

**FY2024-25**

# **Proposed Biennial Operating and Capital Budget Board Work Study Session**

**April 24, 2024**



# *Valley Water Fiscal Year 2024-2025 Budget*

- Valley Water is responding to dramatic cost increases and budgetary pressure by implementing a hiring freeze, delaying major projects, and refining operations to be more efficient.
- Valley Water continues to make crucial investments to our water supply and flood protection infrastructure to ensure our community and water supply are protected from natural disasters.
- Valley Water remains strongly committed to environmental justice and dedicated to addressing encampments in a humane fashion.

*Delivering on the promises we made to the community:*



**Valley Water**

Clean Water • Healthy Environment • Flood Protection

# Key Budget Updates and Rationale

## Key changes since second pass budget

- Eliminated 12 new positions in FY 25 and 8 new positions in FY 26
- Reduced FY 25 Budget overall by \$6M

## Incorporated significant new costs (10-year total = \$149M)

- \$7M/year to address encampments
- \$3.6M/year absorption of employee healthcare costs
- \$900K/year cost to address Classic Tier 2 employee recruitment and retention

## Implemented cost saving measures (10-year total = \$115M)

- Not filling vacant positions and eliminated new positions
- Reduced overtime, temporary services, professional services, equipment, fees, supplies, etc.
- Effort underway to consolidate office space and bring all employees on campus

**Hiring freeze will improve efficiency and increase savings by shifting vacant positions to the highest and best use and eliminating/postponing others.**

# Presentation Summary

## 1 Budget Overview

Budget Development &  
Review Process

FY2024-25 Proposed Rolling  
Biennial Budget Review

Fund Reserves

Fund Financial Sustainability  
– Watersheds, Safe, Clean  
Water, Water Utility

Proposed Budget by Fund and  
Organization

## 2 Proposed Budget By Organization

Administration

Integrated Water  
Management

Water Utility

Watersheds

## 3 Next Steps

Board considerations for  
May 14, 2024

# 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 (1<sup>st</sup> Pass through 4<sup>th</sup> Pass)
  - Including a cost reduction exercise
- Conduct multiple Board reviews
  - Receive and incorporate Board direction
  - Allow public to provide input
- Conduct separate public hearings
  - Groundwater Production Charges
  - Capital Improvement Program

# FY24-25 Budget Schedule

## Next steps

### Operating and Capital Budget Development Updates:

- ✓ January 23 – 1st Pass Budget Update
- ✓ March 12 – 2nd Pass Budget Update
- ➔ April 24 to 25 – Budget Work Study Sessions

### Groundwater Production Charge (GWP):

- ✓ January 9 – Preliminary GWP Analysis
- ✓ April 9-24 – GWP Public Hearings

### Capital Improvement Program (CIP):

- ✓ January 9 – Preliminary CIP
- ✓ February 27 – Draft CIP
- ✓ April 9-24 – CIP Public Hearings

### Budget Approval (Budget, GWP and CIP):

May 14

# Board considerations for May 14, 2024

## 1

### Approve FY25 Rates and Charges

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

## 2

### Approve FY25-29 Five Year CIP

- 73 Projects
- \$3.2 billion planned expenditures over the next five (5) years
- Aligned with FY25 budget and FY26 plan

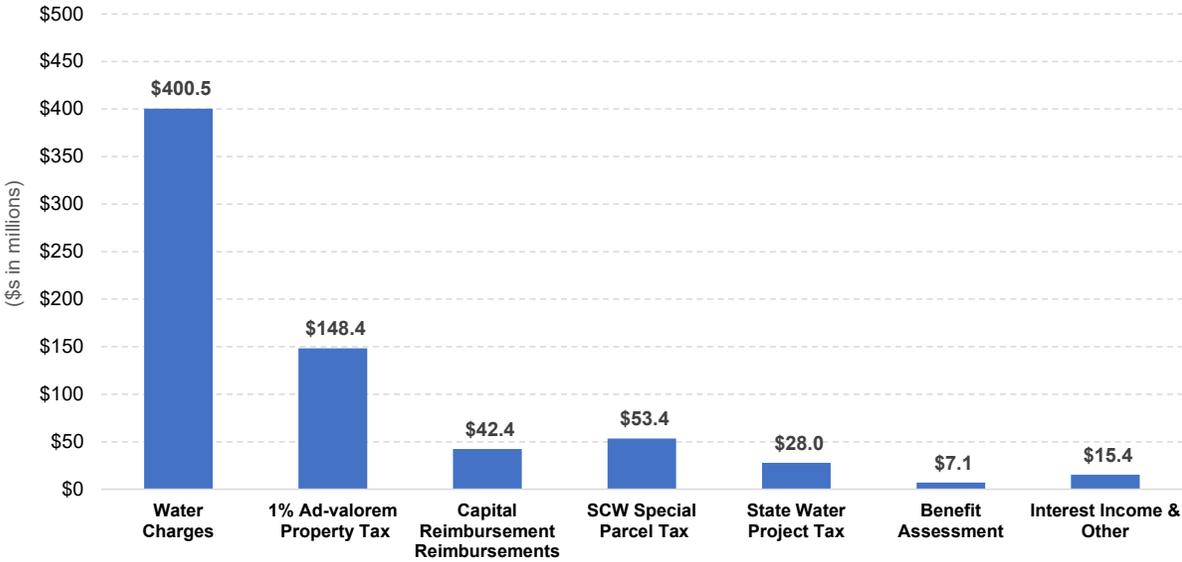
## 3

### Approve FY25 Budget

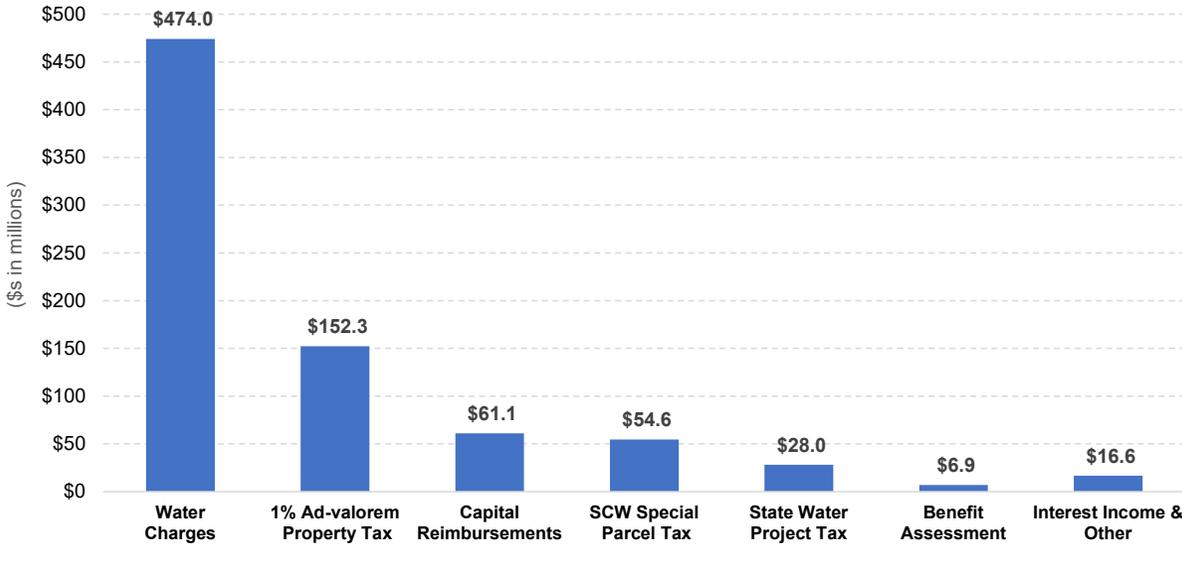
- Budgeted Reserve amounts
- Project/  
Funding levels

# Proposed Budget Revenue

FY 25 Revenue by Source

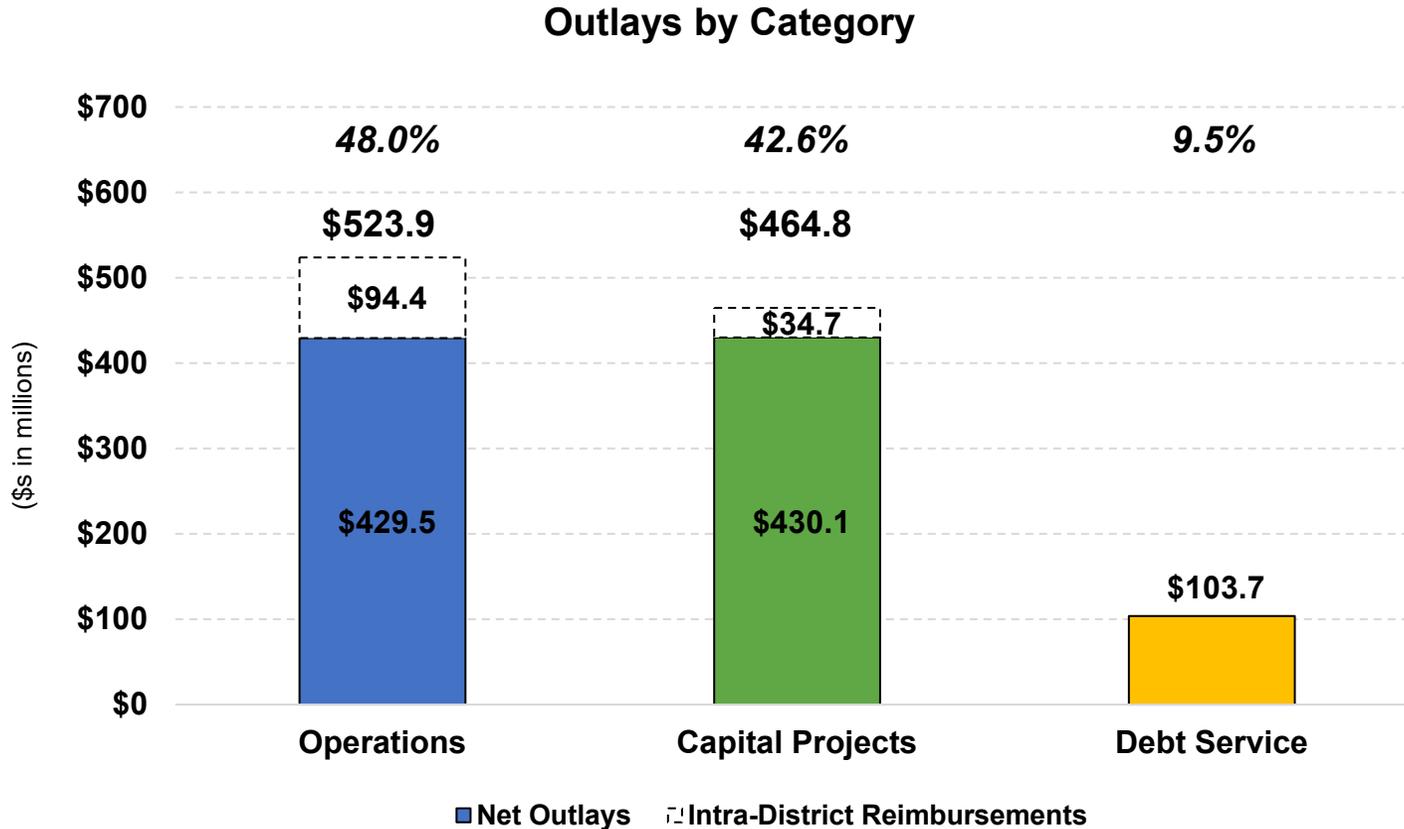


FY 26 Revenue by Source



# FY25 Proposed Budget by Category

Total operating and capital outlays of \$1.092 billion

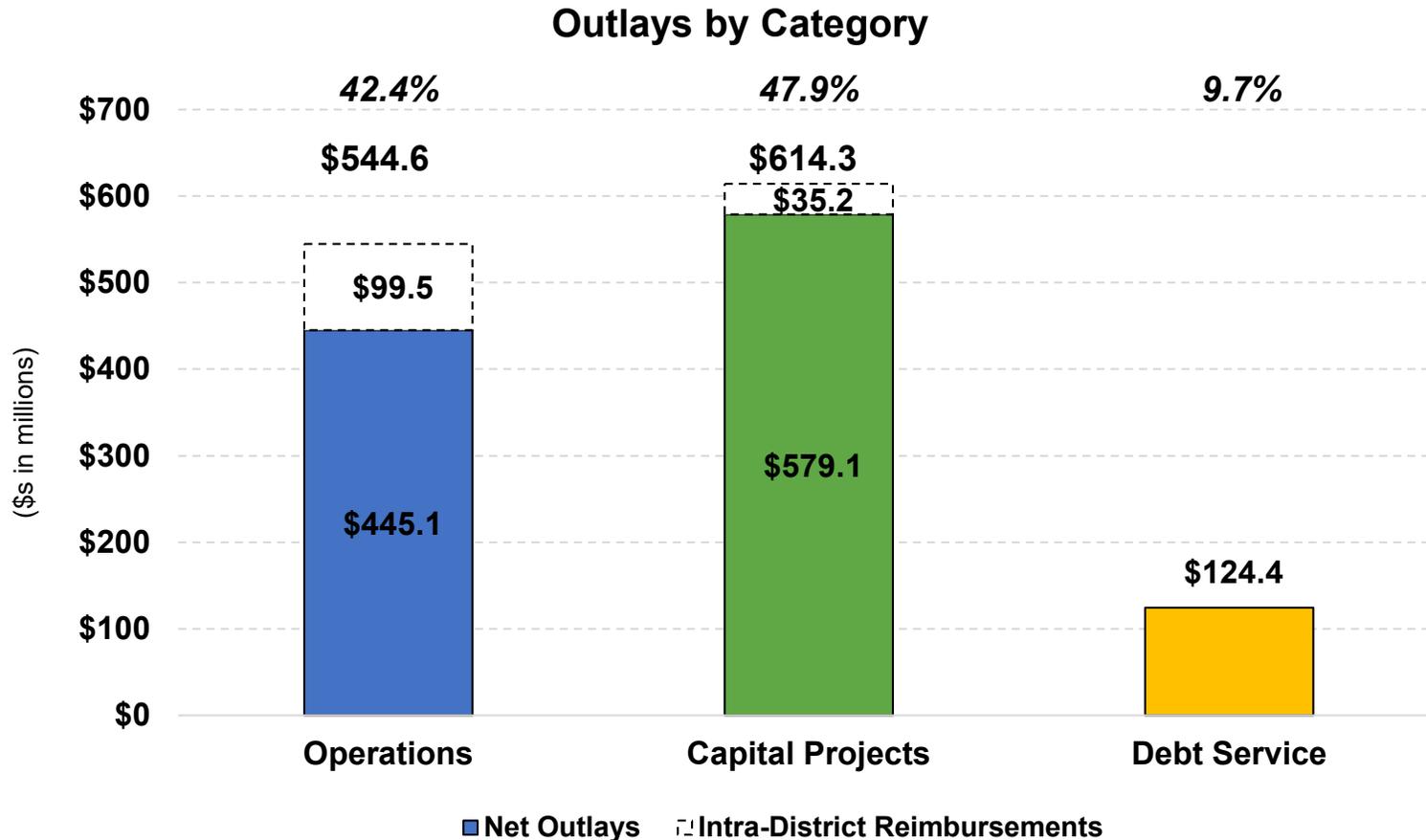


- Net FY25 Proposed Budget of \$963.2M, net of \$129.1M Intra-District Reimbursements

Note: Capital projects budget of \$464.8 million excludes carry forward capital project amount of \$46.5 million

# FY26 Proposed Plan by Category

Total operating and capital outlays of \$1.283 billion



- Net FY26 Proposed plan of \$1.149B, net of \$134.7M Intra-District Reimbursements

Note: Capital projects budget of \$614.3 million excludes carry forward capital project amount of \$18.7 million

# FY25 Proposed Budget by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration <sup>2</sup> Funds	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
<b>Revenue</b>	\$ 418.9	\$ 29.0	\$ 86.1	\$ 141.0	\$ 7.1	\$ 13.0	\$ <b>695.1</b>
<b>Interfund Transfer</b>	3.1	-	(5.0)	(5.7)	(1.3)	8.8	-
<b>Ops Costs</b>	(236.5)	(31.6)	(24.5)	(93.8)		(137.5)	<b>(523.9)</b>
<b>Debt Service</b>	(87.6)	-	(10.3)	-	(5.8)	-	<b>(103.7)</b>
<b>Capital</b>	(291.3)	-	(127.7)	(30.8)	-	(15.0)	<b>(464.8)</b>
<b>Capital Carry-Forward</b>	(33.1)	-	(11.8)	(0.3)	-	(1.4)	<b>(46.5)</b>
<b>Debt Proceeds</b>	236.3	-	109.6	-	-	-	<b>345.9</b>
<b>IntraDistrict Reimbursements<sup>1</sup></b>	-	-	-	-	-	129.1	<b>129.1</b>
<b>Balance</b>	\$ 9.9	\$ (2.6)	\$ 16.4	\$ 10.4	\$ (0.0)	\$ (2.9)	\$ <b>31.3</b>
<b>Reserves</b>							
<b>Restricted</b>	28.9	9.0	113.7	-	-	-	<b>151.5</b>
<b>Committed</b>	74.1	-	-	150.6	-	21.4	<b>246.1</b>
<b>Designated Liability</b>	-	-	-	-	-	15.7	<b>15.7</b>
<b>Total Reserves</b>	\$ <b>102.9</b>	\$ <b>9.0</b>	\$ <b>113.7</b>	\$ <b>150.6</b>	\$ <b>-</b>	\$ <b>37.1</b>	\$ <b>413.3</b>

Notes:

<sup>1</sup> 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)

<sup>2</sup> Administration Funds include General Fund and Service Funds (Fleet Management, Risk Management, & Information Technology Funds).

# FY26 Proposed Plan by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration <sup>2</sup> Funds	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
<b>Revenue</b>	\$ 493.6	\$ 29.0	\$ 117.4	\$ 133.3	\$ 6.9	\$ 13.3	\$ <b>793.4</b>
<b>Interfund Transfer</b>	2.9	-	(7.2)	(3.8)	(1.0)	9.1	-
<b>Ops Costs</b>	(249.2)	(32.9)	(25.1)	(96.7)		(140.8)	<b>(544.6)</b>
<b>Debt Service</b>	(105.8)	-	(12.9)	-	(5.8)	-	<b>(124.4)</b>
<b>Capital</b>	(402.8)	-	(147.4)	(47.6)	-	(16.4)	<b>(614.3)</b>
<b>Capital Carry-Forward</b>	(5.9)	-	(12.8)	(0.0)	-	-	<b>(18.7)</b>
<b>Debt Proceeds</b>	288.1	-	54.1	-	-	-	<b>342.2</b>
<b>IntraDistrict Reimbursements<sup>1</sup></b>	-	-	-	-	-	134.7	<b>134.7</b>
<b>Balance</b>	\$ 21.0	\$ (3.9)	\$ (34.0)	\$ (14.8)	\$ (0.0)	\$ (0.1)	\$ <b>(31.8)</b>
<b>Reserves</b>							
<b>Restricted</b>	56.2	5.1	79.7	-	-	-	<b>141.0</b>
<b>Committed</b>	67.8	-	-	135.8	-	20.9	<b>224.5</b>
<b>Designated Liability</b>	-	-	-	-	-	16.1	<b>16.1</b>
<b>Total Reserves</b>	\$ <b>124.0</b>	\$ <b>5.1</b>	\$ <b>79.7</b>	\$ <b>135.8</b>	\$ <b>-</b>	\$ <b>37.0</b>	\$ <b>381.5</b>

## Notes:

<sup>1</sup> 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)

<sup>2</sup> Administration Funds include General Fund and Service Funds (Fleet Management, Risk Management, & Information Technology Funds).

# Proposed Biennial Budget by Salaries and Benefits

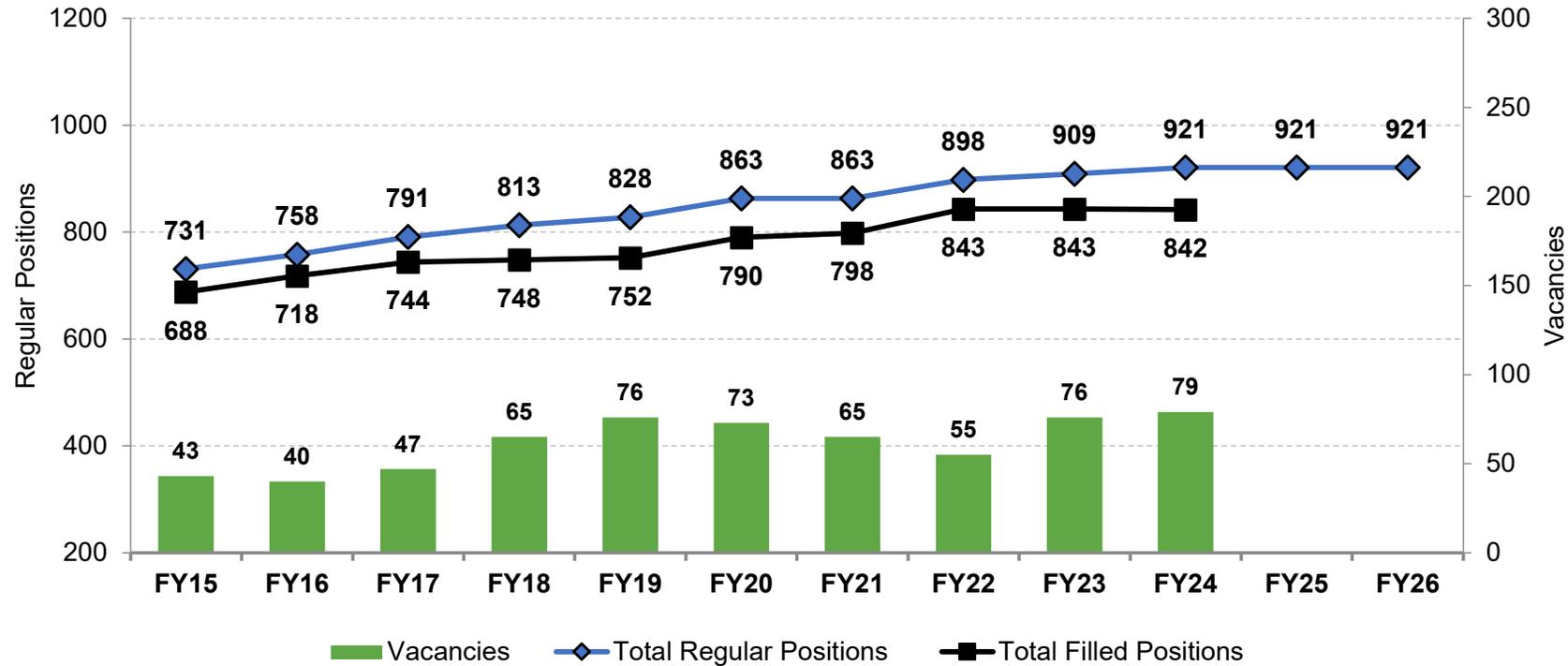
## Increase due to COLA

Salaries and Benefits (\$ in millions)	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Adopted	FY25 Proposed	FY26 Plan	FY25 vs FY24	FY26 vs FY25
<b>Salaries</b>								
Salaries - Regular Employees	\$ 116.5	\$ 128.3	\$ 130.5	\$ 144.6	\$ 150.6	\$ 157.8	\$ 6.0	\$ 7.2
Overtime and Special Pays	4.3	5.7	6.2	5.0	5.1	5.0	0.1	(0.1)
Salary Savings	-	-	-	(3.6)	(3.8)	(4.0)	(0.2)	(0.2)
<b>Total Salaries</b>	<b>\$ 120.8</b>	<b>\$ 134.0</b>	<b>\$ 136.7</b>	<b>\$ 146.0</b>	<b>\$ 151.9</b>	<b>\$ 158.8</b>	<b>\$ 5.9</b>	<b>\$ 6.9</b>
<b>Benefits</b>								
Fed and State Taxes & Benefits	1.8	1.8	2.0	2.1	2.2	2.3	0.1	0.1
Retirement Contributions	32.8	32.8	42.1	45.0	49.0	52.2	4.0	3.2
Group Insurance - Active Employees	14.5	14.5	16.0	19.4	24.5	27.9	5.1	3.3
Group Insurance - Retired Employees	11.0	12.1	13.9	13.4	14.6	15.6	1.2	0.9
<b>Total Benefits</b>	<b>\$ 60.1</b>	<b>\$ 61.2</b>	<b>\$ 74.0</b>	<b>\$ 79.9</b>	<b>\$ 90.5</b>	<b>\$ 98.0</b>	<b>\$ 10.6</b>	<b>\$ 7.6</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$180.9</b>	<b>\$195.2</b>	<b>\$210.7</b>	<b>\$225.9</b>	<b>\$242.4</b>	<b>\$256.9</b>	<b>\$16.5</b>	<b>\$14.5</b>
<b>Regular Positions</b>	863	898	909	921	921	921	-	-

# Positions remain flat

## No new positions for FY25 and FY26

### Valley Water Staffing Trends, FY 2015-2026



# Proposed Biennial Budget Outlays

FY25 Net Outlays \$107M higher than FY24 due to higher operations and capital projects funding

Outlays (\$ in millions)	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Adopted	FY25 Proposed	FY26 Plan	FY25 vs FY24	FY26 vs FY25
Operations	\$ 366.7	\$ 414.2	\$ 417.0	\$ 470.4	\$ 518.6	\$ 539.4	\$ 48.2	\$ 20.9
Operating Project	3.6	8.5	4.6	6.6	5.3	5.2	(1.3)	(0.1)
Debt Service	51.4	58.1	65.1	97.4	103.7	124.4	6.3	20.8
<b>Operating Outlays</b>	<b>\$ 421.7</b>	<b>\$ 480.8</b>	<b>\$ 486.7</b>	<b>\$ 574.4</b>	<b>\$ 627.5</b>	<b>\$ 669.0</b>	<b>\$ 53.1</b>	<b>\$ 41.5</b>
<b>Capital Projects</b>	<b>284.2</b>	<b>372.7</b>	<b>414.1</b>	<b>407.1</b>	<b>464.8</b>	<b>614.3</b>	<b>57.7</b>	<b>149.4</b>
Total Outlays	\$ 705.9	\$ 853.5	\$ 900.8	\$ 981.5	\$ 1,092.4	\$ 1,283.3	\$ 110.9	\$ 190.9
Intra-District Reimbursement*	(87.4)	(97.3)	(107.2)	(124.9)	(129.1)	(134.7)	(4.2)	(5.5)
<b>Net Outlays</b>	<b>\$ 618.5</b>	<b>\$ 756.2</b>	<b>\$ 793.6</b>	<b>\$ 856.6</b>	<b>\$ 963.2</b>	<b>\$ 1,148.7</b>	<b>\$ 106.6</b>	<b>\$ 185.6</b>

\* Intra-District reimbursements represent cost recovery for support services provided such as Human Resources, Information Technology, Finance and Facilities.

# Proposed Biennial Budget Debt Service

Increase in debt service driven by planned debt issuances for Water Utility and Safe, Clean Water driven by CIP needs

(\$ in millions)	FY21	FY22	FY23	FY24	FY25	FY26	FY24	FY25
	Actuals	Actuals	Actuals	Adopted	Proposed	Plan	VS FY23	VS FY24
Principal Repayment	\$ 22.6	\$ 27.7	\$ 19.4	\$ 37.7	\$ 34.3	\$ 38.6	\$ (3.4)	\$ 4.3
Interest	27.0	28.5	31.5	55.2	64.3	80.7	9.1	16.3
Other Financial Services	1.8	1.9	2.8	4.5	5.0	5.2	0.5	0.1
<b>Total Debt Service</b>	<b>\$ 51.4</b>	<b>\$ 58.1</b>	<b>\$ 53.7</b>	<b>\$ 97.4</b>	<b>\$ 103.7</b>	<b>\$ 124.4</b>	<b>\$ 6.2</b>	<b>\$ 20.8</b>

Note: Other expenses include debt related fees

# Debt Portfolio Status Update

## Access to capital at low interest rates

### **\$1.6B projected outstanding debt at 6/30/2024**

- \$1.4B for WU, \$159M for SCW, and \$29M for Watersheds

### **\$320M short-term credit facilities**

- \$150M Commercial Paper & \$170M Bank Line of Credit
  - US Bank Lead (\$150M), Community Bank of the Bay (\$5M), Bank of SF (\$7M), and First Foundation Bank (8M)
- Bank letter of credit solicitation summer 2024 to replace MUFG credit expiring in December 2024

### **FY 24 Financing Results**

- Received Board approval to issue \$450M long-term debt to finance Water Utility capital projects
  - Board approval of Preliminary Official Statement required prior to issuance
  - Issuance date contingent on capital expenditure progress
- Issue ~\$38M SCW debt planned for FY 2024 to fund capital projects
- WIFIA Master Agreements executed for SCW, Anderson and Pacheco projects
- CWIFP for Anderson and Dam Safety Program (preliminary applications submitted December 2023)

### **FY 25 Financing Plan**

- \$230M WU planned issuance (included in the \$450M Board authorization on January 23, 2024)
- \$109M SCW planned issuance, pending capital expenditure progress

# Proposed Biennial Budget Operating Expenditures

- General Fund FY25 increase of \$5.2M primarily due to funding for district election costs
- Watershed & Stream Stewardship Fund FY25 increase driven by the Encampment Management Program project (\$11.5M)
- Water Utility Fund FY25 \$24M increase due to increases for the B.F. Sisk Dam Raise (\$10M) and Palo Alto Water Reuse Agreement (\$3.0M)
- IT Fund FY25 increase due to Technical Infrastructure Services project and Software Services project

(\$ in millions)	FY21	FY22	FY23	FY24	FY25	FY26	FY25	FY26
	Actuals	Actuals	Actuals	Adopted	Proposed	Plan	VS FY24	VS FY25
General Fund	\$ 68.0	\$ 74.3	\$ 74.8	\$ 85.0	\$ 90.1	\$ 91.2	\$ 5.2	\$ 1.0
Watershed Stream Stewardship Fund	59.2	62.5	69.3	78.0	93.8	96.7	15.8	2.9
Safe Clean Water Fund	14.9	16.3	19.2	26.4	24.5	25.1	(1.8)	0.5
Water Utility Enterprise Fund	197.6	235.3	224.0	244.1	268.1	282.1	24.0	14.0
Fleet Management Fund	3.9	3.8	5.0	5.0	5.5	5.7	0.5	0.2
Risk Insurance Fund	6.8	9.5	6.8	10.9	11.6	12.3	0.7	0.8
Information Technology Fund	19.9	21.1	22.4	27.8	30.3	31.6	2.5	1.3
<b>Total Operating Expenditures</b>	<b>\$ 370.3</b>	<b>\$ 422.8</b>	<b>\$ 421.6</b>	<b>\$ 477.0</b>	<b>\$ 523.9</b>	<b>\$ 544.6</b>	<b>\$ 46.9</b>	<b>\$ 20.7</b>

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

- FY25 increase of \$57.8M primarily due to the RWTP Reliability Improvement (\$44M), Llagas Creek Phase 2B (\$33.6M), Anderson Dam (\$18.4M), San Francisquito Early Implementation (\$17.9M) and Coyote Creek Montague (\$14.5M) projects offset by decreases to the Pacheco Reservoir Expansion (\$42M), Coyote Creek Flood Management (\$22.6M) and Anderson Dam Tunnel (\$17.2M) projects
- FY26 increase of \$149.5M primarily due to Anderson Dam Seismic Retrofit (\$114.3M), Coyote Creek, Montague-Tully (\$78.4M), RWTP Reliability Improvement (\$55.3M) offset by decreases to the Llagas Creek Phase 2B (\$44.8M), Anderson Dam Tunnel (\$41.5M) and Coyote Creek Flood Management Measures (\$30.9M)

(\$ in millions)	FY21	FY22	FY23	FY24	FY25	FY26	FY25	FY26
	Actuals	Actuals	Actuals	Adopted	Proposed	Plan	VS FY24	VS FY25
General Fund	\$ 3.3	\$ 3.2	\$ 4.2	\$ 4.4	\$ 5.9	\$ 10.7	\$ 1.5	\$ 4.8
Watershed Stream Stewardship Fund	63.5	66.2	44.5	22.7	30.8	47.6	8.1	16.8
Safe, Clean Water Fund	71.7	52.8	46.6	46.2	127.7	147.4	81.5	19.7
Water Utility Enterprise Fund	136.0	238.0	311.9	325.5	291.3	402.8	(34.2)	111.6
Fleet Management Fund	2.5	2.8	2.2	2.0	2.1	2.1	0.0	0.0
Information Technology Fund	7.2	9.7	4.7	6.3	7.1	3.7	0.8	(3.4)
<b>Total Capital Expenditures</b>	<b>\$ 284.2</b>	<b>\$ 372.7</b>	<b>\$ 414.1</b>	<b>\$ 407.1</b>	<b>\$ 464.8</b>	<b>\$ 614.3</b>	<b>\$ 57.8</b>	<b>\$149.4</b>

Note: FY25 Proposed budget and FY26 Plan are aligned with the FY25-29 CIP.

# Proposed Biennial Budget Reserve Balances

Reserve balances in FY25 and FY26 estimated to decrease year over year

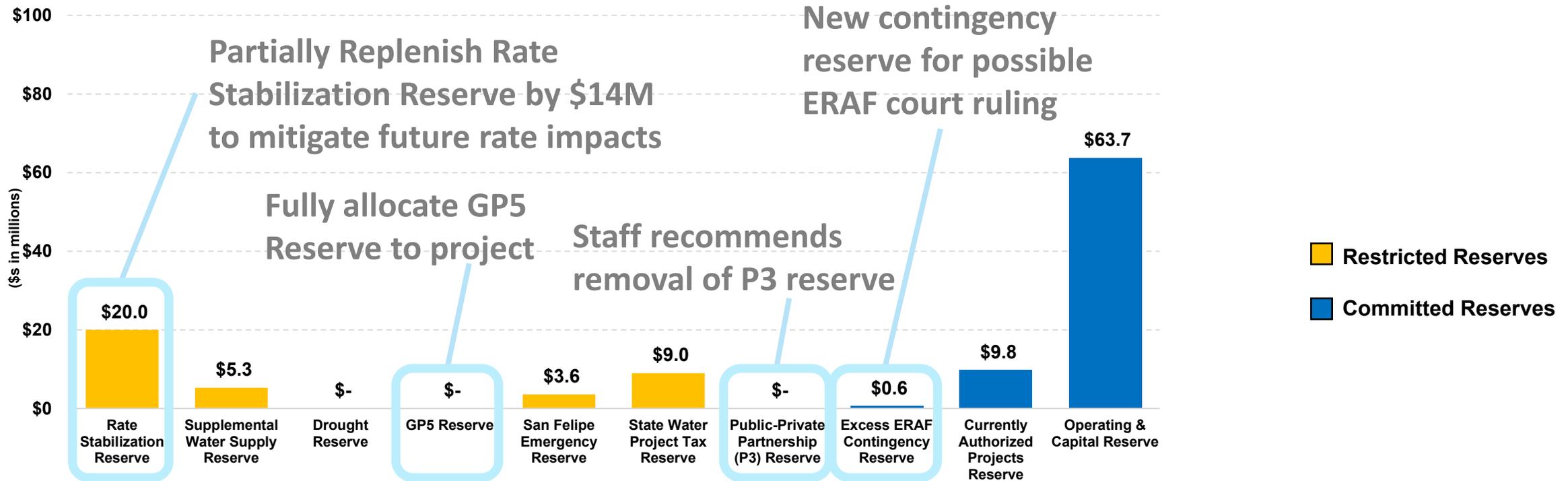
Reserves (\$ in millions)	FY24 Adopted	FY25 Estimate	FY26 Estimate	FY25 vs FY24	FY26 vs FY25
<b>Restricted Reserves</b>					
Safe, Clean Water Fund	\$ 185.8	\$ 113.7	\$ 79.7	\$ (72.1)	\$ (34.0)
Water Utility Enterprise Fund	28.4	37.8	61.3	9.4	23.4
<b>Restricted Sub-total</b>	<b>\$ 214.2</b>	<b>\$ 151.5</b>	<b>\$ 141.0</b>	<b>\$ (62.7)</b>	<b>\$ (10.5)</b>
<b>Committed Reserves</b>					
General Fund	12.0	14.8	17.2	2.8	2.4
Watershed Stream Stewardship Fund	159.9	150.6	135.8	(9.3)	(14.8)
Water Utility Enterprise Fund	67.2	74.1	67.8	6.9	(6.3)
Internal Service Funds	20.7	22.3	19.9	1.6	(2.5)
<b>Committed Sub-total</b>	<b>\$ 259.8</b>	<b>\$ 261.8</b>	<b>\$ 240.6</b>	<b>\$ 2.0</b>	<b>\$ (21.2)</b>
<b>Total Reserves</b>	<b>\$ 474.0</b>	<b>\$ 413.3</b>	<b>\$ 381.4</b>	<b>\$ (60.7)</b>	<b>\$ (31.9)</b>

**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

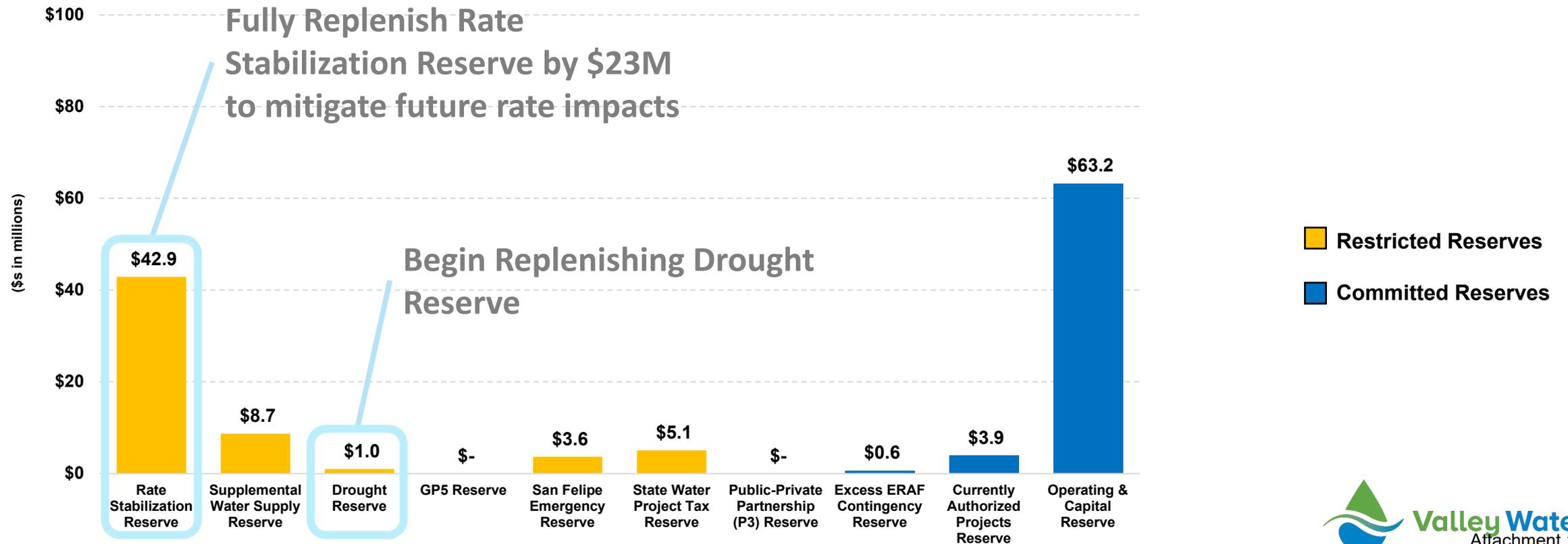
# FY25 Proposed Budget Water Utility Reserves

Total reserve balances of \$111.9 million



# FY26 Proposed Plan Water Utility Reserves

Total reserve balances of \$129.0 million



# Water Utility Enterprise (WUE) Fund

## Groundwater Charge Increase Projection

### M&I Groundwater Charge Year to Year Growth %

Baseline Scenario	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
<b>North County Zone W-2</b>	12.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	7.0%
<i>Prior Year</i>	14.5%	9.9%	9.9%	9.9%	9.9%	9.9%	6.3%	6.3%	6.3%	
<b>South County Zone W-5</b>	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
<i>Prior Year</i>	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>South County Zone W-7</b>	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
<i>Prior Year</i>	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
<b>South County Zone W-8</b>	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<i>Prior Year</i>	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	

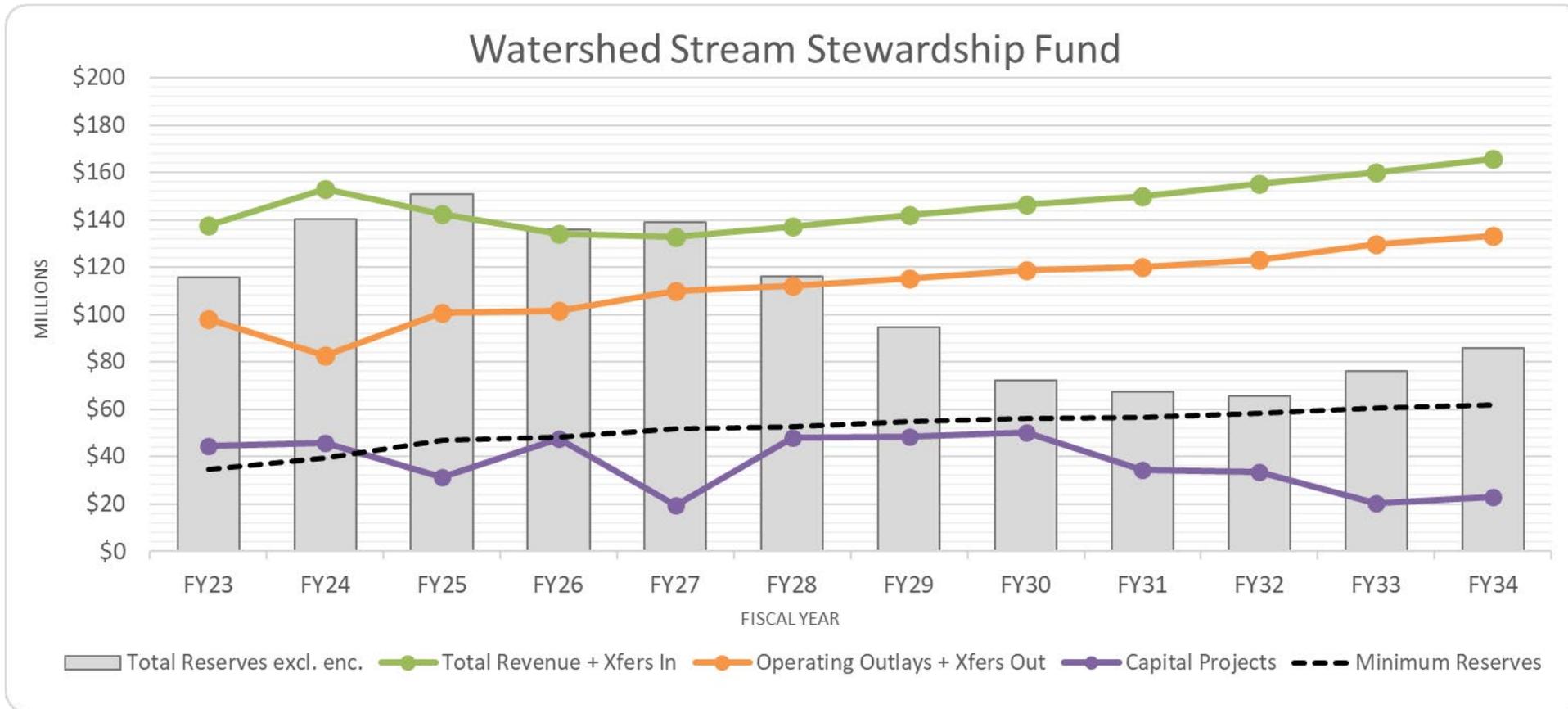
Lower water use rebound would add more upward pressure on water rates



# Watershed and Stream Stewardship (WSS) Fund

## Reserves are above minimum levels for 10-year forecast

### Projection



- 1% property tax growth at 3.5% per year
- O&M Maintenance placeholder
  - \$5M/yr FY 27 to FY 34
- Includes Encampment Management Program avg. \$10M/yr
- \$137M Watershed Asset Rehabilitation Program (WARP) for FY 25 thru FY 34
- Lower Llagas Creek Capacity Restoration Project is unfunded
- **Does not reflect additional funding needs for asset management (10-year total estimated at \$73M)**

*Minimal financial buffer for additional projects in future.*

# Watershed and Stream Stewardship (WSS) Fund

## Maintaining Infrastructure

### Key Operations & Maintenance (O&M) Examples

- Flow Conveyance
  - Sediment Removal (e.g., Lower Silver Creek)
  - Vegetation Management (e.g., Alamitos Creek)
- Levee Maintenance (e.g., Guadalupe River)
- Bank Protection (e.g., Saratoga Creek, Llagas Creek)
- Rodent Damage Repair (e.g., Stevens Creek)

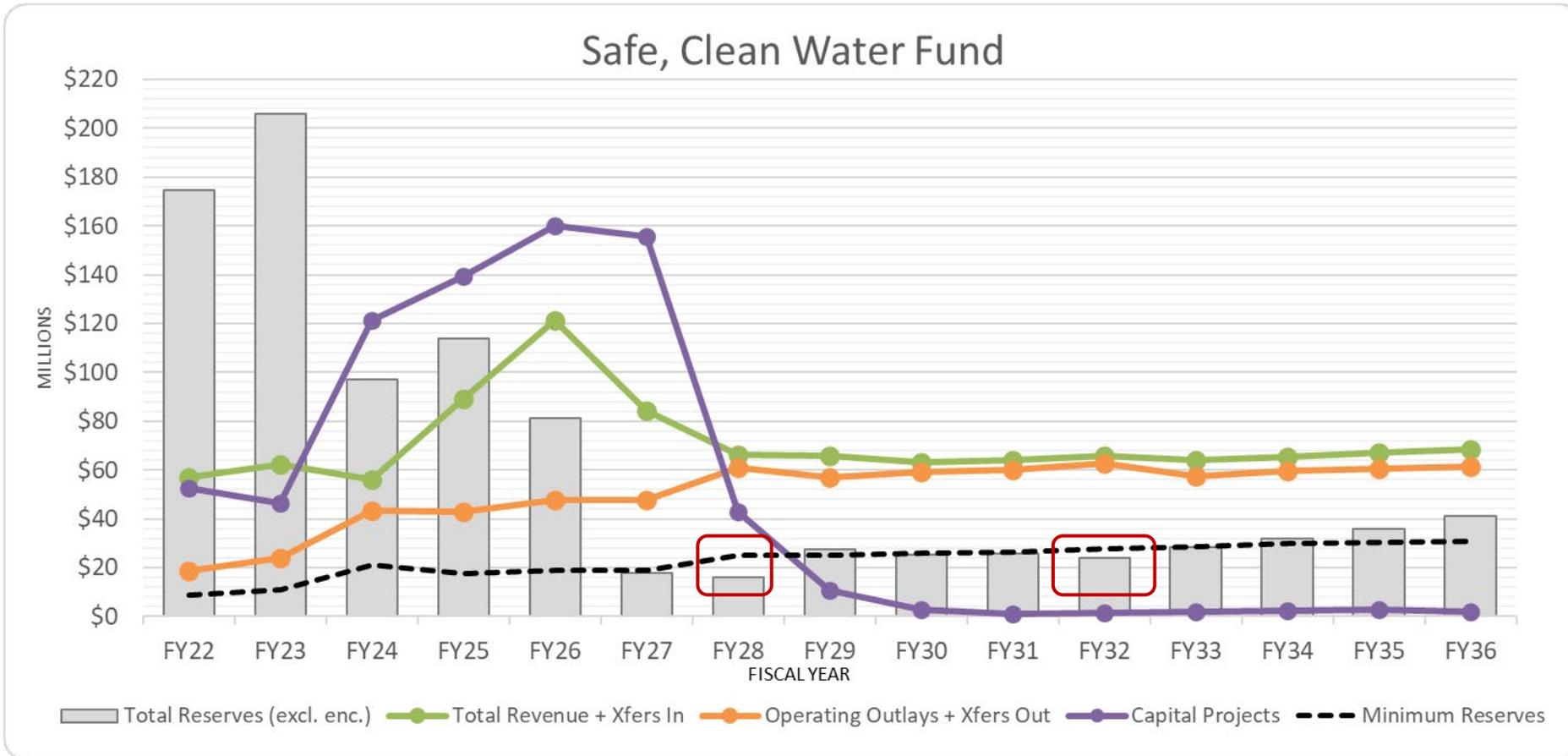
### Key Watershed Asset Rehabilitation Program Examples

- Structural Repair Projects
  - Permanente Creek
  - Hale Creek
  - Calabazas Creek
- Erosion Repair Projects
  - 2 Guadalupe River locations
  - Coyote Creek
- Levee Rehabilitation
  - Randol Creek

# Safe, Clean Water (SCW) Fund

## Reserves Near Minimum Levels For First 15 Years

Projection



- Special Property tax growth at 2% per year
- Includes \$146M WIFIA loan
- Assumes \$80M NRCS reimbursements for Upper Llagas Creek to fully construct Phase 2B
- Assumes receipt of San Francisquito Creek outside funding sources, including \$30M from grants and partnerships through SFCJPA
- Placed on hold pending funding availability
  - Upper Penitencia Creek Flood Protection
- Pending grant applications:
  - Coyote Creek Flood Protection (\$50M BRIC, \$50M FMA, \$50M HMGP) would only receive \$50M maximum
  - Sunnyvale East Flood Protection (\$23.5M HMGP)

Grant decisions expected in Fall 2024, would provide additional financial capacity if successful

# Proposed Budget by Fund and Organization

## Projects managed within Organization and by Fund

<b>FY25 Proposed</b> (\$ in millions)	<b>BAO</b>	<b>CEA</b>	<b>Admin</b>	<b>OIWM</b>	<b>WU</b>	<b>WS</b>	<b>Debt</b>	<b>Salary Savings</b>	<b>Total</b>
General Fund & Internal Service Funds	\$33.1	\$14.7	\$ 102.9	\$ 0.6	\$ 0.2	\$ 2.0	\$ -	\$ (1.0)	\$ 152.5
WS and Stream Stewardship Funds	1.0	1.7	4.1	5.2	0.0	113.3	5.8	(0.7)	130.4
Safe, Clean Water Fund	0.1	3.7	0.9	2.3	9.5	136.2	10.3	(0.3)	162.5
Water Enterprise and State Water Funds	3.9	2.3	9.1	106.5	395.9	43.3	87.6	(1.7)	647.0
<b>Total</b>	<b>\$38.1</b>	<b>\$22.4</b>	<b>\$ 116.9</b>	<b>\$ 114.6</b>	<b>\$ 405.6</b>	<b>\$ 294.8</b>	<b>\$ 103.7</b>	<b>\$ (3.8)</b>	<b>\$ 1,092.4</b>

<b>FY26 Plan</b> (\$ in millions)	<b>BAO</b>	<b>CEA</b>	<b>Admin</b>	<b>OIWM</b>	<b>WU</b>	<b>WS</b>	<b>Debt</b>	<b>Salary Savings</b>	<b>Total</b>
General Fund & Internal Service Funds	\$33.6	\$15.4	\$ 107.6	\$ 0.6	\$ 0.2	\$ 0.9	\$ -	\$ (1.1)	\$ 157.2
WS and Stream Stewardship Funds	1.0	1.8	4.3	6.2	0.0	131.8	5.8	(0.8)	150.1
Safe, Clean Water Fund	0.1	3.6	1.0	2.5	3.8	161.9	12.9	(0.4)	185.4
Water Enterprise and State Water Funds	4.1	2.4	9.5	192.1	466.6	12.0	105.8	(1.7)	790.7
<b>Total</b>	<b>\$38.8</b>	<b>\$23.2</b>	<b>\$ 122.3</b>	<b>\$ 201.4</b>	<b>\$ 470.6</b>	<b>\$ 306.5</b>	<b>\$ 124.4</b>	<b>\$ (4.0)</b>	<b>\$ 1,283.3</b>

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

# Questions

# Presentation Summary

## 1 Budget Overview

Budget Development &  
Review Process

FY2024-25 Proposed Rolling  
Biennial Budget Review

Fund Reserves

Fund Financial Sustainability  
– Watersheds, Safe, Clean  
Water, Water Utility

Proposed Budget by Fund and  
Organization

## 2 Proposed Budget By Organization

Administration

Integrated Water  
Management

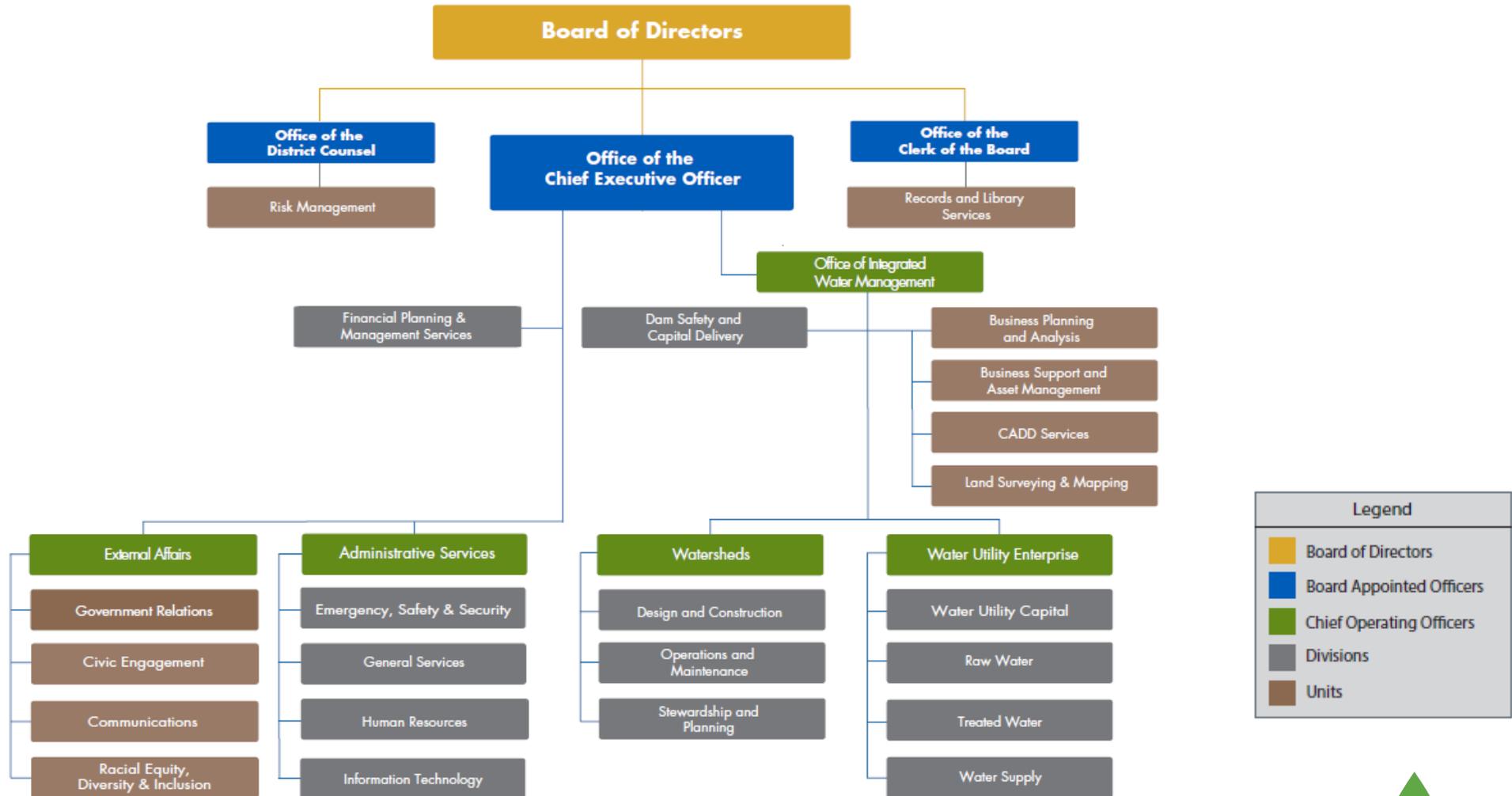
Water Utility

Watersheds

## 3 Next Steps

Board considerations for  
May 14, 2024

# Organizational Chart





# Administration

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

# Administration Outline

- Administration Overview
- Administration FY2024-25 Proposed Biennial Budget and Outlook



**Board Appointed Officers**



**External Affairs**



**Administrative Services**

# Achieving Board Work Plan Goals

## Business Management

- Incorporate racial equity, diversity and inclusion throughout Valley Water as a core value
- Maintain appropriate staffing levels and expertise while prioritizing the safety of our staff
- Provide efficient and effective services



# Administration

## Objectives & Benefits

### OBJECTIVES

- Provide Strategic Direction and Oversight
- Advocate for and represent Valley Water's Interests
- Strengthen Relationship with Key Partners
- Provide Operational Support Services
- Support in Achieving FY2023-24 Board Work Plan

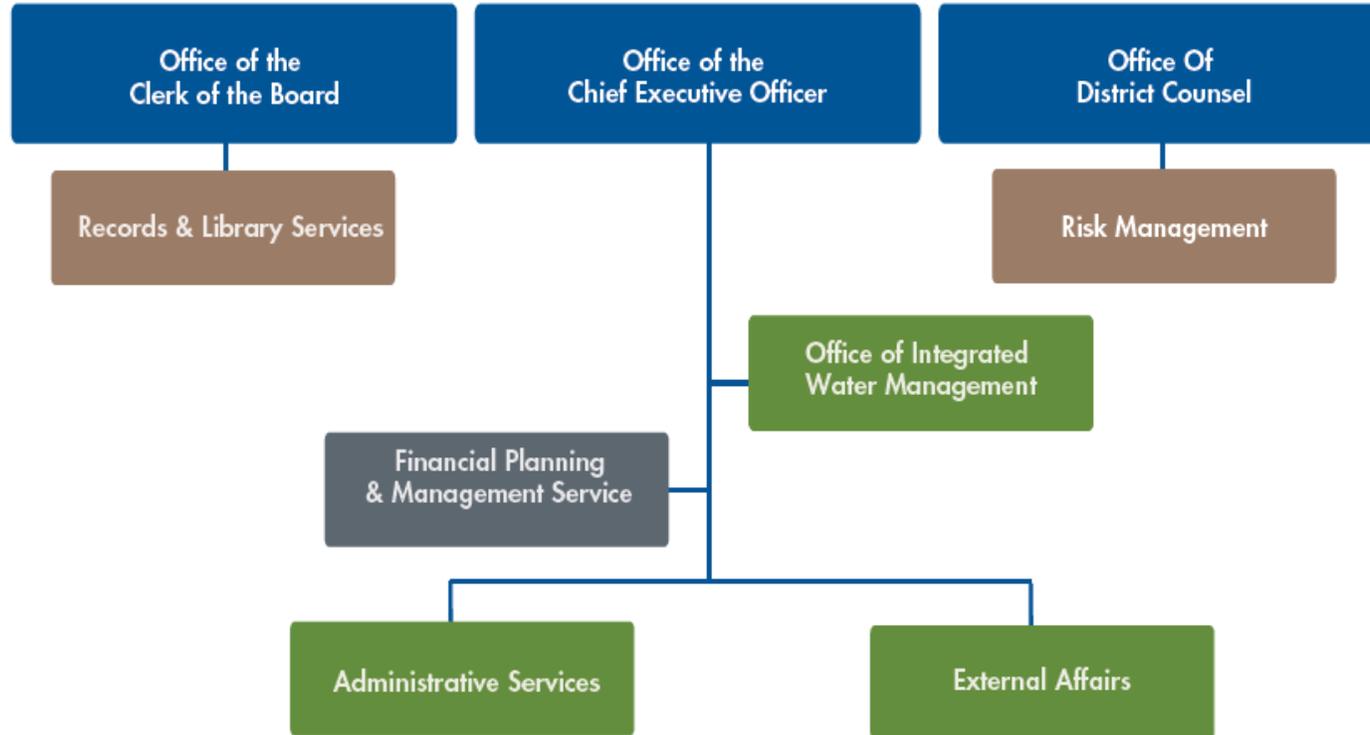
### BENEFITS

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

# Administration

## Organizational Chart

**Proposed FY2024-25 Positions : 290 (+1 Limited Term)**



Legend	
Blue Box	Board Appointed Officer
Green Box	Chief Operating Officer
Grey Box	Division
Brown Box	Department (Unit)

# Administration

## FY2024-25 Proposed Biennial Budget

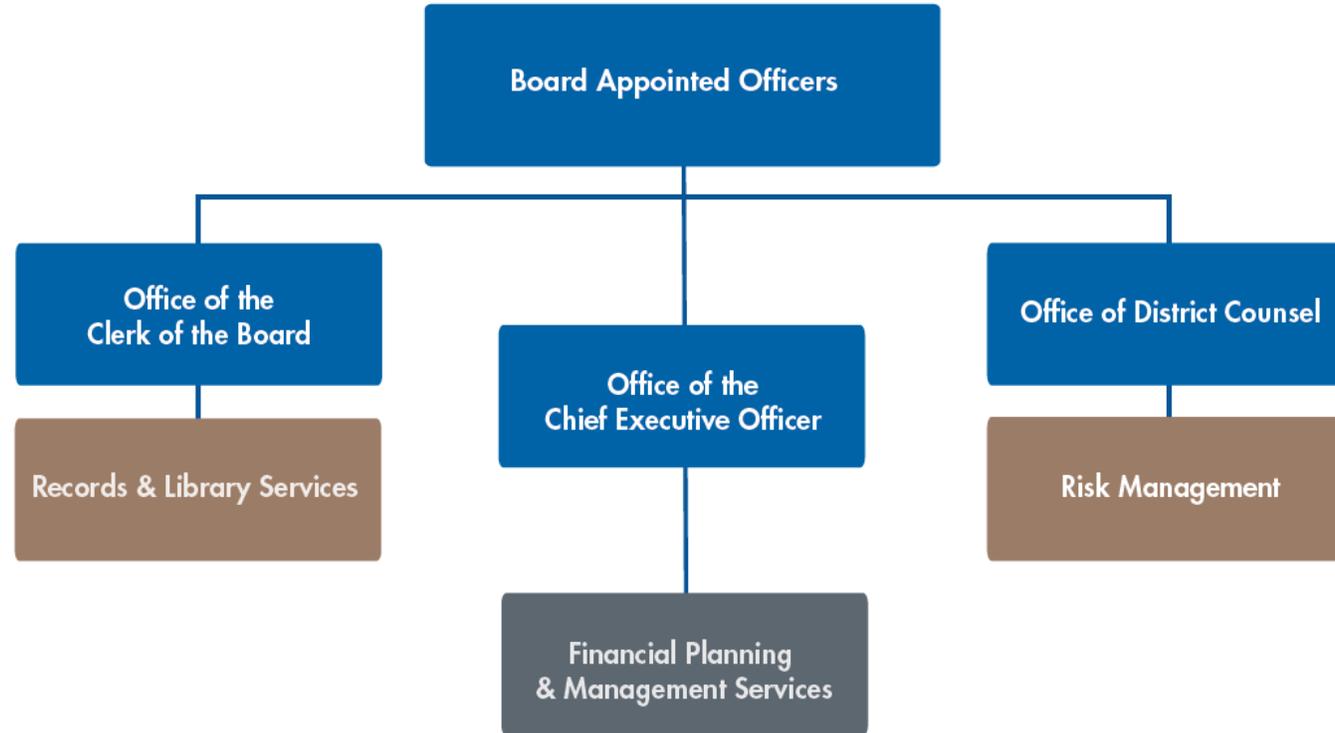
### Organizational Areas Managed by Administration

	FY 2024 Adopted Budget	FY 2025 Proposed Budget	FY 2025 Over/(Under) FY 2024	FY2025 % Change	FY 2026 Proposed Plan
Board Appointed Officers	\$31.5	\$34.3	\$2.8	8.9%↑	\$34.8
External Affairs	\$23.5	\$22.4	(\$1.1)	(4.7%)↓	\$23.2
Administrative Services	\$106.4	\$116.9	\$10.5	9.9%↑	\$122.3
<b>TOTAL</b>	<b>\$161.4</b>	<b>\$173.6</b>	<b>\$12.2</b>	<b>7.6%↑</b>	<b>\$180.3</b>

# Board Appointed Officers

## Organizational Chart

Proposed FY2024-25 Positions : 78



Legend	
<span style="color: blue;">■</span>	Board Appointed Officer
<span style="color: gray;">■</span>	Division
<span style="color: brown;">■</span>	Department (Unit)

# Board Appointed Officers

## FY2024-25 Proposed Biennial Budget by Divisions

### Divisions Managed by Board Appointed Officers

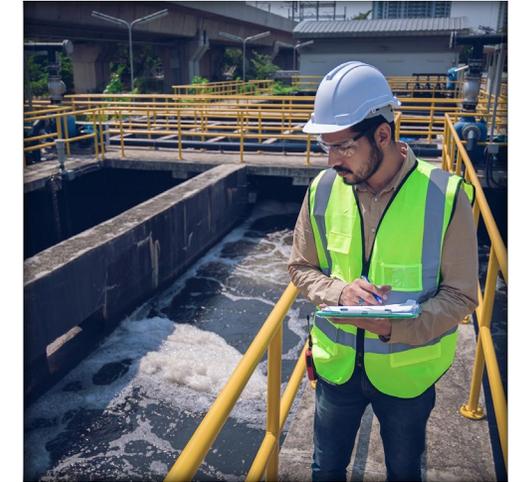
(\$ in millions)

	FY 2024 Adopted Budget	FY 2025 Proposed Budget	FY 2025 Over/(Under) FY 2024	FY2025 % Change	FY 2026 Proposed Plan
<b>Operating Outlays</b>					
Office of Chief Executive Officer	\$1.6	\$1.8	\$0.2	12.5%↑	\$1.9
Financial Planning & Management Division	\$16.5	\$17.3	\$0.8	4.9%↑	\$18.2
Office of District Counsel	\$12.1	\$12.3	\$0.2	1.7%↑	\$13.3
Clerk of the Board	\$4.9	\$6.7	\$1.8	36.7%↑	\$5.4
Operating Outlays Subtotal	\$35.1	\$38.1	\$3.0	8.6%↑	\$38.8
<b>Salary Savings</b>					
Capital Outlays	(\$0.9)	(\$0.9)	\$0.0	0.0%	(\$0.9)
Operating Outlays	(\$2.8)	(\$2.9)	(\$0.1)	3.6%↑	(\$3.1)
Salary Savings Subtotal	(\$3.7)	(\$3.8)	(\$0.1)	2.7%↑	(\$4.0)
<b>Total</b>	<b>\$31.5</b>	<b>\$34.3</b>	<b>\$2.8</b>	<b>8.9%↑</b>	<b>\$34.8</b>

# Finance Division

## FY2024-25 Deliverables

- Partner with IT & HR to replace Payroll/HR system
- Implement new utility billing system
- Complete Water Use Consultant Study
- Complete Water Utility grant funding roadmap
- Implement financing plan for the Water Utility and Safe Clean Water capital programs

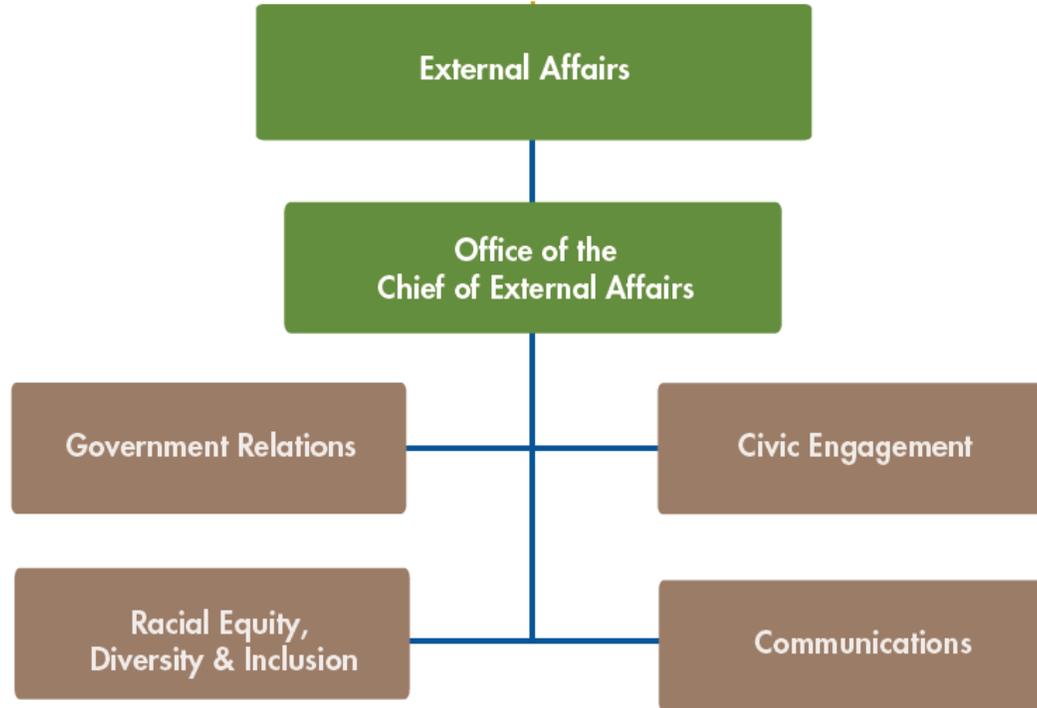


# Questions

# External Affairs

## Organizational Chart

Proposed FY2024-25 Positions: 46



Legend	
<span style="color: green;">■</span>	Chief Operating Officer
<span style="color: brown;">■</span>	Department (Unit)

# External Affairs

## FY2024-25 Proposed Biennial Budget by Units

Units Managed by External Affairs					
	FY 2024 Adopted Budget	FY 2025 Proposed Budget	FY 2025 Over/(Under) FY 2024	FY2025 % Change	FY 2026 Proposed Plan
<b>Operating Outlays</b>					
Office of Civic Engagement	\$7.9	\$7.4	(\$0.5)	(6.3%)↓	\$7.6
Office of Communications	\$6.2	\$6.4	\$0.2	3.2%↑	\$6.7
Office of Government Relations	\$5.1	\$5.2	\$0.1	2.0%↑	\$5.4
Office of Chief of External Affairs	\$2.0	\$1.6	(\$0.4)	(20.0%)↓	\$1.7
Racial Equity, Diversity & Inclusion	\$2.3	\$1.8	(\$0.5)	(21.8%)↓	\$1.8
<b>TOTAL</b>	<b>\$23.5</b>	<b>\$22.4</b>	<b>(\$1.1)</b>	<b>(4.7%)↓</b>	<b>\$23.2</b>

# External Affairs

## FY2024-25 Deliverables

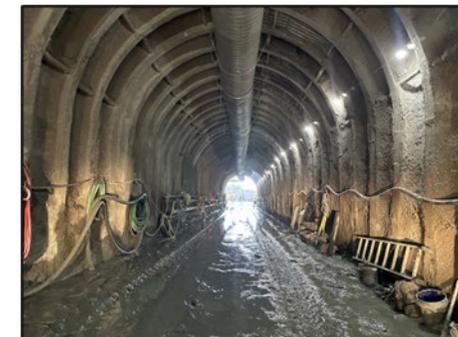
- Advocate for the Board's Legislative Priorities
- Pursue and secure funding and authorizations
- Continue to promote water conservation
- Comprehensive website redesign
- Redesign the Safe, Clean Water Grants & Partnership Program
- Implement the 5-Year Diversity, Equity, and Inclusion (DEI) Strategic Master Plan



# External Affairs

## FY2025-26 Outlook

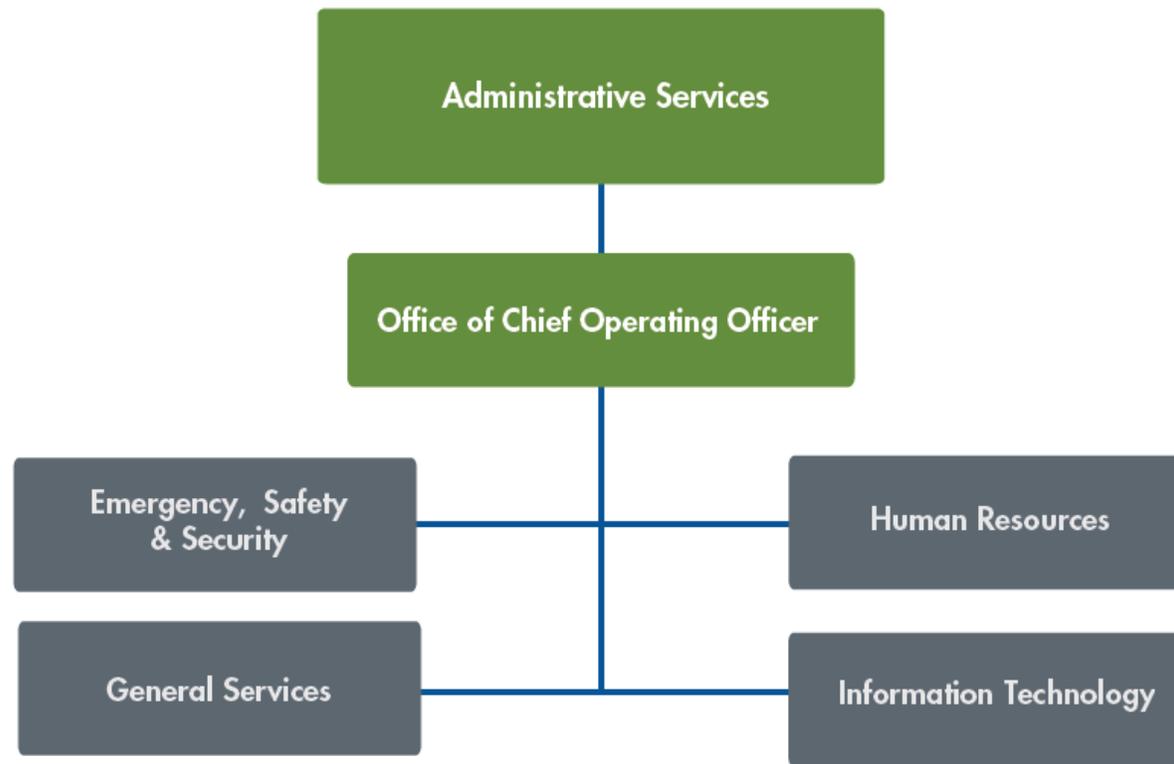
- Continue advocacy and pursuit of funding
- Expand outreach to increase favorable public perception on potable reuse
- Foster youth involvement through the Youth Commission
- Implement DEI Action Plan(s)



# Questions

# Administrative Services Organizational Chart

Proposed FY25 Total Positions: 166 (+1 Limited Term)



Legend	
<span style="color: green;">■</span>	Chief Operating Officer
<span style="color: grey;">■</span>	Division

# Proposed Biennial Budget by Divisions

## Divisions Managed by Administrative Services

(\$ in millions)

	FY 2024 Adopted Budget	FY 2025 Proposed Budget	FY 2025 Over/(Under) FY 2024	FY2025 % Change	FY 2026 Proposed Plan
<b>Operating Outlays</b>					
Office of COO Administrative Services	\$2.4	\$2.6	\$0.2	8.3%↑	\$2.7
Emergency, Safety & Security Division	\$13.6	\$15.0	\$1.4	10.3%↑	\$15.6
General Services Division	\$30.3	\$31.8	\$1.5	5.0%↑	\$32.8
Human Resources Division	\$15.3	\$16.2	\$0.9	5.9%↑	\$16.7
Information Technology Division	\$28.7	\$31.4	\$2.7	9.4%↑	\$32.7
<b>Operating Outlays Subtotal</b>	<b>\$90.3</b>	<b>\$97.0</b>	<b>\$6.7</b>	<b>7.4%↑</b>	<b>\$100.5</b>
<b>Capital Outlays</b>					
General Services Division	\$9.8	\$10.9	\$1.1	11.2%↑	\$16.0
Information Technology Division	\$6.2	\$9.0	\$2.8	45.2%↑	\$5.8
<b>Capital Outlays Subtotal</b>	<b>\$16.0</b>	<b>\$19.9</b>	<b>\$3.9</b>	<b>24.4%↑</b>	<b>\$21.8</b>
<b>TOTAL</b>	<b>\$106.4</b>	<b>\$116.9</b>	<b>\$10.5</b>	<b>9.9%↑</b>	<b>\$122.3</b>

## ADMINISTRATIVE SERVICES

# FY2024-25 Deliverables

- Enhance security and safety for field staff and workplace violence prevention and response
- Renovate facilities for workforce operational needs
- Expand Electric Vehicle fleet and charging stations
- Increase efficiency of warehouse operations
- Enhance Small Business Enterprise outreach
- Implement strategic staffing (Vemo) and Next Gen Career Pathways, Disability, and Second Chance Programs
- Bolster IT enterprise Security



## ADMINISTRATIVE SERVICES

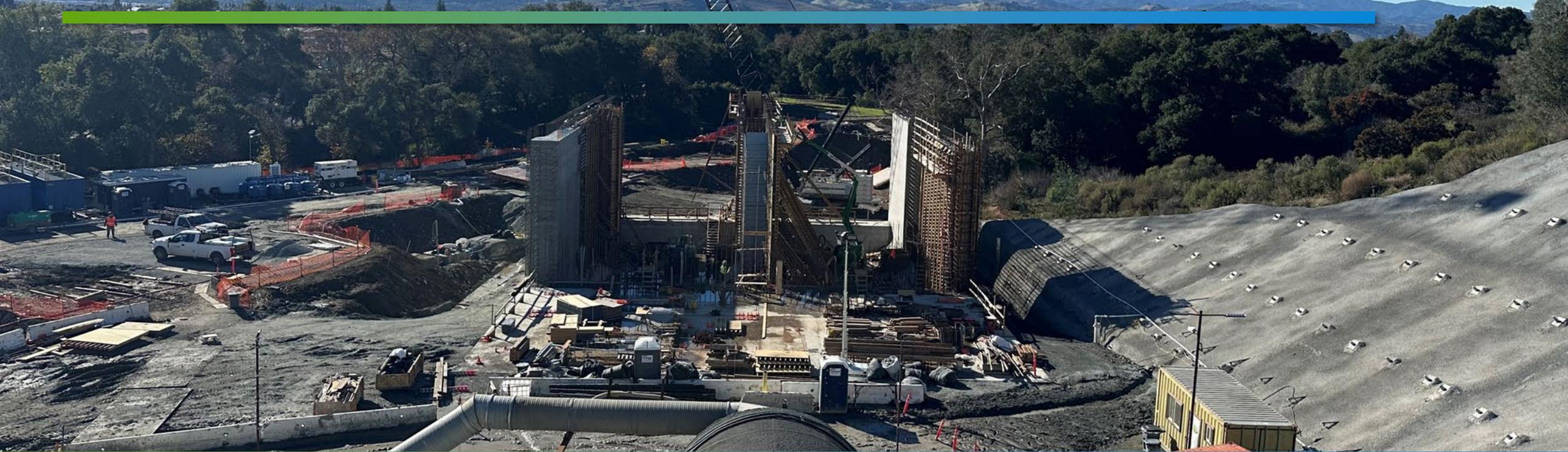
# FY2025-26 Outlook

- Progress with capital security system and infrastructure upgrades, repair, and replacements
- Continue Employer of Choice initiatives
- Advance Career Pathway efforts in collaboration with community partners, including apprenticeship program
- Deliver critical workforce and technical training
- Modernize IT enterprise applications and technology and update Technology Master Plan



# Questions

# Office of Integrated Water Management



Presented by: **Aaron Baker**, Acting Assistant Chief Executive Officer

# Achieving Board Ends

E-2 Water Supply Services

E-3 Natural Flood Protection

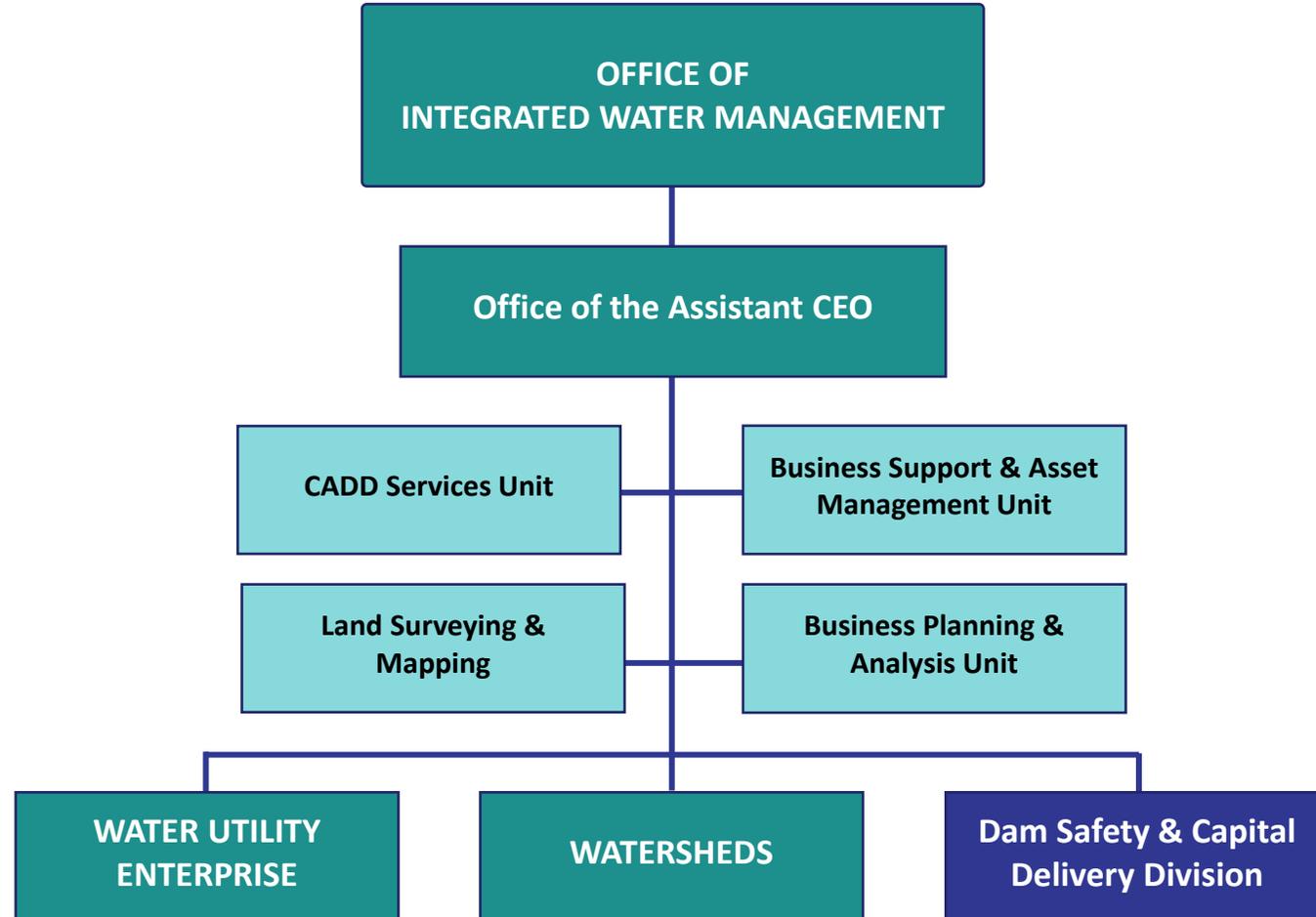
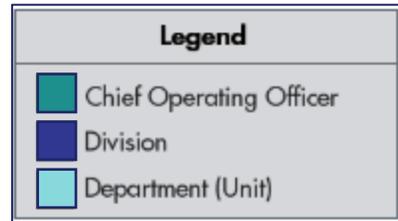
E-4 Water Resources Stewardship

E-5 Climate Change Mitigation Adaptation

E-6 Encampments of Unsheltered People (EUP)

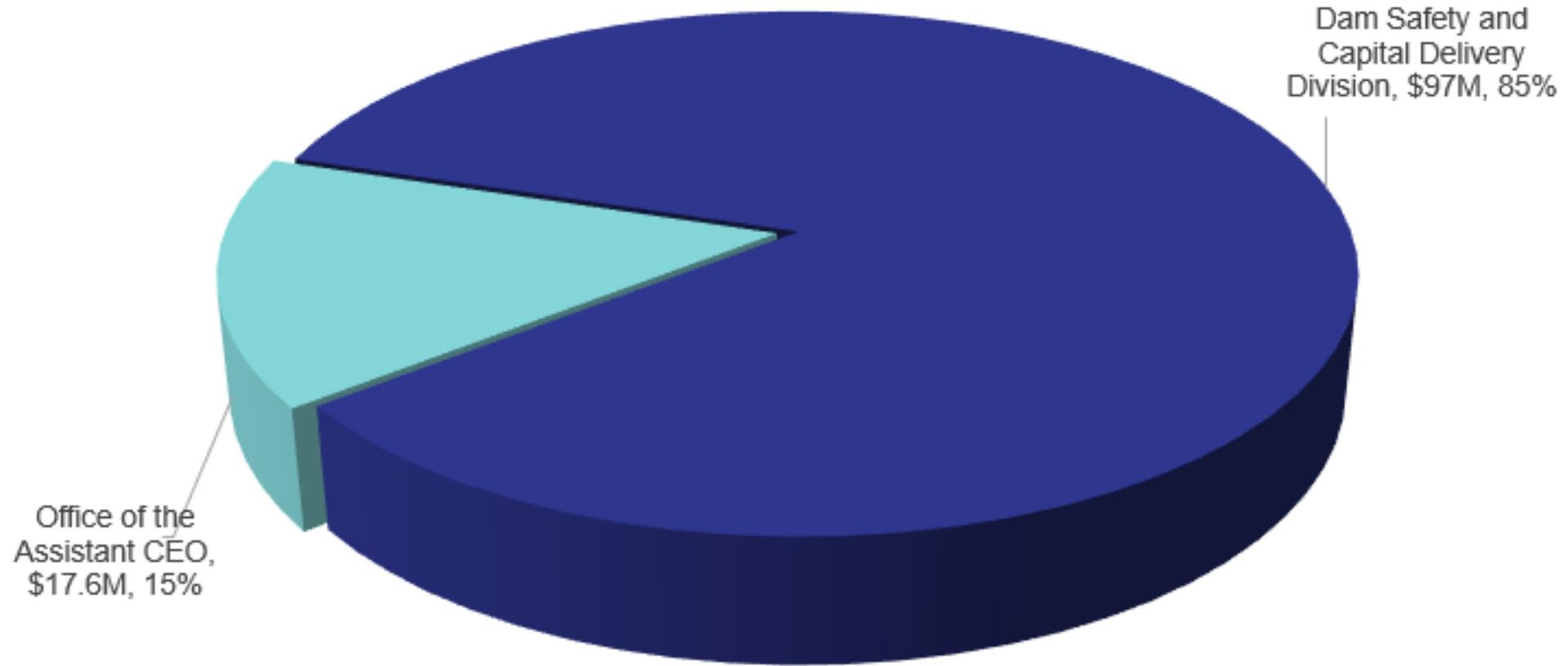
# Organizational Chart

Proposed FY2024-25 Total Positions: 638 (+3 Limited Terms)



# FY2024-25 Proposed Budget

\$114.6 Million



# FY 2024-25 & 2025-26 Proposed Biennial Budget

Projects Managed within OIWM					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
<b>Operating Outlays</b>					
Office of the Assistant CEO	\$ 15.0	\$ 14.0	\$ (1.0)	(7%)↓	\$ 15.1
Dam Safety and Capital Delivery Division	\$ 5.9	\$ 5.5	\$ (0.4)	(7%)↓	\$ 5.6
<b>Operating Outlays Subtotal</b>	<b>\$ 20.9</b>	<b>\$ 19.5</b>	<b>\$ (1.4)</b>	<b>(7%)↓</b>	<b>\$ 20.7</b>
<b>Capital Outlays</b>					
Office of the Assistant CEO	\$ 5.2	\$ 3.6	\$ (1.7)	(33%)↓	\$ 4.8
Dam Safety and Capital Delivery Division	\$ 132.3	\$ 91.5	\$ (40.7)	(31%)↓	\$ 176.0
<b>Capital Outlays Subtotal</b>	<b>\$ 137.5</b>	<b>\$ 95.1</b>	<b>\$ (42.4)</b>	<b>(31%)↓</b>	<b>\$ 180.8</b>
<b>TOTAL</b>	<b>\$ 158.4</b>	<b>\$ 114.6</b>	<b>\$ (43.8)</b>	<b>(28%)↓</b>	<b>\$ 201.5</b>

# Office of the Assistant CEO

## Proposed Biennial Budget:

(\$ in millions)

Office of the Assistant CEO	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Asset Management Program	\$ 3.4	\$ 4.9	\$ 1.5	44%↑	\$ 5.3
Office of Integrated Water Management	\$ 3.5	\$ 3.8	\$ 0.3	9%↑	\$ 4.0
Computer-Aided Design for Engineering	\$ 1.7	\$ 1.8	\$ 0.1	6%↑	\$ 2.2
CIP Development & Admin	\$ 1.4	\$ 1.5	\$ 0.1	7%↑	\$ 1.6
Capital Project Mgmt & Controls	\$ 1.2	\$ 1.2	\$ -	%↑	\$ 1.2
Safe Clean Water Implementatn	\$ 1.2	\$ 1.1	\$ (0.1)	(8%)↓	\$ 1.2
Distribution System Master Plan Implementation	\$ 1.9	\$ 0.6	\$ (1.3)	(68%)↓	\$ 0.7
Subsidence Monitoring	\$ 0.9	\$ 0.6	\$ (0.3)	(33%)↓	\$ 1.7
SMPIP Upgrades - Phase 1	\$ -	\$ 0.6	\$ 0.6	N/A	\$ 0.6
Survey Mgmt & Tech Support	\$ 0.8	\$ 0.5	\$ (0.3)	(38%)↓	\$ 0.8
Other	\$ 4.2	\$ 1.0	\$ (3.2)	(76%)↓	\$ 0.7
<b>TOTAL</b>	<b>\$ 20.2</b>	<b>\$ 17.6</b>	<b>\$ (2.6)</b>	<b>(13%)↓</b>	<b>\$ 20.0</b>

# Dam Safety and Capital Delivery Division

## Proposed Biennial Budget:

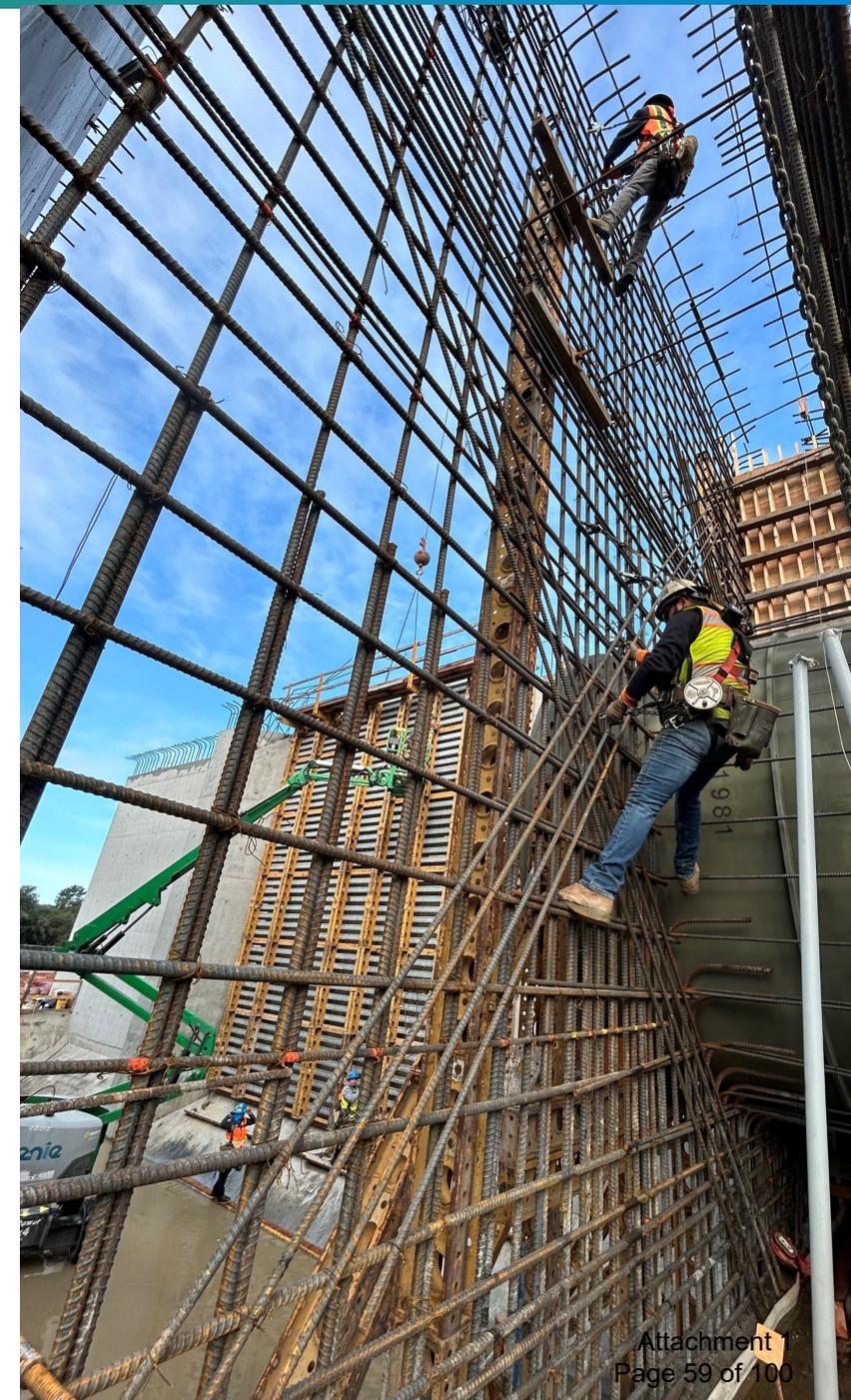
(\$ in millions)

Dam Safety and Capital Delivery Division	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Anderson Dam Seismic Retrofit	\$ 26.7	\$ 45.1	\$ 18.4	69%↑	\$ 159.4
Anderson Dam Tunnel Project	\$ 59.6	\$ 42.4	\$ (17.2)	(29%)↓	\$ 1.0
Dams / Reservoir Gen Maint	\$ 3.5	\$ 3.6	\$ 0.1	3%↑	\$ 3.6
Calero Dam Seismic Retrofit - Design & Construction	\$ -	\$ 3.0	\$ 3.0	N/A	\$ 3.1
Dam Safety Program	\$ 2.4	\$ 1.9	\$ (0.5)	(21%)↓	\$ 2.0
Coyote Creek Chillers	\$ 3.2	\$ 0.6	\$ (2.6)	(81%)↓	\$ -
Dam Safety Seismic Stability	\$ 0.1	\$ 0.3	\$ 0.2	200%↑	\$ 0.5
Guadalupe Dam Seismic Retrofit Design & Construction	\$ 0.5	\$ 0.1	\$ (0.4)	(80%)↓	\$ 0.1
Pacheco Reservoir Expansion Project	\$ 42.0	\$ -	\$ (42.0)	(100%)↓	\$ 11.9
Other	\$ 0.2	\$ -	\$ (0.1)	(50%)↓	\$ -
<b>TOTAL</b>	<b>\$ 138.2</b>	<b>\$ 97.0</b>	<b>\$ (41.1)</b>	<b>(30%)↓</b>	<b>\$ 181.6</b>

# FY2024-25 Deliverables

## Office of Integrated Water Management:

- **CIP** – Develop the FY 2026-2030 CIP Five-Year Plan
- **Safe, Clean Water (SCW)** – Oversee the renewed SCW Program; develop the FY 2023-2024 SCW Annual Report
- **Master Plan Implementation Projects (MPIP)** –
  - Complete Water Treatment Plant MPIP Planning Study Report and Implementation Plan
  - Complete SCADA MPIP Planning Study Reports for Early Implementation Projects and Platform Selection for the SCADA MPIP



# FY2024-25 Deliverables

## Dam Safety & Capital Delivery Division:

- **Anderson Dam Seismic Retrofit Project (ADSRP)**
  - Continue construction of Anderson Dam Tunnel Project
  - Complete 90% design documents
- **Calero Dam Seismic Retrofit Project** – Complete geotechnical investigations
- **Pacheco Reservoir Expansion Project** – Complete 60% design documents



# FY2024-25 Challenges

- **Integrated Water Management** – Balancing our water supply, environmental, and flood protection missions
- **Anderson Dam** – Resolving complex regulatory and stakeholder challenges to keep the project on track
- **Asset Management** – Building long-term planning around local needs, engaged stakeholders, and cost constraints
- **Project Funding** – Pursuing and securing available federal and state funding



# FY2025-26 Future Outlook

- **Anderson Dam** – Advertise and award ADSRP construction contract
- **Capital Improvement Plan** – Produce FY 2027-2031 CIP Five-Year Plan
- **Master Plan Implementation Projects (MPIP)**
  - SCADA MPIP: Complete Programming Implementation Standards
  - Distribution System MPIP: Complete Recommended Alternatives
- **Pacheco Reservoir Expansion** – Continue to work with stakeholders and regulatory agencies to develop the project



# Questions

# Water Utility Enterprise



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

# Valley Water's Comprehensive, Flexible Water System




**Local Water (30%)**

- Groundwater aquifer
- Reservoirs



**Imported Water (50%)**

- Delta conveyed
- Hetch Hetchy



**Recycled Water (5%)**

- Wastewater Treatment
- Advanced Purification



**Conservation (15%)**

- Residential
- Commercial, Agriculture

- 10 reservoirs
- 3 pump stations
- 150 miles of pipelines
- 4 water treatment plants
- 285 acres of recharge ponds
- 294 miles of jurisdictional streams

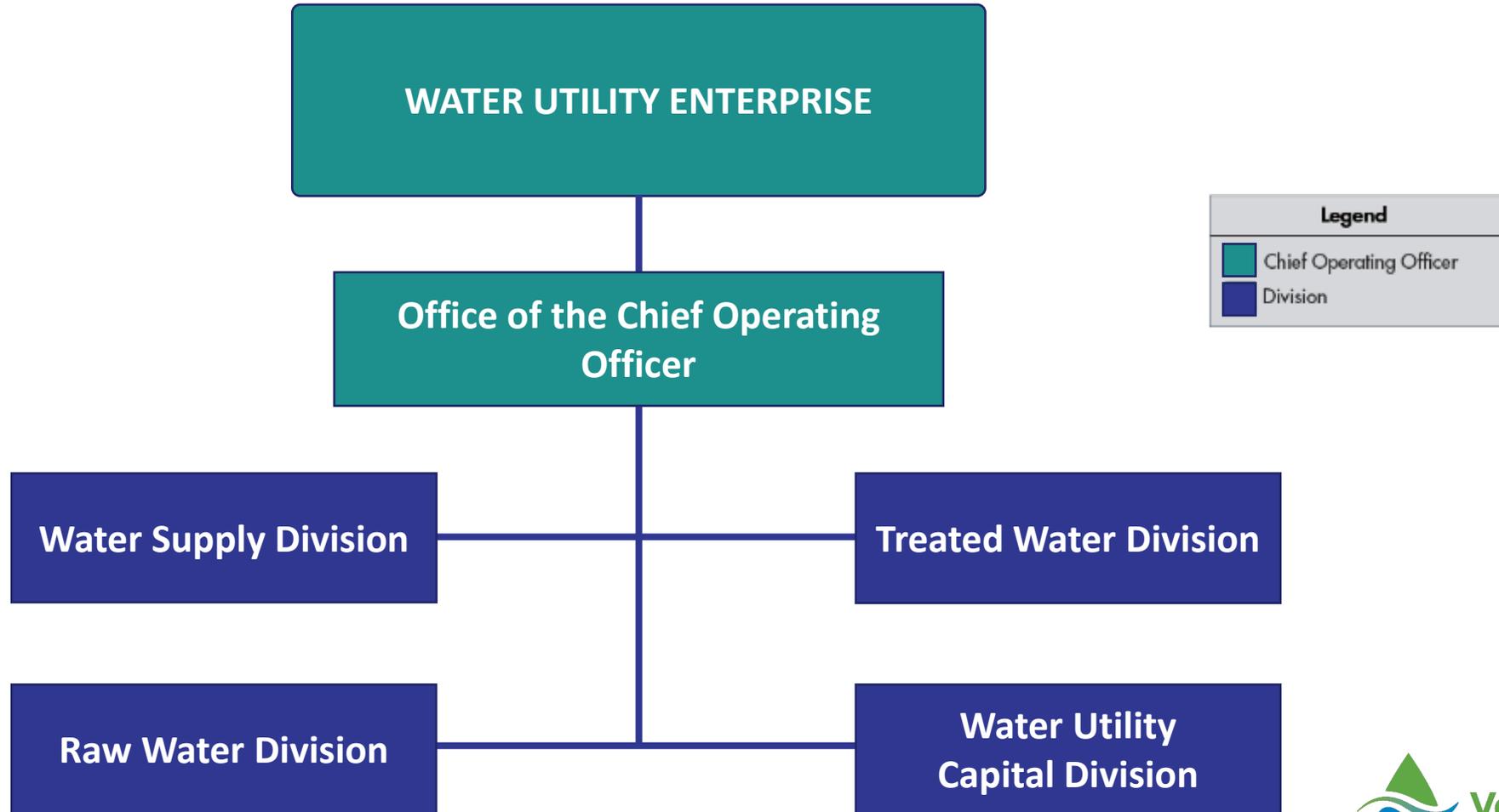
# Achieving Board Ends

## E-2 Water Supply:

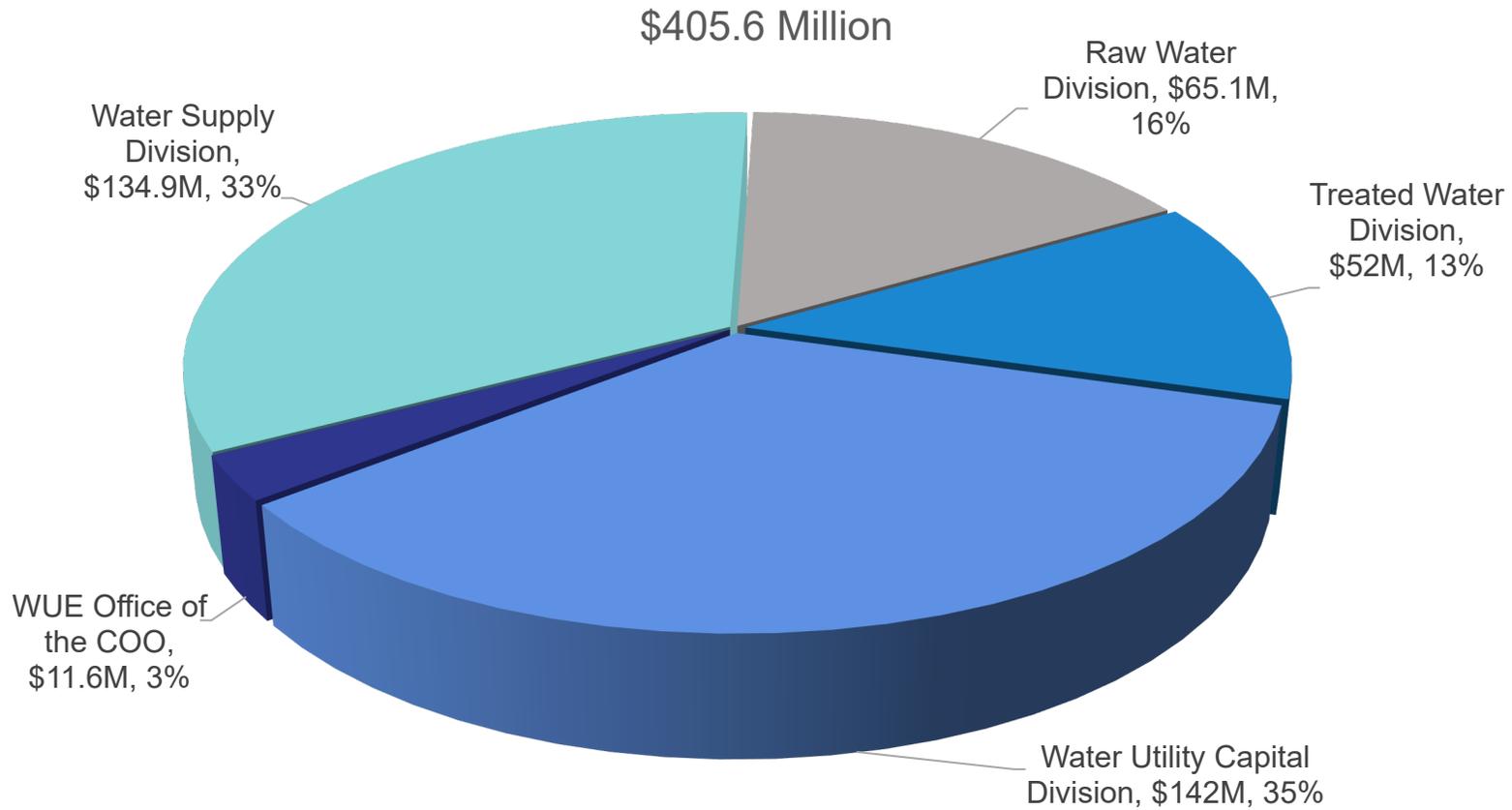
Valley Water provide a reliable, safe, and affordable water supply for current and future generations in all communities served.

# Organizational Chart

Proposed FY24-25 Total Positions: 304 (+3 Limited Term)



# FY2024-25 Proposed Budget



# FY2024-25 & 2025-26 Proposed Biennial Budget

Projects Managed within Water Utility Enterprise					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
<b>Operating Outlays</b>					
WUE Office of the COO	\$ 11.6	\$ 11.6	\$ -	%↑	\$ 12.4
Water Supply Division	\$ 103.9	\$ 121.5	\$ 17.6	17%↑	\$ 127.4
Raw Water Division	\$ 48.0	\$ 50.8	\$ 2.8	6%↑	\$ 53.9
Treated Water Division	\$ 50.1	\$ 51.9	\$ 1.8	4%↑	\$ 55.3
<b>Operating Outlays Subtotal</b>	<b>\$ 213.5</b>	<b>\$ 235.8</b>	<b>\$ 22.2</b>	<b>10%↑</b>	<b>\$ 249.0</b>
<b>Capital Outlays</b>					
Water Utility Capital Division	\$ 86.6	\$ 142.1	\$ 55.5	64%↑	\$ 183.2
Water Supply Division	\$ 22.1	\$ 13.4	\$ (8.7)	(39%)↓	\$ 19.3
Raw Water Division	\$ 11.7	\$ 14.3	\$ 2.6	22%↑	\$ 18.4
Treated Water Division	\$ 0.4	\$ -	\$ (0.3)	(87%)↓	\$ 0.7
<b>Capital Outlays Subtotal</b>	<b>\$ 120.8</b>	<b>\$ 169.8</b>	<b>\$ 49.1</b>	<b>41%↑</b>	<b>\$ 221.6</b>
<b>TOTAL</b>	<b>\$ 334.4</b>	<b>\$ 405.6</b>	<b>\$ 71.3</b>	<b>21%↑</b>	<b>\$ 470.6</b>

# Office of the COO of Water Utility

## Proposed Biennial Budget

(\$ in millions)

Office of the COO	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
WUE Office of the COO	\$ 11.6	\$ 11.6	\$ -	%↑	\$ 12.4
<b>TOTAL</b>	<b>\$ 11.6</b>	<b>\$ 11.6</b>	<b>\$ -</b>	<b>%↑</b>	<b>\$ 12.4</b>

# Water Supply Division

## Proposed Biennial Budget

(\$ in millions)

Water Supply Division	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Imported Water San Felipe Division Deliveries	\$ 18.7	\$ 32.4	\$ 13.7	73%↑	\$ 27.9
State Water Project Costs	\$ 30.3	\$ 31.6	\$ 1.3	4%↑	\$ 32.9
Water Conservation Program	\$ 12.1	\$ 12.6	\$ 0.5	4%↑	\$ 12.7
San Felipe Division Capital	\$ 12.0	\$ 12.4	\$ 0.4	3%↑	\$ 12.8
Imported Water Program	\$ 5.9	\$ 6.1	\$ 0.2	3%↑	\$ 6.2
Delta Conveyance Project	\$ 3.7	\$ 5.8	\$ 2.1	57%↑	\$ 8.1
Water Banking Operations	\$ 5.9	\$ 5.6	\$ (0.3)	(5%)↓	\$ 10.9
Recycled & Purified Water Program	\$ 5.9	\$ 5.4	\$ (0.5)	(8%)↓	\$ 5.5
GP5 Reimbursement Program	\$ 4.6	\$ 5.3	\$ 0.7	15%↑	\$ -
Palo Alto Water Reuse Agreement	\$ 1.7	\$ 4.7	\$ 3.0	176%↑	\$ 10.6
Other	\$ 25.2	\$ 13.0	\$ (12.2)	(48%)↓	\$ 19.1
<b>TOTAL</b>	<b>\$ 126.0</b>	<b>\$ 134.9</b>	<b>\$ 8.9</b>	<b>7%↑</b>	<b>\$ 146.7</b>

# Raw Water Division

## Proposed Biennial Budget

(\$ in millions)

Raw Water Division	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Small Caps, Water Treatment	\$ 3.4	\$ 6.3	\$ 2.9	85%↑	\$ 11.5
Groundwater Management Program	\$ 5.7	\$ 6.1	\$ 0.4	7%↑	\$ 6.6
Rinconada WTP General Maintenance	\$ 4.2	\$ 4.8	\$ 0.6	14%↑	\$ 5.0
Santa Teresa WTP General Maintenance	\$ 4.0	\$ 4.3	\$ 0.3	8%↑	\$ 4.5
Recharge & Raw Water Field Operations	\$ 3.7	\$ 4.1	\$ 0.4	11%↑	\$ 4.4
Penitencia WTP General Maintenance	\$ 3.6	\$ 3.6	\$ -	%↑	\$ 3.8
Small Caps, Raw Water T&D	\$ 1.0	\$ 3.2	\$ 2.2	220%↑	\$ 1.1
Raw Water T&D General Maintenance	\$ 2.9	\$ 3.1	\$ 0.2	7%↑	\$ 3.3
Small Caps, San Felipe R1	\$ 2.1	\$ 3.1	\$ 1.0	48%↑	\$ 2.4
Well Ordinance Program	\$ 2.4	\$ 2.7	\$ 0.3	13%↑	\$ 2.9
Other	\$ 26.7	\$ 23.7	\$ (3.0)	(11%)↓	\$ 26.8
<b>TOTAL</b>	<b>\$ 59.7</b>	<b>\$ 65.0</b>	<b>\$ 5.3</b>	<b>9%↑</b>	<b>\$ 72.3</b>

# Treated Water Division

## Proposed Biennial Budget

(\$ in millions)

Treated Water Division	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
RWTP General Operations	\$ 10.9	\$ 10.9	\$ -	%↑	\$ 11.5
PWTP General Operations	\$ 7.8	\$ 7.9	\$ 0.1	1%↑	\$ 8.2
STWTP - General Operations	\$ 6.7	\$ 7.9	\$ 1.2	18%↑	\$ 8.2
Water District Laboratory	\$ 7.0	\$ 7.2	\$ 0.2	3%↑	\$ 7.6
SVAWPC Facility Operations	\$ 3.7	\$ 4.7	\$ 1.0	27%↑	\$ 4.7
SVAWPC Facility Maintenance	\$ 3.9	\$ 3.4	\$ (0.5)	(13%)↓	\$ 4.4
Treated Water Control & Electrical Engineering	\$ 3.2	\$ 3.1	\$ (0.1)	(3%)↓	\$ 3.2
Water Treatment General Water Quality	\$ 2.8	\$ 2.9	\$ 0.1	4%↑	\$ 3.0
Plant Maintenance Engineering & Commissioning	\$ 0.7	\$ 0.9	\$ 0.2	29%↑	\$ 1.0
Invasive Mussel Prevention	\$ 0.8	\$ 0.8	\$ -	%↑	\$ 0.8
Other	\$ 3.0	\$ 2.2	\$ (0.8)	(27%)↓	\$ 3.4
<b>TOTAL</b>	<b>\$ 50.5</b>	<b>\$ 51.9</b>	<b>\$ 1.4</b>	<b>3%↑</b>	<b>\$ 56.0</b>

# Water Utility Capital Division

## Proposed Biennial Budget

(\$ in millions)

WU Capital Division	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Rinconada WTP Reliability Improvement	\$ 22.2	\$ 66.2	\$ 44.0	198%↑	\$ 121.5
Coyote Pumping Plant ASD	\$ 13.1	\$ 21.0	\$ 7.9	60%↑	\$ 9.9
10-Year Pipeline Inspection and Rehabilitation	\$ 27.3	\$ 19.6	\$ (7.7)	(28%)↓	\$ 9.2
IRP2 AddLine Valves	\$ 3.6	\$ 9.5	\$ 5.9	164%↑	\$ 3.8
PWTP Residuals Management	\$ 1.5	\$ 9.4	\$ 7.9	527%↑	\$ 17.6
WU Capital Prog Admin Support	\$ 6.3	\$ 8.2	\$ 1.9	30%↑	\$ 8.1
Almaden Valley Pipeline	\$ 1.7	\$ 2.1	\$ 0.4	24%↑	\$ 2.2
Treated Water Isolation Valves	\$ 0.6	\$ 2.0	\$ 1.4	233%↑	\$ 1.9
Vasona Pump Station Upgrade	\$ -	\$ 1.2	\$ 1.2	N/A	\$ 1.8
Almaden Calero Canal Rehab	\$ -	\$ 0.7	\$ 0.7	N/A	\$ 0.7
Other	\$ 10.3	\$ 2.2	\$ (8.1)	(79%)↓	\$ 6.5
<b>TOTAL</b>	<b>\$ 86.6</b>	<b>\$ 142.1</b>	<b>\$ 55.5</b>	<b>64%↑</b>	<b>\$ 183.2</b>

# FY2024-25 Deliverables

## Water Supply Division:

- Advance recycled and purified water projects, feasibility studies and needed agreements
- Continue public education to make conservation a way of life
- Update the Drought Response Plan
- Complete the Water Supply Master Plan
- Implement the Groundwater Banking diversification pilot



# FY2024-25 Deliverables

## Raw Water Division:

- Operate Valley Water's raw water distribution system 24/7/365
- Operate and maintain 10 reservoirs, 19 miles of canals, four water treatment plants, three raw water pump stations, 150 miles of large diameter pipe, and 102 recharge ponds
- Sustainably manage the groundwater basin to ensure water supplies and avoid land subsidence
- Conduct groundwater monitoring and analysis, well permitting and inspection, and SGMA compliance and plan implementation



# FY2024-25 Deliverables

## Treated Water Division:

- Ensure that 100% of water delivered meets and/or surpasses all applicable drinking water standards
- Operate and maintain the Rinconada, Penitencia, and Santa Teresa 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



# FY2024-25 Deliverables

## Water Utility Capital Division:

### Design

- Almaden Valley Pipeline Replacement (cont.)
- West Pipeline Inspection & Rehab Project (complete)

### Construction

- Penitencia WTP Residuals Management (begin)
- Rinconada WTP Reliability Improvement Project Phases 3-6 (cont.)
- Santa Clara Conduit Rehab Phase 2 and Snell Pipeline Rehab projects (complete)
- Provide Construction Management oversight for large projects



# FY2024-25 Challenges

- Balancing rising project costs and upward pressure on water rates
- Continue achieving water use reduction from the public and encouraging conservation as a way of life in between drought periods
- Managing drought and permitting impacts for 10-Year Pipeline Projects
- Delivering raw water during planned and unplanned outages, especially as Anderson Reservoir is unavailable
- Securing Purified Water Project agreements
- Procuring easements from private landowners and municipalities



# FY2025-26 Outlook

- Begin construction of various treatment plant and pipeline capital projects
- Continue construction of the Rinconada Water Treatment Plant Reliability Improvement Project (Phases 3-6)
- Complete the design of the Almaden Valley Pipeline Replacement Project, Phase 2 Unit 2
- Develop the San José Purified Water Project as well as San José Purified and South County feasibility studies
- Implement new pilot groundwater banking agreement
- Finalize negotiations on Sisk Dam Raise Project



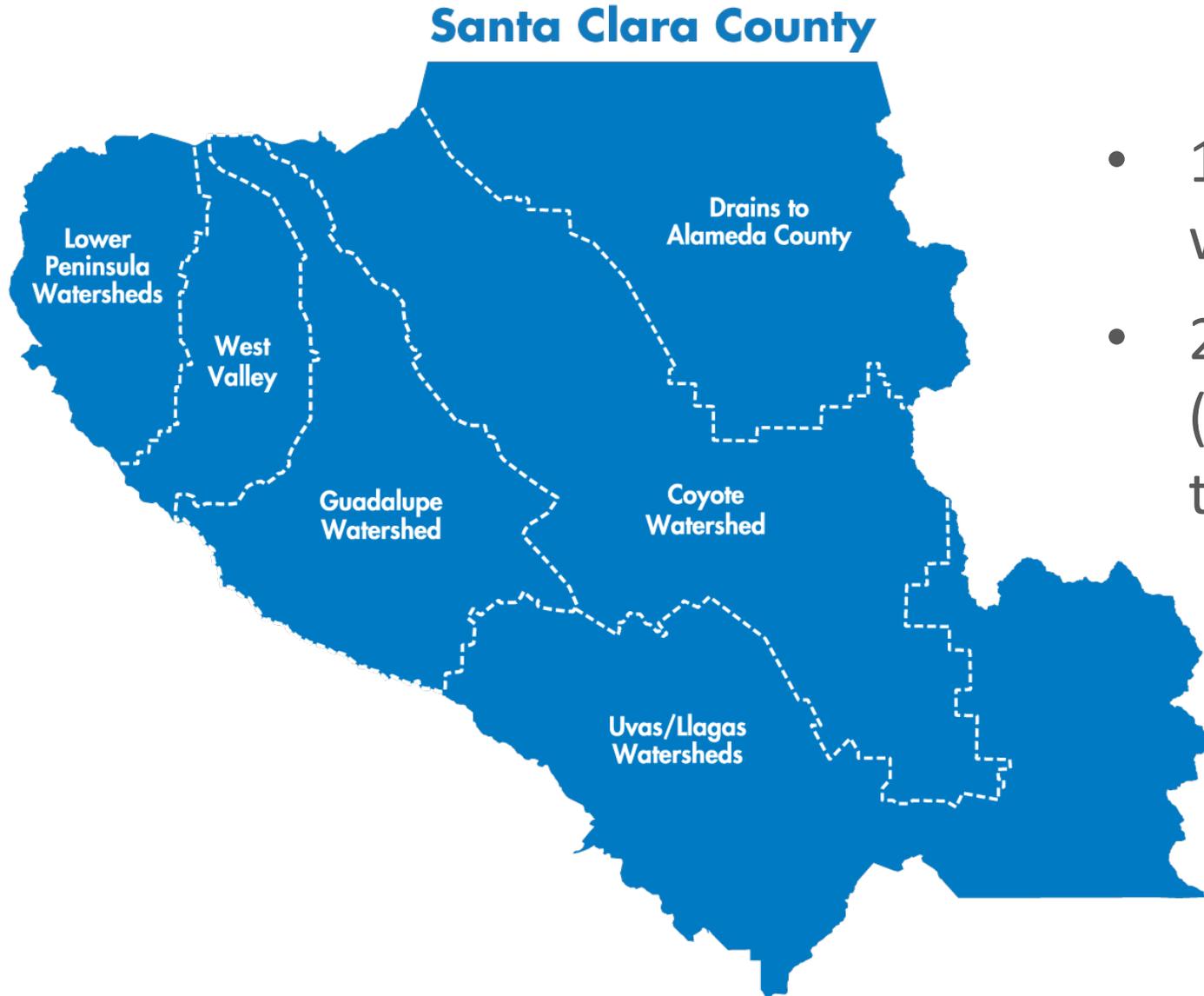
# Questions

# Watersheds



Presented by: Chris Hakes, Chief Operating Officer

# Five Major Watersheds



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

# 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:

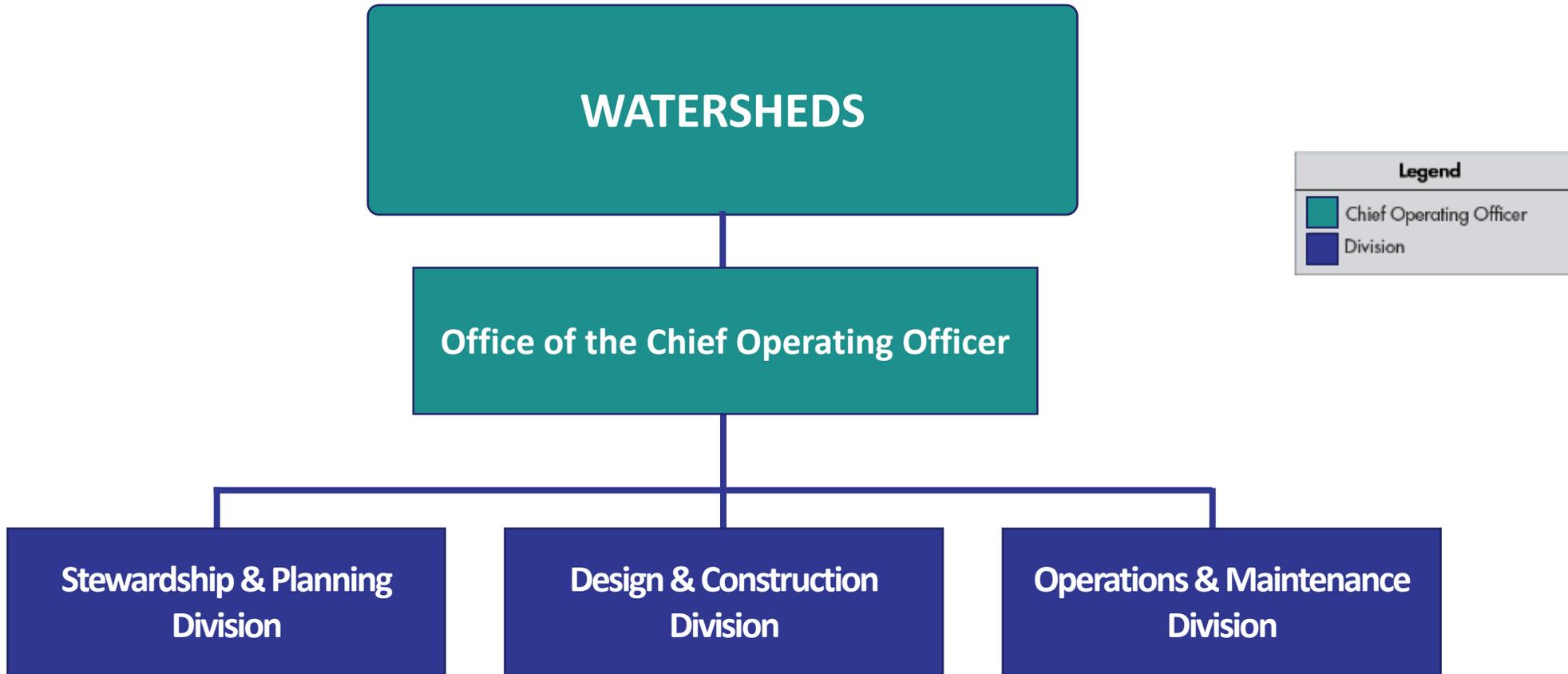
Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County.

## E-6 Encampments of Unsheltered People (EUP):

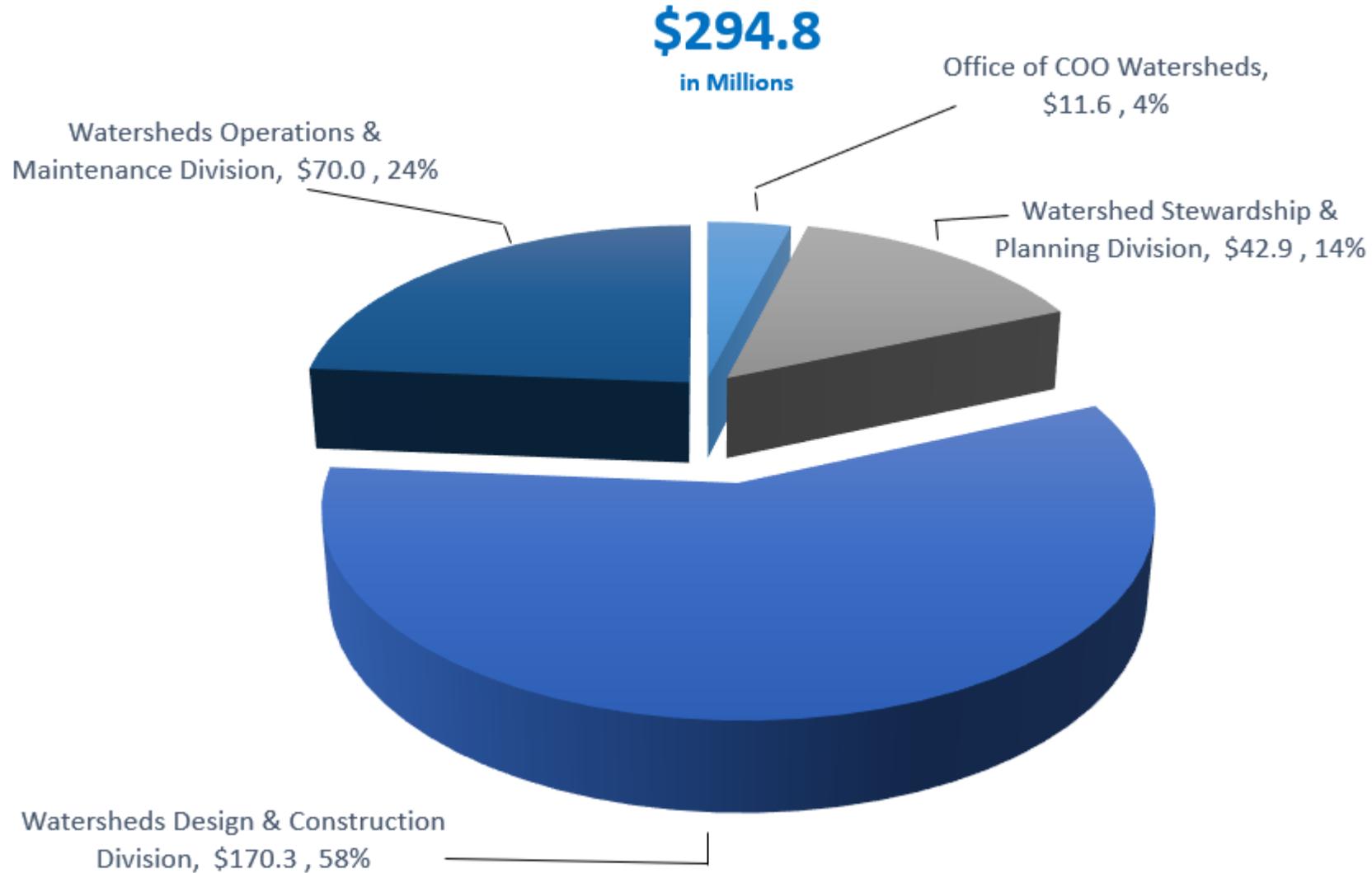
Valley Water is committed, through a regional approach, to address the human health, safety, operational and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.

# Organizational Chart

Proposed FY 2024-25 Total Positions: **257**



# FY2024-25 Proposed Budget



# FY 2024-25 & 2025-26 Proposed Biennial Budget

Projects Managed within Watersheds (\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
<b>Operating Outlays</b>					
Office of COO Watersheds	\$ 9.8	\$ 11.6	\$ 1.8	18%↑	\$ 12.5
Watershed Stewardship & Planning Division	\$ 33.4	\$ 35.5	\$ 2.1	6%↑	\$ 36.1
Watersheds Operations & Maintenance Division	\$ 58.0	\$ 70.0	\$ 12.1	21%↑	\$ 69.3
Operating Outlays Subtotal	\$ 101.2	\$ 117.2	\$ 16.0	16%↑	\$ 117.9
<b>Capital Outlays</b>					
Watershed Stewardship & Planning Division	\$ 8.3	\$ 7.4	\$ (0.9)	(11%)↓	\$ 7.1
Watersheds Design & Construction Division	\$ 120.4	\$ 170.3	\$ 49.8	41%↑	\$ 181.5
Capital Outlays Subtotal	\$ 128.8	\$ 177.7	\$ 48.9	38%↑	\$ 188.6
<b>Total</b>	<b>\$ 230.0</b>	<b>\$ 294.8</b>	<b>\$ 64.9</b>	<b>28%↑</b>	<b>\$ 306.5</b>

# FY 2024-25 & 2025-26 Proposed Biennial Budget

Projects Managed within Watersheds					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Office of COO Watersheds	\$ 9.8	\$ 11.6	\$ 1.8	18%↑	\$ 12.5
Watershed Stewardship & Planning Division	\$ 41.8	\$ 42.9	\$ 1.2	3%↑	\$ 43.2
Watersheds Design & Construction Division	\$ 120.4	\$ 170.3	\$ 49.8	41%↑	\$ 181.5
Watersheds Operations & Maintenance Division	\$ 58.0	\$ 70.0	\$ 12.1	21%↑	\$ 69.3
<b>Total</b>	<b>\$ 230.0</b>	<b>\$ 294.8</b>	<b>\$ 64.9</b>	<b>28%↑</b>	<b>\$ 306.5</b>

# Office of the COO of Watersheds

## Proposed Biennial Budget

Projects Managed within Office of COO Watersheds					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Watersheds Administration	\$ 9.8	\$ 11.6	\$ 1.8	18%↑	\$ 12.5
<b>Total</b>	<b>\$ 9.8</b>	<b>\$ 11.6</b>	<b>\$ 1.8</b>	<b>18%↑</b>	<b>\$ 12.5</b>

# Stewardship & Planning Division

## Proposed Biennial Budget

Projects Managed within Watershed Stewardship & Planning Division					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Watershed Asset Protection Sup	\$ 6.1	\$ 6.7	\$ 0.5	9%↑	\$ 7.1
FAHCE/Three Creeks Project	\$ 3.7	\$ 3.8	\$ 0.1	3%↑	\$ 3.4
Inter Agency Urban Runoff Prog	\$ 2.6	\$ 2.8	\$ 0.2	6%↑	\$ 2.9
Hydrologic Data Msrmt & Mgmt	\$ 2.5	\$ 2.7	\$ 0.2	9%↑	\$ 2.7
Coyote 10B Freshwater Wetland	\$ -	\$ 2.2	\$ 2.2	N/A	\$ 3.3
District Real Property Adminis	\$ 1.6	\$ 1.7	\$ 0.1	6%↑	\$ 2.4
Calabazas/San Tomas Aquino Creek-Marsh Connection	\$ 1.4	\$ 1.6	\$ 0.3	18%↑	\$ 1.7
Integrated Wtr Resrce Mstr Pln	\$ 0.9	\$ 1.6	\$ 0.7	77%↑	\$ 1.7
SCW D4.3 Fish Passage Improvements	\$ 0.7	\$ 1.5	\$ 0.8	127%↑	\$ 2.1
Hydrology&Hydraulics Tech Supp	\$ 1.5	\$ 1.5	\$ (0.0)	(1%)↓	\$ 1.6
Other Projects	\$ 20.8	\$ 16.8	\$ (4.0)	(19%)↓	\$ 14.4
<b>Total</b>	<b>\$ 41.8</b>	<b>\$ 42.9</b>	<b>\$ 1.2</b>	<b>3%↑</b>	<b>\$ 43.2</b>

# Design & Construction Division

## Proposed Biennial Budget

Projects Managed within Watersheds Design & Construction Division					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Llagas Creek Phase 2B Construction	\$ 22.4	\$ 56.0	\$ 33.6	150%↑	\$ 11.2
Coyote Creek Flood Management Measures	\$ 54.0	\$ 31.4	\$ (22.6)	(42%)↓	\$ 0.6
San Francisquito Early Implemt	\$ 4.9	\$ 22.8	\$ 17.9	363%↑	\$ 9.5
Watersheds Asset Rehabilitatio	\$ 8.4	\$ 19.7	\$ 11.3	135%↑	\$ 17.5
Coyote Creek, Montague-Tully	\$ 1.6	\$ 16.1	\$ 14.5	901%↑	\$ 94.5
Sunnyvale East & West Channel	\$ 0.0	\$ 9.4	\$ 9.4	N/A	\$ 5.1
Watershed Capital Program Servcs Admin	\$ 4.0	\$ 5.4	\$ 1.4	35%↑	\$ 5.4
Lower Guadalupe River Capacity Restoration Project	\$ 1.3	\$ 3.1	\$ 1.8	133%↑	\$ 3.2
Llagas Ck - Upper Construction	\$ 0.0	\$ 2.6	\$ 2.6	N/A	\$ 0.3
San Francisco Bay Shoreline EIAs 5-10	\$ 1.0	\$ 1.1	\$ 0.0	2%↑	\$ 0.8
Other Projects	\$ 22.7	\$ 2.7	\$ (20.0)	(88%)↓	\$ 33.4
<b>Total</b>	<b>\$ 120.4</b>	<b>\$ 170.3</b>	<b>\$ 49.8</b>	<b>41%↑</b>	<b>\$ 181.5</b>

# Operations & Maintenance Division

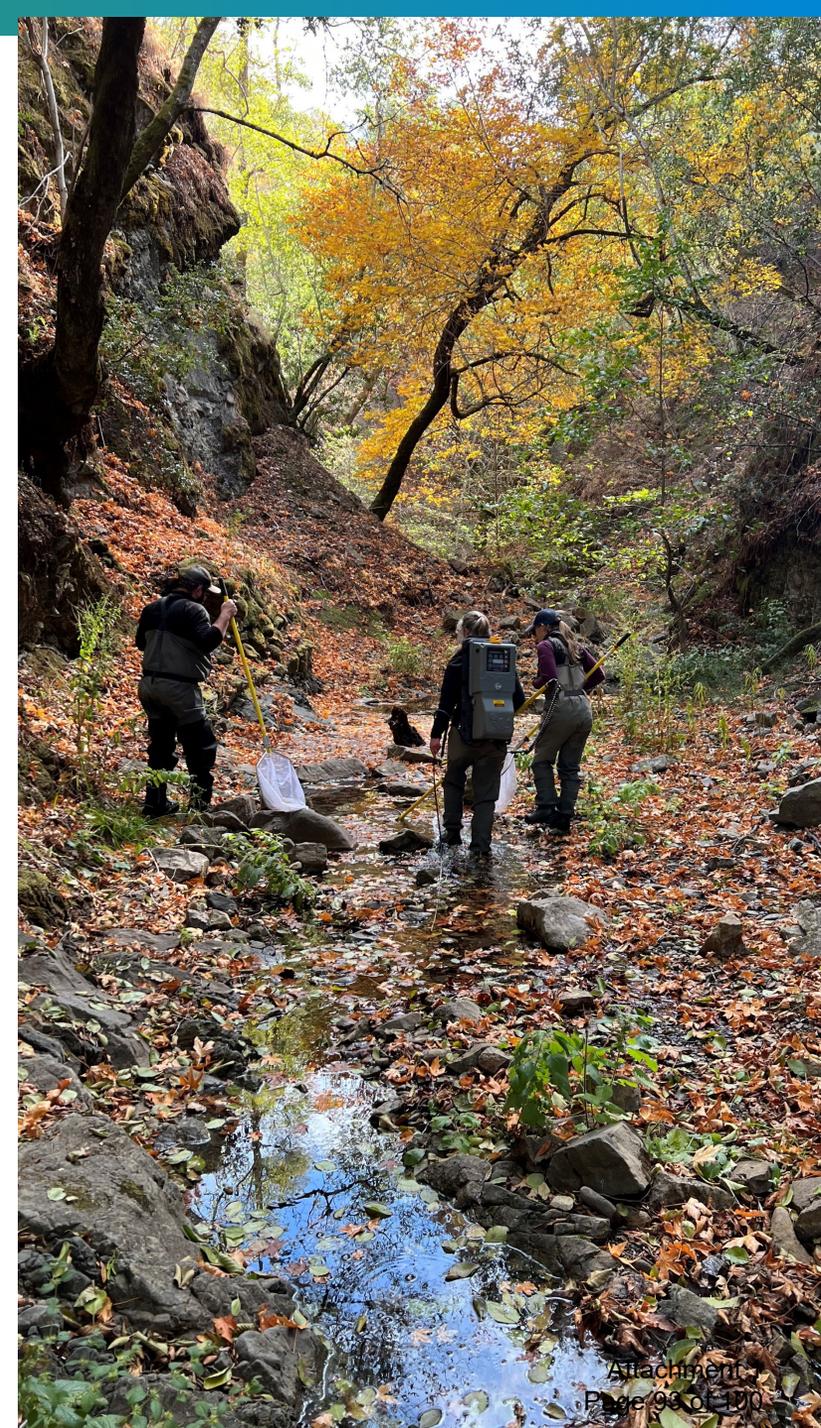
## Proposed Biennial Budget

Projects Managed within Watersheds Operations & Maintenance Division					
(\$ in millions)					
	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2025 Over/(Under) FY2024	FY2025 % Change	FY2026 Proposed Plan
Encampment Management Program	\$ -	\$ 11.5	\$ 11.5	N/A	\$ 8.6
Watershed Sediment Removal	\$ 7.4	\$ 7.0	\$ (0.5)	(6%)↓	\$ 7.5
Stream Maint Prog Mgmt	\$ 5.4	\$ 5.9	\$ 0.5	9%↑	\$ 6.2
Vegetation Mangmnt for Access	\$ 4.7	\$ 5.2	\$ 0.5	10%↑	\$ 5.5
Mgmt of Revegetation Projects	\$ 3.7	\$ 4.6	\$ 0.9	25%↑	\$ 4.9
Watershed Erosion Protection	\$ 3.5	\$ 3.7	\$ 0.2	5%↑	\$ 4.0
Stream Capacity Vegetation Con	\$ 3.5	\$ 3.7	\$ 0.1	4%↑	\$ 3.8
Water Resorcs EnvPlng & Permtg	\$ 2.5	\$ 3.1	\$ 0.5	21%↑	\$ 2.6
Wtrshd Facility Cndtion Assmnt	\$ 2.8	\$ 2.8	\$ 0.0	1%↑	\$ 3.0
Watershed General Field Maint	\$ 3.5	\$ 2.8	\$ (0.7)	(20%)↓	\$ 2.8
Other Projects	\$ 20.8	\$ 19.7	\$ (1.1)	(5%)↓	\$ 20.4
<b>Total</b>	<b>\$ 58.0</b>	<b>\$ 70.0</b>	<b>\$ 12.1</b>	<b>21%↑</b>	<b>\$ 69.3</b>

# FY 2024-25 Deliverables

## Stewardship & Planning Division:

- **Project Planning** – Complete Planning Study report for Ogier Ponds.
- **Long-term Planning** – Complete Upper Pajaro and Guadalupe Watershed Plans and Greenhouse Gas Reduction Plan.
- **CEQA** – Final EIR and regulatory permits for Anderson; release the Draft EIR for Coyote Creek Flood Protection Project.
- **Regulatory** – Obtain permits for Sunnyvale East and West Channels and Pond A4 Restoration; implementation of Upper Berryessa FRMP off-site mitigation.
- **Saratoga Creek Hazard Tree Removal & Restoration** – resolve remaining encroachments and land exchanges.



WATERSHEDS

# FY 2024-25 Deliverables

## Design & Construction Division:

### Complete Design

- Coyote Creek Flood Protection Project
- Sunnyvale East and West Channels

### Begin Construction

- Watershed Asset Rehabilitation Program: Coyote Creek Repair Projects
- Upper Llagas Creek Flood Protection Phase 2B

### Continue Construction

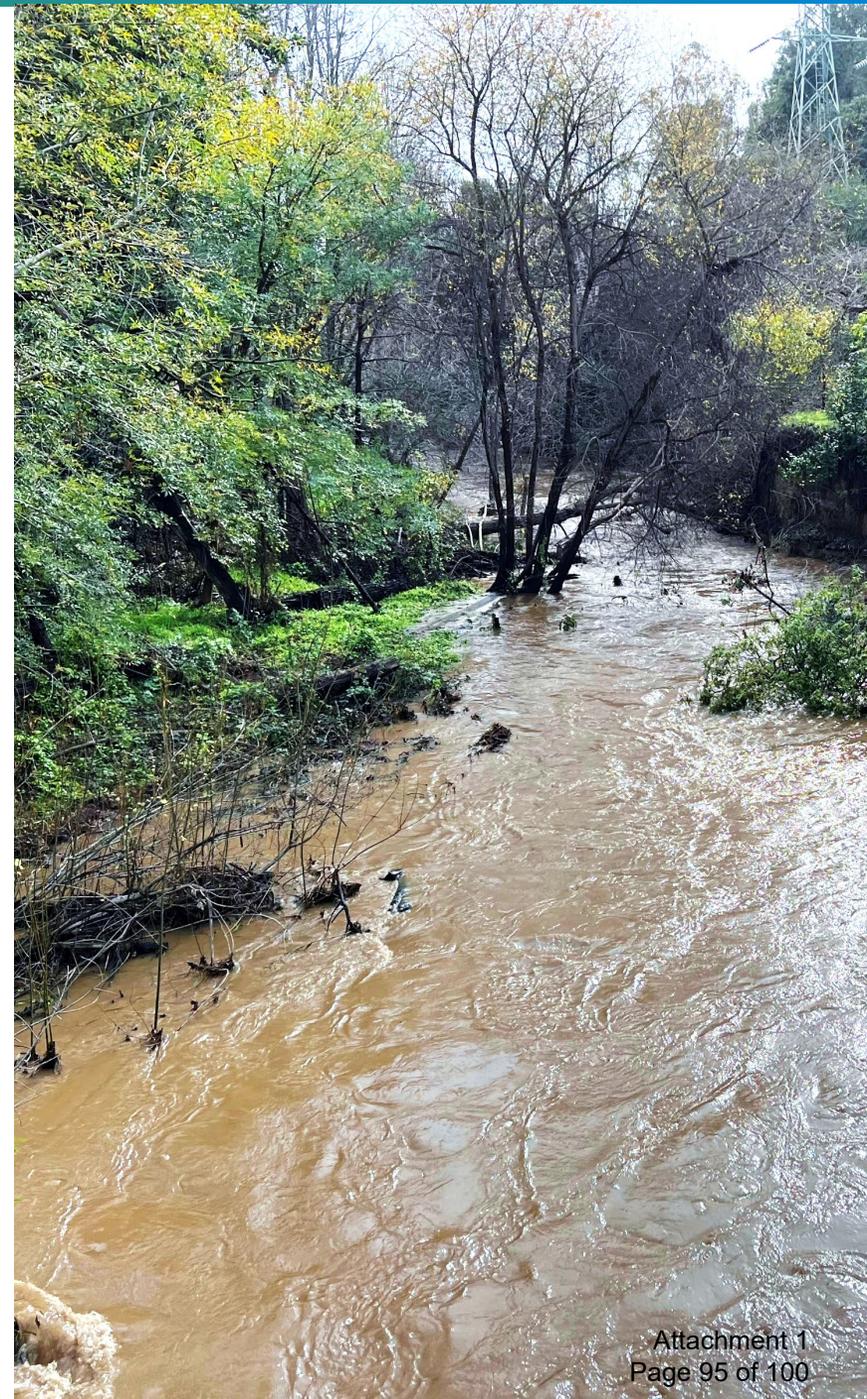
- Coyote Percolation Dam Replacement
- Coyote Creek Flood Management Measures
- South San Francisco Bay Shoreline protection Phase I, Reaches 1-3



# FY 2024-25 Deliverables

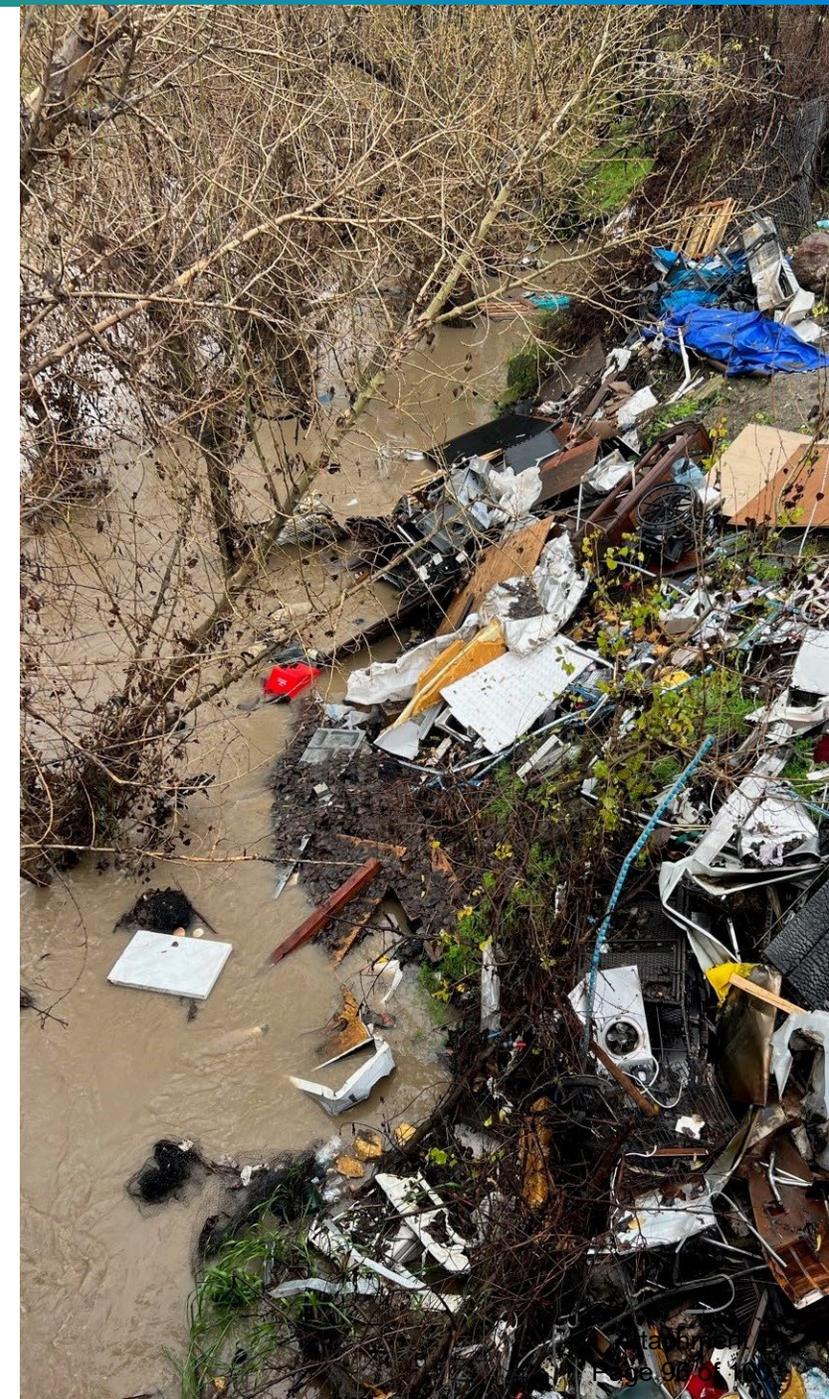
## Operations & Maintenance Division:

- **Encampments** – Collaborate with City of San José on its Storm Water permit requirements and Coyote Creek Flood Protection Project encampment relocation.
- **Stream Maintenance Program** – Repair and maintain various creeks, including: Saratoga Creek (Santa Clara), Ross Creek (Los Gatos), Piedmont Creek (San José).
- **SMP CEQA & Permits**– Draft SMP-3 Manual and Draft EIR (Fall 2024). Final SMP-3 Manual and Final EIR (Spring 2025).
- **Saratoga Creek Hazard Tree Removal & Restoration** – Complete restoration plantings.



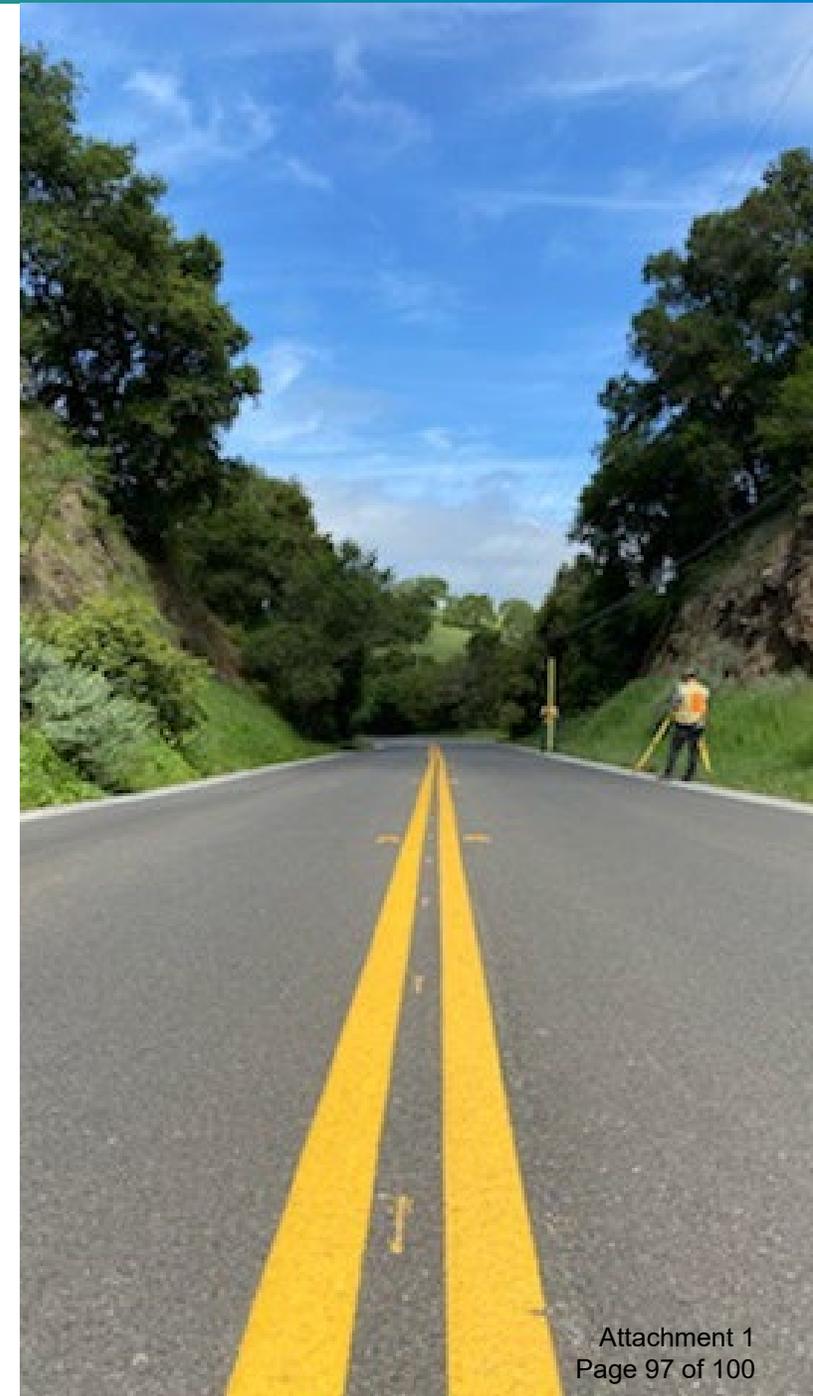
# FY 2024-25 Challenges

- Continued project cost increases due to inflation.
- Addressing encampments in coordination with regional partners.
- Managing waterways impacted by drought and severe storms.
- Performing fuel and weed abatement with increased fire season risks and work in heavily encamped areas.
- Increasing number of encroachments that affect Capital, O&M, and Stream Stewardship projects.



# FY 2025-26 Outlook

- Implementation of Shoreline Phase I Reaches 4-5.
- Continue construction on Upper Llagas Creek Flood Protection – Phase 2B.
- Start construction of Sunnyvale East and West Channels Flood Protection Project.
- Start Construction of Coyote Creek Flood Protection Project.
- Complete regulatory permits for ADSRP.
- Develop West Valley and Lower Peninsula Watershed Plans.



# Questions

# Presentation Summary

## 1 Budget Overview

Budget Development &  
Review Process

FY2024-25 Proposed Rolling  
Biennial Budget Review

Fund Reserves

Fund Financial Sustainability  
– Watersheds, Safe, Clean  
Water, Water Utility

Proposed Budget by Fund and  
Organization

## 2 Proposed Budget By Organization

Administration

Integrated Water  
Management

Water Utility

Watersheds

## 3 Next Steps

Board considerations for  
May 14, 2024

# Summary of Staff Recommendations

- Review and discuss the FY2024-25 Proposed Biennial Budget
- Receive comments from the public
- Direct staff to make any changes the Board deems necessary

## Next Steps

- Final FY2024-25 Proposed Biennial Budget scheduled for Board approval on May 14, 2024