CEO BULLETIN

Valley Water

To: Board of Directors
From: Melanie Richardson, Interim CEO

Weeks of April 18, 2025 – May 8, 2025

Board Executive Limitation Policy EL-7:
The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
1	**2025 Central Valley Project and State Water Project Allocations Update**
2	**Safe, Clean Water Refill Station Grant Closeout: Saint Elizabeth Catholic Church's Valley Water Refill Station – Parish Ministry Center**
3	**Beall** **Provide funding allocation details for all phases of the Upper Llagas Creek Flood Protection Project (Project E6) as requested during the 4/22/2025 Board Meeting.** **R-25-0004**
4	**Beall** **List of Water Utility capital projects scheduled to be financed by the Water Utility Revenue Bonds, Series A and Taxable Series 2025B** **I-25-0007**

1. 2025 Central Valley Project and State Water Project Allocations Update

On April 28, 2025, the United States Bureau of Reclamation (Reclamation) announced that the Central Valley Project (CVP) allocation for 2025 will increase from 40% to 50% for Agricultural contracts. The CVP Municipal & Industrial contracts will remain at a 75% allocation. Additionally, on April 29, 2025, the California Department of Water Resources (DWR) announced that the State Water Project (SWP) allocation for 2025 will increase from 40% to 50% for most SWP contractors' requested maximum annual Table A amounts.

The combined actions correspond to an increase in Valley Water's total allocated water from 147,000 AF to 159,000 AF for 2025. Reclamation and DWR have increased the allocations to reflect the improved statewide snowpack, which peaked in April 2025 near the historical average. Reservoirs around the state remain at or above average storage levels for this time of year. However, dry conditions in the San Joaquin River basin have restricted larger allocation increases. Reclamation and DWR may revise their respective allocations if water supply conditions change.

For further information, please contact Vincent Gin at (408) 630-2633.

2. Safe, Clean Water Refill Station Grant Closeout: Saint Elizabeth Catholic Church's Valley Water Refill Station – Parish Ministry Center

In Fiscal Year 2025, Valley Water awarded Saint Elizabeth Catholic Church (Grantee) a $5,000 Safe, Clean Water Program F9 Refill Station Grant for their Valley Water Refill Station – Saint Elizabeth Catholic Church Parish Ministry Center (Project). Grantee completed the Project on December 5, 2024 and submitted the final invoice items, allowing for grant closeout.

Saint Elizabeth Catholic Church, located in Milpitas, serves the community by hosting free programs and events for children and adults, along with larger gatherings in its Parish Ministry Center. The facility is open to all community members during community events and provides additional services in partnership with other charitable organizations, such as the Society of St. Vincent de Paul, to support those in need.

Key Outcomes:

- Installed a new water bottle refill station at Saint Elizabeth Catholic Church Parish Ministry Center around a high traffic area, allowing for all public community members to refill their bottles during community events and programs throughout the week.
- Encouraged the use of reuseable water bottles by reducing reliance on disposable plastic bottles at all events.
- Supported the organization's mission of community service by improving accessibility to clean drinking water for the community and clients through its partnership with the Society of St. Vincent de Paul.

For further information, please contact Rachael Gibson at (408) 630-2884.

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3. <u>Beall</u>
Provide funding allocation details for all phases of the Upper Llagas Creek Flood Protection Project (Project E6) as requested during the 4/22/2025 Board Meeting.
R-25-0004

At the Board Meeting on April 22, 2025, during the discussion of the Upper Llagas Creek Flood Protection Project Phase 2A, Project No. 26174052, staff received a request for information regarding the allocation of funding for all phases of the Upper Llagas Creek Flood Protection Project (Project E6).

The Upper Llagas Creek Flood Protection Project (Project E6), part of the Safe, Clean Water and Natural Flood Protection Program, is being constructed in three phases: Phase 1, Phase 2A, and Phase 2B.

A detailed breakdown of project funding sources is provided in the following table:

Upper Llagas Creek Flood Protection Project (Project E6) Estimated Funding Sources ($ in Thousands)					
Funding Sources	**Project Planning, Design, Real Estate, Permitting, Etc.**	**Construction Contract Costs**			**Total**
		Phase 1	**Phase 2A**	**Phase 2B**	
Clean, Safe Creeks and Natural Flood Protection Plan	$17,900				$17,900
Safe, Clean Water Program	$65,311	$53,445	$53,956	$57,887	$230,599
State of California (State Subvention Reimbursements	$37,867				$37,867
Watershed Stream Stewardship Fund		$23,690			$23,690
City of Morgan Hill				$4,315	$4,315
NRCS Grant				$80,000	$80,000
Totals:	**$121,078**	**$77,135**	**$53,956**	**$142,202**	**$394,371**

Board Actions:
The following Legistar items offer additional information regarding Board actions related to the Upper Llagas Creek Flood Protection Project (Project E6).

- Legistar Item 24-0688: Board approved a change to the funding allocation to Project E8: Upper Guadalupe River Flood Protection
- Legistar Item 24-0536: Award of Construction Contract for Upper Llagas Creek Flood Protection Project Phase 2B

Supporting Documents:

- FY24 Safe, Clean Water and Natural Flood Protection Annual Report (pages 134-141)
- CIP Draft FY 2026-30 Five-Year Plan (pages III-29 to III-30 or PDF p. 29-30)

For further information, please contact Luz Penilla at (408) 630-2228.

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4. Beall
List of Water Utility capital projects scheduled to be financed by the Water Utility Revenue Bonds, Series A and Taxable Series 2025B
I-25-0007

On May 16 2025, Valley Water's Board of Directors will consider approval of the financing plan related to the Water Utility Enterprise Fund. A portion of the financing will refund short-term debt issued for Water Utility capital project expenditures incurred in Fiscal Year (FY) 2025, which include the following projects:

- Rinconada Water Treatment Plant Reliability Improvement project, up to $58.8 million
- Anderson Dam Tunnel project, up to $55.7 million
- Coyote Creek Flood Management Measures project, up to $26.5 million

- 10-year Pipeline Inspection and Rehabilitation project, up to $13.4 million
- Coyote Creek Chillers project, up to $12.4 million
- Santa Teresa Water Treatment Plant Filter Media Replacement project, up to $4.1 million
- San Jose Purified Water - Phase 1 project, up to $3.3 million
- Calero Dam Seismic Retrofit project, up to $2.8 million
- Penitencia Water Treatment Plant Residuals Management, up to $2 million
- various other Water Utility capital projects with expenditures ranging from $126 thousand (Treated Water Isolation Valves) to $1.2 million (Rinconada Water Treatment Plant Residuals Remediation).

The financing may also include new project funds, which would be utilized to fund the planned FY 2026 water utility capital expenditures, which covers all the projects listed above, such as $120.8 million budgeted for the Rinconada Water Treatment Plant Reliability Improvement, $42.7 million budgeted for the Anderson Dam Tunnel, and $20.2 million for the 10-year Pipeline Inspection and Rehabilitation project.

For further information, please contact Darin Taylor at (408) 630-3068.