



FY2025-26 Proposed Biennial Operating and Capital Budget Board Work Study Session

April 23, 2025

Valley Water Fiscal Year 2025-26 Budget

Responding to economic uncertainty and increased financial pressure

- Focus on our core mission to provide safe, clean water, flood protection and environmental stewardship to the community.
- Plan strategically to ensure long-term financial sustainability and affordability.
- Prioritize critical infrastructure investments for water supply and flood protection.

Valley Water Fiscal Year 2025-26 Budget

Responding to economic uncertainty and increased financial pressure

- Continue to pause 45 positions. These have remained on hold since FY25.
- Defer \$235.2 million in capital projects.
- Seek \$1.2 billion in additional low-cost federal loans.
- Identify new funding sources to maintain service and advance key projects.

Presentation Summary

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BUDGET OVERVIEW

- Budget Development & Review Process
- FY2025-26 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization

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PROPOSED BUDGET BY ORGANIZATION

- Administration
- Integrated Water Management
- Water Utility
- Watersheds

3

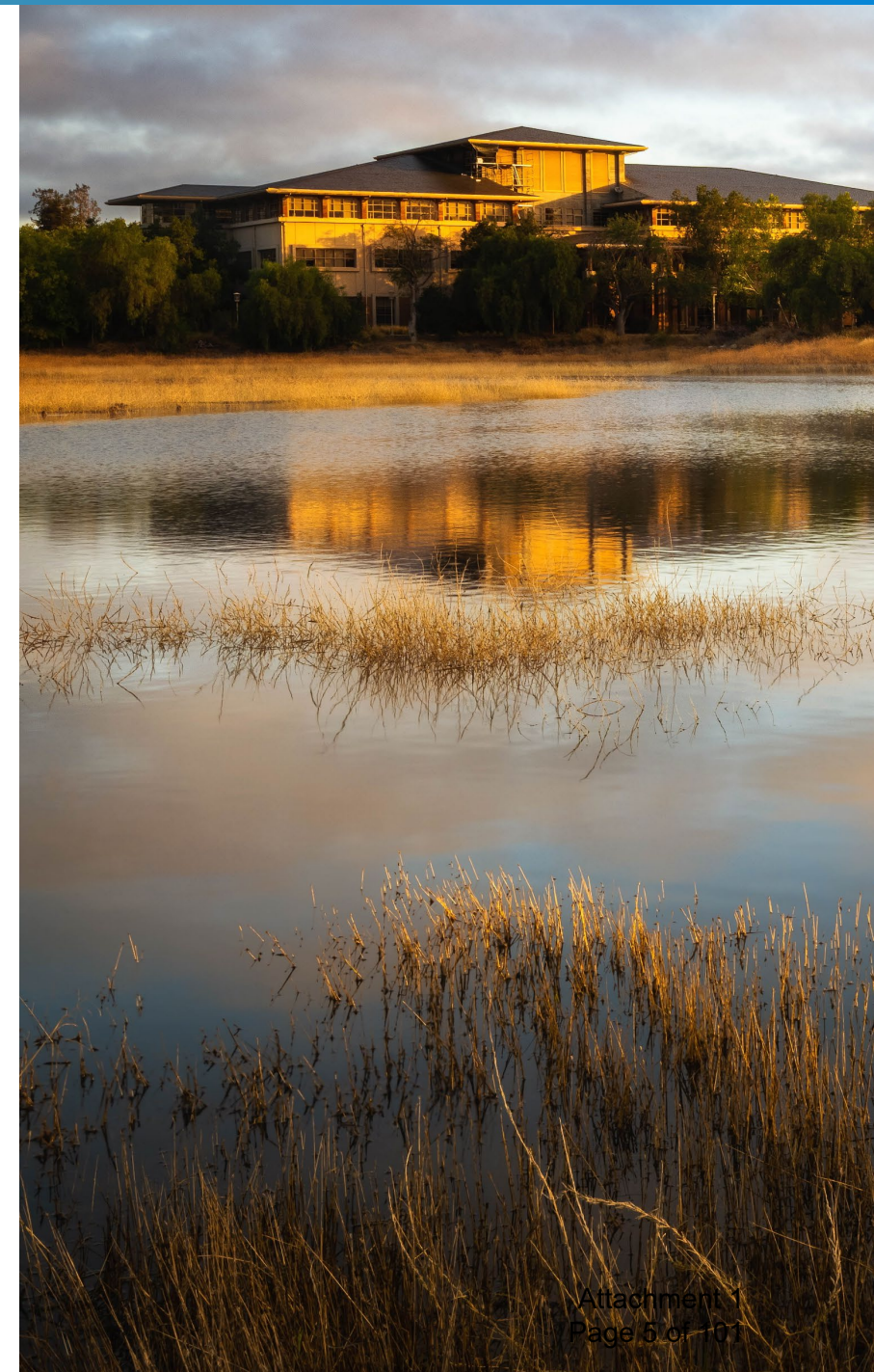
NEXT STEPS

- Board considerations for May 27, 2025

Budget Development and Review Process

Achieve the Board's Work Plan while ensuring financial sustainability

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



FY25-26 Budget Schedule

Next steps

Operating and Capital Budget Development Updates

- ✓ January 28 – 1st Pass Budget Update
- ✓ March 11 – 2nd Pass Budget Update
- ➡ April 23 to 24 – Budget Work Study Sessions

Capital Improvement Program (CIP)

- ✓ January 14 – Preliminary CIP
- ✓ February 25 – Draft CIP
- ✓ April 8-23 – CIP Public Hearings

Groundwater Production Charge (GWP)

- ✓ January 14 – Preliminary GWP Analysis
- April 8 to May 16 – GWP Public Hearings

Budget Approval (Budget, GWP and CIP)

- May 27

Board considerations for May 27, 2025

Approve
FY26 Rates
and Charges

1

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

Approve
FY26-30
Five Year CIP

2

- 76 Projects
- \$3.2 billion planned expenditures over the next five (5) years
- Aligned with FY26 budget and FY27 plan

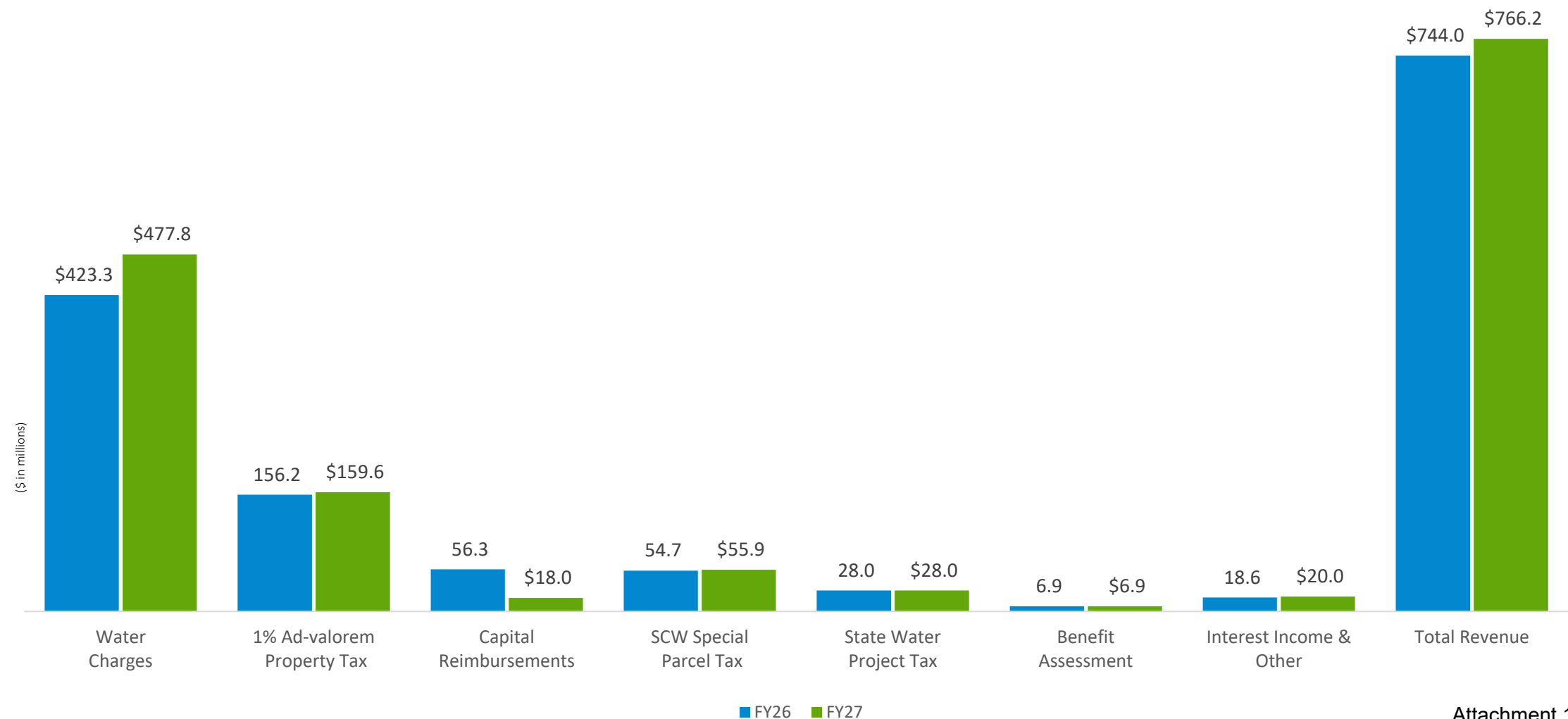
Approve
FY26 Budget

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- Budgeted Reserve amounts
- Project/ Funding levels

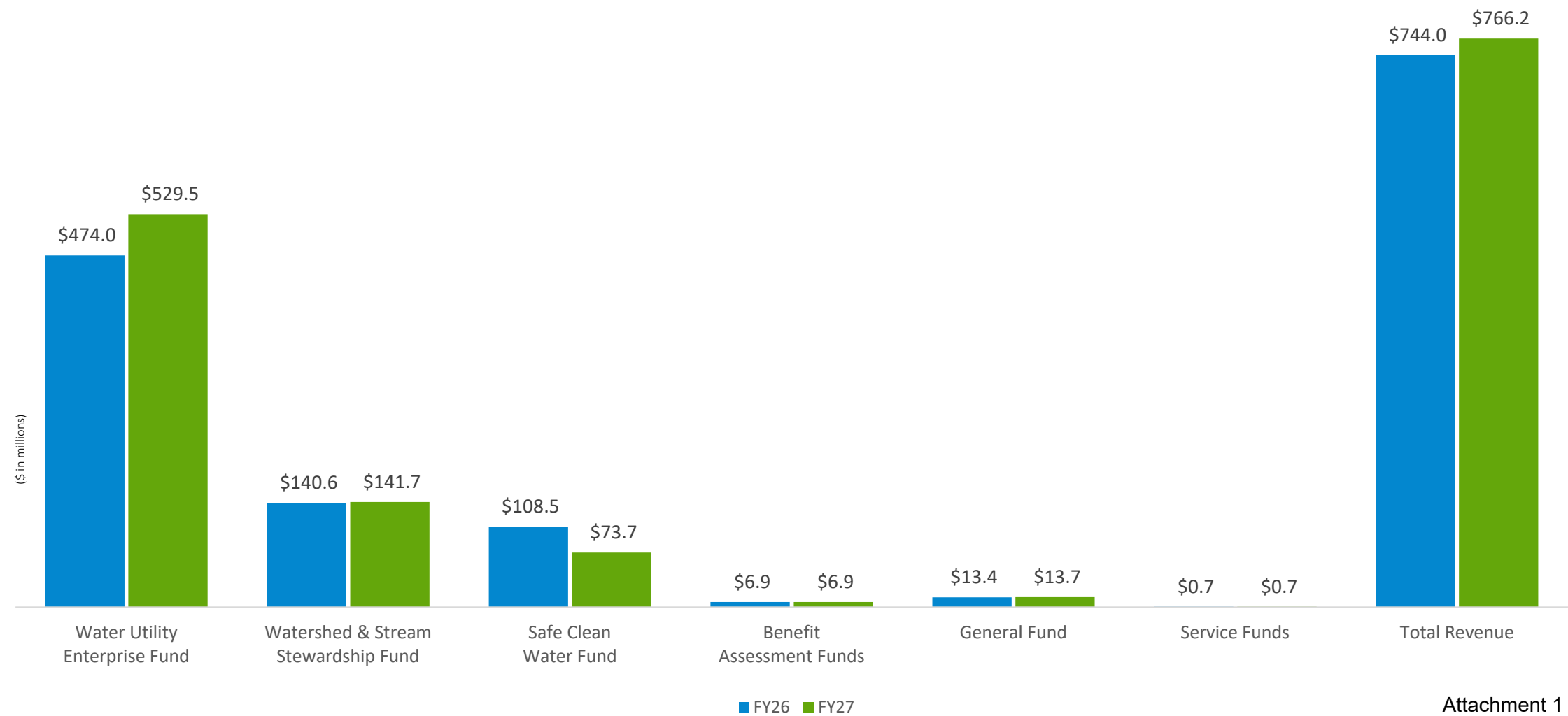
Proposed Budget Revenue

Revenue by Source



Proposed Budget Revenue

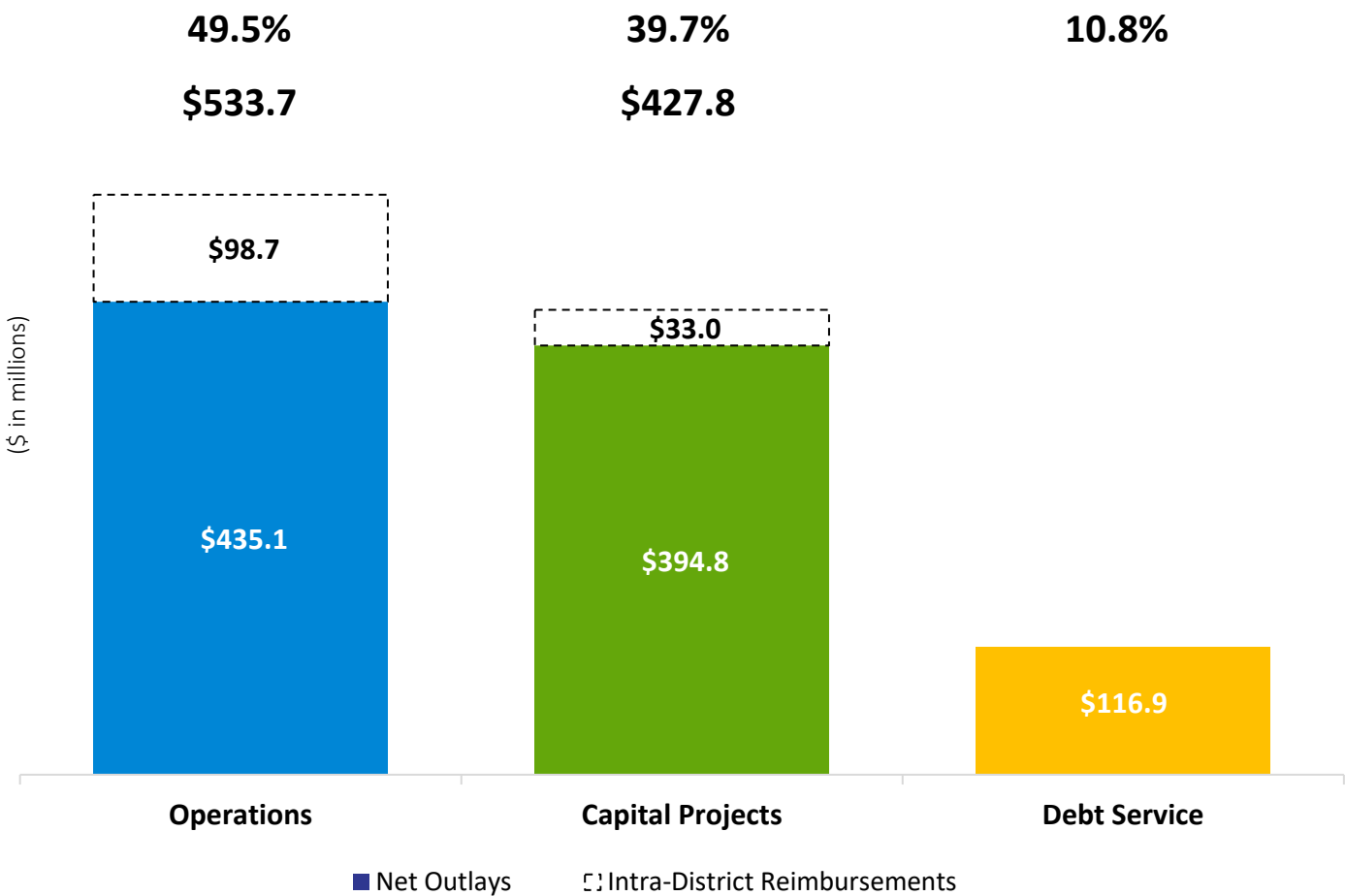
Revenue by Fund



FY26 Proposed Budget by Category

Total operating and capital outlays of \$1.078 billion

- Net FY26 Proposed Budget of \$946.8M, net of \$131.6M Intra-District Reimbursements

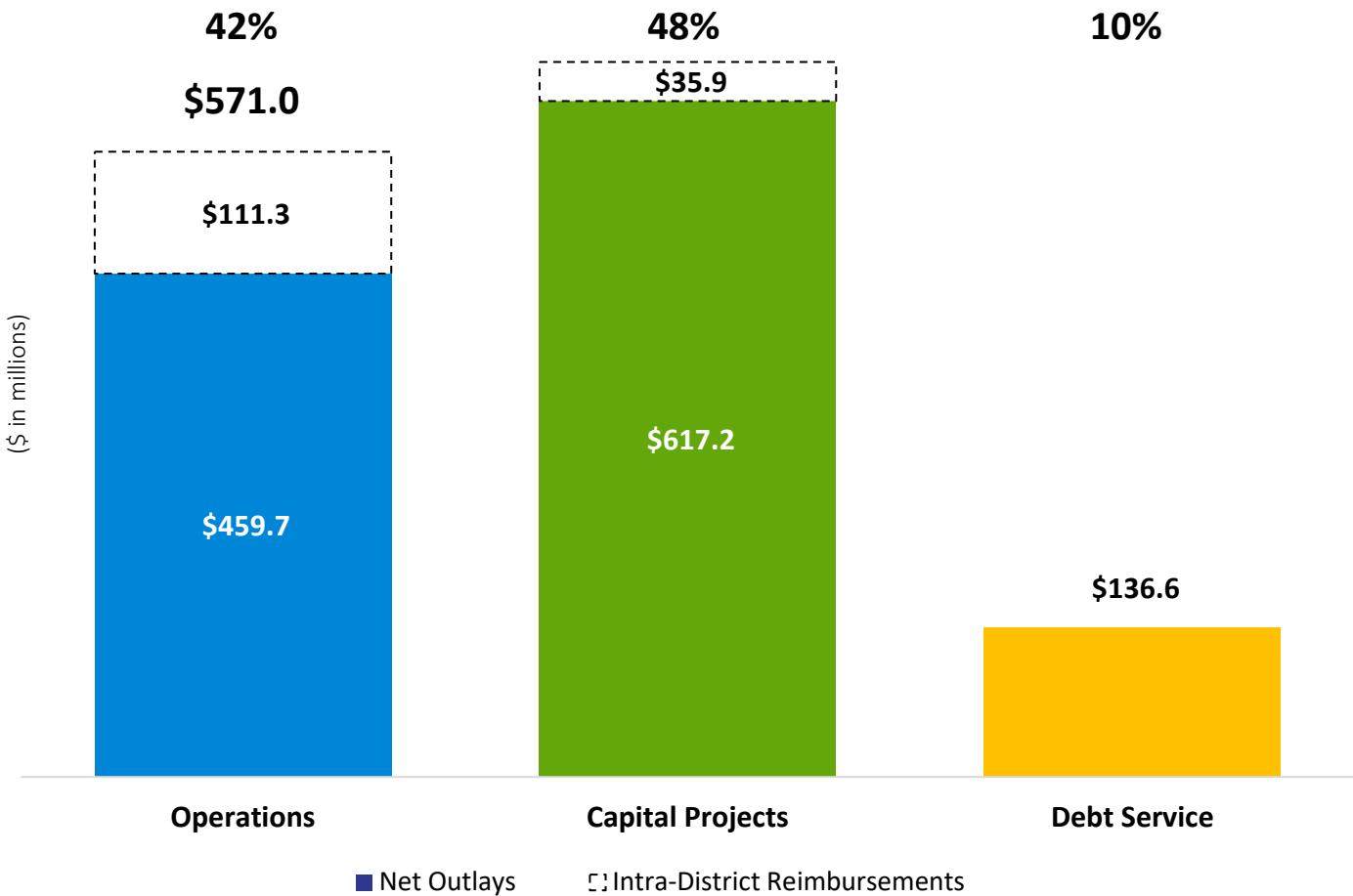


Note: Capital projects budget of \$427.8 million excludes carry forward capital project amount of \$137.7 million

FY27 Proposed Plan by Category

Total operating and capital outlays of \$1.361 billion

- Net FY27 Proposed plan of \$1.213B, net of \$147.2M Intra-District Reimbursements



Note: Capital projects budget of \$617.2 million excludes carry forward capital project amount of \$136.6 million

FY26 Proposed Budget by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration Funds ²	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
Revenue	\$ 445.0	\$ 29.0	\$ 108.5	\$ 140.6	\$ 6.9	\$ 14.0	\$ 744.0
Interfund Transfer	(4.1)	-	(4.5)	(4.0)	(1.1)	13.7	-
Ops Costs	(236.6)	(32.5)	(27.6)	(94.9)	-	(142.1)	(533.7)
Debt Service	(98.4)	-	(12.7)	-	(5.8)	-	(116.9)
Capital	(311.9)	-	(65.7)	(31.3)	-	(19.0)	(427.8)
Capital Carry-Forward	(62.9)	-	(65.3)	(4.4)	-	(4.5)	(137.1)
Debt Proceeds	220.2	-	44.6	-	-	-	264.8
IntraDistrict Reimbursements ¹	-	-	-	-	-	131.6	131.6
Total Changes to Reserves	\$ (48.7)	\$ (3.5)	\$ (22.7)	\$ 6.1	\$ 0.0	\$ (6.2)	\$ (75.0)
Reserves							
Restricted	\$ 53.4	\$ 11.6	\$ 177.4	-	-	-	242.4
Committed	93.7	-	-	160.2	-	25.4	279.3
Designated Liability	-	-	-	-	-	18.0	18.0
Total Reserves	\$ 147.1	\$ 11.6	\$ 177.4	\$ 160.2	\$ 0.0	\$ 43.4	\$ 539.8

Notes:

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

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

FY27 Proposed Plan by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration Funds ²	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
Revenue	\$ 500.5	\$ 29.0	\$ 73.7	\$ 141.7	\$ 6.9	\$ 14.4	\$ 766.2
Interfund Transfer	(6.3)	-	(4.5)	(10.3)	(1.1)	22.2	-
Ops Costs	(249.8)	(34.2)	(29.1)	(105.0)		(152.9)	(571.0)
Debt Service	(114.7)	-	(16.1)	-	(5.8)	-	(136.6)
Capital	(430.6)	-	(169.1)	(22.5)	-	(30.9)	(653.0)
Capital Carry-Forward	(2.8)	-	(10.0)	(1.0)	-	-	(13.8)
Debt Proceeds	330.4	-	128.1	-	-	-	458.4
IntraDistrict Reimbursements ¹	-	-	-	-	-	147.2	147.2
Total Changes to Reserves	\$ 26.7	\$ (5.2)	\$ (27.1)	\$ 2.9	\$ 0.0	\$ 0.0	\$ (2.6)
Reserves							
Restricted	\$ 64.6	\$ 6.4	\$ 150.4	-	-	-	221.4
Committed	109.3	-	-	163.1	-	24.6	296.9
Designated Liability	-	-	-	-	-	18.9	18.9
Total Reserves	\$ 173.9	\$ 6.4	\$ 150.4	\$ 163.1	\$ 0.0	\$ 43.4	\$ 537.2

Notes:

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

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

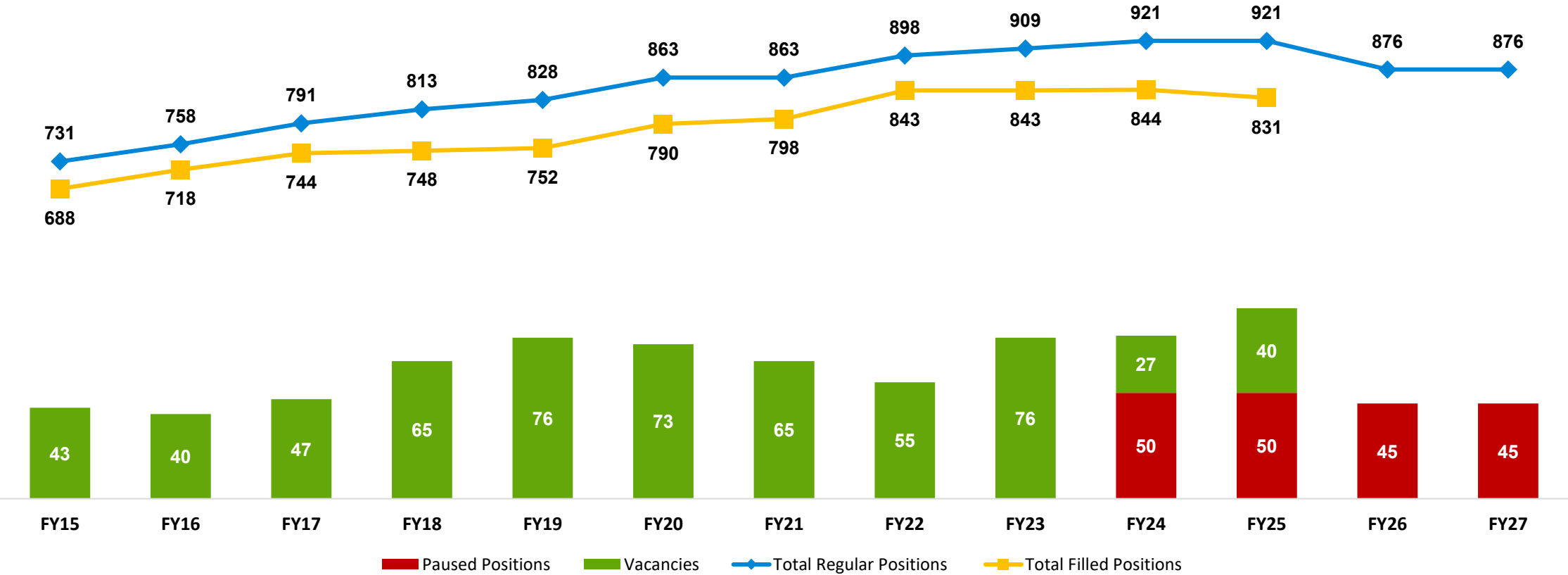
Proposed Biennial Budget by Salaries and Benefits

Assumes decrease of 45 positions versus FY25

Salary and Benefits (\$ in millions)	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Proposed	FY27 Plan	FY26 vs FY25	FY27 vs FY26
Salaries								
Salaries - Regular Employees	\$ 128.3	\$ 130.5	\$ 135.3	\$ 150.6	\$ 150.3	\$ 157.3	\$ (0.3)	\$ 7.0
Overtime and Special Pays	5.8	6.2	6.3	5.1	5.4	5.6	0.3	0.2
Salary Savings	-	-	-	(3.8)	(2.5)	(2.6)	1.3	(0.1)
Total Salaries	\$ 134.1	\$ 136.7	\$ 141.6	\$ 151.9	\$ 152.4	\$ 159.4	\$ 0.5	\$ 7.0
Benefits								
Fed & State Taxes & Benefits	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.2	\$ 2.3	\$ 0.0	\$ 0.1
Retirement Contributions	36.7	42.1	43.7	49.1	51.0	54.5	1.9	3.5
Group Insurance - Active Employees	15.1	16.0	17.6	24.5	26.7	30.4	2.2	3.7
Health Insurance - Retired Employees	12.1	13.9	14.6	14.8	15.0	15.3	0.2	0.3
Total Benefits	\$ 65.8	\$ 74.0	\$ 78.0	\$ 90.6	\$ 94.9	\$ 102.6	\$ 4.3	\$ 7.6
Total Salary & Benefits	\$ 199.9	\$ 210.7	\$ 219.6	\$ 242.5	\$ 248.2	\$ 262.8	\$ 5.7	\$ 14.7
Regular Positions	893	909	919	921	876	876	(45)	-

Regular position vacancy rate has remained steady

FY26 and FY27 budget assumes 45 paused positions



Note: FY25 position/vacancies data as of February 2025

Proposed Biennial Budget Outlays

FY26 Net Outlays \$17M lower than FY25 due to lower capital projects funding

Budget by Category (\$ in millions)	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Proposed	FY27 Plan	FY26 vs FY25	FY27 vs FY26
Operations	\$ 414.2	\$ 417.0	\$ 423.7	\$ 518.9	\$ 527.5	\$ 563.6	\$ 8.6	\$ 36.1
Operating Projects	8.5	4.6	9.5	5.3	6.2	7.4	0.9	1.2
Debt Service	58.1	65.1	75.0	103.7	116.9	136.6	13.2	19.7
Total Operating Outlays	\$ 480.8	\$ 486.7	\$ 508.2	\$ 627.9	\$ 650.7	\$ 707.6	\$ 22.8	\$ 57.0
Capital Outlays	\$ 372.7	\$ 414.1	\$ 389.7	\$ 464.8	\$ 427.8	\$ 653.0	\$ (37.0)	\$ 225.2
Total Gross Outlays	853.5	900.8	897.9	1,092.7	1,078.5	1,360.7	(14.2)	282.2
Intra-District Reimbursements*	(97.3)	(107.2)	(116.8)	(129.1)	(131.6)	(147.2)	(2.5)	(15.6)
Net Total Outlays	\$ 756.2	\$ 793.6	\$ 781.1	\$ 963.6	\$ 946.8	\$ 1,213.5	\$ (16.8)	\$ 266.7

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

Proposed Biennial Budget Debt Service

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

(\$ in millions)	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Proposed	FY27 Plan	FY26 vs FY25	FY27 vs FY26
Principal Repayment	\$ 27.7	\$ 19.4	\$ 23.6	\$ 34.3	\$ 35.2	\$ 42.5	\$ 0.9	\$ 7.3
Interest	28.5	31.5	38.3	64.3	76.3	89.1	12.0	12.8
Other Financial Services	1.9	2.8	13.1	5.0	5.4	5.0	0.4	(0.4)
Total Debt Service	\$ 58.1	\$ 53.7	\$ 75.0	\$ 103.7	\$ 116.9	\$ 136.6	\$ 13.3	\$ 19.7

Note: Other expenses include debt related fees

Debt Portfolio Status Update

Access to capital at low interest rates

\$1.5B projected outstanding debt at 6/30/2025

- \$1.3B for WU, \$177.3M for SCW, and \$24.9M for Watersheds

\$400M short-term credit facilities: \$250M Commercial Paper & \$150M Bank Line of Credit

- \$250M Commercial Paper program with Sumitomo Mitsui Bank Letter of Credit closed in December 2024
- \$150M Bank Line of Credit renewal with US Bank targeted for April 2024



Debt Portfolio Status Update (cont.)

Access to capital at low interest rates

FY 25 Financing Results

- Application submitted to increase the Anderson Dam Seismic Retrofit Project WIFIA Loan by \$639M, from \$579M to \$1.2B
- Application submitted for \$653M CWIFP loan for Dam Safety Program to finance Guadalupe, Almaden, Calero, and Coyote Dam Seismic Retrofit projects
- WIFIA Loan draws to date include \$24M for Anderson Dam and \$7M for SCW
- FY 2025 debt issuance plans include \$236M for WU and \$70M for SCW, refunding of WU 2016ABCD for debt service savings, and \$100M for the SJ Purified Water Project – Phase 1
 - Board authorization ~May 2025; issuance ~August/September 2025

FY 26 Financing Plan

- \$220M WU planned issuance, pending capital expenditure progress
- \$44M SCW planned issuance, pending capital expenditure progress

Proposed Biennial Budget Operating Expenditures

Operating project expenditures assume 45 paused positions in FY26 and FY27

- FY26 Operating Expenditures of \$533.7M, **increase** of \$9.5M or 1.8% over FY25 and \$571.0M in FY27, increase of \$37.3M or 7.0% over FY26 primarily due to labor costs increases
- General Fund includes Water Rate Assistance Program (\$1.3M/yr) in FY26 & FY27 and district election costs (\$2.9M) in FY 27
- Watershed and Stream Stewardship Fund includes **increases** for Valley Habitat Plan (\$1.8M) and CEQA documentation EIR (\$0.9M) in FY27
- Water Enterprise Fund includes **increase** for State Water Purchases (\$1.6M), Delta Conveyance Project gap funding (\$2.9M), and Sisk Dam Raise planning costs (\$2.0M) in FY27

Budget by Category (\$ in millions)	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Proposed	FY27 Plan	FY26 vs FY25	FY27 vs FY26
General Fund	\$ 74.3	\$ 74.8	\$ 77.3	\$ 90.2	\$ 90.6	\$ 98.5	\$ 0.4	\$ 7.9
Watershed Stream Stewardship Fund	62.5	69.3	75.4	93.8	94.9	105.0	1.1	10.1
Safe, Clean Water Fund	16.2	19.2	25.6	24.5	27.6	29.1	3.1	1.5
Water Enterprise Fund	235.3	224.0	213.6	268.3	269.2	283.9	0.9	14.8
Fleet Management Fund	3.8	5.0	5.2	5.5	6.6	7.0	1.1	0.4
Risk Management Fund	9.5	6.8	9.9	11.6	12.1	13.1	0.5	1.0
Information Technology Fund	21.1	22.4	26.2	30.3	32.8	34.4	2.5	1.6
Total	\$ 422.7	\$ 421.5	\$ 433.2	\$ 524.2	\$ 533.7	\$ 571.0	\$ 9.5	\$ 37.3

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

Proposed Biennial Budget Capital Expenditures

Capital outlays aligned with draft Capital Improvement Program

- FY26 **decrease** of \$37.0M primarily due to the Llagas Creek Phase 2B Construction (\$29.5M), San Francisquito Early Implementation (\$22.8M) and Sunnyvale East & West Channel (\$9.4M) projects
- FY27 **increase** of \$225.2M primarily due to Coyote Creek, Montague-Tully (\$49.6M), Llagas Creek Phase 2B Construction (\$22.1M), Sunnyvale East & West Channel (\$19.3M), and Anderson Dam Seismic Retrofit (\$122.1M) projects

Budget by Category (\$ in millions)	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Proposed	FY27 Plan	FY26 vs FY25	FY27 vs FY26
General Fund	\$ 3.2	\$ 4.2	\$ 2.6	\$ 5.9	\$ 13.3	\$ 13.7	\$ 7.4	\$ 0.4
Watershed Stream Stewardship Fund	66.2	44.5	26.3	30.7	31.3	22.5	0.6	(8.7)
Safe, Clean Water Fund	52.8	46.6	45.8	127.1	65.7	169.1	(61.4)	103.4
Water Enterprise Fund	238.0	311.9	307.5	292.0	311.9	430.6	19.9	118.7
Fleet Management Fund	2.8	2.2	0.8	2.0	2.1	3.4	0.1	1.4
Information Technology Fund	9.7	4.7	6.7	7.1	3.6	13.8	(3.5)	10.2
Total	\$ 372.7	\$ 414.1	\$ 389.7	\$ 464.8	\$ 427.8	\$ 653.0	\$ (37.0)	\$ 225.2

Note: FY26 Proposed budget and FY27 Plan are aligned with the FY26-30 CIP

Proposed Biennial Budget Reserve Balances

Reserve balances in FY26 and FY27 remain healthy

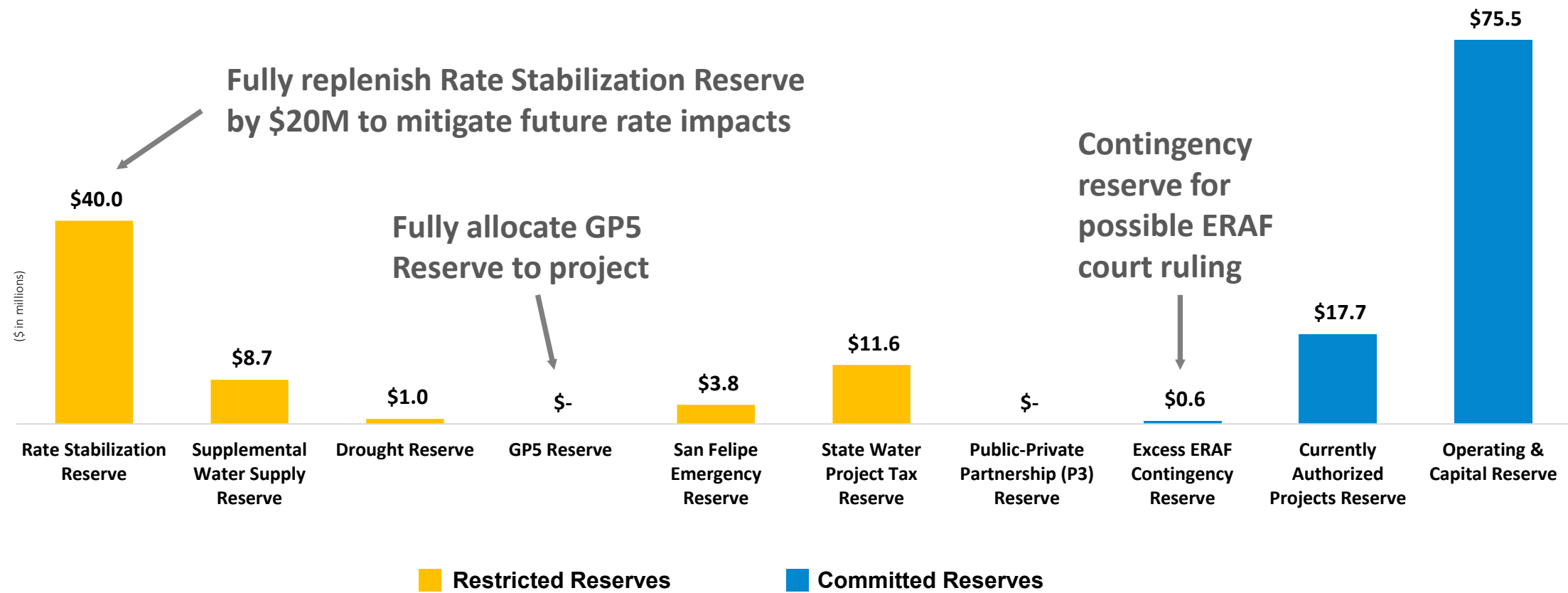
Reserves (\$ in millions)	FY25 Projected	FY26 Estimate	FY27 Estimate	FY26 vs FY25	FY27 vs FY26
Restricted Reserves					
Safe, Clean Water Fund	\$ 200.2	\$ 177.4	\$ 150.4	\$ (22.8)	\$ (27.0)
Water Utility Enterprise Fund	44.7	65.0	71.0	20.3	6.0
Restricted Subtotal	\$ 244.8	\$ 242.4	\$ 221.4	\$ (2.5)	\$ (21.0)
Committed Reserves					
General Fund	24.3	19.9	18.8	(4.4)	(1.1)
Watershed Stream Stewardship Fund	154.1	160.2	163.1	6.1	2.9
Water Utility Enterprise Fund	166.3	93.7	109.3	(72.6)	15.6
Internal Service Funds	25.3	23.5	24.7	(1.8)	1.2
Committed Subtotal	\$ 370.0	\$ 297.4	\$ 315.8	\$ (72.7)	\$ 18.4
Net Total Outlays	\$ 614.8	\$ 539.8	\$ 537.2	\$ (75.2)	\$ (2.6)

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

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

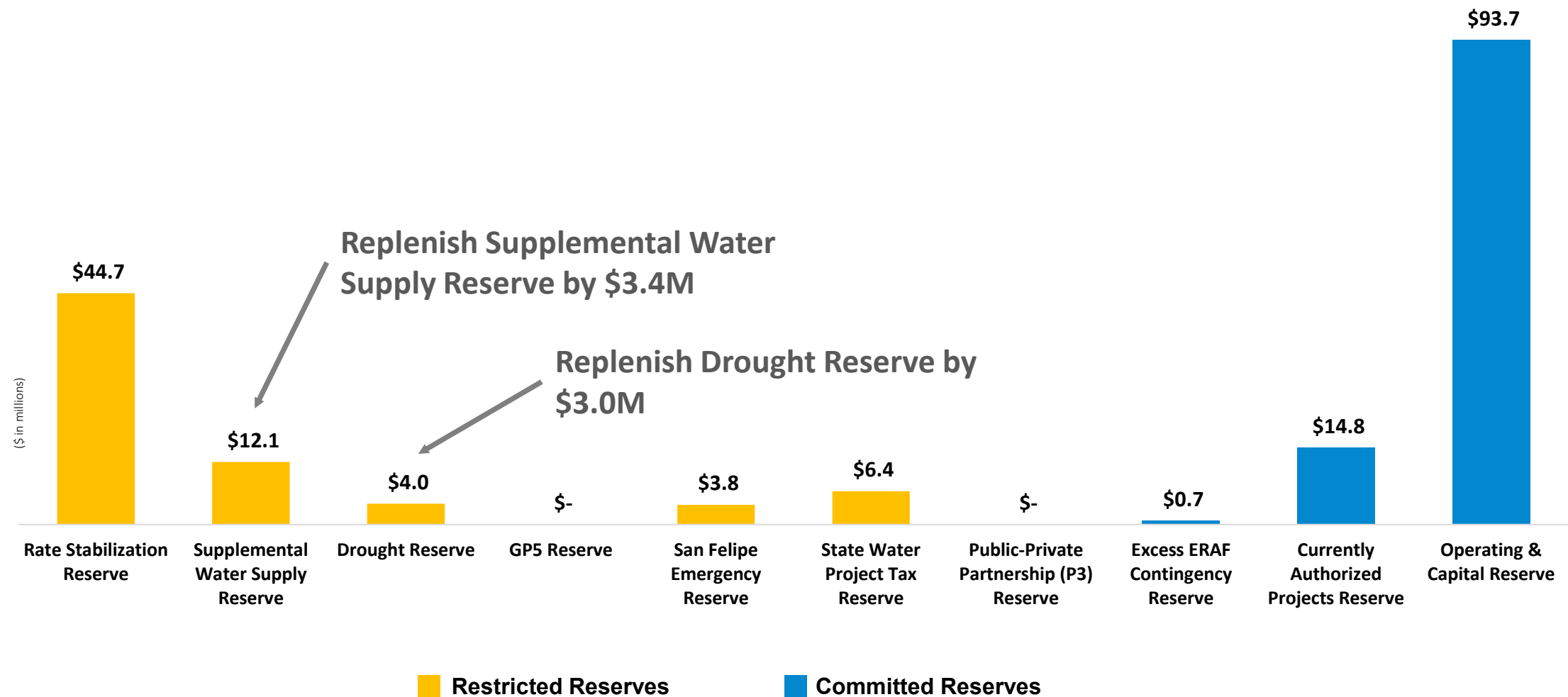
FY26 Proposed Budget Water Utility Reserves

Total reserve balances of \$158.7 million



FY27 Proposed Plan Water Utility Reserves

Total reserve balances of \$180.3 million



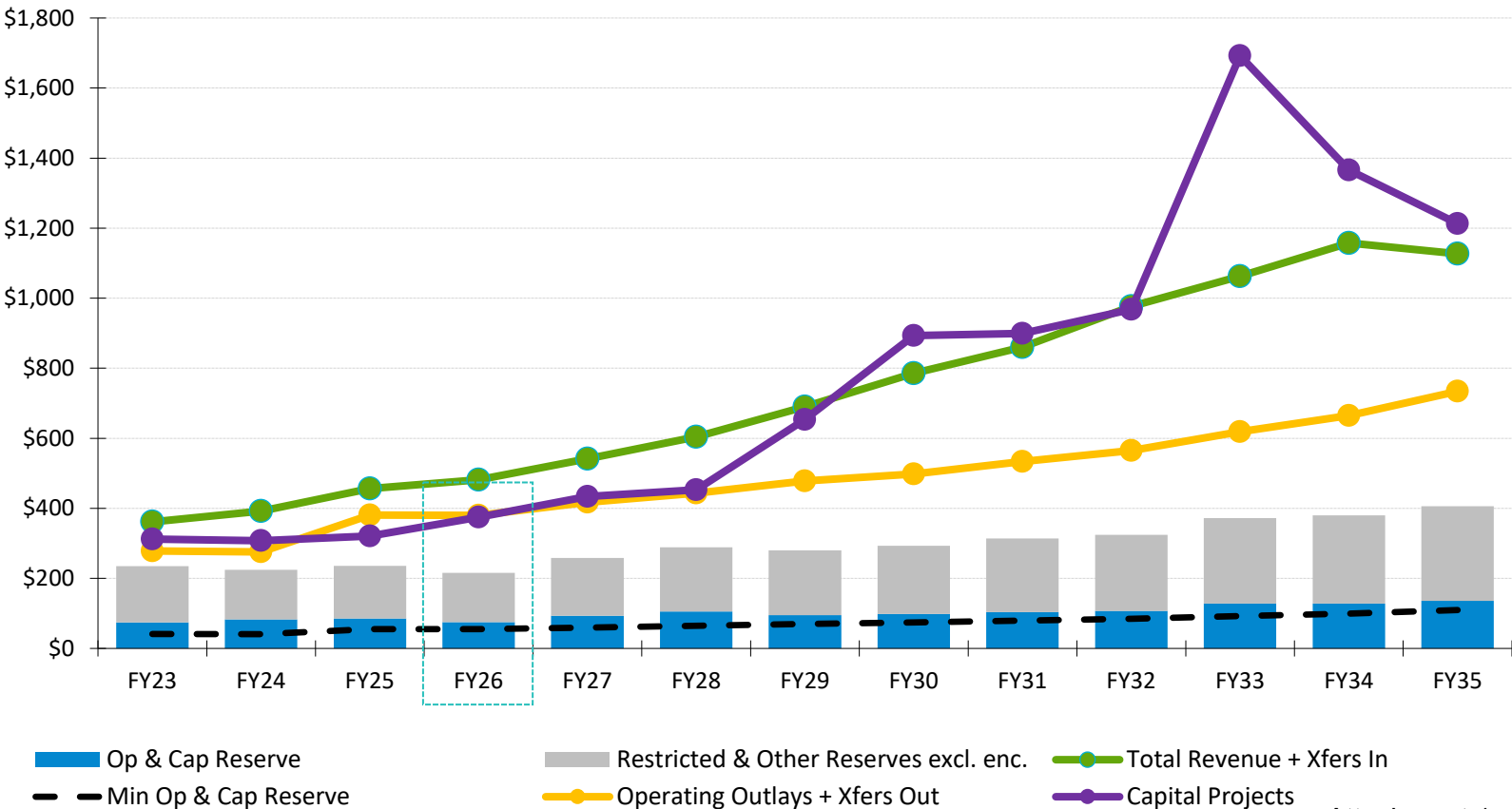
Water Utility Enterprise (WUE) Fund

FY 2025-26 Projection – Financially Sustainable with Proposed Rates

Key Assumptions

- Moderate rebound from 2023 drought projected in District-managed water use; results in lower water use.
- Average annual Municipal and Industrial (M&I) groundwater charge increases of:
 - North County Zone W-2:
 - 9.9% FY 26 – FY 34
 - 7.0% FY 35
 - South County:
 - 7.9% in Zone W-5
 - 11.2% in Zone W-7
 - 8.0% in Zones W-8

Projection

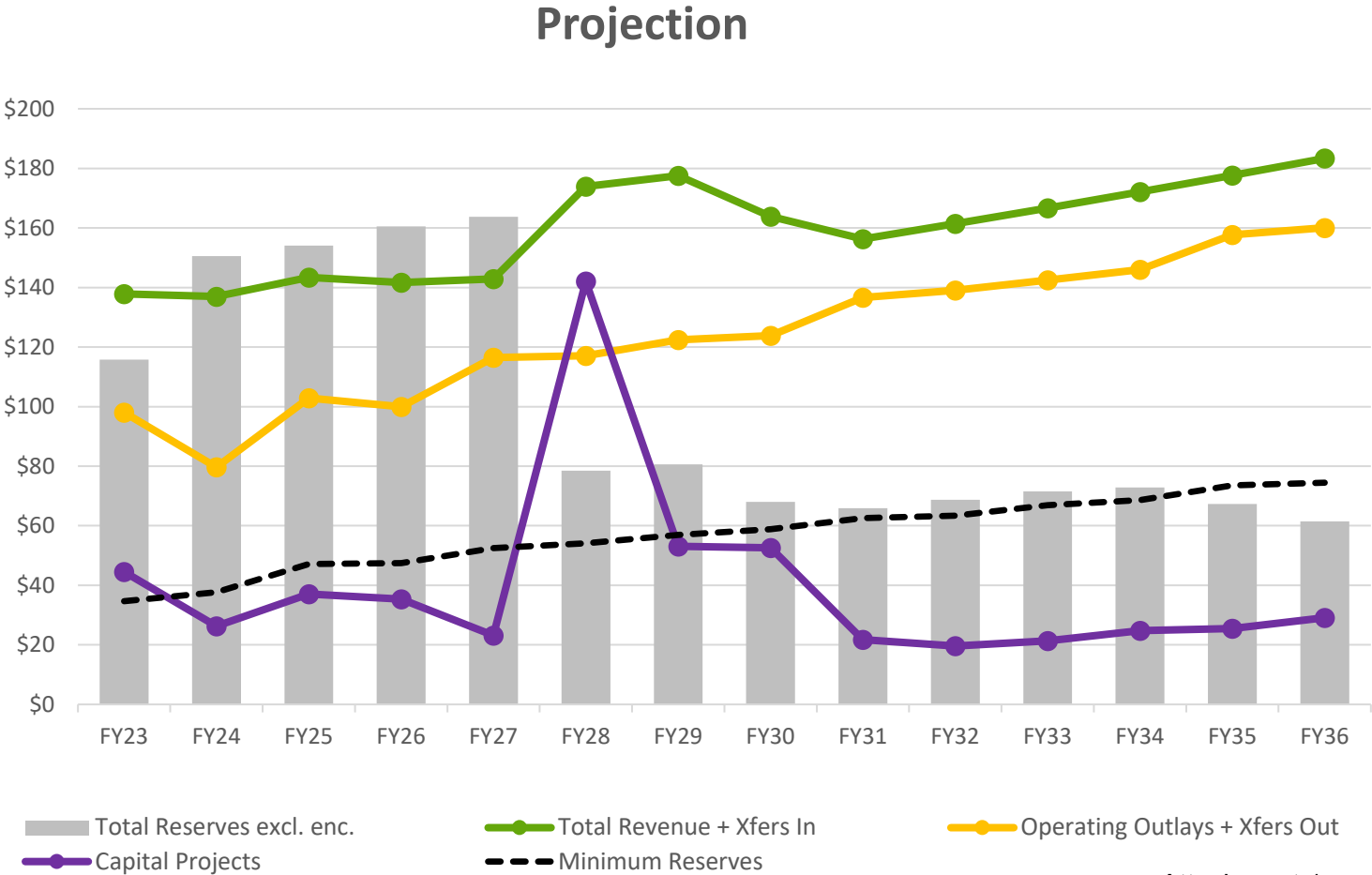


Watershed and Stream Stewardship (WSS) Fund

FY 2025-26 Projection – Financially Sustainable with Proposed Rates

Key Assumptions

- 1% property tax growth at 3.5% per year
- O&M Maintenance placeholder
 - \$5M/yr FY 27 to FY 35
- Includes Shoreline
- Encampment Management Program avg. \$9.3M/yr
- \$128M Watershed Asset Rehabilitation Program (WARP) FY 26 thru FY 35
- Multiple unfunded capital projects:
Calabazas/San Tomas Aquino Creek-Marsh Connection; South Babb Creek Long Term; Pond A4; Palo Alto Tide Gate; Lower Llagas Creek Capacity Restoration; Watershed Master Planning



Watershed and Stream Stewardship (WSS) Fund

Maintaining Infrastructure

Key Operations & Maintenance (O&M) Examples

- **Flow Conveyance**
 - Sediment Removal (e.g., Berryessa Creek)
 - Vegetation Management (e.g., Guadalupe River)
- **Levee Maintenance** (e.g., Sunnyvale East Channel)
- **Bank Protection** (e.g., Saratoga Creek, Tennant Creek)
- **Rodent Damage Repair** (e.g., Stevens Creek)

Key Watershed Asset Rehabilitation Program Examples

- **Flow Conveyance**
 - Calabazas Creek
 - Coyote Creek at Julian
 - Guadalupe River at Malone Road and Blossom Hill Road
- **Channel Repair** at Permanente and Hale Creeks
- **Flood Mitigation** at South Babb Creek
- **Fish Passage Project** at Stevens Creek at Evelyn Avenue

Safe, Clean Water (SCW) Fund

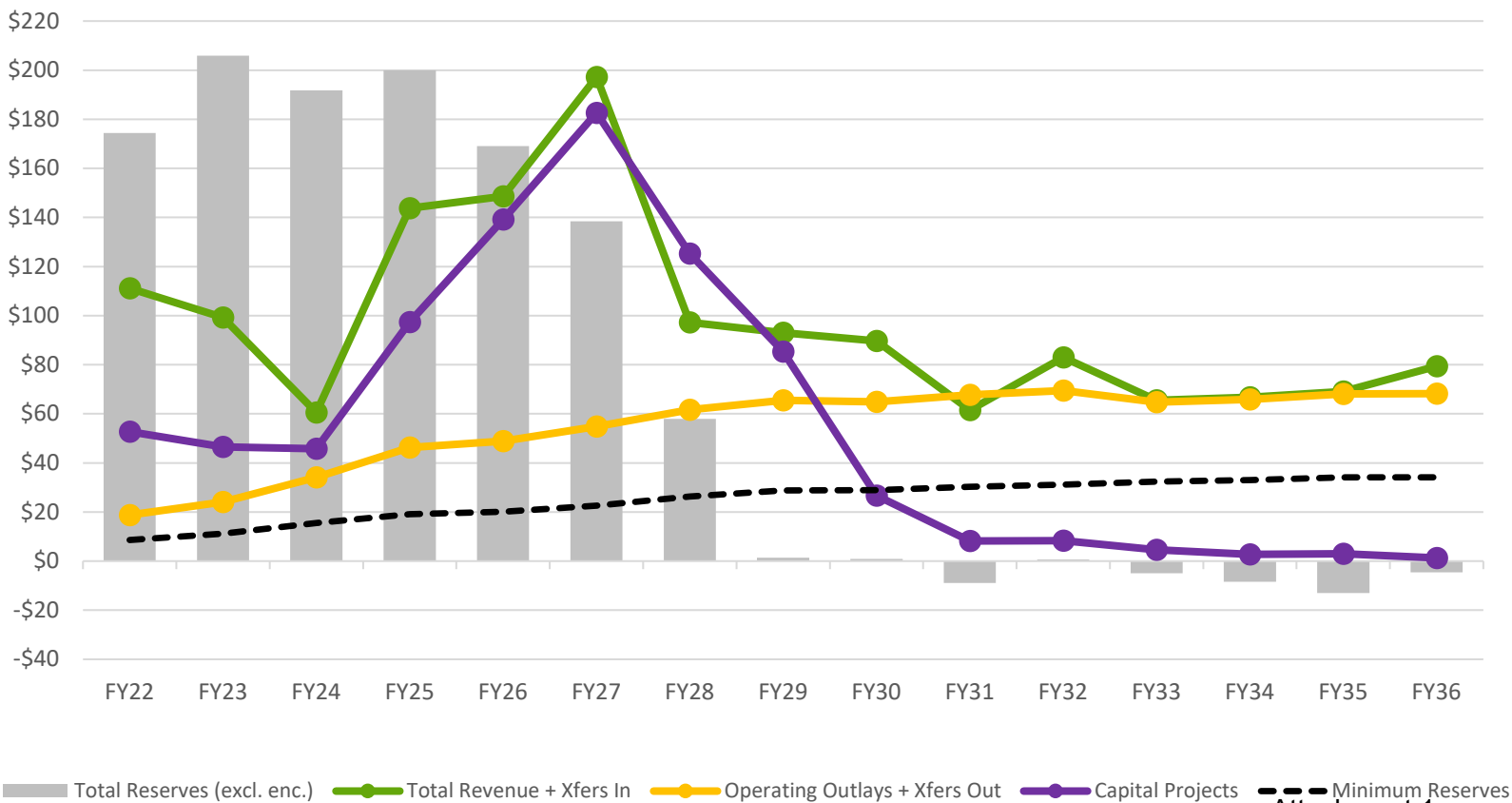
Reserves Below Minimum Levels beginning FY29

Future challenges point to a need for cost containment and pursuit of grants/partnerships. Grant decisions pending; if successful would provide future financial relief.

Key Assumptions

- Special Property tax growth at 2% per year
- Includes \$147M WIFIA loan
- Includes \$80M NRCS reimbursements for Upper Llagas Creek to fully construct Phase 2B
- Assumes \$34.5M receipt of outside funding sources for San Francisquito Creek through SFCJPA
- Placed on hold pending funding availability:
 - Upper Penitencia Creek Flood Protection
- Pending grant applications:
 - Coyote Creek Flood Protection (\$50M HMA)
 - Sunnyvale East Flood Protection (\$24.2M HMA)

Projection



Proposed Budget by Fund and Organization

Projects managed within Organization and by Fund

FY26 Proposed (\$ in millions)	BAO	CEA	Admin	OIWM	WU	WS	Debt	Salary Savings	Total
General Fund & Internal Service Funds	\$ 31.4	\$ 16.1	\$ 112.7	\$ 0.6	\$ 0.2	\$ 0.9	\$ -	\$ (0.7)	\$ 161.0
WS and Stream Stewardship Funds	1.5	1.8	3.2	5.7	0.0	114.5	5.8	(0.5)	131.9
Safe, Clean Water Fund	0.2	3.9	0.6	2.2	10.8	75.8	12.7	(0.2)	106.0
Water Enterprise and State Water Funds	4.1	2.5	8.3	101.1	454.4	11.9	98.4	(1.1)	679.5
Total	\$ 37.1	\$ 24.2	\$ 124.8	\$ 109.5	\$ 465.4	\$ 203.1	\$ 116.9	\$ (2.5)	\$ 1,078.5

FY27 Proposed (\$ in millions)	BAO	CEA	Admin	OIWM	WU	WS	Debt	Salary Savings	Total
General Fund & Internal Service Funds	\$ 36.5	\$ 16.9	\$ 129.4	\$ 0.7	\$ 0.2	\$ 0.9	\$ -	\$ (0.7)	\$ 183.8
WS and Stream Stewardship Funds	1.6	1.9	3.4	6.9	0.0	114.3	5.8	(0.5)	133.3
Safe, Clean Water Fund	0.2	4.1	0.7	2.3	5.8	185.4	16.1	(0.2)	214.3
Water Enterprise and State Water Funds	4.3	2.6	6.9	189.0	500.5	12.3	114.7	(1.2)	829.2
Total	\$ 42.6	\$ 25.4	\$ 140.4	\$ 198.9	\$ 506.5	\$ 312.9	\$ 136.6	\$ (2.6)	\$1,360.7

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



Questions?

Presentation Summary

1

BUDGET OVERVIEW

- Budget Development & Review Process
- FY2025-26 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization

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PROPOSED BUDGET BY ORGANIZATION

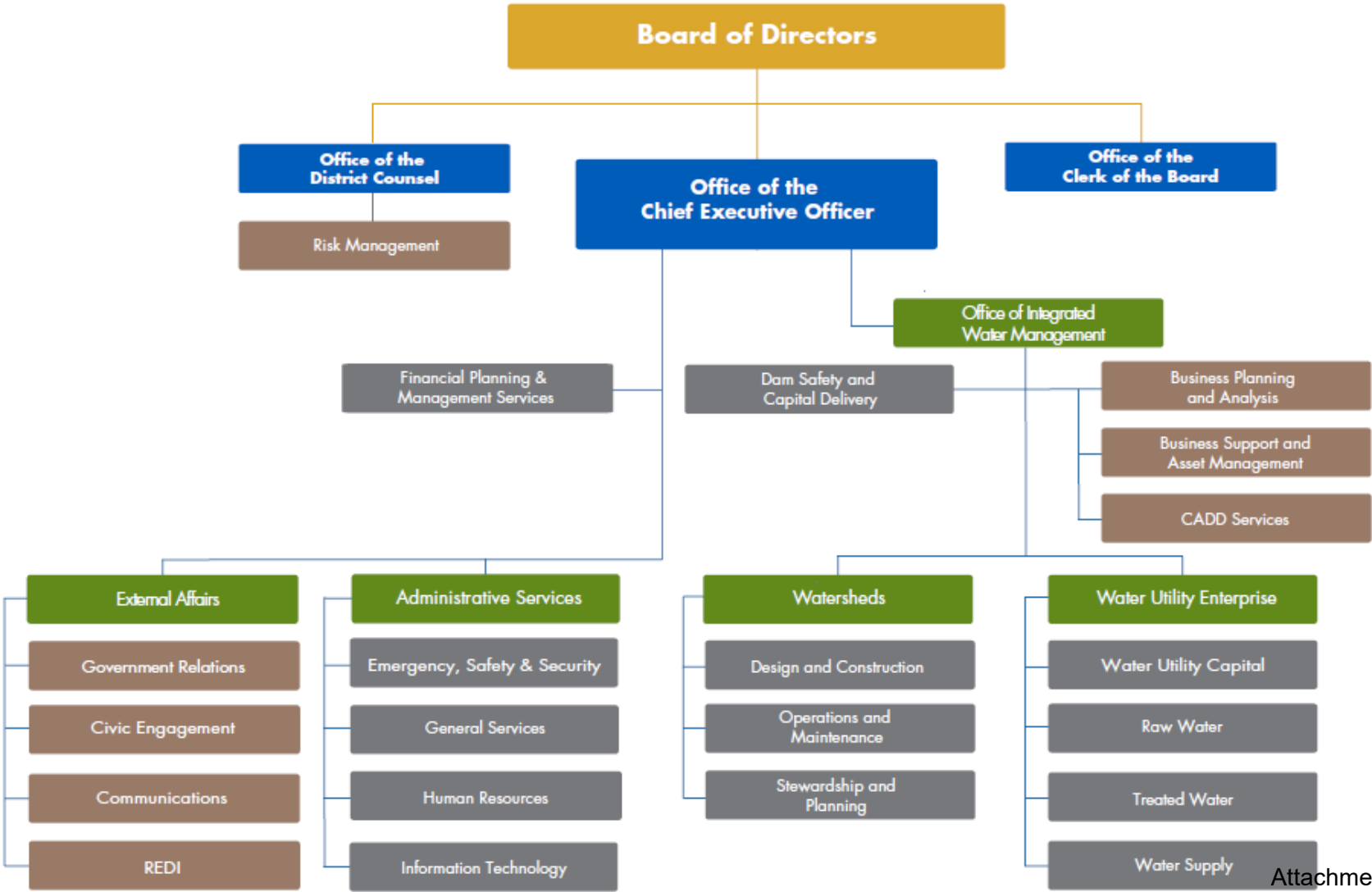
- Administration
- Integrated Water Management
- Water Utility
- Watersheds

3

NEXT STEPS

- Board considerations for May 27, 2025

Presentation Summary



Legend	
	Board of Directors
	Board Appointed Officers
	Chief Operating Officers
	Divisions
	Units



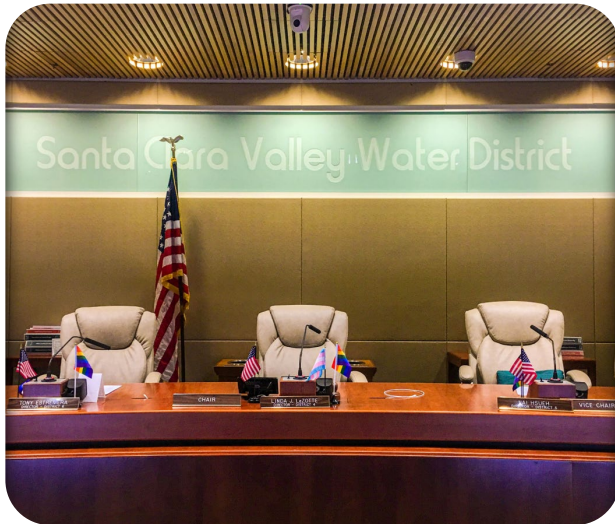
Administration

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

Administration Outline

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- Administration Overview
- Administration FY2026-27 Proposed Biennial Budget and Outlook



Board Appointed Officers



External Affairs



Administrative Services

Achieving Board Work Plan Goals

Business Management

- Strengthen workplace culture and community impact throughout Valley Water as a core value
- Maintain appropriate staffing levels and expertise while prioritizing the safety of our staff
- Provide efficient and effective services



Administration

Objectives & Benefits

Objective

- Provide Strategic Direction and Oversight
- Advocate for and represent Valley Water's Interests
- Strengthen Relationship with Key Partners
- Provide Operational Support Services
- Support in Achieving FY2024-25 Board Work Plan

Benefits

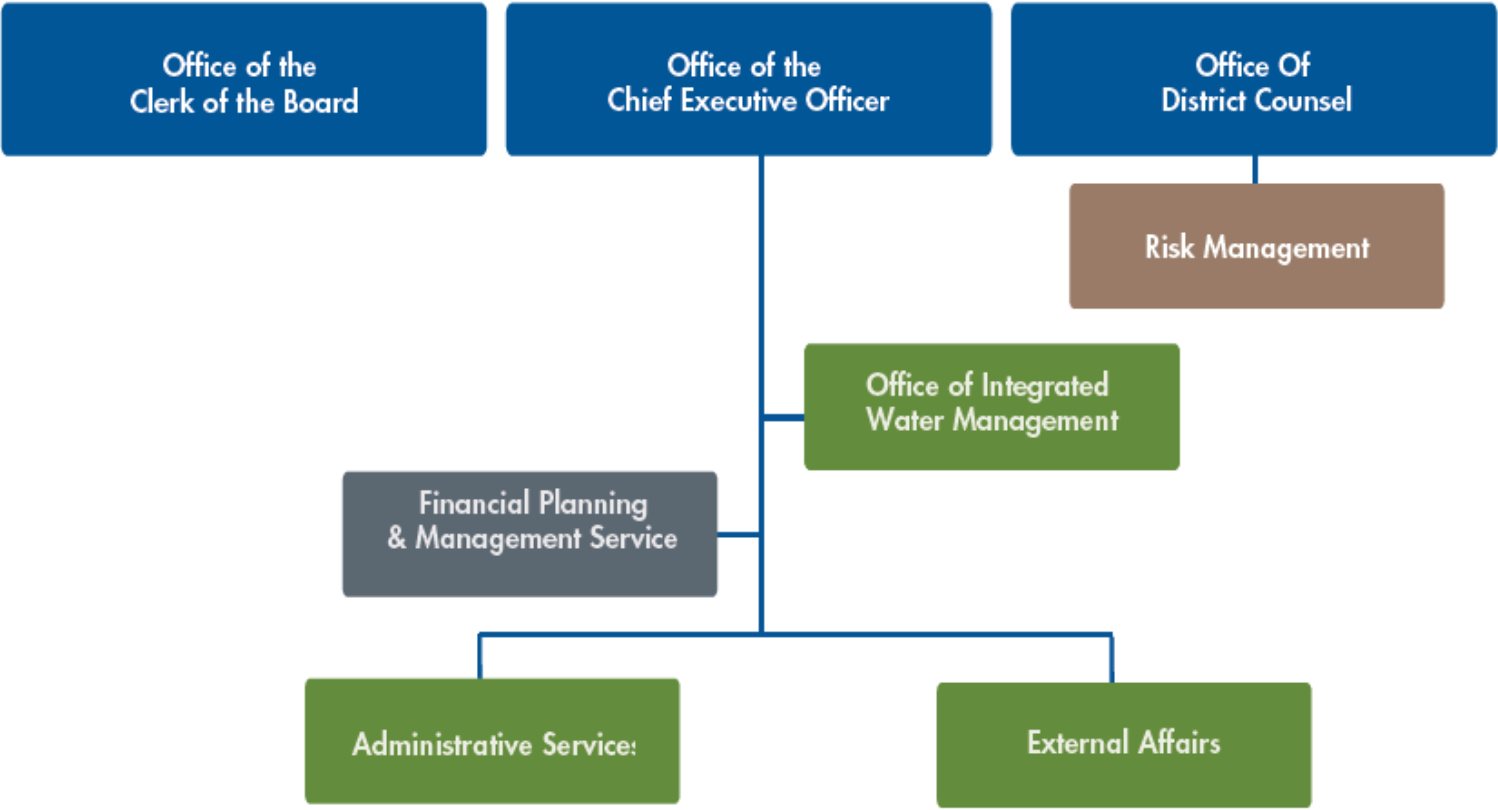
- Executive leadership and oversight
- Long- and short-term financial planning
- A capable and knowledgeable workforce
- Sustainable assets, equipment, and infrastructure
- Meaningful engagement and partnerships with the community we serve
- Well-informed elected officials, community, media, and other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

Administration

Organizational Chart

Proposed FY2025-26
Total Positions :
274 (+2 Limited Term)

Legend	
<div></div>	Board Appointed Officer
<div></div>	Chief Operating Officer
<div></div>	Division
<div></div>	Department (Unit)



Administration

Organizational Chart

38

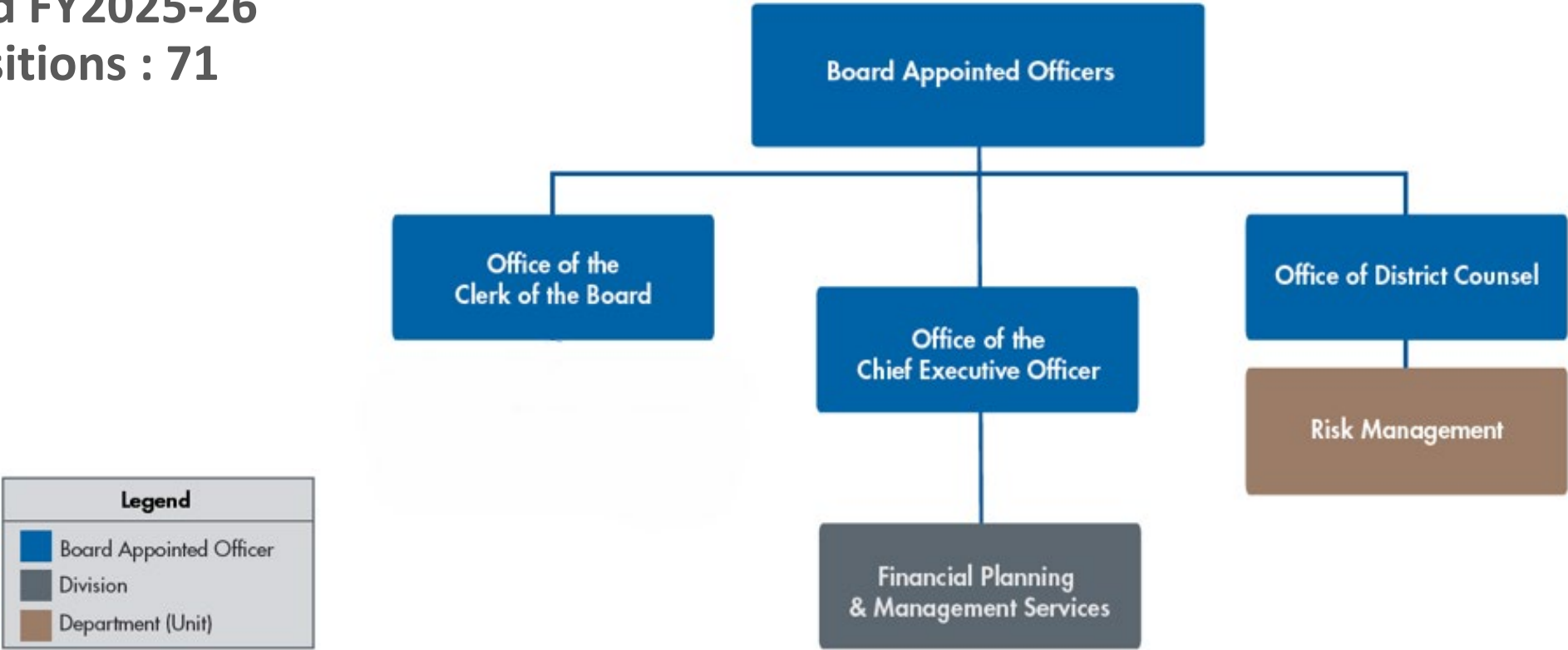
(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Board Appointed Officers*	\$ 32.7	\$ 34.6	\$ 1.9	5.8% ↑	\$ 40.0
External Affairs	22.4	24.2	1.8	8.0% ↑	25.4
Administrative Services*	118.6	124.8	6.2	5.2% ↑	140.4
Total	\$ 173.7	\$ 183.6	\$ 9.9	5.7% ↑	\$ 205.8

* Records & Library Services was moved from Clerk of the Board to IT in FY 2025

Board Appointed Officers

Organizational Chart

Proposed FY2025-26
Total Positions : 71



Board Appointed Officers

FY2025-26 Proposed Biennial Budget by Divisions

40

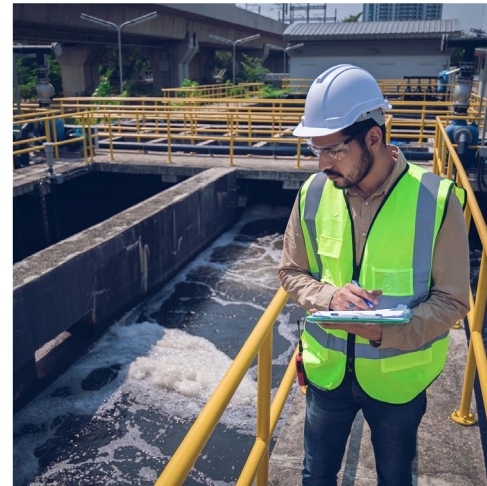
(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
Office of Chief Executive Officer	\$ 1.8	\$ 1.9	\$ 0.1	5.6% ↑	\$ 2.1
Financial Planning & Management Division	17.3	18.4	1.1	6.4% ↑	19.6
Office of District Counsel	12.3	13.2	0.9	7.3% ↑	14.3
Clerk of the Board*	5.0	3.5	(1.5)	(30.0%) ↓	6.6
Operating Outlays Subtotal	\$ 36.5	\$ 37.1	\$ 0.6	1.6% ↑	\$ 42.6
Salary Savings					
Capital Outlays	\$ (0.9)	\$ (0.6)	\$ 0.3	(33.3%) ↓	\$ (0.6)
Operating Outlays	(2.9)	(2.0)	0.9	(31.0%) ↓	(2.1)
Salary Savings Subtotal	(3.8)	(2.5)	1.3	(34.2%) ↓	(2.6)
Total	\$ 32.7	\$ 34.6	\$ 1.9	5.8% ↑	\$ 40.0

* Records & Library Services was moved from Clerk of the Board to IT in FY 2025

Finance Division

FY2025-26 Deliverables

- Partner with IT & HR to implement new Payroll/HR system
- Finish implementation of new utility billing system
- Implement Grants Management System
- Wrap up Water Use Consultant Study
- Close on 2nd WIFIA loan for Anderson & CWIFP loan for Dam Safety Program, execute planned debt issuances for WU & SCW



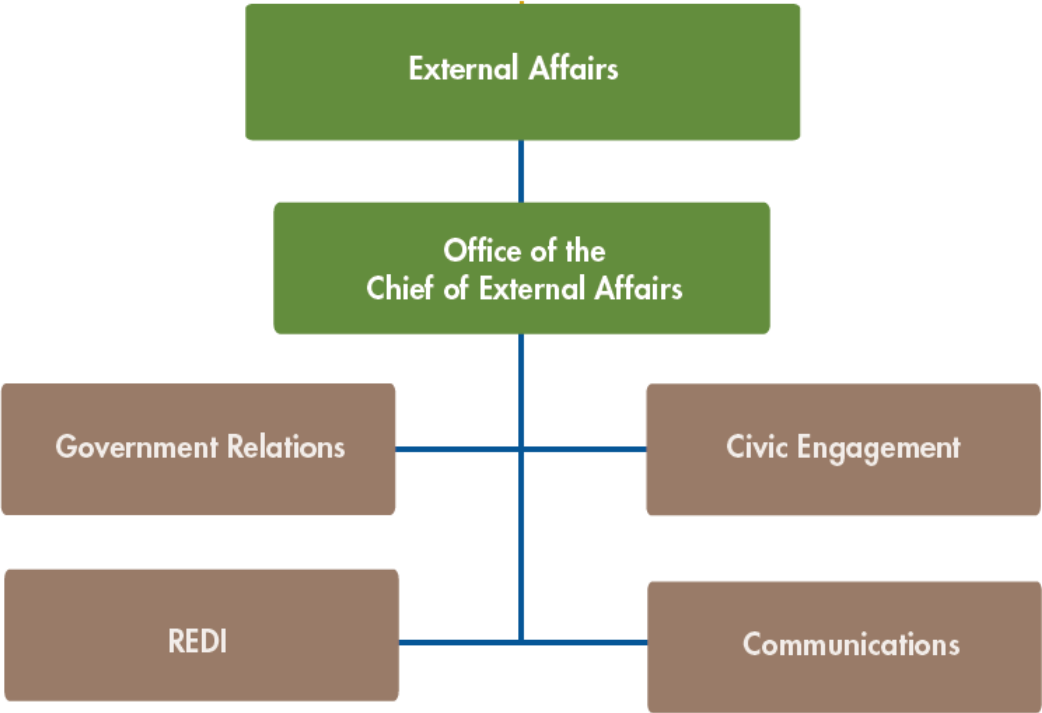


Questions?

External Affairs

Organizational Chart

Proposed FY2025-26
Total Positions: 43



Legend	
<div></div>	Chief Operating Officer
<div></div>	Department (Unit)

External Affairs

FY2025-26 Proposed Biennial Budget by Units

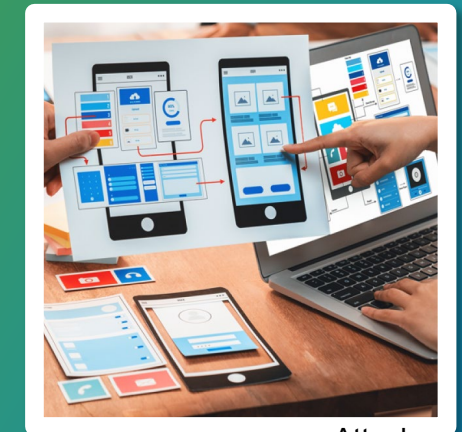
44

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
Office of Civic Engagement	\$ 7.4	\$ 9.4	\$ 2.0	27.0%↑	\$ 9.8
Office of Communications	6.4	6.8	0.4	6.3%↑	7.1
Office of Government Relations	5.2	5.0	(0.2)	(3.9%)↓	5.3
Office of Chief of External Affairs	1.6	1.5	(0.1)	(6.3%)↓	1.6
REDI	1.8	1.6	(0.2)	(11.1%)↓	1.6
Total	\$ 22.4	\$ 24.2	\$ 1.8	8.0%↑	\$ 25.4

External Affairs

FY2025-26 Deliverables

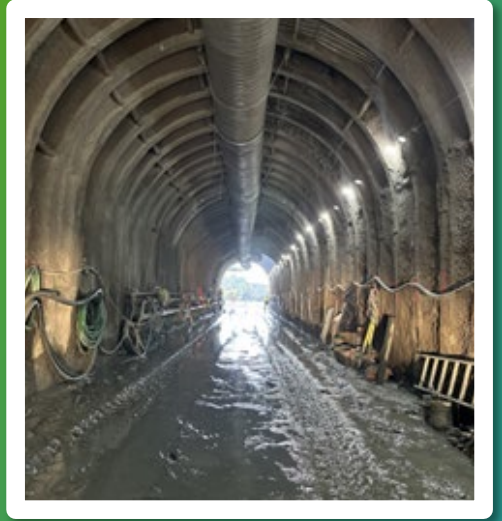
- Advocate for the Board's Legislative Priorities
- Pursue and secure funding and authorizations
- Continue to promote water conservation
- Comprehensive website redesign
- Implement the redesigned Safe, Clean Water Grants & Partnership Program
- Re-establish the Residential Water Rate Assistance Program (WRAP)



External Affairs

FY2026-27 Outlook

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



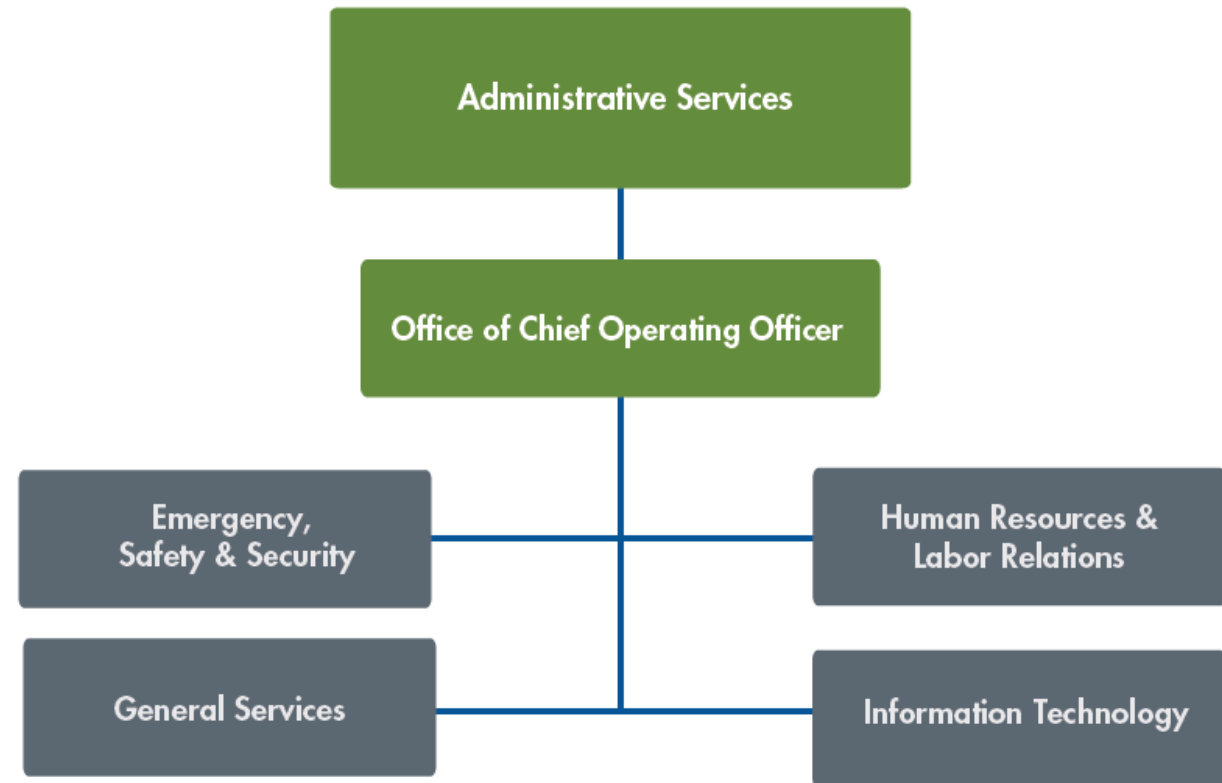
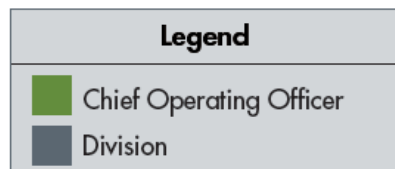


Questions?

Administrative Services Organizational Chart

48

Proposed FY2025-26
Total Positions:
160 (+2 Limited Term)



Administrative Services

FY2025-26 Proposed Biennial Budget by Divisions

49

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
Office of COO Administrative Services	\$ 2.6	\$ 2.7	\$ 0.1	3.9% ↑	\$ 2.8
Emergency, Safety & Security Division	15.0	15.6	0.6	4.0% ↑	16.5
General Services Division	31.8	31.8	0.0	0%	33.6
Human Resources Division	16.2	16.5	0.3	1.9% ↑	17.2
Information Technology Division*	33.0	35.0	2.0	6.1% ↑	37.1
Operating Outlays Subtotal	\$ 98.6	\$ 101.6	\$ 3.0	3.0% ↑	\$ 107.2
Capital Outlays					
General Services Division	\$ 10.9	\$ 17.2	\$ 6.3	57.8% ↑	\$ 19.5
Information Technology Division	9.0	5.9	(3.1)	(34.4%) ↓	13.8
Capital Outlays Subtotal	20.0	23.1	3.1	15.5% ↑	33.2
Total	\$ 118.6	\$ 124.8	\$ 6.2	5.2% ↑	\$ 140.4

* Records & Library Services was moved from Clerk of the Board to IT in FY 2025

Administrative Services

FY2025-26 Deliverables

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



Administrative Services

FY2026-27 Outlook

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

Join Our Team

Make A Difference



Instrumentation & Controls Apprenticeship Opportunity





Questions?



Office of Integrated Water Management

Presented by: Rita Chan, Assistant Chief Executive Officer

Integrated Water Management

Achieving Board Ends

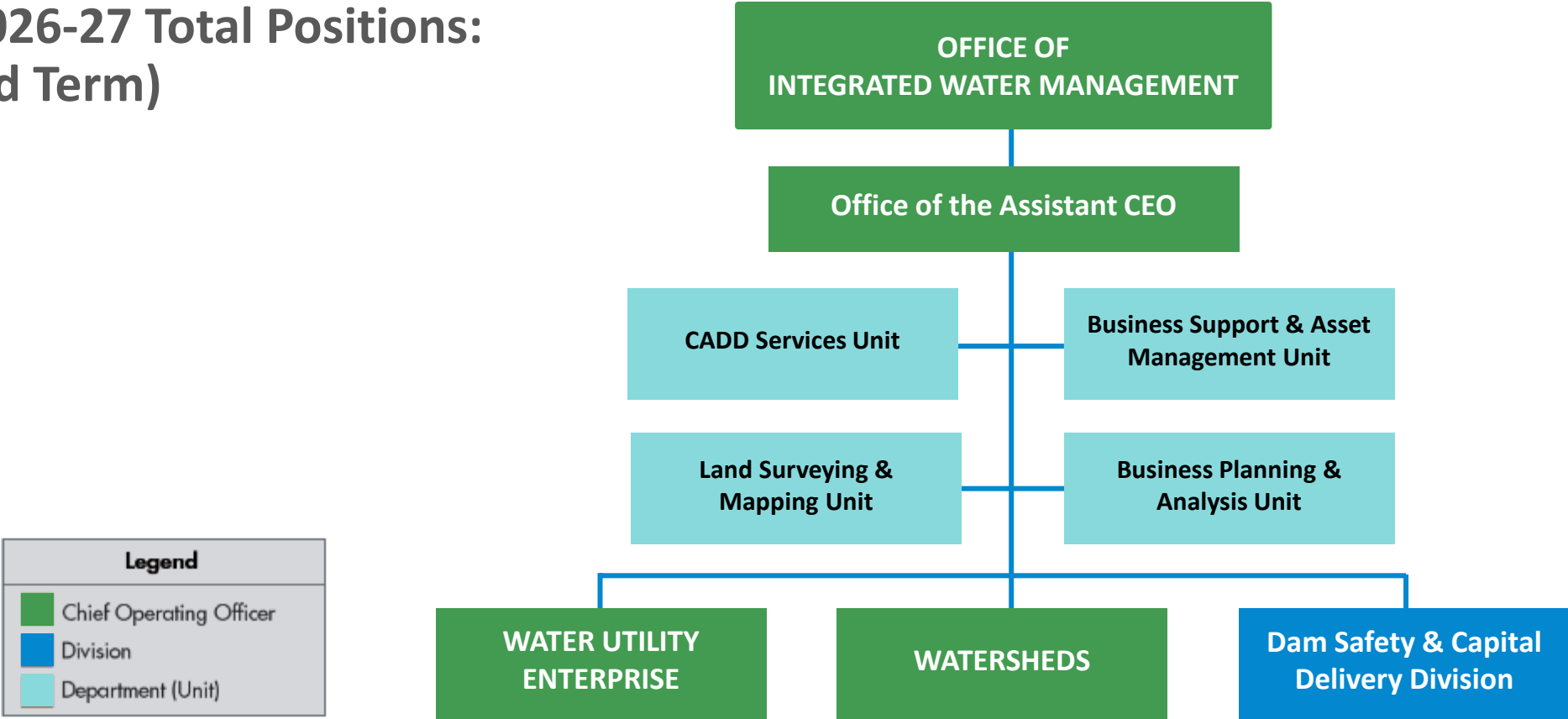
- E-2 Water Supply Services
- E-3 Natural Flood Protection
- E-4 Water Resources Stewardship
- E-5 Climate Change Mitigation Adaptation
- E-6 Encampments of Unsheltered People (EUP)



Integrated Water Management

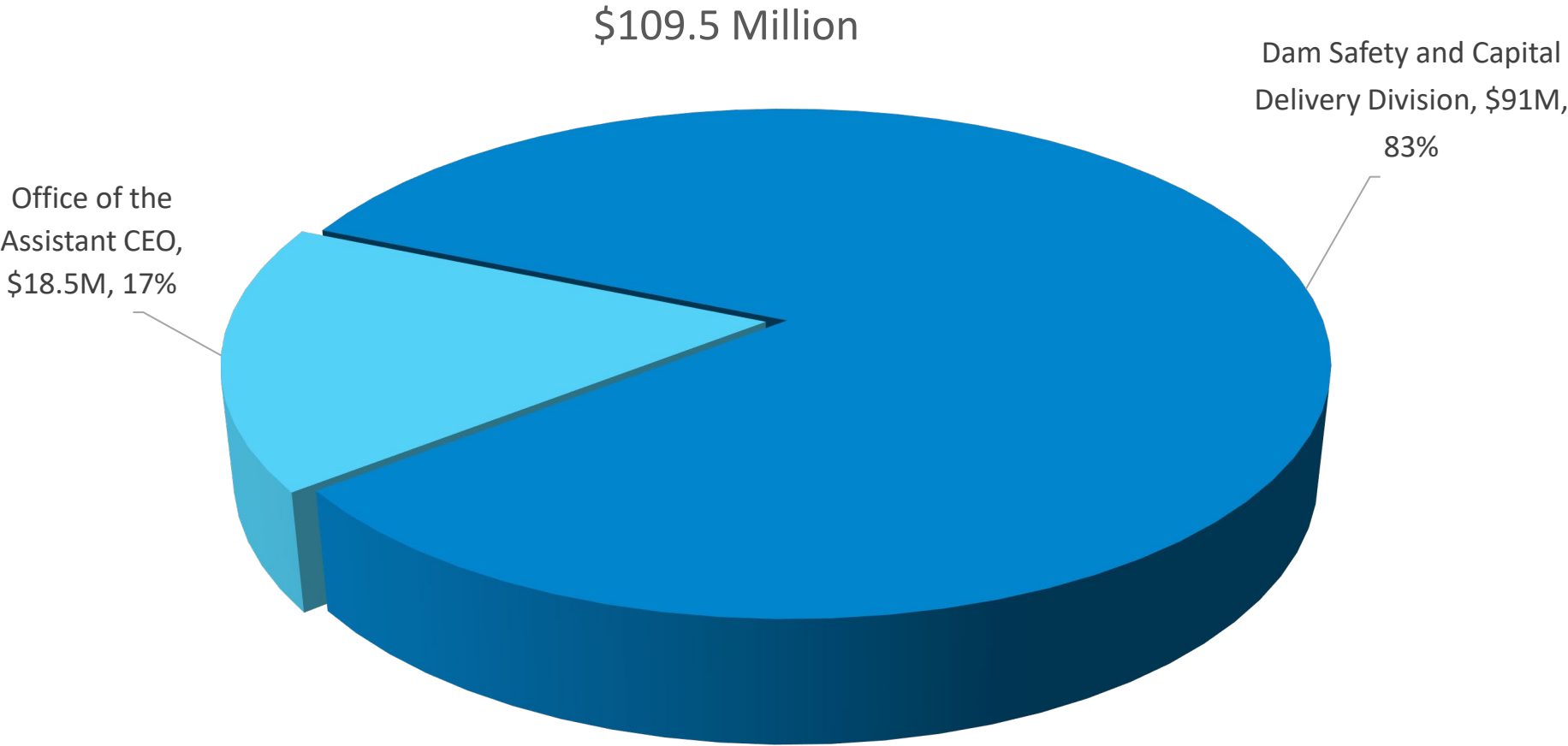
Organizational Chart

Proposed FY2026-27 Total Positions:
602 (+2 Limited Term)



Integrated Water Management

FY2025-26 Proposed Budget



Integrated Water Management

FY 2025-26 & 2026-27 Proposed Biennial Budget

57

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
Office of the Assistant CEO	\$ 10.8	\$ 12.2	\$ 1.4	13% ↑	\$ 14.8
Dam Safety and Capital Delivery Division	5.5	6.7	1.2	22% ↑	6.3
Operating Outlays Subtotal	\$ 16.3	\$ 18.9	\$ 2.6	16% ↑	\$ 21.1
Capital Outlays					
Office of the Assistant CEO	\$ 6.8	\$ 6.3	\$ (0.5)	(7%) ↓	\$ 6.4
Dam Safety and Capital Delivery Division	91.5	84.3	(7.2)	(8%) ↓	171.4
Capital Outlays Subtotal	\$ 98.3	\$ 90.6	\$ (7.7)	(8%) ↓	\$ 177.8
Total	\$ 114.6	\$ 109.5	\$ (5.1)	(4%) ↓	\$ 198.9

Office of the Assistant CEO

Proposed Biennial Budget

58

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Asset Management Program	\$ 4.9	\$ 5.2	\$ 0.3	6% ↑	\$ 6.5
Office of Integrated Water Management	3.8	4.3	0.5	13% ↑	4.6
Computer-Aided Design for Engineering	1.8	1.7	(0.1)	(6%) ↓	1.9
CIP Development & Administration	1.5	1.6	0.1	7% ↑	1.7
Capital Project Management & Controls	1.2	1.3	0.1	8% ↑	1.4
Subsidence Monitoring	0.6	1.2	0.6	100% ↑	2.1
Safe Clean Water Implementation	1.1	1.2	0.1	9% ↑	1.2
Survey Management & Technical Support	0.5	0.7	0.2	40% ↑	0.7
Distribution System Master Plan Implementation	0.6	0.6	-	0%	0.1
WTP Master Plan Implementation	0.5	0.3	(0.2)	(40%) ↓	-
Other	1.1	0.4	(0.7)	(64%) ↓	1.0
Total	\$ 17.6	\$ 18.5	\$ 0.9	5% ↑	\$ 21.2

Dam Safety and Capital Delivery Division

Proposed Biennial Budget

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Anderson Dam Tunnel	\$ 42.4	\$ 42.7	\$ 0.3	1% ↑	\$ 0.5
Anderson Dam Seismic Retrofit	45.1	24.2	(20.9)	(46%) ↓	146.3
Calero Dam Seismic Retrofit Design & Construction	3.0	6.3	3.3	110% ↑	6.5
Coyote Percolation Dam Phase 2	-	4.4	4.4	N/A	3.3
Guadalupe Dam Seismic Retrofit Design & Construction	0.1	4.0	3.9	N/A	2.0
Dams / Reservoir General Maintenance	3.6	3.8	0.2	6% ↑	4.2
Dam Safety Program	1.9	3.0	1.1	58% ↑	2.2
Pacheco Reservoir Expansion	-	1.4	1.4	N/A	11.1
Coyote Dam Seismic Stability	-	0.9	0.9	N/A	1.5
Coyote Creek Chillers	0.6	0.3	(0.3)	(50%) ↓	-
Other	0.3	-	(0.3)	(100%) ↓	0.1
Total	\$ 97.0	\$ 91.0	\$ (6.0)	(6%) ↓	\$ 177.7

FY2025-26 Deliverables

Office of Integrated Water Management

- **CIP** – Develop the FY 2027-2031 CIP Five-Year Plan
- **Safe, Clean Water (SCW)** – Oversee the renewed SCW Program; develop the FY 2024-2025 SCW Annual Report
- **Master Plan Implementation Projects (MPIP)**
 - Complete Water Treatment Plant MPIP Planning Study Report and Implementation Plan
 - Complete SCADA MPIP Planning Study Reports for Early Implementation Projects and Platform Selection for the SCADA MPIP
 - Complete Distribution System MPIP Problem Definition Report



FY2025-26 Deliverables

Dam Safety & Capital Delivery Division

- **Anderson Dam Seismic Retrofit Project (ADSRP)**
 - Complete construction of the Anderson Dam Tunnel Project
 - Advertise and award ADSRP construction contract
- **Calero Dam Seismic Retrofit Project**
 - Complete 50% design of dam embankment, spillway, and breaching of Fellow's Dike (Package A)
- **Guadalupe Dam Seismic Retrofit Project**
 - Complete 60% design of dam embankment, spillway, and intake rehabilitation (Package A)
- **Pacheco Reservoir Expansion Project**
 - Release of Final EIR for design level geotechnical investigations



FY2025-26 Challenges

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



FY2026-27 Future Outlook

- **Anderson Dam** – First year of construction on the retrofit project
- **Pacheco Reservoir Expansion** – Continue to work with stakeholders and regulatory agencies to develop the project
- **Capital Improvement Plan** – Produce FY 2028-2032 CIP Five-Year Plan
- **Master Plan Implementation Projects (MPIP)**
 - **SCADA MPIP:** Complete Programming Implementation Standards, Planning Study Report, and Implementation Plan
 - **Distribution System MPIP:** Complete Recommended Alternatives Report and Implementation Plan





Questions?



Water Utility Enterprise

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

Valley Water's Comprehensive, Flexible Water System



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

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

Water Utility Enterprise

Achieving Board Ends

- **E-2 Water Supply**

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



Water Utility Enterprise

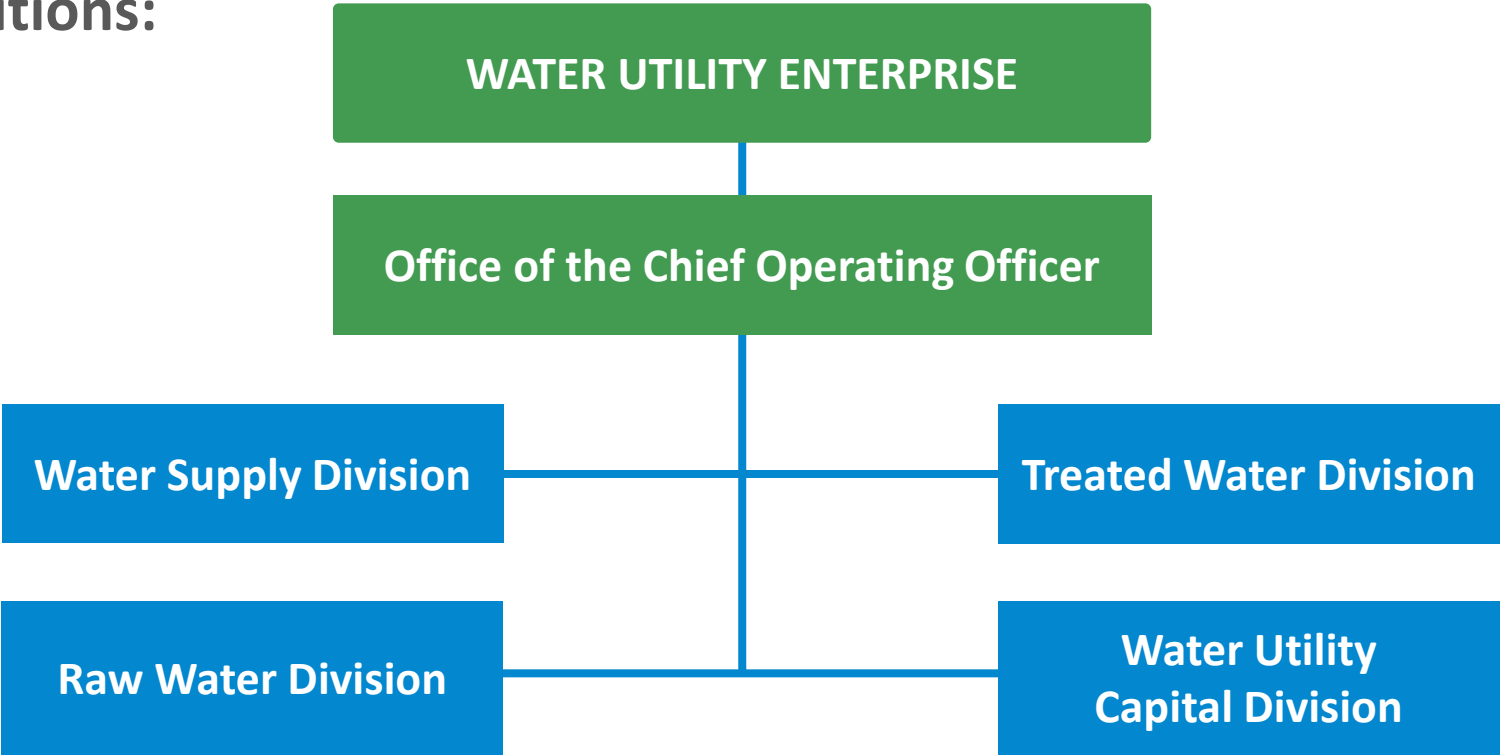
Organizational Chart

Proposed FY25-26 Total Positions:
291 (+2 Limited Term)

Legend

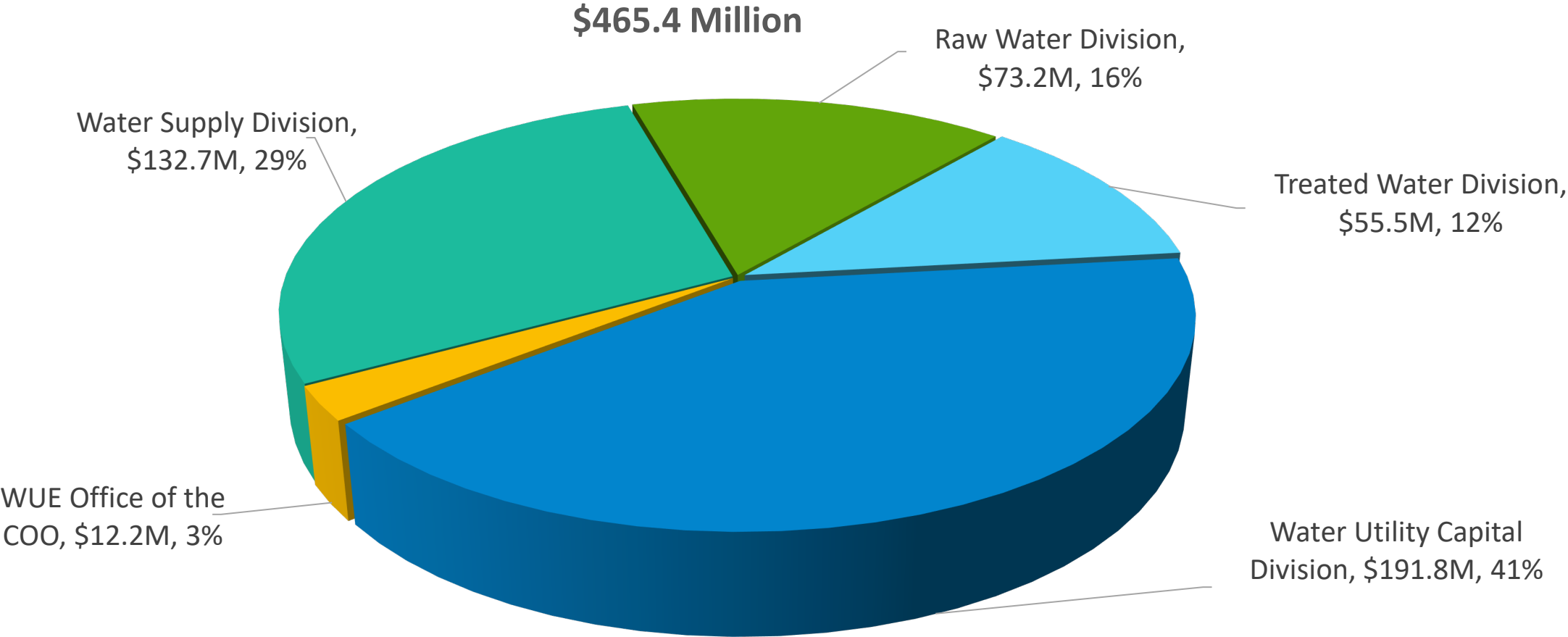
Chief Operating Officer

Division



Water Utility Enterprise

FY2025-26 Proposed Budget



Water Utility Enterprise

FY2025-26 & 2026-27 Proposed Biennial Budget

70

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
WUE Office of the COO	\$ 11.7	\$ 12.2	\$ 0.5	4% ↑	\$ 12.9
Water Supply Division	121.5	112.5	(9.0)	(7%) ↓	121.1
Raw Water Division	50.8	55.1	4.4	9% ↑	57.2
Treated Water Division	51.9	55.0	3.0	6% ↑	56.2
Operating Outlays Subtotal	\$ 235.9	\$ 234.8	\$ (1.1)	(0.5%) ↓	\$ 247.3
Capital Outlays					
Water Utility Capital Division	\$ 142.0	\$ 191.8	\$ 49.8	35% ↑	\$ 219.0
Water Supply Division	13.4	20.2	6.8	51% ↑	30.3
Raw Water Division	14.3	18.0	3.7	26% ↑	9.7
Treated Water Division	0.0	0.5	0.5	N/A	0.2
Capital Outlays Subtotal	\$ 169.8	\$ 230.5	\$ 60.8	36% ↑	\$ 259.2
Total	\$ 405.7	\$ 465.4	\$ 59.7	15%↑	\$ 506.5

Office of the COO of Water Utility

Proposed Biennial Budget

71

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
WUE Office of the COO	\$ 11.7	\$ 12.2	\$ 0.5	4% ↑	\$ 12.9
Total	\$ 11.7	\$ 12.2	\$ 0.5	4% ↑	\$ 12.9

Water Supply Division

Proposed Biennial Budget

72

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
State Water Project Costs	\$ 31.6	\$ 32.5	\$ 0.9	3% ↑	\$ 34.2
Imported Water San Felipe Division Deliveries	32.4	27.3	(5.1)	(16%) ↓	29.8
Water Conservation Program	12.6	13.5	0.9	7% ↑	13.5
San Felipe Division Capital	12.4	12.8	0.4	3% ↑	13.3
Imported Water South Bay Aqueduct Deliveries	4.5	8.0	3.5	78% ↑	8.2
Palo Alto Water Reuse Agreement	4.7	7.8	3.1	66% ↑	7.8
San Jose Purified Water Project - Phase 1	1.0	7.4	6.4	640% ↑	17.0
Water Banking Operations	5.6	6.4	0.8	14% ↑	6.8
Imported Water Program	6.1	6.4	0.3	5% ↑	6.8
Recycled & Purified Water Program	5.4	5.3	(0.1)	(2%) ↓	5.5
Other	18.6	5.3	(13.3)	(72%) ↓	8.4
Total	\$ 134.9	\$ 132.7	\$ (2.2)	(2%) ↓	\$ 151.3

Raw Water Division

Proposed Biennial Budget

73

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Small Caps, Water Treatment	\$ 6.3	\$ 11.2	\$ 4.9	78% ↑	\$ 7.7
Groundwater Management Program	6.1	6.7	0.6	10% ↑	7.1
Rinconada WTP General Maintenance	4.8	5.1	0.3	6% ↑	5.4
Santa Teresa WTP General Maintenance	4.3	4.5	0.2	5% ↑	4.9
Recharge & Raw Water Field Operations	4.1	4.4	0.3	7% ↑	4.6
Penitencia WTP General Maintenance	3.6	3.6	-	% ↑	3.8
Raw Water T&D General Maintenance	3.1	3.2	0.1	3% ↑	3.5
Small Caps, San Felipe R3	1.3	3.2	1.9	146% ↑	0.5
Well Ordinance Program	2.7	2.8	0.1	4% ↑	3.2
Water Use Measurement	2.6	2.8	0.2	8% ↑	3.1
Other	26.2	25.7	(0.5)	(2%) ↓	23.1
Total	\$ 65.1	\$ 73.2	\$ 8.1	12% ↑	\$ 66.9

Treated Water Division

Proposed Biennial Budget

74

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
RWTP General Operations	\$ 10.9	\$ 11.4	\$ 0.5	5% ↑	\$ 11.8
SWTP General Operations	7.9	8.5	0.6	8% ↑	8.9
PTWTP - General Operations	7.9	8.2	0.3	4% ↑	7.9
Water District Laboratory	7.2	7.7	0.5	7% ↑	8.2
SVAWPC Facility Maintenance	3.4	4.6	1.2	35% ↑	4.1
SVAWPC Facility Operations	4.7	4.5	(0.2)	(4%) ↓	4.7
Treated Water Control & Electrical Engineering	3.1	3.0	(0.1)	(3%) ↓	3.5
Water Treatment General Water Quality	2.9	2.3	(0.6)	(21%) ↓	2.4
Plant Maintenance Engineering & Commissioning	0.9	1.0	0.1	11% ↑	1.0
Raw Water T&D Control and Electrical	0.8	0.8	-	0% ↑	0.8
Other	2.3	3.5	1.2	52% ↑	3.1
Total	\$ 52.0	\$ 55.5	\$ 3.5	7% ↑	\$ 56.4

Water Utility Capital Division

Proposed Biennial Budget

75

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Rinconada WTP Reliability Improvement	\$ 66.2	\$ 120.8	\$ 54.6	82% ↑	\$ 125.2
10-Year Pipeline Inspection and Rehabilitation	19.6	20.3	0.7	4% ↑	2.7
PWTP Residuals Management	9.4	15.8	6.4	68% ↑	15.9
IRP2 AddLine Valves	9.5	10.8	1.3	14% ↑	5.8
WU Capital Prog Admin Support	8.2	8.0	(0.2)	(2%) ↓	9.1
Almaden Valley Pipeline	2.1	3.1	1.0	48% ↑	10.9
Treated Water Isolation Valves	2.0	2.5	0.5	25% ↑	0.8
East Pipeline I&R	-	2.0	2.0	N/A	4.2
Penitencia Delivery and Force Main I&R	-	1.8	1.8	N/A	3.3
Vasona Pump Station Upgrade	1.2	1.7	0.5	42% ↑	10.3
Other	23.8	5.0	(18.8)	(79%) ↓	30.8
Total	\$ 142.0	\$ 191.8	\$ 49.8	35% ↑	\$ 219.0

FY2025-26 Deliverables

Water Supply Division

- Advance recycled and purified water projects, feasibility studies and needed agreements
- Continue public education to make conservation a way of life
- Update the Drought Response Plan
- Complete the Water Supply Master Plan
- Advance development of Sisk Dam Raise Project, Delta Conveyance Project, and Sites Reservoir Project
- Final participation recommendation to Board on Sites Reservoir Project
- Continue to pursue and assess suitable, cost-effective groundwater banking projects



FY2025-26 Deliverables

Raw Water Division

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



FY2025-26 Deliverables

Treated Water Division

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



FY 2025-26 Deliverables

Water Utility Capital Division

Design

- Almaden Valley Pipeline Replacement Phase 2 (complete)
- West Pipeline Inspection & Rehab Phase 2 Project (complete)

Construction

- Penitencia WTP Residuals Management (begin)
- West Pipeline Inspection & Rehab Phase 1 Project (begin)
- Rinconada WTP Reliability Improvement Project Phases 3-6 (cont.)
- Provide Construction Management oversight for large projects



FY2025-26 Challenges

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



FY2026-27 Outlook

- Begin construction of various treatment plant and pipeline capital projects
- Continue construction of the Rinconada Water Treatment Plant Reliability Improvement Project (Phases 3-6)
- Develop the San José Purified Water Project as well as San José Purified and South County feasibility studies
- Finalize negotiations for the Delta Conveyance Project
- Final participation recommendation to Board on Sisk Dam Raise Project
- Sites Reservoir Project construction begins
- Develop partnerships for groundwater banking projects
- Complete Groundwater Management Plan update for continued SGMA compliance





Questions?

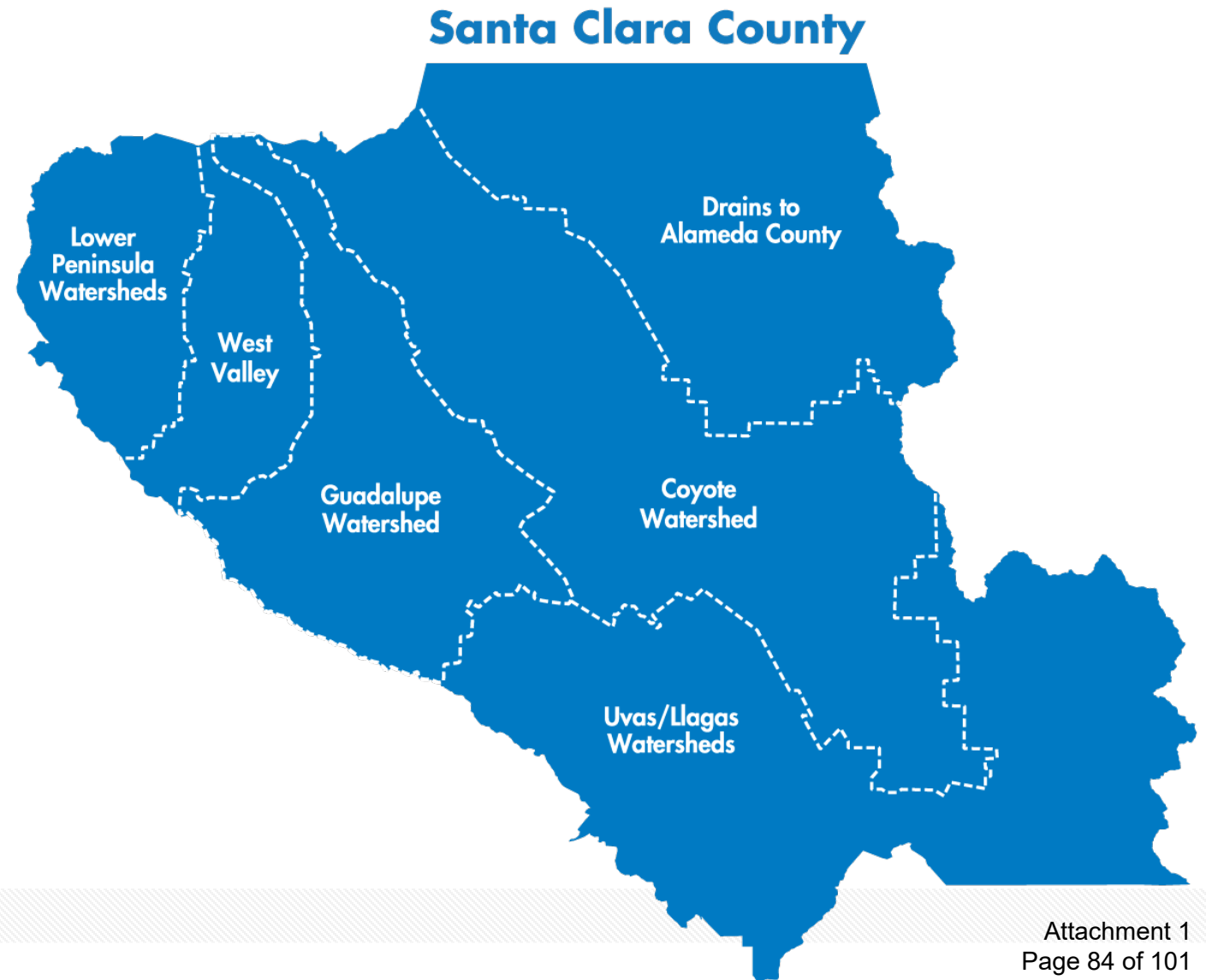


Watersheds

Presented by: Chris Hakes, Chief Operating Officer

Five Major Watersheds

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



Watersheds

Achieving Board Ends

- **E-3 Natural Flood Protection:**

Natural Flood Protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.

- **E-4 Water Resources Stewardship:**

Water resources stewardship protects and enhances ecosystem health.

- **E-5 Climate Change Mitigation and Adaptation:**

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

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

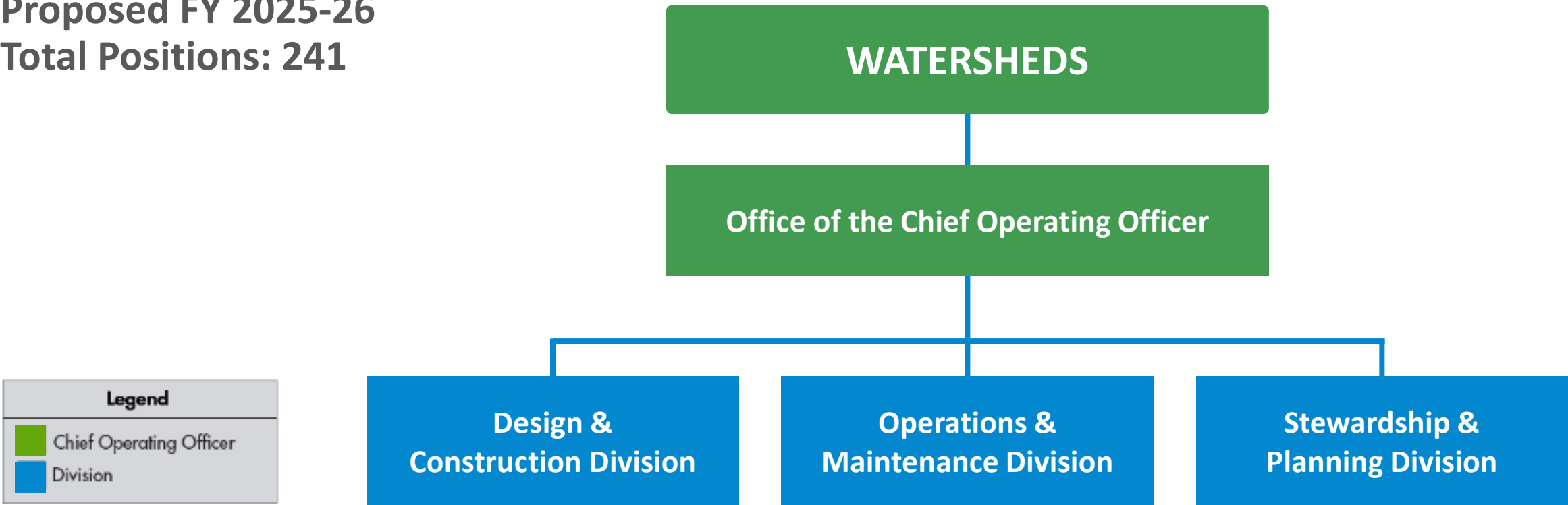
Valley Water is committed, through a regional approach, to address the human health, safety, operational and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.



Watersheds

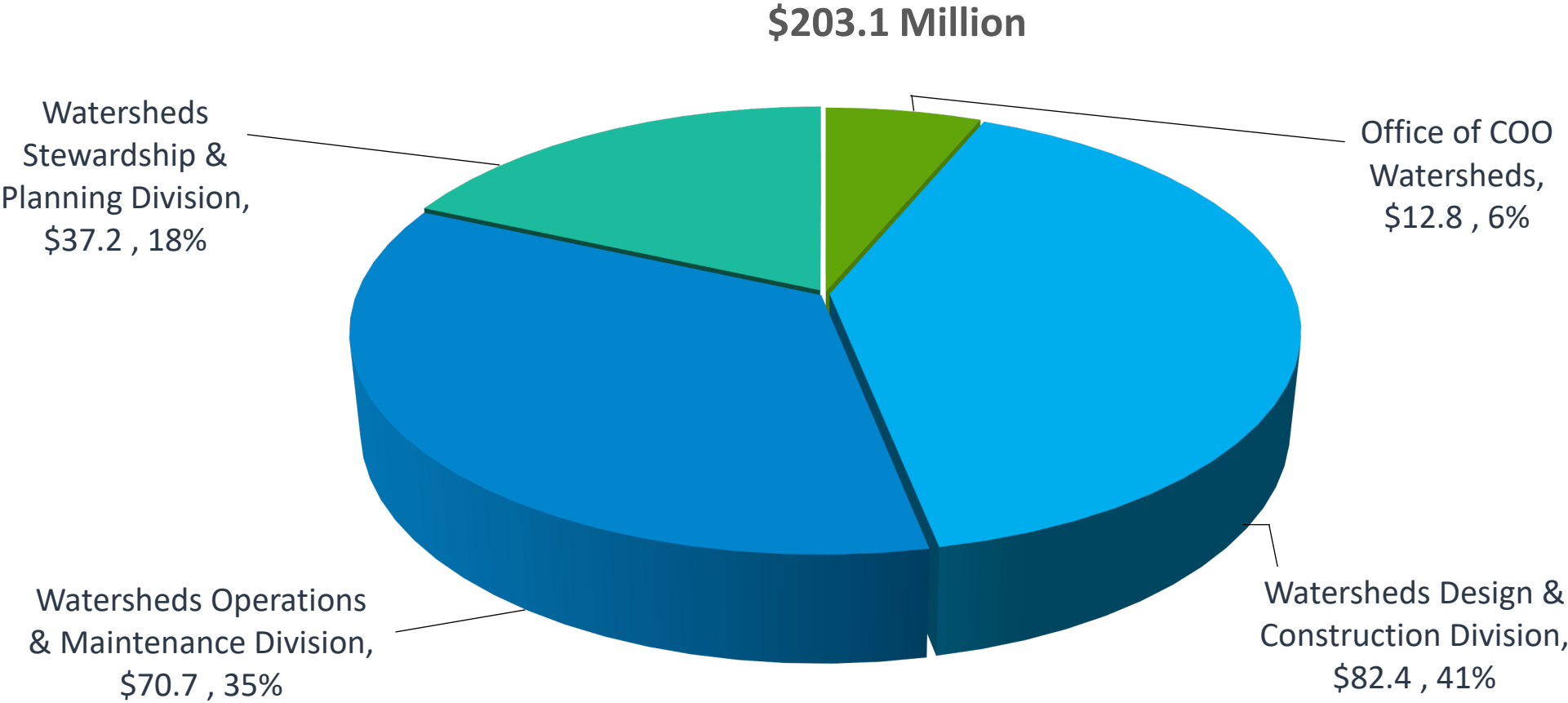
Organizational Chart

Proposed FY 2025-26
Total Positions: 241



Watersheds

FY2025-26 Proposed Budget



Watersheds

FY 2025-26 & 2026-27 Proposed Biennial Budget

88

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Office of COO Watersheds	\$ 11.6	\$ 12.8	\$ 1.2	10% ↑	\$ 13.8
Watersheds Design & Construction Division	170.3	82.4	(87.9)	(52%) ↓	173.6
Watersheds Operations & Maintenance Division	70.0	70.7	0.7	1% ↑	77.6
Watershed Stewardship & Planning Division	43.2	37.2	(6.0)	(14%) ↓	47.8
Total	\$ 295.1	\$ 203.1	\$ (92.0)	(31%) ↓	\$ 312.9

Watersheds

FY 2025-26 & 2026-27 Proposed Biennial Budget

89

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Operating Outlays					
Office of COO Watersheds	\$ 11.6	\$ 12.8	\$ 1.2	10% ↑	\$ 13.8
Watersheds Operations & Maintenance Division	70.0	70.7	0.7	1% ↑	77.6
Watersheds Stewardship & Planning Division	35.8	35.5	(0.3)	(1%) ↓	38.0
Operating Outlays Subtotal	\$ 117.4	\$ 119.0	\$ 1.6	1% ↑	\$ 129.4
Capital Outlays					
Watersheds Design & Construction Division	\$ 170.3	\$ 82.4	\$ (87.9)	(52%) ↓	\$ 173.6
Watersheds Stewardship & Planning Division	7.4	1.7	(5.8)	(78%) ↓	9.8
Capital Outlays Subtotal	\$ 177.7	\$ 84.1	\$ (93.6)	(53%) ↓	\$ 183.4
Total	\$ 295.1	\$ 203.1	\$ (92.0)	(31%) ↓	\$ 312.9

Office of the COO of Watersheds

Proposed Biennial Budget

90

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Watersheds Administration	\$ 11.6	\$ 12.8	\$ 1.2	10% ↑	\$ 13.8
Total	\$ 11.6	\$ 12.8	\$ 1.2	(31%) ↓	\$ 13.8

Design & Construction Division

Proposed Biennial Budget

91

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Llagas Creek Phase 2B Construction	\$ 56.0	\$ 26.5	\$ (29.5)	(53%) ↓	\$ 48.7
Coyote Creek, Montague-Tully	16.1	21.7	5.6	35% ↑	71.3
Watersheds Asset Rehabilitation	19.7	16.6	(3.1)	(16%) ↓	8.9
Watershed Capital Program Services Admin	5.4	5.0	(0.4)	(8%) ↓	6.0
San Francisco Bay Shoreline	0.1	4.8	4.7	N /A	5.1
Lower Guadalupe River Capacity Restoration	3.1	3.1	0.0	0% ↑	3.3
PA Flood Basin Tide Gate Replacement	0.6	3.0	2.4	369% ↑	0.0
San Francisco Bay Shoreline EIAs 5-10	1.1	1.4	0.3	32% ↑	3.1
Lower Penitencia Creek Improvements	0.0	0.1	0.1	N/A	0.0
Other Projects	68.2	0.1	(68.1)	(100%) ↓	27.2
Total	\$ 170.3	\$ 82.4	\$ (87.9)	(52%) ↓	\$ 173.6

Operations & Maintenance Division

Proposed Biennial Budget

92

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Encampment Management Program	\$ 11.5	\$ 8.4	\$ (3.2)	(27%) ↓	\$ 8.5
Watershed Sediment Removal	7.0	7.9	0.9	13% ↑	8.2
Management of Revegetation Projects	4.6	7.4	2.8	61% ↑	7.9
Stream Maintenance Prog Management	5.9	6.4	0.5	9% ↑	7.0
Vegetation Management for Access	5.2	5.9	0.6	12% ↑	6.2
Stream Capacity Vegetation Control	3.7	5.2	1.5	40% ↑	5.4
Watershed Erosion Protection	3.7	3.4	(0.3)	(9%) ↓	3.6
Watershed General Field Maintenance	2.8	3.4	0.6	21% ↑	3.7
Watershed Facility Condition Assessment	2.8	3.0	0.2	6% ↑	3.2
Encampment Cleanup Program	2.8	2.9	0.1	4% ↑	3.0
Other Projects	20.0	16.9	(3.1)	(15%) ↓	20.9
Total	\$ 70.0	\$ 70.7	\$ 0.7	1% ↑	\$ 77.6

Stewardship & Planning Division

Proposed Biennial Budget

93

(\$ in millions)	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY 2026 Over/ (Under) FY 2025	FY 2026 % Change	FY 2027 Proposed Plan
Watershed Asset Protection Support	\$ 6.7	\$ 6.8	\$ 0.1	1% ↑	\$ 7.2
FAHCE/Three Creeks Project	4.0	4.0	(0.0)	(%) ↓	3.7
Inter Agency Urban Runoff Program	2.8	2.8	0.0	1% ↑	3.0
Hydrologic Data Measurement & Management	2.7	2.8	0.1	3% ↑	3.0
District Real Property Administration	1.7	2.1	0.4	22% ↑	2.5
Hydrology & Hydraulics Tech Support	1.5	1.8	0.3	19% ↑	1.9
Calabazas/San Tomas Aquino Creek-Marsh Connection	1.6	1.7	0.0	0% ↑	1.6
Impaired Water Bodies Improvements	1.4	1.4	0.0	3% ↑	1.4
WU Asset Protection Support	1.3	1.3	0.0	2% ↑	1.4
Flood Risk Reduction Studies	1.3	1.2	(0.1)	(6%) ↓	1.3
Other Projects	18.2	11.4	(6.8)	(38%) ↓	20.7
Total	\$ 43.2	\$ 37.2	\$ (6.0)	(14%) ↓	\$ 47.8

FY 2025-26 Deliverables

Design & Construction Division

Complete Design

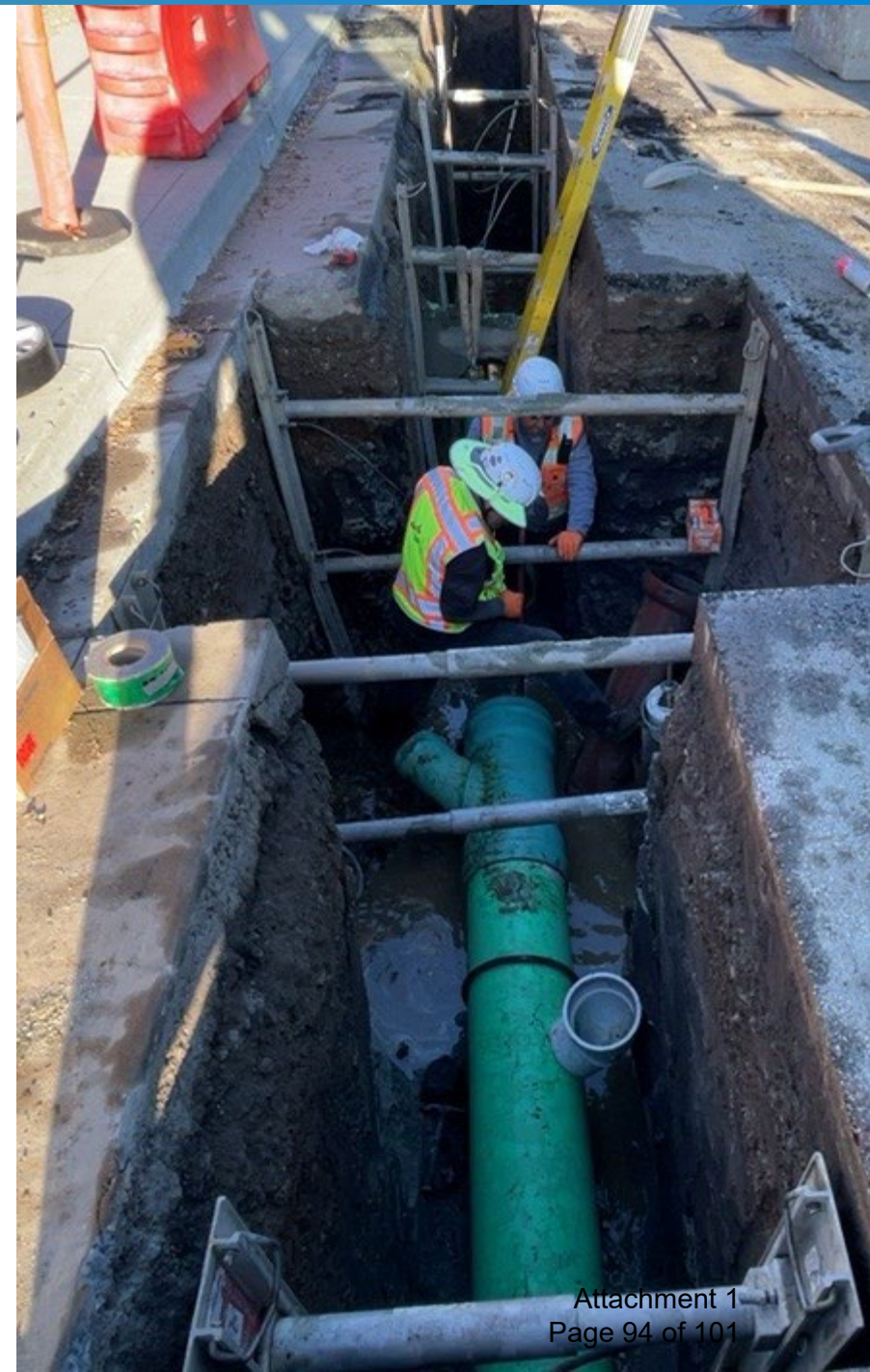
- Coyote Creek Flood Protection Project
- Sunnyvale East and West Channels

Begin Construction

- Watershed Asset Rehabilitation Program: Coyote Creek Repair Projects
- Sunnyvale East and West Channels Flood Protection Project
- Coyote Creek Flood Protection Project

Continue Construction

- Upper Llagas Creek Flood Protection Phase 2B
- Coyote Percolation Dam Replacement
- South San Francisco Bay Shoreline protection Phase I, Reaches 1-3



FY 2025-26 Deliverables

Operations & Maintenance Division

- **Encampments** – Continue implementation of the Water Resources Protection Zones Ordinance.
- **Stream Maintenance Program** – Repair and maintain various creeks, including: Matadero Creek (Palo Alto), Ross Creek (San José), Tennant Creek (Morgan Hill).
- **SMP CEQA & Permits** – Final SMP-3 Manual and Final EIR (Fall 2025).



FY 2025-26 Deliverables

Stewardship & Planning Division

- **Project Planning** – Complete Planning Study reports for Calabazas/San Tomas Aquino Creeks Reconnection and Coyote Pond 10B Freshwater Wetlands.
- **Long-term Planning** – Complete the Greenhouse Gas Reduction Plan and Carbon Sequestration Program development. Continue work on the Lower Peninsula and West Valley Watershed Master Plans.
- **Regulatory** – Obtain permits for Sunnyvale East and West Channels, Coyote Creek Flood Protection Project, and Pond A4 Resilient Habitat Restoration.
- **Real Estate** – Complete acquisitions for Coyote Creek Flood Management Measures Project.



FY 2025-26 Challenges

- Continued project cost increases due to inflation and tariffs.
- Managing waterways impacted by drought and severe storms.
- Performing fuel and weed abatement with increased fire season risks and work in heavily encamped areas.
- Water right complaints and settlement agreements.
- External partner funding limitations and staffing levels.
- Coordinating proper resources during transition from construction to Operations & Maintenance.



FY 2026-27 Outlook

- Implementation of Shoreline Phase I Reaches 4-5.
- Continue construction on Upper Llagas Creek 2B, Sunnyvale East/West Channels, and Coyote Creek Flood Protection Projects.
- Support project design for Calabazas/San Tomas Aquino Creeks Reconnection, Moffett Fish Ladder, and Coyote Pond 10B Freshwater Wetlands.
- Complete West Valley and Lower Peninsula Watershed Plans.
- Further reduction of harmful encampment-generated impacts on Valley Water property.
- Obtain final regulatory permits for SMP3 for 2027-2036.





Questions?

Presentation Summary

1

BUDGET OVERVIEW

- Budget Development & Review Process
- FY2025-26 Proposed Rolling Biennial Budget Review
- Fund Reserves
- Fund Financial Sustainability – Watersheds, Safe, Clean Water, Water Utility
- Proposed Budget by Fund and Organization

2

PROPOSED BUDGET BY ORGANIZATION

- Administration
- Integrated Water Management
- Water Utility
- Watersheds

3

NEXT STEPS

- Board considerations for May 27, 2025

Summary of Staff Recommendations 101

- Review and discuss the FY2025-26 Proposed Biennial Budget
- Receive comments from the public
- Direct staff to make any changes the Board deems necessary

Next Steps

Final FY2025-26
Proposed Biennial
Budget scheduled
for Board approval
on May 27, 2025

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