



Valley Water

Clean Water • Healthy Environment • Flood Protection

FY2021-22 Proposed Operating and Capital Budget Board Work Study Session

April 28, 2021

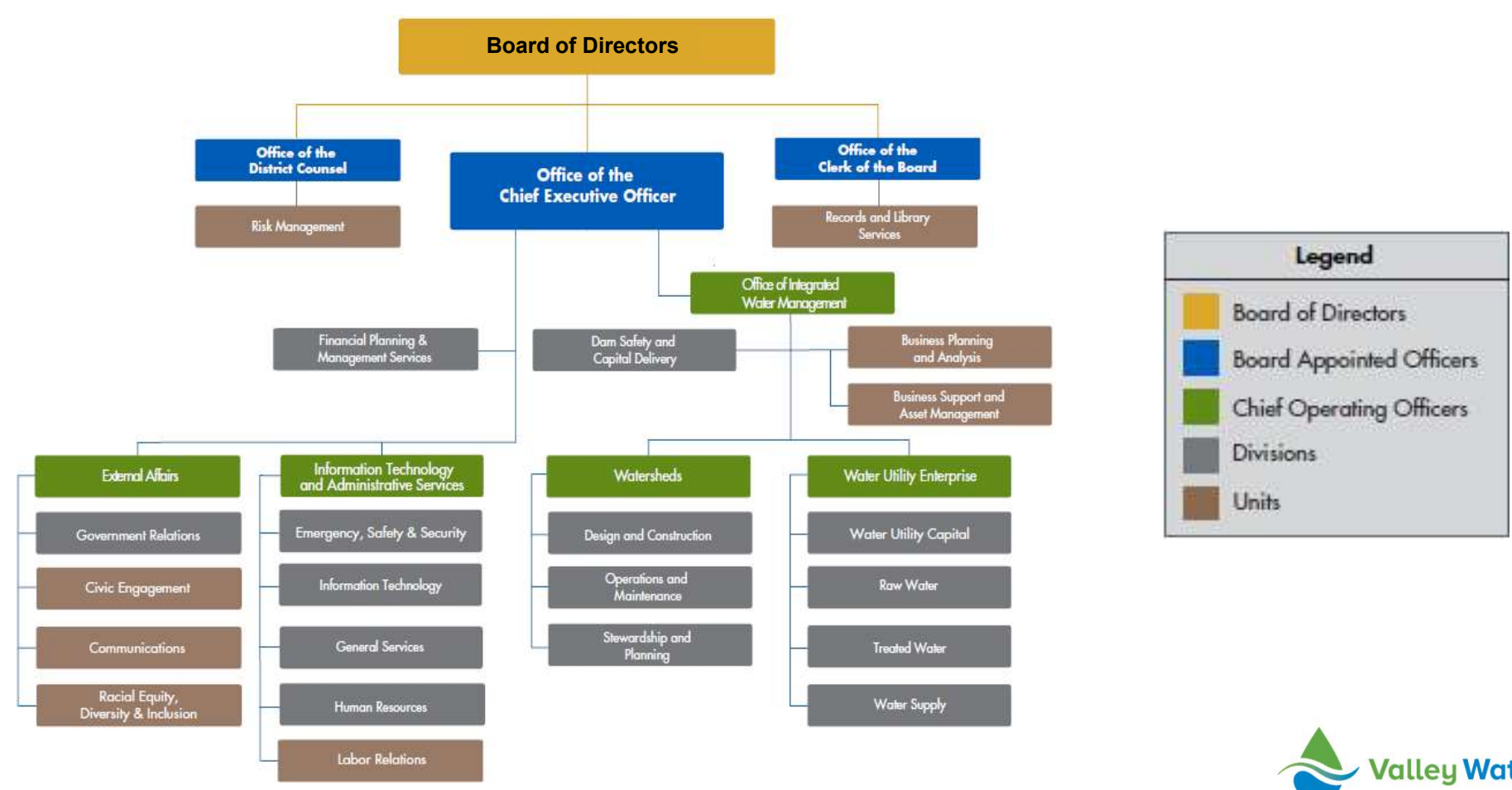


Delivering on the promises we made to the community:

- Valley Water is preparing for drought by investing in technology and infrastructure.
- A reliable supply of safe, clean water is crucial for public health and the economy.



Organizational Structure



Presentation Summary

1 Budget Overview

Budget Development &
Review Process

FY2021-22

Proposed Budget Review

Fund Reserves

Fund Financial Sustainability
– Watersheds, Safe, Clean
Water, Water Utility

Proposed Budget by Fund and
Organization

2 Proposed Budget By Organization

Administration

Integrated Water
Management

Watersheds

Water Utility

3 Next Steps

Board considerations for
May 11, 2021

Budget Development and Review Process

Achieve the Board's Work Plan while ensuring financial sustainability

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



FY21-22 Budget Schedule

Next steps

Operating and Capital Budget Development Updates:

- ✓ February 9 – 1st Pass Budget Update
- ✓ March 23 – 2nd Pass Budget Update
- ✓ April 14 – Pacheco Reservoir Expansion Project Status Update
- ➔ April 28 to 29 – Budget Work Study Sessions

Groundwater Production Charge (GWP):

- ✓ January 12 – Preliminary GWP Analysis
- ✓ April 13-27 – GWP Public Hearings

Capital Improvement Program (CIP):

- ✓ January 12 – Preliminary CIP
- ✓ February 23 – Draft CIP
- ✓ April 13-27 – CIP Public Hearings

Budget Approval (Budget, GWP and CIP):

May 11



Board considerations for May 11, 2021

1

Approve FY22 Rates and Charges

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

2

Approve FY22-26 Five Year CIP

- 68 Projects
- \$2.7 billion planned expenditures over five (5) years
- First year aligned with FY22 budget

3

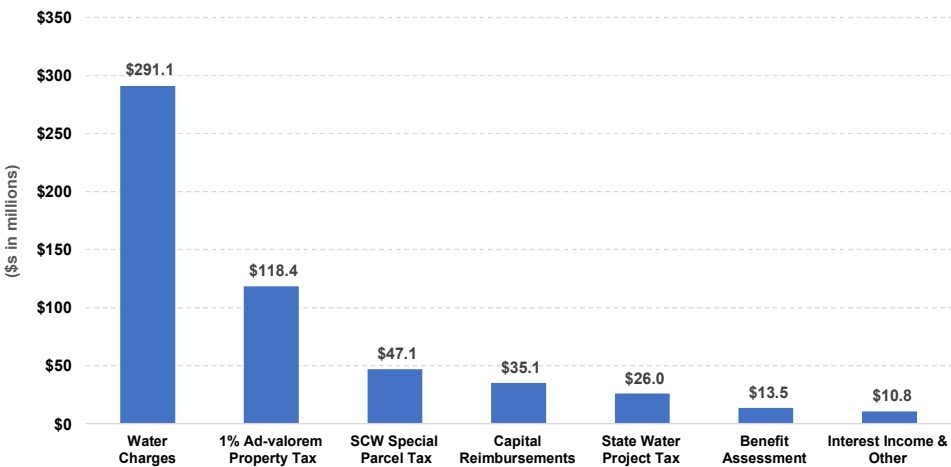
Approve FY22 Budget

- Budgeted Reserve amounts
- Project/
Funding levels

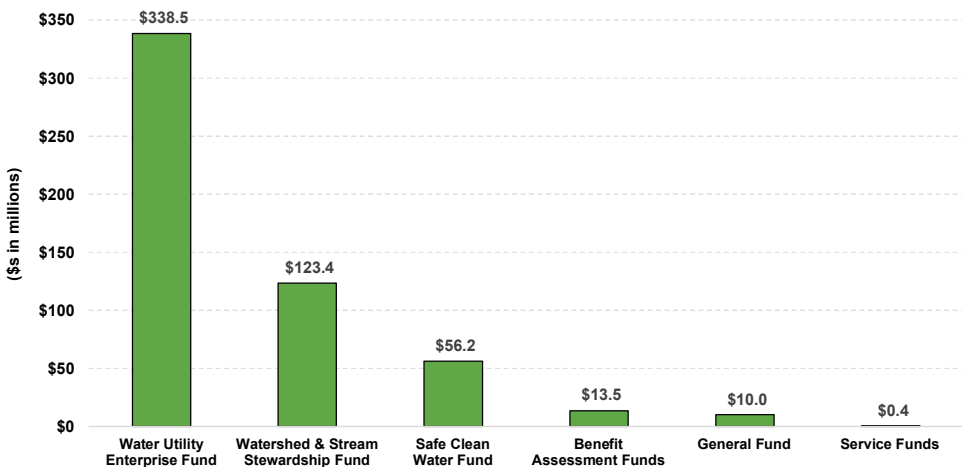


FY22 Proposed Budget Revenue

Total revenue of \$542.0 million



Revenue by Source



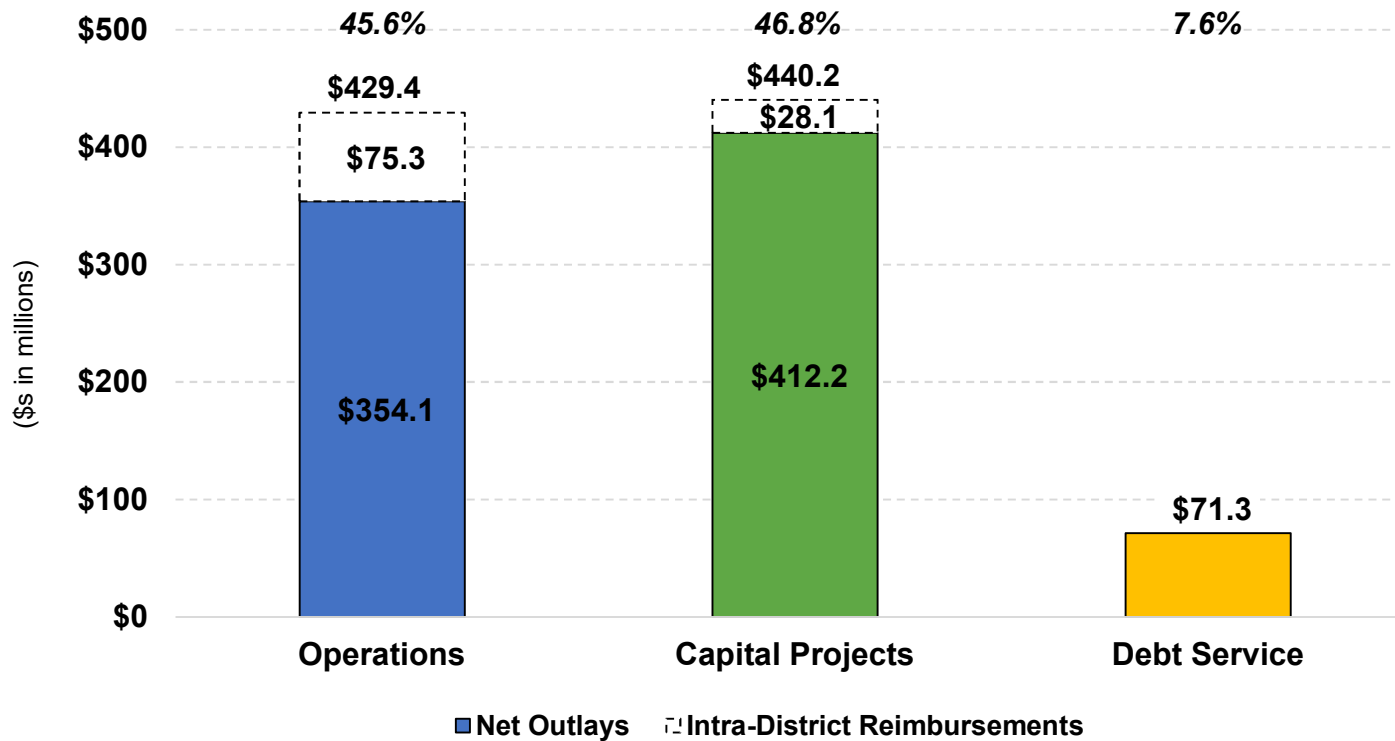
Revenue by Fund



FY22 Proposed Budget by Category

Total operating and capital outlays of \$940.9 million

Outlays by Category



Note: Capital projects budget of \$440.2 million excludes carry forward capital project amount of \$52.1 million

- Net FY22 Proposed Budget of \$837.6M, net of \$103.3M Intra-District Reimbursements



FY22 Proposed Budget by Fund

(Millions \$)	Water Utility Funds		Watershed Management Funds			Administration ² Funds	Total Valley Water
	Water Utility Enterprise Fund	State Water Project Fund	Safe, Clean Water Fund	Watershed Strm Stewardship Fund	Benefit Assmt Fund		
Revenue	\$ 311.6	\$ 27.0	\$ 56.2	\$ 123.4	\$ 13.5	\$ 10.3	\$ 542.0
Interfund Transfer	(3.2)	-	2.5	(4.0)	(2.3)	6.9	-
Ops Costs	(203.2)	(27.6)	(23.0)	(67.3)		(108.3)	(429.4)
Debt Service	(52.6)	-	(7.1)	-	(11.2)	(0.5)	(71.3)
Capital	(275.1)	-	(97.7)	(54.3)	-	(13.1)	(440.2)
Capital Carry-Forward	(21.6)	-	(12.3)	(16.1)	-	(2.0)	(52.1)
Debt Proceeds	159.3	-	100.0	-	-	-	259.3
IntraDistrict Reimbursements ¹	-	-	-	-	-	103.3	103.3
Balance	\$ (84.8)	\$ (0.6)	\$ 18.7	\$ (18.3)	\$ (0.0)	\$ (3.3)	\$ (88.3)
Reserves							
Restricted	57.6	2.5	123.9	-	-	-	184.0
Committed	59.4	-	-	74.3	-	8.4	142.2
Designated Liability	-	-	-	-	-	12.9	12.9
Total Reserves	\$ 117.0	\$ 2.5	\$ 123.9	\$ 74.3	\$ -	\$ 21.3	\$ 339.0

Notes:

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

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

FY22 Proposed Budget by Salaries and Benefits

Increase due to COLA, extra pay period and new positions

Salaries and Benefits (\$ in millions)	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted	FY22 Proposed	FY22 vs FY21	% Change
Salaries							
Salaries - Regular Employees	\$ 90.5	\$ 96.8	\$ 103.6	\$ 121.2	\$ 134.3	\$ 13.1	10.8%
Overtime and Special Pays	2.6	3.3	4.3	4.1	4.1	-	0.0%
Salary Savings	-	-	-	(4.9)	(3.4)	1.5	(30.6%)
Total Salaries	\$ 93.1	\$ 100.1	\$ 107.9	\$ 120.4	\$ 135.0	\$ 14.6	12.1%
Benefits							
Fed & State Taxes & Benefits	1.4	1.4	1.5	1.5	2.0	0.5	33.3%
Retirement Contributions	20.8	26.6	29.5	32.6	37.5	4.9	15.0%
Group Insurance - Active Employees	13.5	13.7	14.0	16.8	16.9	0.1	0.6%
Group Insurance - Retired Employees	9.5	10.2	10.8	12.2	12.4	0.2	1.7%
Other Post Employment Benefits	3.0	-	-	-	-	-	-
Total Benefits	\$ 48.2	\$ 51.9	\$ 55.8	\$ 63.1	\$ 68.8	\$ 5.7	9.0%
Total Salaries & Benefits	\$141.3	\$152.0	\$163.7	\$183.5	\$203.8	\$20.3	11.1%

Note: 1) FY22 includes 879 regular positions, 8 limited-term, and 5 fellowships

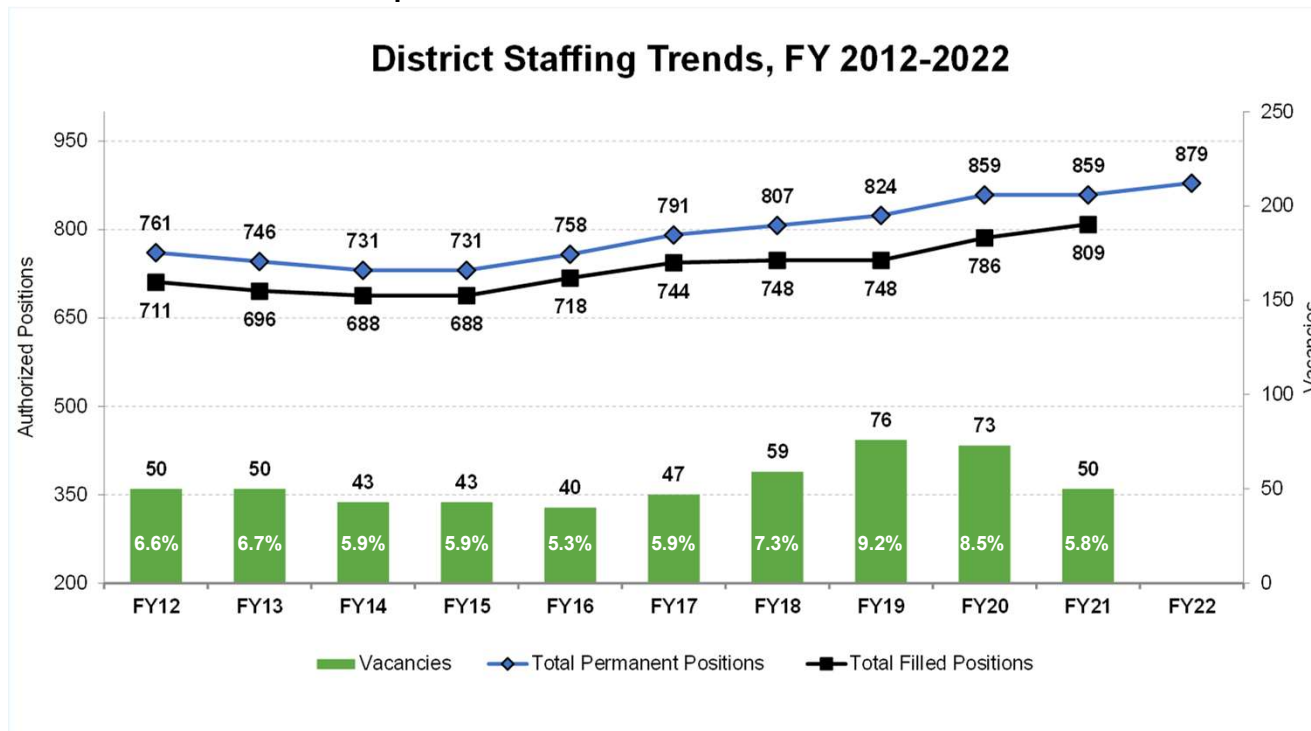


New Positions Needed to Deliver on SCW and Water Supply Reliability

Increase of 21 positions (20 permanent, 1 fellowship)

13

- IT Data Architect position added since 2nd Pass



Note:

- 1) FY21 as of March 30, 2021
- 2) FY22 includes 879 permanent positions; excludes 8 limited-term and 5 fellowships
- 3) 21 new positions proposed in 3rd Pass: 20 permanent positions and one fellowship



FY22 Proposed Budget Outlays

Net outlays \$228.1M higher than FY21,
primarily due to infrastructure investments

Outlays (\$ in millions)	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted	FY22 Proposed	FY22 vs FY21	% Change
Operations	\$ 296.2	\$ 304.0	\$ 308.1	\$ 373.0	\$ 423.6	\$ 50.6	13.6%
Operating Project	7.7	6.7	11.8	6.1	5.8	(0.3)	(4.9%)
Debt Service	38.7	42.6	46.3	61.8	71.3	9.5	15.4%
Operating Outlays	\$ 342.6	\$ 353.3	\$ 366.2	\$ 440.9	\$ 500.7	\$ 59.8	13.6%
Capital Projects	242.2	175.5	234.9	259.7	440.2	180.5	69.5%
Total Outlays	\$ 584.8	\$ 528.7	\$ 601.1	\$ 700.6	\$ 940.9	\$ 240.3	34.3%
Intra-District Reimbursement*	(75.2)	(72.0)	(77.9)	(91.1)	(103.3)	(12.2)	13.4%
Net Outlays	\$ 509.6	\$ 456.7	\$ 523.2	\$ 609.5	\$ 837.6	\$ 228.1	37.4%

*Intra-District reimbursements represent cost recovery for support services provided such as Human Resources, Information Technology, Finance and Facilities.



FY22 Proposed Budget Debt Service

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

(\$ in millions)	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted	FY22 Proposed	FY22 VS FY21	% Change
Principal Repayment	\$ 16.7	\$ 18.5	\$ 22.8	\$ 28.3	\$ 31.8	\$ 3.5	12.5%
Interest	21.0	23.2	22.7	30.5	36.2	5.7	18.6%
Other	1.0	0.9	0.8	3.0	3.3	0.3	10.0%
Total Debt Service	\$ 38.7	\$ 42.6	\$ 46.3	\$ 61.8	\$ 71.3	\$ 9.5	15.4%

Note: Other expenses include debt related fees



FY22 Proposed Budget Operating Expenditures

Increase of \$50.4 million or 13.3% over prior year

- **General Fund and Internal Service Funds increase of \$8.1 million**
Funding for additional essential workers, extra pay period, and internship program adjustment
- **Safe Clean Water Fund and Watershed & Stream Stewardship Fund combined increase of \$12.1 million**
Primarily due to addition of essential workers, grants and partnerships funding, and Water Conservation Program expansion
- **Water Utility Fund increase of \$30.2 million to ensure water supply meets demand due to drought**
\$20.1 million for water purchases (\$11 million added since 2nd Pass), \$3.3 million for water banking takes, \$3.1 million for the Agreement with Palo Alto & Mountain View, \$1.0 million Conservation Program

(\$ in millions)	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted	FY22 Proposed	FY22 VS FY21	% Change
General Fund	\$ 58.7	\$ 51.6	\$ 58.6	\$ 69.6	\$ 73.9	\$ 4.3	6.2%
Watershed Stream Stewardship Fund	51.9	53.4	51.7	61.8	67.3	5.5	8.9%
Safe Clean Water Fund	12.0	16.3	20.5	16.5	23.1	6.6	40.0%
Water Utility Enterprise Fund	171.3	164.9	165.3	200.6	230.8	30.2	15.1%
Fleet Management Fund	4.5	4.4	3.8	5.0	4.7	(0.3)	(6.0%)
Risk Insurance Fund	5.3	6.0	6.0	6.9	6.9	-	0.0%
Information Technology Fund	0.1	14.0	14.0	18.6	22.7	4.1	22.0%
Total Operating Expenditures	\$ 303.8	\$ 310.7	\$319.9	\$ 379.0	\$ 429.4	\$ 50.4	13.3%



FY22 Proposed Budget Capital Expenditures

Crucial infrastructure and technology investments increased noticeably over prior fiscal year

- Increase primarily driven by Anderson Dam (\$116.8 million)

(\$ in millions)	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted	FY22 Proposed	FY22 VS FY21	% Change
General Fund	\$ 2.5	\$ 2.7	\$ 1.5	\$ 3.0	\$ 6.0	\$ 3.0	100.0%
Watershed Stream Stewardship Fund	25.2	27.6	19.0	27.9	54.3	26.4	94.6%
Safe, Clean Water Fund	83.1	41.6	70.9	58.7	97.7	39.0	66.4%
Water Utility Enterprise Fund	124.9	97.9	132.2	159.1	275.1	116.0	72.9%
Fleet Management Fund	1.0	1.8	1.9	3.5	3.8	0.3	8.6%
Information Technology Fund	5.5	3.7	9.4	7.5	3.3	(4.2)	(56.0%)
Total Capital Expenditures	\$ 242.2	\$ 175.5	\$234.9	\$ 259.7	\$ 440.2	\$ 180.5	69.5%

Note: FY22 Proposed budget is based on FY22-26 CIP.



FY22 Proposed Budget Reserve Balances

Estimated reserve balances slightly lower than FY21 Adopted

Reserves (\$ in millions)	FY21 Adopted	FY21 Projected	FY22 Estimated	FY22 vs FY21
Restricted Reserves				
Safe, Clean Water Fund	\$ 80.4	\$ 105.2	\$ 123.9	\$ 43.5
Water Utility Enterprise Fund	59.1	63.8	60.1	1.0
Restricted Sub-total	\$ 139.5	\$ 169.0	\$ 184.0	\$ 44.5
Committed Reserves				
General Fund	5.7	5.8	6.6	0.9
Watershed Stream Stewardship Fund	115.5	92.6	74.3	(41.2)
Water Utility Enterprise Fund	71.4	141.1	59.4	(12.0)
Internal Service Funds	17.0	18.8	14.7	(2.3)
Committed Sub-total	\$ 209.6	\$ 258.3	\$ 155.0	\$ (54.6)
Total Reserves	\$ 349.1	\$ 427.3	\$ 339.0	\$ (10.1)

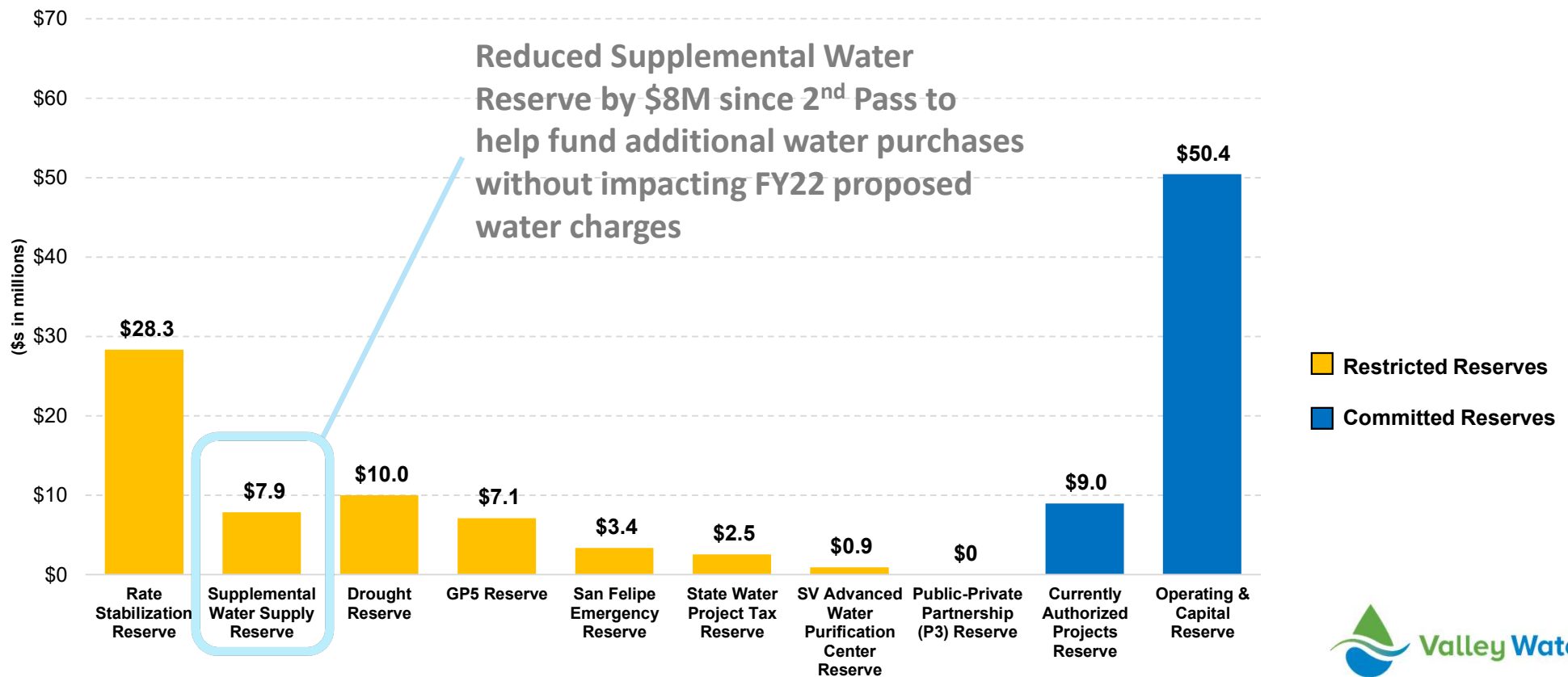
Restricted Reserves are reserves with externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government), through constitutional provisions or enabling legislation.

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



FY22 Proposed Budget Water Utility Reserves

Total reserve balances of \$119.5 million



Proposed New Reserves for Safe, Clean Water Fund

Rate Stabilization and Contingency Reserves

SCW Rate Stabilization Reserve established to offset timing differences between expenses and SCW special parcel tax collection, and help maintain debt service coverage ratio (DSCR) requirements

- Target reserve balance to help maintain minimum 1 X DSCR each year on a net basis
- Needed primarily to fund transfers to Water Utility for voter approved projects (e.g. Anderson/Pacheco)
- Allows for funds to be set side over time to fund future requirements without negatively impacting the DSCR
- Staff recommends setting FY22 amount at \$25M

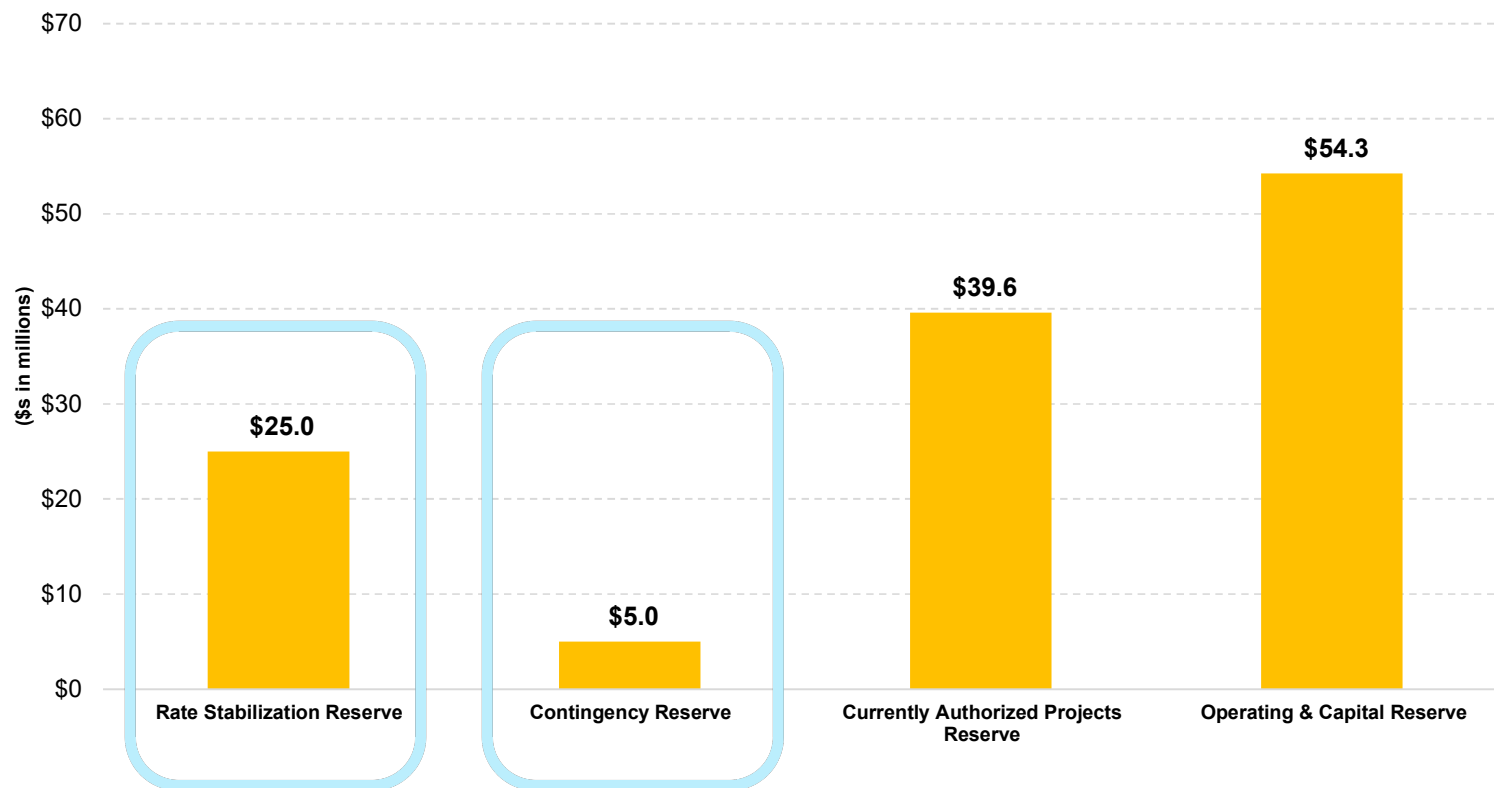
SCW Contingency Reserve would be built as financial/business conditions warrant

- Originally envisioned to grow to \$40M by FY 33
- Staff recommends setting FY22 amount at \$5M



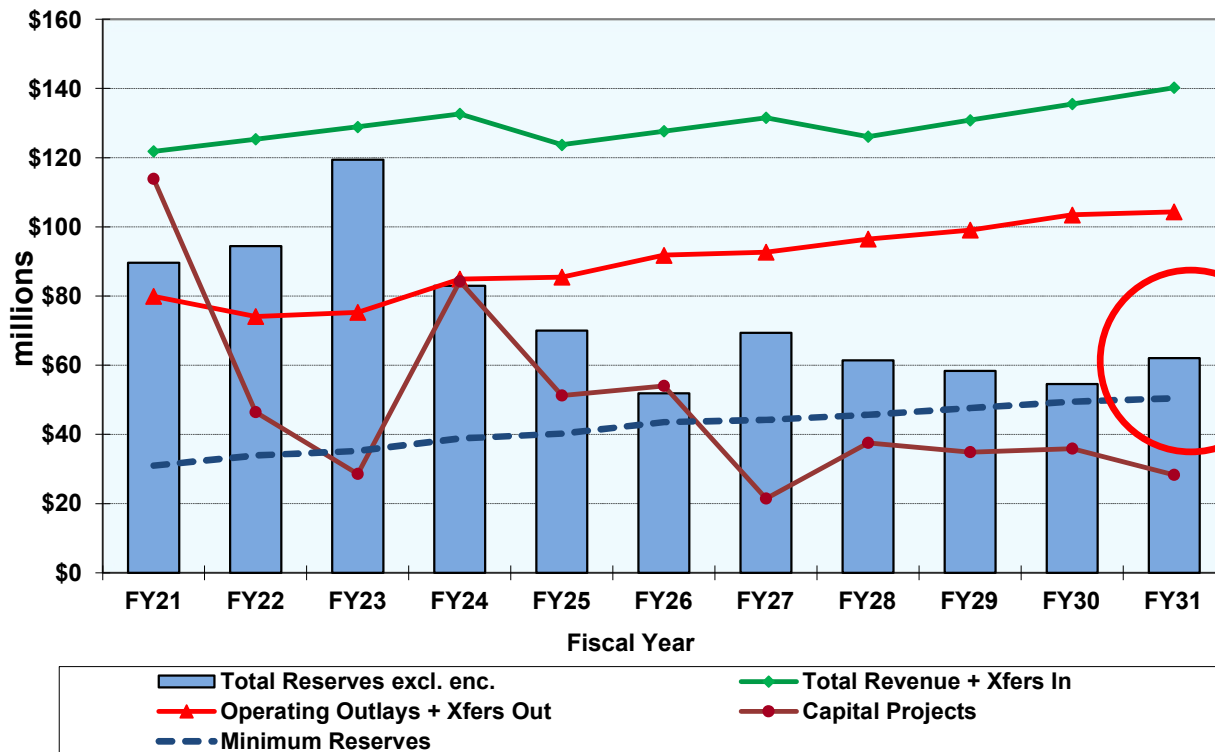
FY22 Proposed Budget Safe, Clean Water Reserves

Total reserve balances of \$123.9 million



FY22 Proposed Budget – Financial Sustainability

Watershed and Stream Stewardship Fund Projection



KEY ASSUMPTIONS

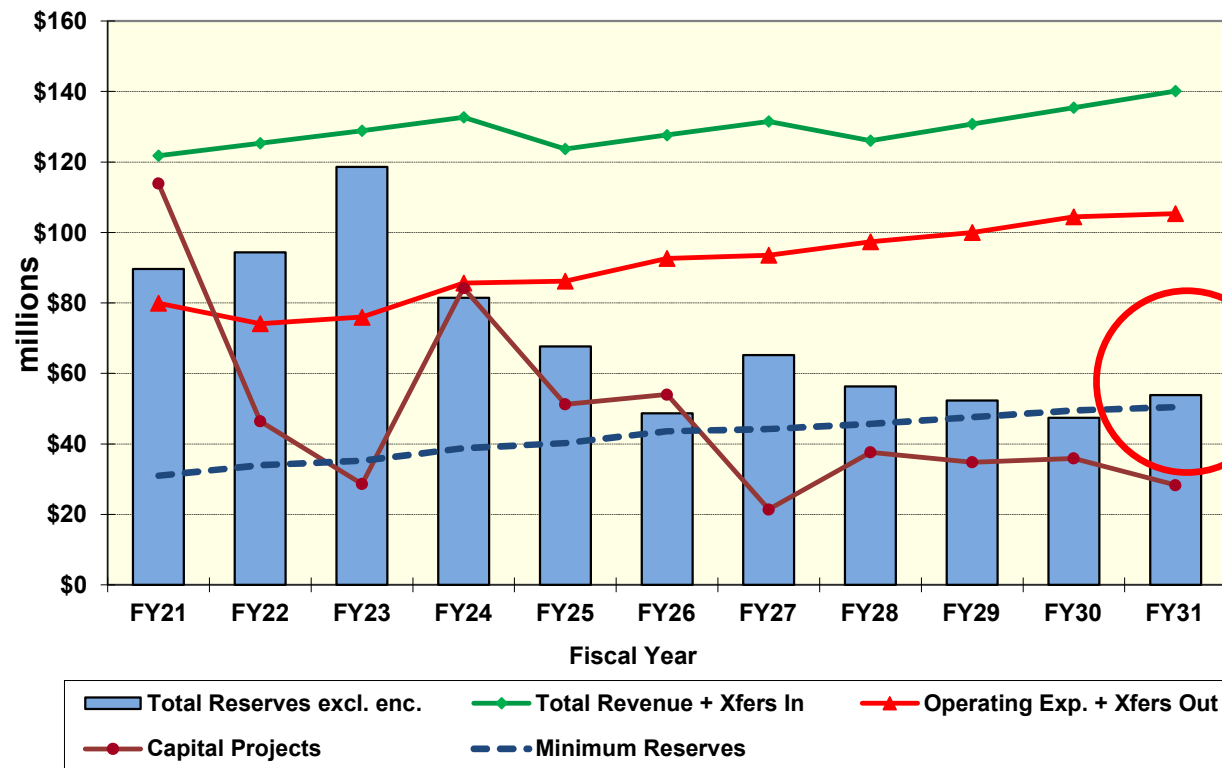
- **Open Space Credit**
 - \$12.1M for FY22 to FY 31
 - Assumes Ag charge set at 25% of Zone W-8 M&I charge (\$85.38/AF in FY22 versus \$26.86/AF in FY 21)
- **\$82.5M Watershed Asset Rehabilitation Program (WARP)**
- **O&M Maintenance placeholder**
 - \$2M/yr FY 23 to FY 25
 - \$7M/yr FY 26 to FY 31

Reserves healthy & above minimum



FY22 Proposed Budget – Financial Sustainability

Watershed and Stream Stewardship Fund Projection



KEY ASSUMPTIONS

- **Open Space Credit**
 - \$19.9M for FY22 to FY 31
 - Assumes Ag charge set at 10% of Zone W-8 M&I charge (\$34.15/AF in FY22 versus \$26.86/AF in FY 21)
- **\$82.5M Watershed Asset Rehabilitation Program (WARP)**
- **O&M Maintenance placeholder**
 - \$2M/yr FY 23 to FY 25
 - \$7M/yr FY 26 to FY 31

Reserves healthy



Maintaining Infrastructure

Watershed and Stream Stewardship Fund Projection

Key Operations & Maintenance (O&M) Examples

- Rodent Damage Repair (multiple locations)
- San Tomas Aquino Creek Sediment Removal
- Coyote 10B Restoration
- Uvas Creek Vegetation Management/Flow Conveyance
- Evelyn Fish Ladder Repair

Key Watershed Asset Rehabilitation Program Examples

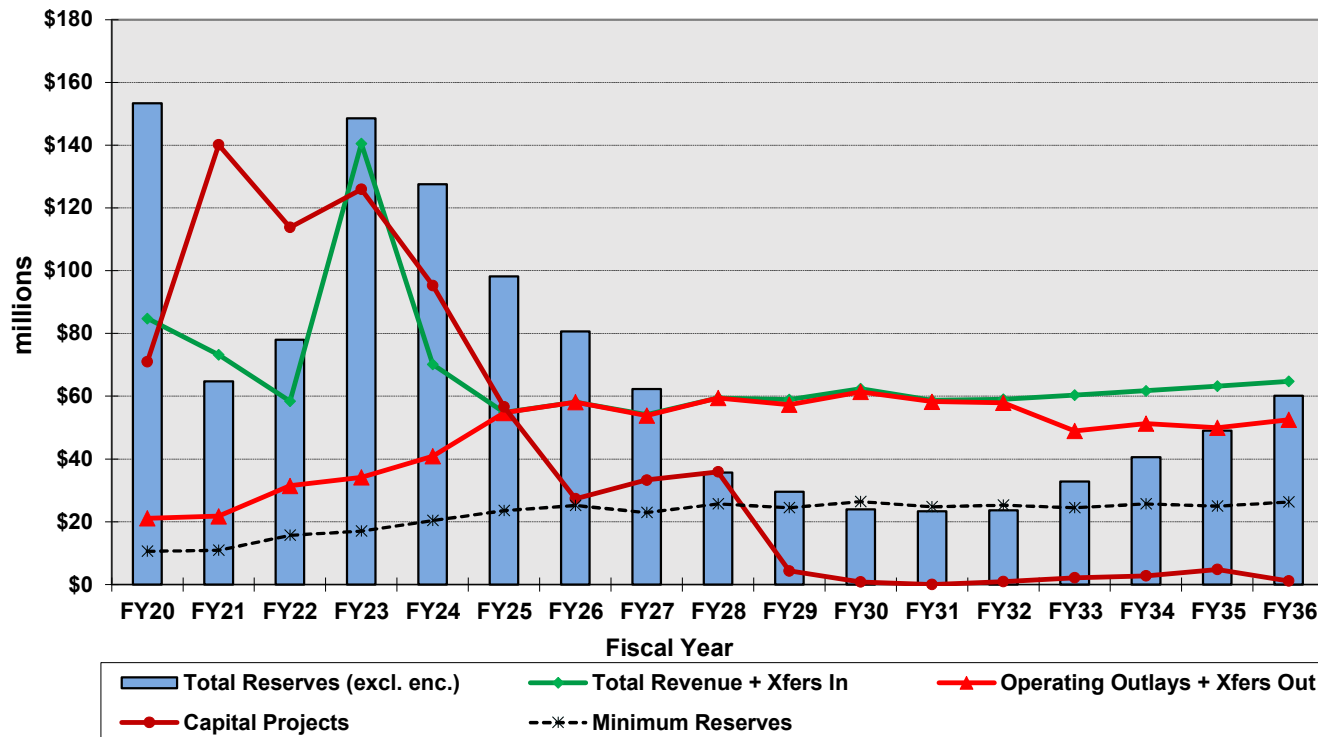
- Concrete Repair Projects:
 - Piedmont Creek
 - Permanente Creek
- Erosion Repair Projects:
 - Calabazas Creek
 - Los Gatos Creek
- Levee Rehabilitation:
 - Lower Guadalupe River



Financial Sustainability without WIFIA Loan

Safe, Clean Water Fund Projection

Water Infrastructure Finance and Innovation Act (WIFIA)



KEY ASSUMPTIONS

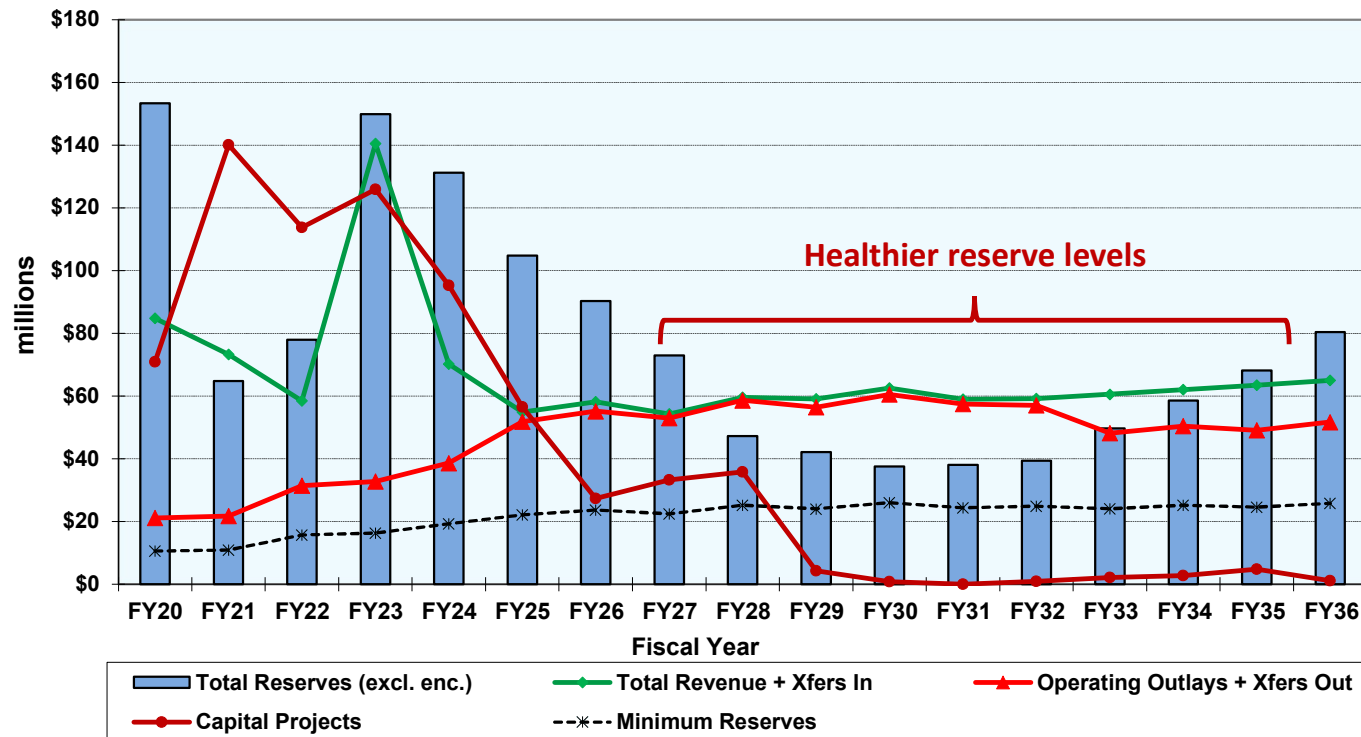
- Includes proposed schedule and funding adjustments. Details coming to full Board in June. No impact to KPIs.
- Assumes \$80M NRCS reimbursements for Upper Llagas creek to fully construct Phase 2.
- Outside funding sources for San Francisquito Creek include \$20M from grants and partnerships through the SFCJPA along with an \$8.9M CalTrans grant through the City of Palo Alto for Newell Road Bridge replacement.



Financial Sustainability with WIFIA Loan

Safe, Clean Water Fund Projection

Water Infrastructure Finance
and Innovation Act (WIFIA)



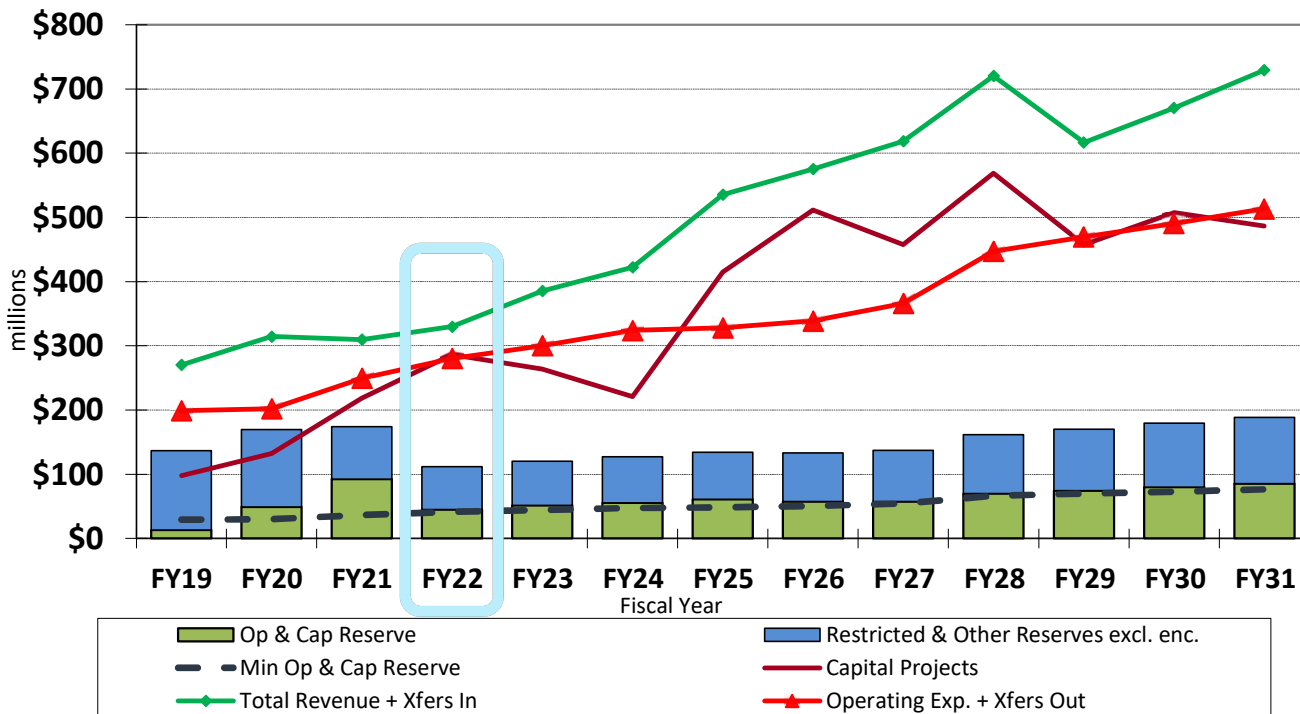
KEY ASSUMPTIONS

- Includes \$100M in WIFIA funding.
- Includes proposed schedule and funding adjustments. Details coming to full Board in June. No impact to KPIs.
- Assumes \$80M NRCS reimbursements for Upper Llagas creek to fully construct Phase 2.
- Outside funding sources for San Francisquito Creek include \$20M from grants and partnerships through the SFCJPA along with an \$8.9M CalTrans grant through the City of Palo Alto for Newell Road Bridge replacement.



Financial Sustainability with Proposed Rate Increases

Water Utility Enterprise Projection



KEY ASSUMPTIONS

- Average annual Municipal and Industrial (M&I) groundwater charge increases of:
 - 9.6% in North County, Zone W-2
 - 4.6% in South County, Zone W-5
 - 10.3% in South County, Zone W-7
 - 4.4% in South County, Zones W-8
- Majority of Prop 1 grants for Pacheco Reservoir received from FY 24 to FY 28
- Receive \$24.2M for Open Space Credit from WSS Fund and GF with Ag rate set at 25% of M&I
 - \$39.9M if Ag rate set at 10% of M&I



FY22 Proposed Budget by Fund and Organization

Projects managed within Organization and by Fund

(\$ in millions)	BAO	CEA	Admin	WU	WS	OIWM	Debt	Salary Savings	Total
General Fund & Internal Service Funds	\$25.0	\$13.1	\$79.8	\$ 2.2	\$ 1.8	\$ 0.5	\$ 0.5	\$ (0.9)	\$121.9
WS and Stream Stewardship Funds	0.6	1.8	3.2	0.0	112.9	3.6	11.2	(0.7)	132.7
Safe, Clean Water Fund	0.1	3.4	0.8	1.3	113.4	1.9	7.1	(0.3)	127.7
Water Enterprise and State Water Funds	3.1	2.2	6.0	315.5	11.0	169.8	52.6	(1.5)	558.5
Total	\$28.7	\$20.5	\$89.8	\$319.1	\$239.1	\$175.9	\$ 71.3	\$ (3.4)	\$940.9

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



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Review Process

FY2021-22

Proposed Budget Review

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Proposed Budget by Fund and
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Water Utility

3 Next Steps

Board considerations for
May 11, 2021

Administration

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

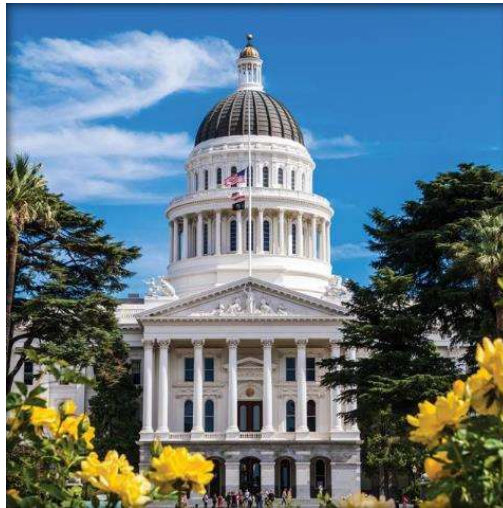


Administration Outline

- Administration Overview
- Administration FY22 Proposed Budget and Outlook



Board Appointed Officers



External Affairs

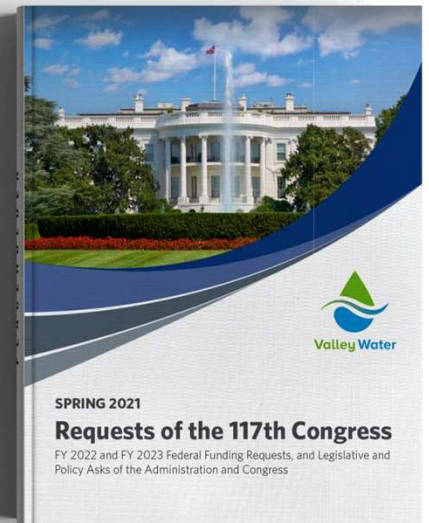
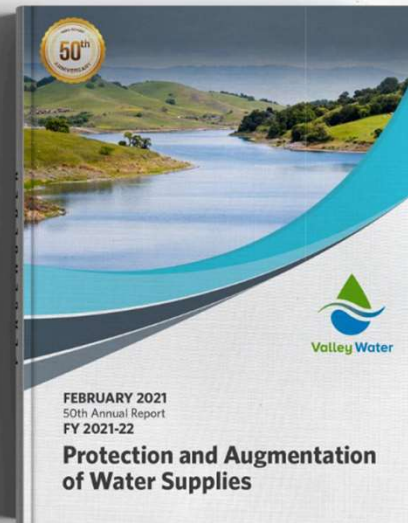
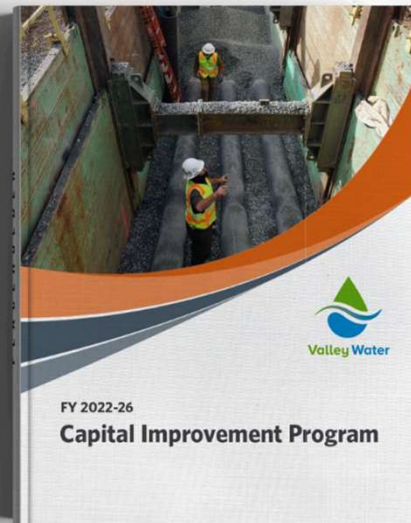
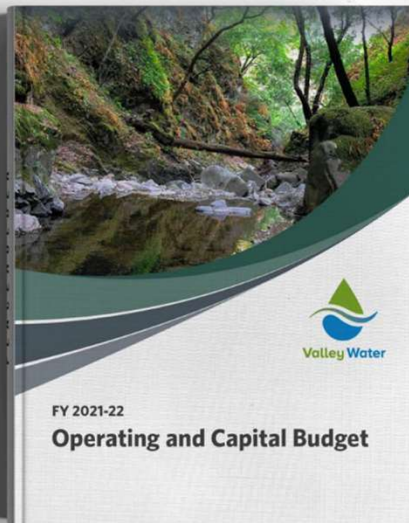


Information Technology and
Administrative Services



Key Planning Documents

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Achieving Board Work Plan Goals

Business Management

- Advance racial equity, diversity and inclusion
- Maintain appropriate staffing levels and expertise and ensure the safety of our staff
- Provide affordable and cost-effective level of services



Administration Objectives & Benefits

OBJECTIVES

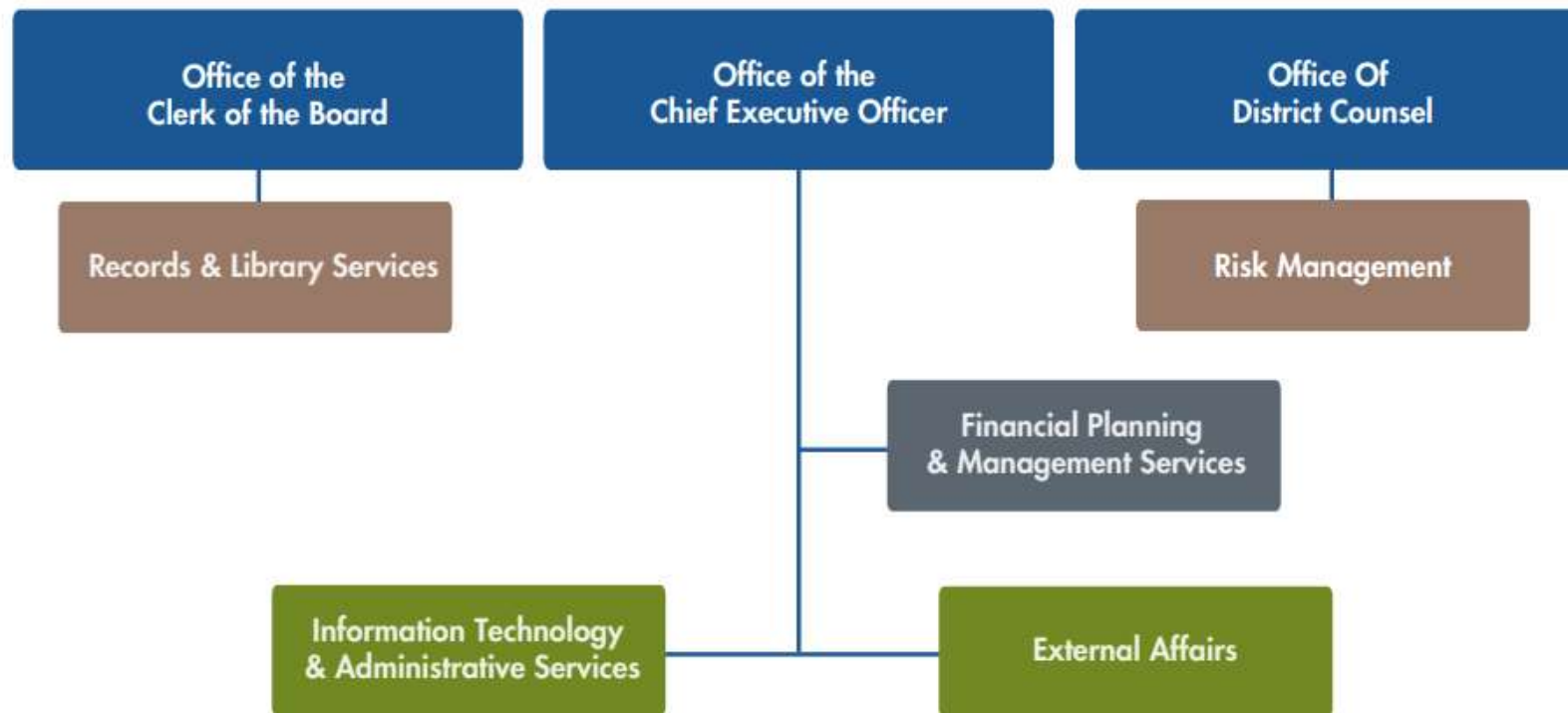
- Provide strategic direction and oversight
- Represent Valley Water's interests
- Support work of the Board
- Manage Valley Water's external relationships
- Provide Information Technology & Administrative Services

BENEFITS

- Long and short-term financial planning
- Secure funding for Valley Water projects
- A capable, diverse, and knowledgeable workforce
- Sustainable assets, equipment, and infrastructure
- Meaningful engagement and partnerships with the community we serve
- Well-informed elected officials, community, media, and other stakeholders

Administration Organizational Chart

Proposed FY22 Total Positions: 280 (+2 Fellowships, +4 Limited Term)



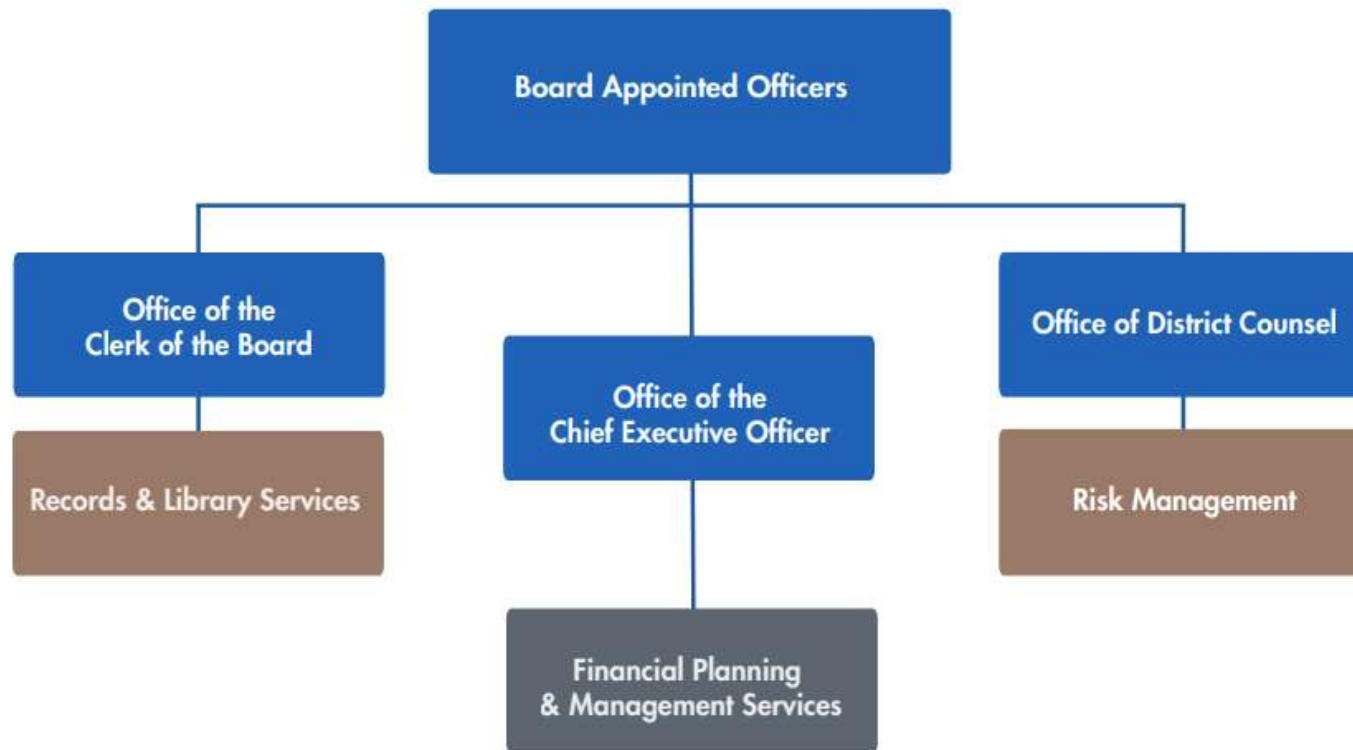
Administration FY22 Proposed Budget

Projects Managed by Administration				
	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY2021 Adopted	% Change
Board Appointed Officers	\$ 25.5	\$ 25.3	\$ (0.2)	(1%)↓
External Affairs	\$ 17.8	\$ 20.5	\$ 2.7	15%↑
IT & Administrative Services	\$ 83.1	\$ 89.8	\$ 6.7	8%↑
Total	\$ 126.4	\$ 135.6	\$ 9.2	7%↑



Board Appointed Officers Organizational Chart

Proposed FY22 Total Positions: 73 (+1 Fellowship, +2 Limited Term)



Board Appointed Officers FY22 Proposed Budget

\$25.3 (19% of \$135.6 Total Administration Proposed Budget)				
(\$ in millions)				
Board Appointed Officers	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY2021 Adopted	% Change
Operating Outlays				
Office of Chief Executive Officer	\$ 1.3	\$ 1.4	\$ 0.1	8%↑
Financial Planning & Management Division	\$ 13.1	\$ 14.3	\$ 1.3	10%↑
Office of District Counsel	\$ 8.0	\$ 8.4	\$ 0.3	4%↑
Clerk of the Board	\$ 8.0	\$ 4.6	\$ (3.4)	(43%)↓
Operating Outlays Subtotal	\$ 30.4	\$ 28.7	\$ (1.7)	(6%)↓
Salary Savings				
Capital Outlays	\$ (1.1)	\$ (0.8)	\$ 0.3	(27%)↓
Operating Outlays	\$ (3.8)	\$ (2.6)	\$ 1.2	(32%)↓
Salary Savings Subtotal	\$ (4.9)	\$ (3.4)	\$ 1.5	(31%)↓
Total	\$ 25.5	\$ 25.3	\$ (0.2)	(1%)↓



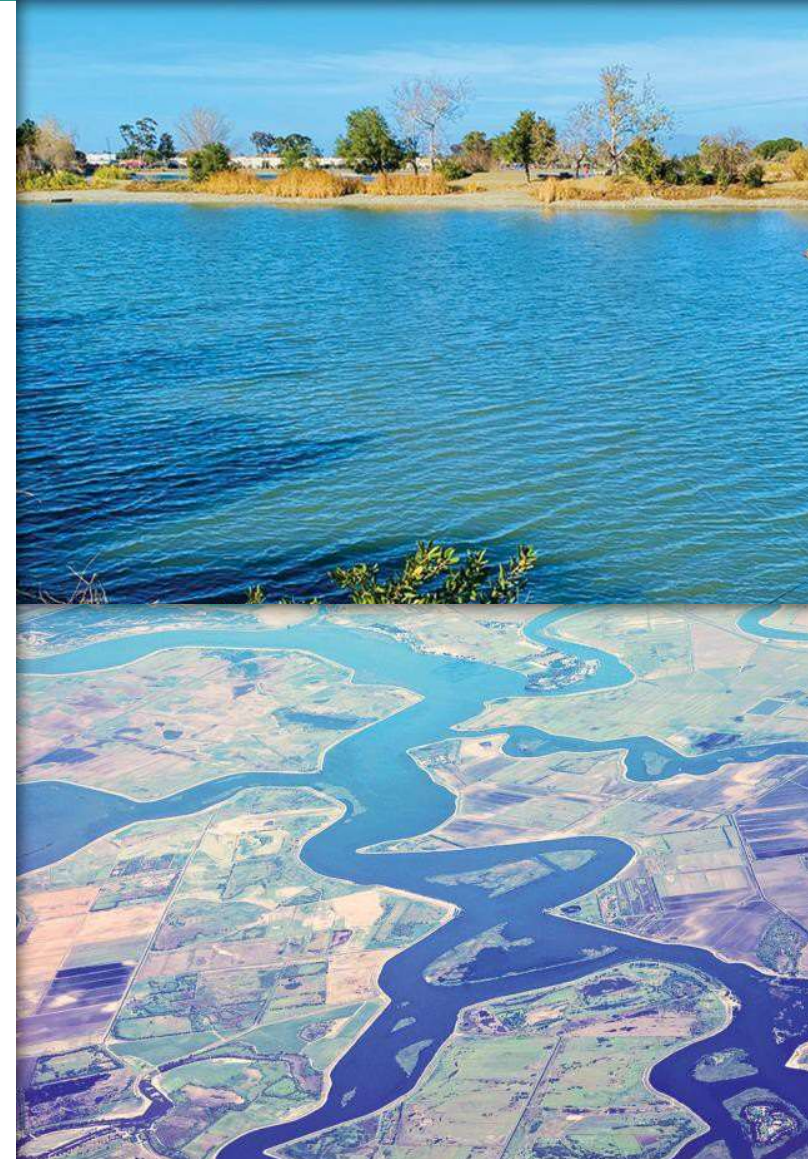
Board Appointed Officers Outlook

- Support FY22 Board Work Plan
- Strengthen business practices based on new normal
- Support virtual and teleconferenced Board and/or Committee meetings in compliance with public health orders related to COVID-19



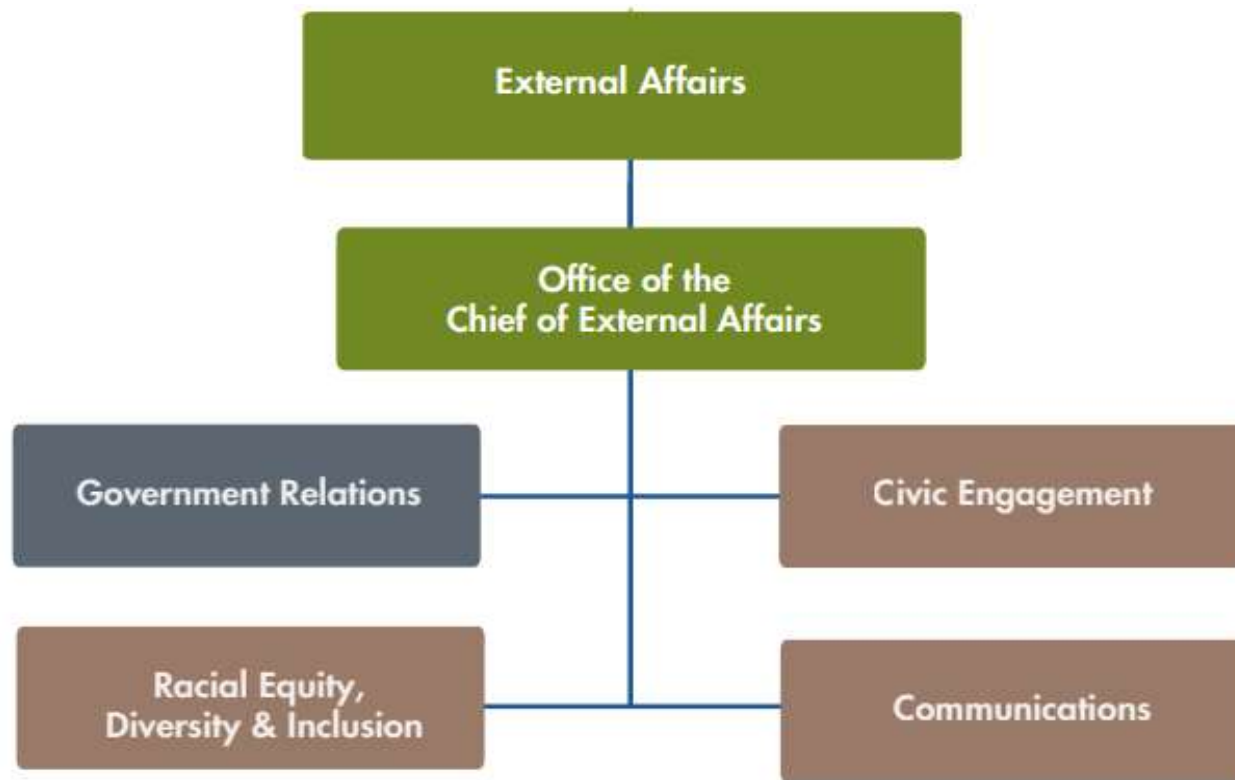
Finance Division Outlook

- Support Infor ERP System implementation
- Implement Biennial Budget
- Implement WIFIA loan roadmap
- Support key Board Strategies and efforts
 - Delta Conveyance decisions
 - Purified Water Program development
- Drive Development Impact Fee Study for Valley Water
- Continue pursuit of grant funding opportunities
- Support COVID-19 response activities



External Affairs Organizational Chart

Proposed FY22 Total Positions: 45 (+1 Fellowship)



FY22 Proposed Budget

\$20.5 (15% of \$135.6 Total Administration Proposed Budget)				
(\$ in millions)				
External Affairs	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY2021 Adopted	% Change
Operating Outlays				
Chief of External Affairs	\$ 1.5	\$ 1.6	\$ 0.1	7%↑
Government Relations	\$ 4.1	\$ 3.9	\$ (0.2)	(5%)↓
Civic Engagement	\$ 6.4	\$ 7.5	\$ 1.1	17%↑
Communications	\$ 5.0	\$ 5.9	\$ 0.9	18%↑
Racial Equity, Diversity & Inclusion	\$ 0.8	\$ 1.6	\$ 0.8	100%↑
Total	\$ 17.8	\$ 20.5	\$ 2.7	15%↑



FY22 Outlook

Office of Civic Engagement

- Expand Safe, Clean Water Grants Program under Measure S
- Develop Public Arts Program under Measure S
- Expand Community Rating System Program
- Increase public outreach for expanded Purified Water Project



FY22 Outlook

Office of Government Relations

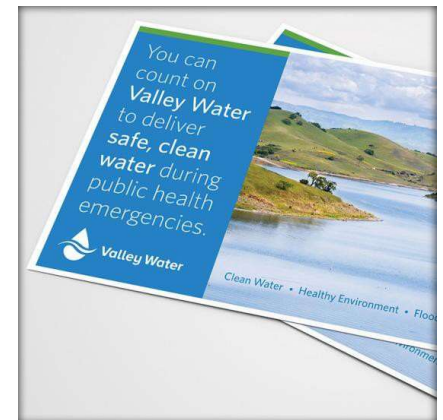
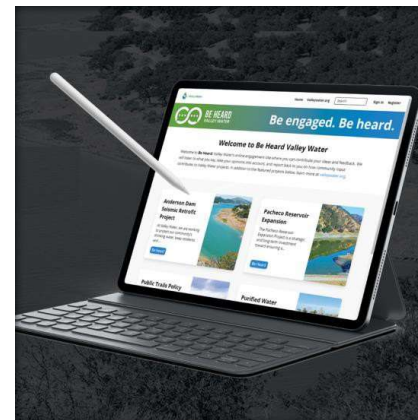
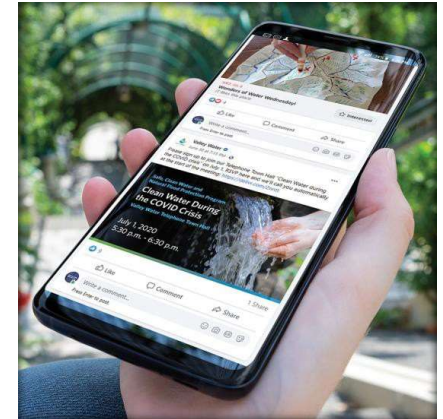
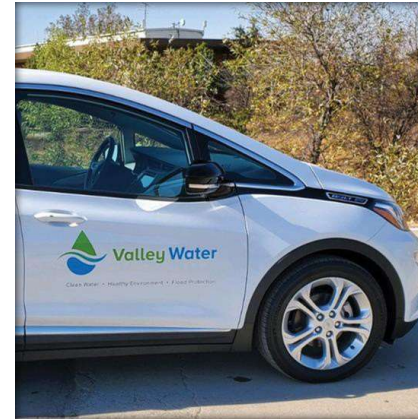
- Advocate for passage of:
 - AB 271 (R. Rivas) Anderson Dam
 - SB 786 (Becker) Smart Financing
- Secure funding and authorization for priority Valley Water infrastructure projects
- Complete redistricting effort
- Continue sponsorships and community events



FY22 Outlook

Office of Communications

- Inform and seek input from the community on critical Valley Water infrastructure projects and programs
- Coordinate drought and water conservation outreach
- Maintain robust social media engagement
- Enhance brand identity with refreshed signage, print and media efforts



FY22 Outlook

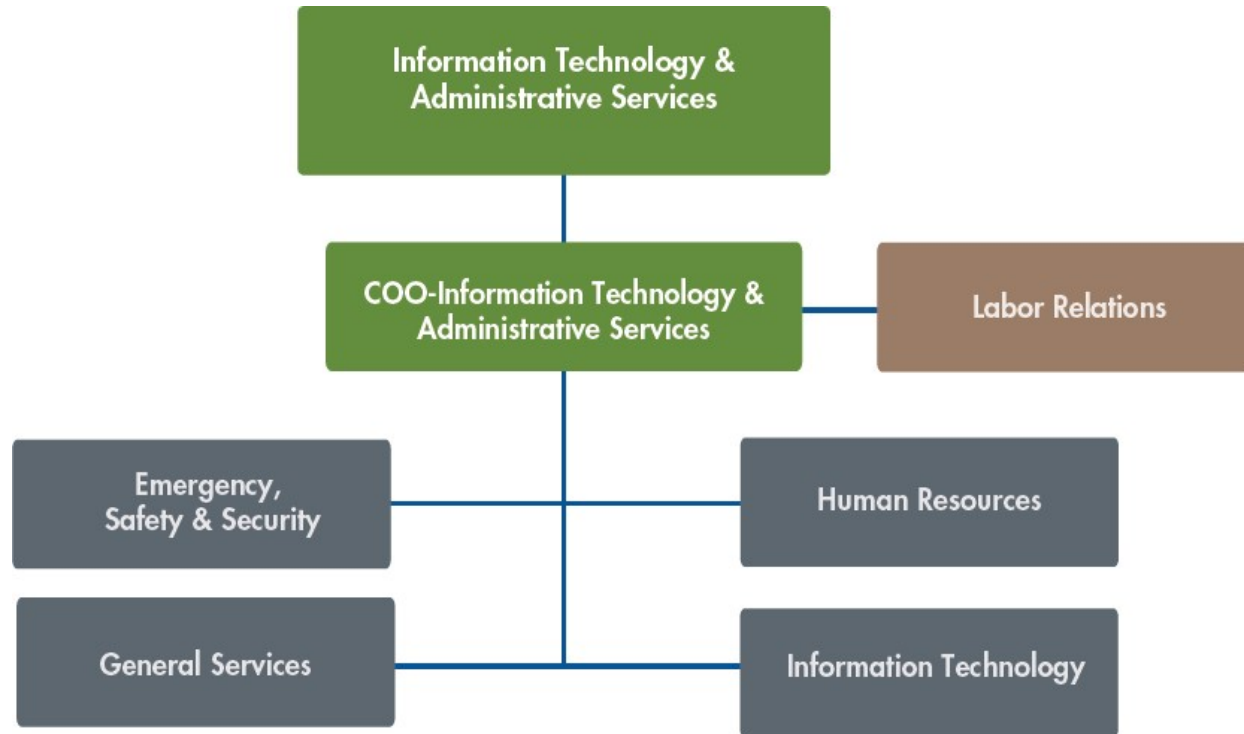
Office of Racial Equity, Diversity & Inclusion (REDI)

- Develop Strategic Master Plan
- Develop policies and resolutions that expand on equity, diversity and inclusion
- Develop activities and training that expand on equity, diversity and inclusion
- Launch cultural speakers series panel



Information Technology & Administrative Services Organizational Chart

Proposed FY22 Total Positions: 162 (+2 Limited Term)



INFORMATION TECHNOLOGY & ADMINISTRATIVE SERVICES

FY22 Outlook**FY22 Proposed Budget**

\$89.8 (66% of \$135.6 Total Administration Proposed Budget)				
(\$ in millions)				
Information Technology & Administrative Services	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY2021 Adopted	% Change
Capital Outlays				
General Services Division	\$ 7.9	\$ 10.3	\$ 2.4	30%↑
Information Technology Division	\$ 7.6	\$ 3.3	\$ (4.3)	(57%)↓
Capital Outlays Subtotal	\$ 15.5	\$ 13.6	\$ (1.9)	(12%)↓
Operating Outlays				
Office of COO IT & Administrative Services	\$ 3.0	\$ 3.3	\$ 0.3	10%↑
Emergency, Safety & Security Division	\$ 9.2	\$ 10.8	\$ 1.6	17%↑
General Services Division	\$ 26.6	\$ 27.9	\$ 1.3	5%↑
Information Technology Division	\$ 19.0	\$ 23.1	\$ 4.1	22%↑
Human Resources Division	\$ 9.8	\$ 11.1	\$ 1.3	13%↑
Operating Outlays Subtotal	\$ 67.6	\$ 76.2	\$ 8.6	13%↑
Total	\$ 83.1	\$ 89.8	\$ 6.7	8%↑



FY22 Outlook

Emergency, Safety, and Security

- Flood EAP development
- Emergency training and exercises
- Management of physical security system and guard resources
- Support encampment cleanups in creeks
- Implement EH&S Prevention Through Design Program
- Continue Phase 3 of the Engineering Fall Protection Survey and Remediation Project
- Continue development of machine specific energy control procedures for maintenance and servicing of equipment
- Continue to abide Health Officer Orders and Cal OSHA in COVID-19 requirement

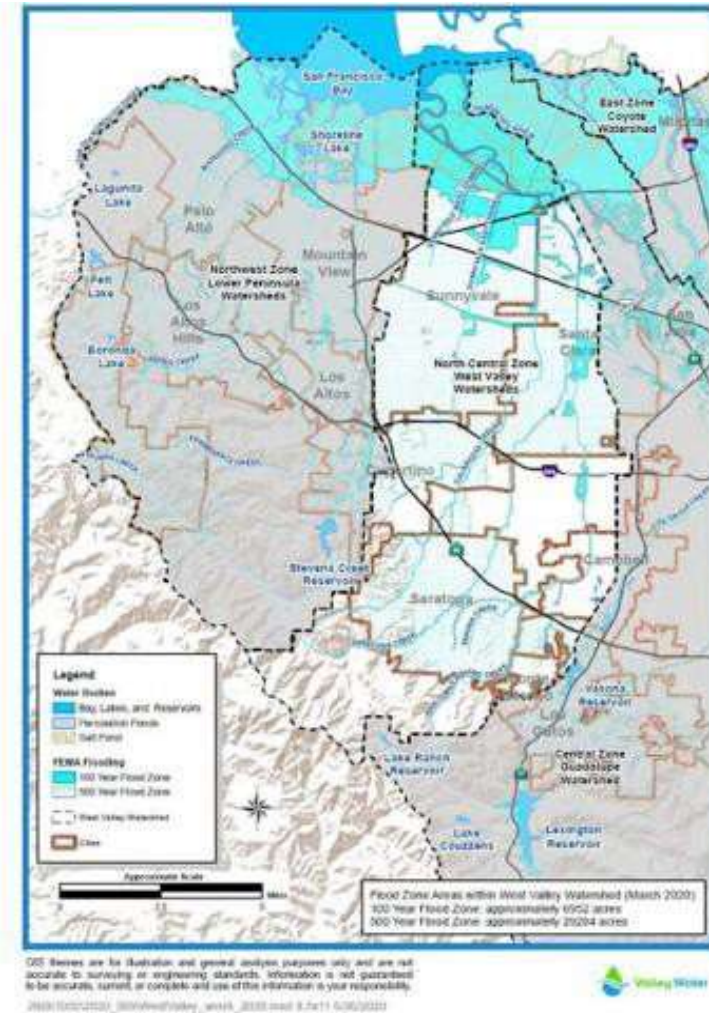
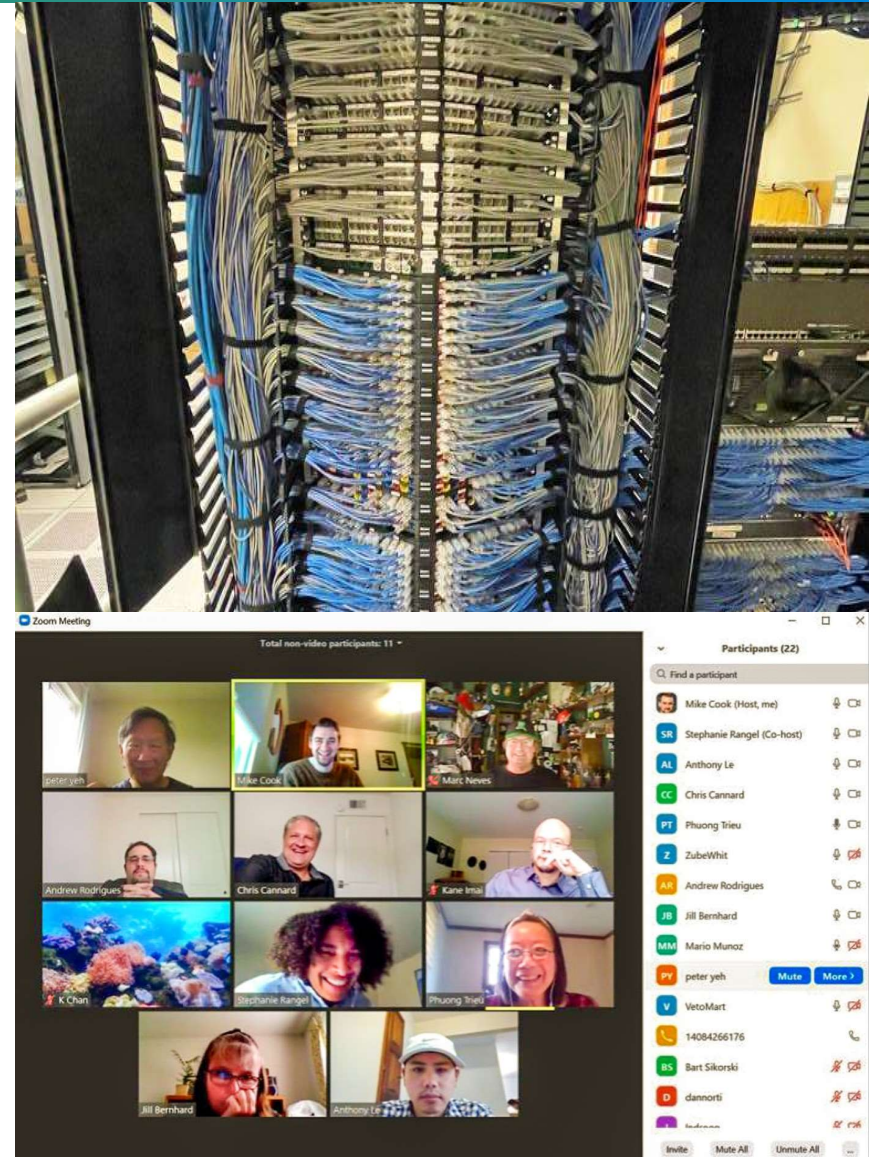


FIGURE 1
West Valley Watershed & FEMA Flood Map
(500-yr flood zone may not reflect actual conditions)

INFORMATION TECHNOLOGY & ADMINISTRATIVE SERVICES FY22 Outlook

Information Technology Division

- Lead Information Technology Infrastructure
- Lead Information Security Services, and Software Services
- Support and maintain:
 - Business Applications (ERP, Maximo, & GIS)
 - Valley Water internet and intranet
 - Technical Infrastructure
 - Email and Phones
 - Audio / Visual Systems
 - IT Help Desk
- Continue to support remote workforce to improve efficiencies



FY22 Outlook

General Services Division

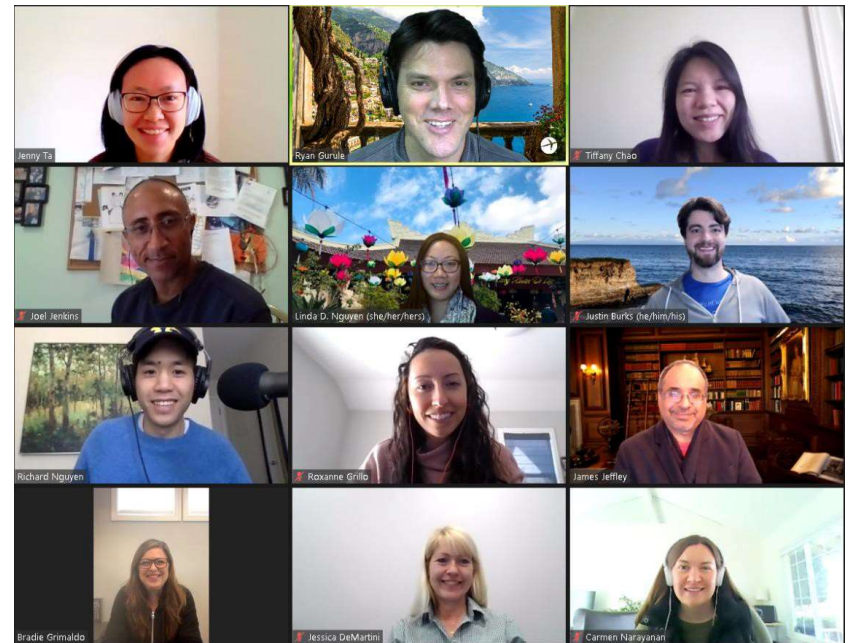
- Be responsive to clients' requests for procurement contract solicitations
- Partner with Project Managers and vendors for contract compliance
- Improve efficiency in purchasing and consultant services
- Enhance business services to support operational needs
- Enhance facilities maintenance and fleet services
- Provide and expand current technology Electric Car Charger Solutions
- Initiate completion of high priority deferred maintenance projects (e.g. 3 roof replacements)
- Implement warehouse efficiency for inventory, receiving & distribution



FY22 Outlook

Human Resources Division

- Continue to develop the future workforce pipeline through industry and academic partnerships
- Partner with the Racial Equity Diversity Inclusion Unit to ensure a diverse Valley Water workforce
- Reduce vacancy rate by recruiting the best qualified candidates in the most effective manner
- Establish Career Ladders to create pathways for employees to plan their careers at Valley Water
- Advance Valley Water as an employer of choice in the region through competitive benefits and work environment
- Maintain a skilled workforce through a comprehensive talent and technical development program
- Continue to Implement telework and on-campus work policies and protocols



FY22 Outlook

Labor Relations

- Support initiatives to support Valley Water becoming the employer of choice
- Negotiate a successor Memorandum of Understanding with our partner bargaining groups: Employees Association; Engineers Society and Professional Managers Association
- Review, interpret, and support implementation of Valley Water policies and procedures
- Develop, implement, and coordinate the labor relations program involving compliance with negotiated labor agreements (MOU's)
- Support staff and managers on progressive discipline consultation, training and processing
- Enhance collaboration and support to provide training to supervisors, managers, and employees on labor relation processes
- Provide Fact-finding, Grievance and arbitration - consultations and processing services

Office of Integrated Water Management

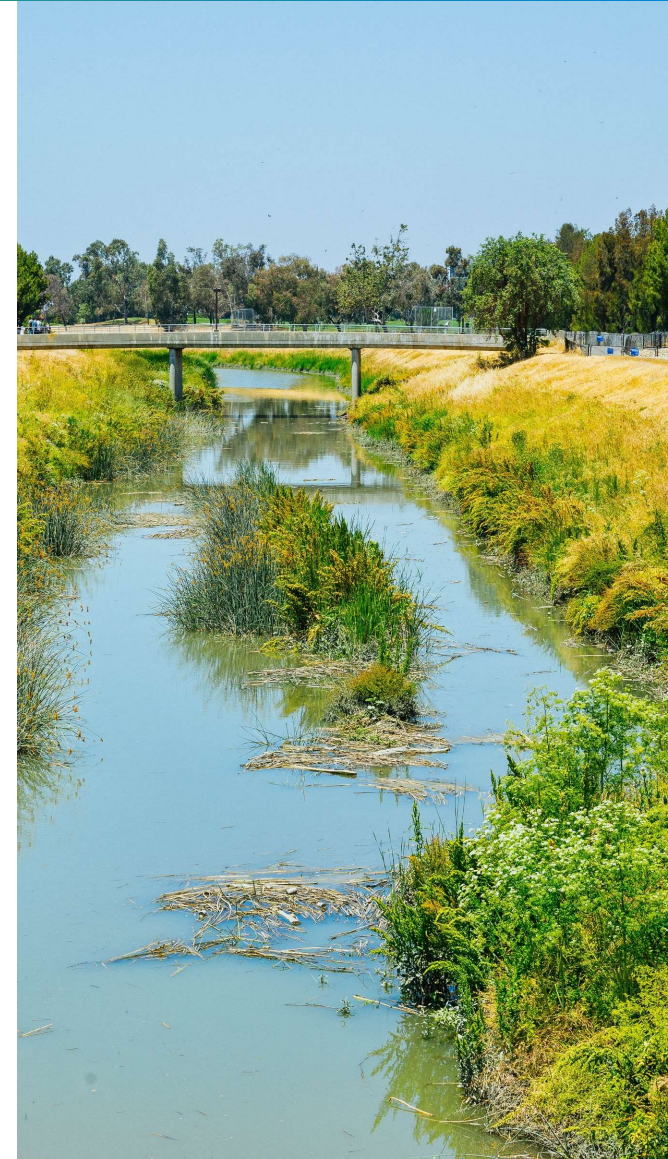
Presented by: **Melanie Richardson**, Assistant Chief Executive Officer



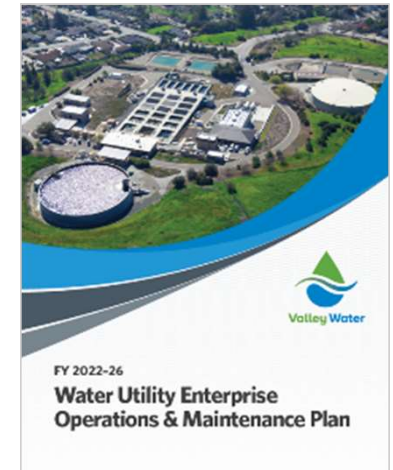
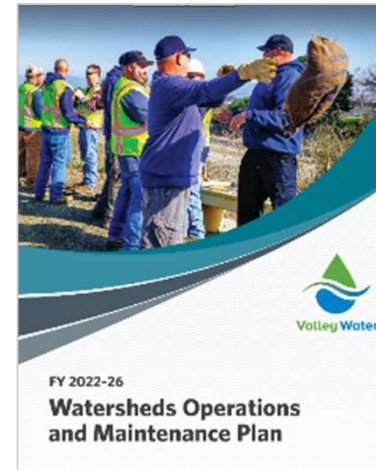
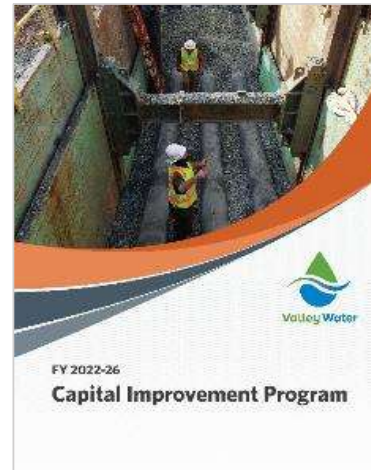
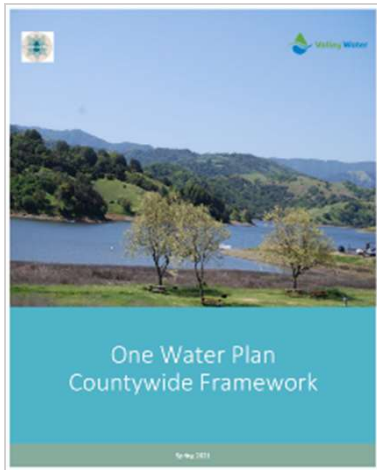
Integrated Water Management (OIWM)

Core Functions

- Facilitate strategic coordination between Valley Water's Watersheds and Water Utility business areas to achieve the Board's Ends, Goals, and Objectives.
- Provide focused leadership to ensure the business areas work together cohesively to effectively achieve Valley Water's projects and programs.
- Oversee administration of Valley Water's Capital Improvement Program; Safe, Clean Water and Natural Flood Protection Program; Lands Management Program; and Asset Management Program.

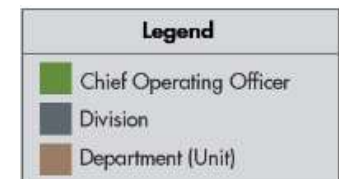
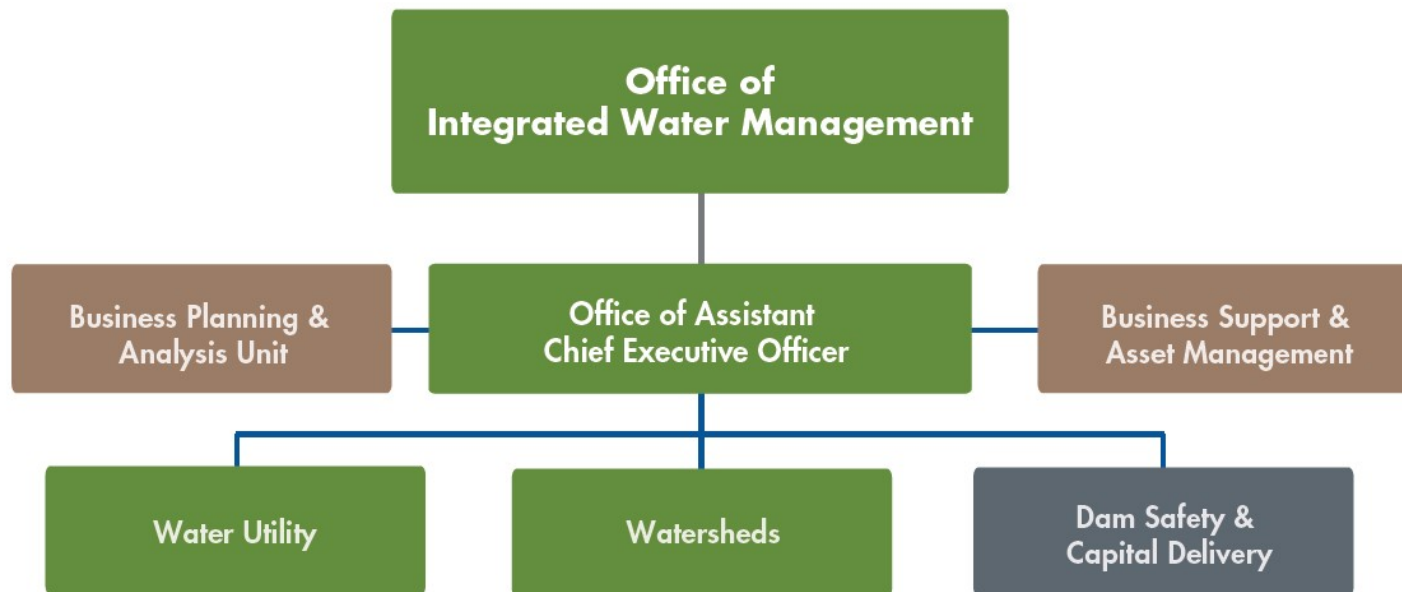


Key Planning Documents



Integrated Water Management Organizational Chart

Proposed FY21-22 Total Positions: 599 (+3 Fellows)

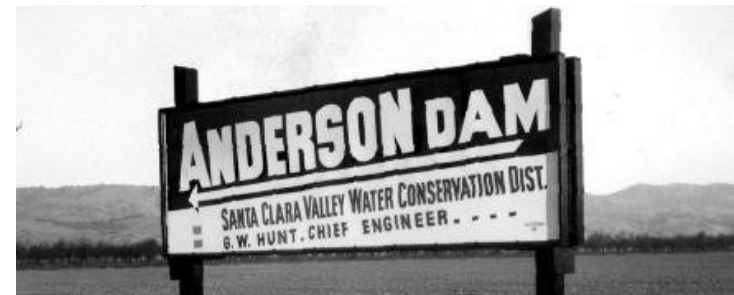


Achieving Board Goals

Integrated Water Resources Management Goal

Water Supply Goal

Ensure current and future water supply for municipalities, industries, agriculture and the environment is reliable.



GOAL

Integrated Water Resources Management

Strategy:

Protect and maintain existing assets and infrastructure and advance new infrastructure projects.

Key FY21-22 Deliverables:

- Advance infrastructure projects identified in the renewed Safe, Clean Water Program; Asset Management Plan; and Operations & Maintenance Plans
- Implement new Safe, Clean Water Project F8: Sustainable Creek Infrastructure
- Plan for infrastructure maintenance and replacement to reduce risk of failure



GOAL

Integrated Water Resources Management

Strategy:

Pursue opportunities to improve internal capacity to acquire regulatory permits.

60

Key FY21-22 Deliverables:

- Continue agency wide regulatory planning and permitting efforts
- Pursue efforts at the state and federal level to expedite permit review
- Foster relationships and open dialogue with regulatory agencies and other stakeholders
- Implement memorandum of understanding (MOU) with Regional Water Quality Control Board



GOAL

Integrated Water Resources Management

Strategy:

Engage and educate the community, elected officials and staff on our management of water resources in Santa Clara County.

Key FY21-22 Deliverables:

- Identify projects and opportunities for outreach, engagement, and education
- Develop and refine metrics to understand and improve the return on investment of outreach strategies
- Improve efforts to educate the public about Valley Water's diverse water supply portfolio and flood protection and environmental stewardship efforts



GOAL

Water Supply

Strategy:

Actively pursue new water supply and storage opportunities.

Key FY21-22 Deliverables— Pacheco Reservoir Expansion Project:

- Complete 30% design and Planning Study Report
- Complete Alternative Assessment and Environmental Investigations
- Prepare Administrative Draft Environmental Documents
- Submit application for WIFIA funding for 49% of the project cost
- Develop outreach and engagement plans to target 35% partnership



GOAL

Water Supply

Strategy:
Advance Anderson
Dam Seismic Retrofit Project.

Key FY21-22 Deliverables:

- Begin construction of Anderson Dam Tunnel Project
- Complete 100% design for Anderson Dam Seismic Retrofit Project (ADSRP)
- Negotiate regulatory permits for ADSRP
- Coordinate with Water Utility on operations to ensure adequate water supply during Anderson outage
- Advance FERC Order Compliance Project elements



Business Units



Office of the
Assistant CEO



Business Support &
Asset Management
Unit



Business Planning &
Analysis Unit



Dam Safety & Capital
Delivery Division

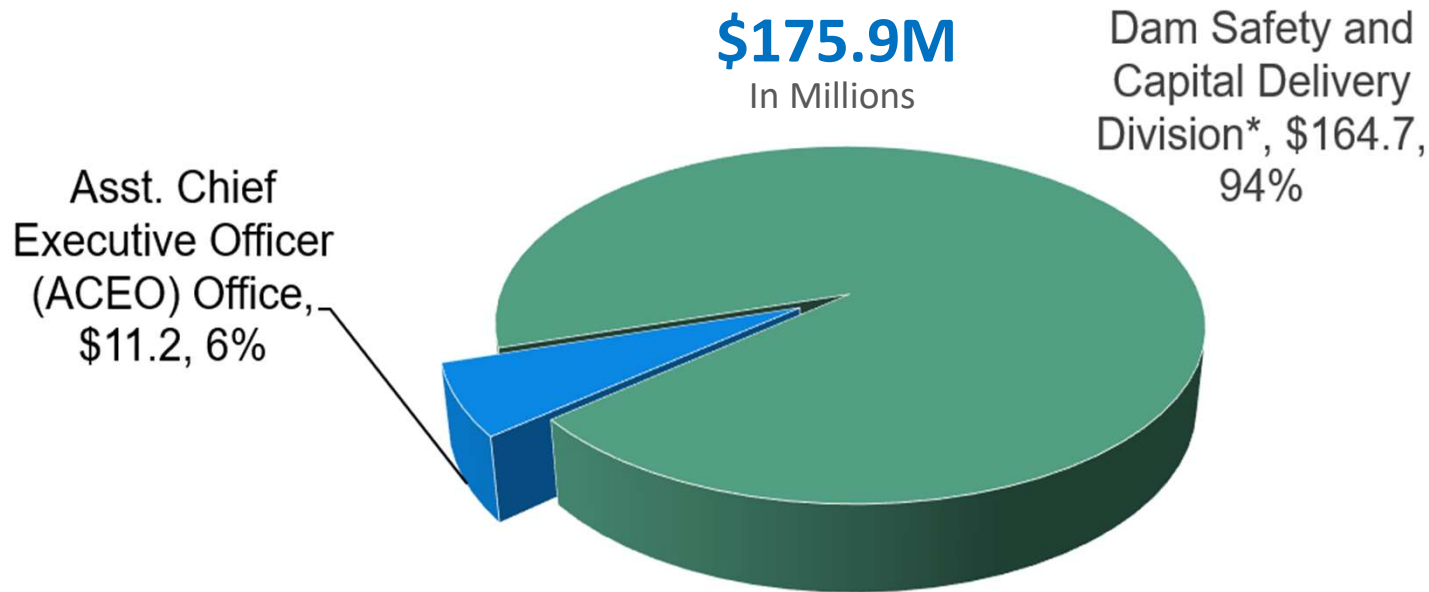
FY21-22 Proposed Budget

OIWM Divisions	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Asst. Chief Executive Officer (ACEO) Office*	\$6.0	\$11.2	\$5.2	87.0%↑
Dam Safety and Capital Delivery Division	\$46.9	\$164.7	\$117.8	251.2%↑
TOTAL	\$52.9	\$175.9	\$123.0	232.5%↑

*\$6.0M in the FY21 Adopted Budget for the ACEO includes budget for four units from WS and WUE (215, 402, 214, and 411) that were re-organized to the new OIWM division in FY21



FY21-22 Proposed Budget



**Dam Safety and Capital Delivery Division moved to OIWM in FY 2021; prior to that, it was part of Watersheds*

Office of the Assistant CEO

Proposed Budget

Office of the ACEO	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Asset Management Program	\$3.6	\$3.2	(\$0.5)	(12.6%)↓
Office of Integrated Water Management	\$0.0	\$2.0	\$2.0	100%↑
Capital Project Mgmt Information System	\$0.0	\$1.9	\$1.9	100%↑
CIP Development & Administration	\$1.3	\$1.4	\$0.2	15.2%↑
Safe Clean Water Implementation	\$0.6	\$0.9	\$0.3	44.3%↑
Lands Management Program	\$0.0	\$0.7	\$0.7	100%↑
F8 SCW Sustainable Creek Infrastructure	\$0.0	\$0.6	\$0.6	100%↑
Fund 12 Unscoped Projects	\$0.1	\$0.2	\$0.1	50.0%↑
Fund 61 Unscoped Projects	\$0.1	\$0.2	\$0.1	50.0%↑
Fund 26 Unscoped Projects	\$0.1	\$0.1	\$0.0	0.0%
Capital Construction Management System*	\$0.2	\$0.0	(\$0.2)	(100.0%)↓
TOTAL	\$6.0	\$11.2	\$5.2	87.0%↑

* The Capital Construction Management System project closed in FY21 and the Capital Project Management Information System is its replacement.



Dam Safety & Capital Delivery Division

Proposed Budget

Dam Safety & Capital Delivery Division	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted
Anderson Dam Seismic Retrofit*	\$10.1	\$126.9	\$116.8
Pacheco Reservoir Expansion Project	\$27.8	\$30.6	\$2.8
Dams / Reservoir Gen Maintenance	\$3.5	\$2.8	(\$0.7)
Dam Safety Program	\$1.7	\$2.0	\$0.3
Calero-Guad Dams Seismic Retrofit	\$1.4	\$2.0	\$0.6
San Luis Low Point Improvement	\$0.3	\$0.3	\$0.0
Dam Safety Seismic Stability	\$0.4	\$0.1	(\$0.4)
Calero Dam Seismic Retrofit Design & Construction	\$0.9	\$0.0	(\$0.9)
Almaden Dam Improvements	\$0.2	\$0.0	(\$0.2)
Guadalupe Dam Seismic Retrofit Design & Construction	\$0.5	\$0.0	(\$0.5)
TOTAL	\$46.9	\$164.7	\$117.8

*includes partial funding for 1.5 positions at the National Marine Fisheries Service (NMFS) to support the Anderson Dam Seismic Retrofit section 7 consultation with FERC and partial funding for 1.0 position at Santa Clara County Parks and Recreation Department for interaction on joint projects and where County land will be used by Valley Water.



FY21-22 Outlook

Major Deliverables:

- Oversee implementation of the renewed Safe, Clean Water Program
- Develop the FY 2023-2027 Five-Year Capital Improvement Program
- Develop the FY 2023-2027 Water Utility and Watershed Operations and Maintenance Plans
- Begin construction of Anderson Dam Tunnel Project and complete 100% design for Anderson Dam Seismic Retrofit Project
- Prepare administrative draft environmental documents for Pacheco Reservoir Expansion Project



FY21-22 Outlook

Challenges:

- Balancing the water supply, environmental, and flood protection missions of Valley Water's projects
- Securing partnership dollars and federal funding
- Long-term planning and replacement of aging essential infrastructure
- Cost increases for FERC Order Compliance Project and Anderson Dam Seismic Retrofit Project due to additional regulatory requirements
- Maximizing partnerships on Pacheco to reduce the impact on water rates



INTEGRATED WATER MANAGEMENT

FY21-22 Outlook

Pursue potential federal stimulus funding for shovel-ready projects:

- 10-Year Pipeline Rehabilitation (Central & East Pipelines)
- Almaden Lake Improvements
- Anderson Dam Seismic Retrofit Project
- Anderson Dam Tunnel Project
- Anderson Reservoir Dewatering (FERC Order Compliance Project)
- Bolsa Fish Passage Improvements
- Calabazas Creek Rehabilitation
- Hale Creek Channel Enhancement
- Lower Calera Creek Flood Protection Project
- Lower Penitencia Creek Flood Protection
- Pacheco Reservoir Expansion Project
- Palo Alto Flood Basin Tide Gate Replacement
- Piedmont Creek Wall Repair and Rehabilitation
- Purified and Recycled Water Program
- Rinconada Water Treatment Plant Reliability Improvement
- Santa Teresa Water Treatment Plant Filter Media Replacement Project
- Silicon Valley Advanced Water Purification Center's Technical Innovation Center
- Small Capital Improvements (San Felipe Reach 1, Penitencia WTP, Santa Teresa WTP)
- South Santa Clara County Recycled Water Project
- Sunnyvale East and West Channel Flood Protection Project
- Upper Guadalupe River Reach 6 Aquatic Habitat Improvement
- Upper Llagas Flood Protection Project (Phases 2A & 2B)

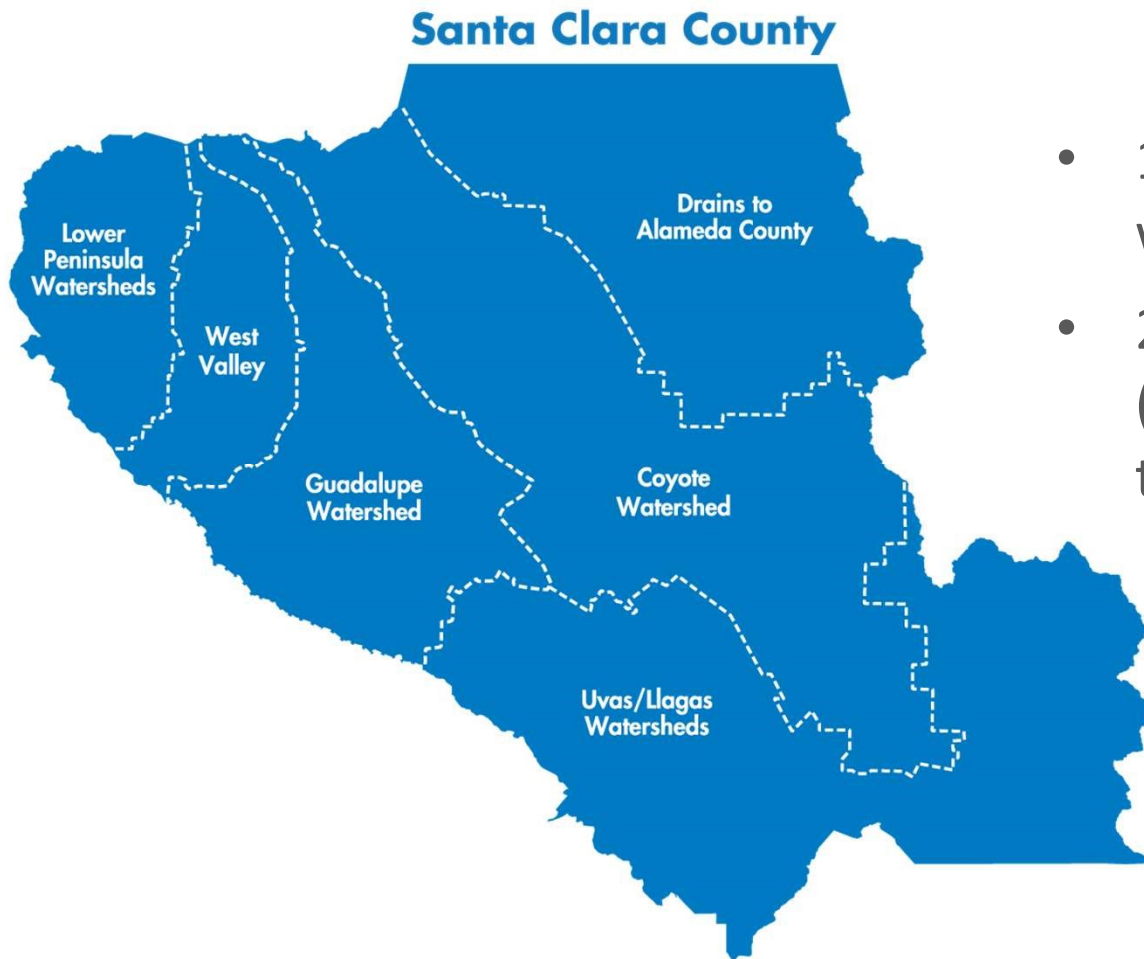
Watersheds



Presented by: **Sue Tippetts**, Interim Chief Operating Officer



Five Major Watersheds



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



Watersheds

Core Functions

Flood Protection

- Protect parcels in the floodplain
- Reduce flood risks
- Preserve creek capacity
- Educate and prepare the community
- Prepare for and respond to flooding

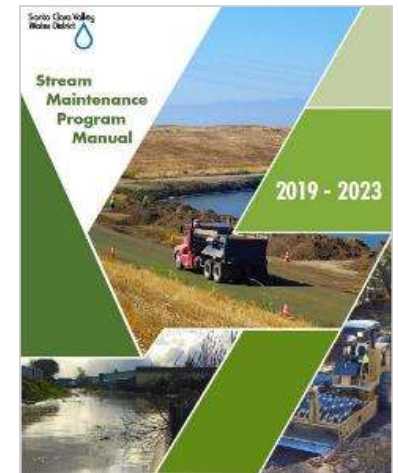
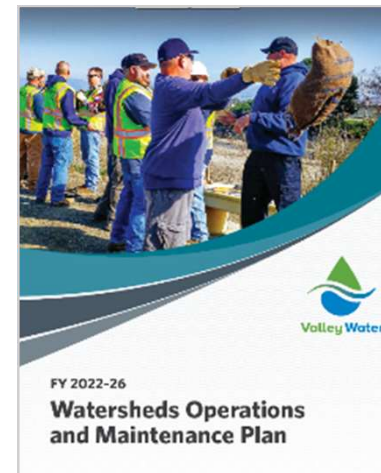
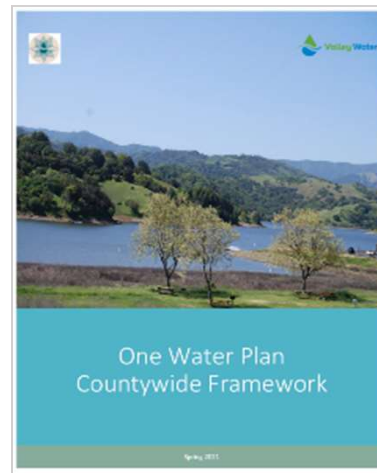
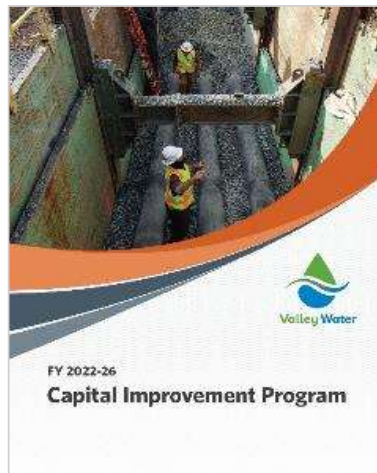


Environmental Stewardship

- Preserve and improve aquatic ecosystems
- Protect and restore habitats
- Protect the environment from pollution and degradation
- Provide access to trails and open space



Key Planning Documents



Achieving Board Goals

Natural Flood Protection Goal:

Provide natural flood protection for residents, businesses and visitors and reduce the potential for flood damages.

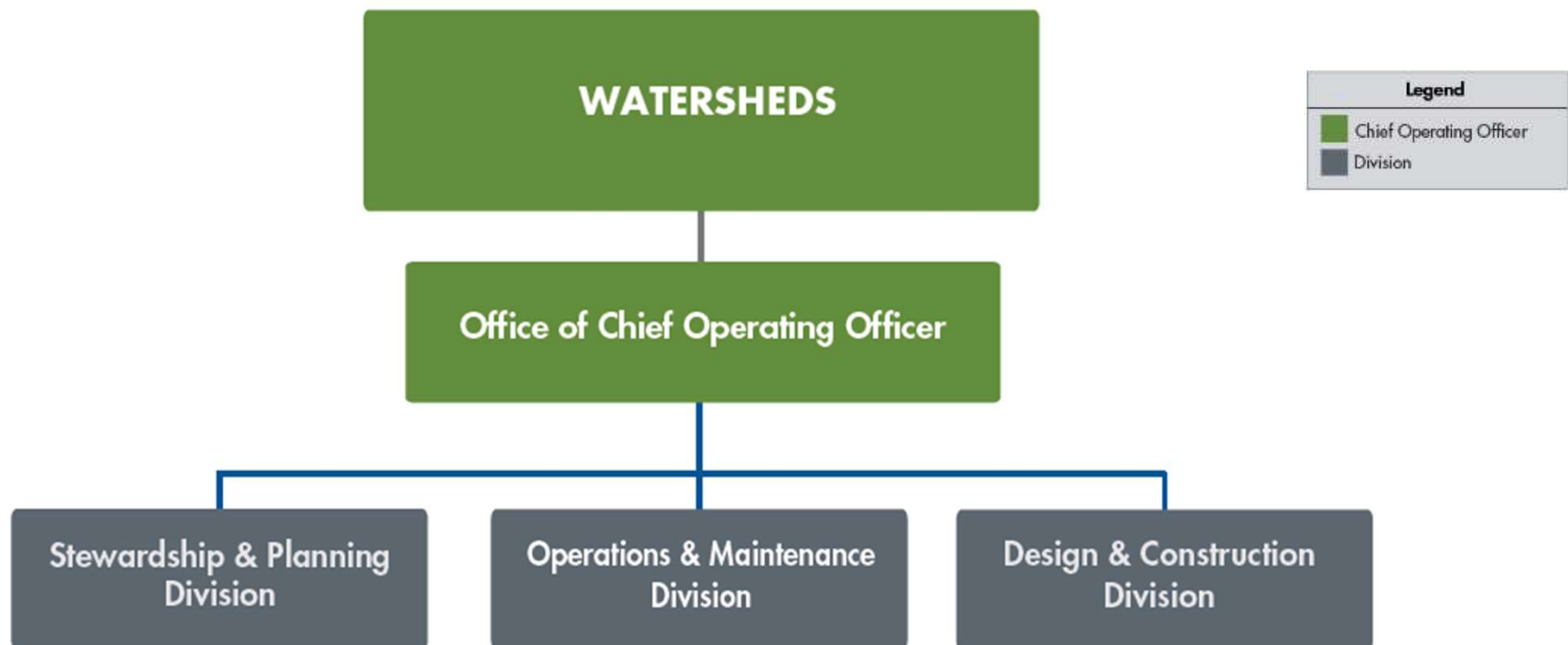
Environmental Stewardship Goal:

Protect and restore creek, bay and other aquatic ecosystems.



Watersheds Organizational Chart

Proposed FY21-22 Total Positions: 264 (+1 Fellow, +1 Limited Term)



GOAL

Natural Flood Protection

Strategy:

Plan, design, and maintain flood protection projects with multiple benefits, including protecting ecosystem functions and enhancing habitat.

Key FY21-22 Deliverables:

- Integrated, long-range planning for flood protection and stewardship to ensure maximum watershed benefit
- Complete planning and feasibility phase for multi-benefit flood protection projects
- Develop a comprehensive approach to maintaining channel capacity for flood protection and routine property maintenance
- Implement the Stream Maintenance Program (SMP) to maintain flow conveyance while improving habitat quality



A background image showing a river flowing through a landscape with trees and a utility tower in the distance. The image is partially covered by text boxes.

GOAL

Natural Flood Protection

Strategy:

Provide flood protection equitably in all regions of the County, prioritizing disadvantaged communities.

Key FY21-22 Deliverables:

- Environmental justice considerations in project prioritization
- Expand outreach to underrepresented communities
- Provide early notification to flood-prone communities in disadvantaged areas
- Implement the South San Francisco Bay Shoreline Project along Santa Clara County shoreline area



GOAL

Environmental Stewardship

Strategy:

Attain net positive impact on the environment when implementing flood protection and water supply projects.

Key FY21-22 Deliverables:

- Ensure stewardship objectives are integrated into the planning process for all capital projects and programs
- Identify opportunities to spend \$8 million for fish passage improvements under new Safe, Clean Water Project D4: Fish Habitat and Passage Improvement—similar to the current partnership with the City of San José to construct a low flow fish passage at Singleton Road Bridge
- Implement habitat improvement projects such as the San Tomas Aquino and Calabazas Creek realignment to enhance habitat and reduce the need for maintenance
- Invest in practical tools to identify ecological restoration opportunities at the watershed scale



GOAL

Environmental Stewardship

Strategy:

Promote the protection of creeks, bay, and other aquatic ecosystems from threats of pollution and degradation.

Key FY21-22 Deliverables:

- Monitor encampment activity and address abatement needs, as allowable under evolving county-wide COVID-19 restrictions
- Engage in negotiations on an encampment abatement MOA with the City of Gilroy
- Maintain the agreement with San José Police Department to increase patrols in local waterways
- Maintain the partnership with City of San José on its program to provide unhoused individuals with trash bags to reduce pollution
- Map and remove trash rafts in collaboration with the City of San José



GOAL

Environmental Stewardship

Strategy:

Continue the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE).

Key FY21-22 Deliverables:

- Study project elements of Coyote FAHCE as part of the Anderson Dam Seismic Retrofit Project
- Finalize Fish Habitat Restoration Plan and associated Environmental Impact Report
- Update and process associated Water Right Change Petitions



WATERSHEDS Divisions



Office of the Chief
Operating Officer



Stewardship &
Planning
Division



Operations &
Maintenance
Division



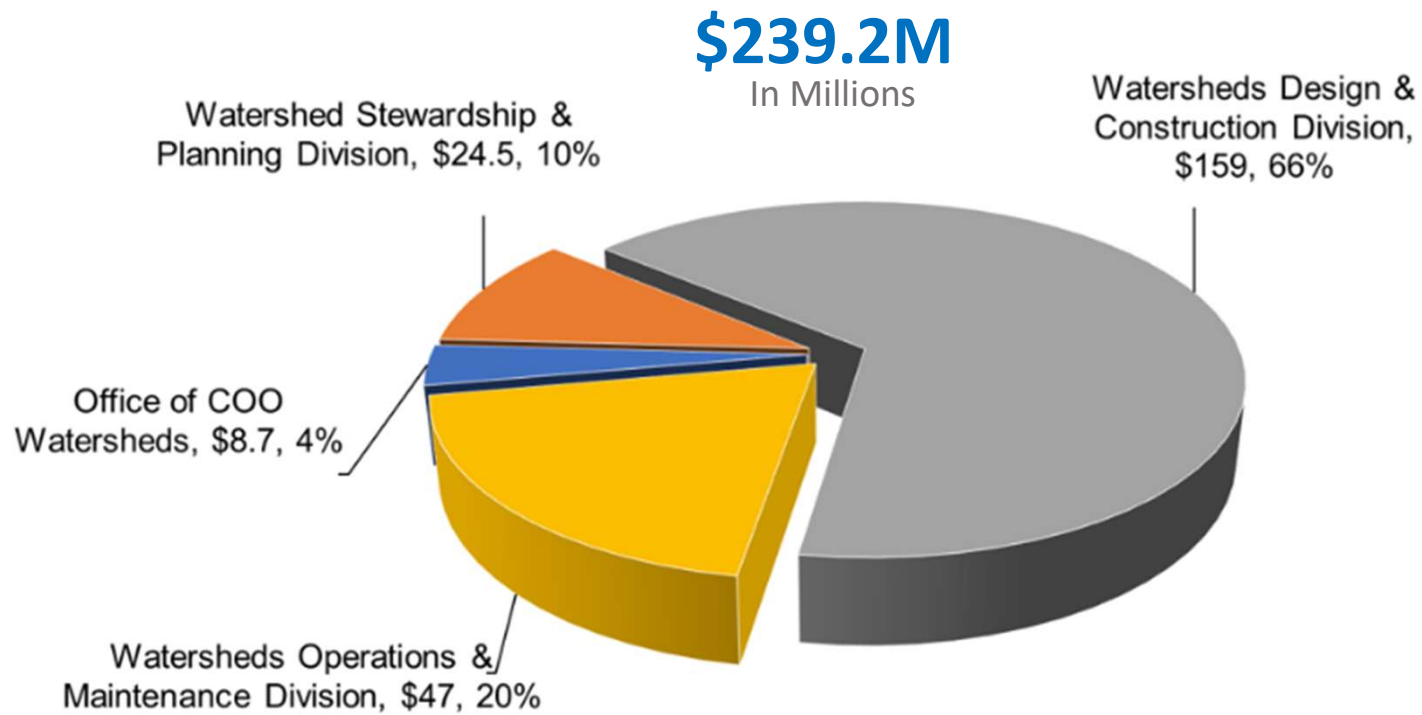
Design &
Construction
Division

FY21-22 Proposed Budget

Watersheds Divisions	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Office of COO Watersheds	\$9.7	\$8.7	(\$1.0)	(10.7%)↓
Watershed Stewardship & Planning Division	\$20.1	\$24.5	\$4.4	22.0%↑
Watersheds Design & Construction Division	\$95.5	\$159.0	\$63.5	66.4%↑
Watersheds Operations & Maintenance Division	\$41.1	\$47.0	\$5.9	14.4%↑
TOTAL	\$166.5	\$239.2	\$72.7	43.7%↑



FY21-22 Proposed Budget



Office of the COO of Watersheds

Proposed Budget

Office of the COO Watersheds	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Watersheds Administration	\$9.7	\$8.7	(\$1.0)	(10.7%)↓
TOTAL	\$9.7	\$8.7	(\$1.0)	(10.7%)↓



Stewardship & Planning Division

Proposed Budget

Watershed Stewardship & Planning Division	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
FAHCE/Three Creeks HCP Project*	\$2.5	\$4.1	\$1.6	66.9%↑
Integrated Water Resource Master Plan (One Water)	\$1.6	\$2.8	\$1.2	74.8%↑
Inter Agency Urban Runoff Program	\$2.6	\$2.5	(\$0.1)	(3.5%)↓
Hydrologic Data Measurement & Management	\$2.0	\$2.2	\$0.1	6.4%↑
Impaired Water Bodies Improvements	\$1.8	\$1.7	(\$0.1)	(5.1%)↓
Flood Risk Reduction Studies	\$1.2	\$1.3	\$0.1	7.6%↑
Ecological Data Collection & Analysis	\$0.8	\$1.2	\$0.4	50.0%↑
Hydrology&Hydraulics Tech Support	\$1.5	\$1.2	(\$0.3)	(20.5%)↓
Ogier Ponds Planning Study**	\$0.0	\$1.1	\$1.1	100%↑
Revitalize Riparian, Upland, & Wetland Habitats	\$1.0	\$1.0	\$0.0	3.1%↑
Other**	\$5.2	\$5.6	\$0.4	7.6%↑
TOTAL	\$20.1	\$24.5	\$4.4	21.9%↑

*Includes partial funding for 1.5 positions at the National Marine Fisheries Service (NMFS) to support the future Fish and Aquatic Habitat Collaboration Effort (FAHCE)

Section 10 Incidental Take Permit

**Includes partial funding for 1.0 position at Santa Clara County Parks and Recreation Department for interaction on joint projects and where County land will be used by Valley Water.



Operations & Maintenance Division

Proposed Budget

Watersheds Operations & Maintenance Division	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Watershed Sediment Removal	\$6.0	\$6.1	\$0.1	2.2%↑
Stream Maintenance Program Management*	\$5.1	\$4.8	(\$0.3)	(6.7%)↓
Vegetation Management for Access	\$3.9	\$4.4	\$0.5	13.6%↑
Stream Capacity Vegetation Conveyance	\$2.5	\$3.4	\$0.9	36.0%↑
Management of Revegetation Projects	\$1.6	\$3.3	\$1.7	108.1%↑
Watershed Erosion Protection	\$2.9	\$2.9	\$0.0	0.7%↑
Watershed General Field Maintenance	\$1.8	\$2.7	\$0.9	51.7%↑
Invasive Plant Management Program	\$2.2	\$2.4	\$0.2	6.8%↑
Watershed Facility Condition Assessment	\$2.2	\$2.3	\$0.1	4.5%↑
Encampment Cleanup Program	\$0.9	\$1.9	\$1.0	113.3%↑
Other	\$12.0	\$12.7	\$0.7	5.8%↑
TOTAL	\$41.1	\$47.0	\$5.9	14.3%↑

*Includes partial funding for 1.5 positions at the National Marine Fisheries Service (NMFS) for implementation of the Stream Maintenance Program Regional General Permit (RGP) issued by the Army Corps of Engineers and the programmatic NMFS Biological Opinion including review of annual Notice of Proposed Work and Annual Summary Reports



WATERSHEDS

Design & Construction Division

Proposed Budget

Watersheds Design & Construction Division	FY 2021 Adopted Budget	FY 2022 Proposed Budget	Over/(Under) FY 2021 Adopted
SCW E6 Upper Llagas Creek (Nonreimbursable)*	\$46.3	\$58.3	\$12.0
San Francisco Bay Shoreline	\$11.1	\$21.6	\$10.5
San Francisquito Early Implementation	\$0.4	\$12.7	\$12.4
Berryessa Creek, Lower Penitencia Phase 2	\$0.04	\$12.3	\$12.3
Watersheds Asset Rehabilitation	\$3.5	\$10.9	\$7.4
Almaden Lake Improvement**	\$1.7	\$9.3	\$7.6
Watershed Asset Protection Support	\$4.6	\$5.1	\$0.5
Watersheds Capital Program Services Administration	\$7.1	\$4.0	(\$3.1)
Hale Creek Enhancement Pilot Study	\$0.2	\$3.8	\$3.7
Palo Alto Flood Basin Tide Gate Replacement	\$0.1	\$3.1	\$3.0
Other	\$20.5	\$17.8	(\$2.7)
TOTAL	\$95.5	\$159.0	\$63.5

*Upper Llagas is a USACE Project, where because of this federal nexus, the Project is eligible for Dept. of Water Resources (DWR) - State Subventions reimbursements. Construction costs are not eligible for DWR reimbursement.

**Includes partial funding for 1.5 positions at the National Marine Fisheries Service (NMFS) for the future Almaden Lake Restoration Section 7 consultation with Army Corps of Engineers

NOTE: FY 2021 Adopted Budget and FY22 Proposed Budget are based on the CIP annual funding schedule



WATERSHEDS

FY21-22 Outlook

Major Design & Construction Deliverables:

- Begin construction:
 - San Francisco Bay Shoreline Phase I to provide flood protection and tidal wetland restoration
 - Lower Penitencia and Lower Calera Creek Flood Protection
 - Piedmont Creek Wall Repair and Rehabilitation
 - Upper Llagas Phase 2A Flood Protection Project
 - Upper Guadalupe River Reach 6 Gravel Augmentation Project
- Complete construction of the Rancho San Antonio Park Flood Detention Facility
- Finalize environmental review and project design for Almaden Lake Improvements by winter; advertise in summer 2022
- Complete design of Coyote Creek Flood Management Measures for the FERC Compliance Project, Sunnyvale East/West Channels Flood Protection Project, and Palo Alto Flood Basin Tide Gate Structure Replacement



WATERSHEDS

FY21-22 Outlook

Major Stewardship & Planning Deliverables:

- Complete Coyote and Guadalupe Watershed Plans to identify and prioritize future flood protection and stewardship actions
- Initiate the Early Detection and Rapid Response (EDRR) Program for invasive plants that threaten watershed health
- Coordinate with regulatory agencies to guide permitting process for Anderson Dam Seismic Retrofit Project and other critical infrastructure projects
- Planning for habitat enhancement at priority locations, in preparation for future partnerships with landowners
- Implement construction of low flow fish passage at Singleton Road Bridge in partnership with the City of San José



WATERSHEDS

FY21-22 Outlook

Stream Maintenance Program (SMP) Deliverables:

- Sediment removal – San Tomas Aquino Creek upstream of Great America Parkway (Santa Clara); Llagas Creek between Leavesley and Buena Vista (Gilroy)
- Bank protection – Ross Creek downstream of Leigh Ave (San Jose); Regnart Creek downstream of Kim Street (Cupertino)
- Environmental assessment for SMP-3—the multi-year process will include preparation of a new EIR and obtaining permits from seven state and federal regulatory agencies



FY21-22 Outlook

Challenges:

- Encampment abatements have been paused during the COVID-19 pandemic; significant trash cleanup around encampments are still being addressed and will continue
- Delay of the Bolsa Fish Passage Improvements and Hale Creek Enhancement Pilot Project
- Remaining on-track to complete environmental permitting process for SMP-3
- Managing ongoing/increasing maintenance and mitigation requirements

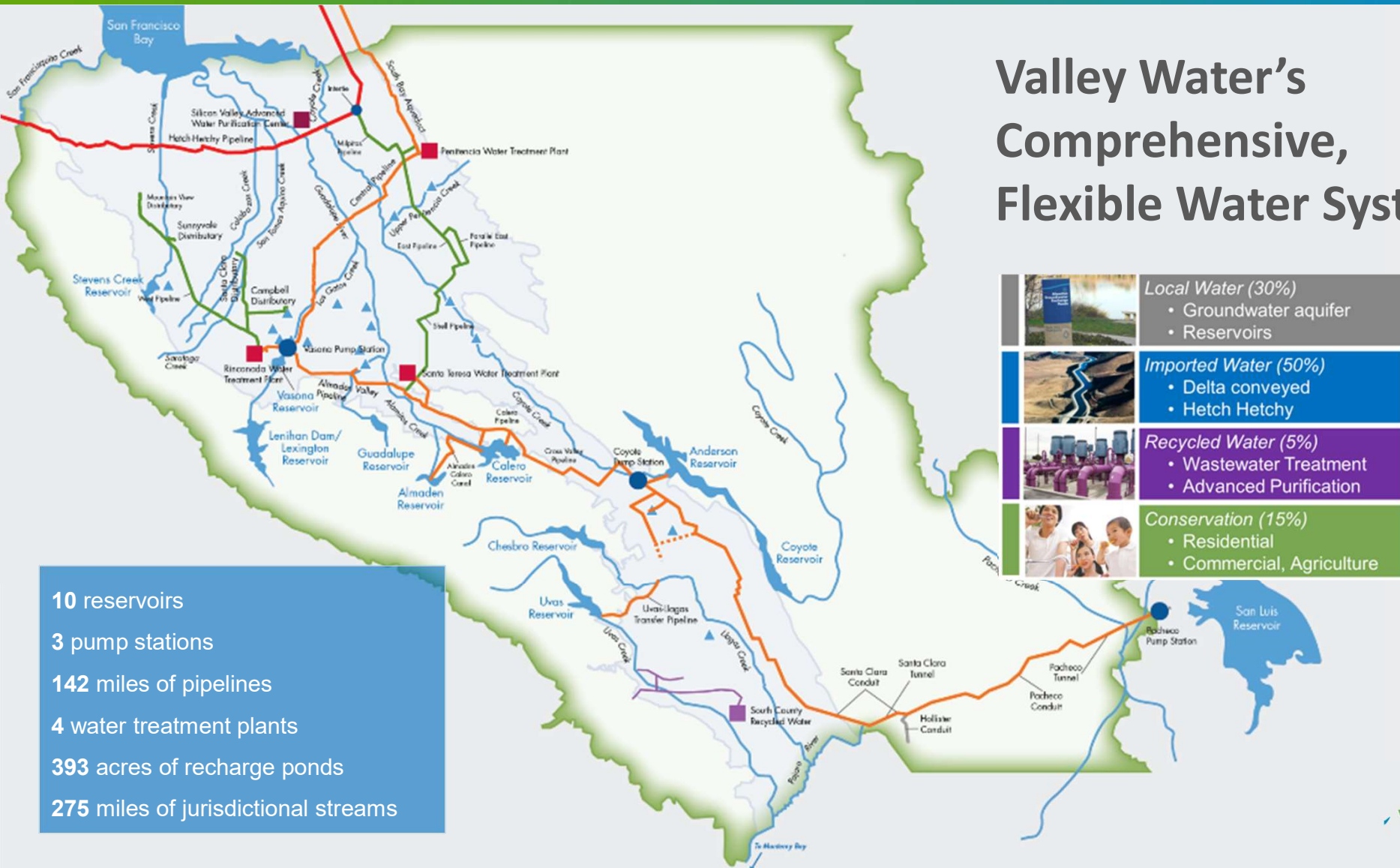


Water Utility Enterprise

Uvas Reservoir Sunrise
Photo Credit: Huggen Angeles

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

Valley Water's Comprehensive, Flexible Water System



10 reservoirs
3 pump stations
142 miles of pipelines
4 water treatment plants
393 acres of recharge ponds
275 miles of jurisdictional streams

Valley Water

Water Utility Enterprise

Core Functions

Water Supply

- Measure Water Production and Protect the Groundwater Basin
- Advance water reuse and conservation
- Provide affordable and reliable imported water
- Plan for and manage water supply

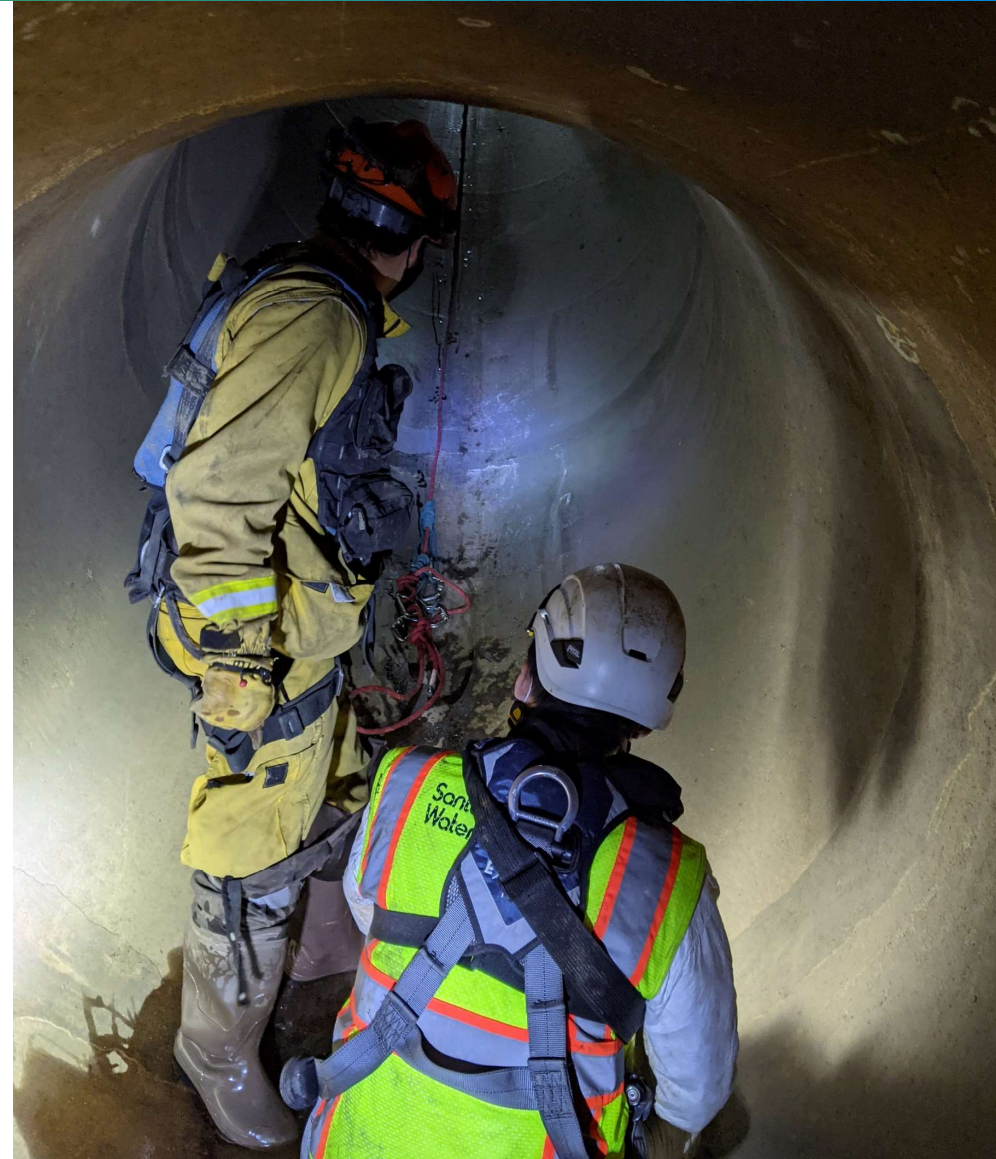


Water Utility Enterprise

Core Functions

Water Utility Capital

- Plan, design, and deliver high quality innovative projects water treatment plants, pump stations and pipelines
- Construction management and inspection for district wide capital projects

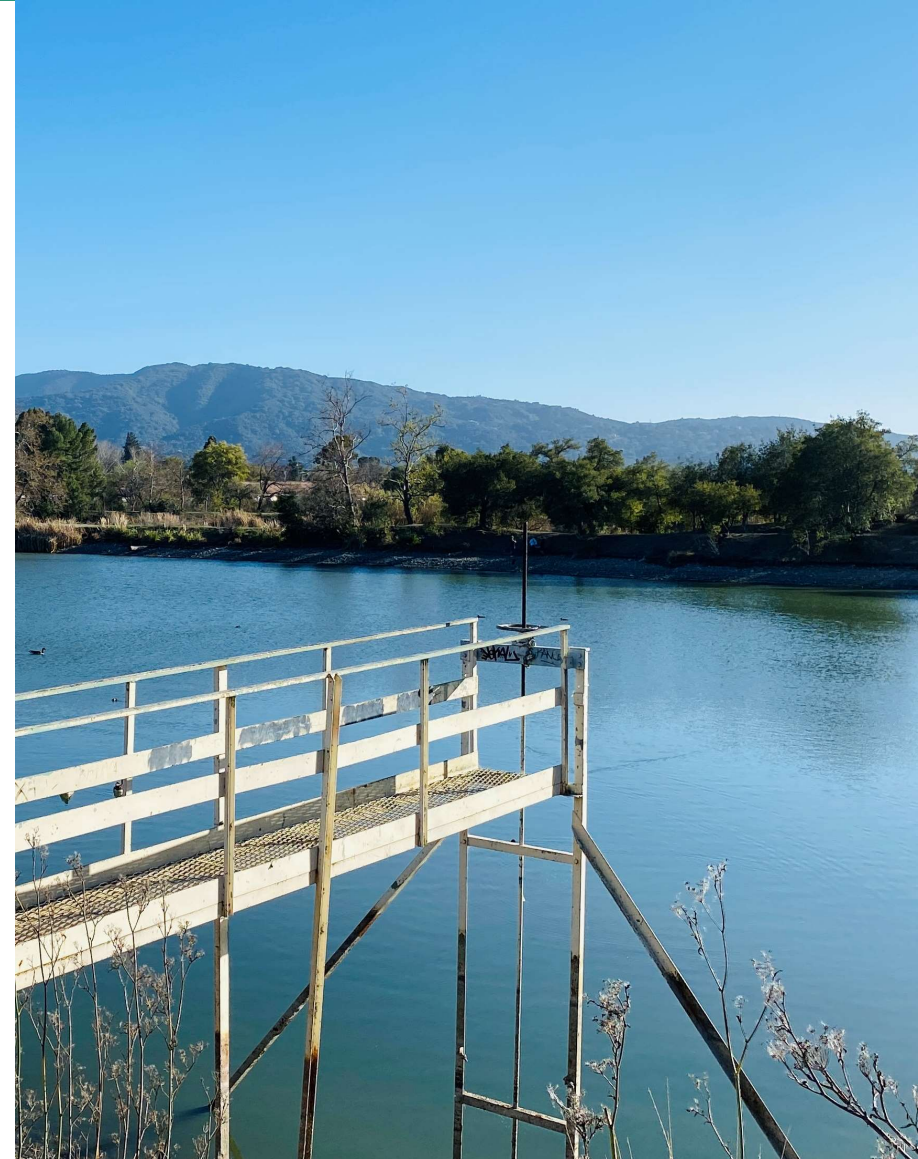


Water Utility Enterprise

Core Functions

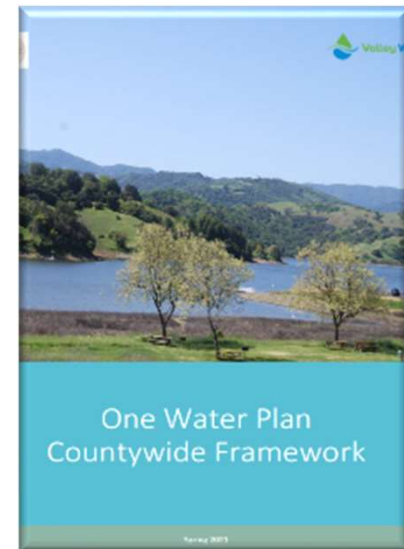
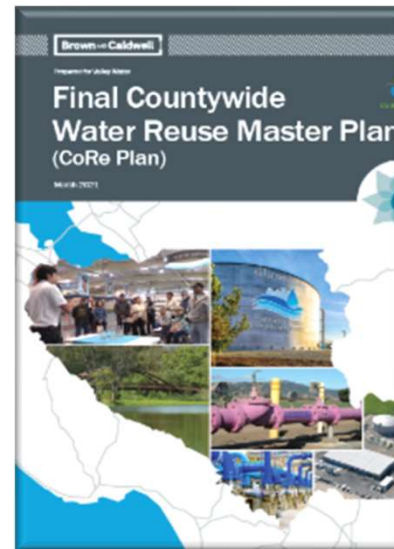
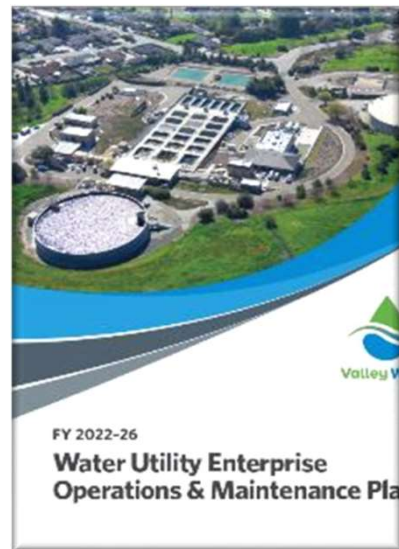
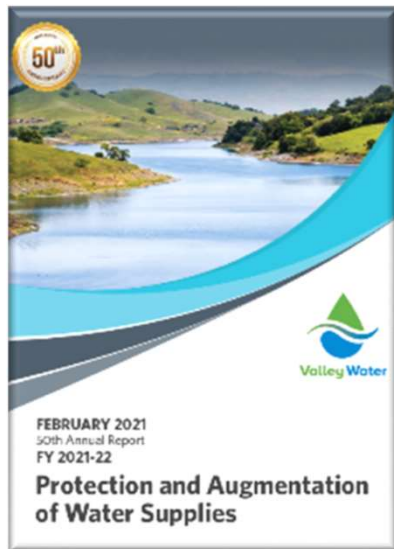
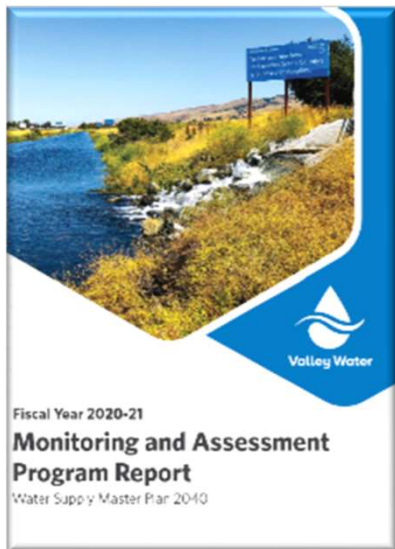
Operations & Maintenance

- Deliver local and imported water to water treatment plants, recharge facilities, and streams
- Treat and deliver water to retail customers
- Maintain essential infrastructure
- Provide civil, mechanical, electrical, and control systems engineering support



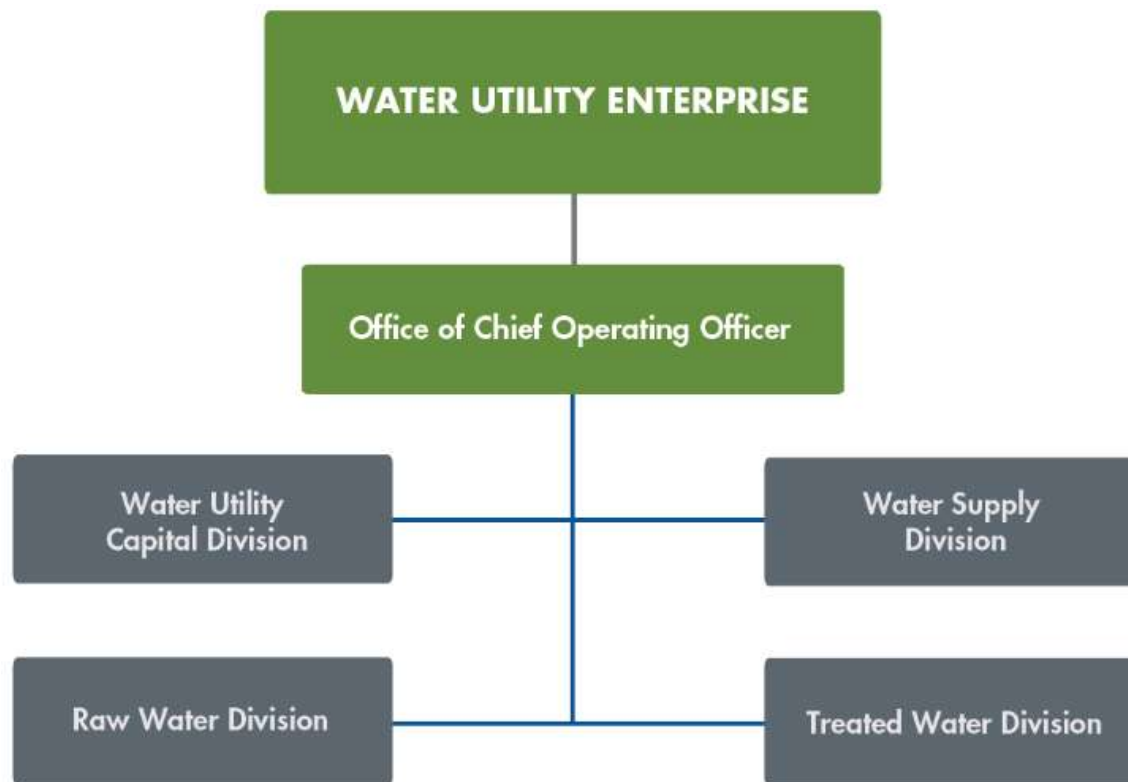
Key Planning Documents

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Water Utility Enterprise Organizational Chart

Proposed FY21-22 Total Positions: 296 (+ 1 Fellow, + 3 Limited Term)



Achieving Board Goals

Water Supply Goal

Ensure current and future water supply for municipalities, industries, agriculture and the environment is reliable.



GOAL

Water Supply

Strategy:

Actively Pursue New Water Supply and Storage Opportunities.

Key FY21-22 Deliverables:

- Explore opportunities to develop new surface and groundwater storage projects
- Participate in regional projects and develop partnerships in accordance with the Water Supply Master Plan and consideration of water affordability
- Engage in Bay-Delta forums to support Valley Water elected officials and interests by participating in the following Delta Conveyance Programs.



GOAL

Water Supply

Strategy:

Actively participate in decisions regarding the California Delta Conveyance.

Key FY21-22 Deliverables:

- Engage in Bay-Delta forums to support Valley Water elected officials and interests and participate in Delta Conveyance Programs.



GOAL

Water Supply

Strategy:

Lead Recycled and Purified Water and efforts with committed partners.

Key FY21-22 Deliverables:

- Advance the Expedited Purified Water Program
- Implement the Countywide Water Reuse Master Plan
- Support drinking water reuse regulations and guidance
- Partner with local agencies to maximize recycled and purified water use





GOAL

Water Supply

Strategy:

Promote Making Water Conservation a California Way of Life in Santa Clara County.

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Key FY21-22 Deliverables:

- Promote water conservation programs to customers and retailers
- Implement new water conservation programs and engagement strategies



WATER UTILITY ENTERPRISE Divisions

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Office of the Chief
Operating Officer



Water Supply



Raw Water



Treated Water



Water Utility
Capital

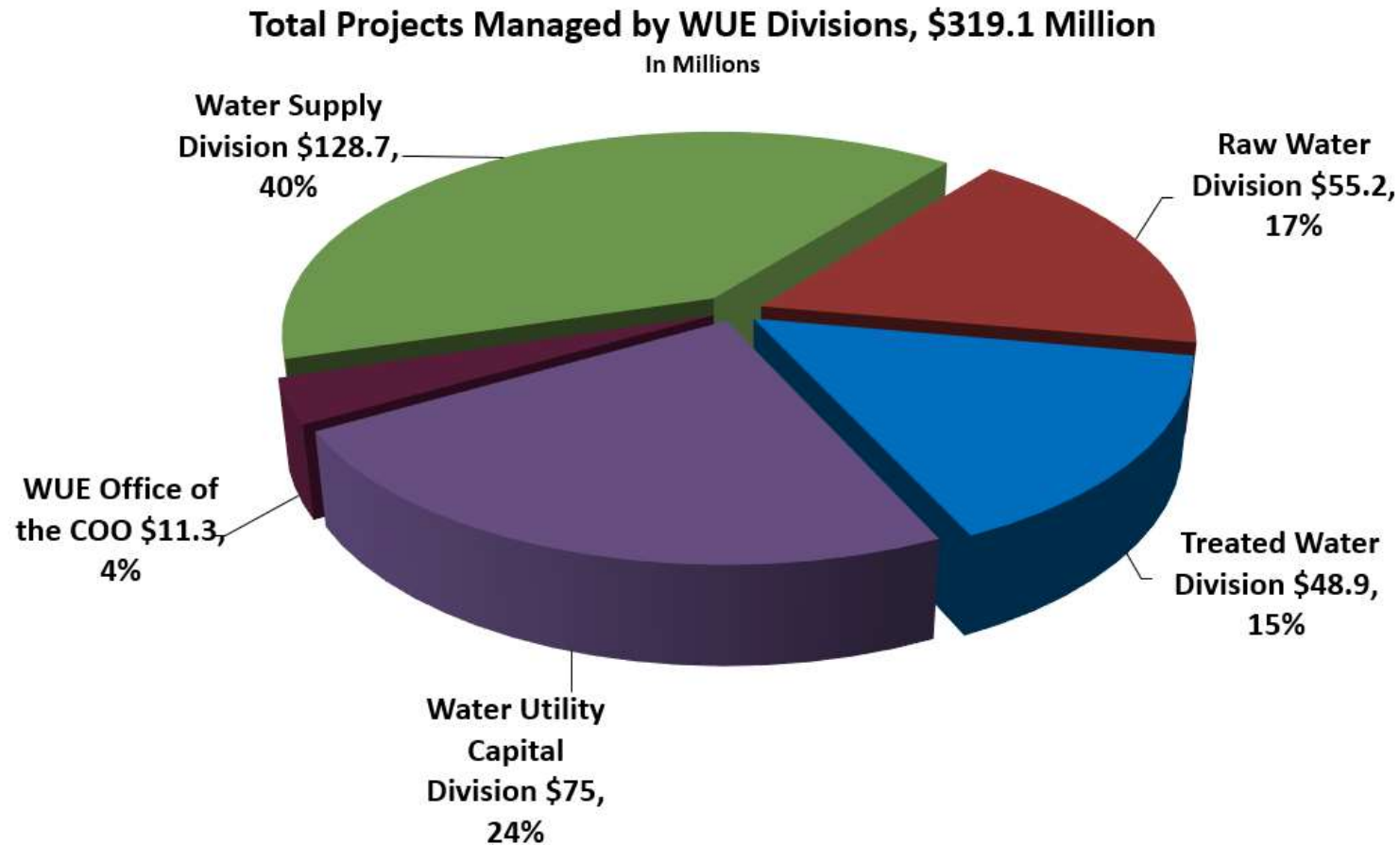


FY21-22 Proposed Budget

Total Projects Managed by the Water Utility	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
WUE Office of the COO	\$ 8.4	\$ 11.3	\$ 2.9	35%↑
Water Supply Division	\$ 102.7	\$ 128.7	\$ 26.0	25%↑
Raw Water Division	\$ 43.4	\$ 55.2	\$ 11.8	27%↑
Treated Water Division	\$ 46.5	\$ 48.9	\$ 2.4	5%↑
Water Utility Capital Division	\$ 92.2	\$ 75.0	\$ (17.2)	(19%)↓
TOTAL	\$ 293.2	\$ 319.1	\$ 25.9	9%↑



FY21-22 Proposed Budget



Office of the COO

Proposed Budget

WUE Office of the COO	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
WUE Administration	\$ 8.4	\$ 11.3	\$ 2.9	35%↑
TOTAL	\$ 8.4	\$ 11.3	\$ 2.9	35%↑



Water Supply Division

Proposed Budget

Water Supply Division	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Imported Water State Water Project Costs	\$ 29.6	\$ 27.6	\$ (2.0)	(7%)↓
Imported Water San Felipe Division Deliveries	\$ 17.8	\$ 27.4	\$ 9.6	54%↑
Imported Water South Bay Aqueduct Deliveries	\$ 0.8	\$ 15.0	\$ 14.2	1775%↑
Imported Water SFD Capital Repayment	\$ 10.8	\$ 11.2	\$ 0.4	4%↑
Water Conservation Program	\$ 6.2	\$ 7.2	\$ 1.0	16%↑
Water Banking Operations	\$ 3.8	\$ 7.1	\$ 3.3	87%↑
Recycled & Purified Water Program	\$ 5.9	\$ 5.4	\$ (0.5)	(8%)↓
Imported Water Program	\$ 5.5	\$ 5.2	\$ (0.3)	(5%)↓
Delta Conveyance Project	\$ 11.6	\$ 3.2	\$ (8.4)	(72%)↓
Palo Alto Water Reuse Agreement	\$ -	\$ 3.1	\$ 3.1	100%↑
Other	\$ 10.7	\$ 16.3	\$ 5.6	52%↑
TOTAL	\$ 102.7	\$ 128.7	\$ 26.0	25%↑



Raw Water Division

Proposed Budget

Raw Water Division	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Small Caps, Water Treatment Facilities	\$ 3.0	\$ 10.1	\$ 7.1	237%↑
Groundwater Management Program	\$ 4.9	\$ 5.8	\$ 0.9	18%↑
Rinconada WTP General Maintenance	\$ 3.6	\$ 3.3	\$ (0.3)	(8%)↓
Santa Teresa WTP General Maintenance	\$ 3.5	\$ 3.2	\$ (0.3)	(9%)↓
Recharge/Raw Water Field Operations	\$ 3.3	\$ 3.2	\$ (0.1)	(3%)↓
Penitencia WTP General Maintenance	\$ 3.1	\$ 2.8	\$ (0.3)	(10%)↓
Small Caps, Raw Water Transmission & Distribution	\$ 0.1	\$ 2.6	\$ 2.5	2500%↑
Local Reservoir/Diversion Planning & Analysis	\$ 1.7	\$ 2.4	\$ 0.7	41%↑
Raw Water Transmission/Distribution Maintenance	\$ 2.3	\$ 2.4	\$ 0.1	4%↑
Small Caps, San Felipe Division Reach 1	\$ 2.1	\$ 2.3	\$ 0.2	10%↑
Other	\$ 15.8	\$ 17.1	\$ 1.3	8%↑
TOTAL	\$ 43.4	\$ 55.2	\$ 11.8	27%↑



Treated Water Division

Proposed Budget

Treated Water Division	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted	% Change
Rinconada WTP General Operations	\$ 9.1	\$ 9.5	\$ 0.4	4%↑
Santa Teresa WTP - General Operations	\$ 6.5	\$ 6.8	\$ 0.3	5%↑
Penitencia WTP General Operations	\$ 5.9	\$ 6.2	\$ 0.3	5%↑
Water Quality Laboratory	\$ 5.5	\$ 6.0	\$ 0.5	9%↑
WTP Implementation Capital Project	\$ 1.0	\$ 3.3	\$ 2.3	230%↑
SV Advanced Water Purification Ctr Operations	\$ 2.5	\$ 2.7	\$ 0.2	8%↑
Treated Water Control & Electrical Engineering	\$ 2.1	\$ 2.5	\$ 0.4	19%↑
Water Treatment General Water Quality	\$ 2.4	\$ 2.5	\$ 0.1	4%↑
SCADA Implementation Capital Project	\$ 1.4	\$ 2.4	\$ 1.0	71%↑
SV Advanced Water Purification Ctr Maintenance	\$ 2.4	\$ 2.3	\$ (0.1)	(4%)↓
Other	\$ 7.7	\$ 4.7	\$ (3.0)	(39%)↓
TOTAL	\$ 46.5	\$ 48.9	\$ 2.4	5%↑



WATER UTILITY ENTERPRISE

Water Utility Capital Division

Proposed Budget

Water Utility Capital Division	FY2021 Adopted Budget	FY2022 Proposed Budget	Over/(Under) FY 2021 Adopted
Rinconada WTP Reliability Improvement	\$ 30.8	\$ 20.6	\$ (10.2)
10 Year Pipeline Inspection and Rehab	\$ 17.2	\$ 16.2	\$ (1.0)
So. County Recycled Water Pipeline Short-Trm 1B	\$ 0.2	\$ 15.3	\$ 15.1
Rinconada WTP Residuals Remediation	\$ 10.3	\$ 5.4	\$ (4.9)
Water Utility Capital Program Admin Support	\$ -	\$ 5.2	\$ 5.2
Santa Teresa WTP Filter Media Replacement	\$ 0.4	\$ 2.8	\$ 2.4
Headquarters Operations Building	\$ -	\$ 2.0	\$ 2.0
Pacheco/Santa Clara Conduit ROW ACQ	\$ 0.5	\$ 1.7	\$ 1.2
Penitencia WTP Residuals Management	\$ 0.7	\$ 1.6	\$ 0.9
Capital Warranty Services	\$ 26.3	\$ 1.0	\$ (25.3)
Other	\$ 5.8	\$ 3.2	\$ (2.6)
TOTAL	\$ 92.2	\$ 75.0	\$ (17.2)

NOTE: FY 2021 Adopted Budget and FY22 Proposed Budget are based on the CIP annual funding schedule



WATER UTILITY ENTERPRISE

FY21-22 Outlook

Water Supply

- Ensure public safety and increase in-county storage and reliability through seismic retrofit of Anderson Dam
- Pursue increased water supply reliability through participation in regional projects such as Los Vaqueros and Delta Conveyance
- Secure essential supplemental water supply due to drought conditions
- Diversify out-of-county groundwater banking
- Participate in Voluntary Agreement negotiations
- Advance the Expedited Purified Water Program
- Support Board's call for conservation through increased outreach to customers, collaboration with retailers, and engagement with stakeholders



FY21-22 Outlook

Treated and Raw Water Operations

- Advance infrastructure master planning efforts for Treated Water and Raw Water infrastructure
- Operate and maintain water utility critical infrastructure to provide continuous service to Valley Water's customers that meets or exceeds regulatory standards



WATER UTILITY ENTERPRISE

FY21-22 Outlook

Water Utility Capital

- Deliver capital projects in an efficient and cost-effective manner
 - Inspect and rehabilitate Santa Clara Conduit
 - Planning for Almaden Valley Pipeline replacement
 - Design of Vasona and Coyote Pumping Plant upgrades
 - Complete bid documents for Phases 3-6 of the Rinconada Reliability Improvement Project



FY21-22 Outlook

Challenges:

- Respond to drought and associated water quality issues
- Operate Anderson Reservoir and manage flows in Coyote Creek during the Anderson Dam Retrofit Project
- Ensure reliable service and safety for employees and the public during the COVID-19 pandemic



Presentation Summary

1 Budget Overview

Budget Development &
Review Process

FY2021-22

Proposed Budget Review

Fund Reserves

Fund Financial Sustainability
– Watersheds, Safe, Clean
Water, Water Utility

Proposed Budget Allocations
by Fund and Organization

2 Proposed Budget By Organization

Administration

Integrated Water
Management

Watersheds

Water Utility

3 Next Steps

Board considerations for
May 11, 2021

Summary of Staff Recommendations

- Review and discuss the Proposed FY22 Budget
- Receive comments from the public
- Direct staff to make any changes the Board deem necessary

Next Steps

- Final FY22 Budget scheduled for Board approval on May 11, 2021



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