

Budget in Brief

FY 2025-26 & FY 2026-27
Operating and Capital
Rolling Biennial Budget

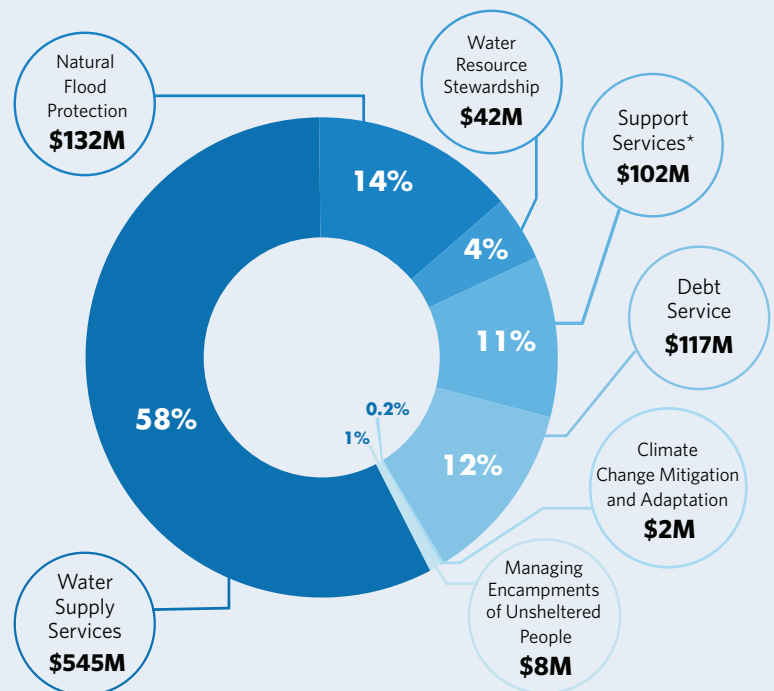
Budget in Brief



FY 2025-26 Adopted Budget of \$948 million

Valley Water manages an integrated water resources system that provides a reliable supply of safe, clean water, flood protection and environmental stewardship on behalf of Santa Clara County's 2 million residents.

In May 2025, the Valley Water Board of Directors adopted a budget for Fiscal Year 2025-26 of \$948 million to provide these critical services.



*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.)

Valley Water Budget

As part of the annual budgeting process, the Board conducts planning sessions to develop strategies to accomplish Valley Water’s long-term goals and objectives. Valley Water utilizes a rolling biennial budget, which provides a budget for FY 2025-26 and a plan for FY 2026-27. 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.



San Tomas Aquino Creek



Balancing Act

This online budget simulation tool allows the public to explore Valley Water’s anticipated sources of revenue and planned spending. Most importantly, the tool provides an opportunity for the public to provide direct input to the Board of Directors on spending priorities. Balancing Act can be found at ValleyWater.abalancingact.com.

Valley Water relies on multiple types of funding sources

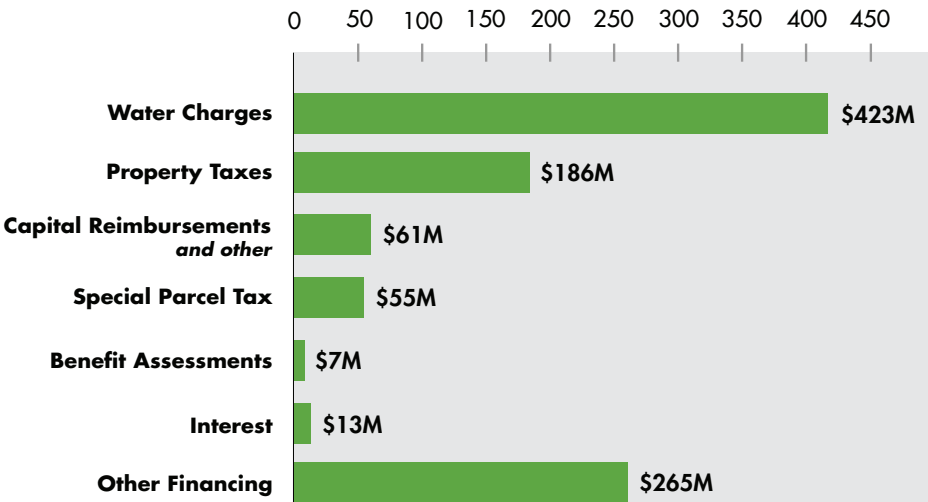
Valley Water receives funding from a variety of sources including: charges for treated water, surface/recycled water, and groundwater production; proceeds from property taxes, the Safe, Clean Water and Natural Flood Protection Program special parcel tax, benefit assessments, interest earnings from cash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

FY 2025-26 Adopted Revenue and Debt Financing of \$1.011 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).

Safe, Clean, Drinking Water Projects

The Water Utility Enterprise is primarily responsible for providing communities in Santa Clara County with a safe, reliable and affordable water supply. The Fiscal Year 2025-26 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 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. Advertise and award the retrofit project.



A view inside the new outlet tunnel being built next to Anderson Dam.

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 demolition of existing clarifiers. Begin construction on the chlorine contact building and ozone generation building.



Phase 4 construction progress includes building structures that will make up the Dual Media Filters, Chlorine Contact Basin, Ozone Generation Building, and Liquid Oxygen Facility.

Coyote Pumping Plant Adjustable Speed Drive Replacement Project

The Coyote Pumping Plant Adjustable Speed Drive Replacement Project will replace key equipment and rehabilitate existing pump motors at the Coyote Pumping Plant in Morgan Hill. This facility, an important part of Valley Water's infrastructure, allows the delivery of imported water supplies to treatment plants and percolation ponds in Santa Clara County. The plant receives water from San Luis Reservoir and has six pumps that allow for its distribution through our vast infrastructure system.

Key deliverables: Complete 100% of plans and specifications. Complete negotiations for the Phase 2 construction contract.



Existing pump gallery at the Coyote Pumping Plant. The existing pump motor on the left side of the picture will be rehabilitated as a part of the Coyote Pumping Plant Adjustable Speed Drive Replacement Project.

San Jose Purified Water Project, Phase 1

The San Jose Purified Water Project, Phase 1, seeks to ensure a reliable future water supply by developing a drought resilient, locally controlled supply through direct potable reuse (DPR). Phase 1 includes plans to build a demonstration facility that will allow us to perform studies required by regulations that show this water will always be safe to drink. It will also inform the design of the most cost-effective full scale facility and to continue educating the public on the need and safety of potable reuse.

Key deliverables: Procure a design consultant for the demonstration facility and develop a framework for the full-scale agreements.



Water Purification Center reverse osmosis.

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. Below are key watershed priorities included in the Fiscal Year 2025-26 budget.

Coyote Creek Flood Protection Project

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. The primary objective is to provide protection from floods up to the level that occurred in February 2017.

Key deliverables: Complete construction of Phase 1 (Coyote Creek Flood Management Measures Project) by June 2025. Begin construction of Phase 2 (Coyote Creek Flood Protection Project) by summer 2026.

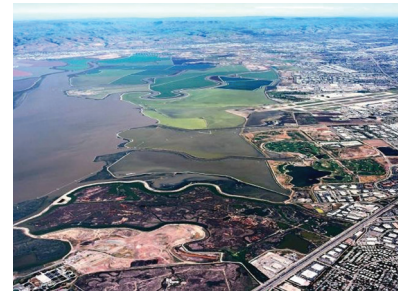


A view from a Phase 1 floodwall looking north from Berryessa Road Bridge.

Greenhouse Gas (GHG) Reduction Plan

The GHG Reduction Plan will provide a baseline of Valley Water's average annual emissions by source (e.g., vehicle fleet, construction, natural gas use), a forecast of future emissions, and specific actions to reduce GHG emissions. Actions include increasing the use of zero-emission fuels in Valley Water and contractor fleets, electrifying existing facilities, and implementing carbon sequestration projects. The GHG Reduction Plan establishes targets for a 40% reduction from baseline annual GHG emissions by 2030 and carbon neutrality by 2045.

Key deliverables: Complete the GHG Reduction Plan and CEQA document and prepare planning document for Carbon Sequestration Program.



Future tidal marsh restoration projects in the Baylands will provide greater carbon sequestration on an acre-per-acre basis than planting trees.

Stream Maintenance Program

Each summer, Valley Water crews perform essential maintenance across 333 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: Complete the Subsequent Environmental Impact Report (SEIR) for SMP-3 to ensure full compliance with the California Environmental Quality Act (CEQA).



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

CONTACT US

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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