



FY 2026-27 & FY 2027-28

Operating and Capital Rolling Biennial Budget

Santa Clara Valley Water District

Adopted FY 2026-27 & FY 2027-28 Operating and Capital Rolling Biennial Budget

BOARD OF DIRECTORS

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Vice Chair, District 3

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District 7

Submitted by

Melanie Richardson
Interim Chief Executive Officer



Santa Clara Valley Water District

Adopted FY 2026-27 & FY 2027-28 Operating and Capital Rolling Biennial Budget

Prepared by

Darin Taylor
Chief Financial Officer

Enrique De Anda
Budget Manager

Jennifer Abadilla
Senior Management Analyst

Timothy Chan
Senior Management Analyst

Adrian Liu
Senior Management Analyst

Kristie Resendez
Senior Management Analyst

Han Van
Senior Management Analyst

Executive Review Committee

**Melanie Richardson, Rita Chan, Chris Hakes,
Aaron Baker, Rachael Gibson, Tina Yoke**

Santa Clara Valley Water District

Adopted FY 2026-27 & FY 2027-28 Operating and Capital Rolling Biennial Budget

Recognitions

Gina Adriano

Sandra Benavidez

Todd Bridgen

Hortencia Gonzalez

Emily Gross

Alina Hares

Robert Harvie

Peggy Lam

Sadie Lum

Becky Manchester

Jennifer Martin

Carmen Narayanan

My Nguyen

Samantha Pe-Wong

Steve Peters

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**The Government Finance Officers Association
of the United States and Canada**

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance Department
Santa Clara Valley Water District, California

The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.



Executive Director

Christopher P. Morill

Date: **4/15/2026**

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BUDGET TRANSMITTAL LETTER FOR FISCAL YEAR 2026-27 & 2027-28 ROLLING BIENNIAL BUDGET

May 12, 2026

Honorable Members of the Board of Directors of the Santa Clara Valley Water District:

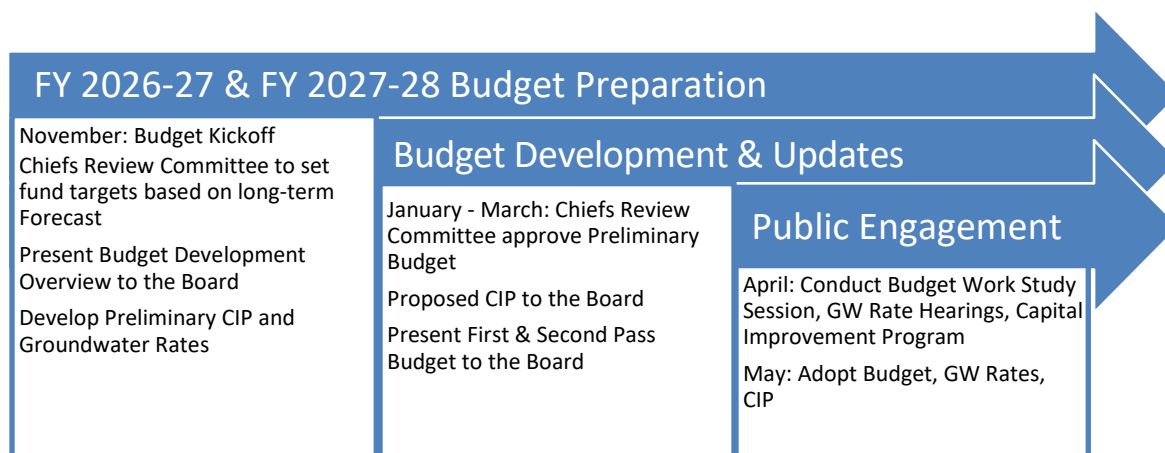
In accordance with Valley Water Policy, I am submitting the Fiscal Years 2026-27 (FY27) & 2027-28 (FY28) Proposed Operating and Capital Rolling Biennial Budget for the Santa Clara Valley Water District (Valley Water). This Budget represents Valley Water's rolling biennial budget, in which the Board adopts a one-year budget and approves a second year Plan, with the FY28 Plan serving as a starting point for the next biennial budget cycle. The rolling biennial budget is updated annually, which is aligned with the guiding State, District Act and Valley Water Policies, and is conducive to long-term planning while remaining responsive to the dynamic and ever-changing needs of the organization. Additionally, it represents Valley Water's mission of providing Santa Clara County safe, clean water for a healthy community, environment, and economy. This Budget provides a comprehensive financial plan that includes a forecast of operating and non-operating revenues and expenditures; financing of long-term capital improvement plans to support infrastructure needs; and funding for the repayment of long-term debt.

In FY27 & FY28, Valley Water will respond to economic uncertainty while continuing to focus on its core mission to provide safe, clean water, flood protection, and environmental stewardship to the community. Valley Water will maintain a disciplined financial approach to ensure long-term financial sustainability and affordability. Furthermore, Valley Water will continue to provide stability in workforce costs with its new labor agreement while continuing to provide efficient and effective services and deliver on its commitments with a fiscally responsible budget.

FINANCIAL OVERVIEW

The accounts of Valley Water 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 their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions.

The budget development process begins in November of each year and concludes on June 30, with the posting of the adopted budget. The budget development process for the FY27 and FY28 Biennial Budget includes numerous public hearings, as well as input from the Board on urgent priorities for the upcoming fiscal year.



VALLEY WATER PRIORITIES

This budget demonstrates a fiscally responsible, balanced budget to meet the community's expectations of Valley Water. The Budget was developed based on the Board's current strategies; the FY 2026-27 Board Work Plan will be approved in the near future. The organization will incorporate specific activities that address the Board's urgent priorities into its workplan and periodically update the Board Policy and Planning Committee and the full Board throughout the fiscal year and bring adjustments back to the Board, if needed.

Given the challenges posed by ongoing economic uncertainty and increasing financial pressure, it is essential for Valley Water to remain grounded in its core mission while emphasizing long-term financial sustainability and affordability. This budget addresses these pressures by stabilizing workforce costs, supported by a new labor agreement and no new staff positions while prioritizing investments in critical infrastructure. Through these efforts, Valley Water will continue to provide efficient and effective services and deliver safe, clean water, flood protection, and environmental stewardship to support a healthy community, environment, and economy.

REVENUE

The FY 2026-27 & 2027-28 Proposed Rolling Biennial Budget includes projected revenues of approximately \$811.1 million in FY 2026-27, a net increase of \$65.2 million from the \$745.9 million included in the FY 2025-26 Adopted Budget. This 8.7% increase is primarily derived from the increase in water charges revenue (\$43.2 million), capital reimbursements (\$4.7 million), property taxes (\$10.0 million), interest and other operating and non-operating revenues (\$6.1 million), and special parcel taxes (\$1.5 million), partially offset by decreases in intergovernmental services (-\$0.2 million). In FY 2027-28, revenues are estimated to be \$821.3 million, a net increase of \$10.1 million from the FY 2026-27 budget. The 1.2% growth is primarily attributed to an increase in water charges revenue (\$49.3 million), property taxes (\$3.5 million), other operating and non-operating revenues (\$0.1 million), intergovernmental service (\$0.1 million), special parcel tax (\$1.2 million), offset by a reduction in capital reimbursements (-\$44.1 million).

APPROPRIATIONS/OUTLAYS

Net total operating and capital outlays for the FY 2026-27 Proposed Budget is \$1.284 billion, which includes \$128.8 million in debt service outlays. For the FY 2027-28 Plan, net total operating and capital outlays is \$1.264 billion, which includes \$161.2 million in debt service outlays. 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.

NET OPERATING OUTLAYS

Net operating outlays for the FY 2026-27 Proposed Budget total \$457.6 million, an increase of \$21.4 million from the FY 2025-26 Adopted Budget. The increase in net outlays is primarily due to the State Water Project, Clerk of the Board Services, Delta Conveyance, San Francisquito Creek, San Francisco Bay to Searsville Dam, Watershed Asset Management, and Tree Maintenance Program projects. Net operating outlays for the FY 2027-28 Plan total \$470.0 million, an increase of \$12.3 million from the FY 2026-27 Budget.

NET CAPITAL OUTLAYS

Net capital project appropriations total \$697.3 million in the FY 2026-27 Proposed Budget, an increase of \$302.3 million from the 2025-26 Adopted Budget. It is anticipated that \$63.1 million of the FY 2025-26 Adjusted Budget for capital projects also will carry forward into FY 2026-27 at the close of the current fiscal year as most capital improvement projects will require multiple years to complete. For the FY 2027-28 Plan, net capital project appropriations total \$633.3 million, a decrease of \$64.0 million from the FY 2026-27 Budget; \$8.6 million of the FY 2026-27 Budget for capital projects is estimated to be carried forward into the FY 2027-28 Budget. The capital budget represents those projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP).

INTRA-DISTRICT REIMBURSEMENTS

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements, totaling \$130.9 million in FY 2026-27 and \$147.4 million in FY 2027-28. 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.

OTHER FINANCING SOURCES/USES

Other financing sources include debt financing proceeds to fund capital projects. For FY 2026-27, Valley Water anticipates issuing approximately \$526.3 million in debt proceeds, of which \$407.0 million is to finance the Water Utility system infrastructure improvements and \$119.3 million is for Safe, Clean Water (SCW) capital projects.

RESERVES

Valley Water 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; further detail is found in the FY 2026-27 & FY 2027-28 Rolling Biennial Operating and Capital Budget document beginning on page 3–51. Overall, budgeted reserves for Fiscal Year 2026-27 are expected to total \$518.3 million and \$525.7 million in Fiscal Year 2027-28. Budget reserve balances are affected by the true up of actual revenues, unspent operating and capital project funds, carryforward amounts and budget adjustments throughout the fiscal year.

Budget Transmittal Letter for Fiscal Year 2026-27 & 2027-28 Rolling Biennial Budget

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May 12, 2026

(\$ in Thousands)	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Planned Budget 2026-27	Proposed Budget 2026-27	Change from 2025-26		Planned Budget	Change from 2026-27	
						\$ Diff	% Diff	2027-28	\$ Diff	% Diff
Restricted Reserves										
Safe, Clean Water & Natural Flood Protection Fund	187,903	177,840	107,141	151,024	97,716	(80,124)	(45%)↓	95,815	(1,901)	(2%)↓
Water Enterprise Funds	58,264	65,525	75,519	71,029	77,906	12,381	19%↑	81,308	3,402	4%↑
Subtotal	246,167	243,365	182,660	222,053	175,622	(67,743)	(28%)↓	177,123	1,501	1%↑

Committed Reserves										
General Fund	33,451	19,689	27,124	19,163	12,142	(7,547)	(38%)↓	10,738	(1,404)	(12%)↓
Watershed Stream Stewardship Fund	195,150	161,123	204,936	171,803	211,229	50,106	31%↑	189,437	(21,792)	(10%)↓
Water Enterprise Funds	188,019	92,849	83,281	109,202	89,405	(3,444)	(4%)↓	121,213	31,808	36%↑
Internal Service Funds	31,205	23,440	29,627	17,111	29,919	6,479	28%↑	27,229	(2,690)	(9%)↓
Subtotal	447,825	297,101	344,968	317,279	342,695	45,594	15%↑	348,617	5,922	2%↑
Grand Total	693,992	540,466	527,628	539,332	518,317	(22,149)	(4%)↓	525,740	7,423	1%↑

DEBT OVERVIEW

The FY 2026-27 debt portfolio total outstanding principal of \$1.666 billion includes \$259.6 million for Watersheds and \$1.406 billion for the Water Utility Enterprise. The annual debt service budget of \$128.8 million includes repayment of principal, interest and various banking and legal fees for the debt portfolio.

The long-term strategy is to issue short-term debt to provide just-in-time funding for eligible capital projects as actual expenditures are incurred. As the outstanding short-term debt obligations reach the program capacity, the outstanding short-term debt will be refunded with long-term debt to be repaid over 30 years. For the Water Utility Program, the issuance of long-term debt helps keep water charges stable over the long-term while ensuring inter-generational equity by matching the timing of the debt service repayment to the useful life of the asset and allowing for the completion of capital projects in a timely manner. The FY 2026-27 Protection and Augmentation of Water Supplies (PAWS) report demonstrates that Water Utility finances will be sustainable, including the issuance of debt, assuming the forecasted water charge increases are adopted.

For the Safe, Clean Water Program, issuing debt allows the projects to be completed earlier as it bridges the timing difference between when the voter approved special parcel tax revenues are collected versus the desired project delivery schedule based on the Board approved CIP.

The Safe, Clean Water special parcel tax, approved by voters on November 3, 2020, authorized Valley Water to levy the special parcel tax with periodic Board review of the amount necessary to fund ongoing operations, maintenance and capital project costs planned under the SCW program.

The Santa Clara Valley Water District proactively manages its debt portfolio to ensure access to the public finance credit markets at the lowest available borrowing cost, preserve strong credit ratings, fulfill its fiduciary responsibility to its customers, and provide high quality water service, stream stewardship and flood protection at the lowest possible cost.

BOND RATINGS

The bond ratings for Valley Water's outstanding debt reflect high grade investment quality debt. They are based on Valley Water'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.

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Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments.

Please see table below for ratings going into FY 2026-27.

	Water Utility Parity Debt	Watershed Debt	Safe Clean Water Debt	WIFIA Debt
Moody's	Aa1	Aa1	Aa1	N/A
Standard & Poor's	N/A	AAA	N/A	N/A
Fitch	AA+	AA+	AA+	AA+

STAFFING

The FY 2026-27 & FY 2027-28 Proposed Rolling Biennial Budget includes 878 positions composed of 876 regular positions and 2 limited term positions for FY 2026-27 and 884 regular positions and 1 limited term position for FY 2027-28. In FY 2025-26, 45 positions were paused which resulted in a decrease of positions from 921 positions in FY 2024-25 to 876 positions in FY 2025-26. In FY 2027-28, eight previously paused positions are planned to be released. For a comprehensive schedule of district-wide salaries and benefits, please refer to the *Salaries & Benefits* in the "Financial Overview" section.

Regular Position Count by Organization Area

	Adopted Budget 2024-25	Adopted Budget 2025-26 ²	Change from 2025-26	Proposed Budget 2026-27 ^{2,3}	Change from 2026-27	Proposed Plan 2027-28 ⁴
Board Appointed Officers ¹	78	71	30	101	0	101
Office of Integrated Water Management	70	70	-3	67	0	67
External Affairs	46	43	0	43	0	43
Administrative Services	166	160	-31	129	0	129
Water Utility	304	291	0	291	0	291
Watersheds	257	241	4	245	8	253
Districtwide	921	876	0	876	8	884

¹ Board Appointed Officers Include: Office of Chief Executive Office, District Counsel and Clerk of the Board.

² 45 positions are paused for FY 2025-26 & FY 2026-27.

³ Human Resources Division was moved from Administrative Services to Board Appointed Officers in FY 2026-27.

⁴ 37 positions are paused for FY 2027-28.

FUTURE OUTLOOK

Valley Water is responding to economic uncertainty and increased financial pressure while continuing to focus on its core mission to provide safe, clean water, flood protection, and environmental stewardship to the community. This budget addresses these challenges by continuing a 45-position pause, focusing on high-priority capital projects, seeking low-cost federal loans and grants, and making strategic investments to enhance efficiency while advancing key initiatives. Valley Water will plan

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strategically to ensure long-term financial sustainability and affordability, while maintaining appropriate staffing levels and prioritizing staff safety. In addition, Valley Water will strengthen workplace culture and community impact as core values, while maintaining a focus on strategic sustainability to proactively prepare for future challenges.

A handwritten signature in blue ink, appearing to read "Melanie Richardson", with a horizontal line extending to the right.

Melanie Richardson, P.E.
Interim Chief Executive Officer



Budget in Brief

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

Fiscal Year 2026-27

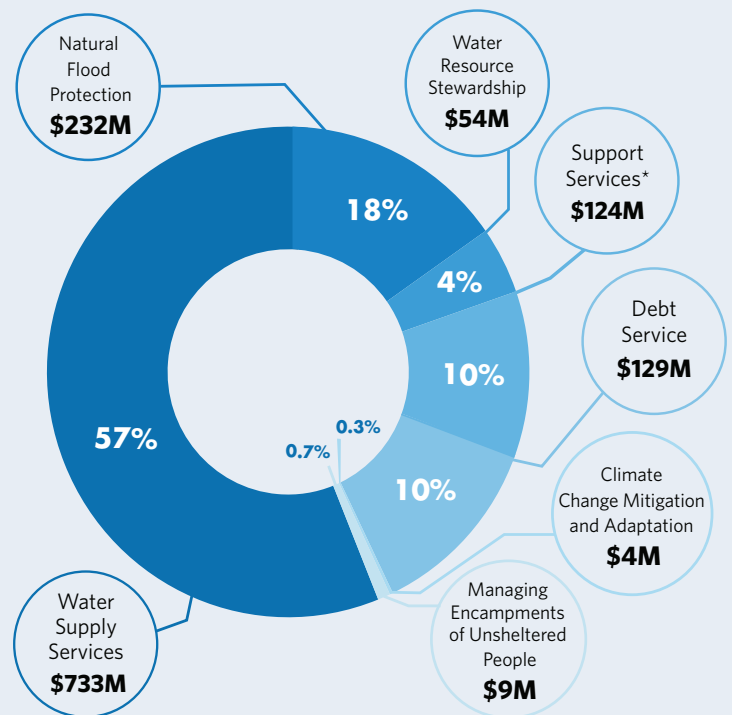
Budget in Brief



Alamos Pond

Fiscal Year 2026-27 Adopted Budget of \$1.284 billion

Valley Water's Board of Directors holds planning sessions each year to develop strategies that support the agency's long-term goals and objectives as part of the annual budgeting process. Valley Water uses a rolling biennial budget, which provides funding for FY 2026-27 and a plan for FY 2027-28. This fiscally responsible and balanced budget meets the community's expectations and invests in water infrastructure to ensure a reliable water supply for future generations.



*Support Services total is net of intra-district reimbursements (e.g. overhead costs charged to projects for administrative support services such as human resources and information technology, etc.).



Camden Pond



Lower Guadalupe River

Valley Water relies on multiple types of funding sources

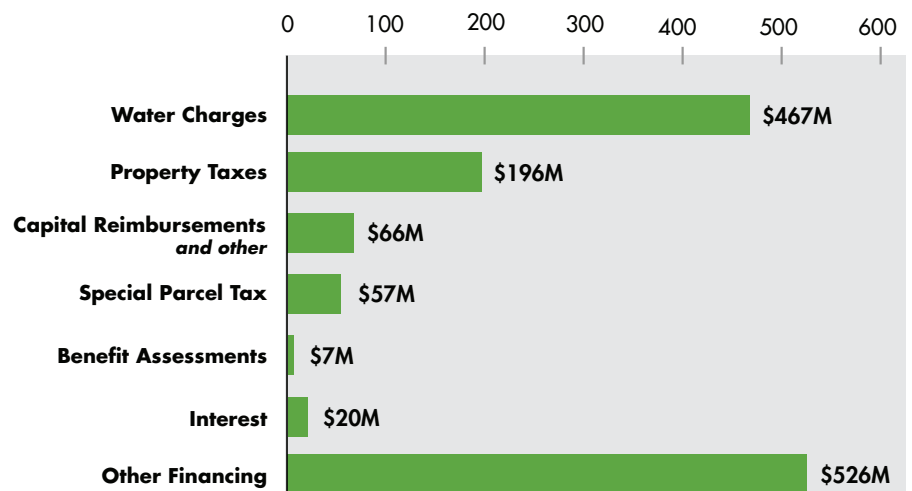
Valley Water receives funding from a variety of sources, including charges for treated water, surface/recycled water, and groundwater production; proceeds from property taxes, the Safe, Clean Water and Natural Flood Protection Program special parcel tax, benefit assessments, interest earnings from cash investments, cost-sharing agreements with other agencies, grants and debt proceeds.

FY 2026-27 Adopted Revenue and Debt Financing of \$1.337 billion

Water charges include charges for groundwater production, which is water produced by pumping from the underground basins; treated water, which has been processed through a water treatment plant; surface water, which has been diverted from streams, creeks, reservoirs, or raw water distribution lines; and recycled water, which is treated wastewater used in crop irrigation, landscaping and industrial uses.

Property taxes are comprised of an allocated share of countywide 1% property tax receipts and a voter-approved levy for State Water Project contract obligations.

Capital reimbursements and other is primarily comprised of reimbursements from other agencies and grants.



Subtotal of individual categories shown above may be slightly off due to rounding.

Special parcel tax provides funding for the Safe, Clean Water and Natural Flood Protection Program passed by voters in 2020.

Benefit assessments pay for debt service associated with flood protection projects and will continue through February 2030.

Other financing includes debt proceeds that provide upfront funding for the Capital Improvement Program (CIP).



Balancing Act

This online budget simulation tool allows the public to explore Valley Water's anticipated revenue sources and planned spending. Most importantly, the tool gives the public the opportunity to directly influence the Board of Directors' spending priorities. Balancing Act can be found at ValleyWater.abalancingact.com.

Safe, Clean, Drinking Water Projects

Valley Water is primarily responsible for providing communities in Santa Clara County with a safe, reliable and affordable water supply. The Fiscal Year 2026-27 budget includes critical investments in infrastructure and technology to help ensure water continues to flow from your tap now and into the future.

Anderson Dam Seismic Retrofit and Tunnel Projects

Valley Water's highest priority is retrofitting and strengthening Anderson Dam in Morgan Hill so it can safely withstand a large earthquake. This critical work will ensure public safety and allow us to fill Anderson Reservoir to capacity. The Federal Energy Regulatory Commission ordered Valley Water to drain the reservoir to about 3% capacity as we build a new, higher-capacity outlet tunnel that will allow us to release water more quickly during major storms or emergencies. Valley Water is building the tunnel first and will then begin retrofitting the existing dam.

Key deliverables: Complete construction of the outlet tunnel. Obtain authorization to award the retrofit construction contract and commence construction groundbreaking.



Nearly completed construction of the Anderson Outlet Tunnel.

Rinconada Water Treatment Plant Reliability Improvement Project

Valley Water will upgrade, retrofit and replace aging equipment to increase the Rinconada Water Treatment Plant's capacity from 80 million gallons per day to 100 million gallons per day. The upcoming work includes the construction of new facilities for raw water ozonation, dual media filtration and chlorine contact. This project will allow Valley Water to continue to provide safe, clean, drinking water to the west side of Santa Clara County.

Key deliverables: Complete construction of the new filters, chlorine contact basin, and ozone generation building; and prepare the new facilities for operation.



Phase 4 construction progress of Rinconada Reliability Improvement Project.

Penitencia Water Treatment Plant Residuals Project

The Penitencia Residuals Management Project will modernize essential infrastructure that recovers washwater and processes sludge (a mixture of dirt, sediment and particles) generated by the water treatment process. The upgrades will bring these processes up to date with modern technology, improving water quality, efficiency, capacity, and reliability, and extending the life of the 52-year-old plant's residuals management operations.

Key deliverables: Begin construction and complete demolition of two existing sludge holding ponds and one washwater equalization basin.



Sludge Pond Filling

Pure Water Silicon Valley, Demonstration Facility

The Pure Water Silicon Valley project seeks to ensure a reliable future water supply by developing a drought-resilient, locally controlled supply through direct potable reuse. The project includes a learning center and a demonstration facility that will allow us to support operator training, testing, and regulatory-required studies demonstrating that the water will consistently remain safe to drink. It will also aid in the design of the most cost-effective, rapid implementation of the full-scale facility and support ongoing public education on the need and safety of potable reuse.

Key deliverables: Complete design for the demonstration facility and begin design for the learning center.



Example of a learning exhibit at the Silicon Valley Advanced Water Purification Center.

Environmental and Watershed Projects

Valley Water protects residents and businesses through flood protection initiatives, while also preserving the environment by maintaining and restoring habitats along our creeks and the San Francisco Bay shoreline.

Coyote Creek Flood Protection Project (Phase 2)

The Coyote Creek Flood Protection Project will build flood protection along approximately nine miles of Coyote Creek between Montague Expressway and Tully Road in San José. Phase 1, completed last fiscal year, covered 40% of the project. Phase 2 will complete the remaining work. The primary objective of the project is to provide protection against floods up to the level reached in February 2017.

Key deliverables: Begin construction of Phase 2 in summer 2026.



A floodwall behind a home on South 17th Street.

Live Oak Reach Restoration Project

The Live Oak Reach Restoration Project is located on Coyote Creek downstream of Anderson Dam. The Live Oak Restoration Reach is a mitigation project for the Federal Energy Regulatory Commission Order Compliance Project, which is part of the Anderson Dam program. This project will restore steelhead spawning and rearing habitat along approximately 2,600 feet of Coyote Creek by improving the creek's natural features and flow patterns, increasing the amount of spawning gravel, and installing 36 large wood structures.

Key deliverables: Complete construction and begin post-implementation monitoring.



Pedestrian Bridge at Live Oak along Coyote Creek.

Stream Maintenance Program

Each summer, Valley Water crews perform essential maintenance across 350 miles of the county's 800-mile stream network. This work includes routine maintenance activities such as managing sediment and vegetation and stabilizing streambanks. These activities are carried out under the Stream Maintenance Program (SMP), which is governed by a comprehensive set of regulatory permits. The program is now entering its third phase, SMP-3, which will define maintenance operations for the period of 2027 through 2036.

Key deliverables: Obtain updated regulatory permits to support implementation of SMP-3 beginning Jan. 1, 2027.



Streambed and banks stabilized on Regnart Creek as part of the Stream Maintenance Program.

To find out the latest information on Valley Water projects or to submit questions or comments, use our **Access Valley Water** customer request system at access.valleywater.org.



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valleywater

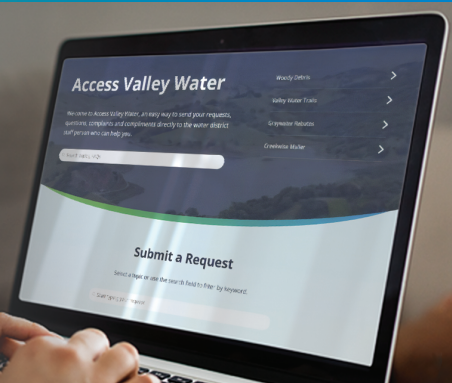


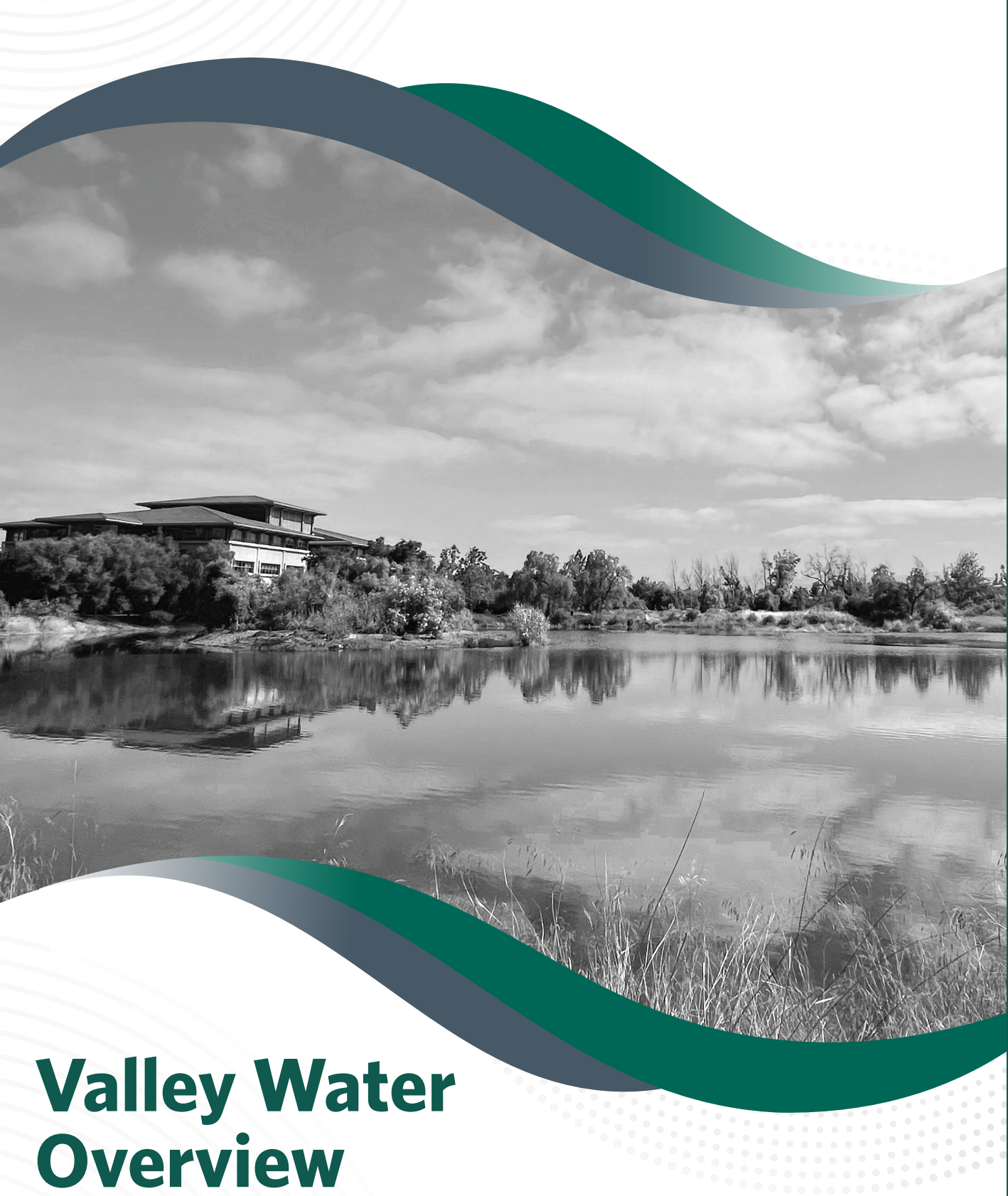
valleywater



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Valley Water Overview

**FY 2026-27 & FY 2027-28
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Valley Water Overview

Valley Water (Santa Clara Valley Water District) is the largest multi-purpose water supply, watershed stewardship and flood management special district in California. Valley Water serves nearly 2 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.
- Partnering with other agencies to provide trails, parks and open space for community recreation.

Valley Water's role as a multi-purpose agency enables 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.

Located at the southern end of the San Francisco Bay, Santa Clara County is home to Silicon Valley. As the county's primary water resources agency, Valley Water serves 15 cities and towns, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, Saratoga and Sunnyvale. Valley Water also serves the county's unincorporated areas.

Collaboration with the community we serve is important and has proven to result in more successful outcomes. By seeking public input, Valley Water is respecting the fact that our operations and projects have a direct impact on people's lives.

Community action created Valley Water when farmers and business representatives formed the Santa Clara Valley Water Conservation Committee in the 1920s.

At that time, groundwater supplies were being overpumped, 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 Valley Water its authority to operate as a state special district, with jurisdiction throughout Santa Clara County.

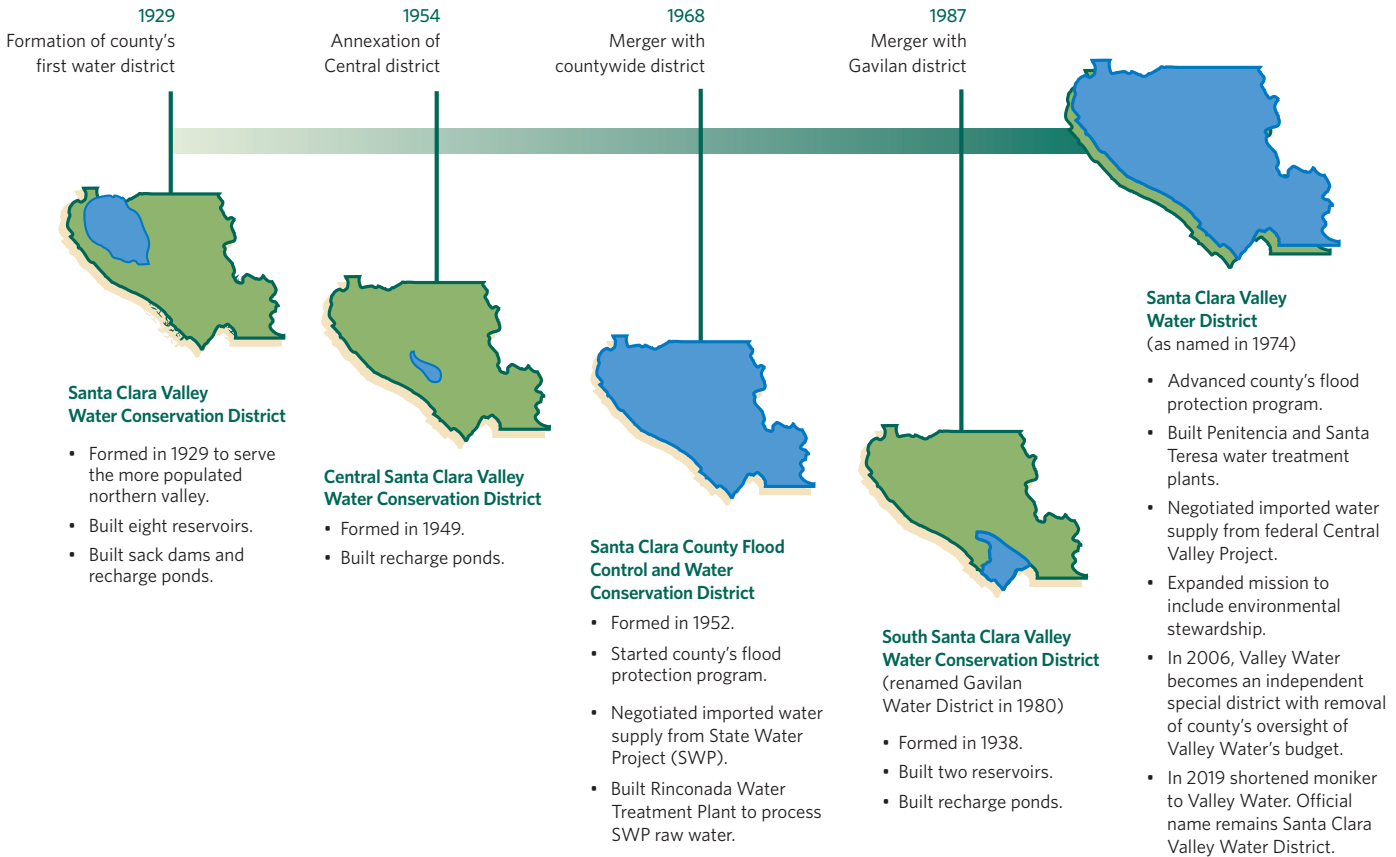
The District Act authorizes Valley Water to provide comprehensive water management for all beneficial uses and protection from flooding within Santa Clara County. Valley Water may take action to carry out all of the following purposes:

- 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;
- 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 Valley Water 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.



Valley Water Overview

Evolution of Valley Water



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

Local Economy

In 2025, the U.S. economy experienced a slower but stable growth, with real GDP increasing at an annual rate of 2.2% compared to 2.8% in 2024.¹ While the fourth quarter of 2025 showed a sharper deceleration to an annualized rate of 1.4%, the drop though alarming, was driven mainly by transitory factors such as the government shutdown from October to November 2025 and falling exports after a massive surge in the 3rd quarter. After moderating earlier in the year, inflation accelerated to 3.8% year-over-year in April 2026, up from 3.3% in March.³ These developments suggest that while the Federal Reserve has made progress in containing inflation, persistent price pressures and broader economic uncertainties continue to cloud the

2026 outlook. Business investment has become cautious as the full impact of higher tariffs filters through supply chains, and the labor market has begun to soften, particularly within the technology sector. Furthermore, the fiscal deficit and national debt continue to expand toward 100% of GDP, all while geopolitical instability in Iran and Latin America introduces additional global risk.

Silicon Valley's economy remains robust but has transitioned into a period of cooling over the past year. The technology sector continues to be fueled by innovation and AI, leading the nation in patents and with 15 regional companies going public in 2025. However, the region also continues to have the nation's highest income and wealth gaps, alongside staggering housing costs with median

Valley Water Overview

home price reaching \$1.98 million. Recent indicators also suggest emerging vulnerabilities, including a slowdown in job growth and historically high commercial vacancies. While the region has absorbed 40,000 post-pandemic layoffs, local headcounts at major tech firms are declining as they prioritize global expansion.

The San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area's March 2026 unemployment rate was 3.9%, down from a revised 4.2% in February 2026, and below the year-ago estimate of 4.2%.⁴ This rate is lower than California's overall unemployment rate of 5.2% and slightly lower than the national rate of 4.3% during the same period.

Silicon Valley's job growth has slowed, with total employment decreasing by 13,100 jobs or -0.8% from June 2024 to June 2025. Silicon Valley's technology industry's job growth has outpaced all other sectors since pre-pandemic at 4% while all other sectors decreased by 1%. The region's workforce continues to be reshaped by changing work patterns and emerging technologies. Remote and hybrid work remain more prevalent in the Bay Area than in other major regions, and large tech firms continue to account for a significant share of regional employment. At the same time, an estimated 410,000 Silicon Valley jobs align with tasks AI can perform within language modeling and image generation domains, indicating potential for job integration, restructuring, or displacement and highlighting how technological change may influence future workforce demand.⁵

The Consumer Price Index for All Urban Consumers (CPI-U) in San Francisco-Oakland-Hayward rose 2.5% from February 2025 to February 2026. The index for all items, excluding food and energy, increased by 1.1% from December 2025 to February 2026. The food index rose by 1.5% and the energy index increased by 5.0% during the same period. Food prices advanced 4.8% over the year and 1.5% from December 2025 to February 2026. Prices for food at home (grocery store purchases) increased 1.9%, and prices for food away from home (restaurant, cafeteria, and vending purchases) rose 1.1% from December 2025 to February 2026. The index for all items less food and energy advanced 2.2% over the year. Among the index's components, prices were higher for household furnishings and operations (increased by 3.5%) and shelter (increase by 2.3%).⁶

The national CPI-U increased 0.6% on a seasonally adjusted basis in April 2026. The index for energy rose 3.8% in April, accounting for over 40% of the monthly all items increase. The shelter index also increased in April, rising 0.6%. The index for food increased 0.5% over the month as the index for food away from home rose 0.2% and the index for food at home rose 0.7%. The index for all items less food and energy rose 0.4% in April. Indexes that increased over the month include household furnishings and operations, airline fares, personal care, apparel, and education. Conversely, the indexes for new vehicles, communication, and medical care were among the major indexes that decreased in April. The all items index rose 3.8% for the 12 months ending April, after rising 3.3 percent for the 12 months ending March.³

In the latest Federal Open Market Committee (FOMC) statement released on April 29, 2026, the FOMC stated that economic activity has been expanding at a solid pace. Job gains have remained low, on average, and the unemployment rate has been little changed in recent months. Inflation is elevated, in part reflecting the recent increase in global energy prices. The FOMC seeks to achieve maximum employment and inflation at the rate of 2% over the long run. Development in the Middle East are contributing to a high level of uncertainty about the economic outlook. The Committee is attentive to the risks to both sides of its dual mandate. In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3.5% to 3.75%. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks.⁷

According to the U.S. Bureau of Economic Analysis' estimate on April 30, 2026, the real gross domestic product (GDP) increased at an annual rate of 2.0% in the first quarter of 2026. The contributors to the increase in real GDP in the first quarter were increases in government spending and exports. These movements were partly offset by decreases in consumer spending. Imports, which are a subtraction in the calculation of GDP, increased.²

Silicon Valley has the largest wealth gap in the nation, and it continues to grow, the median household income has reached an all-time high of \$162,800, about 1.6 times the California average and nearly double the U.S. median.

Valley Water Overview

Income growth is increasingly tied to assets rather than wages, with investment income concentrated among high-income households. Despite high regional incomes, more than 25% of working-age households cannot meet basic needs without assistance, and minimum wage falls short for any household type.⁵

Silicon Valley's population has grown over the long term despite recent volatility, increasing by roughly 400,000 residents since the mid-1990s. Migration remains central to regional dynamics. Santa Clara and San Mateo counties have experienced sustained net domestic outmigration, with departures in 2024 totaling about 136,000 residents. Majority of relocations (65%) remained within California, including 23% moves within the Bay Area. At the same time, new residents tend to be younger (average age of 34), highly educated (71% with a bachelor's degree or higher), and disproportionately foreign-born (49%).⁵

In 2025, the median home price in the region hit \$1.98 million, making homeownership unaffordable for many residents. More than half of homes sold were priced at \$2 million or more. Sales below \$1 million have nearly disappeared. Although nominal prices rose slightly in 2025, they declined by 4% after adjusting for inflation. Housing production showed mixed signals. Residential permitting rebounded in 2025 to roughly 7,700 units, driven entirely by multifamily development, while single-family permitting declined. Affordable housing approvals reached a record high, but construction costs continued to climb; the average cost to build one affordable unit reached \$824,000. Rental markets remain expensive and burdensome. Monthly rents ranged from about \$2,640 for a studio to \$4,460 for a three-bedroom unit in 2025,

with inflation-adjusted rents largely flat over the past decade. Housing cost burdens are widespread: 44% of renters are burdened (spending more than 30% of their income on housing).⁵

Silicon Valley city finances have strengthened since the pandemic-era slowdown. Revenues reached about \$10.6 billion in FY 2023–24 and exceeded expenses by roughly \$1.3 billion, reflecting a return to more stable fiscal conditions. Despite these gains, public resources remain small relative to private wealth. Between 2023 and 2025, the aggregate capital of Silicon Valley cities grew 16% while household liquid wealth rose an estimated 25%. Private wealth is growing faster than public capital, reinforcing a long-term shift in which household resources increasingly outpace the financial capacity of local governments.⁵

Valley Water's budget for FY 2026-27 and FY 2027-28 continues our practice of a rolling biennial budget. This method helps us plan for the coming years, gives the public a clearer view of our plans, and supports our financial stability.

Valley Water will continue to plan wisely for projects that benefit the public as we navigate severe weather, changes in our local economy and shifts in political and environmental conditions.

1. U.S. Bureau of Economic Analysis News Release, February 20, 2026
2. U.S. Bureau of Economic Analysis News Release, April 30, 2026
3. US Bureau of Labor Statistics, Consumer Price Index Summary, May 12, 2026
4. State of California Employment Development Department (EDD), Labor Market Info, May 1, 2026

5. Joint Venture Silicon Valley Institute for Regional Studies, 2025 Silicon Valley Index
6. US Bureau of Labor Statistics Western Information Office, CPI, San Francisco Area, March 11, 2026
7. Federal Reserve FOMC statement, April 29, 2026

Valley Water Overview

Governance and Board of Directors

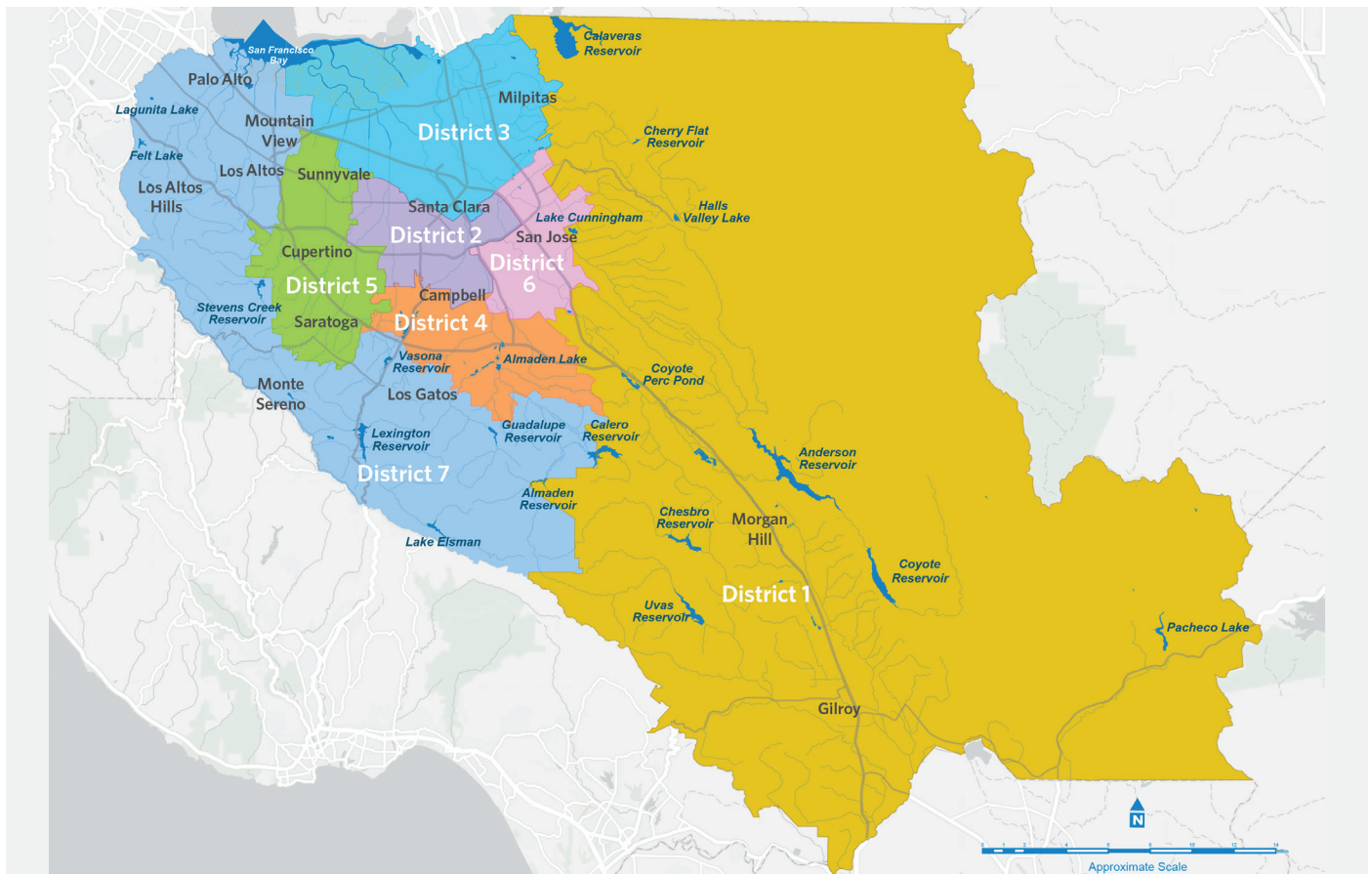
The District Act outlines the structure, function and operations of Valley Water's Board of Directors, which governs Valley Water and directs the board appointed officers. Valley Water's Board of Directors is comprised of seven members each elected from equally-divided districts drawn through a formal 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. The Valley Water Board of Directors elects a new chair and vice chair annually in January.

The Board sets direction for Valley Water through its policy governance structure. Through adopted policies, the Board determines Valley Water's mission, 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 and affordable source of water; natural flood protection; water resources stewardship; and climate change mitigation and adaptation. 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 regularly 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: <https://www.valleywater.org/how-we-operate/board-governance-policies>.

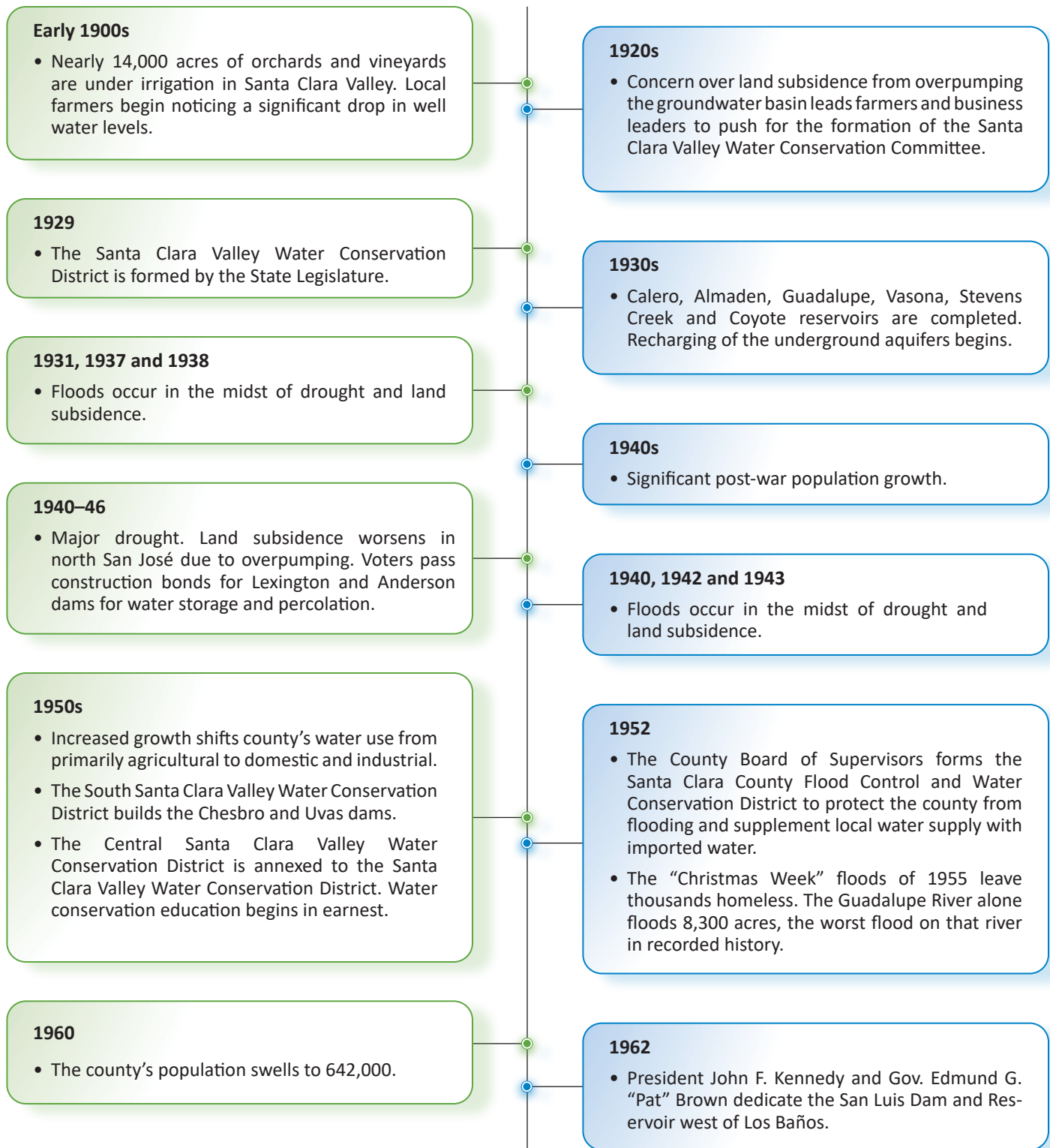
Board directorial districts



Valley Water Overview

History Timeline

For 97 years, Valley Water has improved and expanded its products and services to meet the growing needs of Santa Clara County residents.



Valley Water Overview

1965

- The state of California begins delivering water from the Sacramento–San Joaquin River Delta to Santa Clara County via the South Bay Aqueduct.
- Slowly, the addition of imported water to recharge efforts begins to reverse land subsidence; by 1969 it is halted for the first time in 40 years.
- Rinconada Water Treatment Plant begins drinking water treatment and distribution operations in Los Gatos.

1970s

- The Santa Clara Valley Flood Control and Water District changes its name to the Santa Clara Valley Water District.
- Penitencia Water Treatment Plant comes online.

1980s

- Environmental concerns are addressed as 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.

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.
- The county's population nears 1.7 million.

1995

- Flooding in the county highlights the need for flood protection, especially on the Guadalupe River in downtown San José.

1968

- The Santa Clara Valley Water Conservation District and the Santa Clara County Flood Control and Water Conservation District merge to manage water supply and flood programs for most of the county.

1976–77

- Historic drought years reduce deliveries from the State Water Project. Delta water is too salty to be percolated into local aquifers, but is still used by treatment plants.
- Conservation efforts achieve a 22% drop in water usage.

1980

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

1990s

- The 1987–93 drought drives Valley Water to seek new sources of water through recycling, water banking and aggressive water conservation.

1997

- Valley Water 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.
- Coyote Creek flooded several sites between Morgan Hill and San José, causing damage to homes and businesses.

Valley Water Overview

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 Valley Water into the 21st century.

2000

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

2006

- Santa Teresa Water Treatment Plant delivers Valley Water's first ozonated water, providing customers better-tasting tap water.

2009

- Valley Water Board calls for 15% mandatory conservation due to water shortages; recession drives budget reductions.

2012

- 74% of voters approve the Safe, Clean Water Program (Measure B) to fund flood protection, dam maintenance and stream stewardship for 15 more years.

2000–Present

- Valley Water takes a lead role in the fight against MTBE water contamination, addresses perchlorate contamination of more than 1,000 South County wells, and partners with local wastewater agencies to increase recycling.
- The first phase of the Water Treatment Improvement Project is completed and the second phase launched.

2005

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

2007

- Assembly Bill 2435 ends county oversight of Valley Water's budget and procedural holdovers from the 1968 merger.
- Penitencia Water Treatment Plant begins delivering ozonated water.

2010

- Assembly Bill 466 increases the Board of Directors from five to seven districts.

2014

- The Silicon Valley Advanced Water Purification Center is completed, producing 8 million gallons per day of purified water, which is used to enhance the quality of non-potable recycled water for landscape irrigation and industrial purposes.

Valley Water Overview

2015

- Fourth year of drought, Board calls for 30% water use reduction compared to 2013.
- Modernization of the Rinconada Water Treatment Plant begins.

2016

- Water use reduction target lowered to 20%.
- Fluoridation implemented in South, East and North San José and Milpitas.

2017

- Board continues the 20% water use reduction target and three-day-per-week watering restrictions.

2018

- After a Coyote Creek flood, the Board approves changes to Anderson Reservoir operations to reduce downstream flood risk.
- Crews complete short-term flood protection improvements in the Rock Springs neighborhood before winter begins.

2021

- Valley Water Board declares a drought emergency and calls for 15% mandatory conservation.
- Groundbreaking ceremony held for the Anderson Dam Tunnel Project.

2020

- Santa Clara County voters approve Measure S, renewing the Safe, Clean Water and Natural Flood Protection Program.

2023

- Board certifies the Fish and Aquatic Habitat Collaborative Effort Environmental Impact Report.

2022

- Construction begins on the South San Francisco Bay Shoreline Project.

2025

- Valley Water and its partners celebrated the completion of Reaches 1-3 levees of the South San Francisco Bay Shoreline Phase I Project. This achievement marked a major milestone in the region's effort to protect vulnerable communities and critical infrastructure from coastal flooding and sea-level rise.

2024

- Crews complete excavation of the 1,736-foot Anderson Dam tunnel, improving emergency water release capability.

Valley Water Overview

Board Committees

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

Board Policy and Monitoring 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.
4. Board and Director identified issues related to Diversity and Inclusion.
5. 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 Ad Hoc Committee: Formed as necessary to consider initiation of investigation of allegations against a Board member in accordance with Board Governance Policy GP-6.

Capital Improvement Program (CIP) Committee: Provide a venue for more detailed discussions regarding capital project validation, including recommendations on prioritizing, deleting, and/or adding projects to the CIP, as well as monitoring implementation progress of key projects in the CIP.

Environmental Creek Cleanup Committee: Discuss homelessness and encampment issues and bring discussion and recommendations back to the Board.

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

Stream Planning and Operations Committee (SPOC): Track progress of Initialing Parties of the FAHCE Settlement Agreement in completing requirements enabling dismissal of water rights complaint and commencement of restoration program. Identify/recommend Board

actions to ensure expeditious completion of requirements defined in Purpose 1, including engagement with appointed boards and senior officials of other Initialing Parties. Identify/track progress of District and non-District activities that may affect the FAHCE Settlement Agreement and implementation.

Water Supply and Demand Management Committee: Receive and discuss information on issues related to additional water storage options. 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 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, and 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.

Santa Clara Valley Water District Youth Commission: Assist the Board with policy review and development, provide comment on activities in the implementation of Valley Water's mission for Board consideration, and to identify Board related issues pertaining to public policy education, outreach, and all matters impacting Santa Clara County youth and Valley Water.

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

Valley Water Overview

Valley Water 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 José/Santa Clara: Required per term in the City–Valley Water 40-year Integration Agreement. The Committee shall tender its advice to Valley Water’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 Valley Water 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.
3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the South County Recycled Water Master Plan.

4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County.
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.

Board Working Groups

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

Delta Conveyance Authority Group: Information sharing.

Environmental Stakeholder Group: Information sharing.

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 Safe, Clean Water program and reports its findings to the Board and subsequently makes its Committee report available to the residents and voters of Santa Clara County.

Valley Water Overview

Groundwater Benefit Zones in Santa Clara County



As part of Valley Water’s core water supply function, four distinct groundwater benefit zones form the basis for establishing District water charges. Zone W-2 roughly encompasses the Santa Clara Subbasin north of Metcalf Road. Zone W-5 encompasses the valley floor of the Llagas Subbasin from approximately East Main Avenue in Morgan Hill south to the Pajaro River. Zone W-7 encompasses the Coyote Valley south of Metcalf Road to just north of East Main Avenue. Zone W-8 encompasses portions of the outlying areas south of the Uvas and Chesbro reservoirs, west of Santa Teresa Boulevard, and generally north of Hecker Pass Highway. Water charges are set separately for each zone, reflecting Valley Water activities benefiting each zone.

Watershed Areas and Flood Control Zones of Santa Clara County



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

Valley Water Overview

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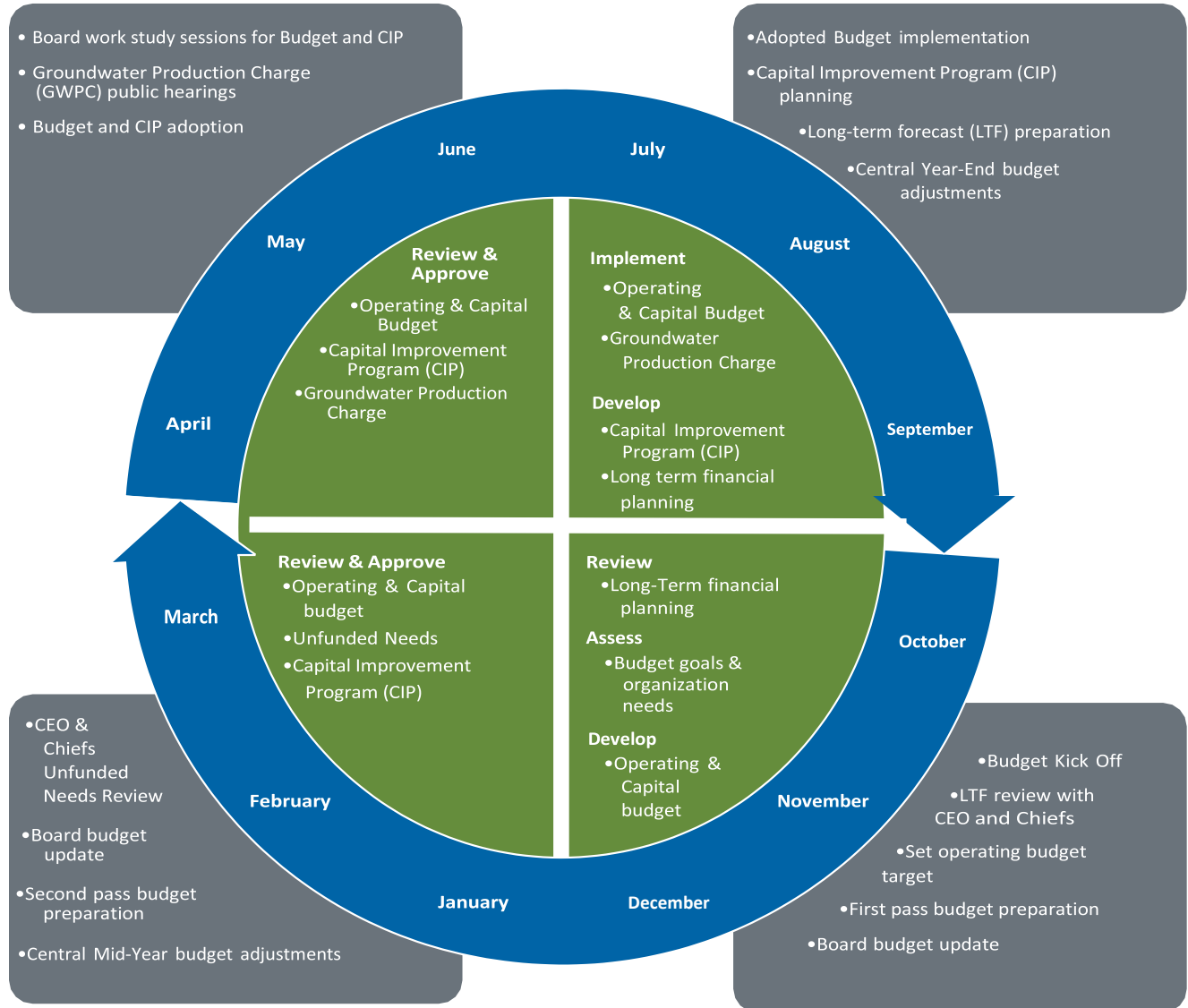
Financial Overview

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

FINANCIAL OVERVIEW

Financial Overview

Budget Process Overview



Financial Overview

Budget Development

In accordance with the District Act and Valley Water Board of Directors' Governance Policies, Valley Water prepares and adopts an Operating and Capital Budget annually. The budget is developed in coordination with and including the Financial Planning and Rate Setting, and Capital Improvement Plan (CIP) processes. The FY 2026-27 & FY 2027-28 Operating and Capital Rolling Biennial Budget includes the FY 2026-27 budget and a subsequent fiscal year plan for FY 2027-28. The second fiscal year serves as a planning tool and will set the framework for the preparation of the FY 2027-28 Operating and Capital Rolling Biennial Budget in the following year.

Financial Planning and Rate Setting

Every year staff prepares a rolling ten-year expenditure forecast that provides the basis for developing the budget targets and for analyzing the long-term financial sustainability of the various Valley Water funds. For the Water Utility Enterprise funds, Valley Water uses the "revenue requirements" methodology to set the groundwater production charge and other water charges for each zone. In general, costs associated with operations, capital, debt service, and reserve requirements are estimated over a 10-year time frame. The amount not funded by property taxes, interest earnings, debt proceeds, and other income is covered by water charges. A water charge projection is calculated for each zone to recover the revenue requirements over a 10-year time frame in accordance with the pricing policy (Board Resolution 99-21). The water charge setting process is conducted in accordance with the District Act and Board Resolution 12-10 and includes the preparation of an annual report on the Protection and Augmentation of Water Supplies (PAWS). The report provides information on present and future water requirements for the County, water supply available to Valley Water, future capital and operating requirements, benefits and services provided by Valley Water, financing methods, and water charges by zone. A series of public hearings and meetings are conducted with advisory committees and interested parties to ensure that feedback is gathered for the Board's consideration in establishing water charges each year.

Capital Improvement Plan

Valley Water prepares a Capital Improvement Program (CIP) annually, as required by the Valley Water Board of Directors' Governance Policies. It is a five-year rolling CIP, updated annually and covers the upcoming five-year period. The CIP is approved by the Board each year and is publicly available for review. The CIP includes project descriptions, schedules, and forecasts for capital funding needs. The CIP is the primary means of coordinating schedules and planned funding for capital work.

For detail of capital expenditures and the impact of capital investments on the operating budget, please visit: <https://www.valleywater.org/public-review-documents>.

Other Planning Documents

Valley Water's budget is informed by many planning documents including but not limited to:

- Countywide Water Reuse Master Plan (CoRe Plan)
- Protection and Augmentation of Water Supplies Report 2026-27
- Requests of the 119th Congress
- Safe, Clean Water and Natural Flood Protection 5-Year Implementation Plan
- Stream Maintenance Program Manual
- Water Utility Enterprise Five Year Operations and Maintenance Plan
- Water Utility Water Supply Master Plan
- Watersheds Five Year Operations and Maintenance Plan

Financial Overview

Valley Water Fund Structure

Government Fund Type

General Fund

is Valley Water's primary operating Fund. It accounts for all financial resources not accounted for through other funds.

General Fund

Special Revenue Funds

are used to account for specific revenue sources which expenditures are restricted by law or regulations to finance particular watershed functions or activities of Valley Water.

Safe, Clean Water and Natural Flood Protection

Watershed and Stream Stewardship Fund

Benefit Assessment

Lower Peninsula Watershed

West Valley Watershed

Guadalupe Watershed

Coyote Watershed

Uvas/Llagas Watershed

Proprietary Fund Type

Enterprise Fund

is used to account 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.

Water Enterprise Fund

State Water Project Fund

Internal Services Funds

are used to account for the financing of goods or services provided by one department or agency of Valley Water to other departments or agencies on a cost-reimbursement basis.

Fleet Management Fund

Risk Management Fund

Information Technology Fund

Financial Overview

Basis of Budgeting

The Budget is prepared using the modified accrual basis. Revenues are recognized only when they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the payments are incurred, or an encumbrance is made.

Valley Water chart of accounts is 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 according to their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions of the funding sources.

Revenue

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

The FY 2026-27 Budget includes projected revenues of \$811.1 million. These revenues reflect a net increase of 8.7% from the \$745.9 million included in the FY 2025-26 Adopted Budget. The net \$65.2 million increase is derived from an increase in water charges revenue (\$43.2 million), property taxes (\$10.0 million), interest and other operating and non-operating revenues (\$6.1 million), capital reimbursements (\$4.7 million), and special parcel tax (\$1.5 million), partially offset by decreases in intergovernmental services (-\$0.2 million).

The FY 2027-28 planned revenue of \$821.3 million reflects a net increase of \$10.1 million over the FY 2026-27 Budget. The 1.2% growth is primarily attributed to an increase in water charges revenue (\$49.3 million), property taxes (\$3.5 million), special parcel tax (\$1.2 million), interest and other operating and non-operating revenues (\$0.1 million), and intergovernmental services (\$0.1 million), offset by a reduction in capital reimbursements (-\$44.1 million).

The revenue Valley Water receives is broken into the following specific categories:

Water Revenue

The main source of Valley Water revenue is from water charges which is projected at \$466.5 million for FY 2026-27, an increase of 10.2% over the FY 2025-26 Adopted Budget. The FY 2027-28 water revenue estimate of \$515.9 million is a 10.6% increase over FY 2026-27. Revenues from groundwater are the largest source with an estimated amount of \$233.0 million in FY 2026-27 and increasing by \$32.7 million to an estimated \$261.3 million in FY 2027-28. Treated water production charges are budgeted at \$231.0 million growing to \$251.9 million, and surface/recycled water sales are projected at \$2.5 million in FY 2026-27 and increasing to \$2.7 million for FY 2027-28. These estimates include rate increases of 9.1% in Zone W-2, 6.6% in Zone W-5, 9.4% in Zone W-7, and 8.0% in Zone W-8 for municipal and industrial groundwater charges in each fiscal year of the biennial budget. Staff estimates water usage remaining mostly steady (1.0%) in FY 2027 versus the FY 2026 projection used in the Adopted Budget. A minimal increase of 2,500 AF of water use is projected from 221,500 AF in FY 2026-27 to 224,000 in FY 2027-28; water use will continue to rebound to below pre-drought levels

Additional information on groundwater production charges is provided in the Water Utility Enterprise Fund Summary section of this budget and in the FY 2026-27 PAWS Report.

Financial Overview

Property Tax

Property tax revenues are estimated at \$195.6 million for FY 2026-27, an increase of 5.4% from the FY 2025-26 Adopted Budget. The planned FY 2027-28 amount assumes a 1.8% increase totaling \$199.1 million. Valley Water benefits from two types of property taxes: 1% ad valorem and levies for State Water Project (SWP) indebtedness. The 1% ad valorem is estimated at \$167.6 million in FY 2026-27 and \$171.1 million in FY 2027-28. Levies for State Water Project (SWP) indebtedness are budgeted at \$28.0 million in FY 2026-27 and \$28.0 million in FY 2027-28. More information on property tax revenue is included in the Major Sources of Revenue section later in this chapter.

Special Parcel Tax

The Safe, Clean Water and Natural Flood Protection Program special parcel tax was approved in 2000 as the Clean, Safe Creeks and Natural Flood Protection Plan, then again in 2012 as the Safe, Clean Water and Natural Flood Protection Program; most recently, an ongoing Safe, Clean Water and Natural Flood Protection Program was approved by voters in November 2020. The Special Parcel Tax for FY 2026-27 is budgeted at \$56.6 million, and FY 2027-28 projected revenue is \$57.8 million reflecting an increase of 2.7% in FY 2026-27 and 2.2% in FY 2027-28. Further details on the Special Parcel Tax and its uses can be located in the Major Sources of Revenues section, the Safe, Clean Water & Natural Flood Protection Fund summary, and the Safe, Clean Water & Natural Flood Protection Annual Report.

Benefit Assessments

Benefit assessment revenue consists of levies approved by voters in 1986 and 1990 to support financing for flood control capital improvements and are set at 1.25 times the duly authorized annual debt service requirements for assessed parcels in each watershed. Benefit Assessment revenue budget is \$6.9 million for both FY 2026-27 and FY 2027-28. Benefit Assessment taxes are described further in the Major Sources of Revenue and in the Watershed Management Fund Summary sections.

Capital Reimbursements

Capital reimbursements are from local, state, and federal agencies for specified capital projects that are already completed or would be undertaken during this budget period. District-wide capital reimbursements are budgeted at \$61.0 million for FY 2026-27 and decreases to \$16.8 million in FY 2027-28. See the Major Sources of Revenue section for further details.

Interest

Overall interest earnings are estimated at \$19.5 million in FY 2026-27 and FY 2027-28. The increase of \$6.0 million in FY 2026-27 over the FY 2025-26 Adopted Budget is primarily due to the expectation of a moderately higher interest rate earned by the portfolio than in recent years. FY 2027-28 is projected to hold steady as rates continue to fluctuate.

Intergovernmental Services

Intergovernmental Services revenue are reimbursements from cost sharing agreements with local cities and agencies. The FY 2026-27 Budget includes \$1.3 million and FY 2027-28 Plan includes \$1.4 million in this category. These amounts are comprised of reimbursements from local agencies for conservation incentive programs such as the Lawn Rebate Program, Greywater Program, and Home Water Use Reports, and for reimbursements from the San Benito Water District for O&M San Felipe Reach 1 projects.

Other Revenue

Other Operating and Non-Operating Revenues comprised of receipts from minor sources such as rental income, Department of Water Resources refunds, and the sale of vehicles totaling \$3.7 million in FY 2026-27 and FY 2027-28.

Financial Overview

Appropriations/Outlays

Total FY 2026-27 operating and capital outlays are budgeted at \$1,414.6 million, which includes intra-district reimbursements of \$130.9 million, and these net to total operating and capital outlays of \$1,283.7 million. These figures do not include capital carry forward (\$63.1 million) appropriated by the Board in prior years. The \$130.9 million of intra-district charges are comprised of General Fund reimbursements (56%) and Internal Service Funds charges (44%). Of the total FY 2026-27 net outlays, operating outlays (including debt service) accounts for \$586.4 million, reflecting an increase of \$33.3 million compared to the FY 2025-26 Adopted Budget of \$553.1 million. The total net capital outlays make up \$697.3 million compared to the FY 2025-26 Adopted Budget of \$394.9 million, accounting for a \$302.3 million increase.

The planned FY 2027-28 total operating and capital outlays are projected to decrease by \$2.7 million over FY 2026-27, totaling \$1,411.9 million. The total net of intra-district reimbursements is \$1,264.4 million, of which \$631.1 million is net operating expenses and \$633.3 million are net capital expenses. These amounts do not include the projected capital projects carryforward of \$8.6 million and is net of an estimated \$147.4 million in intra-district reimbursements comprised of General Fund reimbursements (60%) and Internal Service Funds charges (40%).

The increase in net outlays over the Biennial Budget reflects continued efforts to maintain service levels that support key strategic objectives. Objectives and issues facing Valley Water include but are not limited to:

- Maintaining optimal conditions in all Valley Water infrastructure such as levees, channels, culverts, percolation ponds, dams and reservoirs, water distribution systems, water treatment plants, various operations buildings, and other facilities
- Delivering an ambitious capital program on time and within budget
- Advancing Valley Water's interests in countywide stormwater resource planning
- Actively participating in decisions regarding California Delta Conveyance
- Leading efforts to advance recycled and purified water efforts within Santa Clara County
- Pursuing new water supply and increased water storage opportunities
- Providing safe, clean water and natural flood protection equitably to all Santa Clara County while protecting ecosystem functions and enhancing habitats
- Attaining net positive impact on the environment when completing projects
- Addressing future impacts of climate change to Valley Water's mission and operations
- Addressing encampments and the unhoused population in coordination with regional partners

Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. FY 2026-27 budgeted levels are \$130.9 million, and \$147.4 million planned in FY 2027-28. 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. Approximately 51% of intra-district charges are paid by the Water Utility Enterprise and 49% by Watersheds Funds.

Capital Outlays

The capital budget represents the projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP). FY 2026-27 net capital project outlays total \$697.3 million, an increase of \$302.3 million as compared to the net FY 2025-26 Adopted Budget of \$394.9 million. It is anticipated that \$63.1 million of the FY 2025-26 Adjusted Budget for capital projects will be carried forward to FY 2026-27 as most capital projects require multiple years to complete.

Net Capital Outlays are planned to reach \$633.3 million in FY 2027-28 reflecting a \$64.0 million decrease over the prior year budgeted level and assumes \$8.6 million of the prior year's capital funds will carry forward to FY 2027-28.

Financial Overview

Other Financing Sources/Uses

Other financing sources and uses include proceeds from debt issuance. Valley Water anticipates issuing bonds, commercial paper, or WIFIA Loans for approximately \$526.3 million in FY 2026-27, and \$459.2 million in FY 2027-28, to finance various Water Utility and Safe, Clean Water and Natural Flood Protection capital improvement projects.

Reserves

Overall, budgeted reserves for FY 2026-27 are estimated at \$518.3 million, a decrease of \$22.1 million compared to the FY 2025-26 Adopted Budget level. Projections for FY 2027-28 show reserves increasing slightly by \$7.4 million for a total of \$525.7 million.

Staffing

The FY 2026-27 funding level reflects 876 authorized positions and two limited-term positions for a total of 878. This reflects the reduction of 45 authorized positions which are paused to minimize salary related expenditures. In FY 2027-28, eight of the paused positions are activated and included in the funding, increasing the authorized position count to 884 with one limited-term position for a total of 885 positions.

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Change from 2025-26 Adopted	
					\$ Diff	% Diff
REVENUE						
Groundwater Production Charges	\$ 176,173,362	\$ 200,333,000	\$ 213,834,000	\$ 233,004,000	\$ 32,671,000	16.3%
Treated Water Charges	202,844,299	220,403,000	198,403,000	231,016,000	10,613,000	4.8%
Surface & Recycled Water Charges	2,955,025	2,582,000	2,591,000	2,526,000	(56,000)	-2.2%
Benefit Assessment	6,848,514	6,923,750	6,923,750	6,921,250	(2,500)	0.0%
Property Tax	183,996,437	185,648,800	191,562,195	195,601,355	9,952,555	5.4%
Special Parcel Tax	53,227,039	55,094,792	55,094,792	56,582,351	1,487,559	2.7%
Intergovernmental Services	5,383,656	1,493,295	1,492,500	1,323,000	(170,295)	-11.4%
Operating Other	1,683,203	815,426	829,485	839,053	23,627	2.9%
Capital Reimbursements	13,845,624	56,284,000	25,851,000	60,959,000	4,675,000	8.3%
Interest Income*	31,541,696	13,499,000	19,501,000	19,501,000	6,002,000	44.5%
Non-Operating Other	20,351,603	2,791,257	2,789,222	2,843,019	51,761	1.9%
TOTAL REVENUE	\$ 698,850,458	\$ 745,868,320	\$ 718,871,943	\$ 811,116,028	\$ 65,247,708	8.7%
OUTLAYS						
Operating Outlays						
Operations**	\$ 456,662,286	\$ 528,703,484	\$ 552,791,126	\$ 546,503,986	\$ 17,800,503	3.4%
Operating Project	28,540,380	6,230,376	12,990,420	9,322,362	3,091,986	49.6%
Debt Service	85,959,723	116,941,621	105,915,257	128,801,854	11,860,233	10.1%
Total Operating Outlays	\$ 571,162,389	\$ 651,875,481	\$ 671,696,803	\$ 684,628,202	\$ 32,752,722	5.0%
Capital Outlays						
Capital Projects	\$ 387,241,342	\$ 427,903,102	\$ 600,680,516	\$ 729,939,680	\$ 302,036,578	70.6%
Carryforward Capital Projects	-	136,961,493	-	63,083,485	(73,878,008)	-53.9%
Total Capital Outlays	\$ 387,241,342	\$ 564,864,595	\$ 600,680,516	\$ 793,023,165	\$ 228,158,570	40.4%
TOTAL OUTLAYS	\$ 958,403,730	\$ 1,216,740,076	\$ 1,272,377,319	\$ 1,477,651,368	\$ 260,911,291	21.4%
Less Intra-District Reimb	(121,305,109)	(131,720,474)	(131,720,474)	(130,878,260)	842,214	-0.6%
NET OUTLAYS	\$ 837,098,621	\$ 1,085,019,602	\$ 1,140,656,845	\$ 1,346,773,108	\$ 261,753,506	24.1%
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000	\$ 261,520,704	98.8%
Transfers In	29,755,108	26,394,397	26,896,397	35,377,724	8,983,327	34.0%
Transfers Out	(29,755,108)	(26,394,397)	(26,896,397)	(35,377,724)	(8,983,327)	34.0%
TOTAL OTHER SOURCES/(USES)	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000	\$ 261,520,704	98.8%
BALANCE AVAILABLE	\$ 51,751,836	\$ (74,324,986)	\$ (166,365,178)	\$ (9,310,080)	\$ 65,014,906	-87.5%

Financial Overview

Combined Fund Summary - All Funds

		Budgetary		Adopted		Projected		Adopted		Change from	
		Basis Actual		Budget		Year End		Budget		2025-26 Adopted	
		2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
YEAR-END RESERVES											
Restricted Reserves											
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	40,256,453	\$	43,041,738	\$	2,537,070	6.3%
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,847,415		3,897,415		145,961	3.9%
WUE State Water Project Tax Reserve		25,277,937		11,591,690		21,738,142		14,890,000		3,298,310	28.5%
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		8,677,000		12,077,000		3,400,000	39.2%
WUE SVAWPC Reserve		530,119		-		-		-		-	0.0%
WUE Drought Reserve		-		1,000,000		1,000,000		4,000,000		3,000,000	300.0%
WUE Guiding Principal #5 (GP5) Reserve		2,810,044		-		-		-		-	0.0%
SCW Rate Stabilization Reserve		25,000,000		25,000,000		25,000,000		25,000,000		-	0.0%
SCW Contingency Reserve		5,000,000		5,000,000		5,000,000		5,000,000		-	0.0%
SCW Currently Authorized Projects Reserve***		153,931,649		71,376,703		54,454,777		24,037,866		(47,338,837)	-66.3%
SCW Operating and Capital Reserve		3,971,210		76,463,210		22,685,957		43,678,321		(32,784,889)	-42.9%
Total Restricted Reserves	\$	246,167,280	\$	243,364,725	\$	182,659,743	\$	175,622,340	\$	(67,742,385)	-27.8%
Committed Reserves											
Currently Authorized Projects Reserve***	\$	161,992,399	\$	18,818,885	\$	119,075,240	\$	22,365,517	\$	3,546,632	18.8%
Operating and Capital Reserve		260,980,536		253,130,038		196,703,862		290,062,774		36,932,736	14.6%
Liability/Workers' Comp Self-Insurance		8,337,000		11,476,000		11,476,000		11,476,000		-	0.0%
Excess ERAF Contingency Reserve		5,821,733		7,145,907		7,171,552		8,464,513		1,318,606	18.5%
Property Self-Insurance/Catastrophic		10,693,087		6,529,910		10,540,460		10,325,633		3,795,723	58.1%
Total Committed Reserves	\$	447,824,755	\$	297,100,740	\$	344,967,114	\$	342,694,437	\$	45,593,697	15.3%
TOTAL YEAR-END RESERVES	\$	693,992,035	\$	540,465,465	\$	527,626,857	\$	518,316,777	\$	(22,148,688)	-4.1%

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual		Adopted Budget		Projected Year End		Adopted Budget		Change from 2025-26 Adopted	
	2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
Outlay Summary by Account type										
OPERATING OUTLAY										
Salaries and Benefits	\$	183,138,503	\$	198,274,181	\$	198,274,181	\$	208,986,854	\$	10,712,674 5.4%
Salary Savings Factor		-		(1,963,412)		(1,963,412)		(4,304,007)		(2,340,596) 119.2%
Services & Supplies		211,074,557		239,895,904		270,743,590		252,950,243		13,054,339 5.4%
Intra-District Charges		90,989,606		98,727,187		98,727,187		98,193,258		(533,928) -0.5%
OPERATING OUTLAY TOTAL	\$	485,202,666	\$	534,933,859	\$	565,781,545	\$	555,826,348	\$	20,892,489 3.9%
DEBT SERVICE										
Services & Supplies	\$	2,586,757	\$	5,431,880	\$	5,431,880	\$	4,221,881	\$	(1,209,999) -22.3%
Debt Service		83,372,966		111,509,741		100,483,377		124,579,973		13,070,232 11.7%
DEBT SERVICE TOTAL	\$	85,959,723	\$	116,941,621	\$	105,915,257	\$	128,801,854	\$	11,860,233 10.1%
CAPITAL PROJECTS										
Salaries and Benefits	\$	49,828,369	\$	53,800,056	\$	54,533,186	\$	58,013,629	\$	4,213,573 7.8%
Salary Savings Factor		-		(556,363)		(556,363)		(1,241,055)		(684,692) 123.1%
Services & Supplies		307,104,080		341,666,122		513,252,329		640,482,106		298,815,984 87.5%
Carryforward Capital Projects		-		136,961,493		-		63,083,485		(73,878,008) -53.9%
Intra-District Charges		30,308,893		32,993,288		33,451,364		32,685,002		(308,286) -0.9%
CAPITAL PROJECTS TOTAL	\$	387,241,342	\$	564,864,595	\$	600,680,516	\$	793,023,165	\$	228,158,570 40.4%
TOTAL OUTLAYS	\$	958,403,730	\$	1,216,740,076	\$	1,272,377,319	\$	1,477,651,368	\$	260,911,291 21.4%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liability

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

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
REVENUE						
Groundwater Production Charges	\$ 176,173,362	\$ 200,333,000	\$ 233,004,000	\$ 261,258,000	\$ 28,254,000	12.1%
Treated Water Charges	202,844,299	220,403,000	231,016,000	251,897,000	20,881,000	9.0%
Surface & Recycled Water Charges	2,955,025	2,582,000	2,526,000	2,738,000	212,000	8.4%
Benefit Assessment	6,848,514	6,923,750	6,921,250	6,924,063	2,813	0.0%
Property Tax	183,996,437	185,648,800	195,601,355	199,144,151	3,542,796	1.8%
Special Parcel Tax	53,227,039	55,094,792	56,582,351	57,827,163	1,244,812	2.2%
Intergovernmental Services	5,383,656	1,493,295	1,323,000	1,397,000	74,000	5.6%
Operating Other	1,683,203	815,426	839,053	848,908	9,855	1.2%
Capital Reimbursements	13,845,624	56,284,000	60,959,000	16,816,000	(44,143,000)	-72.4%
Interest Income*	31,541,696	13,499,000	19,501,000	19,501,000	-	0.0%
Non-Operating Other	20,351,603	2,791,257	2,843,019	2,899,816	56,797	2.0%
TOTAL REVENUE	\$ 698,850,458	\$ 745,868,320	\$ 811,116,028	\$ 821,251,100	\$ 10,135,072	1.2%
OUTLAYS						
Operating Outlays						
Operations**	\$ 456,662,286	\$ 528,703,484	\$ 546,503,986	\$ 572,354,124	\$ 25,850,138	4.7%
Operating Project	28,540,380	6,230,376	9,322,362	8,908,635	(413,727)	-4.4%
Debt Service	85,959,723	116,941,621	128,801,854	161,169,798	32,367,944	25.1%
Total Operating Outlays	\$ 571,162,389	\$ 651,875,481	\$ 684,628,202	\$ 742,432,557	\$ 57,804,355	8.4%
Capital Outlays						
Capital Projects	\$ 387,241,342	\$ 427,903,102	\$ 729,939,680	\$ 669,423,267	\$ (60,516,413)	-8.3%
Carryforward Capital Projects	-	136,961,493	63,083,485	8,627,251	(54,456,234)	-86.3%
Total Capital Outlays	\$ 387,241,342	\$ 564,864,595	\$ 793,023,165	\$ 678,050,518	\$ (114,972,647)	-14.5%
TOTAL OUTLAYS	\$ 958,403,730	\$ 1,216,740,076	\$ 1,477,651,368	\$ 1,420,483,075	\$ (57,168,292)	-3.9%
Less Intra-District Reimb	(121,305,109)	(131,720,474)	(130,878,260)	(147,426,930)	(16,548,671)	12.6%
NET OUTLAYS	\$ 837,098,621	\$ 1,085,019,602	\$ 1,346,773,108	\$ 1,273,056,145	\$ (73,716,963)	-5.5%
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 190,000,000	\$ 264,826,296	\$ 526,347,000	\$ 459,228,000	\$ (67,119,000)	-12.8%
Transfers In	29,755,108	26,394,397	35,377,724	29,852,277	(5,525,447)	-15.6%
Transfers Out	(29,755,108)	(26,394,397)	(35,377,724)	(29,852,277)	5,525,448	-15.6%
TOTAL OTHER SOURCES/(USES)	\$ 190,000,000	\$ 264,826,296	\$ 526,347,000	\$ 459,228,000	\$ (67,118,999)	-12.8%
BALANCE AVAILABLE	\$ 51,751,836	\$ (74,324,986)	\$ (9,310,080)	\$ 7,422,956	\$ 16,733,036	-179.7%

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
YEAR-END RESERVES						
Restricted Reserves						
WUE Rate Stabilization Reserve	\$ 20,571,906	\$ 40,504,668	\$ 43,041,738	\$ 47,642,198	\$ 4,600,460	10.7%
WUE San Felipe Emergency Reserve	3,797,415	3,751,454	3,897,415	3,947,415	50,000	1.3%
WUE State Water Project Tax Reserve	25,277,937	11,591,690	14,890,000	6,241,654	(8,648,346)	-58.1%
WUE Supplemental Water Supply Reserve	5,277,000	8,677,000	12,077,000	15,477,000	3,400,000	28.2%
WUE SVAWPC Reserve	530,119	-	-	-	-	0.0%
WUE Drought Reserve	-	1,000,000	4,000,000	8,000,000	4,000,000	100.0%
WUE Guiding Principal #5 (GP5) Reserve	2,810,044	-	-	-	-	0.0%
SCW Rate Stabilization Reserve	25,000,000	25,000,000	25,000,000	25,000,000	-	0.0%
SCW Contingency Reserve	5,000,000	5,000,000	5,000,000	5,000,000	-	0.0%
SCW Currently Authorized Projects Reserve***	153,931,649	71,376,703	24,037,866	18,439,570	(5,598,296)	-23.3%
SCW Operating and Capital Reserve	3,971,210	76,463,210	43,678,321	47,374,992	3,696,670	8.5%
Total Restricted Reserves	\$ 246,167,280	\$ 243,364,725	\$ 175,622,340	\$ 177,122,828	\$ 1,500,488	0.9%
Committed Reserves						
Currently Authorized Projects Reserve***	\$ 161,992,399	\$ 18,818,885	\$ 22,365,517	\$ 19,336,562	\$ (3,028,955)	-13.5%
Operating and Capital Reserve	260,980,536	253,130,038	290,062,774	297,667,861	7,605,087	2.6%
Liability/Workers' Comp Self-Insurance	8,337,000	11,476,000	11,476,000	11,476,000	-	0.0%
Excess ERAF Contingency Reserve	5,821,733	7,145,907	8,464,513	9,757,633	1,293,120	15.3%
Property Self-Insurance/Catastrophic	10,693,087	6,529,910	10,325,633	10,378,848	53,215	0.5%
Total Committed Reserves	\$ 447,824,755	\$ 297,100,740	\$ 342,694,437	\$ 348,616,904	\$ 5,922,467	1.7%
TOTAL YEAR-END RESERVES	\$ 693,992,035	\$ 540,465,465	\$ 518,316,777	\$ 525,739,733	\$ 7,422,956	1.4%

Financial Overview

Combined Fund Summary - All Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
Outlay Summary by Account type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 183,138,503	\$ 198,274,181	\$ 208,986,854	\$ 222,549,692	\$ 13,562,838	6.5%
Salary Savings Factor	-	(1,963,412)	(4,304,007)	(4,552,679)	(248,672)	5.8%
Services & Supplies	211,074,557	239,895,904	252,950,243	251,970,265	(979,978)	-0.4%
Intra-District Charges	90,989,606	98,727,187	98,193,258	111,295,481	13,102,222	13.3%
OPERATING OUTLAY TOTAL	\$ 485,202,666	\$ 534,933,859	\$ 555,826,348	\$ 581,262,759	\$ 25,436,411	4.6%
DEBT SERVICE						
Services & Supplies	\$ 2,586,757	5,431,880	4,221,881	4,456,881	\$ 235,000	5.6%
Debt Service	83,372,966	\$ 111,509,741	\$ 124,579,973	\$ 156,712,917	32,132,944	25.8%
DEBT SERVICE TOTAL	\$ 85,959,723	\$ 116,941,621	\$ 128,801,854	\$ 161,169,798	\$ 32,367,944	25.1%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 49,828,369	\$ 53,800,056	\$ 58,013,629	\$ 59,931,699	\$ 1,918,071	3.3%
Salary Savings Factor	-	(556,363)	(1,241,055)	(1,272,960)	(31,905)	2.6%
Services & Supplies	307,104,080	341,666,122	640,482,106	574,633,078	(65,849,027)	-10.3%
Carryforward Capital Projects	-	136,961,493	63,083,485	8,627,251	(54,456,234)	-86.3%
Intra-District Charges	30,308,893	32,993,288	32,685,002	36,131,450	3,446,448	10.5%
CAPITAL PROJECTS TOTAL	\$ 387,241,342	\$ 564,864,595	\$ 793,023,165	\$ 678,050,518	\$ (114,972,647)	-14.5%
TOTAL OUTLAYS	\$ 958,403,730	\$ 1,216,740,076	\$ 1,477,651,368	\$ 1,420,483,075	\$ (57,168,292)	-3.9%

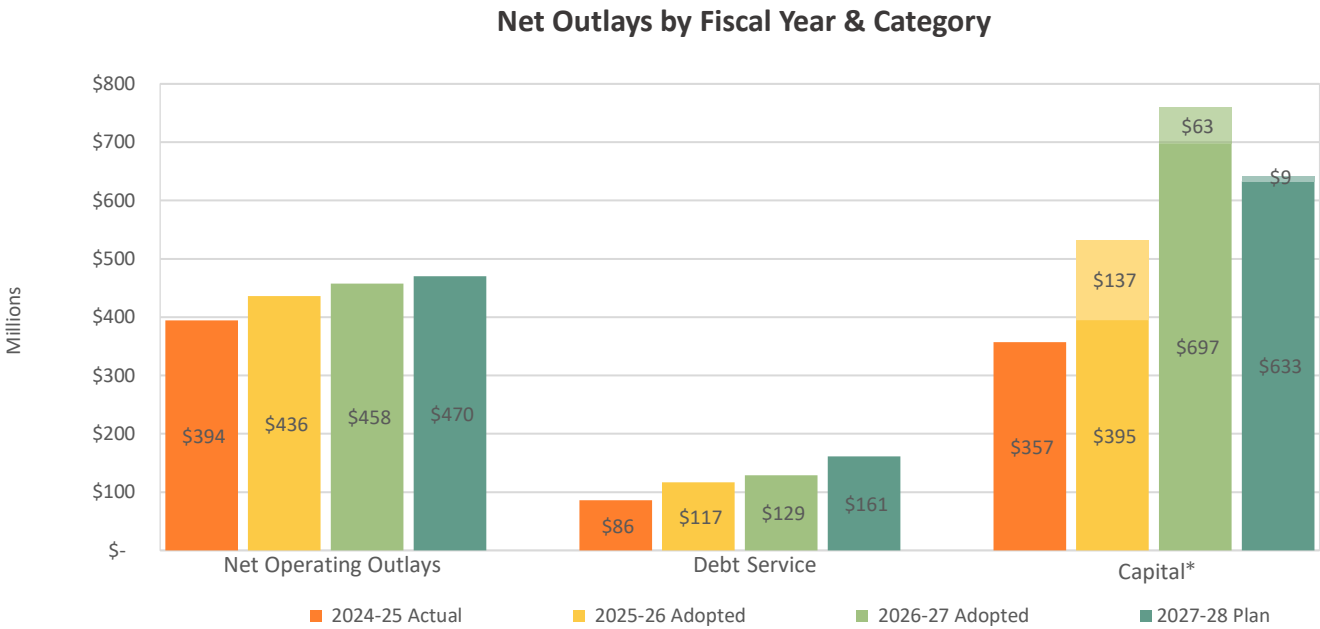
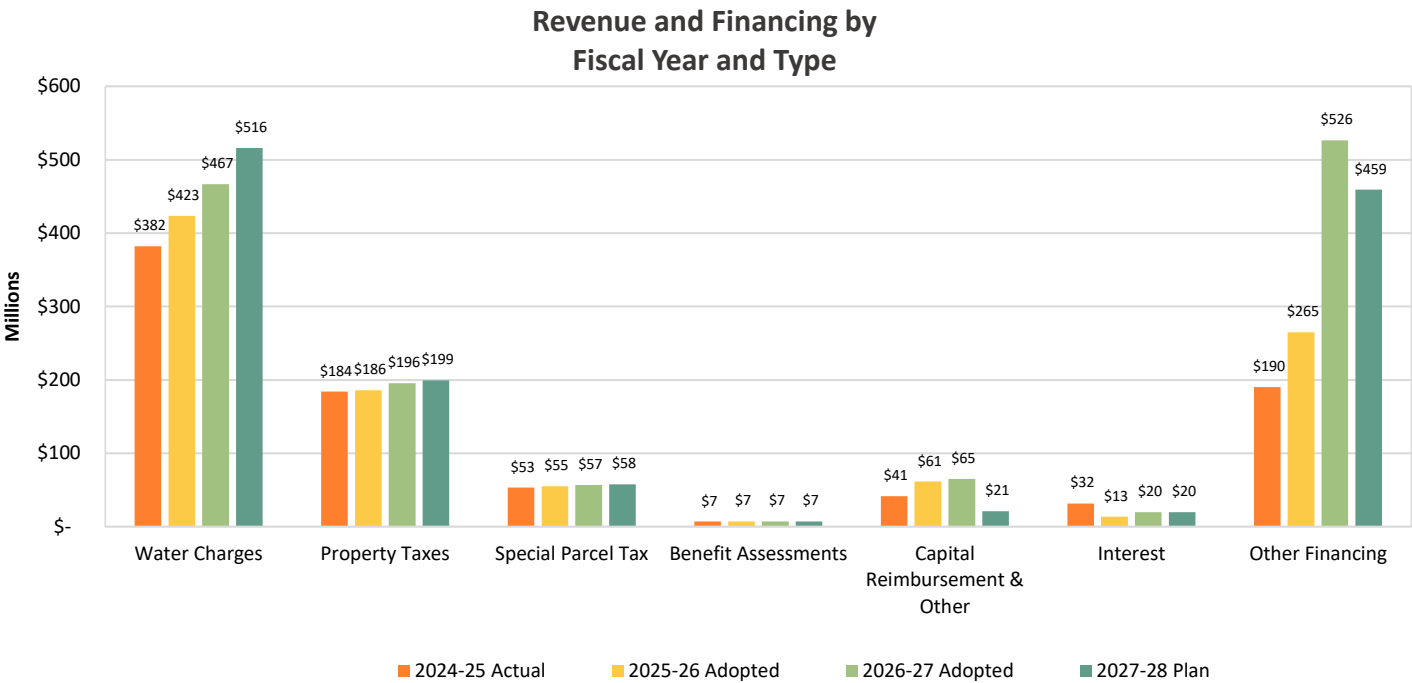
(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liability

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

Financial Overview

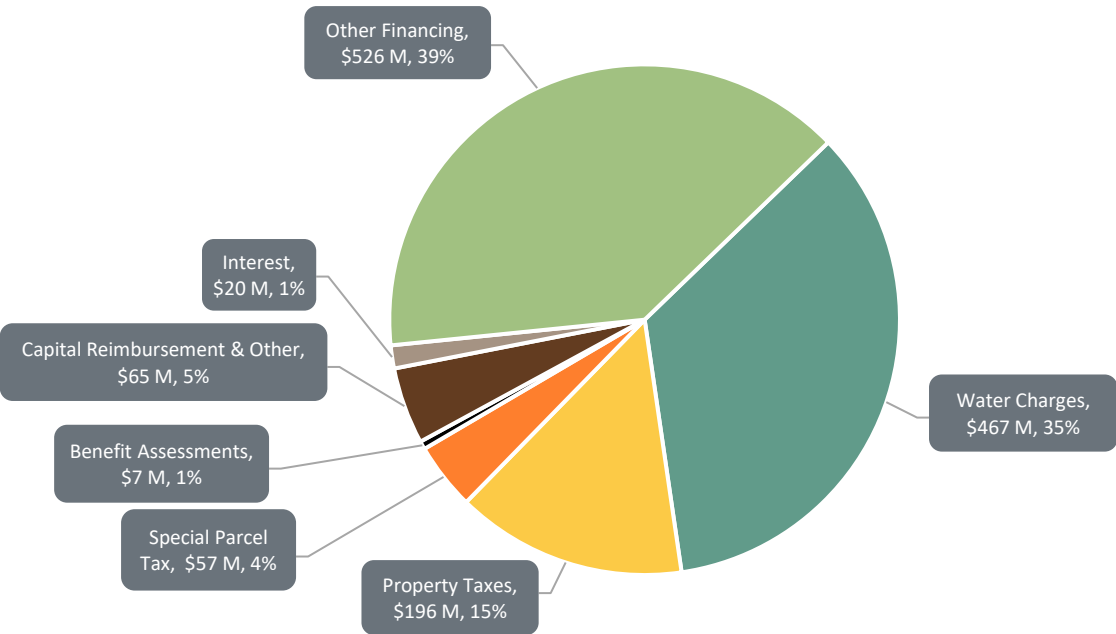
Revenue and Outlays



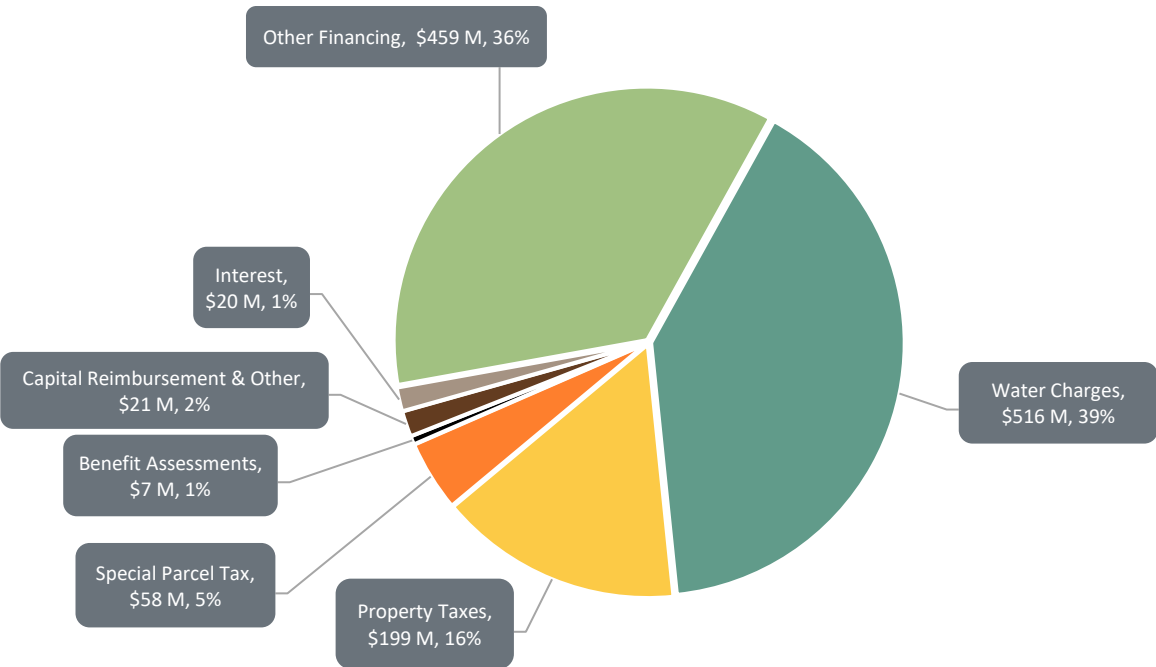
* Capital budget includes current year budget and prior year capital budget carry forward in the lighter shade

Financial Overview

FY 2026-27 Adopted Revenue and Debt Financing, \$1,337 Million

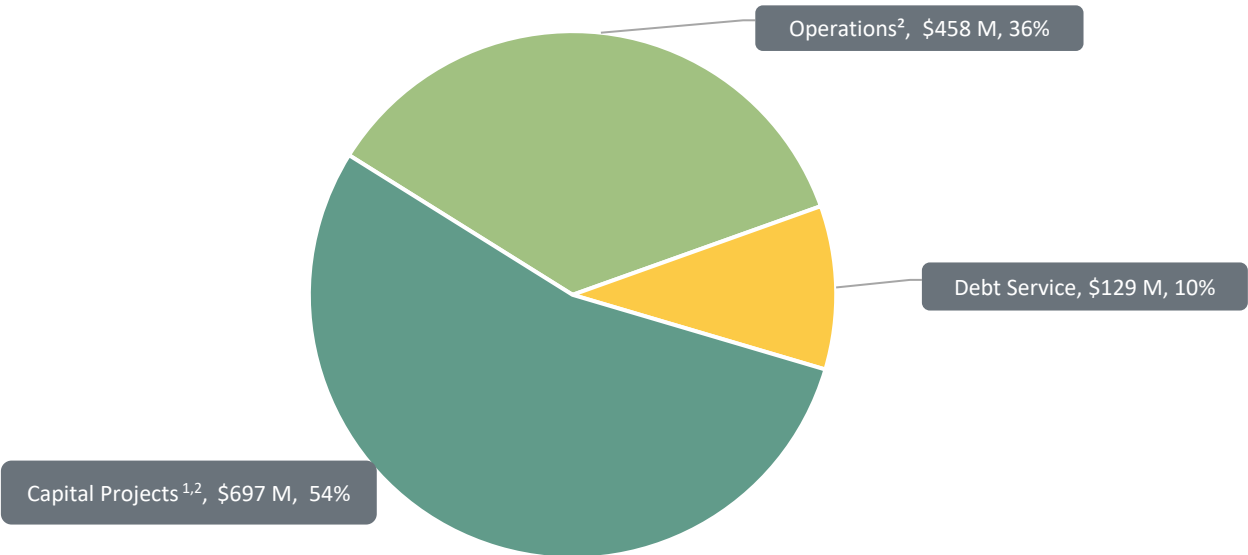


FY 2027-28 Plan Revenue and Debt Financing, \$1,280 Million



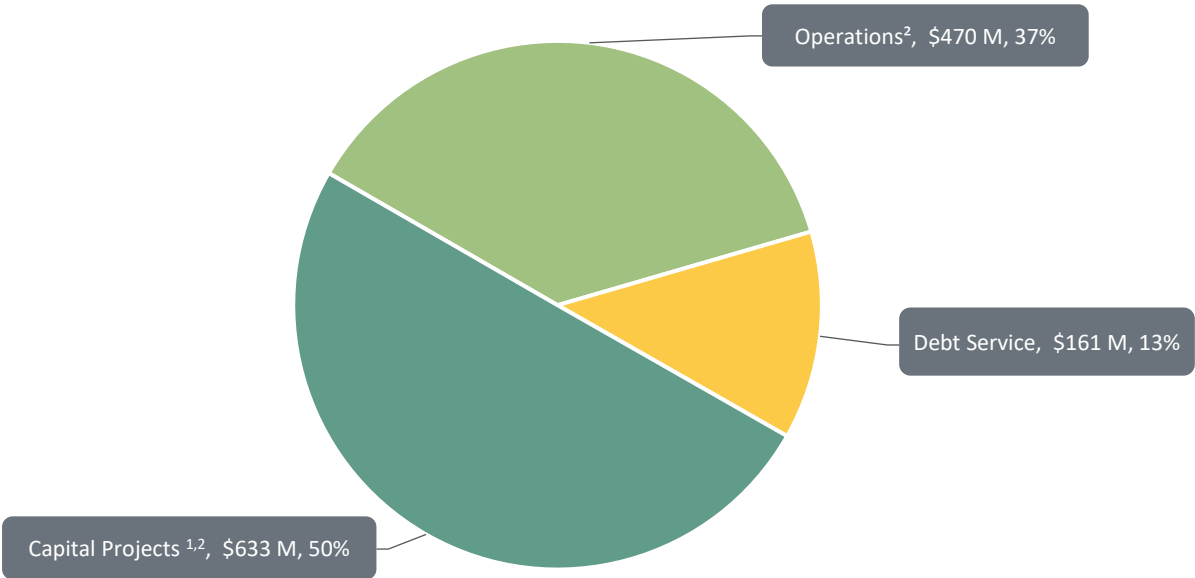
Financial Overview

FY 2026-27 Adopted Net Outlays By Category, \$1,284 Million



¹Capital Projects Outlay does not include capital budget estimated to be carried forward from prior year
²Capital and Operations are net of intra-district reimbursements.

FY 2027-28 Plan Net Outlays By Category, \$1,264 Million



¹Capital Projects Outlay does not include capital budget estimated to be carried forward from prior year
²Capital and Operations are net of intra-district reimbursements.

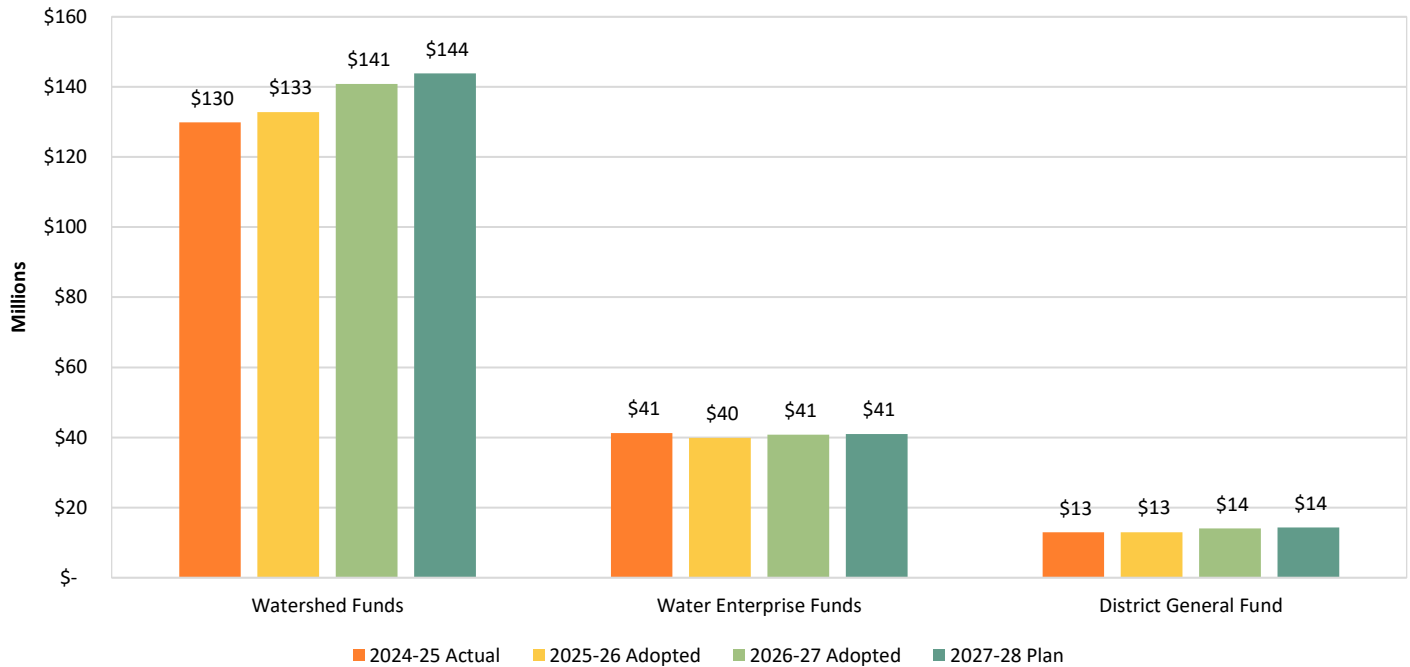
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MAJOR SOURCES OF REVENUE

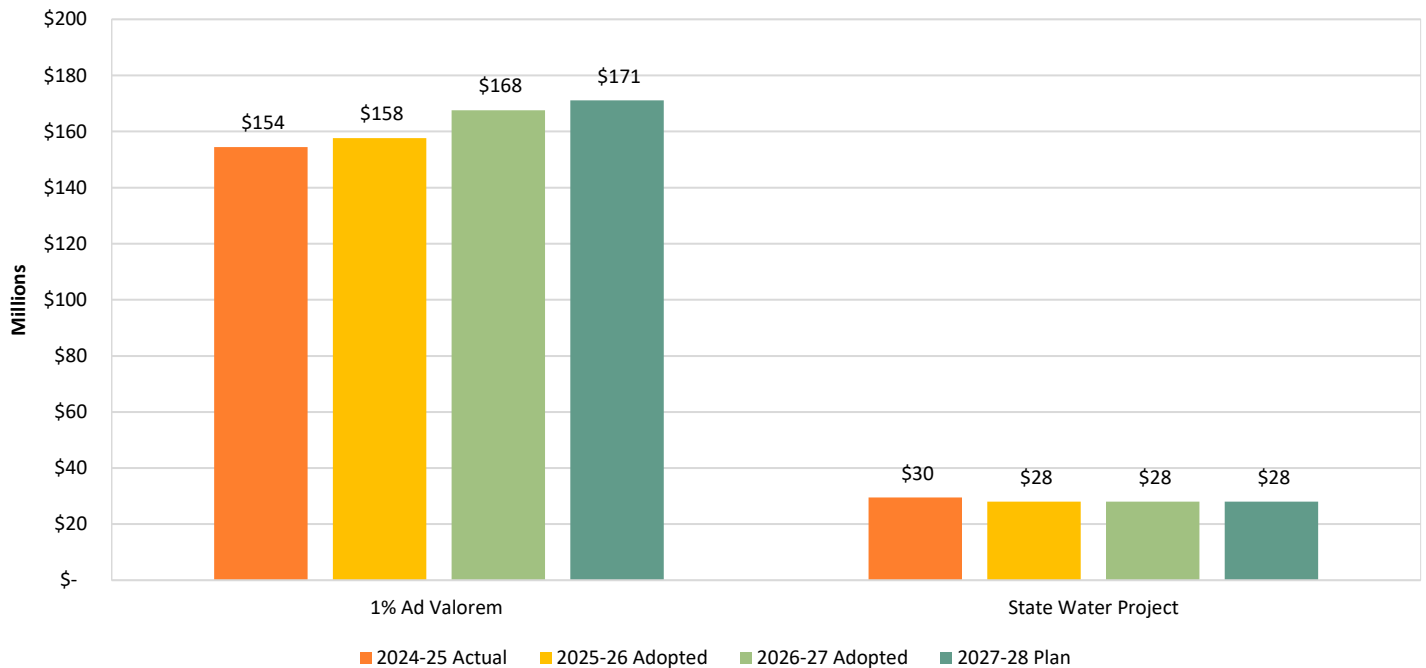
Financial Overview

Property Taxes

Property Taxes by Fiscal Year and Fund Group



Property Taxes by Fiscal Year and Taxing Authority Type



Financial Overview

Property Taxes

Valley Water'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.

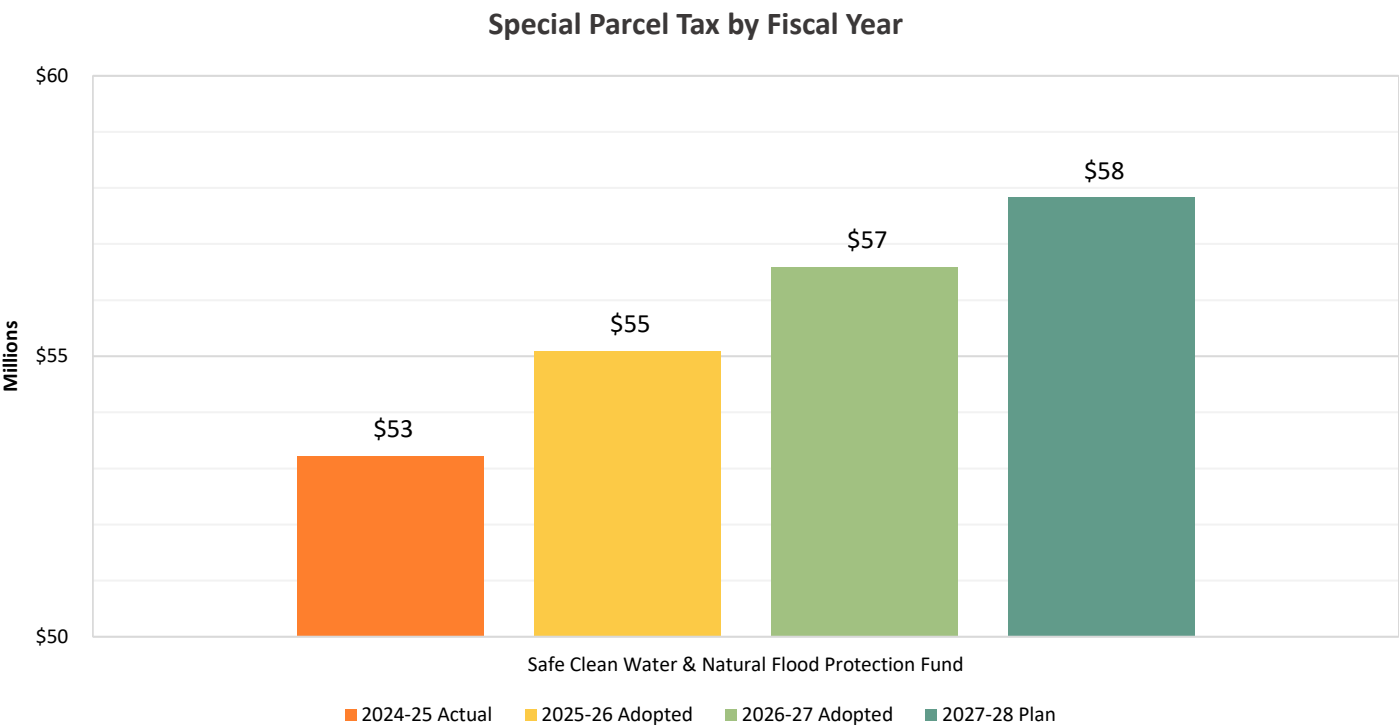
For FY 2026-27, Valley Water is projecting \$167.6 million in 1% Ad Valorem tax revenue, a 6.3% increase over the FY 2025-26 Adopted Budget. The increase reflects the growth in the assessed value of all property in Santa Clara County. For FY 2027-28, 1% Ad Valorem tax is projected to increase 2.1% to \$171.1 million.

Valley Water also levies a State Water Project property tax based on its annual indebtedness to the State pursuant to its water supply contract dated November 20, 1961. This indebtedness is part of Valley Water's SWP water purchase costs and pays for construction, maintenance, and operation of SWP infrastructure and facilities. For FY 2026-27 and FY 2027-28, based on the projected operation costs, SWP taxes are projected at \$28.0 million for each fiscal year.

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28
Property Tax					
1 % Ad Valorem Property Tax					
Watershed & Stream Stewardship Fund	\$ 129,840,107	\$ 132,785,000	\$ 137,453,938	\$ 140,841,668	\$ 143,825,523
Water Utility Enterprise Fund	11,678,629	11,871,000	12,446,763	12,753,112	13,015,809
District General Fund	12,921,072	12,992,800	13,661,494	14,006,575	14,302,819
Total 1% Ad Valorem Allocation	\$ 154,439,808	\$ 157,648,800	\$ 163,562,195	\$ 167,601,355	\$ 171,144,151
State Water Project Debt Service	\$ 29,556,629	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Total Property Tax	\$ 183,996,437	\$ 185,648,800	\$ 191,562,195	\$ 195,601,355	\$ 199,144,151

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 Valley Water's countywide Clean, Safe Creeks and Natural Flood Protection Program (Clean, Safe Creeks Program). In November 2012, the voters approved the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) that built upon the success of its predecessor Clean, Safe Creeks Program. In November 2020, voters overwhelmingly approved Measure S, a renewal of the Safe, Clean Water Program. The special parcel tax levy is based on the land use and parcel size rather than assessed property value. The Board of Directors may adjust it annually by either the prior year's San Francisco-Oakland-Hayward Consumer Price Index for all Urban Consumers (CPI) or 2%, whichever is greater.

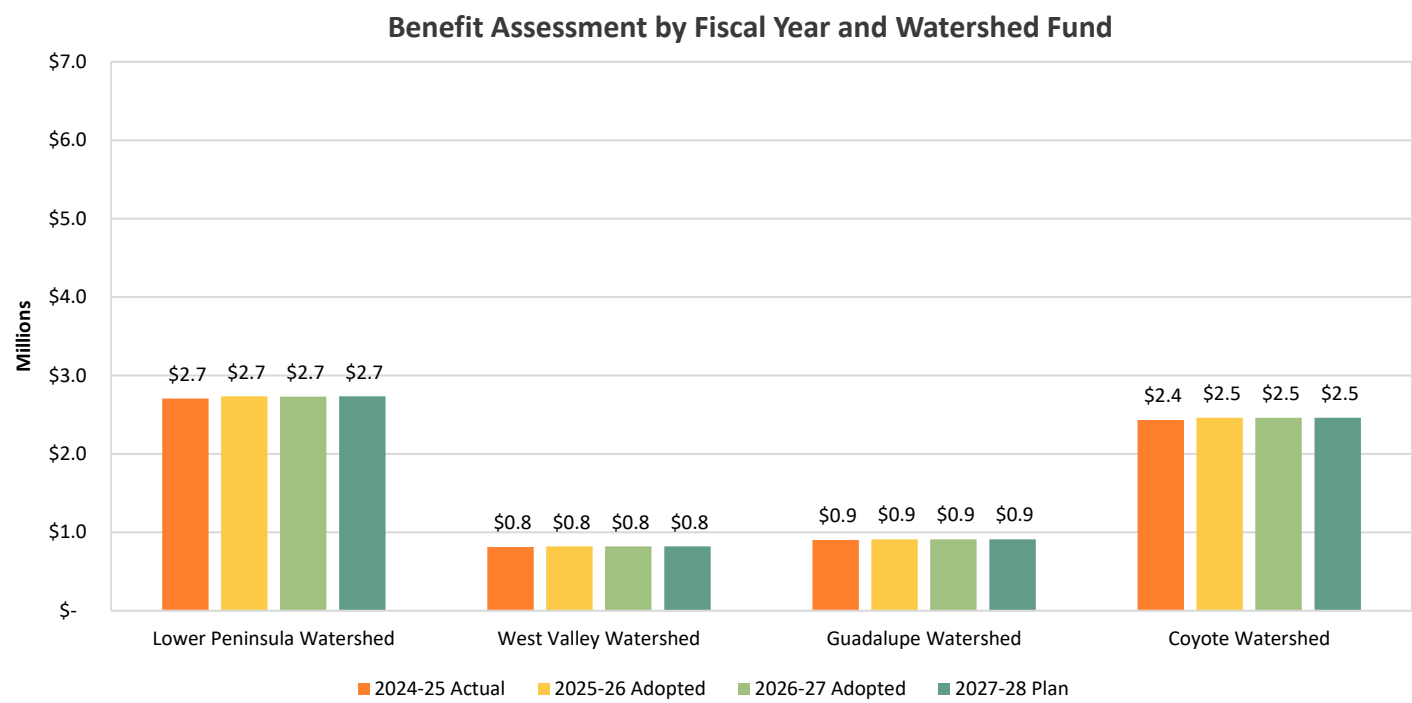
A report released by the Bureau of Labor Statistics indicated that the change in CPI for the last year (from February 2025 to February 2026) was 2.5%. For FY 2026-27, the Board of Directors approved an increase in the special parcel tax to equal the change in CPI of 2.5%. The FY 2026-27 budgeted estimates for the special parcel tax include the adopted 2.5% CPI increase and an anticipated increase in eligible parcels, for a total of 2.7% growth over the 2025-26 Adopted Budget.

FY 2027-28 Planned amounts assume an increase of 2.2%, which reflects the Board adopted 2% increase in the special parcel tax rate, and an anticipated increase in eligible parcels based on construction activity in the county. An assessment of the CPI and recommendation will be provided to the Board of Directors in May 2027. Staff will reevaluate the revenue assumptions during the development of FY 2027-28 & FY 2028-29 Operating and Capital Rolling Biennial Budget.

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28	
Special Parcel Tax										
Safe Clean Water & Natural Flood Protection Fund	\$	53,227,039	\$	55,094,792	\$	55,094,792	\$	56,582,351	\$	57,827,163
Total Special Parcel Tax	\$	53,227,039	\$	55,094,792	\$	55,094,792	\$	56,582,351	\$	57,827,163

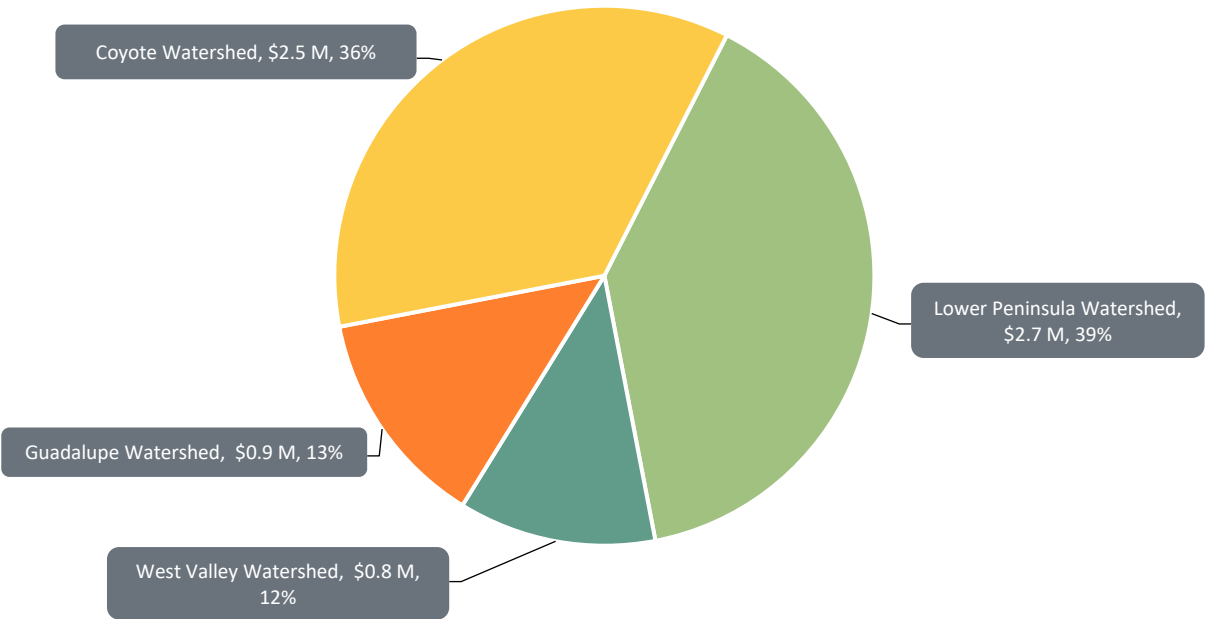
Financial Overview

Benefit Assessment

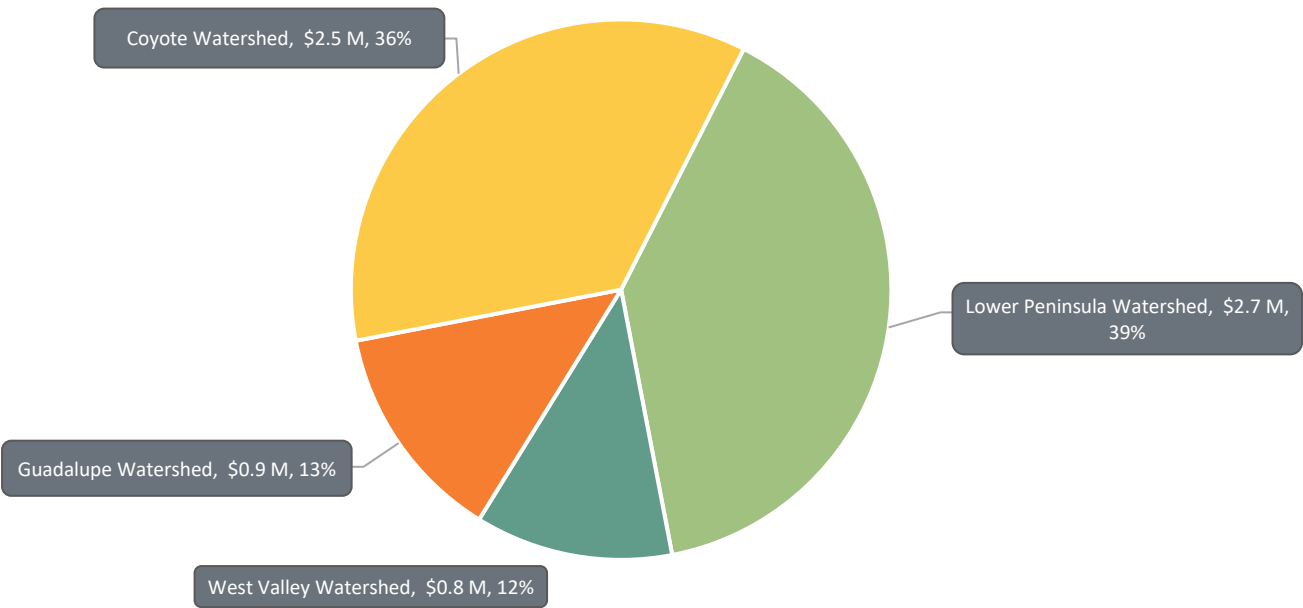


Financial Overview

FY 2026-27 Adopted Benefit Assessments, \$6.9 Million



FY 2027-28 Plan Benefit Assessments, \$6.9 Million



Financial Overview

Benefit Assessment

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

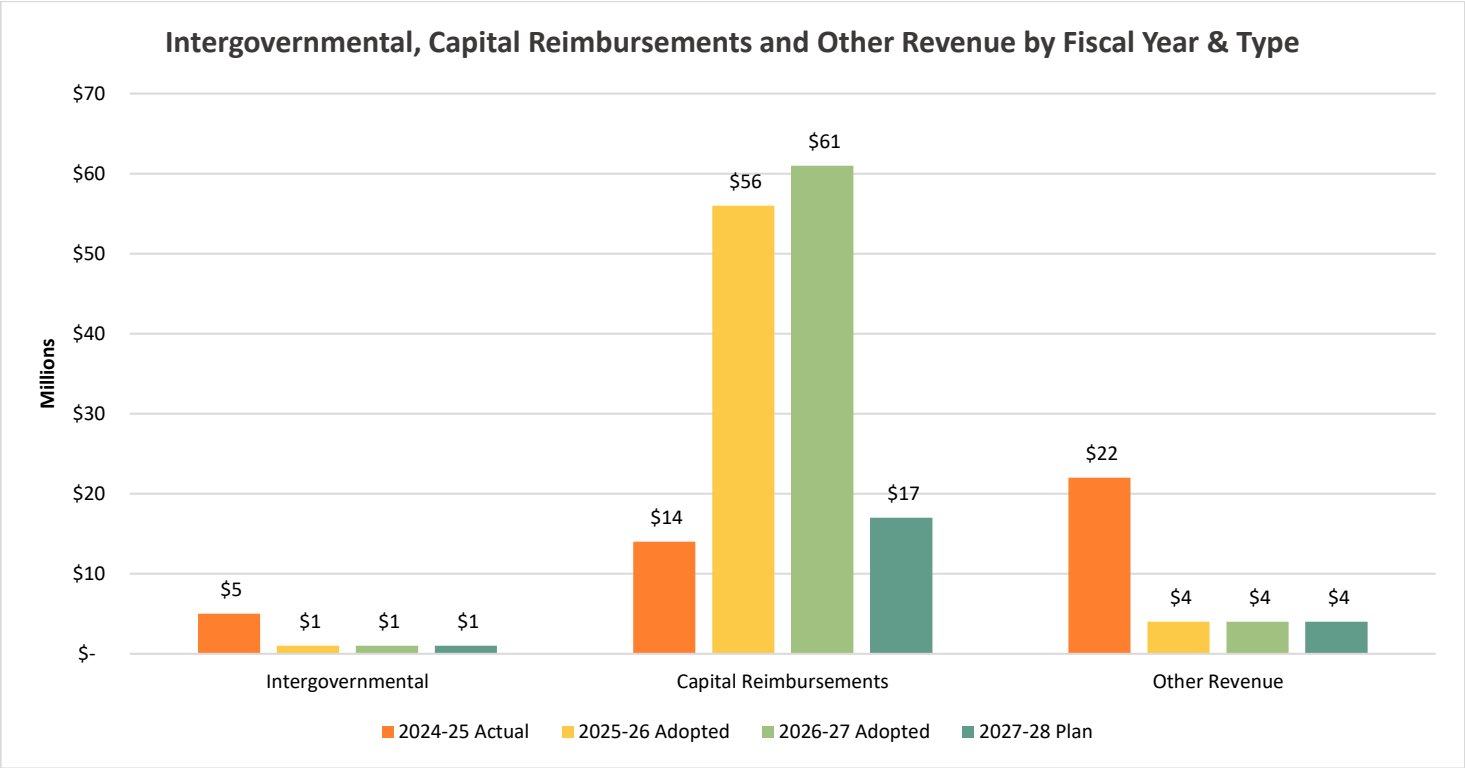
FY 2026-27 and FY 2027-28 continue under this debt repayment phase of the Benefit Assessment program with benefit assessments levied at 1.25 times the annual debt service.

For FY 2026-27 and FY 2027-28, the Benefit Assessment revenue receipts are projected at \$6.9 million each year. As Valley Water continues to pay down principal, the amount collected will decrease.

	Budgetary		Adopted		Projected		Adopted		Proposed	
	Basis Actual		Budget		Year End		Budget		Plan	
	2024-25		2025-26		2025-26		2026-27		2027-28	
Benefit Assessment										
Lower Peninsula Watershed	\$	2,703,730	\$	2,732,804	\$	2,732,804	\$	2,731,817	\$	2,732,927
West Valley Watershed		811,059		819,772		819,772		819,476		819,809
Guadalupe Watershed		901,512		911,166		911,166		910,837		911,207
Coyote Watershed		2,432,212		2,460,008		2,460,008		2,459,120		2,460,119
Total Benefit Assessments	\$	6,848,514	\$	6,923,750	\$	6,923,750	\$	6,921,250	\$	6,924,063

Financial Overview

Intergovernmental, Capital Reimbursements and Other Revenue



Financial Overview

Intergovernmental, Capital Reimbursements and Other Revenue

Intergovernmental Services

Valley Water anticipates receiving intergovernmental services revenue of \$1.3 million in FY 2026-27 and \$1.4 million in FY 2027-28 in the Water Utility Enterprise Fund. These funds are primarily for reimbursement from the San Benito County Water District (SBCWD) for operating maintenance of the San Felipe Division Reach 1, and for conservation activities funded by local cost sharing agreements.

Capital Reimbursement Revenue

Capital reimbursement revenue is expected at \$61.0 million in FY 2026-27 and \$16.8 million in FY 2027-28.

Water Utility Enterprise receipts in FY 2026-27 are budgeted at \$0.5 million and \$1.2 million in FY 2027-28 from San Benito County Water District for small capital improvements on the San Felipe Division Reach 1.

Watershed and Stream Stewardship Fund capital reimbursement are expected to be \$6.2 million in FY 2026-27, mostly comprised of \$3.2 million Measure AA grant funding and \$3.0 million in State Subventions for the San Francisco Bay Shoreline project. In FY 2027-28, reimbursements totaling \$5.0 million comprised of \$2.0 million Measure AA grant funding, \$2.0 million in State Coastal Conservancy funds, and \$1.0 million from the State Subventions for the San Francisco Bay Shoreline project.

Safe, Clean Water Fund reimbursements of \$54.2 million in FY 2026-27, comprised of: \$50.0 million from Natural Resources Conservation Service (NRCS) for Llagas Creek - Phase 2B Construction project; and, \$4.1 million from the City of Morgan Hill and \$0.1 million in State Subventions for the work on Llagas Creek, Upper Buena Vista to Wright Project. In FY 2027-28, reimbursements total \$10.6 million, comprised of: \$10.0 million from NRCS for the Upper Llagas Creek - Phase 2B Construction project, \$0.5 million from the City of Morgan Hill and \$0.1 million in State Subventions for the work on Llagas Creek, Upper Buena Vista to Wright Project.

Other Revenue

The other operating and non-operating revenue includes rental income, well permit fees, refunds, and adjustments. FY 2026-27 budget anticipates \$3.7 million including \$1.8 million in Watersheds, \$1.7 million in Water Utility and \$0.1 million in the General and Internal Service funds. FY 2027-28 anticipates revenues to hold steady at \$3.7 million with \$1.9 million budgeted in Watersheds, \$1.8 million in Water Utility and \$0.1 million in the General and Internal Service funds.

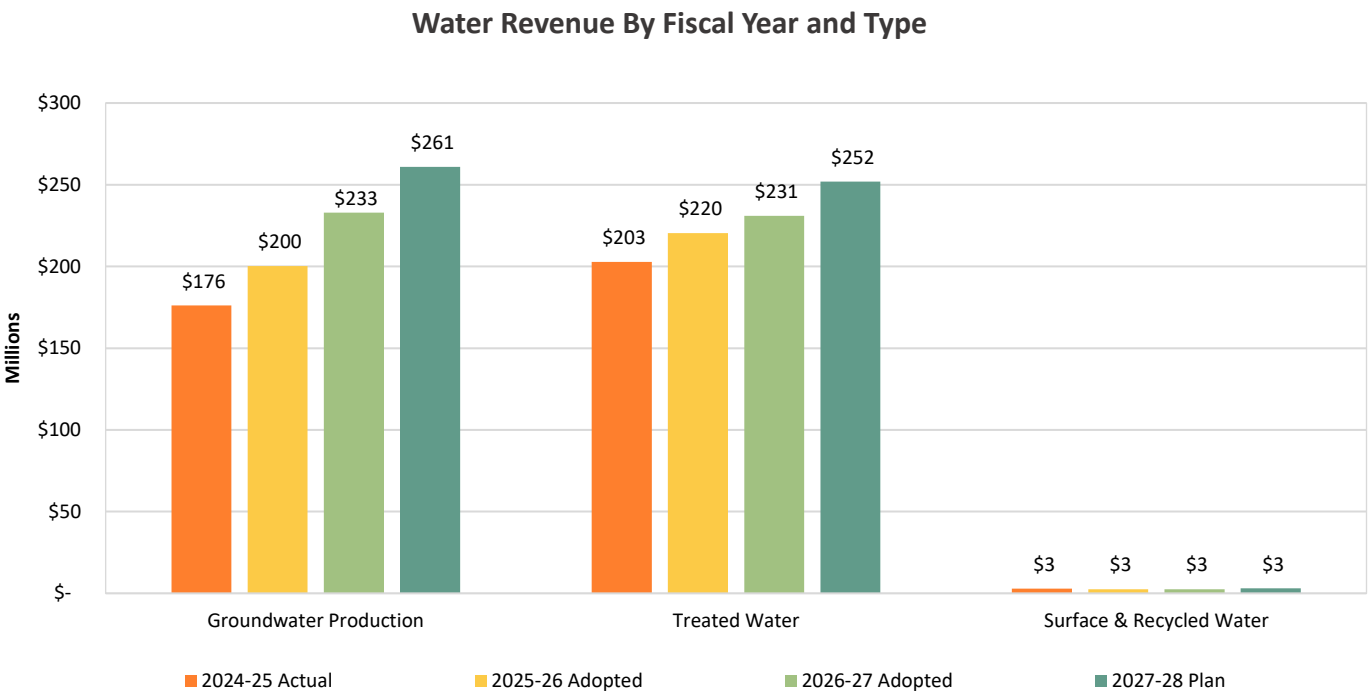
Financial Overview

Intergovernmental, Capital Reimbursements and Other Revenue

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28	
Intergovernmental Services										
Watershed & Stream Stewardship Fund	\$	188,864	\$	–	\$	–	\$	–	\$	–
Safe Clean Water & Natural Flood Protection Fund		14,107		–		–		–		–
Water Utility Enterprise Fund		4,885,067		1,493,295		1,492,500		1,323,000		1,397,000
District General Fund		295,618		–		–		–		–
Total Intergovernmental Services	\$	5,383,656	\$	1,493,295	\$	1,492,500	\$	1,323,000	\$	1,397,000
Capital Reimbursements										
Watershed & Stream Stewardship Fund	\$	7,856,093	\$	5,000,000	\$	3,910,000	\$	6,227,000	\$	5,000,000
Safe Clean Water & Natural Flood Protection Fund		2,959,053		50,600,000		20,600,000		54,228,000		10,600,000
Water Utility Enterprise Fund		3,030,479		684,000		1,341,000		504,000		1,216,000
Total Capital Reimbursements	\$	13,845,624	\$	56,284,000	\$	25,851,000	\$	60,959,000	\$	16,816,000
Other										
Watershed & Stream Stewardship Fund	\$	3,697,115	\$	1,777,425	\$	1,777,425	\$	1,830,748	\$	1,885,670
Safe Clean Water & Natural Flood Protection Fund		319,915		–		–		–		–
Water Utility Enterprise Fund		7,754,895		726,158		738,182		747,394		757,045
State Water Project Fund		9,589,822		1,000,000		1,000,000		1,000,000		1,000,000
District General Fund		222,541		61,600		61,600		61,600		62,832
Internal Service Funds		450,517		41,500		41,500		42,330		43,177
Total Other	\$	22,034,806	\$	3,606,683	\$	3,618,707	\$	3,682,072	\$	3,748,724
Total Intergov'l & Other Revenues	\$	41,264,086	\$	61,383,978	\$	30,962,207	\$	65,964,072	\$	21,961,724

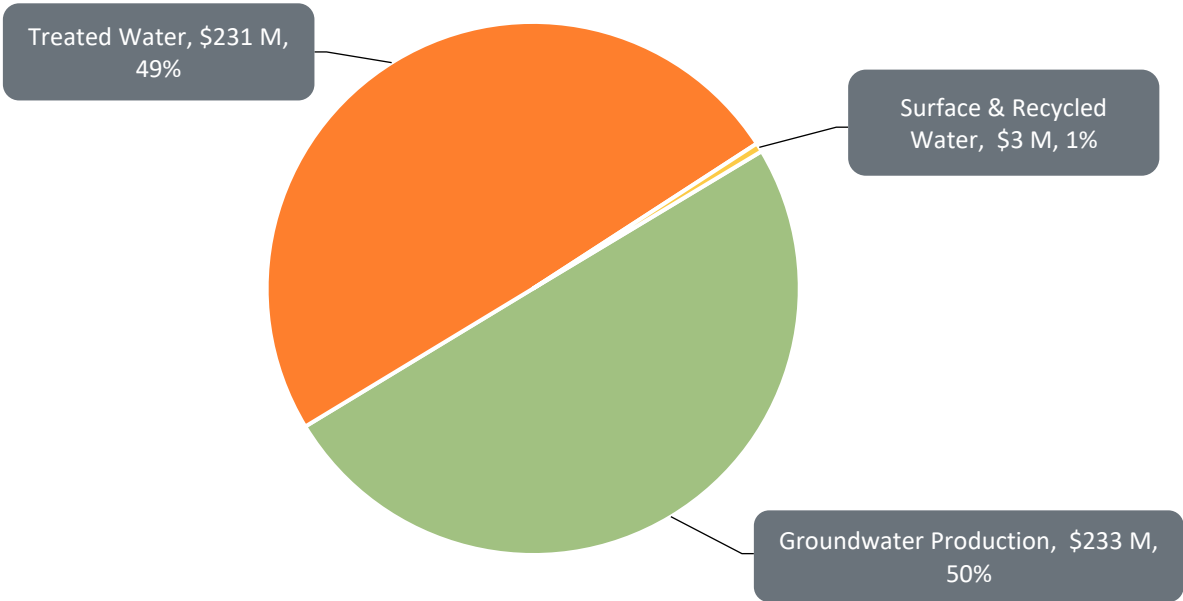
Financial Overview

Water Revenue

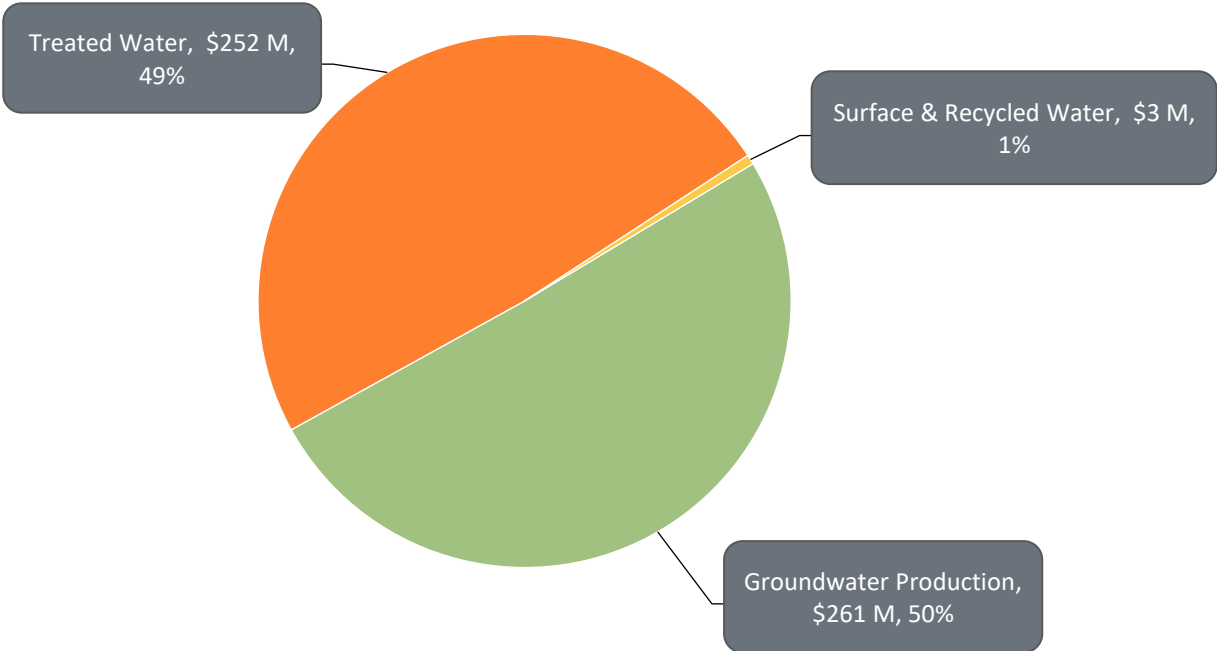


Financial Overview

FY 2026-27 Adopted Water Revenue \$467 Million



FY 2027-28 Plan Water Revenue \$516 Million



Financial Overview

Water Revenue

Valley Water'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 Valley 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 in FY 2026-27 Budget and FY 2027-28 Plan are based on staff's recommendations to the Board. Water charges are necessary to provide funding for critical infrastructure and operational needs, water imported via California's state and federal water systems, and the development of future supplies and storage. The water charges are shown in the accompanying Water Utility Charge Summary schedule found in the Water Enterprise Fund Summary section of this book.

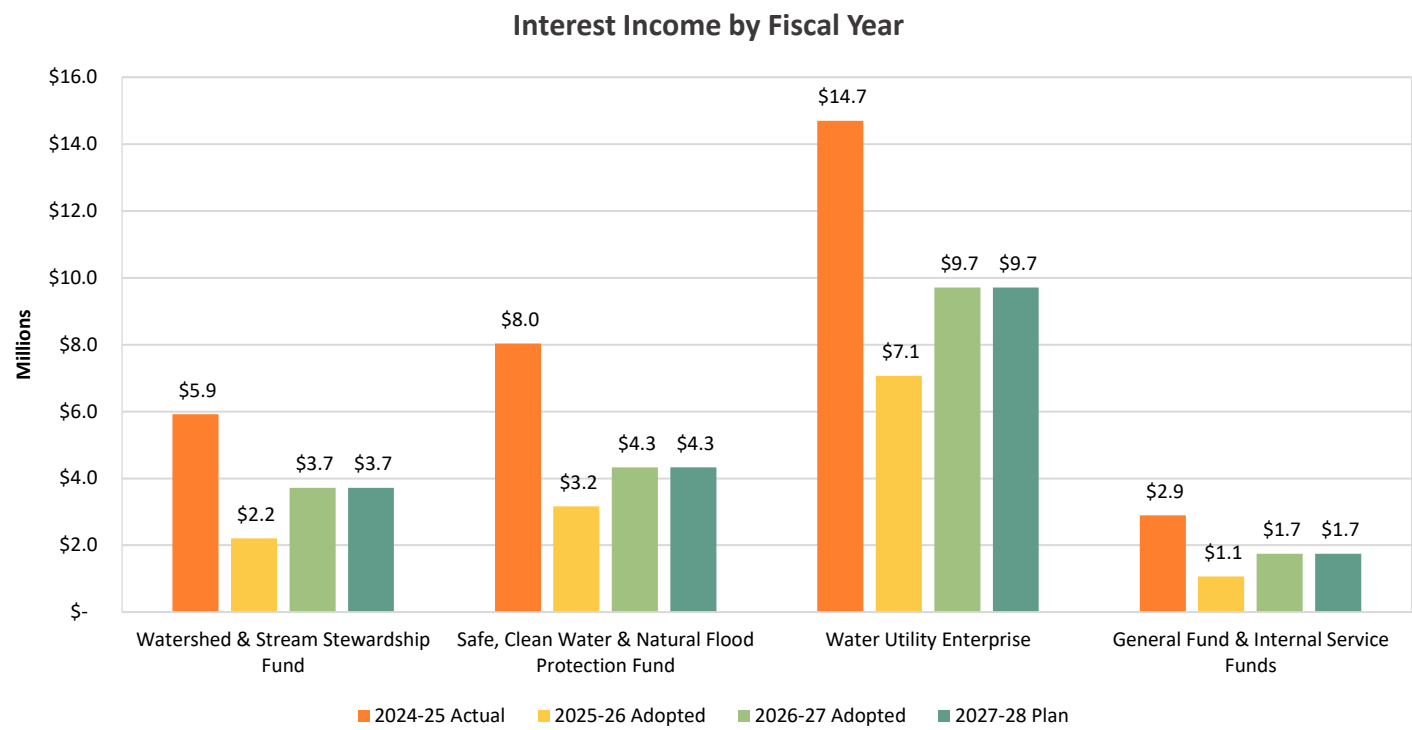
FY 2026-27 revenue estimates reflect an increase of 9.1% in groundwater production charges for the North County (Zone W-2) when compared to FY 2025-26. In the Llagas Subbasin (Zone W-5), revenue estimates reflect an increase of 6.6% in the groundwater production charge when compared to FY 2025-26. In the Coyote Valley (Zone W-7) revenue estimates reflect an increase of 9.4% in the groundwater production charge when compared to FY 2025-26. In the foothills below the Uvas and Chesbro reservoirs (Zone W-8), revenue estimates reflect an increase of 8.0% to the groundwater production charge relative to FY 2025-26. In FY 2027-28 revenue estimates project the same annual rate increases as scheduled in FY 2026-27.

The FY 2026-27 water use estimate of 221,500 AF represents a 2,500 AF or 1.1% increase compared to the FY 2025-26 adopted water budget usage amount of 219,000 AF. FY 2027-28, the water use estimate increases to 224,000 AF, consistent with a more moderate rebound from the 2023 drought. Additionally, other sources such as Hetch Hetchy and local retail water supplies like San Jose Water Company, Stanford, and South Bay Water Recycling provide approximately 72,000 acre-feet of water per year to Santa Clara County. Valley Water does not receive revenue for these sources of supply.

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28
Water Revenue					
Groundwater Production Charges	\$ 176,173,362	\$ 200,333,000	\$ 213,834,000	\$ 233,004,000	\$ 261,258,000
Treated Water Charges	202,844,299	220,403,000	198,403,000	231,016,000	251,897,000
Surface & Recycled Water Charges	2,955,025	2,582,000	2,591,000	2,526,000	2,738,000
Total Water Revenue	\$ 381,972,685	\$ 423,318,000	\$ 414,828,000	\$ 466,546,000	\$ 515,893,000

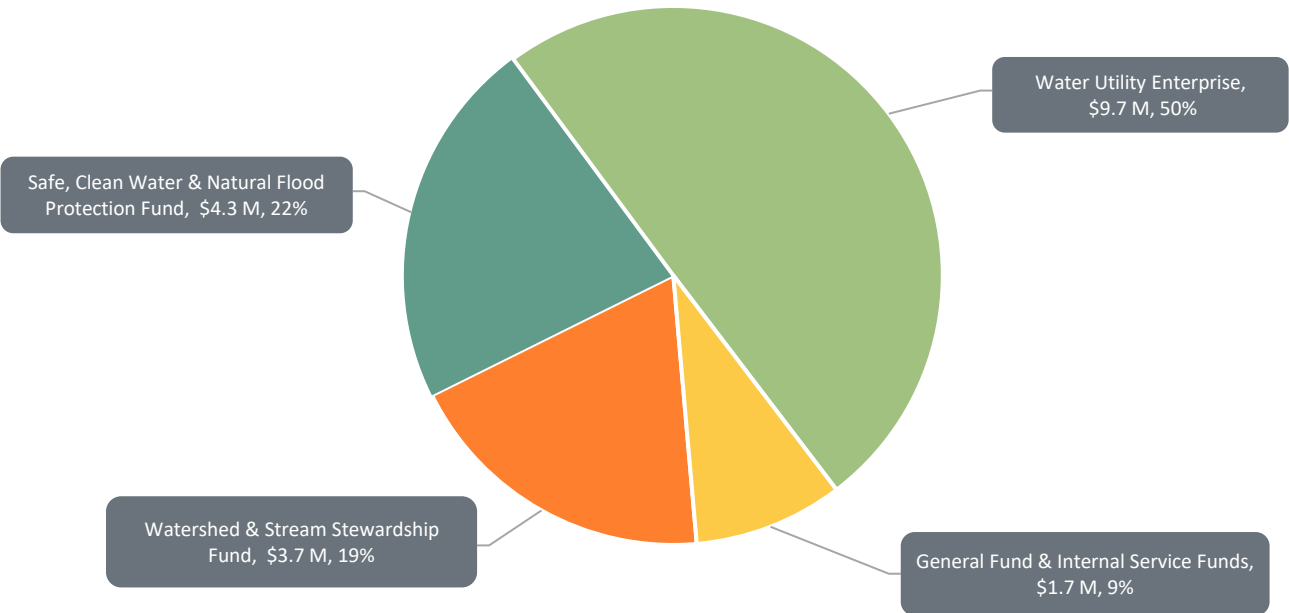
Financial Overview

Interest Income

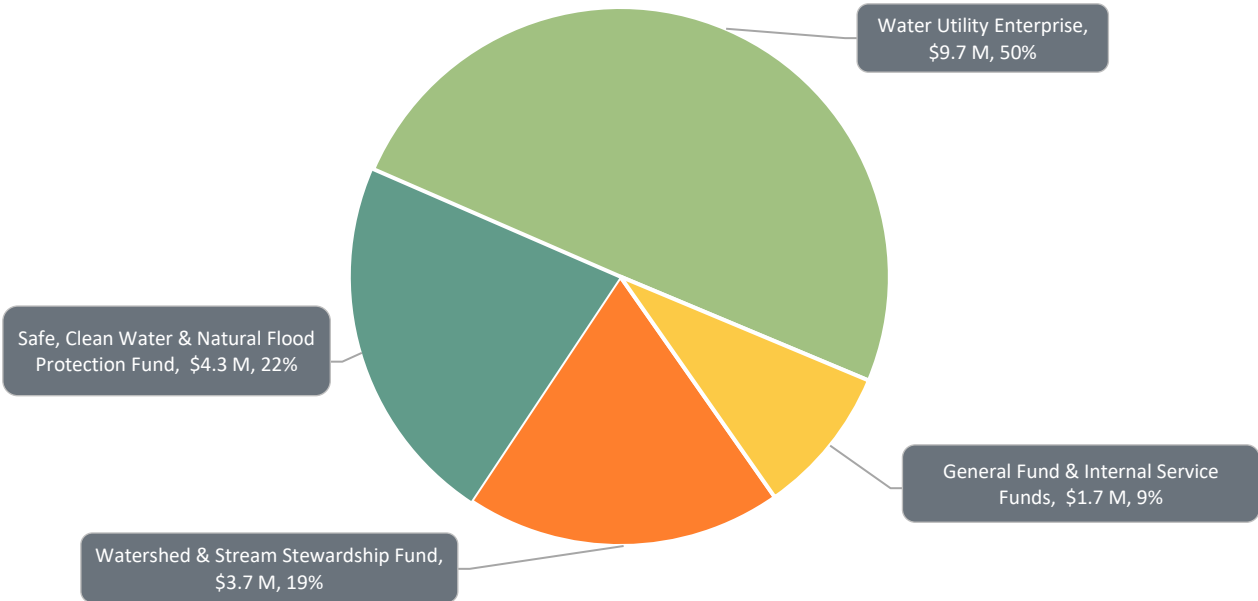


Financial Overview

FY 2026-27 Adopted Interest Earnings, \$19.5 Million



FY 2027-28 Plan Interest Earnings, \$19.5 Million



Financial Overview

Interest Income

Valley Water invests funds not immediately required for daily operations in various securities as authorized by California Government Code 53600 et al. Valley Water'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. For additional information regarding Valley Water's investment policy, please visit: <https://www.valleywater.org/how-we-operate/financebudget/investor-relations> and select District Debt and Investment Management.

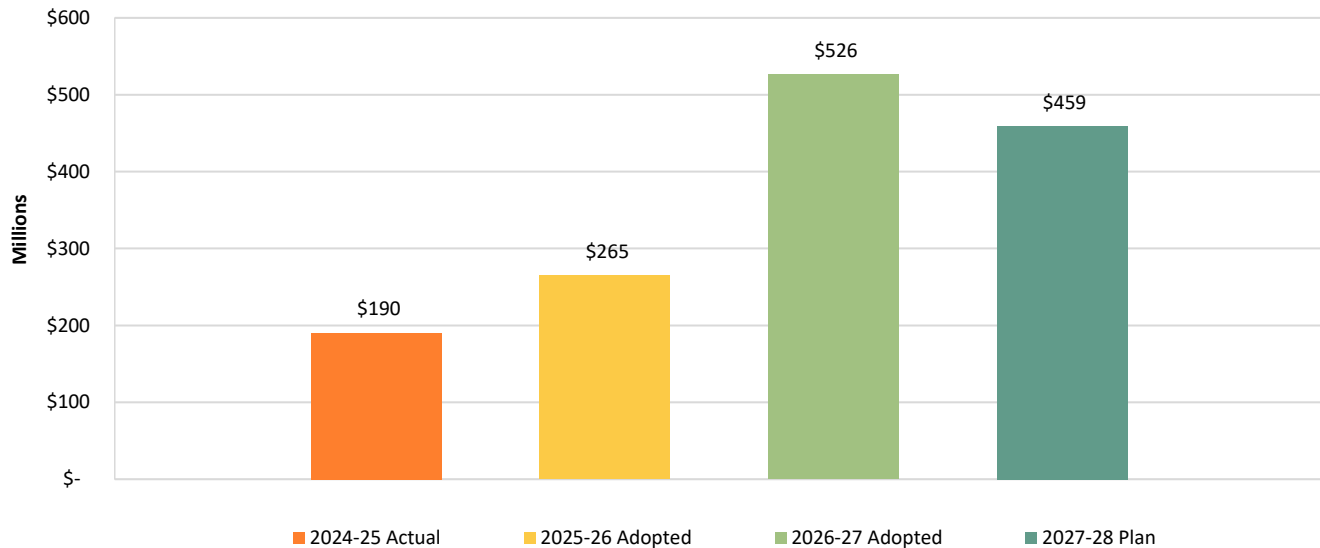
Interest earnings are projected at \$19.5 million for FY 2026-27 and FY 2027-28. The estimates assume an average portfolio yield of 3.0% for FY 2026-27 and FY 2027-28.

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28
Interest Income										
Watershed & Stream Stewardship Fund	\$	5,916,353	\$	2,204,000	\$	3,716,000	\$	3,716,000	\$	3,716,000
Safe Clean Water & Natural Flood Protection Fund		8,030,620		3,162,000		4,329,000		4,329,000		4,329,000
Water Utility Enterprise Fund		14,700,229		7,066,000		9,707,000		9,707,000		9,707,000
General Fund		1,303,987		443,000		822,000		822,000		822,000
Service Funds		1,590,507		624,000		927,000		927,000		927,000
Total Interest Income	\$	31,541,696	\$	13,499,000	\$	19,501,000	\$	19,501,000	\$	19,501,000

Financial Overview

Other Financing

Other Financing by Fiscal Year



The Other Financing includes debt instruments such as commercial paper, short-term debt obligations, refunding 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 Water Utility and Safe, Clean Water and Natural Flood Protection Program capital projects.

Valley Water anticipates issuing approximately \$526.3 million in debt proceeds in FY 2026-27, of which \$407.0 million is for Water Utility and \$119.3 million is for the Safe, Clean Water program. In FY 2027-28, planned issuance is approximately \$459.2 million, \$329.2 million for Water Utility and \$130.0 million for Safe, Clean Water program, respectively.

All planned debt financing is factored in Valley Water's long-term financial forecast models to ensure that pledged revenues are sufficient to meet or exceed the targeted debt service coverage ratio.

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28
OTHER FINANCING					
Debt Proceeds	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000	\$ 459,228,000
TOTAL OTHER FINANCING	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000	\$ 459,228,000

SALARIES AND BENEFITS

Financial Overview

Salaries and Benefits

The FY 2026-27 salaries and benefits budget is based on a total of 878 positions, which includes 876 regular positions and two limited term positions. In FY 2026-27, 45 positions are paused, resulting in no change to the 876 regular positions as compared to FY 2025-26. Additionally, a one-year board approved limited term position was approved for FY 2026-27. The total salaries and benefits budget is \$261.5 million, an increase of \$11.9 million or 4.8% from the FY 2025-26 Adopted Budget. This increase is primarily driven by a 4.5% cost-of-living adjustment (COLA), an estimated \$3.2 million increase in CalPERS contributions, the addition of one limited-term position, and a \$1.5 million increase in health insurance costs.

In FY 2027-28, salaries and benefits are projected at \$276.7 million, an increase of \$15.2 million, or 5.8% compared to the FY 2026-27 budget. The increase is primarily attributed to a 4% COLA, an estimated \$2.8 million increase in CalPERS, and a \$3.5 million increase in health insurance costs. The larger increase in FY 2027-28 compared to FY 2026-27 is mainly due to the release of eight previously paused positions, partially offset by the expiration of one limited-term position.

Financial Overview

Summary of Positions

	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26 ⁽²⁾	Adopted Budget FY 2026-27 ^(2,3)	Proposed Plan FY 2027-28 ⁽⁴⁾
Board Appointed Officers ⁽¹⁾	78	71	102	102
Office of Integrated Water Mgmt	70	70	67	67
External Affairs	46	43	43	43
Administrative Services	166	160	128	128
Water Utility	304	291	291	291
Watersheds	257	241	245	253
Total Regular Positions	921	876	876	884
Limited Term Positions	4	4	2	1
Total	925	880	878	885

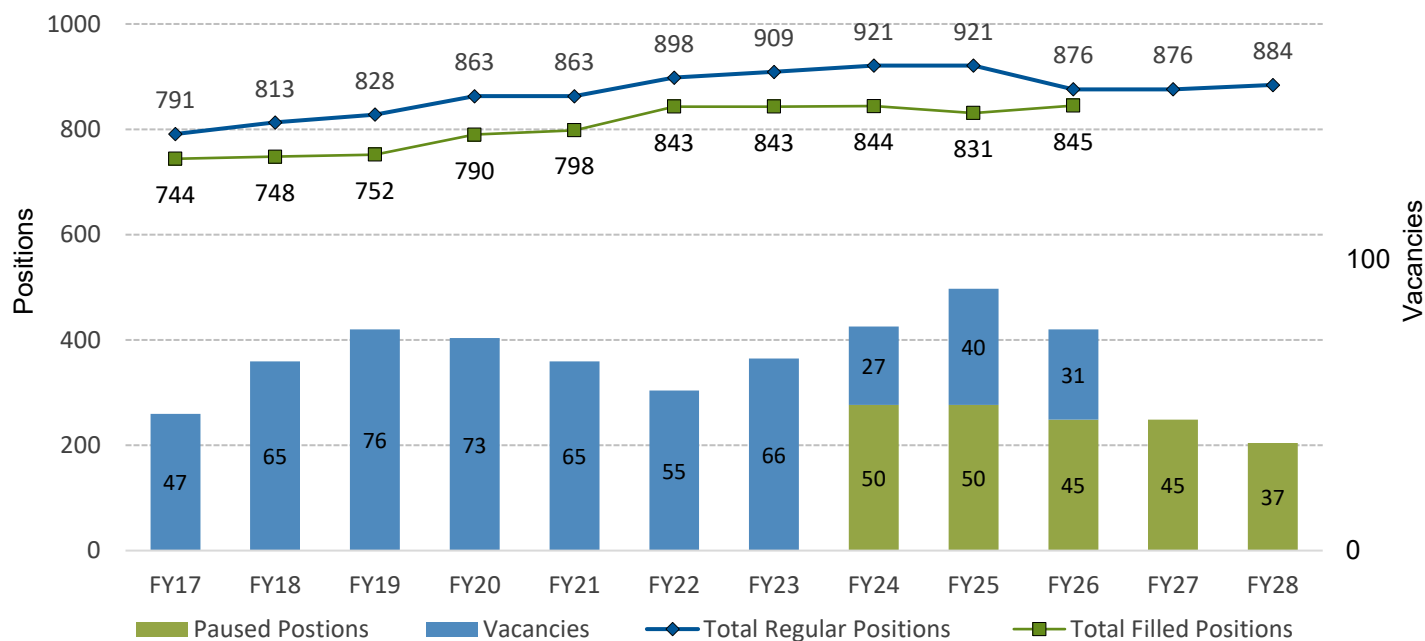
¹ Board Appointed Officers include: Office of Chief Executive Office, District Counsel, and Clerk of the Board.

² 45 positions are paused for FY 2025-26 & FY 2026-27

³ Human Resources was moved from Administrative Services to Board Appointed Officers for the FY27 Adopted Budget

⁴ 37 positions are paused for FY 2027-28.

Valley Water Regular Position Trends, FY 2017-2028



Financial Overview

Salaries and Benefits

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28	
Salaries										
Salaries	\$	138,758,332	\$	150,330,252	\$	150,704,712	\$	157,716,534	\$	165,802,743
Overtime		5,278,653		4,292,067		4,292,067		4,946,692		5,138,682
Special Pays		1,211,056		1,119,099		1,119,099		1,227,099		1,254,661
Salary Savings		—		(2,519,774)		(2,519,774)		(5,545,063)		(5,825,639)
Total Salaries	\$	145,248,041	\$	153,221,643	\$	153,596,103	\$	158,345,262	\$	166,370,446

Benefits										
Fed & State Taxes	\$	2,141,803	\$	2,240,559	\$	2,240,559	\$	2,347,660	\$	2,464,841
Retirement Contributions		46,390,645		51,001,609		51,001,609		54,217,029		57,019,876
Group Ins-Active Employees		22,310,899		28,126,551		28,126,551		29,577,469		33,043,652
Group Ins-Retired Employees		16,875,486		14,964,100		14,964,100		16,968,000		17,756,936
Total Benefits	\$	87,718,832	\$	96,332,819	\$	96,332,819	\$	103,110,158	\$	110,285,305
Total Salary & Benefits	\$	232,966,874	\$	249,554,462	\$	249,928,922	\$	261,455,420	\$	276,655,752

Labor Hours		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28	
Regular Hours		1,433,911		1,535,302		1,535,302		1,528,128		1,539,665	
Overtime		46,776		34,820		34,820		38,213		37,853	
Compensated Absences		298,443		293,330		293,330		294,559		298,275	
Total Hours		1,779,130		1,863,452		1,863,452		1,860,900		1,875,793	

DEBT & INVESTMENTS

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 short- and long-term 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. Valley Water's debt issuance practices are governed by the California Government Code and California Water codes.

Valley Water 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, Valley Water may issue notes for principal and interest that do not exceed 85% of the uncollected revenues of Valley Water 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 a separate authority for Valley Water to issue notes, and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

On September 8, 2023, Governor Newsom signed into state law Assembly Bill 939, which made numerous changes to the District Act, including amending the limit on short-term debt Valley Water could issue without holding an election. Consistent with the California Constitution, Valley Water may issue short term debt (with maturities up to five years) that is payable in any fiscal year in an amount, when added to the interest thereon, not to exceed 85% of the estimated amount of revenues, charges, taxes, and assessments that will be available in that fiscal year for the payment of principal and interest on the debt.

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 Valley Water, 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 Valley Water Debt Policies that are consistent with Board policies and provide guidance to employees in regards to administering the debt programs and agreements, including consideration for the appropriate level of debt for Valley Water to carry and structuring debt repayment to address intergenerational benefits;
- 4.7.5. Be consistent with Valley Water's Debt Policy and any addenda when issuing debt;
- 4.7.6. Maintain strong credit ratings and good investor relations;
- 4.7.7. Valley Water shall not do business with banks who do not have an Environmental, Social and Governance (ESG) ranking at or better than the "Average/Medium" category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below \$10 billion are exempt from this provision.

Financial Overview

Debt Policy

Valley Water 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, Valley Water shall periodically review the costs of its outstanding liabilities to identify 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 Water Utility Certificates of Participation and Revenue Bonds are encompassed within the Parity Master Resolution adopted on February 23, 2016 (as amended from time to time). Water Utility coverage ratios required for debt service are set at a minimum of 1.25 times the annual debt service for parity lien debt. Valley Water is in compliance with all coverage ratio requirements for all outstanding debt. For additional information regarding Valley Water's debt policy, please visit www.valleywater.org/how-we-operate/finance-budget/investor-relations.

Bond Ratings

The bond ratings for Valley Water's outstanding debt reflect high-grade investment-quality debt. They are based on Valley Water'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.

Financial Overview

Outstanding Debt

Total debt includes certificates of participation (COPs), commercial paper, revolving line of credit certificates, revenue bonds, and WIFIA loans. Scheduled annual debt service for FY 2026-27 is \$128.8 million, including financing and legal fees. The WIFIA loans for the SCW program (Coyote Creek Flood Protection and Sunnyvale East and West Channels projects) and Water Utility Fund (Anderson Dam Seismic Retrofit and Coyote Percolation Dam Replacement projects) have deferred interest payments that start in FY 2028 and FY 2030, respectively, and principal payments that are scheduled for FY 2049 through FY 2062. The WIFIA loans may be prepaid early without penalty at any time.

Currently outstanding debt is summarized below:

- Watersheds Fund(including Benefit Assessment Funds): Series 2017A COPs with a final maturity in 2030.
- Safe, Clean Water Fund: (1) Series 2022A Refunding Revenue bonds with a final maturity in 2049; (2) Series 2022B Revenue COPs with a final maturity of December 1, 2026; (3) commercial paper notes; and (4) WIFIA loan (N21116CA) with a final maturity in 2061.
- Water Utility Fund: (1) Water System Refunding Revenue Bonds Series 2016B with a final maturity in 2046 and Revenue COP Series 2016D with a final maturity in 2029; (2) Water System Refunding Revenue Bonds Series 2017A with a final maturity in 2037; (3) Water System Refunding Revenues Bonds Series 2019AB with a final maturity in 2049, and Series 2019C with a final maturity in 2036; (4) Water System Refunding Revenue Bonds Series 2020AB with a final maturity in 2050 and Revenue COP Series 2020CD with a final maturity in 2041; (5) Water System Refunding Revenue Bonds Series 2023AB with a final maturity in 2052, Revenue COP Series 2023C-1 with a final maturity of June 1, 2026, Series 2023C-2 with a final maturity in 2041, and Series 2023D with a final maturity of June 1, 2026; (6) Water System Refunding Revenue Bonds Series 2024A-1/B-1 with a final maturity in 2054, Refunding Revenue Notes Series 2024A-2/B-2 with a final maturity of June 1, 2026, and Revenue Bonds Series 2024C with a final maturity in 2038; (7) Water System Refunding Revenue Bonds Series 2025A with a final maturity in 2046 and Taxable Series 2025B with a final maturity in 2055; (8) commercial paper notes; (9) revolving line of credit certificates (which are secured by tax and revenue anticipation notes that are subject to annual reauthorization by the Valley Water Board); and (10) WIFIA loan (N22115CA) with a final maturity in 2059.

Financial Overview

On February 14, 2023, Valley Water executed two WIFIA master agreements with the U.S. Environmental Protection Agency (EPA) to provide up to \$580 million of WIFIA loan capacity to fund Anderson Dam Seismic Retrofit and Coyote Percolation Dam Replacement (Water Utility projects) and up to \$147 million of WIFIA loan capacity to fund Coyote Creek Flood Protection and Sunnyvale East and West Channels flood protection (SCW projects). Initial loans were executed concurrently for (1) the SCW projects for \$41 million at a 3.77% interest rate to fund planning and design costs for both projects, as well as construction costs for Sunnyvale East and West Channels, and (2) the Water Utility projects for \$74 million at a 3.77% interest rate to fund planning and design costs. Valley Water began drawing on the WIFIA loans in FY 2025.

Planned Issuances

Valley Water is planning to issue debt to finance capital improvements for the Safe, Clean Water program and the Water Utility Enterprise. The source of debt service repayment for the Safe, Clean Water program is primarily the special SCW parcel tax, initially approved by Santa Clara County voters in the November 6, 2012, election and renewed in the November 3, 2020, election. Debt service for the Water Utility Enterprise is paid from water revenues. Bond covenants stipulate that Valley Water must maintain a minimum debt service coverage ratio of 1.25 on all Water Utility parity debt. Based on the financial forecasts, the projected annual debt service coverage ratios for all Water Utility parity debt are as follows:

- FY 2026-27: 2.27
- FY 2027-28: 2.16
- FY 2028-29: 2.24
- FY 2029-30: 2.37
- FY 2030-31: 2.49

(Source: FY 2026-27 Annual Report on the Protection and Augmentation of Water Supplies)

Investment Portfolio

Valley Water's investment portfolio is invested with the following three priorities in mind: safety, liquidity, and yield. Safeguarding taxpayers' money and ensuring that Valley Water has funds available when needed to meet expenditures are the two most important goals. Once those goals are met, Valley Water strives to earn a market-rate return on its investments. About 60% of the portfolio is invested in government securities, such as federal agency notes and U.S. Treasury notes. The remaining 40% of the portfolio is invested in instruments of the highest credit quality and in highly liquid instruments such as the Local Agency Investment Fund, money market mutual funds, and Certificates of Deposit, as well as supranational/corporate medium-term notes.

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

Financial Overview

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 Valley Water 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 Valley Water should, to the extent reasonably possible, be prudently invested or deposited to produce revenue for Valley Water 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.

Bond Ratings

	Water Utility Parity Debt	Watershed Debt	Safe Clean Water Debt	WIFIA Debt
Moody's	Aa1	Aa1	Aa1	N/A
Standard & Poor's	N/A	AAA	N/A	N/A
Fitch	AA+	AA+	AA+	AA+

Financial Overview

Status of Bonded Indebtedness, Certificates of Participation, and Commercial Paper⁽¹⁾

	Total Amount Sold	Date of Issue	True Interest Cost	Outstanding as of 6/30/26	2026-2027 Debt Service Payments ⁽²⁾		
					Principal	Interest	Total
<u>Watersheds Indebtedness</u>							
2017A COPs	\$59,390,000	3/7/2017	2.56%	\$20,425,000	\$4,740,000	\$1,021,250	\$5,761,250
2022A Safe, Clean Water Revenue Bonds	75,295,000	12/6/2022	4.13%	71,390,000	1,605,000	3,529,375	5,134,375
2022B Safe, Clean Water COPs ⁽³⁾	46,445,000	12/6/2022	3.01%	46,445,000	-	-	-
Short-Term Debt ⁽⁴⁾	80,000,000	various	variable	80,000,000	-	6,627,000	6,627,000
SCW WIFIA Loan (21116CA) ⁽³⁾	41,327,500	2/14/2023	3.77%	41,327,500	-	-	-
Total Watersheds	302,457,500			259,587,500	6,345,000	11,177,625	17,522,625
<u>Water Utility Indebtedness</u>							
2016 Water Utility Refunding Revenue Bonds							
Series B - taxable	75,215,000	3/30/2016	4.32%	75,215,000	-	3,229,621	3,229,621
Subtotal	75,215,000			75,215,000	-	3,229,621	3,229,621
2016 Water Utility Certificates of Participation							
Series D- taxable	54,970,000	3/30/2016	3.14%	16,325,000	5,255,000	575,546	5,830,546
Subtotal	54,970,000			16,325,000	5,255,000	575,546	5,830,546
2017 Water Utility Refunding Revenue Bonds							
Series A	54,710,000	5/2/2017	3.13%	36,815,000	2,530,000	1,840,750	4,370,750
2019 Water Utility Refunding Revenue Bonds							
Series A	15,225,000	4/25/2019	3.75%	13,360,000	320,000	668,000	988,000
Series B - taxable	80,030,000	4/25/2019	3.81%	67,740,000	1,950,000	2,555,114	4,505,114
Series C - taxable	38,280,000	11/26/2019	2.76%	24,100,000	2,320,000	661,624	2,981,624
Subtotal	133,535,000			105,200,000	4,590,000	3,884,738	8,474,738
2020 Water Utility Refunding Revenue Bonds							
Series A	24,120,000	10/14/2020	3.33%	24,120,000	-	1,206,000	1,206,000
Series B - taxable	68,530,000	10/14/2020	2.98%	68,530,000	-	2,033,285	2,033,285
Subtotal	92,650,000			92,650,000	-	3,239,285	3,239,285
2020 Water Utility Certificates of Participation							
Series C	38,360,000	10/14/2020	2.07%	32,990,000	1,870,000	1,649,500	3,519,500
Series D - taxable	75,020,000	10/14/2020	2.20%	64,705,000	3,600,000	1,391,710	4,991,710
Subtotal	113,380,000			97,695,000	5,470,000	3,041,210	8,511,210

Financial Overview

Status of Bonded Indebtedness, Certificates of Participation, and Commercial Paper⁽¹⁾

	Total Amount Sold	Date of Issue	True Interest Cost	Outstanding as of 6/30/26	2026-2027 Debt Service Payments ⁽²⁾		
					Principal	Interest	Total
2023 Water Utility Refunding Revenue Bonds							
Series A	52,090,000	1/19/2023	4.19%	52,090,000	-	2,604,500	2,604,500
Series B - taxable	69,045,000	1/19/2023	5.11%	65,360,000	1,335,000	3,196,544	4,531,544
2023 Water Utility Certificates of Participation							
Series C-2	42,285,000	1/19/2023	3.22%	37,495,000	1,735,000	1,874,750	3,609,750
Subtotal	163,420,000			154,945,000	3,070,000	7,675,794	10,745,794
2024 Water Utility Revenue Bonds							
Series A-1	104,765,000	9/24/2024	4.10%	104,765,000	-	5,238,250	5,238,250
Series B-1 taxable	90,500,000	9/24/2024	4.80%	87,385,000	1,665,000	4,065,673	5,730,673
Series C	43,155,000	9/24/2024	2.73%	38,935,000	2,445,000	1,946,750	4,391,750
Subtotal	238,420,000			231,085,000	4,110,000	11,250,673	15,360,673
2025 Water Utility Revenue Bonds							
Series A	109,360,000	9/10/2025	3.96%	109,360,000	-	5,468,000	5,468,000
Series B - taxable	90,720,000	9/10/2025	5.47%	85,595,000	5,400,000	4,373,417	9,773,417
Subtotal	200,080,000			194,955,000	5,400,000	9,841,417	15,241,417
2026 Water Utility Revenue Bonds ⁽⁵⁾							
Series A	TBD	TBD	TBD	-	6,620,000	6,688,592	13,308,592
Series B - taxable	TBD	TBD	TBD	-	2,430,000	4,332,454	6,762,454
Subtotal	TBD			-	9,050,000	11,021,046	20,071,046
Short-Term Debt (est.) ⁽⁴⁾	327,180,000	various	variable	327,180,000	-	11,982,268	11,982,268
WU WIFIA Loan (22115CA Anderson) ⁽⁶⁾	73,904,324	2/14/2023	3.77%	73,904,324	-	-	-
Total Water Utility	1,527,464,324			1,405,969,324	39,475,000	67,582,348	107,057,348
Combined Total	\$1,829,921,824			\$1,665,556,824	\$45,820,000	\$78,759,973	\$124,579,973

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

⁽²⁾ This table reflects the projected debt service for existing and anticipated debt issuances as of June 30, 2026.

⁽³⁾ 2022B to be refunded by SCW WIFIA Loan, and the WIFIA loan interest payment is deferred to 2/1/2028 and principal payment is deferred to 8/1/2050

⁽⁴⁾ Short-term debt incurs variable rates that are subject to change pending actual market conditions at time of issuance.

⁽⁵⁾ The debt service payments for the 2026 WU Revenue Bonds are estimates, pending sale anticipated in September 2026.

⁽⁶⁾ WU WIFIA Loan interest payment is deferred to 12/1/2029 and principal payment is deferred to 6/1/2049.

Financial Overview

Debt Service Payment Schedule

	Principal	Interest ⁽¹⁾	Total
Watersheds Certificates of Participation/Safe, Clean Water Revenue Bonds⁽²⁾			
2026/27	\$ 6,345,000	\$ 4,550,625	\$ 10,895,625
2027/28	6,660,000	5,047,553	11,707,553
2028/29	6,995,000	5,528,606	12,523,606
2029/30	7,340,000	5,176,731	12,516,731
2030/31 and thereafter	107,773,577	80,542,882	188,316,459
Total	\$ 135,113,577	\$ 100,846,398	\$ 235,959,975
Water Utility Revenue Bonds / Certificates of Participation⁽²⁾			
2026/27	\$ 39,475,000	\$ 55,600,080	\$ 95,075,080
2027/28	36,485,000	61,085,979	97,570,979
2028/29	37,910,000	59,652,942	97,562,942
2029/30	39,450,000	61,313,951	100,763,951
2030/31 and thereafter	1,273,170,733	847,205,949	2,120,376,682
Total ⁽²⁾	\$ 1,426,490,733	\$ 1,084,858,900	\$ 2,511,349,633
Commercial Paper			
2026/27	\$ -	\$ 18,609,268	\$ 18,609,268
2027/28	-	17,480,300	17,480,300
2028/29	-	5,057,000	5,057,000
2029/30	-	5,573,000	5,573,000
2030/31 and thereafter	-	55,792,000	55,792,000
Total	\$ -	\$ 102,511,568	\$ 102,511,568
Total All Outstanding Debt			
2026/27	\$ 45,820,000	\$ 78,759,973	\$ 124,579,973
2027/28	43,145,000	83,613,832	126,758,832
2028/29	44,905,000	70,238,548	115,143,548
2029/30	46,790,000	72,063,683	118,853,683
2030/31 and thereafter	1,380,944,310	983,540,831	2,364,485,141
Total	\$ 1,561,604,310	\$ 1,288,216,866	\$ 2,849,821,176

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

⁽²⁾ Includes projected principal and interest payments for the anticipated debt issuances for FY 2027 and WIFIA loans for both Safe Clean Water and Water Utility Funds.

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RESERVE POLICY AND FUND BALANCES

Financial Overview

Valley Water Reserve Policy

Valley Water's 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 Valley Water’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, Valley Water, 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 Management, Information Technology, and Risk Management).

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, Valley Water 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 that allows Valley Water to fund expenditures consistent with the Capital Improvement Program, Water Supply Master Plan, and long-range financial plans while avoiding significant water charge fluctuations due to changes in cash flow requirements. Valley Water will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating/capital expenditures.

Reserve levels and reserve policies are reviewed annually with the Board of Directors during budget deliberations.

Definitions

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

- A. 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.
- B. 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.
- C. Assigned fund balance** – these are amounts that 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.
- D. Non-spendable fund balance** – these are 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 the spendable fund balances are considered.
- E. Unassigned fund balance** – these are amounts that are residual resources which have not been restricted, committed, or assigned. NOTE: by policy, fund balances which are not restricted or assigned are committed for fiscal transparency.

Financial Overview

Valley Water reserves are composed 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:

- **Budgeted Reserves** – Budgeted reserves may vary from those of the Annual Comprehensive Financial Report (ACFR) where it is appropriate to recognize actual cash transactions that are recorded in the ACFR 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 ACFR.
- **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 Valley Water revenues to meet debt service coverage requirements. Special purpose reserves are restricted per debt financing agreements which are in accordance with bond covenants.

A. Restricted Reserves

		Minimum - Maximum 2026-27		Adopted Budget 2026-27
Debt Service Reserve	\$	N/A	\$	N/A

These reserves were established for various bond issuances. The funds are not available for the general needs of Valley Water and must be maintained as dictated in the bond covenants of the various issuances. 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 Valley Water 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).

		Minimum - Maximum 2026-27		Adopted Budget 2026-27
Debt Proceeds Reserve	\$	N/A	\$	N/A

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.

		Minimum 2026-27		Adopted Budget 2026-27
Rate Stabilization Reserve for Bond Covenant – Water Utility Enterprise Fund	\$	42,623,194	\$	43,041,738

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 Valley Water 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.

Financial Overview

A. Restricted Reserves (Continued)

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Guiding Principle #5 (GP5) Reserve – Water Utility Enterprise Fund	\$	N/A	\$ N/A

In May 2018, the Board of Directors approved a resolution establishing Guiding Principle 5 (GP5) – Equity and Costs are Important. GP5 was established to allow certain communities/agencies to receive Valley Water contributions in the form of additional, incremental, dedicated and segregated funds exclusively for water conservation programs, recycled water, purified water, wastewater treatment plant updates, automatic meter infrastructure (AMI) updates or dedicated environmentally focused grants. The funding is limited to FY 2019 through FY 2024, subject to 20% matching funds from the communities receiving Valley Water contributions and is limited to communities/agencies that currently pay State Water Project tax but receive an average of 85% of their water supply from non-District managed supplies. Valley Water’s contributions shall not exceed the State Water Project taxes paid by these communities/agencies. Eligible agencies had until June 30, 2024 to gain Valley Water approval for projects.

The GP5 reserve was established in FY 2019-20 as a sub-category of the Rate Stabilization Fund to set aside the unspent/unencumbered balances beginning in FY 2018-19 and subsequent years. Funds in this reserve, including interest earned, are to reimburse eligible GP5 expenditures through the completion of each agreement. Four agencies were granted GP5 funding: the City of Mountain View (AMI and recycled water projects), the City of Palo Alto (RWQCP project), the Purissima Hills Water District (leak detection project), and Stanford University (RWQCP project). These funds will reimburse eligible expenditures through the completion of each agreement. The GP5 reserve is expected to sunset upon completion of all agreements.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
San Felipe Emergency Reserve – Water Utility Enterprise Fund	\$	N/A	\$ 3,897,415

This special purpose reserve is required by Valley Water 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 was accumulated in annual deposits of \$200,000 until the reserve totaled \$1.75 million, after which interest earned on the reserve is deposited annually.

Financial Overview

A. Restricted Reserves (Continued)

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Silicon Valley Advanced Water Purification Center (SVAWPC) Reserve – Water Utility Enterprise Fund	\$	N/A	\$ N/A

This special purpose reserve serves as a fund for the 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 annually by 3% for inflation, thereafter, until such time that the reserve reaches the reserve cap. The reserve cap was 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. The reserve will sunset once the funds are fully expended, which is anticipated in FY 2025-26.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Supplemental Water Supply Reserve – Water Utility Enterprise Fund**	\$	12,729,171 to 31,822,928	\$ 12,077,000

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.

**This Reserve was depleted during the 2023 Drought and is being replenished to the minimum level by FY 2027-28.

		Maximum 2026-27	Adopted Budget 2026-27
Drought Reserve – Water Utility Enterprise Fund	\$	34,302,099	\$ 4,000,000

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.

Financial Overview

A. Restricted Reserves (Continued)

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
State Water Project Tax Reserve – Water Utility Enterprise Fund	\$	N/A	\$ 14,890,000

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 support State Water Project contract obligations in subsequent years.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Currently Authorized Projects Reserve – Voter Approved Safe, Clean Water Fund	\$	N/A	\$ 24,037,866

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 is set at the end of each fiscal year 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 re-appropriated at the beginning of the new fiscal year consistent with capital appropriations included in the CIP to provide funding in that fiscal year. The remaining authorized project reserve is available for future budget adjustments for the respective appropriations; after a capital project is closed, the remaining authorized project reserves are moved to the operating and capital reserve balance.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Encumbrance Reserves – Voter Approved Safe, Clean Water Fund and State Water Project Fund	\$	N/A	\$ N/A

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 balance is available for subsequent year expenditures based on the 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.

		Minimum 2026-27	Adopted Budget 2026-27
Operating and Capital Reserve – Voter Approved Safe, Clean Water Fund	\$	22,674,056	\$ 43,678,321

This reserve ensures adequate working capital for cash flow needs and provides 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.

Financial Overview

A. Restricted Reserves (Continued)

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Safe, Clean Water (SCW) Rate Stabilization Reserve – Voter Approved Safe, Clean Water Fund	\$	N/A	\$ 25,000,000

The SCW Rate Stabilization Reserve is required to offset timing differences between expenses and collection of the SCW special parcel tax to meet debt service coverage requirements. There is no minimum funding requirement for this reserve. The specific level is to be financially prudent and based on reasonably anticipated needs. The annual amount to contribute or withdraw will be determined as financial conditions warrant and as approved by the Valley Water Board of Directors.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Contingency Reserve – Voter Approved Safe, Clean Water Fund	\$	N/A	\$ 5,000,000

The Contingency Reserve for the Safe, Clean Water Fund is established and maintained as financial or other business conditions warrant. Funds accumulated in this reserve are used to ensure that Valley Water delivers on the commitments made in the November 2020 ballot. There is no minimum funding requirement for this reserve. The specific level is to be financially prudent and based on reasonably anticipated needs. The annual amount to contribute or withdraw will be determined as financial or other business conditions warrant and as approved by the Valley Water Board of Directors.

B. Committed Reserves

		Minimum 2026-27	Adopted Budget 2026-27
Liability/Workers' Compensation Self-Insurance Reserve – Risk Management Fund	\$	11,476,000	\$ 11,476,000

The Liability/Workers' Compensation Self-Insurance Reserve is to ensure that Valley Water'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 Valley Water'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 programs. 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 greater than those budgeted.

The Board of Directors approved funding of the Workers' Compensation Reserve at 90 percent actuarial confidence level and funding of the General Liability Reserve at 90 percent confidence level at the April 28, 2009, board meeting.

Financial Overview

B. Committed Reserves (Continued)

		Minimum 2026-27	Adopted Budget 2026-27
Property Self-Insurance/Catastrophic Reserve – Risk Management Fund	\$	5,000,000	\$ 10,325,633

The Property Self-Insurance/Catastrophic Reserve purposes are to provide for uninsured property losses to Valley Water facilities such as pipelines and levees and provide sufficient funds to initiate repair and recovery of damage to Valley Water facilities in advance of FEMA activation and reimbursement. The reserve may be used to pay for uninsured/uninsurable property losses which would adversely impact Valley Water 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 are deposited in the Risk Management Fund to replenish the reserve directly or through subsequent adjustments to intra-district Risk Management Fund charges.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Excess ERAF Contingency Reserve *	\$	N/A	\$ 8,464,513

The Excess ERAF Contingency Reserve sets aside 22% of Valley Water’s Excess Educational Revenue Augmentation Fund (ERAF) receipts from FY 2020-21 to FY 2023-24, 20% of receipts in FY 2024-25, 18% of receipts in FY 2025-26, and 16% thereafter, in anticipation of a repayment to the state. This is a result of the State of California Proposed FY 2024-25 Budget which retroactively amends the current calculation of the disbursement of Excess ERAF funds to also include Charter Schools, reducing the amount of funds returned to agencies in five counties (Marin, San Francisco, Santa Clara, San Mateo, and Napa), including Valley Water. Santa Clara County and Marin County have filed lawsuits to attempt to block these changes. If successful, the reserve funds will not have to be repaid and will remain with Valley Water. If the lawsuits are not successful, and the state budget proposal is approved, then Valley Water must refund the reserved funds. This reserve will no longer be necessary after a favorable ruling or the repayment to the state, contingent on the outcome of the pending litigation.

* These are cumulative amounts representative of multiple funds.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Floating Rate Debt Payment Stabilization Reserve – Water Utility Enterprise Fund	\$	N/A	\$ N/A

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 may be funded 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.). There is no minimum funding requirement for this reserve. Should payments for floating rate interest in a given fiscal year exceed budgeted amounts, this reserve will be drawn down to provide stabilization of debt service interest payments.

Financial Overview

B. Committed Reserves (Continued)

		Minimum 2026-27	Adopted Budget 2026-27
Operating & Capital Reserve – except for Safe, Clean Water Fund*	\$	109,378,967	\$ 290,062,774

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 reserve level is to be set based on reasonably anticipated needs.

* These are cumulative amounts representative of multiple funds.

		Minimum - Maximum 2026-27	Adopted Budget 2026-27
Currently Authorized Projects Reserve – except for Safe, Clean Water Fund*	\$	N/A	\$ 22,365,517

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 are set for each fund at the end of each fiscal year 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 re-appropriated at the beginning of the new fiscal year consistent with capital appropriations included in the CIP to provide funding in that fiscal year. The remaining authorized project reserve is available for future budget adjustments for the respective appropriations; after a capital project is closed, the remaining authorized project reserves are moved to the operating and capital reserve balance.

* These are cumulative amounts representative of multiple funds.

Financial Overview

C. Assigned Reserves

		Minimum - Maximum 2026-27		Adopted Budget 2026-27
Encumbrance Reserves – except for Safe, Clean Water Fund and State Water Project Fund	\$	N/A	\$	N/A

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 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.

		Minimum - Maximum 2026-27		Adopted Budget 2026-27
Market Valuation Reserves	\$	N/A	\$	N/A

These reserves for market valuation represent the increase/gain (only) in the market value of Valley Water’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 Valley Water 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.

Due to this requirement, investment income must be adjusted to reflect the fair value change from one fiscal year to the next fiscal year. However, Valley Water’s investment policy dictates a buy-and-hold strategy in which, with very few exceptions, Valley Water holds all securities to their maturity, thereby not incurring any loss or gain that could impact the size and yield of the investment portfolio. These reserves do not represent 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.

Financial Overview

Reserve Schedule

	Estimated Balances						Adopted Budget 2026-27	Proposed Plan 2027-28		
	Year-End		Adopted		Projected YE					
	2024-25		2025-26		2025-26					
Governmental Funds										
GENERAL FUND										
Committed Reserves										
Operating & Capital Reserve	\$	25,838,263	\$	18,994,571	\$	26,427,133	\$	11,319,897	\$	9,790,908
Currently Authorized Projects Reserve***		7,047,342		-		124		-		-
Excess ERAF Contingency Reserve		565,602		694,104		696,642		822,082		947,522
Total General Fund Reserves	\$	33,451,207	\$	19,688,675	\$	27,123,899	\$	12,141,979	\$	10,738,430
SPECIAL REVENUE FUNDS (WATERSHEDS)										
Restricted Reserves										
SCW Rate Stabilization Reserve	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	25,000,000
SCW Contingency Reserve		5,000,000		5,000,000		5,000,000		5,000,000		5,000,000
SCW Operating & Capital Reserve		3,971,210		76,463,210		22,685,957		43,678,321		47,374,992
SCW Currently Authorized Projects Reserve***		153,931,649		71,376,703		54,454,777		24,037,866		18,439,570
Total Restricted Reserves	\$	187,902,859	\$	177,839,913	\$	107,140,734	\$	97,716,187	\$	95,814,562
Committed Reserves										
Operating & Capital Reserve	\$	163,306,832	\$	154,256,929	\$	177,953,016	\$	204,315,318	\$	181,466,981
Currently Authorized Projects***		27,087,745		1,029,024		21,125,092		-		-
Excess ERAF Contingency Reserve		4,754,939		5,836,610		5,857,439		6,913,599		7,969,919
Total Committed Reserves	\$	195,149,516	\$	161,122,563	\$	204,935,548	\$	211,228,917	\$	189,436,900
Total Special Revenue Funds Reserves	\$	383,052,375	\$	338,962,475	\$	312,076,282	\$	308,945,104	\$	285,251,462
Total Governmental Funds	\$	416,503,582	\$	358,651,150	\$	339,200,181	\$	321,087,084	\$	295,989,892
Proprietary Funds										
WATER ENTERPRISE & STATE WATER PROJECT FUNDS										
Restricted Reserves										
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	40,256,453	\$	43,041,738	\$	47,642,198
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,847,415		3,897,415		3,947,415
WUE State Water Project Tax Reserve		25,277,937		11,591,690		21,738,142		14,890,000		6,241,654
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		8,677,000		12,077,000		15,477,000
WUE SVAWPC Reserve		530,119		-		-		-		-
WUE Drought Reserve		-		1,000,000		1,000,000		4,000,000		8,000,000
WUE Guiding Principle #5 (GP5) Reserve		2,810,044		-		-		-		-
Total Restricted Reserves	\$	58,264,421	\$	65,524,812	\$	75,519,009	\$	77,906,153	\$	81,308,267
Committed Reserves										
Excess ERAF Contingency Reserve	\$	501,192	\$	615,193	\$	617,472	\$	728,832	\$	840,192
Operating & Capital Reserve		59,768,403		74,567,165		37,000,010		66,418,501		101,144,132
Currently Authorized Projects Reserve***		127,749,392		17,666,735		45,663,278		22,257,597		19,228,642
Total Committed Reserves	\$	188,018,987	\$	92,849,093	\$	83,280,760	\$	89,404,930	\$	121,212,966
Total Water Enterprise Funds Reserves	\$	246,283,408	\$	158,373,905	\$	158,799,769	\$	167,311,083	\$	202,521,232

Financial Overview

Reserve Schedule

	Estimated Balances				
	Year-End 2024-25	Adopted 2025-26	Projected YE 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28
INTERNAL SERVICE FUNDS					
Committed Reserves					
Operating & Capital Reserve	\$ 12,067,038	\$ 5,311,373	\$ 7,502,982	\$ 8,009,057	\$ 5,265,842
Currently Authorized Projects***	107,920	123,126	107,466	107,920	107,920
Liability/Workers' Comp Self-Insurance Reserve	8,337,000	11,476,000	11,476,000	11,476,000	11,476,000
Property Self-Insurance/Catastrophic Reserve	10,693,087	6,529,910	10,540,460	10,325,633	10,378,848
Total Committed Reserves	\$ 31,205,045	\$ 23,440,409	\$ 29,626,908	\$ 29,918,610	\$ 27,228,610
Total Internal Service Funds Reserves	\$ 31,205,045	\$ 23,440,409	\$ 29,626,908	\$ 29,918,610	\$ 27,228,610
Total Proprietary Funds	\$ 277,488,453	\$ 181,814,315	\$ 188,426,677	\$ 197,229,693	\$ 229,749,842
TOTAL RESERVE SUMMARIES					
Total Proprietary Funds	\$ 277,488,453	\$ 181,814,315	\$ 188,426,677	\$ 197,229,693	\$ 229,749,842
Total Governmental Funds	416,503,582	358,651,150	339,200,181	321,087,084	295,989,892
Total Year-End Reserves by Fund Type	\$ 693,992,035	\$ 540,465,465	\$ 527,626,857	\$ 518,316,777	\$ 525,739,734
Total Restricted Reserves	\$ 246,167,280	\$ 243,364,725	\$ 182,659,743	\$ 175,622,340	\$ 177,122,828
Total Committed Reserves	447,824,755	297,100,740	344,967,114	342,694,437	348,616,906
Total Year-End Reserves By Reserve Type	\$ 693,992,035	\$ 540,465,465	\$ 527,626,857	\$ 518,316,777	\$ 525,739,734

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

Financial Overview

Summary of Reserve Requirements and Calculation

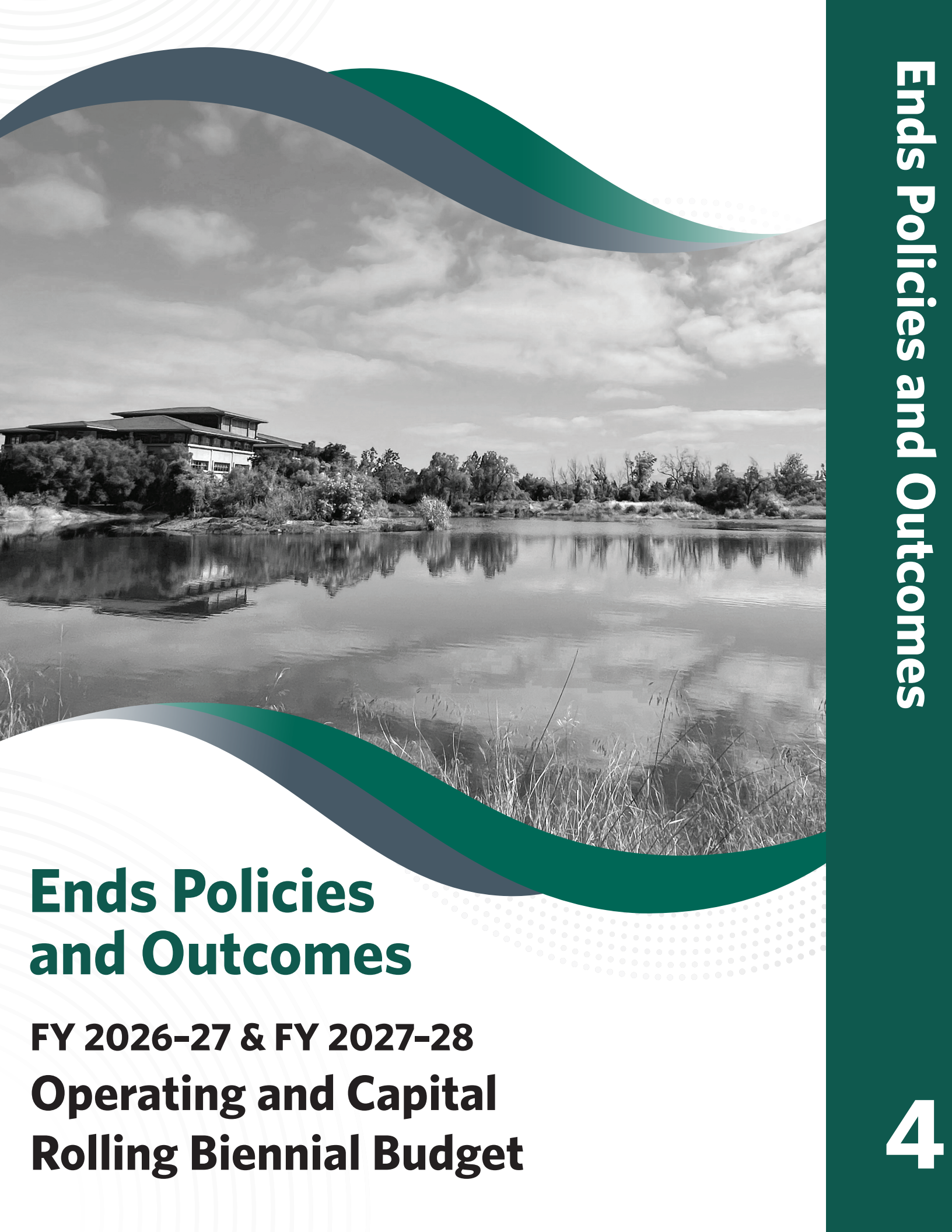
		Minimum	Maximum	Adopted Budget 2026-27
GENERAL FUND				
Committed Reserves				
Currently Authorized Projects Reserve	Calculated based on estimated unspent funds for capital projects.	\$ -	\$ -	\$ -
Operating and Capital Reserve	Minimum funding level set at 5% of total adopted budget operations outlays.	4,916,721	-	11,319,897
Excess ERAF Contingency Reserve	Calculated based on County's recommended levels.	-	-	822,082
WATERSHED AND STREAM STEWARDSHIP				
Committed Reserves				
Currently Authorized Projects Reserve	Calculated based on estimated unspent funds for capital projects.	\$ -	\$ -	\$ -
Operating and Capital Reserve	Minimum funding level set at 50% of total adopted budget operations outlays.	50,924,741	-	204,315,318
Excess ERAF Contingency Reserve	Calculated based on County's recommended levels.	-	-	6,913,599
SAFE, CLEAN WATER FUND				
Restricted Reserves				
SCW Rate Stabilization Reserve	There is no minimum funding requirement for this reserve.	\$ -	\$ -	\$ 25,000,000
SCW Contingency Reserve	There is no minimum funding requirement for this reserve.	-	-	5,000,000
SCW Currently Authorized Projects Reserve	Calculated based on estimated unspent funds for capital projects.	-	-	24,037,866
SCW Operating and Capital Reserve	Minimum funding level set at 50% of total adopted budget operations outlays.	22,674,056	-	43,678,321
WATER ENTERPRISE FUND				
Restricted Reserves				
WUE Rate Stabilization Reserve	Minimum funding level set at 10% of annual debt service plus one month of adopted budget operations outlays.	\$ 42,623,194	\$ -	\$ 43,041,738
WUE San Felipe Emergency Reserve	Calculated based on the compounded interest earned on the original \$1.75 million allocation.	-	-	3,897,415
WUE Debt Service Reserve	Varies by year depending on bond covenants for bond issuances.	-	-	-
WUE Supplemental Water Supply Reserve*	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.	12,729,171	31,822,928	12,077,000
WUE SVAWPC Reserve	Funding level reflects any remaining balance of allocated funds. A zero fund level indicates all allocated funds are spent or encumbered.	-	-	-
WUE Drought Reserve	The maximum level is set at 10% of budgeted operating outlays.	-	34,302,099	4,000,000
WUE Guiding Principle #5 (GP5) Reserve	Funding level reflects any remaining balance of allocated funds. A zero fund level indicates all allocated funds are spent or encumbered.	-	-	-
Committed Reserves				
Currently Authorized Projects Reserve	Calculated based on estimated unspent funds for capital	\$ -	-	\$ 22,257,597
Operating and Capital Reserve	Minimum funding level set at 15% of total adopted budget operations outlays.	\$ 51,453,148	\$ -	66,418,501
WUE Floating Rate Debt Payment Stabilization	There is no minimum funding requirement for this reserve. The reserve may be funded 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 ERAF Contingency Reserve	Calculated based on County's recommended levels.	-	-	728,832

Financial Overview

Summary of Reserve Requirements and Calculation

		Minimum	Maximum	Adopted Budget 2026-27
STATE WATER PROJECT FUND				
Restricted Reserves				
WUE State Water Project Tax Reserve	Calculated value of an accumulation of unspent funds.	\$ -	\$ -	\$ 14,890,000
FLEET MANAGEMENT FUND				
Committed Reserves				
Operating and Capital Reserve	Minimum funding level set at 5% of total adopted budget operations outlays.	\$ 334,851	\$ -	\$ 2,003,803
RISK MANAGEMENT FUND				
Committed Reserves				
Catastrophy - Property Self-Insurance	The reserve funding level is a minimum of \$5 million adjusted for outstanding reimbursements.	\$ 5,000,000	\$ -	\$ 10,325,633
Liability/Workers Comp Self-Insurance	General Liability and Workers' Compensation Reserve minimum funding level of 90 percent actuarial confidence level.	11,476,000	-	11,476,000
INFORMATION TECHNOLOGY FUND				
Committed Reserves				
Currently Authorized Projects	Calculated based on estimated unspent funds for capital	\$	\$	\$ 107,920
Operating and Capital Reserve	Minimum funding level set at 5% of total adopted budget operations outlays.	1,749,507	-	6,005,254

*This Reserve was depleted during the 2023 Drought



Ends Policies and Outcomes

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

ENDS POLICIES AND OUTCOMES

Ends Policies and Outcomes

Introduction

The Valley Water Board of Directors has an established Governance Process by which it conducts its business, as well as organizes, delegates, and limits authority to the Board Appointed Officers (BAOs). The Governance Process also outlines “Ends” policies, which describe the mission, outcomes or results to be achieved by Valley Water BAOs. Balancing the Ends policies are Executive Limitations, which set limits on BAO activities in fulfilling the Ends, set by the Board, establishing the prudence and ethics boundaries within which all executive activity and decisions must take place. 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 Valley Water staff’s accountability in using budgeted resources to accomplish those ends.

Ends Governance Policies of the Board are organized into three levels of detail. The highest level is the Ends Policy, of which the Board has six: E-1 Mission and General Principles, E-2 Water Supply Services, E-3 Natural Flood Protection, E-4 Water Resources Stewardship, E-5 Climate Change Mitigation and Adaptation, and E-6 Encampments of Unsheltered People (EUP). These policies each go into greater detail in the form of a goal, the second level of detail, and within the goal, the objective to meet, which is the lowest level of detail.

For budgetary and strategic planning purposes, Valley Water’s Ends Policies serve as the organization’s strategic goals. These long-term, organization-wide goals are established through the Board’s Governance Process and informed by Board policy direction, community needs, regulatory requirements, and major planning efforts such as the Water Supply Master Plan, Watershed Master Plans, and Climate Change Action Plan. The Ends Policies provide the strategic framework for resource allocation, decision-making, and performance measurement throughout the biennial budget.

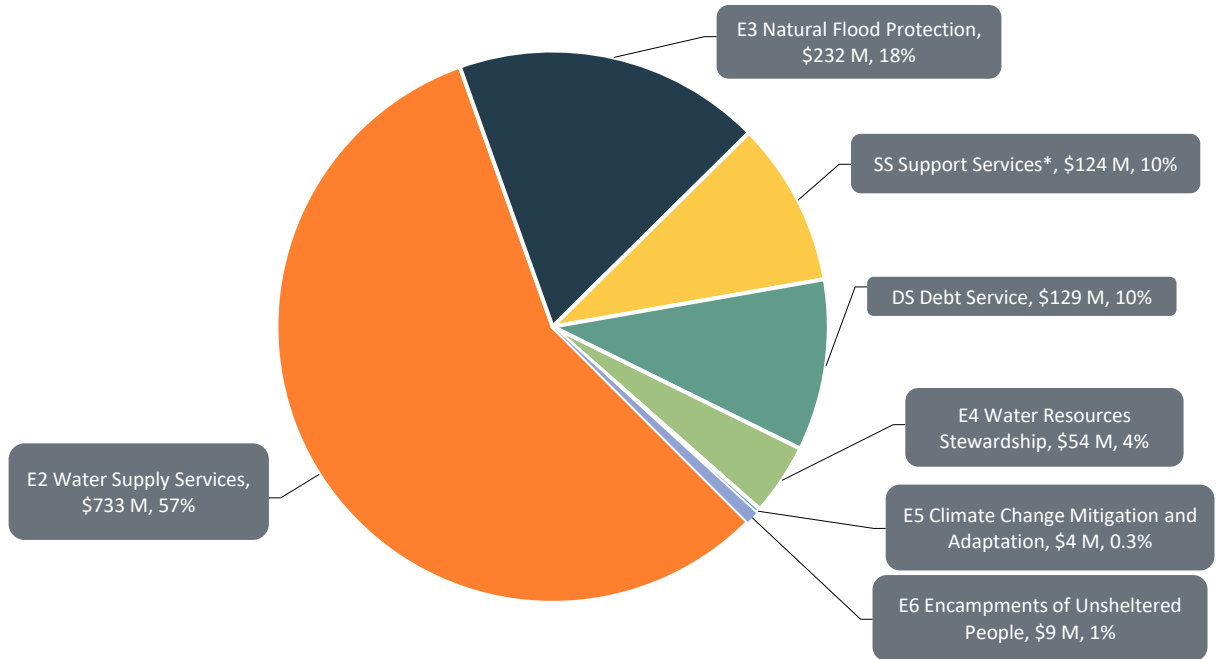
In this chapter, Valley Water’s budget is broken out by the Ends policies, goals and objectives showing how resources align with the Board’s Ends Governance Policies. At the end of this chapter are the Outcome Measures, which report performance in each Ends Goal in order to measure Valley Water’s ability to achieve the Ends Governance Policies of the Board.

District wide budget by Ends and Support Services

Ends Code	Ends Description		Adopted Budget 2026-27	Proposed Plan 2027-28
E2	Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served.	\$	732,805,061	\$ 667,629,032
E3	Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.		232,070,042	256,301,706
E4	Water resources stewardship protects and enhances ecosystem health.		54,134,189	51,446,747
E5	Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.		3,536,487	2,968,140
E6	Valley Water is committed, through a regional approach, to address the human health, safety, operational and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.		8,678,798	9,875,585
SS	Support Services		254,541,451	262,464,817
DS	Debt Services		128,801,854	161,169,798
Grand Total		\$	1,414,567,883	\$ 1,411,855,824
Less Intra-District Reimbursements			(130,878,260)	(147,426,930)
Net Budget		\$	1,283,689,623	\$ 1,264,428,894

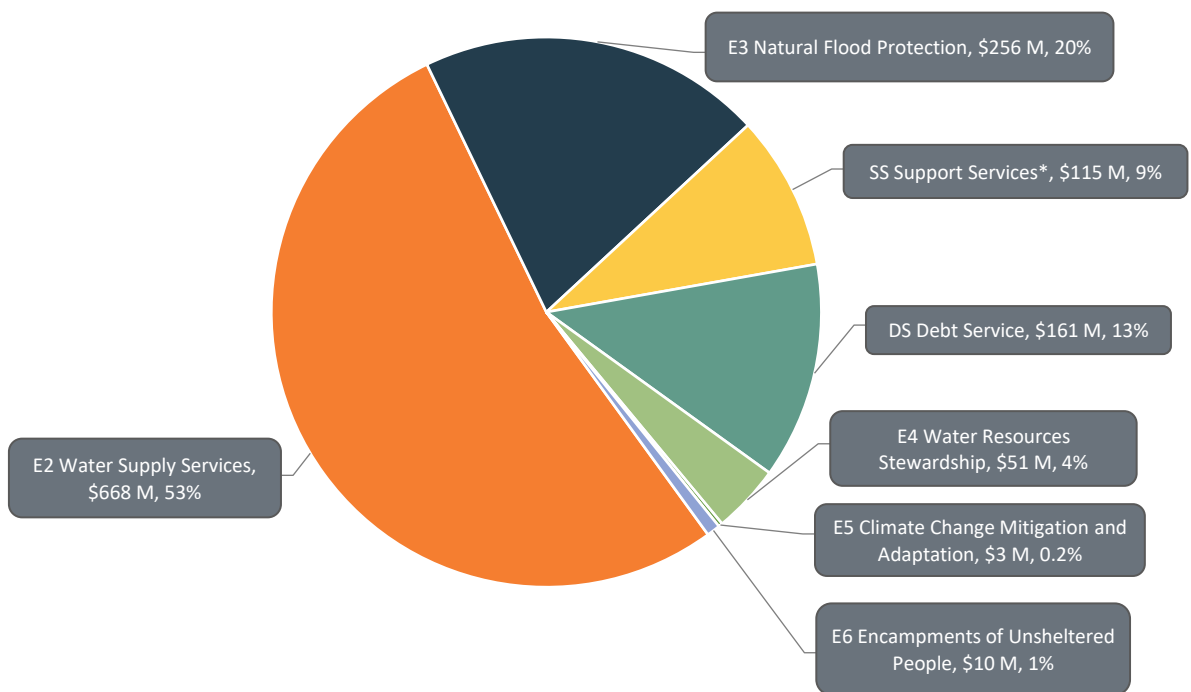
Ends Policies and Outcomes

FY 2026-27 Total Net Outlays \$1,284 Million



*Support Services total is net of intra-district reimbursements. (e.g. overhead costs charged to projects for administrative support services such as human resource and information technology etc.)

FY 2027-28 Total Net Outlays \$1,264 Million



*Support Services total is net of intra-district reimbursements. (e.g. overhead costs charged to projects for administrative support services such as human resource and information technology etc.)

Ends Policies and Outcomes

Ends Code	Ends Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.1	Meet 100 percent of annual water demand during non-drought years and at least 80 percent of demand in drought years.	\$ 16,255,193	\$ 30,383,888
E2.2	Protect and sustain the county's existing, diverse water supplies.	172,615,488	179,650,948
E2.3	Protect and maintain existing water infrastructure.	504,771,902	412,009,783
E2.4	Increase regional self-reliance through water conservation and reuse.	30,893,423	33,324,081
E2.5	Manage water resources using an integrated, science-based approach.	5,471,328	9,386,228
E2.6	Promote access to equitable and affordable water supplies.	2,797,726	2,874,103
E3.1	Maintain flood protection facilities to design levels of protection.	53,961,621	81,452,848
E3.2	Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement.	9,104,136	8,988,680
E3.3	Increase the health and safety of residents countywide by reducing community flood risk.	169,004,285	165,860,179
E4.1	Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations.	5,896,246	7,262,174
E4.2	Sustain ecosystem health while managing local water resources for flood protection and water supply.	25,908,075	21,062,412
E4.3	Encourage inclusive, sustainable management of water resources in the Bay-Delta and its watersheds to protect imported water supply.	-	-
E4.4	Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation.	8,339,360	8,825,180
E4.5	Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency.	13,990,507	14,296,980
E5.1	Minimize greenhouse gas emissions from Valley Water's operations.	599,231	747,441
E5.2	Adapt Valley Water's assets and operations to reduce climate change impacts.	2,937,256	2,220,699
E6.1	Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.	8,678,798	9,875,585
SS.1	BAO & District Leadership	40,685,140	39,213,099
SS.2	Financial Planning & Management Services	21,439,372	23,045,699
SS.3	Human Resources Services	18,389,756	19,273,729
SS.4	Information Management Services	47,027,443	52,238,274
SS.5	Corporate Business Assets	68,826,029	64,143,644
SS.6	General Management & Administration	63,718,773	70,376,012
SS.7	Salary Savings	(5,545,063)	(5,825,639)
DS.1	Debt Service	128,801,854	161,169,798
Grand Total		\$ 1,414,567,883	\$ 1,411,855,824
Less Intra-district Reimbursements		(130,878,260)	(147,426,930)
Net Budget		\$ 1,283,689,623	\$ 1,264,428,894

Ends Policies and Outcomes

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.1	Meet 100 percent of annual water demand during non-drought years and at least 80 percent of demand in drought years.	\$ 16,255,193	\$ 30,383,888

A reliable supply of clean water is necessary for the social, economic, and environmental well-being of Santa Clara County. Valley Water uses this adopted level of service goal to guide its water supply planning and management. The Water Supply Master Plan (WSMP) is Valley Water's guiding document for long-term water supply investments to ensure water supply reliability for Santa Clara County. Adopted in 2025, the WSMP 2050 assesses future water supply outlook and demand projections and identifies the type and level of water supply investments that are needed to achieve this ends goal through 2050. This is an overarching goal to support the more specific goals described below to which projects are assigned. This Ends Goal supports Valley Water's objective of ensuring residents' access to water. This goal is supported in further detail under Ends Goals 2.2-2.6 and project related costs are identified respectively under each Ends Goal.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.2	Protect and sustain the county's existing, diverse water supplies.	\$ 172,615,488	\$ 179,650,948

The projects assigned to this goal provide resources for Valley Water activities needed to manage groundwater to ensure sustainable supplies and avoid land subsidence; aggressively protect groundwater from the threat of contamination; protect imported water supplies and associated contracts and partnerships; protect and manage local surface water supplies and associated water rights; and deliver reliable, high quality drinking water from water treatment plants.

The largest appropriation for this goal is water imported by Valley Water, which provides about 40% of Valley Water's water supply, on average. The FY 2026-27 budget includes over \$68.4 million for the contractual obligations of water purchases with the federal Central Valley Project (CVP) and the State Water Project (SWP). In addition to contract water, Valley Water's budget includes approximately \$5.9 million for water banking activity with the Semitropic Water Storage District water bank located in Kern County, and an additional \$8.5 million in supplemental water purchases to help mitigate the impact on water supply of the storage capacity loss of Valley Water's largest dam at Anderson Reservoir. Also included in the budget is \$4.9 million to continue participation in the planning process for the Delta Conveyance Project and \$0.9 million for Sites Reservoir to maintain minimum 0.2% participation at 3,117-acre feet of storage plus costs for the projected increase in participation by 0.46% at 6,234 acre-feet of storage in Sites Reservoir through assignment by Wheeler Ridge-Maricopa Water Storage District. Diversification of groundwater banking is also an important strategy to meet Ends Goal E2.2.

Local groundwater resources make up the foundation of water supply in Santa Clara County, but they need to be augmented to reliably meet the needs of county residents, businesses, agriculture, and the environment. The use of imported and local surface water supplies for treated water deliveries and groundwater recharge is essential for continued groundwater sustainability and to avoid resumed land subsidence in northern Santa Clara County. The budget for this goal includes funding for Valley Water's groundwater management, water quality protection, water operations planning, protection of water rights, and operational costs to distribute raw water to the three water treatment plants and groundwater recharge facilities. Investments in surface water and groundwater quality monitoring, as well as Valley Water's well ordinance compliance program, help sustain water quality for current and future beneficial uses.

On average, Valley Water's three drinking water treatment plants deliver approximately 80,000 to 90,000 acre-feet of water each year to water retailers. The provision of treated surface water reduces demands on groundwater and helps ensure reliable water supplies. The budget for this goal includes funds to operate the three drinking water treatment plants, the treated water transmission and distribution system, Valley Water's water quality laboratory, and the SFPUC/Valley Water intertie facility. This includes related engineering and technical support for operations and capital projects.

Ends Policies and Outcomes

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.3	Protect and maintain existing water infrastructure.	\$ 504,771,902	\$ 412,009,783

Projects categorized under this goal include resources for Valley Water to plan for infrastructure maintenance and replacement to reduce risk of failure; prioritize funding for maintenance and replacement of existing water infrastructure over investments in new infrastructure; and prepare for and respond effectively to water utility emergencies.

Providing safe, clean water to Silicon Valley requires a vast and complex network of infrastructure. Valley Water owns and operates 10 surface water reservoirs, three drinking water treatment plants, 11 miles of active canals, five water supply diversion dams, three raw water pump stations, 99 recharge ponds, one advanced recycled water purification center in partnership with the City of San Jose, and various infrastructure to connect these facilities. This goal provides funding for maintenance activities related to the water supply system as well as engineering and environmental support. This includes the inspection, monitoring, and repair of 94 miles of raw water pipelines and 40 miles of treated water pipelines to mitigate the risk of catastrophic pipeline failure.

This goal also includes funds to address aging infrastructure, a growing need given that much of Valley Water's key water supply infrastructure is more than 50 years old. Budget is included to address infrastructure upgrades needed to ensure continued water supply reliability, including major rehabilitation of Valley Water's largest water treatment plant, Rinconada.

The FY 2026-27 Budget requires a significant investment to secure local reservoir storage both from a water supply and public safety perspective. This section includes significant funding needed to advance the Anderson Dam Seismic Retrofit Project (Seismic Retrofit Project) and interim risk reduction measures to ensure public safety and continued water supply reliability prior to the start of construction for the Seismic Retrofit Project. Anderson is the county's largest reservoir and critical to our water supply infrastructure. Funds for this goal are also used to implement the Dam Safety Program, including monitoring and maintenance of all dams, electrical and computerized systems that support operations.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.4	Increase regional self-reliance through water conservation and reuse.	\$ 30,893,423	\$ 33,324,081

Projects categorized under this goal provide resources for Valley Water to maximize utilization of all demand management tools; incentivize water use efficiency and water conservation; promote, protect, and expand potable and non-potable water reuse; and promote storm water capture and reuse.

Valley Water's long-range plan, the Water Supply Master Plan 2050, provides a long-term strategy for ensuring Valley Water's water supply sustainability through 2050, which includes increasing water reuse and conservation. Projects include developing up to 24,000 acre-feet per year (AFY) of potable reuse with a long-term vision to maximize water reuse in the county up to 32,000 AFY, as well as meeting the water conservation savings targets of 99,000 AFY by 2030, 110,000 AFY by 2040, and 126,000 AFY by 2050.

Funding is included for Valley Water's water conservation program, which helps reduce water use during shortages and promotes water conservation as a California way of life. This includes residential, commercial/industrial, agricultural, and landscape rebates and related technical assistance, as well as water conservation direct installation services, water conservation grants, water waste enforcement, and a water conservation outreach campaign. Valley Water's long-term water conservation programs are estimated to save approximately 87,000 acre-feet per year in Fiscal Year 2025 compared to the water consumed in baseline year 1992. This is in addition to short-term savings achieved during water shortages.

Valley Water supports development of recycled and purified water as a locally controlled, drought resilient water supply in the county. This includes the partnership with the City of San José on the Silicon Valley Advanced Water Purification Center, including operation and maintenance of the facility. It also involves partnerships with other wastewater agencies and various capital projects throughout the county. Funding is included for these partnerships. Also funded is the San Jose Purified Water Project – Phase 1

Ends Policies and Outcomes

Demonstration Facility to ensure a future full-scale direct potable reuse facility would be designed in the most cost-effective way to meet regulatory requirements for protection of public health and providing reliable drought-proof water supplies.

Also included under this policy is funding for the Guiding Principle 5 program, which supports water recycling and conservation programs through partnership with retailers who receive most of their water from sources other than Valley Water.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.5	Manage water resources using an integrated, science-based approach.	\$ 5,471,328	\$ 9,386,228

Projects assigned to this goal include funding for Valley Water to plan for future water supply needs; promote efficient and reliable operation of water supply systems; promote water supply projects with multiple benefits, including environmental stewardship and flood protection; invest in and rely on science to support planning and decision-making; and build and maintain effective partnerships to achieve water supply goals.

Valley Water 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 demand and supply options, complying with regulatory reporting, implementing the Water Shortage Contingency Plan in times of drought, and optimizing the use of available supplies. These planning efforts guide Valley Water's operations and investments to ensure water supply reliability and prevent adverse impacts like permanent land subsidence.

This goal also provides resources for Valley Water to engage with stakeholders and the public on water utility operations, projects, and long-term planning efforts.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E2.6	Promote access to equitable and affordable water supplies.	\$ 2,797,726	\$ 2,874,103

Projects assigned to this overarching goal promote equal access to clean, safe, and affordable water supply across all communities served; maintain affordable water rates through cost-effective water supply investments and management; and continue customer assistance and incentive programs.

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Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E3.1	Maintain flood protection facilities to design levels of protection.	\$ 53,961,621	\$ 81,452,848

Projects assigned to this goal support the preservation of flood conveyance capacity of streams and other channels, and the best available science is utilized to minimize the effects on the environment and protect habitat.

Valley Water is committed to reducing the risk of flooding to homes, businesses, and schools and improving the environment by performing work to remove sediment build-up, manage vegetation, clear trash and debris, and stabilize creek banks that have eroded during high water flows. Other annual efforts include the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) Program's Project F1 to help maintain flood conveyance capacity with sediment removal of approximately 20,000 to 50,000 cubic yards and management of approximately 1,000 acres of in-stream vegetation control to maintain design conveyance capacity. Additionally, under Project F4, Valley Water conducts annual upland vegetation management of approximately 3,000 acres for access and fire code compliance, inspection of approximately 190 miles of creeks, assessment of watershed facility conditions, inspection of levees (approximately 100 miles) and maintenance of levees (approximately 7,500 linear feet).

The FY 2026-27 Budget includes a comprehensive tree maintenance program to provide a streamlined environmental and permitting process to facilitate the pruning, removal, and mitigation of hazards associated with trees. Valley Water will also finalize the regulatory agency permits to continue the next version of the Stream Maintenance Program (SMP-3) to ensure the sustainability of county flood protection improvements. In addition, Valley Water's Capital Improvement Program includes several projects to maintain existing flood protection infrastructure, including the Watershed Asset Rehabilitation Program.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E3.2	Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement.	\$ 9,104,136	\$ 8,988,680

Projects assigned to this goal provide for activities that reduce the potential for flood damages. These activities include the development and distribution of a floodplain mailer as part of an annual countywide flood awareness campaign. These efforts help inform businesses and residents with preparedness tips on what to do before, during, and after a flood event.

Valley Water also partners with communities in Santa Clara County that participate in the Community Rating System under FEMA's National Flood Insurance Program. Communities that participate in the program earn points for activities that promote and implement effective flood risk reduction practices. Valley Water's existing activities help participating communities gain points, which increases the discounts for property owners who pay FEMA-required flood insurance premiums.

A major component of this goal is flood emergency planning and response under Safe, Clean Water (SCW) Program's Project F2. The Office of Emergency Services (OES) leads the development of Flood Emergency Action Plans (EAPs), in coordination with affected municipal jurisdictions. Flood EAPs identify flood hot spots, as well as the roles and responsibilities for emergency response by Valley Water and impacted cities and county. OES also leads training and exercise efforts between Valley Water and the impacted municipal jurisdiction to validate and improve the Flood EAPs. 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. Valley Water partners with other public agencies for a unified approach when providing flood response.

In addition, Valley Water supports community preparedness and response efforts by providing a minimum of 40,000 pre-filled sandbags and, when conditions warrant, additional sand piles and empty bags at designated locations for public self-service.

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Goal Code	Goal Description	Adopted Budget 2026-27		Proposed Plan 2027-28	
E3.3	Increase the health and safety of residents countywide by reducing community flood risk.	\$	169,004,285	\$	165,860,179

Projects assigned to this goal provide for activities that deliver equitable flood risk reduction throughout Santa Clara County. Valley Water conducts comprehensive long-range planning for flood protection and environmental stewardship that integrates water supply goals and objectives. This integrated planning process, known as the Watershed Master Planning process, is conducted at the watershed scale and includes extensive stakeholder input, including targeted outreach to historically underrepresented communities.

FY 2026-27 efforts include completing the Lower Peninsula and West Valley watersheds 100-year floodplain map, implementing the Encroachment Remediation Program, consulting with and supporting external agencies on floodplain management, and maintaining and improving Valley Water's flood warning system.

Valley Water's Capital Improvement Program also includes several projects to construct new flood protection infrastructure to reduce flood risk in the future. The majority of these projects are a part of the Safe, Clean Water Program.

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Goal Code	Goal Description	Adopted Budget 2026-27		Proposed Plan 2027-28	
E4.1	Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations.	\$	5,896,246	\$	7,262,174

Projects assigned to this goal provide for the stewardship of the County's streams and associated habitats and species through watershed master planning, preservation of upper watershed lands, restoring natural processes to managed streams, removing impediments to fish passage, pollution prevention, and engaging/educating the public.

Valley Water's watershed master plans are developed using a data-centered decision-making process that incorporates water supply goals and objectives into watershed management actions, resulting in multi-benefit projects. This type of long-term planning allows Valley Water to assess current opportunities, meet future challenges, and move water resource management actions in a more sustainable direction over time. The planning process is driven by community engagement, providing education, and ensuring broad community support.

In FY 2026-27, Valley Water will substantially complete the Watershed Master Plans for the final two watersheds in Santa Clara County – the Lower Peninsula and West Valley watersheds. Additionally, SCW Project D5 tracks stream ecosystem conditions, helping Valley Water and other county agencies and organizations make informed watershed, asset management, and natural resource decisions. Additionally, Project D7 provides funding to acquire, restore, and protect critical habitat lands to preserve local ecosystems through multi-agency agreements that pool mitigation or conservation dollars.

Goal Code	Goal Description	Adopted Budget 2026-27		Proposed Plan 2027-28	
E4.2	Sustain ecosystem health while managing local water resources for flood protection and water supply.	\$	25,908,075	\$	21,062,412

Projects assigned to this goal provide for the protection of aquatic and streamside ecosystems by incorporating biological impact avoidance measures into capital project design, restoring natural stream processes and features to provide suitable habitat for native species, and enhancing habitat connectivity.

SCW Project D1 supports Valley Water management of at least 300 acres of existing riparian planting projects and 200 acres of invasive plant removal projects throughout the five watersheds. Funding for this project ensures that all required riparian planting and invasive plant removal projects are maintained as functional habitat that can support wildlife. In addition, this project includes targeted control of especially damaging non-native, invasive plant species making the natural habitat less vulnerable and more resilient to climate change.

Additionally, SCW Project D3: Sediment Reuse to Support Restoration Projects reuses local sediment removed through Valley Water's stream maintenance activities and capital projects to create and restore tidal marsh, riparian, or wetland habitats. It entails reusing sediment meeting applicable screening criteria at available Valley Water or partnership project sites to support restoration.

Goal Code	Goal Description	Adopted Budget 2026-27		Proposed Plan 2027-28	
E4.3	Encourage inclusive, sustainable management of water resources in the Bay-Delta and its watersheds to protect imported water supply.	\$	-	\$	-

This goal provides for the protection of our imported water supplies by encouraging inclusive, sustainable management of water resources in the Bay-Delta and its watersheds, which is where Valley Water's imported water (IW) supplies originate. FY 2026-27 projects that support this goal are the Imported Water Program, IW San Felipe Division deliveries, IW South Bay Aqueduct Deliveries, State Water Project Costs, San Felipe Division Capital, Water Banking Operations, and Delta Conveyance Project.*

Specific Goal E4.3 work funded in these imported water projects includes holistic ecosystem management through science-based decision-making, protection of source water quality, and meeting future water supply demand through diverse and coordinated

Ends Policies and Outcomes

water supply planning. This includes participation in the planning and development of water storage and supply projects, groundwater banking opportunities, and the Delta Conveyance Project.

*Note: protecting imported water supply is affiliated with more than one Ends Code Goal, including this Goal E4.3; however, the imported water projects listed are under Goal E2.2 – “Protect and sustain the county’s existing, diverse water supplies” and, therefore, \$0 is reflected under Goal E4.3.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E4.4	Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation.	\$ 8,339,360	\$ 8,825,180

Valley Water’s Safe, Clean Water (SCW) Program Projects B1 and B2 reduce pollutants in streams, reservoirs, and groundwater throughout Santa Clara County by supporting surface water quality pollution prevention activities. These projects address water quality concerns currently identified by local and state regulatory agencies, as well as contaminants of emerging concern. Initiatives under these projects are consistent with the Regional Water Quality Control Board’s impaired water bodies designation and Total Maximum Daily Loads, which are the maximum amount of a pollutant that a water body can receive and still safely meet water quality standards. Under this project, Valley Water studies and implements methods to reduce methyl mercury formation in reservoirs and helps create and carry out realistic plans to reduce contaminants, such as nutrients, bacteria, pesticides, polychlorinated biphenyls, and others, in local creeks and reservoirs.

Additionally, the SCW Good Neighbor Program Project F6 supports Valley Water’s graffiti and litter removal efforts, including quarterly cleanups of problem trash sites to help reduce waterway pollution and keep creeks and riparian areas free of debris.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E4.5	Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency.	\$ 13,990,507	\$ 14,296,980

Projects assigned to this goal promote and support access to trails and open space through various grants and community partnerships for planning, design, construction, and maintenance.

In FY 2026-27 Valley Water will provide up to \$2 million in grant and partnership funding for qualified projects under the renewed Safe, Clean Water Program, which includes projects that provide access to trails and open space. This includes up to \$1.4 million for standard grants, \$100,000 for mini-grants, \$100,000 for water bottle refill stations, up to \$200,000 for standard partnerships, and additional funding for partnerships with small cities. Additionally, Valley Water will continue to manage the administration of nearly 100 active grants and partnerships.

Valley Water also collaborates with cities on trail implementation through joint use agreements, in accordance with the Trails Policy Criteria and Guidance.

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Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E5.1	Minimize greenhouse gas emissions from Valley Water's operations.	\$ 599,231	\$ 747,441

Projects assigned to this goal provide for activities to identify and inventory Valley Water's greenhouse gas (GHG) emissions and to create various means to reduce our carbon footprint and achieve carbon neutrality.

Reducing GHG emissions is a major focus of the Climate Change Action Plan (CCAP) which was adopted by the Board in 2021. In FY 2026-27, Valley Water will complete a qualified GHG Reduction Plan (GHGRP) consistent with the California Environmental Quality Act (CEQA) and develop a CEQA streamlining checklist for future projects covered by the plan. The GHGRP aims to reduce Valley Water's emissions and achieve carbon neutrality by 2045. The GHGRP updates Valley Water's GHG emissions inventory through 2021, creates a forecast of future GHG emissions, and introduces a list of measures to achieve GHG reduction targets.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
E5.2	Adapt Valley Water's assets and operations to reduce climate change impacts.	\$ 2,937,256	\$ 2,220,699

Valley Water's Climate Change Action Plan includes four goals to improve the resiliency of Valley Water's assets and operations to climate change, including Water Supply Adaptation, Flood Protection Adaptation, Ecosystem Adaptation, and Emergency Preparedness. Projects assigned to this goal also provide for the development of a Drought Response Plan to improve water supply reliability in Santa Clara County during times of future shortage to evaluate new approaches for water use reductions from the public and develop a response framework to employ during future droughts.

Adopted in 2025, the Water Supply Master Plan 2050 outlines a comprehensive portfolio of water supply and infrastructure projects designed to meet projected future demand while enhancing resilience to climate-related risks and vulnerabilities. Also, Valley Water will continue design of Reaches 4-5 of the Shoreline Phase 1 Project, complete Planning Study Reports for Calabazas/San Tomas Aquino Creeks Reconnection and Coyote Pond 10B Freshwater Wetlands, and will receive permits for the Pond A4 Resilient Habitat Restoration Project. Additionally, Valley Water's Wildfire Resiliency Plan will be finalized to set priorities to reduce fire severity while protecting and supporting sensitive ecological resources and other identified Valley Water infrastructure.

Ends Policies and Outcomes

Goal Code	Goal Description	Adopted Budget 2026-27		Proposed Plan 2027-28	
E6.1	Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.	\$	8,678,798	\$	9,875,585

Projects assigned to this goal support Valley Water’s commitment, through a regional approach, to address the human health, safety, operational, and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities. This includes efforts to identify Valley Water-owned land that may be suitable for the development of housing for unsheltered people, as well as Valley Water’s efforts to increase its level of service for encampment cleanups based on need and resource availability, and enforcement of the Water Resources Protection Zones Ordinance per the framework set out in the Ordinance Implementation Plan.

SCW Program Project F5: Good Neighbor Program: Encampment Cleanup supports encampment cleanups. Valley Water performs cleanups of encampment-generated trash, debris, and hazardous pollutants independently or in coordination with local municipalities and other agencies for services related to encampment cleanups and to help provide alternatives to homelessness.

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Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.1	BAO & District Leadership	\$ 40,685,140	\$ 39,213,099

Board Appointed Officers (BAOs) and Valley Water Leadership includes the budgets for the Board of Directors and its Advisory Committees, the Board Appointed Officers, Office of External Affairs, and Valley Water’s risk management including Emergency Management, Health and Safety, and Security related functions and activities. The BAOs are Valley Water staff that report directly to the Board of Directors and include the positions of Chief Executive Officer (CEO), District Counsel, and the Clerk of the Board.

Chief Executive Officer: Provides strategic and executive leadership to ensure Valley Water advances its mission and achieves the Board’s Ends Policies in compliance with Executive Limitations. The CEO is accountable for overall organizational performance while supporting the Board of Directors in its governance role.

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, Valley Water 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.

District Counsel: Represents Valley Water’s interests in a variety of legal and administrative matters and provides timely and useful legal advice to the Board of Directors and management as Valley Water implements strategies to streamline operations and increase accountability.

External Affairs: Provides strategic planning and integration of external policies and legislation as it relates to the business interests of Valley Water as well as for communication and outreach efforts. External Affairs is responsible for internal and external communications with the media, community, and the public; community engagement activities including education, volunteerism, grants, and water supply outreach as well as oversight of the Youth Commission; and government relations efforts at the local, regional, state, and federal levels.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.2	Financial Planning & Management Services	\$ 21,439,372	\$ 23,045,699

Financial Planning and Management Services provides 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.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.3	Human Resources Services	\$ 18,389,756	\$ 19,273,729

Human Resources Services are primarily linked to human resource planning, development, and management. These services include District-wide funding for recruitment, professional development, technical training, employee wellness, internships, and the ethics and equal employment opportunity programs.

Ends Policies and Outcomes

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.4	Information Management Services	\$ 47,027,443	\$ 52,238,274

The Information Technology Division serves the technology needs of Valley Water, enabling business users to carry out their work efficiently, effectively, and securely. This is done by providing planning, design, and operational support and maintenance of Valley Water's: (1) physical technology infrastructure and cyber security posture management; and (2) software application.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.5	Corporate Business Assets	\$ 68,826,029	\$ 64,143,644

Corporate Business Assets includes the functions and activities of Construction Contracts & Support, Purchasing, Consultant Contract Services, Equipment Management, Facilities Management, Business Support, and Warehouse 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	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.6	General Management & Administration	\$ 63,718,773	\$ 70,376,012

Funds in this category provide necessary resources to effectively administer and manage organization-wide support services, including unit, division office, 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	Adopted Budget 2026-27	Proposed Plan 2027-28
SS.7	Salary Savings	\$ (5,545,063)	\$ (5,825,639)

Salary savings budget is 2% of total regular employee salaries District-wide. This budget represents the budgeted savings from vacant positions projected to occur during the year.

Goal Code	Goal Description	Adopted Budget 2026-27	Proposed Plan 2027-28
DS.1	Debt Service	\$ 128,801,854	\$ 161,169,798

Debt Service includes the budget to pay interest, principal, and fees associated with the debt.

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E2

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

E2.1 Meet 100 percent of annual water demand during non-drought years and at least 80 percent of demand in drought years.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
91294001	Pure Water Silicon Valley	16,255,193	30,383,888
E2.1 Total		16,255,193	30,383,888

E2

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

E2.2 Protect and sustain the county's existing, diverse water supplies.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
60041003	Hollister Groundwater Mgmt	44,573	46,187
91041012	Water Operations Planning	682,729	747,613
91041018	Groundwater Management Program	6,841,068	7,312,136
91111001	Water Rights	621,238	693,096
91131004	Imported Water Program	6,714,933	6,369,385
91131006	IW San Felipe Division Delvrs	22,288,431	22,954,096
91131007	IW South Bay Aqueduct Delvrs	7,478,512	7,702,867
91131008	State Water Project Costs	35,848,142	37,648,346
91151013	Water Banking Operations	5,933,726	6,111,738
91154007	San Felipe Division Capital	13,261,292	11,857,972
91211004	San Felipe Reach 1 Operation	788,481	849,181
91211084	San Felipe Reach1 Ctrl and Ele	371,258	431,521
91221002	San Felipe Reach 2 Operation	66,747	72,090
91231002	San Felipe Reach 3 Operation	323,280	333,726
91231084	San Felipe Reach3 Ctrl and Ele	256,900	259,663
91294002	Pure Water Silicon Valley- Full-Scale Direct Potable Reuse (DPR) Project	1,876,500	2,044,910
91451002	Well Ordinance Program	3,015,689	3,198,426
91451005	Source Water Quality Mgmt	509,737	540,281
91451011	Invasive Mussel Prevention	838,096	854,841
91601001	Delta Conveyance Project	4,935,000	2,513,700
91761001	Local Res/Div Plan & Analysis	2,721,205	2,805,533
92041014	FAHCE/Three Creeks Project	3,981,046	3,739,161
92761009	Recharge/RW Field Ops	4,843,951	4,993,233
92761082	Raw Water T&D Ctrl and Electr	698,712	839,009
93081002	Plant Maintenance Engineering & Commissioning Project	1,005,719	1,083,677
93081008	W T General Water Quality	2,662,606	2,908,748
93231009	PWTP General Operations	7,339,975	9,198,484
93281005	STWTP - General Operations	8,920,788	8,684,863
93291012	RWTP General Operations	11,947,374	12,957,521
93294059	RWTP Liquid Ammonium Sulfate Facility	43,422	2,747,898
93401002	Water District Laboratory	7,895,991	8,427,558
93761001	SF/SCVWD Intertie General Ops	102,086	113,458
93761004	Campbell Well Field Operations	74,811	79,335
93761006	Treated Water Ctrl & Elec Eng	3,340,080	3,887,569
95011003	WU Asset Protection Support	1,462,152	1,570,970
95111003	Water Use Measurement	2,879,238	3,072,157
E2.2 Total		172,615,488	179,650,948

Ends Policies and Outcomes

E2

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

E2.3 Protect and maintain existing water infrastructure.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
26764001	IRP2 AddLine Valves	5,530,370	484,686
91081007	Dam Safety Program	2,088,964	2,185,573
91084019	Dam Safety Seismic Stability	35,182	92,999
91084020	Calero-Guad Dams Seismic Retro	2,551,302	3,020,000
91211005	SFD Reach 1 Administration	8,894	9,565
91211085	SF Reach 1-Engineering - Other	425,615	466,993
91211099	San Felipe Reach 1 Gen Maint	1,665,334	1,430,234
91214010	Small Caps, San Felipe R1	5,179,132	5,182,639
91221006	SF Reach 2-Engineering - Other	285,130	368,179
91221099	San Felipe Reach 2 Gen Maint	191,496	209,926
91231085	SF Reach 3-Engineering - Other	694,779	493,112
91231099	San Felipe Reach 3 Gen Maint	1,522,070	1,609,205
91234002	Coyote Pumping Plant ASD	1,126,095	-
91234010	Small Caps, San Felipe R3	743,310	4,526,870
91761099	Dams / Reservoir Gen Maint	3,914,000	4,176,054
91854001	Almaden Dam Improvements	156,737	164,115
91854003	Almaden Calero Canal Rehab	18,702,861	1,094,100
91864005	Anderson Dam Seismic Retrofit	157,350,973	169,061,790
91864006	Anderson Dam Tunnel Project	13,213,310	-
91864008	Coyote Creek Chillers	11,000	-
91874004	Calero Dam SeisRetrfit Des&Con	5,219,759	12,372,346
91884003	Coyote Dam Seismic Stability Project	2,639,650	1,804,171
91894002	Guadalupe Dam SeisRetf Des&Con	5,203,982	5,125,933
92144001	Pacheco/SC Conduit ROW ACQ	38,397	-
92261099	Vasona Pump Station Gen Main	219,373	213,022
92264001	Vasona Pump Station Upgrade	-	143,125
92304001	Almaden Valley Pipeline	44,379,884	33,552,471
92761008	Recycled Water T&D Genrl Maint	255,143	274,643
92761010	Rchrg / RW Field Fac Maint	3,297,773	3,603,023
92761083	Raw Water T&D Eng Other	1,438,159	1,511,743
92761085	Anderson Hydrelctrc Flcty Main	22,042	23,763
92761099	Raw Water T / D Gen Maint	4,097,562	4,322,920
92764009	Small Caps, Raw Water T&D	1,430,000	818,800
92781002	Raw Water Corrosion Control	757,913	843,479
93044001	WTP Master Plan Implementation	1,237,378	1,531,740
93081009	Water Treatment Plant Engineer	375,880	471,317
93084004	Wtr Trtmnt Plnt Electr Imprv	103,946	6,081,813
93231099	Penitencia WTP General Maint	3,839,420	4,092,605
93234044	PWTP Residuals Management	34,405,936	41,256,045
93281099	Santa Teresa WTP General Maint	4,981,737	5,321,289
93284014	STWTP Infrastructure Rehabilitation	1,628,263	5,830,320
93291099	Rinconada WTP General Maint	5,335,584	5,676,061
93294057	RWTP Reliability Improvement	124,411,959	62,781,596
93761005	Campbell Well Field Maint	193,700	230,084
93761099	SF/SCVWD Intertie Gen Maint	218,906	228,971
93764004	Small Caps, Water Treatment	9,054,655	6,544,088
94084007	Treated Water Isolation Valves	805,845	2,328,281

Ends Policies and Outcomes

E2

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

E2.3 Protect and maintain existing water infrastructure.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
94761005	TW T&D - Engineering - Other	1,001,990	1,016,227
94761099	Treated Water T/D Gen Maint	1,980,472	2,142,539
94764006	Small Caps,Treated Water T&D	292,000	310,000
94781001	Treated Water T/D Corrosion	1,238,793	677,873
95044001	Distribution System Master Plan Implementation	140,511	-
95044002	SCADA Master Plan Implementation	232,376	-
95044004	SMPIP Upgrades - Phase 1	-	448,401
95084002	10-Yr PL Inspection and Rehab	2,451,920	328,230
95084003	Pipeline Maintenance Program	523,000	217,889
95084004	East Pipeline Inspection and Rehabilitation Project	11,475,240	984,690
95084005	Penitencia Delivery Main & Force Main Inspect & Rehab	5,050,800	163,568
95084006	Santa Teresa Force Main Inspection and Rehabilitation	7,668,500	1,637,868
95084007	Milpitas Pipeline Inspection and Rehabilitation Project	1,151,900	1,921,056
95084008	Santa Clara and Campbell Distributary Inspection and Rehab	575,000	601,755
E2.3 Total		504,771,902	412,009,783

E2

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

E2.4 Increase regional self-reliance through water conservation and reuse.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
91094001	Land Rights-SC Recycled Water	146,934	-
91094009	SoCo Rcyld Wtr PL Short-Trm 1B	88,728	-
91101004	Recycled & Purified Water Prog	4,324,297	4,473,414
91151001	Water Conservation Program	13,285,282	13,584,310
91241001	Wolfe Road Recycled Water Facility	266,308	311,336
91261001	PaloAlto Water Reuse Agreement	2,446,000	2,519,380
91281007	SVAWPC Facility Operations	4,622,129	4,861,610
91281008	SVAWPC Facility Maintenance	4,487,180	6,286,390
91441003	Desalination	1,226,565	1,287,642
E2.4 Total		30,893,423	33,324,081

Ends Policies and Outcomes

E2

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

E2.5 Manage water resources using an integrated, science-based approach.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
62061005	WS Customer Relations&Outreach	1,312,342	1,400,302
91151012	Recycld/PurifiedWaterPublicEng	1,646,282	1,765,642
91864011	Coyote Percolation Dam Phase 2	0	3,558,142
92761001	Raw Water T&D Gen'l Oper	2,235,075	2,379,383
92761012	Untreated Water Prog Plan	277,630	282,758
E2.5 Total		5,471,328	9,386,228

E2

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

E2.6 Promote access to equitable and affordable water supplies.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
60232001	Water Rate Assistance Program	1,583,333	1,583,333
95151002	WU Customer Relations&Outreach	1,214,393	1,290,770
E2.6 Total		2,797,726	2,874,103

E2 Total		732,805,061	667,629,032
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Ends Policies and Outcomes

E3

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

E3.1 Maintain flood protection facilities to design levels of protection.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00041022	Stream Maint Prog Mgmt	7,001,568	7,574,810
00761023	Watershed Sediment Removal	7,966,549	8,350,520
00761078	Vegetation Mangmnt for Access	6,925,209	7,313,550
00762011	Tree Maintenance Program	3,124,868	2,724,027
00811049	Subsidence Monitoring	459,158	438,570
26044056	Regnart Creek Rehabilitation Project - F8	836,522	411,382
26771067	Stream Capacity Vegetation Con	5,241,317	6,068,851
30154019	Lower Guadalupe River Capacity Restoration	370,204	7,498,793
40214023	Coyote 10B Freshwater Wetland	544,101	2,106,143
62021009	Watershds O&M Eng&Insp Support	2,932,867	3,153,051
62061029	Field Operations Support	527,709	571,607
62084001	Watersheds Asset Rehabilitatio	2,104,377	16,306,413
62761024	Wtrshd Facility Cndtion Assmnt	3,024,773	3,297,963
62761025	Watershed General Field Maint	3,857,287	4,144,123
62761026	Watershed Debris Removal	2,200,418	2,376,323
62761027	Watershed Erosion Protection	4,492,549	4,747,883
62761028	Watershed Levee Maintenance	1,837,995	1,952,580
62761080	Non SMP Veg Removal for Convey	514,151	2,416,258
E3.1 Total		53,961,621	81,452,848

E3

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

E3.2 Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00811043	Hydrologic Data Msrmt & Mgmt	3,046,300	3,243,015
10394001	PA Flood Basin Tide Gate Replc	520,649	153,174
26041023	Emergency Response Upgrades	797,604	847,413
26041024	Flood Risk Reduction Studies	1,423,975	1,520,677
26061005	Flood Emrgncy Respns Planning	221,566	233,554
62041023	Community Rating System (CRS)	268,664	-
62061008	Hydrology&Hydraulics Tech Supp	2,005,375	2,129,846
62761008	Sandbag Program	820,003	861,001
E3.2 Total		9,104,136	8,988,680

Ends Policies and Outcomes

E3

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

E3.3 Increase the health and safety of residents countywide by reducing community flood risk.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00044026	San Francisco Bay Shoreline	4,025,225	27,254,031
26074002	Sunnyvale East & West Channel	45,159,516	54,037,010
26174043	Coyote Creek, Montague-Tully	80,937,941	79,682,230
26174055	Llagas Creek Phase 2B Construction	32,709,738	799,130
26281001	San Francisquito Crk, SF Bay to Searsville Dam	2,891,770	1,270,470
26444004	San Francisco Bay Shoreline EIAs 5-10	3,023,499	2,817,308
40174005	Berryessa Crk, Lwr. Pen Phs 2	235,795	-
40334005	Lwr Penitencia Crk Improvemnts	20,802	-
E3.3 Total		169,004,285	165,860,179

E3 Total	232,070,042	256,301,706
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Ends Policies and Outcomes

E4

Water resources stewardship protects and enhances ecosystem health.

E4.1 Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00041047	Ecolgal Data Collectn & Analy	370,713	383,284
20444001	Calabazas/San Tomas Aquino Creek-Marsh Connection	776,661	2,444,584
20444002	Pond A4 Resilient Habitat Restoration	434,829	164,115
26044004	D6 Bolsa Road Fish Passage Improvement	67,274	-
26752043	Impaired Water Bodies Imprvmts	2,099,761	2,219,387
26761076	Rev, Riprn, Uplnd, & Wtln Hab	642,409	514,905
62042047	Mitigation & Stwdshp Land Mgmt	261,167	279,100
62042051	Plant Pathogen Management	304,885	321,219
62181005	SMP Mitigation Site Mgmt	938,548	935,580
E4.1 Total		5,896,246	7,262,174

E4

Water resources stewardship protects and enhances ecosystem health.

E4.2 Sustain ecosystem health while managing local water resources for flood protection and water supply.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00061012	Facilities Env Compliance	1,122,264	1,211,197
00741042	Water Resorcs EnvPlng & Permtg	2,856,224	3,289,586
00761075	Mgmt of Revegetation Projects and Invasive Plants	8,171,379	8,569,008
26042002	Fish Habitat Improvements	1,353,076	1,266,481
26044003	SCW Ogier Ponds Separation from Coyote Creek (Planning and D	1,109,167	2,131,307
26044005	SCW D4.3 Fish Passage Improvements	6,650,228	285,560
26154002	Guadalupe Rv-Upr, 280-SPRR(R6	-	167,869
26441003	D3 SCW Sed Reuse to Support Shoreline	303,847	316,687
30151026	Guad Rvr Mitgtn Monitoring Prg	1,255,696	663,902
40212032	Coyote Creek Mitgtn Monitoring	176,178	237,332
62041043	Environmental Srvcs Tech Suppt	992,978	1,099,086
62042032	Multiple Sm Prjcts Mitgtn Mont	419,093	277,755
62181006	Instream Habitat Complexity	1,497,946	1,546,642
E4.2 Total		25,908,075	21,062,412

E4

Water resources stewardship protects and enhances ecosystem health.

E4.3 Encourage inclusive, sustainable management of water resources in the Bay-Delta and its watersheds to protect imported water supply.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
-	-	-	-
E4.3 Total		-	-

*Note: The imported water projects are listed under Goal E2.2; therefore, \$0 is reflected under Goal E4.3.

Ends Policies and Outcomes

E4

Water resources stewardship protects and enhances ecosystem health.

E4.4 Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00761022	Watershed Good Neighbor Maint	1,594,066	1,707,830
00771011	Inter Agency Urban Runoff Prog	2,923,167	3,111,775
00771031	HAZMAT Emergency Response	348,046	364,809
26771027	Encampment Cleanup Program	3,474,082	3,640,766
E4.4 Total		8,339,360	8,825,180

E4

Water resources stewardship protects and enhances ecosystem health.

E4.5 Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00061019	Creek Stewardship	598,769	634,568
26061020	F6 Public Arts	188,871	193,029
26061021	F9 Safe Clean Water Grants and Partnerships	3,911,272	3,545,454
26061022	Creekside Neighbor Rebate Program F9.4	306,847	307,337
60171002	Education & Volunteer Program	1,253,380	1,329,090
62011002	Watershed Asset Protection Sup	7,272,342	7,802,749
62021003	CPRU Tech Support	459,027	484,752
E4.5 Total		13,990,507	14,296,980

E4 Total

54,134,189

51,446,747

Ends Policies and Outcomes

E5

Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.

E5.1 Minimize greenhouse gas emissions from Valley Water's operations.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
00021008	Energy Management	370,647	506,547
00061048	Climate Change Adaptation/Mtg.	228,584	240,895
E5.1 Total		599,231	747,441

E5

Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.

E5.2 Adapt Valley Water's assets and operations to reduce climate change impacts.

Project Number	Project Name	Adopted Budget	Proposed Plan
		2026-27	2027-28
40664001	Aquatic Resource Creation at Ford Rd Percolation Pond	1,882,902	1,482,506
60061058	Drought Induced Tree Removal	1,054,354	738,193
E5.2 Total		2,937,256	2,220,699

E5 Total	3,536,487	2,968,140
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Ends Policies and Outcomes

E6

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

E6.1 Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.

		Adopted Budget	Proposed Plan
		2026-27	2027-28
Project Number	Project Name		
62771027	Encampment Management Program	8,678,798	9,875,585
E6.1 Total		8,678,798	9,875,585

E6 Total		8,678,798	9,875,585
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Ends Policies and Outcomes

SS	Support Services			
	SS.1 BAO & District Leadership			
Project Number	Project Name	Adopted Budget	Proposed Plan	
		2026-27	2027-28	
60091001	Directors Fees / Expenses	1,335,959	671,751	
60131007	Ofc of Chief Executive Officer	1,878,855	1,989,524	
60131014	Continual Improvement	822,361	851,262	
60141001	District Counsel	6,464,926	6,817,280	
60171009	Community Relations	278,553	289,596	
60171010	Community Benefits Project	1,188,147	1,434,762	
60231002	Communications	1,845,688	1,922,429	
60231003	Federal Government Relations	1,697,547	1,784,316	
60231004	State Government Relations	1,472,324	1,558,784	
60231005	Local Government Relations	2,201,958	2,280,790	
60231006	Office of Chief of Ext Affairs	1,411,639	1,485,927	
60231007	Internal Communications	826,242	846,568	
60241026	Quality and Env Mgmt Sys Prog	467,358	484,272	
60301001	Clerk of the Board Serv	5,981,940	3,278,005	
65051001	Risk Management	7,457,491	7,912,981	
65051002	Workers Compensation Program	1,141,398	1,154,570	
65051003	Health&Safety Program Mgt	4,212,755	4,450,282	
SS.1 Total		40,685,140	39,213,099	

SS	Support Services			
	SS.2 Financial Planning & Management Services			
Project Number	Project Name	Adopted Budget	Proposed Plan	
		2026-27	2027-28	
00031001	Watershed Revenue	218,612	233,378	
00031002	Grants Management	3,056,390	3,213,578	
00061045	Asset Management Program	3,438,963	4,033,591	
00121003	LT Financial Planning & Rate S	820,198	900,717	
26001090	SCW Unscoped Projects-Budget Only	100,000	100,000	
60001090	CEO Unscoped Projects-Budget Only	100,000	100,000	
60001091	Admin Unscoped Projects-Budget Only	100,000	100,000	
60001092	CEA Unscoped Project-Budget Only	100,000	100,000	
60111002	General Accounting Services	6,733,363	7,062,988	
60221001	Budget and Financial Analyses	2,574,717	2,663,091	
60221002	Debt & Treasury Management	1,785,487	1,957,083	
62001090	WSS Unscoped Projects-Budget Only	150,000	150,000	
95001090	WUE Unscoped Projects-Budget Only	150,000	150,000	
95101003	Water Revenue Program	2,111,642	2,281,273	
SS.2 Total		21,439,372	23,045,699	

Ends Policies and Outcomes

SS	Support Services			
	SS.3 Human Resources Services			
	Project Number	Project Name	Adopted Budget 2026-27	Proposed Plan 2027-28
	60281003	Ethics & EEO Programs	1,036,517	1,077,144
	60281004	REDI	1,573,177	1,584,478
	60281006	Reasonable Accommodation	60,000	61,800
	60291001	Recruitment and Selection Program	2,902,982	3,040,491
	60291002	Benefits and Wellness Program	1,882,790	1,918,416
	60291003	Labor Relations	890,087	939,682
	60291004	Workforce Development Program	3,078,757	3,229,838
	60291005	Classification & Compensation Pgm	954,957	1,010,199
	60291011	HR Program Admin	2,071,755	2,190,201
	60291030	HRIS Admin & Data Analytics Pgm	1,454,947	1,590,912
	60291032	Bargaining Unit Representation	113,902	110,861
	60291041	Internship Program	1,035,550	1,066,616
	60291044	Next-Gen Program	1,334,335	1,453,090
	SS.3 Total		18,389,756	19,273,729

SS	Support Services			
	SS.4 Information Management Services			
	Project Number	Project Name	Adopted Budget 2026-27	Proposed Plan 2027-28
	60311001	Records & Library Services	900,564	935,316
	73271001	Telecommunications Sys Opr/M	2,384,915	2,575,511
	73271002	Technical Infrastructure Servi	7,509,971	8,194,239
	73271003	Network Administration	4,522,890	5,503,939
	73271004	Information Security Admin	1,607,000	1,611,950
	73271005	Office Cmptr Maint/Help Dsk Sup	566,250	571,650
	73271006	Info Technology Div Admin	1,280,031	1,384,796
	73271007	Emerging IT Technologies	107,120	107,120
	73271008	Software Maint & License	5,466,144	5,630,128
	73271009	Software Services	8,707,211	9,314,317
	73271011	Technology Innovation	630,393	698,016
	73274004	Network Equipment	2,651,000	656,000
	73274006	Office Computers Replace Equip	1,677,000	2,064,000
	73274008	Software Upgrades & Enhancemen	652,954	666,540
	73274013	ERP Replacement Project	8,312,000	11,630,000
	95274003	WU Computer Network Modrnizatn	52,000	694,754
	SS.4 Total		47,027,443	52,238,274

Ends Policies and Outcomes

SS	Support Services		
	SS.5 Corporate Business Assets		
Project Number Project Name		Adopted Budget 2026-27	Proposed Plan 2027-28
00071041	Welding Services	693,997	840,095
00074042	Capital Project Mgmt & Controls	1,709,349	1,832,309
00761071	Emergency Management	3,071,462	3,272,559
00811046	Warehouse Services	2,593,838	2,889,810
00811054	District Real Property Adminis	2,373,845	2,548,469
10291002	Rental Expense Stevens Creek	443,183	470,216
26061002	Rent Exp Clean Safe Ck 7/1/01+	249,290	265,443
30061004	Rent Exp Guadalupe & Coyote	339,450	372,474
60061018	General Services Div Admin	1,877,092	1,971,632
60101001	Purchasing Services	2,727,914	2,854,285
60101002	Building and Grounds	12,748,634	13,234,134
60101005	Districtwide Signage	463,526	482,112
60101008	District Security Services	6,144,133	6,348,952
60111006	Contract Services	2,742,312	2,866,151
60204016	Small Caps, Facility Mgmt	4,000,000	4,000,000
60204022	Security Upgrades and Enhancement	3,965,271	76,587
60204032	Headquarters Operations Bldg	5,286,606	54,705
60351001	Business & Customer SupportSvc	3,666,679	3,833,745
60361002	Graphic Services	1,535,168	1,627,868
62041045	Watershed Asset Management	1,776,769	1,993,606
70004001	New Vehicle Equip Acquisitio	615,000	633,000
70004002	Replacement Vehicle & Equip	2,823,000	4,113,000
70011099	Class I Equip Oper / Maint	1,640,494	1,726,849
70021099	Class II Equip Oper / Maint	1,209,769	1,295,925
70031099	Class III Equip Oper / Maint	746,184	799,672
70041099	Class IV Equip Oper / Maint	1,603,472	1,713,738
70061003	Vehicle & Equipment Admin&Mgmt	1,479,096	1,573,113
95061012	Rental Expense San Pedro,MH	30,919	32,964
95061035	Rent Exp Coyote	269,576	287,619
95074001	Capital Warranty Services	-	132,613
SS.5 Total		68,826,029	64,143,644

Ends Policies and Outcomes

SS	Support Services			
	SS.6 General Management & Administration			
		Adopted Budget	Proposed Plan	
Project Number	Project Name	2026-27	2027-28	
00061050	Office of Integrated Water Management	3,552,388	3,788,557	
00061051	Lands Management Program	1,025,106	1,095,506	
00074033	CIP Development & Admin	1,848,196	1,887,496	
00074036	Survey Mgmt & Tech Support	2,616,052	2,858,198	
00074038	Watershed Capital Program Servcs Admin	5,096,325	6,675,403	
00074041	Construction Contracts and Support	2,168,611	2,315,967	
00074047	Computer-Aided Design for Engineering	1,486,529	2,325,359	
26041049	D5 SCW Watershed Plans	32,717	29,958	
26061012	Safe Clean Water Implementatn	1,207,690	1,316,650	
60131004	AS Administration	2,642,406	2,749,713	
60221003	FPMD Administration	696,847	745,681	
62041027	Integrated Wtr Resrce Mstr Pln	899,953	832,457	
62061001	Watersheds Administration	13,671,161	14,860,954	
73271010	IT Projects & Bus Operations	2,471,746	2,683,269	
95061038	WUE Administration	11,488,429	12,456,878	
95074005	WU Capital Prog Admin Support	8,418,174	9,334,552	
95741001	Water Supply Planning	2,764,204	2,924,583	
95761003	SCADA Network Administration	1,632,238	1,494,834	
SS.6 Total		63,718,773	70,376,012	

SS	Support Services			
	SS.7 Salary Savings			
		Adopted Budget	Proposed Plan	
Project Number	Project Name	2026-27	2027-28	
26061004	Districtwide Salary Savings-26	(216,572)	(239,151)	
26064023	Districtwide Salary Savings	(265,442)	(234,464)	
60061023	Districtwide Salary Savings-11	(1,139,745)	(1,187,211)	
60064023	Districtwide Salary Savings	(4,462)	(1,323)	
62061002	Districtwide Salary Savings-12	(936,547)	(1,007,090)	
62064023	Districtwide Salary Savings	(160,667)	(195,296)	
65061004	Districtwide Salary Savings-72	(57,982)	(60,149)	
70061004	Districtwide Salary Savings-71	(44,459)	(45,943)	
73061004	Districtwide Salary Savings-73	(263,538)	(275,165)	
91061007	Districtwide Salary Savings-61	(1,645,165)	(1,737,971)	
95064011	Districtwide Salary Savings-61	(810,485)	(841,877)	
SS.7 Total		(5,545,063)	(5,825,639)	

SS Total		254,541,450	262,464,817	
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Ends Policies and Outcomes

DS	Debt Services		
	DS.1 Debt Service		
		Adopted Budget	Proposed Plan
Project Number	Project Name	2026-27	2027-28
10993008	2017A COP Refunding LP WS	2,283,833	2,283,044
20993008	2017A COP Refunding WV WS	685,092	684,855
26993001	Commercial Paper Tax Exmpt SCW	7,218,560	6,190,560
26993002	SCW Rev Bond 2022A (Tax-Exempt)	5,159,375	5,157,125
26993003	SCW COP 2022B (Tax-Exempt)	25,000	-
26993004	W WIFIA Loan 1 (ID 21116CA	45,000	841,178
26993005	SCW Rev Bond 2028A (Tax-Exempt)	-	11,131,000
26993007	W WIFIA Loan 2	60,000	60,000
30993008	17A COP Refunding Guad WS	761,471	761,207
40993008	2017A COP Refunding Coyote WS	2,055,855	2,055,145
95993007	Commercial Paper Tax Exempt	9,676,861	8,718,385
95993008	Commercial Paper Taxable	3,685,727	4,543,235
95993016	2016B WU Ref Rev Bond(Taxable)	3,254,621	3,254,621
95993018	WU COP 2016D (Taxable)	5,855,546	5,898,505
95993019	WU Rev Bond 2017A (Tax Exempt)	4,395,750	4,399,250
95993022	WU Rev Bond 2019A (Tax-Exempt)	1,013,000	1,027,000
95993023	WU Rev Bond 2019B (Taxable)	4,530,114	4,536,731
95993024	WU Rev Bond 2019C (Taxable)	3,006,624	3,007,475
95993025	WU Rev Bond 2020A (Tax-Exempt)	1,231,000	1,231,000
95993026	WU Rev Bond 2020B (Taxable)	2,058,285	2,058,285
95993027	WU COP 2020C (Tax-Exempt)	3,544,500	3,501,000
95993028	WU COP 2020D (Taxable)	5,016,710	5,058,834
95993029	WU Rev Bond 2023A (Tax-Exempt)	2,629,500	2,629,500
95993030	WU Rev Bond 2023B (Taxable)	4,556,544	4,555,474
95993031	WU Rev Bond 2024A (Tax-Exempt)	5,498,250	5,263,250
95993032	WU Rev Bond 2024B (Taxable)	5,755,673	5,752,237
95993033	WU WIFIA Project 1 (ID 22115CA) Anderson	45,000	45,000
95993037	WU Rev Bond 2024C (Tax-Exempt)	4,416,750	4,419,500
95993039	WU Rev Bond 2025A (Tax-Exempt)	5,493,000	5,893,000
95993040	WU Rev Bond 2025B (Taxable)	9,798,417	9,368,757
95993041	WU WIFIA Project 1 (Anderson Constr)	160,000	60,000
95993042	WU COP 2023C2 (Tax-Exempt)	3,634,750	3,638,000
95993045	WU Rev Bond 2026A (Tax-Exempt)	13,818,592	15,831,000
95993046	CWIFP Dam Safety#1	160,000	160,000
95993047	WU Rev Bond 2026B (Taxable)	7,272,454	6,787,560
95993048	WU Rev Note 2027A (Tax-Exemp)	-	18,460,900
95993049	WU Rev Bond 2027B (Taxable)	-	1,907,185
DS.1 Total		128,801,854	161,169,798
DS Total		128,801,854	161,169,798

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Ends Policies Objectives

Ends Policies and Objectives

E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.1 Meet 100 percent of annual water demand during non-drought years and at least 80 percent of demand in drought years.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
2.1.001	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.	-	-
2.1.002	Protect, maintain, and develop local surface water.	-	-
2.1.003	Protect, maintain, and develop imported water.	-	-
2.1.004	Protect, maintain, and develop recycled water.	16,255,193	30,383,888
2.1.005	Maximize water use efficiency, water conservation, and demand management opportunities.	-	-
2.1.006	Prepare for and respond effectively to water utility emergencies.	-	-
E2.1 Subtotal		16,255,193	30,383,888

*Note: The majority of water supply projects are listed under Goals 2.2-2.6; only funding for the Pure Water Silicon Valley project is under Goal E2.1.

E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.2 Protect and sustain the county's existing, diverse water supplies.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
2.2.001	Manage groundwater to ensure sustainable supplies and avoid land subsidence.	6,885,641	7,358,323
2.2.002	Aggressively protect groundwater from the threat of contamination.	5,894,928	6,270,583
2.2.003	Protect imported water supplies and associated contracts and partnerships.	98,965,412	97,943,294
2.2.004	Protect and manage local surface water supplies and associated water rights.	15,660,156	15,944,727
2.2.005	Deliver reliable, high quality drinking water from water treatment plants.	45,209,351	52,134,021
E2.2 Subtotal		172,615,488	179,650,948

E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.3 Protect and maintain existing water infrastructure.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
2.3.001	Plan for infrastructure maintenance and replacement to reduce risk of failure.	498,426,793	409,187,251
2.3.002	Prioritize funding for maintenance and replacement of existing water infrastructure over investments in new infrastructure.	8,894	9,565
2.3.003	Prepare for and respond effectively to water utility emergencies.	6,336,215	2,812,967
E2.3 Subtotal		504,771,902	412,009,783

Ends Policies and Objectives

E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.4 Increase regional self-reliance through water conservation and reuse.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	2.4.001 Maximize utilization of all demand management tools.	-	-
	2.4.002 Incentivize water use efficiency and water conservation.	13,285,282	13,584,310
	2.4.003 Promote, protect and expand potable and non-potable water reuse.	16,381,577	18,452,130
	2.4.004 Promote stormwater capture and reuse.	1,226,565	1,287,642
E2.4 Subtotal		30,893,423	33,324,081
E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.5 Manage water resources using an integrated, science-based approach.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	2.5.001 Plan for future water supply needs.	-	-
	2.5.002 Promote efficient and reliable operation of water supply systems.	2,512,705	2,662,142
	2.5.003 Promote water supply projects with multiple benefits, including environmental stewardship and flood protection.	2,958,624	6,724,086
	2.5.004 Invest in and rely on science to support planning and decision-making.	-	-
	2.5.005 Build and maintain effective partnerships to achieve water supply goals.	-	-
E2.5 Subtotal		5,471,328	9,386,228
E2	Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.		
	E2.6 Promote access to equitable and affordable water supplies.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	2.6.001 Promote equal access to clean, safe, and affordable water supply across all communities served.	1,214,393	1,290,770
	2.6.002 Maintain affordable water rates through cost-effective water supply investments and management.	-	-
	2.6.003 Continue customer assistance and incentive programs.	1,583,333	1,583,333
	E2.6 Subtotal	2,797,726	2,874,103
E2 Budget Total		732,805,061	667,629,032

Ends Policies and Objectives

E3	Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.		
	E3.1 Maintain flood protection facilities to design levels of protection.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	3.1.001 Prioritize maintenance of existing facilities over construction of new capital projects.	2,180,035	10,765,003
	3.1.002 Inspect and maintain facilities on a regular basis.	49,943,591	68,735,265
	3.1.003 Perform maintenance using maintenance guidelines updated on a regular basis.	1,837,995	1,952,580
E3.1 Subtotal		53,961,621	81,452,848
E3	Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.		
	E3.2 Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	3.2.001 Develop, maintain, and communicate emergency action plans.	1,562,218	1,247,729
	3.2.002 Develop, maintain, and communicate flood information to the community.	3,314,965	3,243,015
	3.2.003 Provide expertise in flood forecasting and flood warning systems to municipalities.	797,604	847,413
	3.2.004 Provide expertise to encourage public agencies to reduce flood risk and protect floodplain benefits.	3,429,349	3,650,523
E3.2 Subtotal		9,104,136	8,988,680
E3	Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.		
	E3.3 Increase the health and safety of residents countywide by reducing community flood risk.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	3.3.001 Provide equitable, timely, and achievable flood protection for health and safety.	77,890,056	54,836,140
	3.3.002 Protect people and property from flooding by applying a comprehensive, integrated watershed management approach that balances environmental quality, sustainability, and cost.	91,114,229	111,024,039
	E3.3 Subtotal	169,004,285	165,860,179
E3 Budget Total		232,070,042	256,301,706

Ends Policies and Objectives

E4	Water resources stewardship protects and enhances ecosystem health.		
	E4.1 Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	4.1.001 Develop and share data to support resilient ecosystems and healthy populations of native species.	2,419,951	3,723,923
	4.1.002 Monitor stream, reservoir, and Bay ecosystem health.	1,376,534	1,318,864
	4.1.003 Use data to prioritize and equitably implement actions to reduce pollution, restore endangered species habitat, and enhance ecosystem function.	2,099,761	2,219,387
E4.1 Subtotal		5,896,246	7,262,174

E4	Water resources stewardship protects and enhances ecosystem health.		
	E4.2 Sustain ecosystem health while managing local water resources for flood protection and water supply.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	4.2.001 Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity, equitably in all regions of the county.	10,409,296	5,266,990
	4.2.002 Operate Valley Water facilities to balance water supply, flood protection, and ecosystem sustainability.	15,498,779	15,795,422
E4.2 Subtotal		25,908,075	21,062,412

E4	Water resources stewardship protects and enhances ecosystem health.		
	E4.3 Encourage inclusive, sustainable management of water resources in the Bay-Delta and its watersheds to protect imported water supply.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	4.3.001 Meet future water supply demand through diverse and coordinated water supply planning.	-	-
	4.3.002 Promote holistic ecosystem management through science-based decision-making.	-	-
	4.3.003 Actively engage in the protection of source water quality through collaboration and funding.	-	-
E4.3 Subtotal		-	-

*Note: The imported water projects are listed under Goal E2.2; therefore, \$0 is reflected under Goal E4.3.

E4	Water resources stewardship protects and enhances ecosystem health.		
	E4.4 Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	4.4.001 Encourage stormwater capture, treatment, and reuse.	2,923,167	3,111,775
	4.4.002 Prepare and respond to spills and dumping that threaten local waterways.	1,942,112	2,072,639
	4.4.003 Collaborate with agencies and nonprofits to address homelessness, including supporting the provision of affordable housing by these agencies and nonprofits, and its impacts to Santa Clara County Waterways.	3,474,082	3,640,766
E4.4 Subtotal		8,339,360	8,825,180

Water resources stewardship protects and enhances ecosystem health.			
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Ends Policies and Objectives

E4	E4.5 Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	4.5.001 Provide appropriate and equal public access to Valley Water's streamside and watershed lands.	7,731,369	8,287,502
	4.5.002 Engage and educate the community in stream and watershed protection.	2,041,019	2,156,687
	4.5.003 Build partnerships to protect and enhance watersheds and aquatic ecosystems.	4,218,119	3,852,791
	E4.5 Subtotal	13,990,507	14,296,980
E4 Budget Total		54,134,189	51,446,747

Ends Policies and Objectives

E5	Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.		
	E5.1 Minimize greenhouse gas emissions from Valley Water's operations.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	5.1.001 Expand the use of clean technology in vehicles, equipment, and buildings, and develop carbon-efficient construction and service delivery practices.	228,584	240,895
	5.1.002 Optimize energy use and expand renewable energy portfolio.	370,647	506,547
	5.1.003 Incentivize low carbon practices, projects, and efforts by employees, contractors, and partners.	-	-
	E5.1 Subtotal	599,231	747,441
E5	Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.		
	E5.2 Adapt Valley Water's assets and operations to reduce climate change impacts.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	5.2.001 Improve the resiliency of Santa Clara County's water supply to drought and other climate change impacts.	1,054,354	738,193
	5.2.002 Provide equitable protection from sea level rise and flooding, prioritizing disadvantaged communities.	-	-
	5.2.003 Improve ecosystem resiliency through water resources stewardship.	1,882,902	1,482,506
	5.2.004 Prepare for climate-related emergencies and provide equal access to information and services, particularly to disadvantaged communities.	-	-
E5.2 Subtotal		2,937,256	2,220,699
E5 Budget Total		3,536,487	2,968,140

Ends Policies and Objectives

E6	Valley Water is committed, through a regional approach, to address the human health, safety, operational and environmental challenges posed by encampments of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.		
	E6.1 Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities.	Adopted Budget FY 2026-27	Proposed Plan FY 2027-28
	6.1.001 Actively participate in a collaborative regional approach with the County, cities, and other service providers to support their efforts in addressing the challenges posed by encampments of unsheltered people.	8,678,798	9,875,585
	6.1.002 Increase the level of service for encampment cleanup efforts based on need and resource availability.	-	-
	6.1.003 Identify Valley Water lands for regional partners to use for housing or other services for unsheltered people.	-	-
E6.1 Subtotal		8,678,798	9,875,585
E6 Budget Total		8,678,798	9,875,585

Outcome Measures

Ends Outcome Measures

Performance – Outcome Measures

Outcome Measures are one way that the Board monitors the degree to which the Board policies are met by the Chief Executive Officer. Measures are reported to the Board consistent with Board policy. These reports and further information on Outcome Measure performance are located at:

<https://www.valleywater.org/how-we-operate/board-governance-policies/semi-annual-performance-report-board-directors>.

The performance of the Outcome Measures is regularly monitored to ensure that they are achieved and meet the Board's expectations. The report summarizes the status of 17 Outcome Measures, grouped by Board Ends Policy. These performance areas are monitored by Watersheds, Water Utility, and Administrative Services divisions and their status is reported to the CEO. The new report format provides information that management can use to determine the current status and redirect the effort as needed based on the current situation and/or anticipated challenges.

Ends Outcome Measures

BOARD ENDS POLICIES - OUTCOME MEASURES

2024-25 Outcome Actual		2025-26 Outcome Estimated	2026-27 Outcome Target
E-2: Valley Water provides reliable, safe, and affordable water supply for current and future generations in all communities served.			
Did Valley Water meet its annual water demand?			
	100% of annual water demand was met. FY24-25 demand was 3% down compared to 2019.	100% of annual water demand was met.	100% of annual water demand is met without calling for more than 20% water use reduction.
Total acre-feet of groundwater storage			
	Total groundwater storage is 408,000 acre-feet (as of June 2025).	Total groundwater storage projected for June 2026 is 442,000 acre-feet.	Total groundwater storage is greater than 300,000 acre-feet.
Percentage of subsidence index wells with groundwater levels above subsidence thresholds			
	100% of subsidence index wells with groundwater levels above subsidence thresholds.	100% of subsidence index wells with groundwater levels above subsidence thresholds.	100% of subsidence index wells with groundwater levels above subsidence thresholds.
Percentage of water supply wells that meet or exceeds quality standards			
	79% of water supply wells tested meet all primary drinking water standards (based on water year 2024 data). Short of target outcome due to elevated nitrate (primarily in South County domestic wells from historic and current sources like fertilizer and septic systems) and PFAS. VW continues to implement Salt and Nutrient Management Plans and engage with regulatory and land use agencies as needed.	82% of water supply wells tested meet all primary drinking water standards (based on water year 2025 data). Short of target outcome due to elevated nitrate (primarily in South County domestic wells from historic and current sources like fertilizer and septic systems) and PFAS. VW continues to implement Salt and Nutrient Management Plans and engage with regulatory and land use agencies as needed.	95% of water supply wells meet or exceeds quality standards.
Percentage of treated water that meets or exceed primary drinking water standards.			
	100% of treated water delivered met or exceeded all primary drinking water standards.	100% of treated water delivered met or exceeded all primary drinking water standards.	100% of treated water meets or exceeds primary drinking water standards.
Percentage of total annual maintenance work plans completed for water transmission and distribution facilities on schedule			
	Completed 60% of planned work at the water treatment plants by end of FY 24-25 due to work carried over from prior fiscal years. Staff completed 70% of annual maintenance work plans for transmission and distribution facilities.	Projected to complete 70% of planned work at the water treatment plants by end of FY 25-26. Projected to complete 70% of annual maintenance work plans for transmission and distribution facilities by end of FY25-26.	Complete at least 70% of total annual maintenance work plans completed for transmission and distribution facilities on schedule.
Acre-feet of water supply portfolio from recycled and purified water			
	On target to achieve approximately 18,000 acre-feet of recycled water by end of FY25. Ability to achieve target outcome of 24,000 acre-feet by 2035 is contingent on implementing a potable reuse project.	Projected to achieve at least 16,000 acre-feet of recycled water by end of FY26. Demands in early FY26 lower due to early winter rains. Ability to achieve target outcome of 24,000 acre-feet by 2035 is contingent on implementing a potable reuse project.	24,000 acre-feet by 2035.

Ends Outcome Measures

BOARD ENDS POLICIES - OUTCOME MEASURES

2024-25 Outcome Actual		2025-26 Outcome Estimated	2026-27 Outcome Target
E-3 Natural flood protection is provided to reduce risk and improve health and safety for residents, businesses, and visitors, now and into the future.			
Prioritize rehabilitation of existing creek facilities to restore design levels of service, beyond routine maintenance, by ensuring annual funds budgeted for Watersheds Asset Rehabilitation Program (WARP) and Safe, Clean Water (SCW) F8 are included in the Watersheds Operation & Maintenance (O&M) budget.			
	Annual budget for WARP and SCW F8 projects amounted to 26% of annual Watersheds O&M budget.	For FY26, annual budget for WARP and SCW F8 projects amounted to 23.4% of annual Watersheds O&M budget.	Budget for WARP and SCW F8 projects is equivalent to at least 15% of Watersheds O&M Division annual budget.
Percent of flood protection facilities inspected annually.			
	100% of levees and at least 50% of other flood protection facilities were inspected in FY25. While progress has been made with adoption and implementation of the Water Resources Protection Zones ordinance and efforts of the Security Unit and other key units, staff's ability to conduct creek and levee inspections continues to be compromised in certain high-risk areas due to safety concerns and at times, insufficient law enforcement support.	While on track for 100% of levees and 50% of other flood protection facilities to be inspected and maintained in FY26, unanticipated loss of inspection staff owing to resignation and retirement (and subsequent lag in replacing said vacancies) may result in target outcome not being achieved. Further, staff's ability to conduct creek and levee inspections continues to be compromised in certain high-risk areas due to safety concerns and at times, insufficient law enforcement support.	100% of levees and at least 50% of other flood protection facilities inspected annually.
Percent of flood protection projects that incorporate natural flood protection features.			
	93% of Capital flood protection projects in the CIP incorporate NFP features.	93% of Capital flood protection projects in the CIP incorporate NFP features.	90% of flood protection projects incorporate natural flood protection (NFP) features that enhance the physical, hydrologic, and ecologic functions and process of streams within the community setting.

Ends Outcome Measures

BOARD ENDS POLICIES - OUTCOME MEASURES

2024-25 Outcome Actual		2025-26 Outcome Estimated		2026-27 Outcome Target	
E-4 Water resources stewardship protects and enhances ecosystem health.					
Ecological data are made available to the public through the Valley Water webpage annually and the EcoAtlas tool.					
	100% of VW’s data on ecosystem health are available to the public on EcoAtlas, and the related watershed reports are on the Valley Water webpage.		100% of VW’s data on ecosystem health are available to the public on EcoAtlas, and the related watershed reports are on the Valley Water webpage.		100% of Valley Water annual ecological monitoring reports are made available to the public.
Percent of stewardship projects that include objectives that enhance ecological functions, improve water quality, or provide for trails & Open Space					
	100% based on FY23-27 CIP Report		100% based on FY23-27 CIP Report		All stewardship projects include objectives that enhance ecological functions, improve water quality, or provide for trails & open space.
Percent of new Joint Use Agreements (JUAs) that comply with the Trails Policy Criteria and Guidance.					
	100% of new Joint Use Agreements (2 in FY25) comply with the Trails Policy Criteria and Guidance.		100% of new Joint Use Agreements (2 in FY26) comply with the Trails Policy Criteria and Guidance.		100% of new Joint Use Agreements comply with the Trails Policy Criteria and Guidance.

Ends Outcome Measures

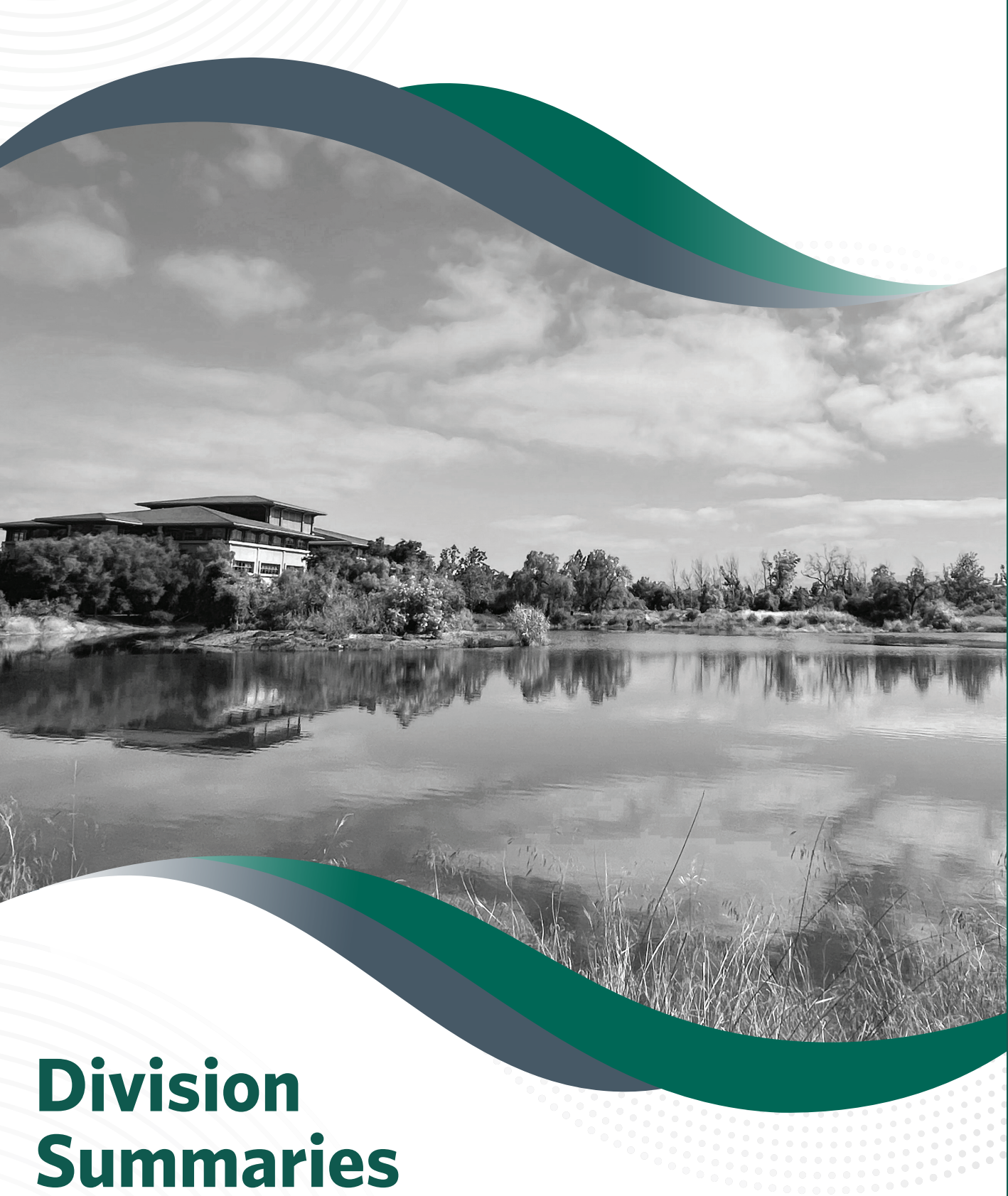
BOARD ENDS POLICIES - OUTCOME MEASURES

2024-25 Outcome Actual		2025-26 Outcome Estimated	2026-27 Outcome Target
E-5 Valley Water is carbon neutral and provides equitable, climate-resilient water supply, flood protection, and water resource stewardship to all communities in Santa Clara County. This will be accomplished through the implementation of the Climate Change Action Plan.			
Maintain Valley Water's California Green Business Certification.			
	Yes, Valley Water is certified as a California Green Business.	Yes, Valley Water is certified as a California Green Business.	Valley Water is certified as a California Green Business.
Percent of Valley Water's operating facilities are equipped with Electric Vehicle (EV) charging infrastructure.			
	56% of Valley Water's operating facilities are equipped with EV charging infrastructure.	56% of Valley Water's operating facilities are equipped with EV charging infrastructure.	100% of Valley Water's operating facilities are equipped with EV charging infrastructure.
Percent of Valley Water's passenger vehicle portfolio that have been converted to electric vehicles (EVs).			
	Valley Water's passenger vehicle fleet is 71% Hybrid and 14% EVs.	Valley Water's passenger vehicle fleet is 71% Hybrid and 14% EVs.	100% of Valley Water's passenger vehicles are EVs.

Ends Outcome Measures

BOARD ENDS POLICIES - OUTCOME MEASURES

			2024-25 Outcome Actual	2025-26 Outcome Estimated	2026-27 Outcome Target
E-6 Valley Water is committed, through a regional approach, to address the human health, safety,					
Overall reduction in the number of encampments of unsheltered people located where Valley Water holds land rights, achieved through regional collaboration with the County, cities, and other service providers, as well as internal programmatic efforts.					
	Achieved a 52% reduction in the number of individual encampment structures on Valley Water-owned property -- from 467 to 224 structures between February 2024 and February 2025.	The annual count is on track to occur in February 2026.			7% year-over-year reduction in encampments located where Valley Water holds land rights, per annual Valley Water count.
Number of people who have transitioned into housing or shelter opportunities that were made possible through Valley Water's partnerships or agreements to support housing and shelter development.					
	Approximately 111 individuals transitioned into housing or shelter through Valley Water-supported efforts in partnership with the City of San José and the County of Santa Clara Office of Supportive Housing.	In FY 25-26, 6 individuals have exited to Emergency Interim Housing sites, bridge housing communities, or other temporary shelter through VW's agreement with City of San Jose to facilitate the Cherry Avenue Emergency Interim Housing development. 8 individuals have been enrolled in an Permanent Supportive Housing program through VW's Outreach Services Agreement with County of Santa Clara.			Annually, at least 50 people transitioned into housing or shelter opportunities through Valley Water efforts.



Division Summaries

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

DIVISION SUMMARIES

Division Summaries



Division Summaries

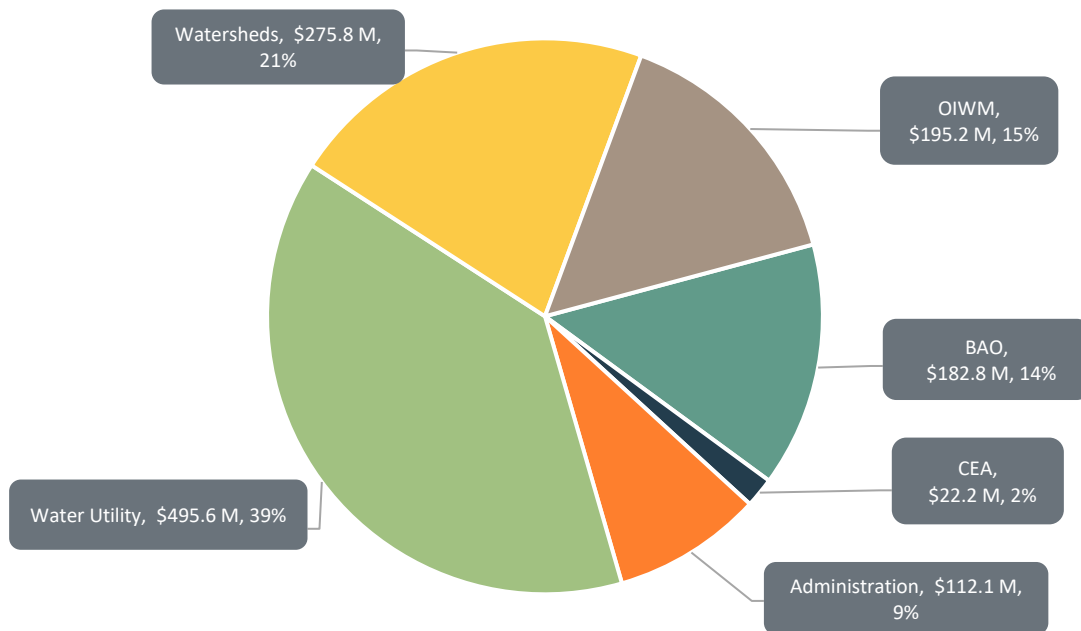
Description

Valley Water utilizes a project-based budget to accurately appropriate budget to the various funds and assess precise water rates. The project-based budget is presented by ends outcomes and at the fund level in chapters 4 and 6.

The Division Summary chapter is another way of looking at Valley Water's budget. This chapter represents a functional view of Valley Water's budget displaying all expenses that are charged by the organization area, division, and department by project type and account category.

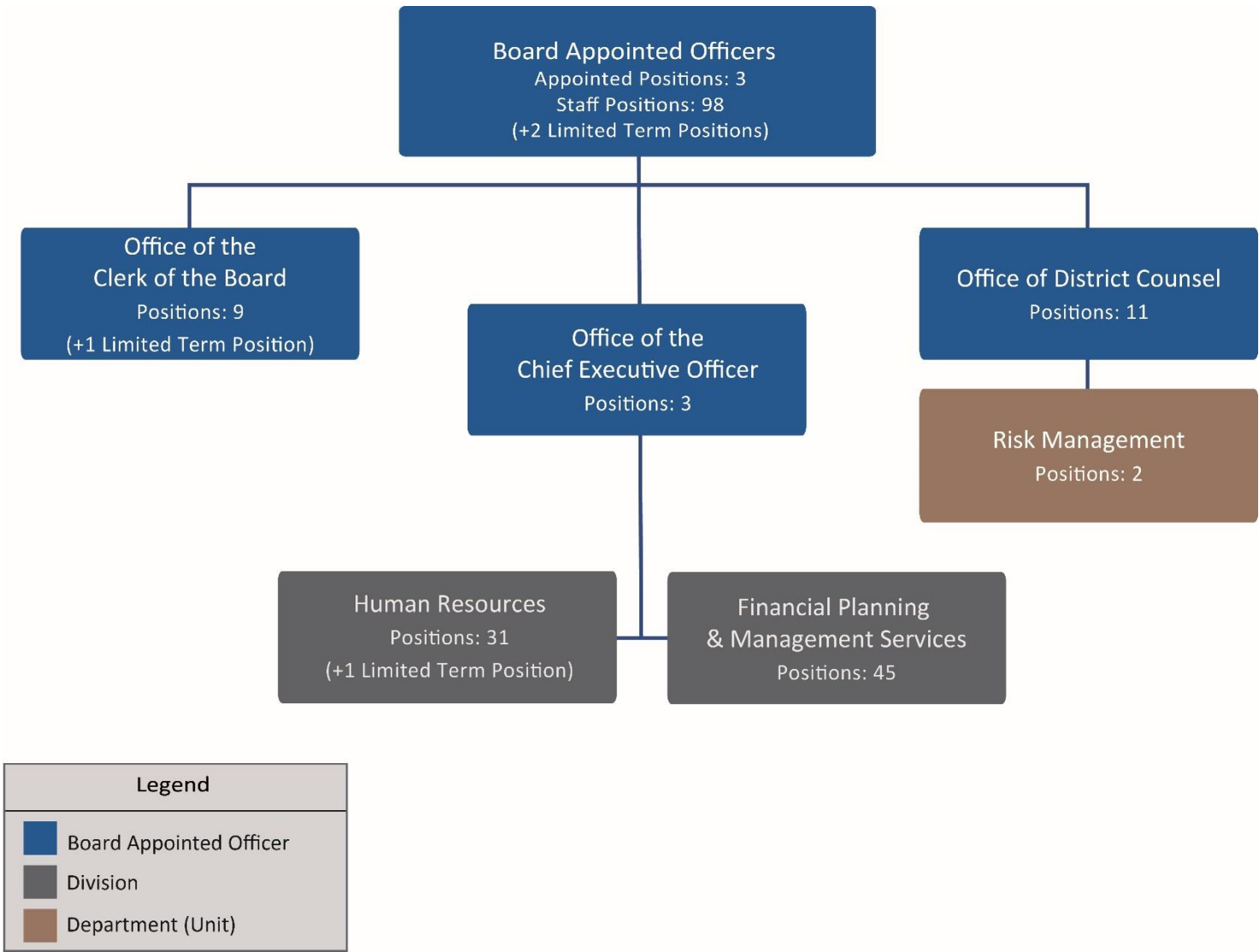
Organizational areas and their division sections begin with an organizational chart showing the FY 2026-27 budget and positions. Each area then includes an overview of the services they provide, their objectives, accomplishments, and milestones. This is followed by a series of financial tables which display the budget by project type, account category, department, and the authorized position counts for four fiscal years.

FY 2026-27 Adopted Budget Summary by Org Area, \$1,284 Million¹



¹Totals omit intra-district expenses of \$130.9 M

Division Summaries



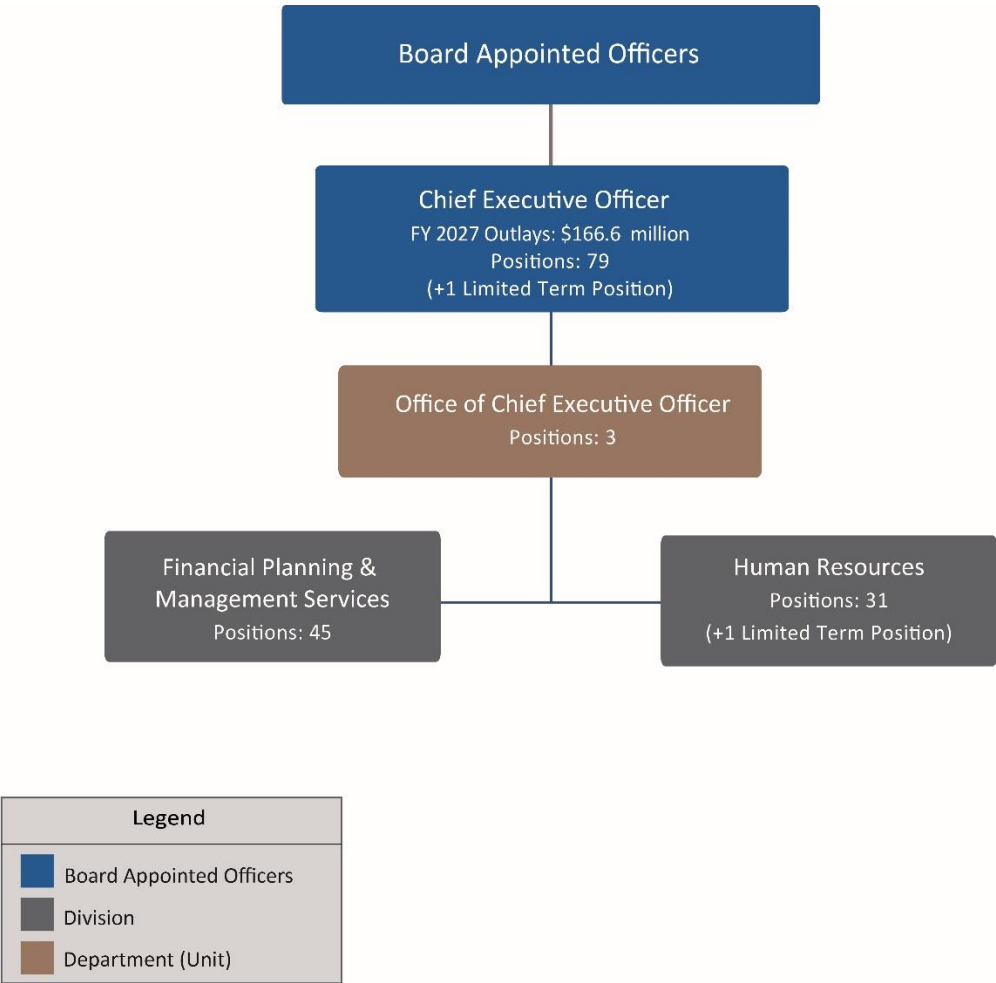
Division Summaries

Description

Board Appointed Officers support the mission of Valley Water, to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy and include the Chief Executive Officer, District Counsel, and Clerk of the Board. Board Appointed Officers provide executive leadership of Valley Water; support to the Board of Directors ensuring that Valley Water efficiently implements the Board's Ends policies in conformance with Executive Limitations policies; deliver high quality, trustworthy, and responsive counsel to Valley Water in a manner that assists in accomplishing Valley Water's mission; and maximize public access to the citizens of Santa Clara County in accordance with the State of California Ralph M. Brown Act.

Division Summaries

Office of the CEO



Division Summaries

Division Description and Objectives

The Office of the Chief Executive Officer (CEO) provides strategic direction and oversight to lead Valley Water 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 of Directors to ensure that Valley Water meets the Board's Ends policies; and complies with the Board's Executive Limitations Policies in a transparent, cost-effective, and efficient manner. The Office of the CEO also oversees the Financial Planning and Management Services Division and Human Resources Division.

FY 2026 Accomplishments

- Successfully held Management Leadership Team meetings for management team building and development and communication, discussion, and presentations of real-time issues affecting the agency.
- Regularly held Leadership Team meetings to engage in dialogue on processes, issues, and activities impacting Valley Water and to inform the Leadership Team of upcoming issues and challenges.
- Fostered cooperative and collaborative working relationships with other agencies.
- Regularly held all-employee Town Halls to share agency-wide updates and strategic direction, key Board decisions, and improve transparency and employee engagement.
- Ensured organizational fiscal accountability and transparency through an open and transparent budget process.

FY 2027 Milestones

- Continue to provide leadership and organizational guidance, prioritizing investments in our critical infrastructure and the safety of Valley Water staff, while providing safe, clean, reliable water to Santa Clara County.
- Provide oversight of the organization's budget and ensure organizational fiscal accountability through an open and transparent budget development process.
- Continue to hold regular all-employee Town Hall meetings, Management Leadership Team meetings, and Executive Team meetings to foster open communication, transparency, and information sharing on key updates, projects, and policies pertinent to Valley Water employees.
- Maintain and ensure approved audit recommendations are fully implemented through the end of the fiscal year.
- Further develop and establish working relationships with partner agencies, retailers, stakeholders, and the community.
- Coordinate the annual Board Strategic Planning Retreat to support the development of the Board's Annual Work Plan.
- Advance workforce development and succession planning programs.
- Implement new technology tools that increase productivity and business efficiency.

Division Summaries

FY 2028 Milestones

- Continue to provide leadership and organizational guidance, prioritizing investments in our critical infrastructure and the safety of Valley Water staff, while providing safe, clean, reliable water to Santa Clara County.
- Provide oversight of the organization's budget and ensure organizational fiscal accountability through an open and transparent budget development process.
- Continue to hold regular all-employee Town Hall meetings, Management Leadership Team meetings, and Executive Team meetings to foster open communication, transparency, and information sharing on key updates, projects, and policies pertinent to Valley Water employees.
- Maintain and ensure approved audit recommendations are fully implemented through the end of the fiscal year.
- Further develop and establish working relationships with partner agencies, retailers, stakeholders, and the community.
- Coordinate the annual Board Strategic Planning Retreat to support the development of the Board's Annual Work Plan.
- Advance workforce development and succession planning programs.
- Implement new technology tools that increase productivity and business efficiency.

Division Summaries

Office of the CEO — Budget Summary

Project Type (Category)	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Operations	2,250,869	1,884,281	1,953,939	2,062,711
Total ⁽¹⁾	2,250,869	1,884,281	1,953,939	2,062,711

Department (Unit)	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of the CEO	2,250,869	1,884,281	1,953,939	2,062,711
Total ⁽¹⁾	2,250,869	1,884,281	1,953,939	2,062,711

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of the CEO - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	3	3	3	3

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

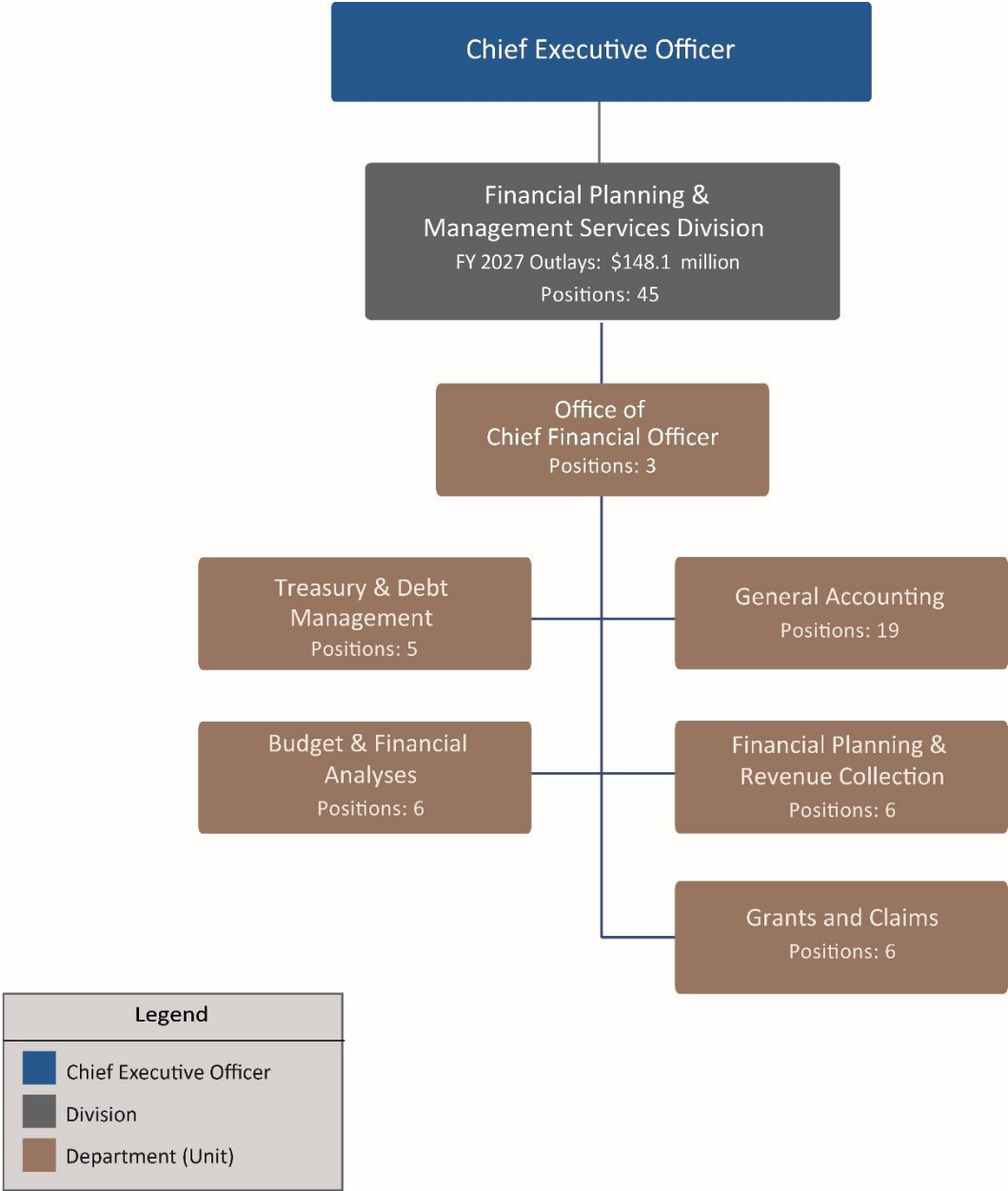
Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of Chief Executive Officer					
	Salaries & Benefits	1,462,444	1,400,270	1,452,872	1,546,226
	Services & Supplies	544,032	211,920	211,920	215,278
	Intra District Charges	244,393	272,091	289,148	301,207
Office of Chief Executive Officer Total		2,250,869	1,884,281	1,953,939	2,062,711
Operations Total ⁽¹⁾		2,250,869	1,884,281	1,953,939	2,062,711
Division Total ⁽¹⁾		2,250,869	1,884,281	1,953,939	2,062,711

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Financial Planning and Management Services Division



Division Summaries

Division Description and Objectives

Under the direction of the Chief Financial Officer, the Financial Planning and Management Services Division (FPMSD) serves as a partner to assist other units 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 division is organized functionally as summarized below.

Continual Improvement

The Continual Improvement Unit supports the CEO's ability to lead the organization and ensure the Board is informed and supported in its work. The Continual Improvement team carries out this support through Valley Water's Quality and Environmental Management System, facilitating Board-commissioned, CEO-commissioned, and/or internal audits, and communicating monitoring data to the Board through Semi-Annual Performance Reports.

Treasury and Debt Management

Treasury and Debt Management manages the District-wide treasury and debt management programs. The key roles performed by the unit include the following: (1) Ensure sufficient liquidity is maintained to meet all of Valley Water's financial obligations, as well as ensuring a reasonable portfolio yield is attained while maintaining the safety of the investment portfolio; (2) Manage the District-wide debt service budget, which includes principal and interest payments for the Watersheds, Water Utility, and Safe, Clean Water funds, as well as the related financial, legal, and banking services associated with the debt program; (3) Prepare all legally required reports to meet debt covenants as well as state and federal requirements to ensure compliance with securities laws; (4) Work with external municipal advisor and bond/disclosure counsel to lead debt issuance activities to provide the necessary funding to pay for capital projects; (5) Provide professional financial advisory to support the financing requirements for the Capital Improvement Program, including but not limited to, the Board's priorities for the Delta Conveyance, Anderson Dam, Sites Reservoir, Recycled and Purified Water, Sisk Dam Raise, among others; and (6) Manage the Water Infrastructure Finance and Innovation Act (WIFIA) Program for the Water Utility and Safe, Clean Water capital programs.

Budget and Financial Analyses

Budget and Financial Analyses Unit provides timely and accurate financial information and analyses throughout the year. The unit oversees the cost of the resources needed for managing, planning and implementing District-wide processes that culminate with the production of the annual operating and capital budget document; provides District-wide financial analysis, high level monitoring of financial results, and ensures that financial information provided to Board, the public, and staff is accurate, reliable and in accordance with District policy.

General Accounting

General Accounting unit includes the areas of General Ledger, Accounts Payable, Payroll, and Financial Systems. The General Ledger area focuses on accounting and financial reporting functions to provide relevant, accurate and timely financial reporting of Valley Water's financial condition in compliance with laws, regulations, Valley Water policies and professional standards. Accounts Payable is charged with processing payment disbursements to Valley Water's contractors, consultants, and vendors, administering petty cash, and maintaining payment documents, in compliance with Valley Water procedures. Payroll processes the bi-weekly payroll, employee benefits accounting, payroll tax withholdings and submission of Federal and State reporting requirements. Financial Systems provide for the maintenance and security of the payroll, benefits, human resources and financial systems, including the implementation of system upgrades, MOU changes, and salary and benefit changes.

Division Summaries

Financial Planning and Revenue Collection

Financial Planning prepares and manages long term financial plans and forecasts and drives the groundwater production charge setting process, which includes the preparation of the annual report on the Protection and Augmentation of Water Supplies (PAWS). Revenue Collection collects water revenue, property taxes and benefit assessments for Valley Water. Water revenue is comprised of charges for groundwater, treated, recycled, and surface water usage. Property taxes and benefit assessments collected are the voter-approved Safe, Clean Water Special Tax, Flood Control Benefit Assessment, State Water Project levy, and the allocated share of countywide 1% ad valorem property tax receipts.

Grants, Compliance & Claims Management

The Grants, Claims and Compliance Unit (GCCM) at Valley Water is responsible for complete lifecycle support of external grant and donation funding. Projects are vetted by the internal Capital Improvement Plan/CIP process or brought to the GCCM Unit's attention by project managers from non-CIP projects. The GCCM Unit matches projects needing funding to appropriate funding sources, which might include Local, Regional, State, Federal, non-profit, foundation, or corporate sources. Projects must be advanced through an internal vetting and scoring process prior to grant application, to ensure that the resources to be expended in applying make sense for the District. The unit works with project teams to craft complete and compelling applications, coordinating with the Office of Government Relations to obtain appropriate support, and the Legal team to navigate any initial compliance or legal issues. Once award is made, the GCCM Unit works with Procurement, Legal and Project Teams to implement award terms and to establish a reporting system. Lastly, the GCCM Unit will manage drawdowns and reimbursements until grant closeout, helping to maintain the District's good financial standing and eligibility for future funding applications.

Division Summaries

FY 2026 Accomplishments

- Earned \$23+ million in interest income from the investment portfolio.
- Managed the cash flow, which averages about \$65 million a month.
- Managed the investment portfolio with a book value of over \$700 million.
- Prepared timely reports on the investment portfolio as required by the investment policy, as well as the California Government Code.
- Managed banking relationships and account management: concentration account, money market savings account, non-interest bearing account, accounts payable checking and ACH accounts, payroll account, workers' compensation account, dependent care account, trust and custody account, and debt management related accounts.
- Managed the debt portfolio of over \$1.5 billion in outstanding principal and debt service payments of over \$100 million per fiscal year.
- Managed the \$250 million Commercial Paper Program and \$200 million Line of Credit.
- Developed and implemented short and long-term financing strategies, bond issuances, and refunding.
- Provided support to the annual budget and long-term forecast processes.
- Managed the WIFIA Program for the Water Utility and Safe, Clean Water capital programs.
- Updated and maintained Balancing Act online budget simulation to engage community.
- Implemented cloud-based Long Term Forecast data collection process for operating and capital projects.
- Produced FY 2026-27 Rolling Biennial Adopted Summary Document prior to June 30, 2026.
- Distributed FY 2026-27 Rolling Biennial Adopted Budget Summary prior to July 1, 2026.
- Finalized the FY 2025 Annual Comprehensive Financial Report in accordance with the Government Finance Officers Association standards for excellence by December 2025.
- Completed the submission of the FY 2025 State Controller's Report by January 2026.
- Completed the FY 2025 audits for Water Utility Funds and the Advanced Water Treatment Facility by June 2026.
- Processed the month-end close by the 10th of the following month.
- Prepared Board expense reimbursement reports on a quarterly basis.
- Printed weekly vendor checks by Thursday afternoon and sent them to mailroom by Friday morning.
- Met State and Federal tax reporting requirements for calendar year 2025 1099s by January 2026.
- Completed California, Employment Development Department Independent Contractor Report DE542 by the end of each month.
- Processed the bi-weekly payroll and generate payroll checks by Thursday of each pay week.
- Processed vacation leave pay-outs by October 2025.
- Processed sick leave pay-outs in March 2026.
- Carried over and issued absence leave balances by July 2025.
- Implemented new COLA changes by July 2025.
- Implemented and tested tax updates by December 2025.
- Completed calendar year 2025 W-2 Tax Reporting by January 31, 2026.
- Issued employee W-2's for calendar year 2025 by January 31, 2026.
- Submitted compensation report for calendar year 2025 to the State Controller's Office by April 2026.
- Filed PAWS report with Clerk of Board on time.
- Prepared annual groundwater production charge analysis, ensuring water charges were adopted for next fiscal year on time.
- Continued enhancements to Munibilling for groundwater, recycled water, and surface water accounts. Began implementation of replacement utility billing system.
- Effective execution of the Safe, Clean Water Senior Exemption Program. Nearly 560 new seniors enrolled while maintaining number of active seniors in the program (4,900).
- Claimed approximately \$2.0 million in subvention claims.
- Drew down approximately \$33.8 million in grant reimbursement funds.
- Worked with internal and external partners to navigate the changing Federal landscape, maintaining funds and good standing for the District.

Division Summaries

- Began work on a Federal Procurement and Compliance Manual with the support of the Procurement and Legal teams.
- Implemented a new system for internally vetting and scoring prospective grant applications, as well as supporting materials to help Project Managers.
- Initiated the District's first grant applications to non-profit and foundation sources.
- Created workshops to train and collaborate with internal partners from multiple divisions on grants and external funding.
- Provided financial leadership to the organization during the year
- PERS/OPEB update delivered to Board in March 2026.

FY 2027 Milestones

- Implement the WIFIA and CWIFP loan administration program for the Safe, Clean Water program, Anderson, and Dam Safety projects.
- Prudently invest District funds while maintaining safety, liquidity, and optimizing interest income.
- Manage the District's debt portfolio as well as implement financing strategies to fund the District's capital improvement plan.
- Produce a structurally balanced budget throughout the budget process and finalize the Adopted Biennial Budget Summary Book in time for Board Adoption on or before June 30 on an annual basis. Additionally, distribute the Adopted Budget Summary within one month after Board Adoption or before July 1.
- Address Budget requests during the fiscal year for projects, services, or staff requests that are unbudgeted as part of the Adopted Budget; identify spending offset or funding source at the time of the request and ensure that the request has a net-zero effect, a balanced transaction, on the budget.
- Ensure that all Valley Water Funds maintain adequate reserves per the District Reserve policy and prudent financial planning to ensure sufficient resources for current services and obligations and to prepare for future anticipated funding requirements and unforeseen events.
- In preparation for each budget pass, produce the position file, overhead, and benefit rates. After each budget pass, produce proforma reports, trend data information on selected items, fund target analysis results, and detailed budget files (reports are produced in March, April, and May).
- Produce and support the organization with detailed analysis and presentation materials for senior management and Board of Directors meetings and presentations.
- Produce a rolling biennial budget process to be updated annually, which is aligned with the guiding State, District Act and Valley Water Policies, and is conducive to long-term planning while remaining responsive to the dynamic and ever-changing needs of the organization.
- Load the Adopted Budget to Financial System by July 1 and publish it on Valley Water's website by June 30. Additionally, ensure Birst monthly financial reports are correct within one week of the accounting period closing, and finalize and post the Encumbrance and Capital Carry Forward budget.
- Review Board Agenda materials for accuracy and consistency with financial policy and practices.
- Finalize the FY 2026 Annual Comprehensive Financial Report in accordance with the Government Finance Officers Association standards for excellence by December 2026.
- Complete the submission of the FY 2027 State Controller's Report by January 2027.
- Complete the FY 2027 audits for Water Utility Funds and the Advanced Water Treatment Facility by June 2027.
- Process the month-end close by the 10th of the following month.
- Prepare Board expense reimbursement reports on a quarterly basis.
- Print weekly vendor checks by Thursday afternoon and send them to mailroom by Friday morning.
- Meet State and Federal tax reporting requirements for calendar year 2026 1099s by January 2027.
- Process the bi-weekly payroll and generate payroll checks by Thursday of each pay week.
- Process vacation leave pay-outs by October 2026.
- Process sick leave pay-outs in March 2027.
- Implement new COLA changes by July 2026.
- Complete calendar year 2026 W-2 Tax Reporting by January 31, 2027.

Division Summaries

- Issue employee W-2's for calendar year 2026 by January 31, 2027.
- Submit compensation report for calendar year 2026 to the State Controller's Office by April 2027.
- File PAWS report with Clerk of Board on time.
- Prepare annual groundwater production charge analysis, ensuring water charges are adopted for next fiscal year on time.
- Complete the annual water utility audit by June 30th.
- Complete the water production audit for all water producing facilities located within District Charge Zones and ensure correct revenue is collected for all water produced.
- Stabilize recently implemented revenue collection software for all water related and non-water related customer accounts.
- Levy property taxes with County Assessor's Office, ensuring correct revenue is collected.
- Provide financial planning and analysis support to the District while continually updating and maintaining financial models.
- Provide excellent customer service to Valley Water customers, internally and externally.
- Launch Federal Procurement and Compliance Manual.
- Successfully advance or clear all pending grant applications.
- Provide timely and accurate reporting to funding partners for all existing grants.
- Provide the Semi-annual Performance Report to the Board in August and February.
- Provide ongoing maintenance and operational support for the QEMS Document Control database.

FY 2028 Milestones

- Implement the WIFIA and CWIFP loan administration program for the Safe, Clean Water program, Anderson, Pacheco Reservoir Expansion projects.
- Prudently invest District funds while maintaining safety, liquidity and optimizing interest income.
- Manage the District's debt portfolio as well as implement financing strategies to fund the District's capital improvement plan.
- Produce a structurally balanced budget throughout the budget process and finalize the Adopted Biennial Budget Summary Book in time for Board Adoption on or before June 30 on an annual basis. Additionally, distribute the Adopted Budget Summary within one month after Board Adoption or before July 1.
- Address Budget requests during the fiscal year for projects, services, or staff requests that are unbudgeted as part of the Adopted Budget; identify spending offset or funding source at the time of the request and ensure that the request has a net-zero effect, a balanced transaction, on the budget.
- Ensure that all Valley Water Funds maintain adequate reserves per the District Reserve policy and prudent financial planning to ensure sufficient resources for current services and obligations and to prepare for future anticipated funding requirements and unforeseen events.
- In preparation for each budget pass, produce the position file, overhead, and benefit rates. After each budget pass, produce proforma reports, trend data information on selected items, fund target analysis results, and detailed budget files (reports are produced in March, April, and May).
- Produce and support the organization with detailed analysis and presentation materials for senior management and Board of Directors meetings and presentations.
- Produce a rolling biennial budget process to be updated annually, which is aligned with the guiding State, District Act and Valley Water Policies, and is conducive to long-term planning while remaining responsive to the dynamic and ever-changing needs of the organization.
- Load the Adopted Budget to Financial System by July 1 and publish it on Valley Water's website by June 30. Additionally, ensure Birst monthly financial reports are correct within one week of the accounting period closing, and finalize and post the Encumbrance and Capital Carry Forward budget.
- Review Board Agenda materials for accuracy and consistency with financial policy and practices.
- Finalize the FY 2027 Annual Comprehensive Financial Report in accordance with the Government Finance Officers Association standards for excellence by December 2027.
- Complete the submission of the FY 2027 State Controller's Report by January 2028.
- Complete the FY 2028 audits for Water Utility Funds and the Advanced Water Treatment Facility by June 2028.

Division Summaries

- Process the month-end close by the 10th of the following month.
- Prepare Board expense reimbursement reports on a quarterly basis.
- Print weekly vendor checks by Thursday afternoon and send them to mailroom by Friday morning.
- Meet State and Federal tax reporting requirements for calendar year 2027 1099s by January 2028.
- Process the bi-weekly payroll and generate payroll checks by Thursday of each pay week.
- Process vacation leave pay-outs by October 2027.
- Process sick leave pay-outs in March 2028.
- Implement new COLA changes by July 2027.
- Implement and test tax updates by December 2027.
- Complete calendar year 2027 W-2 Tax Reporting by January 31, 2028.
- Issue employee W-2's for calendar year 2027 by January 31, 2028.
- Submit compensation report for calendar year 2027 to the State Controller's Office by April 2028.
- File PAWS report with Clerk of Board on time.
- Prepare annual groundwater production charge analysis, ensuring water charges are adopted for next fiscal year on time.
- Complete the annual water utility audit by June 30th.
- Complete the water production audit for all water producing facilities located within District Charge Zones and ensure correct revenue is collected for all water produced.
- Continue enhancements to revenue collection software for groundwater, recycled water, and surface water accounts.
- Levy property taxes with County Assessor's Office, ensuring correct revenue is collected.
- Provide financial planning and analysis support to the District while continually updating and maintaining financial models.
- Provide excellent customer service to Valley Water customers, internally and externally.
- Pursue appropriate grants and external funding for prioritized Valley Water projects.
- Maintain Federal Compliance Training for all Unit Staff.
- Complete all necessary pre-award and post-award work for Valley Water grants and related funding instruments.
- Provide internal training resources to educate project teams on grants and compliance.
- Facilitate audits identified in the Annual Audit Plan, requested by management, or dictated by Program requirements.
- Provide the Semi-annual Performance Report to the Board in August and February.
- Provide ongoing maintenance and operational support for the QEMS Document Control database.

Division Summaries

Financial Planning and Management Services Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	16,495,764	18,717,912	19,083,014	20,160,153
Debt services	85,959,723	116,941,621	128,801,854	161,169,798
Capital	96,010	239,083	182,629	145,513
Total ⁽¹⁾	102,551,497	135,898,617	148,067,497	181,475,464

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Budget & Financial Analyses	2,244,095	2,416,924	2,533,937	2,620,680
Financial Planning and Revenue Collection	3,100,647	3,156,145	3,128,798	3,374,486
General Accounting	5,654,269	6,196,715	6,636,818	6,961,792
Grants and Claims	1,773,861	2,768,546	2,925,268	3,152,013
Office of the CFO	2,060,566	2,391,107	1,961,610	2,054,877
Treasury and Debt Management	87,718,059	118,969,180	130,881,066	163,311,616
Total ⁽¹⁾	102,551,497	135,898,617	148,067,497	181,475,464

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Financial Planning and Management Services Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	47	46	45	45

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2028 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Budget & Financial Analyses					
	Salaries & Benefits	1,785,490	1,886,815	1,951,954	2,046,682
	Services & Supplies	85,166	193,000	213,000	198,790
	Intra District Charges	373,439	337,109	368,983	375,208
Budget & Financial Analyses Total		2,244,095	2,416,924	2,533,937	2,620,680
Financial Planning and Revenue Collection					
	Salaries & Benefits	1,732,635	1,757,701	1,786,942	1,881,867
	Services & Supplies	319,978	361,300	351,300	375,064
	Intra District Charges	1,048,034	1,037,144	990,556	1,117,556
Financial Planning and Revenue Collection Total		3,100,647	3,156,145	3,128,798	3,374,486
General Accounting					
	Salaries & Benefits	4,460,270	4,909,200	5,165,709	5,452,278
	Services & Supplies	457,804	445,858	542,252	558,519
	Intra District Charges	736,195	841,657	928,858	950,995
General Accounting Total		5,654,269	6,196,715	6,636,818	6,961,792
Grants and Claims					
	Salaries & Benefits	966,977	1,623,758	1,768,910	1,862,824
	Services & Supplies	203,548	160,000	134,500	138,535
	Intra District Charges	603,337	984,788	1,021,858	1,150,654
Grants and Claims Total		1,773,861	2,768,546	2,925,268	3,152,013
Office of the CFO					
	Salaries & Benefits	1,253,893	1,367,189	1,127,045	1,194,905
	Services & Supplies	577,925	771,340	609,340	627,620
	Intra District Charges	228,748	252,578	225,225	232,352
Office of the CFO Total		2,060,566	2,391,107	1,961,610	2,054,877
Treasury and Debt Management					
	Salaries & Benefits	1,307,651	1,254,437	1,340,247	1,438,104
	Services & Supplies	119,559	283,241	281,000	287,930
	Intra District Charges	235,116	250,798	275,336	270,272
Treasury and Debt Management Total		1,662,326	1,788,475	1,896,583	1,996,305
Operations Total ⁽¹⁾		16,495,764	18,717,912	19,083,014	20,160,153

Division Summaries

Debt Service Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Treasury and Debt Management					—
	Services & Supplies	85,959,723	116,941,621	128,801,854	161,169,798
Treasury and Debt Management Total		85,959,723	116,941,621	128,801,854	161,169,798
Debt Service Total ⁽¹⁾		85,959,723	116,941,621	128,801,854	161,169,798

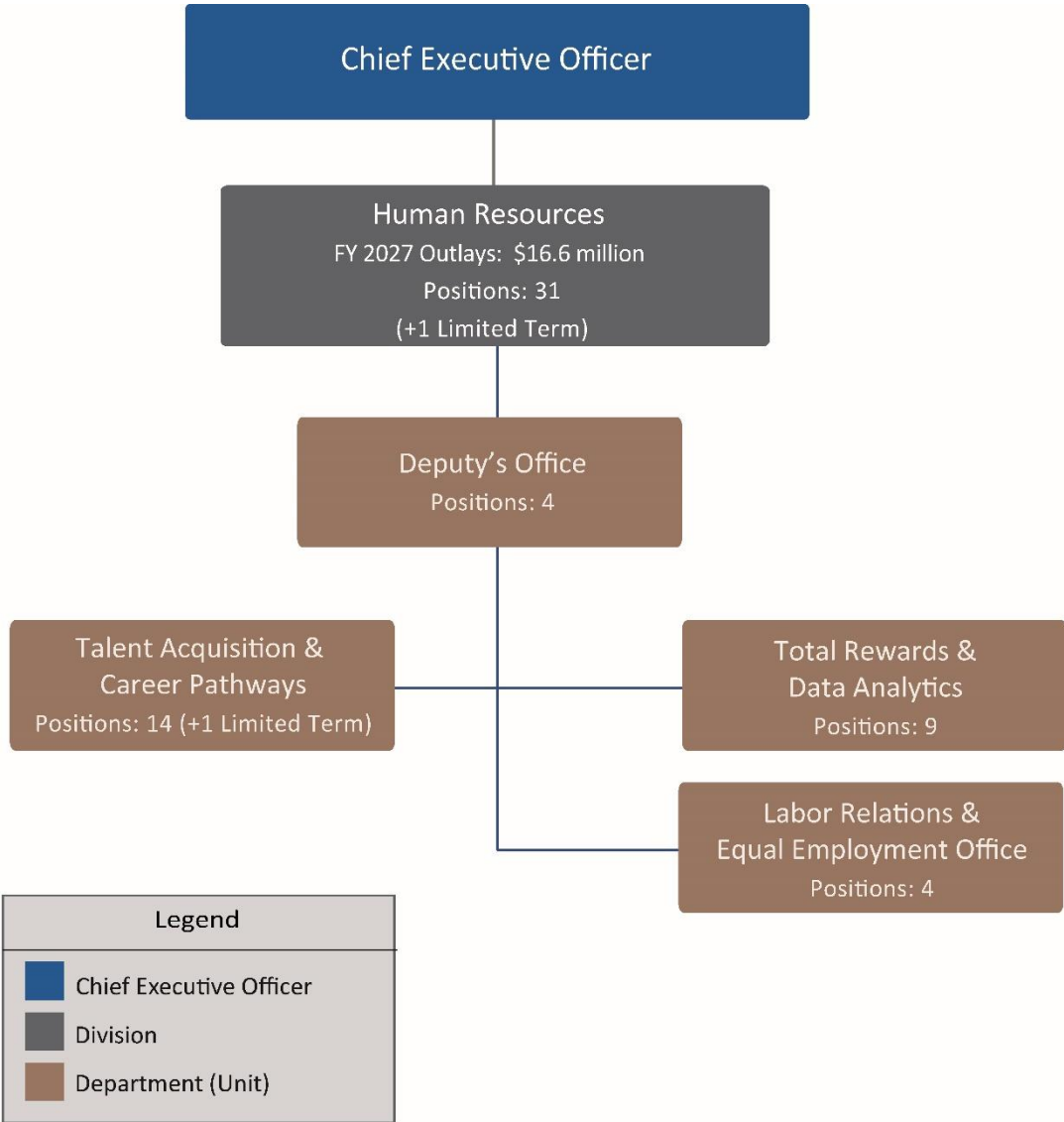
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Treasury and Debt Management					
	Salaries & Benefits	32,956	151,201	118,533	92,271
	Services & Supplies	43,700	—	—	—
	Intra District Charges	19,354	87,883	64,096	53,242
Treasury and Debt Management Total		96,010	239,083	182,629	145,513
Capital Total ⁽¹⁾		96,010	239,083	182,629	145,513
Division Total ⁽¹⁾		102,551,497	135,898,617	148,067,497	181,475,464

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Human Resources Division



Division Summaries

Division Description and Objectives

The Human Resources Division serves as the strategic architect of the organization's workforce. The division is responsible for planning, managing, directing, and coordinating programs and services to elevate Valley Water and its greatest asset, our employees. Led by the Human Resources Division in partnership with three (3) specialized functional units— Labor Relations/Ethics and Equal Opportunity, Talent Acquisition & Career Pathways, and Total Rewards & Data Analytics —the division provides comprehensive support in the areas of Labor Relations (LR), Ethics & Equal Opportunity (EEO), Recruitment and Selection, NextGen Career Pathways, Workforce Development, Technical Training, Benefits and Wellness, Classification Compensation, and Human Resource Information System (HRIS) management.

Labor Relations & Ethics and Equal Opportunity Program (EEOP)

The LR and EEO teams partner to foster a fair, inclusive, and legally compliant workplace. LR manages union partnerships, contract negotiations, and the interpretation of MOUs, ensuring consistent and equitable management practices. EEOP focuses on advancing workplace respect by leading investigations into discrimination, harassment, and ethical concerns. Together, these teams provide expert guidance, conflict resolution, and proactive training to support a collaborative environment built on mutual respect and transparency.

Talent Acquisition and Career Pathways

The Talent Acquisition and Career Pathways Unit leads the design, planning, and oversight of four mission-critical programs that include Recruitment and Selection, NextGen Career Pathways, Workforce Development & Technical Training, and Classification & Compensation. Through these integrated efforts, the unit supports management in attracting and hiring top talent, building and sustaining a diverse workforce pipeline, developing the workforce of the future, advancing succession planning, and ensuring employees possess the professional and technical skills needed to achieve Valley Water's mission.

Total Rewards and Data Analytics

The Total Rewards Unit is charged with developing and implementing programs and services that contribute to employee satisfaction, retention, and attraction. The Total Rewards unit includes the areas of administering Benefits and Wellness, maintaining and auditing HRIS and Data Analytics systems to ensure accuracy in reporting, payroll and regulatory compliance.

FY 2026 Accomplishments

Human Resources Program Administration

- **Strategic Recruitment:** Modernized selection processes and tools to attract a highly qualified and diverse workforce.
- **Labor & Policy Leadership:** Led comprehensive HR policy updates and fostered transparent labor relations to bridge communication gaps.
- **Engagement & Development:** Delivered core leadership programs (Supervisory, Leads Academy) and facilitated agency-wide employee recognition and wellness initiatives.

Division Summaries

Labor Relations & Ethics and Equal Opportunity Program (EEO)

- **Structural Reorganization:** Separated LR and EEO into distinct units to ensure operational clarity and impartial conflict resolution.
- **Contract & Negotiation:** Successfully concluded MOU negotiations with all three bargaining groups and provided agency-wide support for reorganizations.
- **Compliance & Training:** Delivered harassment prevention and labor relations training for all staff, while managing EEO complaints promptly and equitably.
- **Conflict Resolution:** Launched mediation services and a new resource position to resolve workplace issues early and constructively.

Talent Acquisition and Career Pathways

- **Employer Branding:** Enhanced sourcing tools to reach passive candidates and maintained a vacancy rate of 7% or lower.
- **Industry Partnerships:** Leveraged learning organization partnerships to expand knowledge of water industry careers and infrastructure.
- **Staff Skills & Growth:** Developed professional competency and leadership programs, including the implementation of Watershed Ed Season 3.

Total Rewards and Data Analytics

- **Data-Driven Insights:** Launched workforce analytics via VEMO and piloted an AI chatbot to empower employee self-service and lighten the administrative load.
- **Benefits & Wellness:** Managed complex open enrollments for all employee and retiree groups while administering award-winning wellness programs.
- **Operational Excellence:** Optimized systems through HRIS upgrades, automated employment verifications, and increased auditing for quality assurance.
- **Compliance & Legislative Updates:** Ensured adherence to personnel file regulations and updated processes to comply with new legislation (SB294/SB513).

FY 2027 Milestones

Human Resources Program Administration

- **Strategic Talent & Workforce Development:** Lead the evolution of recruitment, selection, and upskilling strategies to reduce vacancy rates, enhance community representation, and establish clear career advancement pathways.
- **Operational Compliance & Governance:** Direct the systematic review and maintenance of HR policies and work instructions while providing expert guidance on LR and EEO to ensure a respectful, compliant workplace.
- **Organizational Culture & Performance:** Oversee the performance management framework and executive leadership programs to institutionalize a culture of continuous feedback, accountability, and employee engagement.
- **Benefits Administration:** Manage the end-to-end execution of annual health plan renewals and open enrollment cycles for all participant groups to ensure 100% completion by the April 1st deadline.

Division Summaries

Labor Relations & Ethics and Equal Opportunity Program (EEO)

- **Labor Partnership & Contract Implementation:** Maintain critical partnerships with bargaining group leadership to successfully implement MOU changes and collaborate on agency-wide employee-employer relations.
- **Data-Driven Training & Coaching:** Deliver comprehensive LR and EEO training including Supervisor Core and Harassment Prevention while utilizing data-supported trends to provide targeted coaching and professional development.
- **Audit Readiness & Process Integrity:** Prepare for and successfully complete the Investigations Process Performance Audit to ensure the highest standards of transparency and procedural compliance.
- **Equitable Dispute Resolution:** Manage the prompt and equitable resolution of EEO complaints and conduct concerns through mediation, identifying systemic improvements to foster a respectful workplace.

Talent Acquisition and Career Pathways

- **Strategic Recruitment & Outreach:** Advance mission-critical recruitment support for leadership teams by expanding applicant pools and marketing Valley Water as an employer of choice.
- **NextGen Pipeline Expansion:** Scale internship tracks for over 100 students annually across high school, college, and skilled trades through strategic partnerships with diverse educational institutions.
- **Workforce Readiness & Leadership:** Achieve a 90% completion rate for Supervisor Core Training while providing structured mentorship for apprentices and maintaining ATMS documentation to support talent retention.
- **Compensation Equity & Classification:** Conduct data-driven pay equity analyses and classification reviews to ensure transparent, competitive salary structures that reflect organizational needs and fair compensation.

Total Rewards and Data Analytics

- **Digital Transformation & HRIS Integration:** Implement the new HCM / Bolt-On system and a self-service chatbot to resolve HRIS integration challenges and reduce administrative burden through automation.
- **Advanced Data Analytics:** Develop a robust reporting system that provides accurate HR data and analytics to drive high-quality, data-driven business decisions.
- **Benefits & Leave Optimization:** Streamline Reasonable Accommodation and leave processes through system automation, while ensuring a competitive benefit portfolio via regular market-based analyses.
- **Compliance & Governance:** Act as the strategic custodian of personnel records, ensuring 100% adherence to storage, retention, and confidentiality regulations, including all mandated retiree and employee benefit reporting.

FY 2028 Milestones

Human Resources Program Administration

- **Strategic Talent & Workforce Planning:** Lead the evolution of recruitment and selection strategies to reduce vacancy rates and expand regional access to water-sector careers through clear advancement pathways and upskilling.
- **Operational Compliance & Policy Governance:** Direct the systematic review of HR policies and work instructions while providing expert guidance on LR and EEO matters to ensure a respectful, compliant workplace.
- **Organizational Culture & Performance:** Oversee the performance management framework and executive leadership programs to institutionalize a culture of continuous feedback, accountability, and employee engagement.
- **Benefits Administration & Renewal:** Manage the end-to-end execution of annual health plan renewals and open enrollment cycles for all participant groups to ensure 100% completion by the April 1st deadline.

Division Summaries

Labor Relations & Ethics and Equal Opportunity Program (EEO)

- **Labor Strategy & Partnership:** Maintain critical partnerships with bargaining group leadership to collaborate on MOU agreements and initiate strategic preparations for the 2029 negotiation cycle.
- **Proactive Conflict Resolution:** Enhance workplace culture by identifying systemic issues for early intervention and providing prompt, equitable resolution of EEO complaints and conduct concerns.
- **Compliance & Technical Training:** Deliver essential EEO compliance, workforce, and technical training, including Supervisor Core programs and specialized mediation services.
- **Targeted Development & Support:** Utilize data-supported trends to identify specific training needs and provide external coaching resources to units where growth opportunities are identified.

Talent Acquisition and Career Pathways

- **Mission-Critical Recruitment & Sourcing:** Provide ongoing support to leadership to maintain low District-wide vacancy rates by enhancing strategic sourcing and expanding applicant pools to reflect the community.
- **NextGen Career Pathways & Partnerships:** Scale diverse internship tracks for 100+ students annually while deepening strategic collaborations with regional universities, community colleges, and industry organizations (CUWA, ACWA).
- **Leadership & Workforce Development:** Launch the next Emerging Leaders cohort and expand coaching programs, while achieving a 90% Supervisor Core completion rate and providing structured mentorship for apprentices.
- **Compensation & Training Effectiveness:** Conduct data-driven pay equity and classification reviews to ensure competitive compensation, while utilizing LinkedIn Learning and ATMS metrics to measure training impact and knowledge transfer.

Total Rewards and Data Analytics

- **Comprehensive Benefits & Wellness Management:** Administer and maintain a robust Benefits and Wellness program including health, retirement, leaves, and reasonable accommodations to drive employee retention and support.
- **HR Technology & Self-Service Optimization:** Oversee HR technology and ongoing HRIS enhancements to ensure employees and managers can efficiently access, navigate, and complete HR-related processes.
- **Data Integrity & Quality Assurance:** Maintain and audit employee data to ensure 100% quality assurance in personnel transactions, regulatory compliance, and the safeguarding of confidential records.
- **Advanced Workforce Analytics:** Expand reporting capabilities and workforce analytics to track key performance indicators, providing leadership with the data-driven insights necessary to meet organizational objectives.

Division Summaries

Human Resources Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	11,946,134	16,379,744	16,552,220	17,404,962
Capital	65	—	—	—
Total ⁽¹⁾	11,946,199	16,379,744	16,552,220	17,404,962

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Talent Acquisition & Career Pathways	6,397,014	9,288,503	9,265,394	9,749,283
Labor Relations & Equal Employment Office	1,231,173	1,938,324	1,997,579	2,081,500
Labor Relations & Total Rewards	167,831	—	—	—
Human Resources Division Deputy's Office	1,691,841	2,042,956	2,040,246	2,156,793
Total Rewards & Data Analytics	2,422,677	3,109,961	3,249,001	3,417,385
Workforce Development Unit	35,664	—	—	—
Total ⁽¹⁾	11,946,199	16,379,744	16,552,220	17,404,962

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Human Resources Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	31	31	31	31

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2026 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Total Rewards and Data Analytics					
	Salaries & Benefits	1,876,550	2,374,999	2,463,316	2,609,717
	Services & Supplies	178,396	297,000	297,000	305,910
	Intra District Charges	367,731	437,962	488,685	501,759
Total Rewards and Data Analytics Total		2,422,677	3,109,961	3,249,001	3,417,385
Labor Relations & Equal Employment Office					
	Salaries & Benefits	779,246	1,299,251	1,316,630	1,381,105
	Services & Supplies	255,709	412,500	432,400	445,372
	Intra District Charges	196,219	226,574	248,550	255,023
Labor Relations & Equal Employment Office Total		1,231,173	1,938,324	1,997,579	2,081,500
Human Resources Division Deputy's Office					
	Salaries & Benefits	1,025,433	1,586,357	1,510,710	1,609,555
	Services & Supplies	492,294	175,000	245,000	252,350
	Intra District Charges	174,049	281,599	284,537	294,888
Human Resources Division Deputy's Office Total		1,691,776	2,042,956	2,040,246	2,156,793
Talent Acquisition and Career Pathways					
	Salaries & Benefits	3,844,623	4,116,881	4,068,627	4,299,091
	Services & Supplies	1,583,767	4,399,513	4,401,513	4,633,469
	Intra District Charges	968,623	772,109	795,254	816,723
Talent Acquisition and Career Pathways Total		6,397,014	9,288,503	9,265,394	9,749,283
Labor Relations & Total Rewards					
	Salaries & Benefits	157,691	—	—	—
	Services & Supplies	347	—	—	—
	Intra District Charges	9,793	—	—	—
Labor Relations & Total Rewards Total		167,831	—	—	—
Workforce Development Unit					
	Services & Supplies	35,664	—	—	—
Workforce Development Unit Total		35,664	—	—	—
Operations Total ⁽¹⁾		11,946,134	16,379,744	16,552,220	17,404,962

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of Human Resources Division					
	Services & Supplies	65	—	—	—
Office of Human Resources Division Total		65	—	—	—
Capital Total ⁽¹⁾		65	—	—	—
Division Total ⁽¹⁾		11,946,199	16,379,744	16,552,220	17,404,962

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Office of Clerk of the Board



Division Summaries

Division Description and Objectives

The Office of the Clerk of the Board (COB) directly supports the work of the Valley Water 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, and Valley Water staff.

The Office of the Clerk of the Board facilitates the public's access to Board information, including Board and 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, Board Governance Policy GP - 10, and maintains the integrity of the Board's legislative records, processes, and actions.

FY 2026 Accomplishments

- Successfully managed over 30 Regular and Special Board Meetings in accordance with the District Act, Board Policies, and the Ralph M. Brown Act.
- Successfully managed nearly 100 Board Committee and Board Advisory Meetings in accordance with Board Policies and the Ralph M. Brown Act.
- Successfully scheduled over 1,000 meetings for individual Directors.
- Tracked, monitored, and reported on the registration of external lobbyists in accordance with Ordinance 10-01.
- Assigned, tracked, and monitored over 200 Board Correspondences.
- Assigned and tracked approximately 10 Board Member Requests and 26 Individual Board Member Requests in accordance with Board Governance Policy EL-2.6.
- Successfully scheduled presentation of Board Committee Accomplishment reports in the third quarter of fiscal year.
- Successfully managed review revisions to the Board Governance Policies.

Division Summaries

FY 2027 Milestones

- Successfully manage Regular and Special Board meetings in accordance with the District Act, Board Policies, and the Ralph M. Brown Act.
- Successfully manage Board Committee Meetings in accordance with Board Policies and the Ralph M. Brown Act.
- Successfully manage meetings for individual Directors.
- Track, monitor, and report the registration of external lobbyists in accordance with Ordinance 10-01.
- Assign, track, and monitor Board Correspondences.
- Assign and track Board Member Requests and Individual Board Member requests in accordance with Board Governance Policy EL-2.6.
- Successfully schedule presentation of Board Advisory Committee Accomplishment reports in the third quarter of fiscal year.
- Successfully track and present Board-approved Board Performance Management process.
- Manage review and revisions of the Board Governance Policies as necessary.
- Manage November 2026 District Elections.

FY 2028 Milestones

- Successfully manage Regular and Special Board meetings in accordance with the District Act, Board Policies, and the Ralph M. Brown Act.
- Successfully manage Board Committee Meetings in accordance with Board Policies and the Ralph M. Brown Act.
- Successfully manage meetings for individual Directors.
- Track, monitor, and report the registration of external lobbyists in accordance with Ordinance 10-01.
- Assign, track, and monitor Board Correspondences.
- Assign and track Board Member Requests and Individual Board Member Requests in accordance with Board Governance Policy EL-2.6.
- Successfully schedule presentation of Board Advisory Committee Accomplishment reports in the third quarter of fiscal year.
- Successfully track and present Board-approved Board Performance Management process.
- Manage review and revisions of the Board Governance Policies as necessary.

Division Summaries

Office of Clerk of the Board — Budget Summary

Project Type (Category)	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Operations	3,976,457	3,564,246	7,280,936	3,923,630
Total ⁽¹⁾	3,976,457	3,564,246	7,280,936	3,923,630

Department (Unit)	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of Clerk of the Board	3,976,457	3,564,246	7,280,936	3,923,630
Total ⁽¹⁾	3,976,457	3,564,246	7,280,936	3,923,630

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of Clerk of the Board - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget ⁽³⁾	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	15	9	9	9

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

(3) 5 positions from Records & Library Services Unit were moved from Clerk of the Board to IT division during FY 2025.

Division Summaries

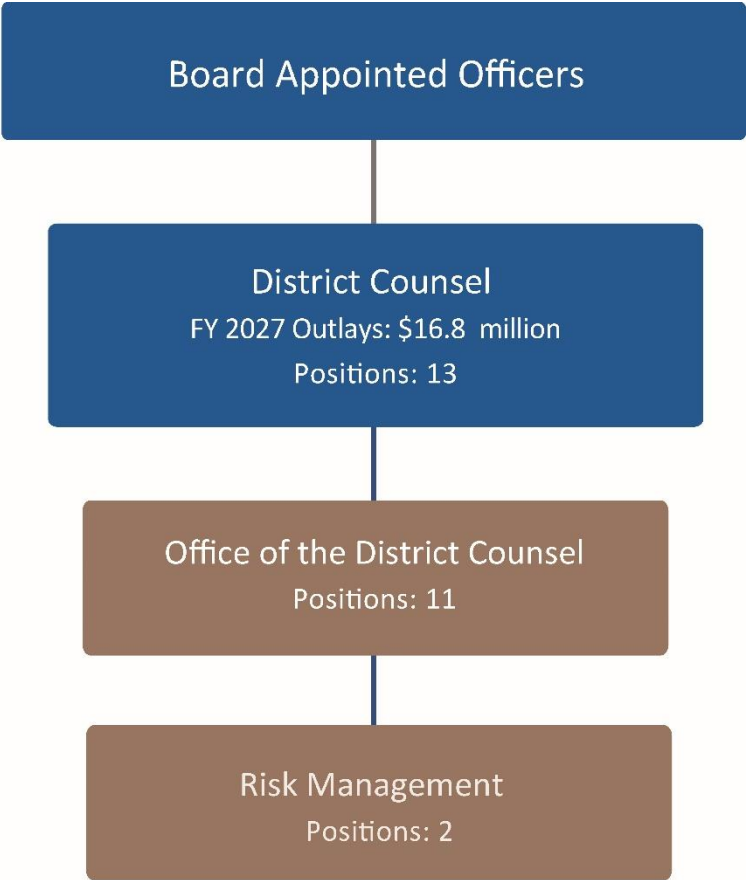
Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of the Clerk of the Board					
	Salaries & Benefits	2,542,428	2,363,204	3,014,086	2,623,010
	Services & Supplies	1,021,909	766,155	3,675,240	805,364
	Intra District Charges	412,119	434,887	591,610	495,256
Office of the Clerk of the Board Total		3,976,457	3,564,246	7,280,936	3,923,630
Operations Total ⁽¹⁾		3,976,457	3,564,246	7,280,936	3,923,630
Division Total ⁽¹⁾		3,976,457	3,564,246	7,280,936	3,923,630

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

District Counsel



Legend	
	Board Appointed Officers
	Department (Unit)

Division Summaries

Division Description and Objectives

The Office of District Counsel provides professional, timely, and strategic legal advice, representation of Valley Water and its officers and employees, and the management of the legal services and the related risk management functions. It includes both internal legal services and management of the external legal services provided to Valley Water. The Office of District Counsel also oversees the Risk Management program.

Risk Management

The mission of the Risk Management Department is to protect assets by identifying and evaluating loss exposures and applying effective risk management techniques to reduce or eliminate risk. Specifically, the department is tasked with management of the District's risk retention (self-insurance) and risk transfer (insurance) programs to cost-effectively maximize coverage and to comply with Board Governance policies.

FY 2026 Accomplishments

- Provided timely legal advice to the District, the District Board, officers, and employees.
- Provided representation to the District relating to annual groundwater production charges.
- Provided environmental legal advice and representation as to the settlement of the FAHCE water rights change petitions and related litigation.
- Provided legal advice regarding imported water matters including water transfer agreements and litigation.
- Provided legal advice to the District regarding ongoing capital projects.
- Provided legal advice to the Human Resources Division regarding ongoing personnel and labor relations matters.
- Successfully negotiated and secured Valley Water's various insurance policies.
- Conducted monthly Open Liability Claims Review.
- Interfaced with Third-Party Administrator (TPA) and state government entities to ensure District compliance with new medical set-aside regulations on a regular basis.
- Secured final judgment in Valley Water's favor in 20-plus-year groundwater charge litigation following two sets of appeals.
- Secured victories in the Superior Court, Court of Appeal, and California Supreme Court requiring the return of confidential materials taken without authorization from Valley Water.
- Advised on Valley Water's first-ever "best value" contract solicitation for the Anderson Dam Seismic Retrofit Program.
- Successful transition to new vendor providing the collection and verification of certificates of insurance.
- Biennial actuarial studies completed for the Liability and Workers Compensation programs.
- RFP for Insurance Broker services completed.
- Administered the Liability and Property programs in a manner that provided prompt and fair adjustment of claims and losses.
- Main Point of Contact related for claim activity; conducted other claim and cost research as necessary.
- Successfully negotiated and secured Valley Water's various insurance policies.
- Assisted staff with the RFP for Valley Water's first Owner Controlled Insurance Program (OCIP).

FY 2027 Milestones

- Provide timely legal advice to the District, the District Board, officers, and employees.
- Provide representation to the District relating to annual groundwater production charges.
- Provide environmental legal advice and representation as to the settlement of the FAHCE water rights change petitions and related litigation.
- Provide legal advice regarding imported water matters including water transfer agreements and litigation.
- Provide legal advice to the District regarding ongoing capital projects.
- Provide legal advice to the Human Resources Division regarding ongoing personnel and labor relations matters.
- Successfully negotiate and secure Valley Water's various insurance policies.
- Advise on Valley Water's first-ever "best value" contract selection for the Anderson Dam Seismic Retrofit Program.

Division Summaries

- Implement litigation calendaring system allowing for in-house handling of additional litigation matters.
- Conduct monthly Open Liability Claims Review.
- Secure Non-Owned Aircraft Policy by February 1, 2027.
- Secure Excess Liability Policies by May 1, 2027.
- Secure Drone Policy by May 22, 2027.
- Secure Cyber Liability Policy by June 1, 2027.
- Secure Property Insurance Policy by July 1, 2026.
- Review all policies for coverage and accuracy by June 30, 2027.
- Main Point of Contact between Valley Water and vendors related to claim activity

FY 2028 Milestones

- Provide timely legal advice to the District, the District Board, officers, and employees.
- Provide representation to the District relating to annual groundwater production charges.
- Provide legal advice regarding imported water matters including water transfer agreements and litigation.
- Provide legal advice to the District regarding ongoing capital projects.
- Provide legal advice to the Human Resources Division regarding ongoing personnel and labor relations matters.
- Successfully negotiate and secure Valley Water's various insurance policies.

Division Summaries

District Counsel — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	12,116,996	15,154,670	15,682,470	16,056,742
Capital	1,312,864	2,712,000	1,085,000	380,000
Total ⁽¹⁾	13,429,860	17,866,670	16,767,470	16,436,742

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Office of District Counsel	8,389,271	10,892,953	9,324,035	8,538,379
Risk Management Program	5,040,589	6,973,716	7,443,435	7,898,363
Total ⁽¹⁾	13,429,860	17,866,670	16,767,470	16,436,742

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

District Counsel - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	13	13	13	13

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of the District Counsel					
	Salaries & Benefits	4,238,871	4,399,730	4,479,893	4,776,218
	Services & Supplies	2,028,763	2,914,270	2,835,520	2,419,386
	Intra District Charges	808,774	866,953	923,622	962,775
Office of the District Counsel Total		7,076,407	8,180,953	8,239,035	8,158,379
Risk Management Program					
	Salaries & Benefits	536,639	606,199	638,112	667,045
	Services & Supplies	4,190,026	6,034,577	6,474,997	6,859,953
	Intra District Charges	313,923	332,941	330,326	371,365
Risk Management Program Total		5,040,589	6,973,716	7,443,435	7,898,363
Operations Total ⁽¹⁾		12,116,996	15,154,670	15,682,470	16,056,742

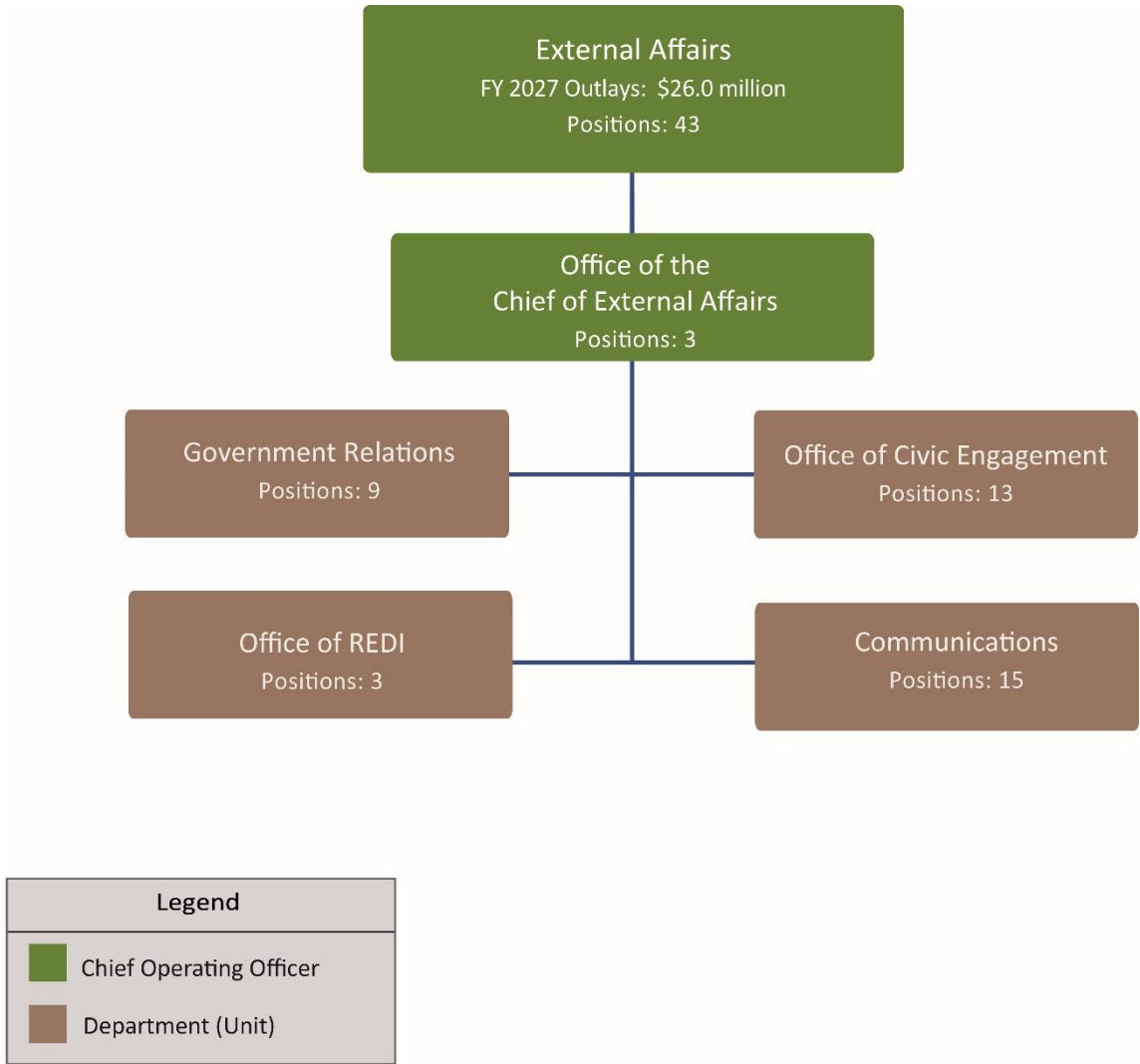
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of the District Counsel					
	Services & Supplies	1,312,864	2,712,000	1,085,000	380,000
Office of the District Counsel Total		1,312,864	2,712,000	1,085,000	380,000
Capital Total ⁽¹⁾		1,312,864	2,712,000	1,085,000	380,000
Division Total ⁽¹⁾		13,429,860	17,866,670	16,767,470	16,436,742

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Office of the Chief of External Affairs



External Affairs is responsible for programs that boost employee and community awareness about Valley Water's initiatives, projects, and challenges. It handles strategic planning and aligns external policies and legislation with Valley Water's business goals. The department manages relationships with the community, government officials, media, and other key stakeholders. Additionally, External Affairs oversees Office of Resiliency, Engagement, and Development Initiatives (REDI) that promote anti-discrimination laws, workplace fairness, social responsibility, and community involvement.

Division Summaries

Division Description and Objectives

The Office of External Affairs provides leadership and management of planning, integration, and execution of strategic external affairs efforts through the Office of Civic Engagement, Communications, Government Relations, and Office of Resiliency, Engagement, and Development Initiatives (REDI).

Government Relations

Government Relations advocates at the local, regional, state, and federal levels to promote and advance the water supply, flood protection, revenue enhancement, and environmental stewardship interests of Valley Water and the residents of Santa Clara County, in alignment with the Board's legislative priorities. Major activities include robust advocacy with elected and appointed officials and key advocacy stakeholders, execution of strategic partnerships, and community engagement through events and sponsorships. Government Relations serves as the internal and external connection for legislation, development of strategic support and opposition, and supplemental funding opportunities for Valley Water.

Office of Civic Engagement

The Office of Civic Engagement (OCE) connects with the community via partnerships, grants, educational activities, and community service projects to foster understanding, trust, and support for Valley Water's mission and goals. It manages programs such as the Safe, Clean Water Grants & Partnerships, Public Art, Education Outreach, Water 101 Academy/Ambassadors, Creek Stewardship, and Water Supply Outreach under the 2021 Multi-Jurisdictional Program for Public Information. OCE also provides programmatic oversight and coordination for the Board Advisory Youth Commission and the Residential Water Rate Assistance Program.

Office of Resiliency, Engagement, and Development Initiatives (REDI)

REDI serves as a centralized hub for risk management, compliance, and the implementation of Board priorities related to equity. It safeguards the agency's eligibility for state and federal funding, ensures compliance with evolving REDI standards, promotes Board-approved priorities, and supports project delivery by minimizing legal, regulatory, reputational, and community risks that could delay or disrupt capital and operational investments. By aligning policies, providing implementation guidance, tracking performance, and reporting to executives, the Office of REDI facilitates the integration of Board-approved REDI priorities across different divisions.

Communications

Communications educates, engages, and informs the community, including Valley Water employees, about water conservation, supply, quality, flood protection, and environmental stream stewardship. It responds to community inquiries about Valley Water projects and programs and provides timely media responses on topics like extreme weather, future water security, climate change, and public emergencies. Using social media, marketing campaigns, and public relations, Communications promotes Valley Water's efforts and the work of its Board of Directors.

Division Summaries

FY 2026 Accomplishments

- Secured \$1.1M Community Project Funding (CPF) Award for Pure Water Silicon Valley in the FY26 Interior and Environment Appropriations bill.
- Secured support from Rep. Ro Khanna (CA-17) for \$10.0M in CPF funding for Pure Water Silicon Valley construction in FY27 appropriations.
- Coordinated a successful fall advocacy trip to Washington, D.C., facilitating more than 20 meetings with Members of Congress, congressional staff, and federal agency officials to advance Valley Water priorities.
- Advanced provisions in the 2026 Water Resources Development Act to expand eligibility under the WIFIA and Corps Water Infrastructure Financing Programs to include congressionally authorized water resources projects, securing support from the City of San Jose, San Luis & Delta-Mendota Water Authority (SLDMWA), Association of California Water Agencies (ACWA), American Water Works Association (AWWA), and other partners.
- Supported timely approval of Valley Water's pending WIFIA loans for Safe, Clean Water projects and the Anderson Dam Seismic Retrofit Project through coordinated advocacy with regional and national coalitions, including ACWA, AWWA, SLDMWA, and the Association of Metropolitan Water Agencies.
- Worked in coalition with ACWA, the Bay Area Council, and the Proposition 4 Coalition to advance timely appropriation of Proposition 4 funding, supporting investments in dam safety, water recycling, flood control, and coastal resilience, with implementation now underway.
- Supported enactment of SB 31 (McNerney), expanding allowable recycled water applications.
- Supported enactment of SB 695 (Cortese), advancing statewide climate resilience planning, and successfully negotiated provisions allowing the B.F. Sisk Dam Project to qualify for inclusion in the state's prioritized infrastructure list.
- Strengthened Valley Water and Board visibility across Santa Clara County by sponsoring 68 community events aligned with the district's mission and priorities.
- Engaged communities across Santa Clara County through 23 outreach events, promoting Valley Water priorities including flood preparedness, water conservation, purified recycled water, and major projects such as Anderson Dam, Upper Llagas Creek, and Shoreline.
- Received multiple industry awards and recognitions for public outreach and media campaigns, including PR Daily, the California Association of Public Information Officials (CAPIO), and the National Association of Flood & Stormwater Management Agencies.
- Supported Directors at forums, symposia, legislative summits, and community meetings by preparing presentations and remarks.
- Advanced Valley Water projects and priorities with elected officials, regulatory agencies, and key partners through ongoing strategic tours of water supply, flood protection, and environmental restoration projects.
- Strengthened relationships with local media to support coverage of Valley Water initiatives and events.
- Launched a redesigned Valley Water website in March 2026, the first full-scale update since 2017, improving functionality, navigation, and user experience through a multi-year coordination effort with IT and business units.
- Safe, Clean Water Grants & Partnerships Program – Redesigned and launched grant programs, awarding \$85,000 for 17 refill station projects and \$150,000 for 15 mini-grants, and initiating the FY26 standard grant cycle with \$1.9M in available funding.
- Public Art Program - Finalized development of the Public Art Strategic Plan.
- Community Rating System (CRS) Program – Advanced implementation of Program for Public Information (PPI) activities and transitioned to a partnership model with participating Santa Clara County communities.
- Youth Commission - Administered the Youth Commission and the Board-approved work plan, which included the Creekside Community Care Project, Education Project, and Water Quality and Creek Stewardship Project.
- Water Supply Outreach Program - Expanded purified water outreach through increased community engagement, securing state approval for outreach materials under new Direct Potable Reuse (DPR) regulations, and earning a WaterReuse Award for Excellence in Outreach and Education.
- Education Outreach Program - Engaged with 7,974 students and youth in Santa Clara County through 205 classroom lessons, 14 assemblies, and 12 field trips (as of March 2026).

Division Summaries

- Creek Stewardship Program - Hosted Coastal Cleanup Day and continued the Adopt-A-Creek Program, engaging 2,589 volunteers to remove over 38,000 pounds of trash from 118 miles of creeks and waterways.
- Water Ambassadors / Water 101 Academy - Launched the 7th cohort of the Water 101 Academy in April 2026.
- Residential Water Rate Assistance Program (WRAP) - Administered community relief funding in partnership with a community-based organization, supporting over 950 low-income households with water bill assistance in Santa Clara County.
- Launched implementation of an agency-wide REDI strategy by partnering with business units to develop action plans that strengthen employee experience and equitable community outcomes.
- Completed an agency-wide assessment of Environmental Justice integration within the Board Agenda Memo process to improve compliance, consistency, and transparency in decision-making.

FY 2027 Milestones

- Annually convene a policy and legislative development meeting; establish priorities; bring guiding principles and legislative proposals to the Board for review and adoption by November on an as needed/directed basis.
- Work with local municipalities to adopt favorable water conservation measures with possible enforcement to help achieve the Board's goals for water use reduction.
- Coordinate Washington D.C. advocacy trips with our federal officials and a Sacramento advocacy trip with our state officials to advocate for Valley Water's funding and legislative priorities.
- Safe, Clean Water Grants & Partnerships Program - Continue administering the redesigned program and make \$1.8 million in funding available to the public for community-led projects each year. In FY 2026-27, a total of \$2.1 million is available.
- CRS Program – Continue partnership with Santa Clara County communities to support Community Rating System participation and reduce National Flood Insurance Program premiums through the Multi-Jurisdictional Program for Public Information.
- Youth Commission – Foster greater involvement of youth in local government through this youth-led advisory group to the Board of Directors, which includes completing an annual work plan by the end of the fiscal year.
- Creek Stewardship - Support volunteer cleanup activities, such as National River Cleanup Day (NRCD), California Coastal Cleanup Day (CCCD), the Great American Litter Pick Up, Adopt-A-Creek and the Creek Connections Action Group; along with creekwise education and regional coordination efforts.
- Education Outreach - Educate and engage at least 8,000 youth and 300 educators in Santa Clara County. This project is a comprehensive education outreach program for early childhood, elementary, middle and high school students.
- Water Supply Outreach - Educate and inform the public about recycled and purified water as one of several water supply strategies is key to its expansion in the future, particularly for the potential use of highly purified recycled water to expand drinking water supplies.
- Water Ambassadors / Water 101 Academy – Strengthen engagement protocols for Water Ambassadors across all cohorts to streamline communication, amplify educational programming, and deepen community-led mission-critical advocacy work.
- Residential Water Rate Assistance Program (WRAP) – Expand water bill assistance for low-income households in Santa Clara County through a \$250,000 increase in community relief funding, administered in partnership with a community-based organization.
- Continue agency-wide initiative implementation by assisting in developing division/unit-specific action plans to enhance employee and fair community outcomes by June 30, 2027.
- Host a series of learning and capacity-building opportunities, including but not limited to panels, lunch and learns, and training, by June 30, 2027.
- Conduct ongoing outreach to local Tribal groups and support agency compliance with relevant laws by June 30, 2027.
- Continue to manage effective Potable Reuse (PR) campaigns and media outreach to communicate Valley Water projects, programs, and responses.
- Continue community outreach through public meetings and other forums to inform the public and stakeholders about projects impacting their communities.

Division Summaries

- Conclude the publishing, printing and uploading of the agency's History Book, second edition, which covers Valley Water's extensive work and efforts, from 2005 to 2025.

FY 2028 Milestones

- Annually convene a policy and legislative development meeting; establish priorities; bring guiding principles and legislative proposals to the Board for review and adoption by November on an as needed/directed basis.
- Work with local municipalities to adopt favorable water conservation measures with possible enforcement to help achieve the Board's goals for water use reduction.
- Coordinate Washington D.C. advocacy trips with our federal officials and a Sacramento advocacy trip with our state officials to advocate for Valley Water's funding and legislative priorities.
- Safe, Clean Water Grants & Partnerships Program - Continue administering the redesigned Safe, Clean Water Grants & Partnerships Program and make \$1.8 million in funding available to the public for community-led projects each year.
- CRS Program – Continue partnership with Santa Clara County communities to support Community Rating System participation and reduce National Flood Insurance Program premiums through the Multi-Jurisdictional Program for Public Information.
- Youth Commission – Foster greater involvement of youth in local government through this youth-led advisory group to the Board of Directors, which includes completing an annual work plan by the end of the fiscal year.
- Creek Stewardship - Support volunteer cleanup activities, such as National River Cleanup Day (NRCD), California Coastal Cleanup Day (CCCD), the Great American Litter Pick Up, Adopt-A-Creek and the Creek Connections Action Group; along with creekwise education and regional coordination efforts.
- Education Outreach - Educate and engage at least 8,000 youth and 300 educators in Santa Clara County. This project is a comprehensive education outreach program for early childhood, elementary, middle and high school students.
- Water Supply Outreach - Educate and inform the public about recycled and purified water as one of several water supply strategies is key to its expansion in the future, particularly for the potential use of highly purified recycled water to expand drinking water supplies.
- Water Ambassadors / Water 101 Academy – Educate and empower a new cohort of 21 County residents through the 8th Water 101 Academy leadership program, deepening their knowledge and understanding to foster community-led initiatives that advance Valley Water's mission to provide safe, clean water, natural flood protection, and environmental stewardship.
- Residential Water Rate Assistance Program (WRAP) – Administer community relief funding with a community-based organization for water bills for residents in Santa Clara County.
- Continue agency-wide implementation by assisting in developing division/unit-specific action plans to enhance employee and fair community outcomes by June 30, 2028.
- Host a series of learning and capacity-building opportunities, including but not limited to panels, lunch and learns, and training, by June 30, 2028.
- Conduct ongoing outreach to local Tribal groups and support agency compliance with relevant laws by June 30, 2028.
- Continue to manage effective PR campaigns and media outreach to communicate Valley Water projects, programs, and responses.
- Continue community outreach through public meetings and other forums to inform the public and stakeholders about projects impacting their communities.
- Plan Valley Water's centennial anniversary recognition, which includes a History Book supplemental edition that would cover the work of the agency from 2026 to 2029 in addition to other acknowledgment efforts.

Division Summaries

Office of the Chief of External Affairs — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	19,657,393	22,795,444	24,142,944	24,689,713
Operating Project	656	1,333,333	1,583,333	1,583,333
Capital	232,697	281,793	233,554	239,800
Total ⁽¹⁾	19,890,746	24,410,571	25,959,831	26,512,845

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Communications	6,970,009	7,253,914	7,427,360	7,795,416
Government Relations	4,709,075	4,990,448	5,319,672	5,559,074
Office of Chief of External Affairs	1,382,421	1,482,892	1,486,424	1,559,329
Office of Civic Engagement	5,656,171	9,399,720	10,430,091	10,250,775
Office of REDI	1,173,071	1,283,596	1,296,283	1,348,251
Total ⁽¹⁾	19,890,746	24,410,571	25,959,831	26,512,845

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of the Chief of External Affairs - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	46	43	43	43

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Communications					
	Salaries & Benefits	3,638,277	4,002,890	4,173,285	4,405,439
	Services & Supplies	2,012,254	1,770,980	1,770,230	1,801,932
	Intra District Charges	1,086,780	1,246,003	1,250,291	1,348,246
Communications Total		6,737,312	7,019,873	7,193,806	7,555,616
Government Relations					
	Salaries & Benefits	2,706,639	2,890,435	2,981,773	3,152,272
	Services & Supplies	1,499,522	1,588,504	1,781,624	1,833,556
	Intra District Charges	502,914	511,509	556,276	573,246
Government Relations Total		4,709,075	4,990,448	5,319,672	5,559,074
Office of the Chief of External Affairs					
	Salaries & Benefits	1,133,201	1,100,764	1,086,127	1,149,768
	Services & Supplies	35,645	170,280	172,780	174,963
	Intra District Charges	213,575	211,849	227,518	234,598
Office of the Chief of External Affairs Total		1,382,421	1,482,892	1,486,424	1,559,329
Office of Civic Engagement					
	Salaries & Benefits	2,896,371	3,390,362	3,722,341	3,928,204
	Services & Supplies	1,674,172	4,651,675	5,272,388	4,784,568
	Intra District Charges	1,085,628	1,309,932	1,435,362	1,538,003
Office of Civic Engagement Total		5,656,171	9,351,968	10,430,091	10,250,775
Office of REDI					
	Salaries & Benefits	866,865	900,502	945,795	989,763
	Services & Supplies	116,146	209,150	159,150	163,925
	Intra District Charges	190,060	173,944	191,338	194,563
Office of REDI Total		1,173,071	1,283,596	1,296,283	1,348,251
Operations Total ⁽¹⁾		19,658,049	24,128,777	25,726,277	26,273,046

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

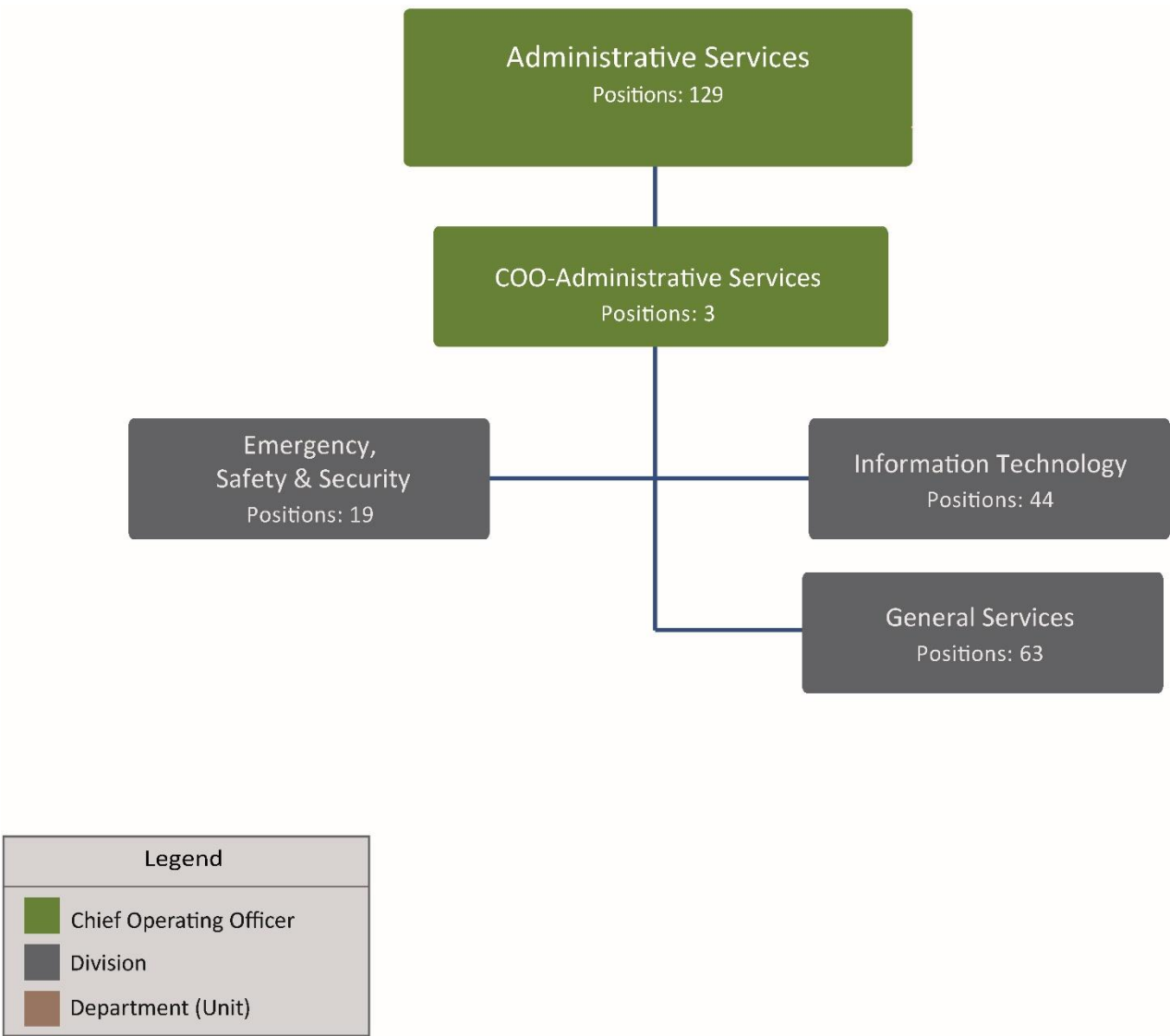
Capital Budget by Department and Account Category

Department		FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Communications					
	Salaries & Benefits	131,264	135,465	142,510	149,312
	Services & Supplies	23,316	16,800	12,000	2,000
	Intra District Charges	78,117	81,776	79,044	88,487
Communications Total		232,697	234,041	233,554	239,800
Office of Civic Engagement					
	Salaries & Benefits	—	29,250	—	—
	Intra District Charges	—	18,502	—	—
Office of Civic Engagement Total		—	47,752	—	—
Capital Total ⁽¹⁾		232,697	281,793	233,554	239,800
Division Total ⁽¹⁾		19,890,746	24,410,571	25,959,831	26,512,845

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

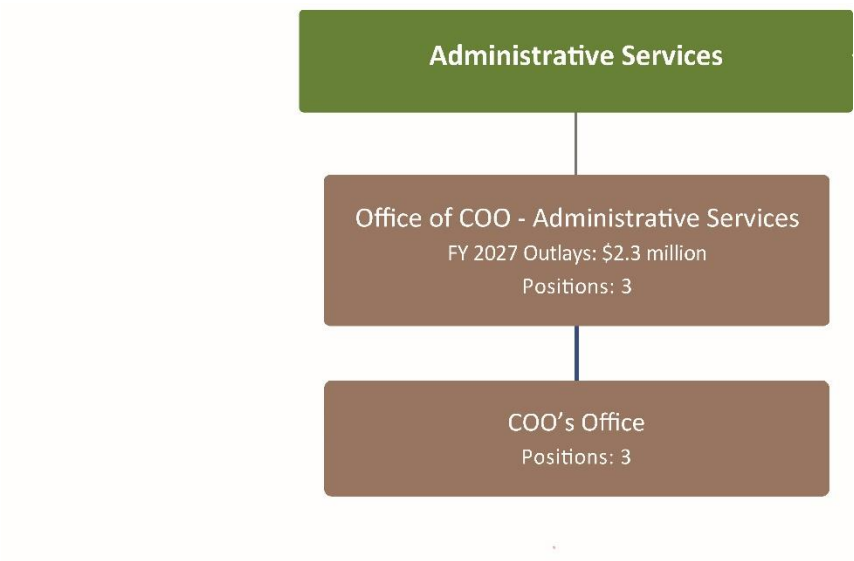
Division Summaries

Administrative Services



The Administrative Services (AS) business area supports the mission of Valley Water—to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy—by providing essential business services for Valley Water. Administrative services are vital to Valley Water operations and capital programs. Directed by the Chief Operating Officer, Administrative Services comprises four management divisions, each including functional units that carry out the division's work.

Office of COO Administrative Services



Legend	
	Chief Operating Officer
	Department (Unit)

Division Summaries

Division Description and Objectives

Administrative Services support the mission of Valley Water - to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy. Administrative Services are vital to Valley Water's operations and capital programs.

The Office of the Chief Operating Officer (COO) of Administrative Services (AS) provides executive leadership and direct oversight to Valley Water administrative business areas, including Information Technology, General Services, Emergency, Environmental Health and Safety, and Security Services. The Office of the COO-AS is responsible for ensuring that administrative functions are operated efficiently and effectively, in line with the goals and policies established by the Board of Directors and the Chief Executive Officer.

FY 2026 Accomplishments

- Provided leadership and support for all the administrative needs of Valley Water, including oversight over Information Technology, General Services, Emergency, Environmental Health & Safety, Security Services, Human Resources and Labor Relations.
- Aligned Administrative Services with Board goals by providing executive leadership to realign departmental objectives with the Board Work Plan, enhancing coordination across IT, HR, General Services, Labor Relations, and Security.
- Improved operational efficiency and service delivery by leading initiatives to enhance internal operations and customer service, resulting in greater responsiveness, reliability, and stakeholder satisfaction.
- Launched the Innovation Unit under IT to lead Valley Water into a new era of innovation by implementing multiple AI tools to assist and guide staff. AI tools have saved staff five or more hours per week with efficiencies from transitioning from repetitive tasks to enable staff to focus on more complex aspects of managing their respective projects and programs.
- Enhanced management effectiveness by implementing training programs to improve communication, project execution, and continuous improvement, fostering a more engaged and agile workforce.
- Conducted Emergency Action Plan (EAP) training and exercises with the Multi-Agency Coordination group.
- Leveraged partnerships with learning organizations to expand Valley Water programs and increase knowledge of infrastructure and careers in the water industry.
- Launched advanced workforce analytics initiatives using VEMO, a tool that provides workforce analytics and supports data-driven business decisions.
- Provided Labor Relations (LR), Ethics, and Equal Opportunity (EEO) training to supervisors and managers as part of the Supervisor Core Training Program.
- Security Management rolled out new agency-wide security training to enhance workplace safety.
- Phase 1 of the Security and Facilities CIP project was completed, increasing worksite safety at numerous Valley Water locations.
- Information Technology developed technological solutions to enhance the records management process, increasing efficiencies and transparency. The Work was completed in-house, avoiding approximately \$700,000 in projected external consultants costs.
- Successfully collaborated with bargaining groups to negotiate new MOUs.

FY 2027 Milestones

- Provide executive leadership and direct oversight to the Administrative Services business area.
- Review, approve, and present the status of Administrative Services' quarterly performance.
- Review and revise the Chief Operating Officer of AS's work plan, ensuring alignment with the Deputies' work plans.
- Increase operational and customer service levels.
- Provide management training activities that promote communication, improve project efficiency, and enhance process improvement.

Division Summaries

- Provide special team-building events and efforts for the Administrative Services business area.

FY 2028 Milestones

- Provide executive leadership and direct oversight to the Administrative Services business area.
- Review, approve, and present the status of Administrative Services' quarterly performance.
- Review and revise the Chief Operating Officer of AS's work plan and ensure alignment with the Deputies' work plans.
- Increase operational and customer service levels.
- Provide management training activities that promote communication, project efficiencies, and process improvement.
- Provide special team-building events and efforts for the Administrative Services business area.

Division Summaries

Office of COO Administrative Services — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	1,244,304	2,253,338	2,295,844	2,389,914
Total ⁽¹⁾	1,244,304	2,253,338	2,295,844	2,389,914

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Office of COO Administrative Services	1,244,304	2,253,338	2,295,844	2,389,914
Total ⁽¹⁾	1,244,304	2,253,338	2,295,844	2,389,914

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of COO Administrative Services - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	3	3	3	3

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2026 Organizational Chart.

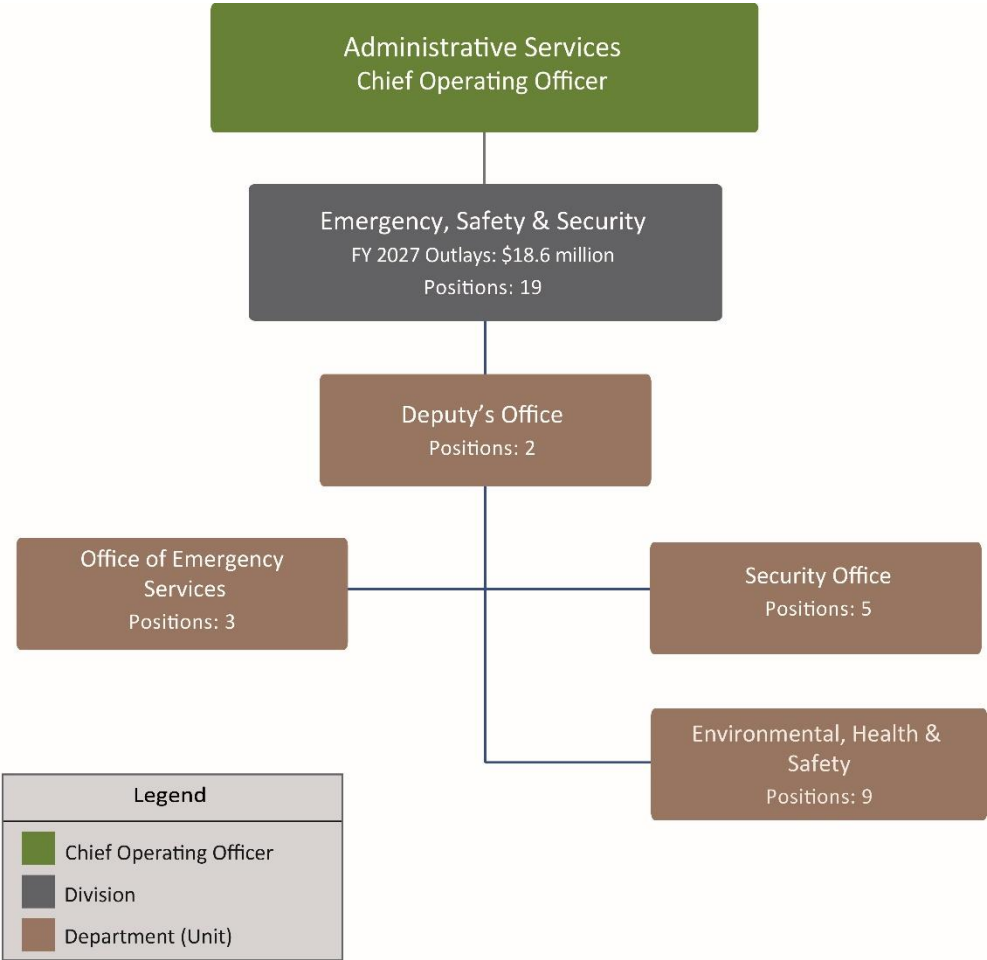
Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of COO Administrative Services					
	Salaries & Benefits	1,009,218	1,134,615	1,161,245	1,230,704
	Services & Supplies	36,049	904,120	904,120	921,694
	Intra District Charges	199,037	214,603	230,479	237,516
Office of COO Administrative Services Total		1,244,304	2,253,338	2,295,844	2,389,914
Operations Total ⁽¹⁾		1,244,304	2,253,338	2,295,844	2,389,914
Division Total ⁽¹⁾		1,244,304	2,253,338	2,295,844	2,389,914

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Emergency, Safety and Security Division



Division Summaries

Division Description and Objectives

The Emergency, Safety and Security Division includes the Office of Emergency Services (OES), Environmental Health and Safety Unit (EH&S), and the Security Office (SO). The Division provides a safe and secure environment for Valley Water infrastructure and staff, while maintaining a level of preparedness to respond to unplanned incidents and events to maintain business continuity for the agency.

Office of Emergency Services

The Office of Emergency Services is responsible for ensuring comprehensive, integrated, risk-based, emergency management for Valley Water staff and the critical infrastructure. OES also leads the agency-wide development of applicable preparedness capabilities across prevention, preparedness, hazard mitigation, business continuity, response, and recovery.

Environmental, Health & Safety Services

As part of Valley Water's Administration function, the Environmental, Health & Safety Unit provides services for all of Valley Water. These services cover a wide range of activities including environmental, health and safety written program development and maintenance, incident safety investigation services, inspection and audit services and support, hazard analysis and risk prevention services, alcohol and drug abuse reasonable suspicion and testing services, contractor safety program evaluation, hazardous materials and hazardous waste management, regulatory permit compliance management, 24/7 hazardous materials pollution prevention response capabilities, ergonomic evaluations and workspace modifications, liaison with regulatory agencies when required, and administration of Valley Water's Workers' Compensation Program. The EH&S Unit works with Water Utility Enterprise during winter maintenance activities to ensure hazardous materials storage tanks are emptied, cleaned, and integrity tested per the required maintenance schedule. Additionally, the EH&S Unit responds to requests from customers for EH&S services or program assistance to ensure that Valley Water's EH&S programs are functional and sustainable.

Security Office

The Security Office delivers risk-based security capabilities through a continuous cycle of analysis, development, planning, and verification. These capabilities leverage a combination of guard forces, patrols, remote monitoring technologies, and a centralized Security Operations Center to safeguard Valley Water's personnel and critical infrastructure against threats such as terrorism, sabotage, vandalism, theft, violence, and other malicious acts. Additionally, the SO serves as Valley Water's liaison to local, regional, state, and federal law enforcement and intelligence agencies, ensuring seamless coordination and information sharing.

FY 2026 Accomplishments

Office of Emergency Services

- Conducted Annual Winter Preparedness Workshop with external partners.
- Provided "Do 1 Thing" monthly preparedness communications in NYCU for Valley Water staff.
- Developed Valley Water wide business continuity strategy.
- Conducted Emergency Action Plan (EAP) Training and Exercise events; San Francisquito Multi Agency Coordination group, annual City of San Jose JEAP update, West Valley EAP Exercise - City of Sunnyvale, All Dam EAP Call-Down Drill, Satellite Phone Drill.
- Completed a new Flood EAP for Sunnyvale East and West Channels (West Valley Watershed), a JEAP flood response procedure appendix for Berryessa Creek, and an update to the Lower Penitencia Watershed EAP.
- Continued to manage and facilitate meetings for the Valley Water Emergency Steering Committee.
- Coordinated EOC Activations as required and requested by Crisis Management Team(s).

Division Summaries

Environmental, Health & Safety Services

- Tier I Facility Safety Inspections 100% Complete.
- Tier II Facility Safety Audits 100% Complete.
- Continued COVID-19 workplace compliance.
- Participated in the EOC activation response to the drought emergency as EOC Safety Officer.
- Continued EH&S support of CIPs.
- Completion of Cal/ARP requirements, including compliance audit, PHAs, and RMPs.
- Completion of required evacuation drills.

Security Office

- Partnered with General Services to complete phase 1 of Security CIP project replacing fencing at numerous locations.
- Conducted agency-wide Security training in compliance with state requirements.
- Managed the Key Control management system.
- Completed annual review and update to the Leroy-Anderson dam FERC security compliance inspection.
- Maintained Valley Water's security systems.
- Attended local and regional threat working groups.
- Provided Workplace Violence Prevention Plan Training.
- Completed Annual District Threat Assessment Update.

FY 2027 Milestones

Office of Emergency Services

- Conduct Annual Winter Preparedness Workshop with external partners.
- Conduct review of Emergency Operations Plan and annexes.
- Produce Hazard Mitigation Plan status report according to cadence directed by the County (MJHMP).
- Continue "Do 1 Thing" monthly preparedness communications in NYCU for Valley Water staff.
- Maintain EOC Facilities and Systems.
- Continuing development of Flood EAPs.
- Conduct EOC and Emergency Action Plan (EAP) Training and Exercise events.
- Manage Emergency Steering Committee for Valley Water.
- Manage OES On Call program.

Environmental, Health & Safety Services

- Conduct a Tier II safety inspection for all manned District facilities by June 30, 2027.
- Complete annual fire evacuation drills for all manned District facilities by June 30, 2027.
- Coordinate, schedule, and complete all required safety-related training by June 30, 2027.
- Each EH&S Specialist is to conduct a minimum of 6 Jobsite Inspections, bi-monthly, by June 30, 2027.
- Complete the required Facility Hazardous Material Compliance tasks by June 30, 2027.
- Develop and implement district-wide Integrated Pest Management Program.
- Develop Supervisor Manager EH&S Training Program.
- Implement updated EH&S Training Program in Learning Management System.
- Support and host monthly Employee Safety Committee Meetings.

Security Office

- Support Phase 2 of the Security Upgrades and Enhancements Project CIP.
- Continue to offer security safety training to staff.

Division Summaries

- Provide annual Workplace Violence Prevention Plan training to all Valley Water employees.
- Generate the security component for FERC compliance of Anderson Dam.
- Complete FY27 Valley Water-Wide Threat Assessment.
- Coordinate security safety training to board members and agency staff.

FY 2028 Milestones

Office of Emergency Services

- Conduct Annual Winter Preparedness Workshop with external partners.
- Conduct review of Emergency Operations Plan and annexes.
- Produce Hazard Mitigation Plan status report according to cadence directed by the County (MJHMP).
- Continue “Do 1 Thing” monthly preparedness communications in NYCU for Valley Water staff.
- Maintain EOC Facilities and Systems.
- Continuing development of Flood Emergency Action Plan (EAP).
- Conduct EOC and EAP Training and Exercise events.
- Manage Emergency Steering Committee for Valley Water.
- Manage OES On Call program.

Environmental, Health & Safety Services

- Conduct a Tier II safety inspection for all manned District facilities by June 30, 2028.
- Complete annual fire evacuation drills for all manned District facilities by June 30, 2028.
- Coordinate, schedule, and complete all required safety-related training by June 30, 2028.
- Support business units hosting monthly Local Safety Committee meetings by June 30, 2028.
- Each EH&S Specialist is to conduct a minimum of 6 Jobsite Inspections, bi-monthly, by June 30, 2028.
- Complete the required Facility Hazardous Material Compliance tasks by June 30, 2028.
- Support and host monthly Employee Safety Committee Meetings.

Security Office

- Support the Security Upgrades and Enhancements Project.
- Continue to offer security training to staff.
- Provide annual Workplace Violence Prevention Plan training to all Valley Water employees.
- Generate the security component for FERC compliance of Anderson Dam.
- Complete FY28 Valley Water-Wide Threat Assessment.

Budget Issues and Constraints

Constraints of Emergency, Safety and Security Division include the Enhanced Safety and Security measures that are required to support staff safety in response to increased number of incidents and threats to staff. Staff and contracted security services costs have increased as a result.

Division Summaries

Emergency, Safety and Security Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	14,125,566	17,542,256	18,300,979	19,146,694
Capital	219,063	250,461	255,741	253,679
Total ⁽¹⁾	14,344,629	17,792,717	18,556,720	19,400,373

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Emergency Safety & Security Division Deputy's Office	856,641	994,512	991,737	1,081,271
Environmental, Health & Safety	5,429,132	6,544,566	6,863,326	7,221,670
Office of Emergency Services	1,877,812	2,248,110	2,275,906	2,405,758
Security Office	6,181,043	8,005,530	8,425,751	8,691,673
Total ⁽¹⁾	14,344,629	17,792,717	18,556,720	19,400,373

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Emergency, Safety and Security Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	19	19	19	19

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2026 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Emergency, Safety & Security Division Deputy's Office					
	Salaries & Benefits	542,339	611,302	627,965	667,052
	Services & Supplies	1,279	7,500	7,500	7,725
	Intra District Charges	313,023	375,710	356,273	406,494
Emergency, Safety & Security Division Deputy's Office Total		856,641	994,512	991,737	1,081,271
Environmental, Health & Safety					
	Salaries & Benefits	2,472,465	2,593,611	2,712,648	2,859,421
	Services & Supplies	1,535,210	2,466,629	2,672,649	2,709,097
	Intra District Charges	1,416,283	1,458,584	1,447,008	1,624,193
Environmental, Health & Safety Total		5,423,958	6,518,824	6,832,305	7,192,711
Office of Emergency Services					
	Salaries & Benefits	925,859	961,636	1,002,000	1,049,997
	Services & Supplies	482,683	768,500	769,000	792,070
	Intra District Charges	469,270	517,973	504,906	563,691
Office of Emergency Services Total		1,877,812	2,248,110	2,275,906	2,405,758
Security Office					
	Salaries & Benefits	1,145,230	1,530,325	1,588,791	1,659,519
	Services & Supplies	4,573,738	5,972,080	6,300,167	6,488,863
	Intra District Charges	248,188	278,405	312,073	318,571
Security Office Total		5,967,155	7,780,810	8,201,031	8,466,953
Operations Total ⁽¹⁾		14,125,566	17,542,256	18,300,979	19,146,694

Division Summaries

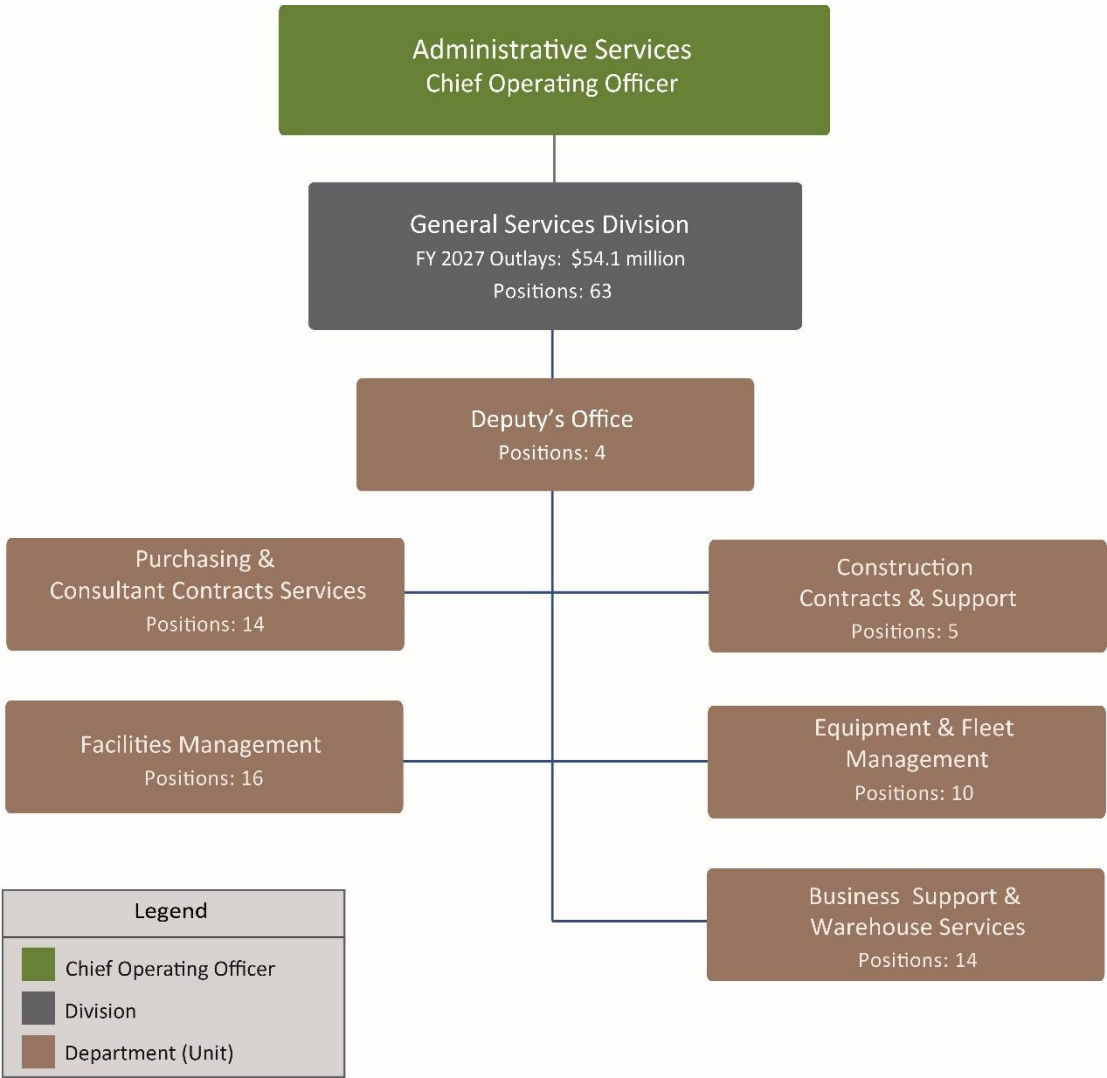
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Security Office					
	Salaries & Benefits	10,212	—	—	—
	Services & Supplies	201,226	224,720	224,720	224,720
	Intra District Charges	2,450	—	—	—
Security Office Total		213,889	224,720	224,720	224,720
Environmental, Health & Safety					
	Salaries & Benefits	3,319	15,881	19,625	17,932
	Intra District Charges	1,855	9,860	11,395	11,027
Environmental, Health & Safety Total		5,174	25,741	31,021	28,959
Capital Total ⁽¹⁾		219,063	250,461	255,741	253,679
Division Total ⁽¹⁾		14,344,629	17,792,717	18,556,720	19,400,373

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

General Services Division



Division Summaries

Division Description and Objectives

The General Services Division provides management, leadership, and administrative oversight for several departments, including Construction Contracts Support, which manages the advertisement and award of construction contracts for capital projects; Purchasing and Consultant Contracts Services, which oversees the procurement of goods, services, and consultant contracts; Equipment Management, which manages fleet and welding services; Facilities Management, which maintains, renews, and upgrades District buildings and grounds; and Business, Customer Support Services, and Warehouse, which provides business services such as receptionist and switchboard operations, mail services, reprographics, word processing, forms management, and warehouse operations.

Construction Contracts and Support

The Construction Contracts and Support Unit provides support to Valley Water staff and facilitates the advertisement, bid and award process for all capital construction projects over \$50,000. This Unit also monitors capital construction contracts for post award compliance with pertinent laws, codes and regulations, and provides ongoing support through project close-out.

Business Support, and Warehouse Services

The Business Customer Support and Warehouse Services Unit provides critical services that support Valley Water operations. This unit covers the following business areas:

Business Customer Support Services include a centralized cashiering location and phone payment system; switchboard operations, incoming/outgoing mail processing; reprographics services for Valley Water publications and other documents; and word processing and forms management services.

Warehouse Services serves as the central receiving, stock inventory management, and distribution point for Valley Water. Warehouse Services provides additional shipping services, delivery of goods, storage services, mail courier services, management of Valley Water's Uniform Program, internal use only Drip Store, and oversees the recycling program for waste tires.

Purchasing and Consultant Contracts Services

The Purchasing and Consultant Contracts Unit provides strategic and technical sourcing for the purchase and acquisition of all goods, general services, and professional consulting services. The Unit also manages non-competitive solicitations and competitive solicitations for all goods, services, and services contracts exceeding \$50,000. The Unit also provides guidance and support for post-award contract administration.

Equipment and Fleet Management

Equipment and Fleet Management Unit provides overall planning, management, administrative oversight, maintenance, and repairs for District equipment and fleet, which includes 335 sedans, SUVs, light, medium, heavy trucks, construction equipment and forklifts, and 596 pieces of equipment including tools, generators, boats, trailers, etc.

Facilities Management

Facilities Management Unit provides maintenance and repair services for approximately 24 Valley Water facilities, including the renewal and upgrades to buildings and grounds. Staff also provide welding services to support operations for Valley Water.

FY 2026 Accomplishments

Construction Contracts and Support

- Advertise, Bid, Award for approximately 11 Capital Projects and monitor Compliance for 26 Capital Projects.
- Implement the Small Business Enterprise Outreach Program for CIP construction projects.
- Conducted Business Open House to engage business community in participation in Valley Water's procurement opportunities.

Division Summaries

Business Support, and Warehouse Services

- Successfully completed multi-function device bid for implementation in FY 27.
- Completed Warehouse clean-up for more efficient performance.
- Established Valley Water's Self-Managed Inventory process.

Purchasing and Consultant Contracts Services

- Improved contract processes to respond efficiently and effectively to District consultant contract needs.
- Identified process improvements to align with industry best practices.
- Developed a Vendor Performance Evaluation program for the evaluation of vendors providing services to Valley Water.
- Purchasing generated 39 under \$50k agreements and contracts for FY26
- Consultant Contracts completed 109 formal solicitations for FY26.

Equipment and Fleet Management

- Replaced 11 vehicles and 2 pieces of construction equipment in accordance with the 12-year or 125,000-mile replacement criteria.
- Achieved 97.9% preventive maintenance compliance on light duty vehicles.
- Provided Fleet Management oversight effectively meeting District needs using industry best practices.
- Met CARB diesel emission replacement requirements ahead of mandate.

Facilities Management

- Completed Asphalt Maintenance Projects at Almaden Campus (BHA, HQ back parking lot and fleet motor pool).
- Completed office renovations at various locations.

FY 2027 Milestones

Construction Contracts and Support

- Advertise, Bid, Award for approximately 12 Capital Projects and monitor Compliance for 32 Capital Projects.
- Incorporate Small Business Enterprise Outreach Program recommendations.

Business Support, and Warehouse Services

- Implement RingCentral AI Receptionist, improving connectivity and communication efficiency between the public and Valley Water.
- Maintain consistent communication with Clerk of the Board, CEO, Communications, Graphics, Government Relations, Water Conservation, Watersheds, Capital, and Water Utility regarding upcoming projects.
- Complete general job requests within 5 business days and large or complex jobs/reports within 2 weeks.
- Produce high-quality deliverables within customer deadlines.
- Perform an annual physical inventory and complete associated reports.

Purchasing and Consultant Contracts Services

- Update the Aqua page with robust customer working guides and tools, including the scope development guide, requisition creation guide, and others.
- Roll out unit-wide workload and staff assignment projection to improve communication of timelines to customers.
- Institute standard processes to improve cost analysis during contract negotiations.

Equipment and Fleet Management

- Replace vehicles in accordance with the 12-year or 125,000-mile replacement criteria.
- Replace Class IV equipment in accordance with Valley Water replacement criteria.
- Acquire new vehicles approved in the budget to meet operational needs.
- Achieve 90% or higher on preventive maintenance work orders on vehicles.

Division Summaries

- Provide Fleet Management oversight effectively meeting Valley Water needs using industry best practices.
- Meet CARB diesel emission replacement requirements to meet mandate.

Facilities Management

- Complete office renovations at various locations.
- Repair and maintain HVAC systems in accordance with industry standards.
- Respond to repair, maintenance, and event support requests within 5 business days 90% of the time.
- Provide welding services to meet Valley Water operations.
- Facilitate space planning, move, and setups to meet Valley Water operational needs.

FY 2028 Milestones

Construction Contracts and Support

- Advertise, Bid, Award for approximately 12 Capital Projects and monitor Compliance for 30 Capital Projects.
- Increase Small Business participation in Valley Water procurement opportunities.

Business Support, and Warehouse Services

- Maintain consistent communication with Clerk of the Board, CEO, Communications, Graphics, Government Relations, Water Conservation, Watersheds, Capital, and Water Utility regarding upcoming projects.
- Complete general job requests within 5 business days and large or complex jobs/reports within 2 weeks.
- Produce high-quality deliverables within customer deadlines.
- Perform an annual physical inventory and complete associated reports.

Purchasing and Consultant Contracts Services

- Update the Aqua page with robust customer working guides and tools, including the scope development guide, requisition creation guide, and others.
- Roll out unit-wide workload and staff assignment projection to improve communication of timelines to customers.
- Institute standard processes to improve cost analysis during contract negotiations.

Equipment and Fleet Management

- Replace vehicles in accordance with the 12-year or 125,000-mile replacement criteria.
- Replace Class IV equipment in accordance with Valley Water replacement criteria.
- Acquire new vehicles approved in the budget to meet operational needs.
- Achieve 90% or higher on preventive maintenance work orders on vehicles.
- Provide Fleet Management oversight effectively meeting Valley Water needs using industry best practices.
- Meet CARB diesel emission replacement requirements to meet mandate.

Facilities Management

- Complete office renovations at various locations
- Repair and maintain HVAC systems in accordance with industry standards.
- Respond to repair, maintenance, and event support requests within 5 business days 90% of the time.
- Provide welding services to meet Valley Water operations.
- Facilitate space planning, move, and setups to meet Valley Water operational needs.
- Expand EV chargers to Valley Water locations.

Budget Issues and Constraints

Unknown and unplanned customer requests may require deviation from planned activities.

Division Summaries

General Services Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	27,592,344	32,383,292	34,553,213	36,387,505
Capital	15,045,645	17,893,738	19,513,198	12,112,856
Total ⁽¹⁾	42,637,989	50,277,031	54,066,411	48,500,361

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Business Support & Warehouse	4,932,594	5,943,766	6,202,252	6,662,948
Construction Contracts and Support	2,715,495	2,916,645	3,009,948	3,224,798
Equipment Management	9,220,244	9,201,861	10,558,043	12,361,612
Facilities Management	20,083,177	25,136,273	26,782,239	18,388,116
General Services Division Deputy's Office	1,427,642	1,810,299	1,876,330	1,970,430
Purchasing & Consultant Contracts Services	4,258,836	5,268,187	5,637,600	5,892,458
Total ⁽¹⁾	42,637,989	50,277,031	54,066,411	48,500,361

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

General Services Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	63	63	63	63

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2026 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Business Support & Warehouse					
	Salaries & Benefits	3,077,517	3,187,637	3,347,087	3,512,811
	Services & Supplies	766,898	1,448,401	1,476,908	1,641,548
	Intra District Charges	1,085,216	1,307,728	1,378,257	1,508,589
Business Support & Warehouse Total		4,929,631	5,943,766	6,202,252	6,662,948
Construction Contracts and Support					
	Salaries & Benefits	196,360	9,143	10,142	10,624
	Services & Supplies	3,662	7,500	7,500	7,725
	Intra District Charges	52,121	1,695	1,952	1,985
Construction Contracts and Support Total		252,144	18,338	19,593	20,334
Equipment Management					
	Salaries & Benefits	2,403,199	2,632,065	2,603,736	2,734,509
	Services & Supplies	2,439,324	3,061,710	3,238,140	3,449,783
	Intra District Charges	1,225,435	1,428,087	1,278,167	1,431,319
Equipment Management Total		6,067,958	7,121,861	7,120,043	7,615,612
Facilities Management					
	Salaries & Benefits	3,292,894	3,865,245	4,457,513	4,692,338
	Services & Supplies	6,458,955	7,435,793	8,176,706	8,416,289
	Intra District Charges	916,592	919,804	1,086,717	1,142,337
Facilities Management Total		10,668,440	12,220,842	13,720,937	14,250,964
General Services Division Deputy's Office					
	Salaries & Benefits	1,073,074	1,284,425	1,330,700	1,408,702
	Services & Supplies	173,157	285,500	285,500	294,065
	Intra District Charges	169,115	240,373	260,130	267,663
General Services Division Deputy's Office Total		1,415,347	1,810,299	1,876,330	1,970,430
Purchasing & Consultant Contracts Services					
	Salaries & Benefits	3,383,889	3,839,142	4,083,601	4,295,608
	Services & Supplies	219,672	734,715	763,951	786,870
	Intra District Charges	655,263	694,330	766,506	784,740
Purchasing & Consultant Contracts Services Total		4,258,824	5,268,187	5,614,059	5,867,218
Operations Total ⁽¹⁾		27,592,344	32,383,292	34,553,213	36,387,505

Division Summaries

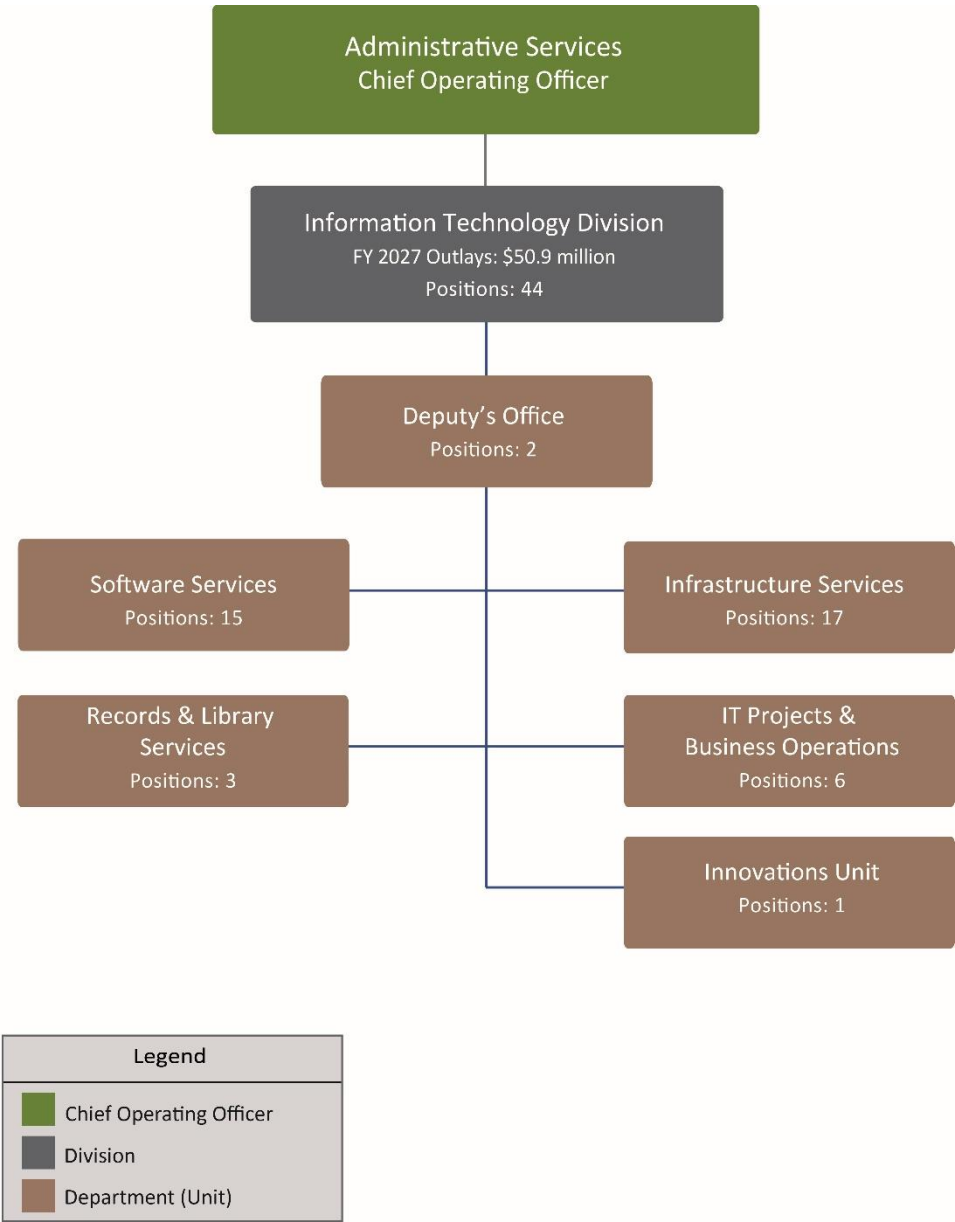
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Business Support & Warehouse					
	Services & Supplies	2,964	—	—	—
Business Support & Warehouse Total		2,964	—	—	—
Construction Contracts and Support					
	Salaries & Benefits	1,444,348	1,573,741	1,680,418	1,780,933
	Services & Supplies	93,888	427,000	426,000	426,000
	Intra District Charges	925,115	897,566	883,937	997,532
Construction Contracts and Support Total		2,463,351	2,898,307	2,990,354	3,204,464
Equipment Management					
	Salaries & Benefits	16,870	—	—	—
	Services & Supplies	3,126,244	2,080,000	3,438,000	4,746,000
	Intra District Charges	9,172	—	—	—
Equipment Management Total		3,152,286	2,080,000	3,438,000	4,746,000
Facilities Management					
	Salaries & Benefits	809	89,204	3,264	3,604
	Services & Supplies	9,413,928	12,803,871	13,056,110	4,131,292
	Intra District Charges	—	22,356	1,929	2,255
Facilities Management Total		9,414,737	12,915,431	13,061,302	4,137,152
General Services Division Deputy's Office					
	Salaries & Benefits	7,746	—	—	—
	Intra District Charges	4,549	—	—	—
General Services Division Deputy's Office Total		12,296	—	—	—
Purchasing & Consultant Contracts Services					
	Salaries & Benefits	—	—	15,060	15,745
	Services & Supplies	12	—	—	—
	Intra District Charges	—	—	8,481	9,495
Purchasing & Consultant Contracts Services Total		12	—	23,541	25,240
Capital Total ⁽¹⁾		15,045,645	17,893,738	19,513,198	12,112,856
Division Total ⁽¹⁾		42,637,989	50,277,031	54,066,411	48,500,361

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Information Technology Division



Division Summaries

Division Description and Objectives

The Information Technology Division Administration provides management oversight, leadership and strategic support for Information Technology Infrastructure, Information Security Services, and Software Services, to ensure operational effectiveness and fiscal accountability. The Information Technology Division serves the technology needs of Valley Water. The division delivers and maintains effective IT services that meet current and future needs of Valley Water. The division also provides oversight of effective, efficient, and implementation of major Information Technology initiatives.

Administration

The Information Technology Division Administration provides management oversight, leadership and strategic support for Information Technology Infrastructure, Information Security Services, and Software Services, to ensure operational effectiveness and fiscal accountability.

Infrastructure Services

Infrastructure Services is responsible for implementing and maintaining the organization's network and data center infrastructure, cybersecurity posture, telephone systems, radios, cellular devices, tablets, computers, laptops, system software, and connectivity services, including servers, networks, and Wi-Fi. The unit serves as the first point of contact for staff seeking technical assistance with personal computers, network access, email, productivity tools, and business applications, providing problem triage, resolution, and escalation support. The team also supports enterprise-wide audio/visual needs, including Board Room technology services.

Software Services

Software Services develops (where appropriate), supports, and maintains Valley Water's business applications. These include Enterprise Resource Planning (ERP) system, work and asset management system (Maximo), geographic information system (GIS), in-house applications, and Valley Water's internet and intranet.

IT Projects and Business Operations

The Information Technology Project and Business Operations Unit manages IT project management, strategic planning and alignment, complex analysis, program development, compliance, policy development, budget, reporting, and financial planning. The unit works to ensure innovative technologies are effectively implemented across the organization, while prioritizing and sequencing technology projects to align with organizational needs. It also leads, plans, oversees, and participates in complex and high-level work related to administrative, human resources, financial, and compliance support functions for the Information Technology division.

Records and Library Services

Records & Library Services Unit provides: the administration of the Records Management Center and the District Library (including secure storage, retrieval, and proper disposition of District's records and reference materials), and the provision of District's responses to legal demands for records. The Records Management Center holds records dating from the late 1800s to the present, in a wide variety of fixed media. Collections include engineering drawings, project files, accounting records, construction photographs, maps, and other records. The District Library is responsible for providing access to District generated information assets as well as providing access to externally created information sources. This Unit provides reference, research, and current news awareness services, as well as prompt and legally compliant responses to public requests for access to or copies of District records in accordance with the California Public Records Act. The Unit supports operational transparency and ensures public access to information assets. In addition, it may respond to subpoenas, grand jury requests, and other legal demands for documents from external customers, as needed.

Division Summaries

Innovation Unit

The Innovation Unit drives technological innovation to support sustainable water management, improve back-office operations, and foster a culture of collaboration and continuous improvement within Valley Water.

FY 2026 Accomplishments

Infrastructure Services

- Refreshed 25% of District's desktop and laptop computers.
- Responded to 90% of monthly IT service desk requests within 24 hours.
- Achieved a monthly customer satisfaction rating of 90% or higher.
- Achieved a monthly IT service desk closure rate of 90% or higher.
- Achieved maintenance and operations monthly performance target rate of 99% availability for: (1) Voice mail and phone system; (2) Internet service; (3) Computer network; (4) Electronic Mail; and (5) Production storage system.
- Completed SCADA technical infrastructure buildout.
- Completed Disaster Recovery Phase I buildout.
- Completed Internet capacity upgrade.
- Completed Internet HA upgrade.
- Upgraded VPN.
- Upgraded remote site servers & storage.
- Deployed multiple AI solutions to provide tools for staff to increase efficiency achieved from transitioning from repetitive lower-level tasks to increase time and efforts on higher level tasks for project management and programs.

Software Services

- Evaluated desktop and web application needs and provided solutions (Ongoing).
- Supported help desk tickets as well as hotline calls and emails (Ongoing).
- Supported COLA increase.
- Supported Infor year-end processes.
- Performed annual fiscal year updates in Maximo (Labor Rate, GL Account).
- Migrated Internal ColdFusion applications (developed by SSU) to APEX or Drupal Web Forms.
- Implemented interactive and self-service features on the external website.
- Reviewed existing spatial data and updated as necessary.
- Provided at least two sessions of district staff classroom GIS training classes.
- Provided technical support for Infor CloudSuite.
- Supported Infor monthly cumulative updates.

IT Projects and Business Operations

- Supported Infor ERP Project.
- Formalized IT Project Management Office (PMO).
- Supported over 50+ concurrent Information Technology Projects as necessary.
- Managed and rolled out Innovation Unit project related to AI.

Records and Library Services

- Provided secure storage, retrieval, and proper disposition of District's records and reference materials as required.

Division Summaries

- Processed approximately 300 requests for records services from District staff.
- Responded to approximately 400 requests for access to or copies of District records from members of the public.
- Processed approximately 3,000 Engineering drawings and 500-600 boxes of records.
- Migrated legacy databases to cloud-based systems.
- Relocated hardcopy library collections.

Innovation Unit

- Rolled out multiple AI solutions to the workforce including:
 - ChatGPT
 - Grammarly
 - Reservoir
 - Leena AI
- Initiated agreement with K-water for a digital twin solution.
- Collaborated with other public agencies on use cases and opportunities for using advanced technology.
- Kicked off a District-wide data lake project to consolidate data across multiple units.

FY 2027 Milestones

Infrastructure Services

- Refresh 25% of District's desktop and laptop computers.
- Respond to 90% of monthly IT service desk requests within 24 hours.
- Achieve a monthly customer satisfaction rating of 90% or higher.
- Achieve a monthly IT service desk closure rate of 90% or higher.
- Achieve maintenance and operations monthly performance target rate of 99% availability for: (1) Voice mail and phone system; (2) Internet service; (3) Computer network; (4) Electronic Mail; and (5) Production storage system.
- Migrate VDI.
- Complete planning phase of Microwave upgrade.
- Complete SIEM implementation.
- Prioritize agency infrastructure security to mitigate against network intrusion attacks.

Software Services

- Complete Payroll Bolt-on.
- Complete Maximo upgrade.
- Move GIS to cloud.
- Complete Aqua upgrade.
- Complete Infor consolidated web apps.

IT Projects and Business Operations

- Continue support of IT Projects and Operations, including budget and procurement management.
- Manage and coordinate projects related to the IT Strategic Plan.
- Manage Valley Water's Payroll implementation project.
- Manage and support Digital Twin initiative.

Records and Library Services

- Provide high quality research, library and records management customer services.
- Manage collections effectively and efficiently.

Division Summaries

- Respond to all legal demands for documents within statutory requirements.

Innovation Unit

- Continue K-water Digital Twin project.
- Continue adding datasets and using cases to the data lake.
- Operationalize pilot projects.
- Initiate new pilot projects as technology advances.

FY 2028 Milestones

Infrastructure Services

- Refresh 25% of District's desktop and laptop computers.
- Respond to 90% of monthly IT service desk requests within 24 hours.
- Achieve a monthly customer satisfaction rating of 90% or higher.
- Achieve a monthly IT service desk closure rate of 90% or higher.
- Achieve maintenance and operations monthly performance target rate of 99% availability for: (1) Voice mail and phone system; (2) Internet service; (3) Computer network; (4) Electronic Mail; and (5) Production storage system.
- Migrate VDI.
- Complete implementation phase of Microwave upgrade.

Software Services

- Complete upgrades of various applications, implement new tools, retire legacy applications, etc., in alignment with the IT Strategic Plan.

IT Projects and Business Operations

- Continue support of IT Projects and Operations, including budget and procurement management.
- Manage and coordinate projects related to the IT Strategic Plan.
- Roll out phase one of the Digital Twin initiative and kick off phase two.
- Upgrade high use conference rooms to provide enhanced technology and AV support.

Records and Library Services

- Provide high quality research, library and records management customer services.
- Manage collections effectively and efficiently.
- Respond to all legal demands for documents within statutory requirements.

Innovation Unit

- Continue to implement pilot and full-scale advanced technology projects.
- Increase the use of business intelligence through AI.
- Continue to add datasets and use cases to the data lake.

Budget Issues and Constraints

There are staffing challenges for modernization projects. Many projects overlap with each other, centralized IT governance of IT Service Catalog (to be accomplished during Master Planning process) and approval of projects is needed.

Division Summaries

Information Technology Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	32,695,333	35,117,202	37,553,591	40,454,825
Capital	7,100,690	5,926,129	13,344,954	15,711,294
Total ⁽¹⁾	39,796,024	41,043,331	50,898,545	56,166,119

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Information Technology Division Deputy's Office	1,509,080	1,969,172	1,387,585	1,491,693
Infrastructure Services	21,759,843	21,855,757	22,493,724	23,252,496
IT Project & Business Ops	1,569,433	2,104,798	2,451,627	2,655,555
Records and Library Services	1,336,246	1,247,231	886,120	920,294
Software Services	12,988,664	13,221,638	23,058,668	27,158,319
Innovations Unit	632,757	644,734	620,820	687,761
Total ⁽¹⁾	39,796,024	41,043,331	50,898,545	56,166,119

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Information Technology Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	44	44	44	44

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2026 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Information Technology Division Deputy's Office					
	Salaries & Benefits	647,555	664,754	674,810	718,601
	Services & Supplies	528,794	383,000	436,750	445,990
	Intra District Charges	332,732	312,872	276,071	327,562
Information Technology Division Deputy's Office Total		1,509,080	1,360,626	1,387,631	1,492,153
Infrastructure Services					
	Salaries & Benefits	4,136,081	4,416,654	4,987,736	5,237,353
	Services & Supplies	9,570,874	10,092,160	11,131,975	12,288,714
	Intra District Charges	1,899,678	2,029,360	1,994,014	2,311,675
Infrastructure Services Total		15,606,633	16,538,174	18,113,724	19,837,742
IT Project & Business Ops					
	Salaries & Benefits	861,331	1,265,680	1,569,224	1,659,809
	Services & Supplies	293,571	235,500	242,340	242,565
	Intra District Charges	414,532	603,618	640,063	753,181
IT Project & Business Ops Total		1,569,433	2,104,798	2,451,627	2,655,555
Innovation Unit					
	Salaries & Benefits	398,452	437,075	439,306	470,489
	Services & Supplies	60,465	–	–	–
	Intra District Charges	173,840	207,659	181,514	217,272
Innovation Unit Total		632,757	644,734	620,820	687,761
Records and Library Services					
	Salaries & Benefits	974,703	950,566	641,304	669,835
	Services & Supplies	141,386	113,400	113,400	116,802
	Intra District Charges	220,158	183,265	131,416	133,657
Records and Library Services Total		1,336,246	1,247,231	886,120	920,294
Software Services					
	Salaries & Benefits	4,299,469	4,868,605	4,787,168	5,013,665
	Services & Supplies	5,668,654	6,047,500	7,318,083	7,536,945
	Intra District Charges	2,073,060	2,305,533	1,988,416	2,310,710
Software Services Total		12,041,183	13,221,638	14,093,668	14,861,319
Operations Total ⁽¹⁾		32,695,333	35,117,202	37,553,591	40,454,825

Division Summaries

Capital Budget by Department and Account Category

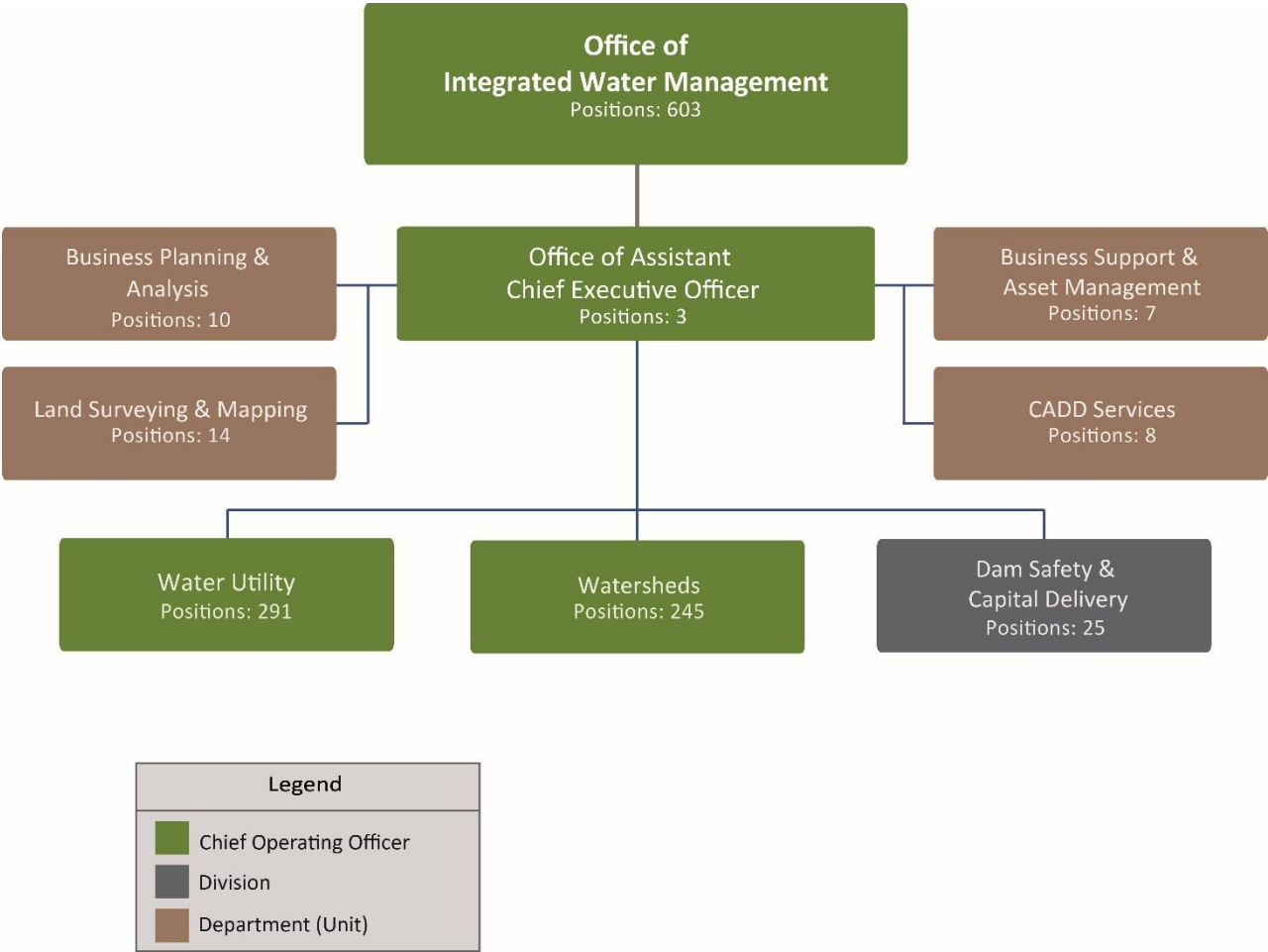
Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Information Technology Division Deputy's Office					
	Services & Supplies	–	608,546	(46)	(460)
Information Technology Division Deputy's Office Total		–	608,546	(46)	(460)
Infrastructure Services					
	Salaries & Benefits	15,779	–	–	–
	Services & Supplies	6,129,564	5,317,583	4,380,000	3,414,754
	Intra District Charges	7,866	–	–	–
Infrastructure Services Total		6,153,209	5,317,583	4,380,000	3,414,754
Software Services					
	Services & Supplies	947,481	–	8,965,000	12,297,000
Software Services Total		947,481	–	8,965,000	12,297,000
Capital Total ^{(1),(2)}		7,100,690	5,926,129	13,344,954	15,711,294
Division Total ^{(1),(2)}		39,796,024	41,043,331	50,898,545	56,166,119

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries

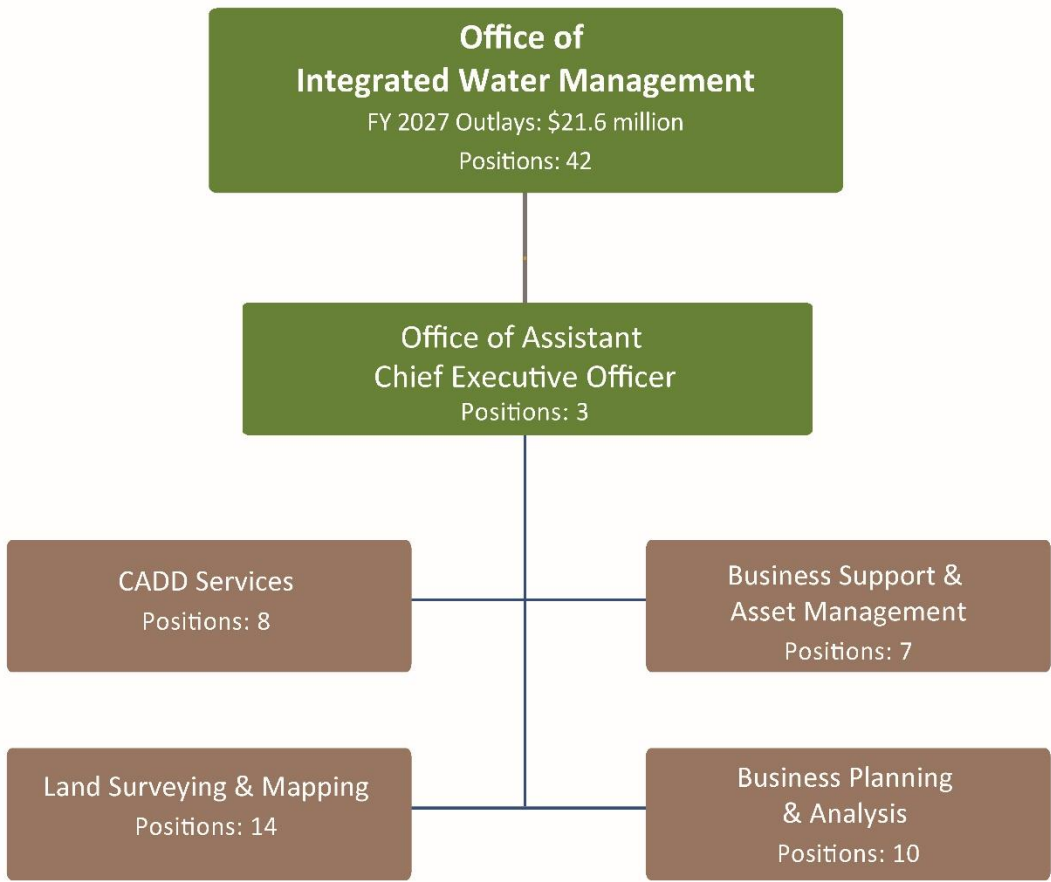
Office of Integrated Water Management



The Office of Integrated Water Management (OIWM) provides strategic leadership and coordination across Valley Water’s Watersheds and Water Utility business areas. It includes the Office of the Assistant Chief Executive Officer, which encompasses four district-wide capital and operations support units, as well as the Dam Safety and Capital Delivery Division. OIWM’s role is to ensure strong alignment and effective collaboration between the two major business areas.

Division Summaries

Office of Assistant Chief Executive Officer



Legend	
	Chief Operating Officer
	Division
	Department (Unit)

Division Summaries

Division Description and Objectives

The Office of the Assistant Chief Executive Officer leads and oversees Valley Water's Office of Integrated Water Management, fostering coordination between the Watersheds and Water Utility business areas to advance the Board's Ends, Goals, and Objectives. The office provides strategic leadership and managerial and administrative support to ensure the efficient and effective delivery of Valley Water's projects and programs.

Business Planning and Analysis

The Business Planning and Analysis Unit leads and oversees three major, district-wide programs at Valley Water. It manages the implementation of the Five-Year planning process for the Capital Improvement Program (CIP), which includes an annual development cycle, project validation and evaluation, and change management. The CIP Five-Year Plan is a rolling financial plan that guides funding for Valley Water's capital projects. The unit also administers the Capital Project Management and Project Controls (CPMPC) Program, which supports the CIP Committee, manages the Capital Quality and Environmental Management System (QEMS) document control and training, and oversees Projectmates, a project management information system (PMIS) designed to improve oversight and delivery of capital projects. Additionally, the unit is responsible for implementing the Safe, Clean Water and Natural Flood Protection Program. This includes developing five-year implementation plans and annual reports, managing the Change Control Process, supporting the Independent Monitoring Committee, and tracking project progress toward meeting Key Performance Indicators (KPIs).

Business Support and Asset Management

The Business Support and Asset Management Unit plays a key role in maintaining and improving Valley Water's infrastructure. The unit leads the development and continuous refinement of asset management programs and information systems, ensuring alignment with industry best practices. It oversees asset management efforts for Valley Water's Water Utility operations and provides support for users of the Computerized Maintenance Management System (CMMS), Maximo, including for facilities and fleet. The unit also manages three major infrastructure master planning efforts: the Water Treatment Plant, Distribution System, and SCADA System Master Plan Implementation Projects. These projects help shape the Water Utility capital improvement program to ensure the continued reliability of Valley Water's systems and the delivery of safe, clean drinking water.

CADD Services

The CADD (Computer-Aided Design and Drafting) Services Unit is responsible for producing engineering drafting and design work across Valley Water, maintaining plan production standards, and managing CADD software. Its work supports a wide range of Valley Water infrastructure, including water resources facilities, flood protection systems, pipeline infrastructure, and watershed management facilities. The unit participates in quality control reviews at key milestones in capital projects, ensuring compliance with Valley Water's CADD standards and industry best practices. Additionally, it manages digital design files and drawing archives in coordination with Records Management.

Land Surveying & Mapping

The Land Surveying and Mapping Unit provides professional surveying and mapping services to support the planning, design, construction, and maintenance of Valley Water facilities. Its work includes accurately locating existing and proposed infrastructure, producing detailed graphical representations of land features, boundaries, and fixed works, and ensuring compliance with all relevant state and local laws and regulations.

Division Summaries

FY 2026 Accomplishments

Business Planning and Analysis

Capital Improvement Program (CIP):

- Developed the CIP FY 2027–31 Five-Year Plan through the annual CIP development cycle.
- Engaged in outreach with local cities and the county to support CIP development and coordination.

Capital Project Management and Project Controls Program (CPMPC):

- Managed and provided training for Projectmates, Valley Water’s capital project management information system.
- Reviewed and updated the Capital Quality and Environmental Management System (QEMS) documentation.
- Continued development and implementation of the program’s project controls framework to enhance oversight and delivery of capital projects.
- Hired and trained a new staff member to expand team support for business analytics reporting using Power BI for capital projects.
- Coordinated with the Technical Review Committee to schedule lessons learned and cost estimating trainings for staff.
- Assisted auditors with requested capital program information for the Capital Delivery Process Audit.

Safe, Clean Water Program:

- Delivered the FY 2024–25 Annual Report for the renewed Safe, Clean Water Program.
- Onboarded new Independent Monitoring Committee (IMC) members.
- Supported the IMC review of the Annual Report, including coordinating subcommittee meetings, preparing meeting notes, and creating the IMC annual report.
- Organized an IMC tour of Safe, Clean Water project sites.
- Developed management response to FY 2024–25 IMC recommendations and began implementation of Board-approved IMC recommendations, aligned with the updated Change Control Process.
- Developed the Five-Year Implementation Plan for FY 2027–31; presented it to the IMC for review and to the Board for consideration and approval.
- Initiated the FY 2025–26 Safe, Clean Water Program review cycle.
- Executed program changes in accordance with the Board-approved Change Control Process.
- Maintained and regularly updated the Safe, Clean Water Program and project webpages.
- Coordinated and provided information for the independent professional audit of the renewed Safe, Clean Water Program conducted by PMA Consultants; developed a management response to the audit; and initiated implementation of Board-approved audit recommendations.

Business Support and Asset Management

District-Wide Asset Management and Business Support:

- Provided scope development and vendor selection support for the upcoming condition assessment of facilities.

Water Utility Asset Management Program:

- Completed the FY 2026–30 Water Utility Asset Renewal Plan.
- Led scope, resource, and budget planning for FY 2026–27 Water Utility Small Capital Improvement Projects.
- Developed new business analytics Power BI-based tools for enhanced system administration of CMMS and asset renewal planning databases.

Water Utility Infrastructure Master Plan Implementation Projects:

Water Treatment Plants (WTPMPIP)

- Completed the Planning Study Report.

Division Summaries

Distribution System (DSMPIP)

- Completed pipelines and pump stations asset condition assessments.

Supervisory Control and Data Acquisition/SCADA (SMPIP)

- Completed Early Implementation Projects planning for use in the SMPIP Upgrades – Phase 1 project.

CADD Services

- Maintained a monthly CADD service request completion rate of over 90% compared to incoming submittals.
- Maintained the CADD Standards Training Program, including updates to the website, training videos, and user guidelines.
- Successfully completed more than 200 CADD service requests.
- Continued district-wide upgrade of Civil 3D software from Version 2021 to Version 2024.
- Provided Autodesk software support, including installation, troubleshooting, and license management, to over 150 users of Civil 3D, Revit, and AutoCAD Electrical across the district.

Land Surveying & Mapping

- Conducted deformation monitoring at multiple critical sites, including Rinconada and Penitencia Water Treatment Plants, Coyote and Anderson Dams and Tunnels, and Vasona, Chesbro, Uvas, Stevens Creek, Almaden, and Guadalupe Dams, as well as the Santa Clara Conduit Fault Crossing.
- Performed a Cross Valley Level Circuit Subsidence Survey, covering over 100 miles of high-precision leveling.
- Provided right-of-way support for future District projects at Sunnyvale East and West, Almaden-Calero Canal and Calero Dam Seismic Retrofit.
- Established post-construction models for monitoring Reaches 4, 5, 6, 7A & 14 on the Upper Llagas Floodplain Protection Project, covering approximately 11 miles of creek.
- Provided surveying support for the Anderson Dam Seismic Retrofit Project (ADSRP) using Unmanned Aerial Vehicles (UAVs), Interferometric Synthetic Aperture Radar (InSAR), and terrestrial survey methods.

FY 2027 Milestones

Business Planning and Analysis

- Capital Improvement Program:
 - Develop the CIP FY 2028–32 Five-Year Plan through the annual cycle.
 - Implement the final recommendations from the 2026 CIP Benchmarking Study conducted by PMA Consultants.
 - Develop, test, pilot, and implement a CIP Long-Term Forecast (LTF) Template for long-term financial forecasting and resource allocation.
 - Provide updates and annual training on CIP development workflows and Capital QEMS policies and document control.
- Capital Project Management and Project Controls Program:
 - Continue support and training for Projectmates, the project management information system, and continue development and implementation of the project controls component of the program, including an audit-as-you-go approach.
 - Coordinate/prepare biennial QEMS staff trainings.
 - Review auditor findings from the Capital Delivery Process Audit and assist with management responses and implementation suggestions; continue developing and improving dashboard reports.
- Safe, Clean Water Program:
 - Develop the FY 2025–26 annual report.
 - Organize the IMC's tour of Safe, Clean Water Program's project sites.
 - Coordinate the IMC's review of the FY 2025–26 Annual Report.
 - Implement IMC recommendations as approved by the Board and in accordance with the program Change Control

Division Summaries

Process.

- Implement the final recommendations of the independent professional audit of the Safe, Clean Water Program conducted by PMA Consultants.

Business Support and Asset Management

- Develop FY 2027–31 Water Utility Asset Renewal Plan.
- Develop FY 2027–28 Water Utility Small Capital Improvement Project plans.
- Use business analytics Power BI-based dashboard reports for improved water utility maintenance planning.
- Complete the WTPMPIP Implementation Plan and initiate CIP program management activities.
- Complete the DSMPIP Problem Definition Report and Planning Study Report.
- Complete the SMPPIP platform selection and Design and Implementation Standards.

CADD Services

- Maintain the CADD Standards Training Program (website updates, training videos, guidelines, etc.)
- Update the CADD Standards Manual for Contractors and Consultants.
- Improve and/or maintain the CADD Request on-time completion rating at 85% or higher.
- Develop the Standard Details Manual.
- Create the Operations & Maintenance Project CADD Manual and templates.

Land Surveying & Mapping

- Perform the Cross Valley Level Circuit and deliver data.
- Conduct deformation monitoring at multiple critical sites, including Rinconada and Penitencia Water Treatment Plants, Coyote and Anderson Dams and Tunnels, and Vasona, Chesbro, Uvas, Stevens Creek, Almaden, and Guadalupe Dams, as well as the Santa Clara Conduit Fault Crossing.
- Complete 100% of all Survey Requests received in a timely and efficient manner.

FY 2028 Milestones

Business Planning and Analysis

- Capital Improvement Program:
 - Develop the CIP FY 2029–33 Five-Year Plan through the annual planning cycle.
 - Continue the implementation of the final recommendations from the 2026 CIP Benchmarking Study conducted by PMA Consultants.
 - Continue the implementation of the CIP LTF Template for long-term financial forecasting and resource allocation.
 - Provide regular updates and conduct annual training on CIP development workflows, as well as Capital QEMS policies and document control procedures.
- Capital Project Management and Project Controls Program:
 - Continue support and training for, and expanded implementation of, Projectmates, Valley Water's project management information system, and advance the development and rollout of the program's project controls framework, including an audit-as-you-go approach
 - Continue to provide support for implementation of audit recommendations; and continue developing and improving dashboard reports.
- Safe, Clean Water Program:
 - Develop the FY 2026–27 Safe, Clean Water annual report.
 - Organize the IMC's tour of Safe, Clean Water Program's project sites.
 - Coordinate the IMC's review of the FY 2026–27 Annual Report.

Division Summaries

- Implement IMC recommendations as approved by the Board and in accordance with the program Change Control Process.

Business Support and Asset Management

- Develop FY 2028–32 Water Utility Asset Renewal Plan.
- Develop FY 2028–29 Water Utility Small Capital Improvement Project plans.
- Use business analytics Power BI and AVEVA PI integration for enhanced water utility maintenance planning.
- Lead WTPMPIP CIP program management activities.
- Complete the DSMPIP Implementation Plan.
- Complete the SMPIP Planning Study Report and Implementation Plan.

CADD Services

- Maintain the CADD Standards Training Program, including website updates, training videos, and user guidelines.
- Update the CADD Standards Manual for Contractors and Consultants to reflect current best practices.
- Improve or maintain an on-time completion rate of 85% or higher for CADD service requests.

Land Surveying & Mapping

- Perform the Cross Valley Level Circuit.
- Conduct ongoing deformation monitoring at key facilities and infrastructure, including Rinconada and Penitencia Water Treatment Plants; Coyote Dam and Tunnel; Vasona, Chesbro, Anderson, Uvas, Stevens Creek, Almaden, and Guadalupe Dams; and Santa Clara Conduit Fault Crossing.
- Complete photogrammetric and volumetric surveys of two Valley Water reservoirs.
- Perform a Cross Valley Level Circuit Subsidence Survey, covering over 100 miles of high-precision leveling.
- Conduct right-of-way surveys and develop digital terrain models for Coyote Creek.
- Provide construction monitoring and support for the Upper Llagas Floodplain Protection Project, covering approximately 11 miles of creek.
- Support ADSRP surveying using UAVs, InSAR, and terrestrial methods.

Budget Issues and Constraints

- Balancing the budgetary requirements of Valley Water’s core missions—water supply, environmental stewardship, and flood protection.
- Addressing funding gaps by seeking supplemental sources such as grants, partnerships, and federal contributions.
- Managing over 20,000 assets, which necessitates prioritizing and analyzing subsets of assets each year rather than evaluating all assets annually.
- Relying on collaboration and support from operations, maintenance, and engineering staff across all Valley Water business areas.

Division Summaries

Office of Assistant Chief Executive Officer — Budget Summary

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Project Type (Category)	Budgetary Actuals	Adopted Budget	Adopted Budget	Proposed Plan
Operations	11,405,560	14,362,693	10,856,970	12,100,777
Operating Project	145,739	23,502	77,023	55,871
Capital	9,280,044	9,087,713	10,681,259	11,891,907
Total ⁽¹⁾	20,831,344	23,473,907	21,615,252	24,048,555

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Department (Unit)	Budgetary Actuals	Adopted Budget	Adopted Budget	Proposed Plan
Business Planning and Analysis Unit	4,337,493	4,892,375	5,062,905	5,334,387
Business Support & Asset Management	5,780,465	6,398,974	4,462,102	5,784,136
CADD Services	2,623,529	2,975,870	3,070,563	3,307,207
Land Surveying & Mapping	5,689,932	6,041,182	6,215,558	6,634,904
Office of Integrated Water Management	2,399,926	3,165,506	2,804,125	2,987,921
Total ⁽¹⁾	20,831,344	23,473,907	21,615,252	24,048,555

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of Assistant Chief Executive Officer - Position Summary

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Authorized Positions ⁽¹⁾	Adjusted Budget ⁽²⁾	Adopted Budget ⁽²⁾	Adopted Budget	Proposed Plan
	47	47	42	42

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Business Planning and Analysis					
	Salaries & Benefits	1,101,744	1,204,388	981,051	1,025,645
	Services & Supplies	25,879	43,440	38,440	37,997
	Intra District Charges	648,088	730,432	557,026	625,920
Business Planning and Analysis Total		1,775,711	1,978,260	1,576,516	1,689,562
Business Support & Asset Management					
	Salaries & Benefits	2,401,277	2,791,987	1,640,310	2,069,375
	Services & Supplies	415,319	920,000	784,500	807,675
	Intra District Charges	1,457,169	1,723,746	922,282	1,244,064
Business Support & Asset Management Total		4,273,765	5,435,733	3,347,092	4,121,115
CADD Services					
	Salaries & Benefits	194,212	232,169	238,794	254,076
	Services & Supplies	7,438	12,000	12,000	12,000
	Intra District Charges	113,144	137,688	129,291	146,946
CADD Services Total		314,794	381,856	380,085	413,022
Land Surveying & Mapping					
	Salaries & Benefits	1,657,394	1,980,664	1,627,479	1,659,783
	Services & Supplies	139,010	231,900	239,000	240,000
	Intra District Charges	990,700	1,232,312	959,697	1,045,246
Land Surveying & Mapping Total		2,787,104	3,444,876	2,826,176	2,945,028
Office of Integrated Water Management					
	Salaries & Benefits	1,425,888	1,587,534	1,396,877	1,485,902
	Services & Supplies	105,383	560,300	592,050	570,050
	Intra District Charges	868,655	997,635	815,198	931,969
Office of Integrated Water Management Total		2,399,926	3,145,469	2,804,125	2,987,921
Operations Total ⁽¹⁾		11,551,299	14,386,195	10,933,993	12,156,648

Division Summaries

Capital Budget by Department and Account Category

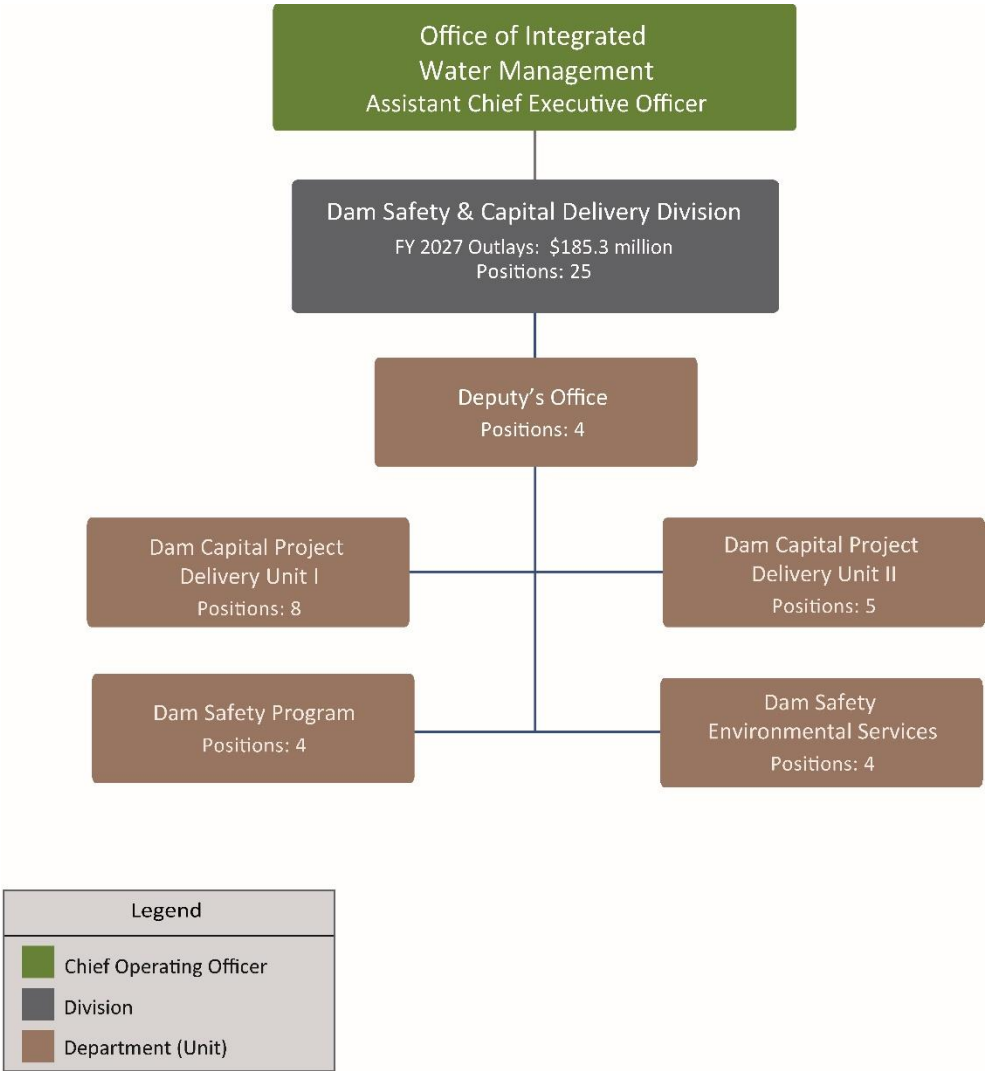
Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Business Planning and Analysis					
	Salaries & Benefits	1,575,180	1,619,716	2,021,631	2,038,130
	Services & Supplies	52,723	335,910	341,100	341,100
	Intra District Charges	933,879	958,489	1,123,658	1,265,595
Business Planning and Analysis Total		2,561,782	2,914,115	3,486,389	3,644,825
Business Support & Asset Management					
	Salaries & Benefits	931,943	693,742	628,427	320,506
	Services & Supplies ⁽²⁾	8,025	(159,217)	133,111	1,149,649
	Intra District Charges	566,732	428,716	353,471	192,866
Business Support & Asset Management Total		1,506,700	963,241	1,115,010	1,663,021
CADD Services					
	Salaries & Benefits	1,459,339	1,605,991	1,722,074	1,810,360
	Services & Supplies	10,004	36,640	36,280	37,000
	Intra District Charges	839,393	951,383	932,124	1,046,825
CADD Services Total		2,308,735	2,594,013	2,690,478	2,894,185
Land Surveying & Mapping					
	Salaries & Benefits	1,635,210	1,390,941	1,914,688	2,048,810
	Services & Supplies	295,119	314,850	314,850	315,350
	Intra District Charges	972,497	890,515	1,159,844	1,325,715
Land Surveying & Mapping Total		2,902,827	2,596,306	3,389,382	3,689,876
Office of Integrated Water Management					
	Salaries & Benefits	–	12,295	–	–
	Intra District Charges	–	7,742	–	–
Office of Integrated Water Management Total		–	20,037	–	–
Capital Total ^{(1),(2)}		9,280,044	9,087,713	10,681,259	11,891,907

Division Total ^{(1),(2)}	20,831,344	23,473,907	21,615,252	24,048,555
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(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Dam Safety and Capital Delivery Division



Division Summaries

Division Description and Objectives

The Dam Safety and Capital Delivery Division is responsible for planning, design, construction, and ongoing maintenance of the dam facilities, as well as delivery of capital projects included in Valley Water's five-year Capital Improvement Program (CIP). The objective of the Dam Safety and Capital Delivery Division is to ensure the dam facilities remain safe, compliant with regulatory requirements, and in good condition while advancing critical capital improvements.

In FY 2026, the Division underwent a reorganization to enhance operational efficiency, optimize resource utilization, and better align staff and functions with current project delivery priorities, including the suspension of the Pacheco Reservoir Expansion Project. As part of this effort, roles and responsibilities were clarified to distinguish between planning, design, and construction responsibilities. The Division now consists of four units: the Dam Safety Program Unit, the Dam Capital Project Delivery Unit I, the Dam Capital Project Delivery Unit II, and the Dam Safety Environmental Services Unit.

Dam Safety Program

The Dam Safety Program Unit, previously known as the Dam Safety Program and Project Delivery Unit, manages maintenance, inspections, regulatory compliance, and safety of the twelve Valley Water dams. Dam safety and dam maintenance activities are carried out through two department programs: the Dam Safety Program, and the Dams and Reservoirs Maintenance Program. Capital projects currently being managed by the department include the Almaden Dam Improvements Project and the Dam Safety Evaluation - Phase 1 Project.

Dam Capital Project Delivery Unit I

The Dam Capital Project Delivery Unit I was established in FY 2026 to oversee construction phase activities for major dam capital projects. This includes responsibility for construction oversight, quality control, schedule and budget management, contract administration, and project closeout. The unit currently oversees construction of the Anderson Dam Tunnel Project (ADTP), the Anderson Dam Seismic Retrofit Project (ADSRP), and coordinates with other projects related to Anderson Dam.

Dam Capital Project Delivery Unit II

The Dam Capital Project Delivery Unit II, which replaced the Pacheco Reservoir Expansion Project Delivery unit in FY 2026, is responsible for the planning, design, and delivery of dam capital projects other than Anderson Dam. Capital projects currently managed by the unit include the Calero Dam Seismic Retrofit Project (CDSRP), the Coyote Dam Seismic Stability Project (CDSSP), and the Guadalupe Dam Seismic Retrofit Project (GDSRP).

Dam Safety Environmental Services Unit

The Dam Safety Environmental Services Unit was formed in FY 2024 to address growing critical environmental compliance needs in the Dam Safety and Capital Delivery Division. The unit provides environmental and regulatory compliance across all dam safety initiatives and capital projects. The unit plays a critical role in supporting both planning/design and construction activities, including major projects such as the Anderson Dam Seismic Retrofit Project, Calero Dam Seismic Retrofit Project, and the Guadalupe Dam Seismic Retrofit Project, as well as broader Division-wide environmental requirements.

Division Summaries

FY 2026 Accomplishments

Anderson Dam Seismic Retrofit Project:

- Submitted 100% Design Plans and Specifications to the California Division of Safety of Dams (DSOD) and the Federal Energy Regulatory Commission (FERC)
- Obtained authorization to advertise the construction contract
- Secured major regulatory approvals, including biological opinions from the U.S. Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS), 401 certification from the State Water Resources Control Board (SWRCB), Consistency Certification from the Bay Conservation and Development Commission (BCDC), and Lake and Streambed Alteration Agreement from the California Department of Fish and Wildlife (CDFW)
- Coordinated the release of the Final Environmental Impact Statement by FERC on February 6, 2026.

Other Dam Safety and Capital Projects:

- Completed DSOD/FERC annual inspections for all dams and addressed identified maintenance items
- Completed annual surveillance/monitoring reports for all dams
- Completed seismic stability evaluations for Coyote and Uvas Dams
- Advanced the design and development of environmental documents for the Calero Dam Seismic Retrofit Project and Guadalupe Dam Seismic Retrofit Project.
- Completed substantial construction of the Anderson Dam Tunnel Project.

FY 2027 Milestones

Anderson Dam Seismic Retrofit Project:

- Obtain authorization to award the construction contract.
- Complete all pre-construction permit requirements.
- Issue administrative Notice to Proceed (NTP) 1 for initial submittals and NTP 2 for construction mobilization.
- Commence construction groundbreaking.

Other Dam Safety Program Projects:

- Complete 100% design of the dam embankment, spillway, and breaching of Fellows Dike (Package A) for the Calero Dam Seismic Retrofit Project
- Release the Final EIR and obtain permits for Package A of the Calero Dam Seismic Retrofit Project
- Obtain CEQA compliance and permits to begin construction of the Intake Riser Repair Project for Guadalupe Dam Seismic Retrofit Project
- Complete 90% design of the dam embankment and spillway (Package A) for the Guadalupe Dam Seismic Retrofit Project
- Produce annual FERC/DSOD reports summarizing dam surveillance/monitoring results
- Participate in FERC/DSOD annual inspections and address maintenance issues identified during these inspections
- Begin construction of the Coyote Percolation Dam Phase 2 Project
- Complete construction of the Anderson Dam Tunnel Project.
- Select design and environmental consultant team for Coyote Dam Seismic Stability Project.

Division Summaries

FY 2028 Milestones

Anderson Dam Seismic Retrofit Project:

- Complete Year 1 construction activities.
- Complete environmental compliance reporting and surveys for Year 1.

Other Dam Safety Program Projects:

- Obtain authorization to advertise and award Package A for the Calero Dam Seismic Retrofit Project.
- Complete 100% design of the dam embankment and spillway (Package A) for the Guadalupe Dam Seismic Retrofit Project
- Release the Draft EIR and submit permit applications for Package A of the Guadalupe Dam Seismic Retrofit Project
- Produce annual FERC/DSOD reports summarizing dam surveillance/monitoring results; participate in FERC/DSOD annual inspections and address maintenance issues identified during these inspections
- Complete construction of the Coyote Percolation Dam Phase 2 Project.

Budget Issues and Constraints

Progress on all projects can be greatly affected by external forces such as coordination with external agencies and regulatory bodies, securing permits, and negotiating of various agreements between Valley Water and other agencies or regulators. Projects are faced with compressed timelines. Staffing challenges, both within the Division and support from other Valley Water Departments, may present obstacles to the achievement of Division objectives.

Division Summaries

Dam Safety and Capital Delivery Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	2,814,212	3,994,595	3,199,241	3,451,252
Capital	77,322,040	76,624,178	182,127,642	192,276,100
Total ⁽¹⁾	80,136,252	80,618,773	185,326,884	195,727,352

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Dam Safety Program	65,524,793	105,501,963	3,778,772	4,087,489
Dam Safety Environmental Services	4,378,220	1,255,411	4,634,544	5,256,460
Office of Dam Safety and Capital Delivery Division ⁽²⁾	1,862,100	(30,056,005)	(4,537,398)	2,304,704
Dam Capital Project Delivery Unit I ⁽²⁾	—	—	170,767,972	163,894,069
Dam Capital Project Delivery Unit II ⁽²⁾	8,371,138	3,917,404	10,682,994	20,184,630
Total ⁽¹⁾⁽²⁾	80,136,252	80,618,773	185,326,884	195,727,352

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

(2) Negative balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Dam Safety and Capital Delivery Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	23	23	25	25

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	2027-28 Proposed Plan
Dam Safety Program					
	Salaries & Benefits	968,322	989,033	930,894	986,424
	Services & Supplies	1,171,839	2,381,200	1,635,300	1,632,859
	Intra District Charges	621,264	624,362	545,692	618,306
Dam Safety Program Total		2,761,425	3,994,595	3,111,885	3,237,589
Dam Safety Environmental Services					
	Salaries & Benefits	25,623	—	55,539	132,538
	Services & Supplies	900	—	—	—
	Intra District Charges	14,358	—	31,817	81,125
Dam Safety Environmental Services Total		40,881	—	87,356	213,662
Office of Dam Safety and Capital Delivery Division					
	Services & Supplies	1,862	—	—	—
Office of Dam Safety and Capital Delivery Division Total		1,862	—	—	—
Dam Capital Project Delivery Unit II					
	Salaries & Benefits	3,747	—	—	—
	Services & Supplies	5,400	—	—	—
	Intra District Charges	897	—	—	—
Dam Capital Project Delivery Unit II Total		10,044	—	—	—
Operations Total ⁽¹⁾		2,814,212	3,994,595	3,199,241	3,451,252

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

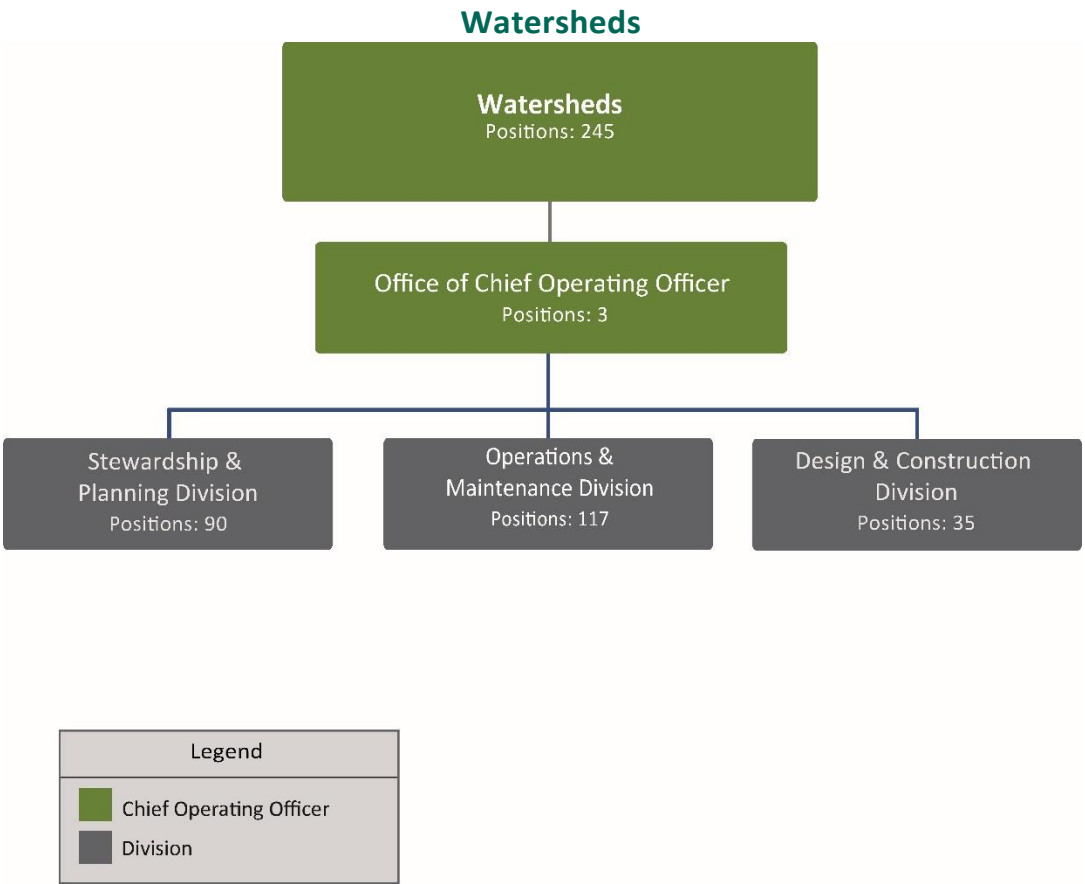
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Dam Safety Program					
	Salaries & Benefits	1,374,790	1,515,063	405,296	463,437
	Services & Supplies	60,501,503	99,031,491	23,849	127,961
	Intra District Charges	887,075	960,814	237,741	258,502
Dam Safety Program Total		62,763,368	101,507,369	666,887	849,900
Dam Safety Environmental Services					
	Salaries & Benefits	1,168,649	1,502,753	1,263,054	1,248,979
	Services & Supplies	2,457,223	(1,184,664)	2,560,452	3,029,150
	Intra District Charges	711,467	937,321	723,682	764,668
Dam Safety Environmental Services Total		4,337,339	1,255,411	4,547,188	5,042,798
Office of Dam Safety and Capital Delivery Division					
	Salaries & Benefits	1,135,388	1,188,214	1,448,803	1,588,927
	Services & Supplies	6,257	(31,983,925)	(6,809,790)	(230,221)
	Intra District Charges	718,593	739,705	823,589	945,998
Office of Dam Safety and Capital Delivery Division Total		1,860,238	(30,056,005)	(4,537,398)	2,304,704
Dam Capital Project Delivery Unit I					
	Salaries & Benefits	–	–	2,488,639	2,621,435
	Services & Supplies	–	–	166,838,000	159,647,000
	Intra District Charges	–	–	1,441,333	1,625,634
Dam Capital Project Delivery Unit I Total		–	–	170,767,972	163,894,069
Dam Capital Project Delivery Unit II					
	Salaries & Benefits	2,093,003	2,221,380	1,782,994	1,941,512
	Services & Supplies	5,055,176	371,868	7,913,566	17,141,134
	Intra District Charges	1,212,916	1,324,157	986,434	1,101,985
Dam Capital Project Delivery Unit II Total		8,361,095	3,917,404	10,682,994	20,184,630
Capital Total ^{(1),(2)}		77,322,040	76,624,178	182,127,642	192,276,100
Division Total ^{(1),(2)}		80,136,252	80,618,773	185,326,884	195,727,352

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

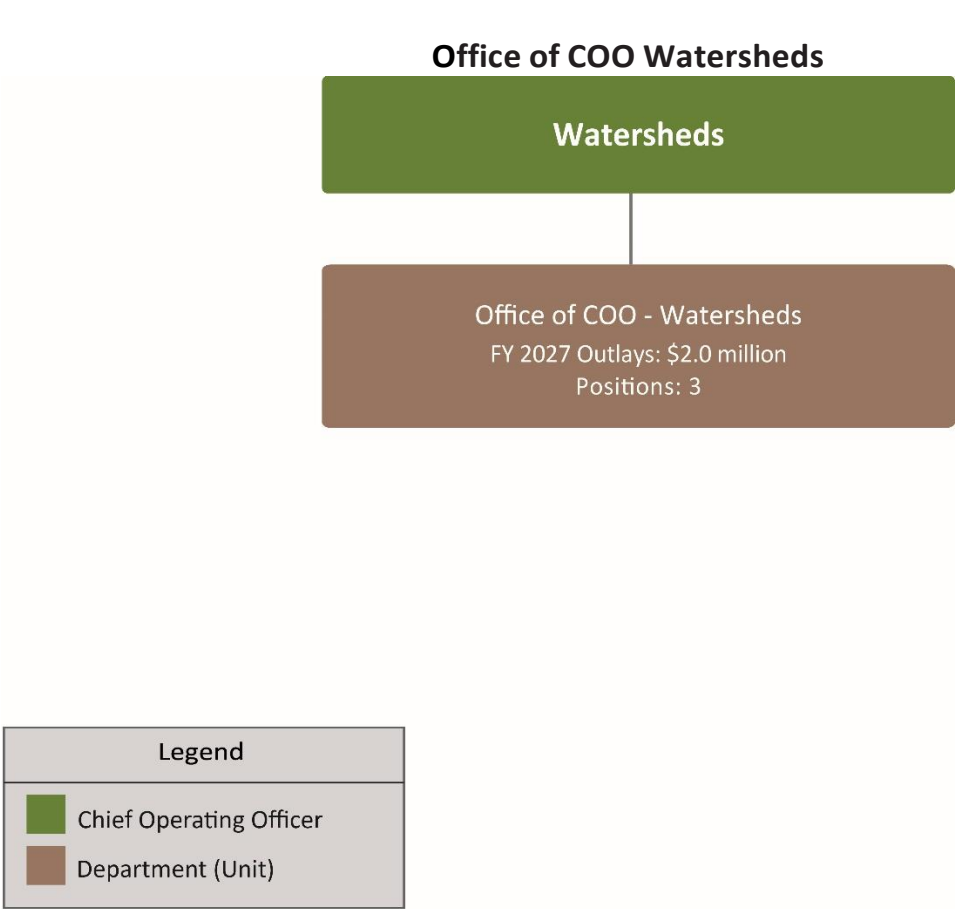
(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries



Watersheds oversees five distinct watershed areas in Santa Clara County and is responsible for overall stewardship of these geographic areas, providing flood protection and field operations and mitigating environmental impacts, while enhancing positive environmental aspects.

Division Summaries



The Office of the Chief Operating Officer leads and manages Watersheds to achieve the Board’s Ends, Goals, and Objectives. This includes providing Watersheds the leadership, staff, and funding to conduct the administrative aspects of Watersheds functions. In general, this provides for management activities that promote communication, human resources development, budgeting, project efficiencies and process improvement, mentoring and recruitment, and supporting Valley Water-wide special events/efforts that benefit the whole organization.

Division Summaries

Office of COO Watersheds — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	1,862,677	1,957,421	1,967,385	2,100,369
Total ⁽¹⁾	1,862,677	1,957,421	1,967,385	2,100,369

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Office of the COO	1,862,677	1,957,421	1,967,385	2,100,369
Total ⁽¹⁾	1,862,677	1,957,421	1,967,385	2,100,369

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of the COO Watersheds - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	3	3	3	3

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

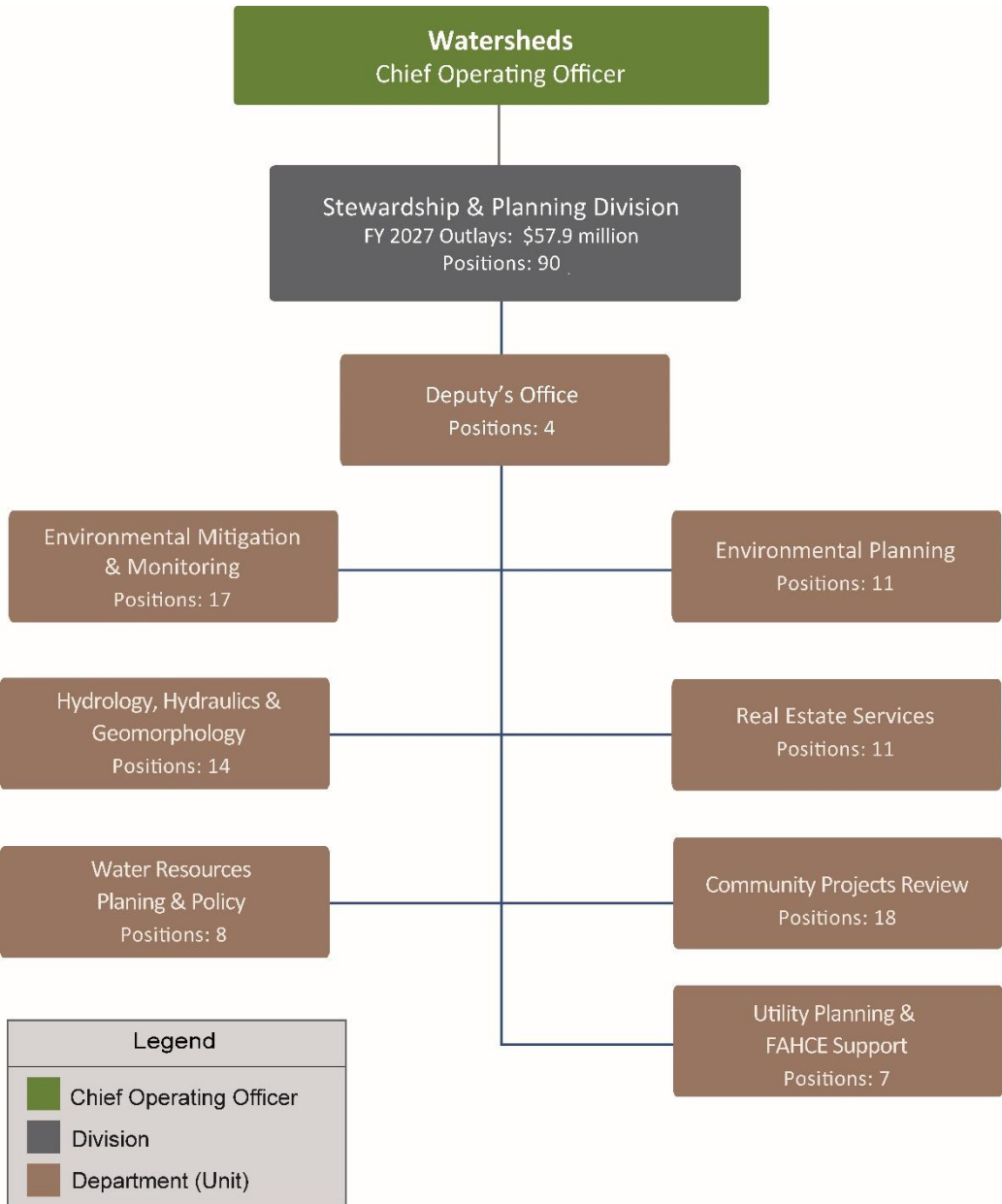
Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of the COO					
	Salaries & Benefits	1,144,765	1,105,390	1,141,819	1,202,378
	Services & Supplies	63,497	185,115	185,115	169,826
	Intra District Charges	654,415	666,915	640,452	728,165
Office of the COO Total		1,862,677	1,957,421	1,967,385	2,100,369
Operations Total ⁽¹⁾		1,862,677	1,957,421	1,967,385	2,100,369

Division Summaries

Watershed Stewardship & Planning Division



Division Summaries

Division Description and Objectives

The Watershed Stewardship and Planning Division is composed of seven units and provides project planning for environmental stewardship projects; long-range planning for integrated watershed management; implementation of Valley Water's Climate Change Action Plan; the integration of biological, hydrological, water quality, and geomorphological data into the planning, design, and construction of capital projects and operational programs; oversight of real estate services including acquisition, disposition, and management of property; environmental planning, permitting, and monitoring services; and ensuring Valley Water's compliance with the regional stormwater quality permit. In addition, the Division co-leads the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) and ensures timely completion of Key Performance Indicators for the Safe, Clean Water and Natural Flood Protection Program's surface water quality, environmental monitoring, and habitat enhancement and restoration priorities.

Community Projects Review

The Community Projects Review Unit provides for protection of Valley Water's Watershed, Water Utility assets, and interests from external activities and violations as defined by the Water Resources Protection Ordinance through the review of approximately 1,640 projects and issuance of approximately 146 encroachment permits for activities on Valley Water right of way and ordinance enforcement for activities undertaken without appropriate permits. Projects include implementation of the Underground Service Alert program that entails reviewing approximately 2,842 tickets per year. The unit also reviews proposed developments within the planning stages as they interface with Valley Water and interests. The unit includes specialized maintenance and development of approximately 12,000 map pages, and the GIS layers showing Valley Water land rights and joint use agreements, as well as providing FEMA, flooding, and water resource information to the public and responding to Public Records Act requests. The unit provides technical support and assists in the negotiation of real estate transactions, including joint use agreements, licenses, and right of way transactions resulting from land use development permit requests, and negotiates or provides support for other types of agreements related to land development, public agency projects, or other construction on Valley Water property. The unit administers the Safe Clean Water Project F9.4 Creekside Neighbor Rebate Program to provide rebates for agencies, organizations, and individuals for watershed activities that provide a public benefit, including bank repair, sediment removal, outfall repair, and downed tree management.

Environmental Planning

The Environmental Planning Unit provides project planning, environmental document preparation, California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) compliance, and natural resource agency permitting services for water utility and watershed capital projects. Additionally, the unit supports CEQA lead and responsible agency actions for Valley Water permit and grant programs. Finally, the unit manages Safe, Clean Water Projects B1 Impaired Water Bodies Improvement and B2 Inter-agency Urban Runoff Program and provides surface water quality regulatory expertise.

Environmental Mitigation & Monitoring

The Environmental Mitigation and Monitoring Unit is responsible for: managing long-term mitigation monitoring programs for Valley Water; three ecology-oriented stewardship Safe, Clean Water Programs (D2, D5, and D7); administering two on-call biological services consultant agreements; land management and easement monitoring for mitigation lands; oversight of the plant pathogen program; providing biological subject matter expertise to support over 30 capital projects and long-range planning programs; managing the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE); and mitigation monitoring commitments for the Anderson Dam Seismic Retrofit project. The unit also provides ecological and biological expertise supporting Valley Water activities, projects, and programs to effectively manage natural resources, stewardship, and comply with environmental laws and regulations. The unit specializes in special-status species, jurisdictional habitats, impact and habitat function assessments, avoidance and minimization measures, mitigation design and monitoring, environmental permitting, and stewardship.

Division Summaries

Hydrology, Hydraulics & Geomorphology

The Hydrology, Hydraulics and Geomorphology Unit builds the foundation of Valley Water's flood protection work and provides the essential data for groundwater recharge and reservoir release analysis for environmental purposes. The unit begins with the measurement of rainfall, reservoir, and stream flow gauge data, the analysis of which provides the flood flow frequency that determines the flood-control projects' design basis, routing the flood flow through the creeks, and then determines the creek size and height of levees and floodwalls. The unit manages a flood forecast and flood warning system to send flood warning messages to the community for potential flood risks and develops the geomorphologic analysis that provides the basis for channel modification to minimize maintenance needs and sustain long-term stability.

Real Estate Services

The Real Estate Services Unit provides real estate services which include buying and selling property, database maintenance and reporting, non-residential and residential leasing and licensing program, negotiation, appraisal, title and relocation services. The unit also covers administrative support of Real Estate services which include database input, maintenance and reporting.

Water Resources Planning & Policy

The Water Resources Planning and Policy Unit conducts long-range watershed planning and watershed stewardship project planning, develops and seeks funding for stewardship projects, manages and reports on Valley Water's response to climate change, and collaborates with regional partners to promote a coordinated approach to water resources stewardship. The unit is responsible for implementation of Safe, Clean Water Priority D-4 Fish Passage and Habitat Enhancement, including directly overseeing project planning and studies to achieve all five KPIs. Notable projects the unit leads development for include the Calabazas/San Tomas Aquino Creek - Marsh Connection (a partnership with the South Bay Salt Ponds Restoration Project), Pond A4 Resilient Habitat Restoration, the Ogier Ponds Separation from Coyote Creek, Live Oak Reach Restoration Project, the Coyote 10B Freshwater Wetlands, and the Stevens Creek Fish Passage Improvement FAHCE projects, such as Moffett Fish Ladder. Long-range planning efforts include the Climate Change Action Plan, Greenhouse Gas Reduction Plan, the Watershed Master Plans, and the fish passage barrier prioritization studies. The unit is also developing a carbon sequestration program for Valley Water to support its net-zero emissions goal. The unit participates in county-wide and regional planning efforts, such as the Santa Clara County Climate Collaborative, OSA Coyote Valley Coordination meetings, Pajaro River Watershed Resilience Planning Advisory Group, and the Pajaro Compass.

Utility Planning & FAHCE Support

The Utility Planning & FAHCE Support Unit provides environmental services for water utility projects, operations & maintenance, and the FAHCE program. The unit is responsible for leading CEQA compliance, obtaining natural resource permits, maintaining Valley Habitat Plan compliance for Water Utility Enterprise, as well as leading the implementation of the FAHCE Program.

Division Summaries

FY 2026 Accomplishments

- Managed and implemented the FAHCE program, including finalized mediation on water rights change petitions.
- Contributed SCW D7 funds to the acquisition of Sargent Ranch, resulting in the early completion of SCW D7 for the current 15-year SCW cycle.
- Provided environmental and biological support for numerous capital, flood protection and water utility projects.
- Completed natural resource agency permitting of Coyote Creek Flood Protection, Pond A4 Resilient Habitat Restoration, and Sunnyvale East-West Channels Flood Protection projects.
- Developed comprehensive historical and archaeological resource records research tool for Valley Water fee title and easement properties.
- Completed the Planning Study Report for the Calabazas/San Tomas Aquino Creek-Marsh Connection Project.
- Completed the Planning Study Report and developed conceptual designs and cost estimates for the staff recommended alternative for Ogier Ponds.
- Completed 100% designs and began building the Live Oak Reach Restoration Project.
- Completed the 100% designs and contractor agreement for Pond A4 construction.
- Published the Canal Maintenance Program Draft Environmental Impact Report (EIR) and the Water Treatment Plant Master Plan Draft Program Environmental Impact Report (PEIR).
- Obtained Board approval of a new licensing option process as a part of the Encroachment Remediation Program and completed 70 encroachment remediations.
- Created and rolled out new Creekside Neighbor Rebate program to the public.
- Completed Coyote Creek hydrology and hydraulics update for Guadalupe Watershed Master Plan.
- Executed (Memorandum of Agreement) MOA with K-Water for potential international collaboration.
- Completed acquisitions for Coyote Creek Flood Management Measures Project (CCFMMP).
- Terminated the Santa Teresa lease, resulting in saving Valley Water over \$500K annually, and returning staff to VW campus.

FY 2027 Milestones

- Complete draft Mitigated Negative Declaration for Regnart Creek Bank Stabilization and final Mitigated Negative Declarations for Almaden-Calero Canal Rehabilitation and Lower Penitencia Creek Rehabilitation.
- Secure natural resource agency permits for Upper Berryessa Creek Off-site Mitigation Plan, Lower Calera Creek Inline Check Valve Installation, Almaden-Calero Canal Rehabilitation, and Lower Penitencia Creek Rehabilitation.
- Complete the fish passage impediment prioritization study for Alamitos, Calero, and Guadalupe Creeks under SCW D4 KPI #4.
- Complete the Coyote 10B Freshwater Wetland Planning Study and support Coyote 10B Freshwater Wetlands design.
- Support design of Moffett Fish Ladder passage improvement.
- Complete the Lower Peninsula and West Valley Watershed Master Plans.
- Complete CEQA for the advanced purified water project pilot study and learning center.
- Complete Final Water Treatment Plant Master Plan PEIR.
- Submit Lake and Streambed Alteration Agreement (LSAA) applications for FAHCE dams and diversions.
- Implement new Cityworks database and OnBase Document Storage system, including the creation of new work processes, forms, invoicing, and applications for the new database and close out contract.
- Implement an approved encroachment remediation licensing program and new proactive encroachment planning.
- Update Llagas Creek design flows by completing a calibrated (Hydrologic Engineering Center - Hydrologic Modeling System) HEC-HMS model.
- Continue updating the Flood Watch web site to support flood emergency monitor and response. Collect sediment and flow data to provide calibration dataset for hydrologic, hydraulic and sediment models.
- Continue processing several licenses, agreements, and easements in/out for both Valley Water-owned properties and Valley Water project required real estate.
- Continue monitoring and renewal of several leases on Valley Water owned property and continued management of Valley Water-owned residential lease properties.
- Continue processing Capital project real estate related requests for acquisition of full fee acquisitions, licenses, easements.
- Dispose of residential properties owned by Valley Water and no longer required for project purposes.

Division Summaries

- Continue monitoring, renewing, and terminating leases on Valley Water fee owned real estate.

Division Summaries

FY 2028 Milestones

- Maintain partnership MOUs for invasive plant control and habitat restoration under SCW D2.
- Complete final Mitigated Negative Declaration for Regnart Creek Bank Stabilization.
- Secure natural resource agency permits for Regnart Creek Bank Stabilization.
- Maintain Valley Water’s municipal stormwater compliance program through 2028 and submit Municipal Regional Stormwater Permit annual report.
- Complete study on two additional creeks for fish passage barriers under SCW D4 KPI #4.
- Complete Climate Change Action Plan Biennial Update.
- Begin the Coyote Watershed Master Plan update.
- Publish Advanced Purified Water Project draft EIR.
- Complete Final Canal Maintenance EIR.
- Implement an approved encroachment remediation licensing program and new proactive encroachment planning.
- Complete Coyote Creek Flood Protection Project (CCFPP), a continuation of Coyote Creek Flood Management Measures Project (CCFMMP).
- Continue updating Flood Watch website to support flood emergency monitor and response.
- Continue processing several licenses, agreements, and easements in/out for both Valley Water-owned properties and Valley Water project required real estate.
- Continue monitoring and renewal of several leases on Valley Water owned property and continued management of Valley Water-owned residential lease properties.
- Continue processing capital project real estate related requests for acquisition of full fee acquisitions, licenses, easements, etc.
- Dispose of residential properties owned by Valley Water and no longer required for project purposes.
- Continue monitoring, renewing, and terminating leases on Valley Water fee owned real estate.

Budget Issues and Constraints

- Internal staffing shortages have limited the ability to service project demands and delayed responses to encroachment submittals.
- Workload pressures, jurisdictional complexity, and limited design and operations staff continue to constrain project implementation timelines and require increased reliance on other departments.
- Regulatory compliance remains a major challenge, with unpredictable authorization processes, evolving natural resource management requirements, and difficult negotiations with resource agencies on permits and mitigation.
- External factors, including water rights complaints, regulatory permit conditions, and external party requests for reevaluation, unplanned requests, continue to introduce delays and require significant staff attention.
- Funding limitations from external partners and federal agencies, coupled with instability and staffing challenges among federal partners, present ongoing risks to project advancement and long-term planning.

Division Summaries

Watershed Stewardship & Planning Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	31,559,167	33,950,993	39,810,903	41,637,365
Operating Project	2,640,617	3,302,891	4,502,212	4,505,902
Capital	8,943,475	7,091,341	13,551,543	11,643,970
Total ⁽¹⁾	43,143,260	44,345,225	57,864,658	57,787,237

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Community Projects Review	7,597,194	8,242,176	8,557,969	9,135,177
Utility Planning & FAHCE Support	—	—	3,602,116	3,873,196
Environmental Mitigation & Monitoring	10,738,603	10,738,733	10,797,210	10,438,878
Environmental Planning	6,792,738	7,986,931	8,323,690	8,975,914
Environmental Planning #1	28,612	—	—	—
Hydrology, Hydraulics & Geomor	7,529,159	7,558,928	8,255,904	8,811,404
Office of Watersheds Stewardship & PIn Div	1,846,402	1,343,539	2,087,195	2,446,168
Real Estate Services	5,208,382	5,694,542	5,468,250	5,831,549
Water Resources Planning & Policy	3,402,170	2,780,375	10,772,324	8,274,951
Total ⁽¹⁾	43,143,260	44,345,225	57,864,658	57,787,237

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Watershed Stewardship & Planning Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	90	79	90	90

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2028 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Community Projects Review					
	Salaries & Benefits	4,505,771	4,730,744	5,013,278	5,250,251
	Services & Supplies	251,608	551,581	675,030	675,030
	Intra District Charges	2,736,341	2,889,929	2,830,906	3,166,690
Community Projects Review Total		7,493,720	8,172,253	8,519,214	9,091,971
Utility Planning & FAHCE Support Unit					
	Salaries & Benefits	—	—	1,555,747	1,703,374
	Services & Supplies	—	—	204,000	210,120
	Intra District Charges	—	—	930,018	1,090,432
Utility Planning & FAHCE Support Unit Total		—	—	2,689,765	3,003,927
Environmental Mitigation & Monitoring					
	Salaries & Benefits	3,282,004	3,312,860	3,105,614	3,277,083
	Services & Supplies	2,397,229	2,251,759	2,607,750	1,680,476
	Intra District Charges	1,968,770	2,054,869	1,792,064	2,019,054
Environmental Mitigation & Monitoring Total		7,648,003	7,619,489	7,505,428	6,976,613
Environmental Planning					
	Salaries & Benefits	1,483,837	1,842,889	2,057,921	2,280,360
	Services & Supplies	2,117,337	2,823,250	3,046,090	3,152,089
	Intra District Charges	1,014,562	1,158,973	1,211,848	1,435,025
Environmental Planning Total		4,615,736	5,825,113	6,315,859	6,867,474
Environmental Planning #1					
	Services & Supplies	28,612	—	—	—
Environmental Planning #1 Total		28,612	—	—	—
Hydrology, Hydraulics & Geomor					
	Salaries & Benefits	3,433,857	3,722,720	4,255,458	4,385,633
	Services & Supplies	1,401,551	1,272,636	1,441,000	1,484,231
	Intra District Charges	2,069,702	2,274,602	2,422,289	2,665,738
Hydrology, Hydraulics & Geomor Total		6,905,110	7,269,958	8,118,747	8,535,603
Office of Watersheds Stewardship & Pln Div					
	Salaries & Benefits	1,068,318	1,158,850	1,446,820	1,537,601
	Services & Supplies	33,894	7,000	7,000	7,210
	Intra District Charges	685,885	722,729	846,622	967,212
Office of Watersheds Stewardship & Pln Div Total		1,788,097	1,888,578	2,300,443	2,512,023
Real Estate Services					
	Salaries & Benefits	2,029,748	2,464,094	2,678,317	2,823,331
	Services & Supplies	803,068	964,850	796,180	822,967
	Intra District Charges	1,202,848	1,483,107	1,490,848	1,680,075
Real Estate Services Total		4,035,664	4,912,050	4,965,345	5,326,373
Water Resources Planning & Policy					
	Salaries & Benefits	611,376	694,676	1,811,633	1,798,773
	Services & Supplies	680,029	434,000	1,057,600	939,978
	Intra District Charges	393,438	437,767	1,029,082	1,090,531
Water Resources Planning & Policy Total		1,684,843	1,566,442	3,898,315	3,829,282
Operations Total ⁽¹⁾		34,199,784	37,253,884	44,313,115	46,143,267

Division Summaries

Capital Budget by Department and Account Category

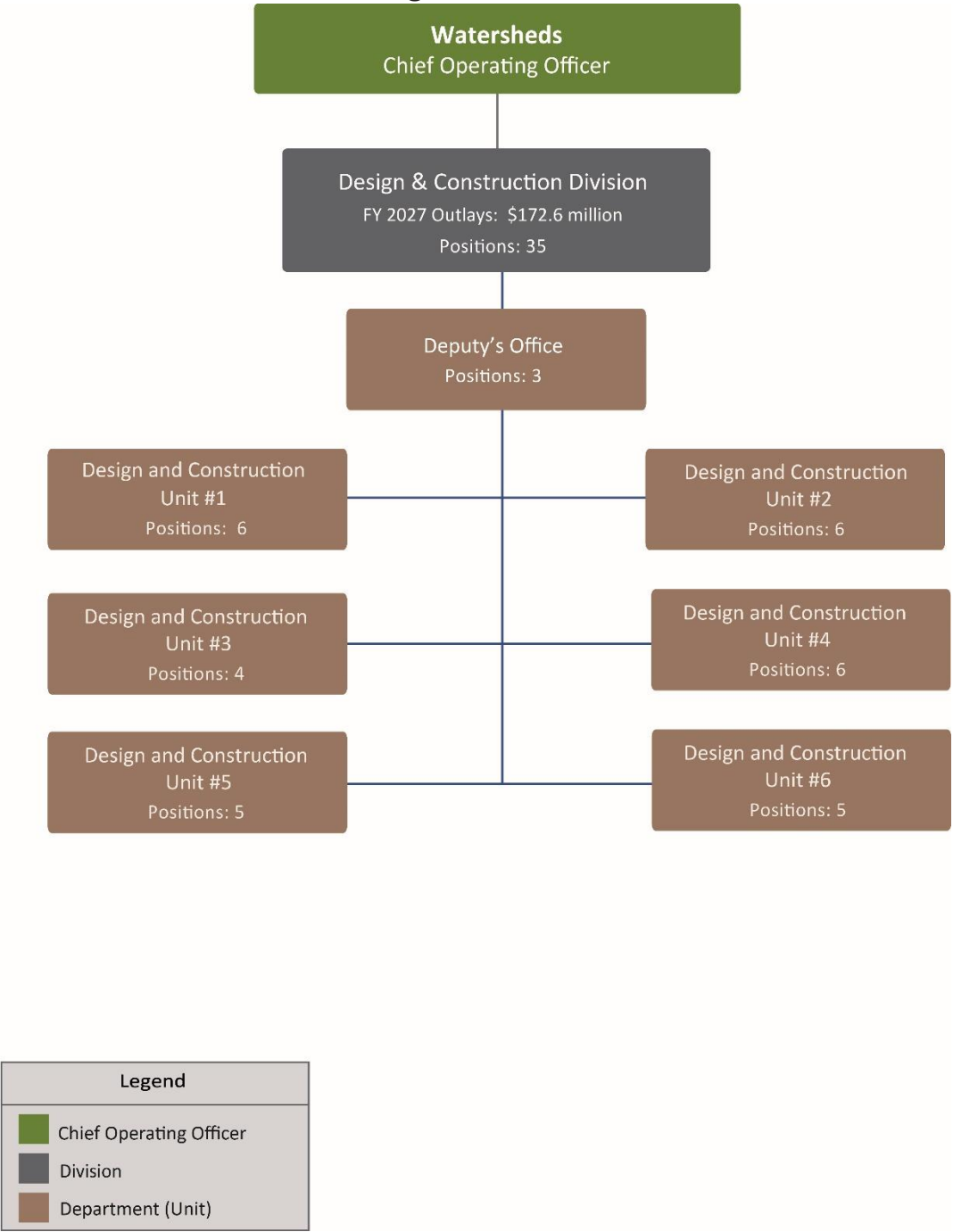
Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Community Projects Review					
	Salaries & Benefits	51,868	27,756	24,770	26,956
	Services & Supplies	20,951	25,216	–	–
	Intra District Charges	30,655	16,951	13,985	16,249
Community Projects Review Total		103,474	69,923	38,755	43,206
Utility Planning & FAHCE Support Unit					
	Salaries & Benefits	–	–	570,289	529,368
	Intra District Charges	–	–	342,062	339,901
Utility Planning & FAHCE Support Unit Total		–	–	912,351	869,269
Environmental Mitigation & Monitoring					
	Salaries & Benefits	1,845,250	1,856,929	2,045,570	2,072,560
	Services & Supplies	139,309	100,000	85,500	100,000
	Intra District Charges	1,106,041	1,162,316	1,160,712	1,289,705
Environmental Mitigation & Monitoring Total		3,090,600	3,119,245	3,291,782	3,462,265
Environmental Planning					
	Salaries & Benefits	1,238,714	1,252,516	1,246,015	1,187,396
	Services & Supplies	91,657	115,000	25,000	170,000
	Intra District Charges	846,631	794,302	736,816	751,044
Environmental Planning Total		2,177,002	2,161,818	2,007,831	2,108,440
Hydrology, Hydraulics & Geomor					
	Salaries & Benefits	380,533	177,217	86,492	169,595
	Services & Supplies	7,054	–	–	–
	Intra District Charges	236,463	111,753	50,665	106,206
Hydrology, Hydraulics & Geomor Total		624,049	288,970	137,157	275,801
Office of Watersheds Stewardship & Pln Div					
	Salaries & Benefits	3,974	–	–	–
	Services & Supplies	51,854	(545,039)	(213,247)	(65,855)
	Intra District Charges	2,478	–	–	–
Office of Watersheds Stewardship & Pln Div Total		58,306	(545,039)	(213,247)	(65,855)
Real Estate Services					
	Salaries & Benefits	731,091	419,082	315,243	316,464
	Services & Supplies	6,816	114,000	15,000	–
	Intra District Charges	434,811	249,409	172,662	188,712
Real Estate Services Total		1,172,718	782,492	502,905	505,175
Water Resources Planning & Policy					
	Salaries & Benefits	909,283	860,672	897,193	1,039,933
	Services & Supplies	221,060	(189,209)	5,466,997	2,775,117
	Intra District Charges	586,985	542,469	509,819	630,618
Water Resources Planning & Policy Total		1,717,327	1,213,933	6,874,009	4,445,669
Capital Total ^{(1),(2)}		8,943,475	7,091,341	13,551,543	11,643,970
Division Total ^{(1),(2)}		43,143,260	44,345,225	57,864,658	57,787,237

⁽¹⁾ Totals reflect the gross budget and includes intra-district reimbursement charges.

⁽²⁾ Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries

Watershed Design & Construction Division



Division Summaries

Division Description and Objectives

The Watersheds Design and Construction Division designs and constructs capital projects related to flood protection and environmental stewardship. This includes delivery of projects in Valley Water's rolling 5-year Capital Improvement Program (CIP) and the Safe, Clean Water Program. The objectives of the Division are to provide natural flood protection for residents, businesses, and visitors; and, to protect and restore creek, bay, and other aquatic ecosystems.

The Division has six units responsible for planning, design and construction of various watershed and water resource stewardship capital projects.

These projects include, but are not limited to:

- Coyote Creek, Montague Expressway to Tully Road Project
- Coyote Creek Flood Management Measures Project
- Bolsa Road Fish Passage Improvements Project
- Guadalupe River-Upper, I-280 to Blossom Hill Road Project
- Guadalupe River-Upper, I-280 to SPRR (Reach 6) Project
- Lower Guadalupe River Capacity Restoration Project
- Berryessa Creek, Calaveras Boulevard to I-680 Project
- Palo Alto Tide Gate Structure Seismic Retrofit and Rehabilitation Project
- Lower Penitencia Creek Improvements Project
- Upper Penitencia Creek, Coyote Creek to Dorel Drive Project
- San Francisco Bay Shoreline - EIA 11 Project
- San Francisco Bay Shoreline – EIAs 5-10 Project
- Llagas Creek-Upper, Phase 2B Construction Project
- Sunnyvale East and West Channels Flood Protection Project
- SCW Regnart Creek Rehabilitation Project
- Aquatic Resource Creation at Ford Road Percolation Pond Project

The Division is also responsible for the implementation of the Watersheds Asset Rehabilitation Program (WARP) projects, which includes repair and rehabilitation of several segments of natural and concrete-lined channels, levees and flood walls along Calabazas Creek, Guadalupe River, Lower Penitencia Creek, and Saratoga Creek. Projects are identified and prioritized annually by the Operations and Maintenance (O&M) engineering staff, who identify rehabilitation needs beyond the everyday maintenance capability of O&M staff and which require engineering designs to restore damaged sections.

Valley Water's Watershed Capital program has a significant portion implemented in partnership with other local and federal partners, such as the United States Army Corps of Engineers (USACE) and San Francisquito Creek Joint Powers Authority (SFCJPA). With significant funding and technical lead or support roles, Valley Water plays a vital role in advancing and implementing these projects.

The Division plays a key role in advancing projects which include:

- Guadalupe River-Upper, I-280 to Blossom Hill Rd. Project (Planning/Design)
- San Francisco Bay Shoreline - EIA 11 Project, Reaches 4-5 (Planning/Design)
- San Francisco Bay Shoreline - EIAs 5-10 Project (Planning)
- San Francisquito Creek, San Francisco Bay to Middlefield Road Project (Design) (Valley Water is one of five member agencies)

Division Summaries

FY 2026 Accomplishments

- Completed year 2 construction of Llagas Creek-Upper, Phase 2B Construction Project.
- Completed year 1 civil construction of the Palo Alto Tide Gate Seismic Retrofit and Rehabilitation Project.
- Completed year 1 civil construction of WARP Stevens Creek Evelyn Fish Passage Project.
- Completed civil construction of WARP Permanente and Hale Creeks Concrete Channel Repair Project.
- Completed civil construction of WARP Calabazas Creek - Miller to Bollinger Road Erosion Repair Project.
- Completed construction of WARP South Babb Creek Flood Mitigation Project.
- Completed flood risk management levee construction for San Francisco Bay Shoreline - EIA 11 Project, Reaches 1-3.
- Completed the plant establishment and maintenance phase for Lower Calera Creek Flood Protection Project.
- Completed the plant establishment and maintenance phase for Hale Creek Enhancement Pilot Project.
- Completed design and advertised the Berryessa Creek, Calaveras Boulevard to I-680 - Upper Berryessa Creek Off-site Mitigation Project.
- Completed design of WARP Guadalupe Riverbank Stabilization Project: Malone Road and Blossom Hill Road.
- Completed 95% design set and submitted to City of Sunnyvale for review of Sunnyvale East and West Channels Flood Protection Project.
- Completed the Final Environmental Impact Report, the final design and advertised the Coyote Creek, Montague Expressway to Tully Road Project for construction bids.
- Supported the San Francisquito Creek Joint Powers Authority's planning and design of the San Francisquito Creek, San Francisco Bay to Middlefield Road Project.
- Supported as Non-Federal Sponsor to U.S. Army Corps of Engineers (USACE) Feasibility Study for the San Francisco Bay Shoreline - EIAs 5-10 Project.
- Supported as Non-Federal Sponsor to USACE General Re-Evaluation Study for the Guadalupe River-Upper, I-280 to Blossom Hill Road Project, completing the third year of the Study.

FY 2027 Milestones

- Complete year 3 construction of Llagas Creek-Upper, Phase 2B Construction Project.
- Complete year 2 civil construction of WARP Stevens Creek Evelyn Fish Passage Project.
- Complete year 2 construction with hydraulic flap gate replacement for Palo Alto Tide Gate Seismic Retrofit and Rehabilitation Project.
- Complete plant establishment and maintenance phase for the Lower Penitencia Creek Improvements Project.
- Complete plant establishment and maintenance phase for the Bolsa Road Fish Passage Improvement Project.
- Complete year 2 of plant establishment for the Palo Alto Tide Gate Seismic Retrofit and Rehabilitation Project.
- Begin construction of the Coyote Creek, Montague Expressway to Tully Road Project.
- Begin construction of the Berryessa Creek, Calaveras Boulevard to I-680 - Upper Berryessa Creek Off-site Mitigation Project.
- Begin construction of the WARP Guadalupe Riverbank Stabilization Project: Malone Road and Blossom Hill Road.
- Begin construction of the WARP Saratoga Creek Concrete Drop Structures Rehabilitation Project.
- Complete design of the Sunnyvale East and West Channels Flood Protection Project.
- Complete design of Coyote 10B Freshwater Wetlands Project.
- Continue 90% design of the WARP Guadalupe River at San Carlos Erosion Repair Project.
- Complete 60% and 90% design of SCW Regnart Creek Rehabilitation Project.
- Complete 60% design for the SCW D4.3 Fish Improvements (Moffett) Project.
- Complete evaluation of smaller scoped project for the Guadalupe River-Upper, I-280 to Blossom Hill Road Project.
- Complete evaluation of a smaller scoped project for Upper Penitencia Creek, Coyote Creek to Dorel Drive Project to reduce the risk of immediate flooding.
- Complete Planning Study Report for the Aquatic Resources Creation at Ford Road Percolation Pond Project.
- Support as Non-Federal Sponsor to USACE Feasibility Study for the San Francisco Bay Shoreline - EIAs 5-10 Project.
- Support design efforts for San Francisco Bay Shoreline - EIA 11 Project for remaining project elements of Reaches 1-3 and for Reaches 4 and 5.

Division Summaries

- Support the San Francisquito Creek Joint Powers Authority's planning and design of the San Francisquito Creek, San Francisco Bay to Middlefield Road Project.

FY 2028 Milestones

- Complete Year 3 civil construction of WARP Stevens Creek Evelyn Fish Passage Project.
- Complete year 1 construction of Coyote Creek, Montague Expressway to Tully Road Project.
- Complete Year 1 construction of the WARP Guadalupe Riverbank Stabilization Project: Malone Road and Blossom Hill Road.
- Complete Year 3 of plant establishment for Palo Alto Flood Basin Tide Gate Seismic Retrofit and Rehabilitation Project.
- Complete design and begin construction for the SCW Regnart Creek Rehabilitation Project.
- Complete design and begin construction of the WARP Lower Penitencia Creek at Great Mall Parkway Erosion Repair Project.
- Complete design and begin construction of the WARP Calabazas Creek Concrete Invert Overlay Project.
- Complete design and begin construction of the Coyote 10B Fresh Water Wetlands Project.
- Complete design for the Aquatic Resource Creation at Ford Road Percolation Pond Project.
- Complete 90% design for the SCW D4.3 Fish Passage Improvements (Moffett) Project.
- Complete 60% design of the Guadalupe River-Upper, I-280 to SPRR (Reach 6), Phase 2 Aquatic Habitat Improvement Project.
- Begin design of re-scoped Upper Penitencia Creek, Coyote Creek to Dorel Drive Project.
- Begin design of smaller scope project for the Guadalupe River-Upper, I-280 to Blossom Hill Road Project.
- Support design efforts for San Francisco Bay Shoreline - EIA 11 Project for remaining project elements of Reaches 1-3 and for Reaches 4 and 5.
- Support the San Francisquito Creek Joint Powers Authority's planning and design of the San Francisquito Creek, San Francisco Bay to Middlefield Road Project.

Budget Issues and Constraints

- Environmental permitting remains a major challenge, including CEQA, obtaining permits from regulatory agencies (California Department of Fish and Wildlife, California Regional Water Quality Control Board), and securing timely approval for action under (Stream Maintenance Program) SMP permits.
- Seasonal construction work windows, especially for in-creek work during summer months, limit flexibility and can vary depending on permits.
- Limited right of way in project corridors and increasing real estate acquisition costs significantly limit the types of infrastructure that can be constructed, especially in highly urbanized areas.
- Environmental factors, including special status species, limit feasible design options.
- Certain projects are led by external agencies (San Francisco Bay Shoreline - EIAs 5-10 and EIA 11: USACE; Guadalupe River-Upper, I-280 to Blossom Hill Road Project: USACE (United States Army Corps of Engineers); San Francisquito Creek, San Francisco Bay to Middlefield Road Project: SFCJPA) and are therefore subject to their respective schedules, funding, and approval processes.
- Project implementation is constrained by external funding availability, including federal and local sources, and timing of future authorizations.

Division Summaries

Watershed Design & Construction Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	222,945	96,853	2,877,806	1,352,745
Operating Project	3,401	—	2,932	3,147
Capital	89,899,513	71,967,554	169,723,866	190,671,235
Total ⁽¹⁾	90,125,859	72,064,407	172,604,605	192,027,127

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Design & Construction Unit #1	18,431,911	21,060,974	81,079,162	80,265,776
Design & Construction Unit #2	4,961,193	8,988,361	2,440,610	2,095,015
Design & Construction Unit #3	55,208,020	21,441,966	74,142,401	54,182,711
Design & Construction Unit #4	3,111,614	7,017,489	5,888,146	29,219,538
Design & Construction Unit #5	3,831,378	7,362,531	1,583,908	13,231,127
Design & Construction Unit #6	3,083,189	4,593,389	5,784,287	11,202,790
Office of WS Design&Const Div	1,498,553	1,599,697	1,686,091	1,830,169
Total ⁽¹⁾	90,125,859	72,064,407	172,604,605	192,027,127

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Watershed Design & Construction Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	41	36	35	35

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2028 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Design & Construction Unit #1					
	Salaries & Benefits	1,311	4,403	11,500	12,032
	Services & Supplies	10,653	–	8,500	8,755
	Intra District Charges	109	2,758	6,661	7,457
Design & Construction Unit #1 Total		12,073	7,161	26,660	28,244
Design & Construction Unit #2					
	Salaries & Benefits	2,760	2,315	11,519	12,077
	Services & Supplies	2,816	–	–	–
	Intra District Charges	1,430	1,379	3,764	4,069
Design & Construction Unit #2 Total		7,005	3,693	15,282	16,147
Design & Construction Unit #3					
	Services & Supplies	3,643	2,000	900	900
Design & Construction Unit #3 Total		3,643	2,000	900	900
Design & Construction Unit #4					
	Salaries & Benefits	1,334	3,432	3,562	7,461
	Services & Supplies	1,823	900	900	927
	Intra District Charges	84	2,078	2,008	4,496
Design & Construction Unit #4 Total		3,240	6,410	6,470	12,884
Design & Construction Unit #5					
	Salaries & Benefits	2,141	–	–	–
	Services & Supplies	2,542	–	–	–
	Intra District Charges	1,003	–	–	–
Design & Construction Unit #5 Total		5,685	–	–	–
Design & Construction Unit #6					
	Salaries & Benefits	65,087	52,259	237,744	248,265
	Services & Supplies	96,763	–	2,460,000	900,000
	Intra District Charges	32,849	25,330	133,681	149,453
Design & Construction Unit #6 Total		194,699	77,589	2,831,425	1,297,718
Operations Total ⁽¹⁾		226,346	96,853	2,880,738	1,355,892

⁽¹⁾ Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

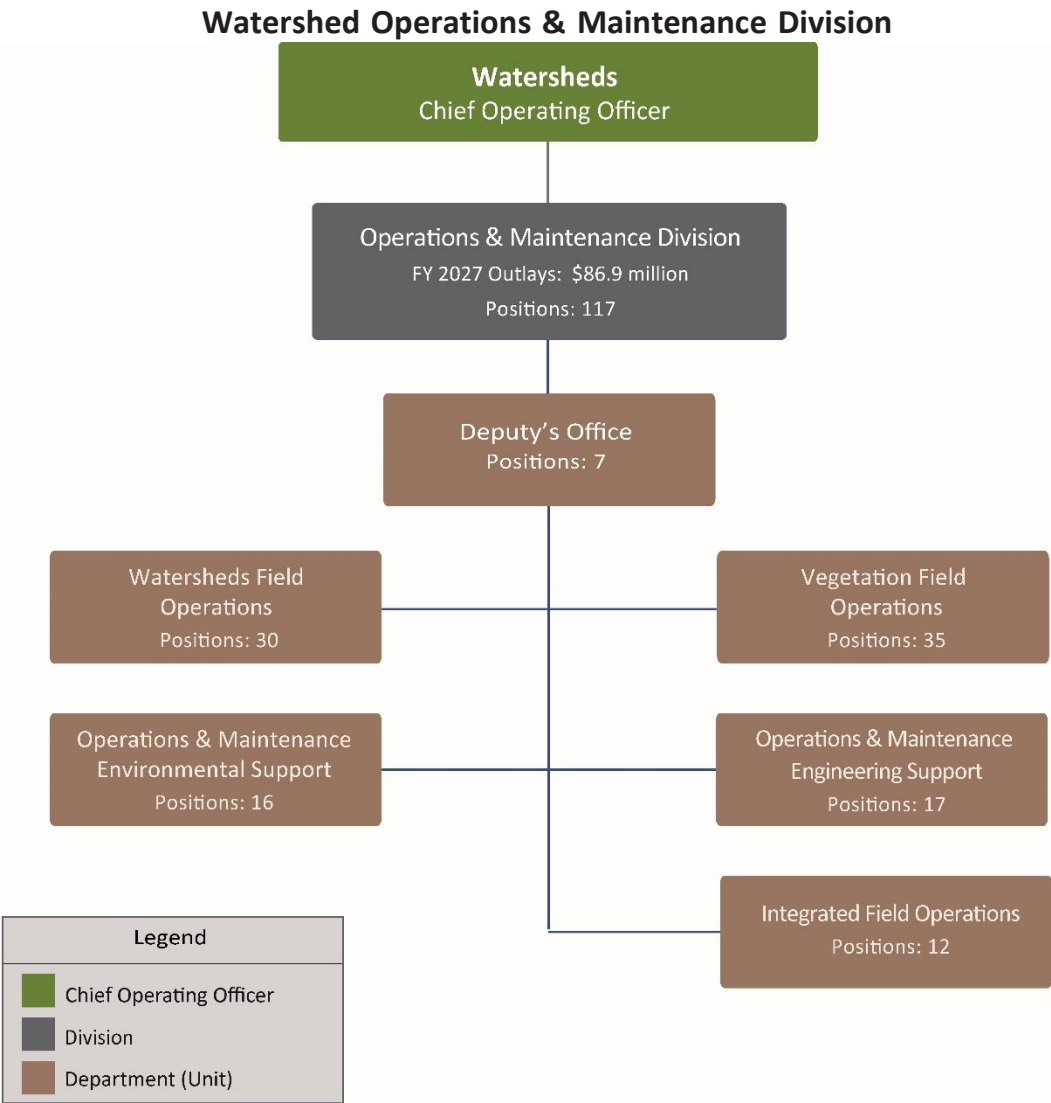
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Design & Construction Unit #1					
	Salaries & Benefits	2,075,965	2,253,279	1,799,823	1,895,736
	Services & Supplies	15,036,636	17,388,045	78,209,012	77,165,603
	Intra District Charges	1,307,237	1,412,489	1,043,667	1,176,193
Design & Construction Unit #1 Total		18,419,838	21,053,813	81,052,502	80,237,533
Design & Construction Unit #2					
	Salaries & Benefits	2,024,646	1,478,827	1,855,757	1,945,726
	Services & Supplies	1,758,643	6,624,399	(455,569)	(1,014,491)
	Intra District Charges	1,170,899	881,442	1,025,140	1,147,633
Design & Construction Unit #2 Total		4,954,188	8,984,668	2,425,328	2,078,869
Design & Construction Unit #3					
	Salaries & Benefits	1,317,536	1,245,009	1,293,781	1,354,275
	Services & Supplies	53,076,546	19,417,971	72,096,867	51,987,213
	Intra District Charges	810,295	776,986	750,853	840,322
Design & Construction Unit #3 Total		55,204,377	21,439,966	74,141,501	54,181,811
Design & Construction Unit #4					
	Salaries & Benefits	1,890,010	1,985,038	1,809,777	1,891,697
	Services & Supplies	116,735	3,824,195	3,051,432	26,174,807
	Intra District Charges	1,101,629	1,201,846	1,020,466	1,140,151
Design & Construction Unit #4 Total		3,108,374	7,011,079	5,881,676	29,206,654
Design & Construction Unit #5					
	Salaries & Benefits	1,105,705	1,282,125	1,653,329	1,731,075
	Services & Supplies	2,065,808	5,280,000	(1,021,699)	10,433,958
	Intra District Charges	654,180	800,407	952,278	1,066,094
Design & Construction Unit #5 Total		3,825,693	7,362,531	1,583,908	13,231,127
Design & Construction Unit #6					
	Salaries & Benefits	1,405,931	1,455,764	1,244,768	1,300,290
	Services & Supplies	582,921	2,140,340	970,820	7,779,412
	Intra District Charges	899,639	919,696	737,274	825,370
Design & Construction Unit #6 Total		2,888,491	4,515,800	2,952,861	9,905,072
Office of WS Design&Const Div					
	Salaries & Benefits	960,722	1,000,705	1,093,310	1,156,897
	Services & Supplies	5,166	7,650	7,650	7,650
	Intra District Charges	532,665	591,342	585,130	665,622
Office of WS Design&Const Div Total		1,498,553	1,599,697	1,686,091	1,830,169
Capital Total ^{(1),(2)}		89,899,513	71,967,554	169,723,866	190,671,235
Division Total ^{(1),(2)}		90,125,859	72,064,407	172,604,605	192,027,127

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries



Division Summaries

Division Description and Objectives

The Watersheds Operations and Maintenance Division (O&M) maintains 350 miles of the County's 800 miles of streams across all five watersheds for flow conveyance, flood risk reduction, water quality, habitat protection, and fire risk reduction. The Division is composed of five units that provide field maintenance, vegetation management, engineering support, encampment cleanup, and environmental services for Watershed and Raw Water facilities and lands managed under the Stream Maintenance Program. The Division also oversees the Stream Maintenance Program (SMP) to ensure work is performed according to regulatory permits and stream maintenance guidelines.

Watershed Field Operations

The Watersheds Field Operations unit is responsible for the coordination and management of field construction and routine maintenance activities on Watersheds facilities, coordination of storm response services, and monitoring of safety procedures. The unit ensures that work is performed efficiently, effectively, with minimal environmental impact, and with the highest regard for the safety of the public and staff.

Vegetation Field Operations

The Vegetation Field Operations Unit (VFO) is responsible for the coordination and management of integrated vegetation management programs to control instream vegetation to maintain flow conveyance, upland vegetation management for maintenance access and fire code compliance, the Watersheds hazard tree program, SMP riparian planting and invasive plant management mitigation projects, and mitigation site maintenance on Valley Water facilities including capital projects. VFO also provides design and installation of geo-textile components and hydroseeding for projects completed under SMP. VFO is responsible for managing and implementing the Sandbag Program to build and deliver a supply of filled sandbags or sand and empty bags to the public during the winter storm season, and to supply sandbags for maintenance projects as needed.

Operations & Maintenance Environmental Support

The Operations and Maintenance Environmental Support unit provides environmental and logistics support to Valley Water operations and maintenance activities in both Watersheds and Water Utility Enterprise. The unit supports the Stream Maintenance Program, Hazard Tree Program, Dam Maintenance Program and Pipeline Maintenance Program, as well as numerous other O&M activities that occur outside these major programs. Environmental support includes preparation of California Environmental Quality Act (CEQA) analysis, permitting, and mitigation monitoring and reporting. Logistics support includes implementation of the Equipment Material and Labor program, as well as delivery of Valley Water-wide services such as sediment and water quality sampling/testing, rodent control, archeological consulting, and landfill disposal.

Operations & Maintenance Engineering Support

The Watersheds Operations and Maintenance Engineering Support unit is responsible for conducting creek and levee inspections, preparing work orders, and providing engineering support for operations and maintenance activities for streams, levees, and other watersheds assets within Santa Clara County over which Valley Water has responsibility. This work supports the flood protection and watershed stewardship components of Valley Water's mission.

Integrated Field Operations

The Integrated Field Operations Unit is comprised of two Good Neighbor: Encampment Cleanup crews which are responsible for the planning and performance of encampment management activities to address the environmental impacts of encampments of unsheltered people. The unit also houses an additional Water Utility Enterprise maintenance crew which supports water utility maintenance as requested. These activities are conducted on Valley Water fee title property as well as where it has easement on both watersheds and water utility facilities, including creeks, dams, reservoirs, recharge ponds, canals, pipelines and water treatment plants.

Division Summaries

FY 2026 Accomplishments

- Oversaw maintenance and operations on Valley Water's 350 miles of streams, levees, and other watersheds assets across all five of Santa Clara County's watersheds for flow conveyance, flood risk reduction, water quality, habitat protection, and fire risk reduction.
- Completed 20 sediment removal projects (clearing approximately 24,000 total cubic yards of sediment) and 15 bank stabilization projects (repairing approximately 2,100 linear feet of creek bank) to reduce the risk of flooding to homes, businesses, and schools and to ensure stream and levee flow conveyance.
- Conducted approximately 2,000 acres of vegetation management for access and fire risk reduction along levee, property lines and maintenance roads.
- Managed over 300 acres of riparian planting projects and maintained over 200 acres of invasive plant management in all five watersheds.
- Managed vegetation at seven dam sites.
- Removed more than one acre of giant reed (*Arundo donax*) at more than 10 sites throughout the county for habitat protection, flood control, and fire risk reduction.
- Removed approximately 50 eucalyptus trees as part of a statewide fuel reduction effort.
- Distributed approximately 75,000 sandbags throughout the County.
- Removed more than 45,000 square feet of graffiti.
- Installed or repaired approximately 6,500 linear feet of fencing.
- Conducted approximately 450 trash and debris removal projects, clearing approximately 1,500 cubic yards of trash and debris.
- Managed an additional 300 acres of trash, debris, and hazardous pollutants generated from encampments to reduce the amount of these pollutants entering streams.
- Completed the initial implementation period for the Water Resources Protection Zones Ordinance which established regulations prohibiting camping and related activities on Valley Water lands to address the environmental, health, and safety impacts caused by encampment activity.
- Continued collaboration with the County of Santa Clara, providing annual funding up to \$200,000 for the County Office of Supportive Housing to coordinate and provide human services to unsheltered people residing on Valley Water lands.
- Secured Board approval of the Stream Maintenance Program (SMP-3) and certified the SEIR in compliance with CEQA, enabling streamlined planning and implementation of stream maintenance activities for 2027–2036.
- Submitted regulatory permit applications for the SMP-3 2027-2036 program.
- Inspected approximately 300 miles of creeks and over 100 miles of levees.
- Provided engineering support and construction oversight for Stream Maintenance Program (SMP) bank protection, levee maintenance, and sediment removal projects.
- Submitted annual inspection reports to U.S. Army Corps of Engineers for Guadalupe River, Coyote Creek, Upper Berryessa Creek, and Uvas Creek Flood Protection Projects.
- Submitted annual inspection report to Natural Resources Conservation Service (NRCS) for NRCS-constructed reaches of Lower Llagas Creek Flood Protection Project (PL-566).
- Provided inspection, engineering, and Field Information Team (FIT)-related support in anticipation of winter storm events and emergency operations activations.
- Submitted the SMP Annual Summary Report (ASR) to regulatory agencies in January 2026 summarizing Valley Water's 2025 SMP work.
- Submitted the SMP Notice of Proposed Work (NPW) to regulatory agencies in April 2026 in preparation for the June-October 2026 stream maintenance season.

Division Summaries

FY 2027 Milestones

- Complete 30 instream sediment removal and erosion repair/bank stabilization projects across Valley Water's five watersheds during the Stream Maintenance Program season (June 15 - October 15).
- Conduct approximately 2,000 acres of vegetation management for access and fire risk reduction along levee, property lines and maintenance roads.
- Manage 300 acres of riparian planting projects and at least 200 acres of invasive plant management mitigation sites.
- Manage vegetation at seven dam sites.
- Continue targeted control of damaging non-native, invasive plant species throughout the County, such as *Arundo donax*.
- Address emergence of invasive shothole borer in riparian areas, including coordination with regulators, local agencies, and municipalities.
- Continue hazard tree removals to protect people and property.
- Remove approximately 50 eucalyptus trees as part of a statewide fuel reduction effort.
- Make and distribute 40,000 sandbags to sites countywide by November 30th.
- Clean up identified trash and graffiti hotspots at approximately 80 sites four times per year.
- Respond to litter and graffiti requests within five working days.
- Install or repair approximately 6,500 linear feet of fencing.
- Conduct approximately 450 trash and debris removal projects, clearing approximately 1,500 cubic yards of trash and debris.
- Manage an additional 300 acres of trash, debris, and hazardous pollutants generated from encampments to reduce the amount of these pollutants entering streams.
- Continue implementation of the Water Resources Protection Zones Ordinance which establishes regulations prohibiting camping and related activities on Valley Water lands to address the environmental, health, and safety impacts caused by encampment activity.
- Provide up to \$500,000 per year in cost-share with local agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways, or addressing the homelessness crisis with the goal of reducing the need for encampment cleanups.
- Implement revised SMP program, including new regulatory permits with a go live date of January 2027. Provide engineering support for SMP projects as follows: (a) Prepare necessary information to ensure SMP annual Notice of Proposed Work occurs by April 15th and ensure SMP Annual Summary Report occurs by January 31st; (b) Provide engineering and construction support for SMP bank protection, sediment removal, vegetation management, and levee maintenance projects (generally between June 15th and October 15th); (c) Provide engineering and inspection input as part of development of SMP-3.
- For U.S. Army Corps of Engineers (USACE)-constructed reaches of Shoreline, Guadalupe River, Coyote Creek, Upper Berryessa Creek, and Uvas Creek: (a) Conduct semi-annual inspections by November 1 and May 30; (b) Prepare and submit annual inspection reports to USACE by August 1st.
- For Natural Resources Conservation Service (NRCS)-constructed reaches of Lower Llagas Creek Flood Protection Project (PL-566): (a) Conduct annual inspection; (b) Prepare and submit annual inspection report to NRCS.
- Conduct inspections of creeks and levees (ongoing).
- Review and provide feedback on Watersheds Capital Improvement Plan (CIP) projects' designs and Community Projects Review Unit submittals.

Division Summaries

FY 2028 Milestones

- Complete 30 instream sediment removal and erosion repair/bank stabilization projects across Valley Water's five watersheds during the Stream Maintenance Program season (June 15 - October 15).
- Conduct approximately 2,000 acres of vegetation management for access and fire risk reduction along levee, property lines and maintenance roads.
- Manage 300 acres of riparian planting projects and at least 200 acres of invasive plant management mitigation sites.
- Manage vegetation at seven dam sites.
- Continue targeted control of damaging non-native, invasive plant species throughout the County, such as *Arundo donax*.
- Address emergence of invasive shothole borer in riparian areas, including coordination with regulators, local agencies, and municipalities.
- Continue hazard tree removals to protect people and property.
- Remove approximately 50 eucalyptus trees as part of a statewide fuel reduction effort.
- Make and distribute 40,000 sandbags to sites countywide by November 30th.
- Clean up identified trash and graffiti hotspots at approximately 80 sites four times per year.
- Respond to litter and graffiti requests within five working days.
- Install or repair approximately 6,500 linear feet of fencing.
- Conduct approximately 450 trash and debris removal projects, clearing approximately 1,500 cubic yards of trash and debris.
- Manage an additional 300 acres of trash, debris, and hazardous pollutants generated from encampments to reduce the amount of these pollutants entering streams.
- Continue implementation period of the Water Resources Protection Zones Ordinance, which establishes regulations prohibiting camping and related activities on Valley Water lands to address the environmental, health, and safety impacts caused by encampment activity.
- Provide up to \$500,000 per year in cost-share with local agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways, or addressing the homelessness crisis with the goal of reducing the need for encampment cleanups.
- Provide engineering support for Stream Maintenance Program (SMP) projects as follows: (a) Prepare necessary information to ensure SMP annual Notice of Proposed Work occurs by April 15th and ensure SMP Annual Summary Report occurs by January 31st; (b) Provide engineering and construction support for SMP bank protection, sediment removal, vegetation management, and levee maintenance projects (generally between June 15th and October 15th); (c) Provide engineering and inspection input as part of development of SMP-3.
- For U.S. Army Corps of Engineers (USACE)-constructed reaches of Shoreline, Guadalupe River, Coyote Creek, Upper Berryessa Creek, and Uvas Creek: (a) Conduct semi-annual inspections by November 1 and May 30; (b) Prepare and submit annual inspection reports to USACE by August 1st.
- For Natural Resources Conservation Service (NRCS)-constructed reaches of Lower Llagas Creek Flood Protection Project (PL-566): (a) Conduct annual inspection; (b) Prepare and submit annual inspection report to NRCS.
- Conduct inspections of creeks and levees (ongoing).
- Review and provide feedback on Watersheds Capital Improvement Plan (CIP) projects' designs and Community Projects Review Unit submittals.

Budget Issues and Constraints

- Ongoing systemic Watersheds O&M issues (e.g., erosion, burrowing rodents, infrastructure failure, vegetation and/or sediment compromising design flow conveyance capacity, and flood protection capital projects that may require redesign and reconstruction to restore levels of service).
- The limited supply of housing and shelter in Santa Clara County results in continuing challenges as Valley Water seeks to reduce encampment activity on its property as required by the Water Resources Protection Zones Ordinance.
- Seasonal maintenance work windows limit the extent of maintenance work completed annually.
- Regulatory compliance remains a challenge, with lack of timely response, unpredictable authorization processes, evolving permit requirements, and difficult negotiations with resource agencies on permits and mitigation.
- Current staffing levels are insufficient to meet expanding maintenance demands, as the program continues to assume responsibility for newly completed capital projects without corresponding increases in maintenance staffing resources.

Division Summaries

Watershed Operations & Maintenance Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	69,114,380	78,901,347	83,230,939	91,084,853
Operating Project	1,047,424	1,570,650	3,156,862	2,760,382
Capital	1,458,998	1,127,689	519,791	454,258
Total ⁽¹⁾	71,620,801	81,599,685	86,907,591	94,299,493

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Office of Watershed O&M Division	9,029,269	16,437,508	3,359,869	3,643,358
Integrated Field Operations		—	14,668,029	16,140,900
Operations & Maintenance Engineering Support	7,738,151	7,783,307	7,922,940	9,562,653
Operations & Maintenance Environmental Support	11,935,771	12,871,820	11,363,447	13,118,543
Vegetation Field Operations	20,638,830	23,404,281	26,816,657	27,728,389
Watersheds Field Operations	22,276,679	21,102,770	22,776,650	24,105,650
West & Guad Watershed Projects	2,101	—	—	—
Total ⁽¹⁾	71,620,801	81,599,685	86,907,591	94,299,493

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Watershed Operations & Maintenance Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	123	123	117	125

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2028 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of Watershed O&M Division					
	Salaries & Benefits	3,942,921	4,533,051	2,154,054	2,280,260
	Services & Supplies	2,480,711	9,046,900	17,900	18,203
	Intra District Charges	2,421,248	2,660,836	1,187,915	1,344,895
Office of Watershed O&M Division Total		8,844,880	16,240,787	3,359,869	3,643,358
Integrated Field Operations					
	Salaries & Benefits	—	—	3,170,224	4,632,935
	Services & Supplies	—	—	9,471,733	8,517,391
	Intra District Charges	—	—	2,026,071	2,990,575
Integrated Field Operations Total		—	—	14,668,029	16,140,900
Ops & Maintenance Engineering Support					
	Salaries & Benefits	4,316,018	4,449,435	4,673,686	4,952,633
	Services & Supplies	706,723	451,500	476,500	1,484,450
	Intra District Charges	2,626,210	2,758,498	2,678,567	3,036,635
Ops & Maintenance Engineering Support Total		7,648,951	7,659,433	7,828,753	9,473,718
Ops & Maintenance Environmental Support					
	Salaries & Benefits	5,243,581	5,729,942	4,554,511	4,837,367
	Services & Supplies	1,776,236	1,999,000	2,690,360	3,691,500
	Intra District Charges	4,062,613	4,447,524	3,855,241	4,396,460
Ops & Maintenance Environmental Support Total		11,082,430	12,176,466	11,100,112	12,925,327
Vegetation Field Operations					
	Salaries & Benefits	8,153,979	9,172,594	9,378,669	10,583,452
	Services & Supplies	7,071,542	8,036,200	11,093,950	9,609,842
	Intra District Charges	5,383,355	6,107,049	6,215,293	7,396,780
Vegetation Field Operations Total		20,608,876	23,315,843	26,687,911	27,590,073
Watersheds Field Operations					
	Salaries & Benefits	7,138,706	7,456,207	7,706,212	8,113,725
	Services & Supplies	10,253,787	8,495,673	10,120,073	10,426,106
	Intra District Charges	4,584,175	5,127,587	4,916,841	5,532,027
Watersheds Field Operations Total		21,976,667	21,079,467	22,743,127	24,071,858
Operations Total ⁽¹⁾		70,161,804	80,471,997	86,387,801	93,845,235

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

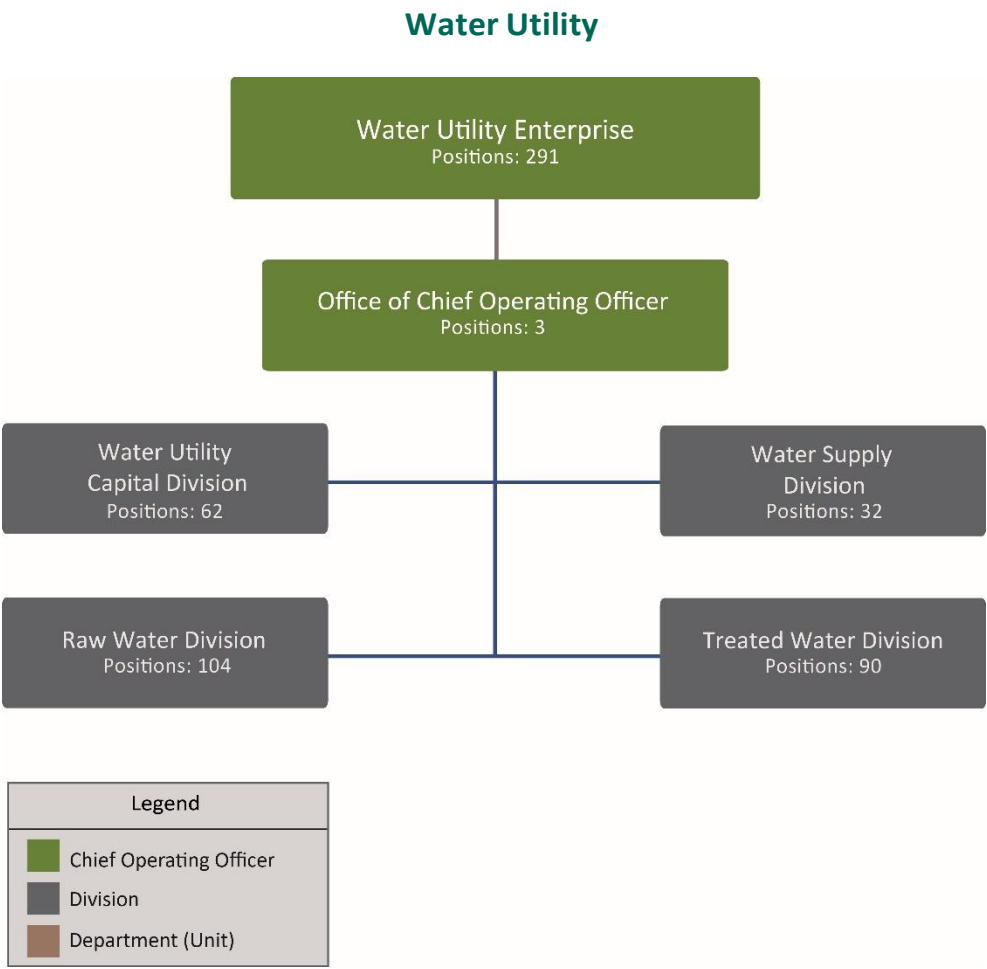
Division Summaries

Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of Watershed O&M Division					
	Salaries & Benefits	70,959	123,516	–	–
	Services & Supplies	69,102	–	–	–
	Intra District Charges	44,328	73,205	–	–
Office of Watershed O&M Division Total		184,389	196,721	–	–
Ops & Maintenance Engineering Support					
	Salaries & Benefits	55,309	76,476	59,925	55,162
	Intra District Charges	33,892	47,398	34,262	33,772
Ops & Maintenance Engineering Support Total		89,201	123,874	94,187	88,934
Ops & Maintenance Environmental Support					
	Salaries & Benefits	115,409	369,272	133,800	95,808
	Services & Supplies	651,206	40,000	15,000	10,000
	Intra District Charges	86,727	286,081	114,535	87,407
Ops & Maintenance Environmental Support Total		853,341	695,354	263,335	193,216
Vegetation Field Operations					
	Salaries & Benefits	10,666	51,723	77,755	82,011
	Services & Supplies	12,915	2,000	–	–
	Intra District Charges	6,373	34,715	50,991	56,305
Vegetation Field Operations Total		29,954	88,438	128,746	138,316
Watersheds Field Operations					
	Salaries & Benefits	73,011	1,876	2,158	2,262
	Services & Supplies	181,092	20,000	30,000	30,000
	Intra District Charges	45,908	1,426	1,365	1,530
Watersheds Field Operations Total		300,012	23,303	33,523	33,792
West & Guad Watershed Program Support					
	Services & Supplies	2,101	–	–	–
West & Guad Watershed Program Support Total		2,101	–	–	–
Capital Total ⁽¹⁾		1,458,998	1,127,689	519,791	454,258
Division Total ⁽¹⁾		71,620,801	81,599,685	86,907,591	94,299,493

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

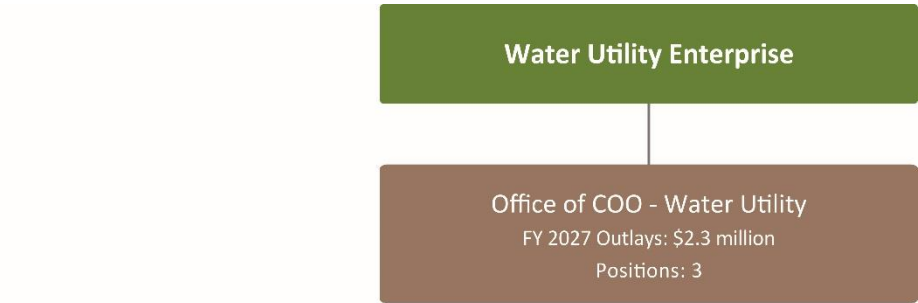


The Water Utility Enterprise is primarily responsible for carrying out the core services related to Ends Policy 2 - Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served.

Directed by the Chief Operating Officer, Valley Water’s Water Utility Enterprise (WUE) is comprised of four management divisions, each of which includes functional departments that carry out the work of the division and the enterprise.

Division Summaries

Office of COO Water Utility



Legend	
	Chief Operating Officer
	Department (Unit)

Division Description and Objectives

The Office of the Chief Operating Officer (COO) Water Utility oversees the Water Utility Capital, Water Supply, Raw Water, and Treated Water divisions. The Water Utility Enterprise (WUE) is primarily responsible for carrying out the core services related to Ends Policy 2 - Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served. The COO leads and manages the WUE to achieve the Board’s Ends Goals and Objectives. This includes providing WUE the leadership, staff, and funding to conduct the administrative nature of the WUE functions. In general, the COO office provides for management activities that promote communication, human resources development, budgeting, project efficiencies and process improvement, mentoring and recruitment, and supporting district-wide and special events/efforts that benefit the whole organization.

Division Summaries

Office of COO Water Utility — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	2,306,768	2,288,415	2,291,611	2,456,335
Total ⁽¹⁾	2,306,768	2,288,415	2,291,611	2,456,335

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Office of COO Water Utility	2,306,768	2,288,415	2,291,611	2,456,335
Total ⁽¹⁾	2,306,768	2,288,415	2,291,611	2,456,335

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Office of COO Water Utility - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	3	3	3	3

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

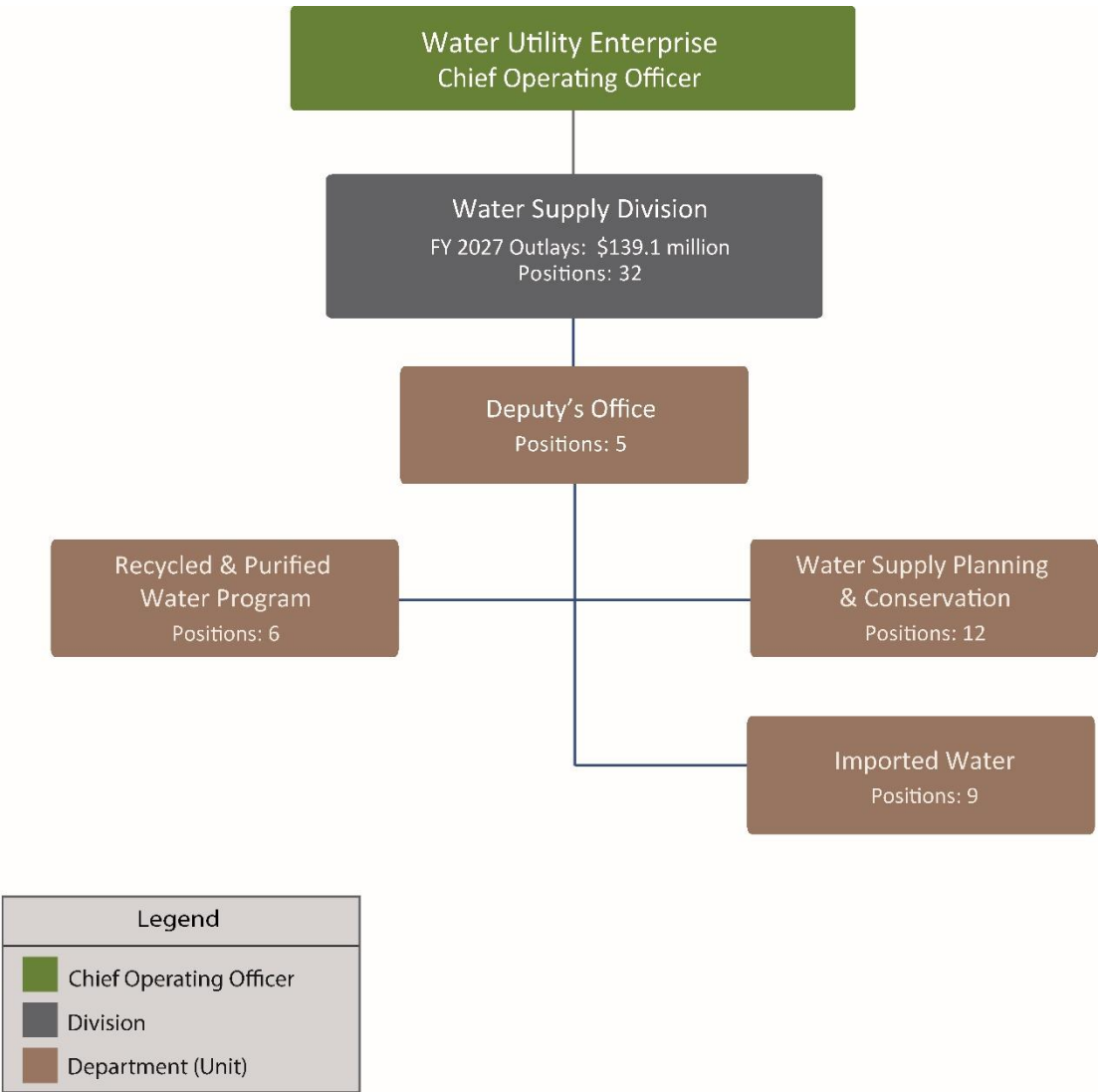
Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Office of COO Water Utility					
	Salaries & Benefits	1,134,734	1,173,757	1,203,498	1,274,146
	Services & Supplies	530,971	429,540	435,540	437,690
	Intra District Charges	641,062	685,118	652,573	744,500
Office of COO Water Utility Total		2,306,768	2,288,415	2,291,611	2,456,335
Operations Total ⁽¹⁾		2,306,768	2,288,415	2,291,611	2,456,335

Division Summaries

Water Supply Division



Division Summaries

Division Description and Objectives

The Water Supply Division is responsible for identifying and planning for future water supply needs, managing imported water supplies, and implementing water conservation and recycled and purified water programs. The Division is comprised of the Recycled & Purified Water, Imported Water, and Water Supply Planning & Conservation Units.

Recycled & Purified Water

The Recycled and Purified Water (R&PW) Unit supports expansion and development of recycled and purified water in Santa Clara County by collaborating, negotiating, and executing long-term agreements with various project partners and implementing the Countywide Water Reuse Master Plan (CoRe Plan). This includes developing the Pure Water Silicon Valley project, a potable reuse project in partnership with the Cities of San José and Santa Clara, feasibility studies supporting Pure Water Silicon Valley and South County recycled water expansion, supporting Sunnyvale and Palo Alto reuse expansion, and evaluating the feasibility of desalination. The unit also manages the cost-sharing reimbursement processes known as Guiding Principle 5 (GP5) to provide funding to other agencies (that get on average 85% of their water supply from sources other than Valley Water) to fund water conservation, recycled or purified water, and wastewater treatment plant upgrades.

Imported Water

The Imported Water Unit protects, manages and develops Valley Water's imported water assets, including the Central Valley Project (CVP), State Water Project (SWP), and other contract rights; meets current year operational needs for imported supplies; represents Valley Water in joint efforts to develop statewide and regional water supply projects; participates in Bay-Delta policy development and regulatory processes; manages and develops Valley Water's groundwater banking programs; evaluates and makes recommendations regarding participation in imported water supply planning projects; develops water transfers, exchanges and banking agreements; and, manages imported water costs.

Water Supply Planning & Conservation

The Water Supply Planning and Conservation Unit supports Valley Water's mission by developing the Water Supply Master Plan (WSMP), Valley Water's strategy to achieve long-term water supply reliability in Santa Clara County, by developing state and federally required plans, by participating in and supporting project planning and evaluation of various regional water supply planning efforts, and by evaluating, designing, and implementing over 20 water conservation and demand management programs for the residential, commercial, industrial, institutional and agricultural sectors to meet Valley Water long-term water conservation goals.

FY 2026 Accomplishments

- Valley Water became the first agency in California to produce and bottle purified water for outreach purposes since the adoption of California's new direct potable reuse regulations.
- Worked with the cities of Gilroy and Morgan Hill in collaboration with the South County Regional Wastewater Authority to expand recycled water in South County (continuous through FY2025) and coordinated with developers on extending recycled water pipeline in Gilroy.
- Procured design services for the Pure Water Silicon Valley demonstration facility project and executed an option agreement with partner cities that will allow construction of the demonstration facility and learning center.
- Developed an exclusive negotiations agreement to reserve space for the Pure Water Silicon Valley full-scale project.
- Arranged for two Independent Advisory Panel (IAP) meetings and conducted monthly meetings with the Division of Drinking Water to advance the Pure Water Silicon Valley project.
- Completed draft desalination feasibility study.
- Effectively managed imported water supplies in CY 2025, including coordination internally with Valley Water operations teams and with the Department of Water Resources (DWR) and the United States Bureau of Reclamation (USBR) on annual operations and securing water transfers and agreements to optimize use of Valley Water's SWP and CVP contract supplies.

Division Summaries

- Actively participated in the Delta Conveyance Project, including influencing contract amendment discussions to ensure benefits for Valley Water would be secured if the project is developed.
- Identified opportunities and led collaboration among State Water Project participants to strengthen benefits from the Sites Reservoir Project and received Board approval for execution of assignment agreement with Wheeler Ridge-Maricopa Water Storage District for 6,234 acre-feet of Wheeler Ridge's storage capacity in Sites Reservoir, increasing Valley Water's Project participation level from 0.2% to 0.66%.
- Continued participation and support of the B.F. Sisk Dam Raise and Reservoir Expansion Project.
- Continued evaluation of Semitropic operations related to water quality trends, future recovery costs, and development of new water banking opportunities and continued engagement with the State Water Board, Semitropic, and Semitropic banking partners related to the Sustainable Groundwater Management Act (SGMA) status of the Kern County Subbasin.
- Saved approximately 88,000 acre-feet in FY25 from Valley Water's long-term conservation program that began in 1992 and executed agreements with retailers to support Advanced Metering Infrastructure and rebate programs.
- Worked with the Bay Area Water Supply and Conservation Agency to develop resources to implement new State regulations.
- Developed the first ever leak detection pilot in collaboration with the California Water Efficiency Partnership and International Association of Plumbing and Mechanical Professionals.
- Held the 10th annual landscape summit.
- Completed the WSMP 2050 for Board adoption.
- Completed and submitted the 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan to DWR (legal requirement).
- Completed the design for Valley Water's on-site demonstration garden program.
- Received a second consecutive Environmental Protection Agency WaterSense Partner of the Year Award.

FY 2027 Milestones

- Complete the design for the Direct Potable Reuse (DPR) Demonstration Facility for the Pure Water Silicon Valley Project.
- Complete the second phase of the Desalination Engineering Feasibility Study.
- Advance the full-scale Pure Water Silicon Valley project by completing Phase 2 of Ora Loma RO concentrate studies, developing agreements with the cities, and continuing regulatory engagement.
- Advance development of the Sisk Dam Raise Project, Delta Conveyance Project, and Sites Reservoir Project.
- Provide a final participation recommendation to the Board for Sites Reservoir Project.
- Continue to pursue and assess suitable, cost-effective groundwater banking projects.
- Save approximately 90,000 acre-feet in FY27 from Valley Water's long-term conservation program (baseline year is 1992).
- Deliver the annual Monitoring and Assessment Program (MAP) to the Board.
- Complete annual regulatory requirements: UWMP Annual Water Supply and Demand Assessment, and Central Valley Project Improvement Act (CVPIA) Best Management Practices (BMP) reports to USBR.
- Finalize timelines to complete updates for the Water Conservation Savings Model and Water Conservation Strategic Plan among other planning tools.
- Complete water savings analysis from pilots performed in FY24-26 and monitor progress towards long-term savings targets.
- Develop tools and resources to support water retailers when penalties and enforcement of statewide conservation regulations begin (January 1, 2027).
- Install a Demonstration Garden at Valley Water's Almaden campus.

FY 2028 Milestones

- Issue the invitation to bid (ITB) for the construction phase of the DPR Demonstration Facility Project for Pure Water Silicon Valley.
- Finalize negotiations for the Delta Conveyance Project.
- Provide a final participation recommendation to the Board for the Sisk Dam Raise Project.

Division Summaries

- Develop partnerships for groundwater banking projects.
- Deliver the annual Monitoring and Assessment Program (MAP) to the Board.
- Submit the UWMP Annual Water Supply and Demand Assessment to DWR and the CVPIA Water Management Plan Update to USBR (legal requirement).
- Submit annual CVPIA BMP reports to USBR (legal requirement).
- Save approximately 93,000 acre-feet in FY28 from Valley Water's long-term conservation program (baseline year is 1992).
- Continue work on updating the Water Conservation Savings Model and Water Conservation Strategic Plan.
- Continue to support retailers in complying with relevant water conservation regulations.

Budget Issues and Constraints

Budget issues and constraints for the Division include insufficient staff and funding to achieve all proposed Division goals. For Recycled & Purified Water, constraints include insufficient staff to achieve all proposed program goals, compressed schedules that could reduce flexibility during project execution, and complex and lengthy negotiations with external agencies that may cause unexpected delays. For Imported Water, constraints include insufficient staff to handle the entire workload and needing an increased budget during drought conditions to purchase additional emergency imported water supplies. For Water Supply Planning & Conservation, constraints include staffing and funding resources to meet Board approved water conservation goals, specifically: the need to add three full-time staff to meet the Board's 2030 water conservation goal per the 2021 Water Conservation Strategic Plan recommendations, to secure an additional \$2.5 million in funding to maintain the Landscape Rebate Program rebate at the drought level rebate amount of \$2/sq. ft (vs. \$1/sq. ft), to increase participation from the CII sector which require sustained relationship building and customized programming to motivate behavioral and programmatic change, and fund the sustained increase in participation in Valley Water's conservation programs after the last drought.

Division Summaries

Water Supply Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	90,700,195	113,398,781	107,960,832	108,971,066
Operating Project	24,432,111	—	—	—
Capital	15,638,783	20,015,990	31,173,955	44,110,717
Total ⁽¹⁾	130,771,089	133,414,771	139,134,786	153,081,784

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Imported Water	75,803,536	94,481,405	95,467,537	94,126,005
Recycled & Purified Water Prog	38,675,509	19,542,731	24,502,615	39,012,184
Water Supply Admin	3,132,723	3,225,023	3,186,518	3,457,630
Water Supply Planning & Consv	13,159,322	16,165,612	15,978,115	16,485,966
Total ⁽¹⁾	130,771,089	133,414,771	139,134,786	153,081,784

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Water Supply Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	36	32	32	32

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Imported Water					
	Salaries & Benefits	2,528,222	2,768,705	2,828,969	2,986,400
	Services & Supplies	59,310,743	77,188,147	77,761,761	77,459,781
	Intra District Charges	1,589,271	1,698,885	1,615,515	1,821,852
Imported Water Total		63,428,236	81,655,737	82,206,245	82,268,033
Recycled & Purified Water Prog					
	Salaries & Benefits	1,664,555	1,654,669	854,755	899,420
	Services & Supplies	33,896,020	10,742,650	6,325,650	6,463,920
	Intra District Charges	1,018,142	1,007,949	473,412	530,288
Recycled & Purified Water Prog Total		36,578,718	13,405,269	7,653,817	7,893,628
Water Supply Division					
	Salaries & Benefits	1,292,038	1,289,193	1,293,418	1,385,889
	Services & Supplies	104,543	138,700	133,700	138,686
	Intra District Charges	774,666	754,591	700,851	804,570
Water Supply Division Total		2,171,248	2,182,484	2,127,969	2,329,145
Water Supply Planning & Consvr					
	Salaries & Benefits	3,148,796	3,369,204	3,453,383	3,636,881
	Services & Supplies	7,895,282	10,704,650	10,538,650	10,614,295
	Intra District Charges	1,910,027	2,081,438	1,980,767	2,229,085
Water Supply Planning & Consvr Total		12,954,105	16,155,291	15,972,801	16,480,261
Operations Total ⁽¹⁾		115,132,306	113,398,781	107,960,832	108,971,066

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Capital Budget by Department and Account Category

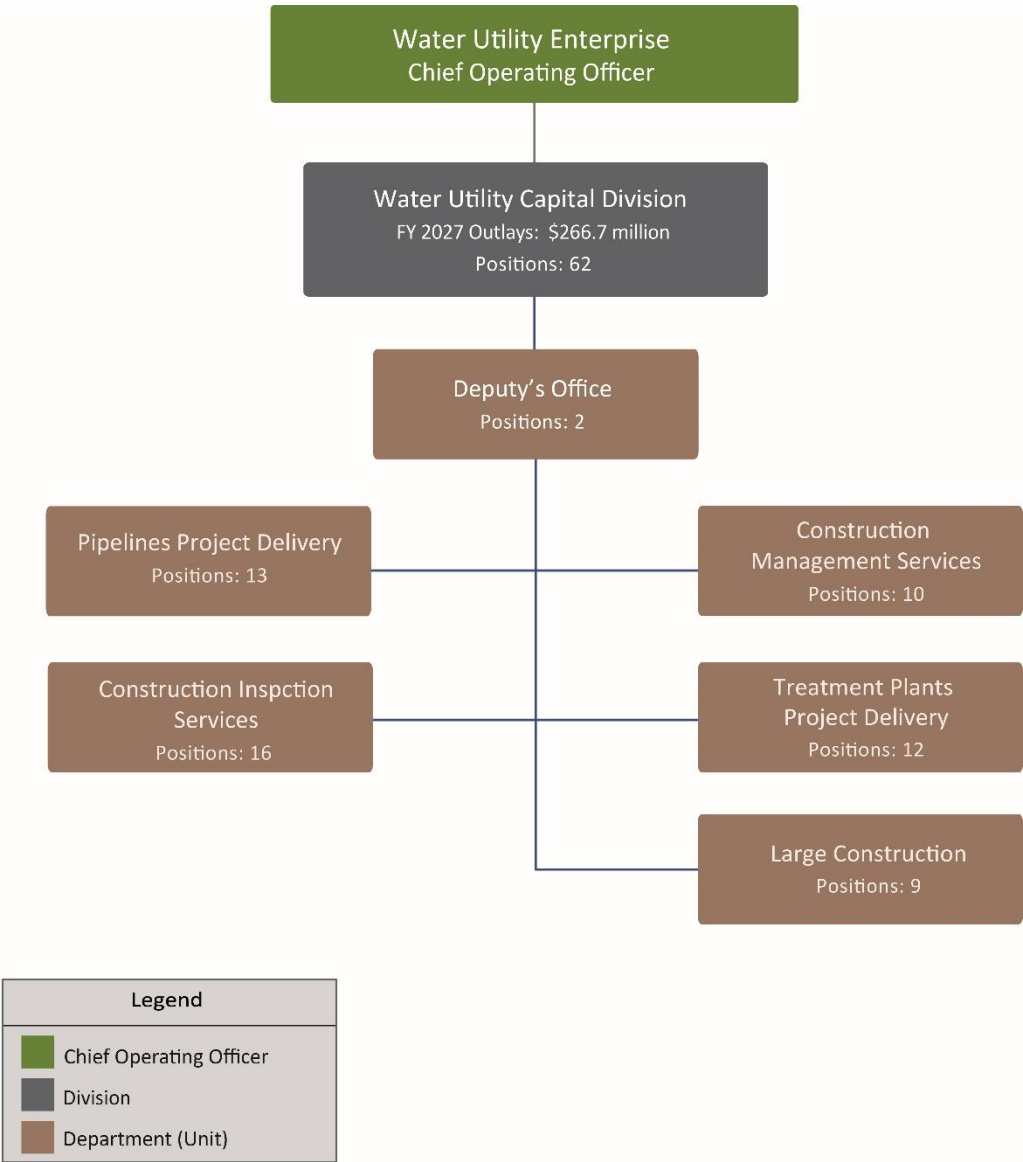
Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Imported Water					
	Salaries & Benefits	–	9,301	–	–
	Services & Supplies	12,375,300	12,810,639	13,261,292	11,857,972
	Intra District Charges	–	5,728	–	–
Imported Water Total		12,375,300	12,825,668	13,261,292	11,857,972
Recycled & Purified Water Prog					
	Salaries & Benefits	334,373	353,256	1,219,048	1,288,231
	Services & Supplies	1,556,698	5,569,023	14,954,497	29,070,719
	Intra District Charges	205,719	215,183	675,253	759,605
Recycled & Purified Water Prog Total		2,096,791	6,137,462	16,848,798	31,118,555
Water Supply Division					
	Salaries & Benefits	609,294	657,469	683,102	713,763
	Services & Supplies	(14,651)	–	5,000	–
	Intra District Charges	366,833	385,070	370,448	414,722
Water Supply Division Total		961,476	1,042,539	1,058,550	1,128,485
Water Supply Planning & Consvr					
	Salaries & Benefits	126,182	6,383	3,375	3,534
	Intra District Charges	79,034	3,937	1,940	2,171
Water Supply Planning & Consvr Total		205,216	10,320	5,315	5,705
Capital Total ^{(1),(2)}		15,638,783	20,015,990	31,173,955	44,110,717
Division Total ^{(1),(2)}		130,771,089	133,414,771	139,134,786	153,081,784

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries

Water Utility Capital Division



Division Summaries

Division Description and Objectives

The Water Utility Capital (WUC) Division is responsible for planning, design and construction of Water Utility capital projects in Valley Water's rolling 5-year Capital Improvement Program (CIP). This division also works across the agency with other departments, executives and elected officials, and coordinates with various local, state and federal agencies. Below are the units that the Water Utility Capital Division oversees.

Construction Management Services

The Construction Management Services Unit is responsible for management and administration of Capital construction projects included in the Water Utility, Watersheds, and Dam Safety Capital Improvement Program. Unit staff ensures contractors comply with the project requirements, including environmental compliance and operational requirements during construction of VW's water supply (storage, transmission, treatment, recycled water), flood protection and water resources stewardship facilities.

Construction Inspection Services

The Construction Inspection Services Unit is responsible for inspection, and administration of Capital construction projects, in Plant Establishment Phase, included in the Water Utility, Watershed, and Dam Safety Capital Improvement Program. Unit staff ensures contractors comply with the project requirements, including environmental compliance and operational requirements during construction of VW's water supply (storage, transmission, treatment, recycled water), flood protection and water resources stewardship facilities.

Large Construction Projects

The Large Construction Projects Unit is responsible for providing and performing construction management oversight functions for Valley Water's large construction projects managed by external consultant management firms hired by Valley Water to manage and administer, including the Water Utility, Watershed, and Dam Safety Capital Improvement Program. These consultants, on behalf of Valley Water, ensure that contractors comply with the project requirements, including environmental compliance and operational requirements during construction of VW's water supply (storage, transmission, treatment, recycled water), flood protection and water resources stewardship facilities.

Treatment Plants Project Delivery

The Treatment Plants Project Delivery Unit is responsible for the planning, design, and engineering support services for the implementation of Valley Water's Capital Improvement Program for Water Utility treatment plant infrastructure projects and provides expert treatment plant design services throughout the District. Unit staff perform project management in addition to the planning, design, and engineering support services during construction for various water utility capital projects including expansion and rehabilitation of treatment plants, major maintenance, and other improvements.

Pipelines Project Delivery

The Pipelines Project Delivery Unit is responsible for the planning, design, and engineering support services for the implementation of Valley Water's Capital Improvement Program for Water Utility distribution and pipeline, and pump station infrastructure projects and provides expert pipeline and pump station design services throughout the District. Unit staff perform project management in addition to the planning, design, and engineering support services during construction, structural engineering for various water utility distribution, pipeline, pump station/plant, and capital projects. The Unit also manages the Pipeline Maintenance Program, including the 10-Year Pipeline Inspection and Rehabilitation Program.

Division Summaries

FY 2026 Accomplishments

- Continued the Planning Study Report for the Penitencia WTP Clearwell Roof Improvement Project.
- Continued the design of the Penitencia WTP Sulfuric Acid Extension Project.
- Continued the design of the Santa Teresa WTP Ammonia Injection Relocation and Clearwell Bypass Pipe Isolation Project.
- Began construction of the Penitencia Water Treatment Plant Residuals Management Project.
- Continued Phase 4 construction of the Rinconada Water Treatment Plant Reliability Improvement Project, Phases 3-6.
- Continued the design for Santa Teresa Force Main Inspection & Rehabilitation Project.
- Continued the design of the Milpitas Pipeline Inspection & Rehabilitation Project.
- Continued the design of the Vasona Pump Station Upgrades Project.
- Continued the design of the Coyote Pumping Plant Isolation Valves and Actuators Replacement.
- Completed the design of the West Pipeline Inspection & Rehabilitation Project, Phase 2.
- Completed the design of the IRP2 Line Valve Project at West Pipeline, Phase 1.
- Completed the design for Penitencia Delivery and Force Main Inspection & Rehabilitation Project.
- Completed the design for Almaden Calero Canal Rehabilitation Project.
- Initiated construction of the Treated Water Isolation Valves Project at West Pipeline, Phase 2.
- Initiated the construction of the East Pipeline Inspection & Rehabilitation Project.
- Began construction of the Coyote Pumping Plant ASD Replacement Project.
- Began construction of the Almaden Valley Pipeline Replacement Project, Phase 1.
- Continued construction of the South County Recycled Water Project, Phase 1C.
- Completed construction of the South County Recycled Water Project, Phases 1B, 2A, 2B.
- Completed the construction of Santa Clara Conduit Inspection & Rehabilitation Project, Phase 2.
- Completed the construction of Snell Pipeline Inspection & Rehabilitation Project.

Provided primary construction management and primary construction inspection services for Water Utility, Watershed, Maintenance, Dam Safety, and General Services projects such as:

- PWTP Residuals Management
- RWTP Reliability Improvement, Phases 3-6
- Snell Pipeline Inspection & Rehabilitation
- Almaden Valley Pipeline Replacement
- East Pipeline Inspection & Rehabilitation
- Santa Clara Conduit Inspection & Rehabilitation, Phase 2
- West Pipeline Inspection & Rehabilitation, Phase 1
- West Pipeline Inspection & Rehabilitation, Phase 2
- IRP2 Line Valves
- South County Recycled Water Pipeline, Phase 1B
- South County Recycled Water Pipeline, Phase 1C
- FOCP Anderson Dam Tunnel
- FOCP Coyote Percolation Dam Removal, Phase 2
- FOCP Coyote Creek Chillers
- WARP South Babb Creek Flood Mitigation
- Upper Llagas Creek Flood Protection, Phase 2B
- WARP Stevens Creek Evelyn Fish Passage
- Palo Alto Flood Basin Tide Gate Seismic Retrofit & Rehabilitation, Phase 1
- Lower Calera Creek Flood Protection
- WARP Permanente and Hale Creeks Concrete Channel Repair

Division Summaries

- Bolsa Road Fish Passage
- Security Upgrades & Enhancements

Provided construction management oversight functions for the following construction projects:

- RWTP Reliability Improvement, Phases 3-6
- Coyote Pumping Plant ASDs Replacement
- Coyote Creek Flood Management Measures
- Watershed Asset Rehabilitation Projects, such as Permanente and Hale Creek Concrete Channel Repair and Calabazas Creek Erosion Repair
- Other construction projects as assigned

FY 2027 Milestones

- Continue construction of the Penitencia Water Treatment Plant Residuals Management Project.
- Continue the design of the Penitencia WTP Sulfuric Acid Extension Project.
- Continue the design of the Rinconada WTP Liquid Ammonium Sulfate Facility Project.
- Continue the design of the Santa Teresa WTP Ammonia Injection Relocation and Clearwell Bypass Pipe Isolation Project.
- Continue the design for the Penitencia WTP Clearwell Roof Improvement Project.
- Complete Phase 4 construction of the Rinconada Water Treatment Plant Reliability Improvement Project, Phases 3-6.
- Initiate design for the Santa Clara and Campbell Distributary Inspection & Rehabilitation Project.
- Continue the design of the Vasona Pump Station Upgrade Project.
- Continue the design of the Milpitas Pipeline Inspection and Rehabilitation Project.
- Continue design of the Treated Water Isolation Valve Project at the Milpitas Pipeline Inspection & Rehabilitation Project.
- Complete the design of the Coyote Pumping Plant Isolation Valves and Actuators Replacement Project.
- Complete the environmental documents for the Almaden Calero Canal Rehabilitation Project.
- Begin construction of the Santa Teresa Force Main Inspection & Rehabilitation Project.
- Begin construction of the East Pipeline Inspection & Rehabilitation Project.
- Begin construction of the Penitencia Delivery and Force Main Inspection & Rehabilitation Project.
- Continue construction of the Almaden Valley Pipeline Replacement Project, Phase 1.
- Continue the construction of West Pipeline Inspection & Rehabilitation Project, Phase 2.
- Complete the installation of the IRP2 Line Valve Project at West Pipeline, Phase 2.
- Complete the installation of the IRP2 Line Valve Project at the East Pipeline.
- Complete the construction of the Treated Water Isolation Valve Project on the West Pipeline Inspection & Rehabilitation Project, Phase 2.
- Complete construction of the Coyote Pumping Plant ASD Replacement Project.
- Complete construction of South County Recycled Water Pipeline, Phase 1C.

Provide primary construction management and primary construction inspection services for Water Utility, Watershed, Maintenance, Dam Safety, and General Services projects such as:

- PWTP Residuals Management
- RWTP Reliability Improvement, Phases 3-6
- Almaden Valley Pipeline Replacement
- East Pipeline Inspection & Rehabilitation
- West Pipeline Inspection & Rehabilitation, Phase 2
- Santa Teresa Force Main Inspection & Rehabilitation
- West Pipeline Inspection & Rehabilitation, Phase 1
- Coyote Pumping Plant Isolation Valve and Actuator Replacement

Division Summaries

- Almaden Calero Canal Rehabilitation
- FOCV Cross Valley Pipeline Extension
- Coyote Percolation Dam Removal, Phase 2
- Anderson Dam Seismic Retrofit
- Pure Water Silicon Valley Pilot Facility
- Upper Llagas Creek Flood Protection, Phase 2B
- Coyote Creek Flood Management Measures
- WARP Guadalupe River Erosion Repair at Malone Road and Blossom Hill Road
- WARP Coyote Creek Rodent Damage Repair
- WARP Calabazas Creek Rehabilitation
- Bolsa Road Fish Passage
- Upper Berryessa Creek Off-Site Mitigation Planting
- HQ Operations Maintenance Building

Provide construction management oversight functions for the following construction projects:

- RWTP Reliability Improvement, Phases 3-6
- Coyote Pumping Plant ASDs Replacement
- Almaden Valley Pipeline Replacement, Phase 1
- Coyote Creek Flood Protection
- Live Oak Restoration Reach
- Upper Berryessa Creek Off-Site Mitigation Planting
- Watersheds WARP projects, such as Stevens Creek Evelyn Fish Passage, Guadalupe River Erosion Repair at Malone Road and Blossom Hill Road, and Concrete U-Frame
- Other construction projects as assigned

FY 2028 Milestones

- Initiate Phase 5 construction of the Rinconada Water Treatment Plant Reliability Improvement Project, Phases 3-6.
- Begin construction of the Penitencia Water Treatment Plant Sulfuric Acid Extension Project.
- Continue construction of the Penitencia Water Treatment Plant Residuals Management Project.
- Continue the construction of the Santa Teresa Force Main Inspection & Rehabilitation Project.
- Continue the design of the Vasona Pump Station Upgrade Project.
- Continue the design for the Santa Clara and Campbell Distributary Inspection & Rehabilitation Project.
- Continuing design of the Milpitas Pipeline Inspection and Rehabilitation Project.
- Continuing design of the Treated Water Isolation Valve Project on the Milpitas Pipeline Inspection & Rehabilitation Project.
- Begin construction of the Coyote Pumping Plant Isolation Valves and Actuators Replacement Project.
- Complete construction of the East Pipeline Inspection & Rehabilitation Project.
- Complete construction of the Penitencia Delivery and Force Main Inspection & Rehabilitation Project.
- Begin construction of the Almaden Calero Canal Rehabilitation Project.
- Continue the design of the Rinconada WTP Liquid Ammonium Sulfate Facility Project.
- Continue the design for the Penitencia WTP Clearwell Roof Improvement Project.
- Continue the construction of the Almaden Valley Pipeline Replacement Project, Phase 1.
- Begin construction of the Coyote Pumping Plant Isolation Valves and Actuators Replacement Project.

Provide primary construction management and primary construction inspection services for Water Utility, Watershed, Maintenance, Dam Safety, and General Services projects such as:

- PWTP Residuals Management
- RWTP Reliability Improvement, Phases 3-6

Division Summaries

- PWTP Clearwell Roof Replacement
- Almaden Calero Canal Rehabilitation
- Milpitas Pipeline Inspection & Rehabilitation
- West Pipeline Inspection & Rehabilitation, Phase 2
- East Pipeline Inspection & Rehabilitation
- Almaden Valley Pipeline Replacement, Phase 1
- Anderson Dam Seismic Retrofit
- Coyote Percolation Dam Removal, Phase 2
- Pure Water Silicon Valley Pilot Facility
- WARP Lower Penitencia Creek at Great Mall Pkwy Erosion Repair
- WARP Guadalupe River at San Carlos Erosion Repair
- WARP Calabazas Creek Rehabilitation
- Upper Llagas Creek Flood Protection, Phase 2B
- Stevens Creek Evelyn Fish Passage
- Coyote Creek Flood Management Measures
- HQ Operations Maintenance Building

Provide construction management oversight functions for the following construction projects:

- RWTP Reliability Improvement, Phases 3-6
- Almaden Valley Pipeline Replacement, Phase 1
- Calero Dam Seismic Retrofit
- Coyote Creek Flood Protection
- Sunnyvale East & West Flood Protection
- Upper Berryessa Creek Off-Site Mitigation Planting
- Watersheds WARP Projects
- Other construction projects as assigned

Budget Issues and Constraints

Maintaining rate stability may place additional pressure on available staffing and resources, which could affect the number of new capital projects advanced each year. Valley Water will continue to prioritize projects identified in the five-year Capital Improvement Program and work collaboratively to meet key milestones. Project delivery may be influenced by a variety of factors, including coordination with partner agencies, permitting, material availability, and broader market conditions.

Division Summaries

Water Utility Capital Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	77,246	122,496	108,063	121,927
Capital	153,664,260	191,399,232	266,625,699	168,873,952
Total ⁽¹⁾	153,741,506	191,521,728	266,733,762	168,995,879

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Construction Management Services	5,488,298	5,357,916	5,223,198	5,564,695
Construction Inspection Services	7,286,233	7,439,931	7,045,525	7,685,477
Large Construction	3,081,689	4,477,410	4,453,166	4,838,844
Pipelines Project Delivery	59,535,120	41,981,888	93,624,303	37,524,447
Treatment Plants Project Delivery	74,843,116	130,910,200	155,145,262	111,984,223
Water Utility Capital Division	3,507,052	1,354,383	1,242,308	1,398,194
Total ⁽¹⁾	153,741,506	191,521,728	266,733,762	168,995,879

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Water Utility Capital Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	68	65	62	62

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Construction Management Services					
	Salaries & Benefits	10,024	1,940	7,466	7,811
	Services & Supplies	6,862	—	—	—
	Intra District Charges	2,683	1,248	2,551	2,739
Construction Management Services Total		19,570	3,188	10,017	10,551
Construction Inspection Services					
	Salaries & Benefits	1,858	19,889	25,340	30,453
	Services & Supplies	4,126	—	—	—
	Intra District Charges	767	12,825	15,423	19,529
Construction Inspection Services Total		6,751	32,714	40,762	49,982
Large Construction					
	Salaries & Benefits	3,332	—	—	—
	Services & Supplies	2,267	—	—	—
Large Construction Total		5,599	—	—	—
Pipelines Project Delivery					
	Salaries & Benefits	12,407	50,163	32,003	33,537
	Services & Supplies	60	—	—	—
	Intra District Charges	4,079	30,007	18,523	20,736
Pipelines Project Delivery Total		16,545	80,170	50,526	54,273
Treatment Plants Project Delivery					
	Salaries & Benefits	12,451	5,358	5,617	5,948
	Services & Supplies	2,025	—	—	—
	Intra District Charges	4,514	1,065	1,141	1,173
Treatment Plants Project Delivery Total		18,990	6,424	6,758	7,121
Water Utility Capital Division					
	Salaries & Benefits	6,866	—	—	—
	Services & Supplies	75	—	—	—
	Intra District Charges	2,850	—	—	—
Water Utility Capital Division Total		9,790	—	—	—
Operations Total ⁽¹⁾		77,246	122,496	108,063	121,927

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Capital Budget by Department and Account Category

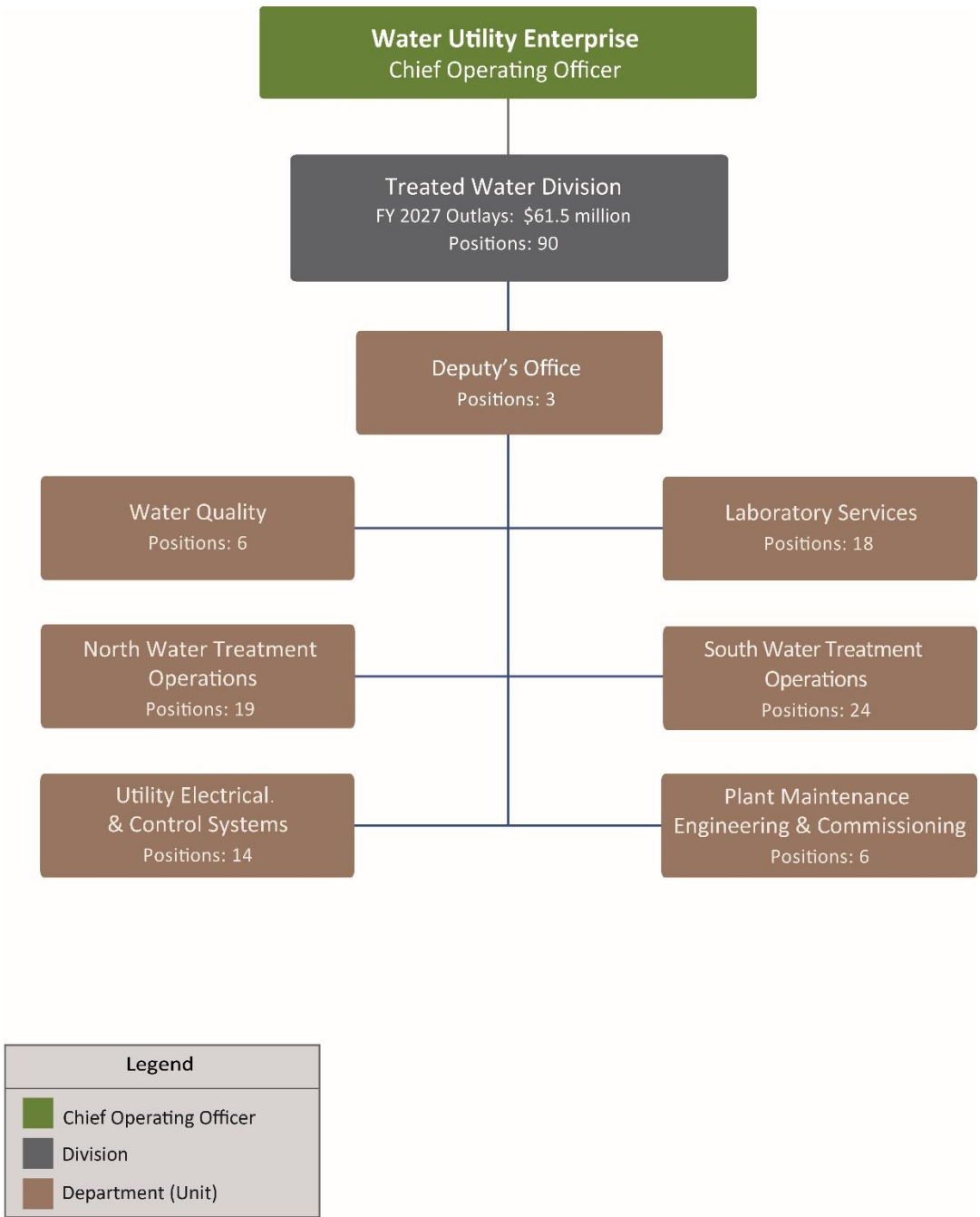
Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Construction Management Services					
	Salaries & Benefits	3,296,292	3,239,330	3,176,208	3,311,414
	Services & Supplies	100,615	68,149	111,500	81,500
	Intra District Charges	2,071,822	2,047,248	1,925,473	2,161,230
Construction Management Services Total		5,468,728	5,354,728	5,213,181	5,554,144
Construction Inspection Services					
	Salaries & Benefits	4,462,845	4,535,218	4,389,161	4,654,499
	Services & Supplies	250,079	7,700	7,700	–
	Intra District Charges	2,566,557	2,864,300	2,607,902	2,980,996
Construction Inspection Services Total		7,279,481	7,407,218	7,004,763	7,635,495
Large Construction					
	Salaries & Benefits	1,894,381	2,735,620	2,792,362	2,961,720
	Services & Supplies	5,828	64,040	63,365	63,365
	Intra District Charges	1,175,881	1,677,749	1,597,439	1,813,759
Large Construction Total		3,076,090	4,477,410	4,453,166	4,838,844
Pipelines Project Delivery					
	Salaries & Benefits	3,482,171	3,554,429	3,840,433	4,012,410
	Services & Supplies	53,859,157	36,107,804	87,514,366	30,976,397
	Intra District Charges	2,177,247	2,239,485	2,218,978	2,481,366
Pipelines Project Delivery Total		59,518,575	41,901,718	93,573,778	37,470,174
Treatment Plants Project Delivery					
	Salaries & Benefits	2,887,970	3,359,887	3,534,064	3,733,027
	Services & Supplies	70,074,981	125,425,751	149,564,835	105,939,607
	Intra District Charges	1,861,174	2,118,139	2,039,605	2,304,468
Treatment Plants Project Delivery Total		74,824,125	130,903,776	155,138,504	111,977,102
Water Utility Capital Division					
	Salaries & Benefits	962,173	854,778	867,242	916,013
	Services & Supplies	2,003,278	7,600	(91,257)	(49,966)
	Intra District Charges	531,810	492,005	466,323	532,148
Water Utility Capital Division Total		3,497,261	1,354,383	1,242,308	1,398,194
Capital Total ^{(1),(2)}		153,664,260	191,399,232	266,625,699	168,873,952
Division Total ^{(1),(2)}		153,741,506	191,521,728	266,733,762	168,995,879

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

(2) Negative Services & Supplies (S&S) balances reflect capital budget offsets used to reduce current-year appropriations by applying available carryforward balances. This budget reconciliation aligns project funding with the Capital Improvement Plan and accounts for appropriations budgeted in other departments within the same project.

Division Summaries

Treated Water Division



Division Summaries

Division Description and Objectives

The Treated Water Division (Division) is responsible for managing the operation of Valley Water's three conventional drinking water treatment plants to provide a reliable, high-quality drinking water supply to the Santa Clara County residents. The Division also manages the operation and maintenance of the Silicon Valley Advanced Water Purification Center to enhance the quality and advance the use of recycled water in the county.

In addition, the Division manages business units that provide leadership and technical support in areas of laboratory services; water quality process engineering; electrical and control systems engineering; and plant maintenance engineering to improve the overall safety, quality, and reliability of current facilities and the commissioning of new facilities upon capital construction handover to Operations and Maintenance (O&M). Furthermore, the Division regularly communicates with Valley Water's drinking water retailers to maintain a collaborative working relationship and conducts annual check-ins and ad-hoc meetings with the State Water Resources Control Board (SWRCB) for ongoing and annual updates of drinking and recycled water regulations.

Laboratory Services

The Laboratory Services Unit is responsible for providing analytical testing and sampling services to Watersheds and Water Utility Enterprise. Our state-of-the-art laboratory is accredited with the California Environmental Laboratory Accreditation Program (ELAP), maintains a robust quality assurance and quality control program, and tests water produced from each of our drinking water treatment plants, the Silicon Valley Advanced Water Purification Center, surface water reservoirs, and groundwater basins.

Water Quality

The Water Quality Unit is responsible for providing operational, process, and project support to the treatment plants as well as other Valley Water units regarding source water quality and water treatment. The unit is also responsible for tracking drinking water-related regulatory development, providing recommendations for regulatory compliance strategy, and communicating with the Division of Drinking Water (DDW), under the jurisdiction of the SWRCB, on various regulatory issues. In addition, the unit oversees Source Water Quality Management and Invasive Mussel Prevention Programs in collaboration with internal and external groups.

Plant Maintenance Engineering and Commissioning

The Plant Maintenance Engineering and Commissioning Unit leads and coordinates the commissioning and start-up activities at Valley Water's treatment plants and treated water pipelines. The unit supports and implements the integration of large capital projects, throughout all phases, to our treatment plants and treated water pipelines. The unit also provides mechanical engineering support services for operations, maintenance, asset management and capital improvements at the treatment plants and pump stations.

North Water Treatment Operations

The North Water Treatment Operations Unit provides safe, clean, and high-quality drinking water to Valley Water's three (3) treated water retailers along the East/Milpitas Pipelines, including San Jose Water Company, City of San Jose, and City of Milpitas. The unit is responsible for providing safe and cost-effective operations (24 hours a day, 7 days a week) and management of the Penitencia Water Treatment Plant (PWTP), the joint San Francisco Public Utilities Commission (SFPUC)-Valley Water (VW) Intertie facility, and the East/Milpitas Pipeline turnouts. The unit is also responsible for cost-effective operations and maintenance of the Silicon Valley Advanced Water Purification Center (SVAWPC).

South Water Treatment Operations

The South Water Treatment Operations Unit provides safe, clean, and high-quality drinking water to Valley Water's seven (7) treated water retailers, and ultimately to the residents of Santa Clara County. The unit is responsible for providing safe and cost-effective

Division Summaries

operations (24 hours a day, 7 days a week) and management of the Santa Teresa Water Treatment Plant (STWTP), the Rinconada Water Treatment Plant (RWTP), and the West and Snell/East Pipeline turnouts.

Utility Electrical and Control Systems Engineering

The Utility Electrical and Control Systems Engineering Unit provides electrical, control systems, Supervisory Control and Data Acquisition (SCADA), and imported electricity management engineering services, including direct technical services, in support of Valley Water's critical infrastructure and systems used in the day-to-day (24 hours a day, 7 days a week) operations and maintenance of its complex, countywide raw and treated water conveyance system (including three raw water pump stations and pipelines), three drinking water treatment plants, one advanced purified water processing plant, the headquarters office campus and watershed facilities. The imported electricity management saves Valley Water a significant amount in annual electrical energy expenditures and is 100% carbon-free.

FY 2026 Accomplishments

- Delivered 100% of the treated water to customers that met and surpassed all applicable primary drinking water standards.
- Managed the effective operation and maintenance of the STWTP, PWTP, RWTP, SFPUC-Valley Water Intertie facility, and East and West Pipeline turnouts to deliver treated water to our customers that met and/or surpassed all applicable primary drinking water quality regulatory standards.
- Submitted timely operational and compliance reports to DDW, SWQCB, water retailers, and internal stakeholders, as required, and upon request.
- Produced 100% of the purified water from SVAWPC that met Title 22 recycled water standards and O&M agreement targets.
- Water Quality Lab successfully met ELAP requirements for laboratory accreditation, quality control, and proficiency testing and completed over 150,000 tests to support ongoing Valley Water operations.
- Upgraded web-based document management system to organize, maintain, update laboratory standard operating procedures, and track employee trainings and electronic signatures.
- Upgraded Laboratory Information Management System (LIMS) and support of the Environmental Information Management (EIM) System.
- Supported the construction of the RWTP Reliability Improvement Phase 3-6 Project and West Pipeline Phase I Project.
- Resolved warranty issues for the RWTP Residuals Remediation and the STWTP Filter Media Replacement Projects.
- Provided design review for treatment plant capital projects including the PWTP Residuals Management Project.
- Supported treatment plant and pump station equipment condition assessment and replacement/rehabilitation projects.
- Supported the Water Treatment Plant, Distribution System and SCADA Master Plan Projects.
- Provided regular communication with water retailers on pertinent water quality activities, operational issues, and held successful, quarterly Water Retailer Meetings.
- Provided regular communications with DDW on pertinent water quality activities, regulatory compliance and held a successful annual meeting with DDW.
- Met with water retailers on a regular basis during various emergencies to address concerns and provide operational updates.
- Provided electrical, instrumentation and control, and SCADA engineering support for all water treatment plants, Campbell Well Field, SFPUC-Valley Water Intertie, pump stations, and pipelines to support day-to-day operations and maintenance, capital improvements and upgrades, and master planning.
- Improved reliability and maintainability of water treatment plants and water substations.
- Provided support to Water Utility and Watersheds CIP projects.
- Water Quality Lab passed annual performance evaluations in a wide variety of chemical and microbiological analyses.
- Represented Valley Water on ACWA panel related to PFAS, CUWA, Operations and Water Quality committees, and CA-NV AWWA Regulatory Committee.

Division Summaries

- Successfully managed a district-wide cost-effective and carbon-free imported electricity program.
- Led Valley Water's comprehensive rapid response to the threat posed by invasive golden mussels to our water supply sources and infrastructure, including the completion of a comprehensive Vulnerability Assessment.

FY 2027 Milestones

- Deliver 100% of the treated water to customers that meets and/or surpasses all applicable primary drinking water standards.
- Meet all sampling and reporting requirements established by regulatory agencies and Valley Water operational needs.
- Timely submittal of all operational and compliance reports to regulatory agencies, water retailers, and interested internal parties.
- Maintain laboratory accreditation with ELAP.
- Provide support to capital improvement efforts at all water treatment plants and pipelines, including the East Pipeline and West Pipeline Project Phase 2.
- Support treatment plant and pump station equipment condition assessment and replacement/rehabilitation efforts.
- Collaborate and communicate with DDW on pertinent current and upcoming regulatory developments and compliance requirements.
- Provide regular communications with water retailers on pertinent water quality issues (taste and odor, distribution system water quality), conduct quarterly water retailer meetings, and receive an average of "good" or "excellent" rating in the annual retailer surveys.
- Support the completion of the Water Treatment Plant, Distribution System and SCADA Master Plans.
- Participate and support the development of SCADA implementation plan as the subject matter experts.
- Provide Electrical & Control Systems (SCADA) Engineering support to district-wide capital improvement efforts.
- Manage a district-wide cost-effective and carbon-free imported electricity program.
- Continue to support response and mitigation measures against the threat of invasive mussels to our water supply sources and infrastructure, in collaboration with internal and external partners.

FY 2028 Milestones

- Deliver 100% of the treated water to customers that meets and/or surpasses all applicable primary drinking water standards.
- Meet all sampling and reporting requirements established by regulatory agencies and Valley Water operational needs.
- Timely submittal of all operational and compliance reports to regulatory agencies, water retailers, and interested internal parties.
- Maintain laboratory accreditation with ELAP.
- Provide support to capital improvement efforts at all water treatment plants and pipelines.
- Support treatment plant and pump station equipment condition assessment and replacement/rehabilitation efforts.
- Collaborate and communicate with DDW on pertinent current and upcoming regulatory developments and compliance requirements.
- Provide regular communications with water retailers on pertinent water quality issues (taste and odor, distribution system water quality), conduct quarterly water retailer meetings, and receive an average of "good" or "excellent" rating in the annual retailer surveys.
- Participate and support the development of SCADA implementation plan as the subject matter experts.
- Provide Electrical & Control Systems (SCADA) Engineering support to district-wide capital improvement efforts.
- Manage a district-wide cost-effective and carbon-free imported electricity program.
- Continue to support response and mitigation measures against the threat of invasive mussels to our water supply sources and infrastructure, in collaboration with internal and external partners.

Division Summaries

Budget Issues and Constraints

- Variation in source water quality resulting from extreme weather conditions poses a challenge to plant operations and the consistency of the treated water quality.
- Aging infrastructure that can impact operations.
- Hiring qualified and certified staff to support capital and large projects.
- Staffing and resources assignment to keep up with increasing regulatory requirements, and track regulatory compliance related to PFAS, CEC, microplastics, golden mussels and others.
- Maintaining adequate service levels while managing staffing constraints and operational disruptions associated with extreme weather, chemical supply shortages, wildfires, power outages, and other emergency events.
- Limited pool of journey-level water treatment plant operators, electrical and control system/SCADA, mechanical and process engineering talent available locally.

Division Summaries

Treated Water Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	53,699,670	56,927,650	57,044,286	63,818,630
Operating Project	251,716	—	—	—
Capital	2,534,560	4,312,485	4,471,779	4,126,954
Total ⁽¹⁾	56,485,946	61,240,135	61,516,066	67,945,584

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Laboratory Services	8,678,298	9,271,609	9,361,953	10,011,356
North Water Treatment Operations	14,468,959	16,602,198	15,619,912	19,472,195
Plant Maintenance Engineering & Commissioning	2,906,184	3,046,281	3,097,962	3,321,062
South Water Treatment Operations	18,679,217	19,049,583	19,623,507	20,334,985
Treated Water Division Deputy's Office	1,502,073	1,596,767	1,587,421	1,722,384
Utility Electrical & Control Systems	7,087,191	7,630,425	7,733,496	8,322,522
Water Quality	3,164,024	4,043,272	4,491,814	4,761,079
Total ⁽¹⁾	56,485,946	61,240,135	61,516,066	67,945,584

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Treated Water Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	92	90	90	90

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Laboratory Services					
	Salaries & Benefits	4,599,666	4,816,531	5,025,016	5,281,396
	Services & Supplies	1,260,151	1,446,500	1,443,000	1,478,600
	Intra District Charges	2,798,971	2,945,026	2,846,213	3,199,947
Laboratory Services Total		8,658,788	9,208,058	9,314,229	9,959,942
North Water Treatment Operations					
	Salaries & Benefits	5,187,696	5,059,712	5,226,496	5,535,095
	Services & Supplies	6,423,252	8,443,282	7,261,682	10,458,902
	Intra District Charges	2,852,795	2,972,754	2,943,275	3,331,791
North Water Treatment Operations Total		14,463,743	16,475,748	15,431,453	19,325,789
Plant Maintenance Engineering & Commissioning					
	Salaries & Benefits	1,001,583	902,458	958,141	1,007,658
	Services & Supplies	68,542	87,500	82,000	84,460
	Intra District Charges	601,857	553,240	536,958	603,827
Plant Maintenance Engineering & Commissioning Total		1,671,982	1,543,198	1,577,099	1,695,946
South Water Treatment Operations					
	Salaries & Benefits	6,461,756	6,362,950	6,802,271	7,120,341
	Services & Supplies	8,869,877	8,983,000	9,215,000	9,189,660
	Intra District Charges	3,296,655	3,511,776	3,452,888	3,897,557
South Water Treatment Operations Total		18,628,289	18,857,726	19,470,159	20,207,558
Treated Water Division Deputy's Office					
	Salaries & Benefits	924,110	960,991	981,504	1,039,239
	Services & Supplies	10,635	53,500	53,500	55,105
	Intra District Charges	567,328	582,276	552,417	628,040
Treated Water Division Deputy's Office Total		1,502,073	1,596,767	1,587,421	1,722,384
Utility Electrical & Control Systems					
	Salaries & Benefits	3,454,850	3,058,342	3,262,074	3,707,838
	Services & Supplies	508,687	590,800	568,800	649,424
	Intra District Charges	1,942,048	1,789,684	1,752,946	2,172,153
Utility Electrical & Control Systems Total		5,905,585	5,438,827	5,583,820	6,529,415
Water Quality					
	Salaries & Benefits	1,651,692	1,434,658	1,774,111	1,893,935
	Services & Supplies	492,099	1,510,100	1,297,100	1,331,914
	Intra District Charges	977,135	862,570	1,008,894	1,151,748
Water Quality Total		3,120,926	3,807,328	4,080,105	4,377,597
Operations Total ⁽¹⁾		53,951,386	56,927,650	57,044,286	63,818,630

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

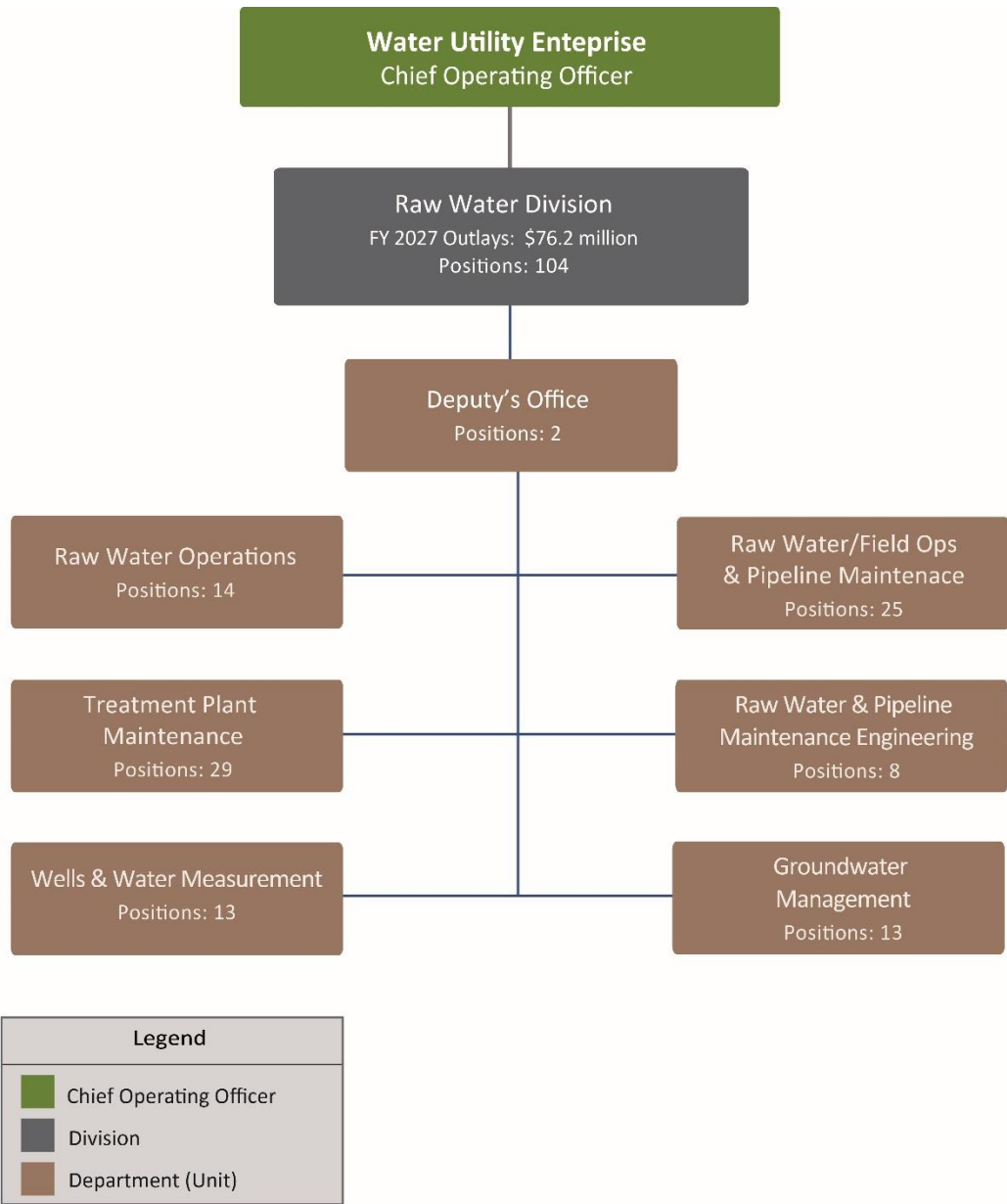
Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Laboratory Services					
	Salaries & Benefits	12,235	39,303	30,376	31,916
	Intra District Charges	7,275	24,248	17,348	19,498
Laboratory Services Total		19,510	63,552	47,723	51,414
North Water Treatment Operations					
	Salaries & Benefits	863	78,108	118,498	89,710
	Services & Supplies	3,793	—	—	—
	Intra District Charges	559	48,342	69,962	56,697
North Water Treatment Operations Total		5,216	126,450	188,459	146,407
Plant Maintenance Engineering & Commissioning					
	Salaries & Benefits	779,550	931,765	971,624	1,012,942
	Services & Supplies	2,756	—	—	—
	Intra District Charges	451,896	571,318	549,239	612,174
Plant Maintenance Engineering & Commissioning Total		1,234,202	1,503,083	1,520,863	1,625,117
South Water Treatment Operations					
	Salaries & Benefits	33,378	119,802	98,104	79,554
	Intra District Charges	17,550	72,055	55,243	47,873
South Water Treatment Operations Total		50,929	191,857	153,347	127,427
Utility Electrical & Control Systems					
	Salaries & Benefits	735,643	1,576,774	1,362,091	1,107,831
	Services & Supplies	10,867	(358,832)	—	—
	Intra District Charges	435,095	973,657	787,585	685,276
Utility Electrical & Control Systems Total		1,181,605	2,191,599	2,149,676	1,793,108
Water Quality					
	Salaries & Benefits	27,855	146,516	261,486	237,569
	Intra District Charges	15,244	89,428	150,224	145,913
Water Quality Total		43,099	235,944	411,709	383,482
Capital Total ⁽¹⁾		2,534,560	4,312,485	4,471,779	4,126,954
Division Total ⁽¹⁾		56,485,946	61,240,135	61,516,066	67,945,584

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Raw Water Division



Division Summaries

Division Description and Objectives

The Raw Water Division (Division) maintains the Water Utility infrastructure, operates the Raw Water System, and ensures continued groundwater sustainability. This includes the operations and maintenance of Valley Water's ten reservoirs, three raw water pump stations, 94 miles of large-diameter raw water transmission pipelines and tunnels, and a multifaceted groundwater recharge system including 98 miles of managed creeks and 99 recharge ponds. The Division also maintains Valley Water's three water treatment plants, the Silicon Valley Advanced Water Purification Center (SVAWPC), 17 miles of recycled water pipelines in South County, and 40 miles of large diameter treated water distribution pipelines. The Division also prepares the Annual Water Supply Operations Plan (Operations Plan) for the water supply of the county, manages local water rights and groundwater basins, administers the Well Ordinance and Water Measurement programs, and ensures compliance with regulators for Raw Water Operations as described below.

Groundwater Management

The Groundwater Management Unit helps ensure continued groundwater sustainability by providing accurate and timely information on current and forecasted groundwater conditions, ensuring Valley Water compliance with Sustainable Groundwater Management Act (SGMA) requirements, and implementing programs to protect groundwater resources. Related programs include groundwater level, groundwater quality, and land subsidence monitoring; evaluation of groundwater data and the use of numerical models to inform operational decisions and long-term water supply planning; activities to protect groundwater quality; and the maintenance and implementation of a comprehensive groundwater management plan for compliance with the District Act and SGMA.

Raw Water Operations Unit

The Raw Water Operations Unit performs the day-to-day operations planning and 24/7 remote operations of Valley Water's Raw Water System that comprises local surface water reservoirs, raw water pipelines, pump stations, and appurtenances. The Operations Plan guides the beneficial use of local and imported water throughout Santa Clara County. The unit is responsible for the implementation of the Fish and Aquatic Habitat Collaborative Effort (FAHCE) flows from the reservoirs in the Guadalupe River and Stevens Creek watersheds. In addition, the unit administers the Untreated Surface Water Program. The unit also performs the required water rights and regulatory compliance reporting to maintain and protect local water supply operations.

Raw Water and Pipeline Maintenance Engineering Unit

The Raw Water and Pipeline Maintenance Engineering Unit provides civil and corrosion control engineering in support of Water Utility operations, maintenance, and capital programs and projects. The unit also supports the 10-year pipeline rehabilitation capital project and oversees the implementation of the management strategy for large diameter water conveyance and transmission pipelines. This includes the inspection of Welded Steel, bar-wrapped and Pre-stressed Concrete Cylinder Pipe (PCCP) as well as the development of seismic and risk management tools for pipelines. In addition, the unit provides engineering support for the three water treatment plants, SVAWPC, three raw water pump stations, San Francisco Public Utilities Commission (SFPUC) Intertie, and other related infrastructure and facilities.

Raw Water/Field Operations and Pipeline Maintenance Unit

The Raw Water Field Operations and Pipeline Maintenance Unit is responsible for the mechanical, electrical, and raw water control system along with 24/7 on-call support for Valley Water facilities. This includes the preventive, corrective, and rehabilitative maintenance of the pipeline infrastructure, which includes three pump stations – Pacheco, Coyote, and Vasona – and over 150 miles of pipelines. Also included are the operation and maintenance of recharge and water distribution systems for groundwater basins, reservoirs, canals, and other water supply infrastructure.

Division Summaries

Treatment Plant Maintenance Unit

The Treatment Plant Maintenance Unit conducts predictive, preventive, corrective, and rehabilitative maintenance required to sustain operations of the Santa Teresa Water Treatment Plant, Penitencia Water Treatment Plant, Rinconada Water Treatment Plant, Advanced Purification Center, Campbell Well Field, and San Francisco Intertie to produce and distribute treated water.

Wells & Water Measurement

The Wells and Water Measurement Unit is responsible for the Well Ordinance Program and Water Measurement Program. The Well Ordinance Program helps protect Valley Water's groundwater resource by providing services needed for the implementation of Valley Water's Well Ordinance (Ordinance 90-1). Implementation of the well ordinance includes well permitting, well inspection, well data management, and violation enforcement for wells located in Santa Clara County. The Water Measurement Program provides services and supplies for the operation of Valley Water's meter test facility, for meter reading, for meter installation, for the test and overhaul of meters, and for the preventative and corrective maintenance of approximately 1,000 groundwater, treated water, and raw water meters.

FY 2026 Accomplishments

- Operated the raw water conveyance system 24/7/365 without any major incidents.
- Developed annual Water Supply Operations Plans; and water supply operations outlook scenarios for two calendar years, coordinating prospective operation with interested parties.
- Continued invasive species monitoring and mitigation in the midst of growing golden mussel infestation.
- Safely operated Valley Water's 10 reservoirs during the rainy season.
- Submitted the Water Year Report for the Santa Clara and Llagas Subbasins by the Department of Water Resources annual April 1 deadline for continued SGMA compliance.
- Submitted the annual reports for the Lake or Streambed Alteration Agreements (LSAAs) for North County's six diversions and South County's two reservoirs to CDFW by their respective deadlines.
- Continued working with CDFW on the renewal of the few remaining North County LSAAs.
- Continued coordination on FAHCE, prepared the annual FAHCE report for the prior water year, and implemented FAHCE-Plus flows for reservoirs in the Guadalupe River and Stevens Creek watersheds in the current water year.
- Completed the work projects identified in the Five-Year Maintenance Work Plan.
- Responded to and supported pipeline emergency repair efforts.
- Completed and implemented Board-approved updates to the Well Ordinance Program.
- Conducted enforcement on abandoned wells in accordance with the plan per the Well Ordinance.
- Completed maintenance of 599 Valley Water meters and backflow devices. Read meters weekly for 32 Treated Water sites, monthly for 214 meters along 10 routes for groundwater well sites, and semi-annually for 811 meters along 23 routes for groundwater well sites.
- Provided Civil and Corrosion Control engineering and technical support for Operations, Maintenance, Asset Management and Capital Improvement projects and programs.
- Monitored, maintained and repaired pipeline condition assessment equipment and instrumentation (Acoustic Fiber Optic, Transient, Cathodic Protection, and Geotechnical).
- Ensured sustainable groundwater conditions.
- Commented on environmental review documents for over 25 community projects to help ensure continued groundwater sustainability and protection of groundwater quality.
- Continued groundwater PFAS monitoring and coordination efforts with local and state agencies.
- Issued approximately 773 well permits and completed approximately 735 well inspections.
- Installed 87 Advanced Metering Infrastructure (AMI) meters.
- Drafted Valley Water's Cross Connection Control Plan.

Division Summaries

- Completed corrective maintenance work (which includes emergency maintenance) per assigned schedules through Q4.
- Completed work projects identified in the Five-Year Maintenance Work Plan.
- In coordination with Asset Management, completed condition assessments of pre-determined facilities by the scheduled quarter.
- In collaboration with Valley Water's Career Pathways program, successfully onboarded two skilled trade interns to the Raw Water and Pipeline Maintenance units.

FY 2027 Milestones

- Maintain reliable water treatment, raw water, and pipeline facilities by performing corrective and scheduled preventative maintenance.
- Complete all scheduled condition assessments for pre-determined facilities by the assigned quarterly deadlines.
- Operate recharge, canal, ditch, and low-pressure pipelines as required by the operations plan and regulatory agency requirements.
- Complete groundwater recharge pond maintenance.
- Effectively manage and operate Valley Water's raw water system 24/7/365.
- Safely operate Valley Water's 10 reservoirs during the rainy season.
- Prepare annual FAHCE-Plus report.
- Manage Cathodic Protection and Corrosion Control Systems (maintenance, surveys, troubleshooting and repairs).
- Submit the Water Year report for the Santa Clara and Llagas Subbasins by DWR April 1 deadline for continued SGMA compliance.
- Submit to DWR the 2026 Groundwater Management Plan as the second periodic evaluation of approved Alternative Plan for continued SGMA compliance.
- Continue to issue well permits, perform inspections, and conduct enforcement of abandoned wells per Valley Water Well Ordinance 90-1 requirements.
- Begin decommissioning work for identified groundwater well sites.
- Continue to install meters and perform treated water verifications.
- Continue to install Advanced Metering Infrastructure for Valley Water meters.
- Submit groundwater elevation data to the DWR quarterly.
- Analyze groundwater and land subsidence conditions to support water supply operations, long-term planning, and Valley Water projects.

FY 2028 Milestones

- Maintain reliable water treatment, raw water, and pipeline facilities by performing corrective and scheduled preventative maintenance.
- Complete all scheduled condition assessments for pre-determined facilities by the assigned quarterly deadlines.
- Operate recharge, canal, ditch, and low-pressure pipelines as required by the operations plan and regulatory agency requirements.
- Complete groundwater recharge pond maintenance.
- Effectively manage and operate Valley Water's raw water system 24/7/365.
- Safely operate Valley Water's 10 reservoirs during the rainy season.
- Prepare annual FAHCE-Plus report.
- Manage Cathodic Protection and Corrosion Control Systems (maintenance, surveys, troubleshooting and repairs).
- Submit Water Year report for the Santa Clara and Llagas Subbasins by DWR April 1 deadline for continued SGMA compliance.
- Continue to issue well permits, perform inspections, and conduct enforcement of abandoned wells per Valley Water Well Ordinance 90-1 requirements.
- Continue to install meters and perform treated water verifications.

Division Summaries

- Continue to install Advanced Metering Infrastructure for Valley Water meters.
- Submit groundwater elevation data to the DWR quarterly.
- Analyze groundwater and land subsidence conditions to support water supply operations, long-term planning, and Valley Water projects.

Budget Issues and Constraints

Raw Water division faces challenges due to aging infrastructure, dry conditions, and potential water quality obstacles that threaten uninterrupted operations and groundwater management. Ongoing staffing and resource constraints narrow the ability to simultaneously support various areas, including operations and maintenance, capital and large projects, and the tracking and analysis of contaminants that may affect groundwater supplies. In recent years, the division has been challenged in backfilling retirements and out-of-unit promotions due to limited pool of journey-level electrical and mechanical trade talent available. Succession planning and cross-training are underway to offset the impacts of anticipated retirements in the future.

Division Summaries

Raw Water Division — Budget Summary

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Project Type (Category)				
Operations	50,798,306	56,909,854	59,756,799	62,581,956
Operating Project	18,715	—	—	—
Capital	4,492,636	18,973,716	16,449,071	16,531,033
Total ⁽¹⁾	55,309,657	75,883,571	76,205,870	79,112,989

	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Department (Unit)				
Groundwater Monitoring	5,825,637	6,570,928	6,624,201	7,095,792
Raw Water Division Deputy's Office	1,012,570	1,054,928	1,048,634	1,145,569
Raw Water Operations	6,891,464	7,718,039	8,011,297	8,299,637
Raw Wtr-Field Ops & Pipeline Maint.	13,705,884	21,540,273	23,971,261	27,811,859
Treatment Plant Maintenance	17,447,993	26,174,626	23,346,042	21,604,183
Raw Water & Pipeline Maintenance Engineering	5,078,754	7,042,882	7,245,496	6,811,449
Wells & Water Measurement	5,347,355	5,781,892	5,958,937	6,344,500
Total ⁽¹⁾	55,309,657	75,883,571	76,205,870	79,112,989

(1) Totals include intra-district reimbursement charges. FY 2025 and FY 2026 department expenditures are presented according to the FY 2027 Division Organizational Chart.

Raw Water Division - Position Summary

	FY 2024-25 Adjusted Budget ⁽²⁾	FY 2025-26 Adopted Budget ⁽²⁾	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Authorized Positions ⁽¹⁾	105	105	104	104

(1) Authorized positions exclude limited term positions.

(2) For comparison purposes, FY 2025 and FY 2026 position count lists all positions according to the FY 2027 Organizational Chart.

Division Summaries

Operations Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Groundwater Management					
	Salaries & Benefits	3,501,647	3,766,945	3,964,478	4,188,614
	Services & Supplies	207,395	470,300	426,800	388,789
	Intra District Charges	2,116,180	2,309,957	2,221,639	2,506,274
Groundwater Management Total		5,825,222	6,547,202	6,612,917	7,083,678
Raw Water Division Deputy's Office					
	Salaries & Benefits	613,968	649,461	659,499	702,471
	Services & Supplies	15,096	11,500	16,500	16,875
	Intra District Charges	383,506	393,968	372,635	426,223
Raw Water Division Deputy's Office Total		1,012,570	1,054,928	1,048,634	1,145,569
Raw Water Operations					
	Salaries & Benefits	4,073,787	3,986,596	4,176,267	4,493,819
	Services & Supplies	431,952	1,124,400	1,406,386	1,176,406
	Intra District Charges	2,263,068	2,266,238	2,198,669	2,543,437
Raw Water Operations Total		6,768,806	7,377,234	7,781,322	8,213,662
Raw Wtr-Field Ops & Pipeline Maint.					
	Salaries & Benefits	5,996,060	6,344,949	6,741,871	7,099,153
	Services & Supplies	3,237,678	4,218,260	5,179,360	5,097,973
	Intra District Charges	3,692,479	4,102,323	4,370,809	4,896,534
Raw Wtr-Field Ops & Pipeline Maint. Total		12,926,217	14,665,533	16,292,040	17,093,660
Treatment Plant Maintenance					
	Salaries & Benefits	6,733,277	6,648,363	7,333,779	7,690,038
	Services & Supplies	3,843,728	3,724,500	3,805,500	3,945,415
	Intra District Charges	4,376,612	4,651,742	4,761,258	5,335,899
Treatment Plant Maintenance Total		14,953,617	15,024,606	15,900,537	16,971,352
Raw Water & Pipeline Maintenance Engineering					
	Salaries & Benefits	1,716,723	1,982,292	1,814,076	1,958,829
	Services & Supplies	1,299,293	3,217,300	3,207,300	2,456,550
	Intra District Charges	998,642	1,258,867	1,141,034	1,314,155
Raw Water & Pipeline Maintenance Engineering Total		4,014,657	6,458,459	6,162,411	5,729,535
Wells & Water Measurement					
	Salaries & Benefits	3,148,860	3,298,582	3,400,241	3,560,256
	Services & Supplies	209,106	359,800	424,300	396,010
	Intra District Charges	1,957,966	2,123,511	2,134,396	2,388,234
Wells & Water Measurement Total		5,315,931	5,781,892	5,958,937	6,344,500
Operations Total ⁽¹⁾		50,817,021	56,909,854	59,756,799	62,581,956

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.

Division Summaries

Capital Budget by Department and Account Category

Department	Account Category	FY 2024-25 Budgetary Actuals	FY 2025-26 Adopted Budget	FY 2026-27 Adopted Budget	FY 2027-28 Proposed Plan
Groundwater Management					
	Salaries & Benefits	249	14,667	7,215	7,559
	Intra District Charges	165	9,059	4,069	4,555
Groundwater Management Total		414	23,726	11,284	12,114
Raw Water Operations					
	Salaries & Benefits	75,938	211,564	146,640	53,449
	Services & Supplies	1,007	—	—	—
	Intra District Charges	45,712	129,241	83,335	32,526
Raw Water Operations Total		122,657	340,806	229,975	85,975
Raw Wtr-Field Ops & Pipeline Maint.					
	Salaries & Benefits	158,745	234,224	246,698	268,330
	Services & Supplies	518,236	6,482,000	7,263,841	10,260,641
	Intra District Charges	102,686	158,517	168,682	189,228
Raw Wtr-Field Ops & Pipeline Maint. Total		779,667	6,874,741	7,679,221	10,718,199
Treatment Plant Maintenance					
	Salaries & Benefits	130,409	561,357	493,420	533,053
	Services & Supplies	2,296,076	10,164,208	6,606,000	3,700,000
	Intra District Charges	67,891	424,456	346,086	399,778
Treatment Plant Maintenance Total		2,494,377	11,150,020	7,445,506	4,632,831
Raw Water & Pipeline Maintenance Engineering					
	Salaries & Benefits	514,437	361,320	666,659	647,109
	Services & Supplies	249,784	—	—	—
	Intra District Charges	299,876	223,103	416,426	434,806
Raw Water & Pipeline Maintenance Engineering Total		1,064,097	584,423	1,083,085	1,081,915
Wells & Water Measurement					
	Services & Supplies	31,424	—	—	—
Wells & Water Measurement Total		31,424	—	—	—
Capital Total ⁽¹⁾		4,492,636	18,973,716	16,449,071	16,531,033
Division Total ⁽¹⁾		55,309,657	75,883,570	76,205,870	79,112,989

(1) Totals reflect the gross budget and includes intra-district reimbursement charges.



Fund Summaries

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

WATERSHED MANAGEMENT FUNDS

Fund Summaries

Overview

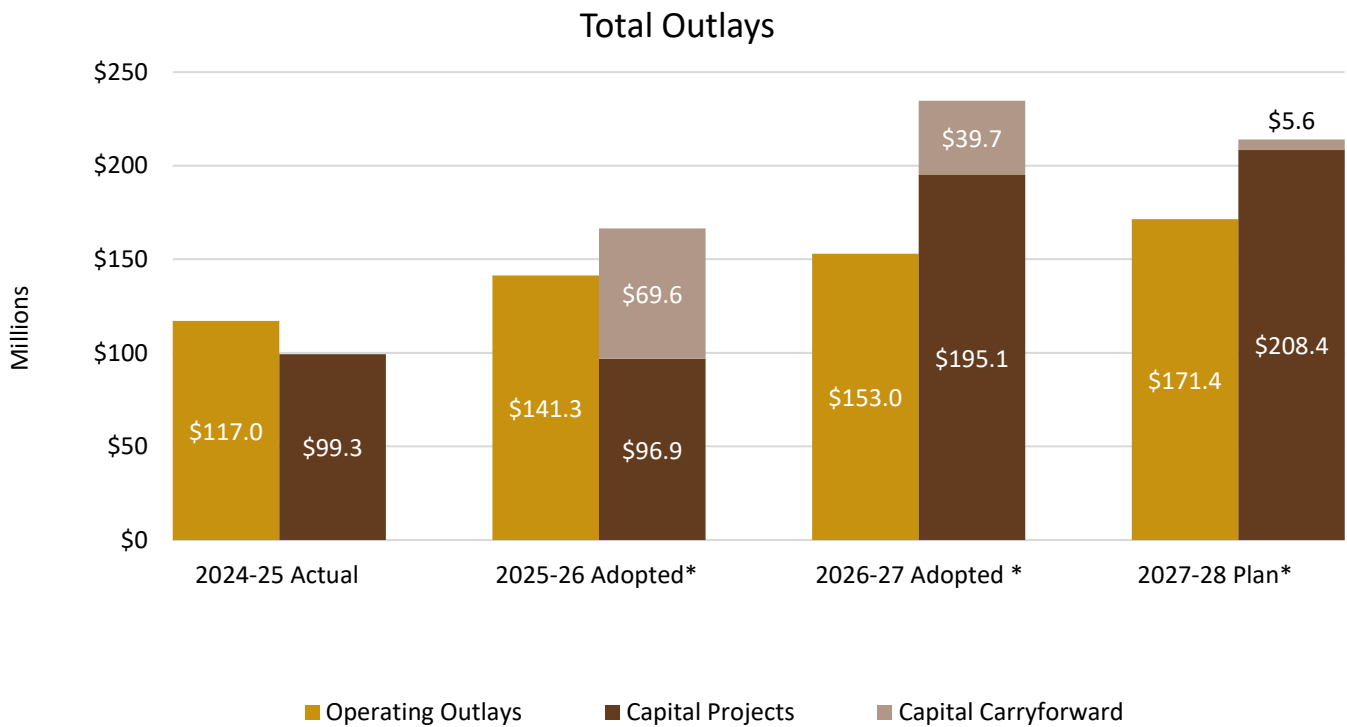
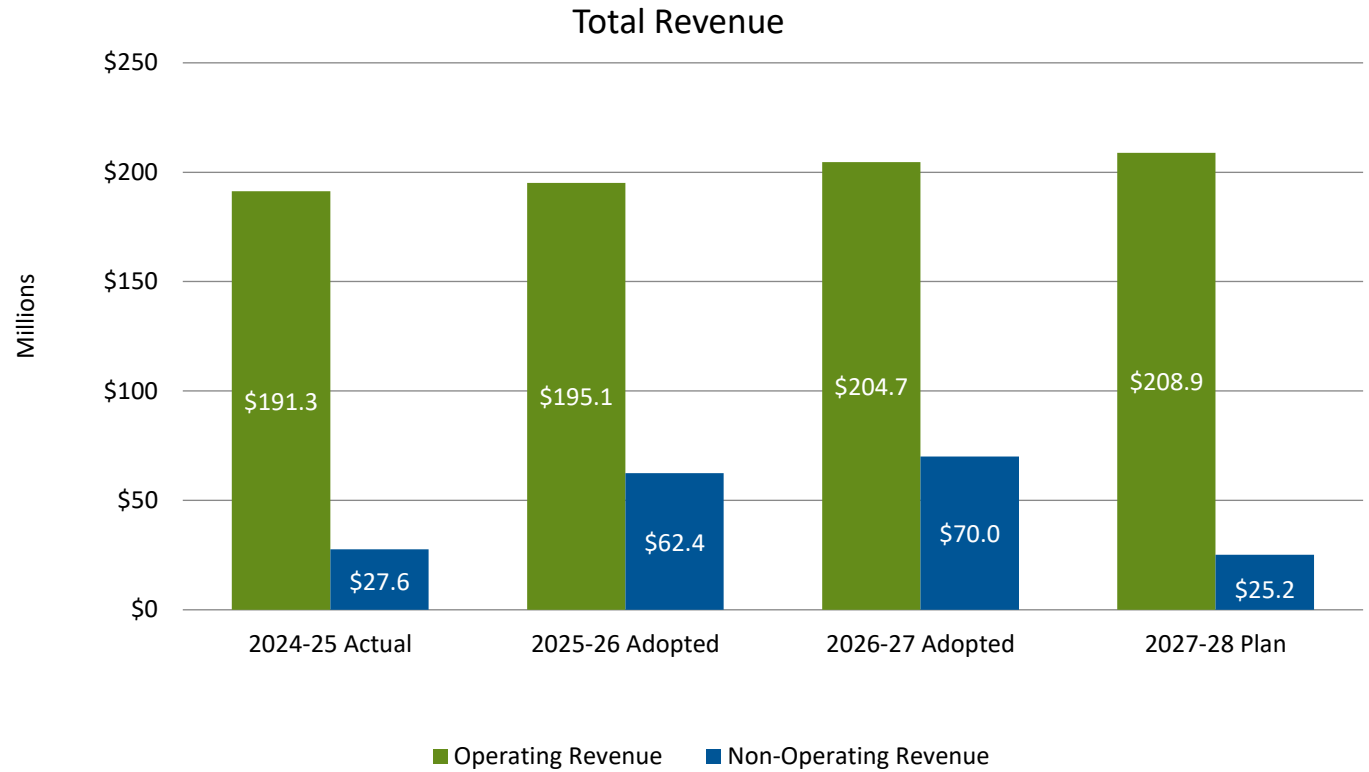
The Board of Directors defines watershed stewardship as the management of natural resources in a manner that fosters ecosystem health, improved water quality, reduced flood risk, and compatible recreational opportunities. The Watersheds Chief Operating Officer leads the implementation of the watershed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

Fund Summaries

Watershed Management Funds



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

Watershed Management Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Change from 2025-26 Adopted	
					\$ Diff	% Diff
REVENUE						
Operating Revenue						
Benefit Assessment	\$ 6,848,514	\$ 6,923,750	\$ 6,923,750	\$ 6,921,250	\$ (2,500)	0.0%
Property Tax	129,840,107	132,785,000	137,453,938	140,841,668	8,056,668	6.1%
Special Parcel Tax	53,227,039	55,094,792	55,094,792	56,582,351	1,487,559	2.7%
Intergovernmental Services	202,970	-	-	-	-	0.0%
Operating Other	1,162,600	318,938	318,938	328,506	9,568	3.0%
Total Operating Revenue	\$ 191,281,230	\$ 195,122,480	\$ 199,791,418	\$ 204,673,775	\$ 9,551,296	4.9%
Non-Operating Revenue						
Capital Reimbursements	\$ 10,815,146	\$ 55,600,000	\$ 24,510,000	\$ 60,455,000	\$ 4,855,000	8.7%
Interest Income*	13,946,973	5,366,000	8,045,000	8,045,000	2,679,000	49.9%
Non-Operating Other	2,854,430	1,458,487	1,458,487	1,502,242	43,755	3.0%
Total Non-Operating Revenue	\$ 27,616,549	\$ 62,424,487	\$ 34,013,487	\$ 70,002,242	\$ 7,577,755	12.1%
TOTAL REVENUE	\$ 218,897,779	\$ 257,546,967	\$ 233,804,905	\$ 274,676,017	\$ 17,129,050	6.7%
OUTLAYS						
Operating Outlays						
Operations**	\$ 101,483,650	\$ 118,364,072	\$ 121,133,636	\$ 127,888,091	\$ 9,524,019	8.0%
Operating Project	3,830,779	4,444,256	8,394,256	6,801,569	2,357,313	53.0%
Debt Service	11,699,443	18,530,310	18,530,310	18,294,186	(236,124)	-1.3%
Total Operating Outlays	\$ 117,013,873	\$ 141,338,638	\$ 148,058,202	\$ 152,983,845	\$ 11,645,208	8.2%
Capital Outlays						
Capital Projects	\$ 99,280,659	\$ 96,937,602	\$ 176,927,845	\$ 195,050,073	\$ 98,112,470	101.2%
Carryforward Capital Projects	-	69,566,695	-	39,678,136	(29,888,559)	-43.0%
Total Capital Outlays	\$ 99,280,659	\$ 166,504,297	\$ 176,927,845	\$ 234,728,209	\$ 68,223,911	41.0%
TOTAL OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 324,986,047	\$ 387,712,054	\$ 79,869,119	25.9%
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 50,000,000	\$ 44,609,029	\$ 30,000,000	\$ 119,346,000	\$ 74,736,971	167.5%
Transfers In	4,087,474	5,116,750	5,116,750	6,234,999	1,118,249	21.9%
Transfers Out	(16,924,530)	(14,710,901)	(14,911,701)	(15,676,139)	(965,238)	6.6%
TOTAL OTHER SOURCES/(USES)	\$ 37,162,944	\$ 35,014,878	\$ 20,205,049	\$ 109,904,860	\$ 74,889,982	213.9%
BALANCE AVAILABLE	\$ 39,766,191	\$ (15,281,090)	\$ (70,976,093)	\$ (3,131,177)	\$ 12,149,913	-79.5%
YEAR-END RESERVES						
Restricted Reserves						
SCW Rate Stabilization Reserve	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	-	0.0%
SCW Contingency Reserve	5,000,000	5,000,000	5,000,000	5,000,000	-	0.0%
SCW Currently Authorized Projects Reserve***	153,931,649	71,376,703	54,454,777	24,037,866	(47,338,837)	-66.3%
SCW Operating and Capital Reserve	3,971,210	76,463,210	22,685,957	43,678,321	(32,784,889)	-42.9%
Total Restricted Reserves	\$ 187,902,859	\$ 177,839,913	\$ 107,140,734	\$ 97,716,187	\$ (80,123,726)	-45.1%
Committed Reserves						
Currently Authorized Projects Reserve***	\$ 27,087,745	\$ 1,029,024	\$ 21,125,092	\$ -	\$ (1,029,024)	-100.0%
Operating and Capital Reserve	163,306,832	154,256,929	177,953,016	204,315,318	50,058,390	32.5%
Excess ERAF Contingency Reserve	4,754,939	5,836,610	5,857,439	6,913,599	1,076,989	18.5%
Total Committed Reserves	\$ 195,149,516	\$ 161,122,563	\$ 204,935,548	\$ 211,228,917	\$ 50,106,355	31.1%
TOTAL YEAR-END RESERVES	\$ 383,052,375	\$ 338,962,475	\$ 312,076,282	\$ 308,945,104	\$ (30,017,371)	-8.9%

Fund Summaries

Watershed Management Funds

	Budgetary		Adopted		Projected		Adopted		Change from	
	Basis Actual		Budget		Year End		Budget		2025-26 Adopted	
	2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
Outlay Summary by Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	46,913,085	\$	52,339,151	\$	52,081,619	\$	55,482,095	\$	3,142,945 6.0%
Salary Savings Factor		-		(523,828)		(523,828)		(1,153,119)		(629,291) 120.1%
Services & Supplies		28,382,415		37,335,848		44,460,871		46,631,882		9,296,034 24.9%
Intra-District Charges		30,018,929		33,657,157		33,509,230		33,728,802		71,644 0.2%
OPERATING OUTLAY TOTAL	\$	105,314,430	\$	122,808,328	\$	129,527,892	\$	134,689,659	\$	11,881,332 9.7%
DEBT SERVICE										
Services & Supplies	\$	805,328	\$	911,560	\$	911,560	\$	771,561	\$	(139,999) -15.4%
Debt Service		10,894,115		17,618,750		17,618,750		17,522,625		(96,125) -0.5%
DEBT SERVICE TOTAL	\$	11,699,443	\$	18,530,310	\$	18,530,310	\$	18,294,186	\$	(236,124) -1.3%
CAPITAL PROJECTS										
Salaries and Benefits	\$	17,687,634	\$	19,778,729	\$	19,778,729	\$	19,891,205	\$	112,477 0.6%
Salary Savings Factor		-		(204,729)		(204,729)		(426,108)		(221,379) 108.1%
Services & Supplies		70,851,175		65,195,450		145,185,693		164,383,498		99,188,048 152.1%
Carryforward Capital Projects		-		69,566,695		-		39,678,136		(29,888,559) -43.0%
Intra-District Charges		10,741,850		12,168,153		12,168,153		11,201,478		(966,675) -7.9%
CAPITAL PROJECTS TOTAL	\$	99,280,659	\$	166,504,297	\$	176,927,845	\$	234,728,209	\$	68,223,911 41.0%
TOTAL OUTLAYS	\$	216,294,532	\$	307,842,935	\$	324,986,047	\$	387,712,054	\$	79,869,119 25.9%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Watershed Management Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
REVENUE						
Operating Revenue						
Benefit Assessment	\$ 6,848,514	\$ 6,923,750	\$ 6,921,250	\$ 6,924,063	\$ 2,813	0.0%
Property Tax	129,840,107	132,785,000	140,841,668	143,825,523	2,983,855	2.1%
Special Parcel Tax	53,227,039	55,094,792	56,582,351	57,827,163	1,244,812	2.2%
Intergovernmental Services	202,970	-	-	-	-	0.0%
Operating Other	1,162,600	318,938	328,506	338,361	9,855	3.0%
Total Operating Revenue	\$ 191,281,230	\$ 195,122,480	\$ 204,673,775	\$ 208,915,110	\$ 4,241,334	2.1%
Non-Operating Revenue						
Capital Reimbursements	\$ 10,815,146	\$ 55,600,000	\$ 60,455,000	\$ 15,600,000	\$ (44,855,000)	-74.2%
Interest Income*	13,946,973	5,366,000	8,045,000	8,045,000	-	0.0%
Non-Operating Other	2,854,430	1,458,487	1,502,242	1,547,309	45,067	3.0%
Total Non-Operating Revenue	\$ 27,616,549	\$ 62,424,487	\$ 70,002,242	\$ 25,192,309	\$ (44,809,933)	-64.0%
TOTAL REVENUE	\$ 218,897,779	\$ 257,546,967	\$ 274,676,017	\$ 234,107,418	\$ (40,568,598)	-14.8%
OUTLAYS						
Operating Outlays						
Operations**	\$ 101,483,650	\$ 118,364,072	\$ 127,888,091	\$ 135,775,930	\$ 7,887,839	6.2%
Operating Project	3,830,779	4,444,256	6,801,569	6,508,094	(293,475)	-4.3%
Debt Service	11,699,443	18,530,310	18,294,186	29,164,114	10,869,928	59.4%
Total Operating Outlays	\$ 117,013,873	\$ 141,338,638	\$ 152,983,845	\$ 171,448,137	\$ 18,464,292	12.1%
Capital Outlays						
Capital Projects	\$ 99,280,659	\$ 96,937,602	\$ 195,050,073	\$ 208,398,646	\$ 13,348,573	6.8%
Carryforward Capital Projects	-	69,566,695	39,678,136	5,598,296	(34,079,840)	-85.9%
Total Capital Outlays	\$ 99,280,659	\$ 166,504,297	\$ 234,728,209	\$ 213,996,942	\$ (20,731,267)	-8.8%
TOTAL OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 387,712,054	\$ 385,445,080	\$ (2,266,975)	-0.6%
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 50,000,000	\$ 44,609,029	\$ 119,346,000	\$ 130,000,000	\$ 10,654,000	8.9%
Transfers In	4,087,474	5,116,750	6,234,999	8,986,812	2,751,813	44.1%
Transfers Out	(16,924,530)	(14,710,901)	(15,676,139)	(11,342,792)	4,333,347	-27.6%
TOTAL OTHER SOURCES/(USES)	\$ 37,162,944	\$ 35,014,878	\$ 109,904,860	\$ 127,644,018	\$ 17,739,159	16.1%
BALANCE AVAILABLE	\$ 39,766,191	\$ (15,281,090)	\$ (3,131,177)	\$ (23,693,643)	\$ (20,562,466)	656.7%
YEAR-END RESERVES						
Restricted Reserves						
SCW Rate Stabilization Reserve	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ -	0.0%
SCW Contingency Reserve	5,000,000	5,000,000	5,000,000	5,000,000	-	0.0%
SCW Currently Authorized Projects Reserve***	153,931,649	71,376,703	24,037,866	18,439,570	(5,598,296)	-23.3%
SCW Operating and Capital Reserve	3,971,210	76,463,210	43,678,321	47,374,992	3,696,670	8.5%
Total Restricted Reserves	\$ 187,902,859	\$ 177,839,913	\$ 97,716,187	\$ 95,814,562	\$ (1,901,626)	-1.9%
Committed Reserves						
Currently Authorized Projects Reserve***	\$ 27,087,745	\$ 1,029,024	\$ -	\$ -	\$ -	0.0%
Operating and Capital Reserve	163,306,832	154,256,929	204,315,318	181,466,981	(22,848,337)	-11.2%
Excess ERAF Contingency Reserve	4,754,939	5,836,610	6,913,599	7,969,919	1,056,320	15.3%
Total Committed Reserves	\$ 195,149,516	\$ 161,122,563	\$ 211,228,917	\$ 189,436,900	\$ (21,792,017)	-10.3%
TOTAL YEAR-END RESERVES	\$ 383,052,375	\$ 338,962,475	\$ 308,945,104	\$ 285,251,461	\$ (23,693,643)	-7.7%

Fund Summaries

Watershed Management Funds

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
Outlay Summary by Account Type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 46,913,085	\$ 52,339,151	\$ 55,482,095	\$ 60,481,527	\$ 4,999,431	9.0%
Salary Savings Factor	-	(523,828)	(1,153,119)	(1,246,241)	(93,122)	8.1%
Services & Supplies	28,382,415	37,335,848	46,631,882	43,864,316	(2,767,565)	-5.9%
Intra-District Charges	30,018,929	33,657,157	33,728,802	39,184,421	5,455,620	16.2%
OPERATING OUTLAY TOTAL	\$ 105,314,430	\$ 122,808,328	\$ 134,689,659	\$ 142,284,023	\$ 7,594,364	5.6%
DEBT SERVICE						
Services & Supplies	\$ 805,328	\$ 911,560	\$ 771,561	\$ 1,251,561	\$ 480,000	62.2%
Debt Service	10,894,115	17,618,750	17,522,625	27,912,553	10,389,928	59.3%
DEBT SERVICE TOTAL	\$ 11,699,443	\$ 18,530,310	\$ 18,294,186	\$ 29,164,114	\$ 10,869,928	59.4%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 17,687,634	\$ 19,778,729	\$ 19,891,205	\$ 20,145,751	\$ 254,546	1.3%
Salary Savings Factor	-	(204,729)	(426,108)	(429,760)	(3,652)	0.9%
Services & Supplies	70,851,175	65,195,450	164,383,498	176,579,849	12,196,351	7.4%
Carryforward Capital Projects	-	69,566,695	39,678,136	5,598,296	(34,079,840)	-85.9%
Intra-District Charges	10,741,850	12,168,153	11,201,478	12,102,806	901,328	8.0%
CAPITAL PROJECTS TOTAL	\$ 99,280,659	\$ 166,504,297	\$ 234,728,209	\$ 213,996,942	\$ (20,731,267)	-8.8%
TOTAL OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 387,712,054	\$ 385,445,080	\$ (2,266,975)	-0.6%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

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 Valley Water's ad valorem property tax allocation. Beginning in FY 2008-09, this fund was redefined to support all activities from the five watershed funds supported by revenue from:

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

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

- Environmentally responsible maintenance and construction 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, corrective maintenance, property, fence, and road repairs
- Administration of the Water Resources Protection Ordinance to protect Valley Water 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
- Encampment cleanups and management
- Plan and build restoration projects
- Other program activities such as work improvement efforts, floodplain management, hydrology, safety training, watershed master planning, and workforce development

Preliminary targets for sediment removal, vegetation management, levee maintenance, and erosion protection are based on field condition assessments for the Stream Maintenance Program (SMP) Notice of Proposed Work (NPW). The NPW consists of all potential work activities identified for that season and is submitted annually for approval by regulatory agencies in April. While Valley Water intends to complete all work listed in the NPW, some of the work may not be completed for various reasons. Limitations for completion include the ability to implement required mitigation, timely approval from regulatory agencies, changed site conditions, environmental restrictions, and other factors. Furthermore, an additional NPW may be submitted due to work identified caused by late-occurring winter/spring storms. Therefore, the proposed workload quantities in this fund summary are subject to change.

Fund Summaries

Outcomes

Programs and projects are designed to fulfill each goal. Following each goal statement is a list of projects that are included in the FY 2026-27 Rolling Biennial Budget.

Goal 3.1: Maintain flood protection facilities to design levels of protection

Prioritize maintenance of existing facilities over construction of new capital projects; inspect and maintain facilities on a regular basis; and perform maintenance using maintenance guidelines updated on a regular basis.

- Effectively and efficiently maintain and operate flood water conveyance channels to design specifications, including sustainable sediment management, vegetation management, and debris removal
- In conjunction with the Safe, Clean Water (SCW) Fund, provide partial funding to remove an estimated 20,000 to 50,000 cubic yards of sediment
- In conjunction with the Safe, Clean Water (SCW) Fund, provide partial funding to control approximately 3,700 acres of upland vegetation to allow safe access for maintenance and fire risk reduction
- Inspect approximately 190 miles of creeks
- Inspect approximately 100 miles of levees
- Perform maintenance on approximately 7,500 linear feet of levees
- Lower Guadalupe River Capacity Restoration Project
- Watersheds Asset Rehabilitation Program: Stevens Creek, Lower Penitencia Creek, and Guadalupe River

Goal 3.2: Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement

Reduce the potential for flood damages through the following activities:

- Preparing for and responding to flood emergencies
- Informing the public on flood awareness
- Implementing the Water Resources Protection Zones Ordinance
- Implementing the Encroachment Remediation Program
- Consulting with and supporting external agencies for floodplain management
- Maintaining and improving Valley Water's flood warning system

This includes providing a minimum of 40,000 pre-filled sandbags to the public and sending floodplain mailers to approximately 55,000 homes and businesses in flood-prone areas.

Fund Summaries

Goal 3.3: Increase the health and safety of residents countywide by reducing community flood risk

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

Major Capital Projects starting or continuing construction:

- Coyote Creek Flood Protection Project
- San Francisco Bay Shoreline Phase I Project
- Sunnyvale East and West Channels Flood Protection Project

Goal 4.1: Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations

Protect and restore creek and bay ecosystems through an integrated master planning process, which strategizes providing protection and restoration of watersheds through the following activities:

- Identifying mitigation and enhancement sites
- Monitoring the biological values along the creeks and bay
- Understanding the natural hydrology of the watersheds
- Educating residents on creek stewardship

Watershed Master Plans for each of the five watersheds in Santa Clara County are driven by community input to ensure broad support.

Major Capital Projects:

- Calabazas/San Tomas Aquino Creek-Marsh Connection
- Coyote 10B Freshwater Wetlands
- Fish Passage Improvements Project (Moffett Fish Ladder)
- Ogier Ponds
- Pond A4 Resilient Habitat Restoration

Goal 4.2: Sustain ecosystem health while managing local water resources for flood protection and water supply

- Implement stewardship projects such as the Integrated Invasive Plant Management Program for invasive species control, Calabazas/San Tomas Aquino Creek-Marsh Connection, Coyote Pond 10B Freshwater Wetlands, and Ogier Ponds
- Continue to implement the FAHCE flow measures in the Stevens Creek and Guadalupe watersheds
- Complete planning studies for FAHCE nonflow measures such as the Fish Passage Improvements Project (Moffett Fish Ladder)
- Manage at least 300 acres of riparian planting projects and 200 acres of invasive plant removal projects

Fund Summaries

Goal 4.3: Encourage inclusive, sustainable management of water resources in the Bay-Delta and its watersheds to protect imported water supply

Protecting imported water supply is affiliated with more than one Ends Code Goal, including this Goal E4.3; however, the imported water projects listed are under Goal Objective E2.2.3 – “Protect imported water supplies and associated contracts and partnerships.” Please refer to the summary of that goal in the Water Utility Enterprise (Fund 61) Summary.

Goal 4.4: Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation

- Continue sampling and analysis to estimate reservoirs’ contribution of greenhouse gases, especially methane, to the atmosphere
- Continue study to evaluate the use of different mercury sorbent materials and methods as an alternative to hypolimnetic oxygenation systems for mitigating mercury bioaccumulation in reservoirs
- Continue a collaborative effort between Palo Alto and Valley Water to maintain and operate trash booms in two creek locations to capture trash before it enters San Francisco Bay
- Conduct stormwater runoff pollution prevention activities
- Conduct encampment cleanup and management of at least 700 acres annually to remove trash, debris, and hazardous pollutants generated by encampments near waterways or on Valley Water property
- Continue Good Neighbor Maintenance to remove trash from waterways
- Repair fences as needed for public safety; and respond to requests for trash and graffiti removal within five working days

Goal 4.5: Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency

- Provide additional recreational opportunities by promoting and supporting access to create creekside trails and open space through various grants and community partnerships for planning, design, construction, and maintenance
- Provide additional opportunities to engage the community in stewardship through Adopt-A-Creek trash pickups
- Continue to work with cities on trail implementation through Joint Use Agreements, in accordance with the Trails Policy Criteria and Guidance

Goal 5.1: Minimize greenhouse gas emissions from Valley Water’s operations

Complete and implement a qualified Greenhouse Gas Reduction Plan (GHGRP) consistent with the California Environmental Quality Act (CEQA) and develop a CEQA streamlining checklist for future projects covered by the plan. The GHGRP aims to reduce Valley Water’s emissions and achieve carbon neutrality by 2045.

Goal 5.2: Adapt Valley Water’s assets and operations to reduce climate change impacts

- Improve the resiliency of Valley Water’s assets and operations by implementing the Climate Change Action Plan (CCAP), which includes Water Supply Adaptation, Flood Protection Adaptation, Ecosystem Adaptation, and Emergency Preparedness
- Develop a Drought Response Plan to improve water supply reliability in Santa Clara County during times of future shortage to evaluate new approaches for water use reductions from the public and develop a response framework to employ during future droughts

Fund Summaries

Goal 6.1: Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities

- Actively participate in a collaborative regional approach with the County, cities, and other service providers to support their efforts in addressing the challenges posed by encampments of unsheltered people
- Increase the level of service for encampment cleanup efforts based on need and resource availability
- Identify Valley Water lands for regional partners to use for housing or other services for unsheltered people and, as resources allow, work in consultation with local cities or the County to facilitate construction of low-barrier navigation centers, supportive housing, transitional housing, affordable housing, or other facilities to assist unsheltered people

Fund Summaries

Fiscal Status

Property Tax revenue is projected at \$140.8 million for FY 2026-27. The projection reflects an increase of \$8.1 million, or 6.1% increase from the FY 2025-26 Adopted Budget. The increase in Property Tax revenue is based on updates received from the Santa Clara County Assessor's Office. In FY 2027-28, Property Tax revenue is projected to increase an additional 2.1% to \$143.8 million.

For FY 2026-27, Capital Reimbursements are projected at \$6.2 million, an increase of \$1.2 million from the FY 2025-26 Adopted Budget, which is made up of \$3.2 million in San Francisco Bay Restoration Authority Measure AA grant and \$3.0 million in State Subventions for the San Francisco Bay Shoreline project. For FY 2027-28, the projected Capital Reimbursements are \$5.0 million, which is made up of \$2.0 million in San Francisco Bay Restoration Authority Measure AA grant, \$2.0 million in State Coastal Conservancy grant, and \$1.0 million in State Subventions for the San Francisco Bay Shoreline project.

Other Income of \$1.8 million in both FY 2026-27 and FY 2027-28 is budgeted for rental and other miscellaneous income.

Interest Income is projected to be \$3.7 million for FY 2026-27 and FY 2027-28. The estimates assume an average portfolio yield of 3% for FY 2026-27 and FY 2027-28.

Operating Transfers In from the Benefit Assessment Funds for the excess amount over the debt obligations are budgeted at \$1.1 million for FY 2026-27 and FY 2027-28.

For FY 2026-27, Operating Transfers Out of \$11.6 million from the Watershed and Stream Stewardship Fund are budgeted as follows:

- \$4.5 million to the Information Technology Fund for ERP Replacement (\$2.5 million) and IT capital projects costs (\$2.0 million)
- \$3.8 million to the General Fund for Drought Induced Tree Removal (\$1.1 million) and Security Upgrades and HQ Building Capital Project (\$2.7 million)
- \$2.2 million to the Water Enterprise Fund for Open Space Credit
- \$1.1 million to the Safe, Clean Water and Natural Flood Protection Fund for Regnart Creek Project

For FY 2027-28, Operating Transfers Out of \$7.8 million from the Watershed and Stream Stewardship Fund are budgeted as follows:

- \$4.9 million to the Information Technology Fund for ERP Replacement (\$3.5 million) and IT capital projects (\$1.4 million)
- \$1.9 million to the Water Enterprise Fund for Open Space Credit
- \$0.7 million to the General Fund for Drought Induced Tree Removal (\$0.7 million)
- \$0.3 million to the Safe, Clean Water and Natural Flood Protection Fund for Regnart Creek Project

Total Operating Outlays are budgeted at \$101.8 million for FY 2026-27, an increase of \$6.7 million or 7.1% relative to the FY 2025-26 Adopted Budget. This change is primarily comprised of increases in salary and related costs and intra-district charges of \$1.0 million, \$0.9 million for the Governor's March 2025 Emergency Proclamation for Statewide Fuels Reduction including Eucalyptus Tree Removal, \$0.3 million for Landscape and Vegetation Services, and a net increase in Services and Supplies (S&S) from various projects and programs \$4.5 million. In FY 2027-28, Total Operating Outlays are projected to increase an additional 7.8% or \$7.9 million to \$109.8 million. This change is primarily comprised of increases in salary and related costs \$3.6 million and intra-district charges \$4.3 million.

Total Capital Outlays are budgeted at \$34.0 million for FY 2026-27, a decrease of \$1.7 million or 4.6% relative to the FY 2025-26 Adopted Budget. In FY 2027-28, total Capital Outlays are projected to increase by 75.7% to \$59.8 million. A detailed overview of projects in the Watershed and Stream Stewardship Fund is listed in the Total Outlays section below.

Total Watershed and Stream Stewardship reserves for FY 2026-27 are estimated at approximately \$211.2 million and \$189.4 million for FY 2027-28 and are in compliance with the Valley Water Reserve Policy.

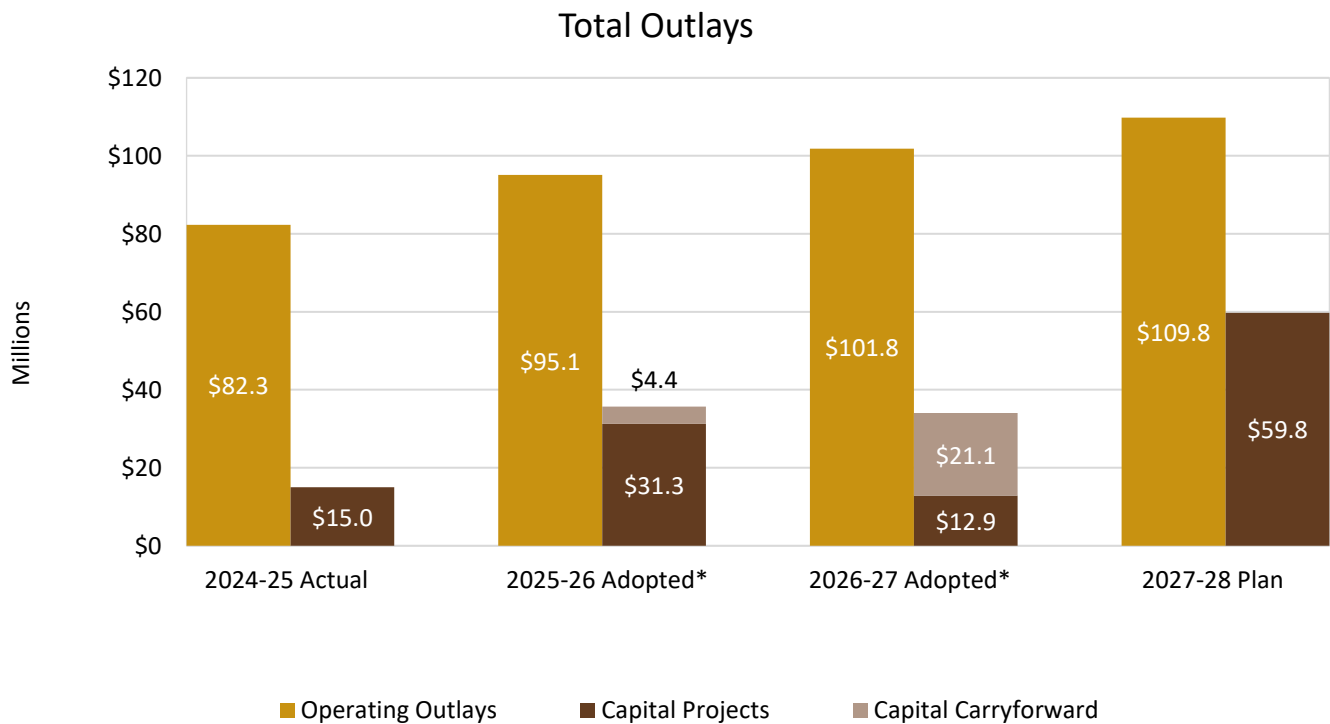
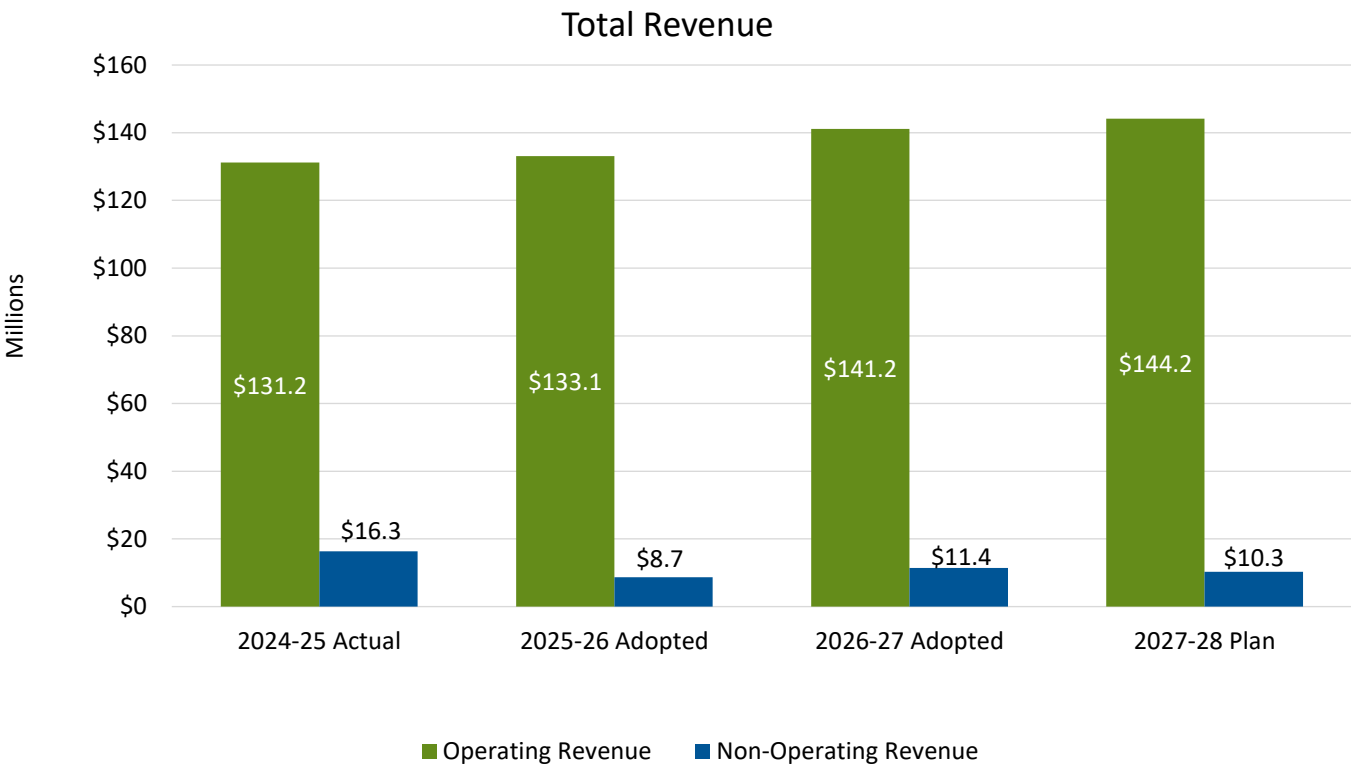
Fund Summaries

Budget Issues and Constraints

- Capital infrastructure rehabilitation project costs continue to rise due to inflation and tariffs, while staffing shortages further strain project delivery, together creating significant funding and execution challenges as labor and construction expenses increase.
- Designing and implementing permissible projects with competing priorities between agencies and limited mitigation options.
- The presence of encampments of unsheltered people on lands where Valley Water holds property rights and has maintenance obligations continues to impact field operations and maintenance activities and threatens Valley Water's ability to ensure the safety of its staff. This has translated into year-over-year increases in the costs for cleanup operations and security services to ensure staff safety.

Fund Summaries

Watershed and Stream Stewardship Fund



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

Watershed and Stream Stewardship Fund Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Change from 2025-26 Adopted	
					\$ Diff	% Diff
REVENUE						
Operating Revenue						
Property Tax	\$ 129,840,107	\$ 132,785,000	\$ 137,453,938	\$ 140,841,668	\$ 8,056,668	6.1%
Intergovernmental Services	188,864	-	-	-	-	0.0%
Operating Other	1,162,600	318,938	318,938	328,506	9,568	3.0%
Total Operating Revenue	\$ 131,191,570	\$ 133,103,938	\$ 137,772,876	\$ 141,170,174	\$ 8,066,236	6.1%
Non-Operating Revenue						
Capital Reimbursements	\$ 7,856,093	\$ 5,000,000	\$ 3,910,000	\$ 6,227,000	\$ 1,227,000	24.5%
Interest Income*	5,916,353	2,204,000	3,716,000	3,716,000	1,512,000	68.6%
Non-Operating Other	2,534,516	1,458,487	1,458,487	1,502,242	43,755	3.0%
Total Non-Operating Revenue	\$ 16,306,961	\$ 8,662,487	\$ 9,084,487	\$ 11,445,242	\$ 2,782,755	32.1%
TOTAL REVENUE	\$ 147,498,531	\$ 141,766,425	\$ 146,857,363	\$ 152,615,416	\$ 10,848,991	7.7%
OUTLAYS						
Operating Outlays						
Operations**	\$ 81,029,848	\$ 92,966,696	\$ 92,624,737	\$ 98,500,751	\$ 5,534,055	6.0%
Operating Project	1,302,312	2,145,731	2,145,731	3,348,731	1,203,000	56.1%
Total Operating Outlays	\$ 82,332,161	\$ 95,112,428	\$ 94,770,469	\$ 101,849,482	\$ 6,737,054	7.1%
Capital Outlays						
Capital Projects	\$ 15,043,063	\$ 31,265,224	\$ 38,153,364	\$ 12,891,709	\$ (18,373,515)	-58.8%
Carryforward Capital Projects	-	4,401,792	-	21,125,091	16,723,299	379.9%
Total Capital Outlays	\$ 15,043,063	\$ 35,667,016	\$ 38,153,364	\$ 34,016,800	\$ (1,650,216)	-4.6%
TOTAL OUTLAYS	\$ 97,375,224	\$ 130,779,444	\$ 132,923,833	\$ 135,866,282	\$ 5,086,838	3.9%
OTHER FINANCING SOURCES/(USES)						
Transfers In	\$ 1,087,474	\$ 1,116,750	\$ 1,116,750	\$ 1,134,999	\$ 18,249	1.6%
Transfers Out	(7,417,721)	(5,063,449)	(5,264,249)	(11,590,763)	(6,527,314)	128.9%
TOTAL OTHER SOURCES/(USES)	\$ (6,330,247)	\$ (3,946,699)	\$ (4,147,499)	\$ (10,455,764)	\$ (6,509,065)	164.9%
BALANCE AVAILABLE	\$ 43,793,061	\$ 7,040,282	\$ 9,786,032	\$ 6,293,369	\$ (746,913)	-10.6%
YEAR-END RESERVES						
Committed Reserves						
Currently Authorized Projects Reserve***	\$ 27,087,745	\$ 1,029,024	\$ 21,125,092	\$ -	\$ (1,029,024)	-100.0%
Operating and Capital Reserve	163,306,832	154,256,929	177,953,016	204,315,318	50,058,389	32.5%
Excess ERAF Contingency Reserve	4,754,939	5,836,610	5,857,439	6,913,599	1,076,989	18.5%
Total Committed Reserves	\$ 195,149,516	\$ 161,122,563	\$ 204,935,548	\$ 211,228,917	\$ 50,106,354	31.1%
TOTAL YEAR-END RESERVES	\$ 195,149,516	\$ 161,122,563	\$ 204,935,548	\$ 211,228,917	\$ 50,106,354	31.1%

Fund Summaries

Watershed and Stream Stewardship Fund Summary

			Budgetary		Adopted		Projected		Adopted		Change from	
			Basis Actual		Budget		Year End		Budget		2025-26 Adopted	
			2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
Outlay Summary by Account Type												
OPERATING OUTLAY												
Salaries and Benefits	\$	38,127,451	\$	42,851,135	\$	42,593,603	\$	45,024,018	\$	2,172,883	5.1%	
Salary Savings Factor		-		(429,428)		(429,428)		(936,547)		(507,119)	118.1%	
Services & Supplies		19,793,556		25,116,224		25,179,724		30,459,487		5,343,263	21.3%	
Intra-District Charges		24,411,153		27,574,496		27,426,569		27,302,524		(271,972)	-1.0%	
OPERATING OUTLAY TOTAL	\$	82,332,161	\$	95,112,428	\$	94,770,469	\$	101,849,482	\$	6,737,054	7.1%	
CAPITAL PROJECTS												
Salaries and Benefits	\$	6,947,846	\$	7,865,137	\$	7,865,137	\$	7,489,622	\$	(375,515)	-4.8%	
Salary Savings Factor		-		(81,282)		(81,282)		(160,667)		(79,384)	97.7%	
Services & Supplies		3,858,970		18,644,400		25,532,540		1,321,555		(17,322,845)	-92.9%	
Carryforward Capital Projects		-		4,401,792		-		21,125,091		16,723,299	379.9%	
Intra-District Charges		4,236,247		4,836,970		4,836,970		4,241,199		(595,771)	-12.3%	
CAPITAL PROJECTS TOTAL	\$	15,043,063	\$	35,667,016	\$	38,153,364	\$	34,016,800	\$	(1,650,216)	-4.6%	
TOTAL OUTLAYS												
	\$	97,375,224	\$	130,779,444	\$	132,923,833	\$	135,866,282	\$	5,086,838	3.9%	

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Watershed and Stream Stewardship Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
										\$ Diff	% Diff
REVENUE											
Operating Revenue											
Property Tax	\$	129,840,107	\$	132,785,000	\$	140,841,668	\$	143,825,523	\$	2,983,855	2.1%
Intergovernmental Services		188,864		-		-		-		-	0.0%
Operating Other		1,162,600		318,938		328,506		338,361		9,855	3.0%
Total Operating Revenue	\$	131,191,570	\$	133,103,938	\$	141,170,174	\$	144,163,884	\$	2,993,710	2.1%
Non-Operating Revenue											
Capital Reimbursements	\$	7,856,093	\$	5,000,000	\$	6,227,000	\$	5,000,000	\$	(1,227,000)	-19.7%
Interest Income*		5,916,353		2,204,000		3,716,000		3,716,000		-	0.0%
Non-Operating Other		2,534,516		1,458,487		1,502,242		1,547,309		45,067	3.0%
Total Non-Operating Revenue	\$	16,306,961	\$	8,662,487	\$	11,445,242	\$	10,263,309	\$	(1,181,933)	-10.3%
TOTAL REVENUE	\$	147,498,531	\$	141,766,425	\$	152,615,416	\$	154,427,193	\$	1,811,777	1.2%
OUTLAYS											
Operating Outlays											
Operations**	\$	81,029,848	\$	92,966,696	\$	98,500,751	\$	106,774,655	\$	8,273,904	8.4%
Operating Project		1,302,312		2,145,731		3,348,731		3,022,225		(326,506)	-9.8%
Total Operating Outlays	\$	82,332,161	\$	95,112,428	\$	101,849,482	\$	109,796,880	\$	7,947,398	7.8%
Capital Outlays											
Capital Projects	\$	15,043,063	\$	31,265,224	\$	12,891,709	\$	59,765,164	\$	46,873,455	363.6%
Carryforward Capital Projects		-		4,401,792		21,125,091		-		(21,125,091)	-100.0%
Total Capital Outlays	\$	15,043,063	\$	35,667,016	\$	34,016,800	\$	59,765,164	\$	25,748,364	75.7%
TOTAL OUTLAYS	\$	97,375,224	\$	130,779,444	\$	135,866,282	\$	169,562,043	\$	33,695,761	24.8%
OTHER FINANCING SOURCES/(USES)											
Transfers In	\$	1,087,474	\$	1,116,750	\$	1,134,999	\$	1,139,812	\$	4,813	0.4%
Transfers Out		(7,417,721)		(5,063,449)		(11,590,763)		(7,796,979)		3,793,785	-32.7%
TOTAL OTHER SOURCES/(USES)	\$	(6,330,247)	\$	(3,946,699)	\$	(10,455,764)	\$	(6,657,167)	\$	3,798,598	-36.3%
BALANCE AVAILABLE	\$	43,793,061	\$	7,040,282	\$	6,293,369	\$	(21,792,017)	\$	(28,085,386)	-446.3%
YEAR-END RESERVES											
Committed Reserves											
Currently Authorized Projects Reserve***	\$	27,087,745	\$	1,029,024	\$	-	\$	-	\$	-	0.0%
Operating and Capital Reserve		163,306,832		154,256,929		204,315,318		181,466,981		(22,848,337)	-11.2%
Excess ERAF Contingency Reserve		4,754,939		5,836,610		6,913,599		7,969,919		1,056,320	15.3%
Total Committed Reserves	\$	195,149,516	\$	161,122,563	\$	211,228,917	\$	189,436,900	\$	(21,792,017)	-10.3%
TOTAL YEAR-END RESERVES	\$	195,149,516	\$	161,122,563	\$	211,228,917	\$	189,436,900	\$	(21,792,017)	-10.3%

Fund Summaries

Watershed and Stream Stewardship Fund Summary

	Budgetary		Adopted		Adopted		Proposed		Change from	
	Basis Actual		Budget		Budget		Plan		2026-27 Adopted	
	2024-25		2025-26		2026-27		2027-28		\$ Diff	% Diff
Outlay Summary by Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	38,127,451	\$	42,851,135	\$	45,024,018	\$	48,798,546	\$	3,774,528 8.4%
Salary Savings Factor		-		(429,428)		(936,547)		(1,007,090)		(70,542) 7.5%
Services & Supplies		19,793,556		25,116,224		30,459,487		30,457,087		(2,400) 0.0%
Intra-District Charges		24,411,153		27,574,496		27,302,524		31,548,336		4,245,812 15.6%
OPERATING OUTLAY TOTAL	\$	82,332,161	\$	95,112,428	\$	101,849,482	\$	109,796,880	\$	7,947,398 7.8%
CAPITAL PROJECTS										
Salaries and Benefits	\$	6,947,846	\$	7,865,137	\$	7,489,622	\$	9,157,854	\$	1,668,232 22.3%
Salary Savings Factor		-		(81,282)		(160,667)		(195,296)		(34,629) 21.6%
Services & Supplies		3,858,970		18,644,400		1,321,555		45,271,480		43,949,925 3325.6%
Carryforward Capital Projects		-		4,401,792		21,125,091		-		(21,125,091) -100.0%
Intra-District Charges		4,236,247		4,836,970		4,241,199		5,531,126		1,289,927 30.4%
CAPITAL PROJECTS TOTAL	\$	15,043,063	\$	35,667,016	\$	34,016,800	\$	59,765,164	\$	25,748,364 75.7%
TOTAL OUTLAYS										
	\$	97,375,224	\$	130,779,444	\$	135,866,282	\$	169,562,043	\$	33,695,761 24.8%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Total Outlays - Watershed and Stream Stewardship

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
10291002	Rental Expense Stevens Creek	228,861	458,976	443,183	470,216	Watersheds Stewardship & Planning
30061004	Rent Exp Guadalupe & Coyote	164,157	443,290	339,450	372,474	Watersheds Stewardship & Planning
30151026	Guad Rvr Mitgtn Monitoring Prg	813,338	548,606	1,255,696	663,902	Watersheds Stewardship & Planning
62011002	Watershed Asset Protection Sup	6,787,402	6,807,987	7,272,342	7,802,749	Watersheds Stewardship & Planning
62021003	CPRU Tech Support	372,878	370,165	459,027	484,752	Watersheds Stewardship & Planning
62021008	Energy Management	6,913	8,082	7,413	10,131	Treated Water
62021009	Watershds O&M Eng&Insp Support	2,943,481	2,762,387	2,932,867	3,153,051	Watersheds Operations & Maintenance
62031001	Watershed Revenue	59,534	67,302	65,584	70,013	Financial Planning & Management
62031002	Grants Management	912,563	1,430,626	1,528,195	1,606,789	Financial Planning & Management
62041022	Stream Maint Prog Mgmt	5,620,483	6,428,085	7,001,569	7,574,810	Watersheds Operations & Maintenance
62041023	Community Rating System (CRS)	195,786	219,266	268,664	–	Office of the CEA
62041027	Integrated Wtr Resrcr Mstr Pln	1,352,815	873,946	899,953	832,457	Watersheds Stewardship & Planning
62041039	Integrated Regional Water Mgmt	262	–	–	–	Water Supply
62041043	Environmental Srvcs Tech Suppt	805,759	758,714	992,978	1,099,086	Watersheds Stewardship & Planning
62041047	Ecolgal Data Collectn & Analy	274,473	203,923	122,335	126,484	Watersheds Stewardship & Planning
62061001	Watersheds Administration	11,999,478	12,793,613	13,671,161	14,860,954	Office of COO Watersheds
62061002	Districtwide Salary Savings-12	–	(429,428)	(936,547)	(1,007,090)	Financial Planning & Management
62061005	WS Customer Relations&Outreach	1,135,818	1,302,233	1,312,342	1,400,302	Office of the CEA
62061008	Hydrology&Hydraulics Tech Supp	1,426,553	1,774,256	2,005,375	2,129,846	Watersheds Stewardship & Planning
62061019	Creek Stewardship	206,081	257,637	269,446	285,556	Office of the CEA
62061029	Field Operations Support	702,356	895,249	527,709	571,607	Watersheds Operations & Maintenance
62061045	Asset Management Program	1,663,780	2,068,468	–	–	Office of Integrated Water Management
62061048	Climate Change Adaptation/Mtg.	164,915	289,275	114,292	120,447	Watersheds Stewardship & Planning
62061051	Lands Management Program	567,625	501,191	512,553	547,753	Watersheds Stewardship & Planning
62071041	Welding Services	65,572	109,781	90,220	109,212	General Services
62181005	SMP Mitigation Site Mgmt	785,366	890,180	938,548	935,580	Watersheds Stewardship & Planning
62181006	Instream Habitat Complexity	768,340	649,082	1,497,946	1,546,642	Watersheds Operations & Maintenance
62741042	Water Resorcs EnvPlng & Permtg	328,578	270,127	285,622	328,959	Watersheds Stewardship & Planning
62761008	Sandbag Program	793,472	882,252	820,003	861,001	Watersheds Operations & Maintenance
62761009	Pond A4 Operations	105,344	–	–	–	Watersheds Operations & Maintenance
62761022	Watershed Good Neighbor Maint	1,078,176	973,875	956,440	1,024,698	Watersheds Operations & Maintenance
62761023	Watershed Sediment Removal	3,279,594	6,242,007	6,293,574	6,596,911	Watersheds Operations & Maintenance
62761024	Wtrshd Facility Cndtion Assmnt	2,919,101	2,986,217	3,024,773	3,297,963	Watersheds Operations & Maintenance
62761025	Watershed General Field Maint	3,899,143	3,390,238	3,857,287	4,144,123	Watersheds Operations & Maintenance
62761026	Watershed Debris Removal	1,842,132	2,289,483	2,200,418	2,376,323	Watersheds Operations & Maintenance
62761027	Watershed Erosion Protection	7,280,271	3,398,079	4,492,549	4,747,883	Watersheds Operations & Maintenance
62761028	Watershed Levee Maintenance	872,234	1,833,142	1,837,995	1,952,580	Watersheds Operations & Maintenance
62761071	Emergency Management	1,287,484	1,514,981	1,535,731	1,636,280	Emergency, Safety & Security
62761075	Mgmt of Revegetation Projects	2,159,146	4,256,175	4,657,686	4,884,335	Watersheds Operations & Maintenance
62761078	Vegetation Mangmnt for Access	5,838,617	5,009,895	5,886,427	6,216,517	Watersheds Operations & Maintenance
62761080	Non SMP Veg Removal for Convey	364,179	664,244	514,151	2,416,258	Watersheds Operations & Maintenance
62771011	Inter Agency Urban Runoff Prog	1,192,828	1,330,254	1,373,888	1,462,534	Watersheds Stewardship & Planning
62771031	HAZMAT Emergency Response	100,255	125,475	156,621	164,164	Emergency, Safety & Security
62811043	Hydrologic Data Msrmt & Mgmt	1,309,336	1,386,861	1,523,150	1,621,507	Watersheds Stewardship & Planning
62811046	Warehouse Services	966,882	1,179,771	1,219,104	1,358,211	General Services
62811049	X Valley Subsidence Survey	239,003	609,634	229,579	219,285	Office of Integrated Water Management
62811054	District Real Property Adminis	1,355,793	1,492,137	1,661,691	1,783,928	Watersheds Stewardship & Planning
62061050	Office of Integrated Water	1,818,769	2,135,346	1,776,194	1,894,279	Office of Integrated Water Management
62771027	Encampment Management Program	1,618,509	8,363,614	8,678,798	9,875,585	Watersheds Operations & Maintenance
62061059	Technical Training Program	356,413	–	–	–	Human Resources
62041045	Watershed Asset Management	–	–	1,776,769	1,993,606	Watersheds Stewardship & Planning
62001090	WSS Unscoped Projects-Budget Only	–	150,000	150,000	150,000	Office of COO Watersheds
Total Operations		81,029,848	92,966,696	98,500,751	106,774,655	

Fund Summaries

Total Outlays - Watershed and Stream Stewardship

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operating Project						
40212032	Coyote Creek Mitgtn Monitoring	25,085	247,374	176,178	237,332	Watersheds Stewardship & Planning
62042032	Multiple Sm Prjcts Mitgtn Mont	234,368	303,658	419,093	277,755	Watersheds Stewardship & Planning
62042047	Mitigation & Stwdshp Land Mgmt	187,532	231,439	261,167	279,100	Watersheds Stewardship & Planning
62042051	Plant Pathogen Management	207,851	306,757	304,885	321,219	Watersheds Stewardship & Planning
62762011	Tree Maintenance Program	647,476	1,056,503	2,187,407	1,906,819	Watersheds Operations & Maintenance
Total Operating Projects		1,302,312	2,145,731	3,348,731	3,022,225	
Capital *						
10394001	PA Flood Basin Tide Gate Replc	1,262,405	3,046,583	520,649	153,174	Watersheds Design & Construction
40174005	Berryessa Crk, Lwr. Pen Phs 2	489,035	–	235,795	–	Watersheds Design & Construction
40334005	Lwr Penitencia Crk Improvemnts	249,425	101,834	20,802	–	Watersheds Design & Construction
50284010	Lower Llagas Capacity Restore	(48)	–	–	–	Watersheds Design & Construction
62044026	San Francisco Bay Shoreline	923,854	4,771,168	4,025,225	27,254,031	Watersheds Design & Construction
62064023	Districtwide Salary Savings	–	(81,282)	(160,667)	(195,296)	Financial Planning & Management
62074033	CIP Development & Admin	224,019	227,980	277,229	283,124	Office of Integrated Water Management
62074036	Survey Mgmt & Tech Support	80,949	94,340	392,408	428,730	Office of Integrated Water Management
62084001	Watersheds Asset Rehabilitatio	8,189,994	16,561,116	2,104,377	16,306,413	Watersheds Design & Construction
10244001	Permanente Ck, SF Bay-Foothill	288,895	–	–	–	Watersheds Design & Construction
20444001	Calabazas/San Tomas Aquino Creek-	139,331	1,653,636	776,661	2,444,584	Watersheds Stewardship & Planning
62074041	Construction Contracts and Support	232,617	266,802	325,292	347,395	General Services
62074038	Watershed Capital Program Servcs	758,245	1,054,356	662,522	867,802	Watersheds Design & Construction
20444002	Pond A4 Resilient Habitat	854,374	–	434,829	164,115	Watersheds Stewardship & Planning
62074047	Computer-Aided Design for	92,071	245,231	222,979	348,804	Office of Integrated Water Management
62074042	Capital Project Mgmt & Controls	190,686	188,937	256,402	274,846	Office of Integrated Water Management
40214023	Coyote 10B Freshwater Wetland	424,601	–	544,101	2,106,143	Watersheds Stewardship & Planning
30154019	Lower Guadalupe River Capacity	642,611	3,134,524	370,204	7,498,793	Watersheds Design & Construction
40664001	Aquatic Resource Creation at Ford	–	–	1,882,902	1,482,506	Watersheds Design & Construction
Total Capital		15,043,063	31,265,224	12,891,709	59,765,164	
Total		97,375,224	126,377,652	114,741,191	169,562,043	

* Capital Outlays table reflects new funding and does not include capital carryforward funding from prior year.

Safe, Clean Water and Natural Flood Protection Fund

Description

The Safe, Clean Water and Natural Flood Protection Program (SCW Program) Fund accounts for the program that Santa Clara County voters approved in November 2020 to address six community priorities and replaces the 2012 Safe, Clean Water (2012 SCW) Program. The renewed SCW Program is funded by a combination of revenues from the continuation of an annual special parcel tax; carryover of the reserves from unspent funds of the 2012 SCW Program; state and federal funding; and interest earnings. It includes a debt financing component that will help fund capital projects earlier in the program rather than later. A Rate Stabilization Reserve has been created to offset timing differences between expenses and the collection of the SCW parcel tax. Additionally, a Contingency Reserve was established to ensure that Valley Water delivers on the commitments made in the November 2020 ballot. The renewed SCW Program funds will be used to fulfill the following community priorities:

- Priority A: Ensure a Safe, Reliable Water Supply
- Priority B: Reduce Toxins, Hazards and Contaminants in our Waterways
- Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters

Fund Summaries

- Priority D: Restore Wildlife Habitat and Provide Open Space
- Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets and Highways
- Priority F: Support Public Health and Public Safety

The SCW Program supplements other available, but limited, resources to provide stream stewardship activities and flood protection improvements. It supports activities that not only benefit the community at large, but also provide relief to Water Utility ratepayers. For example, the fund has contributed toward the Anderson Dam Seismic Retrofit project, which would otherwise need to be fully paid by water utility ratepayers.

Fund Summaries

Outcomes

Goal 2.3: Protect and maintain existing water infrastructure

Plan for infrastructure maintenance and replacement to reduce the risk of failure and prepare for and respond effectively to water utility emergencies.

Goal 2.3 is delivered through the SCW Program's projects under Priority A: Ensure a Safe, Reliable Water Supply and Priority C: Protect our Water Supply from Earthquakes and Other Natural Disasters.

- A3: Pipeline Reliability – This project constructs four line valves at various locations along the East, West, and Snell treated water pipelines in Saratoga, Cupertino, and San José. Once constructed, this project will allow Valley Water to isolate sections of pipelines for scheduled maintenance and repairs following a catastrophic event, such as a major earthquake, and allow the network of emergency wells to operate, even when there is damage upstream and downstream of individual wells.
- C1: Anderson Dam Seismic Retrofit – The SCW Program has provided a portion of the funds required to help restore Anderson Reservoir's full operating capacity. The reservoir, the largest in the county, is an important water source for drinking water treatment plants and the recharge of the groundwater basin.

Goal 2.4: Increase regional self-reliance through water conservation and reuse

Incentivize water use efficiency and water conservation.

Goal 2.4 is delivered through the SCW Program project under Priority A: Ensure a Safe, Reliable Water Supply.

- A2: Water Conservation Rebates and Programs – This project, which provides funding to help meet and exceed long-term water conservation and reliability goals, will increase water-use efficiency in the landscape, residential, schools and commercial sectors through water conservation rebates, technical assistance, and public education.

Goal 3.1: Maintain flood protection facilities to design levels of protection

Prioritize maintenance of existing facilities over construction of new capital projects; inspect and maintain facilities on a regular basis; and perform maintenance using maintenance guidelines updated on a regular basis.

Goal 3.1 is delivered through the SCW Program's projects under Priority F: Support Public Health and Public Safety for Community.

- F1: Vegetation Control and Sediment Removal for Capacity – This project supports Valley Water's ongoing vegetation control and sediment removal activities that reduce flood risk by maintaining the design conveyance capacity of flood protection projects. Under this project, Valley Water manages a minimum of 100 miles of improved channels annually by removing sediment or instream vegetation to maintain the design conveyance capacity.
- F4: Vegetation Management for Access and Fire Safety – This project supports Valley Water's ongoing vegetation management activities that reduce fire risk by maintaining creekside lands. These activities also ensure access for emergency personnel and equipment as well as maintenance access to flood protection projects. The project requires providing vegetation management for access and fire risk reduction on an average of 495 acres per year.
- F8: Sustainable Creek Infrastructure for Continued Public Safety – This project supports Valley Water's long-term efforts to ensure that existing flood protection infrastructure continues to function sustainably and provide the intended level of service. The project includes assessing and prioritizing existing creek and watershed infrastructure, preparing watershed and/or creek asset management plans, and implementing recommendations of asset management plans.

Fund Summaries

Goal 3.2: Assist people, businesses, schools, and communities to prepare for, respond to, and recover from flooding through equitable and effective engagement

Develop, maintain, and communicate emergency action plans; develop, maintain, and communicate flood information to the community; provide expertise in flood forecasting and flood warning systems to municipalities; and provide expertise to encourage public agencies to reduce flood risk and protect floodplain benefits.

Goal 3.2 is delivered through the SCW Program's projects under Priority F: Support Public Health and Public Safety for Community.

- **F2: Emergency Response Planning and Preparedness** – This project enables Valley Water to work with local municipalities to clearly delineate and communicate roles and responsibilities for floodplain and flood emergency management. The project supports Valley Water's countywide emergency response, preparedness, and mitigation activities, develops communication processes, and disseminates web-based flood forecasting information. It includes coordinating with local municipalities to merge Valley Water-endorsed flood emergency processes with their own emergency response plans and processes, completing flood management plans/procedures, training Valley Water staff and partner municipalities on disaster procedures and testing flood management plans/procedures.
- **F3: Flood Risk Assessment Studies** – This project enables Valley Water to update custom software models for local creeks for the most current and accurate understanding of potential flood risks in high-priority flood-prone areas and then develop options for managing those risks. It requires completing engineering studies to address 1% (100-year) flood risk and annually updating floodplain maps per new FEMA standards.
- **F7: Emergency Response Upgrades** – This project supports the ongoing development and maintenance of a robust flood forecasting system. The system facilitates the efficient dissemination of information to emergency responders and the public. The project includes maintaining existing flood forecasting and warning capabilities and improving flood forecast accuracy and emergency response time. It provides a real-time website that tracks and offers public access to local weather and flood forecasting information.

Goal 3.3: Increase the health and safety of residents countywide by reducing community flood risk

Provide equitable, timely, and achievable flood protection for health and safety; and, protect people and property from flooding by applying a comprehensive, integrated watershed management approach that balances environmental quality, sustainability, and cost.

Goal 3.3 is delivered through the Safe, Clean Water Program's Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways.

Major Capital Projects Starting Construction:

- Coyote Creek Montague Expressway to Tully Road, Phase 2 (Project E1)
- Sunnyvale East and Sunnyvale West Channels Flood Protection (Project E2)

Major Capital Projects Continuing Construction:

- Upper Llagas Creek Flood Protection Project – Phase 2B (Project E6)
- Guadalupe River– Upper, I-280 to SPRR (Reach 6) (Project E8)

Fund Summaries

Major Capital Projects in Planning and Design:

- Upper Penitencia Creek, Coyote Creek to Dorel Drive – Planning/Design (Project E4)
- South San Francisco Bay Shoreline Economic Impact Areas (EIAs) 5-9 – Feasibility/Planning (Project E7)
- Guadalupe River – Upper, SPRR-Blossom Hill (Reaches 7-12) – Planning/Design (Project E8)

Goal 4.1: Use a science-based, inclusive approach to protect Santa Clara County's watersheds and aquatic ecosystems for current and future generations

Develop and share data to support resilient ecosystems and healthy populations of native species; monitor stream, reservoir, and Bay ecosystem health; and use data to prioritize and equitably implement actions to reduce pollution, restore endangered species habitat, and enhance ecosystem function.

Goal 4.1 is delivered through the SCW Program's projects under Priority D: Restore Wildlife Habitat and Provide Open Space.

- D2: Revitalize Riparian, Upland and Wetland Habitat – This project improves habitat for rare, threatened, or endangered species or vegetation and creates a more contiguous corridor for wildlife, including pollinators. It includes revitalizing through native plant revegetation and/or removal of invasive exotic species, developing an Early Detection and Rapid Response Program Manual, and identifying and treating occurrences of emergent invasive species.
- D5: Ecological Data Collection and Analysis – This project is to track stream ecosystem conditions, helping Valley Water and other county agencies and organizations make informed watershed, asset management and natural resource decisions. It entails reassessing and tracking stream ecological conditions and habitats in each of the county's watersheds every 15 years and providing funding toward the development and updates of five watershed plans that include identifying priority habitat enhancement opportunities in Santa Clara County.
- D7: Partnerships for the Conservation of Habitat Lands – This project acquires, restores and protects important habitat land to preserve local ecosystems through multi-agency agreements that pool mitigation or conservation dollars. It entails providing funding for acquiring or enhancing property to conserve habitat lands.

Goal 4.2: Sustain ecosystem health while managing local water resources for flood protection and water supply

Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity, equitably in all regions of the county; and, operate Valley Water facilities to balance water supply, flood protection, and ecosystem sustainability.

Goal 4.2 is delivered through the SCW Program's projects under Priority D: Restore Wildlife Habitat and Provide Open Space.

- D1: Management of Riparian Planting and Invasive Plant Removal – This project supports the management and maintenance of existing riparian planting projects and invasive plant removal projects throughout the five (5) watersheds and targeted control of damaging non-native invasive plant species. It requires maintaining a minimum of 300 acres of riparian planting projects annually to meet regulatory requirements and conditions; maintaining a minimum of 200 acres of invasive plant management projects annually to meet regulatory requirements and conditions; and removing 25 acres of *Arundo donax* throughout the county over a 15-year period.
- D3: Sediment Reuse to Support Restoration – This project reuses local sediment removed through Valley Water's stream maintenance activities, capital projects, and other local sources to create and restore tidal marsh, riparian or wetland habitats. It entails reusing sediment meeting applicable screening criteria at available Valley Water or partnership project sites to support restoration. It also provides funding to support other activities necessary for sediment reuse.

Fund Summaries

- D4: Fish Habitat and Passage Improvements – This project helps restore and maintain healthy fish populations, especially steelhead, by improving fish passage and habitat. It includes completing planning and design for one (1) creek/lake separation project and partially funding the construction of one (1) creek/lake separation project in partnership with local agencies. It also requires using \$8 million for fish passage improvements by June 30, 2028; updating study of all major steelhead streams in the county to identify priority locations for fish migration barrier removal and installation of large woody debris and gravel as appropriate; and completing five (5) habitat enhancement projects during the first 15 years.
- D6: Restoration of Natural Creek Functions – This project restores and improves the natural functions and stability of stream channels by designing and constructing projects based on local hydrologic and geomorphic data. It currently includes the following major capital projects:
 - Bolsa Road Fish Passage Improvements – Completed construction in FY24 (Project D6.2); under three-year plant establishment and monitoring period and closeout is scheduled for FY27

Goal 4.4: Prevent and address pollution of local streams, reservoirs, and the Bay, equitably across all communities. Protect waterbodies from pollution and degradation

Encourage stormwater capture, treatment, and reuse, prepare; and respond to spills and dumping that threaten local waterways, and collaborate with agencies and nonprofits to address homelessness and its impacts to Santa Clara County Waterways.

Goal 4.4 is delivered through the SCW Program's projects under Priorities B: Reduce Toxins, Hazards, and Contaminants in Our Waterways, and F: Support Public Health and Public Safety for Community.

- B1: Impaired Water Bodies Improvement – This project reduces pollutants in streams, reservoirs, and groundwater of Santa Clara County by supporting surface water quality pollution prevention activities. The activities include investigating, developing, and implementing actions to reduce methylmercury in fish and other organisms in the Guadalupe River Watershed, preparing and updating a plan to prioritize surface water quality improvement activities, and implementing priority surface water quality improvement activities.
- B2: Inter-Agency Urban Runoff Program – This project maintains Valley Water compliance with regulatory requirements for stormwater quality and supports green stormwater infrastructure. It includes addressing trash in creeks by maintaining trash capture devices or other litter control programs, maintaining Valley Water's municipal stormwater compliance program, partnering with cities to address surface water quality improvements, and supporting stormwater quality improvement activity.
- B3: Hazardous Materials Management and Response – This project protects streams, groundwater, and reservoirs from hazardous material releases. It requires responding to 100% of hazardous materials reports requiring urgent on-site inspection in two (2) hours or less.
- F5: Good Neighbor Program: Encampment Cleanup – This project supports Valley Water's independent efforts and ongoing coordination with local cities and agencies to clean up trash, debris, and hazardous pollutants generated by encampments near waterways or on Valley Water property. Such encampments contribute to contamination of waterways and damage to Valley Water facilities. It requires managing 300 acres annually to clean up trash, debris, and hazardous pollutants generated from encampments and to reduce the amount of these pollutants entering streams; and providing up to \$500,000 per year in cost-share with local agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways, or addressing the socio-environmental crisis with the goal of reducing the need for encampment cleanups.
- F6: Good Neighbor Program: Graffiti and Litter Removal and Public Art – This project allows Valley Water to maintain the aesthetic condition of Valley Water assets by removing trash from creeks, repairing/installing fencing and removing graffiti. It also funds the installation and maintenance of public art projects, such as murals, to beautify Valley Water property and infrastructure, to help deter graffiti and litter.

Fund Summaries

Goal 4.5: Engage the community to promote watershed stewardship by providing meaningful engagement in Valley Water programs for all people regardless of race, color, gender identity, disability status, national origin, tribe, culture, income, immigration status, or English language proficiency

Provide appropriate and equal public access to Valley Water's streamside and watershed lands; engage, and educate the community in stream and watershed protection; and, build partnerships to protect and enhance watersheds and aquatic ecosystems.

Goal 4.5 is delivered through the SCW Program's projects under Priorities B: Reduce Toxins, Hazards, and Contaminants in Our Waterways, and F: Support Public Health and Public Safety for Community.

- B4: Support Volunteer Cleanup Efforts – This project supports volunteer cleanup activities and creekwise education. It entails funding Valley Water's creek stewardship program to support volunteer cleanup activities such as annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Litter Pick Up; and the Adopt-A-Creek Program.
- F6: Good Neighbor Program: Graffiti and Litter Removal and Public Art – This project allows Valley Water to maintain the aesthetic condition of Valley Water assets by removing trash from creeks, repairing/installing fencing and removing graffiti. It also funds the installation and maintenance of public art projects, such as murals, to beautify Valley Water property and infrastructure, to help deter graffiti and litter.
- F9: Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship – This project provides grants, including mini-grants, partnerships, and rebates for agencies, organizations and individuals for water conservation, pollution prevention, creek cleanups and education, wildlife habitat restoration and wildlife corridors and crossings, and access to trails and open space. It includes providing up to \$3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management.

Goal 6.1: Achieve a functional zero level of unsheltered people on Valley Water lands along waterways and at water supply and flood risk reduction facilities

Actively participate in a collaborative regional approach with the County, cities, and other service providers to support their efforts in addressing the challenges posed by encampments of unsheltered people; increase the level of service for encampment cleanup efforts based on need and resource availability, and identify Valley Water lands for regional partners to use for housing or other services for unsheltered people.

Goal 6.1 is delivered through the SCW Program's Priority F: Support Public Health and Public Safety for Community.

- F5: Good Neighbor Program: Encampment Cleanup – This project supports Valley Water's independent efforts and ongoing coordination with local cities and agencies to clean up trash, debris, and hazardous pollutants generated by encampments near waterways or on Valley Water property. Such encampments contribute to contamination of waterways and damage to Valley Water facilities. It includes managing 300 acres annually to clean up trash, debris, and hazardous pollutants generated from encampments to reduce the amount of these pollutants entering streams and providing up to \$500,000 per year in cost-share with local agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways, or addressing the socio-environmental crisis with the goal of reducing the need for encampment cleanups.

Fund Summaries

Fiscal Status

The Safe, Clean Water Program special parcel tax is budgeted at \$56.6 million in FY 2026-27, an increase of 2.7%, or \$1.5 million from the FY 2025-26 Adopted Budget. This special parcel tax is based on the land use and parcel size rather than the assessed property value, and the Valley Water Board of Directors may adjust it annually to account for inflation (using the San Francisco-Oakland-Hayward Consumer Price Index for all Urban Consumers) or 2%, whichever is greater. The FY 2026-27 budgeted estimates for the special parcel tax include the 2.5% CPI increase and an anticipated increase in eligible parcels. For FY 2027-28, the special parcel tax is projected at \$57.8 million, or an increase of 2.2%, which reflects a 2% increase in the special parcel tax rate and an anticipated increase in eligible parcels based on construction activity in the county.

For FY 2026-27, Capital Reimbursements are projected at \$54.2 million, an increase of \$3.6 million from the FY 2025-26 Adopted Budget: \$50.0 million in Natural Resources Conservation Service (NRCS) funding for the Llagas Creek, Upper (Phase 2B) Project and \$4.1 million from the City of Morgan Hill and \$0.1 million in State Subventions for the work on Llagas Creek, Upper Buena Vista to Wright Project. In FY 2027-28, Capital Reimbursements are projected at \$10.6 million: \$10.0 million in NRCS funding for the Llagas Creek, Upper (Phase 2B) Project and \$0.5 million from the City of Morgan Hill and \$0.1 million in State Subventions for the work on Llagas Creek, Upper Buena Vista to Wright Project.

Interest income is projected to be \$4.3 million in FY 2026-27 and in FY 2027-28. The estimates assume an average portfolio yield of 3% for FY 2026-27 and FY 2027-28.

Transfers In for FY 2026-27 are projected to be \$5.1 million, which includes \$4.0 million from the Water Enterprise Fund for IRP2 and \$1.1 million from the Watershed and Stream Stewardship Fund for the Regnart Creek Project. In FY 2027-28, Transfers In are projected at \$7.8 million which includes \$7.5 million from the Water Enterprise Fund for IRP2 and \$0.3 million from the Watershed and Stream Stewardship Fund for the Regnart Creek Project.

In FY 2026-27, Operating Transfers Out of \$3.0 million is budgeted as follows:

- \$1.2 million to the Water Enterprise Fund for Conservation Program
- \$1.0 million to the General Fund for Security Upgrades and HQ Building capital projects
- \$0.8 million to the Information Technology Fund for ERP Replacement

In FY 2027-28, Operating Transfers Out of \$2.4 million is budgeted as follows:

- \$1.2 million to the Water Enterprise Fund for Conservation Program
- \$1.2 million to the Information Technology Fund for ERP Replacement

Debt Proceeds are also planned to fund capital outlays at \$119.3 million for FY 2026-27 and \$130.0 million in FY 2027-28.

Total Operating Outlays are budgeted at \$45.3 million for FY 2026-27, an increase of \$4.9 million or 12.2% relative to the FY 2025-26 Adopted Budget. This change is primarily comprised of an increase of \$2.5 million for San Francisquito Creek, SF Bay to Searsville Dam, \$1.1 million in labor, and \$0.5 million for Fish Habitat Improvements, \$0.3 million for Management of Revegetation Projects, \$0.3 million for Encampment Cleanup Program, \$0.4 million in various operating projects and programs and a net decrease in debt service \$0.2 million. In FY 2027-28, Total Operating Outlays are projected to increase an additional 23.2% or \$10.5 million to \$55.9 million. This change is primarily comprised of an increase of \$10.9 million in debt service and a net decrease of \$0.4 million in various operating projects and programs.

Total Capital Outlays are budgeted at \$200.7 million for FY 2026-27, an increase of \$69.9 million or 53.4% relative to the FY 2025-26 Adopted Budget. In FY 2027-28, Total Capital Outlays are projected to decrease to \$154.2 million.

Total Safe, Clean Water & Natural Flood Protection Fund Reserves for FY 2026-27 are estimated at approximately \$97.7 million and \$95.8 million for FY 2027-28 and are in compliance with the Valley Water Reserve Policy.

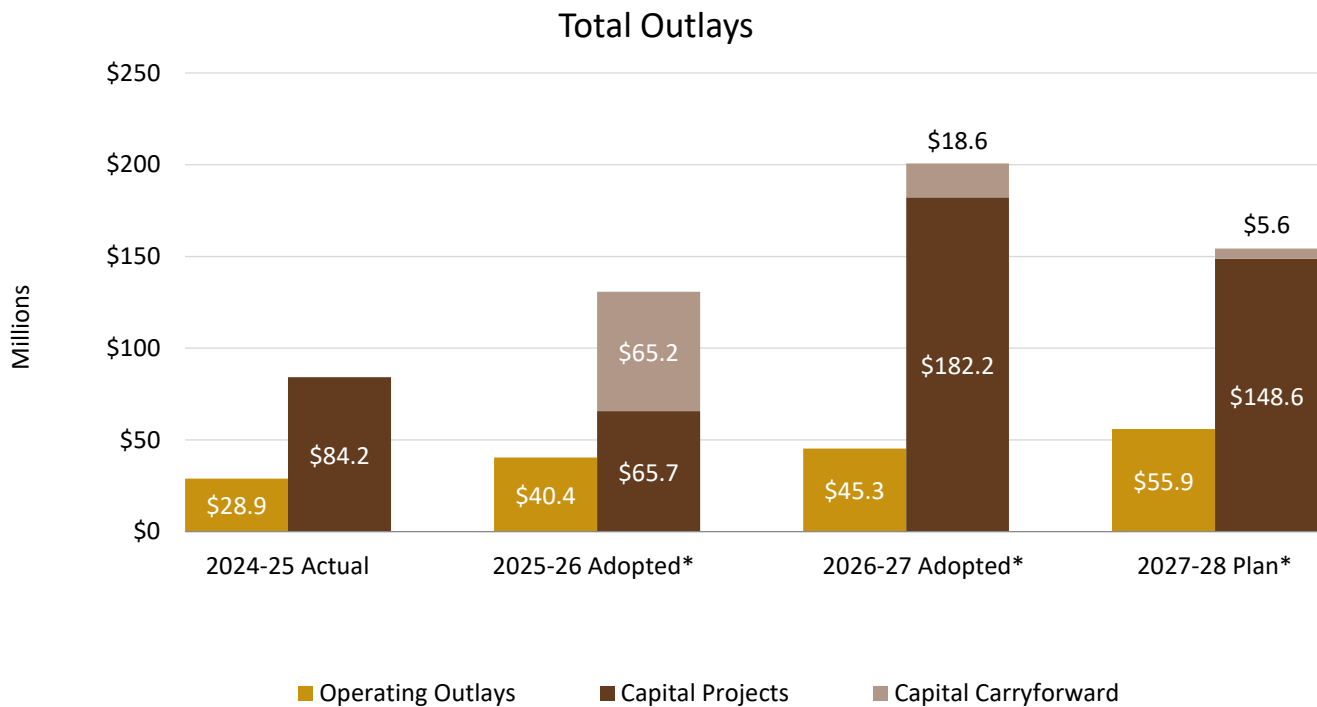
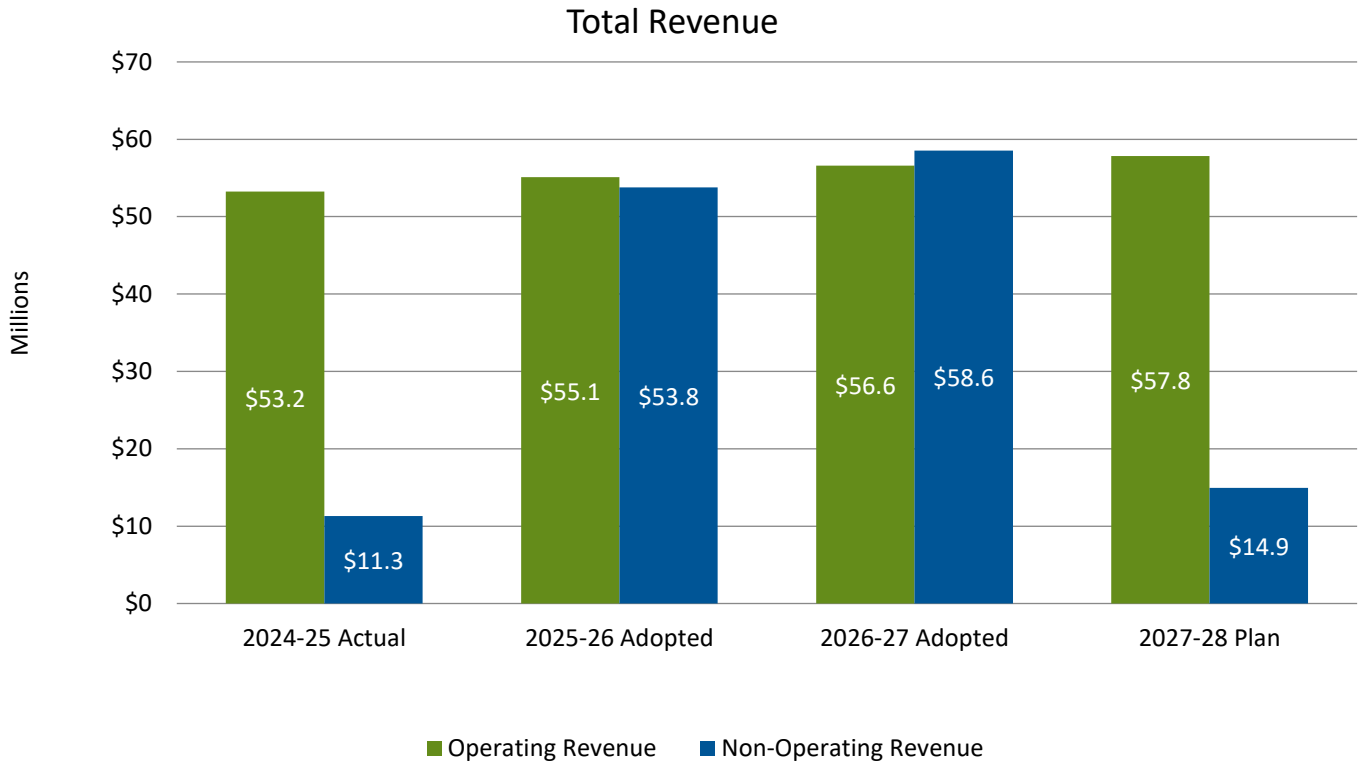
Fund Summaries

Budget Issues and Constraints

- Safe, Clean Water Program Priority E flood protection projects: Project costs are escalating due to various factors, including inflationary pressures, supply chain due to tariffs and labor issues, which have resulted in project modifications.
- Safe, Clean Water Program Priority D1, F1, F4: Dry years followed by years of intense late season storm events have caused challenges for vegetation management including an increase in diseased and dead trees, increased spread of invasive plants, and pressures of completing weed abatement work in anticipation of fire season with later rainfall contributing to fuel loads.

Fund Summaries

Safe, Clean Water and Natural Flood Protection Fund



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

Safe, Clean Water and Natural Flood Protection Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
										\$ Diff	% Diff
REVENUE											
Operating Revenue											
Special Parcel Tax	\$	53,227,039	\$	55,094,792		55,094,792	\$	56,582,351	\$	1,487,559	2.7%
Intergovernmental Services		14,107		-		-		-		-	0.0%
Total Operating Revenue	\$	53,241,146	\$	55,094,792	\$	55,094,792	\$	56,582,351	\$	1,487,559	2.7%
Non-Operating Revenue											
Capital Reimbursements	\$	2,959,053	\$	50,600,000	\$	20,600,000	\$	54,228,000	\$	3,628,000	7.2%
Interest Income*		8,030,620		3,162,000		4,329,000		4,329,000		1,167,000	36.9%
Non-Operating Other		319,915		-		-		-		-	0.0%
Total Non-Operating Revenue	\$	11,309,588	\$	53,762,000	\$	24,929,000	\$	58,557,000	\$	4,795,000	8.9%
TOTAL REVENUE	\$	64,550,734	\$	108,856,792	\$	80,023,792	\$	115,139,351	\$	6,282,559	5.8%
OUTLAYS											
Operating Outlays											
Operations**	\$	20,453,802	\$	25,397,376	\$	28,508,899	\$	29,387,340	\$	3,989,964	15.7%
Operating Project		2,528,467		2,298,524		6,248,524		3,452,838		1,154,313	50.2%
Debt Service		5,938,403		12,723,310		12,723,310		12,507,935		(215,375)	-1.7%
Total Operating Outlays	\$	28,920,672	\$	40,419,210	\$	47,480,733	\$	45,348,112	\$	4,928,902	12.2%
Capital Outlays											
Capital Projects	\$	84,237,596	\$	65,672,378	\$	138,774,481	\$	182,158,364	\$	116,485,985	177.4%
Carryforward Capital Projects		-		65,164,903		-		18,553,045		(46,611,858)	-71.5%
Total Capital Outlays	\$	84,237,596	\$	130,837,281	\$	138,774,481	\$	200,711,409	\$	69,874,127	53.4%
TOTAL OUTLAYS	\$	113,158,268	\$	171,256,491	\$	186,255,214	\$	246,059,521	\$	74,803,030	43.7%
OTHER FINANCING SOURCES/(USES)											
Debt Proceeds	\$	50,000,000	\$	44,609,029	\$	30,000,000	\$	119,346,000	\$	74,736,971	167.5%
Transfers In		3,000,000		4,000,000		4,000,000		5,100,000		1,100,000	27.5%
Transfers Out		(8,419,335)		(8,530,702)		(8,530,702)		(2,950,377)		5,580,325	-65.4%
TOTAL OTHER SOURCES/(USES)	\$	44,580,665	\$	40,078,327	\$	25,469,298	\$	121,495,623	\$	81,417,296	203.1%
BALANCE AVAILABLE	\$	(4,026,869)	\$	(22,321,373)	\$	(80,762,125)	\$	(9,424,547)	\$	12,896,825	-57.8%
YEAR-END RESERVES											
Restricted Reserves											
SCW Rate Stabilization Reserve	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	-	0.0%
SCW Contingency Reserve		5,000,000		5,000,000		5,000,000		5,000,000		-	0.0%
SCW Currently Authorized Projects Reserve***		153,931,649		71,376,703		54,454,777		24,037,866		(47,338,837)	-66.3%
SCW Operating and Capital Reserve		3,971,210		76,463,210		22,685,957		43,678,321		(32,784,889)	-42.9%
Total Restricted Reserves	\$	187,902,859	\$	177,839,913	\$	107,140,734	\$	97,716,187	\$	(80,123,726)	-45.1%
TOTAL YEAR-END RESERVES	\$	187,902,859	\$	177,839,913	\$	107,140,734	\$	97,716,187	\$	(80,123,726)	-45.1%

Fund Summaries

Safe, Clean Water and Natural Flood Protection Fund Summary

	Budgetary		Adopted		Projected		Adopted		Change from	
	Basis Actual		Budget		Year End		Budget		2025-26 Adopted	
	2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
Outlay Summary by Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	8,785,634	\$	9,488,015	\$	9,488,015	\$	10,458,077	\$	970,062 10.2%
Salary Savings Factor		-		(94,400)		(94,400)		(216,572)		(122,171) 129.4%
Services & Supplies		8,588,859		12,219,624		19,281,147		16,172,395		3,952,770 32.3%
Intra-District Charges		5,607,776		6,082,661		6,082,661		6,426,278		343,617 5.6%
OPERATING OUTLAY TOTAL	\$	22,982,269	\$	27,695,900	\$	34,757,423	\$	32,840,177	\$	5,144,277 18.6%
DEBT SERVICE										
Services & Supplies	\$	801,028	\$	866,560	\$	866,560	\$	746,560	\$	(120,000) -13.8%
Debt Service		5,137,375		11,856,750		11,856,750		11,761,375		(95,375) -0.8%
DEBT SERVICE TOTAL	\$	5,938,403	\$	12,723,310	\$	12,723,310	\$	12,507,935	\$	(215,375) -1.7%
CAPITAL PROJECTS										
Salaries and Benefits	\$	10,739,788	\$	11,913,592	\$	11,913,592	\$	12,401,584	\$	487,992 4.1%
Salary Savings Factor		-		(123,447)		(123,447)		(265,442)		(141,995) 115.0%
Services & Supplies		66,992,205		46,551,050		119,653,153		163,061,943		116,510,893 250.3%
Carryforward Capital Projects		-		65,164,903		-		18,553,045		(46,611,858) -71.5%
Intra-District Charges		6,505,603		7,331,183		7,331,183		6,960,279		(370,904) -5.1%
CAPITAL PROJECTS TOTAL	\$	84,237,596	\$	130,837,281	\$	138,774,481	\$	200,711,409	\$	69,874,127 53.4%
TOTAL OUTLAYS										
	\$	113,158,268	\$	171,256,491	\$	186,255,214	\$	246,059,521	\$	74,803,030 43.7%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Safe, Clean Water and Natural Flood Protection Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
										\$ Diff	% Diff
REVENUE											
Operating Revenue											
Special Parcel Tax	\$	53,227,039	\$	55,094,792	\$	56,582,351	\$	57,827,163	\$	1,244,812	2.2%
Intergovernmental Services		14,107		-		-		-		-	0.0%
Total Operating Revenue	\$	53,241,146	\$	55,094,792	\$	56,582,351	\$	57,827,163	\$	1,244,812	2.2%
Non-Operating Revenue											
Capital Reimbursements	\$	2,959,053	\$	50,600,000	\$	54,228,000	\$	10,600,000	\$	(43,628,000)	-80.5%
Interest Income*		8,030,620		3,162,000		4,329,000		4,329,000		-	0.0%
Non-Operating Other		319,915		-		-		-		-	0.0%
Total Non-Operating Revenue	\$	11,309,588	\$	53,762,000	\$	58,557,000	\$	14,929,000	\$	(43,628,000)	-74.5%
TOTAL REVENUE	\$	64,550,734	\$	108,856,792	\$	115,139,351	\$	72,756,163	\$	(42,383,188)	-36.8%
OUTLAYS											
Operating Outlays											
Operations**	\$	20,453,802	\$	25,397,376	\$	29,387,340	\$	29,001,275	\$	(386,065)	-1.3%
Operating Project		2,528,467		2,298,524		3,452,838		3,485,869		33,031	1.0%
Debt Service		5,938,403		12,723,310		12,507,935		23,379,863		10,871,928	86.9%
Total Operating Outlays	\$	28,920,672	\$	40,419,210	\$	45,348,112	\$	55,867,007	\$	10,518,894	23.2%
Capital Outlays											
Capital Projects	\$	84,237,596	\$	65,672,378	\$	182,158,364	\$	148,633,482	\$	(33,524,881)	-18.4%
Carryforward Capital Projects		-		65,164,903		18,553,045		5,598,296		(12,954,749)	-69.8%
Total Capital Outlays	\$	84,237,596	\$	130,837,281	\$	200,711,409	\$	154,231,778	\$	(46,479,630)	-23.2%
TOTAL OUTLAYS	\$	113,158,268	\$	171,256,491	\$	246,059,521	\$	210,098,785	\$	(35,960,736)	-14.6%
OTHER FINANCING SOURCES/(USES)											
Debt Proceeds	\$	50,000,000	\$	44,609,029	\$	119,346,000	\$	130,000,000	\$	10,654,000	8.9%
Transfers In		3,000,000		4,000,000		5,100,000		7,847,000		2,747,000	53.9%
Transfers Out		(8,419,335)		(8,530,702)		(2,950,377)		(2,406,003)		544,374	-18.5%
TOTAL OTHER SOURCES/(USES)	\$	44,580,665	\$	40,078,327	\$	121,495,623	\$	135,440,997	\$	13,945,374	11.5%
BALANCE AVAILABLE	\$	(4,026,869)	\$	(22,321,373)	\$	(9,424,547)	\$	(1,901,626)	\$	7,522,922	-79.8%
YEAR-END RESERVES											
Restricted Reserves											
SCW Rate Stabilization Reserve	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	25,000,000	\$	-	0.0%
SCW Contingency Reserve		5,000,000		5,000,000		5,000,000		5,000,000		-	0.0%
SCW Currently Authorized Projects Reserve***		153,931,649		71,376,703		24,037,866		18,439,570		(5,598,296)	-23.3%
SCW Operating and Capital Reserve		3,971,210		76,463,210		43,678,321		47,374,992		3,696,670	8.5%
Total Restricted Reserves	\$	187,902,859	\$	177,839,913	\$	97,716,187	\$	95,814,562	\$	(1,901,626)	-1.9%
TOTAL YEAR-END RESERVES	\$	187,902,859	\$	177,839,913	\$	97,716,187	\$	95,814,562	\$	(1,901,626)	-1.9%

Fund Summaries

Safe, Clean Water and Natural Flood Protection Fund Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
Outlay Summary by Account Type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 8,785,634	\$ 9,488,015	\$ 10,458,077	\$ 11,682,980	\$ 1,224,904	11.7%
Salary Savings Factor	-	(94,400)	(216,572)	(239,151)	(22,579)	10.4%
Services & Supplies	8,588,859	12,219,624	16,172,395	13,407,230	(2,765,165)	-17.1%
Intra-District Charges	5,607,776	6,082,661	6,426,278	7,636,085	1,209,807	18.8%
OPERATING OUTLAY TOTAL	\$ 22,982,269	\$ 27,695,900	\$ 32,840,177	\$ 32,487,144	\$ (353,034)	-1.1%
DEBT SERVICE						
Services & Supplies	\$ 801,028	\$ 866,560	\$ 746,560	\$ 1,226,560	\$ 480,000	64.3%
Debt Service	5,137,375	11,856,750	11,761,375	22,153,303	10,391,928	88.4%
DEBT SERVICE TOTAL	\$ 5,938,403	\$ 12,723,310	\$ 12,507,935	\$ 23,379,863	\$ 10,871,928	86.9%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 10,739,788	\$ 11,913,592	\$ 12,401,584	\$ 10,987,898	\$ (1,413,686)	-11.4%
Salary Savings Factor	-	(123,447)	(265,442)	(234,464)	30,977	-11.7%
Services & Supplies	66,992,205	46,551,050	163,061,943	131,308,369	(31,753,574)	-19.5%
Carryforward Capital Projects	-	65,164,903	18,553,045	5,598,296	(12,954,749)	-69.8%
Intra-District Charges	6,505,603	7,331,183	6,960,279	6,571,680	(388,599)	-5.6%
CAPITAL PROJECTS TOTAL	\$ 84,237,596	\$ 130,837,281	\$ 200,711,409	\$ 154,231,778	\$ (46,479,630)	-23.2%
TOTAL OUTLAYS	\$ 113,158,268	\$ 171,256,491	\$ 246,059,521	\$ 210,098,785	\$ (35,960,736)	-14.6%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Total Outlays - Safe, Clean Water & Natural Flood Protection

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
26031001	Watershed Revenue	138,914	157,039	153,028	163,364	Financial Planning & Management
26041023	Emergency Response Upgrades	758,543	780,563	797,604	847,413	Watersheds Stewardship & Planning
26041024	Flood Risk Reduction Studies	1,312,279	1,201,058	1,423,975	1,520,677	Watersheds Stewardship & Planning
26041047	Ecolgcal Data Collectn & Analy	557,264	414,026	248,377	256,800	Watersheds Stewardship & Planning
26041049	D5 SCW Watershed Plans	37,603	216,464	32,717	29,958	Watersheds Stewardship & Planning
26061002	Rent Exp Clean Safe Ck 7/1/01+	94,630	253,038	249,290	265,443	Watersheds Stewardship & Planning
26061004	Districtwide Salary Savings-26	–	(94,400)	(216,572)	(239,151)	Financial Planning & Management
26061005	Flood Emrgncy Respns Planning	121,468	220,121	221,566	233,554	Emergency, Safety & Security
26061007	Grants to Rest Habitat Access	500,000	–	–	–	Office of the CEA
26061012	Safe Clean Water Implementatn	1,298,426	1,179,113	1,207,690	1,316,650	Office of Integrated Water Management
26061019	Creek Stewardship	251,877	314,889	329,323	349,012	Office of the CEA
26761022	Watershed Good Neighbor Maint	718,783	649,250	637,627	683,132	Watersheds Operations & Maintenance
26761023	Watershed Sediment Removal	871,791	1,659,268	1,672,975	1,753,609	Watersheds Operations & Maintenance
26761075	Mgmt of Revegetation Projects	2,981,679	3,210,798	3,513,693	3,684,674	Watersheds Operations & Maintenance
26761076	Rev, Riprn, UpInd, & WtInd Hab	681,733	641,529	642,409	514,905	Watersheds Stewardship & Planning
26761078	Vegetation Mangmnt for Access	1,030,347	884,099	1,038,781	1,097,032	Watersheds Operations & Maintenance
26771011	Inter Agency Urban Runoff Prog	837,518	934,008	964,645	1,026,886	Watersheds Stewardship & Planning
26771027	Encampment Cleanup Program	2,884,506	2,921,313	3,474,082	3,640,766	Watersheds Operations & Maintenance
26771031	HAZMAT Emergency Response	33,418	41,825	52,207	54,721	Emergency, Safety & Security
26771067	Stream Capacity Vegetation Con	3,428,710	5,165,697	5,241,317	6,068,851	Watersheds Operations & Maintenance
26061020	F6 Public Arts	8,843	34,022	188,871	193,029	Office of the CEA
26061021	F9 Safe Clean Water Grants and	1,625,684	3,588,517	3,911,272	3,545,454	Office of the CEA
26441003	D3 SCW Sed Reuse to Support	182,564	267,670	303,847	316,687	Watersheds Operations & Maintenance
26061022	Creekside Neighbor Rebate Program	97,220	657,469	306,847	307,337	Watersheds Stewardship & Planning
26281001	San Francisquito Crk, SF Bay to	–	–	2,891,770	1,270,470	Watersheds Design & Construction
26001090	SCW Unscoped Projects-Budget	–	100,000	100,000	100,000	Office of COO Watersheds
Total Operations		20,453,802	25,397,376	29,387,340	29,001,275	
Operating Project						
26042002	Fish Habitat Improvements	1,082,385	856,708	1,353,076	1,266,481	Watersheds Stewardship & Planning
26072008	SCW D7 Conservation Habitat	8,170	12,845	–	–	Watersheds Stewardship & Planning
26752043	Impaired Water Bodies Imprvmts	1,437,913	1,428,972	2,099,761	2,219,387	Watersheds Stewardship & Planning
Total Operating Projects		2,528,467	2,298,524	3,452,838	3,485,869	
Debt Service						
26993001	Commercial Paper Tax Exmpt SCW	658,663	7,360,560	7,218,560	6,190,560	Financial Planning & Management
26993002	SCW Rev Bond 2022A (Tax-Exempt)	5,143,225	5,182,750	5,159,375	5,157,125	Financial Planning & Management
26993003	SCW COP 2022B (Tax-Exempt)	3,600	45,000	25,000	–	Financial Planning & Management
26993004	SCW WIFIA Loan 1 (ID 21116CA)	12,700	65,000	45,000	841,178	Financial Planning & Management
26993007	SCW WIFIA Loan 2	120,215	70,000	60,000	60,000	Financial Planning & Management
26993005	SCW Rev Bond 2028A (Tax-Exempt)	–	–	–	11,131,000	Financial Planning & Management
Total Debt Service		5,938,403	12,723,310	12,507,935	23,379,863	

Fund Summaries

Total Outlays - Safe, Clean Water & Natural Flood Protection

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Capital*						
26044002	SCW Fish Passage Improvement	16,491	–	–	–	Watersheds Stewardship & Planning
26064023	Districtwide Salary Savings	–	(123,447)	(265,442)	(234,464)	Financial Planning & Management
26074002	Sunnyvale East & West Channel	4,215,880	–	45,159,516	54,037,010	Watersheds Design & Construction
26074033	CIP Development & Admin	196,017	276,833	369,639	377,499	Office of Integrated Water Management
26074036	Survey Mgmt & Tech Support	70,831	114,556	523,210	571,640	Office of Integrated Water Management
26154002	Guadalupe Rv-Upr, 280-SPRR(R6	150,344	–	–	167,869	Watersheds Design & Construction
26154003	Guadalupe Rv-Upr, SPRR-BH 7-12	210,438	–	–	–	Watersheds Design & Construction
26164001	HaleCreekEnhancementPilotStudy	181,375	39,000	–	–	Watersheds Design & Construction
26174041	Berryessa Calav/Old Pied Cor	865,640	–	–	–	Watersheds Design & Construction
26174043	Coyote Creek, Montague-Tully	10,357,841	21,686,087	80,937,941	79,682,230	Watersheds Design & Construction
26174051	U. Llagas Ck, Reimburse E6b	528,574	42,031	–	–	Watersheds Design & Construction
26174054	U.Llagas Ck Design B. Vsta Rd	48,133	–	–	–	Watersheds Design & Construction
26244001	Permanente Ck, Bay-Fthill CSC	11,862	–	–	–	Watersheds Design & Construction
26324001	U Penitncia Crk Corp Coord SCW	193,753	–	–	–	Watersheds Design & Construction
26764001	IRP2 AddLine Valves	6,913,691	10,809,258	5,530,370	484,686	Water Utility Capital
26044004	D6 Bolsa Road Fish Passage	181,598	27,184	67,274	–	Watersheds Design & Construction
26444002	SFBS EIAs 1-4	42,176	–	–	–	Watersheds Design & Construction
26074038	Watershed Capital Program Servcs	3,454,236	3,966,386	4,433,803	5,807,600	Watersheds Design & Construction
26074041	Construction Contracts and Support	203,540	323,974	433,722	463,193	General Services
26174052	Llagas Ck - Upper Construction	1,508,375	–	–	–	Watersheds Design & Construction
26444004	San Francisco Bay Shoreline EIAs 5-	501,640	1,404,624	3,023,499	2,817,308	Watersheds Design & Construction
26044005	SCW D4.3 Fish Passage	300,351	–	6,650,228	285,560	Watersheds Stewardship & Planning
26074047	Computer-Aided Design for Engineering	80,562	297,781	297,306	465,072	Office of Integrated Water Management
26044003	SCW Ogier Ponds Separation from	532,451	–	1,109,167	2,131,307	Watersheds Stewardship & Planning
26174055	Llagas Creek Phase 2B Construction	52,573,738	26,547,392	32,709,738	799,130	Watersheds Design & Construction
26074042	Capital Project Mgmt & Controls	166,850	229,424	341,870	366,462	Office of Integrated Water Management
26044056	Regnart Creek Rehabilitation Project	(181)	31,298	836,522	411,382	Watersheds Design & Construction
26284002	San Francisquito Crk, SF Bay to	731,392	–	–	–	Watersheds Design & Construction
Total Capital		84,237,596	65,672,378	182,158,364	148,633,482	
Total		113,158,268	106,091,588	227,506,476	204,500,489	

* Capital Outlays table reflects new funding and does not include capital carryforward funding from prior year.

Benefit Assessment Funds Overview

The Flood Control Benefit Assessment was first authorized by the Valley Water 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 Valley Water 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 in FY 2008-09, the following watershed funds were 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 Town of Los Altos Hills, and the cities of Palo Alto, Los Altos, 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.

Fund Summaries

- 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. The debt has been paid off.

These Benefit Assessment Funds are comprised of the voter-approved debt repayment phase of the benefit assessments program, levied at 1.25 times the annual debt service. The excess amount over annual debt service is transferred out to the consolidated Watershed and Stream Stewardship Fund (Fund 12) for the maintenance of the flood protection infrastructure.

For FY 2026-27 and FY 2027-28, the Benefit Assessment revenue receipts are projected at \$6.9 million each year. As Valley Water continues to pay down the principal, the amount collected will decrease.

For FY 2026-27 and FY 2027-28, the transfer to the Watershed and Stream Stewardship Fund is expected at \$1.1 million each year. Debt that was issued in 2017 (2017A Certificates of Participation, or 2017A COPs) is scheduled to be fully repaid on February 1, 2030.

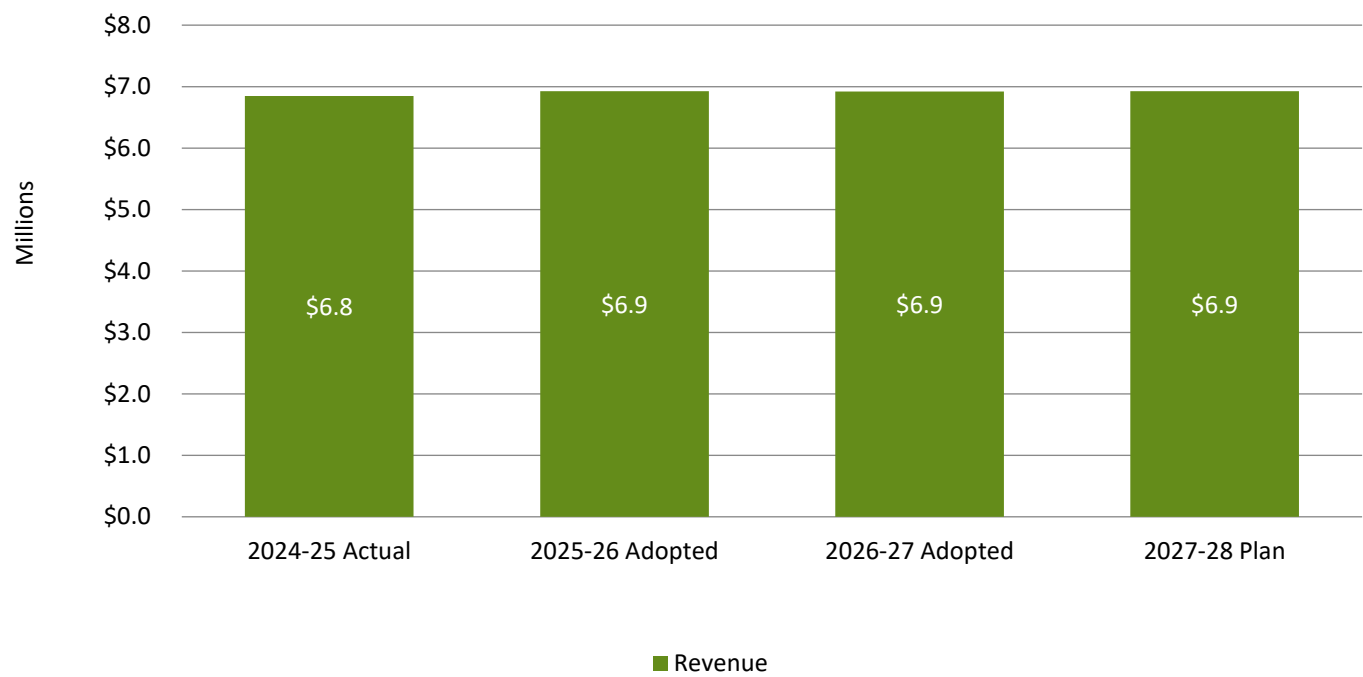
The FY 2026-27 benefit assessment for a single family residence is expected at approximately:

- \$26.54/year for Lower Peninsula Watershed
- \$4.70/year for West Valley Watershed
- \$4.16/year for Guadalupe Watershed
- \$12.88/year for Coyote Watershed

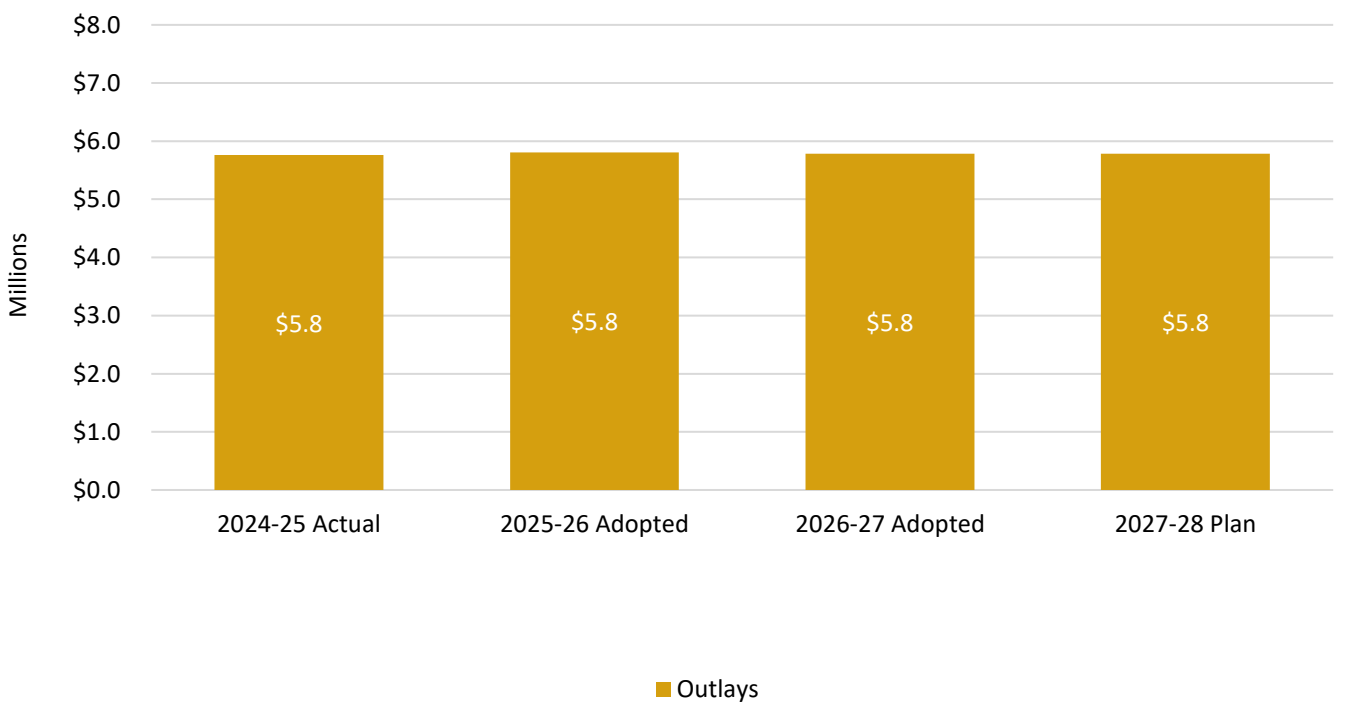
Fund Summaries

Benefit Assessment Funds

Total Revenue



Total Outlays



Fund Summaries

Benefit Assessment Funds Summary

		Budgetary Basis Actual		Adopted Budget		Projected Year End		Adopted Budget		Change from 2025-26 Adopted		
		2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff	
REVENUE												
	Lower Peninsula Watershed	\$	2,703,730	\$	2,732,804	\$	2,732,804	\$	2,731,817	\$	(987)	0.0%
	West Valley Watershed		811,059		819,772		819,772		819,476		(296)	0.0%
	Guadalupe Watershed		901,512		911,166		911,166		910,837		(330)	0.0%
	Coyote Watershed		2,432,212		2,460,008		2,460,008		2,459,120		(888)	0.0%
TOTAL REVENUE		\$	6,848,514	\$	6,923,750	\$	6,923,750	\$	6,921,250	\$	(2,500)	0.0%
OUTLAYS												
Debt Service												
	Lower Peninsula Watershed	\$	2,273,884	\$	2,292,023	\$	2,292,023	\$	2,283,833	\$	(8,190)	-0.4%
	West Valley Watershed		682,106		687,549		687,549		685,092		(2,457)	-0.4%
	Guadalupe Watershed		758,152		764,201		764,201		761,471		(2,730)	-0.4%
	Coyote Watershed		2,046,898		2,063,227		2,063,227		2,055,855		(7,372)	-0.4%
TOTAL OUTLAYS		\$	5,761,040	\$	5,807,000	\$	5,807,000	\$	5,786,251	\$	(20,749)	-0.4%
OTHER FINANCING SOURCES/(USES)												
Transfers Out												
	To Watershed & Stream Stewardship Fund	\$	(1,087,474)	\$	(1,116,750)	\$	(1,116,750)	\$	(1,134,999)	\$	(18,249)	1.6%
TOTAL OTHER SOURCES/(USES)		\$	(1,087,474)	\$	(1,116,750)	\$	(1,116,750)	\$	(1,134,999)	\$	(18,249)	1.6%

Fund Summaries

Benefit Assessment Funds Summary

		Budgetary Basis Actual		Adopted Budget		Adopted Budget		Proposed Plan		Change from 2026-27 Adopted		
		2024-25		2025-26		2026-27		2027-28		\$ Diff	% Diff	
REVENUE												
	Lower Peninsula Watershed	\$	2,703,730	\$	2,732,804	\$	2,731,817	\$	2,732,927	\$	1,110	0.0%
	West Valley Watershed		811,059		819,772		819,476		819,809		333	0.0%
	Guadalupe Watershed		901,512		911,166		910,837		911,207		370	0.0%
	Coyote Watershed		2,432,212		2,460,008		2,459,120		2,460,119		999	0.0%
TOTAL REVENUE		\$	6,848,514	\$	6,923,750	\$	6,921,250	\$	6,924,063	\$	2,813	0.0%
OUTLAYS												
Debt Service												
	Lower Peninsula Watershed	\$	2,273,884	\$	2,292,023	\$	2,283,833	\$	2,283,044	\$	(789)	0.0%
	West Valley Watershed		682,106		687,549		685,092		684,855		(237)	0.0%
	Guadalupe Watershed		758,152		764,201		761,471		761,207		(264)	0.0%
	Coyote Watershed		2,046,898		2,063,227		2,055,855		2,055,145		(710)	0.0%
TOTAL OUTLAYS		\$	5,761,040	\$	5,807,000	\$	5,786,251	\$	5,784,251	\$	(2,000)	0.0%
OTHER FINANCING SOURCES/(USES)												
Transfers Out												
	To Watershed & Stream Stewardship Fund	\$	(1,087,474)	\$	(1,116,750)	\$	(1,134,999)	\$	(1,139,811)	\$	(4,813)	0.4%
TOTAL OTHER SOURCES/(USES)		\$	(1,087,474)	\$	(1,116,750)	\$	(1,134,999)	\$	(1,139,811)	\$	(4,813)	0.4%

Fund Summaries

Total Outlays - Lower Peninsula Watershed

		Budgetary Basis Actual	Adopted Budget	Adopted Budget	Proposed Plan	Project Managed By
Project #	Project Description	2024-25	2025-26	2026-27	2027-28	
Debt Service						
10993008	2017A COP Refunding LP WS	2,273,884	2,292,023	2,283,833	2,283,044	Financial Planning & Management
Total Debt Service		2,273,884	2,292,023	2,283,833	2,283,044	
Total		2,273,884	2,292,023	2,283,833	2,283,044	

Fund Summaries

Total Outlays - West Valley Watershed

		Budgetary Basis Actual	Adopted Budget	Adopted Budget	Proposed Plan	Project Managed By
Project #	Project Description	2024-25	2025-26	2026-27	2027-28	
Debt Service						
20993008	2017A COP Refunding WV WS	682,106	687,549	685,092	684,855	Financial Planning & Management
Total Debt Service		682,106	687,549	685,092	684,855	
Total		682,106	687,549	685,092	684,855	

Fund Summaries

Total Outlays - Guadalupe Watershed

		Budgetary	Adopted	Adopted	Proposed	Project Managed By
Project #	Project Description	Basis Actual	Budget	Budget	Plan	
		2024-25	2025-26	2026-27	2027-28	
Debt Service						
30993008	2017A COP Refunding Guad WS	758,152	764,201	761,471	761,207	Financial Planning & Management
Total Debt Service		758,152	764,201	761,471	761,207	
Total		758,152	764,201	761,471	761,207	

Fund Summaries

Total Outlays - Coyote Watershed

		Budgetary Basis Actual	Adopted Budget	Adopted Budget	Proposed Plan	Project Managed By
Project #	Project Description	2024-25	2025-26	2026-27	2027-28	
Debt Service						
40993008	2017A COP Refunding Coyote WS	2,046,898	2,063,227	2,055,855	2,055,145	Financial Planning & Management
Total Debt Service		2,046,898	2,063,227	2,055,855	2,055,145	
Total		2,046,898	2,063,227	2,055,855	2,055,145	

WATER UTILITY ENTERPRISE AND STATE WATER PROJECT FUNDS

Fund Summaries

Overview

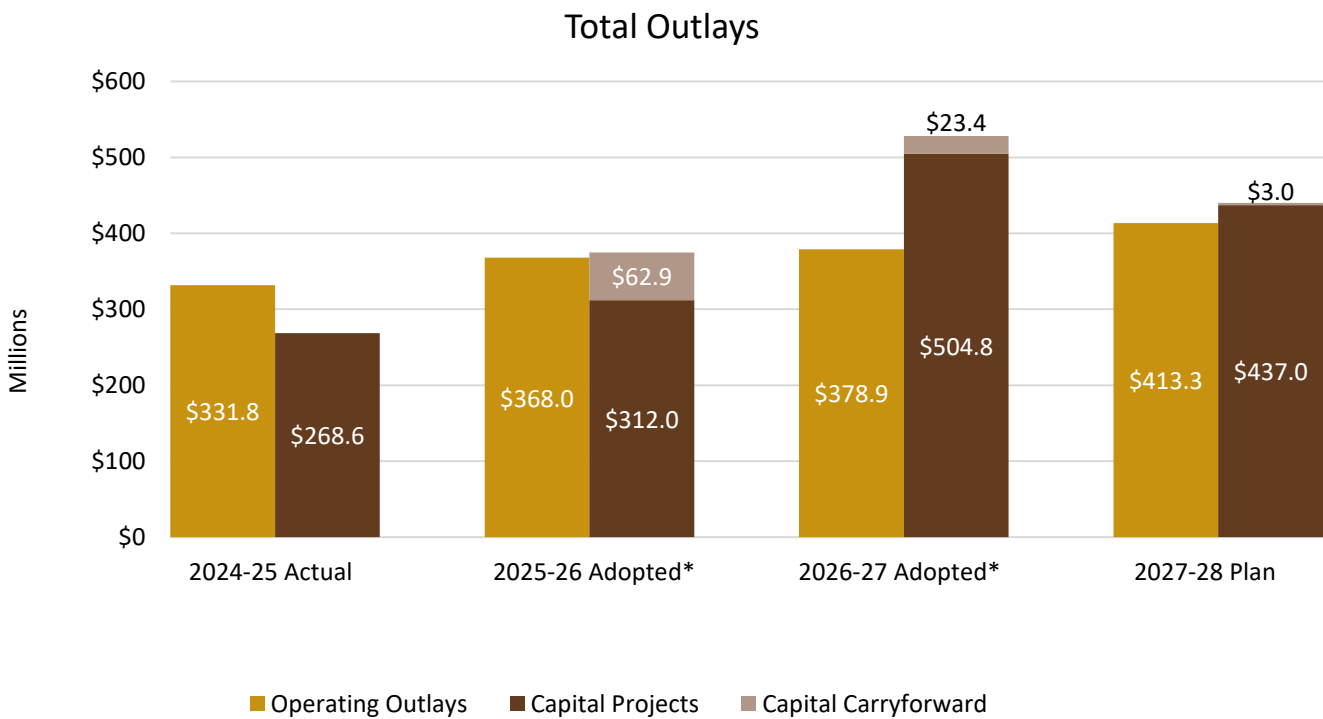
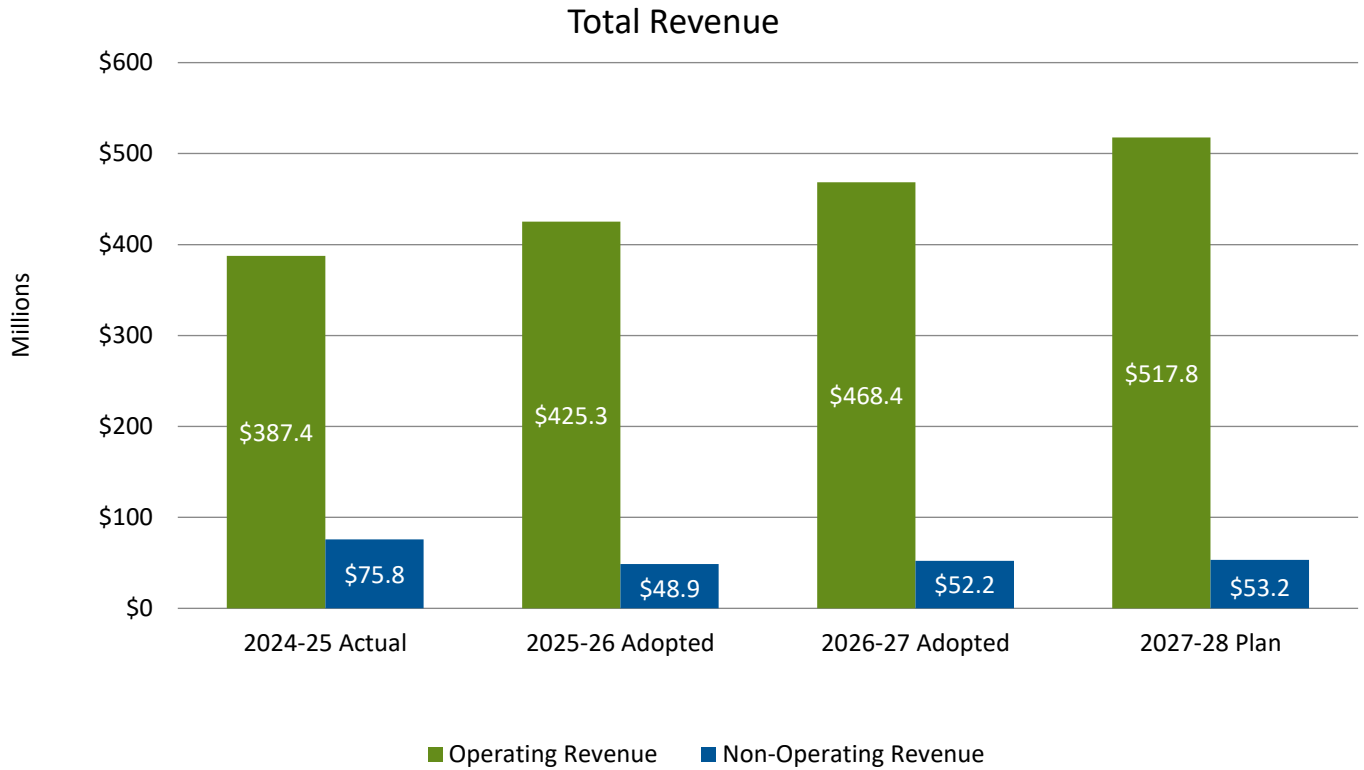
As the water management agency and principal water wholesaler for Santa Clara County, Valley Water manages a sustainable water supply through conjunctive use of surface and groundwater resources. The Chief Operating Officer of the Water Utility implements the programs and projects described and listed in this chapter with the aim of protecting and augmenting water supplies. Two funds are used to account for these activities:

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

Financial summaries and descriptions of programs and outcomes can be found in this chapter.

Fund Summaries

Water Utility Enterprise and State Water Project Funds



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

Water Enterprise and State Water Project Funds Combined

			Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
											\$ Diff	% Diff
REVENUE												
Operating Revenue												
	Groundwater Production Charges	\$	176,173,362	\$	200,333,000	\$	213,834,000	\$	233,004,000	\$	32,671,000	16.3%
	Treated Water Charges		202,844,299		220,403,000		198,403,000		231,016,000		10,613,000	4.8%
	Surface & Recycled Water Charges		2,955,025		2,582,000		2,591,000		2,526,000		(56,000)	-2.2%
	Intergovernmental Services		4,885,067		1,493,295		1,492,500		1,323,000		(170,295)	-11.4%
	Operating Other		520,603		496,488		510,547		510,547		14,059	2.8%
	Total Operating Revenue	\$	387,378,356	\$	425,307,783	\$	416,831,047	\$	468,379,547	\$	43,071,764	10.1%
Non-Operating Revenue												
	Property Tax	\$	41,235,259	\$	39,871,000	\$	40,446,763	\$	40,753,112	\$	882,112	2.2%
	Capital Reimbursements		3,030,479		684,000		1,341,000		504,000		(180,000)	-26.3%
	Interest Income *		14,700,229		7,066,000		9,707,000		9,707,000		2,641,000	37.4%
	Non-Operating Other		16,824,114		1,229,670		1,227,635		1,236,847		7,177	0.6%
	Total Non-Operating Revenue	\$	75,790,081	\$	48,850,670	\$	52,722,398	\$	52,200,959	\$	3,350,289	6.9%
	TOTAL REVENUE	\$	463,168,436	\$	474,158,453	\$	469,553,445	\$	520,580,506	\$	46,422,053	9.8%
OUTLAYS												
Operating Outlays												
	Operations **	\$	232,867,032	\$	269,098,346	\$	290,188,424	\$	267,423,999	\$	(1,674,347)	-0.6%
	Operating Project		24,709,600		452,787		3,262,831		937,460		484,673	107.0%
	Debt Service		74,260,280		98,411,311		87,384,947		110,507,668		12,096,357	12.3%
	Total Operating Outlays	\$	331,836,913	\$	367,962,444	\$	380,836,202	\$	378,869,128	\$	10,906,683	3.0%
Capital Outlays												
	Capital Projects	\$	268,626,636	\$	312,004,684	\$	397,242,183	\$	504,812,952	\$	192,808,268	61.8%
	Carryforward Capital Projects		-		62,902,860		-		23,405,680		(39,497,180)	-62.8%
	Total Capital Outlays	\$	268,626,636	\$	374,907,544	\$	397,242,183	\$	528,218,632	\$	153,311,088	40.9%
	TOTAL OUTLAYS	\$	600,463,549	\$	742,869,989	\$	778,078,385	\$	907,087,760	\$	164,217,771	22.1%
OTHER FINANCING SOURCES/(USES)												
	Debt proceeds	\$	140,000,000	\$	220,217,267	\$	225,419,723	\$	407,001,000	\$	186,783,733	84.8%
	Transfers In		11,428,122		7,606,274		7,606,274		5,544,119		(2,062,155)	-27.1%
	Transfers Out		(10,844,078)		(11,683,496)		(11,984,696)		(17,526,551)		(5,843,055)	50.0%
	TOTAL OTHER SOURCES/(USES)	\$	140,584,044	\$	216,140,045	\$	221,041,301	\$	395,018,568	\$	178,878,523	82.8%
	BALANCE AVAILABLE	\$	3,288,931	\$	(52,571,490)	\$	(87,483,640)	\$	8,511,314	\$	61,082,805	-116.2%

Fund Summaries

Water Enterprise and State Water Project Funds Combined

		Budgetary		Adopted		Projected		Adopted		Change from	
		Basis Actual		Budget		Year End		Budget		2025-26 Adopted	
		2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
YEAR-END RESERVES											
Restricted Reserves											
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	40,256,453	\$	43,041,738	\$	2,537,070	6.3%
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,847,415		3,897,415		145,961	3.9%
WUE State Water Project Tax Reserve		25,277,937		11,591,690		21,738,142		14,890,000		3,298,310	28.5%
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		8,677,000		12,077,000		3,400,000	39.2%
WUE SVAWPC Reserve		530,119		-		-		-		-	0.0%
WUE Drought Reserve		-		1,000,000		1,000,000		4,000,000		3,000,000	300.0%
WUE Guiding Principle #5 (GP5) Reserve		2,810,044		-		-		-		-	0.0%
Total Restricted Reserves	\$	58,264,421	\$	65,524,812	\$	75,519,009	\$	77,906,153	\$	12,381,341	18.9%
Committed Reserves											
Currently Authorized Projects Reserve***		127,749,392		17,666,735		45,663,278		22,257,597		4,590,862	26.0%
Excess ERAF Contingency Reserve		501,192		615,193		617,472		728,832		113,639	18.5%
Operating and Capital Reserve		59,768,403		74,567,165		37,000,010		66,418,501		(8,148,664)	-10.9%
Total Committed Reserves	\$	188,018,987	\$	92,849,093	\$	83,280,760	\$	89,404,930	\$	(3,444,163)	-3.7%
TOTAL YEAR-END RESERVES											
	\$	246,283,408	\$	158,373,905	\$	158,799,769	\$	167,311,083	\$	8,937,177	5.6%
Outlay Summary by Account Type											
OPERATING OUTLAY											
Salaries and Benefits	\$	74,197,606	\$	76,556,701	\$	76,814,233	\$	80,601,880	\$	4,045,179	5.3%
Salary Savings Factor		-		(752,323)		(752,323)		(1,645,165)		(892,841)	118.7%
Services & Supplies		139,159,106		147,162,816		170,657,479		143,736,553		(3,426,263)	-2.3%
Intra-District Charges		44,219,920		46,583,940		46,731,867		45,668,192		(915,749)	-2.0%
OPERATING OUTLAY TOTAL	\$	257,576,633	\$	269,551,133	\$	293,451,255	\$	268,361,460	\$	(1,189,674)	-0.4%
DEBT SERVICE											
Services & Supplies	\$	1,781,429	\$	4,520,320	\$	4,520,320	\$	3,450,320	\$	(1,070,000)	-23.7%
Debt Service		72,478,851		93,890,991		82,864,627		107,057,348		13,166,357	14.0%
DEBT SERVICE TOTAL	\$	74,260,280	\$	98,411,311	\$	87,384,947	\$	110,507,668	\$	12,096,357	12.3%
CAPITAL PROJECTS											
Salaries and Benefits	\$	31,729,907	\$	33,617,155	\$	34,350,285	\$	37,909,331	\$	4,292,176	12.8%
Salary Savings Factor		-		(347,530)		(347,530)		(810,485)		(462,955)	133.2%
Services & Supplies		217,444,348		258,014,111		342,060,404		446,300,362		188,286,251	73.0%
Carryforward Capital Projects		-		62,902,860		-		23,405,680		(39,497,180)	-62.8%
Intra-District Charges		19,452,381		20,720,948		21,179,024		21,413,744		692,797	3.3%
CAPITAL PROJECTS TOTAL	\$	268,626,636	\$	374,907,544	\$	397,242,183	\$	528,218,632	\$	153,311,088	40.9%
TOTAL OUTLAYS											
	\$	600,463,549	\$	742,869,988	\$	778,078,385	\$	907,087,760	\$	164,217,771	22.1%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Water Enterprise and State Water Project Funds Combined

			Budgetary		Adopted		Adopted		Proposed		Change from	
			Basis Actual		Budget		Budget		Plan		2026-27 Adopted	
			2024-25		2025-26		2026-27		2027-28		\$ Diff	% Diff
REVENUE												
Operating Revenue												
	Groundwater Production Charges	\$	176,173,362	\$	200,333,000	\$	233,004,000	\$	261,258,000	\$	28,254,000	12.1%
	Treated Water Charges		202,844,299		220,403,000		231,016,000		251,897,000		20,881,000	9.0%
	Surface & Recycled Water Charges		2,955,025		2,582,000		2,526,000		2,738,000		212,000	8.4%
	Intergovernmental Services		4,885,067		1,493,295		1,323,000		1,397,000		74,000	5.6%
	Operating Other		520,603		496,488		510,547		510,547		-	0.0%
	Total Operating Revenue	\$	387,378,356	\$	425,307,783	\$	468,379,547	\$	517,800,547	\$	49,421,000	10.6%
Non-Operating Revenue												
	Property Tax	\$	41,235,259	\$	39,871,000	\$	40,753,112	\$	41,015,809	\$	262,697	0.6%
	Capital Reimbursements		3,030,479		684,000		504,000		1,216,000		712,000	141.3%
	Interest Income *		14,700,229		7,066,000		9,707,000		9,707,000		-	0.0%
	Non-Operating Other		16,824,114		1,229,670		1,236,847		1,246,498		9,651	0.8%
	Total Non-Operating Revenue	\$	75,790,081	\$	48,850,670	\$	52,200,959	\$	53,185,307	\$	984,348	1.9%
	TOTAL REVENUE	\$	463,168,436	\$	474,158,453	\$	520,580,506	\$	570,985,854	\$	50,405,348	9.7%
OUTLAYS												
Operating Outlays												
	Operations **	\$	232,867,032	\$	269,098,346	\$	267,423,999	\$	280,476,664	\$	13,052,665	4.9%
	Operating Project		24,709,600		452,787		937,460		817,208		(120,252)	-12.8%
	Debt Service		74,260,280		98,411,311		110,507,668		132,005,684		21,498,016	19.5%
	Total Operating Outlays	\$	331,836,913	\$	367,962,444	\$	378,869,128	\$	413,299,557	\$	34,430,429	9.1%
Capital Outlays												
	Capital Projects	\$	268,626,636	\$	312,004,684	\$	504,812,952	\$	437,019,919	\$	(67,793,033)	-13.4%
	Carryforward Capital Projects		-		62,902,860		23,405,680		3,028,955		(20,376,725)	-87.1%
	Total Capital Outlays	\$	268,626,636	\$	374,907,544	\$	528,218,632	\$	440,048,874	\$	(88,169,758)	-16.7%
	TOTAL OUTLAYS	\$	600,463,549	\$	742,869,989	\$	907,087,760	\$	853,348,430	\$	(53,739,329)	-5.9%
OTHER FINANCING SOURCES/(USES)												
	Debt proceeds	\$	140,000,000	\$	220,217,267	\$	407,001,000	\$	329,228,000	\$	(77,773,000)	-19.1%
	Transfers In		11,428,122		7,606,274		5,544,119		4,979,431		(564,688)	-10.2%
	Transfers Out		(10,844,078)		(11,683,496)		(17,526,551)		(16,634,705)		891,846	-5.1%
	TOTAL OTHER SOURCES/(USES)	\$	140,584,044	\$	216,140,045	\$	395,018,568	\$	317,572,726	\$	(77,445,842)	-19.6%
	BALANCE AVAILABLE	\$	3,288,931	\$	(52,571,490)	\$	8,511,314	\$	35,210,149	\$	26,698,835	313.7%

Fund Summaries

Water Enterprise and State Water Project Funds Combined

		Budgetary Basis Actual			Adopted Budget			Adopted Budget			Proposed Plan			Change from 2026-27 Adopted	
		2024-25			2025-26			2026-27			2027-28			\$ Diff	% Diff
YEAR-END RESERVES															
Restricted Reserves															
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	43,041,738	\$	47,642,198	\$	4,600,460	10.7%				
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,897,415		3,947,415		50,000	1.3%				
WUE State Water Project Tax Reserve		25,277,937		11,591,690		14,890,000		6,241,654		(8,648,346)	-58.1%				
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		12,077,000		15,477,000		3,400,000	28.2%				
WUE SVAWPC Reserve		530,119		-		-		-		-	0.0%				
WUE Drought Reserve		-		1,000,000		4,000,000		8,000,000		4,000,000	100.0%				
WUE Guiding Principle #5 (GP5) Reserve		2,810,044		-		-		-		-	0.0%				
Total Restricted Reserves	\$	58,264,421	\$	65,524,812	\$	77,906,153	\$	81,308,267	\$	3,402,114	4.4%				
Committed Reserves															
Currently Authorized Projects Reserve***	\$	127,749,392	\$	17,666,735	\$	22,257,597	\$	19,228,642	\$	(3,028,955)	-13.6%				
Excess ERAF Contingency Reserve		501,192		615,193		728,832		840,192		111,360	15.3%				
Operating and Capital Reserve		59,768,403		74,567,165		66,418,501		101,144,132		34,725,630	52.3%				
Total Committed Reserves	\$	188,018,987	\$	92,849,093	\$	89,404,930	\$	121,212,966	\$	31,808,035	35.6%				
TOTAL YEAR-END RESERVES	\$	246,283,408	\$	158,373,905	\$	167,311,083	\$	202,521,232	\$	35,210,149	21.0%				
Outlay Summary by Account Type															
OPERATING OUTLAY															
Salaries and Benefits	\$	74,197,606	\$	76,556,701	\$	80,601,880	\$	85,623,419	\$	5,021,540	6.2%				
Salary Savings Factor		-		(752,323)		(1,645,165)		(1,737,971)		(92,807)	5.6%				
Services & Supplies		139,159,106		147,162,816		143,736,553		145,557,108		1,820,555	1.3%				
Intra-District Charges		44,219,920		46,583,940		45,668,192		51,851,316		6,183,125	13.5%				
OPERATING OUTLAY TOTAL	\$	257,576,633	\$	269,551,133	\$	268,361,460	\$	281,293,873	\$	12,932,413	4.8%				
DEBT SERVICE															
Services & Supplies	\$	1,781,429	\$	4,520,320	\$	3,450,320	\$	3,205,320	\$	(245,000)	-7.1%				
Debt Service		72,478,851		93,890,991		107,057,348		128,800,364		21,743,016	20.3%				
DEBT SERVICE TOTAL	\$	74,260,280	\$	98,411,311	\$	110,507,668	\$	132,005,684	\$	21,498,016	19.5%				
CAPITAL PROJECTS															
Salaries and Benefits	\$	31,729,907	\$	33,617,155	\$	37,909,331	\$	39,722,453	\$	1,813,123	4.8%				
Salary Savings Factor		-		(347,530)		(810,485)		(841,877)		(31,392)	3.9%				
Services & Supplies		217,444,348		258,014,111		446,300,362		374,148,203		(72,152,159)	-16.2%				
Carryforward Capital Projects		-		62,902,860		23,405,680		3,028,955		(20,376,725)	-87.1%				
Intra-District Charges		19,452,381		20,720,948		21,413,744		23,991,139		2,577,395	12.0%				
CAPITAL PROJECTS TOTAL	\$	268,626,636	\$	374,907,544	\$	528,218,632	\$	440,048,874	\$	(88,169,758)	-16.7%				
TOTAL OUTLAYS	\$	600,463,549	\$	742,869,989	\$	907,087,760	\$	853,348,430	\$	(53,739,329)	-5.9%				

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Water Utility Enterprise Funds

Overview

The Water Utility Enterprise is committed to providing safe, reliable water to Santa Clara County now and for future generations. Presently, it ensures the availability of water to 15 cities and towns, farmers, and individual well owners spread over 1,300 square miles, with Valley Water managed usage estimated to total 221,500 acre-feet (AF) in FY 2026-27 and 224,000 AF in FY 2027-28. This entails operation, maintenance, and construction of the following facilities:

- 10 surface reservoirs with a total operationally restricted storage capacity of 62,996 AF while Valley Water’s largest reservoir, Anderson, is offline due to an extensive retrofit of its dam
- 11 miles of active canals
- Five water supply diversion dams
- 99 groundwater recharge ponds
- 98 miles of controlled in-stream recharge in the county
- 134 miles of raw and treated water pipelines
- Three water treatment plants
- An advanced water purification center
- Three raw water pump stations with over 37,000 combined horsepower

The Water Utility Enterprise Fund (Fund 61) 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 Water Utility Enterprise Fund accounts for all Water Utility related revenue, expenses and financing except those of the State Water Project Fund (Fund 63). The State Water Project (SWP) Fund accounts specifically for SWP tax revenue and SWP contractual costs. It is discussed separately later in this chapter.

FY 2026-27 and FY 2027-28 Budgets

The Water Utility Enterprise protects and augments water supplies for the health, welfare, and safety of the community. The Utility is primarily responsible for carrying out the core services related to Valley Water’s Ends Policy E2: “Valley Water provides a reliable, safe, and affordable water supply for current and future generations in all communities served.” Groundwater production charges are the primary source of Utility revenue. The activities, programs, and services undertaken with funding from groundwater production charges include ensuring adequate water supplies and water quality; operating and maintaining dams, pipelines, recharge ponds, treatment plants and pumping stations to help sustain the groundwater basins; and planning for and constructing related facilities. Funding for these activities is presented in this chapter’s financial statements and described in the paragraphs below.

Fund Summaries

Revenue

Revenue for the Water Utility Enterprise Funds is derived from treated, surface and recycled water sales; groundwater production charges; capital reimbursements; federal, state, and local grants; interest earnings; ad valorem taxes; and State Water Project (SWP) taxes as provided by law. Estimated total revenue for FY 2026-27 is \$520.6 million (\$491.6 million for Fund 61 and \$29.0 million for Fund 63), or 9.8% more than the FY 2025-26 Adopted Budget. FY 2027-28 total revenue is projected at \$571.0 million (\$542.0 million for Fund 61 and \$29.0 million for Fund 63), or an increase of 9.7% from FY 2026-27.

The approved FY 2026-27 water charges will generate \$466.5 million in revenues from groundwater production charges and the sale of treated, recycled and surface water totaling 221,500 acre-feet of usage, which is a 10.2% increase in revenue versus the FY 2025-26 Adopted Budget. This revenue estimate also accounts for water rate increases of 9.1% in North County Zone W-2, 6.6% in South County Zone W-5, 9.4% in Zone W-7, and 8.0% in Zone W-8. Rate increases are primarily necessary to cover the notable capital investments Valley Water is making to ensure the safety and reliability of water for residents. Rates maintain the same level of increases year over year in FY 2027-28. Due to these rate increases and an estimated water usage of 224,000 acre-feet, water charges for FY 2027-28 are expected to grow by approximately \$49.3 million, totaling \$515.9 million. More information on groundwater charges is found later in this chapter and in the FY 2026-27 Protection and Augmentation of Water Supplies Report.

Property taxes for the Water Utility Enterprise are the second largest source of funds for FY 2026-27. They total an estimated \$40.8 million, of which \$28.0 million is for State Water Project (SWP) taxes accounted for in the SWP Fund (Fund 63) and used to fund water purchases from the State Water Project, and the remaining \$12.8 million are ad valorem property taxes recorded in the Water Utility Enterprise Fund (Fund 61) for general use. In FY 2027-28, combined property taxes are projected to increase 0.6% to \$41.0 million. Capital reimbursements of \$0.5 million in FY 2026-27 and \$1.2 million in FY 2027-28 are from the San Benito County Water District (SBCWD) for small capital improvements on the shared San Felipe Division Reach 1 (SFDR1) project.

Interest, intergovernmental services and other operating and non-operating revenues round out Water Utility Enterprise proceeds at \$12.8 million in FY 2026-27. For FY 2027-28, budgeted levels increase by \$0.1 million primarily from higher intergovernmental services revenue.

Operating Budget

Operating costs (excluding debt service) for FY 2026-27 are expected to be \$268.4 million for both funds. This represents a \$1.2 million, or 0.4%, decrease from the FY 2025-26 Adopted Budget. The decrease is primarily attributable to \$10.4 million in cost share agreements for the Palo Alto Reuse Agreement and Imported Water San Felipe Division Deliveries projects, plus \$1.0 million in lower than anticipated need for chemicals and utilities reflecting the Penitencia Water Treatment Plant partial year shut down. These decreases are offset by an increase of \$8.0 million in water purchases (\$3.3 million), cost share agreements of the Delta Conveyance Project (\$2.9 million), equipment and maintenance for infrastructure, and various professional and technical services (\$1.8 million). Additionally, salaries, benefits, and overhead increased \$2.2 million.

The FY 2027-28 Budget increases to \$281.3 million, an increase of \$12.9 million compared to FY 2026-27. The largest increase is \$11.1 million for salaries, benefits, and overhead, \$1.8 million for water purchases reflecting the increased costs of the State Water Project purchases and water banking, \$1.7 million for equipment repair and replacement, and \$1.4 million for chemicals and utilities related to the Penitencia Water Treatment Plant resuming operations. These increases are offset by a reduction of \$3.1 million for cost share agreements for the Delta Conveyance Project (\$2.4 million), and cost share agreements and consultant services for the Imported Water Program (\$0.7 million).

The cost of contractually obligated water purchases from federal and state water projects in FY 2026-27 and FY 2027-28 continue to be the largest Water Utility Enterprise expense. Water purchases from federal water projects include \$19.3 million in FY 2026-27 and \$19.9 million in FY 2027-28, while water purchases from state water projects include \$35.8 million in FY 2026-27 and \$37.6 million in FY 2027-28. In addition to operating budget water expenses, the capital budget also includes \$13.3 million in FY 2026-27 and \$11.9 million in FY 2027-28 to pay Valley Water's capital cost obligations for the federal San Felipe Division of the Central Valley Project.

Fund Summaries

Debt Service Budget

To fund the construction of new facilities, Valley Water historically relies on both pay-as-you-go financing as well as short-term and long-term debt financing. Water utility debt service will increase by roughly \$12.1 million in FY 2026-27 to \$110.5 million, and by an additional \$21.5 million in FY 2027-28 to \$132.0 million. The debt service coverage ratio is projected to remain above the minimum target of 2.0 or higher to help ensure financial stability and continued high credit ratings.

Capital Budget

In FY 2026-27, capital projects are budgeted at \$504.8 million and capital carryforward is estimated at \$23.4 million, bringing total planned capital spending to \$528.2 million. This is a \$153.3 million increase, or 40.9%, from the prior year. This fiscal year has significant investments in our Water Treatment Plants including the continued construction at the Rinconada Water Treatment Plant and enhancements to the Penitencia Water Treatment Plant. Several Dam projects are underway with the largest investments in the Anderson Dam Seismic Retrofit project as it begins construction. Finally, pipelines continue to be a top funding priority to ensure the quality, safety, and delivery of water through the Santa Clara Valley. The significant funding for pipelines is in the Almaden Valley Pipeline project as design work to reline the pipeline is in progress. For FY 2027-28, \$437.0 million in planned funding is anticipated with an additional capital carryforward of \$3.0 million for a total planned budget of \$440.0 million. More information about Valley Water's Capital Program can be found in the FY 2027-31 Capital Improvement Program.

Debt Financing and Interfund Transfers

Staff is planning debt issuances in FY 2026-27 of \$407.0 million and in FY 2027-28 of \$329.2 million to help finance critical investments in major water supply infrastructure projects.

For FY 2026-27, interfund transfers into the Water Utility Enterprise Fund total \$5.5 million including \$4.3 million for the Open Space Credit, and \$1.2 million for conservation programs. Transfers out total \$17.5 million including \$5.0 million for ERP replacement, \$4.0 million to the Safe Clean Water Fund for the IRP2 Add Valve Lines project, \$3.1 million for the Headquarter Operations Building project, \$3.0 million for IT equipment, and \$2.4 million for the IT Security Upgrades and Enhancements project. Transfers in planned for FY 2027-28 total \$5.0 million to contribute to the funding of \$3.8 million for the Open Space Credit, and \$1.2 million for the conservation programs. Transfers out to other funds total \$16.6 million including \$7.5 million for the Safe Clean Water Fund for the IRP2 Add Valve Lines, \$7.0 million for ERP replacement, \$2.0 million for IT equipment, and \$0.1 million for the Headquarters Operations Building project and the Security Upgrades and Enhancements project.

Reserves

Total FY 2026-27 ending reserves for the Water Enterprise and State Water Project funds are projected to be \$167.3 million, an increase of \$8.9 million relative to the FY 2025-26 Adopted Budget. This budget reflects an effort to restore the Water Supply Reserve and the Drought Reserve from \$9.7 million to \$16.1 million in FY 2026-27 and to \$23.5 million in the following fiscal year. For FY 2027-28, reserves are projected to increase by \$35.2 million to \$202.5 million.

Fund Summaries

Significant Business Challenges/Opportunities

The Water Utility Enterprise faces the following major challenges and opportunities in the upcoming year in its efforts to ensure a reliable, safe, and affordable water supply for current and future generations in all communities served.

- Operating raw and treated water systems based on water supply needs and constraints including the outage of Valley Water's largest reservoir, Anderson. This includes adapting to dynamic changes in local rainfall, imported water allocations, regulations, and water use to deliver safe, clean drinking water and ensure continued sustainable groundwater supplies.
- Continuing to advance the design, permitting, and construction of the Anderson Dam Seismic Retrofit Project, and comply with a Federal Energy Regulatory Commission directive received on February 20, 2020.
- Ensuring construction of Phases 3-6 of the Rinconada Water Treatment Plant Reliability Improvement Project continues successfully on schedule while operating the plant to continue serving water that meets all state water quality standards.
- Maintaining on-schedule construction of the Penitencia Water Treatment Plant Residuals Management Project while ensuring continuous plant operation and compliance with all state drinking water quality standards.
- Continuing to advance the timely design and construction of projects under the Pipeline Maintenance Program to maintain reliability of critical infrastructure.
- Ensuring the construction of the Almaden Valley Pipeline Replacement project is successful as the agency's first major relining project.
- Continuing to deliver treated water that meets or surpasses all drinking water standards under supply chain and source water quality challenges.
- Developing necessary direct potable reuse implementation project agreements with the cities of San José and Santa Clara, seeking external funding opportunities, and beginning Phase 1 of the Pure Water Silicon Valley Project (Demonstration Facility) and planning for the future full-scale facility.
- Continuing to develop and implement water recycling agreements with other wastewater agency partners to develop and enhance long-term supply reliability.
- Continuing to participate in multi-agency partnerships for the B.F. Sisk Dam Raise, the Sites Reservoir and Delta Conveyance projects.
- Continuing to pursue and assess suitable, cost-effective groundwater banking projects to bolster water supply reliability and diversify resources to meet our future needs.
- Implementing the Water Supply Master Plan 2050 to guide the Board's investment in water supply and infrastructure projects.
- Adapting and expanding conservation programs to make water conservation a way of life and achieve the Board's long-term water conservation targets adopted as part of the Water Supply Master Plan.
- Decommissioning inactive canals.
- Continuing PFAS, microplastics, golden mussel monitoring and surveillance along with continued coordination with retailers, regulators, and interested parties.
- Continuing to negotiate with suppliers of long lead items to commit to accurate delivery times to be able to install during planned outage windows.
- Managing impacts of tariffs on imported goods.

Fund Summaries

Groundwater Production Charges

Valley Water's groundwater production charges are the primary source of funding for the Water Utility Enterprise. They pay for activities that benefit groundwater benefit zones. Valley Water levies two groundwater production charges, one for Municipal and Industrial (M&I) use, and one for Agricultural use. The FY 2026-27 Budget includes a North County (Zone W-2) M&I groundwater production charge of \$2,673 per acre-foot (AF) that reflects a 9.1% increase from FY 2025-26 Adopted Budget. An 8.7% increase to contract treated water charges, or \$2,788 per AF, and an 8.4% increase to non-contract treated water, or \$2,873 per AF, also are included in this budget. In FY 2027-28, the Zone W-2 M&I rate also reflects a 9.1% increase, an 8.7% increase for contract treated water charges and an 8.5% increase for non-contract treated water charges when compared to FY 2026-27.

Maintaining the contract treated water surcharge at \$115 per AF in both FY 2026-27 and FY 2027-28 is in alignment with the cost that retailers would incur to treat and deliver water pumped from their own wells. The non-contract surcharge remains at \$200 per AF in both FY 2026-27 and FY 2027-28. The average household in Zone W-2 would experience an increase in their monthly bill of around \$5.63 in FY 2026-27. Customers may also experience additional charge increases enacted by their retail water provider.

The FY 2026-27 Budget also includes groundwater production charges for the South County region. The Llagas Subbasin (Zone W-5) M&I groundwater production charge reflects a 6.6% increase over the prior year, or \$665.50 per AF. The average household in this zone would experience an increase in their monthly bill of \$1.04. The Coyote Valley (Zone W-7) M&I groundwater production charge reflects a 9.4% increase from the prior year, or \$913.00 per AF. The average household in this zone would experience an increase in their monthly bill of \$1.98. For residents and customers in the foothills below the Uvas and Chesbro Reservoirs (Zone W-8), the groundwater production charge reflects an 8.0% increase over the prior year, or \$501.00 per AF. The average household in this zone would experience an increase in their monthly bill of \$0.93. For all zones in the South County region (W-5, W-7, and W-8), the rate increase projected for FY 2027-28 is the same as FY 2026-27.

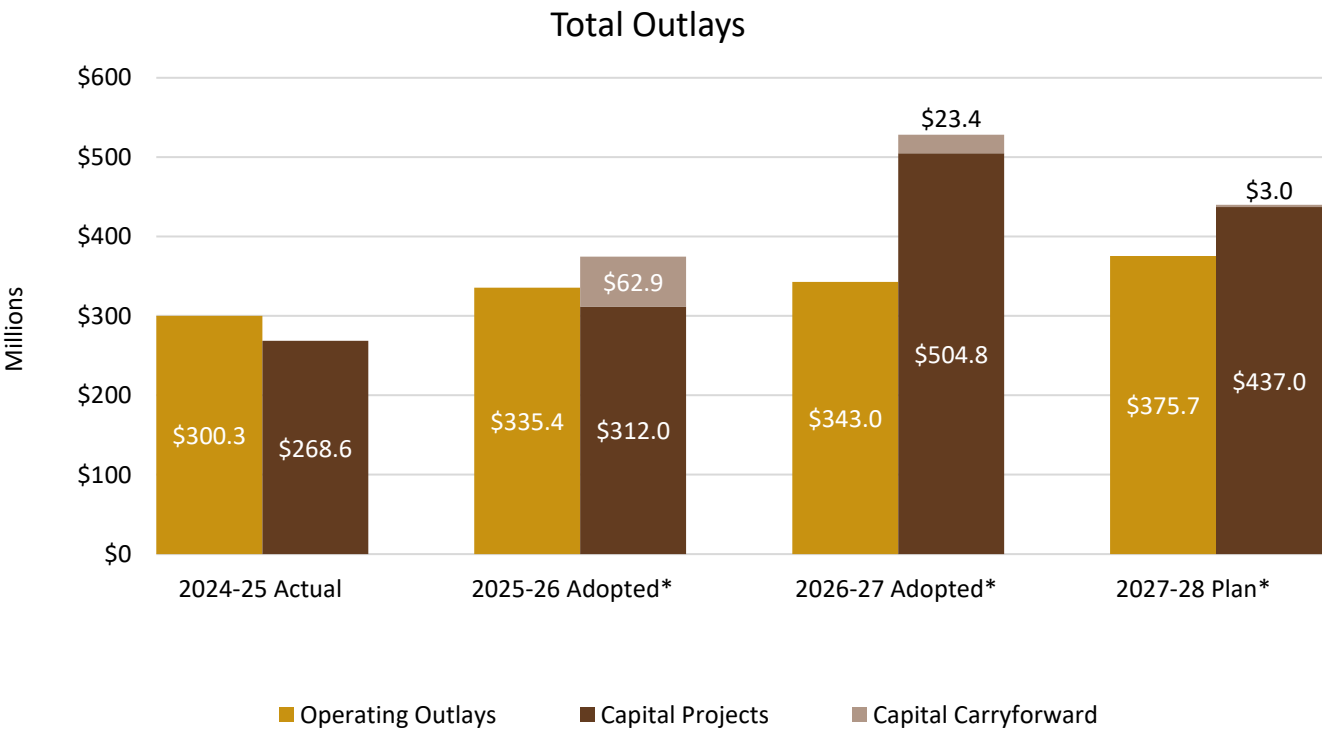
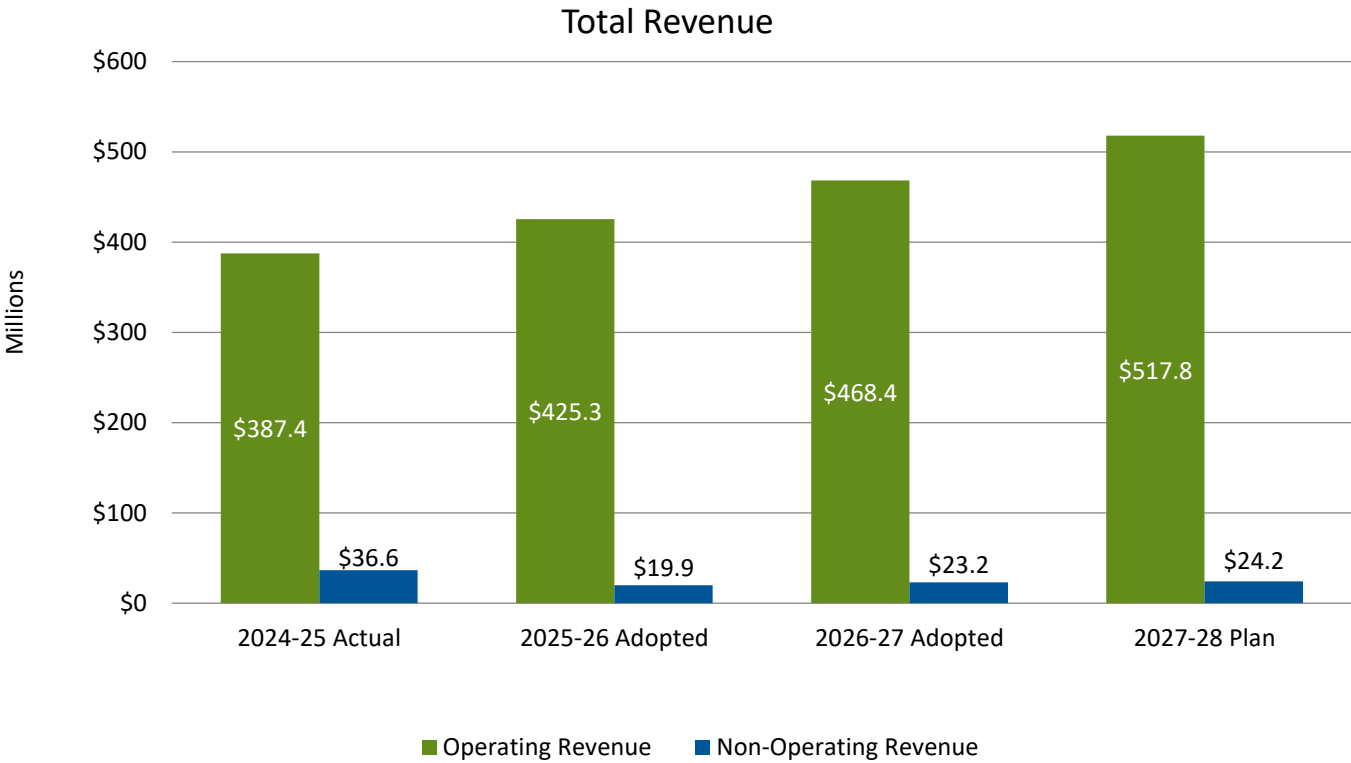
The agricultural groundwater production charge in any groundwater benefit zone for FY 2026-27 is \$46.50 per AF. The agricultural groundwater production charge is usually calculated at or below 10% of the lowest M&I charge which is Zone W-8. This methodology is anticipated to be followed for FY 2026-27. The surface water master charge increased 9.1% from \$67.00 per AF to \$73.00 per AF in FY 2026-27 to help align revenues with the costs related to managing, operating, and billing for surface water diversions. A rate increase of 9.1% is projected for FY 2027-28.

For recycled water in FY 2026-27, the M&I charge increased 6.8% to \$645.50 per AF. Agricultural recycled water increased 4.8% to \$76.85 per AF. These charges maximize cost recovery while concurrently providing an economic incentive to use recycled water. Rate increases for FY 2027-28 are also expected to be the same as FY 2026-27.

The FY 2026-27 water use estimate of 221,500 AF represents a 2,500 AF increase, or 1.1%, compared to the FY 2025-26 adopted water budget usage amount of 219,000 AF which reflects a slight growth when compared to the budgeted amount for FY 2025-26. The FY 2027-28 water use estimate increases to 224,000 AF, based on the assumption that water use will continue to rebound to below pre-drought levels over time.

Water Utility Enterprise Fund (Fund 61)

Fund Summaries



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

Water Utility Enterprise Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
										\$ Diff	% Diff
REVENUE											
Operating Revenue											
Groundwater Production Charges	\$	176,173,362	\$	200,333,000	\$	213,834,000	\$	233,004,000	\$	32,671,000	16.3%
Treated Water Charges		202,844,299		220,403,000		198,403,000		231,016,000		10,613,000	4.8%
Surface & Recycled Water Charges		2,955,025		2,582,000		2,591,000		2,526,000		(56,000)	-2.2%
Intergovernmental Services		4,885,067		1,493,295		1,492,500		1,323,000		(170,295)	-11.4%
Operating Other		520,603		496,488		510,547		510,547		14,059	2.8%
Total Operating Revenue	\$	387,378,356	\$	425,307,783	\$	416,831,047	\$	468,379,547	\$	43,071,764	10.1%
Non-Operating Revenue											
Property Tax	\$	11,678,629	\$	11,871,000	\$	12,446,763	\$	12,753,112	\$	882,112	7.4%
Capital Reimbursements		3,030,479		684,000		1,341,000		504,000		(180,000)	-26.3%
Interest Income *		14,700,229		7,066,000		9,707,000		9,707,000		2,641,000	37.4%
Non-Operating Other		7,234,292		229,670		227,635		236,847		7,177	3.1%
Total Non-Operating Revenue	\$	36,643,629	\$	19,850,670	\$	23,722,398	\$	23,200,959	\$	3,350,289	16.9%
TOTAL REVENUE	\$	424,021,985	\$	445,158,453	\$	440,553,445	\$	491,580,506	\$	46,422,053	10.4%
OUTLAYS											
Operating Outlays											
Operations **	\$	201,304,962	\$	236,558,551	\$	257,648,629	\$	231,575,857	\$	(4,982,693)	-2.1%
Operating Project		24,709,600		452,787		3,262,831		937,460		484,673	107.0%
Debt Service		74,260,280		98,411,311		87,384,947		110,507,668		12,096,357	12.3%
Total Operating Outlays	\$	300,274,843	\$	335,422,649	\$	348,296,407	\$	343,020,986	\$	7,598,337	2.3%
Capital Outlays											
Capital Projects	\$	268,626,636	\$	312,004,684	\$	397,242,183	\$	504,812,952	\$	192,808,268	61.8%
Carryforward Capital Projects		-		62,902,860		-		23,405,680		(39,497,180)	-62.8%
Total Capital Outlays	\$	268,626,636	\$	374,907,544	\$	397,242,183	\$	528,218,632	\$	153,311,088	40.9%
TOTAL OUTLAYS											
\$ 568,901,479 \$ 710,330,193 \$ 745,538,590 \$ 871,239,618 \$ 160,909,425 22.7%											
OTHER FINANCING SOURCES/(USES)											
Debt proceeds	\$	140,000,000	\$	220,217,267	\$	225,419,723	\$	407,001,000	\$	186,783,733	84.8%
Transfers In		11,428,122		7,606,274		7,606,274		5,544,119		(2,062,155)	-27.1%
Transfers Out		(10,844,078)		(11,683,496)		(11,984,696)		(17,526,551)		(5,843,055)	50.0%
TOTAL OTHER SOURCES/(USES)	\$	140,584,044	\$	216,140,045	\$	221,041,301	\$	395,018,568	\$	178,878,523	82.8%
BALANCE AVAILABLE	\$	(4,295,450)	\$	(49,031,695)	\$	(83,943,844)	\$	15,359,456	\$	64,391,151	-131.3%

Fund Summaries

Water Utility Enterprise Fund Summary

		Budgetary Basis Actual		Adopted Budget		Projected Year End		Adopted Budget		Change from 2025-26 Adopted	
		2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
YEAR-END RESERVES											
Restricted Reserves											
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	40,256,453	\$	43,041,738	\$	2,537,070	6.3%
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,847,415		3,897,415		145,961	3.9%
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		8,677,000		12,077,000		3,400,000	39.2%
WUE SVAWPC Reserve		530,119		-		-		-		-	0.0%
WUE Drought Reserve		-		1,000,000		1,000,000		4,000,000		3,000,000	300.0%
WUE Guiding Principle #5 (GP5) Reserve		2,810,044		-		-		-		-	0.0%
Total Restricted Reserves	\$	32,986,484	\$	53,933,122	\$	53,780,868	\$	63,016,153	\$	9,083,031	16.8%
Committed Reserves											
Currently Authorized Projects Reserve***	\$	127,749,392	\$	17,666,735	\$	45,663,278	\$	22,257,597	\$	4,590,862	26.0%
Excess ERAF Contingency Reserve		501,192		615,193		617,472		728,832		113,639	18.5%
Operating and Capital Reserve		59,768,403		74,567,165		37,000,010		66,418,501		(8,148,664)	-10.9%
Total Committed Reserves	\$	188,018,987	\$	92,849,093	\$	83,280,760	\$	89,404,930	\$	(3,444,163)	-3.7%
TOTAL YEAR-END RESERVES	\$	221,005,471	\$	146,782,215	\$	137,061,627	\$	152,421,083	\$	5,638,868	3.8%
Outlay Summary by Account Type											
OPERATING OUTLAY											
Salaries and Benefits	\$	74,197,606	\$	76,556,701	\$	76,814,233	\$	80,601,880	\$	4,045,179	5.3%
Salary Savings Factor		-		(752,323)		(752,323)		(1,645,165)		(892,841)	118.7%
Services & Supplies		107,597,036		114,623,020		138,117,683		107,888,411		(6,734,609)	-5.9%
Intra-District Charges		44,219,920		46,583,940		46,731,867		45,668,192		(915,749)	-2.0%
OPERATING OUTLAY TOTAL	\$	226,014,563	\$	237,011,338	\$	260,911,460	\$	232,513,318	\$	(4,498,020)	-1.9%
DEBT SERVICE											
Services & Supplies	\$	1,781,429	\$	4,520,320	\$	4,520,320	\$	3,450,320	\$	(1,070,000)	-23.7%
Debt Service		72,478,851		93,890,991		82,864,627		107,057,348		13,166,357	14.0%
DEBT SERVICE TOTAL	\$	74,260,280	\$	98,411,311	\$	87,384,947	\$	110,507,668	\$	12,096,357	12.3%
CAPITAL PROJECTS											
Salaries and Benefits	\$	31,729,907	\$	33,617,155	\$	34,350,285	\$	37,909,331	\$	4,292,176	12.8%
Salary Savings Factor		-		(347,530)		(347,530)		(810,485)		(462,955)	133.2%
Services & Supplies		217,444,348		258,014,111		342,060,404		446,300,362		188,286,251	73.0%
Carryforward Capital Projects		-		62,902,860		-		23,405,680		(39,497,180)	-62.8%
Intra-District Charges		19,452,381		20,720,948		21,179,024		21,413,744		692,797	3.3%
CAPITAL PROJECTS TOTAL	\$	268,626,636	\$	374,907,544	\$	397,242,183	\$	528,218,632	\$	153,311,088	40.9%
TOTAL OUTLAYS	\$	568,901,479	\$	710,330,193	\$	745,538,590	\$	871,239,618	\$	160,909,425	22.7%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Water Utility Enterprise Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
										\$ Diff	% Diff
REVENUE											
Operating Revenue											
Groundwater Production Charges	\$	176,173,362	\$	200,333,000	\$	233,004,000	\$	261,258,000	\$	28,254,000	12.1%
Treated Water Charges		202,844,299		220,403,000		231,016,000		251,897,000		20,881,000	9.0%
Surface & Recycled Water Charges		2,955,025		2,582,000		2,526,000		2,738,000		212,000	8.4%
Intergovernmental Services		4,885,067		1,493,295		1,323,000		1,397,000		74,000	5.6%
Operating Other		520,603		496,488		510,547		510,547		-	0.0%
Total Operating Revenue	\$	387,378,356	\$	425,307,783	\$	468,379,547	\$	517,800,547	\$	49,421,000	10.6%
Non-Operating Revenue											
Property Tax	\$	11,678,629	\$	11,871,000	\$	12,753,112	\$	13,015,809	\$	262,697	2.1%
Capital Reimbursements		3,030,479		684,000		504,000		1,216,000		712,000	141.3%
Interest Income *		14,700,229		7,066,000		9,707,000		9,707,000		-	0.0%
Non-Operating Other		7,234,292		229,670		236,847		246,498		9,651	4.1%
Total Non-Operating Revenue	\$	36,643,629	\$	19,850,670	\$	23,200,959	\$	24,185,307	\$	984,348	4.2%
TOTAL REVENUE	\$	424,021,985	\$	445,158,453	\$	491,580,506	\$	541,985,854	\$	50,405,348	10.3%
OUTLAYS											
Operating Outlays											
Operations **	\$	201,304,962	\$	236,558,551	\$	231,575,857	\$	242,828,318	\$	11,252,461	4.9%
Operating Project		24,709,600		452,787		937,460		817,208		(120,252)	-12.8%
Debt Service		74,260,280		98,411,311		110,507,668		132,005,684		21,498,016	19.5%
Total Operating Outlays	\$	300,274,843	\$	335,422,649	\$	343,020,986	\$	375,651,211	\$	32,630,225	9.5%
Capital Outlays											
Capital Projects	\$	268,626,636	\$	312,004,684	\$	504,812,952	\$	437,019,919	\$	(67,793,033)	-13.4%
Carryforward Capital Projects		-		62,902,860		23,405,680		3,028,955		(20,376,725)	-87.1%
Total Capital Outlays	\$	268,626,636	\$	374,907,544	\$	528,218,632	\$	440,048,874	\$	(88,169,758)	-16.7%
TOTAL OUTLAYS	\$	568,901,479	\$	710,330,193	\$	871,239,618	\$	815,700,084	\$	(55,539,533)	-6.4%
OTHER FINANCING SOURCES/(USES)											
Debt proceeds	\$	140,000,000	\$	220,217,267	\$	407,001,000	\$	329,228,000	\$	(77,773,000)	-19.1%
Transfers In		11,428,122		7,606,274		5,544,119		4,979,431		(564,688)	-10.2%
Transfers Out		(10,844,078)		(11,683,496)		(17,526,551)		(16,634,705)		891,846	-5.1%
TOTAL OTHER SOURCES/(USES)	\$	140,584,044	\$	216,140,045	\$	395,018,568	\$	317,572,726	\$	(77,445,842)	-19.6%
BALANCE AVAILABLE	\$	(4,295,450)	\$	(49,031,695)	\$	15,359,456	\$	43,858,495	\$	28,499,039	185.5%

Fund Summaries

Water Utility Enterprise Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
										\$ Diff	% Diff
YEAR-END RESERVES											
Restricted Reserves											
WUE Rate Stabilization Reserve	\$	20,571,906	\$	40,504,668	\$	43,041,738	\$	47,642,198	\$	4,600,460	10.7%
WUE San Felipe Emergency Reserve		3,797,415		3,751,454		3,897,415		3,947,415		50,000	1.3%
WUE Supplemental Water Supply Reserve		5,277,000		8,677,000		12,077,000		15,477,000		3,400,000	28.2%
WUE SVAWPC Reserve		530,119		-		-		-		-	0.0%
WUE Drought Reserve		-		1,000,000		4,000,000		8,000,000		4,000,000	100.0%
WUE Guiding Principle #5 (GP5) Reserve		2,810,044		-		-		-		-	0.0%
Total Restricted Reserves	\$	32,986,484	\$	53,933,122	\$	63,016,153	\$	75,066,613	\$	12,050,460	19.1%
Committed Reserves											
Currently Authorized Projects Reserve***	\$	127,749,392	\$	17,666,735	\$	22,257,597	\$	19,228,642	\$	(3,028,955)	-13.6%
Excess ERAF Contingency Reserve		501,192		615,193		728,832		840,192		111,360	15.3%
Operating and Capital Reserve		59,768,403		74,567,165		66,418,501		101,144,132		34,725,630	52.3%
Total Committed Reserves	\$	188,018,987	\$	92,849,093	\$	89,404,930	\$	121,212,966	\$	31,808,035	35.6%
TOTAL YEAR-END RESERVES											
	\$	221,005,471	\$	146,782,215	\$	152,421,083	\$	196,279,579	\$	43,858,495	28.8%
Outlay Summary by Account Type											
OPERATING OUTLAY											
Salaries and Benefits	\$	74,197,606	\$	76,556,701	\$	80,601,880	\$	85,623,419	\$	5,021,540	6.2%
Salary Savings Factor		-		(752,323)		(1,645,165)		(1,737,971)		(92,807)	5.6%
Services & Supplies		107,597,036		114,623,020		107,888,411		107,908,762		20,351	0.0%
Intra-District Charges		44,219,920		46,583,940		45,668,192		51,851,316		6,183,125	13.5%
OPERATING OUTLAY TOTAL	\$	226,014,563	\$	237,011,338	\$	232,513,318	\$	243,645,527	\$	11,132,209	4.8%
DEBT SERVICE											
Services & Supplies	\$	1,781,429	\$	4,520,320	\$	3,450,320	\$	3,205,320	\$	(245,000)	-7.1%
Debt Service		72,478,851		93,890,991		107,057,348		128,800,364		21,743,016	20.3%
DEBT SERVICE TOTAL	\$	74,260,280	\$	98,411,311	\$	110,507,668	\$	132,005,684	\$	21,498,016	19.5%
CAPITAL PROJECTS											
Salaries and Benefits	\$	31,729,907	\$	33,617,155	\$	37,909,331	\$	39,722,453	\$	1,813,123	4.8%
Salary Savings Factor		-		(347,530)		(810,485)		(841,877)		(31,392)	3.9%
Services & Supplies		217,444,348		258,014,111		446,300,362		374,148,203		(72,152,159)	-16.2%
Carryforward Capital Projects		-		62,902,860		23,405,680		3,028,955		(20,376,725)	-87.1%
Intra-District Charges		19,452,381		20,720,948		21,413,744		23,991,139		2,577,395	12.0%
CAPITAL PROJECTS TOTAL	\$	268,626,636	\$	374,907,544	\$	528,218,632	\$	440,048,874	\$	(88,169,758)	-16.7%
TOTAL OUTLAYS											
	\$	568,901,479	\$	710,330,193	\$	871,239,618	\$	815,700,084	\$	(55,539,533)	-6.4%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Water Utility Water Charge Summary

Rate per Acre-Foot (\$/AF)	Adopted 2023-24	Adopted 2024-25	Adopted 2025-26	Adopted 2026-27	Projected ⁽¹⁾ 2027-28
Basic User / Groundwater Production Charge					
Non-Agricultural					
Zone W-2	\$ 1,974.00	\$ 2,229.00	\$ 2,450.00	\$ 2,673.00	\$ 2,916.00
Zone W-5	543.50	579.00	624.50	665.50	709.50
Zone W-7	657.50	750.50	834.50	913.00	999.00
Zone W-8	398.00	430.00	464.00	501.00	541.00
Agricultural					
All Zones	\$ 36.85	\$ 39.80	\$ 43.00	\$ 46.50	\$ 50.00
Surface Water⁽²⁾					
Surface Water Master Charge	\$ 54.00	\$ 61.00	\$ 67.00	\$ 73.00	\$ 79.50
Total Surface Water Charge⁽²⁾					
All Zones Agricultural	\$ 90.85	\$ 100.80	\$ 110.00	\$ 119.50	\$ 129.50
Zone W-2 Non-Agricultural	2,028.00	2,290.00	2,517.00	2,746.00	2,995.50
Zone W-5 Non-Agricultural	597.50	640.00	691.50	738.50	789.00
Zone W-7 Non-Agricultural	711.50	811.50	901.50	986.00	1,078.50
Zone W-8 Non-Agricultural	452.00	491.00	531.00	574.00	620.50
Treated Water					
Contract (Scheduled) ⁽³⁾	\$ 2,089.00	\$ 2,344.00	\$ 2,565.00	\$ 2,788.00	\$ 3,031.00
Non-Contract ⁽⁴⁾	2,174.00	2,429.00	2,650.00	2,873.00	3,116.00
Recycled Water					
Gilroy Recycled Facility					
Agricultural	\$ 67.20	\$ 70.15	\$ 73.85	\$ 76.85	\$ 80.35
Non-Agricultural	523.50	559.00	604.50	645.50	689.50

1. Water charges are adopted by the Board annually. The projected FY 2027-28 water charges are the best current estimate and may change based on developing circumstances throughout the coming fiscal year.

2. Total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge.

3. The total treated water contract charge is the sum of the basic user charge for Zone W-2 (which equals the groundwater production charge) plus the contract surcharge (\$115/AF).

4. The total treated water non-contract charge is the sum of the basic user charge for Zone W-2 (which equals the groundwater production charge) plus the non-contract surcharge (\$200/AF).

Fund Summaries

Water Utility Enterprise Cost Center Combined Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Change from 2025-26 Adopted	
					\$ Diff	% Diff
SOURCE OF SUPPLY						
Operations	\$ 118,127,515	\$ 147,620,050	\$ 167,313,169	\$ 141,746,446	\$ (5,873,604)	-4.0%
Operating Projects	24,432,111	-	2,810,044	-	-	0.0%
Capital	152,995,521	111,961,024	120,988,258	243,761,939	131,800,915	117.7%
Total	\$ 295,555,148	\$ 259,581,074	\$ 291,111,471	\$ 385,508,385	\$ 125,927,311	48.5%
RAW WATER TRANSMISSION AND DISTRIBUTION						
Operations	\$ 20,452,732	\$ 20,183,003	\$ 20,183,003	\$ 22,225,383	\$ 2,042,380	10.1%
Capital	3,336,285	5,986,699	6,051,699	45,848,281	39,861,582	665.8%
Total	\$ 23,789,017	\$ 26,169,702	\$ 26,234,702	\$ 68,073,665	\$ 41,903,962	160.1%
WATER TREATMENT						
Operations	\$ 56,744,680	\$ 57,580,477	\$ 57,580,477	\$ 58,919,237	\$ 1,338,760	2.3%
Capital	83,486,485	149,210,884	143,269,884	170,885,559	21,674,675	14.5%
Total	\$ 140,231,165	\$ 206,791,361	\$ 200,850,361	\$ 229,804,796	\$ 23,013,435	11.1%
TREATED WATER TRANSMISSION AND DISTRIBUTION						
Operations	\$ 1,915,561	\$ 3,517,754	\$ 3,517,754	\$ 4,221,255	\$ 703,501	20.0%
Capital	520,907	2,822,715	2,822,715	1,097,845	(1,724,870)	-61.1%
Total	\$ 2,436,468	\$ 6,340,469	\$ 6,340,469	\$ 5,319,099	\$ (1,021,369)	-16.1%
ADMINISTRATION & GENERAL						
Operations	\$ 35,626,544	\$ 40,197,062	\$ 41,594,021	\$ 40,311,678	\$ 114,617	0.3%
Operating Projects	277,489	452,787	452,787	937,460	484,673	107.0%
Debt	74,260,280	98,411,311	87,384,947	110,507,668	12,096,357	12.3%
Capital	28,287,438	42,023,362	42,023,362	43,219,328	1,195,966	2.8%
Total	\$ 138,451,751	\$ 181,084,522	\$ 171,455,117	\$ 194,976,135	\$ 13,891,612	7.7%
TOTAL WATER ENTERPRISE FUND	\$ 600,463,549	\$ 679,967,129	\$ 695,992,120	\$ 883,682,079	\$ 203,714,950	30.0%
Carried Forward Capital Projects	\$ -	\$ 62,902,860	\$ 82,086,265	\$ 23,405,680	\$ (39,497,180)	-62.8%
TOTAL FUND WITH CARRYFORWARD	\$ 600,463,549	\$ 742,869,989	\$ 778,078,385	\$ 907,087,760	\$ 164,217,771	22.1%
FUND SUMMARY BY CATEGORY						
Operations	\$ 232,867,032	\$ 269,098,346	\$ 290,188,424	\$ 267,423,999	\$ (1,674,347)	-0.6%
Operating Projects	24,709,600	452,787	3,262,831	937,460	484,673	107.0%
Debt	74,260,280	98,411,311	87,384,947	110,507,668	12,096,357	12.3%
Capital	268,626,636	312,004,684	315,155,918	504,812,952	192,808,268	61.8%
Carryforward Capital Projects	-	62,902,860	82,086,265	23,405,680	(39,497,180)	-62.8%
TOTAL WATER ENTERPRISE FUND	\$ 600,463,549	\$ 742,869,989	\$ 778,078,385	\$ 907,087,760	\$ 164,217,771	22.1%

Fund Summaries

Water Utility Enterprise Cost Center Combined Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
										\$ Diff	% Diff
SOURCE OF SUPPLY											
Operations	\$	118,127,515	\$	147,620,050	\$	141,746,446	\$	145,759,393	\$	4,012,947	2.8%
Operating Projects		24,432,111		-		-		-		-	0.0%
Capital		152,995,521		111,961,024		243,761,939		250,289,875		6,527,936	2.7%
Total	\$	295,555,148	\$	259,581,074	\$	385,508,385	\$	396,049,268	\$	10,540,883	2.7%
RAW WATER TRANSMISSION AND DISTRIBUTION											
Operations	\$	20,452,732	\$	20,183,003	\$	22,225,383	\$	23,135,145	\$	909,762	4.1%
Capital		3,336,285		5,986,699		45,848,281		34,514,396		(11,333,885)	-24.7%
Total	\$	23,789,017	\$	26,169,702	\$	68,073,665	\$	57,649,541	\$	(10,424,123)	-15.3%
WATER TREATMENT											
Operations	\$	56,744,680	\$	57,580,477	\$	58,919,237	\$	64,100,369	\$	5,181,132	8.8%
Capital		83,486,485		149,210,884		170,885,559		126,773,500		(44,112,059)	-25.8%
Total	\$	140,231,165	\$	206,791,361	\$	229,804,796	\$	190,873,869	\$	(38,930,927)	-16.9%
TREATED WATER TRANSMISSION AND DISTRIBUTION											
Operations	\$	1,915,561	\$	3,517,754	\$	4,221,255	\$	3,836,639	\$	(384,616)	-9.1%
Capital		520,907		2,822,715		1,097,845		2,638,281		1,540,436	140.3%
Total	\$	2,436,468	\$	6,340,469	\$	5,319,099	\$	6,474,920	\$	1,155,820	21.7%
ADMINISTRATION & GENERAL											
Operations	\$	35,626,544	\$	40,197,062	\$	40,311,678	\$	43,645,119	\$	3,333,441	8.3%
Operating Projects		277,489		452,787		937,460		817,208		(120,252)	-12.8%
Debt		74,260,280		98,411,311		110,507,668		132,005,684		21,498,016	19.5%
Capital		28,287,438		42,023,362		43,219,328		22,803,867		(20,415,461)	-47.2%
Total	\$	138,451,751	\$	181,084,522	\$	194,976,135	\$	199,271,878	\$	4,295,744	2.2%
TOTAL WATER ENTERPRISE FUND											
	\$	600,463,549	\$	679,967,129	\$	883,682,080	\$	850,319,475	\$	(33,362,605)	-3.8%
Carried Forward Capital Projects	\$	-	\$	62,902,860	\$	23,405,680	\$	3,028,955	\$	(20,376,725)	-87.1%
TOTAL FUND WITH CARRYFORWARD											
	\$	600,463,549	\$	742,869,989	\$	907,087,760	\$	853,348,430	\$	(53,739,330)	-5.9%
FUND SUMMARY BY CATEGORY											
Operations	\$	232,867,032	\$	269,098,346	\$	267,423,999	\$	280,476,664	\$	13,052,666	4.9%
Operating Projects		24,709,600		452,787		937,460		817,208		(120,252)	-12.8%
Debt		74,260,280		98,411,311		110,507,668		132,005,684		21,498,016	19.5%
Capital		268,626,636		312,004,684		504,812,952		437,019,919		(67,793,034)	-13.4%
Carried Forward Capital Projects		-		62,902,860		23,405,680		3,028,955		(20,376,725)	-87.1%
TOTAL WATER ENTERPRISE FUND											
	\$	600,463,549	\$	742,869,989	\$	907,087,760	\$	853,348,430	\$	(53,739,328)	-5.9%

Fund Summaries

Fund 61 Total Outlays - Source of Supply

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
91041012	Water Operations Planning	656,747	665,458	682,729	747,613	Raw Water
91041018	Groundwater Management Program	5,906,044	6,744,537	6,841,068	7,312,136	Raw Water
91061007	Districtwide Salary Savings-61	—	(752,323)	(1,645,165)	(1,737,971)	Financial Planning & Management
91061012	Facilities Env Compliance	57,605	53,942	56,113	60,560	Emergency, Safety & Security
91081007	Dam Safety Program	1,810,433	2,971,327	2,088,964	2,185,573	Dam Safety & Capital Delivery Division
91101004	Recycled & Purified Water Prog	5,464,847	5,351,577	4,324,297	4,473,414	Water Supply
91111001	Water Rights	756,940	536,985	621,238	693,096	Raw Water
91131004	Imported Water Program	3,996,721	6,386,132	6,714,933	6,369,385	Water Supply
91131006	IW San Felipe Division Delvrs	21,031,451	27,269,976	22,288,431	22,954,096	Water Supply
91131007	IW South Bay Aqueduct Delvrs	907,153	7,968,181	7,478,512	7,702,867	Water Supply
91151001	Water Conservation Program	11,023,668	13,502,883	13,285,282	13,584,310	Water Supply
91151012	Recycld/PurifiedWaterPublicEn	955,502	1,253,990	1,646,282	1,765,642	Office of the CEA
91151013	Water Banking Operations	3,961,300	6,448,740	5,933,726	6,111,738	Water Supply
91211004	San Felipe Reach 1 Operation	729,642	746,931	788,481	849,181	Raw Water
91211005	SFD Reach 1 Administration	6,918	8,721	8,894	9,565	Raw Water
91211084	San Felipe Reach1 Ctrl and Ele	249,617	383,170	371,258	431,521	Treated Water
91211085	SF Reach 1-Engineering - Other	371,813	980,589	425,615	466,993	Raw Water
91211099	San Felipe Reach 1 Gen Maint	1,049,472	1,201,967	1,665,334	1,430,234	Raw Water
91221002	San Felipe Reach 2 Operation	64,594	78,875	66,747	72,090	Raw Water
91221006	SF Reach 2-Engineering - Other	294,136	343,851	285,130	368,179	Raw Water
91221099	San Felipe Reach 2 Gen Maint	117,691	183,918	191,496	209,926	Raw Water
91231002	San Felipe Reach 3 Operation	94,044	339,997	323,280	333,726	Raw Water
91231084	San Felipe Reach3 Ctrl and Ele	224,962	255,190	256,900	259,663	Treated Water
91231085	SF Reach 3-Engineering - Other	176,922	464,143	694,779	493,112	Raw Water
91231099	San Felipe Reach 3 Gen Maint	769,023	1,429,233	1,522,070	1,609,205	Raw Water
91241001	Wolfe Road Recycled Water Facility	199,260	265,636	266,308	311,336	Treated Water
91281007	SVAWPC Facility Operations	3,868,733	4,546,908	4,622,129	4,861,610	Treated Water
91281008	SVAWPC Facility Maintenance	3,961,227	4,564,672	4,487,180	6,286,390	Treated Water
91441003	Desalination	1,752,114	488,298	1,226,565	1,287,642	Water Supply
91451002	Well Ordinance Program	2,725,101	2,850,164	3,015,689	3,198,426	Raw Water
91451005	Source Water Quality Mgmt	501,936	694,148	509,737	540,281	Treated Water
91451011	Invasive Mussel Prevention	350,308	756,140	838,096	854,841	Treated Water
91601001	Delta Conveyance Project	1,786,950	2,028,000	4,935,000	2,513,700	Water Supply
91761001	Local Res/Div Plan & Analysis	2,228,033	2,464,432	2,721,205	2,805,533	Raw Water
91761099	Dams / Reservoir Gen Maint	3,813,251	3,757,868	3,914,000	4,176,054	Dam Safety and Capital Delivery
91261001	PaloAlto Water Reuse	4,700,000	7,846,000	2,446,000	2,519,380	Water Supply
91251001	Los Vaqueros Reservoir	1,285	—	—	—	Water Supply
Total Operations		86,565,445	115,080,255	105,898,304	108,111,047	

Fund Summaries

Fund 61 Total Outlays - Source of Supply

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operating Project						
91152001	GP5 - Mountain View AMI & Recycled Water Project	10,047,427	—	—	—	Water Supply
91152002	GP5 - Palo Alto RWQCP Project	11,800,000	—	—	—	Water Supply
91152003	GP5 - Purissima Hills Leak Detection	504,684	—	—	—	Water Supply
91152004	GP5 - Stanford University RWQCP Project	2,080,000	—	—	—	Water Supply
Total Operating		24,432,111	—	—	—	
Capital						
91084019	Dam Safety Seismic Stability	276,606	—	35,182	92,999	Dam Safety and Capital Delivery Division
91084020	Calero-Guad Dams Seismic Retro	22,498	—	2,551,302	3,020,000	Dam Safety and Capital Delivery Division
91094001	Land Rights-SC Recycled Water	20,394	151,963	146,934	—	Water Utility Capital
91094009	SoCo Rcyld Wtr PL Short-Trm 1B	587,768	129,540	88,728	—	Water Utility Capital
91214010	Small Caps, San Felipe R1	273,860	2,289,091	5,179,132	5,182,639	Raw Water
91234002	Coyote Pumping Plant ASD	37,282,386	1,047,344	1,126,095	—	Water Utility Capital
91234010	Small Caps, San Felipe R3	324,971	3,166,551	743,310	4,526,870	Raw Water
91854001	Almaden Dam Improvements	468,464	93,896	156,737	164,115	Dam Safety and Capital Delivery Division
91864005	Anderson Dam Seismic Retrofit	25,014,457	24,182,979	157,350,973	169,061,790	Dam Safety and Capital Delivery Division
91874004	Calero Dam SeisRetrofit Des&Con	3,087,159	6,311,916	5,219,759	12,372,346	Dam Safety and Capital Delivery Division
91894002	Guadalupe Dam SeisRetf Des&Con	1,024,817	4,027,960	5,203,982	5,125,933	Dam Safety and Capital Delivery Division
91954002	Pacheco Reservoir ExpansionPrj	4,545,713	1,426,716	—	—	Dam Safety and Capital Delivery Division
91864010	Cross Valley Pipeline Extension Project	679,937	—	—	—	Dam Safety and Capital Delivery Division
91304001	Purified Water Project	18,232	—	—	—	Water Supply
91864009	Coyote Percolation Dam Replacement	1,790,002	—	—	—	Watersheds Design & Construction
91864008	Coyote Creek Chillers	6,573,174	337,169	11,000	—	Dam Safety and Capital Delivery Division
91154007	San Felipe Division Capital	12,375,300	12,810,639	13,261,292	11,857,972	Water Supply
91864007	Coyote Creek Flood Management Measures	10,158,416	—	—	—	Watersheds Design & Construction
91864006	Anderson Dam Tunnel Project	42,716,595	42,682,090	13,213,310	—	Dam Safety and Capital Delivery Division
91094010	So. County Recycled Water	3,603	—	—	—	Water Supply
91854003	Almaden Calero Canal Rehab	386,400	658,539	18,702,861	1,094,100	Water Utility Capital
91864011	Coyote Percolation Dam Phase 2	577	4,382,926	—	3,558,142	Dam Safety and Capital Delivery Division
91884003	Coyote Dam Seismic Stability Project	—	867,350	2,639,650	1,804,171	Dam Safety and Capital Delivery Division

Fund Summaries

Fund 61 Total Outlays - Source of Supply

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
91294002	Pure Water Silicon Valley- Full-Scale Direct Potable Reuse (DPR) Project	–	–	1,876,500	2,044,910	Water Supply
91294001	Pure Water Silicon Valley	5,364,193	7,394,355	16,255,193	30,383,888	Water Supply
Total Capital		152,995,521	111,961,024	243,761,939	250,289,875	
Total		263,993,078	227,041,279	349,660,243	358,400,922	

Fund Summaries

Fund 61 Total Outlays - Raw Water Transmission and Distribution

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
92061012	Facilities Env Compliance	103,689	97,096	101,004	109,008	Emergency, Safety & Security
92261099	Vasona Pump Station Gen Main	180,429	223,824	219,373	213,022	Raw Water
92761001	Raw Water T&D Gen'l Oper	1,923,719	2,103,489	2,235,075	2,379,383	Raw Water
92761008	Recycled Water T&D Gen'l Maint	370,324	256,848	255,143	274,643	Raw Water
92761009	Recharge/RW Field Ops	3,686,327	4,404,034	4,843,951	4,993,233	Raw Water
92761010	Rchrg / RW Field Fac Maint	2,762,959	2,456,384	3,297,773	3,603,023	Raw Water
92761012	Untreated Water Prog Plan	181,371	258,360	277,630	282,758	Raw Water
92761082	Raw Water T&D Ctrl and Electr	772,236	782,705	698,712	839,009	Treated Water
92761083	Raw Water T&D Eng Other	1,308,031	1,633,660	1,438,159	1,511,743	Raw Water
92761085	Anderson Hydrelctrc Fclty Main	12,667	20,740	22,042	23,763	Raw Water
92761099	Raw Water T / D Gen Maint	4,268,313	3,238,475	4,097,562	4,322,920	Raw Water
92781002	Raw Water Corrosion Control	493,960	726,496	757,913	843,479	Raw Water
92041014	FAHCE/Three Creeks Project	4,388,707	3,980,894	3,981,046	3,739,161	Watersheds Stewardship & Planning
Total Operations		20,452,732	20,183,003	22,225,383	23,135,145	
Capital						
92144001	Pacheco/SC Conduit ROW ACQ	190,442	54,963	38,397	–	Water Utility Capital
92264001	Vasona Pump Station Upgrade	393,684	1,697,620	–	143,125	Water Utility Capital
92304001	Almaden Valley Pipeline	2,183,384	3,134,116	44,379,884	33,552,471	Water Utility Capital
92764009	Small Caps, Raw Water T&D	568,776	1,100,000	1,430,000	818,800	Raw Water
Total Capital		3,336,285	5,986,699	45,848,281	34,514,396	
Total		23,789,017	26,169,702	68,073,665	57,649,541	

Fund Summaries

Fund 61 Total Outlays - Water Treatment

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
93061012	Facilities Env Compliance	702,780	658,094	684,581	738,830	Emergency, Safety & Security
93081008	W T General Water Quality	2,658,836	2,274,445	2,662,606	2,908,748	Treated Water
93081009	Water Treatment Plant Engineer	245,845	532,806	375,880	471,317	Raw Water
93231009	PWTP General Operations	7,677,747	8,270,202	7,339,975	9,198,484	Treated Water
93231099	Penitencia WTP General Maint	3,833,718	3,586,803	3,839,420	4,092,605	Raw Water
93281005	STWTP - General Operations	8,738,803	8,557,479	8,920,788	8,684,863	Treated Water
93281099	Santa Teresa WTP General Maint	4,492,616	4,559,566	4,981,737	5,321,289	Raw Water
93291012	RWTP General Operations	11,337,710	11,423,748	11,947,374	12,957,521	Treated Water
93291099	Rinconada WTP General Maint	5,381,073	5,061,808	5,335,584	5,676,061	Raw Water
93401002	Water District Laboratory	7,064,652	7,756,288	7,895,991	8,427,558	Treated Water
93761001	SF/SCVWD Intertie General Ops	40,659	62,052	102,086	113,458	Treated Water
93761004	Campbell Well Field Operations	38,906	67,804	74,811	79,335	Treated Water
93761005	Campbell Well Field Maint	142,830	157,372	193,700	230,084	Raw Water
93761006	Treated Water Ctrl & Elec Eng	3,368,119	3,023,932	3,340,080	3,887,569	Treated Water
93761099	SF/SCVWD Intertie Gen Maint	212,498	617,447	218,906	228,971	Raw Water
93081002	Plant Maintenance Engineering & Commissioning Project	807,885	970,630	1,005,719	1,083,677	Treated Water
Total Operations		56,744,680	57,580,477	58,919,237	64,100,369	
Capital						
93084004	Wtr Trtmnt Plnt Electr Imprv	10,181	648,191	103,946	6,081,813	Water Utility Capital
93234044	PWTP Residuals Management	2,396,361	15,773,101	34,405,936	41,256,045	Water Utility Capital
93284013	STWTP Filter Media Replace	1,507,089	—	—	—	Water Utility Capital
93294051	RWTP FRP Residuals Management	468	—	—	—	Water Utility Capital
93294057	RWTP Reliability Improvement	74,679,942	120,804,256	124,411,959	62,781,596	Water Utility Capital
93294058	RWTP Residuals Remediation	936,727	—	—	—	Water Utility Capital
93764004	Small Caps, Water Treatment	3,278,514	11,185,519	9,054,655	6,544,088	Raw Water
93044001	WTP Master Plan Implementation	638,600	272,475	1,237,378	1,531,740	Office of Integrated Water Management
93284014	STWTP Infrastructure Rehabilitation	—	—	1,628,263	5,830,320	Water Utility Capital
93294059	RWTP Liquid Ammonium Sulfate Facility	38,602	527,342	43,422	2,747,898	Water Utility Capital
Total Capital		83,486,485	149,210,884	170,885,559	126,773,500	
Total		140,231,165	206,791,361	229,804,796	190,873,869	

Fund Summaries

Fund 61 Total Outlays - Treated Water Transmission and Distribution

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
94761005	TW T&D - Engineering - Other	472,869	1,076,697	1,001,990	1,016,227	Raw Water
94761099	Treated Water T/D Gen Maint	1,101,151	1,695,134	1,980,472	2,142,539	Raw Water
94781001	Treated Water T/D Corrosion	341,541	745,924	1,238,793	677,873	Raw Water
Total Operations		1,915,561	3,517,754	4,221,255	3,836,639	
Capital						
94084007	Treated Water Isolation Valves	506,770	2,530,715	805,845	2,328,281	Water Utility Capital
94764006	Small Caps, Treated Water T&D	14,137	292,000	292,000	310,000	Raw Water
Total Capital		520,907	2,822,715	1,097,845	2,638,281	
Total		2,436,468	6,340,469	5,319,099	6,474,920	

Fund Summaries

Fund 61 Total Outlays - Administration and General

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
95011003	WU Asset Protection Support	745,906	1,355,577	1,462,152	1,570,970	Watersheds Stewardship & Planning
95021008	Energy Management	235,040	274,789	252,040	344,452	Treated Water
95031002	Grants Management	912,562	1,430,626	1,528,195	1,606,789	Financial Planning & Management
95041039	Integrated Regional Water Mgmt	785	–	–	–	Water Supply
95061012	Rental Expense San Pedro,MH	13,195	49,794	30,919	32,964	Watersheds Stewardship & Planning
95061038	WUE Administration	11,344,451	12,194,118	11,488,429	12,456,878	Office of COO Water Utility
95061045	Asset Management Program	2,079,725	2,585,585	2,991,898	3,509,224	Office of Integrated Water Management
95061048	Climate Change Adaptation/Mtg.	164,914	289,275	114,292	120,447	Watersheds Stewardship & Planning
95061051	Lands Management Program	567,624	501,191	512,553	547,753	Watersheds Stewardship & Planning
95071041	Welding Services	378,297	633,349	520,498	630,071	General Services
95101003	Water Revenue Program	2,149,698	2,098,313	2,111,642	2,281,273	Financial Planning & Management
95111003	Water Use Measurement	2,364,054	2,828,340	2,879,238	3,072,157	Raw Water
95121003	LT Financial Planning & Rate S	586,722	575,540	565,937	621,495	Financial Planning & Management
95151002	WU Customer Relations&Outreach	1,181,212	1,229,881	1,214,393	1,290,770	Office of the CEA
95741001	Water Supply Planning	2,270,676	2,681,710	2,764,204	2,924,583	Water Supply
95741042	Water Resorcs EnvPlng & Permtg	2,957,203	2,431,148	2,570,601	2,960,627	Watersheds Stewardship & Planning
95761003	SCADA Network Administration	784,709	905,191	1,632,238	1,494,834	Information Technology
95761071	Emergency Management	1,287,482	1,514,981	1,535,731	1,636,280	Emergency, Safety & Security
95771011	Inter Agency Urban Runoff Prog	507,586	566,065	584,633	622,355	Watersheds Stewardship & Planning
95771031	HAZMAT Emergency Response	89,115	111,533	139,218	145,924	Emergency, Safety & Security
95811043	Hydrologic Data Msrmt & Mgmt	1,309,333	1,386,861	1,523,150	1,621,507	Watersheds Stewardship & Planning
95811046	Warehouse Services	596,586	727,944	752,213	838,045	General Services
95811049	X Valley Subsidence Survey	239,003	609,634	229,579	219,285	Office of Integrated Water Management
95811054	District Real Property Adminis	581,054	639,487	712,153	764,541	Watersheds Stewardship & Planning
95061035	Rent Exp Coyote	104,430	290,785	269,576	287,619	Watersheds Stewardship & Planning
95061050	Office of Integrated Water Management	1,818,767	2,135,346	1,776,194	1,894,279	Office of Integrated Water Management
95061059	Technical Training Program	356,412	–	–	–	Human Resources
95001090	WUE Unscoped Projects-Budget Only	–	150,000	150,000	150,000	Office of COO Water Utility
Total Operations		35,626,544	40,197,062	40,311,678	43,645,119	

Fund Summaries

Fund 61 Total Outlays - Administration and General

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operating Project						
95762011	Tree Maintenance Program	277,489	452,787	937,460	817,208	Watersheds Operations & Maintenance
Total Operating		277,489	452,787	937,460	817,208	
Debt Service						
95993007	Commercial Paper Tax Exempt	1,427,106	4,148,160	9,676,861	8,718,385	Financial Planning & Management
95993008	Commercial Paper Taxable	1,990,347	3,998,160	3,685,727	4,543,235	Financial Planning & Management
95993015	2016A WU Ref Rev Bond(TxExmpt)	5,317,250	5,360,750	–	–	Financial Planning & Management
95993016	2016B WU Ref Rev Bond(Taxable)	3,231,121	3,274,621	3,254,621	3,254,621	Financial Planning & Management
95993017	WU COP 2016C (Tax-Exempt)	4,928,900	4,933,000	–	–	Financial Planning & Management
95993018	WU COP 2016D (Taxable)	5,765,708	5,845,452	5,855,546	5,898,505	Financial Planning & Management
95993019	WU Rev Bond 2017A (Tax Exempt)	4,358,050	4,447,750	4,395,750	4,399,250	Financial Planning & Management
95993022	WU Rev Bond 2019A (Tax-Exempt)	993,900	1,033,250	1,013,000	1,027,000	Financial Planning & Management
95993023	WU Rev Bond 2019B (Taxable)	4,502,748	4,549,160	4,530,114	4,536,731	Financial Planning & Management
95993024	WU Rev Bond 2019C (Taxable)	3,017,392	3,000,363	3,006,624	3,007,475	Financial Planning & Management
95993025	WU Rev Bond 2020A (Tax-Exempt)	1,208,000	1,251,000	1,231,000	1,231,000	Financial Planning & Management
95993026	WU Rev Bond 2020B (Taxable)	2,035,285	2,078,285	2,058,285	2,058,285	Financial Planning & Management
95993027	WU COP 2020C (Tax-Exempt)	3,622,600	3,616,000	3,544,500	3,501,000	Financial Planning & Management
95993028	WU COP 2020D (Taxable)	4,890,940	4,983,250	5,016,710	5,058,834	Financial Planning & Management
95993039	WU Rev Bond 2025A (Tax-Exempt)	–	8,037,958	5,493,000	5,893,000	Financial Planning & Management
95993032	WU Rev Bond 2024B (Taxable)	6,159,123	4,110,673	5,755,673	5,752,237	Financial Planning & Management
95993031	WU Rev Bond 2024A (Tax-Exempt)	3,759,960	5,658,250	5,498,250	5,263,250	Financial Planning & Management
95993042	WU COP 2023C2 (Tax-Exempt)	3,650,492	3,657,500	3,634,750	3,638,000	Financial Planning & Management
95993040	WU Rev Bond 2025B (Taxable)	–	7,799,208	9,798,417	9,368,757	Financial Planning & Management
95993033	WU WIFIA Project 1 (ID 22115CA) Anderson	9,500	45,000	45,000	45,000	Financial Planning & Management
95993036	WU WIFIA Project 1 (ID 20114CA) Pacheco	9,500	45,000	–	–	Financial Planning & Management
95993029	WU Rev Bond 2023A (Tax-Exempt)	2,606,550	2,649,500	2,629,500	2,629,500	Financial Planning & Management
95993044	WU Rev Bond 2024B-2 (TX NOTE)	730,033	1,015,970	–	–	Financial Planning & Management
95993030	WU Rev Bond 2023B (Taxable)	4,528,804	4,575,304	4,556,544	4,555,474	Financial Planning & Management
95993046	CWIFP Dam Safety#1	270,000	270,000	160,000	160,000	Financial Planning & Management
95993045	WU Rev Bond 2026A (Tax-Exempt)	–	170,000	13,818,592	15,831,000	Financial Planning & Management
95993038	WU Rev Bond 2024A-2 (TE NOTE)	1,799,789	2,574,500	–	–	Financial Planning & Management
95993035	WU COP 2023D (Taxable)	1,367	45,000	–	–	Financial Planning & Management
95993034	WU COP 2023C1 (Tax-Exempt)	2,492	45,000	–	–	Financial Planning & Management
95993043	WU Rev Bond 2025C (Tax-Exempt)	–	170,000	–	–	Financial Planning & Management

Fund Summaries

Fund 61 Total Outlays - Administration and General

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
95993041	WU WIFIA Project 1 (Anderson Constr)	–	75,000	160,000	60,000	Financial Planning & Management
95993037	WU Rev Bond 2024C (Tax-Exempt)	3,443,325	4,438,250	4,416,750	4,419,500	Financial Planning & Management
95993048	WU Rev Note 2027A (Tax-Exemp)	–	170,000	–	18,460,900	Financial Planning & Management
95993047	WU Rev Bond 2026B (Taxable)	–	170,000	7,272,454	6,787,560	Financial Planning & Management
95993049	WU Rev Bond 2027B (Taxable)	–	170,000	–	1,907,185	Financial Planning & Management
Total Debt Service		74,260,280	98,411,311	110,507,668	132,005,684	

Capital

95064011	Districtwide Salary Savings-61	–	(347,530)	(810,485)	(841,877)	Financial Planning & Management
95074001	Capital Warranty Services	88,070	–	–	132,613	Water Utility Capital
95074033	CIP Development & Admin	952,080	1,107,333	1,182,845	1,207,997	Office of Integrated Water Management
95074036	Survey Mgmt & Tech Support	344,033	458,222	1,674,273	1,829,247	Office of Integrated Water Management
95084002	10-Yr PL Inspection and Rehab	16,245,892	20,254,339	2,451,920	328,230	Water Utility Capital
95274003	WU Computer Network Modrnizatn	799,183	2,364,583	52,000	694,754	Information Technology
95044001	Distribution System Master Plan Implementation	648,803	634,154	140,511	–	Office of Integrated Water Management
95044002	SCADA Master Plan Implementation	465,791	509,889	232,376	–	Office of Integrated Water Management
95074042	Capital Project Mgmt & Controls	810,416	917,694	1,093,983	1,172,678	Office of Integrated Water Management
95074005	WU Capital Prog Admin Support	6,553,247	8,034,899	8,418,174	9,334,552	Water Utility Capital
95074047	Computer-Aided Design for Engineering	391,301	1,191,123	951,379	1,488,229	Office of Integrated Water Management
95074041	Construction Contracts and Support	988,621	1,295,895	1,387,911	1,482,219	General Services
95044004	SMPIP Upgrades - Phase 1	–	–	–	448,401	Office of Integrated Water Management
95084003	Pipeline Maintenance Program	–	627,000	523,000	217,889	Water Utility Capital
95084006	Santa Teresa Force Main Inspection and Rehabilitation	–	587,000	7,668,500	1,637,868	Water Utility Capital
95084008	Santa Clara and Campbell Tributary Inspection and	–	–	575,000	601,755	Water Utility Capital
95084005	Penitencia Delivery Main & Force Main Inspect & Rehab	–	1,780,000	5,050,800	163,568	Water Utility Capital
95084007	Milpitas Pipeline Inspection and Rehabilitation Project	–	617,000	1,151,900	1,921,056	Water Utility Capital
95084004	East Pipeline Inspection and Rehabilitation Project	–	1,991,760	11,475,240	984,690	Water Utility Capital
Total Capital		28,287,438	42,023,362	43,219,328	22,803,867	

Total	138,451,751	181,084,522	194,976,135	199,271,878	
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Fund Summaries

Fund 61 and 63 Outlays - Combined Total

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28
Outlays Summary by Account Type				
Operations				
Source of Supply	118,127,515	147,620,050	141,746,446	145,759,393
Raw Water Transmission & Distribution	20,452,732	20,183,003	22,225,383	23,135,145
Water Treatment	56,744,680	57,580,477	58,919,237	64,100,369
Treated Water Transmission & Distribution	1,915,561	3,517,754	4,221,255	3,836,639
Administration and General	35,626,544	40,197,062	40,311,678	43,645,119
Total Operations	\$232,867,032	\$269,098,346	\$267,423,999	\$280,476,664
Operating				
Source of Supply	24,432,111	-	-	-
Administration and General	277,489	452,787	937,460	817,208
Total Operating	\$24,709,600	\$452,787	\$937,460	\$817,208
Debt				
Administration and General	74,260,280	98,411,311	110,507,668	132,005,684
Total Debt Service	\$74,260,280	\$98,411,311	\$110,507,668	\$132,005,684
Capital				
Source of Supply	152,995,521	111,961,024	243,761,939	250,289,875
Raw Water Transmission & Distribution	3,336,285	5,986,699	45,848,281	34,514,396
Water Treatment	83,486,485	149,210,884	170,885,559	126,773,500
Treated Water Transmission & Distribution	520,907	2,822,715	1,097,845	2,638,281
Administration and General	28,287,438	42,023,362	43,219,328	22,803,867
Total Capital	\$268,626,636	\$312,004,684	\$504,812,952	\$437,019,919
Total Fund 61 & 63 Outlays	\$600,463,549	\$679,967,129	\$883,682,080	\$850,319,475
Total Water Utility Enterprise Outlays	\$600,463,549	\$679,967,129	\$883,682,080	\$850,319,475

Fund Summaries

Water Enterprise Summary by Zone

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year-End 2025-26	Adopted Budget 2026-27	% Change from 2025-26	Proposed Plan 2027-28	% Change from 2026-27
North County - Zone W2							
Allocated Revenue							
Operating Revenue	364,676,331	400,521,569	392,050,807	441,570,519	10%	488,772,427	11%
Non-operating Revenue	71,497,439	44,965,714	48,837,442	47,837,718	6%	48,802,650	2%
Total Allocated Revenue	436,173,770	445,487,283	440,888,249	489,408,237	10%	537,575,077	10%
Allocated Operating Outlays							
Operations	204,997,625	235,452,935	256,556,294	235,688,212	0%	248,590,290	5%
Operating Projects	24,643,540	341,943	3,149,123	702,037	105%	611,984	-13%
Debt Service	74,260,280	98,411,311	87,384,947	110,507,668	12%	132,005,684	19%
Total Allocated Operating Outlays	303,901,446	334,206,190	347,090,364	346,897,918	4%	381,207,958	10%
Balance Available for Capital/Reserve	132,272,324	111,281,093	93,797,884	142,510,319	28%	156,367,119	10%
Total Capital Appropriations	268,626,636	374,907,544	397,242,183	528,218,632	41%	440,048,874	-17%
Other Financing Sources							
Revenue Bond Proceeds	140,000,000	220,217,267	225,419,723	407,001,000	85%	329,228,000	-19%
Transfers In	11,428,122	7,606,274	7,606,274	5,544,119	-27%	4,979,431	-10%
Transfers Out	(10,844,078)	(11,683,496)	(11,984,696)	(17,526,551)	50%	(16,634,705)	-5%
Total Other Financing Sources/(Uses)	140,584,044	216,140,045	221,041,301	395,018,568	83%	317,572,726	-20%
Other Intra-Zone Allocations							
South County Open Space Credit	(10,484,797)	(9,727,907)	(8,659,825)	(12,557,885)	29%	(13,774,781)	10%
South County Capital Amortization	7,290,812	10,442,026	9,850,087	11,629,829	11%	20,394,678	75%
South County Interest	(113,391)	(147,447)	(118,046)	(81,135)	-45%	(50,006)	-38%
Balance Available for W2	922,356	(46,919,734)	(81,330,781)	8,301,064	-118%	40,460,862	387%
South County - Zones W5, W-7 & W-8							
Zone W5 - Llagas Subbasin							
Allocated Revenue							
Operating Revenue	13,140,875	13,645,017	13,639,072	14,596,422	7%	15,607,294	7%
Non-operating Revenue	3,150,867	2,852,582	2,855,054	3,196,255	12%	3,204,967	0%
Total Allocated Revenue	16,291,742	16,497,599	16,494,126	17,792,677	8%	18,812,262	6%
Zone W7 - Coyote Valley							
Allocated Revenue							
Operating Revenue	9,372,604	10,915,534	10,915,532	11,975,737	10%	13,140,555	10%
Non-operating Revenue	1,071,158	965,656	965,424	1,095,987	13%	1,099,281	0%
Total Allocated Revenue	10,443,761	11,881,190	11,880,956	13,071,724	10%	14,239,836	9%
Zone W8 - Foothills below Uvas & Chesbro Reservoirs							
Allocated Revenue							
Operating Revenue	188,546	225,662	225,637	236,870	5%	280,271	18%
Non-operating Revenue	70,618	66,718	64,478	70,998	6%	78,408	10%
Total Allocated Revenue	259,164	292,381	290,114	307,868	5%	358,679	17%

Fund Summaries

Water Enterprise Summary by Zone

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year-End 2025-26	Adopted Budget 2026-27	% Change from 2025-26	Proposed Plan 2027-28	% Change from 2026-27
Total South County Revenue							
Operating Revenue	22,702,025	24,786,214	24,780,240	26,809,028	8%	29,028,120	8%
Non-operating Revenue	4,292,642	3,884,956	3,884,956	4,363,241	12%	4,382,657	0%
Total Allocated Revenue	26,994,667	28,671,170	28,665,196	31,172,269	9%	33,410,777	7%
Open Space Credit	10,484,797	9,727,907	8,659,825	12,557,885	29%	13,774,781	10%
Total Current Resources	37,479,463	38,399,077	37,325,021	43,730,154	14%	47,185,558	8%
Total South County Costs							
Operations	24,065,781	27,662,981	27,649,700	27,704,830	0%	27,735,029	0%
Operating Projects	66,060	110,844	113,708	235,423	112%	205,224	-13%
Imported Water Purchases	3,803,627	5,982,430	5,982,430	4,030,957	-33%	4,151,345	3%
Total Allocated Costs	27,935,467	33,756,254	33,745,838	31,971,210	-5%	32,091,598	0%
Balance Available for Capital/Reserve	9,543,996	4,642,823	3,579,183	11,758,944	153%	15,093,959	28%
Interest (earned)/due Utility Reserves	(113,391)	(147,447)	(118,046)	(81,135)	-45%	(50,006)	-38%
Total Capital Amortization	7,290,812	10,442,026	9,850,087	11,629,829	11%	20,394,678	75%
Balance Available/(Deficit) for South County	2,366,576	(5,651,757)	(6,152,859)	210,250	-104%	(5,250,713)	-2597%
Total Balance Available/(Deficit)	3,288,931	(52,571,490)	(87,483,640)	8,511,314	-116%	35,210,149	314%

Fund Summaries

Water Utility Cost Allocation

Project #	Project Description	South County Share by Zone			North County	Adopted Budget 2026-27	Basis of Allocation
		Zone W-5	Zone W-7	Zone W-8	Share Zone W-2		
Operations							
91041012	Water Operations Planning	72,877	46,375	-	563,477	682,729	Raw Water Deliveries
91041018	Groundwater Management Program	2,387,533	704,630	61,570	3,687,336	6,841,068	Groundwater Production Ratio
91061007	Districtwide Salary Savings	(313,801)	(92,998)	(6,349)	(1,232,017)	(1,645,165)	Water Usage Ratio
91061012	Facilities Environmental Compliance	5,990	3,812	26	46,286	56,113	Raw Water Deliveries
91081007	Dam Safety Program	420,578	46,554	8,356	1,613,476	2,088,964	Program Benefit Calculation
91101004	Recycled & Purified Water Program	281,079	-	-	4,043,218	4,324,297	Population
91111001	Water Rights and Accounting	66,314	42,198	-	512,727	621,238	Raw Water Deliveries
91131004	Imported Water Program	271,948	443,313	-	5,999,671	6,714,933	Imported Water Ratio
91131006	San Felipe Division Deliveries	1,532,603	2,498,353	-	18,257,474	22,288,431	Program Benefit Calculation
91131007	South Bay Aqueduct Deliveries	-	-	-	7,478,512	7,478,512	No South County Benefit
91131008	State Water Project Costs	-	-	-	35,848,142	35,848,142	No South County Benefit
91151001	Water Conservation Program	1,155,820	53,141	53,141	12,023,180	13,285,282	Program Benefit Calculation
91151012	Recycled/Purified Water Public Engagement	107,008	-	-	1,539,273	1,646,282	Population
91151013	Water Banking Operations	240,310	391,738	-	5,301,677	5,933,726	Imported Water Ratio
91211004	San Felipe Reach 1 Operations	61,501	92,252	-	634,727	788,481	CVP Imported Water Ratio
91211005	SFD Reach 1 Administration	694	1,041	-	7,159	8,894	CVP Imported Water Ratio
91211084	San Felipe Reach1 Ctrl and Ele	28,958	43,437	-	298,863	371,258	CVP Imported Water Ratio
91211085	San Felipe Reach 1 Eng Other	33,198	49,797	-	342,620	425,615	CVP Imported Water Ratio
91211099	San Felipe Reach 1 Gen Maint	129,896	194,844	-	1,340,594	1,665,334	CVP Imported Water Ratio
91221002	San Felipe Reach 2 Operations	5,206	7,809	-	53,731	66,747	CVP Imported Water Ratio
91221006	San Felipe Reach 2 Eng Other	22,240	33,360	-	229,530	285,130	CVP Imported Water Ratio
91221099	San Felipe Reach 2 Gen Maint	14,937	22,405	-	154,155	191,496	CVP Imported Water Ratio
91231002	San Felipe Reach 3 Operations	25,216	37,824	-	260,240	323,280	CVP Imported Water Ratio
91231084	San Felipe Reach3 Ctrl and Ele	20,038	30,057	-	206,805	256,900	CVP Imported Water Ratio
91231085	San Felipe Reach 3 Eng Other	54,193	81,289	-	559,297	694,779	CVP Imported Water Ratio
91231099	San Felipe Reach 3 Gen Maint	118,721	178,082	-	1,225,267	1,522,070	CVP Imported Water Ratio
91241001	Wolfe Road Recycled Water Facility	-	-	-	266,308	266,308	No South County Benefit
91261001	Palo Alto Water Reuse Agreement	-	-	-	2,446,000	2,446,000	No South County Benefit
91281007	SVAWPC Facility Operations	-	-	-	4,622,129	4,622,129	No South County Benefit
91281008	SVAWPC Facility Maintenance	-	-	-	4,487,180	4,487,180	No South County Benefit
91441003	Desalination	233,957	69,335	4,733	918,539	1,226,565	Water Usage Ratio
91451002	Well Ordinance Program	235,224	43,124	20,205	2,717,136	3,015,689	Well Permits and Inpections
91451005	Source Water Quality Management	97,228	28,814	1,967	381,728	509,737	Water Usage Ratio
91451011	Invasive Mussel Prevention	89,462	56,928	390	691,316	838,096	Raw Water Deliveries
91601001	Delta Conveyance	199,863	325,804	-	4,409,334	4,935,000	Imported Water Ratio
91761001	Local Reservoir & Diversion Ops Planning & Analysis	519,047	153,824	10,501	2,037,833	2,721,205	Water Usage Ratio
91761099	Dams & Reservoir Gen Maint	752,200	83,261	14,944	3,063,595	3,914,000	Program Benefit Calculation
92041014	FAHCE/Three Creeks HCP Project	103,507	155,261	-	3,722,278	3,981,046	Coyote Water Supply Ratio

Fund Summaries

Water Utility Cost Allocation

Project #	Project Description	South County Share by Zone			North County Share	Adopted Budget 2026-27	Basis of Allocation
		Zone W-5	Zone W-7	Zone W-8	Zone W-2		
92061012	Facilities Environmental Compliance	10,782	6,861	47	83,314	101,004	Raw Water Deliveries
92261099	Vasona Pump Station General Maintenance	23,417	14,901	102	180,953	219,373	Raw Water Deliveries
92761001	Raw Water T&D Gen'l Oper	238,582	151,819	-	1,844,674	2,235,075	Raw Water Deliveries
92761008	Recycled Water T&D General Maint	255,143	-	-	-	255,143	Benefits Only South County
92761009	Recharge/RW Field Ops	1,064,434	655,030	4,761	3,119,726	4,843,951	Groundwater Recharge Ratio
92761010	Recharge/RW Field Fac Maint	724,669	445,946	3,241	2,123,917	3,297,773	Groundwater Recharge Ratio
92761012	Untreated Surface Water Program	75,515	88,842	-	113,273	277,630	Untreated Water Deliveries Ratio
92761082	Raw Water T&D Ctrl and Elec Eng	74,584	47,461	325	576,343	698,712	Raw Water Deliveries
92761083	Raw Water T&D Eng Othr	153,515	97,688	669	1,186,287	1,438,159	Raw Water Deliveries
92761085	Anderson Hydrelctrc Fclty Main	1,719	2,579	-	17,744	22,042	Anderson Water Deliveries Ratio
92761099	Raw Water Trans & Dist Gen Mnt	437,392	278,330	1,906	3,379,935	4,097,562	Raw Water Deliveries
92781002	RW Corrosion Control	80,903	51,482	352	625,176	757,913	Raw Water Deliveries
93061012	Environmental Compliance Support	-	-	-	684,581	684,581	No South County Benefit
93081002	Treatment Plant Process & Commissioning	-	-	-	1,005,719	1,005,719	No South County Benefit
93081008	W T General Water Quality	-	-	-	2,662,606	2,662,606	No South County Benefit
93081009	Water Treatment Plant - Engineering Other	-	-	-	375,880	375,880	No South County Benefit
93231009	PWTP Operations General	-	-	-	7,339,975	7,339,975	No South County Benefit
93231099	Penitencia WTP General Maint	-	-	-	3,839,420	3,839,420	No South County Benefit
93281005	STWTP - General Operations	-	-	-	8,920,788	8,920,788	No South County Benefit
93281099	Santa Teresa Wtr General Maint	-	-	-	4,981,737	4,981,737	No South County Benefit
93291012	RWTP General Operations	-	-	-	11,947,374	11,947,374	No South County Benefit
93291099	Rinconada WTP General Maint	-	-	-	5,335,584	5,335,584	No South County Benefit
93401002	Wtr District Laboratory	1,296,311	79,859	5,154	6,514,667	7,895,991	Lab Analyses
93761001	SF/SCVWD Intertie General Oper	-	-	-	102,086	102,086	No South County Benefit
93761004	Campbell Wellfield Operations	-	-	-	74,811	74,811	No South County Benefit
93761005	Campbell Wellfield Maintenance	-	-	-	193,700	193,700	No South County Benefit
93761006	Treated Water Ctrl & Elec Eng	-	-	-	3,340,080	3,340,080	No South County Benefit
93761099	SF/SCVWD Intertie General Maint	-	-	-	218,906	218,906	No South County Benefit
94761005	Treated Water T&D IPU Ops	-	-	-	1,001,990	1,001,990	No South County Benefit
94761099	Treated Water T&D Gen Maint	-	-	-	1,980,472	1,980,472	No South County Benefit
94781001	TW T&D Corrosion Control	-	-	-	1,238,793	1,238,793	No South County Benefit
95001090	Unscoped Operations Activities	28,611	8,479	579	112,331	150,000	Water Usage Ratio
95011003	Asset Protection Support	45,158	13,383	914	1,402,698	1,462,152	Program Benefit Calculation
95021008	Energy Management	2,924	857	101	248,158	252,040	Labor Hours

Fund Summaries

Water Utility Cost Allocation

Project #	Project Description	South County Share by Zone			North County Share	Adopted Budget 2026-27	Basis of Allocation
		Zone W-5	Zone W-7	Zone W-8	Zone W-2		
95031002	Grants Management	497,526	138,681	10,220	881,768	1,528,195	Program Benefit Calculation
95061012	Residntl Rental Exp San Pedro, MH	30,919	-	-	-	30,919	Benefits only South County
95061035	Rental Expense Coyote	-	269,576	-	-	269,576	Benefits only South County
95061038	WUE Administration	2,191,321	649,418	44,333	8,603,357	11,488,429	Water Usage Ratio
95061045	WUE TW Div Admin Support	570,679	169,126	11,545	2,240,547	2,991,898	Water Usage Ratio
95061048	Climate Change Adaptation/Mitg	21,800	6,461	441	85,590	114,292	Water Usage Ratio
95061050	Office of Integrated Wtr Mgmt	338,794	100,405	6,854	1,330,141	1,776,194	Water Usage Ratio
95061051	Lands Management Program	97,765	28,974	1,978	383,836	512,553	Water Usage Ratio
95071041	Welding Services	15,094	4,164	520	500,719	520,498	Program Benefit Calculation
95101003	Water Revenue Program	1,012,744	296,052	21,539	781,308	2,111,642	Labor Hours
95111003	Water Use Measurement General	1,272,623	112,290	83,498	1,410,827	2,879,238	Labor Hours
95121003	Long Term Financial Planning	107,948	31,991	2,184	423,814	565,937	Water Usage Ratio
95151002	Water Utlity Customer Relations	78,936	-	-	1,135,457	1,214,393	Population
95741001	Water Supply Planning	527,249	156,255	10,667	2,070,033	2,764,204	Water Usage Ratio
95741042	Water Resources EnvPlng and Permitting	125,959	38,559	2,571	2,403,512	2,570,601	Program Benefit Calculation
95761003	SCADA Network Administration	174,232	110,871	759	1,346,376	1,632,238	Raw Water Deliveries
95761071	Emergency Preparednes Prog (50% WU)	99,823	-	-	1,435,909	1,535,731	Population
95771011	InterAgency Urban Runoff Program	62,406	39,712	272	482,243	584,633	Raw Water Deliveries
95771031	HAZMAT Emergency Response	9,025	984	451	128,759	139,218	Emergency Response Events
95811043	Hydrologic Data Msrmt & Mgmt Alloc-50% WU	123,684	226,755	181,289	991,422	1,523,150	Stream Gauge Location
95811046	Warehouse Svcs 50% WU	143,478	42,521	2,903	563,311	752,213	Water Usage Ratio
95811049	X Valley Subsidence Survey	2,835	1,061	712	224,971	229,579	Program Benefit Calculation
95811054	District Real Property Admin	135,837	40,257	2,748	533,311	712,153	Water Usage Ratio
Operations Projects Total		21,127,882	10,233,297	573,118	235,489,703	267,423,999	
Operating Projects							
95762011	Tree Maintenance Program	178,813	52,993	3,618	702,037	937,460	Water Usage Ratio
Operating Projects Total		178,813	52,993	3,618	702,037	937,460	
Operations and Operating Total		21,306,695	10,286,289	576,735	236,191,740	268,361,460	

Fund Summaries

South County Capital

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-5 %	South County Zone W-5 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-5
San Pedro Recharge House	700	100.0%	700	47	FY 31	Benefits Only South County Zone W-5
South County Recycling I	7,232	100.0%	7,232	481	FY 31	Benefits Only South County Zone W-5
South County Recycling II	118	100.0%	118	8	FY 33	Benefits Only South County Zone W-5
South County Recycling III	1,721	100.0%	1,721	115	FY 33	Benefits Only South County Zone W-5
Water Banking Rights	6,226	3.6%	225	15	FY 35	Total Imported Water Ratio
Geodetic Control Maintenance	236	26.7%	63	4	FY 36	Survey Analysis
Water Banking FY 2006	18,895	4.1%	769	51	FY 36	Total Imported Water Ratio
Water Infrastructure Reliability Program	2,134	1.1%	24	2	FY 36	Program Benefit Calculation
Raw Water Control System	9,188	2.8%	260	17	FY 37	Program Benefit Calculation
South County Recycled Water Masterplan, Immediate Term, SCRWA Filter Upgrade	3,257	100.0%	3,257	216	FY 37	Benefits Only South County Zone W-5
Water Infrastructure Baseline Improvement	2,403	2.7%	66	4	FY 38	Spare Pipe Usage
Peoplesoft Upgrade	78	7.5%	6	-	FY 39	Water Usage Ratio
Santa Clara Tunnel Landslide	4,509	6.8%	308	20	FY 39	CVP Imported Water Ratio
Santa Clara Tunnel Landslide Mitigation	217	7.6%	17	1	FY 39	CVP Imported Water Ratio
Corp Yard Relocation	26	7.8%	2	-	FY 40	Water Usage Ratio
ISMP CMMS/ERP/WRIS	5,802	7.5%	433	29	FY 40	Water Usage Ratio
Dam Instrumentation	6,243	16.0%	999	66	FY 41	Program Benefit Calculation
Coyote Dam Control Building Improvements	576	8.9%	51	3	FY 42	Anderson Deliveries Ratio
Pacheco Pumping Plant Regulating Tank Recoating	2,550	7.7%	196	13	FY 42	CVP Imported Water Ratio
Radio Repeater Infill	5	8.5%	-	-	FY 42	Water Usage Ratio
San Felipe Communications Cable Replacement	235	7.7%	18	1	FY 42	CVP Imported Water Ratio
Santa Clara Conduit Rehabilitation	1,814	7.7%	139	9	FY 42	CVP Imported Water Ratio
South County Recycled Water Masterplan, Short-Term Implementation 1A	4,314	100.0%	4,314	286	FY 42	Benefits Only South County Zone W-5
Fleet Building Improvement	2,512	8.6%	216	14	FY 44	Water Usage Ratio
Microwave Telecommunications	4,595	7.0%	320	21	FY 44	Water Usage Ratio
Dam Maintenance Mitigation	244	16.7%	41	3	FY 45	Program Benefit Calculation
Pacheco Pumping Plant ASD Replacement	18,518	8.4%	1,557	103	FY 45	CVP Imported Water Ratio

Fund Summaries

South County Capital

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-5 %	South County Zone W-5 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-5
Pipeline Hydraulic Reliability Upgrades	335	1.7%	6	-	FY 45	Program Benefit Calculation
Water Protection	11,387	1.7%	199	13	FY 45	Program Benefit Calculation
Inf Reliability Master Plan	2,065	9.4%	194	12	FY 46	Water Usage Ratio
Peoplesoft System Upgrade & Expansion	1,217	9.4%	114	7	FY 46	Water Usage Ratio
Uvas Property Acquisition	1,251	97.7%	1,223	77	FY 46	Benefits Only South County
5-year Pipeline Rehabilitation	22,059	3.5%	775	49	FY 47	Program Benefit Calculation
Main and Madrone Pipeline Restoration	11,378	87.9%	10,001	519	FY 48	Benefits Only South County
Winfield Capital Improvement	481	9.7%	47	2	FY 48	Water Usage Ratio
Pacheco Conduit Inspection and Rehabilitation	6,696	7.8%	522	27	FY 49	CVP Imported Water Ratio
South County Recycled Water Fund	8,678	100.0%	8,678	450	FY 50	Benefits Only South County Zone W-5
Capital Construction Management System	2,806	19.1%	535	29	FY 52	Water Usage Ratio
Coyote Pumping Plant Warehouse	9,844	18.7%	1,845	95	FY 53	Water Usage Ratio
Fleet and Facility Annex Improvements	3,023	19.1%	577	29	FY 54	Water Usage Ratio
Coyote Creek SAFPM - Chillers Plant	36,460	7.8%	2,844	175	FY 55	CVP Imported Water Ratio
Coyote Percolation Dam Replacement	19,731	7.8%	1,539	94	FY 55	CVP Imported Water Ratio
Cross Valley Pipeline Extension	13,266	7.8%	1,035	53	FY 55	CVP Imported Water Ratio
Coyote Creek Flood Management Measures	127,484	7.8%	9,944	610	FY 56	CVP Imported Water Ratio
South County Recycled Water Pipeline Land Rights	7,845	100.0%	7,845	-	FY 57	Benefits Only South County Zone W-5
CPSD/TSD Admin Amortization	5,340	7.2%	384	384	Ongoing	Total Capital Cost Ratio
IT Capital Fund Transfers	7,976	19.1%	1,521	1,521	Ongoing	Water Usage Ratio
San Felipe Division Capital	13,261	5.1%	679	679	Ongoing	Repayment Cost Distribution
Small Caps, Raw Water Transmission and Distribution	2,354	10.7%	251	251	Ongoing	Raw Water Usage
Small Caps, San Felipe Reach 1	5,502	7.8%	429	429	Ongoing	CVP Imported Water Ratio
Small Caps, San Felipe Reach 3	732	7.8%	57	57	Ongoing	CVP Imported Water Ratio
WTP WQL Network Equipment	52	19.1%	10	10	Ongoing	Water Usage Ratio
Total Zone W-5	\$425,571		\$74,305	\$7,105		

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

Fund Summaries

South County Capital Amortization Zone W-7

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-7 %	South County Zone W-7 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-7
San Pedro Recharge House	700	0.0%	-	-	FY 31	Benefits Only South County Zone W-5
South County Recycling I	7,232	0.0%	-	-	FY 31	Benefits Only South County Zone W-5
South County Recycling II	118	0.0%	-	-	FY 33	Benefits Only South County Zone W-5
South County Recycling III	1,721	0.0%	-	-	FY 33	Benefits Only South County Zone W-5
Water Banking Rights	6,226	4.4%	273	18	FY 35	Total Imported Water Ratio
Geodetic Control Maintenance	236	14.0%	33	2	FY 36	Survey Analysis
Water Banking FY 2006	18,895	4.9%	932	62	FY 36	Total Imported Water Ratio
Water Infrastructure Reliability Program	2,134	0.3%	7	-	FY 36	Program Benefit Calculation
Raw Water Control System	9,188	1.5%	136	9	FY 37	Program Benefit Calculation
South County Recycled Water Masterplan, Immediate Term, SCRWA Filter Upgrade	3,257	0.0%	-	-	FY 37	Benefits Only South County Zone W-5
Water Infrastructure Baseline Improvement	2,403	0.8%	19	1	FY 38	Spare Pipe Usage
Peoplesoft Upgrade	78	2.2%	2	-	FY 39	Water Usage Ratio
Santa Clara Tunnel Landslide	4,509	8.3%	373	25	FY 39	CVP Imported Water Ratio
Santa Clara Tunnel Landslide Mitigation	217	9.3%	20	1	FY 39	CVP Imported Water Ratio
Corp Yard Relocation	26	2.2%	1	-	FY 40	Water Usage Ratio
ISMP CMMS/ERP/WRIS	5,802	2.2%	125	8	FY 40	Water Usage Ratio
Dam Instrumentation	6,243	4.6%	289	19	FY 41	Program Benefit Calculation
Coyote Dam Control Building Improvements	576	10.7%	62	4	FY 42	Anderson Deliveries Ratio
Pacheco Pumping Plant Regulating Tank Recoating	2,550	9.3%	238	16	FY 42	CVP Imported Water Ratio
Radio Repeater Infill	5	2.4%	-	-	FY 42	Water Usage Ratio
San Felipe Communications Cable Replacement	235	9.3%	22	1	FY 42	CVP Imported Water Ratio
Santa Clara Conduit Rehabilitation	1,814	9.3%	169	11	FY 42	CVP Imported Water Ratio
South County Recycled Water Masterplan, Short-Term Implementation 1A	4,314	0.0%	-	-	FY 42	Benefits Only South County Zone W-5
Fleet Building Improvement	2,512	2.5%	63	4	FY 44	Water Usage Ratio
Microwave Telecommunications	4,595	2.0%	93	6	FY 44	Water Usage Ratio
Dam Maintenance Mitigation	244	4.8%	12	1	FY 45	Program Benefit Calculation
Pacheco Pumping Plant ASD Replacement	18,518	10.2%	1,888	125	FY 45	CVP Imported Water Ratio

Fund Summaries

South County Capital Amortization Zone W-7

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-7 %	South County Zone W-7 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-7
Pipeline Hydraulic Reliability Upgrades	335	0.5%	2	-	FY 45	Program Benefit Calculation
Water Protection	11,387	0.5%	57	4	FY 45	Program Benefit Calculation
Inf Reliability Master Plan	2,065	2.7%	56	4	FY 46	Water Usage Ratio
Peoplesoft System Upgrade & Expansion	1,217	2.7%	33	2	FY 46	Water Usage Ratio
Uvas Property Acquisition	1,251	0.0%	-	-	FY 46	Benefits Only South County
5-year Pipeline Rehabilitation	22,059	1.0%	221	14	FY 47	Program Benefit Calculation
Main and Madrone Pipeline Restoration	11,378	12.1%	1,377	71	FY 48	Benefits Only South County
Winfield Capital Improvement	481	2.8%	13	1	FY 48	Water Usage Ratio
Pacheco Conduit Inspection and Rehabilitation	6,696	11.7%	783	41	FY 49	CVP Imported Water Ratio
South County Recycled Water Fund	8,678	0.0%	-	-	FY 50	Benefits Only South County Zone W-5
Capital Construction Management System	2,806	5.7%	159	9	FY 52	Water Usage Ratio
Coyote Pumping Plant Warehouse	9,844	5.4%	528	27	FY 53	Water Usage Ratio
Fleet and Facility Annex Improvements	3,023	5.7%	171	9	FY 54	Water Usage Ratio
Coyote Creek SAFPM - Chillers Plant	36,460	11.7%	4,266	262	FY 55	CVP Imported Water Ratio
Coyote Percolation Dam Replacement	19,731	11.7%	2,309	142	FY 55	CVP Imported Water Ratio
Cross Valley Pipeline Extension	13,266	11.7%	1,552	80	FY 55	CVP Imported Water Ratio
Coyote Creek Flood Management Measures	127,484	11.7%	14,916	916	FY 56	CVP Imported Water Ratio
South County Recycled Water Pipeline Land Rights	7,845	0.0%	-	-	FY 57	Benefits Only South County Zone W-5
CPSD/TSD Admin Amortization	5,340	4.6%	248	248	Ongoing	Total Capital Cost Ratio
IT Capital Fund Transfers	7,976	5.7%	451	451	Ongoing	Water Usage Ratio
San Felipe Division Capital	13,261	8.3%	1,107	1,107	Ongoing	Repayment Cost Distribution
Small Caps, Raw Water Transmission and Distribution	2,354	6.8%	160	160	Ongoing	Raw Water Usage
Small Caps, San Felipe Reach 1	5,502	11.7%	644	644	Ongoing	CVP Imported Water Ratio
Small Caps, San Felipe Reach 3	732	11.7%	86	86	Ongoing	CVP Imported Water Ratio
WTP WQL Network Equipment	52	5.7%	3	3	Ongoing	Water Usage Ratio
Total Zone W-7	\$425,571		\$33,896	\$4,593		

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

Fund Summaries

South County Capital Amortization Zone W-8

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-8 %	South County Zone W-8 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-8
San Pedro Recharge House	700	0.0%	-	-	FY 31	Benefits Only South County Zone W-5
South County Recycling I	7,232	0.0%	-	-	FY 31	Benefits Only South County Zone W-5
South County Recycling II	118	0.0%	-	-	FY 33	Benefits Only South County Zone W-5
South County Recycling III	1,721	0.0%	-	-	FY 33	Benefits Only South County Zone W-5
Water Banking Rights	6,226	0.0%	-	-	FY 35	Total Imported Water Ratio
Geodetic Control Maintenance	236	0.3%	1	-	FY 36	Survey Analysis
Water Banking FY 2006	18,895	0.0%	-	-	FY 36	Total Imported Water Ratio
Water Infrastructure Reliability Program	2,134	0.0%	1	-	FY 36	Program Benefit Calculation
Raw Water Control System	9,188	0.0%	2	-	FY 37	Program Benefit Calculation
South County Recycled Water Masterplan, Immediate Term, SCRWA Filter Upgrade	3,257	0.0%	-	-	FY 37	Benefits Only South County Zone W-5
Water Infrastructure Baseline Improvement	2,403	0.1%	2	-	FY 38	Spare Pipe Usage
Peoplesoft Upgrade	78	0.2%	-	-	FY 39	Water Usage Ratio
Santa Clara Tunnel Landslide	4,509	0.0%	-	-	FY 39	CVP Imported Water Ratio
Santa Clara Tunnel Landslide Mitigation	217	0.0%	-	-	FY 39	CVP Imported Water Ratio
Corp Yard Relocation	26	0.2%	-	-	FY 40	Water Usage Ratio
ISMP CMMS/ERP/WRIS	5,802	0.2%	10	1	FY 40	Water Usage Ratio
Dam Instrumentation	6,243	0.4%	23	2	FY 41	Program Benefit Calculation
Coyote Dam Control Building Improvements	576	0.0%	-	-	FY 42	Anderson Deliveries Ratio
Pacheco Pumping Plant Regulating Tank Recoating	2,550	0.0%	-	-	FY 42	CVP Imported Water Ratio
Radio Repeater Infill	5	0.2%	-	-	FY 42	Water Usage Ratio
San Felipe Communications Cable Replacement	235	0.0%	-	-	FY 42	CVP Imported Water Ratio
Santa Clara Conduit Rehabilitation	1,814	0.0%	-	-	FY 42	CVP Imported Water Ratio
South County Recycled Water Masterplan, Short-Term Implementation 1A	4,314	0.0%	-	-	FY 42	Benefits Only South County Zone W-5
Fleet Building Improvement	2,512	0.0%	-	-	FY 44	Water Usage Ratio
Microwave Telecommunications	4,595	0.2%	7	-	FY 44	Water Usage Ratio
Dam Maintenance Mitigation	244	0.4%	1	-	FY 45	Program Benefit Calculation
Pacheco Pumping Plant ASD Replacement	18,518	0.0%	-	-	FY 45	CVP Imported Water Ratio

Fund Summaries

South County Capital Amortization Zone W-8

(In Thousands \$)

Project Name	Total Project Cost	South County Zone W-8 %	South County Zone W-8 Cost	FY 2027 Cost Recovery*	Year Cost Recovery is Complete	Basis of Allocation to South County Zone W-8
Pipeline Hydraulic Reliability Upgrades	335	0.0%	-	-	FY 45	Program Benefit Calculation
Water Protection	11,387	0.0%	5	-	FY 45	Program Benefit Calculation
Inf Reliability Master Plan	2,065	0.2%	4	-	FY 46	Water Usage Ratio
Peoplesoft System Upgrade & Expansion	1,217	0.2%	3	-	FY 46	Water Usage Ratio
Uvas Property Acquisition	1,251	2.3%	28	2	FY 46	Benefits Only South County
5-year Pipeline Rehabilitation	22,059	0.1%	18	1	FY 47	Program Benefit Calculation
Main and Madrone Pipeline Restoration	11,378	0.0%	-	-	FY 48	Benefits Only South County
Winfield Capital Improvement	481	0.2%	1	-	FY 48	Water Usage Ratio
Pacheco Conduit Inspection and Rehabilitation	6,696	0.0%	-	-	FY 49	CVP Imported Water Ratio
South County Recycled Water Fund	8,678	0.0%	-	-	FY 50	Benefits Only South County Zone W-5
Capital Construction Management System	2,806	0.4%	11	1	FY 52	Water Usage Ratio
Coyote Pumping Plant Warehouse	9,844	0.4%	37	2	FY 53	Water Usage Ratio
Fleet and Facility Annex Improvements	3,023	0.4%	12	1	FY 54	Water Usage Ratio
Coyote Creek SAFPM - Chillers Plant	36,460	0.0%	-	-	FY 55	CVP Imported Water Ratio
Coyote Percolation Dam Replacement	19,731	0.0%	-	-	FY 55	CVP Imported Water Ratio
Cross Valley Pipeline Extension	13,266	0.0%	-	-	FY 55	CVP Imported Water Ratio
Coyote Creek Flood Management Measures	127,484	0.0%	-	-	FY 56	CVP Imported Water Ratio
South County Recycled Water Pipeline Land Rights	7,845	0.0%	-	-	FY 57	Benefits Only South County Zone W-5
CPSD/TSD Admin Amortization	5,340	0.0%	2	2	Ongoing	Total Capital Cost Ratio
IT Capital Fund Transfers	7,976	0.4%	31	31	Ongoing	Water Usage Ratio
San Felipe Division Capital	13,261	0.0%	-	-	Ongoing	Repayment Cost Distribution
Small Caps, Raw Water Transmission and Distribution	2,354	0.0%	1	1	Ongoing	Raw Water Usage
Small Caps, San Felipe Reach 1	5,502	0.0%	-	-	Ongoing	CVP Imported Water Ratio
Small Caps, San Felipe Reach 3	732	0.0%	-	-	Ongoing	CVP Imported Water Ratio
WTP WQL Network Equipment	52	0.4%	-	-	Ongoing	Water Usage Ratio
Total Zone W-8	\$425,571		\$200	\$42		

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

Fund Summaries

South County Capital Amortization Zone Summary

(In Thousands \$)

Summary	South County Amortized Costs	FY 2027 Cost Recovery Amount
Zone W-5	\$ 74,305	\$ 7,105
Zone W-7	33,896	4,593
Zone W-8	200	42
Grand Total	\$ 108,401	\$ 11,741

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

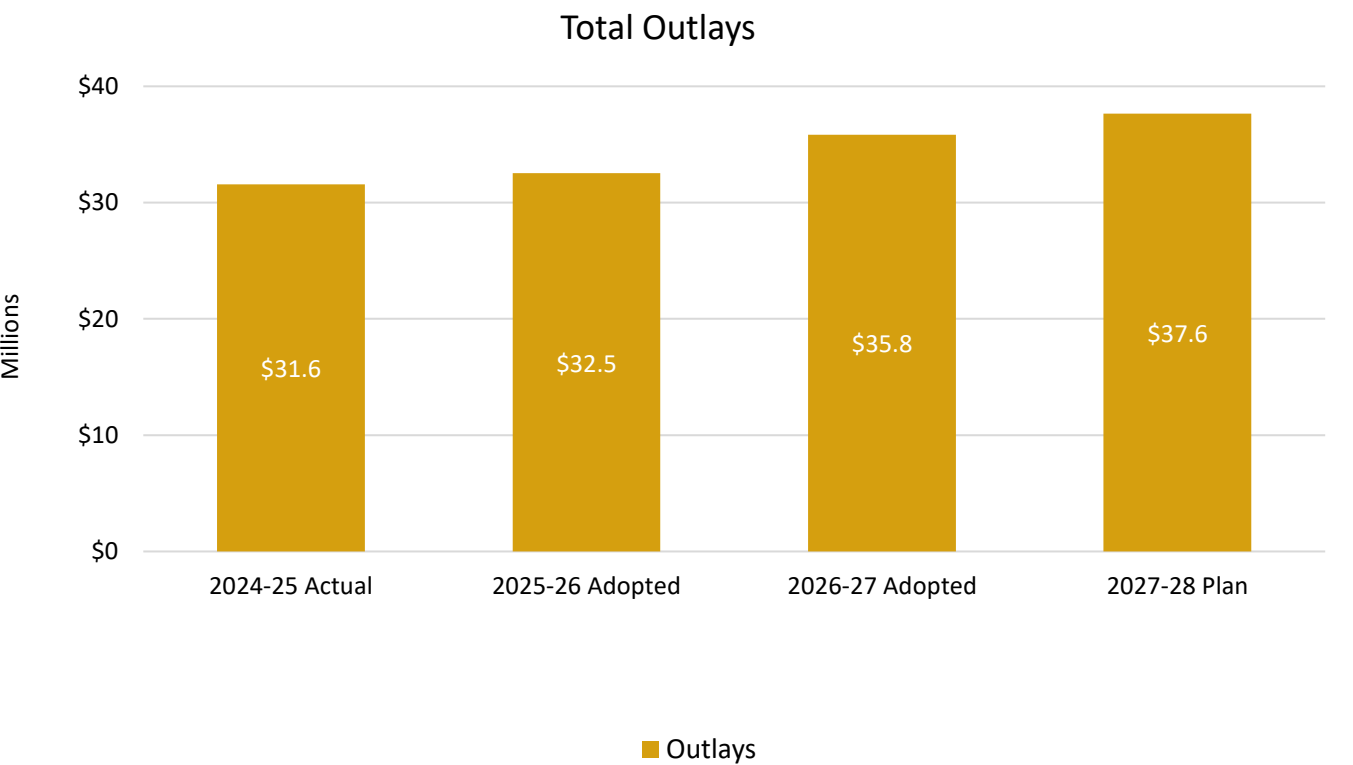
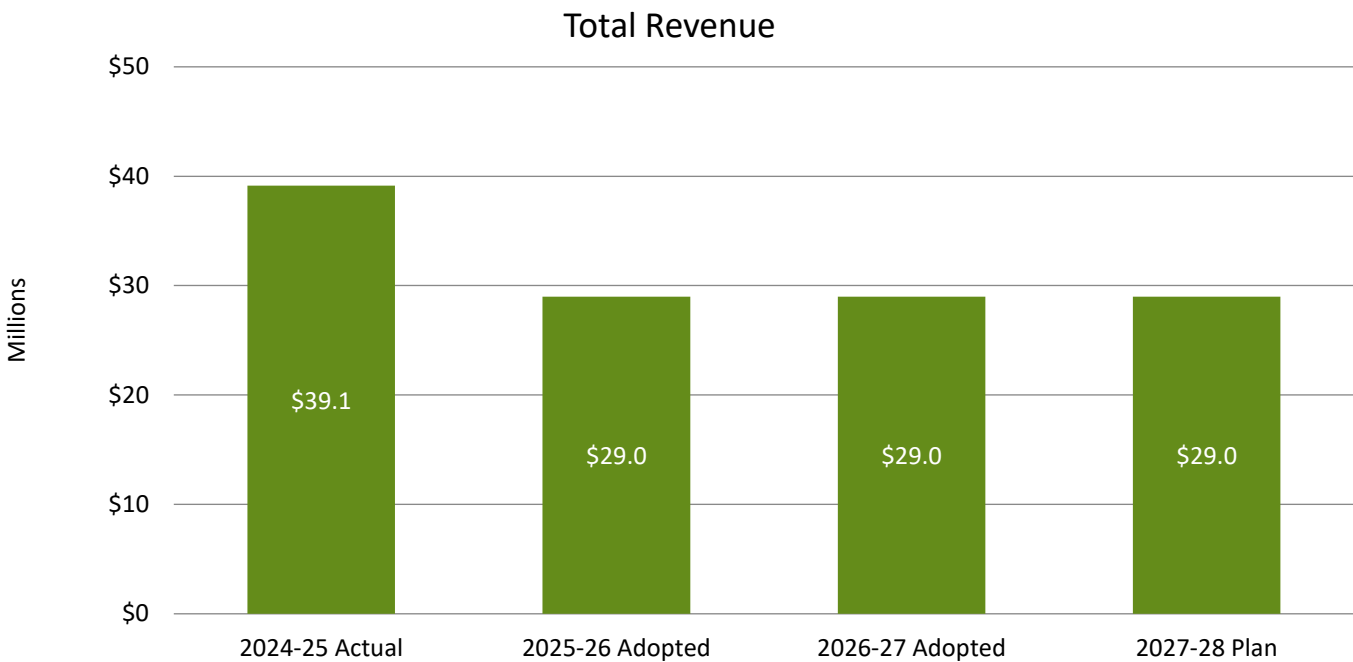
State Water Project Fund

Valley Water incurs an annual indebtedness to the State of California pursuant to its Water Supply Contract dated November 20, 1961. Such indebtedness is proportional to Valley Water's allocation of water from the State Water Project and pays for construction, maintenance, and operation of State Water Project infrastructure and facilities. Staff's recommendation regarding the State Water Project Tax is consistent with Valley Water's past practice and with the approach of other water districts and agencies that maintain State Water Project supply contracts. The State Water Project Fund was created in October 2010 to improve transparency and ensure compliance with Water Code Section 11654.

For FY 2026-27 and FY 2027-28, staff recommends setting the State Water Project Tax at \$28.0 million each year. This translates to a property tax bill for the average single-family residence in Santa Clara County of roughly \$46.00 per year. Staff anticipates that Valley Water's contractual indebtedness to the State of California under the State Water Supply Contract will be approximately \$35.8 million for FY 2026-27, rising to \$37.6 million in FY 2027-28. The State Water Project Tax may be set lower than anticipated contractual indebtedness in any given year in order to draw down accumulated fund reserves.

Fund Summaries

State Water Project Fund (Fund 63)



Fund Summaries

State Water Project Fund Summary

		Budgetary Basis Actual		Adopted Budget		Projected Year End		Adopted Budget		Change from 2025-26 Adopted	
		2024-25		2025-26		2025-26		2026-27		\$ Diff	% Diff
REVENUE											
Property Tax	\$	29,556,629	\$	28,000,000	\$	28,000,000	\$	28,000,000	\$	-	0.0%
Non-Operating Other		9,589,822		1,000,000		1,000,000		1,000,000		-	0.0%
TOTAL REVENUE	\$	39,146,451	\$	29,000,000	\$	29,000,000	\$	29,000,000	\$	-	0.0%
OUTLAYS											
Operating Outlays											
Operations *	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%
Total Operating Outlays	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%
TOTAL OUTLAYS	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%
BALANCE AVAILABLE	\$	7,584,381	\$	(3,539,796)	\$	(3,539,796)	\$	(6,848,142)	\$	(3,308,346)	93.5%
YEAR-END RESERVES											
Restricted Reserves											
WUE State Water Project Tax Reserve	\$	25,277,937	\$	11,591,690	\$	21,738,142	\$	14,890,000	\$	3,298,310	28.5%
Total Restricted Reserves	\$	25,277,937	\$	11,591,690	\$	21,738,142	\$	14,890,000	\$	3,298,310	28.5%
TOTAL YEAR-END RESERVES	\$	25,277,937	\$	11,591,690	\$	21,738,142	\$	14,890,000	\$	3,298,310	28.5%
Outlay Summary by Account Type											
OPERATING OUTLAY											
Services & Supplies	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%
OPERATING OUTLAY TOTAL	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%
TOTAL OUTLAYS	\$	31,562,070	\$	32,539,796	\$	32,539,796	\$	35,848,142	\$	3,308,346	10.2%

(*) Operations Outlays do not include OPEB Expense-unfunded liability

Fund Summaries

State Water Project Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted		
										\$ Diff	% Diff	
REVENUE												
	Property Tax	\$	29,556,629	\$	28,000,000	\$	28,000,000	\$	28,000,000	\$	-	0.0%
	Non-Operating Other		9,589,822		1,000,000		1,000,000		1,000,000		-	0.0%
TOTAL REVENUE		\$	39,146,451	\$	29,000,000	\$	29,000,000	\$	29,000,000	\$	-	0.0%
OUTLAYS												
Operating Outlays												
	Operations *	\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%
Total Operating Outlays		\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%
TOTAL OUTLAYS		\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%
BALANCE AVAILABLE		\$	7,584,381	\$	(3,539,796)	\$	(6,848,142)	\$	(8,648,346)	\$	(1,800,204)	26.3%
YEAR-END RESERVES												
Restricted Reserves												
	WUE State Water Project Tax Reserve	\$	25,277,937	\$	11,591,690	\$	14,890,000	\$	6,241,654	\$	(8,648,346)	-58.1%
Total Restricted Reserves		\$	25,277,937	\$	11,591,690	\$	14,890,000	\$	6,241,654	\$	(8,648,346)	-58.1%
TOTAL YEAR-END RESERVES		\$	25,277,937	\$	11,591,690	\$	14,890,000	\$	6,241,654	\$	(8,648,346)	-58.1%
Outlay Summary by Account Type												
OPERATING OUTLAY												
	Services & Supplies	\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%
OPERATING OUTLAY TOTAL		\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%
TOTAL OUTLAYS		\$	31,562,070	\$	32,539,796	\$	35,848,142	\$	37,648,346	\$	1,800,204	5.0%

(*) Operations Outlays do not include OPEB Expense-unfunded liability

Fund Summaries

Fund 63 Total Outlays - Source of Supply

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
91131008	State Water Project Costs	31,562,070	32,539,796	35,848,142	37,648,346	Water Supply
Total Operations		31,562,070	32,539,796	35,848,142	37,648,346	
Total		31,562,070	32,539,796	35,848,142	37,648,346	

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GENERAL FUND

Fund Summaries

General Fund Overview

The General Fund is Valley Water'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 the 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.

More details about these administrative and strategic services are described in the Chapter 5 Division Summaries.

Office of the Chief Executive Officer

The Office of the Chief Executive Officer (CEO) provides strategic leadership and organizational oversight to advance Valley Water's mission and achieve its vision. The Office of the CEO fosters collaborative relationships with government agencies, water retailers, stakeholders, and the community. It supports the Board of Directors by ensuring the organization effectively achieves the Board's Ends Policies and operates in compliance with Executive Limitations Policies in a transparent, cost-effective, and efficient manner. The Office of the CEO also oversees the Financial Planning and Management Services and Human Resources Divisions.

Office of District Counsel

The Office of District Counsel provides professional, timely, and strategic legal advice, representation of Valley Water and its officers and employees, and the management of the legal services and the related risk management functions. It includes both internal legal services and management of the external legal services provided to Valley Water. The Office of District Counsel also oversees Risk Management program.

Office of the Clerk of the Board

The Office of the Clerk of the Board (COB) directly supports the work of the Valley Water Board of Directors, including Board Governance Policy management, Board performance monitoring, lobbyist reporting, and tracking elections. The COB also provides 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, and Valley Water staff.

Office of the Chief of External Affairs

The Office of External Affairs (CEA) provides strategic planning and integration of external policies and legislation as it relates to the business interests of Valley Water and is responsible for managing and strengthening Valley Water's relationships with the community, government officials, the media, and other key stakeholders. The CEA also oversees the Civic Engagement, Government Relations, Communications, and REDI offices.

Fund Summaries

Office of the Chief Operating Officer of Administrative Services

The Office of the Chief Operating Officer (COO) of Administrative Services (AS) provides executive leadership and direct oversight to administrative business areas, including Emergency, Safety, and Security, General Services, and Information Technology, Innovation and Records Management. The COO-AS 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.

Major Capital Projects

Capital Outlays budget in the General Fund is approximately \$13.3 million in FY 2026-27 and \$4.2 million in FY 2027-28 to improve and maintain existing buildings, grounds, and services through several small capital improvement projects. The decrease of \$9.1 million in FY 2027-28 is due to the completion of the Security Upgrades and Enhancement and Headquarters Building projects in FY 2026-27.

Fiscal Status

Intra-District Reimbursements (overhead) are the primary source of funding in the General Fund. They are budgeted at \$73.7 million in FY 2026-27, an 8.5% decrease from FY 2025-26, primarily due to a reduction in the General Fund overhead rate from 80.4% to 70.0% to reduce the reserve level. In FY 2027-28, the reimbursements are projected to increase 19.1% to \$87.7 million, driven by a 9.1% increase in the General Fund overhead rate to maintain a healthy level of reserves consistent with Board policy. The Intra-District Reimbursements rates for FY 2026-27 and FY 2027-28 are 70.0% and 79.1%. The CEO, District Counsel, Clerk of the Board, and Administration costs funded in the General Fund provide services to the Watersheds and Water Utility Enterprise operations and capital programs. Generally, intra-district reimbursements are paid 60% from Water Utility Enterprise and 40% from Watershed Funds.

Property Tax revenue is projected at \$14.0 million for FY 2026-27. The projection reflects an increase of \$1.0 million or a 7.8% increase from the FY 2025-26 Adopted Budget. The increase in Property Tax revenue is based on property tax roll updates received from Santa Clara County. In FY 2027-28, Property Tax revenue is projected to increase an additional 2.1% to \$14.3 million. Interest Income is \$822,000 in FY 2026-27 and remains unchanged in FY 2027-28.

Operating Outlays for the services provided to Watersheds and Water Utility Enterprise total \$98.3 million for FY 2026-27. This is an increase of \$7.4 million or an 8.2% increase from the FY 2025-26 Adopted Budget. This change is primarily comprised of: increases in services and supplies for Clerk of the Board election costs in November 2026 (\$2.9 million), increases in salary and related costs per MOU (\$1.9 million), increases in intra-district costs (\$0.9 million), increases in Building and Grounds electrical supplies and other repair and maintenance related costs (\$0.7 million), increase in Water Rate Assistance Program (\$0.3 million), increases in Drought Induced Tree Removal related costs (\$0.2 million), and a net increase in various projects and programs (\$0.5 million). In FY 2027-28, Operating Outlays are projected to increase an additional \$0.8 million or 0.8% to \$99.1 million. This is mainly due to increases in salary and related costs per MOU (\$2.7 million), increases in intra-district costs (\$0.3 million), and offset by decreases in services and supplies for Clerk of the Board due to no election costs in FY 2027-28 (\$2.2 million).

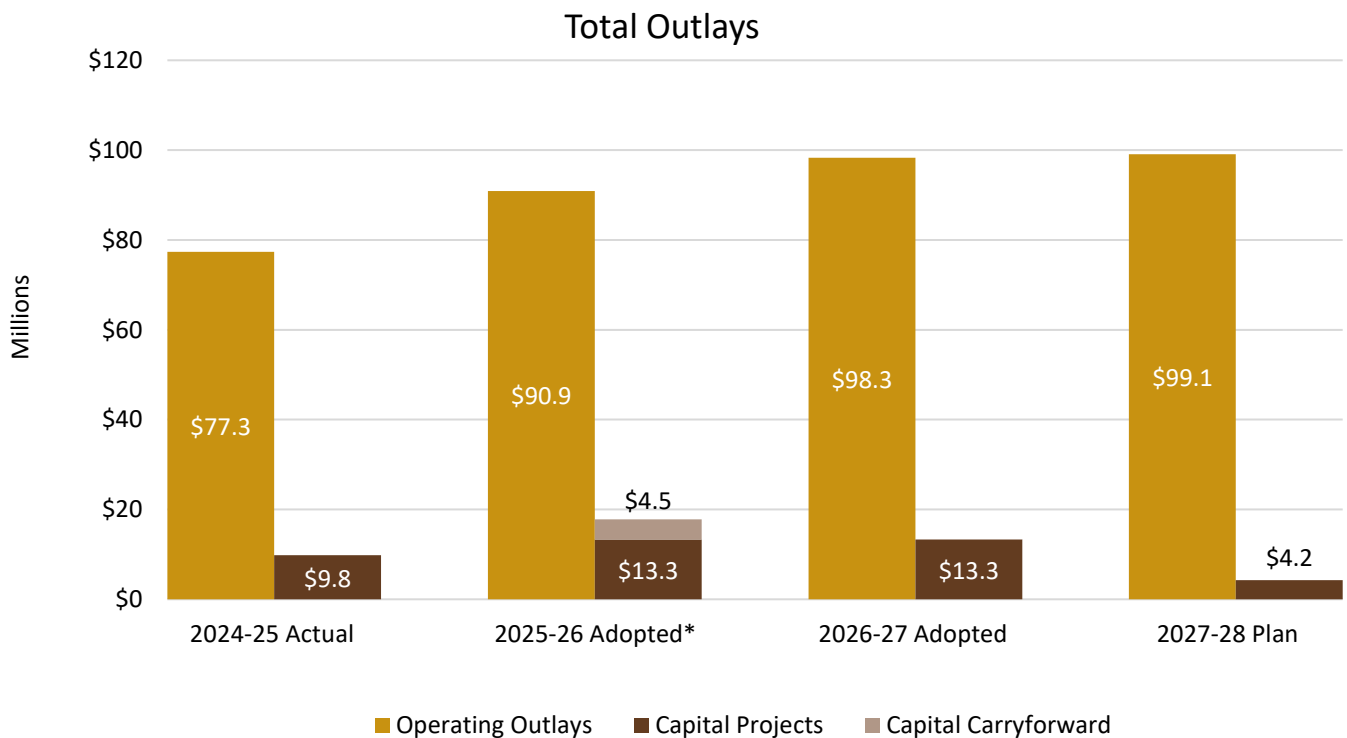
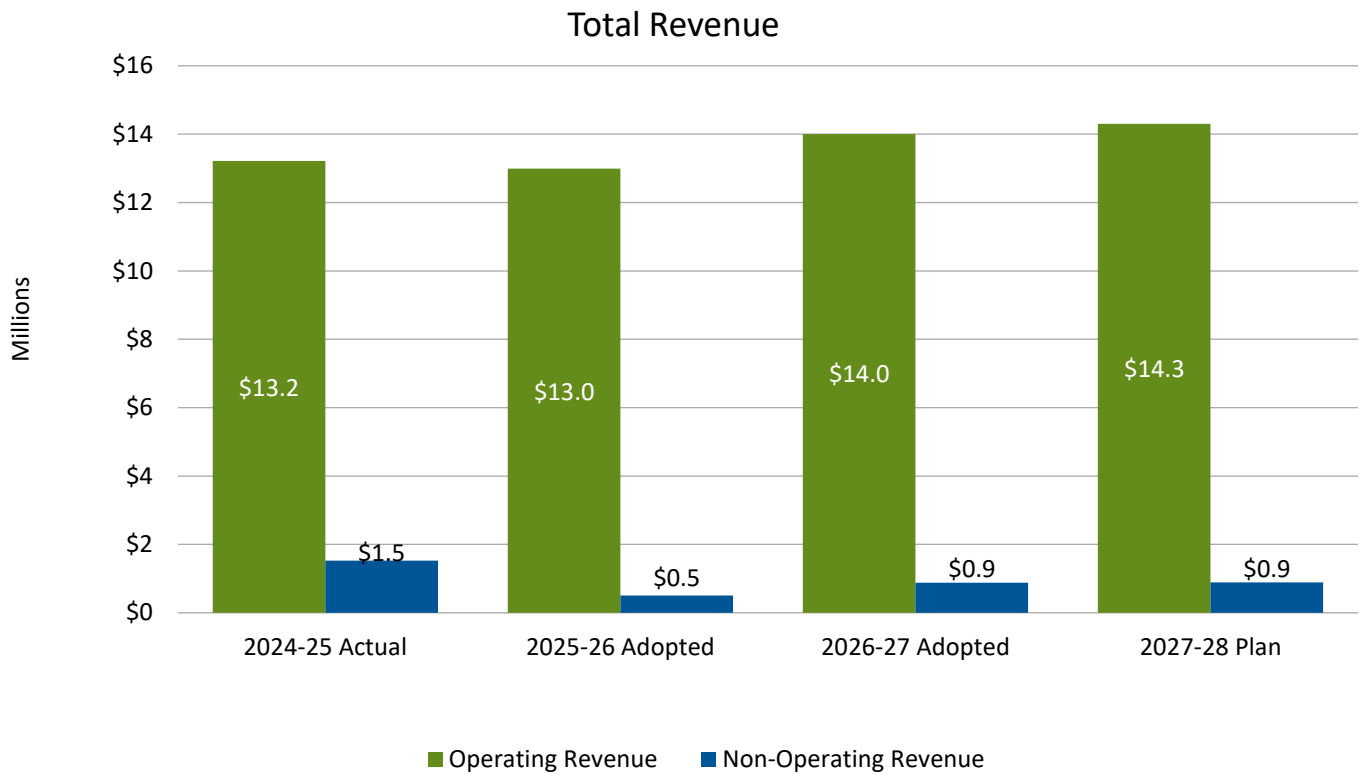
Fund Summaries

Operating Transfers In for FY 2026-27 are \$10.3 million made up of the Security Upgrades and Enhancements Capital Project (\$4.0 million) from the Safe Clean Water Fund (10%), the Watershed and Stream Stewardship (WSS) Fund (30%), and Water Utility Enterprise Fund (60%), Headquarters Operations Building Project (\$5.3 million) from the Safe Clean Water Fund (10%), the WSS Fund (30%), and Water Utility Enterprise Fund (60%), and Drought Induced Tree Removal (\$1.1 million) from the WSS Fund. Operating Transfers Out are projected to be \$2.2 million for the Open Space Credit to the Water Utility Enterprise Fund. For FY 2027-28, Operating Transfers In are projected to be \$0.9 million made up of the Headquarters Operations Building Project (\$0.1 million) from the Safe Clean Water Fund (10%), the WSS Fund (30%), and Water Utility Enterprise Fund (60%), the Security Upgrades and Enhancements Capital Project (\$0.1 million) from the Safe Clean Water Fund (10%), the WSS Fund (30%), and Water Utility Enterprise Fund (60%), and the Drought Induced Tree Removal Project (\$0.7 million) from the WSS Fund. Operating Transfers Out are projected to be \$1.9 million for the Open Space Credit to the Water Utility Enterprise Fund.

General Fund reserves are estimated at approximately \$12.1 million for FY 2026-27 and \$10.7 million for FY 2027-28 and are in compliance with the Valley Water Reserve Policy.

Fund Summaries

General Fund



*Capital projects includes current year budget and prior year capital budget carry forward in the lighter shade

Fund Summaries

General Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
REVENUE										
Operating Revenue										
Property Tax	\$	12,921,072	\$	12,992,800	\$	13,661,494	\$	14,006,575	\$	1,013,775 7.8%
Intergovernmental Services		295,618		-		-		-		- 0.0%
Total Operating Revenue	\$	13,216,690	\$	12,992,800	\$	13,661,494	\$	14,006,575	\$	1,013,775 7.8%
Non-Operating Revenue										
Interest Income *	\$	1,303,987	\$	443,000	\$	822,000	\$	822,000	\$	379,000 85.6%
Non-Operating Other		222,541		61,600		61,600		61,600		- 0.0%
Total Non-Operating Revenue	\$	1,526,528	\$	504,600	\$	883,600	\$	883,600	\$	379,000 75.1%
TOTAL REVENUE	\$	14,743,218	\$	13,497,400	\$	14,545,094	\$	14,890,175	\$	1,392,775 10.3%
OUTLAYS										
Operating Outlays										
Operations **	\$	77,336,609	\$	89,583,448	\$	89,811,448	\$	96,751,084	\$	7,167,636 8.0%
Operating Project		-		1,333,333		1,333,333		1,583,333		250,000 18.8%
Total Operating Outlays	\$	77,336,609	\$	90,916,781	\$	91,144,781	\$	98,334,417	\$	7,417,636 8.2%
Capital Outlays										
Capital Projects	\$	9,828,668	\$	13,319,270	\$	20,366,488	\$	13,345,702	\$	26,432 0.2%
Carryforward Capital Projects		-		4,491,484		-		123		(4,491,361) -100.0%
Total Capital Outlays	\$	9,828,668	\$	17,810,754	\$	20,366,488	\$	13,345,825	\$	(4,464,929) -25.1%
TOTAL OUTLAYS	\$	87,165,277	\$	108,727,535	\$	111,511,269	\$	111,680,242	\$	2,952,707 2.7%
Less Intra-District Reimbursements		(74,451,221)		(80,529,040)		(80,529,040)		(73,677,075)		6,851,965 -8.5%
NET OUTLAYS	\$	12,714,055	\$	28,198,495	\$	30,982,229	\$	38,003,167	\$	9,804,672 34.8%
OTHER FINANCING SOURCES/(USES)										
Transfers In	\$	7,238,212	\$	10,109,827	\$	10,109,827	\$	10,306,106	\$	196,279 1.9%
Transfers Out		(1,986,500)		-		-		(2,175,034)		(2,175,034) 0.0%
TOTAL OTHER SOURCES/(USES)	\$	5,251,712	\$	10,109,827	\$	10,109,827	\$	8,131,072	\$	(1,978,755) -19.6%
BALANCE AVAILABLE	\$	7,280,875	\$	(4,591,268)	\$	(6,327,308)	\$	(14,981,920)	\$	(10,390,652) 226.3%
YEAR-END RESERVES										
Committed Reserves										
Currently Authorized Projects ***	\$	7,047,342	\$	-	\$	124	\$	-	\$	- 0.0%
Operating and Capital Reserve		25,838,263		18,994,571		26,427,133		11,319,897		(7,674,673) -40.4%
Excess ERAF Contingency Reserve		565,602		694,104		696,642		822,082		127,978 18.4%
Total Committed Reserves	\$	33,451,207	\$	19,688,675	\$	27,123,899	\$	12,141,979	\$	(7,546,695) -38.3%
TOTAL YEAR-END RESERVES	\$	33,451,207	\$	19,688,675	\$	27,123,899	\$	12,141,979	\$	(7,546,695) -38.3%

Fund Summaries

General Fund Summary

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2025-26 Adopted	
	2024-25	2025-26	2025-26	2026-27	\$ Diff	% Diff

Outlay Summary By Account Type

OPERATING OUTLAY

Salaries and Benefits	\$	47,497,656	\$	52,670,799	\$	52,670,799	\$	55,150,183	\$	2,479,384	4.7%
Salary Savings Factor		-		(522,031)		(522,031)		(1,139,745)		(617,714)	118.3%
Services & Supplies		20,298,387		28,437,914		28,665,914		33,133,515		4,695,601	16.5%
Intra-District Charges		9,540,566		10,330,099		10,330,099		11,190,465		860,366	8.3%
OPERATING OUTLAY TOTAL	\$	77,336,609	\$	90,916,781	\$	91,144,781	\$	98,334,417	\$	7,417,636	8.2%

DEBT SERVICE

CAPITAL PROJECTS

Salaries and Benefits	\$	381,365	\$	404,173	\$	404,173	\$	213,093	\$	(191,080)	-47.3%
Salary Savings Factor		-		(4,104)		(4,104)		(4,462)		(358)	8.7%
Services & Supplies		9,350,534		12,815,015		19,862,233		13,067,292		252,277	2.0%
Carryforward Capital Projects		-		4,491,484		-		123		(4,491,361)	-100.0%
Intra-District Charges		96,770		104,187		104,187		69,779		(34,408)	-33.0%
CAPITAL PROJECTS TOTAL	\$	9,828,668	\$	17,810,754	\$	20,366,488	\$	13,345,825	\$	(4,464,929)	-25.1%

TOTAL OUTLAYS	\$	87,165,277	\$	108,727,535	\$	111,511,269	\$	111,680,242	\$	2,952,707	2.7%
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(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

General Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
									\$ Diff	% Diff
REVENUE										
Operating Revenue										
Property Tax	\$	12,921,072	\$	12,992,800	\$	14,006,575	\$	14,302,819	\$	296,244 2.1%
Intergovernmental Services		295,618		-		-		-		- 0.0%
Total Operating Revenue	\$	13,216,690	\$	12,992,800	\$	14,006,575	\$	14,302,819	\$	296,244 2.1%
Non-Operating Revenue										
Interest Income *	\$	1,303,987	\$	443,000	\$	822,000	\$	822,000	\$	- 0.0%
Non-Operating Other		222,541		61,600		61,600		62,832		1,232 2.0%
Total Non-Operating Revenue	\$	1,526,528	\$	504,600	\$	883,600	\$	884,832	\$	1,232 0.1%
TOTAL REVENUE	\$	14,743,218	\$	13,497,400	\$	14,890,175	\$	15,187,651	\$	297,476 2.0%
OUTLAYS										
Operating Outlays										
Operations **	\$	77,336,609	\$	89,583,448	\$	96,751,084	\$	97,505,113	\$	754,030 0.8%
Operating Project		-		1,333,333		1,583,333		1,583,333		- 0.0%
Total Operating Outlays	\$	77,336,609	\$	90,916,781	\$	98,334,417	\$	99,088,446	\$	754,030 0.8%
Capital Outlays										
Capital Projects	\$	9,828,668	\$	13,319,270	\$	13,345,702	\$	4,242,162	\$	(9,103,539) -68.2%
Carryforward Capital Projects		-		4,491,484		123		-		(123) -100.0%
Total Capital Outlays	\$	9,828,668	\$	17,810,754	\$	13,345,825	\$	4,242,162	\$	(9,103,662) -68.2%
TOTAL OUTLAYS	\$	87,165,277	\$	108,727,535	\$	111,680,242	\$	103,330,609	\$	(8,349,633) -7.5%
Less Intra-District Reimbursements		(74,451,221)		(80,529,040)		(73,677,075)		(87,744,700)		(14,067,625) 19.1%
NET OUTLAYS	\$	12,714,055	\$	28,198,495	\$	38,003,167	\$	15,585,909	\$	(22,417,258) -59.0%
OTHER FINANCING SOURCES/(USES)										
Transfers In	\$	7,238,212	\$	10,109,827	\$	10,306,106	\$	869,487	\$	(9,436,619) -91.6%
Transfers Out		(1,986,500)		-		(2,175,034)		(1,874,779)		300,255 -13.8%
TOTAL OTHER SOURCES/(USES)	\$	5,251,712	\$	10,109,827	\$	8,131,072	\$	(1,005,292)	\$	(9,136,364) -112.4%
BALANCE AVAILABLE	\$	7,280,875	\$	(4,591,268)	\$	(14,981,920)	\$	(1,403,550)	\$	13,578,370 -90.6%
YEAR-END RESERVES										
Committed Reserves										
Currently Authorized Projects ***	\$	7,047,342	\$	-	\$	-	\$	-	\$	- 0.0%
Operating and Capital Reserve		25,838,263		18,994,571		11,319,897		9,790,908		(1,528,990) -13.5%
Excess ERAF Contingency Reserve		565,602		694,104		822,082		947,522		125,440 15.3%
Total Committed Reserves	\$	33,451,207	\$	19,688,675	\$	12,141,979	\$	10,738,430	\$	(1,403,550) -11.6%
TOTAL YEAR-END RESERVES	\$	33,451,207	\$	19,688,675	\$	12,141,979	\$	10,738,430	\$	(1,403,550) -11.6%

Fund Summaries

General Fund Summary

		Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted \$ Diff % Diff
Outlay Summary By Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	47,497,656	\$	52,670,799	\$	55,150,183	\$	57,793,104	\$	2,642,921 4.8%
Salary Savings Factor		-		(522,031)		(1,139,745)		(1,187,211)		(47,465) 4.2%
Services & Supplies		20,298,387		28,437,914		33,133,515		30,967,246		(2,166,268) -6.5%
Intra-District Charges		9,540,566		10,330,099		11,190,465		11,515,307		324,842 2.9%
OPERATING OUTLAY TOTAL	\$	77,336,609	\$	90,916,781	\$	98,334,417	\$	99,088,446	\$	754,030 0.8%
DEBT SERVICE										
CAPITAL PROJECTS										
Salaries and Benefits	\$	381,365	\$	404,173	\$	213,093	\$	63,495	\$	(149,598) -70.2%
Salary Savings Factor		-		(4,104)		(4,462)		(1,323)		3,139 -70.4%
Services & Supplies		9,350,534		12,815,015		13,067,292		4,142,487		(8,924,805) -68.3%
Carryforward Capital Projects		-		4,491,484		123		-		(123) -100.0%
Intra-District Charges		96,770		104,187		69,779		37,504		(32,275) -46.3%
CAPITAL PROJECTS TOTAL	\$	9,828,668	\$	17,810,754	\$	13,345,825	\$	4,242,162	\$	(9,103,662) -68.2%
TOTAL OUTLAYS										
	\$	87,165,277	\$	108,727,535	\$	111,680,242	\$	103,330,609	\$	(8,349,633) -7.5%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liabilities

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

Fund Summaries

Total Outlays - General Fund

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
60021008	Energy Management	103,695	121,231	111,194	151,964	Treated Water
60041003	Hollister Groundwater Mgmt	9,970	43,125	44,573	46,187	Raw Water
60061012	Facilities Env Compliance	288,025	269,711	280,566	302,799	Emergency, Safety & Security
60061018	General Services Div Admin	1,279,868	1,795,283	1,877,092	1,971,632	General Services
60061023	Districtwide Salary Savings-11	–	(522,031)	(1,139,745)	(1,187,211)	Financial Planning & Management
60061055	Asset Management Program	415,945	517,117	447,065	524,367	Office of Integrated Water Management
60061058	Drought Induced Tree Removal	1,167,009	865,546	1,054,354	738,193	Watersheds Operations & Maintenance
60071041	Welding Services	15,132	25,334	20,820	25,203	General Services
60091001	Directors Fees / Expenses	546,833	639,800	1,335,959	671,751	Office of the Clerk of the Board
60101001	Purchasing Services	1,785,782	2,485,820	2,727,914	2,854,285	General Services
60101002	Building and Grounds	10,493,927	11,210,652	12,748,634	13,234,134	General Services
60101005	Districtwide Signage	200	460,726	463,526	482,112	General Services
60101008	District Security Services	4,047,020	5,911,104	6,144,133	6,348,952	Emergency, Safety & Security
60111002	General Accounting Services	5,632,928	6,237,114	6,733,363	7,062,988	Financial Planning & Management
60111006	Contract Services	2,557,428	2,592,658	2,742,312	2,866,151	General Services
60121003	LT Financial Planning & Rate S	263,600	258,576	254,262	279,222	Financial Planning & Management
60131007	Ofc of Chief Executive Officer	2,236,589	1,792,100	1,878,855	1,989,524	Office of the CEO
60131014	Continual Improvement	757,307	882,735	822,361	851,262	Financial Planning & Management
60141001	District Counsel	6,101,996	6,174,306	6,464,926	6,817,280	Office of the District Counsel
60171002	Education & Volunteer Program	861,869	1,153,546	1,253,380	1,329,090	Office of the CEA
60171009	Community Relations	272,628	265,011	278,553	289,596	Office of the CEA
60221001	Budget and Financial Analyses	2,243,594	2,435,460	2,574,717	2,663,091	Financial Planning & Management
60221002	Debt & Treasury Management	1,610,243	1,657,577	1,785,487	1,957,083	Financial Planning & Management
60221003	FPMD Administration	687,211	696,298	696,847	745,681	Financial Planning & Management
60231002	Communications	1,778,484	1,756,507	1,845,688	1,922,429	Office of the CEA
60231003	Federal Government Relations	1,325,659	1,200,120	1,697,547	1,784,316	Office of the CEA
60231004	State Government Relations	1,336,954	1,542,323	1,472,324	1,558,784	Office of the CEA
60231005	Local Government Relations	2,075,096	2,129,142	2,201,958	2,280,790	Office of the CEA
60231006	Office of Chief of Ext Affairs	1,380,899	1,394,566	1,411,639	1,485,927	Office of the CEA
60241026	Quality and Env Mgmt Sys Prog	361,992	675,980	467,358	484,272	Financial Planning & Management
60281003	Ethics & EEO Programs	213,845	930,938	1,036,517	1,077,144	Human Resources
60281006	Reasonable Accommodation	152	60,000	60,000	61,800	Human Resources
60291003	Labor Relations	1,016,830	901,549	890,087	939,682	Human Resources
60291011	HR Program Admin	1,484,608	2,048,440	2,071,755	2,190,201	Human Resources
60291032	Bargaining Unit Representation	127,145	135,200	113,902	110,861	Human Resources
60291040	Rotation Program	9,292	–	–	–	Human Resources
60291041	Internship Program	960,922	1,035,550	1,035,550	1,066,616	Human Resources
60301001	Clerk of the Board Serv	3,381,721	2,925,533	5,981,940	3,278,005	Office of the Clerk of the Board
60311001	Records & Library Services	1,341,414	1,257,285	900,564	935,316	Information Technology
60351001	Business & Customer SupportSvc	2,433,744	3,455,697	3,666,679	3,833,745	General Services
60601010	Emergency Activation	(9)	–	–	–	Emergency, Safety & Security
60601013	Covid 19	27,645	–	–	–	Emergency, Safety & Security
60811046	Warehouse Services	493,727	602,436	622,521	693,554	General Services
60131004	AS Administration	1,668,139	2,597,348	2,642,406	2,749,713	Office of the COO Admin Services
60231007	Internal Communications	724,030	768,262	826,242	846,568	Office of the CEA
60361002	Graphic Services	1,115,977	1,473,761	1,535,168	1,627,868	Office of the CEA
60601015	EOC - Storm 2022-12-30	428,735	–	–	–	Emergency, Safety & Security
60291001	Recruitment and Selection Program	2,276,627	2,873,128	2,902,982	3,040,491	Human Resources
60291002	Benefits and Wellness Program	1,566,119	1,762,564	1,882,790	1,918,416	Human Resources

Fund Summaries

Total Outlays - General Fund

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
60291004	Workforce Development Program	2,196,024	3,894,795	3,078,757	3,229,838	Human Resources
60291005	Classification & Compensation Pgm	—	195,000	954,957	1,010,199	Human Resources
60291030	HRIS Admin & Data Analytics Pgm	940,341	1,406,441	1,454,947	1,590,912	Human Resources
60291044	Next-Gen Program	777,742	1,306,336	1,334,335	1,453,090	Human Resources
60171010	Community Benefits Project	1,241,886	1,309,553	1,188,147	1,434,762	Office of the CEA
60601017	EOC - Storm 2024-02/04	35	—	—	—	Emergency, Safety & Security
60281004	Office of REDI	1,272,036	1,676,197	1,573,177	1,584,478	Office of the CEA
60001090	CEO Unscoped Projects-Budget Only	—	100,000	100,000	100,000	Office of the CEO
60001091	Admin Unscoped Projects-Budget	—	100,000	100,000	100,000	Office of the COO Admin Services
60001092	CEA Unscoped Project-Budget Only	—	100,000	100,000	100,000	Office of the CEA
Total Operations		77,336,609	89,583,448	96,751,084	97,505,113	
Operating Project						
60232001	Water Rate Assistance Program	—	1,333,333	1,583,333	1,583,333	Office of the CEA
Total Operating Projects		—	1,333,333	1,583,333	1,583,333	
Capital						
60064023	Districtwide Salary Savings	—	(4,104)	(4,462)	(1,323)	Financial Planning & Management
60074033	CIP Development & Admin	14,001	16,284	18,482	18,875	Office of Integrated Water Management
60074036	Survey Mgmt & Tech Support	5,060	6,739	26,161	28,582	Office of Integrated Water Management
60204016	Small Caps, Facility Mgmt	6,633,253	4,006,000	4,000,000	4,000,000	General Services
60204032	Headquarters Operations Bldg	411,623	4,025,130	5,286,606	54,705	General Services
60204022	Security Upgrades and Enhancement	2,732,519	5,219,152	3,965,271	76,587	General Services
60074041	Construction Contracts and Support	14,539	19,057	21,686	23,160	General Services
60074042	Capital Project Mgmt & Controls	11,918	13,496	17,093	18,323	Office of Integrated Water Management
60074047	Computer-Aided Design for	5,755	17,517	14,865	23,254	Office of Integrated Water Management
Total Capital		9,828,668	13,319,270	13,345,702	4,242,162	
Total		87,165,277	104,236,051	111,680,119	103,330,609	

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SERVICE FUNDS

Fund Summaries

Service Funds Overview

Valley Water manages three Internal Service Funds - the Fleet Management Fund, the Risk Management Fund, and the Information Technology Fund. These funds provide goods and services to the entire organization and recover costs through intra-district reimbursements (also known as overhead costs). Intra-district reimbursements are charges to other departments for services equal to the cost of operations and to maintain adequate reserves in accordance with the Valley Water 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 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). Intra-district reimbursements for FY 2026-27 total \$9.6 million with an overhead rate of 7.3% and \$10.8 million for FY 2027-28 with an overhead rate of 7.8%.

Key Highlights

The following are key highlights for the upcoming fiscal year:

- Replacement of vehicles and equipment in accordance with Valley Water's vehicle and equipment replacement criteria (i.e., 12-year or 125,000-miles).
- Expand Valley Water's Electric Vehicle Fleet portfolio and increase access to vehicle charging facilities.
- Compliance with California Air Resources Board regulations to reduce air pollution caused by diesel-powered equipment.
- Continue technical training for Equipment Management Unit Technicians in current and up and coming technologies.

Risk Management Fund

This fund was established to provide for liability, property, terrorism, cyber, drone, non-owned aircraft, crime insurance, and self-insurance costs. Included in this fund is a reserve for catastrophic uninsured property loss and liability claims set at levels prescribed by actuarial studies.

Intra-district reimbursements for FY 2026-27 total \$12.1 million with an overhead rate of 9.3% and \$13.1 million for FY 2027-28 with an overhead rate of 9.5%.

Fund Summaries

Key Highlights

The following are key highlights for the upcoming fiscal year:

- Continue to administer the Liability and Property programs in a manner that provides prompt and fair adjustment of claims and losses.
- Continue to protect assets by identifying and evaluating loss exposures and applying effective risk management techniques to reduce or eliminate risk.

Information Technology Fund

The Information Technology Fund was established to capture the operation, maintenance, and replacement costs to support the technology and information security needs of Valley Water. It accounts for all network, data center, telecom, servers, computers, and business and support applications. Intra-district reimbursements for FY 2026-27 total \$35.5 million with an overhead rate of 28.2%, and \$35.8 million for FY 2027-28 with an overhead rate of 27.1%.

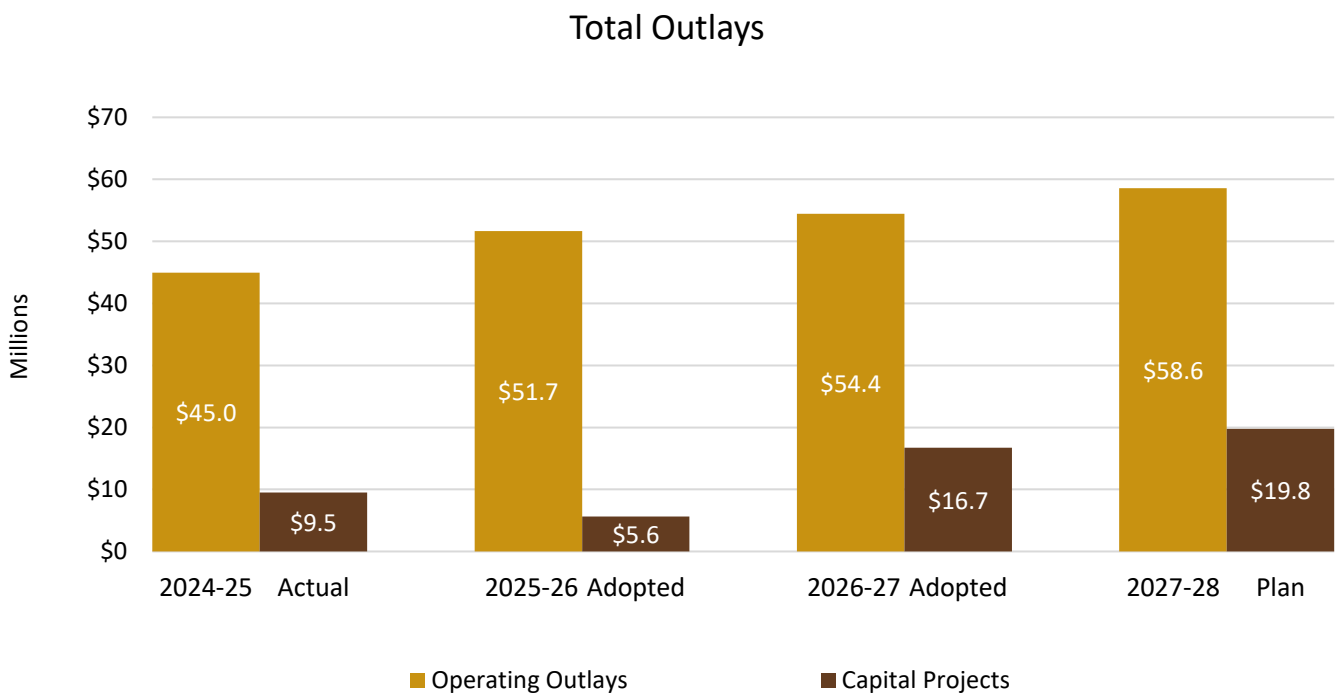
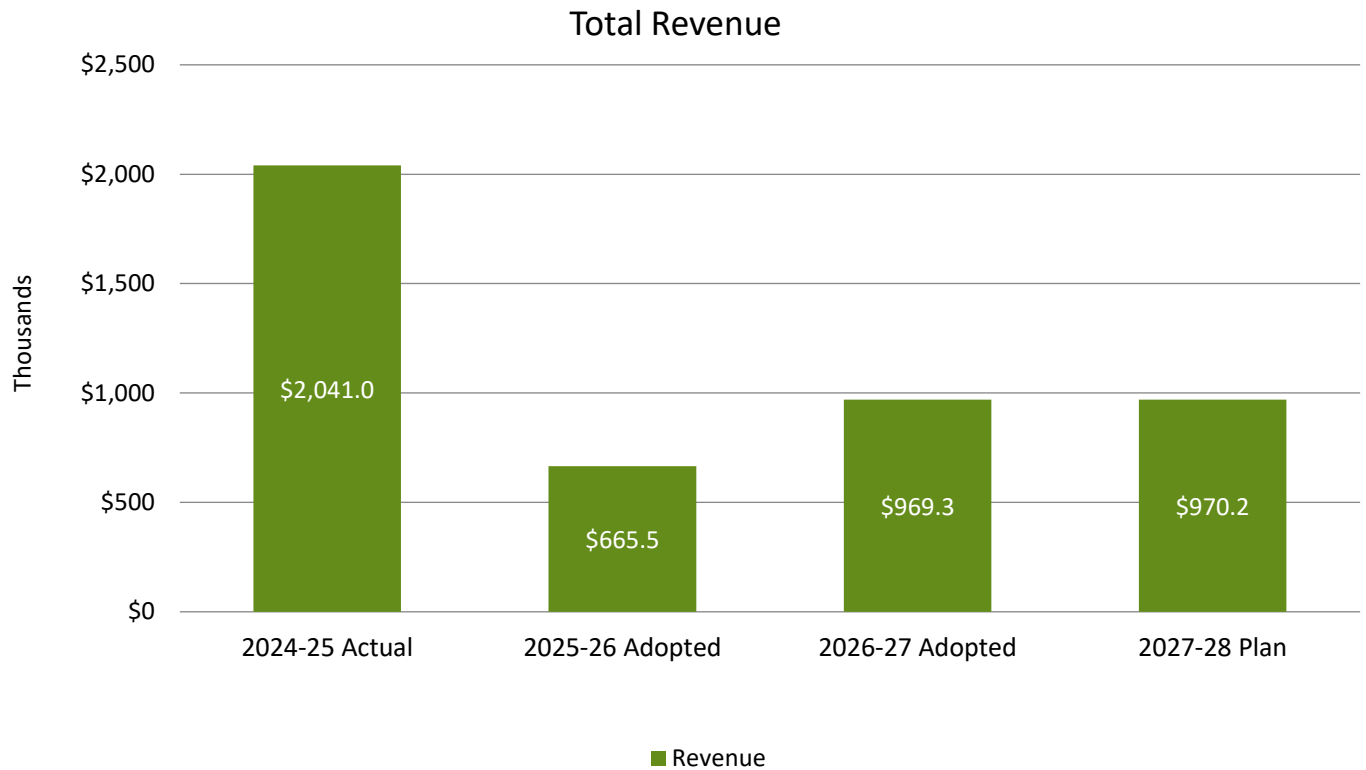
Key Highlights

The following are key highlights for the upcoming fiscal year:

- Implement the Payroll bolt on solution to our existing ERP systems, and enhance Procurement, and Expense management, to achieve higher operational efficiency.
- Continue improving Valley Water cybersecurity posture, tools, and safeguards, reducing the likelihood of a security breach or ransomware attack.
- Pursue innovative solutions to provide AI-based tools and services to enhance employee efficiency and quality of work.
- Provide education in technology, specific applications, and general concepts to Valley Water staff.
- Improve IT Disaster Recovery services and modernize backup technologies to enhance resiliency and redundancy.
- Create standardized IT Project Management processes, practices, and metrics.
- Upgrade desktop applications and hardware to enhance usability, reliability, and supportability.
- Enhance virtual desktop infrastructure, providing greater performance, service, and functionality for Valley Water employees.
- Increase IT's value to Valley Water through right-sizing application licensing, application rationalization, and continued partnership with procurement.
- Develop a long-term strategy for communication, collaboration, and file storage.
- Standardize conference room technology (AV) across all Valley Water sites.
- Develop a long-term strategy for remote communications at Water Utility Enterprise sites.

Fund Summaries

Service Funds Combined



Fund Summaries

Service Funds Combined Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Change from 2025-26 Adopted	
					\$ Diff	% Diff
REVENUE						
Interest Income *	\$ 1,590,507	\$ 624,000	\$ 927,000	\$ 927,000	\$ 303,000	48.6%
Non-Operating Other	450,517	41,500	41,500	42,330	830	2.0%
TOTAL REVENUE	\$ 2,041,024	\$ 665,500	\$ 968,500	\$ 969,330	\$ 303,830	45.7%
OUTLAYS						
Operating Outlays						
Operations **	\$ 44,974,994	\$ 51,657,618	\$ 51,657,618	\$ 54,440,812	\$ 2,783,195	5.4%
Total Operating Outlays	\$ 44,974,994	\$ 51,657,618	\$ 51,657,618	\$ 54,440,812	\$ 2,783,195	5.4%
Capital Outlays						
Capital Projects	\$ 9,505,379	\$ 5,641,546	\$ 6,144,000	\$ 16,730,954	\$ 11,089,408	196.6%
Carryforward Capital Projects	-	454	-	(454)	(908)	-200.0%
Total Capital Outlays	\$ 9,505,379	\$ 5,642,000	\$ 6,144,000	\$ 16,730,500	\$ 11,088,500	196.5%
TOTAL OUTLAYS	\$ 54,480,373	\$ 57,299,618	\$ 57,801,618	\$ 71,171,312	\$ 13,871,695	24.2%
Less Intra-District Reimbursements	(46,853,888)	(51,191,435)	(51,191,434)	(57,201,185)	(6,009,750)	11.7%
NET OUTLAYS	\$ 7,626,485	\$ 6,108,183	\$ 6,610,183	\$ 13,970,127	\$ 7,861,945	128.7%
OTHER FINANCING SOURCES/(USES)						
Transfers In	\$ 7,001,300	\$ 3,561,546	\$ 4,063,546	\$ 13,292,500	\$ 9,730,954	273.2%
TOTAL OTHER SOURCES/(USES)	\$ 7,001,300	\$ 3,561,546	\$ 4,063,546	\$ 13,292,500	\$ 9,730,954	273.2%
BALANCE AVAILABLE	\$ 1,415,839	\$ (1,881,137)	\$ (1,578,137)	\$ 291,703	\$ 2,172,839	-115.5%
YEAR-END RESERVES						
Committed Reserves						
Currently Authorized Projects	\$ 107,920	\$ 123,126	\$ 107,466	\$ 107,920	\$ (15,206)	-12.3%
Operating and Capital Reserve	12,067,038	5,311,373	7,502,982	8,009,057	2,697,684	50.8%
Liability/Workers' Comp Self-Insurance	8,337,000	11,476,000	11,476,000	11,476,000	-	0.0%
Property Self-Insurance/Catastrophic	10,693,087	6,529,910	10,540,460	10,325,633	3,795,723	58.1%
Total Committed Reserves	\$ 31,205,045	\$ 23,440,409	\$ 29,626,908	\$ 29,918,610	\$ 6,478,201	27.6%
TOTAL YEAR-END RESERVES	\$ 31,205,045	\$ 23,440,409	\$ 29,626,908	\$ 29,918,610	\$ 6,478,201	27.6%

Fund Summaries

Service Funds Combined Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
Outlay Summary By Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	14,530,156	\$	16,707,530	\$	16,707,530	\$	17,752,697	\$	1,045,166 6.3%
Salary Savings Factor		-		(165,229)		(165,229)		(365,979)		(200,750) 121.5%
Services & Supplies		23,234,649		26,959,326		26,959,326		29,448,294		2,488,968 9.2%
Intra-District Charges		7,210,190		8,155,990		8,155,990		7,605,800		(550,190) -6.7%
OPERATING OUTLAY TOTAL	\$	44,974,994	\$	51,657,618	\$	51,657,618	\$	54,440,812	\$	2,783,195 5.4%
CAPITAL PROJECTS										
Salaries and Benefits	\$	29,463	\$	-	\$	-	\$	-	\$	- 0.0%
Services & Supplies		9,458,023		5,641,546		6,144,000		16,730,954		11,089,408 196.6%
Carryforward Capital Projects		-		454		-		(454)		(908) -200.0%
Intra-District Charges		17,892		-		-		-		- 0.0%
CAPITAL PROJECTS TOTAL	\$	9,505,379	\$	5,642,000	\$	6,144,000	\$	16,730,500	\$	11,088,500 196.5%
TOTAL OUTLAYS										
	\$	54,480,373	\$	57,299,618	\$	57,801,618	\$	71,171,312	\$	13,871,695 24.2%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Service Funds Combined Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27	
					\$ Diff	% Diff
REVENUE						
Interest Income *	\$ 1,590,507	\$ 624,000	\$ 927,000	\$ 927,000	\$ -	0.0%
Non-Operating Other	450,517	41,500	42,330	43,177	847	2.0%
TOTAL REVENUE	\$ 2,041,024	\$ 665,500	\$ 969,330	\$ 970,177	\$ 847	0.1%
OUTLAYS						
Operating Outlays						
Operations **	\$ 44,974,994	\$ 51,657,618	\$ 54,440,812	\$ 58,596,417	\$ 4,155,604	7.6%
Total Operating Outlays	\$ 44,974,994	\$ 51,657,618	\$ 54,440,812	\$ 58,596,417	\$ 4,155,604	7.6%
Capital Outlays						
Capital Projects	\$ 9,505,379	\$ 5,641,546	\$ 16,730,954	\$ 19,762,540	\$ 3,031,586	18.1%
Carryforward Capital Projects	-	454	(454)	-	454	-100.0%
Total Capital Outlays	\$ 9,505,379	\$ 5,642,000	\$ 16,730,500	\$ 19,762,540	\$ 3,032,040	18.1%
TOTAL OUTLAYS	\$ 54,480,373	\$ 57,299,618	\$ 71,171,312	\$ 78,358,957	\$ 7,187,644	10.1%
Less Intra-District Reimbursements	(46,853,888)	(51,191,435)	(57,201,185)	(59,682,230)	(2,481,045)	4.3%
NET OUTLAYS	\$ 7,626,485	\$ 6,108,183	\$ 13,970,127	\$ 18,676,726	\$ 4,706,599	33.7%
OTHER FINANCING SOURCES/(USES)						
Transfers In	\$ 7,001,300	\$ 3,561,546	\$ 13,292,500	\$ 15,016,548	\$ 1,724,048	13.0%
TOTAL OTHER SOURCES/(USES)	\$ 7,001,300	\$ 3,561,546	\$ 13,292,500	\$ 15,016,548	\$ 1,724,048	13.0%
BALANCE AVAILABLE	\$ 1,415,839	\$ (1,881,137)	\$ 291,703	\$ (2,690,001)	\$ (2,981,704)	-1022.2%
YEAR-END RESERVES						
Committed Reserves						
Currently Authorized Projects	\$ 107,920	\$ 123,126	\$ 107,920	\$ 107,920	\$ -	0.0%
Operating and Capital Reserve	12,067,038	5,311,373	8,009,057	5,265,841	(2,743,216)	-34.3%
Liability/Workers' Comp Self-Insurance	8,337,000	11,476,000	11,476,000	11,476,000	-	0.0%
Property Self-Insurance/Catastrophic	10,693,087	6,529,910	10,325,633	10,378,848	53,215	0.5%
Total Committed Reserves	\$ 31,205,045	\$ 23,440,409	\$ 29,918,610	\$ 27,228,609	\$ (2,690,001)	-9.0%
TOTAL YEAR-END RESERVES	\$ 31,205,045	\$ 23,440,409	\$ 29,918,610	\$ 27,228,609	\$ (2,690,001)	-9.0%

Fund Summaries

Service Funds Combined Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27	
					\$ Diff	% Diff
Outlay Summary By Account Type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 14,530,156	\$ 16,707,530	\$ 17,752,697	\$ 18,651,642	\$ 898,945	5.1%
Salary Savings Factor	-	(165,229)	(365,979)	(381,256)	(15,278)	4.2%
Services & Supplies	23,234,649	26,959,326	29,448,294	31,581,594	2,133,300	7.2%
Intra-District Charges	7,210,190	8,155,990	7,605,800	8,744,437	1,138,636	15.0%
OPERATING OUTLAY TOTAL	\$ 44,974,994	\$ 51,657,618	\$ 54,440,812	\$ 58,596,417	\$ 4,155,604	7.6%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 29,463	\$ -	\$ -	\$ -	-	0.0%
Services & Supplies	9,458,023	5,641,546	16,730,954	19,762,540	3,031,586	18.1%
Carryforward Capital Projects	-	454	(454)	-	454	-100.0%
Intra-District Charges	17,892	-	-	-	-	0.0%
CAPITAL PROJECTS TOTAL	\$ 9,505,379	\$ 5,642,000	\$ 16,730,500	\$ 19,762,540	\$ 3,032,040	18.1%
TOTAL OUTLAYS	\$ 54,480,373	\$ 57,299,618	\$ 71,171,312	\$ 78,358,957	\$ 7,187,644	10.1%

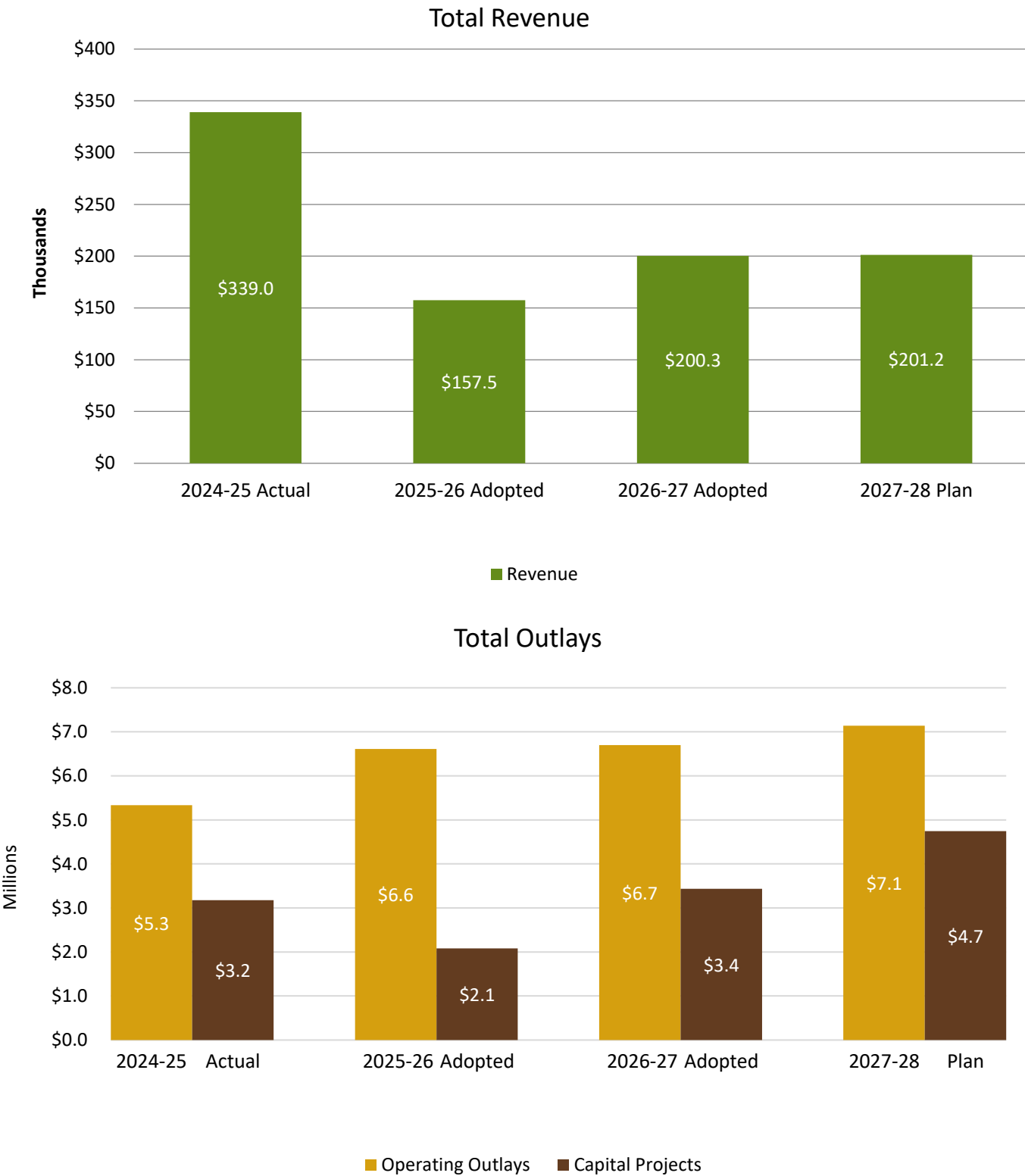
(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Fleet Management Fund



Fund Summaries

Fleet Management Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
REVENUE										
Interest Income *	\$	297,241	\$	116,000	\$	158,000	\$	158,000	\$	42,000 36.2%
Non-Operating Other		41,773		41,500		41,500		42,330		830 2.0%
TOTAL REVENUE	\$	339,014	\$	157,500	\$	199,500	\$	200,330	\$	42,830 27.2%
OUTLAYS										
Operating Outlays										
Operations **	\$	5,332,891	\$	6,610,985	\$	6,610,985	\$	6,697,017	\$	86,032 1.3%
Total Operating Outlays	\$	5,332,891	\$	6,610,985	\$	6,610,985	\$	6,697,017	\$	86,032 1.3%
Capital Outlays										
Capital Projects	\$	3,176,245	\$	2,080,000	\$	2,080,000	\$	3,438,000	\$	1,358,000 65.3%
Total Capital Outlays	\$	3,176,245	\$	2,080,000	\$	2,080,000	\$	3,438,000	\$	1,358,000 65.3%
TOTAL OUTLAYS	\$	8,509,137	\$	8,690,985	\$	8,690,985	\$	10,135,017	\$	1,444,032 16.6%
Less Intra-District Reimbursements		(6,553,958)		(7,390,985)		(7,390,985)		(9,603,108)		(2,212,123) 29.9%
NET OUTLAYS	\$	1,955,179	\$	1,300,000	\$	1,300,000	\$	531,909	\$	(768,091) -59.1%
BALANCE AVAILABLE	\$	(1,616,165)	\$	(1,142,500)	\$	(1,100,500)	\$	(331,579)	\$	810,921 -71.0%
YEAR-END RESERVES										
Committed Reserves										
Operating and Capital Reserve	\$	3,435,882	\$	1,961,824	\$	2,335,382	\$	2,003,803	\$	41,979 2.1%
Total Committed Reserves	\$	3,435,882	\$	1,961,824	\$	2,335,382	\$	2,003,803	\$	41,979 2.1%
TOTAL YEAR-END RESERVES	\$	3,435,882	\$	1,961,824	\$	2,335,382	\$	2,003,803	\$	41,979 2.1%
Outlay Summary By Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	1,931,738	\$	2,392,370	\$	2,392,370	\$	2,373,013	\$	(19,357) -0.8%
Salary Savings Factor		-		(22,041)		(22,041)		(44,459)		(22,418) 101.7%
Services & Supplies		2,428,663		2,957,750		2,957,750		3,230,640		272,890 9.2%
Intra-District Charges		972,490		1,282,906		1,282,906		1,137,823		(145,083) -11.3%
OPERATING OUTLAY TOTAL	\$	5,332,891	\$	6,610,985	\$	6,610,985	\$	6,697,017	\$	86,032 1.3%
CAPITAL PROJECTS										
Services & Supplies	\$	3,176,245	\$	2,080,000	\$	2,080,000	\$	3,438,000	\$	1,358,000 65.3%
CAPITAL PROJECTS TOTAL	\$	3,176,245	\$	2,080,000	\$	2,080,000	\$	3,438,000	\$	1,358,000 65.3%
TOTAL OUTLAYS	\$	8,509,137	\$	8,690,985	\$	8,690,985	\$	10,135,017	\$	1,444,032 16.6%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Fleet Management Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted		
									\$ Diff	% Diff	
REVENUE											
Interest Income *	\$	297,241	\$	116,000	\$	158,000	\$	158,000	\$	-	0.0%
Non-Operating Other		41,773		41,500		42,330		43,177		847	2.0%
TOTAL REVENUE	\$	339,014	\$	157,500	\$	200,330	\$	201,177	\$	847	0.4%
OUTLAYS											
Operating Outlays											
Operations **	\$	5,332,891	\$	6,610,985	\$	6,697,017	\$	7,138,963	\$	441,947	6.6%
Total Operating Outlays	\$	5,332,891	\$	6,610,985	\$	6,697,017	\$	7,138,963	\$	441,947	6.6%
Capital Outlays											
Capital Projects	\$	3,176,245	\$	2,080,000	\$	3,438,000	\$	4,746,000	\$	1,308,000	38.0%
Total Capital Outlays	\$	3,176,245	\$	2,080,000	\$	3,438,000	\$	4,746,000	\$	1,308,000	38.0%
TOTAL OUTLAYS	\$	8,509,137	\$	8,690,985	\$	10,135,017	\$	11,884,963	\$	1,749,947	17.3%
Less Intra-District Reimbursements		(6,553,958)		(7,390,985)		(9,603,108)		(10,772,555)		(1,169,447)	12.2%
NET OUTLAYS	\$	1,955,179	\$	1,300,000	\$	531,909	\$	1,112,409	\$	580,500	109.1%
BALANCE AVAILABLE	\$	(1,616,165)	\$	(1,142,500)	\$	(331,579)	\$	(911,232)	\$	(579,653)	174.8%
YEAR-END RESERVES											
Committed Reserves											
Operating and Capital Reserve	\$	3,435,882	\$	1,961,824	\$	2,003,803	\$	1,092,571	\$	(911,232)	-45.5%
Total Committed Reserves	\$	3,435,882	\$	1,961,824	\$	2,003,803	\$	1,092,571	\$	(911,232)	-45.5%
TOTAL YEAR-END RESERVES	\$	3,435,882	\$	1,961,824	\$	2,003,803	\$	1,092,571	\$	(911,232)	-45.5%
Outlay Summary By Account Type											
OPERATING OUTLAY											
Salaries and Benefits	\$	1,931,738	\$	2,392,370	\$	2,373,013	\$	2,476,797	\$	103,785	4.4%
Salary Savings Factor		-		(22,041)		(44,459)		(45,943)		(1,484)	3.3%
Services & Supplies		2,428,663		2,957,750		3,230,640		3,442,058		211,418	6.5%
Intra-District Charges		972,490		1,282,906		1,137,823		1,266,051		128,228	11.3%
OPERATING OUTLAY TOTAL	\$	5,332,891	\$	6,610,985	\$	6,697,017	\$	7,138,963	\$	441,947	6.6%
CAPITAL PROJECTS											
Services & Supplies	\$	3,176,245	\$	2,080,000	\$	3,438,000	\$	4,746,000	\$	1,308,000	38.0%
CAPITAL PROJECTS TOTAL	\$	3,176,245	\$	2,080,000	\$	3,438,000	\$	4,746,000	\$	1,308,000	38.0%
TOTAL OUTLAYS	\$	8,509,137	\$	8,690,985	\$	10,135,017	\$	11,884,963	\$	1,749,947	17.3%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

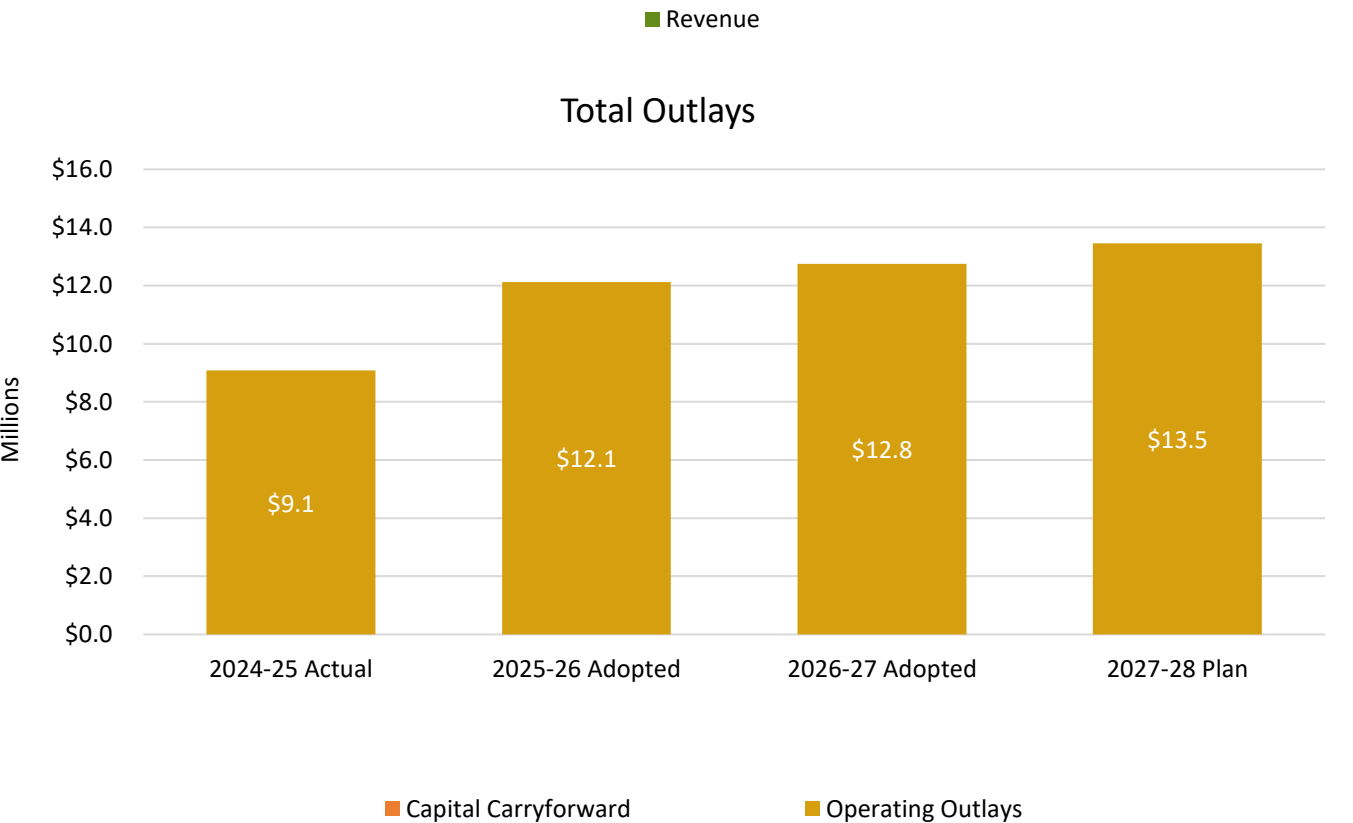
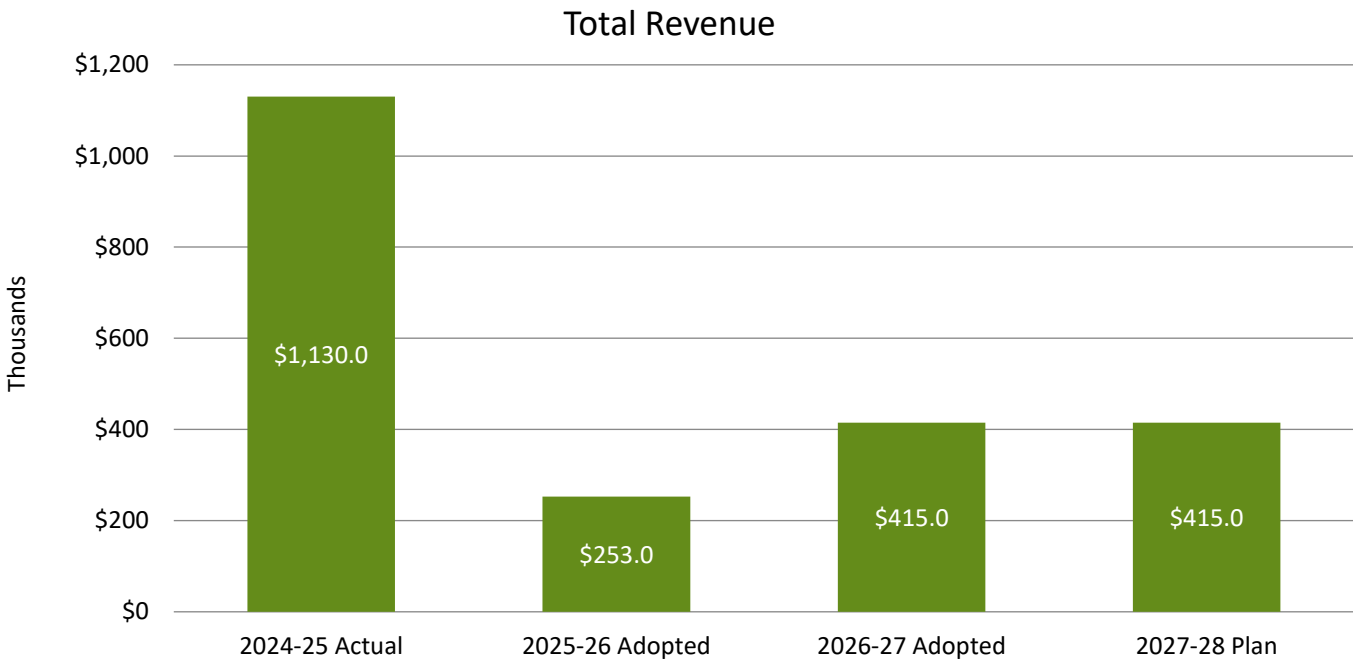
Fund Summaries

Total Outlays - Fleet Management Fund

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
70011099	Class I Equip Oper / Maint	1,040,638	1,469,105	1,640,494	1,726,849	General Services
70021099	Class II Equip Oper / Maint	1,048,129	1,088,120	1,209,769	1,295,925	General Services
70031099	Class III Equip Oper / Maint	344,510	611,024	746,184	799,672	General Services
70041099	Class IV Equip Oper / Maint	1,408,122	1,489,663	1,603,472	1,713,738	General Services
70061003	Vehicle & Equipment Admin&Mgmt	1,446,096	1,899,110	1,479,096	1,573,113	General Services
70061004	Districtwide Salary Savings-71	—	(22,041)	(44,459)	(45,943)	Financial Planning & Management
70071041	Welding Services	45,396	76,002	62,460	75,609	General Services
Total Operations		5,332,891	6,610,985	6,697,017	7,138,963	
Capital						
70004001	New Vehicle Equip Acquisitio	650,476	580,000	615,000	633,000	General Services
70004002	Replacement Vehicle & Equip	2,525,770	1,500,000	2,823,000	4,113,000	General Services
Total Capital		3,176,245	2,080,000	3,438,000	4,746,000	
Total		8,509,137	8,690,985	10,135,017	11,884,963	

Fund Summaries

Risk Management Fund



Fund Summaries

Risk Management Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
REVENUE										
Interest Income *	\$	722,988	\$	253,000	\$	415,000	\$	415,000	\$	162,000 64.0%
Non-Operating Other		406,998		-		-		-		- 0.0%
TOTAL REVENUE	\$	1,129,987	\$	253,000	\$	415,000	\$	415,000	\$	162,000 64.0%
OUTLAYS										
Operating Outlays										
Operations **	\$	9,078,648	\$	12,125,325	\$	12,125,325	\$	12,753,661	\$	628,336 5.2%
Total Operating Outlays	\$	9,078,648	\$	12,125,325	\$	12,125,325	\$	12,753,661	\$	628,336 5.2%
TOTAL OUTLAYS	\$	9,078,648	\$	12,125,325	\$	12,125,325	\$	12,753,661	\$	628,336 5.2%
Less Intra-District Reimbursements		(12,505,199)		(14,696,698)		(14,696,698)		(12,123,835)		2,572,863 -17.5%
NET OUTLAYS	\$	(3,426,550)	\$	(2,571,373)	\$	(2,571,373)	\$	629,827	\$	3,201,199 -124.5%
BALANCE AVAILABLE	\$	4,556,537	\$	2,824,373	\$	2,986,373	\$	(214,827)	\$	(3,039,199) -107.6%
YEAR-END RESERVES										
Committed Reserves										
Liability/Workers' Comp Self-Insurance	\$	8,337,000	\$	11,476,000	\$	11,476,000	\$	11,476,000	\$	- 0.0%
Property Self-Insurance/Catastrophic		10,693,087		6,529,910		10,540,460		10,325,633		3,795,723 58.1%
Total Committed Reserves	\$	19,030,087	\$	18,005,910	\$	22,016,460	\$	21,801,633	\$	3,795,723 21.1%
TOTAL YEAR-END RESERVES	\$	19,030,087	\$	18,005,910	\$	22,016,460	\$	21,801,633	\$	3,795,723 21.1%
Outlay Summary By Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	2,412,658	\$	2,636,647	\$	2,636,647	\$	2,754,491	\$	117,843 4.5%
Salary Savings Factor		-		(26,696)		(26,696)		(57,982)		(31,286) 117.2%
Services & Supplies		5,258,650		8,057,856		8,057,856		8,626,046		568,190 7.1%
Intra-District Charges		1,407,341		1,457,518		1,457,518		1,431,107		(26,411) -1.8%
OPERATING OUTLAY TOTAL	\$	9,078,648	\$	12,125,325	\$	12,125,325	\$	12,753,661	\$	628,336 5.2%
TOTAL OUTLAYS	\$	9,078,648	\$	12,125,325	\$	12,125,325	\$	12,753,661	\$	628,336 5.2%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Risk Management Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted		
									\$ Diff	% Diff	
REVENUE											
Interest Income *	\$	722,988	\$	253,000	\$	415,000	\$	415,000	\$	-	0.0%
Non-Operating Other		406,998		-		-		-		-	0.0%
TOTAL REVENUE	\$	1,129,987	\$	253,000	\$	415,000	\$	415,000	\$	-	0.0%
OUTLAYS											
Operating Outlays											
Operations **	\$	9,078,648	\$	12,125,325	\$	12,753,661	\$	13,457,684	\$	704,023	5.5%
Total Operating Outlays	\$	9,078,648	\$	12,125,325	\$	12,753,661	\$	13,457,684	\$	704,023	5.5%
TOTAL OUTLAYS	\$	9,078,648	\$	12,125,325	\$	12,753,661	\$	13,457,684	\$	704,023	5.5%
Less Intra-District Reimbursements		(12,505,199)		(14,696,698)		(12,123,835)		(13,095,899)		(972,064)	8.0%
NET OUTLAYS	\$	(3,426,550)	\$	(2,571,373)	\$	629,827	\$	361,785	\$	(268,041)	-42.6%
BALANCE AVAILABLE	\$	4,556,537	\$	2,824,373	\$	(214,827)	\$	53,215	\$	268,041	-124.8%
YEAR-END RESERVES											
Committed Reserves											
Liability/Workers' Comp Self-Insurance	\$	8,337,000	\$	11,476,000	\$	11,476,000	\$	11,476,000	\$	-	0.0%
Property Self-Insurance/Catastrophic		10,693,087		6,529,910		10,325,633		10,378,848		53,215	0.5%
Total Committed Reserves	\$	19,030,087	\$	18,005,910	\$	21,801,633	\$	21,854,848	\$	53,215	0.2%
TOTAL YEAR-END RESERVES	\$	19,030,087	\$	18,005,910	\$	21,801,633	\$	21,854,848	\$	53,215	0.2%
Outlay Summary By Account Type											
OPERATING OUTLAY											
Salaries and Benefits	\$	2,412,658	\$	2,636,647	\$	2,754,491	\$	2,891,463	\$	136,972	5.0%
Salary Savings Factor		-		(26,696)		(57,982)		(60,149)		(2,167)	3.7%
Services & Supplies		5,258,650		8,057,856		8,626,046		9,022,171		396,125	4.6%
Intra-District Charges		1,407,341		1,457,518		1,431,107		1,604,199		173,092	12.1%
OPERATING OUTLAY TOTAL	\$	9,078,648	\$	12,125,325	\$	12,753,661	\$	13,457,684	\$	704,023	5.5%
TOTAL OUTLAYS	\$	9,078,648	\$	12,125,325	\$	12,753,661	\$	13,457,684	\$	704,023	5.5%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

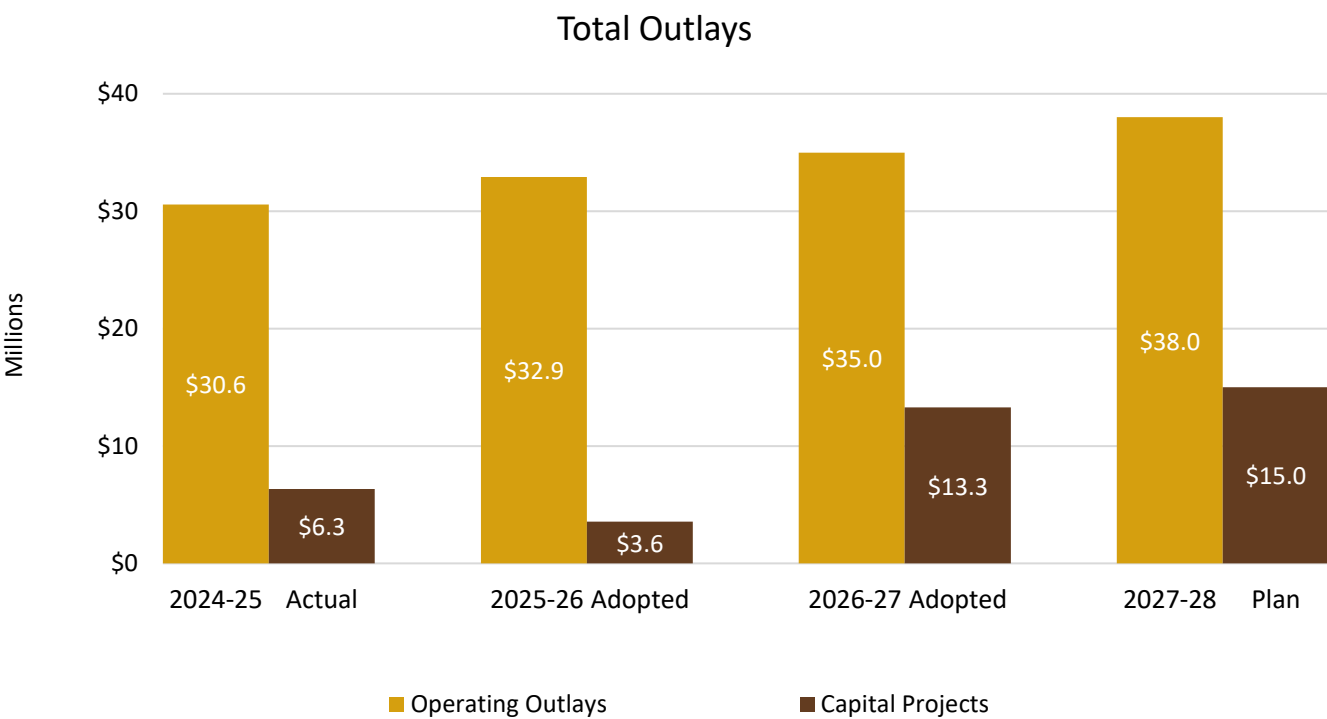
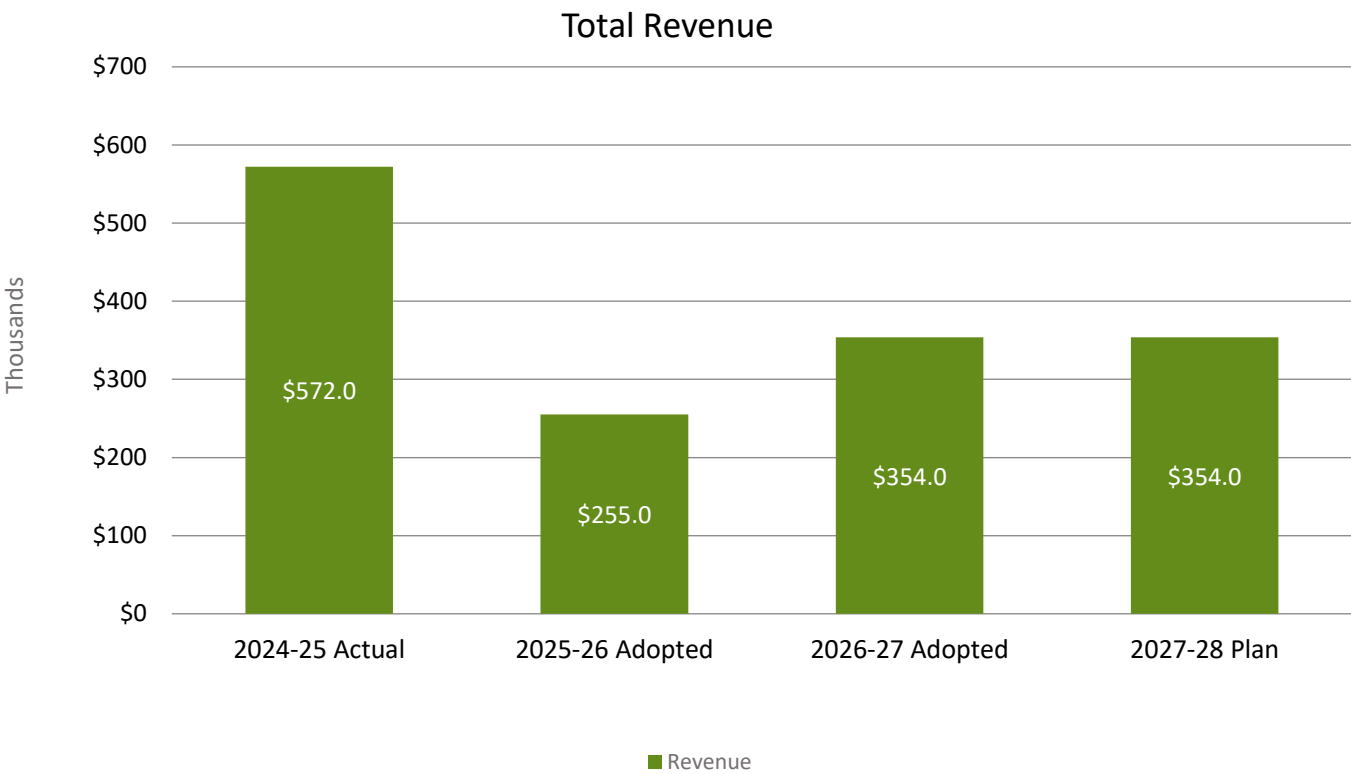
Fund Summaries

Total Outlays - Risk Management Fund

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
65051001	Risk Management	4,676,796	6,980,060	7,457,491	7,912,981	Office of the District Counsel
65051002	Workers Compensation Program	521,756	1,110,067	1,141,398	1,154,570	Emergency, Safety & Security
65051003	Health&Safety Program Mgt	3,880,096	4,061,894	4,212,755	4,450,282	Emergency, Safety & Security
65061004	Districtwide Salary Savings-72	—	(26,696)	(57,982)	(60,149)	Financial Planning & Management
Total Operations		9,078,648	12,125,325	12,753,661	13,457,684	
Total		9,078,648	12,125,325	12,753,661	13,457,684	

Fund Summaries

Information Technology Fund



Fund Summaries

Information Technology Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
REVENUE										
Interest Income *	\$	570,277	\$	255,000	\$	354,000	\$	354,000	\$	99,000 38.8%
Non-Operating Other		1,747		-		-		-		- 0.0%
TOTAL REVENUE	\$	572,024	\$	255,000	\$	354,000	\$	354,000	\$	99,000 38.8%
OUTLAYS										
Operating Outlays										
Operations **	\$	30,563,455	\$	32,921,308	\$	32,921,308	\$	34,990,134	\$	2,068,826 6.3%
Total Operating Outlays	\$	30,563,455	\$	32,921,308	\$	32,921,308	\$	34,990,134	\$	2,068,826 6.3%
Capital Outlays										
Capital Projects	\$	6,329,133	\$	3,561,546	\$	4,064,000	\$	13,292,954	\$	9,731,408 273.2%
Carryforward Capital Projects		-		454		-		(454)		(908) -200.0%
Total Capital Outlays	\$	6,329,133	\$	3,562,000	\$	4,064,000	\$	13,292,500	\$	9,730,500 273.2%
TOTAL OUTLAYS	\$	36,892,588	\$	36,483,308	\$	36,985,308	\$	48,282,634	\$	11,799,326 32.3%
Less Intra-District Reimbursements		(27,794,731)		(29,103,752)		(29,103,752)		(35,474,242)		(6,370,490) 21.9%
NET OUTLAYS	\$	9,097,857	\$	7,379,556	\$	7,881,556	\$	12,808,392	\$	5,428,836 73.6%
OTHER FINANCING SOURCES/(USES)										
Transfers In	\$	7,001,300	\$	3,561,546	\$	4,063,546	\$	13,292,500	\$	9,730,954 273.2%
TOTAL OTHER SOURCES/(USES)	\$	7,001,300	\$	3,561,546	\$	4,063,546	\$	13,292,500	\$	9,730,954 273.2%
BALANCE AVAILABLE	\$	(1,524,533)	\$	(3,563,010)	\$	(3,464,010)	\$	838,108	\$	4,401,118 -123.5%
YEAR-END RESERVES										
Committed Reserves										
Currently Authorized Projects	\$	107,920	\$	123,126	\$	107,466	\$	107,920	\$	(15,206) -12.3%
Operating and Capital Reserve		8,631,156		3,349,549		5,167,600		6,005,254		2,655,705 79.3%
Total Committed Reserves	\$	8,739,076	\$	3,472,675	\$	5,275,066	\$	6,113,174	\$	2,640,499 76.0%
TOTAL YEAR-END RESERVES	\$	8,739,076	\$	3,472,675	\$	5,275,066	\$	6,113,174	\$	2,640,499 76.0%

Fund Summaries

Information Technology Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Projected Year End 2025-26		Adopted Budget 2026-27		Change from 2025-26 Adopted	
									\$ Diff	% Diff
Outlay Summary By Account Type										
OPERATING OUTLAY										
Salaries and Benefits	\$	10,185,760	\$	11,678,513	\$	11,678,513	\$	12,625,193	\$	946,680 8.1%
Salary Savings Factor		-		(116,492)		(116,492)		(263,538)		(147,046) 126.2%
Services & Supplies		15,547,336		15,943,720		15,943,720		17,591,608		1,647,888 10.3%
Intra-District Charges		4,830,359		5,415,566		5,415,566		5,036,871		(378,696) -7.0%
OPERATING OUTLAY TOTAL	\$	30,563,455	\$	32,921,308	\$	32,921,308	\$	34,990,134	\$	2,068,826 6.3%
CAPITAL PROJECTS										
Salaries and Benefits	\$	29,463	\$	-	\$	-	\$	-	\$	- 0.0%
Services & Supplies		6,281,778		3,561,546		4,064,000		13,292,954		9,731,408 273.2%
Carryforward Capital Projects		-		454		-		(454)		(908) -200.0%
Intra-District Charges		17,892		-		-		-		- 0.0%
CAPITAL PROJECTS TOTAL	\$	6,329,133	\$	3,562,000	\$	4,064,000	\$	13,292,500	\$	9,730,500 273.2%
TOTAL OUTLAYS										
	\$	36,892,588	\$	36,483,308	\$	36,985,308	\$	48,282,634	\$	11,799,326 32.3%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Information Technology Fund Summary

	Budgetary Basis Actual 2024-25		Adopted Budget 2025-26		Adopted Budget 2026-27		Proposed Plan 2027-28		Change from 2026-27 Adopted	
									\$ Diff	% Diff
REVENUE										
Interest Income *	\$	570,277	\$	255,000	\$	354,000	\$	354,000	\$	- 0.0%
Non-Operating Other		1,747		-		-		-		0.0%
TOTAL REVENUE	\$	572,024	\$	255,000	\$	354,000	\$	354,000	\$	- 0.0%
OUTLAYS										
Operating Outlays										
Operations **	\$	30,563,455	\$	32,921,308	\$	34,990,134	\$	37,999,769	\$	3,009,635 8.6%
Total Operating Outlays	\$	30,563,455	\$	32,921,308	\$	34,990,134	\$	37,999,769	\$	3,009,635 8.6%
Capital Outlays										
Capital Projects	\$	6,329,133	\$	3,561,546	\$	13,292,954	\$	15,016,540	\$	1,723,586 13.0%
Carryforward Capital Projects		-		454		(454)		-		454 -100.0%
Total Capital Outlays	\$	6,329,133	\$	3,562,000	\$	13,292,500	\$	15,016,540	\$	1,724,040 13.0%
TOTAL OUTLAYS	\$	36,892,588	\$	36,483,308	\$	48,282,634	\$	53,016,309	\$	4,733,675 9.8%
Less Intra-District Reimbursements		(27,794,731)		(29,103,752)		(35,474,242)		(35,813,777)		(339,534) 1.0%
NET OUTLAYS	\$	9,097,857	\$	7,379,556	\$	12,808,392	\$	17,202,532	\$	4,394,140 34.3%
OTHER FINANCING SOURCES/(USES)										
Transfers In	\$	7,001,300	\$	3,561,546	\$	13,292,500	\$	15,016,548	\$	1,724,048 13.0%
TOTAL OTHER SOURCES/(USES)	\$	7,001,300	\$	3,561,546	\$	13,292,500	\$	15,016,548	\$	1,724,048 13.0%
BALANCE AVAILABLE	\$	(1,524,533)	\$	(3,563,010)	\$	838,108	\$	(1,831,984)	\$	(2,670,092) -318.6%
YEAR-END RESERVES										
Committed Reserves										
Currently Authorized Projects	\$	107,920	\$	123,126	\$	107,920	\$	107,920	\$	- 0.0%
Operating and Capital Reserve		8,631,156		3,349,549		6,005,254		4,173,270		(1,831,984) -30.5%
Total Committed Reserves	\$	8,739,076	\$	3,472,675	\$	6,113,174	\$	4,281,190	\$	(1,831,984) -30.0%
TOTAL YEAR-END RESERVES	\$	8,739,076	\$	3,472,675	\$	6,113,174	\$	4,281,190	\$	(1,831,984) -30.0%

Fund Summaries

Information Technology Fund Summary

	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Change from 2026-27 Adopted	
					\$ Diff	% Diff
Outlay Summary By Account Type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 10,185,760	\$ 11,678,513	\$ 12,625,193	\$ 13,283,382	\$ 658,188	5.2%
Salary Savings Factor	-	(116,492)	(263,538)	(275,165)	(11,627)	4.4%
Services & Supplies	15,547,336	15,943,720	17,591,608	19,117,365	1,525,757	8.7%
Intra-District Charges	4,830,359	5,415,566	5,036,871	5,874,187	837,316	16.6%
OPERATING OUTLAY TOTAL	\$ 30,563,455	\$ 32,921,308	\$ 34,990,134	\$ 37,999,769	\$ 3,009,634	8.6%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 29,463	\$ -	\$ -	\$ -	\$ -	0.0%
Services & Supplies	6,281,778	3,561,546	13,292,954	15,016,540	1,723,586	13.0%
Carryforward Capital Projects	-	454	(454)	-	454	-100.0%
Intra-District Charges	17,892	-	-	-	-	0.0%
CAPITAL PROJECTS TOTAL	\$ 6,329,133	\$ 3,562,000	\$ 13,292,500	\$ 15,016,540	\$ 1,724,040	13.0%
TOTAL OUTLAYS	\$ 36,892,588	\$ 36,483,308	\$ 48,282,634	\$ 53,016,309	\$ 4,733,675	9.8%

(*) Interest income does not include GASB31 market value adjustment

(**) Operations Outlays do not include OPEB Expense-unfunded liability

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

Fund Summaries

Total Outlays - Information Technology Fund

Project #	Project Description	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Adopted Budget 2026-27	Proposed Plan 2027-28	Project Managed By
Operations						
73271001	Telecommunications Sys Opr/M	3,119,010	2,166,220	2,384,915	2,575,511	Information Technology
73271002	Technical Infrastructure Servi	6,168,866	7,022,455	7,509,971	8,194,239	Information Technology
73271003	Network Administration	3,908,579	4,390,000	4,522,890	5,503,939	Information Technology
73271004	Information Security Admin	1,266,209	1,417,000	1,607,000	1,611,950	Information Technology
73271005	Office Cmptr Maint/Help Dsk Sup	571,041	689,000	566,250	571,650	Information Technology
73271006	Info Technology Div Admin	1,788,269	1,248,567	1,280,031	1,384,796	Information Technology
73271007	Emerging IT Technologies	59,672	104,000	107,120	107,120	Information Technology
73271008	Software Maint & License	4,490,204	4,465,500	5,466,144	5,630,128	Information Technology
73271009	Software Services	7,710,514	8,780,962	8,707,211	9,314,317	Information Technology
73271010	IT Projects & Bus Operations	1,479,122	2,104,869	2,471,746	2,683,269	Information Technology
73271011	Technology Innovation	1,969	649,227	630,393	698,016	Information Technology
73061004	Districtwide Salary Savings-73	–	(116,492)	(263,538)	(275,165)	Financial Planning & Management
Total Operations		30,563,455	32,921,308	34,990,134	37,999,769	
Capital						
73274002	ERP System Implementation	15,206	–	–	–	Information Technology
73274004	Network Equipment	3,573,762	1,309,000	2,651,000	656,000	Information Technology
73274006	Office Computers Replace Equip	1,741,413	1,644,000	1,677,000	2,064,000	Information Technology
73274008	Software Upgrades & Enhancemen	689,481	608,546	652,954	666,540	Information Technology
73274009	Data Consolidation	258,000	–	–	–	Information Technology
73074036	Survey Mgmt & Tech Support	5,060	–	–	–	Office of Integrated Water Management
73074033	CIP Development & Admin	14,001	–	–	–	Office of Integrated Water Management
73074047	Computer-Aided Design for	5,754	–	–	–	Office of Integrated Water Management
73074041	Construction Contracts and Support	14,539	–	–	–	General Services
73074042	Capital Project Mgmt & Controls	11,918	–	–	–	Office of Integrated Water Management
73274013	ERP Replacement Project	–	–	8,312,000	11,630,000	Information Technology
Total Capital		6,329,133	3,561,546	13,292,954	15,016,540	
Total		36,892,588	36,482,854	48,283,088	53,016,309	



Resolutions

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

Resolutions

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-20

**APPROVING THE CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2027-2031 FIVE-YEAR PLAN**

WHEREAS, the Santa Clara Valley Water District (Valley Water) has determined that it is in its best interest to prepare a Capital Improvement Program (CIP) Five-Year Plan and to have it reviewed by the County of Santa Clara and cities having land use jurisdiction within Santa Clara County; and

WHEREAS, the Valley Water Board of Directors was provided with the CIP Draft Fiscal Years (FY) 2027-2031 Five-Year Plan for review and discussion at its meeting held on March 10, 2026; and

WHEREAS, on March 11, 2026, the CIP Draft FY 2027-31 Five-Year Plan was provided to the County of Santa Clara and all cities within Valley Water's jurisdiction, for their review; and

WHEREAS, Valley Water staff conducted subsequent meetings with public works staff at the City of Santa Clara regarding the CIP Draft FY 2027-31 Five-Year Plan; and

WHEREAS, on April 28, April 29, and May 12, 2026, Valley Water conducted a public hearing for purposes of receiving input with regard to the CIP Draft FY 2027-31 Five-Year Plan; and

WHEREAS, on May 12, 2026, the Valley Water Board of Directors directed staff to include appropriate changes to finalize the CIP FY 2027-31 Five-Year Plan by June 30, 2026.

NOW, THEREFORE BE IT RESOLVED that Valley Water's Board of Directors does hereby approve the Capital Improvement Program FY 2027-31 Five-Year Plan.

PASSED AND ADOPTED by the Santa Clara Valley Water District Board of Directors by the following vote on May 12, 2026:

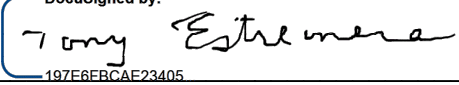
AYES: Directors: Varela, Hsueh, Ballard, Beall, Santos, Estremera

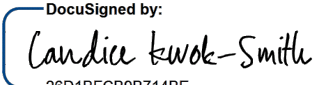
NOES: Directors: None

ABSENT: Directors: Eisenberg

ABSTAIN: Directors: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:

197E6FBCAE23405
TONY ESTREMER
Chair, Board of Directors

ATTEST 
26D1BFCB9B714BE...

CANDICE KWOK-SMITH
Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-24

**ESTABLISHING LAND USE CATEGORIES, CONFIRMING A LEVY OF BENEFIT ASSESSMENTS
TO MEET DULY AUTHORIZED DEBT OBLIGATIONS FOR FISCAL YEAR 2026-2027 IN FLOOD
CONTROL ZONES OF SANTA CLARA VALLEY WATER DISTRICT, IN ACCORDANCE WITH
RESOLUTION NOS. 86-54, 86-55, 86-56, 86-57, AND 90-7, AND AUTHORIZING A
PROCEDURE FOR CORRECTING ASSESSMENTS**

BE IT RESOLVED, by the Board of Directors of the Santa Clara Valley Water District (Valley Water) as follows:

FIRST: In accordance with the requirements of law and of the terms of Valley Water Resolutions 86-54, 86-55, 86-56, 86-57, and 90-7, the Chief Executive Officer (CEO) of Valley Water has caused a written report to be prepared and filed for the fiscal year 2026–27, setting forth the annual amounts to be collected through benefit assessment rates in each established flood control zone of Valley Water, pursuant to a voter-approved program.

SECOND: Upon receiving and filing the report, the Clerk of the Board gave notice of a hearing on the same by posting at least three copies of the notice in each established flood control zone of Valley Water and by publication pursuant to Section 6066 of the Government Code.

THIRD: The Board, having heard the matter as scheduled or as postponed or duly continued, does hereby:

- A. Fix and establish land use categories for each parcel of land to be assessed in Valley Water as follows:
- Group A: Land used for commercial or industrial purposes.
 - Group B: Land used for apartments or institutional purposes such as churches and schools.
 - Group C: The first 0.25 acre of a parcel of land used for single- and multiple-family residences up to four units, and each townhouse or condominium unit in a complex.
 - Group D:
 - (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses.
 - (2) The portion of land, if any, in excess of 0.25 acre of a parcel used for single-family residential purposes.
 - Group E: Vacant, undisturbed land (1) in urban areas and (2) in rural areas including dry farmland, grazing and pastureland, forest and brushland, salt ponds, and parcels used exclusively as well sites.
- B. Levy, fix, and establish flood control benefit assessments for fiscal year 2026–27 commencing July 1, 2026, and ending June 30, 2027, on each parcel of real property in each established flood control zone of Valley Water, at the benefit assessment rates and minimum charges for each of the established land use categories to raise sufficient proceeds to meet duly authorized debt obligations of each flood control zone as follows:

Flood Control Benefit Assessments to be Collected in 2026–2027

Flood Control Zone	Debt Obligation
Northwest	\$2,731,817
North Central	\$819,476
Central	\$910,837
East	\$2,459,120
South	\$0

Establishing Land Use Categories, Confirming a Levy of Benefit Assessments to Meet Duly Authorized Debt Obligations for Fiscal Year 2026-2027 in Flood Control Zones of Santa Clara Valley Water District, in Accordance With Resolution Nos. 86-54, 86-55, 86-56, 86-57, and 90-7, and Authorizing a Procedure for Correcting Assessments

Resolution No. 2026-24

- C. The actual 2026–2027 rates shall be determined by the CEO or his designee, once updated parcel land use and area information is received from the Santa Clara County Assessor's Office. These rates shall be used to prepare the benefit assessments for each parcel and shall be submitted to the Santa Clara County Tax Collector for collection.

FOURTH: Benefit assessments found to be in error and that result in an over assessment to property owners may be corrected by a check or checks drawn upon the appropriate Benefit Assessment Fund upon approval by the Chief Financial Officer and pursuant to procedures approved by Valley Water's CEO and Valley Water Counsel.

FIFTH: Paragraph D of the SECOND section of Resolutions 86-54, 86-55, 86-56, 86-57, and 90-7 are hereby amended to provide as follows:

Upon receiving and filing the report the Clerk of the Board shall fix a time, date and place for a hearing on the report, preceded by notice published pursuant to Section 6066 of the California Government Code and by posting the notice as provided by law.

SIXTH: The Clerk of the Board shall file certified copies of this resolution with both the Tax Roll Control Office of County of Santa Clara and with the Recorder of said County.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES:	Directors	Ballard, Beall, Eisenberg, Hsueh, Santos, Varela, Estremera
NOES:	Directors	None
ABSENT:	Directors	None
ABSTAIN:	Directors	None

SANTA CLARA VALLEY WATER DISTRICT

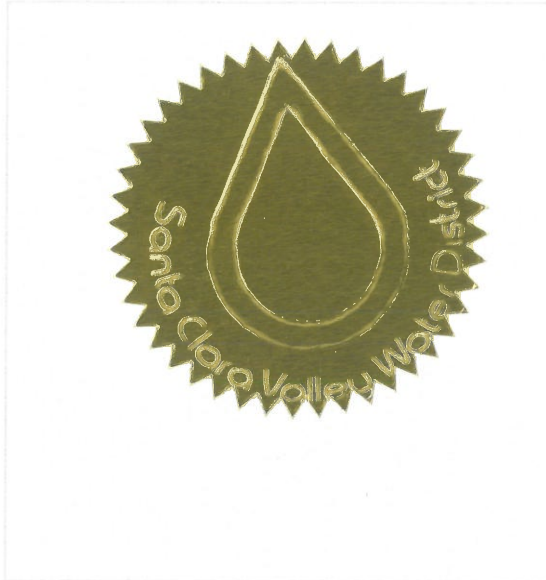

TONY ESTREMER
Chair, Board of Directors

ATTEST:


CANDICE KWOK-SMITH
Clerk, Board of Directors

Establishing Land Use Categories, Confirming a Levy of Benefit Assessments to Meet Duly Authorized Debt Obligations for Fiscal Year 2026-2027 in Flood Control Zones of Santa Clara Valley Water District, in Accordance With Resolution Nos. 86-54, 86-55, 86-56, 86-57, and 90-7, and Authorizing a Procedure for Correcting Assessments

Resolution No. 2026-24



I hereby certify that the foregoing is a full, true and correct copy of the original thereof on file in my office.

DATED: May 12, 2026

CANDICE KWOK-SMITH
Clerk, Board of Directors
Santa Clara Valley Water District

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-23

**PROVIDING FOR LEVY OF THE SPECIAL TAX PURSUANT TO
THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION MEASURE
IN THE COMBINED FLOOD CONTROL ZONE OF THE SANTA CLARA VALLEY
WATER DISTRICT AND AUTHORIZING A PROCEDURE FOR CORRECTING
SPECIAL TAX AMOUNTS FOR FISCAL YEAR 2026-2027**

WHEREAS, the Santa Clara Valley Water District (Valley Water) owns property and builds, operates, and maintains infrastructure in Santa Clara County to: ensure a safe, reliable water supply for the future; reduce toxins, hazards, and contaminants, such as mercury and pharmaceuticals, in our waterways; protect our water supply and local dams from the impacts of earthquakes and natural disasters; restore fish, bird, and wildlife habitat and provide open space access; and provide flood protection to homes, business, schools, streets, and highways; and

WHEREAS, more than two-thirds of the electors voting in Santa Clara County did favor a special tax measure in the November 3, 2020, General Election thereby approving the special tax specified in Resolution No. 20-64 for designated purposes.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors (Board) of the Santa Clara Valley Water District as follows:

FIRST: The Chief Executive Officer (CEO) of Valley Water has directed a summary report to be prepared for fiscal year July 1, 2026, through June 30, 2027, that includes the proposed special tax rates for that year ("Report"), and presented that Report on May 12, 2026, as an attachment to an agenda memorandum with the subject "Safe, Clean Water and Natural Flood Protection Special Tax Summary Report and Resolution Setting the Special Tax Rates for Fiscal Year 2026-2027 (FY 2026-27)."

SECOND: A special tax is hereby levied on each parcel of real property in the Combined Zone consisting of the aggregate metes and bounds of District Zones One, Two, Three, Four, and Five as presently existing ("Combined Zone") for the purposes stated in the Report, and as authorized according to the minimums and methods described in this resolution. Except for the minimum special tax as hereinafter indicated, the special tax for each parcel of real property in the Combined Zone is computed by determining that parcel's area in acres or fractions thereof, its land use category (as hereinafter defined), and then multiplying the area by the special tax rate applicable to land in such land use category. A minimum special tax shall be levied on each parcel of real property having a land area up to: (1) 0.25 acre for Groups A, B, and C; and (2) up to 10 acres for Groups D and E Urban. For Group E Rural, the minimum special tax shall be that as calculated for the E Urban category, but shall apply to parcels of 80 acres or less. A minimum special tax shall be levied in Group B per unit for condominiums and townhouses without regard to parcel size.

THIRD: Special tax rates for land use categories for each parcel of land in the Combined Zone are defined and established as follows:

Group A: Land used for commercial or industrial purposes: \$659.60 per acre, \$164.88 minimum for parcels up to 0.25 acre.

Group B: Land used for institutional purposes such as churches and schools or multiple dwellings in excess of four units, including (1) apartment complexes, mobile home parks, and recreational vehicle parks: \$494.70 per acre, \$123.67 minimum for parcels up to 0.25 acre; and (2) condominiums and townhouses: \$40.13 per unit.

Providing for Levy of the Special Tax Pursuant to the Safe, Clean Water and Natural Flood Protection Measure in the Combined Flood Control Zone of the Santa Clara Valley Water District and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2026-2027
Resolution No. 2026-23

- Group C: Parcels up to 0.25 acre used for single-family residences and multiple-family units up to four units: \$82.41. The first 0.25 acre of a parcel of land used for single-family residential purposes: \$82.41.
- Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses: \$4.23 per acre, \$42.26 minimum on parcels less than 10 acres. (2) The portion of a parcel, if any, in excess of 0.25 acre used for single-family residential purposes: \$4.23 per acre.
- Group E: Vacant undisturbed land (1) in urban areas: \$1.25 per acre, \$12.45 minimum on parcels less than 10 acres; and (2) in rural areas: \$0.17 per acre, with a \$12.45 minimum.
- Group F: Parcels used exclusively as well sites for residential uses are exempt from the special tax.

Parcels owned by federal, state, or local government agencies are exempt from this special tax.

FOURTH: Valley Water will provide an exemption from the special tax for low-income owner-occupied residential properties for taxpayer-owners 65 years of age or older as follows:

Residential parcels where the total annual household income does not exceed 75 percent of the latest available figure for state median income at the time the annual tax is set, and where such parcel is owned and occupied by at least one person who is aged 65 years or older, shall be exempt from the applicable special tax for fiscal year 2026-2027 upon requesting such exemption from Valley Water prior to fiscal year 2026-2027. Granting similar exemptions for fiscal years beyond fiscal year 2026-2027 will be made at the discretion of the Board.

FIFTH: Any special tax amount found to be in error and that results in an overstatement of tax to a property owner may be corrected by a check or checks drawn upon the Safe, Clean Water and Natural Flood Protection Fund upon approval by the Valley Water Chief Financial Officer and pursuant to procedures approved by Valley Water's CEO and District Counsel.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Hsueh, Santos, Varela, Estremera

NOES: Directors None

ABSENT: Directors Eisenberg

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT


TONY ESTREMER
Chair, Board of Directors

ATTEST:


CANDICE KWOK-SMITH
Clerk, Board of Directors

Providing for Levy of the Special Tax Pursuant to the Safe, Clean Water and Natural Flood Protection Measure in the Combined Flood Control Zone of the Santa Clara Valley Water District and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2026-2027

Resolution No. 2026-23



I hereby certify that the foregoing is a full, true and correct copy of the original thereof on file in my office.

DATED: May 12, 2026

A handwritten signature in black ink, appearing to read "Candice Kwok-Smith", is written over a horizontal line.

CANDICE KWOK-SMITH
Clerk, Board of Directors
Santa Clara Valley Water District

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-21

DETERMINING GROUNDWATER PRODUCTION CHARGES FOR FISCAL YEAR 2026–2027

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (Valley Water) does find and declare as follows:

1. That pursuant to Section 26.5 of the Santa Clara Valley Water District Act ("District Act"), a written report detailing Valley Water's activities in the protection and augmentation of the water supplies of Valley Water has been prepared including: a financial analysis of Valley Water's water utility system, information as to the present and future water requirements of Valley Water, the water supply available to Valley Water, and future capital improvements and maintenance and operating requirements; a method of financing such requirements; a recommendation as to whether or not the groundwater production charge should continue to be levied in any zone or zones of Valley Water during the ensuing fiscal year; and a proposal of a rate per acre-foot for agricultural water and a rate per acre-foot for all water other than agricultural water for Zones W-2, W-5, W-7, and W-8;
2. That on the 27th day of February 2026, said report was duly delivered to the Clerk of the Valley Water Board;
3. That the Clerk, pursuant to Section 26.6 of the District Act, gave due notice of the receipt of the report and of a public hearing to be held commencing on the 14th day of April 2026, by teleconference, videoconference, or both and in-person attendance at the time stated;
4. That on February 27, 2026, written notice was mailed to all owners and operators of water-producing facilities within Valley Water's boundaries, advising of the proposed groundwater production charge rates to be levied, and of the opportunities to be heard concerning such charges;
5. That pursuant to Section 26.6 of the District Act, on the 14th day of April 2026, at 1 p.m. a public hearing upon said report was duly commenced, and was continued for further hearing to the evening of April 22, 2026, in Morgan Hill, California, and continued again to the afternoon of April 28, 2026, whereupon the hearing was concluded, more than 45 days after notice of the hearing was given;
6. That during said public hearing, additional information and evidence was provided that was considered by the Board in making its decision on groundwater production charges, and the public and all persons subject to groundwater production charges were invited to speak or present written comments at the public hearing;
7. That the charges established by this resolution are for the purpose of paying the cost of constructing, maintaining, and operating facilities to import water into Valley Water; paying the cost of purchasing imported water; paying the cost of constructing, maintaining, and operating facilities for groundwater recharge, surface distribution, and the purification and treatment of water; and paying the principal and interest of any bonded indebtedness or other financial obligations of Valley Water incurred for those purposes;

8. That this Board considered all comments objecting to the proposed groundwater production charge increases for Zones W-2, W-5, W-7, and W-8;
9. That this Board, based on the whole record before it, finds that the revenues derived from the groundwater production charges will not exceed the funds required to provide services to Zones W-2, W-5, W-7, and W-8, as authorized under the District Act, and that the amount levied does not and will not exceed the proportional cost of service; and
10. That the California Environmental Quality Act does not apply to approval of these charges.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

FIRST: Valley Water activities in the geographic area identified as Zone W-2 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; Valley Water activities in the geographic area of Valley Water identified as Zone W-5 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; Valley Water activities in the geographic area of Valley Water identified as Zone W-7 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; and Valley Water activities in the geographic area of Valley Water identified as Zone W-8 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone. Revenues derived from groundwater production charges shall be used only for such activities as authorized under the District Act.

SECOND: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-2 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
\$2,673.00	\$46.50

THIRD: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-5 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
\$665.50	\$46.50

FOURTH: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and

are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-7 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
\$913.00	\$46.50

FIFTH: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-8 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
\$501.00	\$46.50

SIXTH: Notice of the setting of groundwater production charges in the identified rates shall be given as provided in Section 26.8 of the District Act.

SEVENTH: The groundwater production charges set forth in this resolution shall be in effect until subsequent action of this Board modifying them.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Hsueh, Santos, Varela, Estremera

NOES: Directors None

ABSENT: Directors Eisenberg

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMER
Chair, Board of Directors

ATTEST:



CANDICE KWOK-SMITH
Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-22

**DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY
RECYCLED WATER CHARGES FOR FISCAL YEAR 2026-2027**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (Valley Water) does find and declare as follows:

1. Pursuant to Valley Water Resolution No. 12-10, on February 27, 2026, Valley Water mailed written notice to all "Record Owners" (raw surface water permittees/customers/landowners), advising them of Valley Water's proposed raw surface water charge rates to be levied in Fiscal Year 2026–2027 in Zones W-2, W-5, W-7, and W-8, and of the opportunity to be heard concerning such charges at a public hearing commencing on April 14, 2026 and continuing through April 28, 2026, including their right to file a written protest objecting to any applicable proposed rate increase;
2. On the 14th day of April 2026, at 1 p.m. a public hearing upon said rates/charges was duly commenced, and was continued for further hearing to the evening of April 22, 2026 in Morgan Hill, California, and again continued to the afternoon of April 28, 2026, whereupon the hearing was concluded, more than 45 days after notice of the hearing was given;
3. That during said public hearing, additional information and evidence was provided that was considered by the Board in making this decision;
4. The charges established by this resolution are for the purpose of paying the cost of constructing, maintaining, and operating facilities to import water into Valley Water; paying the cost of purchasing imported water; paying the cost of constructing, maintaining, and operating facilities for groundwater recharge, surface distribution, and the purification and treatment of water; and paying the principal and interest of any bonded indebtedness or other financial obligations of Valley Water incurred for those purposes;
5. Raw surface water permittees/customers and landowners of parcels receiving raw surface water were given the opportunity to file a written protest objecting to the proposed raw surface water charge increase;
6. This Board has now considered all protests objecting to the proposed raw surface water charge increases for Zones W-2, W-5, W-7, and W-8, respectively, and after the close of the hearing determined that written protests were not received from more than 50 percent of the record owners of surface water facilities in Zone W-2, W-5, W-7, and W-8; and
7. The California Environmental Quality Act does not apply to approval of these charges.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the charges to be applied in fiscal year 2026–2027 (July 1, 2026–June 30, 2027) for raw surface water delivered by Valley Water, the following charges shall apply:

1. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-2 is:

Water Other Than Agricultural	Agricultural Water
\$2,673.00	\$46.50

2. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-5 is:

Water Other Than Agricultural	Agricultural Water
\$665.50	\$46.50

3. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-7 is:

Water Other Than Agricultural	Agricultural Water
\$913.00	\$46.50

4. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-8 is:

Water Other Than Agricultural	Agricultural Water
\$501.00	\$46.50

5. The charge for watermaster service throughout Valley Water whether such service is for agricultural water or for water other than agricultural water, shall be \$73.00 per acre-foot; and

6. Charges per acre-foot for raw surface water delivered to raw surface water permittees outside of Zone W-2, Zone W-5, Zone W-7, or Zone W-8 shall be the same as those imposed within the zone to which the user's turnout is most nearly located.

BE IT FURTHER RESOLVED that upon due review of anticipated costs and revenues of Valley Water, the following rate schedule in dollars per acre-foot for the delivery of treated water is hereby established as the Contract Treated Water Charge, which is comprised of the Basic User Charge and the Treated Water Surcharge for the 2026–2027 fiscal year (July 1, 2026–June 30, 2027):

Charge	Amount
Basic User Charge	\$2,673.00
Treated Water Surcharge	<u>115.00</u>
Contract Treated Water Charge	\$2,788.00

BE IT FURTHER RESOLVED that the price to be charged per acre-foot for recycled water from the South County Regional Wastewater Authority Facility at Gilroy and delivered to customers shall be the following for the 2026–2027 fiscal year (July 1, 2026–June 30, 2027):

Water Other Than Agricultural	Agricultural Water
\$645.50	\$76.85

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Hsueh, Santos, Varela, Estremera

NOES: Directors None

ABSENT: Directors Eisenberg

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMER
Chair, Board of Directors

ATTEST:



CANDICE KWOK-SMITH
Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-30

**APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING
BIENNIAL BUDGET FOR FISCAL YEAR 2026-27**

WHEREAS, on April 29, 2026, the Board of Directors of the Santa Clara Valley Water District (Valley Water) held its annual budget work study session to review and consider the Proposed Operating and Capital Rolling Biennial Budget (Budget) for Fiscal Year (FY) 2026-27; and

WHEREAS, such budget work study session was open to the general public to appear and be heard regarding any item of the proposed budget or for the inclusion of additional items; and

WHEREAS, Section 20 of the District Act requires that after conclusion of the public meeting(s) to hear general public comments on the proposed budget, the Board shall by resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and not later than June 30 of each year; and

WHEREAS, the Budget for FY 2026-27 was developed in accordance with the Board's Executive Limitations EL-4, which requires that the Valley Water's financial planning for any fiscal year shall be aligned with the Board's Ends, not risk fiscal jeopardy, and be derived from a multi-year plan; and

WHEREAS, the Board was provided a comprehensive overview of the budget development process and assumptions, Valley Water-wide financial review and a presentation of fund and business area financial allocations in the Proposed Budget for FY 2026-27; and

WHEREAS, the Board of Directors has previously created the following Special Purpose Funds (as such term is defined in Resolution 16-10, adopted on February 23, 2016): San Felipe Emergency Reserve, Supplemental Water Supply Reserve, and Drought Reserve; and

WHEREAS, the Board was provided assurance that the Proposed Budget for FY 2026-27 meets Board priorities, realizes efficiencies and cost savings, demonstrates fiscal accountability and value to customers, is balanced and helps ensure future financial sustainability.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Budget for FY 2026-27, plus any changes or modifications made at the time of adoption, and including the terms of this Resolution, is hereby approved and adopted; and

BE IT FURTHER RESOLVED that the total appropriations approved by the Board of Directors, which include all operating and capital outlays, debt service payments and interfund transfers, and budgeted reserves, are limited within each fund as follows (plus any changes or modifications made at the time of adoption):

FY 2026-27 Operating, Capital, and Interfund Transfer Budget

1.	General Fund (11)	\$ 113,855,152
2.	Watershed and Stream Stewardship Fund (12)	\$ 126,331,955
3.	Lower Peninsula Watershed Fund (21)	\$ 2,731,816
4.	West Valley Watershed Fund (22)	\$ 819,476
5.	Guadalupe Watershed (23)	\$ 910,837
6.	Coyote Watershed Fund (24)	\$ 2,459,121
7.	Safe, Clean Water and Natural Flood Protection Fund (26)	\$ 230,456,853
8.	Water Enterprise Fund (61)	\$ 865,360,489
9.	State Water Project Fund (63)	\$ 35,848,142
10.	Fleet Management Fund (71)	\$ 10,135,017
11.	Risk Management Fund (72)	\$ 12,753,661
12.	Information Technology Fund (73)	\$ 48,283,088

FY 2026-27 Reserves Budget

1.	General Fund (11)	\$ 12,141,979
2.	Watershed and Stream Stewardship Fund (12)	\$ 211,228,917
3.	Safe, Clean Water and Natural Flood Protection Fund (26)	\$ 97,716,187
4.	Water Enterprise Fund (61)	\$ 152,421,083
5.	State Water Project Fund (63)	\$ 14,890,000
6.	Fleet Management Fund (71)	\$ 2,003,803
7.	Risk Management Fund (72)	\$ 21,801,633
8.	Information Technology Fund (73)	\$ 6,113,174

BE IT FURTHER RESOLVED that:

1. Any subsequent changes to the Adopted Valley Water FY 2026-27 Operating, Capital and Interfund Transfer Budget shall occur as follows:
 - (a) By Valley Water Board of Directors action for all budget adjustments that either increase or decrease a fund's total operating, capital, or interfund transfer budget or reserve appropriations with the exception of Currently Authorized Projects Reserve, which is comprised of accumulated unexpended and unencumbered balances of Board-approved capital project appropriations from prior years.
 - (b) By Valley Water Board of Directors action for all budget adjustments between capital projects within a fund that exceed \$100,000 per project within the fiscal year.
 - (c) Delegation of authority is hereby conferred to the Chief Executive Officer (CEO), or his/her designee to approve budget transfers from the Supplemental Water Supply Reserve for amounts not to exceed 20 percent of the annual imported water purchases budget. The CEO shall inform the Board of any such budget transfers on a timely basis.
 - (d) By the CEO, or his/her designee, for all other changes.
2. With the exception of those capital projects that have been closed or those related to capital program management and administrative services, any unexpended or unencumbered appropriation balances remaining at the end of FY 2025-26 for capital projects are hereby reappropriated to FY 2026-27 for continued use in those same projects, up to \$100,000 above the planned expenditure amounts for each project identified in the draft Five-Year CIP for FY 2026-27. The portion of the balances that are not reappropriated to FY 2026-27 will remain as designated reserves for Current Authorized Projects to be reappropriated in future years in accordance with the Five-Year CIP expenditure schedule.

3. Any variances at the end of FY 2026-27 in Committed Reserves, Restricted Reserves and Other Reserves from those estimated in this FY 2026-27 Budget not otherwise reappropriated above shall result in corresponding adjustments to the FY 2026-27 estimated reserve appropriations in accordance with the Valley Water Reserve Policy. These adjustments shall be made in the following order:
 - (a) First, to restore Restricted Reserves.
 - (b) Second, to restore Risk Fund Committed Reserves.
 - (c) Third, to restore other Committed Reserves excluding Operating and Capital Reserves.
 - (d) Fourth, to restore Operating and Capital Reserves.
4. If at the commencement of FY 2027-28, the appropriations applicable to that year have not been finally determined and adopted by the Board of Directors in accordance with the District Act, Valley Water shall proceed in accordance with the following authorizations:
 - (a) Except as otherwise provided in Section 4(b), the amounts set forth in the proposed budget for operating outlays, including existing debt service requirements, and capital outlays and the purposes therein specified, except funding for fixed assets, and residual equity transfers, are deemed appropriated until the final adoption of the budget by the Board of Directors.
 - (b) Funding for fixed assets and residual equity transfers are deemed appropriated until the adoption of the final budget if specifically approved by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Hsueh, Santos, Varela, Estremera

NOES: Directors Eisenberg

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT


TONY ESTREMER
Chair, Board of Directors

ATTEST


CANDICE KWOK-SMITH
Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-31

**PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES
IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS
WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA**

WHEREAS, the Santa Clara Valley Water District (Valley Water) incurs an annual indebtedness to the State of California (State) pursuant to its Water Supply Contract with the State of California dated November 20, 1961 (State Water Supply Contract), and such indebtedness was approved by the voters prior to July 1, 1978, within the meaning of Article XIII A of the California Constitution; and

WHEREAS, Valley Water anticipates that its contractual indebtedness to the State under the State Water Supply Contract during the fiscal year beginning July 1, 2026, and ending June 30, 2027 (Fiscal Year 2026-27), will be at least \$28 million; and

WHEREAS, Section 11652 of the California Water Code requires the Valley Water Board of Directors (Board) to levy a tax sufficient to assure payment of sums due under Valley Water's Water Supply Contract; and

WHEREAS, Section 1(b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by the voters prior to July 1, 1978, from the limitation set forth in Section 1(a) of Article XIII A; and

WHEREAS, Valley Water's indebtedness from its Water Supply Contract falls within such exemption; and

WHEREAS, Valley Water's Water Supply Contract is protected against impairment under the provisions of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California Constitution prohibiting the impairment of the obligation of contracts; and

WHEREAS, the Board has previously considered, in a public hearing, Staff's recommendation that anticipated Fiscal Year 2026-27 State Water Project (SWP) expenses of approximately \$35.8 million be paid for through the setting of the SWP Tax at \$28 million rather than through further increases to groundwater production charges over and above Staff's recommended FY 2026-2027 groundwater charge increases; and

WHEREAS, this Board is concurrently approving rate increases to all of Valley Water's groundwater, surface water, and recycled water charges for Fiscal Year 2026-27, including a 9.1% increase to North County (Zone W-2)'s municipal and industrial (M&I) groundwater production charge and increases between 6.6% to 9.4% in all other groundwater benefit zones and in the agricultural groundwater charge; and

WHEREAS, if anticipated SWP expenses were not paid through imposition of a \$28 million SWP Tax but rather were paid for through groundwater charges, then Valley Water's North County (Zone W-2) municipal and industrial (M&I) groundwater production charge would need an additional increase of \$158/AF (to \$2,831/AF) or approximately 15.5% rather than 9.1%. Similarly, absent paying for SWP charges with the SWP tax, in South County, the M&I charges would have necessitated additional increases of: \$37/AF in Zone W-5 (to \$702.50/AF), \$49/AF in Zone W-7 (to \$962.00/AF), and \$38/AF in Zone W-8 (to \$539.00/AF). The agricultural groundwater charge would have necessitated additional increases of \$3.35/AF (to \$49.85/AF) in all zones, and the Open Space Credit would have necessitated an increase of roughly \$962,533; and

WHEREAS, the Board, after reviewing and considering all the facts, information and reports provided by Valley Water staff, and information communicated to the Board during public meetings in which Valley Water's Fiscal Year 2026-27 budget and proposed increase of rates and charges were considered, has determined that it is necessary to raise the amounts hereinafter specified as an ad valorem real property tax, and that it is not feasible to raise said sums from further one-year water rates increases; and

WHEREAS, said ad valorem real property tax is consistent with Valley Water's past practice and is consistent with (Goodman v. County of Riverside (1983) 140 Cal.App.3d 900), the approach of other water districts and agencies that maintain water supply contracts with the State.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. That said Board has determined that the amounts necessary to be raised by taxation during Valley Water's Fiscal Year 2026-27 to pay indebtedness approved by the voters prior to July 1, 1978, and/or for which a tax levy is required under Article I, Section 10 of the United States Constitution and Article I, Section 9 of the California Constitution is \$28 million for payments on Valley Water's State Water Supply Contract dated November 20, 1961.
2. That, for the reasons stated above, said Board determines that it is infeasible to further increase or raise groundwater production charges or other water charges or rates to pay the \$28 million in expenses associated with Valley Water's State Water Supply Contract dated November 20, 1961.
3. That consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied in Fiscal Year 2026-27 an ad valorem real property tax within Valley Water sufficient to raise the sum of \$28 million to meet that portion of Valley Water's Water Supply Contract obligation which may be lawfully so raised.
4. That the funds received by Valley Water pursuant to the aforementioned ad valorem tax levy shall be placed in a separate fund identified for the indebtedness set forth above.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Hsueh, Santos, Varela, Estremera

NOES: Directors Eisenberg

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMERA
Chair, Board of Directors

ATTEST: CANDICE KWOK-SMITH


Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-32

**DELEGATING AUTHORITY TO DEPOSIT AND
INVEST FUNDS TO THE TREASURER OR THEIR DESIGNEES**

WHEREAS, the Board of Directors (Board) of the Santa Clara Valley Water District (Valley Water), in accordance with Executive Limitation 4.9, believes that public funds should be prudently invested or deposited consistent with applicable laws and the policies of the Board to produce revenue for Valley Water; and

WHEREAS, from time to time, there are Valley Water funds available for the purpose of investment or deposit; and

WHEREAS, the Board of Valley Water has, pursuant to the provisions of California Government Code Sections 53607 and 53608, determined to delegate to the Treasurer (Chief Financial Officer), or their designees (Treasury and Debt Officer), authority to invest or deposit such funds in accordance with the provisions of the Government Code; and

WHEREAS, it will be more convenient in the handling of said bonds or other securities so purchased that they be kept in safekeeping by said banks while they are the property of Valley Water.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Treasurer, or their designees, pursuant to California Government Code Sections 53607 and 53608, is hereby authorized to invest, deposit, or deposit for safekeeping, as far as possible, all money belonging to, or in the custody of, Valley Water pursuant to the Title 5, Division 2, Part 1, Chapter 4, Articles 1 and 2 of the Government Code, as amended from time to time and as directed by the policies of the Board.

BE IT FURTHER RESOLVED that the Treasurer, or their designees, be and are hereby authorized to invest in permissible investments, or to deposit in interest-bearing accounts with authorized financial institutions, funds in a sinking fund or funds of Valley Water from any of the various accounts of Valley Water when such funds will not be needed for the immediate necessities of Valley Water.

BE IT FURTHER RESOLVED that the resolution shall be effective for fiscal year 2026-27 and shall be reconsidered by the Board at a public meeting annually.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors: Santos, Varela, Ballard, Beall, Eisenberg, Hsueh, Estremera

NOES: Directors: None

ABSENT: Directors: None

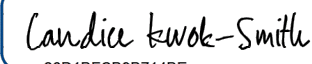
ABSTAIN: Directors: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:

197E6FB6AE23405...
TONY ESTREMER
Chair, Board of Directors

ATTEST

DocuSigned by:

26D1BFCB9B714BE...

CANDICE KWOK-SMITH
Clerk, Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-26

**AUTHORIZING THE EXECUTION AND DELIVERY OF
A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND A TAXABLE
TAX AND REVENUE ANTICIPATION NOTE TO SUPPORT SHORT-TERM OBLIGATIONS**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District ("Valley Water"), a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California ("State"), has previously undertaken a short-term financing program; and

WHEREAS, in order to continue the short-term financings from time to time, Valley Water has determined to issue in fiscal year 2026-2027 tax-exempt tax and revenue anticipation notes ("Tax-Exempt Notes") and taxable tax and revenue anticipation notes (the "Taxable Notes," and together with the Tax-Exempt Notes, the "Notes") in a combined aggregate principal amount not to exceed \$300,000,000 pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code on the terms set forth herein.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section have the meanings herein specified.

"Authorized Officer" means each of the Chief Executive Officer, the Chief Financial Officer and the Clerk of the Board or the designee of each of the foregoing.

"Authorizing Law" means Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code.

"Bonds" means all revenue bonds or notes of Valley Water authorized, executed, issued and delivered by Valley Water, which are secured by a pledge of and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Chief Executive Officer" means the duly-appointed Chief Executive Officer or any duly appointed Acting or Interim Chief Executive Officer of Valley Water.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

"Contract" means all installment purchase agreements or other contracts of Valley Water authorized and executed by Valley Water, which are secured by a pledge and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Master Resolution" means the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors of Valley Water on February 23, 2016, as amended.

"Net Water Utility System Revenues" has the meaning set forth in the Master Resolution.

"Notes" means the Tax-Exempt Notes and the Taxable Notes.

"Regulations" means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time, including temporary regulations, to the extent applicable.

"Tax-Exempt Notes" means the Santa Clara Valley Water District 2026-2027 Tax-Exempt Tax and Revenue Anticipation Notes to be issued hereunder.

"Taxable Notes" means the Santa Clara Valley Water District 2026-2027 Taxable Tax and Revenue Anticipation Notes to be issued hereunder.

"Valley Water" means the Santa Clara Valley Water District.

"Water Utility System Revenues" has the meaning set forth in the Master Resolution.

SECTION 2. ISSUANCE OF THE NOTES; AMOUNT; TERMS; INTEREST RATE; PLACE OF PAYMENT; USE OF PROCEEDS

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed \$300,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of Valley Water which will be available for the payment therefor. A certificate of an Authorized Officer certifying to such effect, in the form attached hereto as "Exhibit B," shall be completed on or prior and as a condition to, the delivery of the Notes. The Tax-Exempt Notes shall be designated "Santa Clara Valley Water District 2026-2027 Tax-Exempt Tax and Revenue Anticipation Notes" and the Taxable Notes shall be designated "Santa Clara Valley Water District 2026-2027 Taxable Tax and Revenue Anticipation Notes." The Notes shall be dated the date of issuance thereof. The Notes shall be payable at the office of Valley Water at such times and in such amounts as set forth in the respective Notes. The Notes shall mature and be payable no later than October 1, 2027. The Notes shall bear a rate of interest which shall be determined on the date of issuance of the short-term obligations to which such Notes are pledged and shall be a rate which when multiplied by the principal amount of such Notes outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which such Notes are pledged outstanding on such date and shall be payable in accordance with the terms thereof. Each Note shall be prepayable in whole or in part on any day on which the short-term obligations to which such Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of the Notes will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

SECTION 3. EXECUTION OF THE NOTES

Each Authorized Officer is hereby authorized and directed to sign the Notes, by such officer's manual, printed, lithographed or facsimile signatures.

SECTION 4. FORM OF THE NOTES

The Notes shall be issued in substantially the form set forth in "Exhibit A" attached hereto and incorporated herein and may be issued in typewritten form.

SECTION 5. PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES

The obligation of Valley Water to make payments of principal of and interest on the Notes is a general obligation of Valley Water. Valley Water hereby pledges Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Notes which support short-term obligations, all in accordance with the Master Resolution. Valley Water may pledge Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Notes which support other short-term obligations, such pledge to be set forth in such short-term obligations. The Notes do not constitute a debt of Valley Water or the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

SECTION 6. CERTIFIED COPIES

The Valley Water Clerk of the Board shall provide a certified copy of this document to the Chief Executive Officer or Chief Financial Officer who shall take such action as shall be necessary to assure compliance by Valley Water with the terms and conditions hereof.

SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Eisenberg, Hsueh, Santos, Varela Estremera

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMER
Chair, Board of Directors

ATTEST



CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: 
CANDICE KWOK-SMITH
Clerk, Board of Directors



EXHIBIT A COVERSHEET

SANTA CLARA VALLEY WATER DISTRICT 2026-2027 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND 2026-2027 TAXABLE TAX AND REVENUE ANTICIPATION NOTE

No. of Pages: 2

Exhibit Attachments: None

**SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE**

FOR VALUE RECEIVED, the Santa Clara Valley Water District ("Valley Water") acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation ("Corporation") \$150,000,000 in lawful money of the United States of America, on October 1, 2027, together with interest thereon at the offices of Valley Water in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of this Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which the Note is pledged outstanding on such day. Interest on this Note shall be payable on any date on which interest is payable with respect to the short-term obligations to which this Note is pledged. This Note shall be prepayable in whole or in part on any day on which the Corporation notifies Valley Water that the principal with respect to the short-term obligations to which this Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of this Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of Valley Water, does not exceed any limit prescribed by the Constitution or laws of the State.

This Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by Valley Water for fiscal year 2026-2027 and which are lawfully available for the payment of current expenses and other obligations of Valley Water. The obligation of Valley Water to make payments of principal of and interest on this Note is a general obligation of Valley Water. The portion of payments on this Note which support the short-term financing program is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution adopted by the Board of Directors of Valley Water on May 12, 2026, authorizing the issuance of this Note). The portion of payments on this Note which support other short-term obligations may also be payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts to the extent set forth in such short-term obligation. This Note does not constitute a debt of Valley Water or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or their designee, and the General Counsel or the General Counsel's designee, all as of July 1, 2026.

SANTA CLARA VALLEY WATER DISTRICT

By: 
Melanie Richardson, P.E.
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: 
Mark Poole
Senior Assistant District Counsel

**SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAXABLE TAX AND REVENUE ANTICIPATION NOTE**

FOR VALUE RECEIVED, the Santa Clara Valley Water District ("Valley Water") acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation ("Corporation") \$150,000,000 in lawful money of the United States of America, on October 1, 2027, together with interest thereon at the offices of Valley Water in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of this Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which this Note is pledged outstanding on such day. Interest on this Note shall be payable on any date on which interest is payable with respect to the short-term obligations to which this Note is pledged. This Note shall be prepayable in whole or in part on any day on which the Corporation notifies Valley Water that the principal with respect to the short-term obligations to which this Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of this Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of Valley Water, does not exceed any limit prescribed by the Constitution or laws of the State.

This Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by Valley Water for fiscal year 2026-2027 and which are lawfully available for the payment of current expenses and other obligations of Valley Water. The obligation of Valley Water to make payments of principal of and interest on this Note is a general obligation of Valley Water. The portion of payments on this Note which support the short-term financing program is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution adopted by the Board of Directors of Valley Water on May 12, 2026, authorizing the issuance of this Note). The portion of payments on this Note which support other short-term obligations may also be payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts to the extent set forth in such short-term obligation. This Note does not constitute a debt of Valley Water or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or their designee, and the General Counsel or the General Counsel's designee, all as of July 1, 2026.

SANTA CLARA VALLEY WATER DISTRICT

By: 
Melanie Richardson, P.E.
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: 
Mark Poole
Senior Assistant District Counsel

EXHIBIT B COVERSHEET

**\$300,000,000
SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85 PERCENT AMOUNT**

No. of Pages: 1

Exhibit Attachments: None

\$300,000,000
SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85 PERCENT AMOUNT

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed \$300,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the Santa Clara Valley Water District ("Valley Water"), as determined by the following calculation:

FY 2026-27 Valley Water-wide Estimated Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money ¹ (A)	<u>\$805,600,000</u>
FY 2026-27 Tax and Revenue Anticipation Notes:	
Principal Amount of the Notes ²	\$300,000,000
Interest on the Notes ³	<u>45,700,000</u>
Total (B)	\$345,700,000
Percentage (B)/(A)	42.91%

Dated: July 1, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: 
Darin Taylor
Chief Financial Officer

¹ Source: FY 2026-27 Preliminary Budget.

² Up to \$150 million in Tax-Exempt Notes and \$150 million of Taxable Notes may be issued to support the short-term obligations.

³ Assumes maximum interest rate of 12% calculated based on actual/360-day basis.

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-28

INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WATER UTILITY ENTERPRISE

WHEREAS, the Santa Clara Valley Water District ("Valley Water") is a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the Board of Directors of Valley Water intends to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (collectively, the "Project"); and

WHEREAS, Valley Water expects to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"); and

WHEREAS, prior to the issuance of the Obligations, Valley Water desires to incur certain expenditures with respect to the Project from available monies of Valley Water, which expenditures are desired to be reimbursed by Valley Water from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby finds, determines, declares, and resolves as follows:

1. Valley Water hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.
2. The reasonably expected maximum principal amount of the Obligations is \$498,856,000.
3. This resolution is being adopted no later than 60 days subsequent to the first date (each day of expenditure referred to herein as the "Expenditure Date or Dates") that Valley Water will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.
4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, however, that the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen month limit" of the previous sentence is changed to "three years" and the limitation of the previous sentence beginning with "; provided," is not applicable.
5. Proceeds of the Obligations to be used to reimburse Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of Valley Water) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of Valley Water or any entity related in any manner to Valley Water, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

6. This resolution is consistent with the budgetary and financial circumstances of Valley Water as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by Valley Water (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by Valley Water that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.
7. The limitations described in Section 3 and Section 4 of this resolution do not apply to:
(a) costs of issuance of the Obligations; (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.
8. This resolution is adopted as official action of Valley Water in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Valley Water expenditures incurred prior to the date of issue of the Obligations, is part of Valley Water's official proceedings, and will be available for inspection by the general public at the main administrative office of Valley Water.
9. All the recitals in this resolution are true and correct and this Board of Directors so finds, determines, and represents.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Eisenberg, Hsueh, Santos, Varela, Estremera

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMER
Chair, Board of Directors

ATTEST



CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: 
CANDICE KWOK-SMITH
Clerk, Board of Directors



EXHIBIT A COVERSHEET

DESCRIPTION OF PROJECT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

DESCRIPTION OF PROJECT

Various capital improvements set forth in the Fiscal Year 2027-31 Capital Improvement Plan (the "CIP") for water supply infrastructure, including storage, transmission, treatment, and recycled water facilities, and water resources stewardship, as such CIP may be modified from time-to-time. The current CIP is incorporated herein by reference.

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-29

**INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR SAFE, CLEAN WATER
AND NATURAL FLOOD PROTECTION AND WATERSHED
AND STREAM STEWARDSHIP PROGRAMS**

WHEREAS, the Santa Clara Valley Water District ("Valley Water") is a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the Board of Directors of Valley Water intends to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (collectively, the "Project"); and

WHEREAS, Valley Water expects to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"); and

WHEREAS, prior to the issuance of the Obligations Valley Water desires to incur certain expenditures with respect to the Project from available monies of Valley Water which expenditures are desired to be reimbursed by Valley Water from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby finds, determines, declares, and resolves as follows:

1. Valley Water hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.
2. The reasonably expected maximum principal amount of the Obligations is \$242,389,000.
3. This resolution is being adopted no later than 60 days subsequent to the first date (each day of expenditure referred to herein as the "Expenditure Date or Dates") that Valley Water will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.
4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, however, that the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen-month limit" of the previous sentence is changed to "three years" and the limitation of the previous sentence beginning with "; provided," is not applicable.
5. Proceeds of the Obligations to be used to reimburse Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of Valley Water) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of Valley Water or any entity related in any manner to Valley Water, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

6. This resolution is consistent with the budgetary and financial circumstances of Valley Water as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by Valley Water (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by Valley Water that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.
7. The limitations described in Section 3 and Section 4 of this resolution do not apply to:
(a) costs of issuance of the Obligations; (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.
8. This resolution is adopted as official action of Valley Water in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Valley Water expenditures incurred prior to the date of issue of the Obligations, is part of Valley Water's official proceedings, and will be available for inspection by the general public at the main administrative office of Valley Water.
9. All the recitals in this resolution are true and correct and this Board of Directors so finds, determines, and represents.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors **Ballard, Beall, Eisenberg, Hsueh, Santos, Varela, Estremera**
NOES: Directors **None**
ABSENT: Directors **None**
ABSTAIN: Directors **None**

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMERA
Chair, Board of Directors

ATTEST



CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: 
CANDICE KWOK-SMITH
Clerk, Board of Directors



EXHIBIT A COVERSHEET

DESCRIPTION OF PROJECT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

DESCRIPTION OF PROJECT

Various Safe, Clean Water and Natural Flood Protection and Watershed and Stream Stewardship program capital improvements set forth in the Fiscal Year 2027-31 Capital Improvement Plan (the "CIP"), as such CIP may be modified from time-to-time. The current CIP is incorporated herein by reference.

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-41

ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-27

WHEREAS, Article XIII B of the California Constitution and Government Code Sections 7901-7914 provide that the State and each local agency shall be subject to an annual Appropriations Limit as defined therein; and

WHEREAS, Article XIII B, Section 8(e)(2), requires each local government entity to select its methodology annually by a recorded vote of the governing body; and

WHEREAS, the Santa Clara Valley Water District (Valley Water) has selected the percentage change in California per capita personal income as the factor to be used in the calculation of the Appropriations Limit; and

WHEREAS, Valley Water has prepared the applicable documentation as intended by Article XIII B of the California Constitution, and such documents pursuant to Government Code Section 7910(a) were made available fifteen (15) days prior to adoption for public review in the Office of the Clerk of the Board during regular business hours.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Appropriations Limit for Fiscal Year 2026-27 is hereby established at \$226,499,995 by applying the percentage change in California per capita personal income of 4.95 percent, and the Santa Clara County population percentage change over prior year of 0.23 percent as shown on Exhibit A. This limit may be adjusted at a later date in accordance with Sections 3 and 11 of Article XIII B of the California Constitution.

BE IT FURTHER RESOLVED that any judicial action or proceeding to attack, review, set aside, void, or annul the Fiscal Year 2026-27 Appropriations Limit established by this resolution shall be commenced within forty-five (45) days from the date of this resolution in accordance with Section 7910(b) of the Government Code.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on June 9, 2026:

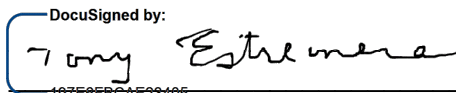
AYES: Directors Beall, Ballard, Eisenberg, Estremera, Hsueh, Santos, Varela

NOES: None

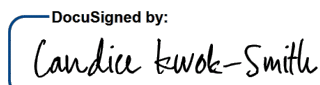
ABSENT: None

ABSTAIN: None

SANTA CLARA VALLEY WATER DISTRICT

DocuSigned by:

187E9FB5AE23405
TONY ESTREMERA
Chair, Board of Directors

ATTEST

DocuSigned by:

26D1BFCB9B714BE...

CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A COVERSHEET

FISCAL YEAR 2026-27 APPROPRIATIONS LIMIT ON THE PROCEEDS OF TAXES

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

Santa Clara Valley Water District Fiscal Year 2026-27
Appropriations Limit on the Proceeds of Taxes*

	FY 2025-26 Appropriations Limit	Ratio of Change	FY 2026-27** Appropriations Limit	FY 2026-27 Budgeted Proceeds of Taxes	Amount Under/(Over) Limit
Watershed & Stream Stewardship	\$215,324,646	1.0519	\$226,499,995	\$54,318,336	\$172,181,659

Article XIII B of the California Constitution specifies that local jurisdictions may select either the percentage change in California per capita personal income or the percentage change in the local assessment roll due to the addition of local non-residential new construction. The percentage change in the California per capita personal income has been selected by the Santa Clara Valley Water District and is 4.95 percent.

The population percentage change minus exclusions as reported by the State Department of Finance and prepared pursuant to Government Code Section 7901 (b) is calculated for Santa Clara County for the period from January 1, 2025, to January 1, 2026, to be used in setting the Appropriations Limit for Fiscal Year 2026-27. That change is 0.23 percent.

Per Capita Personal Income:	4.95%	converted to a factor	= 1.0495
Population (Santa Clara County):	0.23%	converted to a factor	= 1.0023
Ratio of Change:		(1.0495 x 1.0023)	= 1.0519

*Other watershed funds, Lower Peninsula and West Valley, and the Water Enterprise Fund were exempt from the Appropriations Limit under Article XIII B because they did not meet the criteria.

**Commencing with the FY 2009-10 Adopted Budget, the discretionary 1 percent ad valorem property taxes and other revenues (excluding benefit assessment charges) for Guadalupe, Coyote, and Uvas/Llagas watershed funds have been consolidated, as one, into the Watershed and Stream Stewardship Fund.

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-25

**AUTHORIZING THE ISSUANCE OF WATER SYSTEM REFUNDING REVENUE BONDS,
REVENUE BONDS, REFUNDING NOTES, AND REVENUE NOTES, AND APPROVING
THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS
AND CERTAIN ACTS IN CONNECTION THEREWITH**

WHEREAS, the Santa Clara Valley Water District (Valley Water) is a water supply and flood protection special district duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, Valley Water has previously financed and refinanced the planning, design, acquisition and/or construction of certain capital improvements to the water utility system equipment and facilities of Valley Water by causing the issuance of its Water System Refunding Revenue Bonds, Taxable Series 2016B (the "Outstanding 2016 Bonds"), Water System Refunding Revenue Bonds, Series 2017A (the "Outstanding 2017 Bonds") and its Water System Refunding Revenue Bonds, Series 2019A (the "Outstanding 2019 Bonds") and the execution and delivery of its Revenue Certificates of Participation (Water Utility System Improvement Projects) Taxable Series 2016D (the "Outstanding 2016 Certificates"); and

WHEREAS, Valley Water has previously financed the planning, design, acquisition and/or construction of certain capital improvements to the water utility system through the execution and delivery of various outstanding short-term certificates of participation or the issuance of various outstanding short-term notes (collectively, the "Outstanding Short-Term Obligations"); and

WHEREAS, Valley Water has determined that it would be in the best interests of Valley Water and citizens of the community to authorize refunding bonds in one or more series (the "Refunding Bonds") and refunding notes in one or more series (the "Refunding Notes") pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Bond Law") to refund or refinance, as applicable, all or a portion of the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds, the Outstanding 2019 Bonds and the Outstanding Short-Term Obligations; and

WHEREAS, pursuant to the Santa Clara Valley Water District Act, as amended by Assembly Bill 939 (as amended, the "District Act"), Valley Water is authorized to issue revenue bonds to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety; and

WHEREAS, the Board of Directors of Valley Water (the "Board") proposes to plan, design, acquire or construct additional water utility system capital improvements and to reimburse Valley Water for costs previously expended to plan, design, acquire or construct certain water utility system capital improvements; and

WHEREAS, Valley Water has determined that it would be in the best interests of Valley Water and citizens of the community to issue revenue bonds and/or revenue notes in one or more series (the "Revenue Bonds" and "Revenue Notes," respectively) pursuant to the District Act and the Revenue Bond Law of 1941 (commencing with Section 54300 of the Government Code), as supplemented by the District Act (the "Bond Law"), to finance the planning, design, acquisition and/or construction of, and to reimburse the costs of, facilities for water service and purification, groundwater protection and dam safety; and

WHEREAS, it is proposed that each series of Refunding Bonds, Refunding Notes, Revenue Bonds and Revenue Notes be sold in competitive sales pursuant to official notices of sale unless otherwise determined in accordance with this Resolution; and

WHEREAS, as to projects for which Valley Water has not yet completed its review and approval in accordance with the California Environmental Quality Act ("CEQA"), adoption of this Resolution to authorize execution of the agreements and documents referred to in this Resolution and implementation of actions necessary to accomplish the intention of this Resolution do not commit Valley Water to a definite course of action with regard to any particular project and do not limit Valley Water in exercising any discretion following CEQA review of the project, including (i) considering other feasible alternatives and mitigation measures to avoid or minimize project impacts, (ii) making modifications deemed necessary to reduce project impacts, or (iii) determining not to proceed with one or more component of a project; and

WHEREAS, Valley Water desires to authorize the sale and delivery of the Refunding Bonds, Refunding Notes, Revenue Bonds and Revenue Notes as set forth in this Resolution, provided that the aggregate principal amount of such obligations shall not exceed \$600,000,000; and

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, declare, and resolve as follows:

Section 1. Authorization of Refunding Bonds. This Board hereby authorizes the issuance, sale and delivery of one or more series of Refunding Bonds in accordance with the Refunding Bond Law and the terms and provisions of the Indenture of Trust with respect to the Refunding Bonds referred to in Section 2 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Refunding Bonds shall be expended are to pay all or a portion of the Outstanding Short-Term Obligations, the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds and the Outstanding 2019 Bonds, and to pay the costs of the sale and delivery of the Refunding Bonds.

Section 2. Refunding Bonds Documents. The Indenture of Trust and Continuing Disclosure Agreement with respect to the Refunding Bonds, in substantially the forms on file with Valley Water, are hereby approved. The Chief Executive Officer (or any acting or interim of such position, the "Chief Executive Officer"), the Chief Financial Officer and the Clerk of the Board or the designee of each of the foregoing (each an "Authorized Officer" and together the "Authorized Officers"), are hereby each individually authorized and directed to execute and deliver the Indenture of Trust and Continuing Disclosure Agreement with respect to the Refunding Bonds with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 3. Authorization of Revenue Bonds. This Board hereby authorizes the issuance, sale and delivery of one or more series of Revenue Bonds in accordance with the Bond Law and the terms and provisions of the Indenture of Trust with respect to the Revenue Bonds referred to in Section 4 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Revenue Bonds shall be expended are to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety and to reimburse Valley Water for, and/or refinance, costs previously expended to plan, design, acquire and/or construct such water utility system capital improvements as described in the related Indenture of Trust, and to pay the costs of the sale and delivery of the Revenue Bonds.

Section 4. Revenue Bonds Documents. Each Authorized Officer is individually authorized to cause one or more Indentures of Trust and Continuing Disclosure Agreements with respect to the Revenue Bonds, in substantially the forms of the Indenture of Trust and Continuing Disclosure Agreement authorizing the Refunding Bonds referred to in Section 2 above. Each Authorized Officer is individually authorized and directed to execute and deliver such Indentures of Trust and Continuing Disclosure Agreements with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 5. Authorization of Revenue Notes. This Board hereby authorizes the issuance, sale and delivery of one or more series of Revenue Notes in accordance with the Bond Law and the terms and provisions of the Indenture of Trust with respect to the Revenue Notes referred to in Section 6 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Revenue Notes shall be expended are to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety and to reimburse Valley Water for, and/or refinance, costs previously expended to plan, design, acquire and/or construct such water utility system capital improvements as described in the related Indenture of Trust, and to pay the costs of the sale and delivery of the Revenue Notes.

Section 6. Revenue Notes Documents. The Indenture of Trust and Continuing Disclosure Agreement with respect to the Revenue Notes, in substantially the forms on file with Valley Water, are hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Indenture of Trust and Continuing Disclosure Agreement with respect to the Revenue Notes with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. Authorization of Refunding Notes. This Board hereby authorizes the issuance, sale and delivery of one or more series of Refunding Notes in accordance with the Refunding Bond Law and the terms and provisions of the Indenture of Trust with respect to the Refunding Notes referred to in Section 8 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Refunding Notes shall be expended are to pay all or a portion of the Outstanding Short-Term Obligations, and to pay the costs of the sale and delivery of the Refunding Notes.

Section 8. Refunding Notes Documents. Each Authorized Officer is individually authorized to cause one or more Indentures of Trust and Continuing Disclosure Agreements with respect to the Refunding Notes, in substantially the forms of the Indenture of Trust and Continuing Disclosure Agreement authorizing the Revenue Notes referred to in Section 6 above. Each Authorized Officer is individually authorized and directed to execute and deliver such Indentures of Trust and Continuing Disclosure Agreements with such other changes (including changes as necessary to reflect the Outstanding Short-Term Obligations), insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 9. Notices of Sale. One or more Notices of Sale relating to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes in substantially the form on file with Valley Water, are hereby approved, with such changes, insertions and omissions as may be approved by an Authorized Officer or the designee thereof. Each Authorized Officer or

the designee thereof is individually authorized and directed to cause to be published notices of intention to sell the Refunding Bonds, the Refunding Notes, the Revenue Bonds or the Revenue Notes (a) once at least five (5) days prior to the date set for receipt of bids, in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders, in accordance with Section 53692 of the California Government Code, and/or (b) once at least ten (10) days prior to the date set for receipt of bids in a newspaper of general circulation circulated within the boundaries of Valley Water's service area, in accordance with Section 53583(c)(2)(A) of the California Government Code, as applicable. The Authorized Officers or the Treasury and Debt Officer, in cooperation with Public Resources Advisory Group, as Municipal Advisor, shall cause the applicable Notice of Sale to be circulated among prospective bidders.

As an alternative to competitive sales, if an Authorized Officer determines to sell any of the Refunding Bonds, the Refunding Notes, the Revenue Bonds or the Revenue Notes by one or more negotiated sales, each Authorized Officer is individually authorized and directed to execute and deliver one or more purchase contracts for such sales in substantially the forms approved by this Board pursuant to Resolution No. 22-105 adopted on November 8, 2022, with the underwriters to be named therein as determined by an Authorized Officer, and with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 10. Total Principal Amount Authorized. The aggregate principal amount of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes as authorized by this Resolution shall not exceed \$600,000,000.

Section 11. Escrow Agreements. The Escrow Agreement relating to the Outstanding 2017 Bonds and the Escrow Agreement relating to the Outstanding 2019 Bonds (collectively, the "Escrow Agreements"), in substantially the forms on file with Valley Water and, upon execution as authorized below, made a part hereof as though set forth in full herein, are hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Escrow Agreements with respect to the Outstanding 2017 Bonds and the Outstanding 2019 Bonds to be refunded, with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 12. Payment of Outstanding 2016 Bonds, Outstanding 2016 Certificates, Outstanding 2017 Bonds, Outstanding 2019 Bonds and Outstanding Short-Term Obligations. Each Authorized Officer and such other officers and staff of Valley Water are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to pay all or a portion of the Outstanding Short-Term Obligations, the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds and the Outstanding 2019 Bonds from a portion of the proceeds of the Refunding Bonds and to pay all or a portion of the Outstanding Short-Term Obligations from a portion of the proceeds of the Refunding Notes, if any.

Section 13. Trustee. U.S. Bank Trust Company, National Association is hereby appointed to act as trustee under the Indenture of Trusts with respect to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes.

Section 14. Good Faith Estimate of Certain Costs. The Board acknowledges that the good faith estimates of certain costs required by Section 5852.1 of the California Government Code with respect to each of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 15. Other Actions. The Authorized Officers and such other officers and staff of Valley Water are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes, and the delivery of the documents approved by this Resolution with respect thereto, and otherwise effectuate the purposes of this Resolution, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

Section 16. Definitions. Unless otherwise defined in this Resolution, all terms used by the Resolution and not otherwise defined shall have the meanings given to such terms in the Indenture of Trusts with respect to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes, as applicable, unless the context otherwise clearly requires.

Section 17. Effect. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors Ballard, Beall, Eisenberg, Hsueh, Santos, Varela, Estremera

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



TONY ESTREMER
Chair, Board of Directors

ATTEST



CANDICE KWOK-SMITH
Clerk, Board of Directors

Authorizing the Issuance of Water System Refunding Revenue Bonds, Revenue Bonds,
Refunding Notes and Revenue Notes, and Approving the Execution and Delivery of Certain
Documents and Certain Acts in Connection Therewith Resolution No. 2026-25



I hereby certify that the foregoing is a full, true and correct copy of the original thereof on file in my office.

DATED: May 12, 2026

CANDICE KWOK-SMITH
Clerk, Board of Directors



Appendices

**FY 2026-27 & FY 2027-28
Operating and Capital
Rolling Biennial Budget**

Appendix A - Glossary

Appendix A - Glossary

Accrual

The accumulation or increase of something over time, especially payments or benefits.

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 or Acre Foot (AF)

The volume of water required to cover 1 acre of land (43,560 square feet) to a depth of 1 foot, equivalent to 325,851 gallons.

Ad Valorem Tax

A direct tax calculated “according to value” of property. Ad valorem tax is based on an assigned valuation (market or assessed) of real property and, in certain cases, on a valuation of tangible or intangible personal property. In virtually all jurisdictions, ad valorem tax is a lien on the property enforceable by seizure and sale of the property. An ad valorem tax is normally the one substantial tax that may be raised or lowered by a local governing body without the sanction of superior levels of government (although constitutional or statutory restrictions such as tax rate limitations may limit this right).

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 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 Valley Water’s Board of Directors.

Agreements, Contractual

Contractual agreements made by Valley Water with other governmental agencies for cost sharing or project cost reimbursement.

Allocated Project

Projects whose budget and actual charges are distributed between two or more projects. The projects are 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.

Annual Comprehensive Financial Report (ACFR)

The official annual financial report of Valley Water, prepared by the General Accounting Unit. The report provides a comprehensive overview of the financial position and activities for the previous fiscal year. The ACFR adheres to the standards set by the Governmental Accounting Standards Board (GASB) and typically includes three main sections: 1. Introductory Section: General information about Valley Water, including a letter of transmittal and organizational details; 2. Financial Section: Audited financial statements, notes, and required supplementary information; 3. Statistical Section: Data on financial trends, revenue capacity, debt capacity, and other key metrics.

Appendix A - Glossary

Appropriation

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

Audit

An independent examination of financial information.

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 reserve 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 Investors 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.

Budget

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

Budget Adjustment

Appendix A - Glossary

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, from reserves 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.

Budget Document

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

Budget Process

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

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.

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 Valley Water Governmental Funds is Modified Accrual. The basis of accounting used by Valley Water Enterprise Funds is Accrual.

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.

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.

California Environmental Quality Act (CEQA)

California Environmental Quality Act is intended to inform government decision makers and the public about the potential environmental effects of proposed activities and to prevent significant, avoidable environmental damage.

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 two 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.

Appendix A - Glossary

Capital Improvement Program (CIP)

Capital projects span multiple years and are managed in the Capital Improvement Program. Detailed information on each capital project is presented in the Capital Improvement Program Five-Year Plan presented to the Board of Directors annually.

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.

Carry-Forward

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

CIP

See Capital Improvement Program

Commercial Paper

Short-term debt (typically 1-270 days maturities) issued by dealers to institutional investors primarily to fund capital expenditures.

Contingency Appropriation

A provision for unforeseen expenditures.

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.

CWIFP

The U.S. Army Corps of Engineers' Water Infrastructure Financing Program, a credit assistance program providing direct loans to non-Federal entities for dam safety and levee projects pursuant to the WIFIA statute.

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 short- and long-term debt.

Depreciation

- (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration and or action of the physical elements.
- (2) That portion of the cost of capital asset which is charged as an expense during a particular period.

Appendix A - Glossary

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

California 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 Valley Water.

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.

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, intergovernmental grants, entitlements, and shared revenues. The major expenditure categories used by Valley Water 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 cost of \$5,000 or more, or a combined cost of \$5,000 or more for like or related units.

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. Valley Water'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.

Appendix A - Glossary

Fund

(1) A reserve of money set aside for some purpose; (2) 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, Valley Water must compute an annual appropriations limit, which places a ceiling on the total amount of tax revenues Valley Water can actually appropriate annually.

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.

General Obligation Debt

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

Generally Accepted Accounting Principles (GAAP)

GAAP is a common set of accounting rules, requirements, and practices issued by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) to standardize the classifications, assumptions and procedures used in the recording of financial transactions.

Government Finance Officers Association (GFOA)

Government Finance Officers Association is a professional organization that advances excellence in government finance by providing best practices, professional development, networking, and research to improve public finance management.

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 a communication device.

Governmental Accounting Standards Board (GASB)

Governmental Accounting Standards Board is an independent, private-sector organization that establishes Generally Accepted Accounting Principles (GAAP) for U.S. state and local governments. It improves financial reporting to ensure transparency and accountability for public resources.

Governmental Funds

Governmental funds have a short-term emphasis and are used for tracking the inflows, outflows, and balances of readily spendable assets and short-term liabilities.

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.

Appendix A - Glossary

Groundwater

Water pumped from underground aquifers.

HAZMAT

Hazardous Materials

Interest

The amount paid by a borrower as compensation for the use of borrowed money. Issuers of municipal bonds pay interest on funds borrowed from purchasers of their bonds. This amount is generally calculated as an annual percentage of the principal amount.

Information Systems Master Plan (ISMP)

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

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.

Intra-District Reimbursement

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

Levy

To impose taxes, special assessments, or service charges for the support of government activities; or 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 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.

Appendix A - Glossary

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 Water Works 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 two 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.

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.

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 Valley Water 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.

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 Valley Water 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

Expenditure/Expense

Overhead

General 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, airbag inflators and 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 Valley Water, 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

Valley Water CEO submits a Proposed Budget for Valley Water’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 Valley Water’s Board of Directors to the Santa Clara County Board of Supervisors.

Proprietary Fund

Proprietary funds are used to account for the business-like activities of government whose operations are supported primarily with self-generated revenues.

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).

Reserve

An account used to indicate that a portion of a fund’s net 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.

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.

Revolving Line of Credit

A short-term debt facility that allows the borrower to repeatedly borrow up to an agreed-upon limit.

Appendix A - Glossary

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 (SCW)

In November 2012, Santa Clara County voters approved the Safe, Clean Water and Natural Flood Protection Program (2012 Safe, Clean Water) to address water supply, flood protection and environmental stewardship priorities. In 2020, voters approved the renewal of the Safe, Clean Water Program, replacing the 2012 Safe, Clean Water Program in entirety which began in FY 2021-22. Unlike the first two special parcel taxes, which were set to sunset in 15-years from the date of implementation, the renewed Safe, Clean Water Program will continue until repealed by voters or until the Board determines the funding is no longer needed.

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.

State Water Project

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

Subsidence

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

Supplemental Water Supply Appropriation

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

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 Valley Water and the 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.

Appendix A - Glossary

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).

Watershed Management Initiative (WMI)

The Santa Clara Basin Watershed Management Initiative was 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 effectively.

Watershed Master Plans

Watershed Master Plans are Valley Water's public planning process to identify watershed management needs related to environmental stewardship, flood protection, and water supply in each of Valley Water's five watersheds and identify actions to address them. The Watershed Master Planning program consists of an overarching countywide framework and individual Master Plans for the Coyote, Guadalupe, Pajaro, West Valley, and Lower Peninsula watersheds. These plans deliver a science-based decision-making process that enables Valley Water to strategically allocate limited resources toward actions that achieve its mission and service to the community.

WIFIA

The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal loan program administered by the United States Environmental Protection Agency for eligible water and wastewater infrastructure projects.

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 provided the security for General Obligation bonds that have since been paid off. 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

Pre-1978 tax zone that 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. Valley Water no longer receives specific taxes that were established prior to the passage of Proposition 13 in 1978, but instead receives a portion of the 1 percent tax based on the proportionate share of pre-1978 tax levies.

Appendix A - Glossary

Zone W-4

Pre-1978 tax zone that 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. Valley Water no longer receives specific taxes that were established prior to the passage of Proposition 13 in 1978, but instead receives a portion of the 1 percent tax based on the proportionate share of pre-1978 tax levies.

Zone W-5

Encompasses the valley floor of the Llagas subbasin from approximately East Main Avenue in Morgan Hill south to the Pajaro River. 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-7

Encompasses the Coyote Valley south of Metcalf Road to just north of East Main Avenue. 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-8

Encompasses portions of the outlying areas south of the Uvas and Chesbro reservoirs, east of Santa Teresa Boulevard, and generally north of Hecker Pass Highway. 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.

Appendix B – Capital Project Estimated Carryforward Budget

Appendix B – Capital Project Estimated Carryforward Budget

		Estimated Carryforward Budget 2026-27	Estimated Carryforward Budget 2027-28
Project Number	Project Description		
60204022	Security Upgrades and Enhancement	(271)	-
60204032	Headquarters Operations Bldg	394	-
Total General Fund Carryforward Budget		\$ 123	\$ -

Note: Estimated Carryforward Budget represents estimated unspent capital project budget from the prior fiscal year that will be carried forward to FY 2026-27 or FY 2027-28. A negative carryforward amount occurs when the CIP approved expenditure exceeds the current fiscal year Adjusted Budget. These negative Carryforward amounts reduce the FY 2026-27 Adopted Budget. If the actual expenditure exceeds the Adjusted Budget beyond the CEO's authority, budget adjustments will be requested to address overspending.

Appendix B – Capital Project Estimated Carryforward Budget

Project Number	Project Description	Estimated Carryforward Budget 2026-27	Estimated Carryforward Budget 2027-28
10394001	PA Flood Basin Tide Gate Replc	70,351	-
20444001	Calabazas/San Tomas Aquino Creek-Marsh Connection	1,571,673	-
20444002	Pond A4 Resilient Habitat Restoration	166,171	-
30154019	Lower Guadalupe River Capacity Restoration	6,904,296	-
40174005	Berryessa Crk, Lwr. Pen Phs 2	(5,295)	-
40214023	Coyote 10B Freshwater Wetland	863,899	-
40334005	Lwr Penitencia Crk Improvemnts	198	-
62044026	San Francisco Bay Shoreline	(1,225)	-
62084001	Watersheds Asset Rehabilitatio	11,555,023	-
Total Watersheds and Stream Stewardship Fund Carryforward Budget		\$ 21,125,091	\$ -

Note: Estimated Carryforward Budget represents estimated unspent capital project budget from the prior fiscal year that will be carried forward to FY 2026-27 or FY 2027-28. A negative carryforward amount occurs when the CIP approved expenditure exceeds the current fiscal year Adjusted Budget. These negative Carryforward amounts reduce the FY 2026-27 Adopted Budget. If the actual expenditure exceeds the Adjusted Budget beyond the CEO's authority, budget adjustments will be requested to address overspending.

Appendix B – Capital Project Estimated Carryforward Budget

Project Number	Project Description	Estimated Carryforward Budget 2026-27	Estimated Carryforward Budget 2027-28
26044003	SCW Ogier Ponds Separation from Coyote Creek (Planning and	214,833	-
26044004	D6 Bolsa Road Fish Passage Improvement	(1,274)	-
26044005	SCW D4.3 Fish Passage Improvements	188,772	-
26044056	Regnart Creek Rehabilitation Project - F8	147,978	-
26074002	Sunnyvale East & West Channel	9,629,484	-
26154002	Guadalupe Rv-Upr, 280-SPRR(R6)	167,500	50,951
26154003	Guadalupe Rv-Upr, SPRR-BH 7-12	1,711,400	1,324,955
26174041	Berryessa Calav/Old Pied Cor	1,573,000	1,596,550
26174043	Coyote Creek, Montague-Tully	2,014,059	-
26174051	U. Llagas Ck, Reimburse E6b	125,900	-
26174052	Llagas Ck - Upper Construction	262,000	-
26174054	U.Llagas Ck Design B. Vsta Rd	84,000	-
26174055	Llagas Creek Phase 2B Construction	262	-
26324001	U Penitncia Crk Corp Coord SCW	1,726,000	2,625,840
26444004	San Francisco Bay Shoreline EIAs 5-10	708,501	-
26764001	IRP2 AddLine Valves	630	-
Total Safe Clean Water Fund Carryforward Budget		\$ 18,553,045	\$ 5,598,296

Note: Estimated Carryforward Budget represents estimated unspent capital project budget from the prior fiscal year that will be carried forward to FY 2026-27 or FY 2027-28. A negative carryforward amount occurs when the CIP approved expenditure exceeds the current fiscal year Adjusted Budget. These negative Carryforward amounts reduce the FY 2026-27 Adopted Budget. If the actual expenditure exceeds the Adjusted Budget beyond the CEO's authority, budget adjustments will be requested to address overspending.

Appendix B – Capital Project Estimated Carryforward Budget

Project Number	Project Description	Estimated Carryforward Budget 2026-27	Estimated Carryforward Budget 2027-28
91084019	Dam Safety Seismic Stability	53,818	-
91084020	Calero-Guad Dams Seismic Retro	622,698	-
91094001	Land Rights-SC Recycled Water	3,201,566	-
91094009	SoCo Rcyld Wtr PL Short-Trm 1B	272	-
91234002	Coyote Pumping Plant ASD	1,705	-
91294001	Pure Water Silicon Valley	807	-
91854001	Almaden Dam Improvements	263	-
91854003	Almaden Calero Canal Rehab	(23,861)	-
91864005	Anderson Dam Seismic Retrofit	1,502,427	-
91864006	Anderson Dam Tunnel Project	5,327,690	-
91864007	Coyote Creek Flood Management Measures	805,000	749,458
91864011	Coyote Percolation Dam Phase 2	4,033,000	349,349
91874004	Calero Dam SeisRetrfit Des&Con	(1,359)	-
91884003	Coyote Dam Seismic Retrofit Project	411,350	-
91894002	Guadalupe Dam SeisRetf Des&Con	(132)	-
92144001	Pacheco/SC Conduit ROW ACQ	(397)	-
92264001	Vasona Pump Station Upgrade	1,831,000	749,661
92304001	Almaden Valley Pipeline	1,116	-
93044001	WTP Master Plan Implementation	122,622	-
93084004	Wtr Trtmnt Plnt Electr Imprv	2,161,454	-
93234044	PWTP Residuals Management	2,064	-
93294057	RWTP Reliability Improvement	(959)	-
93294059	RWTP Liquid Ammonium Sulfate Facility	933,578	-
94084007	Treated Water Isolation Valves	155	-
95044001	Distribution System Master Plan Implementation	331,489	-
95044002	SCADA Master Plan Implementation	674,124	-
95044004	SMPIP Upgrades - Phase 1	367,000	219,000
95074001	Capital Warranty Services	1,046,000	961,487
95084002	10-Yr PL Inspection and Rehab	778	-
95084004	East Pipeline Inspection and Rehabilitation Project	(240)	-
95084006	Santa Teresa Force Main Inspection and Rehabilitation	500	-
95084007	Milpitas Pipeline Inspection and Rehabilitation Project	500	-
95274003	WU Computer Network Modrnizatn	(348)	-
Total Water Utility Funds Carryforward Budget		\$ 23,405,680	\$ 3,028,955

Note: Estimated Carryforward Budget represents estimated unspent capital project budget from the prior fiscal year that will be carried forward to FY 2026-27 or FY 2027-28. A negative carryforward amount occurs when the CIP approved expenditure exceeds the current fiscal year Adjusted Budget. These negative Carryforward amounts reduce the FY 2026-27 Adopted Budget. If the actual expenditure exceeds the Adjusted Budget beyond the CEO's authority, budget adjustments will be requested to address overspending.

Appendix B – Capital Project Estimated Carryforward Budget

		Estimated Carryforward Budget 2026-27	Estimated Carryforward Budget 2027-28
Project Number	Project Description		
73274008	Software Upgrades & Enhancemen	(454)	-
Total Information Technology Fund Carryforward Budget		\$ (454)	\$ -

Note: Estimated Carryforward Budget represents estimated unspent capital project budget from the prior fiscal year that will be carried forward to FY 2026-27 or FY 2027-28. A negative carryforward amount occurs when the CIP approved expenditure exceeds the current fiscal year Adjusted Budget. These negative Carryforward amounts reduce the FY 2026-27 Adopted Budget. If the actual expenditure exceeds the Adjusted Budget beyond the CEO's authority, budget adjustments will be requested to address overspending.

Appendix C – Water Utility Enterprise Long Term Forecast

Appendix C – Water Utility Enterprise Long Term Forecast

		(In Thousands \$)						
(See Note 1)		Adopted	Adopted	Proposed	Projected	Projected	Projected	Projected
		2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Revenues								
Groundwater Production Charges	\$	200,333	\$ 233,004	\$ 261,258	\$ 287,411	\$ 316,185	\$ 343,219	\$ 372,562
Treated Water Charges		220,403	231,016	251,897	274,535	298,645	321,975	347,175
Surface & Recycled Water Charges		2,582	2,526	2,738	2,969	3,726	3,995	4,281
Inter-governmental Services		1,493	1,323	1,397	1,448	1,475	1,492	1,521
Other		496	511	511	486	486	486	486
Total Operating Revenue	\$	425,308	\$ 468,380	\$ 517,801	\$ 566,849	\$ 620,517	\$ 671,167	\$ 726,025
Non-Operating Revenues								
Property Taxes	\$	39,871	\$ 40,753	\$ 41,016	\$ 46,408	\$ 53,878	\$ 57,363	\$ 60,866
Capital Contributions		684	504	1,216	1,189	1,244	1,301	1,361
Interest		7,066	9,707	9,707	2,719	2,490	2,665	3,298
Other		1,230	1,237	1,246	1,257	1,267	1,278	1,290
Total Non-Operating Revenues	\$	48,851	\$ 52,201	\$ 53,185	\$ 51,573	\$ 58,879	\$ 62,608	\$ 66,815
Total Revenue	\$	474,158	\$ 520,581	\$ 570,986	\$ 618,422	\$ 679,396	\$ 733,775	\$ 792,840
Operating Outlays								
Operations	\$	269,098	267,424	\$ 280,477	\$ 297,979	\$ 316,423	\$ 344,320	\$ 366,039
Operating Projects		453	937	817	552	568	585	533
Debt Service		98,411	110,508	132,006	143,902	152,825	156,325	162,807
Total Operating Outlays	\$	367,962	\$ 378,869	\$ 413,300	\$ 442,433	\$ 469,816	\$ 501,230	\$ 529,378
Capital Outlay	\$	374,908	\$ 528,219	\$ 440,049	\$ 583,699	\$ 653,554	\$ 571,335	\$ 1,357,558
Total Capital Outlays	\$	374,908	\$ 528,219	\$ 440,049	\$ 583,699	\$ 653,554	\$ 571,335	\$ 1,357,558
Total Outlays	\$	742,870	\$ 907,088	\$ 853,348	\$ 1,026,132	\$ 1,123,371	\$ 1,072,565	\$ 1,886,936
Operating Transfers In/(Out)	\$	(4,077)	\$ (11,982)	\$ (11,655)	\$ (5,007)	\$ 2,134	\$ 3,793	\$ 4,727
Debt Proceeds		220,217	407,001	329,228	370,284	453,717	346,449	1,099,522
Total Other Financing Sources/ (Uses)	\$	216,140	\$ 395,019	\$ 317,573	\$ 365,277	\$ 455,851	\$ 350,242	\$ 1,104,249
Balance Available	\$	(52,571)	\$ 8,511	\$ 35,210	\$ (42,433)	\$ 11,877	\$ 11,452	\$ 10,153
Reserves:								
Restricted Reserves:								
Drought Contingency Reserve	\$	1,000	\$ 4,000	\$ 8,000	\$ 12,000	\$ 16,000	\$ 20,000	\$ 20,000
WUE - Rate Stabilization Reserve		40,505	43,042	47,642	51,260	54,434	57,402	60,396
San Felipe Emergency Reserve		3,751	3,897	3,947	3,997	4,047	4,097	4,147
Supplemental Water Supply		8,677	12,077	15,477	18,877	19,277	19,677	20,077
State Water Project Tax Reserve		11,592	14,890	6,242	1,181	890	1,161	1,874
Total Restricted Reserves	\$	65,525	\$ 77,906	\$ 81,308	\$ 87,315	\$ 94,648	\$ 102,337	\$ 106,494
Committed Reserves:								
Currently Authorized Projects	\$	17,667	\$ 22,258	\$ 19,229	\$ 0	\$ 0	\$ 0	\$ 0
Excess ERAF Reserve		615	729	840	840	840	840	840
Designated for Operating and Capital		74,567	66,419	101,144	71,933	76,477	80,239	86,235
Total Committed Reserves	\$	92,849	\$ 89,405	\$ 121,213	\$ 72,774	\$ 77,317	\$ 81,079	\$ 87,076
Total Year-End Reserves	\$	158,374	\$ 167,311	\$ 202,521	\$ 160,088	\$ 171,965	\$ 183,417	\$ 193,569
Senior & Parity Debt Service Coverage		2.12	2.24	2.24	2.22	2.38	2.50	2.63

Appendix C – Water Utility Enterprise Long Term Forecast

Note (1): The water utility financial forecast set forth herein represents the estimate of projected financial results of certain funds related to Valley Water’s water utility and is based upon Valley Water’s judgment of the most probable occurrence of certain future events at the time this forecast is published. Such financial forecast is based on a variety of assumptions which are material in the development thereof, and variations in the assumptions may produce substantially different forecast results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. Revenues, operating outlays and other amounts set forth above (i) are presented on a budgetary basis which is not consistent with generally accepted accounting principles in all respects, and (ii) may not be presented consistent with the requirements of other statutes, regulations or contractual obligations applicable to or entered into by Valley Water, including but not limited to bonds, notes or other obligations issued by or on behalf of Valley Water and payable from the Water Enterprise Fund and the State Water Project Fund. The Debt Service Coverage calculation included herein is prepared for general reference and may not conform to the debt service coverage calculation formulas pursuant to the Water Utility Parity Master Resolutions or other calculations applicable to the Water Enterprise Fund and the State Water Project Fund individually. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of District bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained at <https://emma.msrb.org/>. GP5 funds are fully appropriated in the adjusted FY 2024-25 budget and are not reflected in this schedule.

Appendix C – Water Utility Enterprise Long Term Forecast

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Appendix D – Summary By Fund

Appendix D – Summary By Fund

	Watersheds Funds (Fund 12, 21-25 & 26)				Water Utility Enterprise Funds (Fund 61 & 63)			
	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27
REVENUE								
Groundwater Production Charges	\$ -	\$ -	\$ -	\$ -	\$ 176,173,362	\$ 200,333,000	\$ 213,834,000	\$ 233,004,000
Treated Water Charges	-	-	-	-	202,844,299	220,403,000	198,403,000	231,016,000
Surface & Recycled Water Charges	-	-	-	-	2,955,025	2,582,000	2,591,000	2,526,000
Benefit Assessment	6,848,514	6,923,750	6,923,750	6,921,250	-	-	-	-
Property Tax	129,840,107	132,785,000	137,453,938	140,841,668	41,235,259	39,871,000	40,446,763	40,753,112
Special Parcel Tax	53,227,039	55,094,792	55,094,792	56,582,351	-	-	-	-
Intergovernmental Services	202,970	-	-	-	4,885,067	1,493,295	1,492,500	1,323,000
Operating Other	1,162,600	318,938	318,938	328,506	520,603	496,488	510,547	510,547
Capital Reimbursements	10,815,146	55,600,000	24,510,000	60,455,000	3,030,479	684,000	1,341,000	504,000
Interest Income *	13,946,973	5,366,000	8,045,000	8,045,000	14,700,229	7,066,000	9,707,000	9,707,000
Non-Operating Other	2,854,430	1,458,487	1,458,487	1,502,242	16,824,114	1,229,670	1,227,635	1,236,847
TOTAL REVENUE	\$ 218,897,779	\$ 257,546,967	\$ 233,804,905	\$ 274,676,017	\$ 463,168,436	\$ 474,158,453	\$ 469,553,445	\$ 520,580,506
OUTLAYS								
Operating Outlays								
Operations **	\$ 101,483,650	\$ 118,364,072	\$ 121,133,636	\$ 127,888,091	\$ 232,867,032	\$ 269,098,346	\$ 290,188,424	\$ 267,423,999
Operating Project	3,830,779	4,444,256	8,394,256	6,801,569	24,709,600	452,787	3,262,831	937,460
Debt Service	11,699,443	18,530,310	18,530,310	18,294,186	74,260,280	98,411,311	87,384,947	110,507,668
Total Operating Outlays	117,013,873	141,338,638	148,058,202	152,983,845	331,836,913	367,962,444	380,836,202	378,869,128
Capital Outlays								
Capital Projects	\$ 99,280,659	\$ 96,937,602	\$ 176,927,845	\$ 195,050,073	\$ 268,626,636	\$ 312,004,684	\$ 397,242,183	\$ 504,812,952
Carryforward Capital Projects	-	69,566,695	-	39,678,136	-	62,902,860	-	23,405,680
Total Capital Outlays	\$ 99,280,659	\$ 166,504,297	\$ 176,927,845	\$ 234,728,209	\$ 268,626,636	\$ 374,907,544	\$ 397,242,183	\$ 528,218,632
TOTAL OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 324,986,047	\$ 387,712,054	\$ 600,463,549	\$ 742,869,989	\$ 778,078,385	\$ 907,087,760
Less Intra-District Reimbursements	-	-	-	-	-	-	-	-
NET OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 324,986,047	\$ 387,712,054	\$ 600,463,549	\$ 742,869,989	\$ 778,078,385	\$ 907,087,760
OTHER FINANCING SOURCES/(USES)								
Debt Proceeds	\$ 50,000,000	\$ 44,609,029	\$ 30,000,000	\$ 119,346,000	\$ 140,000,000	\$ 220,217,267	\$ 225,419,723	\$ 407,001,000
Transfers In	4,087,474	5,116,750	5,116,750	6,234,999	11,428,122	7,606,274	7,606,274	5,544,119
Transfers Out	(16,924,530)	(14,710,901)	(14,911,701)	(15,676,139)	(10,844,078)	(11,683,496)	(11,984,696)	(17,526,551)
TOTAL OTHER SOURCES/(USES)	\$ 37,162,944	\$ 35,014,878	\$ 20,205,049	\$ 109,904,860	\$ 140,584,044	\$ 216,140,045	\$ 221,041,301	\$ 395,018,568
BALANCE AVAILABLE	39,766,191	(15,281,090)	(70,976,093)	(3,131,177)	3,288,931	(52,571,490)	(87,483,640)	8,511,314

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liability

Appendix D – Summary By Fund

	Watershed Funds (Fund 12,21-25 & 26)				Water Utility Enterprise Funds (Fund 61 & 63)			
	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27
YEAR-END RESERVES								
Restricted Reserves								
WUE Rate Stabilization Reserve	\$ -	\$ -	\$ -	\$ -	\$ 20,571,906	\$ 40,504,668	\$ 40,256,453	\$ 43,041,738
WUE San Felipe Emergency Reserve	-	-	-	-	3,797,415	3,751,454	3,847,415	3,897,415
WUE State Water Project Tax Reserve	-	-	-	-	25,277,937	11,591,690	21,738,142	14,890,000
WUE Supplemental Water Supply Reserve	-	-	-	-	5,277,000	8,677,000	8,677,000	12,077,000
WUE SVAWPC Reserve	-	-	-	-	530,119	-	-	-
WUE Drought Reserve	-	-	-	-	-	1,000,000	1,000,000	4,000,000
WUE Guiding Principle #5 (GP5) Reserve	-	-	-	-	2,810,044	-	-	-
SCW Rate Stabilization Reserve	25,000,000	25,000,000	25,000,000	25,000,000	-	-	-	-
SCW Contingency Reserve	5,000,000	5,000,000	5,000,000	5,000,000	-	-	-	-
SCW Currently Authorized Projects Reserve***	153,931,649	71,376,703	54,454,777	24,037,866	-	-	-	-
SCW Operating and Capital Reserve	3,971,210	76,463,210	22,685,957	43,678,321	-	-	-	-
Total Restricted Reserves	\$ 187,902,859	\$ 177,839,913	\$ 107,140,734	\$ 97,716,187	\$ 58,264,421	\$ 65,524,812	\$ 75,519,009	\$ 77,906,153
Committed Reserves								
Currently Authorized Projects Reserve***	\$ 27,087,745	\$ 1,029,024	\$ 21,125,092	\$ -	\$ 127,749,392	\$ 17,666,735	\$ 45,663,278	\$ 22,257,597
Operating and Capital Reserve	163,306,832	154,256,929	177,953,016	204,315,318	59,768,403	74,567,165	37,000,010	66,418,501
Excess ERAF Contingency Reserve	4,754,939	5,836,610	5,857,439	6,913,599	501,192	615,193	617,472	728,832
Total Committed Reserves	\$ 195,149,516	\$ 161,122,563	\$ 204,935,547	\$ 211,228,917	\$ 188,018,987	\$ 92,849,093	\$ 83,280,760	\$ 89,404,930
TOTAL YEAR-END RESERVES	\$ 383,052,375	\$ 338,962,476	\$ 312,076,281	\$ 308,945,104	\$ 246,283,408	\$ 158,373,905	\$ 158,799,769	\$ 167,311,083
OPERATING OUTLAY								
Salaries and Benefits	\$ 46,913,085	\$ 52,339,151	\$ 52,081,619	\$ 55,482,095	\$ 74,197,606	\$ 76,556,701	\$ 76,814,233	\$ 80,601,880
Salary Savings Factor	-	(523,828)	(523,828)	(1,153,119)	-	(752,323)	(752,323)	(1,645,165)
Services & Supplies	28,382,415	37,335,848	44,460,871	46,631,882	139,159,106	147,162,816	170,657,479	143,736,553
Intra-District Charges	30,018,929	33,657,157	33,509,230	33,728,802	44,219,920	46,583,940	46,731,867	45,668,192
OPERATING OUTLAY TOTAL	\$ 105,314,430	\$ 122,808,328	\$ 129,527,892	\$ 134,689,659	\$ 257,576,633	\$ 269,551,133	\$ 293,451,255	\$ 268,361,460
DEBT SERVICE								
Services & Supplies	\$ 805,328	\$ 911,560	\$ 911,560	\$ 771,561	\$ 1,781,429	\$ 4,520,320	\$ 4,520,320	\$ 3,450,320
Debt Service	10,894,115	17,618,750	17,618,750	17,522,625	72,478,851	93,890,991	82,864,627	107,057,348
DEBT SERVICE TOTAL	\$ 11,699,443	\$ 18,530,310	\$ 18,530,310	\$ 18,294,186	\$ 74,260,280	\$ 98,411,311	\$ 87,384,947	\$ 110,507,668
CAPITAL PROJECTS								
Salaries and Benefits	\$ 17,687,634	\$ 19,778,729	\$ 19,778,729	\$ 19,891,205	\$ 31,729,907	\$ 33,617,155	\$ 34,350,285	\$ 37,909,331
Salary Savings Factor	-	(204,729)	(204,729)	(426,108)	-	(347,530)	(347,530)	(810,485)
Services & Supplies	70,851,175	65,195,450	145,185,693	164,383,498	217,444,348	258,014,111	342,060,404	446,300,362
Carryforward Capital Projects	-	69,566,695	-	39,678,136	-	62,902,860	-	23,405,680
Intra-District Charges	10,741,850	12,168,153	12,168,153	11,201,478	19,452,381	20,720,948	21,179,024	21,413,744
CAPITAL PROJECTS TOTAL	\$ 99,280,659	\$ 166,504,297	\$ 176,927,845	\$ 234,728,209	\$ 268,626,636	\$ 374,907,544	\$ 397,242,183	\$ 528,218,632
TOTAL OUTLAYS	\$ 216,294,532	\$ 307,842,935	\$ 324,986,047	\$ 387,712,054	\$ 600,463,549	\$ 742,869,989	\$ 778,078,385	\$ 907,087,760

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

Appendix D – Summary By Fund

	Administration Funds (Fund 11, 71-73)				Total District-wide			
	Budgetary Basis Actual	Adopted Budget	Projected Year End	Adopted Budget	Budgetary Basis Actual	Adopted Budget	Projected Year End	Adopted Budget
	2024-25	2025-26	2025-26	2026-27	2024-25	2025-26	2025-26	2026-27
REVENUE								
Groundwater Production Charges	\$ -	\$ -	\$ -	\$ -	\$ 176,173,362	\$ 200,333,000	\$ 213,834,000	\$ 233,004,000
Treated Water Charges	-	-	-	-	202,844,299	220,403,000	198,403,000	231,016,000
Surface & Recycled Water Charges	-	-	-	-	2,955,025	2,582,000	2,591,000	2,526,000
Benefit Assessment	-	-	-	-	6,848,514	6,923,750	6,923,750	6,921,250
Property Tax	12,921,072	12,992,800	13,661,494	14,006,575	183,996,437	185,648,800	191,562,195	195,601,355
Special Parcel Tax	-	-	-	-	53,227,039	55,094,792	55,094,792	56,582,351
Intergovernmental Services	295,618	-	-	-	5,383,656	1,493,295	1,492,500	1,323,000
Operating Other	-	-	-	-	1,683,203	815,426	829,485	839,053
Capital Reimbursements	-	-	-	-	13,845,624	56,284,000	25,851,000	60,959,000
Interest Income *	2,894,494	1,067,000	1,749,000	1,749,000	31,541,696	13,499,000	19,501,000	19,501,000
Non-Operating Other	673,059	103,100	103,100	103,930	20,351,603	2,791,257	2,789,222	2,843,019
TOTAL REVENUE	\$ 16,784,242	\$ 14,162,900	\$ 15,513,594	\$ 15,859,505	\$ 698,850,458	\$ 745,868,320	\$ 718,871,943	\$ 811,116,028
OUTLAYS								
Operating Outlays								
Operations **	\$ 122,311,603	\$ 141,241,065	\$ 141,469,065	\$ 151,191,896	\$ 456,662,286	\$ 528,703,484	\$ 552,791,126	\$ 546,503,986
Operating Project	-	1,333,333	1,333,333	1,583,333	28,540,380	6,230,376	12,990,420	9,322,362
Debt Service	-	-	-	-	85,959,723	116,941,621	105,915,257	128,801,854
Total Operating Outlays	\$ 122,311,603	\$ 142,574,398	\$ 142,802,398	\$ 152,775,229	\$ 571,162,389	\$ 651,875,481	\$ 671,696,803	\$ 684,628,202
Capital Outlays								
Capital Projects	\$ 19,334,047	\$ 18,960,816	\$ 26,510,488	\$ 30,076,656	\$ 387,241,342	\$ 427,903,102	\$ 600,680,516	\$ 729,939,680
Carryforward Capital Projects	-	4,491,938	-	(331)	-	136,961,493	-	63,083,485
Total Capital Outlays	\$ 19,334,047	\$ 23,452,754	\$ 26,510,488	\$ 30,076,325	\$ 387,241,342	\$ 564,864,595	\$ 600,680,516	\$ 793,023,165
TOTAL OUTLAYS	\$ 141,645,650	\$ 166,027,153	\$ 169,312,886	\$ 182,851,554	\$ 958,403,730	\$ 1,216,740,076	\$ 1,272,377,319	\$ 1,477,651,368
Less Intra-District Reimbursements	(121,305,109)	(131,720,475)	(131,720,474)	(130,878,260)	(121,305,109)	(131,720,475)	(131,720,474)	(130,878,260)
NET OUTLAYS	\$ 20,340,541	\$ 34,306,678	\$ 37,592,412	\$ 51,973,294	\$ 837,098,621	\$ 1,085,019,601	\$ 1,140,656,845	\$ 1,346,773,108
OTHER FINANCING SOURCES/(USES)								
Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000
Transfers In	14,239,512	13,671,373	14,173,373	23,598,606	29,755,108	26,394,397	26,896,397	35,377,724
Transfers Out	(1,986,500)	-	-	(2,175,034)	(29,755,108)	(26,394,397)	(26,896,397)	(35,377,724)
TOTAL OTHER SOURCES/(USES)	\$ 12,253,012	\$ 13,671,373	\$ 14,173,373	\$ 21,423,572	\$ 190,000,000	\$ 264,826,296	\$ 255,419,723	\$ 526,347,000
BALANCE AVAILABLE	\$ 8,696,714	\$ (6,472,405)	\$ (7,905,445)	\$ (14,690,217)	\$ 51,751,836	\$ (74,324,986)	\$ (166,365,178)	\$ (9,310,080)

(*) Interest income does not include GASB31 market value adjustment

(**) Operations outlays do not include OPEB Expense-unfunded liability

Appendix D – Summary By Fund

	Administration Funds (Fund 11,71-73)				Total District-wide			
	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Adopted Budget 2026-27
YEAR-END RESERVES								
Restricted Reserves								
WUE Rate Stabilization Reserve	\$ -	\$ -	\$ -	\$ -	\$ 20,571,906	\$ 40,504,668	\$ 40,256,453	\$ 43,041,738
WUE San Felipe Emergency Reserve	-	-	-	-	3,797,415	3,751,454	3,847,415	3,897,415
WUE State Water Project Tax Reserve	-	-	-	-	25,277,937	11,591,690	21,738,142	14,890,000
WUE Supplemental Water Supply Reserve	-	-	-	-	5,277,000	8,677,000	8,677,000	12,077,000
WUE SVAWPC Reserve	-	-	-	-	530,119	-	-	-
WUE Drought Reserve	-	-	-	-	-	1,000,000	1,000,000	4,000,000
WUE Guiding Principle #5 (GP5) Reserve	-	-	-	-	2,810,044	-	-	-
SCW Rate Stabilization Reserve	-	-	-	-	25,000,000	25,000,000	25,000,000	25,000,000
SCW Contingency Reserve	-	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000
SCW Currently Authorized Projects Reserve***	-	-	-	-	153,931,649	71,376,703	54,454,777	24,037,866
SCW Operating and Capital Reserve	-	-	-	-	3,971,210	76,463,210	22,685,957	43,678,321
Total Restricted Reserves	\$ -	\$ -	\$ -	\$ -	\$ 246,167,280	\$ 243,364,725	\$ 182,659,743	\$ 175,622,340
Committed Reserves								
Currently Authorized Projects Reserve***	\$ 7,155,262	\$ 123,126	\$ 107,589	\$ 107,920	\$ 161,992,399	\$ 18,818,885	\$ 66,895,960	\$ 22,365,517
Operating and Capital Reserve	37,905,301	24,305,944	33,930,116	19,328,955	260,980,536	253,130,038	248,883,142	290,062,774
Property Self-Insurance/Catastrophic	10,693,087	6,529,910	10,540,460	10,325,633	10,693,087	6,529,910	10,540,460	10,325,633
Excess ERAF Contingency Reserve	565,602	694,104	696,642	822,082	5,821,733	7,145,907	7,171,552	8,464,513
Liability/Workers' Comp Self-Insurance	8,337,000	11,476,000	11,476,000	11,476,000	8,337,000	11,476,000	11,476,000	11,476,000
Total Committed Reserves	\$ 64,656,252	\$ 43,129,084	\$ 56,750,807	\$ 42,060,590	\$ 447,824,755	\$ 297,100,740	\$ 344,967,114	\$ 342,694,437
TOTAL YEAR-END RESERVES	\$ 64,656,252	\$ 43,129,084	\$ 56,750,807	\$ 42,060,590	\$ 693,992,035	\$ 540,465,465	\$ 527,626,857	\$ 518,316,777
OPERATING OUTLAY								
Salaries and Benefits	\$ 62,027,812	\$ 69,378,329	\$ 69,378,329	\$ 72,902,879	\$ 183,138,503	\$ 198,274,181	\$ 198,274,181	\$ 208,986,854
Salary Savings Factor	-	(687,260)	(687,260)	(1,505,724)	-	(1,963,412)	(1,963,412)	(4,304,007)
Services & Supplies	43,533,036	55,397,240	55,625,240	62,581,809	211,074,557	239,895,904	270,743,590	252,950,243
Intra-District Charges	16,750,756	18,486,089	18,486,089	18,796,265	90,989,606	98,727,187	98,727,187	98,193,258
OPERATING OUTLAY TOTAL	\$ 122,311,603	\$ 142,574,398	\$ 142,802,398	\$ 152,775,229	\$ 485,202,666	\$ 534,933,859	\$ 565,781,545	\$ 555,826,348
DEBT SERVICE								
Services & Supplies	\$ -	\$ -	\$ -	\$ -	\$ 2,586,757	\$ 5,431,880	\$ 5,431,880	\$ 4,221,881
Debt Service	-	-	-	-	83,372,966	111,509,741	100,483,377	124,579,973
DEBT SERVICE TOTAL	\$ -	\$ -	\$ -	\$ -	\$ 85,959,723	\$ 116,941,621	\$ 105,915,257	\$ 128,801,854
CAPITAL PROJECTS								
Salaries and Benefits	\$ 410,828	\$ 404,173	\$ 404,173	\$ 213,093	\$ 49,828,369	\$ 53,800,056	\$ 54,533,186	\$ 58,013,629
Salary Savings Factor	-	(4,104)	(4,104)	(4,462)	-	(556,363)	(556,363)	(1,241,055)
Services & Supplies	18,808,557	18,456,561	26,006,233	29,798,246	307,104,080	341,666,122	513,252,329	640,482,106
Carryforward Capital Projects	-	4,491,938	-	(331)	-	136,961,493	-	63,083,485
Intra-District Charges	114,662	104,187	104,187	69,779	30,308,893	32,993,288	33,451,364	32,685,002
CAPITAL PROJECTS TOTAL	\$ 19,334,047	\$ 23,452,754	\$ 26,510,488	\$ 30,076,325	\$ 387,241,342	\$ 564,864,595	\$ 600,680,516	\$ 793,023,165
TOTAL OUTLAYS	\$ 141,645,650	\$ 166,027,153	\$ 169,312,886	\$ 182,851,554	\$ 958,403,730	\$ 1,216,740,076	\$ 1,272,377,319	\$ 1,477,651,368

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



Valley Water

Clean Water • Healthy Environment • Flood Protection

Valley Water
5750 Almaden Expressway, San José, CA 95118-3686
Phone: 408-265-2600 Fax: 408-266-0271
www.valleywater.org

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