3	10%↑	3.9
Water Treatment General Water Quality	2.3	2.7	0.4	17%↑	2.9
Plant Maintenance Engineering & Commissioning	1.0	1.0	0.0	3%↑	1.1
Invasive Mussel Prevention	0.8	0.8	0.1	11%↑	0.9
Other	2.9	2.6	(0.3)	(9%)↓	3.1
TOTAL	\$ 55.1	\$ 55.6	\$ 0.5	1%↑	\$ 62.1

Water Utility Capital Division

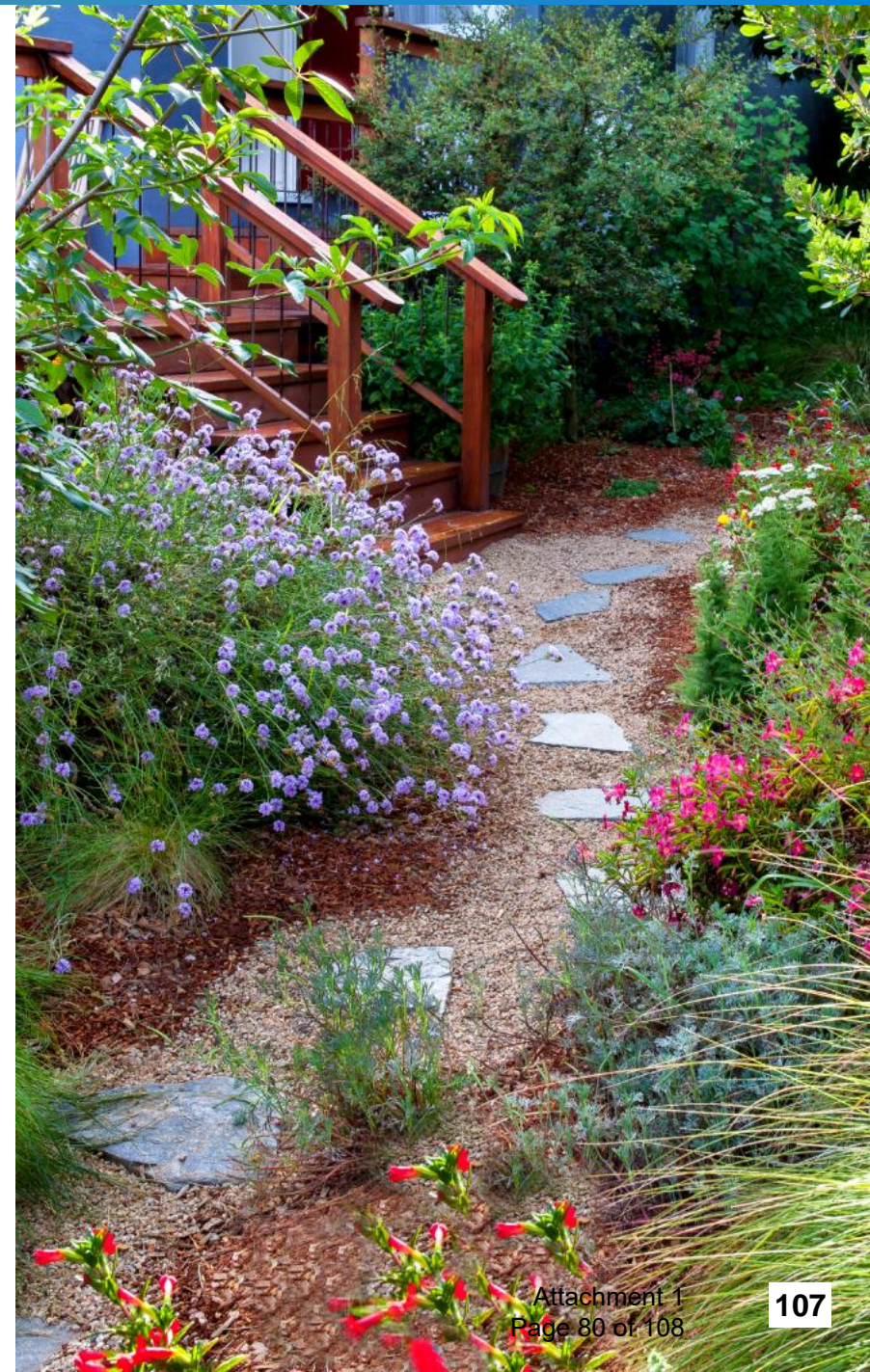
Proposed Biennial Budget

WU Capital Division (\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2028 Proposed Plan
RWTP Reliability Improvement	\$ 120.8	\$ 124.4	\$ 3.6	\$ 62.8
Almaden Valley Pipeline	3.1	44.4	41.3	33.6
PWTP Residuals Management	15.8	34.4	18.6	41.3
Almaden Calero Canal Rehab	0.7	18.7	18.0	1.1
East Pipeline Inspection and Rehabilitation Project	2.0	11.5	9.5	1.0
WU Capital Prog Admin Support	8.0	8.4	0.4	9.3
Santa Teresa Force Main Inspection and Rehabilitation	0.6	7.7	7.1	1.6
IRP2 AddLine Valves	10.8	5.5	(5.3)	0.5
Penitencia Delivery Main & Force Main Inspect & Rehab	1.8	5.1	3.3	0.2
10-Yr PL Inspection and Rehab	20.3	2.6	(17.6)	0.3
Other	8.1	6.2	(1.9)	20.0
TOTAL	\$ 191.9	\$ 268.9	\$ 77.0	\$ 171.6

FY 2026-27 Deliverables

Water Supply Division

- Advance recycled and purified water projects, feasibility studies and needed agreements, including initiating design for Pure Water Silicon Valley demonstration facility
- Continue programs and public education to make conservation a way of life
- Provide Water Supply Master Plan Monitoring and Assessment Program annual report
- Advance development of Sisk Dam Raise Project, Delta Conveyance Project, and Sites Reservoir Project
- Final participation recommendation to Board on Sites Reservoir Project
- Continue to pursue and assess suitable, cost-effective groundwater banking projects



FY 2026-27 Deliverables

Raw Water Division

- Operate Valley Water's raw water conveyance system 24/7/365
- Operate and maintain 10 reservoirs, 11 miles of canals, four water treatment plants, three raw water pump stations, 150 miles of large diameter pipe, and over 100 recharge ponds
- Sustainably manage the groundwater basin to ensure reliable water supplies and avoid land subsidence
- Conduct groundwater monitoring and analysis, well permitting and inspection, and SGMA compliance/plan implementation



FY 2026-27 Deliverables

Treated Water Division

- Ensure that 100% of water delivered meets and/or surpasses all applicable drinking water standards
- Operate and maintain all 3 drinking water treatment plants to successfully meet treated water contracts
- Ensure that Silicon Valley Advanced Water Purification Center continues to produce high quality purified water
- Maintain the Water Quality Lab accreditation
- Provide electrical and control systems engineering support to ensure critical infrastructure and systems are protected and continue operating normally



FY 2026-27 Deliverables

Water Utility Capital Division

Complete design:

- Santa Teresa Force Main I&R
- Almaden Calero Canal Rehabilitation
- PWTP Sulfuric Acid Extension

Begin construction:

- East Pipeline I&R
- Penitencia Force Main & Delivery Main I&R
- West Pipeline Inspection & Rehab Phase 2

Continue construction:

- Almaden Valley Pipeline Replacement Phase 1
- Penitencia WTP Residuals Management
- Rinconada WTP Reliability Improvement Project Phases 3-6



FY 2026-27 Challenges

- Balancing rising project costs and upward pressure on water rates
- Continuing to achieve water use reduction from the public and encouraging conservation as a way of life in between drought periods
- Managing the federal permit process impacts for some of the 10-Year Pipeline Projects
- Delivering raw water during planned and unplanned outages, especially as Anderson Reservoir is unavailable
- Securing agreements for the Pure Water Silicon Valley Project
- Securing long lead time items from suppliers to be able to install during planned outage windows
- Managing impacts of tariffs on imported goods



FY 2027-28 Outlook

- Begin construction of various treatment plant and pipeline capital projects
- Continue design of various pipeline inspection and rehabilitation projects under the Pipeline Maintenance Program
- Develop the Pure Water Silicon Valley Project as well as San José Purified and South County feasibility studies
- Finalize negotiations for the Delta Conveyance Project
- Final participation recommendation to Board on Sisk Dam Raise Project
- Develop partnerships for groundwater banking projects
- Complete Groundwater Management Plan update for continued SGMA compliance





Questions?

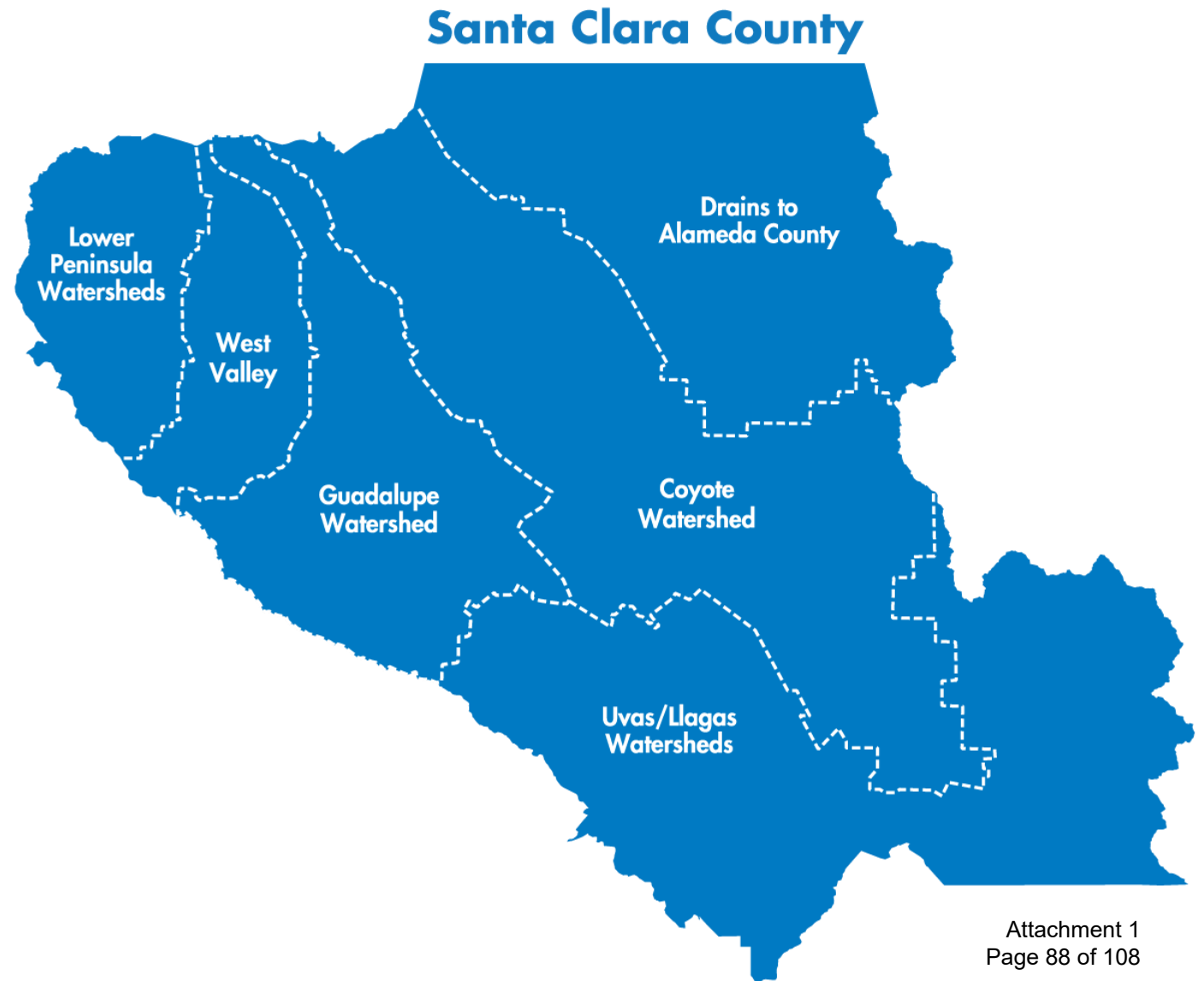


Watersheds

Presented by: Chris Hakes, Chief Operating Officer

Five Major Watersheds

- 1,300 square miles of watershed lands
- 333 miles of streams (out of 800 miles in the county)



Watersheds

Achieving Board Ends

- **E-3 Natural Flood Protection:**
Natural Flood Protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future
- **E-4 Water Resources Stewardship:**
Water resources stewardship protects and enhances ecosystem health
- **E-5 Climate Change Mitigation and Adaptation:**
Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County
- **E-6 Encampments of Unsheltered People (EUP):**
Valley Water is committed, through a regional approach, to address the human health, safety, operational and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities



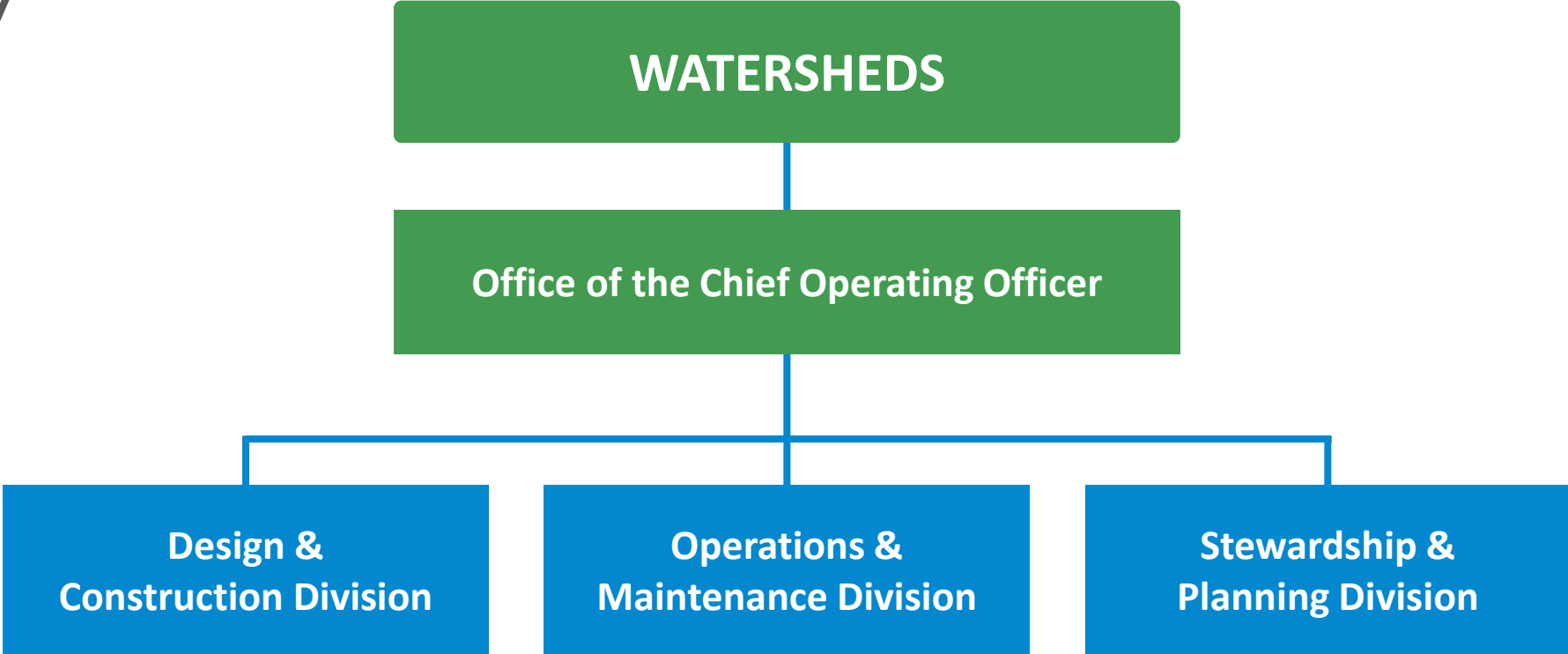
Watersheds

Organizational Chart

Proposed FY 2026-27
Total Positions: 245

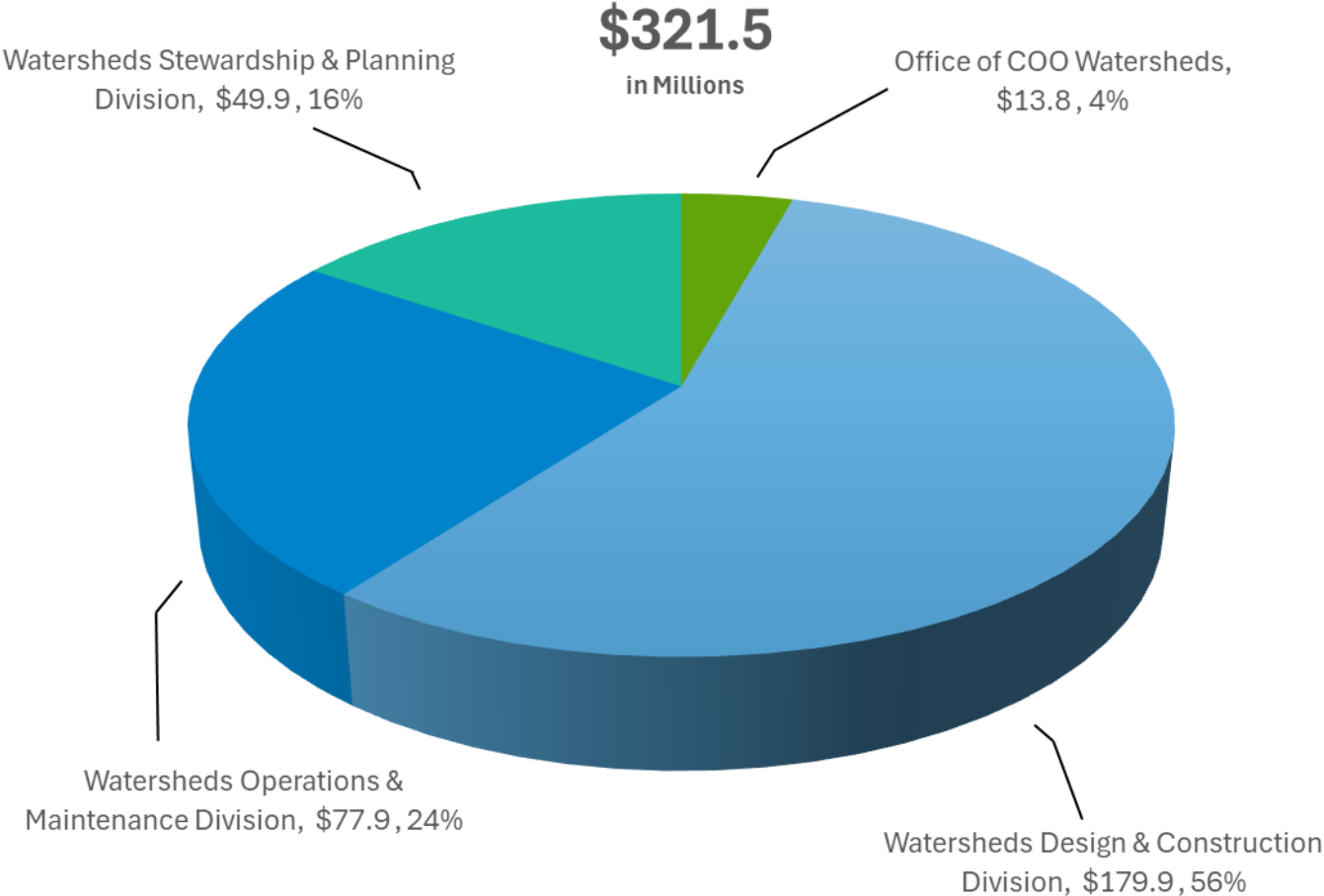
Legend

- Chief Operating Officer
- Division



Watersheds

FY2026-27 Proposed Budget



Watersheds

FY 2026-27 Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Office of COO Watersheds	\$ 13.0	\$ 13.8	\$ 0.8	6% ↑	\$ 15.0
Watersheds Design & Construction Division	82.4	179.9	97.5	118% ↑	198.6
Watersheds Operations & Maintenance Division	70.9	77.9	7.0	10% ↑	85.0
Watershed Stewardship & Planning Division	37.3	49.9	12.6	34% ↑	48.4
Total	\$ 203.6	\$ 321.5	\$ 117.9	58% ↑	\$ 347.0

Watersheds

FY 2026-27 Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Operating Outlays					
Office of COO Watersheds	\$ 13.0	\$ 13.8	\$ 1.0	6% ↑	\$ 15.0
Watersheds Design & Construction Division	0.0	2.9	2.9	N/A	1.3
Watersheds Operations & Maintenance Division	70.8	77.9	7.1	10% ↑	85.0
Watersheds Stewardship & Planning Division	35.7	40.4	4.7	13% ↑	41.3
Operating Outlays Subtotal	\$ 119.5	\$ 135.0	\$ 15.7	13% ↑	\$ 142.6
Capital Outlays					
Watersheds Design & Construction Division	\$ 82.4	\$ 177.0	\$ 94.6	115% ↑	\$ 197.3
Watersheds Stewardship & Planning Division	1.7	9.5	7.9	459% ↑	7.1
Capital Outlays Subtotal	\$ 84.1	\$ 186.5	\$ 102.5	122% ↑	\$ 204.4
Total	\$ 203.6	\$ 321.5	\$ 118.2	58% ↑	\$ 347.0

Office of the COO of Watersheds

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Watersheds Administration	\$ 13.0	\$ 13.8	\$ 0.8	6% ↑	\$ 15.0
Total	\$ 13.0	\$ 13.8	\$ 0.8	6% ↑	\$ 15.0

Design & Construction Division

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2028 Proposed Plan
Coyote Creek, Montague-Tully	\$ 21.7	\$ 80.9	\$ 59.2	\$ 79.7
Sunnyvale East & West Channel	0.0	45.2	45.2	54.0
Llagas Creek Phase 2B Construction	26.5	32.7	6.2	0.8
Watershed Capital Program Services Administration	5.0	5.1	0.1	6.6
San Francisco Bay Shoreline	4.8	4.0	(0.8)	27.3
San Francisco Bay Shoreline EIAs 5-10	1.4	3.0	1.6	2.8
San Francisquito Creek, SF Bay to Searsville Dam	0.0	2.9	2.9	1.3
Watersheds Asset Rehabilitation	16.6	2.1	(14.5)	16.3
Aquatic Resource Creation at Ford Rd Percolation Pond	0.0	1.9	1.9	1.5
Regnart Creek Rehabilitation Project - F8	0.0	0.8	0.8	0.4
Other Projects	6.4	1.3	(5.1)	7.8
Total	\$ 82.4	\$ 179.9	\$ 97.5	\$ 198.5

Operations & Maintenance Division

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Encampment Management Program	\$ 8.4	\$ 8.7	\$ 0.3	4% ↑	\$ 9.9
Management of Revegetation Projects & Invasive Plants	7.5	8.1	0.6	8% ↑	8.5
Watershed Sediment Removal	7.9	8.0	0.1	1% ↑	8.3
Stream Maintenance Program Management	6.4	7.0	0.6	9% ↑	7.5
Vegetation Management for Access	5.9	6.9	1.0	17% ↑	7.3
Stream Capacity Vegetation Control	5.2	5.2	0.0	0%	6.0
Watershed Erosion Protection	3.4	4.5	1.1	32% ↑	4.7
Watershed General Field Maintenance	3.4	3.8	0.4	12% ↑	4.1
Encampment Cleanup Program	2.9	3.5	0.6	21% ↑	3.6
Tree Maintenance Program	1.5	3.1	1.6	107% ↑	2.7
Other Projects	18.4	19.1	0.7	4% ↑	22.4
Total	\$ 70.9	\$ 77.9	\$ 7.0	10% ↑	\$ 85.0

Stewardship & Planning Division

Proposed Biennial Budget

(\$ in millions)	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Over/ (Under) FY 2026	FY 2027 % Change	FY 2028 Proposed Plan
Watershed Asset Protection Support	\$ 6.8	\$ 7.2	\$ 0.4	6% ↑	\$ 7.8
SCW D4.3 Fish Passage Improvements	0.0	6.6	6.6	N/A	0.3
FAHCE/Three Creeks Project	4.0	4.0	0.0	0%	3.7
Hydrologic Data Measurement & Management	2.8	3.0	0.2	7% ↑	3.2
Inter Agency Urban Runoff Program	2.8	2.9	0.1	4% ↑	3.1
District Real Property Administration	2.1	2.4	0.3	14% ↑	2.5
Impaired Water Bodies Improvements	1.4	2.1	0.7	50% ↑	2.2
Hydrology & Hydraulics Tech Support	1.8	2.0	0.2	11% ↑	2.1
Watershed Asset Management	0.0	1.8	1.8	N/A	2.0
WU Asset Protection Support	1.4	1.5	0.1	7% ↑	1.6
Other Projects	14.2	16.4	2.2	15% ↑	19.9
Total	\$ 37.3	\$ 49.9	\$ 12.6	34% ↑	\$ 48.4

FY 2026-27 Deliverables

Design & Construction Division

Complete Design

- Coyote Creek Flood Protection Project (FPP)
- Sunnyvale East and West Channels FPP

Begin Construction

- Watershed Asset Rehabilitation Program: Guadalupe River at Malone Rd. & Blossom Hill Rd.
- Sunnyvale East and West Channels FPP
- Coyote Creek FPP
- Upper Berryessa Creek Offsite Mitigation Project

Continue Construction

- Upper Llagas Creek FPP Phase 2B Project



FY 2026-27 Deliverables

Operations & Maintenance Division

- **Stream Maintenance Program (SMP)** – Perform sediment removal, vegetation management, and bank protection work on local creeks
- **SMP Mitigation Credit** – Complete Evelyn Avenue Fish Passage Project on Stevens Creek
- **SMP-3 Permits** – Finalize regulatory agency permits for SMP-3 (2027-2036)
- **Encampments** – Enforce the Water Resources Protection Zones Ordinance to protect sensitive environmental resources and enhance staff safety



FY 2026-27 Deliverables

Stewardship & Planning Division

- **Project Planning & Design** – Complete Planning Study for Coyote Pond 10B and Ogier Ponds. Begin design of the Calabazas/San Tomas Aquino Creek-Marsh Connection Project
- **Project Construction** – Begin construction of shoreline mudflat habitat in Pond A4
- **Long-term Planning** – Complete Watershed Master Plans, Fish Passage Improvement Study, and FAHCE Adaptive Management Team (AMT) Charter
- **Regulatory** – Obtain permits for Pipeline Rehabilitation and Maintenance, Lower Penitencia Creek Bank Erosion Repair, Almaden-Calero Canal projects, etc.
- **Community Projects Review** – Update Water Resources Protection Manual



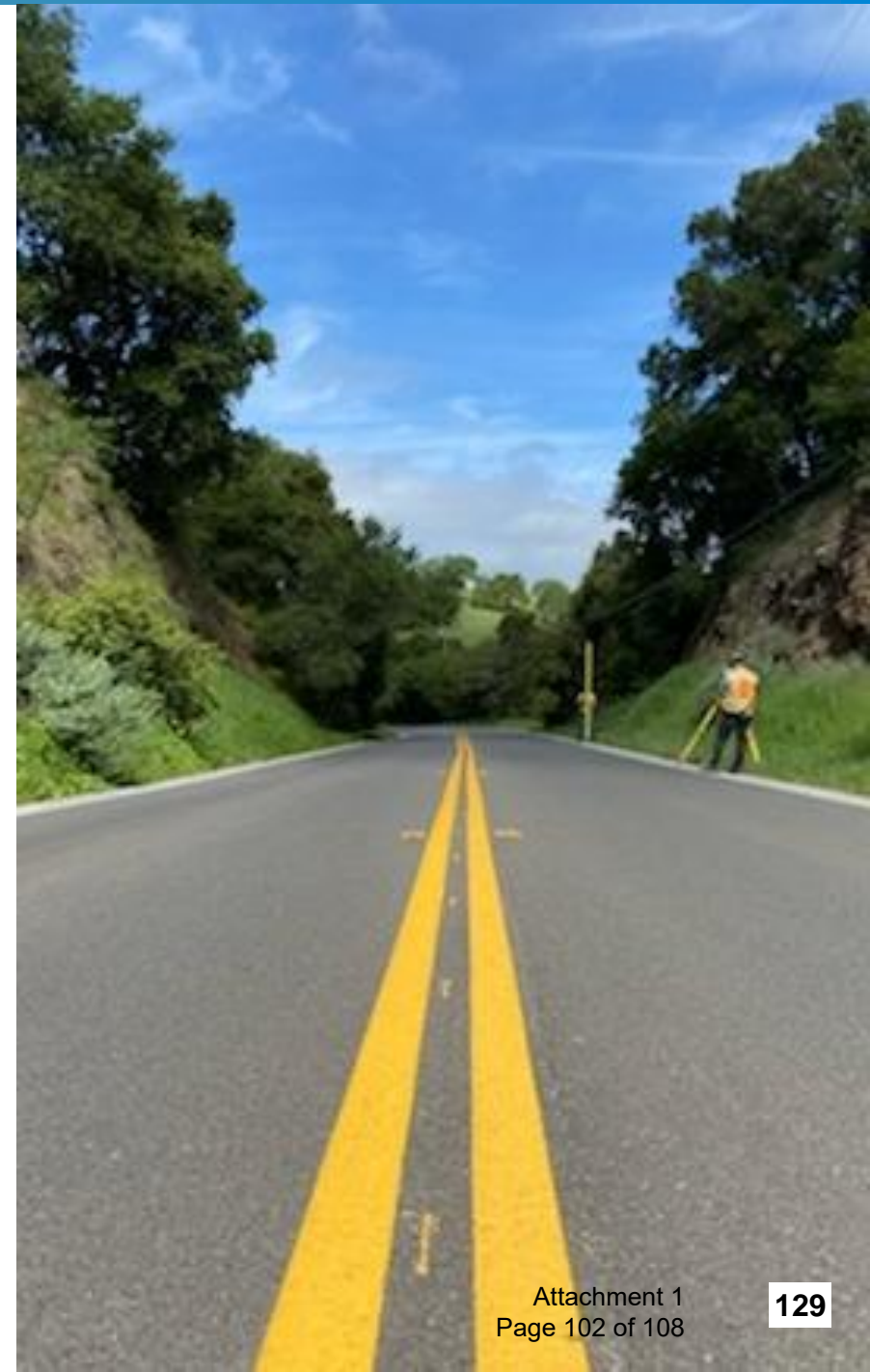
FY 2026-27 Challenges

- Staffing shortages and continued project cost increases due to inflation and tariffs
- Managing waterways impacted by drought and severe storms
- Performing fuel and weed abatement with increased fire season risks
- Increasingly complex and evolving regulatory landscape
- External partner funding limitations, competing priorities, and staffing levels
- Improving cross-functional coordination from planning and design through operations to support full lifecycle asset management



FY 2027-28 Outlook

- Continue design of Shoreline Phase I Project - Reaches 4-5 and remaining project elements
- Continue construction on Upper Llagas Creek 2B, Sunnyvale East and West Channels, and Coyote Creek Flood Protection Projects
- Continue project design for Ogier Ponds
- Continue Fish Passage Improvement Study
- Complete environmental review and permitting for the Calabazas/San Tomas Aquino Creek-Marsh Connection Project
- Implement routine stream maintenance activities under new SMP-3 permits (2027–2036)





Questions?

Presentation Summary



BUDGET OVERVIEW

- Budget Development & Review Process
- FY 2026-27 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization



PROPOSED BUDGET BY ORGANIZATION

- Administration
- Integrated Water Management
- Water Utility
- Watersheds



NEXT STEPS

- Board considerations for May 12, 2026

Summary of Staff Recommendations

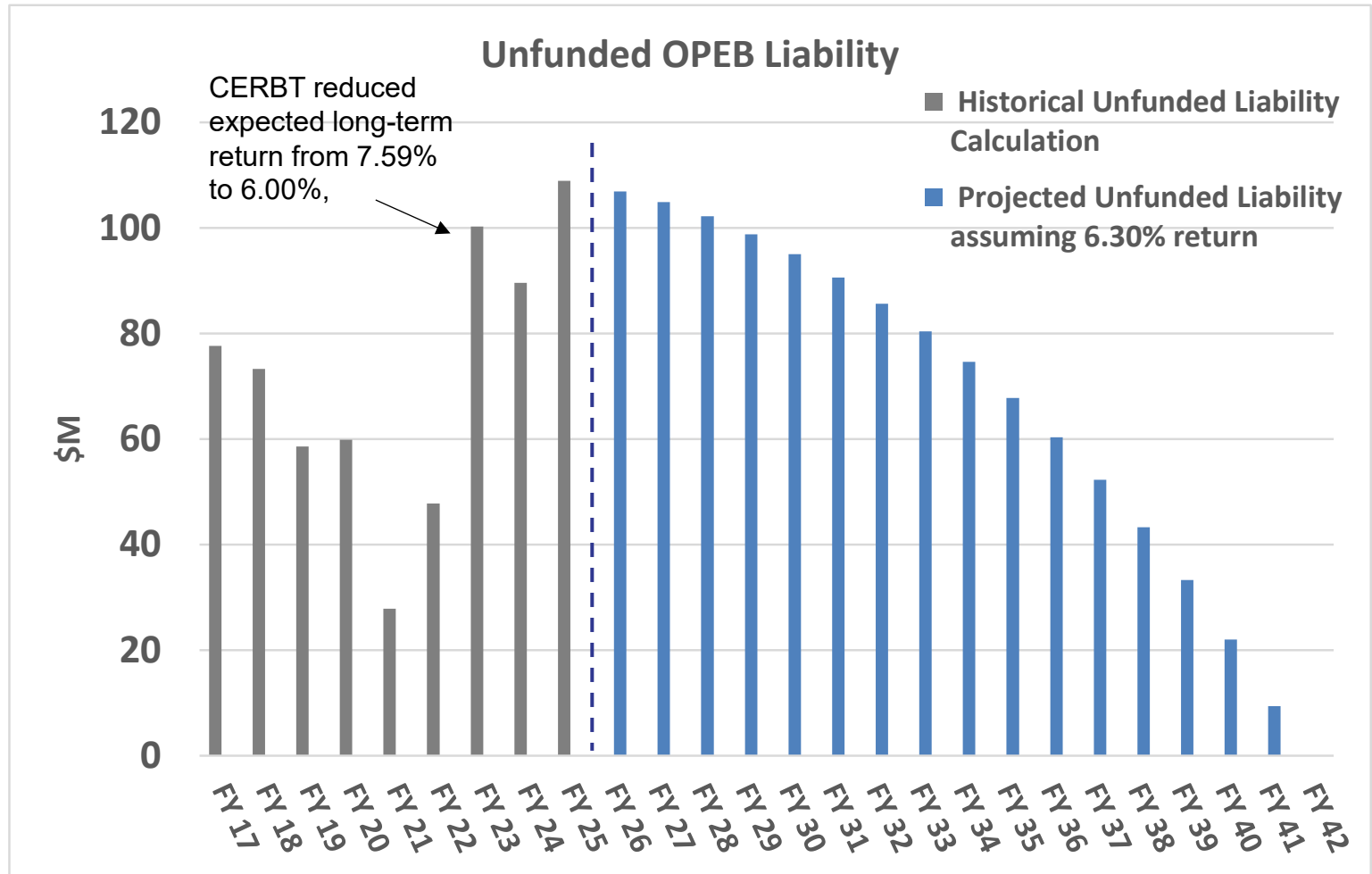
- Review and discuss the FY 2026-27 Proposed Biennial Budget
- Receive comments from the public
- Direct staff to make any changes the Board deems necessary

Next Steps

Final FY 2026-27
Proposed Biennial
Budget scheduled
for Board approval
on May 12, 2026

Appendix

OPEB Unfunded Liability on Track for FY 42 Payoff



- **FY 25 Unfunded OPEB Liability increased to \$108.9M from \$89.6M in FY 24**
 - **Payoff projection revised to FY 42 from FY 34**
- **Actual trust fund rate of return**
 - 10.7% for FY 17
 - 8.1% for FY 18
 - 6.2% for FY 19
 - 3.5% for FY 20
 - 27.5% for FY 21
 - -13.4% for FY 22
 - 6.4% for FY 23
 - 11.0% for FY 24
 - 12.3% for FY 25
- **Projections assume no OPEB trust fund contributions**

FY 2026-28 Legal Services Budget

- In-house attorneys and law firms provide counsel to VW
- VW does not have one single budget for “litigation”
 - Project budgets often include contracted legal services
 - Matter-specific litigation budgets are presented to the Board in closed session
 - Expenditures are reported to the Board quarterly in attorney-client privileged communications
- Agency-wide legal budget:
 - FY 26 Adopted: \$11.0M
 - FY 27 Proposed: \$9.3M
 - FY 28 Plan: \$8.5M

Click Link To View: <https://fta.valleywater.org/dl/FmjgCHvdbX8G>



FY 2026-27 & FY 2027-28

Operating and Capital Rolling Biennial Budget

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Click Link to View: <https://fta.valleywater.org/dl/WFxdHCG4p6hV>

Project Details for Operations, Operating and Debt Projects

within the

Proposed FY 2026-27 & 2027-28

Operating and Capital Rolling Biennial Budget

April 2026

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