



Santa Clara Valley Water District Board of Directors Meeting

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

***AMENDED/APPENDED CLOSED SESSION AND REGULAR MEETING AGENDA**

**Tuesday, January 13, 2026
11:00 AM**

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA
ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

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

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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**

***AMENDED/APPEDED
AGENDA**

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Join Zoom Meeting:

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IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

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

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see 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 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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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.

2. 11:00 AM - CLOSED SESSION:

Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

2.1. CLOSED SESSION [26-0055](#)
CONFERENCE WITH LEGAL COUNSEL, INITIATION OF LITIGATION
Pursuant to Government Code Section 54956.9(d)(4)
One potential case.

2.2. CLOSED SESSION [26-0056](#)
CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8
Setting Negotiation Parameters for Price and Terms of Payment for
Purchase, Sale, or Exchange of Property Interest in APNs: 472-33-007,
472-33-010
Agency Negotiators: Melanie Richardson, Rita Chan, Chris Hakes,
Bhavani Yerrapotu, Lisa Bankosh, Ken Anderssohn, Madhu Thummaluru
Negotiating Parties: San Jose Unified School District.

*2.3. CLOSED SESSION [26-0076](#)
CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Santa Clara Valley Water District v. 1354 E. Taylor Street LLC., et al
(Santa Clara County Superior Court, Case No. 23CV418411)

*2.4. CLOSED SESSION [26-0132](#)
PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b)

Title: Interim CEO

*2.5. CLOSED SESSION [26-0133](#)
PUBLIC EMPLOYEE DISCIPLINE
Pursuant to Government Code Section 54957(b)(1)

*2.6. CLOSED SESSION [26-0134](#)
CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION
Government Code Section 54956.9(d)(2)
Number of cases: Multiple

*2.7. District Counsel Report on Closed Session.
(*Previously listed as Item 2.3)

3. 1:00 PM - TIME CERTAIN:

3.1. Pledge of Allegiance/National Anthem.

3.2. Orders of the Day.
A. *Approximate Discussion Time (Board); and*
B. *Adjustments to the Order of Agenda Items.*

3.3. 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 any item not 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 to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board/Committee may take action on any item of business appearing on the posted agenda.

3.4. Recognition of Director Tony Estremera for his Service as the 2025 Chairperson of the Santa Clara Valley Water District Board of Directors.

3.5. Work Study Session on the Capital Improvement Program Preliminary Fiscal Year 2027-2031 Five-Year Plan and Preliminary Fiscal Year 2026-2027 Groundwater Production Charges. [25-0693](#)

Recommendation: A. Review the Capital Improvement Program (CIP) Evaluation Team's recommended funding scenarios for the CIP preliminary Fiscal Year 2027-2031 (FY 2027-31) Five-Year Plan and approve the recommendations and

- the inclusion of three projects in the CIP Draft FY 2027-31 Five-Year Plan; and
- B. Discuss and provide direction on the preliminary FY 2026 -27 (FY 27) Groundwater Production Charge analysis.

Manager: Luz Penilla, 408-630-2228
Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Project Plan Updates](#)
[Attachment 2: Baseline CIP Preliminary FY 2027-31 5-Year Plan](#)
[Attachment 3: Rec. CIP Preliminary FY 2027-31 5-Year Plan](#)
[Attachment 4: Resolution No. 99-21](#)
[Attachment 5: Resolution No. 12-10](#)
[Attachment 6: PowerPoint](#)

Est. Staff Time: 45 Minutes.

REGULAR AGENDA:

4. CONSENT CALENDAR: (4.1 - *4.5) (Est. Time: 5 Minutes)

Notice to the public: There is no separate discussion of individual consent calendar items. Recommended actions are voted on in one motion. If an item is approved on the consent vote, the specific action recommended by staff is adopted. Items listed in this section of the agenda are considered to be routine by the Board, or delegated to the Board Appointed Officers (BAOs) yet required by law or contract to be Board approved (EL-7.10). Any item may be removed for separate consideration at the request of a Board member. Whenever a resolution is on the consent calendar, a roll call vote will be taken on the entire calendar. Members of the public wishing to address the Board on any consent items 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 themselves to speak.

- 4.1. Adopt a Resolution Authorizing Conveyance of Real Property to Khawaja Shams and Zehra Khan at APN 175-14-024, Real Estate File No. 1010-96.1 and to Wayne Qi Zhang and Vicky Yun Xu, APN 175-14-025, Real Estate File No. 1010-96.2 (Los Altos, District 4). [25-1027](#)

Recommendation: A. Adopt the Resolution AUTHORIZING THE CONVEYANCE OF REAL PROPERTY TO KHAWAJA SHAMS AND ZEHRA KHAN AT APN 175-14-024, REAL ESTATE FILE NO. 1010-96.1 AND TO WAYNE QI ZHANG AND VICKY YUN XU AT APN 175-14-025, REAL ESTATE FILE NO. 1010-96.2 (LOS ALTOS, DISTRICT 4); and

B. Authorize the Interim Chief Executive Officer to execute and deliver the Quit Claim Easement Deeds, Real Estate File Nos. 1010-96.1; and 1010-96.2.

Manager: Lisa Bankosh, 408-630-2618

Attachments: [Attachment A: Gov. Code 84308](#)
[Attachment 1: Resolution](#)
[Attachment 2: Quitclaim Deed, 1010-96.1](#)
[Attachment 3: Quitclaim Deed, 1010-96.2](#)

- 4.2. Accept the Santa Clara Valley Water District Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Other Independent Auditors' Reports. [26-0049](#)

Recommendation: Accept the Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025, and other independent auditors' reports.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: FY 2024-25 ACFR](#)
[Attachment 2: Article XIII-B Appropriations Procedure](#)
[Attachment 3: Investment Policy Compliance](#)
[Attachment 4: Flood Control Master Resolution Compliance](#)

- 4.3. Set the Time and Place of a Public Hearing for the Santa Clara Valley Water District Board of Directors to Determine the Necessity for Directors to be Compensated for up to Fifteen Days per Calendar Month and to Consider Directors' Compensation for Calendar Year 2026. [26-0033](#)

Recommendation: A. Set the time and place for a Public Hearing at 1:00 p.m., on February 10, 2026, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California, for the Board of Directors to:

- i. Consider the evidence and determine if there is an operational need for Directors to be compensated for up to fifteen (15) days per calendar month; and
- ii. Consider Directors' compensation for the calendar year 2026, pursuant to Chapter 2, Division 10 of the California Water Code; and

B. Direct the Clerk of the Board to publish a Notice of Public Hearing in a newspaper of general circulation within Santa Clara County.

Manager: Candice Kwok-Smith, 408-630-3139

Attachments: [Attachment 1: Notice of Public Hearing](#)

- *4.4. Accept the CEO Bulletin for the Weeks of December 5, 2025, through January 8, 2026. [26-0060](#)

Recommendation: Accept the CEO Bulletin.

Manager: Melanie Richardson, 408-630-2017
Attachments: [*Attachment 1: 12182025 CEO Bulletin](#)
[*Attachment 2: 01082026 CEO Bulletin](#)

*4.5. Approval of Minutes. [25-1005](#)

Recommendation: Approve the minutes.

Manager: Candice Kwok-Smith, 408-630-3193
Attachments: [*Attachment 1: 11122025 Special CS and Regular Meeting Minute](#)
[*Attachment 2: 11252025 CS and Regular Meeting Minutes](#)
[*Attachment 3: 12092025 Regular Meeting Minutes](#)
[*Attachment 4: 12172025 Special CS Meeting Minutes](#)
[*Attachment 5: 12292025 Special CS Meeting Minutes](#)

5. BOARD OF DIRECTORS:

5.1. Adopt a Resolution Setting the Time and Place of Regular Meetings of the Santa Clara Valley Water District Board of Directors. [25-1016](#)

Recommendation:

- A. Consider the schedule for the regular meetings of the Board, currently held on the second and fourth Tuesday of each month, beginning at 1:00 p.m., or as designated by the Clerk of the Board to accommodate Closed Session subject matter;
- B. Discuss and identify, if necessary, 2026 Board meeting recess dates; and
- C. If a new regular Board meeting schedule is approved, adopt the Resolution SETTING THE TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AND RESCINDING RESOLUTION NO 2025-04.

Manager: Candice Kwok-Smith, 408-630-3139
Attachments: [Attachment 1: Resolution No. 2025-04](#)
[Attachment 2: Draft Resolution](#)

Est. Staff Time: 5 Minutes.

*5.2. Review the Board Committees and Approve the 2026 Board Committee Appointments. [26-0062](#)

Recommendation:

- A. Review and, if necessary, revise the purpose statements for each individual Board Committee;
- B. Establish or dissolve Board Committees as appropriate to meet current organizational and community needs;
- C. Review and approve the proposed 2026 Board Committee appointments submitted by the 2026 Board

Chair; and
D. Appoint new Board Committee representatives, as needed.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [*Supplemental Board Agenda Memorandum](#)
[*Supplemental Attachment 1: 2026 Board Committee Appointment](#)

Est. Staff Time: 5 Minutes.

*5.3. Board Committee Reports. [26-0059](#)

Attachments: [*Handout 5.3-A: 10202025 CIP, Summary](#)
[*Handout 5.3-B: 10202025 EWRC, Summary](#)
[*Handout 5.3-C: 10062025 AWAC, Summary](#)
[*Handout 5.3-D: 11182025 SPOC, Summary](#)
[*Handout 5.3-E: 11192025 BAC, Summary](#)
[*Handout 5.3-F: 11192025 YC, Summary](#)
[*Handout 5.3-G: 12082025 WSDMC, Summary](#)
[*Handout 5.3-H: 12102025 BPMC, Summary](#)

Est. Staff Time: 5 Minutes.

*5.4. Consider the December 15, 2025, Board Ethics and Conduct Ad Hoc Committee Recommendation to Take no Further Action on the Board Member Complaint Discussed at the October 14, 2025, Board Meeting and Consider the Matter Closed. [25-1080](#)

Recommendation: Consider the recommendations resulting from the December 15, 2025, Board Ethics and Conduct Ad Hoc Committee meeting to:

- A. Pursuant to GP-6.5.11, 6.5.12, 6.5.13, to take no further action on the Board member complaint discussed at the October 14, 2025, Board meeting; and
- B. Consider the matter closed.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [*Attachment 1: Executive Summary](#)
[*Attachment 2: GP-6](#)

Est. Staff Time: 5 Minutes.

- 6. **WATER UTILITY ENTERPRISE:**
- 7. **WATERSHEDS:**
- 8. **ASSISTANT CHIEF EXECUTIVE OFFICER:**
- 9. **EXTERNAL AFFAIRS:**

10. CHIEF EXECUTIVE OFFICER:

*10.1 CEO and Chiefs' Reports.

[26-0061](#)

Attachments: [*Handout 10.1-A: OGR, Summary](#)
[*Handout 10.1-B: OCE, Monthly Update](#)

Est. Staff Time: 5 Minutes.

11. ADMINISTRATION:

12. DISTRICT COUNSEL:

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

*13.1 Review the Fiscal Year 2026 Board Policy Planning Calendar.

[25-0912](#)

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

Manager: Candice Kwok-Smith, 408-630-3139

Attachments: [Attachment 1: FY26 Board Calendar](#)
[*Attachment 2: FY26 Board Calendar, Revised](#)

Est. Staff Time: 5 Minutes.

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

16. ADJOURN:

16.1 The Board will convene for the next Regular meeting at 1:00 p.m. on Tuesday, January, 27, 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.: 26-0055

Agenda Date: 1/13/2026
Item No.: 2.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL, INITIATION OF LITIGATION

Pursuant to Government Code Section 54956.9(d)(4)

One potential case.



Santa Clara Valley Water District

File No.: 26-0056

Agenda Date: 1/13/2026
Item No.: 2.2.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Setting Negotiation Parameters for Price and Terms of Payment for Purchase, Sale, or Exchange of Property Interest in APNs: 472-33-007, 472-33-010

Agency Negotiators: Melanie Richardson, Rita Chan, Chris Hakes, Bhavani Yerrapotu, Lisa Bankosh, Ken Anderssohn, Madhu Thummaluru

Negotiating Parties: San Jose Unified School District.



Santa Clara Valley Water District

File No.: 26-0076

Agenda Date: 1/13/2026
Item No.: *2.3.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Santa Clara Valley Water District v. 1354 E. Taylor Street LLC., et al
(Santa Clara County Superior Court, Case No. 23CV418411)



Santa Clara Valley Water District

File No.: 26-0132

Agenda Date: 1/13/2026
Item No.: *2.4.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:
CLOSED SESSION
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)
Title: Interim CEO



Santa Clara Valley Water District

File No.: 26-0133

Agenda Date: 1/13/2026
Item No.: *2.5.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:
CLOSED SESSION
PUBLIC EMPLOYEE DISCIPLINE
Pursuant to Government Code Section 54957(b)(1)



Santa Clara Valley Water District

File No.: 26-0134

Agenda Date: 1/13/2026
Item No.: *2.6.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION

Government Code Section 54956.9(d)(2)

Number of cases: Multiple



Santa Clara Valley Water District

File No.: 25-0693

Agenda Date: 1/13/2026

Item No.: 3.5.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Work Study Session on the Capital Improvement Program Preliminary Fiscal Year 2027-2031 Five-Year Plan and Preliminary Fiscal Year 2026-2027 Groundwater Production Charges.

RECOMMENDATION:

- A. Review the Capital Improvement Program (CIP) Evaluation Team's recommended funding scenarios for the CIP preliminary Fiscal Year 2027-2031 (FY 2027-31) Five-Year Plan and approve the recommendations and the inclusion of three projects in the CIP Draft FY 2027-31 Five-Year Plan; and
- B. Discuss and provide direction on the preliminary FY 2026-27 (FY 27) Groundwater Production Charge analysis.

SUMMARY:

Each year, the Capital Improvement Program (CIP) team prepares its rolling five-year plan, which is presented for Board consideration and approval. The CIP Five-Year Plan describes the Santa Clara Valley Water District (Valley Water) capital investments by type of improvement and provides information on planned capital projects and Valley Water's intended source(s) of funding.

The annual CIP development process, wherein capital project plans are updated to reflect changes to scope, schedule or planned expenditures (as detailed in Attachment 1), works in coordination with the biennial budget process, which allocates funding to these projects, and the groundwater production charge process, which establishes water rates.

This Work Study Session combines, for Board review: the Baseline CIP Preliminary FY 2027-31 Five-Year Plan (Attachment 2), which reflects all processed changes to scope, schedule or planned expenditures, and consists of a list of projects organized by type of improvement, with estimated costs and proposed funding sources; and the Preliminary FY 2026-27 Groundwater Production Charge Analysis.

Background

As part of the annual CIP process, capital project plans are updated to reflect all changes to scope, schedule, or planned expenditures from the Board Adopted CIP FY 2026-30 Five-Year Plan and referenced as Project Plan Updates (Attachment 1).

Based on the project plan updates presented in Attachment 1 and administrative changes to other projects due to inflation, the total CIP Five-Year Plan decreased by \$2.598B. The total project cost (TPC) increases or decreases (with inflation) from the Board Adopted CIP FY 2026-30 Five-Year Plan by fund are as follows: General Fund (Fund 11) decreased by \$2.78M; Watersheds Stream Stewardship Fund (Fund 12) decreased by \$132.64M; Safe, Clean Water and Natural Flood Protection Program Fund (Fund 26) increased by \$17.39M; Water Utility Enterprise Fund (Fund 61) decreased by \$2.476B; and Information Technology Fund (Fund 73) decreased by \$3.87M. These totals are the Baseline Preliminary Five-Year Plan totals, Attachment 2, and do not reflect any recommended or pending changes

Along with the review of the baseline CIP Preliminary FY 2027-31 Five-Year Plan, staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation. The groundwater production charge analysis includes a water demand projection, a discussion of key capital project funding, and several scenarios for Board consideration.

Capital Investments Not Included in the CIP

Valley Water contributions to water infrastructure capital investments led by external agencies are not included in the CIP Preliminary FY 2027-31 Five-Year Plan. While not included in the CIP, these investments are evaluated in the Water Supply Master Plan (WSMP) 2050 and budgeted and forecasted through operating projects. They are also included and reflected in the financial modeling that is analyzed during the development of the CIP Five-Year Plan. These investments include:

1. Sisk Dam Raise Project
2. Delta Conveyance Project
3. Sites Reservoir Project

Additionally, to ensure consistency with Valley Water's various planning efforts, CIP staff continues coordinating with water supply planning staff. The WSMP 2050 assumes that capital projects included in the Five-Year Plan, which repair/replace existing infrastructure, are a baseline for inclusion in their planning efforts.

Capital Project Prioritization - Funding Categories

In response to the challenges identified in executing Santa Clara Valley Water District's (Valley Water) Capital Improvement Program (CIP) and the feedback received from the Board during the August 29, 2025, workshop, staff have implemented a series of refinements to the CIP Prioritization Process. These enhancements aim to better align project prioritization with risk to public health and

safety, strategic goals, and financial feasibility, ensuring that limited funding is directed toward the most critical and impactful projects.

Funding Categories

To assist with decision-making and resource allocation, projects will continue to be organized into three funding categories that reflect their risk exposure and urgency:

Category 1 - High Risk Exposure

- Urgent repair or replacement needs
- Projects that are **regulatory/mandated** or driven by **public health and safety**
- Projects currently **under construction** or requiring immediate continuation

Category 2 - Moderate Risk Exposure

- **Critical repairs or replacements** needed to maintain service reliability
- Projects primarily addressing **public health and safety**, but without the immediacy of Category 1

Category 3 - Low Risk Exposure

- **New infrastructure** or **placeholder projects** that support long-term goals
- Projects that align with **strategic and master planning** priorities but are not urgent

These categories serve as initial funding filters, enabling the Board to focus resources on high-risk and mandated projects while maintaining visibility of longer-term investments in the capital program.

Valley Water's CIP Five-Year Plan includes projects that meet the criteria for all three Categories, all of which are critical to meet Valley Water's mission. In alignment with Ends Policies (goals and objectives for accomplishing Valley Water's Mission), the Board may approve the funding of projects in any category.

Initially Validated Unfunded Projects

Each year, Valley Water staff can submit new projects to be considered for inclusion in Valley Water's CIP. For each potential new project, staff develops a business case to compare capital, non-capital, and non-asset alternative solutions; evaluates the lifecycle costs of these solutions; and identifies a recommended solution that minimizes lifecycle cost while balancing service levels and risk.

Between October and November each year, these newly proposed, initially validated projects are presented to the CIP Committee and Board, along with a list of currently unfunded projects, which have been validated during prior years, for review and comment. CIP Committee and Board feedback is considered when preparing the recommended scenarios for developing the CIP Preliminary Five-Year Plan.

During this CIP Development Cycle, the Board will consider 11 unfunded projects: four initially validated and seven previously validated/currently unfunded projects.

Development of the CIP Preliminary Five-Year Plan

The CIP Evaluation Team (Chief Executive Officer (CEO), Assistant CEO, Chiefs and Deputies of the divisions initiating, delivering, implementing, and operating capital projects) meets in November of each year to consider the CIP Committee and Board feedback, review the financial models, and determine which, if any, initially validated or unfunded projects should be recommended for inclusion in the CIP. To ensure Valley Water’s high-priority business needs are met in adherence to Board policy, the CIP Evaluation Team reviews the projects based upon:

- Board Priorities
- Asset’s remaining lifespan
- Available funding/staff resources
- Urgency of investment

Based upon the outcome of its review, the CIP Evaluation Team recommends whether the newly proposed capital projects should be funded in the CIP Preliminary FY 2027-31 Five-Year Plan or remain on the unfunded list. During this CIP Development Cycle, the Board will consider 10 unfunded projects: three initially validated and seven previously validated/currently unfunded projects. Additionally, it has been determined that the Currently Unfunded Project List should be revised and expanded to align with Valley Water’s Watersheds Master Planning Process for next year’s CIP Cycle. Shown below in Table 1 are the CIP Evaluation Team’s recommendations regarding the Initially Validated and Unfunded Projects.

Table 1: CIP Evaluation Team Recommendations for FY 26 Initially Validated and Unfunded Projects

| Project Name | Estimated Total Project Cost (\$ thousands w/inflation) | Phase | Potential Funding Source | Type of Improvement/Infrastructure | Proposed Recommendations |
|--|---|--------------|--------------------------|------------------------------------|---|
| FY 2025-26 Initially Validated Projects | | | | | |
| Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility | \$2,448,896 | Planning | Fund 61 | WS - NEW Infrastructure | Move into funded CIP |
| Santa Teresa Water Treatment Plant (STWTP) Rehabilitation (Water Treatment Plant Master Plan Implementation) | \$242,668 | Design | Fund 61 | WS - Existing Infrastructure | Move into funded CIP |
| Aquatic Resource Creation at Ford Road Percolation Pond | \$6,366 | Planning | Funds 12/26/61 | WRS - Existing Infrastructure | Move into funded CIP |
| Current Unfunded Projects | | | | | |
| Llagas Creek - Lower, Capacity Restoration, Buena Vista Road to Pajaro River | \$98,831* | Planning | Fund 12 | FP - Existing Infrastructure | Re-validate following emergency repair work. |
| Permanente & Hale Creek Concrete Replacement | \$20,810 | Design | Fund 12 | FP - Existing Infrastructure | Remain on unfunded list (due to interim WARP work being done) |
| Calabazas/San Tomas Aquino Creek Marsh Connection - Construction (ONLY)** | \$34,562 | Construction | Fund 12 | WRS - Existing Infrastructure | Remain on unfunded list pending CCAP credit and funding |
| Pond A4 - Phase 2 (Construction ONLY)** | \$32,128 | Construction | Fund 12 | WRS - NEW Infrastructure | Remain on unfunded list pending grant funding |
| South Babb Flood Protection - Long-Term | \$22,070 | Planning | Fund 12 | FP - Existing Infrastructure | Remain on unfunded list |
| Almaden-Calero Canal Rehabilitation - Phase II | \$13,071 | Planning | Fund 61 | WS - Existing Infrastructure | Remain on unfunded list |
| Alamitos Operable Dam Replacement | \$13,889 | Planning | Fund 61 | WS - Existing Infrastructure | Remain on unfunded list |

Water Supply - WS

Water Resources Stewardship - WRS

Flood Protection - FP

* Llagas Capacity has prior year actuals = \$6,947, TPC = \$105,778

** Planning and Design phases of these projects are currently funded in the CIP five-Year Plan

Recommended Funding Scenarios for Consideration

The CIP Evaluation Team reviewed the fund models after inputting the project plan updates (Attachment 1), which were then utilized to prepare the Baseline CIP Preliminary FY 2027-31 Five-Year Plan. Based on the impact these changes had on the health of Funds 12, 26, and 61, and taking into consideration feedback received from the CIP Committee and the Board, the Team has prepared recommendations for each fund for January 13, 2026, Board work study review of the CIP Preliminary FY 2027-31 Five-Year Plan.

Fund 12 Recommended Scenario = Baseline, with the following modifications:

1. Include the Aquatic Resource Creation at Ford Rd Perc Pond ~ \$6.37M
2. Implement fund transfer from Fund 12 to Fund 26 in future years to balance the fiscal health of Fund 26 (transfer estimated to be ~\$110M over multi-year period)

Fund 26 Recommended Scenario = Baseline, with the following modifications:

1. Cancellation of up to ~\$48M in fund transfer from Fund 26 to Fund 61 for Project C1 - Anderson Dam Seismic Retrofit; and
2. Transfer of Project E5 - San Francisquito Creek Flood Protection from the CIP Five-Year Plan into an Operating Project for budgeting and long-term forecasting.

Fund 61 Recommended Scenario = Baseline, with the following modifications:

1. Include Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility ~\$2,448.90M
2. Include Santa Teresa Water Treatment Plant Infrastructure Rehabilitation (WTP Master Plan Implementation) ~\$242.67M
3. Cancellation of up to ~\$48M in fund transfer from Fund 26 to Fund 61 in Fiscal Years 2026-32 for Project C1 - ADSRP.

New Project Plan Updates/Project Plan Update Revisions to Funded Capital Projects

Since the Significant Project Plan Updates submittal deadline this October, new project plan updates have been processed. The changes below were not finalized in time for the December 15, 2025, CIP Committee Meeting, but they have since been incorporated into the Baseline Preliminary FY 2027-31 Five-Year Plan.

A list of the new project plan updates is provided below and incorporated into Attachment 1:

1. Upper Penitencia Ck, Coyote Ck-Dorel Dr, Corps (E4) (26324001)
2. Ogier Ponds Separation from Coyote Creek (D4.2) (26044003)
3. PWTP Residuals Management (93234044)
4. South County Recycled Water Pipeline 1B (91094009)

5. RWTP Reliability Improvement Project (93294057)

Additional Pending Project Plan Updates/Project Plan Update Revisions to Funded Capital Projects

Since the December 15, 2025, CIP Committee presentation, additional project plan updates have been identified. The pending changes have not been finalized or incorporated into the Baseline CIP Preliminary FY 2027-31 Five-Year Plan. The changes will be incorporated for the March 10, 2026, Board Meeting.

A list of the projects with pending changes is provided below:

1. Almaden Dam Improvements (91854001)
2. SCW Regnart Creek Rehabilitation (F8) (26044056)
3. SCADA Master Plan Implementation (95044002)
4. Coyote Creek Chillers (91864008)
5. Land Rights - South County Recycled Water Pipeline (91094001)
6. Almaden Valley Pipeline Replacement (92304001)

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 2026, as listed below:

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

Based on the recommended scenarios and the most recent project plan updates, the total CIP Five-Year Plan increased by \$100.28M. The total project cost (TPC) increases or decreases (with inflation) from the Board Adopted CIP FY 2026-30 Five-Year Plan by fund are as follows: General Fund (Fund 11) decreased by \$2.78M; Watersheds Stream Stewardship Fund (Fund 12) decreased by \$126.28M; Safe, Clean Water and Natural Flood Protection Program Fund (Fund 26) increased by \$17.39M; Water Utility Enterprise Fund (Fund 61) increased by \$215.81M; and Information Technology Fund (Fund 73) decreased by \$3.87M. These totals reflect the Recommended CIP Preliminary FY 2027-31 Five-Year Plan, Attachment 3, and do not reflect any recommended or pending changes.

Summary of Groundwater Production Charge Analysis

Staff has prepared the preliminary FY 2026-27 groundwater production charge analysis, which includes several scenarios for Board review. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge reflects the benefits of Valley Water activities in protecting and augmenting groundwater supplies and is applied to water extracted from the groundwater basins in Zones W-2, W-5, W-7, and W-8. Zone W-2 encompasses the Santa Clara groundwater subbasin north of Metcalf Road or the North County. Zone W-5 overlays the Llagas subbasin from northern Morgan Hill south to the Pajaro River. Zone W-7 overlays the Coyote Valley south of Metcalf Road to northern Morgan Hill, and W-8 encompasses the area below Uvas and Chesbro Reservoirs.

The groundwater production charge recommendation will be detailed in the 55th Annual Report on the Protection and Augmentation of Water Supplies that staff plan to provide to the Clerk of the Board on February 27, 2026. The Public Hearing on groundwater production charges is scheduled to open on April 14, 2026. It is anticipated that the Board will set the FY 2026-27 groundwater production charges by May 12, 2026, and they will take effect on July 1, 2026.

The FY 2026-27 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act requirements, and Board Resolutions 99-21 and 12-10 (Attachments 4 and 5).

Water Use Assumptions

The estimated actual District managed water use for FY 2024-25 is approximately 219,000 acre-feet (AF), which is about 3,000 AF lower than budgeted water use. Lower water use compared to last year's budget was likely due to several factors, including a lower rebound from the 2023 drought than anticipated, combined with milder weather (dry but slightly cooler than usual).

Consistent with last year's reduced long-term projections, the adopted budget FY 2025-26 water use is 219,000 AF. The water usage forecast for FY 2026-27 is 221,250 AF and may be modified as necessary during the upcoming rate-setting process.

The multi-year projection reflects modest annual growth in District-managed water use, returning to around 230,000 AF by FY 2031-32.

Groundwater Production Charge Projection Scenarios

Staff has prepared a preliminary baseline groundwater production charge projection scenario for Board review, consistent with the CIP Evaluation Team's recommendation to fund two new projects. Staff can model additional scenarios for the Board as needed.

For the preliminary baseline scenario, the increase in the North County Zone W-2 Municipal and Industrial (M&I) groundwater production charge is 9.1% for FY 2026-27. In South County, the increases in the M&I groundwater production charge projections are 6.4% for Zone W-5; 8.6% for Zone W-7; and 8.0% for Zone W-8.

The overall impact of the preliminary baseline scenario for FY 2026-27 on the average household using about 11 HFC monthly would result in an estimated increase of \$5.63 per month in North

County, \$1.01 per month in South County Zone W-5, \$1.82 per month in South County Zone W-7, and \$0.93 per month in South County Zone W-8.

Staff assumes the continuation of the Contract Treated Water Surcharge at \$115/AF to maintain alignment with retailers' costs to pump water from their wells.

Staff has prepared the following scenarios for Board consideration:

Scenario 1: Baseline

- Agricultural rates remain at 10% or less of the lowest groundwater charge zone Municipal & Industrial rate
- District-managed water use projection of around 221,500 acre-feet
- Projects in the draft FY 27-31 CIP 5-Year Plan, including:
 - Anderson Dam Seismic Retrofit with WIFIA loan
 - Rinconada Water Treatment Plant Reliability Improvement Project
 - Santa Teresa Water Treatment Plant Infrastructure Rehabilitation Project
 - Pure Water Silicon Valley (Phase 1 Demonstration Facility & Phase 2 Full-Scale Direct Potable Reuse (DPR) Facility) with WIFIA loan
 - Dam Safety Program: Almaden, Calero, Coyote & Guadalupe
- Water rates will fund 3.23% of Delta Conveyance Project planning costs, participation in the B.F. Sisk Dam Raise project at San Luis Reservoir, and 0.66% participation in the Sites Reservoir Project
- Master Plan Project placeholders: SCADA, Water Treatment Plants & Distribution System

Scenario 2: Baseline with expanded Sites participation.

Staff can model additional scenarios for the Board as needed.

Other Assumptions

All scenarios assume the continued practice of relying on the State Water Project (SWP) Tax to pay 100% of the SWP contractual obligations. Pursuant to Water Code Section 11652, Valley Water, whenever necessary, is required to levy on all property in its jurisdiction not exempt from taxation, a tax sufficient to provide for all payments under its SWP contract with the California Department of Water Resources (DWR). The baseline scenario assumes setting the SWP Tax for FY 2026-27 at \$28M. The SWP Tax for the average household in Santa Clara would be about \$42 per year.

All scenarios assume Water Utility operations cost of \$266.4M in FY 2026-27 versus the FY 2025-26 adopted budget of \$269.6M.

The preliminary analysis does not include unfunded capital projects or additional unfunded operations cost needs identified by staff.

Summary of Groundwater Production Charge Analysis Issues

Staff is seeking Board direction to be incorporated into the 55th annual Report on Protection and Augmentation of Water Supplies (PAWS) scheduled to be filed with the Clerk of the Board on February 27, 2026.

CIP Board Committee

The Board established a CIP Committee to review and discuss in greater detail the various processes and information used to prepare an annual update to the CIP Five-Year Plan. In 2025, the CIP Committee was comprised of Director Nai Hsueh (CIP Committee Chair), Director Tony Estremera (CIP Committee Vice Chair), and Director Jim Beall.

The CIP Committee met monthly in 2025 to review and discuss information related to capital projects, the development of the CIP, and to provide feedback to staff and recommendations to the full Board, as required.

CIP Committee Review of the CIP Preliminary FY 2027-31 Five-Year Plan

On December 15, 2025, the CIP Committee reviewed the baseline CIP Preliminary FY 2027-31 Five-Year Plan. The CIP Committee reviewed the CIP Evaluation Team's recommended funding scenarios to support the overall financial health of Funds 12, 26, and 61.

In reviewing the project plan updates (Attachment 1), the corresponding financial analysis, and the CIP Evaluation Team's recommendations for Funds 12, 26, and 61, the CIP Committee provided feedback but made no additional recommendations for the Board's consideration regarding the CIP Preliminary FY 2027-31 Five-Year Plan.

Review and Approval Process for the CIP FY 2027-31 Five-Year Plan

Receiving Board direction regarding the Recommended CIP Preliminary FY 2027-31 Five-Year Plan (Attachment 3) will allow staff to proceed with preparing the CIP Draft FY 2027-31 Five-Year Plan.

The CIP Draft FY 2027-31 Five-Year Plan is scheduled to be presented to the Board at its meeting on March 10, 2026. At that time, staff will recommend that the Board review and authorize the release of the CIP Draft FY 2027-31 Five-Year Plan for a 60-day public review period. After the public review and responses to comments are completed, a Resolution to Adopt the CIP Final FY 2027-31 Five-Year Plan will be presented to the Board in May 2025 for approval in conjunction with the FY 2026-27 biennial budget.

The proposed changes to the CIP are summarized by Fund and will be presented in the PowerPoint presentation (Attachment 6).

Additionally, to ensure consistency with Valley Water's various planning efforts, CIP staff continues to coordinate with staff leading the development of the Water Supply Master Plan 2050, Watershed Master Plans (formerly known as the One Water Plan), and Watersheds and Water Utility Asset Renewal Plans. These plans assume that capital projects included in the Five-Year Plan, which

repair/replace existing infrastructure, are baseline projects for inclusion in their planning efforts. If necessary, these plans will be updated to align with the CIP FY 2027-31 Five-Year Plan, as adopted by the Board.

Communications and Community Outreach

Informing members of the community about the CIP efforts, process and program details remains an integral part of Valley Water's communications and public engagement. Staff regularly invite community members to participate in the CIP public comment period, the CIP Public Hearings, and other milestone dates through frequent social media posts. Staff promotes monthly CIP committee meetings on Nextdoor, Facebook and Twitter (X) 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. A three-blog series to highlight projects within the CIP launched in January. These blogs will be posted on valleywaternews.org and shared in Valley Water's newsletter, Facebook, and Twitter (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. Staff support all Board-approved CIP efforts with year-round community engagement. CIP project outreach includes the distribution of information through mailings, social media updates, email blasts, Nextdoor notifications, hosting public meetings, and updating project webpages with details about current project progress. On average, staff post about CIP projects approximately five times per month, across all our platforms.

ENVIRONMENTAL JUSTICE IMPACT:

While individual capital projects may have environmental justice impacts and conduct outreach and engagement to impacted communities, which will be reported to the Board accordingly, the CIP Preliminary FY 2027-31 Five-Year Plan and the FY 2026-27 Groundwater Production Preliminary Analysis Work Study Session has no environmental justice impact.

The CIP Preliminary 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 Preliminary Five-Year Plan documents any changes to capital projects' planned funding and expenditures and is updated and brought to the Board of Directors for approval each year in January.

Each February, upon the Board's direction, the CIP Draft Five-Year Plan has a 60-day public review period. To ensure meaningful engagement of all Santa Clara County communities in the decision-making process, staff provides a copy of the CIP Draft Five-Year Plan to Santa Clara County, its cities, and land use agencies and 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 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:

While there is no direct financial impact associated with the recommended action to approve the CIP Preliminary FY 2027-31 Five-Year Plan, the CIP Five-Year Plan presents a funding plan that shows the intended source of funds for each project. Valley Water's FY 2026-27 proposed biennial budget will include the approved projects in the first year of the CIP FY 2027-31 Five-Year Plan.

Furthermore, this preliminary analysis of the groundwater production charges does not have any immediate financial impact, however, the adopted groundwater production charges will affect the future finances of the Water Utility Enterprise.

CEQA:

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

ATTACHMENTS:

- Attachment 1: Project Plan Updates
- Attachment 2: Baseline CIP Preliminary FY 2027-31 5-Year Plan
- Attachment 3: Rec. CIP Preliminary FY 2027-31 5-Year Plan
- Attachment 4: Resolution No. 99-21
- Attachment 5: Resolution No. 12-10
- Attachment 6: PowerPoint

UNCLASSIFIED MANAGER:

- Luz Penilla, 408-630-2228
- Darin Taylor, 408-630-3068

Summary of Capital Project Plan Updates from CIP Adopted Fiscal Year 2026-30 Five-Year Plan

Below is a detailed summary of all processed project plan updates with revised total Project cost (TPC) from the CIP Adopted Fiscal Year (FY) 2026-30 Five-Year Plan by type of improvement. All of the Project plan updates included in this attachment will be reflected in the baseline CIP Preliminary FY 2027-31 Five-Year Plan. Updates labeled as **(New)** indicate changes that were made after the CIP Preliminary FY 2027-31 Five-Year Plan was presented to the CIP Committee.

WATER SUPPLY – STORAGE

01. 91084019 Dam Seismic Stability Evaluation

COST ONLY – Inflated TPC decreased by \$203K

The uninflated Project cost has increased due to the addition of Valley Water labor resources allocated for planning in FY27 and FY28 to support continued evaluations of Chesbro Dam. However, the overall inflated Project cost decreased following the application of updated inflation factors. The revised inflated TPC is \$29.76 million.

02. 91084020 Calero and Guadalupe Dams Seismic Retrofits – Planning

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by \$4.62M

Due to significant project and design changes, Agreement No. A3675A with GEI Consultants, Inc. required additional scope to complete an Environmental Impact Report (EIR) and updated technical studies for the Calero Dam Seismic Retrofit Project and Guadalupe Seismic Retrofit Project, in compliance with the California Environmental Quality Act (CEQA). In addition, the original agreement did not include scope for the National Environmental Policy Act (NEPA) documentation preparation and compliance, which is necessary to complete for each project prior to construction. The overall Project schedule remains the same, but the end date for the planning phase has been updated to the end of FY16. This change is to reflect the fiscal year in which the planning-to-design transition reports were completed - the Calero Guadalupe Dam Seismic Retrofit Project (November 2015) and the Guadalupe Dam Seismic Retrofit Project (March 2016). The uninflated Project cost has increased as a result of Amendment No. 6 to Agreement No. A3675A with GEI Consultants, Inc., to continue providing support for environmental planning and regulatory permitting and compliance for both the Calero Dam Seismic Retrofit Project and Guadalupe Dam Seismic Retrofit Project through June 30, 2028. The revised inflated TPC is \$18.38 million.

03. 91864005 Anderson Dam Seismic Retrofit (C1)

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by \$56.45M

The overall Project schedule remains the same, but the proposed end date for design has been extended to account for the final application fee payment to the California Department of Water Resources, Division of Safety of Dams (DSOD), for the repair of Anderson Dam. The end date for the right-of-way phase has also been extended to the end of FY28 and reflects acquisitions (easements and fee title) that are needed by year two of construction. The uninflated Project cost has increased by \$113.90 million, driven by a \$115.68 million rise in the construction phase, partially offset by a \$1.78 million reduction in the pre-construction phases. The expenditure changes reflect the total not-to-exceed amount (\$180 million) for the construction management services agreement approved by the Valley Water Board of Directors in August 2025, which increased the plan by \$88 million. This increase was a result of extensive discussions and negotiations on the construction management scope of services and associated costs. Other estimated cost changes include a \$23 million increase in the anticipated consultant services agreement for engineering support during construction; the addition of nearly \$9.5 million for Valley Water labor resources needed to support the Project through construction completion; an increase of \$1.95 million for a new consultant services agreement for an owner-controlled insurance program; an increase of \$400 thousand in utility-related costs; and a reallocation of approximately \$7.3 million among construction phase tasks. The revised inflated TPC is \$2.03 billion.

04. 91864006 Anderson Dam Tunnel Project

SCHEDULE AND COST – Overall schedule reduced by 9 months/Inflated TPC increased by \$12.26M

The overall Project schedule is reduced by 9 months. Valley Water issued Contract Document Clarifications (CDC) 048.1, 050, 057, and 061 to address design changes in the concrete final tunnel lining design, which encompasses procurement and installation of rebar for the articulated joints and continuous lining, fabrication and installation of all required formwork, concrete work for encasement of the articulated joints and continuous lining, curing and removal of formwork, and finishing the concrete surface. The uninflated Project cost and Expenditure Plan have been revised to incorporate schedule adjustments, updated Valley Water labor estimates necessary to support construction completion and Project close-out, and an amendment to the consultant agreement for construction management services approved by the Valley Water Board of Directors on June 25, 2025. The revised inflated TPC is \$307.51 million.

05. 91864007 Coyote Creek Flood Management Measure

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by \$6.08M

The overall Project schedule remains unchanged; however, the Right-of-Way phase has been extended, with an anticipated completion date of June 2025. Final settlement amounts on a few remaining easements are currently being negotiated as part of eminent domain actions, and additional real estate expenses have been included in FY25 to account for the anticipated settlements. The actual settlement values for these easements are not yet known, as discussions among external counsel, real estate appraisers, and attorneys/courts are ongoing, but a conservative estimate has been incorporated into the current budget request. Construction expenditures for FY25 have been reduced because the contractor's bid came in lower than anticipated, and construction is now substantially complete, allowing Valley Water to reduce these expenses for the Project. The revised inflated TPC is \$95.36 million.

06. 91864008 Coyote Creek Chillers

SCHEDULE AND COST – Overall schedule extended by 5 months/Inflated TPC increased by \$965K

The overall Project schedule has been extended to March 2026 due to ongoing construction delays. Contributing factors include prolonged design coordination and RFI resolution, extended procurement lead times for critical equipment, field rework required to address unforeseen site conditions, and restricted work windows caused by plant operations. These factors have shifted the critical path and necessitated additional time for final testing and commissioning. Project expenditures have increased because of the extended construction timeline. The primary contributors are additional labor and equipment expenses, prolonged construction management support, and higher material prices resulting from delayed procurement and schedule setbacks. The revised inflated TPC is \$29.77 million.

07. 91864009 Coyote Percolation Dam Replacement

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC remains the same

The overall Project schedule has been extended by one year due to delays in PG&E's installation of power improvements. There is no change to the uninflated Project cost, only reallocation of expenditures to match the schedule. The revised inflated TPC remains at \$17.74 million.

08. 91874004 Calero Dam Seismic Retrofit - Design & Construction

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by \$4.05M

The overall Project schedule remains unchanged; however, the Right-of-Way (ROW) completion date has been extended to June 2032 to align with the updated design phase timeline. Procurement for Construction Package B will begin in FY32 and will be integrated into ongoing design phase activities. The most significant increases in Project costs result from a reassessment of environmental labor expenses, using data from comparable projects to refine cost estimates. In addition, costs associated with environmental engagement and monitoring during the construction phase of Package A have now been incorporated. Updated estimates have also led to adjustments in construction supervision and Computer-Aided Design and Drafting (CADD) Unit costs to ensure the budget accurately reflects current market conditions and project requirements. Projected ROW phase costs may increase further as negotiations and cost discussions with affected entities are finalized. The revised inflated TPC is \$158.38 million.

09. 91884003 Coyote Dam Seismic Stability

COST ONLY – Inflated TPC decreased by \$6.35M

The expenditures have been updated to reflect adjustments in Valley Water labor resources for FY26 through FY28, as well as a revised timeline for Board approval of the planning consultant agreement, which has shifted from late FY26 to early FY27. The revised inflated TPC is \$400.13 million.

10. 91894002 Guadalupe Dam Seismic Retrofit - Design & Construct

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by \$5.36M

The overall Project schedule remains unchanged; however, the completion date for Right-of-Way (ROW) acquisition has been extended to June 2032 to align with the projected completion of the design phase. The start of construction has been rescheduled to April 1, 2029, reflecting the updated project timeline. Approximately \$3.9 million in cost increases have resulted from a reassessment of environmental labor costs, informed by data from comparable projects, and additional costs for environmental engagement and monitoring have been incorporated for Construction Package A. Another \$4.8 million in cost increases is attributed to changes in the project delivery strategy, specifically related to alternatives analysis for maintaining downstream creek flows during construction. The Guadalupe Dam retrofit will now proceed through two separate construction packages: Package A, which includes the embankment,

spillway, and rehabilitation of the existing outlet pipe riser; and Package B, which covers construction of the new outlet works. This revised strategy has resulted in higher design costs. An additional cost increase of approximately \$1.3 million is due to reassessed Valley Water supervision requirements for the construction contract, ensuring appropriate oversight and management throughout project execution. Projected costs for the ROW phase may increase further as negotiations and discussions with affected entities are finalized. The revised inflated TPC is \$146.07 million.

11. 91954002 Pacheco Reservoir Expansion Project

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 10 years and 6 months/Inflated TPC decreased by \$2.59B

On August 26, 2025, Valley Water's Board of Directors voted to suspend development of the Pacheco Reservoir Expansion Project. Consequently, design work has been halted, and Valley Water staff and consultants are proceeding with project closeout. As a result, the expenditure plan has been updated to remove dollars in FY27 through FY37. A reduction to FY26 expenditure is anticipated and will be reflected in a forthcoming Change Management Memo following FY26 year-end close. The revised inflated TPC is \$146.04 million.

WATER SUPPLY – TRANSMISSION FACILITIES:

12. 95084005 Penitencia Delivery Main and Force Main Inspection & Rehabilitation

SCOPE AND COST – Inflated TPC increased by \$1.74M

During the Project's condition assessment with Operations and Maintenance between preliminary and 60% design, additional scope was identified and added to the Project to replace equipment at the end of useful life. The additional scope identified includes: 1) Replacement of a 48-inch Penitencia Force Main (PFM) Line Valve at Piedmont Valve Yard (PVY). This is an essential boundary valve between the PFM and Department of Water Resources' (DWR) South Bay Aqueduct (SBA). Because SBA via the PVY will be our only source of raw water during the upcoming planned back-to-back 6-months shutdown of the San Luis system for the AVP Replacement Project, maintenance and replacement of the proposed valve and appurtenances at the PVY and PFM in advance is essential. 2) Replacement of a 42-inch Penitencia Delivery Main (PDM) Line Valve at the PVY. This is an essential boundary valve between PDM and the Milpitas Pipeline. Replacement of the proposed valve will allow Milpitas Pipeline I&R Project to do planned future rehabilitation work without having to shutdown Penitencia Water Treatment Plant and eliminate impacts to water retailers upstream. The overall uninflated Project cost is being increased by \$1.8 million to account for an updated

engineer's estimate, which includes the additional scope identified during the Design phase and anticipated higher contractor overhead costs associated with the Project's procurement strategy. The Project's material procurement strategy involves awarding the project earlier to provide time for the contractor to obtain construction materials. This procurement strategy extends the construction duration, requiring additional contractor time to support the construction contract. The revised inflated TPC is \$6.99 million.

13. 95084006 Santa Teresa Force Main Inspection & Rehabilitation

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by \$6.98M

During the Project's condition assessment with Operations and Maintenance, between the preliminary and 60% design phases, additional scope was identified and incorporated to replace equipment nearing the end of its useful life. This added scope includes developing and implementing a fire protection plan during the plant shutdown, installing cathodic protection, replacing the 72-inch Santa Teresa Force Main Line Valve and associated appurtenances, completing appurtenance work at the Santa Teresa Water Treatment Plant (STWTP) Inlet and Pressure Reducing Vault, installing a new 24-inch static mixer at the Thompson Creek Line Valve to support pipeline disinfection, providing equipment for periodic disinfection and flushing of the Snell Pipeline and STWTP during the shutdown, and performing pipeline inspection, rescue crew, and supplemental repair services. The overall Project schedule remains unchanged; however, the design phase has been extended to accommodate the added scope, while the construction contract duration has been reduced to address staff resource constraints and updated material lead times. The uninflated Project cost increased by \$6.70 million, reflecting a \$151,000 increase in design costs for the additional scope identified during the condition assessments and a \$6.54 million increase in construction costs based on the updated engineer's estimate, which accounts for the expanded scope and higher contractor overhead costs anticipated under the project's material procurement strategy. Awarding the contract earlier will allow sufficient time for material procurement, though this approach extends the overall construction duration and requires additional contractor support. The revised inflated TPC is \$10.40 million.

14. 95084004 East Pipeline Inspection & Rehabilitation

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 1 year and 10.5 months/Inflated TPC decreased by \$1.94M (inflation only)

The Project scope is being consolidated into a single construction contract scheduled for FY26 and FY27, and the Project schedule has been revised accordingly to reflect this updated scope of work. While planned expenditures have been adjusted to align

with the revised scope and schedule, there is no change to the uninflated Project cost. The revised inflated TPC remains at \$14.45 million.

15. 91854003 Almaden Calero Canal Rehabilitation

SCHEDULE AND COST – Overall schedule extended by 6 months/Inflated TPC increased by \$2.81M

The overall Project schedule has been extended to ensure consistency with the approved Design Phase Work Plan and revised timeline. The uninflated cost for the Almaden-Calero Canal Rehabilitation Project has increased by \$3.47 million, from \$22.60 million to \$26.07 million. This increase reflects updated preliminary design estimates that account for higher construction costs, required environmental mitigation fees, and additional engineering services during construction. The expected construction cost has increased by approximately \$2.5 million, from \$13.31 million to \$15.81 million. Environmental mitigation costs are estimated at about \$800,000, with an additional \$169,000 required for engineering design support during construction. The revised inflated TPC is \$27.10 million.

16. 92264001 Vasona Pump Station Upgrade

SCHEDULE AND COST – Overall schedule extended by 4 years and 11 months/Inflated TPC increased by \$3.39M (inflation only)

Project schedule adjustments are being implemented to address staff resource constraints and the reassignment of the project from Unit 376 to Unit 385. In addition, outages for the Almaden Valley Pipeline and Central Pipeline are required to complete valve replacements that will enable downstream pump station upgrades. As such, the Project schedule is being aligned with the Pipeline Maintenance Program's long-term planned shutdowns for the Almaden Valley and Central Pipelines, which are tentatively scheduled for FY32 and FY33, respectively. There are no changes to the uninflated Project cost; however, planned Project expenditures have been adjusted to reflect the revised schedule. The revised inflated TPC is \$38.59 million.

17. 92304001 Almaden Valley Pipeline Replacement Project

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by \$36.15 M

The uninflated Project cost has increased by \$34.32 million, from \$80.92 million to \$115.24 million. Construction expenditures for both Phase 1 and Phase 2 account for most of this increase, rising by \$32.34 million—from \$61.46 million to \$93.80 million—based on updated engineer's estimates developed during the final design of Phase 1. These revisions reflect changes to the tasks required to meet Project objectives, as well as new information identified during design related to quality control requirements,

specialized construction methods, and scheduling constraints, all of which contributed to the higher Project cost. Additionally, this 21-year Project plan, initiated in FY20 and extending through FY41, exceeds the 15-year Capital Improvement Program (CIP) planning window. With each rollover period, the CIP incorporates the upcoming fiscal year and associated planned expenditures from the original Project plan. Accordingly, this update adds FY41 to the 15-year projection window, resulting in an additional \$1.98M to the Project cost. The revised inflated TPC is \$139.71 million.

18. 95044001 Distribution Systems Master Plan Implementation Project

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by \$10K (inflation only)

The overall Project schedule remains the same, but the Planning Phase is extended to include project management tasks and aligns the Planning Phase to the Environmental Phase. There is no change to the uninflated Project cost. The FY26 expenditures were slightly reduced to better reflect historic burn rates. Some expenditures were also moved from Environmental to Planning to accurately capture project management tasks. The revised inflated TPC is \$9.31 million.

19. 95044002 SCADA Master Plan Implementation Project

COST ONLY – Inflated TPC increased by \$21K (inflation only)

Project expenditures were adjusted to accommodate a lengthier-than-planned platform selection process and its impact on subsequent tasks. Environmental planning efforts were also reduced, as recommended by Valley Water's Environmental Planning Support team. The revised inflated TPC is \$6.50 million.

20. 95044004 SMPIP Upgrades - Phase 1

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by \$997K (inflation only)

This Project was established to provide the resources needed to perform the SCADA communications and control center improvements recommended in the SCADA Master Plan Implementation Project's (95044002) early implementation project planning work. Through that planning work, additional priority SCADA control system improvements have been identified and are being further developed for transition into design and construction as part of this project. The overall Project schedule has been extended by 1 year, in order to align with the progress of the SCADA Master Plan Implementation Project (95044002). The uninflated Project cost remains the same, but expenditures have been adjusted to match the Project schedule. The revised inflated TPC is \$9.42 million.

WATER SUPPLY – TREATMENT FACILITIES

21. 93234044 PWTP Residuals Management (NEW)

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by \$36.27M

The change to project scope includes adding measures to integrate this project with the on-site solar field. The change to the project schedule is to correct the environmental phase end date to align with the completion of the CEQA document. Additionally, the Design phase has been extended to account for the additional time needed to finalize our letter of agreement with GL Renewables LLC, Valley Water's solar energy vendor. Lastly, the construction phase was reduced by 1 year, from 5 years to 4 years. The overall Project Schedule remains the same ending May 31, 2030. The uninflated Total Project Cost has increased by \$40.1 million from \$90 million to \$130.1 million. This includes a \$39 million increase to construction phase costs and a \$1 million increase to design phase costs. The primary drivers of the cost increase are; a revised engineer's estimate for 100% Design and actual cost of Contractor's Bid for construction, a 15% construction contingency (\$13.6M), additional engineering services needed to support the integration of this project with the on-site solar field and Letter of Agreement with GL Renewables, LLC, rising costs for raw materials (plastics, metals) and construction labor due to market conditions, supply chain issues, and tariffs. The revised inflated TPC is \$131.63 million.

22. 93044001 WTP Master Plan Implementation Project

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 5 years and 6 months/Inflated TPC increased by \$7.80M

The Project scope originally focused on the development of the Water Treatment Plant Master Plan and Implementation Plan, but also included optional provisions to extend the selected consultant for program management services to support the transition from the planning phase to implementation of the master plan's recommended capital projects. This change in scope is the result of the positive election of optional program management services. The expected completion date for the Water Treatment Plant Master Plan and Implementation Plan has been extended to December 2026. The project team is working with the consultant to amend the agreement to include program management services for a period of 5 years, extending to the end of FY31. These services are necessary to ensure a smooth transition from planning into the Capital Improvement Program for the delivery of capital projects identified in the first ten-year window of the Implementation Plan. Due to the extension of the overall Project schedule by five years to FY31 and the positive election of program management services from

the consultant to support the Water Treatment Plant Maintenance Program, the project will require additional funds to support Valley Water labor and consultant costs. Estimated costs per fiscal year are \$1.4 million (Valley Water labor - \$400 thousand plus consultant fees - \$1 million). The revised inflated TPC is \$17.05 million.

23. 93084004 Water Treatment Plant Electrical Improvement

SCHEDULE AND COST – Overall schedule extended by 1 year and 1 month/Inflated TPC increased by \$140K (inflation only)

The overall Project schedule is extended by 1 year and 1 month due to the Project being put on hold at the end of March 2024 because of unanticipated reduced staffing resources, resulting in delays in design, construction, and close-out. There is no change in the uninflated Project cost, only the reallocation of expenditures to align with the updated schedule. The revised inflated TPC is \$19.52 million.

24. 93295057 RWTP Reliability Improvement (NEW)

COST ONLY – Inflated TPC decreased by \$1.89M (inflation only)

The adjustment in annual spending allocations across fiscal years is to revert to the previously approved planned expenditures, as a recent forecast determined that no additional funds are needed for FY26. The revised inflated TPC is \$718.80 million.

25. 93294059 RWTP Ammonia Storage & Metering Facility Upgrade

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by \$55K (Inflation only)

The overall Project schedule is extended by 1 year due to the request from Operations to switch chemical type from Aqua Ammonia to Liquid Ammonia Sulfate (LAS). Additionally, the construction start date needs to align with the scheduled completion of RWTP Reliability Improvement Project. The uninflated Project cost remains the same, but expenditures have been reallocated to match the schedule. The revised inflated TPC is \$6.83 million.

WATER SUPPLY – RECYCLED WATER FACILITIES:

26. 91094009 South County Recycled Water Pipeline - Short-Term Implementation Phase 1B (NEW)

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by \$2.96M

In 2021, Project's Phases 1B/2A/1C/2B were bid and awarded under the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project (Contract No. C0668).

Phase 1C was unable to proceed under Contract No. C0668 because easements were not secured in sufficient time. During FY26, there were design efforts to repackage, bid and award the Phase 1C scope of work under the South County Recycled Water Pipeline Phase 1C Project (Contract No. C0723). On September 23, 2025, Valley Water's Board awarded Contract No. C0723 for construction, with construction activities expected to occur through May 2026. As this is a separate contract, there will be additional efforts to close-out the project. The Design phase has been extended to align with the expanded scope of work, but the overall Project schedule remains the same. The uninflated Total Project Cost is being increased by \$2.96 million to account for the following. 1. Design costs are being increased by \$150 thousand to account for staff time to repackage, bid and award the Phase 1C scope of work under Construction Contract C0723. 2. Construction costs are being increased by \$2.68 million to reflect construction bids received for construction contract C0723 – South County Recycled Water Pipeline Phase 1C and staff time to support the construction contract 3. Close-out costs are being increased by \$129 thousand to reflect that there will be close-out activities for both Contract C0668 – South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B and C0723 – South County Recycled Water Pipeline Phase 1C. The revised inflated TPC is \$45.81 million.

27. 91094010 South County Recycled Water Pipeline - Short-Term Implementation Phase 2

COST ONLY – Inflated TPC increased by \$392K

Project expenditures increased due to higher construction material costs. The Project operates under a cost-share agreement with the City of Gilroy and is dependent on their timeline for completion. The revised inflated TPC is \$9.01 million.

FLOOD PROTECTION – LOWER PENINSULA WATERSHED:

28. 10394001 Palo Alto Flood Basin Tide Gate Structure Replacement

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 2 years and 9 months/Inflated TPC increased by \$1.87M

At the request of Watersheds O&M staff, the Project scope was revised to include the removal and replacement of six flap gates. The change in scope extends the construction completion, which will include a monitoring period, resulting in an extension of the overall Project schedule by two years and nine months. The increase in Project expenditures are due to the change in scope, resulting in additional labor costs, required consultant services and a monitoring period. As a result, labor costs associated with design increased to evaluate and integrate design modifications and labor costs associated with construction increased to manage the construction work to remove and

replace the six flap gates, as well as a monitoring period. Additionally, Biological consultant services are a requirement by the City of Palo Alto under its Park Improvement Ordinance permit. To cover the cost impacts of the scope change for FY25 and FY26, budget adjustments were approved by the Board in August 2025 (Item# 25-0568). The revised inflated TPC is \$13.15 million.

29. 26284002 San Francisquito Creek - San Francisco Bay to Searsville Dam (E5)

COST ONLY – Inflated TPC decreased by \$2.41M (inflation only)

The overall uninflated Project cost remains the same. Expenditures were reallocated to account for Newell Road construction cost sharing that will occur in FY27. The revised inflated TPC is \$107.14 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – WEST VALLEY WATERSHED:

30. 26074002 Sunnyvale East and West Channels

SCHEDULE AND COST – Overall schedule extended by 3 years/Inflated TPC increased by \$70.49M

The design and environmental schedule have been extended to support regulatory permit applications and negotiations and the Right-of-Way schedule has been extended to support temporary construction access. Consequently, the construction schedule has been delayed. The overall Project schedule is being updated to reflect the three-year native vegetation establishment period (FY30-FY32), that occurs after construction of the flood protection improvements, extending the overall Project schedule by 3 years. An updated cost estimate was developed, resulting in an increase to the uninflated Project cost. The previous construction estimate was performed in 2018 and did not account for the significant cost escalation experienced in public works projects since that time. The updated estimate includes additional design costs necessary to finalize the Project design and additional Construction Management services required to manage the Project. The revised inflated TPC is \$160.93 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be

assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – GUADALUPE WATERSHED:

31. 30154019 Lower Guadalupe River Capacity Restoration Project

SCOPE, SCHEDULE AND COST – Overall schedule reduced by 3 years and 6 months/Inflated TPC decreased by \$76.11M

The Project scope has been significantly reduced to address organizational funding constraints. Instead of the previously planned structural improvements to restore 100-year channel capacity, the Project will now focus on a two-phased vegetation removal effort to address capacity deficiencies. The Project schedule has been updated accordingly to align with this revised approach. Phase 1 design, environmental review, and construction are scheduled for completion by December 2027, while Phase 2 design and environmental work are planned for completion by June 2028, with Phase 2 construction to be completed by December 2029. Overall, the Project schedule has been shortened by 3.5 years. To align with the reduced scope, the uninflated Project cost has been adjusted to reflect the updated plan. The revised inflated TPC is \$34.29 million.

32. 26154003 Guadalupe Rv–Upper, SPRR-Blossom Hill (R7-12)

SCHEDULE AND COST – Overall schedule extended by 5 years and 9 months/Inflated TPC increased by \$4.33M (inflation only)

The Project schedule has been updated to match the schedule provided by U.S. Army Corps of Engineers (USACE). The USACE has requested an extension to complete their general reevaluation report (GRR) in September 2032 and is awaiting approval from USACE headquarters. Design, Right-Of-Way, Environmental, Construction, and Close-out phases have also been pushed out accordingly, and associated expenditures have been adjusted to align with the new schedule. The overall total Project cost remains the same. The Planning phase includes expenditures for Valley Water's 50% cost share of \$3.59M to complete the GRR, which is required by USACE and has been distributed from FY26 to FY31, as well as Valley Water staff labor to continue evaluation of Valley Water led project opportunities while continue to support the USACE's GRR. Design and Right-Of-Way expenditures have been reallocated to better align with the tasks necessary to complete the Planning, Environmental, and Construction phases. Environmental work, which was previously being completed by a consultant, is now being completed by internal staff. Additionally, expenditures have been included for completion of house demolitions which were necessary to the Project and expenditures for Valley Water internal labor have been

updated based on current estimates by the project team. The revised inflated TPC is \$89.96 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – COYOTE WATERSHED:

33. 26174043 Coyote Creek, Montague Expressway to Tully Road (E1)

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by \$37.18M

The overall Project schedule remains the same, but the Right of Way phase has been extended by 1 fiscal year to anticipate additional internal and external stakeholder coordination efforts required to complete the required land right acquisitions. There have been changes to the uninflated Project cost due to additional coordination efforts required to acquire environmental regulatory permits, additional efforts required to finalize the design contract documents and related coordination efforts with various external stakeholders required for project approval, required utility relocation efforts prior to the start of construction, anticipated additional stakeholder coordination efforts necessary to complete the required land right acquisitions, and coordination with construction cost estimating staff and manufacturers/vendors to best reflect the most current project contract documents and current construction market and inflation outlook. Additionally, construction contingency cost and costs for construction of backflow prevention measures (flap gates, inline check valves, and new manholes with flap gates) was not accounted for in previous construction cost estimates. The passive barriers utilized in the Coyote Creek Flood Protection Project are non-standard flood protection elements which constitute the largest single item of construction cost. The revised inflated TPC is \$281.76 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

34. 40174005 Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd Phs 2

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC increased by \$154K

The addition of scope to this Project is due to an unforeseen circumstance. During the process of preparing the Letter of Map Revision (LOMR) certification package, the H&H Unit identified two storm drain outlet facilities beneath the Milpitas Blvd bridge that require two new flapgates to prevent backflow. The bridge and storm drain facilities belong to the City of Milpitas; but they have requested that Valley Water help install the storm drain flap gates. The overall Project schedule will extend by 1 year due to the installation of two flapgates on the City of Milpitas storm drains. The revised inflated TPC is \$90.26 million.

35. 26324001 Upper Penitencia Ck, Coyote Crk-Dorel Dr, Corps (E4) (NEW)

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 3 years/Inflated TPC increased by \$15.68M

The Project scope is being modified to incorporate additional planning in FY26 and FY27 for targeted risk reduction measures for flooding hotspots, accelerate design activities, and review of phased implementation. The overall Project schedule is reduced by 3 years and the Project expenditures are adjusted to address the flooding hotspots increasing the Total Project Cost. The revised inflated TPC is \$29.86 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION - UVAS/LLAGAS WATERSHED:

36. 26174051 Llagas Creek–Upper, Reimbursable (E6a)

COST ONLY – Inflated TPC decreased by \$505K

Two PG&E relocations originally included in the FY26 expenditure plan were eliminated through design modifications that resolved the conflict and relocation issue. As a result, the budget remaining from the reduction in FY26 expenditure will be allocated to Project Reserves. The revised inflated TPC is \$49.67 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

37. 26174052 Llagas Creek–Upper, Corps Coordination (E6a)

COST ONLY – Inflated TPC increased by \$1.17M

The Project overspent in FY25 due to unforeseen Construction Contract claims for Upper Llagas Creek Flood Protection Project - Phase 2A which resulted in an increase to the overall Phase 2A contract cost, including the construction contract contingency. Per the Board Agenda Memo (item 25-0361), the Phase 2A construction contract increase will come from Project Reserves and will increase the overall TPC. The revised inflated TPC is \$166.17 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

38. 26174054 Llagas Creek–Upper, Design (E6a)

COST ONLY – Inflated TPC decreased by \$602K

This Project was originally established to cover all consultant design costs. However, in recent years, construction support under the consultant agreement has been funded through Project number 26174052 instead of 26174054. As a result, this Project now has a surplus budget. The unallocated funds will be transferred to Project Reserves. The revised inflated TPC is \$23.08 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – MULTIPLE WATERSHEDS:

39. 62084001 Watersheds Asset Rehabilitation Program (WARP)

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by \$18.23M

WARP is a category, or “bucket,” of projects classified as small capital projects—those with scopes that exceed typical maintenance work and therefore must be bid out under the Public Works Contracts Code. Because of its ongoing nature, the WARP project plan is continuous and extends beyond the 15-year Capital Improvement Program (CIP) window. During each rollover period, the CIP incorporates the upcoming fiscal year from the original Project plan. This update adds FY41 and its planned expenditures of \$10.42 million into the 15-year projection window. In addition, each year a three-year look-ahead is conducted for these small capital projects to update cost estimates and schedules as designs progress, ensuring that the total cost of WARP remains current. The revised inflated TPC is \$326.81 million.

40. 00044026 San Francisco Bay Shoreline

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 1 year/Inflated TPC decreased by \$57.62M

The current scope, schedule and cost only includes the design and construction scope for the UPRR Closure Structure and Pedestrian Bridge. The USACE received direction to proceed with the originally authorized Reach 4–5 project and subsequently provided some updated draft cost estimates on July 21, 2025. Cost estimates for the complete Reach 4-5 levee, Artesian Slough, Pedestrian Bridge, and Pump Station have not been provided by USACE. USACE is anticipated to release an updated total Project cost estimate in fall 2026 and the Project plan will be updated subject to available Watershed funding. The revised inflated TPC is \$147.10 million.

41. 26444004 San Francisco Bay Shoreline, EIA 5-9

COST ONLY – Inflated TPC decreased by \$374K (inflation only)

The carryforward has been moved to FY27, as it is not needed in FY26. Valley Water has paid its expected cost share for the feasibility study to the US Army Corps of Engineers (USACE) for FY26 and will use the funds for its cost share in FY27. The revised inflated TPC is \$15.18 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

WATER RESOURCES STEWARDSHIP – ENVIRONMENTAL:

42. 20444002 Pond A4 Resilient Habitat Restoration

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by \$3.14M.

The construction start date has been adjusted to account for delays in finalizing terms with the dirt broker. However, the overall Project schedule and completion timeline remain unchanged. The uninflated Project cost has decreased by \$2 million due to cost savings achieved through the construction contract. The previous Project estimate included \$2 million for sediment required to construct the habitat bench. However, the contractor has agreed to provide the necessary sediment at no cost and to construct the habitat bench free of charge, utilizing both SMP sediment and the additional free sediment they are supplying. The revised inflated TPC is \$8.29 million.

43. 91864011 Coyote Percolation Dam Phase 2

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC increased by \$221K (inflation only)

The Project scope for the Coyote Percolation Dam Phase 2 has been modified. The revised scope will include the repair of Pond 10B along Coyote Creek and the associated channel tie-in. In addition, the proposed radial gate replacement (crest gate) has been remodified to address several internal concerns raised during the design review process. These adjustments are necessary to ensure the project meets operational requirements and aligns with updated design and performance expectations. As a result of these scope modifications, the overall Project schedule is expected to be extended by approximately one year. The uninflated Project cost remains unchanged with funds reallocated among tasks to cover additional work and redesigns, ensuring all key elements of the revised scope are completed within the existing budget. The revised inflated TPC is \$7.94 million.

44. 26044003 Ogier Ponds Separation from Coyote Creek (D4.2) (NEW)

SCHEDULE AND COST – Overall schedule reduced by 1 year and 10 months/Inflated TPC increased by \$2.57M.

The overall Project schedule is reduced by 1 year and 10 months. This project schedule is tied to the Anderson Dam Seismic Retrofit Project (ADSRP) and is dependent on ADSRP's timeline for completion. The Design Phase is advanced from FY31 to FY29 to allow for a possible construction start in FY29. Construction expenditures are being removed from this project number and will be moved to a new project number for auditing and funding purposes in the next CIP Cycle (FY28-FY32). The revised inflated TPC is \$9.42 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

WATER RESOURCES STEWARDSHIP – MULTIPLE WATERSHEDS:

45. 20444001 Calabazas/San Tomas Aquino Creek-Marsh Connection

SCHEDULE AND COST – Overall schedule extended by 1 year and 11 months/Inflated TPC increased by \$4.26M

A schedule extension is necessary due to additional feasibility analyses required to select the preferred alternative, which is critical for initiating the long-term modeling. The modeling involves a 50-year simulation period to evaluate long-term flood risks and the extent of tidal marsh establishment. Additional time is also necessary to thoroughly vet

modeling assumptions and to coordinate with related projects, such as the Shoreline Project, to ensure consistency. This effort will help ensure that the long-term modeling accurately assesses project benefits and verifies that the Project will not increase current flood risks. The overall Project duration extends by 1 year and 11 months due to project complexity. Expenditures were adjusted to match the updated Planning Study Report. The design expenditures were adjusted in proportion to the revised construction cost estimate for the final project. The current estimated construction cost is \$39 million, with Valley Water typically allocating 10–15% of the total construction cost for design. The revised inflated TPC is \$19.63 million.

BUILDINGS & GROUNDS:

46. 60204022 Security Upgrades & Enhancements

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by \$203K (inflation only)

The overall Project schedule is extended from by 1 year, from FY27 to FY28, due to Phase II access control efforts for design, procurement, and award taking longer than anticipated, which resulted in the need to extend the construction phase and closeout. Project closeout is anticipated in June 2028. There is no change to the uninflated Project cost, only reallocation of expenditures to match the schedule. The revised inflated TPC is \$14.48 million.

47. 60204032 Headquarters Operations Building

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by \$19K (inflation only)

The overall Project schedule has been extended by 1 year due to adjustments in design efforts. Project closeout is expected in FY28. There is no change to the uninflated Project cost, only reallocation of expenditures to match the schedule. The revised inflated TPC is \$14.95 million.

SMALL CAPITAL IMPROVEMENTS – ALL TYPES OF IMPROVEMENTS (No CMMs required):

1. 93764004 Small Capital Improvements, Water Treatment

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by \$64.64M

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$154.53 million.

2. 91214010s Small Capital Improvements, San Felipe Reaches 1-3

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by \$832K

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$44.46 million.

3. 92764009 Small Capital Improvements, Raw Water Transmission

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by \$186K

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$11.17 million.

4. 94764006 Small Capital Improvements, Treated Water Transmission

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by \$377K

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$908 thousand.

5. 60204016 Small Capital Improvements, Facility Management (NEW)

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by \$2.56M

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$64.01 million.

6. 73274008 Small Capital Improvements, Software Upgrades & Enhancements (NEW)

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by \$934K

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$13.42 million.

7. 95274003 Small Capital Improvements, WU Computer Network Modernization (NEW)

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by \$1.22M

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 Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is \$23.98 million.

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CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|--|---------------------------------|------------------------------|--------------------------|---------------------|--------------------|----------------------|-------------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | | |
| Water Supply - Storage | | | | | | | | | | | | |
| 91854001 | Almaden Dam Improvements | 9,630 | 27,727 | 157 | 37,357 | (1,138) | Env/Des | W-2 | 100.000% | | | |
| 91854003 | Almaden Calero Canal Rehabilitation | 6,706 | 20,398 | 19,255 | 27,103 | 2,811 | Design | W-2 | 100.000% | | | |
| 91864005 | Anderson Dam Seismic Retrofit (C1) | 280,563 | 1,744,740 | 158,853 | 2,025,303 | 56,452 | Env/Des | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864006 | Anderson Dam Tunnel | 288,972 | 18,541 | 18,541 | 307,513 | 12,257 | Des/Env/Const/Close | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864007 | Coyote Creek Flood Management Measures | 93,810 | 1,554 | 805 | 95,364 | (6,082) | Env/Const/Close | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864008 | Coyote Creek Chillers | 29,774 | - | - | 29,774 | 965 | Closeout | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864009 | Coyote Percolation Dam Replacement | 17,736 | - | - | 17,736 | (1) | Closeout | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91084020s | Calero and Guadalupe Dams Seismic Retrofits | 51,931 | 270,901 | 13,598 | 322,832 | 5,929 | Png/Env/Des | W-2 | 100.000% | | | |
| 91084020 | Calero and Guadalupe Dams Seismic Retrofits - Planning | 12,185 | 6,195 | 3,174 | 18,379 | 4,621 | Plan/Env | W-2 | 100.000% | | | |
| 91874004 | Calero Dam Seismic Retrofit - Design & Construct | 24,053 | 134,330 | 5,220 | 158,383 | (4,051) | Design | W-2 | 100.000% | | | |
| 91894002 | Guadalupe Dam Seismic Retrofit - Design & Construct | 15,693 | 130,376 | 5,204 | 146,069 | 5,358 | Env/Des | W-2 | 100.000% | | | |
| 91884003 | Coyote Dam Seismic Stability | 456 | 399,670 | 3,051 | 400,126 | (6,350) | Planning | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91234002 | Coyote Pumping Plant ASD Replacement | 48,790 | 1,128 | 1,128 | 49,918 | (49) | Des/Const | W-2 | 100.000% | | | |
| 91084019 | Dam Seismic Stability Evaluation | 23,442 | 6,316 | 89 | 29,758 | (204) | Planning | W-2/W-5/W-8 | 42.857% | 55.943% | 0.000% | 1.200% |
| 91954002 | Pacheco Reservoir Expansion Project | 146,043 | - | - | 146,043 | (2,586,215) | Env/Des | W-2/W-5/W-7 | 83.612% | 10.009% | 6.332% | 0.047% |
| 91214010s | Small Capital Improvements, San Felipe Reach 1-3 | 5,456 | 39,004 | 6,260 | 44,460 | (831) | Continuing | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| Subtotal: | | 1,003,309 | 2,529,979 | 221,738 | 3,533,288 | (2,522,455) | | | | | | |

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|--------------------------|-----------------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | | |
| Water Supply - Transmission | | | | | | | | | | | | |
| 95084002 | 10-Year Pipeline Rehabilitation (FY18-FY27) | 180,444 | 2,950 | 2,622 | 183,394 | (140) | Plan/Env/Des/Const/Close | W-2/W-5/W-7/W-8 | 95.888% | 3.162% | 0.886% | 0.064% |
| 95084003 | Pipeline Maintenance Program | 627 | 976 | 523 | 1,603 | (42) | Planning | W-2 | 100.000% | | | |
| 95084004 | East Pipeline Inspection & Rehabilitation | 1,992 | 12,460 | 11,475 | 14,452 | (1,937) | Des/Const | W-2 | 100.000% | | | |
| 95084005 | Penitencia Delivery Main and Force Main Inspection & Rehabilitation | 1,780 | 5,214 | 5,050 | 6,994 | 1,742 | Des/Const | W-2 | 100.000% | | | |
| 95084006 | Santa Teresa Force Main Inspection & Rehabilitation | 587 | 9,816 | 7,687 | 10,403 | 6,977 | Des/Const | W-2 | 100.000% | | | |
| 95084007 | Milpitas Pipeline Inspection & Rehabilitation | 616 | 14,680 | 1,152 | 15,296 | (744) | Des/Const | W-2 | 100.000% | | | |
| 95084008 | Santa Clara and Campbell Distributary Inspection & Rehabilitation | - | 12,129 | 575 | 12,129 | (504) | Des/Const | W-2 | 100.000% | | | |
| 92304001 | Almaden Valley Pipeline Replacement Project | 8,593 | 131,118 | 44,381 | 139,711 | 36,147 | Env/Des | W-2 | 100.000% | | | |
| 95044001 | Distribution System Master Plan Implementation | 8,835 | 472 | 472 | 9,307 | 10 | Plan/Env | W-2/W-5/W-7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 92C40357 | FAHCE Implementation | - | 145,108 | - | 145,108 | - | Placeholder (FY28) | W-2/W-5/W-7 | 93.950% | 2.630% | 3.420% | 0.000% |
| 26764001 | IRP2 Additional Line Valves (A3) | 27,665 | 6,119 | 5,530 | 33,784 | (311) | Env/Des/Const | SCW | 100.000% | | | |
| 92144001 | Pacheco/Santa Clara Conduit Right of Way Acquisition | 6,197 | 38 | 38 | 6,235 | (1) | Env/Des/Const | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 95044002 | SCADA Master Plan Implementation | 5,594 | 907 | 907 | 6,501 | 21 | Plan/Env | W-2/W-5/W-7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 95044004 | SMPPI Upgrades - Phase 1 | - | 9,417 | 367 | 9,417 | (998) | Plan/Env | W-2/W-5/W7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 92764009 | Small Capital Improvements, Raw Water Transmission | 1,100 | 10,067 | 2,354 | 11,167 | (186) | Continuing | W-2/W-5/W7/W-8 | 83.612% | 10.009% | 6.332% | 0.047% |
| 94764006 | Small Capital Improvements, Treated Water Transmission | 292 | 616 | 279 | 908 | (377) | Continuing | W-2 | 100.000% | | | |
| 94084007 | Treated Water Isolation Valves | 6,423 | 6,332 | 806 | 12,755 | (614) | Des/Const | W-2 | 100.000% | | | |
| 92264001 | Vasona Pump Station Upgrade | 5,035 | 33,552 | 1,831 | 38,587 | 3,388 | Design | W-2 | 99.953% | 0.000% | 0.000% | 0.047% |
| Subtotal: | | 255,780 | 401,970 | 86,049 | 657,750 | 42,432 | | | | | | |

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|--|---------------------------------|------------------------------|--------------------------|---------------------|--------------------|----------------------|-----------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | | |
| Water Supply - Treatment | | | | | | | | | | | | |
| 93234044 | PWTP Residuals Management | 30,805 | 100,823 | 34,408 | 131,628 | 36,266 | Env/Const | W-2 | 100.000% | | | |
| 93294057 | RWTP Reliability Improvement | 487,758 | 231,041 | 124,411 | 718,799 | 718,799 | Construction | W-2 | 100.000% | | | |
| 93294059 | RWTP Ammonia Storage & Metering Facility Upgrade | 700 | 6,129 | 977 | 6,829 | 55 | Design | W-2 | 100.000% | | | |
| 93764004 | Small Capital Improvements, Water Treatment | 13,186 | 141,343 | 6,722 | 154,529 | 64,644 | Continuing | W-2 | 100.000% | | | |
| 93084004 | Water Treatment Plant Electrical Improvement Project | 3,095 | 16,425 | 2,265 | 19,520 | 140 | Design | W-2 | 100.000% | | | |
| 93044001 | WTP Master Plan Implementation | 9,128 | 7,924 | 1,360 | 17,052 | 7,801 | Planning | W-2 | 100.000% | | | |
| | Subtotal: | 544,672 | 503,684 | 170,143 | 1,048,356 | 827,704 | | | | | | |
| Water Supply - Recycled Water | | | | | | | | | | | | |
| 91294001 | Pure Water Silicon Valley - Phase 1 | 16,688 | 90,074 | 16,256 | 106,762 | (4,287) | Plan/Env/Des/Const | W-5 | 100.000% | | | |
| 91094001 | Land Rights - South County Recycled Water PL | 6,976 | - | - | 6,976 | (1) | Env/Des | W-5 | | 100.000% | | |
| 91094007s | South County Recycled Water Pipeline | 63,370 | 93 | 93 | 63,463 | 3,356 | Construction | W-5 | | 100.000% | | |
| | Subtotal: | 87,034 | 90,167 | 16,349 | 177,201 | (932) | | | | | | |
| | Water Supply Total: | 1,890,795 | 3,525,800 | 494,279 | 5,416,595 | (2,482,828) | | | | | | |
| Validated - Future Unfunded Projects | | | | | | | | | | | | |
| 918540XX | Almaden Calero Canal Improvement - Phase 2 | 0 | 12,950 | 0 | 12,950 | | | | | | | |
| XXXX40XX | Alamitos Operable Dam Replacement | 0 | 9,810 | 0 | 9,810 | | | | | | | |
| | Validated - Unfunded Total: | - | 22,760 | - | 22,760 | | | | | | | |

- Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Gray Text: Individual projects considered part of a group or family of projects
- Orange Text: Projects to be completed or cancelled in FY 2026
- Green Text: Projects in the Construction phase
- Blue Text: New projects proposed for the FY 27 CIP
- Column A: Actuals spent through prior year + planned expenditures in current year
- "s" suffix on project number signifies a group of projects on one project page

of WS Projects

7
25
2
-
6

40

- North Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- funded by revenue from Clean Safe Creeks program
- funded by revenue from Safe Clean Water program
- funded by revenue from Property Tax
- funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | |
| Lower Peninsula Watershed | | | | | | | | |
| 10394001 | Palo Alto Flood Basin Tiide Gate Stucture Replacement | 12,238 | 916 | 591 | 13,154 | 1,872 | Const/Close | PT |
| 10284007s | San Francisquito Creek, SF Bay thru Searsville Dam (E5) | 67,475 | 51,750 | 2,918 | 119,225 | (2,406) | Des/Const/Close | PT/CSC/SCW |
| | Subtotal: | 79,713 | 52,665 | 3,509 | 132,378 | (115,801) | | |
| West Valley Watershed | | | | | | | | |
| 26074002 | Sunnyvale East and West Channels (E2) | 38,134 | 122,792 | 54,789 | 160,926 | 70,490 | Construction | CSC |
| | Subtotal: | 38,134 | 122,792 | 54,789 | 160,926 | 70,490 | | |
| Guadalupe Watershed | | | | | | | | |
| 30154019 | Lower Guadalupe River Capacity Restoration Project | 6,305 | 27,989 | 7,275 | 34,294 | (76,113) | Env/Des | PT |
| 26154001s | Guadalupe River–Upper, I-280 to Blossom Hill Road (E8) | 117,339 | 20,997 | 1,879 | 138,336 | 4,189 | Env/Des/Const | CSC/SCW |
| | Subtotal: | 123,644 | 48,986 | 9,154 | 172,630 | (71,924) | | |

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By |
|--------------------------------|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|--------------------------|-----------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | |
| Coyote Watershed | | | | | | | | |
| 26174041s | Berryessa Creek, Calaveras Blvd to I-680 | 50,240 | 4,933 | 1,573 | 55,173 | (119) | Closed? | CSC |
| 40174004s | Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd | 136,938 | 76,667 | 231 | 213,605 | (633) | Const/Close | PT |
| 26174043 | Coyote Creek, Montague Expressway to Tully Road (E1) | 65,071 | 216,690 | 82,952 | 281,761 | 37,183 | Construction | CSC |
| 40334005 | Lower Penitencia Ck Improvements, Coyote Ck to Berryessa Ck | 35,493 | 21 | 21 | 35,514 | (1) | Construction | PT |
| 40324003s | Upper Penitencia Creek, Coyote Creek to Dorel Drive | 15,875 | 25,764 | 1,726 | 41,639 | 15,679 | Env/Des | PT/SCW |
| Subtotal: | | 303,617 | 324,075 | 86,503 | 627,692 | 52,109 | | |
| Uvas/Llagas Watershed | | | | | | | | |
| 26174051s | Llagas Creek–Upper, Buena Vista Avenue to Llagas Road (E6) | 344,842 | 49,357 | 48,902 | 394,199 | (174) | Const/Close | CSC/SCW |
| Subtotal: | | 344,842 | 49,357 | 48,902 | 394,199 | (174) | | |
| Multiple Watershed | | | | | | | | |
| 00044026s | San Francisco Bay Shoreline (E7) | 135,153 | 51,739 | 7,806 | 186,891 | (57,502) | Env/Des/Const | PT |
| 00044026 | San Francisco Bay Shoreline | 106,129 | 41,460 | 4,074 | 147,589 | (57,127) | Env/Des/Const | PT |
| 26444001 | San Francisco Bay Shoreline - EIA 11 Design & Partial Construction (E7) | 17,516 | - | - | 17,516 | - | Closed | PT |
| 26444002 | San Francisco Bay Shoreline - EIAs 1-4 | 5,763 | - | - | 5,763 | (1) | Planning | PT |
| 26444004 | San Francisco Bay Shoreline - EIAs 5-9 | 4,896 | 10,279 | 3,732 | 15,175 | (374) | Planning | PT |
| 26444005 | San Francisco Bay Shoreline - EIA 11 Design & Partial Constructi | - | - | - | - | - | Planning | PT |
| 62084001 | Watersheds Asset Rehabilitation Program (WARP) | 87,857 | 238,949 | 13,659 | 326,806 | 18,228 | Plng/Env/Des/Const/Close | PT |
| Subtotal: | | 223,010 | 290,688 | 21,465 | 513,698 | (39,274) | | |
| Flood Protection Total: | | 1,112,960 | 888,563 | 224,322 | 2,001,523 | (104,574) | | |

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By |
|----------------|--------------|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|-----------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | |

Values last updated: 12.20.2025 (All values are in thousands)

Validated - Future Unfunded Projects

| | | | | | | | | |
|------------------------------------|--|--------------|---------------|----------|---------------|--|--|--|
| 401340XX | South Babb Flood Protection - Long Term | - | 22,339 | - | 22,339 | | | |
| 50284010 | Llagas Creek-Lower, Capacity Restoration, Buena Vista Road to Pajaro River | 5,112 | - | - | - | | | |
| 103940XX | Palo Alto Flood Basin Tide Gate Structure Replacement (Phase 2) | - | - | - | - | | | |
| XXXX40XX | Permanente & Hale Creeks Concrete Replacement | - | 19,226 | - | 19,226 | | | |
| Validated - Unfunded Total: | | 5,112 | 41,565 | 0 | 41,565 | | | |

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Gray - Gray Text: Individual projects considered part of a group or family of projects
- Orange - Orange Text: *Projects to be completed or cancelled in FY 2026*
- Green - Green Text: **Projects in the Construction phase**
- Blue - Blue Text: **New projects proposed for the FY 27 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) - "s" suffix on project number signifies a group of projects on one project page

of FP Projects

-
3
7
-
3

13

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % |
|----------------|--------------|---------------------------------|------------------------------|--------------------------|---------------------|----------------------|-----------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | |

Values last updated: 12.20.2025 (All values are in thousands)

Environmental Enhancement & Stewardship

Lower Peninsula Watershed

| | | | | | | | | | |
|-----------|---|--------|--------|---|--------|-----|-------------|-------------------|------|
| 00294001s | Stevens Creek Fish Passage Enhancement | 850 | 17,797 | - | 18,647 | 131 | FY27 | W-2 (90%)/PT(10%) | 100% |
| 26164001 | Hale Creek Enhancement Pilot Project (D6.1) | 12,395 | - | - | 12,395 | - | Const/Close | CSC/SCW | |

West Valley Watershed

| | | | | | | | | | |
|----------|---|-----|-------|-------|-------|-------|---------|--------|--|
| 26044056 | SCW Regnart Creek Rehabilitation Project (F8) | 727 | 7,778 | 7,432 | 8,505 | (396) | Env/Des | PT/SCW | |
|----------|---|-----|-------|-------|-------|-------|---------|--------|--|

Coyote Watershed

| | | | | | | | | | |
|----------|---|-------|--------|-------|--------|---------|--------------------|---------|-----------------|
| 91864011 | Coyote Percolation Dam - Phase 2 | - | 7,941 | 4,033 | 7,941 | 221 | Construction | W-2/W-5 | 81.668% 18.332% |
| 26044003 | Ogier Ponds Separation from Coyote Creek (D4.2) | 4,834 | 4,587 | 1,324 | 9,421 | 2,566 | Design | SCW | |
| 95C40401 | Ogier Ponds Construction | - | 25,542 | - | 25,542 | (766) | Placeholder (FY31) | TBD | |
| 26C44006 | Ogier Ponds Construction | - | 3,303 | - | 3,303 | (3,676) | Placeholder (FY31) | SCW | |

Uvas/Llagas Watershed

| | | | | | | | | | |
|----------|--|-------|----|----|-------|-----|-------------|-----|--|
| 26044004 | Bolsa Road Fish Passage Improvement (D6.2) | 9,088 | 67 | 67 | 9,155 | (4) | Const/Close | SCW | |
|----------|--|-------|----|----|-------|-----|-------------|-----|--|

Multiple Watersheds (Lower Peninsula, Guadalupe, Coyote, Uvas/Llagas)

| | | | | | | | | | |
|------------------|---|---------------|---------------|---------------|----------------|--------------|----------|--------|--|
| 20444001s | Calabazas/San Tomas Aquino Creek-Marsh Connection | 12,452 | 7,485 | 2,348 | 19,937 | 4,259 | Env/Des | PT/SCW | |
| 26044002 | Pond A4 Resilient Habitat Restoration Project | 5,526 | 2,761 | 601 | 8,287 | 2,881 | Closed | SCW | |
| 26044005 | SCW D4.3 Fish Passage Improvements (Moffett) | 1,991 | 7,125 | 6,839 | 9,116 | (354) | Design | SCW | |
| 40214023 | Coyote 10B Freshwater Wetlands | 1,372 | 7,571 | 1,408 | 8,943 | (366) | Planning | PT | |
| Subtotal: | | 49,235 | 91,958 | 24,052 | 141,192 | 4,498 | | | |

Feasibility Studies

| | | | | | | | | | |
|------|------------------|--|--|--|--|--|--|--|--|
| None | Subtotal: | | | | | | | | |
|------|------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | | |
|---|---------------|---------------|---------------|----------------|----------------|--|--|--|--|
| Water Resources Stewardship Total: | 49,235 | 91,958 | 24,052 | 141,192 | (6,932) | | | | |
|---|---------------|---------------|---------------|----------------|----------------|--|--|--|--|

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | |
|---|--------------|---------------------------------|------------------------------|--------------------------|---------------------|----------------------|-----------|------------|------------|------------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | Change from FY26 |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | |

Validated - Future Unfunded Projects

| | | | | | | | | | |
|------------------------------------|---|----------|---------------|----------|---------------|--|--|--|--|
| 2044400X | Pond A4 - (Construction Only) | - | 32,968 | - | 32,968 | | | | |
| 204440XX | Calabazas/San Tomas Aquino Creek-Marsh Connection - Constuction O | - | 32,743 | - | 32,743 | | | | |
| Validated - Unfunded Total: | | - | 32,968 | - | 32,968 | | | | |

NOTES:

- 1) Implementation of the Mitigation projects is considered non-discretionary since they are needed to meet California Environmental Quality Act (CEQA) or regulatory commitments. Therefore, a priority score is not required.
- 2) Environmental Enhancement projects are implemented at the discretion of the Board. Projects may go through a ranking process to compete for CSC funds or the board may direct that other available revenue be used to implement the proposed projects.

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Orange - **Orange Text: Projects to be completed or cancelled in FY 2026**
- Green - **Green Text: Projects in the Construction phase**
- Blue - **Blue Text: New projects proposed for the FY 27 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) '- "s" suffix on project number signifies a group of projects on one project page

of WRS Projects

| |
|----------|
| - |
| - |
| 11 |
| - |
| - |
| <hr/> 11 |

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Buildings and Grounds Projects

Revenue Source: Groundwater Charges,
Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|-------|-------|-------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | |
| 60204016 | Small Capital Improvements, Facility Management | 4,006 | 60,000 | 4,000 | 64,006 | (2,555) | Continuing | PT/W-2/W-5 | 60% | 40% | 0% |
| 60204032 | Headquarters Operations Building | 9,610 | 5,341 | 5,287 | 14,951 | (19) | Construction | PT/W-2/W-5 | 60% | 30% | 10% |
| 60204022 | Security Upgrades and Enhancements | 10,434 | 4,042 | 3,965 | 14,476 | (204) | Des/Const | PT/W-2/W-5 | 60% | 30% | 10% |
| Buildings & Grounds Total: | | 24,050 | 69,383 | 13,252 | 93,433 | (2,778) | | | | | |

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

Legend:

Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP

Orange - Orange Text: Projects to be completed or cancelled in FY 2026

Green - Green Text: Projects in the Construction phase

Blue - Blue Text: New projects proposed for the FY 27 CIP

* - Column A: Actuals spent through prior year + planned expenditures in current year

(s) - "s" suffix on project number signifies a group of projects on one project page

of B&G Projects

0

2

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1

3

Funded by Legend:

W-2 - North Zone; revenue is allocated based on % of benefit to the zone

W-5 - South Zone; revenue is allocated based on % of benefit to the zone

W-7 - South Zone; revenue is allocated based on % of benefit to the zone

W-8 - South Zone; revenue is allocated based on % of benefit to the zone

WUE - funded by revenue from Water Utility Enterprise Fund

WSS - funded by revenue from Watershed and Stream Stewardship Fund

CSC - funded by revenue from Clean Safe Creeks program

SCW - funded by revenue from Safe Clean Water program

PT - funded by revenue from Property Tax

Subvent - funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|-------|-------|-------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | | | | |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | | | | | |
| 73274013 | ERP Replacement | - | 31,572 | 8,312 | 31,572 | (1,653) | Construction | PT/W-2/W-5 | 65% | 35% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| 73274008 | Small Capital Improvements, Software Upgrades & Enhancements | 609 | 12,815 | 653 | 13,424 | (934) | Construction | PT/W-2/W-5 | 65% | 35% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| 95274003 | Small Capital Improvements, WU Computer Network Modernization | 3,587 | 20,391 | 52 | 23,978 | 1,221 | Construction | PT/W-2/W-5 | 100% | 0% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| Information Technology Total: | | 4,196 | 64,778 | 9,017 | 68,974 | (2,651) | | | | | | | | | |

Validated - Future Unfunded Projects

| | | | | |
|------------------------------------|----------|---------------|----------|---------------|
| N/A | - | 12,451 | - | 12,451 |
| Validated - Unfunded Total: | - | 12,451 | - | 12,451 |

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Orange - Orange Text: *Projects to be completed or cancelled in FY 2026*
- Green - Green Text: *Projects in the Construction phase*
- Blue - Blue Text: *New projects proposed for the FY 27 CIP*
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) "- "s" suffix on project number signifies a group of projects on one project page

of IT Projects

0
3
0
0
0

3

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % | Zone | Zone | Zone | Zone |
|---|--------------|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|-----------|-------|-------|-------|-------|-------|-------|-------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | W-2 % | W-5 % | W-7 % | W-8 % |
| Values last updated: 12.20.2025 (All values are in thousands) | | | | | | | | | | | | | | | |

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

CIP GRAND TOTAL: 3,081,235 4,640,482 764,921 7,721,717 (2,599,763)

A B C D E

PROJECT DRIVER TOTALS: 7 33 20 - 10

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|--|---------------------------------|------------------------------|--------------------------|---------------------|--------------------|----------------------|-------------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | | | |
| Water Supply - Storage | | | | | | | | | | | | |
| 91854001 | Almaden Dam Improvements | 9,630 | 27,727 | 157 | 37,357 | (1,138) | Env/Des | W-2 | 100.000% | | | |
| 91854003 | Almaden Calero Canal Rehabilitation | 6,706 | 20,398 | 19,255 | 27,103 | 2,811 | Design | W-2 | 100.000% | | | |
| 91864005 | Anderson Dam Seismic Retrofit (C1) | 280,563 | 1,744,740 | 158,853 | 2,025,303 | 56,452 | Env/Des | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864006 | Anderson Dam Tunnel | 288,972 | 18,541 | 18,541 | 307,513 | 12,257 | Des/Env/Const/Close | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864007 | Coyote Creek Flood Management Measures | 93,810 | 1,554 | 805 | 95,364 | (6,082) | Env/Const/Close | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864008 | Coyote Creek Chillers | 29,774 | - | - | 29,774 | 965 | Closeout | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91864009 | Coyote Percolation Dam Replacement | 17,736 | - | - | 17,736 | (1) | Closeout | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91084020s | Calero and Guadalupe Dams Seismic Retrofits | 51,931 | 270,901 | 13,598 | 322,832 | 5,929 | Png/Env/Des | W-2 | 100.000% | | | |
| 91084020 | Calero and Guadalupe Dams Seismic Retrofits - Planning | 12,185 | 6,195 | 3,174 | 18,379 | 4,621 | Plan/Env | W-2 | 100.000% | | | |
| 91874004 | Calero Dam Seismic Retrofit - Design & Construct | 24,053 | 134,330 | 5,220 | 158,383 | (4,051) | Design | W-2 | 100.000% | | | |
| 91894002 | Guadalupe Dam Seismic Retrofit - Design & Construct | 15,693 | 130,376 | 5,204 | 146,069 | 5,358 | Env/Des | W-2 | 100.000% | | | |
| 91884003 | Coyote Dam Seismic Stability | 456 | 399,670 | 3,051 | 400,126 | (6,350) | Planning | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 91234002 | Coyote Pumping Plant ASD Replacement | 48,790 | 1,128 | 1,128 | 49,918 | (49) | Des/Const | W-2 | 100.000% | | | |
| 91084019 | Dam Seismic Stability Evaluation | 23,442 | 6,316 | 89 | 29,758 | (204) | Planning | W-2/W-5/W-8 | 42.857% | 55.943% | 0.000% | 1.200% |
| 91954002 | Pacheco Reservoir Expansion Project | 146,043 | - | - | 146,043 | (2,586,215) | Env/Des | W-2/W-5/W-7 | 83.612% | 10.009% | 6.332% | 0.047% |
| 91214010s | Small Capital Improvements, San Felipe Reach 1-3 | 5,456 | 39,004 | 6,260 | 44,460 | (831) | Continuing | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| Subtotal: | | 1,003,309 | 2,529,979 | 221,738 | 3,533,288 | (2,522,455) | | | | | | |

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|--------------------------|-----------------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | | | |
| Water Supply - Transmission | | | | | | | | | | | | |
| 95084002 | 10-Year Pipeline Rehabilitation (FY18-FY27) | 180,444 | 2,950 | 2,622 | 183,394 | (140) | Plan/Env/Des/Const/Close | W-2/W-5/W-7/W-8 | 95.888% | 3.162% | 0.886% | 0.064% |
| 95084003 | Pipeline Maintenance Program | 627 | 976 | 523 | 1,603 | (42) | Planning | W-2 | 100.000% | | | |
| 95084004 | East Pipeline Inspection & Rehabilitation | 1,992 | 12,460 | 11,475 | 14,452 | (1,937) | Des/Const | W-2 | 100.000% | | | |
| 95084005 | Penitencia Delivery Main and Force Main Inspection & Rehabilitation | 1,780 | 5,214 | 5,050 | 6,994 | 1,742 | Des/Const | W-2 | 100.000% | | | |
| 95084006 | Santa Teresa Force Main Inspection & Rehabilitation | 587 | 9,816 | 7,687 | 10,403 | 6,977 | Des/Const | W-2 | 100.000% | | | |
| 95084007 | Milpitas Pipeline Inspection & Rehabilitation | 616 | 14,680 | 1,152 | 15,296 | (744) | Des/Const | W-2 | 100.000% | | | |
| 95084008 | Santa Clara and Campbell Distributary Inspection & Rehabilitation | - | 12,129 | 575 | 12,129 | (504) | Des/Const | W-2 | 100.000% | | | |
| 92304001 | Almaden Valley Pipeline Replacement Project | 8,593 | 131,118 | 44,381 | 139,711 | 36,147 | Env/Des | W-2 | 100.000% | | | |
| 95044001 | Distribution System Master Plan Implementation | 8,835 | 472 | 472 | 9,307 | 10 | Plan/Env | W-2/W-5/W-7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 92C40357 | FAHCE Implementation | - | 145,108 | - | 145,108 | - | Placeholder (FY28) | W-2/W-5/W-7 | 93.950% | 2.630% | 3.420% | 0.000% |
| 26764001 | IRP2 Additional Line Valves (A3) | 27,665 | 6,119 | 5,530 | 33,784 | (311) | Env/Des/Const | SCW | 100.000% | | | |
| 92144001 | Pacheco/Santa Clara Conduit Right of Way Acquisition | 6,197 | 38 | 38 | 6,235 | (1) | Env/Des/Const | W-2/W-5/W-7 | 81.668% | 7.527% | 10.805% | 0.000% |
| 95044002 | SCADA Master Plan Implementation | 5,594 | 907 | 907 | 6,501 | 21 | Plan/Env | W-2/W-5/W-7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 95044004 | SMPPI Upgrades - Phase 1 | - | 9,417 | 367 | 9,417 | (998) | Plan/Env | W-2/W-5/W7/W-8 | 84.133% | 12.199% | 3.420% | 0.248% |
| 92764009 | Small Capital Improvements, Raw Water Transmission | 1,100 | 10,067 | 2,354 | 11,167 | (186) | Continuing | W-2/W-5/W7/W-8 | 83.612% | 10.009% | 6.332% | 0.047% |
| 94764006 | Small Capital Improvements, Treated Water Transmission | 292 | 616 | 279 | 908 | (377) | Continuing | W-2 | 100.000% | | | |
| 94084007 | Treated Water Isolation Valves | 6,423 | 6,332 | 806 | 12,755 | (614) | Des/Const | W-2 | 100.000% | | | |
| 92264001 | Vasona Pump Station Upgrade | 5,035 | 33,552 | 1,831 | 38,587 | 3,388 | Design | W-2 | 99.953% | 0.000% | 0.000% | 0.047% |
| Subtotal: | | 255,780 | 401,970 | 86,049 | 657,750 | 42,432 | | | | | | |

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | A | B | A + B | | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|----------------------|--------------------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | |
| Water Supply - Treatment | | | | | | | | | | | |
| 93234044 | PWTP Residuals Management | 30,805 | 100,823 | 34,408 | 131,628 | 36,266 | Env/Const | W-2 | 100.000% | | |
| 93284014 | STWTP Infrastructure Rehabilitation | - | 242,668 | 1,631 | 242,668 | 242,668 | Design | W-2 | 100.000% | | |
| 93294057 | RWTP Reliability Improvement | 487,758 | 231,041 | 124,411 | 718,799 | 718,799 | Construction | W-2 | 100.000% | | |
| 93294059 | RWTP Ammonia Storage & Metering Facility Upgrade | 700 | 6,129 | 977 | 6,829 | 55 | Design | W-2 | 100.000% | | |
| 93764004 | Small Capital Improvements, Water Treatment | 13,186 | 141,343 | 6,722 | 154,529 | 64,644 | Continuing | W-2 | 100.000% | | |
| 93084004 | Water Treatment Plant Electrical Improvement Project | 3,095 | 16,425 | 2,265 | 19,520 | 140 | Design | W-2 | 100.000% | | |
| 93044001 | WTP Master Plan Implementation | 9,128 | 7,924 | 1,360 | 17,052 | 7,801 | Planning | W-2 | 100.000% | | |
| Subtotal: | | 544,672 | 746,352 | 171,774 | 1,291,024 | 1,070,372 | | | | | |
| Water Supply - Recycled Water | | | | | | | | | | | |
| 91294001 | Pure Water Silicon Valley - Phase 1 | 16,688 | 90,074 | 16,256 | 106,762 | (4,287) | Plan/Env/Des/Const | W-5 | 100.000% | | |
| 91294002 | Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Fac | - | 2,448,898 | 1,877 | 2,448,898 | 2,448,898 | Planning | W-5 | 100.000% | | |
| 91094001 | Land Rights - South County Recycled Water PL | 6,976 | - | - | 6,976 | (1) | Env/Des | W-5 | | 100.000% | |
| 91094007s | South County Recycled Water Pipeline | 63,370 | 93 | 93 | 63,463 | 3,356 | Construction | W-5 | | 100.000% | |
| Subtotal: | | 87,034 | 2,539,065 | 18,226 | 2,626,099 | 2,451,863 | | | | | |
| Water Supply Total: | | 1,890,795 | 6,217,366 | 497,787 | 8,108,161 | 208,738 | | | | | |
| Validated - Future Unfunded Projects | | | | | | | | | | | |
| 918540XX | Almaden Calero Canal Improvement - Phase 2 | 0 | 12,950 | 0 | 12,950 | | | | | | |
| XXXX40XX | Alamitos Operable Dam Replacement | 0 | 9,810 | 0 | 9,810 | | | | | | |
| Validated - Unfunded Total: | | - | 22,760 | - | 22,760 | | | | | | |

- Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Gray Text: Individual projects considered part of a group or family of projects
- Orange Text: Projects to be completed or cancelled in FY 2026
- Green Text: Projects in the Construction phase
- Blue Text: New projects proposed for the FY 27 CIP
- Column A: Actuals spent through prior year + planned expenditures in current year
- "s" suffix on project number signifies a group of projects on one project page

of WS Projects

| |
|----|
| 7 |
| 26 |
| 2 |
| - |
| 7 |
| 42 |

- North Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- South Zone; revenue is allocated based on % of benefit to the zone
- funded by revenue from Clean Safe Creeks program
- funded by revenue from Safe Clean Water program
- funded by revenue from Property Tax
- funded by State Subventions

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
 Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | |
| Lower Peninsula Watershed | | | | | | | | |
| 10394001 | Palo Alto Flood Basin Tiide Gate Stucture Replacement | 12,238 | 916 | 591 | 13,154 | 1,872 | Const/Close | PT |
| 10284007s | San Francisquito Creek, SF Bay thru Searsville Dam (E5) | 67,475 | 51,750 | 2,918 | 119,225 | (2,406) | Des/Const/Close | PT/CSC/SCW |
| | Subtotal: | 79,713 | 52,665 | 3,509 | 132,378 | (115,801) | | |
| West Valley Watershed | | | | | | | | |
| 26074002 | Sunnyvale East and West Channels (E2) | 38,134 | 122,792 | 54,789 | 160,926 | 70,490 | Construction | CSC |
| | Subtotal: | 38,134 | 122,792 | 54,789 | 160,926 | 70,490 | | |
| Guadalupe Watershed | | | | | | | | |
| 30154019 | Lower Guadalupe River Capacity Restoration Project | 6,305 | 27,989 | 7,275 | 34,294 | (76,113) | Env/Des | PT |
| 26154001s | Guadalupe River–Upper, I-280 to Blossom Hill Road (E8) | 117,339 | 20,997 | 1,879 | 138,336 | 4,189 | Env/Des/Const | CSC/SCW |
| | Subtotal: | 123,644 | 48,986 | 9,154 | 172,630 | (71,924) | | |

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2027 5-Year CIP Data

FY 2027-31 FINANCIAL OVERVIEW

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|--------------------------|-----------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | |
| Coyote Watershed | | | | | | | | |
| 26174041s | Berryessa Creek, Calaveras Blvd to I-680 | 50,240 | 4,933 | 1,573 | 55,173 | (119) | Closed? | CSC |
| 40174004s | Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd | 136,938 | 76,667 | 231 | 213,605 | (633) | Const/Close | PT |
| 26174043 | Coyote Creek, Montague Expressway to Tully Road (E1) | 65,071 | 216,690 | 82,952 | 281,761 | 37,183 | Construction | CSC |
| 40334005 | Lower Penitencia Ck Improvements, Coyote Ck to Berryessa Ck | 35,493 | 21 | 21 | 35,514 | (1) | Construction | PT |
| 40324003s | Upper Penitencia Creek, Coyote Creek to Dorel Drive | 15,875 | 25,764 | 1,726 | 41,639 | 15,679 | Env/Des | PT/SCW |
| | Subtotal: | 303,617 | 324,075 | 86,503 | 627,692 | 52,109 | | |
| Uvas/Llagas Watershed | | | | | | | | |
| 26174051s | Llagas Creek–Upper, Buena Vista Avenue to Llagas Road (E6) | 344,842 | 49,357 | 48,902 | 394,199 | (174) | Const/Close | CSC/SCW |
| | Subtotal: | 344,842 | 49,357 | 48,902 | 394,199 | (174) | | |
| Multiple Watershed | | | | | | | | |
| 00044026s | San Francisco Bay Shoreline (E7) | 135,153 | 51,739 | 7,806 | 186,891 | (57,502) | Env/Des/Const | PT |
| 00044026 | San Francisco Bay Shoreline | 106,129 | 41,460 | 4,074 | 147,589 | (57,127) | Env/Des/Const | PT |
| 26444001 | San Francisco Bay Shoreline - EIA 11 Design & Partial Construction (E7) | 17,516 | - | - | 17,516 | - | Closed | PT |
| 26444002 | San Francisco Bay Shoreline - EIAs 1-4 | 5,763 | - | - | 5,763 | (1) | Planning | PT |
| 26444004 | San Francisco Bay Shoreline - EIAs 5-9 | 4,896 | 10,279 | 3,732 | 15,175 | (374) | Planning | PT |
| 26444005 | San Francisco Bay Shoreline - EIA 11 Design & Partial Constructi | - | - | - | - | - | Planning | PT |
| 62084001 | Watersheds Asset Rehabilitation Program (WARP) | 87,857 | 238,949 | 13,659 | 326,806 | 18,228 | Plng/Env/Des/Const/Close | PT |
| | Subtotal: | 223,010 | 290,688 | 21,465 | 513,698 | (39,274) | | |
| Flood Protection Total: | | 1,112,960 | 888,563 | 224,322 | 2,001,523 | (104,574) | | |

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
 Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | Change from FY26 | Project Phase (FY27) | Funded By |
|---|--------------|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|-----------|
| | | B | | A + B | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | |

Validated - Future Unfunded Projects

| | | | | | | | | |
|------------------------------------|--|--------------|---------------|----------|---------------|--|--|--|
| 401340XX | South Babb Flood Protection - Long Term | - | 22,339 | - | 22,339 | | | |
| 50284010 | Llagas Creek-Lower, Capacity Restoration, Buena Vista Road to Pajaro River | 5,112 | - | - | - | | | |
| 103940XX | Palo Alto Flood Basin Tide Gate Structure Replacement (Phase 2) | - | - | - | - | | | |
| XXXX40XX | Permanente & Hale Creeks Concrete Replacement | - | 19,226 | - | 19,226 | | | |
| Validated - Unfunded Total: | | 5,112 | 41,565 | 0 | 41,565 | | | |

Legend:

of FP Projects

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Gray - Gray Text: Individual projects considered part of a group or family of projects
- Orange - Orange Text: *Projects to be completed or cancelled in FY 2026*
- Green - Green Text: **Projects in the Construction phase**
- Blue - Blue Text: **New projects proposed for the FY 27 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) '- "s" suffix on project number signifies a group of projects on one project page

| | |
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| | - |
| | 3 |
| | 13 |

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
 Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % |
|----------------|--------------|---------------------------------|------------------------------|--------------------------|---------------------|----------------------|-----------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | |

Values last updated: 12.18.2025 (All values are in thousands)

Mitigation

| | | | | | | | | |
|-----------------|---|---|-------|-------|-------|-------|----------|-----|
| 40664001 | Aquatic Resource Creation at Ford Road Percolation Pond | - | 6,366 | 1,883 | 6,366 | 6,366 | Planning | SCW |
|-----------------|---|---|-------|-------|-------|-------|----------|-----|

Environmental Enhancement & Stewardship

Lower Peninsula Watershed

| | | | | | | | | | |
|-----------|---|--------|--------|---|--------|-----|-------------|-------------------|------|
| 00294001s | Stevens Creek Fish Passage Enhancement | 850 | 17,797 | - | 18,647 | 131 | FY27 | W-2 (90%)/PT(10%) | 100% |
| 26164001 | Hale Creek Enhancement Pilot Project (D6.1) | 12,395 | - | - | 12,395 | - | Const/Close | CSC/SCW | |

West Valley Watershed

| | | | | | | | | | |
|----------|---|-----|-------|-------|-------|-------|---------|--------|--|
| 26044056 | SCW Regnart Creek Rehabilitation Project (F8) | 727 | 7,778 | 7,432 | 8,505 | (396) | Env/Des | PT/SCW | |
|----------|---|-----|-------|-------|-------|-------|---------|--------|--|

Coyote Watershed

| | | | | | | | | | |
|----------|---|-------|--------|-------|--------|---------|--------------------|---------|-----------------|
| 91864011 | Coyote Percolation Dam - Phase 2 | - | 7,941 | 4,033 | 7,941 | 221 | Construction | W-2/W-5 | 81.668% 18.332% |
| 26044003 | Ogier Ponds Separation from Coyote Creek (D4.2) | 4,834 | 4,587 | 1,324 | 9,421 | 2,566 | Design | SCW | |
| 95C40401 | Ogier Ponds Construction | - | 25,542 | - | 25,542 | (766) | Placeholder (FY31) | TBD | |
| 26C44006 | Ogier Ponds Construction | - | 3,303 | - | 3,303 | (3,676) | Placeholder (FY31) | SCW | |

Uvas/Llagas Watershed

| | | | | | | | | | |
|----------|--|-------|----|----|-------|-----|-------------|-----|--|
| 26044004 | Bolsa Road Fish Passage Improvement (D6.2) | 9,088 | 67 | 67 | 9,155 | (4) | Const/Close | SCW | |
|----------|--|-------|----|----|-------|-----|-------------|-----|--|

Multiple Watersheds (Lower Peninsula, Guadalupe, Coyote, Uvas/Llagas)

| | | | | | | | | | |
|-----------|---|--------|-------|-------|--------|-------|----------|--------|--|
| 20444001s | Calabazas/San Tomas Aquino Creek-Marsh Connection | 12,452 | 7,485 | 2,348 | 19,937 | 4,259 | Env/Des | PT/SCW | |
| 26044002 | Pond A4 Resilient Habitat Restoration Project | 5,526 | 2,761 | 601 | 8,287 | 2,881 | Closed | SCW | |
| 26044005 | SCW D4.3 Fish Passage Improvements (Moffett) | 1,991 | 7,125 | 6,839 | 9,116 | (354) | Design | SCW | |
| 40214023 | Coyote 10B Freshwater Wetlands | 1,372 | 7,571 | 1,408 | 8,943 | (366) | Planning | PT | |

| | | | | | | | | | |
|------------------|---------------|---------------|---------------|----------------|--------------|--|--|--|--|
| Subtotal: | 49,235 | 98,324 | 25,935 | 147,558 | (566) | | | | |
|------------------|---------------|---------------|---------------|----------------|--------------|--|--|--|--|

Feasibility Studies

| | | | | | | | | | |
|------------------|--|--|--|--|--|--|--|--|--|
| None | | | | | | | | | |
| Subtotal: | | | | | | | | | |

| | | | | | | | | | |
|---|---------------|---------------|---------------|----------------|--------------|--|--|--|--|
| Water Resources Stewardship Total: | 49,235 | 98,324 | 25,935 | 147,558 | (566) | | | | |
|---|---------------|---------------|---------------|----------------|--------------|--|--|--|--|

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
 Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Project Phase (FY27) | Funded By | Zone W-2 % | Zone W-5 % | |
|---|--------------|---------------------------------|------------------------------|--------------------------|---------------------|----------------------|-----------|------------|------------|------------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | Change from FY26 |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | |

Validated - Future Unfunded Projects

| | | | | | |
|------------------------------------|---|----------|---------------|----------|---------------|
| 2044400X | Pond A4 - (Construction Only) | - | 32,968 | - | 32,968 |
| 204440XX | Calabazas/San Tomas Aquino Creek-Marsh Connection - Constuction O | - | 32,743 | - | 32,743 |
| Validated - Unfunded Total: | | - | 32,968 | - | 32,968 |

NOTES:

- 1) Implementation of the Mitigation projects is considered non-discretionary since they are needed to meet California Environmental Quality Act (CEQA) or regulatory commitments. Therefore, a priority score is not required.
- 2) Environmental Enhancement projects are implemented at the discretion of the Board. Projects may go through a ranking process to compete for CSC funds or the board may direct that other available revenue be used to implement the proposed projects.

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Orange** - **Orange Text: Projects to be completed or cancelled in FY 2026**
- Green** - **Green Text: Projects in the Construction phase**
- Blue** - **Blue Text: New projects proposed for the FY 27 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) '- "s" suffix on project number signifies a group of projects on one project page

of WRS Projects

| |
|----|
| - |
| - |
| 12 |
| - |
| - |
| 12 |

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Buildings and Grounds Projects

Revenue Source: Groundwater Charges,
 Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|-------|-------|-------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | | |
| 60204016 | Small Capital Improvements, Facility Management | 4,006 | 60,000 | 4,000 | 64,006 | (2,555) | Continuing | PT/W-2/W-5 | 60% | 40% | 0% |
| 60204032 | Headquarters Operations Building | 9,610 | 5,341 | 5,287 | 14,951 | (19) | Construction | PT/W-2/W-5 | 60% | 30% | 10% |
| 60204022 | Security Upgrades and Enhancements | 10,434 | 4,042 | 3,965 | 14,476 | (204) | Des/Const | PT/W-2/W-5 | 60% | 30% | 10% |
| Buildings & Grounds Total: | | 24,050 | 69,383 | 13,252 | 93,433 | (2,778) | | | | | |

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

Legend:

Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP

Orange - Orange Text: Projects to be completed or cancelled in FY 2026

Green - Green Text: Projects in the Construction phase

Blue - Blue Text: New projects proposed for the FY 27 CIP

* - Column A: Actuals spent through prior year + planned expenditures in current year

(s) - "s" suffix on project number signifies a group of projects on one project page

of B&G Projects

0

2

0

0

1

3

Funded by Legend:

W-2 - North Zone; revenue is allocated based on % of benefit to the zone

W-5 - South Zone; revenue is allocated based on % of benefit to the zone

W-7 - South Zone; revenue is allocated based on % of benefit to the zone

W-8 - South Zone; revenue is allocated based on % of benefit to the zone

WUE - funded by revenue from Water Utility Enterprise Fund

WSS - funded by revenue from Watershed and Stream Stewardship Fund

CSC - funded by revenue from Clean Safe Creeks program

SCW - funded by revenue from Safe Clean Water program

PT - funded by revenue from Property Tax

Subvent - funded by State Subventions

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Information Technology Projects

Revenue Source: Groundwater Charges,
 Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|---|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|------------|-------|-------|-------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | | | | | | |
| 73274013 | ERP Replacement | - | 31,572 | 8,312 | 31,572 | (1,653) | Construction | PT/W-2/W-5 | 65% | 35% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| 73274008 | Small Capital Improvements, Software Upgrades & Enhancements | 609 | 12,815 | 653 | 13,424 | (934) | Construction | PT/W-2/W-5 | 65% | 35% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| 95274003 | Small Capital Improvements, WU Computer Network Modernization | 3,587 | 20,391 | 52 | 23,978 | 1,221 | Construction | PT/W-2/W-5 | 100% | 0% | 0% | 76.2% | 18.3% | 5.1% | 0.4% |
| Information Technology Total: | | 4,196 | 64,778 | 9,017 | 68,974 | (2,651) | | | | | | | | | |

Validated - Future Unfunded Projects

| | | | | |
|------------------------------------|---|--------|---|--------|
| N/A | - | 12,451 | - | 12,451 |
| Validated - Unfunded Total: | - | 12,451 | - | 12,451 |

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
- Orange - Orange Text: *Projects to be completed or cancelled in FY 2026*
- Green - Green Text: *Projects in the Construction phase*
- Blue - Blue Text: *New projects proposed for the FY 27 CIP*
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- (s) "- "s" suffix on project number signifies a group of projects on one project page

of IT Projects

0
 3
 0
 0
 0

 3

Recommended
CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Information Technology Projects

Revenue Source: Groundwater Charges,
 Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

| Project Number | Project Name | B | | A + B | | Change from FY26 | Project Phase (FY27) | Funded By | WUE % | WSS % | SCW % | Zone W-2 % | Zone W-5 % | Zone W-7 % | Zone W-8 % |
|---|--------------|---------------------------------|------------------------------|--------------------------|---------------------|------------------|----------------------|-----------|-------|-------|-------|------------|------------|------------|------------|
| | | Actual/ Appropriated thru FY26* | Remaining Cost to Completion | FY27 Planned Expenditure | Total Project Value | | | | | | | | | | |
| Values last updated: 12.18.2025 (All values are in thousands) | | | | | | | | | | | | | | | |

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

| | | | | | |
|-------------------------|-----------|-----------|---------|------------|--------|
| CIP GRAND TOTAL: | 3,081,235 | 7,338,414 | 770,312 | 10,419,649 | 98,169 |
|-------------------------|-----------|-----------|---------|------------|--------|

| | A | B | C | D | E |
|-------------------------------|---|----|----|---|----|
| PROJECT DRIVER TOTALS: | 7 | 34 | 21 | - | 11 |

RESOLUTION NO. 99- 21

ADOPTING "WATER UTILITY TAXING AND PRICING POLICY" AND
RESCINDING RESOLUTION NO. 96-82

WHEREAS, the Santa Clara Valley Water District (District) adopted a District mission, goals and objectives on February 19, 1985, in order to conduct a sound water management program that serves the community; and

WHEREAS, the District Act authorizes the District to enter into water sales contracts and to levy and collect taxes and assessments on property within the District and in the respective zones of the District and sets forth requirements for groundwater charges and rates between agricultural and nonagricultural water; and

WHEREAS, several Board resolutions, as identified in Exhibit "A," are related to the management of water resources and the implementation of this water taxing and pricing policy; and

WHEREAS, several changes which affect revenue sources and benefit distribution have occurred since adoption of Resolution No. 96-82. These changes include: (1) passage of Resolution Nos. 98-44 and 98-45 setting agricultural charges for groundwater and surface water at 10 percent of the nonagricultural charges; (2) revisions to the policy governing sale of noncontract water in 1998; (3) pending completion of an agreement to act as the wholesaler to deliver recycled water in South County.

BE IT RESOLVED, by the Board of Directors of the District as follows:

1. **The policy of the District in the areas of taxation and water pricing for water utility revenues shall be and is hereby adopted:**

Policy Statement

The intent of this water utility taxing and pricing policy is to provide revenue for the management of water resources and operation of the water utility enterprise. This policy establishes a framework for establishing a system of water charges as permitted by the District Act to meet revenue requirements and to allocate costs amongst the beneficiaries. The general approach is to charge the recipients of the various benefits for the benefits received from the District's comprehensive water utility program.

The consumptive and nonconsumptive benefits provided by District water supply facilities and operations are listed and described below:

- Provision of a water supply and effective management of water resources available to the community from a variety of sources of supply, transmission, and water treatment facilities operated by the District.
- Protection of water quality through the purification and treatment of water and the protection of water supplies.
- Stewardship of watersheds and riparian corridor.
- Administration of related programs and projects such as recycled water and water conservation administered solely by the District or in partnership with another organization.

Resolution Adopting "Water Utility Taxing and Pricing Policy" and Rescinding Resolution No. 96-82

- Ancillary flood protection.
- Recreation, such as fishing, boating, picnicking, hiking, and other related recreation activities.
- Support for the economic well being of the community.
- Protection of the community infrastructure from subsidence.

2. Policy Implementation

The following water taxing and pricing concepts and framework shall be implemented in order to provide for revenue in order to continue providing direct and ancillary benefits to the customers of the District and the community of Santa Clara County.

Water Taxing and Pricing Concepts

- **Water Pooling:** Water is considered to be a single commodity irrespective of the water's source or cost. It is a single commodity whether it is from water provided locally, imported, or recycled, and all users benefit from the availability of multiple sources of water.
- **Water Facilities Cost Pooling:** All water supply facilities contribute to the common benefit of effective water resources management. In general, the water charges and property taxes are based on the common benefits of the capital and operations outlays, rather than reference to named facilities, with the exception of the liability for bonded indebtedness which is applied to each zone of benefit.
- **Water Resources Management:** Water supplies are managed, through taxing and pricing, to obtain the effective utilization of the water resources of the District to the advantage of the present and future populations of the County. This concept provides for development of taxing and pricing structures that will achieve the effective use of available resources and conserve supplies for potential drought conditions.
- **Revenue Pooling:** For the most part, water utility revenues are collected in a common fund and not designated for a specific cost. Such revenues are available for the general capital and operating outlays of the water utility enterprise. Some revenues such as certain property taxes are specifically designated for debt service and the fixed costs of the State Water Project, and are not available to the common fund. Water charges are established to provide the revenues that are required in the common fund for general capital and operating outlays and that are over and above revenues from ad valorem taxes, interest, and miscellaneous sources. This provides flexibility in managing continuing operations and funding capital outlays.

Water Taxing and Pricing Framework

The following procedures are intended as a general framework to guide staff in the development of a water rate structure implementing this policy:

- **Zones of Benefit:** Zones of benefit are to be identified and established in accordance with the District Act. Groundwater charges and property taxes are levied for the benefits received by the water users and property owners benefitting from that zone. For each zone, a basic

Resolution Adopting “Water Utility Taxing and Pricing Policy” and Rescinding Resolution No. 96-82

water user charge is determined for current groundwater and raw surface water users to be applied to the quantities of water used or consumed.

- **Basic Water Charge Zones:** The objective of establishing various water charge zones is to recover costs for the benefits resulting from conservation, import, and recharge of water which occur only within that zone. Water charges are levied for water producing operations, such as groundwater pumping and raw surface water diversion. In addition, users may be subject to specific charges that meet special needs of a group of users, such as water master charges for surface water deliveries, a capital charge for equipment or facilities, and power costs for pumping.
- **Treated Water Surcharge:** A treated water surcharge shall be added to the basic water charge for the price of treated surface water delivered by the District. The charge is to be established at an amount that would promote the effective use of available water resources. The charge may differ between treatment plants to better manage regional variations in groundwater conditions.
- **Costs for Specific Benefits:** Whenever costs associated with specific benefits are clearly and easily measurable, those costs shall be charged to the beneficiaries, in accordance with their specific zones of benefit. Where there is a question as to the identity of the beneficiary or the method of measuring the benefit, the allocation of costs should remain flexible and be determined in accordance with accepted practices and sound judgements based on the four water pricing concepts. The District recognizes and supports the State Legislature’s limitation imposed on the District that rates for agricultural water shall not exceed one-fourth of the rate for all water other than agricultural water. In order to encourage the continuance of agricultural use of land in the County, to encourage the preservation of open space, to defer intensification of users and to further support the limitation imposed by the State Legislature, it is the District’s policy that rates for agricultural water shall not exceed one-tenth the rate for all water other than agricultural water.

Both water charges and property taxes are used to recover costs incurred for the benefit of current water users. The costs for future supply sources can be recovered using current revenues or through project specific long-term financing.

- **Balancing Costs:** The District recognizes that there may be imbalances between revenues and costs within a zone of benefit from year to year. The District will strive to achieve balance over the long-term in accordance with the District Act and to properly charge recipients for the benefits received.
- **Incentives:** Incentives in the form of subsidies may be provided in order to reduce the price of specific sources of water in order to optimize use of available or future water resources.
- **Recycled Water:** From time to time, the District may enter into agreements to provide wholesale delivery or other services related to recycled water. The District will strive to recover the costs of these facilities consistent with the pooling concepts outlined above, while adhering to the specifics of any agreement.

Resolution Adopting "Water Utility Taxing and Pricing Policy" and Rescinding Resolution No. 96-82

3. Executive and Staff Limitations

District staff are authorized to develop a water rate structure which meets the objectives set forth herein, in accordance with the District Act, and using the concepts set forth above. The District's rate structure is implemented only by resolutions approved by the Board of Directors.

Staff is authorized to recommend water charges for consideration by the Board in accordance with the District Act. Water charges, if any, shall be recommended by staff each year be at fixed and uniform rates for agricultural water and for all water other than agricultural water, respectively, except that each such rate for agricultural water shall be one-tenth of the rate for all water other than agricultural water. The Board has determined that agricultural use of lands is of value to the County and the state, and that agricultural lands provide an open space benefit. The Board's limiting staff to a recommendation of agricultural water rates below the maximum allowed by the District Act will benefit water users Countywide, and is necessary to carry out the policies of the State Legislature and the District Board of Directors.

Staff is authorized to prepare, for the Board's consideration, resolutions for the collection of property taxes as needed and authorized under applicable laws.

4. Previous Policy Rescinded

The "Water Taxing and Pricing Policy," adopted by Resolution No. 96-82, is hereby rescinded.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District on
March 16, 1999 by the following vote:

AYES: Directors Gross, Zlotnick, Judge, Kamei, Sanchez, Estremera, Wilson

NOES: Directors None

ABSENT: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 
Chair/Board of Directors

ATTEST: LAUREN L. KELLER


Clerk/Board of Directors

RESOLUTION NO. 12- 10

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES
FOR THE IMPOSITION OF SURFACE WATER CHARGES

WHEREAS, pursuant to Section 4 of the District Act, the purposes of the District Act are to authorize the District to provide comprehensive water management for all beneficial uses within Santa Clara County; and

WHEREAS, Section 5(5) of the District Act authorizes District to do any and every lawful act necessary to be done that sufficient water may be available for beneficial uses within Santa Clara County; and

WHEREAS, Section 5(12) authorizes the District to make contracts and do all acts necessary for the full exercise of all powers vested in the District; and

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIII C and XIII D to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether legally required or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of surface water charges to mirror the majority protest requirements of Article XIII D, section 6 applicable to charges for water services to the extent possible; and

WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of surface water charges and to provide the community with a guide to those decisions and how they have been made; and

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Directors' intent in adopting this resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIII C and XIII D of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of surface water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

SECTION 2. Definitions.

- A. Record Owner.** The District will provide the required notice to the Record Owner. "Record Owner" means the record owner of the property on which the surface water use-facility is present, and the tenant(s) who are District surface water permittees liable for the payment of the surface water charge.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

- B. Charge Zone.** "Charge Zone" means the District zone (i.e. Zone W-2 or Zone W-5) that a surface water user's turnout is located, which is applicable in identifying the proposed surface water charge. Surface water users that receive surface water outside of either Zone W-2 or Zone W-5 are deemed to be located in the zone to which the surface water user's turnout is most nearly located.

SECTION 3. Surface Water Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of the existing surface use-facilities.

- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential surface water charge will be included in the notice. The surface water charge is comprised of a basic user charge and a surface water master charge. The surface water charge must comply with the following substantive requirements:

1. Revenues derived from the surface water charge will not be used for any purpose other than that for which the charge is imposed.
2. Revenues derived from the surface water charge will not exceed the direct and indirect costs required to provide the service.
3. The amount of the surface water charge must not exceed the proportional cost of the service attributable to the property.
4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the property owner (or, if applicable, the tenant).
5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.

- C. Notice.** The following guidelines apply to giving notice of the surface water charge.

1. Record Owner(s) of each parcel subject to the surface water charge, meaning any parcel with a surface water use-facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. District surface water permittees liable for the payment of the surface water charge will also be provided with the notice.
2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the surface water charge.
3. Failure of any person to receive the notice will not invalidate the proceedings.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

D. Surface Water Charge Protest. The following guidelines apply to the surface water charge protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed surface water charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one surface water user-facility will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the surface water user-facility is located, and include the legibly printed name of the signator. Protests not submitted as required by this Resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted or changed by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;
 - c. A protest without a legible printed name;
 - d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Surface Water Charges

- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw that protest at any time up until the conclusion of the final public hearing on the surface water charge.
- 4. A property owner's failure to receive notice of the surface water charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing.

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed surface water charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed surface water charge (or increase of the surface water charge) within a Charge Zone exceeds 50% plus one of either: (i) the identified number of parcels within that Charge Zone, or (ii) the identified number of owners and tenants who are subject to the surface water charge within that Charge Zone, then a "majority protest" exists and the District Board of Directors will not impose the surface water charge within that Charge Zone.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte

NOES: Directors None

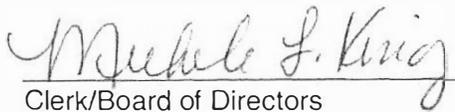
ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 
LINDA J. LEZOTTE
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

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Capital Improvement Program Preliminary FY 2027-31 Five-Year Plan and FY 2026-27 Groundwater Production Charges

Presented by:
Jessica Collins, Business Planning and Analysis Manager
Carmen Narayanan, Financial Planning and Revenue Manager
Angie Perkins Haslam, Grants, Compliance and Claims Manager

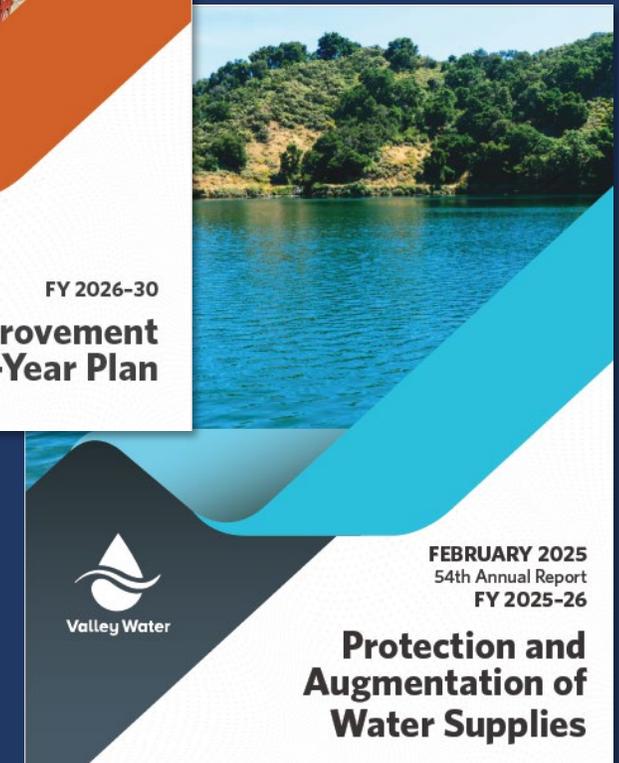
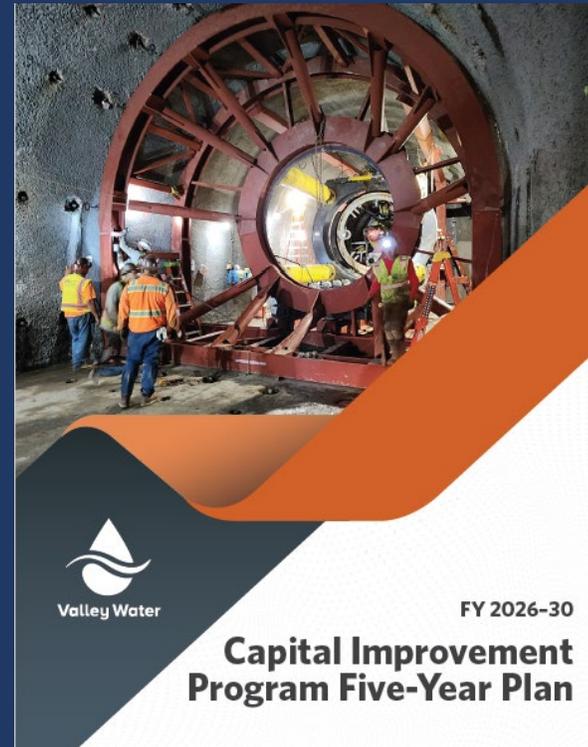


Recommended Board Actions

- A. Review the recommended funding scenarios for the CIP Preliminary Fiscal Year 2027-2031 (FY 2027-31) Five-Year Plan and approve the recommendations and the inclusion of three projects in the CIP Draft FY 2027-31 Five-Year Plan; and
- B. Discuss and provide direction on the preliminary FY 2026-2027 (FY 27) Groundwater Production Charge analysis.

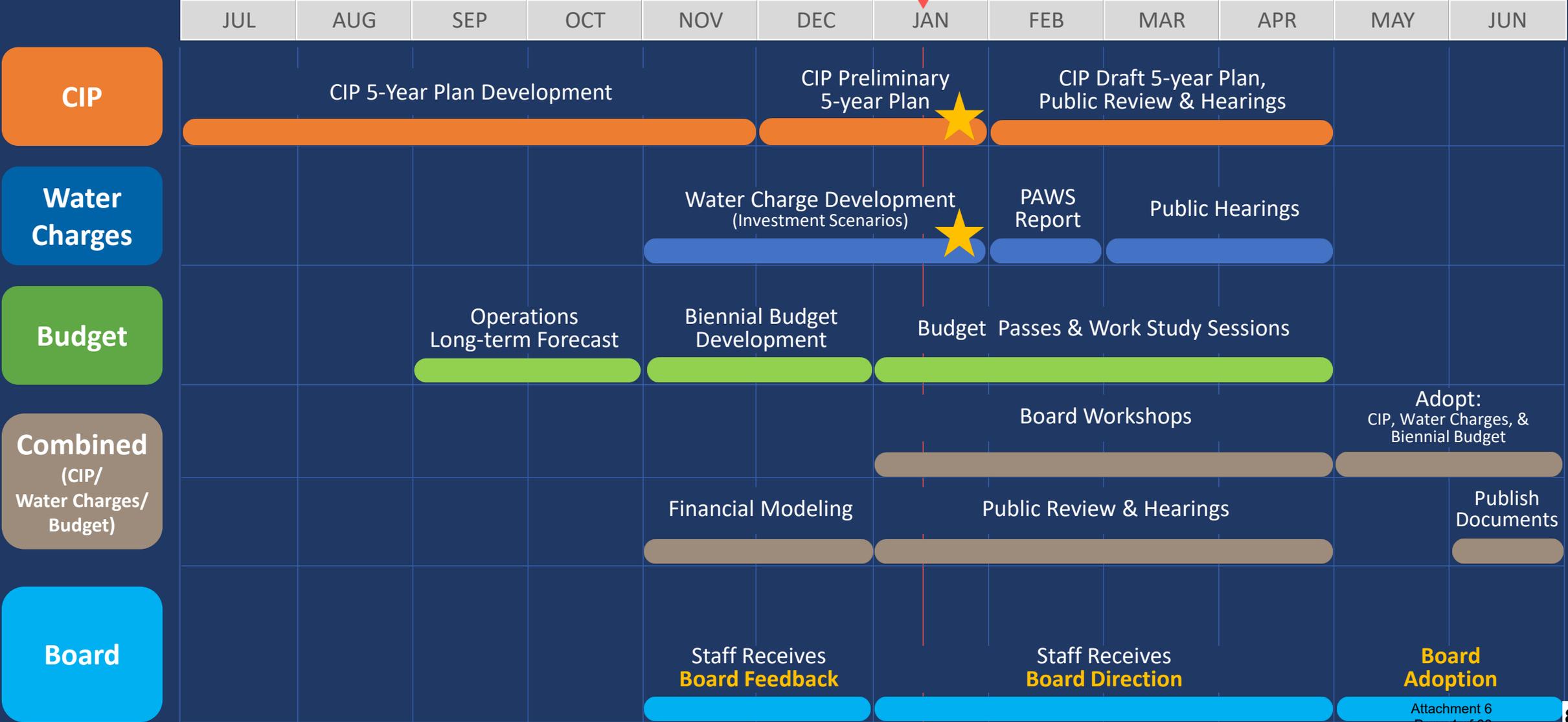
Presentation Outline

1. Annual Development Timelines
2. CIP Preliminary FY 2027-31 Five-Year Plan
 - A. Project Plan Updates Summary
 - B. Analysis and Recommendations by Fund
 - 1) Baseline
 - 2) Recommended
 - 3) Initially Validated/Unfunded Projects
 - C. Enhancing CIP Prioritization
3. Preliminary FY 2026-27 Groundwater Production Charge Analysis
4. Next Steps



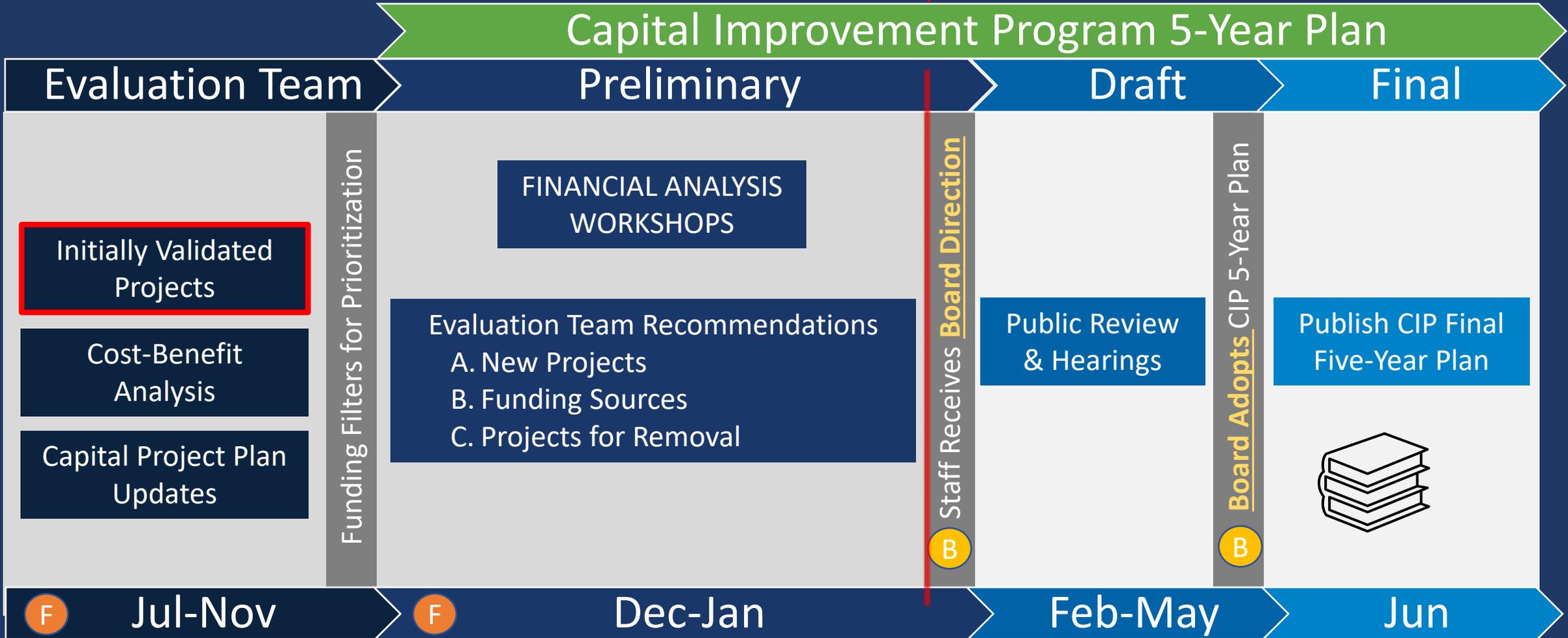
Annual CIP, Biennial Budget & Water Charges Development Timeline

We are here



Annual CIP 5-Year Plan Timeline

We are here ↓



F CIP Committee and/or Board Feedback; 10/20; 11/12; 12/15

B Key Decision Points for Board; 1/13; 5/12

Summary of Project Plan Updates

Changes from Board Adopted CIP FY 2026-30 Five-Year Plan

Project Plan Updates from CIP Adopted Five-Year Plan

Overview of 47 Project Plan Updates:

- **22 Projects** had changes to **SCHEDULE** and **COST**
- **14 Projects** had changes to **SCOPE, SCHEDULE** and **COST**
- **10 Projects** had changes to **COST ONLY**
- **1 Project** had changes to **SCOPE** and **COST**

Small Capital Project Updates

- **7 Projects** had changes due to **SMALL CAPITAL FORECAST REVISIONS**

*See Attachment 1 for full details regarding project plan updates.

Project Plan Updates Fund Impacts

Changes from Adopted CIP FY 2026-30 Five-Year Plan

Impact, by fund, of the 47 project plan updates:

| Fund | Cost Impact* (±) |
|--|---------------------|
| General Buildings & Grounds (Fund 11) | -\$2.78M |
| Watersheds Stream Stewardship (Fund 12) | -\$132.64M |
| Safe, Clean Water and Natural Flood Protection Program (Fund 26) | \$17.39M |
| Water Utility Enterprise (Fund 61) | -\$2,475.75M |
| Information Technology (Fund 73) | -\$3.87M |
| Total | -\$2,597.65M |

* Cost includes inflation.

New/Pending Project Plan Updates

Project plan updates are underway for the following projects:

1. Almaden Dam Improvements (91854001)
2. SCW Regnart Creek Rehabilitation (F8) (26044056)
3. SCADA Master Plan Implementation (95044002)
4. Coyote Creek Chillers (91864008)
5. Land Rights – South County Recycled Water Pipeline (91094001)
6. Almaden Valley Pipeline Replacement (92304001)

(NOTE: The pending changes have not been finalized and therefore are not incorporated into the Baseline CIP Preliminary FY 2027-31 Five-Year Plan. The changes will be incorporated and modeled for the March 10, 2026, Board Meeting, along with any additional project plan updates.)

CIP Preliminary FY 2027-31 Five-Year Plan (Baseline Funding)

With changes from Adopted CIP FY 2026-30 Five-Year Plan

| Fund | FY26-30 Adopted | FY27-31 Preliminary (Baseline) | Change in Cost (±) |
|--|---------------------|--------------------------------|---------------------|
| General Buildings & Grounds (Fund 11) | \$96.21M | \$93.43M | -\$2.78M |
| Watersheds Stream Stewardship (Fund 12) | \$966.81M | \$834.17M | -\$132.64M |
| Safe, Clean Water and Natural Flood Protection Program (Fund 26) | \$1,305.54M | \$1,322.93M | \$17.39M |
| Water Utility Enterprise (Fund 61) | \$7,940.22M | \$5,464.46M | -\$2,475.75M |
| Information Technology (Fund 73) | \$48.87M | \$45.00M | -\$3.87M |
| Totals: | \$10,357.65M | \$7,760.00M | -\$2,597.65M |

Baseline Includes:

- *Capital project plan updates*
- *Cost increases/decreases resulting from inflation*
- *Board approved project closures in FY 26*

Analysis and Recommendations by Fund

Board Presentations* Outlined the Following Challenges and Strategic Approach:

1. Challenges

- A. Constrained funding based on rising capital costs for projects in the CIP FY 2026-30 Five-Year Plan

2. Strategies

- A. Prioritize Flood Risk (Hot Spots)
- B. Review Financial Viability
- C. Assess Feasibility of Project Phasing

***On August 29, 2025, and November 25, 2025.**

Alignment with Watershed Strategy – Fund 12

In alignment with the Watersheds Strategy for Project Implementation, the following capital project updates have been identified:

1. Lower Guadalupe River Capacity Restoration Project (30154019)*
 - A. Re-Evaluate Scope

2. SF Bay Shoreline – UPRR Closure & Pedestrian Bridge (00044026)*
 - A. Continue Design/Delay Reach 4-5 Construction

3. Lower Berryessa, Phase 3 – Construction Only (40C40397)
 - A. Re-Evaluate Scope/remove placeholder (Pending)

* Project plan updates have been included in the Baseline model and are shown in detail in Attachment 1.

Watershed Stream Stewardship Fund (Fund 12)

Largest/Most Impactful changes from Adopted CIP FY 2026-30 Five-Year Plan

Overview of Largest/Most Impactful Project Plan Updates:

| Project Number | Project Name | Scope | Schedule Impact (±) | Cost Impact* (±) |
|----------------|---|-------|---------------------|------------------|
| 62084001 | Watersheds Asset Rehabilitation Program (WARP) | - | - | + \$18.23M |
| 20444001 | Calabazas/San Tomas Aquino Creek – Marsh Connection | - | + 2 Yrs. | + \$4.26M |
| 10394001 | Palo Alto Flood Basin Tide Gate Replacement | Y | + 2 Yrs./9 Mos. | + \$1.87M |
| 20444002 | Pond A4 Resilient Habitat Restoration | - | - | - \$3.14 M |
| 00044026 | SF Bay Shoreline – UPRR Closure & Pedestrian Bridge | Y | - 1 Yr. | - \$ 57.13 M |
| 30154019 | Lower Guadalupe River Capacity Restoration Project | Y | - 3.5 Yrs. | - \$ 76.11M |

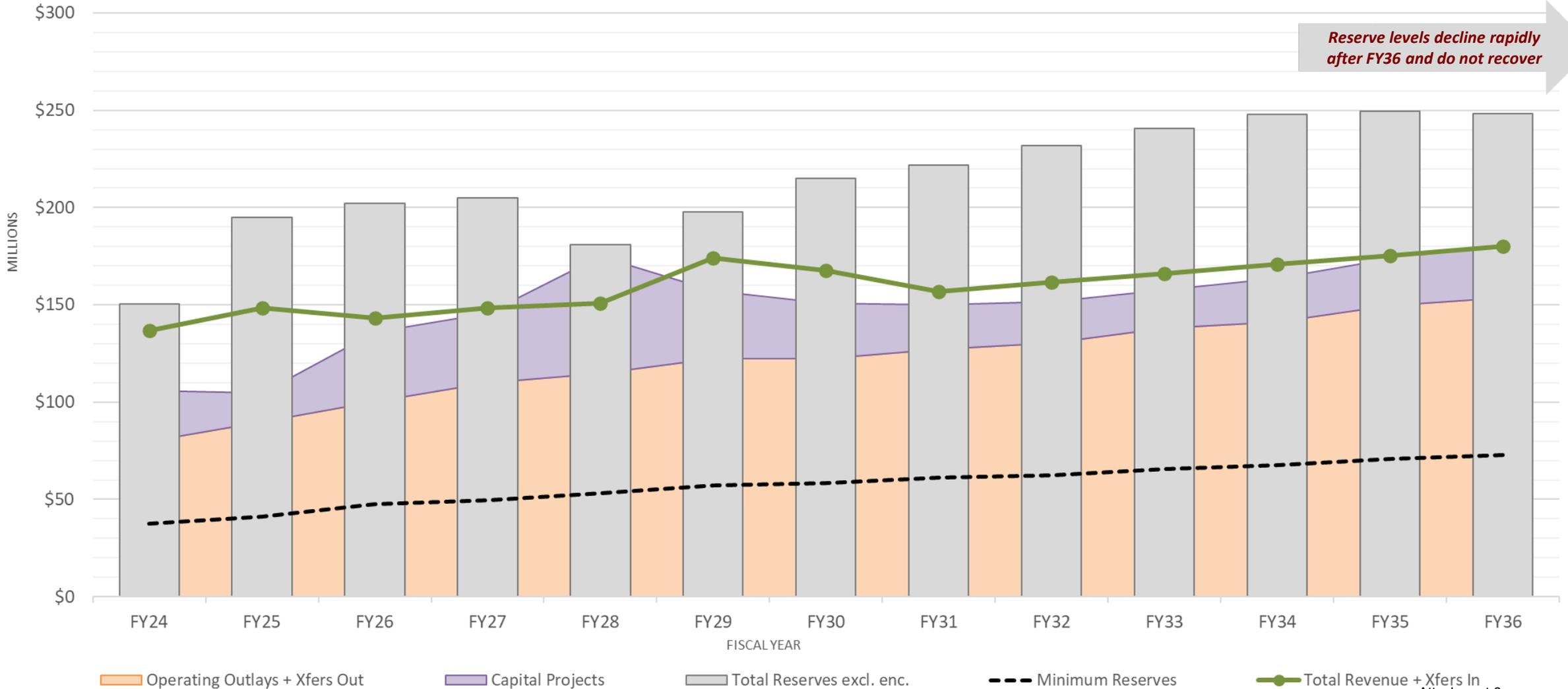
* Cost impact is shown in inflated dollars
 ** This Delta only reflects the changes due to CMMs (the overall change to Fund 12 is shown on slide 9)

| Total Increases | Total Decreases | Delta |
|-----------------|-----------------|---------------|
| \$24.36 M | \$136.38 M | \$-112.02 M** |

Watershed Stream Stewardship Fund 12 – Baseline

Includes transfers out: \$11.4M to SCW Fund 26 to contribute to capital costs (in FY27 & FY31).

Watershed Stream Stewardship Fund



Note: capital project expenditures stacked above operating outlays.

CIP Evaluation Team Recommendations – Fund 12

Recommended Scenario = Baseline, with the following modifications:

1. Include the Aquatic Resource Creation at Ford Rd Perc Pond ~ \$6.37M*
2. Implement fund transfer from Fund 12 to Fund 26 in future years to balance the fiscal health of Fund 26 (transfer estimated to be ~\$110M over multi-year period)

* This project will be funded by Fund 12, but this fund will be reimbursed based upon the projects/funds that receive mitigation credit.

Aquatic Resource Creation at Ford Rd Perc Pond



TPC: \$6.37M

Funding: Funds 12/26/61*

Duration: 5 Years

Location: San Jose, CA

Objectives:

1. Meet Valley Water's mitigation requirements for the Coyote Creek watershed for Stream Maintenance Program (SMP-3), Anderson Dam Seismic Retrofit Project (ADSRP), Coyote Creek Flood Protection Project (CCFPP), and/or other project and programs.
2. Create approximately 3 acres of jurisdictional waters and/or wetland aquatic resources
3. Enhance approximately 4 acres of jurisdictional waters in Coyote Creek
4. Enhance approximately 0.4 acre of jurisdictional wetland adjacent to Coyote Creek

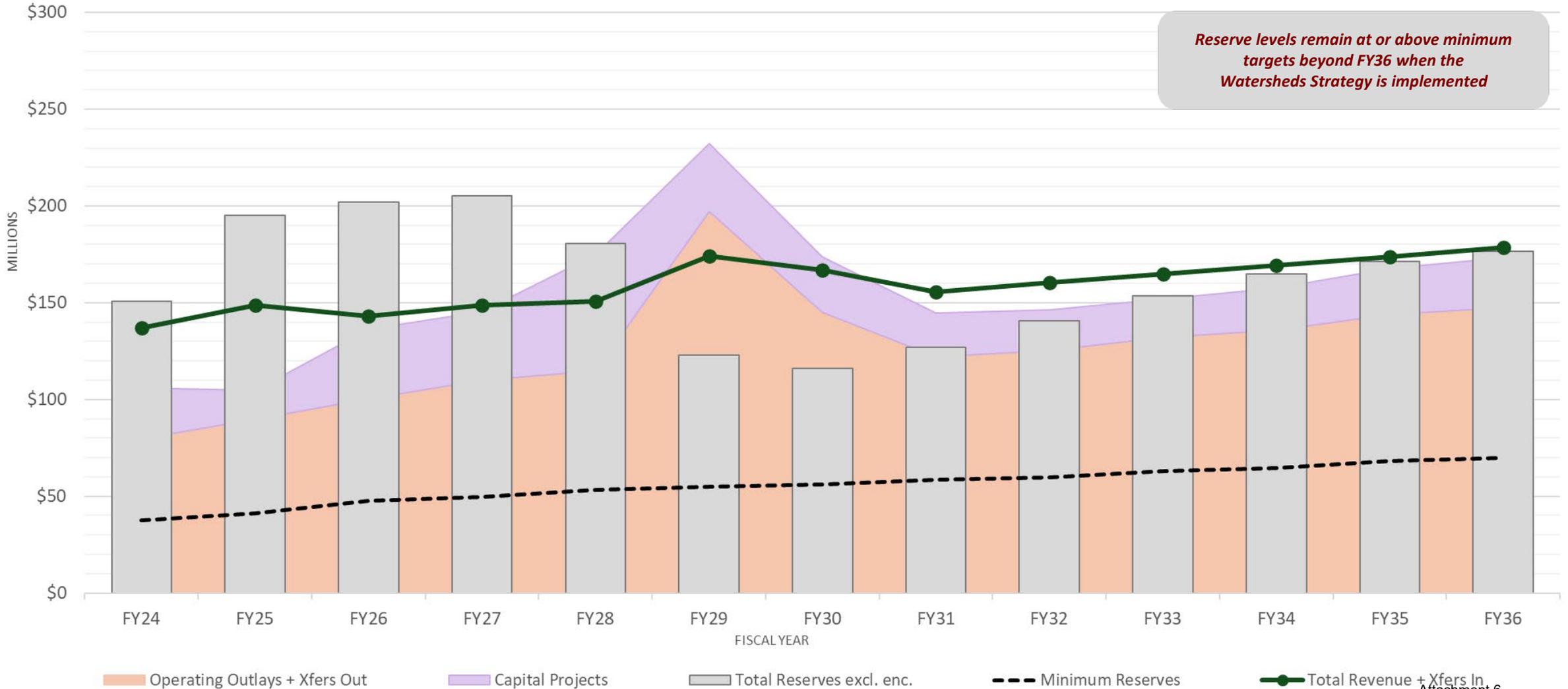
* This project will be funded by Fund 12, but this fund will be reimbursed based upon the projects/funds that receive mitigation credit.

Watershed Stream Stewardship Fund 12 – Recommended Scenario

Includes: Aquatic Resource Creation at Ford Rd Perc Pond (\$6.4M)

Includes transfers out: \$110M to SCW Fund 26 for capital project delivery (FY29-FY30)

Watershed Stream Stewardship Fund



Note: capital project expenditures stacked above operating outlays.

Alignment with Watershed Strategy – Fund 26

In alignment with the Watersheds Strategy for Project Implementation, prioritizing the highest flood risk, the following capital projects were recommended to continue:

1. Coyote Creek Flood Protection Project (E1) (26174043)*
2. Sunnyvale East and West Channels Flood Protection (E2) (26074002)*
3. Llagas Creek Flood Protection (E6) (26174052)*
4. Upper Guadalupe River Flood Protection (E8) (26154003)*
 - A. Continue USACE Partnership/Explore Local-Funding Only Options

* Project plan updates have been included in the Baseline model and are shown in detail in Attachment 1.

Alignment with Watershed Strategy – Fund 26 cont.

In alignment with the Watersheds Strategy for Project Implementation, the following capital project updates have been identified:

1. Upper Penitencia Creek Flood Protection Project (E4) (26324001)*
 - A. Advance Design Phase

2. Lower Berryessa, Phase 3 - Design Only (E3) (26C40420)**
 - A. Re-Evaluate Scope/move placeholder (Pending)

* Project plan updates have been included in the Baseline model and are shown in detail in Attachment 1.

** Currently, this placeholder project is slated to begin in 2032; however, the Recommended Scenario model moved the start date to outside of the CIP 15-year forecast.

Safe, Clean Water and Natural Flood Protection Program Fund (Fund 26)

Largest/Most Impactful changes from Adopted CIP FY 2026-30 Five-Year Plan

Overview of Largest/Most Impactful Project Plan Updates:

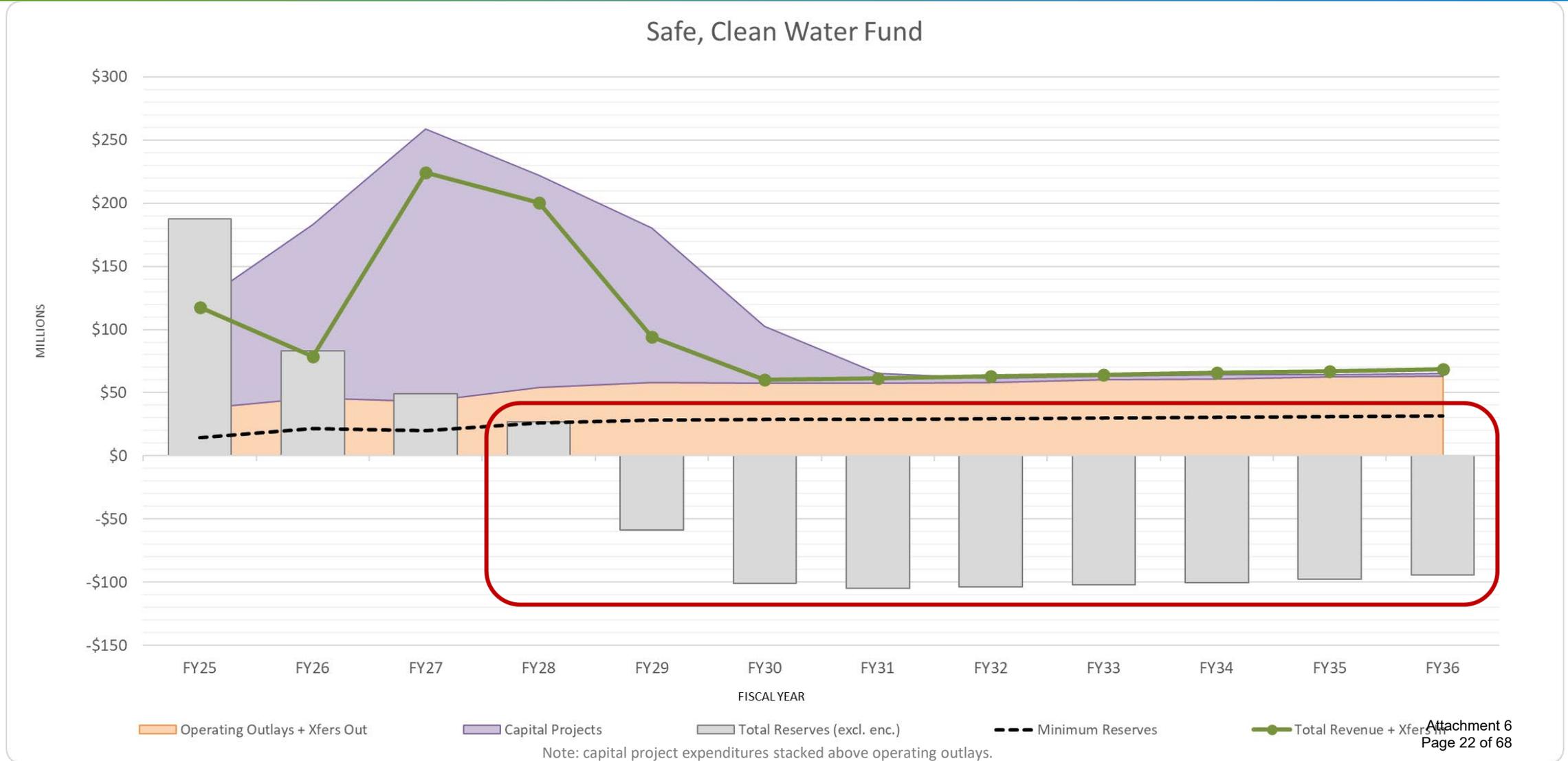
| Project Number | Project Name | Scope | Schedule Impact (±) | Cost Impact* (±) |
|----------------|--|-------|---------------------|------------------|
| 26074002 | Sunnyvale East and West Channels | - | + 3 Yrs. | + \$70.49M |
| 26174043 | Coyote Creek, Montague Expwy to Tully (E1) | - | Phase Only | + \$37.18M |
| 26324001 | Upper Penitencia Ck, Coyote Crk to Dorel Dr (E4) | Y | - 3 Yrs. | + \$15.68M |
| 26154003 | Guadalupe Rv – Upper, SPRR-Blossom Hill (R7-12) | - | + 5 Yrs./ 9 Mos. | + \$4.33M** |
| 26044003 | Ogier Ponds Separation from Coyote Creek (D4.2) | - | - 1 Yr./ 10 Mos. | + \$2.57M |
| 26174052 | Llagas Creek – Upper, Corps Coordination | - | - | +\$1.17M |
| 26284002 | San Francisquito Creek – Bay to Searsville | - | - | - \$2.41M** |

- * Cost impact is shown in inflated dollars
- ** No change to Total Project Cost (TPC), inflation only
- *** This Delta only reflects the changes due to CMMs (the overall change to Fund 26 is shown on slide 9)

| Total Increases | Total Decreases | Delta |
|-----------------|-----------------|---------------|
| \$131.41 M | \$3.89 M | \$127.52 M*** |

Safe, Clean Water Fund 26 – Baseline

Includes: \$80M in NRCS funding for Upper Llagas Creek Flood Protection Project – Phase 2B; transfers in include \$18.5M from WUE Fund 61 for IRP2 and \$11.4M from WSS Fund 12.



CIP Evaluation Team Recommendations – Fund 26

Recommended Scenario = Baseline, with the following modifications:

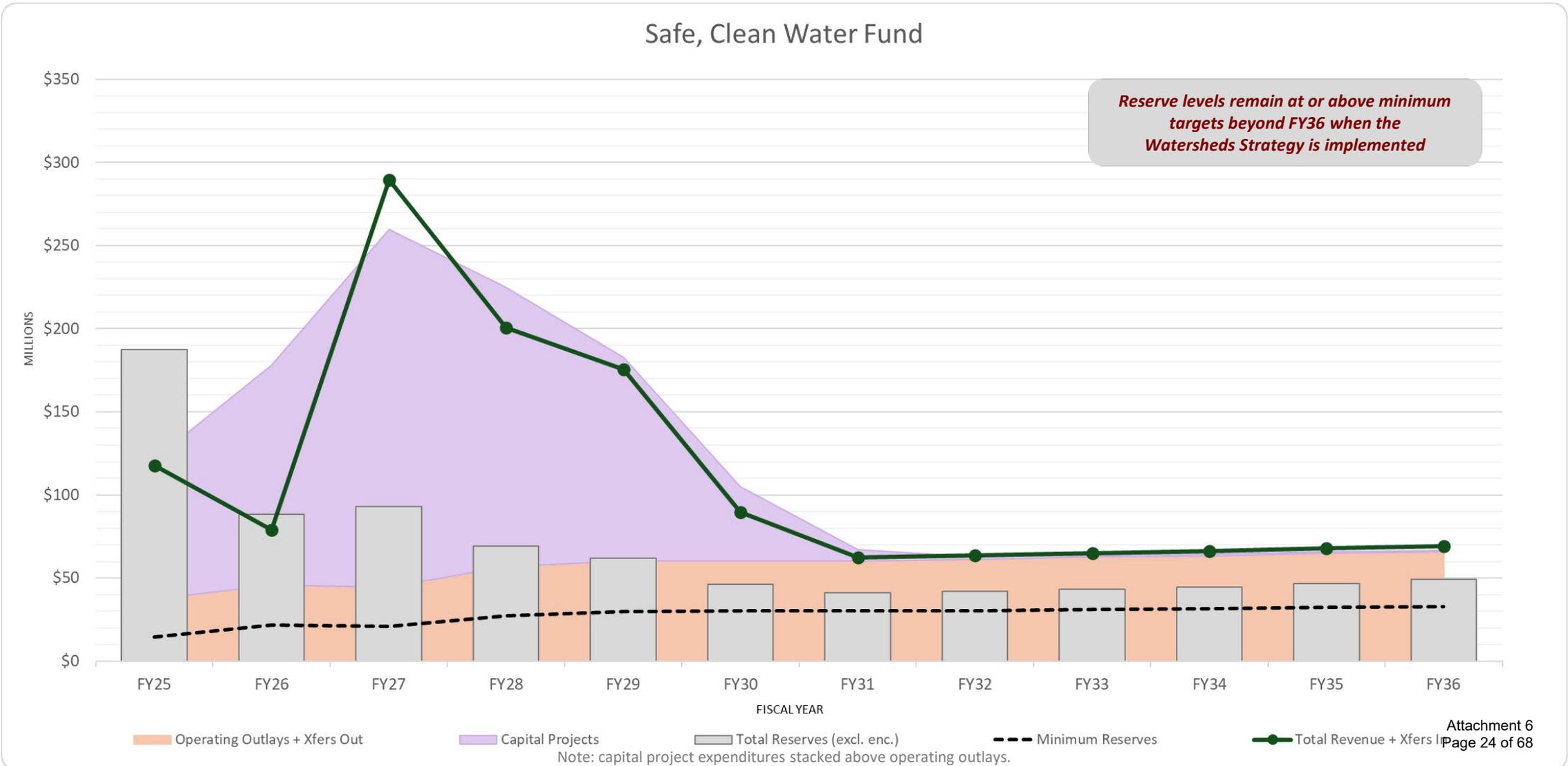
1. Cancellation of ~\$48M in fund transfer from Fund 26 to Fund 61 for Project C1 – Anderson Dam Seismic Retrofit; and
2. Transfer of Project E5 – San Francisquito Creek Flood Protection from the CIP Five-Year Plan into an Operating Project for budgeting and long-term forecasting (pending).

Safe, Clean Water Fund 26 – Recommended Scenario

Includes: \$80M in NRCS funding for Upper Llagas Creek– Phase 2B.

Includes transfers in: \$18.5M from WUE Fund 61 for IRP2 (FY25-FY28) & \$110M from WSS Fund 12 for capital project delivery (FY29-FY30).

Eliminates: ~ \$48M transfer out to Water Utility for Anderson Dam SRP



Water Utility Enterprise Fund (Fund 61)

Largest/Most Impactful changes from Adopted CIP FY 2026-30 Five-Year Plan

Overview of Largest/Most Impactful Project Plan Updates:

| Project Number | Project Name | Scope | Schedule Impact (±) | Cost Impact* (±) |
|----------------|---|---------|---------------------|------------------|
| 91954002 | Pacheco Reservoir Expansion | Y/Close | -10.5 Yrs. | - \$2,586.22M |
| 91864005 | Anderson Dam Seismic Retrofit | - | Phase only | + \$56.45M |
| 93234044 | PWTP Residuals Management | Y | Phase only | + \$36.27M |
| 92304001 | Almaden Valley Pipeline Replacement Project | - | + 1 Yr. | + \$36.15M |
| 91864006 | Anderson Dam Tunnel | - | - 9 Mos. | + \$12.26M |
| 93044001 | WTP Master Plan Implementation | Y | + 5.5 Yrs. | + \$7.80M |
| 95084006 | Santa Teresa Force Main Inspection & Rehab | Y | Phase only | + \$6.98M |
| 91894002 | Guadalupe Dam Seismic Retrofit – Design and Construct | - | Phase only | + \$5.36M |
| 91084020 | Calero & Guadalupe Dams Seismic Retrofits - Planning | Y | Phase only | + \$4.62M |

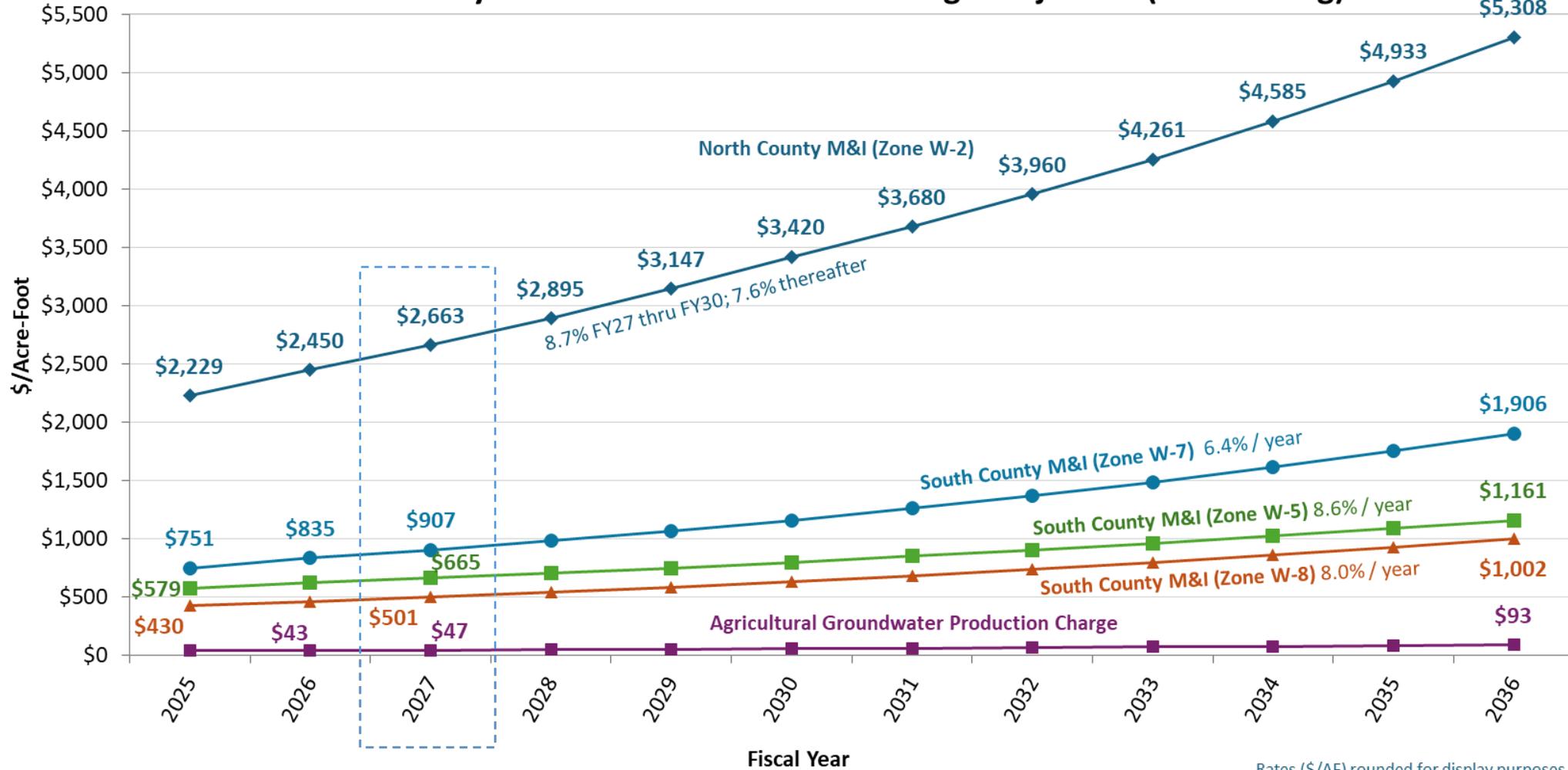
* Cost impact is shown in inflated dollars

** This Delta only reflects the changes due to CMMs (the overall change to Fund 61 is shown on slide 9)

| Total Increases | Total Decreases | Delta |
|-----------------|-----------------|----------------|
| \$178.59 M | \$2,607.73 M | -\$2,429.14 M* |

Water Utility Fund 61 – Preliminary Baseline Rate Projections

Preliminary FY 2026-27 Groundwater Charge Projection (M&I and Ag)



Rates (\$/AF) rounded for display purposes.

Reflects preliminary FY27 baseline rate projections:

FY27 Est. Water Usage at 221.5kAF

Preliminary FY27-31 CIP

Ag @ 9.25% M&I Zone W-8

SWP tax pays for 100% of SWP costs

Delta Conveyance Project

Sisk Dam Raise

Sites Reservoir

CIP Evaluation Team Recommendations – Fund 61

Recommended Scenario = Baseline, with the following modifications:

1. Include Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility ~\$2,448.90M*
2. Include Santa Teresa Water Treatment Plant Infrastructure Rehabilitation (WTP Master Plan Implementation) ~\$242.67M*
3. Cancellation of ~\$48M in fund transfer from Fund 26 to Fund 61 for Project C1 – ADSRP.

* Placeholder dollars for these projects were included in the 2025 PAWS Report. As a result, there is no significant impact on projected water rates.

STWTP Rehabilitation Project

(Water Treatment Plant Master Plan Implementation Project)

TPC: \$242.67M

Funding: Fund 61*

Duration: 8 Years

Location: San Jose, CA

Project Site



Protect and Maintain Existing Water Infrastructure

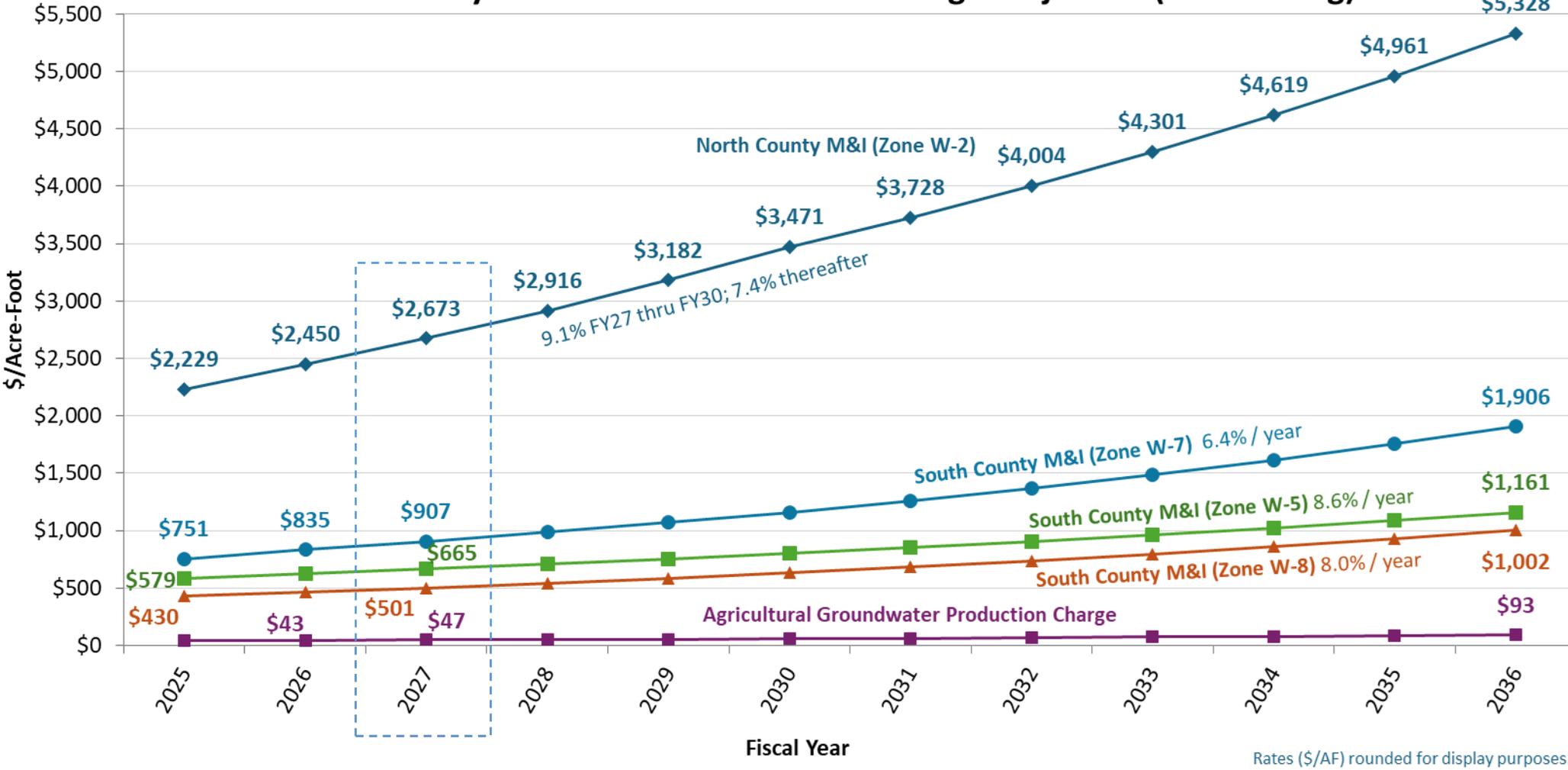
Objectives:

1. Replace aging assets throughout the treatment plant.
2. Implement process improvements to increase plant reliability.

* Placeholder dollars for this project are included in the 2025 PAWS Report.

Water Utility Fund 61 – Preliminary Baseline Rate Projections Including CIP Evaluation Team Recommendations

Preliminary FY 2026-27 Groundwater Charge Projection (M&I and Ag)



Reflects CIP Evaluation Team Recommendations in preliminary FY27 baseline rate projections:

- 1. Include Pure Water Silicon Valley Full-Scale DPR Facility**
 - No longer a placeholder
- 2. Include Santa Teresa WTP Rehabilitation Project**
 - No longer a WTP Master Plan Implementation Project placeholder
- 3. Cancel ~ \$48M trsrfr. in from SCW Fund 26**

Rates (\$/AF) rounded for display purposes.

CIP Preliminary FY 2027-31 Five-Year Plan (Recommended)

With changes from Adopted CIP FY 2026-30 Five-Year Plan

| Fund | FY26-30 Adopted | FY27-31 Preliminary (Recommended)* | Change in Cost (±) |
|--|---------------------|------------------------------------|--------------------|
| General Buildings & Grounds (Fund 11) | \$96.21M | \$93.43M | - \$2.78M |
| Watersheds Stream Stewardship (Fund 12) | \$966.81M | \$840.54M | - \$126.28M |
| Safe, Clean Water and Natural Flood Protection Program (Fund 26) | \$1,305.54M | \$1,322.93M | \$17.39M |
| Water Utility Enterprise (Fund 61) | \$7,940.22M | \$8,156.03M | \$215.81M |
| Information Technology (Fund 73) | \$48.87M | \$45.00M | - \$3.87M |
| Totals: | \$10,357.65M | \$10,457.93M | \$100.28M |

Recommended CIP Preliminary FY 2027-31 Five-Year Plan Includes:

- CIP Evaluation Team Recommendations *(includes 3 Newly Validated Projects)*
- Cost increases/decreases resulting from inflation
- Board approved project closures in FY 25
- All processed CMMs

* FY 2027-31 Preliminary Recommended totals are estimated based on recommendations and will be updated for 3/10/26 Board meeting

CIP Preliminary FY 2027-31 Five-Year Plan (Baseline vs. Recommended)

| Fund | FY27-31 Preliminary (Baseline) | FY27-31 Preliminary (Recommended)* | Change in Cost (±) |
|---|--------------------------------|------------------------------------|--------------------|
| General Buildings & Grounds (Fund 11) | \$93.43M | \$93.43M | \$0 |
| Watersheds Stream Stewardship (Fund 12) | \$834.17M | \$840.54M | \$6.37M |
| Safe, Clean Water Program (Fund 26) | \$1,322.93M | \$1,322.93M | \$0M |
| Water Utility Enterprise (Fund 61) | \$5,464.46M | \$8,156.03M | \$2,691.57M |
| Information Technology (Fund 73) | \$45.00M | \$45.00M | \$0 |
| Totals: | \$7,760.00M | \$10,457.93M | \$2,697.93 |

The estimated recommended preliminary totals do not incorporate all **pending project plan updates reflected on **slide 9**, only those included in the CIP Evaluation Team Recommendations. Those not included will be incorporated and modeled for the March 10, 2026, Board Meeting.*

Evaluation Team Recommendations – Initially Validated Projects

| Project Name | Estimated Total Project Cost (\$ thousands w/inflation) | Phase | Potential Funding Source | Type of Improvement/Infrastructure | CIP Evaluation Team Recommendations |
|--|---|----------|--------------------------|------------------------------------|-------------------------------------|
| FY 2025-26 Initially Validated Projects | | | | | |
| Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility | \$2,448,896 | Planning | Fund 61 | WS - NEW Infrastructure | Move into funded CIP |
| Santa Teresa Water Treatment Plant (STWTP) Rehabilitation (Water Treatment Plant Master Plan Implementation) | \$242,668 | Design | Fund 61 | WS - Existing Infrastructure | Move into funded CIP |
| Aquatic Resource Creation at Ford Road Percolation Pond | \$6,366 | Planning | Funds 12/26/61 | WRS - Existing Infrastructure | Move into funded CIP |

Water Supply - WS

Water Resources Stewardship – WRS

Flood Protection - FP

Evaluation Team Recommendations – Current Unfunded Projects

| Project Name | Estimated Total Project Cost (\$ thousands winflation) | Phase | Potential Funding Source | Type of Improvement/Infrastructure | CIP Evaluation Team Recommendations |
|--|--|--------------|--------------------------|------------------------------------|---|
| Current Unfunded Projects | | | | | |
| Llagas Creek - Lower, Capacity Restoration, Buena Vista Road to Pajaro River | \$98,831* | Planning | Fund 12 | FP - Existing Infrastructure | Re-validate following emergency repair work. |
| Permanente & Hale Creek Concrete Replacement | \$20,810 | Design | Fund 12 | FP - Existing Infrastructure | Remain on unfunded list (due to interim WARP work being done) |
| Calabazas/San Tomas Aquino Creek Marsh Connection - Construction (ONLY)** | \$34,562 | Construction | Fund 12 | WRS - Existing Infrastructure | Remain on unfunded list pending CCAP credit and funding |
| Pond A4 - Phase 2 (Construction ONLY)** | \$32,128 | Construction | Fund 12 | WRS - NEW Infrastructure | Remain on unfunded list pending grant funding |
| South Babb Flood Protection - Long-Term | \$22,070 | Planning | Fund 12 | FP - Existing Infrastructure | Remain on unfunded list |
| Almaden-Calero Canal Rehabilitation - Phase II | \$13,071 | Planning | Fund 61 | WS - Existing Infrastructure | Remain on unfunded list |
| Alamitos Operable Dam Replacement | \$13,889 | Planning | Fund 61 | WS - Existing Infrastructure | Remain on unfunded list |

- **The Current Unfunded Project List is under review to ensure alignment with the recently enhanced CIP prioritization process and categories.**

Water Supply - WS

Water Resources Stewardship – WRS

Flood Protection - FP

* Llagas Capacity has prior year actuals = \$6,947, TPC = \$105,778

** Planning and Design phases of these projects are currently funded in the CIP Five-Year Plan.

Enhancing CIP Prioritization (Funding Filters Categories/Criteria)

Background

Enhancements To CIP Prioritization Criteria (Aug 2025 Workshop)

Criteria for Consideration

1. Fund-Specific Prioritization:

| Water Supply Projects | Watersheds Flood Protection Projects | Safe, Clean Water Flood Protection Projects |
|--|--|--|
| <ul style="list-style-type: none">Alignment with Strategic Plans<ul style="list-style-type: none">e.g., Water Supply Master Plan | <ul style="list-style-type: none">Flood Risk | <ul style="list-style-type: none">Flood RiskSCW Voter Commitments |

2. Financial Viability:

- Funding Availability (internal or external)
- Cost Certainty

3. Feasibility of Phasing:

- Lower Cost, Alternative Solutions (e.g., interim repairs or upgrades in lieu of full replacement)

4. Operational Impacts and Sustainability

Funding Categories

Category 1 Projects

- ❖ **High** Risk Exposure
 - Urgent repair/replacement
 - **Regulatory/Mandated or public health & safety driven**
- ❖ Under **construction**



Category 2 Projects

- ❖ **Moderate** Risk Exposure
 - Critical repair or replacement
 - **Public health & safety driven**

Category 3 Projects

- ❖ **Low** Risk Exposure
- ❖ New infrastructure or placeholder project
- ❖ Alignment with long-term plans

Evaluation Criteria

| Criteria | |
|----------|---|
| A |  <p>PUBLIC HEALTH & SAFETY / REGULATORY</p> <p>Includes Public Health and Safety and SCW/VW Commitments</p> |
| B |  <p>IMPLICATIONS OF DEFERRAL</p> <p>Evaluates operational, financial, or compliance impacts if delayed</p> |
| C |  <p>ALIGNMENT WITH STRATEGIC & MASTER PLANS/PROGRAMS*</p> <p>Assesses consistency with Valley Water's Watersheds Master Plans, Water Supply Master Plan, and regional objectives</p> |
| D |  <p>FUNDING AND PARTNERSHIP OPPORTUNITIES</p> <p>Assesses financial feasibility, partnerships, and cost certainty</p> |

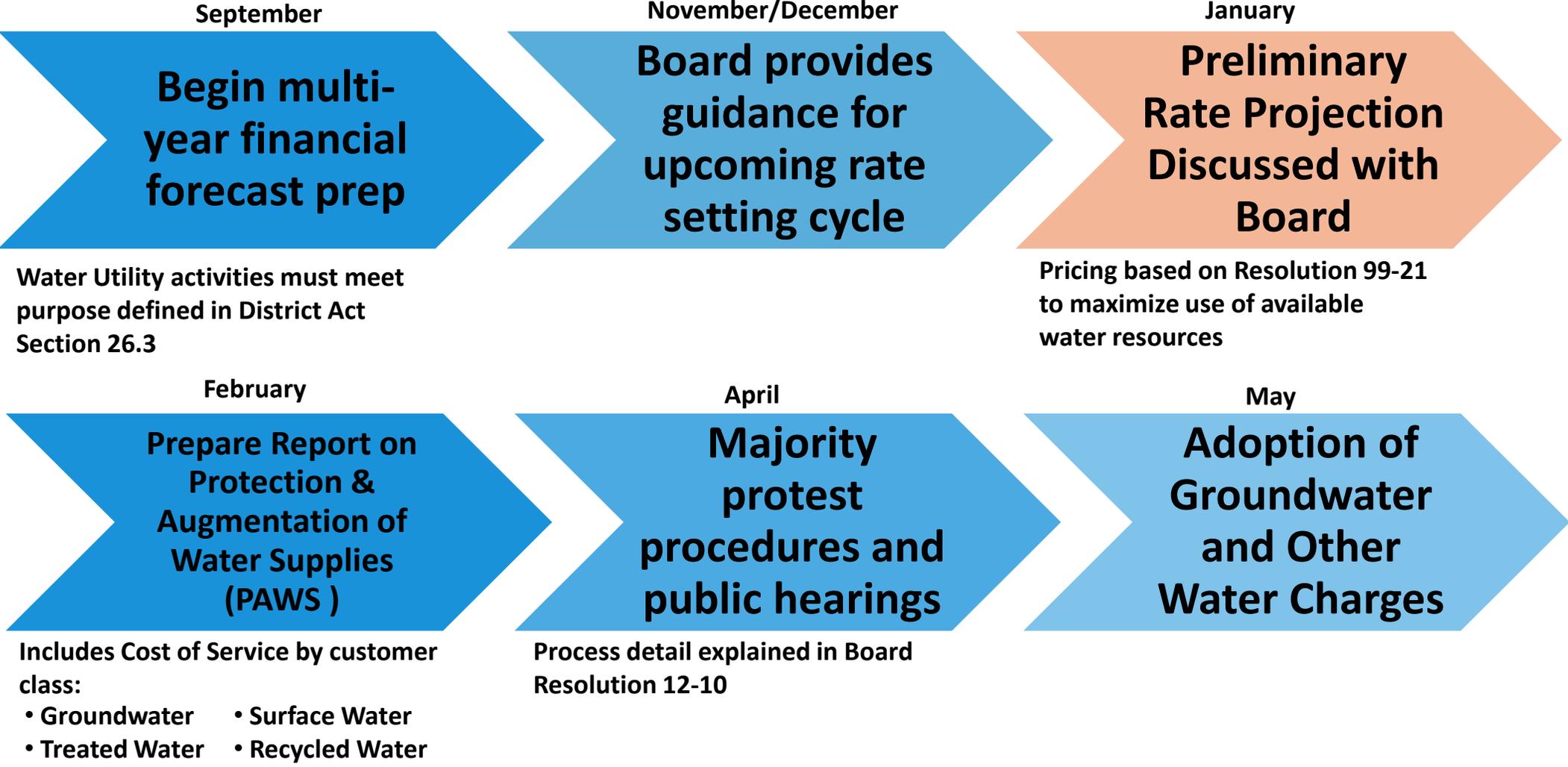
***The Asset Management Program and Master Plans assess a wide range of needs and criteria that depend on the complexity of the system and assets, including environmental, social, and economic risk evaluations.**

Preliminary FY 2026-27 Groundwater Production Charge Analysis

Topics

- 1. Strategic Outlook & Funding Opportunities**
- 2. Water Usage Projections**
- 3. Scenario Assumptions: Baseline & Alternative Scenarios**
- 4. Preliminary Groundwater Charge Forecast (Baseline & Alt. Scenarios)**
- 5. Other Information**
- 6. Schedule & Summary**

Groundwater Charge-Setting Approach



Strategic Outlook

- **Valley Water remains in an era of investment**
 - **To upgrade, rehabilitate, replace existing water supply infrastructure that was built decades ago**
 - **To invest in new infrastructure in response to changing weather patterns**
- **Focus on securing water supplies through regional projects participation**
- **Baseline water rate case investment assumptions**
 - **Maintain alignment with Preliminary FY27-31 5-Year CIP**
 - **Reflect lower rate projections driven by August 26, 2025 decision by the Board to suspend development of the Pacheco Reservoir Expansion Project**

Regional Projects

Valley Water plans to participate in three large, complex regional projects:

1. B.F. Sisk Dam Raise and Reservoir Expansion Project (Owned by the Bureau of Reclamation and operated by the California Department of Water Resources, \$1.2B, in 2025 dollars).
2. The Sites Reservoir (Sites Project Authority with State and Federal partners, \$6.8B, in 2025 dollars).
3. Delta Conveyance (California State Department of Water Resources, \$20.1B, in 2023 dollars).



*Harvey O. Banks Delta Pumping Plant,
California DWR.*

Regional Funding Outlook

Sisk Dam

- AB707 - Advanced only 25%, would have appropriated \$400M
- SB 695 - Passed, mandates a list of projects by Summer 2026, no appropriation
- California Transportation Commission (CTC)
 - Letter from delegation requesting \$400M, 2027 earliest likely
 - 10-year project list for climate impacted projects
 - Transportation dollars only
 - Plan was Federally heavy
- Federal contributions to date total \$295M

Regional Funding Outlook continued

Sites Reservoir

- Proposition 1 (\$1.094B maximum conditional award as of August 2025)
- Federal WIIN Act (\$780M as of August 2025)
- \$2.2B WIFIA application submitted.
- New State and Federal sources pending.

Delta Conveyance

- Participating State Water Project (SWP) public water agencies via revenue bonds, contract revenues and ratepayers.
- Possible State sources include Delta Conservancy (concept paper stage, no floor or ceiling yet). Groundwater Recharge or Pure Water might be eligible.
- Other State and Federal sources pending.

Current Funding Opportunities

- **State and Federal Grants**
 - **Federal Nexus**
- **Local and Regional Grants**
- **Non-profits and Foundations**
- **Corporate Donors**



Rate Setting Outlook for FY 2026-27

FY 27 Baseline Case Assumptions

- Plan for moderate District-managed water use of 221,500 AF
- Anderson Dam Seismic Retrofit
- Master Plan projects: SCADA, Water Treatment Plants & Distribution
- Dam Safety Program: Almaden, Calero, Coyote, & Guadalupe
- Pure Water Silicon Valley *Demonstration Facility & Full-Scale Direct Potable Reuse (DPR) Facility*
- Delta Conveyance project participation *
- San Luis Reservoir: B.F. Sisk Dam Raise with up to 63 TAF Storage *
- Sites Reservoir project participation *
- SWP Tax necessary to pay 100% of SWP costs *Excludes SWP portion of Delta Conveyance*
- Maintain Agricultural Rate set at 9.25% of lowest M&I rate (Zone W-8)

Note: Pacheco Reservoir Expansion Project has been eliminated from baseline case assumptions.
SWP: State Water Project

* Project costs are reflected as Operations & Maintenance costs.

Rate Setting Outlook for FY 2026-27

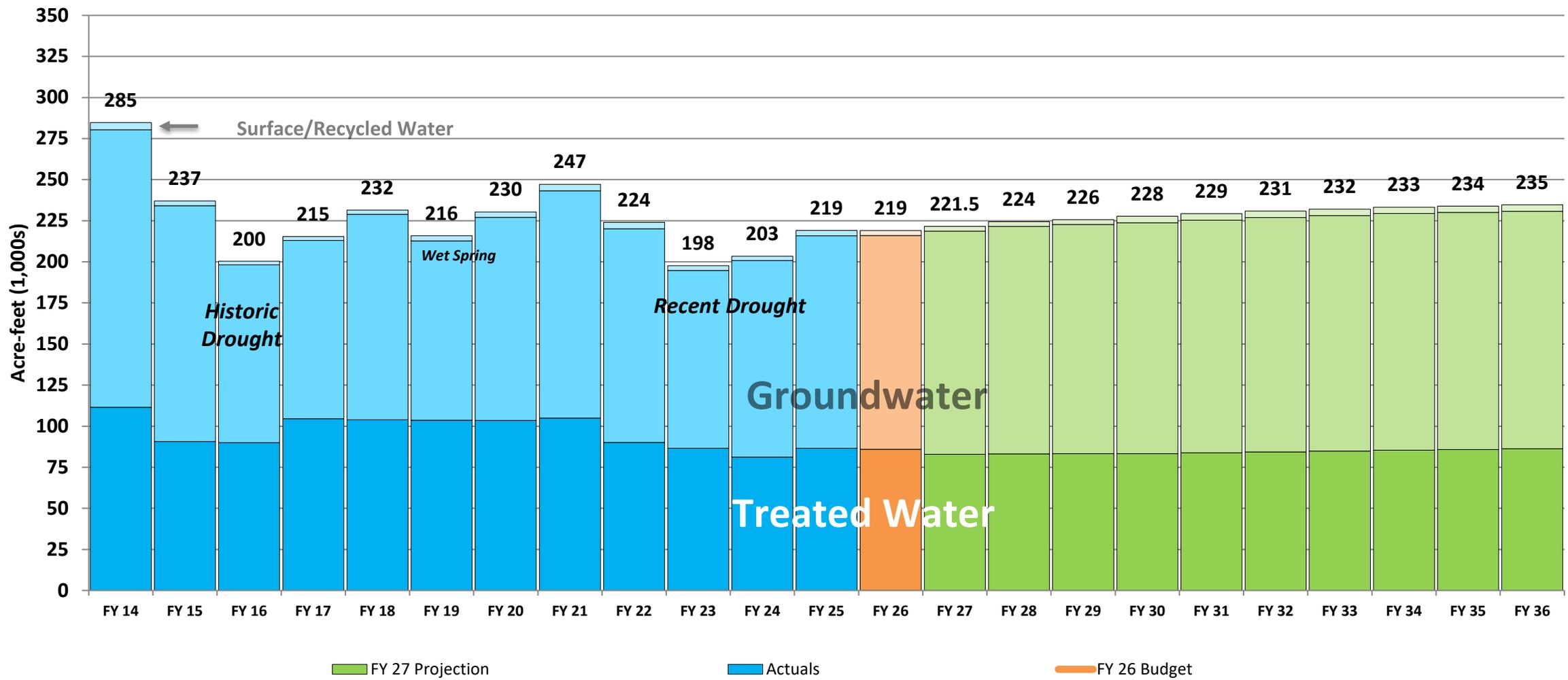
FY 27 Rate Scenario Ideas

- **Baseline**
- **Baseline with expanded Sites participation**

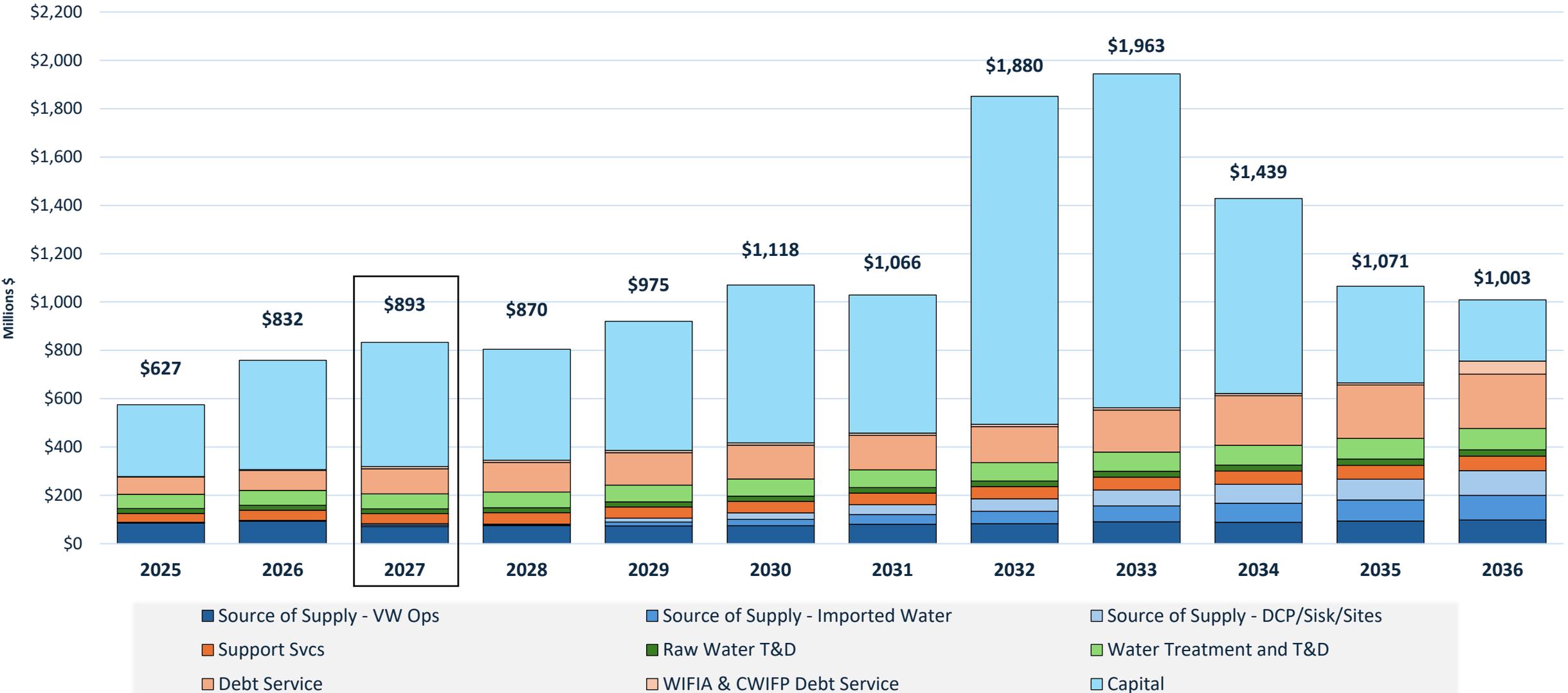
District Managed Water Usage

Reflects Lower Water User Projections Post 2023 Drought Rebound

District Managed Water Usage (TAF)



Preliminary Water Utility Cost Projection



Cost Projection reflects Baseline Assumptions.

Preliminary Groundwater Charge Increase Projection

Baseline Scenario

Municipal & Industrial Groundwater Charge Year to Year Growth %

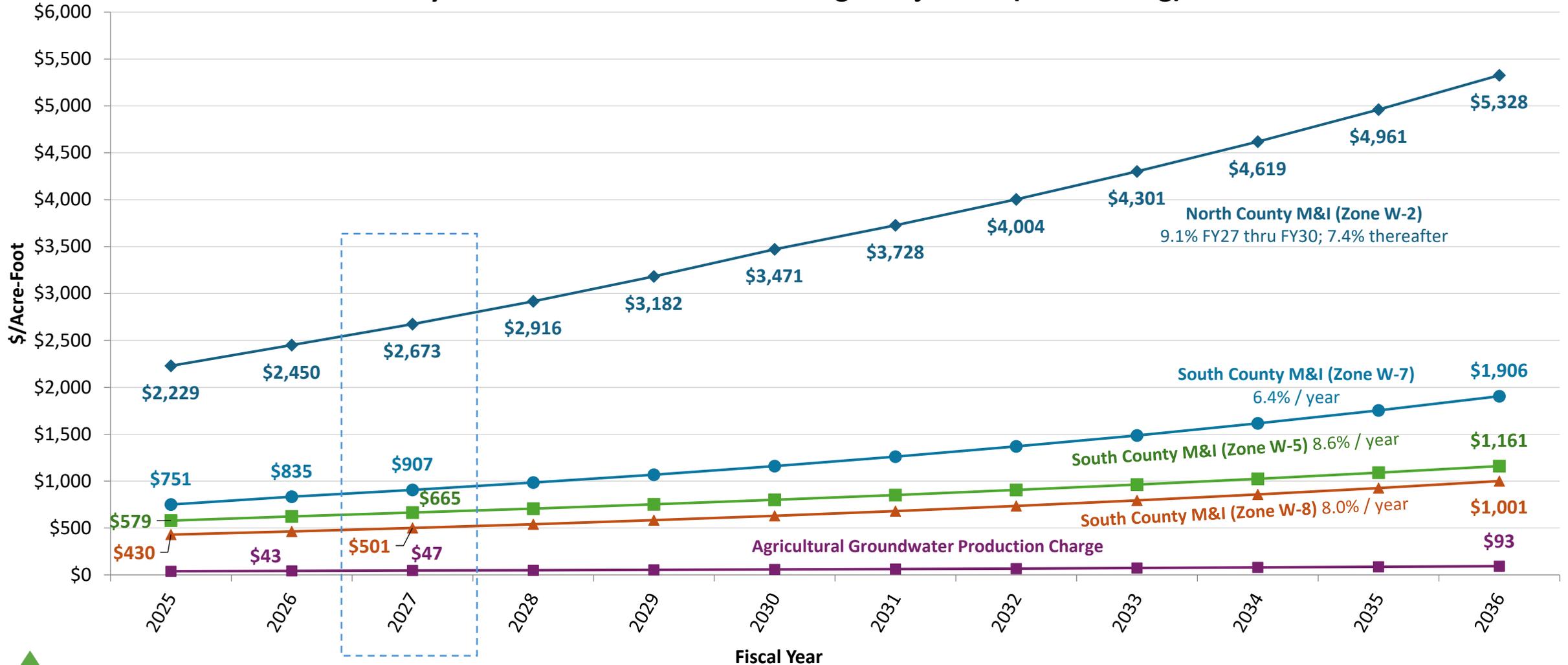
| Baseline Scenario 1 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| North County Zone W-2 | 9.1% | 9.1% | 9.1% | 9.1% | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% |
| <i>Prior Year</i> | <i>9.9%</i> | <i>7.0%</i> | |
| South County Zone W-5 | 6.4% | 6.4% |
| <i>Prior Year</i> | <i>7.9%</i> | |
| South County Zone W-7 | 8.6% | 8.6% |
| <i>Prior Year</i> | <i>11.2%</i> | |
| South County Zone W-8 | 8.0% | 8.0% |
| <i>Prior Year</i> | <i>8.0%</i> | |



Preliminary Groundwater Production Charge Projection

Baseline Scenario

Preliminary FY 2026-27 Groundwater Charge Projection (M&I and Ag)

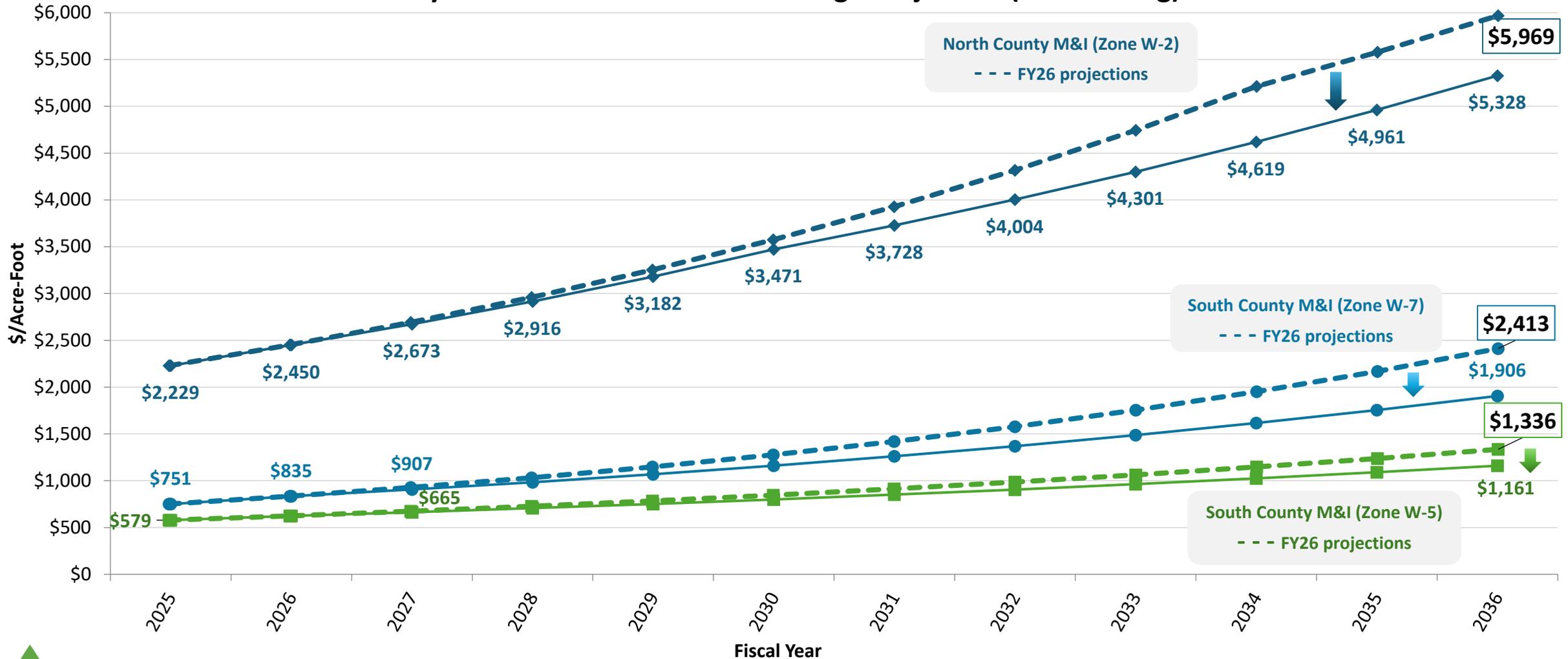


Rates (\$/AF) rounded for display purposes.

Preliminary Groundwater Production Charge Projection

Impact of Pacheco Reservoir Expansion Project suspension

Preliminary FY 2026-27 Groundwater Charge Projection (M&I and Ag)



FY 2026-27 Preliminary Groundwater Production Charge Projection

| Municipal & Industrial Rate by Zone | FY 2025-26 GW Production Charge | FY 2026-27 Preliminary GW Production Charge | Preliminary % Increase | Increase to Average Monthly Bill (11 HCF/month) |
|-------------------------------------|---------------------------------|---|---------------------------|---|
| North County W-2 | \$2,450.00 | \$2,673.00 | 9.9%* 9.1% | \$5.63 |
| South County W-5 | \$624.50 | \$664.50 | 7.9%* 6.4% | \$1.01 |
| South County W-7 | \$834.50 | \$906.50 | 11.2%* 8.6% | \$1.82 |
| South County W-8 | \$464.00 | \$501.00 | 8.0% | \$0.93 |
| Agricultural | \$43.00 | \$46.50 | 8.0% | \$0.58** |

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

| North County Zone W-2 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Scenario #1 | Baseline | 9.9% | 9.1% | 9.1% | 9.1% | 9.1% | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% |
| Scenario #2 | Baseline with Expanded Sites | 9.9% | 9.3% | 9.3% | 9.3% | 9.3% | 7.6% | 7.6% | 7.6% | 7.6% | 7.6% |

M&I Groundwater Charge – Monthly Impact To Average Household

| North County Zone W-2 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Scenario #1 | Baseline | \$5.63 | \$6.14 | \$6.70 | \$7.31 | \$6.49 | \$6.97 | \$7.49 | \$8.03 | \$8.64 | \$9.27 |
| Scenario #2 | Baseline with Expanded Sites | \$5.76 | \$6.29 | \$6.87 | \$7.51 | \$6.70 | \$7.22 | \$7.77 | \$8.36 | \$8.99 | \$9.67 |



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

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

| North County Zone W-5 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Scenario #1 | Baseline | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% |
| Scenario #2 | Baseline with Expanded Sites | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |

M&I Groundwater Charge – Monthly Impact To Average Household

| North County Zone W-5 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Scenario #1 | Baseline | \$1.01 | \$1.07 | \$1.14 | \$1.21 | \$1.29 | \$1.38 | \$1.46 | \$1.55 | \$1.65 | \$1.77 |
| Scenario #2 | Baseline with Expanded Sites | \$1.02 | \$1.09 | \$1.16 | \$1.24 | \$1.31 | \$1.40 | \$1.49 | \$1.59 | \$1.69 | \$1.81 |



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

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year to Year Growth %

| North County Zone W-7 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Scenario #1 | Baseline | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| Scenario #2 | Baseline with Expanded Sites | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% |

M&I Groundwater Charge – Monthly Impact To Average Household

| North County Zone W-7 | | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Scenario #1 | Baseline | \$1.82 | \$1.97 | \$2.13 | \$2.32 | \$2.53 | \$2.74 | \$2.98 | \$3.23 | \$3.51 | \$3.81 |
| Scenario #2 | Baseline with Expanded Sites | \$1.88 | \$2.05 | \$2.22 | \$2.42 | \$2.64 | \$2.88 | \$3.13 | \$3.41 | \$3.71 | \$4.04 |

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year To Year Growth %

| South County Zone W-8 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|----------------------------|------|------|------|------|------|------|------|------|------|------|
| Baseline and all Scenarios | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |

M&I Groundwater Charge – Monthly Impact To Average Household

| South County Zone W-8 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Baseline and all Scenarios | \$0.93 | \$1.01 | \$1.09 | \$1.19 | \$1.26 | \$1.36 | \$1.49 | \$1.62 | \$1.74 | \$1.87 |



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

Agricultural Groundwater Charges

Agricultural Groundwater Charge Year To Year Growth %

| Agricultural Rate | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Baseline and all Scenarios | 8.0% |

M&I Groundwater Charge – Monthly Impact To Average User*

| Agricultural Rate | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Baseline and all Scenarios | \$0.58 | \$0.58 | \$0.67 | \$0.75 | \$0.75 | \$0.83 | \$0.92 | \$1.00 | \$1.08 | \$1.17 |

* Assumes 2 acre-feet of water usage per acre per year

District Act limits Agricultural Water Charges to 25% of M&I Water charges

- Board Pricing Policy (Resolution 99-21) further limits Agricultural Water Charges to 10% of M&I Water Charges

Board Direction in FY 22

- Maintain full Open Space Credit, keeping Ag rates set at [or under] 10% of lowest M&I charge

Other Charges, Taxes, Reserves Information

| | FY 2026 | FY 2027 | FY 2028 |
|---|----------------------|--------------------------|--------------------------|
| <u>Other Charges</u> | <u>Budget</u> | <u>Projection</u> | <u>Projection</u> |
| Contract TW Surcharge (\$/AF) | \$115.00 | \$115.00 | \$115.00 |
| Non-contract TW Surcharge (\$/AF) | \$200.00 | \$200.00 | \$200.00 |
| Surface Water Master Charge (\$/AF) | \$67.00 | \$73.00 | \$79.50 |
| Agricultural Groundwater Charge (\$/AF) | \$43.00 | \$46.50 | \$50.00 |
| <u>SWP Tax</u> | | | |
| Revenue | \$28M | \$28M | \$28M |
| Cost per average household | \$42/Yr. | \$42/Yr. | \$42/Yr. |
| <u>Reserves</u> | | | |
| Supplemental Water Reserve | \$8.7M | \$12.1M | \$15.5M |
| Drought Reserve | \$1.0M | \$4.0M | \$8.0M |
| Rate Stabilization Reserve | \$40.5M | \$42.9M | \$47.8M |
| Operating and Capital Reserve | \$74.6M | \$61.4M | \$63.2M |

WATER EFFICIENT HOMES WITH VALLEY WATER



Water Conservation Programs

Making water conservation a California way of life.

www.watersavings.org



Customer Assistance Programs – Local Options

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

Valley Water's Water Rate Assistance Program (WRAP) has been renewed for 3 years.



Water Use Projections, Demand Elasticity & Rate Affordability Study Updates

Study Goals:

- Identify how Valley Water's rates impact water demand (elasticity) and affordability of water service in Santa Clara County
- Validate and/or refine water demand forecasting for purposes of annual rate setting and long-term capital planning

Three key tasks with status:

1. Analyze Water Use Projections → task complete and report is in production
2. Demand Elasticity Analysis → task largely complete
3. Water Rate Affordability Analysis → task complete and report is in production

Next Steps: present finalized Task 2 results and draft reports early 2026

Rate Setting Schedule FY 2026-27

- Jan 5 Agricultural Water Advisory Committee
- Jan 13 Board Meeting: Preliminary Groundwater Charge Analysis
- Jan 21 Water Retailers Meeting: Preliminary Groundwater Charge Analysis
- Jan 28 Water Commission Meeting: Preliminary Groundwater Charge Analysis

- Feb 10 Board Meeting: Set time & place of Public Hearing
- Feb 27 Mail notice of public hearing and file PAWS report

- Mar 10 Board Meeting: Budget development update
- Mar 18 Water Retailers Meeting: FY 27 Groundwater Charge Recommendation

- Apr 6 Agricultural Water Advisory Committee
- Apr 8 Water Commission Meeting
- Apr 14 Open Public Hearing
- Apr 16 Continue Public Hearing in South County
- Apr 28 Conclude Public Hearing
- Apr 29-30 Board Meeting: Budget work study session

- May 12 Adopt budget, 5-Year CIP & groundwater production and other water charges

Next Steps: Integrated Financial Planning Schedule

| REF # | MEETING | | MILESTONE |
|-------|----------|--------------|--|
| | CIP CMTE | BOARD | |
| 1 | 9/29/25 | | Annual CIP Development Process Overview/Integrated Financial Planning Schedule |
| 2 | | 10/14/25 | Annual CIP Development Process Overview/Integrated Financial Planning Schedule |
| 3 | 10/20/25 | | New Initially Validated & Unfunded Projects Presentation |
| 4 | | 11/12/25 | Review Proposed Improvements to CIP Prioritization; and New Initially Validated & Unfunded Projects Water Rate Planning Overview Biennial Budget Process Overview |
| 5 | 12/15/25 | | Review Significant Project Plan Updates; List of Re-Prioritized Capital Projects; and CIP Preliminary FY 27-31 Five-Year Plan (Financial Modeling & CIP Updates From Adopted FY26-30 Plan) Initiate SCW Public Hearing Process (if required) |
| 6 | | ★ 1/13/26 | CIP Preliminary 5-yr Plan Workshop (Financial Modeling & Significant Updates); Board to Provide Direction CIP SCW/WS Preliminary 10-yr Financial Analysis Preliminary Water Rate Analysis & Scenarios Set time and place for SCW Public Hearing (if required) |
| 7 | | 1/27/26 | Open SCW Public Hearing and Cont. (if required) 1 st Pass Budget Update |
| 8 | | 2/10/26 | Cont. or Close SCW Public Hearing (if required) |
| 9 | | 2/24/26 | Close SCW Public Hearing (if required) |
| 10 | | 3/10/26 | 2 nd Pass Budget Update Draft CIP (Authorize to Distribute for Public Review) |
| 11 | | 4/14/26 | Ground Water Charge Public Hearings Begin |
| 12 | | 4/16/26 | Ground Water Charge Public Hearing in South County (Gilroy) |
| 13 | | 4/28/26 | Ground Water Charge Public Hearings Close CIP Public Hearing Begins |
| 14 | | 4/29/26 | Budget Work-study Session CIP Public Hearing Continues |
| 15 | | 5/12/26 | Close CIP Public Hearing Board Adoption of Water Rates, CIP, Budget, Investment and Debt Resolutions (w/Final CIP and Budget Reports by 6/30/2025) |

| LEGEND |
|------------------------|
| CIP |
| Budget |
| Water Rates |
| Safe Clean Water (SCW) |

} Combined Presentation



Recommended Board Actions

- A. Review the recommended funding scenarios for the CIP Preliminary Fiscal Year 2027-2031 (FY 2027-31) Five-Year Plan and approve the recommendations and the inclusion of three projects in the CIP Draft FY 2027-31 Five-Year Plan; and
- B. Discuss and provide direction on the preliminary FY 2026-2027 (FY 27) Groundwater Production Charge analysis.

CIP Five-Year Plan Available Online

SCAN THE QR CODE:



Or visit this website:
delivr.com/24wqn

END OF PRESENTATION

Questions & Answers





Santa Clara Valley Water District

File No.: 25-1027

Agenda Date: 1/13/2026

Item No.: 4.1.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Adopt a Resolution Authorizing Conveyance of Real Property to Khawaja Shams and Zehra Khan at APN 175-14-024, Real Estate File No. 1010-96.1 and to Wayne Qi Zhang and Vicky Yun Xu, APN 175-14-025, Real Estate File No. 1010-96.2 (Los Altos, District 4).

RECOMMENDATION:

- A. Adopt the Resolution AUTHORIZING THE CONVEYANCE OF REAL PROPERTY TO KHAWAJA SHAMS AND ZEHRA KHAN AT APN 175-14-024, REAL ESTATE FILE NO. 1010-96.1 AND TO WAYNE QI ZHANG AND VICKY YUN XU AT APN 175-14-025, REAL ESTATE FILE NO. 1010-96.2 (LOS ALTOS, DISTRICT 4); and
- B. Authorize the Interim Chief Executive Officer to execute and deliver the Quit Claim Easement Deeds, Real Estate File Nos. 1010-96.1; and 1010-96.2.

SUMMARY:

Santa Clara Valley Water District (Valley Water) holds an easement for water management and/or storm water drainage purposes over and along Adobe Creek located at the rear of 670 University Avenue (APN: 175-14-024) and 680 University Avenue (APN: 175-14-025) in Los Altos. In response to a request by the underlying fee owner of 670 University Avenue, staff reviewed the existing easement limits. Staff determined that portions of the easement on both 670 University Avenue and 680 University Avenue are not needed for Valley Water purposes and can be quitclaimed. Quitclaiming these portions of the easement will eliminate the administrative burden associated with the maintenance of the easement areas, reduce risk of future disputes or liability that can possibly be associated with the land, and clarify that Valley Water has no intention of performing any maintenance within the easement area as consistent with the easement right. Therefore, staff recommends quitclaiming these land rights.

ENVIRONMENTAL JUSTICE IMPACT:

There is no environmental justice impact associated with this item.

FINANCIAL IMPACT:

There is no financial impact associated with this item. The existing easement was dedicated at no cost to Valley Water and the owners of 670 University Avenue have agreed to pay for staff time and recording fees to process the recommended real estate transaction.

CEQA:

The quitclaims qualify for an exemption under the Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3). No environmental impacts would result from these quitclaims as they are administrative in nature and would not involve direct or indirect physical changes to the environment.

ATTACHMENTS:

Attachment A: Gov. Code 84308

Attachment 1: Resolution

Attachment 2: Quitclaim Deed, 1010-96.1

Attachment 3: Quitclaim Deed, 1010-96.2

UNCLASSIFIED MANAGER:

Lisa Bankosh, 408-630-2618

Attachment A

Adopt a Resolution Authorizing Conveyance of Real Property to Khawaja Shams and Zehra Khan at APN 175-14-024, Real Estate File No. 1010-96.1 and to Wayne Qi Zhang and Vicky Yun Xu at APN 175-14-025, Real Estate File No. 1010-96.2 (Los Altos, District No. 4)

List of Parties and Their Agents/Representatives Known to Staff

| <u>Organization Name</u> (Party 1 Name) | <u>Name</u> | <u>Role</u> | <u>Location</u> (List Location) |
|--|---------------------|----------------|--|
| | Zehra Khan | Owner 1 | Portion of APN: 175-14-024, RESU# 1010-96.1, Los Altos, CA |
| | Vicky Yum Xu | Owner 2 | Portion of APN: 175-14-025, RESU# 1010-96.2, Los Altos, CA |
| | | | |

List of Participants and Their Agents/Representatives Known to Staff

| <u>Organization Name</u> (Participant 1 Name) | <u>Name</u> | <u>Role</u> | <u>Location</u> (List Location) |
|--|-------------|-------------|------------------------------------|
| | | | |
| | | | |
| | | | |

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Watershed: Adobe Creek
Project: Excess Property transaction for
670 & 680 University Avenue,
Los Altos, Ca
Real Estate File No.: 1010-96.1, 1010-96.2

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-

**AUTHORIZING THE CONVEYANCE OF REAL PROPERTY TO
KHAWAJA SHAMS AND ZEHRA KHAN AT APN 175-14-024, REAL ESTATE
FILE NO. 1010-96.1 AND TO WAYNE QI ZHANG AND VICKY YUN XU AT APN 175-14-025,
REAL ESTATE FILE NO. 1010-96.2 (LOS ALTOS, DISTRICT NO. 4)**

WHEREAS, Santa Clara Valley Water District (Valley Water) owns an easement, by way of dedication, for water management and/or storm water drainage purposes (Easement) over and along Adobe Creek located at the rear of 670 University Avenue (APN: 175-14-024) and 680 University Avenue (APN: 175-14-025), (Subject Properties) in Los Altos; and

WHEREAS, Khawaja Shams and Zehra Khan are the owners of 670 University Avenue (Owner 1); and

WHEREAS, Wayne Qi Zhang and Vicky Yun Xu are the owners of 680 University Avenue (Owner 2); and

WHEREAS, in response to a request by Owner 1, Valley Water determined that portions of the Easement located on 670 and 680 University Avenue are no longer necessary for Valley Water purposes as described in Exhibit A for Owner 1 and Exhibit B for Owner 2; and

WHEREAS, Section 31 of the Santa Clara Valley Water District Act authorizes the Board to reconvey real property to the former owner by whom the property was conveyed, or from whom the property was condemned by the Valley Water, or the owner's successor in interest for fair market value. Valley Water may reconvey real property to the former owner or the owner's successor in interest for less than fair market value if Valley Water finds that a public purpose exists justifying that reconveyance for less than fair market value; and

WHEREAS, Valley Water has determined these easement portions are no longer necessary for Valley Water's uses and purposes; and

WHEREAS, a public purpose exists justifying reconveyance of these easement portions, because quitclaiming them will eliminate the administrative burden associated with maintenance of the easement areas, reduce the risk of future disputes or liability on the land, and clarify that Valley Water has no intention of performing any maintenance within the easement area as consistent with the easement right; and

WHEREAS, the Easement was originally conveyed to Valley Water in 1984 by way of a no cost dedication and Owner 1 has agreed to reimburse Valley Water for staff time and recording fees related to conveyance of the property as described in Exhibits A and B.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find that:

1. The recitals are incorporated herein by this reference.
2. The portion of the Easement described in Exhibit A and Exhibit B is no longer necessary for Valley Water's uses and purposes.
3. A public purpose exists justifying reconveyance of the Easement to the former owner or the owner's successor in interest for less than fair market value.
4. Pursuant to Section 31 of the District Act (Cal. Water Code App. 60-31), the Board by a majority vote approves and quitclaims the portion of the Easement to Khawaja Shams and Zehra Khan as shown in Exhibit A and to Wayne Qi Zhang and Vicky Yun Xu as shown in Exhibit B.
5. The Interim Chief Executive Officer is hereby authorized to execute and deliver the Quitclaim Deed to Khawaja Shams and Zehra Khan in Exhibit A and to execute and deliver the Quitclaim Deed to Wayne Qi Zhang and Vicky Yun Xu in Exhibit B.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on January 13, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

TONY ESTREMER
Chair, Board of Directors

ATTEST

CANDICE KWOK-SMITH
Clerk, Board of Directors

Authorizing the Conveyance of Real Property to Khawaja Shams and Zehra Khan at APN 175-14-024, Real Estate File No. 1010-96.1 and to Wayne Qi Zhang and Vicky Yun Xu at APN 175-14-025, Real Estate File No. 1010-96.2 (Los Altos, District No. 4)

Resolution No. 2026-

EXHIBIT A COVERSHEET

QUITCLAIM DEED

FILE NO. 1010-96.1; APN: 175-14-024

No. of Pages: 4

Exhibit Attachments: None

EXHIBIT A – QUITCLAIM DEED

RECORD WITHOUT FEE UNDER
CALIFORNIA GOVERNMENT
CODE SECTION 6103

AFTER RECORDING RETURN TO:
REAL ESTATE SERVICES UNIT
SANTA CLARA VALLEY WATER DISTRICT
5750 ALMADEN EXPRESSWAY
SAN JOSE, CALIFORNIA 95118

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 175-14-024 (portion of)

DOCUMENT NO.: 1010-96.1

QUITCLAIM DEED

SANTA CLARA VALLEY WATER DISTRICT, a Special District created by the California Legislature, hereinafter "Grantor," does hereby release and quitclaim to KHAWAJA SHAMS AND ZEHRA KHAN, husband and wife as community property with right of survivorship, hereinafter "Grantee", all that real property in the City of Los Altos, County of Santa Clara, State of California, described as:

EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated this _____ day of _____, 20__

SANTA CLARA VALLEY WATER
DISTRICT

By: _____
Melanie Richardson, P.E.,
Interim Chief Executive Officer

Attest: Candice Kwok-Smith

By: _____
Clerk of the Board

EXHIBIT A – QUITCLAIM DEED (continued)

DOCUMENT NO.: 1010-96.1

ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } SS

On this ____ day of _____, in the year 20__, before me _____,

Notary Public, personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said County and State

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- Individual Trustee (s)
- Corporate Officer(s): _____ Guardian/Conservator
- Partner(s) Limited General Other: _____
- Attorney-In-Fact _____

Signer is Representing (Name of Person(s) or Entity (ies))

EXHIBIT A – QUITCLAIM DEED (continued)

EXHIBIT "A"

Legal Description of
SCVWD Easement Vacation No. 2
Over 670 University Avenue,
Los Altos, California
(APN 175-14-024)

All that certain real property in the City of Los Altos, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel of land, as shown upon that Easement Deed, for storm drainage purposes, which was recorded on November 14, 1984, as Document Number 8247602, (Book J34, Page 486), in Santa Clara County Official Records, and said parcel of land being a portion of Parcel 2, as shown upon that certain Parcel Map, which was filed for record in Book 540 of Maps, at Page 21, in Santa Clara County Records, and being more particularly described below:

Beginning at the most southerly corner of said Parcel 2, said point being a point on the southwesterly boundary of said Easement, and thence along the southwesterly boundary of said Parcel 2, and said Easement, North 64°15'00" West, 21.15 feet;

Thence, leaving the southwesterly boundary of said Easement, and said Parcel 2, North 27°57'00" West, 61.79 feet, to a point on the northwesterly boundary of said Easement and said Parcel 2, said point being 39.69 feet distant from the most westerly corner of said Easement and said Parcel 2;

Thence, along the northwesterly boundary of said Easement and said Parcel 2, North 62°03'00" East, 30.83 feet, to the most northerly corner of said Easement boundary;;

Thence, along the easterly boundary of said Easement, South 27°57'00" East, 78.94 feet, to an angle point in said Easement boundary, and said point being on the southeasterly boundary of said Parcel 2;

Thence, along said southeasterly boundary of said Easement and said Parcel 2, South 62°22'48" West, 18.31 feet, to the **POINT OF BEGINNING**.

Containing an area of 2,325 square feet, more or less.

A plat, graphically showing this Parcel of Land, is hereby made a part hereto.

End of Description.



EXHIBIT A – QUITCLAIM DEED (continued)

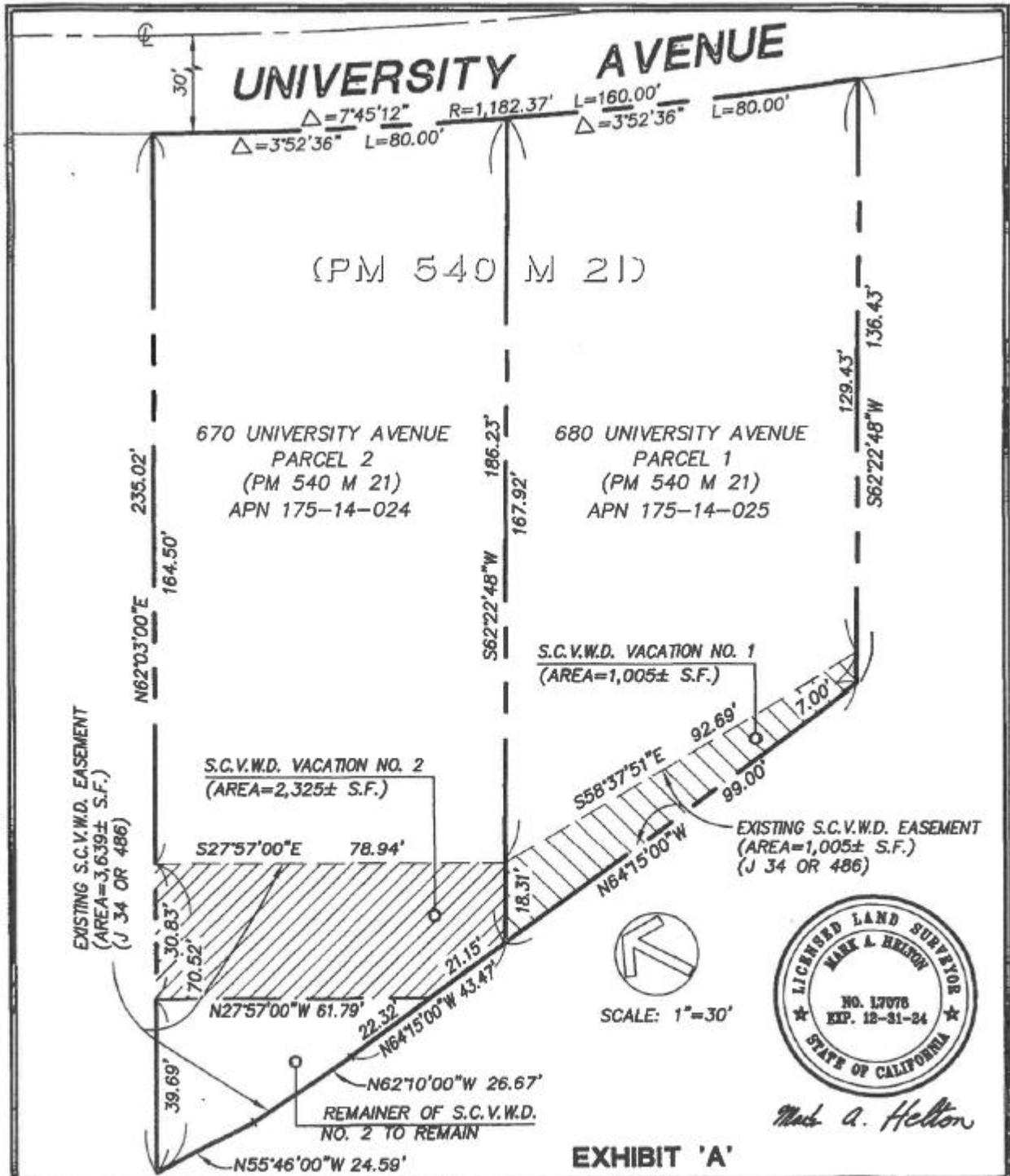


EXHIBIT 'A'

Giuliani & Kull-San Jose Inc.
 Surveyors & Planners & Engineers
 4880 Stevens Creek Blvd. Suite 100
 San Jose, California 95129
 (408) 615-4000

SCALE: 1" = 30'
 DATE: 7/8/24
 DRAWN: E.T.
 CHECKED: M.H.
 JOB NO.: 20126
 SHEETS: 2 OF 2

**PLAT TO ACCOMPANY
 LEGAL DESCRIPTION**
**S.C.V.W.D. EASEMENT TO
 BE VACATED OVER 670 &
 680 UNIVERSITY AVENUE
 LOS ALTOS, CALIFORNIA**

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Authorizing the Conveyance of Real Property to Khawaja Shams and Zehra Khan at APN 175-14-024, Real Estate File No. 1010-96.1 and to Wayne Qi Zhang and Vicky Yun Xu at APN 175-14-025, Real Estate File No. 1010-96.2 (Los Altos, District No. 4)

Resolution No. 2026-

EXHIBIT B COVERSHEET

QUITCLAIM DEED

FILE NO. 1010-96.2, APN: 175-14-025

No. of Pages: 4

Exhibit Attachments: None

EXHIBIT B – QUITCLAIM DEED

RECORD WITHOUT FEE UNDER
CALIFORNIA GOVERNMENT
CODE SECTION 6103

AFTER RECORDING RETURN TO:
REAL ESTATE SERVICES UNIT
SANTA CLARA VALLEY WATER DISTRICT
5750 ALMADEN EXPRESSWAY
SAN JOSE, CALIFORNIA 95118

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 175-14-025 (portion of)

DOCUMENT NO.: 1010-96.2

QUITCLAIM DEED

SANTA CLARA VALLEY WATER DISTRICT, a Special District created by the California Legislature, hereinafter "Grantor," does hereby release and quitclaim to Wayne Qi Zhang and Vicky Yun Xu, husband and wife as community property with right of survivorship, hereinafter "Grantee", all that real property in the City of Los Altos, County of Santa Clara, State of California, described as:

EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated this _____ day of _____, 20__

SANTA CLARA VALLEY WATER
DISTRICT

By: _____
Melanie Richardson, P.E.,
Interim Chief Executive Officer

Attest: Candice Kwok-Smith

By: _____
Clerk of the Board

EXHIBIT B – QUITCLAIM DEED (continued)

DOCUMENT NO.: 1010-96.2

ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } SS

On this ____ day of _____, in the year 20__, before me _____,

Notary Public, personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said County and State

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- Individual Trustee (s)
- Corporate Officer(s): _____ Guardian/Conservator
- Partner(s) Limited General Other: _____
- Attorney-In-Fact _____

Signer is Representing (Name of Person(s) or Entity (ies))

EXHIBIT B – QUITCLAIM DEED (continued)

EXHIBIT "A"

Legal Description of
SCVWD Easement Vacation No. 1
Over 680 University Avenue,
Los Altos, California
(APN 175-14-025)

All that certain real property in the City of Los Altos, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel of land, as shown upon that Easement Deed, for Water Management and/or Storm Drainage Purposes, which was recorded on November 14, 1984, as Document Number 8247602, (Book J34, Page 486), in Santa Clara County Official Records, and said parcel of land being a portion of Parcel 1, as shown upon that certain Parcel Map, which was filed for record in Book 540 of Maps, at Page 21, in Santa Clara County Records, and being more particularly described below:

Beginning at the most southerly corner of said Parcel 1, and thence along the southwesterly boundary of said Parcel 1, and said Easement, North 64°15'00" West, 99.00 feet, to the most westerly corner of said Parcel 1;

Thence, leaving said southwesterly boundary of said Easement, and along the northwesterly boundary of said Parcel 1, North 62°22'48 East, 18.31 feet, to an angle point in the easterly boundary of said Easement;

Thence, leaving the northwesterly boundary of said Parcel 1, and along the easterly boundary of said Easement, South 58°37'51" East, 92.69 feet, (formerly shown upon said Easement Deed as South 58°37'44" East, 92.70 feet), to the most easterly corner of said Easement boundary, and said point being on the southeasterly boundary of said Parcel 1;

Thence, along said southeasterly boundary of said Easement and said Parcel 1, South 62°22'48" West, 7.00 feet, to to the **POINT OF BEGINNING**.

Containing an area of 1,005 square feet, more or less.

A plat, graphically showing this Parcel of Land, is hereby made a part hereto.

End of Description.



A handwritten signature in black ink, appearing to read "Mark A. Helton", written over the bottom portion of the seal.

EXHIBIT B – QUITCLAIM DEED (continued)

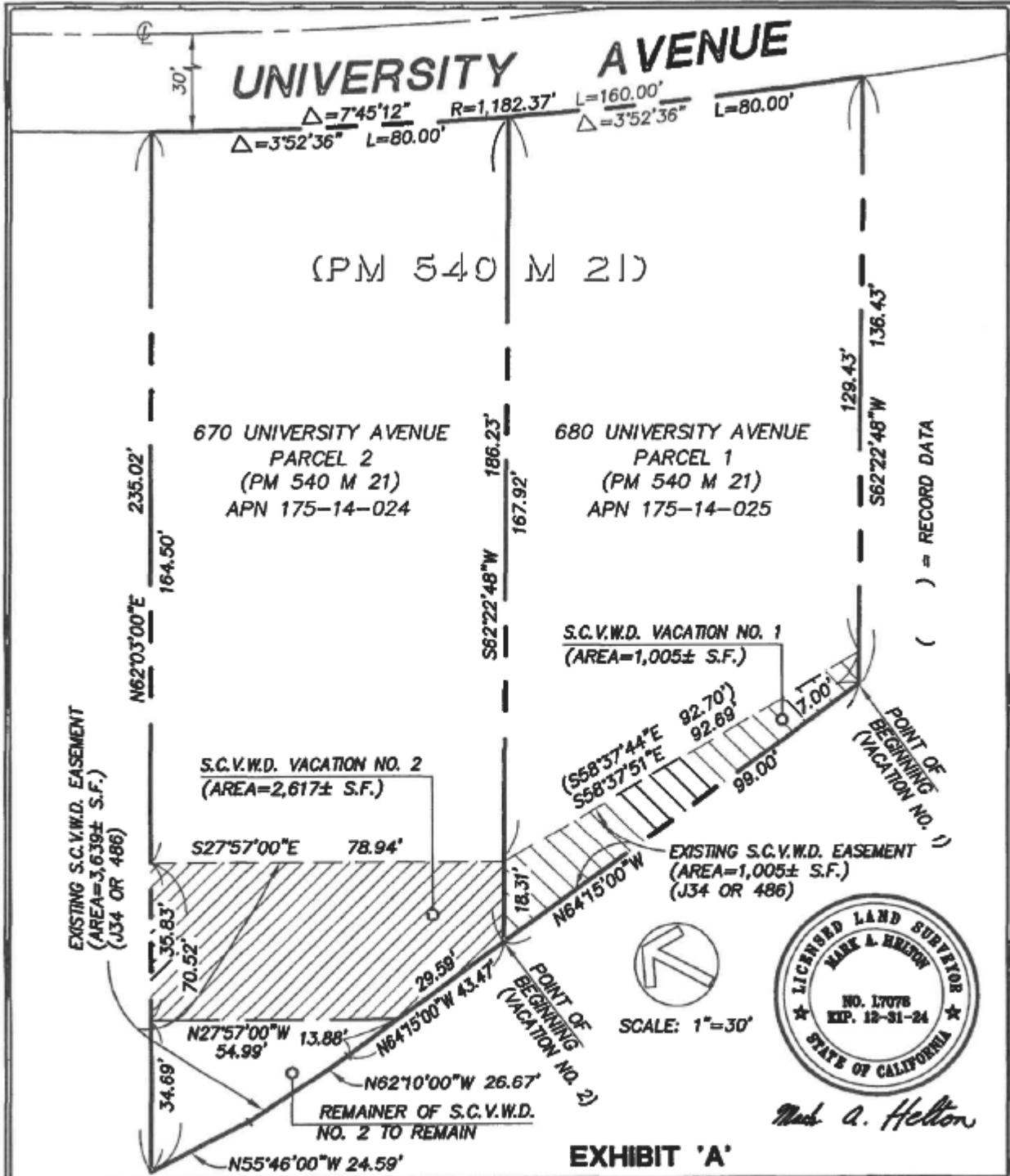


EXHIBIT 'A'

| | | |
|---|---|--|
| Giuliani & Kull-San Jose Inc. Licensed Professional Surveyors 4880 Stevens Creek Blvd. Suite 100 San Jose, California 95129 (408) 615-4000 | SCALE: 1"=30' DATE: 8/15/24 DRAWN: E.T. CHECKED: M.H. JOB NO.: 20128 SHEETS: 2 OF 2 | PLAT TO ACCOMPANY LEGAL DESCRIPTION S.C.V.W.D. EASEMENT TO BE VACATED OVER 670 & 680 UNIVERSITY AVENUE LOS ALTOS, CALIFORNIA |
| | Mark A. Helton LICENSED LAND SURVEYOR MARK A. HELTON NO. 17078 EXP. 12-31-24 STATE OF CALIFORNIA | |

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RECORD WITHOUT FEE UNDER
CALIFORNIA GOVERNMENT
CODE SECTION 6103

AFTER RECORDING RETURN TO:
REAL ESTATE SERVICES UNIT
SANTA CLARA VALLEY WATER DISTRICT
5750 ALMADEN EXPRESSWAY
SAN JOSE, CALIFORNIA 95118

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 175-14-024 (portion of)

DOCUMENT NO.: 1010-96.1

QUITCLAIM DEED

SANTA CLARA VALLEY WATER DISTRICT, a Special District created by the California Legislature, hereinafter "Grantor," does hereby release and quitclaim to KHAWAJA SHAMS AND ZEHRA KHAN, husband and wife as community property with right of survivorship, hereinafter "Grantee", all that real property in the City of Los Altos, County of Santa Clara, State of California, described as:

EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated this _____ day of _____, 20____

SANTA CLARA VALLEY WATER
DISTRICT

By: _____
Melanie Richardson, P.E.,
Interim Chief Executive Officer

Attest: Candice Kwok-Smith

By: _____
Clerk of the Board

ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } SS

On this ___ day of _____, in the year 20__, before me _____,

Notary Public, personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said County and State

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- Individual, Corporate Officer(s), Partner(s), Attorney-In-Fact, Trustee (s), Guardian/Conservator, Other: _____

Signer is Representing (Name of Person(s) or Entity (ies))

EXHIBIT "A"

Legal Description of
SCVWD Easement Vacation No. 2
Over 670 University Avenue,
Los Altos, California
(APN 175-14-024)

All that certain real property in the City of Los Altos, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel of land, as shown upon that Easement Deed, for storm drainage purposes, which was recorded on November 14, 1984, as Document Number 8247602, (Book J34, Page 486), in Santa Clara County Official Records, and said parcel of land being a portion of Parcel 2, as shown upon that certain Parcel Map, which was filed for record in Book 540 of Maps, at Page 21, in Santa Clara County Records, and being more particularly described below:

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Thence, leaving the southwesterly boundary of said Easement, and said Parcel 2, North 27°57'00" West, 61.79 feet, to a point on the northwesterly boundary of said Easement and said Parcel 2, said point being 39.69 feet distant from the most westerly corner of said Easement and said Parcel 2;

Thence, along the northwesterly boundary of said Easement and said Parcel 2, North 62°03'00" East, 30.83 feet, to the most northerly corner of said Easement boundary;;

Thence, along the easterly boundary of said Easement, South 27°57'00" East, 78.94 feet, to an angle point in said Easement boundary, and said point being on the southeasterly boundary of said Parcel 2;

Thence, along said southeasterly boundary of said Easement and said Parcel 2, South 62°22'48" West, 18.31 feet, to the **POINT OF BEGINNING**.

Containing an area of 2,325 square feet, more or less.

A plat, graphically showing this Parcel of Land, is hereby made a part hereto.

End of Description.



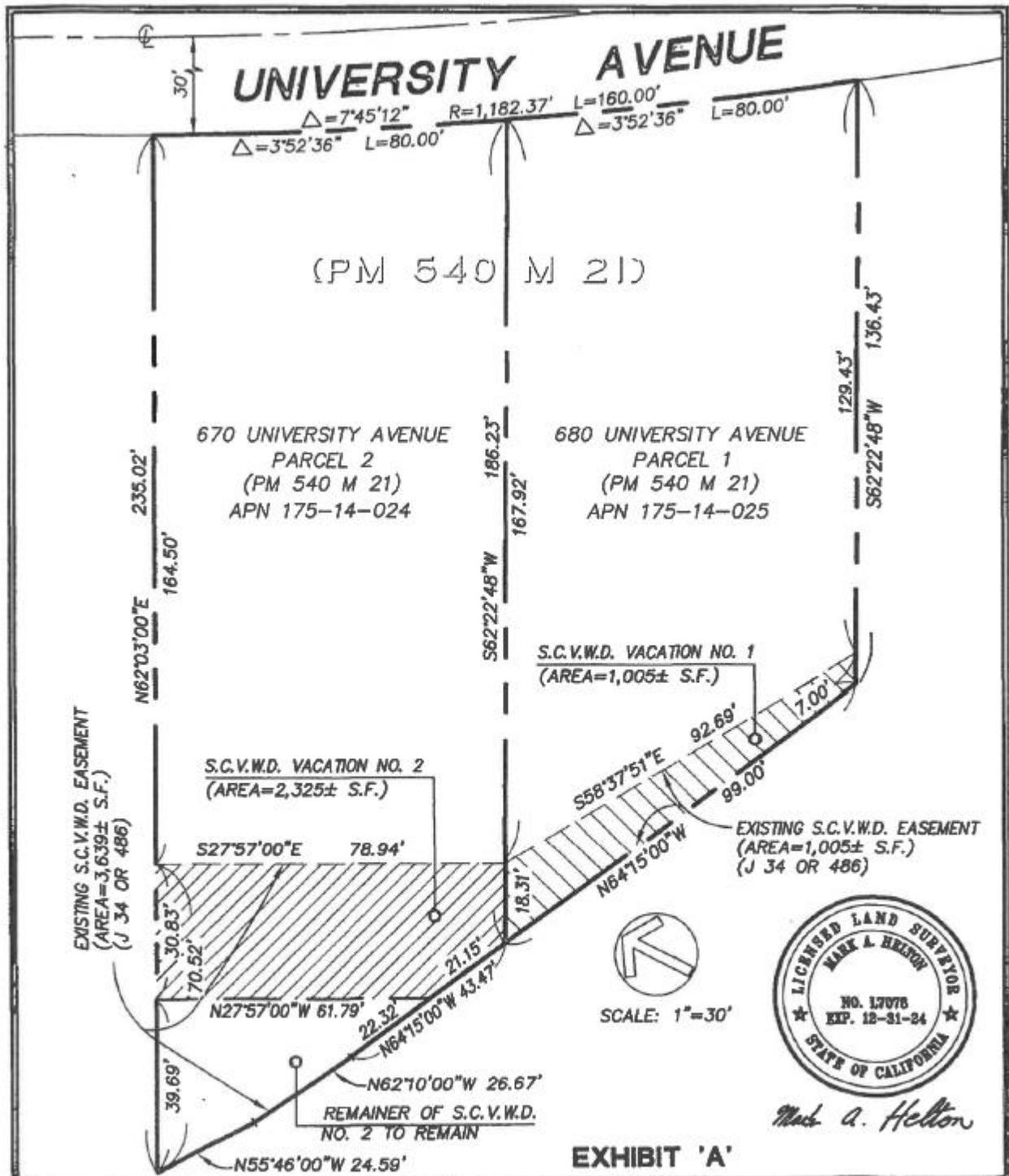


EXHIBIT 'A'

| | | |
|---|----------------|---|
| Giuliani & Kull-San Jose Inc. <small>Engineers & Planners & Surveyors</small> 4880 Stevens Creek Blvd. Suite 100 San Jose, California 95129 (408) 615-4000 | SCALE: 1"=30' | PLAT TO ACCOMPANY LEGAL DESCRIPTION S.C.V.W.D. EASEMENT TO BE VACATED OVER 670 & 680 UNIVERSITY AVENUE LOS ALTOS, CALIFORNIA |
| | DATE: 7/8/24 | |
| | DRAWN: E.T. | |
| | CHECKED: M.H. | |
| | JOB NO.: 20126 | |
| SHEETS: 2 OF 2 | | |

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SAN JOSE, CALIFORNIA 95118

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 175-14-025 (portion of)

DOCUMENT NO.: 1010-96.2

QUITCLAIM DEED

SANTA CLARA VALLEY WATER DISTRICT, a Special District created by the California Legislature, hereinafter "Grantor," does hereby release and quitclaim to Wayne Qi Zhang and Vicky Yun Xu, husband and wife as community property with right of survivorship, hereinafter "Grantee", all that real property in the City of Los Altos, County of Santa Clara, State of California, described as:

EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated this _____ day of _____, 20__

SANTA CLARA VALLEY WATER
DISTRICT

By: _____
Melanie Richardson, P.E.,
Interim Chief Executive Officer

Attest: Candice Kwok-Smith

By: _____
Clerk of the Board

ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } SS

On this ___ day of _____, in the year 20__, before me _____,

Notary Public, personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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WITNESS my hand and official seal.

Notary Public in and for said County and State

CAPACITY CLAIMED BY SIGNER

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Signer is Representing (Name of Person(s) or Entity (ies))

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Thence, leaving the northwesterly boundary of said Parcel 1, and along the easterly boundary of said Easement, South 58°37'51" East, 92.69 feet, (formerly shown upon said Easement Deed as South 58°37'44" East, 92.70 feet), to the most easterly corner of said Easement boundary, and said point being on the southeasterly boundary of said Parcel 1;

Thence, along said southeasterly boundary of said Easement and said Parcel 1, South 62°22'48" West, 7.00 feet, to to the **POINT OF BEGINNING**.

Containing an area of 1,005 square feet, more or less.

A plat, graphically showing this Parcel of Land, is hereby made a part hereto.

End of Description.



A handwritten signature in black ink, appearing to read "Mark A. Helton".

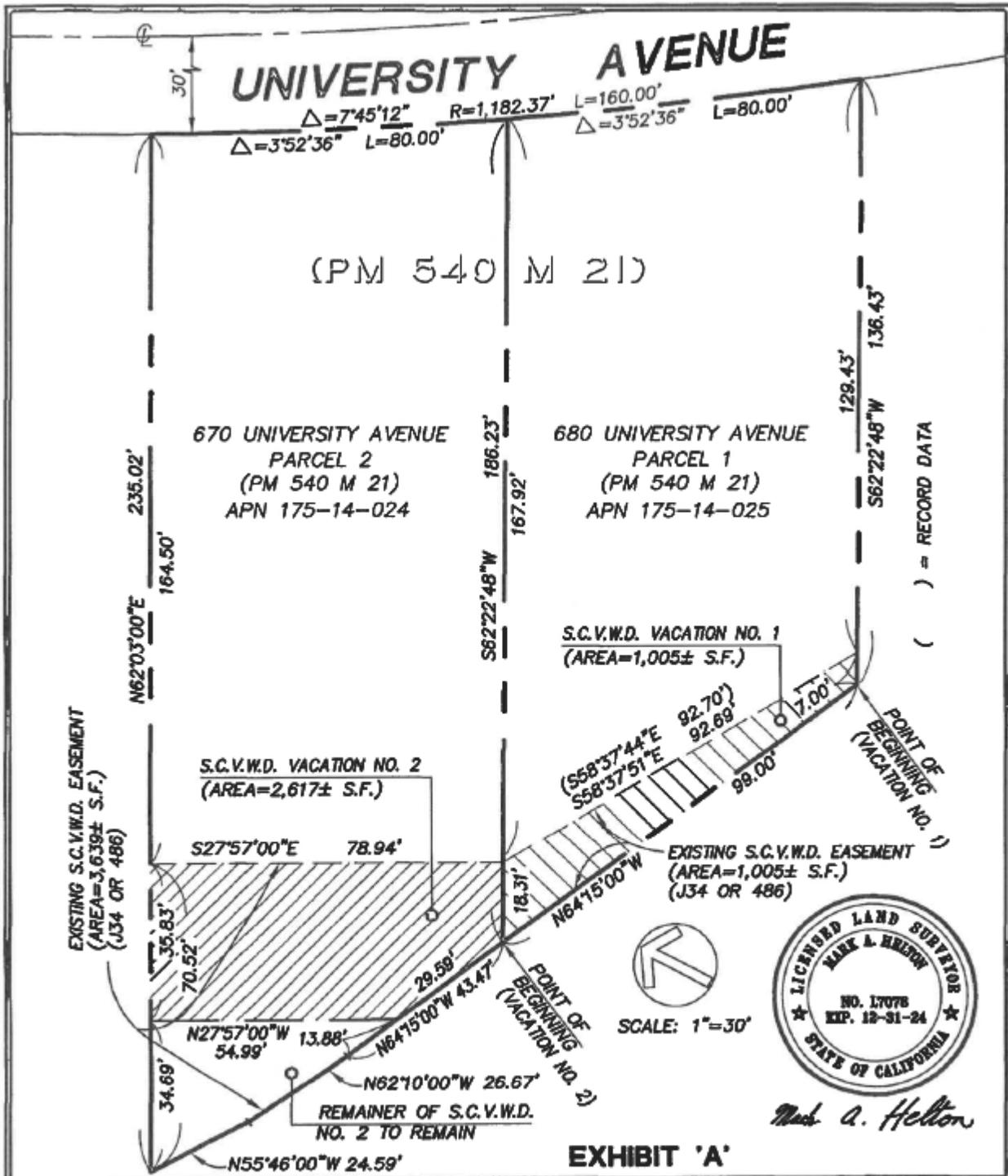


EXHIBIT 'A'

| | | |
|---|--|---|
| Giuliani & Kull-San Jose Inc. <small>Professional Surveyors</small> 4880 Stevens Creek Blvd. Suite 100 San Jose, California 95129 (408) 615-4000 | SCALE: 1"=30' DATE: 8/15/24 DRAWN: E.T. CHECKED: M.H. JOB NO.: 20128 SHEETS: 2 OF 2 | PLAT TO ACCOMPANY LEGAL DESCRIPTION S.C.V.W.D. EASEMENT TO BE VACATED OVER 670 & 680 UNIVERSITY AVENUE LOS ALTOS, CALIFORNIA |
| | | |

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Santa Clara Valley Water District

File No.: 26-0049

Agenda Date: 1/13/2026

Item No.: 4.2.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Accept the Santa Clara Valley Water District Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Other Independent Auditors' Reports.

RECOMMENDATION:

Accept the Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025, and other independent auditors' reports.

SUMMARY:

The Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025, was audited by Santa Clara Valley Water District's (Valley Water) external auditor, Vasquez and Company. During the audit, no material financial findings or internal control weaknesses were reported. The auditor has issued an unmodified ("clean") opinion dated December 23, 2025, stating that the District's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB).

The ACFR complies with the following requirements:

1. Board Policy BL-5.2 which requires the monitoring and reporting of financial conditions and activities to be performed annually by an external method.
2. State Law (Government Code Section 26909) which requires an annual examination and audit of Valley Water's financial records.

Each year since 1997, Valley Water has been awarded the prestigious Certificate of Achievement for Excellence in Reporting by the Government Finance Officers Association of the United States and Canada (GFOA), including most recently for the 2024 fiscal year.

The Board Audit Committee discussed the ACFR at their meeting on December 19, 2025, and recommends acceptance by the full Board.

The auditor prepares additional assurance letters and reports, in accordance with attestation

standards established by the American Institute of Certified Public Accountants. See attachments 2 through 4.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:

Auditing services costs are included in the FY 2025-26 budget.

CEQA:

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

ATTACHMENTS:

Attachment 1: FY 2024-25 ACFR

Attachment 2: Article XIII-B Appropriations Procedure

Attachment 3: Investment Policy Compliance

Attachment 4: Flood Control Master Resolution Compliance

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Santa Clara Valley Water District

also referred to as

Valley Water

Serving Santa Clara County, California

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Prepared by the General Accounting Services Unit

Darin Taylor, Chief Financial Officer
Olivia Manaloto, Accounting Manager

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Letter of Transmittal

December 23, 2025

TO THE BOARD OF DIRECTORS OF VALLEY WATER AND CITIZENS OF SANTA CLARA VALLEY:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the Santa Clara Valley Water District (Valley Water) for the fiscal year ended June 30, 2025. The ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Valley Water. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of Valley Water. All disclosures necessary to enable the reader to gain an understanding of Valley Water's financial activities have been included.

To provide a reasonable basis for making these representations, management of Valley Water has established a comprehensive internal control framework that is designed both to protect Valley Water's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of Valley Water's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Valley Water's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Valley Water's financial statements have been audited by Vasquez and Company LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of Valley Water for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit included obtaining an understanding of the entity and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on Valley Water's financial statements for the fiscal year ended June 30, 2025. The opinions rendered concluded that the financial statements are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Letter of Transmittal (continued)

The independent audit of the financial statements of Valley Water is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on Valley Water’s internal controls and compliance over the administration of federal awards. The single audit review is applicable when Federal funded expenditures equal \$750 thousand or more. This audit is typically completed after the audit of the financial statements and will be issued separately for Valley Water’s Board of Directors (Board) acceptance.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Valley Water’s MD&A can be found immediately following the report of the independent auditor.

Valley Water Profile

The mission of Valley Water is to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy. Valley Water operates as a State of California special district under the authority of the 1929 Santa Clara Valley Water District Act or District Act (Wat. Code, § Ch. 60, Refs & Annos). The District Act governs the structure, function, and operations of the Board, which governs Valley Water and directs the Chief Executive Officer.

Valley Water is the primary water resource agency for Santa Clara County (County), California. It is the largest multi-purpose water supply, watershed stewardship, and flood management special district in California. It acts not only as the County’s primary water wholesaler but also as its flood protection agency and is the steward for its streams and creeks, underground aquifers, and Valley Water-built reservoirs. For fiscal year 2025, Valley Water adopted a net operating and capital budget of \$963.6 million to provide these critical services^[1].

Valley Water serves the nearly two million residents of the County, an area of approximately 1,300 square miles which includes the County’s 15 cities and towns: Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale. Valley Water also serves certain unincorporated areas of the County.

Valley Water sells treated water to 8 water retail companies, cities, and towns that service communities within the County via their own distribution systems. There are also private well owners in the County, for which Valley Water levies a groundwater production charge for water pumped from the ground. San Jose Water Company is the largest water retailer served by Valley Water, and currently provides water service to over one million customers.

^[1] Valley Water FY2024-25 Operating and Capital Budget, chapter 3, page 7

Letter of Transmittal (continued)

Revenues from San Jose Water Company for the sale of treated water and production of groundwater comprise over 50% of the water charge related revenue for Valley Water's Water Enterprise. For Fiscal Year 2025, total budgeted outlays for water supply management totaled \$681.0 million^[2].

A steady supply of safe, clean water to the County residents requires Valley Water to operate and maintain a complex delivery and treatment system that includes 3 water treatment plants, an advanced water purification center, 10 local reservoirs and dams, a water quality laboratory, dozens of groundwater recharge basins, 3 pumping stations and approximately 150 miles of pipelines. Water supplies include local surface water and groundwater, imported water, and recycled water. Water conservation is also an important part of the water supply strategy because it reduces water demands and helps improve water supply reliability.

The Board has established groundwater benefit zones in accordance with the District Act. The objective of establishing various groundwater benefit zones is to recover costs for the benefits resulting from Valley Water activities within that zone. In Fiscal Year 2021, the Board modified the boundaries of existing groundwater benefit zones W-2 and W-5 and created two new zones; Zone W-7, which overlays the Coyote Valley, and Zone W-8, which includes areas below Uvas and Chesbro Reservoirs. The four modified zone boundaries ensure that rate payers are grouped in a way that reflects the most recent and relevant data regarding services and benefits received by well users.

To ensure an adequate and reliable supply of high-quality water, Valley Water has partnered with cities and water retailers in the county to develop recycled water supplies. About 5% of the County's total water use currently consists of recycled water, limited primarily to landscaping and industrial uses. The Board's plan is to expand the use of recycled water in the coming years.

In 2010, the Board approved agreements with the City of San Jose to partner and build the Silicon Valley Advanced Water Purification Center (SVAWPC), a facility designed to produce about eight million gallons per day (MGD) or about nine thousand acre-feet per year of highly purified water. Valley Water and the City of San Jose entered into a ground lease and property use agreement (the "Ground Lease") with respect to the City of San Jose owned site in North San Jose on which the SVAWPC is located. In addition, Valley Water and the City of San Jose entered into an integration agreement (the "Integration Agreement") with respect to the operation of the SVAWPC. Valley Water and the City of San Jose each have the annual option to terminate the Integration Agreement on or after June 30, 2021, in accordance with its terms. The Ground Lease provides that if the Integration Agreement is terminated, the Ground Lease will simultaneously terminate and upon such termination, Valley Water would be required to surrender the facilities of the SVAWPC to the City of San Jose. The book value of the SVAWPC facilities as of June 30, 2025 is \$61.1 million.

^[2] Valley Water FY2024-25 Operating and Capital Budget, chapter 6, page 47

Letter of Transmittal (continued)

In June 2025, the city councils of the City of San Jose and the City of Santa Clara and Valley Water's Board approved the finalization and execution of the City of San Jose Option Agreement for First Amendment to Ground Lease and Property Use Agreement (the "Option Agreement"). The Option Agreement provides Valley Water with the option to amend the Ground Lease to expand the property leased thereunder in order to accommodate the construction of the San Jose Purified Water Project – Phase 1 direct potable reuse demonstration facility. Once the CEQA process for the project is complete, the other agreements that enabled SVAWPC will also be amended, including the Ground Lease, the Operations and Maintenance Agreement and the Integration Agreement. The proposed amendments would remove the automatic termination clause and extend the term from 2050 to 2065.

The SVAWPC in North San Jose commenced full operation in March 2014. Currently, purified water produced by the SVAWPC is not used for potable (drinking) purposes and is instead blended with existing recycled water to enhance its quality for non-potable purposes such as irrigation, cooling towers and industrial applications.

In December 2019, Valley Water's Board approved a 76-year agreement with the cities of Palo Alto and Mountain View to secure a minimum of 9 MGD or about ten thousand acre-feet per year of wastewater effluent through an effluent transfer option. Under the agreement, Valley Water will pay \$0.2 million per year for the option to receive the wastewater effluent until June 1, 2033 or the point in time when Valley Water begins to receive the wastewater effluent, whichever occurs first. If Valley Water exercises its option, 9 MGD of effluent would be delivered to a regional purification facility to be constructed and owned by Valley Water. The purified water, which would be a locally controlled drought resilient supply, could be used for either indirect potable reuse (e.g., recharge local groundwater basins) or direct potable reuse (raw water or treated water augmentation, subject to future regulatory requirements). If Valley Water exercises the option, Valley Water would pay \$1.0 million per year for the effluent plus an inflation escalator for the 76-year term of the agreement. Valley Water has not made a decision as to whether it will exercise the option to receive wastewater effluent under the agreement. In addition to the foregoing option, Valley Water will contribute \$16.0 million to be used to fund either: (1) a portion of the costs of a local salt removal facility at the Regional Water Quality Control Plant in the City of Palo Alto to provide a higher quality of recycled water for irrigation and cooling towers; or (2) in the event that the cities of Palo Alto and Mountain View decide not to construct the local plant within 13 years of the effective date of the agreement, to fund other recycled water or water supply projects. In February 2024, the Valley Water Board of Directors placed the project to build a regional purification facility on hold due to affordability issues. This decision will be reviewed in two years.

Valley Water also provides stream stewardship that encompasses managing flood and storm waters within the County. The 1929 Santa Clara Valley Water District Act requires Valley Water to uphold the safety of the Santa Clara County residents from floods and storm waters, monitor the conditions affecting watersheds and riparian corridors, and provide

for the protection of property and the natural environment along creeks and rivers, and at the edge of the San Francisco Bay. For fiscal year 2025, total budgeted outlays for watershed management and flood protection totaled \$304.2 million^[3].

Factors Affecting Financial Condition

Local Economy

Located south of the San Francisco Bay Area, Santa Clara County is the sixth largest county in California, with a population of approximately 1.9 million^[4] and measures approximately 1,300 square miles. The northwest portion of the County, known as Silicon Valley, is home to many leading computer and electronics companies such as Nvidia, Google, Apple, Cisco, Intel, VMware, Hewlett Packard, Applied Materials, Adobe, and several other Fortune 500 companies.

It ranks as the 3rd wealthiest county in the nation and second in annual median income at \$159,674^[5]. Real estate values declined 2.0% year over year with the median home valued at \$1.59^[6] million compared to \$0.41 million for the whole United States^[7].

In 2025, Silicon Valley's economy remains globally dominant in innovation but is slowing in growth. Venture Capital investment is strong at \$69 billion, yet employment dipped slightly, housing costs remain extreme, and wealth divides continue to widen, coupled with persistent housing challenges for residents^[8]. While commercial office vacancy is high, it appears to be turning a corner. Large commercial office buildings selling for less than pre-pandemic values are being acquired by investors betting on recovery including venture-invested AI companies. Return-to-work mandates by large companies and the federal government are starting to draw workers back to offices.^[9]

June 2025 unemployment rate for San Jose-Sunnyvale-Santa Clara, California State and the whole United States were 4.7%, 5.4% and 4.1%, respectively. This is an increase from the June 2024 unemployment rate of 4.1%, 5.2% and 4.1%, respectively. The San Jose-Sunnyvale-Santa Clara unemployment rate increased but was better than the rest of California but higher than the whole United States in June 2025^[10]. Professional and business services continued to show weakness due to tech layoffs. Meanwhile, the region's population estimate (as of January 2025) of 1.9 million approximated that of the prior year^[4].

^[3] Valley Water FY2024-25 Operating and Capital Budget, chapter 6, page 3

^[4] California Department of Finance, Demographic Research Unit, Report E-4, Population Estimates, May 2025

^[5] Jordanjosh.com, 5 Richest Counties in the US, Sinenha Singh, July 12, 2025

^[6] Zillow Home Value Index, Santa Clara County, October 31, 2025

^[7] Federal Reserve Bank of St. Louis, Median Sales Price of Houses Sold for the US, Q2 2025

^[8] Joint Venture Silicon Valley, 2024 Silicon Valley Index, March 6, 2025

^[9] Bay Area Council Economic Institute, Silicon Valley's 2025 Outlook: Challenges persist amidst AI-driven Resurgence, Sean Randolph, January 6, 2025

^[10] Bureau of Labor Statistics, News Release, July 18, 2025 and Economy at a Glance

Letter of Transmittal (continued)

Santa Clara County's inflation rate is slightly below the state's average but close to the national rate. The consumer price index (CPI) for the San Francisco Bay Area, California and the nation as of June 2025 showed an increase of 1.5%, 3.0% and 2.70%, respectively when compared to the same month last year. This is a slight decrease in contrast to the prior year (June 2024) CPI increase of 3.2%, 3.3% and 3.0%, respectively^[11]. California housing and services remain primarily inflation driven while energy costs provided some relief. Food prices rose moderately.

California's drought conditions had eased in the north but persisted in the south. In early 2025, Northern California began to recover from drought after heavy winter storms. By March 2025 it was drought-free thanks to the wet winter and spring. Recovery was strongest in the Bay Area and Sacramento Valley^[12]. Nevertheless, Valley Water continues to implore residents, businesses and farms to make water conservation a way of life and encourage a voluntary reduction in water use. Valley Water has used a multi-faceted approach—combining incentives, education, enforcement, partnerships, and strategic planning. To address future extreme weather events such as severe droughts and flooding, Valley Water continues to invest in water infrastructure to ensure a reliable water supply for generations to come. This includes upgrading and maintaining existing pipelines and water treatment plants, evaluating new water storage projects, increasing the use of recycled and purified water, and progressing on the Anderson Dam Seismic Retrofit project. In addition, Valley Water is using all financial resources available to offset the negative effects of the prior years of drought on water rate charges to constituents by vigorously pursuing federal and state grant funding.

Long-term Financial Planning

Valley Water plans, manages, and carries out work to meet policies established by the Board. Under Valley Water's form of Policy Governance, these "Ends" policies describe the mission, outcomes, or results to be achieved by Valley Water staff. Balancing the Ends policies are Executive Limitations, which set limits on staff activities in fulfilling the Ends. Alignment of plans and resources with the Ends policies helps the Board fulfill the critical responsibility of defining, balancing, and prioritizing "what benefits, for what people, at what cost," and enhances Valley Water staff's accountability in using budgeted resources to accomplish those ends.

^[11]State of California, Department of Industrial Relations, Consumer Price Index - California, 10/24/2025 update

^[12]NOAA, Drought update - California, 2025

Letter of Transmittal (continued)

Valley Water supports activities that carry out its mission through the following three highest-level “End Policies”^[13].

- E2 - Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served.
- E3 - Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.
- E4 - Water resources stewardship to protect and enhance ecosystem health in Santa Clara County.

The fiscal year 2024-25 budget included over \$62.0 million for the contractual obligations of water purchases with the federal Central Valley Project and the State Water Project. In addition to contract water, Valley Water’s budget included Water Banking expenses of approximately \$5.6 million to bring approximately 27,800-acre feet of water to the county from Semitropic Water Storage District located in Kern County and an additional \$6.6 million in supplemental water purchases to help mitigate the impact on water supply of the multi-year storage capacity loss of Valley Water’s largest dam at Anderson Reservoir^[14].

Valley Water’s Semitropic groundwater bank reserves were at 86% or 304,084 acre-feet and valued at \$130.8 million as of June 30, 2025. Semitropic Water Storage District has reported elevated concentration of 1, 2, 3 trichloropropane in some of its underground wells. There is currently insufficient information to conclude whether these detections could impact banking operations. Impacts could potentially include higher pumping, recovery and treatment costs, and possible impaired recovery of banked water supplies. Because the Semitropic water bank is located in Kern County, downstream of Valley Water, banked water must be returned by exchange with State Water Project water from the Delta. In critically dry years or in the event of a Delta disruption, there may be insufficient State Water Project supplies to facilitate withdrawal of supplies from the bank.

The State has placed operating restrictions on five of Valley Water’s ten dams due to Seismic safety conditions. Valley Water’s immediate response was to allocate a total of \$2.6 billion in its FY25-29 Capital Improvement Program to fix four of these dams (Almaden, Anderson, Calero and Guadalupe). The scope for the fifth dam (Pacheco) was expanded to include a significant capacity expansion of the reservoir at an estimated cost of \$2.8 billion^[15].

For the Pacheco Reservoir Expansion Project, Valley Water is partnering with Pacheco Pass Water District and San Benito County Water District. This Project will encompass the acquisition and expansion of this reservoir from 6,000 AF to 140,000 AF and will provide water quality benefits, operational flexibility, emergency storage, flood protection, and ecosystem benefits. On July 24, 2018, the California Water Commission awarded \$484.55

^[13] www.valleywater.org/how-we-operate/board-governance-policies

^[14] Valley Water FY2024-25 Operating and Capital Budget, chapter 4, page 5

^[15] Valley Water FY2025-28 Capital Improvement Program, chapter 2, page 7

Letter of Transmittal (continued)

million to support the project, including an early funding award of \$24.2 million. In February 2021, the maximum conditional eligibility determination was increased to \$496.7 million to reflect an inflation adjustment of 2.5%^[16]. In March 2022, the maximum conditional eligibility was increased to \$504.1 million to reflect an inflation adjustment of 1.5%.

The Five-Year Capital Improvement Plan (CIP) includes 76 projects totaling \$10.8 billion to implement the goals and objectives of Valley Water’s program and master plans. Valley Water has been and continues to be successful in leveraging funding for its capital projects through partnerships with federal, state, and local agencies. Of the \$10.8 billion total funding needed, \$1.3 billion is expected from Valley Water’s various partners, such as the U.S. Army Corps of Engineers (USACE), and the remaining \$9.5 billion from Valley Water.

These projects are grouped into five types of improvements^[17]:

- Water supply capital improvements – 43 projects contributing to “End Policy E-2”
- Flood protection capital improvements – 14 projects contributing to “End Policy E-3”
- Water resource stewardship capital improvement – 12 projects contributing to “End Policy E-4”
- Buildings and grounds capital improvements – 3 projects supporting Valley Water efforts to achieve the “End Policies”
- Information Technology capital improvements – 4 projects supporting Valley Water efforts to achieve the “End Policies”

On November 3, 2020, the Measure S (Safe, Clean Water and Natural Flood Protection or Safe Clean Water) parcel tax met the two-thirds super majority vote required for approval with a voter passing result of 75.6%. The measure renewed Valley Water’s existing parcel tax, without significantly increasing rates. The voter-approved special parcel tax funds projects addressing the following community priorities:

- Ensure a safe reliable water for the future.
- Reduce toxins, hazards, and contaminants in our waterways.
- Protect our water supply and dams from earthquakes and other natural disasters.
- Restore wildlife habitat and provide open space.
- Provide flood protection to homes, businesses, schools, streets, and highways.
- Support public health and public safety for our community.

The renewed Safe Clean Water Program builds on the success of the Clean, Safe Creeks and Natural Flood Protection (Clean, Safe Creeks) plan approved by the voters in 2000, as well as the Safe, Clean Water and Natural Flood Protection Program that replaced the Clean, Safe Creeks measure, which was approved by voters in November 2012. The

^[16] Valley Water FY2025-29 Capital Improvement Program, chapter 2, page 2

^[17] Valley Water FY2026-30 Capital Improvement Program, chapter 1, pages 8 and 9

Letter of Transmittal (continued)

program is funded by a combination of revenues from the continuation of an annual special tax, reserves carried forward from the 2012 program, and state and federal funding.

The revenue received from the special parcel tax for fiscal year 2025 was \$53.2 million.

Relevant Financial Policies

End of Year Balances

Valley Water policies for end-of-year balance re-appropriations are as follows:

- Any remaining appropriation balances at the end of the fiscal year for capital projects are annually re-appropriated for continued use in those same projects in the following fiscal year. These amounts shall be consistent with the planned expenditure schedule identified in the 5-year CIP.
- Any variances at the end of the current fiscal year in Operating and Capital Reserves from those estimated in the budget not otherwise re-appropriated above shall result in corresponding adjustments to the estimated reserve appropriations in accordance with Valley Water Reserve policy.

Valley Water maintains a commercial paper program for funding capital projects. Commercial paper is used to provide low-cost interim financing during construction. Valley Water issues long-term debt obligations over a 30-year term to repay principal outstanding on the commercial paper. On December 9, 2024, Valley Water closed on a \$250.0 million direct issue commercial paper (CP) program that replaced the previous CP program, which expired on December 10, 2024. The new direct issue CP program will be supported by a letter of credit provided by Sumitomo Mitsui Banking Corporation and will provide for the issuance of CP certificates directly by Valley Water instead of through the Valley Water Public Facilities Financing Corporation. On April 29, 2025, Valley Water extended the Non-Syndicated Revolving Line of Credit with US Bank in the amount of \$150 million for three years beyond the April 29, 2025, expiration date, which superseded the \$170 million syndicated bank line of credit that Valley Water established in October 2020 to ensure ample liquidity for ongoing capital projects and to meet general financing needs despite the economic uncertainties related to the COVID-19 pandemic.

Budgetary Controls

Valley Water adopts an annual budget in June to be effective July 1 for the ensuing fiscal year. Annual appropriated budgets are adopted for the general fund, special revenue funds, and all proprietary funds. The COP construction and COP debt service funds are not budgeted.

Legal budgetary (expenditure) control is established at the fund level, further controlled within the fund at the category level. The categories are defined as the operating budget (operations and maintenance, debt service, and operating projects) and the capital budget (capital improvement projects) in the budget and actual budgetary basis schedules.

Letter of Transmittal (continued)

Valley Water also maintains an encumbrance accounting system as a means for accomplishing budgetary control. Budget adjustments that increase or decrease revenue projections, appropriations or reserves of any fund require Board approval. Budget and actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For governmental funds, this comparison is presented starting on page [140](#) as part of required supplementary information and selected watershed activities starting on page [148](#) as part of supplemental information. For proprietary funds, this comparison is presented starting on page [152](#) as part of the combining and individual fund statements and schedules.

The guidelines used by Valley Water in developing its formal budget process are from those recommended by the National Advisory Council on State and Local Budgeting, and the Government Finance Officers Association (GFOA).

Reserve Requirements

Valley Water's financial policies establish the levels at which reserves shall be maintained. Valley Water reserve policies address the need for both operating and capital reserves, and funding of contingency and future liabilities. The level of reserves maintained and the policies behind them are reviewed annually with the Board of Directors during budget deliberations.

More information about Valley Water's reserve policy is discussed in Valley Water's FY 2024-25 Operating and Capital Budget.

Major Initiatives

Highlights of activities and accomplishments for the fiscal year ended June 30, 2025 include the following:

- In July, 2024, the Department of Water Resources (DWR) approved Valley Water's 2021 Groundwater Management Plan after DWR's first periodic evaluation of the groundwater sustainability plan alternative (Alternative) for the Santa Clara and Llagas subbasins. DWR's approval confirms that the Alternative satisfies the objectives of the Sustainable Groundwater Management Act (SGMA) and substantially complies with related regulations. SGMA requires periodic evaluations of alternatives at least every five years.
- On July 12, 2024, Valley Water released a Draft Environmental Impact Report (EIR) on the Coyote Creek Flood Protection Project (Project) for public review. Preparation of the Draft EIR fulfilled Valley Water's lead agency responsibility under the California Environmental Quality Act (CEQA). The Project objectives are to plan, design, and construct improvements along approximately nine (9) miles of Coyote Creek, between Montague Expressway and Tully Road in the City of San Jose. The primary objective of the Project is to provide protection from floods up to the level that occurred on February 21, 2017, equivalent to approximately a 5% flood (20-year event).

Letter of Transmittal (continued)

- On August 6, 2024, the Office of Administrative Law (OAL) approved the Direct Potable Reuse (DPR) Regulations. The DPR regulations had previously been adopted by the State Water Resources Control Board on December 19, 2023. The effective date of the regulation is October 1, 2024. DPR is the planned introduction of highly treated recycled water either directly into a public water system or into a raw water supply immediately upstream of a water treatment plant. The finalization of DPR regulations opens up new possibilities for implementing large-scale water recycling projects throughout the State. Valley Water is working to implement the San Jose Purified Water Project - Phase 1 (DPR Demonstration Facility) in collaboration with the Cities of San Jose and Santa Clara.
- Golden mussel, an invasive mollusk native to China and Southeast Asia, was discovered in the Sacramento-San Joaquin Delta during FY 25. This discovery is the first known occurrence of golden mussels in North America. Like quagga and zebra mussels, golden mussels pose a significant ecological threat to California's native species, ecosystems, and water infrastructure due to their ability to colonize hard surfaces, clogging water intakes, screens, and pipes. Starting January 2025, boats leaving Calero Reservoir were offered a voluntary exit inspection to help prevent the potential spread of golden mussels. This collaborative effort between Santa Clara County Parks and Valley Water will complement the mandatory boat entrance inspection that was instituted in 2008.
- On May 15, 2024, the Coyote Creek Flood Management Measures Project received the 2025 Project of the Year Award from the American Public Works Association (APWA) Silicon Valley Chapter. APWA is an international educational and professional association of public agencies, private sector companies, and individuals dedicated to providing high quality public works goods and services. The APWA Silicon Valley Chapter recognized the Coyote Creek Flood Management Measures Project as a public works project that demonstrated excellence in its design and construction. It was noted for its use of the hydraulic press-in method for the installation of sheet piles to minimize construction noise and vibration to minimize impacts to local residents and businesses as well as stay on schedule despite several setbacks through collaborative efforts of the contractor, engineer of record, construction management consultant, and project team.

Completed capital projects in fiscal year 2025 include the following:

- Construction of Cross Valley Pipeline Extension
- Construction of Rinconada Water Treatment Plant Residual Remediation Project
- Implementation of the Capital Project Management Information System

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Water for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30,

Letter of Transmittal (continued)

2024. This was the 28th consecutive year that Valley Water has received this prestigious award. To be awarded a Certificate of Achievement, Valley Water must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this ACFR represents the culmination of months of concerted team effort by diverse Valley Water staff, including team members from Financial Planning and Management Services Division, Water Supply Division, Information Technology Division, General Services Division, Human Resources Division, and Office of the District Counsel. In addition, special thanks to Valley Water staff in all groups for responding so positively to the requests for detailed information that accompany each annual audit. The role of Vasquez and Company LLP is also acknowledged for their significant technical contribution and assistance.

Special thanks go to Oliva Manaloto, General Accounting Unit Manager; the following Accounting staff: Debbie Brown, Thao Thi Nguyen, Ofelia Hsieh, Gloria Chou, Elaine Lee, Nicole Truong, Godwin Adofo and Emma Pao; and the rest of the Financial Planning staff: Carmen Narayanan, Charlene Sun, Enrique De Anda, Hoan Cutler, Steven Peters, Kristie Resendez, and Adrian Liu for their talent and dedication in preparing this financial report.

Finally, we wish to express our sincere appreciation to Valley Water's Board of Directors and management for providing policy direction and a firm foundation of support for the pursuit of Valley Water's mission.



Darin Taylor
Chief Financial Officer



Melanie Richardson
Interim Chief Executive Officer

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GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Santa Clara Valley Water District
California**

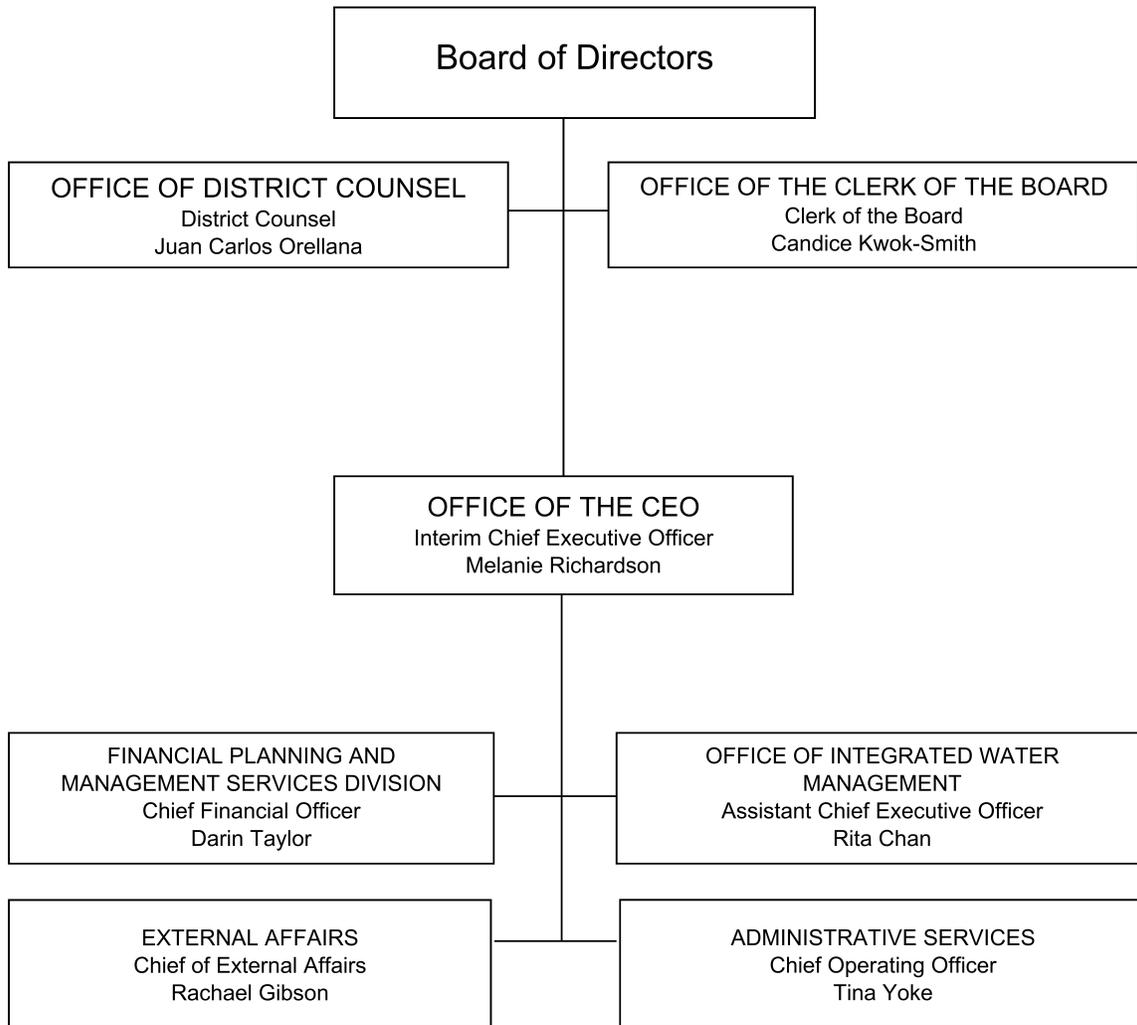
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Valley Water Organizational Chart



Valley Water

2024 – 2025
Board of Directors



John L. Varela
District 1



Shiloh Ballard
District 2



Richard P. Santos
District 3



Jim Beall
District 4



Nai Hsueh
District 5



Tony Estremera
District 6



Rebecca Eisenberg
District 7



Independent Auditor's Report

**Board of Directors
Santa Clara Valley Water District
San Jose, California**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Santa Clara Valley Water District (Valley Water), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Valley Water's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Valley Water as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Valley Water and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2(t) to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year beginning July 1, 2024. This adoption required a change in accounting principle and resulted in the restatement of beginning net position for governmental activities and business-type activities to recognize compensated absence liabilities in accordance with the new standard. Our opinion is not modified with respect to this matter.



Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Valley Water's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Valley Water's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Valley Water's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary Information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Valley Water's basic financial statements. The combining individual fund statements and schedules on pages 144 through 164 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical section as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Vasquez & Company LLP

Glendale, California
December 23, 2025

Management's Discussion and Analysis

Management's discussion and analysis of financial performance provides an overview of Valley Water's financial activities for the fiscal year ended June 30, 2025. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

- Valley Water's total net position was \$3.5 billion as of June 30, 2025. Of this amount, \$340.3 million (unrestricted, but committed and assigned net position) may be used to meet Valley Water's ongoing obligations to citizens, businesses, stakeholders, and creditors.
- Valley Water's total net position increased by \$271.4 million during the current fiscal year. The net position for governmental activities increased by \$95.6 million. Net position for business-type activities increased by \$175.8 million.
- Cash and investments for governmental activities increased by \$82.2 million while that for business-type activities decreased by \$28.2 million.
- The fund balance for the General Fund was \$42.7 million, an increase of \$12.6 million from the prior fiscal year fund balance of \$30.1 million. Committed and assigned fund balances were \$42.7 million or 100% of the total fund balance.
- The fund balance for the Watershed & Stream Stewardship and Safe, Clean Water & Natural Flood Protection Funds was \$373.9 million, an increase of \$2.3 million from the prior fiscal year balance of \$371.6 million.
- Net position for the Water Utility Funds increased by \$178.5 million.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

The ACFR is presented in the following three sections:

1. The Introductory Section that includes the Transmittal and general information
2. The Financial Section which includes:
 - Management's Discussion and Analysis
 - The Basic Financial Statements that include the Government-wide and Fund Financial Statements, along with the accompanying Notes to the financial statements
 - Required and Other Supplementary information
3. Statistical Section

Basic Financial Statements

The Basic Financial Statements contain the Government-wide Financial Statements, the Fund Financial Statements, and the Notes to the financial statements. The financial statements presented herein include all the activities of Valley Water and its component units using the integrated approach as prescribed by Generally Accepted Accounting Principles (GAAP). This report also includes supplementary information intended to furnish additional details to support the Basic Financial Statements.

Government-wide Financial Statements

The government-wide financial statements present the financial picture of Valley Water from an economic resources' measurement focus using the accrual basis of accounting.

They include the Statement of Net Position and the Statement of Activities:

The Statement of Net Position. The Statement of Net Position presents information on all Valley Water's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Valley Water is improving or deteriorating.

The Statement of Activities. The Statement of Activities presents information showing how Valley Water's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues earned, and expenses incurred are reported in this statement even if the resulting cash flows will occur in future fiscal periods (e.g., earned but uncollected taxes and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities are presented for Governmental and Business-type activities.

Governmental activities are principally supported by taxes and intergovernmental revenues and include general government, watershed management, and construction and debt service funding.

Business-type activities are those that are intended to recover all or a significant portion of their costs through user fees and charges, including the water utility operation fund.

The government-wide financial statements include not only Valley Water itself (known as the primary government), but also the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) for which Valley Water is financially accountable. Financial information for this blended component unit is reported as if it were part of the primary government because its sole purpose is to provide financing to Valley Water under the debt issuance documents of Valley Water. Additional information on this legally separate entity can be found in Note 1(b) in the notes to basic financial statements.

The Government-wide Financial Statements can be found starting on page [40](#) of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Valley Water, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Valley Water are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds.

Valley Water's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of Valley Water's general government operations and the basic services it provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Valley Water's projects.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, which are reported using the accrual basis, governmental funds statements, which are reported using the modified accrual basis, focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and change in fund balances to the government-wide statements are provided to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Watershed & Stream Stewardship, Safe and Clean Water & Natural Flood Protection Program, COP Construction Fund and COP Debt Service Fund which are considered to be major funds. These can be found on pages [44](#) to [50](#).

Proprietary funds.

Valley Water maintains two different types of proprietary funds: enterprise funds and internal service funds.

Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information. Valley Water uses enterprise funds to account for its water utility operations fund. All of the enterprise funds are considered to be major funds.

The proprietary funds financial statements can be found on pages [52](#) to [56](#).

Internal Service Funds are used to accumulate and allocate costs internally among Valley Water's various functions. Valley Water uses internal service funds to account for its fleet of vehicles and computer equipment, risk management, and information technology activities. All of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The internal service funds have been included within governmental and business-type activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside Valley Water. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Valley Water's own programs. The fiduciary fund financial statements can be found on pages [58](#) to [59](#).

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found starting on page [60](#) of this report.

Other Information

The "Required Supplementary Information" related to Valley Water's pension and OPEB plans and budget and actual for budgeted governmental funds is included after the Notes to the Financial Statements and can be found starting on page [134](#) of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The balance in net position is a useful indicator of a government's ability to finance its operations. In the case of Valley Water, assets and deferred outflows exceeded liabilities and deferred inflows by \$3.5 billion at the end of the current fiscal year.

| Valley Water | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Condensed Statement of Net Position | | | | | | |
| (in Thousands) | | | | | | |
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Cash and investments | \$ 532,861 | \$ 450,662 | \$ 533,577 | \$ 505,388 | \$1,066,438 | \$ 956,050 |
| Other assets | 27,513 | 24,278 | 218,035 | 198,473 | 245,548 | 222,751 |
| Capital assets | 1,922,842 | 1,846,921 | 2,170,111 | 1,891,587 | 4,092,953 | 3,738,508 |
| Total assets | 2,483,216 | 2,321,861 | 2,921,723 | 2,595,448 | 5,404,939 | 4,917,309 |
| Deferred amount on refunding | — | — | 146 | 176 | 146 | 176 |
| Pension and OPEB related | 75,132 | 95,680 | 63,502 | 78,766 | 138,634 | 174,446 |
| Total deferred outflow of resources | 75,132 | 95,680 | 63,648 | 78,942 | 138,780 | 174,622 |
| Current liabilities | 94,432 | 21,986 | 380,239 | 271,801 | 474,671 | 293,787 |
| Long-term liabilities | 382,541 | 409,631 | 1,223,015 | 1,196,134 | 1,605,556 | 1,605,765 |
| Total liabilities | 476,973 | 431,617 | 1,603,254 | 1,467,935 | 2,080,227 | 1,899,552 |
| Deferred amount on refunding | 185 | 225 | — | — | 185 | 225 |
| Pension and OPEB related | 2,505 | 3,523 | 2,117 | 2,901 | 4,622 | 6,424 |
| Leases | — | 38 | 17 | 69 | 17 | 107 |
| Total deferred inflow of resources | 2,690 | 3,786 | 2,134 | 2,970 | 4,824 | 6,756 |
| Net position | | | | | | |
| Net investment in capital assets | 1,789,493 | 1,718,899 | 960,500 | 822,531 | 2,749,993 | 2,541,430 |
| Restricted | 269,914 | 263,239 | 98,497 | 74,334 | 368,411 | 337,573 |
| Unrestricted | 19,278 | — | 320,986 | 306,620 | 340,264 | 306,620 |
| Total net position | \$2,078,685 | \$1,982,138 | \$1,379,983 | \$1,203,485 | \$3,458,668 | \$3,185,623 |

The largest portion of Valley Water's net position, at \$2.7 billion (79.5%), reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets still outstanding. Investment in capital assets is not available for future spending. Although Valley Water's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For governmental activities, net investment in capital increased by \$70.6 million from the prior fiscal year. Capital assets, net of depreciation, increased by \$75.9 million. Noncurrent liabilities, which include related debt outstanding, decreased by \$27.1 million due mainly to the debt service payments of the 2017A certificates of participation and 2022A/B revenue bonds and decreases in net pension and other post-employment benefit liabilities.

Management's Discussion and Analysis (continued)

For business type activities, net investment in capital assets increased by \$138.0 million from the previous fiscal year. Capital assets, net of depreciation, increased by \$278.5 million, reflecting the increase in work in progress for the following main projects: RWTP Reliability Improvement (\$80.6 million), Anderson Dam Tunnel (\$77.0 million), Anderson Dam Seismic Retrofit (\$37.1 million), 10-year Pipeline Inspection and Rehab (\$17.0 million), Coyote Creek Flood Management Measures (\$16.7 million), Pacheco Reservoir Expansion (\$15.1 million), Coyote Creek Chillers (\$14.0 million), and San Jose Purified Water Project - Phase 1 (\$6.0 million). Noncurrent liabilities, which include related debt outstanding, increased by \$26.9 million due mainly to WIFIA loan drawdowns of \$27.7 million.

Unrestricted net position may be used to meet Valley Water's ongoing obligations to citizens, customers, and creditors. For the current fiscal year, Valley Water's total unrestricted net position of \$340.3 million increased by \$33.6 million.

Valley Water Condensed Statement of Activities (in Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|--------------------|-----------------------------|--------------------|--------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Water charges | \$ — | \$ — | \$ 381,972 | \$ 320,638 | \$ 381,972 | \$ 320,638 |
| Operating grants and contributions | — | — | 4,885 | 5,184 | 4,885 | 5,184 |
| Capital grants and contributions | 17,664 | 13,356 | 3,030 | 3,544 | 20,694 | 16,900 |
| General revenues: | | | | | | |
| Property taxes | 195,988 | 187,245 | 41,236 | 39,058 | 237,224 | 226,303 |
| Investment earnings | 25,448 | 21,906 | 17,842 | 20,230 | 43,290 | 42,136 |
| Miscellaneous | 5,229 | 5,622 | 17,344 | 7,692 | 22,573 | 13,314 |
| Total revenues | <u>244,329</u> | <u>228,129</u> | <u>466,309</u> | <u>396,346</u> | <u>710,638</u> | <u>624,475</u> |
| Expenses: | | | | | | |
| General government | 12,412 | 15,465 | — | — | 12,412 | 15,465 |
| Watersheds | 131,760 | 132,333 | — | — | 131,760 | 132,333 |
| Interest on long-term debt | 3,911 | 3,532 | — | — | 3,911 | 3,532 |
| Water enterprise | — | — | 291,123 | 378,494 | 291,123 | 378,494 |
| Total expenses | <u>148,083</u> | <u>151,330</u> | <u>291,123</u> | <u>378,494</u> | <u>439,206</u> | <u>529,824</u> |
| Increase in net position before transfers | 96,246 | 76,799 | 175,186 | 17,852 | 271,432 | 94,651 |
| Transfers | (584) | 2,833 | 584 | (2,833) | — | — |
| Change in net position | <u>95,662</u> | <u>79,632</u> | <u>175,770</u> | <u>15,019</u> | <u>271,432</u> | <u>94,651</u> |
| Net position, beginning of year, as previously reported | 1,982,138 | 1,902,506 | 1,203,485 | 1,188,466 | 3,185,623 | 3,090,972 |
| GASB 101 adoption restatement | 885 | — | 728 | — | 1,613 | — |
| Net position, beginning of year, as restated | <u>1,983,023</u> | <u>1,902,506</u> | <u>1,204,213</u> | <u>1,188,466</u> | <u>3,187,236</u> | <u>3,090,972</u> |
| Net position, ending | <u>\$2,078,685</u> | <u>\$1,982,138</u> | <u>\$1,379,983</u> | <u>\$1,203,485</u> | <u>\$3,458,668</u> | <u>\$3,185,623</u> |

Valley Water's net position for the current fiscal year was \$3.5 billion, an increase of \$271.4 million or 8.5% from the prior fiscal year.

Management's Discussion and Analysis (continued)

Beginning net position for governmental activities and business-type activities was restated in fiscal year 2025 due to the implementation of GASB Statement No. 101. See Note 18, "Change in Accounting Principle", for additional information.

Prior year information in the above condensed financial statements has not been restated for the implementation of GASB Statement No. 101 and, therefore, is not directly comparable to the current year.

Governmental activities

Net position of governmental activities increased by \$95.6 million during the fiscal year. Total revenues and expenses were \$244.3 million and \$148.1 million, respectively. Net transfers out were at \$0.6 million.

Total revenues of \$244.3 million were \$16.2 million higher than the \$228.1 million earned in the prior fiscal year.

- Capital grants and contributions of \$17.7 million were higher than prior year by \$4.3 million mainly from the higher capital costs reimbursements of \$2.8 million received from the State of California, Department of Water Resources and \$2.5 million received from the City of Morgan Hill.
- Property taxes, the largest general revenue source at \$196.0 million, increased by \$8.7 million, and is an indication of the strong property values in the Santa Clara County and the surrounding bay area.
- Investment earnings of \$25.4 million went up by \$3.5 million when compared to the \$21.9 million earnings experienced in the prior fiscal year due to higher yields from investments. Investment earnings include an unrealized gain of \$7.7 million due to the increase in the portfolio's fair value. This unrealized gain is temporary and should not materialize due to Valley Water's investment policy of holding all securities to their maturity under normal operating conditions.
- Miscellaneous revenues of \$5.2 million approximated what was earned in the prior fiscal year.

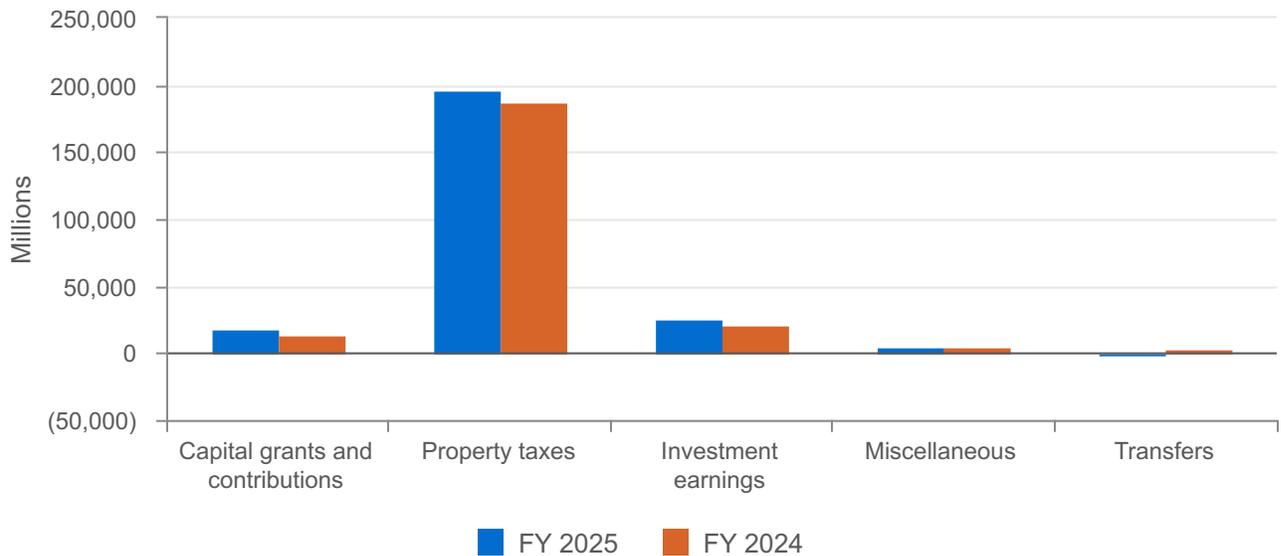
Total expenses were \$148.1 million or \$3.2 million lower than the prior fiscal year.

- General government expenses of \$12.4 million went down by \$3.1 million.
- Watershed operating cost of \$131.8 million went down by \$0.6 million.
- Interest on long-term debt of \$3.9 million went up by \$0.4 million due to the issuance of revenue bonds.

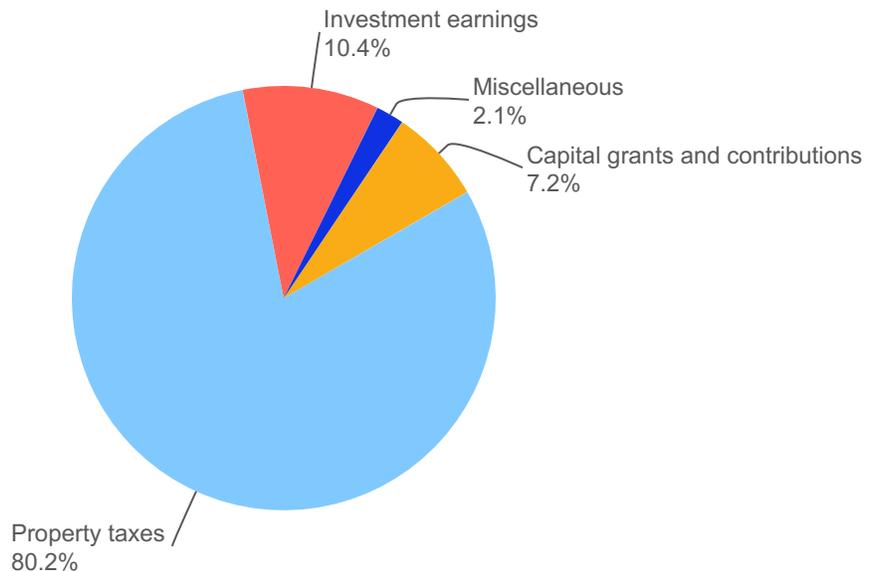
Management’s Discussion and Analysis (continued)

Net transfers out of \$0.6 million were higher by \$3.4 million from the prior fiscal year. The current fiscal year included \$4 million transfer out to the Water Utility Fund to fund the Open Space Credit Program that supports the preservation of agricultural land and open space in Santa Clara County. See Note 14 of the basic financial statements for more information on the transfers made during the current fiscal year.

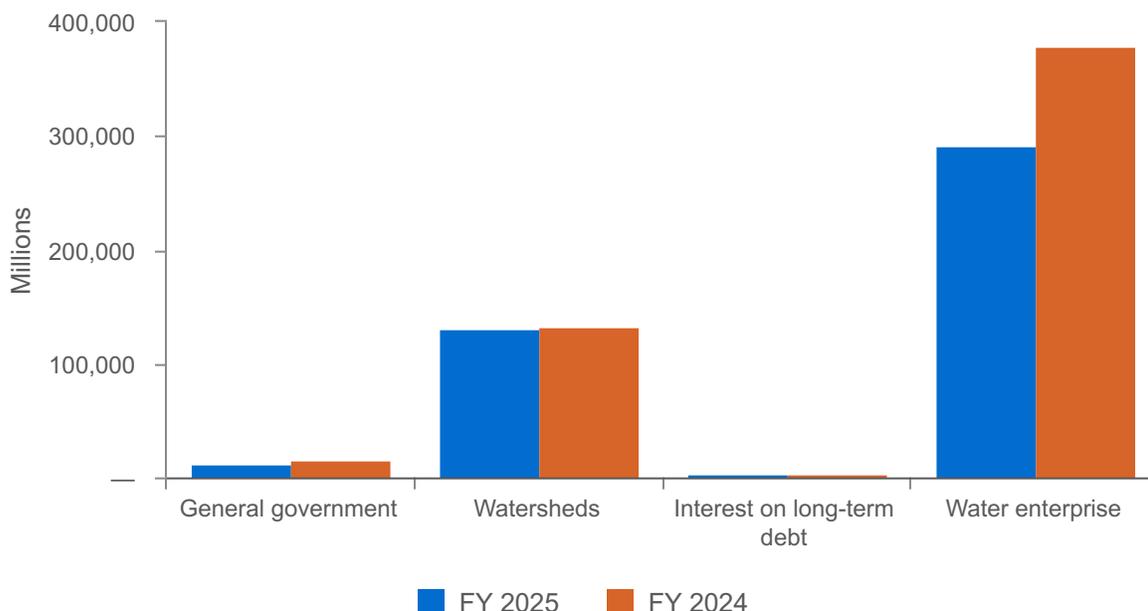
**Revenue by Sources – Governmental Activities
(FY 2025 & FY 2024)**



**Revenues by Sources – Governmental Activities
(FY 2025)**



Expenses by Program - Government-wide



Business-type activities

Net position in business-type activities of \$1.4 billion increased by \$175.8 million during the current fiscal year. Total revenues and expenses were \$466.3 million and \$291.1 million, respectively. Net revenues before transfers were \$176.5 million. Net transfers in during the current fiscal year were \$0.6 million.

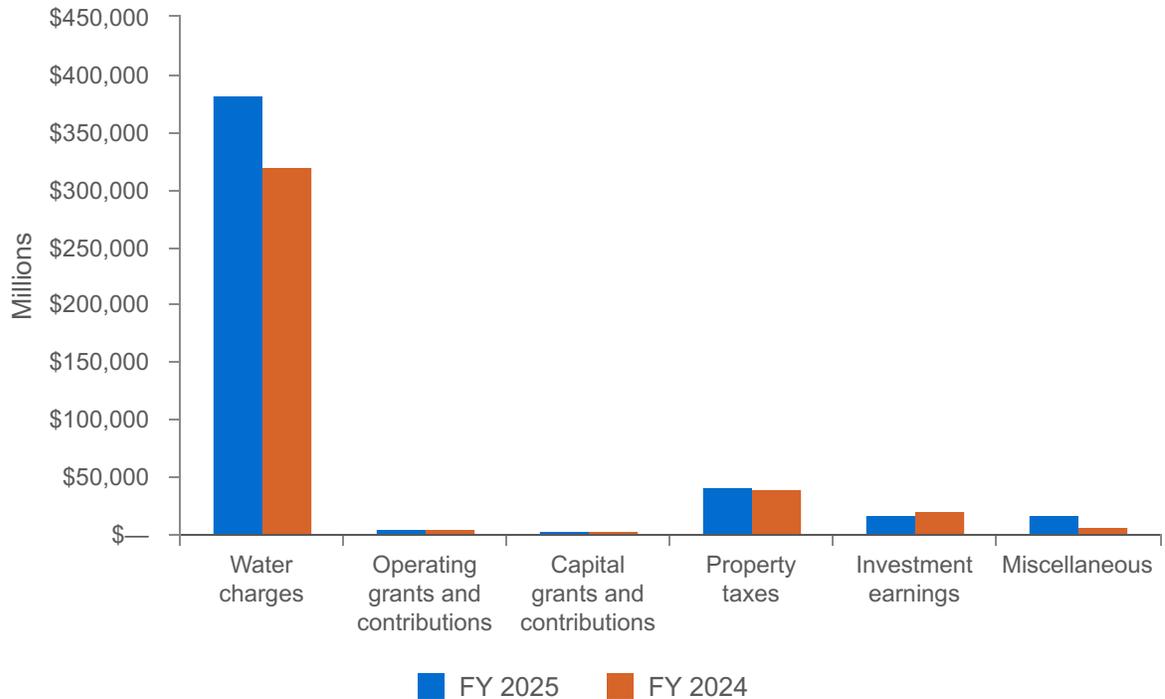
Compared to the prior fiscal year, total revenues increased by \$70.0 million. Key elements of the changes in revenues and expenses from prior year are as follows:

- Total water revenue of \$382.0 million was \$61.3 million (19.1%) higher than the prior fiscal year. The increase was mainly from groundwater and treated water revenues of \$27.4 million and \$33.2 million, respectively.
- Capital grants and contributions decreased by \$0.5 million compared to last fiscal year due mainly to lesser cost reimbursements received from the State of California, Department of Water Resources (\$0.3 million) for the Pacheco Reservoir Expansion Project under the Water Storage Investment Program, and the US Bureau of Reclamation (\$0.2 million) for the South Santa Clara County Recycled Water Project.
- Investment earnings for the current fiscal year was \$17.8 million or \$2.4 million lower than the \$20.2 million investment gain posted in the prior fiscal year due mainly to the decrease in unrealized gain in investment market value. Investment earnings include an unrealized gain of \$3.1 million due to the increase in the portfolio’s fair value compared to the prior year. This unrealized gain is temporary and should

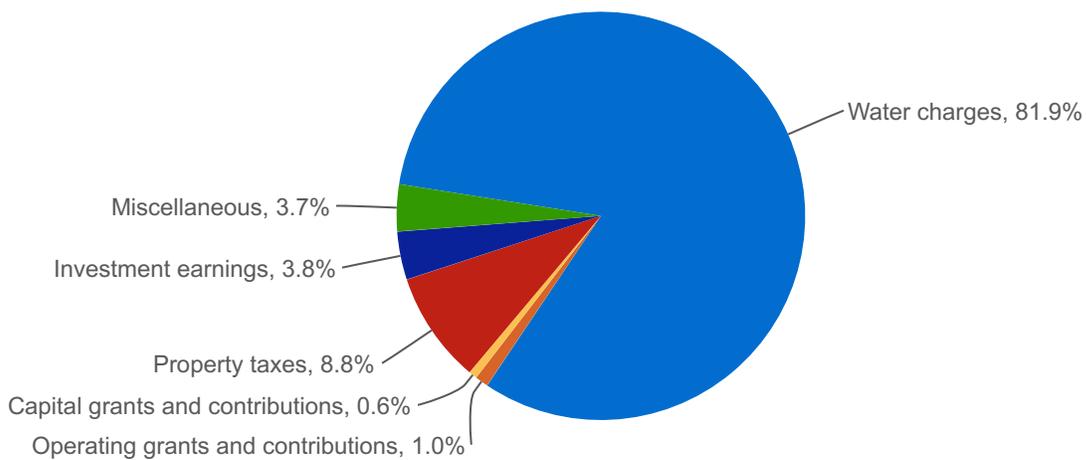
Management’s Discussion and Analysis (continued)

not materialize due to Valley Water’s investment policy of holding all securities to their maturity under normal operating conditions.

Revenues by Sources - Business-type Activities



**Revenues by Source – Business-type Activities
(FY 2025)**



FINANCIAL ANALYSIS OF VALLEY WATER'S FUNDS

Valley Water uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following analysis refers to the Basic Financial Statements for the Governmental and Proprietary Funds beginning on page [44](#).

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of June 30, 2025, Valley Water's governmental funds reported combined ending fund balances of \$416.7 million, an increase of \$14.9 million for the fiscal year.

Total revenues of \$241.3 million increased by \$15.7 million when compared to the prior fiscal year. Total expenditures of \$226.7 million decreased by \$11.9 million.

- Revenues from property taxes of \$196.0 million increased by \$8.7 million, an indication of the strong property values in Santa Clara County and the surrounding bay area. Benefits assessments at \$6.8 million approximated the prior year amount. Capital reimbursements of \$10.8 million increased by \$4.3 million due to the higher receipts from the State of California, Department of Water Resources. Investment earnings of \$22.9 million increased by \$3.1 million due to higher yields from investments. Investment earnings include an unrealized gain of \$7.7 million due to the increase in the portfolio's fair value. This unrealized gain is temporary and should not materialize due to Valley Water's investment policy of holding all securities to their maturity under normal operating conditions.
- Spending from operations and operating projects of \$109.1 increased by \$2.1 million from the prior fiscal year.
- Expenditures from capital improvement projects amounted to \$105.9 million or \$14.8 million higher than the prior fiscal year.
- \$54.5 million or 13.1% of the total fund balance of \$416.7 million constitutes committed and assigned for specific purposes. The \$362.3 million is restricted to indicate that it is not available for new spending because of the external enforceable limitations on its use for 1) Safe, Clean Water & Natural Flood Protection projects (\$172.1 million), 2) Watershed and Stream Stewardship projects (\$190.1 million), and 3) debt service payments (\$0.1 million).

General Fund

The General Fund is the chief operating fund of Valley Water supporting all administrative and strategic support services costs for the organization. It accounts for all financial resources except those required to be accounted for in another fund and is supported primarily by overhead reimbursements from other funds. At the end of the current fiscal year, total fund balance of \$42.7 million increased by \$12.6 million mainly from higher

Management's Discussion and Analysis (continued)

benefits and overhead reimbursements received from other Valley Water funds. The excess of revenues over expenditures was \$7.4 million. Net transfers in were \$5.3 million.

Special revenue funds

The special revenue funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance the watershed functions or activities of Valley Water.

-Watershed and Stream Stewardship Fund

The increase in fund balance for the Watershed and Stream Stewardship Fund was \$47.8 million. Revenues in excess of expenditures was \$60.9 million. Net transfers out were \$13.2 million.

Current fiscal year revenues for the Watershed and Stream Stewardship Fund increased by \$13.6 million. Higher revenues were realized from property taxes, investment income and capital reimbursements of \$7.0 million and \$2.4 million, and \$4.8 million, respectively. Total expenditures went down by \$19.9 million, with the \$25.2 million decrease in expenditures from capital related projects offset by the \$5.3 million increase in operating project costs.

-Safe, Clean Water and Natural Flood Protection Program Fund

Fund Balance for the Safe, Clean Water and Natural Flood Protection Program Fund decreased by \$45.4 million. Expenditures exceeded revenues by \$48.0 million, while net transfer in amounted to \$2.5 million.

Current fiscal year revenues for the Safe, Clean Water and Natural Flood Protection Program of \$68.4 million were \$0.2 million higher than the prior fiscal year. Property tax increases of \$1.1 million. Investment income and reimbursement of capital costs decreased by \$0.2 million and \$0.4 million, respectively. Other revenues decreased by \$0.2 million.

Current year expenditures of \$116.3 million were \$36.2 million higher than last fiscal year. Operating project cost decreased by \$2.4 million and debt service payments increased by \$0.7 million, respectively. Expenditures for capital-related projects went up by \$37.9 million.

COP Construction Fund

The COP Construction Fund is used to account for resources used for the acquisition or construction of major capital projects. At fiscal year-end, fund balance was \$0.0 million.

COP Debt Service Fund

The COP Debt Service Fund is used to account for resources used for debt service payments. At fiscal year-end, fund balance was \$0.1 million.

Proprietary funds

Valley Water's proprietary funds provide a detailed breakdown of the same type of information found in the government-wide financial statements.

Water Enterprise fund

The Water Enterprise fund accounts for operations in a manner similar to a private business enterprise. Operations are accounted for to show net income or loss from operations. The fund is intended to be entirely or predominantly self-supported by water charges.

Net position of the Water Enterprise fund at the end of the fiscal year was \$1.4 billion, which is \$169.0 million higher than the prior year. Net operating income was \$166.5 million, with operating revenues and operating expenses of \$382.7 million and \$216.2 million, respectively. Nonoperating revenues (expenses) posted a net loss of \$1.8 million, with \$41.4 million of the nonoperating revenues being more than offset by the \$43.2 million of financing cost incurred for interest and fiscal agent fees. Income before capital contribution and transfers was \$164.7 million. Capital contributions for the fiscal year was \$3.0 million. Net transfers in were \$0.6 million. Please refer to Note 14 for more information on transfers in and out.

Operating revenues for the current fiscal year were \$61.6 million higher than last fiscal year, mainly the result of an increase in ground water production charges. Operating expenses went down by \$85.4 million as administration and general expenses decreased by \$48.1 million. Net nonoperating expenses increased by \$1.1 million, mainly from the \$5.9 million increase in other income less the \$2.4 million decrease in investment income and the \$4.9 million cost increase in interest and fees from borrowing.

State Water Project fund

The State Water Project fund was established and approved by the Board on October 26, 2010. This fund accounts for the State Water Project Tax receipts pursuant to Section 1B of Article 13A of the California Constitution to pay for county-wide voter-approved State Water Project contract obligations. Fund resources are used for the Water System Revenue Bond and other related capital expenditures billed by the State of California Department of Water Resources and are accounted for in such a manner as to restrict the use of the resources exclusively for the State Water Project related costs.

Ending net position was \$44.0 million or \$10.2 million higher than the prior fiscal year. Net operating losses of \$21.8 million were \$6.0 million higher than the prior fiscal year. Net non-operating revenues of \$31.9 million were \$1.0 million higher than the prior fiscal year and mainly comprised of property taxes of \$29.6 million.

Management's Discussion and Analysis (continued)

Internal Service Funds

Valley Water has three internal service funds - the Equipment Fund, Risk Management Fund, and Information Technology Fund. Revenues of the funds are generated from fees charged for services provided to other Valley Water operating programs.

The Equipment fund charges replacement and maintenance costs to all operations, operating, and capital projects based on equipment assignment and usage of equipment on projects. The fund's annual reimbursement charge for the replacement and maintenance cost of equipment is determined during the budget process and varies yearly depending upon need.

The Risk Management fund charges premiums based on exposure levels by project for liability, property, workers' compensation, and self-insurance costs. Revenues required to properly reimburse the Risk Management Fund are determined during the budget process and vary yearly depending upon need.

The Information Technology fund was established on July 1, 2014 to account for the acquisition, installation, replacement, and maintenance costs of capital charges related to information technology projects for Valley Water. Beginning with fiscal year 2019, the fund also accounts for annual operations associated with information technology activities. The annual reimbursement charge to the Information Technology Fund is determined during the budget process and varies yearly depending upon need.

The Internal Service Fund's ending net position was \$32.6 million, or \$4.3 million higher than the prior fiscal year. The increase in net position was the result of the decrease in administration and general expenses in the Risk Management Fund and decrease in equipment maintenance cost in the Information Technology Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The summary table below shows a final budget of \$111.3 million for operating and capital expenditures for fiscal year 2025. The adopted budget was \$97.4 million. The budget adjustments made during the fiscal year were \$13.9 million.

| (A) | (B) | (C) | (A + B + C) |
|---------------------------------|---|--|-------------------------------|
| Adopted Budget (in millions) | Capital Projects Budget Remaining Carry-forward | Fiscal Year Budget Adjustments (in millions) | Final Budget (in millions) |
| \$97.4 | \$0.00 | \$13.9 | \$111.3 |

Total expenditures on a budgetary basis (which recognizes encumbrances as expenditures) in the General Fund for fiscal year 2025 were \$85.1 million, which is \$4.6 million higher than the prior fiscal year.

Management's Discussion and Analysis (continued)

Beginning fiscal year 2019, all project expenditures relating to the Information Technology Department were moved to the Information Technology Internal Service Fund. These expenditures were previously accounted for in the General Fund.

CAPITAL ASSETS

Valley Water's capital assets, net of accumulated depreciation, for governmental and business-type activities amounted to \$4.1 billion as of June 30, 2025. Capital asset components include intangible rights and software, land, buildings, structures and improvements (which include the flood control improvement), machinery and equipment. During fiscal year 2025, the net increase in Valley Water's capital assets was \$354.4 million or 9.5%. Governmental and business-type activities increased by \$75.9 million and \$278.5 million, respectively.

Detailed information on Valley Water's capital assets activity for the current fiscal year can be found in Note 6 of the notes to the financial statements.

LONG-TERM OBLIGATIONS

At the end of the current fiscal year, Valley Water had total long-term obligations of \$1.8 billion. Valley Water's long-term obligations outstanding at the end of the fiscal year consisted of the following:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|---------|--------------------------|-----------|-----------|-----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Certificates of Participation | 24,940 | 29,235 | 308,655 | 404,795 | 333,595 | 434,030 |
| Revenue bonds | 119,365 | 120,820 | 824,495 | 521,095 | 943,860 | 641,915 |
| Premium on debt issuances | 11,668 | 13,796 | 74,484 | 61,597 | 86,152 | 75,393 |
| Notes Payable | 7,931 | — | 27,747 | — | 35,678 | — |
| Total long-term debt | 163,904 | 163,851 | 1,235,381 | 987,487 | 1,399,285 | 1,151,338 |
| Compensated absences | 12,505 | 12,416 | 7,946 | 7,871 | 20,451 | 20,287 |
| Semitropic water banking liability | — | — | 14,158 | 13,859 | 14,158 | 13,859 |
| Claims payable | 11,476 | 10,745 | — | — | 11,476 | 10,745 |
| Net pension liability | 160,194 | 170,181 | 135,399 | 140,099 | 295,593 | 310,280 |
| Other post-employment benefits liability | 48,577 | 54,976 | 41,059 | 45,259 | 89,636 | 100,235 |
| Lease liability | 154 | 387 | 2,404 | 2,690 | 2,558 | 3,077 |
| Subscription liability | 1,932 | 2,054 | — | — | 1,932 | 2,054 |
| Total | 398,742 | 414,610 | 1,436,347 | 1,197,265 | 1,835,089 | 1,611,875 |

The credit ratings for Valley Water's outstanding debt reflect a high-grade investment quality debt. They are based on Valley Water's positive fiscal policy and financial strengths. The bond ratings are either the highest or among the highest for a water related governmental entity in the State of California. Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments. Valley Water's ratings are the same on a secured and unsecured basis pursuant to the rating methodologies of the respective rating agencies.

Management’s Discussion and Analysis (continued)

Please see the table below for current ratings.

| | Water Utility Parity Debt | Watershed Debt | Safe Clean Water Debt | WIFIA Debt |
|-------------------|------------------------------|-------------------|-----------------------------|---------------|
| Moody's | Aa1 | Aa1 | Aa1 | N/A |
| Standard & Poor's | N/A | AAA | N/A | N/A |
| Fitch | AA+ | AA+ | AA+ | AA+ |

Valley Water’s total long-term obligations increased by \$223.2 million during fiscal year 2025. \$239.1 million of the increase was from the business-type activities and decrease of \$15.9 million from the governmental activities.

Significant factors for the increase in long-term obligations are as follows:

- Issuance of 2024 revenue bonds of \$301.9 million.
- Decrease in net pension liability of \$14.7 million as reflected in Valley Water’s actuarial study under GASB 68.
- Decrease in other post-employment benefits liability of \$10.6 million as reflected in Valley Water’s actuarial study under GASB 75.
- Increase in notes payable of \$35.7 million due to drawdown on WIFIA loans.

Additional information on Valley Water’s long-term debt can be found in Note 7 of the notes to the financial statements.

NEXT YEAR’S BUDGET

Valley Water’s net operating and capital budget for fiscal year 2026 is \$948.1 million¹. This budget was developed to meet the objective and challenges facing Valley Water which includes the following:

- Maintaining optimal conditions in all Valley Water infrastructure such as levees, concrete channels, culverts, percolation ponds, dams and reservoirs, water distribution systems, water treatment plants, various operations buildings, and other facilities
- Delivering an ambitious capital program on time and within budget
- Advancing Valley Water’s interests in countywide stormwater resource planning
- Actively participating in decisions regarding the California Delta Conveyance

¹ Valley Water FY2025-26 Operating and Capital Budget, chapter 3, page 7

Management's Discussion and Analysis (continued)

- Leading efforts to advance recycled and purified water efforts within Santa Clara County
- Pursuing new water supply and increased water storage opportunities
- Providing safe, clean water and natural flood protection equitably to all Santa Clara County while protecting ecosystem functions and enhancing habitats
- Attaining net positive impact on the environment when completing projects
- Addressing future impacts of climate change on Valley Water's mission and operations
- Addressing encampments in coordination with regional partners and progressing on an Unhoused Task Force framework

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of Valley Water's finances, and to demonstrate Valley Water's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the General Accounting Unit as noted below.

Mail - 5750 Almaden Expressway, San Jose, CA 95118

Phone - (408) 265-2600

Email - omanaloto@valleywater.org

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BASIC FINANCIAL STATEMENTS

VALLEY WATERStatement of Net Position
June 30, 2025

(Dollars in Thousands)

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and investments (Note 3) | \$ 488,534 | \$ 369,454 | \$ 857,988 |
| Restricted cash and investments (Note 3) | 44,327 | 164,123 | 208,450 |
| Receivables (net): | | | |
| Accounts | 734 | 59,541 | 60,275 |
| Interest | 4,068 | 499 | 4,567 |
| Taxes | 379 | 111 | 490 |
| Inventory - water | — | 172,104 | 172,104 |
| Deposits and other assets | 3,047 | 5,065 | 8,112 |
| Total current assets | <u>541,089</u> | <u>770,897</u> | <u>1,311,986</u> |
| Noncurrent assets | | | |
| Internal balances | 19,285 | (19,285) | — |
| Capital assets (Note 6): | | | |
| Contract water and storage rights, net | — | 26,373 | 26,373 |
| Depreciable, net | 927,029 | 784,917 | 1,711,946 |
| Lease assets, net | 2,415 | 2,170 | 4,585 |
| Nondepreciable | 993,398 | 1,356,651 | 2,350,049 |
| Total noncurrent assets | <u>1,942,127</u> | <u>2,150,826</u> | <u>4,092,953</u> |
| Total assets | <u>2,483,216</u> | <u>2,921,723</u> | <u>5,404,939</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | — | 146 | 146 |
| Deferred outflows of resources - pension activities (Note 11) | 47,911 | 40,494 | 88,405 |
| Deferred outflows of resources - OPEB (Note 12) | 27,221 | 23,008 | 50,229 |
| Total deferred outflows of resources | <u>75,132</u> | <u>63,648</u> | <u>138,780</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 5,830 | 26,685 | 32,515 |
| Accrued liabilities | 19,144 | 46,288 | 65,432 |
| Commercial paper debt (Note 7) | 50,000 | 90,000 | 140,000 |
| Claims payable (Note 7) | 3,118 | — | 3,118 |
| Compensated absences (Note 7) | 4,385 | 2,787 | 7,172 |
| Deposits payable | 828 | 3,934 | 4,762 |
| Bonds payable (Note 7) | 7,989 | 210,255 | 218,244 |
| Lease liability (Note 7) | 103 | 290 | 393 |
| SBITA liability (Note 7) | 606 | — | 606 |
| Accrued interest payable | 2,429 | — | 2,429 |
| Total current liabilities | <u>94,432</u> | <u>380,239</u> | <u>474,671</u> |

See accompanying notes to basic financial statements.

VALLEY WATER

Statement of Net Position (Continued)
June 30, 2025
(Dollars in Thousands)

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------|
| LIABILITIES (continued) | | | |
| Noncurrent liabilities (Note 7): | | | |
| Claims payable (Note 13) | \$ 8,358 | \$ — | \$ 8,358 |
| Compensated absences | 8,120 | 5,159 | 13,279 |
| Bonds payable | 147,983 | 997,379 | 1,145,362 |
| Notes payable | 7,931 | 27,747 | 35,678 |
| Pension | 160,194 | 135,399 | 295,593 |
| Other post employment benefits | 48,577 | 41,059 | 89,636 |
| Lease liability | 52 | 2,114 | 2,166 |
| SBITA Liability | 1,326 | — | 1,326 |
| Other debts | — | 14,158 | 14,158 |
| Total noncurrent liabilities | 382,541 | 1,223,015 | 1,605,556 |
| Total liabilities | 476,973 | 1,603,254 | 2,080,227 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 185 | — | 185 |
| Deferred inflows of resources - OPEB (Note 12) | 2,505 | 2,117 | 4,622 |
| Deferred inflows of resources - Leases | — | 17 | 17 |
| Total deferred inflows of resources | 2,690 | 2,134 | 4,824 |
| NET POSITION (Note 10) | | | |
| Net investment in capital assets | 1,789,493 | 960,500 | 2,749,993 |
| Restricted | | | |
| Debt service | 72 | 31,937 | 32,009 |
| Safe, Clean Water - Other Activities | 269,842 | — | 269,842 |
| Water Utility San Felipe Emergency | — | 3,797 | 3,797 |
| GP5 Reserve | — | 2,810 | 2,810 |
| Water Utility Rate Stabilization | — | 20,572 | 20,572 |
| State Water projects | — | 33,574 | 33,574 |
| Advanced water purification center | — | 530 | 530 |
| Supplemental water supply | — | 5,277 | 5,277 |
| Unrestricted | 19,278 | 320,986 | 340,264 |
| Total net position | \$2,078,685 | \$1,379,983 | \$3,458,668 |

See accompanying notes to basic financial statements.

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VALLEY WATER
Statement of Activities
For the Year Ended June 30, 2025
(Dollars in Thousands)

| Description | Governmental Activities | | | | Business-Type Activity | Total |
|--|-------------------------|---------------------|----------------------------|---------------------|------------------------|--------------------|
| | General Government | Watersheds | Interest on Long-term Debt | Total | | |
| Expenses: | | | | | | |
| Operations and operating projects | \$ 12,412 | \$ 131,760 | \$ 3,911 | \$ 148,083 | \$ — | \$ 148,083 |
| Water cost of production | — | — | — | — | 291,123 | 291,123 |
| Program revenues: | | | | | | |
| Water Revenues | — | — | — | — | 381,972 | 381,972 |
| Operating grants and contributions | — | — | — | — | 4,885 | 4,885 |
| Capital grants and contributions | — | 17,664 | — | 17,664 | 3,030 | 20,694 |
| Net program revenue (expense) | <u>\$ (12,412)</u> | <u>\$ (114,096)</u> | <u>\$ (3,911)</u> | <u>(130,419)</u> | <u>98,764</u> | <u>(31,655)</u> |
| General revenues: | | | | | | |
| Property taxes (Note 8) | | | | 195,988 | 41,236 | 237,224 |
| Unrestricted investment earnings, net | | | | 25,448 | 17,842 | 43,290 |
| Lease revenue | | | | — | 51 | 51 |
| Miscellaneous | | | | 5,229 | 17,293 | 22,522 |
| Transfers | | | | (584) | 584 | — |
| Total general revenues and transfers | | | | <u>226,081</u> | <u>77,006</u> | <u>303,087</u> |
| Change in net position | | | | <u>95,662</u> | <u>175,770</u> | <u>271,432</u> |
| Net position, beginning of year, as previously reported | | | | 1,982,138 | 1,203,485 | 3,185,623 |
| GASB 101 adoption restatement | | | | 885 | 728 | 1,613 |
| Net position, beginning of year, as restated | | | | <u>1,983,023</u> | <u>1,204,213</u> | <u>3,187,236</u> |
| Net position, end of year | | | | <u>\$ 2,078,685</u> | <u>\$ 1,379,983</u> | <u>\$3,458,668</u> |

See accompanying notes to basic financial statements.

VALLEY WATER

Balance Sheet
 Governmental Funds
 June 30, 2025
 (Dollars in Thousands)

| | General Fund | Special Revenue Fund Watershed & Stream Stewardship |
|--|------------------|--|
| ASSETS | | |
| Cash and investments (Note 3) | \$ 40,980 | \$ 203,576 |
| Restricted cash and investments (Note 3) | — | 77 |
| Receivables: | | |
| Accounts | 22 | 712 |
| Interest | 3,942 | — |
| Taxes | 34 | 345 |
| Deposits and other assets | 1,876 | — |
| Total assets | <u>\$ 46,854</u> | <u>\$ 204,710</u> |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts payable | \$ 1,126 | \$ 1,162 |
| Accrued liabilities | 2,963 | 1,142 |
| Commercial paper debt (Note 7) | — | — |
| Deposits payable | 25 | 542 |
| Total liabilities | <u>4,114</u> | <u>2,846</u> |
| FUND BALANCES (Note 9) | | |
| Restricted Fund Balance | — | 190,147 |
| Committed Fund Balance | 33,353 | 4,755 |
| Assigned Fund Balance | 9,387 | 6,962 |
| Total fund balances | <u>42,740</u> | <u>201,864</u> |
| Total liabilities and fund balances | <u>\$ 46,854</u> | <u>\$ 204,710</u> |

See accompanying notes to basic financial statements.

| Special Revenue Fund Safe, Clean Water & Natural Flood Protection Program | Capital Project Fund COP Construction Fund | Debt Service Fund COP Debt Service Fund | Total Governmental Funds |
|---|---|---|--------------------------------|
| \$ 192,979 | \$ — | \$ 72 | \$ 437,607 |
| 44,250 | — | — | 44,327 |
| — | — | — | 734 |
| 126 | — | — | 4,068 |
| — | — | — | 379 |
| 262 | — | — | 2,138 |
| <u>\$ 237,617</u> | <u>—</u> | <u>\$ 72</u> | <u>\$ 489,253</u> |
| | | | |
| \$ 1,768 | \$ — | \$ — | \$ 4,056 |
| 13,530 | — | — | 17,635 |
| 50,000 | — | — | 50,000 |
| 258 | — | — | 825 |
| <u>65,556</u> | <u>—</u> | <u>—</u> | <u>72,516</u> |
| | | | |
| 172,061 | — | 72 | 362,280 |
| — | — | — | 38,108 |
| — | — | — | 16,349 |
| <u>172,061</u> | <u>—</u> | <u>72</u> | <u>416,737</u> |
| <u>\$ 237,617</u> | <u>\$ —</u> | <u>\$ 72</u> | <u>\$ 489,253</u> |

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VALLEY WATER
 Reconciliation of the Balance Sheet of
 Governmental Funds to the Statement of Net Position
 June 30, 2025
 (Dollars in Thousands)

Amount reported for governmental activities in the statement of net position are different because:

| | |
|--|---------------------------|
| Fund balances of governmental funds | \$ 416,737 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet of governmental funds. | 1,909,541 |
| Lease and subscription assets | 1,625 |
| Internal service funds are used by management to charge the costs of equipment and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | |
| Internal service funds included in governmental activities | 32,611 |
| Transfer of internal service funds from business-type activities | 19,285 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds. | (2,429) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet of governmental funds: | |
| Certificates of participation | (144,305) |
| Notes Payable | (7,931) |
| Deferred amount on refunding | (185) |
| Net original issue premium | (11,667) |
| Compensated absences | (11,824) |
| Net pension liability and related deferrals | (99,819) |
| Net OPEB liability and related deferrals | (21,212) |
| Lease and subscription liabilities and related deferrals | (1,742) |
| Net position of governmental activities | <u><u>\$2,078,685</u></u> |

VALLEY WATER
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | General Fund | Special Revenue Fund Watershed & Stream Stewardship |
|---|------------------|--|
| Revenues: | | |
| Property taxes (Note 8) | \$ 12,921 | \$ 129,840 |
| Benefit assessments (Note 8) | — | 6,849 |
| Use of money and property: | | |
| Investment income (Note 5) | 1,909 | 9,178 |
| Rental | — | 2,220 |
| Reimbursement of capital costs (Note 4) | — | 7,856 |
| Other | 520 | 1,667 |
| Total revenues | <u>15,350</u> | <u>157,610</u> |
| Expenditures: | | |
| Current | | |
| Operations and operating projects | 2,416 | 81,418 |
| Capital improvement projects | 5,582 | 15,239 |
| Debt service: | | |
| Principal repayment | — | — |
| Interest and fiscal agent fees | — | 6 |
| Total expenditures | <u>7,998</u> | <u>96,663</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,352</u> | <u>60,947</u> |
| Other financing sources (uses): | | |
| Proceeds from Borrowing | — | — |
| Transfers in (Note 14) | 7,238 | — |
| Transfers out (Note 14) | (1,987) | (13,174) |
| Total other financing sources (uses) | <u>5,251</u> | <u>(13,174)</u> |
| Net change in fund balances | 12,603 | 47,773 |
| Fund balances, beginning of year | 30,137 | 154,091 |
| Fund balances, end of year | <u>\$ 42,740</u> | <u>\$ 201,864</u> |

| <u>Special Revenue Fund</u> | <u>Capital Project Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|-----------------------------|--------------------------------|-----------------------|
| Safe, Clean Water & Natural Flood Protection Program | COP Construction Fund | COP Debt Service Fund | Governmental Funds |
| \$ 53,227 | \$ — | \$ — | \$ 195,988 |
| — | — | — | 6,849 |
| 11,854 | — | 1 | 22,942 |
| 320 | — | — | 2,540 |
| 2,959 | — | — | 10,815 |
| 13 | — | — | 2,200 |
| <u>68,373</u> | <u>—</u> | <u>1</u> | <u>241,334</u> |
| 25,281 | — | — | 109,115 |
| 85,071 | — | — | 105,892 |
| 1,455 | — | 4,295 | 5,750 |
| 4,521 | — | 1,462 | 5,989 |
| <u>116,328</u> | <u>—</u> | <u>5,757</u> | <u>226,746</u> |
| <u>(47,955)</u> | <u>—</u> | <u>(5,756)</u> | <u>14,588</u> |
| 7,931 | — | — | 7,931 |
| 3,000 | — | 5,757 | 15,995 |
| (8,419) | — | — | (23,580) |
| <u>2,512</u> | <u>—</u> | <u>5,757</u> | <u>346</u> |
| (45,443) | — | 1 | 14,934 |
| 217,504 | — | 71 | 401,803 |
| <u>\$ 172,061</u> | <u>\$ —</u> | <u>\$ 72</u> | <u>\$ 416,737</u> |

VALLEY WATER

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2025
(Dollars in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 14,934

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlays, net of depreciation.

| | |
|----------------|----------|
| Capital Outlay | 92,005 |
| Depreciation | (15,531) |

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but they do not require the use of current financial resources. This amount represents the net change in accrued interest expense not reported in governmental funds. (91)

Certain grant revenue receipts were recorded as revenues in the governmental funds but they reduce long-term receivables on the statement of net assets and do not affect the statement of activities.

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.

| | |
|---|---------|
| Notes Payable issuance | (7,931) |
| Certificates of participation repayment | 5,750 |
| Deferred amount on refunding | 40 |
| Net original issue premium | 2,129 |

Internal service funds are used by management to charge the costs of equipment, information technology and risk management to individual funds. The net revenue of internal service funds is reported with governmental activities. 6,966

Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds:

| | |
|---|---------|
| Compensated absences | (78) |
| Change in net OPEB liability, deferred inflows and outflows | 371 |
| Change in net pension liability, deferred inflows and outflow | (2,922) |
| Capital lease and SBITA expenses | 20 |

Change in net position of governmental activities \$ 95,662

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VALLEY WATER

Statement of Net Position
 Proprietary Funds
 June 30, 2025
 (Dollars in Thousands)

| | Business-type Activity | | | Governmental |
|---|------------------------|---------------|------------------|---------------|
| | Water | State Water | Total | Internal |
| | Enterprise | Project | Enterprise | Service Funds |
| | Fund | Fund | Funds | Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments (Note 3) | \$ 335,362 | \$ 34,092 | \$ 369,454 | \$ 50,927 |
| Receivables: | | | | |
| Accounts | 59,541 | — | 59,541 | — |
| Interest | 499 | — | 499 | — |
| Taxes | 31 | 80 | 111 | — |
| Lease | — | — | — | — |
| Inventory-Water | 172,104 | — | 172,104 | — |
| Deposits and other assets | 5,065 | — | 5,065 | 909 |
| Total current assets | <u>572,602</u> | <u>34,172</u> | <u>606,774</u> | <u>51,836</u> |
| Non current assets: | | | | |
| Restricted cash and investments (Note 3) | 164,123 | — | 164,123 | — |
| Capital assets: (Note 6) | | | | |
| Contract water rights, net | 15,984 | 10,389 | 26,373 | — |
| Depreciable, net | 784,917 | — | 784,917 | 10,886 |
| Lease assets, net | 2,170 | — | 2,170 | 790 |
| Nondepreciable | 1,356,651 | — | 1,356,651 | — |
| Total non current assets | <u>2,323,845</u> | <u>10,389</u> | <u>2,334,234</u> | <u>11,676</u> |
| Total assets | <u>2,896,447</u> | <u>44,561</u> | <u>2,941,008</u> | <u>63,512</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred amount on refunding | 146 | — | 146 | — |
| Deferred outflows of resources-pension activities (Note 11) | 40,494 | — | 40,494 | 5,319 |
| Deferred outflows of resources - OPEB (Note 12) | 23,008 | — | 23,008 | 3,022 |
| Total deferred outflow of resources | <u>63,648</u> | <u>—</u> | <u>63,648</u> | <u>8,341</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 26,353 | 332 | 26,685 | 1,774 |
| Accrued liabilities | 46,022 | 266 | 46,288 | 1,509 |
| Commercial paper debt (Note 7) | 90,000 | — | 90,000 | 3 |
| Deposits payable | 3,934 | — | 3,934 | — |
| Claims payable (Note 13) | — | — | — | 3,118 |
| Bond payable - current (Note 7) | 210,255 | — | 210,255 | — |
| Compensated absence (Note 7) | 2,787 | — | 2,787 | 238 |
| Lease liability (Note 7) | 290 | — | 290 | 111 |
| Total current liabilities | <u>379,641</u> | <u>598</u> | <u>380,239</u> | <u>6,753</u> |

VALLEY WATER

Statement of Net Position (continued)
 Proprietary Funds
 June 30, 2025
 (Dollars in Thousands)

| | Business-type Activity | | | Governmental |
|--|------------------------|------------------|---------------------|------------------|
| | Water | State Water | Total | Internal |
| | Enterprise | Project | Enterprise | Service |
| | Fund | Fund | Funds | Funds |
| LIABILITIES (CONTINUED) | | | | |
| Non current liabilities: | | | | |
| Bonds payable - net of discounts and premiums (Note 7) | \$ 997,379 | \$ — | \$ 997,379 | \$ — |
| Notes payable (Note 7) | 27,747 | | 27,747 | |
| Claims payable (Note 13) | — | — | — | 8,358 |
| Compensated absence (Note 7) | 5,159 | — | 5,159 | 443 |
| Net pension liability (Note 11) | 135,399 | — | 135,399 | 17,783 |
| Other post employment benefits liability (Note 12) | 41,059 | — | 41,059 | 5,393 |
| Lease liability (Note 7) | 2,114 | — | 2,114 | 234 |
| Other debts | 14,158 | — | 14,158 | — |
| Total non current liabilities | <u>1,223,015</u> | <u>—</u> | <u>1,223,015</u> | <u>32,211</u> |
| Total liabilities | <u>1,602,656</u> | <u>598</u> | <u>1,603,254</u> | <u>38,964</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources - OPEB (Note 12) | 2,117 | — | 2,117 | 278 |
| Deferred inflows of resources - leases (Note 2d) | 17 | — | 17 | — |
| Total deferred inflows of resources | <u>2,134</u> | <u>—</u> | <u>2,134</u> | <u>278</u> |
| NET POSITION (Note 10) | | | | |
| Net investment in capital assets | 950,111 | 10,389 | 960,500 | 11,331 |
| Restricted | | | | |
| Debt Service | 31,937 | — | 31,937 | — |
| San Felipe operations | 3,797 | — | 3,797 | — |
| GP5 Reserve | 2,810 | — | 2,810 | — |
| Rate stabilization | 20,572 | — | 20,572 | — |
| State Water Project | — | 33,574 | 33,574 | — |
| Advanced water purification center | 530 | — | 530 | — |
| Supplemental Water Supply | 5,277 | — | 5,277 | — |
| Unrestricted | 340,271 | — | 340,271 | 21,280 |
| Total net position | <u>\$ 1,355,305</u> | <u>\$ 43,963</u> | 1,399,268 | <u>\$ 32,611</u> |
| Adjustment to reflect the consolidation of internal funds. | | | (19,285) | |
| Net position of business-type activities | | | <u>\$ 1,379,983</u> | |

VALLEY WATER
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Business-type Activity | | | Governmental Activities |
|---|-----------------------------|------------------------|---------------------------|------------------------------|
| | Water Enterprise Fund | State Water Fund | Total Enterprise Funds | Internal Service Funds |
| | | | | |
| Operating revenues: | | | | |
| Ground water production charges | \$ 176,173 | \$ — | \$ 176,173 | \$ — |
| Treated water charges | 202,844 | — | 202,844 | — |
| Surface and recycled water revenue | 2,955 | — | 2,955 | — |
| Charges for services | — | — | — | 46,854 |
| Other | 747 | 7,200 | 7,947 | — |
| Total operating revenues | <u>382,719</u> | <u>7,200</u> | <u>389,919</u> | <u>46,854</u> |
| Operating expenses: | | | | |
| Sources of supply | 65,570 | 28,023 | 93,593 | — |
| Water treatment | 55,929 | — | 55,929 | — |
| Transmission and distribution: | | | | |
| Raw water | 20,201 | — | 20,201 | — |
| Treated water | 1,854 | — | 1,854 | — |
| Administration and general | 49,718 | — | 49,718 | 9,541 |
| Equipment maintenance | — | — | — | 40,343 |
| Depreciation and amortization | 22,954 | 944 | 23,898 | 2,682 |
| Total operating expenses | <u>216,226</u> | <u>28,967</u> | <u>245,193</u> | <u>52,566</u> |
| Operating income (loss) | <u>166,493</u> | <u>(21,767)</u> | <u>144,726</u> | <u>(5,712)</u> |
| Nonoperating revenues (expenses): | | | | |
| Property taxes (Note 8) | 11,679 | 29,557 | 41,236 | — |
| Investment income (Note 5) | 17,842 | — | 17,842 | 2,506 |
| Operating grants | 4,885 | — | 4,885 | — |
| Rental income | 102 | — | 102 | — |
| Lease revenue | 51 | — | 51 | — |
| Other | 6,855 | 2,389 | 9,244 | 451 |
| Interest and fiscal agent fees | (43,210) | — | (43,210) | — |
| Net nonoperating revenues (expenses) | <u>(1,796)</u> | <u>31,946</u> | <u>30,150</u> | <u>2,957</u> |
| Income/(loss) before capital contributions and transfers | 164,697 | 10,179 | 174,876 | (2,755) |
| Capital contributions (Note 4) | 3,030 | — | 3,030 | — |
| Transfers in (Note 14) | 11,428 | — | 11,428 | 7,001 |
| Transfers out (Note 14) | (10,844) | — | (10,844) | — |
| Change in net position | <u>168,311</u> | <u>10,179</u> | <u>178,490</u> | <u>4,246</u> |
| Net position, beginning of year | 1,186,266 | 33,784 | 1,220,050 | 28,268 |
| GASB 101 adoption restatement | 728 | — | 728 | 97 |
| Net position, beginning of year, restated | <u>1,186,994</u> | <u>33,784</u> | <u>1,220,778</u> | <u>28,365</u> |
| Net position, end of year | <u>\$ 1,355,305</u> | <u>\$ 43,963</u> | <u>1,399,268</u> | <u>\$ 32,611</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund. | | | (19,285) | |
| Net position of business-type activities | | | <u>\$ 1,379,983</u> | |
| Reconciliation of the Statement of Revenues, Expenses and Change in Net Position to the Statement of Activities: | | | | |
| Amounts reported as business-type activities in the statement of activities are different because: | | | | |
| Net change in net position - enterprise funds | | | \$ 178,490 | |
| Adjustment to the net effect of the current year activity between the internal service funds and the enterprise funds | | | (2,720) | |
| Change in net position of business-type activities | | | <u>\$ 175,770</u> | |

VALLEY WATER
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Business-type Activities | | | Governmental |
|--|--------------------------|------------------|-------------------|-------------------|
| | Water | State | Total | Activities |
| | Enterprise Fund | Project Fund | | Internal Funds |
| Cash flows from operating activities: | | | | |
| Payment for interfund services provided | \$ — | \$ — | \$ — | \$ 46,854 |
| Receipts from customers and users | 360,263 | 7,217 | 367,480 | — |
| Payment to suppliers | (22,185) | (27,976) | (50,161) | (32,472) |
| Payments to employees | (149,929) | — | (149,929) | (14,551) |
| Other receipts | 6,961 | 2,389 | 9,350 | 407 |
| Net cash provided by/(used for) operating activities | <u>195,110</u> | <u>(18,370)</u> | <u>176,740</u> | <u>238</u> |
| Cash flows from noncapital financing activities: | | | | |
| Property taxes received | 11,679 | 29,562 | 41,241 | — |
| Operating grants | 4,885 | — | 4,885 | — |
| Transfers in from other funds | 11,428 | — | 11,428 | — |
| Net cash provided by noncapital financing activities | <u>27,992</u> | <u>29,562</u> | <u>57,554</u> | <u>—</u> |
| Cash flows from capital and related financing activities: | | | | |
| COP/Revenue bonds issuance | 337,398 | — | 337,398 | — |
| COP/Revenue bonds payment | (117,219) | — | (117,219) | — |
| Notes payable issuance | 27,747 | — | 27,747 | — |
| Commercial paper issuance | 90,000 | — | 90,000 | — |
| Commercial paper payment | (208,600) | — | (208,600) | — |
| Capital grants | 3,030 | — | 3,030 | — |
| Interest and fiscal agent fees paid | (43,210) | — | (43,210) | — |
| Payment for contract water rights | — | — | — | — |
| Acquisition and construction of capital assets | (302,422) | — | (302,422) | (2,801) |
| Transfers in from other funds | — | — | — | 7,001 |
| Transfers out to other funds | (10,844) | — | (10,844) | — |
| Net cash provided by/(used for) capital & related financing activities | <u>(224,120)</u> | <u>—</u> | <u>(224,120)</u> | <u>4,200</u> |
| Cash flows from investing activities: | | | | |
| Sale/(purchase) of investments | (11,187) | — | (11,187) | — |
| Rental income received | 102 | — | 102 | — |
| Interest received on cash & investments | 17,913 | — | 17,913 | 2,506 |
| Net cash provided by investing activities | <u>6,828</u> | <u>—</u> | <u>6,828</u> | <u>2,506</u> |
| Net increase/(decrease) in cash & cash equivalents | 5,810 | 11,192 | 17,002 | 6,944 |
| Cash & cash equivalents, beginning | 329,552 | 22,900 | 352,452 | 43,983 |
| Cash & cash equivalents, ending | <u>\$ 335,362</u> | <u>\$ 34,092</u> | <u>\$ 369,454</u> | <u>\$ 50,927</u> |
| Cash and cash equivalents are reported on the Statement of Net Position as follows: | | | | |
| Cash and investments | \$ 335,362 | \$ 34,092 | \$ 369,454 | \$ 50,927 |
| Restricted cash and investments | 164,123 | — | 164,123 | — |
| Less cash and investments not meeting the definition of cash equivalents | (164,123) | — | (164,123) | — |
| Cash & cash equivalents, ending | <u>\$ 335,362</u> | <u>\$ 34,092</u> | <u>\$ 369,454</u> | <u>\$ 50,927</u> |

VALLEY WATER
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Business-type Activities | | | Governmental |
|--|--------------------------|--------------------|-------------------|----------------------------|
| | Water | State | Total | Activities |
| | Enterprise Fund | Project Fund | | Total Internal Funds |
| Reconciliation of net operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 166,493 | \$ (21,767) | \$ 144,726 | \$ (5,712) |
| Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities: | | | | |
| Other receipts/(payments) | 6,961 | 2,389 | 9,350 | 407 |
| Depreciation and amortization | 22,954 | 944 | 23,898 | 2,682 |
| Change in operating assets and liabilities: | | | | |
| (Increase)/decrease in deposits and other assets | 755 | — | 755 | (822) |
| (Increase)/decrease in accounts receivable | (6,000) | 17 | (5,983) | — |
| (Increase)/decrease in water inventory | (16,456) | — | (16,456) | — |
| Increase/(decrease) in accounts payable | 2,795 | 138 | 2,933 | 1,281 |
| Increase/(decrease) in accrued liabilities | 13,473 | (91) | 13,382 | 721 |
| Increase/(decrease) in lease payable | (286) | — | (286) | 346 |
| Increase/(decrease) in compensated absences | (653) | — | (653) | 8 |
| Increase/(decrease) in claims payable | — | — | — | 731 |
| Increase/(decrease) in deposits payable | (753) | — | (753) | 2 |
| Increase/(decrease) in payable to Semitropic | 299 | — | 299 | — |
| Increase/(decrease) in pension liability payable | (4,701) | — | (4,701) | (796) |
| Increase/(decrease) in deferred inflows/outflows of resources | (4,200) | — | (4,200) | (609) |
| | 14,429 | — | 14,429 | 1,999 |
| Net cash provided by (used for) operating activities | <u>\$ 195,110</u> | <u>\$ (18,370)</u> | <u>\$ 176,740</u> | <u>\$ 238</u> |
| Noncash investing, capital, and financing activity: | | | | |
| (Acquisition)/disposition of capital assets | <u>\$ 58</u> | <u>\$ —</u> | <u>\$ 58</u> | <u>\$ 48</u> |

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VALLEY WATER
Statement of Fiduciary Net Position
Custodial Fund
For the Year Ended June 30, 2025
(Dollars in Thousands)

ASSETS

| | |
|-------------------------------|-----------------|
| Cash and investments (Note 3) | \$ 306.3 |
| Total assets | <u>\$ 306.3</u> |

LIABILITIES

| | |
|-------------------|--------------|
| Deposits payable | \$ 305.6 |
| Total liabilities | <u>305.6</u> |

NET POSITION

| | |
|--|----------------------|
| | <u><u>\$ 0.7</u></u> |
|--|----------------------|

VALLEY WATER
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended June 30, 2025
(Dollars in Thousands)

Deposit Fund

| | |
|---|--------|
| Additions | |
| Contributions | \$ 0.3 |
| Total additions | 0.3 |
| Deductions | |
| Withdrawals and Payments | — |
| Total deductions | — |
| Net increase (decrease) in fiduciary net position | 0.3 |
| Net position, beginning | 0.4 |
| Net position, ending | \$ 0.7 |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 - THE FINANCIAL REPORTING ENTITY

(a) Description of the Reporting Entity

The Santa Clara Valley Water District (Valley Water) is a special district created by an act of the legislature of the State of California (State) in 1951 and as amended. Valley Water encompasses all of Santa Clara County.

Valley Water is governed by a seven-member Board of Directors (Board). Each member represents one of the equally divided districts drawn through a formal process. The term of office of a director is four years.

On October 12, 2009, Assembly Bill 466 was signed by the Governor of California revising the composition of the Board to an all-elected board that, on or after noon on December 3, 2010, consists of seven directors who are elected pursuant to specified requirements. On May 14, 2010, the Board adopted a resolution that officially set the boundaries of the seven electoral districts. As required by state law, Valley Water redrew its boundaries to reflect the 2010 Census results, and on October 11, 2011, the Board adopted Resolution No. 11-63 selecting the Redistricting Plan, known as the Current Adjusted Map.

Under the Santa Clara Valley Water District Act (District Act), Valley Water has broad powers relating to all aspects of flood control and storm waters within Santa Clara Valley, whether such waters have their sources within Valley Water. It is also authorized to import, store, treat, and distribute water for use within its jurisdictional boundaries and to provide sufficient water for present or future beneficial use of the lands and inhabitants of Santa Clara Valley. Valley Water acquires, stores, and distributes water for groundwater recharge and for irrigation, residential, fire protection, municipal, commercial, industrial, and all other uses. In addition to the broad authorities provided by the District Act, the Sustainable Groundwater Management Act (SGMA) provides several additional specified powers to Valley Water. These legal authorities under SGMA include the ability to regulate groundwater pumping and assess different types of groundwater charges as potential tools to support continued groundwater sustainability. Valley Water also directly supports the environment and the community through careful stewardship.

As required by generally accepted accounting principles (GAAP) in the United States of America, the accompanying basic financial statements present Valley Water and its component unit. The component unit discussed below is included in Valley Water's reporting entity because of the significance of its operational and financial relationship with Valley Water.

(b) Blended Component Unit

The Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) was established on December 16, 1987 to provide assistance in financing the acquisition, construction, and improvement of public buildings, works and equipment for Valley Water.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Although legally separate from Valley Water, the PFFC is reported as if it were part of the primary government because its governing board is also Valley Water's Board of Directors. Its sole purpose is to provide financing to Valley Water under the debt issuance documents of Valley Water.

The operations of the PFFC are accounted for as a blended component unit in the debt service and capital project funds of Valley Water. No separate financial statements are issued for the PFFC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (Valley Water) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of Valley Water. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from the business-type activities, which rely to a significant extent on water sales charged to external parties.

Certain eliminations have been made in regard to interfund activities. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated. However, transactions between the governmental and business-type activities have not been eliminated.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of Valley Water and for each function of Valley Water's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net position are available, restricted resources are used for qualified expenses before any unrestricted resources are spent.

Fund Financial Statements

The fund financial statements provide information about Valley Water's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Valley Water reports the following Governmental Funds, all of which are major funds:

The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental functions of Valley Water that are not accounted for through other major funds.

The *Special Revenue Type Funds* are used to account for specific revenue sources for which expenditures are restricted by law or regulation or committed by board resolutions to finance particular watershed or safe, clean water and natural flood protection functions or activities of Valley Water. Valley Water has the following special revenue funds:

- The *Watershed and Stream Stewardship Fund* is funded by Valley Water's one percent property tax allocation and benefit assessments and used to protect, restore, or enhance the watersheds, streams, and natural resources therein. Starting from fiscal year 2009, this fund was redefined to consolidate all watershed stewardship activities from a portion of Valley Water's ad valorem property tax allocation.

This fund includes the following watershed activities that are based on their geographic boundaries (zone funds):

- The *Lower Peninsula Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of San Francisquito Creek, Matadero Creek, Barron Creek, Adobe Creek, Stevens Creek, and Permanente Creek. The geographic area includes the Cities of Palo Alto, Los Altos, Mountain View, the Town of Los Altos Hills, and portions of Cupertino.
- The *West Valley Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe Slough, Sunnyvale West Outfall, Sunnyvale East Outfall, Calabazas Creek, San Tomas Aquino Creek, and Saratoga Creek. The geographic area includes portions of the Cities of Sunnyvale, Cupertino, Monte Sereno, San Jose, Santa Clara, Campbell, Saratoga and the Town of Los Gatos.
- The *Guadalupe Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe River. The major tributaries are Los Gatos Creek, Canoas Creek, Ross Creek, Guadalupe Creek, and Alamitos Creek. The geographic area includes portions of the Cities of Santa Clara, San Jose, Campbell, Monte Sereno, and the Town of Los Gatos.
- The *Coyote Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of Coyote Creek. The major tributaries are Lower Penitencia Creek, Scott Creek, Berryessa Creek, Upper Penitencia Creek, Silver Creek, Thompson Creek, Fisher Creek, and Packwood Creek. The geographic area includes the City of Milpitas and portions of the Cities of San Jose and Morgan Hill.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

- The Safe, Clean Water & Natural Flood Protection Program Fund is used to account for the countywide special parcel tax approved by voters on November 3, 2020. This program replaces the Safe, Clean Water and Natural Flood Protection Program that was approved by the voters in November 2012, which replaces the original Clean, Safe Creeks and Natural Flood Protection Plan that was approved by the voters in November 2000.

The Capital Project Fund is used to account for Certificate of Participation (COP) proceeds used for the construction of major capital projects. The COP Construction Fund is Valley Water's sole capital project fund.

The Debt Service Fund is used to account for monies being held for reserve requirements and arbitrage rebate for Valley Water's debt payments. The COP Debt Service Fund is Valley Water's sole debt service fund.

Valley Water reports the following Proprietary Funds:

- The *Water Enterprise Fund* (major fund) accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- The *State Water Project Fund* (major fund) accounts for all revenues and costs associated with the State Water Project.
- The *Internal Service Funds* account for the financing of goods or services provided by one department or agency of Valley Water to other departments or agencies on a cost-reimbursement basis.
 - The *Equipment Fund* accounts for the maintenance and operation of Valley Water's vehicle fleet and heavy construction equipment used in the field.
 - The *Risk Management Fund* accounts for the monies set aside to pay for all claims, judgments, and premium costs.
 - The *Information Technology Fund* accounts for the replacement, operations, and maintenance of information technology projects for Valley Water.

All of the internal service funds are combined into a single, aggregated presentation in the Proprietary Funds financial statements. In the government-wide financial statements, the activities of the internal service funds are allocated between the Governmental and Business-type Activities.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Valley Water reports the following Fiduciary Fund - *Custodial Fund* to account for assets held by Valley Water as an agent for private organizations and/or other governments.

- The *Custodial Fund* is used to account for the collection and payment of funds held by Valley Water as an agent for private organizations and/or other governments. There is no trust agreement between Valley Water and these third parties.

The Fiduciary Fund is not included in the government-wide financial statements as it is not an asset of Valley Water.

(b) Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which Valley Water gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Governmental Funds

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, benefit assessments, interest, grants and charges for services are accrued when received within sixty days after the end of the fiscal year so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

Proprietary Funds

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting and distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Fund is the sale of water to outside customers. The principal operating revenues of Valley Water's internal service funds are charges for services

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

provided to internal departments. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds operating revenues, such as charges for services, result from the exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by Valley Water in a fiduciary capacity as an agent for individuals, private organizations, other governments and/or other funds.

Fiduciary funds use the economic resource measurement focus and accrual basis of accounting for reporting assets and liabilities.

(c) Cash and Investments

While maintaining safety and liquidity, Valley Water maximizes its investment return by pooling its available cash for investment purposes. Interest earnings are apportioned among funds based upon the average monthly cash balance of each fund and are allocated to each fund on a monthly basis.

Valley Water reports investments in nonparticipating interest earnings contracts (including guaranteed investment contracts) at cost, and all other investments at fair value. The fair value of investments is based on current market prices.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased (including restricted investments), and their equity in the cash and investment pool to be cash equivalents.

(d) Lease Receivable

Lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Valley Water has entered into property leases with telecommunication companies and other parties for antennas and pipeline sites for a term of 5 years and 10 years, respectively. The discount rate used is equivalent to Valley Water's average annual investment earnings rate of 1.1%.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

(e) Inventory

Proprietary fund inventory consists of materials and supplies held for consumption and stored water inventory. In fiscal year 2022, Valley Water implemented a new enterprise resource financial system that resulted in a change in accounting methodology. Purchases for inventory items stored in the warehouse that previously were being expensed are now being recorded as inventory and then expensed as incurred or issued.

For financial statement purposes, chemical inventories are presented under deposits and other assets. Water inventory is valued based on the rolling average of imported water purchase cost. The components of water inventory as of the end of the current fiscal year are shown on the succeeding page.

| Type | Acre Feet | | Total (in thousands) |
|----------------------------|-----------|----------------------|-------------------------|
| | Volume | Average Unit Cost | |
| Semitropic storage | 304,084 | \$ 430 | \$ 130,756 |
| Local Reservoir Storage | 46,803 | 430 | 20,125 |
| San Luis Reservoir Storage | 49,355 | 430 | \$ 21,223 |
| Total inventory - water | | | \$ 172,104 |

(f) Lease or Right-to-Use Assets

Valley Water has recorded lease or right-to-use assets as a result of implementing Governmental Accounting Standards Board Statement No. 87 (Leases) and Governmental Accounting Standard Board Statement No. 96 (Subscription-based Information Technology Arrangements). The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The lease assets are amortized on a straight-line basis over the term of the related leases or useful life of the underlying assets, whichever is shorter.

(g) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets or donated works of art and similar items are reported at acquisition value on the date contributed. Capital assets received in a service concession arrangement are reported at acquisition value. Capital assets of governmental activities include pipelines, channel linings, floodwalls, levees, bridge flood proofing, box culverts and re-vegetation.

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Notes to Basic Financial Statements
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Valley Water defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets, including assets under capital leases used in operations, are depreciated or amortized using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. The estimated useful lives are as follows:

| | |
|---|----------------|
| Water treatment facilities | 50 Years |
| Buildings, structures, and trailers | 25 - 50 Years |
| Flood control projects | 30 - 100 Years |
| Dams, structures, and improvements | 80 Years |
| Office furniture, fixtures, and equipment | 5 - 20 Years |
| Automobiles and trucks | 6 - 12 Years |
| Computer equipment | 5 Years |

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets that are fully depreciated are retained in the capital asset records at historical cost (or acquisition value) with related accumulated depreciation as long as the assets remain in service. No additional depreciation is recorded after an asset is fully depreciated. Fully depreciated assets are removed from the accounting records when disposed of, retired, or otherwise removed from service, along with the related accumulated depreciation. Any difference between proceeds (if any) and net book value is recognized as a gain or loss on disposal.

If an asset remains in service beyond its originally estimated useful life, management evaluates whether this indicates a need to revise useful life estimates prospectively (as a change in accounting estimate) or whether the asset has been impaired.

(h) Amortization of Contract Water Rights

Valley Water has contracted with the State of California for water deliveries from the State Water Project through calendar year 2035. A portion of the payments under this contract represents reimbursement of capital costs for transportation facilities (the capital cost component). The Water Enterprise Fund capitalizes the capital cost component and amortizes such component, using the straight-line method, over the remaining entitlement period.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

(i) Amortization of Water Banking Rights

Valley Water has contracted with the Semitropic Water Storage District and its Improvement Districts for the water banking and exchange program. The program is in effect through calendar year 2035. Participation in the program provides Valley Water with a 35% allocation for storage rights at the Semitropic Water Storage District facility, totaling 350,000 acre-feet. The Water Enterprise Fund has capitalized the cost of the program and amortizes its cost over the 40-year entitlement period using the straight-line method. See Note 15c for more information on Valley Water's participation in the Semitropic water banking and exchange program.

(j) Amortization of Water Delivery Rights

Valley Water has contracted with the United States Department of the Interior Bureau of Reclamation for water deliveries from the California Central Valley through calendar year 2027. A portion of this contract represents reimbursement of capital costs for general construction of the San Felipe Division facilities. The San Felipe Division transports water from San Luis Reservoir to the Santa Clara – San Benito service area through Pacheco Tunnel and other project features, which include 48.5 miles of closed conduits, two pumping plants and one small reservoir. The Water Enterprise Fund capitalizes the capital cost component and amortizes such component, using the straight-line method, over the remaining entitlement period.

(k) Receivables

Receivables include amounts due from water utility customers, as well as from other miscellaneous revenue sources. All receivables are shown net of an allowance for doubtful accounts. At the end of the fiscal year, a review of outstanding receivables results in an updated estimate of the bad debt allowance at year-end, whereby delinquent balances over 3 years are assigned a weight of 75%, up to 3 years a weight of 50%, up to 2 years a weight of 20%, and up to 1 year a weight of 5%. The totals of each of these amounts are then combined to determine the fiscal year's ending bad debt allowance. On June 30, 2025, the bad debt allowance was \$1.0 million.

(l) Compensated Absences - Accrued Vacation and Sick Leave Pay

Valley Water recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leaves qualify for liability recognition for compensated absences - vacation and sick leave.

It is the policy of Valley Water to permit employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick leave are reported as noncurrent liabilities on the statement of net position.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Maximum vacation accruals may not exceed three times the employee's annual accrual rate, per employee. All regular full-time employees are eligible for twelve (12) days of sick leave per fiscal year. Unused sick leave may be carried forward to the following fiscal year without limitation. Upon retirement, up to 480 hours of accrued sick leave shall be paid to the eligible employee at the rate of 50% of the equivalent cash value. Upon resignation with ten or more years of service, or upon separation by layoff regardless of service, up to 480 hours of accrued sick leave shall be paid off at the rate of 25% of the cash value.

Compensated absences liability is measured at the employees' pay rates in effect at fiscal year-end, plus salary-related payments directly and incrementally associated with the payment or settlement of the leave.

The compensated absences liability is reported in Valley Water's proprietary funds and on the government-wide activities column in the statement of net position.

(m) Bond Premiums, Discounts and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discounts. Refunding differences associated with debt refinancing are reported as deferred outflows or inflows of resources and amortized over the life of the bonds. Issuance costs are recorded as an expense of the current period.

Premiums and discounts related to outstanding debt are deferred and amortized over the life of the debt. Debt payables are reported net of the applicable bond premiums or discounts. Prepaid insurance associated with the issuance of debts are reported as prepaid expenses.

(n) Encumbrances

Valley Water employs encumbrance accounting as a significant aspect of budgetary control. Under encumbrance accounting, purchase orders, contracts, and other commitments for expenditure of funds are recorded as assignment of fund balance since they are not treated as current expenditures or outstanding liabilities at year end for GAAP financial reporting.

(o) Net position

Fund net position is classified based primarily to the extent to which Valley Water is bound to observe constraints imposed upon the use of the resources. When both restricted and unrestricted resources are available for expenses, Valley Water expends the restricted funds and then the unrestricted funds.

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Notes to Basic Financial Statements
For the Year Ended June 30, 2025

(p) Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(q) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Valley Water's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(r) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Valley Water's plan (OPEB Plan) and additions to/deductions from the OPEB's Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(t) New Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on Valley Water's financial reporting process. Current and future new standards which may impact Valley Water include the following:

GASB Statement No. 105 - In December 2025, GASB issued Statement No. 105, Subsequent Events. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

better meeting the information needs of financial statement users. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. Moreover, this Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Valley Water has not yet determined the impact of this pronouncement on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Valley Water has not yet determined the impact of this pronouncement on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Valley Water has not yet determined the impact of this pronouncement on the financial statements.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Valley Water has implemented GASB 102 as of and for the year ended June 30, 2025. The implementation of this standard does not have an impact on Valley Water's financial statements. See Note 17.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Valley Water has implemented GASB 101 as of and for the year ended June 30, 2025. See Note 18 for the details of beginning net position restatement.

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Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 - CASH AND INVESTMENTS

Valley Water's total cash and investments on June 30, 2025 are as follows (in thousands):

| | Governmental Activities | Business-type Activities | Total | | Total |
|---------------------------------|----------------------------|-----------------------------|---------------------|-------------------|---------------------|
| | | | Government Wide | Fiduciary Fund | |
| Cash and investments | \$ 488,534 | \$ 369,454 | \$ 857,988 | \$ 306 | \$ 858,294 |
| Restricted cash and investments | 44,327 | 164,123 | 208,450 | — | 208,450 |
| Total cash and investments | <u>\$ 532,861</u> | <u>\$ 533,577</u> | <u>\$ 1,066,438</u> | <u>\$ 306</u> | <u>\$ 1,066,744</u> |

Deposits and Investments

On June 30, 2025, Valley Water's cash and investments consisted of the following (in thousands):

| | |
|--|---------------------|
| U.S. Government Agencies | \$ 384,635 |
| U.S. Treasury Obligations | 94,102 |
| Medium Term Notes | 22,025 |
| State of California Investment Pool - Local Agency Investment Fund (LAIF) | 72,255 |
| Mutual Funds | 200,916 |
| Supranational Obligations | 9,971 |
| Municipal Bonds | 45,992 |
| Time Certificates of Deposit | 169,704 |
| Money Market Funds | 65,963 |
| Total Investments | <u>1,065,563</u> |
| Deposits | 1,181 |
| Total Deposits and Investments | <u>\$ 1,066,744</u> |

As of June 30, 2025, the fair value of Valley Water's investment in the State of California investment pool (LAIF) was \$72.3 million. The Local Investment Advisory Board (LIA Board) has oversight responsibility for LAIF. The LIA Board consists of five members as designated by State Statute. Valley Water is a voluntary participant in the pool. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of Valley Water's position in LAIF. The pool is not registered with the Securities and Exchange Commission.

Authorized Investments by Valley Water

Valley Water's Investment Policy and the California Government Code allow Valley Water to invest in the following types of investments, provided the credit ratings of the issuers are acceptable to Valley Water. The following items also identify certain provisions of Valley Water and California Government Code that address interest rate risk, credit risk, and

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Notes to Basic Financial Statements
For the Year Ended June 30, 2025

concentration of credit risk. This list does not address Valley Water’s investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of Valley Water, rather than the general provisions of the California Government Code or Valley Water’s investment policy, when more restrictive.

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|------------------|--------------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations | 5 years | (Exempt from disclosure) | None | None |
| U.S. Government Agency Issues | 5 years | (Exempt from disclosure) | None | None |
| Bankers Acceptances ^(A) | 180 Days | AA- | 40% | 4.8% |
| Commercial Paper | 90 days | AA- | 15% | 1.8% |
| Negotiable Certificates of Deposit | 5 years | AA- | 30% | 3.6% |
| | | | | \$250,000 & FDIC |
| Time Certificates of Deposit ^(B) | 5 years | Satisfactory CRA | 5% | Membership |
| Collateralized Repurchase Agreements | 30 days | AA- | None | None |
| Medium Term Notes | 5 years | AA- | 15% | 1.8% |
| Municipal Obligations | 5 years | AA- | 15% | 1.8% |
| Local Agency Investment Fund (LAIF) ^(C) | N/A | N/A | (B) | (B) |
| Mutual Funds | N/A | AAA | 10% | — |
| Supranational Obligations | 5 years | AA | 15% | 1.8% |

^(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Agricultural Mortgage Corporation of America and the Tennessee Valley Authority.

^(B) Valley Water Board of Directors approved investments in California based local banks with a threshold of a minimum of 4% invested in banks with up to \$10 billion in assets and 1% in banks with up to \$2 billion in assets for a limit of 5 years in the form of collateralized deposits, FDIC/NCUA insured CDs, CDARS, or any legally allowable deposits.

^(C) LAIF will accept no more than \$75 million of an agency's unrestricted funds while placing no constraints on funds relating to unspent bond proceeds.

Restricted Cash and Investments for Bond Interest and Redemption

Under the provisions of Valley Water’s revenue bond resolutions and Installment Purchase Agreement for the 2012A, 2016C, 2016D, 2017A, 2019C, 2020C, 2020D, 2022B, 2023C, 2023C-1, 2023C-2 and 2023d Certificates of Participations (COPs) and Water Utility Revenue Bonds 2016A, 2016B, 2017A, 2019A, 2019B, 2020A, 2020B, 2022A, 2023A, 2023B, 2024A-1, 2024A-2, 2024B-1, 2024B-2 and 2024C, a portion of the proceeds from these debt issuances is required to be held in custody accounts by a fiscal agent as trustee.

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As of June 30, 2025, the amount invested in assets held by fiscal agents amounted to \$43.4 million and was equal to or more than the amount required at that date.

Restricted Cash and Investments for Capital Projects

On June 30, 2025 Valley Water has \$165.0 million of cash deposited with fiscal agent that is restricted for capital-related projects.

Restricted Cash and Investments for Watershed Management Projects

Valley Water has entered into certain cost sharing agreements with the U.S. Army Corps of Engineers (the Corps). Under these agreements, Valley Water is required to deposit monies into escrow accounts to be used by the Corps for watershed management projects. On June 30, 2025, Valley Water's restricted deposits held in escrow for construction of the Guadalupe Watershed project amounted to \$77 thousand.

Authorized Investments by Debt Agreements

Valley Water must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if Valley Water fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in instruments which, at the time of such investment, are legal investments under the laws of the State of California, Valley Water ordinances, policies, and bond indentures. The following identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

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For the Year Ended June 30, 2025

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality |
|--|------------------|------------------------|
| U.S. Treasury Obligations ^(A) | N/A | N/A |
| U.S. Agency Securities ^(B) | N/A | N/A |
| State Obligations ^(C) | N/A | A |
| Commercial Paper | 270 days | A1 |
| Unsecured CD's, deposit accounts, time deposits, and bankers acceptances | 365 days | A-1 |
| FDIC Insured Deposit ^(D) | N/A | N/A |
| Money Market Funds | N/A | AAA |
| Collateralized Repurchase Agreements ^(E) | N/A | A-1 |
| Investment Agreements ^(F) | N/A | AA- |
| Investment Approved in Writing by the Certificate Insurer | N/A | N/A |
| LAIF | N/A | N/A |
| Supranational Obligations | N/A | AA |

^(A) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

^(B) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; local authority Certificates of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit Certificates of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities.

^(C) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P.

^(D) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3.0 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.

^(E) Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's and "A-1" or "A-" or better by S&P, provided: (1) a master repurchase agreement or specific written repurchase agreement governs the transaction; and (2) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50.0 million or (iii) a bank approved in writing for such purpose by the Certificate Insurer, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. if such securities are created for the benefit of the Trustee; and (4) the repurchase agreement has a term of 180 days or less, and the Trustee or the agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral

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For the Year Ended June 30, 2025

percentage is not restored within two business days of such valuation; and (5) the fair value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(F) Investment agreements, guaranteed investment contracts, funding agreement, or any other form of corporate note representing the unconditional obligations of entities or agencies with the unsecured long-term debt obligations or claims-paying ability rated in one of the top two rating categories by Moody's and S&P.

Interest Rate Risk

Interest Rate Risk is related to changes in market interest rates that adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Valley Water generally manages interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair value of Valley Water's investments to market interest rate fluctuations, summarized in the following table, shows the distribution of Valley Water's investments by maturity or earliest call date (in thousands).

| | Total | 12 Months or less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
|--------------------------------------|---------------------|----------------------|--------------------|--------------------|------------------------|
| U.S. Government Agencies | \$ 215,424 | \$ — | \$ 146,586 | \$ 68,838 | \$ — |
| U.S. Government Agencies - Callable | 169,211 | — | 24,565 | 134,637 | 10,009 |
| U.S. Treasury Obligations | 94,102 | — | 41,793 | 52,309 | — |
| Medium Term Notes | 22,025 | — | 6,968 | 15,057 | — |
| LAIF | 72,255 | 72,255 | — | — | — |
| Mutual Funds | 200,916 | 200,916 | — | — | — |
| Supranational Obligations | 9,971 | — | 6,897 | 3,074 | — |
| Supranational Obligations - Callable | — | — | — | — | — |
| Municipal Bonds | 45,992 | — | 17,341 | 24,104 | 4,547 |
| Negotiable Certificates of Deposit | — | — | — | — | — |
| Time Certificates of Deposit | 169,704 | 169,704 | — | — | — |
| Money Market Funds | 65,963 | 65,963 | — | — | — |
| Total Investments | \$ 1,065,563 | \$ 508,838 | \$ 244,150 | \$ 298,019 | \$ 14,556 |

Credit Risk

Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The ensuing table shows the minimum rating required by the California Government Code, Valley Water's investment policy, or debt agreements and the actual rating as of June 30, 2025 for each investment type as provided by Standard and Poor's (in thousands).

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| | Total | Minimum Legal Rating | Exempt From Disclosure | Rating as of Year-end | | | | |
|------------------------------|---------------------|-------------------------|---------------------------|-----------------------|-------------------|------------------|-----------------|-------------------|
| | | | | AAA | AA+ | AA | AA- | Not Rated |
| U.S. Government Agencies | \$ 384,635 | AA- | \$ — | \$ — | \$ 264,881 | \$ — | \$ — | \$ 119,754 |
| U.S. Treasury Obligations | 94,102 | AA- | 94,102 | — | — | — | — | — |
| Medium Term Notes | 22,025 | AA- | — | 4,978 | 7,719 | 9,328 | — | — |
| LAIF | 72,255 | N/A | — | — | — | — | — | 72,255 |
| Mutual Funds | 200,916 | AAA | — | — | — | — | — | 200,916 |
| Supranational Obligations | 9,971 | AA | — | 9,971 | — | — | — | — |
| Municipal Bonds | 45,992 | AA- | — | 15,430 | 10,441 | 12,770 | 2,902 | 4,449 |
| Time Certificates of Deposit | 169,704 | N/A | — | — | — | — | — | 169,704 |
| Money Market Funds | 65,963 | N/A | — | — | — | — | — | 65,963 |
| Total Investments | \$ 1,065,563 | | \$ 94,102 | \$ 30,379 | \$ 283,041 | \$ 22,098 | \$ 2,902 | \$ 633,041 |

Concentration of Credit Risk

Valley Water’s investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code and Valley Water’s investment policy, whichever is more restrictive. However, Valley Water is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, other than U.S. Treasury securities, mutual funds and external investments pools. As of June 30, 2025, such investments are as follows (in thousands):

| Issuer | Investment Type | Fair Value |
|---------------------------------------|------------------------|------------|
| Federal Farm Credit Bank | U.S. Government Agency | \$ 73,505 |
| Federal Home Loan Bank | U.S. Government Agency | 110,210 |
| Federal National Mortgage Association | U.S. Government Agency | 68,335 |

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Valley Water will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of public agencies’ cash on deposit. All of Valley Water’s deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions but not in Valley Water’s name.

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Notes to Basic Financial Statements
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Fair Value Measurement and Application

Government Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, (GASB 72) provides the framework for measuring fair value and the fair value hierarchy.

Valley Water measures and records its investments using fair value measurement guidelines in accordance with GASB 72. These guidelines recognize a three-tiered fair value hierarchy as shown below:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs (other than quoted marked prices) using matrix pricing based on the securities' relationship to benchmark quoted prices; and
- Level 3: Unobservable inputs (not applicable to Valley Water).

The following table summarizes by level, within the fair value hierarchy, Valley Water's investments at fair value at June 30, 2025 (in thousands):

| | June 30, 2025 | Level 1 | Level 2 | Uncategorized |
|------------------------------------|---------------------|------------------|-------------------|-------------------|
| U.S. Government Agencies | \$ 384,635 | \$ — | \$ 384,635 | \$ — |
| U.S. Treasury Obligations | 94,102 | 94,102 | — | — |
| Medium Term Notes | 22,025 | — | 22,025 | — |
| Mutual Funds | 200,916 | — | 200,916 | — |
| Supranational Obligations | 9,971 | — | 9,971 | — |
| Municipal Bonds | 45,992 | — | 45,992 | — |
| Negotiable Certificates of Deposit | — | — | — | — |
| Time Certificates of Deposit | 169,704 | — | 169,704 | — |
| Subtotal - Leveled Investments | <u>927,345</u> | <u>94,102</u> | <u>833,243</u> | <u>—</u> |
| LAIF | 72,255 | — | — | 72,255 |
| Money Market Funds | 65,963 | — | — | 65,963 |
| Subtotal - Uncategorized | <u>138,218</u> | <u>—</u> | <u>—</u> | <u>138,218</u> |
| Total Investments | <u>\$ 1,065,563</u> | <u>\$ 94,102</u> | <u>\$ 833,243</u> | <u>\$ 138,218</u> |

Deposits and withdrawals in LAIF are made on the basis of \$1 and are recorded on an amortized cost basis. Accordingly, LAIF is uncategorized.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 - REIMBURSEMENT OF CAPITAL COSTS

Valley Water derives certain revenues from reimbursements of capital costs by local, state, federal agencies, and other outside sources. The following table shows a summary of such reimbursements during fiscal year 2025 (in thousands).

| | Governmental Funds | Proprietary Funds |
|--------------------------------------|-----------------------|----------------------|
| Local Agencies: | | |
| City of Milpitas | \$ 429 | \$ — |
| City of Morgan Hill | 2,525 | — |
| San Benito Water Agency | — | 35 |
| State Agencies: | | |
| California State Coastal Conservancy | 7,307 | — |
| Department of Water Resources | 26 | 2,995 |
| Department of Fish & Wildlife | 120 | — |
| Federal Agencies: | | |
| FEMA | 408 | — |
| Total reimbursement of capital costs | <u>\$ 10,815</u> | <u>\$ 3,030</u> |

NOTE 5 - INVESTMENT INCOME

The following table represents the components of investment income for the year ended June 30, 2025 (in thousands).

| Fund | Unrealized Gain (Loss) | Interest Income | Investment Earnings, Net |
|--|---------------------------|--------------------|-----------------------------|
| General Fund | \$ 605 | \$ 1,304 | \$ 1,909 |
| Watershed and Streams Stewardship Fund Safe, Clean Water and Natural Flood Protection Fund | 3,262 3,823 | 5,916 8,031 | 9,178 11,854 |
| COP Construction Fund | — | — | — |
| COP Debt Service Fund | 1 | — | 1 |
| Internal Service Funds | 916 | 1,590 | 2,506 |
| Total Governmental Activities | <u>8,607</u> | <u>16,841</u> | <u>25,448</u> |
| Water Enterprise Fund | 3,142 | 14,700 | 17,842 |
| State Water Project Fund | — | — | — |
| Total Business-type Activities | <u>3,142</u> | <u>14,700</u> | <u>17,842</u> |
| Total | <u>\$ 11,749</u> | <u>\$ 31,541</u> | <u>\$ 43,290</u> |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 is as follows (in thousands):

| | Beginning Balance | Additions | Transfers | Deletions | Ending Balance |
|--|----------------------|------------------|-----------------|----------------|---------------------|
| <u>Governmental Activities</u> | | | | | |
| Nondepreciable capital assets: | | | | | |
| Land | \$ 191,852 | \$ 917 | \$ — | \$ — | \$ 192,769 |
| Intangible - easements | 31,010 | 549 | — | — | 31,559 |
| Construction in progress | | | | | |
| Governmental Funds | 707,137 | 90,449 | (28,516) | — | 769,070 |
| Total nondepreciable capital assets | <u>929,999</u> | <u>91,915</u> | <u>(28,516)</u> | <u>—</u> | <u>993,398</u> |
| Depreciable capital assets: | | | | | |
| Buildings | 42,007 | — | — | (22) | 41,985 |
| Structures and improvements | 1,065,936 | — | 28,516 | — | 1,094,452 |
| Equipment | | | | | |
| Governmental Funds | 22,041 | 217 | — | (106) | 22,152 |
| Internal Service Funds | 39,457 | 2,030 | — | (698) | 40,789 |
| Lease assets - Buildings | 1,568 | — | — | (1,035) | 533 |
| Subscription assets | 2,962 | 819 | — | — | 3,781 |
| Intangibles | | | | | |
| Governmental Funds | 2,338 | — | — | — | 2,338 |
| Internal Service Funds | 1,925 | — | — | — | 1,925 |
| Total depreciable capital assets | <u>1,178,234</u> | <u>3,066</u> | <u>28,516</u> | <u>(1,861)</u> | <u>1,207,955</u> |
| Less: accumulated depreciation and amortization | | | | | |
| Buildings | (19,561) | (861) | — | 14 | (20,408) |
| Structures & improvements | (186,104) | (14,658) | — | — | (200,762) |
| Equipment | | | | | |
| Governmental Funds | (21,251) | (132) | — | 106 | (21,277) |
| Internal Service Funds | (28,112) | (2,487) | — | 697 | (29,902) |
| Lease assets- Buildings | (1,200) | (224) | — | 1,035 | (389) |
| Subscription assets | (988) | (522) | — | — | (1,510) |
| Intangible - Software | | | | | |
| Governmental Funds | (2,338) | — | — | — | (2,338) |
| Internal Service Funds | (1,758) | (167) | — | — | (1,925) |
| Total accumulated depreciation | <u>(261,312)</u> | <u>(19,051)</u> | <u>—</u> | <u>1,852</u> | <u>(278,511)</u> |
| Total Governmental Activities - Capital Assets, net | <u>\$ 1,846,921</u> | <u>\$ 75,930</u> | <u>\$ —</u> | <u>\$ (9)</u> | <u>\$ 1,922,842</u> |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| | Beginning Balance | Additions | Transfers | Deletions | Ending Balance |
|---|----------------------|-------------------|-----------------|----------------|---------------------|
| <u>Business-type Activities</u> | | | | | |
| Nondepreciable capital assets: | | | | | |
| Land | \$ 20,001 | \$ 1,573 | \$ — | \$ — | \$ 21,574 |
| Intangible - easements | 32,777 | 672 | — | (53) | 33,396 |
| Construction in progress | 1,084,026 | 299,246 | (81,591) | — | 1,301,681 |
| Total nondepreciable | <u>1,136,804</u> | <u>301,491</u> | <u>(81,591)</u> | <u>(53)</u> | <u>1,356,651</u> |
| Depreciable capital assets: | | | | | |
| Contracted water rights | 270,408 | 11,916 | — | — | 282,324 |
| Buildings | 107,634 | — | — | — | 107,634 |
| Structures and improvements | 1,016,646 | — | 81,591 | — | 1,098,237 |
| Equipment | 30,759 | 988 | — | (166) | 31,581 |
| Intangible-software | 113 | — | — | — | 113 |
| Lease assets | 3,254 | — | — | — | 3,254 |
| Total depreciable capital assets | <u>1,428,814</u> | <u>12,904</u> | <u>81,591</u> | <u>(166)</u> | <u>1,523,143</u> |
| Less: accumulated depreciation and amortization | | | | | |
| Contracted water rights | (241,612) | (14,339) | — | — | (255,951) |
| Buildings | (21,598) | (2,498) | — | — | (24,096) |
| Structures & improvements | (381,419) | (18,243) | — | — | (399,662) |
| Equipment | (28,476) | (462) | — | 161 | (28,777) |
| Intangible-software | (113) | — | — | — | (113) |
| Lease assets | (813) | (271) | — | — | (1,084) |
| Total accumulated depreciation | <u>(674,031)</u> | <u>(35,813)</u> | <u>—</u> | <u>161</u> | <u>(709,683)</u> |
| Total Business-type Activities - Capital Assets, net | <u>\$ 1,891,587</u> | <u>\$ 278,582</u> | <u>\$ —</u> | <u>\$ (58)</u> | <u>\$ 2,170,111</u> |

During fiscal year 2025, additions to construction-in-progress were \$90.4 million for governmental activities. There were 26 in-progress and completed projects during the fiscal year with the major projects listed below (in millions):

- \$53.2 – Llagas Creek Phase 2B Construction
- \$11.1 – Coyote Ck, Montague to I-280
- \$7.5 – Upper Llagas Creek
- \$5.7 – Sunnyvale East & West Channel

During the fiscal year 2025, new construction-in-progress amounted to \$299.2 million for the business-type activities. There were 32 in-progress and completed projects during the fiscal year, with major projects listed below (in millions):

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

- \$77.0 – Anderson Dam Tunnel
- \$16.7– Coyote Creek Flood Management Measures
- \$80.6 – RWTP Reliability Improvement
- \$17.0 – 10-Yr PL Inspection and Rehab
- \$15.1– Pacheco Reservoir Expansion
- \$37.1 – Anderson Dam Seismic Retrofit
- \$14.0 – Coyote Creek Chillers
- \$6.0 – San Jose Purified Water Project - Phase 1

Right-to-Use Assets and Subscription-based Information Technology Arrangements (SBITA)

With the implementation of Governmental Accounting Standard Board Statement No. 87 (Leases) and Governmental Accounting Standard Board Statement No. 96 (SBITA), Valley Water has recorded leases or right-to-use assets for leased land, building office spaces, equipment, and software for an enterprise financial, human resource and payroll system. The lease assets are amortized on a straight-line basis over the term of the lease agreements, or useful life of the underlying assets, whichever is shorter.

Refer to Note 7 for the details of the corresponding lease liabilities.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The lease assets included as part of the total capital assets for the year ended June 30, 2025 are as follows (in thousands):

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|------------------------|------------------------|--------------------|------------------------|
| <u>Governmental Activities</u> | | | | |
| Lease assets: | | | | |
| Buildings | \$ 1,568 | \$ — | \$ (1,035) | \$ 533 |
| Subscription asset | 2,962 | 819 | — | 3,781 |
| Total | <u>4,530</u> | <u>819</u> | <u>(1,035)</u> | <u>4,314</u> |
| Less: accumulated amortization | | | | |
| Buildings | (1,200) | (224) | 1,035 | (389) |
| Subscription asset | (988) | (522) | — | (1,510) |
| Total accumulated amortization | <u>(2,188)</u> | <u>(746)</u> | <u>1,035</u> | <u>(1,899)</u> |
| Total Governmental Activities | <u>\$ 2,342</u> | <u>\$ 73</u> | <u>\$ —</u> | <u>\$ 2,415</u> |
| <u>Business-type Activities</u> | | | | |
| Lease assets: | | | | |
| Land | \$ 3,254 | \$ — | \$ — | \$ 3,254 |
| Total | <u>3,254</u> | <u>—</u> | <u>—</u> | <u>3,254</u> |
| Less: accumulated amortization | | | | |
| Land | (813) | (271) | — | (1,084) |
| Total accumulated amortization | <u>(813)</u> | <u>(271)</u> | <u>—</u> | <u>(1,084)</u> |
| Total Business-type Activities | <u>\$ 2,441</u> | <u>\$ (271)</u> | <u>\$ —</u> | <u>\$ 2,170</u> |

Capital asset depreciation and amortization reported by the primary government for the current fiscal year are as follows (in thousands):

| | |
|--|------------------|
| General government | \$ 1,216 |
| Watershed and Stream Stewardship | 10,087 |
| Safe, clean water and natural flood protection | 4,348 |
| Capital assets held by Valley Water's internal service funds charged to the various functions based on asset usage | 2,654 |
| Lease assets | 224 |
| Subscription assets | 522 |
| Total depreciation expense – governmental activities | <u>\$ 19,051</u> |
| Total depreciation and amortization expense – business-type activity | |
| Water cost of production | \$ 35,542 |
| Lease and subscription assets | 271 |
| Total depreciation expense – business-type activities | <u>\$ 35,813</u> |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 - SHORT-TERM AND LONG-TERM LIABILITIES

(a) Short-term debt

On April 28, 2020, the Board authorized a \$170.0 million Revolving Line of Credit program (“Revolver”), through the PFFC, to provide short-term financing for Valley Water. The proceeds of the Revolver may be used for any Valley Water purpose, including but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water. Prior to the expiration date of the initial term on April 29, 2025, Valley Water executed an amendment with U.S. Bank N.A. to extend the Revolver for an additional three years to April 28, 2028, for an amount up to \$150 million, in accordance with the terms set forth in Resolution 20-11.

On October 22, 2024, the Board authorized a Direct Issue Commercial Paper Program (the “Commercial Paper Notes” and together with the Revolver, the “Short Term Debt Program”) for an amount up to \$250 million, supported by a Letter of Credit (LOC) provided by the Sumitomo Mitsui Banking Corporation (SMBC) with an initial term of five (5) years and an option for extensions in accordance with the terms set forth in Resolution 24-49.

As of June 30, 2025, the combined authorized amount for Short Term Debt Program is \$400 million. As of June 30, 2025, Valley Water has \$140.0 million in total short-term debt outstanding comprised of \$50.0 million of Commercial Paper Notes issued to finance certain Safe, Clean Water capital projects and \$90.0 million of Revolver Certificates for certain Water Utility capital projects.

Valley Water's short-term liabilities as of June 30, 2025 consisted of the following (in thousands):

| Type of indebtedness | Maturity Date | Interest Rate | June 30, 2025 |
|---------------------------------------|------------------|------------------|-------------------------|
| Governmental activities: | | | |
| Commercial paper: | | | |
| Tax Exempt | 10/02/25 | 2.70% | \$ 25,000 |
| Tax Exempt | 10/07/25 | 2.67% | 25,000 |
| Total governmental activities | | | <u><u>\$ 50,000</u></u> |
| Business-type activities: | | | |
| Taxable revolving certificate* | 09/10/25 | 4.81% | \$ 90,000 |
| Total business-type activities | | | <u><u>\$ 90,000</u></u> |

*Taxable revolving certificate interest rate:

The interest rate resets monthly based on 1-month Term SOFR plus 0.50%(the interest rate on 6/30/25 was 4.81176%)

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The following is a summary of changes in short-term liabilities as of and for the year ended June 30, 2025 (in thousands):

| | Beginning | | | Ending |
|---------------------------------------|-------------------|------------------|---------------------|------------------|
| | Balance | Additions | Reductions | Balance |
| Governmental activities: | | | | |
| Commercial paper | \$ — | \$ 50,000 | \$ — | \$ 50,000 |
| Total Governmental Activities | <u>\$ —</u> | <u>\$ 50,000</u> | <u>\$ —</u> | <u>\$ 50,000</u> |
| Business-type activities: | | | | |
| Commercial paper | \$ 150,000 | \$ — | \$ (150,000) | \$ — |
| Taxable revolving certificate | — | 90,000 | — | 90,000 |
| Revolving line of credit | 58,600 | — | (58,600) | — |
| Total Business-type Activities | <u>\$ 208,600</u> | <u>\$ 90,000</u> | <u>\$ (208,600)</u> | <u>\$ 90,000</u> |

(b) Long-term liabilities

Valley Water's long-term liabilities as of June 30, 2025 consisted of the following (in thousands):

| Type of indebtedness | Maturity | Interest Rate* | Authorized and Issued | June 30, 2025 | Due Within One Year |
|--|----------|----------------|-----------------------|-------------------|---------------------|
| Governmental activities: | | | | | |
| 2017A Certificates of participation | 2030 | 2.56% | \$ 59,390 | \$ 24,940 | \$ 4,515 |
| 2022A Revenue bond | 2049 | 4.13% | 75,295 | 72,920 | 1,530 |
| 2022B Revenue bond | 2026 | 3.01% | 46,445 | 46,445 | — |
| WIFIA Loan N21116CA | 2061 | 3.77% | 7,931 | 7,931 | — |
| Bond premium | | | | 11,667 | 1,944 |
| Total long-term debt | | | | <u>163,903</u> | <u>7,989</u> |
| Compensated absences | | | | 12,505 | 4,385 |
| Claims payable (Note 13) | | | | 11,476 | 3,118 |
| Net pension liability (Note 11) | | | | 160,194 | — |
| Other post employment benefits liability (Note 12) | | | | 48,577 | — |
| Lease liability | | | | 155 | 103 |
| Subscription liability | | | | 1,932 | 606 |
| Total governmental activities | | | | <u>\$ 398,742</u> | <u>\$ 16,201</u> |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| Type of indebtedness | Maturity | Interest Rate* | Authorized and Issued | June 30, 2025 | Due Within One Year |
|--|----------|----------------|-----------------------|----------------------------|--------------------------|
| Business-type activities: | | | | | |
| 2016A Water revenue bond | 2046 | 3.25% | \$ 106,315 | \$ 106,315 | \$ — |
| 2016B Water revenue bond | 2046 | 4.32% | 75,215 | 75,215 | — |
| 2016C Water revenue COP | 2029 | 2.13% | 43,075 | 17,060 | 4,035 |
| 2016D Water revenue COP | 2029 | 3.14% | 54,970 | 21,385 | 5,060 |
| 2017A Water revenue bond | 2037 | 3.13% | 54,710 | 39,255 | 2,440 |
| 2019A Water revenue bond | 2049 | 3.75% | 15,225 | 13,665 | 305 |
| 2019B Water revenue bond | 2049 | 3.81% | 80,030 | 69,635 | 1,895 |
| 2019C Water revenue bond | 2036 | 2.76% | 38,280 | 26,345 | 2,245 |
| 2020A Water revenue bond | 2050 | 3.33% | 24,120 | 24,120 | — |
| 2020B Water revenue bond | 2050 | 2.98% | 68,530 | 68,530 | — |
| 2020C Water revenue COP | 2041 | 2.07% | 41,765 | 34,820 | 1,830 |
| 2020D Water revenue COP | 2041 | 2.20% | 81,560 | 68,215 | 3,510 |
| 2023A Water revenue bond | 2052 | 4.19% | 52,090 | 52,090 | — |
| 2023B Water revenue bond | 2052 | 5.11% | 69,045 | 66,640 | 1,280 |
| 2023C-1 Water revenue COP | 2026 | 2.35% | 117,365 | 64,185 | 64,185 |
| 2023C-2 Water revenue COP | 2041 | 3.22% | 42,285 | 39,150 | 1,655 |
| 2023D Water revenue COP | 2026 | 4.33% | 62,615 | 37,495 | 37,495 |
| 2024A-1 Water revenue bond | 2054 | 4.10% | 104,765 | 104,765 | — |
| 2023A-2 Water revenue notes | 2026 | 2.49% | 50,590 | 50,590 | 50,590 |
| 2024B-1 Water revenue bond | 2054 | 4.80% | 90,500 | 87,385 | — |
| 2024B-2 Water revenue notes | 2026 | 4.25% | 25,025 | 25,025 | 25,025 |
| 2024C Water revenue bond | 2038 | 2.73% | 43,155 | 41,265 | 2,330 |
| WIFIA Loan N22115CA | 2059 | 3.77% | 27,747 | 27,747 | — |
| Bond discount | | | | (792) | (29) |
| Bond premium | | | | 75,276 | 6,404 |
| Total long-term debt | | | | <u>1,235,381</u> | <u>210,255</u> |
| Compensated absences | | | | 7,946 | 2,787 |
| Net pension liability (Note 11) | | | | 135,399 | — |
| Other post employment benefits liability (Note 12) | | | | 41,059 | — |
| Semitropic water banking liability | 2035 | | 46,900 | 14,158 | — |
| Lease liability | | | | 2,404 | 290 |
| Total business-type activities | | | | <u><u>\$ 1,436,347</u></u> | <u><u>\$ 213,332</u></u> |

* Interest rate represents the total cost of a bond financing, taking into account any accrued interest, original issue premium or discount and costs of issuance.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The following is a summary of changes in long-term liabilities as of and for the year ended June 30, 2025 (in thousands):

| | Beginning | | Reductions | Ending | | Due | |
|--|-------------------|-----------------|--------------------|-------------------|------------------|-------------------|--|
| | Balance | Additions | | Balance | Within One Year | Long term | |
| Governmental activities: | | | | | | | |
| 2017A COP | \$ 29,235 | \$ — | \$ (4,295) | \$ 24,940 | \$ 4,515 | \$ 20,425 | |
| 2022A Revenue bond | 74,375 | — | (1,455) | 72,920 | 1,530 | 71,390 | |
| 2022B Revenue bond | 46,445 | — | — | 46,445 | — | 46,445 | |
| WIFIA Loan N21116CA | — | 7,931 | — | 7,931 | — | 7,931 | |
| Premium on debt issuances | 13,796 | — | (2,129) | 11,667 | 1,944 | 9,723 | |
| Total long-term debt | 163,851 | 7,931 | (7,879) | 163,903 | 7,989 | 155,914 | |
| Compensated absences** | 12,416 | 89 | — | 12,505 | 4,385 | 8,120 | |
| Claims payable (Note 13) | 10,745 | 731 | — | 11,476 | 3,118 | 8,358 | |
| Net pension liability (Note 11) | 170,181 | — | (9,987) | 160,194 | — | 160,194 | |
| Other post employment benefits liability (Note 12) | 54,976 | — | (6,399) | 48,577 | — | 48,577 | |
| Lease liability | 387 | — | (232) | 155 | 103 | 52 | |
| Subscription liability | 2,054 | 471 | (593) | 1,932 | 606 | 1,326 | |
| Total Governmental Activities | \$ 414,610 | \$ 9,222 | \$ (25,090) | \$ 398,742 | \$ 16,201 | \$ 382,541 | |

**The District implemented GASB 101 in fiscal year 2024-25 which resulted in a restatement of fiscal year 2023-24 balances as described in Note 2.f. and Note 18. The change in compensated absences above is the net change for the year.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| | Beginning | | | Ending | | |
|--|--------------------|-------------------|---------------------|--------------------|---------------------|--------------------|
| | Balance | Additions | Reductions | Balance | Due Within One Year | Long-term |
| Business-type activities: | | | | | | |
| 2016A revenue bonds | \$ 106,315 | \$ — | \$ — | \$ 106,315 | \$ — | \$ 106,315 |
| 2016B revenue bonds | 75,215 | — | — | 75,215 | — | 75,215 |
| 2016C COPS | 20,940 | — | (3,880) | 17,060 | 4,035 | 13,025 |
| 2016D COPS | 26,255 | — | (4,870) | 21,385 | 5,060 | 16,325 |
| 2017A revenue bonds | 41,530 | — | (2,275) | 39,255 | 2,440 | 36,815 |
| 2019A revenue bonds | 13,955 | — | (290) | 13,665 | 305 | 13,360 |
| 2019B revenue bonds | 71,475 | — | (1,840) | 69,635 | 1,895 | 67,740 |
| 2019C Water revenue bond | 28,600 | — | (2,255) | 26,345 | 2,245 | 24,100 |
| 2020A revenue bonds | 24,120 | — | — | 24,120 | — | 24,120 |
| 2020B revenue bonds | 68,530 | — | — | 68,530 | — | 68,530 |
| 2020C COPS | 36,610 | — | (1,790) | 34,820 | 1,830 | 32,990 |
| 2020D COPS | 71,650 | — | (3,435) | 68,215 | 3,510 | 64,705 |
| 2023A revenue bonds | 52,090 | — | — | 52,090 | — | 52,090 |
| 2023B revenue bonds | 67,865 | — | (1,225) | 66,640 | 1,280 | 65,360 |
| 2023C-1 COPS | 117,365 | — | (53,180) | 64,185 | 64,185 | — |
| 2023C-2 COPS | 40,760 | — | (1,610) | 39,150 | 1,655 | 37,495 |
| 2023D COPS | 62,615 | — | (25,120) | 37,495 | 37,495 | — |
| 2024A-1 revenue bonds | | 104,765 | | 104,765 | | 104,765 |
| 2024A-2 revenue notes | | 50,590 | | 50,590 | 50,590 | — |
| 2024B-1 revenue bonds | | 90,500 | (3,115) | 87,385 | — | 87,385 |
| 2024B-2 revenue notes | | 25,025 | | 25,025 | 25,025 | — |
| 2024C revenue bonds | | 43,155 | (1,890) | 41,265 | 2,330 | 38,935 |
| WIFIA Loan N22115CA | | 27,747 | | 27,747 | — | 27,747 |
| Bond discount | (821) | — | 29 | (792) | (29) | (763) |
| Premium on debt issuances | 62,418 | 23,362 | (10,504) | 75,276 | 6,404 | 68,872 |
| Total long-term debt | 987,487 | 365,144 | (117,250) | 1,235,381 | 210,255 | 1,025,126 |
| Compensated Absences** | 7,871 | 75 | | 7,946 | 2,787 | 5,159 |
| Net pension liability (Note 11) | 140,099 | — | (4,700) | 135,399 | — | 135,399 |
| Other post employment benefits liability (Note 12) | 45,259 | — | (4,200) | 41,059 | — | 41,059 |
| Semitropic water banking liability | 13,859 | 299 | | 14,158 | — | 14,158 |
| Lease liability | 2,690 | — | (286) | 2,404 | 290 | 2,114 |
| Total Business-type Activities | \$1,197,265 | \$ 365,518 | \$ (126,436) | \$1,436,347 | \$213,332 | \$1,223,015 |

**The District implemented GASB 101 in fiscal year 2024-25 which resulted in a restatement of fiscal year 2023-24 balances as described in Note 2.t. and Note 18. The change in compensated absences above is the net change for the year.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The aggregate maturities of long-term debt are as follows (in thousands):

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|----------------------------------|-------------------------|------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 6,045 | \$ 7,177 | \$ 203,880 | \$ 49,354 |
| 2027 | 52,790 | 5,712 | 29,220 | 40,705 |
| 2028 | 6,660 | 4,395 | 30,320 | 39,598 |
| 2029 | 6,995 | 4,224 | 31,490 | 38,424 |
| 2030 | 7,340 | 3,872 | 32,725 | 38,397 |
| 2031-2035 | 10,775 | 16,462 | 169,890 | 170,765 |
| 2036-2040 | 13,755 | 13,411 | 173,650 | 133,571 |
| 2041-2045 | 17,545 | 9,517 | 203,095 | 93,408 |
| 2046-2050 | 22,400 | 4,547 | 189,401 | 47,915 |
| Thereafter | 7,931 | 2,110 | 97,226 | 13,803 |
| Total bonds payable requirements | <u>\$ 152,236</u> | <u>\$ 71,427</u> | <u>\$ 1,160,897</u> | <u>\$ 665,940</u> |

Leases

Valley Water has entered into agreements to lease certain land, building office spaces and equipment. The lease agreements qualify as other than short-term leases under Governmental Accounting Standard Board Statement No. 87 (GASB 87) and, therefore, have been recorded at the present value of the future minimum lease payments as of July 1, 2021, implementation date of GASB 87. There are no variable payment components of the leases. The lease liabilities are measured at the discount rate of 1.6%, Valley Water's average interest rate. As a result of the leases, Valley Water recorded right-to-use assets with net book value of \$2.3 million at June 30, 2025. The right-to-use assets are included in Capital Assets (Note 6).

The future minimum lease payments as of June 30, 2025 are as follows (in thousands):

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|-------------|--------------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 103 | \$ 1 | \$ 290 | \$ 25 |
| 2027 | 52 | — | 1,494 | 81 |
| 2028 | — | — | 620 | 10 |
| 2029 | — | — | — | — |
| 2030 | — | — | — | — |
| | <u>\$ 155</u> | <u>\$ 1</u> | <u>\$ 2,404</u> | <u>\$ 116</u> |

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Subscription-based Information Technology Arrangements (SBITA)

Valley Water uses enterprise financial, human resource and payroll systems that qualify as a SBITA-related asset under Governmental Accounting Standard Board Statement No. 96. The corresponding subscriptions liability had been recorded at the present value of the future minimum subscription payments. As of June 30, 2025, Valley Water had 2 active subscriptions. The subscriptions have payments that range from \$125,000 to \$498,175 and interest rates that range from 1.46% to 4.16%. There are no variable payment components pertaining to the subscriptions. The combined value of the SBITA-related asset, as of June 30, 2025 of \$3.8 million with accumulated amortization of \$1.5 million is included and further discussed in Note 6 - Capital Assets.

The future minimum subscription payments as of June 30, 2025 are as follows (in thousands):

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|--------------|--------------------------|-------------|
| | Principal | Interest | Principal | Interest |
| 2026 | 606 | 37 | — | — |
| 2027 | 643 | 26 | — | — |
| 2028 | 683 | 13 | — | — |
| 2029 | — | — | — | — |
| 2030 | — | — | — | — |
| | <u>\$ 1,932</u> | <u>\$ 76</u> | <u>\$ —</u> | <u>\$ —</u> |

Water Infrastructure Financing and Innovation Agreements (WIFIA)

In fiscal year 2023, Valley Water entered into 2 WIFIA loan agreements with the United States of America’s Environmental Protection Agency for the Anderson (\$73.9 million) and Safe Clean Water (\$41.3 million) related projects. In October 2023, Valley Water entered into a third WIFIA loan agreement for the Pacheco Reservoir Expansion project (\$91.6 million, planning and design costs only). These agreements provide Valley Water with an expedient and significant funding source for supporting the renovation and construction costs for these major projects.

As of June 30, 2025, no amounts have been drawn from or is outstanding under the Pacheco WIFIA agreement. Valley has drawn a total of \$7.9 million under the Safe Clean Water and \$27.7 million under the Anderson WIFIA loan agreements, respectively.

Governmental Activities

The following provides a brief description of Valley Water’s debt, and other long-term debt, for governmental activities outstanding as of June 30, 2025:

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2017A Certificates of Participation

In March 2017, Valley Water issued \$59.4 million of Certificates of Participation, Series 2017A, executed and delivered through the PFFC. The proceeds of the 2017A COPs were used to: (1) refinance the \$5.3 million outstanding balance of the 2004A Certificates of Participation; (2) refinance the \$54.2 million outstanding balance of the 2007A Certificates of Participation; (3) finance the cost of certain flood control improvements; and (4) pay the costs of issuing the 2017A Certificates. The 2017A COPs are payable from the 1994 and 1995 Installment Payments, which are payable by Valley Water, and are secured by a pledge of and lien on, the Valley Water Flood Control System Revenues pursuant to Master Resolution No. 94-60 Flood Control System Revenues adopted by the Board on June 23, 1994.

2022A Safe Clean Water Refunding Revenue Bonds

In December 2022, Valley Water issued \$75.3 million of Refunding Revenue Bonds, Series 2022A. The proceeds of the 2022A Bonds, along with original issue premium, were used to: (1) refinance the \$53.0 million outstanding balance of commercial paper notes; (2) refinance the \$29.7 million outstanding balance of the Revolving Certificates; and (3) pay the costs of issuing the 2022A Bonds. The 2022A Bonds are issued pursuant to Resolution No. 21-34 (SCW Master Resolution) adopted by the Board of Directors on May 11, 2021, and are payable from and secured by a pledge of a lien under the Safe Clean Water Master Resolution on SCW Revenues.

2022B Safe Clean Water Certificates of Participation

In December 2022, Valley Water issued \$46.4 million of COPs, Series 2022B. The proceeds of the 2022B COPs, along with original issue premium, were used to: (1) finance \$38.5 million of capital projects; (2) refinance the \$2.8 million outstanding balance of the commercial paper notes and Revolving Certificates; (3) finance \$8.6 million of capitalized interest; and (4) pay the costs of issuing the 2022B COPs. The 2022B COPs are issued pursuant to Resolution No. 21-34 (SCW Master Resolution) adopted by the Board of Directors on May 11, 2021, and are payable from and secured by a pledge of a lien under the SCW Master Resolution on SCW Revenues.

Business-type Activities

The following provides a brief description of Valley Water's long-term debt for business-type activities outstanding as of June 30, 2025:

2016A/B Water System Refunding Revenue Bonds

In March 2016, Valley Water issued \$181.5 million of Water System Refunding Revenue Bonds comprised of Series 2016A for \$106.3 million and Taxable Series 2016B for \$75.2 million, pursuant to the Water Utility Parity System Master Resolution (16-10) approved by the Board in February 2016. Proceeds of the 2016A Refunding Revenue Bonds, along with

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the original issue premium, were used to refinance all outstanding Water Utility System Revenue Bonds Series 2006A and repay \$73.0 million of outstanding tax-exempt commercial paper notes and costs of issuance. Proceeds of the 2016B Refunding Revenue Bonds were used to repay \$75.0 million of the balance of the outstanding taxable commercial paper notes and costs of issuance. The obligation of Valley Water to pay principal and interest of the 2016A/B Water System Refunding Revenue Bonds is secured by a pledge of and lien on Valley Water's Water Utility System revenues and is payable from the Net Water Utility System revenues.

2016C/D Water Utility Revenue Certificates of Participation

In March 2016, Valley Water issued \$98.0 million of Water Utility Revenue Certificates of Participation, comprised of Series 2016C for \$43.4 million and Taxable Series 2016D for \$55.0 million. Proceeds of the 2016C and 2016D COPs, along with the original issue premium were used to finance capital construction projects in the Water Utility Enterprise and costs of issuance. The 2016C and 2016D COPs are payable from 2016 Installment Payments which are payable by Valley Water from and secured by a pledge and lien on water utility revenues and are payable from the Net Water Utility System revenues pursuant to the Water Utility System Parity Master Resolution (16-10).

2017A Water System Refunding Revenue Bonds

In May 2017, Valley Water issued \$54.7 million of Water System Refunding Revenue Bonds to refund the \$64.8 million outstanding balance of the Water Utility System Revenue Certificates of Participation Series 2007A and pay costs of issuance of the 2017A Bonds. The obligation of Valley Water to pay principal and interest on the 2017A Bonds is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and are payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2019A/B Water System Refunding Revenue Bonds

In April 2019, Valley Water issued \$95.2 million of Water System Refunding Revenue Bonds consisting of Series 2019A for \$15.2 million and Series 2019B for \$80.0 million to repay the outstanding Commercial Paper Certificates to free up capacity in Valley Water's commercial paper program to finance on-going capital costs and to pay costs of issuance. The obligation of Valley Water to pay principal and interest on the 2019A/B Bonds is secured by a pledge of and lien on Water Utility System Revenues and is payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2019C Water Utility System Refunding Revenue Bonds

In November 2019, Valley Water issued \$38.3 million of Water Utility System Refunding Revenue Bonds Series 2019C to refinance all the outstanding Water Utility Revenue Certificates of Participation Taxable Series 2007B and fund costs of issuance. The obligation of Valley Water to pay principal and interest on the 2019C Bonds is secured by a

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pledge of and lien on Water Utility System Revenues and are payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2020A/B Water System Refunding Revenue Bonds

In September 2020, Valley Water issued \$92.6 million of Water System Revenue Bonds comprised of Series 2020A for \$24.1 million and Taxable Series 2020B for \$68.5 million. Proceeds of the 2020A Refunding Revenue Bonds, along with the original issue premium, were used to repay \$31.0 million of outstanding tax-exempt commercial paper notes and costs of issuance. Proceeds of the 2020B Refunding Revenue Bonds were used to repay \$68.3 million of outstanding taxable commercial paper notes and costs of issuance. The obligation of Valley Water to pay principal and interest of the 2020A/B Water System Refunding Revenue Bonds is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and is payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2020C/D Water Utility Revenue Certificates of Participation

In September 2020, Valley Water issued \$123.4 million of Water Utility Revenue Certificates of Participation, comprised of Series 2020C for \$41.8 million and Taxable Series 2020D for \$81.6 million. Proceeds of the 2020C and 2020D COPs, along with the original issue premium, were used to finance capital construction projects in the Water Utility Enterprise and costs of issuance. The 2020C and 2020D COPs are payable from 2020 Installment Payments which are payable by Valley Water from and secured by a pledge and lien on water utility revenues and are payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2023A/B Water System Refunding Revenue Bonds

In January 2023, Valley Water issued \$121.1 million of Water System Refunding Revenue Bonds comprised of Series 2023A for \$52.1 million and Taxable Series 2023B for \$69.0 million. Proceeds of the 2023A Refunding Revenue Bonds, along with the original issue premium, were used to repay \$58.6 million of outstanding tax-exempt commercial paper notes and revolving certificates and to pay costs of issuance. Proceeds of the 2023B Revenue Bonds were used to repay \$67.7 million of outstanding taxable commercial paper notes and to pay costs of issuance. The obligation of Valley Water to pay principal and interest of the 2023A/B Water System Refunding Revenue Bonds is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and is payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2023C/D Water Utility Revenue Certificates of Participation

In January 2023, Valley Water issued \$222.3 million of Water Utility Revenue Certificates of Participation, comprised of Series 2023C-1 for \$117.4 million, 2023C-2 for \$42.3 million, and Taxable Series 2023D for \$62.6 million. Proceeds of the 2023C/D COPs, along with the

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original issue premium, are being used to finance capital construction projects in the Water Utility Enterprise, fund capitalized interest and to pay costs of issuance. The 2023C/D COPs are payable from Installment Payments which are payable by Valley Water from and secured by a pledge and lien on water utility revenues and are payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10). A portion of the 2023C-1 and 2023D Certificates have been refunded by the Water Utility Refunding Revenue Notes, Series 2024A-2 and 2024B-2.

2024A-1/A-2/B-1/B-2 Water System Refunding Revenue Bonds/Notes

In September 2024, Valley Water issued \$270.9 million of Water System Refunding Revenue Bonds and Notes, comprised of Series 2024A-1 for \$104.8 million, Series 2024A-2 for \$50.6 million, Taxable Series 2024B-1 for \$90.5 million, and Taxable Series 2024B-2 for \$25.0 million.

Proceeds of the 2024 Refunding Revenue Bonds, Series A-1 and B-1, along with the original issue premium, were used to repay \$150 million of outstanding commercial paper notes and \$58.6 million taxable revolving certificates. Proceeds of the 2024 Refunding Revenue Notes, Series A-2, along with the original issue premium, were used to repay \$53.2 million of 2023C-1 Certificates maturing on December 1, 2024. Proceeds of the 2024 Refunding Revenue Notes, Series B-2 were used to repay \$25.1 million of 2023D Certificates maturing on December 1, 2024. Proceeds of the foregoing obligations were also used to pay costs of issuance. The obligation of Valley Water to pay principal and interest of the 2024 Water System Refunding Revenue Bonds/Notes is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and are payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

2024C Water System Revenue Bonds

In September 2024, Valley Water issued \$43.2 million of Water System Revenue Bonds, Series 2024C. Proceeds of the Revenue Bonds, Series 2024C, along with the original issue premium, were used to provide \$50 million of project funds and to pay costs of issuance. The obligation of Valley Water to pay principal and interest of the Revenue Bonds, Series 2024C is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and is payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).

Semitropic Water Banking Liability

In December 1995, Valley Water entered into a water banking and exchange program with Semitropic Water Storage District and its Improvement Districts that entitles Valley Water to storage, withdrawal, and exchange rights for Valley Water's State Water Project supplies. Valley Water's share of the total program capital costs is \$46.9 million based on a 35 percent vesting in the program. Valley Water pays the program capital costs when storing and recovering water. As of June 30, 2025, Valley Water has an outstanding liability of

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\$14.2 million related to water storage and banking rights. See Note 15c for further information on Valley Water's Semitropic water banking program.

(a) Other Debt Related Information

Valley Water has adopted master resolutions with respect to its water utility, safe clean water and watershed enterprises which contain certain events of default and remedies as described therein. Valley Water has also issued various bonds, notes or other obligations secured by such master resolutions or other revenues of Valley Water and which contain certain events of default and remedies as described therein. Valley Water has also entered into various reimbursement agreements or other financial contracts which contain certain events of default and remedies as described therein. Certain of these master resolutions, bonds, notes and other obligations and reimbursement agreements and other financial contracts contain provisions concerning the application of applicable Valley Water revenues if certain of the following conditions occur: default on debt service payments; the failure of Valley Water to observe or perform the conditions, covenants, or other agreement with respect thereto; bankruptcy filing by Valley Water; or if any court or competent jurisdiction shall assume custody or control of Valley Water, among other defaults. Certain of such master resolutions, bonds, notes and other obligations and reimbursement agreements and other financial contracts contain acceleration provisions that allow a trustee, owners of bonds, notes or other obligations or the parties to such reimbursement agreements or other financial contracts to accelerate payments thereunder to the extent and as provided therein.

Resolutions and other financing agreements associated with Valley Water's and PFFC's bonds and certificates of participation contain a number of covenants, limitations, and restrictions. Valley Water believes it is in compliance with all significant covenants, limitations, and restrictions.

Financial obligations incurred under the commercial paper program and the revolving lines of credit, issued through the PFFC and Valley Water, currently include the obligations to reimburse the banks issuing direct pay letters of credit supporting the commercial paper program and the revolving lines of credit, and to pay letter of credit and other fees to the bank. Valley Water's failure to comply with certain such obligations could result in an event of default. If an event of default occurs, the banks may exercise one or more rights and remedies. In addition to rights and remedies provided for under the law, the banks can declare all financial obligations with respect to such letters of credit or revolving line of credit to be immediately due and payable, cause the issuance of commercial paper to be temporarily ceased, or terminate the letters of credit or revolving line of credit which would cause the issuance of commercial paper or revolving line of credit to be permanently ceased. Commercial Paper Notes are not subject to acceleration.

Valley Water has pledged water utility system revenues to repay \$1.2 billion in debt outstanding as of June 30, 2025, that was issued to finance and refinance the cost of capital construction projects for the Water Utility Enterprise Fund. The secured debt includes revenue bonds, COPs, and WIFIA loans. The revenue bonds are payable from net water utility system revenues; the revenue COPs, and the WIFIA loans are payable from

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installments that are secured by net water utility system revenues. The WIFIA loans are secured by net water utility system revenues on a subordinate basis; however, the WIFIA loans will be secured on a parity basis upon the occurrence of certain bankruptcy-related events. The long-term debt is payable through fiscal year 2059. The total principal outstanding and interest costs remaining to be paid on the combined debt are \$1.8 billion.

Valley Water has pledged Safe Clean Water Revenues (consisting primarily of certain voter-approved parcel taxes) to repay \$127.3 million of debt outstanding as of June 30, 2025, that was issued to finance and refinance certain Safe, Clean Water projects. The secured debt includes revenue bonds, COPs and a WIFIA loan. The revenue bonds are payable from Safe Clean Water revenues; the revenue COPs, and the WIFIA loan are payable from installments that are secured by Safe Clean Water revenues. The WIFIA loan is secured by Safe Clean Water Revenues on a subordinate basis; however, the WIFIA loan will be secured on a parity basis upon the occurrence of certain bankruptcy-related events. The long-term debt is payable through fiscal year 2061. The total principal outstanding and interest costs remaining to be paid on the combined Safe Clean Water debt are \$195.6 billion. An additional \$28.8 million of principal and interest remain to be paid with respect to the Series 2017A COPs, which are secured by a pledge of and lien on, the Valley Water Flood Control System Revenues. The total principal outstanding and interest costs remaining to be paid for the Governmental Fund is \$224.4 million.

NOTE 8 - PROPERTY TAXES AND BENEFIT ASSESSMENTS

The County of Santa Clara (County) is responsible for the assessment, collection, and apportionment of property taxes for Valley Water. The amount of property tax levies is restricted by Article 13A of the California State Constitution (commonly referred to as Proposition 13). Valley Water is responsible for determining the amount of benefit assessment, special parcel tax, and State Water Project obligations. Secured property taxes and benefit assessments are each payable in equal installments, on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if still unpaid on August 31.

Valley Water derives certain revenues from the assessment of property tax parcel levies and the levy of benefit assessments and a special parcel tax. The property tax levy is composed of two categories: (1) an allocation of the County's 1 percent tax; and (2) voter approved levy to repay capital and operating costs related to imported water from the State Water Project. Benefit assessments are collected by the County as part of duly authorized debt repayment phase of the voter-approved assessments. In November 2000, voters approved a 15-year special parcel tax to fund the countywide Clean, Safe Creeks & Natural Flood Protection Program. The levy became effective July 1, 2001 and is based on the proportionate storm water runoff for each property.

In November 2012, the voters approved the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) special parcel tax, which built on the success of the Clean, Safe Creeks and Natural Flood Protection (Clean, Safe Creeks) plan approved by the

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voters on November 3, 2000. The renewed Safe, Clean Water program, as approved by voters, took effect beginning fiscal year 2022. \$53.2 million of special parcel tax was collected for this program during fiscal year 2025.

Property tax and benefit assessment revenues recorded for the year ended June 30, 2025 are as follows (in thousands).

| | General Fund | Special Revenue Funds | Total Governmental Activities | Business-type Activities |
|-------------------------------------|------------------|-----------------------|-------------------------------|--------------------------|
| Property taxes: | | | | |
| 1% tax allocation | \$ 12,921 | \$ 129,840 | \$ 142,761 | \$ 11,679 |
| Special parcel tax | — | 53,227 | 53,227 | — |
| Voter approved indebtedness: | | | | |
| State water project | — | — | — | 29,557 |
| Total taxes | 12,921 | 183,067 | 195,988 | 41,236 |
| Benefits assessment | — | 6,849 | 6,849 | — |
| Total taxes and benefits assessment | <u>\$ 12,921</u> | <u>\$ 189,916</u> | <u>\$ 202,837</u> | <u>\$ 41,236</u> |

Valley Water has elected to participate in the “Teeter Plan” offered by the County whereby Valley Water receives 100 percent of secured property and supplemental property taxes levied in exchange for foregoing any interest and penalties collected on the related delinquent taxes.

NOTE 9 - FUND BALANCES

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily to the extent to which Valley Water is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

- Non-spendable fund balance includes net resources that cannot be spent because they are either a) not spendable because of their form, or b) must be maintained intact pursuant to legal or contractual requirements.
- Restricted fund balance includes amounts that are subject to limitations imposed by either: a) creditors, grantors, contributors or laws and regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes spendable resources that can only be used for specific purposes pursuant to constraints imposed by formal action of Valley Water’s highest level of decision-making authority, the Board, through adopted resolutions. Those constraints remain binding unless the Board removes or

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changes in the same manner to previously commit those resources. These Board actions must occur prior to June 30th of the applicable fiscal year.

- Assigned fund balance includes amounts that are constrained by Valley Water's intent to be used for specific purposes but are neither restricted nor committed. The intent can be established or changed at the discretion of the Board, or an official designated for that purpose, the Chief Executive Officer, in accordance with the provisions of the Governance Policies of the Board, Policy No. EL-5, Purchasing and Contracts. The encumbrances amount shown in this category represents contracts and commitments for goods and services needed to carry out the operation of the funds.
- Unassigned fund balance represents residual net resources that have not been restricted, committed, or assigned.

Spending Prioritization in Using Available Resources

When an expense is incurred for purposes for which both restricted resources and unrestricted resources fund balance are available, Valley Water considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, Valley Water's flow assumption is to spend in the sequence of committed resources first, assigned second, and unassigned last.

The various fund balance classifications above are established by actions of the Board and can be increased, reduced or eliminated by similar actions with the exception of contracts and commitments on the assigned fund balance, which can be reduced or eliminated without the action of the Board. Valley Water's committed and assigned fund balances are reviewed annually to ensure compliance with Valley Water's reserve policy. Changes to the restricted, committed and assigned reserves are presented to the Board for review and approval.

A detailed schedule of fund balances as of June 30, 2025 for the governmental funds is shown in the ensuing table (in thousands).

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| | Special Revenue Funds | | | Debt Service Funds | Total Governmental Funds |
|--|-----------------------|--------------------------------------|--|--------------------------|--------------------------------|
| | General Fund | Watershed & Stream Stewardship | Safe, Clean Water and Natural Flood Protection Program | COP Debt Service | |
| Restricted Fund Balance | | | | | |
| Debt service | \$ — | \$ — | \$ 11,424 | \$ 72 | \$ 11,496 |
| Reserves for: | | | | | |
| Watershed & Stream Stewardship | — | 190,147 | — | — | 190,147 |
| Safe Clean Water | — | — | 160,637 | — | 160,637 |
| Total restricted fund balance | — | 190,147 | 172,061 | 72 | 362,280 |
| Committed Fund Balance | | | | | |
| Excess ERAF Contingency | 566 | 4,755 | | | 5,321 |
| Operating and capital | 25,740 | — | — | — | 25,740 |
| Current authorized capital projects | 7,047 | — | — | — | 7,047 |
| Total committed fund balance | 33,353 | 4,755 | — | — | 38,108 |
| Assigned Fund Balance | | | | | |
| Encumbrances | 9,387 | 6,962 | — | — | 16,349 |
| Total assigned fund balance | 9,387 | 6,962 | — | — | 16,349 |
| Total fund balances | \$ 42,740 | \$ 201,864 | \$ 172,061 | \$ 72 | \$ 416,737 |

The encumbrances for the General, and Watershed and Stream Stewardship Funds represent resources solely dedicated to covering the outstanding purchase orders, contracts and agreements of said funds.

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NOTE 10 - NET POSITION

The proprietary funds financial statements utilize a net position presentation. Net position is categorized as follows: (1) net investment in capital assets, (2) restricted and (3) unrestricted.

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net position – This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net position – This category represents net position of Valley Water, not restricted for any project or other purpose.

The table that follows shows the detailed schedule of the proprietary funds' net position as of June 30, 2025 (in thousands).

| | Water Enterprise Fund | State Water Project Fund | Internal Service Funds | Total Proprietary Funds |
|---|-----------------------------|--------------------------------|------------------------------|-------------------------------|
| Restricted net position: | | | | |
| Debt Service | \$ 31,937 | \$ — | \$ — | \$ 31,937 |
| San Felipe emergency reserve | 3,797 | — | — | 3,797 |
| GP5 reserve | 2,810 | — | — | 2,810 |
| Rate stabilization | 20,572 | — | — | 20,572 |
| Advance water purification center | 530 | — | — | 530 |
| Supplemental water supply | 5,277 | — | — | 5,277 |
| State water project | — | 33,574 | — | 33,574 |
| Total restricted net position | <u>64,923</u> | <u>33,574</u> | <u>—</u> | <u>98,497</u> |
| Unrestricted net position: | | | | |
| Operating and capital | 48,329 | — | 5,305 | 53,634 |
| Water inventory | 172,104 | — | — | 172,104 |
| Current authorized projects | — | — | 108 | 108 |
| Property self-insurance/catastrophic | — | — | 10,809 | 10,809 |
| Purchase commitments | 227,777 | — | 12,206 | 239,983 |
| Net pension liability | (76,513) | — | (5,141) | (81,654) |
| Net other post-employment benefits | (32,154) | — | (2,104) | (34,258) |
| Compensated absence liability | 728 | — | 97 | 825 |
| Total unrestricted net position | <u>340,271</u> | <u>—</u> | <u>21,280</u> | <u>361,551</u> |
| Net investment in capital assets | <u>950,111</u> | <u>10,389</u> | <u>11,331</u> | <u>971,831</u> |
| Total net position | <u>\$ 1,355,305</u> | <u>\$ 43,963</u> | <u>\$ 32,611</u> | <u>\$ 1,431,879</u> |

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Notes to Basic Financial Statements
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NOTE 11 - EMPLOYEES' RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the agent multiple-employer defined benefit pension plan (the Pension Plan) administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Valley Water's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statutes and may be amended by Valley Water's governing board.

The Plan's provisions and benefits in effect for fiscal year 2025 are summarized as follows:

| | Prior to 3/19/2012 | 3/19/2012 to 12/31/2012 | On or after 1/1/2013 |
|--|--|----------------------------|-------------------------|
| Hire date | | | |
| Benefit formula | 2.5% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Minimum Retirement age | 50 | 50 | 52 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.1% to 2.4% | 1.0% to 2.5% |
| Required employee contribution rates | 8.0% | 7.0% | 6.75% |
| Required employer contribution rates | 10.17% plus \$3.0 million prepayment for prior unfunded service cost | | |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Employees Covered – As of the most recent CalPERS actuarial report using a valuation date of June 30, 2023, the following employees were covered by the benefit terms of the Plan:

| | |
|--|-------|
| Inactive employees or beneficiaries currently receiving benefits | 1,257 |
| Active employees | 849 |

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the fiscal year ended June 30, 2025 contribution to the plan was \$44.6 million. Valley Water is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Valley Water’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-----------------------|---------------------------------|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Reporting date | June 30, 2025 |
| Actuarial cost method | Entry-age actuarial cost method |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| | |
|----------------------------------|---|
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Projected salary increase | Varies by entry age and service |
| Mortality rate table | The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website. |
| Post-retirement benefit increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter |

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| Asset Class ¹ | Assumed Asset Allocation | Real Return ^{1,2} |
|----------------------------------|-----------------------------|----------------------------|
| Global equity - cap-weighted | 30.00% | 4.54% |
| Global equity - non-cap-weighted | 12.00 | 3.84 |
| Private equity | 13.00 | 7.28 |
| Treasury | 5.00 | 0.27 |
| Mortgage-backed securities | 5.00 | 0.50 |
| Investment grade corporates | 10.00 | 1.56 |
| High yield | 5.00 | 2.27 |
| Emerging market debt | 5.00 | 2.48 |
| Private debt | 5.00 | 3.57 |
| Real assets | 15.00 | 3.21 |
| Leverage | (5.00) | (0.59) |

(1) An expected inflation of 2.3% used for this period

(2) Figures are based on 2021 Asset Liability Management study.

Subsequent Events/Change in Assumptions

There were no subsequent events that would materially affect the results presented in this disclosure.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|---------------------------|--------------------------|
| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (c) = (a) - (b) |
| Beginning balance | \$ 1,088,084 | \$ 777,804 | \$ 310,280 |
| Changes recognized for the measurement period: | | | |
| Service cost | 22,517 | — | 22,517 |
| Interest on total pension liability | 74,838 | — | 74,838 |
| Changes of Benefits | — | — | — |
| Changes of Assumptions | — | — | — |
| Difference between expected and actual experience | 14,170 | — | 14,170 |
| Contributions - employer | — | 41,468 | (41,468) |
| Contributions - employees | — | 9,967 | (9,967) |
| Net investment income | — | 75,410 | (75,410) |
| Benefits payment, including refunds of employee contributions | (57,804) | (57,804) | — |
| Administrative expense | — | (633) | 633 |
| Net changes | 53,721 | 68,408 | (14,687) |
| Ending balance | <u>\$ 1,141,805</u> | <u>\$ 846,212</u> | <u>\$ 295,593</u> |

Net pension liability decreased versus the prior fiscal year primarily due to a 9.3% return on investments reported by CalPERS for the reporting period ending June 30, 2025, which was higher than the investment return assumption of 6.8%.

As of June 30, 2025, the net pension liability is recorded in the government-wide statement of net position as follows (in thousands):

| | |
|-----------------------------|-------------------|
| Government activities | \$ 160,194 |
| Business-type activities | 135,399 |
| Total net pension liability | <u>\$ 295,593</u> |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of Valley Water, calculated using the current discount rate, as well as what Valley Water's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

| | Discount Rate | | |
|----------------------------|---------------|------------|------------|
| | -1% | Current | +1% |
| Plan Net Pension Liability | \$ 443,498 | \$ 295,593 | \$ 173,029 |

Pension Plan Fiduciary Net Position

Detailed information about Valley Water's pension plan fiduciary net position is available in separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflow/Inflow of Resources

For the year ended June 30, 2025, Valley Water has an actuarial pension expense of \$57.4 million. The actuarial report showed deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Pension contribution subsequent to measurement date | \$44,648 | \$ — |
| Changes of assumptions | 9,479 | — |
| Differences between expected and actual experience | 23,283 | — |
| Net difference between projected and actual earnings on pension plan investments | 10,995 | — |
| Total | \$ 88,405 | \$ — |

\$44.6 million is reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction from the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as shown in the succeeding table.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| Fiscal years ending June 30 | Deferred Outflows / (Inflows) of Resources |
|--------------------------------|--|
| 2026 | \$ 13,978 |
| 2027 | 30,405 |
| 2028 | 1,928 |
| 2029 | (2,554) |
| 2030 | — |
| Thereafter | — |
| Total | \$ 43,757 |

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

Valley Water provides post-employment health care benefits, in accordance with negotiated memoranda of understanding with employee groups and adoption by the Board, for retired employees and/or their surviving spouses, and to certain employees who retire due to disability who meet the eligibility requirements and elect the option. Valley Water must be the employee's last CalPERS employer, and the retiree must be receiving monthly CalPERS retirement benefits.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Benefits Provided

| Employee Type | Hire/Retirement Date | Eligibility Rule (Years of Continuous Service) | Valley Water's Required Contribution |
|---|--|--|---|
| Classified Employee Association (AFSCME –Local 101) Engineers Society (IFPTE-Local 21) Professional Managers Association (IFPTE – Local 21) | Retired prior to July 1, 1988 | — | Fixed amount of \$165 per month. |
| | Retired from July 1, 1988 through June 30, 1990 | 10 years | 100% medical premium for retiree. |
| | Retired from July 1, 1990 or later and hired prior to December 30, 2006 | 10 years 15 years | 100% medical premium for retiree. 100% medical premium for retiree plus one eligible dependent. |
| | Retired from July 1, 1990 or later and hired between December 30, 2006 and March 1, 2007 | 10 years 15 years | Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. |
| | Hired on or after March 1, 2007 | 15 years 20 years | Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Benefits Provided (continued)

| Employee Type | Hire/Retirement Date | Eligibility Rule (Years of Continuous Service) | Valley Water's Required Contribution |
|------------------------------------|---|---|---|
| Unclassified At Will | (continued) Hired on or after December 30, 2006 and prior to March 1, 2007 | 25 years | Medical, dental, and vision coverages are provided for retiree plus two or more eligible dependents. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical premium amount applicable to active employees or retirees, whichever is less. |
| | Hired on or after March 1, 2007 | 15 years 20 years | Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less. |

As of August 1, 2007, all current retirees not yet 65 years of age and Medicare eligible and all future retirees who are Medicare eligible must enroll themselves in Medicare when they reach the eligibility date for Medicare. Their Medicare eligible dependents who are enrolled in Valley Water's health plan must also enroll in Medicare upon their eligibility date. Valley Water reimburses the ongoing Medicare Part B cost incurred by the retiree and/or dependent payable quarterly.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

After an evaluation of the cost savings realized in implementing the Medicare enrollment plan since August 2007, Valley Water expanded the Medicare enrollment requirement to all retirees and their eligible dependents that are enrolled in Valley Water's medical plan. As of July 1, 2009, all Medicare eligible retirees and their eligible dependents were required to enroll in Medicare. Valley Water reimburses the Medicare Part B penalty charged by the Social Security Administration to the retirees/dependents due to late enrollment.

Valley Water provides the unclassified group of retirees \$50,000 life insurance upon retirement with a five-year phase out in declining increments of \$10,000 per year after retirement.

Employees Covered – As of the most recent OPEB actuarial report using a valuation date of June 30, 2023, the following employees were covered by the benefit terms of the plan:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 657 |
| Active employees | 849 |

Contributions

On June 24, 2008, the Board adopted a resolution approving the agreement and election of Valley Water to prefund OPEB through CalPERS under its California Employer's Retiree Benefit Trust (CERBT) Program, an agent multiple-employer plan consisting of an aggregation of single-employer plans. On September 9, 2008, Valley Water joined CERBT. The Board approved the reallocation of \$17.7 million from its existing reserve for the initial prefunding of the unfunded liability for the first year of reporting. Subsequent years funding, pursuant to the annual budget approved by the Board, was made at the beginning of each fiscal year through fiscal year 2017. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Employees' Retirement System, P. O. Box 942703, Sacramento, CA 94229-2703.

OPEB and its contribution requirements are established by memorandum of understanding with the applicable employee bargaining units and may be amended by agreements between Valley Water and the bargaining groups. For the fiscal year ended June 30, 2025, Valley Water's total contribution to the plan amounted to \$16.9 million.

Net OPEB Liability

Valley Water's net OPEB liability for the Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net OPEB liability is shown in the following table.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Actuarial Assumptions – The total net OPEB liability for Valley Water for fiscal year ended June 30, 2025 was derived from the CalPERS actuarial valuation using the following actuarial assumptions:

| | |
|--|--|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Reporting date | June 30, 2025 |
| Discount rate ⁽¹⁾ | 6.00% |
| Investment rate of return ⁽¹⁾ | 6.00% |
| Inflation | 2.80% |
| Payroll growth rate | 2.80% |
| Actuarial cost method | Entry-age normal cost method |
| Mortality rate | Derived from the CalPERS study of Miscellaneous Public Agency experience |
| Pre-retirement turnover ⁽²⁾ | Derived from the CalPERS study of Miscellaneous Public Agency experience |
| Healthcare trend rate ⁽³⁾ | Medical and Part B trend rate begin at 5.0% then taper to 4.0% by 2025/26; dental and vision are at 3.0% |

⁽¹⁾The discount rate is the expected long-term rate of return on Valley Water assets using investment strategy #1 within the CERBT.

⁽²⁾Net of OPEB plan investment expenses, including inflation

⁽³⁾The mortality rate table was developed based on CalPERS' nonindustrial miscellaneous public agency experience study for 14 years ending June 2011.

Discount Rate

The projected cash flows used to determine the discount rate of 6% assumed that Valley Water contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Changes in OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period (in thousands):

| | Increase (Decrease) | | |
|---|-------------------------|---------------------------|-----------------------|
| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (c) = (a) - (b) |
| Beginning balance | \$ 238,813 | \$ 138,578 | \$ 100,235 |
| Changes recognized for the measurement period: | | | |
| Service cost | 4,257 | — | 4,257 |
| Interest cost | 14,066 | — | 14,066 |
| Change in actuarial assumptions | — | — | — |
| Other liability experience loss/(gain) | (633) | — | (633) |
| Contributions | — | 13,144 | (13,144) |
| Benefits payment | (13,144) | (13,144) | — |
| Administrative expenses | — | (70) | 70 |
| Expected investment return | — | 8,312 | (8,312) |
| Investment experience (loss)/gain | — | 6,903 | (6,903) |
| Net changes | 4,546 | 15,145 | (10,599) |
| Ending balance | <u>\$ 243,359</u> | <u>\$ 153,723</u> | <u>\$ 89,636</u> |

The Net OPEB Liability decreased versus the prior year primarily due to a 11.0% return on investments reported by CERBT for the reporting date ending June 30, 2025, which was higher than the investment return assumption of 6.0%.

As of June 30, 2025, the net OPEB liability is recorded in the government-wide statement of net position as follows (in thousands):

| | |
|--------------------------|------------------|
| Government activities | \$ 48,577 |
| Business-type activities | 41,059 |
| Total OPEB liability | <u>\$ 89,636</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of Valley Water, calculated using the current discount rate, as well as what Valley Water's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate, as of measurement date, June 30, 2024 (in thousands):

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| | Discount Rate | | |
|-------------------------|---------------|-----------|-----------|
| | -1% | Current | +1% |
| Plan Net OPEB Liability | \$ 119,633 | \$ 89,636 | \$ 64,616 |

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of Valley Water, if it were calculated using health care cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rate, as of measurement date of June 30, 2024 (in thousands):

| | Discount Rate | | |
|-------------------------|---------------|-----------|------------|
| | -1% | Current | +1% |
| Plan Net OPEB Liability | \$ 62,582 | \$ 89,636 | \$ 122,634 |

OPEB Plan Fiduciary Net Position

Detailed information about Valley Water’s OPEB plan fiduciary net position is available in separately issued CalPERS CERBT financial reports.

OPEB Expense and Deferred Outflow/Inflow of Resources

For the year ended June 30, 2025, Valley Water has an actuarial OPEB expense of \$27.2 million. The actuarial report showed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| OPEB contribution subsequent to measurement date | \$ 16,875 | \$ — |
| Changes in assumption | 26,296 | 2,416 |
| Other liability experience loss / (gain) | 3,748 | 2,206 |
| Investment experience loss / (gain) | 3,309 | — |
| Total | \$ 50,228 | \$ 4,622 |

\$16.9 million is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction from the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

| Fiscal years ending June 30: | Deferred Outflows / (Inflows) of Resources |
|---------------------------------|--|
| 2026 | \$ 6,009 |
| 2027 | 10,918 |
| 2028 | 5,160 |
| 2029 | 5,444 |
| 2030 | 1,243 |
| Thereafter | (43) |
| Total | \$ 28,731 |

NOTE 13 - RISK MANAGEMENT

Valley Water is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Valley Water reports all of its risk management activities in its Risk Management Internal Service Fund.

Valley Water's self-insured retention (SIR) and maximum coverage are as follows (in thousands):

| Coverage Descriptions | Commercial Insurance SIR | Coverage |
|--|--------------------------------|-----------|
| General liability | \$ 3,000 | \$ 50,000 |
| Workers' compensation | 1,000 | Statutory |
| Property damage (subject to policy sub-limits) | 50 | 500,000 |
| Fidelity (Crime) - Directors | 5 | 1,000 |
| Fidelity (Crime) – Non-Directors | 10 | 2,000 |
| Non-owned aircraft liability | — | 5,000 |
| Boiler and machinery | 50 | 100,000 |
| Cyber liability | 50 | 10,000 |

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, allocated and unallocated claims adjustment expenses and incremental claim expense. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. This liability is Valley Water's best estimate based on available information. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Changes in claims payable for the fiscal years ended June 30, 2025 and 2024 are as follows (in thousands):

| | General Liability | Workers' Compensation | Total |
|--|----------------------|--------------------------|------------------|
| Claims payable, June 30, 2023 | \$ 5,739 | \$ 2,598 | \$ 8,337 |
| Incurred claims and changes in estimates | 4,925 | (13) | 4,912 |
| Claims payments | (2,230) | (274) | (2,504) |
| Claims payable, June 30, 2024 | 8,434 | 2,311 | 10,745 |
| | | | — |
| Incurred claims and changes in estimates | 1,076 | 687 | 1,763 |
| Claims payments | (681) | (351) | (1,032) |
| Claims payable, June 30, 2025 | <u>\$ 8,829</u> | <u>\$ 2,647</u> | <u>\$ 11,476</u> |

NOTE 14 - INTERFUND TRANSFERS

Interfund Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) move debt proceeds held in the construction fund to the funds incurring the construction expense.

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Transfers made during fiscal year 2025 are shown below (in thousands):

| Fund Receiving Transfer | Fund Making Transfer | Amount | Description |
|---------------------------------------|---------------------------------------|------------------|--|
| General Fund | Watershed and Stream Stewardship | \$ 30 | Security upgrade |
| General Fund | Safe, Clean Water & Nat. Flood Prot'n | 90 | Security upgrade |
| General Fund | Water Enterprise Fund | 180 | Security upgrade |
| General Fund | Watershed and Stream Stewardship | 149 | HQ Building Project |
| General Fund | Safe, Clean Water & Nat. Flood Prot'n | 445 | HQ Building Project |
| General Fund | Water Enterprise Fund | 891 | HQ Building Project |
| General Fund | Watershed and Stream Stewardship | 1,286 | Budget Adjustments |
| General Fund | Safe, Clean Water & Nat. Flood Prot'n | 429 | Budget Adjustments |
| General Fund | Water Enterprise Fund | 2,572 | Budget Adjustments |
| General Fund | Watershed and Stream Stewardship | 1,166 | Drought induced tree removal |
| Safe, Clean Water & Nat. Flood Prot'n | Water Enterprise Fund | 3,000 | Infrastructure Reliability Plan, Phase 2 |
| COP Debt Service | Lower Peninsula Watershed | 2,272 | Debt Service Transfer |
| COP Debt Service | West Valley Watershed | 682 | Debt Service Transfer |
| COP Debt Service | Guadalupe Watershed | 758 | Debt Service Transfer |
| COP Debt Service | Coyote Watershed | 2,045 | Debt Service Transfer |
| Water Enterprise Fund | Safe, Clean Water & Nat. Flood Prot'n | 6,330 | Anderson Dam Seismic Retrofit |
| Water Enterprise Fund | Safe, Clean Water & Nat. Flood Prot'n | 1,126 | Water Conservation Program |
| Water Enterprise Fund | General Fund | 1,987 | Open Space Credit |
| Water Enterprise Fund | Watershed and Stream Stewardship | 1,986 | Open Space Credit |
| Information Technology Fund | Watershed and Stream Stewardship | 2,800 | IT capital project |
| Information Technology Fund | Water Enterprise Fund | 4,201 | IT capital project |
| | | <u>\$ 34,425</u> | |

NOTE 15 - COMMITMENTS

(a) Contract and Purchase Commitments

As of June 30, 2025, governmental funds had encumbrances of approximately \$39.3 million, while proprietary funds had open purchase commitments of approximately \$248.2

VALLEY WATER
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

million related to new or existing contracts and agreements. These encumbrances are only commitments for the expenditure of funds and do not represent actual expenditures or liabilities. See Note 9 for discussion of assigned fund balance for governmental funds.

(b) San Felipe Project Water Deliveries

In 2007, Valley Water entered into a contract with the United States of America Bureau of Reclamation for water deliveries from the Central Valley Project (CVP). The contract requires Valley Water to operate Reach 1, Reach 2, and Reach 3 of the federal San Felipe Division facilities.

On May 11, 2020, there was an amendment to this contract. The amended contract provided for compliance with the Water Infrastructure Improvements for the Nation Act (WIIN Act) and converted it from a water service to a repayment contract. This conversion required that Valley Water repay by lump sum its remaining share of capital costs for the CVP except for those capital costs associated with the San Felipe Division facilities. In accordance with the original contract, Valley Water's share of capital costs for the San Felipe Divisions facilities is repaid through semi-annual payments according to a payment schedule. To become fully enforceable, the repayment contract requires that Valley Water secure a final judgment from a court of competent jurisdiction that the contract is valid. This court proceeding has been initiated and is awaiting judgment. The conversion of Valley Water's contract, as well as the contracts for all CVP contractors that elected to convert their contract pursuant to the WIIN Act, is subject to legal challenge by several environmental groups, which alleged violations of the National Environmental Policy Act and the federal Endangered Species Act.

Under the contract, the total commitment for repayment, including applicable interest, was \$432.7 million. The remaining commitment as of June 30, 2025 was \$146.0 million.

(c) Participation Rights in Storage Facilities

In December 1995, Valley Water entered into a water banking and exchange program with Semitropic Water Storage District and its Improvement Districts that entitles Valley Water to storage, withdrawal, and exchange rights for Valley Water's State Water Project supplies. Valley Water's share of the total program capital costs is \$46.9 million based on a 35 percent participation level in the program. Valley Water pays the program capital costs when storing and recovering Tier 1 water. The participation rights of \$46.9 million are recorded as a component of Capital assets and are amortized using the straight-line method over the life of the agreement. Amortization of \$34.6 million has been recorded through fiscal year 2025. This agreement terminates in December 2035.

Under the terms of the program, upon withdrawal by Valley Water of all 148,749 acre-feet of remaining Tier 1 water stored, Valley Water would have paid its share of the total program costs. The 2025 rate to retrieve Tier 1 water is \$95.18 per acre-feet. During the first 10 years of the program, Valley Water had a reservation to participate in 35% of the original banking program. At the end of calendar year 2005, Valley Water made the necessary

VALLEY WATER
Notes to Basic Financial Statements
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payments to secure the full 35% participation level in the program. As a result, Valley Water has a current storage allocation of 350,000 acre-feet. As of June 30, 2025, Valley Water has approximately 304,084 acre-feet of water in storage.

Semitropic Water Storage District has reported elevated concentrations of 1, 2, 3 trichloropropane in some of its groundwater wells. There is currently insufficient information to conclude whether these detections will impact banking operations. Impacts could potentially include higher pumping, recovery, and treatment costs and possibly impaired recovery of banked water supplies. Semitropic is currently in litigation against manufacturers of these chemicals. Because the semitropic water bank is located in Kern County, downstream of Valley Water, banked water must be returned by exchange with State Water Project water from the Delta. In critically dry years or in the event of a Delta disruption, there may be insufficient State Water Project supplies to facilitate withdrawal of supplies from the bank.

(d) Partnership Agreement Between Valley Water, the City of Palo Alto, and the City of Mountain View to Advance Resilient Water Reuse Programs in Santa Clara County (County)

On December 10, 2019, the Board approved an agreement between Valley Water and its local partners, the Cities of Palo Alto and Mountain View, to further develop water supplies and infrastructure to meet the County's water supply needs. The three main parts of the agreement include: (1) funding a local salt removal facility at the Regional Water Quality Control Plant in Palo Alto, to provide a higher quality of recycled water for irrigation and cooling towers, (2) an effluent transfer option to Valley Water for a regional purification facility (referred to as the "Regional Plant"), owned and operated by Valley Water, to provide advanced purified water for potable reuse, and (3) a water supply option for the cities of Palo Alto and Mountain View to request an additional supply if needed.

Under this partnership agreement, the financial impact to Valley Water includes funding the local salt removal facility in the amount of \$16.0 million, which may be sourced as a component of the Expedited Purified Water Program. Valley Water will also pay \$0.2 million per year, starting in year one to culminate in year thirteen, or at startup of the regional purification facility, whichever occurs first. Finally, Valley Water will pay \$1.0 million per year for the effluent once startup of the regional purification facility has been initiated. Such annual payments will escalate annually based on the factors outlined in the partnership agreement and would be paid for with water charge related revenues. Timing of such payments are still to be determined. In February 2024, the Valley Water Board of Directors placed the project to build a regional purification facility on hold due to affordability issues. The Board will review this decision in February 2026 during the annual Capital Improvement Plan development process.

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NOTE 16 - CONTINGENCIES

(a) Litigation

It is normal for a public entity like Valley Water, with its size and activities, to be a defendant, co-defendant, or cross-defendant in court cases in which money damages are sought. A number of claims and suits are pending against Valley Water for alleged damages arising out of matters usually incident to its operations. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of Valley Water management, Valley Water has reasonable defenses against such claims, thus the ultimate loss, if any, relating to these claims and suits not covered by insurance or reflected on the financial statements, will not materially affect the financial position of Valley Water.

Discussed below are all pending claims and litigations that Valley Water is aware of which are significant and may have a potential impact on the financial statements.

Aguirre, et al. v. SCVWD

In May 2023, Valley Water was served with an action by five former Valley Water employees (Amanda Aguirre, Matthew Bruni, Eric Calderon, Raymond Corral, and Jesse Perez). The plaintiffs are alleging violations of the California Fair Employment and Housing Act, retaliation, and wrongful discharge in violation of public policy in relation to their dismissals or resignations from Valley Water. The plaintiffs were either released by Valley Water for failing to comply with Valley Water's COVID-19 policies then in effect or resigned after being told they would be subject to the policies. This case is in the discovery phase and a jury trial is scheduled for May 26, 2026. As with any litigation, there is uncertainty as to the result. However, Valley Water believes it has reasonable defenses to plaintiffs' allegations, which it intends to assert. Valley Water cannot predict what effects this lawsuit may have or if such effects would be material.

County of Santa Clara – Dunne Avenue Damages

The County submitted a claim to Valley Water seeking damages for alleged landslide and settlement damages to its East Dunne Avenue roadway adjacent to Anderson Reservoir. The County maintains that the damages were caused by Valley Water's draining of the reservoir for a capital project. While no amount was specified in the claim, the County has since asserted that its estimated damages exceed \$4.2 million. Valley Water is currently evaluating the claim with respect to liability.

Great Oaks Water Co. v. SCVWD

In 2005, Great Oaks filed suit against Valley Water alleging, among other things, that Valley Water's groundwater production charges violated Proposition 218 (which added Article XIII D to the California Constitution), Great Oaks then filed additional annual claims and additional annual lawsuits challenging Valley Water's groundwater production charges for

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each year after 2005, continuing through 2022. Great Oaks' subsequent lawsuits were stayed pending resolution of its 2005 case.

On February 3, 2010, the trial court issued a judgment ruling that Valley Water owed Great Oaks a refund of groundwater charges of approximately \$4.6 million plus interest at 7% per annum. Valley Water appealed the judgment in 2015, and the Court of Appeal reversed the trial court finding that Valley Water's groundwater production charges did not violate Proposition 218 or other law. Great Oaks petitioned the California Supreme Court to review the Court of Appeal's ruling, and the Supreme Court granted its petition. The case was placed on hold pending the Supreme Court's decision in a similar case, City of Buenaventura v. United Water Conservation District ("UWCD"). In late 2017, the California Supreme Court issued its opinion in the UWCD case, finding that Proposition 218 does not apply to groundwater charges, but that Proposition 26 and Article XIII C of the California Constitution apply instead. This case was remanded to the trial court for further proceedings in February 2019.

After remand, Great Oaks alleged that Valley Water's groundwater production charges violated Proposition 26, and that Valley Water's use of ad valorem tax revenue to subsidize a lower agricultural groundwater rate violated Valley Water's District.

The second trial took place in June 2022. On February 8, 2023, the trial court issued a statement of decision in Valley Water's favor on all causes of action. In March 2023, Great Oaks filed a notice of appeal of the judgment.

In early 2025, the Court of Appeal upheld the trial court's decision in full, ruling in Valley Water's favor. The California Supreme Court denied Great Oaks' petition for review, and this litigation is now concluded and will not materially impact Valley Water's financial condition.

Howard Jarvis Taxpayer Association v. Coachella Valley Water District

Howard Jarvis Taxpayers Association is pursuing litigation against Coachella Valley Water District ("Coachella") challenging Coachella's collection of the SWP tax and use of SWP tax proceeds. Among other things, the lawsuit alleges that Coachella violated the California Constitution in imposing an SWP tax without evidence showing that this was necessary, i.e., that Coachella's water rate revenue was insufficient to pay SWP expenses. The trial court agreed with plaintiff, in holding that SWP expenses should generally be paid through water rates and not taxes, and Coachella's SWP tax was unlawful because the record failed to show that it was necessary for Coachella to impose the SWP tax, i.e., that it was infeasible to pay SWP expenses through its rates. The trial of this action was bifurcated and the Court is expected to issue an award of damages in the damages phase of trial in the next couple of months. A final judgment will likely be entered in late 2025 or early 2026, and Coachella will likely appeal.

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Many SWP contractors, including Valley Water, rely on the imposition of the SWP tax to pay for all or most of their SWP expenses. If the trial court's decision is appealed and upheld on appeal, this could impair the ability of Valley Water and other SWP contractors to pay for their SWP expenses through use of the SWP tax, resulting in a significant increase in their water rates.

Deanna Lacy, et al. v. SCVWD et al.

This case concerns a fatal accident where a pedestrian was struck by an ACE train while jogging across the railroad tracks on or near one or more trails adjacent to land either owned or leased by Valley Water. This action, brought by decedent's estate, was settled for \$600,000 in 2024. Valley Water was dismissed on August 12, 2024, and the matter will not materially affect Valley Water's financial condition.

PG&E v. SCVWD; SJUSD v. SCVWD (2017 Flooding in the City of San Jose)

Following a series of storms, a flood event occurred on the Coyote Creek in San Jose, California on or about February 21, 2017. The Coyote Creek is approximately 42 miles long and is the longest creek in the County. In the southern portion of the County, Valley Water owns and maintains the Leroy Anderson Dam and Reservoir along the Coyote Creek near Morgan Hill, California. The Anderson Dam is upstream from the City of San Jose. After the reservoir reached capacity, water began going over the Anderson Dam spillway, as was designed, on February 18, 2017. The spillover volume peaked on the morning of February 21, 2017, increasing flows on Coyote Creek. Beginning on or about February 21, 2017, certain residential and non-residential areas of San Jose along Coyote Creek experienced flooding due to rising water levels in the creek. Thousands of residents were temporarily evacuated, and numerous properties experienced flood damage. Such flood water receded within a short period of time after February 21, 2017.

A number of claimants filed lawsuits in Santa Clara County Superior Court against Valley Water and the City of San Jose alleging damage from the Coyote Creek flood event. There is one remaining action in the Santa Clara County Superior Court arising from the same flood event (San José Unified School District v. SCVWD, Case No. 18CV330233). A mediation took place in July 2025, and the case was settled for \$1,000,000 (to be paid by and through Valley Water's insurer). A final settlement and mutual release agreement was signed on August 5, 2025.

Valley Water settled a separate case with Pacific Gas & Electric Co., PG&E v. SCVWD, Case No. 20CV371349) for a payment of \$450,000 from Valley Water's insurer. Following settlement, the case was dismissed on September 20, 2024.

San Francisco Baykeeper v. SCVWD

In September 2022, petitioner, San Francisco Baykeeper, filed a petition for writ of mandate and declaratory relief against Valley Water in Santa Clara County Superior Court for alleged violations of the California Fish and Game Code, waste and unreasonable use of water

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resources and violations of the public trust doctrine. (San Francisco Baykeeper v. Valley Water, Santa Clara County Superior Court, Case No. 22CV403523). Petitioners alleged that Valley Water does not operate its dams and waterways to allow sufficient water flows to maintain fish stocks in good condition, to remove artificial barriers that prevent fish passage and has failed to manage its waterways to protect habitat values for fish and wildlife. The petitioner in this action asks the court to order Valley Water to modify its operations to rectify the foregoing, and for an injunction enjoining all activity of Valley Water which violate the California Fish and Game Code and common law until Valley Water implements an appropriate flow regime.

Valley Water has filed two motions to stay with the Court on April 16, 2024. In the first motion, Valley Water asked the Court to stay the case regarding operations in the Coyote Watershed (within which the Anderson Dam Seismic Retrofit Project is located) to allow a FERC proceeding to be completed.

In the second motion, Valley Water asked the Court to stay the case regarding Valley Water's water right licenses in the Guadalupe River and Stevens Creek Watersheds, because there is already a pending contested water rights proceeding before the SWRCB involving all of Valley Water's licenses in these two watersheds. A further case management conference has been scheduled for March 19, 2026.

As with any litigation, there is uncertainty as to the result. However, Valley Water believes it has reasonable defenses to petitioner's allegations, which it intends to assert. Valley Water cannot predict what effects this lawsuit may have or if such effects would be material.

Santa Clara Valley Water District v. 3M Company; et al.

In response to required testing for PFAS chemicals at various fire-fighting training sites, Valley Water learned that PFAS were detected at one of its recharge ponds immediately adjacent to a fire training site. (The site drains to the pond.) In addition, several Valley Water retailer wells have tested positive for PFAS chemicals above State and federal recommended or mandated levels. In response, Valley Water has expended monies conducting testing for PFAS chemicals at a wide variety of sites and wells throughout the County. The EPA has proposed drinking water test standards for various PFAS chemicals, and PFAS are proposed to be listed as hazardous substances under federal law, imposing potential cleanup liability on any entity that handles, processes, or transports PFAS chemicals. This could impact Valley Water's disposal of sludge or RO concentrate from its water treatment plants. Valley Water filed suit against PFAS manufacturers to recoup current and anticipated future costs relating to PFAS testing and remediation. This action was removed and transferred, pursuant to a Multi-District Litigation Order applicable to all PFAS cases involving aqueous film-forming foam, to the U.S. District Court for the District of South Carolina for all pre-trial proceedings. Valley Water's Board has chosen not to participate in several PFAS manufacturer class action settlements, and Valley Water's lawsuit will likely remain in a holding status for a lengthy period of time.

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Santa Clara Valley Water District v. CH2M Hill, Inc., et al.

Valley Water filed this lawsuit against the planning and design services consultants as a result of negligent work performed on the Rinconada Water Treatment Plant Residuals Management Project. This case has been settled with the defendants collectively paying Valley Water \$4,550,000. Following settlement, the case was dismissed on October 11, 2024.

Stanford University Claims

On April 23, 2021, Valley Water received a claim from Stanford University (“Stanford”) challenging Valley Water’s application of groundwater charges in Charge Zone W-2 to Stanford. Stanford subsequently presented additional claims to Valley Water for a refund of all groundwater charges imposed on it from fiscal year 2020-2021 through June 30, 2025. Valley Water denied all of these claims, but entered into a tolling agreement with Stanford.

Stanford argued that Valley Water’s groundwater charges, as applied to it, violated Proposition 26 (California Constitution, Article XIII C), the District Act, and unlawfully interfered with Stanford’s water rights and constituted a taking. Stanford asserted that imposition of the groundwater charges on it was unlawful because Stanford does not benefit from Valley Water’s groundwater management activities or does not benefit proportionally to other pumpers in Zone W-2.

In late September 2025, Valley Water and Stanford signed a settlement agreement, under which Valley Water will give Stanford a financial incentive credit, to be applied against groundwater charges, for a certain amount of water (at least 60 acre-feet but no more than 300 acre-feet) that it recharges into the basin through collection of stormwater and diversions into Lake Lagunita, an ephemeral lake on Stanford property, each fiscal year after accounting for applicable regulatory requirements.

Toledo v. San Joaquin Regional Rail Commission, et al.

This matter involves a pedestrian versus train accident on the Guadalupe River railroad bridge in the Alviso neighborhood of San Jose. Decedent was struck by a train and died while walking her dog with a friend on a railroad bridge crossing the Guadalupe River near Alviso, San Jose. Plaintiff, the father of decedent Celeste Toledo, brought this action against Valley Water and other defendants claiming a dangerous condition of public property and negligent bridge construction.

After Valley Water agreed to a \$75,000 settlement with plaintiff and his counsel, which settlement was approved by the court, plaintiff unexpectedly passed away. Plaintiff’s counsel is now seeking to substitute plaintiff’s children, as well as the decedent’s recently located mother as new plaintiffs. Valley Water expects its \$75,000 settlement will apply to the proposed new plaintiffs and still limit its obligations to the other defendants.

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In the unlikely event the settlement falls through, Valley water believes it has strong defenses to plaintiffs' allegations, and Valley Water has already filed a summary judgment motion that was taken off calendar pending settlement. Valley Water cannot predict what effects this lawsuit may have if it goes forward or if such effects would be material.

Holiday Lake Estates Maintenance Assn. v. SCVWD

This matter is filed under the California Environmental Quality Act (CEQA) asserting several claims that the Environmental Impact Report (EIR) for the Anderson Dam Seismic Retrofit Project (ADSRP) is deficient. HEMA alleges that the EIR is deficient because it analyzed environmental impacts with an incorrect baseline, did not adequately analyze and mitigate impacts related to feral pigs and wildfire and evacuation routes, failed to conduct evacuation modeling, and unlawfully deferred mitigation for wildfire impacts to future traffic management and evacuation plans. As with any litigation, there is uncertainty as to the result. However, Valley Water believes it has reasonable defenses to plaintiffs' allegations, which it intends to assert. Valley Water cannot predict what effects this lawsuit may have or if such effects would be material. However, if HEMA were to prevail, CEQA allows for the potential recovery of attorneys' fees pursuant to the private attorney general statute.

Bowman v. Santa Clara Valley Water District

This is a routine employment matter recently filed by a former employee who was terminated in 2023. The plaintiff alleges breach of contract and related claims and seeks an unspecified award of damages. As with any litigation, there is uncertainty as to the result. However, Valley Water believes it has reasonable defenses to plaintiff's allegations, which it intends to assert. Valley Water cannot predict what effects this lawsuit may have or if such effects would be material.

(b) Grants and Subventions

Valley Water has received federal and state grants for specific purposes that are subject to review and audit. Although such audits could result in expenditure disallowances under grant terms, any such disallowances are not expected to be material. But recent actions taken by the current federal administration could impact federal funding to Valley Water. Future federal appropriations, rulemaking, executive orders, and related litigation could change eligibility, timing, or terms of awards and could reduce, delay, or rescind committed funding.

No assurances can be made that actions by the federal administration will not adversely affect current or future federal commitments to the federal loans and grants for Valley Water's projects or for projects in which Valley Water participates. For example, Upper Llagas Creek Protection Project, Phase 2B ("ULCPP Project") is substantially funded by a \$80,000,000 federal award under the Watershed Protection and Flood Prevention Operations ("WFPO") Program administered by the Natural Resources Conservation Service. In August 2025, Valley Water submitted a \$5,800,000 drawdown request under

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the WFPO award, which has not been funded as of the date of this report. Funding delays or the rescindment of the WFFO award could materially affect Valley Water's implementation of the ULCPP Project.

Factors Affecting Water Supply

2019 Revised Federal Biological Opinions Litigation

In October of 2019 the National Marine Fisheries Service (NMFS) and United States Fish and Wildlife Service ("FWS") issued revised biological opinions ("BiOps") for the long-term coordinated operations of the CVP and the SWP, replacing prior BiOps issued in 2008 and 2009. Several lawsuits were filed against the United States shortly thereafter, including one by the State of California.

These lawsuits were consolidated in the United States District Court for the Eastern District of California. However, in late 2024, NMFS and FWS issued revised BiOps for the long-term coordinated operations of the CVP and the SWP, replacing the 2019 BiOps and effectively mooted most or all of this litigation.

The Department of Justice has filed a motion to dismiss all complaints in this litigation. A few plaintiffs have opposed this motion, claiming that some of the issues are not moot. A hearing on the motion is set for December 17, 2025. No new lawsuit has been filed yet challenging the 2024 BiOps.

Bay-Delta Water Quality Control Plan Phase 1 Amendments Litigation

In late 2018, the SWRCB released the Phase 1 Amendments to the Bay-Delta Plan. Among other things, the Phase 1 Amendments require an adaptive 40% unimpaired flow requirement on all major tributaries to the San Joaquin River, including the Tuolumne River, from which the SFPUC Hetch-Hetchy system obtains its water supplies. The unimpaired flow requirement could reduce imported SFPUC supplies in the northern part of the County, causing increased groundwater pumping. Several public agency plaintiffs allege that the flow requirements are arbitrary and capricious, not based on the best available science, or are too restrictive of, or alter, water rights. Environmental group plaintiffs allege that the requirements are not protective enough of fish. These lawsuits were consolidated in Sacramento Superior Court.

In March 2024, the trial court issued a decision in favor of the SWRCB, upholding the Plan's Phase 1 Amendments against all causes of action. Several parties appealed the decision. Appellate briefing has not yet begun and those appeals are pending. The trial court's decision supports the State Board's authority to issue proposed Phase 2 Bay-Delta Plan amendments that could require a require an adaptive 45-65% unimpaired flow requirement on all major tributaries to the Sacramento River.

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That requirement, if implemented, could significantly reduce exports of CVP and SWP water from the Delta. State Board staff has recently proposed an alternative regulatory pathway for the Sacramento/Delta amendments - referred to as the Healthy Rivers and Landscapes – that, if adopted, will lessen the water supply impact on parties subject to that proposal by combining flow, habitat improvement, and other commitments.

2020 California Incidental Take Permit Litigation (CDWR Water Operations Cases)

Under the California Endangered Species Act (“CESA”), DWR is required to obtain an incidental take permit to minimize, avoid and mitigate impacts to threatened or endangered species as a result of SWP operations, including the Delta Smelt and other fish species. In March 2020, DWR issued a final EIR for the long-term operation of the SWP, and California Department of Fish and Wildlife (“CDFW”) issued an ITP for the long-term operation of the SWP.

The ITP and final EIR significantly limited exports in wetter years as compared to what was allowed under federal 2019 revised BiOps, with potential reductions of up to 400,000 acre-feet in April and May. Several lawsuits were filed. SWP contractors alleged, among other things, that the State violated CEQA or CESA by changing the project description after the draft EIR, certifying a new alternative project without adequate disclosure or public comment, and unnecessarily restricting water exports.

Environmental groups alleged that the final EIR and ITP violated the Delta Reform Act and CEQA, as it did not go far enough in protecting threatened fish species. DWR sought and obtained a new ITP from CDFW for long-term SWP operations in late 2024. In light of this new permit, this litigation is now moot and most plaintiffs have agreed to dismiss their complaints. A dismissal hearing is scheduled on October 24, 2025.

2024 California Incidental Take Permit Litigation.

Four lawsuits have been filed challenging the new 2024 ITP, including claims under the Delta Reform Act, CEQA, and the Public Trust Doctrine. These cases have only recently been filed and the litigation is at an early stage.

Center for Biological Diversity et al. v. USBR et al. (WIIN Act Conversion Litigation)

This action challenges the conversion of many Central Valley Project (CVP) water service contracts into permanent repayment contracts under the Water Infrastructure Improvements for the Nation Act (WIIN Act), alleging that this conversion violates NEPA and the ESA, through the federal Administrative Procedures Act. APA. The WIIN Act conversion makes CVP contract permanent, eliminating need for numerous short-term renewals and limiting opportunities for environmental challenges to renewals under NEPA, CEQA, ESA, etc.

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The parties filed cross-motions for summary judgment. On June 30, 2025, the U.S. District Court issued a lengthy decision denying plaintiffs' motion for summary judgment and granting defendants' motion for summary judgment, finding that USBR did not violate the APA/ESA or NEPA in converting defendant CVP contractors' water service contracts into permanent repayment contracts without performing NEPA or ESA review. Plaintiffs recently filed a notice of appeal.

City of Fresno et al. v. Bureau of Reclamation

The City of Fresno and 17 other CVP Friant Division water contractors filed a lawsuit against the United States of America, alleging that in 2014 the USBR violated its water service contracts with them by using water stored in Millerton Reservoir that should have been provided to them but was instead released to satisfy water deliveries to senior water rights holder the San Joaquin River Exchange Contractors Authority. Among other arguments, plaintiffs claimed that USBR could not use water stored in Millerton Reservoir to provide to the Exchange Contractors. SLDMWA and Valley Water intervened in this action. If this argument prevailed, it could negatively impact future CVP water allocations to Valley Water and other non-Friant Division CVP contractors.

The trial court granted summary judgment in favor of defendant United States and intervenors. The Court of Appeal issued a decision in 2025 upholding the trial court decision in its entirety. Plaintiffs have filed a petition to review this case to the U.S. Supreme Court that is pending.

DWR DCF Bond Validation Action (Sierra Club v. DWR)

Sacramento County Sup. Ct. Case No. 34-2020-80003517 [lead case, CEQA] & 34-2020-00283112 [validation]. DWR, through its bond counsel, filed this action to validate its authority to issue revenue bonds to finance the environmental review, planning, engineering and design, and, if approved, construction of a Delta conveyance project under the CVP Act and Burns-Porter Act. Sierra Club and other NGOs filed a lawsuit alleging that DWR's bond resolution violated CEQA. The validation case and CEQA case were consolidated. In 2022, the court granted DWR's motions to dismiss or for summary judgment as to all CEQA, Delta Reform Act, and Public Trust Doctrine causes of action and affirmative defenses.

In 2022, the court granted DWR's motions to dismiss or for summary judgment as to all CEQA, Delta Reform Act, and Public Trust Doctrine causes of action and affirmative defenses. On January 16, 2024 the trial court issued its Final Statement of Decision, finding that DWR's 2020 broadly-worded bond resolutions were not authorized by the CVP Act and/or Burns-Porter Act but suggested that a more narrow, or specific, bond resolution might be so authorized. DWR and several intervening parties appealed this decision. This appeal has been fully briefed and the Court of Appeal will hear oral argument on November 19, 2025.

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DWR DCF Bond Validation (DWR v. All Persons Interested)

(Sac. Sup. Ct. Case No. 2025CV000704) In response to the trial court’s decision in the first DCP bond validation action, in January 2025, DWR issued a new, more narrowly-tailored DCP master bond resolution and then filed a second action to validate its authority to issue revenue bonds pursuant to this new resolution. Several SWP contractors, including Valley Water, have filed answers in support of DWR, but several parties filed opposing answers, demurrers, and affirmative defenses. In June 2025, the trial court overruled, or denied, demurrers to this validation complaint on the ground that it was barred as a matter of law by the prior bond validation action. The court has now set forth a briefing schedule in this action, with a trial scheduled for March 16, 2026.

DCP EIR Litigation

(Sac. Sup. Ct. Case Nos. 24WM00006 et al.) Several Plaintiffs filed suit against DWR alleging that it violated CEQA, the Delta Reform Act, Watershed Area of Origin Protection Act, Fish & Game Code, the Public Trust Doctrine and other laws in approving the Final EIR for the Delta Conveyance Project (DCP).

In 2024, the trial court issued a preliminary injunction halting geotechnical work on the DCP on the grounds that DWR was required but failed to file a consistency determination with the Delta Stewardship Council (DSC) under the Delta Reform Act before proceeding with geotechnical work. DWR appealed the trial court’s decision and the Court of Appeal issued a decision in October 2025 reversing the trial court’s order and issuance of a preliminary injunction and remanding the case. Additionally, DWR subsequently submitted a consistency determination to the DSC for the geotechnical work and the DSC issued a decision finding that it was not subject to a consistency determination. The trial court has not yet addressed the merits of plaintiffs’ other claims, including CEQA claims.

Water Imported through San Francisco-San Joaquin Bay-Delta

Valley Water’s imported and local supplies are subject to regulatory restrictions pursuant to, among other laws, the federal Endangered Species Act (“ESA”), California Endangered Species Act (“CESA”), the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary Bay-Delta, and State Water Resources Control Board Decision D-1641. The listing of winter-run Chinook salmon in 1989 and delta smelt in 1993 resulted in pumping restrictions imposed on the State and federal water projects to protect these species. These pumping restrictions resulted in reduced deliveries from the SWP and CVP. In 1993, the United States Environmental Protection Agency (the “EPA”) also proposed to implement water quality standards for the Bay-Delta that would impose severe restrictions on the operation of the SWP and CVP. These circumstances led to the Bay-Delta Accord in 1994, in which the State and federal governments, along with urban, agricultural and environmental interests, agreed to an interim set of ESA protection measures coupled with water supply certainty. The Bay-Delta Accord laid the groundwork for the establishment of the CALFED Bay-Delta Program, which has been succeeded by a

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number of efforts, including the California Water Action Plan, the Delta Reform Act and Delta Plan, and the proposed Delta Conveyance Project to develop a long-term solution for conflicts in the Bay-Delta. However, there has been significant recent litigation concerning ESA and CESA issues and water moving through the Delta for export to contractors.

Various legal actions have been filed, involving the conveyance of water through the Delta by DWR, via the SWP, and by USBR, via the CVP.

NOTE 17 - CERTAIN RISK DISCLOSURES (GASB 102)

Valley Water is subject to risks arising from concentrations and constraints that could affect its ability to provide services or meet obligations. Significant concentrations include reliance on property tax revenues and imported water supplies from the State Water Project. Management has determined these risks are reasonably possible of having a substantial impact and continues to monitor and mitigate them through diversified funding, long-term planning, and debt management policies.

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Valley Water's beginning net position as of July 1, 2024, has been restated to reflect the implementation of GASB Statement No. 101, *Compensated Absences*, which is reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

The impact of this change on the beginning net position as of July 1, 2024 (in thousands), is summarized below:

Government-wide – Governmental Activities

| Description | Amount |
|--|--------------------|
| Net position – beginning of year, as previously reported | \$1,982,138 |
| Decrease in compensated absences liability due to implementation of GASB 101 | 885 |
| Net position – beginning of year, as restated | <u>\$1,983,023</u> |

Business-Type Activities

| Description | Amount |
|--|--------------------|
| Net position – beginning of year, as previously reported | \$1,203,485 |
| Decrease in compensated absences liability due to implementation of GASB 101 | 728 |
| Net position – beginning of year, as restated | <u>\$1,204,213</u> |

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NOTE 19 - SUBSEQUENT EVENTS

Events have been evaluated subsequent to the balance sheet date through December 23, 2025, the date the financial statements were available to be issued. Based upon this evaluation, no events have occurred that require adjustment to or disclosures in the financial statements except as noted below:

- On August 26, 2025, the Valley Water Board of Directors voted to suspend development of the proposed Pacheco Reservoir Expansion Project. The Board also directed Interim CEO Melanie Richardson to prepare a plan to close out the project, withdraw the agency's application for state funding through the Water Storage Investment Program (WSIP), and terminate the associated \$1.4 billion Water Infrastructure Finance and Innovation Act (WIFIA) loan. The decision followed a staff update that identified several challenges, including rising costs, longer timelines for environmental reviews, uncertainty in regulations, and complex permitting processes.

On November 14, 2025, Valley Water, the PFFC and the United States EPA executed an agreement to terminate the WIFIA loan and related documents for the Pacheco Reservoir Expansion Project.

- On September 10, 2025, Valley Water closed on \$200.1 million of bond issuances, comprised of \$109.4 million of tax-exempt bonds and \$90.7 million of taxable bonds for the Water Utility capital program. The bond proceeds were primarily used to refund outstanding short-term debt issued for Water Utility capital projects and refund the Series 2016A and 2016C bonds for debt service savings. The obligation of Valley Water to pay principal and interest of the bonds is secured by a pledge of and lien on Valley Water's Water Utility System Revenues and is payable from the Net Water Utility System Revenues pursuant to the Water Utility Parity System Master Resolution (16-10).
- On October 1, 2025, the Federal Government shut down as funding expired and no new appropriations had been passed. As such, Valley Water expects reimbursement claims associated with Federal grants to be delayed. The most significant Federal grant is an \$80 million grant from the Natural Resources Conservation Service (NRCS) to pay for the phase 2b portion of the Upper Llagas Creek Flood Protection Project. Outstanding reimbursement claims to date total \$5.9 million.
- Morris, et al. v. Betty Anne Gardens, et al.

This matter involves a flooding event that occurred along Upper Penitencia Creek on February 13, 2025, that lasted several hours and inundated numerous residential units and common areas in the Betty Anne Gardens affordable housing community. On October 15, 2025, Plaintiffs consisting of nine Betty Anne Gardens tenants affected by the flooding filed a complaint for damages in the Santa Clara County Superior Court,

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Notes to Basic Financial Statements
For the Year Ended June 30, 2025

listing Valley Water as one of seven named defendants, and alleging three causes of action against Valley Water: dangerous condition of public property, public nuisance, and inverse condemnation. In addition, First Community Housing and Betty Anne Gardens, L.P., owners and managers of the affected building, submitted a claim to Valley Water pursuant to the Government Claims Act on August 11, 2025, seeking reimbursement for damages from the flooding. Their claim was subsequently denied by the Board on November 25, 2025. Valley Water believes it has reasonable defenses to Plaintiffs' and claimants' allegations, which it intends to assert. Valley Water cannot predict what effects this lawsuit or claim may have or if such effects would be material.

**Required
Supplementary
Information**

VALLEY WATER

Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Years

June 30, 2025

(Dollars in Thousands)

| | 2016 | 2017 | 2018 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 13,736 | \$ 13,764 | \$ 15,752 | \$ 16,023 |
| Interest on total pension liability | 48,842 | 51,160 | 53,110 | 54,940 |
| Differences between expected and actual experience | (184) | (3,174) | (4,717) | (1,354) |
| Changes in assumptions | (12,080) | — | 44,289 | (8,126) |
| Changes in benefits | — | — | — | — |
| Benefit payments, including refunds of employee contributions | (27,800) | (30,428) | (32,499) | (35,347) |
| Net change in pension liability | 22,514 | 31,322 | 75,935 | 26,136 |
| Total pension liability, beginning | 657,757 | 680,271 | 711,593 | 787,528 |
| Total pension liability, ending (a) | <u>680,271</u> | <u>711,593</u> | <u>787,528</u> | <u>813,664</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | 15,158 | 17,044 | 19,055 | 20,101 |
| Contributions - employee | 6,242 | 6,568 | 6,625 | 7,030 |
| Net investment income | 11,478 | 2,753 | 56,514 | 47,227 |
| Benefits payment | (27,800) | (30,428) | (32,499) | (35,347) |
| Administrative expenses | (567) | (312) | (751) | (868) |
| Other miscellaneous income / (expenses) | — | — | — | (1,649) |
| Net change in fiduciary net position | 4,511 | (4,375) | 48,944 | 36,494 |
| Plan fiduciary net position, beginning | 508,241 | 512,752 | 508,377 | 557,321 |
| Plan fiduciary net position, ending (b) | <u>512,752</u> | <u>508,377</u> | <u>557,321</u> | <u>593,815</u> |
| Net pension liability, ending (a - b) | <u>\$ 167,519</u> | <u>\$ 203,216</u> | <u>\$ 230,207</u> | <u>\$ 219,849</u> |
| Plan fiduciary net position as a percentage of total pension liability | 75.37 % | 71.44% | 70.77% | 72.98% |
| Covered payroll | \$ 78,010 | \$ 79,664 | \$ 84,111 | \$ 88,533 |
| Net pension liability as a percentage of covered payroll | 214.74 % | 255.09% | 273.69% | 248.32% |
| Discount rate | 7.65 % | 7.65% | 7.15% | 7.15% |

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------------|------------|------------|------------|------------|------------|
| | \$ 16,483 | \$ 16,988 | \$ 18,122 | \$ 20,886 | \$ 22,018 | \$ 22,517 |
| | 58,350 | 61,604 | 64,728 | 67,371 | 71,253 | 74,838 |
| | 13,358 | 10,680 | 8,045 | 5,063 | 17,909 | 14,170 |
| | — | — | — | 28,437 | — | — |
| | — | — | — | — | 573 | — |
| | (38,352) | (42,163) | (44,848) | (48,423) | (53,662) | (57,804) |
| | 49,839 | 47,109 | 46,047 | 73,334 | 58,091 | 53,721 |
| | 813,664 | 863,503 | 910,612 | 956,659 | 1,029,993 | 1,088,084 |
| | 863,503 | 910,612 | 956,659 | 1,029,993 | 1,088,084 | 1,141,805 |
| | 26,623 | 29,743 | 33,640 | 37,448 | 39,835 | 41,468 |
| | 7,631 | 7,624 | 8,368 | 8,898 | 9,319 | 9,967 |
| | 39,280 | 31,577 | 149,286 | (60,895) | 46,063 | 75,410 |
| | (38,352) | (42,163) | (44,847) | (48,423) | (53,662) | (57,804) |
| | (424) | (886) | (654) | (499) | (542) | (633) |
| | 1 | — | — | — | — | — |
| | 34,759 | 25,895 | 145,793 | (63,471) | 41,013 | 68,408 |
| | 593,815 | 628,574 | 654,469 | 800,262 | 736,791 | 777,804 |
| | 628,574 | 654,469 | 800,262 | 736,791 | 777,804 | 846,212 |
| | \$ 234,929 | \$ 256,143 | \$ 156,397 | \$ 293,202 | \$ 310,280 | \$ 295,593 |
| | 72.79 % | 71.87% | 83.65% | 71.53% | 71.48% | 74.11% |
| | \$ 92,134 | \$ 97,299 | \$ 106,472 | \$ 115,455 | \$ 124,538 | \$ 128,372 |
| | 254.99 % | 263.25% | 146.89% | 253.95% | 249.14% | 230.26% |
| | 7.15 % | 7.15% | 7.15% | 6.90% | 6.90% | 6.90% |

VALLEY WATER

Schedule of Employer Pension Contributions - Last 10 Years

June 30, 2025

(Dollars in Thousands)

| | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------------|
| Actuarially determined contribution | \$ 16,532 | \$ 18,569 | \$ 19,746 | \$ 22,409 |
| Contributions in relation to the actuarially determined contribution | (16,532) | (18,569) | (19,746) | (25,409) |
| Contribution Deficiency/(Excess) | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (3,000)</u> |
| | | | | |
| Covered payroll(1) | \$ 79,664 | \$ 84,111 | \$ 88,533 | \$ 92,134 |
| Contribution as a percentage of covered payroll | 20.75% | 22.08% | 22.30% | 27.58% |

(1) The covered payroll noted on this page is different from the covered payroll presented on the previous page as the previous page is payroll related to the net pension liability in the applicable measurement period.

The covered payroll for the current year is from the actuarial valuation study using a prior year measurement date, adjusted to the current year using a 2.80% increase.

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| \$ 25,273 | \$ 28,610 | \$ 32,021 | \$ 37,411 | \$ 38,970 | \$ 41,648 |
| (28,273) | (31,610) | (35,021) | (40,411) | (41,970) | (44,648) |
| <u>\$ (3,000)</u> |
| \$ 97,299 | \$ 106,472 | \$ 115,455 | \$ 124,538 | \$ 128,372 | \$ 131,966 |
| 29.06 % | 29.69% | 30.33% | 32.45% | 32.69% | 33.83% |

VALLEY WATER

Schedule of Changes in Net OPEB Liability and Related Ratios - Last 10 Years* June 30, 2025 (Dollars in Thousands)

| | Fiscal Year | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Total OPEB liability | | | | | | | | |
| Service cost | \$2,913 | \$2,914 | \$2,644 | \$2,501 | \$2,287 | \$2,570 | \$2,404 | \$4,257 |
| Interest on total OPEB liability | 12,018 | 12,473 | 12,899 | 12,818 | 13,195 | 13,201 | 13,086 | 14,066 |
| Effect of change in actuarial assumptions/methods | — | — | (5,556) | — | 1,115 | (4,688) | 38,357 | — |
| Effect of plan amendments | — | — | — | — | — | — | 15,451 | — |
| Benefits payment | (8,471) | (8,877) | (10,068) | (10,338) | (10,581) | (11,562) | (13,884) | (13,144) |
| Other liability experience loss / (gain) | — | 54 | (8,018) | 211 | (5,605) | 196 | 5,349 | (633) |
| Net change in OPEB liability | 6,460 | 6,564 | (8,099) | 5,192 | 411 | (283) | 60,763 | 4,546 |
| Total OPEB liability, beginning | 167,805 | 174,265 | 180,829 | 172,730 | 177,922 | 178,333 | 178,050 | 238,813 |
| Total OPEB liability, ending (a) | <u>\$174,265</u> | <u>\$180,829</u> | <u>\$172,730</u> | <u>\$177,922</u> | <u>\$178,333</u> | <u>\$178,050</u> | <u>\$238,813</u> | <u>\$243,359</u> |
| Plan fiduciary net position | | | | | | | | |
| Contributions | \$11,471 | \$11,877 | \$10,068 | \$10,338 | \$10,581 | \$11,562 | \$13,884 | \$13,144 |
| Benefits payment | (8,471) | (8,877) | (10,068) | (10,338) | (10,581) | (11,562) | (13,884) | (13,144) |
| Expected investment income | 6,259 | 7,143 | 7,825 | 8,659 | 23,496 | 11,419 | 9,885 | 8,312 |
| Investment experience (loss)/gain - differences between expected and actual experience | 2,925 | 787 | (1,180) | (4,622) | 8,960 | (31,551) | (1,517) | 6,903 |
| Administrative expense | (45) | (52) | (53) | (57) | (66) | (73) | (65) | (70) |
| Net change in fiduciary net position | 12,139 | 10,878 | 6,592 | 3,980 | 32,390 | (20,205) | 8,303 | 15,145 |
| Plan fiduciary net position, beginning | 84,501 | 96,640 | 107,518 | 114,110 | 118,090 | 150,480 | 130,275 | 138,578 |
| Plan fiduciary net position, ending (b) | <u>\$96,640</u> | <u>\$107,518</u> | <u>\$114,110</u> | <u>\$118,090</u> | <u>\$150,480</u> | <u>\$130,275</u> | <u>\$138,578</u> | <u>\$153,723</u> |
| Net OPEB liability, ending (a - b) | <u>\$77,625</u> | <u>\$73,311</u> | <u>\$58,620</u> | <u>\$59,832</u> | <u>\$27,853</u> | <u>\$47,775</u> | <u>\$100,235</u> | <u>\$89,636</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 55.46% | 59.46% | 66.07% | 66.37% | 84.38% | 73.17% | 58.03% | 63.17% |
| Covered payroll | 88,533 | 92,134 | 97,299 | 106,472 | 115,455 | 124,538 | 128,372 | 133,026 |
| Net OPEB liability as a percentage of covered payroll | 92.29% | 82.81% | 63.62% | 61.49% | 26.16% | 41.38% | 78.08% | 67.38% |
| Discount rate | 7.28% | 7.28% | 7.59% | 7.59% | 7.59% | 7.59% | 7.59% | 6.00% |

*Fiscal year 2018 was the first year of GASB 75 implementation, therefore only 8 years are shown.

VALLEY WATER

Schedule of Employer Other Post Employment Benefit Contributions - Last 10 Years*
 June 30, 2025
 (Dollars in Thousands)

| | Fiscal Year | | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Actuarially determined contribution | \$ 8,780 | \$ 8,559 | \$ 8,162 | \$ 7,356 | \$ 7,431 | \$ 5,063 | \$ 6,861 | \$ 6,861 |
| Contributions in relation to the actuarially determined contribution | <u>(12,546)</u> | <u>(10,227)</u> | <u>(10,757)</u> | <u>(10,972)</u> | <u>(12,078)</u> | <u>(13,910)</u> | <u>(13,445)</u> | <u>(13,186)</u> |
| Contribution Deficiency / (Excess) | <u><u>\$(3,766)</u></u> | <u><u>\$(1,668)</u></u> | <u><u>\$(2,595)</u></u> | <u><u>\$(3,616)</u></u> | <u><u>\$(4,647)</u></u> | <u><u>\$(8,847)</u></u> | <u><u>\$(6,584)</u></u> | <u><u>\$(6,325)</u></u> |
| | | | | | | | | |
| Covered payroll(1) | \$88,533 | \$92,134 | \$97,299 | \$106,471 | \$115,451 | \$124,538 | \$128,372 | \$131,966 |
| Contribution as a percentage of covered payroll | 14.17 | 11.10 | 11.13 | 10.31 | 10.46 | 11.17 | 10.47 | 9.99 |

(1) The covered payroll noted on this page is different from the covered payroll presented on the previous page as the previous page is payroll related to the net OPEB liability in the applicable measurement period.

The covered payroll for the current year is from the actuarial valuation study using a prior year measurement date, adjusted to the current year using a 2.80% increase.

*Fiscal year 2018 was the first year of GASB 75 implementation, therefore only 8 years are shown.

VALLEY WATER

Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
Budgeted Governmental Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|------------------------------|---|
| | Original Budget | Final Budget | Budgetary Basis Actual | |
| Revenues: | | | | |
| Property taxes | \$12,199 | \$12,199 | \$ 12,921 | \$722 |
| Use of money and property: | | | | |
| Investment income | 146 | 146 | 1,909 | 1,763 |
| Rental | — | — | — | — |
| Reimbursement of capital costs | — | — | — | — |
| Other | 30 | 30 | 520 | 490 |
| Total revenues | 12,375 | 12,375 | 15,350 | 2,975 |
| Expenditures: | | | | |
| Operating budget: | | | | |
| Operations and operating projects | 90,182 | 90,394 | 77,337 | 13,057 |
| Debt service: | | | | |
| Principal repayment | — | — | — | — |
| Interest payments | — | — | — | — |
| Total operating budget | 90,182 | 90,394 | 77,337 | 13,057 |
| Capital budget: | | | | |
| Capital improvement projects | 7,262 | 20,943 | 9,829 | 30,985 |
| Total expenditures | 97,444 | 111,337 | 87,166 | 44,042 |
| Excess (deficiency) of revenues over (under) expenditures | (85,069) | (98,962) | (71,816) | 27,146 |
| Other financing sources (uses): | | | | |
| Intra-district overhead reimbursement | 82,260 | 82,260 | 74,451 | (7,809) |
| Certificate of Participation proceeds | — | — | — | — |
| Transfers in | 3,821 | 8,108 | 7,238 | (870) |
| Transfers out | (1,987) | (1,987) | (1,987) | — |
| Total other financing sources | 84,094 | 88,381 | 79,702 | (8,679) |
| financing sources | | | | |
| Net change in fund balances | \$(975) | \$(10,581) | 7,886 | \$18,467 |
| Reconciliation of GAAP and budgetary basis: | | | | |
| Interest payments not budgeted | | | — | |
| Expenditures of prior year encumbrances recognized on the GAAP basis: | | | | |
| Operations and operating projects | | | (1,537) | |
| Capital improvement projects | | | (1,088) | |
| Debt service | | | | |
| Current year encumbrances recognized on the budgetary basis: | | | | |
| Operations and operating projects | | | 2,007 | |
| Capital improvement projects | | | 5,335 | |
| Debt service | | | — | |
| Fund Balances, beginning of year | | | 30,137 | |
| Fund Balances, end of year | | | \$42,740 | |

| Watershed & Stream Stewardship Fund | | | | Safe, Clean Water & Natural Flood Protection Fund | | | |
|-------------------------------------|-----------------|------------------------|--|---|-------------------|------------------------|--|
| Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) |
| \$124,993 | \$124,993 | \$ 129,840 | \$ 4,847 | \$ 53,532 | \$ 53,532 | \$ 53,227 | \$ (305) |
| 2,264 | 2,264 | 9,178 | 6,914 | 2,639 | 2,639 | 11,854 | 9,215 |
| 1,554 | 1,554 | 2,220 | 666 | — | — | 320 | 320 |
| 11,900 | 11,900 | 7,856 | (4,044) | 30,000 | 30,000 | 2,959 | (27,041) |
| 310 | 310 | 1,667 | 1,357 | — | — | 13 | 13 |
| <u>141,021</u> | <u>141,021</u> | <u>150,761</u> | <u>9,740</u> | <u>86,171</u> | <u>86,171</u> | <u>68,373</u> | <u>(17,798)</u> |
| 93,832 | 92,881 | 82,332 | 10,549 | 24,549 | 26,042 | 22,982 | 3,060 |
| — | — | — | — | 1,455 | 1,455 | 1,455 | — |
| — | — | — | — | 8,812 | 8,812 | 4,483 | 4,329 |
| <u>93,832</u> | <u>92,881</u> | <u>82,332</u> | <u>10,549</u> | <u>34,816</u> | <u>36,309</u> | <u>28,920</u> | <u>7,389</u> |
| 24,109 | 39,253 | 15,043 | 24,210 | 139,008 | 156,898 | 84,238 | 72,660 |
| <u>117,941</u> | <u>132,134</u> | <u>97,375</u> | <u>34,759</u> | <u>173,824</u> | <u>193,207</u> | <u>113,158</u> | <u>80,049</u> |
| 23,080 | 8,887 | 53,386 | 44,499 | (87,653) | (107,036) | (44,785) | 62,251 |
| — | — | — | — | — | — | — | — |
| — | — | — | — | 109,609 | 109,609 | 7,931 | (101,678) |
| 1,251 | 1,251 | 1,087 | (164) | 3,000 | 3,000 | 3,000 | — |
| (7,001) | (8,288) | (7,418) | 870 | (7,991) | (8,419) | (8,419) | — |
| <u>(5,750)</u> | <u>(7,037)</u> | <u>(6,331)</u> | <u>706</u> | <u>104,618</u> | <u>104,190</u> | <u>2,512</u> | <u>(101,678)</u> |
| <u>\$ 17,330</u> | <u>\$ 1,850</u> | 47,055 | <u>\$ 45,205</u> | <u>\$ 16,965</u> | <u>\$ (2,846)</u> | (42,273) | <u>\$ (39,427)</u> |
| | | — | | | | (2,322) | |
| | | (1,850) | | | | (1,780) | |
| | | (1,759) | | | | (8,971) | |
| | | | | | | (37) | |
| | | 2,764 | | | | 1,803 | |
| | | 1,563 | | | | 8,137 | |
| | | — | | | | — | |
| | | 154,091 | | | | 217,504 | |
| | | <u>\$ 201,864</u> | | | | <u>\$ 172,061</u> | |

VALLEY WATER
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Valley Water annually adopts a budget in June to be effective July 1 for the ensuing fiscal year. Annual appropriated budgets are adopted for the general fund, special revenue funds, and all proprietary funds. The COP construction and COP debt service funds are not budgeted.

Legal budgetary (expenditure) control is established at the fund level, further controlled within the fund at the category level. The categories are defined as the operating budget (operations and maintenance, debt service, and operating projects) and the capital budget (capital improvement projects) in the budget and actual budgetary basis schedules. The amounts stated therein as proposed expenditures become appropriations to the various organization units. The Board may amend the budget by motion during the fiscal year. The Chief Executive Officer is authorized to transfer appropriations within budget categories by fund. All unencumbered appropriations for operations and maintenance, operating projects, and debt service lapse at fiscal year-end. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated. Unexpended appropriations for capital projects are carried forward until project completion or termination.

The budget process is based upon accounting for certain transactions on a basis other than the Generally Accepted Accounting Principles (GAAP) basis. The results of operations are presented in the budget and actual schedules in accordance with the budgetary basis to provide a meaningful comparison with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

- Certain accruals (primarily accrued vacation and sick leave pay) are excluded from the budgetary basis because such amounts are budgeted on a cash basis.
- Year-end encumbrances are recognized as expenditures on the budgetary basis, while encumbered amounts are not recognized as expenditures on the GAAP basis until incurred.
- Certain budgeted debt service expenditures in special revenue funds are recorded as operating transfers out on a GAAP basis.
- Inter-fund overhead reimbursement on a budgetary basis is reflected as a reimbursement of expenditures on a GAAP basis.

Reported budget amounts reflect the annual budget as originally adopted and as subsequently amended by the Board. The budget amounts are based on estimates of Valley Water's expenditures/expenses and the proposed means of financing them. The final budget of capital improvement projects includes budget adjustments related to capital projects' period year balance forward. Actual expenditures for capital items, as in the case of special revenue funds, may vary significantly from the budgeted amounts due to the timing of such expenditures.

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**Supplemental
Information**

Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Funds

Schedule of Revenues, Expenditures and Change in Fund Balances – Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Funds

Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Fund

VALLEY WATER

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Selected Watershed Activities
Within the Watershed and Stream Stewardship Fund
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Lower Peninsula Watershed | West Valley Watershed |
|--|---------------------------------|-----------------------------|
| Revenues: | | |
| Benefit assessments | \$ 2,704 | \$ 811 |
| Total revenues | 2,704 | 811 |
| Expenditures: | | |
| Debt Service: | | |
| Principal payment | 1,695 | 509 |
| Interest payments | 579 | 174 |
| Total Debt Service | 2,274 | 683 |
| Total expenditures | 2,274 | 683 |
| Excess (deficiency) of revenues over (under) expenditures | 430 | 128 |
| Other financing sources (uses): | | |
| Transfers in (Note 14) | — | (128) |
| Transfers out (Note 14) | (430) | |
| Total other financing sources (uses) | (430) | (128) |
| Net change in fund balances | — | — |
| Fund balances, beginning of year | — | — |
| Fund balances, end of year | \$ — | \$ — |

| <u>Guadalupe Watershed</u> | <u>Coyote Watershed</u> | <u>Total</u> |
|--------------------------------|-----------------------------|--------------|
| \$ 902 | \$ 2,432 | \$ 6,849 |
| 902 | 2,432 | 6,849 |
| 565 | 1,526 | 4,295 |
| 193 | 521 | 1,467 |
| 758 | 2,047 | 5,762 |
| 758 | 2,047 | 5,762 |
| 144 | 385 | 1,087 |
| (144) | (385) | (657) |
| | | (430) |
| (144) | (385) | (1,087) |
| — | — | — |
| — | — | — |
| \$ — | \$ — | \$ — |

VALLEY WATER

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Selected Watershed Activities
Within the Watershed and Stream Stewardship Fund
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Lower Peninsula Watershed | | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|-----------------|------------------------------|---|
| | Original Budget | Final Budget | Budgetary Basis Actual | |
| Revenues: | | | | |
| Benefit assessments | \$ 2,768 | \$ 2,768 | \$ 2,704 | \$ (64) |
| Total revenues | <u>2,768</u> | <u>2,768</u> | <u>2,704</u> | <u>(64)</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal repayment | 1,695 | 1,695 | 1,695 | — |
| Interest and fiscal charges | 595 | 595 | 579 | 16 |
| Total expenditures | <u>2,290</u> | <u>2,290</u> | <u>2,274</u> | <u>16</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>478</u> | <u>478</u> | <u>430</u> | <u>(48)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | — | — | — | — |
| Transfers out | (494) | (494) | (430) | 64 |
| Total other financing sources (uses) | <u>(494)</u> | <u>(494)</u> | <u>(430)</u> | <u>64</u> |
| Excess (deficiency) of revenues and other financing sources | | | | |
| Net change in fund balances | <u>\$ (16)</u> | <u>\$ (16)</u> | <u>\$ —</u> | <u>\$ 16</u> |

| West Valley Watershed | | | | Guadalupe Watershed | | | |
|-----------------------|--------------|------------------------|--|---------------------|--------------|------------------------|--|
| Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) |
| \$ 830 | \$ 830 | \$ 811 | \$ (19) | \$ 963 | \$ 963 | \$ 902 | \$ (61) |
| 830 | 830 | 811 | (19) | 963 | 963 | 902 | (61) |
| 509 | 509 | 509 | — | 565 | 565 | 565 | — |
| 178 | 178 | 174 | 4 | 198 | 198 | 193 | 5 |
| 687 | 687 | 683 | 4 | 763 | 763 | 758 | 5 |
| 143 | 143 | 128 | (15) | 200 | 200 | 144 | (56) |
| — | — | (128) | (128) | — | — | (144) | (144) |
| (148) | (148) | — | 148 | (165) | (165) | — | 165 |
| (148) | (148) | (128) | 20 | (165) | (165) | (144) | 21 |
| \$ (5) | \$ (5) | \$ — | \$ 5 | \$ 35 | \$ 35 | \$ — | \$ (35) |

VALLEY WATER

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
Selected Watershed Activities
Within the Watershed and Stream Stewardship Fund
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Coyote Watershed | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|------------------------------|---|
| | Original Budget | Final Budget | Budgetary Basis Actual | |
| Revenues: | | | | |
| Benefit Assessments | \$ 2,492 | \$ 2,492 | \$ 2,432 | \$ (60) |
| Total revenues | <u>2,492</u> | <u>2,492</u> | <u>2,432</u> | <u>(60)</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal repayment | 1,526 | 1,526 | 1,526 | — |
| Interest and fiscal charges | 535 | 535 | 521 | 14 |
| Total expenditures | <u>2,061</u> | <u>2,061</u> | <u>2,047</u> | <u>14</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>431</u> | <u>431</u> | <u>385</u> | <u>(46)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | — | — | (385) | (385) |
| Transfers out | (445) | (445) | — | 445 |
| Total other financing sources (uses) | <u>(445)</u> | <u>(445)</u> | <u>(385)</u> | <u>60</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financial uses | <u>\$ (14)</u> | <u>\$ (14)</u> | <u>\$ —</u> | <u>\$ 14</u> |

Water Enterprise and State Water Project Funds

**Schedules of Revenues, Expenses and Change in Fund Net Position
Budget and Actual**

VALLEY WATER

Schedule of Revenues, Expenses and
Changes in Net Position - Budget and Actual
Water Enterprise and State Water Project Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Water Enterprise Fund | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------|------------------------------|---|
| | Original Budget | Final Budget | Budgetary Basis Actual | |
| Revenues: | | | | |
| Property taxes | \$ 11,163 | \$ 11,163 | \$ 11,679 | \$ 516 |
| Intergovernmental services | 1,688 | 1,688 | 4,885 | 3,197 |
| Ground water production charges | 184,722 | 184,722 | 176,173 | (8,549) |
| Treated water charges | 211,703 | 211,703 | 202,844 | (8,859) |
| Surface and recycled water revenue | 4,040 | 4,040 | 2,955 | (1,085) |
| Investment income | 4,340 | 4,340 | 17,842 | 13,502 |
| Capital reimbursements | 456 | 456 | 3,030 | 2,574 |
| Other | 811 | 811 | 7,755 | 6,944 |
| Total revenues | 418,923 | 418,923 | 427,163 | 8,240 |
| Expenses: | | | | |
| Current: | | | | |
| Operations and operating projects | 236,791 | 251,207 | 231,594 | 19,613 |
| Debt Service: | | | | |
| Principal repayment | 28,575 | 28,575 | 28,475 | 100 |
| Interest and fiscal agent fees | 59,030 | 59,030 | 43,166 | 15,864 |
| Capital outlay: | | | | |
| Capital improvement projects | 325,072 | 357,986 | 268,627 | 89,359 |
| Total expenses | 649,468 | 696,798 | 571,862 | 124,936 |
| Excess (deficiency) of revenues over (under) expenses before transfers | (230,545) | (277,875) | (144,699) | 133,176 |
| Transfers in | 11,428 | 11,428 | 11,428 | — |
| Transfers out | (8,272) | (10,844) | (10,844) | — |
| Excess (deficiency) of revenues and other financing sources over (under) expenses | \$ (227,389) | \$ (277,291) | (144,115) | \$ 133,176 |
| Reconciliation of GAAP and budgetary basis: | | | | |
| Depreciation and amortization expense not budgeted | | | (22,951) | |
| Inventory adjustment not budgeted | | | 17,184 | |
| Capitalized expenditures | | | 302,479 | |
| Capitalized leases | | | 315 | |
| Debt principal and GAAP basis accruals for interest payable | | | 28,430 | |
| GAAP basis expenses and other liabilities | | | (527) | |
| Expenses of prior year encumbrances recognized on the GAAP basis: | | | | |
| Operations and operating projects | | | (6,269) | |
| Capital improvement projects | | | (138,912) | |
| Current year encumbrances recognized on the budgetary basis: | | | | |
| Operations and operating projects | | | 42,601 | |
| Capital improvement projects | | | 90,076 | |
| Net position, beginning of year | | | 1,186,994 | |
| Net position, end of year | | | \$ 1,355,305 | |

| State Water Project Fund | | | | Total | | | |
|--------------------------|-------------------|------------------------|--|---------------------|---------------------|------------------------|--|
| Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) |
| \$ 28,000 | \$ 28,000 | \$ 29,557 | \$ 1,557 | \$ 39,163 | \$ 39,163 | \$ 41,236 | \$ 2,073 |
| — | — | — | — | 1,688 | 1,688 | 4,885 | 3,197 |
| — | — | — | — | 184,722 | 184,722 | 176,173 | (8,549) |
| — | — | — | — | 211,703 | 211,703 | 202,844 | (8,859) |
| — | — | — | — | 4,040 | 4,040 | 2,955 | (1,085) |
| — | — | — | — | 4,340 | 4,340 | 17,842 | 13,502 |
| — | — | — | — | 456 | 456 | 3,030 | 2,574 |
| 1,000 | 1,000 | 9,589 | 8,589 | 1,811 | 1,811 | 17,344 | 15,533 |
| <u>29,000</u> | <u>29,000</u> | <u>39,146</u> | <u>10,146</u> | <u>447,923</u> | <u>447,923</u> | <u>466,309</u> | <u>18,386</u> |
| 31,562 | 31,562 | 31,562 | — | 268,353 | 282,769 | 263,156 | 19,613 |
| — | — | — | — | 28,575 | 28,575 | 28,475 | 100 |
| — | — | — | — | 59,030 | 59,030 | 43,166 | 15,864 |
| — | — | — | — | 325,072 | 357,986 | 268,627 | 89,359 |
| <u>31,562</u> | <u>31,562</u> | <u>31,562</u> | <u>—</u> | <u>681,030</u> | <u>728,360</u> | <u>603,424</u> | <u>124,936</u> |
| (2,562) | (2,562) | 7,584 | 10,146 | (233,107) | (280,437) | (137,115) | 143,322 |
| — | — | — | — | 11,428 | 11,428 | 11,428 | — |
| — | — | — | — | (8,272) | (10,844) | (10,844) | — |
| <u>\$ (2,562)</u> | <u>\$ (2,562)</u> | 7,584 | <u>\$ 10,146</u> | <u>\$ (229,951)</u> | <u>\$ (279,853)</u> | (136,531) | <u>\$ 143,322</u> |
| | | (944) | | | | (23,895) | |
| | | — | | | | 17,184 | |
| | | — | | | | 302,479 | |
| | | — | | | | 315 | |
| | | — | | | | 28,430 | |
| | | — | | | | (527) | |
| | | — | | | | (6,269) | |
| | | — | | | | (138,912) | |
| | | 3,539 | | | | 46,140 | |
| | | — | | | | 90,076 | |
| | | 33,784 | | | | 1,220,778 | |
| | | <u>\$ 43,963</u> | | | | <u>\$ 1,399,268</u> | |

Internal Service Funds

The Internal Service Funds are similar to Enterprise Funds, except that services are rendered to other Valley Water units rather than to the community. This fund type consists of the Equipment Fund, Risk Management Fund, and Information Technology Fund.

Equipment Fund - the fund is used to account for the maintenance and operation of Valley Water's fleet vehicles and heavy construction equipment. Financing is provided through rental charges to operations based upon usage.

Risk Management Fund – the fund is used to account for the monies set aside to pay for all claims, judgment, and premium costs. Financing is provided through premiums charged to operations.

Information Technology Fund – the fund is used to account for the maintenance and replacement of capital related information technology projects for Valley Water. Financing is provided through rental charges to operations based upon usage.

VALLEY WATER

Combining Statement of Net Position
Internal Service Funds
June 30, 2025
(Dollars in Thousands)

| | Equipment | Risk Management | Information Technology | Total |
|---|-----------|-----------------|------------------------|-----------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 8,671 | \$ 22,877 | \$ 19,379 | \$ 50,927 |
| Prepaid assets | — | — | 830 | 830 |
| Deposits and other assets | 79 | — | — | 79 |
| Total current assets | 8,750 | 22,877 | 20,209 | 51,836 |
| Noncurrent assets: | | | | |
| Capital assets | | | | |
| Depreciable assets | 28,125 | 18 | 14,570 | 42,713 |
| Lease assets | — | — | 819 | 819 |
| Accumulated depreciation | (19,416) | (18) | (12,422) | (31,856) |
| Total noncurrent assets | 8,709 | — | 2,967 | 11,676 |
| Total assets | 17,459 | 22,877 | 23,176 | 63,512 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Deferred outflows of resources - pension activities | 709 | 935 | 3,675 | 5,319 |
| Deferred outflows of resources - OPEB | 403 | 531 | 2,088 | 3,022 |
| Total deferred outflows of resources | 1,112 | 1,466 | 5,763 | 8,341 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 271 | 8 | 1,495 | 1,774 |
| Accrued liabilities | 605 | 34 | 870 | 1,509 |
| Deposits payable | 2 | — | 1 | 3 |
| Claims payable | — | 3,118 | — | 3,118 |
| Compensated absence | 104 | 74 | 60 | 238 |
| Lease Liability | — | — | 111 | 111 |
| Total current liabilities | 982 | 3,234 | 2,537 | 6,753 |
| Non current liabilities: | | | | |
| Claims payable | — | 8,358 | — | 8,358 |
| Net Pension liability | 2,369 | 3,126 | 12,288 | 17,783 |
| Other post employment benefits liability | 719 | 948 | 3,726 | 5,393 |
| Compensated absence | 193 | 137 | 113 | 443 |
| Lease Liability | — | — | 234 | 234 |
| Total non current liabilities | 3,281 | 12,569 | 16,361 | 32,211 |
| Total liabilities | 4,263 | 15,803 | 18,898 | 38,964 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources - OPEB | 37 | 49 | 192 | 278 |
| Total deferred inflows of resources | 37 | 49 | 192 | 278 |
| NET POSITION | | | | |
| Net Investment in capital assets | 8,709 | — | 2,622 | 11,331 |
| Unrestricted | 5,562 | 8,491 | 7,227 | 21,280 |
| Total net position | \$ 14,271 | \$ 8,491 | \$ 9,849 | \$ 32,611 |

VALLEY WATER

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2025
(Dollars in Thousands)

| | Equipment | Risk Management | Information Technology | Total |
|---|------------------|--------------------|---------------------------|-----------------|
| Operating revenues: | | | | |
| Vehicle service charges | \$ 6,554 | \$ — | \$ — | \$ 6,554 |
| Computer equipment use charges | — | — | 27,795 | 27,795 |
| Self-insurance service charges | — | 12,505 | — | 12,505 |
| Total operating revenues | <u>6,554</u> | <u>12,505</u> | <u>27,795</u> | <u>46,854</u> |
| Operating expenses: | | | | |
| Administration and general | — | 9,541 | — | 9,541 |
| Equipment maintenance | 5,421 | — | 34,922 | 40,343 |
| Depreciation and amortization | 1,761 | — | 921 | 2,682 |
| Total operating expenses | <u>7,182</u> | <u>9,541</u> | <u>35,843</u> | <u>52,566</u> |
| Operating Income (loss) | <u>(628)</u> | <u>2,964</u> | <u>(8,048)</u> | <u>(5,712)</u> |
| Nonoperating revenues: | | | | |
| Investment income | 469 | 1,095 | 942 | 2,506 |
| Gain on sale of capital assets | 42 | — | 2 | 44 |
| Other | — | 407 | — | 407 |
| Total nonoperating revenues | <u>511</u> | <u>1,502</u> | <u>944</u> | <u>2,957</u> |
| Income (loss) before transfers | <u>(117)</u> | <u>4,466</u> | <u>(7,104)</u> | <u>(2,755)</u> |
| Transfer in | — | — | 7,001 | 7,001 |
| Change in net position | <u>(117)</u> | <u>4,466</u> | <u>(103)</u> | <u>4,246</u> |
| Net position, beginning of year, as previously reported | 14,375 | 4,007 | 9,886 | 28,268 |
| GASB 101 adoption restatement | 13 | 18 | 66 | 97 |
| Net position, beginning of year, as restated | <u>14,388</u> | <u>4,025</u> | <u>9,952</u> | <u>28,365</u> |
| Net position, end of year | <u>\$ 14,271</u> | <u>\$8,491</u> | <u>\$9,849</u> | <u>\$32,611</u> |

VALLEY WATER

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2025 (Dollars in Thousands)

| | Equipment | Risk Management | Information Technology | Total |
|--|-----------------|--------------------|---------------------------|------------------|
| Cash flows from operating activities: | | | | |
| Payment for interfund services provided | \$ 6,554 | \$ 12,505 | \$ 27,795 | \$ 46,854 |
| Payments to suppliers | (2,676) | (6,588) | (23,208) | (32,472) |
| Payments to employees | (1,932) | (2,411) | (10,208) | (14,551) |
| Other receipts | — | 407 | — | 407 |
| Net cash provided by (used for) operating activities | <u>1,946</u> | <u>3,913</u> | <u>(5,621)</u> | <u>238</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (1,905) | — | (899) | (2,804) |
| Transfers in from other funds | — | — | 7,001 | 7,001 |
| Net cash provided by (used for) capital and related financing activities | <u>(1,905)</u> | <u>—</u> | <u>6,102</u> | <u>4,197</u> |
| Cash flows from investing activities: | | | | |
| Interest received on cash & investments | 469 | 1,095 | 942 | 2,506 |
| Net cash provided by (used for) investing activities | <u>469</u> | <u>1,095</u> | <u>942</u> | <u>2,506</u> |
| Net increase/(decrease) in cash & cash equivalents | 510 | 5,008 | 1,423 | 6,941 |
| Cash & cash equivalents, beginning | 8,158 | 17,869 | 17,956 | 43,983 |
| Cash & cash equivalents, ending | <u>\$ 8,668</u> | <u>\$ 22,877</u> | <u>\$ 19,379</u> | <u>\$ 50,924</u> |
| Cash and cash equivalents are reported on the Statement of Net Position as follows: | | | | |
| Cash and investments | 8,671 | 22,877 | 19,379 | 50,927 |
| Cash & cash equivalents, ending | <u>\$ 8,671</u> | <u>\$ 22,877</u> | <u>\$ 19,379</u> | <u>\$ 50,927</u> |
| Reconciliation of net operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (628) | \$ 2,964 | \$ (8,048) | \$ (5,712) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation and amortization | 1,761 | — | 921 | 2,682 |
| Other receipts/(payments) | — | 407 | — | 407 |
| Change in operating assets and liabilities: | | | | |
| (Increase)/decrease in deposits and other assets | 8 | — | (830) | (822) |
| Increase/(decrease) in accounts payable | 213 | 5 | 1,063 | 1,281 |
| Increase/(decrease) in accrued liabilities | 543 | (232) | 410 | 721 |
| Increase/(decrease) in compensated absences | — | 1 | 7 | 8 |
| Increase/(decrease) in claims payable | — | 731 | — | 731 |
| Increase (decrease) in deposits payable | 1 | — | 1 | 2 |
| Increase/(decrease) in pension liability | (146) | (227) | (423) | (796) |
| Increase/(decrease) in other post employment benefits payable | (94) | (135) | (380) | (609) |
| Increase/(decrease) in deferred inflow/outflow of resources | 288 | 399 | 1,312 | 1,999 |
| Increase/(decrease) in lease payable | — | — | 346 | 346 |
| Net cash provided by (used for) operating activities | <u>\$ 1,946</u> | <u>\$ 3,913</u> | <u>\$ (5,621)</u> | <u>\$ 238</u> |
| Noncash investing, capital and financing activity: | | | | |
| (Acquisition)/disposition of capital assets | <u>\$ 45</u> | <u>—</u> | <u>—</u> | <u>\$ 45</u> |

VALLEY WATER

Schedule of Revenues, Expenses and Changes in Fund Net Position
 - Budget and Actual
 Internal Service Funds
 For the Year Ended June 30, 2025
 (Dollars in Thousands)

| | Equipment | | | Variance with Final Budget Positive (Negative) |
|--|-----------|------------|-----------------|---|
| | Original | Final | Budgetary | |
| | Budget | Budget | Basis Actual | |
| Revenues: | | | | |
| Investment income | \$ 83 | \$ 83 | \$ 469 | \$ 386 |
| Vehicle service charge | 6,554 | 6,554 | 6,554 | — |
| Computer equipment use charge | — | — | — | — |
| Self-insurance service charge | — | — | — | — |
| Gain on sale of fixed assets | 21 | 21 | 42 | 21 |
| Other | — | — | — | — |
| Total revenues | 6,658 | 6,658 | 7,065 | 407 |
| Expenses: | | | | |
| Current: | | | | |
| Operations and operating projects | 4,957 | 5,488 | 5,380 | 108 |
| Capital equipment acquisition | 2,006 | 3,144 | 3,176 | (32) |
| Total expenses | 6,963 | 8,632 | 8,556 | 76 |
| Excess (deficiency) of revenues over (under) expenditures before transfers | (305) | (1,974) | (1,491) | 483 |
| Transfers in | — | — | — | — |
| Excess (deficiency) of revenues and other financing resources over (under) expenditures and other financial uses | \$ (305) | \$ (1,974) | (1,491) | \$ 483 |
| Reconciliation of GAAP and budgetary basis: | | | | |
| Depreciation and amortization expense not budgeted | | | (1,761) | |
| Capitalized expenditures | | | 1,947 | |
| GAAP basis: | | | | |
| Operations and operating projects | | | (6) | |
| Capital improvement projects | | | (1,329) | |
| Current year encumbrances recognized on the budgetary basis: | | | | |
| Operations and operating projects | | | 51 | |
| Capital improvement projects | | | 2,472 | |
| Net position, beginning of year | | | 14,375 | |
| Prior period adjustment-GASB 101 adoption | | | 13 | |
| Net position, beginning of year, as restated | | | 14,388 | |
| Net position, end of year | | | \$ 14,271 | |

| Risk Management | | | | Information Technology | | | |
|-----------------|----------------|------------------------|--|------------------------|-------------------|------------------------|--|
| Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) |
| \$ 222 | \$ 222 | \$ 1,095 | \$ 873 | \$ 306 | \$ 306 | \$ 942 | \$ 636 |
| — | — | — | — | — | — | — | — |
| 12,505 | 12,505 | 12,505 | — | 27,795 | 27,795 | 27,795 | — |
| — | — | — | — | — | — | 2 | 2 |
| — | — | 407 | 407 | — | — | — | — |
| <u>12,727</u> | <u>12,727</u> | <u>14,007</u> | <u>1,280</u> | <u>28,101</u> | <u>28,101</u> | <u>28,739</u> | <u>638</u> |
| 11,555 | 12,755 | 9,846 | 2,909 | 30,279 | 30,629 | 31,073 | (444) |
| — | — | — | — | 7,082 | 6,927 | 6,329 | 598 |
| <u>11,555</u> | <u>12,755</u> | <u>9,846</u> | <u>2,909</u> | <u>37,361</u> | <u>37,556</u> | <u>37,402</u> | <u>154</u> |
| 1,172 | (28) | 4,161 | 4,189 | (9,260) | (9,455) | (8,663) | 792 |
| — | — | — | — | 7,001 | 7,001 | 7,001 | — |
| <u>\$ 1,172</u> | <u>\$ (28)</u> | 4,161 | <u>\$ 4,189</u> | <u>\$ (2,259)</u> | <u>\$ (2,454)</u> | (1,662) | <u>\$ 792</u> |
| | | — | | | | (921) | |
| | | — | | | | 1,385 | |
| | | (50) | | | | (2,899) | |
| | | — | | | | (1,177) | |
| | | 355 | | | | 2,702 | |
| | | — | | | | 2,469 | |
| | | <u>4,007</u> | | | | <u>9,886</u> | |
| | | 18 | | | | 66 | |
| | | <u>4,025</u> | | | | <u>9,952</u> | |
| | | <u>\$ 8,491</u> | | | | <u>\$ 9,849</u> | |

VALLEY WATER

Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual (continued)
 Internal Service Funds
 For the Year Ended June 30, 2025
 (Dollars in Thousands)

| | Total | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|------------------------------|---|
| | Original Budget | Final Budget | Budgetary Basis Actual | |
| Revenues: | | | | |
| Investment income | \$ 611 | \$ 611 | \$ 2,506 | \$ 1,895 |
| Vehicle service charges | 6,554 | 6,554 | 6,554 | — |
| Computer equipment use charges | 27,795 | 27,795 | 27,795 | — |
| Self-insurance service charges | 12,505 | 12,505 | 12,505 | — |
| Gain on sale of fixed assets | 21 | 21 | 44 | 23 |
| Other | — | — | 407 | 407 |
| Total revenues | 47,486 | 47,486 | 49,811 | 2,325 |
| Expenditures: | | | | |
| Current: | | | | |
| Operations and operating projects | 47,322 | 48,872 | 46,299 | 2,573 |
| Capital equipment acquisition | 9,132 | 10,071 | 9,505 | 566 |
| Total expenditures | 56,454 | 58,943 | 55,804 | 3,139 |
| Excess (deficiency) of revenues over (under) | | | | |
| expenditures before transfers | (8,968) | (11,457) | (5,993) | 5,464 |
| Transfer in | 7,001 | 7,001 | 7,001 | — |
| Excess (deficiency) of revenues and other financing resources over (under) expenditures and other financial uses | \$ (1,967) | \$ (4,456) | 1,008 | \$ 5,464 |
| Reconciliation of GAAP and budgetary basis: | | | | |
| Depreciation and amortization expense not budgeted | | | (2,682) | |
| Capitalized expenditures | | | 3,332 | |
| Expenditures of prior year encumbrances recognized on the GAAP basis: | | | | |
| Operations and operating projects | | | (2,955) | |
| Capital improvement projects | | | (2,506) | |
| Current year encumbrances recognized on the budgetary basis: | | | | |
| Operations and operating projects | | | 3,108 | |
| Capital improvement projects | | | 4,941 | |
| Net position, beginning of year | | | 28,268 | |
| Prior period adjustment | | | 97 | |
| Net position, beginning of year, as restated | | | 28,365 | |
| Net position, end of year | | | \$ 32,611 | |

Capital Assets Used in the Operation of Governmental Activities

Capital assets consist of land, improvements to land, buildings, equipment, and intangibles that are used in operations and that have initial useful lives extending beyond a single reporting period.

VALLEY WATER

Capital Assets Used in the Operation of Governmental Activities
Schedule by Source
June 30, 2025
(Dollars in Thousands)

Governmental activities capital assets:

| | |
|--|----------------------------|
| Land | \$ 192,769 |
| Buildings | 41,986 |
| Structures and improvements | 1,094,452 |
| Equipment | 62,940 |
| Lease assets | 3,495 |
| Construction in process | 769,069 |
| Intangibles: | |
| Easements | 31,559 |
| Computer Software | 4,263 |
| Total governmental funds capital assets | <u><u>\$ 2,200,533</u></u> |

Investments in governmental activities capital assets by source:

| | |
|--|----------------------------|
| General fund | \$ 93,896 |
| Special revenue funds: | |
| Watershed & Stream Stewardship | 1,291,116 |
| Safe, Clean Water & Natural Flood Protection | 772,807 |
| Internal service funds | 42,714 |
| Total governmental funds capital assets | <u><u>\$ 2,200,533</u></u> |

VALLEY WATER

Capital Assets Used in the Operation of Governmental Activities Schedule By Function and Activity June 30, 2025 (Dollars in Thousands)

| Dept | Function and Activity | Land | Buildings | Structures and Improvements | Equipment | Lease Assets | Construction -in-Progress | Intangibles | | Total |
|---------------|--|------------------|------------------|-----------------------------------|------------------|-----------------|------------------------------|------------------|-----------------|--------------------|
| | | | | | | | | Easements | Software | |
| 100 | CEO Support Operations | | | | | | | | | |
| 102 | Chief Executive Office | \$ — | \$ — | \$ — | \$ 360 | \$ — | \$ — | \$ — | \$ — | \$ 360 |
| 200 | Watershed Operations | | | | | | | | | |
| 210 | Chief Operating Office | — | — | — | 2,798 | — | — | — | — | 2,798 |
| 210 | Watershed Management Division | | | | | | | | | |
| 215 | Watershed Business Management | — | — | — | 84 | — | — | — | — | 84 |
| 250 | Lower Peninsula/West Valley Mgmt. | — | — | — | 167 | — | — | — | — | 167 |
| 270 | Guadalupe Watershed Mgmt. | — | — | — | 318 | — | — | — | — | 318 |
| 310 | Capital Program Services Division | | | | | | | | | |
| 340 | Capital Program Services Departments | — | — | — | 415 | — | — | — | — | 415 |
| 410 | Water Utility Enterprise Operations | | | | | | | | | |
| 410 | Chief Operating Office | — | — | — | 3 | — | — | — | — | 3 |
| 420 | Water Utility Enterprise | — | — | — | 125 | — | — | — | — | 125 |
| 600 | Administration | | | | | | | | | |
| 602 | Chief Administrative Office | — | — | — | 195 | — | — | — | — | 195 |
| 670 | Financial Services Division | | | | | | | | | |
| 610 | Office of Administrative Services | — | — | — | 68 | — | — | — | — | 68 |
| 670 | Business And Finance Program | — | — | — | 1,318 | — | — | — | — | 1,318 |
| 710 | Information Management Division | | | | | | | | | |
| 715 | Information Management Division | — | — | — | 249 | — | — | — | — | 249 |
| 720 | Information Mgmt. Support Department | — | — | — | 12,132 | — | — | — | — | 12,132 |
| 810 | General Services Division | | | | | | | | | |
| 815 | Technical Services Division | — | — | — | — | — | — | — | — | — |
| 820 | Technical Services Support Division | — | — | — | 2,666 | — | — | — | — | 2,666 |
| 765 | Records and Library | — | — | — | 168 | — | — | — | — | 168 |
| 820 | Warehouse Services | — | — | — | 311 | — | — | — | — | 311 |
| 885 | Equipment Management | — | — | — | 26,781 | — | — | — | — | 26,781 |
| 910 | Human Resources Program | | | | | | | | | |
| 660 | Human Resources Program | — | — | — | 53 | — | — | — | — | 53 |
| Other: | | | | | | | | | | |
| | District-wide property | 192,769 | 41,986 | 1,094,452 | 14,729 | 3,495 | 769,069 | 31,559 | 4,263 | 2,152,322 |
| | Total capital assets | \$192,769 | \$ 41,986 | \$ 1,094,452 | \$ 62,940 | \$ 3,495 | \$ 769,069 | \$ 31,559 | \$ 4,263 | \$2,200,533 |

VALLEY WATER

Capital Assets Used in the Operation of Governmental Activities
 Schedule of Changes by Function and Activity
 For the Year Ended June 30, 2025
 (Dollars in Thousands)

| Dept | Function and Activity | Governmental Capital Assets | | | Governmental |
|------------|--|-----------------------------------|------------------|-----------------|------------------------------------|
| | | June 30, 2024 | Additions | Deductions | Capital Assets June 30, 2025 |
| 100 | CEO Support Operations | | | | |
| 102 | Chief Executive Office | \$ 360 | \$ — | \$ — | \$ 360 |
| 200 | Watershed Operations | | | | |
| 202 | Chief Operating Office | 2,779 | 19 | — | 2,798 |
| 210 | Watershed Management Division | | | | |
| 215 | Watershed Business Management | 84 | — | — | 84 |
| 250 | Lower Peninsula/West Valley Mgmt. | 167 | — | — | 167 |
| 270 | Guadalupe Watershed Mgmt. | 318 | — | — | 318 |
| 310 | Capital Program Services Division | | | | |
| 340 | Capital Program Services Departments | 415 | — | — | 415 |
| 410 | Water Utility Enterprise Operations | | | | |
| 410 | Chief Operating Office | 3 | — | — | 3 |
| 420 | Water Utility Enterprise | 125 | — | — | 125 |
| 600 | Administration | | | | |
| 602 | Chief Administrative Office | 214 | — | (19) | 195 |
| 670 | Financial Services Division | | | | |
| 610 | Office of Administrative Services | 68 | — | — | 68 |
| 670 | Business And Finance Program | 1,405 | — | (87) | 1,318 |
| 710 | Information Management Division | | | | |
| 715 | Information Management Division | 249 | — | — | 249 |
| 720 | Information Mgmt. Support Departments | 12,407 | 83 | (358) | 12,132 |
| 810 | General Services Division | | | | |
| 820 | Technical Services Support Division | 2,742 | — | (76) | 2,666 |
| 765 | Records and Library | 168 | — | — | 168 |
| 820 | Warehouse Services | 311 | — | — | 311 |
| 885 | Equipment Management | 24,901 | 2,145 | (265) | 26,781 |
| 910 | Human Resources Program | | | | |
| 660 | Human Resources Program | 53 | — | — | 53 |
| | Other: | | | | |
| | District-wide property | 2,061,464 | 90,878 | (20) | 2,152,322 |
| | | <u>\$ 2,108,233</u> | <u>\$ 93,125</u> | <u>\$ (825)</u> | <u>\$ 2,200,533</u> |

SANTA CLARA VALLEY WATER DISTRICT

Statistical Section

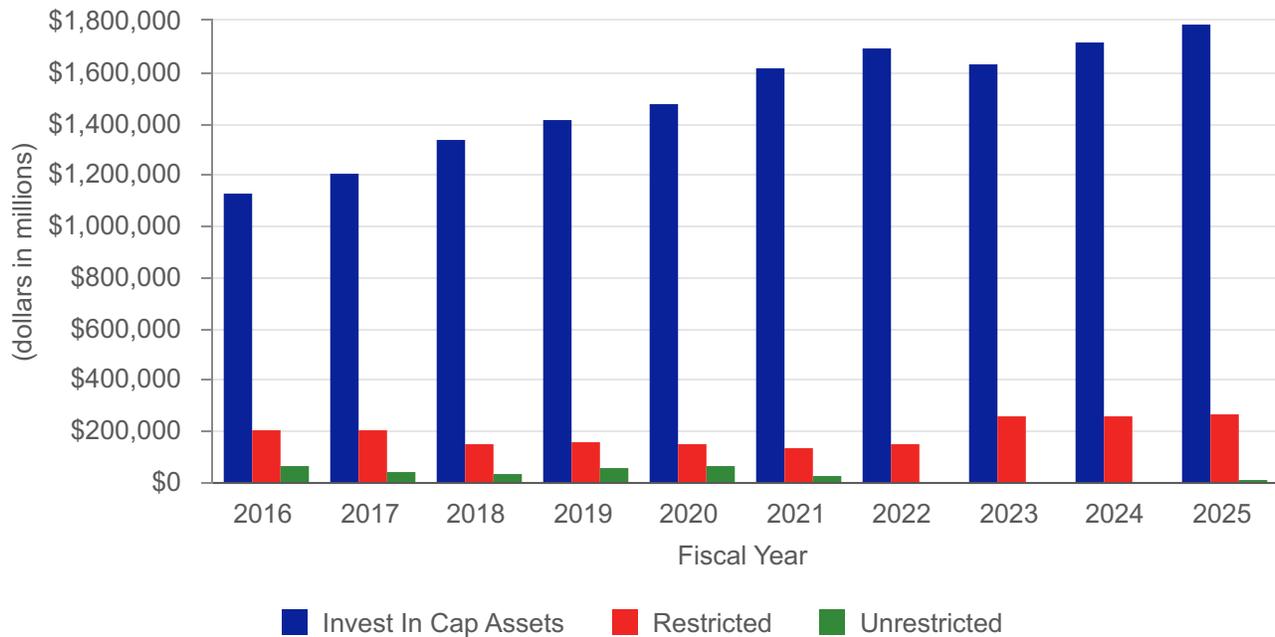
This part of Valley Water's annual comprehensive financial statement report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about Valley Water's overall financial health.

| <u>Contents</u> | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how Valley Water's financial performance and well-being have changed over time. | 166 |
| Revenue Capacity These schedules contain information to help the reader assess Valley Water's most significant local revenue source - water sales. | 174 |
| Debt Capacity These schedules present information to help the reader assess the affordability of Valley Water's current level of outstanding debt and Valley Water's ability to issue additional debt in the future. | 181 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which Valley Water's financial activities take place. | 188 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Valley Water's financial report relates to the services Valley Water provides and the activities it performs. | 190 |

VALLEY WATER
 Net Position by Component
 Government-wide
 Last Ten Fiscal Years
 (Dollars in Thousands)

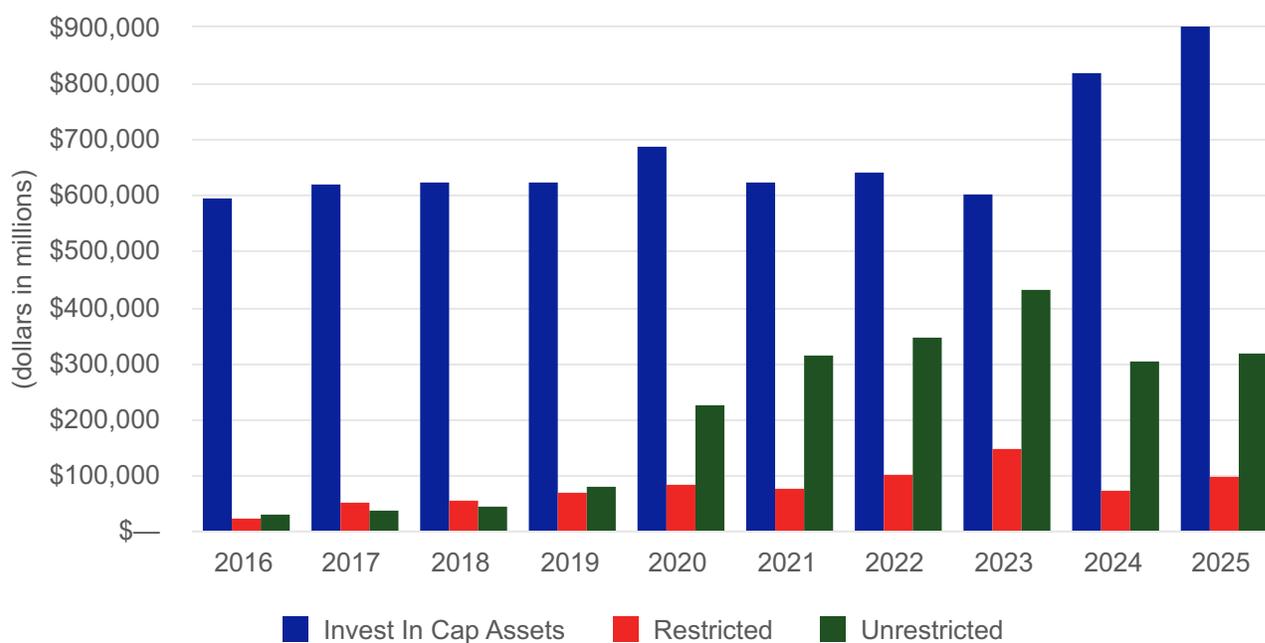
| | 2016 | 2017 | 2018 | 2019 |
|--|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | |
| Net Investment in capital assets | \$ 1,135,593 | \$ 1,213,840 | \$ 1,344,142 | \$ 1,421,616 |
| Restricted | 210,198 | 209,873 | 158,062 | 160,594 |
| Unrestricted | 66,407 | 48,978 | 40,479 | 59,460 |
| Total governmental activities net position | \$ 1,412,198 | \$ 1,472,691 | \$ 1,542,683 | \$ 1,641,670 |
| Business-type activities | | | | |
| Net Investment in capital assets | \$ 598,075 | \$ 623,828 | \$ 626,514 | \$ 625,256 |
| Restricted | 24,552 | 52,118 | 58,679 | 71,527 |
| Unrestricted | 32,191 | 39,895 | 46,102 | 81,811 |
| Total business-type activities net position | \$ 654,818 | \$ 715,841 | \$ 731,295 | \$ 778,594 |
| Primary government | | | | |
| Net Investment in capital assets | \$ 1,733,668 | \$ 1,837,668 | \$ 1,970,656 | \$ 2,046,872 |
| Restricted | 234,750 | 261,991 | 216,741 | 232,121 |
| Unrestricted | 98,598 | 88,873 | 86,581 | 141,271 |
| Total primary government net position | \$ 2,067,016 | \$ 2,188,532 | \$ 2,273,978 | \$ 2,420,264 |

Net Position - Governmental Activities



| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$1,478,400 | \$1,624,900 | \$1,701,199 | \$1,639,659 | \$1,718,899 | \$1,789,493 |
| 153,700 | 136,500 | 154,141 | 262,847 | 263,239 | 269,914 |
| 71,800 | 33,200 | — | — | — | 19,278 |
| <u>\$1,703,900</u> | <u>\$1,794,600</u> | <u>\$1,855,340</u> | <u>\$1,902,506</u> | <u>\$1,982,138</u> | <u>\$2,078,685</u> |
| \$689,200 | \$624,500 | \$642,319 | \$603,803 | \$822,531 | \$960,500 |
| 84,700 | 78,500 | 104,048 | 149,595 | 74,334 | 98,497 |
| 226,100 | 318,200 | 348,911 | 435,068 | 306,620 | 320,986 |
| <u>\$1,000,000</u> | <u>\$1,021,200</u> | <u>\$1,095,278</u> | <u>\$1,188,466</u> | <u>\$1,203,485</u> | <u>\$1,379,983</u> |
| \$2,167,600 | \$2,249,400 | \$2,343,518 | \$2,243,462 | \$2,541,430 | \$2,749,993 |
| 238,400 | 215,000 | 258,189 | 412,442 | 337,573 | 368,411 |
| 297,900 | 351,400 | 348,911 | 435,068 | 306,620 | 340,264 |
| <u>\$2,703,900</u> | <u>\$2,815,800</u> | <u>\$2,950,618</u> | <u>\$3,090,972</u> | <u>\$3,185,623</u> | <u>\$3,458,668</u> |

Net Position - Business-type Activities



VALLEY WATER

Change in Net Position
Government-wide
Last Ten Fiscal Years
(Dollars in Thousands)

| | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government: | \$ 5,940 | \$ 9,339 | \$ 8,407 | \$ 3,246 |
| Watersheds | 57,745 | 69,166 | 85,780 | 99,415 |
| Interest on long-term debt | 5,977 | 4,271 | 3,091 | 3,048 |
| Total governmental activities expenses | <u>69,662</u> | <u>82,776</u> | <u>97,278</u> | <u>105,709</u> |
| Business-type activities: | | | | |
| Water enterprise | 207,282 | 199,631 | 229,373 | 222,050 |
| Total primary government expenses | <u>\$ 276,944</u> | <u>\$ 282,407</u> | <u>\$ 326,651</u> | <u>\$ 327,759</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Capital grants and contributions | \$ 19,426 | \$ 16,608 | \$ 61,190 | \$ 40,271 |
| Business-type activities: | | | | |
| Charges for services | 151,235 | 190,896 | 231,001 | 227,679 |
| Operating grants and contributions | 2,074 | 2,037 | 4,396 | 2,754 |
| Capital grants and contributions | 3,177 | 17,527 | 4,350 | 1,149 |
| Total business-type activities program revenues | <u>156,486</u> | <u>210,460</u> | <u>239,747</u> | <u>231,582</u> |
| Total primary government program revenues | <u>\$ 175,912</u> | <u>\$ 227,068</u> | <u>\$ 300,937</u> | <u>\$ 271,853</u> |
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (50,236) | \$ (66,168) | \$ (36,088) | \$ (65,438) |
| Business-type activities | (50,796) | 10,829 | 10,374 | 9,532 |
| Total primary government net expense | <u>\$ (101,032)</u> | <u>\$ (55,339)</u> | <u>\$ (25,714)</u> | <u>\$ (55,906)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Property taxes | \$ 114,418 | \$ 123,325 | \$ 129,891 | \$ 143,848 |
| Unrestricted investment earnings | 5,004 | 1,186 | 2,477 | 13,634 |
| Miscellaneous | 3,592 | 4,052 | 6,685 | 4,263 |
| Transfers | (19,873) | (1,902) | 8,225 | 2,680 |
| Total governmental activities | <u>\$ 103,141</u> | <u>\$ 126,661</u> | <u>\$ 147,278</u> | <u>\$ 164,425</u> |
| Business-type activities: | | | | |
| Property taxes | 30,535 | 44,786 | 37,417 | 30,468 |
| Unrestricted investment earnings | 2,925 | 979 | 1,267 | 8,074 |
| Lease revenues | — | — | — | — |
| Miscellaneous | 4,892 | 2,527 | 6,428 | 1,905 |
| Transfers | 19,873 | 1,902 | (8,225) | (2,680) |
| Total business-type activities | <u>\$ 58,225</u> | <u>\$ 50,194</u> | <u>\$ 36,887</u> | <u>\$ 37,767</u> |
| Changes in Net Position | | | | |
| Governmental activities | \$ 52,905 | \$ 60,493 | \$ 111,190 | \$ 98,987 |
| Business-type activities | 7,429 | 61,023 | 47,261 | 47,299 |
| Total primary government | <u>\$ 60,334</u> | <u>\$ 121,516</u> | <u>\$ 158,451</u> | <u>\$ 146,286</u> |

Source: Santa Clara Valley Water District, General Accounting Unit

| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| \$ 10,900 | \$ 18,600 | \$ 27,200 | \$ 11,757 | \$ 15,465 | \$ 12,412 |
| 134,100 | 145,300 | 34,800 | 134,027 | 132,333 | 131,760 |
| 2,500 | 2,500 | 1,900 | 4,834 | 3,532 | 3,911 |
| <u>147,500</u> | <u>166,400</u> | <u>63,900</u> | <u>150,618</u> | <u>151,330</u> | <u>148,083</u> |
| 226,900 | 239,300 | 310,000 | 265,150 | 378,494 | 291,123 |
| <u>\$ 374,400</u> | <u>\$ 405,700</u> | <u>\$ 373,900</u> | <u>\$ 415,768</u> | <u>\$ 529,824</u> | <u>\$ 439,206</u> |
| <u>\$ 42,900</u> | <u>\$ 25,900</u> | <u>\$ 29,300</u> | <u>\$ 34,781</u> | <u>\$ 13,355</u> | <u>\$ 17,664</u> |
| 266,900 | 289,700 | 272,400 | 268,101 | 320,638 | 381,972 |
| 3,700 | 4,000 | 5,300 | 5,376 | 5,184 | 4,885 |
| 4,300 | 6,400 | 5,600 | 13,624 | 3,544 | 3,030 |
| <u>274,900</u> | <u>300,100</u> | <u>283,300</u> | <u>287,101</u> | <u>329,366</u> | <u>389,887</u> |
| <u>\$ 317,800</u> | <u>\$ 326,000</u> | <u>\$ 312,600</u> | <u>\$ 321,882</u> | <u>\$ 342,721</u> | <u>\$ 407,551</u> |
| \$ (104,600) | \$ (140,500) | \$ (34,600) | \$ (115,837) | \$ (137,975) | \$ (130,419) |
| 48,000 | 60,800 | (26,700) | 21,951 | (49,128) | 98,764 |
| <u>\$ (56,600)</u> | <u>\$ (79,700)</u> | <u>\$ (61,300)</u> | <u>\$ (93,886)</u> | <u>\$ (187,103)</u> | <u>\$ (31,655)</u> |
| \$ 148,400 | \$ 154,500 | \$ 164,700 | \$ 177,788 | \$ 187,245 | \$ 195,988 |
| 12,900 | — | (10,000) | 1,827 | 21,906 | 25,448 |
| 3,900 | 2,600 | 5,400 | 5,600 | 5,623 | 5,229 |
| 1,600 | 74,100 | (65,900) | (22,212) | 2,833 | (584) |
| <u>\$ 166,800</u> | <u>\$ 231,200</u> | <u>\$ 94,200</u> | <u>\$ 163,003</u> | <u>\$ 217,607</u> | <u>\$ 226,081</u> |
| 30,200 | 30,200 | 39,800 | 39,394 | 39,058 | 41,236 |
| 8,800 | 1,600 | (8,300) | 7,582 | 20,230 | 17,842 |
| — | — | — | 94 | 83 | 51 |
| 2,800 | 2,700 | 3,300 | 1,955 | 7,609 | 17,293 |
| (1,600) | (74,100) | 65,900 | 22,212 | (2,833) | 584 |
| <u>\$ 40,200</u> | <u>\$ (39,600)</u> | <u>\$ 100,700</u> | <u>\$ 71,237</u> | <u>\$ 64,147</u> | <u>\$ 77,006</u> |
| \$ 62,200 | \$ 90,700 | \$ 59,600 | \$ 47,166 | \$ 79,632 | \$ 95,662 |
| 88,200 | 21,200 | 74,000 | 93,188 | 15,019 | 175,770 |
| <u>\$ 150,400</u> | <u>\$ 111,900</u> | <u>\$ 133,600</u> | <u>\$ 140,354</u> | <u>\$ 94,651</u> | <u>\$ 271,432</u> |

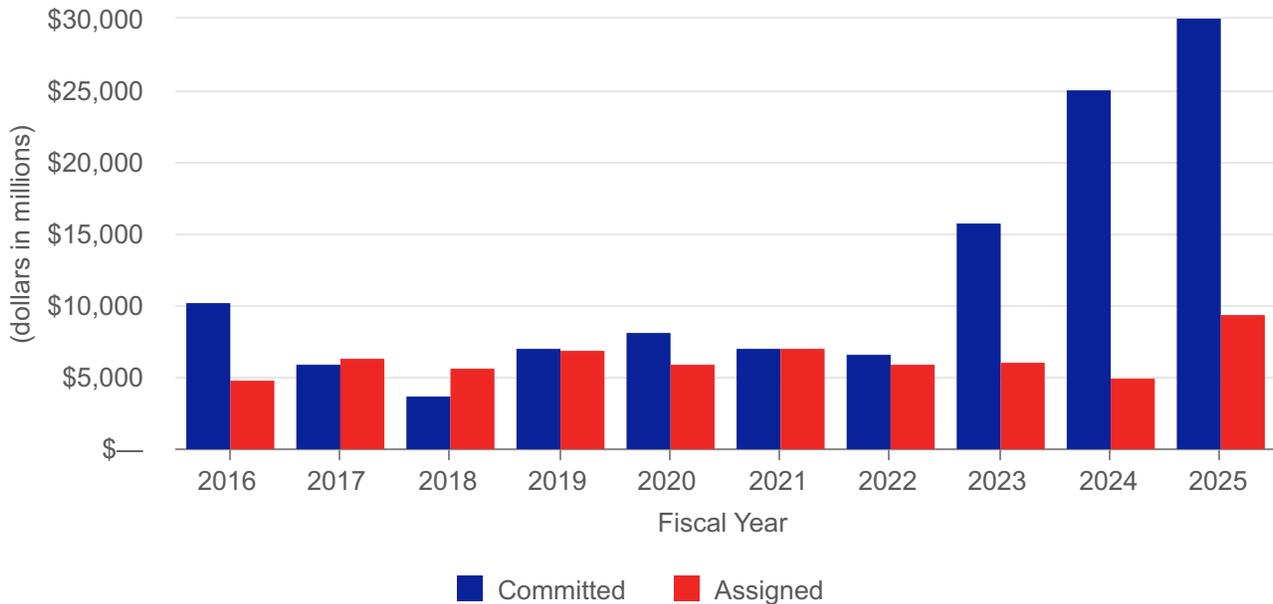
VALLEY WATER

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Dollar in Thousands)

Data incorporating GASB 54 implementation

| | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | |
| Committed | \$ 10,274 | \$ 5,962 | \$ 3,733 | \$ 7,125 |
| Assigned | 4,924 | 6,385 | 5,747 | 7,012 |
| Total general fund | <u>\$ 15,198</u> | <u>\$ 12,347</u> | <u>\$ 9,480</u> | <u>\$ 14,137</u> |
| All other governmental funds | | | | |
| Restricted | \$ 214,078 | \$ 220,115 | \$ 182,319 | \$ 175,894 |
| Committed | 64,851 | 64,898 | 113,673 | 132,208 |
| Assigned | 67,969 | 54,175 | 26,909 | 21,093 |
| Total all other governmental funds | <u>\$ 346,898</u> | <u>\$ 339,188</u> | <u>\$ 322,901</u> | <u>\$ 329,195</u> |

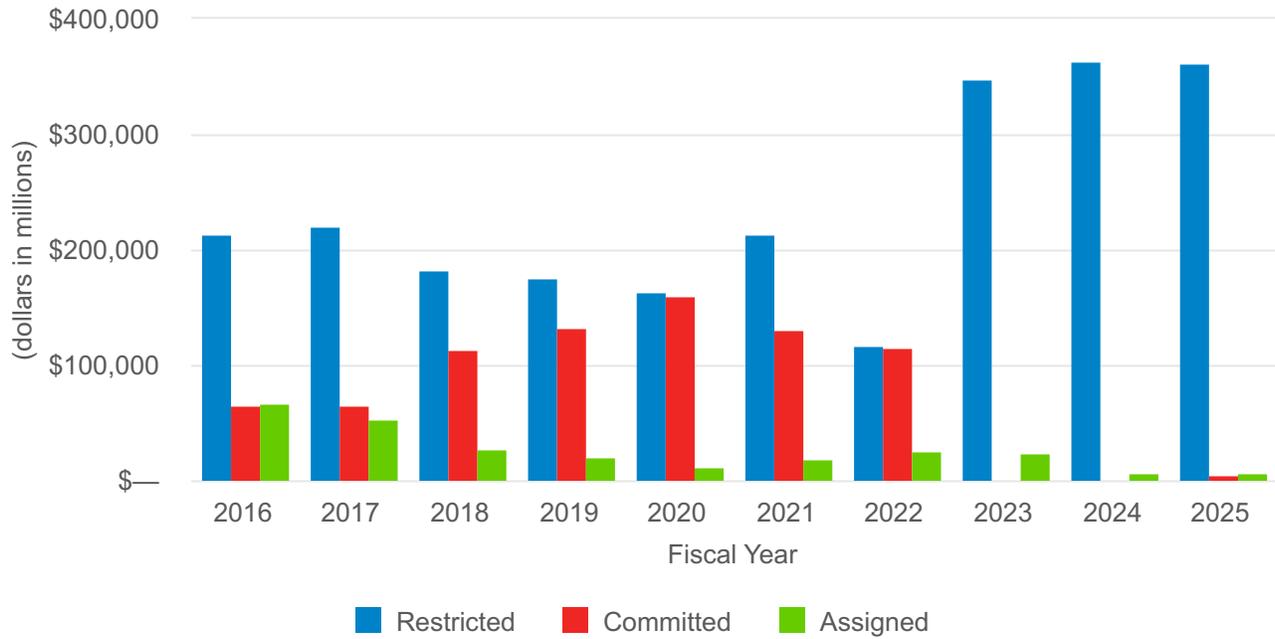
General Fund Fund Balances



Source: Santa Clara Valley Water District, General Accounting Unit

| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 8,200 | \$ 7,100 | \$ 6,700 | \$ 15,848 | \$ 25,202 | \$ 33,353 |
| 6,000 | 7,100 | 6,000 | 6,045 | 4,935 | 9,387 |
| <u>\$ 14,200</u> | <u>\$ 14,200</u> | <u>\$ 12,700</u> | <u>\$ 21,893</u> | <u>\$ 30,137</u> | <u>\$ 42,740</u> |
| | | | | | |
| \$ 163,900 | \$ 214,100 | \$ 117,500 | \$ 347,769 | \$ 364,651 | \$ 362,280 |
| 160,500 | 131,500 | 115,100 | — | — | 4,755 |
| 11,500 | 19,300 | 25,700 | 24,787 | 7,015 | 6,962 |
| <u>\$ 335,900</u> | <u>\$ 364,900</u> | <u>\$ 258,300</u> | <u>\$ 372,556</u> | <u>\$ 371,666</u> | <u>\$ 373,997</u> |

Other Governmental Funds - Fund Balances

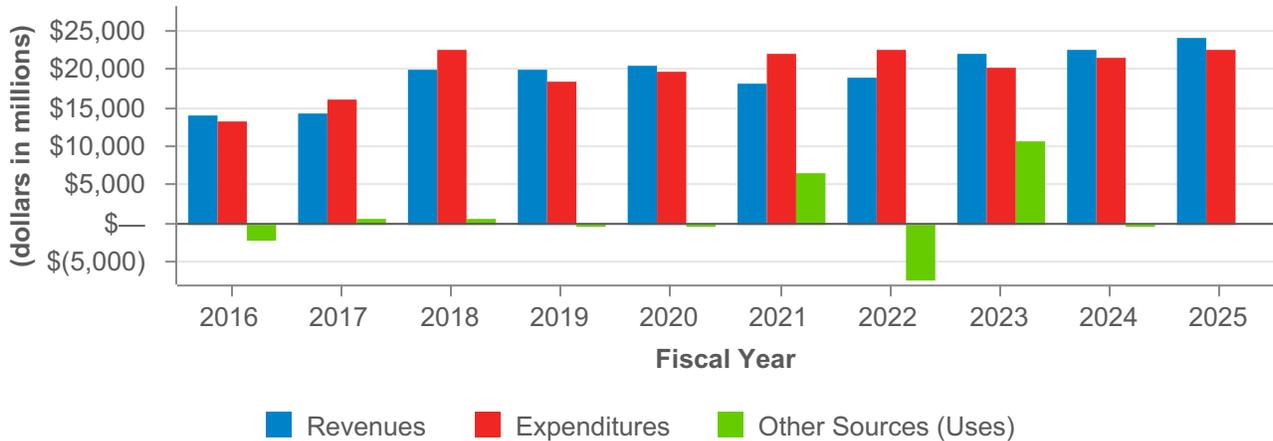


VALLEY WATER

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Dollars in Thousands)

| | 2016 | 2017 | 2018 | 2019 |
|--|--------------------|--------------------|--------------------|------------------|
| Revenues | | | | |
| Property taxes | \$ 114,418 | \$ 123,325 | \$ 129,891 | \$ 143,848 |
| Benefits assessments | 14,683 | 14,790 | 14,774 | 14,746 |
| Use of money & property: | | | | |
| Investment income | 3,747 | 956 | 2,305 | 12,390 |
| Rental | 1,759 | 1,817 | 1,931 | 2,005 |
| Reimbursement of capital costs | 4,743 | 1,818 | 46,416 | 25,525 |
| Other | 1,782 | 1,971 | 4,361 | 2,085 |
| Total Revenues | <u>141,132</u> | <u>144,677</u> | <u>199,678</u> | <u>200,599</u> |
| Expenditures | | | | |
| Operations & operating projects | 57,725 | 67,511 | 70,912 | 68,164 |
| Capital improvement projects | 61,876 | 81,597 | 142,710 | 104,335 |
| Debt Service: | | | | |
| Principal repayment | 7,630 | 8,020 | 8,660 | 8,715 |
| Interest and fiscal charges | 5,084 | 4,743 | 4,418 | 4,711 |
| Total expenditures | <u>132,315</u> | <u>161,871</u> | <u>226,700</u> | <u>185,925</u> |
| Excess of revenues over (under) expenditures | <u>8,817</u> | <u>(17,194)</u> | <u>(27,022)</u> | <u>14,674</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 26,528 | 17,436 | 31,007 | 17,290 |
| Transfers out | (46,403) | (19,338) | (22,939) | (21,123) |
| Proceeds from issuance of debt | — | 68,932 | — | — |
| Payment to refunded bond escrow agent | — | (60,397) | — | — |
| Total other financing sources (uses) | <u>(19,875)</u> | <u>6,633</u> | <u>8,068</u> | <u>(3,833)</u> |
| Net change in fund balances | <u>\$ (11,058)</u> | <u>\$ (10,561)</u> | <u>\$ (18,954)</u> | <u>\$ 10,841</u> |
| Debt service as a percentage of non-capital expenditures | 13.4% | 15.0% | 13.7% | 13.8% |

Changes in Fund Balances



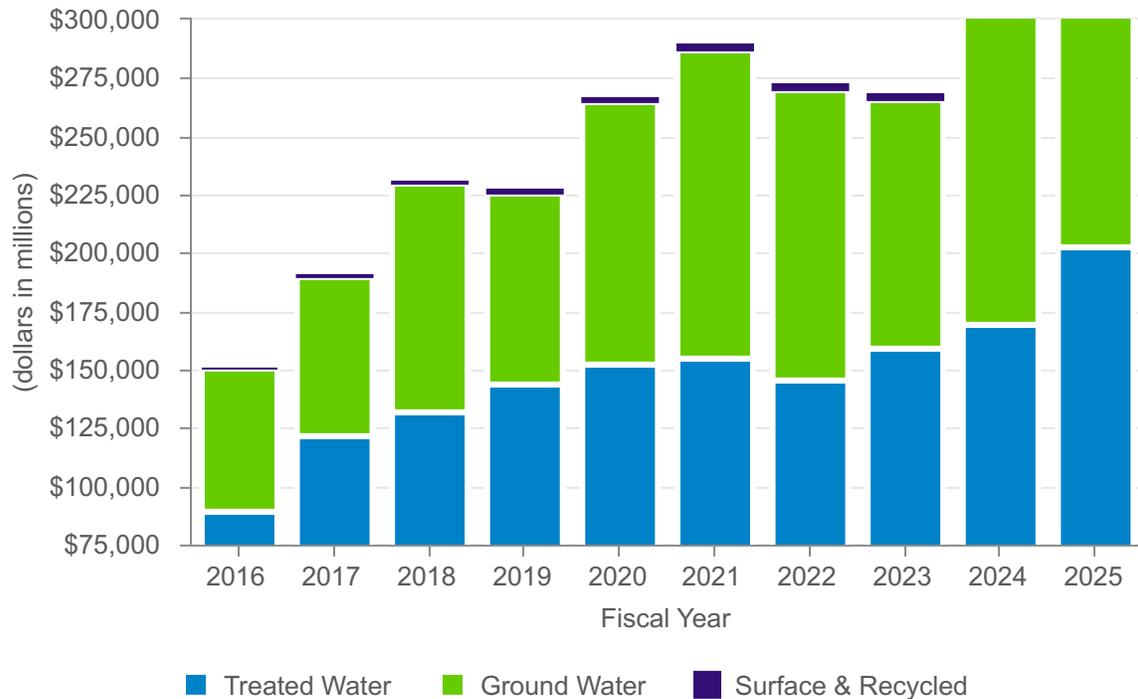
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----|----------------|------------------|---------------------|-------------------|-----------------|------------------|
| \$ | 148,400 | \$ 154,500 | \$ 164,700 | \$ 177,788 | \$ 187,245 | \$ 195,988 |
| | 13,400 | 12,400 | 13,500 | 13,229 | 6,889 | 6,849 |
| | 11,600 | — | (9,100) | 1,964 | 19,864 | 22,942 |
| | 2,100 | 1,800 | 2,300 | 2,077 | 2,034 | 2,540 |
| | 29,500 | 13,500 | 15,800 | 21,552 | 6,466 | 10,815 |
| | 1,700 | 700 | 2,800 | 3,338 | 3,117 | 2,200 |
| | <u>206,700</u> | <u>182,900</u> | <u>190,000</u> | <u>219,948</u> | <u>225,615</u> | <u>241,334</u> |
| | 80,200 | 86,600 | 90,900 | 94,568 | 106,973 | 109,115 |
| | 104,900 | 121,700 | 122,100 | 94,086 | 91,084 | 105,892 |
| | 8,100 | 8,500 | 8,900 | 9,250 | 10,585 | 5,750 |
| | 4,200 | 3,900 | 3,700 | 5,266 | 6,221 | 5,989 |
| | <u>197,400</u> | <u>220,700</u> | <u>225,600</u> | <u>203,170</u> | <u>214,863</u> | <u>226,746</u> |
| | 9,300 | (37,800) | (35,600) | 16,778 | 10,752 | 14,588 |
| | 34,400 | 164,400 | 17,400 | 2,378 | 21,229 | 15,995 |
| | (36,900) | (97,600) | (89,900) | (28,651) | (24,627) | (23,580) |
| | — | — | — | 132,952 | — | 7,931 |
| | — | — | — | — | — | — |
| | <u>(2,500)</u> | <u>66,800</u> | <u>(72,500)</u> | <u>106,679</u> | <u>(3,398)</u> | <u>346</u> |
| \$ | <u>6,800</u> | <u>\$ 29,000</u> | <u>\$ (108,100)</u> | <u>\$ 123,457</u> | <u>\$ 7,354</u> | <u>\$ 14,934</u> |
| | 9.0% | 8.6% | 15.3% | 11.1% | 9.7% | 8.7% |

VALLEY WATER

Water Revenue by Category Last Ten Fiscal Years (Dollars in Thousands)

| Fiscal Year | Ground Water Revenue | Treated Water Revenue | Surface & Recycled Water Revenue | Total Water Revenue |
|----------------|----------------------------|-----------------------------|---|---------------------------|
| 2016 | \$ 61,128 | \$ 89,375 | \$ 732 | \$ 151,235 |
| 2017 | 67,937 | 122,212 | 747 | 190,896 |
| 2018 | 97,483 | 132,477 | 1,041 | 231,001 |
| 2019 | 81,923 | 143,998 | 1,758 | 227,679 |
| 2020 | 112,600 | 152,600 | 1,700 | 266,900 |
| 2021 | 132,100 | 154,900 | 2,700 | 289,700 |
| 2022 | 125,000 | 145,400 | 2,000 | 272,400 |
| 2023 | 106,936 | 159,215 | 1,950 | 268,101 |
| 2024 | 148,744 | 169,633 | 2,261 | 320,638 |
| 2025 | 176,173 | 202,844 | 2,955 | 381,972 |

Water Revenue by Category



Source: Santa Clara Valley Water District, Wells & Water Production Unit

VALLEY WATER

Principal Water Revenue Customers Current year and Nine years ago (Dollars in Thousands)

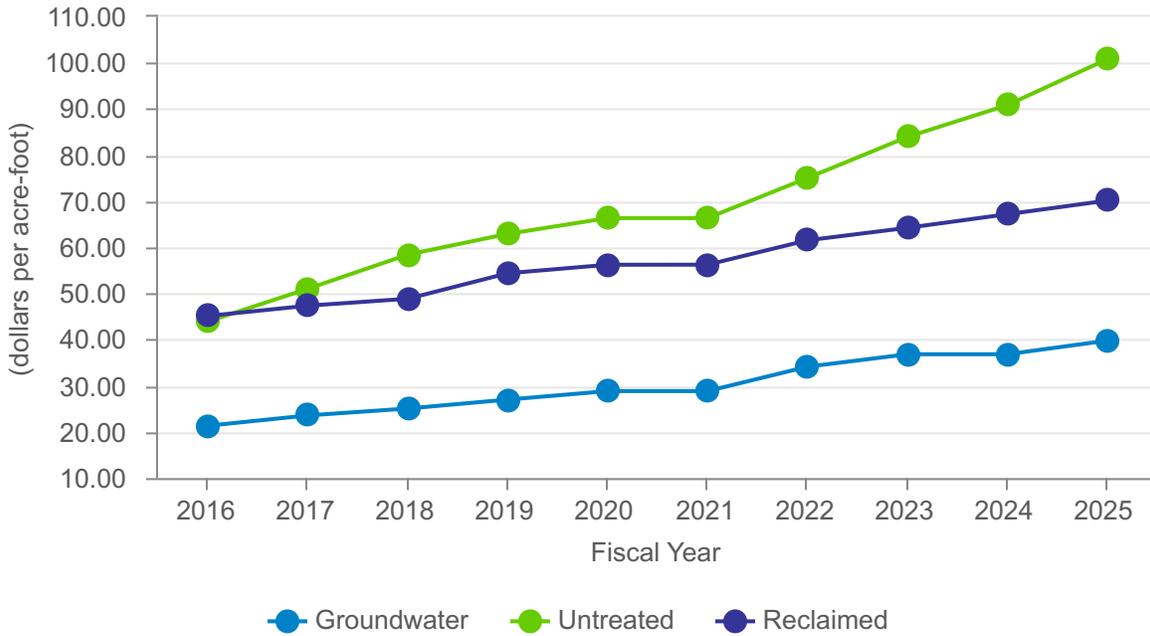
| Water Customer | Fiscal Year 2025 | | | Fiscal Year 2016 | | |
|-----------------------------------|-------------------|------|--------------------------------|-------------------|------|--------------------------------|
| | Water Revenue | Rank | Percent of Total Water Revenue | Water Revenue | Rank | Percent of Total Water Revenue |
| Company | \$ 228,450 | 1 | 59.81% | \$ 87,016 | 1 | 57.54% |
| City of Santa Clara Water | 32,331 | 2 | 8.46% | 13,162 | 2 | 8.70% |
| City of Sunnyvale Service Company | 26,362 | 3 | 6.90% | 10,540 | 3 | 6.97% |
| Company | 18,679 | 4 | 4.89% | 6,657 | 5 | 4.40% |
| City of Milpitas | 15,893 | 5 | 4.16% | 9,249 | 4 | 6.12% |
| City of Cupertino Department | 10,675 | 6 | 2.79% | 5,540 | 6 | 3.66% |
| Morgan Hill City Water | 7,550 | 7 | 1.98% | 3,454 | 7 | 2.28% |
| | 4,962 | 8 | 1.30% | 1,995 | 10 | 1.32% |
| | 4,755 | 9 | 1.24% | 2,370 | 8 | 1.57% |
| | 4,632 | 10 | 1.21% | 2,059 | 9 | 1.36% |
| Total | \$ 354,288 | | 92.74% | \$ 142,042 | | 93.92% |
| Sales | \$ 381,973 | | | \$ 151,235 | | |

Source: Santa Clara Valley Water District, Revenue Management Unit

VALLEY WATER
Water Enterprise Rates Summary
 Last Ten Fiscal Years
 (Rates in Dollars per Acre-foot)

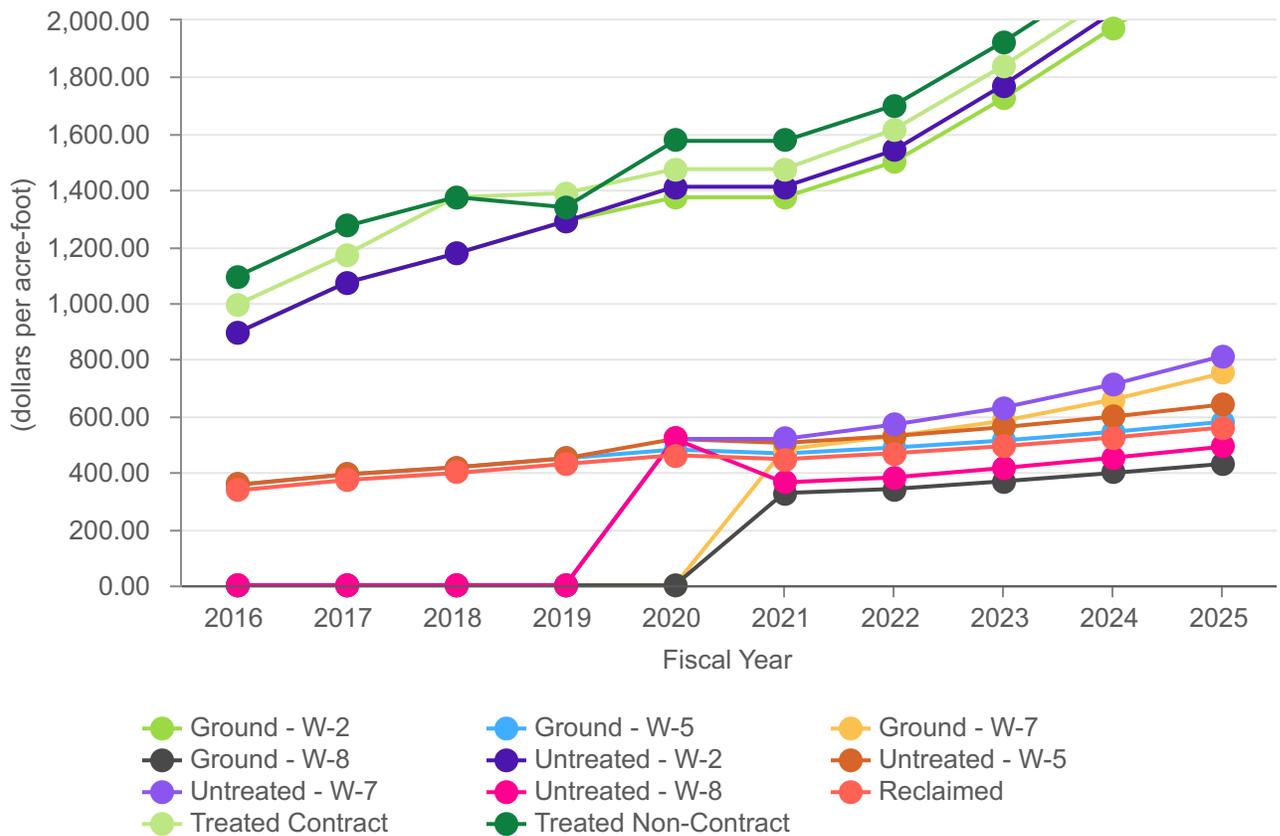
| Fiscal Year | Groundwater Rates | | | | | Treated Water Rates | |
|-------------|-------------------|----------|----------|----------|-----------|---------------------|--------------|
| | Non-AG | | | | AG | Contract | Non Contract |
| | Zone W-2 | Zone W-5 | Zone W-7 | Zone W-8 | All Zones | | |
| 2016 | 894.00 | 356.00 | — | — | 21.36 | 994.00 | 1,094.00 |
| 2017 | 1,072.00 | 393.00 | — | — | 23.59 | 1,172.00 | 1,272.00 |
| 2018 | 1,175.00 | 418.00 | — | — | 25.09 | 1,375.00 | 1,375.00 |
| 2019 | 1,289.00 | 450.00 | — | — | 27.02 | 1,389.00 | 1,339.00 |
| 2020 | 1,374.00 | 481.00 | — | — | 28.86 | 1,474.00 | 1,574.00 |
| 2021 | 1,374.00 | 467.00 | 481.00 | 327.00 | 28.86 | 1,474.00 | 1,574.00 |
| 2022 | 1,499.00 | 488.00 | 528.50 | 341.50 | 34.15 | 1,614.00 | 1,699.00 |
| 2023 | 1,724.00 | 513.00 | 582.50 | 368.50 | 36.85 | 1,839.00 | 1,924.00 |
| 2024 | 1,974.00 | 543.50 | 657.50 | 398.00 | 36.85 | 2,089.00 | 2,174.00 |
| 2025 | 2,229.00 | 579.00 | 750.50 | 430.00 | 39.80 | 2,344.00 | 2,429.00 |

Agricultural Water Rates



| Untreated Water Rates | | | | | Reclaimed Water Rates | |
|-----------------------|----------|----------|----------|----------|-----------------------|--------|
| AG | Non-AG | | | | AG | Non-AG |
| All Zones | Zone W-2 | Zone W-5 | Zone W-7 | Zone W-8 | | |
| 43.96 | 894.00 | 356.00 | — | — | 45.16 | 336.00 |
| 51.05 | 1,072.00 | 393.00 | — | — | 47.38 | 373.00 |
| 58.45 | 1,175.00 | 418.00 | — | — | 48.88 | 398.00 |
| 62.94 | 1,289.00 | 450.00 | — | — | 54.41 | 430.00 |
| 66.36 | 1,411.50 | 518.50 | 518.50 | 518.50 | 56.25 | 461.00 |
| 66.36 | 1,411.50 | 504.50 | 518.50 | 364.50 | 56.26 | 447.00 |
| 75.05 | 1,539.90 | 528.90 | 569.40 | 382.40 | 61.55 | 468.00 |
| 83.95 | 1,771.10 | 560.10 | 629.60 | 415.60 | 64.25 | 493.00 |
| 90.85 | 2,028.00 | 597.50 | 711.50 | 452.00 | 67.20 | 523.50 |
| 100.80 | 2,290.00 | 640.00 | 811.50 | 491.00 | 70.15 | 559.00 |

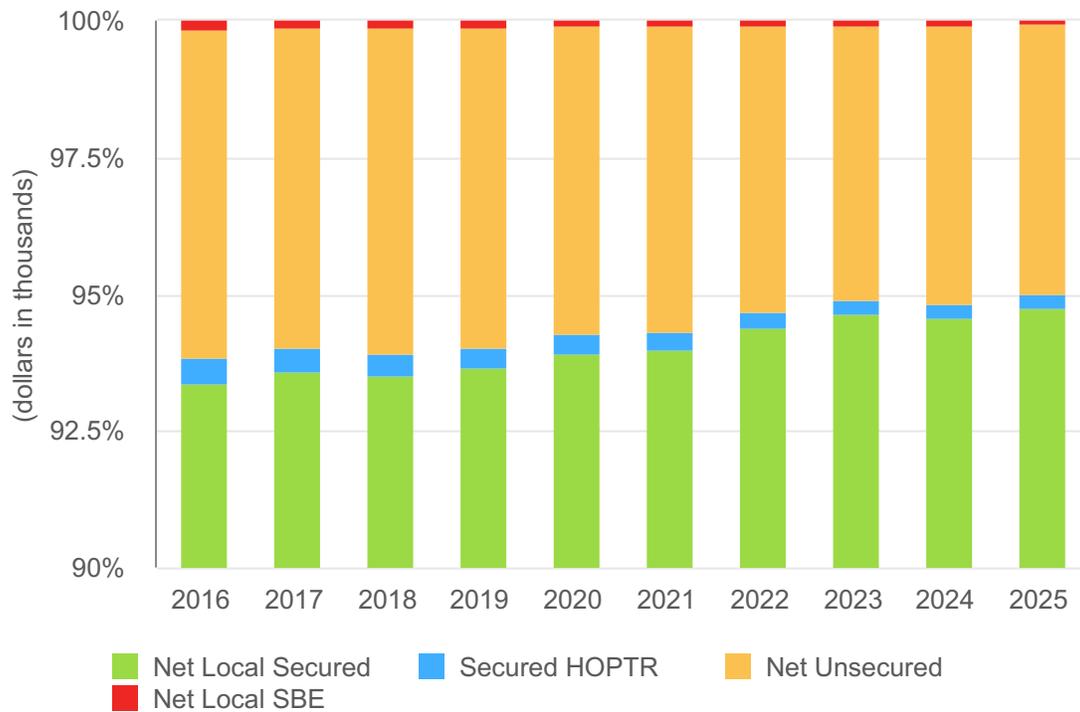
Non Agricultural and Treated Water Rates



VALLEY WATER

Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Dollars in Thousands)

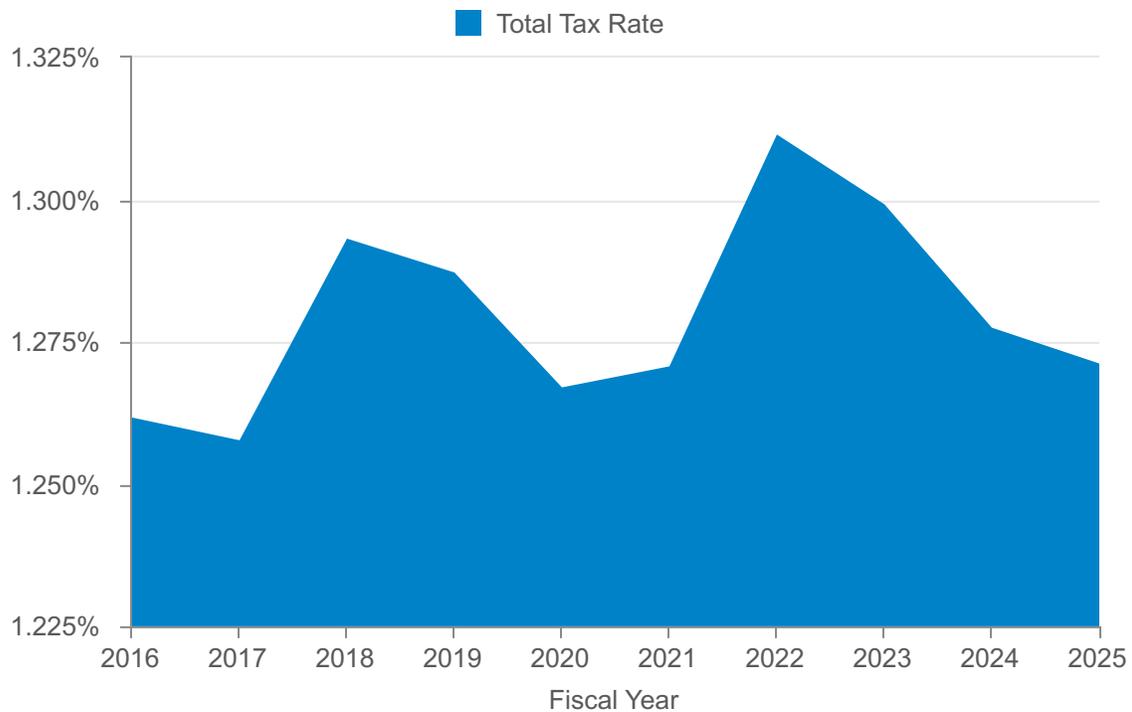
| Fiscal Year | Net Local Secured | SBE | Total Secured | Net Unsecured | Total (a) | Secured HOPTR (b) | Total (c)=(a + b) | Direct Rate (d) | District Direct Tax (c x d) |
|-------------|-------------------|------------|---------------|---------------|----------------|-------------------|-------------------|-----------------|-----------------------------|
| 2016 | \$ 362,318,558 | \$ 594,415 | \$362,912,973 | \$ 23,239,529 | \$ 386,152,502 | \$1,874,832 | \$388,027,334 | 0.0057% | \$22,117.56 |
| 2017 | 392,058,176 | 524,128 | 392,582,304 | 24,439,939 | 417,022,243 | 1,850,004 | 418,872,247 | 0.0086% | 36,023.01 |
| 2018 | 420,616,061 | 476,901 | 421,092,962 | 26,855,499 | 447,948,461 | 1,824,379 | 449,772,840 | 0.0062% | 27,885.92 |
| 2019 | 452,259,125 | 451,125 | 452,710,250 | 28,342,158 | 481,052,408 | 1,808,872 | 482,861,280 | 0.0042% | 20,280.17 |
| 2020 | 484,249,401 | 442,613 | 484,692,014 | 29,026,589 | 513,718,603 | 1,791,435 | 515,510,038 | 0.0041% | 21,135.91 |
| 2021 | 517,837,409 | 462,813 | 518,300,222 | 30,879,670 | 549,179,892 | 1,770,130 | 550,950,022 | 0.0037% | 20,385.15 |
| 2022 | 544,089,744 | 413,735 | 544,503,479 | 30,094,207 | 574,597,686 | 1,721,856 | 576,319,542 | 0.0051% | 29,392.30 |
| 2023 | 585,844,983 | 390,407 | 586,235,390 | 31,113,862 | 617,349,252 | 1,685,399 | 619,034,651 | 0.0044% | 27,237.52 |
| 2024 | 624,298,257 | 376,408 | 624,674,665 | 33,700,065 | 658,374,730 | 1,705,711 | 660,080,441 | 0.0041% | 27,063.30 |
| 2025 | 659,093,407 | 359,038 | 659,452,445 | 34,344,144 | 693,796,589 | 1,691,137 | 695,487,726 | 0.0041% | 28,515.00 |



VALLEY WATER

Property Tax Rates-Direct and Overlapping Governments Last Ten Fiscal Years

| Fiscal Year | Basic County Wide Levy | County | Cities | Santa Clara Valley Water District | Schools and Other Districts | Total Tax Rate |
|-------------|------------------------|---------|---------|-----------------------------------|-----------------------------|----------------|
| 2016 | 1.0000% | 0.0388% | 0.0223% | 0.0057% | 0.1949% | 1.2617% |
| 2017 | 1.0000% | 0.0388% | 0.0207% | 0.0086% | 0.1896% | 1.2577% |
| 2018 | 1.0000% | 0.0597% | 0.0186% | 0.0062% | 0.2087% | 1.2932% |
| 2019 | 1.0000% | 0.0565% | 0.0170% | 0.0042% | 0.2095% | 1.2872% |
| 2020 | 1.0000% | 0.0557% | 0.0226% | 0.0041% | 0.1846% | 1.2670% |
| 2021 | 1.0000% | 0.0457% | 0.0175% | 0.0037% | 0.2038% | 1.2707% |
| 2022 | 1.0000% | 0.0576% | 0.0207% | 0.0051% | 0.2281% | 1.3115% |
| 2023 | 1.0000% | 0.0559% | 0.0191% | 0.0044% | 0.2198% | 1.2992% |
| 2024 | 1.0000% | 0.0538% | 0.0167% | 0.0041% | 0.2029% | 1.2775% |
| 2025 | 1.0000% | 0.0486% | 0.0157% | 0.0041% | 0.2028% | 1.2712% |



Source: County of Santa Clara, Department of Finance (tax rate area 17-026)

VALLEY WATER
Principal Property Tax Payers
Current year and Nine years ago
(Dollars in Thousands)

| Taxpayer | Fiscal Year 2025 ⁽²⁾ | | | Fiscal Year 2016 ⁽²⁾ | | |
|---|---------------------------------------|------|--------------------------------------|---------------------------------------|------|--------------------------------------|
| | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Taxable Assessed Value |
| Google Inc. | \$ 11,711,388 | 1 | 1.68% | \$ 2,245,588 | 2 | 0.58% |
| Leland Stanford Jr, University | 8,869,834 | 2 | 1.28% | 5,616,189 | 1 | 1.45% |
| Campus Holdings Inc. | 4,658,386 | 3 | 0.67% | 1,511,150 | 4 | 0.39% |
| Apple Computer Inc. | 3,368,349 | 4 | 0.48% | | | |
| Sobrato Interests | 2,804,512 | 5 | 0.40% | 1,462,786 | 6 | 0.38% |
| Planetary Ventures LLC | 1,733,770 | 6 | 0.25% | | | |
| Cisco Technology | 1,697,097 | 7 | 0.24% | 1,508,154 | 5 | 0.39% |
| Intel Corporation | 1,641,970 | 8 | 0.24% | 798,776 | 10 | 0.21% |
| Applied Materials Inc, | 1,608,677 | 9 | 0.23% | | | |
| Intuitive Surgical Inc. | 1,505,806 | 10 | 0.22% | | | |
| San Jose Water Works | 1,371,915 | 11 | 0.20% | | | |
| Nvidia Corporation | 1,268,917 | 12 | 0.18% | | | |
| Adobe Inc. | 1,201,882 | 13 | 0.17% | | | |
| Vantage Data Centers | 1,153,403 | 14 | 0.17% | | | |
| Pathline Park I LLC | 1,143,286 | 15 | 0.16% | | | |
| VF Mall LLC | 1,122,396 | 16 | 0.16% | | | |
| Lockheed Missels and Space Co. Inc. | 1,016,898 | 17 | 0.15% | 1,254,108 | 7 | 0.32% |
| LinkedIn Corporation | 1,011,146 | 18 | 0.15% | | | |
| FRIT San Jose Town & Country Village LLC | 865,013 | 19 | 0.12% | | | |
| CW SPE LLC | 827,308 | 20 | 0.12% | | | |
| Essex Portfolio LP | | | | 1,564,052 | 3 | 0.40% |
| The Irvine Company LLC | | | | 1,141,822 | 8 | 0.29% |
| Forty Niners SC Stadium Company LLC | | | | 1,110,428 | 9 | 0.29% |
| Total | \$ 50,581,953 | | 7.27% | \$ 18,213,053 | | 4.70% |
| Net Assessed Value of Taxable Property | \$695,487,726 | | | \$388,027,334 | | |

(1) Includes taxable properties only.

(2) Source: California Municipal Statistics, Inc.

VALLEY WATER
Computation of District Act Debt Margin
June 30, 2025
(Dollars in Thousands)

| | | |
|---|-----------|------------|
| Authorized short-term debt under authority of District Act Section 25.6 | \$ | 8.0 |
| Outstanding short-term debt under Section 25.6, June 30, 2025 | | — |
| District Act Section 25.6 debt margin on short-term debt | <u>\$</u> | <u>8.0</u> |

Note:

The Santa Clara Valley Water District's debt issuance practices are governed by the provisions of California law and Section 25.6 of the special legislation which formed the Santa Clara Valley Water District (the District Act). The District Act sets the limit on short term debt obligations (maturity of less than five years) at \$8,000,000.

Valley Water may also issue short term notes under the tax and revenue anticipation note statute included in the California Government Code (sections 53850-53858). Under the tax and revenue anticipation note statute, Valley Water may issue notes, provided the principal and interest are not to exceed 85% of the uncollected revenues of Valley Water on the date such notes are issued (and subject to certain other limitations including a 15 month maturity provision). Section 53851 provides that the tax and revenue anticipation note statute is separate authority for Valley Water to issue notes and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

Valley Water has elected to issue notes under the tax and revenue anticipation note statute to support the commercial paper program because it allows a larger amount of notes to be issued even though there is a shorter limitation on maturities.

Valley Water is in compliance with its District Act and the debt issuance provisions of California law.

VALLEY WATER

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

(Dollars in Thousands, Except Per Capita)

| Fiscal Year | Governmental Activities | | | | | Business-type Activities | | | |
|-------------|--------------------------|-------------------------------------|--------------|------------------------|-----------------|--------------------------|---|--------------|-----------------|
| | General Obligation Bonds | Bonds /Certificate of Participation | Note Payable | Subscription Liability | Lease Liability | General Obligation Bonds | Revenue Bonds /Certificate of Participation | Note Payable | Lease Liability |
| 2016 | \$ — | \$ 108,393 | | | | \$ — | \$ 440,089 | | \$ — |
| 2017 | — | 105,529 | | | | — | 443,602 | | — |
| 2018 | — | 95,322 | | — | | — | 423,775 | | — |
| 2019 | — | 85,059 | | — | | — | 509,241 | | — |
| 2020 | — | 75,400 | | — | | — | 495,000 | | — |
| 2021 | — | 65,400 | | — | | — | 714,000 | | — |
| 2022 | — | 55,100 | | — | 1,189 | — | 676,200 | | 3,632 |
| 2023 | — | 176,797 | | 2,496 | 797 | — | 1,014,758 | | 2,974 |
| 2024 | — | 163,851 | | 2,054 | 387 | — | 987,487 | | 2,690 |
| 2025 | — | 155,973 | 7,931 | 1,932 | 155 | — | 1,207,634 | 27,747 | 2,404 |

| Total Primary Government | Debt as a Percentage of Personal Income | Debt Per Capita |
|--------------------------------|---|--------------------|
| \$ 548,482 | 0.3163% | \$ 284 |
| 549,131 | 0.2890% | 283 |
| 519,097 | 0.2483% | 267 |
| 594,300 | 0.2622% | 304 |
| 570,400 | 0.2419% | 291 |
| 779,400 | 0.2980% | 403 |
| 736,121 | 0.2725% | 386 |
| 1,197,822 | 0.4390% | 630 |
| 1,156,469 | 0.4196% | 608 |
| 1,403,776 | 0.5043% | 730 |

VALLEY WATER
Revenue Bond Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

| | 2016 | 2017 | 2018 |
|--|------------|------------|------------|
| Adjusted revenues | \$ 182,404 | \$ 207,899 | \$ 254,177 |
| Adjusted operating expenses | 141,367 | 130,278 | 172,427 |
| Net revenue available for debt service (A) | \$ 41,037 | \$ 77,621 | \$ 81,750 |
| Rate stabilization fund transfer (B) | — | — | — |
| Special purpose fund transfer (C) | — | — | — |
| Debt obligation | | | |
| Principal | 3,948 | 3,830 | 2,070 |
| Interest | 6,066 | 4,827 | 1,793 |
| Adjusted net revenue available for debt service (D) | \$ 51,051 | \$ 86,278 | \$ 85,613 |
| Senior obligation debt service requirement (E) | \$ 10,014 | \$ 8,657 | \$ 3,863 |
| <u>Parity obligations</u> | | | |
| Net revenue available for debt service (F = D - E) | \$ 51,051 | \$ 86,278 | \$ 85,613 |
| Debt obligation | | | |
| Principal | — | — | 6,250 |
| Interest | 2,072 | 12,447 | 14,963 |
| Debt service requirement (G) | \$ 2,072 | \$ 12,447 | \$ 21,213 |
| Coverage factor (1.25 required) (F / G) ⁽²⁾ | 14.97 | 5.54 | 3.67 |
| <u>Senior/parity/subordinate obligations</u> | | | |
| Net revenue available for debt service (D) | \$ 41,037 | \$ 77,621 | \$ 81,750 |
| Debt obligation - senior and parity | | | |
| Senior | 10,014 | 8,657 | 3,863 |
| Parity | 2,072 | 12,447 | 21,213 |
| subordinate | 185 | — | 358 |
| Debt service requirement (H) | \$ 12,271 | \$ 21,104 | \$ 25,434 |
| Coverage factor (1.10 required) (A / H) ⁽³⁾ | 3.34 | 3.68 | 3.21 |

Source: Santa Clara Valley Water District General Accounting Unit

In July 1994, the District refunded its outstanding water revenue bonds and restructured its debt covenants under a Senior Master Resolution (94-58, as amended by 06-80) governing the issuance of all Water Utility System Senior debt obligations, including the method of calculating Senior Debt Service coverage ratio.

In February 2016, the District Board adopted the Water Utility Parity System Master Resolution (16-10) governing issuance of all Water Utility System Parity debt obligations, calculating the method of calculating Parity Debt Service coverage ratio.

Prescribed by the aforementioned Master Resolutions, operating revenues and expenses include adjustments which relate primarily to intergovernmental revenues, depreciation and amortization, other post employment benefits, and compensated absences and claims.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------|------------|------------|------------|------------|------------|------------|
| \$ 242,271 | \$ 284,600 | \$ 302,000 | \$ 292,600 | \$ 314,083 | \$ 350,072 | \$ 421,510 |
| 148,101 | 146,600 | 170,400 | 224,300 | 200,078 | 228,072 | 189,444 |
| \$ 94,170 | \$ 138,000 | \$ 131,600 | \$ 68,300 | \$ 114,005 | \$ 122,000 | \$ 232,066 |
| — | — | — | 10,000 | 13,003 | 35,000 | 1,412 |
| — | — | — | 8,000 | — | — | — |
| 2,165 | 800 | 900 | — | — | — | — |
| 2,127 | 1,500 | 900 | 400 | — | — | — |
| \$ 98,462 | \$ 140,300 | \$ 133,400 | \$ 86,700 | \$ 127,008 | \$ 157,000 | \$ 233,478 |
| \$ 4,292 | \$ 2,300 | \$ 1,800 | \$ 400 | \$ — | \$ — | \$ — |
| \$ 98,462 | \$ 140,300 | \$ 133,400 | \$ 86,700 | \$ 127,008 | \$ 157,000 | \$ 233,478 |
| 8,625 | 12,300 | 13,300 | 18,800 | 19,415 | 22,705 | 28,475 |
| 15,125 | 18,600 | 22,800 | 25,000 | 27,411 | 31,917 | 41,504 |
| \$ 23,750 | \$ 30,900 | \$ 36,100 | \$ 43,800 | \$ 46,826 | \$ 54,622 | \$ 69,979 |
| 3.78 | 4.39 | 3.60 | 1.96 | 2.71 | 2.87 | 3.34 |
| \$ 94,170 | \$ 138,000 | \$ 131,600 | \$ 86,300 | \$ 127,008 | \$ 157,000 | \$ 233,478 |
| 4,292 | 2,300 | 1,800 | 400 | — | — | — |
| 23,750 | 30,900 | 36,100 | 43,800 | 46,826 | 54,622 | 69,979 |
| 1,699 | 300 | 100 | — | 2,249 | 2,597 | 2,502 |
| \$ 29,741 | \$ 33,500 | \$ 38,000 | \$ 44,200 | \$ 49,075 | \$ 57,219 | \$ 72,481 |
| 3.17 | 4.12 | 3.46 | 1.95 | 2.59 | 2.74 | 3.22 |

(2) The parity obligation minimum debt service coverage requirement is 1.25, per the Parity Master Resolution (16-10).

(3) The senior/parity/subordinate obligation minimum debt service coverage requirement is 1.10, per the Water Utility Senior Master Resolution (94-58, as amended by 06-80).

As of 6/1/2022, the Water Utility Senior Master Resolution was terminated upon the full redemption of the Water Utility System Refunding Revenue Bonds, Taxable Series 2006B.

VALLEY WATER
Computation of Direct and Overlapping Debt
June 30, 2025

2024-25 Assessed Valuation

\$695,487,725,579

| Direct and Overlapping Tax and Assessment Debt | Total Debt 06/30/2025 | % | District's Share of Debt-06/30/2025 |
|---|--------------------------|-------------------|--|
| Santa Clara County | \$ 1,217,905,000 | 100% | \$ 1,217,905,000 |
| Foothill-DeAnza Community College District | 592,800,578 | 100% | 592,800,578 |
| San Jose-Evergreen Community College District | 940,704,604 | 100% | 940,704,604 |
| West Valley-Mission Community College District | 631,255,000 | 99.133% | 625,782,019 |
| Other Community College Districts | 458,715,111 | 0.048-73.09 3% | 167,803,674 |
| Gilroy Unified School District | 331,587,495 | 100% | 331,587,495 |
| Palo Alto Unified School District | 384,840,483 | 100% | 384,840,483 |
| San Jose Unified School District | 412,539,025 | 100% | 412,539,025 |
| Santa Clara Unified School District | 958,135,000 | 100% | 958,135,000 |
| Other Unified School Districts | 512,508,238 | 1.020-100% | 455,363,879 |
| Campbell Union High School District | 318,105,000 | 100% | 318,105,000 |
| East Side Union High School District | 740,598,774 | 100% | 740,598,774 |
| Fremont Union High School District | 717,450,088 | 100% | 717,450,088 |
| Other High School Districts | 413,533,756 | 0.506-100% | 314,536,236 |
| Campbell School District | 240,714,324 | 100% | 240,714,324 |
| Cupertino Union School District | 294,953,303 | 100% | 294,953,303 |
| Evergreen School District | 115,500,973 | 100% | 115,500,973 |
| Franklin McKinley School District | 186,810,017 | 100% | 186,810,017 |
| Los Altos School District | 128,450,000 | 100% | 128,450,000 |
| Los Gatos Union School District | 116,965,000 | 100% | 116,965,000 |
| Moreland School District | 134,544,320 | 100% | 134,544,320 |
| Oak Grove School District | 263,089,595 | 100% | 263,089,595 |
| Sunnyvale School District | 363,305,820 | 100% | 363,305,820 |
| Other School Districts | 1,126,385,685 | 4.192-100% | 1,116,802,259 |
| City of Campbell | 40,355,000 | 100% | 40,355,000 |
| City of Gilroy | 21,347,138 | 100% | 21,347,138 |
| City of Palo Alto | 44,715,000 | 100% | 44,715,000 |
| City of San Jose | 497,265,000 | 100% | 497,265,000 |
| City of Saratoga | 5,145,000 | 100% | 5,145,000 |
| Saratoga Fire Protection District | 1,440,330 | 100% | 1,440,330 |
| El Camino Hospital District | 98,789,066 | 100% | 98,789,066 |
| City Community Facilities Districts | 25,192,700 | 100% | 25,192,700 |
| City 1915 Act Bonds (Estimated) | 13,543,000 | 100% | 13,543,000 |
| Midpeninsula Regional Open Space District | 114,920,000 | 67.721% | 77,824,973 |
| Santa Clara Valley Water District Benefit Assessment District | 155,973,000 | 100% | 155,973,000 |
| Total Direct and Overlapping Tax and Assessment Debt | | | <u>\$ 12,120,877,673</u> |

Ratios to the 2024-25 Assessed Valuation

Direct Debt 0.022%

Total Direct and Overlapping Tax and Assessment Debt 1.74%

Source: California Municipal Statistics, Inc.

VALLEY WATER

Computation of Direct and Overlapping Debt (Continued)

June 30, 2025

| Overlapping General Fund Debt | Total Debt 06/30/2025 | % Applicable ⁽¹⁾ | District's Share of Debt-06/30/2025 |
|--|--------------------------|--------------------------------|--|
| Santa Clara County General Fund Obligations | \$ 1,002,458,930 | 100% | 1,002,458,930 |
| Santa Clara County Pension Obligation Bonds | 317,654,990 | 100% | 317,654,990 |
| Santa Clara County Office of Education Certificates of Participation | 12,072,417 | 100% | 12,072,417 |
| San Jose-Evergreen Community College District OPEB Obligation | 46,575,000 | 100% | 46,575,000 |
| West Valley-Mission Community College District General Fund Obligations | 2,520,000 | 99.133% | 2,498,152 |
| Gilroy Unified School District Certificates of Participation | 19,470,000 | 100% | 19,470,000 |
| Other Unified School District School General Fund Obligations | 42,804,790 | 1.020-100% | 33,302,710 |
| East Side Union High School District Benefit Obligations | 22,465,000 | 100% | 22,465,000 |
| Other Union High School District General Fund Obligations | 20,475,936 | 0.506-100% | 13,619,868 |
| Other School District General Fund Obligations | 54,566,767 | 100% | 54,566,767 |
| City of Cupertino Certificates of Participation | 11,915,000 | 100% | 11,915,000 |
| City of Gilroy General Fund Obligations | 22,228,928 | 100% | 22,228,928 |
| City of San Jose General Fund Obligations | 607,010,000 | 100% | 607,010,000 |
| City of Santa Clara General Fund Obligations | 7,970,000 | 100% | 7,970,000 |
| City of Sunnyvale General Fund Obligations | 126,165,000 | 100% | 126,165,000 |
| Other City General Fund Obligations | 172,953,509 | 100% | 172,953,509 |
| Midpeninsula Regional Park District General Fund Obligations | 74,065,600 | 67.721% | 50,157,965 |
| Santa Clara County Central Fire Protection District General Fund Obligations | 26,475,000 | 100% | 26,475,000 |
| Total Gross Overlapping General Fund Debt | | | 2,549,559,236 |
| Less: Santa Clara County supported general fund obligations | | | 2,420,000 |
| Total Net Overlapping General Fund Debt | | | 2,547,139,236 |
| | | | |
| Overlapping Tax Increment Debt | \$ 1,188,760,000 | 100% | 1,188,760,000 |
| | | | |
| Total Direct Debt | | | 155,973,000 |
| Total Gross Combined Overlapping Debt | | | 15,703,223,909 |
| Total Net Combined Overlapping Debt | | | 15,700,803,909 |
| | | | |
| Gross Combined Overlapping Debt | | | 15,859,196,909 ⁽¹⁾ |
| Total Net Combined Overlapping Debt | | | 15,856,776,909 |

⁽¹⁾ The percent of overlapping debt applicable to the Water District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the Water District divided by the district's total taxable assessed value.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

| | |
|---|--------|
| Ratios to the 2024-25 Assessed Valuation | Ratio |
| Total Direct Debt | 0.022% |
| Gross Combined Total Debt | 2.28% |
| Net Combined Total Debt | 2.28% |
| Ratio to Redevelopment Incremental Valuation (\$79,313,740,351) | |
| Total Overlapping Tax Increment Debt | 1.50% |

Source: California Municipal Statistics, Inc.

VALLEY WATER
Demographic and Economic Statistics
For Santa Clara County
Last Ten Fiscal Years

| Fiscal Year | Population (1) | Total Personal Income (in \$000) (2) | Per Capita Personal Income (in \$000) | Change In Consumer Price Index(3) | School Enrollment (4) | Total Employment (5) | Unemployment Rate (5) |
|-------------|-------------------|---|--|-----------------------------------|--------------------------|-------------------------|-----------------------|
| 2016 | 1,927,888 | \$ 173,428,896 | \$ 89.958 | 2.7% | 274,948 | 996,800 | 4.0% |
| 2017 | 1,938,180 | 190,001,690 | 98.031 | 3.5% | 273,264 | 992,900 | 3.8% |
| 2018 | 1,947,798 | 209,019,944 | 107.311 | 3.9% | 272,132 | 1,035,600 | 2.7% |
| 2019 | 1,954,286 | 226,697,176 | 116.000 | 2.7% | 267,224 | 1,026,700 | 2.6% |
| 2020 | 1,961,969 | 235,835,442 | 120.203 | 1.6% | 263,449 | 926,700 | 10.7% |
| 2021 | 1,934,171 | 261,564,583 | 135.233 | 3.7% | 253,625 | 961,700 | 5.2% |
| 2022 | 1,907,693 | 270,162,197 | 141.617 | 6.8% | 241,326 | 1,034,900 | 2.1% |
| 2023 | 1,902,799 | 272,863,819 | 143.401 | 2.9% | 236,428 | 1,007,700 | 3.6% |
| 2024 | 1,903,198 | 275,592,457 | 144.805 | 3.2% | 234,027 | 983,300 | 4.1% |
| 2025 | 1,922,259 | 278,348,382 | 144.803 | 1.5% | 231,385 | 990,700 | 4.6% |

Source: (1) State of California - Department of Finance, Demographics & Research Unit.

(2) U.S. Department of Commerce - Bureau of Economic Analysis;
actual data available up to 2023; personal income data for 2024 & 2025 are preliminary
and assumes a 1% increase from prior year.

(3) U.S. Department of Labor - Bureau of Labor Statistics - San Francisco Bay Region

(4) State of California - Department of Education and Santa Clara County Office of Education

(5) State of California - Employment Development Department

VALLEY WATER
Principal Employers
Current Year and Nine Years Ago
(unaudited)

| Company or Organization | Fiscal Year 2025 | | | Fiscal Year 2016 | | |
|--|--------------------------|------|---|--------------------------|------|---|
| | Employees ⁽¹⁾ | Rank | Percentage of Total County Employment | Employees ⁽²⁾ | Rank | Percentage of Total County Employment |
| County of Santa Clara | 22,109 | 1 | 2.24% | 16,837 | 3 | 1.69% |
| Apple | 10,936 | 2 | 1.10% | 19,000 | 2 | 1.91% |
| University of California Santa Cruz | 9,554 | 3 | 0.96% | 8,182 | 8 | 0.82% |
| Safeway, Inc. | 7,261 | 4 | 0.74% | | | |
| City of San Jose | 7,000 | 5 | 0.71% | | | |
| Applied Materials Inc. | 6,100 | 6 | 0.62% | | | |
| San Jose State University | 4,026 | 7 | 0.41% | | | |
| Meta Platforms Inc. | 3,966 | 8 | 0.41% | 6,799 | 9 | 0.68% |
| Deloitte | 3,425 | 9 | 0.35% | | | |
| Super Micro Computer Inc. DBA SuperMicro | 3,073 | 10 | 0.31% | | | |
| CBRE | 1,797 | 11 | 0.18% | | | |
| Marvell | 1,630 | 12 | 0.16% | | | |
| Bank of America | 1,613 | 13 | 0.16% | | | |
| Agilent Technologies Inc. | 1,600 | 14 | 0.17% | | | |
| Fortinet Inc. | 1,397 | 15 | 0.14% | | | |
| Maxar Space Systems | 1,000 | 16 | 0.10% | | | |
| The Harker School | 994 | 17 | 0.10% | | | |
| Joseph J. Albanese Inc. | 927 | 18 | 0.09% | | | |
| Redwood Electric Group Inc. | 850 | 19 | 0.09% | | | |
| Proofpoint Inc. | 700 | 20 | 0.07% | | | |
| Google Inc. | | | | 20,000 | 1 | 2.01% |
| Stanford University | | | | 13,500 | 4 | 1.35% |
| Kaiser Permanente | | | | 12,500 | 5 | 1.25% |
| Intel Corp | | | | 10,801 | 6 | 1.08% |
| Stanford Hospitals & Clinics | | | | 10,034 | 7 | 1.01% |
| Oracle Corp. | | | | 6,750 | 10 | 0.68% |
| Total | <u>89,958</u> | | <u>9.11%</u> | <u>124,403</u> | | <u>12.48%</u> |
| Total County Employment⁽³⁾ | <u>990,700</u> | | <u>9.08%</u> | <u>996,800</u> | | <u>12.48%</u> |

Source: (1) Silicon Valley Business Journal, December 2024
(2) County of Santa Clara Adopted Budget FY 2024-25

VALLEY WATER
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Office of the CEO | 10 | 11 | 11 | 17 | 20 | 16 | 18 | 19 | 18 | 17 |
| Office of the District Counsel | 9 | 10 | 10 | 11 | 11 | 13 | 13 | 14 | 12 | 13 |
| Community & Government Relations | 18 | 23 | 27 | 28 | 32 | 41 | 47 | 42 | 41 | 42 |
| County-Wide Watershed Management | 112 | 109 | 109 | 133 | 133 | 145 | 161 | 154 | 161 | 162 |
| Capital Programs | 118 | 112 | 112 | 108 | 111 | 122 | 137 | 143 | 138 | 137 |
| Water Utility Operations | 43 | 43 | 43 | 41 | 41 | 39 | 39 | 37 | 35 | 34 |
| Water Supply | 11 | 11 | 11 | 8 | 8 | 13 | 13 | 13 | 13 | 11 |
| Water Conservation | 10 | 11 | 11 | 12 | 12 | 10 | 10 | 10 | 10 | 9 |
| Surface & Groundwater Management | 36 | 33 | 33 | 35 | 35 | 39 | 38 | 39 | 37 | 36 |
| Water Quality Control Systems | 22 | 28 | 28 | 24 | 24 | 25 | 24 | 26 | 26 | 28 |
| Water Utility Maintenance | 11 | 14 | 14 | 14 | 14 | 15 | 14 | 15 | 14 | 14 |
| Treated Water Operations | 23 | 28 | 28 | 28 | 28 | 28 | 27 | 27 | 27 | 26 |
| Raw Water Operations | 38 | 44 | 44 | 43 | 43 | 48 | 46 | 45 | 47 | 46 |
| Administrative & Business Management | 28 | 37 | 37 | 37 | 40 | 38 | 38 | 39 | 37 | 37 |
| Clerk of the Board | 8 | 11 | 11 | 3 | 5 | 14 | 12 | 16 | 15 | 21 |
| Business Support Services | 12 | 14 | 14 | 10 | 10 | 10 | 9 | 13 | 16 | 15 |
| Library & Records | 16 | 16 | 16 | 20 | 25 | 12 | 12 | 11 | 10 | 9 |
| Budget Office | 6 | 5 | 5 | 6 | 6 | 5 | 5 | 5 | 4 | 4 |
| Accounting | 8 | 7 | 7 | 7 | 10 | 8 | 8 | 8 | 6 | 6 |
| Information & Systems Management | 18 | 17 | 17 | 16 | 16 | 17 | 18 | 18 | 18 | 17 |
| Technical Services | 39 | 36 | 36 | 32 | 32 | 32 | 33 | 34 | 33 | 38 |
| Wells & Water Production | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 2 | 3 |
| Real Estate & Right-of-Way | 18 | 18 | 18 | 15 | 15 | 20 | 21 | 19 | 20 | 19 |
| Equipment Management | 9 | 10 | 10 | 8 | 10 | 8 | 9 | 7 | 11 | 11 |
| Warehouse & Inventory Control | 12 | 12 | 12 | 10 | 10 | 9 | 11 | 11 | 11 | 10 |
| Facilities Maintenance | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Purchasing | 15 | 15 | 15 | 14 | 16 | 16 | 13 | 15 | 14 | 13 |
| Permits | 10 | 10 | 10 | 9 | 12 | 15 | 15 | 13 | 14 | 13 |
| Contracts Administration | 16 | 14 | 14 | 16 | 16 | 16 | 17 | 18 | 18 | 17 |
| Human Resources, Training, Benefits | 5 | 5 | 5 | 5 | 10 | 6 | 6 | 8 | 6 | 5 |
| Health & Safety | 27 | 22 | 22 | 26 | 30 | 28 | 23 | 22 | 27 | 26 |
| | 6 | 10 | 10 | 9 | 9 | 9 | 6 | 8 | 8 | 9 |
| Total | 723 | 744 | 748 | 753 | 792 | 825 | 851 | 858 | 854 | 853 |

Source: Santa Clara Valley Water District, Human Resources & Benefits Unit

VALLEY WATER

Operating Indicators by Function/Program Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| District Well Ordinance Program | | | | | | | | | | |
| New Wells | 424 | 321 | 410 | 325 | 298 | 367 | 344 | 351 | 322 | 320 |
| Destroyed Wells | 1,167 | 945 | 463 | 494 | 387 | 481 | 500 | 336 | 413 | 346 |
| Well Permits | 1,799 | 1,546 | 1,272 | 1,078 | 1,123 | 882 | 1,217 | 901 | 982 | 1,027 |
| Well Inspections | 1,848 | 1,687 | 1,093 | 1,030 | 1,163 | 1,254 | 1,288 | 1,019 | 1,129 | 1,160 |
| Watershed Management | | | | | | | | | | |
| Miles of Vegetation Removed/Managed | 164 | 116 | 168 | 163 | 161 | 134 | 206 | 174 | 164 | 217 |
| Cubic Yards of Sediment Removed | 3,929 | 83,792 | 34,881 | 19,279 | 49,641 | 55,878 | 28,034 | 14,832 | 55,713 | 14,545 |
| Miles of Bank Erosion Protection | 1.2 | 0.5 | 0.5 | 0.2 | 0.3 | 0.3 | 0.9 | 0.8 | 1.4 | 0.4 |
| Laboratory Services Unit | | | | | | | | | | |
| Water Samples Tested (approx.) | 178,934 | 179,252 | 156,347 | 151,118 | 151,500 | 142,328 | 130,994 | 132,510 | 130,810 | 128,831 |
| Water Quality Violations | — | — | — | — | — | — | — | — | — | — |
| Water Measurement Program | | | | | | | | | | |
| Meter Reads/Site Visits | 5,934 | 5,489 | 6,264 | 5,384 | 6,740 | 6,126 | 6,326 | 6,041 | 6,008 | 6,023 |
| Meter Repairs/Preventative Maintenance | 323 | 301 | 307 | 381 | 183 | 115 | 255 | 169 | 192 | 206 |
| Backflow Device Tests | 153 | 149 | 227 | 188 | 217 | 205 | 197 | 203 | 201 | 194 |
| Community Projects Review | | | | | | | | | | |
| Permits Issued | 289 | 228 | 177 | 160 | 137 | 175 | 149 | 150 | 127 | 146 |
| Land Development Review Requests | 45 | 124 | 749 | 938 | 809 | 1,023 | 1,165 | 1,143 | 1,358 | 1,595 |
| Underground Service Alerts | 12,118 | 8,042 | 8,529 | 9,859 | 8,560 | 8,607 | 2,959 | 2,407 | 2,377 | 2,842 |
| Requests for Flood Zone Information | 92 | 26 | 18 | 18 | 11 | 20 | 13 | 14 | 15 | 28 |
| Environmental Impact Reports Reviewed | 32 | 56 | 53 | 83 | 82 | 145 | 242 | 237 | 93 | 91 |
| Water Resource Protec. Ordinance Violation | 220 | 163 | 186 | 208 | 240 | 243 | 157 | 169 | 224 | 207 |
| Human Resources | | | | | | | | | | |
| Permanent Positions Hired | 150 | 112 | 133 | 79 | 162 | 182 | 197 | 152 | 150 | 110 |
| Temporary Workers Employed | 276 | 259 | 122 | 108 | 110 | 115 | 276 | 117 | 120 | 111 |
| Employment Applications Processed | 5,621 | 5,847 | 5,668 | 5,370 | 7,860 | 7,382 | 5,913 | 5,979 | 7,219 | 7,547 |
| Health & Safety | | | | | | | | | | |
| Ergonomic Assessments | 46 | 44 | 47 | 37 | 12 | 36 | 40 | 30 | 36 | 36 |
| Confined Space Assessments | 204 | 120 | 223 | 192 | 205 | 164 | 114 | — | 139 | 161 |
| Employee Safety Committee Meetings | 12 | 12 | 11 | 8 | 6 | 8 | 12 | — | — | 4 |
| Projects Managed by Type: | | | | | | | | | | |
| Capital Projects | 165 | 121 | 130 | 121 | 114 | 122 | 93 | 136 | 142 | 190 |
| Operating Projects | 39 | 23 | 29 | 17 | 16 | 15 | 13 | 14 | 14 | 28 |
| Operations Projects | 409 | 358 | 351 | 335 | 328 | 317 | 216 | 307 | 309 | 374 |

Source: Santa Clara Valley Water District, various government departments

VALLEY WATER
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Water Utility Enterprise | | | | | | | | | | |
| Acres of groundwater recharge ponds | 393 | 393 | 393 | 393 | 393 | 277 | 285 | 285 | 285 | 285 |
| Miles of canals | 17 | 17 | 17 | 17 | 17 | 17 | 47 | 47 | 48 | 48 |
| Miles of pipeline | 144 | 144 | 144 | 144 | 144 | 144 | 142 | 145 | 150 | 150 |
| Miles of tunnels | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of treatment plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Advanced water purification center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of pumping stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Local reservoirs and dams | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Number of treated water reservoirs | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Utility Operations | | | | | | | | | | |
| Process Control Instrumentation | 1,493 | 1,548 | 1,534 | 1,542 | 1,710 | 1,748 | 1,772 | 1,931 | 1,821 | 1,819 |
| Mechanical Drives | 73 | 58 | 61 | 61 | 61 | 52 | 51 | 57 | 57 | 56 |
| Chemical Mixers | 95 | 92 | 88 | 88 | 126 | 124 | 126 | 135 | 134 | 128 |
| Electrical Motors | 455 | 468 | 464 | 468 | 531 | 529 | 531 | 553 | 557 | 556 |
| Power Distribution Equipment | 1,155 | 1,089 | 859 | 870 | 890 | 1,383 | 1,335 | 1,458 | 1,474 | 1,489 |
| Pumps | 518 | 517 | 518 | 517 | 584 | 582 | 591 | 601 | 591 | 603 |
| Utility Vaults & Structures | 1,340 | 1,156 | 1,122 | 1,166 | 1,195 | 1,205 | 1,236 | 1,266 | 1,288 | 1,279 |
| Chemical & Water Storage Tanks | 203 | 168 | 173 | 196 | 202 | 207 | 209 | 208 | 207 | 207 |
| Valves | 1,676 | 1,695 | 1,710 | 1,758 | 1,987 | 1,866 | 1,881 | 2,185 | 2,159 | 2,389 |
| Valve Operators | 782 | 781 | 782 | 789 | 841 | 824 | 825 | 839 | 851 | 875 |
| Generators | 29 | 29 | 27 | 30 | 33 | 33 | 33 | 33 | 37 | 33 |
| Flow Meters | 377 | 399 | 360 | 361 | 395 | 392 | 399 | 1,012 | 1,073 | 1,065 |
| Electric Drives | 162 | 172 | 183 | 191 | 196 | 201 | 196 | 208 | 209 | 244 |
| Blowers & Compressors | 185 | 184 | 181 | 187 | 188 | 187 | 188 | 187 | 186 | 193 |
| Miscellaneous Equipment | 1,350 | 1,356 | 1,322 | 1,327 | 1,345 | 1,362 | 1,360 | 1,591 | 1,494 | 1,564 |
| Watersheds | | | | | | | | | | |
| Miles of creeks and rivers managed for flood control | 700 | 700 | — | — | — | — | — | 183 | 185 | 185 |
| Number of reservoirs | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Total District reservoir capacity (acre-feet) | 169,415 | 169,415 | 169,415 | 169,415 | 169,415 | 166,266 | 166,140 | 166,140 | 166,140 | 166,140 |
| Acres of Wildlife Habitat Restored | 326 | 310 | 364 | 364 | 364 | 493 | 496 | 521 | 521 | 531 |
| Fleet Equipment | | | | | | | | | | |
| Class I Passenger Vehicles | 184 | 179 | 178 | 178 | 175 | 168 | 199 | 201 | 223 | 232 |
| Class II Heavy Duty Trucks | 82 | 90 | 94 | 94 | 97 | 64 | 99 | 106 | 107 | 108 |
| Class III Tractors, Const. Equip., Generators, Forklifts | 26 | 21 | 26 | 26 | 26 | 22 | 26 | 25 | 25 | 28 |
| Class IV Misc. Small Tools & Engines | 506 | 534 | 478 | 415 | 521 | 519 | 581 | 607 | 496 | 522 |

* There are more than 800 miles of creeks in Santa Clara County (SC Co.). SCVWD owns 333 miles of streams in SC Co. Only a portion of these have been modified with flood protection projects. Those are the streams that are maintained by SCVWD.

Source: Santa Clara Valley Water District, various government departments

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Flood Control System Historical Operating Results
Combined Statement of Revenues and Debt Service Coverage
 Last Ten Fiscal Years
 (Dollar in Thousands)

| | 2016 | 2017 | 2018 | 2019 |
|--|------------------|------------------|-------------------|-------------------|
| Flood Control System Revenues: | | | | |
| Benefit assessment, gross ¹ | \$ 14,832 | \$ 14,939 | \$ 14,922 | \$ 14,895 |
| Property tax | 68,005 | 74,806 | 79,538 | 90,727 |
| Investment income | 1,303 | 317 | 729 | 4,916 |
| Rental income | 1,474 | 1,527 | 1,609 | 1,650 |
| Other | 1,210 | 1,870 | 3,999 | 1,746 |
| Total Flood Control System Revenue | \$ 86,824 | \$ 93,459 | \$ 100,797 | \$ 113,934 |
| Debt Service: | | | | |
| 2004A Certificates of participation ^{2/3} | 1,109 | 1,111 | — | — |
| 2007A Certificates of participation ² | 5,757 | 5,760 | — | — |
| 2012A Certificates of participation | 5,294 | 5,297 | 5,295 | 5,295 |
| 2017A Certificates of participation ³ | — | — | 6,866 | 6,868 |
| Total Debt Service | \$ 12,160 | \$ 12,168 | \$ 12,161 | \$ 12,163 |
| Coverage | 7.14 | 7.68 | 8.29 | 9.37 |

¹The benefit assessment presented on the Statement of Revenues, Expenditures and Changes in Fund Balances are net of collection fees. For the purpose of the Flood Control System Debt Service Coverage, collection fees are excluded. Therefore, the benefit assessments presented above have been increased as follows (in thousands):

FY2025 - \$69
 FY2024 - \$70
 FY2023 - \$134
 FY2022 - \$136
 FY2021 - \$125
 FY2020 - \$135
 FY2019 - \$149
 FY2018 - \$148
 FY2017 - \$149
 FY2016 - \$149

In accordance with voter authorizations, benefit assessments are set at 1.25 of gross debt allocable to flood control projects starting during fiscal year 2001.

Source: Santa Clara Valley Water District, General Accounting Unit

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 13,500 | \$ 12,500 | \$ 13,600 | \$ 13,363 | \$ 6,960 | \$ 6,918 |
| | 93,100 | 98,600 | 107,000 | 116,706 | 122,830 | 129,840 |
| | 5,200 | — | 1,400 | 2,330 | 4,198 | 5,916 |
| | 1,700 | 1,500 | 1,900 | 1,744 | 1,690 | 2,220 |
| | 1,600 | 600 | 1,000 | 1,176 | 2,724 | 1,667 |
| <u>\$</u> | <u>115,100</u> | <u>\$ 113,200</u> | <u>\$ 124,900</u> | <u>\$ 135,319</u> | <u>\$ 138,402</u> | <u>\$ 146,561</u> |
| | — | — | — | — | — | — |
| | — | — | — | — | — | — |
| | 5,300 | 5,300 | 5,300 | 5,300 | — | — |
| | 5,800 | 5,800 | 5,800 | 5,786 | 5,793 | 5,757 |
| <u>\$</u> | <u>11,100</u> | <u>\$ 11,100</u> | <u>\$ 11,100</u> | <u>\$ 11,086</u> | <u>\$ 5,793</u> | <u>\$ 5,757</u> |
| | 10.37 | 10.20 | 11.25 | 12.21 | 23.89 | 25.46 |

² The 2004A and 2007A Certificates were refunded by the 2017A Certificates.

³ The 2004A and 2017A debt service payments exclude the portion paid by the District General Fund as this portion of debt service was not payable from benefit assessments (see Flood Control Master Resolution 94-60).

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**Santa Clara Valley Water District
Independent Accountant's Report on Agreed-Upon Procedures
Applied to Article XIII B Annual Appropriations Limit Calculation
*Year Ended June 30, 2025***

**Santa Clara Valley Water District
Article XIII B Annual Appropriations Limit Calculation
Table of Contents**

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| Article XIII B Annual Appropriations Limit Calculation | 3 |
| Notes to Article XIII B Annual Appropriations Limit Calculation | 4 |



Independent Accountant's Report on Agreed-Upon Procedures Applied to Article XIII B Annual Appropriations Limit Calculation

**To the Board of Directors
Santa Clara Valley Water District
San Jose, California**

We have performed the procedures enumerated below to the accompanying Article XIII B Appropriations Limit Calculation of the Santa Clara Valley Water District (the "District") for the year ended June 30, 2025. The District's management is responsible for the Article XIII B Annual Appropriations Limit Calculation.

The District's management and the League of California Cities (as presented in the League's publication entitled *Agreed-Upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*) have agreed to and acknowledged that the procedures are appropriate and were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings were as follows:

1. We obtained the District's calculation of the Article XIII B Annual Appropriations Limit for the year ended June 30, 2025 and compared the limit and annual adjustment factors included in that calculation to the limit and annual adjustment factors that were adopted by the resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned calculation to those that were selected by a recorded vote of the Board of Directors.

Result: No exceptions were noted as a result of performing this procedure. The inflation factor used by the District in the calculation of the Article XIII B Annual Appropriations Limit was the percentage change in California per capita personal income of 3.62 percent and the Santa Clara County (County) population percentage change over the prior year of 0.02 percent.

2. For the accompanying Article XIII B Annual Appropriations Limit Calculation, we added last year's limit to the total adjustments and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population and compared the results with the District's calculation.

Result: No exceptions were noted as a result of performing this procedure.



3. We compared the prior year appropriations limit presented in the accompanying Article XIII B Annual Appropriations Limit Calculation to the prior year appropriations limit adopted by the Board of Directors for the prior year.

Result: No exceptions were noted as a result of performing this procedure.

We were engaged by the District's management to perform this agreed-upon procedure engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Article XIII B Annual Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII B of the California Constitution.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Glendale, California
December 23, 2025

**Santa Clara Valley Water District
Article XIII B Annual Appropriations Limit Calculation
For the year ended June 30, 2025**

Appropriations limit for fiscal year ended June 30, 2024 \$ 195,118,431

Adjustments factors for the fiscal year ended June 30, 2025

| Inflation Factor (Note 3) | Population Factor (Note 4) | Combined Factor | |
|---------------------------------|----------------------------------|--------------------|--------|
| 1.0362 | 1.0002 | 1.0364 | 0.0364 |

Adjustment for inflation and population 7,102,311

Other adjustments -

Total adjustments 7,102,311

Appropriations limit for fiscal year ended June 30, 2025 \$ 202,220,742

*Unaudited; see Independent Accountant's Report on Agreed-Upon Procedures applied to
Article XIII B Annual Appropriations Limit Calculation and Accompanying Notes.*

NOTE 1 PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to an agreed-upon procedures review in connection with the annual audit.

NOTE 2 METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

NOTE 3 INFLATION FACTOR

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentages are supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change in local nonresidential construction. The factor adopted by the District for the fiscal year 2024-2025 represents the annual percentage change in the State of California's per capita personal income.

NOTE 4 POPULATION FACTOR

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the District for the fiscal year 2024-2025 represents the Santa Clara County population percentage change over the prior year.

NOTE 5 OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The District had no such adjustments for the year ended June 30, 2025.



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**Santa Clara Valley Water District
Independent Accountant's Report on Agreed-Upon Procedures
Applied to Treasurer's Reports
*Year Ended June 30, 2025***



Independent Accountant's Report on Agreed-Upon Procedures Applied to Treasurer's Reports

**To the Board of Directors
Santa Clara Valley Water District
San Jose, California**

We have performed the procedures enumerated below to the Santa Clara Valley Water District's (the District) Quarterly Treasurer's Reports for the fiscal year ended June 30, 2025. Management of the District is responsible for the preparation of the Quarterly Treasurer's Reports.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the District's compliance with the provisions of the California Government Code, the District's Board Investment Policy, and the District's Investment Manual Policies and Desk Procedures related to the Quarterly Treasurer's Reports. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings were as follows:

1. We obtained the four (4) Quarterly Treasurer's Reports (quarterly reports) for the year ended June 30, 2025. For each of the 4 quarterly reports, we performed the following:
 - a. Compared the investments reported in the Quarterly Treasurer's Report to the investments authorized under California Government Code Sections 53601 and 53646.
 - b. Compared the investments reported in the Quarterly Treasurer's Report to the investments authorized by the District's Board Investment Policy.
 - c. Compared the investments reported in the Quarterly Treasurer's Report to the investments permitted under the District's Investment Manual Policies and Desk Procedures.

Result

No exceptions were noted as a result of performing these procedures.



We were engaged by the District's management to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the California Government Code and the District's investment policy and guidelines for the year June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Glendale, California
December 23, 2025



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**Santa Clara Valley Water District
Report on Compliance with Terms, Covenants, Provisions or
Conditions, as Described in the Flood Control System Master
Resolution, the Trust Agreements and the Installment Purchase
Agreement Related to the Certificate of Participation
2017 Series A
*Year Ended June 30, 2025***



Independent Auditor's Report

**To the Board of Directors
of the Santa Clara Valley Water District
San Jose, California**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Santa Clara Valley Water District (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 23, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the terms, covenants, provisions or conditions as described in the Flood Control System Master Resolution 94-60 dated June 23, 1994, the Trust Agreement dated March 1, 2017, and the Installment Purchase Agreement dated June 15, 1994, which are summarized in Appendix B of the Certificates of Participation 2017 Series A official statement dated February 14, 2017, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters might have come to our attention regarding the District's noncompliance with the terms, covenants, provisions or conditions of the Flood Control System Master Resolution, the Trust Agreements and the Installment Purchase Agreement as referenced above, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors of the Santa Clara Valley Water District, the Board of Directors of the District Public Facilities Financing Corporation, and District management and is not intended to be and should not be used by anyone other than these specified parties.



**Glendale, California
December 23, 2025**



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Santa Clara Valley Water District

File No.: 26-0033

Agenda Date: 1/13/2026

Item No.: 4.3.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Set the Time and Place of a Public Hearing for the Santa Clara Valley Water District Board of Directors to Determine the Necessity for Directors to be Compensated for up to Fifteen Days per Calendar Month and to Consider Directors' Compensation for Calendar Year 2026.

RECOMMENDATION:

- A. Set the time and place for a Public Hearing at 1:00 p.m., on February 10, 2026, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California, for the Board of Directors to:
 - i. Consider the evidence and determine if there is an operational need for Directors to be compensated for up to fifteen (15) days per calendar month; and
 - ii. Consider Directors' compensation for the calendar year 2026, pursuant to Chapter 2, Division 10 of the California Water Code; and
- B. Direct the Clerk of the Board to publish a Notice of Public Hearing in a newspaper of general circulation within Santa Clara County.

SUMMARY:

This item is presented to the Board pursuant to Santa Clara Valley Water District Act (District Act) Section 33(c), Government Code Section 53232.1, and California Water Code Sections 20200-20207.

AB 1889 (Caballero), enacted by the Governor on September 5, 2018, and taking effect on January 1, 2019, amends the District Act by adding Section 33(c), authorizing the Board to annually adopt a written policy describing, based on a finding supported by substantial evidence, why more than 10 meetings per month, but not more than 15 meetings per month, are necessary for the effective operation of Santa Clara Valley Water District (Valley Water). AB 939 (Pellerin), enacted by the Governor on September 9, 2023, extends the aforementioned provision indefinitely. The determination of whether a Director's activities on any specific day are compensable shall be made pursuant to Section 53232.1 of the Government Code.

California Water Code Section 20202 authorizes the Board to annually consider, through the Public Hearing and ordinance adoption process, compensation increases at a rate not to exceed an amount

equal to five percent (5%) annually.

Any Board-approved change in the number of compensated meetings per month for Directors and the meeting compensation rate will take effect 60 days after the date of Ordinance adoption, as per California Water Code Section 20204.

The Board's last compensation adjustment was on April 14, 2025. In accordance with the regulatory process, the Board held a Public Hearing on February 11, 2025, for the public to comment on the Directors' meeting compensation amount; and at their February 11, 2025, meeting, the Board adopted Ordinance 2025-01 enacting a compensation increase of five percent (5%), effective April 14, 2025.

As stated in the Notice of Public Hearing (Attachment 1), the Board could consider the following monthly meeting limit and compensation options at the February 10, 2026, Public Hearing:

MONTHLY MEETING LIMIT

1. Determine that there is an operational need to compensate Directors for up to 15 days per calendar month and set the meeting day limit accordingly, effective April 14, 2026, for the calendar year 2026; OR
2. Determine that there is **NO** operational need to compensate Directors for more than the current 10 days per calendar month and, therefore, make no change in the current limit.

MEETING COMPENSATION - Effective April 14, 2026

1. Keep the Directors' compensation at the current amount of \$403.37 per day, up to 10 or 15 days per calendar month, as previously determined;
2. Reduce the Directors' compensation to a specified amount below the current \$403.37 rate per day, up to 10 or 15 days per calendar month, as previously determined, effective April 14, 2026; or
3. Approve an increase of up to 5% in Directors' compensation in accordance with the California Water Code Sections 20200-20207 for up to 10 or 15 days per calendar month, as previously determined, effective April 14, 2026.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with the Directors' compensation.

FINANCIAL IMPACT:

Funds are budgeted in the Fiscal Year 2026 Clerk of the Board budget for advertising of the Board compensation Public Hearing.

Since contingency budgeting is not performed, funding for any Board-approved increase in compensation may need to be transferred from reserves pursuant to a budget adjustment.

CEQA:

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

ATTACHMENTS:

Attachment 1: Notice of Public Hearing

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3139

Notice of Public Hearing

Santa Clara Valley Water District Board of Directors



- Topic:** Santa Clara Valley Water District Board of Directors to Determine Necessity for Directors to be Compensated for up to 15 Days per Calendar Month and Consideration of Directors per Meeting Compensation Amount for Calendar Year 2026.
- Who:** Santa Clara Valley Water District (Valley Water)
- What:** Public Hearing for the Board of Directors to determine the necessity for Directors to be compensated for up to fifteen days per calendar month or consider Directors per meeting compensation amount for the calendar year 2026.
- When:** February 10, 2026, 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>

The Santa Clara Valley Water District (Valley Water) invites you to a Public Hearing for the Board of Directors to determine the Necessity for Directors to be compensated for up to 15 Days per calendar month and consider the Directors' per-meeting compensation amount for the calendar year 2026.

At the time and place fixed for the Public Hearing, the Board of Directors will receive comments relevant to, and make a determination of, the necessity for Directors to be compensated for up to 15 days per calendar month for the performance of official duties and set the Board compensation for calendar year 2026. After considering all the information presented, the Board will consider the following options:

MONTHLY MEETING LIMIT

1. Determine that there is an operational need to compensate Directors for up to 15 days per calendar month and set the meeting day limit accordingly for calendar year 2026; or
2. Determine that there is **NO** operational need to compensate Directors for more than 10 days per calendar month, per California Water Code.

MEETING COMPENSATION

1. Keep the Directors' compensation at the current amount of \$403.37 per day;
2. Reduce the Directors' compensation to a specified amount below the current \$403.37 rate per day, effective April 14, 2026; or
3. Approve an increase of up to 5% in Directors' compensation in accordance with the California Water Code Sections 20200-20207, effective April 14, 2026.

This meeting is being held in accordance with the Brown Act. The 1:00 p.m., February 10, 2026, Public Hearing will be held during a Board Meeting and is accessible for public in-person participation at the time, date, and location shown above or by public virtual participation at the Zoom link above. Document(s) associated with this Hearing are available for public inspection prior to the meeting in the Clerk of the Board's Office or online at www.valleywater.org and will be available at the meeting.

For more information, contact the Clerk of the Board at 408-630-3193.

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 people 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.



Santa Clara Valley Water District

File No.: 26-0060

Agenda Date: 1/13/2026

Item No.: *4.4.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Accept the CEO Bulletin for the Weeks of December 5, 2025, through January 8, 2026.

RECOMMENDATION:

Accept the CEO Bulletin.

SUMMARY:

The CEO Bulletin is a weekly communication to the Board of Directors for the CEO, assuring compliance with Executive Limitations Policy EL-7: The BAOs inform and support the Board in its work. Further, a BAO shall inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established, and report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

CEO Bulletins are produced and distributed to the Board weekly as informational items, and then placed on the bimonthly, regular Board meeting agendas to allow opportunity for Board discussion on any of the matters contained therein.

ENVIRONMENTAL JUSTICE IMPACT:

The CEO Bulletin is not subject to environmental justice analysis.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

File No.: 26-0060

Agenda Date: 1/13/2026
Item No.: *4.4.

ATTACHMENTS:

Attachment 1: 12182025 CEO Bulletin
Attachment 2: 01082026 CEO Bulletin

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2017

To: Board of Directors
From: Melanie Richardson, Interim CEO

Weeks of December 5, 2025 – December 18, 2025

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

| Item | IN THIS ISSUE |
|----------|--|
| <u>1</u> | Demonstration Garden Design Charrette |
| <u>2</u> | Safe, Clean Water Mini-Grant Closeout: Local Ecology and Agriculture Fremont’s Film on Hydroponics Project |
| <u>3</u> | Safe, Clean Water Mini-Grant Closeout: Local Ecology and Agriculture Fremont’s Film on Water-Saving Hügelkultur Bed Project |
| <u>4</u> | Safe, Clean Water Refill Station Closeout: Jackson Oaks Association’s Clubhouse Deck Project |

1. Demonstration Garden Design Charrette

As part of the design phase for the approximately 26,000 square foot demonstration garden planned at Valley Water’s Headquarters, Valley Water’s Conservation Team hosted a design charrette to engage key stakeholders and experts in the landscape community on November 14,2025. Valley Water, along with contractor BFS Landscape Architects, presented the garden’s goals, background, current conceptual plans, and preliminary plant list. Thirteen landscape professionals attended the charrette including Master Gardeners of Santa Clara County, Going Native Garden Tour committee members, various landscape business owners and designers within the county, and Vice Chair Richard Santos.

During the charrette, attendees toured the proposed garden site, received an in-depth look into the concept design developed by BFS Landscape Architects, and collaborated in various break out groups providing feedback utilizing their various backgrounds and expertise. The breakout groups discussed different elements of the garden including proposed plants, high-efficiency irrigation systems, stormwater and integrated rainwater capture components, and planned signage and educational content. Feedback provided during the charrette will be incorporated into the final design of the garden. In another effort to engage the community, Valley Water will distribute an online survey to past and current participants of the Landscape Rebate Program.

Funded through the Safe, Clean Water and Natural Flood Protection Program, the design of the demonstration garden is expected to be completed in Spring 2026, and construction will be

completed by the close of FY28.

For further information, please contact Kirsten Struve at (408) 630-3138.

2. Safe, Clean Water Mini-Grant Closeout: Local Ecology and Agriculture Fremont's Film on Hydroponics Project

In Fiscal Year 2023, Valley Water awarded Local Ecology and Agriculture Fremont a \$5,000 Safe, Clean Water Program F9 Mini-Grant for their Film on Hydroponics (Project). Local Ecology and Agriculture Fremont completed the Project in August 2025, and submitted the final invoice items in September 2025, allowing for grant closeout.

Local Ecology and Agriculture Fremont is a 501(c)(3) nonprofit organization dedicated to promoting sustainable, water-wise agriculture and community education through hands-on learning and public outreach. The Project raised awareness of hydroponics as an accessible, water-efficient growing method for residents in Santa Clara County. The video was screened at community garden events hosted by local environmental organizations throughout Santa Clara County, including Veggielution, the California Native Garden Foundation, and the Sindhoor Natya Center for the Arts in San José and shared online by local environmental organizations.

Key Outcomes:

- Engaged more than 11,000 residents through live community screenings and online promotion by partner organizations.
- Strengthened local awareness of water-efficient gardening practices through interactive, community-based education.
- Informed residents to explore home hydroponic systems as a practical, sustainable way to conserve water.

For further information, please contact Rachael Gibson at (408) 630-2884.

3. Safe, Clean Water Mini-Grant Closeout: Local Ecology and Agriculture Fremont's Film on Water-Saving Hügelkultur Bed Project

In Fiscal Year 2023, Valley Water awarded Local Ecology and Agriculture Fremont a \$5,000 Safe, Clean Water Program F9 Mini-Grant for their Film on Water-Saving Hügelkultur Bed (Project). Local Ecology and Agriculture Fremont completed the Project on August 28, 2025, and submitted the final invoice items in September 2025, allowing grant closeout.

Local Ecology and Agriculture Fremont is a 501(c)(3) nonprofit organization dedicated to promoting sustainable, water-wise agriculture and community education through hands-on learning and public outreach. Local Ecology and Agriculture Fremont created an educational film on Hügelkultur, a gardening method that conserves water and promotes healthy soil. The video demonstrated how to build Hügelkultur beds in both large garden plots and small spaces. The film was screened at community garden events throughout Santa Clara County and shared online by local environmental organizations.

Key Outcomes:

- Promoted greater understanding of sustainable gardening and water conservation across Santa Clara County.
- Engaged more than 11,000 community members through in-person local screenings and online outreach.

- Created a short educational film introducing Hügelkultur as a practical, water-saving gardening technique.

For further information, please contact Rachael Gibson at (408) 630-2884.

4. Safe, Clean Water Refill Station Closeout: Jackson Oaks Association's Clubhouse Deck Project

In Fiscal Year 2025, Valley Water awarded Jackson Oaks Association a \$5,000 Safe, Clean Water Program F9 Refill Station Grant for their Clubhouse Deck (Project). Jackson Oaks Association completed the Project and submitted the final invoice items on September 10, 2025, allowing for grant closeout.

Jackson Oaks Association is a homeowners' association located in Morgan Hill that provides a space for local events, public meetings, and recreational activities. Jackson Oaks Association hosts community events, serves as a public polling station, and engages residents on topics such as water conservation, fire safety, and other community projects. Jackson Oaks Association installed the first refill station on the exterior of the Project location between the two outside bathrooms for convenient public access.

Key Outcomes:

- Installed the first permanent refill station outside of the Jackson Oaks Association Clubhouse.
- Provides convenient access to clean drinking water for over 500 homes in the Jackson Oaks community and visitors.
- Supports preschoolers, school-age children, college students, and adult residents using the playground, pool, and clubhouse year-round.

For further information, please contact Rachael Gibson at (408) 630-2884.

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To: Board of Directors
From: Melanie Richardson, Interim CEO

Weeks of December 19, 2025 – January 8, 2026

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

| Item | IN THIS ISSUE |
|----------|--|
| <u>1</u> | Valley Water wins PR Daily 2025 Marketing Campaign Award for Water Conservation Campaign |
| <u>2</u> | Water Management Agreements Executed in April - December 2025 |

1. Valley Water wins PR Daily 2025 Marketing Campaign Award for Water Conservation Campaign

Valley Water’s Office of Communications has been honored with the 2025 PR Daily Marketing Campaign Award for our 2024 Summer–Fall Water Conservation Campaign. The PR Daily Awards, hosted by Ragan Communications, are among the most respected honors in the communications industry. This national recognition, announced in New York City on December 2, 2025, celebrates excellence in public relations and marketing, spotlighting campaigns that deliver measurable impact and inspire meaningful change.

The PR Daily Award celebrated the innovative strategies Valley Water used to inspire water conservation across Santa Clara County. Our water conservation campaign was designed to reach residents where they are, online, in their communities, and in their homes, with inclusive, multilingual messaging that made participation easy and accessible. Importantly, all campaign creative was produced in-house, and our Office of Communications led the strategic marketing direction in collaboration with the Water Conservation Unit.

Valley Water’s campaign encouraged Santa Clara County residents to replace water-intensive lawns with drought-tolerant landscapes and to schedule free outdoor water surveys. Recognizing that landscape irrigation accounts for more than half of residential water use, the multilingual effort focused on accessibility, clear calls to action, and culturally relevant stories of landscape transformations.

Key Strategies

Multilingual Digital Outreach: Ads and landing pages were launched in English, Spanish, Vietnamese, and Chinese, ensuring that our diverse community could connect with the message in culturally relevant ways. Landscape Rebate Program Stories: Multilingual resident-driven videos

highlighted real homeowners who transformed their yards, building trust and emotional connection while showcasing the benefits of drought-tolerant landscapes.

The campaign achieved measurable results, converting 270,303 square feet of lawn into California-friendly plants, generating 425 rebate applications, and significantly increasing survey requests and completions. Survey requests rose 142 percent compared to the prior year, and the cost per completed survey decreased by nearly 86 percent, marking a dramatic improvement in efficiency.

Through targeted messaging and storytelling, Valley Water reached the largest variety and number of community groups across Santa Clara County, building trust and inspiring lasting behavioral change. By combining digital innovation, storytelling, and community-centered engagement, Valley Water demonstrated how strategic communications can drive meaningful behavior change.

This award affirms Valley Water's leadership in data-driven, community-centered communications and highlights the power of multilingual outreach in achieving long-term water conservation.

For further information, please contact Rachael Gibson at (408) 630-2884.

2. Water Management Agreements Executed in April - December 2025

Pursuant to EL-5.5.5, the CEO is required to inform the Board on a timely basis when imported water management agreements are executed. This bulletin covers the imported water management agreements executed from April to December 2025:

- April 4, 2025 - Water Transfer Agreement (#A5401W) between Westside Mutual Water Company (via Westlands Water District) and Valley Water (VW). Provides for the transfer of up to 2,500 acre-feet (AF) of Central Valley Project (CVP) supplies from VW. Westside will compensate VW on a per-AF basis delivered to the point of delivery, using the final CVP south of Delta agricultural allocation to determine pricing.
- August 25, 2025- Activity Agreement establishing Valley Water's participation in the Yuba Water Purchase Agreement as an Activity Agreement Member under the San Luis & Delta-Mendota Water Authority (SLDMWA). This Activity Agreement authorizes SLDMWA to negotiate, implement, and administer the "Agreement for the Supply and Conveyance of Water by DWR to SLDMWA under the Dry Year Water Purchase Program" (Yuba Dry Year Purchase Agreement).
- September 2, 2025- Agreement (#A5613W) between the United States and Valley Water providing for the storage and conveyance of non-project water. Allows Valley Water to continue receiving State Water Project (SWP) supplies and previously stored water withdrawn from Semitropic Water Storage District through the San Felipe Division facilities of the federal CVP through December 31, 2029.
- October 25, 2025- Water Transfer Agreement (#A5565W) among Blue Sky Farms (BSF), Westlands Water District, and Valley Water. BSF is a land owner in the Westlands Water District and purchased 4,000 AF of CVP supplies from Valley Water in 2025. Under the Agreement, BSF will pay Valley Water \$132.84 per AF delivered to the point of delivery.
- November 4, 2025- Letter Agreement updating the 2025 pricing for the 4,000 AF of optional water defined in Valley Water's existing 5-year Water Purchase and Transfer Agreement with Patterson Irrigation District (PID).
- November 24, 2025 - Temporary Additional Point of Delivery Agreement (#A5606W) for Valley

Water Project Supplies: allows for the California Department of Water Resources (DWR) to deliver Valley Water's State Water Project (SWP) supplies and previously banked supplies from Semitropic Water Storage District to San Luis Reservoir for subsequent delivery through the San Felipe Division by the Bureau of Reclamation.

- December 2, 2025 - Water Transfer Agreement (#A5607W) between Valley Water and San Benito Water District: provides for the transfer of a portion of Valley Water's 2025 Central Valley Project supplies to San Benito Water District in 2025. This transfer occurred throughout December of 2025.

For further information, please contact Vincent Gin at (408) 630-2633.

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Santa Clara Valley Water District

File No.: 25-1005

Agenda Date: 1/13/2026

Item No.: *4.5.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

Pursuant to the Ralph M. Brown Act, a summary of discussions and a record of all actions taken during open and public meetings of the Santa Clara Valley Water District (Valley Water) Board of Directors are transcribed and submitted to the Board for review and formal approval.

Upon approval by the Board, the meeting minutes are finalized and incorporated into Valley Water's official archival records, serving as the authoritative historical record of the Board of Directors' proceedings.

ENVIRONMENTAL JUSTICE IMPACT:

The approval of minutes is not subject to environmental justice analysis.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

*Attachment 1: 11122025 Special CS and Regular Meeting Minutes

*Attachment 2: 11252025 CS and Regular Meeting Minutes

File No.: 25-1005

Agenda Date: 1/13/2026
Item No.: *4.5.

- *Attachment 3: 12092025 Regular Meeting Minutes
- *Attachment 4: 12172025 Special CS Meeting Minutes
- *Attachment 5: 12292025 Special CS Meeting Minutes

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL CLOSED SESSION AND REGULAR MEETING
WEDNESDAY, NOVEMBER 12, 2025
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 11:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Jim Beall, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board.

Director Rebecca Eisenberg arrived later as noted below.

Staff members in attendance were Melanie Richardson, Interim Chief Executive Officer; Carlos Orellana, District Counsel; Candice Kwok-Smith, Clerk, Board of Directors; A. Baker, L. Bankosh, M. Bilski, J. Bourgeois, R. Chan, J. Codianne, A Garcia, R. Gibson, J. Golka, A. Gordon, A. Gschwind, C. Hakes, C. Lawson, A. Lee, M. Lugo, L. Mason, R. McCarter, P. McElroy, T. Ndah, L. Penilla, M. Poole, D. Taylor, and T. Yoke. Bhavani Yerrapotu represented Chris Hakes, and Marta Lugo, represented Rachael Gibson.

2. 11:00 AM - CLOSED SESSION:

Chairperson Estremera confirmed that the Board would adjourn to Closed Session to consider Items 2.1, 2.2, and 2.3. Carlos Orellana, District Counsel, confirmed written claims or communications relating to Closed Session Item 2.1 are available for public inspection upon request as required by the Brown Act, and that Item 2.3 also includes the litigation *San Francisco Baykeeper v. Santa Clara Valley Water District*, Santa Clara County Superior Court Case No. 22CV40523.

Director Eisenberg arrived.

2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION
Significant Exposure to Litigation

Pursuant to Government Code Section 54956.9(d)(2)
First Community Housing, Betty Anne Gardens, L.P.

- 2.2. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL, PENDING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Morris, et al. v. Betty Anne Gardens, et al.
(Santa Clara County Superior Court, Case No. 25CV477634)
- 2.3. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL, PENDING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Water Rights Change Petitions for Licenses: 6943, 11791, 2205, 2206, 2207,
2208, 2209, 6944, 2837, and 5729, State Water Board, Administrative Hearings
Office.
- 2.4. District Counsel Report on Closed Session.

Carlos Orellana reported that in regard to Items 2.1, 2.2, and 2.3, the Board met in Closed Session with all members participating, including Director Eisenberg, and took no reportable action.

3. 1:00 PM - TIME CERTAIN:

- 3.1. Pledge of Allegiance/National Anthem.

Director Ballard led all present in reciting the Pledge of Allegiance.
- 3.2. Orders of the Day.

Chairperson Estremera confirmed that Item 3.8 would be considered after Item 3.4.
- 3.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Estremera declared time open for public comment on any Item not on the agenda. No one was present who wished to speak.
- 3.4. Receive Information on the Consultant Study Regarding Santa Clara Valley Water District's Water Use Projections, Water Demand Elasticity, Customer Affordability Study, and Provide Feedback to Staff as Needed.

Recommendation: A. Receive information on consultant study regarding Santa Clara Valley Water District's water use projections, water demand elasticity, and customer affordability, including study scope, objectives, and status update; and
 B. Provide feedback to staff as needed.

Carmen Narayanan, Financial Planning and Revenue Manager, reviewed the information on this Item per the attached Board Agenda Memo, and Kevin Kostiuik, Senior Manager, Raftelis, reviewed the information contained in Attachment 2.

The Board noted the information without formal action.

Chairperson Estremera moved the agenda to Item 3.3.

3.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Estremera declared time open for public comment on any Item not on the agenda.

Bilal Abbas, Bibz N' Ribz Owner, expressed destitution regarding the loss and damages incurred from a fallen tree onto his business, and requested the Board reconsider his claim.

Donnell Ragsdale, Invoice Maps, informed the Board of Ai technology available to the agency.

Chairperson Estremera moved the agenda to Item 3.8.

3.8. Receive the Winter Preparedness Briefing.

Recommendation: Receive information on the Santa Clara Valley Water District's preparedness for winter operations.

Alexander Gordon, Assistant Officer, reviewed the information on this Item per the attached Board Agenda Memo, and the corresponding presentation materials contained in Attachment 2 were reviewed as follows: Alexander Gordon reviewed Slides 1 and 2; Brian Garcia, National Weather Service, reviewed Slide 3; Paola Reyes, Public Information Representative III, reviewed Slides 4 through 12; and Alexander Gordon reviewed Slides 12 through 18.

The Board noted the information without formal action.

Chairperson Estremera returned the agenda to Item 3.5.

3.5. Adopt the Water Supply Master Plan 2050.

Recommendation: Adopt the Water Supply Master Plan 2050.

Kirsten Struve, Assistant Officer, reviewed the information on this Item per the attached Board Agenda Memo, reviewed the information contained in Attachment 2.

| | |
|----------------|--|
| Move to Adopt: | Nai Hsueh |
| Second: | Richard Santos |
| Yeas: | Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh |
| Nays: | Rebecca Eisenberg |
| Abstains: | None |
| Recuses: | None |
| Absent: | None |
| Summary: | 6 Yeas; 1 Nays; 0 Abstains; 0 Absent. |

The Yeas have it, and the motion passed.

- 3.6. Receive an Overview of the Fiscal Year 2026-27 Groundwater Production Charge, Treated Surface Water Charge, Raw Surface Water Charge, and Recycled Water Charge Rate Setting Processes; Review Assumptions for the 10-Year Water Rate Projection and Potential State Water Project Tax Levy; and Provide Feedback.

- Recommendation:
- A. Receive an overview of the Fiscal Year 2026-27 rate-setting processes for groundwater production charges, treated surface water charges, raw surface water charges, and recycled water charges;
 - B. Review assumptions for the 10-year water rate projection and potential State Water Project tax levy; and
 - C. Provide feedback to staff.

Carmen Narayanan reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Attachment 1.

Peter Van Dyke, Loma Prieta Resource Conservation District, President, expressed appreciation to the Board for their efforts to keep water rates low.

The Board noted the information without formal action.

- 3.7. Receive an Overview of the Fiscal Year 2026-27 Rolling Biennial Budget Process.

- Recommendation: Receive an overview of the Fiscal Year 2026-27 Rolling Biennial Budget process to provide an opportunity for Board input.

Enrique DeAnda, Budget Manager, reviewed the information on this Item per the attached Board Agenda Memo and per the information contained in Attachment 1.

The Board noted the information without formal action.

REGULAR AGENDA:

4. CONSENT CALENDAR: (4.1 - 4.4)

The Board considered Consent Calendar Items 4.1 through 4.4 under one motion.

- 4.1. Approve the Re-Appointment of Committee Members for an Additional Two-Year Term to the Agricultural Water Advisory Committee.

- Recommendation: Consider and approve the re-appointment of committee members for an additional two-year term to the Agricultural Water Advisory Committee.

- 4.2. Approve Recommended 2026 Legislative Policy Proposals and Guiding Principles.

- Recommendation: Approve recommended 2026 Legislative Policy Proposals and Guiding Principles for the second year of the two-year session in both the California State Legislature and the

119th Congress; and for local and regional legislative efforts.

4.3. Approval of Minutes.

Recommendation: Approve the minutes.

4.4. Accept the CEO Bulletin for the Weeks of October 24 through November 6, 2025.

Recommendation: Accept the CEO Bulletin.

Motion: Approve Consent Calendar Items 4.1 through 4.4, under one motion, as follows: consider and approve the re-appointment of committee members for an additional two-year term to the Agricultural Water Advisory Committee, as contained in Item 4.1; approve recommended 2026 Legislative Policy Proposals and Guiding Principles for the second year of the two-year session in both the California State Legislature and the 119th Congress; and for local and regional legislative efforts, as contained in Item 4.2; approve the minutes, as contained in Item 4.3; and accept the CEO bulletin for the weeks of October 24 through November 6, 2025, as contained in Item 4.4.

Move to Approve: John L. Varela

Second: Nai Hsueh

Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh

Nays: None

Abstains: None

Recuses: None

Absent: None

Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

5. BOARD OF DIRECTORS:

5.1. Receive the Safe, Clean Water Performance Audit Report for the Period Covering July 1, 2021, Through June 30, 2024, with Management's Response.

Recommendation: Receive the Safe, Clean Water Performance Audit Report for the period covering July 1, 2021, through June 30, 2024, with management's response.

Darin Taylor, Chief Financial Officer, reviewed the information on this Item per the attached Board Agenda Memo, and John Mahoney, Project Manager, reviewed the information contained in Attachment 2.

Motion: For the Chair to assign to a Committee to perform an in-depth analysis of findings 2.3, 6, 7 and 9.

Move to Accept: Nai Hsueh

Second: Richard Santos

Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos,
John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

- 5.2. Consider the October 27, 2025, Water Supply and Demand Management Committee Recommendation to Approve the Proposed Agreement with the Wheeler Ridge-Maricopa Water Storage District for 6,234 Acre-Feet of Storage Capacity in Sites Reservoir for up to \$618,500, Increasing Santa Clara Valley Water District's Project Participation Level from 0.2% to 0.66%, for a Total of 9,351 Acre-Feet of Storage.

Recommendation: Consider the October 27, 2025, Water Supply and Demand Management Committee recommendation to:

- A. Approve execution of the proposed assignment Agreement with Wheeler Ridge-Maricopa Water Storage District for 6,234 acre-feet of storage capacity in Sites Reservoir for up to \$618,500, which would increase Santa Clara Valley Water District's Project participation level from 0.2% to 0.66%, for a total of 9,351 acre-feet of storage; and
- B. Provide feedback and recommendations to staff as necessary.

Kathryn Maher, Senior Engineer, reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Attachment 2.

Move to Approve: John L. Varela
Second: Richard Santos
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos,
John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

- 5.3. Board Committee Reports.

The Board reviewed the information on the October 7, 2025, Board Policy Monitoring Committee, and November 10, 2025, Public Facilities Financing Corporation meeting summaries and agendas contained in Handouts 5.3-A and 5.3-B, respectively, and noted the information without formal action. Copies of the Handouts were distributed to the Board and made available to the public.

6. WATER UTILITY ENTERPRISE:

None.

7. WATERSHEDS:

None.

8. ASSISTANT CHIEF EXECUTIVE OFFICER:

8.1. Approve the Fiscal Year 2024-25 Safe, Clean Water and Natural Flood Protection Program Annual Report with Proposed Text Adjustments and Authorize Submission to the Independent Monitoring Committee for Review.

- Recommendation:
- A. Approve the Fiscal Year 2024-25 Safe, Clean Water and Natural Flood Protection Program Annual Report (Annual Report) with text adjustments;
 - B. Authorize staff to submit the Annual Report to the Independent Monitoring Committee for its review; and
 - C. Authorize staff to update the Annual Report with audited financials, as necessary.

The Board considered Item 8.1 without a staff presentation.

Move to Approve: John L. Varela
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

8.2. Receive an Informational Update on the Capital Improvement Program Prioritization Process Enhancements.

Recommendation: Receive an informational update on the Capital Improvement Program Prioritization Process Enhancements.

Luz Penilla, Assistant Officer, reviewed the information on this item, per the attached Board Agenda Memo and per the information contained in Attachment 1.

The Board noted the information and took no formal action.

8.3. Receive an Overview of the Initially Validated and Currently Unfunded Capital Projects.

Recommendation: A. Review the list of initially validated and currently unfunded Capital Projects; and

B. Provide feedback as necessary.

Jennifer Martin, Program Administrator, reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Attachment 1.

The Board noted the information and took no formal action.

- 8.4. Approve Amendment No. 6 to Agreement A3675A with GEI Consultants, Inc., for Environmental Services for the Calero and Guadalupe Dam Seismic Retrofits Project, Project No. 91084020, Increasing the Not-to-Exceed Fee by \$5,888,623 for a Revised Total Not-to-Exceed Fee of \$14,818,434 and Extending the Agreement Term to June 30, 2028 (San Jose, District 1).

Recommendation: Approve Amendment No. 6 to Agreement A3675A with GEI Consultants, Inc., for Environmental Services for the Calero and Guadalupe Dam Seismic Retrofits Project, Project No. 91084020, Increasing the Not-to-Exceed Fee by \$5,888,623 for a Revised Total Not-to-Exceed Fee of \$14,818,434 and Extending the Agreement Term to June 30, 2028.

Andrew Garcia, Assistant Officer, reviewed the information on this Item, per the attached Board Agenda Memo.

Move to Approve: Richard Santos
Second: John L. Varela
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

9. EXTERNAL AFFAIRS:

None.

10. CHIEF EXECUTIVE OFFICER:

- 10.1. CEO and Chiefs' Reports.

Bhavani Yerrapotu, Acting Chief Operating Officer, verbally reported on recent Storm events. Copies of the Handouts were distributed to the Board and made available to the public.

11. ADMINISTRATION:

None.

12. DISTRICT COUNSEL:

None.

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

13.1. Review the Fiscal Year 2026 Board Policy Planning Calendar.

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

Director Beall had no reports or announcements.

Director Eisenberg reported attending site visits.

Vice Chair Santos reported attending the Santa Clara Valley Water Veterans Awareness Group (VAG) employee resource group event, and various meetings with staff.

Director Ballard reported meeting with the Silicon Valley Bicycle Coalition; the Santa Clara Valley Water Green Team employee resource group event; the Capital Improvement Program (CIP), Stream Planning and Operations Committee (SPOC), and Recycling and Waste Reduction Commission briefings.

Director Hsueh reported observing a Public Facilities Financing Corporation (PFFC) meeting; attending a Labor Negotiation Ad Hoc committee meeting; and various meetings with staff.

Director Varela reported attending various Association of California Water Agencies (ACWA) meetings.

Chairperson Estremera reported attending the aforementioned Labor Negotiation Ad Hoc committee meeting; and various meetings with staff.

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

None.

16. ADJOURN:

16.1 The Board will convene for the next Regular meeting at 1:00 p.m. on Tuesday, November 25, 2025, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Chairperson Estremera adjourned the meeting in recognition of National Native American Heritage, Military Families and Veterans Appreciation, and Sikh Awareness and Appreciation Month, at 4:47 p.m. The Board will convene for the next Closed Session and Regular meeting at 11:00 a.m. on Tuesday, November 25, 2025, in the Santa Clara Valley Water District Headquarters

Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: January 13, 2026



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION AND REGULAR MEETING
TUESDAY, NOVEMBER 25, 2025
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 11:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Jim Beall, Nai Hsueh, John L. Varela, and Richard P. Santos, Vice Chairperson presiding, constituting a quorum of the Board.

Chairperson Tony Estremera and Director Rebecca Eisenberg arrived as noted below.

During Chairperson Estremera's absence, the meeting was facilitated by Vice Chairperson Santos.

Staff members in attendance were Melanie Richardson, Interim Chief Executive Officer; Carlos Orellana, District Counsel; Candice Kwok-Smith, Clerk, Board of Directors; E. Aryee, A. Beaman, L. Bankosh, M. Bilski, S. Bogale, J. Bourgeois, T. Chinte, J. Codianne, O. El-Qoulaq, A Garcia, R. Gibson, V. Gin, J. Golka, A. Gordon, A. Gschwind, C. Hakes, W. Ho, S. Inda, C. Lawson, A. Lee, M. Lugo, L. Mason, R. McCarter, P. McElroy, T. Ndah, L. Penilla, M. Poole, D. Rocha, R. Ruiz, K. Struve, D. Taylor, G. Williams, B. Yerrapotu, and T. Yoke. Chief Operating Officer Christopher Hakes represented Assistant Chief Executive Officer Rita Chan, Deputy Operating Officer John Bourgeois represented Chief Operating Officer Christopher Hakes, and Deputy Operating Officer Sam Bogale represented Chief Operating Officer Aaron Baker.

2. 11:00 AM - CLOSED SESSION:

Vice Chairperson Santos confirmed that the Board would adjourn to Closed Session to consider Items 2.1 and 2.2.

Chairperson Estremera and Director Eisenberg arrived.

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION
Pursuant to Government Code Section 54956.9(d)(4)
Three potential cases.
- 2.2. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Pending Litigation Pursuant to Government Code Section 54956.9(d)(1)
Holiday Estates Maintenance Association v. Santa Clara Valley Water District
Santa Clara County Superior Court Case Number 25CV477398
- 2.3. District Counsel Report on Closed Session.

Upon return from Closed Session, the same Board members, including Chairperson Estremera, Director Eisenberg, and staff, were present.

Carlos Orellana, District Counsel, reported that in regard to Items 2.1 and 2.2, the Board met in Closed Session with all members participating, Including Chairperson Estremera and Director Eisenberg, and took no reportable action.

3. 1:00 PM - TIME CERTAIN:

Chairperson Estremera read the Board Meeting Decorum statement into the record, outlining the expectations for respectful and professional conduct during the proceedings.

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| Move to Approve: | Richard Santos |
| Second: | Shiloh Ballard |
| Yeas: | Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh |
| Nays: | None |
| Abstains: | None |
| Recuses: | None |
| Absent: | None |

Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

3.1. Pledge of Allegiance/National Anthem.

Director Hsueh led all present in reciting the Pledge of Allegiance.

3.2. Orders of the Day.

The Board recognized Alex Bianchi, Volunteer, for his outstanding efforts and continued commitment to the Annual Coastal Cleanup initiative.

Chairperson Estremera confirmed that there were no changes to the Orders of the Day.

3.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Estremera declared time open for public comment on any item not on the agenda. No one was present who wished to speak.

3.4. Adopt a Resolution Recognizing the City of Santa Clara for Being the First City to Adopt Model Water Efficient New Development Ordinance Measures.

Recommendation: Adopt the resolution EXPRESSING APPRECIATION TO THE CITY OF SANTA CLARA for being the first city to adopt Model Water Efficient New Development Ordinance measures.

The Board considered Item 3.4 without a staff presentation.

Motion: Adopt Resolution No. 2025-65 EXPRESSING APPRECIATION TO THE CITY OF SANTA CLARA for being the first city to adopt Model Water Efficient New Development Ordinance measures, by roll call vote.

Move to Adopt: Richard Santos
Second: Rebecca Eisenberg
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

3.5. Conduct a Public Hearing to Consider Adopting a Resolution of Necessity Relating to the Acquisition of Real Property Interests from San Jose Unified School District, Necessary to Complete the Coyote Creek Flood Protection Project, Project No. 26174043, APNs 472-33-007 and 472-33-010, Real Estate File No. 4021-354 and 4021-467 (San Jose, District 2). (Deferred from October 14, 2025)

Recommendation: A. Open and conduct a Public Hearing to consider adoption of a Resolution of Necessity relating to the acquisition of real property interests from San Jose Unified School District, necessary to complete the Coyote Creek Flood Protection Project, Project No. 26174043;
B. Close the Public Hearing; and
C. Adopt the Resolution of Necessity DETERMINING AND DECLARING THE PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN REAL PROPERTY OR INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN FOR THE COYOTE CREEK FLOOD PROTECTION PROJECT (PROJECT NO. 26174043) (CODE OF CIVIL PROCEDURE SECTIONS 1245.220, et seq.), by a two-thirds vote.

Chairperson Estremera acknowledged receipt of the attached comments, identified as Handout 3.5-A, herein. Copies of the Handout were distributed to the Board and made available to the public.

Chairperson Estremera opened the Public Hearing.

Bhavani Yerrapotu, Deputy Operating Officer, reviewed the information on this Item per the attached Board Agenda Memo and per the information contained in Attachment 3.

Chairperson Estremera declared time open for public comments.

Public comments were received by the Board from Seth Reddy, San Jose Unified School District (SJUSD) Chief Business Officer; Brian Wheatley, SJUSD Elected Trustee; and Phil Henderson, SJUSD Counsel.

Chairperson Estremera requested a motion to close the Public Hearing.

Move to Approve: Shiloh Ballard
Second: Richard Santos
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

Motion: Deny staff's recommendation in order to continue to negotiate with San Jose Unified School District in good faith to reach a resolution that satisfies all parties, with an update on the negotiations at the next Board meeting.

Move to Approve: Tony Estremera
Second: Richard Santos
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

3.6. Safe, Clean Water and Natural Flood Protection Program Annual Cycle Overview.

Recommendation: Receive an overview of the Safe, Clean Water and Natural Flood Protection Program Annual Cycle.

Luz Penilla, Assistant Officer, introduced Meenakshi Ganjoo, Program Administrator, reviewed the information on this Item, per the attached Board Agenda Memo, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff as follows: Meenakshi Ganjoo, Program

Administrator, reviewed Slides 1 through 14, and Slides 19 through 22;
Darin Taylor, Chief Financial Officer, reviewed Slides 15 through 18.

The Board noted the information without formal action.

REGULAR AGENDA:

4. CONSENT CALENDAR:

Chairperson Estremera removed Item 4.5 from the Consent Calendar for individual consideration, and the Board considered Consent Calendar Items 4.1 through 4.4 and 4.6 through 4.7 under one motion.

- 4.1. Approve and Authorize the Interim Chief Executive Officer to Execute Amendment No. 1 to Joint Use Agreement No. A4201M with the City of Morgan Hill for West Little Llagas Creek Between Monterey Road and Ciolino Avenue (Morgan Hill, District 1).

Recommendation: A. Approve and authorize the Interim Chief Executive Officer to execute Amendment No. 1 to Joint Use Agreement No. A4201M, with the City of Morgan Hill for West Little Llagas Creek between Monterey Road and Ciolino Avenue; and
B. Delegate authority to the Interim Chief Executive Officer to approve future amendments to Joint Use Agreement No. A4201M with the City of Morgan Hill for West Little Llagas Creek between Monterey Road and Ciolino Avenue.

- 4.2. Approve and Authorize the Interim Chief Executive Officer to Execute the Master Joint Use Agreement No. A5534X with the City of Gilroy (Gilroy, District 1).

Recommendation: A. Approve and authorize the Chief Executive Officer to execute Master Joint Use Agreement No. A5534X with the City of Gilroy; and
B. Delegate authority to the Chief Executive Officer to approve future renewals and amendments to Master Joint Use Agreement No. A5534X with the City of Gilroy.

- 4.3. Approve the Re-Appointments of Committee Members for Additional Two-Year Terms to the Environmental and Water Resources Committee.

Recommendation: Consider and approve the re-appointments of committee members for additional two-year terms to the Environmental and Water Resources Committee.

- 4.4. Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Permanente and Hale Creek Concrete Channel Repair Project, Disney Construction, Inc., Contractor, Project No. 62084001, Contract No. C0707 (Mountain View and Los Altos, District 7).

- Recommendation: A. Accept the work on the Permanente and Hale Creeks Concrete Channel Repair Project, Project No. 62084001, Contract No. C0707 as complete; and
 B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder.

4.6. Accept the CEO Bulletin for the Weeks of November 7 - 20, 2025.

Recommendation: Accept the CEO Bulletin.

4.7 Approval of Minutes.

Recommendation: Approve the minutes.

Motion: Approve Consent Calendar Items 4.1 through 4.4 and Items 4.6 through 4.7, under one motion, as follows: Approve and authorize the Interim Chief Executive Officer to execute Amendment No. 1 to Joint Use Agreement No. A4201M, with the City of Morgan Hill for West Little Llagas Creek between Monterey Road and Ciolino Avenue and delegate authority to the Interim Chief Executive Officer to approve future amendments to Joint Use Agreement No. A4201M with the City of Morgan Hill for West Little Llagas Creek between Monterey Road and Ciolino Avenue, as contained in Item 4.1; approve and authorize the Chief Executive Officer to execute Master Joint Use Agreement No. A5534X with the City of Gilroy; and delegate authority to the Chief Executive Officer to approve future renewals and amendments to Master Joint Use Agreement No. A5534X with the City of Gilroy, as contained in Item 4.2; consider and approve the re-appointments of committee members for additional two-year terms to the Environmental and Water Resources Committee, as contained in Item 4.3; accept the work on the Permanente and Hale Creeks Concrete Channel Repair Project, Project No. 62084001, Contract No. C0707 as complete and direct the Clerk of the Board to sign the notice of completion of contract and acceptance of work and submit for recording to the Santa Clara County Clerk-Recorder, as contained in Item 4.4; accept the CEO bulletin, as contained in Item 4.6; approve the minutes, as contained in Item 4.7.

Move to Approve: Richard Santos
 Second: John L. Varela
 Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
 Nays: None
 Abstains: None
 Recuses: None
 Absent: None
 Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

- 4.5. Denial of Claim Submitted by First Community Housing and Betty Anne Gardens, L.P. Represented by Strategy Law, LLP.

Recommendation: Deny the claim.

Chairperson Estremera acknowledged receipt of the attached comments, identified as Handout 4.5-A, herein. Copies of the Handout were distributed to the Board and made available to the public.

Chairperson Estremera declared time open for public comments. Public comment was received by the Board from Joshua Safran, Esq., Strategy Law, LLP, representing the claimant.

Motion: Delay a decision in order to allow staff the opportunity to negotiate in good faith.

Move to: Rebecca Eisenberg

Second: The motion did not receive a second and was lost.

The motion failed for lack of a second.

Chairperson Estremera requested a motion to accept staff's recommendation to deny the claim.

Move to Deny Claim: Shiloh Ballard

Second: Nai Hsueh

Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh

Nays: Rebecca Eisenberg

Abstains: None

Recuses: None

Absent: None

Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

5. BOARD OF DIRECTORS:

- 5.1. Consider the October 7, 2025, Board Policy and Monitoring Committee Recommendation to Adopt a Proposed Resolution Setting Forth a Revised, Increased Fee Schedule for Administering Santa Clara Valley Water District's Well Permitting and Inspections Program.

Recommendation: Consider recommendations resulting from the October 7, 2025, Board Policy and Monitoring Committee meeting to:

- A. Adopt the Resolution ADOPTING A REVISED FEE SCHEDULE FOR ADMINISTERING SANTA CLARA VALLEY WATER DISTRICT'S WELL PERMITTING AND INSPECTIONS PROGRAM (SUPERSEDING RESOLUTION NO. 17-52).
- B. Provide feedback and recommendations to staff as necessary.

Usha Chatwani, Community Projects Review Manager, reviewed the information on this Item per the attached Board Agenda Memo.

Motion: Adopt Resolution No. 2025-66 ADOPTING A REVISED FEE SCHEDULE FOR ADMINISTERING SANTA CLARA VALLEY WATER DISTRICT'S WELL PERMITTING AND INSPECTIONS PROGRAM (SUPERSEDING RESOLUTION NO. 17-52), by roll call vote.

Move to Adopt: Nai Hsueh
Second: John L. Varela
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

5.2. Board Committee Reports.

The Board reviewed the information on the September 30, 2025, Youth Commission (YC), October 1, 2025, Joint Water Resources Committee (JWRC), October 15, 2025, Board Audit Committee (BAC), and October 27, 2025, Water Supply and Demand Management Committee (WSDMC) meeting summaries and agendas contained in Handouts 5.2-A through 5.2-D, respectively, and noted the information without formal action. Copies of the Handouts were distributed to the Board and made available to the public.

6. WATER UTILITY ENTERPRISE:

None.

7. WATERSHEDS:

7.1. Receive Information on the Watershed Capital Program Implementation Strategies, and Provide Feedback to Staff as Needed.

Recommendation: A. Receive information presented on the Watershed Capital Program Implementation Strategies, including alternatives; and
B. Provide feedback to staff as needed.

Bhavani Yerrapotu, Deputy Operating Officer, reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Supplemental Attachment 1.

Chairperson Estremera declared time open for public comments. Public comment was received by the Board from Deborah Goldeen.

The Board noted the information without formal action.

8. ASSISTANT CHIEF EXECUTIVE OFFICER:

None.

9. EXTERNAL AFFAIRS:

None.

10. CHIEF EXECUTIVE OFFICER:

10.1. Approve Amendment No. 5 to the Standard On-Call Consultant Agreement A4382G, CAS File No. 5095 with PMA Consultants, LLC to Provide On-Call Third-Party Internal Auditor Services, Increasing the Not-to-Exceed Fee by \$600,000 for a Revised Total Not-to-Exceed Fee of \$1,300,000.

Recommendation: Approve Amendment No. 5 to the Standard On-Call Consultant Agreement A4382G, CAS File No. 5095 with PMA Consultants, LLC to provide On-Call Third-Party Internal Auditor Services for the audit and advisory services to the Internal Audit Program, increasing the Not-to-Exceed Fee by \$600,000 for a revised Total Not-to-Exceed Fee of \$1,300,000.

Darin Taylor, Chief Financial Officer, reviewed the information on this Item per the attached Board Agenda Memo.

Move to Approve: John L. Varela
Second: Jim Beall
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed.

10.2. CEO and Chiefs' Reports.

John Bourgeois, Acting Chief Operating Officer, reviewed the attached Storm Report, identified as Handout 10.2-C; Rachael Gibson, Chief of External Affairs, reviewed the attached Communications Activities, identified as Handout 10.2-A; and Civic Engagement update, identified as Handout 10.2-B, respectively, herein. Copies of the Handouts were distributed to the Board and made available to the public.

11. ADMINISTRATION:

None.

12. DISTRICT COUNSEL:

None.

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

13.1. Review the Fiscal Year 2026 Board Policy Planning Calendar.

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

Candice Kwok-Smith, Clerk of the Board, reviewed the information on this item, per the attached Board Agenda Memo.

The Board noted the information without formal action.

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

Director Varela reported attending many meetings.

Director Hsueh reported attending the aforementioned Labor Negotiations ad hoc Committee meetings; Delta Conveyance Finance Authority Board, and San Francisquito Creek Joint Powers Authority (SFCJPA) meetings; a Saratoga City Council Work Study Session meeting; and various meetings with staff.

Director Ballard reported attending the Stream Planning and Operations Committee (SPOC), and Labor Negotiations Ad Hoc Committee meetings; an Environmentally Focused Stakeholders Group, Santa Clara Valley Habitat Agency Implementation Board Meeting, Delta Conveyance Authority (DCA), and a Reclamation District 108 Board meetings; a meeting with San Jose City Councilmember Michael Mulcahy; and various meetings with staff.

Vice Chair Santos reported attending a Landscape and Design Valley Water Demonstration Garden Design Charrette; Media Day on Flood Preparedness; La Raza Roundtable; the Dignity Moves: Cherry Avenue Grand Opening special event; Emergency Operational Area Council and various meetings with staff.

Director Eisenberg wished everyone well in their holiday celebrations.

Director Beall reported attending the aforementioned Santa Clara Valley Habitat Agency Implementation Board Meeting; a League of Women Voters of Santa Clara County, and California Behavioral Health Association meetings; the Antioch Brackish Desalination Plant tour; and various meetings with staff.

Chairperson Estremera reported attending the aforementioned Labor Negotiations Ad Hoc Committee, SPOC, and Environmentally Focused Stakeholder Group meetings; BAC meeting; and various meetings with staff.

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

None.

16. ADJOURN:

Chairperson Estremera adjourned the meeting at 3:47 p.m. The Board will convene for the next Regular Meeting at 1:00 p.m. on Tuesday, December 9, 2025, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: January 13, 2026

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BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION AND REGULAR BOARD MEETING
TUESDAY, DECEMBER 9, 2025
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 11:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board.

Directors Jim Beall and Rebecca Eisenberg arrived as noted below.

Staff members in attendance were Melanie Richardson, Interim Chief Executive Officer; Carlos Orellana, District Counsel; Candice Kwok-Smith, Clerk, Board of Directors; E. Aryee, A. Beaman, L. Bankosh, M. Bilski, S. Bogale, J. Bourgeois, T. Chinte, O. El-Qoulaq, A. Garcia, R. Gibson, V. Gin, J. Golka, A. Gordon, A. Gschwind, W. Ho, S. Inda, C. Lawson, A. Lee, M. Lugo, L. Mason, R. McCarter, P. McElroy, T. Ndah, L. Penilla, M. Poole, D. Rocha, R. Ruiz, K. Struve, D. Taylor, G. Williams, B. Yerrapotu, and T. Yoke. Chief Operating Officer Aaron Baker represented Assistant Chief Executive Officer Rita Chan, Deputy Operating Officer Samuel Bogale represented Chief Operating Officer Aaron Baker, and Deputy Operating Officer Jennifer Codianne represented Chief Operating Officer Christopher Hakes.

2. 11:00 AM - CLOSED SESSION:

Chairperson Estremera confirmed that the Board would adjourn to Closed Session to consider Items 2.1, 2.2, 2.3, and 2.4.

Carlos Orellana, District Counsel, with respect to item 2.4, the facts and circumstances giving rise to this closed session include various allegations of harassment, discrimination, abusive conduct, and retaliation.

Chairperson Estremera read the Board Meeting Decorum statement into the record, outlining the expectations for respectful and professional conduct during the proceedings.

Move to Approve: Richard Santos
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: Jim Beall, Rebecca Eisenberg
Summary: 5 Yeas; 0 Nays; 0 Abstains; 2 Absent.

The Yeas have it, and the motion passed 6 to 1.

Two individuals addressed the Board regarding Agenda Item 2.4. Deborah Goldeen, residency not stated, and Peter Van Dyke, representing the Sierra Club Loma Prieta Chapter, provided public comment.

Directors Beall and Eisenberg arrived.

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Outdoor Solutions Landscape & Paver Supply v. Santa Clara Valley Water District, et al.
(Santa Clara County Superior Court, Case No. 24CV441153)
- 2.2. CLOSED SESSION
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: District Counsel
Pursuant to Government Code Section 54957(b)(1)
- 2.3. CLOSED SESSION
PUBLIC EMPLOYEE DISCIPLINE
Pursuant to Government Code Section 54957(b)(1)
- 2.4. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Anticipated Litigation
Significant Exposure to Litigation, Government Code Section 54956.9(d)(2)
Number of cases: multiple
- 2.5. District Counsel Report on Closed Session.

Carlos Orellana reported that, with respect to Items 2.1, 2.3, and 2.4, the Board met in Closed Session with all members participating, including Director Eisenberg, and took no reportable action. And turned it back over to the Chair for a report out on Item 2.2. The matter was then returned to the Chair for a report out on Agenda Item 2.2; however, no report was provided.

3. 1:00 PM - TIME CERTAIN:

3.1. Pledge of Allegiance/National Anthem.

Director Varela led all present in reciting the Pledge of Allegiance.

3.2. Orders of the Day.

None.

Chairperson Estremera read the Board Meeting Decorum statement into the record, outlining the expectations for respectful and professional conduct during the proceedings.

Move to Approve: Richard Santos
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The Yeas have it, and the motion passed unanimously.

3.3. Time Open for Public Comment on any Item not on the Agenda.

Martin Espinoza, NorCal Carpenters, provided a comment on Sites Reservoir.

There were 3 people providing comments to the Board regarding labor negotiations: Robert Ewing, Employees Association Bargaining Unit President; Katie Muller, Engineers Society Bargaining Unit President; and Jonathan Burgess, Professional Managers Association Bargaining Unit President;

Peter Van Dyke, Loma Prieta, provided comment on Director Ballard's memo.

3.4. Vice Chairperson Richard Santos' 25th Anniversary Recognition

Recommendation: Recognize Vice Chairperson Richard Santos for 25 years of service as a Board Director.

Chairperson Estremera recognized District 3 Director Richard P. Santos on his 25th anniversary.

Supervisor Lee's Communications Director, Grace Stetson, on behalf of District 3 Santa Clara County Supervisor Otto Lee, presented a Certificate of Commendation to Vice Chair Santos in recognition of his 25 years of service to the Santa Clara Valley Water District.

The Board noted the information without formal action.

- 3.5. Conduct a Public Hearing to Consider Adopting a Resolution of Necessity Relating to the Acquisition of Real Property Interests from AJS Investment Group, LLC, Necessary to Complete the Coyote Creek Flood Protection Project, Project No. 26174043, APN 237-02-062, Real Estate File No. 4021-436 (San Jose, District 2).

- Recommendation:
- A. Open and conduct a Public Hearing to consider adoption of a Resolution of Necessity relating to the acquisition of real property interests from AJS Investment Group LLC, necessary to complete the Coyote Creek Flood Protection Project, Project No. 26174043;
 - B. Close the Public Hearing; and
 - C. Adopt the Resolution DETERMINING AND DECLARING THE PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN REAL PROPERTY OR INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN FOR THE COYOTE CREEK FLOOD PROTECTION PROJECT (PROJECT NO. 26174043) (CODE OF CIVIL PROCEDURE SECTIONS 1245.220, et seq.), by a two-thirds vote.

Chairperson Estremera opened the Public Hearing.

Bhavani Yerrapotu, Deputy Operating Officer, reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Attachment 3.

Chairperson Estremera declared time open for public comments and, seeing no one present who wished to speak, requested a motion to close the Public Hearing.

Motion: Close the public hearing.

Move to Approve: Richard Santos

Second: Nai Hsueh

Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh

Nays: None

Abstains: None

Recuses: None

Absent: None

Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed unanimously.

Motion: Adopt Resolution No. 2025-67 DETERMINING AND DECLARING THE PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN REAL PROPERTY OR INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN FOR THE COYOTE CREEK FLOOD PROTECTION PROJECT (PROJECT NO. 26174043)

(CODE OF CIVIL PROCEDURE SECTIONS 1245.220, et seq.), by a two-thirds vote.

Move to Adopt: John L. Varela
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed 6 to 1.

- 3.6. Conduct a Public Hearing to Consider Adopting a Resolution of Necessity Relating to the Acquisition of Real Property Interests from Tripp Avenue Housing Associates, LP, Necessary to Complete the Coyote Creek Flood Protection Project, Project No. 26174043, APN 249-64-025, Real Estate File Nos. 4021-347 and 4021-450 (San Jose, District 2).

Recommendation: A. Open and conduct a Public Hearing to consider adoption of a Resolution of Necessity relating to the acquisition of real property interests from Tripp Avenue Housing Associates, LP, necessary to complete the Coyote Creek Flood Protection Project, Project No. 26174043;
B. Close the Public Hearing; and
C. Adopt the Resolution DETERMINING AND DECLARING THE PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN REAL PROPERTY OR INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN FOR THE COYOTE CREEK FLOOD PROTECTION PROJECT (PROJECT NO. 26174043) (CODE OF CIVIL PROCEDURE SECTIONS 1245.220, et seq.), by a two-thirds vote.

Chairperson Estremera opened the Public Hearing.

Bhavani Yerrapotu reviewed the information on this Item, per the attached Board Agenda Memo and per the information contained in Attachment 3.

Chairperson Estremera declared time open for public comments and, seeing no one present who wished to speak, requested a motion to close the Public Hearing.

Motion: Close the public hearing

Move to Approve: Shiloh Ballard
Second: Nai Hsueh
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh

Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it and the motion passed unanimously.

Motion: Adopt Resolution No. 2025-68 DETERMINING AND DECLARING THE PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN REAL PROPERTY OR INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN FOR THE COYOTE CREEK FLOOD PROTECTION PROJECT (PROJECT NO. 26174043) (CODE OF CIVIL PROCEDURE SECTIONS 1245.220, et seq.), by a two-thirds vote.

Move to Adopt: John L. Varela
Second: Nai Hsueh
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed 6 to 1.

REGULAR AGENDA:

4. CONSENT CALENDAR:

Chairperson Estremera removed Item 4.2 from the Consent Calendar for individual consideration, and the Board considered Consent Calendar Items 4.1 and 4.3 through 4.5 under one motion.

- 4.1. Adopt a Resolution Declaring Santa Clara Valley Water District's 2026 Monthly Cultural Observances.

Recommendation: Adopt a Resolution DECLARING SANTA CLARA VALLEY WATER DISTRICT'S 2026 CULTURALLY SIGNIFICANT OBSERVANCES MONTHLY CALENDAR.

- 4.3. Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Santa Clara Conduit Inspection and Rehabilitation Project - Phase 2, as part of the 10-Year Pipeline Inspection and Rehabilitation Project, Con-Quest Contractors Inc., Contractor, Project No. 95084002, Contract No. C0697 (Morgan Hill, Gilroy, Unincorporated San Benito County, and Unincorporated Santa Clara County, District 1).

Recommendation: A. Accept the work on the Santa Clara Conduit Inspection and Rehabilitation Project - Phase 2, as part of the 10-Year Pipeline Inspection and

Rehabilitation Project, Project No. 95084002,
Contract No. C0697 as complete; and

- B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder.

4.4. Approval of Minutes.

Recommendation: Approve the minutes.

4.5. Accept the CEO Bulletin for the Weeks of November 21, through December 4, 2025.

Recommendation: Accept the CEO Bulletin.

Motion: The Board considered Consent Calendar Items 4.1 and 4.3 through 4.5 under one motion. Adopt Resolution No. 2025-69 DECLARING SANTA CLARA VALLEY WATER DISTRICT'S 2026 CULTURALLY SIGNIFICANT OBSERVANCED MONTHLY CALENDAR, by roll call vote as contained in Item 4.1; accept the work on the Santa Clara Conduit Inspection and Rehabilitation Project - Phase 2, as part of the 10-Year Pipeline Inspection and Rehabilitation Project, Project No. 95084002, contact No. C0697 as complete, and direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and to submit it for recording to the Santa Clara county Clerk Recorder, as contained in Item 4.3; Approve the minutes for October 28, 2025, as contained in Item 4.4; and accept the CEO Bulletin, as contained in Item 4.5.

Move to Approve: Richard Santos
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it and the motion passed unanimously.

4.2. Adopt Recommended Positions on Federal Legislation: H.R. 6229 (Schrier) - Restoring WIFIA Eligibility Act of 2025; H.R. 6204 (Lee) - Large-Scale Water Recycling Reauthorization Act; H.R. 5414 (Van Drew) - Dam Assessment and Mitigation Support (DAMS) Act; And Other Legislation That May Require Consideration by the Board.

Recommendation: A. Adopt a Position of "Support" on H.R. 6229 (Schrier) - Water Infrastructure Finance and

Innovation Act (WIFIA) Amendments of 2025[ED1][BZ2];

- B. Adopt a Position of "Support" on H.R. 6204 (Lee) - Large-Scale Water Recycling Reauthorization Act; and
- C. Adopt a Position of "Support and Amend" on H.R. 5414 (Van Drew) - Dam Assessment and Mitigation Support (DAMS) Act.

Motion: Adopt a Position of Support on H.R. 6229, (Schrier) Water Infrastructure Finance and Innovation Act, amendments of 2025; adopt a position of support on H.R. 6204 (Lee) - Large-Scale Water Recycling Reauthorization Act; and adopt a position of support and amend on H.R. 5414 (Van Drew) - Dam Assessment and Mitigation Support (Dams) Act as contained in Item 4.2.

Move to Adopt: Richard Santos
Second: John L. Varela
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed 6 to 1.

5. BOARD OF DIRECTORS:

5.1. Board Committee Reports.

The Board reviewed the information on the October 22, 2025, Santa Clara Valley Water Commission, and December 8, 2025, Water Supply and Demand Management Committee, and December 10, 2025, Board Policy and Monitoring Committee meeting summaries and agendas contained in Handouts 5.1-A, 5.1-B, and 5.1-C, respectively, and noted the information without formal action. Copies of the Handouts were distributed to the Board and made available to the public.

5.2. Consider the November 19, 2025, Board Audit Committee Recommendation for Performance Audits to include in the 2026 Annual Audit Plan; Approve the 2026 Annual Audit Plan; and Provide Further Direction to Staff and the Chief Audit Executive as Needed.

Recommendation: Consider the November 19, 2025, Board Audit Committee Recommendation for Performance Audits to include in the 2026 Annual Audit Plan:
A. Approve the 2026 Annual Audit Plan; and
B. Provide further direction to staff and the Chief Audit Executive as needed.

George Skiles, Sjoberg Evashenk Consulting, Inc., reviewed the information on this item, per the attached Board Agenda Memo.

Peter Van Dyke, Loma Prieta Resource Conservation District, provided public comment.

Move to Approve: Jim Beall
Second: Shiloh Ballard
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed unanimously.

6. WATER UTILITY ENTERPRISE:

6.1. Receive Report of Bids, Ratify Addenda, Waive Minor Irregularities, Approve the Contingency Fund, and Award the Construction Contract to Mountain Cascade, Inc., for the Penitencia Water Treatment Plant Residuals Management Project, Project No. 93234044, Contract No. 0711 in the Sum of \$90,569,600 (City of San Jose, District 3).

Recommendation: A. Ratify Addenda No(s). 1 through 10 to the Contract Documents for the Penitencia Water Treatment Plant Residuals Management Project;
B. Waive minor irregularities in Mountain Cascade, Inc.'s bid;
C. Award the Construction Contract to Mountain Cascade, Inc., located in Livermore, CA, in the sum of \$90,569,600; and
D. Approve a contingency sum of \$13,585,440 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

Deputy Operating Officer Emmanuel Aryee reviewed the information on this item per the attached Board Agenda Memo.

Move to Approve: Nai Hsueh
Second: Richard Santos
Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed unanimously.

7. WATERSHEDS:

- 7.1. Approve Amendment No. 3 to Agreement No. A4306A with GEI Consultants, Inc. for On-Call Planning & Design Services for Water Resources and Stewardship, CAS File No. 4968, Increasing the Fee by \$500,000 for a Total Revised Fee of \$1,500,000, Extending the Term to December 31, 2026, incorporating terms required by the Water Infrastructure Finance and Innovation Act loan agreement, and updating other administrative changes.

Recommendation: Approve Amendment No. 3 to Agreement No. A4306A with GEI Consultants, Inc. for On-Call Planning & Design Services for Water Resources and Stewardship, CAS File No. 4968, Increasing the Fee by \$500,000 for a Total Revised Fee of \$1,500,000, Extending the Term to December 31, 2026, incorporating terms required by the Water Infrastructure Finance and Innovation Act loan agreement, and updating other administrative changes.

Lisa Bankosh, Assistant Officer, reviewed the information on this item per the attached Board Agenda Memo

Move to Approve: Nai Hsueh
Second: Richard Santos
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed 6 to 1.

Director Eisenberg stated that the opposition to the item was based on a preference for hiring new staff to perform the work rather than retaining consultants.

- 7.2. Approve Amendment No. 3 to Agreement No. A4307A with Environmental Science Associates (ESA) for On-Call Planning & Design Services for Water Resources and Stewardship, CAS File No. 4968, Increasing the Fee by \$500,000 for a Total Revised Fee of \$1,500,000, Extending the Term to December 31, 2026, incorporating terms required by the Water Infrastructure Finance and Innovation Act loan agreement, and updating other administrative changes.

Recommendation: Approve Amendment No. 3 to Agreement No. A4307A with Environmental Science Associates (ESA) for On-Call Planning & Design Services for Water Resources and Stewardship, CAS File No. 4968, Increasing the Fee by \$500,000 for a Total Revised Fee of \$1,500,000, Extending the Term to December 31, 2026, incorporating terms required by the Water Infrastructure Finance and

Innovation Act loan agreement, and updating other administrative changes.

The Board considered this Item without a staff presentation.

Move to Approve: John L. Varela
Second: Nai Hsueh
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: Rebecca Eisenberg
Abstains: None
Recuses: None
Absent: None
Summary: 6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The yeas have it and the motion passed 6 to 1.

Director Eisenberg stated that the opposition to the item was based on a preference for hiring new staff to perform the work rather than retaining consultants.

- 7.3. Authorize Acquisition of Real Property Interests from San Jose Water Company for the Coyote Creek Flood Protection Project, Project No. 26174043, APNs 467-13-055, 467-13-056, 467-13-002, 467-13-003, 472-11-016, 472-12-058, 472-12-071, 477-12-024, and 477-20-033, Real Estate File Nos. 4021-367, 4021-458, 4021-464, 4021-465, 4021-472, 4021-473, 4021-498, 4021-506, 4021-521, 4021-525, and 4021-526 (San Jose, Districts 2 and 6).

- Recommendation:
- A. Authorize the Interim Chief Executive Officer to execute a Right of Way Agreement between San Jose Water Company and the Santa Clara Valley Water District for acquisition of real property interests on APNs 467-13-055, 467-13-056, 467-13-002, 467-13-003, 472-11-016, 472-12-058, 472-12-071, 477-12-024, and 477-20-033, for the price of \$2,932,950, based upon the terms and conditions as set forth in the Agreement;
 - B. Authorize the Interim Chief Executive Officer to accept the Quit Claim Deed (4021-525 and 4021-526) from San Jose Water Company;
 - C. Authorize the Interim Chief Executive Officer to accept the Easement Deeds (4021-367 and 4021-498) from San Jose Water Company; and
 - D. Authorize the Interim Chief Executive Officer to accept the Temporary Construction Easement Deeds (4021-506, 4021-521, 4021-458, 4021-464, 4021-465, 4021-472, and 4021-473) from San Jose Water Company.

Deputy Operating Officer Bhavani Yerrapotu reviewed the information on this item per the attached Board Agenda Memo.

Move to Approve: Nai Hsueh

Second: Jim Beall
 Yeas: Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
 Nays: None
 Abstains: None
 Recuses: None
 Absent: None
 Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The yeas have it, and the motion passed unanimously.

8. ASSISTANT CHIEF EXECUTIVE OFFICER:

None.

9. EXTERNAL AFFAIRS:

None.

10. CHIEF EXECUTIVE OFFICER:

10.1. CEO and Chiefs' Reports.

Chief Operating Officer Aaron Baker updated the Board on the State Water Project allocation for next year. On December 1, 2025, the Department of Water Resources (DWR) announced an initial 10 percent project allocation, reflecting a conservative forecast. DWR will continue to monitor snowpack and precipitation in the coming months and adjust the allocation based on accumulated conditions.

Acting Chief Operating Officer Jenn Codianne provided an update on ongoing negotiations with the San Jose Unified School District regarding the Selma Olinder School property. An in-person negotiation session is scheduled for December 18, with the goal of reaching an agreement. Staff plans to bring a more comprehensive update and any potential action items to the Board in January.

Chief of External Affairs Rachael Gibson reviewed the attached Office of Civic Engagement Monthly Update, identified as Handout 10.1-A; Office of Government Relations Summary for November 2025, identified as Handout 10.1-B, respectively herein. Copies of the Handouts were distributed to the Board and made available to the public.

11. ADMINISTRATION:

None.

12. DISTRICT COUNSEL:

None.

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

13.1. Review the Fiscal Year 2026 Board Policy Planning Calendar.

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

None.

The Board referred Governance Process GP-10, Cost of Governance, to the Board Policy and Planning Committee and directed that it be added to the Committee's work plan.

13.2. Election of Board Chairperson and Vice Chairperson for Calendar Year 2026.

Recommendation: Nominate and elect a new Chairperson and Vice Chairperson for Calendar Year 2026.

Motion: Director Varela nominated Chairperson Tony Estremera and Vice Chairperson Richard Santos to serve as Chairperson and Vice Chairperson, respectively, for the 2026 calendar year.

Move to Approve: John L. Varela
Second: Nai Hsueh

Director Eisenberg offered a substitute motion.

Motion: Director Eisenberg nominated Director Ballard to serve as Chair for 2026. Director Ballard declined the nomination, and the motion failed for lack of a second.

Move to: Rebecca Eisenberg
Second: The motion did not receive a second and was lost.

Chairperson Estremera stated for the record that the substitute motion failed and that the Board would return to consideration of the original motion.

Motion: Director Varela nominated Chairperson Tony Estremera and Vice Chairperson Richard Santos to serve as Chairperson and Vice Chairperson, respectively, for the 2026 calendar year.

Move to Approve: John L. Varela
Second: Nai Hsueh
Yeas: Shiloh Ballard, Jim Beall, Tony Estremera, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: Rebecca Eisenberg
Recuses: None
Absent: None
Summary: 6 Yeas; 0 Nays; 1 Abstains; 0 Absent.

The yeas have it, and the motion passed.

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

Director Beall reported attending the following meetings: a University of San Francisco student interview regarding foster care interns and mentor promotion; a Board Audit Committee (BAC) meeting; a Santa Clara County Special Districts Association (SCCSDA) meeting; a Local Agency Formation Commission (LAFCO) meeting; an Interim Supportive Housing Community meeting at Cherry Avenue; a City of San José District 10 Leadership Coalition meeting; and a Creeks Cleanup Grant meeting with staff.

Director Eisenberg reported that she was a guest lecturer on negotiation skills at the Stanford Graduate School of Engineering. She wished everyone a happy Winter Solstice.

Vice Chairperson Santos reported attending a Board Ethics and Conduct Ad Hoc Committee meeting, a Water Supply and Demand Management Committee (WSDMC) meeting, a purification tour, and a Berryessa Citizens Advisory Council meeting. He thanked staff for attending the Santa Visits Alviso event.

Director Ballard reported attending the previously referenced WSDMC and SCCSDA meetings, a Labor Negotiations Ad Hoc Committee meeting, a meeting with Congresswoman Zoe Lofgren, attended the Association of California Water Agencies (ACWA) conference, and an AFSCME union meeting.

Director Hsueh reported attending the previously referenced WSDMC meeting, a Safe, Clean Water Independent Monitoring Committee meeting, a Sunnyvale Leadership Program presentation, a Labor Negotiations Ad Hoc Committee meeting, and various meetings with staff.

Director Varela reported attending a meeting with Congresswoman Zoe Lofgren, a Cal Fire realignment meeting in South County, a Holiday Lakes Homeowners Association meeting on feral pigs, and a meeting with the Mayor of Gilroy and unhoused advocates.

Chairperson Estremera reported attending Agenda Review and meetings with the interim CEO, the previously referenced ACWA conference and meetings with San Luis Delta-Mendota Water Authority and Contra Costa Water District on continued discussion on Los Vaqueros Reservoir, and Patterson Water District regarding water rights and relationship renewal, and various meetings with staff.

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

Candice Kwok-Smith, Clerk of the Board, introduced Wendy Ho as the new Board Support Officer, extending a warm welcome and expressing confidence that the Board is in excellent hands with her leadership and support.

16. ADJOURN:

Chairperson Estremera adjourned the meeting at 3:18 p.m. The Board will convene for the next Special Closed Session Board meeting at 10:00 a.m. on Wednesday, December 17, 2025, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: January 13, 2026

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BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL CLOSED SESSION BOARD MEETING
WEDNESDAY, DECEMBER 17, 2025
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Special Closed Session Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 10:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board.

Directors Jim Beall and Rebecca Eisenberg arrived as noted below.

Staff members in attendance were Carlos Orellana, District Counsel and Candice Kwok-Smith, Clerk, Board of Directors.

1.2. Time Open for Public Comment on any Item not on the Agenda.

None.

2. 10:00 AM - CLOSED SESSION:

Chairperson Estremera confirmed that the Board would adjourn to Closed Session to consider Items 2.1, 2.2, and 2.3.

Carlos Orellana, District Counsel, with respect to item 2.3, the facts and circumstances giving rise to this closed session include various allegations of harassment, discrimination, abusive conduct, and retaliation.

Directors Beall and Eisenberg arrived.

2.1. CLOSED SESSION
CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6(a)

Agency Designated Representatives: M. Richardson, T. Yoke, P. McElroy,
A. Lee, E. Meeks, J. Carlos Orellana, L. Mason, E. Kreisberg
Employee Organizations: Employees Association, Engineers Society,
Professional Managers Association
Unrepresented Employees: All Valley Water Unclassified Positions

- 2.2. CLOSED SESSION
PUBLIC EMPLOYEE DISCIPLINE
Pursuant to Government Code Section 54957(b)(1)
- 2.3. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Anticipated Litigation
Significant Exposure to Litigation, Government Code Section 54956.9(d)(2)
Number of cases: multiple
- 2.4. District Counsel Report on Closed Session.

Carlos Orellana reported that in regard to Items 2.1, 2.2, and 2.3, the Board met in Closed Session with all members participating, including Directors Beall and Eisenberg, and took no reportable action.

3. ADJOURN:

Chairperson Estremera adjourned the meeting at 12:17 p.m. The Board will convene for the next Special Closed Session Meeting at 10:00 a.m. on Monday, December 29, 2025, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: January 13, 2026



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL CLOSED SESSION BOARD MEETING
MONDAY, DECEMBER 29, 2025
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Special Closed Session Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 10:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Jim Beall, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board.

Director Rebecca Eisenberg arrived as noted below.

Staff members in attendance included Carlos Orellana, District Counsel, and Candice Kwok-Smith, Clerk, Board of Directors.

2. 10:00 AM - CLOSED SESSION:

Chairperson Estremera confirmed that the Board would adjourn to Closed Session to consider Items 2.1, 2.2, and 2.3.

Carlos Orellana, District Counsel, with respect to item 2.3, the facts and circumstances giving rise to this closed session include various allegations of harassment, discrimination, abusive conduct, and retaliation.

Director Eisenberg arrived.

2.1. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a)

Agency Designated Representatives: M. Richardson, T. Yoke, P. McElroy, A. Lee, E. Meeks, J. Carlos Orellana, L. Mason, E. Kreisberg

Employee Organizations: Employees Association, Engineers Society, Professional Managers Association

Unrepresented Employees: All Valley Water Unclassified Positions

- 2.2. CLOSED SESSION
PUBLIC EMPLOYEE DISCIPLINE
Pursuant to Government Code Section 54957(b)(1)
- 2.3. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Pursuant to Government Code Section 54956.9(d)(2)
Anticipated Litigation, Significant Exposure to Litigation
Number of cases: Multiple
- 2.4. District Counsel Report on Closed Session.

Carlos Orellana reported that, regarding Items 2.1, 2.2, and 2.3, the Board met in Closed Session with all members participating, including Director Eisenberg, and took no reportable action.

3. ADJOURN:

Chairperson Estremera adjourned the meeting at 12:52 p.m. The Board will convene for the next Closed Session and Regular Meeting at 11:00 a.m. on Tuesday, January 13, 2026, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: January 13, 2026



Santa Clara Valley Water District

File No.: 25-1016

Agenda Date: 1/13/2026

Item No.: 5.1.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Adopt a Resolution Setting the Time and Place of Regular Meetings of the Santa Clara Valley Water District Board of Directors.

RECOMMENDATION:

- A. Consider the schedule for the regular meetings of the Board, currently held on the second and fourth Tuesday of each month, beginning at 1:00 p.m., or as designated by the Clerk of the Board to accommodate Closed Session subject matter;
- B. Discuss and identify, if necessary, 2026 Board meeting recess dates; and
- C. If a new regular Board meeting schedule is approved, adopt the Resolution SETTING THE TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AND RESCINDING RESOLUTION NO 2025-04.

SUMMARY:

At its January 14, 2025, regular meeting, the Board adopted Resolution No. 2025-04 (Attachment 1), establishing the current schedule for regular Board meetings-held on the second and fourth Tuesday of each month at 1:00 p.m., or as designated by the Clerk of the Board to accommodate Closed Session items.

This item provides the Board with an opportunity to review and, if desired, modify the regular meeting schedule. Should the Board wish to make changes, it may direct staff regarding the effective date of the new schedule and adopt a new Resolution accordingly.

Additionally, this item allows the Board to discuss potential 2026 recess dates during which no Board or Committee meetings would be scheduled. Selecting recess periods early in the year will assist with agenda planning and scheduling of future presentations.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

Attachment 1: Resolution No. 2025-04

Attachment 2: Draft Resolution

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3139

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2025-04

**SETTING THE TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS
OF THE SANTA CLARA VALLEY WATER DISTRICT
AND RESCINDING RESOLUTION NO. 24-02**

BE IT RESOLVED, by the Board of Directors of Santa Clara Valley Water District (Valley Water), as follows:

Effective January 14th , 2025, regular meetings of the Board of Directors of Valley Water shall be held on the second and fourth Tuesday of each month, commencing at 1:00 P.M..

All regular meetings shall be held in the chambers of said Board, 5700 Almaden Expressway (Headquarters Building), San Jose, California 95118, or at such other place as the Board may direct; provided that, a notice of such other meeting place shall be conspicuously posted at least 72 hours prior to such meeting at the location where Board agendas are posted.

When required, Closed Session meetings of the Board of Directors of Valley Water shall be held on regularly scheduled meeting dates, at a time designated by the Clerk of the Board to accommodate discussion of identified subject matter.

Special meetings of the Board must be called and held as provided by pertinent general law.

Regular and special meetings of the Board may be adjourned to a time and place certain as specified in the announced action of the Board.

Resolution No. 24-02 of this Board is hereby rescinded.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on January 14, 2025.

AYES: Directors Varela, Santos, Ballard, Beall, Eisenberg, Estremera, Hsueh

NOES: None

ABSENT: None

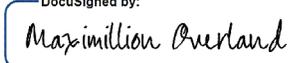
ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:

197E6FBCAE23405...
TONY ESTREMERA
Chair, Board of Directors

ATTEST: MAXIMILLION OVERLAND, CMC

DocuSigned by:

6FDFB93282E44BB...
Interim Clerk, Board of Directors

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**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-

**SETTING THE TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS
OF THE SANTA CLARA VALLEY WATER DISTRICT
AND RESCINDING RESOLUTION NO. 2025-04**

BE IT RESOLVED, by the Board of Directors of Santa Clara Valley Water District (Valley Water), as follows:

Effective _____, 2026, regular meetings of the Board of Directors of Valley Water shall be held on the _____ and _____ of each month, commencing at _____.

All regular meetings shall be held in the chambers of said Board, 5700 Almaden Expressway (Headquarters Building), San Jose, California 95118, or at such other place as the Board may direct; provided that, a notice of such other meeting place shall be conspicuously posted at least 72 hours prior to such meeting at the location where Board agendas are posted.

When required, Closed Session meetings of the Board of Directors of Valley Water shall be held on regularly scheduled meeting dates, at a time designated by the Clerk of the Board to accommodate discussion of identified subject matter.

Special meetings of the Board must be called and held as provided by pertinent general law.

Regular and special meetings of the Board may be adjourned to a time and place certain as specified in the announced action of the Board.

Resolution No. 2025-04 of this Board is hereby rescinded.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on January 13, 2026.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

TONY ESTREMER
Chair, Board of Directors

ATTEST:

CANDICE KWOK-SMITH
Clerk, Board of Directors

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Santa Clara Valley Water District

File No.: 26-0062

Agenda Date: 1/13/2026

Item No.: *5.2.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Review the Board Committees and Approve the 2026 Board Committee Appointments.

RECOMMENDATION:

- A. Review and, if necessary, revise the purpose statements for each individual Board Committee;
- B. Establish or dissolve Board Committees as appropriate to meet current organizational and community needs;
- C. Review and approve the proposed 2026 Board Committee appointments submitted by the 2026 Board Chair; and
- D. Appoint new Board Committee representatives, as needed.

SUMMARY:

This item allows the 2026 Board Chair to nominate members of the Board to serve on various committees for Board consideration and approval, in accordance with Board Governance Policy GP-9: Board Committee Structure.

Board Governance Policies

The Santa Clara Valley Water District (Valley Water) Board of Directors operates under a series of Board Governance Policies designed to ensure transparency, accountability, and effective leadership.

Under Governance Process Policy GP-8: Board Committee Principles, the Board may establish committees to assist with policy development, support District mission implementation, contribute subject-matter expertise, and strengthen the connection between Valley Water and the community it serves.

1. Board Standing Committees:

Standing Committees are established by ordinance, resolution, or other formal Board action and are composed of fewer than a quorum of the Board and/or external members. These committees have ongoing subject-matter jurisdiction or a regular meeting schedule. Each year, the Board reviews the purpose of every Standing Committee to confirm its continued

relevance.

2. Board Ad Hoc Committees:

Ad Hoc Committees are also composed of fewer than a quorum of the Board and/or external members but are created for a limited time to accomplish a specific purpose. They are formed in accordance with the Board Ad Hoc Committee Procedure and are used selectively. Like Standing Committees, Ad Hoc Committees are reviewed annually to ensure they remain necessary and relevant.

In keeping with the Board's policy-level focus, Board Committees do not direct the implementation of District programs or projects. Their role is to receive information, provide advice, and offer recommendations that inform the Board's decision-making and strengthen community engagement.

Accordingly:

8.1. When used, Board Standing Committees and Board Ad Hoc Committees will be established to reinforce the wholeness of the Board's job and to never interfere with delegation from the Board to the BAOs.

8.1.1. Board Standing Committees and Board Ad Hoc Committees are established for a specific purpose as defined by the Board. The committees' purpose may also include a definition in authority and limitation in duration. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the BAOs.

8.1.2. Board Standing Committees and Board Ad Hoc Committees will communicate directly with the Board and will not exercise authority over employees. Therefore, because the BAOs work for the full Board, they will not be required to obtain approval of a Board Standing Committees or Board Ad Hoc Committee before an executive action.

The 2026 Board Chair's proposed committee appointments will be provided in a supplemental memorandum to be released on Friday, January 9, 2026. This supplemental document outlines the Chair's recommended assignments for the Board and Board Advisory Committees, consistent with Board Governance Policy GP-9: Board Committee Structure.

ENVIRONMENTAL JUSTICE IMPACT:

There is no environmental justice impacts associated with the 2025 Board Committee Appointments.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

*Supplemental Board Agenda Memorandum

*Supplemental Attachment 1: 2026 Board Committee Appointments

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193



Santa Clara Valley Water District

File No.: 26-0057

Agenda Date: 1/13/2026

Item No.: *5.2.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

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

SUBJECT:

Review the Board Committees and Approve the 2026 Board Committee Appointments.

REASON FOR SUPPLEMENTAL MEMORANDUM:

To communicate the 2026 Board Chair's proposed Committee appointments in a supplemental memorandum on Friday, January 9, 2026, as it was not finalized for inclusion in the Friday, January 2, 2026, agenda publication.

RECOMMENDATION:

- A. Review, revise if necessary, and approve individual Board Committee purpose descriptions;
- B. Create or disband Board Committee(s) as necessary;
- C. Review and approve the proposed 2026 Board Committee appointments as submitted by the 2026 Board Chair; and
- D. Appoint new Board Committee Representatives, as necessary.

SUMMARY:

No change from original memo.

ENVIRONMENTAL JUSTICE IMPACT:

No change from original memo.

FINANCIAL IMPACT:

No change from original memo.

CEQA:

No change from original memo.

ATTACHMENTS:

*Supplemental Attachment 1: 2026 Board Committee Appointments

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

| Board Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|--|-----------|-----------------------------|--|--|-------------|----------------------------------|
| Board Audit Committee (BAC) | J. Beall S. Ballard T. Estremera | N/A | Advisory to the SCVWD Board | Assist the Board, consistent with direction from the full Board, to identify potential areas for audit and audit priorities and to review, update, plan, and coordinate the execution of Board audits. | Monthly, or as called by the Committee Chair | N. Merritt | D. Taylor T. Yoke L. Mason |
| Board Policy and Monitoring Committee (BPMC) | T. Estremera N. Hsueh S. Ballard | N/A | Advisory to the SCVWD Board | Provide support to the Board in the areas of: 1. Board planning process; 2. Board Committees' principles and structures; 3. Board and organization performance monitoring and 4. Other tasks as assigned by the Board Work on Board and Director identified issues related to Diversity & Inclusion | Monthly, or as called by the Committee Chair | S. Simunic | COB CEO C. Orellana |

| Board Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|---------------------------------------|------------------|-----------------------------|---|--|--------------------|---------------------------------------|
| Capital Improvement Program (CIP) Committee | J. Beall T. Estremera N. Hsueh | N/A | Advisory to the SCVWD Board | Provide a venue for more detailed discussions regarding capital project validation, including recommendations on prioritizing, deleting, and/or adding projects to the CIP, as well as monitoring implementation progress of key projects in the CIP. | Monthly, or as called by Committee Chair | D. Leon | L. Penilla C. Hakes A. Beaman |
| Environmental Creek Cleanup Committee (ECCC) | J. Beall N. Hsueh R. Santos | N/A | Advisory to the SCVWD Board | Discuss homelessness and encampment issues and bring discussion and recommendations back to the Board. | As called by Committee Chair | D. Leon | J. Codianne M. Bilski A. Beaman |
| Recycled Water Committee (RWC) | J. Beall T. Estremera R. Santos | N/A | Advisory to the SCVWD Board | Develop a long-term proposal for how the Valley Water can work together with other local agencies on recycled water opportunities within the district boundaries, to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues. | Monthly or as called by Committee Chair | S. Simunic | K. Struve R. Ruiz |

| Board Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|---|------------------|-----------------------------|--|--|--------------------|---|
| Stream Planning and Operations Committee (SPOC) | T. Estremera S. Ballard J. Varela | N/A | Advisory to the SCVWD Board | Track the progress of Initialing Parties of the FAHCE Settlement Agmt in completing requirements enabling dismissal of water rights complaint and commencement of restoration program. Identify/recommend Board actions to ensure expeditious completion of requirements defined in Purpose 1, including engagement with appointed boards and senior officials of other Initialing Parties. Identify/track progress of District and non-District activities that may affect the FAHCE Settlement Agreement and implementation. | Bimonthly, or as called by Committee Chair | S. Simunic | J. Bourgeois G. Williams A. Gschwind |
| Water Supply and Demand Management (WSDM) | S. Ballard R. Santos N. Hsueh | N/A | Advisory to the SCVWD Board | -Support the Board in achieving its policy to provide reliable water supply to meet current and future water usage; -Make policy recommendations and receiving and discussing information related to demand management, including water conservation, SGMA/groundwater management and additional water storage options; and -Assist their respective Directors on policies and actions related to these matters. | Monthly, or as called by Committee Chair | S. Simunic | V. Gin K. Struve R. McCarter A. Gschwind |

| Board Advisory Committees | Representative(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|---|------------------|-----------------------------|--|--|--------------------|---------------------------|
| Agricultural Water Advisory Committee | R. Santos J. Varela J. Beall | N/A | Advisory to the SCVWD Board | To assist the Board with policies and issues pertaining to agricultural water supply and use, as well as in the annual review of groundwater production charges | Quarterly in January, April, July and October | N. Merritt | V. Gin D. Taylor |
| Environmental and Water Resources Committee | T. Estremera S. Ballard N. Hsueh | N/A | Advisory to the SCVWD Board | To assist the Board with policies and issues pertaining to water supply, flood protection and environmental stewardship. | Quarterly in January, April, July and October | D. Leon | J. Bourgeois K. Struve |
| Santa Clara Valley Water Commission | H. Hsueh (Chair 2024) R. Santos (V. Chair 2026) T. Estremera (Chair 2026) | N/A | Advisory to the SCVWD Board | To assist the board with policies and issues pertaining to water supply, flood protection and environmental stewardship. | Quarterly in January, April, July and October | S. Simunic | R. Chan R. Gibson |
| Santa Clara Valley Water District Youth Commission | N. Hsueh S. Ballard J. Varela | N/A | Advisory to the SCVWD Board | Assist the Board with policy review and development, provide comment on activities in the implementation of the District's mission for Board consideration, and to identify Board-related issues pertaining to public policy education, outreach, and all matters impacting the Santa Clara County youth and the District. | Four times per year or more often, as authorized by the Board. | D. Leon | R. Gibson |

| Joint Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|---------------------------------------|-----------|---|--|--|-------------|--------------------------|
| Joint Recycled Water Advisory Committee with the City of Sunnyvale | J. Beall T. Estremera R. Santos | N/A | Advisory to the SCVWD Board Membership includes three (3) District Board members and two (2) Sunnyvale City Council members | Develop a long-term proposal for how the District and City of Sunnyvale can work together on recycled water opportunities, to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues. | As called by Committee Chair | S. Simunic | K. Struve C. Orellana |
| Joint Recycled Water Policy Advisory Committee with the City of San Jose/Santa Clara | J. Beall T. Estremera R. Santos | N/A | Advisory to the SCVWD Board and San José City Council Membership includes (3) District Board members, (2) CSJ Council members, and (2) CSC Council members. | Required per a term in the City– District 40-year Integration Agreement. The Committee shall tender its advice to the District’s Board of Directors and the City Council of the City of San José with respect to policy matters relating to the production, distribution and use of recycled water from facilities under administration by these agencies. | Regular meetings annually, on the third Thursday of April, at 10:00 a.m. | N. Merritt | K. Struve R. Ruiz |

| Joint Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|---------------------------------------|-----------|--|---|-------------------------------|-------------|--------------------------|
| Joint Recycled Water Policy Committee with the City of Palo Alto, East Palo Alto and Mountain View | J. Beall T. Estremera R. Santos | N/A | Advisory to the SCVWD Board- Membership includes (3) District Board members, (2) Palo Alto Council members, (1) rep from East Palo Alto City Council, and (1) rep from Mountain View City Council. | Develop a long-term proposal for how the District and the Palo Alto Regional Water Quality Control Plant (RWQCP) partner agencies, other stakeholders, and interested parties, can work together on recycled water opportunities, to advance common interest, and to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues. | As called by Committee Chair. | D. Leon | K. Struve C. Orellana |

| Joint Committees | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|------------------------|-----------|--|--|---|-------------|----------------------------|
| Joint Water Resources Committee with Cities of Morgan Hill and Gilroy | J. Varela R. Santos | N. Hsueh | Advisory to the SCVWD Board – Membership includes (2) District Board members; (2) Morgan Hill Council Members (one must be a SCRWA representative) ; (2) Gilroy Council Members (one must be a SCRWA representative) | Advance common South County water interests and receive input from stakeholders and interested parties when undertaking the following: 1. Reviewing current practices and future needs for groundwater management in the Llagas groundwater sub-basin; 2. Facilitating policy discussion and sharing of technical information on water supply planning for South County; 3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the So. Co. Recycled Water Master Plan; 4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in So Co.; and 5. Facilitating policy discussion and sharing of socio-economic info on homelessness in So. Co. | Quarterly in January, April, July and October. | N. Merritt | K. Struve A. Gschwind |
| San Felipe Division Reach One | J. Varela R. Santos | N/A | Voting member Membership includes (2) SBCWD representatives, in accordance with SCVWD Agreement No. A3080/File No. 3160 | Discuss the Initial Asset Evaluation Report, attempt to reach a joint recommendation for a Condition Level, and discuss policy issues. | Meet at least every five Years, in accordance with agreement. | TBD | G. Williams A. Gschwind |

Supplemental Attachment 1

| Board Work Groups | Member(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---------------------------------|--|------------------|---------------------|----------------|--------------------------|--------------------|---------------------------------------|
| DCA Group | T. Estremera N. Hsueh S. Ballard | N/A | Information Sharing | | As requested by Staff | N/A | V. Gin CEO M. Lugo D. Taylor |
| Environmental Stakeholder Group | T. Estremera S. Ballard | N/A | Information Sharing | | Tri-annually | N/A | J. Bourgeois M. Lugo |

| Staff Committees | Representative(s) | Alternate | Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|------------------------------------|--|------------------|-------------|--|--|--------------------|----------------------|
| Landscape Committee | R. Santos S. Ballard | Nai Hsueh | Liaisons | Exchange information and ideas with the goal of conserving water. | First Tuesday of every other month at 9:00 a.m. | N/A | K. Struve |
| Santa Clara County Water Retailers | T. Estremera (Chair) R. Santos (V. Chair) | N/A | Liaisons | Allows communication and coordination between Valley Water and the water retailers on a variety of topics, including water supply outlook, water service charge setting, operational issues, and status on special programs. | Third Wednesday of January, March, July & October. | N/A | S. Bogale |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|------------------|------------------|---|---|--------------------------|--------------------|----------------------|
| Delta Conveyance Design and Construction Joint Powers Authority | T. Estremera | S. Ballard | Voting Member of DCDA JPA | Actively participate with DWR in the design and construction of the Conveyance Project in Coordination with DWR, and under the control and supervision of DWR. | Bimonthly | N/A | V. Gin |
| Delta Conveyance Finance Authority | N. Hsueh | T. Estremera | Voting Member of DCFA Board of Directors | Provide financing for planning, design and construction of the Delta Conveyance Project and serves as an issuer of bonds for the benefit of a member or members in implementing the Conveyance Project in the public interest. | Monthly | N/A | D. Taylor |
| Joint Venture Silicon Valley Board of Directors | J. Varela | N/A | Review and act on Joint Venture's initiatives and programs. | Provides analysis and action on issues affecting our region's economy and quality of life. The organization brings together established and emerging leaders—from business, government, academia, labor and the broader community—to spotlight issues and work toward innovative solutions. | Board meets quarterly. | N/A | N/A |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|------------------|------------------|---|---|---|--------------------|-------------------------|
| Pajaro River Watershed Flood Protection Authority | J. Varela | R. Santos | Each member organization participates and contributes in finding a method to provide flood protection in the watershed and promote general watershed interests. | Identify, evaluate, fund and implement environmentally sound flood prevention and control strategies in the Pajaro River Watershed, on an intergovernmental, cooperative basis as required by the Pajaro River Watershed Flood Prevention Authority Act. | First Friday of every other month (Feb, April, June, Sept, Nov) | N/A | M. Lugo B. Yerrapotu |
| Redevelopment Dissolution Countywide Oversight Board of Santa Clara County | T. Estremera | N/A | Voting Member of Oversight Board | Single countywide oversight board relating to redevelopment dissolution effective 7/1/18. | Quarterly, when needed. | N/A | M. Lugo |
| San Francisquito Creek Joint Powers Authority | N. Hsueh | R. Santos | Voting Board Member. | An independent regional government agency founded by three cities and two countywide agencies divided by San Francisquito Creek and united by its watershed and floodplain. Leads projects along the creek and S.F. Bay that reduce a proven flood threat, enhance ecosystems and recreational opportunities, and connects communities. | 4th Thursday of Each Month | N/A | B. Yerrapotu |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|------------------------|----------------------|--|--|---|--------------------|----------------------|
| San Luis & Delta Mendota Water Authority Board - Division 4 | R. Santos J. Varela | J. Beall A. Baker | Voting member of Governing Body - Division 4 | One of the primary purposes of establishing the Authority was to assume the operation and maintenance (O&M) responsibilities of certain United States Bureau of Reclamation (USBR) Central Valley Project facilities and do so at an optimum level and at a lower cost than the USBR. | Monthly – 1st Thursday following the 1st Monday | N/A | V. Gin A. Baker |
| San Luis & Delta Mendota Water Authority – Delta Habitat Conservation and Conveyance Plan Steering Committee (DHCCP) – Division 4 | R. Santos | J. Beall | Voting member of Committee | Conduct the business of the Delta Habitat Conservation and Conveyance Activity Agreement (Agreement). | As needed. | N/A | V. Gin |
| Santa Clara County Special Districts Association | J. Beall | S. Ballard | Voting member | Propose and advocate constructive means for the continuous improvement and functioning of special districts within Santa Clara County, and to assist special districts to provide a more effective and efficient government at the closest level to the residents of Santa Clara County, that will result in benefits to the public. | First Monday- in March, June, and December; Second Monday in September. | N/A | M. Lugo |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|------------------------|------------------|---|---|---|--------------------|----------------------|
| Santa Clara County Recycling and Waste Reduction Commission | S. Ballard | N. Hsueh | Voting Commissioner-Principal advisory body to city and town councils and the Board of Supervisors of Santa Clara County on countywide solid waste planning issues. | Provides leadership for countywide planning and works to assure the success of countywide cooperative programs to reduce, reuse, and recycle materials that otherwise would be disposed of in landfills. The Commission has state-mandated responsibilities, such as review and oversight of the Countywide Integrated Waste Management Plan and Siting Element, local Source Reduction and Recycling Elements, Household Hazardous Waste Elements, and Non-disposal Facility Elements | Fourth Monday of even months, not December. | N/A | T. Ndah T. Yoke |
| Santa Clara Valley Habitat JPA | S. Ballard J. Beall | N/A | Voting Member of the Implementation Board | Joint Powers Authority to implement the Santa Clara Valley Habitat Plan | Meets in Jan, March, May, July, Sept, Nov | N/A | L. Bankosh |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|-----------|--------------|---|---|--|----------------|---------------|
| ACWA (Association of California Water Agencies) | J. Varela | T. Estremera | Information sharing/Voting Member if Region 5 Chair or Vice Chair | Provide a structure where agencies can discuss/resolve issues of mutual concern & interest and provide representative input to the ACWA board. Assist in building local grassroots support for the ACWA Outreach Program to advance ACWA's legislative & regulatory priorities. Provide a forum to educate regional members on ACWA's local/statewide priorities & issues. Assist with regional association membership recruitment. Take positions recommending specific action to the ACWA Board on local, regional, state & federal issues as well as recommend endorsement for various government offices and positions. | Monthly Board Meeting and Meetings occur during two Annual Conferences – Spring and Fall | N/A | M. Lugo |

| External Committees (w/ Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|-----------|-----------|--|---|--|----------------|---------------|
| Local Agency Formation Commission (LAFCO) <i>(Representative is appointed by SCVWD, but represents the public as a whole)</i> | J. Beall | N/A | Commissioner s exercise their independent judgment on behalf of the interests of the public as a whole in furthering the purposes of the CKH Act and not solely the interests of the appointing authority. | An independent agency with countywide jurisdiction established by state law to encourage orderly growth and development of local agencies. The mission is to promote sustainable growth and good governance in Santa Clara County. | First Wednesday of every other month. | N/A | N/A |

| External Committees (Non-Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|-------------------------|---------------------------|------------------|---|---|----------------|-----------------------|
| Safe, Clean Water Independent Monitoring Committee | T. Estremera (Chair) | R. Santos (Vice Chair) | Liaison | <p>Beginning in December 2022, conduct an annual review of the Program's prior fiscal year annual report and prepare and submit a summary of its findings to the Board.</p> <p>Review each five-year implementation plan for the Program prior to its submittal to the Board for approval; make recommendations regarding reasonably necessary measures to meet the priorities of the Program.</p> <p>Every fifteen years, starting in 2035, review and recommend to the Board and Public whether the special tax should be reduced or repealed, or is needed to build additional projects to achieve related programmatic benefits in accordance with the priorities of the Program.</p> | The Committee will hold one regular meeting, not less than once year. | D. Leon | R. Chan L. Penilla |

| External Committees (Non-Voting Authority) | Member(s) | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|--|------------------------|------------------|------------------------------------|--|--|------------------------|----------------------|
| Santa Clara County Emergency Operational Area Council | R. Santos | J. Beall | Elected Official Participant | Enhance planning and preparedness for large-scale emergencies; to create effective partnerships in emergency planning, preparedness, training and exercise within the Operational Area; to consolidate activities of cities and special districts to participate more efficiently in planning for future emergencies and disasters; to provide access to public-private partners to participate in emergency planning and preparedness; and to develop broad-based emergency preparedness and planning funding priorities and recommendations. | Quarterly, 1 st Thursday of Feb, May, Aug, Nov | N/A | A. Gordon T. Yoke |
| South County Regional Wastewater Authority | R. Santos J. Varela | T. Estremera | Information Sharing | A joint powers authority established to manage the treatment of wastewater for the Cities of Gilroy and Morgan Hill. In partnership with the Santa Clara Valley Water District, the SCRWA also operates a recycled water facility co-located at the treatment plant site. | Quarterly in January, April, July and October | N/A | K. Struve |

| External Committee | Members | Alternate | Director Role | Purpose | Meeting Frequency | COB Support | Staff Support |
|---|---|-----------|---------------|---|----------------------|---------------|---|
| Public Facilities Financing Corporation (PFFC) <i>(Directors are appointed by SCVWD Board)</i> | P. Chang D. Hook C. Elias C. Bauer J. Cleveland | NA | NA | The Public Facilities Financing Corporation (PFFC) is a nonprofit public benefit corporation whose primary purpose is to provide assistance to the Santa Clara Valley Water District in financing the acquisition, construction and improvement of public buildings, works and equipment for the district, together with site development, landscaping, utilities, furnishings and appurtenance and related facilities. | Annually in November | C. Kwok-Smith | D. Taylor C. Kwok-Smith C. Orellana |

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Santa Clara Valley Water District

File No.: 26-0059

Agenda Date: 1/13/2026
Item No.: *5.3.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Board Committee Reports.

ATTACHMENTS:

- *Handout 5.3-A: 10202025 CIP, Summary
- *Handout 5.3-B: 10202025 EWRC, Summary
- *Handout 5.3-C: 10062025 AWAC, Summary
- *Handout 5.3-D: 11182025 SPOC, Summary
- *Handout 5.3-E: 11192025 BAC, Summary
- *Handout 5.3-F: 11192025 YC, Summary
- *Handout 5.3-G: 12082025 WSDMC, Summary
- *Handout 5.3-H: 12102025 BPMC, Summary



MEMORANDUM

FC 14 (02-08-19)

TO: Board of Directors

FROM: Nai Hsueh,
CIP Chair

SUBJECT: Capital Improvement Program (CIP)
Committee October 20, 2025 Regular
Meeting Summary

DATE: January 13, 2026

This memorandum summarizes discussion and action from the regular meeting of the Capital Improvement Program Committee (CIP) held on October 20, 2025.

REVIEW LIST OF INITIALLY VALIDATED AND CURRENTLY UNFUNDED CAPITAL PROJECTS

Discussion ensued relating to how funding is determined for projects, what comprises the list of unfunded projects, possible renaming of the Santa Teresa Water Treatment Plant Treated Water Improvement Project III, upgrades to the infrastructure of the water treatment plant, and generational projects.

The Committee received the information and took no formal action.

RECEIVE INFORMATION ON THE CALERO DAM SEISMIC RETROFIT - DESIGN & CONSTRUCTION PROJECT, PROJECT NO. 91874004, (SAN JOSE, UNINCORPORATED SANTA CLARA COUNTY) (DISTRICT 1, DISTRICT 7) AND GUADALUPE DAM SEISMIC RETROFIT - DESIGN & CONSTRUCTION PROJECT, PROJECT NO. 91894002, (SAN JOSE) (DISTRICT 7)

Discussion ensued relating to intersections with County properties and addressing concerns regarding cross-jurisdictional properties, dam structures and what can be done if a dam embankment needs to be raised, strategies for permits for Guadalupe watershed projects, and cost benefit for the Calero project versus other projects.

The Committee received the information and took no formal action.

RECEIVE AND DISCUSS INFORMATION REGARDING THE STATUS OF CAPITAL PROJECTS IN THE FEASIBILITY AND PLANNING PHASE

Discussion ensued relating to the Water Treatment Plant Master Plan Implementation Project and the Distribution System Master Plan Implementation Project, including the program EIR and CEQA-related work, and the location of the groundwater alternate control center.

The Committee received the information and took no formal action.

RECEIVE INFORMATION ON CHANGE ORDERS TO ANDERSON DAM TUNNEL PROJECT CONSTRUCTION CONTRACT

Without discussion, the Committee received the information and took no formal action.

REVIEW 2025 CAPITAL IMPROVEMENT PROGRAM COMMITTEE WORK PLAN

Chairperson Hsueh noted that the Calabazas/San Tomas Aquino Creek Staff Recommended Alternative item will move from the November 2025 Committee meeting to January 2026.

The Committee received the information and took no formal action.

Board member comments and suggestions can be forwarded to Dave Leon, Assistant Deputy Clerk II at (408) 630-2006 or by email to daveleon@valleywater.org.



TO: Board of Directors

FRO Environmental and Water
Resources Committee

SUBJECT: Environmental and Water Resources
Committee Meeting Summary for
October 20, 2025

DATE January 13, 2026

This memorandum summarizes agenda items from the regular meeting of the Environmental and Water Resources Committee held on October 20, 2025.

RECEIVE AN UPDATE ON THE VALLEY WATER DEMONSTRATION GARDEN

Discussion ensued relating to total cost from design to implementation, maintenance costs and funding sources for long-term maintenance, mitigation for trees that are cut down, measures of success, field trips to the Demonstration Garden and how to convey information to parents and engage schools, and whether the site will have water features such as a fish pond.

The Committee received the information and took no formal action.

RECEIVE AN UPDATE ON VALLEY WATER BAYLANDS RESTORATION PROJECTS

Discussion ensued relating to the South San Francisco Bay Shoreline Project, including geographic boundaries, regional oversight, repairing a gate at risk of failure in Palo Alto, temporary conveyance systems, environmental and earth-moving costs, and floodgates.

Further discussion ensued relating to the Calabazas/San Tomas Aquino Creek-Marsh Connection Project, including how to best use leftovers from water treatment plants, possible use and cost effectiveness of the Sunnyvale treatment plant to convert leftovers into potable water, and the number of visitors to the sites.

The Committee received the information and took no formal action.

REVIEW AND RECEIVE UPDATES ON THE ENVIRONMENTAL AND WATER RESOURCES COMMITTEE'S WORKING GROUPS

Without discussion, the Committee received the information and took no formal action.

REVIEW ENVIRONMENTAL AND WATER RESOURCES COMMITTEE WORK PLAN, THE OUTCOMES OF BOARD ACTION OF COMMITTEE REQUESTS; AND THE COMMITTEE'S NEXT MEETING AGENDA

Without discussion, the Committee received the information and took no formal action.

Board member comments and suggestions can be forwarded to Dave Leon, Assistant Deputy Clerk II at (408) 630-2006 or by email to daveleon@valleywater.org.

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MEMORANDUM

FC 14

TO: Board of Directors

FROM: Agricultural Water
Advisory Committee

SUBJECT: Agricultural Water Advisory Committee
(AWAC)

DATE: January 13, 2026

October 6, 2025, Regular Meeting Summary.

This memorandum summarizes agenda items from the meeting of the Agricultural Water Advisory Committee (AWAC) held on Monday, October 6, 2025.

Receive the Sustainable Groundwater Management Act (SGMA) Update.

The Committee discussed the following topics: confirmed that the California’s Department of Water Resources (DWR) processing time for reviewing Valley Water’s Groundwater Management Plan was normal; noted North San Benito County is meeting DWR recommendations for outcome measures related to water quality and a lower subsidence threshold; noted the groundwater report reflects a healthy supply across all 3 basins totaling over 400,000 acre feet; noted groundwater levels are beginning to trend down due to reduced rainfall consistent with normal hydrologic patterns; confirmed Valley Water staff assisted with developing the North San Benito Groundwater Sustainability Plan; confirmed challenges to groundwater quality are sea water intrusion and nitrate; and noted nitrate levels in groundwater are improving due to managed groundwater recharge and land-use practices in Santa Clara County.

The Committee received and noted the information, provided feedback, and took no formal action.

Receive Update on the Semitropic Groundwater Storage Bank.

The Committee discussed the following topics: confirmed Kern County Subbasin is not currently on probation and groundwater banking remains operational while State Water Board staff finalize the review of plans by the Subbasin to determine if they address identified deficiencies; confirmed the probation process if implemented would not be long term but rather intended to assist the subbasin in updating its sustainability plans to address deficiencies; confirmed that some subsidence has been identified in certain areas of the Kern County subbasin but however is not one of the primary issues for exiting the probation process; noted Semitropic may implement a water budget to instruct landowners on allowable groundwater use and impose fees for additional pumping which could result in land being removed from production; and confirmed the Sustainability Plan by 2040 includes discussions relating to demand reduction and groundwater recharge projects for the Kern County subbasin.

The Committee received and noted the information, provided feedback, and took no formal action.

Receive Information on the Impact to the Agricultural Groundwater Production Charge Projection from the Suspension of the Pacheco Reservoir Expansion Project.

The Committee discussed the following topics: noted that the suspension of the Pacheco Reservoir Expansion Project has no impact on Agricultural groundwater production charge projection; and confirmed the suspension of the Pacheco Reservoir Expansion Project means the project is not moving forward at this time.

The Committee received and noted the information, provided feedback, and took no formal action.

Review 2025 Agricultural Water Advisory Committee (AWAC) Work Plan, the Outcomes of Board Action of Committee Requests, and the Committee's Next Meeting Agenda.

The Committee reviewed and discussed the updated Work Plan and noted support for receiving updates related to the Semitropic Groundwater Storage Bank, groundwater levels, desalination, and onsite water recycling at new development sites.

The next AWAC regular meeting was scheduled to occur at 1:30 p.m. on January 5, 2026.

Board member comments and suggestions can be forwarded to Nicole Merritt, Deputy Clerk (Committee Meetings) at (408) 630-3262 or by email to nmerritt@valleywater.org.



MEMORANDUM

FC 14

TO: Board of Directors

FROM: SPOC

SUBJECT: Stream Planning and Operations
Committee (SPOC)
November 18, 2025 Special
Meeting Summary

DATE: *January 13, 2025*

This memorandum summarizes discussion and action from the meeting of the Stream Planning and Operations Committee (SPOC) held on November 18, 2025.

Receive a Summary of the June 11, 2025, Tour of the Uvas Creek, Bolsa Road Fish Passage Improvement and Geomorphic Restoration Site.

Conducting annual Committee tours of Valley Water sites was suggested by Committee members and staff.

The Committee received the information and took no formal action.

Receive Updates on Fish and Aquatic Habitat Collaborative Effort (FAHCE) Implementation

The Committee received the information, thanked staff for their efforts, and took no formal action.

Receive Update on Anderson Dam Seismic Retrofit Project and Incorporation of Fish and Aquatic Habitat Collaborative Effort (FAHCE) Conservation Measures for Coyote Creek.

The Committee discussed the following with staff input including: continuing coordination with regulatory agencies to ensure technical consistency and environmental compliance on the project, project land ownership, maintaining the waterfowl and riparian environments, agreement of using alternative six in the Draft Feasible Alternative Report for the Ogier Ponds Conservation Measure, and possibly incorporating public education materials about the project.

The Committee received the information and took no formal action.

Review Stream Planning and Operations Committee (SPOC) Work Plan, the Outcomes of Board Action of Commission Requests; and the Commission's Next Meeting Agenda.

The Committee received the information, took no formal action, and without discussion noted the SPOC Work Plan and upcoming discussion Items.

**

Board member comments and suggestions can be forwarded to Stephanie Simunic, Assistant Deputy Clerk II at (408) 630-2408 or by email to ssimunic@valleywater.org.

Shiloh Ballard
Director, District 2
SPOC Chairperson

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TO: Board of Directors **FROM:** Board Audit Committee

SUBJECT: Board Audit Committee (BAC) **DATE:** January 13, 2026
November 19, 2025, Regular Meeting Summary

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, November 19, 2025.

Discuss Potential Audit Topics for 2026 Annual Audit Plan and Provide Further Guidance as Needed.

The Committee received the information, and noted the following potential audit topic recommendations, assignments, and timelines provided by the Chief Audit Executive (CAE): Risk Assessment: priority audit topic to be conducted by CAE; Asset Management: to be assigned to Plante Moran, anticipated to start in the first quarter of 2026; Pacheco Reservoir close-out: to be assigned to Sjoberg Evashenk Consulting, anticipated to start in the late second quarter to early third quarter of 2026; Investigations Process: to be assigned to Baker Tilly Advisory Group, anticipated to start in second quarter of 2026; and the Good Neighbor Program, or Grant Management Activities could be assigned to Baker Tilly Advisory Group if the investigations process audit is not conducted in 2026. The Committee confirmed there are no urgent high-risk audits not included and noted the risk assessment process. The Committee noted support for the risk assessment to consider the changes in the federal and state administrations and the impacts to Valley Water and the Water Supply Master plan and noted that timing of the risk assessment will depend upon the contracts process. The Committee noted the timing of the risk assessment may start in 2026 but may not be completed in time to be able to inform the 2027 Annual Audit Plan. The Committee noted support for the upcoming risk assessment to identify on the heat map which topics have been addressed versus those topics that are still pending and whether any are high risk. The Committee confirmed that the CAE's current contract has exhausted the last option to extend and is noted to expire in 2026.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and carried by unanimous vote to approve the following recommendation:

- B. Recommend proposed audit topics for 2026 to the Board.

The BAC approved to recommend the following proposed audit topics for 2026 to the Board: 1. Risk assessment 2. Asset Management 3. Pacheco Reservoir (close-out), and 4. Investigations Process.

Discuss 2025 Annual Audit Plan, (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed.

The Committee received the information, took no formal action, and confirmed the audits are assigned to their respective auditors and progressing and without further discussion noted the update on the 2025 Annual Audit Plan.

The Committee received the information, took no formal action, and confirmed the audits are progressing and underway and without further discussion noted the update on the 2025 Annual Audit Plan.

Review and Discuss the 2025 Board Audit Committee (BAC) Work Plan.

The Committee received the information, took no formal action, and confirmed the next Board member audit training is scheduled for mid-year in 2026 and noted support for attendance at additional outside audit trainings and the update on the BAC Work Plan.

The next regular meeting was scheduled to occur at 1:00 pm on December 17, 2025, but was subsequently rescheduled to a special meeting at 10:00 a.m. on December 19, 2025.

Board members' comments and suggestions can be forwarded to Nicole Merritt, Deputy Clerk (Committee Meetings) at (408) 630-3262 or by email: nmerritt@valleywater.org



TO: Board of Directors
FRO Santa Clara Valley Water District Youth Commission

SUBJECT: Santa Clara Valley Water District Youth Commission Meeting Summary for November 19, 2025
DATE January 13, 2026

This memorandum summarizes agenda items from the regular meeting of the Santa Clara Valley Water District Youth Commission held on November 19, 2025.

RECEIVE UPDATE FROM SANTA CLARA VALLEY WATER DISTRICT YOUTH COMMISSION'S PROJECT GROUPS AND MAKE RECOMMENDATIONS TO THE BOARD AS NECESSARY

Member Kim reported that the Creekside Community Care Initiative Project Group discussed a list of items to be included in the hygiene kits including emergency blankets, flashlights, and safety items including handouts with hotlines. She further reported that a proposed budget was sent to the Bill Wilson Center, and that \$2,500 is needed to enable the purchase of the items.

Member Sadhu reported that the One Water Pitch Project Group has outlined the structure and rules of tentative video competition guidelines, including video length and a focus on creativity, and separate categories for middle school and high school entrants. She further noted that the competition is tentatively scheduled to begin in mid-February 2026.

Member Soni reported that the Data Accessibility Project Group outlined the revised project to include two main components: a trash and water quality heat map using existing Valley Water data, and educational workshops supported by low-water testing kits, as well as a social media presence.

The Commission viewed videos relating to water taste and odor facts and where to find water quality reports.

The Commission received the information and took no formal action.

REVIEW SANTA CLARA VALLEY WATER DISTRICT YOUTH COMMISSION WORK PLAN, THE OUTCOMES OF BOARD ACTION OF COMMISSION REQUESTS; AND DISCUSS POSSIBLE ITEMS FOR THE COMMISSION'S NEXT MEETING AGENDA

Chairperson Shivakumar noted that the Board of Directors approved the 2025-2026 Work Plan.

Without discussion, the Commission took no action.

Board member comments and suggestions can be forwarded to Dave Leon, Assistant Deputy Clerk II at (408) 630-2006 or by email to daveleon@valleywater.org.

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TO: Board of Directors

FROM: WSDMC

SUBJECT: Water Supply and Demand Management Committee (WSDMC)
Dec. 8, 2025 Meeting Summary

DATE: Jan. 13, 2026

This memorandum summarizes agenda items from the meeting of the Water Supply and Demand Management Committee (WSDMC) held on Monday, Dec. 8, 2025.

Receive Update on Groundwater Basins Managed by Valley Water and Compliance with the Sustainable Groundwater Management Act.

The Committee discussed the following with staff input including: the Valley Water Groundwater Sustainability Plan (GSP) that will be submitted to the Department of Water Resources (DWR) in 2026, relating to the Santa Clara and Llagas subbasins in Santa Clara County, managed exclusively by Valley Water, and the North San Benito Subbasin in Santa Clara and San Benito counties, primarily managed by San Benito County Water District. Staff noted at least several public meetings with opportunity for input will be held before the final plan is submitted to the DWR.

The Committee received the information and took no formal action.

Receive an Update on Valley Water’s South County Managed Aquifer Recharge Activities.

Staff presented four potential South County Recharge Projects that are being studied per the 2025 Water Supply Master Plan: 1. San Pedro Ponds Improvement, 2. Coyote Valley Recharge Pond, 3. Madrone Channel Expansion, 4. Butterfield Channel Managed Aquifer Recharge.

The Committee received the information and requested that Valley Water’s representative on the Local Agency Formation Commission (LAFCO), Director Beall, discuss sewer implementation in South County at LAFCO, as the primary challenge with San Pedro Ponds Project is due to the nearby septic systems interfering with operating the San Pedro Ponds at full capacity.

The Committee received the information and took no formal action.

Receive and Discuss Information Regarding the Semitropic Groundwater Storage Bank.

The Committee discussed the following with staff input including: the water quality of groundwater in the Kern County Subbasin and Department of Water Resources (DWR) timelines relating to the review of the Subbasin Groundwater Sustainability Plans (GSPs). Further discussion ensued relating to staff efforts on other out-of-county groundwater banking opportunities.

Staff noted once the Subbasin is returned to DWR oversight, DWR will review the final 2025 Subbasin GSPs, including the final Semitropic GSP. Staff stated they will continue to review potential impacts to banking operations as SGMA is implemented, in addition to other factors that may impact Semitropic operations, such as water quality.

The Committee received the information and took no formal action.

Review and Discuss Water Supply and Demand Committee (WSDMC) Work Plan and Upcoming Discussion Items.

Staff noted one item for the January 26, 2026 WSDMC meeting, the Urban Water Management Plan but that it was not critical to be in January and could be moved.

The Committee received the information and took no formal action.

**

Board member comments and suggestions can be forwarded to Stephanie Simunic, Assistant Deputy Board Clerk II at (408) 630-2408 or by email to ssimunic@valleywater.org.

TO: Board of Directors **FROM:** BPMC
SUBJECT: Board Policy and Monitoring Committee (BPMC) **DATE:** Jan. 13, 2026
December 10, 2025 Special Meeting Summary

This memorandum summarizes discussion and action from the meeting of the Board Policy and Monitoring Committee (BPMC) held on Wednesday, December 10, 2025.

Receive an Update on Valley Water’s Hiring Preference for Veteran Applicants.

The Committee discussed the following with staff input including: updates to the Program, continued outreach efforts and the importance of the program.

Director Varela requested a memo from staff relating to number of veterans hired.

The Committee received the information, thanked staff for their efforts and took no formal action.

Receive Information on the 2025 Employee Engagement Survey.

The Committee discussed the following with staff input including: challenges faced by the organization relating to staff safety, dynamics of the Board and staff, how economic and political challenges people face may be reflected in these survey results, and efforts for more staff training opportunities. Staff noted they will bring status of the next steps to the Committee.

The Committee received the information and took no formal action.

Discuss Board Member Roles and Responsibilities When Serving on Joint Power Authorities (JPAs) and Provide Direction to Staff on Next Steps, if Any.

Staff noted that in the current Valley Water Board Policy Code of Conduct, when serving on JPAs, Valley Water Board members must act consistently with Valley Water Board decisions. The Committee discussed developing a Valley Water Board policy to address direction given to the representative, including authority, boundaries and communication.

Staff raised specific questions, including:

- Should limits be established relating to financial obligations that the representative can commit to or vote for?
- Defining regular reporting requirements to the Valley Water Board, including clarifying issues that need to be escalated, especially when timing is an issue for a decision or project that may relate to a Valley Water staff concern.

The Committee decided to categorize external bodies as the first step and stated efforts will continue relating to defining duties and responsibilities of Board Members on JPAs.

The Committee received the information and took no formal action.

Receive and Discuss the 2025 Board Policy and Monitoring Committee (BPMC) Work Plan, and Provide Feedback on Upcoming Discussion Items, and Next Meeting Date.

The Committee reviewed the Work Plan. Staff noted one item for the January 26, 2026 meeting, and the Committee decided to confirm that meeting at a later date.

Chairperson Hsueh stated that at the December 9, 2025 Board meeting Director Ballard suggested the BPMC review a policy on Board member travel cancellations, that the BPMC item relating to complaints against Board Appointed Officers is on hold until April 2026, and that the BPMC will review potential changes to the Safe Clean Water Program Key Performance Indicators based on the Program audit findings.

The Committee received the information and took no formal action.

**

Board member comments and suggestions can be forwarded to Stephanie Simunic, Assistant Deputy Clerk II at (408) 630-2408 or by email to ssimunic@valleywater.org.



Santa Clara Valley Water District

File No.: 25-1080

Agenda Date: 1/13/2026

Item No.: *5.4.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Consider the December 15, 2025, Board Ethics and Conduct Ad Hoc Committee Recommendation to Take no Further Action on the Board Member Complaint Discussed at the October 14, 2025, Board Meeting and Consider the Matter Closed.

RECOMMENDATION:

Consider the recommendations resulting from the December 15, 2025, Board Ethics and Conduct Ad Hoc Committee meeting to:

- A. Pursuant to GP-6.5.11, 6.5.12, 6.5.13, to take no further action on the Board member complaint discussed at the October 14, 2025, Board meeting; and
- B. Consider the matter closed.

SUMMARY:

On December 15, 2025, the Board Ethics and Conduct Ad Hoc Committee (Committee) met to review the results of the investigation filed on September 23, 2025, by a Board Member. (Governance Policies of the Board (GP) section 6.5.11.1)

Per GP 6.5.11.2, if the Committee is satisfied with the completeness of the investigation, it will present finding and recommendations to the Board at a public meeting.

Per GP 6.5.11.4, an executive summary of the investigation report shall be made, and will be available to the full Board and public in any future Board meeting on the investigation report. The executive summary is attached herein as Attachment "1."

Per GP 6.5.12, the Board will consider, by majority vote, whether to accept the Committee's findings. If findings are not accepted, then the matter is concluded and shall be deemed closed. If the Board accepts the findings, then the Board may discuss any recommendations by the Committee but will not take action on them at the meeting. Per GP 6.5.13 these actions may include a request for admonition, sanction, censure, or other measures in addition to any recommendations by the Committee.

The Committee has determined that there was not sufficient evidence that the alleged conduct

violated any Board of Directors Code of Ethics and Conduct, Board Governance Policies, or local, state, or federal laws. The Committee recommends no further actions on the Board member complaint and that the matter be concluded and deemed closed.

ENVIRONMENTAL JUSTICE IMPACT:

The Board Complaint is not subject to environmental justice analysis.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

*Attachment 1: Executive Summary

*Attachment 2: GP-6

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

Executive Summary of Confidential Investigation Report

Client: Santa Clara Valley Water District

Complainant: Complainant

Subject: Respondent

Investigator: Karen Carrera, Esq., AWI-CH
RENNE PUBLIC LAW GROUP

Date: January 7, 2026



Renne Public Law Group[®]

350 Sansome Street | Suite 300
San Francisco, CA 94104

I. INTRODUCTION

On October 20, 2025, Santa Clara Valley Water District (“SCVWD” or “the District”) retained Renne Public Law Group (“RPLG”) to conduct an impartial investigation of Complainant’s allegations against Respondent. This executive summary provides an analysis of Complainant’s allegations that Respondent failed to accommodate Complainant’s religion when he did not accommodate her requests to reschedule the September 23, 2025, board meeting in observance of Rosh Hashanah, and that by denying her request, he created a hostile work environment. Complainant elevated the allegations to a formal complaint, prompting this investigation.

II. ALLEGATIONS

Failure to accommodate: Complainant reported that on September 21 and 22, 2025, she emailed Respondent about a conflict with the September 23, 2025, meeting, which fell on Rosh Hashanah. Complainant, who is Jewish, requested that Respondent reschedule the meeting or, alternatively, postpone all non-urgent matters to another date and not hold a closed session.

Respondent responded that it was too late to reschedule but advised that Complainant could join remotely. Complainant responded by saying that Respondent did not adequately consider her accommodation request. She alleged that he failed to reschedule the meeting or the non-essential agenda items to another date because he did not want her input regarding the District CEO’s discipline, which she stated was scheduled for discussion in closed session.

Creation of a hostile workplace: Complainant also alleged that Respondent’s excuse—that she should have asked a week earlier to reschedule the meeting—was actually a false pretext and a hostile act, given that she had repeatedly complained about the CEO’s fraud and corruption.

III. RESPONSE TO ALLEGATIONS

Respondent denied both that he failed to accommodate Complainant’s request and that this failure created a hostile workplace. He noted that while the board accommodates legal holidays by rescheduling meetings, it does not routinely adjust for other religious holidays unless a specific request is made in advance. Respondent stated that Complainant made no such request until the night of Sunday, September 21, less than 48 hours and only one business day before the September 23, 2025, meeting.

Respondent confirmed that he consulted with District Counsel and Senior Assistant District Counsel before responding to Complainant. The Senior Assistant District Counsel drafted the response email, which the Respondent sent to Complainant on September 22, 2025.

Respondent stated that he would likely have accommodated Complainant’s request if she had made it at the September 9, 2025, meeting. He explained that the agenda for the September 23, 2025, meeting had already been published in accordance with the District’s policy, which requires ten business days’ notice to the public. The agenda included several contracts and closed-session items that were deemed urgent

and time sensitive. He also noted that Complainant was offered the option to attend the meeting remotely via Zoom or to request an excused absence, in accordance with board policy.

Respondent described Complainant as a disruptive presence during board meetings, citing instances in which she interrupted other members, refused to yield the floor, and created a hostile environment for others. He further explained that the board had previously sanctioned Complainant following an independent investigation into complaints from District employees.

IV. WITNESS INFORMATION

In addition to the complainant and respondent, the investigators interviewed three witnesses.

- **Witness #1:** Described Complainant as a disruptive colleague who often dominated discussions and made unsubstantiated claims, but did not witness discriminatory behavior based on gender or religion.
- **Witness #2:** Shared very little about board interactions, stated he did not recall discussing Complainant's request to reschedule the meeting, and did not observe discriminatory treatment toward her. He did not respond to specific questions or provide direct answers.
- **Witness #3:** Confirmed Complainant is under sanction due to prior violations of board policy, stated that scheduling conflicts should be addressed at the beginning of the year, and did not believe Respondent acted with hostility or discrimination.

V. FINDINGS

A. Did Respondent fail to accommodate Complainant's religion when he did not accommodate her requests to reschedule the September 23, 2025, board meeting in observance of Rosh Hashanah, or move all non-urgent items to a later date?

Not sustained. A preponderance of the evidence does not support a finding that Respondent failed to accommodate Complainant's religion by refusing to reschedule the September 23, 2025, meeting.

1. Complainant's request to reschedule the meeting as an accommodation

In her September 21, 2025, email, Complainant requested that Respondent reschedule the September 23, 2025, board meeting. She gave two days' notice and believed her request was reasonable.

Witness #3 confirmed that meetings are sometimes rescheduled due to conflicts. He said that while the September 23, 2025, meeting would have had the minimum number of attendees without the Complainant, it is preferable to have more than four members voting.

However, Witness #3 also stated that the appropriate time to discuss scheduling conflicts, including religious holidays, is at the beginning of the year, when the annual calendar is approved, rather than two days before a meeting.

Respondent, Witness #1, and Witness #3 all confirmed the board's meeting schedule for the entire year was unanimously approved on January 14, 2025, during the first meeting of the calendar year. The meetings were scheduled for the remainder of the year, to take place on the first and fourth Tuesday of each month.

A review of the minutes and the recording of this meeting confirmed that Complainant was in attendance and did not voice any concerns about the 2025 meeting schedule.

According to Witness #1, while policy exists that excuses religious absences, no board policy requires rescheduling meetings as religious accommodations.

Moreover, a review of footage and minutes from the September 9, 2025, meeting preceding the September 23, 2025, meeting confirms that Complainant was in attendance and did not raise any scheduling concerns.

Respondent stated that while the board accommodates legal holidays such as Christmas and Veterans Day by rescheduling meetings, it does not routinely adjust for religious holidays unless a specific request is made in advance. Respondent stated that Complainant made no such request until two days before the September 23, 2025, meeting. He stated that, if she had asked a week earlier, he would have accommodated her request.

Given the time Complainant had to request a change to the schedule, it was unreasonable for her to contact Respondent two days in advance and expect the meeting to be rescheduled. She could have requested the schedule change on both January 14, 2025, and September 9, 2025, but did not do so. Moreover, the Respondent presented a business-related reason for proceeding with the meeting on schedule, including time-sensitive contracts and personnel matters requiring attention. The Respondent also gave the Complainant the option to attend the meeting remotely.

For these reasons, a preponderance of the evidence does not support a finding that Respondent failed to accommodate Complainant by refusing to cancel the September 23 meeting.

2. Moving non-essential agenda items to another meeting date

In her September 21, 2025, email, Complainant asked Respondent to move all non-essential agenda items and the closed session to a different date.

It was the Respondent's decision whether or not to move the items. Witness #2 confirmed that moving board agenda items is done at the chair's discretion.

Witness #3 stated that agenda items are sometimes rescheduled or canceled, often due to scheduling conflicts or the need for additional input from other agencies.

Review of the September 23 meeting recording and minutes showed that one item from the closed session was rescheduled, demonstrating that postponement could have been applied to other non-essential items.

In his response email to Complainant, Respondent stated: “We will continue with the scheduled meeting and make agenda modifications if the Board wishes to. *You can join remotely* or request to be excused.”

When asked why he did not move non-essential agenda items after realizing he could not move the meeting, the Respondent stated that he did not read the portion of the email requesting that accommodation. Investigators did not find this plausible. As the board chair responsible for meeting scheduling, the Respondent should have reviewed the entire email and clearly stated whether he would agree to reschedule non-essential agenda items to another date.

As stated by Witnesses #3, #1, and #2, and as reflected in the meeting minutes, agenda items are routinely rescheduled. For these reasons, it appears reasonable that Respondent could have accommodated Complainant’s request to move non-essential items to another meeting.

On the other hand, in his email, Respondent told Complainant that she could appear remotely. He believed this was a reasonable accommodation to her request. The sentence in his email stating “we will continue with the scheduled meeting and make agenda modifications if the Board wishes to, you can appear remotely” indicates that he intended for her to attend the meeting, remotely or otherwise, and request agenda modifications. Complainant could have participated in the meeting remotely and requested that non-urgent items be removed or rescheduled.

Thus, a preponderance of the evidence does not support a finding that Respondent failed to accommodate Complainant’s religion when she requested that he move non-essential items to another date.

B. Did Respondent create a hostile workplace for Complainant by failing to accommodate her religion?

Complainant alleged that Respondent’s failure to accommodate her request created a hostile workplace and that the hostilities stemmed from her serving as a whistleblower against corruption at SCVWD. She stated that she had been censured, sued, removed from committees, and had her pay reduced without legal grounds.

Respondent countered that Complainant was censured for the findings of an investigation against her and for disruptive behavior in official proceedings. He denied that his failure to accommodate her request to reschedule the September 23, 2025, meeting was a hostile gesture, despite Complainant’s repeated allegations of board corruption and collusion with the Water District’s CEO.

Witness #1 also explained that board members’ responses to Complainant were reactions to her conduct rather than evidence of bias or discrimination. Witness #1 confirmed that Complainant had been removed from all committees following the board’s censure. She said the censure resulted from complaints filed against Complainant, alleging bullying, sexism, racism, and the creation of a hostile work environment for staff members, several of which were upheld by an investigation. Witness #1 believed there was no connection between the Respondent’s failure to reschedule the September 23, 2025, meeting and the Complainant’s allegations against the board.

Witness #2 described Complainant's actions during board meetings as disruptive, noting that she often went off-topic and spent significant time discussing matters unrelated to the agenda.

Witness #3 confirmed that this was not a "whistleblower" issue, as personnel matters are legally required to be addressed in private during closed session. Witness #3 stated that he does not believe Respondent is actively supporting the CEO or retaliating against Complainant.

A review of documents provided by Complainant herself confirms that prior investigations upheld the accusations of abusive conduct against her, that she breached board confidentiality and protocol, and that she harshly criticized other board members.

A review of board meeting video recordings shows similar harshness and disruptive conduct by Complainant. Further, the records she provided show that Complainant was censured for taking a confidential human resources report without permission and for refusing to return it, despite a court order to do so.

Ultimately, the hostility Complainant experienced appears not to be a direct result of the failure to accommodate her request to reschedule the September 23, 2025, meeting, but rather a result of her disruptive behavior and breaches of board protocols over the course of her tenure. Further, the Respondent's refusal to reschedule the meeting was based on a legitimate business reason. That is, Complainant's request was made too close to the meeting, and the board needed to discuss several outstanding agenda items concerning Valley Water. Respondent told her in writing that she could join the meeting remotely. By letting her know she could join the meeting remotely, he was providing a reasonable accommodation, not acting in a hostile manner.

For these reasons, the preponderance of the evidence does not support a finding that the failure to accommodate created a hostile work environment.

Respectfully submitted,



Karen C. Carrera, Esq., AWI-CH

Governance Policies of the Board

Title: Board Members' Code of Conduct

Category: Governance Process

Policy No. GP-6

Adopted: June 15, 1999
Chair: Larry Wilson

Latest Revision: December 10, 2024
Chair: Nai Hsueh

The Board of Directors revised and adopted this policy at its public meeting on the latest revision date.

The Board commits itself and its members to ethical, business-like, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Board members who do not adhere to this code of conduct may be subject to the procedures of GP-6.3 through GP-6.5 listed below.

- 6.1. Board members shall refrain from abusive conduct, personal charges or verbal assaults upon the character or motives of other members of the Board, committees, commissions, staff and the public.
- 6.2. The Board may not authorize severance pay for a Board-appointed employee of the District when the employee voluntarily separates from District employment. "Severance pay" does not include any otherwise lawful payment required to be paid by the District under a pre-existing employment agreement or under a separation and release agreement resolving a claim or claims made or threatened against the District. The Board shall not agree to amend an employment contract after the employee announces or requests a voluntary separation, except upon a Board determination, in open session, that an adjustment in compensation is required to retain the employee and is in the best interest of the District.
- 6.3. Available Procedures for addressing misconduct

This policy applies to the Santa Clara Valley Water District Board of Directors and the following procedures shall be followed where one believes a member of the Board of Directors has engaged in misconduct. Complainants shall follow either the Informal Complaint procedure under Section 6.4 or the Formal Complaint procedure under Section 6.5.

6.4 Informal Complaint Process

- 6.4.1. Complainants who do not wish to bring formal complaints against Board members under Section 6.5, below, shall have the option of bringing informal complaints instead.

Governance Policies of the Board

- 6.4.2. Informal complaints that a Board member has engaged in misconduct must be made to the Board Chair (where the complaint is against the Chair, “Vice Chair” is substituted for Chair throughout this section).
- 6.4.3 Informal complaints may be verbal or in writing, must be brought in the name of the actual name of the complainant, and may not be anonymous. Complainants may make informal complaints regarding Board member conduct towards third parties but must identify such third parties in the informal complaints.
- 6.4.4 When in writing, informal complaints must clearly state that they are informal or are being brought in accordance with this Section 6.4.
- 6.4.5 Complaints involving harassment or discrimination based upon protected class under state or federal law are not eligible for the informal complaint process and must be referred to the formal complaint process.
- 6.4.6 Complaints involving illegal conduct potentially harmful to Valley Water (e.g., fraud, theft, bribery, economic conflicts of interest, etc.) are not eligible for the informal complaint process and must be referred to the formal complaint process.
- 6.4.7 Prior to final resolution by the Chair, complainants may request that their informal complaints be changed to formal complaints by providing notice to the Chair and a written complaint to the Clerk of the Board complying with the provisions of Section 6.5.2.
- 6.4.8 Prior to final resolution by the Chair, complainants may withdraw their formal complaints.
- 6.4.9 Complainants may request that the Chair withhold their identity from the accused Board member, but the Chair alone shall determine whether such confidentiality is appropriate in any case given considerations of fairness to all parties involved. Following such a request, the Chair will advise the complainant whether or not their identity will be withheld from the accused Board member as requested.
- 6.4.10 Upon receipt of an informal complaint, the Chair shall have discretion on how to resolve it and may engage in warnings, counseling, or other informal measures deemed appropriate based upon the seriousness of the conduct at issue and any record of similar conduct by the accused Board member. Resolution shall not include admonition, sanction, or censure by the Board as such remedies are reserved for formal complaints under Section 6.5.
- 6.4.11 The Chair shall provide timely notice to the complainant regarding final resolution of the informal complaint.

Governance Policies of the Board

6.5 Formal Complaint Process

- 6.5.1 Scope of Complaints. Anyone may bring a formal complaint against a Board member for misconduct in accordance with this section. Misconduct under this section 6.5 shall be limited to: violations of the Board of Directors Code of Ethics and Conduct, violations of the Governance Policies of the Board, and/or violations of local, state, and/or federal law.
- 6.5.2 Written Complaint Procedure. Complaints must be in writing and signed in the complainant's true legal name. Complaints must identify the accused Board member(s) by name and should provide as much detail as possible about the alleged misconduct. Complainants must submit their written complaints to the Clerk of the Board. The Clerk of the Board shall provide the complaint the Board Chair ("Vice Chair" is substituted for "Chair" throughout this section 6.5 where the Chair is the subject of the complaint or is the complainant) with copies to the Chief Executive Officer and District Counsel.
- 6.5.3 Chair Consultation with District Counsel. Where complaints involve allegations of harassment or discrimination based upon a protected classification, retaliation, or violations of local, state, or federal law, the Chair must consult with Valley Water's District Counsel to receive advice regarding any legal implications of the complaints. Where complaints do not include any of these elements, the Chair may, but is not required to, consult with the District Counsel regarding the complaints. In the event of any conflict, the Chair shall meet with selected special counsel instead of Valley Water's District Counsel.
- 6.5.4 Initial Evaluation of Complaint. The Chair shall review complaints to determine if they articulate a sufficient basis for further consideration. Where they do not articulate a sufficient basis for further consideration, the Chair shall notify the complainant and the accused Board member, and the matter shall be deemed closed, and the procedure set forth in sections 6.5.5 et seq. shall not apply. Such closure shall not bar complainants from submitting amended written complaints to the Clerk of the Board.
- 6.5.5 Notice to the Accused Board Member. Where the Chair determines complaints do articulate a sufficient basis for further consideration, the accused Board member must be given written notice of the complaint in a timely manner.
- 6.5.6 Informal Resolution. The Chair may, but is not required to, attempt informal resolution of a complaint with the complainant and the accused Board member. If the complaint is informally resolved to the satisfaction of the complainant and accused Board member, then the matter shall be deemed closed.
- 6.5.7 Ethics and Conduct Ad Hoc Committee.
- 6.5.7.1 If informal resolution is unsuccessful or is not attempted, the Chair shall make a timely request to the Board to form an Ethics and Conduct Ad Hoc Committee to address the complaint ("Committee"). As part of this request, the Chair shall nominate an additional member for the Committee which shall consist of the Chair and one other. The Chair's request shall be agendized for a public meeting of the Board of Directors.

Governance Policies of the Board

- 6.5.7.2 The Board shall consider the Chair's request and nomination and must approve it before the Committee can formally convene and take action on the complaint.
- 6.5.7.3 For the public meeting on the Chair's request, the rights of the complainant and any witnesses must be respected. Information regarding the nature of the complaint must be kept to a minimum and the identity of the any complainant and witnesses must not be disclosed. Where any details have previously been made public, disclosure of such previously disclosed information is discouraged where unnecessary for Board consideration but is not prohibited.
- 6.5.7.4 For the public meeting on the Chair's request, the public agenda materials and the corresponding Board discussion must be undertaken to avoid compromising the integrity of the future investigation or bringing unnecessary or undue embarrassment to the complainant, the accused Board member, and any witnesses.
- 6.5.7.5 If the Board does not approve the Chair's request to form a Committee, the Chair alone must handle the complaint following the processes below (substituting "Chair" for "Committee").
- 6.5.7.6 If the Board does approve the Chair's request to form a Committee, the Committee is convened and may meet as necessary.
- 6.5.8 Committee Evaluation of Complaint. The Committee shall evaluate the complaint and determine whether it has sufficient information whether the alleged conduct both occurred and violated any Board of Directors Code of Ethics and Conduct, Board Governance Policies, or local, state, or federal law.
- 6.5.8.1 Disposition Without Investigation.
- (a) If the Committee determines that sufficient information exists that the alleged conduct both occurred and violated any Board of Directors Code of Ethics and Conduct, Board Governance Policies, or local, state, or federal law, it shall make findings and recommendations to the Board at a public meeting.
 - (b) If both members of the Committee do not agree, the members will make separate findings regarding whether the alleged conduct occurred and violated any Board of Directors Code of Ethics and Conduct, Board Governance Policies, or local, state, or federal law. The Committee members may also make separate recommendations to the Board.
- 6.5.8.2 Disposition Following Investigation. If the Committee determines that it needs additional information to conclude whether the alleged conduct occurred and/or constituted a violation of policy or law as set forth above, it may decide to have the complaint investigated.

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- 6.5.9 Retention of Investigator. The Committee has authority to retain an independent investigator to conduct investigations within the scope of this policy. The Committee shall select the investigator and may seek the assistance of the District Counsel in this effort.
- 6.5.10 Commencement of Investigation.
- 6.5.10.1 The Committee shall advise the Board within one month of the of the commencement of any investigation.
- 6.5.10.2 No Board member who participates in any investigation in any way may disclose any confidential information regarding the investigation including the identification of any known or suspected witnesses.
- 6.5.10.3 The Committee shall endeavor to have investigations completed within six months from their start. The Committee shall update the Board of the estimated completion date if this six-month goal will not be met. The Committee will provide the Board with further schedule updates as necessary.
- 6.5.11 Completion of Investigation.
- 6.5.11.1 Results of any investigation will be presented to the Committee. Only the Committee may possess and review the full investigation report.
- 6.5.11.2 If the Committee is satisfied with the completeness of the investigation, it will present findings and recommendations to the Board at a public meeting.
- 6.5.11.3 If both members of the Committee do not agree, the members will make separate findings and recommendations to the Board at a public meeting.
- 6.5.11.4 An executive summary of the investigation report shall be made with redactions of names, identifying information, and any other sensitive information. The executive summary shall be prepared in sufficient detail to allow the accused Board member a reasonable opportunity to respond to the charges and allegations. This executive summary will be available to the full Board and public in any future Board meeting on the investigation.
- 6.5.12 Board Consideration of Committee Findings. The Board will consider, by majority vote, whether to accept the Committee's findings (or where there is disagreement by members of the Committee, the separate findings of the two Committee members). Prior to any Board action on the findings, the accused Board member shall be given a reasonable amount of time to respond to the findings (verbally and/or in writing). If findings are not accepted, then the matter is concluded and shall be deemed closed. If the Board does accept findings, then the matter shall continue as set forth below.
- 6.5.13 Board Consideration of Committee Recommendations. At any meeting where the Board

Governance Policies of the Board

considers the Committee's findings, the Board may discuss any recommendations by the Committee, but will not take action on them at that meeting. At the meeting where the Board considers the Committee's findings, any Board member may request admonition, sanction, censure (as defined in section 6.5.20), or other measures in addition to any recommendations by the Committee.

- 6.5.14 Committee Recommendations to Board. The Committee will receive Board requests for admonition, sanction, or censure, and make recommendations to be considered at a future Board meeting. If both members of the Committee do not agree, the members will make separate recommendations to the Board at a future Board meeting. Valley Water will provide the accused Board member with separate written notice of any public Board meeting involving a Committee recommendation to admonish, sanction, or censure that Board member.
- 6.5.15 Accused Board Member's Response to Recommendations. Where the Committee is recommending admonition or sanction, the accused Board member will be given a reasonable amount of time to respond (verbally and/or in writing) taking into account the number of charges, the complexity of the charges, and any issues or questions raised during Board discussion on the matter. Where the accused Board member has previously responded to the findings, his or her response shall be limited to whether admonition or sanction is appropriate.
- 6.5.16 Special Rules Regarding Recommendations for Censure. Where the Committee is recommending censure:
- 6.5.16.1 A hearing will be scheduled at a public meeting and the public meeting must be scheduled to provide the accused Board member adequate time to prepare a defense.
 - 6.5.16.2 The accused Board member will have the opportunity to respond to the Committee's recommendation(s) and the accusations against him or her verbally and/or in writing before any Board vote on the matter.
 - 6.5.16.3 The accused Board member shall be given a reasonable amount of time to respond, taking into account the number of charges, the complexity of the charges, and any issues or questions raised during Board discussion on the matter.
 - 6.5.16.4 The accused Board member may present voluntary witnesses within the time prescribed but cannot compel the appearance or testimony of unwilling witnesses.
 - 6.5.16.5 The accused Board member will be entitled to representation of counsel at their own expense.
 - 6.5.16.6 The Chair will preside at the public hearing.
 - 6.5.16.7 The rules of evidence will not apply to the hearing of the matter, which is

Governance Policies of the Board

not a formal adversarial proceeding.

6.5.17 Board Action on Recommendations. A majority of the Board shall be required to approve any final action on Committee recommendations, but a 2/3 majority shall be required to approve a recommendation for censure.

6.5.18 Board Approval of Other Measures. In addition to or in lieu of admonition, sanction, or censure, the Board may approve other measures to address misconduct by a Board member and shall retain discretion on what measures to impose. A majority of the Board shall be required to approve such measures.

6.5.19 Referral to Law Enforcement or the Civil Grand Jury. At any point during the processes described herein, the Board may refer a matter to Law Enforcement and/or the Santa Clara County Civil Grand Jury for investigation or other action. Prior to or following such referral, the Board may proceed with any of the actions described in this policy.

6.5.20 Definitions.

6.5.20.1 Admonition. Admonition is the least serious form of action. Admonition is a warning and a reminder that a particular type of behavior is not in the best interests of Valley Water and can involve minor violations of the BOD Code of Ethics and Conduct or the Board Governance Procedures. An admonition may be issued by the Board prior to any findings of fact regarding any complaint, and because it is a warning or reminder, would not necessarily require an investigation to determine whether a complaint is true. Admonition authorized through this policy is separate and apart from, and is not intended to limit, the Chair's independent right to admonish Board members for their conduct as prescribed elsewhere in the Governance Process.

6.5.20.2 Sanction. Sanction is the second most severe form of action. Sanction should be directed to a member of the Board based upon an action or series of actions determined to be misconduct for violations of the BOD Code of Ethics and Conduct, (GP) or local, state, or federal law, but is not determined to be sufficiently serious to require censure. Sanction is distinguished from censure in that it does not constitute punishment.

6.5.20.3 Censure. Censure is the most severe form of action. Censure is a formal statement of the Board officially reprimanding one of its members. It is a punitive action which serves as a penalty for misconduct, but it carries no fine or suspension of the rights of the members as an elected official. Censure should be reserved for cases in which the Board determines that the misconduct is a serious offense. Censure does not limit the Board's ability to impose additional measures to address misconduct.

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Santa Clara Valley Water District

File No.: 26-0061

Agenda Date: 1/13/2026
Item No.: *10.1.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

CEO and Chiefs' Reports.

ATTACHMENTS:

*Handout 10.1-A: OGR, Summary

*Handout 10.1-B: OCE, Monthly Update

FEDERAL ADVOCACY EFFORTS

Valley Water Advocates for Federal Priorities with U.S. Representative Zoe Lofgren

Staff joined Directors John Varela and Shiloh Ballard in San Jose in a meeting with U.S. Representative Zoe Lofgren (CA-18) to share updates on and advocate for continued support for the Anderson Dam Seismic Retrofit Project, Coyote Creek Flood Protection Project, and the Upper Guadalupe River Flood Protection Project. Rep. Lofgren provided valuable insight into the current federal outlook, including working with the administration and congressional leadership to advance shared priorities. Valley Water thanked her for her steadfast support of all our projects. Staff plans to schedule more of these in-district meetings with our congressional delegation in 2026.



December 5 - From left to right: Director Shiloh Ballard, Rep. Zoe Lofgren and Director John Varela

STATE ADVOCACY EFFORTS

Senate Leadership and Committee Membership Update

President pro Tempore Monique Limón (D-Santa Barbara) recently announced Senate leadership and committee appointments for the remainder of the legislative session. Members of Valley Water's legislative delegation have received key assignments that closely align with Valley Water's priorities. Senator Josh Becker (D-Menlo Park) will serve as Chair of the Senate Natural Resources and Water Committee, a critical policy committee for water supply, flood protection, and environmental stewardship. Senator Aisha Wahab (D-Silicon Valley) was reappointed Assistant Majority Leader and also serves on the Senate Appropriations Committee, a key fiscal committee. Senator Dave Cortese (D-San Jose) continues to serve in leadership as an Assistant Majority Whip, and holds committee assignments relevant to infrastructure, local government, and public safety. In addition, Senator John Laird's (D-Santa Cruz) appointment as Chair of the Senate Budget and Fiscal Review Committee should be of benefit, given his deep experience on water issues and his strong working relationship with Valley Water.

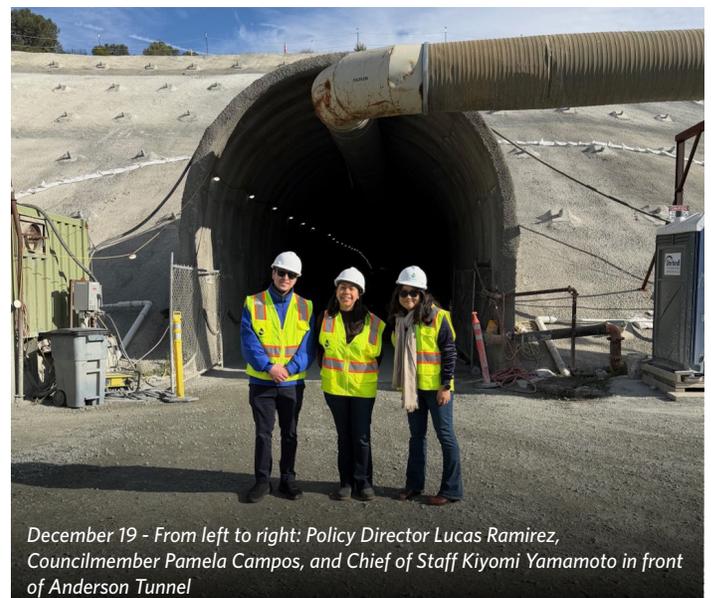
LOCAL ADVOCACY AND ENGAGEMENT EFFORTS

Anderson Dam Seismic Retrofit Project Tour with Councilmember Pamela Campos

On December 19, Valley Water staff hosted Councilmember Pamela Campos and her staff for a tour of the Anderson Dam Seismic Retrofit Project. The visit highlighted how the project's benefits extend into Council District 2, which includes southern San José and borders the City of Morgan Hill. The tour strengthened ongoing collaboration and provided Councilmember Campos and her team an opportunity to understand the project's impacts and learn more about Valley Water's work.



December 19 - From left to right: Supervising Program Administrator Roseryn Bhudsabourg, Policy Director Lucas Ramirez, Director John Varela, Councilmember Pamela Campos, Deputy Operating Officer Ryan McCarter, and Chief of Staff Kiyomi Yamamoto



December 19 - From left to right: Policy Director Lucas Ramirez, Councilmember Pamela Campos, and Chief of Staff Kiyomi Yamamoto in front of Anderson Tunnel

2025-26 State Legislation with Board-Approved Positions

| Bill (Author) | Subject | Position | Status |
|------------------------|--|-----------------------|---|
| AB 11 (Lee) | The Social Housing Act | Support | Pending - Senate Housing Committee (2 Yr Bill) |
| AB 35 (Alvarez) | Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: exemption: program guidelines and selection criteria | Support | Pending - Assembly Natural Resources Committee |
| AB 259 (Blanca Rubio) | Open Meetings Teleconferences | Support | Pending - Senate Judiciary Committee (2 Yr Bill) |
| AB 269 (Bennett) | Dam Safety and Climate Resilience Local Assistance Program | Oppose | Pending - Assembly Water, Parks & Wildlife Committee (2 Yr Bill) |
| AB 454 (Kalra) | Migratory Birds: California Migratory Bird Protection Act | Support | Signed by the Governor |
| AB 514 (Petrie-Norris) | Emergency Water Supplies | Support | Pending - Assembly Appropriations Suspense File (2 Yr Bill) |
| AB 532 (Ransom) | Water Rate Assistance Program | Support | Pending - Senate Appropriations Committee - Suspense File (2 Yr Bill) |
| AB 707 (Soria) | San Luis and Delta-Mendota Water Authority: B.F. Sisk Dam Raise and Reservoir Expansion Project | Support | Pending - Assembly Rules Committee (2 Yr Bill) |
| AB 810 (Irwin) | Local Government Internet Websites and Email Addresses | Oppose | Pending - Assembly Appropriations Suspense File (2 Yr Bill) |
| AB 1319 (Schultz) | Protected species: California Endangered Species Act | Oppose Unless Amended | Signed by the Governor |
| SB 31 (McNerney) | Water Quality: recycled water | Support | Signed by the Governor |
| SB 72 (Caballero) | The California Water Plan: Long-Term Supply Targets | Support | Signed by the Governor |
| SB 454 (McNerney) | State Water Resources Control Board: PFAS Mitigation Program | Support | Vetoed by the Governor |
| SB 466 (Caballero) | Drinking water: hexavalent chromium: civil liability: exemption | Support | Signed by the Governor |
| SB 496 (Hurtado) | Advanced Clean Fleets Regulation: appeals advisory committee: exemptions | Support | Pending - Senate Appropriations Suspense File (2 Yr Bill) |
| SB 598 (Durazo) | Construction Manager/General Contractor Project Delivery Method | Support | Signed by the Governor |
| SB 599 (Caballero) | Atmospheric rivers: research: forecasting methods: experimental tools | Support | Pending - Assembly Appropriations - Suspense File (2 Yr Bill) |
| SB 601 (Allen) | Water: waste discharge | Oppose Unless Amended | Pending - Assembly Appropriations Committee - Suspense File (2 Yr Bill) |
| SB 650 (Cabaldon) | The Sacramento-San Joaquin Delta Reform Act of 2009. | Support | Signed by the Governor |
| SB 682 (Allen) | Environmental health: product safety: perfluoroalkyl and polyfluoroalkyl substances | Support | Vetoed by the Governor |
| SB 695 (Cortese) | Transportation: climate resiliency: projects of statewide and regional significance | Support | Signed by the Governor |
| SB 753 (Cortese) | Special business regulations: shopping carts | Support | Signed by the Governor |

2025-26 Federal Legislation with Board-Approved Positions

| Bill (Author) | Subject | Position | Status |
|--|---|-------------------|---------------------------|
| H.R. 337 (Costa) | Groundwater Technical Assistance Act | Support | Introduced |
| H.R. 338 (Costa) | Every Drop Counts Act | Support | Introduced |
| S. 322 (Padilla) | Improving Atmospheric River Forecasting Act | Support | Introduced |
| H.R. 1267 (Gluesenkamp Perez) | Water Systems PFAS Liability Protection Act | Support | Introduced |
| H.R. 403 (Swalwell) | Preventing Our Next Natural Disaster Act | Support | Introduced |
| H.R. 1382 (Huffman) | San Francisco Bay Restoration Program Technical Correction Act | Support | Reported Out of Committee |
| H.R. 605 (Costa) | Headwaters Protection Act of 2025 | Support | Introduced |
| H.R. 1871 (Huffman) S. 857 (Curtis) | Water Conservation Rebate Tax Parity Act of 2025 | Support | Introduced |
| H.R. 1894 (Calvert) | Federally Integrated Species Health (FISH) Act | Support | Introduced |
| H.R. 2594 (Crawford) | Water Risk and Resilience Organization Establishment Act | Support | Introduced |
| H.R. 2344 (Schakowsky) S. 1118 (Markey) | Water Information Sharing and Analysis Center (WaterISAC) Threat Protection Act | Support | Introduced |
| H.R. 2766 (Fallon) | Special District Fairness and Accessibility Act | Support | Introduced |
| H.R. 2774 (Harder) | Safeguarding Our Levees Act | Support | Introduced |
| S. 1760 (Curtis) | Restoring WIFIA Eligibility Act | Support | Introduced |
| H.R. 2907 (Stanton) | Save Building Resilient Infrastructure and Communities (Save BRIC) Act | Support | Introduced |
| S. 324 (Rosen) | Smarter Weather Forecasting for Water Management, Farming, and Ranching Act of 2025 | Support | Introduced |
| S. 1481 (Wicker) | Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act | Support | Introduced |
| H.R. 1255 (Kustoff) | Investing in Our Communities Act | Support | Introduced |
| S. 1246 (Tillis) | FEMA Independence Act of 2025 | Support | Introduced |
| H.R. 4733 (Sorensen) | Low-Income Household Water Assistance Program Establishment Act | Support and Amend | Introduced |
| H.R. 3572 (Valadao) | Farm to Market Road Improvement Act | Support and Amend | Introduced |
| S. 1413 (Padilla) | To authorize additional funding for the San Joaquin River Restoration Settlement Act | Support | Introduced |
| S. 1477 (Padilla) H.R. 2945 (Lieu) | Housing for All Act of 2025 | Support and Amend | Introduced |

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CREEK STEWARDSHIP

In December, five Adopt-A-Creek volunteers conducted cleanups. Their combined effort leveraged 22 volunteer service hours to remove approximately 786 pounds of litter from the banks of Guadalupe Creek, Ross Creek, Permanente Creek, and Sunnyvale East Channel. Adopt-A-Creek volunteers continue to use the Access Valley Water system to report cleanup results, request trash pickup, and report large debris and other concerns related to creeks.

1.5 miles cleaned
94.89 fiscal year-to-date

10 volunteers
2,220 fiscal year-to-date

786 pounds of trash and recyclables
34,285 fiscal year-to-date

EDUCATION OUTREACH

In December, staff reached students in transitional kindergarten through fifth grade through classroom lessons, assemblies, and field trips. Third graders from Oster Elementary School in San José and fifth graders from Washington Open Elementary School in Santa Clara experienced hands-on learning at the Alamitos Outdoor Classroom, including making watershed maps, exploration of percolation through various materials, and playing a game to experience challenges that steelhead trout face.

754 youth
4,193 fiscal year-to-date

24 classroom lessons
95 fiscal year-to-date

3 field trips
10 fiscal year-to-date

1 assembly
8 fiscal year-to-date



Third graders from Oster Elementary School learn about the steelhead trout life cycle during a field trip at the Alamitos Outdoor Classroom in San José.

WATER SUPPLY OUTREACH

Staff hosted 34 visitors at the Silicon Valley Advanced Water Purification Center (SVAWPC) in December. Staff discussed the importance of creating a sustainable water supply and the role that treated wastewater plays in providing safe, clean water to Santa Clara County. A tour was hosted for the Valley Water Landscape Committee, where Vice Chair

Santos attended and provided welcome remarks. Industry professionals also toured the SVAWPC and attendees were interested in learning about purified water and how to discuss it with their own communities.

6 community group members
84 fiscal year-to-date

4 Valley Water staff
68 fiscal year-to-date

24 industry proponents
24 fiscal year-to-date

34 total attendees
1,068 fiscal year-to-date



Vice Chair Santos and members of the Valley Water Landscape Committee complete their tour of the SVAWPC.

WATER 101 ACADEMY

Staff continued recruitment for the Water 101 Academy scheduled to start in spring 2026. Outreach channels include Valley Water's social media accounts, newsletters, and website updates, as well as requesting the help of the current Water Ambassadors. The deadline for Santa Clara County residents to apply is Friday, January 16, 2026, at 5:00 p.m. at valleywater.org/water101.

How Will You Serve Your Community?

Creek Steward

Community Advocate

Water Champion

Resource Liaison

Community Voice

Join Valley Water's WATER 101 ACADEMY Class of 2026

Apply to be part of Valley Water's diverse network of leaders and advocates willing to serve the community as Water Ambassadors.

FREE community leadership program.
LEARN about current and future water projects underway in your community.
UNDERSTAND local water issues, opportunities and challenges in the water industry.
NETWORK with other community leaders and advocates.

Eligibility Requirements:

- Resident of Santa Clara County
- At least 18 years old
- Must complete at least 80% of the program
- Remain active Water Ambassadors for at least two years after graduation

DEADLINE TO APPLY: January 16, 2026, at 5 p.m.

Apply:
valleywater.org/water101

Contact Us:
WaterAmbassadorProgram@valleywater.org
408-630-2723

Water 101 Academy Schedule*

- Session 1 - April 2, 2026
- Session 2 - April 16, 2026
- Session 3 - April 30, 2026
- Session 4 - May 14, 2026
- Session 5 - May 30, 2026 (in-person)
- Graduation - June 4, 2026 (in-person)

Sessions 1-4 will be held tentatively via Zoom every other Thursday, from 5:30-7:30 p.m.

Session 5 will be an in-person infrastructure tour of various Valley Water facilities.

*Dates subject to change

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SAFE, CLEAN WATER GRANTS AND PARTNERSHIPS

Refill Station Grants

Closeouts:

- **Jackson Oaks Association - Clubhouse Deck:**
Through a FY25 \$5,000 Safe, Clean Water F9 Refill Station Grant, Jackson Oaks Association in Morgan Hill installed its first permanent refill station outside the clubhouse between two outdoor bathrooms, providing convenient access for residents and visitors. The station serves more than 500 homes in the Jackson Oaks community and supports preschoolers, school-age children, college students, and adults who use the playground, pool, and clubhouse year-round.

Mini-Grants

Valley Water awarded \$10,000 Safe, Clean Water F9 Mini-Grants to each of the following grantees for a total grant award amount of \$30,000.

- **Chopsticks Alley Art Inc. - Flow & Flourish:** The project entails three free educational workshops focused on water conservation, art, and culture in San José, with a final event at Chopsticks Alley Art Inc.'s gallery showcasing local artwork focused on water and culture.
- **Be In Nature - Meet the Water:** The project entails a free, 12-month outdoor environmental educational program for students K-12 in Bernal-Gulnac-Joice Ranch, San José.
- **Bay Area Older Adults - Watershed & Wildlife Education Walks:** The project entails six outdoor environmental education walks for older adults in Santa Clara County. Participants will learn about their local watersheds and Valley Water's water conservation and restoration efforts.

Closeouts:

- **Local Ecology and Agriculture Fremont - Film on Hydroponics and Film on Water-Saving Hügélkultur Bed:**
Through two FY23 \$5,000 Safe, Clean Water F9 Mini-Grants, Local Ecology and Agriculture Fremont produced two educational videos highlighting water-efficient gardening methods. One video showcased hydroponics as an accessible, water-saving growing technique, and another video demonstrated how to build Hügélkultur beds in both large garden plots and small spaces to conserve water and improve soil health. Both films were screened at community garden events across Santa Clara County and shared online by partner environmental organizations, collectively engaging over 11,000 residents. Together, the Projects expanded community awareness of practical, sustainable gardening practices that support long-term water conservation.

YOUTH COMMISSION

In December, the Valley Water Youth Commission kicked off a hygiene kit donation drive to support unhoused youth in Santa Clara County through its Creekside Community Care Project in partnership with the Bill Wilson Center. The Youth Commission successfully received donations to create 100 hygiene kits and will deliver them to the Bill Wilson Center, which provides critical services to unhoused youth.

LOOKING AHEAD

Silicon Valley Advanced Water Purification Center Tours and Presentations:

- JAN 9 Public Tour
- JAN 10 Public Tour
- JAN 12 Office of Government Relations Consultants

Education Outreach Programs:

- JAN 6 Graystone Elementary School
- JAN 7 Gardner Bullis Elementary School
- JAN 8 Joseph Weller Elementary School
- JAN 12 Silicon Valley Academy
- JAN 13 Sedgwick Elementary School
- JAN 15 Noddin Elementary School
- JAN 20 Evergreen Branch Library Teens Reach Program
- JAN 21 Sakamoto Elementary School
- JAN 22 Briarwood Elementary School
- JAN 26 Evergreen Elementary School
- JAN 27 Agnew Elementary School
- JAN 28 Anderson (Alex) Elementary School
- JAN 29 Eliot Elementary School

Youth Commission:

- JAN 28 Quarterly Youth Commission Meeting

Water 101 Academy:

- JAN 16 Water 101 Academy application deadline



Santa Clara Valley Water District

File No.: 25-0912

Agenda Date: 1/13/2026

Item No.: *13.1.

BOARD AGENDA MEMORANDUM

Government Code Section 84308 Applies: Yes No
(If "YES" Complete Attachment A)

SUBJECT:

Review the Fiscal Year 2026 Board Policy Planning Calendar.

RECOMMENDATION:

Review the Fiscal Year 2026 Board Policy Planning Calendar.

SUMMARY:

This item provides the Board an opportunity to review the Fiscal Year 2025 Board Policy Planning Calendar (FY26 Board Calendar) and identify appropriate items for Board Committee work plans for discussion and feedback to the Board.

The current FY26 Board Calendar containing the Board work plan items is attached for Board review.

ENVIRONMENTAL JUSTICE IMPACT:

The FY26 Board Calendar is not subject to environmental justice analysis.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

Attachment 1: FY26 Board Calendar

*Attachment 2: FY26 Board Calendar, Revised

File No.: 25-0912

Agenda Date: 1/13/2026
Item No.: *13.1.

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3139

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

| Fiscal Year 2026 Board Work Plan | | | Committee | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|----------------------------------|---|---|---|------|-------|------|-----|-----|-----|-----|-------|-----|-----|-----|-------|
| 1. | Protect and maintain existing assets and infrastructure and advance new projects. | | | | | | | | | | | | | | |
| 2. | Improve internal capability to negotiate and acquire regulatory permits. | | | | | | | | | | | | | | |
| 3. | Educate and engage the community, elected officials and interested parties on our management of water resources in Santa Clara County. | Joint meeting with City of San Jose | | S | | | | | | | | | | | |
| | | Environmental Stakeholder Meeting | Environmental Stakeholder Working Group | | C | | | C | | | C | | | C | |
| 4. | Explore and pursue diversified, sustainable and cost-effective water storage opportunities. | Sites Reservoir | WSDM Committee | | C | | C | | | | C/R | | C/R | | |
| | | Sisk Dam Raise Reservoir | WSDM Committee | | | | | | | | | R | C | | |
| | | Groundwater Banking Opportunities | WSDM Committee | | | | | | | | C | | | C | |
| 5. | Secure existing water supplies and water supply infrastructure. | Water Supply Master Plan | | | | R | | R | | | | | | | |
| | | Urban Water Management Plan | WSDM Committee | | | | | | C | | | | | C | R |
| | | Delta Conveyance Project | WSDM Committee | | | | | | | | | | | | |
| 6. | Lead Purified Water Efforts with committed partners. | Potable Reuse Partnership with City of San Jose | RWC, JRWPAC | C | C / S | C | | | C | | C / R | C | C | C | C / R |
| 7. | Complete the Anderson Dam Seismic Retrofit Project. | | | | | | | | | | | | | | |
| 8. | Make water conservation a California way of life in Santa Clara County. | Water Conservation Program Updates | WSDM Committee | | C | | C | | | | | C | | | C |
| 9. | Protect people and property from flooding in all regions of the County, by applying a comprehensive, integrated watershed management approach that balances environmental quality, environmental justice, sustainability, and cost. | Watershed Master Plans | Board Policy and Monitoring Committee | | | | | | | C | | | | | C |
| | | Stream Maintenance Program (SMP3) EIR | | | | | | | | R | | | | | |
| 10. | Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity in all regions of the County. | | | | | | | | | | | | | | |

Board Meetings

- R = Regular
- S = Special
- C = Committee
- X = Closed

11-20-2025

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

| Fiscal Year 2026 Board Work Plan | | | Committee | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|----------------------------------|--|--|--|------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 11. | Protect creeks, bay, and other aquatic ecosystems from threats of pollution and degradation. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 12. | Complete and implement the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) agreement. | FAHCE Implementation Update | Stream Planning and Operations Committee | | | | | C | | | C | | | C | |
| | | Project Site Visits | Stream Planning and Operations Committee | | | | | | | | | | | C | |
| 13. | Protect waterways and facilities from encampment impacts while collaborating with community partners and supporting regional efforts to reduce homelessness. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 14. | Protect the safety of Valley Water staff, residential neighbors, and unsheltered individuals by working independently and in partnership with law enforcement agencies. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 15. | Address future impacts of extreme weather events to Valley Water's mission and operations. | Greenhouse Gas Reduction Plan | Board Policy and Monitoring Committee | | | | | | | | R | | | | |
| 16. | Maintain appropriate staffing levels and expertise, prioritize the safety of our staff, and build and sustain a collaborative working environment for all staff and partners while ensuring fair employment. | | | | | | | | | | | | | | |
| 17. | Provide affordable and cost-effective level of services. | Grant Status Update Reports | | R | | R | | R | | R | | R | | R | |
| | | Annual Audit Workplan Approval | Board Audit Committee | | | | | C | R | | | | | | |
| 18. | Other Notable Policy and Board Actions | Legislative Proposals and Guiding Principles | | | | | | R | | | | | | | |

| Items Regularly Monitored by Board | | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|------------------------------------|----------------------|------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 1. | BAO Performance | X | | | | | | X | | | | | |
| 2. | BAO Compensation | | | | | | | | | | | | X/R |
| 3. | Board Expense Report | R | | | R | | | R | | | R | | |

Board Meetings

- R = Regular
- S = Special
- C = Committee
- X = Closed

11-20-2025

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

| Fiscal Year 2026 Board Work Plan | | | Committee | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|----------------------------------|---|---|---|------|-------|------|-----|-----|-----|-----|-------|-----|-----|-----|-------|
| 1. | Protect and maintain existing assets and infrastructure and advance new projects. | | | | | | | | | | | | | | |
| 2. | Improve internal capability to negotiate and acquire regulatory permits. | | | | | | | | | | | | | | |
| 3. | Educate and engage the community, elected officials and interested parties on our management of water resources in Santa Clara County. | Joint meeting with City of San Jose | | S | | | | | | | | | | | |
| | | Environmental Stakeholder Meeting | Environmental Stakeholder Working Group | | C | | | C | | | C | | | C | |
| 4. | Explore and pursue diversified, sustainable and cost-effective water storage opportunities. | Sites Reservoir | WSDM Committee | | C | | C | | | | C/R | | C/R | | |
| | | Sisk Dam Raise Reservoir | WSDM Committee | | | | | | | | | R | C | | |
| | | Groundwater Banking Opportunities | WSDM Committee | | | | | | | | C | | | C | |
| 5. | Secure existing water supplies and water supply infrastructure. | Water Supply Master Plan | | | | R | | R | | | | | | | |
| | | Urban Water Management Plan | WSDM Committee | | | | | | C | | | | | C | R |
| | | Delta Conveyance Project | WSDM Committee | | | | | | | | | | | | |
| 6. | Lead Purified Water Efforts with committed partners. | Potable Reuse Partnership with City of San Jose | RWC, JRWPAC | C | C / S | C | | | C | | C / R | C | C | C | C / R |
| 7. | Complete the Anderson Dam Seismic Retrofit Project. | | | | | | | | | | | | | | |
| 8. | Make water conservation a California way of life in Santa Clara County. | Water Conservation Program Updates | WSDM Committee | | C | | C | | | | | C | | | C |
| 9. | Protect people and property from flooding in all regions of the County, by applying a comprehensive, integrated watershed management approach that balances environmental quality, environmental justice, sustainability, and cost. | Watershed Master Plans | Board Policy and Monitoring Committee | | | | | | | C | | | | | C |
| | | Stream Maintenance Program (SMP3) EIR | | | | | | | | | R | | R | | |
| 10. | Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity in all regions of the County. | | | | | | | | | | | | | | |

Board Meetings

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- C = Committee
- X = Closed

1-8-2026

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

| Fiscal Year 2026 Board Work Plan | | | Committee | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|----------------------------------|--|--|--|------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 11. | Protect creeks, bay, and other aquatic ecosystems from threats of pollution and degradation. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 12. | Complete and implement the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) agreement. | FAHCE Implementation Update | Stream Planning and Operations Committee | | | | | C | | | C | | | C | |
| | | Project Site Visits | Stream Planning and Operations Committee | | | | | | | | | | | C | |
| 13. | Protect waterways and facilities from encampment impacts while collaborating with community partners and supporting regional efforts to reduce homelessness. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 14. | Protect the safety of Valley Water staff, residential neighbors, and unsheltered individuals by working independently and in partnership with law enforcement agencies. | Review of WRPZ Ordinance Implementation | Environmental Creek Cleanup Committee | | | | | | | C | | | | | |
| 15. | Address future impacts of extreme weather events to Valley Water's mission and operations. | Greenhouse Gas Reduction Plan | Board Policy and Monitoring Committee | | | | | | | | R | | | | |
| 16. | Maintain appropriate staffing levels and expertise, prioritize the safety of our staff, and build and sustain a collaborative working environment for all staff and partners while ensuring fair employment. | | | | | | | | | | | | | | |
| 17. | Provide affordable and cost-effective level of services. | Grant Status Update Reports | | R | | R | | R | | R | | R | | R | |
| | | Annual Audit Workplan Approval | Board Audit Committee | | | | | C | R | | | | | | |
| 18. | Other Notable Policy and Board Actions | Legislative Proposals and Guiding Principles | | | | | | R | | | | | | | |

| Items Regularly Monitored by Board | | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June |
|------------------------------------|----------------------|------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 1. | BAO Performance | X | | | | | | X | | | | | |
| 2. | BAO Compensation | | | | | | | | | | | | X/R |
| 3. | Board Expense Report | R | | | R | | | R | | | R | | |

Board Meetings

- R = Regular
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1-8-2026