

FY2023-24 Second Pass Biennial Budget Development Update

March 14, 2023

Topics

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- **Budget Schedule**
- **2nd Pass Revenue**
- **Districtwide Outlays**
- **Operating and Capital Budget by Fund**
- **Estimated Reserve Balances**
- **Salaries & Benefits and Positions Update**
- **Next Steps**

Budget Schedule Update

Operating and Capital Budget Development Updates:

- ✓ January 24 – 1st Pass Budget Update
- ➔ • March 14 – 2nd Pass Budget Update
- April 26 to 27 – Budget Work Study Sessions

Groundwater Production Charge (GWP):

- ✓ January 10 – Preliminary GWP Analysis
- April 11 to 25 – GWP Public Hearings

Capital Improvement Program (CIP):

- ✓ January 10 – Preliminary CIP
- ✓ February 28 – Draft CIP
- April 11 to 25 – CIP Public Hearings

Budget Adoption: (Budget, GWP and CIP)

- May 16

2nd Pass Revenue

Revenue assumptions same as 1st pass, except for Capital Reimbursements

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Observations

Revenue (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
Water Charges	\$ 265.0	\$ 330.0	\$ 408.4	65.0	\$ 78.4
1% Ad-valorem Property Tax	126.1	136.3	140.2	10.2	3.9
SCW Special Parcel Tax	49.6	50.7	51.9	1.1	1.2
State Water Project Tax	27.0	27.0	28.0	-	1.0
Benefit Assessment	13.3	8.6	7.2	(4.7)	(1.4)
Capital Reimbursements	87.1	64.8	78.7	(22.3)	13.9
Interest Income & Other	12.8	13.1	15.8	0.3	2.7
Total Revenue	\$ 580.9	\$ 630.5	\$ 730.2	\$ 49.6	\$ 99.7

Revenue (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
General Fund	\$ 10.5	\$ 11.3	\$ 11.6	0.8	\$ 0.3
Watershed & Stream Stewardship Fund	137.3	152.7	135.0	15.4	(17.7)
Safe Clean Water Fund	103.0	76.1	120.3	(26.9)	44.2
Water Utility Enterprise Fund	316.5	381.5	455.6	65.0	74.1
Service Funds	0.4	0.4	0.5	-	0.1
Benefit Assessment Funds	13.2	8.5	7.2	(4.7)	(1.3)
Total Revenue	\$ 580.9	\$ 630.5	\$ 730.2	\$ 49.6	\$ 99.7

- **Total Revenue - FY24 \$630.5M & FY25 \$730.2M**
- **Water charges – FY24 \$330.0M & FY25 \$408.4M**
 - VW Water Usage: 207KAF in FY24 and 222KAF in FY25
 - M&I Ground Water Production Charge:
 1. North County 15% increase in Zone W-2
 2. South County
 - a) 6.0% increase in Zone W-5
 - b) 12.9% increase in Zone W-7
 - c) 8.0% increase in Zone W-8
- **1% Ad-valorem Property Taxes**
 - Santa Clara County assessor growth assumption of 4% in FY24 and 3% in FY25
 - New construction and changes of home ownership are the greatest drivers
- **Capital Reimbursement**
 - Timing of capital reimbursement schedule updated

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2nd Pass Districtwide Outlays

Capital Projects outlays updated to align with most recent draft CIP

Outlays (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
Operations	\$ 478.6	\$ 493.7	\$ 522.3	\$ 15.1	\$ 28.6
Operating Project	8.5	6.6	7.3	(1.9)	0.7
Debt Service	82.3	97.4	119.3	15.1	21.9
Operating Outlays	569.4	597.7	648.9	28.3	51.2
Capital Outlays	462.8	407.5	464.5	(55.3)	57.0
Total Gross Outlays	1,032.2	1,005.2	1,113.4	(27.0)	108.2
Intra-District Reimbursements*	(115.0)	(126.4)	(131.2)	(11.4)	(4.8)
Net Outlays	\$ 917.2	\$ 878.8	\$ 982.2	\$ (38.4)	\$ 103.4

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

Observations

- Net total operating and capital outlays for the FY24 Budget is \$878.8M, a 4.2% decrease vs FY23, which includes \$97.4M in debt service outlays
- For the FY25 Plan, net total operating and capital outlays is \$982.2M, an 11.8% increase vs FY24, which includes \$119.3M in debt service outlays
- Net outlays do not include capital carry forward that was appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Fund charges
- Districtwide outlays align with the FY23 Board Work Plan

2nd Pass Operating Expenditures

Operating project expenditures include new positions

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Operations & Operating Projects (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
General Fund	\$ 81.8	\$ 84.5	\$ 90.8	\$ 2.7	\$ 6.3
Watershed Stream Stewardship Fund	76.2	78.3	87.5	2.1	9.2
Safe, Clean Water Fund	25.2	26.4	28.1	1.2	1.7
Water Enterprise Fund	264.7	267.4	278.2	2.7	10.8
Fleet Management Fund	5.0	5.0	5.2	-	0.2
Risk Management Fund	9.9	10.9	11.5	1.0	0.6
Information Technology Fund	24.3	27.8	28.3	3.5	0.5
Total	\$ 487.1	\$ 500.3	\$ 529.6	\$ 13.2	\$ 29.3

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

Observations

- **FY24 Operating Expenditure Outlays of \$500.3M, increase of \$13.2M or 2.7% over FY23 and \$529.6M in FY25, increase of \$29.3M or 5.9% over FY24**
 - Labor cost increases impact all funds FY over FY
 - General Fund FY25 \$6.3M increase driven by funding for the Water Rate Assistance program and district election costs
 - Watershed and Stream Stewardship Fund FY25 \$9.2M increase driven by timing of Evelyn Fish Ladder project construction and consultant costs for vegetation removal work
 - Water Enterprise Fund FY25 \$10.8M increase primarily due to timing of the Palo Alto Water Reuse Agreement project, Delta Conveyance Gap funding, and Los Vaqueros Reservoir participation partly offset by reduced drought conservation supplemental activities and emergency water purchases
 - Risk Management Fund FY24 \$1.0M increase due to higher insurance premiums and IT Fund FY24 \$3.5M increase due to increasing IT costs across projects

2nd Pass Capital Expenditures

Capital outlays aligned with draft Capital Improvement Program

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Observations

Capital Outlays (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
General Fund	\$ 6.5	\$ 4.4	\$ 4.4	\$ (2.1)	\$ -
Watershed Stream Stewardship Fund	35.5	18.1	16.5	(17.4)	(1.6)
Safe, Clean Water Fund	95.8	46.2	125.5	(49.6)	79.3
Water Enterprise Fund	318.3	330.6	307.9	12.3	(22.7)
Fleet Management Fund	2.5	2.0	2.0	(0.5)	-
Information Technology Fund	4.2	6.2	8.2	2.1	2.0
Total	\$ 462.8	\$ 407.5	\$ 464.5	\$ (55.3)	\$ 57.0

Note: 2nd Pass Budget is based on Preliminary FY24-28 Five-Year CIP

- FY24 Capital Outlays of \$407.5M, decrease of \$55.3M, or 11.9% versus FY23**
 - Watershed Stream Stewardship Fund FY24 \$17.4M decrease primarily due to the San Francisco Bay Shoreline and Lower Penitencia Creek Improvements projects
 - Safe Clean Water Fund FY24 \$49.6M decrease primarily due to the Almaden Lake and Llagas Creek - Upper Construction projects
 - Water Enterprise Fund \$12.3M increase primarily due to, Rinconada Reliability Improvement, 10-Yr Pipeline Inspection / Rehab and Pacheco Reservoir Expansion projects offset by Rinconada Residuals Remediation Project closeout
- FY25 Capital Outlays of \$464.5M, increase of \$57.0M, or 14.0% over FY24**
 - Safe Clean Water Fund FY25 \$79.3M increase primarily due to the Llagas Creek-Phase 2B Construction, San Francisquito Early Implementation, and the Sunnyvale East & West Channel projects
 - Water Enterprise Fund \$22.7M decrease primarily due to 10-Yr Pipeline Inspection/Rehab, Pacheco Reservoir Expansion (design), Anderson Dam Tunnel, and Coyote Creek Flood Mgmt. projects offset by Rinconada Reliability Improvement Project

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2nd Pass Reserve Balances

Reserve balances in FY24 and FY25 remain healthy

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Reserves <i>(\$ in millions)</i>	FY23 Adopted	FY24 Estimate	FY25 Estimate	FY24 vs FY23	FY25 vs FY24
Restricted Reserves					
Safe, Clean Water Fund	\$ 151.7	\$ 184.6	\$ 192.4	\$ 32.9	\$ 7.8
Water Utility Enterprise Fund	67.3	25.8	39.1	(41.5)	13.3
Restricted Sub-total	\$ 219.0	\$ 210.4	\$ 231.5	\$ (8.6)	\$ 21.1
Committed Reserves					
General Fund	9.1	11.4	12.8	2.3	1.4
Watershed Stream Stewardship Fund	102.3	163.3	188.3	61.0	25.0
Water Utility Enterprise Fund	56.3	62.5	68.2	6.2	5.7
Internal Service Funds	15.8	20.6	20.4	4.8	(0.2)
Committed Sub-total	\$ 183.5	\$ 257.8	\$ 289.7	\$ 74.3	\$ 31.9
Total Reserves	\$ 402.5	\$ 468.2	\$ 521.2	\$ 65.7	\$ 53.0

2nd Pass Salaries & Benefits

Includes 10 new positions for FY24 & 3 new positions in FY25 Plan

Salary and Benefits (\$ in millions)	FY23 Adopted	FY24 2nd Pass	FY25 2nd Pass	FY24 vs FY23	FY25 vs FY24
Salaries					
Salaries - Regular Employees	\$ 138.9	\$ 144.9	\$ 152.5	\$ 6.0	\$ 7.6
Overtime and Special Pays	4.7	5.1	5.0	0.4	(0.1)
Salary Savings	(3.5)	(3.7)	(3.9)	(0.2)	(0.2)
Total Salaries	140.1	146.3	153.6	6.2	7.3
Benefits					
Fed & State Taxes	2.1	2.2	2.3	0.1	0.1
Retirement Contribution	44.3	45.1	50.5	0.8	5.4
Group Insurance - Active Employees	18.1	19.9	21.6	1.8	1.7
Health Insurance - Retired Employees	13.0	13.0	13.3	-	0.3
Total Benefits	77.5	80.2	87.7	2.7	7.5
Total Salary & Benefits	\$ 217.6	\$ 226.5	\$ 241.3	\$ 8.9	\$ 14.8
Regular Positions	909	919	922		
Limited Term Positions	9	7	7		

Observations

Salaries budget - FY24: \$146.3M and FY25: \$153.6M

- FY24 salary budget includes an additional 10 regular positions for a total of 919 regular and 7 limited-term positions
- 3% COLA and step increase for eligible positions
- FY25 salary plan includes an additional 3 regular positions

Benefits budget - FY24: \$80.2M and FY25: \$87.7M

- Retirement Contribution: includes, both, CalPERS employer contribution plus \$3.0M redirect from OPEB and additional 2% of salaries, or \$3.0M of employer contributions towards CalPERS unfunded liability. FY25 assumes increased CalPERS employer contribution due to recent stock market decrease
- Group Insurance for Active Employees: assumes annual increase of 12% in FY24 and 9% in FY25 for medical plans and 3% increase for Dental and Vision plan
- Group Insurance for retirees: 4% increase per year based on actuarial report

2nd Pass Position Count

Positions to address workload priorities and achieve key outcomes in projects

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Organization Division	Adopted Budget FY23	Adjusted Budget FY23 ^(b)	Proposed Positions FY24	Proposed Budget FY24	Proposed Positions FY25	Planned Budget FY25
Board Appointed Officers ^(a)	78	78	1	79		79
Office of Integrated Water Mgmt / Dam Safety	56	55	1	56		56
External Affairs	46	46		46		46
Administrative Services	163	163		163		163
Water Utility	301	302	4	306	3	309
Watersheds	265	265	4	269		269
Total Regular Positions	909	909	10	919	3	922
Limited Term Positions	9	7		7		7
Total	918	916	10	926	3	929

a) Board Appointed Officers include: Office of CEO, District Counsel and Clerk of the Board

b) Adjusted Budget includes approved reorganizations and reclassifications.

FY24 2nd Pass Proposed Budget Positions

Financial Planning & Management Services Division

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Position	1.0 FTE Staff Analyst
Funding Source	Water Utility Fund – Water Charges (50%) Watershed Fund – Property Taxes (50%)
Business Justification	<p>Request to convert Temp Analyst to a regular full time Staff Analyst to provide increasing support for grants work, in line with new grant awards obtained in FY 2022 and FY 2023. The new position will assist in both the grant seeking and administration work. The Grants Administrator will be able to develop a better trained staff and build long-term expertise/pipeline to support the overall program. In FY 2022 and FY 2023, new grants totaling over \$24M were awarded to VW, and an additional \$62M in new grant applications have been submitted to various state and federal agencies. The grant awards more than pay for one additional Staff Analyst to help support this new body of work.</p>

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FY24 2nd Pass Proposed Budget Positions

OIWM Dam Safety & Capital Project Delivery Division

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Position	1.0 FTE Management Analyst II
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>With the increasing costs of capital projects, specifically of the Anderson Dam Seismic Retrofit Project (ADSRP), an application for the lower interest federal WIFIA loan/s to fund ADSRP and other FOCP sub-projects is being submitted. WIFIA loans come with numerous conditions and requirements, which need monitoring and reporting. A team comprised of the finance/treasury staff, engineering/project management staff, and regulatory permitting and compliance staff are typically formed by agencies who apply for this type of loan, to provide the support needed. The finance/treasury department has already submitted a request for the finance/treasury staff. This request is therefore for the engineering/project management staff and regulatory permitting and compliance staff. Without the approval of this staff the administration of the WIFIA loan will be very difficult.</p>

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FY24 2nd Pass Proposed Budget Positions

Watersheds Maintenance & Operations Division

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Position	2.0 FTE TBD (to address unhoused concerns)
Funding Source	Safe Clean Water Fund – Special Parcel Tax
Business Justification	TBD FTE to supplement encampment cleanup program for an increased level of service in encampment cleanups. Two potential encampment solutions have been brought to the ECCC and the Board, as well as the Special Board Meeting (1/18/2023) that focused on encampment issues. This position may be used to increase our encampment cleanup crews, or start a potential “Clean Camps, Clean Creeks” program to help reduce the amount of unhoused related debris from entering our waterways.

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FY24 2nd Pass Proposed Budget Positions

Watersheds Maintenance & Operations Division

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Position	2.0 FTEs Assistant Biologist II
Funding Source	Watershed and Stream Stewardship Fund – (primarily) Ad Valorem Property tax allocation
Business Justification	Temporary Biologists needed to perform pre-construction and other field monitoring associated with Stream Maintenance Program (SMP) activities. If this position isn't funded, Valley Water will need to continue to utilize temporary biologists to perform biological pre-construction surveys and other permit compliance activities. Currently, this function is supported by temporary Assistant Biologists. If these permanent positions are approved, the reliance on temporary biologists will be eliminated. Without these new positions, the environmental clearances needed to perform work may be delayed or some projects may not be able to be implemented during the upcoming work season.

FY24 2nd Pass Proposed Budget Positions

Water Utility Capital Services Division

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Position	2.0 FTEs Resident Construction Inspectors
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>To stay consistent with board direction to enhance project oversight with in-house construction management services, the two recommended Resident Construction Inspectors would provide services to the following projects at critical Valley Water facilities:</p> <ul style="list-style-type: none">• Penitencia Water Treatment Plant (PWTP) Sulfuric Acid Extension Project• Snell Pipeline Inspection and Rehabilitation Project• Santa Clara Conduit Inspection and Rehabilitation Project Phase II• West Pipeline Inspection and Rehabilitation Project Phase I <p>If not approved, these projects would be managed by outside consultant management (CM) firms and would receive less internal staff oversight. Approval also ensures resources for other projects such as Upper Llagas Creek – Phase IIB will not potentially need to be redirected to support the above projects.</p>

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FY24 2nd Pass Proposed Budget Positions

Water Utility Capital Services Division

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Position	1.0 FTE Associate Engineer - Civil
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>This position would ensure proper staffing to implement the recommended residuals management and reliability projects. This includes properly resourcing, managing, and delivering the Penitencia Water Treatment Plant (PWTP) Residuals Management Project 93234044. This project is expected to take four years to complete, after which the position would be assigned to the Rinconada Water Treatment Plant (RWTP) Reliability Improvement project 93294057 or other water treatment plant capital projects.</p> <p>If this position is not approved, the PWTP Residuals Management Project would be understaffed during the Planning, Design, and Construction Phases. Additionally, the PWTP Residuals Management Project’s schedule would be delayed, and Valley Water would not be able to meet the committed deadline required by the Department of Drinking Water.</p>

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FY24 2nd Pass Proposed Budget Positions

Water Utility Raw Water Division

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Position	2.0 FTEs: Instrumentation and Control Technician I Apprentices Offset by 1.0 reduced FTE Fellow
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>The Instrumentation and Controls Technician classification is a challenging recruitment due to required experience with heavy industry automation, which is limited in this region. The two new I&C Tech apprentice positions would allow a pathway to gain the needed experience, with support from Bayworks and its affiliate Jewish Vocational Services (JVS) for outreach and recruitment process. These organizations would work with the Department of Labor which governs standards, oversees the program, and provides certification at completion.</p> <p>At end of the apprenticeship, incumbents would either move into existing vacant codes, or remain in the position until the next vacancy, at which point the next apprentice would be brought in. The recruitment process would focus on local and underrepresented communities. One of the positions is offset by the reduction of a vacant Fellow.</p>

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FY25 2nd Pass Proposed Budget Positions

Water Utility Raw Water Division

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Position	1.0 FTE Program Administrator
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>This Program Administrator position will provide specialized technical and engineering services for Water Utility and Watershed Operations, Maintenance, Asset Management and Capital Improvement Corrosion Control (CC)/Cathodic Protection (CP) Program work.</p> <p>As the CC/CP subject matter expert, the position will plan, coordinate, and oversee routine and project specific CC/CP maintenance, improvements, and condition assessments; plan and coordinate External Corrosion Direct Assessments (ECDA) as precursors for pipeline rehabilitation work; and establish routine CC/CP efforts at pump stations and treatment plants.</p> <p>Industry experience has proven proactive CC/CP efforts are critical to the long-term reliability and extended useful life of infrastructure. Failure to fund the position could result in insufficient CC/CP oversight leading to premature degradation of the existing infrastructure. This lack of oversight could precipitate the need for costly repairs and premature Capital replacement and/or improvement projects.</p>

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FY25 2nd Pass Proposed Budget Positions

Water Utility Treated Water Division

Position	1.0 FTE Chemist I
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>The Chemist I will support laboratory operations to comply with new ELAP regulations effective January 1, 2024 which require accredited laboratories to implement quality management system per the NELAC Institute (TNI) standard. The position also will provide much needed support for new compliance requirements related to regulatory reporting, traceability, sample control, document control, and auditing, and increase efficiency and retain institutional knowledge through reduced need of temporary staffing.</p> <p>Impact of not funding include potential for violations, fines, threats to accreditation, and greater risk for non-conformance during ELAP audits. Any non-conformance observed during an ELAP audit can potentially lead to violations with fines and may impact the laboratory’s accreditation and credibility with regulatory agencies.</p>

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FY25 2nd Pass Proposed Budget Positions

Water Utility Treated Water Division

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Position	1.0 FTE Assistant Engineer II - Mechanical
Funding Source	Water Utility Fund – Water Charges
Business Justification	<p>This position would support mechanical engineering work required at three treatment plants, the purification center, three pump stations, the SFPUC Intertie, and other related transmission facilities and infrastructures. The position will:</p> <ul style="list-style-type: none">• Provide mechanical engineering support to maintenance staff in completing the annual maintenance workplan work,• Troubleshoot mechanical engineering issues and respond to unplanned emergency mechanical related events,• Plan, coordinate and administer small cap projects, and support various other water treatment capital projects. <p>Not funding this position will leave Valley Water in a reactionary mode when dealing with the long-term maintenance of its extensive and aging infrastructure. Requested and/or assigned work will need to be prioritized based on the availability of the staffing resources and certain requested work will be delayed and/or not completed.</p>

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Next Steps

Operating and Capital Budget Development Updates:

- April 26 to 27 – Budget Work Study Sessions

Groundwater Production Charge (GWP):

- April 11 to 25 – GWP Public Hearings

Capital Improvement Program (CIP):

- April 11 to 25 – CIP Public Hearings

Budget Adoption: (Budget, GWP and CIP)

- May 16

Questions

2nd Pass vs 1st Pass Supporting Slides

2nd Pass vs 1st Pass Revenue

Capital reimbursements increased due to updated timing of projects

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Revenue (\$ in millions)	FY23 Adopted	FY24 1st Pass	FY25 1st Pass	FY24 2nd Pass	FY25 2nd Pass	FY24 2nd Pass vs 1st Pass	FY25 2nd Pass vs 1st Pass
Water Charges	\$ 265.0	\$ 329.3	\$ 408.4	\$ 330.0	\$ 408.4	0.7	-
1% Ad-valorem Property Tax	126.1	136.3	140.2	136.3	140.2	-	-
SCW Special Parcel Tax	49.6	50.7	51.9	50.7	51.9	-	-
State Water Project Tax	27.0	27.0	28.0	27.0	28.0	-	-
Benefit Assessment	13.3	8.6	7.2	8.6	7.2	-	-
Capital Reimbursements	87.1	42.4	12.7	64.8	78.7	22.4	66.0
Interest Income & Other	12.8	13.1	15.8	13.1	15.8	-	-
Total Revenue	\$ 580.9	\$ 607.4	\$ 664.2	\$ 630.5	\$ 730.2	\$ 23.1	\$ 66.0

Revenue (\$ in millions)	FY23 Adopted	FY24 1st Pass	FY25 1st Pass	FY24 2nd Pass	FY25 2nd Pass	FY24 2nd Pass vs 1st Pass	FY25 2nd Pass vs 1st Pass
General Fund	\$ 10.5	\$ 11.3	\$ 11.6	\$ 11.3	\$ 11.6	-	\$ -
Watershed & Stream Stewardship Fund	137.3	148.9	135.0	152.7	135.0	3.8	-
Safe Clean Water Fund	103.0	53.7	54.3	76.1	120.3	22.4	66.0
Water Utility Enterprise Fund	316.5	384.6	455.6	381.5	455.6	(3.1)	-
Service Funds	0.4	0.4	0.5	0.4	0.5	-	-
Benefit Assessment Funds	13.2	8.5	7.2	8.5	7.2	-	-
Total Revenue	\$ 580.9	\$ 607.4	\$ 664.2	\$ 630.5	\$ 730.2	\$ 23.1	\$ 66.0

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2nd Pass vs 1st Pass Salaries & Benefits

Increase in Salaries & Benefits due to new positions

25

Salary and Benefits (\$ in millions)	FY23	FY24	FY25	FY24	FY25	FY24	FY25
	Adopted	1st Pass	1st Pass	2nd Pass	2nd Pass	2nd Pass vs 1st Pass	2nd Pass vs 1st Pass
Salaries							
Salaries - Regular Employees	\$ 138.9	\$ 144.5	\$ 151.6	\$ 144.9	\$ 152.5	\$ 0.4	\$ 0.9
Overtime and Special Pays	4.7	4.9	4.8	5.1	5.0	0.2	0.2
Salary Savings	(3.5)	(3.6)	(3.8)	(3.7)	(3.9)	(0.1)	(0.1)
Total Salaries	140.1	145.8	152.6	146.3	153.6	0.5	1.0
Benefits							
Federal & State Taxes	2.1	2.1	2.3	2.2	2.3	0.1	-
Retirement Contribution (CalPERS)	44.3	45.1	50.4	45.1	50.5	-	0.1
Group Insurance - Active Employees	18.1	19.6	21.2	19.9	21.6	0.3	0.4
Health Insurance - Retired Employees	13.0	13.1	13.3	13.0	13.3	(0.1)	-
Total Benefits	77.5	79.9	87.2	80.2	87.7	0.3	0.5
Total Salary & Benefits	\$ 217.6	\$ 225.7	\$ 239.8	\$ 226.5	\$ 241.3	\$ 0.8	\$ 1.5
Regular Positions	904	909	909	919	922		
Limited Term Positions	9	7	7	7	7		

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2nd Pass vs 1st Pass Districtwide Outlays

Capital Projects outlays updated to align with most recent draft CIP

- Operating Outlays 2nd Pass vs 1st Pass changes primarily due to new position requests, retiming of projects and additional services and supplies requests
- Capital Projects 2nd Pass vs 1st Pass updated to align funding with the most recent CIP

Outlays (\$ in millions)	FY23	FY24		FY25		FY24	FY25
	Adopted	1st Pass	1st Pass	2nd Pass	2nd Pass	2nd Pass vs 1st Pass	2nd Pass vs 1st Pass
Operations	\$ 478.6	\$ 492.4	\$ 513.6	\$ 493.7	\$ 522.3	\$ 1.3	\$ 8.7
Operating Project	8.5	6.6	6.0	6.6	7.3	-	1.3
Debt Service	82.3	97.4	119.3	97.4	119.3	-	-
Operating Outlays	569.4	596.4	638.9	597.7	648.9	1.3	10.0
Capital Projects	462.8	429.7	493.2	407.5	464.5	(22.2)	(28.7)
Total Outlays	1,032.2	1,026.1	1,132.1	1,005.2	1,113.4	(20.9)	(18.7)
Intra-District Reimbursements*	(115.0)	(126.0)	(130.5)	(126.4)	(131.2)	(0.4)	(0.7)
Net Outlays	\$ 917.2	\$ 900.1	\$ 1,001.6	\$ 878.8	\$ 982.2	\$ (21.3)	\$ (19.4)

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

2nd Pass vs 1st Pass Operating Expenditures

2nd Pass increase due to new positions and services & supplies requests

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- Includes the increase of seven (7) regular positions in FY24 and three (3) regular positions in FY25 to address various Board and workload priorities and help achieve key outcomes in operating projects
- Second Pass budget includes additional funding for various services and supplies expenses such as the water rate assistance program, drought induced tree removal, and encampment cleanup
- Watershed and Stream Stewardship FY25 \$5.2M increase due to timing of Evelyn Fish Ladder Construction project timing from FY24 and two (2) new positions
- Safe, Clean Water \$1.4M increase in FY24 primarily due to two (2) new positions and \$650k to fund crew for the Encampment Cleanup project.

Operations & Operating Projects (\$ in millions)	FY23	FY24		FY25		FY24	FY25
	Adopted	1st Pass	1st Pass	2nd Pass	2nd Pass	2nd Pass vs 1st Pass	2nd Pass vs 1st Pass
General Fund	\$ 81.8	\$ 83.5	\$ 88.3	\$ 84.5	\$ 90.8	\$ 1.0	\$ 2.5
Watershed Stream Stewardship Fund	76.2	80.2	82.3	78.3	87.5	(1.9)	5.2
Safe, Clean Water Fund	25.2	25.0	26.7	26.4	28.1	1.4	1.4
Water Enterprise Fund	264.7	266.3	276.8	267.4	278.2	1.1	1.4
Fleet Management Fund	5.0	5.0	5.3	5.0	5.2	-	(0.1)
Risk Management Fund	9.9	10.9	11.5	10.9	11.5	-	-
Information Technology Fund	24.3	28.1	28.7	27.8	28.3	(0.3)	(0.4)
Total	\$ 487.1	\$ 499.0	\$ 519.6	\$ 500.3	\$ 529.6	\$ 1.3	\$ 10.0

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

2nd Pass vs 1st Pass Capital Expenditures

2nd Pass decrease primarily due to construction delays in capital projects

- Includes the increase of three (3) regular positions in FY24 to address various Board and workload priorities and help achieve key outcomes in capital projects
- Watershed and Stream Stewardship Fund FY24 \$17.6M decrease due to San Francisco Bay Shoreline project (deferral of construction costs) and FY25 \$25.5M decrease due to Palo Alto Flood Basin Tide Gate Replacement project (construction delay)
- Safe, Clean Water Fund FY24 \$5.3M decrease due to Sunnyvale East & West Channel project (construction start delay) FY25 \$3.6M decrease due to Almaden Lake Improvement project (closes in FY25)

Capital Outlays (\$ in millions)	FY23	FY24		FY25		FY24 2nd	FY25 2nd
	Adopted	1st Pass	1st Pass	2nd Pass	2nd Pass	Pass vs 1st Pass	Pass vs 1st Pass
General Fund	\$ 6.5	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.4	\$ -	\$ -
Watershed Stream Stewardship Fund	35.5	35.7	42.0	18.1	16.5	(17.6)	(25.5)
Safe, Clean Water Fund	95.8	51.5	129.1	46.2	125.5	(5.3)	(3.6)
Water Enterprise Fund	318.3	329.8	307.5	330.6	307.9	0.8	0.4
Fleet Management Fund	2.5	2.0	2.1	2.0	2.0	-	(0.1)
Information Technology Fund	4.2	6.3	8.1	6.2	8.2	(0.1)	0.1
Total	\$ 462.8	\$ 429.7	\$ 493.2	\$ 407.5	\$ 464.5	\$ (22.2)	\$ (28.7)



Note: 2nd Pass Budget is based on draft FY24-28 Five-Year CIP