



Development of the CIP Preliminary FY 2027-2031 (FY 27-31) Five-Year Plan

Overview of Initially Validated and Unfunded Projects

Presented by:

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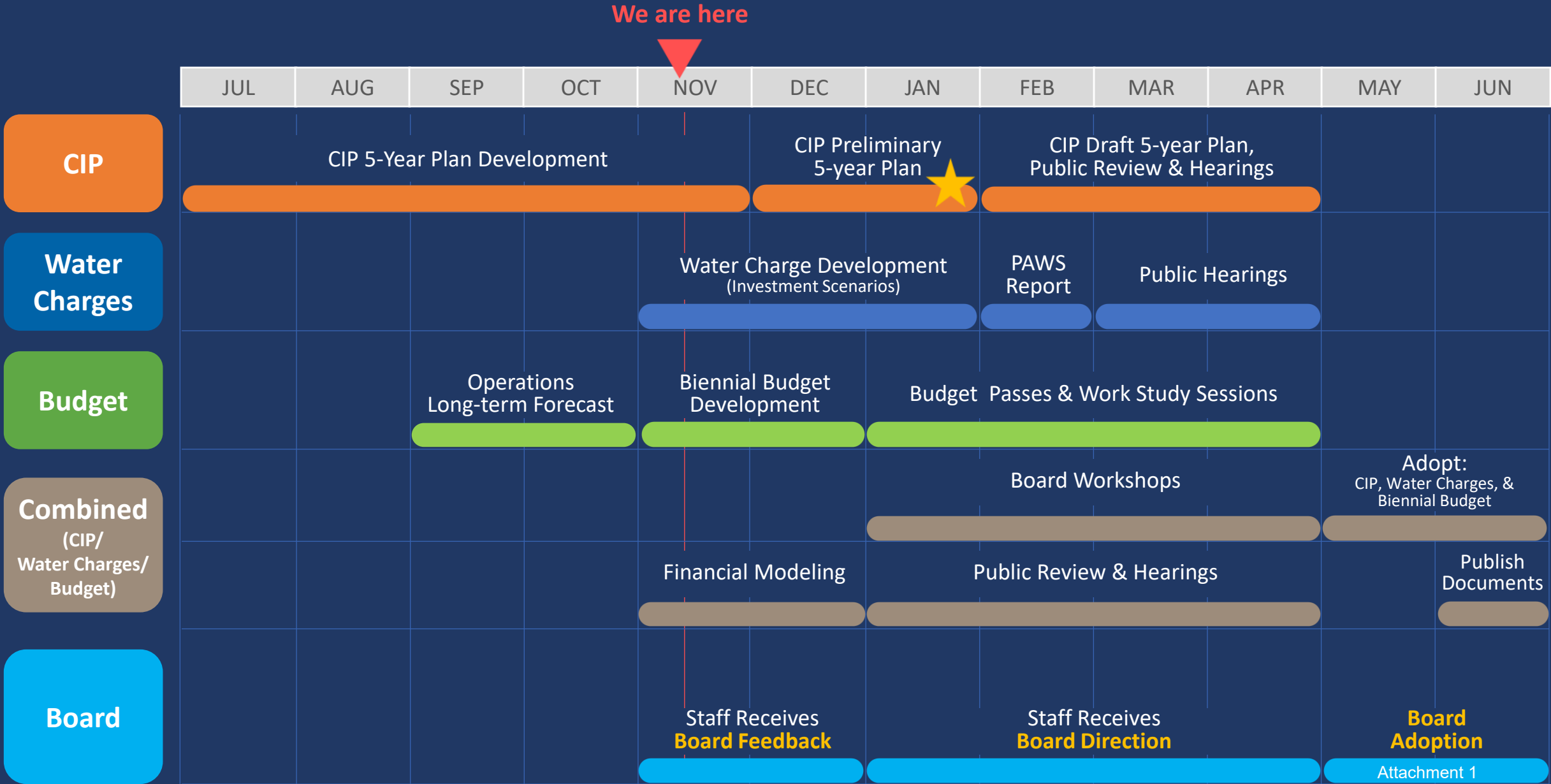
November 12, 2025

Presentation Outline

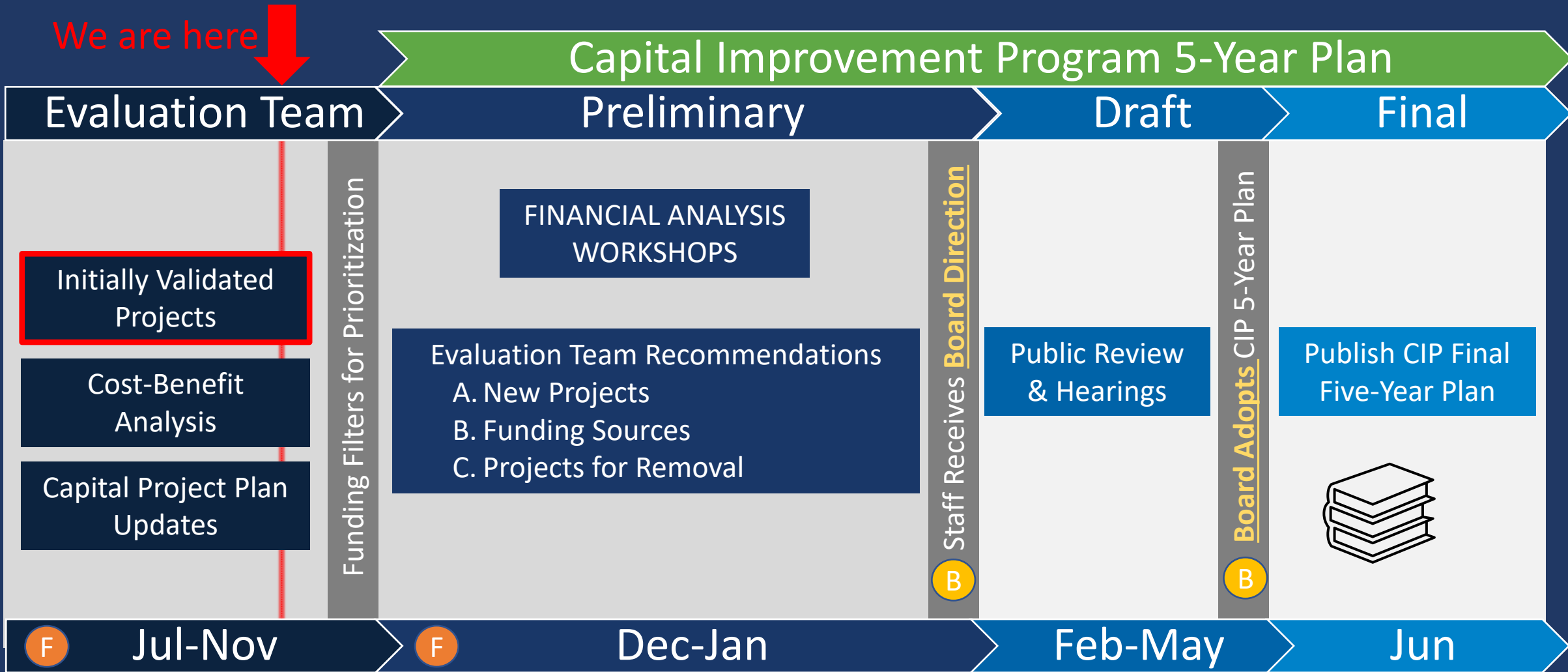
1. Annual CIP 5-Year Plan Timeline
2. Unfunded Project List
 - A. FY 2025-26 Initially Validated Projects
 - B. Current Unfunded Capital Projects
3. Overview of FY 2025-26 Initially Validated Projects
4. Next Steps



Annual CIP, Biennial Budget & Water Charges Development Timeline



Annual CIP 5-Year Plan Timeline



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

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

Initially Validated and Currently Unfunded Projects

**Feedback on projects to be
considered for inclusion**

Initially Validated and Currently Unfunded Projects

Project Name	Estimated Total Project Cost (\$ thousands w/inflation)	Phase	Potential Funding Source	Type of Improvement/Infrastructure
FY 2025-26 Initially Validated Projects				
Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility	\$2,448,896	Planning	Fund 61	WS - NEW Infrastructure
Santa Teresa Water Treatment Plant (STWTP) Rehabilitation (Water Treatment Plant Master Plan Implementation)	\$242,668	Design	Fund 61	WS - Existing Infrastructure
Aquatic Resource Creation at Ford Road Percolation Pond	\$6,366	Planning	Funds 12/26/61	WRS - Existing Infrastructure
Current Unfunded Projects				
Llagas Creek - Lower, Capacity Restoration, Buena Vista Road to Pajaro River	\$98,831*	Planning	Fund 12	FP - Existing Infrastructure
Permanente & Hale Creek Concrete Replacement	\$20,810	Design	Fund 12	FP - Existing Infrastructure
Calabazas/San Tomas Aquino Creek Marsh Connection - Construction (ONLY)**	\$34,562	Construction	Fund 12	WRS - Existing Infrastructure
Pond A4 - Phase 2 (Construction ONLY)**	\$32,128	Construction	Fund 12	WRS - NEW Infrastructure
South Babb Flood Protection - Long-Term	\$22,070	Planning	Fund 12	FP - Existing Infrastructure
Almaden-Calero Canal Rehabilitation - Phase II	\$13,071	Planning	Fund 61	WS - Existing Infrastructure
Alamitos Operable Dam Replacement	\$13,889	Planning	Fund 61	WS - Existing Infrastructure
Palo Alto Purified Water Project (PAPWP)	\$1,097,076***	Planning	Fund 61	WS - NEW Infrastructure

Water Supply – WS

Water Resources Stewardship – WRS

Flood Protection – FP

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

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

*** PAPWP Fund 61 unfunded cost is \$14,633,000; Public Private Partnership (P3 contribution for PAPWP) is \$1,082,443,000

Pure Water Silicon Valley

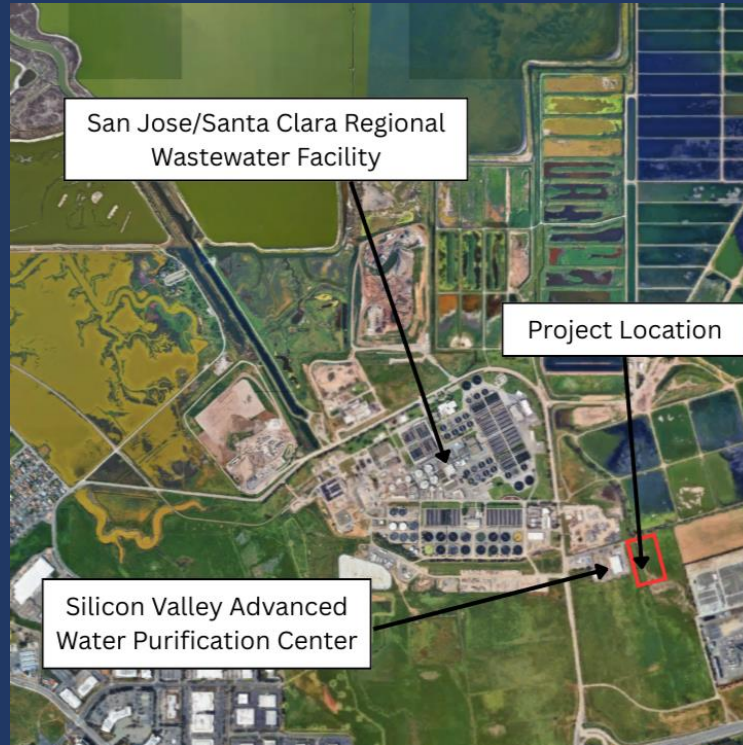
TPC: \$2.45B

Funding: Funds 61*

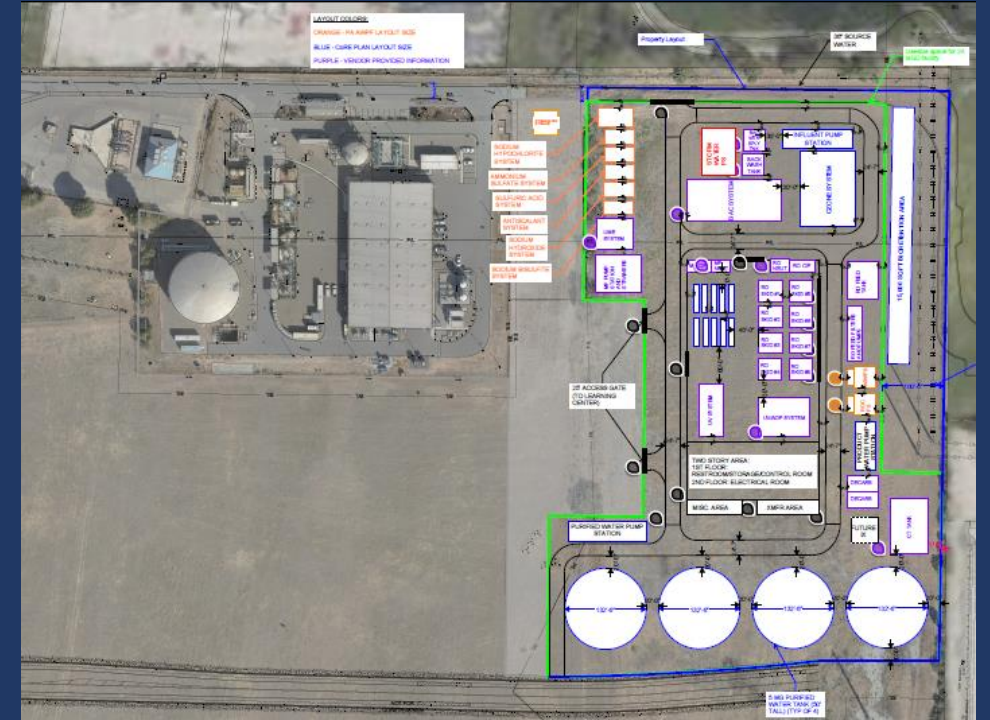
Duration: 7-10 Years

Location: San Jose, CA

Facility near SVAWPC



Direct Potable Reuse Facility



Objectives:

1. Provide a drought-proof and locally controlled water supply
2. Design, construct and permit a Direct Potable Reuse Full-Scale Facility
3. Meet the Board's approved goal of 24,000 Acre-Feet per Year (AFY) of potable reuse by 2035

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

Pure Water Silicon Valley

Background:

- In January 2023, Valley Water and Cities of San Jose and Santa Clara signed a Letter of Intent (LOI) to collaborate on the expansion of recycled and purified water in the County. The LOI provides the basis to develop a collaborative agreement to advance indirect and direct potable reuse in northern Santa Clara County.
- In February 2024, the Board of Directors directed staff to proceed with the development of a direct potable reuse (DPR) project in collaboration with the City of San Jose and City of Santa Clara.
- On August 7, 2025, Valley Water released an RFP for the design of the DPR Demonstration (Demo) Facility. Once built, the Demo Facility will serve for data gathering, validation testing and educate the public on potable reuse. The construction of the Demo Facility is expected to be completed by 2030, followed by the Full-Scale DPR Facility.

Benefits:

- Provide up to 24,000 Acre-Feet per Year (AFY) of purified water to Santa Clara County by 2035
- Provide safe and reliable source of water to County residents

Projected Milestones / Deliverables:

- Planning: 5 Years
- Design: 4 Years
- Construction: 4 Years
- Closeout: 1 Year
- Completion: 2036

STWTP Rehabilitation Project

(Water Treatment Plant Master Plan Implementation Project)

TPC: \$242.7M

Funding: Fund 61*

Duration: 8 Years

Location: San Jose, CA

Project Site



Protect and Maintain Existing Water Infrastructure

Objectives:

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

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

STWTP Rehabilitation Project

(Water Treatment Plant Master Plan Implementation Project)

Linkage to Adopted CIP:

1. Planning was part of the WTP Master Plan Implementation Project (WTP MPIP)
 - A. All WTP needs were prioritized into three 10-year buckets: (1) 2025-2034, (2) 2035-2044, (3) 2045-2054.
 - B. This is the first recommended capital project from priority 1.

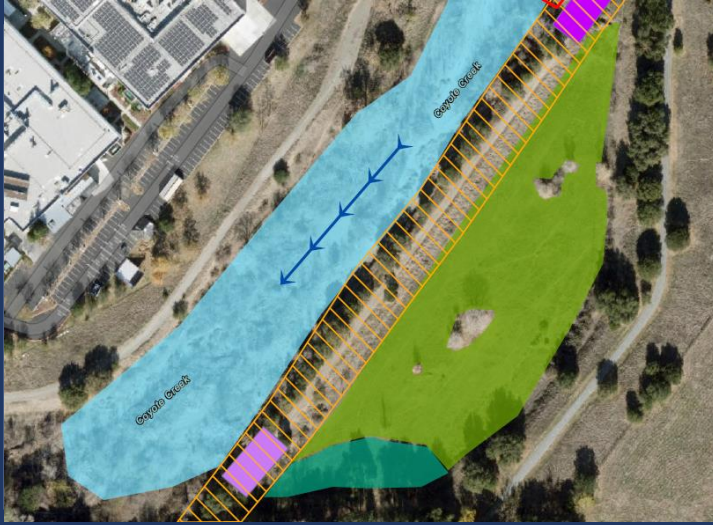
Benefits:

1. Replaces aging infrastructure
2. Enhances disinfection flexibility while improving regulatory compliance and monitoring
3. Upgrades operational flexibility and reliability by improving electrical and chemical systems
4. Renews ozone generation equipment at both STWTP and PWTP, while ensuring a single supplier

Projected Milestones / Deliverables:

1. Design phase complete in December 2030
2. Construction beginning 2030 and complete in Spring 2034

Aquatic Resource Creation at Ford Rd Perc Pond



TPC: \$6.4M

Funding: Funds 12/26/61*

Duration: 3-4 Years

Location: San Jose, CA

Objectives:

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

* This project will be funded by the projects/funds that receive mitigation credit.

Aquatic Resource Creation at Ford Rd Perc Pond

Background:

- Valley Water's unused Ford Road Percolation Pond along Coyote Creek (Facility No. 9266) has been identified by various program and project staff as a location where waters and wetlands could be successfully established. In April 2025, Water Utility determined that its potential uses of the pond were either unsuitable for the location, very unlikely to be approved by regulators, or prohibitively expensive and is open to the idea of using the Ford Pond as a mitigation site, especially since many Water Utility/dams projects are looking for mitigation.
- ADSRP prepared a reconnaissance-level assessment of mitigation opportunities at this site that found that up to five acres of aquatic resources could potentially be created. This is a notably large area, located entirely within Valley Water fee, directly adjacent to Coyote Creek, and close to the urban core of Coyote Creek (where Valley Water project impacts tend to be located), but with only minor recreational and encampment constraints. As a result, creating a substantial amount of aquatic resources at this location has a high likelihood of being successfully established relatively quickly and requiring relatively little maintenance over time.

Benefits:

- (1) Provide the most valuable form of mitigation – aquatic resource creation - in the Coyote Creek watershed, where multiple programs need mitigation credit
- (2) Facilitate timely permit acquisition and regulatory compliance for SMP-3, ADSRP, CCFPP, and/or other projects and programs
- (3) Create and enhance habitats at a location with simplified logistics (on Valley Water fee) and high likelihood of success (no encampment or encroachment stressors) with minimal long-term maintenance
- (4) Promote Valley Water's stewardship mission by mitigating where recommended by a watershed plan and fish and other wildlife will benefit

Projected Milestones / Deliverables:

- Planning Phase-2027
- Design Phase -2028
- Construction Phase- 2029

Next Steps: Integrated Financial Planning Schedule

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

LEGEND

CIP

Budget

Water Rates

Safe Clean Water (SCW)

CIP Five-Year Plan Available Online

SCAN THE QR CODE:



Or visit this website:
delivr.com/24wqn

END OF PRESENTATION

Questions & Answers

