

FY2025-26 First Pass Biennial Budget

January 28, 2025

Topics

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- **Budget Schedule Update**
- **Revenue Assumptions**
- **Salaries and Benefits Assumptions**
- **Districtwide Outlays**
- **Next Steps**

Budget Schedule Update

- **Operating and Capital Budget**
 - ➔ • January 28, 2025 – 1st Pass Budget Update
 - March 11, 2025 – 2nd Pass Budget Update
 - April 23, 2025 – Budget Work Study Session
- **Groundwater Production Charge (GWP)**
 - January 14, 2025 – Preliminary GWP Analysis
 - April 8 to 22, 2025 – GWP Public Hearings
- **Capital Improvement Program (CIP)**
 - January 14, 2025 – Preliminary CIP
 - February 25, 2025 – Draft CIP
 - April 8 to 23, 2025 – CIP Public Hearings
- **Operating and Capital Budget, GWP, and CIP**
 - May 13, 2025 – Board Adoption

Revenue Assumptions

- **Water Charges - FY26: \$423.3M & FY27: \$477.8M**
- **Preliminary Annual M&I Groundwater Production Charge Increases:**
 - North County Zone W-2, 9.9% in FY26 & FY27
 - South County Zone W-5, 7.9%
 - South County Zone W-7, 11.2%
 - South County Zone W-8, 8.0%
- **Water usage projection - FY26: 219K AF & FY27: 224K AF**
 - Assume a decrease of 3K AF vs FY25
- **1% Ad-valorem Property Tax - FY26: \$156.2M & FY27: \$159.6M**
 - Assessment roll grows 3% per Santa Clara county assessor's report as of 1/2/2025
- **SCW Special Parcel Tax - FY26: \$54.7M & FY27: \$55.9M**
 - 2% increase per year
 - Bay Area CPI could be greater than 2% for purpose of FY26

1st Pass – Revenue

Revenue (\$ in millions)	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY25	FY27 vs FY26
Water Charges	\$ 400.5	\$ 423.2	\$ 477.8	\$ 22.7	\$ 54.6
1% Ad-valorem Property Tax	148.4	156.2	159.6	7.8	3.4
SCW Special Parcel Tax	53.5	54.7	55.9	1.2	1.2
State Water Project Tax	28.0	28.0	28.0	-	-
Benefit Assessment	7.1	6.9	6.9	(0.2)	-
Capital Reimbursements	42.4	56.3	27.1	13.9	(29.2)
Interest Income & Other	15.4	19.3	28.3	3.9	9.0
Total Revenue	\$ 695.2	\$ 744.6	\$ 783.5	\$ 49.3	\$ 39.0

Salaries & Benefit Assumptions

Salaries - FY26: \$151.6M & FY27: \$158.6M

- Salary budget includes funding for 871 regular positions, 4 limited-term positions
- 3% COLA and step increases for eligible positions per current MOUs
- FY26 budget assumes lower salary savings rate of 2% due to position freeze

Benefits - FY26: \$96.7M & FY27: \$104.7M

- Retirement Contributions: includes CalPERS required employer contribution and deferred compensation, plus \$3.0M redirect from OPEB funding and additional 2% of salaries (\$3.0M) employer contributions towards CalPERS unfunded liability
- Group Insurance for Active Employees: assumes 15% annual increase for medical plan and 3% annual increase for Dental and Vision plan
- Group Insurance for Retirees assumes no material increase for medical plan

1st Pass Salaries & Benefits

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Salary and Benefits <i>(\$ in millions)</i>	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass
Salaries				
Salaries - Regular Employees	\$ 135.3	\$ 150.6	\$ 148.6	\$ 155.6
Overtime and Special Pays	6.3	5.1	5.5	5.6
Salary Savings	-	(3.8)	(2.5)	(2.6)
Total Salaries	141.6	151.9	151.6	158.6
Benefits				
Fed & State Taxes & Benefits	2.1	2.2	2.2	2.3
Retirement Contributions	43.7	49.1	50.7	54.2
Group Insurance - Active Employees	17.6	24.5	28.8	32.9
Health Insurance - Retired Employees	14.6	14.8	15.0	15.3
Total Benefits	78.0	90.6	96.7	104.7
Total Salary & Benefits	\$ 219.6	\$ 242.5	\$ 248.3	\$ 263.4
Regular Positions	919	921	871	871

1st Pass – Districtwide Outlays

Budget by Category (<i>\$ in millions</i>)	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass
Operations	\$ 423.7	\$ 518.9	\$ 528.3	\$ 562.8
Operating Projects	9.5	5.3	5.0	6.2
Debt Service	75.0	103.7	119.6	140.4
Total Operating Outlays	508.2	627.9	652.9	709.4
Capital Outlays	389.7	464.8	522.7	696.1
Total Gross Outlays	897.9	1,092.7	1,175.6	1,405.5
Intra-District Reimbursements*	(116.8)	(129.1)	(133.1)	(146.7)
Net Total Outlays	\$ 781.1	\$ 963.6	\$ 1,042.5	\$ 1,258.8

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

SCVWD Finances Organized by “Fund”

Water Utility Enterprise

Accounts for activities to ensure a reliable water supply (as the principal water wholesaler for the County)

Safe Clean Water (SCW)

Accounts for a program approved by voters in November 2020

Watershed & Stream Stewardship

Accounts for flood protection and watershed management activities

Administration (General, Fleet, Risk, Information Technology Funds)

Accounts for administrative and strategic support services that are provided to other funds (Legal, HR, Fleet, IT, etc...)

1st Pass– Operations Expenditures by Fund

Operations & Operating Budget (\$ in millions)	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY25	FY27 vs FY26
General Fund	\$ 77.3	\$ 90.2	\$ 89.1	\$ 96.9	\$ (1.1)	\$ 7.8
Watershed Stream Stewardship Fund	75.4	93.8	94.7	103.7	0.9	9.0
Safe, Clean Water Fund	25.6	24.5	27.6	29.4	3.1	1.8
Water Enterprise Fund	213.6	268.3	270.2	284.4	1.9	14.2
Fleet Management Fund	5.2	5.5	6.7	7.1	1.2	0.4
Risk Management Fund	9.9	11.6	12.2	13.2	0.6	1.0
Information Technology Fund	26.2	30.3	32.8	34.3	2.5	1.5
Total	\$ 433.2	\$ 524.2	\$ 533.3	\$ 569.0	\$ 9.1	\$ 35.7

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

1st Pass – Capital Outlays by Fund

Capital Outlays (\$ in millions)	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY 25	FY27 vs FY26
General Fund	\$ 2.6	\$ 5.9	\$ 15.5	\$ 10.5	\$ 9.6	\$ (5.0)
Watershed Stream Stewardship Fund	26.3	30.7	31.0	22.2	0.3	(8.8)
Safe, Clean Water Fund	45.8	127.1	125.0	160.6	(2.1)	35.6
Water Enterprise Fund	307.5	292.0	345.5	494.4	53.5	148.9
Fleet Management Fund	0.8	2.0	2.1	3.4	0.1	1.3
Information Technology Fund	6.7	7.1	3.6	5.0	(3.5)	1.4
Total	\$ 389.7	\$ 464.8	\$ 522.7	\$ 696.1	\$ 57.9	\$ 173.4

Note: 1st Pass Budget is based on preliminary FY26-30 Five-Year CIP

Community Budget Engagement

The budget simulation tool on the Valley Water website provides residents with the opportunity to learn about proposed budgets, give feedback on tradeoffs during the budgeting process, and provide community buy-in for proposed budgets.

Gives our community a better understanding of where and how financial resources are being applied currently while also highlighting the financial constraints.

<https://www.valleywater.org/how-we-operate/finance-budget/balancing-act-budget-simulation-tool>

HOME > HOW WE OPERATE > FINANCE/BUDGET > BALANCING ACT BUDGET SIMULATION TOOL

Balancing Act Budget Simulation Tool

Valley Water's Online Budget Simulator

Do you know how Valley Water's budget works or where the money comes from? Would you like to provide feedback about how you think the Valley Water Board of Directors should be allocating your tax dollars?

The Balancing Act budget simulation tool allows you to adjust budgets for various Valley Water priorities and align resources with the services that matter most to you.

The key is to balance the revenues and expenses, similar to the approach Valley Water takes every year, before a budget is officially adopted.

Your input is vital to ensure Valley Water's annual budget is designed to meet the needs of the community.

When you've balanced the budget and provided your input, hit submit and send it directly to Valley Water. We thank you for your feedback and we'll take your suggested budget adjustments into consideration in our annual budgeting process.

Ready? Click or tap the button below to balance the budget:

Questions or comments? [Please let us know!](#)

Balance the Budget

Category	Amount
Safe, Clean Water Supplies	\$43.0m
Flood Protection (Water)	\$190.3m
Healthy Creeks and Ecosystems	\$45.0m
Leak Repairs	\$7.4m
Support Services	\$77.1m
Total	\$363,900,000

Next Steps

- **Operating and Capital Budget**
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Appendix

1st Pass and Actuals – Revenue

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Revenue (\$ in millions)	FY19 Actuals	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY25	FY27 vs FY26
Water Charges	\$ 227.7	\$ 266.9	\$ 289.8	\$ 272.4	\$ 268.1	\$ 320.6	\$ 400.5	\$ 423.2	\$ 477.8	\$ 22.7	\$ 54.6
1% Ad-valorem Property Tax	107.8	110.6	117.3	127.3	138.8	146.1	148.4	156.2	159.6	7.8	3.4
SCW Special Parcel Tax	44.1	46.1	46.1	47.0	49.5	52.2	53.5	54.7	55.9	1.2	1.2
State Water Project Tax	22.3	21.8	21.4	30.1	28.9	28.1	28.0	28.0	28.0	-	-
Benefit Assessment	14.7	13.4	12.4	13.4	13.2	6.9	7.1	6.9	6.9	(0.2)	-
Capital Reimbursements	26.7	33.8	19.9	21.4	35.2	10.0	42.4	56.3	27.1	13.9	(29.2)
Interest Income & Other	22.0	23.9	17.7	20.4	27.7	47.2	15.4	19.3	28.3	3.9	9.0
Total Revenue	\$ 465.3	\$ 516.5	\$ 524.6	\$ 532.0	\$ 561.4	\$ 611.0	\$ 695.2	\$ 744.6	\$ 783.5	\$ 49.3	\$ 39.0

1st Pass and Actuals – Salaries & Benefits

Salary and Benefits (\$ in millions)	FY19 Actuals	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass
Salaries									
Salaries - Regular Employees	\$ 96.8	\$ 103.6	\$ 116.5	\$ 128.3	\$ 130.5	\$ 135.3	\$ 150.6	\$ 148.6	\$ 155.6
Overtime and Special Pays	3.3	4.3	4.3	5.8	6.2	6.3	5.1	5.5	5.6
Salary Savings	-	-	-	-	-	-	(3.8)	(2.5)	(2.6)
Total Salaries	100.1	107.9	120.8	134.1	136.7	141.6	151.9	151.6	158.6
Benefits									
Fed & State Taxes & Benefits	1.4	1.6	1.8	1.9	2.0	2.1	2.2	2.2	2.3
Retirement Contributions	26.6	29.4	32.8	36.7	42.1	43.7	49.1	50.7	54.2
Group Insurance - Active Employees	13.7	14.0	14.5	15.1	16.0	17.6	24.5	28.8	32.9
Health Insurance - Retired Employees	10.2	10.8	11.0	12.1	13.9	14.6	14.8	15.0	15.3
Total Benefits	51.9	55.8	60.1	65.8	74.0	78.0	90.6	96.7	104.7
Total Salary & Benefits	\$ 152.0	\$ 163.7	\$ 180.9	\$ 199.9	\$ 210.7	\$ 219.6	\$ 242.5	\$ 248.3	\$ 263.4
Regular Positions	824	859	859	893	909	919	921	871	871

1st Pass and Actuals – Districtwide Outlays

Budget by Category (\$ in millions)	FY19 Actuals	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass
Operations	\$ 304.0	\$ 308.2	\$ 366.7	\$ 414.2	\$ 417.0	\$ 423.7	\$ 518.9	\$ 528.3	\$ 562.8
Operating Projects	6.6	11.8	3.6	8.5	4.6	9.5	5.3	5.0	6.2
Debt Service	42.6	46.3	51.4	58.1	65.1	75.0	103.7	119.6	140.4
Total Operating Outlays	353.2	366.3	421.7	480.8	486.7	508.2	627.9	652.9	709.4
Capital Outlays	175.4	234.9	284.2	372.7	414.1	389.7	464.8	522.7	696.1
Total Gross Outlays	528.6	601.2	705.9	853.5	900.8	897.9	1,092.7	1,175.6	1,405.5
Intra-District Reimbursements*	(72.0)	(77.9)	(87.4)	(97.3)	(107.2)	(116.8)	(129.1)	(133.1)	(146.7)
Net Total Outlays	\$ 456.6	\$ 523.3	\$ 618.5	\$ 756.2	\$ 793.6	\$ 781.1	\$ 963.6	\$ 1,042.5	\$ 1,258.8

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

1st Pass and Actuals – Operations Expenditures by Fund

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Operations & Operating Budget (\$ in millions)	FY19 Actuals	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY25	FY27 vs FY26
General Fund	\$ 51.6	\$ 58.6	\$ 68.0	\$ 74.3	\$ 74.8	\$ 77.3	\$ 90.2	\$ 89.1	\$ 96.9	\$ (1.1)	\$ 7.8
Watershed Stream Stewardship Fund	53.4	51.7	59.2	62.5	69.3	75.4	93.8	94.7	103.7	0.9	9.0
Safe, Clean Water Fund	16.3	20.5	14.9	16.2	19.2	25.6	24.5	27.6	29.4	3.1	1.8
Water Enterprise Fund	164.9	165.3	197.6	235.3	224.0	213.6	268.3	270.2	284.4	1.9	14.2
Fleet Management Fund	4.4	3.8	3.9	3.8	5.0	5.2	5.5	6.7	7.1	1.2	0.4
Risk Management Fund	6.0	6.1	6.8	9.5	6.8	9.9	11.6	12.2	13.2	0.6	1.0
Information Technology Fund	14.0	14.0	19.9	21.1	22.4	26.2	30.3	32.8	34.3	2.5	1.5
Total	\$ 310.6	\$ 320.0	\$ 370.3	\$ 422.7	\$ 421.5	\$ 433.2	\$ 524.2	\$ 533.3	\$ 569.0	\$ 9.1	\$ 35.7

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

1st Pass and Actuals – Capital Outlays by Fund

Capital Outlays (\$ in millions)	FY19 Actuals	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 1st Pass	FY27 1st Pass	FY26 vs FY 25	FY27 vs FY26
General Fund	\$ 2.7	\$ 1.5	\$ 3.3	\$ 3.2	\$ 4.2	\$ 2.6	\$ 5.9	\$ 15.5	\$ 10.5	\$ 9.6	\$ (5.0)
Watershed Stream Stewardship Fund	27.6	19.0	63.5	66.2	44.5	26.3	30.7	31.0	22.2	0.3	(8.8)
Safe, Clean Water Fund	41.6	70.9	71.7	52.8	46.6	45.8	127.1	125.0	160.6	(2.1)	35.6
Water Enterprise Fund	97.9	132.2	136.0	238.0	311.9	307.5	292.0	345.5	494.4	53.5	148.9
Fleet Management Fund	1.8	1.9	2.5	2.8	2.2	0.8	2.0	2.1	3.4	0.1	1.3
Information Technology Fund	3.8	9.4	7.2	9.7	4.7	6.7	7.1	3.6	5.0	(3.5)	1.4
Total	\$ 175.4	\$ 234.9	\$ 284.2	\$ 372.7	\$ 414.1	\$ 389.7	\$ 464.8	\$ 522.7	\$ 696.1	\$ 57.9	\$ 173.4

Note: 1st Pass Budget is based on preliminary FY26-30 Five-Year CIP

Major Capital Project Appropriations for FY 26 and FY 27

Capital Outlays (\$ in millions)		FY23	FY24	FY25	FY26	FY27	FY26 + FY27	FY26 vs	FY27 vs
Fund	Actuals	Actuals	Adopted	1st Pass	1st Pass	Combined	FY 25	FY26	
Anderson Dam Seismic Retrofit	WU	\$31.9	\$22.7	\$45.1	\$88.3	\$204.9	\$293.3	\$43.2	\$116.6
RWTP Reliability Improvement	WU	3.2	38.4	66.2	120.8	125.1	245.9	54.6	4.3
Coyote Creek, Montague-Tully	SCW	3.2	7.5	16.1	84.7	66.5	151.2	68.7	(18.2)
Llagas Creek Phase 2B Construction	SCW	0.0	0.0	56.0	22.4	44.3	66.7	(33.6)	21.9
Anderson Dam Tunnel Project	WU	1.7	1.7	9.4	15.8	15.9	31.7	6.4	0.1
Pacheco Reservoir Expansion	WU	11.5	12.0	12.4	12.8	13.3	26.1	0.4	0.5
San Francisquito Early Implemt	SCW	14.5	7.4	19.7	16.6	8.9	25.5	(3.1)	(7.6)
Coyote Creek Flood Management Measures	WU	21.8	36.8	19.6	20.3	2.7	23.0	0.6	(17.5)
Coyote Pumping Plant ASD	WU	2.3	3.8	6.3	11.2	7.7	18.9	4.9	(3.5)
10-Yr PL Inspection and Rehab	WU	1.1	1.0	9.5	10.8	5.8	16.6	1.3	(5.0)
PWTP Residuals Management	WU	5.0	5.5	8.2	7.7	8.6	16.3	(0.5)	1.0
San Felipe Division Capital	WU	0.2	2.7	3.0	6.3	6.5	12.8	3.3	0.2
Watersheds Asset Rehabilitation	WSS	5.0	1.1	21.0	9.0	3.4	12.3	(12.1)	(5.6)
Small Caps, Water Treatment	WU	2.9	4.1	5.4	5.1	6.0	11.1	(0.4)	1.0
WU Capital Prog Admin Support	WU	9.2	9.1	0.1	4.8	5.1	9.8	4.7	0.3
San Francisco Bay Shoreline	WSS	0.0	0.2	0.3	5.2	4.2	9.5	4.9	(1.0)
Sunnyvale East & West Channel	SCW	0.3	0.0	1.5	6.2	2.2	8.3	4.7	(4.0)
Water Infrastructure Reliability Plan, Phase 2	SCW	3.7	2.3	4.0	4.0	4.0	8.0	0.0	(0.0)
Watershed Capital Program Servcs Admin	SCW / WSS	0.1	0.3	0.1	4.0	2.0	6.0	3.9	(2.1)
Purified Water Project	WU	0.1	0.6	1.3	3.2	0.5	3.7	1.8	(2.7)
Total		\$117.9	\$157.2	\$305.2	\$459.0	\$537.7	\$996.7	\$153.8	\$78.6

Note: 1st Pass Budget is based on preliminary FY26-30 Five-Year CIP