

FY 2017-18



Operating and Capital Budget

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On the cover:

Vasona Lake

by Artist Marilyn Perry

7" x 10" Watercolor Sketch
Santa Clara Valley Watercolor Society (SCVWS)

FISCAL YEAR 2017/18 BUDGET MESSAGE

To the community that we serve,

As we balance the needs and desires of the community along with the financial constraints that we face, there are several factors we have taken into consideration in formulating our priorities. The District's aging infrastructure requires maintenance and updating to ensure the systems are functioning for the public. We know that no matter how much rain we get, we won't be able to capture and store enough water to meet current and future demands unless we address our water delivery and storage systems. Further we recognize that our current infrastructure is vulnerable to climate change, drought, flooding, and rising sea levels. Additionally, we must ensure that we consciously consider our carbon footprint and promote environmental stewardship projects, while ensuring that watershed planning efforts are advanced.

Uncertainty continues to be a theme that many local governments face, and we are not exempt from uncertainty. As such, we are concerned about the uncertainty of receiving anticipated federal and state funding, obtaining regulatory permits in a timely manner, and engaging in succession planning to prepare for expected retirements, because of a mature and aging workforce.

After discussion on District priorities, the Board established the below FY 2018 priorities and budget message for the community and residents of Santa Clara County. The items that are included in this budget are intended to be the Board's urgent priorities, but are not exclusive of lower level priorities which are still necessary to achieve.

In developing the FY 2018 budget the Board directed our Board Policy and Planning Committee (Committee) to identify and summarize the Board's priorities, in addition to developing a FY 2018 budget message for the community. This budget is the culmination of the Committee's final recommendation, which ultimately resulted in Board action to accept and adopt the Committee's recommendation. The Board understands that some lower level priorities may need to be slowed or stalled for the time being, shifting resources to concentrate on urgent items. In developing this budget we looked to management to identify what efforts fell into this category as part of the budget process. This budget demonstrates a fiscally responsible, balanced budget that meets the community's expectations of the District.

This budget focuses on 11 priorities for FY 2018, and these are not in order of priority.

1. Make key decisions regarding the California WaterFix
2. Prioritize the care of our District facilities and assets
3. Advance the District's interest in Countywide stormwater resource planning
4. Provide for a watershed-wide regulatory planning and permitting effort
5. Foster a coordinated approach to environmental stewardship efforts
6. Advance the Anderson Dam Seismic Retrofit Project

7. Advance recycled and purified water efforts with San José and other agencies
8. Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)
9. Actively pursue efforts to increase water storage opportunities
10. Advance diversity and inclusion efforts
11. Ensure immediate emergency action plans and flood protection are provided for Coyote Creek

1. Make Key Decisions Regarding the California WaterFix

As part of the budget process, the Board has included all resources necessary to ensure that the Board is able to consider the best possible result and outcome for Silicon Valley if we are to participate in the WaterFix.

We know that Board decisions regarding the District's participation in the next phase of the California WaterFix are anticipated in 2017. We are clear that the timing for our decisions are predicated on the Record of Decision and Notice of Determination by the State and Federal Government and on staff's analysis of the benefits of District's participation in the project. As such, the Board is directing staff in FY 2018, or as soon as critical participation information is available, to present to the Board an analysis and recommendation on the District's level of participation in project funding, including funding for initial design work and support for other associated costs. Further, depending on the ultimate decision in participating, the Board expects to possibly consider many decisions relative to the WaterFix, such as design-construction oversight agreements and a potential Joint Power Authority agreement. We expect other important information to be provided including updates on federal biological opinions that will govern project operation, updates on the State Water Resources Control Board's water rights deliberations, updates on any WaterFix legal matters, updates on the financing plan for the project, and an updated "business case" for District potential participation in the project, including costs that may be incurred and benefits that may be provided by participation.

2. Prioritize the Care of Our District Facilities and Assets

Regarding the Winfield warehouse property, we understand that in FY 2017 there were four trailers set up for staff there. We included financing for an independent evaluation of the property which can result in a report on the best use of the property. We expect to provide further direction after receiving the report on how to proceed.

Relative to surplus property, the Board understands that we have offered our surplus property to outside agencies and that none of the agencies has expressed interest in purchasing them. We hope to explore how to utilize these properties to address the homeless situation in Santa Clara County, or explore other beneficial uses in FY 2018.

The budget includes funding for workspace planning so that staff can return with recommendations for future planning over the upcoming years. Finally, relative to our District facilities the budget includes maintenance to replace, repair and restore necessary dilapidated equipment, complete needed facility repairs and restore and protect our facilities.

3. Advance the District's Interest in Countywide Stormwater Resource Planning

The budget includes continued funding to explore the District's role in countywide stormwater

resource planning and management. This effort should identify stormwater and dry weather capture projects and programs that satisfy water management objectives and provide multiple benefits, including identifying opportunities to improve surface water quality; enhance habitat and open space; augment water supply; and/or use publicly owned lands and easements for stormwater capture.

4. Provide for a Watershed-Wide Regulatory Planning and Permitting Effort

The Board understands the challenges that the District is facing in obtaining permits for our projects. The FY 2018 budget includes continued funding to complete planning for a watershed wide look that will assist in expediting our permitting efforts and will provide for a better collaborative approach with regulatory agencies.

5. Foster a Coordinated Approach to Environmental Stewardship Efforts

The District is a leader in environmental stewardship. These efforts, whether they relate to the Water Utility or Watersheds activities, should be coordinated under one division to maximize their positive impact. It is understood that such a consolidation of efforts will take time to phase in, and this budget takes into consideration that effort.

6. Advance the Anderson Dam Seismic Retrofit Project

As our largest reservoir, Anderson serves not just as a critical water supply facility, but also supports the District's mission of flood protection and environmental stewardship. Recently, the Anderson Dam Seismic Retrofit Project's scope has changed dramatically with the discovery of trace faults and other engineering issues related to the dam, which has significantly extended the estimated date for project completion.

Given Anderson's critical importance to ensuring safe, clean water and flood protection for our communities and to protect public safety, it is imperative that the Anderson Dam Seismic Retrofit Project move forward proactively while ensuring that the planned project achieves all the project's objectives. To that end, the budget includes adequate funding to advance this key project, and to increase the level of communication with the community and city councils to keep them informed of the project's progress. We understand that permitting for this project is both key to its completion and a potential regulatory hurdle, so the budget reflects resources adequate to overcome any hurdles and improve timely issuance of permits.

7. Advance Recycled and Purified Water Efforts with the City of San Jose and Other Agencies

Given our previous direction to expedite purified water projects, and in light of the key role recycled and purified water will continue to play in the long-term sustainability of our county's water supplies, the execution of various Memoranda of Understanding (MOU) with appropriate agencies, to expand the use of non-potable and the production and use of advanced purified water, is a high priority. Key issues of land, treated wastewater quantity, and reverse osmosis (RO) concentrate management must be resolved with the City of San Jose before design and construction efforts for an expanded advanced purified water facility on Zanker Road can be pursued. In addition, it is expected that efforts to expand the use and availability of non-potable and advanced purified water with other agencies, both in north and south county, will increase in the next fiscal year.

The budgeted funding should be sufficient to ensure that staff can negotiate and resolve the key MOU

items with the City of San Jose, and other parties. The budget also includes funding to allow staff to continue to closely follow the evolution of Direct Potable Reuse (DPR) regulations, and assess DPR feasibility as a future drought-proof component of the District's water supply portfolio. Finally, the budget includes adequate resources necessary to support recycled and purified water efforts with other agencies, in both north and south county.

8. Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)

For almost 20 years, the District has been working to resolve a water rights complaint surrounding fish, wildlife, water quality, and other beneficial uses in Coyote Creek, the Guadalupe River, and Stevens Creek. We understand that the sheer scope of the actions involved in the resolution of the complaint — including filing water rights change petitions, preparing a Fish Habitat Restoration Plan and Environmental Impact Report and obtaining federal and state permits from several regulatory agencies — is large, but we believe that an adequately funded multi-disciplinary team can complete the planning, permitting, and other actions necessary to finalize resolution of the complaint.

Consequently, the budget funds sufficient resources to finalize the FAHCE Settlement Agreement with all parties, and begin implementation of the FAHCE program. The budget also includes close coordination with other projects that tie into the FAHCE effort, such as the Anderson Dam Seismic Retrofit Project, so that any potential delays are avoided.

9. Actively Pursue Efforts to Increase Water Storage Opportunities

Water storage capacity is an important tool for the District for capturing lower-value water for higher-value uses later. Such storage aids water supply, flood protection, and recreational uses and helps regulate downstream water quality and supply cold water flows for fish. As such, water storage is important for both human and environmental objectives and must fit within a large and diverse water and environmental portfolio.

The District must be thoughtful and creative in exploring ways to increase our storage capacity, and the budget reflects the Board's desire to evaluate, find and secure opportunities to increase our storage capacity in the coming fiscal year.

10. Advance Diversity and Inclusion Efforts

We can't succeed without diversity in our ranks. By investing in diversity and inclusion, our employees feel respected and valued for who they are, therefore enabling them to bring far more of themselves to their jobs because they are required to suppress far less in order to better address the needs of the people of the Santa Clara County. Diversity and Inclusion efforts foster a pipeline for the development of our future workforce. These efforts include support for Science, Technology, Engineering and Math (STEM) programs, internship programs, our educational work with high schools and the Youth Stewardship Commission, all of which serve as an incubator for talent. The budget includes resources to continue ongoing programs and enhanced levels of resources, if necessary, for development of future workforce.

11. Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek

With the recent President's Day flood event on Coyote Creek, the budget includes all items necessary to address the vulnerabilities encountered during this event. This budget allows for the review of

our Security and Emergency Operations Unit's resources to ensure that we have adequate funding and staffing to accomplish this important work. This budget moves forward the preparing of a joint Emergency Action Plan with the City of San Jose for Coyote Creek. This includes clear and practical thresholds that allow adequate response time and written actions that are agreed upon between all parties when a key threshold is imminent. In addition, this budget moves forward the mid Coyote project in FY 2018. While the ultimate project may not be possible prior to construction of Anderson Dam retrofits, the Board would like to see an intermediate project that provides protection to some of the most vulnerable communities move forward as soon as possible.

Sincerely,

Board of Directors

Santa Clara Valley Water District



Board members shown from the left: Tony Estremera, Richard P. Santos, John L. Varela, Gary Kremen, Barbara F. Keegan, Nai Hsueh, Linda J. LeZotte.

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Budget in Brief

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District Overview

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District Overview

The Santa Clara Valley Water District is the largest multi-purpose water supply, watershed stewardship and flood management special district in California. The District serves nearly two million people in Santa Clara County by providing a reliable and safe supply of water; enhancing streams and watersheds through creek restoration and habitat protection; providing flood protection for homes, schools and businesses; and partnering with other agencies to provide trails, parks and open space for community recreation.

The water district's unique multi-purposes enable it to use a comprehensive regional approach to water resources management and environmental protection that would not be possible if these services were fragmented among several agencies.

As the primary water resources agency for Santa Clara County, the water district encompasses all of the county's 1,300 square miles and serves the area's 15 cities: Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga and Sunnyvale. The District also serves the unincorporated areas of the county.

Collaboration with the community we serve is not only a key value but has proven to result in more successful outcomes. By seeking public input, the District is respecting the fact that our operations and projects have a direct impact on people's lives.

Community action created the District, when farmers and business representatives formed the Santa Clara Valley Water Conservation Committee in the 1920s. At that time, groundwater supplies were being over

pumped, causing the land to subside, or sink. The committee pursued creation of an organization to manage and replenish groundwater supplies, and the resulting Santa Clara Valley Water Conservation District later constructed reservoirs throughout the county to conserve water. The 1929 Santa Clara Valley Water District Act gives the District its authority to operate as a state special district, with jurisdiction throughout Santa Clara County.



The District Act authorizes the District to: "...provide comprehensive water management for all beneficial uses and protection from flooding within Santa Clara County. The District may take action to carry out all of the following purposes:

(a) to protect Santa Clara County from flood and storm waters of the district, including tidal flood waters and the flood and storm waters of streams that have their sources outside the district, but flow into the district;

(b) to protect from those flood or storm waters the public highways, life and property in the district, and the watercourses and watersheds of streams flowing within the district;

(c) to provide for the conservation and management of flood, storm, reclaimed, or recycled waters, or other waters from any sources within or outside the watershed in which the district is located for beneficial and useful purposes, including spreading, storing, retaining, and causing the waters to percolate into the soil within the district;

(d) to protect, save, store, recycle, distribute, transfer, exchange, manage, and conserve in any manner any of the waters;

District Overview

(e) to increase, and prevent the waste or diminution of, the water supply in the district;

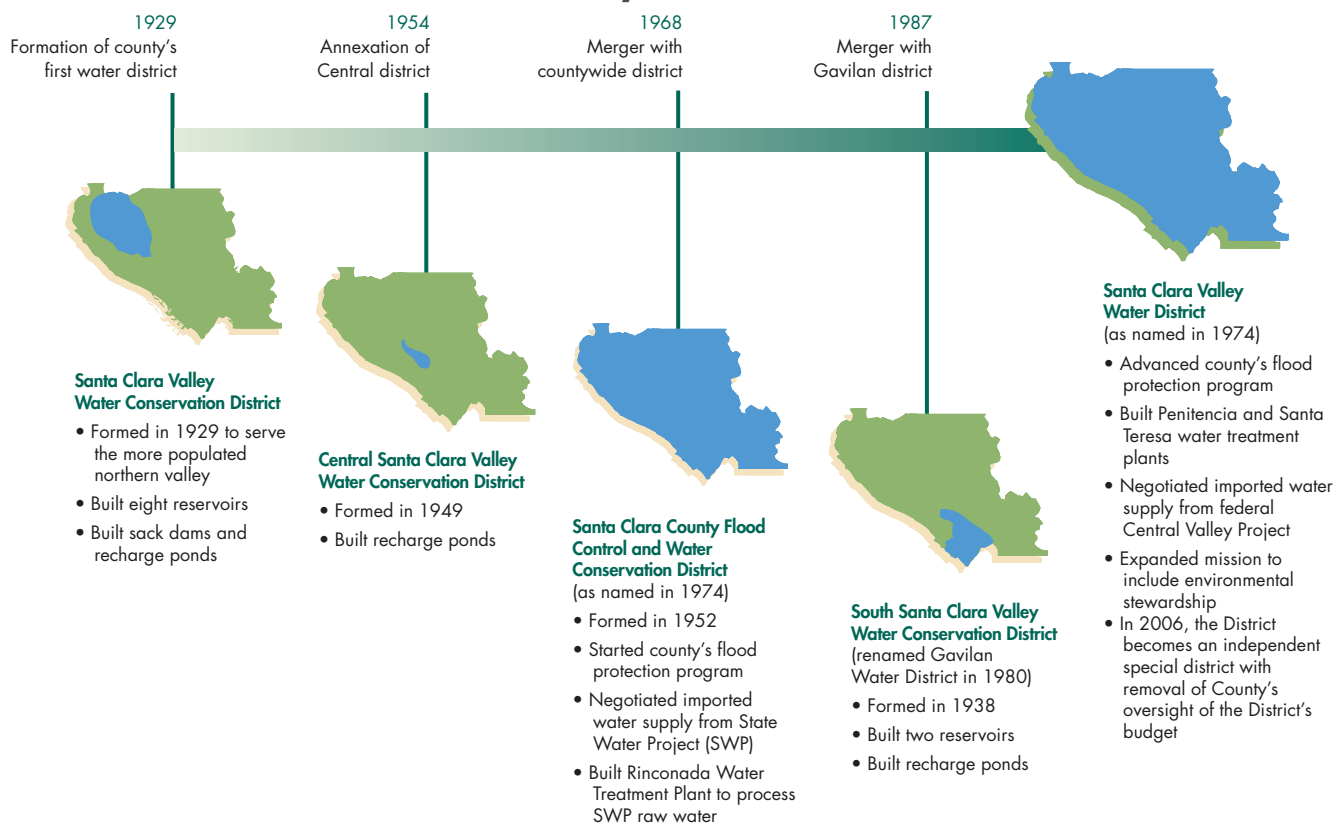
(f) to obtain, retain, reclaim, protect, and recycle drainage, storm, flood waters or treated wastewaters, or other waters from any sources, within or outside the watershed in which the district is located for any beneficial uses within the district;

(g) and to enhance, protect, and restore streams, riparian corridors, and natural resources in connection with carrying out the objects and purposes set forth in this section."

Governance and Board of Directors

The District Act outlines the structure, function and operations of the District's Board of Directors, which governs the District and directs the Board Appointed Officers. The Santa Clara Valley Water District Board of Directors is comprised of seven members each elected from equally-divided districts drawn through a formal process. The purpose of the Board, on behalf of Santa Clara County, is to provide Silicon Valley safe, clean water for a healthy life, environment and economy. The directors serve overlapping four-year terms, a structure created pursuant to the adoption of the District Act. Elections are held in November of even number years.

Evolution of the Santa Clara Valley Water District



Today's Santa Clara Valley Water District is the result of the consolidation of four agencies over time, as shown above. The water district's products and services have grown along with its increased levels of responsibility for critical water resource and environmental management functions.

District Overview

The Board elects a new chair and vice-chair annually in January.

The Board sets direction for the District through its policy governance structure. Through adopted policies, the Board determines the District's mission and goals and outcomes to be achieved for the good of the public. Specifically, the Board's Ends policies are the outcomes expected to be achieved by the organization for its customers. These include ensuring a safe, reliable source of water; flood protection; and environmental stewardship. The CEO dedicates resources to

implement programs and projects that achieve the Board's Ends policies.

In meeting the Board's Ends policies, the CEO and other Board Appointed Officers (BAOs) are solely accountable to the Board for organizational performance, which is monitored quarterly. The Board annually reviews and updates Ends and Executive Limitations policies to ensure they reflect the Board's collective values and perspectives. The Board's Policies can be viewed at <http://www.valleywater.org/About/BoardPolicies.aspx>

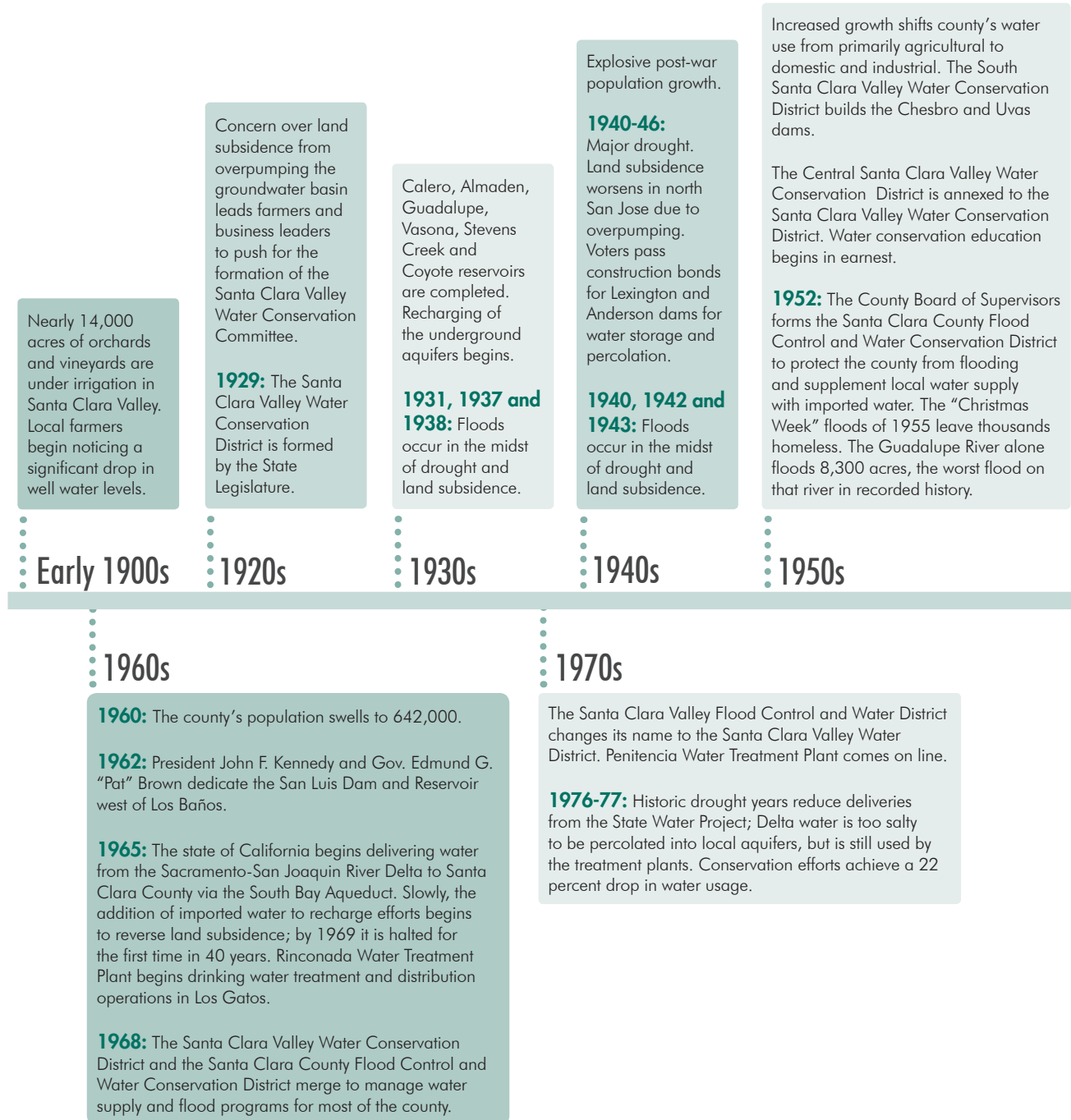
Board directorial districts



District Overview

History Timeline

For 80 years, the water district has improved and expanded its products and services to meet the growing needs of Santa Clara County residents



District Overview

Environmental mitigation for project impacts becomes a normal part of every construction project. Underground storage tanks are discovered leaking and potentially contaminating drinking water. The Santa Teresa Water Treatment Plant begins operation. Severe flooding occurs; voters approve funding for much-needed flood protection projects through benefit assessments.

1980: The South Santa Clara Valley Water Conservation District is renamed the Gavilan Water District.

1987: South county voters approve annexing Gavilan Water District to the Santa Clara Valley Water District. The federal Central Valley Project, San Felipe Division, begins delivery of imported water to the county from San Luis Reservoir just as the valley enters a seven-year drought period.

1980s

The county's population nears 1.7 million.
The 1987-93 drought drives the District to seek new sources of water through recycling, water banking and aggressive water conservation.

1995: Flooding in the county highlights the need for flood protection, especially on the Guadalupe River in downtown San Jose.

1997: The District completes the IWRP long-term water supply planning process and initiates the Water Treatment Improvement Project (WTIP) to address increasingly stringent state and federal water quality standards.

1998: Flooding occurs on San Francisquito Creek and in the county. Changing community priorities, a growing commitment to staff diversity, strict state and federal regulations and an evolving environmental ethic lead the District into the 21st Century.

1990s

2000-17

The District takes a lead role in the fight against MTBE water contamination, addresses perchlorate contamination of more than 1000 South County well and partners with local wastewater agencies to increase recycling. The first phase of the WTIP is completed and the second phase launched.

2000: County voters endorse the Clean, Safe Creeks and Natural Flood Protection Plan (Measure B) and approve a special tax to ensure continuity of flood protection and stream stewardship services for 15 more years.

2005: The 15-year, \$346 million Downtown Guadalupe Flood Protection Project is completed, protecting an estimated 95,000 people from flooding and restoring critical endangered species habitat.

2006: Santa Teresa Water Treatment Plant delivers the District's first ozonated water, providing customers better-tasting, more healthful tap water.

2007: Assembly Bill 2435 passes, ending county oversight of the District's budget and other procedural holdovers from the 1968 merger. Penitencia Water Treatment Plant begins delivering ozonated water to customers.

2009: District Board calls for 15% mandatory conservation in response to continuing water shortage; recession drives significant District budget reductions.

2010: Board called for 10% mandatory conservation in July, then 10% voluntary conservation in September. District implements protest procedure in accordance with proposition 218. New Board directorial

boundaries are drawn. Directorial boundaries changed from five to seven.

2012: County voters endorse the Safe, Clean Water (Measure B) and approve a special tax to ensure continuity of flood protection, dam maintenance and stream stewardship services for 15 more years.

2014: The Silicon Valley Advanced Water Purification Center is completed, producing 8 million gallons a day of purified recycled water to enhance the quality of recycled “purple pipe” water used for non-potable purposes and demonstrating technologies that can be used to purify water to augment drinking water supplies.

2015: Entering the fourth year of drought, the Board adopted a resolution calling for a county-wide water use reduction of 30% compared to 2013. The resolution also included a two day per week watering restriction. In November, the Board extended that call to June 2016. The District began a large scale modernization of the Rinconada Water Treatment Plant, the second-largest of the District's plants.

2016: Mid-year, the Board voted to reduce the water use reduction target to 20%, compared to 2013 water use, and increased the days per week watering restriction to three days. The implementation of flouridation was completed in December 2016 for the South, East and North San Jose, and Milpitas.

2017: In January, the Board adopted a resolution continuing the 20% water use reduction target and three day per week watering restriction. The District continues to make substantial progress towards designing seismic retrofits at four of its major dams including Anderson and Calero dams.

District Overview

Board Committees

Committees made up of Board members that advise the Board on an assigned subject purpose – ongoing basis.

Board Policy and Planning Committee: Provides support to the Board in areas of:

1. Board planning process;
2. Board Committees' principles and structures;
3. Board and organization performance monitoring; and
4. Other tasks as assigned by the Board

Board Audit Committee: Assist the Board, consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan and coordinate execution of Board audits.

Board Ethics and Conduct Committee: Consider initiation of investigation of allegations against a Board member In accordance with Board Governance Policy GP-6.

Recycled Water Committee: Develop a long term proposal for how the District can work together with other local agencies on recycled water opportunities within the district boundaries, to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues.

Water Conservation and Demand Management Committee: Support the Board in achieving its policy to provide a reliable water supply to meet current and future water usage by making policy recommendations related to demand management.

Board Ad Hoc Committees

Committees are made up of Board members that advise the Board on an assigned subject/purpose, limited in scope and duration.

FAHCE Ad Hoc Committee:

1. Track the progress of the District and other parties (Settlement Parties) of the FAHCE Settlement Agreement in completing requirements enabling dismissal of the water rights complaint and commencement of restoration program; and
2. Identify and recommend actions the Board can take to ensure expeditious completion of the requirements defined in Purpose 1.

Homeless Encampment Ad Hoc Committee: Discuss homelessness and encampment issues, and bring discussion and recommendations back to the Board.

Pacheco Reservoir Exploratory Ad Hoc Committee: Receive and discuss information on issues related to the LAFCO consideration of dissolution of Pacheco Pass Water District, the reorganization of its responsibilities and assets, as well as information related to the dam integrity and potential reservoir operating parameters for downstream aquatic habitat.

District Overview

Board Advisory Committees

Committees made up of constituents/elected officials that are formed and managed in accordance with Board resolution.

Agricultural Water Advisory Committee: To assist the Board with policies and issues pertaining to agricultural water supply and use as well as in the annual review of groundwater production charges.

Environmental and Water Resources Committee: To assist the Board with policies and issues pertaining to water supply, flood protection and environmental stewardship.

Santa Clara Valley Water Commission: To assist the board with policies and issues pertaining to water supply, flood protection and environmental stewardship, as well as in the annual review of groundwater production charges.

Joint Committees

Committees made up of Board members and other agency staff that are formed to advise the Board and/or in accordance with agreements, contracts, etc.

Joint Recycled Water Advisory Committee with the City of Sunnyvale: Develop a long term proposal for how the District and City of Sunnyvale can work together on recycled water opportunities, to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues.

Joint Recycled Water Policy Advisory Committee with the City of San Jose/Santa Clara/TPAC: Required per a term in the City–District 40-year Integration Agreement. The Committee shall tender its advice to the District’s Board of Directors and the City Council of the City of San José with respect to policy matters relating to the production, distribution and use of recycled water from facilities under administration by these agencies.

Joint Recycled Water Policy Committee with the Cities of Palo Alto, East Palo Alto, and Mountain View:

Develop a long term proposal for how the District and the Palo Alto Regional Water Quality Control Plant (RWQCP) partner agencies, other stakeholders, and interested parties, can work together on recycled water opportunities, to advance common interest, and to establish a collaborative process to facilitate policy discussion and sharing of technical information on recycled water issues.

Joint Water Resources Committee with the Cities of Morgan Hill and Gilroy:

Advance common South County water interests and receive input from stakeholders and interested parties when undertaking the following:

1. Reviewing current practices and future needs for groundwater management in the Llagas groundwater sub-basin;
2. Facilitating policy discussion and sharing of technical information on water supply planning for South County;

District Overview

3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the So. Co. Recycled Water Master Plan;
4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County; and
5. Facilitating policy discussion and sharing of socio-economic information on homelessness in South County

San Felipe Division Reach One Committee: Discuss the Initial Asset Evaluation Report, attempt to reach a joint recommendation for a Condition Level, and discuss policy issues.

External Monitoring Committee

Committee made up of members of the community nominated by the Directors

Safe, Clean Water Independent Monitoring Committee: Annually reviews the implementation of the intended results of the program and reports its findings to the Board, which makes the Committee report available to the residents and voters of Santa Clara County.

District Overview

ISO Certified Quality and Environmental Management System

ISO Certified Quality and Environmental Management System

The certification of the Santa Clara Valley Water District's integrated Quality and Environmental Management System (QEMS) to the internationally-recognized International Organization for Standardization, or ISO, demonstrates our commitment to continual improvement, customer satisfaction, delivery of quality programs and services to the community, and operating in an environmentally responsible manner.

ISO is the world's largest developer of voluntary international standards, which are state of the art specifications for products, services, and good practices, helping make industry more efficient and effective.

We have an extensive history of ISO commitment and experience, having first been registered to ISO 9001 in 2002 for quality management systems and to ISO 14001 in 2004 for environmental management systems.

The District is currently certified to ISO 9001:2008 standards for quality products and services and to ISO 14001:2004 standards for environmental protection through pollution prevention. In Fiscal Year 2018, the District will pursue certification to new ISO requirements: ISO 9001:2015 and ISO 14001:2015.

ISO certification validates that our processes continue to be effectively implemented by our employees to improve efficiency, reduce waste, and produce consistent results for our customers.

We believe that maintaining ISO certification is important because it reinforces our focus on quality, customer satisfaction, and continual improvement; a reflection of Silicon Valley's culture of innovation and excellent customer experience.

For additional information regarding the District's ISO certification, please visit <http://www.valleywater.org/About/QEMS.aspx>

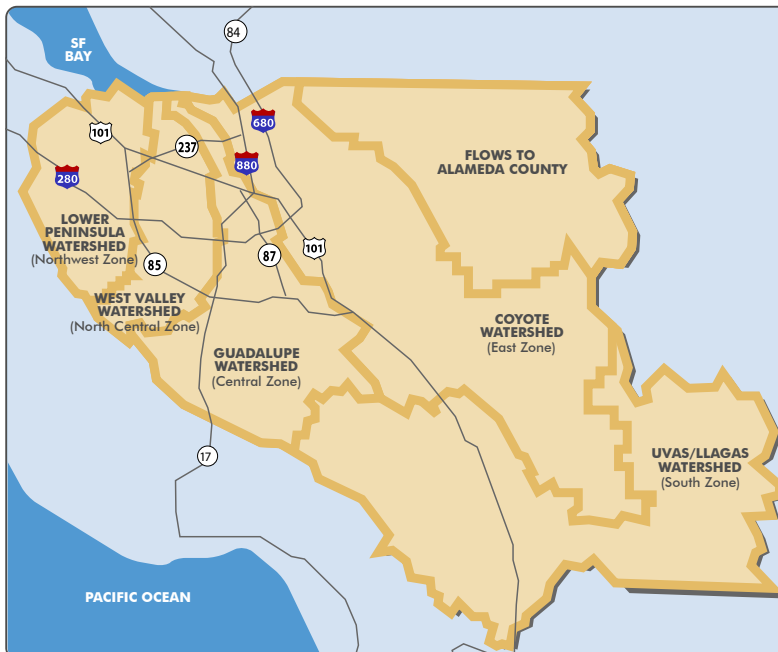
District Overview

Major water utility zones of benefit in Santa Clara County



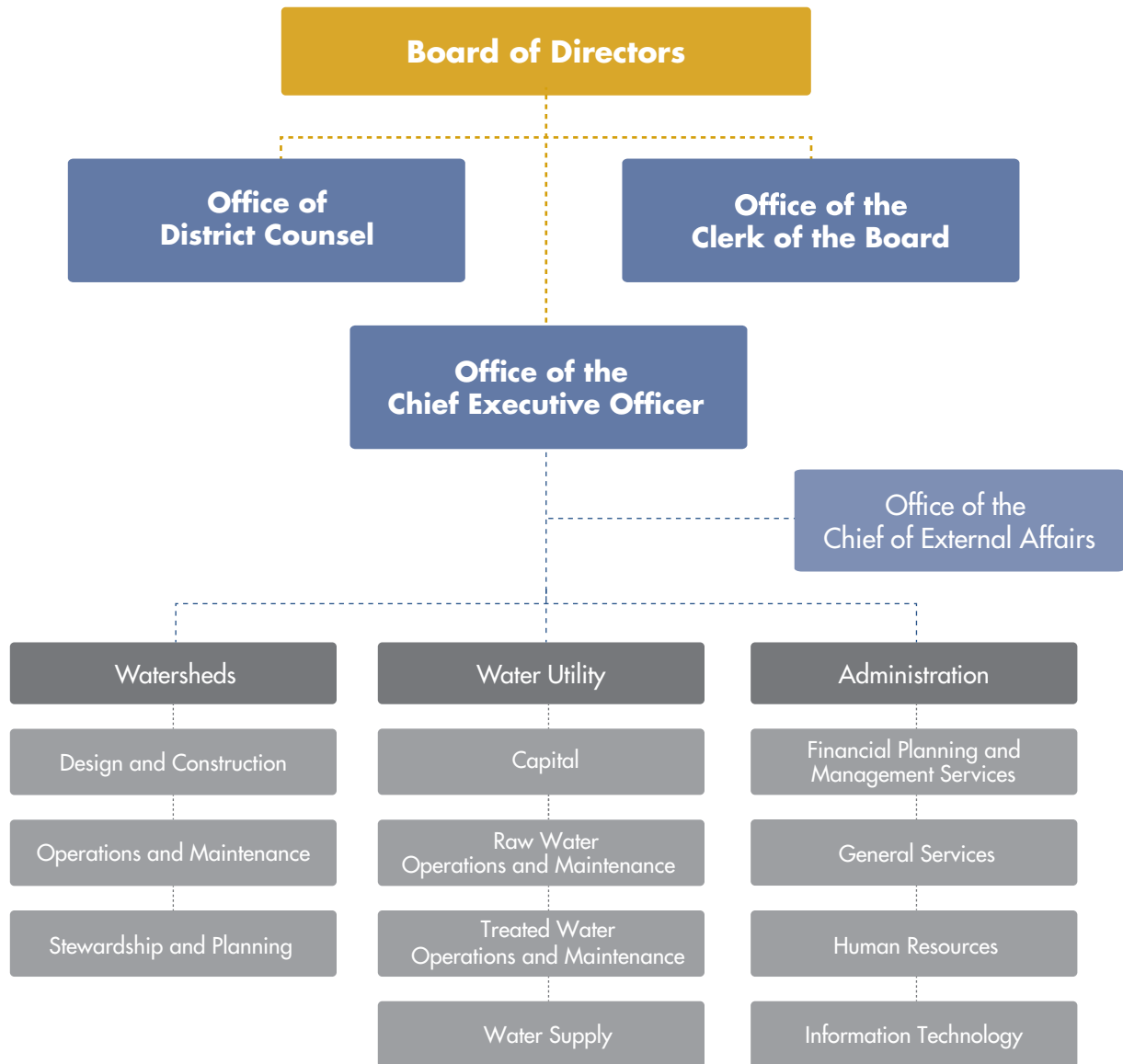
As part of the District's core water supply function, two major water utility zones form the basis for establishing District water charges. Zone W-2 encompasses the Santa Clara Valley groundwater basin north of Metcalf Road. It includes those groundwater producing facilities that benefit from recharge with local and imported water. Zone W-5 comprises the entire Llagas groundwater basin from Metcalf Road south to the Pajaro River. Water charges are set separately for each zone, reflecting District activities carried out in each.

Watershed areas and flood control zones of Santa Clara County



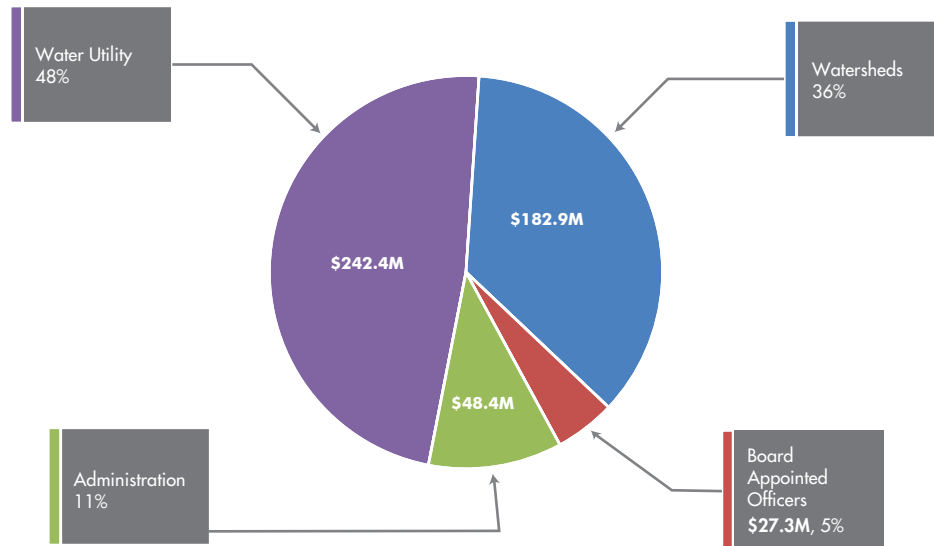
More than 800 miles of creeks flow through Santa Clara County. The District works to protect both the natural attributes of these waterways and the communities that surround them as part of its watershed stewardship core function. Fifty-one years of working for flood protection has reduced the intensity and frequency of flooding in Santa Clara County.

District Overview



District Overview

FY17-18 Budget Summary by Org Area, \$501 Million



The FY17-18 proposed budget \$501M does not include capital budget estimated to be carried forward from prior year.



Financial Overview

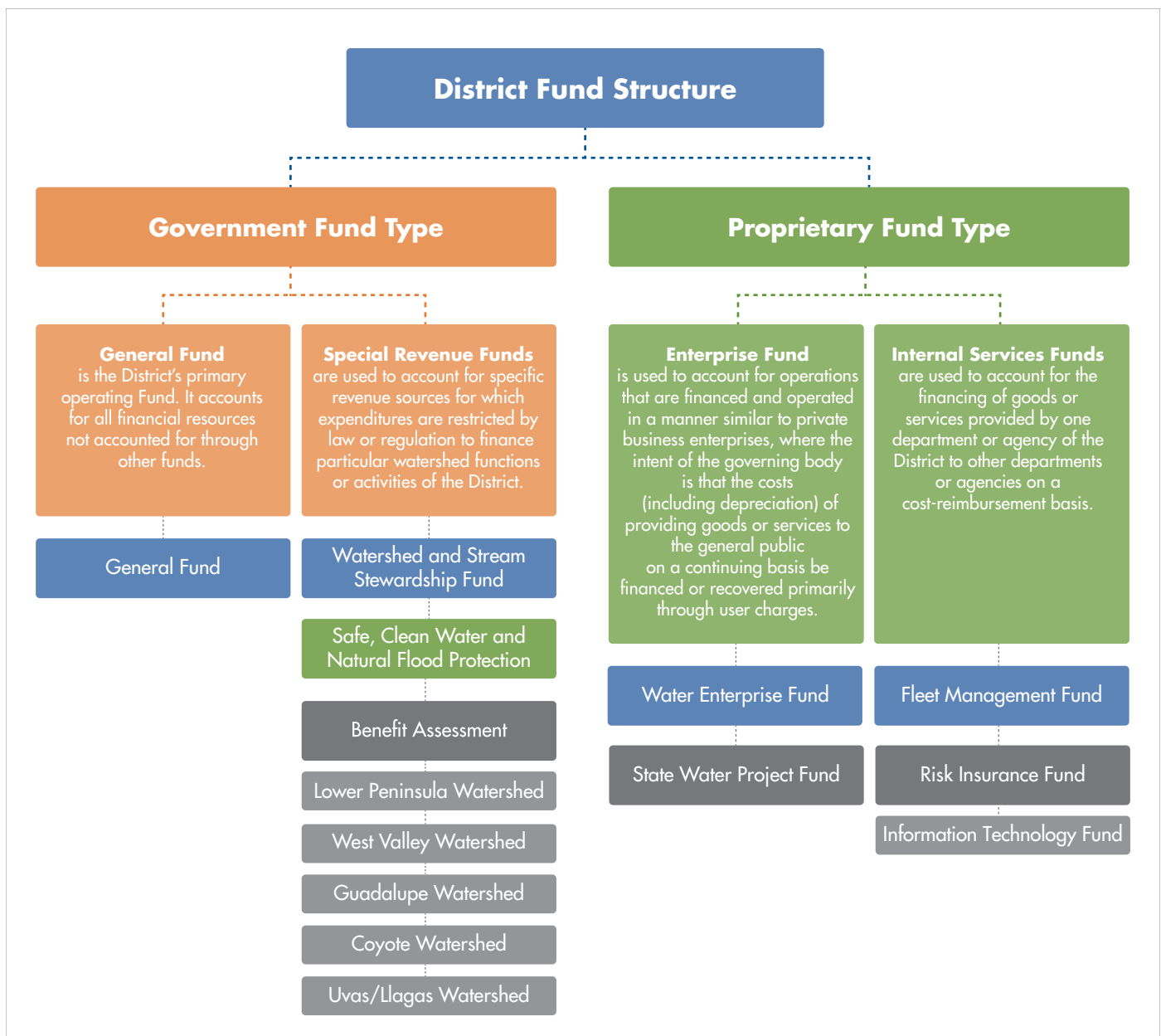
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Operating and Capital Budget

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INTRODUCTION

Financial Overview



Financial Overview

Financial Overview

The accounts of the District are organized based on fund types and account groups. Each fund is an independent accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Fund accounting allows government resources to be segregated and accounted for per their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions.

Revenue

Revenue projections are, in general, taken from the District's long-range planning documents. These planning tools are continuously updated based on the best information available. They are formalized annually in the Annual Report on the Protection and Augmentation of Water Supplies, the Flood Control Benefit Assessments Report, and the Safe, Clean Water and Natural Flood Protection Report.

The FY 2017-18 budget includes projected revenues of approximately \$444.1 million. These revenues are a net increase of 7.4% from the \$413.6 million included in the FY 2016-17 adopted budget. The net \$30.5 million increase is primarily derived from increases in water revenue (\$28.4 million), 1% ad valorem property taxes (\$6.3 million), special parcel tax (\$1.0 million), capital reimbursement revenue (\$2.6 million) offset by a decrease in State Water Project property tax (-\$7 million) and a net decrease to other revenues (-\$0.8 million).

The specific categories of revenue include:

Water Revenue

The main source of District revenue is from water charges projected for FY 2017-18 at \$215.2 million, or 48.5% of total revenues. Charges for water that is processed through District treatment plants (treated

water) continue to be the largest contributor with an estimate of \$133.9 million. Groundwater production charges are estimated at \$78.9 million, while surface/ recycled water sales are projected at approximately \$2.4 million. Staff is recommending a 9.6% increase in municipal & industrial groundwater charges for Zone W-2 and a 6.4% increase for Zone W-5 in the FY 2017-18 budget.

Property Tax

Property taxes for FY 2017-18 are estimated at \$113.2 million which is 25.5% of total revenue and represents a 0.6% decrease from the FY 2016-17 adopted budget. The District benefits from two types of property taxes - 1% ad valorem (\$87.3 million) and levies for State Water Project (SWP) indebtedness (\$26.0 million). More information can be found in the Major Sources of Revenue section later in this chapter.

Special Parcel Tax

The Safe, Clean Water Program special parcel tax was approved by the voters in November 2012. The Special Parcel Tax estimated for FY 2017-18 is \$42.5 million, representing 9.6% of total revenues, and an increase of 2.4% over FY 2016-17.

Benefit Assessments

Benefit assessment revenue consists of levies approved by voters in 1986 and 1990 to support financing for flood control capital improvements. The FY 2017-18 budget is approximately 1.25 times the duly authorized annual debt service requirements for each watershed. Benefit assessment revenue represents \$14.8 million, 3.3% of total revenue in FY 2017-18.

Intergovernmental Revenues

Intergovernmental revenues consist chiefly of grants from local, state and federal agencies for various operating programs expected to be claimed by the District in this budget period. Representing less than 1% of total revenues, Intergovernmental revenues are budgeted at \$1.2 million, 0.2% of FY 2017-18

Financial Overview

revenue.

Capital Reimbursements

Capital reimbursements are from local, state and federal agencies for specified capital projects that the District has completed, initiated or will undertake in this budget period. District-wide capital reimbursements are budgeted at approximately \$49.9 million for FY 2017-18, 11.2% of total revenues. More specific information is provided in the sections for the Watersheds and Water Utility funds.

Interest

Interest earnings are expected at \$3.5 million in FY 2017-18. This revenue category constitutes 0.8% of total revenues.

Other Revenue

Other Revenue comprises revenue from minor sources such as rental income and the sale of vehicles, computers and property totals \$3.8 million, 0.9% of total revenues.

Appropriations/Outlays

Net total operating and capital outlays for the FY 2017-18 budget is \$501.0 million. This figure does 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.

FY 2017-18 net operating outlays have decreased by approximately \$1.0 million or 0.3% compared to the FY 2016-17 adopted budget.

The decrease in net outlays reflects continued efforts to contain cost increases while striving to maintain service levels that support key strategic objectives. Among the issues facing the District are:

- Infrastructure maintenance and construction needs (ensuring dam safety, managing infrastructure for reliability, care of district facilities and assets)

- Funding for capital projects (shortage of federal funding, coordinated planning of permitting efforts, environmental stewardship efforts)
- Advance the Districts interest in countywide stormwater resource planning
- Coyote Creek flood response
- Making key decisions regarding the California WaterFix
- Advancing recycled and purified water efforts
- Finalizing the Fisheries and the Aquatic Habitat Collaborative Effort (FAHCE)
- Pursuing efforts to increase water storage opportunities
- Advancing diversity and inclusion efforts

The District is responding to these challenges in several ways, including expanded efforts possible with the help of 16 new positions discussed in greater detail in the sections that follow.

Growth within the appropriation category is limited to essential services that support District-wide strategic objectives and effective use of reserves for one-time costs or priority activities.

Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. For Fiscal 2017-18, the total is \$81.3 million. Intra-district charges reimburse the General Fund and Service Funds for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management. In general, 49% of intra-district is paid by the Water Utility Enterprise, 34% Watersheds, 11% General Fund, and 6% Internal Service Funds.

Capital Outlays

FY 2017-18 capital project appropriations total \$218.3 million, a decrease of \$22.4 million from the FY 2016-17 adopted budget. It is anticipated that \$98.8 million of the FY 2016-17 adjusted budget for

Financial Overview

capital projects also will carry forward into FY 2017-18 at the close of the current fiscal year as most capital improvement projects will require multiple years to complete. The capital budget represents those projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP).

Other Financing Sources/Use

Other financing sources include debt financing proceeds to fund capital improvements. For FY 2017-18, planned Bond Proceeds of \$62 million and Commercial Paper proceeds of \$140 million are to finance Water Utility (\$118.9 million) and Watersheds (\$83.5 million) capital improvement programs.

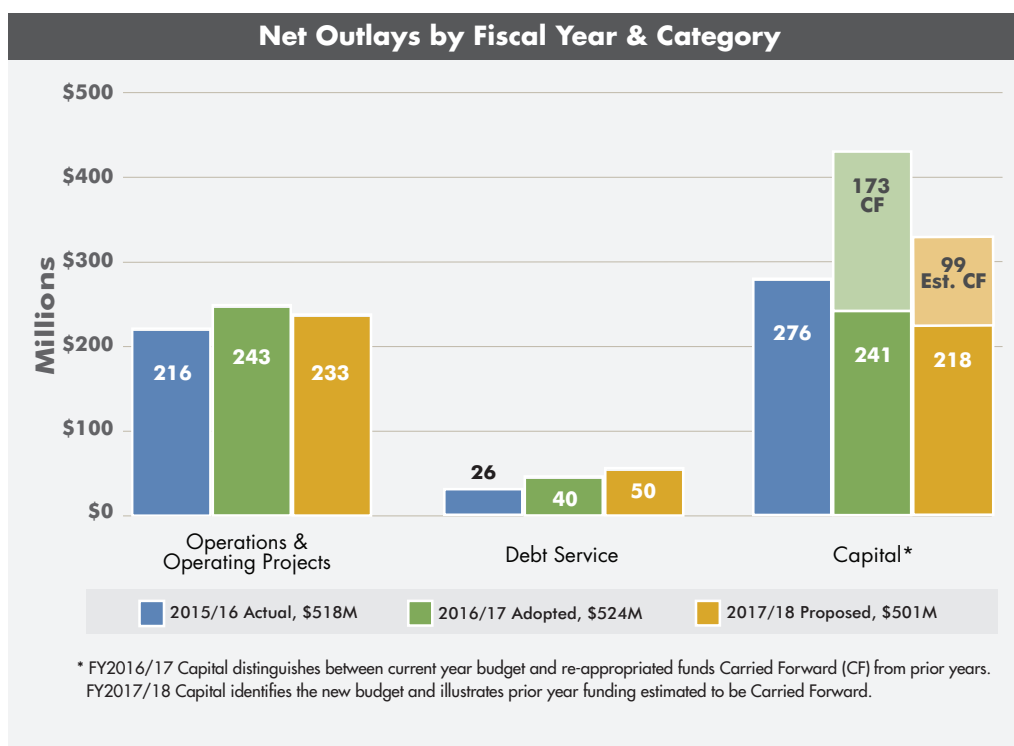
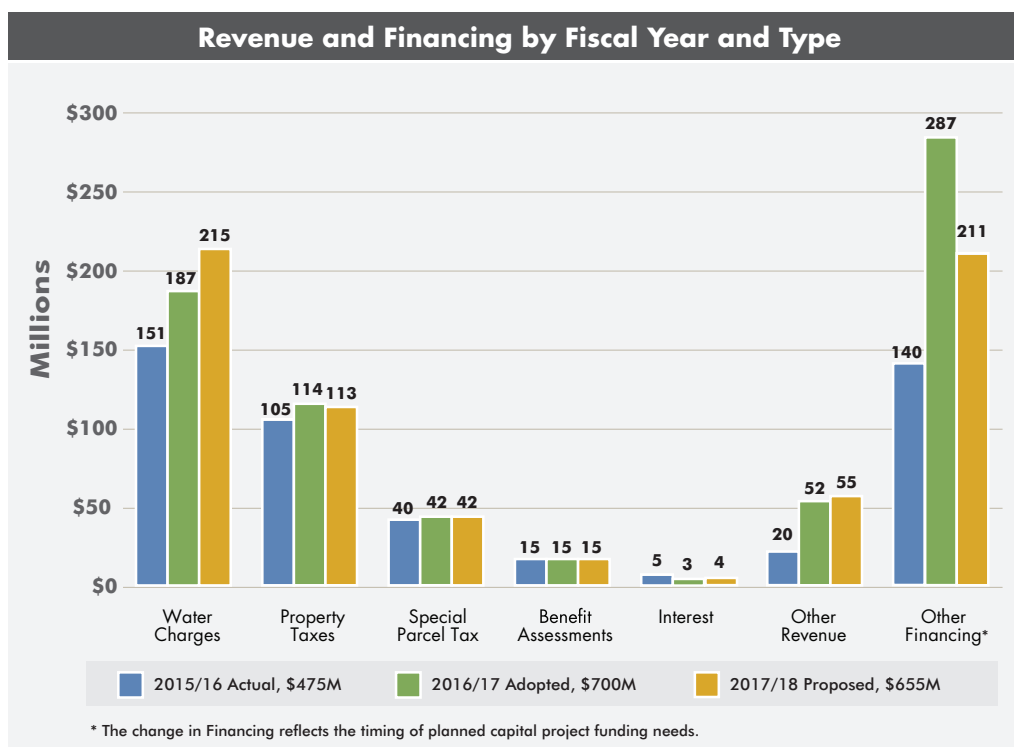
Reserves

Overall, budgeted reserves for FY 2017-18 are expected to increase \$51.7 million to \$359.6 million. The increase primarily occurs in the restricted reserve portion with the largest increases in the Safe, Clean Water Fund currently authorized projects reserve (\$40.2 million) and in the District-wide operating and capital reserves (\$29.5 million). These increases are primarily offset by restricted and committed currently authorized projects reserves (\$18 million).

Staffing

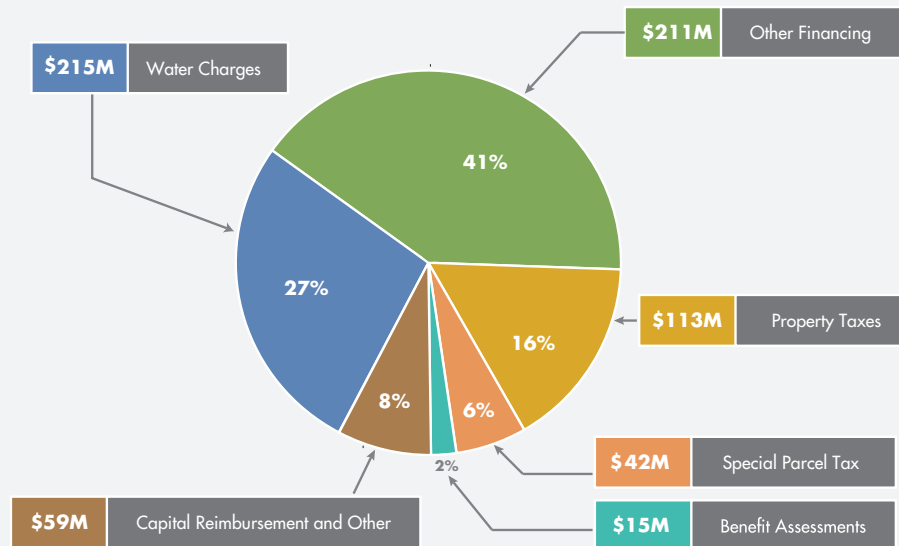
The FY 2017-18 budget includes 807 positions, an increase of 16 new positions from the prior year. The new positions' cost totals \$2.7 million. The 16 new positions support the Watersheds' stream maintenance and Safe, Clean Water programs (7.0), Water Utility water supply (3.0), District-wide information systems and technology (2.0), finance (1.0), communications (1.0), and civil engagement (2.0). More information can be found in the fund sections of this document.

Financial Overview

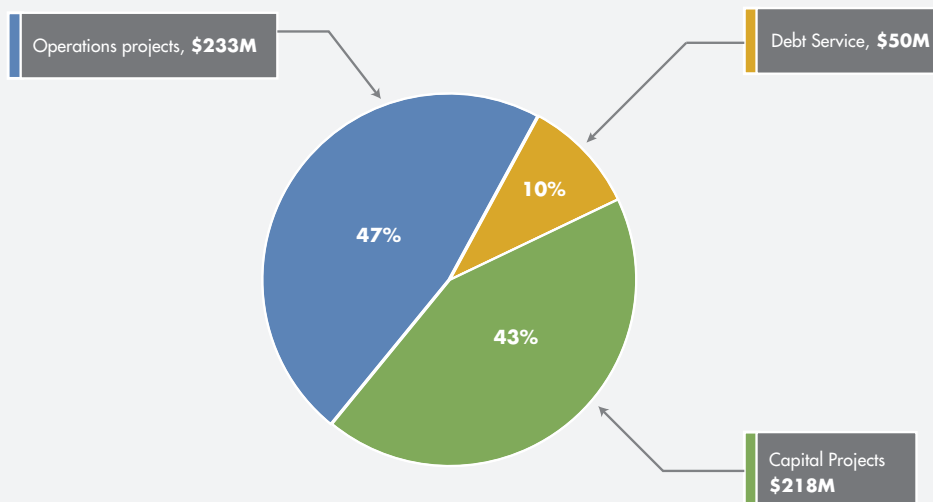


Financial Overview

FY 2017-18 Revenue and Financing, \$655 Million



FY 2017-18 Net Outlays by Category, \$501 Million



Capital projects outlay does not include capital budget estimated to be carried forward from prior year.

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Property Tax	\$ 105,268,885	\$ 113,920,290	\$ 117,100,000	\$ 113,249,700	\$ (670,590)	(0.6)%
Special Parcel Tax	39,684,083	41,528,137	41,073,026	42,510,582	982,445	2.4%
Benefit Assessments	14,682,528	14,784,580	14,784,580	14,777,514	(7,066)	(0.0)%
Inter-governmental services	3,002,075	1,985,000	3,492,905	1,189,000	(796,000)	(40.1)%
Groundwater Production Charges	61,128,400	76,847,000	76,847,000	78,943,000	2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water Revenue	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Interest*	5,311,446	3,152,989	3,500,000	3,500,000	347,011	11.0%
Capital Reimbursements	7,919,278	47,271,000	44,703,000	49,846,000	2,575,000	5.4%
Other	7,557,920	4,066,101	4,143,101	3,784,822	(281,279)	(6.9)%
Total Revenue	\$ 334,661,532	\$ 413,597,097	\$ 415,685,612	\$ 444,099,618	\$ 30,502,521	7.4%
Operating Outlays:						
Operations**	\$ 272,379,703	\$ 305,540,935	\$ 314,873,074	\$ 307,602,107	\$ 2,061,172	0.7%
Operating Projects	4,104,359	6,609,170	6,609,170	6,598,495	(10,675)	(0.2)%
Debt Service	25,789,674	39,524,762	39,524,762	49,750,357	10,225,595	25.9%
Total Operating Outlays	\$ 302,273,736	\$ 351,674,867	\$ 361,007,006	\$ 363,950,959	\$ 12,276,092	3.5%
Less: Intra-District Reimb	(63,230,956)	(68,024,829)	(68,024,832)	(81,258,562)	(13,233,733)	19.5%
Net Outlays	\$ 239,042,780	\$ 283,650,038	\$ 292,982,174	\$ 282,692,397	\$ (957,641)	(0.3)%
Capital Projects	276,151,606	240,718,019	295,363,181	218,300,665	(22,417,354)	(9.3)%
Carried Forward Capital Projects	—	172,891,000	1,000,066	98,812,000	(74,079,000)	(42.8)%
Total Capital Outlays	\$ 276,151,606	\$ 413,609,019	\$ 296,363,247	\$ 317,112,665	\$ (96,496,354)	(23.3)%
Other Financing Sources/(Uses) :						
Bond Proceeds	\$ 131,482,186	\$ 285,220,000	\$ 123,585,000	\$ 62,000,000	\$ (223,220,000)	—
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	—
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
Transfers In	29,269,858	11,715,362	5,788,362	16,914,831	5,199,469	44.4%
Transfers Out	(29,269,858)	(11,715,362)	(5,788,362)	(16,914,831)	(5,199,469)	44.4%
Total Other Financing	\$ 140,199,731	\$ 286,845,340	\$ 125,210,340	\$ 210,500,000	\$ (76,345,340)	511.7%
Balance Available	\$ (40,333,123)	\$ 3,183,380	\$ (48,449,469)	\$ 54,794,556	\$ —	—
Year-End Reserves:						
Restricted Reserves						
WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
WUE- Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- State Revolving Fund Reserve	—	—	—	—	—	—
WUE- State Water Project Tax Reserve	—	—	—	—	—	—
WUE- Debt Service Reserve	—	—	—	—	—	**
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
WUE- Drought Reserve	—	3,000,000	3,000,000	3,000,000	—	—

Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
SCW- Currently Authorized Projects***	147,146,206	62,678,000	90,678,000	15,357,000	(47,321,000)	(75.5)%
SCW- Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,810,531	40,194,183	37.7%
Total Restricted Reserves	\$ 190,202,225	\$ 211,323,171	\$ 134,859,916	\$ 205,792,958	\$ (5,530,213)	(2.6)%
Committed Reserves						
Operating & Capital Reserve	\$ 86,668,909	\$ 75,036,279	\$ 96,453,600	\$ 104,523,952	\$ 29,487,673	39.3%
Currently Authorized Projects***	63,026,466	8,862,000	61,066,326	37,575,326	28,713,326	324.0%
Floating Rate Debt Stabilization	—	—	—	—	—	**
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%
Property Self Insurance/Catastrophic	6,864,991	6,149,531	7,519,280	6,049,442	(100,089)	(1.6)%
Total Committed Reserves	\$ 163,060,366	\$ 96,547,810	\$ 169,953,206	\$ 153,814,720	\$ 57,266,910	59.3%
Total Year-End Reserves	\$ 353,262,591	\$ 307,870,981	\$ 304,813,122	\$ 359,607,678	\$ 51,736,697	16.8%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

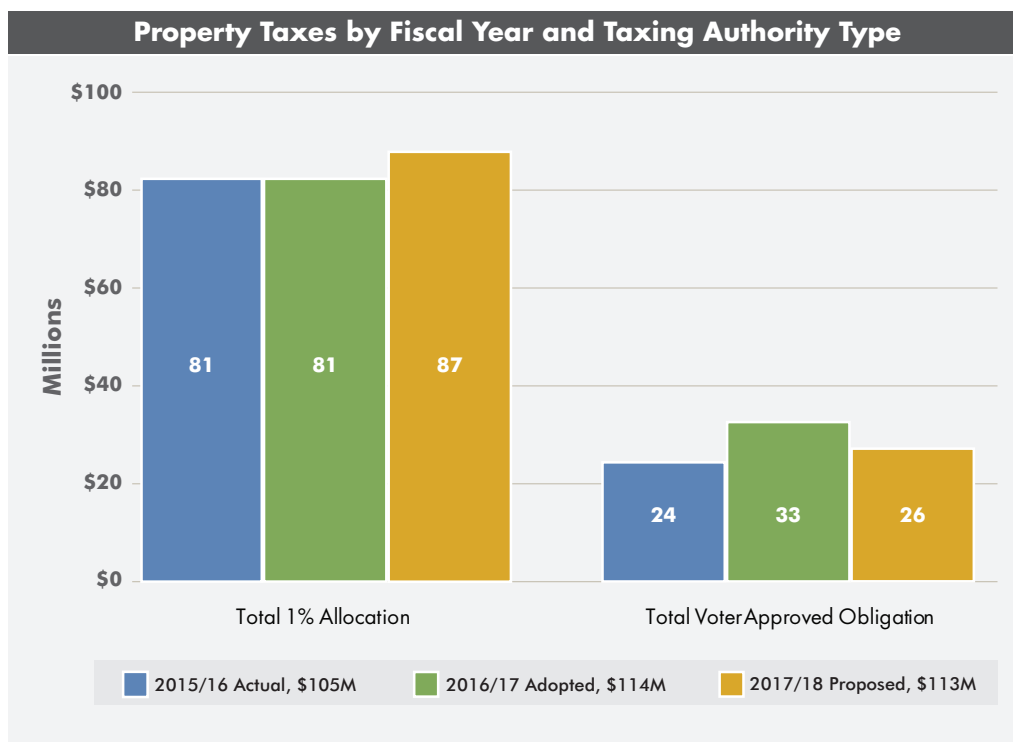
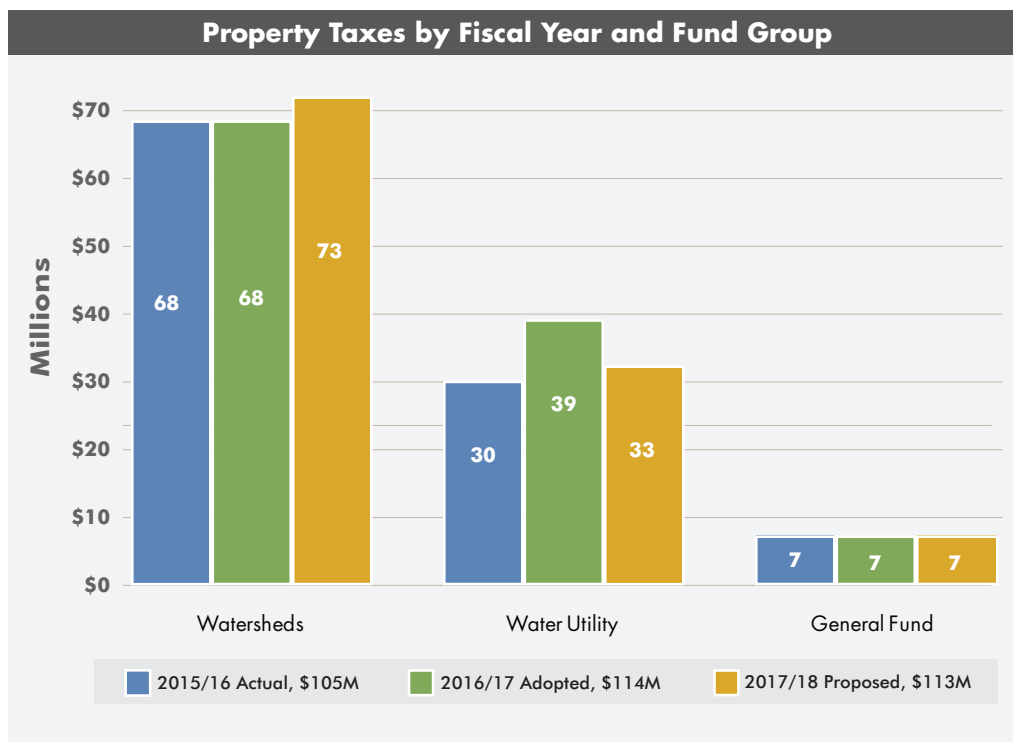
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MAJOR SOURCES OF REVENUES

Financial Overview

Property Taxes



Financial Overview

Property Taxes

The District's property tax revenues are comprised of two distinct categories: an allocated share of countywide 1% ad valorem property tax receipts, and a voter-approved levy for State Water Project (SWP) contract obligations.

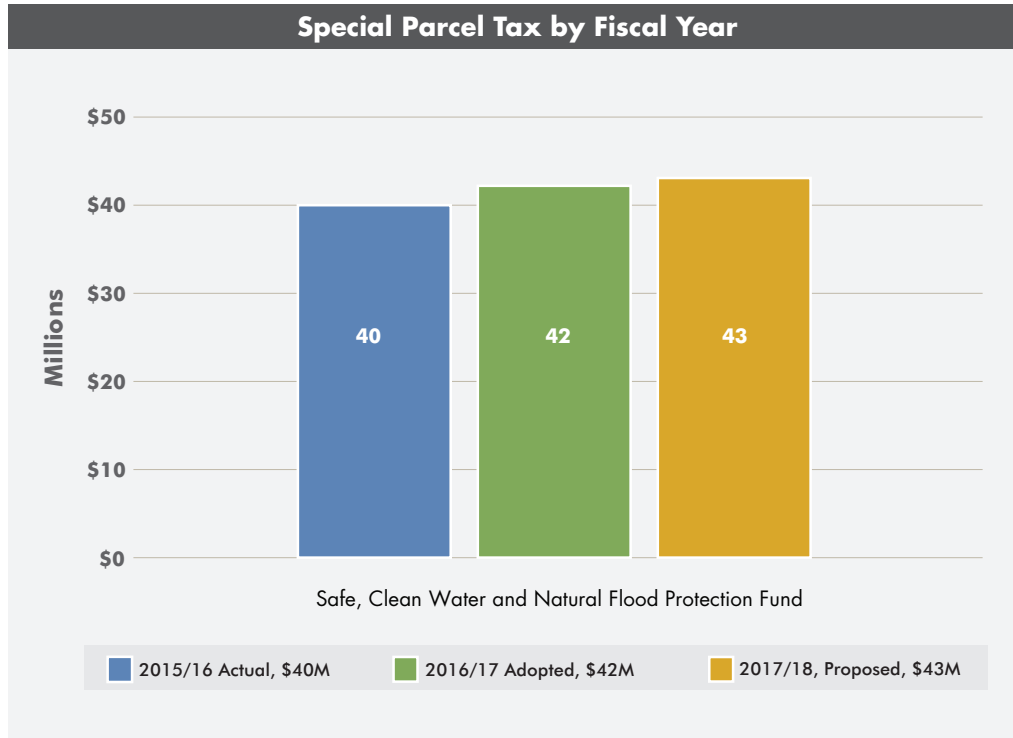
For FY 2017-18, the District is projecting \$87.2 million in ad valorem tax revenues, a 7.8% increase over the FY 2016-17 Adopted budget. The increase is based on updates from Santa Clara County staff and is tied to the overall valuation of the Santa Clara County real estate market.

The District also directly levies a property tax based on annual indebtedness to the State of California pursuant to its water supply contract dated November 20, 1961. Such indebtedness is reflected in the District SWP water purchase costs and pays for construction, maintenance and operation of SWP infrastructure and facilities. The amount of District taxes to be collected is estimated at \$26.0 million for FY 2017-18. This is a decrease of \$7.0 million over the FY 2016-17 Adopted budget. The decrease is primarily due to the elimination of drought rates for SWP water purchases.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Watershed Fund - 1% Allocation	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
District General Fund - 1% Allocation	6,728,867	6,657,750	6,915,000	7,102,100	444,350	6.7%
Water Enterprise - 1% Allocation						
Zone W-3	\$ 768,502	\$ 780,000	\$ 813,183	\$ 841,644	\$ 61,644	7.9%
Zone W-4	4,816,862	4,701,040	4,969,817	5,148,386	447,346	9.5%
Gavilan Water Conservation District	477,516	502,000	502,000	519,570	17,570	3.5%
Water Enterprise - Voter Approved Obligations						
State Water Project Debt Service	\$ 24,471,718	\$ 33,000,000	\$ 33,000,000	\$ 26,000,000	\$ (7,000,000)	(21.2)%
Total Property Taxes	\$ 105,268,885	\$ 113,920,290	\$ 117,100,000	\$ 113,249,700	\$ (670,590)	(0.6)%
Property Tax Summary						
Total 1% Allocation	\$ 80,797,167	\$ 80,920,290	\$ 84,100,000	\$ 87,249,700	\$ 6,329,410	7.8%
Total Voter Approved Obligations	24,471,718	33,000,000	33,000,000	26,000,000	(7,000,000)	(21.2)%
Total Property Taxes	\$ 105,268,885	\$ 113,920,290	\$ 117,100,000	\$ 113,249,700	\$ (670,590)	(0.6)%

Financial Overview

Special Parcel Tax



Financial Overview

Special Parcel Tax

In November 2000, over two-thirds of Santa Clara County voters approved the original 15-year special parcel tax to fund the District's countywide Clean, Safe Creeks and Natural Flood Protection Program (Clean, Safe Creeks). In November 2012, more than two-thirds of the voters approved the Safe, Clean Water and Natural Flood Protection program that builds upon the success of its predecessor Clean, Safe Creeks program and extends the special parcel tax another 15 years. The special parcel tax levy is based on the proportionate distribution of storm water runoff per

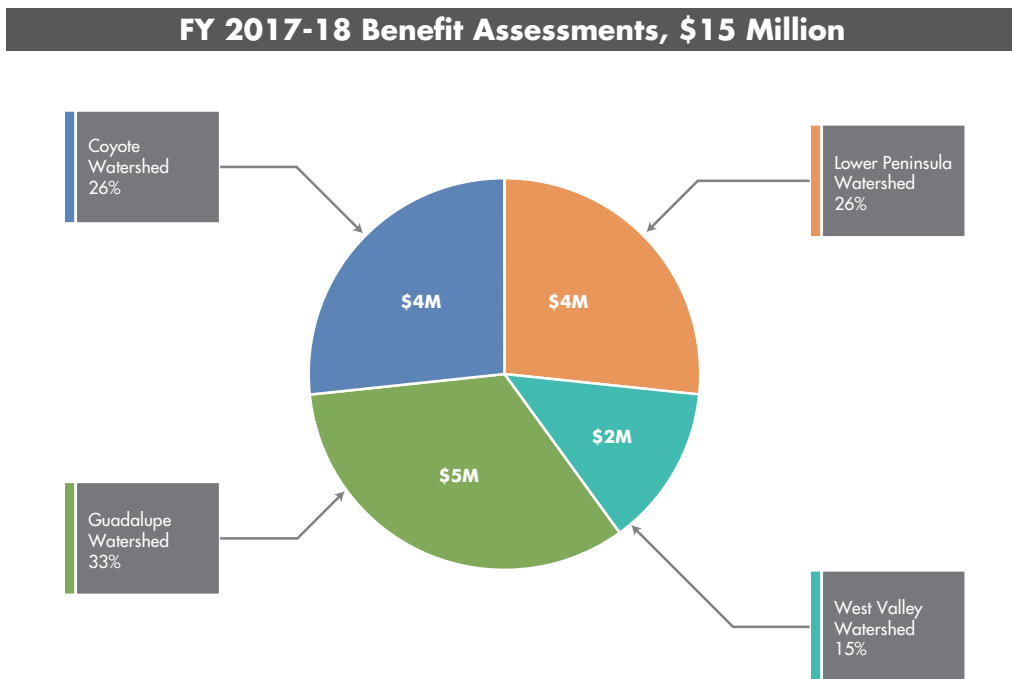
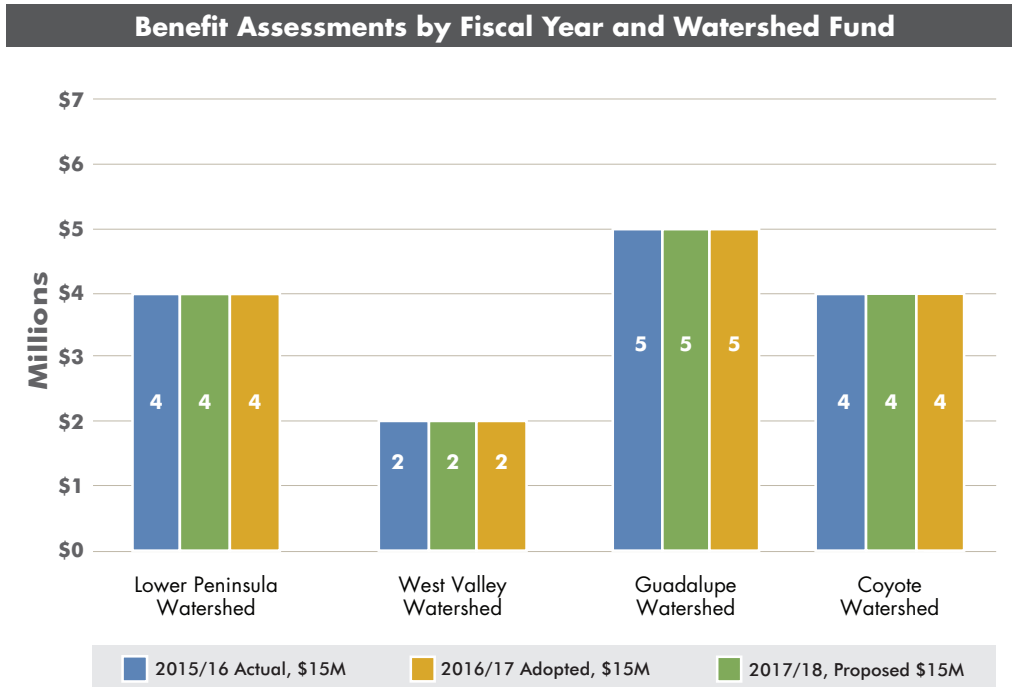
parcel, and may be increased annually by either the prior year's San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI) or 3%, whichever is greater.

For FY 2017-18, special parcel tax revenues are expected to increase by 1.0 million or 2.4% over the FY 2016-17 adopted budget. The increase is mainly due to the proposed increase in the special tax rates, and partially due to an anticipated increase in eligible parcel count from economic growth within the county.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Special Parcel Taxes						
Safe Clean Water & Natural Flood Protection	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%
Total Special Parcel Tax	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%

Financial Overview

Benefits Assessment



Financial Overview

Benefits Assessment

The Flood Control Benefit Assessment was first authorized by the District Board of Directors in 1981, and then by ballot measures in 1982, 1986, and 1990. The program had a sunset date of 2000 but the assessment will continue until 2030, when the District will pay off the bonds associated with it.

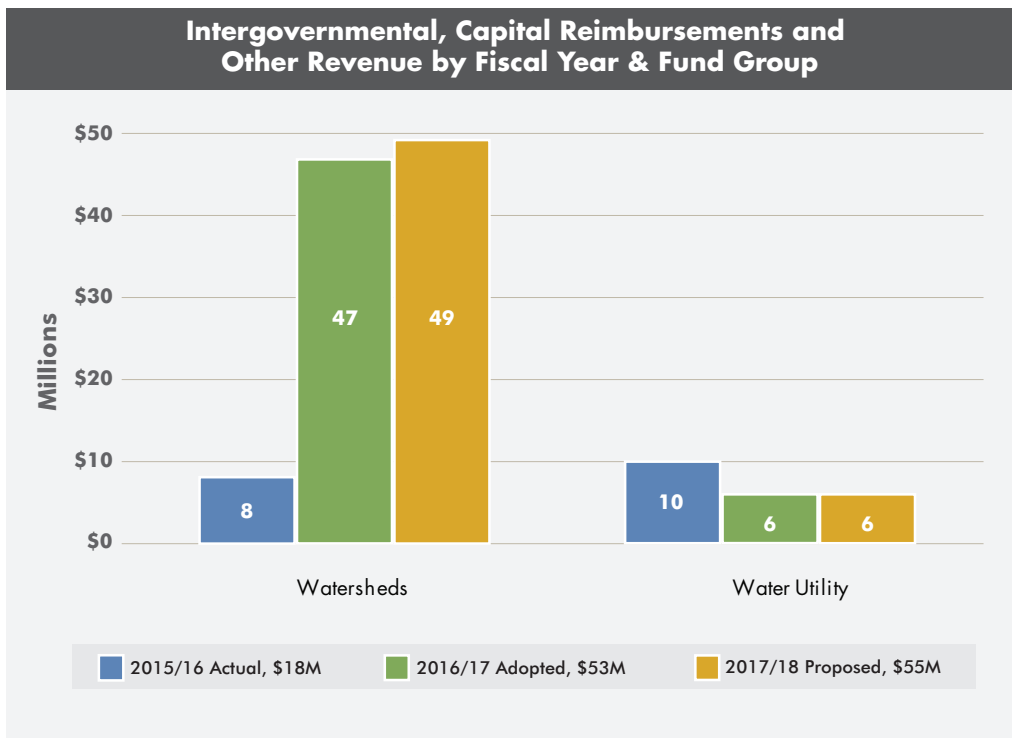
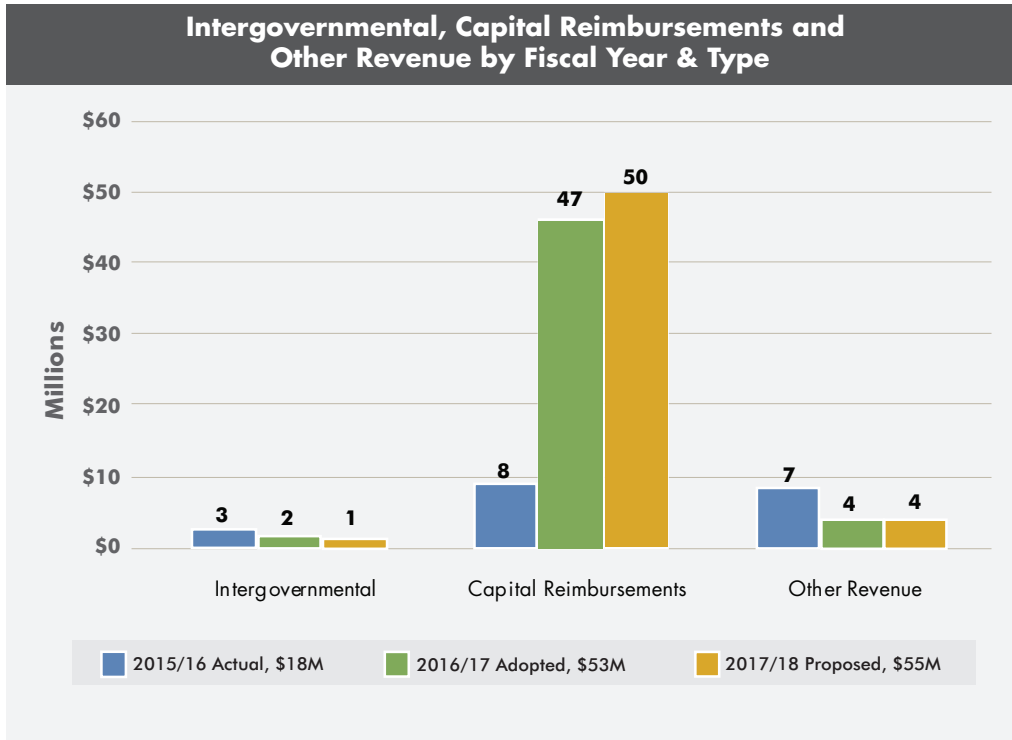
of the benefit assessment program with benefit assessments levied at 1.25 times the annual debt service. For FY 2017-18, the Benefit Assessment revenue receipts are anticipated to come in at \$14.8 million. As the District pays down principal, the amount collected decreases.

FY 2017-18 continues under this debt repayment phase

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted		
					\$ Diff	% Diff	
Watershed Funds:							
Lower Peninsula Watershed	\$ 3,997,345	\$ 4,041,221	\$ 4,041,221	\$ 4,038,079	\$ (3,142)	(0.1)%	
West Valley Watershed	2,246,217	2,266,524	2,266,524	2,265,508	(1,016)	(0.0)%	
Guadalupe Watershed	4,529,288	4,579,897	4,579,897	4,578,702	(1,195)	(0.0)%	
Coyote Watershed	3,909,678	3,896,938	3,896,938	3,895,225	(1,713)	(0.0)%	
Total Benefit Assessments	\$ 14,682,528	\$ 14,784,580	\$ 14,784,580	\$ 14,777,514	\$ (7,066)	(0.0)%	

Financial Overview

Intergovernmental and Other Revenues



Financial Overview

Intergovernmental and Other Revenues

Intergovernmental Services

The District anticipates receiving intergovernmental services revenue of \$1.2 million for the Water Utility.

Capital Reimbursement Revenue

The District anticipates Capital Reimbursement Revenue in the amount of \$49.8 million.

Water Enterprise receipts are budgeted at \$2.7 million comprised of \$2.0 million for the South County recycled water pipeline, \$0.3 million from San Benito County for small capital improvements on the San Felipe pipeline, \$0.3 million from San Benito County for Pacheco conduit inspection and rehabilitation, and \$0.1 million from San Benito County for SCADA remote architecture and communications upgrades.

Total Watersheds reimbursements are budgeted at \$47.2 million. Of this, \$28.0 million is budgeted in the

Watershed and Stream Stewardship Fund and \$19.2 million is budgeted in the Safe, Clean Water Fund. Watershed and Stream Stewardship reimbursements are comprised of \$23.0 million from Department of Water Resources (DWR) Proposition 1E funds and \$5.0 million from State Subventions. Safe, Clean Water reimbursements are comprised of \$6.0 million from DWR Proposition 1E funds and \$13.2 million from State Subventions. More information can be found in the Watersheds section of this document.

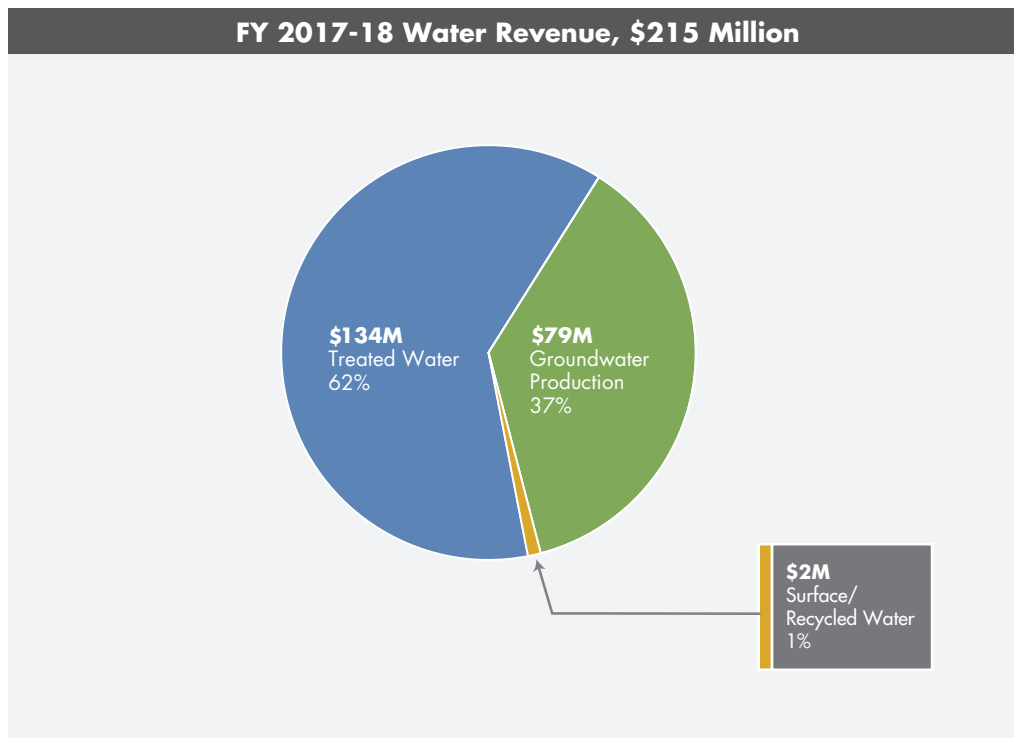
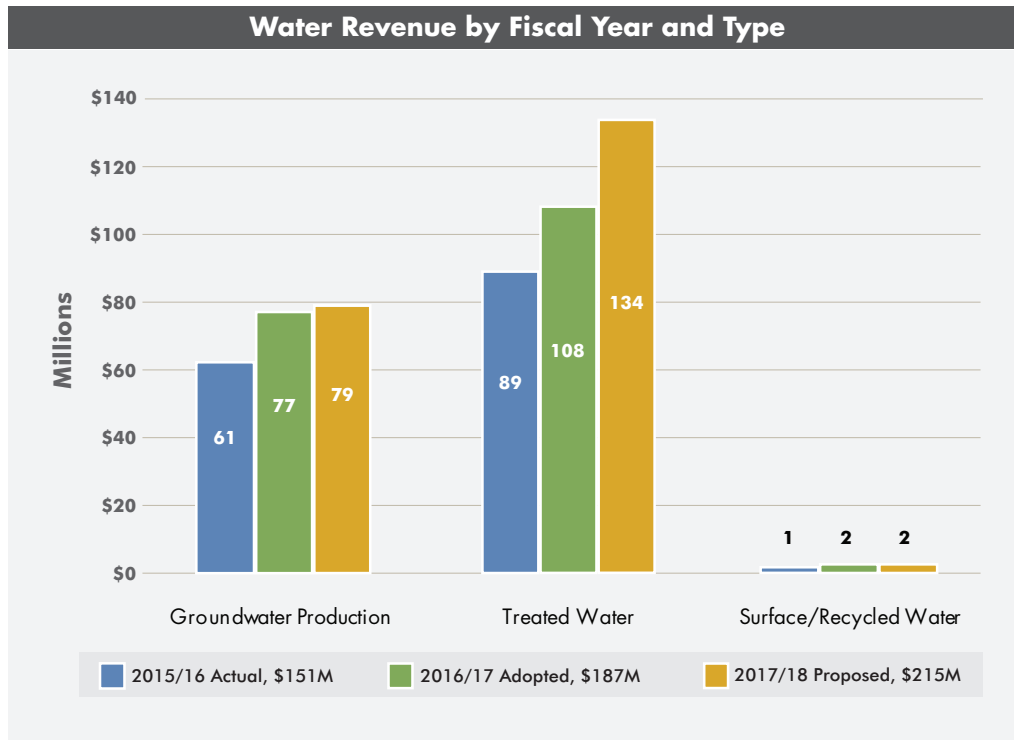
Other Revenue

The Other Revenue category totals \$3.8 million for FY 2017-18. Approximately \$1.6 million is budgeted for the Watersheds, \$2.1 million for Water Utility and \$0.1 million for the Internal Service Funds.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Intergovernmental Services:						
Watershed Funds	\$ 647,963	\$ 800,000	\$ 800,000	\$ —	\$ (800,000)	(100.0)%
Water Enterprise Fund	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%
Total Intergovernmental Services	\$ 3,002,075	\$ 1,985,000	\$ 3,492,905	\$ 1,189,000	\$ (796,000)	(40.1)%
Capital Reimbursements:						
Watershed Funds	\$ 4,742,767	\$ 44,460,000	\$ 32,381,000	\$ 47,158,000	\$ 2,698,000	6.1%
Water Enterprise Fund	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%
Total Capital Reimbursements	\$ 7,919,278	\$ 47,271,000	\$ 44,703,000	\$ 49,846,000	\$ 2,575,000	5.4%
Other:						
Watershed Funds	\$ 2,327,744	\$ 1,928,887	\$ 1,928,887	\$ 1,568,758	\$ (360,129)	(18.7)%
Water Enterprise Fund	4,893,934	2,037,214	2,112,214	2,114,064	76,850	3.8%
District General Fund	283,620	—	—	—	—	—
Internal Service Funds	52,622	100,000	102,000	102,000	2,000	2.0%
Total Other	\$ 7,557,920	\$ 4,066,101	\$ 4,143,101	\$ 3,784,822	\$ (281,279)	(6.9)%
Total Intergov'l & Other Revenues	\$ 18,479,273	\$ 53,322,101	\$ 52,339,006	\$ 54,819,822	\$ 1,497,721	2.8%

Financial Overview

Water Revenue



Financial Overview

Water Revenue

The District's water revenue is comprised of charges for the following types of water usage:

- **Groundwater Production** - Water produced by pumping from the underground water basins
- **Treated Water** - Water which has been processed through a District water treatment plant
- **Surface Water** - Water diverted from streams, creeks, reservoirs, or raw water distribution lines
- **Recycled Water** - Wastewater which has been treated for use in crop irrigation, landscaping and industrial uses.

Water revenues budgeted for FY 2017-18 are based on staff's recommendation to the District's Board of Directors for water charges in the North County and South County zones of benefit. Revenue estimates reflect a 9.6% and 6.4% increase in groundwater production charges for the North County (Zone W-2) and South County (Zone W-5) respectively, relative to FY 2016-17. For North County, the proposed maximum increase to pay for critical investments in water supply reliability and future supplies was 9.9%, but staff adjusted the proposal to 9.6% due to the schedule extension for the Expedited Purified Water Program. These increases in water charges are

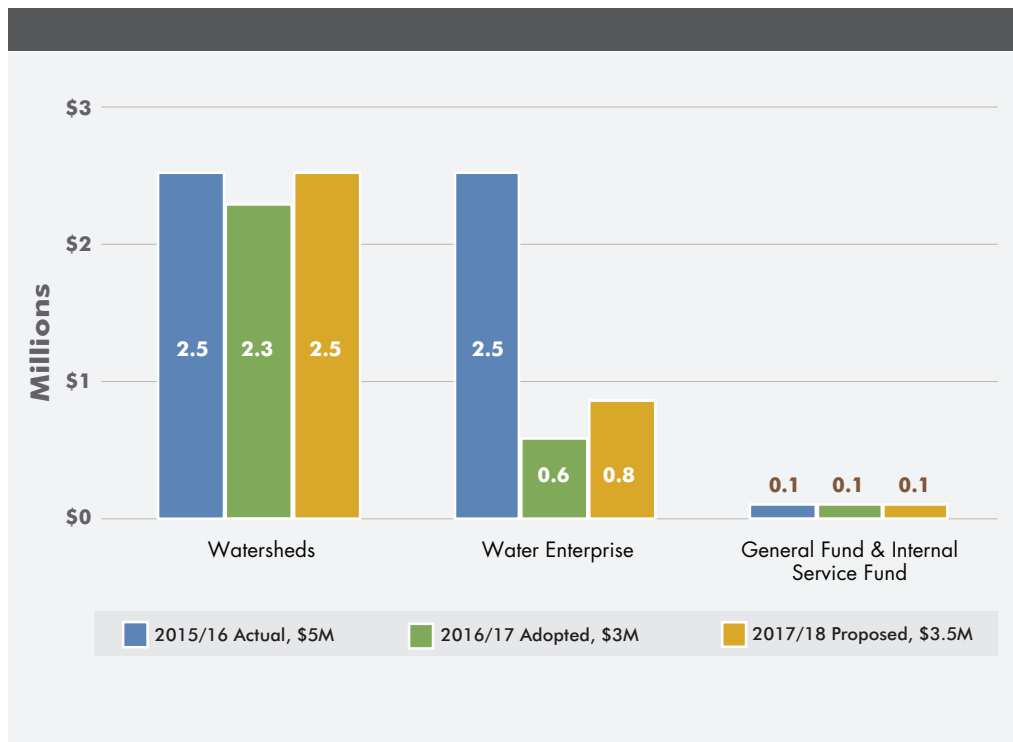
necessary to pay for critical investments in water supply infrastructure rehabilitation and upgrades, and the development of future drought-proof supplies, most notably purified water. In addition, staff projects lower water usage than pre-drought averages, which results in lower revenues and puts upward pressure on water charges in the near term. The water charges are shown in the accompanying Water Enterprise Fund schedules.

The FY 2017-18 revenue projection assumes water usage of roughly 217,000 acre-feet; Treated water demand comprises 48%, groundwater comprises 50%, and surface water and District-delivered recycled water comprise approximately 2% of the assumed water use. In addition, other sources, such as Hetch Hetchy and local water supply companies like San Jose Water Company, Stanford and South Bay Water Recycling, provide approximately 70,000 acre-feet of water to Santa Clara County. Compared to the historical District managed water usage of 286,000 acre-feet in calendar year 2013, this projection equates to a 24% reduction.

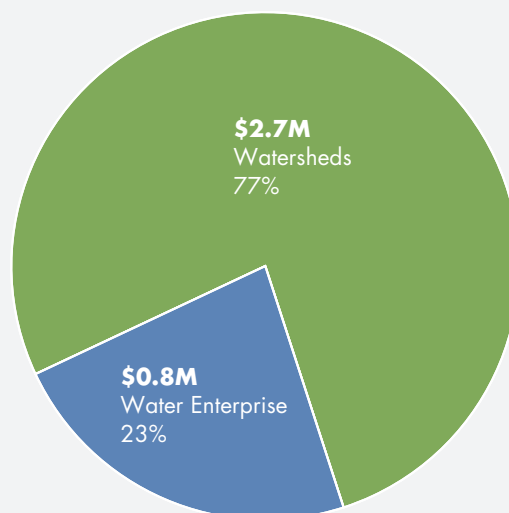
	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Groundwater Production	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Total Water Revenue	\$ 151,235,317	\$ 186,889,000	\$ 186,889,000	\$ 215,242,000	\$ 28,353,000	15.2%

Financial Overview

Interest Income



FY2017-18 Interest Earnings, \$3.5 Million



Financial Overview

Interest Income

The District invests funds not immediately required for daily operations in various securities as authorized by California Government Code 53600 et.al. The District's investment policy limits portfolio holdings to obligations of the U.S. Treasury, U.S. federal agencies, the state of California's Local Agency Investment Fund, bankers acceptances, negotiable and time certificates of deposit, commercial paper, corporate notes and bonds, repurchase agreements, municipal obligations, mutual funds, and supranational obligations. Prohibited investments include securities not listed above, as well as fossil fuel companies, inverse floaters, range notes,

interest-only strips derived from a pool of mortgages and any security that could result in zero interest accrual if held to maturity, as specified in Section 53601.6 of the California Government Code.

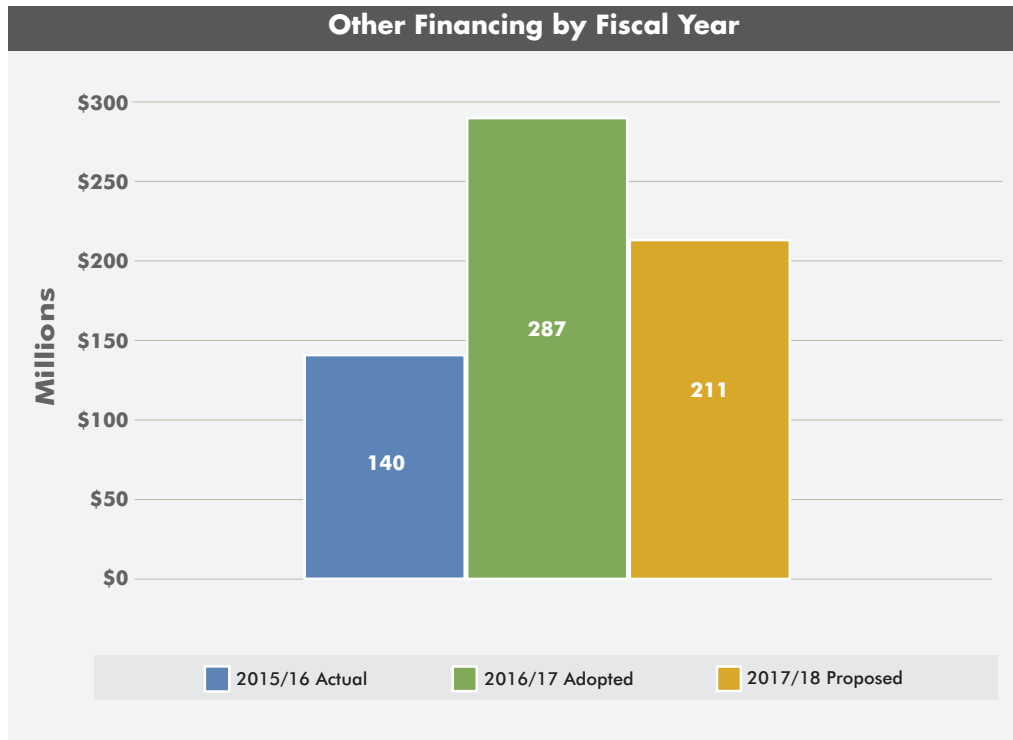
The FY 2017-18 interest revenue is expected to be approximately \$3.5 million. The estimates are using an average portfolio yield of .75% which is a reflection of the overall market environment. The market, coupled with expected short-term liquidity needs for the 5-year Capital Improvement Plan will result in no change in interest earnings compared to FY 2016-17 projected earnings.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Watershed Funds	\$ 2,514,921	\$ 2,343,574	\$ 2,435,000	\$ 2,453,000	\$ 109,426	4.7%
Water Enterprise Fund	2,527,338	629,415	821,000	820,000	190,585	30.3%
General Fund	84,305	50,000	80,000	80,000	30,000	60.0%
Service Funds	184,882	130,000	164,000	147,000	17,000	13.1%
Total Interest Income	\$ 5,311,446	\$ 3,152,989	\$ 3,500,000	\$ 3,500,000	\$ 347,011	11.0%

(*) Excludes market valuation adjustments that are required to be recorded in the comprehensive Annual Financial Report

Financial Overview

Other Financing Sources/Uses



Financial Overview

Other Financing Sources/Uses

The Other Financing Sources and Uses category typically includes one-time or ongoing non-revenue financial transactions. Debt financing instruments in this category include commercial paper, revenue bonds, and certificates of participation (COPs). These financing instruments may be issued to assist in refunding and financing the costs of acquisition, design, construction, improvement, and installation of certain flood control facilities, Safe, Clean Water projects and Water Utility projects.

Overall, the District anticipates issuing approximately \$202.0 million in bonds and commercial paper in FY 2017-18 comprised of \$62.0 million for the Water Utility Enterprise fund and \$140 million for the Safe, Clean Water program. An additional \$8.5 million in Watersheds 2017A COP debt proceeds is expected in FY 2018 for eligible Watersheds projects.

All planned debt financing has been factored into the District's long-term financial forecast models which are at or above the targeted debt service coverage ratio.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Other Financing						
Bond Proceeds	\$ 131,482,186	\$ 285,220,000	\$ 123,585,000	\$ 62,000,000	\$ (223,220,000)	(78.3)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
Total Other Financing	\$ 140,199,731	\$ 286,845,340	\$ 125,210,340	\$ 210,500,000	\$ (76,345,340)	(26.6)%

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DEBT STATUS

Financial Overview

Debt Service Overview

Provisions of the state constitution, laws, and various portions of Sections 14 and 25 of the District Act authorize the Board of Directors (Board) to incur debt under certain conditions and to issue bonds in a form designated by resolution of the Board, including designation of which participating watersheds are affected by the issuance of new debt. Sections 25.1 and 25.2 of the District Act authorize the Board to issue revenue bonds for the Water Enterprise Fund. The District's debt issuance practices are governed under the California Government and Water codes. The District Act authorizes short-term debt (maturity of less than five years) of up to a limit of \$8 million. Other provisions of state law authorize the issuance of short-term debt up to a specified percentage of revenue anticipated within a period of time.

Specifically, the District may issue short term notes under the tax and revenue anticipation note statute included in the California Government Code (Sections 53850-53858). Under the tax and revenue anticipation note statute, the District may issue notes for principal and interest which do not exceed 85% of the uncollected revenues of the District on the date such notes are issued (and subject to certain other limitations including a 15 month maturity provision). Section 53851 provides that the tax and revenue anticipation note statute is separate authority for the District to issue notes and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

Board Policies - Executive Limitations

In addition to statutory requirements, the Board has adopted policies (Executive Limitations) related to debt: EL-4.7 states that a Board Appointed Officer (BAO) shall:

"Not indebt the organization, except as provided in the District Act, and in an amount greater than can be

repaid by certain, otherwise unencumbered revenues within 90 days, or prior to the close of the fiscal year. " Furthermore, the BAO shall:

- 4.7.1. Not issue debt (long or short-term obligations that are sold within the financial marketplace) that conflicts with the District Act or the legal authority of the District, and without Board authorization;
- 4.7.2. Not issue debt without a demonstrated financial need;
- 4.7.3. Meet debt repayment schedules and covenants of bond documents;
- 4.7.4. Establish prudent District Debt Policies that are consistent with Board policies and provide guidance to District staff in regards to administering the debt programs and agreements, including consideration for the appropriate level of debt for the District to carry and structuring debt repayment to address intergenerational benefits;
- 4.7.5. Be consistent with the District's Debt Policies and any addendums when issuing debt;
- 4.7.6. Maintain strong credit ratings and good investor relations.

Debt Policy

The Santa Clara Valley Water District proactively manages its outstanding liabilities to ensure access to the credit markets at the lowest available borrowing cost, to preserve strong credit standing with the municipal rating agencies, to fulfill its fiduciary responsibility to its customers, and to provide high quality water service, stream stewardship and flood protection at the lowest possible cost. Consistent with these commitments, the District shall periodically review the cost of its outstanding liabilities for opportunities to appropriately reduce these costs through refinancing or restructuring. The CEO shall present the results of these periodic reviews to the Board of Directors.

Covenants and agreements related to outstanding Certificates of Participation and Revenue Bonds are encompassed within the criteria of Senior Master Resolutions adopted on June 23, 1994 (as amended

Financial Overview

from time to time), and the Parity Master Resolution adopted on February 23, 2016 (as amended from time to time). Coverage ratios required for debt service are set at 1.25 times the annual debt service for senior and parity lien debt. The District is in compliance with all coverage ratio requirements for all outstanding debt.

Bond Ratings

The bond ratings for the District's outstanding debt reflect high grade investment quality debt. They are based on the District's positive fiscal policy and financial strengths. The bond ratings are either the highest for a water related governmental entity in the State of California or among the highest. Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments.

Outstanding Debt

Total debt includes Certificates of Participation (COPs), Commercial Paper and Revenue Bonds of \$810 million as of June 30, 2017. Scheduled annual debt service for FY 2017-18 is approximately \$50 million including fees. There are no balloon payments in the future years or significant fluctuations in annual debt service.

Currently outstanding for the Watersheds are Series 2017A COPs, with a final maturity of 2030 and the 2012A COPs, both with a final maturity of 2024. Debt service for these COPs is paid via benefit assessments, which are collected based on 125% of the annual debt service. Currently outstanding for the Water Utility are 2006B Water Revenue Refunding Bonds with a final maturity of 2035, the 2007B Revenue Certificates of Participation with a final maturity of 2037, the Water System Refunding Revenue Bonds 2016A/B with a final maturity of 2046, the Revenue Certificates of Participation 2016C/D with a final maturity of 2029, the Water System Refunding Revenue Bonds 2017A with a final maturity of 2037, and the Commercial Paper Certificates which are secured by Tax and

Revenue Anticipation Notes that are subject to annual reauthorization by the District Board.

Planned Issuances

The District is planning the issuance of debt to finance the Safe, Clean Water program and the Water Utility Enterprise to finance the long-term capital improvement plan. The source of debt service repayment for the Safe, Clean Water program will be the special parcel tax approved by Santa Clara County voters in the November 6, 2012 election. Debt service for the Water Utility Enterprise is paid from water revenues. Bond covenants stipulate that the District must maintain a minimum 1.25 debt service coverage ratio on all senior and parity bonds. Based on the financial models from the Water Utility Enterprise Finance organization, the projected debt service coverage ratios are as follows:

- FY 2017-18: 2.15
- FY 2018-19: 2.57
- FY 2019-20: 2.62
- FY 2020-21: 2.27
- FY 2021-22: 2.11

(Source: FY 2017-18 Annual Report on the Protection and Augmentation of Water Supplies)

Investment Portfolio

The District's investment portfolio is invested with the following three priorities in mind: safety, liquidity and yield. Safeguarding taxpayers' money and ensuring that the District has funds available when needed to meet expenditures are the two most important goals. Once those goals have been satisfied, the District strives to earn a market rate of return on its investments. About 80% of the portfolio is invested in government securities, such as federal agency notes and US treasury notes. The remainder of the portfolio is invested in instruments of the highest credit quality and in highly liquid instruments such as the Local Agency

Financial Overview

Investment Fund and money market mutual funds.

The investment holdings are reviewed for compliance with the District's investment policy and California State Government Code by accounting staff on a monthly basis and by the District's independent auditor on an annual basis. In addition, the District's investment committee holds meetings at least quarterly to review the portfolio performance.

In addition to statutory requirements, the Board has adopted policies (Executive Limitations) related to investment:

EL-4.9 states that a Board Appointed Officer (BAO) shall:

- Not invest or hold funds of the District in accounts or instruments that are inconsistent with the following statement of investment policies:
- 4.9.1. Public funds not needed for the immediate necessities of the District should, to the extent reasonably possible, be prudently invested or deposited to produce revenue for the District consistent with the Board Investment Policy and applicable law.
- 4.9.2. The Treasurer or his or her designee shall submit quarterly investment reports to the Board as specified under Government Code Section 53646.4.9.3. No investments will be made in fossil fuel companies with significant carbon emissions potential.

Financial Overview

Bond Rating

	Water Utility		Watershed
	Senior Debt	Parity Debt	Debt
Moody's	Aa1	Aa1	Aa1
Standard & Poor's	AA-	N/A	AA+
Fitch	AA+	AA+	AA+

Financial Overview

Debt Service Payments Schedule

	Principal	Interest	Total ¹
Watersheds Certificates of Participation			
2017/18	\$ 8,660,000	\$ 3,972,500	\$ 12,632,500
2018/19	8,715,000	3,921,950	12,636,950
2019/20	8,075,000	3,486,200	11,561,200
2020/21	8,485,000	3,082,450	11,567,450
2021/22 and thereafter	57,010,000	12,229,200	69,239,200
Total	\$ 90,945,000	\$ 26,692,300	\$ 117,637,300
Water Utility Revenue Bonds / Certificates of Participation			
2017/18	\$ 8,420,000	\$ 20,092,987	\$ 28,512,987
2018/19	13,730,000	27,309,940	41,039,940
2019/20	14,405,000	27,301,704	41,706,704
2020/21	14,995,000	26,715,348	41,710,348
2021/22 and thereafter	527,400,000	373,043,978	900,443,978
Total²	\$ 578,950,000	\$ 474,463,956	\$ 1,053,413,956
Commercial Paper³			
2017/18	\$ —	\$ 6,406,000	\$ 6,406,000
2018/19	—	9,349,000	9,349,000
2019/20	—	12,026,000	12,026,000
2020/21	—	12,525,000	12,525,000
2021/22 and thereafter	140,000,000	54,876,000	194,876,000
Total	\$ 140,000,000	\$ 95,182,000	\$ 235,182,000
Total All Outstanding Debt			
2017/18	\$ 17,080,000	\$ 30,471,487	\$ 47,551,487
2018/19	22,445,000	40,580,890	63,025,890
2019/20	22,480,000	42,813,904	65,293,904
2020/21	23,480,000	42,322,798	65,802,798
2021/22 and thereafter	724,410,000	440,149,178	1,164,559,178
Total	\$ 809,895,000	\$ 596,338,256	\$ 1,406,233,256

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Water Utility total principal includes \$181 million of principal planned for 2018 A/B Refunding Revenue Bonds

(3) The Safe, Clean Water Program is expected to issue up to \$140 million in Commercial Paper to fund capital improvements

Financial Overview

All Outstanding Debt to Maturity

	Amount Sold	Date of Issue	Average Interest Rate	Outstanding as of 6/30/17	2017-2018 Debt Service Payment ¹		
					Principal	Interest	Total
Watersheds Indebtedness							
2017A COPs	\$ 59,390,000	3/7/2017 ⁽²⁾	5.000%	\$ 59,390,000	\$ 4,750,000	\$ 2,587,050	\$ 7,337,050
2012A COPs	52,955,000	11/20/2012	4.365%	31,555,000	3,910,000	1,385,450	5,295,450
Safe, Clean Water Commercial Paper	140,000,000	various ^{(3)&(4)}	1.500%	140,000,000	—	1,676,000	1,676,000
Total Watersheds	\$ 252,345,000			\$ 230,945,000	\$ 8,660,000	\$ 5,648,500	\$ 14,308,500
Water Utility Indebtedness							
2006 Water Utility Revenue Bonds							
Series B - taxable	\$ 25,570,000	12/21/2006	5.279%	\$ 19,670,000	\$ 740,000	\$ 1,041,189	\$ 1,781,189
Total	\$ 25,570,000			\$ 19,670,000	\$ 740,000	\$ 1,041,189	\$ 1,781,189
2007 Water Utility Revenue Certificates of Participation							
Series B - taxable/floating	\$ 53,730,000	10/1/2007 ⁽³⁾	2.000%	\$ 40,700,000	\$ 1,330,000	\$ 1,448,000	\$ 2,778,000
Total	\$ 53,730,000			\$ 40,700,000	\$ 1,330,000	\$ 1,448,000	\$ 2,778,000
2016 Water Utility Revenue Bonds							
Series A	\$ 106,315,000	3/30/2016 ⁽⁵⁾	5.000%	\$ 106,315,000	\$ —	\$ 5,315,750	\$ 5,315,750
Series B - taxable	75,215,000	3/30/2016 ⁽⁵⁾	4.300%	75,215,000	—	3,229,621	3,229,621
Total	\$ 181,530,000			\$ 181,530,000	\$ —	\$ 8,545,371	\$ 8,545,371
2016 Water Utility Revenue Certificates of Participation							
Series C	\$ 43,075,000	3/30/2016 ⁽⁵⁾	4.960%	\$ 43,075,000	\$ 2,020,000	\$ 2,103,450	\$ 4,123,450
Series D- taxable	54,970,000	3/30/2016 ⁽⁵⁾	3.118%	54,970,000	2,630,000	1,578,185	4,208,185
Total	\$ 98,045,000			\$ 98,045,000	\$ 4,650,000	\$ 3,681,635	\$ 8,331,635
2017 Water Utility Revenue Bonds							
Series A	\$ 59,130,000	6/1/2017 ⁽⁶⁾	5.000%	\$ 57,925,000	\$ 1,700,000	\$ 3,008,130	\$ 4,708,130
Total	\$ 59,130,000			\$ 57,925,000	\$ 1,700,000	\$ 3,008,130	\$ 4,708,130
2018 Water Utility Refunding Revenue Bonds							
Series A	\$ 95,310,000	6/1/2018 ⁽⁷⁾	5.000%	\$ —	\$ —	\$ 1,187,750	\$ 1,187,750
Series B - taxable	85,770,000	6/1/2018 ⁽⁷⁾	5.900%	—	—	1,180,912	1,180,912
Total	\$ 181,080,000			\$ —	\$ —	\$ 2,368,662	\$ 2,368,662
Commercial Paper	85,000,000	various ^{(3)&(4)}	1.500%	—	—	4,730,000	4,730,000
Total Water Utility	\$ 684,085,000			\$ 397,870,000	\$ 8,420,000	\$ 24,822,987	\$ 33,242,987
Combined Total	\$ 936,430,000			\$ 628,815,000	\$ 17,080,000	\$ 30,471,487	\$ 47,551,487

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Approximately \$0.5M of the 2017A COPs annual debt service is funded by the general fund.

(3) The interest rates shown for the 2007B Water Utility COPs and Commercial Paper reflect the planning rates for variable rate bonds for budgeting purposes. The actual rates are subject to change pending actual market conditions throughout the fiscal year.

(4) The total amount sold and outstanding amount shown for CP are estimates only. The final amounts will be determined prior to 6/30/2017.

(5) The 2016 Bonds/COPs refunded all outstanding 2006A bonds, and \$148 million of outstanding commercial paper. 2016 Series A Bonds and Series C COPs were sold at a premium with All-In-True Interest Cost of 3.63% and 2.13% respectively. The taxable 2016 Series B Bonds and Series D COPs were sold at par.

(6) The 2017A Bonds refunded all outstanding 2007A bonds.

(7) The 2018A and 2018B Bonds are planned to refund outstanding Commercial Paper.

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SALARIES AND BENEFITS

Financial Overview

Salaries and Benefits

The FY 2017-18 budget contains 807 authorized positions. Total salaries budgeted for these positions are \$97.0 million, an increase of \$6.4 million from the FY 2016-17 adopted budget. The increase is primarily due to a 3% cost of living adjustment and funding for 16 new positions. Salaries for FY 2017-18 break down as a total of \$97.8 million in regular salaries less salary savings of \$4.1 million, plus \$3.3 million in overtime and special pay.

Total benefits are budgeted at \$51.5 million, a 5% increase over the FY 2016-17 adopted budget. The FY 2017-18 budget includes \$3 million for the District's annual required contribution to Other Post Employment Benefits Trust Fund. The increase is the net of an increase in the retirement contributions of \$1.3 million and approximately \$1.3 million increase in medical costs for active and retired employees and \$0.2 million savings in employment taxes.

District Salaries and Benefits

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
				\$ Diff	% Diff
SALARIES					
Salaries-Regular Employee	\$ 82,185,272	\$ 92,810,558	\$ 97,763,536	\$ 4,952,978	5.3%
Overtime	2,603,284	1,851,527	2,555,828	704,301	38.0%
Special Pays	615,971	939,319	825,695	(113,624)	(12.1)%
Salary Savings	—	(4,956,000)	(4,136,329)	819,671	(16.5)%
Total Salaries	\$ 85,404,527	\$ 90,645,404	\$ 97,008,730	\$ 6,363,326	7.0%
BENEFITS					
Fed & State Taxes & Benefits	\$ 1,209,155	\$ 1,440,427	\$ 1,240,536	\$ (199,891)	(13.9)%
Retirement Contributions	17,397,000	20,786,528	22,092,816	1,306,288	6.3%
Group Ins-Active Employees	11,056,591	15,541,890	16,084,553	542,663	3.5%
Group Ins-Retired Employees	7,108,771	8,253,603	9,055,000	801,397	9.7%
Other Post Employment Benefits (OPEB)	3,600,000	3,000,000	3,000,000	—	—
Total Benefits	\$ 40,371,517	\$ 49,022,448	\$ 51,472,905	\$ 2,450,457	5.0%
Net Total Salary & Benefits	\$ 125,776,044	\$ 139,667,852	\$ 148,481,635	\$ 8,813,783	6.3%

District Labor Hours

	Actual Labor Hours 2015-2016	Adopted Labor Hours 2016-17	Proposed Labor Hours 2017-18	Change from 2016-17 Adopted	
				# Diff	% Diff
LABOR HOURS					
Salaries-Regular Employee	1,213,282	1,375,993	1,421,396	45,403	3.3%
Overtime	25,930	20,303	28,378	8,075	39.8%
Compensated Absences	217,106	255,479	251,588	-3,891	(1.5)%
Total Hours	1,456,318	1,651,775	1,701,362	49,587	3.0%

Financial Overview

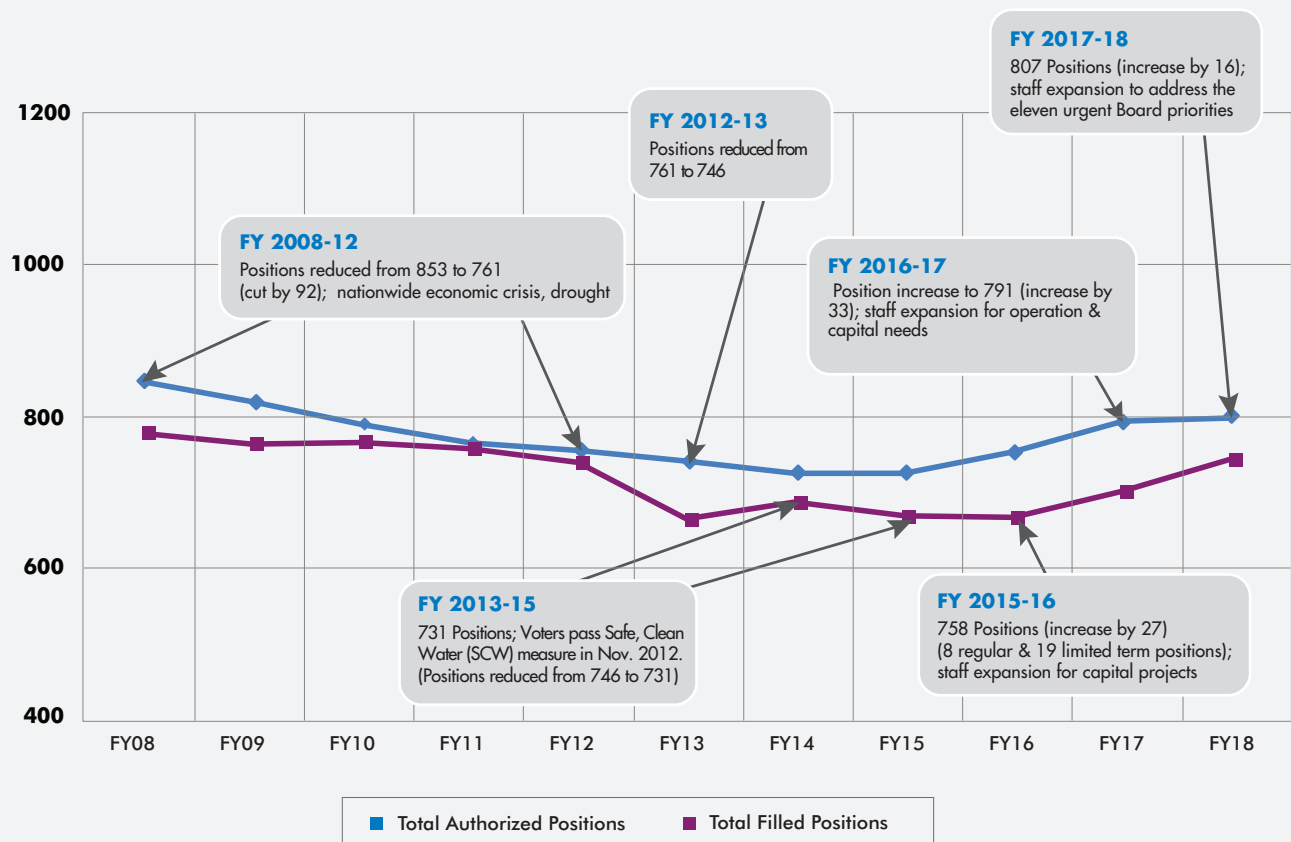
Summary of Positions

	Adopted Budget FY 2015-2016	Adjusted Budget FY 2016-17**	Proposed Budget FY 2017-18	Position Change	% Change
Board Appointed Officers*	60	60	63	3	5.0%
Administration	178	192	195	3	1.6%
Water Utility	311	329	332	3	0.9%
Watersheds	209	210	217	7	3.3%
Total	758	791	807	16	2.0%

(*) Board Appointed Officers Include: Chief Executive Officer, District Counsel and Clerk of the Board

(**) FY16-17 adopted budget has 783 positions; 8 positions were added during the year

District Staffing Trends, FY2008 - FY2018



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DISTRICT RESERVE POLICY AND FUND BALANCES

Financial Overview

District Reserve Policy

The District Reserve Policy is reviewed annually with the Board of Directors pursuant to Executive Limitation 4.6 - Financial Planning and Budgeting - "At least annually present the Board with information about the District's financial reserves and schedule an opportunity for the public to comment thereon."

The Governmental Accounting Standards Board (GASB) 54 statement, issued in March 2009, required that governmental agencies adopt new standards of reporting fund balance no later than the first fiscal year beginning after June 15, 2010. While the GASB 54 requirement was specifically issued for governmental type funds, the District, under its conservative and prudent fiscal policy, extended the requirement to include the enterprise and internal service funds (Water Utility Enterprise, State Water Project, Fleet, Information Technology and Risk).

Key objectives of prudent financial planning are to ensure sufficient resources for current services and obligations, and to prepare for future anticipated funding requirements and unforeseen events. To meet these objectives, the District will strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and managed in a manner which allows the District to fund costs consistent with the Capital Improvement Program, Integrated Water Resources Plan, and long range financial plans while avoiding significant water charge fluctuations due to changes in cash flow requirements. The District will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating/capital expenditures.

The level of reserves maintained and policies behind them are reviewed annually with the Board of Directors during budget deliberations.

Definitions

According to a GASB 54 statement issued in March 2009, there are four categories for reporting of fund balances depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). NOTE: For the purpose of this reserve policy, only spendable fund balances are considered.
- Restricted fund balance - these are externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - these 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 purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - these are amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

District reserves are comprised of Restricted Fund Balance reserves, Committed Fund Balance reserves and Assigned Fund Balance reserves. Within these categories are budgeted reserves and special purpose reserves which are defined as follows:

Financial Overview

- **Budgeted Reserves** - Budgeted reserves may vary from those of the Comprehensive Annual Financial Report (CAFR) where it is appropriate to recognize actual cash transactions that are recorded in the CAFR as liabilities. Such adjustments include recognizing inter-fund loans, debt financing, and certain accruals as funding sources available for appropriation or as funding uses that reduce funds available for other purposes. These adjustments must be annually reconciled to the audited CAFR.
- **Special Purpose Reserves, Water Utility Enterprise Fund** – These reserves are per the Parity Master Resolution which allows establishment of special purpose reserves by District Board resolution. Amounts in the Special Purpose Reserves may be used to offset extraordinary expenses and to supplement District revenues to meet debt service coverage requirements. Special purpose reserves are restricted per debt financing agreements which are in accordance with bond covenants.

RESTRICTED RESERVES

Debt Service Reserve

These reserves were established for various bond issues. The funds are not available for general needs of the District and must be maintained as dictated in the bond covenants of the various issues. Not all bond issuances may have all of the following reserves, but the primary debt reserves are: Debt Service Reserve Fund (to fund payments should the District not be able to make debt service payments due to cash shortfalls), Arbitrage Rebate (to accumulate funds to offset the potential liability from excess earnings) and Debt Service Payment Fund (a pass through reserve for initiating debt service payments).

Debt Proceeds Reserve

Bond covenants prescribe the use of debt financing proceeds. Debt proceeds typically fund capital projects as described in various bond issues. Debt proceeds, however, are not claimed until project expenses are incurred. Unclaimed debt proceeds are held in trust and identified in Debt Proceeds Reserves.

Rate Stabilization Reserve for Bond Covenant - Water Utility Enterprise Fund

The Parity Master Resolution for the Water Utility Enterprise requires the provision of a Rate Stabilization Reserve to offset expenses and revenue shortfalls, and to supplement District revenues to meet debt service coverage requirements. The minimum funding level is 10% of annual debt service due on all senior and parity obligations plus one month of adopted budget operations outlays. The specific level is to be financially prudent and based on reasonably anticipated needs.

San Felipe Emergency Reserve - Water Utility Enterprise Fund

This special purpose reserve is required by District contractual obligations with the U.S. Bureau of Reclamation for the operation and maintenance of the San Felipe Division of the Central Valley Project. The purpose of the reserve is to provide resources for unusual operation and maintenance costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or emergencies threatening or causing interruption of water service. Use of this reserve requires authorization by the U.S. Department of the Interior. Per contract, the funding level is accumulated in annual deposits of \$200,000 until the reserve totals \$1.75 million after which interest earned on the reserve is deposited annually.

Silicon Valley Advanced Water Purification Center Reserve - Water Utility Enterprise Fund

This special purpose reserve serves as a fund for replacement of micro-filtration modules, reverse osmosis elements, and ultraviolet lamps at the Silicon Valley Advanced Water Purification Center (SVAWPC). Per the Recycled Water Facilities and Programs Integration Agreement between the City of San Jose and the Santa Clara Valley Water District dated March, 2010, the annual contribution to the reserve may be up to \$810,000 starting in FY 2009-10 and adjusted

Financial Overview

annually by 3% for inflation, thereafter, until such time that the reserve reaches the reserve cap. The reserve cap is set in FY 2013-14 at \$2.6 million and is to be adjusted by 3% for inflation annually thereafter. The reserve cap is based on a five-year replacement schedule for the micro-filtration modules and reverse osmosis elements. The specific level of this reserve is to be set based on reasonably anticipated needs and uses.

Supplemental Water Supply Reserve - Water Utility Enterprise Fund

This special purpose reserve funds water banking activities, transfers, and exchanges necessary to augment supplies during water shortages and to sell or bank unused supplies when water resources are available. The minimum funding level is set at 20% - 50% of the annual imported water purchases budget based on prudent projections of hydrology, Delta conditions, and the water market.

Drought Reserve - Water Utility Enterprise Fund

This special purpose reserve funds drought response costs necessary to protect the residents, industry and riparian ecosystems of Santa Clara County, and to minimize water charge impacts during a drought emergency (as determined by the Board). To minimize water rate impacts, this reserve may be funded by Board direction to allocate actual surplus revenue that may have occurred during the prior year. Surplus revenue is defined as the positive difference between actual Water Utility operating revenue and budgeted Water Utility operating revenue. This reserve may also be funded by planned appropriations, which would be paid for by water rates and approved by the Board during annual water rate adoption. Drought response costs may include but not be limited to: water purchases and exchanges; special studies or system improvements related to delivery of water purchases; incremental conservation activities; and accelerated or opportunistic operations and maintenance activities

spurred by the drought. The maximum funding level is set at 10% of adopted budget operating outlays.

State Water Project Tax Reserve - Water Utility Enterprise Fund

The purpose of the State Water Project Tax Reserve is to accumulate unspent funds for voter-approved State Water Project contract obligations. Funds accumulated in this reserve will be available to fund State Water Project contract obligations in subsequent years.

Currently Authorized Projects Reserve - Voter Approved Safe, Clean Water Fund

This reserve is designated to fund those capital projects that are included in the annually adopted 5- Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of this reserve for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board-approved capital project appropriations remaining at the end of each fiscal year.

A portion of this reserve is automatically re-budgeted at the beginning of the following fiscal year consistent with those projects that have been identified in the 5- Year CIP for funding in that year. All remaining amounts shall stay in these reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5- Year CIP.

Encumbrance Reserves - Voter Approved Safe, Clean Water Fund and State Water Project Fund

This reserve represents the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved fund balance is available for subsequent year expenditures based on the

Financial Overview

encumbered appropriation authority carried over to the next fiscal year. The funding level of this reserve will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

Operating and Capital Reserve - Voter Approved Safe, Clean Water Fund

The purposes of this reserve are to ensure adequate working capital for cash flow needs and to provide a funding source for operating and capital needs that arise during the year. The funding level is a minimum of 50% of adopted budget operations outlays. The minimum level includes remaining available resources after the needs of all other reserves have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

Committed Reserves

Liability/Workers' Compensation Self-Insurance Reserve - Risk Fund

The Liability/Workers' Compensation Self-Insurance Reserve is to ensure that the District's self-insurance programs have adequate resources for general liability and workers' compensation ultimate payouts for both known and incurred but not reported claims. Additionally, because of the District's high self-insured retention, and low claims volume, it also provides for reserve funds to cover one large liability loss which would otherwise virtually deplete existing reserves. The reserve is based on independent actuarial evaluations conducted bi-annually for general liability and workers compensation. The reserve level is set each year based on the actuarially determined confidence level for total claims liabilities discounted to present value. The reserve is intended to be used for claim payouts that are greater than those budgeted.

The Board of Directors approved funding of Workers' Compensation Reserve at 90 percent actuarial confidence level and funding of General Liability

Reserve at 90 percent confidence level at the April 28, 2009 board meeting.

Property Self-Insurance/Catastrophic Reserve - Risk Fund

The Property Self-Insurance/Catastrophic Reserve purposes are to provide for uninsured property losses to District facilities such as pipelines and levees and to provide sufficient funds to initiate repair and recovery of damage to District facilities in advance of FEMA activation and reimbursement. The reserve may be used to pay for uninsured/uninsurable property losses which would adversely impact District operations and/or to cover all or a portion of District-paid expenses necessary to initiate immediate service restoration efforts. It is anticipated that in most cases, the reserves would be replenished from later reimbursement by FEMA for costs initially paid from this reserve. The reserve funding level is a minimum of 5 million adjusted for outstanding reimbursements.

When this reserve is used, the corresponding reimbursements received are deposited in the Risk Management Fund to replenish the reserve directly or through subsequent adjustments to intra-District Risk Fund charges.

Floating Rate Debt Payment Stabilization Reserve - Water Utility Enterprise Fund

This reserve is intended to stabilize the debt service payments on floating rate debt which by its nature fluctuates constantly. This reserve will be for long-term floating rate debt and not short-term floating rate debt (i.e., commercial paper). The reserve will be funded initially at 10% of the floating rate debt service interest payment. The maximum amount is no more than 20% of total floating rate debt service interest payments for a fiscal year. Excess funds over 20% will be used to pay down floating rate debt when advisable (i.e., based on market conditions, future issuance plans, etc.). The minimum amount is 0. Should payments for floating rate interest in a given fiscal year exceed budgeted

Financial Overview

amounts, this reserve will be drawn down to provide stabilization of debt service interest payments.

Operating & Capital Reserve - except for Safe, Clean Water Fund

These reserves serve several purposes: to ensure adequate working capital for cash flow needs; to provide a funding source for operating and capital needs that arise during the year and, in the case of the water utility, to protect against revenue shortage caused by unusually wet years. The funding level for the Water Utility is a minimum of 15% of adopted budget operations outlays and a minimum of 50% for the Watershed Funds. For the General Fund and Internal Service Funds, the funding level is a minimum of 5% of total adopted budget operations outlays. The minimum level for each fund includes remaining available resources after the needs of all other reserves within those funds have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

Currently Authorized Projects Reserve - except for Safe, Clean Water Fund

These reserves are designated to fund those capital projects that are included in the annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of these reserves for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board approved capital project appropriations remaining at the end of each fiscal year.

A portion of these reserves are automatically re-budgeted at the beginning of the following fiscal year consistent with those projects that have been identified in the 5-Year CIP for funding in that year. All remaining amounts shall stay in these reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of

each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5-Year CIP.

Assigned Reserves

Encumbrance Reserves - except for Safe, Clean Water Fund and State Water Project Fund

These reserves represent the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved fund balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of these reserves will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

Market Valuation Reserves

The reserves for market valuation represent the increase/gain (only) in the market value of the District's pooled investments as of the end of the fiscal year as a result of its compliance with the provisions of Government Accounting Standard Board Statement No. 31 (GASB 31), Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB 31 requires the District to report investments at fair market value in the Statement of Net Assets, the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because of this requirement, investment income must be adjusted to reflect the fair value change from one fiscal year to the next fiscal year. However, the District's investment policy dictates a buy-and-hold strategy in which, with very few exceptions, the District holds all securities to their maturity, thereby not incurring loss or gain that could impact the size and yield of the investment portfolio. These reserves do not represent

Financial Overview

cash available for appropriation and were established to ensure that the increase in the investment value does not result in an overstatement of funding available for expenditure.

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Reserves

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
GENERAL FUND						
Committed Reserves						
Operating & Capital Reserve	\$ 9,117,726	\$ 5,660,754	\$ 5,241,069	\$ 3,961,665	\$ (1,699,089)	(30.0)%
Currently Authorized Projects	1,156,326	207,000	1,060,326	1,060,326	853,326	412.2%
Total General Fund Reserves	\$ 10,274,052	\$ 5,867,754	\$ 6,301,395	\$ 5,021,991	\$ (845,763)	(14.4)%
SPECIAL REVENUE FUNDS (WATERSHEDS)						
Restricted Reserves						
Operating & Capital Reserve	\$ 5,961,701	\$ 106,616,348	\$ 2,153,093	\$ 146,810,531	\$ 40,194,183	37.7%
Currently Authorized Projects	147,146,206	62,678,000	90,678,000	15,357,000	(47,321,000)	(75.5)%
Total Resticted Reserves	\$ 153,107,907	\$ 169,294,348	\$ 92,831,093	\$ 162,167,531	\$ (7,126,817)	(4.2)%
Committed Reserves						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,427,648	\$ 29,421,374	94.9%
Currently Authorized Projects	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
Total Committed Reserves	\$ 64,850,754	\$ 34,986,274	\$ 50,446,361	\$ 69,796,648	\$ 34,810,374	99.5%
Total Special Revenue Funds Reserves	\$ 217,958,661	\$ 204,280,622	\$ 143,277,454	\$ 231,964,179	\$ 27,683,557	13.6%
Total Governmental Funds	\$ 228,232,713	\$ 210,148,376	\$ 149,578,849	\$ 236,986,170	\$ 26,837,794	12.8%
WATER ENTERPRISE & STATE WATER PROJECT FUNDS						
Restricted Reserves						
Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
State Revolving Debt Service Reserve	—	—	—	—	—	**
State Water Project Tax Reserve	—	—	—	—	—	**
Debt Service Reserve	—	—	—	—	—	**
Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
Drought Reserve	—	3,000,000	3,000,000	3,000,000	—	—
Total Restricted Reserves	\$ 37,094,318	\$ 42,028,823	\$ 42,028,823	\$ 43,625,427	\$ 1,196,477	2.8%
Committed Reserves						
Operating & Capital Reserve	\$ 35,431,539	\$ 36,366,956	\$ 54,005,579	\$ 38,189,302	\$ 1,822,346	5.0%
Floating Rate Debt Stabilization	—	—	—	—	—	**
Currently Authorized Projects	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
Total Committed Reserves	\$ 64,742,110	\$ 41,041,956	\$ 93,827,579	\$ 65,335,302	\$ 24,293,346	59.2%
Total Water Enterprise Funds Reserves	\$ 101,836,428	\$ 83,070,779	\$ 135,856,402	\$ 108,960,729	\$ 25,489,823	30.7%
INTERNAL SERVICE FUNDS:						
Committed Reserves						
Operating & Capital Reserve	\$ 5,267,898	\$ 2,002,295	\$ 3,919,591	\$ 1,945,337	\$ (56,958)	(2.8)%
Currently Authorized Projects	4,560,561	—	3,025,000	—	—	—
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%

Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Property Self Insurance/Catastrophic	6,864,991	6,149,531	7,519,280	6,049,442	(100,089)	(1.6)%
Total Internal Service Funds Reserves	\$ 23,193,450	\$ 14,651,826	\$ 19,377,871	\$ 13,660,779	\$ (991,047)	(6.8)%
Total Proprietary Funds	\$ 125,029,878	\$ 97,722,605	\$ 155,234,273	\$ 122,621,508	\$ 24,498,776	25.1%

TOTAL RESERVE SUMMARIES

Total Proprietary Funds	\$ 125,029,878	\$ 97,722,605	\$ 155,234,273	\$ 122,621,508	\$ 24,898,903	25.5%
Total Governmental Funds	228,232,713	210,148,376	149,578,849	236,986,170	26,837,794	12.8%
Total Year-End Reserves	\$ 353,262,591	\$ 307,870,981	\$ 304,813,122	\$ 359,607,678	\$ 51,736,697	16.8%
Total Restricted Reserves	190,202,225	211,323,171	134,859,916	205,792,958	(5,530,213)	(2.6)%
Total Committed Reserves	163,060,366	96,547,810	169,953,206	153,814,720	57,266,910	59.3%
Total Year-End Reserves	\$ 353,262,591	\$ 307,870,981	\$ 304,813,122	\$ 359,607,678	\$ 51,736,697	16.8%

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WATERSHED MANAGEMENT FUNDS

Financial Overview

Overview

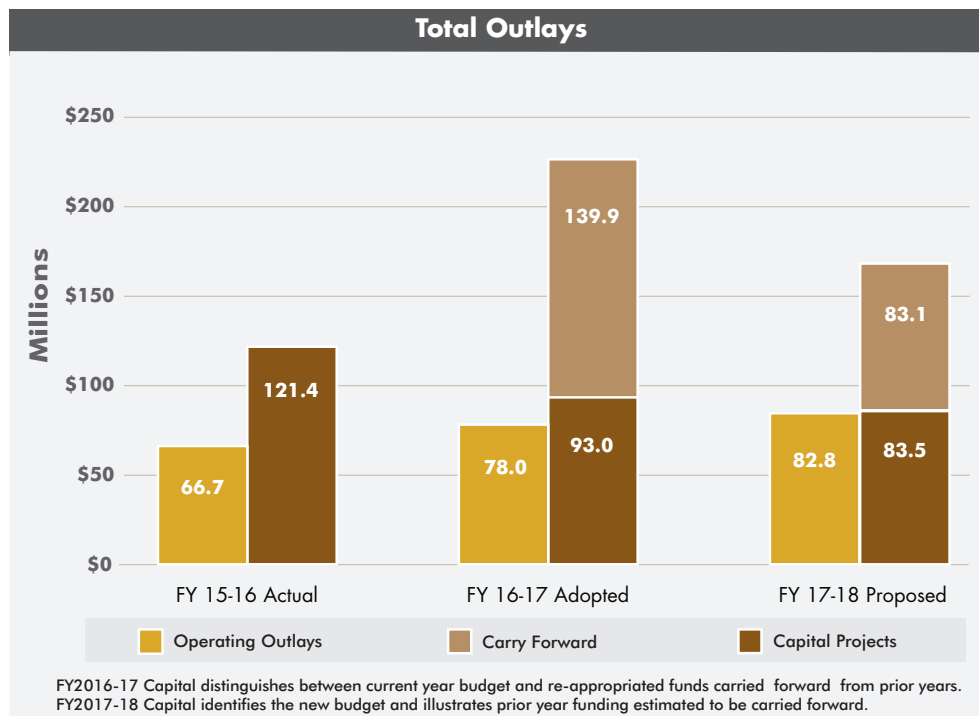
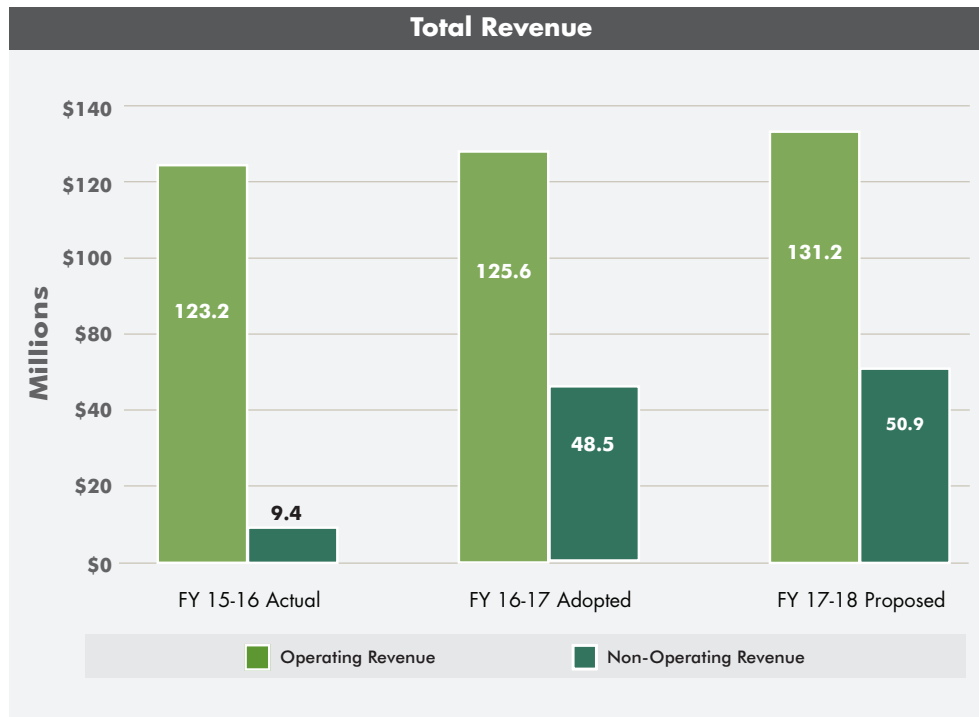
The Board of Directors defines Watershed stewardship as the management of natural resources in a manner that fosters ecosystem health, improved water quality, flood protection and compatible recreational opportunities. The Watersheds Chief Operating Officer leads the implementation of the watershed stewardship program with three funding sources:

- Watershed and Stream Stewardship (Fund 12)
- Safe, Clean Water and Natural Flood Protection (Fund 26)
- Benefit Assessment Funds (Fund 21, 22, 23, 24, and 25)

Financial summaries and a description of programs and outcomes from these funds can be found in this chapter.

Financial Overview

Watershed Management Funds



Financial Overview

Watershed Management Funds Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Operating Revenue:						
Property Taxes	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
Special Parcel Tax	39,684,083	41,528,137	41,073,026	42,510,582	982,445	2.4%
Benefit Assessments	14,682,528	14,784,580	14,784,580	14,777,514	(7,066)	(0.0)%
Intergovernmental Services	647,963	800,000	800,000	—	(800,000)	(100.0)%
Other	181,684	226,375	226,375	233,166	6,791	3.0%
Total Operating Rev	\$ 123,201,678	\$ 125,618,592	\$ 127,783,981	\$ 131,159,262	\$ 5,540,670	4.4%
Non-Operating Income						
Interest*	\$ 2,514,921	\$ 2,343,574	\$ 2,435,000	\$ 2,453,000	\$ 109,426	4.7%
Capital Reimb	4,742,767	44,460,000	32,381,000	47,158,000	2,698,000	6.1%
Other	2,146,060	1,702,512	1,702,512	1,335,592	(366,920)	(21.6)%
Total Non-Operating Income	\$ 9,403,748	\$ 48,506,086	\$ 36,518,512	\$ 50,946,592	\$ 2,440,506	5.0%
Total Revenue	\$ 132,605,426	\$ 174,124,678	\$ 164,302,493	\$ 182,105,854	\$ 7,981,176	4.6%
Operating Outlays:						
Operations**	\$ 50,639,996	\$ 59,193,949	\$ 62,384,787	\$ 64,223,687	\$ 5,029,738	8.5%
Operating Projects	3,556,047	6,287,453	6,287,453	3,939,727	(2,347,726)	(37.3)%
Debt Service	12,092,410	12,504,172	12,504,172	14,622,041	2,117,869	16.9%
Total Operating Outlays	\$ 66,288,453	\$ 77,985,574	\$ 81,176,412	\$ 82,785,455	\$ 4,799,881	6.2%
Capital Projects	121,411,917	92,970,084	158,132,128	83,471,665	(9,498,419)	(10.2)%
Carried Forward Capital Projects	—	139,938,000	—	83,111,000	(56,827,000)	(40.6)%
Total Capital Outlays	\$ 121,411,917	\$ 232,908,084	\$ 158,132,128	\$ 166,582,665	\$ (66,325,419)	(28.5)%
Other Financing Sources/(Uses):						
Bond Proceeds	\$ —	\$ 157,220,000	\$ —	\$ —	\$ (157,220,000)	(100.0)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
Transfers In	2,590,118	2,576,808	2,576,808	11,921,163	9,344,355	362.6%
Transfers Out	(23,408,118)	(8,381,828)	(3,877,308)	(4,472,172)	3,909,656	(46.6)%
Total Other Sources/(Uses)	\$ (12,100,455)	\$ 153,040,320	\$ 324,840	\$ 155,948,991	\$ 2,908,671	1.9%
Balance Available	\$ (67,195,399)	\$ 16,271,340	\$ (74,681,207)	\$ 88,686,725	\$ —	—
Year-End Reserves:						
Restricted Reserves						
Currently Authorized Projects***	\$ 147,146,206	\$ 62,678,000	\$ 90,678,000	\$ 15,357,000	\$ (47,321,000)	(75.5)%
Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,810,531	40,194,183	37.7%
Total Restricted Reserves	\$ 153,107,907	\$ 169,294,348	\$ 92,831,093	\$ 162,167,531	\$ (7,126,817)	(4.2)%
Committed Reserves						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,427,648	\$ 29,421,374	94.9%
Currently Authorized Projects***	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
Total Committed Reserves	\$ 64,850,754	\$ 34,986,274	\$ 50,446,361	\$ 69,796,648	\$ 34,810,374	99.5%
Total Year-End Reserves	\$ 217,958,661	\$ 204,280,622	\$ 143,277,454	\$ 231,964,179	\$ 27,683,557	13.6%

Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Watershed and Stream Stewardship Fund

Description

The Watershed and Stream Stewardship Fund was created in FY 2000-01 as part of the Board of Directors' direction to balance the overall Flood Protection and Stream Stewardship Program. When created, this fund supported specific stewardship activities within the watersheds from a portion of the District's ad valorem property tax allocation. Beginning in FY 2008-09, this fund was redefined to support all activities from the five watersheds funds supported by revenue from:

- All District's 1% ad valorem property tax allocation, except the portion allocated to District General Fund and Water Enterprise Fund
- Benefit assessments
- Capital reimbursement
- Intergovernmental revenue
- Interest revenue

The revenues in the Watershed and Stream Stewardship Fund are used to provide:

- Environmentally responsible maintenance of flood conveyance and ecological assets to preserve or improve flood protection, water quality, or environmental values including sediment removal; levee maintenance; erosion protection; debris removal; vegetation management; invasive species removal and control; Good Neighbor Maintenance, trash and graffiti removal; corrective maintenance, property, fence and road repairs
- Administration of the Water Resources Protection Ordinance to protect District assets
- Consultation with other agencies to manage flood risk and to protect ecological assets
- Emergency preparedness/response including sandbags and efforts to respond to or reduce the threat of floods
- Protection and improvement of water quality from urban runoff and other stream impairments

- Monitoring and assessing the condition and performance of both flood conveyance and environmental assets in the watersheds
- Public outreach and education
- Other program activities such as work improvement efforts, floodplain management, hydrology, safety training and workforce development
- Programs and projects are designed to fulfill each goal. Following each goal statement is a list of projects that are included in the FY 2017-18 budget.
- Preliminary targets for sediment removal, field condition assessments, levee maintenance and erosion protection are based on the Stream Maintenance Program-2 (SMP-2) Notice of Proposed Work (NPW) submitted to the regulatory agencies every year in April. The NPW consists of all potential work identified for that season. While the District intends to complete all work listed in the NPW, some of the work may not be completed for numerous reasons, such as the ability to propose and implement required mitigation, timely receipt of regulatory agencies' approvals, changed site conditions, biological restrictions due to nesting birds, and other factors. In addition, a second NPW is planned to be submitted due to late occurring work because of winter storms. Therefore, proposed quantities in this document are subject to change.

Outcomes

Goal 3.1: Natural flood protection for residents, businesses, and visitors

Provide flood protection to the county's growing community by building flood protection projects and maintaining conveyance capacity of modified channels.

Major Capital Projects starting or continuing construction:

- Berryessa Creek, Lower Penitencia Creek to Calaveras Boulevard

Financial Overview

- Lower Silver Creek Reaches 4-6, I-680 to Cunningham Avenue:
- Cunningham Flood Detention Certification
- Watersheds Asset Rehabilitation Program: El Camino Storm Drain Erosion Repair

Major Capital Projects in planning and design:

- Palo Alto Flood Basin Structure Improvements
- Lower Penitencia Creek Improvements, Berryessa Creek to Coyote Creek
- Watersheds Asset Rehabilitation Program: Coyote Creek Levee Repair, Upstream of SR 237
- Upper Penitencia Creek, Coyote Creek to Dorel Drive

Maintain conveyance capacity of modified channels:

Effectively and efficiently maintain and operate flood water conveyance channels to design specifications including sustainable sediment management, vegetation management and debris removal. Positions have been included in the FY 2017-18 budget to help address a backlog of this critical work resulting, in part, from staffing shortages, additional requirements of the SMP-2 permits, and the increasing demands of the public's online and phone requests for service, which the District is committed to responding to within five (5) business days.

- Remove an estimated 34,850 cubic yards of sediment
- Control of 2,720 acres of upland vegetation to allow access for sediment removal and levee maintenance
- Inspect approximately 294 miles of creeks
- Inspect approximately 204 miles of levees
- Perform maintenance on approximately 940 linear feet of levees

Goal 3.2: Reduced potential for flood damages

Reduce the potential for flood damages by: preparing for and responding to flood emergencies; informing the public on flood awareness; implementing the Water Resources Protection Ordinance; implementing the

Encroachment Remediation and Prevention Plan; consulting with and supporting external agencies for floodplain management; maintaining and improving our flood warning system. To support implementation of Water Resources Protection Ordinance, a new position has been included in FY 2018. This additional resource will support review of development proposals that affect the District's facilities. This function is a key aspect of a coordinated approach to environmental stewardship as the unit coordinates external proposal with District staff.

- Provide approximately 40,000 filled bags
- Send floodplain mailer to approximately 48,000 homes and businesses in flood-prone areas

Goal: 4.1: Protect and restore creek, bay and other aquatic ecosystems

Protect and restore creek and bay ecosystems: managing mitigation and enhancement sites; monitoring the biological values along the creeks and bay; understanding the natural hydrology of the watersheds; responding to hazardous material incidents; educating residents on creek stewardship; conducting stormwater runoff pollution prevention activities and continuing Good Neighbor Maintenance will remove trash from visible creek reaches, repair fences as needed for public safety, respond to requests for trash and graffiti removal within 5 working days and respond to Adopt-A-Creek trash pickups.

- Stabilize approximately 3,888 linear feet of stream banks

Capital Projects:

- SMP Mitigation, Stream and Watershed Protection Program

Goal: 4.2: Improved quality of life in Santa Clara County through trails and open space

Provide additional recreational opportunities by partnering with cities and the County to create creekside trails and open space.

Goal: 4.3: Strive for zero net greenhouse gas emission or carbon neutrality

Financial Overview

Identify and inventory the district's carbon footprint and develop reduction strategies and support the county Green Business Program.

Fiscal Status

Property tax revenue is projected at \$73.6 million, a 7.8% or \$5.4 million increase from FY 2016-17.

Interest earnings are projected at \$0.8 million, a 17.9% or \$119k increase from FY 2016-17.

Capital Reimbursement of \$28.0 million is budgeted as follows:

- \$23.0 million for Department of Water Resources (DWR) Proposition IE:
- Lower Silver Creek, I-680 to Cunningham Reaches 4-6 (\$12 million);
- Berryessa Creek, Lower Penitencia Creek-Calaveras Blvd (\$6.0 million);
- Lower Penitencia Creek Improvement, Berryessa to Coyote Creeks (\$4.0 million), and
- Cunningham Flood Detention Certification (\$1.0 million)
- \$5.0 million for State Subventions: Llagas Creek-Lower, Capacity Restoration

Other Non-Operating Income of \$1.4 million is budgeted for rental and other miscellaneous income.

\$3.0 million of Certificates of Participation is expected to be received in FY2017-18

Operating Transfers in from Benefit Assessment Fund for the excess amount over the debt obligations is budgeted at \$2.6 million

Operating Transfers out of \$1.9 million from WSS fund is budgeted at follows:

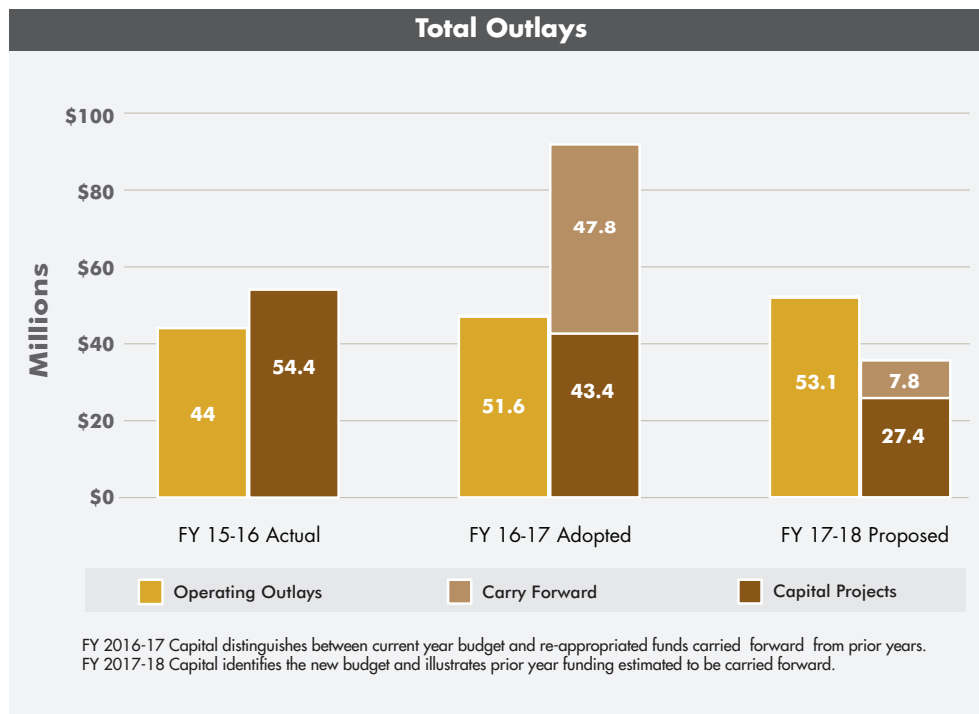
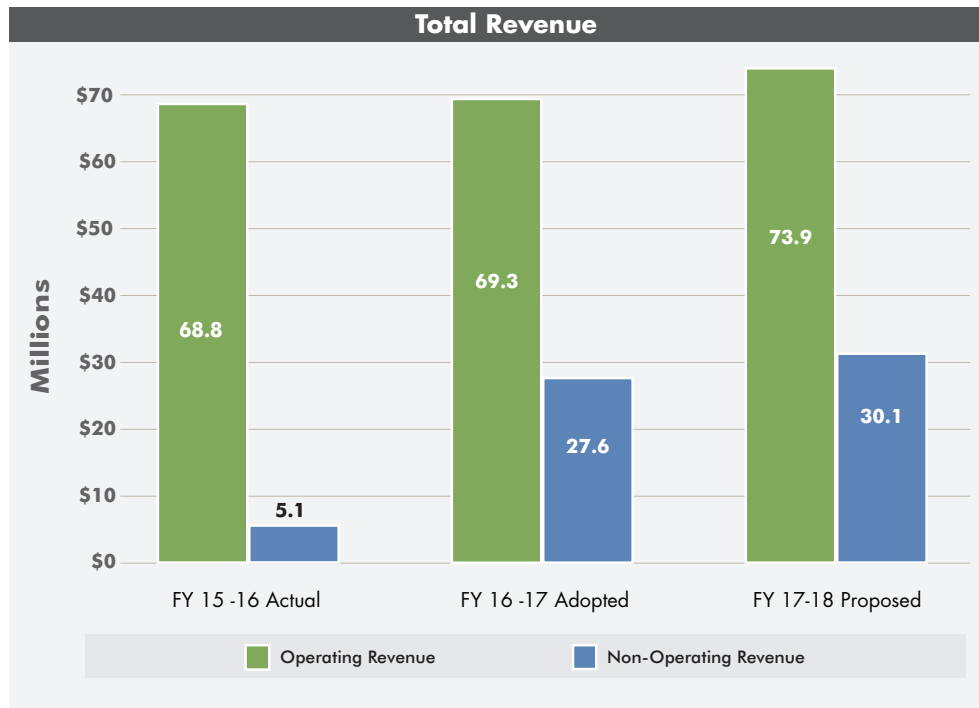
- \$0.3 million to General Fund (11) for Drought Induced Tree Removal
- \$1.6 million to Water Enterprise fund (61) for Open Space Credit

Budget Issues

- Implementation of the Stream Maintenance Program-2 continues to result in increasing demands for staff resources from multiple Operations and Maintenance units and mitigation requirements
- Sandbag program budget may require an adjustment if another exceptionally wet season occurs
- Hazardous Tree program budget may require an adjustment if tree mortality rates continue to rise
- The Watershed and Stream Stewardship fund is limited, and every year staff has identified more work than the fund can support. For an example, the Watersheds Asset Rehabilitation Program, as identified in the FY 2017-21 Capital Improvement Plan funds only half of the identified erosion sites.
- If there is significant increase in sale of surplus properties or addressing encroachments because of change in Board policy, additional resources would be required.

Financial Overview

Watershed and Stream Stewardship Fund



Financial Overview

Watershed and Stream Stewardship Fund

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Operating Revenue:						
Property Tax	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
Intergovernmental Services	647,963	800,000	800,000	—	(800,000)	(100.0)%
Other	181,684	226,375	226,375	233,166	6,791	3.0%
Total Operating Revenue	\$ 68,835,067	\$ 69,305,875	\$ 71,926,375	\$ 73,871,166	\$ 4,565,291	6.6%
Non Operating Income						
Interest*	938,282	663,934	905,000	783,000	119,066	17.9%
Capital Reimbursements	2,287,692	25,258,000	15,844,000	28,000,000	2,742,000	10.9%
Other	1,854,628	1,702,512	1,702,512	1,335,592	(366,920)	(21.6)%
Total Non-Operating Income	\$ 5,080,602	\$ 27,624,446	\$ 18,451,512	\$ 30,118,592	\$ 2,494,146	9.0%
Total Revenue	\$ 73,915,669	\$ 96,930,321	\$ 90,377,887	\$ 103,989,758	\$ 7,059,437	7.3%
Operating Outlays:						
Operations**	\$ 41,657,425	\$ 47,338,854	\$ 50,023,909	\$ 51,181,103	\$ 3,842,249	8.1%
Operating Projects	1,893,200	4,216,582	4,216,582	1,953,585	(2,262,997)	(53.7)%
Total Operating Outlays	\$ 43,550,625	\$ 51,555,436	\$ 54,240,491	\$ 53,134,688	\$ 1,579,252	3.1%
Capital Projects	54,384,161	43,442,759	51,818,097	27,386,937	(16,055,822)	(37.0)%
Carried Forward Capital Projects	—	47,793,000	—	7,790,000	(40,003,000)	(83.7)%
Total Capital Outlays	\$ 54,384,161	\$ 91,235,759	\$ 51,818,097	\$ 35,176,937	\$ (56,058,822)	(61.4)%
Other Financing Sources/(Uses):						
Certificates of Participation	\$ —	\$ —	\$ —	\$ 3,000,000	\$ 3,000,000	—
Transfer in from Benefit Assess Fund	2,590,118	2,576,808	2,576,808	2,572,163	(4,645)	(0.2)%
Transfers In	—	—	—	—	—	—
Transfers Out	(6,818,000)	(5,805,020)	(1,300,500)	(1,900,009)	3,905,011	(67.3)%
Total Other Sources/(Uses)	\$ (4,227,882)	\$ (3,228,212)	\$ 1,276,308	\$ 3,672,154	\$ 6,900,366	(213.8)%
Balance Available	\$ (28,246,999)	\$ (49,089,086)	\$ (14,404,393)	\$ 19,350,287	\$ —	—
Year-End Reserves:						
Committed Reserves						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,427,648	\$ 29,421,374	94.9%
Currently Authorized Projects***	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
Total Committed Reserves	\$ 64,850,754	\$ 34,986,274	\$ 50,446,361	\$ 69,796,648	\$ 34,810,374	99.5%
Total Year-End Reserves	\$ 64,850,754	\$ 34,986,274	\$ 50,446,361	\$ 69,796,648	\$ 34,810,374	99.5%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
10291002	Rental Expense Stevens Creek	229,644	356,075	377,732	General Services Division
30061004	Rent Exp Guadalupe & Coyote	191,375	211,071	214,822	General Services Division
30151026	Guad Rvr Mitgtn Monitoring Prg	663,658	380,205	831,533	Watershed Stwdship &Planning Division
62001090	Unscoped Projects-Budget Only	0	300,000	300,000	Watershed Design & Construction Division
62011002	Watershed Asset Protection Sup	3,115,662	3,574,879	4,103,886	Watershed Stwdship &Planning Division
**	62021002 Watershed Emergency Operations	65,187	201,550	0	Watershed Opearions &Maintenance Division
	62021003 CPRU Tech Support	344,454	301,939	398,673	Watershed Stwdship &Planning Division
	62021004 Vegetation Mgmt Tech Support	630,158	642,540	684,929	Watershed Opearions &Maintenance Division
**	62021007 Geomorphic Data Analysis	135,353	147,298	0	Watershed Stwdship &Planning Division
*	62021008 Energy Management	5,780	7,029	8,338	Water Utility Technical Support Division
	62021009 Watershds O&M Eng&Insp Support	920,243	845,400	885,403	Watershed Opearions &Maintenance Division
*	62031001 Watershed Revenue	75,859	65,958	63,233	Financial Planning and Mgmt Div
*	62031002 Grants Management	435,963	350,377	369,010	Financial Planning and Mgmt Div
*	62041022 Stream Maint Prog Mgmt	2,043,305	2,898,974	3,049,299	Watershed Opearions &Maintenance Division
	62041023 Wtrshd Stwdship Policy & Coord	316,402	352,757	402,906	Watershed Stwdship &Planning Division
	62041026 Watersheds Asset Mgt Plng Prgm	623,327	759,943	920,148	Water Utility Technical Support Division
	62041027 Integrated Wtr Resrce Mstr Pln	1,428,152	1,909,552	1,631,012	Watershed Stwdship &Planning Division
*	62041039 Integrated Regional Water Mgmt	70,443	103,600	111,616	Water Supply Division
	62041043 Environmental Srvc Tech Suppt	275,228	386,282	267,254	Watershed Stwdship &Planning Division
**	62041046 Survey Record Management	23,384	44,879	0	Watershed Design & Construction Division
*	62041047 Ecolgcal Data Collectn & Anly	191,571	350,815	379,514	Watershed Stwdship &Planning Division
	62061001 Watersheds Administration	5,479,074	5,202,626	5,117,639	Watershed Design & Construction Division
	62061002 Districtwide Salary Savings-12	0	(691,000)	(604,743)	Financial Planning and Mgmt Div
	62061005 WS Customer Relations & Outreach	363,748	339,408	493,738	Office of the CEO
	62061008 Hydrology and Hydraulics Technical Support	432,354	607,169	1,211,195	Watershed Stwdship &Planning Division
*	62061019 Supp Volunteer Cleanup Effort	84,632	169,352	172,626	Office of the CEO
**	62061022 Watershed Ops Safety Implement	249,531	367,813	0	Human Resources Division
**	62061023 Watershed Ops Safety Training	431,537	415,915	0	Human Resources Division
	62061028 WS Training & Development	754,608	1,161,399	1,669,492	Watershed Design & Construction Division
	62061029 Field Operations Support	507,723	482,637	618,140	Watershed Opearions &Maintenance Division
**	62061042 Watershed Customer Relations	255,364	283,183	0	Office of the CEO
**	62061045 AM Systems and Standards	69,536	152,545	187,788	Water Utility Technical Support Division
* Recipient projects					
** Closed, combined or no current year funding					

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
*	62061048	Climate Change Adaptation/Mtg.	46,524	163,072	240,464	Watershed Stwdship & Planning Division
**	62061054	SCW Implementation	355,928	0	0	Office of COO Watershed
*	62071041	Welding Services	69,006	63,232	76,554	General Services Division
	62181005	SMP Mitigation Site Mgmt	127,260	470,229	521,659	Watershed Stwdship & Planning Division
*	62741042	Water Resorcs EnvPlng & Permtg	32,355	101,361	74,101	Water Utility Technical Support Division
	62761006	Invasive Plant Management Prog	1,383,115	727,570	1,059,019	Watershed Opearions & Maintenance Division
	62761008	Sandbag Program	972,323	327,010	657,673	Watershed Opearions & Maintenance Division
	62761009	Pond A4 Operations	109,445	102,691	154,626	Watershed Opearions & Maintenance Division
**	62761010	Watersheds Tree Maintenance	693,527	500,981	0	Watershed Opearions & Maintenance Division
*	62761022	Watershed Good Neighbor Maint	855,848	865,382	838,584	Watershed Opearions & Maintenance Division
*	62761023	Watershed Sediment Removal	2,185,423	2,949,480	5,309,289	Watershed Opearions & Maintenance Division
	62761024	Wtrshd Facility Cndtion Assmnt	910,137	1,762,594	1,847,344	Watershed Opearions & Maintenance Division
	62761025	Watershed General Field Maint	1,887,192	1,961,931	1,536,379	Watershed Opearions & Maintenance Division
	62761026	Watershed Debris Removal	1,678,405	1,546,944	1,494,447	Watershed Opearions & Maintenance Division
	62761027	Watershed Erosion Protection	1,726,437	2,269,567	2,875,106	Watershed Opearions & Maintenance Division
	62761028	Watershed Levee Maintenance	1,618,873	1,937,769	1,570,090	Watershed Opearions & Maintenance Division
*	62761071	Emergency Management	520,350	618,539	905,489	Office of COO Watershed
**	62761072	Business Continuity Program	99,587	115,738	0	Office of COO Watershed
	62761074	Corps Local Sponsor O&M	376,112	1,313,059	1,399,894	Watershed Opearions & Maintenance Division
*	62761075	Mgmt of Revegetation Projects	340,175	839,343	868,486	Watershed Opearions & Maintenance Division
*	62761078	Vegetation Mangmnt for Access	1,974,666	2,479,601	2,100,334	Watershed Opearions & Maintenance Division
	62761080	Non SMP Veg Removal for Convey	0	223,576	366,086	Watershed Opearions & Maintenance Division
*	62771011	Inter Agency Urban Runoff Prog	873,414	939,339	995,414	Watershed Stwdship & Planning Division
*	62771031	HAZMAT Emergency Response	62,362	112,435	57,537	Human Resources Division
**	62771068	Watershed Property Vegetation	10,871	0	0	
*	62811043	Hydrologic Data Msrmt & Mgmt	789,437	803,440	841,908	Watershed Stwdship & Planning Division
*	62811046	Warehouse Services	1,134,096	995,634	1,000,949	General Services Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
*	62811049	X Valley Subsidence Survey	0	0	172,055	Watershed Design & Construction Division
*	62811050	Benchmark Maint (Countywide	48,798	140,551	0	Watershed Design & Construction Division
*	62811054	District Real Property Adminis	362,504	325,616	352,431	Watershed Design & Construction Division
Total Operations			41,657,425	47,338,854	51,181,103	

Operating

	40212032	Coyote Creek Mitgtn Monitoring	176,159	170,241	202,198	Watershed Stwdship &Planning Division
**	40262033	Lwr Silver Mitigation & Monitr	18,631	92,957	0	Watershed Stwdship &Planning Division
	62042032	Multiple Sm Prjcts Mitgtn Mont	63,222	218,552	274,545	Watershed Stwdship &Planning Division
	62042047	Mitigation & Stwdshp Land Mgmt	105,151	229,439	195,354	Watershed Stwdship &Planning Division
**	62042049	Flood Risk Mapping	999,237	987,027	0	Watershed Stwdship &Planning Division
	62042050	Watershd Maint Guideline Updte	255,684	2,011,001	270,708	Watershed Opearions &Maintenance Division
	62042051	Plant Pathogen Management	184,273	374,092	445,037	Watershed Stwdship &Planning Division
**	62062003	El Nino Flood Emrgncy Response	90,843	0	0	Office of COO Watershed
*	62762011	Tree Maintenance Program	0	133,273	565,743	Watershed Opearions &Maintenance Division
Total Operating			1,893,200	4,216,582	1,953,585	

Capital

	10394001	PA Flood Basin Tide Gate Imprv	79,686	0	458,000	Watershed Design & Construction Division
	20194005	San Tomas Ck, Quito Rd Bridges	270,000	0	124,000	Watershed Stwdship &Planning Division
	20444001	Salt Ponds A5-11 Restoration	1,961,225	1,714,565	754,000	Watershed Stwdship &Planning Division
	30114002	Canoas Crk, Rodent Damage Repr	6,593,175	388,219	0	Watershed Design & Construction Division
	30154015	Guadalupe Rv-DT, Coleman-SCLra	1,800	0	0	Watershed Design & Construction Division
	40174004	L. Berryessa Ck, L.Penit-Calav	1,302,901	0	0	Watershed Design & Construction Division
	40174005	Berryessa Crk, Lwr. Pen Phs 2	29,223,053	27,176,000	0	Watershed Design & Construction Division
	40214021	ERP-Coyote Crk, U/S Hwy 237	0	1,103,846	0	Watershed Design & Construction Division
	40214022	ERP-Coyote Crk, D/S Hwy 237	0	1,110,964	0	Watershed Design & Construction Division
	40264008	Lwr Silver-R4-6 N Babb-Cunni	3,715,375	710,000	1,981,000	Water Utility Capital Division
	40264011	Cunningham Fld Detention Cert	1,200,775	3,829,000	1,674,000	Watershed Design & Construction Division
	40264012	Low Silver 680-Cunningham Reim	28,599	0	0	Water Utility Capital Division
	40324003	U Penitencia Cr-Corps Coord	204,120	0	0	Watershed Stwdship &Planning Division
	40324005	U Penitencia, Coyt-Dorel LERRD	2,055	0	0	Watershed Stwdship &Planning Division
	40334005	Lwr Penitencia Crk Improvemnts	3,106,612	2,891,000	4,815,000	Watershed Design & Construction Division
	50184003	ERP-Uvas Crk, Wren-Levee end	0	1,014,929	0	Watershed Design & Construction Division
	50284010	Lower Llagas Capacity Restore	15,609	0	0	Water Utility Capital Division
	50314001	ERP-West Branch Llagas Creek	0	1,020,704	0	Watershed Design & Construction Division
	62044001	Watershed Habitat Enhancement Studies	0	0	1,167,000	Office of COO Watershed

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
*	62044026	San Francisco Bay Shoreline	1,969,862	0	2,721,287	Watershed Design & Construction Division
	62064023	Districtwide Salary Savings	0	(291,000)	(208,775)	Financial Planning and Mgmt Div
**	62074030	WU Capital Training & Dvlpmnt	75,804	0	0	Water Utility Capital Division
*	62074033	CIP Development & Admin	155,410	177,959	351,008	Water Utility Capital Division
*	62074036	Survey Mgmt & Tech Support	71,054	76,463	159,905	Watershed Design & Construction Division
*	62074038	Capital Progrm Srvcs Admin	374,898	0	1,834,703	Water Utility Capital Division
**	62074045	Technical Review Committee	70,154	42,390	0	Water Utility Capital Division
**	62074046	WU Captl Health & Safety Trng	15,864	0	0	Water Utility Capital Division
**	62074051	WS Capital Training & Dvlpmnt	68,213	243,705	0	Office of COO Watershed
**	62074052	WS Capital Program Srvcs Admin	374,772	924,989	0	Office of COO Watershed
**	62074053	WS Capital Hlth & Safety Trng	5,703	12,451	0	Office of COO Watershed
	62084001	Watersheds Asset Rehabilitation Program	941,367	787,000	11,047,000	Watershed Design & Construction Division
	62184001	SMP Mit-Stream Wtrshd Land Acq	2,556,075	509,575	508,809	Watershed Design & Construction Division
Total Capital			54,384,161	43,442,759	27,386,937	
Total			97,934,786	94,998,195	80,521,625	

* Recipient projects

** Closed, combined or no current year funding

Safe, Clean Water & Natural Flood Protection Fund

Description

The Safe, Clean Water & Natural Flood Protection Fund accounts for a 15-year program that was approved by the voters in November 2012 to address several community priorities. The program replaced the Clean, Safe Creeks plan passed by voters in November 2000. The Safe, Clean Water and Natural Flood Protection (SCW) program is funded by a combination of revenues from the continuation of an annual special parcel tax, reserves from unspent funds of the Clean, Safe Creeks plan, and state and federal funding. The program includes a debt financing component that will help fund capital projects earlier in the program rather than later.

Program funds will be used to meet remaining Clean, Safe Creeks plan commitments and to fulfill the following community priorities:

- Ensure a safe, reliable water supply;
- Reduce toxins, hazards and contaminants in our waterways;
- Protect our water supply from earthquakes and natural disasters;
- Restore wildlife habitat and provide open space;
- Provide flood protection to homes, businesses, schools and highways.

The program supplements other available but limited resources to provide stream stewardship activities and flood protection improvements. The program supports activities that benefit not only the community at large but that also provide relief to Water Utility rate payers. For example, the fund will pay towards the project to restore the Main Avenue and Madrone pipelines that otherwise would need to be paid by water utility rate payers. The project will restore the water transmission pipelines to full operating capacity from Anderson Reservoir for groundwater recharge. Furthermore, the FY 2017-18 budget includes an additional position through the SCW Fund to support the Impaired Water

Bodies Improvement and the Interagency Urban Runoff projects.

Preliminary targets for sediment removal are based on the Stream Maintenance Program-2 Notice of Proposed Work (NPW) submitted to the regulatory agencies every year in April. The NPW consists of all potential work identified for that season. While the District intends to complete all work listed in the NPW, some of the work may not be completed for numerous reasons, such as the ability to propose and implement required mitigation, timely receipt of regulatory agencies' approvals, changed site conditions, biological restrictions due to nesting birds, and other factors. In addition, as the work season progresses, a second NPW may be submitted for work later identified as necessary and not included in the April submittal. Therefore, proposed quantities in this document are subject to change.

Following each priority statement is a list of projects that are included in the FY 2017-18 budget.

Outcomes

Goal 3.1: Natural flood protection for residents, businesses, and visitors

Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding; Ensure continued coordination with and funding support from the US Army Corps of Engineers (USACE); continue projects to maintain channel conveyance capacity.

Major Capital Projects starting or continuing construction

- San Francisquito Creek, San Francisco Bay to HWY 101 (SCW Priority E5)

Financial Overview

- Upper Llagas Creek, Buena Vista Road to Wright Avenue (SCW Priority E6)
- Berryessa Creek, Calaveras Boulevard to I-680 (continue CSC)
- Permanente Creek, San Francisco Bay to Foothill Expressway (continue CSC)
- Upper Guadalupe River, I-280 to Blossom Hill Road (SCW Priority E8)
- Sunnyvale East Channel, Guadalupe Slough to I-280 (continue CSC)
- Sunnyvale West Channel, Guadalupe Slough to Hwy 101 (continue CSC)

Major Capital Projects in planning and design:

- Upper Penitencia Creek, Coyote Creek to Dorel Drive (SCW Priority E4)
- San Francisquito Creek, HWY 101 to El Camino Real (SCW Priority E5)
- San Francisco Bay Shoreline (SCW Priority E7)
- Upper Guadalupe River, I-280 to Blossom Hill Road (SCW Priority E8)
- Coyote Creek, Montague Expressway to I-280 (continue CSC)

SCW Priority E1:

The Vegetation Control and Sediment Removal for Flood Protection – Support the District’s ongoing vegetation control and sediment removal activities that reduce flood risk by maintaining design conveyance capacity of flood production projects. Positions have been included in the FY 2017-18 budget to help address a backlog of this critical work resulting, in part, from staffing shortages, additional requirements of the SMP-2 permits, and the increasing demands of the public’s online and phone requests for service, which the District is committed to responding to within five (5) business days.

- Provides 16% of funding for removal of approximately 34,850 cubic yards of sediment
- Control 408 acres of upland vegetation (program total is 6,120 acres over 15 years)
- Control 619 acres of in-stream vegetation to provide flood protection in all five watersheds

Goal 3.2: Reduce potential for flood damages

Reduce the risk of flooding from creeks by preparing for and responding to flood emergencies.

SCW Priority C2:

Emergency Response Upgrades - Improve the accuracy of flood forecasting services with the use of stream gauges and hydrological, hydraulic and geotechnical studies

SCW Priority E2:

- Enhance inter-agency response to storm-related emergencies by working with agencies to incorporate district-endorsed flood emergency procedures into their Emergency Operations Center plans
- Complete flood fighting action plans for watershed
- Coordinate public outreach for uniform emergency messages and web-based information

SCW Priority E3:

- Implement risk reduction strategies consistent with FEMA’s Community Rating System as appropriate
- Provide more accurate flood plain mapping and potentially change FEMA regulatory floodplain
- Conduct hydrologic and hydraulic study for Lower Silver tributaries to evaluate 1% flood risk

Goal 4.1: Protect and restore creek, bay and other aquatic ecosystems

SCW Priority B1:

- Improve impaired water bodies to help the District meet surface water quality standards and reduces pollutants in streams, groundwater, lakes and reservoirs. Benefits include improved water quality including water going to drinking water treatment plants and reduction of mercury in reservoirs to prevent entry into the food web.
- Fund several pollution prevention and reduction activities such as discouragement of re-encampments along the Guadalupe River and Coyote Creek as well as trash removal.

SCW Priority B2:

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- Interagency Urban Runoff Program - Support collaborative efforts with other agencies and non-profit organizations to protect surface water quality.
- Support pollution prevention and reduction activities such as the Pajaro River watershed pathogen and microbial source tracking study to determine sources of pollutants.
- Operate and maintain four (4) trash capture devices throughout the county

SCW Priority B3:

- Administer Pollution Prevention grants and partnership projects awarded since 2014
- Provide up to \$200,000 per year for partnerships with municipalities for programs specific to reducing contaminants in groundwater or surface water

SCW Priority B4:

- Good Neighbor Illegal Encampment Cleanup- Perform 52 annual cleanups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams
- SCW Priority B5:
- Hazardous Material Response Program – Respond to 100% of hazardous materials reports requiring urgent on-site inspection in 2 hours or less

SCW Priority B6:

- Good Neighbor Program - Fund 40% of the Good Neighbor Maintenance activity for all watersheds for graffiti and litter removal

SCW Priority B7:

- Administer a portfolio of 5 grants projects for Support Volunteer Clean Up and Education Effort projects awarded since 2014
- Continue to develop and implement partnership agreements
- Solicit new proposals for support volunteer cleanup and education projects as directed by the board in FY17

SCW Priority D1:

- Management of Revegetation Projects

- Maintain a minimum of 300 existing acres of revegetation planting annually to meet regulatory requirements and conditions throughout the five watersheds

SCW Priority D2:

- Revitalize stream, upland and wetland habitat by removing non-native, invasive plants and revegetating habitat with native species

SCW Priority D3:

- Develop Stream Corridor Priority Plans to prioritize stream restoration activities
- Conduct proposal solicitation and execute agreements for the FY17 funding cycle, which includes \$400,000 for partnerships and \$200,000 for mini-grants for wildlife habitat restoration
- Continue to develop and implement partnership agreements
- Administer a portfolio of over 11 wildlife habitat restoration grants and partnership projects awarded since 2014

SCW Priority D4:

- Restore and maintain healthy fisheries populations by improving fish passage and habitat such as installing large woody debris and/or gravel in steelhead streams
- Almaden Lake Improvement - creek/lake separation (Capital project)
- Pre-feasibility study of Ogier Ponds creek/lake separation
- SCW Fish Passage Improvement (Capital project)

SCW Priority D5:

- Create a comprehensive watershed database that tracks stream ecosystem functions
- Establish a baseline ecological level of service for the West Valley Watershed
- Reassess streams to determine if ecological levels of service are maintained or improved

SCW Priority D6:

Increase the stability through channel improvement projects based on sound geomorphic science principles

- Hale Creek

SCW Priority D7:

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- Provide up to \$8 million for the acquisition of property for the conservation of habitat lands to preserve local ecosystems

SCW Priority D8:

- Reuse local stream sediments to build and rehabilitate tidal habitat
- South Bay Salt Ponds Restoration (Capital project)

Goal 4.2: Improved quality of life in Santa Clara County through trails and open space

SCW Priority D3:

- Conduct proposal solicitation and execute agreements for the FY17 funding cycle, which includes \$571,000 grant funds for trails and open space
- Administer a portfolio of 3 open space and trail grants projects awarded since 2014

Fiscal Status

The special parcel tax is budgeted at \$42.5 million, reflecting a 2.4% increase from the FY 2016-17 budget. This special tax is based on the land use and parcel size rather than assessed property value.

Consequently, the annual rates of change are different than for the other property taxes in the Watershed Stream and Stewardship Fund.

Interest earnings are projected at \$1.7 million, which is flat relative to the FY 2016-18 budget.

Capital Reimbursement of \$19.2 million is budgeted as follows:

- \$13.2 million for State Subventions: Berryessa Creek (\$2.9 million), Upper Llagas Creek (\$5.8 million), and Upper Guadalupe River (\$4.5 million)
- \$6.0 million for Department of Water Resources Proposition 1E: Berryessa Creek, Calaveras Blvd to I-680

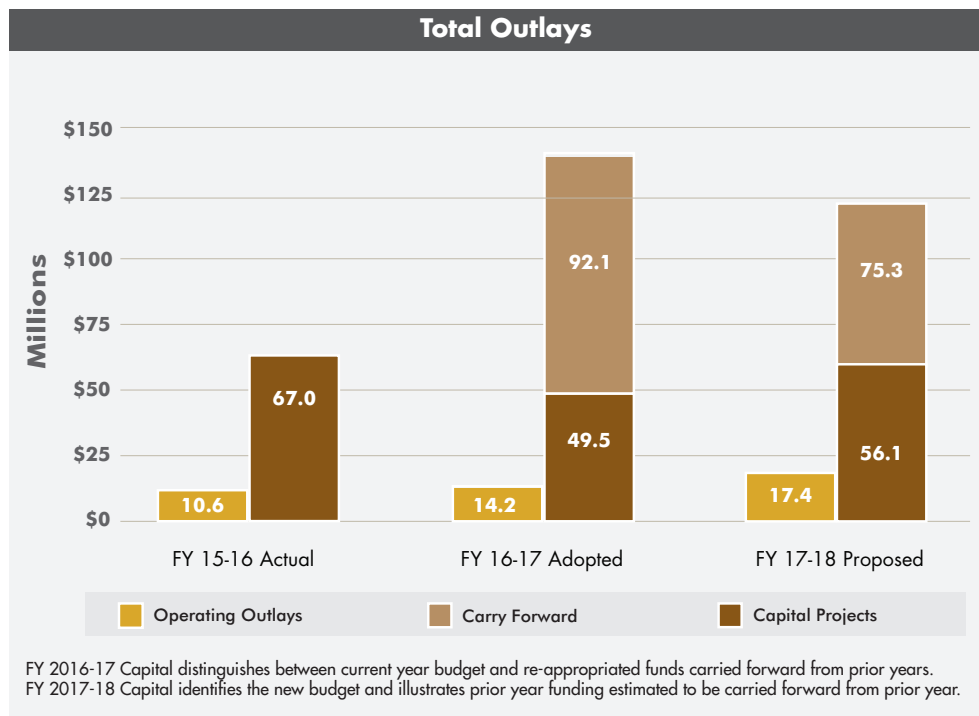
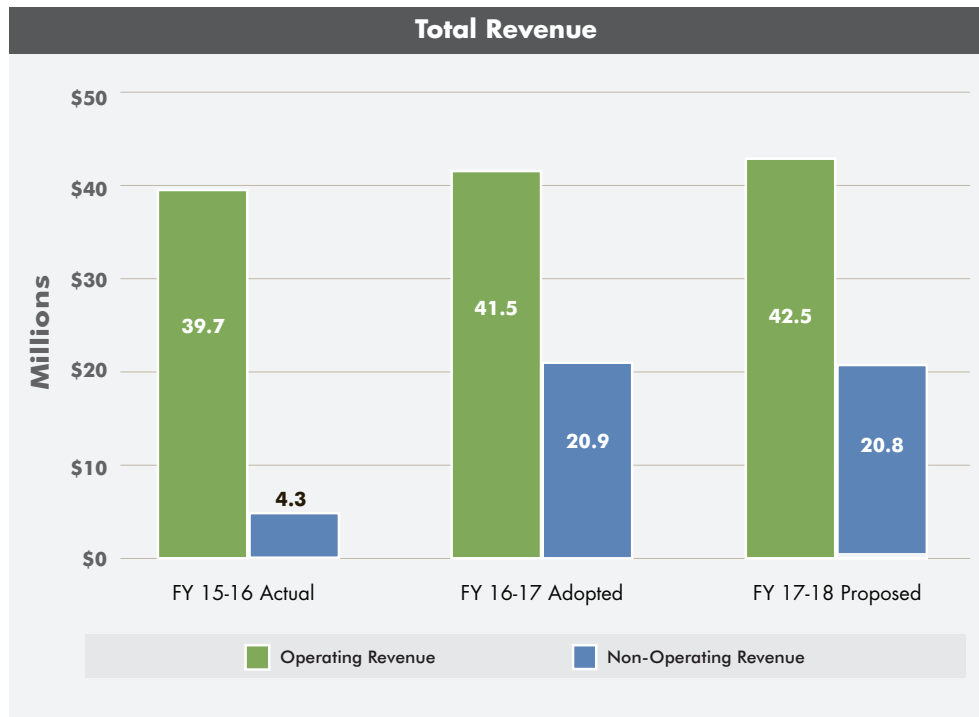
New debt service of \$140 million is planned to be issued in FY 2017-18

Budget Issues

- Reallocation of resources to provide short-term flood protection options for Coyote Creek (FY 2017-18 Board Priority 11: Coyote Creek flood response) may delay completion of watersheds operations and maintenance work.
- Staff continues to work aggressively with the USACE to obtain Federal funding. Flood protection projects continue to the extent possible with local funding.
- Due to uncertainty in USACE funding for capital flood protection projects, staff continues to explore other capital funding options.
- Good Neighbor Program: Encampment Cleanup project's 15-year program funding is inadequate to meet the demands for services from the community and partner agencies.

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Safe, Clean Water and Natural Flood Protection Fund



Financial Overview

Safe Clean Water and Natural Flood Protection Fund

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Operating Revenue:						
Special Parcel Tax	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%
Total Operating Revenue	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%
Non-Operating Income:						
Interest*	1,576,639	1,679,640	1,530,000	1,670,000	(9,640)	(0.6)%
Capital Reimbursements	2,455,075	19,202,000	16,537,000	19,158,000	(44,000)	(0.2)%
Other	291,432	—	—	—	—	—
Total Non-Operating Income	\$ 4,323,146	\$ 20,881,640	\$ 18,067,000	\$ 20,828,000	\$ (53,640)	(0.3)%
Total Revenue	\$ 44,007,229	\$ 62,409,777	\$ 59,140,026	\$ 63,338,582	\$ 928,805	1.5%
Operating Outlays:						
Operations**	\$ 8,982,571	\$ 11,855,095	\$ 12,360,878	\$ 13,042,584	\$ 1,187,489	10.0%
Operating Projects	1,662,847	2,070,871	2,070,871	1,986,142	(84,729)	(4.1)%
Debt Service	3,868	296,400	296,400	2,416,690	2,120,290	715.3%
Total Operating Outlays	\$ 10,649,286	\$ 14,222,366	\$ 14,728,149	\$ 17,445,416	\$ 3,223,050	22.7%
Capital Projects	67,027,756	49,527,325	106,314,031	56,084,728	6,557,403	13.2%
Carry Forward Capital Projects	—	92,145,000	—	75,321,000	(16,824,000)	(18.3)%
Total Capital Outlays	\$ 67,027,756	\$ 141,672,325	\$ 106,314,031	\$ 131,405,728	\$ (10,266,597)	(7.2)%
Other Financing Sources (Uses):						
Bond Proceeds	\$ —	\$ 157,220,000	\$ —	\$ —	\$ (157,220,000)	(100.0)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	5,500,000	3,874,660	238.4%
Transfers In	—	—	—	9,349,000	9,349,000	**
Transfers Out	(14,000,000)	—	—	—	—	**
Total Other Sources/(Uses)	\$ (5,282,455)	\$ 158,845,340	\$ 1,625,340	\$ 154,849,000	\$ (3,996,340)	(2.5)%
Balance Available	\$ (38,952,268)	\$ 65,360,426	\$ (60,276,814)	\$ 69,336,438	\$ —	—
Year-End Reserves:						
Restricted Reserves						
Currently Authorized Projects***	\$ 147,146,206	\$ 62,678,000	\$ 90,678,000	\$ 15,357,000	\$ (47,321,000)	(75.5)%
Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,810,531	40,194,183	37.7%
Total Restricted Reserves	\$ 153,107,907	\$ 169,294,348	\$ 92,831,093	\$ 162,167,531	\$ (7,126,817)	(4.2)%
Total Year-End Reserves	\$ 153,107,907	\$ 169,294,348	\$ 92,831,093	\$ 162,167,531	\$ (7,126,817)	(4.2)%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Total Outlays - Safe, Clean Water & Natural Flood Protection Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
	26001090 Unscoped Projects-Budget Only	0	100,000	100,000	Watershed Design & Construction Division
*	26031001 Watershed Revenue	118,653	153,903	147,545	Financial Planning and Mgmt Div
	26041023 Emergency Response Upgrades	398,129	298,119	369,599	Watershed Stwdship &Planning Division
	26041024 Flood Risk Reduction Studies	848,046	656,067	663,842	Watershed Stwdship &Planning Division
*	26041047 Ecological Data Collectn & Analy	388,946	712,257	770,528	Watershed Stwdship &Planning Division
	26061002 Rent Exp Clean Safe Ck 7/1/01+	92,490	150,604	163,507	General Services Division
	26061003 Stwardshp Grnts/Partnrshp Admn	66,757	105,300	71,671	Office of the CEO
	26061004 Districtwide Salary Savings-26	0	(189,000)	(127,970)	Financial Planning and Mgmt Div
	26061005 Flood Emrgncy Respse Planning	107,433	213,928	321,362	Watershed Stwdship &Planning Division
	26061006 Pollution Prvtn Prtnrshp & Grt	709,114	283,092	764,183	Office of the CEO
	26061007 Grants to Rest Habitat Access	1,468,377	1,534,081	1,441,521	Office of the CEO
	26061008 Water Conservation Grants	143,962	126,951	129,317	Water Supply Division
	26061010 Nitrate Treatment Systm Rebate	18,431	55,815	29,000	Water Supply Division
	26061012 Safe Clean Water Implementatn	0	556,154	581,429	Office of COO Watershed
*	26061019 Supp Volunteer Cleanup Effort	103,437	206,982	210,988	Office of the CEO
**	26061078 Supp Volunteer Cleanup Eff&Ed	140	0	0	Office of the CEO
*	26761022 Watershed Good Neighbor Maint	570,565	576,917	559,056	Watershed Opearions &Maintenance Division
*	26761023 Watershed Sediment Removal	355,765	480,157	864,303	Watershed Opearions &Maintenance Division
*	26761075 Mgmt of Revegetation Projects	469,764	1,159,091	1,199,338	Watershed Opearions &Maintenance Division
	26761076 Rev, Riprn, Uplnd, & Wtlnd Hab	193,334	802,782	917,156	Watershed Stwdship &Planning Division
*	26761078 Vegetation Mangmnt for Access	348,471	437,568	370,647	Watershed Opearions &Maintenance Division
*	26771011 Inter Agency Urban Runoff Prog	613,247	659,544	698,908	Watershed Stwdship &Planning Division
	26771027 Encampment Cleanup Program	929,729	1,011,226	905,710	Watershed Opearions &Maintenance Division
*	26771031 HAZMAT Emergency Response	20,789	37,480	19,179	Human Resources Division
	26771067 Stream Capacity Vegetation Con	1,016,992	1,726,077	1,871,765	Watershed Opearions &Maintenance Division
Total Operations		8,982,571	11,855,095	13,042,584	
Operating					
	26042002 Fish Habitat Improvements	465,315	501,006	499,883	Watershed Stwdship &Planning Division
	26062009 Hydration Station Grants	58,121	0	0	Office of the CEO
	26752043 Impaired Water Bodies Imprvmts	1,139,411	1,569,865	1,486,258	Watershed Stwdship &Planning Division
Total Operating		1,662,847	2,070,871	1,986,142	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Safe, Clean Water & Natural Flood Protection Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Debts					
26993001	Commercial Paper Tax Exmpt SCW	3,868	296,400	2,416,690	Financial Planning and Mgmt Div
Total Debts		3,868	296,400	2,416,690	
Capital					
26044001	Almaden Lake Improvement	287,917	1,043,608	654,000	Watershed Design & Construction Division
26044002	SCW Fish Passage Improvement	1,135,730	2,203,000	221,822	Water Utility Capital Division
26064023	Districtwide Salary Savings	0	(126,000)	(260,897)	Financial Planning and Mgmt Div
26074002	Sunnyvale East & West Channel	1,152,708	0	4,820,385	Water Utility Capital Division
** 26074030	CPS Training and Development	139,641	15,097	0	Water Utility Capital Division
* 26074033	CIP Development & Admin	286,284	239,852	416,009	Water Utility Capital Division
* 26074036	Survey Mgmt & Tech Support	130,892	103,061	189,517	Watershed Design & Construction Division
* 26074038	Capital Program Services Admin	690,605	78,538	2,174,463	Water Utility Capital Division
** 26074045	Technical Review Committee	129,234	57,128	0	Water Utility Capital Division
** 26074046	WU Capitl Health & Safety Trng	29,219	3,762	0	Water Utility Capital Division
** 26074051	WS Capital Training & Dvlpmnt	125,661	319,140	0	Office of COO Watershed
** 26074052	WS Capital Program Srvc Admin	690,362	1,211,298	0	Office of COO Watershed
** 26074053	WS Capital Hlth & Safety Trng	10,507	16,308	0	Office of COO Watershed
26154002	Guadalupe Rv-Upr, 280-SPRR(R6	256,310	116,000	0	Office of COO Watershed
26154003	Guadalupe Rv-Upr, SPRR-BH 7-12	1,143,570	8,499,000	6,544,000	Office of COO Watershed
26164001	HaleCreekEnhancementPilotStudy	285,254	482,220	1,306,000	Watershed Design & Construction Division
26174041	Berryessa Calav/Old Pied Cor	12,859,342	14,747,258	0	Office of COO Watershed
26174042	Berryessa Calav/Old Pied LER	4,667,595	0	0	Office of COO Watershed
26174043	Coyote Ck, Montague to I-280	77,539	0	0	Watershed Stwdship & Planning Division
26174051	U. Llagas Ck, Reimburse E6b	5,829,158	0	106,000	Water Utility Capital Division
26174052	U. Llagas Ck, Nonreimburse E6a	372,984	0	0	Water Utility Capital Division
26174054	U.Llagas Ck Design B. Vsta Rd	697,641	1,071,000	1,040,000	Water Utility Capital Division
26244001	Permanente Ck, Bay-Fthill CSC	6,436,822	11,722,096	16,906,000	Watershed Design & Construction Division
26284001	San Francisquito Ck,BaySer CSC	710,157	0	0	Watershed Design & Construction Division
26284002	San Francisquito Early Implemt	27,539,182	536,467	7,337,727	Watershed Design & Construction Division
26444001	SFBS EIA 11 Desgn & Part Const	(539)	6,246,492	0	Watershed Design & Construction Division
26444002	SFBS Other EIAs Planning	399,126	422,000	0	Watershed Design & Construction Division
26444003	SBSP Restoration Partnership	25,829	0	12,701	Watershed Stwdship & Planning Division
26564001	Main/Madrone PL Restoration	919,026	520,000	14,617,000	Water Utility Capital Division
Total Capital		67,027,756	49,527,325	56,084,728	
Total		77,677,042	63,749,691	73,530,143	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Benefit Assessment Funds

Overview

The Flood Control Benefit Assessment was first authorized by the District Board of Directors in 1981, and then by ballot measures in 1982, 1986, and 1990. The program had a sunset date of 2000 but the assessment will continue until 2030, when the District will pay off the bonds associated with it. The Benefit Assessment funds are in place to account for both revenue received and expenditures by zone.

Starting from FY 2008-09, the following watershed funds are redefined as the Benefit Assessment Funds as a result of the watershed fund consolidation effort:

- The Lower Peninsula Watershed (Fund 21) is defined by geographic boundaries encompassing the tributaries and watersheds of San Francisquito Creek, Matadero Creek, Barron Creek, Adobe Creek, Stevens Creek, and Permanente Creek. The geographic area includes the cities of Palo Alto, Los Altos, Los Altos Hills, Mountain View, and portions of Cupertino.
- The West Valley Watershed (Fund 22) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe Slough, Sunnyvale West Outfall, Sunnyvale East Outfall, Calabazas Creek, San Tomas Aquino Creek, and Saratoga Creek. The geographic area includes portions of the cities of Sunnyvale, Cupertino, Monte Sereno, San Jose, Santa Clara, Campbell, Saratoga and the Town of Los Gatos.
- The Guadalupe Watershed (Fund 23) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe River. The major tributaries are Los Gatos Creek, Canoas Creek, Ross Creek, Guadalupe Creek, and Alamitos Creek. The geographic area includes portions of the cities of Santa Clara, San Jose, Campbell, Monte Sereno, and the Town of Los Gatos.
- The Coyote Watershed (Fund 24) is defined by geographic boundaries encompassing the tributaries and watersheds of Coyote Creek. The major tributaries are Lower Penitencia Creek, Scott Creek, Berryessa Creek, Upper Penitencia Creek, Silver Creek, Thompson Creek, Fisher Creek, and Packwood Creek. The geographic area includes the city of Milpitas and portions of the cities of San Jose and Morgan Hill.
- The Uvas/Llagas Watershed (Fund 25) is defined by geographic boundaries encompassing the tributaries and watersheds of the Pajaro River in Santa Clara County. The major tributaries are Little Llagas Creek, Llagas Creek, the west branch of Llagas Creek, Uvas-Carnadero Creek, Pescadero Creek, and Pacheco Creek. The Uvas/Llagas Watershed Fund is comprised of mostly unincorporated area and includes the city of Gilroy and portions of the cities of San Jose and Morgan Hill.

These funds are redefined as the benefit assessment funds comprised of voter-approved debt repayment phase of the benefit assessment program, with benefit assessment levied at 1.25 times the annual debt service. The excess amount over annual debt service will be transferred out to the consolidated Watershed and Stream Stewardship Fund (Fund 12) for the maintenance of the flood protection infrastructure.

The benefit assessment for a single family residence is expected at approximately:

- \$39.86/year for Lower Peninsula Watershed
- \$13.20/year for West Valley Watershed
- \$21.16/year for Guadalupe Watershed
- \$21.06/year for Coyote Watershed
- \$0.00/year for Uvas/Llagas Watershed. The debt has been paid off

Financial Overview

Benefit Assessment Funds

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Benefit Assessments						
Lower Peninsula Watershed	\$ 3,997,345	\$ 4,041,221	\$ 4,041,221	\$ 4,038,079	\$ (3,142)	(0.1)%
West Valley Watershed	2,246,217	2,266,524	2,266,524	2,265,508	(1,016)	(0.0)%
Guadalupe Watershed	4,529,288	4,579,897	4,579,897	4,578,702	(1,195)	(0.0)%
Coyote Watershed	3,909,678	3,896,938	3,896,938	3,895,225	(1,713)	(0.0)%
Uvas/Llagas Watershed	—	—	—	—	—	**
Other revenue	—	—	—	—	—	**
Total Revenue	\$ 14,682,528	\$ 14,784,580	\$ 14,784,580	\$ 14,777,514	\$ (7,066)	(0.0)%
Operating Outlays:						
Debt Service						
Lower Peninsula Watershed	\$ 3,356,914	\$ 3,369,004	\$ 3,369,004	\$ 3,361,126	\$ (7,878)	(0.2)%
West Valley Watershed	1,831,617	1,854,013	1,854,013	1,855,206	1,193	0.1%
Guadalupe Watershed	3,663,735	3,718,445	3,718,445	3,721,829	3,384	0.1%
Coyote Watershed	3,240,144	3,266,310	3,266,310	3,267,190	880	0.0%
Uvas/Llagas Watershed	—	—	—	—	—	**
Total Operating Outlays	\$ 12,092,410	\$ 12,207,772	\$ 12,207,772	\$ 12,205,351	\$ (2,421)	(0.0)%
Other Financing Sources/(Uses):						
Transfers Out to WSS fund	\$ (2,590,118)	\$ (2,576,808)	\$ (2,576,808)	\$ (2,572,163)	\$ —	—
Balance Available						
Uncommitted Funds			\$ 0	\$ 0		

Financial Overview

Total Outlays - Lower Peninsula Watershed Fund

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Debts						
**	10993005	2004A COP Lower Peninsula WS	1,082,432	1,089,552	0	Financial Planning and Mgmt Div
**	10993006	2007 COP Refunding LP WS	2,274,483	2,279,452	0	Financial Planning and Mgmt Div
	10993008	2017A COP Refunding LP WS	0	0	3,361,126	Financial Planning and Mgmt Div
Total Debts			3,356,915	3,369,004	3,361,126	
Total			3,356,915	3,369,004	3,361,126	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - West Valley Watershed Fund

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Debits						
**	20993006	2007 COP Refunding WV WS	682,287	683,778	0	Financial Planning and Mgmt Div
	20993007	2012A COP Refunding WV WS	1,149,330	1,170,235	1,171,611	Financial Planning and Mgmt Div
	20993008	2017A COP Refunding WV WS	0	0	683,595	Financial Planning and Mgmt Div
Total Debits			1,831,617	1,854,013	1,855,206	
Total			1,831,617	1,854,013	1,855,206	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Guadalupe Watershed Fund

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Debts						
**	30993005	2004A COP Guadalupe WS	30,603	31,368	0	Financial Planning and Mgmt Div
**	30993006	2007 COP Refunding Guad WS	758,353	760,010	0	Financial Planning and Mgmt Div
	30993007	2012A COP Refunding Guad WS	2,874,779	2,927,067	2,930,510	Financial Planning and Mgmt Div
	30993008	2017A COP Refunding Guad WS	0	0	791,319	Financial Planning and Mgmt Div
Total Debts			3,663,735	3,718,445	3,721,829	
Total			3,663,735	3,718,445	3,721,829	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Coyote Watershed Fund

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Debits						
**	40993006	2007 COP Refunding Coyote WS	2,047,438	2,051,911	0	Financial Planning and Mgmt Div
	40993007	2012A COP Refunding Coyote WS	1,192,706	1,214,399	1,215,829	Financial Planning and Mgmt Div
	40993008	2017A COP Refunding Coyote WS	0	0	2,051,361	Financial Planning and Mgmt Div
Total Debits			3,240,144	3,266,310	3,267,190	
Total			3,240,144	3,266,310	3,267,190	

* Recipient projects

** Closed, combined or no current year funding

WATER ENTERPRISE AND STATE WATER PROJECT FUNDS

Financial Overview

Overview

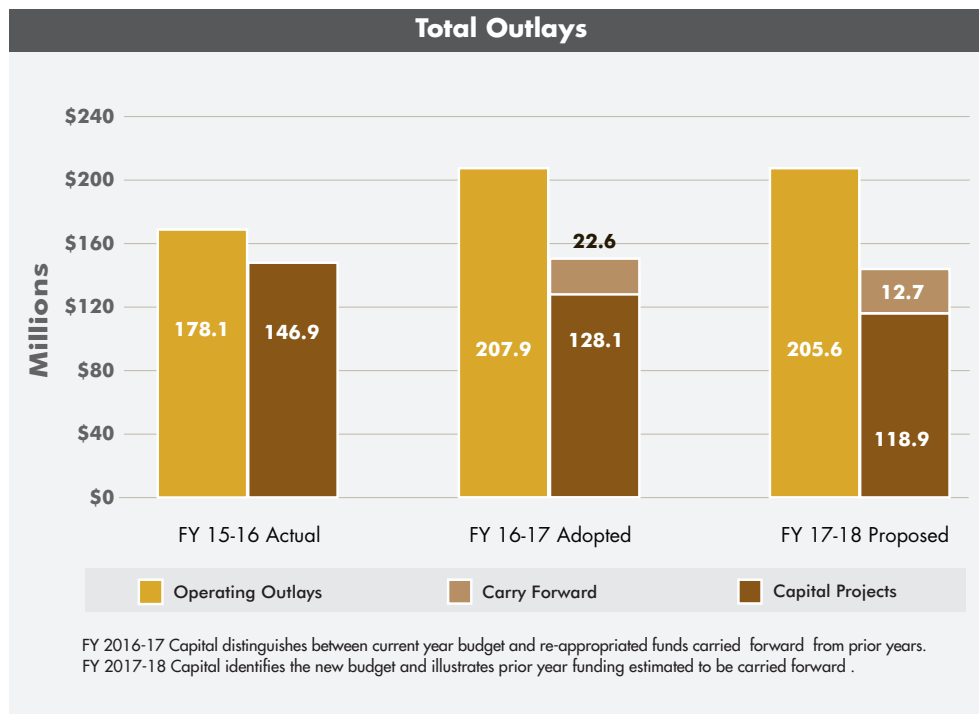
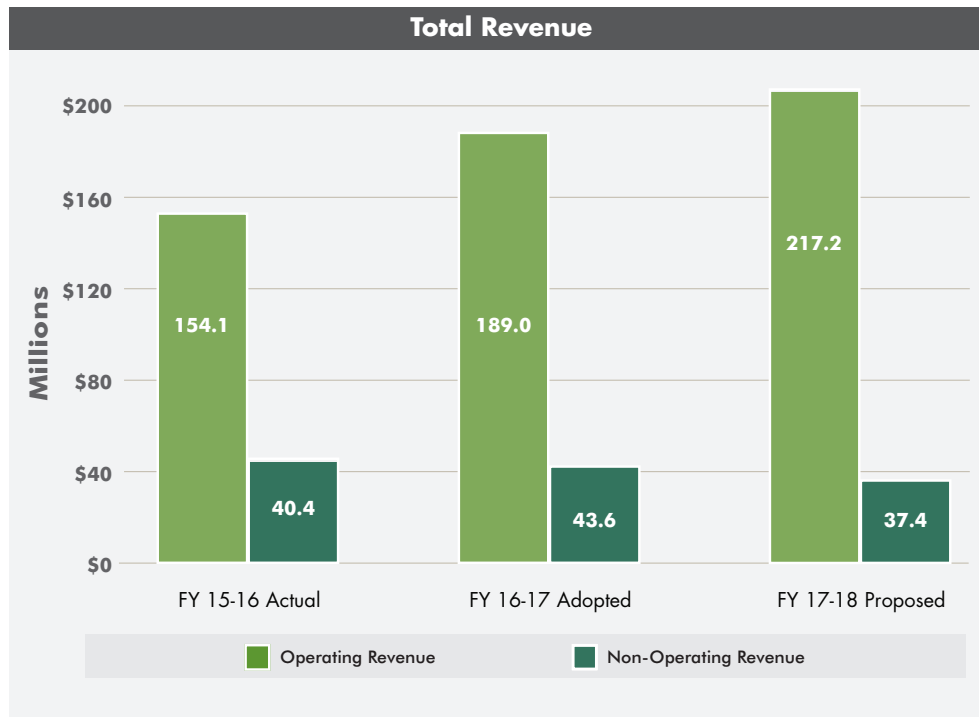
As the water management agency and principal water wholesaler for Santa Clara County, the Santa Clara Valley Water District manages a sustainable water supply through conjunctive use of surface and groundwater resources. The Chief Operating Officer - Water Utility implements the program to protect and augment water supplies through the use of two funds:

- The Water Utility Enterprise Fund (Fund 61)
- The State Water Project Fund (Fund 63)

Financial summaries and a description of programs and outcomes from these funds can be found in this chapter.

Financial Overview

Water Enterprise and State Water Project Funds



Financial Overview

Water Enterprise and State Water Projects Combined Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff

Revenue Sources:

Operating Revenue:

Groundwater Production Charges	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water Revenue	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Inter-governmental services	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%
Other	777,482	660,000	735,000	735,000	75,000	11.4%
Total Operating Revenue	\$ 154,086,492	\$ 188,734,000	\$ 190,316,905	\$ 217,166,000	\$ 28,432,000	15.1%

Non-Operating Income:

Property Tax	30,534,598	38,983,040	39,285,000	32,509,600	(6,473,440)	(16.6)%
Interest*	2,527,338	629,415	821,000	820,000	190,585	30.3%
Capital Reimbursements	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%
Other	4,116,452	1,377,214	1,377,214	1,379,064	1,850	0.1%
Total Non-Operating Income	\$ 40,354,899	\$ 43,800,669	\$ 53,805,214	\$ 37,396,664	\$ (6,404,005)	(14.6)%
Total Revenue	\$ 194,441,391	\$ 232,534,669	\$ 244,122,119	\$ 254,562,664	\$ 22,027,995	9.5%

Operating Outlays:

Operations**	\$ 164,821,265	\$ 181,367,615	\$ 186,290,180	\$ 170,699,947	\$ (10,667,668)	(5.9)%
Operating Projects	155,652	57,121	57,121	242,461	185,340	324.5%
Debt Service	13,162,449	26,482,260	26,482,260	34,656,167	8,173,907	30.9%
Total Operating Outlays	\$ 178,139,366	\$ 207,906,996	\$ 212,829,561	\$ 205,598,575	\$ (2,308,421)	(1.1)%
Capital Projects	146,905,776	128,053,459	122,848,030	118,907,325	(9,146,134)	(7.1)%
Carry Forward Capital Projects	—	22,643,000	—	12,676,000	(9,967,000)	(44.0)%
Total Capital Outlays	\$ 146,905,776	\$ 150,696,459	\$ 122,848,030	\$ 131,583,325	\$ (19,113,134)	(12.7)%

Other Financing Sources (Uses) :

Bond Proceeds	\$ 131,482,186	\$ 128,000,000	\$ 123,585,000	\$ 62,000,000	\$ (66,000,000)	(51.6)%
Commercial Paper Proceeds	—	—	—	—	—	—
Certificates of Participation	—	—	—	—	—	**
Transfers In	24,117,308	2,601,000	2,601,000	4,540,222	1,939,222	74.6%
Transfers Out	(4,243,740)	(2,033,034)	(610,554)	(10,816,659)	(8,783,625)	432.0%
Total Other Sources/(Uses)	\$ 151,355,754	\$ 128,567,966	\$ 125,575,446	\$ 55,723,563	\$ (72,844,403)	(56.7)%
Balance Available	\$ 20,752,003	\$ 2,499,180	\$ 34,019,974	\$ (26,895,673)	\$ —	—

Year-End Reserves:

Restricted Reserves

WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
WUE- Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- State Revolving Fund Reserve	—	—	—	—	—	**
WUE- State Water Project Tax Reserve	—	—	—	—	—	**
WUE- Debt Service Reserve	—	—	—	—	—	**
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—

Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
WUE- Drought Reserve	—	3,000,000	3,000,000	3,000,000	—	—
Total Restricted Reserves	\$ 37,094,318	\$ 42,028,823	\$ 42,028,823	\$ 43,625,427	\$ 1,596,604	3.8%
Committed Reserves						
Floating Rate Debt Stabilization	\$ —	\$ —	\$ —	\$ —	\$ —	**
Operating & Capital Reserve	35,431,539	36,366,956	54,005,579	38,189,302	1,822,346	5.0%
Currently Authorized Projects***	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
Total Committed Reserves	\$ 64,742,110	\$ 41,041,956	\$ 93,827,579	\$ 65,335,302	\$ 24,293,346	59.2%
Total Year-End Reserves	\$ 101,836,428	\$ 83,070,779	\$ 135,856,402	\$ 108,960,729	\$ 25,889,950	31.2%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB expenses-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Water Utility Enterprise Fund

Description

Water Enterprise Fund ensures the availability of water to 15 cities, farmers, and individual well owners spread over 1,300 square miles, with District-managed usage estimated to total 217,000 acre-feet (AF) in FY 2017–18.

This requires the operation of the following facilities:

- 10 surface reservoirs with a total operationally restricted storage capacity of 122,924 AF
- 17 miles of canals
- 4 water supply diversion dams
- 393 acres of recharge ponds
- 91 miles of controlled in-stream recharge in the county
- 142 miles of pipelines
- 3 water treatment plantsh
- 1 Advanced Water Purification Center
- 3 pumping stations
- 1 well field

Accounts related to activities of the Water Utility are segregated into the Water Utility Funds comprised of the Water Utility Enterprise Fund and the State Water Project Fund. For the Water Utility Enterprise Fund, revenue accounts include: groundwater production, treated water, property taxes, surface water, recycled water, interest earnings, reimbursements, grants and other. Cost accounts include both direct and indirect or overhead costs associated with Water Utility projects and activities. The State Water Project Fund accounts specifically for state water project tax revenue and state water project contractual costs.

Revenue is derived from treated, surface and recycled water sales; groundwater production charges; federal, state and local grants; interest earnings; and ad valorem taxes as provided by law. The Water Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing

body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The staff recommendation for FY 2017-18 North County (Zone W-2) groundwater production charges reflect a 9.6% increase over the prior year for municipal and industrial water and 6.4% for agricultural water. The recommended Municipal and Industrial groundwater production charge is \$1,175 per AF. The recommended agricultural groundwater production charge in North County is \$25.09 per AF, and the recommended total treated water contract charge is \$1,275 per AF.

The staff recommendation for FY 2017-18 South County (Zone W-5) groundwater production charges reflect a 6.4% increase over the prior year for both municipal and industrial, as well as agricultural water. The recommended Municipal and Industrial groundwater production charge is \$418 per AF, and the recommended agricultural groundwater production charge is \$25.09 per AF.

Estimated total revenue for FY 2017-18 is \$254.5 million (\$227.5 million for fund 61 and \$27 million for fund 63), or 9.5% more than the FY 2016-17 budget. Operations costs (excluding debt service) are expected to be \$170.9 million for both funds, which includes new positions for Imported Water and Raw Water Operations. This represents a (6%) decrease from the FY 2016-17 budget. The cost of purchased water from the federal and state projects continues to be the largest expense item at \$18.6 million and \$28.2 million, respectively. The budget also includes \$9.7 million to pay the District's capital cost obligations for the federal San Felipe Division of the Central Valley Project. Debt service is budgeted at \$34.6 million.

In FY 2017-18 the capital appropriation is estimated to

Financial Overview

be \$118.9 million and capital carry forward is estimated at \$12.7 million. This includes new positions, added mid-year 2016-17, to expedite environmental projects and streamline contracts. For FY 2017-18, total requirements of \$337.2 million are to be met from a combination of current revenues, reserves, and debt. The recommended water charges will generate \$215.2 million in revenues from water usage. Property tax revenues are projected to be \$32.5 million, and interest earnings and other revenue are estimated to be \$6.8 million for a total of \$254.5 million.

Total reserves for both funds are \$108.9 million, an increase by \$25.9 million relative to FY 2016-17.

Significant Business Challenges/ Opportunities

- Support the Board in achieving the Board Budget Priorities for FY 2018 with funding from the Water Utility Enterprise including: Priority 1 Make Key decisions regarding the California WaterFix; Priority 3 Advance the District's interest in countywide stormwater resource planning; Priority 6 Advance the Anderson Dam Seismic Retrofit Project; Priority 7 Advance recycled and purified water efforts with San Jose and other agencies; Priority 8 Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE); and Priority 9 Actively pursue efforts to increase water storage opportunities.
- Continuing to resolve issues and pursuing regulatory actions conducive to the best possible opportunity for the District to participate in the California WaterFix project, thus enabling the District's Board to make a well-informed decision about whether to participate in the project.
- Evaluating the benefits of potential expansion of local storage and seeking funding opportunities to offset potential project costs.
- Participating in the planning and evaluation of storage projects, including Sites Reservoir and Los Vaqueros Reservoir, and evaluation of potential benefits to the District.

- Managing operation of local reservoirs to seismic stability issues.
- Within approved budgets, providing the required level of supply, treatment, delivery, and renewing aging infrastructure.
- Meeting or surpassing all drinking water standards and delivering approximately 110,000 acre feet of water to fulfill treated water contracts.
- Operating Rinconada, Penitencia, and Santa Teresa water treatment plants and SFPUC_SCVWD Intertie to deliver treated water during scheduled outages for planned inspections/rehabilitations of the Pacheco Conduit and Almaden Valley Pipeline rehabilitation projects.
- Continuing Rinconada Water Treatment Plant Reliability Improvement Project according to approved schedule and budget.
- Continuing seismic retrofit planning and design of Anderson, Calero, and Guadalupe dams as well as seismic evaluations of Chesbro, Coyote, and Uvas dams.
- Expediting development of purified water supply systems to enhance long-term reliability of supply.
- Resolving the Three Creeks water rights issues through meeting the FAHCE settlement agreement commitments; focusing on completion of the Fish Habitat Restoration Plan and CEQA documentation to support an application to the State Water Resources Control Board for dismissal of the water rights complaint.

Major Capital Projects

E 2.1 Current and future water supplies are reliable

- Anderson Dam Seismic Retrofit – Design
- Calero and Guadalupe Dams Seismic Retrofits – Design
- Dam Safety Program Seismic Stability – Continuing evaluation
- South County Water Recycled Pipeline – Construction

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- Wolfe Road Recycled Water Facilities – Construction to Close out Coyote Pumping Plant ASD Replacement - Planning
- Expedited Recycled and Purified Water Program – Planning

E 2.2 Raw water transmission & distribution assets ensure reliability and efficiency

- Pacheco Conduit Rehabilitation Project Construction
- Almaden Valley Pipeline - Rehabilitation Project – Design/ Construction
- Main & Madrone Pipelines Restoration – Construction
- Penitencia Delivery Main/Force Main Seismic Retrofits – Construction to Closeout
- Vasona Pumping Plant Upgrades – Planning/ Design
- Raw Water Transmission Small Capital Improvements – Ongoing

E 2.3 Reliable high quality drinking water is delivered

- RWTP Reliability Improvement – Construction
- IRP2 Seismic Retrofit of Penitencia WTP Ops Bldg – Closeout
- PWTP Clearwell Recoating & Repair – Construction to Closeout
- Water Treatment Small Capital Improvements – Ongoing
- Fluoridation at Penitencia and Santa Teresa Water Treatment Plants – Closeout

Fiscal Status

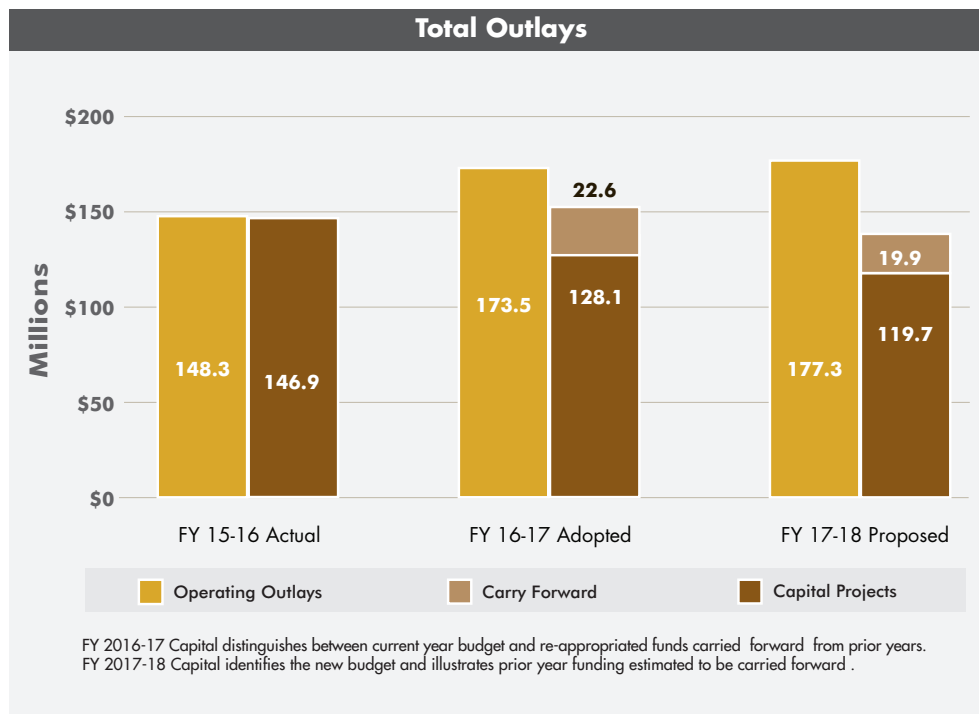
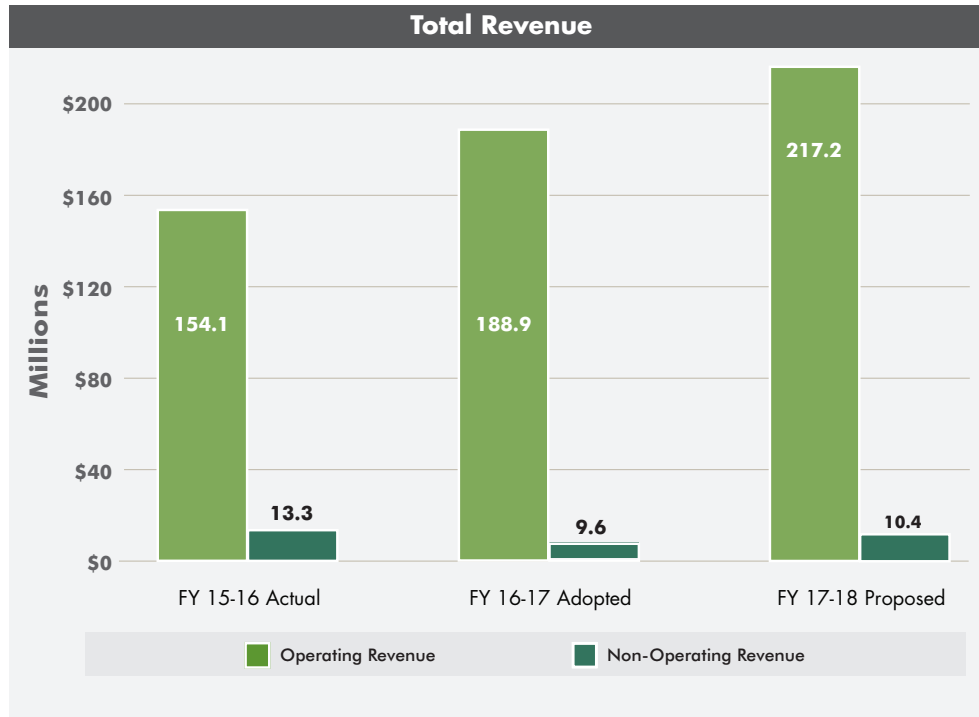
The debt service coverage ratio is targeted at 2.0 or higher to help ensure financial stability and continued high credit ratings. Discretionary reserves are targeted at a minimum per the District's policy.

Budget Issues

Staff assumed that revenue from water charges is based on District water use of 217,000 AF. This represents a 6% increase year over year, but also represents a 24% reduction relative to calendar year 2013 actual. Staff also assumed a debt issuance of \$62 million to help finance critical investments in water supply infrastructure

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Water Enterprise Fund (Fund 61)



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Water Enterprise Fund Summary (Fund 61)

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff

Revenue Sources:

Operating Revenue:

Groundwater Production Charges	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Inter-governmental services	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%
Other	777,482	660,000	735,000	735,000	75,000	11.4%
Total Operating Revenue	\$ 154,086,492	\$ 188,734,000	\$ 190,316,905	\$ 217,166,000	\$ 28,432,000	15.1%
Non-Operating Income:	\$ —	\$ —	\$ —	\$ —	\$ —	—
Property Tax	6,062,880	5,983,040	6,285,000	6,509,600	526,560	8.8%
Interest*	2,527,338	629,415	821,000	820,000	190,585	30.3%
Capital Reimbursements	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%
Other	1,535,002	377,214	377,214	379,064	1,850	0.5%
Total Non-Operating Income	\$ 13,301,731	\$ 9,800,669	\$ 19,805,214	\$ 10,396,664	\$ 595,995	6.1%
Total Revenue	\$ 167,388,223	\$ 198,534,669	\$ 210,122,119	\$ 227,562,664	\$ 29,027,995	14.6%

Operating Outlays:

Operations**	\$ 134,993,052	\$ 147,305,450	\$ 151,853,015	\$ 142,411,725	\$ (4,893,725)	(3.3)%
Operating Projects	155,652	57,121	57,121	242,461	185,340	324.5%
Debt Service	13,162,449	26,482,260	26,482,260	34,656,167	8,173,907	30.9%
Total Operating Outlays	\$ 148,311,153	\$ 173,844,831	\$ 178,392,396	\$ 177,310,353	\$ 3,465,522	2.0%
Capital Projects	146,905,776	128,053,459	122,848,030	118,907,325	(9,146,134)	(7.1)%
Carry Forward Capital Projects	—	22,643,000	—	12,676,000	(9,967,000)	(44.0)%
Total Capital Outlays	\$ 146,905,776	\$ 150,696,459	\$ 122,848,030	\$ 131,583,325	\$ (19,113,134)	(12.7)%

Other Financing Sources (Uses) :

Commercial Paper Proceeds	\$ —	\$ —	\$ —	\$ —	\$ —	—
Bond Proceeds	131,482,186	128,000,000	123,585,000	62,000,000	(66,000,000)	(51.6)%
Transfers In	22,436,000	2,601,000	2,601,000	3,252,000	651,000	25.0%
Certificates of Participation	—	—	—	—	—	**
Transfers Out	(4,243,740)	(2,095,199)	(1,047,719)	(10,816,659)	(8,721,460)	416.3%
Total Other Sources/(Uses)	\$ 149,674,446	\$ 128,505,801	\$ 125,138,281	\$ 54,435,341	\$ (74,070,460)	(57.6)%
Balance Available	\$ 21,845,740	\$ 2,499,180	\$ 34,019,974	\$ (26,895,673)	\$ —	—

Year-End Reserves:

Restricted Reserves

WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
WUE- Rate Stabilization	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- State Revolving Fund Reserve	—	—	—	—	—	**
WUE- Debt Service Reserve	—	—	—	—	—	**
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—

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	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
WUE- Drought Reserve	—	3,000,000	3,000,000	3,000,000	—	—
Total Restricted Reserves	\$ 37,094,318	\$ 42,028,823	\$ 42,028,823	\$ 43,625,427	\$ 1,596,604	3.8%
Committed Reserves						
Floating Rate Debt Stabilization	\$ —	\$ —	\$ —	\$ —	\$ —	**
Operating & Capital Reserve	35,431,539	36,366,956	54,005,579	38,189,302	1,822,346	5.0%
Currently Authorized Projects***	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
Total Committed Reserves	\$ 64,742,110	\$ 41,041,956	\$ 93,827,579	\$ 65,335,302	\$ 24,293,346	59.2%
Total Year-End Reserves	\$ 101,836,428	\$ 83,070,779	\$ 135,856,402	\$ 108,960,729	\$ 25,889,950	31.2%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB expenses-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Water Enterprise Cost Center Summary

	Budgetary Base Actuals 2015-2016	Adopted Budget 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted % Diff
SOURCE OF SUPPLY				
Operations	\$ 99,527,590	\$ 108,546,137	\$ 92,976,766	(14.3)%
Operating Projects	154,541	—	—	—
Capital	53,117,200	57,930,469	27,721,485	(52.1)%
Total	\$ 152,799,331	\$ 166,476,606	\$ 120,698,251	(27.5)%
RAW WATER TRANSMISSION AND DISTRIBUTION				
Operations	\$ 11,245,771	\$ 12,660,668	\$ 13,944,516	10.1%
Operating Projects	—	—	—	—
Capital	12,153,894	10,291,005	1,912,255	(81.4)%
Total	\$ 23,399,665	\$ 22,951,673	\$ 15,856,770	(30.9)%
WATER TREATMENT				
Operations	\$ 33,394,381	\$ 36,454,166	\$ 38,334,835	5.2%
Operating Projects	—	—	—	—
Capital	64,135,883	52,072,736	68,502,873	31.6%
Total	\$ 97,530,264	\$ 88,526,902	\$ 106,837,708	20.7%
TREATED WATER TRANSMISSION AND DISTRIBUTION				
Operations	\$ 1,828,384	\$ 1,695,710	\$ 1,902,670	12.2%
Operating Projects	—	—	—	—
Capital	6,595,876	843,000	232,000	(72.5)%
Total	\$ 8,424,260	\$ 2,538,710	\$ 2,134,670	(15.9)%
ADMINISTRATION AND GENERAL				
Operations	\$ 15,050,784	\$ 22,010,934	\$ 23,541,161	7.0%
Operating Projects	1,113	57,121	242,461	324.5%
Debt	13,162,448	26,482,260	34,656,167	30.9%
Capital	9,255,266	6,916,249	20,538,712	197.0%
Total	\$ 37,469,611	\$ 55,466,564	\$ 78,978,501	42.4%
TOTAL WATER ENTERPRISE FUND	\$ 319,623,131	\$ 335,960,455	\$ 324,505,901	(3.4)%
FUND SUMMARY BY CATEGORY				
Operations	\$ 161,046,910	\$ 181,367,615	\$ 170,699,947	(5.9)%
Operating Projects	155,654	57,121	242,461	324.5%
Debt	13,162,448	26,482,260	34,656,167	30.9%
Capital	145,258,119	128,053,459	118,907,325	(7.1)%
Total	\$ 319,623,131	\$ 335,960,455	\$ 324,505,901	(3.4)%

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Water Enterprise Charge Summary

	Adopted 2013/14	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17	Proposed 2017/18
Groundwater Production					
Zone W-2					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	680.00	747.00	894.00	1,072.00	1,175.00
Zone W-5					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	305.00	319.00	356.00	393.00	418.00
Treated Water					
Contract (Scheduled) ⁽²⁾	780.00	847.00	994.00	1,172.00	1,375.00
Non-Contract ⁽³⁾	755.00	897.00	1,094.00	1,272.00	1,375.00
Untreated Water (Basic User Charge)					
Zone W-2					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	680.00	747.00	894.00	1,072.00	1,175.00
Zone W-5					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	305.00	319.00	356.00	393.00	418.00
Water Master ⁽¹⁾	15.31	18.60	22.60	27.46	33.36
Minimum Charge					
Zone W-2 Non-Agricultural	510.00	560.25	670.50	804.00	883.50
Zone W-5 Non-Agricultural	228.75	239.25	267.00	294.75	313.50
Zone W-2 Agricultural	13.72	14.35	16.02	17.69	18.82
Zone W-5 Agricultural	13.72	14.35	16.02	17.69	18.82
Reclaimed Water					
Gilroy Reclamation Facility					
Agricultural	42.10	42.94	45.16	47.38	48.88
Non-Agricultural	285.00	299.00	336.00	373.00	398.00

(1) The surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

(2) The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

(3) The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

Financial Overview

Water Utility Cost Allocation between Zone W-2 (North County) and Zone W-5 (South County)

Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Proposed 2017-2018	Basis of Allocation to the South
Operations						
91041012	Water Operations Planning	16.9%	\$ 103,643	\$ 509,628	\$ 613,271	Raw Water Deliveries
91041018	Groundwater Management Program	42.4%	1,707,990	2,320,289	4,028,279	Groundwater Production Ratio
91061012	Facilities Env Compliance	16.9%	7,024	34,539	41,564	Raw Water Deliveries
91081007	Dam Safety Program	14.4%	202,626	1,204,498	1,407,124	Program Benefit Calculation
91101004	Recycled Water Program	5.9%	376,659	6,007,398	6,384,058	Population
91111001	Water Rights	16.9%	54,086	265,948	320,033	Raw Water Deliveries
91131004	Imported Water Program	12.0%	874,734	6,414,715	7,289,449	Imported Water Ratio
91131006	IW San Felipe Division Delvrs	19.7%	4,537,593	18,495,872	23,033,465	Program Benefit Calculation
91131007	IW South Bay Aqueduct Delvrs	—	—	3,053,971	3,053,971	No South County Benefit
91131008	State Water Project Costs	—	—	28,288,222	28,288,222	No South County Benefit
91151001	Water Conservation Program	7.3%	383,365	4,868,211	5,251,576	Program Benefit Calculation
91151012	Recycled/Purified Water Public Engagement	5.9%	53,085	846,666	899,751	Population
91211004	San Felipe Reach 1 Operation	19.8%	129,355	523,951	653,306	CVP Imported Water Ratio
91211005	SFD Reach 1 Administration	19.8%	1,935	7,837	9,772	CVP Imported Water Ratio
91211084	San Felipe Reach1 Ctrl and Ele	19.8%	81,625	330,621	412,245	CVP Imported Water Ratio
91211085	SF Reach 1 - Engineering - Other	19.8%	18,549	75,134	93,684	CVP Imported Water Ratio
91211099	San Felipe Reach 1 Gen Maint	19.8%	156,900	635,523	792,422	CVP Imported Water Ratio
91221002	San Felipe Reach 2 Operation	19.8%	26,011	105,357	131,368	CVP Imported Water Ratio
91221006	SF Reach 2 - Engineering - Other	19.8%	24,988	101,215	126,203	CVP Imported Water Ratio
91221099	San Felipe Reach 2 Gen Maint	19.8%	37,394	151,464	188,858	CVP Imported Water Ratio
91231002	San Felipe Reach 3 Operation	19.8%	37,817	344,169	381,985	CVP Imported Water Ratio
91231084	San Felipe Reach3 Ctrl and Ele	19.8%	37,756	343,622	381,378	CVP Imported Water Ratio
91231085	SF Reach 3 - Engineering - Other	19.8%	15,141	137,802	152,944	CVP Imported Water Ratio
91231099	San Felipe Reach 3 Gen Maint	19.8%	95,305	546,482	641,787	CVP Imported Water Ratio

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Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Proposed 2017-2018	Basis of Allocation to the South
91281007	SVAWPC Facility Operations	—	—	2,569,074	2,569,074	No South County Benefit
91281008	SVAWPC Facility Maintenance	—	—	1,594,864	1,594,864	No South County Benefit
91441003	Desalination	13.0%	3,031	20,282	23,312	M&I Water Usage Ratio
91451002	Well Ordinance Program	20.7%	328,910	1,260,028	1,588,939	Well Permits and Inspections
91451005	Source Water Quality Mgmt	13.0%	48,553	324,932	373,486	M&I Water Usage Ratio
91451011	Invasive Mussel Prevention	16.9%	102,662	504,807	607,470	Raw Water Deliveries
91761001	Local Res / Div Plan & Analysis	21.5%	205,676	750,956	956,632	Total Water Deliveries Ratio
91761013	SCADA Systems Upgrades	19.8%	10,343	41,896	52,239	CVP Imported Water Ratio
91761099	Dams / Reservoir Gen Maint	22.0%	434,267	1,539,674	1,973,942	Program Benefit Calculation
91061007	Districtwide Salary Savings	13.0%	(174,188)	(1,165,720)	(1,339,908)	No South County Benefit
92041014	FAHCE/Three Creeks HCP Project	4.3%	148,429	3,303,411	3,451,840	Coyote Water Supply Ratio
92061012	Facilities Env Compliance	16.9%	12,644	62,171	74,815	Raw Water Deliveries
92261099	Vasona Pump Station Gen Main	—	—	89,176	89,176	No South County Benefit
92761001	Raw Water T and D Genrl Oper	16.9%	284,000	1,396,474	1,680,474	Raw Water Deliveries
92761006	Rchrg / RW Field Fac Asset Mgt	42.1%	39,420	54,214	93,633	Groundwater Recharge Ratio
92761007	Rchrg / RW Field Ops Pln& Anlys	42.1%	38,365	52,763	91,127	Groundwater Recharge Ratio
92761008	Recycled Water T&D Genrl Maint	100.0%	100,493	—	100,493	Benefits only South County
92761009	Recharge/RW Field Ops	42.1%	1,200,029	1,650,396	2,850,426	Program Benefit Calculation
92761010	Rchrg / RW Field Fac Maint	42.1%	774,217	1,064,778	1,838,995	Groundwater Recharge Ratio
92761012	Untreated Water Prog Plan&Analysis	51.3%	60,261	57,206	117,467	Untreated Water Deliveries Ratio
92761013	SCADA Systems Upgrades	16.9%	5,045	24,806	29,851	Raw Water Deliveries
92761082	Raw Water T&D Ctrl and Electr	16.9%	126,583	622,428	749,011	Raw Water Deliveries
92761083	Raw Water T&D Eng Other	16.9%	33,859	166,491	200,350	Raw Water Deliveries
92761085	Anderson Hydrelctrc Fclty Main	19.9%	46,482	187,097	233,579	Anderson Water Deliveries Ratio
92761099	Raw Water T / D Gen Maint	16.9%	314,662	1,547,242	1,861,904	Raw Water Deliveries
92781002	RW Corrosion Control	16.9%	81,352	400,022	481,374	Raw Water Deliveries
93061012	Facilities Env Compliance	—	—	507,077	507,077	No South County Benefit

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Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Proposed 2017-2018	Basis of Allocation to the South
93081008	W T General Water Quality	—	—	1,866,921	1,866,921	No South County Benefit
93081009	Water Treatment Plant Engineering	—	—	658,987	658,987	No South County Benefit
93231007	PWTP Landslide Monitoring	—	—	217,513	217,513	No South County Benefit
93231009	PWTP General Operations	—	—	5,563,625	5,563,625	No South County Benefit
93231099	Penitencia WTP General Maint	—	—	2,579,638	2,579,638	No South County Benefit
93281005	STWTP - General Operations	—	—	4,865,966	4,865,966	No South County Benefit
93281099	Santa Teresa WTP General Maint	—	—	3,348,253	3,348,253	No South County Benefit
93291012	RWTP General Operations	—	—	7,595,366	7,595,366	No South County Benefit
93291099	Rinconada WTP General Maint	—	—	3,307,385	3,307,385	No South County Benefit
93401002	Water District Laboratory	5.7%	266,547	4,409,722	4,676,269	Lab Analyses
93761001	SF/SCVWD Intertie General Ops	—	—	213,527	213,527	No South County Benefit
93761004	Campbell Well Field Operations	—	—	188,668	188,668	No South County Benefit
93761005	Campbell Well Field Maintenance	—	—	101,458	101,458	No South County Benefit
93761006	Treated Water Ctrl & Elec Eng	—	—	2,520,295	2,520,295	No South County Benefit
93761013	SCADA Systems Upgrades	—	—	87,687	87,687	No South County Benefit
93761099	SF/SCVWD Intertie Gen Maint	—	—	36,200	36,200	No South County Benefit
94761005	TW T&D - Engineering - Other	—	—	162,321	162,321	No South County Benefit
94761013	SCADA Systems Upgrades	—	—	16,791	16,791	No South County Benefit
94761099	Treated Water T/D Gen Maint	—	—	1,173,569	1,173,569	No South County Benefit
94781001	Treated Water T/D Corrosion	—	—	549,989	549,989	No South County Benefit
95001090	Unscoped Projects- Budget Only	13.0%	13,000	87,000	100,000	M&I Water Usage Ratio
95011003	WU Asset Protection Support	2.4%	24,100	980,057	1,004,157	Program Benefit Calculation
95021008	Electrical Power Support	1.5%	4,337	279,140	283,477	Labor Hours
95031002	Grants Management	14.0%	51,661	317,349	369,010	Program Benefit Calculation
95041039	Integrated Regional Water Mgmt	13.0%	14,510	97,106	111,616	M&I Water Usage Ratio
95061007	WUE Asset Management Plng Prgm	4.5%	54,825	1,163,515	1,218,341	Program Benefit Calculation

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Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Proposed 2017-2018	Basis of Allocation to the South
95061012	Rental Expense San Pedro, MH	100.0%	32,164	—	32,164	Benefits only South County
95061037	WUE Training & Development	13.0%	176,491	1,181,131	1,357,622	M&I Water Usage Ratio
95061038	WUE Administration	13.0%	957,000	6,404,540	7,361,540	M&I Water Usage Ratio
95061043	WUE ER Response Plan & Implement	5.9%	15,661	249,781	265,442	Population
95061045	AM Framework Implementation	4.5%	25,351	538,012	563,364	M&I Water Usage Ratio
95061047	WUE Technical Training Program	13.0%	144,650	968,043	1,112,693	M&I Water Usage Ratio
95061048	Climate Change Adaptation/Mtg.	13.0%	31,260	209,204	240,464	M&I Water Usage Ratio
95071041	Welding Services	1.5%	6,404	435,254	441,658	Program Benefit Calculation
95101003	W2 W5 Wtr Revenue Program	63.0%	1,038,796	610,087	1,648,883	Labor Hours
95111003	Water Use Measurement	46.0%	807,660	948,122	1,755,782	Labor Hours
95121003	Long Term Financial Planning	13.0%	81,508	545,480	626,988	M&I Water Usage Ratio
95741001	WUE Long-term Planning	13.0%	130,740	874,950	1,005,690	M&I Water Usage Ratio
95741042	Water Resources EnvPlng & Permtg	18.0%	120,044	546,869	666,913	Program Benefit Calculation
95761003	SCADA Network Administration	2.6%	4,964	188,206	193,171	Program Benefit Calculation
95761071	Emergency Preparedness Prog	5.9%	53,424	852,066	905,489	Population
95771011	InterAgency Urban Runoff Program	16.9%	71,585	351,995	423,580	Raw Water Deliveries
95771031	HAZMAT Emergency Response	10.0%	5,114	46,029	51,144	Emergency Response Events
95811043	Hydrologic Data Msmt & Mgmt	17.0%	143,124	698,783	841,908	Stream Gauge location
95811046	Warehouse Services	13.0%	82,806	554,162	636,968	M&I Water Usage Ratio
95811049	X Valley Subsidence Survey	—	—	172,055	172,055	No South County Benefit
95811054	District Real Property Administration	—	—	151,042	151,042	Program Benefit Calculation
Total	Operations	—	\$ 17,546,406	\$ 153,153,542	\$ 170,699,947	
Operating Projects						
95762011	Tree Maintenance Program	13.0%	\$ 31,520	\$ 210,941	\$ 242,461	M&I Water Usage Ratio
Total	Operating Projects	—	\$ 31,520	\$ 210,941	\$ 242,461	
TOTAL	OPERATIONS AND OPERATING	—	\$ 17,577,926	\$ 153,364,483	\$ 170,942,409	

Financial Overview

Total Outlays - Source of Supply

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
91041012	Water Operations Planning	407,859	470,641	613,271	Water Supply Division
91041018	Groundwater Management Program	728,318	3,825,882	4,028,279	Water Supply Division
91061007	Districtwide Salary Savings-61	0	(1,496,000)	(1,339,907)	Financial Planning and Mgmt Div
* 91061012	Facilities Env Compliance	34,866	34,927	41,564	Human Resources Division
91081007	Dam Safety Program	1,615,270	1,586,784	1,407,124	Water Utility Capital Division
91101004	Recycled & Purified Water Prog	2,884,052	7,147,452	6,384,058	Water Supply Division
91111001	Water Rights	177,479	266,528	320,033	Water Supply Division
91131004	Imported Water Program	7,074,115	10,962,341	7,289,449	Water Supply Division
91131006	IW San Felipe Division Delvrs	19,737,535	28,826,195	23,033,465	Water Supply Division
91131007	IW South Bay Aqueduct Delvrs	5,498,074	1,873,250	3,053,971	Water Supply Division
91151001	Water Conservation Program	973,213	6,458,308	5,251,577	Water Supply Division
** 91151007	Water Conservation-Residential	1,013,213	0	0	Water Supply Division
** 91151008	Water Conservation-Commercial	869,368	0	0	Water Supply Division
** 91151009	Water Conservation - AG	100,044	0	0	Water Supply Division
** 91151010	Water Conservation-Landscape	12,638,714	0	0	Water Supply Division
** 91151011	Water Conservation Campaign	336,460	225,435	0	Office of the CEO
91151012	WU Customer Relations & Outreach	590,733	599,085	899,751	Office of the CEO
91211004	San Felipe Reach 1 Operation	497,191	560,596	653,306	Water Supply Division
91211005	SFD Reach 1 Administration	9,157	8,737	9,772	Water Supply Division
91211084	San Felipe Reach1 Ctrl and Ele	250,810	393,927	412,245	Water Utility Technical Support Division
91211085	SF Reach 1-Engineering - Other	80,448	108,737	93,684	Water Utility Technical Support Division
91211099	San Felipe Reach 1 Gen Maint	671,296	673,373	792,422	Water Utility Operations & Maintenance Division
91221002	San Felipe Reach 2 Operation	53,945	64,546	131,368	Water Supply Division
91221006	SF Reach 2-Engineering - Other	133,465	282,490	126,203	Water Utility Technical Support Division
91221099	San Felipe Reach 2 Gen Maint	1,882,936	194,536	188,858	Water Utility Operations & Maintenance Division
91231002	San Felipe Reach 3 Operation	156,192	198,843	381,985	Water Supply Division
91231084	San Felipe Reach3 Ctrl and Ele	158,904	374,408	381,378	Water Utility Technical Support Division
91231085	SF Reach 3-Engineering - Other	26,307	234,410	152,944	Water Utility Technical Support Division
91231099	San Felipe Reach 3 Gen Maint	913,094	742,953	641,787	Water Utility Operations & Maintenance Division
91281007	SVAWPC Facility Operations	2,360,969	3,211,393	2,569,074	Water Utility Operations & Maintenance Division
91281008	SVAWPC Facility Maintenance	1,106,326	1,339,452	1,594,864	Water Utility Operations & Maintenance Division
91441003	Desalination	4,504	21,532	23,312	Water Supply Division
91451002	Well Ordinance Program	1,319,289	1,381,214	1,588,939	Water Supply Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Source of Supply (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
	91451005	Source Water Quality Mgmt	420,859	378,312	373,486	Water Utility Operations & Maintenance Division
	91451011	Invasive Mussel Prevention	553,283	610,509	607,470	Water Utility Operations & Maintenance Division
**	91551001	Groundwater Monitoring	937,184	0	0	Water Supply Division
	91761001	Local Res/Div Plan & Analysis	980,696	827,706	956,632	Water Supply Division
*	91761013	SCADA Systems Upgrades	60,419	77,166	52,239	Water Utility Technical Support Division
	91761099	Dams / Reservoir Gen Maint	1,842,430	1,643,304	1,973,942	Water Utility Capital Division
**	91791012	Groundwater Quality Manageme	600,360	0	0	Water Supply Division
Total Operations			69,699,377	74,108,972	64,688,544	
Operating						
**	91792001	Domestic Well Testing Program	154,541	0	0	Water Supply Division
Total Operating			154,541	0	0	
Capital						
	91084019	Dam Safety Seismic Stability	882,541	0	0	Water Utility Capital Division
	91084020	Calero-Guad Dams Seismic Retro	290,553	0	0	Water Utility Capital Division
	91094009	SoCo Rcylid Wtr PL Short-Trm 1B	1,391,974	15,772,000	0	Water Utility Capital Division
	91094010	So. County Recycled Water Fund	3,692,283	0	0	Water Supply Division
	91154007	Water Purchases Captl Project	8,199,549	8,764,462	9,715,169	Water Supply Division
	91184008	SV Adv Wtr Purification Ctr	713,414	49,184	32,281	Water Utility Capital Division
	91214001	Pacheco Conduit Rehabilitation	677,031	5,434,000	97,000	Water Utility Capital Division
	91214010	Small Caps, San Felipe R1	1,068,220	1,497,454	2,408,841	Water Utility Operations & Maintenance Division
	91224010	Small Caps, San Felipe R2	2,500	1,145,000	48,000	Water Utility Operations & Maintenance Division
	91234002	Coyote Pumping Plant ASD Rplcmt	0	0	536,014	Water Utility Capital Division
	91234010	Small Caps, San Felipe R3	581	966,468	0	Water Utility Operations & Maintenance Division
	91234011	Coyote Pumping Plant Warehouse	157,002	2,227,000	2,904,000	Water Utility Capital Division
	91244001	Wolfe Rd Recycled Wtr Facility	11,747,559	657,000	198,000	Water Utility Capital Division
	91284009	SAWPC Expansion Project	636,385	4,228,178	0	Water Utility Capital Division
	91304001	Indirect Potable Reuse-Plan	12,994,429	2,090,000	0	Water Supply Division
	91384001	Purified Water Pipeline	0	3,350,710	0	Water Utility Capital Division
	91854001	Almaden Dam Improvements	2,791,271	2,481,700	520,000	Water Utility Capital Division
**	91854002	Jacques Gulch Restoration	17	0	0	Watershed Stwdship & Planning Division
	91864005	Anderson Dam Seismic Retrofit	807,377	0	7,913,371	Water Utility Capital Division
	91874004	Calero Dam SeisRetrfit Des&Con	3,750,286	4,593,409	2,188,000	Water Utility Capital Division
	91894002	Guadalupe Dam SeisRetf Des&Con	3,258,880	4,673,904	1,160,808	Water Utility Capital Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Source of Supply (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
91954001	Pacheco PP ASD Replacement	55,348	0	0	Water Utility Capital Division
Total Capital		53,117,200	57,930,469	27,721,485	
Total		122,971,118	132,039,441	92,410,029	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Raw Water Transmission and Distribution

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
	92041014 FAHCE/Three Creeks HCP Project	1,749,469	2,085,158	3,451,840	Watershed Stwdship & Planning Division
*	92061012 Facilities Env Compliance	62,753	62,867	74,815	Human Resources Division
	92261099 Vasona Pump Station Gen Main	236,719	276,095	89,176	Water Utility Operations & Maintenance Division
	92761001 Raw Water T&D Gen'l Oper	1,340,051	1,442,985	1,680,474	Water Supply Division
	92761006 Rchrg / RW Field Fac Asset Mgt	63,104	112,626	93,633	Water Supply Division
	92761007 Rchrg / RW Fld Ops Pln & Anlys	145,133	235,474	91,127	Water Supply Division
	92761008 Recycled Water T&D Genrl Maint	77,995	302,236	100,493	Water Utility Operations & Maintenance Division
	92761009 Recharge/RW Field Ops	2,376,105	2,757,959	2,850,425	Water Utility Operations & Maintenance Division
	92761010 Rchrg / RW Field Fac Maint	2,013,273	1,943,336	1,838,995	Water Utility Operations & Maintenance Division
	92761012 Untreated Water Prog Plan	70,827	117,270	117,467	Water Supply Division
*	92761013 SCADA Systems Upgrades	34,525	44,090	29,851	Water Utility Technical Support Division
	92761082 Raw Water T&D Ctrl and Electr	485,511	711,467	749,011	Water Utility Technical Support Division
	92761083 Raw Water T&D Eng Other	108,144	461,788	200,350	Water Utility Technical Support Division
	92761085 Anderson Hydrelctrc Fclty Main	93,991	128,392	233,579	Water Utility Operations & Maintenance Division
	92761099 Raw Water T / D Gen Maint	2,125,532	1,629,571	1,861,904	Water Utility Operations & Maintenance Division
	92781002 Raw Water Corrosion Control	262,639	349,354	481,374	Water Utility Technical Support Division
Total Operations		11,245,771	12,660,668	13,944,516	
Capital					
	92144001 Pacheco/SC Conduit ROW ACQ	111,002	1,469,095	251,000	Water Utility Capital Division
	92224001 Pen Force Main Seismic Retrofi	11,898,009	8,329,000	441,825	Water Utility Capital Division
	92264001 Vasona Pumping Plant Upgrades	0	118,910	712,103	Water Utility Capital Division
	92374005 SCADA Remote Arch&Comm Upgrade	144,366	374,000	186,000	Water Utility Capital Division
	92764009 Small Caps, Raw Water T&D	517	0	321,327	Water Utility Operations & Maintenance Division
Total Capital		12,153,894	10,291,005	1,912,255	
Total		23,399,665	22,951,673	15,856,770	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Water Treatment

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
* 93061012	Facilities Env Compliance	425,337	426,086	507,077	Human Resources Division
93081008	W T General Water Quality	1,560,536	1,886,291	1,866,921	Water Utility Operations & Maintenance Division
93081009	Water Treatment Plant Engineer	332,809	537,840	658,987	Water Utility Technical Support Division
93231007	PWTP Landslide Monitoring	112,709	142,833	217,513	Water Utility Capital Division
93231009	PWTP General Operations	4,817,969	4,268,031	5,563,625	Water Utility Operations & Maintenance Division
93231099	Penitencia WTP General Maint	2,661,387	2,364,197	2,579,638	Water Utility Operations & Maintenance Division
93281005	STWTP - General Operations	4,316,969	5,533,667	4,865,966	Water Utility Operations & Maintenance Division
93281099	Santa Teresa WTP General Maint	2,821,180	2,903,902	3,348,253	Water Utility Operations & Maintenance Division
93291012	RWTP General Operations	6,626,428	7,529,434	7,595,366	Water Utility Operations & Maintenance Division
93291099	Rinconada WTP General Maint	2,988,039	3,317,256	3,307,385	Water Utility Operations & Maintenance Division
93401002	Water District Laboratory	3,845,839	4,310,918	4,676,269	Water Utility Operations & Maintenance Division
93761001	SF/SCVWD Intertie General Ops	154,435	284,686	213,527	Water Utility Operations & Maintenance Division
93761004	Campbell Well Field Operations	140,850	182,013	188,668	Water Utility Operations & Maintenance Division
93761005	Campbell Well Field Maint	63,753	116,088	101,458	Water Utility Operations & Maintenance Division
93761006	Treated Water Ctrl & Elec Eng	2,344,631	2,431,199	2,520,295	Water Utility Technical Support Division
* 93761013	SCADA Systems Upgrades	101,418	129,518	87,687	Water Utility Technical Support Division
93761099	SF/SCVWD Intertie Gen Maint	80,092	90,207	36,200	Water Utility Operations & Maintenance Division
Total Operations		33,394,381	36,454,166	38,334,835	

Capital

93084011	Fluoridation at WTPs	5,799,509	3,009,067	277,000	Water Utility Capital Division
93234043	PWTP Clearwell Recoat & Repair	4,320,747	550,000	0	Water Utility Capital Division
93234044	PWTP Residuals Management	0	0	0	Water Utility Operations & Maintenance Division
93294051	RWTP FRP Residuals Management	1,419,575	117,561	17,053,580	Water Utility Capital Division
93294056	RWTP Treated Water Valves Upgd	314,318	55,091	170,294	Water Utility Capital Division
93294057	RWTP Reliability Improvement	45,939,850	44,712,000	48,144,000	Water Utility Capital Division
93764003	IRP2 WTP Blds Seismic Retrofit	4,675,402	798,000	346,000	Water Utility Capital Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Water Treatment (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
93764004	Small Caps, Water Treatment	1,666,482	2,831,017	2,512,000	Water Utility Operations & Maintenance Division
Total Capital		64,135,883	52,072,736	68,502,874	
Total		97,530,264	88,526,902	106,837,708	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Treated Water Transmission and Distribution

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
94761005	TW T&D - Engineering - Other	183,181	362,680	162,321	Water Utility Technical Support Division
* 94761013	SCADA Systems Upgrades	19,419	24,798	16,791	Water Utility Technical Support Division
94761099	Treated Water T/D Gen Maint	1,318,709	1,047,676	1,173,569	Water Utility Operations & Maintenance Division
94781001	Treated Water T/D Corrosion	307,075	260,556	549,989	Water Utility Technical Support Division
Total Operations		1,828,384	1,695,710	1,902,670	
Capital					
94384002	Pen Del Main Seismic Retrofit	6,595,876	843,000	232,000	Water Utility Capital Division
Total Capital		6,595,876	843,000	232,000	
Total		8,424,260	2,538,710	2,134,670	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Administration and General

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations						
	95001090	Unscoped Projects-Budget Only	0	350,000	100,000	Office of COO Water Utility
	95011003	WU Asset Protection Support	447,903	562,294	1,004,157	Watershed Stwdship & Planning Division
*	95021008	Energy Management	196,523	238,961	283,477	Water Utility Technical Support Division
*	95031002	Grants Management	108,990	350,383	369,010	Financial Planning and Mgmt Div
*	95041039	Integrated Regional Water Mgmt	70,444	103,608	111,616	Water Supply Division
**	95041046	Survey Record Management	23,384	44,885	0	Watershed Design & Construction Division
	95061007	WUE Asset Management Plng Prgm	737,579	936,270	1,218,341	Water Utility Technical Support Division
	95061012	Rental Expense San Pedro, MH	13,648	26,384	32,164	General Services Division
**	95061027	Water Utility Health & Safety	334,110	383,637	0	Human Resources Division
**	95061032	Water Utility Safety Training	349,547	502,653	0	Human Resources Division
	95061037	WUE Training & Development	721,302	1,301,474	1,357,622	Office of COO Water Utility
	95061038	WUE Administration	6,231,848	6,754,727	7,361,540	Office of COO Water Utility
	95061043	WUE O&M Support	30,651	119,121	265,442	Water Utility Operations & Maintenance Division
**	95061045	AM Systems and Standards	208,612	457,637	563,364	Water Utility Technical Support Division
	95061047	WUE Technical Training Program	420,915	875,401	1,112,693	Office of COO Water Utility
*	95061048	Climate Change Adaptation/Mtg.	46,524	163,085	240,464	Watershed Stwdship & Planning Division
**	95061054	SCW Implementation	57,942	0	0	Office of COO Watershed
*	95071041	Welding Services	398,120	364,811	441,658	General Services Division
	95101003	W2 W5 Water Revenue Program	1,295,652	1,284,594	1,648,883	Financial Planning and Mgmt Div
	95111003	Water Use Measurement	1,634,983	1,713,148	1,755,782	Water Supply Division
**	95121001	Fin/Economic Water Rate Stud	483,218	497,866	0	Financial Planning and Mgmt Div
*	95121003	LT Financial Planning & Rate Setting	0	0	626,988	Financial Planning and Mgmt Div
**	95151002	Water Utility Cust Relations	195,421	286,383	0	Office of the CEO
**	95731001	Water Supply Modeling/Analysis	166,731	0	0	Water Supply Division
	95741001	Water Supply Planning	471,257	522,445	1,005,690	Water Supply Division
*	95741042	Water Resorcs EnvPlng & Permtg	291,213	912,215	666,913	Water Utility Technical Support Division
	95761003	SCADA Network Administration	162,333	169,942	193,171	Information Technology Division
*	95761071	Emergency Management	520,361	618,551	905,489	Office of COO Watershed
**	95761072	Business Continuity Program	99,587	115,754	0	Office of COO Watershed
*	95771011	Inter Agency Urban Runoff Prog	371,665	399,713	423,580	Watershed Stwdship & Planning Division
*	95771031	HAZMAT Emergency Response	55,434	99,936	51,144	Human Resources Division
*	95811043	Hydrologic Data Msmt & Mgmt	789,439	803,429	841,908	Watershed Stwdship & Planning Division
*	95811046	Warehouse Services	488,835	633,586	636,968	General Services Division
*	95811049	X Valley Subsidence Survey	139,383	137,940	172,055	Watershed Design & Construction Division
*	95811050	Benchmark Maint (Countywide	48,799	140,553	0	Watershed Design & Construction Division
*	95811054	District Real Property Adminis	155,357	139,548	151,042	Watershed Design & Construction Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Administration and General (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
**	95901001	GASB Unfndd Reconciling Entry	(2,716,926)	0	0	Financial Planning and Mgmt Div
Total Operations			15,050,784	22,010,934	23,541,161	

Operating

**	95062012	WUE Maint Audit Impl Plan	1,113	0	0	Water Utility Operations & Maintenance Division
*	95762011	Tree Maintenance Program	0	57,121	242,461	Watershed Opearions &Maintenance Division
Total Operating			1,113	57,121	242,461	

Debts

	95993007	Commercial Paper Tax Exempt	442,063	1,333,800	2,735,340	Financial Planning and Mgmt Div
	95993008	Commercial Paper Taxable	603,873	1,333,800	2,735,340	Financial Planning and Mgmt Div
	95993010	WU Revlng 4310027-06SRF01CX114	412,356	0	0	Financial Planning and Mgmt Div
**	95993011	2006A WUE Refunding Tax Exempt	1,218,038	0	0	Financial Planning and Mgmt Div
	95993012	2006B WUE Refunding Taxable	1,785,095	1,782,267	1,803,689	Financial Planning and Mgmt Div
	95993013	2007A WU Revenue COPs Tax Ex	5,087,910	5,117,000	0	Financial Planning and Mgmt Div
	95993014	2007B WU Revenue COPs	1,540,938	2,124,000	2,800,500	Financial Planning and Mgmt Div
	95993015	2016A WU Ref Rev Bond Tax Ex	901,101	5,330,750	5,338,250	Financial Planning and Mgmt Div
	95993016	2016B WU Ref Rev Bond Taxable	547,241	3,234,622	3,252,121	Financial Planning and Mgmt Div
	95993017	WU COP 2016C Tax-Exempt	356,418	2,118,450	4,145,950	Financial Planning and Mgmt Div
	95993018	WU COP 2016D Taxable	267,415	1,583,185	4,230,685	Financial Planning and Mgmt Div
	95993019	WU Rev Bond 2017A Tax Exempt	0	1,621,130	4,730,630	Financial Planning and Mgmt Div
	95993020	WU Rev Bond 2018A (TE)	0	903,256	1,445,250	Financial Planning and Mgmt Div
	95993021	WU Rev Bond 2018B (TX)	0	0	1,438,412	Financial Planning and Mgmt Div
Total Debts			13,162,448	26,482,260	34,656,167	

Capital

	95064011	Districtwide Salary Savings-61	0	(690,000)	(388,197)	Financial Planning and Mgmt Div
	95074001	Capital Warranty Services	158,166	32,288	185,923	Water Utility Capital Division
**	95074030	WU Capital Training & Dvlpmnt	179,542	473,015	0	Water Utility Capital Division
*	95074033	CIP Development & Admin	368,078	340,446	520,011	Water Utility Capital Division
*	95074036	Survey Mgmt & Tech Support	168,288	146,273	236,897	Watershed Design & Construction Division
*	95074038	Capital Progm Srvc Admin	887,924	2,461,261	2,718,079	Water Utility Capital Division
**	95074045	Technical Review Committee	166,155	81,082	0	Water Utility Capital Division
**	95074046	WU Captl Health & Safety Trng	37,569	117,884	0	Water Utility Capital Division
**	95074051	WS Capital Training & Dvlpmnt	161,564	0	0	Office of COO Watershed
**	95074052	WS Capital Program Srvc Admin	887,606	0	0	Office of COO Watershed
**	95074053	WS Capital Hlth & Safety Trng	13,507	0	0	Office of COO Watershed
	95084001	5-Year Pipeline Rehabilitation	5,977,960	3,774,000	0	Water Utility Capital Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Administration and General (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
	95084002	10-Yr PL Inspection and Rehab	0	0	15,965,000	Water Utility Capital Division
**	95144001	PL Hydraulic Reliability Upgrd	1,840	0	0	Water Utility Technical Support Division
	95274003	WU Computer Network Modernizatn	247,067	180,000	1,301,000	Information Technology Division
	Total Capital		9,255,266	6,916,249	20,538,712	
	Total		37,469,611	55,466,564	78,978,501	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

State Water Project Fund

Overview

The State Water Project Fund was created in October 2010 to improve transparency and ensure compliance with Water Code Section 11654. The State Water Project Fund accounts specifically for State Water Project Tax revenue and State Water Project contractual costs. State Water Project Tax revenue can only be spent on State Water Project contractual costs.

Staff proposes that the State Water Project Tax revenue be set at \$26 million for FY 2017-18, which when combined with other revenue (refunds from Department of Water Resources) transfers and the State Water Project Reserve would fund projected contractual obligations of \$28.3 million.

Financial Overview

State Water Project Fund (Fund 63)

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Non-Operating Income:						
Property Tax	\$ 24,471,718	\$ 33,000,000	\$ 33,000,000	\$ 26,000,000	\$ (7,000,000)	(21.2)%
Other	2,581,450	1,000,000	1,000,000	1,000,000	—	—
Total Revenue	\$ 27,053,168	\$ 34,000,000	\$ 34,000,000	\$ 27,000,000	\$ (7,000,000)	(20.6)%
Operating Outlays:						
Operations**	\$ 29,828,213	\$ 34,062,165	\$ 34,437,165	\$ 28,288,222	\$ (5,773,943)	(17.0)%
Operating Projects	—	—	—	—	—	**
Total Operating Outlays	\$ 29,828,213	\$ 34,062,165	\$ 34,437,165	\$ 28,288,222	\$ (5,773,943)	(17.0)%
Other Financing Sources (Uses) :						
Transfers In	\$ 1,681,308	\$ —	\$ —	\$ 1,288,222	\$ 1,288,222	**
Transfers Out	—	62,165	437,165	—	(62,165)	(100.0)%
Total Other Sources/(Uses)	\$ 1,681,308	\$ 62,165	\$ 437,165	\$ 1,288,222	\$ 1,226,057	1,972.3%
Balance Available	\$ (1,093,737)	\$ —	\$ —	\$ —	\$ —	—
Year-End Reserves:						
State Water Project Tax	\$ —	\$ —	\$ —	\$ —	\$ —	**
Total Restricted Reserves	\$ —	\$ —	\$ —	\$ —	\$ —	**
Total Year-End Reserves	\$ —	\$ —	\$ —	\$ —	\$ —	**
Uncommitted Funds			\$ 0	\$ 0		

(Restricted Reserves)

Financial Overview

Water Enterprise Summary by Zone

	Budgetary Basis Basis Actual 2015-2016	Adopted Budget 2016-17	Estimated Actual 2016-17	Proposed Budget 2017-18	Percent Change
Zone W2 North County					
Allocated Revenue					
Operating Revenue	\$ 143,844,822	\$ 178,678,944	\$ 180,235,126	\$ 205,633,398	15.1%
Non-operating Revenue	37,561,417	40,525,139	50,496,646	34,461,857	(15.0)%
Total Allocated Revenue	\$ 181,406,238	\$ 219,204,084	\$ 230,731,772	\$ 240,095,255	9.5%
Allocated Operating Outlays					
Operations	\$ 149,827,276	\$ 163,469,009	\$ 168,059,876	\$ 153,118,813	(6.3)%
Operating Projects	19,323	49,867	49,867	217,700	336.6%
Debt Service	13,162,449	26,482,260	26,482,260	34,656,167	30.9%
Total Allocated Operating Outlays	\$ 163,009,048	\$ 190,001,136	\$ 194,592,002	\$ 187,992,680	(1.1)%
Balance Available for Capital/Reserve	18,397,190	29,202,948	36,139,770	52,102,576	78.4%
Capital Appropriations	\$ 146,905,776	\$ 150,696,459	\$ 122,848,030	\$ 131,583,325	(12.7)%
Other Financing Resources					
Bond Proceeds	\$ 131,482,186	\$ 128,000,000	\$ 123,585,000	\$ 62,000,000	(51.6)%
Transfers In	22,436,000	2,601,000	2,601,000	3,252,000	25.0%
Transfers Out	(2,562,432)	(2,033,034)	(610,554)	(9,528,437)	368.7%
Total Other Financing Sources/(Uses)	\$ 151,355,754	\$ 128,567,966	\$ 125,575,446	\$ 55,723,563	(56.7)%
Other Intra-Zone Allocations	\$ —	\$ —	\$ —	\$ —	—
Zone W5 Open Space Credit	(6,896,693)	(6,593,866)	(7,078,737)	(7,521,080)	14.1%
Zone W5 Capital Amortization	3,596,250	4,785,920	4,346,447	4,652,071	(2.8)%
Zone W5 Interest (Earnings)/Payments	(86,349)	(28,694)	(73,426)	(65,036)	126.7%
Balance Available for W2	\$ 19,460,376	\$ 5,237,814	\$ 36,061,470	\$ (26,691,231)	(609.6)%
Zone W5 South County					
Allocated Revenue					
Operating Revenue	\$ 10,241,671	\$ 10,055,056	\$ 10,081,859	\$ 11,532,602	14.7%
Non-operating Revenue	2,793,481	3,275,530	3,308,488	2,934,807	(10.4)%
Total Allocated Revenue	\$ 13,035,153	\$ 13,330,586	\$ 13,390,347	\$ 14,467,409	8.5%
Open Space Credit	6,896,693	6,593,866	7,078,737	7,521,080	14.1%
Total Current Resources	\$ 19,931,846	\$ 19,924,452	\$ 20,469,084	\$ 21,988,489	10.4%
Allocated Costs					
Operations	\$ 11,559,657	\$ 12,536,933	\$ 12,868,632	\$ 13,001,330	3.7%
Operating Projects	136,329	7,254	7,254	24,761	241.3%
Imported Water Purchases	3,434,331	5,361,672	5,361,672	4,579,805	(14.6)%
Total Allocated Outlays	\$ 15,130,317	\$ 17,905,860	\$ 18,237,559	\$ 17,605,896	(1.7)%
Balance Available for Capital/Reserve	4,801,528	2,018,592	2,231,525	4,382,593	117.1%
Interest (earned)/due Utility Reserves	(86,349)	(28,694)	(73,426)	(65,036)	126.7%
Total Capital Amortization	3,596,250	4,785,920	4,346,447	4,652,071	(2.8)%
Balance Available/(Deficit) for Zone W5	\$ 1,291,627	\$ (2,738,634)	\$ (2,041,495)	\$ (204,443)	(92.5)%
Total Balance Available/(Deficit)	\$ 20,752,004	\$ 2,499,180	\$ 34,019,974	\$ (26,895,674)	(1,176.2)%

Financial Overview

South County Capital Amortization

(In Thousands \$)							
Job Description	Total Project Cost	South County %	South County Cost	FY -18 Cost Recovery	Year Cost Recovery is Complete	Basis of Allocation to the South	
Uvas Dam & Reservoir	\$ 1,124	100.0%	1,124	87	FY 22	Benefits only South County	
San Pedro Recharge Facility	1,882	100.0%	1,882	147	FY 22	Benefits only South County	
San Pedro Recharge house	700	100.0%	700	46	FY 31	Benefits only South County	
Recycled Water Improvements I	7,232	100.0%	7,232	481	FY 32	Benefits only South County	
Recycled Water Improvements II	118	100.0%	118	7	FY 33	Benefits only South County	
Recycled Water Improvements III	1,721	100.0%	1,721	114	FY 34	Benefits only South County	
Water Banking Rights	6,226	8.0%	498	33	FY 35	Total Imported Water Ratio	
Dam Instrumentation	6,243	21.0%	1,311	86	FY 41	Program benefit calculation	
Geodetic Control Maintenance	236	41.0%	96	6	FY 36	Survey Analysis	
Dam Maintenance Mitigation	244	22.0%	53	3	FY 45	Program benefit calculation	
SC Recycled Water Masterplan - Immediate Term	3,257	100.0%	3,257	215	FY 37	Benefits only South County	
SC Recycled Water Masterplan - Short Term Implementation 1A	4,314	100.0%	4,314	286	FY 42	Benefits only South County	
Water Banking FY 06	18,895	9.0%	1,700	112	FY 36	Total Imported Water Ratio	
San Felipe Division Capital	9,715	14.1%	1,369	1,369	N/A	Repayment Cost Distribution	
Pacheco Conduit Inspection and Rehabilitation	5,668	19.1%	1,082	68	FY 47	CVP Imported Water Ratio	
Pacheco Pumping Plant Regulating Tank Recoating	2,550	17.0%	433	28	FY 42	CVP Imported Water Ratio	
San Felipe Communications Cable Replacement	235	17.0%	39	2	FY 42	CVP Imported Water Ratio	
Small Caps, San Felipe	2,141	19.8%	423	423	N/A	CVP Imported Water Ratio	
Santa Clara Tunnel Landslide	4,509	15.1%	680	45	FY 39	CVP Imported Water Ratio	
SC Tunnel Landslide Mitigation	217	16.9%	36	2	FY 39	CVP Imported Water Ratio	
Small Caps, San Felipe Reach 2	48	19.8%	9	9	N/A	CVP Imported Water Ratio	
Small Caps, San Felipe Reach 3	45	19.8%	8	8	N/A	CVP Imported Water Ratio	
Water Infrastructure Reliability Program	2,134	1.5%	32	2	FY 36	Program benefit calculation	
Water Infrastructure Baseline Improvement	2,403	3.6%	86	5	FY 38	Spare pipe usage	
Coyote Dam Control Building Improvement	576	19.6%	112	7	FY 42	Anderson deliveries ratio	
Pacheco Pumping Plant ASD Replacement	19,169	18.6%	3,565	236	FY 45	CVP Imported Water Ratio	
Radio Repeater Infill	5	11.1%	0	0	FY 42	M&I Water Usage Ratio	
Santa Clara Conduit Rehab	1,814	17.0%	308	20	FY 42	CVP Imported Water Ratio	
Raw Water Control System	9,188	4.3%	398	26	FY 37	Program benefit calculation	
Small Caps, Raw Water T&D	390	16.9%	65	65	N/A	Raw Water Usage	
Inf Reliability Master Plan	2,065	12.3%	253	15	FY 46	M&I Water Usage Ratio	
Water Protection	11,387	2.3%	260	17	FY 45	Program benefit calculation	
Capital Warranty Services	260	13.0%	33	33	N/A	M&I Water Usage Ratio	
5-year Pipeline Rehabilitation	29,083	4.6%	1,337	84	FY 47	Program benefit calculation	
Microwave Telecommunications	4,595	11.5%	528	35	FY 44	M&I Water Usage Ratio	
Pipeline Hydraulic Reliability Upgrade	335	2.3%	7	0	FY 45	Program benefit calculation	
Winfield Capital Improvement	1,301	13.0%	169	169	FY 47	M&I Water Usage Ratio	
Corp Yard Relocation	26	10.2%	2	0	FY 40	M&I Water Usage Ratio	
Information Systems Management	5,802	9.8%	568	37	FY 40	M&I Water Usage Ratio	
Peoplesoft Upgrade	78	9.8%	7	0	FY 39	M&I Water Usage Ratio	
Peoplesoft System Upgrade & Expansion	1,217	12.3%	149	9	FY 46	M&I Water Usage Ratio	

Financial Overview

(In Thousands \$)						
Job Description	Total Project Cost	South County %	South County Cost	FY -18 Cost Recovery	Year Cost Recovery is Complete	Basis of Allocation to the South
Uvas Property Acquisition	1,251	100.0%	1,251	78	FY 46	Benefits only South County
Capital Program Administration	3,372	6.5%	219	219	N/A	Total Capital Cost Ratio
Grand Total	\$ 173,773	—	37,455	4,655		

(Note) Capital projects that benefit South County are paid for over the life of the project (typically 30 years) beginning when the project is completed

Financial Overview

Total Outlays - State Water Project Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
91131008	State Water Project Costs	29,828,213	34,437,165	28,288,222	Water Supply Division
Total Operations		29,828,213	34,437,165	28,288,222	
Total		29,828,213	34,437,165	28,288,222	

* Recipient projects

** Closed, combined or no current year funding

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DISTRICT GENERAL FUND

Financial Overview

District General Fund Overview

Description

The General Fund is the District's primary funding source for administrative and strategic support services. These services are provided to the Water Utility Enterprise and Watershed programs and projects. They are necessary for governance and delivery of vital water management and watershed stewardship services to the community.

The main purposes of the resources budgeted to the General Fund are to provide:

- Executive leadership and oversight.
- Long and short-term financial planning.
- A capable and knowledgeable workforce.
- Sustainable assets, equipment and infrastructure.

These administrative and strategic services are described below by the offices or divisions that follow.

OFFICE OF THE CHIEF EXECUTIVE OFFICER

The Office of the Chief Executive Officer (CEO) provides strategic direction and oversight to lead the District in implementing its mission and achieving its vision; fosters cooperative and collaborative working relationships with other government agencies, retailers, stakeholders, and the community; supports the Board, advises and informs the Board and provides interface between the Board and staff. The Office of the CEO also oversees the Office of CEO & Board Support, which includes Labor Relations, Continual Improvement, Board and Management Audits, and Quality and Environmental Management Systems Program.

OFFICE OF THE CHIEF OF EXTERNAL AFFAIRS

The Chief of External Affairs (CEA) reports directly to the Chief Executive Officer and serves as a key member of the executive leadership team and represent the CEO and the District in interactions with employees, the public, and other agencies and organizations. The CEA oversees the strategic planning and integration of

external policies and legislation as it relates to the business interests of the District and is responsible for managing the District's relationships with the community, government officials, the media, and other key stakeholders. The Office of the CEA oversees the Civic Engagement and Government Relations and District Communications Unit.

OFFICE OF DISTRICT COUNSEL

The Office of the District Counsel represents the District's interests in a variety of court and administrative matters and provides timely legal advice to the Board and management as the District implements strategies to streamline operations and increase accountability. The District Counsel also oversees Risk Management Administration. The mission of Risk Management is to protect District assets by identifying and evaluating loss exposures and applying cost effective risk management and risk financing techniques to reduce or eliminate risk.

OFFICE OF CLERK OF THE BOARD

The Clerk of the Board (COB) budgets funds that directly support the work of the District's Board of Directors, including Board Governance Policy management, Board performance monitoring, lobbyist reporting and tracking, elections, regulatory, administrative, and liaison support services to the Board, its Advisory, Ad Hoc and Joint Committees with other public agencies, the Safe, Clean Water and Natural Flood Protection Program's Independent Monitoring Committee, Board Appointed Officers, District staff, and the public.

The COB also facilitates the public's access to Board information, including Board meetings and related committee meetings in accordance with the California Ralph M. Brown Act. Additionally, the COB monitors the Board budget and Board members' expenses in accordance with District Ordinance 02-01, Resolution 11-73, and Board Governance Policy GP-10, and maintains integrity of the Board's legislative records,

Financial Overview

processes, and actions.

OFFICE OF THE CHIEF OPERATING OFFICER OF ADMINISTRATIVE SERVICES

The Office of the Chief Operating Officer of Administrative Services provides executive leadership and direct oversight to District administrative business areas including Human Resources, General Services, Information Technology, and Financial Planning and Management. This office is responsible for ensuring that administrative functions are operated efficiently and effectively, in accordance with the goals and policies established by the Board of Directors and the Chief Executive Officer.

HUMAN RESOURCES DIVISION

The purpose of the Human Resources Division is to ensure the Santa Clara Valley Water District is well served by a high performance workforce through equitable, effective, and proactive Human Resources customer service. The Human Resources Division program and business units include: Human Resources Program Administration, Workforce Development, Environmental Health and Safety, and Employee Recruitment and Benefits.

Key Highlights: Human Resources Division

- Ensure District-wide compliance with state and federal laws regarding Equal Opportunity and mandated Ethics training.
- Launch and manage the INSPIRE Leadership Programs (Emerging Leaders Certification Program, Unit Manager Academy, and Management 101).
- Provide ongoing competency based classroom training based on continual District-wide training needs analyses.
- Complete annual fire evacuation drill at each applicable District facility (10 total).
- Write and post a minimum of 48 machine specific energy isolation procedures for maintenance activities.
- Process annual plan renewals for District-wide medical benefits by April 1, 2018.

- Coordinate a Health and Wellness Fair by May 2018.
- Implement the District Classification and Compensation studies for the Engineers Society and Employee Association bargaining units.
- Conduct recruitment in a timely and effective manner in partnership with hiring managers.
- Hire 30 summer college interns, 6 to 10 high school summer interns, 8 skilled trade interns, year-round interns, and evaluate intern programs.

GENERAL SERVICES DIVISION

The General Services Division (GSD) provides management oversight, leadership and strategic support to the Purchasing, Contracts and Warehouse Services Unit, the Business and Customer Support Services Unit, the Equipment Management Unit, and the Facilities Management Unit.

Key Highlights: General Services Division

- Surplus and replacement of 19 vehicles and 2 pieces of construction equipment in accordance with the 12-year or 125,000 mile replacement criteria.
- Conduct a vehicle utilization study in collaboration with user department to reduce underutilized assets.
- The Facilities Unit will continue implementing energy efficiency and water use reduction measures along with maintaining District facilities.
- The Facilities Unit's one-time small capital improvement projects for include: replacement of generators at the Headquarters (HQ) and Blossom Hill Annex buildings; construction of a Hot Water Loop at HQ building; expansion of electric vehicle charging stations; and replacement of fencing around the Corporation Yard.
- Purchasing and Contracts Services Units will continue to host the annual Business Open House and continue to promote the District's business opportunities at vendor outreach events.
- The Warehouse will continue to improve the current storage process and conduct the annual physical inventory.

Financial Overview

- The Business and Customer Support Services Unit will continue to provide word processing services, full-service print and mail services and receive phone calls and visitors. Annually, the unit sends over 760,000 pieces of bulk mail and receives approximately 50,000 phone calls and 6,000 visitors.

INFORMATION TECHNOLOGY DIVISION

Pursuant to the District's mission and goals for the organization and Information Technology Division (ITD) strategic initiatives and project plans, ITD developed the Technology, Innovations and Enhancements Report (TIE Report), which chronicles the contributions of ITD. The business units and programs in ITD include Software Services, Infrastructure Services, and Records and Library Services.

Key Highlights: Information Technology Division

- ITD will begin implementing PeopleSoft 9.2 upgrade.
- ITD, in collaboration with the Communications unit, will modernize the District website with comprehensive feature upgrades such as improved navigation and streamlined content, interactive applications, and integrated GIS portal for Open Data initiatives.
- ITD will support Financial Planning and Capital Program units to complete the replacement of the District's Forecasting and Capital Planning systems.
- ITD will select and begin deploying an Enterprise Content Management system for the Data Consolidation project.
- Software Services Unit will continue to implement Phase 1 of the GIS Roadmap to update District's GIS to the latest practice; provide a central, authoritative location for GIS information; and build the foundation for immediate and future growth with increased stability and availability.
- Software Services will implement EM-IMS Wildlife Phase 2 (historical data migration) and begin Phase 3 (Fisheries) to build a comprehensive environmental database for tracking stream ecosystem conditions.
- Software Services will consolidate information systems to replace redundant systems with more functional applications to improve data access and reliability, and at the same time, reduce the cost and complexity of maintenance and support.
- Infrastructure Services will review the findings of the Cyber Security Vulnerability Assessment report and implement the recommendations, thereby improving the security of the District network.
- Infrastructure Services will prepare plans and implement IT disaster recovery systems and real-time cutover in the event of a major disaster.
- Infrastructure Services will upgrade the board room audio visual environment and systems.
- Infrastructure Services will implement e-litigation and e-discovery system.

FINANCIAL PLANNING AND MANAGEMENT SERVICES DIVISION

Under the direction of the Chief Financial Officer (CFO), the Finance Planning and Management Services Division (FPMSD) serves as a partner to assist other departments in achieving their objectives. The primary roles of FPMSD are to facilitate necessary financial transactions, provide analyses and recommendations on decisions brought forth by operations, establish controls that minimize financial risks, and drive change or improvements in business processes or practices in order to improve productivity. The business programs and departments in this division include Treasury/Debt Management, Budget and Financial Analyses, Financial Planning, General Accounting, and Revenue and Grants Management.

Key Highlights: Financial Planning and Management Services Division

The Division will continue to:

- Implement effective business practices to ensure fiscal accountability, enhance transparency and strengthen oversight of public resources.
- Prepare and manage financial plans and forecasts to identify resource needs and minimize financial risks.

Financial Overview

- Drive the groundwater charge setting process including preparation of the annual Report on Protection and Augmentation of Water Supplies.
- Prepare, implement and monitor the annual budget.
- Administer District debt financing programs.
- Manage water revenue financial functions.
- Manage accounting systems and processes in addition to preparing the annual Comprehensive Annual Financial Report.
- \$0.3 million from the Watershed and Stream Stewardship Fund for Drought Induced Tree Removal
- \$0.2 million from the Water Utility Enterprise Fund for Drought Response

Operating Transfers out of \$1.6 million are to the Water Utility Enterprise Fund to offset lost agricultural water revenue associated with the Board's policy of setting low agricultural charges to preserve open space.

Operating costs for the services provided to Watersheds and Water Utility Enterprise operations total \$61.9 million for FY 2017-18. This is an increase of \$5.4 million which is a 9.5% increase over the FY 2016-17 adopted level. This change is primarily comprised of: costs for six new positions and annual COLA increases (\$1.7 million), increase in Intra-District charges (\$2.3 million) primarily from the Information Technology Fund as well as \$1.3 million increase in services and supplies for various projects and programs.

General Fund reserves are estimated at approximately \$5.0 million and are in compliance with the District Reserve Policy.

Major Capital Projects

The FY 2017-18 Capital Outlay budget in the General Fund is approximately \$1.7 million for the Almaden Winfield Small Capital Improvements project to maintain existing buildings, grounds and services through several small capital improvement projects.

Fiscal Status

Intra-district reimbursements (overhead) are the primary source of funding in the General Fund. They are budgeted at \$56.3 million in FY 2017-18, a 13.2% increase from FY 2016-17. The CEO, District Counsel, Clerk of the Board and District Administration costs funded in the General Fund provide services to Watershed and Water Utility Enterprise operations and capital programs. Generally, the intra-district reimbursements are paid for 60% from Water Utility Enterprise and the remainder from Watershed Funds reflecting the level of services provided to each respective operation.

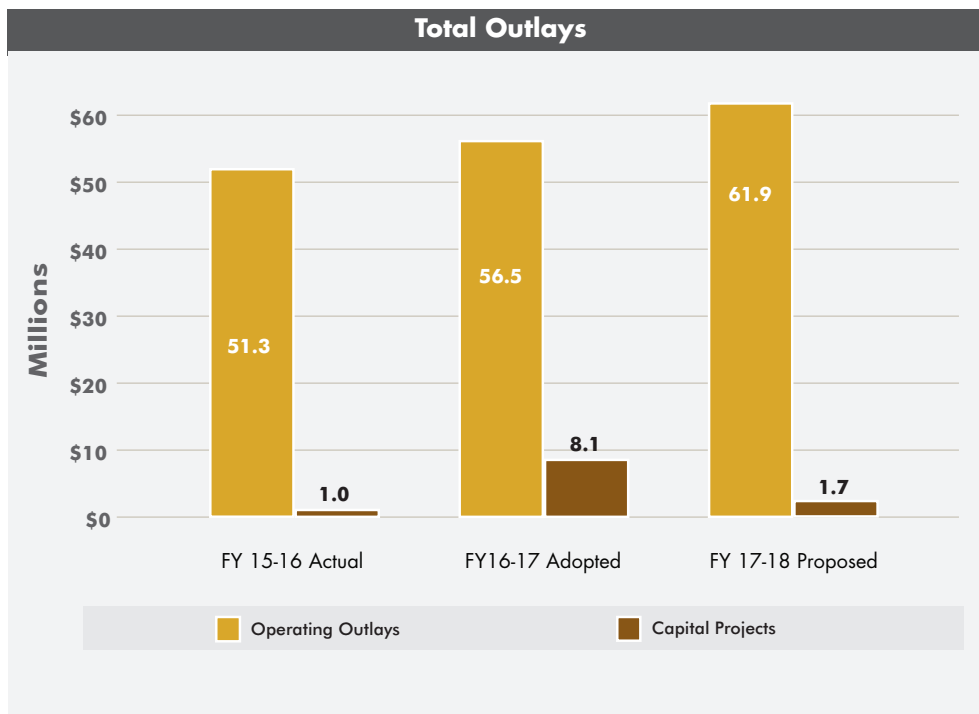
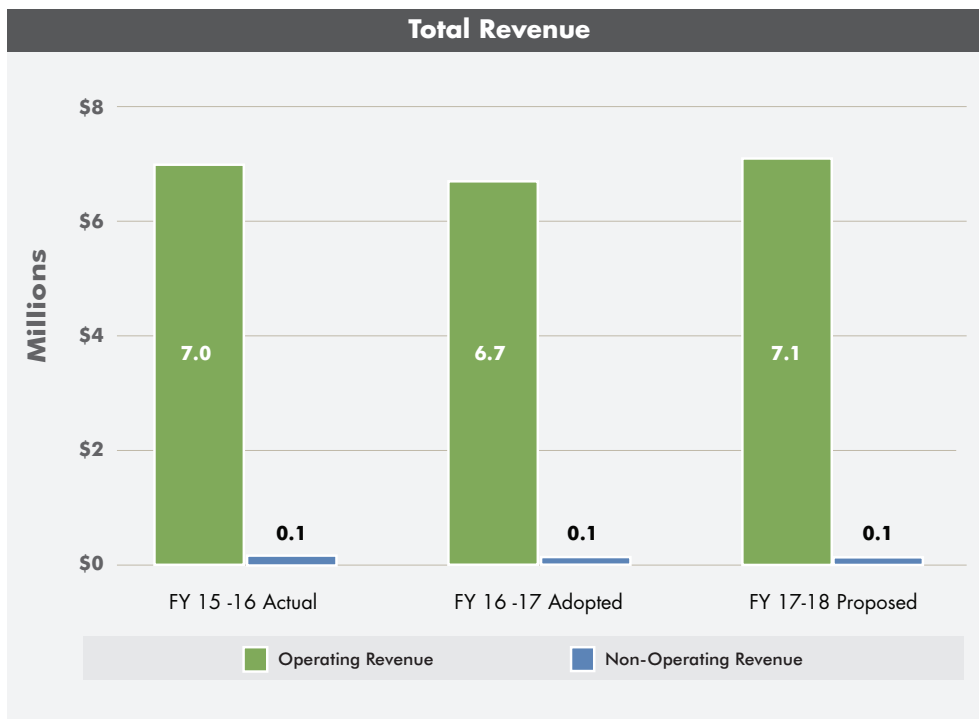
Property tax revenue is projected at \$7.1 million. The projection reflects an increase of \$0.4 million which is a 6.7% increase from FY 2016-17 adopted budget. The increase in property tax revenues is based on updates received from Santa Clara County that project continued growth in the real estate market.

Interest income is projected to be \$80K which is an increase of \$30K from FY 2016-17 adopted budget.

Operating Transfers in of \$0.5 million are budgeted as follows:-

Financial Overview

District General Fund



Financial Overview

District General Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Operating Revenue:						
Property Tax	\$ 6,728,867	\$ 6,657,750	\$ 6,915,000	\$ 7,102,100	\$ 444,350	6.7%
Intergovernmental Services	280,419	—	—	—	—	**
Total Operating Revenue	\$ 7,009,286	\$ 6,657,750	\$ 6,915,000	\$ 7,102,100	\$ 444,350	6.7%
Non-Operating Income:	\$ —	\$ —	\$ —	\$ —	\$ —	—
Interest*	84,305	50,000	80,000	80,000	30,000	60.0%
Other	283,620	—	—	—	—	—
Total Non-Operating Income	\$ 367,925	\$ 50,000	\$ 80,000	\$ 80,000	\$ 30,000	60.0%
Total Revenue	\$ 7,377,211	\$ 6,707,750	\$ 6,995,000	\$ 7,182,100	\$ 474,350	7.1%
Operating Outlays:						
Operations**	\$ 48,654,684	\$ 55,705,551	\$ 56,924,287	\$ 61,347,359	\$ 5,641,808	10.1%
Operating Projects	386,025	264,596	264,596	66,307	(198,289)	(74.9)%
Debt Service	534,815	538,330	538,330	472,149	(66,181)	(12.3)%
Total Operating Outlays	\$ 49,575,524	\$ 56,508,477	\$ 57,727,213	\$ 61,885,815	\$ 5,377,338	9.5%
Less Intra-District Reimbursements	(46,257,335)	(49,735,057)	(49,735,057)	(56,301,267)	(6,566,210)	13.2%
Net Outlays	\$ 3,318,189	\$ 6,773,420	\$ 7,992,156	\$ 5,584,548	\$ (1,188,872)	(17.6)%
Capital Projects	1,010,695	8,116,555	2,189,555	1,704,402	(6,412,153)	(79.0)%
Carry Forward Capital Projects	—	8,327,000	96,000	—	(8,327,000)	(100.0)%
Total Capital Outlays	\$ 1,010,695	\$ 16,443,555	\$ 2,285,555	\$ 1,704,402	\$ (14,739,153)	(89.6)%
Other Financing Sources/(Uses):						
Transfers In	\$ 2,562,432	\$ 6,537,554	\$ 610,554	\$ 453,446	\$ (6,084,108)	(93.1)%
Transfer Out	(1,618,000)	(1,300,500)	(1,300,500)	(1,626,000)	(325,500)	25.0%
Total Other Sources (Uses)	\$ 944,432	\$ 5,237,054	\$ (689,946)	\$ (1,172,554)	\$ (6,409,608)	(122.4)%
Balance Available	\$ 3,992,759	\$ (11,272,171)	\$ (3,972,657)	\$ (1,279,404)	\$ —	—
Year-End Reserves:						
Committed Reserves						
Operating & Capital Reserve	\$ 9,117,726	\$ 5,660,754	\$ 5,241,069	\$ 3,961,665	\$ (1,699,089)	(30.0)%
Currently Authorized Projects***	1,156,326	207,000	1,060,326	1,060,326	853,326	412.2%
Total Committed Reserves	\$ 10,274,052	\$ 5,867,754	\$ 6,301,395	\$ 5,021,991	\$ (845,763)	(14.4)%
Total Year-End Reserves	\$ 10,274,052	\$ 5,867,754	\$ 6,301,395	\$ 5,021,991	\$ (845,763)	(14.4)%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Total Outlays - District General Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
60001090	Unscoped Projects-Budget Only	0	365,000	100,000	Office of the CEO
60001091	COOAS Unscoped Projects-BdgtOnly	0	300,000	100,000	Office of Chief Administrative Officer
60001092	CEA Unscoped Project-Budget Only	0	0	100,000	Office of the CEO
* 60021008	Energy Management	86,700	105,426	125,063	Water Utility Technical Support Division
60061007	Drought Emergency Response	2,562,431	610,554	179,437	Office of COO Water Utility
* 60061012	Facilities Env Compliance	174,317	174,629	207,818	Human Resources Division
60061017	Info Technology Div Admin	1,020,049	825,376	709,380	Information Technology Division
60061018	General Services Div Admin	768,757	768,904	489,121	General Services Division
** 60061019	Employee Recognition Program	74,000	66,819	0	Office of the CEO
60061023	Districtwide Salary Savings-11	0	(1,393,000)	(1,133,093)	Financial Planning and Mgmt Div
** 60061026	IT Strategic Plan and Analysis	154,804	346,448	0	Information Technology Division
** 60061032	Internal Communications	181,502	182,138	0	Office of the CEO
* 60061053	Admin Asset Mgmt Program	269,434	333,314	364,146	Water Utility Technical Support Division
* 60061055	AM Systems and Standards	52,153	114,408	140,841	Water Utility Technical Support Division
** 60061056	District CMMS Administration	52,441	0	0	Water Utility Technical Support Division
60061058	Drought Induced Tree Removal	0	0	274,009	Watershed Operations & Maintenance Division
* 60071041	Welding Services	15,926	14,591	17,666	General Services Division
60091001	Directors Fees / Expenses	331,924	374,110	364,196	Office of Clerk of the Board
60101001	Purchasing Services	1,503,426	1,617,339	1,543,080	General Services Division
60101002	Building and Grounds	3,439,515	5,022,046	6,205,422	General Services Division
60101006	Telecommunications Sys Opr/M	1,521,548	1,848,253	1,896,506	Information Technology Division
60101008	District Security Services	969,931	1,422,632	1,422,840	Office of COO Watershed
60101011	Technical Infrastructure Services	389,161	378,456	699,688	Information Technology Division
60101017	CADD System Tech Support	70,211	82,375	104,217	Water Utility Capital Division
** 60101018	Local Hazard Mitigation Progrm	28,414	47,640	0	Office of COO Watershed
60111002	General Accounting Services	1,121,660	1,247,404	3,256,575	Financial Planning and Mgmt Div
** 60111003	Accounts Payable Services	796,000	994,413	0	Financial Planning and Mgmt Div
** 60111004	Payroll Services	551,796	565,729	0	Financial Planning and Mgmt Div
60111006	Contract Services	777,291	865,618	1,444,961	General Services Division
* 60121003	LT Financial Planning & Rate Setting	0	0	197,996	Financial Planning and Mgmt Div
60131004	Ofc of Chief Admin Officer	749,016	733,647	910,900	Office of Chief Administrative Officer
60131007	Ofc of Chief Executive Officer	1,082,267	898,904	823,990	Office of the CEO
60131014	Continual Improvement	356,621	416,709	170,720	Office of the CEO
** 60131015	CEO Management Audit Program	306,510	298,342	0	Office of the CEO
60131016	Office of CEO & Board Support	184,793	599,450	1,022,361	Office of the CEO
60141001	District Counsel	2,915,474	3,023,491	3,234,587	Office of District Counsel

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
**	60151001	Software Development & Support	599,991	880,126	0	Information Technology Division
	60161001	Software Maint & License	707,714	939,525	1,073,889	Information Technology Division
**	60161003	Internet/Intranet Maintenance	273,367	289,250	0	Information Technology Division
	60161004	Software Services	0	0	3,273,957	Information Technology Division
	60171002	Civic Engagement	371,537	506,447	1,261,454	Office of the CEO
	60171009	Community Relations	173,202	169,690	626,476	Office of the CEO
	60181002	Network Administration	752,850	733,788	1,680,216	Information Technology Division
**	60191001	Data Center Operations	612,188	609,469	0	Information Technology Division
	60201001	District HVAC Services	819,973	0	0	General Services Division
	60201021	District Space Allocation	470,061	0	0	General Services Division
	60221001	Budget and Financial Analyses	425,156	1,496,978	2,114,909	Financial Planning and Mgmt Div
	60221002	Debt & Treasury Management	342,738	421,158	544,474	Financial Planning and Mgmt Div
	60221003	FPMD Administration	463,320	753,376	465,101	Financial Planning and Mgmt Div
**	60221005	Fin Forecasting & CIP Analysis	139,406	153,211	0	Financial Planning and Mgmt Div
	60221007	Credit Card Services Fees	0	75,000	75,000	Financial Planning and Mgmt Div
	60231002	Communications	951,107	1,107,204	1,474,129	Office of the CEO
	60231003	Federal Government Relations	1,361,892	675,502	884,229	Office of the CEO
	60231004	State Government Relations	752,896	816,439	911,206	Office of the CEO
	60231005	Local Government Relations	0	929,919	1,207,604	Office of the CEO
	60231006	Chief of External Affairs	0	0	577,542	Office of the CEO
	60241026	Quality and Env Mgmt Sys Prog	516,490	583,106	739,335	Office of the CEO
**	60271007	Payroll & Financial Sys Maint	390,429	392,220	0	Financial Planning and Mgmt Div
**	60271010	GIS Maintenance & Support	654,957	573,565	0	Information Technology Division
**	60271011	Computerized Maint Mgmt Syst	405,261	473,305	0	Information Technology Division
**	60271060	ERP System Maint & Support	224,379	448,592	0	Information Technology Division
	60271062	Information Security Admin	186,822	286,241	440,207	Information Technology Division
	60271064	Office Cmpttr Maint/Help Dsk Sup	1,072,879	1,347,185	1,222,596	Information Technology Division
**	60281001	EEO Mandatory Training	85,665	95,037	0	Human Resources Division
	60281003	Ethics & EEO Programs	221,602	282,185	616,588	Human Resources Division
	60281004	Diversity & Inclusion Program	298,244	347,665	1,283,524	Office of Chief Administrative Officer
	60281006	Reasonable Accommodation	101,280	0	228,685	Human Resources Division
	60291001	Recruitment and Examination	1,167,265	1,434,649	1,616,174	Human Resources Division
	60291002	Benefits and Wellness Admin	727,086	1,023,538	1,080,135	Human Resources Division
	60291003	Labor Relations	486,923	575,264	775,945	Office of the CEO
	60291004	Talent Management Program	1,199,145	1,239,584	1,576,967	Human Resources Division
	60291005	Classification&CompensationPgm	234,890	504,693	321,645	Human Resources Division
**	60291007	Deferred Compensation Committe	114,152	65,465	0	Human Resources Division
	60291011	HR Program Admin	728,174	1,026,527	733,582	Human Resources Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
**	60291016	Ethics	212,902	249,251	0	Human Resources Division
**	60291017	Meet and Confer	295,108	160,920	0	Office of the CEO
	60291032	Bargaining Unit Representation	78,601	137,411	355,284	Office of the CEO
	60291038	GF Training & Development	763,689	1,046,102	634,729	Office of Chief Administrative Officer
**	60291039	Professional & Assn Memberships	312,993	393,786	0	Financial Planning and Mgmt Div
	60291040	Rotation Program	640,297	877,678	723,231	Human Resources Division
	60291041	Internship Program	245,059	540,123	713,475	Human Resources Division
	60291042	Skilled Trades Internship Prgm	52,927	0	142,564	Human Resources Division
	60301001	Clerk of the Board Serv	1,154,510	2,380,568	1,959,795	Office of Clerk of the Board
**	60301003	Board Committees	331,227	269,638	0	Office of Clerk of the Board
	60311001	Records & Library Services	399,262	471,228	1,164,077	Information Technology Division
**	60311002	Request for Public Records	192,995	205,290	0	Information Technology Division
**	60331001	Research / Library Services	281,104	247,785	0	Information Technology Division
	60341001	Mail Services	725,214	0	0	General Services Division
	60351001	Business & Customer SupportSvc	1,296,638	3,024,016	3,261,986	General Services Division
**	60361002	Graphics Services	251,228	358,515	0	Office of the CEO
	60361004	Reception Svcs-EOC Preprdnss	356,015	0	0	General Services Division
**	60411002	GF Safety Training & Admin	210,948	225,215	0	Human Resources Division
*	60811046	Warehouse Services	312,854	610,957	614,219	General Services Division
Total Operations			48,654,684	55,705,551	61,347,359	

Operating

	60042001	Pacheco Res Prop 1 Application Study	0	0	66,307	Water Supply Division
**	60272001	IS Consolidation & Integration	317,914	220,992	0	Information Technology Division
**	60312001	Microfiche Conversion	68,111	43,604	0	Information Technology Division
Total Operating			386,025	264,596	66,307	

Debts

**	60993005	2004A COP General Fund	534,815	538,330	0	Financial Planning and Mgmt Div
	60993009	2017A COP Refunding GF	0	0	472,149	Financial Planning and Mgmt Div
Total Debts			534,815	538,330	472,149	

Capital

	60064023	Districtwide Salary Savings	0	(80,000)	(72,746)	Financial Planning and Mgmt Div
**	60074030	WU Capital Training & Dvlpmnt	3,988	15,097	0	Water Utility Capital Division
*	60074033	CIP Development & Admin	8,179	15,473	13,000	Water Utility Capital Division
*	60074036	Survey Mgmt & Tech Support	3,739	6,651	5,922	Watershed Design & Construction Division
*	60074038	Capital Progm Svcs Admin	19,734	78,538	67,952	Water Utility Capital Division
**	60074045	Technical Review Committee	3,693	3,684	0	Water Utility Capital Division

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
**	60074046	WU Captl Health & Safety Trng	833	3,763	0	Water Utility Capital Division
**	60074051	WS Capital Training & Dvlpmnt	3,587	17,403	0	Office of COO Watershed
**	60074052	WS Capital Program Srvc Admin	19,718	66,068	0	Office of COO Watershed
**	60074053	WS Capital Hlth & Safety Trng	296	878	0	Office of COO Watershed
	60204016	Almaden&Winfield-Sm Cap Improv	492,727	2,062,000	1,690,274	General Services Division
	60204021	Winfield Capital Improvements	450,364	5,927,000	0	Water Utility Capital Division
	60204032	Headquarters Operations Bldg	3,837	0	0	Water Utility Capital Division
	Total Capital		1,010,695	8,116,555	1,704,402	
	Total		50,586,219	64,625,032	63,590,218	

* Recipient projects

** Closed, combined or no current year funding

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SERVICE FUNDS

Financial Overview

Service Funds Overview

The District manages three Internal Service Funds - the Fleet Management Fund, the Risk Fund and the Information Technology Fund. These funds provide goods and services to District Administration, Watersheds and Water Utility Enterprise divisions and recover costs through intra-district reimbursements. Intra-district reimbursements are the amounts needed for operations and to maintain adequate reserves in accordance with the District Reserve Policy. Further information on each fund is provided below and in the pages that follow.

Fleet Management Fund

The Fleet Management Fund was established to capture the operations, maintenance and replacement costs of District-owned vehicles and equipment such as: sedans, vans, pickup trucks and field equipment (Class I); heavy duty trucks and trailers (Class II); heavy construction equipment (Class III); and, portable equipment including large pumps, electrical panels, hose and fittings, air compressors, chain saws, weed whackers, generators, etc. (Class IV). Reimbursement charges for FY 2017-18 total \$4.9 million.

Key Highlights

The following are key highlights for the upcoming fiscal year:

- Surplus and replacement of 19 vehicles and 2 pieces of construction equipment in accordance with the 12-year or 125,000 mile replacement criteria.
- Evaluate and implement industry best practices within operation.
- Conduct a vehicle utilization study in collaboration with user department to reduce underutilized assets.

Risk Insurance Fund

This fund was established to provide for liability,

property, Workers' Compensation insurance and self-insurance costs. Included in this fund are various health and safety programs designed to ensure the safety and well-being of employees, a reserve for catastrophic uninsured property loss, and self-insurance reserves for both known and unreported Workers Compensation and liability claims set at levels prescribed by actuarial studies. Currently, loss prevention efforts are being integrated with other performance-based objectives such as quality and cost-control to ensure that health and safety activities are integrated into the day-to-day operations of District business. The District supports the philosophy that all accidents and injuries are preventable through establishment of and compliance with safe work procedures and best management practices for our industry. Reimbursement charges for FY 2017-18 total \$7.8 million.

Key Highlights

The following are key highlights for the upcoming fiscal year:

- Continuing to administer the Workers Compensation program in a manner that increases employee awareness of potential dangers and seeks to reduce employee injuries and accidents.
- Continuing to administer the Liability and Property programs in a manner that provides prompt and fair adjustment of claims and losses.
- Continuing to manage safety, ergonomics and industrial hygiene programs in compliance with regulatory requirements and industry best practices.

Information Technology Fund

The Information Technology Fund accounts for the costs to acquire, install and replace capital related information technology projects with District-wide benefit. Projects include acquisition and replacement of computers, networks, and communications systems as well as major investments in enterprise software systems. Intra-District charges for this fund are set to smooth charges over time by recovering current costs

Financial Overview

and accumulating reserves for major planned future projects. Current year charges or a combination of current year charges and reserves may be used to fund authorized projects. For FY 2017-18, \$12.2 million will be recovered through Intra-District charges.

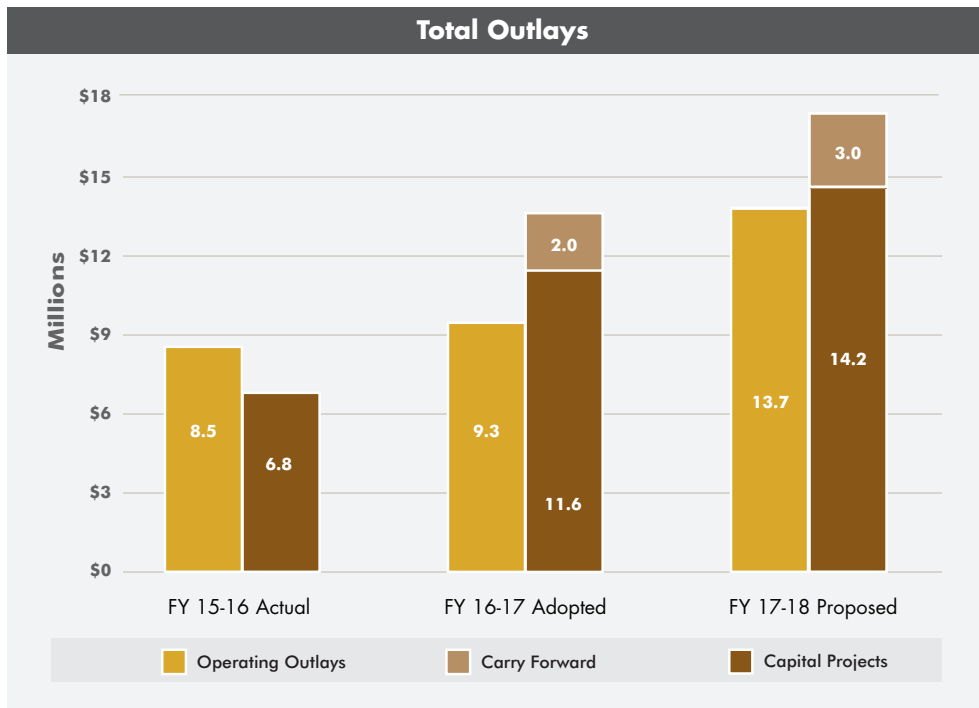
Key Highlights

The following are key highlights for the upcoming fiscal year:

- Implement the PeopleSoft 9.2 upgrade.
- Complete replacement of the District's Forecasting system and Capital Planning system.
- Implement GIS Roadmap Phase 1.
- Select and begin deployment of an Enterprise Content Management system for the Data Consolidation project.
- Replace and upgrade process control system, Supervisory Control and Data Acquisition (SCADA) computer network.
- Continue to replace desktop computers based on a four-year computer replacement cycle and upgrade the operating systems to the latest standards.
- Complete the last phase of a multiyear wireless networking project, providing wireless networking at all District facilities.
- Prepare plans and implement IT disaster recovery systems and real-time cutover in the event of a major disaster.
- Implement e-litigation and e-discovery system.

Financial Overview

Service Funds Combined



Financial Overview

Service Funds Combined Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Non-Operating Income:						
Interest*	\$ 184,882	\$ 130,000	\$ 164,000	\$ 147,000	\$ 17,000	13.1%
Other	52,622	100,000	102,000	102,000	2,000	2.0%
Total Revenue	\$ 237,504	\$ 230,000	\$ 266,000	\$ 249,000	\$ 19,000	8.3%
Operating Outlays:						
Operations**	\$ 8,263,758	\$ 9,273,820	\$ 9,273,820	\$ 11,331,114	\$ 2,057,294	22.2%
Operating project	6,635	—	—	2,350,000	2,350,000	**
Total Operating Outlays	\$ 8,270,393	\$ 9,273,820	\$ 9,273,820	\$ 13,681,114	\$ 4,407,294	47.5%
Capital Projects	6,823,218	11,577,921	12,193,468	14,217,273	2,639,352	22.8%
Carried Forward Capital Projects	—	1,983,000	904,066	3,025,000	1,042,000	52.5%
Total Capital Outlays	\$ 6,823,218	\$ 13,560,921	\$ 13,097,534	\$ 17,242,273	\$ 3,681,352	27.1%
Less Intra-District Reimbursements	(16,973,621)	(18,289,772)	(18,289,775)	(24,957,295)	(6,667,523)	36.5%
Other Financing Sources (Uses) :						
Balance Available	\$ 2,117,514	\$ (4,314,969)	\$ (3,815,579)	\$ (5,717,092)	\$ —	—
Year-End Reserves:						
Committed Reserves						
Operating & Capital Reserve	\$ 5,267,898	\$ 2,002,295	\$ 3,919,591	\$ 1,945,337	\$ (56,958)	(2.8)%
Currently Authorized Projects***	4,560,561	—	3,025,000	—	—	**
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%
Property Self Insurance/Catastrophic	6,864,991	6,149,531	7,519,280	6,049,442	(100,089)	(1.6)%
Total Committed Reserves	\$ 23,193,450	\$ 14,651,826	\$ 19,377,871	\$ 13,660,779	\$ (991,047)	(6.8)%
Total Year-End Reserves	\$ 23,193,450	\$ 14,651,826	\$ 19,377,871	\$ 13,660,779	\$ (991,047)	(6.8)%
Uncommitted Funds			\$ 0	\$ 0		

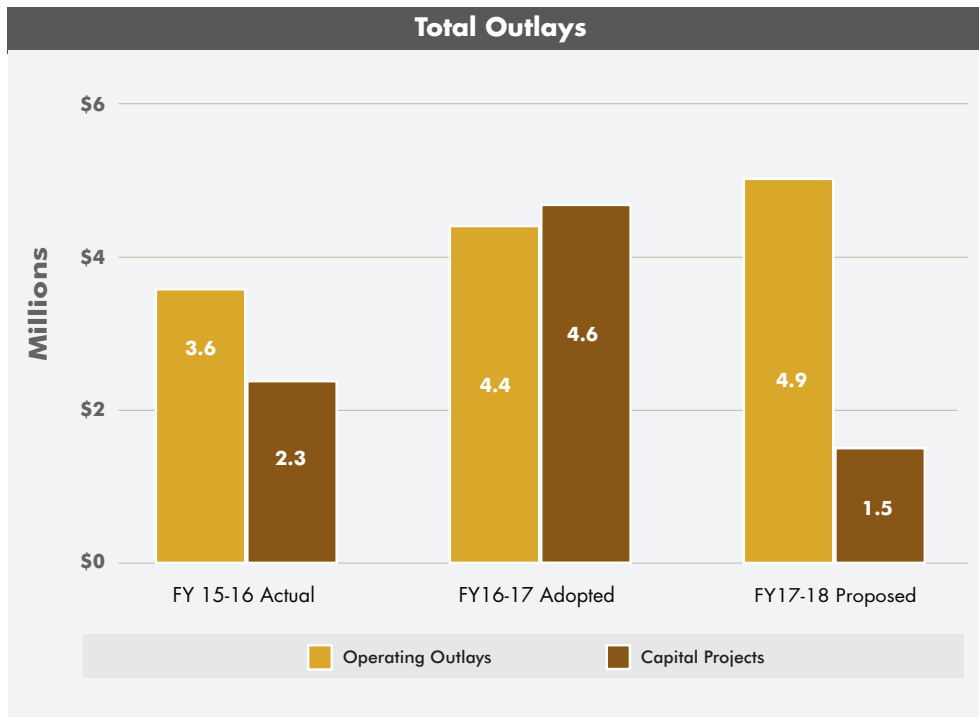
(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Fleet Management Fund



Financial Overview

Fleet Management Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Non-Operating Income:						
Interest*	\$ 38,952	\$ 20,000	\$ 36,000	\$ 36,000	\$ 16,000	80.0%
Other	43,105	100,000	102,000	102,000	2,000	2.0%
Total Revenue	\$ 82,057	\$ 120,000	\$ 138,000	\$ 138,000	\$ 18,000	15.0%
Operating Outlays:						
Operations**	\$ 3,564,469	\$ 4,389,952	\$ 4,389,952	\$ 4,934,024	\$ 544,072	12.4%
Operating Projects	6,635	—	—	—	—	—
Total Operating Outlays	\$ 3,571,104	\$ 4,389,952	\$ 4,389,952	\$ 4,934,024	\$ 544,072	12.4%
Capital Projects	2,344,019	4,640,679	4,640,679	1,545,000	(3,095,679)	(66.7)%
Carried Forward Capital Projects	—	—	—	—	—	—
Total Capital Outlays	\$ 2,344,019	\$ 4,640,679	\$ 4,640,679	\$ 1,545,000	\$ (3,095,679)	(66.7)%
Less Intra-District Reimbursements	(6,471,122)	(7,353,701)	(7,353,704)	(4,929,990)	2,423,711	(33.0)%
Balance Available	\$ 638,056	\$ (1,556,930)	\$ (1,538,927)	\$ (1,411,034)	\$ —	—
Year-End Reserves						
Committed Reserves						
Operating & Capital Reserve	\$ 3,187,645	\$ 574,304	\$ 2,280,213	\$ 869,179	\$ 294,875	51.3%
Currently Authorized Projects***	631,495	—	—	—	—	—
Total Year-End Reserves	\$ 3,819,140	\$ 574,304	\$ 2,280,213	\$ 869,179	\$ 294,875	51.3%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Total Outlays - Fleet Management Fund

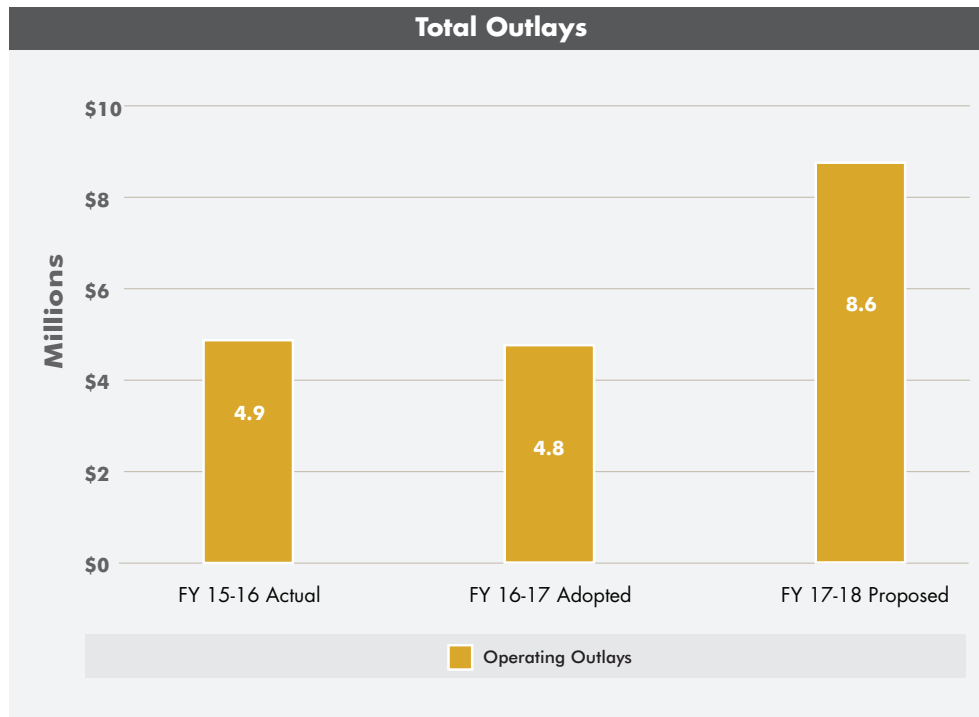
Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
70011099	Class I Equip Oper / Maint	578,797	963,797	866,904	General Services Division
70021099	Class II Equip Oper / Maint	725,125	735,910	857,350	General Services Division
70031099	Class III Equip Oper / Maint	289,264	369,946	389,394	General Services Division
70041099	Class IV Equip Oper / Maint	871,022	961,499	1,157,743	General Services Division
70061003	Vehicle & Equipment Admin&Mgmt	924,378	1,143,149	1,418,556	General Services Division
** 70061045	AM Systems and Standards	18,746	38,137	46,947	Water Utility Technical Support Division
* 70061053	Admin Asset Mgmt Program	89,812	111,107	121,382	Water Utility Technical Support Division
* 70071041	Welding Services	47,775	43,778	52,999	General Services Division
* 70811046	Warehouse Services	19,550	22,629	22,749	General Services Division
Total Operations		3,564,469	4,389,952	4,934,024	
Operating					
70062002	Replace Fuel Management System	6,635	0	0	General Services Division
Total Operating		6,635	0	0	
Capital					
70004001	New Vehicle Equip Acquisitio	189,681	688,831	0	General Services Division
70004002	Replacement Vehicle & Equip	2,154,338	3,951,848	1,545,000	General Services Division
Total Capital		2,344,019	4,640,679	1,545,000	
Total		5,915,123	9,030,631	6,479,024	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Risk Insurance Fund



Financial Overview

Risk Insurance Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Non-Operating Income:						
Interest*	\$ 100,049	\$ 80,000	\$ 80,000	\$ 81,000	\$ 1,000	1.3%
Other	9,517	—	—	—	—	—
Total Revenue	\$ 109,566	\$ 80,000	\$ 80,000	\$ 81,000	\$ 1,000	1.3%
Operating Outlays:						
Operations**	\$ 4,634,694	\$ 4,783,868	\$ 4,783,868	\$ 6,275,591	\$ 1,491,723	31.2%
Operating Project	—	—	—	2,350,000	2,350,000	**
Total Operating Outlays	\$ 4,634,694	\$ 4,783,868	\$ 4,783,868	\$ 8,625,591	\$ 3,841,723	80.3%
Less Intra-District Reimbursements	(4,780,130)	(3,772,157)	(3,772,157)	(7,826,753)	(4,054,596)	107.5%
Net Outlays	\$ (145,436)	\$ 1,011,711	\$ 1,011,711	\$ 798,838	\$ (212,873)	(21.0)%
Balance Available	\$ 255,002	\$ (931,711)	\$ (931,711)	\$ (717,838)	\$ —	—
Year-End Reserves:						
Committed Reserves						
Liability/Workers' Compensation	\$ 6,500,000	\$ 6,500,000	\$ 4,914,000	\$ 5,666,000	\$ (834,000)	(12.8)%
Property Self Insure/Catastrophic	6,864,991	6,149,531	7,519,280	6,049,442	(100,089)	(1.6)%
Total Year-End Reserves	\$ 13,364,991	\$ 12,649,531	\$ 12,433,280	\$ 11,715,442	\$ (934,089)	(7.4)%
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

Financial Overview

Total Outlays - Risk Insurance Fund

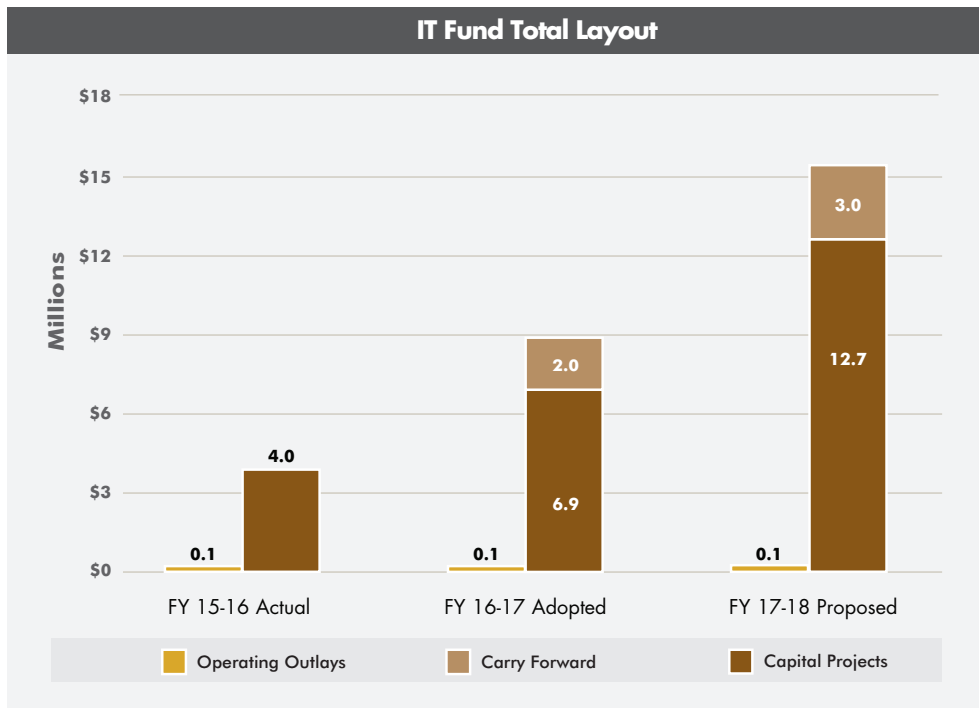
Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
65051001	Risk Management	1,644,063	1,732,014	2,351,316	Office of District Counsel
65051002	Workers Compensation Program	921,539	826,894	821,514	Office of District Counsel
65051003	Health&Safety Program Mgt	974,125	1,122,422	3,102,761	Human Resources Division
** 65051004	Risk Management Program Admi	529,184	463,190	0	Office of District Counsel
** 65051009	District Ergonomics Program	177,403	222,326	0	Human Resources Division
** 65051011	Industrial Hygiene Program	388,380	417,022	0	Human Resources Division
Total Operations		4,634,694	4,783,868	6,275,591	
Operating					
65052001	President Day Flood	0	0	2,350,000	Office of District Counsel
Total Operating		0	0	2,350,000	
Total		4,634,694	4,783,868	8,625,591	

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Information Technology Fund



Financial Overview

Information Technology Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Proposed Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Revenue Sources:						
Non-Operating Income:						
Interest*	\$ 45,881	\$ 30,000	\$ 48,000	\$ 30,000	\$ —	—
Other	—	—	—	—	—	—
Total Revenue	\$ 45,881	\$ 30,000	\$ 48,000	\$ 30,000	\$ —	—
Operating Outlays:						
Operations**	\$ 64,595	\$ 100,000	\$ 100,000	\$ 121,499	\$ 21,499	21.5%
Total Operating Outlays	\$ 64,595	\$ 100,000	\$ 100,000	\$ 121,499	\$ 21,499	21.5%
Capital Projects	4,479,199	6,937,242	7,552,789	12,672,273	5,735,031	82.7%
Carried Forward Capital Projects	—	1,983,000	904,066	3,025,000	1,042,000	—
Total Capital Outlays	\$ 4,479,199	\$ 8,920,242	\$ 8,456,855	\$ 15,697,273	\$ 6,777,031	76.0%
Less Intra-District Reimbursements	(5,722,369)	(7,163,914)	(7,163,914)	(12,200,552)	(5,036,638)	70.3%
Balance Available	\$ 1,224,456	\$ (1,826,328)	\$ (1,344,941)	\$ (3,588,220)	\$ —	—
Year-End Reserves:						
Committed Reserves						
Operating & Capital Reserve	\$ 2,080,253	\$ 1,427,991	\$ 1,639,378	\$ 1,076,158	\$ (351,833)	(24.6)%
Currently Authorized Projects***	3,929,066	—	3,025,000	—	—	**
Total Year-End Reserves	\$ 6,009,319	\$ —	\$ 4,664,378	\$ 1,076,158	\$ 1,076,158	—
Uncommitted Funds			\$ 0	\$ 0		

(*) Interest revenue does not include GASB31 market valuation adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

Financial Overview

Total Outlays - Information Technology Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Proposed Budget 2017-2018	Job Managed By
Operations					
73271007	Emerging IT Technologies	64,595	100,000	121,499	Information Technology Division
Total Operations		64,595	100,000	121,499	
Capital					
73274001	IT Disaster Recovery	23,585	1,392,953	441,000	Information Technology Division
73274002	ERP PeopleSoft Upgrade	1,444,003	2,415,000	7,320,000	Information Technology Division
73274004	Network Equipment	1,000,484	1,495,815	1,691,000	Information Technology Division
73274006	Office Computers Replace Equip	1,289,443	1,299,755	968,000	Information Technology Division
73274008	Software Upgrades & Enhancemen	701,053	9,000	610,701	Information Technology Division
73274009	Data Consolidation	20,631	324,719	279,000	Information Technology Division
73274010	Boardroom Technology Upgrade	0	0	817,572	Information Technology Division
73274011	E-Discovery Management System	0	0	545,000	Information Technology Division
Total Capital		4,479,199	6,937,242	12,672,273	
Total		4,543,794	7,037,242	12,793,771	

* Recipient projects

** Closed, combined or no current year funding



Division Summaries

FY 2017-18

Operating and Capital Budget

DRAFT



Ends Policies and Outcomes

FY 2017-18

Operating and Capital Budget

DRAFT

ENDS POLICIES AND OUTCOMES

Ends Policies and Outcomes

Introduction

The District plans, manages and carries out work to meet policies established by its Board of Directors.

Under the District's form of Policy Governance, these "Ends" policies describe the mission, outcomes or results to be achieved by District staff. Balancing the Ends policies are Executive Limitations, which set limits on staff activities in fulfilling the Ends. Alignment of plans and resources with the Ends policies helps the Board fulfill the critical responsibility of defining, balancing and prioritizing "what benefits, for what people, at

what cost," and enhances District staff's accountability in using budgeted resources to accomplish those ends.

This chapter describes the District's budget by Ends policies and outcomes, showing the alignment of resources with Board policies and goals that relate to those policies.

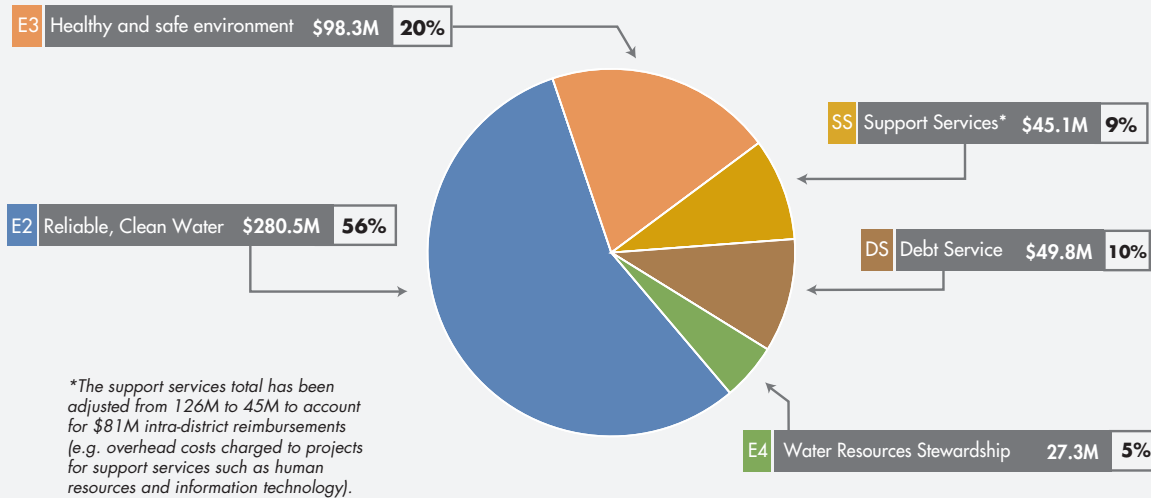
The Fiscal Year 2017-18 table below displays the latest version of the Ends Policies of the Santa Clara Valley Water District Board of Directors.

District wide budget by Ends and Support Services

Ends Code	Ends Description	FY 2017-18 Proposed Budget
E2	Reliable, clean water supply for current and future generations	280,469,478
E3	Healthy and safe environment for residents, businesses, and visitors, as well as for future generations	98,297,527
E4	Water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.	27,342,614
SS	Support Services	126,391,647
DS	Debt Service	49,750,357
Grand Total		582,251,624
Minus Intradistrict Reimbursements		(81,258,561)
Net Budget		500,993,063

Ends Policies and Outcomes

FY 2017-18 total outlays: \$501 million



Goal Code	Goal Description	FY 2017-18 Proposed Budget
E2.1	Current and future water supply for municipalities, industries, agriculture and the environment is reliable.	121,875,626
E2.2	Raw water transmission and distribution assets are managed to ensure efficiency and reliability.	48,828,120
E2.3	Reliable high quality drinking water is delivered.	109,765,732
E3.1	Provide natural flood protection for residents, businesses, and visitors	86,528,680
E3.2	Reduce potential for flood damages	11,768,847
E4.1	Protect and restore creek, bay, and other aquatic ecosystems.	25,003,287
E4.2	Improved quality of life in Santa Clara County through appropriate Public access to trails, open space and District facilities.	1,441,521
E4.3	Strive for zero net greenhouse gas emission or carbon neutrality.	897,806
SS.1	BAO & District Leadership	25,563,969
SS.2	Financial Planning & Management Services	10,213,624
SS.3	Human Resources Services	12,527,582
SS.4	Information Management Services	25,739,077
SS.5	Corporate Business Assets	28,505,713
SS.6	General Management & Administration	27,978,011
SS.7	Salary Savings	(4,136,329)
DS.1	Debt Service	49,750,357
Grand Total		582,251,624
Minus Intradistrict Reimbursements		(81,258,561)
Net Budget		500,993,063

Ends Policies and Outcomes

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E2.1	Current and future water supply for municipalities, industries, agriculture and the environment is reliable.	121,875,626

This section provides resources for District activities needed to protect and maintain groundwater basins; protect, maintain and develop local water, imported water, and recycled water; manage, operate and maintain dams and reservoirs; and maximize water use efficiency, water conservation, and demand management opportunities.

The largest budget item is for imported water purchases from the federal Central Valley Project (CVP) and the State Water Project for a total amount of \$46.9 million. Water banking expenses of \$3.1 million are budgeted for annual operations and maintenance. On average, about 40% of the District's water supply is from imported water resources.

The District conducts both short-term and long-term water supply planning. These planning activities include coordinating operations among other agencies with shared supplies or infrastructure, identifying and evaluating short-term and long-term water supply options including water conservation, implementing our water shortage contingency plan in times of drought, and optimizing the use of available supplies. These planning efforts guide the District's operations and investments to ensure water supply reliability and prevent adverse impacts like permanent land subsidence.

Water quality protection programs will continue to include monitoring of surface water supplies and the groundwater basin, implementation of the District's groundwater well ordinance, and participation in the invasive mussel prevention program. Water quality protection programs reduce water treatment costs while providing drinking water that meets or surpasses all regulations, reduce contaminants in drinking water sources, and sustain water quality for current and future

beneficial uses.

Funds in this section are also used to continue implementing the dam safety program, monitoring and maintaining all dams, maintaining the electrical and computerized systems that support operations, conducting infrastructure maintenance activities throughout the water supply system, and providing engineering and environmental support to water utility operations and maintenance efforts.

The District's water conservation program budget is approximately \$5.5 million. This includes \$5.3 million for residential, commercial/industrial, agricultural, and landscape rebates and technical assistance, as well as \$225,000 for a water conservation campaign. Long-term water conservation efforts reduce water demands by about 10 percent. This is in addition to short-term savings achieved during water shortages.

The FY 2017-18 budget requires a significant investment to continue expanding the Recycled and Purified Water Program. District staff are beginning to work on developing the Countywide Recycled and Purified Water Master Plan by using other individual current master plans such as, South Bay Water Recycling, South County Regional Wastewater Authority, City of Sunnyvale, City of Palo Alto and City of Mountain View.

A continuation of coordination work is necessary to expand recycled and purified water systems in Palo Alto/Mountain View, Sunnyvale, San Jose, Morgan Hill and Gilroy. Additional planned work includes research activities related to the Potable Reuse Test Plan, the Membrane Bioreactor Demonstration Study, as well as other research work involving bay area universities, the Water Research Foundation, and the WateReuse Research Foundation. Further investments are needed to

Ends Policies and Outcomes

identify a comprehensive solution for Reverse Osmosis Concentrate – a key challenge in potable reuse, as well as to assist the capital project team’s implementation of preliminary engineering, design, and construction of recycled and purified water projects.

The budget for this section also includes funds for the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE). For almost 20 years, the District has been working to resolve a water rights complaint surrounding fish, wildlife, water quality, and other beneficial uses in Coyote Creek, the Guadalupe River, and Stevens Creek. We understand that the sheer scope of the actions involved in the resolution of the complaint—including filing water rights change petitions, preparing

a Fish Habitat Restoration Plan (FHRP) and Environmental Impact Report (EIR) and obtaining federal and state permits from several regulatory agencies—is large, but we believe that an adequately funded multi-disciplinary team can work towards completing the planning, permitting, and other actions necessary to resolve the water rights complaint. This year’s budget proposal included funds to support the completion of the FHRP and EIR; continuing with the water rights change petition; initiating biological monitoring and renewal or application for Lake and Stream Alteration Agreements.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E2.2	Raw water transmission and distribution assets are managed to ensure efficiency and reliability.	48,828,120

The budget for this section includes funds for the safe operation and maintenance of the raw water system to distribute raw water to the three water treatment plants and groundwater recharge facilities. This includes the

inspection, monitoring, and repair of 69 miles of large diameter pre-stressed concrete cylinder pipe (PCCP) to mitigate the risk of catastrophic pipeline failure.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E2.3	Reliable high quality drinking water is delivered.	109,765,732

The budget for this section includes funds for operating and maintaining the three water treatment plants, the treated water transmission and distribution system, the Campbell well field and the SFPUC/SCVWD intertie facility. In FY2018, approximately 110,000 acre-feet of water is expected to be treated by the District’s three water treatment plants and delivered to the treated water retailers. Also included are funds for treatment plant water quality process support and the operation of the District’s water quality laboratory.

The largest planned expenditure is operating and maintaining the District’s three water treatment plants at a budget of \$27.3 million.

A total of \$48.1 million funding is for the third year of construction for the Rinconada Water Treatment Plant Reliability Improvement Project. An additional \$17 million in funding is for the Rinconada Water Treatment Plant FRP Residuals Management Project.

Ends Policies and Outcomes

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E3.1	Provide natural flood protection for residents, businesses, and visitors	86,528,680

This section provides for the construction of capital flood protection projects and the preservation of flood conveyance capacity of streams and other channels. The best available science is utilized to minimize the effects on the environment and protect habitat.

In FY 2017-18, ten (10) flood protection projects will be in construction and six (6) projects will be in planning/design, of which some projects have multiple Phases or Reaches with different schedules and may have activities in both design and construction. Other efforts to maintain flood conveyance capacity include sediment removal of approximately 34,850 cubic yards, debris removal and the control of 2,720 acres of upland

vegetation for access and 619 acres of in-stream vegetation for stream capacity. In addition, watershed facility conditions will be assessed and levees will be inspected (204 miles) and maintained (940 LF, not including the levee motor grading work).

The FY 2017-18 budget also includes: development of a comprehensive tree maintenance program to provide a streamlined environmental and permitting process to facilitate the pruning, removal and mediation of hazards associated with trees; and pursuance of modifications to the Stream Maintenance Program permit to ensure sustainability of county flood protection improvements.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E3.2	Reduce potential for flood damages	11,768,847

This section provides for activities that reduce the potential for flood damages. Such activities include a floodplain mailer and a countywide flood awareness campaign, both of which help businesses and residents be prepared before, during and after a flood. Additional efforts include, implementing the Water Resource Protection Ordinance; implementing the Encroachment Remediation and Prevention Plan; consulting with and supporting external agencies for floodplain management; and maintaining and improving our flood warning system. A major component in this section is flood emergency planning

and response. To ensure readiness, staff will participate in inter-agency training exercises at the state and countywide level as well as those specific to our emergency operations.

In addition, the District partners with other public agencies for a unified approach when providing flood response. At least 40,000 filled sandbags, as well as sand and empty bags, are also provided as a courtesy to the public and other agencies.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E4.1	Protect and restore creek, bay, and other aquatic ecosystems.	25,003,287

This section provides for the protection and restoration of various aquatic ecosystems through preservation, improvements to the watersheds, pollution prevention

and engaging/educating the public about the importance of protecting water quality and stream stewardship.

Ends Policies and Outcomes

With the 2012 passage of Safe, Clean Water and Natural Flood Protection Program, continued programs for FY 2017-18 include: establishing service indices for streams; reducing contaminants such as mercury; re-vegetating sites for mitigation; minimizing the use of pesticides where feasible; regularly removing trash in and around streams; providing grants for environmental enhancement and pollution prevention projects; creating fish habitat and passage; and reusing sediment whenever possible. In addition, projects are planned to stabilize stream banks and protect water quality. Funds include partnerships and grants to support efforts to prevent pollution, encourage cleanup efforts and education and restore habitat.

FY 2017-18 work includes development of Stream Corridor Priority Plans, a one-year pilot program to fund mini-grant projects totaling \$200,000, \$400,000 for partnerships on wildlife habitat restoration projects, \$200,000 for partnerships with municipalities for pollution prevention. The work also includes administration of existing grant agreements awarded since 2014, of which 42 were active as of FY 2017. Cleanup of encampments will once again be a high priority under Safe, Clean Water. Efforts are coordinated with numerous cities, the county and various non-profit agencies to provide assistance to camp inhabitants. Hazardous materials spill response within our fee and easement areas will also continue.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E4.2	Improved quality of life in Santa Clara County through appropriate Public access to trails, open space and District facilities.	1,441,521

This section promotes and supports access to trails and open space through various grants and community partnerships for planning, design, construction and maintenance. FY 2017 grant encumbrances are likely to occur near the start of FY 2018, which would require

budget adjustment in FY 2018. FY 2017-18 work also includes administering three existing agreements awarded in FY 2014-15. In addition, the District is working with cities on trail implementation.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
E4.3	Strive for zero net greenhouse gas emission or carbon neutrality.	897,806

This section provides for activities to identify and inventory the District's greenhouse gas emissions and to create various means to reduce our carbon footprint. Efforts will also be underway to better understand potential global climate change impacts and develop

guidelines to respond to future challenges such as sea level rise. This section also includes funding support for the county's Green Business Program.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.1	BAO & District Leadership	25,563,969

Board Appointed Officers (BAO) and District Leadership includes the budgets for the Board of Directors and its Advisory Committees, the Board Appointed Officers (BAOs) and their supporting operations, and the

District's risk management including Health and Safety related functions and activities for Watersheds and Water Utility Enterprise. BAOs are District staff that report directly to the Board of Directors, and include the

Ends Policies and Outcomes

positions of Chief Executive Officer (CEO), District Counsel, and the Clerk of the Board.

Chief Executive Officer: Provides strategic direction and oversight to lead the organization in implementing the District's mission. The CEO provides executive leadership to the District and support to the Board of Directors to ensure that the District efficiently implements the Board's Ends policies and complies with Executive Limitations. Among the operational areas reporting directly to the CEO are the Office of Chief of External Affairs including Civic Engagement; Office of CEO & Board Support including Continual Improvement and labor Relations; and Office of Government Relations and Communications.

District Counsel: Represents the District's interests in a variety of court and administrative matters and provides timely and useful legal advice to the Board of Directors

and management as the District implements strategies to streamline operations and increase accountability.

District Counsel also oversees the Risk Management Program, whose mission is to protect District assets by identifying and evaluating loss exposures and applying effective risk management and risk financing techniques to reduce or eliminate risk.

Clerk of the Board: Provides regulatory and administrative services required to support the Board of Directors' functions and activities, including support to the Board's Advisory and Ad Hoc Committees, BAOs, District staff and constituents. The Clerk of the Board supports executive management and the public by ensuring the Board meetings are kept open and public in accordance with the Ralph M. Brown Act.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.2	Financial Planning & Management Services	10,213,624

Financial Planning and Management Services provide management oversight, leadership and strategic support to ensure effective and efficient financial planning and performance. This includes promoting efficiencies and fiscal accountability District-wide and within the Financial Planning and Management Services

Division. The following units and programs operate within this Division: Treasury/Debt Management Program; Financial Planning Program; Budget and Financial Analysis Unit; General Accounting Unit; and Revenue Management Unit.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.3	Human Resources Services	12,527,582

Human Resources Services are primarily linked to human resource planning, development and management. These services include District-wide funding for professional development, training, employee wellness, the summer internship and skilled trades apprentice programs, the ethics and equal employment opportunity programs, and the services provided by the following HR Division units: Workforce Development; Environmental, Health and Safety; and, Employee Recruitment and Benefits.

Ends Policies and Outcomes

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.4	Information Management Services	25,739,077

Information Technology Services provides management oversight, leadership, and strategic support through the functions and activities of the following units: Software

Services Unit; Infrastructure Services Unit; and Records and Library Services Unit.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.5	Corporate Business Assets	28,505,713

Corporate Business Assets includes the functions and activities of Purchasing, Consultant Contract Services, Warehouse Services, Equipment Management, Facilities Management, and Business and Customer Support Services in the General Services Division.

Also included in this category are a few of support

services projects from the Water Utility Enterprise, and Water Utility projects that overarch Ends policies and therefore cannot be attributed to a single Ends policy (e.g., water measurement, asset management, select planning projects).

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.6	General Management & Administration	27,978,011

Funds in this category provide necessary resources to effectively administer and manage organization-wide support services, including unit and division office and program administration, long-term operational planning

efforts, and other critical District-wide support service functions and activities required to achieve organizational goals and objectives.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
SS.7	Salary Savings	(4,136,329)

This salary savings budget represents 3% of regular employee salaries and benefits District-wide. This

budget represents the budgeted savings from vacant positions projected to occur during the year.

Goal Code	Goal Description	FY 2017-18 Proposed Budget
DS.1	Debt Service	49,750,357

Debt Service includes the budget used to pay interest and principal on long term debt.

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

E2.1 Current and future water supply for municipalities, industries, agriculture and the environment is reliable.

Job Number	Project Name	Proposed FY 2017-18 Budget
26061008	Water Conservation Grants	129,317
26061010	Nitrate Treatment System Rebate	29,000
60042001	Pacheco Res Prop 1 Application Study	66,307
60061007	Drought Emergency Response	179,437
91041012	Water Operations Planning	613,271
91041018	Groundwater Management Program	4,028,279
91081007	Dam Safety Program	1,407,124
91101004	Recycled & Purified Water Prog	6,384,058
91111001	Water Rights	320,033
91131004	Imported Water Program	7,289,449
91131006	IW San Felipe Division Delvrs	23,033,465
91131007	IW South Bay Aqueduct Delvrs	3,053,971
91131008	State Water Project Costs	28,288,222
91151001	Water Conservation Program	5,251,577
91151012	WU Customer Relations & Outreach	899,751
91154007	Water Purchases Captl Project	9,715,169
91184008	SV Adv Wtr Purification Ctr	32,281
91211004	San Felipe Reach 1 Operation	653,306
91211005	SFD Reach 1 Administration	9,772
91211084	San Felipe Reach1 Ctrl and Ele	412,245
91211085	SF Reach 1-Engineering - Other	93,684
91211099	San Felipe Reach 1 Gen Maint	792,422
91221002	San Felipe Reach 2 Operation	131,368
91221006	SF Reach 2-Engineering - Other	126,203
91221099	San Felipe Reach 2 Gen Maint	188,858
91224010	Small Caps, San Felipe R2	48,000
91231002	San Felipe Reach 3 Operation	381,985
91231084	San Felipe Reach3 Ctrl and Ele	381,378
91231085	SF Reach 3-Engineering - Other	152,944
91231099	San Felipe Reach 3 Gen Maint	641,787
91244001	Wolfe Rd Recycled Wtr Facility	198,000
91281007	SVAWPC Facility Operations	2,569,074
91281008	SVAWPC Facility Maintenance	1,594,864
91441003	Desalination	23,312
91451002	Well Ordinance Program	1,588,939
91451005	Source Water Quality Mgmt	373,486
91451011	Invasive Mussel Prevention	607,470
91761001	Local Res/Div Plan & Analysis	956,632
91761099	Dams / Reservoir Gen Maint	1,973,942
91854001	Almaden Dam Improvements	520,000

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

E2.1 Current and future water supply for municipalities, industries, agriculture and the environment is reliable.

Job Number	Project Name	Proposed FY 2017–18 Budget
91864005	Anderson Dam Seismic Retrofit	7,913,371
91874004	Calero Dam SeisRetrofit Des&Con	2,188,000
91894002	Guadalupe Dam SeisRetf Des&Con	1,160,808
92041014	FAHCE/Three Creeks HCP Project	3,451,840
95061043	WUE O&M Support	265,442
95111003	Water Use Measurement	1,755,782
E2.1 Total		121,875,626

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

E2.2 Raw water transmission and distribution assets are managed to ensure efficiency and reliability.

Job Number	Project Name	Proposed FY 2017-18 Budget
26564001	Main/Madrone PL Restoration	14,617,000
91214001	Pacheco Conduit Rehabilitation	97,000
91214010	Small Caps, San Felipe R1	2,408,841
91234002	Coyote Pumping Plant ASD Rplcmt	536,014
91234011	Coyote Pumping Plant Warehouse	2,904,000
92144001	Pacheco/SC Conduit ROW ACQ	251,000
92224001	Pen Force Main Seismic Retrofi	441,825
92261099	Vasona Pump Station Gen Main	89,176
92264001	Vasona Pumping Plant Upgrades	712,103
92374005	SCADA Remote Arch&Comm Upgrade	186,000
92761001	Raw Water T&D Gen'l Oper	1,680,474
92761006	Rchrg / RW Field Fac Asset Mgt	93,633
92761007	Rchrg / RW Fld Ops Pln & Anlys	91,127
92761008	Recycled Water T&D Genrl Maint	100,493
92761009	Recharge/RW Field Ops	2,850,425
92761010	Rchrg / RW Field Fac Maint	1,838,995
92761012	Untreated Water Prog Plan	117,467
92761082	Raw Water T&D Ctrl and Electr	749,011
92761083	Raw Water T&D Eng Other	200,350
92761085	Anderson Hydrelctrc Fclty Main	233,579
92761099	Raw Water T / D Gen Maint	1,861,904
92764009	Small Caps, Raw Water T&D	321,327
92781002	Raw Water Corrosion Control	481,374
95084002	10-Yr PL Inspection and Rehab	15,965,000
E2.2 Total		48,828,120

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

E2.3 Reliable high quality drinking water is delivered.

Job Number	Project Name	Proposed FY 2017–18 Budget
00761013	SCADA Systems Upgrades	186,568
93081008	W T General Water Quality	1,866,921
93081009	Water Treatment Plant Engineer	658,987
93084011	Fluoridation at WTPs	277,000
93231007	PWTP Landslide Monitoring	217,513
93231009	PWTP General Operations	5,563,625
93231099	Penitencia WTP General Maint	2,579,638
93281005	STWTP - General Operations	4,865,966
93281099	Santa Teresa WTP General Maint	3,348,253
93291012	RWTP General Operations	7,595,366
93291099	Rinconada WTP General Maint	3,307,385
93294051	RWTP FRP Residuals Management	17,053,580
93294056	RWTP Treated Water Valves Upgd	170,294
93294057	RWTP Reliability Improvement	48,144,000
93401002	Water District Laboratory	4,676,269
93761001	SF/SCVWD Intertie General Ops	213,527
93761004	Campbell Well Field Operations	188,668
93761005	Campbell Well Field Maint	101,458
93761006	Treated Water Ctrl & Elec Eng	2,520,295
93761099	SF/SCVWD Intertie Gen Maint	36,200
93764003	IRP2 WTP Blds Seismic Retrofit	346,000
93764004	Small Caps, Water Treatment	2,512,000
94384002	Pen Del Main Seismic Retrofit	232,000
94761005	TW T&D - Engineering - Other	162,321
94761099	Treated Water T/D Gen Maint	1,173,569
94781001	Treated Water T/D Corrosion	549,989
95061007	WUE Asset Management Plng Prgm	1,218,341
E2.3 Total		109,765,732
E2 Total		280,469,478

Ends Policies and Outcomes

E3

Healthy and safe environment for residents, businesses, and visitors, as well as for future generations

E3.1 Provide natural flood protection for residents, businesses, and visitors

Job Number	Project Name	Proposed FY 2017-18 Budget
00041022	Stream Maint Prog Mgmt	3,049,299
00044026	San Francisco Bay Shoreline	2,721,287
00761023	Watershed Sediment Removal	6,173,591
00761078	Vegetation Mangmnt for Access	2,470,981
00762011	Tree Maintenance Program	808,205
20194005	San Tomas Ck, Quito Rd Bridges	124,000
26074002	Sunnyvale East & West Channel	4,820,385
26154003	Guadalupe Rv-Upr, SPRR-BH 7-12	6,544,000
26164001	HaleCreekEnhancementPilotStudy	1,306,000
26174051	U. Llagas Ck, Reimburse E6b	106,000
26174054	U.Llagas Ck Design B. Vsta Rd	1,040,000
26244001	Permanente Ck, Bay-Fthill CSC	16,906,000
26284002	San Francisquito Early Implemt	7,337,727
26771067	Stream Capacity Vegetation Con	1,871,765
40264008	Lwr Silver-R4-6 N Babb-Cunni	1,981,000
40264011	Cunningham Fld Detention Cert	1,674,000
40334005	Lwr Penitencia Crk Improvemnts	4,815,000
62021004	Vegetation Mgmt Tech Support	684,929
62021009	Watershds O&M Eng&Insp Support	885,403
62042050	Watershd Maint Guideline Updte	270,708
62061029	Field Operations Support	618,140
62084001	Watersheds Asset Rehabilitation Program	11,047,000
62761006	Invasive Plant Management Prog	1,059,019
62761024	Wtrshd Facility Cndtion Assmnt	1,847,344
62761025	Watershed General Field Maint	1,536,379
62761026	Watershed Debris Removal	1,494,447
62761028	Watershed Levee Maintenance	1,570,090
62761074	Corps Local Sponsor O&M	1,399,894
62761080	Non SMP Veg Removal for Convey	366,086
E3.1 Total		86,528,680

Ends Policies and Outcomes

E3

Healthy and safe environment for residents, businesses, and visitors, as well as for future generations

E3.2 Reduce potential for flood damages

Job Number	Project Name	Proposed FY 2017-18 Budget
00811043	Hydrologic Data Msrmt & Mgmt	1,683,816
10394001	PA Flood Basin Tide Gate Imprv	458,000
26041023	Emergency Response Upgrades	369,599
26041024	Flood Risk Reduction Studies	663,842
26061005	Flood Emrgncy Respns Planning	321,362
62011002	Watershed Asset Protection Sup	4,103,886
62021003	CPRU Tech Support	398,673
62041023	Wtrshd Stwrdsip Policy & Coord	402,906
62061005	WS Customer Relations & Outreach	493,738
62061008	Hydrology and Hydraulics Technical Support	1,211,195
62761008	Sandbag Program	657,673
95011003	WU Asset Protection Support	1,004,157
E3.2 Total		11,768,847
E3 Total		98,297,527

Ends Policies and Outcomes

E4

Water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.1 Protect and restore creek, bay, and other aquatic ecosystems.

Job Number	Project Name	Proposed FY 2017-18 Budget
00041047	Ecological Data Collectn & Analy	1,150,042
00061012	Facilities Env Compliance	831,273
00061019	Supp Volunteer Cleanup Effort	383,614
00741042	Water Resorcs EnvPlng & Permtg	741,015
00761022	Watershed Good Neighbor Maint	1,397,641
00761075	Mgmt of Revegetation Projects	2,067,825
00771011	Inter Agency Urban Runoff Prog	2,117,902
00771031	HAZMAT Emergency Response	127,859
20444001	Salt Ponds A5-11 Restoration	754,000
26042002	Fish Habitat Improvements	499,883
26044001	Almaden Lake Improvement	654,000
26044002	SCW Fish Passage Improvement	221,822
26061003	Stwardshp Grnts/Partnrshp Admn	71,671
26061006	Pollution Prvtn Prtnrshp & Grt	764,183
26444003	SBSP Restoration Partnership	12,701
26752043	Impaired Water Bodies Imprvmts	1,486,258
26761076	Rev, Riprn, Uplnd, & Wtlnd Hab	917,156
26771027	Encampment Cleanup Program	905,710
30151026	Guad Rvr Mitgtn Monitoring Prg	831,533
40212032	Coyote Creek Mitgtn Monitoring	202,198
60061058	Drought Induced Tree Removal	274,009
60171002	Civic Engagement	1,261,454
62041026	Watersheds Asset Mgt Plng Prgm	920,148
62041043	Environmental Svcs Tech Suppt	267,254
62042032	Multiple Sm Prjcts Mitgtn Mont	274,545
62042047	Mitigation & Stwdshp Land Mgmt	195,354
62042051	Plant Pathogen Management	445,037
62044001	Watershed Habitat Enhancement Studies	1,167,000
62181005	SMP Mitigation Site Mgmt	521,659
62184001	SMP Mit-Stream Wtrshd Land Acq	508,809
62761009	Pond A4 Operations	154,626
62761027	Watershed Erosion Protection	2,875,106
E4.1 Total		25,003,287

Ends Policies and Outcomes

E4

Water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.2 Improved quality of life in Santa Clara County through appropriate Public access to trails, open space and District facilities.

Job Number	Project Name	Proposed FY 2017-18 Budget
26061007	Grants to Rest Habitat Access	1,441,521
E4.2 Total		1,441,521

Ends Policies and Outcomes

E4

Water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.3 Strive for zero net greenhouse gas emission or carbon neutrality.

Job Number	Project Name	Proposed FY 2017-18 Budget
00021008	Energy Management	416,878
00061048	Climate Change Adaptation/Mtg.	480,928
E4.3 Total		897,806
E4 Total		27,342,614

Ends Policies and Outcomes

SS

Support Services

SS.1 BAO & District Leadership

Job Number	Project Name	Proposed FY 2017-18 Budget
00761071	Emergency Management	1,810,979
60091001	Directors Fees / Expenses	364,196
60131007	Ofc of Chief Executive Officer	823,990
60131014	Continual Improvement	170,720
60131016	Office of CEO & Board Support	1,022,361
60141001	District Counsel	3,234,587
60171009	Community Relations	626,476
60231002	Communications	1,474,129
60231003	Federal Government Relations	884,229
60231004	State Government Relations	911,206
60231005	Local Government Relations	1,207,604
60231006	Chief of External Affairs	577,542
60241026	Quality and Env Mgmt Sys Prog	739,335
60291003	Labor Relations	775,945
60291032	Bargaining Unit Representation	355,284
60301001	Clerk of the Board Serv	1,959,795
65051001	Risk Management	2,351,316
65051002	Workers Compensation Program	821,514
65051003	Health&Safety Program Mgt	3,102,761
65052001	President Day Flood	2,350,000
SS.1 Total		25,563,969

Ends Policies and Outcomes

SS

Support Services

SS.2 Financial Planning & Management Services

Job Number	Project Name	Proposed FY 2017-18 Budget
00031001	Watershed Revenue	210,778
00031002	Grants Management	738,021
00121003	LT Financial Planning & Rate Setting	824,985
26001090	Unscoped Projects-Budget Only	100,000
60001090	Unscoped Projects-Budget Only	100,000
60001091	COOAS Unscoped Projects-BdgtOnly	100,000
60001092	CEA Unscoped Project-Budget Only	100,000
60111002	General Accounting Services	3,256,575
60221001	Budget and Financial Analyses	2,114,909
60221002	Debt & Treasury Management	544,474
60221007	Credit Card Services Fees	75,000
62001090	Unscoped Projects-Budget Only	300,000
95001090	Unscoped Projects-Budget Only	100,000
95101003	W2 W5 Water Revenue Program	1,648,883
SS.2 Total		10,213,624

Ends Policies and Outcomes

SS

Support Services

SS.3 Human Resources Services

Job Number	Project Name	Proposed FY 2017–18 Budget
60281003	Ethics & EEO Programs	616,588
60281006	Reasonable Accommodation	228,685
60291001	Recruitment and Examination	1,616,174
60291002	Benefits and Wellness Admin	1,080,135
60291004	Talent Management Program	1,576,967
60291005	Classification&CompensationPgm	321,645
60291011	HR Program Admin	733,582
60291038	GF Training & Development	634,729
60291040	Rotation Program	723,231
60291041	Internship Program	713,475
60291042	Skilled Trades Internship Prgm	142,564
62061028	WS Training & Development	1,669,492
95061037	WUE Training & Development	1,357,622
95061047	WUE Technical Training Program	1,112,693
SS.3 Total		12,527,582

Ends Policies and Outcomes

SS

Support Services

SS.4 Information Management Services

Job Number	Project Name	Proposed FY 2017-18 Budget
60101006	Telecommunications Sys Opr/M	1,896,506
60101011	Technical Infrastructure Services	699,688
60161001	Software Maint & License	1,073,889
60161004	Software Services	3,273,957
60181002	Network Administration	1,680,216
60271062	Information Security Admin	440,207
60271064	Office Cmptr Maint/Help Dsk Sup	1,222,596
60311001	Records & Library Services	1,164,077
73271007	Emerging IT Technologies	121,499
73274001	IT Disaster Recovery	441,000
73274002	ERP PeopleSoft Upgrade	7,320,000
73274004	Network Equipment	1,691,000
73274006	Office Computers Replace Equip	968,000
73274008	Software Upgrades & Enhancemen	610,701
73274009	Data Consolidation	279,000
73274010	Boardroom Technology Upgrade	817,572
73274011	E-Discovery Management System	545,000
95274003	WU Computer Network Modrnizatn	1,301,000
95761003	SCADA Network Administration	193,171
SS.4 Total		25,739,077

Ends Policies and Outcomes

SS

Support Services

SS.5 Corporate Business Assets

Job Number	Project Name	Proposed FY 2017–18 Budget
00061045	AM Systems and Standards	938,940
00061053	Admin Asset Mgmt Program	485,528
00071041	Welding Services	588,877
00074036	Survey Mgmt & Tech Support	592,242
00811046	Warehouse Services	2,274,885
00811049	Subsidence Monitoring	344,109
00811054	District Real Property Adminis	503,473
10291002	Rental Expense Stevens Creek	377,732
26061002	Rent Exp Clean Safe Ck 7/1/01+	163,507
30061004	Rent Exp Guadalupe & Coyote	214,822
60101001	Purchasing Services	1,543,080
60101002	Building and Grounds	6,205,422
60101008	District Security Services	1,422,840
60111006	Contract Services	1,444,961
60204016	Almaden&Winfield-Sm Cap Improv	1,690,274
60351001	Business & Customer SupportSvc	3,261,986
70004002	Replacement Vehicle & Equip	1,545,000
70011099	Class I Equip Oper / Maint	866,904
70021099	Class II Equip Oper / Maint	857,350
70031099	Class III Equip Oper / Maint	389,394
70041099	Class IV Equip Oper / Maint	1,157,743
70061003	Vehicle & Equipment Admin&Mgmt	1,418,556
95061012	Rental Expense San Pedro,MH	32,164
95074001	Capital Warranty Services	185,923
SS.5 Total		28,505,713

Ends Policies and Outcomes

SS

Support Services

SS.6 General Management & Administration

Job Number	Project Name	Proposed FY 2017-18 Budget
00041039	Integrated Regional Water Mgmt	223,232
00074033	CIP Development & Admin	1,300,028
00074038	Capital Progrm Srvc Admin	6,795,197
26061012	Safe Clean Water Implementatn	581,429
60061017	Info Technology Div Admin	709,380
60061018	General Services Div Admin	489,121
60101017	CADD System Tech Support	104,217
60131004	Ofc of Chief Admin Officer	910,900
60221003	FPMD Administration	465,101
60281004	Diversity & Inclusion Program	1,283,524
62041027	Integrated Wtr Resrce Mstr Pln	1,631,012
62061001	Watersheds Administration	5,117,639
95061038	WUE Administration	7,361,540
95741001	Water Supply Planning	1,005,690
SS.6 Total		27,978,011

Ends Policies and Outcomes

SS

Support Services

SS.7 Salary Savings

Job Number	Project Name	Proposed FY 2017–18 Budget
SS.7 Total		(4,136,329)
SS Total		126,391,647

Ends Policies and Outcomes

DS

Debt Service

DS.1 Debt Service

Job Number	Project Name	Proposed FY 2017-18 Budget
10993008	2017A COP Refunding LP WS	3,361,126
20993007	2012A COP Refunding WV WS	1,171,611
20993008	2017A COP Refunding WV WS	683,595
26993001	Commercial Paper Tax Exmpt SCW	2,416,690
30993007	2012A COP Refunding Guad WS	2,930,510
30993008	2017A COP Refunding Guad WS	791,319
40993007	2012A COP Refunding Coyote WS	1,215,829
40993008	2017A COP Refunding Coyote WS	2,051,361
60993009	2017A COP Refunding GF	472,149
95993007	Commercial Paper Tax Exempt	2,735,340
95993008	Commercial Paper Taxable	2,735,340
95993012	2006B WUE Refunding Taxable	1,803,689
95993014	2007B WU Revenue COPs	2,800,500
95993015	2016A WU Ref Rev Bond Tax Ex	5,338,250
95993016	2016B WU Ref Rev Bond Taxable	3,252,121
95993017	WU COP 2016C Tax-Exempt	4,145,950
95993018	WU COP 2016D Taxable	4,230,685
95993019	WU Rev Bond 2017A Tax Exempt	4,730,630
95993020	WU Rev Bond 2018A (TE)	1,445,250
95993021	WU Rev Bond 2018B (TX)	1,438,412
DS.1 Total		49,750,357
DS Total		49,750,357

Ends Policies and Objectives

E2

There is a reliable, clean water supply for current and future generations.

E2.1. Current and future water supply for municipalities, industries, agriculture, and the environment is reliable.

2.1.1. Aggressively protect groundwater from the threat of contamination and maintain and develop groundwater to optimize reliability and to minimize land subsidence and salt water intrusion. **7,552,437**

OM 2.1.1.a.	Greater than 278,000 acre-feet of projected end-of-year groundwater storage in the Santa Clara Plain.
OM 2.1.1.b.	Greater than 5,000 acre-feet of projected end-of-year groundwater storage in the Coyote Valley.
OM 2.1.1.c.	Greater than 17,000 acre-feet of projected end-of-year groundwater storage in the Llagas Subbasin.
OM 2.1.1.d.	100% of subsidence index wells with groundwater levels above subsidence thresholds.
OM 2.1.1.e.	At least 95% of countywide water supply wells meet primary drinking water standards.
OM 2.1.1.f.	At least 90% of South County wells meet Basin Plan agricultural objectives.
OM 2.1.1.g.	At least 90% of wells in both the shallow and principal aquifer zones have stable or decreasing concentrations of nitrate, chloride, and total dissolved solids.
OM 2.1.1.h.	Reduce number of private well water users exposed to nitrate above drinking water standards by awarding 100% of eligible rebate requests for the installation of nitrate removal systems; a maximum of 1,000 rebates up to \$702,000 through 2023. (SCW A2)

2.1.2. Protect, maintain, and develop local surface water. **21,552,284**

OM 2.1.2.a.	100% of local water identified in annual operations plan utilized to meet annual County water needs.
OM 2.1.2.b.	100% of required reports to the State Water Resources Control Board for District water rights permits and licenses submitted on time.
OM 2.1.2.c.	100% of operational capacity restored at Almaden Reservoir by October 2016.
OM 2.1.2.d.	100% of operational capacity restored at Anderson Reservoir by November 2018 and provide portion of funds, up to \$45 million, to help restore full operating capacity of 90,373 feet (SCW C1).
OM 2.1.2.e.	100% of operational capacity restored at Calero Reservoir by December 2019.
OM 2.1.2.f.	100% of operational capacity restored at Guadalupe Reservoir by December 2019.
OM 2.1.2.g.	100% of dams judged safe for continued use following all annual DSOD inspections.
OM 2.1.2.h.	The petition to resolve 100% of the water rights licenses addressed in the FAHCE/Three Creeks Habitat Conservation Plan project is submitted to the State Water Resources Control Board by December 2015.

2.1.3. Protect, maintain, and develop imported water. **75,346,229**

OM 2.1.3.a.	100% of imported water identified in annual operations plan delivered to County to meet annual water needs.
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2.1.4. Protect, maintain, and develop recycled water. **11,749,340**

OM 2.1.4.a.	At least 10% of annual recycled water production as a percentage of total County water demands by 2025.
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2.1.5. Maximize water use efficiency, water conservation, and demand management opportunities. **5,409,893**

OM 2.1.5.a.	At least 98,500 acre-feet of annual County-wide water conservation savings by 2030.
OM 2.1.5.b.	Award up to \$1 million to test new conservation activities through 2023. (SCW A2)

2.1.6. Prepare for and respond effectively to water utility emergencies. **265,442**

OM 2.1.6.a.	Execute 1 annual training and exercise plan per year to test response capability and identify improvements.
OM 2.1.6.b.	90% of required employees receive required FEMA/CAL-EMA NIMS/SEMS training.

2.1 Subtotal: \$121,875,626

Ends Policies and Objectives

E2

There is a reliable, clean water supply for current and future generations.

E2.2. Raw water transmission and distribution assets are managed to ensure efficiency and reliability.

2.2.1. Raw water transmission and distribution assets are managed to ensure efficiency and reliability. **48,828,120**

OM 2.2.1.a.	100% of annual maintenance work plans completed for all transmission and distribution facilities.
OM 2.2.1.b.	Restore transmission pipelines to full operating capacity of 37 cubic feet per second from Anderson Reservoir by 2018. (SCW A1)
OM 2.2.1.c.	Restore ability to deliver 20 cubic feet per second to Madrone Channel by 2018. (SCW A1)

2.2 Subtotal: **\$48,828,120**

Ends Policies and Objectives

E2

There is a reliable, clean water supply for current and future generations.

E2.3. Reliable high quality drinking water is delivered.

2.3.1. Meet or exceed all applicable water quality regulatory standards. **108,360,824**

OM 2.3.1.a. 100% of treated water that meets primary drinking water standards.

OM 2.3.1.b. 100% of annual maintenance work plans completed for all facilities.

OM 2.3.1.c. Install 4 new line valves on treated water distribution pipelines by 2027. (SCW A3)

2.3.2. Maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water. **1,404,909**

OM 2.3.2.a. 100% of retailers give an average rating of good to excellent on each of their individual annual treated water retailer surveys.

OM 2.3.2.b. Increase number of schools in Santa Clara County in compliance with State Education Code, Section 38086, and the Healthy Hunger-Free Kids Act, regarding access to drinking water by awarding 100% of eligible grant requests through 2023 for the installation of hydration stations; a maximum of 250 grants up to \$245,000. (SCW A2)

2.3 Subtotal: **\$109,765,732**

E2 Budget Total: \$280,469,478

Ends Policies and Objectives

E3

There is a healthy and safe environment for residents, businesses and visitors, as well as for future generations.

E3.1. Provide natural flood protection for residents, businesses, and visitors.

3.1.1. Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding. **48,069,399**

OM 3.1.1.a.	Approximately 31,500 parcels are protected and/or eligible for removal from the flood hazard zone as specified in the 5-year Capital Improvement Plan.
OM 3.1.1.b.	With federal and local funding, construct a flood protection project on Upper Penitencia Creek to provide 1 percent flood protection to 5,000 homes and public buildings by 2026. (SCW E4))
OM 3.1.1.c.	With local funding only, acquire all necessary right-of-ways and construct a 1 percent flood protection project on Upper Penitencia Creek from Coyote Creek confluence to King Road by 2026. (SCW E4)
OM 3.1.1.d.	With federal and local funding, protect more than 3,000 parcels by providing 1 percent flood protection on San Francisquito Creek by 2020. (SCW E5)
OM 3.1.1.e.	With local funding only, protect approximately 3,000 parcels from flooding (100-year protection downstream of HWY 101, 50-year protection upstream of HWY 101) on San Francisquito Creek by 2020. (SCW E5)
OM 3.1.1.f.	With federal and local funding, provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat on Upper Llagas Creek by 2017. (SCW E6)
OM 3.1.1.g.	With local funding only, provide 100-year flood protection for Reach 7 only (up to W. Dunne Avenue in Morgan Hill) on Upper Llagas Creek by 2017. A limited number of homes and businesses will be protected. (SCW E6)
OM 3.1.1.h.	Provide portion of the local share of funding for planning and design phases for the former salt production ponds and Santa Clara County shoreline area by 2019. (SCW E7)
OM 3.1.1.i.	Provide portion of local share of funding toward estimated cost of initial project phase (Economic Impact Area 11) on the San Francisco Bay Shoreline by 2019. (SCW E7)
OM 3.1.1.j.	With federal and local funding, construct a flood protection project on Upper Guadalupe River to provide 1 percent flood protection to 6,280 homes, 320 businesses, and 10 schools and institutions by 2019. (SCW E8)
OM 3.1.1.k.	With local funding only, construct flood protection improvements along 4,100 feet of Guadalupe River between SPRR crossing, downstream of Willow Stet, to UPRR crossing, downstream of Padres Drive by 2019. Flood damage will be reduced however, protection from the 1 percent flood is not provided until completion of the entire Upper Guadalupe River Project. (SCW E8)
OM 3.1.1.l.	100% of flood protection projects include multi-purpose objectives that enhance ecological functions, improve water quality, or provide for trails & open space.
OM 3.1.1.m.	Complete engineering studies on 7 creek reaches to address 1% flood risk by 2022. (SCW E3)
OM 3.1.1.n.	Update floodplain maps on a minimum of 2 creek reaches in accordance with new FEMA standards by 2022. (SCW E3)

3.1.2. Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values. **38,459,281**

OM 3.1.2.a.	50% of assets are assessed and have their condition documented annually.
OM 3.1.2.b.	100% of levees inspected and maintained annually.
OM 3.1.2.c.	Maintain 90 percent of improved channels at design capacity. (SCW E1)
OM 3.1.2.d.	Complete a minimum of 2900 acres of upland and in stream vegetation management in all watersheds annually.
OM 3.1.2.e.	100% of maintenance projects comply with the Stream Maintenance Program permit best management practices.
OM 3.1.2.f.	100% of stream bank erosion sites on District property are repaired that pose an imminent threat to public safety.
OM 3.1.2.g.	Construct 3 geomorphic designed projects to restore stability and stream function by preventing incision and promoting sediment balance throughout the watershed by 2021. (SCW D6)
OM 3.1.2.h.	Provide vegetation management for 6,120 acres along levee and maintenance roads through 2028. (SCW E1)
OM 3.1.2.i.	Maintain a minimum of 300 acres of revegetation projects annually to meet regulatory requirements and conditions through 2028. (SCW D1)

3.1 Subtotal: \$86,528,680

Ends Policies and Objectives

E3

There is a healthy and safe environment for residents, businesses and visitors, as well as for future generations.

E3.2. Reduce potential for flood damages.

3.2.1 Promote the preservation of flood plain functions. **5,964,716**

OM 3.2.1.a.	90% of Water Resource Protection Ordinance violations are resolved.
OM 3.2.1.b.	90% of land use reviews submitted to lead agencies within response period.
OM 3.2.1.c.	100% of new land use projects reviewed are provided recommendations for incorporating flood-wise design features.
OM 3.2.1.d.	20% of the District's survey elevation benchmarks are measured annually for accuracy, on a rotating five year basis, and adjusted, as needed.

3.2.2. Reduce flood risks through public engagement. **896,644**

OM 3.2.2.a.	95% response rate to flood insurance rate map inquiries.
OM 3.2.2.b.	Maintain the National Flood Insurance Program's Community Rating System (CRS) point sum of all the participating CRS Communities in the county at 13,000 or higher.
OM 3.2.2.c.	All county CRS Communities with more than 100 flood policies participate in the CRS program.
OM 3.2.2.d.	100% of flood prone parcels provided floodplain informational mailer annually.

3.2.3. Prepare and respond effectively to flood emergencies countywide to protect life and property. **4,907,487**

OM 3.2.3.a.	40,000 filled sandbags stocked by Nov. 30th annually.
OM 3.2.3.b.	The ALERT Alarm program is maintained and tested 4 times annually for all watersheds.
OM 3.2.3.c.	Emergency Action Plans updated annually for all watersheds.
OM 3.2.3.d.	Two preparedness exercises conducted per year to respond to flood emergencies.
OM 3.2.3.e.	Maintain NOAA StormReady designation annually.
OM 3.2.3.f.	Conduct multi-jurisdiction Winter Emergency Operations and Preparedness Workshops annually.
OM 3.2.3.g.	Coordinate with agencies to incorporate District-endorsed flood emergency procedures into their Emergency Operations Center plans annually. (SCW E2)
OM 3.2.3.h.	90% of required employees receive required FEMA/CAL-EMA NIMS/SEMS training.
OM 3.2.3.i.	Complete 5 flood-fighting action plans (one per major watershed) by 2028. (SCW E2)
OM 3.2.3.j.	Map, install, and maintain gauging stations and computer software on seven flood-prone reaches to generate and disseminate flood warnings through 2023. (SCW C2)

3.2 Subtotal: **\$11,768,847**

E3 Budget Total: \$98,297,527

Ends Policies and Objectives

E4

There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.1. There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

4.1.1. Preserve creeks, bay, and ecosystems through environmental stewardship.		18,233,272
OM 4.1.1.a.	Establish new or track existing ecological levels of service for streams in 5 watersheds by 2028. (SCW D5)	
OM 4.1.1.b.	Re-assess streams in 5 watersheds to determine if ecological levels of service are maintained or improved by 2028. (SCW D5)	
OM 4.1.1.c.	Fish tissue concentration of methyl mercury that meets Total Maximum Daily Load (TMDL) objectives (target = 1.5 ng total methyl mercury per liter water).	
OM 4.1.1.d.	Five watersheds meet all Stream Maintenance Program and other mitigation commitments including the management of 300 acres of existing revegetation plantings.	
OM 4.1.1.e.	Respond to requests on litter or graffiti cleanup within 5 working days through 2028. (SCW B6)	
OM 4.1.1.f.	100% of pesticide products used in lowest toxicity category.	
OM 4.1.1.g.	Operate and maintain existing treatment systems in 4 reservoirs to remediate regulated contaminants, including mercury through 2028. (SCW B1)	
OM 4.1.1.h.	Prepare plan for the prioritization of pollution prevention and reduction activities by 2015. (SCW B1)	
OM 4.1.1.i.	Implement priority pollution prevention and reduction activities identified in the plan in 10 creeks through 2028. (SCW B1)	
OM 4.1.1.j.	Install at least 2, by 2014, and operate 4, through 2028, trash capture devices at stormwater outfalls in Santa Clara County. (SCW B2)	
OM 4.1.1.k.	Perform 52 annual clean-ups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams. (SCW B4, Illegal Encampments)	
OM 4.1.1.l.	Conduct 60 clean-up events (4 per year) through 2028. (SCW B6, Graffiti and Trash)	
OM 4.1.1.m.	Provide up to \$8 million for the acquisition of property for the conservation of habitat lands, total through 2028. (SCW D7)	
4.1.2. Improve watersheds, streams, and natural resources.		1,321,626
OM 4.1.2.a.	Establish agreement with the US Fish and Wildlife Service to reuse sediment at locations to improve the success of Salt Pond restoration activities by 2017. (SCW D8)	
OM 4.1.2.b.	Update 3 creek hydrology models annually.	
OM 4.1.2.c.	Develop 5 Stream Corridor Priority Plans to prioritize stream restoration activities by 2028. (SCW D3)	
OM 4.1.2.d.	Revitalize at least 21 acres guided by the 5 Stream Corridor Priority Plans, through native plant revegetation and removal of invasive exotic species by 2028. (SCW D2)	
OM 4.1.2.e.	Provide funding for revitalization of at least 7 of 21 acres through community partnerships through 2028. (SCW D2)	
OM 4.1.2.f.	Develop at least 2 plant palettes for use on revegetation projects to support birds and other wildlife by 2017. (SCW D2)	
OM 4.1.2.g.	Complete planning and design for two creek/lake separations by 2019. (SCW D4)	
OM 4.1.2.h.	Construct one creek/lake separation project in partnership with local agencies by 2019. (SCW D4)	
OM 4.1.2.i.	Use \$6 million for fish passage improvements through 2019. (SCW D4)	
OM 4.1.2.j.	Conduct study of all major steelhead streams in the County to identify priority locations for installation of large woody debris and gravel as appropriate by 2019. (SCW D4)	
OM 4.1.2.k.	Install large woody debris and/or gravel at a minimum of 5 sites (1 per each of 5 major watersheds) by 2019. (SCW D4)	
OM 4.1.2.l.	Construct site improvements up to \$4 million to allow for transportation and placement of future sediment by 2017. (SCW D8)	

Ends Policies and Objectives

E4

There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.1. Protect and restore creek, bay, and other aquatic ecosystems.

4.1.3. Promote the protection of creeks, bay, and other aquatic ecosystems from threats of pollution and degradation. **2,882,085**

OM 4.1.3.a. Three instream habitat features protected by 2017.

OM 4.1.3.b. Maintain partnership with cities and County to address surface water quality improvements through 2028. (SCW B2)

OM 4.1.3.c. Support 5 pollution prevention activities to improve surface water quality in Santa Clara County either independently or collaboratively with south county organizations through 2028. (SCW B2)

OM 4.1.3.d. Provide 7 grant cycles and 5 partnerships that follow pre-established competitive criteria related to preventing or removing pollution through 2028. (SCW B3)

4.1.4. Engage and educate the community in the protection of water quality and stream stewardship. **1,716,740**

OM 4.1.4.a. 100% of Clean, Safe Creeks stewardship grant agreements are signed, according to schedule.

OM 4.1.4.b. Fund District support of annual National River Cleanup day, California Coastal Cleanup Day, the Great American Pick Up, and fund the Adopt-A-Creek Program through 2028. (SCW B7)

OM 4.1.4.c. Provide 7 grant cycles and 3 partnerships that follow pre-established competitive criteria related to cleanups, education and outreach, and stewardship activities through 2028. (SCW B7)

4.1.5. Prepare and respond to emergencies that threaten local waterways. **127,859**

OM 4.1.5.a. Respond to 100% of hazardous materials reports requiring urgent on-site inspection in two hours or less through 2028. (SCW B5)

4.1.6. To the extent within practicable control of the District, adopt a strategy to restore the salmonid fishery on identified salmonid streams within fifteen years of strategy adoption by creating suitable accessible spawning and rearing. **721,705**

4.1 Subtotal: \$25,003,287

E4

There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.2. Improved quality of life in Santa Clara County through appropriate public access to trails, open space, and District facilities.

4.2.1. Support healthy communities by providing access to additional trails, parks, and open space along creeks and in the watersheds. **1,441,521**

OM 4.2.1.a. Provide 7 grant cycles and additional partnerships for \$21 million that follow pre-established criteria related to the creation or restoration of wetlands, riparian habitat and favorable stream conditions for fisheries and wildlife, and providing new public access to trails through 2028. (SCW D3)

4.2 Subtotal: \$1,441,521

Ends Policies and Objectives

E4

There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

E4.3. Strive for zero net greenhouse gas emission or carbon neutrality.

4.3.1. Reduce greenhouse gas emissions to achieve carbon neutrality by 2020.

897,806

OM 4.3.1.a. Maintain California Green Business Certification.

OM 4.3.1.b. By 2020, the amount of District greenhouse gas emissions is equal to or less than carbon offsets as calculated by the District carbon offset methodology.

4.3 Subtotal:

\$897,806

E4 Budget Total:

\$27,342,614



Resolutions

FY 2017-18

Operating and Capital Budget

DRAFT



Appendix

FY 2017-18

Operating and Capital Budget

DRAFT

Appendix A Glossary

Accrual Basis of Accounting

The basis of accounting under which revenues are recorded when earned and expenditures (or expenses) are recorded as soon as they result in liabilities for benefits received, notwithstanding that the receipt of cash or the payment of cash may take place, in whole or in part, in another accounting period.

Acre Feet (AF)

The volume of water required to cover 1 acre of land (43,560 square feet) to a depth of 1 foot.

Ad Valorem Tax

A tax based on value (e.g., a property tax).

Adjusted Budget

The prior year's Adopted Budget, plus adjustments approved by the Board and Chief Executive Officer (CEO) through publication date of the current year's Requested Budget. Does not include prior year balance carry forward for multi-year Capital Project budgets.

Adopted Budget

The Adopted Budget represents estimated revenues and appropriations for the next year that are adopted by the District's Board of Directors.

Agreements, Contractual

Contractual agreements made by the District with other governmental agencies for cost sharing or project cost reimbursement.

Allocated Project

Projects whose budget and actual charges are distributed between one or more projects. The projects may be in a single fund or they can be in multiple funds. Allocated projects are distributed based on formulas set during annual budget preparation. These formulas are not static and they can vary every fiscal year. Every attempt is made to maintain the percent distribution fixed within a given fiscal year.

Americans with Disabilities Act (ADA)

Americans with Disabilities Act, Public Law 336 of the 101st Congress, enacted July 26, 1990. The ADA prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities and transportation.

Annualization

A calculation of the cost of changes that have occurred during the year for a full year, for the purpose of preparing an annual budget.

Appropriation

A legal authorization granted through the Santa Clara Valley Water District Act that allows the District to expend funds and incur obligations in accordance with the purpose of the Act. An appropriation could include all

Appendix A Glossary

reserves, transfers, allocations, and supplemental appropriations, and is typically limited in amount and the time it may be expended.

Assessed Valuation

An official government value placed upon real estate or other property as a basis for levying taxes.

Asset

A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events. Examples of assets are cash, receivables, and equipment.

Balanced Budget

A budget is balanced when budgeted expenditures are equal to or less than the amount of budgeted revenues plus other available sources.

Beginning Balance

The beginning balance is comprised of residual funds brought forward from the previous fiscal year (ending balance).

Benefit Assessment

Determination of benefits derived from District activities within particular watersheds and the levying of a proportionate share of taxes to each parcel subject to voter-approved limitations.

Benefits

District-funded employee health insurance, vision insurance, dental insurance, basic life insurance, medical insurance reimbursement, Medicare coverage, long-term disability, Workers' Compensation, unemployment insurance, and the PERS Retirement Program.

Bonds

A long-term debt source that provides borrowed monies that can be used to pay for specific capital facilities. Bonds are a written promise to pay a specified sum of money at a predetermined date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bond Proceeds

Funds derived from the sale of bonds for the purpose of constructing major capital facilities.

Bond Rating

A methodology used to measure the fiscal health of a borrowing entity. Generally, analyst firms such as Standard and Poor's, Moody's Investor Service, and Fitch Ratings provide bond ratings to governmental agencies. Bonds rated AAA/Aaa are judged to be the best quality and carry the smallest degree of risk, and together with AA/Aa bonds comprise high grade bonds. Ratings including "+" or "1" designate the strongest bonds in the rating category. Generally, highly rated bonds result in lower interest rates.

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Budget

The planned use of expenditures and revenues over a given period of time

Budget Adjustment

A procedure to revise a budget appropriation, usually completed by either of two methods: (1) The Board of Directors approves the adjustment through the transfer of appropriations between funds, or through additional revenues or appropriations or (2) the CEO authorizes the adjustment of appropriations within a fund and within Operating Budget or within Capital Budget.

Budgetary Basis

This refers to the form of accounting utilized throughout the budget process. These generally take one of three forms: GAAP, Cash, Modified Accrual or some type of statutory form. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that (a) encumbrances are considered to be an expenditure chargeable to appropriations, (b) no depreciation is budgeted for in enterprise funds, (c) certain accruals (primarily accrued and sick leave pay) are excluded from the budgetary basis, (d) operating transfers are not budgeted. Unencumbered appropriations for Operations lapse at the close of the fiscal year. The basis of accounting used by the District Governmental Funds is Modified Accrual. The basis of accounting used by the District Enterprise Funds is Accrual.

Budget Document

The instrument used by the budget-making authority to present a comprehensive financial plan to the appropriating governing body.

Budgetary Control

The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

Budget Process

The schedule of key dates or milestones which the District follows in the preparation, adoption, and administration of the budget.

Bureau Repayment Appropriation

The Bureau Repayment Appropriation is a provision for voluntary payment of costs to the Bureau of Reclamation, subject to negotiation, for a long-term contractual obligation in excess of current payments.

Budget Year

A consecutive 12-month period for recording financial transactions. The Santa Clara Valley Water District's budget and fiscal year is July 1 through June 30 of the following calendar year.

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Capital Budget

The Capital Budget is comprised of all Capital Projects within a fund. See Capital Project.

Capital Expenditure

Capital expenditures generally create assets or extend the useful lives of existing assets, and can be made with regard to tangible and intangible assets. The work product results in a long-term benefit greater than 2 years and involves an expenditure of District resources greater than \$50,000. The general categories of capital expenditures are: Rehabilitation, Major Repairs, Improvements/Betterments/Upgrades, Replacements, Expansions/Additions, and Ancillary Expenditures.

Capital Projects

Projects that are budgeted within the Capital Budget and fall within the definition of Capital Expenditures, meaning they (1) create or extend the lives of assets, (2) their work products have a useful life of greater than two years, and (3) they involve an expenditure of District resources in excess of \$50,000.

Capital Improvement Program (CIP)

Capital projects are multi-year budgeted projects. Capital projects exceed \$50,000 in cost, have long-term life spans and are generally non-recurring.

Carry-Forward

A portion or total of the unspent balance of an appropriation that is made available for expenditure in the succeeding fiscal year.

Certificates of Participation (COPs)

A form of lease revenue bond that permits the investor to participate in a stream of lease payments, installment payments or loan payments relating to the acquisition or construction of specific equipment, land or facilities.

CEQA

California Environmental Quality Act

CIP

See Capital Improvement Plan

Commercial Paper

Short term debt (1-270 days) issued primarily to fund capital expenditures.

Comprehensive Annual Financial Report (CAFR)

The official annual financial report of the District, prepared by the General Accounting Unit, and is usually referred to by its abbreviation, the report summarizes financial data for the previous fiscal year in a standardized format. The CAFR is organized by fund and contains two basic types of information: a balance sheet that compares assets with liabilities and fund balance; and an operating statement that compares revenues with expenditures.

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Contingency Appropriation

A provision for unforeseen expenditures.

COPs

See Certificates of Participation

Cost Center

Cost Centers are separate financial accounting centers in which costs are accumulated because of legal and accounting requirements. The first two digits of a project number identify the cost center.

CVP

Central Valley Project, the imported water supply infrastructure operated by the federal Bureau of Reclamation.

Debt Proceeds

The difference between the face amount of debt and the issuance discount or the sum of the face amount and the issuance premium.

Debt Service

Payment of interest and principal on long term debt.

District Act

The Santa Clara Valley Water District was created by an act of the California Legislature, and operates as a state of California Special District, with jurisdiction throughout Santa Clara County.

DWR

State Department of Water Resources

EIR

Environmental Impact Report

Encumbrances

Commitments related to unperformed (executory) contracts for goods or services. Encumbrances represent the estimated amount of expenditures that will result if unperformed contracts in process are completed.

Ends

Board established policies that describe the mission, outcomes, and results to be achieved by the District.

Enterprise Fund

A fund established to finance and account for the acquisition, operations, and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges; or where the governing body of the governmental unit has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate.

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Executive Limitations (EL)

Constraints on the Board Appointed Officers, set by the Board, establishing the prudence and ethics boundaries within which all executive activity and decisions must take place.

Expenditure/Expense

Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements, and shared revenues. The major expenditure categories used by the District are labor and overhead, services & supplies, land and structures, equipment, and debt service.

FAHCE

Fisheries and Aquatic Habitat Collaborative Effort

Fixed Assets

Long-lived tangible assets such as automobiles, computers and software, furniture, communications equipment, hydrologic equipment, office equipment, and other equipment with a value of \$2,000 or more, or the combined value of like or related units (aggregate value) is greater than \$5,000 if the unit value is less than \$2,000.

Fiscal Year

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The District's fiscal year is July 1 through June 30.

Full Time Equivalent (FTE)

The number of equivalent staff positions actually available, after adjusting for estimated vacancies. It is equal to the total labor hours divided by the standard annual labor hours of 2,080 for a full time employee.

Fund

A reserve of money set aside for some purpose; a fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance

The net effect of assets less liabilities at any given point in time.

Gann Limit (Proposition 4)

Under this article of the California Constitution, the District must compute an annual appropriations limit, which places a ceiling on the total amount of tax revenues the District can actually appropriate annually.

Appendix A Glossary

GASB

Governmental Accounting Standards Board

General Fund

A fund used to account for major operating revenues and expenditures, except for those financial transactions that are required to be accounted for in another fund. General Fund revenues are derived primarily from property and other taxes.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Obligation Debt

Secured by the full faith and credit of the issuer. It is repaid with General Revenue and borrowings.

GFOA

Government Finance Officers Association

Government Finance Officers Association (GFOA) Distinguished Budget Award

Highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by the management, staff, and elected officials of recipients. Budgets are evaluated for effectiveness as a policy document, a financial plan, an operations guide, and as a communication device.

Grants

Contributions or gifts of cash or other assets from another government entity to be used or expended for a specified purpose, activity, or facility.

Groundwater

Water pumped from underground aquifers

HAZMAT

Hazardous Materials

Interfund Transfers

A transfer of funds for specific purposes as approved by the appropriate authority.

Intergovernmental Revenue

Funds received from federal, state and other local government sources in the form of grants, shared revenues, and reimbursements.

International Organization for Standardization (ISO)

An international standard-setting body composed of representatives from various national standards organizations.

Appendix A Glossary

Interfund Transfers

A transfer of funds for specific purposes as approved by the appropriate authority.

Intra-District Reimbursement

To provide reimbursement to the District Fund for general costs incurred on behalf of other cost centers.

ISMP

Information Systems Master Plan, a District document which provides objectives, justification and plans for improving the District's use of information system and information technology infrastructure.

IWRP

Integrated Water Resources Plan. This long-term District water supply plan was first completed in 1977, and was updating 2003 (IWRP 2003). The goal of IWRP 2003 is to develop a balanced, flexible, long-term water supply plan that can provide a mix of water resources to meet the needs of Santa Clara County through the year 2040.

Levy

(1. Verb) To impose taxes, special assessments, or service charges for the support of government activities; (2. Noun) The total amount of taxes, special assessments, or service charges imposed by a governmental agency.

Long-Term Debt

Debt with a maturity of more than one year after the date of issuance.

MTBE

Methyl-Tert Butyl Ether, an oxygenate added to gasoline in California prior to 2004, which can contaminate groundwater.

Modified Accrual Basis of Accounting

Under the modified accrual basis of accounting, required for use by governmental funds, revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time a liability is incurred pursuant to appropriation authority.

Operating Expenditure

Operating expenditures are system costs required for the daily process of providing water and watershed management services, including the administrative and overhead costs to support these services. Operating expenditures are costs necessary to maintain the systems in good operating condition. This includes the repair and replacement of minor property components. The American Waterworks Association (AWWA) says that these property components should be smaller than a retirement unit; a retirement unit is a readily separable and separately useful item that is part of a larger assembly. The benefit and life of such repairs should be less than 2 years. Any repairs that recur on an annual basis are considered operating activities of a maintenance nature. Operating expenditures are often separated into fixed and variable costs for purposes of understanding operating leverage and structuring service charge rates.

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Operations

Expenditures required for the daily process of providing water and watershed management services, including the administrative and overhead costs to support these services. Operations include work that is generally of an ongoing or recurring nature. Any District work that is not a project is, by definition, an Operation. Operations, although recurring, require close coordination and a high degree of management oversight, however, they can be accomplished without the application of the full range of tools and processes used for managing projects.

Operating Budget

The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel.

Operating Projects

Projects are budgeted within the Operating Budget and fall within the definition of Operating Expenditures. Although Operating Projects may, in some cases, create or extend the life of an asset and may have a useful life greater than two years, their costs may be under \$50,000. District management may still decide to designate some Operating Projects as Capital Projects for purposes of giving the work visibility, control, and resources beyond a normal operating budget.

Other Post Employment Benefits (OPEB)

Large state and local governments were required to begin accounting for these obligations on December 15, 2006. OPEB obligations are primarily for retiree health care costs but also can include other benefits such as insurance. Currently the District pays a portion of the OPEB obligations out of current revenues on a pay-as-you-go method. The annual cost of OPEB is what it costs to cover specific retirees in that year without regard to how this obligation might change as the number of retirees changes or the cost of providing the benefits changes in the future.

Outlays

See Expenditure/Expense.

Overhead

General Fund expenses that cannot be specifically associated with a given service, program, project or operational unit (i.e. accounting, information management, human resources, organizational development). Overhead expenses are allocated to programs and/or projects via an overhead rate that is calculated as a percentage of direct program/project salaries. The overhead rate provides a mechanism to reimburse the General Fund for costs incurred.

Overtime

Hours worked in excess of 40 hours per work week or hours worked in excess of those scheduled in a shift.

Perchlorate

Perchlorate is a salt used as an oxidizer for rocket fuel, highway flares, matches, air bag inflators and for other uses. Perchlorate can contaminate groundwater and surface water supplies.

Appendix A Glossary

Projects

At the Santa Clara Valley Water District, a project is any undertaking which has (1) a beginning and an ending, (2) a one-time occurrence. Projects can require expenditure of capital or operating funds and, at the District, are called Capital or Operating Projects, accordingly. Projects usually, but not always, relate to a District facility or facilities (a creek, a reservoir, a dam, a water treatment plant, a pipeline, etc.). Projects may include studies, design, construction, maintenance, or implementation of systems such as Records Management or Financial Management Systems.

Property Tax

An “ad valorem” tax on real property, based upon the value of the property. In accordance with Proposition 13, secured property is taxed at the rate of 1% of assessed valuation, plus a rate sufficient to generate revenue necessary to pay for voter approved indebtedness.

Property Tax Assessment

The process of setting the official valuation of property for taxation; the valuation placed upon property as a result of this process.

Proposed Budget

The District CEO submits a Proposed Budget for the District’s financial operations, including an estimate of proposed expenditures and revenues, to the Santa Clara Valley Water District’s Board of Directors for approval. The Board Adopted Budget is submitted by the Chairman of the District’s Board of Directors to the Santa Clara County Board of Supervisors.

Purchased Water

Water imported from other agencies to supplement local water supplies.

Recycled Water

Wastewater which has been treated for reuse; used for irrigation of crops, toilet flushing, industrial uses or landscaping, depending on its level of treatment.

Replacement Appropriation

Provides funds to meet future major repair costs to Water Enterprise facilities, which would cause interruption of water services (Water Enterprise Fund), and to replace existing equipment due to obsolescence (Equipment Fund).

Requested Budget

This summary budget outlines new programs, program changes, and identifiable goals and objectives.

Revenue

Monies the District receives in exchange for services or sales provided. Revenue items include water sales, property tax revenues, benefit assessment revenues, interest income, intergovernmental reimbursement.

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Revenue Bonds

Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

Reserve

An account used to indicate that a portion of a fund's assets are legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution

A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

Rolling Biennial Budget

A rolling biennial budget is a two-year spending document, created and adopted through successive annual appropriations with any necessary budget amendments made in the second year. The objective of a rolling biennial budget is to stabilize operating expenditures from year to year to ensure that operating expenditures are within generally agreed upon levels and to align operating and capital expenditures with fairly stable and predictable revenue sources.

Safe, Clean Water and Natural Flood Protection Program (SCW)

A 15 year program resulting from voter approved special parcel tax initiative in November 2012.

Salaries

Salaries are defined as the amount of money paid to District employees for the performance of services.

San Felipe Appropriation

Provides funds necessary for extraordinary maintenance under the San Felipe contract.

Self-Insurance Appropriation

The term "self insurance" is used to define the retention by an entity of a risk of loss arising out of the ownership of property or from other causes and obligations, instead of transferring that risk to an insurance company. The Self-Insurance Appropriation provides funds to meet such losses.

Services and Supplies

Services and Supplies include expenditures for insurance, maintenance, materials and supplies, memberships, office expenses, training and seminars, travel, contract services, communications, equipment leases, and utilities.

Special District

An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes.

Supplemental Water Supply Appropriation

Provides funds for specific purposes such as water transfer, purchase, or reclamation.

Appendix A Glossary

Subsidence

The sinking of land surface that occurs when underground aquifers are over-pumped.

State Water Project

The State Water Project is a water and power system operated by the California Department of Water Resources.

Taxes

Compulsory charges levied by a government to finance services performed for the common benefit.

Transmittal Letter

Introductory letter to the Budget document that provides the District and public with information on the major accomplishments in the current year and plans, programs, and activities for the future Budget year.

Treated Water

Water which has been processed through a District water treatment plant.

TWIP

Treated Water Improvement Project is the former name of the Water Treatment Improvement Project

Water Treatment Improvement Project

Also referred to as WTIP, this project is upgrading the District's three drinking water treatment plants to meet future stringent state and federal water regulations, using ozonation as the primary means of disinfection.

Watershed

A watershed is the land area from which surface runoff drains into a stream channel, lake reservoir or other body of water, such as the San Francisco Bay. See Watershed and Flood Control Zones.

Watershed and Flood Control Zones

Much of Santa Clara County is divided into five watershed areas with corresponding flood control zones. Each zone has separate programs, revenues and expenditures. They are: The Lower Peninsula Watersheds (Northwest Zone); the West Valley Watersheds (Central Zone); the Coyote Watershed (East Zone); and the Uvas/Llagas Watersheds (South Zone).

WMI

Watershed Management Initiative. The Santa Clara Basin Watershed Management Initiative, established in 1996 by the U. S. Environmental Protection Agency, the State Water Resources Control Board and The San Francisco Bay Regional Water Quality Control Board. A major aim of the WMI is to coordinate existing regulatory activities on a basin-wide scale, ensuring that problems are addressed efficiently and costeffectively.

Appendix A Glossary

Zone W-1

Encompasses the groundwater basin in northern Santa Clara County and small peripheral areas outside the groundwater basin, with the retail service areas of privately-owned public utilities and municipal water departments using water pumped from the groundwater basin. This area provides the security for General Obligation bonds. Zone W-1 comprises an area of approximately 290 square miles and includes all or portions of 13 of the County's 15 cities, plus some unincorporated territory.

Zone W-2

Encompasses the Santa Clara Valley groundwater basin north of Metcalf Road. It includes those groundwater producing facilities that benefit from recharge of the basin with local and imported water. A charge is levied for all groundwater extracted from this zone.

Zone W-3

Encompasses the Coyote and Llagas groundwater basins in the area from Metcalf Road in the north to just south of the City of Morgan Hill. Part of the County property tax within the 1 percent limit is allocated to this zone.

Zone W-4

Contains all of Zone W-2 and lands outside Zone W-2 that use or otherwise benefit from locally conserved water and from the importation and distribution of water from the South Bay Aqueduct. This area also receives an allocation of County taxes.

Zone W-5

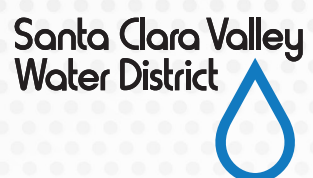
Is comprised of the entire groundwater basin from Metcalf Road south to the Pajaro River. Charges are levied for all groundwater extracted from this zone.

Zone W-6

Represents the old Gavilan Water Conservation District and is within Zone W-5.

Appendix A Glossary

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