

FY 2017-18



Operating and Capital Budget

On the cover:

Vasona Lake

by Artist Marilyn Perry

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

Santa Clara Valley Water District

Adopted Fiscal Year 2017-18 Annual Budget

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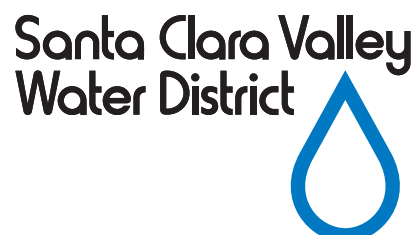
Submitted by

Norma Camacho
Interim Chief Executive Officer

Presented by

Susan Stanton
Chief Operating Officer, Administrative Services

May 9, 2017



Santa Clara Valley Water District

Adopted Fiscal Year 2017-18 Annual Budget

Prepared by

Darin Taylor
Chief Financial Officer

Nicole Berrocal
Budget Officer

And the following members of the FY2017-18 budget team:

Jennifer Abadilla
Senior Management Analyst

Joan Arends
Senior Management Analyst

Phyllis Chen
Management Analyst II

Joanne Jin
Senior Management Analyst

Stacy Klopfer
Senior Management Analyst

Agnes Lee
Management Analyst II

Chenlei Yao
Management Analyst II

Executive Review Committee

**Norma Camacho, James Fiedler, Melanie Richardson,
Susan Stanton, Rick Callender**

Santa Clara Valley Water District

Adopted Fiscal Year 2017-18 Annual Budget

Recognitions

Benjamin Apolo III

Erin Baker

Ingrid Bella

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Timothy Chan

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Anil Comelo

Lilian Dennis

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Marty Grimes

Linda Huang

Todd Inman

Michelle Keefhaver

Joy Lim

Anthony Mendiola

Gary Nagaoka

Beth Redmond

Lonnie Spin

Charlene Sun

Colleen Valles

Linda Yang

Jane Zhou

FISCAL YEAR 2017/18 BUDGET MESSAGE

To the community that we serve,

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

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

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

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

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

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



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

1. Make Key Decisions Regarding the California WaterFix

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

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

2. Prioritize the Care of Our District Facilities and Assets

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

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

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

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

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

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

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

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

5. Foster a Coordinated Approach to Environmental Stewardship Efforts

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

6. Advance the Anderson Dam Seismic Retrofit Project

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

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

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

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

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

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

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

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

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

9. Actively Pursue Efforts to Increase Water Storage Opportunities

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

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

10. Advance Diversity and Inclusion Efforts

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

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

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

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

Sincerely,

Board of Directors

Santa Clara Valley Water District



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

Budget Transmittal Letter for Fiscal Year 2017-18

May 9, 2017

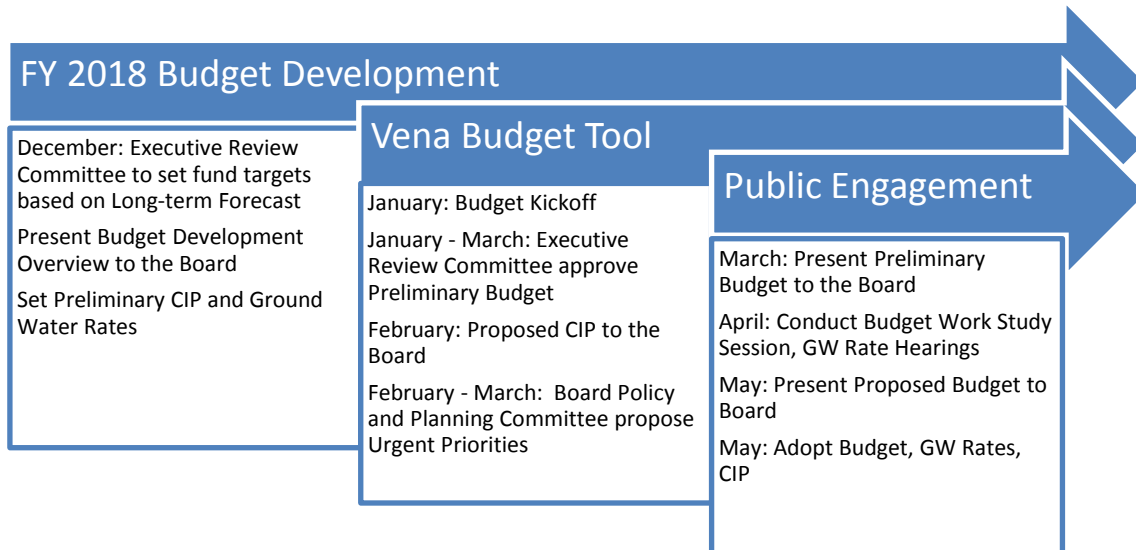
Honorable Members of the Board of Directors of the Santa Clara Valley Water District:

In accordance with the District Policy, I am submitting the Fiscal Year 2017-18 Proposed Budget for the Santa Clara Valley Water District (District). The proposed budget represents the District’s mission of providing Silicon Valley safe, clean water for a healthy life, environment, and economy. This budget also 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.

Financial Overview

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

The budget development process begins in December of each year and concludes on June 30, with the posting of the adopted budget. The budget development process for FY 2018 included several process improvements as well as a new system implementation districtwide. The process included several public hearings and input from the Board about urgent priorities for FY 2018.



District Priorities

In developing the FY 2018 budget, the Board directed our Board Policy and Planning Committee (Committee) to identify and summarize the Board's priorities, in addition to developing a FY 2018 budget message for the community. This budget is the culmination of the Committee's final recommendation, which ultimately resulted in Board action to accept and adopt the Committee's recommendation. In developing this budget, management identified where resources could shift and scrutinized additional funding requests that help the organization achieve results toward the identified priorities as a part of the budget process.

This budget demonstrates a fiscally responsible, balanced budget that meets the community's expectations of the District. This budget focuses on 11 priorities for FY 2018, and these are not in order of priority.

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The District is responding to these challenges in several ways, including expanded efforts possible with the help of 18 new positions discussed in greater detail in the sections that follow.

Growth within the appropriation category is limited to essential services that support FY 2018 Board urgent priority and effective use of reserves for one-time costs or priority activities. Working with the Board Planning and Policy Committee, staff identified outcomes and costs related to these efforts. Additionally, the organization will focus on customer service, respectful communications, and engaging the larger community to help achieve the desired results.

Revenue

The FY 2018 budget includes projected revenues of approximately \$444.1 million. These revenues are a net increase of 7.4% from the \$413.6 million included in the FY 2017 adopted budget. The net \$30.5 million increase is primarily derived from increases in water revenue (\$28.4 million), 1% ad valorem property taxes (\$6.3 million), special parcel tax (\$1.0 million), capital reimbursement revenue (\$2.6 million) offset by a decrease in State Water Project property tax (-\$7 million) and a net decrease to other revenues (-\$0.8 million).

Appropriations/Outlays

Net total operating and capital outlays for the FY 2018 budget is \$501.2 million. This figure does not include capital carry forward that was appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Fund charges.

Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. For Fiscal 2018, the total is \$81.4 million. Intra-district charges reimburse the General Fund and Service Funds for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management. In general, 51% of intra-district is paid by the Water Utility Enterprise, 37% Watersheds, 7% General Fund, and 5% Internal Service Funds.

Capital Outlays

FY 2018 capital project appropriations total \$218.3 million, a decrease of \$22.4 million from the FY 2017 adopted budget. It is anticipated that \$98.8 million of the FY 2017 adjusted budget for capital projects also will carry forward into FY 2018 at the close of the current fiscal year as most capital improvement projects will require multiple years to complete. The capital budget represents those projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP).

Other Financing Sources/Use

Other financing sources include debt financing proceeds to fund capital improvements. For FY 2018, planned Bond Proceeds of \$62 million and Commercial Paper proceeds of \$140 million are to finance Water Utility (\$118.9 million) and Watersheds (\$83.5 million) capital improvement programs.

Reserves

There are nine major restricted reserves in the District, further detail is found in the summary budget document pages 3–40. The Water Utility Enterprise Fund has seven restricted reserves, the Rate Stabilization Reserve for Bond Covenant, San Felipe Emergency Reserve, Silicon Valley Advanced Water Purification Center Reserve, Supplemental Water Supply Reserve, Drought Reserve, Debt Service Reserve, and the State Water Project Tax Reserve.

The Safe, Clean Water Fund has two restricted reserves for Currently Authorized Projects Reserve, and Operating and Capital Reserve.

There are four major committed reserves in the District. The committed reserves include Liability/Workers' Compensation Self-Insurance Reserve - Risk Fund, Property Self-Insurance/Catastrophic Reserve - Risk Fund, Operating & Capital Reserve - except for Safe, Clean Water Fund, and Currently Authorized Projects Reserve - except for Safe, Clean Water Fund.

Overall, budgeted reserves for FY 2018 are expected to increase \$51.5 million to \$359.4 million. The increase primarily occurs in the committed reserve portion with the largest increases in the Special Revenue Funds (\$34.5 million) and in the Water Enterprise Funds (\$22.2 million) including a \$2.0 million increase to the Drought Reserve. These increases are primarily offset by restricted and committed currently authorized projects reserve decreases (\$18.6 million). Please see the summary table below for the FY 2018 reserve budget.

| (\$ in Thousands) | FY 2016 Year-End | FY 2017 Adopted | FY 2017 Projected Year-End | FY 2018 Proposed | Change from FY 2017 Adopted |
|------------------------|---------------------|--------------------|----------------------------------|---------------------|-----------------------------------|
| Restricted Reserves | | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| Special Revenue Funds | \$153,108 | \$169,294 | \$92,831 | \$162,071 | (\$7,223) |
| Water Enterprise Fund | \$37,094 | \$42,029 | \$42,029 | \$45,625 | \$3,596 |
| Internal Service Funds | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | \$190,202 | \$211,323 | \$134,860 | \$207,696 | (\$3,627) |
| Committed Reserves | | | | | |
| General Fund | \$10,274 | \$5,868 | \$6,301 | \$5,152 | (\$716) |
| Special Revenue Funds | \$64,851 | \$34,986 | \$50,446 | \$69,558 | \$34,572 |
| Water Enterprise Fund | \$64,742 | \$41,042 | \$93,828 | \$63,272 | \$22,230 |
| Internal Service Funds | \$23,193 | \$14,652 | \$19,378 | \$13,703 | (\$949) |
| Subtotal | \$163,060 | \$96,548 | \$169,953 | \$151,685 | \$55,137 |
| Grand Total | \$353,262 | \$307,871 | \$304,813 | \$359,381 | \$51,510 |

Debt Overview

The FY 2018 debt portfolio total outstanding principal of \$810 million includes \$231 million for Watersheds and \$579 million for the Water Utility Enterprise. Annual debt service budget of \$49.7 million includes repayment of principal, interest and various banking and legal fees for the debt portfolio.

The District's debt management strategy includes the use of very low cost short term Commercial Paper (CP) Program with a maximum program capacity of \$225 million, supported by a \$150 million Letter of Credit (LOC) from Bank of Tokyo Mitsubishi UFJ, LTD. (BTMU) and a \$75 million Revolving Line of Credit from Wells Fargo Bank, National Association (WFB).

The long-term strategy is to issue CP to provide short-term just-in-time funding for capital expenditures. As the outstanding CP reaches the program capacity, the outstanding CP would then 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 low and stable over the long-term while resulting in inter-generational equity and allows for the completion of capital projects in a timely manner. The water charge study shows that Water Utility finances will be healthy despite the issuance of debt, assuming that forecasted water charge increases are implemented.

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 was approved by voters on November 6, 2012 and has a sunset date of June 30, 2028.

The Santa Clara Valley Water District proactively manages its outstanding liabilities to ensure access to the credit markets at the lowest available borrowing cost, to preserve strong credit standing with the municipal rating agencies, to fulfill its fiduciary responsibility to its customers, and to provide high quality water service, stream stewardship and flood protection at the lowest possible cost.

Bond Ratings

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

Please see table below for ratings going into FY 2018.

Bond Rating

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

Staffing

The FY 2018 budget includes 809 positions, an increase of 18 new positions from the FY 2017 Adjusted Budget. The new positions' cost totals \$3.0 million. The 18 new positions support the Watersheds' stream maintenance and Safe, Clean Water programs (8.0), Water Utility water supply (3.0), External Affairs (3.0), and Administration (4.0).

Position Count by Organization Area

| | Adjusted Budget FY 2016 | Adjusted Budget FY 2017 | Proposed Budget FY 2018 | Position Change from FY 2017 | % Change from FY 2017 |
|--------------------------|-------------------------|-------------------------|-------------------------|------------------------------|-----------------------|
| Board Appointed Officers | 60 | 35 | 35 | 0 | 0% |
| External Affairs | 0 | 25 | 28 | 3 | 12% |
| Administration | 178 | 191 | 195 | 4 | 2% |
| Water Utility | 311 | 329 | 332 | 3 | 1% |
| Watersheds | 209 | 211 | 219 | 8 | 4% |
| Total | 758 | 791 | 809 | 18 | 2% |

Honorable Members of the Board of Directors of the Santa Clara Valley Water District
Page 6
May 9, 2017

The chart above includes the FY 2017 Adopted Budget approved 783 positions, with an additional eight positions added during the year to ramp up for the Safe, Clean Water projects that obtained permits and are ready to advance to construction.

In FY 2017, the Board also approved the addition of the Office of Chief of External Affairs to increase community engagement and achieve a consolidated approach to governmental relations. During the FY 2018 budget development process, 18 regular positions were added to address the Board's urgent priorities.

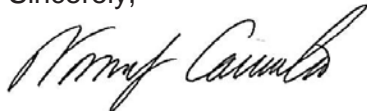
FY 2018 Outlook

It is important to maintain a long-term outlook with major infrastructure investments coming in the next 10 years. The District has an ambitious capital program to help ensure a reliable and safe water supply. Planning for the future means acting now. This planning is evident when looking at the FY 2018 proposed increase to water charges alongside the proposed total Water Utility budget decrease of \$11.4M, not including capital carryforward from FY 2017.

The District's retail customers prefer a smooth and stable water rate projection, consequently staff employs "rate smoothing" mechanisms to help avoid rate volatility. Water Utility costs are projected to increase in general, but can swing significantly up or down from year to year due to the nature of capital infrastructure spending. So, while the proposed FY 2018 Water Utility budget is a decline from the prior year, the FY 2018 water charge increase reduces the need to borrow in FY 2018, which frees up borrowing capacity for future years when capital infrastructure spending is projected to spike. Consequently, future year rate increases will be more smooth and stable than they otherwise would be.

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 FY 2018 and bring adjustments back to the Board as needed.

Sincerely,



Norma Camacho
Interim Chief Executive Officer

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Budget in Brief

FY 2017-18

Operating and Capital Budget

Budget in Brief

This chapter is not yet available.



District Overview

FY 2017-18

Operating and Capital Budget

District Overview

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

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

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

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

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

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



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

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

(b) to protect from those flood or storm waters the public highways, life and property in the district, and the

watercourses and watersheds of streams flowing within the district;

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

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

District Overview

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

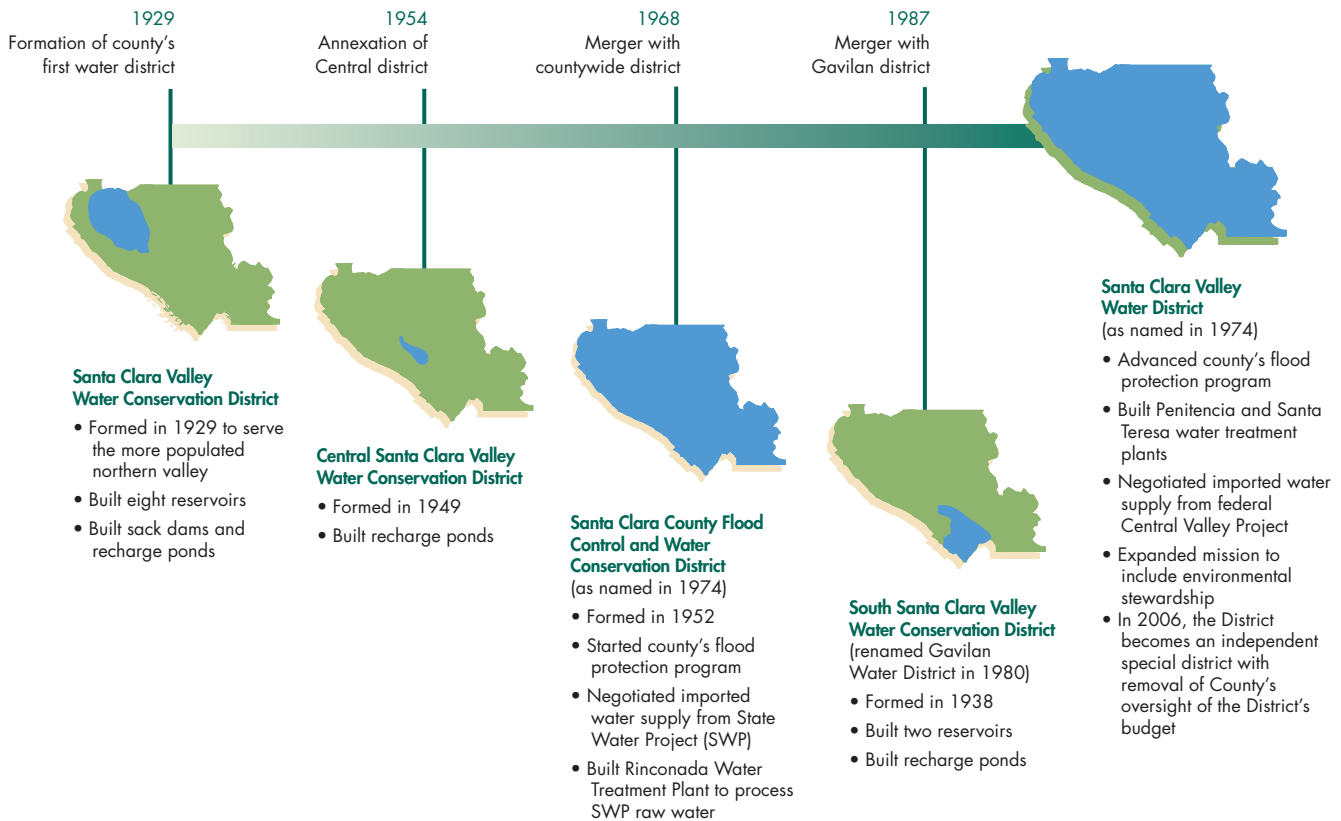
(f) to obtain, retain, reclaim, protect, and recycle drainage, storm, flood waters or treated wastewaters, or other waters from any sources, within or outside the watershed in which the district is located for any beneficial uses within the district;

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

Governance and Board of Directors

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

Evolution of the Santa Clara Valley Water District



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

District Overview

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

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

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

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

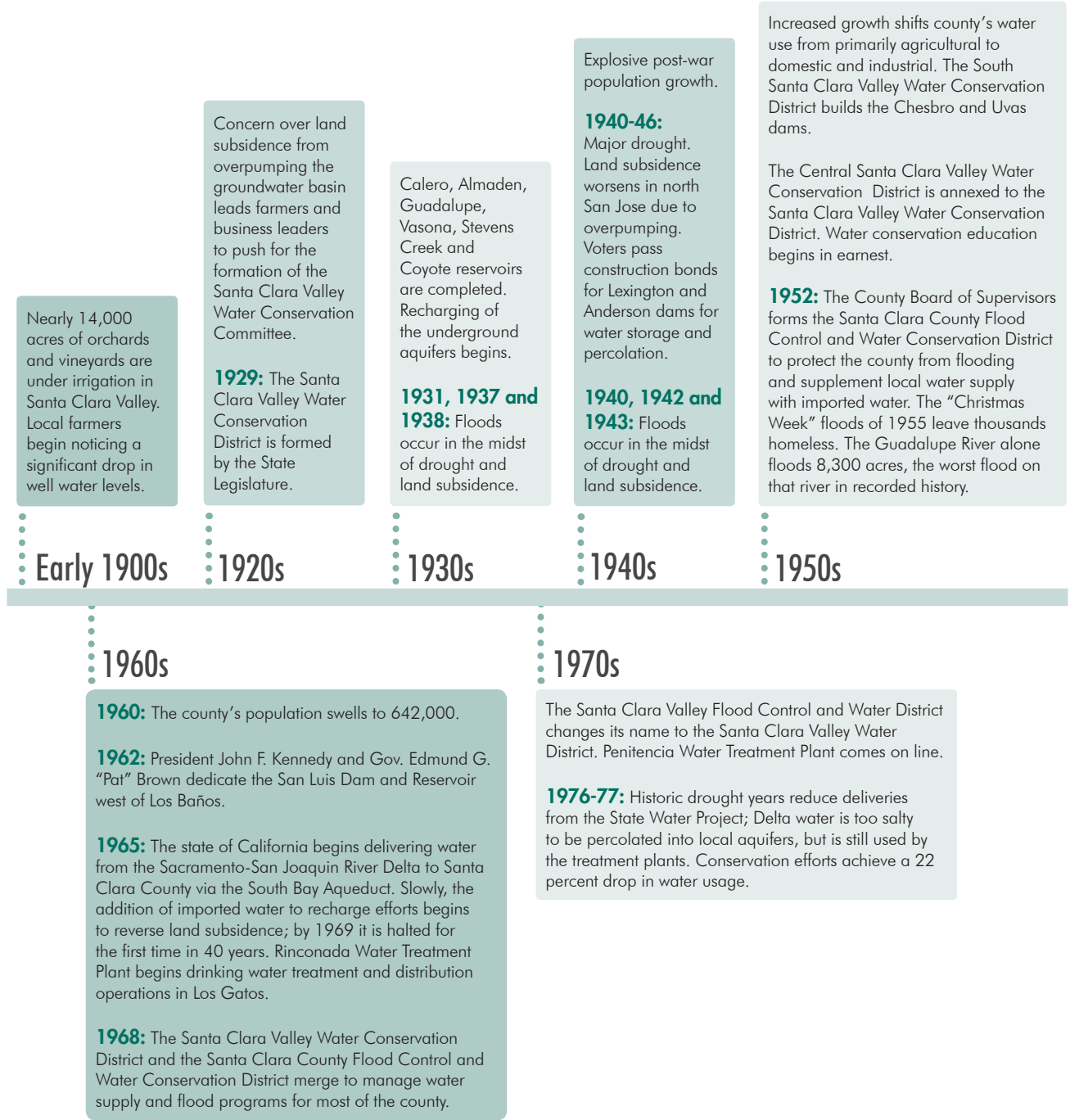
Board directorial districts



District Overview

History Timeline

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



District Overview

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

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

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

1980s

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

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

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

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

1990s

2000-17

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

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

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

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

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

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

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

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

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

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

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

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

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

District Overview

Board Committees

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

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

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

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

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

Capital Improvement Program 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.

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

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

Board Ad Hoc Committees

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

FAHCE Ad Hoc Committee:

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

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

District Overview

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

Board Advisory Committees

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

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

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

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

Joint Committees

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

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

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

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

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

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

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

District Overview

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 So. Co. Recycled Water Master Plan;
4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County; and
5. Facilitating policy discussion and sharing of socio-economic information on homelessness in South County

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

External Monitoring Committee

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

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

District Overview

ISO Certified Quality and Environmental Management System

ISO Certified Quality and Environmental Management System

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

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

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

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

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

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

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

District Overview

Major water utility zones of benefit in Santa Clara County



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

Watershed areas and flood control zones of Santa Clara County



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



Financial Overview

FY 2017-18

Operating and Capital Budget

Financial Overview

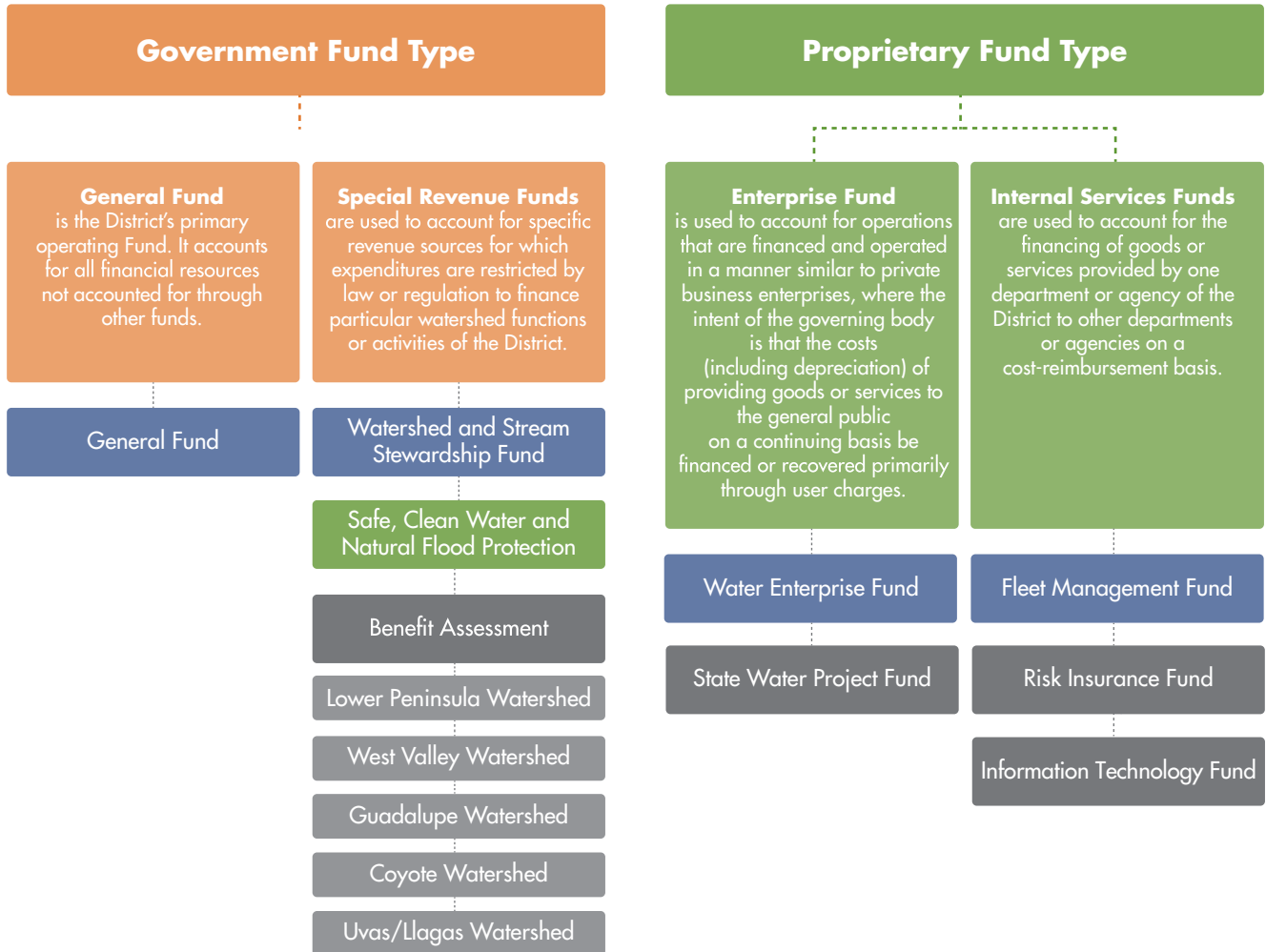
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Financial Overview

District Fund Structure



Financial Overview

Financial Overview

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

Revenue

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

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

The specific categories of revenue include:

Water Revenue

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

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

Property Tax

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

Special Parcel Tax

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

Benefit Assessments

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

Intergovernmental Revenues

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

Financial Overview

Capital Reimbursements

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

Interest

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

Other Revenue

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

Appropriations/Outlays

Net total operating and capital outlays for the FY 2017-18 budget is \$501.2 million. This figure does not include capital carry forward that was appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Fund charges.

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

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

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

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

The District is responding to these challenges in several ways, including expanded efforts possible with the help of 18 new positions discussed in greater detail in the sections that follow.

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

Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. For Fiscal 2017-18, the total is \$81.4 million. Intra-district charges reimburse the General Fund and Service Funds for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management. In general, 49% of intra-district is paid by the Water Utility Enterprise, 34% Watersheds, 11% General Fund, and 6% Internal Service Funds.

Capital Outlays

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

Financial Overview

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

Other Financing Sources/Use

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

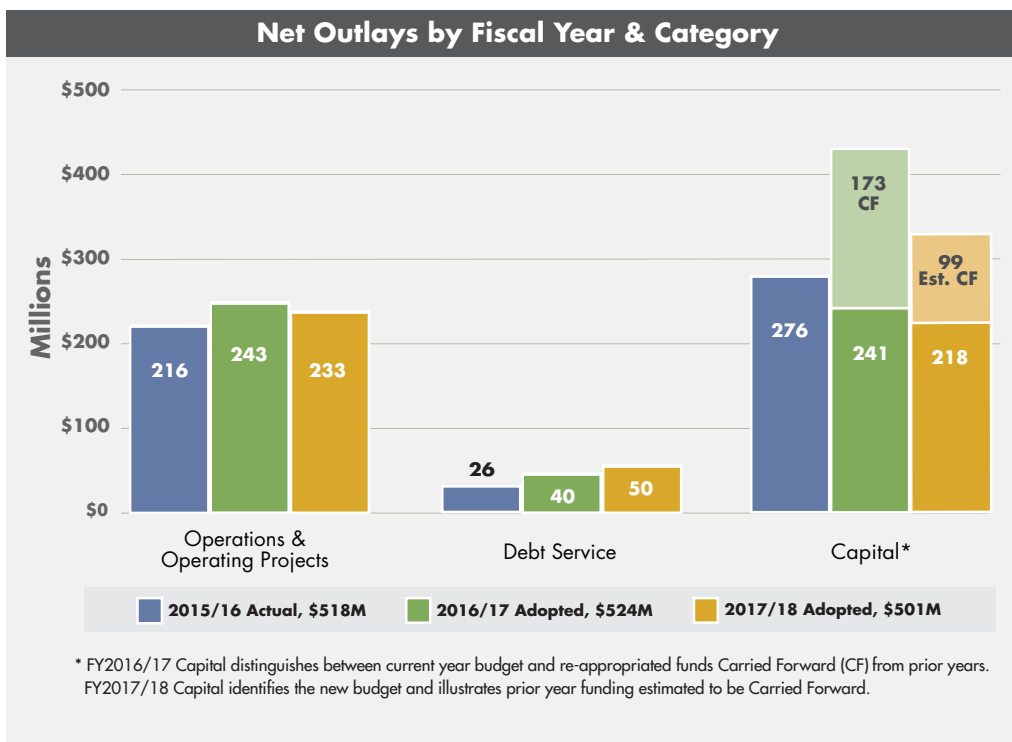
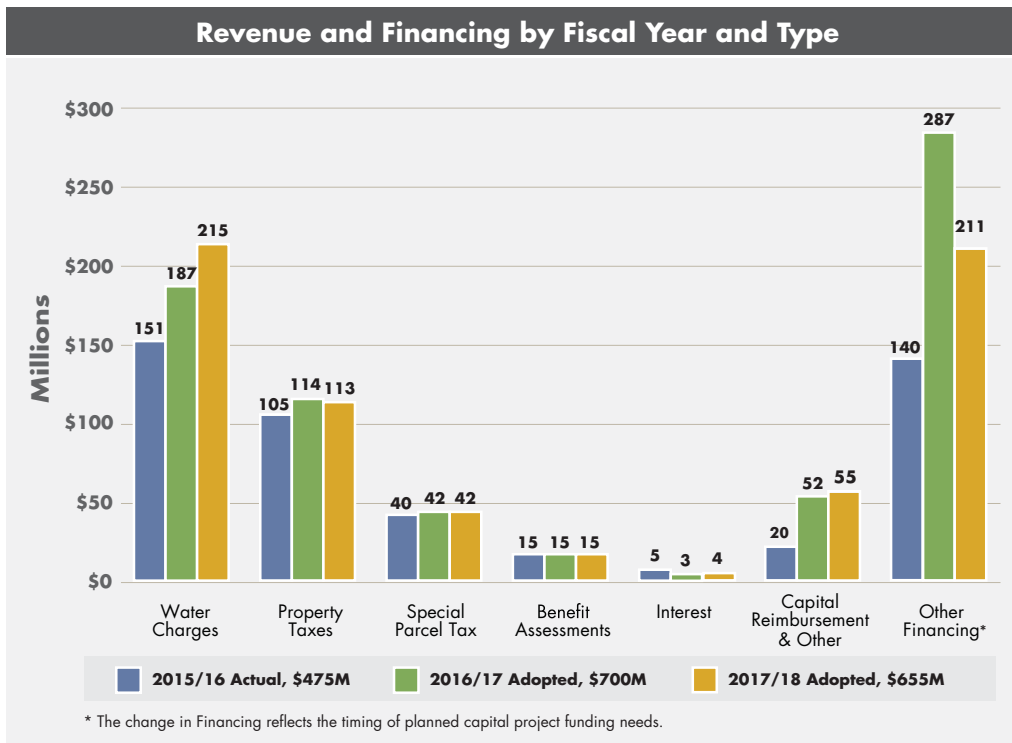
Reserves

Overall, budgeted reserves for FY 2017-18 are expected to increase \$51.5 million to \$359.4 million. The net increase is primarily derived from increases in the operating and capital reserves (\$67.4 million), drought reserve (\$2 million), offset by a decrease in currently authorized projects reserves (-\$18.6 million).

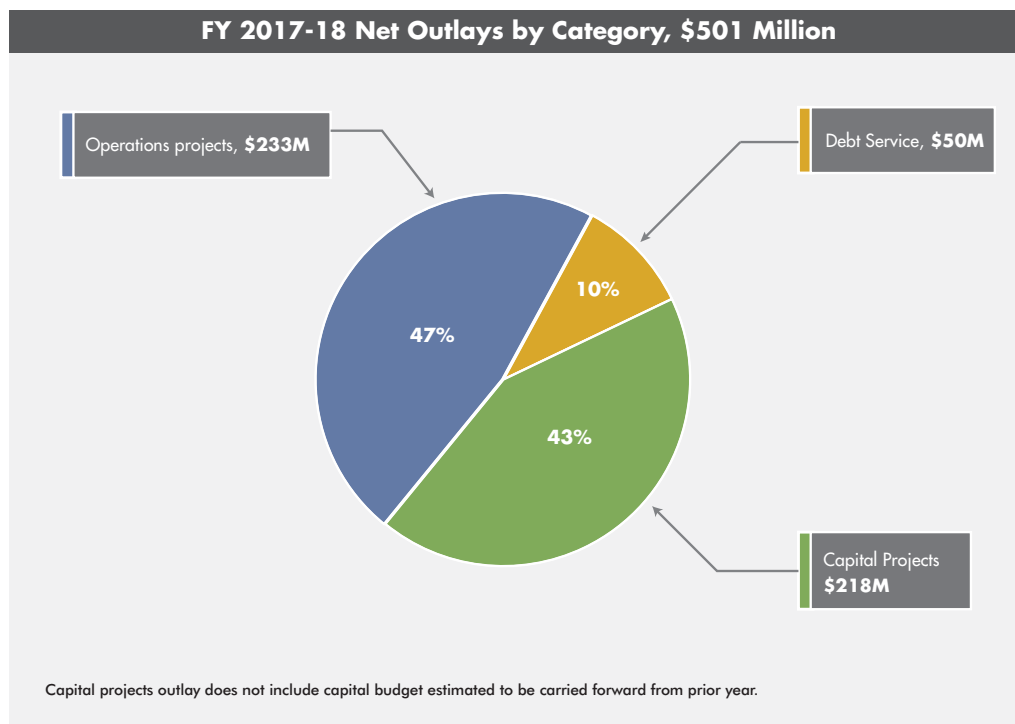
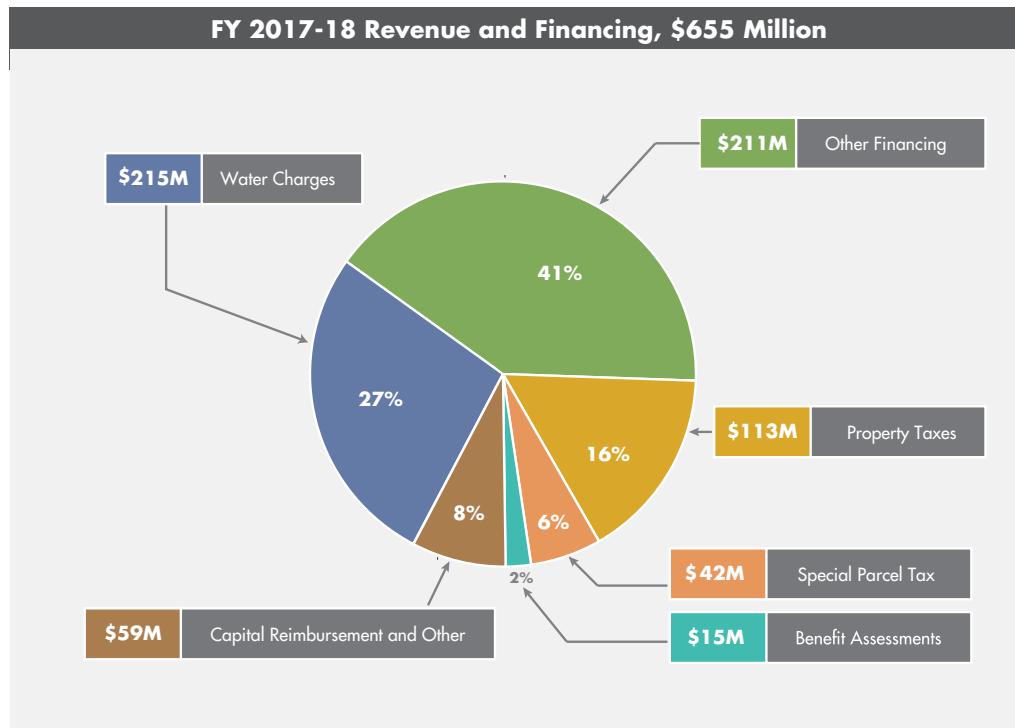
Staffing

The FY 2017-18 budget includes 809 positions, an increase of 18 new positions from the prior year. The new positions' cost totals \$3.0 million. The 18 new positions support the Watersheds' stream maintenance and Safe, Clean Water programs (9.0), Water Utility water supply (3.0), District-wide information systems and technology (2.0), finance (1.0), communications (1.0), security (1.0), and civic engagement (2.0). More information can be found in the salaries and benefits section of this document.

Financial Overview



Financial Overview



Financial Overview

Combined Fund Summary - All Funds

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|---|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|----------------|
| | | | | | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Property Tax | \$ 105,268,885 | \$ 113,920,290 | \$ 117,100,000 | \$ 113,249,700 | \$ (670,590) | (0.6)% |
| Special Parcel Tax | 39,684,083 | 41,528,137 | 41,073,026 | 42,510,582 | 982,445 | 2.4% |
| Benefit Assessments | 14,682,528 | 14,784,580 | 14,784,580 | 14,777,514 | (7,066) | (0.0)% |
| Inter-governmental services | 3,002,075 | 1,985,000 | 3,492,905 | 1,189,000 | (796,000) | (40.1)% |
| Groundwater Production Charges | 61,128,400 | 76,847,000 | 76,847,000 | 78,943,000 | 2,096,000 | 2.7% |
| Treated Water Charges | 89,375,182 | 107,824,000 | 107,824,000 | 133,875,000 | 26,051,000 | 24.2% |
| Surface/Recycled Water Revenue | 731,735 | 2,218,000 | 2,218,000 | 2,424,000 | 206,000 | 9.3% |
| Interest* | 5,311,446 | 3,152,989 | 3,500,000 | 3,500,000 | 347,011 | 11.0% |
| Capital Reimbursements | 7,919,278 | 47,271,000 | 44,703,000 | 49,846,000 | 2,575,000 | 5.4% |
| Other | 7,557,920 | 4,066,101 | 4,143,101 | 3,784,822 | (281,279) | (6.9)% |
| Total Revenue | \$ 334,661,532 | \$ 413,597,097 | \$ 415,685,612 | \$ 444,099,618 | \$ 30,502,521 | 7.4% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 274,729,976 | \$ 305,540,935 | \$ 314,873,074 | \$ 307,834,475 | \$ 2,293,540 | 0.8% |
| Operating Projects | 4,104,361 | 6,609,170 | 6,609,170 | 6,774,971 | 165,801 | 2.5% |
| Debt Service | 25,793,542 | 39,524,762 | 39,524,762 | 49,750,357 | 10,225,595 | 25.9% |
| Total Operating Outlays | \$ 304,627,879 | \$ 351,674,867 | \$ 361,007,006 | \$ 364,359,803 | \$ 12,684,936 | 3.6% |
| Less: Intra-District Reimb | (63,230,956) | (68,024,829) | (68,024,832) | (81,442,097) | (13,417,268) | 19.7% |
| Net Outlays | \$ 241,396,923 | \$ 283,650,038 | \$ 292,982,174 | \$ 282,917,706 | \$ (732,332) | (0.3)% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 276,151,630 | \$ 240,718,019 | \$ 296,363,247 | \$ 218,301,231 | \$ (22,416,788) | (9.3)% |
| Carried Forward Capital Projects | — | 172,891,000 | — | 98,812,000 | (74,079,000) | (42.8)% |
| Total Capital Outlays | \$ 276,151,630 | \$ 413,609,019 | \$ 296,363,247 | \$ 317,113,231 | \$ (96,495,788) | (23.3)% |
| Other Financing Sources/(Uses) : | | | | | | |
| Bond Proceeds | \$ 131,482,186 | \$ 285,220,000 | \$ 123,585,000 | \$ 62,000,000 | \$ (223,220,000) | (78.3)% |
| Commercial Paper Proceeds | — | — | — | 140,000,000 | 140,000,000 | — |
| Certificates of Participation | 8,717,545 | 1,625,340 | 1,625,340 | 8,500,000 | 6,874,660 | 423.0% |
| Transfers In | 29,269,858 | 11,777,527 | 6,225,527 | 16,914,831 | 5,137,304 | 43.6% |
| Transfers Out | (29,269,857) | (11,777,527) | (6,225,527) | (16,914,831) | (5,137,304) | 43.6% |
| Total Other Financing | \$ 140,199,732 | \$ 286,845,340 | \$ 125,210,340 | \$ 210,500,000 | \$ (76,345,340) | (26.6)% |
| Balance Available | \$ (42,687,289) | \$ 3,183,380 | \$ (48,449,469) | \$ 54,568,681 | \$ — | — |
| Year-End Reserves: | | | | | | |
| Restricted Reserves | | | | | | |
| WUE- Restricted Operating Reserve | \$ 17,493,514 | \$ — | \$ — | \$ — | \$ — | — |
| WUE- Rate Stabilization Reserve for Bond Covenant | 2,082,388 | 19,973,809 | 19,973,809 | 21,066,011 | 1,092,202 | 5.5% |
| WUE- San Felipe Emergency Reserve | 2,876,275 | 2,872,000 | 2,872,000 | 2,976,275 | 104,275 | 3.6% |
| WUE- Supplemental Water Supply | 12,736,141 | 14,277,014 | 14,277,014 | 14,677,141 | 400,127 | 2.8% |
| WUE- SV Advanced Water Purification Center | 1,906,000 | 1,906,000 | 1,906,000 | 1,906,000 | — | — |
| WUE- Drought Reserve | — | 3,000,000 | 3,000,000 | 5,000,000 | 2,000,000 | 66.7% |
| SCW- Currently Authorized Projects*** | 147,146,206 | 62,678,000 | 90,678,000 | 15,357,000 | (47,321,000) | (75.5)% |
| SCW- Operating & Capital Reserve | 5,961,701 | 106,616,348 | 2,153,093 | 146,714,094 | 40,097,746 | 37.6% |
| Total Restricted Reserves | \$ 190,202,225 | \$ 211,323,171 | \$ 134,859,916 | \$ 207,696,521 | \$ (3,626,650) | (1.7)% |

Financial Overview

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|--|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|--------------|
| | | | | | \$ Diff | % Diff |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 86,668,909 | \$ 75,036,279 | \$ 96,453,600 | \$ 102,378,052 | \$ 27,341,773 | 36.4% |
| Currently Authorized Projects*** | 63,026,466 | 8,862,000 | 61,066,326 | 37,575,326 | 28,713,326 | 324.0% |
| Liability/Workers' Comp Self Insurance | 6,500,000 | 6,500,000 | 4,914,000 | 5,666,000 | (834,000) | (12.8)% |
| Property Self Insurance/Catastrophic | 6,864,991 | 6,149,531 | 7,519,280 | 6,065,904 | (83,627) | (1.4)% |
| Total Committed Reserves | \$ 163,060,366 | \$ 96,547,810 | \$ 169,953,206 | \$ 151,685,282 | \$ 55,137,472 | 57.1% |
| Total Year-End Reserves | \$ 353,262,591 | \$ 307,870,981 | \$ 304,813,122 | \$ 359,381,803 | \$ 51,510,822 | 16.7% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

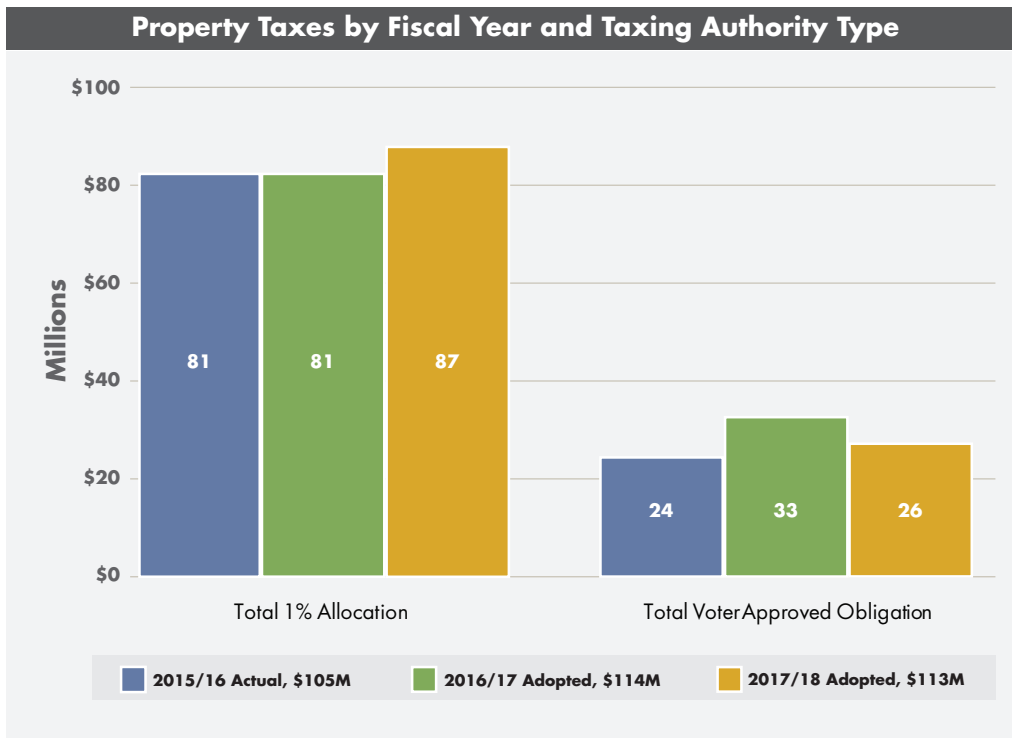
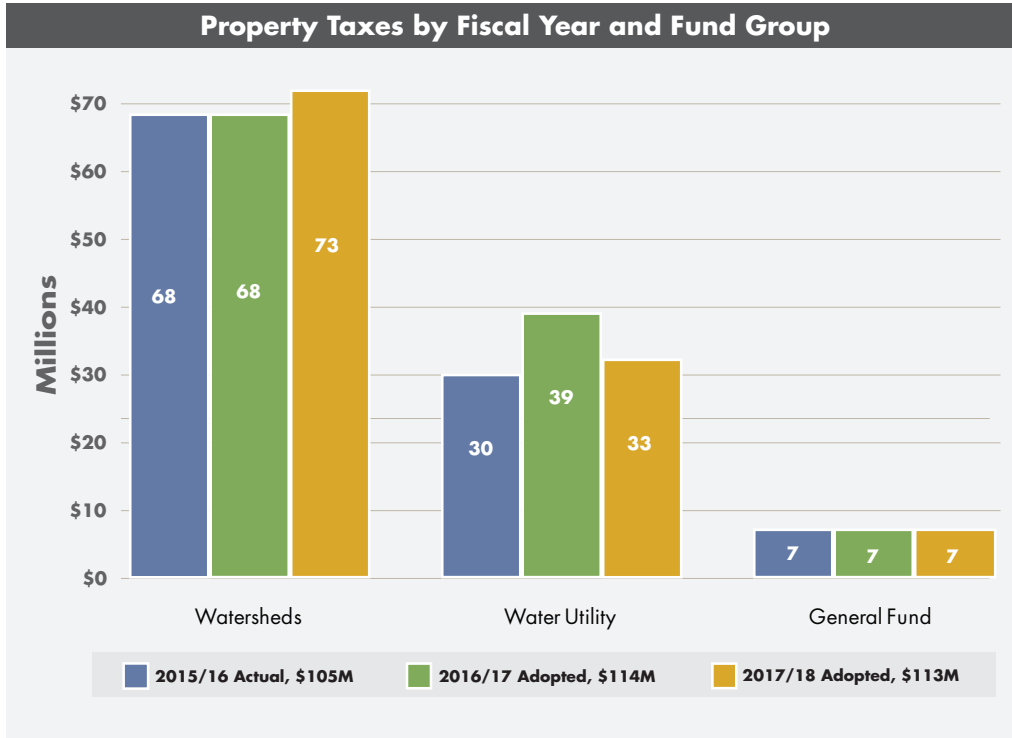
Financial Overview

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MAJOR SOURCES OF REVENUES

Financial Overview

Property Taxes



Financial Overview

Property Taxes

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

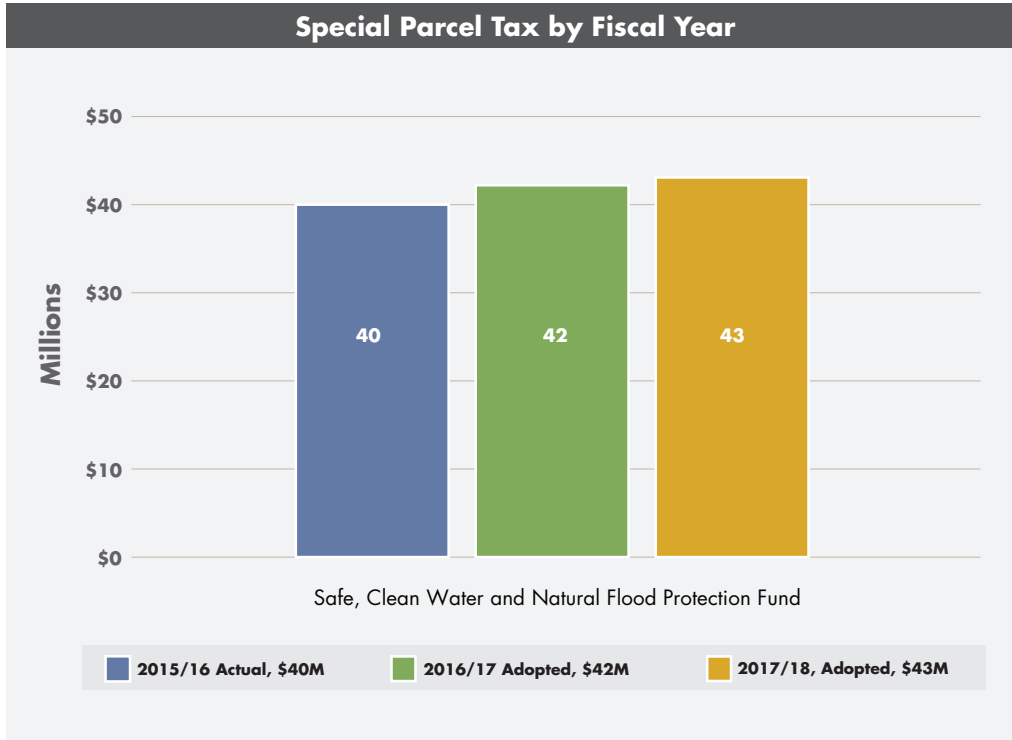
For FY 2017-18, the District is projecting \$87.2 million in ad valorem tax revenues, a 7.8% increase over the FY 2016-17 adopted budget. The increase is based on updates from Santa Clara County staff and is tied to the overall valuation of the Santa Clara County real estate market.

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

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

Financial Overview

Special Parcel Tax



Financial Overview

Special Parcel Tax

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

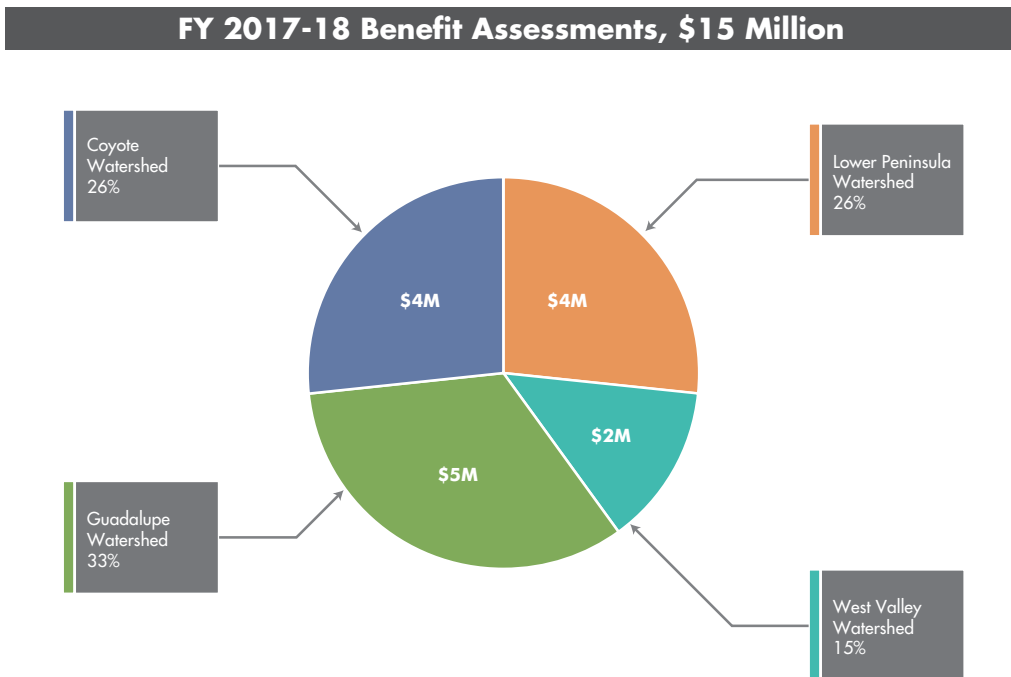
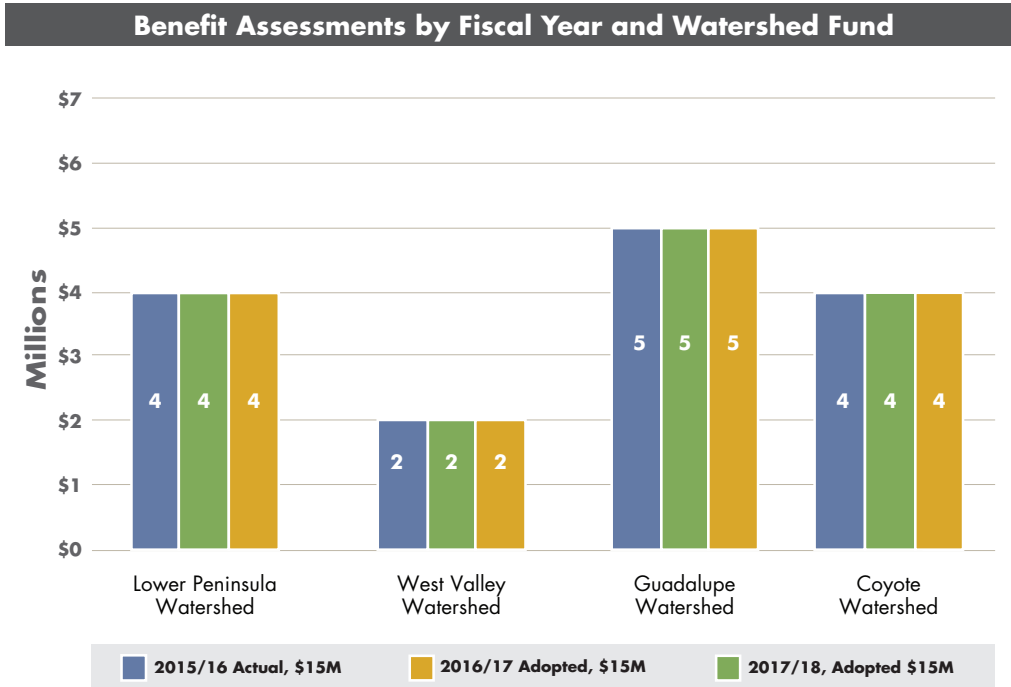
parcel, and may be increased annually by either the prior year's San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI) or 3%, whichever is greater.

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

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

Financial Overview

Benefits Assessment



Financial Overview

Benefits Assessment

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

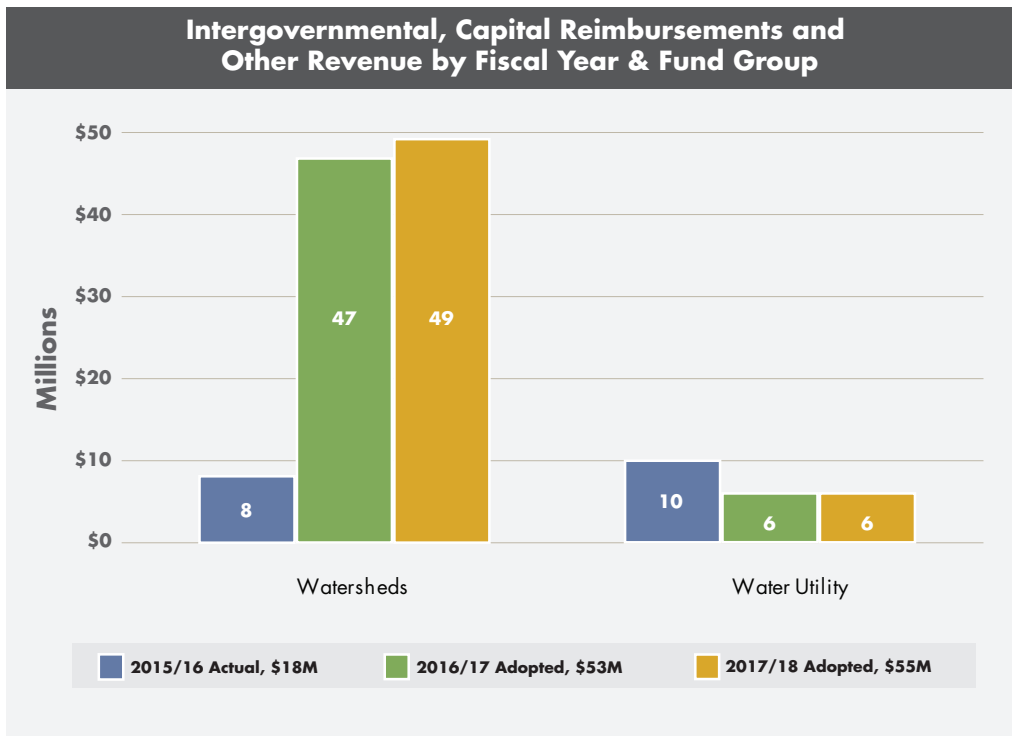
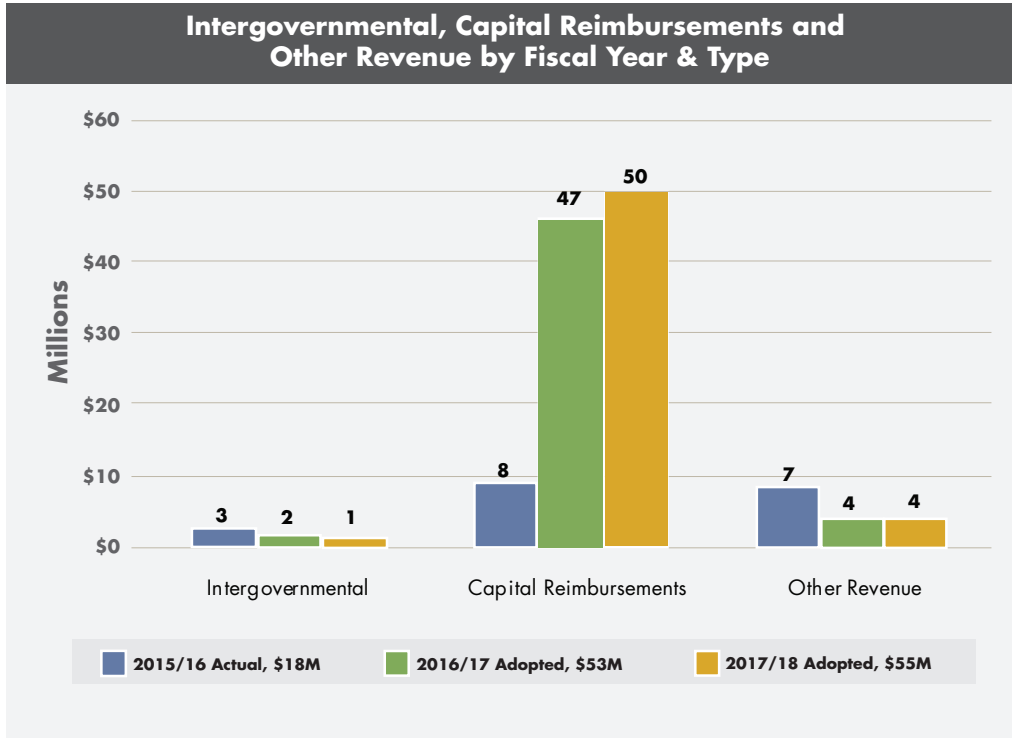
of the benefit assessment program with benefit assessments levied at 1.25 times the annual debt service. For FY 2017-18, the Benefit Assessment revenue receipts are anticipated to come in at \$14.8 million. As the District pays down principal, the amount collected decreases.

FY 2017-18 continues under this debt repayment phase

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

Financial Overview

Intergovernmental and Other Revenues



Financial Overview

Intergovernmental and Other Revenues

Intergovernmental Services

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

Capital Reimbursement Revenue

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

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

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

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

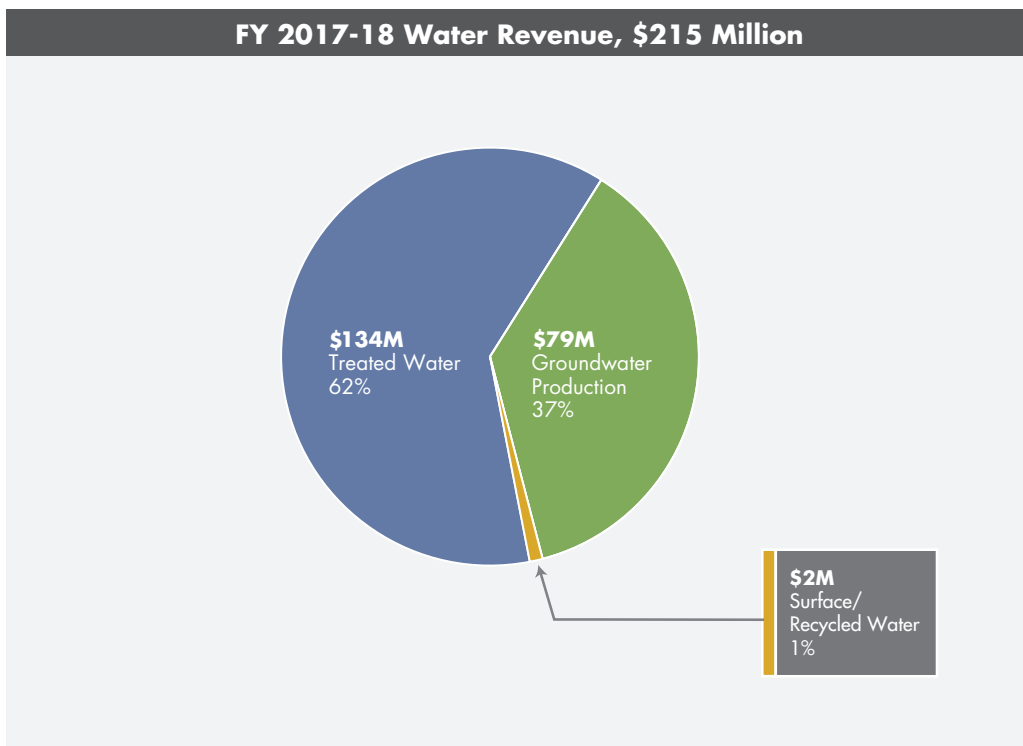
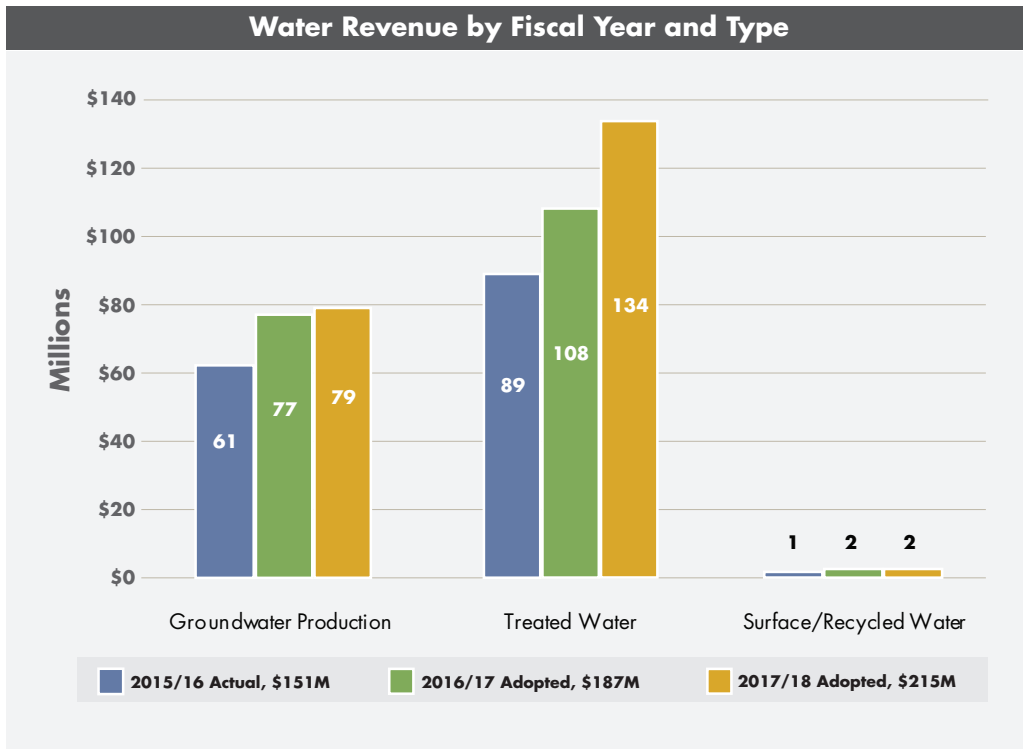
Other Revenue

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

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

Financial Overview

Water Revenue



Financial Overview

Water Revenue

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

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

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

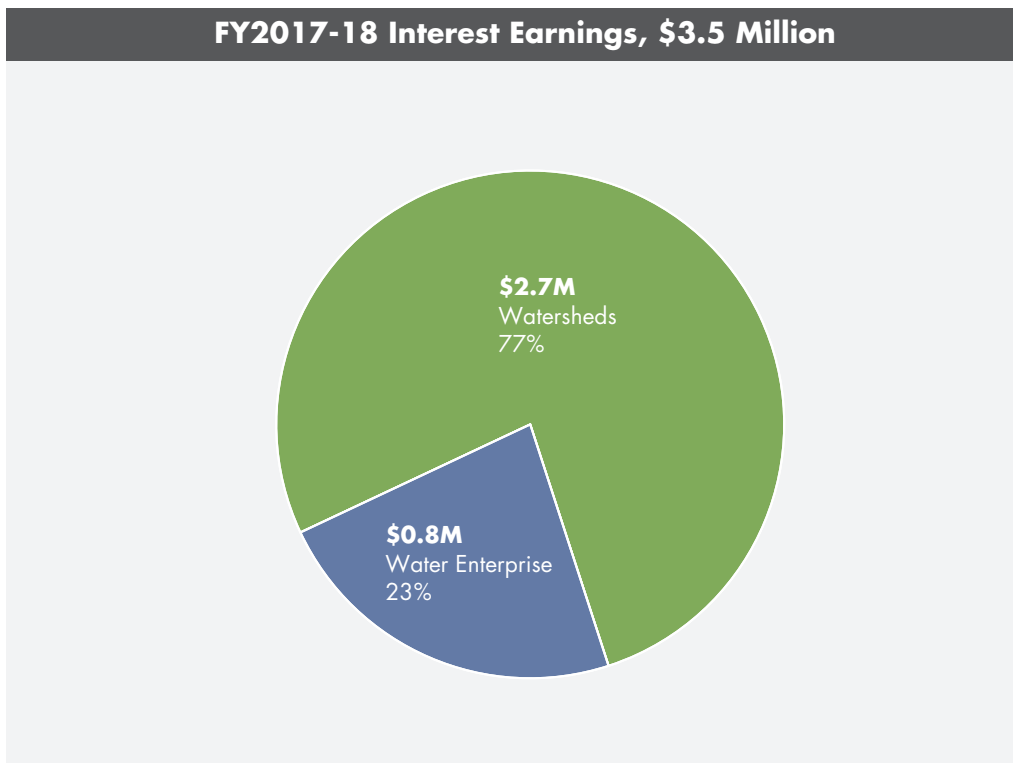
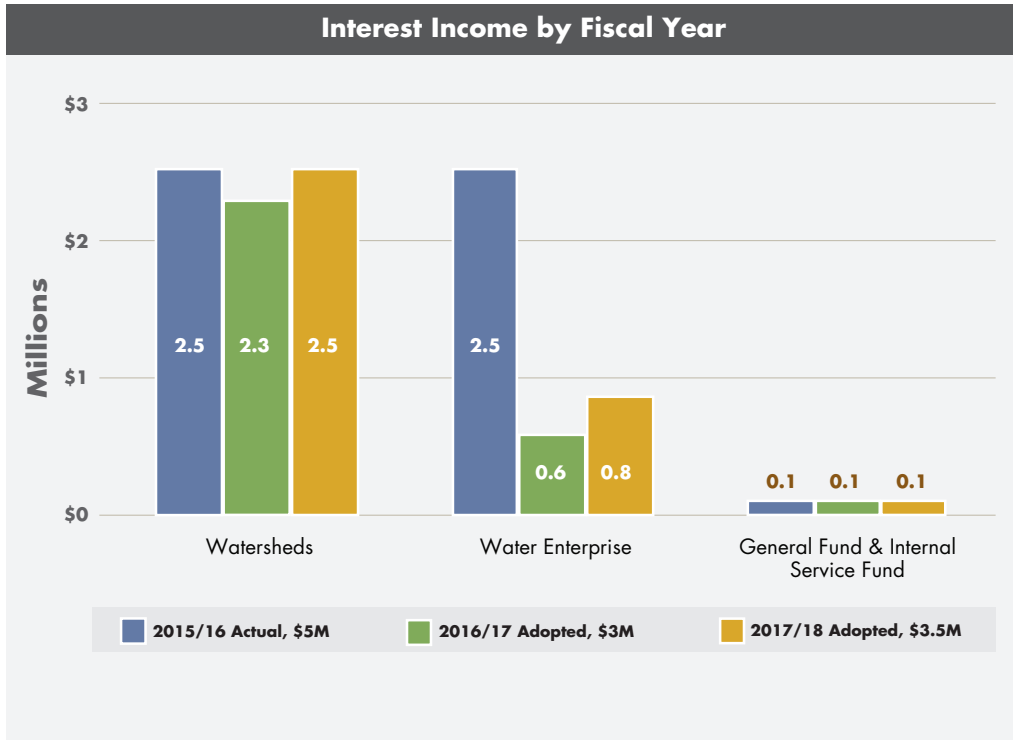
infrastructure rehabilitation and upgrades, and the development of future drought-proof supplies, most notably purified water. In addition, staff projects lower water usage than pre-drought averages, which results in lower revenues and puts upward pressure on water charges in the near term. The water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

The FY 2017-18 revenue projection assumes water usage of roughly 217,000 acre-feet; Treated water demand comprises 48%, groundwater comprises 50%, and surface water and District-delivered recycled water comprise approximately 2% of the assumed water use. Compared to the historical District managed water usage of 286,000 acre-feet in calendar year 2013, this projection equates to a 24% reduction. In addition, other sources, such as Hetch Hetchy and local water supply companies like San Jose Water Company, Stanford and South Bay Water Recycling, provide approximately 70,000 acre-feet of water to Santa Clara County. The District does not receive revenue for these other sources of supply.

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

Financial Overview

Interest Income



Financial Overview

Interest Income

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

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

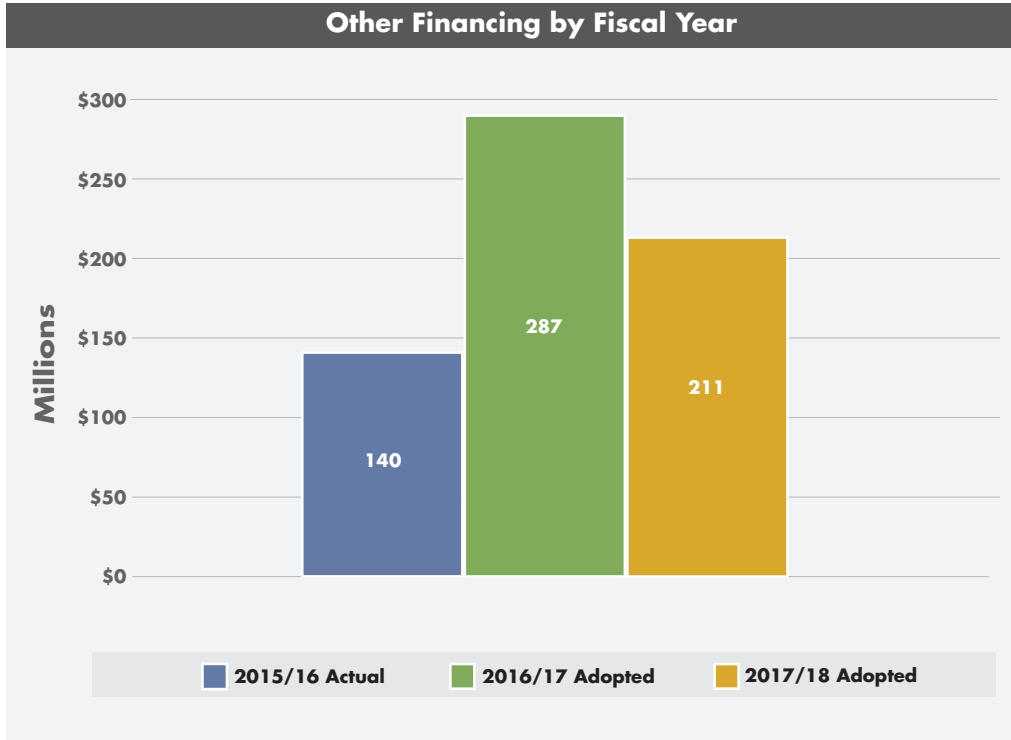
The FY 2017-18 interest revenue is expected to be approximately \$3.5 million. The estimates are using an average portfolio yield of .75% which is a reflection of the overall market environment. The market, coupled with expected short-term liquidity needs for the 5-year Capital Improvement Plan will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

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

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

Financial Overview

Other Financing Sources/Uses



Financial Overview

Other Financing Sources/Uses

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

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

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

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

Financial Overview

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DEBT STATUS

Financial Overview

Debt Service Overview

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

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

Board Policies - Executive Limitations

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

EL-4.7 states that a Board Appointed Officer (BAO) shall:

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

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

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

Debt Policy

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

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

Financial Overview

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

Bond Ratings

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

Outstanding Debt

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

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

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

Planned Issuances

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

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

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

Investment Portfolio

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

Financial Overview

Investment Fund and money market mutual funds.

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

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

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

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

Financial Overview

Bond Rating

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

Financial Overview

Debt Service Payments Schedule

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

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

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

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

Financial Overview

All Outstanding Debt to Maturity

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

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

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

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

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

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

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

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

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SALARIES AND BENEFITS

Financial Overview

Salaries and Benefits

The FY 2017-18 budget contains 809 authorized positions. Total salaries budgeted for these positions are \$97.2 million, an increase of \$6.6 million from the FY 2016-17 adopted budget. The increase is primarily due to a 3% cost of living adjustment and funding for 18 new positions. Salaries for FY 2017-18 break down as a total of \$98.0 million in regular salaries less salary savings of \$4.1 million, plus \$3.4 million in overtime and special pay.

Total benefits are budgeted at \$51.6 million, a 5% increase over the FY 2016-17 adopted budget, which includes \$3 million for the District's annual required contribution to Other Post Employment Benefits Trust Fund. The increase is the net of an increase in the retirement contributions of \$1.3 million and \$1.4 million increase in medical costs for active and retired employees offset \$0.2 million savings in employment taxes.

Salaries and Benefits

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | | |
|--|--------------------------------------|------------------------------|------------------------------|--------------------------------|-------------|--|
| | | | | \$ Diff | % Diff | |
| SALARIES | | | | | | |
| Salaries-Regular Employee | \$ 82,185,272 | \$ 92,810,558 | \$ 97,954,359 | \$ 5,143,801 | 5.5% | |
| Overtime | 2,603,284 | 1,851,527 | 2,561,718 | 710,191 | 38.4% | |
| Special Pays | 615,971 | 939,319 | 825,695 | (113,624) | (12.1)% | |
| Salary Savings | — | (4,956,000) | (4,144,687) | 811,313 | (16.4)% | |
| Total Salaries | \$ 85,404,527 | \$ 90,645,404 | \$ 97,197,085 | \$ 6,551,681 | 7.2% | |
| BENEFITS | | | | | | |
| Fed & State Taxes & Benefits | \$ 1,209,155 | \$ 1,440,427 | \$ 1,242,959 | \$ (197,468) | (13.7)% | |
| Retirement Contributions | 17,397,000 | 20,786,528 | 22,137,797 | 1,351,269 | 6.5% | |
| Group Ins-Active Employees | 11,056,591 | 15,541,890 | 16,130,666 | 588,776 | 3.8% | |
| Group Ins-Retired Employees | 7,108,771 | 8,253,603 | 9,055,000 | 801,397 | 9.7% | |
| Other Post Employment Benefits (OPEB) | 3,600,000 | 3,000,000 | 3,000,000 | — | — | |
| Total Benefits | \$ 40,371,517 | \$ 49,022,448 | \$ 51,566,422 | \$ 2,543,974 | 5.2% | |
| Net Total Salary & Benefits | \$ 125,776,044 | \$ 139,667,852 | \$ 148,763,507 | \$ 9,095,655 | 6.5% | |

Budget Hours

| | Actual Labor Hours 2015-2016 | Adopted Labor Hours 2016-17 | Adopted Labor Hours 2017-18 | Change from 2016-17 Adopted | |
|---------------------------|------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|-------------|
| | | | | Hours Diff | % Diff |
| LABOR HOURS | | | | | |
| Salaries-Regular Employee | 1,213,282 | 1,375,993 | 1,425,040 | 49,047 | 3.6% |
| Overtime | 25,930 | 20,303 | 28,378 | 8,075 | 39.8% |
| Compensated Absences | 217,106 | 255,479 | 252,104 | -3,375 | (1.3)% |
| Total Hours | 1,456,318 | 1,651,775 | 1,705,522 | 53,747 | 3.3% |

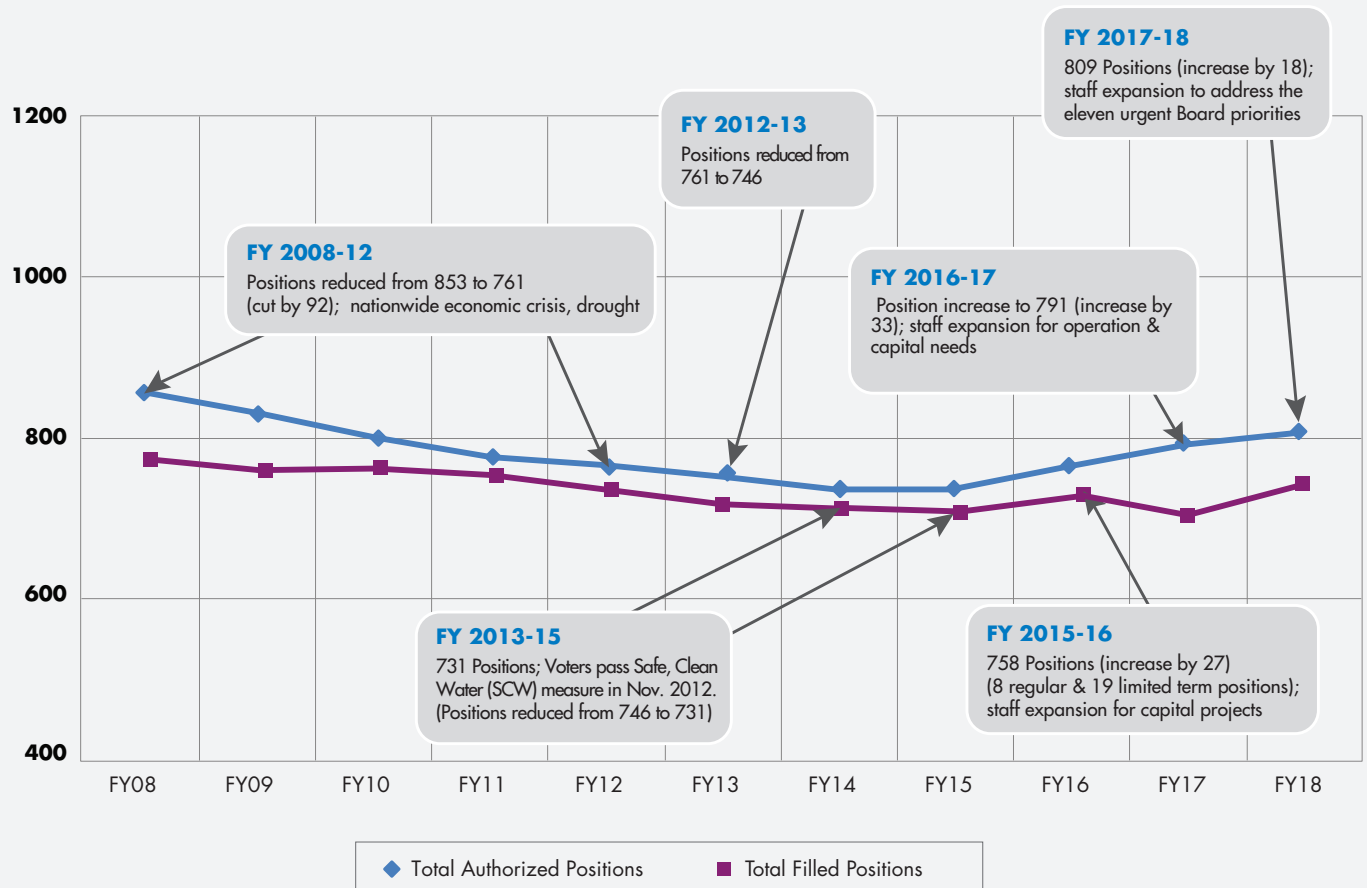
Financial Overview

Summary of Positions

| | Adopted Budget FY 2015-2016 | Adopted Budget FY 2016-17 | Adjusted Budget FY 2016-17** | Adopted Budget FY 2017-18 | Position Change |
|-----------------------------------|--------------------------------|------------------------------|---------------------------------|------------------------------|-----------------|
| Board Appointed Officers* | 60 | 61 | 35 | 35 | — |
| External Affairs*** | — | — | 25 | 28 | 3 |
| Administration | 178 | 183 | 191 | 195 | 4 |
| Water Utility | 311 | 320 | 329 | 332 | 3 |
| Watersheds | 209 | 219 | 211 | 219 | 8 |
| Total Authorized Positions | 758 | 783 | 791 | 809 | 18 |
| One year Fellowships**** | — | — | — | 4 | 4 |
| Total | 758 | 783 | 791 | 813 | 22 |

(*) Board Appointed Officers Include: Chief Executive Officer, District Counsel and Clerk of the Board
 (**) FY16-17 adopted budget has 783 positions; 8 positions were added during the year
 (***) In FY16-17, there is a minor re-org and Office of External Affairs was created.
 (****) Fellowship is a pilot program, for FY2017-18, total authorized positions are 809, and 4 one year fellowships

District Staffing Trends, FY2008 - FY2018



Financial Overview

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DISTRICT RESERVE POLICY AND FUND BALANCES

Financial Overview

District Reserve Policy

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

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

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

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

Definitions

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

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

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

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

RESTRICTED RESERVES

Debt Service Reserve

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

Debt Proceeds Reserve

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

Rate Stabilization Reserve for Bond Covenant - Water Utility Enterprise Fund

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

San Felipe Emergency Reserve - Water Utility Enterprise Fund

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

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

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

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

Supplemental Water Supply Reserve - Water Utility Enterprise Fund

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

Drought Reserve - Water Utility Enterprise Fund

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

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

State Water Project Tax Reserve - Water Utility Enterprise Fund

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

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

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

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

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

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

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

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

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

Committed Reserves

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

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

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

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

Property Self-Insurance/Catastrophic Reserve - Risk Fund

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

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

Floating Rate Debt Payment Stabilization Reserve - Water Utility Enterprise Fund

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

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

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

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

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

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

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

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

Assigned Reserves

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

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

Market Valuation Reserves

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

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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

Reserves

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| GENERAL FUND | | | | | | |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 9,117,726 | \$ 5,660,754 | \$ 5,241,069 | \$ 4,091,403 | \$ (1,569,351) | (27.7)% |
| Currently Authorized Projects | 1,156,326 | 207,000 | 1,060,326 | 1,060,326 | 853,326 | 412.2% |
| Total General Fund Reserves | \$ 10,274,052 | \$ 5,867,754 | \$ 6,301,395 | \$ 5,151,729 | \$ (716,025) | (12.2)% |
| SPECIAL REVENUE FUNDS (WATERSHEDS) | | | | | | |
| Restricted Reserves | | | | | | |
| Operating & Capital Reserve | \$ 5,961,701 | \$ 106,616,348 | \$ 2,153,093 | \$ 146,714,094 | \$ 40,097,746 | 37.6% |
| Currently Authorized Projects | 147,146,206 | 62,678,000 | 90,678,000 | 15,357,000 | (47,321,000) | (75.5)% |
| Total Restricted Reserves | \$ 153,107,907 | \$ 169,294,348 | \$ 92,831,093 | \$ 162,071,094 | \$ (7,223,254) | (4.3)% |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 36,851,746 | \$ 31,006,274 | \$ 33,287,361 | \$ 60,189,191 | \$ 29,182,917 | 94.1% |
| Currently Authorized Projects | 27,999,008 | 3,980,000 | 17,159,000 | 9,369,000 | 5,389,000 | 135.4% |
| Total Committed Reserves | \$ 64,850,754 | \$ 34,986,274 | \$ 50,446,361 | \$ 69,558,191 | \$ 34,571,917 | 98.8% |
| Total Special Revenue Funds Reserves | \$ 217,958,661 | \$ 204,280,622 | \$ 143,277,454 | \$ 231,629,285 | \$ 27,348,663 | 13.4% |
| Total Governmental Funds | \$ 228,232,713 | \$ 210,148,376 | \$ 149,578,849 | \$ 236,781,014 | \$ 26,632,638 | 12.7% |
| WATER ENTERPRISE & STATE WATER PROJECT FUNDS | | | | | | |
| Restricted Reserves | | | | | | |
| Restricted Operating Reserve | \$ 17,493,514 | \$ — | \$ — | \$ — | \$ — | ** |
| Rate Stabilization Reserve for Bond Covenant | 2,082,388 | 19,973,809 | 19,973,809 | 21,066,011 | 1,092,202 | 5.5% |
| San Felipe Emergency Reserve | 2,876,275 | 2,872,000 | 2,872,000 | 2,976,275 | 104,275 | 3.6% |
| Supplemental Water Supply | 12,736,141 | 14,277,014 | 14,277,014 | 14,677,141 | 400,127 | 2.8% |
| SV Advanced Water Purification Center | 1,906,000 | 1,906,000 | 1,906,000 | 1,906,000 | — | — |
| Drought Reserve | — | 3,000,000 | 3,000,000 | 5,000,000 | 2,000,000 | 66.7% |
| Total Restricted Reserves | \$ 37,094,318 | \$ 42,028,823 | \$ 42,028,823 | \$ 45,625,427 | \$ 3,596,604 | 8.6% |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 35,431,539 | \$ 36,366,956 | \$ 54,005,579 | \$ 36,126,107 | \$ (240,849) | (0.7)% |
| Currently Authorized Projects | 29,310,571 | 4,675,000 | 39,822,000 | 27,146,000 | 22,471,000 | 480.7% |
| Total Committed Reserves | \$ 64,742,110 | \$ 41,041,956 | \$ 93,827,579 | \$ 63,272,107 | \$ 22,230,151 | 54.2% |
| Total Water Enterprise Funds Reserves | \$ 101,836,428 | \$ 83,070,779 | \$ 135,856,402 | \$ 108,897,534 | \$ 25,826,755 | 31.1% |

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| | Budgetary | Adopted | Projected | Adopted | Change from | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| INTERNAL SERVICE FUNDS: | | | | | | |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 5,267,898 | \$ 2,002,295 | \$ 3,919,591 | \$ 1,971,351 | \$ (30,944) | (1.5)% |
| Currently Authorized Projects | 4,560,561 | — | 3,025,000 | — | — | — |
| Liability/Workers' Comp Self Insurance | 6,500,000 | 6,500,000 | 4,914,000 | 5,666,000 | (834,000) | (12.8)% |
| Property Self Insurance/Catastrophic | 6,864,991 | 6,149,531 | 7,519,280 | 6,065,904 | (83,627) | (1.4)% |
| Total Internal Service Funds Reserves | \$ 23,193,450 | \$ 14,651,826 | \$ 19,377,871 | \$ 13,703,255 | \$ (948,571) | (6.5)% |
| Total Proprietary Funds | \$ 125,029,878 | \$ 97,722,605 | \$ 155,234,273 | \$ 122,600,789 | \$ 24,878,184 | 25.5% |
| TOTAL RESERVE SUMMARIES | | | | | | |
| Total Proprietary Funds | \$ 125,029,878 | \$ 97,722,605 | \$ 155,234,273 | \$ 122,600,789 | \$ 24,878,184 | 25.5% |
| Total Governmental Funds | 228,232,713 | 210,148,376 | 149,578,849 | 236,781,014 | 26,632,638 | 12.7% |
| Total Year-End Reserves | \$ 353,262,591 | \$ 307,870,981 | \$ 304,813,122 | \$ 359,381,803 | \$ 51,510,822 | 16.7% |
| Total Restricted Reserves | 190,202,225 | 211,323,171 | 134,859,916 | 207,696,521 | (3,626,650) | (1.7)% |
| Total Committed Reserves | 163,060,366 | 96,547,810 | 169,953,206 | 151,685,282 | 55,137,472 | 57.1% |
| Total Year-End Reserves | \$ 353,262,591 | \$ 307,870,981 | \$ 304,813,122 | \$ 359,381,803 | \$ 51,510,822 | 16.7% |

Financial Overview

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WATERSHED MANAGEMENT FUNDS

Financial Overview

Overview

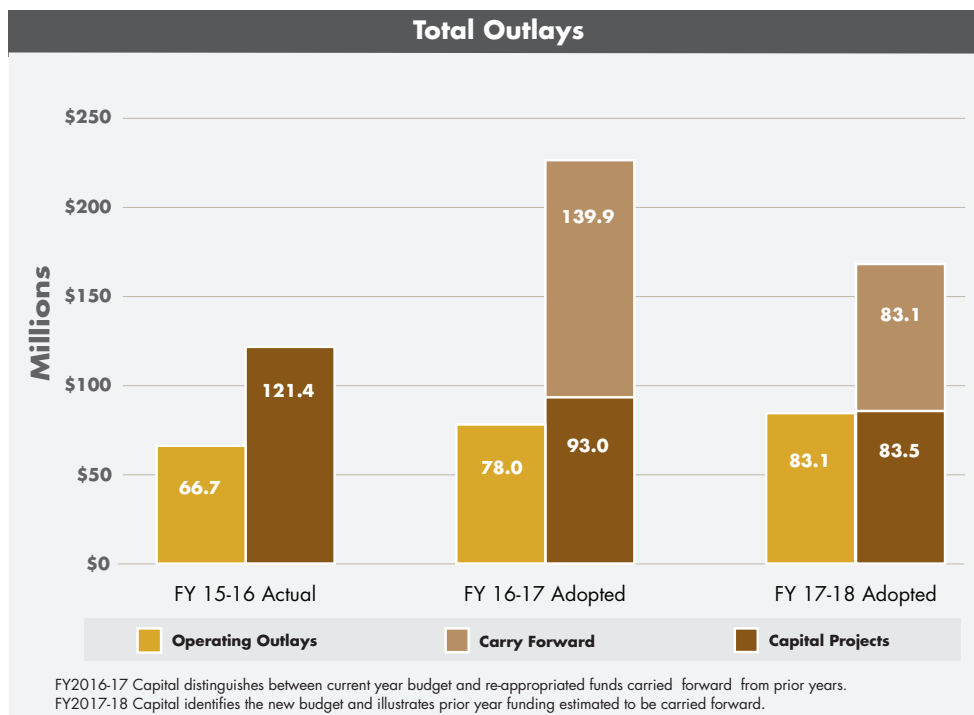
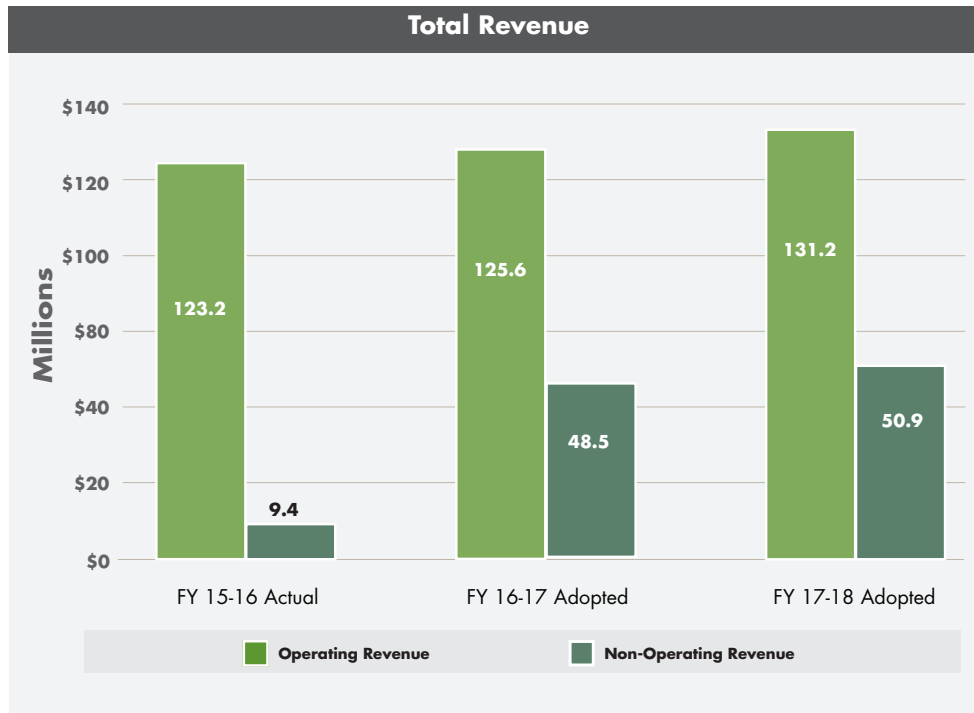
The Board of Directors defines Watershed stewardship as the management of natural resources in a manner that fosters ecosystem health, improved water quality, flood protection and compatible recreational opportunities. The Watersheds Chief Operating Officer leads the implementation of the watershed stewardship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

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

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

Financial Overview

Watershed Management Funds



Financial Overview

Watershed Management Funds Summary

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|--|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|----------------|
| | | | | | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Property Taxes | \$ 68,005,420 | \$ 68,279,500 | \$ 70,900,000 | \$ 73,638,000 | \$ 5,358,500 | 7.8% |
| Special Parcel Tax | 39,684,083 | 41,528,137 | 41,073,026 | 42,510,582 | 982,445 | 2.4% |
| Benefit Assessments | 14,682,528 | 14,784,580 | 14,784,580 | 14,777,514 | (7,066) | (0.0)% |
| Intergovernmental Services | 647,963 | 800,000 | 800,000 | — | (800,000) | (100.0)% |
| Other | 181,684 | 226,375 | 226,375 | 233,166 | 6,791 | 3.0% |
| Total Operating Rev | \$ 123,201,678 | \$ 125,618,592 | \$ 127,783,981 | \$ 131,159,262 | \$ 5,540,670 | 4.4% |
| Non-Operating Income | | | | | | |
| Interest* | \$ 2,514,921 | \$ 2,343,574 | \$ 2,435,000 | \$ 2,453,000 | \$ 109,426 | 4.7% |
| Capital Reimb | 4,742,767 | 44,460,000 | 32,381,000 | 47,158,000 | 2,698,000 | 6.1% |
| Other | 2,146,060 | 1,702,512 | 1,702,512 | 1,335,592 | (366,920) | (21.6)% |
| Total Non-Operating Income | \$ 9,403,748 | \$ 48,506,086 | \$ 36,518,512 | \$ 50,946,592 | \$ 2,440,506 | 5.0% |
| Total Revenue | \$ 132,605,426 | \$ 174,124,678 | \$ 164,302,493 | \$ 182,105,854 | \$ 7,981,176 | 4.6% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 51,049,373 | \$ 59,193,949 | \$ 62,384,787 | \$ 64,429,934 | \$ 5,235,985 | 8.8% |
| Operating Projects | 3,556,047 | 6,287,453 | 6,287,453 | 4,066,666 | (2,220,787) | (35.3)% |
| Debt Service | 12,096,279 | 12,504,172 | 12,504,172 | 14,622,041 | 2,117,869 | 16.9% |
| Total Operating Outlays | \$ 66,701,699 | \$ 77,985,574 | \$ 81,176,412 | \$ 83,118,641 | \$ 5,133,067 | 6.6% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 121,411,917 | \$ 92,970,084 | \$ 158,132,128 | \$ 83,473,373 | \$ (9,496,711) | (10.2)% |
| Carried Forward Capital Projects | — | 139,938,000 | — | 83,111,000 | (56,827,000) | (40.6)% |
| Total Capital Outlays | \$ 121,411,917 | \$ 232,908,084 | \$ 158,132,128 | \$ 166,584,373 | \$ (66,323,711) | (28.5)% |
| Other Financing Sources/(Uses): | | | | | | |
| Bond Proceeds | \$ — | \$ 157,220,000 | \$ — | \$ — | \$ (157,220,000) | (100.0)% |
| Commercial Paper Proceeds | — | — | — | 140,000,000 | 140,000,000 | ** |
| Certificates of Participation | 8,717,545 | 1,625,340 | 1,625,340 | 8,500,000 | 6,874,660 | 423.0% |
| Transfers In | 2,590,118 | 2,576,808 | 2,576,808 | 11,921,163 | 9,344,355 | 362.6% |
| Transfers Out | (23,408,117) | (8,381,828) | (3,877,308) | (4,472,172) | 3,909,656 | (46.6)% |
| Total Other Sources/(Uses) | \$ (12,100,454) | \$ 153,040,320 | \$ 324,840 | \$ 155,948,991 | \$ 2,908,671 | 1.9% |
| Balance Available | \$ (67,608,644) | \$ 16,271,340 | \$ (74,681,207) | \$ 88,351,831 | \$ — | — |
| Year-End Reserves: | | | | | | |
| Restricted Reserves | | | | | | |
| Currently Authorized Projects*** | \$ 147,146,206 | \$ 62,678,000 | \$ 90,678,000 | \$ 15,357,000 | \$ (47,321,000) | (75.5)% |
| Operating & Capital Reserve | 5,961,701 | 106,616,348 | 2,153,093 | 146,714,094 | 40,097,746 | 37.6% |
| Total Restricted Reserves | \$ 153,107,907 | \$ 169,294,348 | \$ 92,831,093 | \$ 162,071,094 | \$ (7,223,254) | (4.3)% |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 36,851,746 | \$ 31,006,274 | \$ 33,287,361 | \$ 60,189,191 | \$ 29,182,917 | 94.1% |
| Currently Authorized Projects*** | 27,999,008 | 3,980,000 | 17,159,000 | 9,369,000 | 5,389,000 | 135.4% |
| Total Committed Reserves | \$ 64,850,754 | \$ 34,986,274 | \$ 50,446,361 | \$ 69,558,191 | \$ 34,571,917 | 98.8% |
| Total Year-End Reserves | \$ 217,958,661 | \$ 204,280,622 | \$ 143,277,454 | \$ 231,629,285 | \$ 27,348,663 | 13.4% |

Financial Overview

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

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

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

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

Financial Overview

Watershed and Stream Stewardship Fund

Description

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

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

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

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

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

Outcomes

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

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

Major Capital Projects starting or continuing construction:

- Berryessa Creek, Lower Penitencia Creek to Calaveras Boulevard

Financial Overview

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

Major Capital Projects in planning and design:

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

Maintain conveyance capacity of modified channels:

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

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

Goal 3.2: Reduced potential for flood damages

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

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

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

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

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

- Stabilize approximately 3,888 linear feet of stream banks

Capital Projects:

- SMP Mitigation, Stream and Watershed Protection Program

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

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

Financial Overview

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

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

Fiscal Status

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

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

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

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

Other Income of \$1.6 million is budgeted for rental and other miscellaneous income.

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

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

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

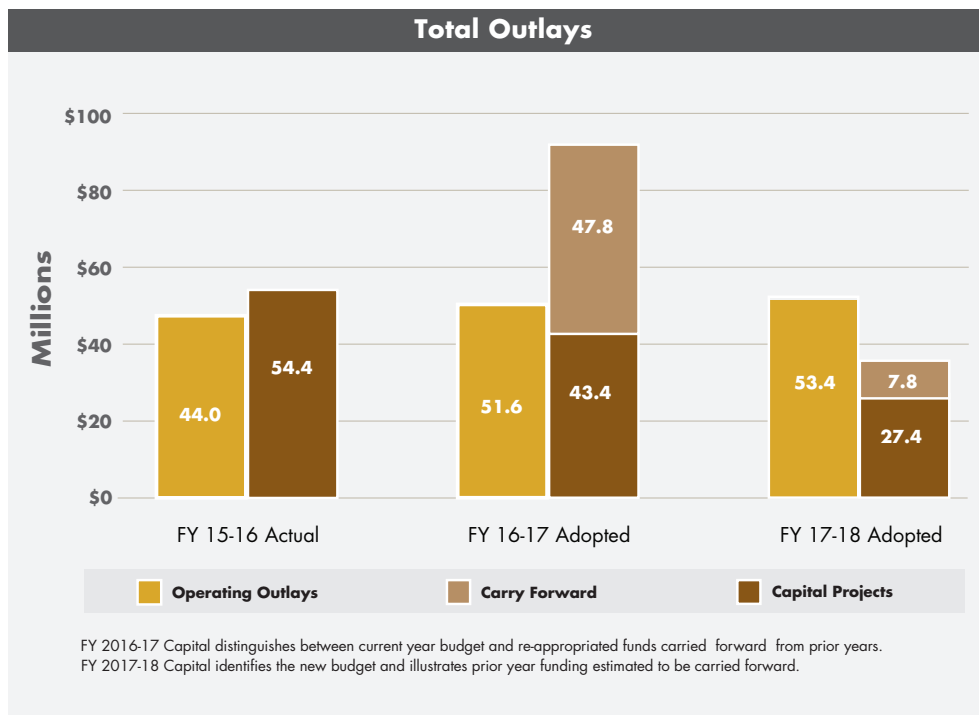
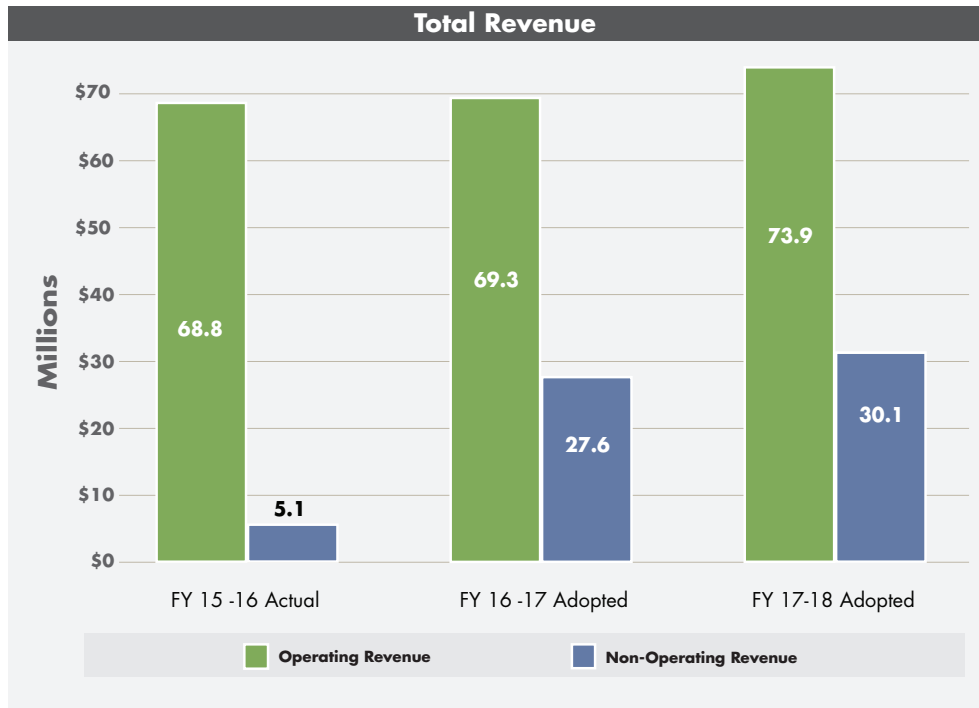
- \$0.3 million to General Fund (11) for Drought Induced Tree Removal
- \$1.6 million to Water Enterprise fund (61) for Open Space Credit

Budget Issues

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

Financial Overview

Watershed and Stream Stewardship Fund



Financial Overview

Watershed and Stream Stewardship Fund

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|--|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|-----------------|
| | | | | | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Property Tax | \$ 68,005,420 | \$ 68,279,500 | \$ 70,900,000 | \$ 73,638,000 | \$ 5,358,500 | 7.8% |
| Intergovernmental Services | 647,963 | 800,000 | 800,000 | — | (800,000) | (100.0)% |
| Other | 181,684 | 226,375 | 226,375 | 233,166 | 6,791 | 3.0% |
| Total Operating Revenue | \$ 68,835,067 | \$ 69,305,875 | \$ 71,926,375 | \$ 73,871,166 | \$ 4,565,291 | 6.6% |
| Non Operating Income | | | | | | |
| Interest* | \$ 938,282 | \$ 663,934 | \$ 905,000 | \$ 783,000 | \$ 119,066 | 17.9% |
| Capital Reimbursements | 2,287,692 | 25,258,000 | 15,844,000 | 28,000,000 | 2,742,000 | 10.9% |
| Other | 1,854,628 | 1,702,512 | 1,702,512 | 1,335,592 | (366,920) | (21.6)% |
| Total Non-Operating Income | \$ 5,080,602 | \$ 27,624,446 | \$ 18,451,512 | \$ 30,118,592 | \$ 2,494,146 | 9.0% |
| Total Revenue | \$ 73,915,669 | \$ 96,930,321 | \$ 90,377,887 | \$ 103,989,758 | \$ 7,059,437 | 7.3% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 42,066,802 | \$ 47,338,854 | \$ 50,023,909 | \$ 51,294,156 | \$ 3,955,302 | 8.4% |
| Operating Projects | 1,893,200 | 4,216,582 | 4,216,582 | 2,080,287 | (2,136,295) | (50.7)% |
| Total Operating Outlays | \$ 43,960,002 | \$ 51,555,436 | \$ 54,240,491 | \$ 53,374,443 | \$ 1,819,007 | 3.5% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 54,384,161 | \$ 43,442,759 | \$ 51,818,097 | \$ 27,385,639 | \$ (16,057,120) | (37.0)% |
| Carried Forward Capital Projects | — | 47,793,000 | — | 7,790,000 | (40,003,000) | (83.7)% |
| Total Capital Outlays | \$ 54,384,161 | \$ 91,235,759 | \$ 51,818,097 | \$ 35,175,639 | \$ (56,060,120) | (61.4)% |
| Other Financing Sources/(Uses): | | | | | | |
| Certificates of Participation | \$ — | \$ — | \$ — | \$ 3,000,000 | \$ 3,000,000 | — |
| Transfer in from Benefit Assess Fund | 2,590,118 | 2,576,808 | 2,576,808 | 2,572,163 | (4,645) | (0.2)% |
| Transfers In | — | — | — | — | — | — |
| Transfers Out | (6,818,000) | (5,805,020) | (1,300,500) | (1,900,009) | 3,905,011 | (67.3)% |
| Total Other Sources/(Uses) | \$ (4,227,882) | \$ (3,228,212) | \$ 1,276,308 | \$ 3,672,154 | \$ 6,900,366 | (213.8)% |
| Balance Available | \$ (28,656,376) | \$ (49,089,086) | \$ (14,404,393) | \$ 19,111,830 | \$ — | — |
| Year-End Reserves: | | | | | | |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 36,851,746 | \$ 31,006,274 | \$ 33,287,361 | \$ 60,189,191 | \$ 29,182,917 | 94.1% |
| Currently Authorized Projects*** | 27,999,008 | 3,980,000 | 17,159,000 | 9,369,000 | 5,389,000 | 135.4% |
| Total Committed Reserves | \$ 64,850,754 | \$ 34,986,274 | \$ 50,446,361 | \$ 69,558,191 | \$ 34,571,917 | 98.8% |
| Total Year-End Reserves | \$ 64,850,754 | \$ 34,986,274 | \$ 50,446,361 | \$ 69,558,191 | \$ 34,571,917 | 98.8% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------|---|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| 10291002 | Rental Expense Stevens Creek | 229,644 | 356,075 | 377,721 | General Services Division |
| 30061004 | Rent Exp Guadalupe & Coyote | 191,375 | 211,071 | 214,818 | General Services Division |
| 30151026 | Guad Rvr Mitgtn Monitoring Prg | 663,658 | 380,205 | 831,532 | Watershed Stwdship & Planning Division |
| ** | 40061004 Rental Expense Coyote Wtrshd | 6,916 | 0 | 0 | General Services Division |
| | 62001090 Unscoped Projects-Budget Only | 0 | 300,000 | 300,000 | Watershed Design & Construction Division |
| | 62011002 Watershed Asset Protection Sup | 3,115,662 | 3,574,879 | 4,103,371 | Watershed Stwdship & Planning Division |
| ** | 62021002 Watershed Emergency Operations | 65,187 | 201,550 | 0 | Watershed Opearions & Maintenance Division |
| | 62021003 CPRU Tech Support | 344,454 | 301,939 | 398,634 | Watershed Stwdship & Planning Division |
| | 62021004 Vegetation Mgmt Tech Support | 630,158 | 642,540 | 738,673 | Watershed Opearions & Maintenance Division |
| ** | 62021007 Geomorphic Data Analysis | 135,353 | 147,298 | 0 | Watershed Stwdship & Planning Division |
| * | 62021008 Energy Management | 5,780 | 7,029 | 8,337 | Raw Water Operations and Mgmt Division |
| | 62021009 Watershds O&M Eng&Insp Support | 920,243 | 845,400 | 885,433 | Watershed Opearions & Maintenance Division |
| * | 62031001 Watershed Revenue | 75,859 | 65,958 | 63,226 | Financial Planning and Mgmt Services Division |
| * | 62031002 Grants Management | 435,963 | 350,377 | 368,967 | Financial Planning and Mgmt Services Division |
| * | 62041022 Stream Maint Prog Mgmt | 2,043,305 | 2,898,974 | 3,048,513 | Watershed Opearions & Maintenance Division |
| | 62041023 Wtrshd Stwrdsip Policy & Coord | 316,402 | 352,757 | 402,927 | Watershed Stwdship & Planning Division |
| | 62041026 Watersheds Asset Mgt Plng Prgm | 623,327 | 759,943 | 920,061 | Raw Water Operations and Mgmt Division |
| | 62041027 Integrated Wtr Resrce Mstr Pln | 1,428,152 | 1,909,552 | 1,630,898 | Watershed Stwdship & Planning Division |
| * | 62041039 Integrated Regional Water Mgmt | 70,443 | 103,600 | 111,606 | Water Supply Division |
| | 62041043 Environmental Srvcs Tech Suppt | 275,228 | 386,282 | 267,234 | Watershed Stwdship & Planning Division |
| ** | 62041046 Survey Record Management | 23,384 | 44,879 | 0 | Watershed Design & Construction Division |
| * | 62041047 Ecolgcal Data Collectn & Analy | 191,571 | 350,815 | 379,466 | Watershed Stwdship & Planning Division |
| | 62061001 Watersheds Administration | 5,479,074 | 5,202,626 | 5,138,396 | Watershed Design & Construction Division |
| | 62061002 Districtwide Salary Savings-12 | 0 | (691,000) | (610,062) | Financial Planning and Mgmt Services Division |
| | 62061005 WS Customer Relations & Outreach | 363,748 | 339,408 | 493,715 | Office of the CEO |
| | 62061008 Hydrology and Hydraulics Technical Support | 432,354 | 607,169 | 1,211,084 | Watershed Stwdship & Planning Division |
| * | 62061019 Supp Volunteer Cleanup Effort | 84,632 | 169,352 | 172,618 | Office of the CEO |
| ** | 62061022 Watershed Ops Safety Implement | 249,531 | 367,813 | 0 | Human Resources Division |
| ** | 62061023 Watershed Ops Safety Training | 431,537 | 415,915 | 0 | Human Resources Division |
| | 62061028 WS Training & Development | 754,608 | 1,161,399 | 1,693,319 | Watershed Design & Construction Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By | |
|----------|--------------------------|----------------------------------|--------------------------|--------------------------|---|---|
| 62061029 | Field Operations Support | 507,723 | 482,637 | 618,061 | Watershed Operations & Maintenance Division | |
| ** | 62061042 | Watershed Customer Relations | 255,364 | 283,183 | 0 | Office of the CEO |
| ** | 62061045 | AM Systems and Standards | 69,536 | 152,545 | 187,774 | Raw Water Operations and Mgmt Division |
| ** | 62061046 | District CMMS Administration | 69,921 | 0 | 0 | Raw Water Operations and Mgmt Division |
| * | 62061048 | Climate Change Adaptation/Mtg. | 46,524 | 163,072 | 240,411 | Watershed Stwdshp & Planning Division |
| ** | 62061054 | SCW Implementation | 355,928 | 0 | 0 | Office of COO Watersheds |
| ** | 62061055 | Watersheds O&M Admin Support | 332,540 | 0 | 0 | Watershed Operations & Maintenance Division |
| * | 62071041 | Welding Services | 69,006 | 63,232 | 76,544 | General Services Division |
| | 62181005 | SMP Mitigation Site Mgmt | 127,260 | 470,229 | 524,232 | Watershed Stwdshp & Planning Division |
| * | 62741042 | Water Resorcs EnvPlng & Permtg | 32,355 | 101,361 | 74,186 | Raw Water Operations and Mgmt Division |
| | 62761006 | Invasive Plant Management Prog | 1,383,115 | 727,570 | 1,029,170 | Watershed Operations & Maintenance Division |
| | 62761008 | Sandbag Program | 972,323 | 327,010 | 661,907 | Watershed Operations & Maintenance Division |
| | 62761009 | Pond A4 Operations | 109,445 | 102,691 | 154,995 | Watershed Operations & Maintenance Division |
| ** | 62761010 | Watersheds Tree Maintenance | 693,527 | 500,981 | 0 | Watershed Operations & Maintenance Division |
| * | 62761022 | Watershed Good Neighbor Maint | 855,848 | 865,382 | 839,124 | Watershed Operations & Maintenance Division |
| * | 62761023 | Watershed Sediment Removal | 2,185,423 | 2,949,480 | 5,309,149 | Watershed Operations & Maintenance Division |
| | 62761024 | Wtrshd Facility Cndtion Assmnt | 910,137 | 1,762,594 | 1,847,158 | Watershed Operations & Maintenance Division |
| | 62761025 | Watershed General Field Maint | 1,887,192 | 1,961,931 | 1,535,519 | Watershed Operations & Maintenance Division |
| | 62761026 | Watershed Debris Removal | 1,678,405 | 1,546,944 | 1,493,713 | Watershed Operations & Maintenance Division |
| | 62761027 | Watershed Erosion Protection | 1,726,437 | 2,269,567 | 2,875,914 | Watershed Operations & Maintenance Division |
| | 62761028 | Watershed Levee Maintenance | 1,618,873 | 1,937,769 | 1,569,942 | Watershed Operations & Maintenance Division |
| * | 62761071 | Emergency Management | 520,350 | 618,539 | 905,318 | Office of COO Watersheds |
| ** | 62761072 | Business Continuity Program | 99,587 | 115,738 | 0 | Office of COO Watersheds |
| | 62761074 | Corps Local Sponsor O&M | 376,112 | 1,313,059 | 1,400,542 | Watershed Operations & Maintenance Division |
| * | 62761075 | Mgmt of Revegetation Projects | 340,175 | 839,343 | 909,550 | Watershed Operations & Maintenance Division |
| * | 62761078 | Vegetation Mangmnt for Access | 1,974,666 | 2,479,601 | 2,103,614 | Watershed Operations & Maintenance Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|--|
| 62761080 | Non SMP Veg Removal for Convey | 0 | 223,576 | 366,071 | Watershed Opearions & Maintenance Division |
| * 62771011 | Inter Agency Urban Runoff Prog | 873,414 | 939,339 | 995,383 | Watershed Stwdship & Planning Division |
| * 62771031 | HAZMAT Emergency Response | 62,362 | 112,435 | 57,532 | Human Resources Division |
| ** 62771068 | Watershed Property Vegetation | 10,871 | 0 | 0 | |
| * 62811043 | Hydrologic Data Msrmt & Mgmt | 789,437 | 803,440 | 842,547 | Watershed Stwdship & Planning Division |
| * 62811046 | Warehouse Services | 1,134,096 | 995,634 | 1,000,885 | General Services Division |
| * 62811049 | X Valley Subsidence Survey | 0 | 0 | 172,039 | Watershed Design & Construction Division |
| * 62811050 | Benchmark Maint (Countywide | 48,798 | 140,551 | 0 | Watershed Design & Construction Division |
| * 62811054 | District Real Property Adminis | 362,504 | 325,616 | 352,387 | Watershed Design & Construction Division |
| Total Operations | | 42,066,802 | 47,338,854 | 51,294,156 | |

Operating

| | | | | | |
|------------------------|--------------------------------|------------------|------------------|------------------|--|
| 40212032 | Coyote Creek Mitgtn Monitoring | 176,159 | 170,241 | 202,078 | Watershed Stwdship & Planning Division |
| ** 40262033 | Lwr Silver Mitigation & Monitr | 18,631 | 92,957 | 0 | Watershed Stwdship & Planning Division |
| 62042032 | Multiple Sm Prjcts Mitgtn Mont | 63,222 | 218,552 | 279,680 | Watershed Stwdship & Planning Division |
| 62042047 | Mitigation & Stwdshp Land Mgmt | 105,151 | 229,439 | 195,362 | Watershed Stwdship & Planning Division |
| ** 62042049 | Flood Risk Mapping | 999,237 | 987,027 | 0 | Watershed Stwdship & Planning Division |
| 62042050 | Watershd Maint Guideline Updte | 255,684 | 2,011,001 | 270,141 | Watershed Opearions & Maintenance Division |
| 62042051 | Plant Pathogen Management | 184,273 | 374,092 | 451,672 | Watershed Stwdship & Planning Division |
| ** 62062003 | El Nino Flood Emrgncy Response | 90,843 | 0 | 0 | Office of COO Watersheds |
| * 62762011 | Tree Maintenance Program | 0 | 133,273 | 681,354 | Watershed Opearions & Maintenance Division |
| Total Operating | | 1,893,200 | 4,216,582 | 2,080,287 | |

Capital

| | | | | | |
|----------|--------------------------------|------------|------------|-----------|--|
| 10394001 | PA Flood Basin Tide Gate Imprv | 79,686 | 0 | 458,005 | Watershed Design & Construction Division |
| 20194005 | San Tomas Ck, Quito Rd Bridges | 270,000 | 0 | 123,739 | Watershed Stwdship & Planning Division |
| 20444001 | Salt Ponds A5-11 Restoration | 1,961,225 | 1,714,565 | 753,926 | Watershed Stwdship & Planning Division |
| 30114002 | Canoas Crk, Rodent Damage Repr | 6,593,175 | 388,219 | 0 | Watershed Design & Construction Division |
| 30154015 | Guadalupe Rv-DT, Coleman-SCLra | 1,800 | 0 | 0 | Watershed Design & Construction Division |
| 40174004 | L. Berryessa Ck, L.Penit-Calav | 1,302,901 | 0 | 0 | Watershed Design & Construction Division |
| 40174005 | Berryessa Crk, Lwr. Pen Phs 2 | 29,223,053 | 27,176,000 | 1 | Watershed Design & Construction Division |
| 40214021 | ERP-Coyote Crk, U/S Hwy 237 | 0 | 1,103,846 | 0 | Watershed Design & Construction Division |
| 40214022 | ERP-Coyote Crk, D/S Hwy 237 | 0 | 1,110,964 | 0 | Watershed Design & Construction Division |
| 40264008 | Lwr Silver-R4-6 N Babb-Cunni | 3,715,375 | 710,000 | 1,980,884 | Water Utility Capital Division |
| 40264011 | Cunningham Fld Detention Cert | 1,200,775 | 3,829,000 | 1,673,841 | Watershed Design & Construction Division |
| 40264012 | Low Silver 680-Cunningham Reim | 28,599 | 0 | 0 | Water Utility Capital Division |
| 40324003 | U Penitencia Cr-Corps Coord | 204,120 | 0 | 0 | Watershed Stwdship & Planning Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Watershed and Stream Stewardship Fund (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|----------------------|---|----------------------------------|--------------------------|--------------------------|---|
| 40324005 | U Penitencia, Coyt-Dorel LERRD | 2,055 | 0 | 1 | Watershed Stwdship & Planning Division |
| 40334005 | Lwr Penitencia Crk Improvemnts | 3,106,612 | 2,891,000 | 4,814,866 | Watershed Design & Construction Division |
| 50184003 | ERP-Uvas Crk, Wren-Levee end | 0 | 1,014,929 | 0 | Watershed Design & Construction Division |
| 50284010 | Lower Llagas Capacity Restore | 15,609 | 0 | 0 | Water Utility Capital Division |
| 50314001 | ERP-West Branch Llagas Creek | 0 | 1,020,704 | 0 | Watershed Design & Construction Division |
| 62044001 | Watershed Habitat Enhancement Studies | 0 | 0 | 1,166,914 | Office of COO Watersheds |
| * 62044026 | San Francisco Bay Shoreline | 1,969,862 | 0 | 2,721,261 | Watershed Design & Construction Division |
| 62064023 | Districtwide Salary Savings | 0 | (291,000) | (208,775) | Financial Planning and Mgmt Services Division |
| ** 62074030 | WU Capital Training & Dvlpment | 75,804 | 0 | 0 | Water Utility Capital Division |
| * 62074033 | CIP Development & Admin | 155,410 | 177,959 | 350,964 | Water Utility Capital Division |
| * 62074036 | Survey Mgmt & Tech Support | 71,054 | 76,463 | 159,894 | Watershed Design & Construction Division |
| * 62074038 | Capital Progrm Srvc Admin | 374,898 | 0 | 1,834,502 | Water Utility Capital Division |
| ** 62074045 | Technical Review Committee | 70,154 | 42,390 | 0 | Water Utility Capital Division |
| ** 62074046 | WU Captl Health & Safety Trng | 15,864 | 0 | 0 | Water Utility Capital Division |
| ** 62074051 | WS Capital Training & Dvlpment | 68,213 | 243,705 | 0 | Office of COO Watersheds |
| ** 62074052 | WS Capital Program Srvc Admin | 374,772 | 924,989 | 0 | Office of COO Watersheds |
| ** 62074053 | WS Capital Hlth & Safety Trng | 5,703 | 12,451 | 0 | Office of COO Watersheds |
| 62084001 | Watersheds Asset Rehabilitation Program | 941,367 | 787,000 | 11,046,551 | Watershed Design & Construction Division |
| 62184001 | SMP Mit-Stream Wtrshd Land Acq | 2,556,075 | 509,575 | 509,068 | Watershed Design & Construction Division |
| Total Capital | | 54,384,161 | 43,442,759 | 27,385,641 | |
| Total | | 98,344,163 | 94,998,195 | 80,760,083 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Safe, Clean Water & Natural Flood Protection Fund

Description

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

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

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

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

Bodies Improvement and the Interagency Urban Runoff projects.

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

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

Outcomes

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

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

Major Capital Projects starting or continuing construction

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

Financial Overview

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

Major Capital Projects in planning and design:

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

SCW Priority E1:

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

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

Goal 3.2: Reduce potential for flood damages

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

SCW Priority C2:

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

SCW Priority E2:

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

SCW Priority E3:

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

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

SCW Priority B1:

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

Financial Overview

SCW Priority B2:

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

SCW Priority B3:

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

SCW Priority B4:

- Good Neighbor Illegal Encampment Cleanup- Perform 52 annual cleanups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams

SCW Priority B5:

- Hazardous Material Response Program – Respond to 100% of hazardous materials reports requiring urgent on-site inspection in 2 hours or less

SCW Priority B6:

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

SCW Priority B7:

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

SCW Priority D1:

- Management of Revegetation Projects

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

SCW Priority D2:

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

SCW Priority D3:

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

SCW Priority D4:

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

SCW Priority D5:

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

SCW Priority D6:

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

Financial Overview

SCW Priority D7:

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

SCW Priority D8:

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

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

SCW Priority D3:

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

Fiscal Status

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

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

Interest earnings are projected at \$1.7 million, which is flat relative to the FY 2016-17 budget.

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

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

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

\$9.3 million is budgeted to be transferred in from Water Enterprise Fund for the Main / Madrone project

in FY 2017-18.

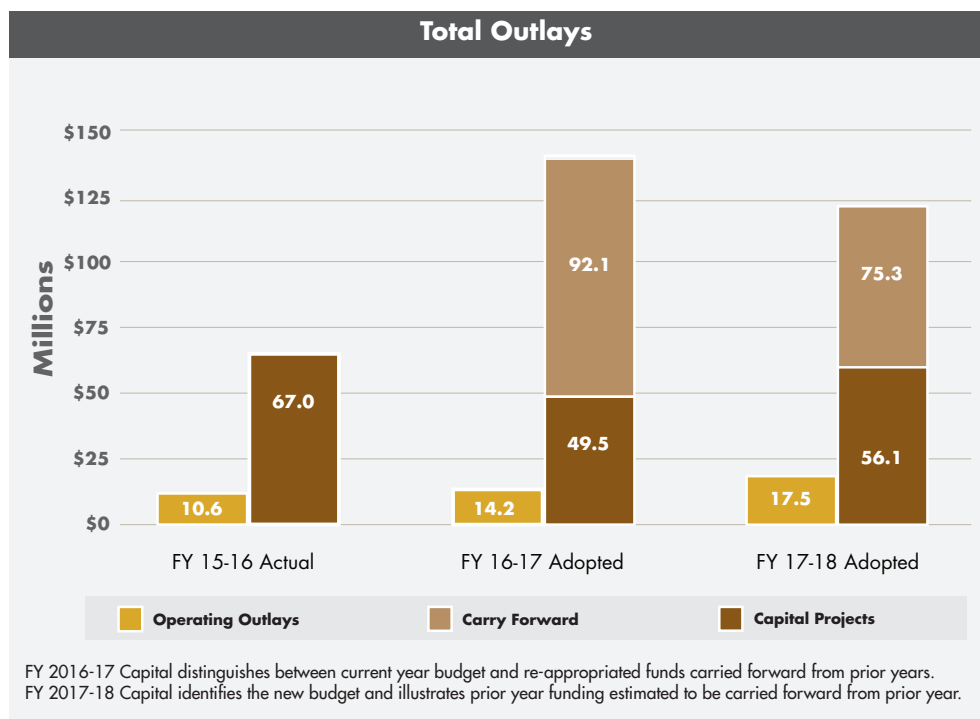
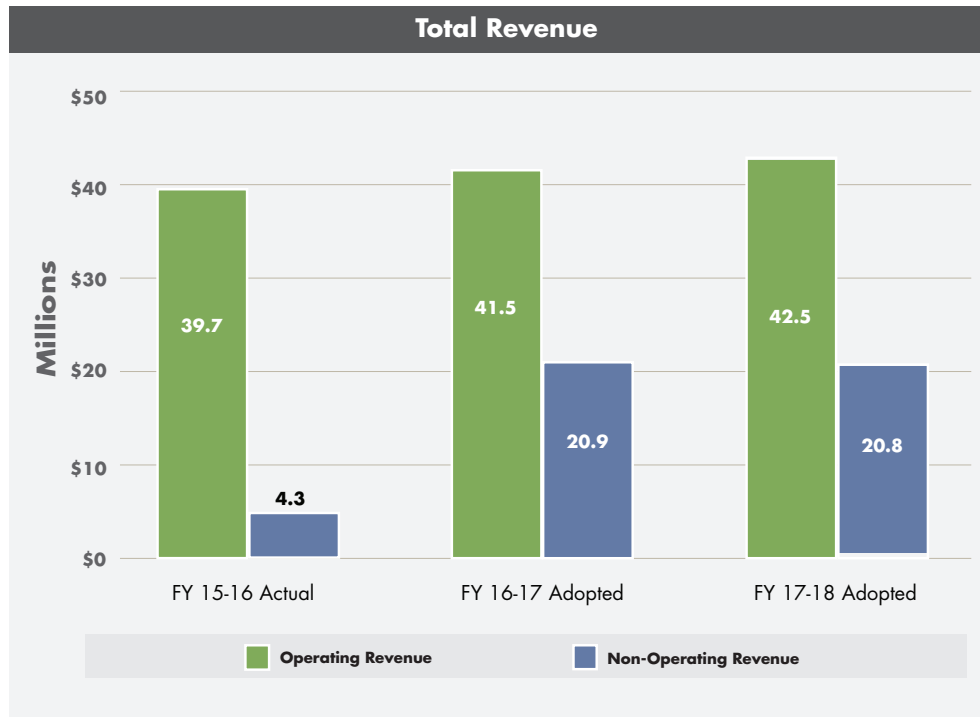
\$5.5 million certificates of participation is expected to be received in FY 2017-2018.

Budget Issues

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

Financial Overview

Safe, Clean Water and Natural Flood Protection Fund



FY 2016-17 Capital distinguishes between current year budget and re-appropriated funds carried forward from prior years. FY 2017-18 Capital identifies the new budget and illustrates prior year funding estimated to be carried forward from prior year.

Financial Overview

Safe Clean Water and Natural Flood Protection Fund

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|--|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|---------------|
| | | | | | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Special Parcel Tax | \$ 39,684,083 | \$ 41,528,137 | \$ 41,073,026 | \$ 42,510,582 | \$ 982,445 | 2.4% |
| Total Operating Revenue | \$ 39,684,083 | \$ 41,528,137 | \$ 41,073,026 | \$ 42,510,582 | \$ 982,445 | 2.4% |
| Non-Operating Income: | | | | | | |
| Interest* | \$ 1,576,639 | \$ 1,679,640 | \$ 1,530,000 | \$ 1,670,000 | \$ (9,640) | (0.6)% |
| Capital Reimbursements | 2,455,075 | 19,202,000 | 16,537,000 | 19,158,000 | (44,000) | (0.2)% |
| Other | 291,432 | — | — | — | — | — |
| Total Non-Operating Income | \$ 4,323,146 | \$ 20,881,640 | \$ 18,067,000 | \$ 20,828,000 | \$ (53,640) | (0.3)% |
| Total Revenue | \$ 44,007,229 | \$ 62,409,777 | \$ 59,140,026 | \$ 63,338,582 | \$ 928,805 | 1.5% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 8,982,571 | \$ 11,855,095 | \$ 12,360,878 | \$ 13,135,778 | \$ 1,280,683 | 10.8% |
| Operating Projects | 1,662,847 | 2,070,871 | 2,070,871 | 1,986,379 | (84,492) | (4.1)% |
| Debt Service | 3,868 | 296,400 | 296,400 | 2,416,690 | 2,120,290 | 715.3% |
| Total Operating Outlays | \$ 10,649,286 | \$ 14,222,366 | \$ 14,728,149 | \$ 17,538,847 | \$ 3,316,481 | 23.3% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 67,027,756 | \$ 49,527,325 | \$ 106,314,031 | \$ 56,087,734 | \$ 6,560,409 | 13.2% |
| Carry Forward Capital Projects | — | 92,145,000 | — | 75,321,000 | (16,824,000) | (18.3)% |
| Total Capital Outlays | \$ 67,027,756 | \$ 141,672,325 | \$ 106,314,031 | \$ 131,408,734 | \$ (10,263,591) | (7.2)% |
| Other Financing Sources (Uses): | | | | | | |
| Bond Proceeds | \$ — | \$ 157,220,000 | \$ — | \$ — | \$ (157,220,000) | (100.0)% |
| Commercial Paper Proceeds | — | — | — | 140,000,000 | 140,000,000 | ** |
| Certificates of Participation | 8,717,545 | 1,625,340 | 1,625,340 | 5,500,000 | 3,874,660 | 238.4% |
| Transfers In | — | — | — | 9,349,000 | 9,349,000 | ** |
| Transfers Out | (14,000,000) | — | — | — | — | ** |
| Total Other Sources/(Uses) | \$ (5,282,455) | \$ 158,845,340 | \$ 1,625,340 | \$ 154,849,000 | \$ (3,996,340) | (2.5)% |
| Balance Available | \$ (38,952,268) | \$ 65,360,426 | \$ (60,276,814) | \$ 69,240,001 | \$ — | — |
| Year-End Reserves: | | | | | | |
| Restricted Reserves | | | | | | |
| Currently Authorized Projects*** | \$ 147,146,206 | \$ 62,678,000 | \$ 90,678,000 | \$ 15,357,000 | \$ (47,321,000) | (75.5)% |
| Operating & Capital Reserve | 5,961,701 | 106,616,348 | 2,153,093 | 146,714,094 | 40,097,746 | 37.6% |
| Total Restricted Reserves | \$ 153,107,907 | \$ 169,294,348 | \$ 92,831,093 | \$ 162,071,094 | \$ (7,223,254) | (4.3)% |
| Total Year-End Reserves | \$ 153,107,907 | \$ 169,294,348 | \$ 92,831,093 | \$ 162,071,094 | \$ (7,223,254) | (4.3)% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

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

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| | 26001090 Unscoped Projects-Budget Only | 0 | 100,000 | 100,000 | Watershed Design & Construction Division |
| * | 26031001 Watershed Revenue | 118,653 | 153,903 | 147,528 | Financial Planning and Mgmt Services Division |
| | 26041023 Emergency Response Upgrades | 398,129 | 298,119 | 369,565 | Watershed Stwdship & Planning Division |
| | 26041024 Flood Risk Reduction Studies | 848,046 | 656,067 | 663,790 | Watershed Stwdship & Planning Division |
| * | 26041047 Ecologcal Data Collectn & Anly | 388,946 | 712,257 | 770,430 | Watershed Stwdship & Planning Division |
| | 26061002 Rent Exp Clean Safe Ck 7/1/01+ | 92,490 | 150,604 | 163,498 | General Services Division |
| | 26061003 Stwardshp Grnts/Partnrshp Admn | 66,757 | 105,300 | 71,663 | Office of the CEO |
| | 26061004 Districtwide Salary Savings-26 | 0 | (189,000) | (129,585) | Financial Planning and Mgmt Services Division |
| | 26061005 Flood Emrgncy Respns Planning | 107,433 | 213,928 | 321,349 | Watershed Stwdship & Planning Division |
| | 26061006 Pollution Prvtn Prtrnrshp & Grt | 709,114 | 283,092 | 764,176 | Office of the CEO |
| | 26061007 Grants to Rest Habitat Access | 1,468,377 | 1,534,081 | 1,441,508 | Office of the CEO |
| | 26061008 Water Conservation Grants | 143,962 | 126,951 | 129,314 | Water Supply Division |
| | 26061010 Nitrate Treatment Systm Rebate | 18,431 | 55,815 | 29,000 | Water Supply Division |
| | 26061012 Safe Clean Water Implementatn | 0 | 556,154 | 581,372 | Office of COO Watersheds |
| * | 26061019 Supp Volunteer Cleanup Effort | 103,437 | 206,982 | 210,978 | Office of the CEO |
| ** | 26061078 Supp Volunteer Cleanup Eff&Ed | 140 | 0 | 0 | Office of the CEO |
| * | 26761022 Watershed Good Neighbor Maint | 570,565 | 576,917 | 559,416 | Watershed Opearions & Maintenance Division |
| * | 26761023 Watershed Sediment Removal | 355,765 | 480,157 | 864,280 | Watershed Opearions & Maintenance Division |
| * | 26761075 Mgmt of Revegetation Projects | 469,764 | 1,159,091 | 1,256,044 | Watershed Opearions & Maintenance Division |
| | 26761076 Rev, Riprn, Uplnd, & Wtlnd Hab | 193,334 | 802,782 | 916,631 | Watershed Stwdship & Planning Division |
| * | 26761078 Vegetation Mangmnt for Access | 348,471 | 437,568 | 371,226 | Watershed Opearions & Maintenance Division |
| * | 26771011 Inter Agency Urban Runoff Prog | 613,247 | 659,544 | 698,886 | Watershed Stwdship & Planning Division |
| | 26771027 Encampment Cleanup Program | 929,729 | 1,011,226 | 907,984 | Watershed Opearions & Maintenance Division |
| * | 26771031 HAZMAT Emergency Response | 20,789 | 37,480 | 19,177 | Human Resources Division |
| | 26771067 Stream Capacity Vegetation Con | 1,016,992 | 1,726,077 | 1,907,549 | Watershed Opearions & Maintenance Division |
| Total Operations | | 8,982,571 | 11,855,095 | 13,135,778 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

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

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By | |
|---------------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|---|--|
| Operating | | | | | | |
| 26042002 | Fish Habitat Improvements | 465,315 | 501,006 | 500,142 | Watershed Stwdship & Planning Division | |
| 26062009 | Hydration Station Grants | 58,121 | 0 | 0 | Office of the CEO | |
| 26752043 | Impaired Water Bodies Imprvmts | 1,139,411 | 1,569,865 | 1,486,236 | Watershed Stwdship & Planning Division | |
| Total Operating | | 1,662,847 | 2,070,871 | 1,986,379 | | |
| Debt Service | | | | | | |
| 26993001 | Commercial Paper Tax Exmpt SCW | 3,868 | 296,400 | 2,416,690 | Financial Planning and Mgmt Services Division | |
| Total Debt Service | | 3,868 | 296,400 | 2,416,690 | | |
| Capital | | | | | | |
| 26044001 | Almaden Lake Improvement | 287,917 | 1,043,608 | 653,638 | Watershed Design & Construction Division | |
| 26044002 | SCW Fish Passage Improvement | 1,135,730 | 2,203,000 | 224,223 | Water Utility Capital Division | |
| 26064023 | Districtwide Salary Savings | 0 | (126,000) | (260,977) | Financial Planning and Mgmt Services Division | |
| 26074002 | Sunnyvale East & West Channel | 1,152,708 | 0 | 4,820,232 | Water Utility Capital Division | |
| ** | 26074030 | CPS Training and Development | 139,641 | 15,097 | 0 | Water Utility Capital Division |
| * | 26074033 | CIP Development & Admin | 286,284 | 239,852 | 415,957 | Water Utility Capital Division |
| * | 26074036 | Survey Mgmt & Tech Support | 130,892 | 103,061 | 189,505 | Watershed Design & Construction Division |
| * | 26074038 | Capital Program Services Admin | 690,605 | 78,538 | 2,174,225 | Water Utility Capital Division |
| ** | 26074045 | Technical Review Committee | 129,234 | 57,128 | 0 | Water Utility Capital Division |
| ** | 26074046 | WU Captl Health & Safety Trng | 29,219 | 3,762 | 0 | Water Utility Capital Division |
| ** | 26074051 | WS Capital Training & Dvlpmnt | 125,661 | 319,140 | 0 | Office of COO Watersheds |
| ** | 26074052 | WS Capital Program Srvc Admin | 690,362 | 1,211,298 | 0 | Office of COO Watersheds |
| ** | 26074053 | WS Capital Hlth & Safety Trng | 10,507 | 16,308 | 0 | Office of COO Watersheds |
| | 26154002 | Guadalupe Rv-Upr, 280-SPRR(R6 | 256,310 | 116,000 | 0 | Office of COO Watersheds |
| | 26154003 | Guadalupe Rv-Upr, SPRR-BH 7-12 | 1,143,570 | 8,499,000 | 6,543,945 | Office of COO Watersheds |
| | 26164001 | HaleCreekEnhancementPilotStudy | 285,254 | 482,220 | 1,305,856 | Watershed Design & Construction Division |
| | 26174041 | Berryessa Calav/Old Pied Cor | 12,859,342 | 14,747,258 | 0 | Office of COO Watersheds |
| | 26174042 | Berryessa Calav/Old Pied LER | 4,667,595 | 0 | 0 | Office of COO Watersheds |
| | 26174043 | Coyote Ck, Montague to I-280 | 77,539 | 0 | 0 | Watershed Stwdship & Planning Division |
| | 26174051 | U. Llagas Ck, Reimburse E6b | 5,829,158 | 0 | 105,824 | Water Utility Capital Division |
| | 26174052 | U. Llagas Ck, Nonreimburse E6a | 372,984 | 0 | 2,354 | Water Utility Capital Division |
| | 26174054 | U.Llagas Ck Design B. Vsta Rd | 697,641 | 1,071,000 | 1,039,957 | Water Utility Capital Division |
| | 26244001 | Permanente Ck, Bay-Fthill CSC | 6,436,822 | 11,722,096 | 16,905,770 | Watershed Design & Construction Division |
| | 26284001 | San Francisquito Ck,BaySer CSC | 710,157 | 0 | 0 | Watershed Design & Construction Division |
| | 26284002 | San Francisquito Early Implemt | 27,539,182 | 536,467 | 7,337,635 | Watershed Design & Construction Division |
| | 26444001 | SFBS EIA 11 Desgn & Part Const | (539) | 6,246,492 | 0 | Watershed Design & Construction Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

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

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|----------------------|------------------------------|----------------------------------|--------------------------|--------------------------|--|
| 26444002 | SFBS Other EIAs Planning | 399,126 | 422,000 | 1 | Watershed Design & Construction Division |
| 26444003 | SBSP Restoration Partnership | 25,829 | 0 | 12,700 | Watershed Stwdship & Planning Division |
| 26564001 | Main/Madrone PL Restoration | 919,026 | 520,000 | 14,616,889 | Water Utility Capital Division |
| Total Capital | | 67,027,756 | 49,527,325 | 56,087,733 | |
| Total | | 77,677,042 | 63,749,691 | 73,626,580 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Benefit Assessment Funds

Overview

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

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

- The Lower Peninsula Watershed (Fund 21) is defined by geographic boundaries encompassing the tributaries and watersheds of San Francisquito Creek, Matadero Creek, Barron Creek, Adobe Creek, Stevens Creek, and Permanente Creek. The geographic area includes the cities of Palo Alto, Los Altos, Los Altos Hills, Mountain View, and portions of Cupertino.
- The West Valley Watershed (Fund 22) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe Slough, Sunnyvale West Outfall, Sunnyvale East Outfall, Calabazas Creek, San Tomas Aquino Creek, and Saratoga Creek. The geographic area includes portions of the cities of Sunnyvale, Cupertino, Monte Sereno, San Jose, Santa Clara, Campbell, Saratoga and the Town of Los Gatos.
- The Guadalupe Watershed (Fund 23) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe River. The major tributaries are Los Gatos Creek, Canoas Creek, Ross Creek, Guadalupe Creek, and Alamitos Creek. The geographic area includes portions of the cities of Santa Clara, San Jose, Campbell, Monte Sereno, and the Town of Los Gatos.

- The Coyote Watershed (Fund 24) is defined by geographic boundaries encompassing the tributaries and watersheds of Coyote Creek. The major tributaries are Lower Penitencia Creek, Scott Creek, Berryessa Creek, Upper Penitencia Creek, Silver Creek, Thompson Creek, Fisher Creek, and Packwood Creek. The geographic area includes the city of Milpitas and portions of the cities of San Jose and Morgan Hill.
- The Uvas/Llagas Watershed (Fund 25) is defined by geographic boundaries encompassing the tributaries and watersheds of the Pajaro River in Santa Clara County. The major tributaries are Little Llagas Creek, Llagas Creek, the west branch of Llagas Creek, Uvas-Carnadero Creek, Pescadero Creek, and Pacheco Creek. The Uvas/Llagas Watershed Fund is comprised of mostly unincorporated area and includes the city of Gilroy and portions of the cities of San Jose and Morgan Hill.

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

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

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

Financial Overview

Benefit Assessment Funds

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|--|----------------------|----------------------|----------------------|----------------------|-------------------|---------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Benefit Assessments | | | | | | |
| Lower Peninsula Watershed | \$ 3,997,345 | \$ 4,041,221 | \$ 4,041,221 | \$ 4,038,079 | \$ (3,142) | (0.1)% |
| West Valley Watershed | 2,246,217 | 2,266,524 | 2,266,524 | 2,265,508 | (1,016) | (0.0)% |
| Guadalupe Watershed | 4,529,288 | 4,579,897 | 4,579,897 | 4,578,702 | (1,195) | (0.0)% |
| Coyote Watershed | 3,909,678 | 3,896,938 | 3,896,938 | 3,895,225 | (1,713) | (0.0)% |
| Uvas/Llagas Watershed | — | — | — | — | — | ** |
| Other revenue | — | — | — | — | — | ** |
| Total Revenue | \$ 14,682,528 | \$ 14,784,580 | \$ 14,784,580 | \$ 14,777,514 | \$ (7,066) | (0.0)% |
| Operating Outlays: | | | | | | |
| Debt Service | | | | | | |
| Lower Peninsula Watershed | \$ 3,356,915 | \$ 3,369,004 | \$ 3,369,004 | \$ 3,361,126 | \$ (7,878) | (0.2)% |
| West Valley Watershed | 1,831,617 | 1,854,013 | 1,854,013 | 1,855,206 | 1,193 | 0.1% |
| Guadalupe Watershed | 3,663,735 | 3,718,445 | 3,718,445 | 3,721,829 | 3,384 | 0.1% |
| Coyote Watershed | 3,240,144 | 3,266,310 | 3,266,310 | 3,267,190 | 880 | 0.0% |
| Total Operating Outlays | \$ 12,092,411 | \$ 12,207,772 | \$ 12,207,772 | \$ 12,205,351 | \$ (2,421) | (0.0)% |
| Other Financing Sources/(Uses): | | | | | | |
| Transfers Out to WSS fund | \$ (2,590,117) | \$ (2,576,808) | \$ (2,576,808) | \$ (2,572,163) | \$ — | — |
| Balance Available | | | | | | |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

Financial Overview

Total Outlays - Lower Peninsula Watershed Fund

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

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - West Valley Watershed Fund

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

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Guadalupe Watershed Fund

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

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Coyote Watershed Fund

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

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

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WATER ENTERPRISE AND STATE WATER PROJECT FUNDS

Financial Overview

Overview

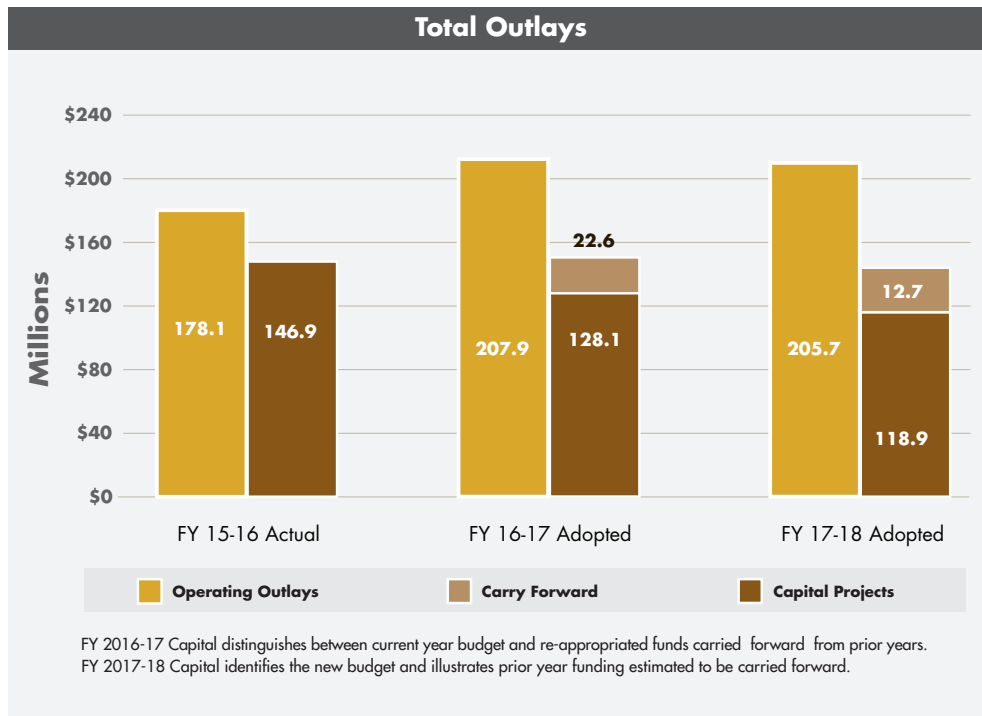
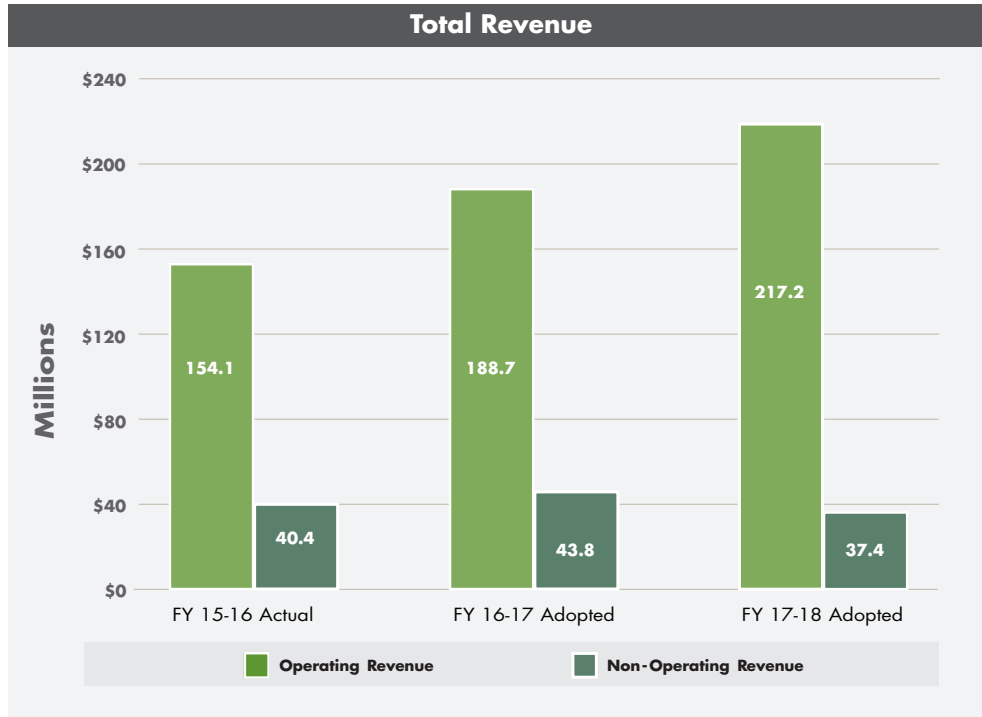
As the water management agency and principal water wholesaler for Santa Clara County, the Santa Clara Valley Water District manages a sustainable water supply through conjunctive use of surface and groundwater resources. The Chief Operating Officer - Water Utility implements the program to protect and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

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

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

Financial Overview

Water Enterprise and State Water Project Funds



Financial Overview

Water Enterprise and State Water Projects Combined Fund Summary

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|---|-----------------------|-----------------------|-----------------------|------------------------|------------------------|----------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Groundwater Production Charges | \$ 61,128,400 | \$ 76,847,000 | \$ 76,847,000 | \$ 78,943,000 | \$ 2,096,000 | 2.7% |
| Treated Water Charges | 89,375,182 | 107,824,000 | 107,824,000 | 133,875,000 | 26,051,000 | 24.2% |
| Surface/Recycled Water Revenue | 731,735 | 2,218,000 | 2,218,000 | 2,424,000 | 206,000 | 9.3% |
| Inter-governmental services | 2,073,693 | 1,185,000 | 2,692,905 | 1,189,000 | 4,000 | 0.3% |
| Other | 777,482 | 660,000 | 735,000 | 735,000 | 75,000 | 11.4% |
| Total Operating Revenue | \$ 154,086,492 | \$ 188,734,000 | \$ 190,316,905 | \$ 217,166,000 | \$ 28,432,000 | 15.1% |
| Non-Operating Income: | | | | | | |
| Property Tax | \$ 30,534,598 | \$ 38,983,040 | \$ 39,285,000 | \$ 32,509,600 | \$ (6,473,440) | (16.6)% |
| Interest* | 2,527,338 | 629,415 | 821,000 | 820,000 | 190,585 | 30.3% |
| Capital Reimbursements | 3,176,511 | 2,811,000 | 12,322,000 | 2,688,000 | (123,000) | (4.4)% |
| Other | 4,116,452 | 1,377,214 | 1,377,214 | 1,379,064 | 1,850 | 0.1% |
| Total Non-Operating Income | \$ 40,354,899 | \$ 43,800,669 | \$ 53,805,214 | \$ 37,396,664 | \$ (6,404,005) | (14.6)% |
| Total Revenue | \$ 194,441,391 | \$ 232,534,669 | \$ 244,122,119 | \$ 254,562,664 | \$ 22,027,995 | 9.5% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 164,821,183 | \$ 181,367,615 | \$ 186,290,180 | \$ 170,714,192 | \$ (10,653,423) | (5.9)% |
| Operating Projects | 155,654 | 57,121 | 57,121 | 292,009 | 234,888 | 411.2% |
| Debt Service | 13,162,448 | 26,482,260 | 26,482,260 | 34,656,167 | 8,173,907 | 30.9% |
| Total Operating Outlays | \$ 178,139,285 | \$ 207,906,996 | \$ 212,829,561 | \$ 205,662,368 | \$ (2,244,628) | (1.1)% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 146,905,800 | \$ 128,053,459 | \$ 122,848,030 | \$ 118,906,727 | \$ (9,146,732) | (7.1)% |
| Carry Forward Capital Projects | — | 22,643,000 | — | 12,676,000 | (9,967,000) | (44.0)% |
| Total Capital Outlays | \$ 146,905,800 | \$ 150,696,459 | \$ 122,848,030 | \$ 131,582,727 | \$ (19,113,732) | (12.7)% |
| Other Financing Sources (Uses) : | | | | | | |
| Bond Proceeds | \$ 131,482,186 | \$ 128,000,000 | \$ 123,585,000 | \$ 62,000,000 | \$ (66,000,000) | (51.6)% |
| Transfers In | 24,117,308 | 2,663,165 | 3,038,165 | 4,540,222 | 1,877,057 | 70.5% |
| Transfers Out | (4,243,740) | (2,095,199) | (1,047,719) | (10,816,659) | (8,721,460) | 416.3% |
| Total Other Sources/(Uses) | \$ 151,355,754 | \$ 128,567,966 | \$ 125,575,446 | \$ 55,723,563 | \$ (72,844,403) | (56.7)% |
| Balance Available | \$ 20,752,060 | \$ 2,499,180 | \$ 34,019,974 | \$ (26,958,868) | \$ — | — |
| Year-End Reserves: | | | | | | |
| Restricted Reserves | | | | | | |
| WUE- Restricted Operating Reserve | \$ 17,493,514 | \$ — | \$ — | \$ — | \$ — | ** |
| WUE- Rate Stabilization Reserve for Bond Covenant | 2,082,388 | 19,973,809 | 19,973,809 | 21,066,011 | 1,092,202 | 5.5% |
| WUE- San Felipe Emergency Reserve | 2,876,275 | 2,872,000 | 2,872,000 | 2,976,275 | 104,275 | 3.6% |
| WUE- Supplemental Water Supply | 12,736,141 | 14,277,014 | 14,277,014 | 14,677,141 | 400,127 | 2.8% |
| WUE- SV Advanced Water Purification Center | 1,906,000 | 1,906,000 | 1,906,000 | 1,906,000 | — | — |
| WUE- Drought Reserve | — | 3,000,000 | 3,000,000 | 5,000,000 | 2,000,000 | 66.7% |
| Total Restricted Reserves | \$ 37,094,318 | \$ 42,028,823 | \$ 42,028,823 | \$ 45,625,427 | \$ 3,596,604 | 8.6% |
| Committed Reserves | | | | | | |

Financial Overview

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|----------------------------------|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|--------------|
| | | | | | \$ Diff | % Diff |
| Operating & Capital Reserve | \$ 35,431,539 | \$ 36,366,956 | \$ 54,005,579 | \$ 36,126,107 | \$ (240,849) | (0.7)% |
| Currently Authorized Projects*** | 29,310,571 | 4,675,000 | 39,822,000 | 27,146,000 | 22,471,000 | 480.7% |
| Total Committed Reserves | \$ 64,742,110 | \$ 41,041,956 | \$ 93,827,579 | \$ 63,272,107 | \$ 22,230,151 | 54.2% |
| Total Year-End Reserves | \$ 101,836,428 | \$ 83,070,779 | \$ 135,856,402 | \$ 108,897,534 | \$ 25,826,755 | 31.1% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

Water Utility Enterprise Fund

Description

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

This requires the operation of the following facilities:

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

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

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

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

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

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

Estimated total revenue for FY 2017-18 is \$254.5 million (\$227.5 million for fund 61 and \$27 million for fund 63), or 9.5% more than the FY 2016-17 budget. Operations costs (excluding debt service) are expected to be \$171.0 million for both funds, which includes new positions for Imported Water and Raw Water Operations. This represents a (6%) decrease from the FY 2016-17 budget. The cost of purchased water from the federal and state projects continues to be the largest expense item at \$18.6 million and \$28.2 million, respectively. The budget also includes \$9.7 million to pay the District's capital cost obligations for the federal San Felipe Division of the Central Valley Project. Debt service is budgeted at \$34.6 million.

In FY 2017-18 the capital appropriation is estimated to

Financial Overview

be \$118.9 million and capital carry forward is estimated at \$12.7 million. This includes new positions, added mid-year 2016-17, to expedite environmental projects and streamline contracts. For FY 2017-18, total requirements of \$337.2 million are to be met from a combination of current revenues, reserves, and debt.

The approved water charges will generate \$215.2 million in revenues from water usage. Property tax revenues are projected to be \$32.5 million, and interest earnings and other revenue are estimated to be \$6.8 million for a total of \$254.5 million.

Total reserves for both funds are \$108.9 million, an increase by \$25.8 million relative to FY 2016-17.

Significant Business Challenges/ Opportunities

- Support the Board in achieving the Board Budget Priorities for FY 2018 with funding from the Water Utility Enterprise including: Priority 1 Make Key decisions regarding the California WaterFix; Priority 3 Advance the District's interest in countywide stormwater resource planning; Priority 6 Advance the Anderson Dam Seismic Retrofit Project; Priority 7 Advance recycled and purified water efforts with San Jose and other agencies; Priority 8 Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE); and Priority 9 Actively pursue efforts to increase water storage opportunities.
 - Continuing to resolve issues and pursuing regulatory actions conducive to the best possible opportunity for the District to participate in the California WaterFix project, thus enabling the District's Board to make a well-informed decision about whether to participate in the project.
 - Evaluating the benefits of potential expansion of local storage and seeking funding opportunities to offset potential project costs.
 - Participating in the planning and evaluation of storage projects, including Sites Reservoir and Los Vaqueros Reservoir, and evaluation of potential benefits to the District.
- Managing operation of local reservoirs to seismic stability issues.
 - Within approved budgets, providing the required level of supply, treatment, delivery, and renewing aging infrastructure.
 - Meeting or surpassing all drinking water standards and delivering approximately 110,000 acre feet of water to fulfill treated water contracts.
 - Operating Rinconada, Penitencia, and Santa Teresa water treatment plants and SFPUC_SCVWD Intertie to deliver treated water during scheduled outages for planned inspections/rehabilitations of the Pacheco Conduit and Almaden Valley Pipeline rehabilitation projects.
 - Continuing Rinconada Water Treatment Plant Reliability Improvement Project according to approved schedule and budget.
 - Continuing seismic retrofit planning and design of Anderson, Calero, and Guadalupe dams as well as seismic evaluations of Chesbro, Coyote, and Uvas dams.
 - Expediting development of purified water supply systems to enhance long-term reliability of supply.
 - Resolving the Three Creeks water rights issues through meeting the FAHCE settlement agreement commitments; focusing on completion of the Fish Habitat Restoration Plan and CEQA documentation to support an application to the State Water Resources Control Board for dismissal of the water rights complaint.

Major Capital Projects

E 2.1 Current and future water supplies are reliable

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

Financial Overview

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

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

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

E 2.3 Reliable high quality drinking water is delivered

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

Fiscal Status

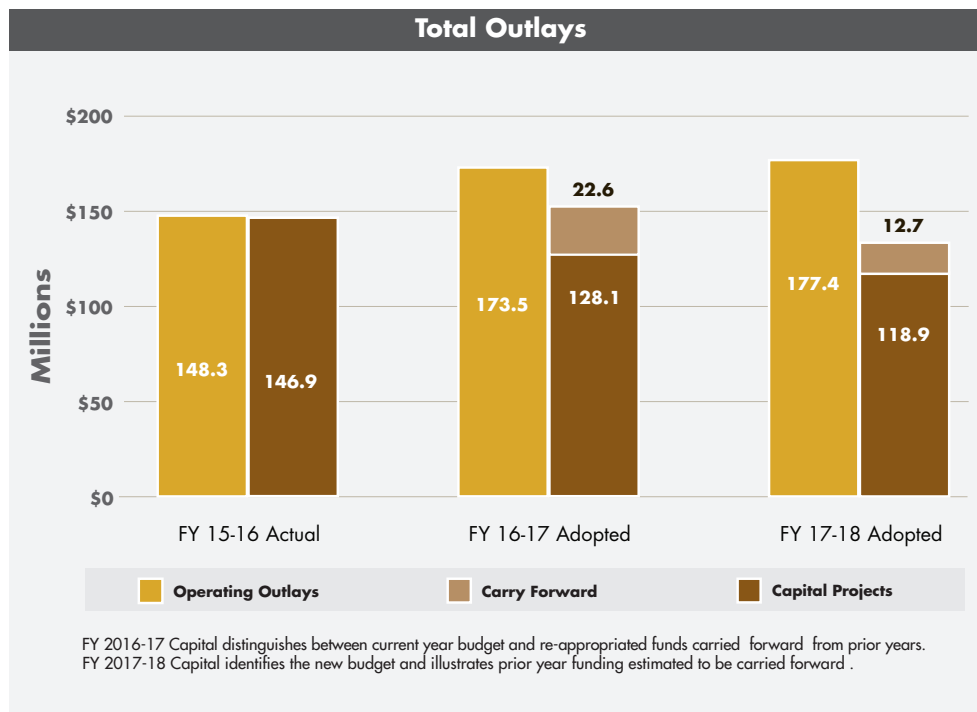
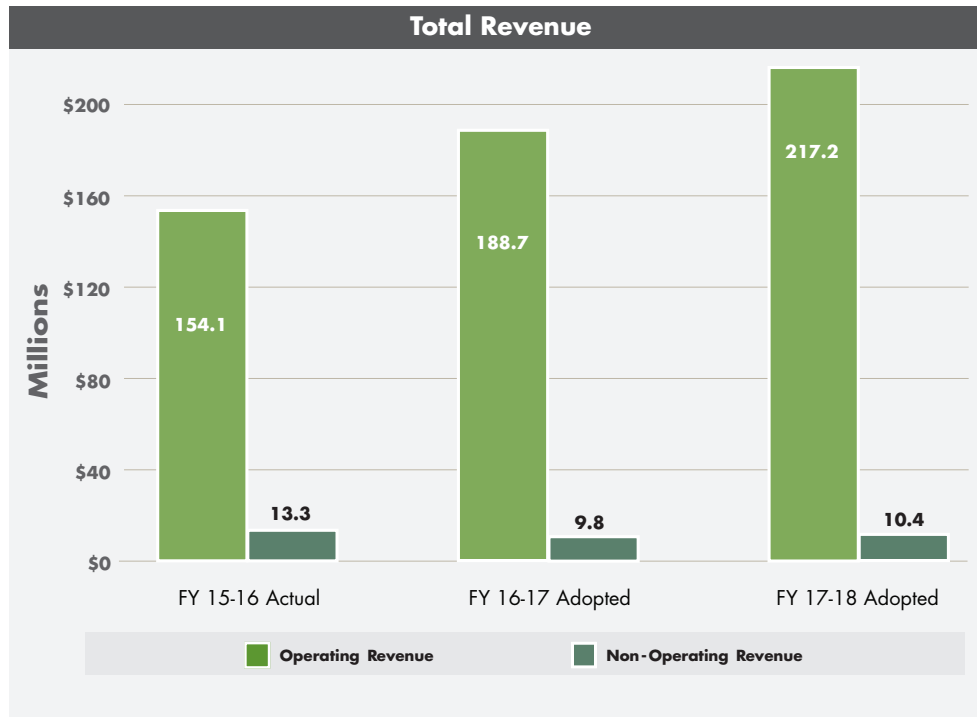
The debt service coverage ratio is targeted at 2.0 or higher to help ensure financial stability and continued high credit ratings. Discretionary reserves are targeted at a minimum per the District's policy.

Budget Issues

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

Financial Overview

Water Enterprise Fund (Fund 61)



Financial Overview

Water Enterprise Fund Summary (Fund 61)

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|--|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|----------------|
| | | | | | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Groundwater Production Charges | \$ 61,128,400 | \$ 76,847,000 | \$ 76,847,000 | \$ 78,943,000 | \$ 2,096,000 | 2.7% |
| Treated Water Charges | 89,375,182 | 107,824,000 | 107,824,000 | 133,875,000 | 26,051,000 | 24.2% |
| Surface/Recycled Water | 731,735 | 2,218,000 | 2,218,000 | 2,424,000 | 206,000 | 9.3% |
| Inter-governmental services | 2,073,693 | 1,185,000 | 2,692,905 | 1,189,000 | 4,000 | 0.3% |
| Other | 777,482 | 660,000 | 735,000 | 735,000 | 75,000 | 11.4% |
| Total Operating Revenue | \$ 154,086,492 | \$ 188,734,000 | \$ 190,316,905 | \$ 217,166,000 | \$ 28,432,000 | 15.1% |
| Non-Operating Income: | | | | | | |
| Property Tax | \$ 6,062,880 | \$ 5,983,040 | \$ 6,285,000 | \$ 6,509,600 | \$ 526,560 | 8.8% |
| Interest* | 2,527,338 | 629,415 | 821,000 | 820,000 | 190,585 | 30.3% |
| Capital Reimbursements | 3,176,511 | 2,811,000 | 12,322,000 | 2,688,000 | (123,000) | (4.4)% |
| Other | 1,535,002 | 377,214 | 377,214 | 379,064 | 1,850 | 0.5% |
| Total Non-Operating Income | \$ 13,301,731 | \$ 9,800,669 | \$ 19,805,214 | \$ 10,396,664 | \$ 595,995 | 6.1% |
| Total Revenue | \$ 167,388,223 | \$ 198,534,669 | \$ 210,122,119 | \$ 227,562,664 | \$ 29,027,995 | 14.6% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 134,992,970 | \$ 147,305,450 | \$ 151,853,015 | \$ 142,425,970 | \$ (4,879,480) | (3.3)% |
| Operating Projects | 155,654 | 57,121 | 57,121 | 292,009 | 234,888 | 411.2% |
| Debt Service | 13,162,448 | 26,482,260 | 26,482,260 | 34,656,167 | 8,173,907 | 30.9% |
| Total Operating Outlays | \$ 148,311,072 | \$ 173,844,831 | \$ 178,392,396 | \$ 177,374,146 | \$ 3,529,315 | 2.0% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 146,905,800 | \$ 128,053,459 | \$ 122,848,030 | \$ 118,906,727 | \$ (9,146,732) | (7.1)% |
| Carry Forward Capital Projects | — | 22,643,000 | — | 12,676,000 | (9,967,000) | (44.0)% |
| Total Capital Outlays | \$ 146,905,800 | \$ 150,696,459 | \$ 122,848,030 | \$ 131,582,727 | \$ (19,113,732) | (12.7)% |
| Other Financing Sources (Uses) : | | | | | | |
| Bond Proceeds | \$ 131,482,186 | \$ 128,000,000 | \$ 123,585,000 | \$ 62,000,000 | \$ (66,000,000) | (51.6)% |
| Transfers In | 22,436,000 | 2,601,000 | 2,601,000 | 3,252,000 | 651,000 | 25.0% |
| Transfers Out | (4,243,740) | (2,095,199) | (1,047,719) | (10,816,659) | (8,721,460) | 416.3% |
| Total Other Sources/(Uses) | \$ 149,674,446 | \$ 128,505,801 | \$ 125,138,281 | \$ 54,435,341 | \$ (74,070,460) | (57.6)% |
| Balance Available | \$ 21,845,797 | \$ 2,499,180 | \$ 34,019,974 | \$ (26,958,868) | \$ — | — |
| Year-End Reserves: | | | | | | |
| Restricted Reserves | | | | | | |
| WUE- Restricted Operating Reserve | \$ 17,493,514 | \$ — | \$ — | \$ — | \$ — | ** |
| WUE- Rate Stabilization | 2,082,388 | 19,973,809 | 19,973,809 | 21,066,011 | 1,092,202 | 5.5% |
| WUE- San Felipe Emergency Reserve | 2,876,275 | 2,872,000 | 2,872,000 | 2,976,275 | 104,275 | 3.6% |
| WUE- Supplemental Water Supply | 12,736,141 | 14,277,014 | 14,277,014 | 14,677,141 | 400,127 | 2.8% |
| WUE- SV Advanced Water Purification Center | 1,906,000 | 1,906,000 | 1,906,000 | 1,906,000 | — | — |
| WUE- Drought Reserve | — | 3,000,000 | 3,000,000 | 5,000,000 | 2,000,000 | 66.7% |
| Total Restricted Reserves | \$ 37,094,318 | \$ 42,028,823 | \$ 42,028,823 | \$ 45,625,427 | \$ 3,596,604 | 8.6% |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 35,431,539 | \$ 36,366,956 | \$ 54,005,579 | \$ 36,126,107 | \$ (240,849) | (0.7)% |

Financial Overview

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | |
|----------------------------------|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|--------------|
| | | | | | \$ Diff | % Diff |
| Currently Authorized Projects*** | 29,310,571 | 4,675,000 | 39,822,000 | 27,146,000 | 22,471,000 | 480.7% |
| Total Committed Reserves | \$ 64,742,110 | \$ 41,041,956 | \$ 93,827,579 | \$ 63,272,107 | \$ 22,230,151 | 54.2% |
| Total Year-End Reserves | \$ 101,836,428 | \$ 83,070,779 | \$ 135,856,402 | \$ 108,897,534 | \$ 25,826,755 | 31.1% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

Water Enterprise Cost Center Summary

| | Budgetary Base Actuals 2015-2016 | Adopted Budget 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted % Diff |
|--|--|------------------------------|------------------------------|--|
| SOURCE OF SUPPLY | | | | |
| Operations | \$ 100,331,073 | \$ 108,546,137 | \$ 92,983,880 | (14.3)% |
| Operating Projects | 154,541 | — | — | — |
| Capital | 54,368,200 | 57,930,469 | 27,721,427 | (52.1)% |
| Total | \$ 154,853,814 | \$ 166,476,606 | \$ 120,705,307 | (27.5)% |
| RAW WATER TRANSMISSION AND DISTRIBUTION | | | | |
| Operations | \$ 11,245,771 | \$ 12,660,668 | \$ 13,953,701 | 10.2% |
| Capital | 12,153,894 | 10,291,005 | 1,912,720 | (81.4)% |
| Total | \$ 23,399,665 | \$ 22,951,673 | \$ 15,866,421 | (30.9)% |
| WATER TREATMENT | | | | |
| Operations | \$ 33,394,381 | \$ 36,454,166 | \$ 38,332,440 | 5.2% |
| Capital | 64,479,965 | 52,072,736 | 68,502,106 | 31.6% |
| Total | \$ 97,874,346 | \$ 88,526,902 | \$ 106,834,546 | 20.7% |
| TREATED WATER TRANSMISSION AND DISTRIBUTION | | | | |
| Operations | \$ 1,828,384 | \$ 1,695,710 | \$ 1,902,604 | 12.2% |
| Capital | 6,648,475 | 843,000 | 231,965 | (72.5)% |
| Total | \$ 8,476,859 | \$ 2,538,710 | \$ 2,134,569 | (15.9)% |
| ADMINISTRATION AND GENERAL | | | | |
| Operations | \$ 18,021,574 | \$ 22,010,934 | \$ 23,541,567 | 7.0% |
| Operating Projects | 1,113 | 57,121 | 292,009 | 411.2% |
| Debt | 13,162,448 | 26,482,260 | 34,656,167 | 30.9% |
| Capital | 9,255,266 | 6,916,249 | 20,538,509 | 197.0% |
| Total | \$ 40,440,401 | \$ 55,466,564 | \$ 79,028,252 | 42.5% |
| TOTAL WATER ENTERPRISE FUND | \$ 325,045,085 | \$ 335,960,455 | \$ 324,569,095 | (3.4)% |
| FUND SUMMARY BY CATEGORY | | | | |
| Operations | \$ 164,821,183 | \$ 181,367,615 | \$ 170,714,192 | (5.9)% |
| Operating Projects | 155,654 | 57,121 | 292,009 | 411.2% |
| Debt | 13,162,448 | 26,482,260 | 34,656,167 | 30.9% |
| Capital | 146,905,800 | 128,053,459 | 118,906,727 | (7.1)% |
| Total | \$ 325,045,085 | \$ 335,960,455 | \$ 324,569,095 | (3.4)% |

Financial Overview

Water Enterprise Charge Summary

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

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

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

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

Financial Overview

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

| Job # | Job Description | South County % | South County Cost \$ | North County Cost \$ | Adopted 2017-2018 | Basis of Allocation to the South |
|-------------------|---|----------------|----------------------|----------------------|-------------------|----------------------------------|
| Operations | | | | | | |
| 91041012 | Water Operations Planning | 16.9% | \$ 103,631 | \$ 509,569 | \$ 613,200 | Raw Water Deliveries |
| 91041018 | Groundwater Management Program | 42.4% | 1,707,824 | 2,320,063 | 4,027,886 | Groundwater Production Ratio |
| 91061012 | Facilities Env Compliance | 16.9% | 7,024 | 34,536 | 41,560 | Raw Water Deliveries |
| 91081007 | Dam Safety Program | 14.4% | 202,612 | 1,204,413 | 1,407,025 | Program Benefit Calculation |
| 91101004 | Recycled Water Program | 5.9% | 376,649 | 6,007,226 | 6,383,874 | Population |
| 91111001 | Water Rights | 16.9% | 54,080 | 265,921 | 320,002 | Raw Water Deliveries |
| 91131004 | Imported Water Program | 12.0% | 874,701 | 6,414,471 | 7,289,171 | Imported Water Ratio |
| 91131006 | IW San Felipe Division Delvrs | 19.7% | 4,537,593 | 18,495,872 | 23,033,465 | Program Benefit Calculation |
| 91131007 | IW South Bay Aqueduct Delvrs | — | — | 3,053,971 | 3,053,971 | No South County Benefit |
| 91131008 | State Water Project Costs | — | — | 28,288,222 | 28,288,222 | No South County Benefit |
| 91151001 | Water Conservation Program | 7.3% | 383,353 | 4,868,062 | 5,251,415 | Program Benefit Calculation |
| 91151012 | Recycled/Purified Water Public Engagement | 5.9% | 53,082 | 846,611 | 899,693 | Population |
| 91211004 | San Felipe Reach 1 Operation | 19.8% | 129,340 | 523,891 | 653,230 | CVP Imported Water Ratio |
| 91211005 | SFD Reach 1 Administration | 19.8% | 1,935 | 7,837 | 9,771 | CVP Imported Water Ratio |
| 91211084 | San Felipe Reach1 Ctrl and Ele | 19.8% | 81,617 | 330,591 | 412,208 | CVP Imported Water Ratio |
| 91211085 | SF Reach 1-Engineering - Other | 19.8% | 18,547 | 75,126 | 93,673 | CVP Imported Water Ratio |
| 91211099 | San Felipe Reach 1 Gen Maint | 19.8% | 156,888 | 635,477 | 792,365 | CVP Imported Water Ratio |
| 91221002 | San Felipe Reach 2 Operation | 19.8% | 26,008 | 105,345 | 131,353 | CVP Imported Water Ratio |
| 91221006 | SF Reach 2-Engineering - Other | 19.8% | 24,985 | 101,204 | 126,189 | CVP Imported Water Ratio |
| 91221099 | San Felipe Reach 2 Gen Maint | 19.8% | 37,391 | 151,454 | 188,845 | CVP Imported Water Ratio |
| 91231002 | San Felipe Reach 3 Operation | 19.8% | 37,814 | 344,142 | 381,955 | CVP Imported Water Ratio |
| 91231084 | San Felipe Reach3 Ctrl and Ele | 19.8% | 37,753 | 343,591 | 381,344 | CVP Imported Water Ratio |
| 91231085 | SF Reach 3-Engineering - Other | 19.8% | 15,140 | 137,786 | 152,926 | CVP Imported Water Ratio |
| 91231099 | San Felipe Reach 3 Gen Maint | 19.8% | 95,306 | 546,483 | 641,788 | CVP Imported Water Ratio |
| 91281007 | SVAWPC Facility Operations | — | — | 2,568,927 | 2,568,927 | No South County Benefit |
| 91281008 | SVAWPC Facility Maintenance | — | — | 1,594,725 | 1,594,725 | No South County Benefit |
| 91441003 | Desalination | 13.0% | 3,030 | 20,279 | 23,310 | M&I Water Usage Ratio |
| 91451002 | Well Ordinance Program | 20.7% | 328,871 | 1,259,877 | 1,588,748 | Well Permits and Inspections |
| 91451005 | Source Water Quality Mgmt | 13.0% | 48,548 | 324,895 | 373,443 | M&I Water Usage Ratio |
| 91451011 | Invasive Mussel Prevention | 16.9% | 102,660 | 504,795 | 607,455 | Raw Water Deliveries |
| 91761001 | Local Res / Div Plan & Analysis | 21.5% | 205,688 | 751,001 | 956,689 | Total Water Deliveries Ratio |
| 91761013 | SCADA Systems Upgrades | 19.8% | 10,346 | 41,906 | 52,251 | CVP Imported Water Ratio |
| 91761099 | Dams / Reservoir Gen Maint | 22.0% | 436,481 | 1,547,524 | 1,984,005 | Program Benefit Calculation |
| 91061007 | Districtwide Salary Savings | 13.0% | (174,305) | (1,166,501) | (1,340,805) | No South County Benefit |
| 92041014 | FAHCE/Three Creeks HCP Project | 4.3% | 148,733 | 3,310,170 | 3,458,903 | Coyote Water Supply Ratio |
| 92061012 | Facilities Env Compliance | 16.9% | 12,642 | 62,165 | 74,808 | Raw Water Deliveries |
| 92261099 | Vasona Pump Station Gen Main | — | — | 89,171 | 89,171 | No South County Benefit |
| 92761001 | Raw Water T and D Genrl Oper | 16.9% | 283,973 | 1,396,341 | 1,680,313 | Raw Water Deliveries |
| 92761006 | Rchrg / RW Field Fac Asset Mgt | 42.1% | 39,415 | 54,208 | 93,623 | Groundwater Recharge Ratio |
| 92761007 | Rchrg / RW Field Ops Pln& Anlys | 42.1% | 38,360 | 52,757 | 91,117 | Groundwater Recharge Ratio |
| 92761008 | Recycled Water T&D Genrl Maint | 100.0% | 100,490 | — | 100,490 | Benefits only South County |
| 92761009 | Recharge/RW Field Ops | 42.1% | 1,200,282 | 1,650,744 | 2,851,026 | Program Benefit Calculation |

Financial Overview

| Job # | Job Description | South County % | South County Cost \$ | North County Cost \$ | Adopted 2017-2018 | Basis of Allocation to the South |
|----------|------------------------------------|----------------|----------------------|----------------------|-------------------|----------------------------------|
| 92761010 | Rchrg / RW Field Fac Maint | 42.1% | 774,907 | 1,065,727 | 1,840,633 | Groundwater Recharge Ratio |
| 92761012 | Untreated Water Prog Plan&Analysis | 51.3% | 60,257 | 57,203 | 117,459 | Untreated Water Deliveries Ratio |
| 92761013 | SCADA Systems Upgrades | 16.9% | 5,046 | 24,812 | 29,858 | Raw Water Deliveries |
| 92761082 | Raw Water T&D Ctrl and Electr | 16.9% | 126,572 | 622,377 | 748,950 | Raw Water Deliveries |
| 92761083 | Raw Water T&D Eng Other | 16.9% | 33,856 | 166,474 | 200,329 | Raw Water Deliveries |
| 92761085 | Anderson Hydrelctrc Fclty Main | 19.9% | 46,477 | 187,077 | 233,554 | Anderson Water Deliveries Ratio |
| 92761099 | Raw Water T / D Gen Maint | 16.9% | 314,700 | 1,547,431 | 1,862,131 | Raw Water Deliveries |
| 92781002 | RW Corrosion Control | 16.9% | 81,346 | 399,990 | 481,335 | Raw Water Deliveries |
| 93061012 | Facilities Env Compliance | — | — | 507,029 | 507,029 | No South County Benefit |
| 93081008 | W T General Water Quality | — | — | 1,866,724 | 1,866,724 | No South County Benefit |
| 93081009 | Water Treatment Plant Engineering | — | — | 658,910 | 658,910 | No South County Benefit |
| 93231007 | PWTP Landslide Monitoring | — | — | 217,485 | 217,485 | No South County Benefit |
| 93231009 | PWTP General Operations | — | — | 5,563,176 | 5,563,176 | No South County Benefit |
| 93231099 | Penitencia WTP General Maint | — | — | 2,579,658 | 2,579,658 | No South County Benefit |
| 93281005 | STWTP - General Operations | — | — | 4,865,555 | 4,865,555 | No South County Benefit |
| 93281099 | Santa Teresa WTP General Maint | — | — | 3,348,219 | 3,348,219 | No South County Benefit |
| 93291012 | RWTP General Operations | — | — | 7,594,962 | 7,594,962 | No South County Benefit |
| 93291099 | Rinconada WTP General Maint | — | — | 3,307,387 | 3,307,387 | No South County Benefit |
| 93401002 | Water District Laboratory | 5.7% | 266,517 | 4,409,221 | 4,675,738 | Lab Analyses |
| 93761001 | SF/SCVWD Intertie General Ops | — | — | 213,522 | 213,522 | No South County Benefit |
| 93761004 | Campbell Well Field Operations | — | — | 188,663 | 188,663 | No South County Benefit |
| 93761005 | Campbell Well Field Maintenance | — | — | 101,451 | 101,451 | No South County Benefit |
| 93761006 | Treated Water Ctrl & Elec Eng | — | — | 2,520,054 | 2,520,054 | No South County Benefit |
| 93761013 | SCADA Systems Upgrades | — | — | 87,708 | 87,708 | No South County Benefit |
| 93761099 | SF/SCVWD Intertie Gen Maint | — | — | 36,200 | 36,200 | No South County Benefit |
| 94761005 | TW T&D - Engineering - Other | — | — | 162,303 | 162,303 | No South County Benefit |
| 94761013 | SCADA Systems Upgrades | — | — | 16,795 | 16,795 | No South County Benefit |
| 94761099 | Treated Water T/D Gen Maint | — | — | 1,173,558 | 1,173,558 | No South County Benefit |
| 94781001 | Treated Water T/D Corrosion | — | — | 549,948 | 549,948 | No South County Benefit |
| 95001090 | Unscoped Projects-Budget Only | 13.0% | 13,000 | 87,000 | 100,000 | M&I Water Usage Ratio |
| 95011003 | WU Asset Protection Support | 2.4% | 24,097 | 979,935 | 1,004,031 | Program Benefit Calculation |
| 95021008 | Electrical Power Support | 1.5% | 4,337 | 279,113 | 283,449 | Labor Hours |
| 95031002 | Grants Management | 14.0% | 51,655 | 317,312 | 368,967 | Program Benefit Calculation |
| 95041039 | Integrated Regional Water Mgmt | 13.0% | 14,509 | 97,098 | 111,606 | M&I Water Usage Ratio |
| 95061007 | WUE Asset Management Plng Prgm | 4.5% | 54,824 | 1,163,478 | 1,218,301 | Program Benefit Calculation |
| 95061012 | Rental Expense San Pedro,MH | 100.0% | 32,163 | — | 32,163 | Benefits only South County |
| 95061037 | WUE Training & Development | 13.0% | 176,480 | 1,181,059 | 1,357,539 | M&I Water Usage Ratio |
| 95061038 | WUE Administration | 13.0% | 957,061 | 6,404,949 | 7,362,010 | M&I Water Usage Ratio |
| 95061043 | WUE ER Response Plan & Implement | 5.9% | 15,659 | 249,753 | 265,413 | Population |
| 95061045 | AM Framework Implementation | 4.5% | 25,350 | 537,973 | 563,323 | M&I Water Usage Ratio |
| 95061047 | WUE Technical Training Program | 13.0% | 144,636 | 967,949 | 1,112,585 | M&I Water Usage Ratio |
| 95061048 | Climate Change Adaptation/Mtg. | 13.0% | 31,253 | 209,158 | 240,411 | M&I Water Usage Ratio |
| 95071041 | Welding Services | 1.5% | 6,403 | 435,199 | 441,603 | Program Benefit Calculation |
| 95101003 | W2 W5 Wtr Revenue Program | 63.0% | 1,038,677 | 610,016 | 1,648,693 | Labor Hours |
| 95111003 | Water Use Measurement | 46.0% | 807,562 | 948,007 | 1,755,569 | Labor Hours |
| 95121003 | Long Term Financial Planning | 13.0% | 81,500 | 545,424 | 626,924 | M&I Water Usage Ratio |

Financial Overview

| Job # | Job Description | South County % | South County Cost \$ | North County Cost \$ | Adopted 2017-2018 | Basis of Allocation to the South |
|---------------------------|---------------------------------------|----------------|----------------------|-----------------------|-----------------------|----------------------------------|
| 95741001 | WUE Long-term Planning | 13.0% | 130,726 | 874,856 | 1,005,582 | M&I Water Usage Ratio |
| 95741042 | Water Resources EnvPlng & Permtg | 18.0% | 120,181 | 547,490 | 667,671 | Program Benefit Calculation |
| 95761003 | SCADA Network Administration | 2.6% | 4,964 | 188,200 | 193,164 | Program Benefit Calculation |
| 95761071 | Emergency Preparedness Prog | 5.9% | 53,414 | 851,904 | 905,318 | Population |
| 95771011 | InterAgency Urban Runoff Program | 16.9% | 71,583 | 351,984 | 423,567 | Raw Water Deliveries |
| 95771031 | HAZMAT Emergency Response | 10.0% | 5,114 | 46,025 | 51,139 | Emergency Response Events |
| 95811043 | Hydrologic Data Msrmt & Mgmt | 17.0% | 143,233 | 699,314 | 842,548 | Stream Gauge location |
| 95811046 | Warehouse Services | 13.0% | 82,801 | 554,127 | 636,927 | M&I Water Usage Ratio |
| 95811049 | X Valley Subsidence Survey | — | — | 172,039 | 172,039 | No South County Benefit |
| 95811054 | District Real Property Administration | — | — | 151,023 | 151,023 | Program Benefit Calculation |
| Total | Operations | — | \$ 17,549,343 | \$ 153,164,848 | \$ 170,714,192 | |
| Operating Projects | | | | | | |
| 95762011 | Tree Maintenance Program | 13.0% | \$ 37,961 | \$ 254,048 | \$ 292,009 | M&I Water Usage Ratio |
| Total | Operating Projects | — | \$ 37,961 | \$ 254,048 | \$ 292,009 | |
| TOTAL | OPERATIONS AND OPERATING | — | \$ 17,587,305 | \$ 153,418,896 | \$ 171,006,201 | |

Financial Overview

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Financial Overview

Total Outlays - Source of Supply

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------|----------------------------------|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| 91041012 | Water Operations Planning | 407,859 | 470,641 | 613,200 | Water Supply Division |
| 91041018 | Groundwater Management Program | 728,318 | 3,825,882 | 4,027,886 | Water Supply Division |
| 91061007 | Districtwide Salary Savings-61 | 0 | 0 | (1,340,805) | Financial Planning and Management Services Division |
| * 91061012 | Facilities Env Compliance | 34,866 | 34,927 | 41,560 | Human Resources Division |
| 91081007 | Dam Safety Program | 1,615,270 | 1,586,784 | 1,407,025 | Water Utility Capital Division |
| 91101004 | Recycled & Purified Water Prog | 2,884,052 | 7,147,452 | 6,383,874 | Water Supply Division |
| 91111001 | Water Rights | 177,479 | 266,528 | 320,002 | Water Supply Division |
| 91131004 | Imported Water Program | 7,074,115 | 10,962,341 | 7,289,171 | Water Supply Division |
| 91131006 | IW San Felipe Division Delvrs | 19,737,535 | 28,826,195 | 23,033,465 | Water Supply Division |
| 91131007 | IW South Bay Aqueduct Delvrs | 5,498,074 | 1,873,250 | 3,053,971 | Water Supply Division |
| 91151001 | Water Conservation Program | 973,213 | 6,458,308 | 5,251,415 | Water Supply Division |
| ** 91151007 | Water Conservation-Residential | 1,013,213 | 0 | 0 | Water Supply Division |
| ** 91151008 | Water Conservation-Commercial | 869,368 | 0 | 0 | Water Supply Division |
| ** 91151009 | Water Conservation - AG | 100,044 | 0 | 0 | Water Supply Division |
| ** 91151010 | Water Conservation-Landscape | 12,638,714 | 0 | 0 | Water Supply Division |
| ** 91151011 | Water Conservation Campaign | 336,460 | 225,435 | 0 | Office of the CEO |
| 91151012 | WU Customer Relations & Outreach | 590,733 | 599,085 | 899,693 | Office of Chief of External Affairs |
| 91211004 | San Felipe Reach 1 Operation | 497,191 | 560,596 | 653,230 | Water Supply Division |
| 91211005 | SFD Reach 1 Administration | 9,157 | 8,737 | 9,771 | Water Supply Division |
| 91211084 | San Felipe Reach 1 Ctrl and Ele | 250,810 | 393,927 | 412,208 | Raw Water Operations and Maintenance Division |
| 91211085 | SF Reach 1-Engineering - Other | 80,448 | 108,737 | 93,673 | Raw Water Operations and Maintenance Division |
| 91211099 | San Felipe Reach 1 Gen Maint | 671,296 | 673,373 | 792,365 | Treated Water Operations & Maintenance Division |
| 91221002 | San Felipe Reach 2 Operation | 53,945 | 64,546 | 131,353 | Water Supply Division |
| 91221006 | SF Reach 2-Engineering - Other | 133,465 | 282,490 | 126,189 | Raw Water Operations and Maintenance Division |
| 91221099 | San Felipe Reach 2 Gen Maint | 1,882,936 | 194,536 | 188,845 | Treated Water Operations & Maintenance Division |
| 91231002 | San Felipe Reach 3 Operation | 156,192 | 198,843 | 381,955 | Water Supply Division |
| 91231084 | San Felipe Reach 3 Ctrl and Ele | 158,904 | 374,408 | 381,344 | Raw Water Operations and Maintenance Division |
| 91231085 | SF Reach 3-Engineering - Other | 26,307 | 234,410 | 152,926 | Raw Water Operations and Maintenance Division |
| 91231099 | San Felipe Reach 3 Gen Maint | 913,094 | 742,953 | 641,788 | Treated Water Operations & Maintenance Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Source of Supply (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--|----------------------------------|--------------------------|--------------------------|---|
| 91281007 | SVAWPC Facility Operations | 2,360,969 | 3,211,393 | 2,568,927 | Treated Water Operations & Maintenance Division |
| 91281008 | SVAWPC Facility Maintenance | 1,106,326 | 1,339,452 | 1,594,725 | Treated Water Operations & Maintenance Division |
| 91441003 | Desalination | 4,504 | 21,532 | 23,310 | Water Supply Division |
| 91451002 | Well Ordinance Program | 1,319,289 | 1,381,214 | 1,588,748 | Water Supply Division |
| 91451005 | Source Water Quality Mgmt | 420,859 | 378,312 | 373,443 | Treated Water Operations & Maintenance Division |
| 91451011 | Invasive Mussel Prevention | 553,283 | 610,509 | 607,455 | Treated Water Operations & Maintenance Division |
| ** | 91551001 Groundwater Monitoring | 937,184 | 0 | 0 | Water Supply Division |
| ** | 91551002 Groundwater Supply Managemen | 803,483 | 0 | 0 | Water Supply Division |
| | 91761001 Local Res/Div Plan & Analysis | 980,696 | 827,706 | 956,689 | Water Supply Division |
| * | 91761013 SCADA Systems Upgrades | 60,419 | 77,166 | 52,251 | Raw Water Operations and Maintenance Division |
| | 91761099 Dams / Reservoir Gen Maint | 1,842,430 | 1,643,304 | 1,984,005 | Water Utility Capital Division |
| ** | 91791012 Groundwater Quality Manageme | 600,360 | 0 | 0 | Water Supply Division |
| Total Operations | | 70,502,860 | 75,604,972 | 64,695,657 | |
| Operating | | | | | |
| ** | 91792001 Domestic Well Testing Program | 154,541 | 0 | 0 | Water Supply Division |
| Total Operating | | 154,541 | 0 | 0 | |
| Capital | | | | | |
| | 91084019 Dam Safety Seismic Stability | 882,541 | 0 | 0 | Water Utility Capital Division |
| | 91084020 Calero-Guad Dams Seismic Retro | 290,553 | 0 | 119 | Water Utility Capital Division |
| | 91094009 SoCo Rcyld Wtr PL Short-Trm 1B | 1,391,974 | 15,772,000 | 1 | Water Utility Capital Division |
| | 91094010 So. County Recycled Water Fund | 3,692,283 | 0 | 0 | Water Supply Division |
| | 91154007 Water Purchases Captl Project | 8,199,549 | 8,764,462 | 9,715,169 | Water Supply Division |
| | 91184008 SV Adv Wtr Purification Ctr | 713,414 | 49,184 | 32,277 | Water Utility Capital Division |
| | 91214001 Pacheco Conduit Rehabilitation | 677,031 | 5,434,000 | 97,004 | Water Utility Capital Division |
| | 91214010 Small Caps, San Felipe R1 | 1,068,220 | 1,497,454 | 2,408,824 | Treated Water Operations & Maintenance Division |
| | 91224010 Small Caps, San Felipe R2 | 2,500 | 1,145,000 | 48,466 | Treated Water Operations & Maintenance Division |
| | 91234002 Coyote Pumping Plant ASD Rplcmt | 0 | 0 | 535,963 | Water Utility Capital Division |
| | 91234010 Small Caps, San Felipe R3 | 581 | 966,468 | 0 | Treated Water Operations & Maintenance Division |
| | 91234011 Coyote Pumping Plant Warehouse | 157,002 | 2,227,000 | 2,903,902 | Water Utility Capital Division |
| | 91244001 Wolfe Rd Recycled Wtr Facility | 11,747,559 | 657,000 | 197,963 | Water Utility Capital Division |
| | 91284009 SVAWPC Expansion Project | 636,385 | 4,228,178 | (403) | Water Utility Capital Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Source of Supply (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|----------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|---|
| 91304001 | Indirect Potable Reuse-Plan | 12,994,429 | 2,090,000 | 0 | Water Supply Division |
| 91384001 | Purified Water Pipeline | 0 | 3,350,710 | 0 | Water Utility Capital Division |
| 91854001 | Almaden Dam Improvements | 2,791,271 | 2,481,700 | 519,999 | Water Utility Capital Division |
| ** 91854002 | Jacques Gulch Restoration | 17 | 0 | 0 | Watershed Stewardship & Planning Division |
| 91864005 | Anderson Dam Seismic Retrofit | 807,377 | 0 | 7,913,297 | Water Utility Capital Division |
| 91874004 | Calero Dam SeisRetrfit Des&Con | 3,750,286 | 4,593,409 | 2,187,989 | Water Utility Capital Division |
| 91894002 | Guadalupe Dam SeisReif Des&Con | 3,258,880 | 4,673,904 | 1,160,810 | Water Utility Capital Division |
| ** 91934004 | Uvas Access Land Acquisition | 1,251,000 | 0 | 0 | Water Utility Capital Division |
| 91954001 | Pacheco PP ASD Replacement | 55,348 | 0 | 0 | Water Utility Capital Division |
| Total Capital | | 54,368,200 | 57,930,469 | 27,721,383 | |
| Total | | 125,025,601 | 133,535,441 | 92,417,040 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Raw Water Transmission and Distribution

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|---|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| | 92041014 FAHCE/Three Creeks HCP Project | 1,749,469 | 2,085,158 | 3,458,903 | Watershed Stewardship & Planning Division |
| * | 92061012 Facilities Env Compliance | 62,753 | 62,867 | 74,808 | Human Resources Division |
| | 92261099 Vasona Pump Station Gen Main | 236,719 | 276,095 | 89,171 | Treated Water Operations & Maintenance Division |
| | 92761001 Raw Water T&D Gen'l Oper | 1,340,051 | 1,442,985 | 1,680,313 | Water Supply Division |
| | 92761006 Rchrg / RW Field Fac Asset Mgt | 63,104 | 112,626 | 93,623 | Water Supply Division |
| | 92761007 Rchrg / RW Fld Ops Pln & Anlys | 145,133 | 235,474 | 91,117 | Water Supply Division |
| | 92761008 Recycled Water T&D Genrl Maint | 77,995 | 302,236 | 100,490 | Treated Water Operations & Maintenance Division |
| | 92761009 Recharge/RW Field Ops | 2,376,105 | 2,757,959 | 2,851,026 | Treated Water Operations & Maintenance Division |
| | 92761010 Rchrg / RW Field Fac Maint | 2,013,273 | 1,943,336 | 1,840,633 | Treated Water Operations & Maintenance Division |
| | 92761012 Untreated Water Prog Plan | 70,827 | 117,270 | 117,459 | Water Supply Division |
| * | 92761013 SCADA Systems Upgrades | 34,525 | 44,090 | 29,858 | Raw Water Operations and Maintenance Division |
| | 92761082 Raw Water T&D Ctrl and Electr | 485,511 | 711,467 | 748,950 | Raw Water Operations and Maintenance Division |
| | 92761083 Raw Water T&D Eng Other | 108,144 | 461,788 | 200,329 | Raw Water Operations and Maintenance Division |
| | 92761085 Anderson Hydrelctrc Fclty Main | 93,991 | 128,392 | 233,554 | Treated Water Operations & Maintenance Division |
| | 92761099 Raw Water T / D Gen Maint | 2,125,532 | 1,629,571 | 1,862,131 | Treated Water Operations & Maintenance Division |
| | 92781002 Raw Water Corrosion Control | 262,639 | 349,354 | 481,335 | Raw Water Operations and Maintenance Division |
| Total Operations | | 11,245,771 | 12,660,668 | 13,953,701 | |
| Capital | | | | | |
| | 92144001 Pacheco/SC Conduit ROW ACQ | 111,002 | 1,469,095 | 251,555 | Water Utility Capital Division |
| | 92224001 Pen Force Main Seismic Retrofi | 11,898,009 | 8,329,000 | 441,770 | Water Utility Capital Division |
| | 92264001 Vasona Pumping Plant Upgrades | 0 | 118,910 | 712,050 | Water Utility Capital Division |
| | 92374005 SCADA Remote Arch&Comm Upgrade | 144,366 | 374,000 | 185,960 | Water Utility Capital Division |
| | 92764009 Small Caps, Raw Water T&D | 517 | 0 | 321,385 | Treated Water Operations & Maintenance Division |
| Total Capital | | 12,153,894 | 10,291,005 | 1,912,720 | |
| Total | | 23,399,665 | 22,951,673 | 15,866,421 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Water Treatment

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| * 93061012 | Facilities Env Compliance | 425,337 | 426,086 | 507,029 | Human Resources Division |
| 93081008 | W T General Water Quality | 1,560,536 | 1,886,291 | 1,866,724 | Treated Water Operations & Maintenance Division |
| 93081009 | Water Treatment Plant Engineer | 332,809 | 537,840 | 658,910 | Raw Water Operations and Maintenance Division |
| 93231007 | PWTP Landslide Monitoring | 112,709 | 142,833 | 217,485 | Water Utility Capital Division |
| 93231009 | PWTP General Operations | 4,817,969 | 4,268,031 | 5,563,176 | Treated Water Operations & Maintenance Division |
| 93231099 | Penitencia WTP General Maint | 2,661,387 | 2,364,197 | 2,579,658 | Treated Water Operations & Maintenance Division |
| 93281005 | STWTP - General Operations | 4,316,969 | 5,533,667 | 4,865,555 | Treated Water Operations & Maintenance Division |
| 93281099 | Santa Teresa WTP General Maint | 2,821,180 | 2,903,902 | 3,348,219 | Treated Water Operations & Maintenance Division |
| 93291012 | RWTP General Operations | 6,626,428 | 7,529,434 | 7,594,962 | Treated Water Operations & Maintenance Division |
| 93291099 | Rinconada WTP General Maint | 2,988,039 | 3,317,256 | 3,307,387 | Treated Water Operations & Maintenance Division |
| 93401002 | Water District Laboratory | 3,845,839 | 4,310,918 | 4,675,738 | Treated Water Operations & Maintenance Division |
| 93761001 | SF/SCVWD Intertie General Ops | 154,435 | 284,686 | 213,522 | Treated Water Operations & Maintenance Division |
| 93761004 | Campbell Well Field Operations | 140,850 | 182,013 | 188,663 | Treated Water Operations & Maintenance Division |
| 93761005 | Campbell Well Field Maint | 63,753 | 116,088 | 101,451 | Treated Water Operations & Maintenance Division |
| 93761006 | Treated Water Ctrl & Elec Eng | 2,344,631 | 2,431,199 | 2,520,054 | Raw Water Operations and Maintenance Division |
| * 93761013 | SCADA Systems Upgrades | 101,418 | 129,518 | 87,708 | Raw Water Operations and Maintenance Division |
| 93761099 | SF/SCVWD Intertie Gen Maint | 80,092 | 90,207 | 36,200 | Treated Water Operations & Maintenance Division |
| Total Operations | | 33,394,381 | 36,454,166 | 38,332,440 | |
| Capital | | | | | |
| 93084011 | Fluoridation at WTPs | 5,799,509 | 3,009,067 | 276,958 | Water Utility Capital Division |
| ** 93234028 | PWTP Improvement, Stage 2 | 4,620 | 0 | 0 | Water Utility Capital Division |
| ** 93234042 | PWTP Water Pump Modifications | 6,337 | 0 | 0 | Water Utility Capital Division |
| 93234043 | PWTP Clearwell Recoat & Repair | 4,320,747 | 550,000 | 1 | Water Utility Capital Division |
| 93234044 | PWTP Residuals Management | 0 | 0 | 0 | Treated Water Operations & Maintenance Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Water Treatment (Continued)

| | Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|----------------------|----------|--------------------------------|----------------------------------|--------------------------|--------------------------|---|
| ** | 93284028 | STWTP Improvement, Stage 2 | 219 | 0 | 0 | Water Utility Capital Division |
| ** | 93284030 | STWTP Incompatible Materials | 29,020 | 0 | 0 | Water Utility Capital Division |
| | 93294051 | RWTP FRP Residuals Management | 1,419,575 | 117,561 | 17,053,401 | Water Utility Capital Division |
| | 93294056 | RWTP Treated Water Valves Upgd | 314,318 | 55,091 | 170,276 | Water Utility Capital Division |
| | 93294057 | RWTP Reliability Improvement | 45,939,850 | 44,712,000 | 48,143,578 | Water Utility Capital Division |
| ** | 93504001 | Infrst Reliability Master Plan | 303,886 | 0 | 0 | Raw Water Operations and Maintenance Division |
| | 93764003 | IRP2 WTP Blds Seismic Retrofit | 4,675,402 | 798,000 | 345,964 | Water Utility Capital Division |
| | 93764004 | Small Caps, Water Treatment | 1,666,482 | 2,831,017 | 2,511,976 | Treated Water Operations & Maintenance Division |
| Total Capital | | | 64,479,965 | 52,072,736 | 68,502,152 | |
| Total | | | 97,874,346 | 88,526,902 | 106,834,592 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Treated Water Transmission and Distribution

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|--|--|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| | 94761005 TW T&D - Engineering - Other | 183,181 | 362,680 | 162,303 | Raw Water Operations and Maintenance Division |
| * | 94761013 SCADA Systems Upgrades | 19,419 | 24,798 | 16,795 | Raw Water Operations and Maintenance Division |
| | 94761099 Treated Water T/D Gen Maint | 1,318,709 | 1,047,676 | 1,173,558 | Treated Water Operations & Maintenance Division |
| | 94781001 Treated Water T/D Corrosion | 307,075 | 260,556 | 549,948 | Raw Water Operations and Maintenance Division |
| Total Operations | | 1,828,384 | 1,695,710 | 1,902,604 | |
| Capital | | | | | |
| ** | 94084005 Water Protection | 52,599 | 0 | 0 | Water Utility Capital Division |
| | 94384002 Pen Del Main Seismic Retrofit | 6,595,876 | 843,000 | 231,965 | Water Utility Capital Division |
| Total Capital | | 6,648,475 | 843,000 | 231,965 | |
| Total | | 8,476,859 | 2,538,710 | 2,134,569 | |
| * Recipient projects | | | | | |
| ** Closed, combined or no current year funding | | | | | |

Financial Overview

Total Outlays - Administration and General

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------|--------------------------------------|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| 95001090 | Unscoped Projects-Budget Only | 0 | 350,000 | 100,000 | Office of COO Water Utility |
| 95011003 | WU Asset Protection Support | 447,903 | 562,294 | 1,004,031 | Watershed Stewardship & Planning Division |
| * 95021008 | Energy Management | 196,523 | 238,961 | 283,449 | Raw Water Operations and Maintenance Division |
| ** 95021009 | Pipeline Monumentation | 44,103 | 0 | 0 | Water Utility Capital Division |
| * 95031002 | Grants Management | 108,990 | 350,383 | 368,967 | Financial Planning and Management Services Division |
| * 95041039 | Integrated Regional Water Mgmt | 70,444 | 103,608 | 111,606 | Water Supply Division |
| ** 95041046 | Survey Record Management | 23,384 | 44,885 | 0 | Watershed Design & Construction Division |
| 95061007 | WUE Asset Management Plng Prgm | 737,579 | 936,270 | 1,218,301 | Raw Water Operations and Maintenance Division |
| 95061012 | Rental Expense San Pedro, MH | 13,648 | 26,384 | 32,163 | General Services Division |
| ** 95061027 | Water Utility Health & Safety | 334,110 | 383,637 | 0 | Human Resources Division |
| ** 95061032 | Water Utility Safety Training | 349,547 | 502,653 | 0 | Human Resources Division |
| 95061037 | WUE Training & Development | 721,302 | 1,301,474 | 1,357,539 | Office of COO Water Utility |
| 95061038 | WUE Administration | 6,231,848 | 6,754,727 | 7,362,010 | Office of COO Water Utility |
| 95061043 | WUE O&M Support | 30,651 | 119,121 | 265,413 | Treated Water Operations & Maintenance Division |
| ** 95061045 | AM Systems and Standards | 208,612 | 457,637 | 563,323 | Raw Water Operations and Maintenance Division |
| ** 95061046 | District CMMS Administration | 209,761 | 0 | 0 | Raw Water Operations and Maintenance Division |
| 95061047 | WUE Technical Training Program | 420,915 | 875,401 | 1,112,585 | Office of COO Water Utility |
| * 95061048 | Climate Change Adaptation/Mtg. | 46,524 | 163,085 | 240,411 | Watershed Stewardship & Planning Division |
| ** 95061054 | SCW Implementation | 57,942 | 0 | 0 | Office of COO Watersheds |
| * 95071041 | Welding Services | 398,120 | 364,811 | 441,603 | General Services Division |
| 95101003 | W2 W5 Water Revenue Program | 1,295,652 | 1,284,594 | 1,648,693 | Financial Planning and Management Services Division |
| 95111003 | Water Use Measurement | 1,634,983 | 1,713,148 | 1,755,569 | Water Supply Division |
| ** 95121001 | Fin/Economic Water Rate Stud | 483,218 | 497,866 | 0 | Financial Planning and Management Services Division |
| * 95121003 | LT Financial Planning & Rate Setting | 0 | 0 | 626,924 | Financial Planning and Management Services Division |
| ** 95151002 | Water Utility Cust Relations | 195,421 | 286,383 | 0 | Office of the CEO |
| ** 95731001 | Water Supply Modeling/Analysis | 166,731 | 0 | 0 | Water Supply Division |
| 95741001 | Water Supply Planning | 471,257 | 522,445 | 1,005,582 | Water Supply Division |
| * 95741042 | Water Resorcs EnvPlng & Permtg | 291,213 | 912,215 | 667,671 | Raw Water Operations and Maintenance Division |
| 95761003 | SCADA Network Administration | 162,333 | 169,942 | 193,164 | Information Technology Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Administration and General (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|---------------------------------|----------------------------------|--------------------------|--------------------------|---|
| * 95761071 | Emergency Management | 520,361 | 618,551 | 905,318 | Office of COO Watersheds |
| ** 95761072 | Business Continuity Program | 99,587 | 115,754 | 0 | Office of COO Watersheds |
| * 95771011 | Inter Agency Urban Runoff Prog | 371,665 | 399,713 | 423,567 | Watershed Stewardship & Planning Division |
| * 95771031 | HAZMAT Emergency Response | 55,434 | 99,936 | 51,139 | Human Resources Division |
| * 95811043 | Hydrologic Data Msrmt & Mgmt | 789,439 | 803,429 | 842,547 | Watershed Stewardship & Planning Division |
| * 95811046 | Warehouse Services | 488,835 | 633,586 | 636,927 | General Services Division |
| * 95811049 | X Valley Subsidence Survey | 139,383 | 137,940 | 172,039 | Watershed Design & Construction Division |
| * 95811050 | Benchmark Maint (Countywide) | 48,799 | 140,553 | 0 | Watershed Design & Construction Division |
| * 95811054 | District Real Property Adminis | 155,357 | 139,548 | 151,023 | Watershed Design & Construction Division |
| Total Operations | | 18,021,574 | 22,010,934 | 23,541,567 | |
| Operating | | | | | |
| ** 95062012 | WUE Maint Audit Impl Plan | 1,113 | 0 | 0 | Treated Water Operations & Maintenance Division |
| * 95762011 | Tree Maintenance Program | 0 | 57,121 | 292,009 | Watershed Opearions & Maintenance Division |
| Total Operating | | 1,113 | 57,121 | 292,009 | |
| Debt Service | | | | | |
| 95993007 | Commercial Paper Tax Exempt | 442,063 | 1,333,800 | 2,735,340 | Financial Planning and Management Services Division |
| 95993008 | Commercial Paper Taxable | 603,873 | 1,333,800 | 2,735,340 | Financial Planning and Management Services Division |
| 95993010 | WU RevInlg 4310027-06SRF01CX114 | 412,356 | 0 | 0 | Financial Planning and Management Services Division |
| ** 95993011 | 2006A WUE Refunding Tax Exempt | 1,218,038 | 0 | 0 | Financial Planning and Management Services Division |
| 95993012 | 2006B WUE Refunding Taxable | 1,785,095 | 1,782,267 | 1,803,689 | Financial Planning and Management Services Division |
| 95993013 | 2007A WU Revenue COPs Tax Ex | 5,087,910 | 5,117,000 | 0 | Financial Planning and Management Services Division |
| 95993014 | 2007B WU Revenue COPs | 1,540,938 | 2,124,000 | 2,800,500 | Financial Planning and Management Services Division |
| 95993015 | 2016A WU Ref Rev Bond Tax Ex | 901,101 | 5,330,750 | 5,338,250 | Financial Planning and Management Services Division |
| 95993016 | 2016B WU Ref Rev Bond Taxable | 547,241 | 3,234,622 | 3,252,121 | Financial Planning and Management Services Division |
| 95993017 | WU COP 2016C Tax-Exempt | 356,418 | 2,118,450 | 4,145,950 | Financial Planning and Management Services Division |
| 95993018 | WU COP 2016D Taxable | 267,415 | 1,583,185 | 4,230,685 | Financial Planning and Management Services Division |
| 95993019 | WU Rev Bond 2017A Tax Exempt | 0 | 1,621,130 | 4,730,630 | Financial Planning and Management Services Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - Administration and General (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|---------------------------|------------------------|----------------------------------|--------------------------|--------------------------|---|
| 95993020 | WU Rev Bond 2018A (TE) | 0 | 903,256 | 1,445,250 | Financial Planning and Management Services Division |
| 95993021 | WU Rev Bond 2018B (TX) | 0 | 0 | 1,438,412 | Financial Planning and Management Services Division |
| Total Debt Service | | 13,162,448 | 26,482,260 | 34,656,167 | |

Capital

| | | | | | |
|----------------------|--------------------------------|-------------------|-------------------|-------------------|---|
| 95064011 | Districtwide Salary Savings-61 | 0 | 0 | (388,197) | Financial Planning and Management Services Division |
| 95074001 | Capital Warranty Services | 158,166 | 32,288 | 185,912 | Water Utility Capital Division |
| ** 95074030 | WU Capital Training & Dvlpmnt | 179,542 | 473,015 | 0 | Water Utility Capital Division |
| * 95074033 | CIP Development & Admin | 368,078 | 340,446 | 519,946 | Water Utility Capital Division |
| * 95074036 | Survey Mgmt & Tech Support | 168,288 | 146,273 | 236,881 | Watershed Design & Construction Division |
| * 95074038 | Capital Progm Srvc Admin | 887,924 | 2,461,261 | 2,717,781 | Water Utility Capital Division |
| ** 95074045 | Technical Review Committee | 166,155 | 81,082 | 0 | Water Utility Capital Division |
| ** 95074046 | WU Captl Health & Safety Trng | 37,569 | 117,884 | 0 | Water Utility Capital Division |
| ** 95074051 | WS Capital Training & Dvlpmnt | 161,564 | 0 | 0 | Office of COO Watersheds |
| ** 95074052 | WS Capital Program Srvc Admin | 887,606 | 0 | 0 | Office of COO Watersheds |
| ** 95074053 | WS Capital Hlth & Safety Trng | 13,507 | 0 | 0 | Office of COO Watersheds |
| 95084001 | 5-Year Pipeline Rehabilitation | 5,977,960 | 3,774,000 | 0 | Water Utility Capital Division |
| 95084002 | 10-Yr PL Inspection and Rehab | 0 | 0 | 15,965,207 | Water Utility Capital Division |
| ** 95144001 | PL Hydraulic Reliability Upgrd | 1,840 | 0 | 0 | Raw Water Operations and Maintenance Division |
| 95274003 | WU Computer Network Modrnizatn | 247,067 | 180,000 | 1,300,979 | Information Technology Division |
| Total Capital | | 9,255,266 | 7,606,249 | 20,538,509 | |
| Total | | 40,440,401 | 56,156,564 | 79,028,251 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

State Water Project Fund

Overview

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

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

Financial Overview

State Water Project Fund (Fund 63)

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

(Restricted Reserves)

Financial Overview

Water Enterprise Summary by Zone

| | Budgetary Basis Basis Actual 2015-2016 | Adopted Budget 2016-17 | Estimated Actual 2016-17 | Adopted Budget 2017-18 | Percent Change |
|--|--|------------------------------|--------------------------------|------------------------------|-------------------|
| Zone W2 North County | | | | | |
| Allocated Revenue | | | | | |
| Operating Revenue | \$ 143,844,822 | \$ 178,678,944 | \$ 180,235,126 | \$ 205,633,398 | 15.1% |
| Non-operating Revenue | 37,561,417 | 40,525,139 | 50,496,646 | 34,461,857 | (15.0)% |
| Total Allocated Revenue | \$ 181,406,238 | \$ 219,204,084 | \$ 230,731,772 | \$ 240,095,255 | 9.5% |
| Allocated Operating Outlays | | | | | |
| Operations | \$ 149,827,276 | \$ 163,469,009 | \$ 168,059,876 | \$ 153,164,848 | (6.3)% |
| Operating Projects | 19,323 | 49,867 | 49,867 | 254,048 | 409.5% |
| Debt Service | 13,162,449 | 26,482,260 | 26,482,260 | 34,656,167 | 30.9% |
| Total Allocated Operating Outlays | \$ 163,009,048 | \$ 190,001,136 | \$ 194,592,002 | \$ 188,075,063 | (1.0)% |
| Balance Available for Capital/Reserve | 18,397,190 | 29,202,948 | 36,139,770 | 52,020,193 | 78.1% |
| Capital Appropriations | \$ 146,905,776 | \$ 150,696,459 | \$ 122,848,030 | \$ 131,582,727 | (12.7)% |
| Other Financing Resources | | | | | |
| Bond Proceeds | \$ 131,482,186 | \$ 128,000,000 | \$ 123,585,000 | \$ 62,000,000 | (51.6)% |
| Transfers In | 22,436,000 | 2,601,000 | 2,601,000 | 3,252,000 | 25.0% |
| Transfers Out | (2,562,432) | (2,033,034) | (610,554) | (9,528,437) | 368.7% |
| Total Other Financing Sources/(Uses) | \$ 151,355,754 | \$ 128,567,966 | \$ 125,575,446 | \$ 55,723,563 | (56.7)% |
| Other Intra-Zone Allocations | | | | | |
| Zone W5 Open Space Credit | \$ (6,896,693) | \$ (6,593,866) | \$ (7,078,737) | \$ (7,528,788) | 14.2% |
| Zone W5 Capital Amortization | 3,596,250 | 4,785,920 | 4,346,447 | 4,652,071 | (2.8)% |
| Zone W5 Interest (Earnings)/Payments | (86,349) | (28,694) | (73,426) | (65,134) | 127.0% |
| Balance Available for W2 | \$ 19,460,376 | \$ 5,237,814 | \$ 36,061,470 | \$ (26,780,822) | (611.3)% |
| Zone W5 South County | | | | | |
| Allocated Revenue | | | | | |
| Operating Revenue | \$ 10,241,671 | \$ 10,055,056 | \$ 10,081,859 | \$ 11,532,602 | 14.7% |
| Non-operating Revenue | 2,793,481 | 3,275,530 | 3,308,488 | 2,934,807 | (10.4)% |
| Total Allocated Revenue | \$ 13,035,153 | \$ 13,330,586 | \$ 13,390,347 | \$ 14,467,409 | 8.5% |
| Open Space Credit | 6,896,693 | 6,593,866 | 7,078,737 | 7,528,788 | 14.2% |
| Total Current Resources | \$ 19,931,846 | \$ 19,924,452 | \$ 20,469,084 | \$ 21,996,197 | 10.4% |
| Allocated Costs | | | | | |
| Operations | \$ 11,559,657 | \$ 12,536,933 | \$ 12,868,632 | \$ 13,011,751 | 3.8% |
| Operating Projects | 136,329 | 7,254 | 7,254 | 37,961 | 423.3% |
| Imported Water Purchases | 3,434,331 | 5,361,672 | 5,361,672 | 4,537,593 | (15.4)% |
| Total Allocated Outlays | \$ 15,130,317 | \$ 17,905,860 | \$ 18,237,559 | \$ 17,587,305 | (1.8)% |
| Balance Available for Capital/Reserve | 4,801,528 | 2,018,592 | 2,231,525 | 4,408,892 | 118.4% |
| Interest (earned)/due Utility Reserves | (86,349) | (28,694) | (73,426) | (65,134) | 127.0% |
| Total Capital Amortization | 3,596,250 | 4,785,920 | 4,346,447 | 4,652,071 | (2.8)% |
| Balance Available/(Deficit) for Zone W5 | \$ 1,291,627 | \$ (2,738,634) | \$ (2,041,495) | \$ (178,045) | (93.5)% |
| Total Balance Available/(Deficit) | \$ 20,752,004 | \$ 2,499,180 | \$ 34,019,974 | \$ (26,958,867) | (1,178.7)% |

Financial Overview

South County Capital Amortization

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

Financial Overview

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

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

Financial Overview

Total Outlays - State Water Project Fund

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

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

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DISTRICT GENERAL FUND

Financial Overview

District General Fund Overview

Description

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

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

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

These administrative and strategic services are described below by the organization areas that follow. More detail about these areas is in the division chapter four, page 4-1.

Office of the Chief Executive Officer

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

Office of District Counsel

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

Office of the Clerk of the Board

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

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

Financial Overview

Office of the Chief of External Affairs

The Chief of External Affairs (CEA) reports directly to the Chief Executive Officer and serves as a key member of the executive leadership team and represent the CEO and the District in interactions with employees, the public, and other agencies and organizations. The CEA oversees the strategic planning and integration of external policies and legislation as it relates to the business interests of the District and is responsible for managing the District's relationships with the community, government officials, the media, and other key stakeholders. The Office of the CEA oversees the Civic Engagement, Government Relations, and District Communications.

Office of the Chief Operating Officer of Administrative Services

The Chief Operating Officer of Administrative Services (COOAS) provides executive leadership and direct oversight to District administrative business areas including Human Resources, General Services, Information Technology, and Financial Planning and Management. The COOAS 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

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

Fiscal Status

Intra-district reimbursements (overhead) are the primary source of funding in the General Fund. They are budgeted at \$56.4 million in FY 2017-18, a 13.5% increase from FY 2016-17. The Intra-district

reimbursements rate for FY 2017-18 is 90%. The CEO, District Counsel, Clerk of the Board and District Administration costs funded in the General Fund provide services to Watershed and Water Utility Enterprise operations and capital programs. Generally, the intra-district reimbursements are paid for 60% from Water Utility Enterprise and the remainder from Watershed Funds reflecting the level of services provided to each respective operation.

Property tax revenue is projected at \$7.1 million. The projection reflects an increase of \$0.4 million which is a 6.7% increase from FY 2016-17 adopted budget. The increase in property tax revenues is based on updates received from Santa Clara County that project continued growth in the real estate market. Interest income is projected to be \$80K which is an increase of \$30K from FY 2016-17 adopted budget.

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

- \$0.3 million from the Watershed and Stream Stewardship Fund for Drought Induced Tree Removal
- \$0.2 million from the Water Utility Enterprise Fund for Drought Response

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

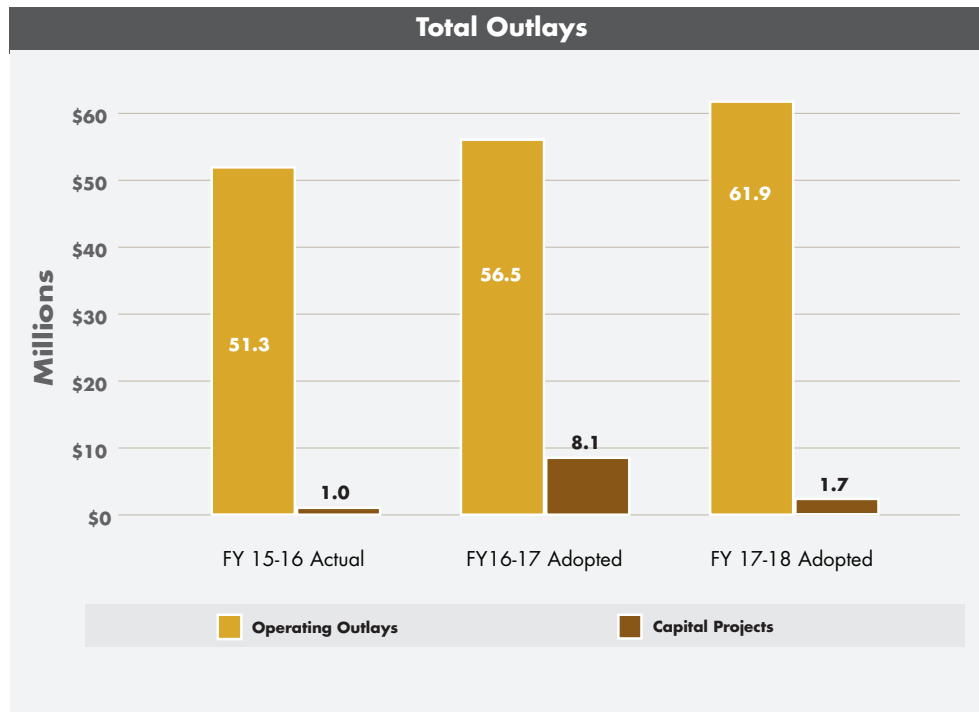
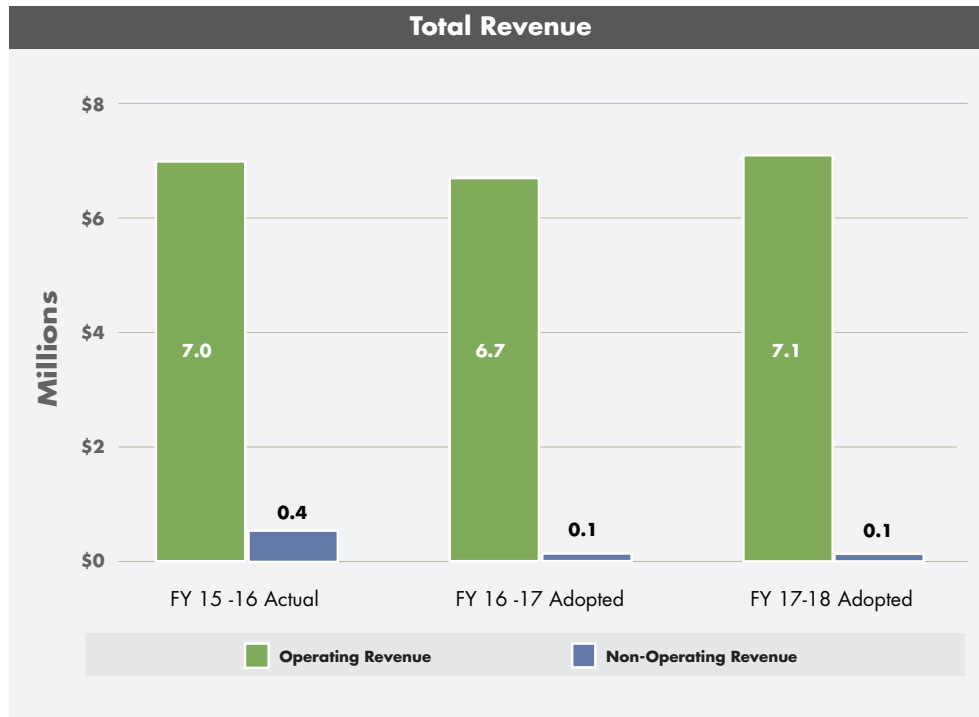
Operating costs for the services provided to Watersheds and Water Utility Enterprise operations total \$61.9 million for FY 2017-18. This is an increase of \$5.4 million which is a 9.5% increase over the FY 2016-17 adopted level. This change is primarily comprised of: costs for six new positions and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

Financial Overview

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

Financial Overview

District General Fund



Financial Overview

District General Fund Summary

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|--|-------------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------|
| | Basis Actual 2015-16 | Budget 2016-17 | Year End 2016-17 | Budget 2017-18 | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Operating Revenue: | | | | | | |
| Property Tax | \$ 6,728,867 | \$ 6,657,750 | \$ 6,915,000 | \$ 7,102,100 | \$ 444,350 | 6.7% |
| Intergovernmental Services | 280,419 | — | — | — | — | ** |
| Total Operating Revenue | \$ 7,009,286 | \$ 6,657,750 | \$ 6,915,000 | \$ 7,102,100 | \$ 444,350 | 6.7% |
| Non-Operating Income: | | | | | | |
| Interest* | \$ 84,305 | \$ 50,000 | \$ 80,000 | \$ 80,000 | \$ 30,000 | 60.0% |
| Other | 283,620 | — | — | — | — | — |
| Total Non-Operating Income | \$ 367,925 | \$ 50,000 | \$ 80,000 | \$ 80,000 | \$ 30,000 | 60.0% |
| Total Revenue | \$ 7,377,211 | \$ 6,707,750 | \$ 6,995,000 | \$ 7,182,100 | \$ 474,350 | 7.1% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 50,344,575 | \$ 55,705,551 | \$ 56,924,287 | \$ 61,360,075 | \$ 5,654,524 | 10.2% |
| Operating Projects | 386,025 | 264,596 | 264,596 | 66,296 | (198,300) | (74.9)% |
| Debt Service | 534,815 | 538,330 | 538,330 | 472,149 | (66,181) | (12.3)% |
| Total Operating Outlays | \$ 51,265,415 | \$ 56,508,477 | \$ 57,727,213 | \$ 61,898,520 | \$ 5,390,043 | 9.5% |
| Less Intra-District Reimbursements | (46,257,335) | (49,735,057) | (49,735,057) | (56,443,682) | (6,708,625) | 13.5% |
| Net Outlays | \$ 5,008,080 | \$ 6,773,420 | \$ 7,992,156 | \$ 5,454,838 | \$ (1,318,582) | (19.5)% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 1,010,695 | \$ 8,116,555 | \$ 2,285,555 | \$ 1,704,374 | \$ (6,412,181) | (79.0)% |
| Carry Forward Capital Projects | — | 8,327,000 | — | — | (8,327,000) | (100.0)% |
| Total Capital Outlays | \$ 1,010,695 | \$ 16,443,555 | \$ 2,285,555 | \$ 1,704,374 | \$ (14,739,181) | (89.6)% |
| Other Financing Sources/(Uses): | | | | | | |
| Transfers In | \$ 2,562,432 | \$ 6,537,554 | \$ 610,554 | \$ 453,446 | \$ (6,084,108) | (93.1)% |
| Transfer Out | (1,618,000) | (1,300,500) | (1,300,500) | (1,626,000) | (325,500) | 25.0% |
| Total Other Sources (Uses) | \$ 944,432 | \$ 5,237,054 | \$ (689,946) | \$ (1,172,554) | \$ (6,409,608) | (122.4)% |
| Balance Available | \$ 2,302,868 | \$ (11,272,171) | \$ (3,972,657) | \$ (1,149,666) | \$ — | — |
| Year-End Reserves: | | | | | | |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 9,117,726 | \$ 5,660,754 | \$ 5,241,069 | \$ 4,091,403 | \$ (1,569,351) | (27.7)% |
| Currently Authorized Projects*** | 1,156,326 | 207,000 | 1,060,326 | 1,060,326 | 853,326 | 412.2% |
| Total Committed Reserves | \$ 10,274,052 | \$ 5,867,754 | \$ 6,301,395 | \$ 5,151,729 | \$ (716,025) | (12.2)% |
| Total Year-End Reserves | \$ 10,274,052 | \$ 5,867,754 | \$ 6,301,395 | \$ 5,151,729 | \$ (716,025) | (12.2)% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

Total Outlays - District General Fund

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------|--------------------------------------|----------------------------------|--------------------------|--------------------------|---|
| Operations | | | | | |
| 60001090 | Unscoped Projects-Budget Only | 0 | 365,000 | 100,000 | Office of the CEO |
| 60001091 | COOAS Unscoped Projects-BdgtOnly | 0 | 300,000 | 100,000 | Office of Chief Administrative Officer |
| 60001092 | CEA Unscoped Project-Budget Only | 0 | 0 | 100,000 | Office of the CEO |
| * 60021008 | Energy Management | 86,700 | 105,426 | 125,051 | Water Utility Technical Support Division |
| ** 60061002 | Contract Auditing Financial | 46,113 | 0 | 0 | Financial Planning and Mgmt Div |
| 60061007 | Drought Emergency Response | 2,562,431 | 610,554 | 199,170 | Office of COO Water Utility |
| * 60061012 | Facilities Env Compliance | 174,317 | 174,629 | 207,799 | Human Resources Division |
| 60061017 | Info Technology Div Admin | 1,020,049 | 825,376 | 709,261 | Information Technology Division |
| 60061018 | General Services Div Admin | 768,757 | 768,904 | 489,049 | General Services Division |
| ** 60061019 | Employee Recognition Program | 74,000 | 66,819 | 0 | Office of the CEO |
| 60061023 | Districtwide Salary Savings-11 | 0 | (1,393,000) | (1,133,539) | Financial Planning and Mgmt Div |
| ** 60061026 | IT Strategic Plan and Analysis | 154,804 | 346,448 | 0 | Information Technology Division |
| ** 60061032 | Internal Communications | 181,502 | 182,138 | 0 | Office of the CEO |
| ** 60061050 | District Financial Control | 1,047,468 | 0 | 0 | Financial Planning and Mgmt Div |
| * 60061053 | Admin Asset Mgmt Program | 269,434 | 333,314 | 364,111 | Water Utility Technical Support Division |
| * 60061055 | AM Systems and Standards | 52,153 | 114,408 | 140,831 | Water Utility Technical Support Division |
| ** 60061056 | District CMMS Administration | 52,441 | 0 | 0 | Water Utility Technical Support Division |
| 60061058 | Drought Induced Tree Removal | 0 | 0 | 274,003 | Watershed Opearions &Maintenance Division |
| * 60071041 | Welding Services | 15,926 | 14,591 | 17,664 | General Services Division |
| 60091001 | Directors Fees / Expenses | 331,924 | 374,110 | 364,196 | Office of Clerk of the Board |
| 60101001 | Purchasing Services | 1,503,426 | 1,617,339 | 1,542,824 | General Services Division |
| 60101002 | Building and Grounds | 3,439,515 | 5,022,046 | 6,204,880 | General Services Division |
| 60101006 | Telecommunications Sys Opr/M | 1,521,548 | 1,848,253 | 1,896,404 | Information Technology Division |
| 60101008 | District Security Services | 969,931 | 1,422,632 | 1,422,765 | Office of COO Watershed |
| 60101011 | Technical Infrastructure Services | 389,161 | 378,456 | 699,601 | Information Technology Division |
| 60101017 | CADD System Tech Support | 70,211 | 82,375 | 104,205 | Water Utility Capital Division |
| ** 60101018 | Local Hazard Mitigation Progrm | 28,414 | 47,640 | 0 | Office of COO Watershed |
| 60111002 | General Accounting Services | 1,121,660 | 1,247,404 | 3,255,980 | Financial Planning and Mgmt Div |
| ** 60111003 | Accounts Payable Services | 796,000 | 994,413 | 0 | Financial Planning and Mgmt Div |
| ** 60111004 | Payroll Services | 551,796 | 565,729 | 0 | Financial Planning and Mgmt Div |
| 60111006 | Contract Services | 777,291 | 865,618 | 1,444,737 | General Services Division |
| * 60121003 | LT Financial Planning & Rate Setting | 0 | 0 | 197,976 | Financial Planning and Mgmt Div |
| 60131004 | Ofc of Chief Admin Officer | 749,016 | 733,647 | 910,774 | Office of Chief Administrative Officer |
| 60131007 | Ofc of Chief Executive Officer | 1,082,267 | 898,904 | 823,915 | Office of the CEO |
| 60131014 | Continual Improvement | 356,621 | 416,709 | 170,694 | Office of the CEO |
| ** 60131015 | CEO Management Audit Program | 306,510 | 298,342 | 0 | Office of the CEO |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------|---------------------------------|----------------------------------|--------------------------|--------------------------|--|
| 60131016 | Office of CEO & Board Support | 184,793 | 599,450 | 1,022,239 | Office of the CEO |
| 60141001 | District Counsel | 2,915,474 | 3,023,491 | 3,234,213 | Office of District Counsel |
| ** 60151001 | Software Development & Support | 599,991 | 880,126 | 0 | Information Technology Division |
| 60161001 | Software Maint & License | 707,714 | 939,525 | 1,073,884 | Information Technology Division |
| ** 60161003 | Internet/Intranet Maintenance | 273,367 | 289,250 | 0 | Information Technology Division |
| 60161004 | Software Services | 0 | 0 | 3,273,449 | Information Technology Division |
| 60171002 | Civic Engagement | 371,537 | 506,447 | 1,261,258 | Office of the CEO |
| 60171009 | Community Relations | 173,202 | 169,690 | 626,370 | Office of the CEO |
| 60181002 | Network Administration | 752,850 | 733,788 | 1,680,145 | Information Technology Division |
| ** 60191001 | Data Center Operations | 612,188 | 609,469 | 0 | Information Technology Division |
| 60201001 | District HVAC Services | 819,973 | 0 | 0 | General Services Division |
| 60201021 | District Space Allocation | 470,061 | 0 | 0 | General Services Division |
| 60221001 | Budget and Financial Analyses | 425,156 | 1,496,978 | 2,114,631 | Financial Planning and Mgmt Div |
| 60221002 | Debt & Treasury Management | 342,738 | 421,158 | 544,404 | Financial Planning and Mgmt Div |
| 60221003 | FPMD Administration | 463,320 | 753,376 | 465,029 | Financial Planning and Mgmt Div |
| ** 60221005 | Fin Forecasting & CIP Analysis | 139,406 | 153,211 | 0 | Financial Planning and Mgmt Div |
| 60221007 | Credit Card Services Fees | 0 | 75,000 | 75,000 | Financial Planning and Mgmt Div |
| 60231002 | Communications | 951,107 | 1,107,204 | 1,473,940 | Office of the CEO |
| 60231003 | Federal Government Relations | 1,361,892 | 675,502 | 884,125 | Office of the CEO |
| 60231004 | State Government Relations | 752,896 | 816,439 | 911,078 | Office of the CEO |
| 60231005 | Local Government Relations | 0 | 929,919 | 1,207,501 | Office of the CEO |
| 60231006 | Chief of External Affairs | 0 | 0 | 577,466 | Office of the CEO |
| 60241026 | Quality and Env Mgmt Sys Prog | 516,490 | 583,106 | 739,230 | Office of the CEO |
| ** 60271007 | Payroll & Financial Sys Maint | 390,429 | 392,220 | 0 | Financial Planning and Mgmt Div |
| ** 60271010 | GIS Maintenance & Support | 654,957 | 573,565 | 0 | Information Technology Division |
| ** 60271011 | Computerized Maint Mgmt Syst | 405,261 | 473,305 | 0 | Information Technology Division |
| ** 60271060 | ERP System Maint & Support | 224,379 | 448,592 | 0 | Information Technology Division |
| 60271062 | Information Security Admin | 186,822 | 286,241 | 440,179 | Information Technology Division |
| 60271064 | Office Cmptr Maint/Help Dsk Sup | 1,072,879 | 1,347,185 | 1,222,395 | Information Technology Division |
| ** 60281001 | EEO Mandatory Training | 85,665 | 95,037 | 0 | Human Resources Division |
| 60281003 | Ethics & EEO Programs | 221,602 | 282,185 | 616,520 | Human Resources Division |
| 60281004 | Diversity & Inclusion Program | 298,244 | 347,665 | 1,284,328 | Office of Chief Administrative Officer |
| 60281006 | Reasonable Accommodation | 101,280 | 0 | 228,648 | Human Resources Division |
| 60291001 | Recruitment and Examination | 1,167,265 | 1,434,649 | 1,615,957 | Human Resources Division |
| 60291002 | Benefits and Wellness Admin | 727,086 | 1,023,538 | 1,079,985 | Human Resources Division |
| 60291003 | Labor Relations | 486,923 | 575,264 | 775,832 | Office of the CEO |
| 60291004 | Talent Management Program | 1,199,145 | 1,239,584 | 1,576,792 | Human Resources Division |
| 60291005 | Classification&CompensationPgm | 234,890 | 504,693 | 321,594 | Human Resources Division |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--------------------------------------|----------------------------------|--------------------------|--------------------------|--|
| ** 60291007 | Deferred Compensation Committe | 114,152 | 65,465 | 0 | Human Resources Division |
| 60291011 | HR Program Admin | 728,174 | 1,026,527 | 733,464 | Human Resources Division |
| ** 60291016 | Ethics | 212,902 | 249,251 | 0 | Human Resources Division |
| ** 60291017 | Meet and Confer | 295,108 | 160,920 | 0 | Office of the CEO |
| ** 60291018 | Compensation Program | 97,803 | 0 | 0 | Human Resources Division |
| 60291032 | Bargaining Unit Representation | 78,601 | 137,411 | 355,262 | Office of the CEO |
| 60291038 | GF Training & Development | 763,689 | 1,046,102 | 634,674 | Office of Chief Administrative Officer |
| ** 60291039 | Professional & Assn Membrships | 312,993 | 393,786 | 0 | Financial Planning and Mgmt Div |
| 60291040 | Rotation Program | 640,297 | 877,678 | 723,228 | Human Resources Division |
| 60291041 | Internship Program | 245,059 | 540,123 | 713,450 | Human Resources Division |
| 60291042 | Skilled Trades Internship Prgm | 52,927 | 0 | 142,562 | Human Resources Division |
| 60301001 | Clerk of the Board Serv | 1,154,510 | 2,380,568 | 1,959,429 | Office of Clerk of the Board |
| ** 60301003 | Board Committees | 331,227 | 269,638 | 0 | Office of Clerk of the Board |
| 60311001 | Records & Library Services | 399,262 | 471,228 | 1,163,860 | Information Technology Division |
| ** 60311002 | Request for Public Records | 192,995 | 205,290 | 0 | Information Technology Division |
| ** 60321001 | Word Processing Services | 252,727 | 0 | 0 | General Services Division |
| ** 60331001 | Research / Library Services | 281,104 | 247,785 | 0 | Information Technology Division |
| 60341001 | Mail Services | 725,214 | 0 | 0 | General Services Division |
| 60351001 | Business & Customer SupportSvc | 1,296,638 | 3,024,016 | 3,261,426 | General Services Division |
| ** 60361001 | Forms Management | 245,780 | 0 | 0 | General Services Division |
| ** 60361002 | Graphics Services | 251,228 | 358,515 | 0 | Office of the CEO |
| 60361004 | Reception Svcs-EOC Preprdnss | 356,015 | 0 | 0 | General Services Division |
| ** 60411002 | GF Safety Training & Admin | 210,948 | 225,215 | 0 | Human Resources Division |
| * 60811046 | Warehouse Services | 312,854 | 610,957 | 614,180 | General Services Division |
| Total Operations | | 50,344,575 | 55,705,551 | 61,360,075 | |
| Operating | | | | | |
| 60042001 | Pacheco Res Prop 1 Application Study | 0 | 0 | 66,296 | Water Supply Division |
| ** 60272001 | IS Consolidation & Integration | 317,914 | 220,992 | 0 | Information Technology Division |
| ** 60312001 | Microfiche Conversion | 68,111 | 43,604 | 0 | Information Technology Division |
| Total Operating | | 386,025 | 264,596 | 66,296 | |
| Debts | | | | | |
| ** 60993005 | 2004A COP General Fund | 534,815 | 538,330 | 0 | Financial Planning and Mgmt Div |
| 60993009 | 2017A COP Refunding GF | 0 | 0 | 472,149 | Financial Planning and Mgmt Div |
| Total Debts | | 534,815 | 538,330 | 472,149 | |
| Capital | | | | | |
| 60064023 | Districtwide Salary Savings | 0 | (80,000) | (72,746) | Financial Planning and Mgmt Div |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Total Outlays - District General Fund (Continued)

| | Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|----------------------|----------|--------------------------------|----------------------------------|--------------------------|--------------------------|--|
| ** | 60074030 | WU Capital Training & Dvlpmnt | 3,988 | 15,097 | 0 | Water Utility Capital Division |
| * | 60074033 | CIP Development & Admin | 8,179 | 15,473 | 12,999 | Water Utility Capital Division |
| * | 60074036 | Survey Mgmt & Tech Support | 3,739 | 6,651 | 5,922 | Watershed Design & Construction Division |
| * | 60074038 | Capital Progrm Srvc Admin | 19,734 | 78,538 | 67,945 | Water Utility Capital Division |
| ** | 60074045 | Technical Review Committee | 3,693 | 3,684 | 0 | Water Utility Capital Division |
| ** | 60074046 | WU Captl Health & Safety Trng | 833 | 3,763 | 0 | Water Utility Capital Division |
| ** | 60074051 | WS Capital Training & Dvlpmnt | 3,587 | 17,403 | 0 | Office of COO Watershed |
| ** | 60074052 | WS Capital Program Srvc Admin | 19,718 | 66,068 | 0 | Office of COO Watershed |
| ** | 60074053 | WS Capital Hlth & Safety Trng | 296 | 878 | 0 | Office of COO Watershed |
| | 60204016 | Almaden&Winfield-Sm Cap Improv | 492,727 | 2,062,000 | 1,690,255 | General Services Division |
| | 60204021 | Winfield Capital Improvements | 450,364 | 5,927,000 | 0 | Water Utility Capital Division |
| | 60204032 | Headquarters Operations Bldg | 3,837 | 0 | 0 | Water Utility Capital Division |
| Total Capital | | | 1,010,695 | 8,116,555 | 1,704,374 | |
| Total | | | 52,276,110 | 64,625,032 | 63,602,894 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

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Financial Overview

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SERVICE FUNDS

Financial Overview

Service Funds Overview

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

Fleet Management Fund

The Fleet Management Fund was established to capture the operations, maintenance and replacement costs of District-owned vehicles and equipment such as: sedans, vans, pickup trucks and field equipment (Class I); heavy duty trucks and trailers (Class II); heavy construction equipment (Class III); and, portable equipment including large pumps, electrical panels, hose and fittings, air compressors, chain saws, weed whackers, generators, etc. (Class IV). Reimbursement charges for FY 2017-18 total \$4.9 million. The reimbursement rate is 5.7% for FY 2017-18.

Key Highlights

The following are key highlights for the upcoming fiscal year:

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

Risk Insurance Fund

This fund was established to provide for liability, property, Workers' Compensation insurance and self-insurance costs. Included in this fund are various health and safety programs designed to ensure the safety and well-being of employees, a reserve for catastrophic uninsured property loss, and self-insurance reserves for both known and unreported Workers Compensation and liability claims set at levels prescribed by actuarial studies. Currently, loss prevention efforts are being integrated with other performance-based objectives such as quality and cost-control to ensure that health and safety activities are integrated into the day-to-day operations of District business. The District supports the philosophy that all accidents and injuries are preventable through establishment of and compliance with safe work procedures and best management practices for our industry. Reimbursement charges for FY 2017-18 total \$7.8 million with a reimbursement rate of 9.6%.

Key Highlights

The following are key highlights for the upcoming fiscal year:

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

Information Technology Fund

The Information Technology Fund accounts for the costs to acquire, install and replace capital related information technology projects with District-wide benefit. Projects include acquisition and replacement of

Financial Overview

computers, networks, and communications systems as well as major investments in enterprise software systems. Intra-District charges for this fund are set to smooth charges over time by recovering current costs and accumulating reserves for major planned future projects. Current year charges or a combination of current year charges and reserves may be used to fund authorized projects. For FY 2017-18, \$12.2 million will be recovered through Intra-District charges. The reimbursement rate is 15.0%.

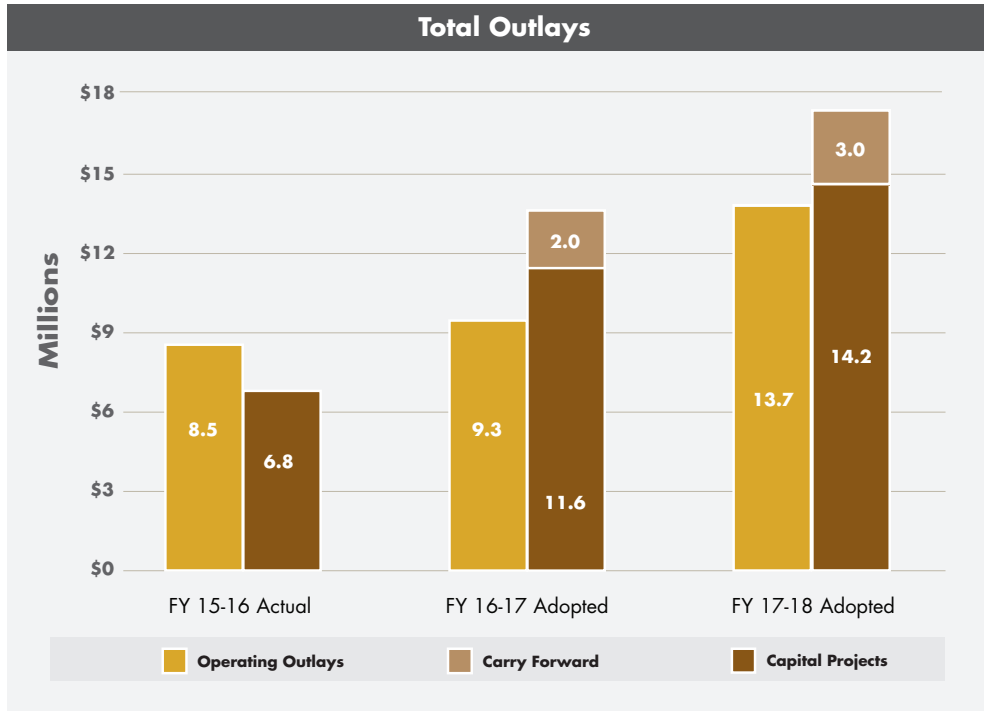
Key Highlights

The following are key highlights for the upcoming fiscal year:

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

Financial Overview

Service Funds Combined



Financial Overview

Service Funds Combined Fund Summary

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | | |
|---|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|---------------|--|
| | | | | | \$ Diff | % Diff | |
| Revenue Sources: | | | | | | | |
| Non-Operating Income: | | | | | | | |
| Interest* | \$ 184,882 | \$ 130,000 | \$ 164,000 | \$ 147,000 | \$ 17,000 | 13.1% | |
| Other | 52,622 | 100,000 | 102,000 | 102,000 | 2,000 | 2.0% | |
| Total Revenue | \$ 237,504 | \$ 230,000 | \$ 266,000 | \$ 249,000 | \$ 19,000 | 8.3% | |
| Operating Outlays: | | | | | | | |
| Operations** | \$ 8,514,845 | \$ 9,273,820 | \$ 9,273,820 | \$ 11,330,274 | \$ 2,056,454 | 22.2% | |
| Operating project | 6,635 | — | — | 2,350,000 | 2,350,000 | ** | |
| Total Operating Outlays | \$ 8,521,480 | \$ 9,273,820 | \$ 9,273,820 | \$ 13,680,274 | \$ 4,406,454 | 47.5% | |
| Capital Outlays | | | | | | | |
| Capital Projects | \$ 6,823,218 | \$ 11,577,921 | \$ 13,097,534 | \$ 14,216,757 | \$ 2,638,836 | 22.8% | |
| Carried Forward Capital Projects | — | 1,983,000 | — | 3,025,000 | 1,042,000 | 52.5% | |
| Total Capital Outlays | \$ 6,823,218 | \$ 13,560,921 | \$ 13,097,534 | \$ 17,241,757 | \$ 3,680,836 | 27.1% | |
| Less Intra-District Reimbursements | (16,973,621) | (18,289,772) | (18,289,775) | (24,998,415) | (6,708,643) | 36.7% | |
| Other Financing Sources (Uses) : | | | | | | | |
| Balance Available | \$ 1,866,427 | \$ (4,314,969) | \$ (3,815,579) | \$ (5,674,616) | \$ — | — | |
| Year-End Reserves: | | | | | | | |
| Committed Reserves | | | | | | | |
| Operating & Capital Reserve | \$ 5,267,898 | \$ 2,002,295 | \$ 3,919,591 | \$ 1,971,351 | \$ (30,944) | (1.5)% | |
| Currently Authorized Projects*** | 4,560,561 | — | 3,025,000 | — | — | ** | |
| Liability/Workers' Comp Self Insurance | 6,500,000 | 6,500,000 | 4,914,000 | 5,666,000 | (834,000) | (12.8)% | |
| Property Self Insurance/ Catastrophic | 6,864,991 | 6,149,531 | 7,519,280 | 6,065,904 | (83,627) | (1.4)% | |
| Total Committed Reserves | \$ 23,193,450 | \$ 14,651,826 | \$ 19,377,871 | \$ 13,703,255 | \$ (948,571) | (6.5)% | |
| Total Year-End Reserves | \$ 23,193,450 | \$ 14,651,826 | \$ 19,377,871 | \$ 13,703,255 | \$ (948,571) | (6.5)% | |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | | |

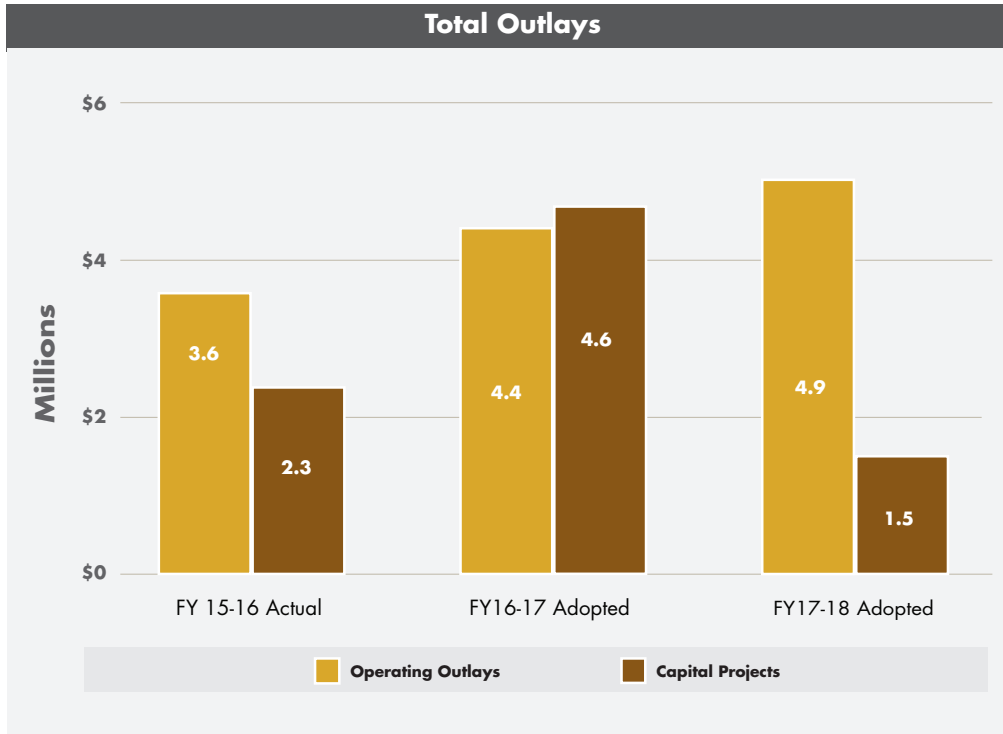
(*) Interest revenue does not include GASB31 market valuation adjustment

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

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

Financial Overview

Fleet Management Fund



Financial Overview

Fleet Management Fund Summary

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Non-Operating Income: | | | | | | |
| Interest* | \$ 38,952 | \$ 20,000 | \$ 36,000 | \$ 36,000 | \$ 16,000 | 80.0% |
| Other | 43,105 | 100,000 | 102,000 | 102,000 | 2,000 | 2.0% |
| Total Revenue | \$ 82,057 | \$ 120,000 | \$ 138,000 | \$ 138,000 | \$ 18,000 | 15.0% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 3,580,590 | \$ 4,389,952 | \$ 4,389,952 | \$ 4,933,602 | \$ 543,650 | 12.4% |
| Operating Projects | 6,635 | — | — | — | — | — |
| Total Operating Outlays | \$ 3,587,225 | \$ 4,389,952 | \$ 4,389,952 | \$ 4,933,602 | \$ 543,650 | 12.4% |
| Capital Outlays | | | | | | |
| Capital Projects | \$ 2,344,019 | \$ 4,640,679 | \$ 4,640,679 | \$ 1,545,000 | \$ (3,095,679) | (66.7)% |
| Carried Forward Capital Projects | — | — | — | — | — | — |
| Total Capital Outlays | \$ 2,344,019 | \$ 4,640,679 | \$ 4,640,679 | \$ 1,545,000 | \$ (3,095,679) | (66.7)% |
| Less Intra-District Reimbursements | (6,471,122) | (7,353,701) | (7,353,704) | (4,929,990) | 2,423,711 | (33.0)% |
| Balance Available | \$ 621,935 | \$ (1,556,930) | \$ (1,538,927) | \$ (1,410,612) | \$ — | — |
| Year-End Reserves | | | | | | |
| Committed Reserves | | | | | | |
| Operating & Capital Reserve | \$ 3,187,645 | \$ 574,304 | \$ 2,280,213 | \$ 869,601 | \$ 295,297 | 51.4% |
| Currently Authorized Projects*** | 631,495 | — | — | — | — | — |
| Total Year-End Reserves | \$ 3,819,140 | \$ 574,304 | \$ 2,280,213 | \$ 869,601 | \$ 295,297 | 51.4% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

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

Financial Overview

Total Outlays - Fleet Management Fund

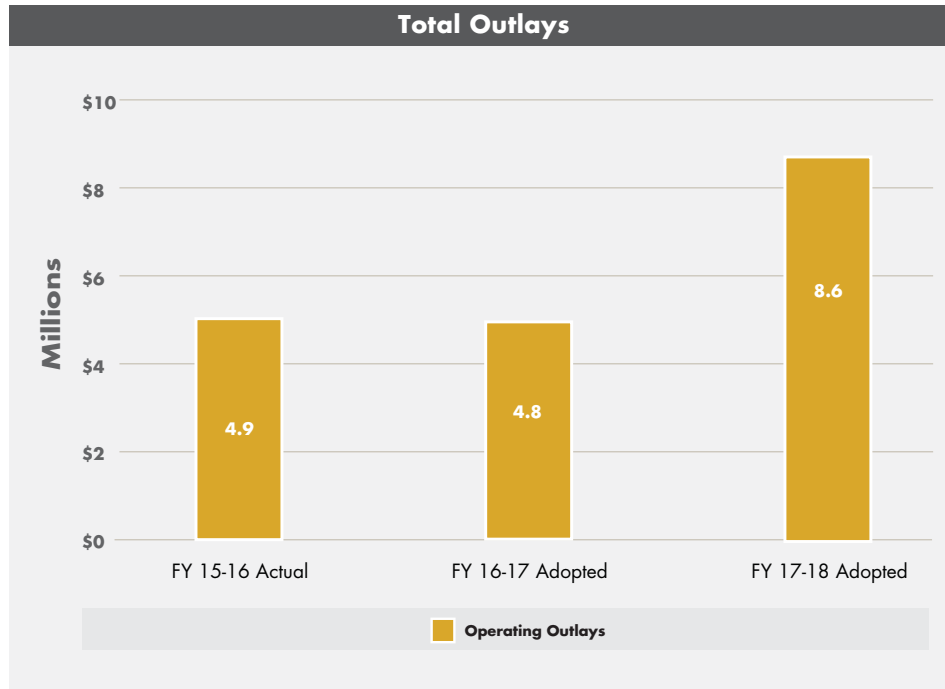
| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By | |
|-------------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|---------------------------|--|
| Operations | | | | | | |
| 70011099 | Class I Equip Oper / Maint | 578,797 | 963,797 | 866,844 | General Services Division | |
| 70021099 | Class II Equip Oper / Maint | 725,125 | 735,910 | 857,289 | General Services Division | |
| 70031099 | Class III Equip Oper / Maint | 289,264 | 369,946 | 389,359 | General Services Division | |
| 70041099 | Class IV Equip Oper / Maint | 871,022 | 961,499 | 1,157,700 | General Services Division | |
| 70061003 | Vehicle & Equipment Admin&Mgmt | 924,378 | 1,143,149 | 1,418,357 | General Services Division | |
| ** | 70061045 | AM Systems and Standards | 18,746 | 38,137 | 46,944 | Raw Water Operations and Mgmt Division |
| ** | 70061046 | District CMMS Administration | 16,121 | 0 | 0 | Raw Water Operations and Mgmt Division |
| * | 70061053 | Admin Asset Mgmt Program | 89,812 | 111,107 | 121,370 | Raw Water Operations and Mgmt Division |
| * | 70071041 | Welding Services | 47,775 | 43,778 | 52,992 | General Services Division |
| * | 70811046 | Warehouse Services | 19,550 | 22,629 | 22,747 | General Services Division |
| Total Operations | | 3,580,590 | 4,389,952 | 4,933,602 | | |
| Operating | | | | | | |
| 70062002 | Replace Fuel Management System | 6,635 | 0 | 0 | General Services Division | |
| Total Operating | | 6,635 | 0 | 0 | | |
| Capital | | | | | | |
| 70004001 | New Vehicle Equip Acquisitio | 189,681 | 688,831 | 0 | General Services Division | |
| 70004002 | Replacement Vehicle & Equip | 2,154,338 | 3,951,848 | 1,545,000 | General Services Division | |
| Total Capital | | 2,344,019 | 4,640,679 | 1,545,000 | | |
| Total | | 5,931,244 | 9,030,631 | 6,478,602 | | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Risk Insurance Fund



Financial Overview

Risk Insurance Fund Summary

| | Budgetary | Adopted | Projected | Adopted | Change from | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------|
| | Basis Actual | Budget | Year End | Budget | 2016-17 Adopted | |
| | 2015-16 | 2016-17 | 2016-17 | 2017-18 | \$ Diff | % Diff |
| Revenue Sources: | | | | | | |
| Non-Operating Income: | | | | | | |
| Interest* | \$ 100,049 | \$ 80,000 | \$ 80,000 | \$ 81,000 | \$ 1,000 | 1.3% |
| Other | 9,517 | — | — | — | — | — |
| Total Revenue | \$ 109,566 | \$ 80,000 | \$ 80,000 | \$ 81,000 | \$ 1,000 | 1.3% |
| Operating Outlays: | | | | | | |
| Operations** | \$ 4,869,660 | \$ 4,783,868 | \$ 4,783,868 | \$ 6,275,176 | \$ 1,491,308 | 31.2% |
| Operating Project | — | — | — | 2,350,000 | 2,350,000 | ** |
| Total Operating Outlays | \$ 4,869,660 | \$ 4,783,868 | \$ 4,783,868 | \$ 8,625,176 | \$ 3,841,308 | 80.3% |
| Less Intra-District Reimbursements | (4,780,130) | (3,772,157) | (3,772,157) | (7,842,800) | (4,070,643) | 107.9% |
| Balance Available | \$ 20,036 | \$ (931,711) | \$ (931,711) | \$ (701,376) | \$ — | — |
| Year-End Reserves: | | | | | | |
| Committed Reserves | | | | | | |
| Liability/Workers' Compensation | \$ 6,500,000 | \$ 6,500,000 | \$ 4,914,000 | \$ 5,666,000 | \$ (834,000) | (12.8)% |
| Property Self Insure/Catastrophic | 6,864,991 | 6,149,531 | 7,519,280 | 6,065,904 | (83,627) | (1.4)% |
| Total Year-End Reserves | \$ 13,364,991 | \$ 12,649,531 | \$ 12,433,280 | \$ 11,731,904 | \$ (917,627) | (7.3)% |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | |

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

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

Financial Overview

Total Outlays - Risk Insurance Fund

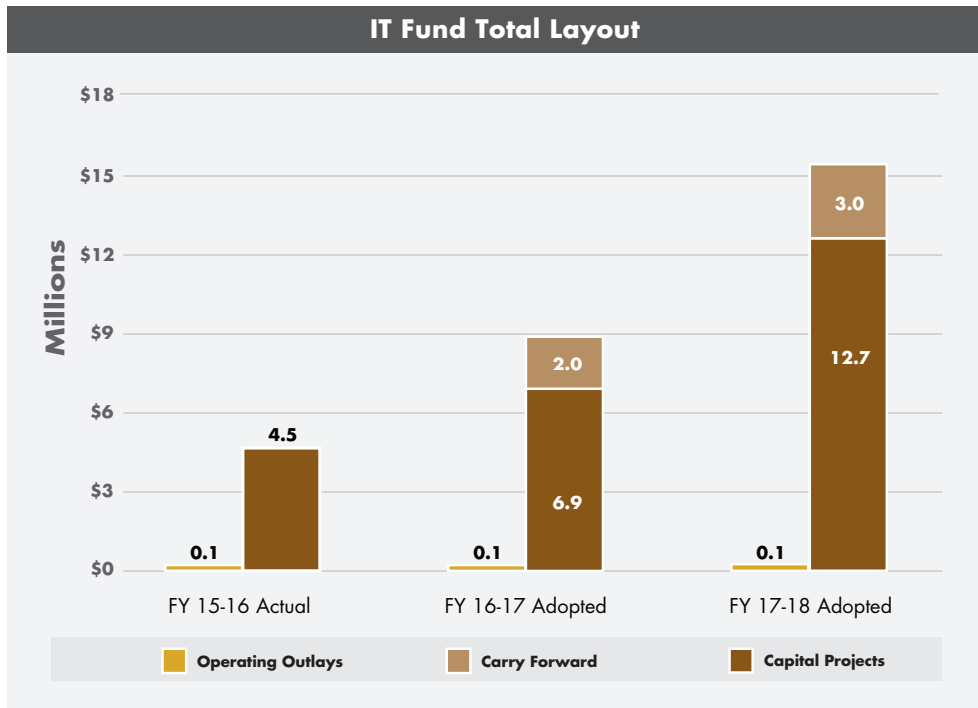
| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|------------------------------|----------------------------------|--------------------------|--------------------------|----------------------------|
| Operations | | | | | |
| 65051001 | Risk Management | 1,644,063 | 1,732,014 | 2,351,239 | Office of District Counsel |
| 65051002 | Workers Compensation Program | 921,539 | 826,894 | 821,495 | Office of District Counsel |
| 65051003 | Health&Safety Program Mgt | 974,125 | 1,122,422 | 3,102,442 | Human Resources Division |
| ** 65051004 | Risk Management Program Admi | 529,184 | 463,190 | 0 | Office of District Counsel |
| ** 65051005 | Safety Committee | 66,979 | 0 | 0 | Human Resources Division |
| ** 65051008 | Employee Wellness Program | 167,987 | 0 | 0 | Human Resources Division |
| ** 65051009 | District Ergonomics Program | 177,403 | 222,326 | 0 | Human Resources Division |
| ** 65051011 | Industrial Hygiene Program | 388,380 | 417,022 | 0 | Human Resources Division |
| Total Operations | | 4,869,660 | 4,783,868 | 6,275,176 | |
| Operating | | | | | |
| 65052001 | President Day Flood | 0 | 0 | 2,350,000 | Office of District Counsel |
| Total Operating | | 0 | 0 | 2,350,000 | |
| Total | | 4,869,660 | 4,783,868 | 8,625,176 | |

* Recipient projects

** Closed, combined or no current year funding

Financial Overview

Information Technology Fund



Financial Overview

Information Technology Fund Summary

| | Budgetary Basis Actual 2015-16 | Adopted Budget 2016-17 | Projected Year End 2016-17 | Adopted Budget 2017-18 | Change from 2016-17 Adopted | | |
|------------------------------------|--------------------------------------|------------------------------|----------------------------------|------------------------------|--------------------------------|----------------|--|
| | | | | | \$ Diff | % Diff | |
| Revenue Sources: | | | | | | | |
| Non-Operating Income: | | | | | | | |
| Interest* | \$ 45,881 | \$ 30,000 | \$ 48,000 | \$ 30,000 | \$ — | — | |
| Other | — | — | — | — | — | — | |
| Total Revenue | \$ 45,881 | \$ 30,000 | \$ 48,000 | \$ 30,000 | \$ — | — | |
| Operating Outlays: | | | | | | | |
| Operations** | \$ 64,595 | \$ 100,000 | \$ 100,000 | \$ 121,496 | \$ 21,496 | 21.5% | |
| Total Operating Outlays | \$ 64,595 | \$ 100,000 | \$ 100,000 | \$ 121,496 | \$ 21,496 | 21.5% | |
| Capital Outlays | | | | | | | |
| Capital Projects | \$ 4,479,199 | \$ 6,937,242 | \$ 8,456,855 | \$ 12,671,757 | \$ 5,734,515 | 82.7% | |
| Carried Forward Capital Projects | — | 1,983,000 | — | 3,025,000 | 1,042,000 | 52.5% | |
| Total Capital Outlays | \$ 4,479,199 | \$ 8,920,242 | \$ 8,456,855 | \$ 15,696,757 | \$ 6,776,515 | 76.0% | |
| Less Intra-District Reimbursements | (5,722,369) | (7,163,914) | (7,163,914) | (12,225,625) | (5,061,711) | 70.7% | |
| Balance Available | \$ 1,224,456 | \$ (1,826,328) | \$ (1,344,941) | \$ (3,562,628) | \$ — | — | |
| Year-End Reserves: | | | | | | | |
| Committed Reserves | | | | | | | |
| Operating & Capital Reserve | \$ 2,080,253 | \$ 1,427,991 | \$ 1,639,378 | \$ 1,101,750 | \$ (326,241) | (22.8)% | |
| Currently Authorized Projects*** | 3,929,066 | — | 3,025,000 | — | — | — | |
| Total Year-End Reserves | \$ 6,009,319 | \$ 1,427,991 | \$ 4,664,378 | \$ 1,101,750 | \$ (326,241) | (22.8)% | |
| Uncommitted Funds | | | \$ 0 | \$ 0 | | | |

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

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

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

Financial Overview

Total Outlays - Information Technology Fund

| Job # | Job Description | Budgetary Basis Actual 2015-2016 | Adopted Budget 2016-2017 | Adopted Budget 2017-2018 | Job Managed By |
|-------------------------|--------------------------------|----------------------------------|--------------------------|--------------------------|---------------------------------|
| Operations | | | | | |
| 73271007 | Emerging IT Technologies | 64,595 | 100,000 | 121,496 | Information Technology Division |
| Total Operations | | 64,595 | 100,000 | 121,496 | |
| Capital | | | | | |
| 73274001 | IT Disaster Recovery | 23,585 | 1,392,953 | 440,947 | Information Technology Division |
| 73274002 | ERP PeopleSoft Upgrade | 1,444,003 | 2,415,000 | 7,319,644 | Information Technology Division |
| 73274004 | Network Equipment | 1,000,484 | 1,495,815 | 1,690,975 | Information Technology Division |
| 73274006 | Office Computers Replace Equip | 1,289,443 | 1,299,755 | 967,980 | Information Technology Division |
| 73274008 | Software Upgrades & Enhancemen | 701,053 | 9,000 | 610,672 | Information Technology Division |
| 73274009 | Data Consolidation | 20,631 | 324,719 | 278,996 | Information Technology Division |
| 73274010 | Boardroom Technology Upgrade | 0 | 0 | 817,554 | Information Technology Division |
| 73274011 | E-Discovery Management System | 0 | 0 | 544,990 | Information Technology Division |
| Total Capital | | 4,479,199 | 6,937,242 | 12,671,757 | |
| Total | | 4,543,794 | 7,037,242 | 12,793,253 | |

* Recipient projects

** Closed, combined or no current year funding



Division Summaries

FY 2017-18

Operating and Capital Budget

Division Summaries

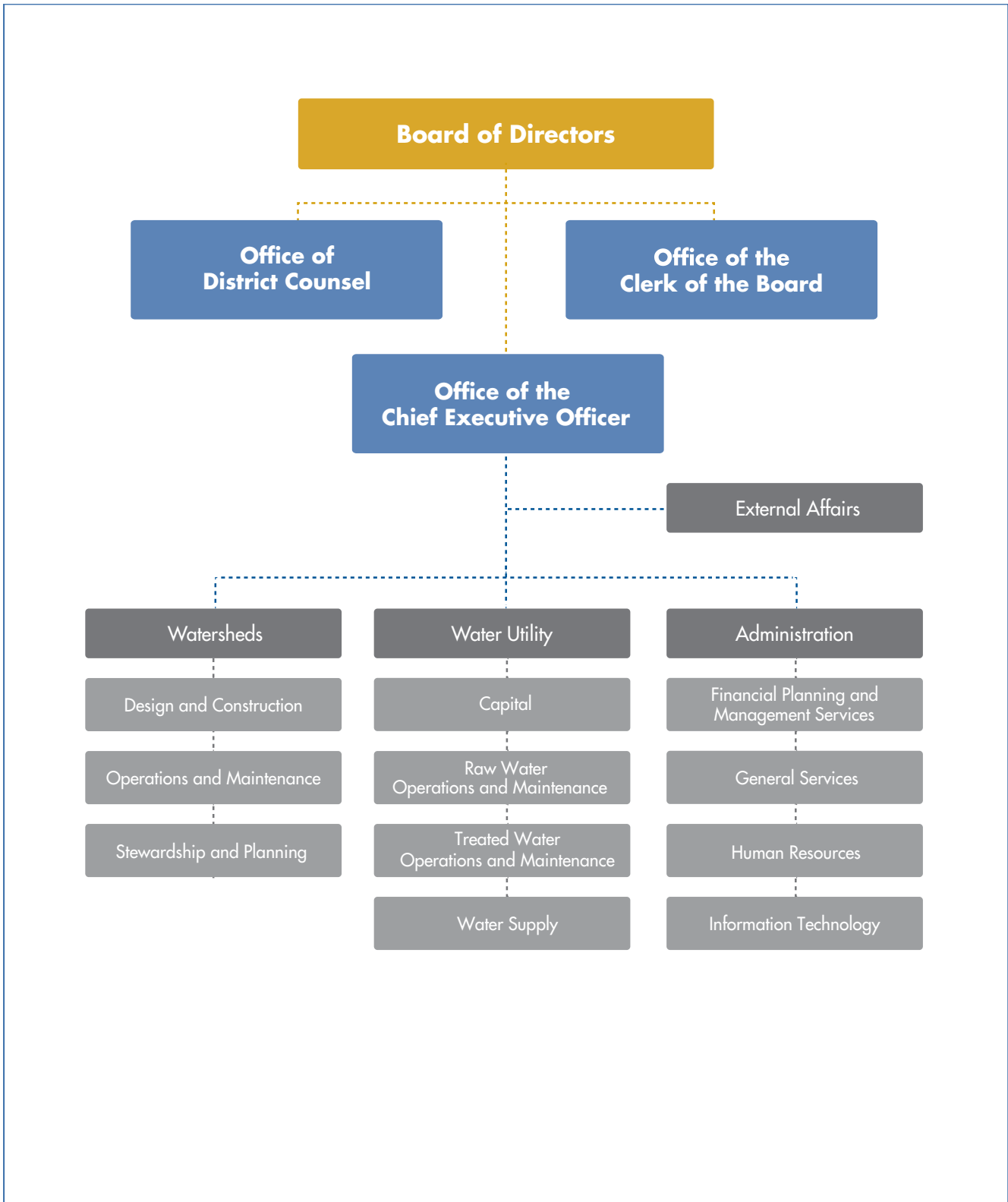
Table of Contents

Chapter 4 - Division Summary

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| District Organizational Chart | 4-2 |
| Board Appointed Officers | 4-4 |
| Office of Chief of External Affairs | 4-17 |
| Watersheds | 4-23 |
| Water Utility | 4-49 |
| Administrative Services | 4-82 |

Division Summaries

District Organizational Chart



Division Summaries

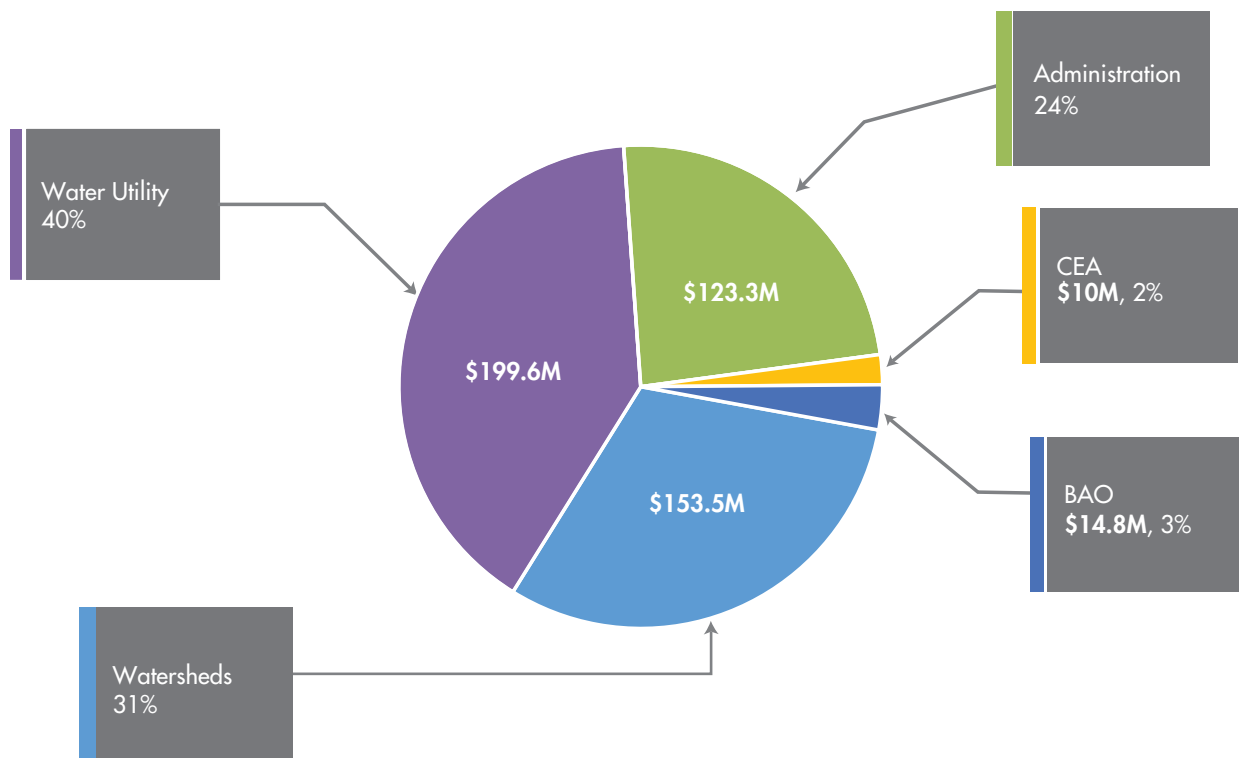
Description

The Santa Clara Valley Water District utilizes a project-based budget to accurately appropriate budget to the various funds to capture expenditures. The project-based budget is presented in the Fund Summary and by Ends and Outcomes in chapters 3 and 5.

The Division Summary chapter is another way of looking at the District's budget. This chapter represents a functional view of the District displaying all expenses that are charged by the organizational area, division, and department. Each division section contains the following:

- An organization chart to help readers understanding the hierarchy
- An overview of the services they provide, their objectives, accomplishments, and milestones.
- Financial table that displays expenses by project type includes "Operations, Operating Project and Capital Project", by department and by Account Category. The table also includes authorized position count for three fiscal years.

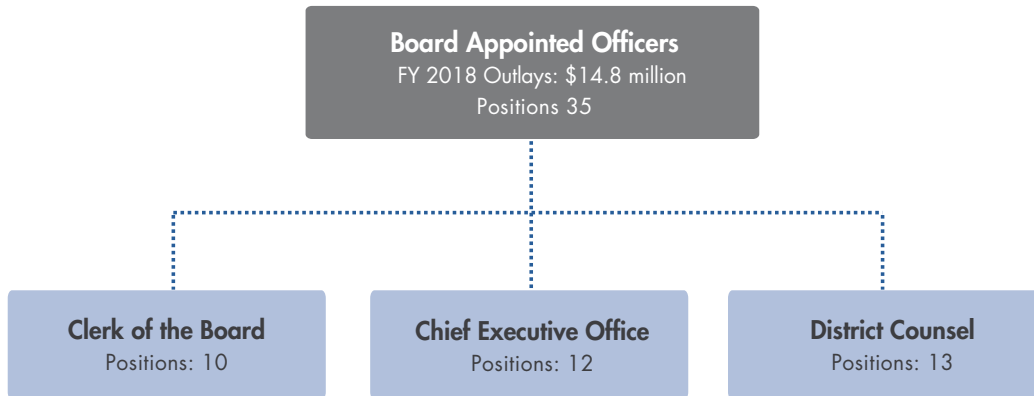
FY17-18 Budget Summary by Org Area, \$501.2 Million



The FY17-18 budget \$501.2 Million does not include capital budget estimated to be carried forward from prior year.

Division Summaries

Board Appointed Officers

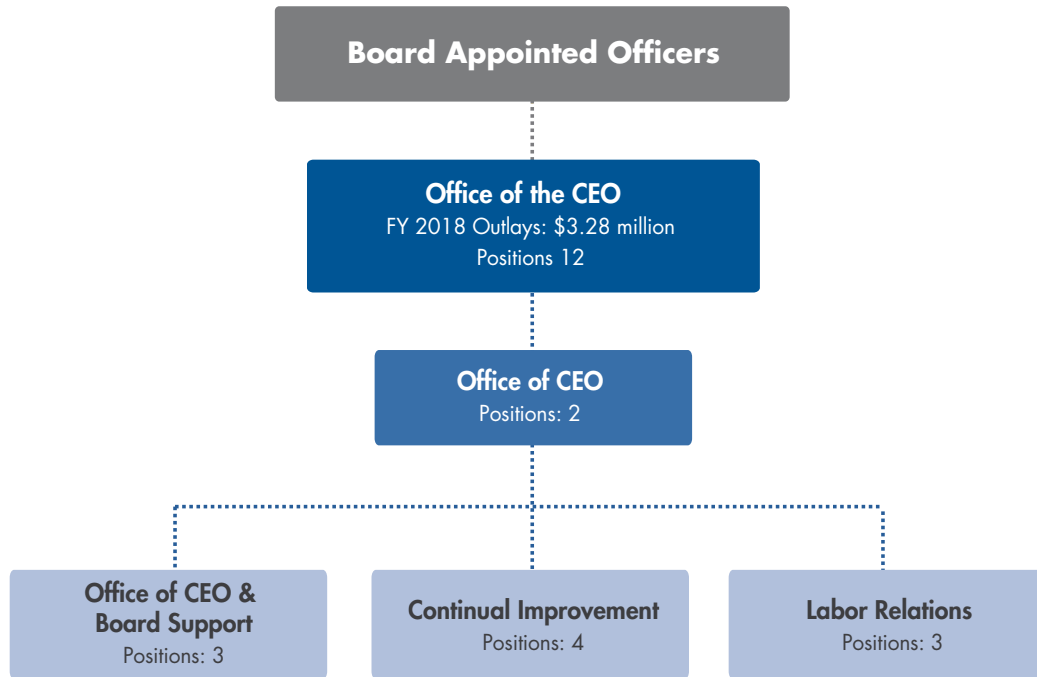


Description

Board Appointed Officers (BAO) support the mission of the Santa Clara Valley Water District, to provide Silicon Valley safe, clean water for a healthy life, environment, and economy through essential core services for the District, and include the Chief Executive Office, the District Counsel and the Clerk of the Board. The BAO provide executive leadership of the District; support to the Board of Directors and ensure that the District efficiently implement the Board's Ends policies in conformance with Executive Limitations policies; high quality trustworthy and responsive legal counsel to the Santa Clara Valley Water District in a manner that creatively assists in accomplishing the District'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 Description and Objectives

The Office of the Chief Executive Officer (CEO) provides strategic direction and oversight to lead the District in implementing its mission and achieving its vision; fosters cooperative and collaborative working relationships with other government agencies, retailers, stakeholders, and the community; supports to the Board of Directors to ensure that the District meets the Board’s Ends policies and complies with Boards’ Executive Limitations Policies in a transparent, cost-effective, and efficient manner.

Office of CEO & Board Support (OCBS)

The primary role of OCBS is to provide management and support for the Chief Executive Officer and the Board. Specifically, the OCBS oversees the Audit Program, Labor Relations, the District’s Quality and Environmental Management System, CEO-Board communications, CEO performance management, Board’s Homeless and Encampment Ad Hoc Committee and special projects as directed by the CEO.

Division Summaries

Continual Improvement

Continual Improvement provides planning, support, and implementation of the CEO's priorities and initiatives, which include Board communication, Board policy governance, Board performance, performance management, and strategic and tactical support to the CEO and Board. Continual Improvement also maintains and continually improves the District's management system in accordance with executive management direction, District requirements, and ISO requirements.

Labor Relations

Labor Relations promotes a proactive, and positive labor relations program, in compliance with legal mandates, negotiated agreements, and constructive management principles. Labor Relations represents District management in all matters involving labor relations. Labor Relations negotiates, interprets, applies, and enforces contracts and regulations and acts as a resource in the areas of administrative policies and procedures.

FY 2017 Accomplishments

During FY 2017, the Office of the CEO completed the following activities:

- Provided executive leadership to the District and support to the Board of Directors to ensure that the District meets the Board's Ends policies and complies with Boards' Executive Limitations Policies in a transparent, cost-effective, and efficient manner
- Managed the Safe, Clean Water & Natural Flood Protection Program Performance Audit and on-target to provide the final draft audit report to the Board Audit Committee and the Board by the end of FY 2017
- Hired an independent auditor to conduct a Board-requested audit of Agreement A3277G on the Lower Silver Creek Flood Protection Project
- On-target to hire an on-call independent auditor to conduct audits for the Board Audit Committee by the end of FY 2017
- Implemented the District's Quality and Environmental Management System (QEMS)
- Conducted a gap assessment of the QEMS to determine the extent to which the District has processes in place and are controlled regarding the new 2015 International Organization for Standardization (ISO) requirements related to risk management and change management
- Conducted multiple CPAR Review Committee Meetings
- Conducted an internal ISO Audit
- Provided Quarterly BAO Performance Reports to the Board
- Provided Weekly CEO Bulletins to the Board
- Successfully completed and implemented the PMA Class/Comp Study
- Continued progress on the ES and EA Classification Study. On target for implementation by the end of FY 17
- Successful implementation of Labor Relations Case Management Software
- Delivered all-day Labor Relations 101 training to approximately 25 District managers and supervisors

Division Summaries

FY 2018 Milestones

- Ensure organizational fiscal accountability and transparency through June 2018
- Update the strategies for achieving the Board Ends Policies by June 2018
- Ensure that a systematic workforce development and succession planning process is implemented by June 2018
- Maintain ISO 9001 and 14001 certifications through June 2018
- Plan and conduct internal audits in preparation of external ISO audits, approximately twice a year based on external ISO audit schedule
- Communicate quarterly to the Management Leadership Team and/or in-scope management and staff about the status of the QEMS
- Submit CEO Bulletins to the Board by weekly deadlines
- Submit Quarterly Performance Reports to the Board through June 30, 2018
- Implement and maintain organizational management systems and associated reporting through June 30, 2018
- Coordinate/conduct Board and CEO audits as-directed through June 20, 2018
- Negotiate successor MOU's with the 3 Bargaining Units which expire in December, 2017

Division Summaries

Office of the CEO — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 3,721,048 | 4,472,703 | 3,282,194 | (1,190,509) | -27% |
| Operating | 1,587 | 0 | 0 | 0 | -27% |
| Total | 3,722,635 | 4,472,703 | 3,282,194 | (1,190,509) | -27% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Continual Improvement | 663,321 | 766,399 | 904,816 | 138,417 | 18% |
| Labor Relations | 799,659 | 743,129 | 693,368 | (49,761) | -7% |
| Office of CEO and Board Support | 1,213,329 | 1,688,795 | 860,341 | (828,454) | -49% |
| Office of the CEO | 1,046,326 | 1,274,380 | 823,670 | (450,710) | -35% |
| Total | 3,722,635 | 4,472,703 | 3,282,194 | (1,190,509) | -27% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|-------------------|----|----|----|------|
| Office of the CEO | 38 | 39 | 12 | (27) |
|-------------------|----|----|----|------|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of the CEO | | | | | |
| | Salaries & Benefits | 967,203 | 841,582 | 676,557 | (165,025) |
| | Consultants | 329 | 0 | 0 | 0 |
| | Direct Services | 3,697 | 823 | 2,000 | 1,177 |
| | Supplies | 479 | 1,400 | 1,300 | (100) |
| | Other Expenses | 74,618 | 430,575 | 143,813 | (286,762) |
| Office of the CEO (102) Total | | 1,046,326 | 1,274,380 | 823,670 | (450,710) |
| Office of CEO and Board Support | | | | | |
| | Salaries & Benefits | 826,010 | 1,285,495 | 612,491 | (673,004) |
| | Consultants | 267,850 | 210,000 | 235,000 | 25,000 |
| | Direct Services | 48,544 | 50,920 | 2,000 | (48,920) |
| | Supplies | 8,723 | 42,350 | 850 | (41,500) |
| | Other Expenses | 62,202 | 100,030 | 10,000 | (90,030) |
| Office of CEO and Board Support (105) Total | | 1,213,329 | 1,688,795 | 860,341 | (828,454) |
| Continual Improvement | | | | | |
| | Salaries & Benefits | 609,689 | 700,396 | 798,516 | 98,120 |
| | Consultants | 31,154 | 27,000 | 25,000 | (2,000) |
| | Direct Services | 11,909 | 20,303 | 62,700 | 42,397 |
| | Supplies | 8,784 | 6,400 | 6,400 | 0 |
| | Other Expenses | 1,785 | 12,300 | 12,200 | (100) |
| Continual Improvement (120) Total | | 663,321 | 766,399 | 904,816 | 138,417 |
| Labor Relations | | | | | |
| | Salaries & Benefits | 782,289 | 656,446 | 604,205 | (52,241) |
| | Consultants | 3,346 | 40,000 | 40,000 | 0 |
| | Direct Services | 935 | 33,638 | 33,638 | 0 |
| | Supplies | 1,279 | 1,650 | 3,400 | 1,750 |
| | Other Expenses | 11,810 | 11,395 | 12,125 | 730 |
| Labor Relations (917) Total | | 799,659 | 743,129 | 693,368 | (49,761) |
| Operations Total | | 3,722,635 | 4,472,703 | 3,282,194 | (1,190,509) |
| Division Total | | 3,722,635 | 4,472,703 | 3,282,194 | (1,190,509) |

Division Summaries

Office of Clerk of the Board

Board Appointed Officers

Office of Clerk of the Board

FY 2018 Outlays: \$2.14 million

Positions: 10

Division Description and Objectives

The Office of the Clerk of the Board (COB) directly supports the work of the District's Board of Directors, including Board Governance Policy management, Board performance monitoring, lobbyist reporting and tracking, elections, regulatory, administrative, and liaison support services to the Board, its Advisory, Ad Hoc and Joint Committees with other public agencies, the Safe, Clean Water and Natural Flood Protection Program's Independent Monitoring Committee, Board Appointed Officers, and District 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, and Board Governance Policy GP-10, and maintains the integrity of the Board's legislative records, processes, and actions.

FY 2017 Accomplishments

During FY17, the COB completed the following activities:

- Successfully managed over 40 Regular and Special Board Meeting in accordance with the District Act, Board Policies, and the Ralph M. Brown Act
- Successfully managed approximately 70 Board Committee Meetings in accordance with Board Policies and the Ralph M. Brown Ac.
- Successfully scheduled over 750 meetings for individual Directors
- Coordinated the Groundwater Production and Surface Water Charge protest and verification process
- Tracked, monitored and reported on the registration of external lobbyists in accordance with Ordinance 10-01
- Assigned tracked and monitored over 400 Board Correspondences
- Assigned, tracked and approximately 25 Board Member Requests and 20 Individual Board Member Request in accordance with Board Governance Policy EL-2.6

Division Summaries

- Successfully managed elections for District 1, 2, 3 and 5 in accordance with the District Act and Government Elections Code
- Successfully scheduled presentation of Board Committee Accomplishment reports in the third quarter of fiscal year

FY 2018 Milestones

- Post Board and Board Committee meeting agendas in accordance with District Act, Board Policies and the Ralph M. Brown Act with 100% compliance
- Manage Board scheduling and Board support in accordance with Board directed process
- Manager Board Governance Policies in accordance with Board directed process
- Manager and report Board Performance Monitoring on a quarterly basis
- Coordinate the Groundwater Production Charge protest and verification process to be completed no later than May 2018
- Provide Board of Directors with a report of registered external lobbyists by August 2017 and February 2018
- Assign, track and monitor Board Member Requests, responses and staff performance to ensure compliance with Governance Policy EL-7.9
- Assign, track and monitor Board Correspondence to ensure compliance with Governance Policy EL-2.6
- Schedule presentation of Board Advisory Committee Accomplishment Reports to the Board in the third quarter of fiscal year

Division Summaries

Office of Clerk of the Board — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) | -29% |
| Total | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) | -29% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Office of Clerk of the Board | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) | -29% |
| Total | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) | -29% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|------------------------------|---|---|----|---|
| Office of Clerk of the Board | 9 | 9 | 10 | 1 |
|------------------------------|---|---|----|---|

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of Clerk of the Board | | | | | |
| | Salaries & Benefits | 1,457,511 | 1,414,351 | 1,649,471 | 235,120 |
| | Consultants | 3,995 | 203,000 | 3,000 | (200,000) |
| | Direct Services | 11,295 | 26,650 | 74,250 | 47,600 |
| | Supplies | 2,993 | 6,800 | 5,300 | (1,500) |
| | Other Expenses | 274,614 | 1,356,680 | 406,485 | (950,195) |
| Office of Clerk of the Board (604) Total | | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) |
| Operations Total | | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) |
| Division Total | | 1,750,408 | 3,007,481 | 2,138,506 | (868,975) |

Division Summaries

Office of District Counsel



Division Description and Objectives

The District Counsel provides for competent, timely, and strategic legal advice to and representation of the District and its officers and employees, and, for the management of the legal services and the related risk management functions. It includes both internal legal services and a portion of the external legal services provided to the District. The District Counsel also oversees Risk Management Administration.

Risk Management

The mission of Risk Management 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.

Division Summaries

FY 2017 Accomplishments

During FY 2017, the Office of District Counsel completed the following activities:

- 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 including resolution of FAHCE complaint
- Provided legal advice regarding imported water matters including water transfer agreements and litigation
- Provided legal advice to the District regarding on-going capital projects
- Provided legal advice to the Human Resources Division regarding on-going personnel and labor relations matters
- Administered the Workers Compensation program in a manner that increased employee awareness of potential dangers and sought to reduce employee injuries and accidents
- Administered the Liability and Property programs in a manner that provided prompt and fair adjustment of claims and losses
- Managed safety, ergonomics and industrial hygiene programs in compliance with regulatory requirements and industry best practices

FY 2018 Milestones

- Provide quarterly Executive Monitoring Report (current litigation) to the Board of Directors
- Secure Non-Owned Aircraft Policy by February 1, 2018
- Secure Crime Policies by April 1, 2018
- Secure 1st Layer Excess Liability Policy by May 1, 2018
- Secure 2nd Layer Excess Liability Policy by May 1, 2018
- Secure 3rd Layer Excess Liability Policy by May 1, 2018
- Secure Cyber Liability Policy by June 30, 2018
- Secure Property Insurance Policy by June 30, 2018
- Review all policies for coverage and accuracy by June 30, 2018
- Placement of Worker's Compensation Insurance Policy by February 2018
- Provide Public Self Insurer's Annual Report for prior fiscal year by October 1, 2017
- Post Cal/OSHA Log 300 February 1 through April 30, 2018
- Report District Injuries/Illnesses at monthly Safety Committee Meetings
- Organize Quarterly Claim File Review
- Interface with TPA and state governmental entities to ensure District complies with new Medical Set aside regulations
- Provide periodic comprehensive reports detailing the progress of the Workers Compensation program

Division Summaries

Office of District Counsel — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 5,845,233 | 7,042,370 | 6,849,534 | (192,836) | -3% |
| Operating | 0 | 0 | 2,350,000 | 2,350,000 | -3% |
| Capital | 175,445 | 0 | 165,967 | 165,967 | -3% |
| Total | 6,020,678 | 7,042,370 | 9,365,501 | 2,323,131 | 33% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|----------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Office of District Counsel | 3,098,029 | 4,157,940 | 4,076,657 | (81,283) | -2% |
| Risk Management | 2,922,649 | 2,884,430 | 5,288,844 | 2,404,414 | 83% |
| Total | 6,020,678 | 7,042,370 | 9,365,501 | 2,323,131 | 33% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|----------------------------|----|----|----|---|
| Office of District Counsel | 13 | 13 | 13 | 0 |
|----------------------------|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

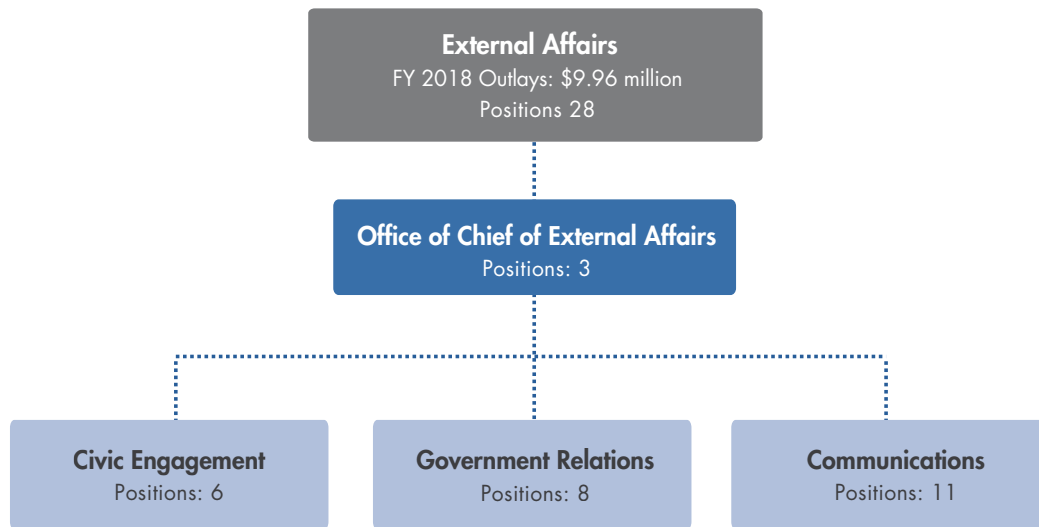
| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of District Counsel | | | | | |
| | Salaries & Benefits | 2,470,633 | 2,592,625 | 2,471,200 | (121,425) |
| | Consultants | 390,433 | 1,488,500 | 1,360,000 | (128,500) |
| | Direct Services | 4,153 | 900 | 500 | (400) |
| | Supplies | 34,602 | 37,725 | 39,500 | 1,775 |
| | Other Expenses | 25,290 | 38,190 | 39,490 | 1,300 |
| Office of District Counsel (112) Total | | 2,925,111 | 4,157,940 | 3,910,690 | (247,250) |
| Risk Management | | | | | |
| | Salaries & Benefits | 617,663 | 649,168 | 592,024 | (57,144) |
| | Consultants | 448,854 | 585,000 | 1,935,290 | 1,350,290 |
| | Direct Services | 1,074 | 72,000 | 72,080 | 80 |
| | Supplies | 1,768 | 2,550 | 2,700 | 150 |
| | Other Expenses | 1,850,763 | 1,575,712 | 2,686,750 | 1,111,038 |
| Risk Management (113) Total | | 2,920,122 | 2,884,430 | 5,288,844 | 2,404,414 |
| Operations Total | | 5,845,233 | 7,042,370 | 9,199,534 | 2,157,164 |

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of District Counsel | | | | | |
| | Salaries & Benefits | 0 | 0 | 21,967 | 21,967 |
| | Consultants | 172,918 | 0 | 144,000 | 144,000 |
| Office of District Counsel (112) Total | | 172,918 | 0 | 165,967 | 165,967 |
| Risk Management | | | | | |
| | Salaries & Benefits | 2,527 | 0 | 0 | 0 |
| Risk Management (113) Total | | 2,527 | 0 | 0 | 0 |
| Capital Total | | 175,445 | 0 | 165,967 | 165,967 |
| Division Total | | 6,020,678 | 7,042,370 | 9,365,501 | 2,323,131 |

Division Summaries

Office of Chief of External Affairs



Division Description and Objectives

External Affairs provides the strategic planning and integration of external policies and legislation as it relates to the business interests of the District and is responsible for managing the District’s relationships with the community, government officials, the media, and other key stakeholders. External Affairs leads the efforts in developing the District’s strategy/plan for external communications to the media, community, and the public, including managing how the District engages with the community in the areas of education, volunteerism, and through grant programs. Additionally, External Affairs leads all government relations efforts on local, regional, state, and federal levels, and is responsible for keeping the CEO and other District staff informed of public policies that directly affect operations.

Office of Civic Engagement

Civic Engagement manages the awareness and interest in water management resource issues, water pollution prevention, water conservation, and water resources careers amongst young people in Santa Clara County. Civic Engagement also supports the Safe, Clean Water Grants Program.

Office of Government Relations

Government Relations serves as the internal and external connection for legislation, development of strategic support and opposition, and supplemental funding opportunities for the District.

Division Summaries

Office of Communications

Communications informs, engages and educates the community and District employees about water supply and quality, flood protection and stream stewardship issues.

FY 2017 Accomplishments

During FY 2017, External Affairs completed the following activities:

- Educated youth and teachers for a deeper understanding of watershed and environmental stewardship, water resources in Santa Clara County, and the water management mission of the Santa Clara Valley Water District
- Provided age-appropriate classroom presentations, district facility tours, teacher in-service training in water education
- Reached approximately 15,000 students in grade levels pre-k through college
- Trained at least 30 teachers of grade levels pre-k through college
- Reached children through events and summer camps
- Sponsored AB 1928 (Campos), which requires the California Energy Commission to enact water use efficiency standards and labeling for landscape irrigation equipment
- Secured changes to the State Water Board's emergency water conservation regulation
- Secured amendments to SB 1317 (Wolk) to exempt basins with exclusive Groundwater Management Agencies from conditional use permits for new groundwater wells
- Corrected inaccuracies presented to the Little Hoover Commission
- Raised awareness of the complications experienced in securing permits from state agencies in order to undertake climate change related projects
- Opposed SB 885 (Wolk) which would have shifted liability away from design professionals and placed it with the contracting public agencies
- Advocated for the enactment of AB 2022 (Gordon) and helped advance the Board's Priority 1 sponsored bill, AB 1928
- Engaged the Regional Water Quality Control Board by securing 14 letters to them in support of the District's Upper Berryessa Creek Flood Risk Management Project from elected officials, cities, the county, business groups, and diversity and community organizations, in advance of a key hearing before that body
- Negotiated an MOU and revised Resolution with the San Francisco Bay Restoration Authority to place Measure AA on the ballot
- Helped advance the Board's interests at the federal level on S 2533, HR 5247, S 2848, and HR 5303
- Conducted seven Mayor/City Manager meetings in the following jurisdictions: Morgan Hill, Mountain View, Gilroy, Los Altos Hills, Los Altos, Santa Clara, and Sunnyvale
- Supported the Directors at 37 forums, symposia, legislative summits, city council meetings, elected/stakeholder events, and community meetings
- Engaged local and regional policymakers on Board priorities and District initiatives and projects by conducting biannual briefings for 10 San Jose City Council offices
- Responded to and resolved almost 40 specific issues of concern from elected officials in cities and councilmember/supervisory Districts across the county
- Supported the District's and Board's presence at a variety of civic, business, diversity and inclusion, and professional events

Division Summaries

- The District became one of the government agencies allowed to post to Nextdoor, a neighborhood-based social media platform
- Developed a smartphone app so employees can stay abreast of what is happening in the organization and piloted the streaming of four public events on Facebook Live
- The District conducted a flood awareness campaign that included radio ads, online ads, print ads in ethnic media, mail and transit shelter posters, billboard messages, Nextdoor messages, and boosted Facebook posts
- Supported the active potable reuse outreach program, including tours and securing stakeholder support
- Public perception survey on recycled purified water was done in January 2017

FY 2018 Milestones

- Reach 15,000 in grade levels pre-k through college by June 30 and Conduct two teacher trainings by June 30
- Provide regular program updates to the board of directors as part of Communications Unit board updates (no less than twice annually)
- Review and prioritize 95% of state legislation within 45 days of introduction. When appropriate, present to the Board in a timely fashion for position. Enact priority follow-up as appropriate on Board positions within 14 days of action
- Seek and review appropriate federal legislation. Analyze appropriate legislation and prioritize within 45 days. When appropriate, present to the Board in a timely fashion for position. Enact priority follow up on position within 14 days of action
- Annually convene a policy and legislative development meeting; establish priorities; bring guiding principles and legislative proposals to Board for review and adoption by November on an as needed/ directed basis
- Bring federal funding priorities to the Board by February 28, annually, for adoption
- Annually develop and bring sponsored legislation to the Board for adoption by November on an as needed/ directed basis
- Achieve at least a 75% vote of local governments supporting priority issues and bills. All bills identified as critical by the Board successfully pass through the legislative process
- Weigh in on 100% of high priority legislation with District delegation. Advocate for passage through the legislative process all bills supported and identified by the Board as critical
- Achieve at least 60% of targeted allies and associations supporting the District's high-priority legislation. (Association of California Water Agencies, California Municipal Utilities Association, and California Municipal Utilities Association)
- A year-long reputation and trust campaign is launched following the poll results from June 2017
- A branding initiative is presented to and approved by the Board by late summer 2017
- At least five news media stories a quarter are published as a result of proactive media pitches
- Redesign of the District's website is done and in use by June 2018
- Open house is held by December 2017 with District units present and providing information on District functions
- At least 30 speaking engagements per year to promote the recycled purified water program

Division Summaries

Office of Chief of External Affairs — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 6,619,029 | 6,942,071 | 9,716,480 | 2,774,409 | 40% |
| Operating | 60,858 | 5,450 | 3,679 | (1,771) | -32% |
| Capital | 848,302 | 341,194 | 239,336 | (101,858) | -30% |
| Total | 7,528,189 | 7,288,715 | 9,959,496 | 2,670,781 | 37% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|----------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Civic Engagement | 0 | 0 | 3,182,968 | 3,182,968 | 0% |
| Communications | 4,957,914 | 4,606,644 | 3,407,159 | (1,199,485) | -26% |
| Government Relations | 2,570,275 | 2,682,071 | 2,779,270 | 97,199 | 4% |
| Office of External Affairs | 0 | 0 | 590,099 | 590,099 | 4% |
| Total | 7,528,189 | 7,288,715 | 9,959,496 | 2,670,781 | 37% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--|----------|----------|-----------|-----------|
| | 0 | 0 | 28 | 28 |
|--|----------|----------|-----------|-----------|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of External Affairs | | | | | |
| | Salaries & Benefits | 0 | 0 | 472,599 | 472,599 |
| | Supplies | 0 | 0 | 1,500 | 1,500 |
| | Other Expenses | 0 | 0 | 116,000 | 116,000 |
| Office of External Affairs (107) Total | | 0 | 0 | 590,099 | 590,099 |
| Government Relations | | | | | |
| | Salaries & Benefits | 1,647,731 | 1,735,348 | 1,713,910 | (21,438) |
| | Supplies | 32,910 | 34,850 | 34,400 | (450) |
| | Other Expenses | 438,932 | 461,294 | 519,850 | 58,556 |
| | Consultants | 348,638 | 432,519 | 494,550 | 62,031 |
| | Direct Services | 93,217 | 18,060 | 16,560 | (1,500) |
| Government Relations (152) Total | | 2,561,428 | 2,682,071 | 2,779,270 | 97,199 |
| Civic Engagement | | | | | |
| | Salaries & Benefits | 0 | 0 | 846,771 | 846,771 |
| | Supplies | 0 | 0 | 74,500 | 74,500 |
| | Other Expenses | 0 | 0 | 2,083,430 | 2,083,430 |
| | Consultants | 0 | 0 | 15,000 | 15,000 |
| | Direct Services | 0 | 0 | 163,267 | 163,267 |
| Civic Engagement (153) Total | | 0 | 0 | 3,182,968 | 3,182,968 |
| Communications | | | | | |
| | Salaries & Benefits | 2,548,688 | 2,517,205 | 1,839,016 | (678,189) |
| | Supplies | 63,008 | 80,450 | 13,750 | (66,700) |
| | Other Expenses | 79,308 | 99,699 | 8,060 | (91,639) |
| | Consultants | 716,390 | 584,900 | 797,300 | 212,400 |
| | Direct Services | 711,065 | 983,196 | 509,696 | (473,500) |
| Communications (172) Total | | 4,118,459 | 4,265,450 | 3,167,822 | (1,097,628) |
| Operations Total | | 6,679,887 | 6,947,521 | 9,720,159 | 2,772,638 |

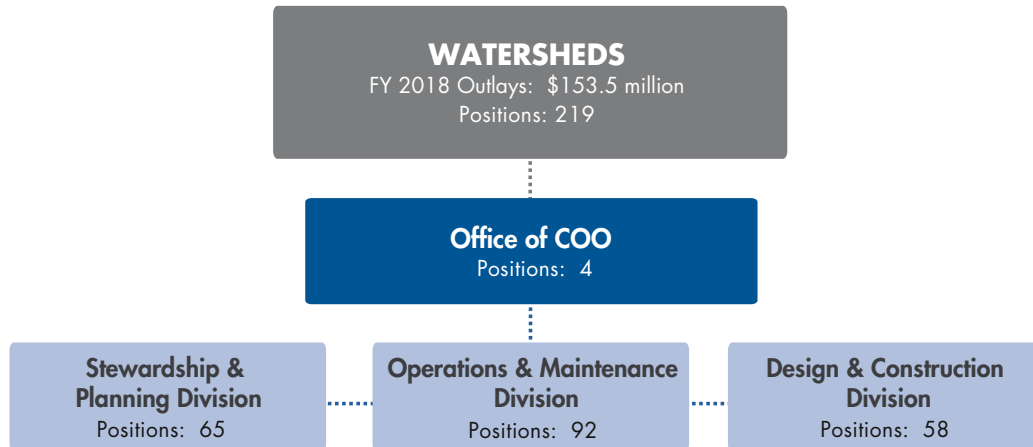
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Government Relations | | | | | |
| | Salaries & Benefits | 8,847 | 0 | 0 | 0 |
| Government Relations (152) Total | | 8,847 | 0 | 0 | 0 |
| Communications | | | | | |
| | Salaries & Benefits | 229,432 | 341,194 | 239,336 | (101,858) |
| | Consultants | 599,140 | 0 | 0 | 0 |
| | Direct Services | 4,317 | 0 | 0 | 0 |
| | Supplies | 6,566 | 0 | 0 | 0 |
| Communications (172) Total | | 839,455 | 341,194 | 239,336 | (101,858) |
| Capital Total | | 848,302 | 341,194 | 239,336 | (101,858) |
| Division Total | | 7,528,189 | 7,288,715 | 9,959,496 | 2,670,781 |

Division Summaries

Watersheds

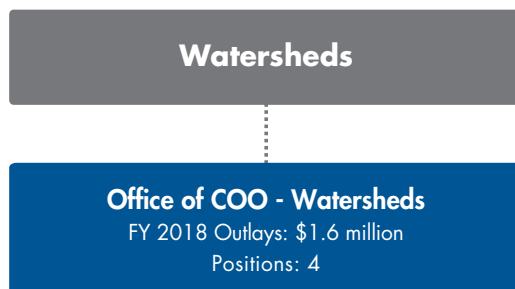


Description

Watersheds Operations (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

Office of COO Watersheds



Watersheds Operations (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. Lead and manage Watersheds to achieve the Board’s Ends, Goals and Objectives. This includes providing Watersheds the leadership, staff and funding to conduct the administrative nature of Watersheds functions. In general, 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.

Office of COO Watersheds — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 938,175 | 1,708,468 | 1,630,899 | (77,569) | -5% |
| Operating | 60,060 | 0 | 0 | 0 | -5% |
| Capital | 32,642 | 0 | 0 | 0 | -5% |
| Total | 1,030,877 | 1,708,468 | 1,630,899 | (77,569) | -5% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|--------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Office of COO Watersheds | 1,030,877 | 1,708,468 | 1,630,899 | (77,569) | -5% |
| Total | 1,030,877 | 1,708,468 | 1,630,899 | (77,569) | -5% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|-------------------------|---|----|---|-----|
| Office of COO Watershed | 7 | 10 | 4 | (6) |
|-------------------------|---|----|---|-----|

Division Summaries

Operations Budget by Department and Account Category

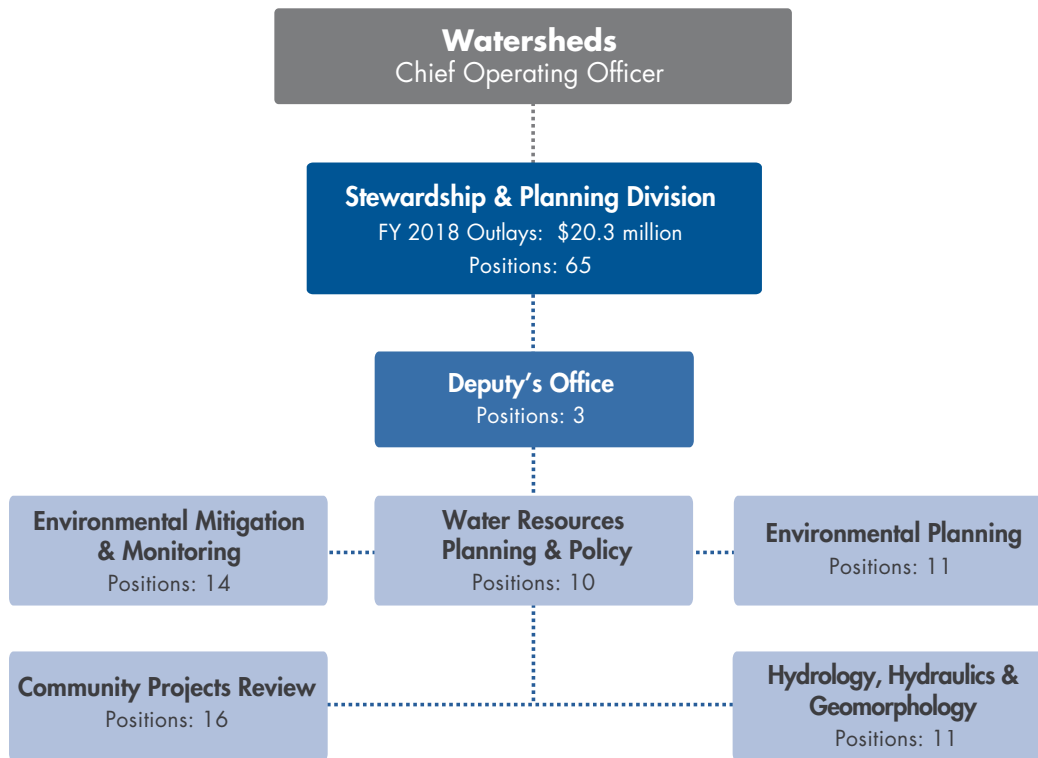
| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of COO Watersheds | | | | | |
| | Salaries & Benefits | 899,733 | 1,174,468 | 1,055,024 | (119,444) |
| | Consultants | 4,230 | 10,000 | 0 | (10,000) |
| | Direct Services | 3,009 | 75,300 | 1,900 | (73,400) |
| | Supplies | 1,056 | 1,200 | 1,200 | 0 |
| | Other Expenses | 90,207 | 447,500 | 572,775 | 125,275 |
| Office of COO Watersheds (215) Total | | 998,235 | 1,708,468 | 1,630,899 | (77,569) |
| Operations Total | | 998,235 | 1,708,468 | 1,630,899 | (77,569) |

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of COO Watersheds | | | | | |
| | Salaries & Benefits | 32,618 | 0 | 0 | 0 |
| | Other Expenses | 24 | 0 | 0 | 0 |
| Office of COO Watersheds (215) Total | | 32,642 | 0 | 0 | 0 |
| Capital Total | | 32,642 | 0 | 0 | 0 |
| Division Total | | 1,030,877 | 1,708,468 | 1,630,899 | (77,569) |

Division Summaries

Watershed Stewardship & Planning Division



Division Description and Objectives

Plan, organize, and manage the Watershed Stewardship & Planning Division, overseeing five departments with approximately 60 staff members. The subordinate departments are 1) Environmental, Mitigation & Monitoring; 2) Water Resource Planning & Policy; 3) Environmental Planning; 4) Community Projects Review; and 5) Hydrology, Hydraulics & Geomorphology.

Environmental Mitigation & Monitoring

The Environmental Mitigation and Monitoring Department is comprised of nine Biologists and one Senior Water Resources Specialist. The group is responsible for: managing all of the long term mitigation monitoring programs for the District; two ecology oriented Safe Clean Water Programs (D2 and D5); land management and easement monitoring for mitigation lands; oversight of the plant pathogen program; and provides ecological subject matter expertise and support to over 40 capital and long range planning programs.

Division Summaries

Water Resources Planning & Policy

The Water Resources Policy and Planning Department is primarily to conduct long range planning for watersheds. The primary tool for that is the integrated water resources master plan (One Water plan), which attempts to develop an integrated watershed based plan to enhance water resources management for the District. Other important roles for the department are conducting detailed watersheds planning studies (for example, the Salt Ponds A5-11 study, the Upper Penitencia Creek project, and the Coyote Creek project) reporting on policy developments related to watersheds, maintaining the Community Rating System program, developing the gravel augmentation and large woody debris fisheries study, coordinating the District partnership on the Salt Pond Restoration Project, and developing emergency action plans.

Environmental Planning

The Environmental Planning Department provides overall project planning, environmental document preparation, CEQA compliance and permitting services to Watershed Capital and O&M. Manage Safe Clean Water Projects; B-1 and B-2 and provide surface water quality expertise.

Community Projects Review

The Community Projects Review Department provides for protection of District watershed, water utility assets and interests from external activities and threats as defined by the Water Resources Protection Ordinance through the issuance of approximately 200 to 250 encroachment permits for activities on District rights of way and ordinance enforcement for activities undertaken without appropriate permits. The department projects include implementation of the Underground Service Alert program that entails reviewing approximately 3000 tickets per year. The department also reviews proposed developments within the planning stages as they interface with the District mission and interests. The department also includes specialized maintenance and development of approximately 10,000 map pages showing District land rights and flooding and the dissemination of information to the public.

Hydrology, Hydraulics & Geomorphology

The Hydrology, Hydraulics and Geomorphology Department builds the foundation of our flood protection work, and it also provides the essential data for groundwater recharge and reservoir release analysis for environmental purposes. The department begins with the measurement of rainfall 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 then determines the creek size and height of levees and floodwalls; developing flood forecast and flood warning system to send flood warning messages to the community for potential flood risks; and the geomorphologic analysis that provides the basis for channel modification that minimizes maintenance needs and sustains long-term stability.

FY 2017 Accomplishments

Complete tasks in Safe, Clean, Water program as assigned. Provide support services to O&M, Capital and other divisions as an internal services provider. Coordinate with external stakeholders in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP).

Division Summaries

FY 2018 Milestones

- Conduct management, monitoring and annual reporting for 12 different long term mitigation sites.
- Conduct remedial actions on two poorly performing long term mitigation sites.
- Plan, permit and construct the initial repairs projects that were identified in the long-term management plans for the Coyote Ridge Preserve, the Upper Penitencia Creek Property and the Rancho Canada de Pala Preserve.
- Continue to develop partnerships for invasive plant control, revegetation and wildlife corridor restoration.
- Complete the West Valley Watershed ecological assessment.
- Develop education and outreach materials for staff and regional partners regarding plant pathogens.
- Expand water quality and wildlife modules, and build the fisheries modules of the EM-IMS database.
- Develop One Water plan for Coyote Watershed and begin draft plans for remaining four watersheds
- Plan, design and install short term flood protection for Coyote Creek and begin long term planning study
- Develop problem definition and alternatives for the Upper Penitencia Creek flood protection project
- Develop feasibility report for the San Tomas/Calabazas Realignment to Pond A8 project
- Continue the Community Rating System program
- Finalize emergency action plan for Coyote Creek and Canoas Creek with City of San Jose
- Provide planning, environmental review and regulatory permit acquisition for capital and maintenance projects.
- Operate and maintain oxygenation systems in reservoirs , sample water quality parameters and fish tissue for mercury levels.
- Continue pollution prevention activities including continued support of a Park Ranger to monitor and discourage the re-establishment of encampments along Guadalupe River and Coyote Creek and updating Guadalupe River Trash accumulation points
- Plan for Coyote Creek Trash Accumulation Point GIS mapping
- Conduct Angler survey to determine subsistence fishing trends in order to provide outreach
- Participate in SCVURPPP and implement receiving waters monitoring program
- Clean and remove trash from booms prior to storm season
- Continue to support South County Stormwater Coordination Committee
- Perform data analysis for South County nutrient impairment and Total Maximum Daily Load (TMDL) for the Pajaro River watershed
- Manage the District's hydrologic data program and perform quarterly test of ALERT system
- Add Coyote and Upper Penitencia forecast points in the Distirct's flood warning system
- Complete feasibility study for Coyote Creek at Rocksprings
- Complete a draft hydrology manual detailing the procedures and methodology used in the District's hydrologic study

Budget Issues and Constraints

Regulatory permits, external party requests for reevaluations, external partner funding limitations, federal funding limits.

Division Summaries

Watershed Stewardship & Planning Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 12,423,920 | 14,343,456 | 14,038,054 | (305,402) | -2% |
| Operating | 2,317,077 | 3,139,471 | 2,283,375 | (856,096) | -27% |
| Capital | 6,698,502 | 5,322,598 | 3,977,628 | (1,344,970) | -25% |
| Total | 21,439,499 | 22,805,525 | 20,299,058 | (2,506,467) | -11% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|--|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Community Projects Review | 2,611,564 | 2,851,736 | 3,136,773 | 285,037 | 10% |
| Environmental Mitigation & Monitoring | 4,683,744 | 3,650,140 | 4,547,490 | 897,350 | 25% |
| Environmental Planning | 1,387,236 | 1,365,992 | 4,492,079 | 3,126,087 | 229% |
| Hydrology, Hydraulics & Geomorphology | 3,145,211 | 3,582,165 | 2,782,141 | (800,024) | -22% |
| Office of Watersheds Stwdship & Planning Div | 440,763 | 452,309 | 697,777 | 245,468 | 54% |
| Safe Clean Water Implementation | 2,808,100 | 3,267,215 | 0 | (3,267,215) | -100% |
| Water Resources Planning & Policy | 6,362,881 | 7,635,968 | 4,642,799 | (2,993,169) | -39% |
| Total | 21,439,499 | 22,805,525 | 20,299,058 | (2,506,467) | -11% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---|----|----|----|---|
| Watershed Stewardship & Planning Division | 58 | 59 | 65 | 6 |
|---|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of Watersheds Stwdship & Planning Div | | | | | |
| | Salaries & Benefits | 433,427 | 436,809 | 679,507 | 242,698 |
| | Direct Services | 900 | 0 | 0 | 0 |
| | Supplies | 641 | 500 | 1,000 | 500 |
| | Other Expenses | 5,740 | 15,000 | 17,270 | 2,270 |
| Office of Watersheds Stwdship & Planning Div (241) Total | | 440,708 | 452,309 | 697,777 | 245,468 |
| Environmental Mitigation & Monitoring | | | | | |
| | Salaries & Benefits | 1,155,965 | 1,641,113 | 2,096,244 | 455,131 |
| | Consultants | 594,074 | 685,500 | 1,150,000 | 464,500 |
| | Direct Services | 52,357 | 83,482 | 60,000 | (23,482) |
| | Supplies | 7,381 | 10,366 | 55,450 | 45,084 |
| | Other Expenses | 34,421 | 204,660 | 89,600 | (115,060) |
| | Utilities | 0 | 0 | 6,000 | 6,000 |
| | Cost Sharing & Rebates | 22,302 | 350,000 | 450,000 | 100,000 |
| Environmental Mitigation & Monitoring (244) Total | | 1,866,500 | 2,975,121 | 3,907,294 | 932,173 |
| Water Resources Planning & Policy | | | | | |
| | Salaries & Benefits | 1,133,569 | 1,491,301 | 1,399,436 | (91,865) |
| | Consultants | 257,497 | 743,000 | 683,000 | (60,000) |
| | Direct Services | 62,840 | 114,488 | 72,000 | (42,488) |
| | Supplies | 3,424 | 25,950 | 75,600 | 49,650 |
| | Other Expenses | 2,079,677 | 1,382,100 | 9,605 | (1,372,495) |
| | Cost Sharing & Rebates | 0 | 120,000 | 0 | (120,000) |
| | Fixed Assets | 211 | 0 | 0 | 0 |
| Water Resources Planning & Policy (245) Total | | 3,537,218 | 3,876,839 | 2,239,641 | (1,637,198) |
| Safe Clean Water Implementation | | | | | |
| | Salaries & Benefits | 700,738 | 806,823 | 0 | (806,823) |
| | Consultants | 569,697 | 576,000 | 0 | (576,000) |
| | Direct Services | 185,697 | 382,620 | 0 | (382,620) |
| | Supplies | 2,908 | 11,425 | 0 | (11,425) |
| | Other Expenses | 2,382 | 5,800 | 0 | (5,800) |
| | Utilities | 0 | 2,500 | 0 | (2,500) |
| | Cost Sharing & Rebates | 1,335,082 | 1,400,000 | 0 | (1,400,000) |
| | Fixed Assets | 11,088 | 72,000 | 0 | (72,000) |
| Safe Clean Water Implementation (246) Total | | 2,807,592 | 3,257,168 | 0 | (3,257,168) |
| Environmental Planning | | | | | |
| | Salaries & Benefits | 591,288 | 627,431 | 1,361,298 | 733,867 |
| | Consultants | 64,893 | 42,000 | 415,000 | 373,000 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Direct Services | 25,738 | 0 | 442,074 | 442,074 |
| | Supplies | 996 | 900 | 10,650 | 9,750 |
| | Other Expenses | 10,142 | 17,580 | 33,600 | 16,020 |
| | Utilities | 6,672 | 0 | 75,000 | 75,000 |
| | Cost Sharing & Rebates | 0 | 0 | 1,433,806 | 1,433,806 |
| | Fixed Assets | 39,031 | 0 | 50,000 | 50,000 |
| Environmental Planning (247) Total | | 738,760 | 687,911 | 3,821,428 | 3,133,517 |
| Community Projects Review | | | | | |
| | Salaries & Benefits | 2,086,093 | 2,588,409 | 2,714,160 | 125,751 |
| | Consultants | 3,521 | 3,000 | 0 | (3,000) |
| | Direct Services | 176,848 | 121,960 | 189,860 | 67,900 |
| | Supplies | 2,166 | 1,075 | 2,659 | 1,584 |
| | Other Expenses | 4,487 | 11,775 | 18,560 | 6,785 |
| | Fixed Assets | 10,485 | 60,000 | 35,000 | (25,000) |
| Community Projects Review (294) Total | | 2,283,600 | 2,786,219 | 2,960,239 | 174,020 |
| Hydrology, Hydraulics & Geomorphology | | | | | |
| | Salaries & Benefits | 1,710,017 | 1,870,337 | 1,880,200 | 9,863 |
| | Consultants | 1,035,183 | 1,292,300 | 538,500 | (753,800) |
| | Direct Services | 69,909 | 111,256 | 109,000 | (2,256) |
| | Supplies | 27,821 | 11,162 | 22,990 | 11,828 |
| | Other Expenses | 30,878 | 0 | 2,500 | 2,500 |
| | Cost Sharing & Rebates | 95,250 | 97,055 | 102,860 | 5,805 |
| | Fixed Assets | 97,561 | 65,250 | 39,000 | (26,250) |
| Hydrology, Hydraulics & Geomorphology (296) Total | | 3,066,619 | 3,447,360 | 2,695,050 | (752,310) |
| Operations Total | | 14,740,997 | 17,482,927 | 16,321,429 | (1,161,498) |

Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of Watersheds Stwdship & Planning Div | | | | | |
| | Other Expenses | 55 | 0 | 0 | 0 |
| Office of Watersheds Stwdship & Planning Div (241) Total | | 55 | 0 | 0 | 0 |
| Environmental Mitigation & Monitoring | | | | | |
| | Other Expenses | 9,269 | 40,000 | 20,000 | (20,000) |
| | Salaries & Benefits | 551,668 | 395,019 | 420,196 | 25,177 |
| | Consultants | 32,400 | 40,000 | 0 | (40,000) |
| | Direct Services | 1,938 | 200,000 | 100,000 | (100,000) |
| | Supplies | 0 | 0 | 100,000 | 100,000 |
| | Fixed Assets | 2,221,969 | 0 | 0 | 0 |
| Environmental Mitigation & Monitoring (244) Total | | 2,817,244 | 675,019 | 640,196 | (34,823) |
| Water Resources Planning & Policy | | | | | |
| | Other Expenses | 324 | 110,000 | 1,000 | (109,000) |
| | Salaries & Benefits | 389,823 | 459,129 | 601,658 | 142,529 |
| | Consultants | 1,808,153 | 540,000 | 1,300,000 | 760,000 |
| | Direct Services | 19,804 | 1,900,000 | 0 | (1,900,000) |
| | Supplies | 585 | 0 | 0 | 0 |
| | Fixed Assets | 606,974 | 0 | 500 | 500 |
| | Cost Sharing & Rebates | 0 | 750,000 | 500,000 | (250,000) |
| Water Resources Planning & Policy (245) Total | | 2,825,663 | 3,759,129 | 2,403,158 | (1,355,971) |
| Safe Clean Water Implementation | | | | | |
| | Salaries & Benefits | 172 | 10,047 | 0 | (10,047) |
| | Supplies | 336 | 0 | 0 | 0 |
| Safe Clean Water Implementation (246) Total | | 508 | 10,047 | 0 | (10,047) |
| Environmental Planning | | | | | |
| | Other Expenses | 297 | 0 | 0 | 0 |
| | Salaries & Benefits | 610,762 | 678,081 | 620,650 | (57,431) |
| | Consultants | 36,788 | 0 | 50,000 | 50,000 |
| | Direct Services | 562 | 0 | 0 | 0 |
| | Supplies | 67 | 0 | 0 | 0 |
| Environmental Planning (247) Total | | 648,476 | 678,081 | 670,650 | (7,431) |
| Community Projects Review | | | | | |
| | Salaries & Benefits | 57,964 | 65,517 | 52,795 | (12,722) |
| | Cost Sharing & Rebates | 270,000 | 0 | 123,739 | 123,739 |
| Community Projects Review (294) Total | | 327,964 | 65,517 | 176,534 | 111,017 |
| Hydrology, Hydraulics & Geomorphology | | | | | |

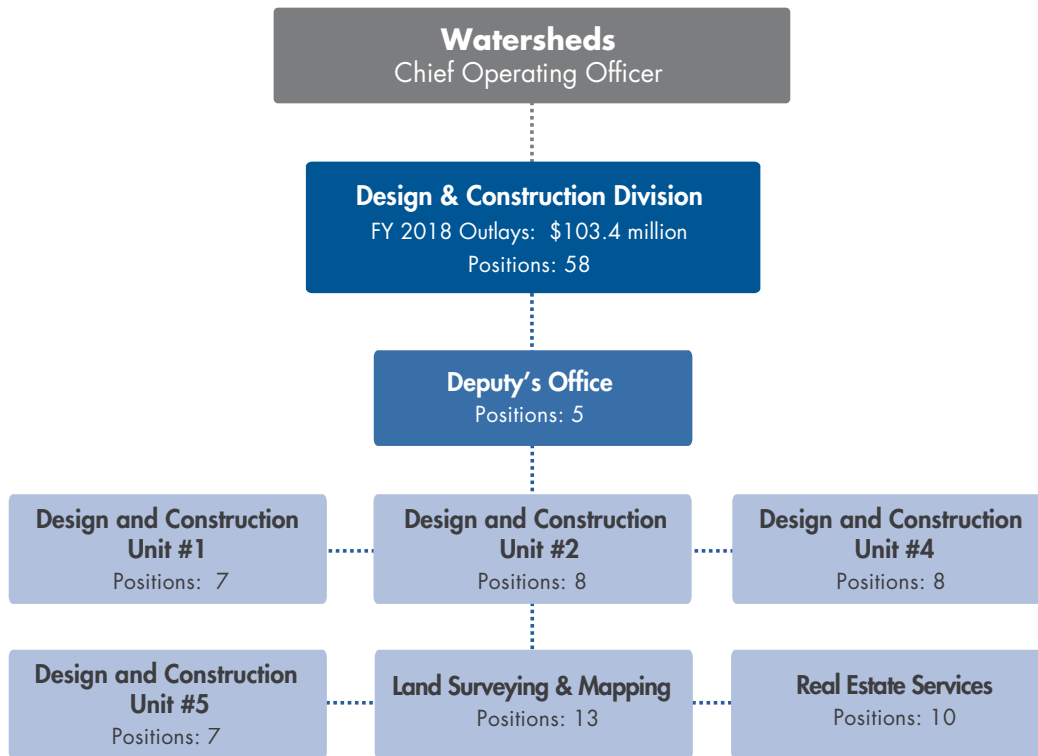
Division Summaries

Capital Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Salaries & Benefits | 75,518 | 134,805 | 87,091 | (47,714) |
| | Direct Services | 3,074 | 0 | 0 | 0 |
| Hydrology, Hydraulics & Geomorphology (296) Total | | 78,592 | 134,805 | 87,091 | (47,714) |
| Capital Total | | 6,698,502 | 5,322,598 | 3,977,628 | (1,344,970) |
| Division Total | | 21,439,499 | 22,805,525 | 20,299,058 | (2,506,467) |

Division Summaries

Watershed Design & Construction Division



Division Description and Objectives

The Watersheds Design and Construction Division plans, designs, and constructs capital projects related to Watersheds operations. This includes delivery of projects in the District's rolling 5-year Capital Improvement Program and 15-year Safe, Clean Water and Natural Flood Protection Program. The objectives of the Watersheds Design and Construction Division are to provide natural flood protection for residents, businesses, and visitors; and to protect and restore creek, bay, and other aquatic ecosystems.

Division Summaries

Design & Construction Department 1

The department is responsible for design and construction of the following projects: San Francisquito Creek Flood Protection Project, Permanente Creek Flood Protection Project, Hale Creek Pilot Project, and Palo Alto Basin Flood Gate Improvement Project.

Design & Construction Department 2

The department is responsible for design and construction of the following projects: 1) Lower Berryessa Creek Phase II; 2) Cunningham Detention Project; 3) Upper Guadalupe Flood Protection - Reaches 7-12; 4) Upper Guadalupe River Reach 6; 5) Upper Berryessa Calaveras / Old Pied Cor; 6) Upper Berryessa Calaveras/Old Pied LER.

Design & Construction Department 4

The department is responsible for design and construction of the following projects: Lower Penitencia Creek and Almaden Lake Improvements Projects as well as the South San Francisco Bay Shoreline Protection effort along the Santa Clara County shoreline.

Design & Construction Department 5

In FY 2018, the new reprogrammed WARP will consist of 8 projects: Ongoing Projects slated for construction using SMP2 permit from June 15, 2007 - El Camino Storm Drain, Coyote Creek Rodent Damage Repair u/s of 237 and Coyote Creek Rodent Damage Repair d/s of 237; Ongoing project includes planning CEQA, Permit, design and construction using VHP for FY17 and FY17 - Uvas Creek from Santa Teresa to end of levee at d/s (construction will start on June 15, 2018); and, 4 new projects include planning, design and start of construction in FY 2018 - projects will be selected from the 30-Projects list based on the priority after the rain event.

Land Surveying and Mapping

The responsibilities of the Land Surveying and Mapping Department include professional land surveying and mapping services in support of planning, design, construction, and maintenance of District water resource facilities. This is accomplished by accurately locating existing and proposed District facilities, providing graphical representations of land features, boundaries, and fixed works, and complying with applicable state and local laws and ordinances.

Real Estate Services

The Real Estate Department provides real estate services which includes buying and selling property, database maintenance and reporting, non-residential leasing and licensing program, and work for related to title issues. The department also covers administration in support of Real Estate services which include database input, maintenance and reporting, non-residential leasing and licensing program, and unplanned expenses related to title issues.

Division Summaries

FY 2017 Accomplishment

- Completed construction of the Lower Berryessa Creek Flood Protection Project – Phase 1
- Completed construction of the Canoas Creek Animal Damage Repair Project
- Completed construction of the Regnart Creek Erosion Repair Project
- Completed the first year of construction for San Francisquito Creek, Lower Berryessa Creek Phase 2, and Upper Berryessa Creek Flood Protection Projects
- Completed 65 percent designs for the channel and vehicular bridges to the Upper Guadalupe River Flood Protection Project – Reaches 7-12
- Completed 30 percent design and released the Draft Environmental Impact Report (EIR) for public review for the Lower Penitencia Creek Flood Protection Project
- Completed the Preliminary Feasibility Study for the San Francisco (SF) Bay Shoreline Project – Economic Impact Areas (EIAs) 1-10 Obligated consultant design contracts to begin design of levee and ecotone from Alviso Marina to the Union Pacific Rail Road by the U.S. Army Corps of Engineers (USACE) and completed 30 percent design for the SF Bay Shoreline Project – EIA 11
- Completed Cross Valley Level Study for subsidence monitoring in Santa Clara Valley
- Closed escrow on 58 real estate parcels

FY 2018 Milestones

- Complete the second year of construction for the San Francisquito Creek, Lower Berryessa Creek – Phase 2, and Upper Berryessa Creek Flood Protection Projects
- Complete first year of construction of Rancho San Antonio Detention Basin, McKelvey Park Detention Basin, and creek improvements for the Permanente Creek Flood Protection Project
- Complete first year of construction of Cunningham Flood Detention Certification Project
- Complete erosion repairs for the El Camino Storm Drain and Stevens Creek
- Complete repairs on the Palo Alto Flood Basin Tide Gate Structure
- Complete Reach 1 levee design for the SF Bay Shoreline Study – EIA 11
- Award Reach 1 levee construction contract for the SF Bay Shoreline Study – EIA 11
- Complete the Environmental Impact Report (EIR) for the Almaden Lake Improvements Project
- Complete final Evaluation Report of Fish Passage Barriers Along Stevens Creek
- Complete data collection and field studies for Metcalf Ponds
- Complete final Feasibility Study for Ogier Ponds

Budget Issues and Constraints

Constraints include the availability of outside funding sources. Staff continues to work aggressively with the U.S. Army Corps of Engineers (USACE) to obtain Federal funding. Due to uncertainty in USACE funding for capital flood protection projects, staff continues to explore other capital funding options. Flood protection projects continue to the extent possible with local funding. Timely receipt of environmental regulatory agency permits is another constraint faced by capital flood protection projects.

Division Summaries

Watershed Design & Construction Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 1,714,674 | 1,755,887 | 2,337,650 | 581,763 | 33% |
| Operating | 131,906 | 61,477 | 52,104 | (9,373) | -15% |
| Capital | 95,436,174 | 124,632,464 | 101,021,118 | (23,611,346) | -19% |
| Total | 97,282,754 | 126,449,828 | 103,410,872 | (23,038,956) | -18% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Deputy's Office of Watershed Design & Const Division | 434,136 | 332,636 | 1,883,106 | 1,550,470 | 466% |
| Design & Construction Unit 1 | 33,431,377 | 12,136,392 | 25,646,596 | 13,510,204 | 111% |
| Design & Construction Unit 2 | 45,413,509 | 86,749,970 | 42,550,916 | (44,199,054) | -51% |
| Design & Construction Unit 4 | 5,429,392 | 17,593,680 | 15,591,769 | (2,001,911) | -11% |
| Design & Construction Unit 5 | 8,707,846 | 5,191,955 | 13,188,788 | 7,996,833 | 154% |
| Land Surveying and Mapping | 2,448,138 | 2,758,888 | 2,820,748 | 61,860 | 2% |
| Real Estate Services | 1,418,356 | 1,686,307 | 1,728,949 | 42,642 | 3% |
| Total | 97,282,754 | 126,449,828 | 103,410,872 | (23,038,956) | -18% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--|----|----|----|-----|
| Watershed Design & Construction Division | 62 | 62 | 58 | (4) |
|--|----|----|----|-----|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of Watershed Design & Const Division | | | | | |
| | Salaries & Benefits | 2,079 | 5,046 | 181,841 | 176,795 |
| | Direct Services | 900 | 0 | 0 | 0 |
| Deputy's Office of Watershed Design & Const Division (316) Total | | 2,979 | 5,046 | 181,841 | 176,795 |
| Design & Construction Unit 1 | | | | | |
| | Salaries & Benefits | 17,452 | 9,293 | 30,440 | 21,147 |
| | Direct Services | 1,671 | 0 | 0 | 0 |
| | Other Expenses | 329 | 0 | 0 | 0 |
| Design & Construction Unit 1 (331) Total | | 19,452 | 9,293 | 30,440 | 21,147 |
| Design & Construction Unit 2 | | | | | |
| | Salaries & Benefits | 3,084 | 23,032 | 15,660 | (7,372) |
| | Direct Services | 962 | 0 | 0 | 0 |
| | Fixed Assets | 1,914 | 0 | 0 | 0 |
| Design & Construction Unit 2 (332) Total | | 5,960 | 23,032 | 15,660 | (7,372) |
| Design & Construction Unit 4 | | | | | |
| | Salaries & Benefits | 80,473 | 25,463 | 134,997 | 109,534 |
| | Direct Services | 246 | 0 | 0 | 0 |
| Design & Construction Unit 4 (334) Total | | 80,719 | 25,463 | 134,997 | 109,534 |
| Design & Construction Unit 5 | | | | | |
| | Salaries & Benefits | 17,609 | 23,418 | 18,283 | (5,135) |
| | Direct Services | 1,800 | 0 | 0 | 0 |
| | Supplies | 39 | 0 | 1,000 | 1,000 |
| | Other Expenses | 8,557 | 0 | 0 | 0 |
| Design & Construction Unit 5 (336) Total | | 28,005 | 23,418 | 19,283 | (4,135) |
| Land Surveying and Mapping | | | | | |
| | Salaries & Benefits | 809,586 | 825,572 | 996,834 | 171,262 |
| | Direct Services | 89,770 | 16,400 | 35,000 | 18,600 |
| | Supplies | 78 | 3,030 | 5,000 | 1,970 |
| | Consultants | 300,795 | 252,900 | 333,000 | 80,100 |
| Land Surveying and Mapping (367) Total | | 1,200,229 | 1,097,902 | 1,369,834 | 271,932 |
| Real Estate Services | | | | | |
| | Salaries & Benefits | 452,378 | 595,710 | 594,298 | (1,412) |
| | Direct Services | 49,220 | 22,500 | 42,600 | 20,100 |
| | Other Expenses | 7,616 | 0 | 800 | 800 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Fixed Assets | 22 | 15,000 | 0 | (15,000) |
| Real Estate Services (369) Total | | 509,236 | 633,210 | 637,698 | 4,488 |
| Operations Total | | 1,846,580 | 1,817,364 | 2,389,754 | 572,390 |

Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of Watershed Design & Const Division | | | | | |
| | Salaries & Benefits | 335,519 | 318,460 | 873,814 | 555,354 |
| | Consultants | 0 | 0 | 800,000 | 800,000 |
| | Direct Services | 1,113 | 0 | 0 | 0 |
| | Supplies | 211 | 250 | 250 | 0 |
| | Other Expenses | 12,305 | 8,880 | 27,200 | 18,320 |
| | Fixed Assets | 82,009 | 0 | 0 | 0 |
| Deputy's Office of Watershed Design & Const Division (316) Total | | 431,157 | 327,590 | 1,701,264 | 1,373,674 |
| Design & Construction Unit 1 | | | | | |
| | Salaries & Benefits | 1,107,299 | 1,387,974 | 1,326,730 | (61,244) |
| | Consultants | 8,130,465 | 150,000 | 21,001 | (128,999) |
| | Direct Services | 31,678 | 12,000 | 31,000 | 19,000 |
| | Supplies | 25,201 | 375 | 10,575 | 10,200 |
| | Other Expenses | 93,429 | 76,750 | 166,850 | 90,100 |
| | Fixed Assets | 22,343,221 | 10,340,000 | 23,892,000 | 13,552,000 |
| | Utilities | 31,480 | 0 | 1 | 1 |
| | Cost Sharing & Rebates | 1,649,152 | 160,000 | 168,000 | 8,000 |
| Design & Construction Unit 1 (331) Total | | 33,411,925 | 12,127,099 | 25,616,157 | 13,489,058 |
| Design & Construction Unit 2 | | | | | |
| | Salaries & Benefits | 1,338,835 | 1,571,563 | 1,536,456 | (35,107) |
| | Consultants | 315,795 | 3,740,500 | 7,497,200 | 3,756,700 |
| | Direct Services | 87,290 | 209,600 | 479,600 | 270,000 |
| | Supplies | 225 | 525 | 16,500 | 15,975 |
| | Other Expenses | 70,395 | 1,205,650 | 1,450,700 | 245,050 |
| | Fixed Assets | 29,693,105 | 55,906,000 | 19,188,000 | (36,718,000) |
| | Utilities | 324,132 | 5,100 | 366,800 | 361,700 |
| | Cost Sharing & Rebates | 13,577,772 | 24,088,000 | 12,000,000 | (12,088,000) |
| Design & Construction Unit 2 (332) Total | | 45,407,549 | 86,726,938 | 42,535,256 | (44,191,682) |
| Design & Construction Unit 4 | | | | | |
| | Salaries & Benefits | 1,561,268 | 1,499,162 | 1,361,292 | (137,870) |
| | Consultants | 2,118,754 | 920,000 | 20,000 | (900,000) |
| | Direct Services | 8,049 | 30,000 | 147,000 | 117,000 |
| | Supplies | 657 | 525 | 400 | (125) |
| | Other Expenses | 1,509,945 | 392,550 | 428,080 | 35,530 |
| | Fixed Assets | 0 | 8,125,980 | 5,000,000 | (3,125,980) |
| | Cost Sharing & Rebates | 150,000 | 6,600,000 | 8,500,000 | 1,900,000 |
| Design & Construction Unit 4 (334) Total | | 5,348,673 | 17,568,217 | 15,456,772 | (2,111,445) |

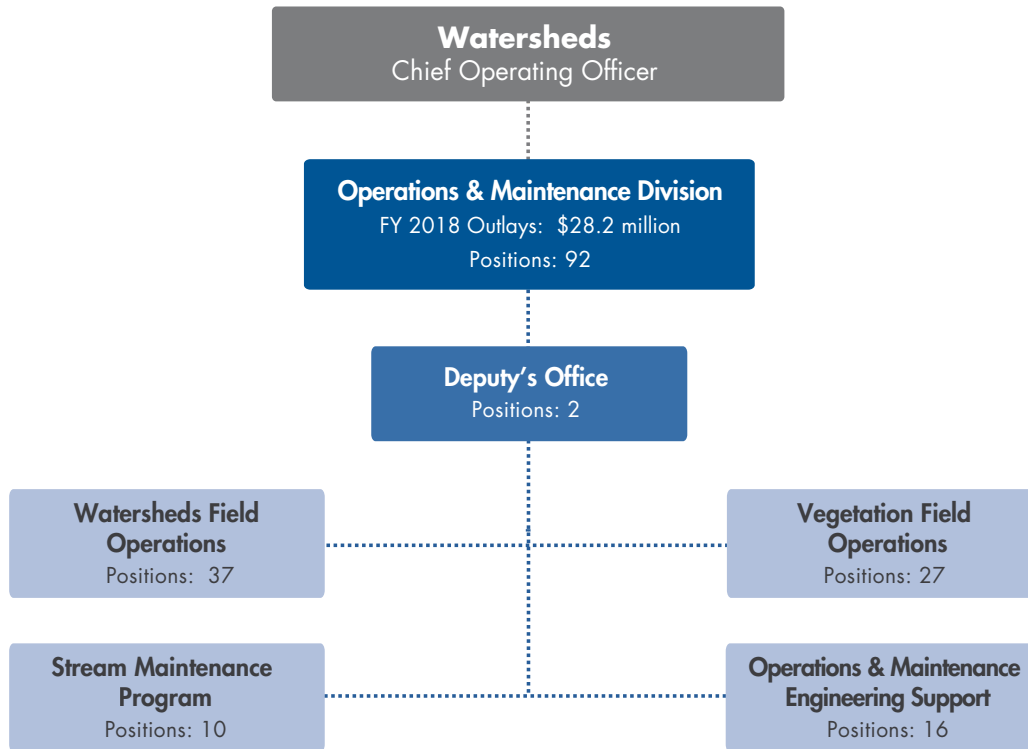
Division Summaries

Capital Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Design & Construction Unit 5 | | | | | |
| | Salaries & Benefits | 1,193,097 | 1,295,912 | 1,276,905 | (19,007) |
| | Consultants | 1,355,798 | 661,000 | 1,900,000 | 1,239,000 |
| | Direct Services | 64,092 | 211,000 | 84,000 | (127,000) |
| | Supplies | 29,336 | 3,125 | 48,000 | 44,875 |
| | Other Expenses | 27,388 | 37,500 | 260,600 | 223,100 |
| | Fixed Assets | 6,010,130 | 2,900,000 | 9,600,000 | 6,700,000 |
| | Utilities | 0 | 60,000 | 0 | (60,000) |
| Design & Construction Unit 5 (336) Total | | 8,679,841 | 5,168,537 | 13,169,505 | 8,000,968 |
| Land Surveying and Mapping | | | | | |
| | Salaries & Benefits | 1,079,187 | 1,345,461 | 1,084,713 | (260,748) |
| | Consultants | 36,698 | 93,650 | 61,000 | (32,650) |
| | Direct Services | 85,061 | 90,100 | 144,800 | 54,700 |
| | Supplies | 28,010 | 123,025 | 125,900 | 2,875 |
| | Other Expenses | 18,953 | 8,750 | 34,500 | 25,750 |
| Land Surveying and Mapping (367) Total | | 1,247,909 | 1,660,986 | 1,450,913 | (210,073) |
| Real Estate Services | | | | | |
| | Salaries & Benefits | 892,015 | 1,038,347 | 1,057,073 | 18,726 |
| | Consultants | 1,905 | 0 | 0 | 0 |
| | Direct Services | 548 | 0 | 2,070 | 2,070 |
| | Supplies | 1,713 | 750 | 0 | (750) |
| | Other Expenses | 12,939 | 14,000 | 32,108 | 18,108 |
| Real Estate Services (369) Total | | 909,120 | 1,053,097 | 1,091,251 | 38,154 |
| Capital Total | | 95,436,174 | 124,632,464 | 101,021,118 | (23,611,346) |
| Division Total | | 97,282,754 | 126,449,828 | 103,410,872 | (23,038,956) |

Division Summaries

Watershed Operations & Maintenance Division



Division Description and Objectives

The division is comprised of four departments that provide field maintenance, engineering support, vegetation management, and management of the Stream Maintenance Program (SMP) in the Guadalupe, Lower Peninsula, West Valley, Coyote and Uvas/Llagas watersheds. The office of Watersheds Operations and Maintenance provides administrative leadership and support for the four departments that comprise the division. The division objective is to assure that maintenance work is performed in accordance with regulatory permits and maintenance guidelines and is coordinated and consistent throughout the division.

Watershed Field Operations

The Watershed Field Operations Department is responsible for coordination and management of field construction and maintenance activities within the Watersheds, budget development, coordination of emergency response services and monitoring of safety procedures. Assure that work is performed efficiently, effectively, with minimal environmental impact and with the highest regard for the safety of the public and staff.

Division Summaries

Vegetation Field Operations

The Vegetation Management Department is responsible for the budget development, coordination, and management of vegetation programs and the sandbag program in the Lower Peninsula, West Valley, Guadalupe, Coyote, and Uvas/Llagas Watersheds including capital projects and water utility sites.

Stream Maintenance Program

The Stream Maintenance Program (SMP) Department manages and coordinates routine maintenance activities to ensure that stream maintenance work is consistent with the environmental regulatory permits, in a manner that minimizes the environmental impact to the stream systems. This program supports the maintenance of streams to maintain the flow conveyance capacity of District channels and the structural and functional integrity of District facilities. This department also provides coordination and delivery of materials, equipment and labor (EML) services for Field Operations; and for validation and processing of related invoices and payments.

Operations & Maintenance Engineering Support

The Watersheds O&M Engineering Support Department is responsible for providing engineering support for operations and maintenance activities for streams, levees, and other watershed assets within Santa Clara County over which SCVWD has jurisdiction. This work supports the flood protection and watershed stewardship components of SCVWD's mission.

FY 2017 Accomplishments

Field Operations:

- 19 Sediment Removal Projects (83,735 CY);
- 3,792 Linear Feet of Erosion;
- 756 Cubic Yards Good Neighbor Maintenance;
- 269,878 Linear Feet of Levee Maintenance;
- 5,769 Linear Feet of Corrective Maintenance;
- 3,050 Cubic Yards Debris Removal;
- 388,893 Linear Feet Field Inspections

Vegetation Management:

- 193 Acres of mitigation site maintenance;
- 925 Acres of upland access maintenance: weed abatement, access pruning, upland herbicide;
- 196 Acres of instream vegetation removal for flow conveyance: hand removal and aquatic herbicide.
- 101 Acres of invasive plant management;
- 408 6 - 12" DBH trees removed;
- 45 Hazard trees removed;
- 218,784 Sandbags made

Division Summaries

FY 2018 Milestones

- U.S. Army Corps of Engineers (USACE)-constructed reaches of Guadalupe River, Coyote 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 1.
- Natural Resources Conservation Service (NRCS)-constructed reaches of Lower Llagas Creek Flood Protection Project (PL-566); (a) Conduct annual inspections; (b) Prepare and submit annual inspection reports to NRCS.
- Conduct inspections of creeks and levees (ongoing)
- Research and respond to customer requests via Access Valley Water (AVW) communications system (ongoing).
- Prepare work orders for corrective and preventive stream maintenance activities (ongoing).
- Engineering support for Stream Maintenance Program (SMP) projects: (a) Prepare necessary information to ensure SMP annual Notice of Proposed Work occurs by April 15; (b) Provide engineering and construction support for SMP bank protection, sediment removal, vegetation management, and levee maintenance projects (generally between June 15 and October 15); (c) Prepare necessary information to ensure SMP Annual Summary Report occurs by January 31. 7. Update/develop five stream maintenance guidelines by December 31.

Budget Issues and Constraints

- Limited resources
- Limited funding
- The extent of maintenance work completed annually is constrained by staff resources, funding and regulatory permit requirements.

Division Summaries

Watershed Operations & Maintenance Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 20,112,268 | 23,606,608 | 26,582,133 | 2,975,525 | 13% |
| Operating | 229,660 | 2,159,535 | 1,028,133 | (1,131,402) | -52% |
| Capital | 582,807 | 536,286 | 599,431 | 63,145 | 12% |
| Total | 20,924,735 | 26,302,429 | 28,209,697 | 1,907,268 | 7% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| O&M Engineering Support | 2,849,523 | 5,071,660 | 3,480,810 | (1,590,850) | -31% |
| Ofc of Watershed O&M Division | 476,232 | 441,815 | 593,320 | 151,505 | 34% |
| Stream Maintenance Program | 2,003,746 | 3,275,794 | 3,162,145 | (113,649) | -3% |
| Vegetation Field Operations | 5,974,394 | 6,929,056 | 8,300,668 | 1,371,612 | 20% |
| Watershed Field Operations | 9,620,840 | 10,584,104 | 12,672,754 | 2,088,650 | 20% |
| Total | 20,924,735 | 26,302,429 | 28,209,697 | 1,907,268 | 7% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---|----|----|----|---|
| Watershed Operations & Maintenance Division | 80 | 88 | 92 | 4 |
|---|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Ofc of Watershed O&M Division | | | | | |
| | Salaries & Benefits | 393,637 | 437,361 | 590,924 | 153,563 |
| | Consultants | 78,720 | 0 | 0 | 0 |
| | Direct Services | 1,196 | 0 | 0 | 0 |
| | Supplies | 1,025 | 1,109 | 500 | (609) |
| | Other Expenses | 1,654 | 3,345 | 1,000 | (2,345) |
| Ofc of Watershed O&M Division (251) Total | | 476,232 | 441,815 | 592,424 | 150,609 |
| Watershed Field Operations | | | | | |
| | Salaries & Benefits | 5,082,813 | 5,594,889 | 5,463,429 | (131,460) |
| | Consultants | 23,226 | 73,000 | 55,000 | (18,000) |
| | Direct Services | 3,433,106 | 3,072,045 | 5,039,667 | 1,967,622 |
| | Supplies | 391,512 | 796,490 | 1,102,050 | 305,560 |
| | Other Expenses | 6,389 | 22,510 | 22,450 | (60) |
| | Utilities | 263,581 | 657,130 | 632,000 | (25,130) |
| | Cost Sharing & Rebates | 70,000 | 0 | 0 | 0 |
| Watershed Field Operations (253) Total | | 9,270,627 | 10,216,064 | 12,314,596 | 2,098,532 |
| Vegetation Field Operations | | | | | |
| | Salaries & Benefits | 3,035,567 | 3,670,032 | 4,329,150 | 659,118 |
| | Consultants | 17,691 | 15,000 | 65,000 | 50,000 |
| | Direct Services | 2,050,639 | 2,624,548 | 3,228,662 | 604,114 |
| | Supplies | 788,495 | 537,400 | 492,493 | (44,907) |
| | Other Expenses | 12,796 | 28,170 | 31,333 | 3,163 |
| | Utilities | 32,359 | 44,500 | 59,000 | 14,500 |
| Vegetation Field Operations (295) Total | | 5,937,547 | 6,919,650 | 8,205,638 | 1,285,988 |
| Stream Maintenance Program | | | | | |
| | Salaries & Benefits | 1,195,425 | 1,731,783 | 1,753,751 | 21,968 |
| | Consultants | 48,186 | 739,600 | 610,000 | (129,600) |
| | Direct Services | 536,061 | 619,867 | 499,900 | (119,967) |
| | Supplies | 149 | 30,675 | 6,700 | (23,975) |
| | Other Expenses | 82,406 | 141,615 | 217,000 | 75,385 |
| | Utilities | 0 | 500 | 750 | 250 |
| Stream Maintenance Program (297) Total | | 1,862,227 | 3,264,040 | 3,088,101 | (175,939) |
| O&M Engineering Support | | | | | |
| | Salaries & Benefits | 2,637,389 | 2,765,709 | 2,799,807 | 34,098 |
| | Consultants | 72,190 | 1,875,000 | 85,500 | (1,789,500) |
| | Direct Services | 60,856 | 244,740 | 311,000 | 66,260 |
| | Supplies | 4,342 | 20,125 | 23,200 | 3,075 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Other Expenses | 20,518 | 19,000 | 190,000 | 171,000 |
| O&M Engineering Support (298) Total | | 2,795,295 | 4,924,574 | 3,409,507 | (1,515,067) |
| Operations Total | | 20,341,928 | 25,766,143 | 27,610,266 | 1,844,123 |

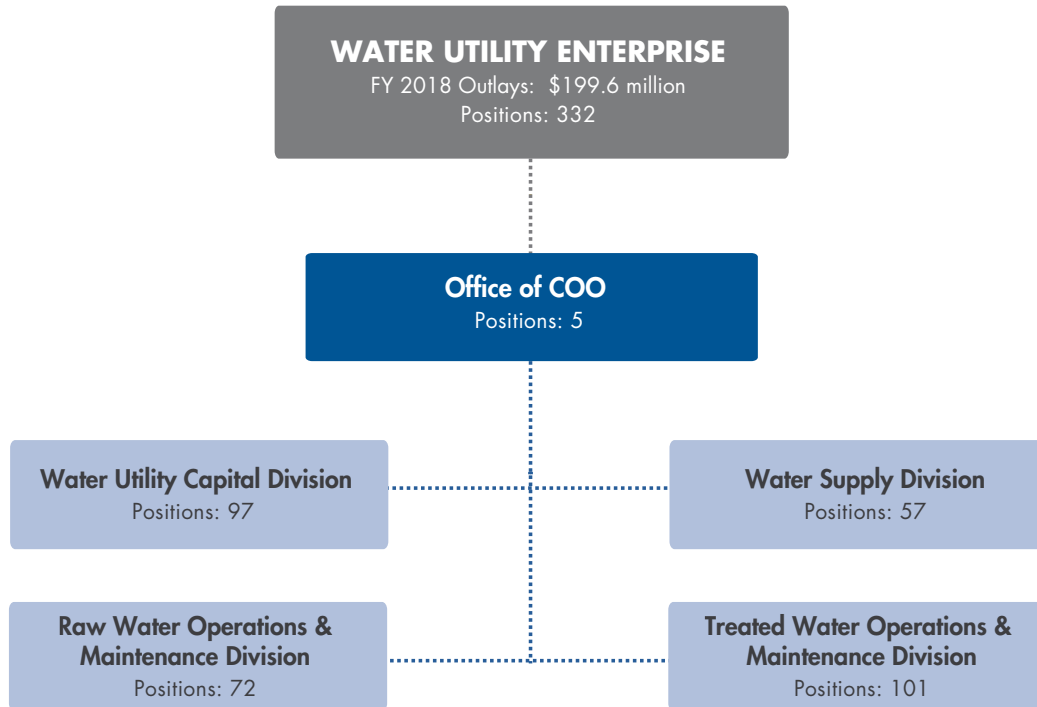
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Ofc of Watershed O&M Division | | | | | |
| | Salaries & Benefits | 0 | 0 | 895 | 895 |
| Ofc of Watershed O&M Division (251) Total | | 0 | 0 | 895 | 895 |
| Watershed Field Operations | | | | | |
| | Salaries & Benefits | 157,211 | 368,040 | 268,158 | (99,882) |
| | Direct Services | 133,246 | 0 | 50,000 | 50,000 |
| | Supplies | 59,613 | 0 | 40,000 | 40,000 |
| | Other Expenses | 10 | 0 | 0 | 0 |
| | Utilities | 133 | 0 | 0 | 0 |
| Watershed Field Operations (253) Total | | 350,213 | 368,040 | 358,158 | (9,882) |
| Vegetation Field Operations | | | | | |
| | Salaries & Benefits | 15,424 | 9,406 | 95,031 | 85,625 |
| | Direct Services | 21,423 | 0 | 0 | 0 |
| Vegetation Field Operations (295) Total | | 36,847 | 9,406 | 95,031 | 85,625 |
| Stream Maintenance Program | | | | | |
| | Salaries & Benefits | 1,858 | 11,754 | 14,044 | 2,290 |
| | Direct Services | 470 | 0 | 0 | 0 |
| | Other Expenses | 139,191 | 0 | 60,000 | 60,000 |
| Stream Maintenance Program (297) Total | | 141,519 | 11,754 | 74,044 | 62,290 |
| O&M Engineering Support | | | | | |
| | Salaries & Benefits | 54,178 | 147,086 | 71,304 | (75,782) |
| | Supplies | 50 | 0 | 0 | 0 |
| O&M Engineering Support (298) Total | | 54,228 | 147,086 | 71,304 | (75,782) |
| Capital Total | | 582,807 | 536,286 | 599,431 | 63,145 |
| Division Total | | 20,924,735 | 26,302,429 | 28,209,697 | 1,907,268 |

Division Summaries

Water Utility



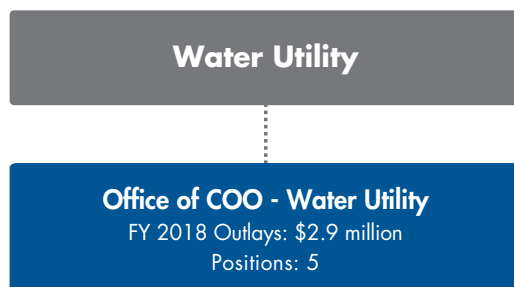
Description

The Water Utility Enterprise is primarily responsible for carrying out the core services related to Ends Policy 2 - There is a reliable, clean water supply for current and future generations.

Directed by Chief Operating Officer, the district'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



The Office of the Chief Operating Officer Water Utility oversees the Departments of Water Utility Capital, Water Supply, Raw Water Operations & Maintenance and Treated Water Operations & Maintenance. The Water Utility Enterprise (WUE) is primarily responsible for carrying out the core services related to Ends Policy 2 - There is a reliable, clean water supply for current and future generations. Lead and manage 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, 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.

Office of COO Water Utility – Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 | 61% |
| Total | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 | 61% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-----------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Office of COO Water Utility | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 | 61% |
| Total | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 | 61% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|-----------------------------|---|---|---|---|
| Office of COO Water Utility | 4 | 4 | 5 | 1 |
|-----------------------------|---|---|---|---|

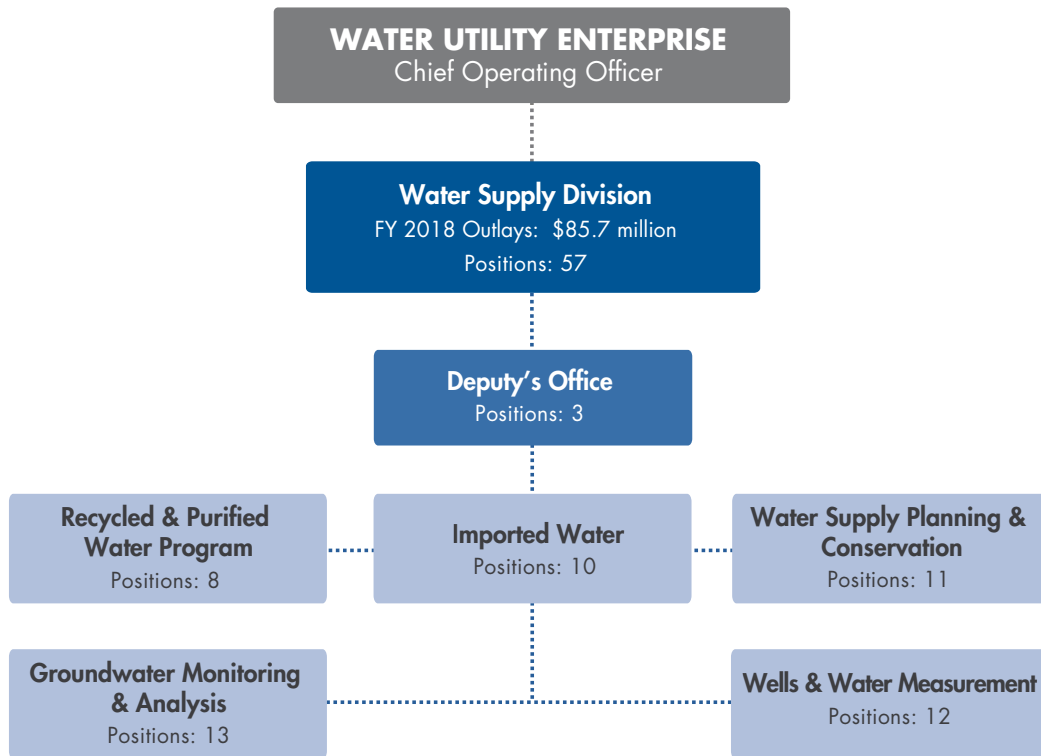
Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Office of COO Water Utility | | | | | |
| | Salaries & Benefits | 779,041 | 918,254 | 1,192,844 | 274,590 |
| | Consultants | 59,901 | 135,000 | 738,500 | 603,500 |
| | Direct Services | 3,104 | 28,000 | 178,000 | 150,000 |
| | Supplies | 606 | 9,000 | 257,000 | 248,000 |
| | Other Expenses | 290,873 | 629,500 | 440,000 | (189,500) |
| | Fixed Assets | 0 | 70,000 | 70,000 | 0 |
| Office of COO Water Utility (402) Total | | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 |
| Operations Total | | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 |
| Division Total | | 1,133,525 | 1,789,754 | 2,876,344 | 1,086,590 |

Division Summaries

Water Supply Division



Division Description and Objectives

The Water Supply Division is responsible for identifying future water supply needs, managing the groundwater basins and imported water supplies, and implementing water conservation and recycled water programs. The objectives of the Water Supply Division are to 1) Sustain future drought proof, reliable water supply, 2) Expand and develop recycled and purified water projects, 3) Manage annual imported water supplies, 4) Minimize imported water costs, 5) Participate and complete various water supply reliability planning studies, 6) Implement programs and provide support needed to maximize water conservation/demand management to reach the District's goal of saving nearly 100,000 acre-feet per year by 2030 and any short-term reduction called for by the Board, 7) Provide accurate and timely information on current and future groundwater supply conditions, 8) Comply with state sustainable groundwater management requirements, 9) Protect the quality and quantity of the county's groundwater resources by ensuring that wells are constructed, destroyed, modified and maintained per policy, 10) Provide accurate and dependable water measuring devices for verifying water production for groundwater, surface water, treated water and recycled water accounts.

Division Summaries

Recycled and Purified Water Program

The Recycled and Purified Water Department supports expansion of recycled and purified water in Santa Clara County by collaborating, negotiating and executing long-term agreements with various partners, and by leading various planning and research studies, such as the Reverse Osmosis Concentrate Management Plan and the Countywide Recycled and Purified Water Master Plan.

Imported Water

The Imported Water Department protects, manages and develops the District's imported water assets, including the Central Valley Project, State Water Project, and other contract rights; meets current year operational needs for imported supplies; develops water transfers, exchanges and banking agreements; and controls imported water costs.

Water Supply Planning and Conservation

The Water Supply Planning & Conservation Department supports the District mission by developing long-term water supply planning studies to ensure there is a reliable water supply, by participating in various regional water supply planning efforts, and by designing, implementing, and evaluating demand management programs to meet District short-term and long-term water supply reliability goals.

Groundwater Monitoring & Analysis

The Groundwater Monitoring and Analysis Department supports the District mission to protect and augment local groundwater resources by providing accurate and timely information on current and future groundwater supply conditions, implementing sustainable groundwater management programs, complying with state groundwater sustainability requirements, and assessing potential groundwater impacts from proposed projects and policies.

Wells and Water Measurement

The Wells and Water Measurement Department is responsible for the implementation of two programs: The Well Ordinance Program and Water Measurement Program.

The Well Ordinance Program helps protect the District's groundwater resource by providing staff, services, and supplies used for the implementation of the District's Well Ordinance (Ordinance 90-1). Implementation of the well ordinance includes well permitting, well inspection, well data management, and violation enforcement for all wells located in Santa Clara County.

The Water Measurement Program provides staff time, services, and supplies for the operation of the District'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.

Division Summaries

FY 2017 Accomplishments

- Initiated the 2017 Water Supply Master Plan Update.
- Annual long-term water conservation savings of nearly 72,000 acre-feet to stay on target to meet our goal of saving nearly 100,000 acre-feet per year by 2030.
- Filed the 2016 Groundwater Management Plan with the state for Sustainable Groundwater Management Act.
- Completed 3,910 meter reads, 160 meter tests, 99 meter overhaul/rebuilds, 963 well inspections, 99 backflow prevention device inspections/overhauls.
- Issued 1,011 Well Permits.
- Effectively managed imported water supplies, including execution of three water exchange agreements with fellow State Water Project contractors.
- Developed analysis, recommended a decision, and received direction to participate in Sites Reservoir Prop 1 funding effort.
- Developed analysis, recommended decisions, and received direction to pursue evaluation of enlarging Pacheco Reservoir and potentially submit a proposition 1 funding application for Pacheco Reservoir.
- Presented 17 board items to the full Board.
- Participated in California WaterFix project development, developing key information and documents to enable the Board to reach a decision on whether to participate.
- Provided a leadership role in the Collaborative Science & Adaptive Management Program.
- 3 Board presentations on CA WaterFix and participation in Sites Reservoir planning.
- Executed memorandum of understanding with City of Sunnyvale for recycled and purified water feasibility studies.
- Executed memorandum of understanding with San Francisco Public Utilities Commission for recycled and purified water feasibility studies.
- Application for \$1.7M in USBR Title XVI funding for the South Santa Clara Recycled Water Project, Phases 1B and 2A was submitted December 2016.
- The Advanced Water Purification System Feasibility Study (with Palo Alto/Mtn View) was completed on 4/4/17.

FY 2018 Milestones

- Complete draft Countywide Recycled & Purified Water Master Plan
- Identify potential sources of supplemental water.
- Complete the district's 2017 Water Supply Master Plan.
- Complete and submit the Central Valley Project Improvement Act (CVPIA) Water Management Plan.
- Ensure compliance with state groundwater sustainability requirements.

Budget Issues and Constraints

Available resources, hydrology, and imported water availability.

Division Summaries

Water Supply Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 84,631,476 | 92,704,095 | 75,556,992 | (17,147,103) | -18% |
| Operating | 89,924 | 13,435 | 57,578 | 44,143 | 329% |
| Capital | 14,045,840 | 17,667,284 | 10,098,068 | (7,569,216) | -43% |
| Total | 98,767,240 | 110,384,814 | 85,712,638 | (24,672,176) | -22% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|--|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Groundwater Monitoring & Analysis | 4,198,119 | 2,774,157 | 2,689,489 | (84,668) | -3% |
| Imported Water | 69,332,872 | 83,095,325 | 69,364,866 | (13,730,459) | -17% |
| Recycled and Purified Water Program | 5,317,598 | 14,611,833 | 4,641,433 | (9,970,400) | -68% |
| Water Supply Division Deputy's Office | 519,580 | 425,763 | 634,504 | 208,741 | 49% |
| Water Supply Planning and Conservation | 17,391,669 | 7,309,381 | 6,131,329 | (1,178,052) | -16% |
| Wells and Water Measurement | 2,007,402 | 2,168,355 | 2,251,017 | 82,662 | 4% |
| Total | 98,767,240 | 110,384,814 | 85,712,638 | (24,672,176) | -22% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|-----------------------|----|----|----|------|
| Water Supply Division | 67 | 68 | 57 | (11) |
|-----------------------|----|----|----|------|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Recycled and Purified Water Program | | | | | |
| | Salaries & Benefits | 1,120,664 | 1,419,285 | 1,469,711 | 50,426 |
| | Consultants | 185 | 1,120,000 | 2,758,500 | 1,638,500 |
| | Direct Services | 126,031 | 260,258 | 224,258 | (36,000) |
| | Supplies | 261,370 | 0 | 0 | 0 |
| | Other Expenses | 15,037 | 14,500 | 14,500 | 0 |
| | Cost Sharing & Rebates | 79,527 | 3,071,000 | 70,000 | (3,001,000) |
| Recycled and Purified Water Program (410) Total | | 1,602,814 | 5,885,043 | 4,536,969 | (1,348,074) |
| Water Supply Division Deputy's Office | | | | | |
| | Salaries & Benefits | 421,698 | 421,763 | 630,254 | 208,491 |
| | Direct Services | 71,442 | 0 | 0 | 0 |
| | Supplies | 101 | 0 | 0 | 0 |
| | Other Expenses | 6,300 | 4,000 | 4,250 | 250 |
| Water Supply Division Deputy's Office (415) Total | | 499,541 | 425,763 | 634,504 | 208,741 |
| Imported Water | | | | | |
| | Salaries & Benefits | 1,442,876 | 1,883,511 | 1,888,997 | 5,486 |
| | Consultants | 224,915 | 0 | 0 | 0 |
| | Direct Services | 8,275 | 31,501 | 31,501 | 0 |
| | Supplies | 2,039 | 0 | 500 | 500 |
| | Other Expenses | 153,352 | 225,795 | 187,750 | (38,045) |
| | Cost Sharing & Rebates | 864,380 | 2,335,000 | 2,667,000 | 332,000 |
| | Water Purchases | 58,436,619 | 69,855,056 | 54,873,949 | (14,981,107) |
| Imported Water (425) Total | | 61,132,456 | 74,330,863 | 59,649,697 | (14,681,166) |
| Water Supply Planning and Conservation | | | | | |
| | Salaries & Benefits | 1,861,033 | 2,044,039 | 1,912,019 | (132,020) |
| | Consultants | 982,922 | 822,545 | 477,500 | (345,045) |
| | Direct Services | 647,665 | 197,010 | 251,300 | 54,290 |
| | Supplies | 38,461 | 66,920 | 84,310 | 17,390 |
| | Other Expenses | 478,385 | 14,200 | 19,000 | 4,800 |
| | Cost Sharing & Rebates | 13,347,165 | 4,132,850 | 3,257,850 | (875,000) |
| Water Supply Planning and Conservation (445) Total | | 17,355,631 | 7,277,564 | 6,001,979 | (1,275,585) |
| Groundwater Monitoring & Analysis | | | | | |
| | Salaries & Benefits | 2,059,672 | 2,429,461 | 2,334,204 | (95,257) |
| | Consultants | 4,634 | 77,000 | 85,000 | 8,000 |
| | Direct Services | 33,323 | 68,760 | 71,000 | 2,240 |
| | Supplies | 10,236 | 26,750 | 15,300 | (11,450) |
| | Other Expenses | 15,049 | 34,300 | 34,900 | 600 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Cost Sharing & Rebates | 894 | 0 | 0 | 0 |
| Groundwater Monitoring & Analysis (465) Total | | 2,123,808 | 2,636,271 | 2,540,404 | (95,867) |
| Wells and Water Measurement | | | | | |
| | Salaries & Benefits | 1,825,346 | 1,955,956 | 2,028,167 | 72,211 |
| | Consultants | 4,369 | 23,000 | 23,000 | 0 |
| | Direct Services | 51,685 | 74,620 | 81,100 | 6,480 |
| | Supplies | 45,227 | 52,000 | 81,600 | 29,600 |
| | Other Expenses | 2,966 | 4,250 | 4,450 | 200 |
| | Fixed Assets | 76,733 | 51,000 | 31,500 | (19,500) |
| | Utilities | 824 | 1,200 | 1,200 | 0 |
| Wells and Water Measurement (475) Total | | 2,007,150 | 2,162,026 | 2,251,017 | 88,991 |
| Operations Total | | 84,721,400 | 92,717,530 | 75,614,570 | (17,102,960) |

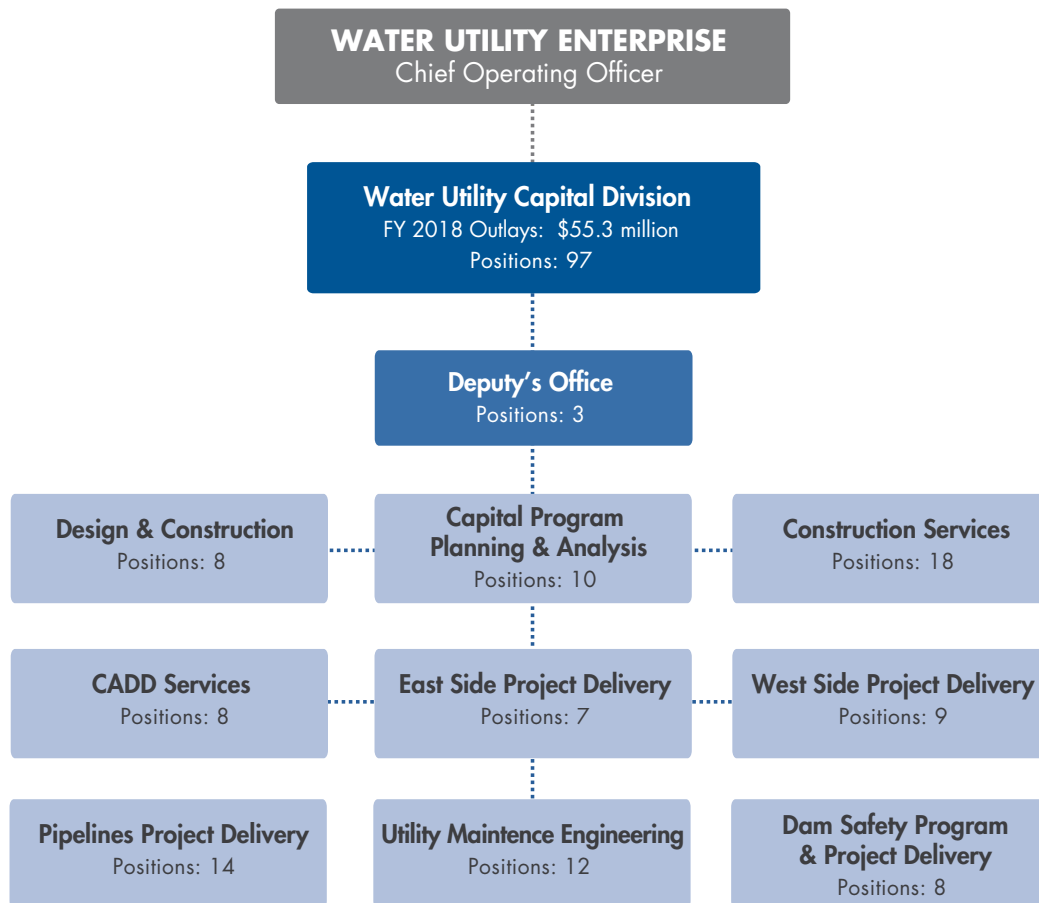
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Recycled and Purified Water Program | | | | | |
| | Salaries & Benefits | 58,273 | 218,423 | 104,464 | (113,959) |
| | Consultants | 152,753 | 1,150,000 | 0 | (1,150,000) |
| | Direct Services | 4,758 | 500,000 | 0 | (500,000) |
| | Other Expenses | 0 | 6,858,367 | 0 | (6,858,367) |
| | Cost Sharing & Rebates | 3,499,000 | 0 | 0 | 0 |
| Recycled and Purified Water Program (410) Total | | 3,714,784 | 8,726,790 | 104,464 | (8,622,326) |
| Water Supply Division Deputy's Office | | | | | |
| | Salaries & Benefits | 20,039 | 0 | 0 | 0 |
| Water Supply Division Deputy's Office (415) Total | | 20,039 | 0 | 0 | 0 |
| Imported Water | | | | | |
| | Salaries & Benefits | 867 | 0 | 0 | 0 |
| | Water Purchases | 8,199,549 | 8,764,462 | 9,715,169 | 950,707 |
| Imported Water (425) Total | | 8,200,416 | 8,764,462 | 9,715,169 | 950,707 |
| Water Supply Planning and Conservation | | | | | |
| | Salaries & Benefits | 36,038 | 31,817 | 129,350 | 97,533 |
| Water Supply Planning and Conservation (445) Total | | 36,038 | 31,817 | 129,350 | 97,533 |
| Groundwater Monitoring & Analysis | | | | | |
| | Salaries & Benefits | 282,490 | 137,886 | 149,085 | 11,199 |
| | Consultants | 1,791,717 | 0 | 0 | 0 |
| | Other Expenses | 104 | 0 | 0 | 0 |
| Groundwater Monitoring & Analysis (465) Total | | 2,074,311 | 137,886 | 149,085 | 11,199 |
| Wells and Water Measurement | | | | | |
| | Salaries & Benefits | 252 | 6,329 | 0 | (6,329) |
| Wells and Water Measurement (475) Total | | 252 | 6,329 | 0 | (6,329) |
| Capital Total | | 14,045,840 | 17,667,284 | 10,098,068 | (7,569,216) |
| Division Total | | 98,767,240 | 110,384,814 | 85,712,638 | (24,672,176) |

Division Summaries

Water Utility Capital Division



Division Description and Objectives

The Water Utility Capital Division is responsible for planning, implementation and management of the Water Utility's portion of the District's rolling 5-year Capital Improvement Program (CIP). The objective of the Water Utility Capital program is to ensure that there is a reliable, clean water supply for current and future generations.

Design & Construction

The Design and Construction Department work on Capital Watershed Projects (Flood Protection and Fish Passage).

Division Summaries

Capital Program Planning and Analysis

The Capital Program Planning and Analysis Department provides analytical support for both Water Utility Enterprise and Watershed capital projects including benchmarking and status reports. Runs the advertise and award process for all public works projects over \$25,000 and provides support during construction. Assists with preparing and processing consultant agreements. Develops and produces the annual 5-year CIP including maintaining all backup data, managing the Staff CIP committee and the Board Ad Hoc CIP Committee.

Construction Services

The Construction Services Department provides construction management and inspection for capital construction projects.

CADD Services

The responsibilities of the CADD Department include the production of engineering drafting and minor design work, field investigations, management of CADD related software, in support of the District's water resources facilities, flood control and pipeline infrastructure, and watershed management.

East Side Project Delivery

The East Side Project Delivery Department supports the implementation of the District's 5-Year Capital Improvement Program. Department staff manage and oversee the planning, design, and construction of various water supply capital projects, including those at the treatment plants and pumping plants.

West Side Project Delivery

The West Side Project Delivery Department provides engineering services for the planning, design and construction of capital projects at the Rinconada Water Treatment Plant and other facilities as needed. In addition, the department prepares annual project and department budget requests and revises and adds to the Five-Year CIP as needed.

Pipelines Project Delivery

The Pipelines Project Delivery Department is responsible for the planning, design and construction of the District's pipeline infrastructure defined in the District's 5 year CIP as well as other District documents. The department also provides structural and geotechnical engineering services and support District-wide. Majority of the staff are comprised of civil, structural and geotechnical engineers.

Utility Maintenance Engineering

The Utility Maintenance Engineering Department provides sound civil and mechanical engineering as well as corrosion control services in support of Water Utility Operations and Maintenance Programs. The department also manages several Capital Projects related to large diameter pipeline inspection and rehabilitation and Pre-stressed Concrete Cylinder Pipe (PCCP) risk mitigation.

Dam Safety Program and Project Delivery

The Dam Safety Program and Project Delivery Department manages maintenance, inspections, regulatory compliance, and safety of the District dams. In addition, the department also delivers all capital projects related to

Division Summaries

the dams. The dam safety and dam maintenance activities are carried out through the department's Dam Safety Program (91081007) and the Dams and Reservoirs Maintenance Program (91761099). Capital projects currently being managed by the department include - Anderson Dam Seismic Retrofit Project (91864005), Calero Dam Seismic Retrofit Project (91874004) and the Guadalupe Dam Seismic Retrofit Project (91894002). Other dam-related projects currently managed by the department include Almaden Intake Project (91854001), Dam Safety Evaluation - Phase 1 Project (91084019), and Penitencia Water Treatment Plant Landslide Monitoring (93231007).

FY 2017 Accomplishments

- Geotechnical investigations for the Calero and Guadalupe Dams Seismic Retrofit and Almaden Dam Improvement Projects were completed. Additionally, the scope of the Anderson Dam Seismic Retrofit Project was modified to account for additional liquefaction potential.
- The Penitencia Water Treatment Plant was shut down to facilitate construction of Penitencia Delivery and Force Main Seismic Retrofits, the seismic retrofit of the Operations building, the clearwell recoating and repair, and installation of a fluoridation system at the treatment plant.
- At the Rinconada Water Treatment Plant, the Valves Replacement Project was completed, a new residuals management system was brought on line, and the Reliability Improvement Project began construction of the new ozone contactors and flocculation and sedimentation basins.
- A new fluoridation system was installed and brought online at the Santa Teresa Water Treatment Plant.
- The Wolfe Road Recycled Water Facilities Project installed approximately 13,300 lineal feet of 24" inch diameter recycled water pipeline and appurtenances, to expand the recycled water distribution system in the City of Sunnyvale and provide recycled water service to the Apple 2 campus.

FY 2018 Milestones

- Complete phase 2 of the Rinconada Water Treatment Plant Reliability Improvement Project.
- Draft California Environmental Quality Act (CEQA) and 30% design documents will be generated for the Anderson, Calero, and Guadalupe Dam Seismic Retrofit Projects.
- Planning and design of the Vasona Pumping Plant Upgrade and Coyote Pumping Plant Adjustable Speed Drive Projects will begin.
- Complete the construction of the Main and Madrone Pipelines Restoration Project.
- Complete the inspection and rehabilitation of the Pacheco Conduit and Almaden Valley Pipeline.

Budget Issues and Constraints

The amount of funding available, as primarily derived from increases to the existing water rates in both North and South County, will determine the number of Capital Projects which will be funded in each year. Additionally, should a surplus of funding become available, current staffing levels will preclude the implementation of projects not already identified within the 5-year CIP. Staff availability and support, outside of the Water Utility Capital Division, is also a factor affecting completion of the projected milestones and the volume of work that can be accomplished. For example, in FY 18, the requested staff support from the Utility Electrical and Control Systems Department (545) cannot be accommodated without the utilization of large volumes of overtime.

Division Summaries

Water Utility Capital Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 4,679,835 | 4,276,016 | 3,837,469 | (438,547) | -10% |
| Operating | 11,975 | 5,114 | 9,493 | 4,379 | 86% |
| Capital | 127,891,408 | 53,252,509 | 51,421,357 | (1,831,152) | -3% |
| Total | 132,583,218 | 57,533,639 | 55,268,320 | (2,265,319) | -4% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| CADD Services | 1,161,702 | 1,250,508 | 1,266,307 | 15,799 | 1% |
| Capital Prog Plan and Analysis | 1,135,368 | (196,186,208) | (128,365,339) | 67,820,869 | -35% |
| Construction Services | 3,471,278 | 6,786,324 | 6,855,516 | 69,192 | 1% |
| Dam Safety Program and Project Delivery | 2,302,293 | 2,221,564 | 13,693,909 | 11,472,345 | 516% |
| Design & Construction Unit 3 | 8,132,672 | 118,749,739 | 53,485,136 | (65,264,603) | -55% |
| East Side Project Delivery | 30,145,308 | 12,823,120 | 6,657,147 | (6,165,973) | -48% |
| Pipelines Project Delivery | 29,341,053 | 41,530,413 | 15,817,472 | (25,712,941) | -62% |
| Utility Maintenance Engineering | 7,389,809 | 11,704,189 | 22,584,698 | 10,880,509 | 93% |
| Water Utility Capital Division | 2,838,192 | 753,552 | 820,004 | 66,452 | 9% |
| West Side Project Delivery | 46,665,543 | 57,900,438 | 62,453,471 | 4,553,033 | 8% |
| Total | 132,583,218 | 57,533,639 | 55,268,320 | (2,265,319) | -4% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|
| Water Utility Capital Division | 67 | 70 | 97 | 27 |
|--------------------------------|-----------|-----------|-----------|-----------|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Water Utility Capital Division | | | | | |
| | Salaries & Benefits | 88,027 | 47,644 | 150,684 | 103,040 |
| | Direct Services | 1,091 | 0 | 0 | 0 |
| | Supplies | 90 | 0 | 0 | 0 |
| | Other Expenses | 150 | 0 | 0 | 0 |
| Water Utility Capital Division (315) Total | | 89,358 | 47,644 | 150,684 | 103,040 |
| Design & Construction Unit 3 | | | | | |
| | Salaries & Benefits | 1,105 | 9,982 | 19,608 | 9,626 |
| | Direct Services | 4,133 | 0 | 0 | 0 |
| | Supplies | 18 | 0 | 0 | 0 |
| Design & Construction Unit 3 (333) Total | | 5,256 | 9,982 | 19,608 | 9,626 |
| Capital Prog Plan and Analysis | | | | | |
| | Salaries & Benefits | 5,357 | 3,040 | 28,622 | 25,582 |
| | Direct Services | 191 | 0 | 0 | 0 |
| | Other Expenses | 27 | 0 | 0 | 0 |
| Capital Prog Plan and Analysis (335) Total | | 5,575 | 3,040 | 28,622 | 25,582 |
| Construction Services | | | | | |
| | Salaries & Benefits | 53,974 | 23,099 | 21,901 | (1,198) |
| | Direct Services | 9,471 | 0 | 0 | 0 |
| | Supplies | 465 | 400 | 0 | (400) |
| | Consultants | 8,938 | 0 | 23,000 | 23,000 |
| Construction Services (351) Total | | 72,848 | 23,499 | 44,901 | 21,402 |
| CADD Services | | | | | |
| | Salaries & Benefits | 139,712 | 127,249 | 165,601 | 38,352 |
| | Direct Services | 44,610 | 53,300 | 49,000 | (4,300) |
| | Supplies | 0 | 520 | 500 | (20) |
| CADD Services (366) Total | | 184,322 | 181,069 | 215,101 | 34,032 |
| East Side Project Delivery | | | | | |
| | Salaries & Benefits | 118,281 | 243,105 | 70,235 | (172,870) |
| | Direct Services | 3,328 | 0 | 0 | 0 |
| | Supplies | 25 | 0 | 0 | 0 |
| East Side Project Delivery (375) Total | | 121,634 | 243,105 | 70,235 | (172,870) |
| West Side Project Delivery | | | | | |
| | Salaries & Benefits | 2,234 | 7,338 | 6,020 | (1,318) |
| | Direct Services | 1,616 | 0 | 0 | 0 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Supplies | 24,064 | 0 | 0 | 0 |
| West Side Project Delivery (376) Total | | 27,914 | 7,338 | 6,020 | (1,318) |
| Pipelines Project Delivery | | | | | |
| | Salaries & Benefits | 68,149 | 42,456 | 92,140 | 49,684 |
| | Direct Services | 1,541 | 0 | 0 | 0 |
| | Supplies | 2,746 | 0 | 0 | 0 |
| Pipelines Project Delivery (385) Total | | 72,436 | 42,456 | 92,140 | 49,684 |
| Utility Maintenance Engineering | | | | | |
| | Salaries & Benefits | 1,470,335 | 1,644,356 | 1,474,904 | (169,452) |
| | Direct Services | 240,632 | 183,100 | 62,500 | (120,600) |
| | Supplies | 59,077 | 26,500 | 71,500 | 45,000 |
| | Other Expenses | 108,334 | 43,700 | 5,000 | (38,700) |
| | Consultants | 533,377 | 0 | 260,000 | 260,000 |
| | Fixed Assets | 2,794 | 0 | 0 | 0 |
| | Utilities | 14,681 | 17,500 | 11,400 | (6,100) |
| Utility Maintenance Engineering (435) Total | | 2,429,230 | 1,915,156 | 1,885,304 | (29,852) |
| Dam Safety Program and Project Delivery | | | | | |
| | Salaries & Benefits | 665,757 | 912,111 | 638,866 | (273,245) |
| | Direct Services | 120,531 | 444,050 | 304,300 | (139,750) |
| | Supplies | 84,561 | 17,500 | 42,000 | 24,500 |
| | Other Expenses | 218,638 | 219,180 | 214,180 | (5,000) |
| | Consultants | 592,895 | 215,000 | 135,000 | (80,000) |
| | Fixed Assets | 43 | 0 | 0 | 0 |
| | Utilities | 812 | 0 | 0 | 0 |
| Dam Safety Program and Project Delivery (595) Total | | 1,683,237 | 1,807,841 | 1,334,346 | (473,495) |
| Operations Total | | 4,691,810 | 4,281,130 | 3,846,962 | (434,168) |

Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Water Utility Capital Division | | | | | |
| | Salaries & Benefits | 411,396 | 681,548 | 659,519 | (22,029) |
| | Consultants | 2,315,884 | 0 | 0 | 0 |
| | Direct Services | 1,746 | 0 | 0 | 0 |
| | Supplies | 2,731 | 18,000 | 600 | (17,400) |
| | Other Expenses | 17,077 | 6,360 | 9,200 | 2,840 |
| Water Utility Capital Division (315) Total | | 2,748,834 | 705,908 | 669,319 | (36,589) |
| Design & Construction Unit 3 | | | | | |
| | Salaries & Benefits | 1,371,529 | 1,541,732 | 1,527,378 | (14,354) |
| | Consultants | 192,590 | 4,548,275 | 2,680,000 | (1,868,275) |
| | Direct Services | 54,254 | 861,500 | 659,000 | (202,500) |
| | Supplies | 5,428 | 6,400 | 5,100 | (1,300) |
| | Other Expenses | 33,693 | 271,850 | 30,531,550 | 30,259,700 |
| | Fixed Assets | 6,315,225 | 110,510,000 | 17,257,500 | (93,252,500) |
| | Utilities | 154,697 | 1,000,000 | 805,000 | (195,000) |
| Design & Construction Unit 3 (333) Total | | 8,127,416 | 118,739,757 | 53,465,528 | (65,274,229) |
| Capital Prog Plan and Analysis | | | | | |
| | Salaries & Benefits | 1,120,007 | 1,227,533 | 1,760,003 | 532,470 |
| | Consultants | 152 | 2,000 | 3,500 | 1,500 |
| | Direct Services | 5,678 | 1,800 | 2,500 | 700 |
| | Supplies | 648 | 1,000 | 1,200 | 200 |
| | Other Expenses | 3,308 | (197,421,581) | (130,161,163) | 67,260,418 |
| Capital Prog Plan and Analysis (335) Total | | 1,129,793 | (196,189,248) | (128,393,960) | 67,795,288 |
| Construction Services | | | | | |
| | Salaries & Benefits | 2,863,078 | 3,349,805 | 3,406,315 | 56,510 |
| | Consultants | 341,249 | 3,362,000 | 3,291,000 | (71,000) |
| | Direct Services | 186,790 | 29,300 | 89,300 | 60,000 |
| | Supplies | 2,002 | 3,000 | 5,000 | 2,000 |
| | Other Expenses | 5,311 | 18,720 | 19,000 | 280 |
| Construction Services (351) Total | | 3,398,430 | 6,762,825 | 6,810,615 | 47,790 |
| CADD Services | | | | | |
| | Salaries & Benefits | 973,373 | 1,061,439 | 1,047,906 | (13,533) |
| | Supplies | 18 | 2,750 | 100 | (2,650) |
| | Other Expenses | 3,989 | 5,250 | 3,200 | (2,050) |
| CADD Services (366) Total | | 977,380 | 1,069,439 | 1,051,206 | (18,233) |
| East Side Project Delivery | | | | | |

Division Summaries

Capital Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Salaries & Benefits | 1,447,090 | 1,671,815 | 1,428,411 | (243,404) |
| | Consultants | 6,399,422 | 580,600 | 694,800 | 114,200 |
| | Direct Services | 208,014 | 5,160,000 | 130,000 | (5,030,000) |
| | Supplies | 33,074 | 213,700 | 40,400 | (173,300) |
| | Other Expenses | 191,411 | 3,900 | 166,000 | 162,100 |
| | Fixed Assets | 21,734,959 | 4,950,000 | 4,127,300 | (822,700) |
| | Utilities | 9,704 | 0 | 0 | 0 |
| East Side Project Delivery (375) Total | | 30,023,674 | 12,580,015 | 6,586,911 | (5,993,104) |
| West Side Project Delivery | | | | | |
| | Salaries & Benefits | 1,200,393 | 1,695,900 | 1,623,451 | (72,449) |
| | Consultants | 6,957,599 | 12,800,000 | 12,225,000 | (575,000) |
| | Direct Services | 732,800 | 300,000 | 100,000 | (200,000) |
| | Supplies | 170,789 | 0 | 42,000 | 42,000 |
| | Other Expenses | 9,657 | 25,200 | 0 | (25,200) |
| | Fixed Assets | 37,566,391 | 43,072,000 | 48,457,000 | 5,385,000 |
| West Side Project Delivery (376) Total | | 46,637,629 | 57,893,100 | 62,447,451 | 4,554,351 |
| Pipelines Project Delivery | | | | | |
| | Salaries & Benefits | 2,150,853 | 2,793,983 | 2,333,107 | (460,876) |
| | Consultants | 11,708,967 | 13,383,000 | 1,200,000 | (12,183,000) |
| | Direct Services | 139,507 | 198,125 | 75,325 | (122,800) |
| | Supplies | 1,264 | 1,649 | 700 | (949) |
| | Other Expenses | 183,546 | 761,200 | 41,200 | (720,000) |
| | Fixed Assets | 15,084,480 | 24,350,000 | 12,075,000 | (12,275,000) |
| Pipelines Project Delivery (385) Total | | 29,268,617 | 41,487,957 | 15,725,332 | (25,762,625) |
| Utility Maintenance Engineering | | | | | |
| | Salaries & Benefits | 573,012 | 879,033 | 805,994 | (73,039) |
| | Consultants | 571,877 | 2,400,000 | 4,956,000 | 2,556,000 |
| | Direct Services | 3,147,760 | 430,000 | 11,798,500 | 11,368,500 |
| | Supplies | 659,896 | 900,000 | 3,052,500 | 2,152,500 |
| | Other Expenses | 7,149 | 80,000 | 86,400 | 6,400 |
| | Fixed Assets | 885 | 5,100,000 | 0 | (5,100,000) |
| Utility Maintenance Engineering (435) Total | | 4,960,579 | 9,789,033 | 20,699,394 | 10,910,361 |
| Dam Safety Program and Project Delivery | | | | | |
| | Salaries & Benefits | 571,079 | 413,723 | 1,117,362 | 703,639 |
| | Consultants | 0 | 0 | 10,122,000 | 10,122,000 |
| | Direct Services | 45,025 | 0 | 85,200 | 85,200 |
| | Supplies | 425 | 0 | 0 | 0 |
| | Other Expenses | 2,527 | 0 | 85,000 | 85,000 |

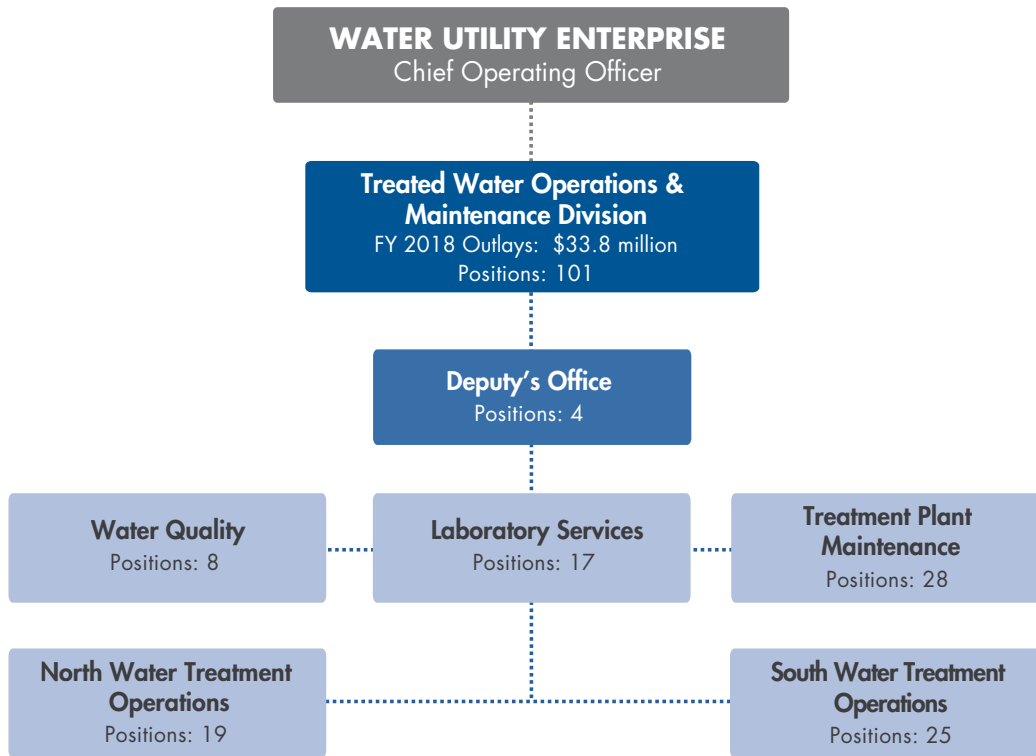
Division Summaries

Capital Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Fixed Assets | 0 | 0 | 950,000 | 950,000 |
| Dam Safety Program and Project Delivery (595) Total | | 619,056 | 413,723 | 12,359,562 | 11,945,839 |
| Capital Total | | 127,891,408 | 53,252,509 | 51,421,357 | (1,831,152) |
| Division Total | | 132,583,218 | 57,533,639 | 55,268,320 | (2,265,319) |

Division Summaries

Treated Water Operations & Maintenance Division



Division Description and Objectives

The Treated Water Operations and Maintenance Division operates and maintains the District's 3 drinking water treatment plants – 100 MGD Santa Teresa WTP in south San Jose, 40 MGD Penitencia WTP in east San Jose and 80 MGD Rinconada WTP in Los Gatos; an advanced water purification center in North San Jose; a state-of-the-art water quality laboratory that performs close to 200,000 tests annually; 140 miles of large transmission pipelines; 400 acres of ponds that recharge the groundwater basin, which is our storage facility, and holds more water than our 10 reservoirs combined; and a 3 MGD wellfield in Campbell that is can be used to supplement treated water from Rinconada. The division is also the operator of a 40 MGD joint intertie facility in Milpitas co-owned with the San Francisco Public Utilities Commission.

Water Quality

The Water Quality Department has eight full-time staff made up of a manager, water quality engineers and a water quality specialist. The main focus of the Department is to provide process engineering support to our drinking water treatment plants and source water protection and monitoring to ensure quality drinking water for our customers.

Division Summaries

Laboratory Services

The Laboratory Services Department purchases of all necessary laboratory supplies and equipment to meet water quality monitoring requirements. It supports all sampling and analysis of surface and treated water, transmission & distribution systems, recycled water, process control for treatment plants, local groundwater basins, and groundwater recharge facilities, for State regulatory compliance. It also maintains lab certification with the California Regional Water Quality Control Board, Environmental Laboratory Accreditation Program.

Treatment Plant Maintenance

The Treatment Plant Maintenance Department has skilled-craft maintenance staff, service contracts, parts and equipment required to sustain operations of the Santa Teresa (STWTP), Penitencia (PWTP), Rinconada (RWTP) water treatment plants, Campbell Well Field (CWF), and San Francisco Intertie (SFI) to produce drinking water.

North Water Treatment Operations

The North Water Treatment Operations Department is responsible for operating one District's drinking water treatment plant (Penitencia Water Treatment Plant), the joint intertie facility with San Francisco Public Utilities Commission (SFPUC), as well as operations and maintenance of the Silicon Valley Advanced Water Purification Center (SVAWPC).

South Water Treatment Operations

The South Water Treatment Operations Department is responsible for the efficient operations and management of the District's two water treatment plants (Rinconada and Santa Teresa) and one wellfield (Campbell Well Field).

FY 2017 Accomplishments

- Startup of fluoridation at our Santa Teresa Treatment Plant and implementation of effective fluoridation outreach.
- Completed 5-year Sanitary Survey of District Reservoirs to the Division of Drinking Water (DDW).
- 183,987 water quality tests performed
- Completed lab certification which is good through 5/2018
- Completed preventive maintenance activities as prescribed and all high priority CM's
- Implemented an improved maintenance chemical inventory and hazardous waste storage systems at RWTP, STWTP, & PWTP
- PWTP accomplished maintenance work plan activities from prior and current year during the shutdown from October 2016 to June 2017
- SVAWPC completed antiscalant pilot testing and membrane cleaning study, resulting in chemical savings
- 100% of treated water met drinking water standards (No water quality violation or unplanned treated water delivery interruption)
- Overall retailer survey results were good or excellent
- RWTP completed a year of operation without any plant interruptions or water quality violations while undergoing Reliability Improvement Project construction

Division Summaries

FY 2018 Milestones

- Supply approximately 110,000 acre-feet of treated water by contract annually to 7 treated water retailers.
- 100% of treated water meets or surpasses drinking water standards
- Surface Water Treatment Rule Monitoring report is submitted to Division of Drinking Water on time - by the 10th of each month.
- Submit annual Source & Treated Water reports to WUE staff, treated water retailers, and DDW by 2/15/2018. This includes the Consumer Confidence Report (CCR).
- Maintain state certification through the California Environmental Laboratory Accreditation Program (CA ELAP) for all fields of testing, including performance testing, by 11/2018
- Complete review of the Water Treatment Plants' Operations Plans for Rinconada, Santa Teresa, Penitencia and the SVAWPC by February of each year and update as needed and submit to DDW by June of each year.
- Complete and submit the annual reservoir monitoring report to the DDW annually by August 31 of each year.
- Work with Santa Clara County Parks to maintain an ongoing invasive mussel vessel inspection program on District reservoirs by May 2018.
- Plan and execute work projects identified in the 5 Year Maintenance Work Plan by Q4: (Target 80%).
- Perform preventative maintenance per assigned schedules through Q4: (Target for PM completion for all crafts is 90%).
- Perform corrective maintenance work (which includes emergency maintenance) per assigned schedules through Q4: (Target for CM Completion all crafts 80%).
- Operate the SFPUC-SCVWD Intertie during emergencies or when needed for maintenance activities for both parties. Treated water is traded and water balance is kept to a minimum at the end of each year.
- Supply purified water that has been treated by microfiltration, reverse osmosis and ultraviolet light disinfection, up to 8-million gallons per day, to South Bay Water Recycling in accordance with the Operations and Maintenance Agreement with the City of San Jose.

Budget Issues and Constraints

Maintenance resources continue to be constrained as a result of staff support necessary for capital projects under construction such as the Reliability Improvement Project and Residuals Management Project. The impact of the resource constraint is that completion rates for preventive maintenance, corrective maintenance and planned work under the Annual Maintenance Work Plan may come in below the target of 90%, 80%, and 100%, respectively.

Chemical pricing has gone up more than anticipated in FY18. Average unit cost for the three highest use chemicals is up by 19% compared to FY17. A budget adjustment may be necessary to pay for the additional costs.

Division Summaries

Treated Water Operations & Maintenance Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 26,912,400 | 30,848,159 | 30,375,817 | (472,342) | -2% |
| Operating | 16,115 | 0 | 0 | 0 | -2% |
| Capital | 1,849,763 | 3,053,582 | 3,424,037 | 370,455 | 12% |
| Total | 28,778,278 | 33,901,741 | 33,799,854 | (101,887) | 0% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Deputy's Office of Treated Water Operations & Maintenance Div | 622,023 | 819,287 | 812,996 | (6,291) | -1% |
| Laboratory Services | 3,300,773 | 3,687,151 | 4,192,268 | 505,117 | 14% |
| North Water Treatment Operations | 6,059,000 | 7,024,127 | 7,262,512 | 238,385 | 3% |
| South Water Treatment Operations | 8,599,803 | 11,312,085 | 10,549,695 | (762,390) | -7% |
| Treatment Plant Maintenance | 8,118,416 | 8,773,418 | 8,484,411 | (289,007) | -3% |
| Water Quality | 2,078,263 | 2,285,673 | 2,497,972 | 212,299 | 9% |
| Total | 28,778,278 | 33,901,741 | 33,799,854 | (101,887) | 0% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---|-----|-----|-----|------|
| Treated Water Operations & Maintenance Division | 119 | 124 | 101 | (23) |
|---|-----|-----|-----|------|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of Treated Water Operations & Maintenance Div | | | | | |
| | Salaries & Benefits | 525,130 | 724,325 | 730,300 | 5,975 |
| | Consultants | 4,000 | 0 | 0 | 0 |
| | Direct Services | 1,201 | 0 | 0 | 0 |
| | Supplies | 264 | 0 | 0 | 0 |
| | Other Expenses | 5,766 | 6,850 | 6,850 | 0 |
| Deputy's Office of Treated Water Operations & Maintenance Div (515) Total | | 536,361 | 731,175 | 737,150 | 5,975 |
| Water Quality | | | | | |
| | Salaries & Benefits | 1,359,247 | 1,552,844 | 1,409,531 | (143,313) |
| | Consultants | 4,271 | 7,200 | 6,200 | (1,000) |
| | Direct Services | 50,360 | 32,640 | 65,280 | 32,640 |
| | Supplies | 1,709 | 5,750 | 4,750 | (1,000) |
| | Other Expenses | 59,670 | 100,050 | 104,050 | 4,000 |
| | Cost Sharing & Rebates | 465,588 | 495,000 | 485,000 | (10,000) |
| Water Quality (525) Total | | 1,940,845 | 2,193,484 | 2,074,811 | (118,673) |
| Laboratory Services | | | | | |
| | Salaries & Benefits | 2,563,967 | 2,860,267 | 2,879,934 | 19,667 |
| | Consultants | 126,993 | 118,000 | 85,000 | (33,000) |
| | Direct Services | 220,043 | 205,160 | 218,160 | 13,000 |
| | Supplies | 299,477 | 290,000 | 310,000 | 20,000 |
| | Other Expenses | 14,034 | 27,400 | 27,400 | 0 |
| | Fixed Assets | 44,292 | 49,500 | 49,500 | 0 |
| Laboratory Services (535) Total | | 3,268,806 | 3,550,327 | 3,569,994 | 19,667 |
| Treatment Plant Maintenance | | | | | |
| | Salaries & Benefits | 3,936,443 | 4,209,800 | 4,310,212 | 100,412 |
| | Consultants | 594,895 | 0 | 0 | 0 |
| | Direct Services | 242,473 | 836,320 | 698,000 | (138,320) |
| | Supplies | 1,489,847 | 1,133,000 | 1,545,000 | 412,000 |
| | Other Expenses | 312,265 | 40,350 | 0 | (40,350) |
| | Cost Sharing & Rebates | 0 | 35,000 | 25,000 | (10,000) |
| | Fixed Assets | 55,166 | 10,000 | 10,000 | 0 |
| Treatment Plant Maintenance (555) Total | | 6,631,089 | 6,264,470 | 6,588,212 | 323,742 |
| North Water Treatment Operations | | | | | |
| | Salaries & Benefits | 3,095,814 | 3,394,929 | 3,683,250 | 288,321 |
| | Consultants | 69,932 | 190,000 | 193,000 | 3,000 |
| | Direct Services | 168,020 | 266,200 | 217,000 | (49,200) |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Supplies | 2,091,774 | 2,005,000 | 1,934,500 | (70,500) |
| | Other Expenses | 10,299 | 33,500 | 33,500 | 0 |
| | Utilities | 617,682 | 1,104,000 | 1,178,000 | 74,000 |
| North Water Treatment Operations (565) Total | | 6,053,521 | 6,993,629 | 7,239,250 | 245,621 |
| South Water Treatment Operations | | | | | |
| | Salaries & Benefits | 4,347,326 | 4,595,161 | 4,316,700 | (278,461) |
| | Consultants | 15,934 | 12,500 | 12,500 | 0 |
| | Direct Services | 195,380 | 188,780 | 218,778 | 29,998 |
| | Supplies | 2,565,807 | 4,893,307 | 4,121,422 | (771,885) |
| | Other Expenses | 2,960 | 52,545 | 51,000 | (1,545) |
| | Utilities | 1,370,486 | 1,372,781 | 1,446,000 | 73,219 |
| South Water Treatment Operations (566) Total | | 8,497,893 | 11,115,074 | 10,166,400 | (948,674) |
| Operations Total | | 26,928,515 | 30,848,159 | 30,375,817 | (472,342) |

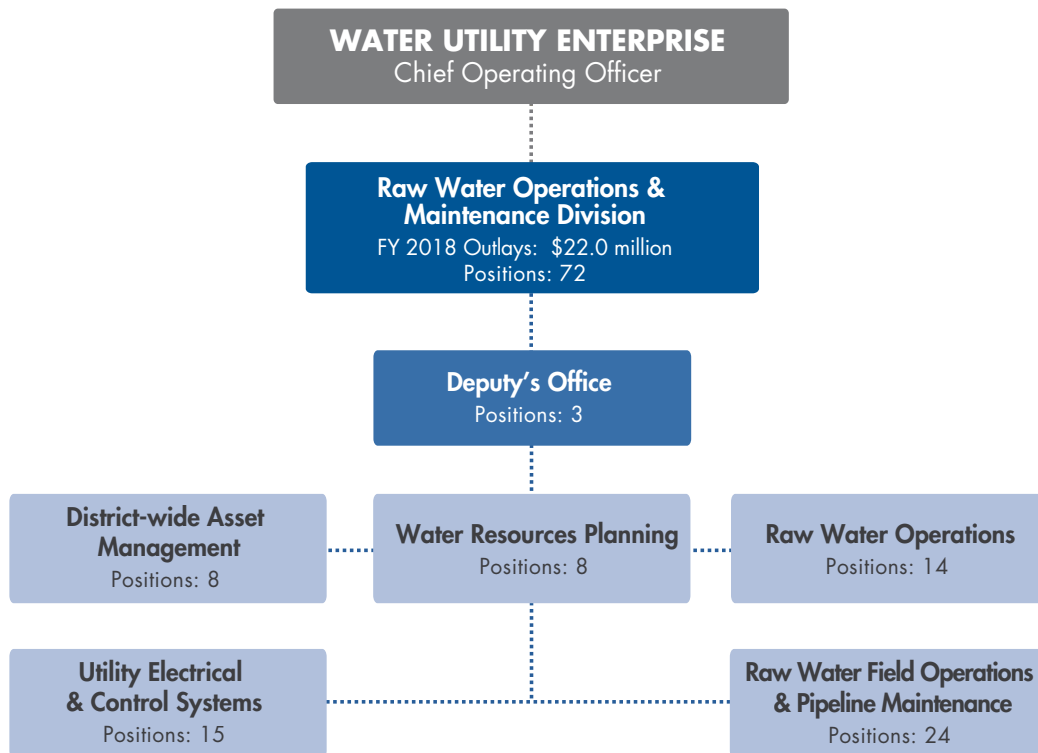
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of Treated Water Operations & Maintenance Div | | | | | |
| | Salaries & Benefits | 85,662 | 88,112 | 75,845 | (12,267) |
| Deputy's Office of Treated Water Operations & Maintenance Div (515) Total | | 85,662 | 88,112 | 75,845 | (12,267) |
| Water Quality | | | | | |
| | Salaries & Benefits | 121,519 | 92,189 | 148,161 | 55,972 |
| | Consultants | 14,574 | 0 | 275,000 | 275,000 |
| | Direct Services | 407 | 0 | 0 | 0 |
| | Supplies | 835 | 0 | 0 | 0 |
| | Other Expenses | 83 | 0 | 0 | 0 |
| Water Quality (525) Total | | 137,418 | 92,189 | 423,161 | 330,972 |
| Laboratory Services | | | | | |
| | Salaries & Benefits | 30,450 | 6,824 | 2,274 | (4,550) |
| | Consultants | 1,517 | 0 | 0 | 0 |
| | Fixed Assets | 0 | 130,000 | 620,000 | 490,000 |
| Laboratory Services (535) Total | | 31,967 | 136,824 | 622,274 | 485,450 |
| Treatment Plant Maintenance | | | | | |
| | Salaries & Benefits | 222,070 | 458,948 | 520,199 | 61,251 |
| | Consultants | 435,311 | 250,000 | 0 | (250,000) |
| | Direct Services | 117,174 | 0 | 68,000 | 68,000 |
| | Supplies | 355,396 | 100,000 | 413,000 | 313,000 |
| | Other Expenses | 48,096 | 0 | 0 | 0 |
| | Fixed Assets | 309,240 | 1,700,000 | 895,000 | (805,000) |
| | Utilities | 40 | 0 | 0 | 0 |
| Treatment Plant Maintenance (555) Total | | 1,487,327 | 2,508,948 | 1,896,199 | (612,749) |
| North Water Treatment Operations | | | | | |
| | Salaries & Benefits | 5,422 | 30,498 | 23,263 | (7,235) |
| | Supplies | 57 | 0 | 0 | 0 |
| North Water Treatment Operations (565) Total | | 5,479 | 30,498 | 23,263 | (7,235) |
| South Water Treatment Operations | | | | | |
| | Salaries & Benefits | 101,910 | 197,011 | 383,295 | 186,284 |
| South Water Treatment Operations (566) Total | | 101,910 | 197,011 | 383,295 | 186,284 |
| Capital Total | | 1,849,763 | 3,053,582 | 3,424,037 | 370,455 |
| Division Total | | 28,778,278 | 33,901,741 | 33,799,854 | (101,887) |

Division Summaries

Raw Water Operations & Maintenance Division



Division Description and Objectives

The Raw Water Operations and Maintenance Division maintains and/or operates 140 miles of large transmission pipelines including 94 miles of raw water pipelines, 3 pumping plants and 400 acres of ponds used to recharge the groundwater basin. The use of local and imported raw water supplies are maximized to meet treated water, groundwater recharge and environmental needs. The Division also provides District-wide electrical, control and SCADA systems engineering programs to enable the continued operation of critical District Facilities, manages the District's water utility, watershed, and administration asset management programs, Computerized Maintenance Management System (CMMS), and manages the environmental services program for the Water Utility Enterprise (WUE) to ensure coordinated compliance with provisions of the California Environmental Quality Act (CEQA), applicable regulatory requirements, and District compliance with the Valley Habitat Plan permit which provides ESA and CESA clearance for WUE operations, maintenance and capital projects. The division's District-wide energy management program effectively reduces electricity costs by approximately one million dollars annually.

Division Summaries

District-wide Asset Management

The District-wide Asset Management Department implements and continually improves asset management standards and information systems based on industry best practices. The Department manages the District's water utility, watershed, and administration asset management programs, and supports the users of the District's Computerized Maintenance Management System (CMMS), Maximo.

Water Resources Planning

The Water Resources Planning Department provides the environmental services program for the Water Utility Enterprise (WUE). The services ensure coordinated compliance with provisions of the California Environmental Quality Act (CEQA), applicable regulatory requirements, and managing District compliance with the Valley Habitat Plan permit which provides ESA and CESA clearance for WUE operations, maintenance and capital projects. These services include environmental planning and review, preparation of CEQA documents, regulatory permit acquisition and monitoring, biological support and CEQA mitigation monitoring.

Raw Water Operations

The Raw Water Operations Department performs the day-to-day operations planning and remote operations of the District's Raw Water System consisting of:

- 10 water supply reservoirs with a combined storage capacity of about 169,000 acre-feet
- 3 Raw Water Pump Stations with over 37,000 combined horsepower
- 1 hydro-electric facility
- 85 miles of large diameter raw water pipelines and tunnels
- 99 groundwater recharge ponds
- 86 miles of streams managed for groundwater recharge.

The Department also performs the required water right and regulatory compliance reporting to maintain and protect local water supply operations.

Utility Electrical & Control Systems

The Utility Electrical & Control Systems Department provides electrical and control systems engineering services to the District's treated water facilities - Penitencia, Santa Teresa, and Rinconada water treatment plants, Campbell Well Field, a pump station jointly owned and operated with the San Francisco Public Utilities Commission and 42 miles of treated water pipelines. Purified water facilities - Silicon Valley Advanced Water Purification Center. Raw water facilities - 10 reservoirs, 3 pumping plants, 142 miles of large transmission pipelines and 393 acres of groundwater recharge ponds. The department also manages the District-wide energy management program.

Raw Water Field Operations & Pipeline Maintenance

The Raw Water Field Operations and Pipeline Maintenance Department is responsible for the mechanical, electrical and control system preventive, corrective and rehabilitative maintenance of the pipeline infrastructure which includes three pump stations (Pacheco, Coyote and Vasona) and 142 miles of pipeline as well as the operations of complex recharge and water distribution systems (e.g. groundwater recharge basins, reservoirs, recharge canals, spreader dams, and other water supply infrastructure.)

Division Summaries

FY 2017 Accomplishments

- Managed limited water supplies to meet all water supply needs.
- Completed STWTP and PWTP Electrical Master plans.
- Proved concept of backup raw water operations center.
- Completed preventive maintenance activities as prescribed and all high priority corrective maintenance.
- Completed FY18-22 Maintenance Work Plan and FY16 Maintenance Work Plan Review Report.

FY 2018 Milestones

- Complete FY19-23 Water Utility Maintenance Work Plan.
- Report quarterly on environmental and biological review and permit requirements.
- Complete design of Pacheco ASD gallery fire suppression system.
- Maintain reliable raw water and pipeline facilities by completing over 80% of required preventative maintenance and corrective maintenance requests.
- Plan and execute work projects identified in the 5 Year Maintenance Work Plan.
- Maintain reliable raw water and pipeline facilities by performing scheduled preventative maintenance.

Budget Issues and Constraints

- Limited resources in Raw Water Operations to support competing efforts.
- Electrical and Control System support for capital projects being met through extensive overtime.

Division Summaries

Raw Water Operations & Maintenance Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 15,936,805 | 18,477,671 | 17,081,093 | (1,396,578) | -8% |
| Operating | 71,431 | 167,887 | 0 | (167,887) | -100% |
| Capital | 3,646,954 | 4,065,427 | 4,896,587 | 831,160 | 20% |
| Total | 19,655,190 | 22,710,985 | 21,977,679 | (733,306) | -3% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Deputy's Office of Raw Water Operations & Maintenance Div | 571,269 | 648,636 | 643,459 | (5,177) | -1% |
| District-wide Asset Management | 1,550,901 | 2,192,848 | 2,234,420 | 41,572 | 2% |
| Raw Water Field Operations & Pipeline Maint | 7,973,010 | 9,455,010 | 9,650,379 | 195,369 | 2% |
| Raw Water Operations | 4,078,944 | 3,138,595 | 3,279,907 | 141,312 | 5% |
| Utility Electrical & Control Systems | 3,351,773 | 4,415,887 | 4,344,764 | (71,123) | -2% |
| Water Resources Planning | 2,129,293 | 2,860,009 | 1,824,751 | (1,035,258) | -36% |
| Total | 19,655,190 | 22,710,985 | 21,977,679 | (733,306) | -3% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---|----|----|----|----|
| Raw Water Operations & Maintenance Division | 50 | 54 | 72 | 18 |
|---|----|----|----|----|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of Raw Water Operations & Maintenance Div | | | | | |
| | Salaries & Benefits | 570,534 | 645,136 | 639,659 | (5,477) |
| | Direct Services | 450 | 0 | 0 | 0 |
| | Supplies | 266 | 0 | 300 | 300 |
| | Other Expenses | 19 | 3,500 | 3,500 | 0 |
| Deputy's Office of Raw Water Operations & Maintenance Div (408) Total | | 571,269 | 648,636 | 643,459 | (5,177) |
| District-wide Asset Management | | | | | |
| | Salaries & Benefits | 1,299,008 | 1,652,336 | 1,618,058 | (34,278) |
| | Consultants | 13,351 | 330,000 | 415,000 | 85,000 |
| | Direct Services | 59,757 | 105,000 | 150,000 | 45,000 |
| | Supplies | 12,522 | 30,550 | 10,000 | (20,550) |
| | Other Expenses | 21,081 | 8,650 | 16,000 | 7,350 |
| | Fixed Assets | 0 | 35,000 | 10,000 | (25,000) |
| District-wide Asset Management (411) Total | | 1,405,719 | 2,161,536 | 2,219,058 | 57,522 |
| Water Resources Planning | | | | | |
| | Salaries & Benefits | 1,191,418 | 1,278,008 | 1,098,068 | (179,940) |
| | Consultants | 490,247 | 300,000 | 0 | (300,000) |
| | Direct Services | 106,031 | 322,320 | 188,000 | (134,320) |
| | Supplies | 6,358 | 143,000 | 4,000 | (139,000) |
| | Other Expenses | 53,893 | 254,000 | 4,000 | (250,000) |
| | Fixed Assets | 0 | 75,000 | 0 | (75,000) |
| | Cost Sharing & Rebates | 0 | 40,000 | 40,000 | 0 |
| Water Resources Planning (412) Total | | 1,847,947 | 2,412,328 | 1,334,068 | (1,078,260) |
| Raw Water Operations | | | | | |
| | Salaries & Benefits | 2,358,862 | 2,744,081 | 2,823,256 | 79,175 |
| | Consultants | 99,960 | 20,000 | 20,000 | 0 |
| | Direct Services | 24,350 | 71,250 | 82,500 | 11,250 |
| | Supplies | 45,236 | 22,500 | 36,000 | 13,500 |
| | Other Expenses | 24,735 | 51,075 | 30,850 | (20,225) |
| | Fixed Assets | 27,016 | 0 | 0 | 0 |
| | Utilities | 233,174 | 213,300 | 287,300 | 74,000 |
| Raw Water Operations (455) Total | | 2,813,333 | 3,122,206 | 3,279,906 | 157,700 |
| Utility Electrical & Control Systems | | | | | |
| | Salaries & Benefits | 2,247,736 | 2,889,930 | 2,577,179 | (312,751) |
| | Consultants | 240,317 | 207,600 | 239,600 | 32,000 |
| | Direct Services | 308,422 | 472,664 | 532,664 | 60,000 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Supplies | 17,112 | 30,000 | 0 | (30,000) |
| | Other Expenses | 12,116 | 29,000 | 29,000 | 0 |
| | Utilities | 58,050 | 150,000 | 0 | (150,000) |
| Utility Electrical & Control Systems (545) Total | | 2,883,753 | 3,779,194 | 3,378,443 | (400,751) |
| Raw Water Field Operations & Pipeline Maint | | | | | |
| | Salaries & Benefits | 3,634,222 | 3,695,598 | 3,694,799 | (799) |
| | Consultants | 332,222 | 367,000 | 152,000 | (215,000) |
| | Direct Services | 860,914 | 1,321,000 | 1,209,000 | (112,000) |
| | Supplies | 1,422,880 | 827,000 | 842,500 | 15,500 |
| | Other Expenses | 149,237 | 30,600 | 20,000 | (10,600) |
| | Cost Sharing & Rebates | 0 | 30,000 | 30,000 | 0 |
| | Utilities | 86,740 | 250,460 | 277,860 | 27,400 |
| Raw Water Field Operations & Pipeline Maint (585) Total | | 6,486,215 | 6,521,658 | 6,226,159 | (295,499) |
| Operations Total | | 16,008,236 | 18,645,558 | 17,081,093 | (1,564,465) |

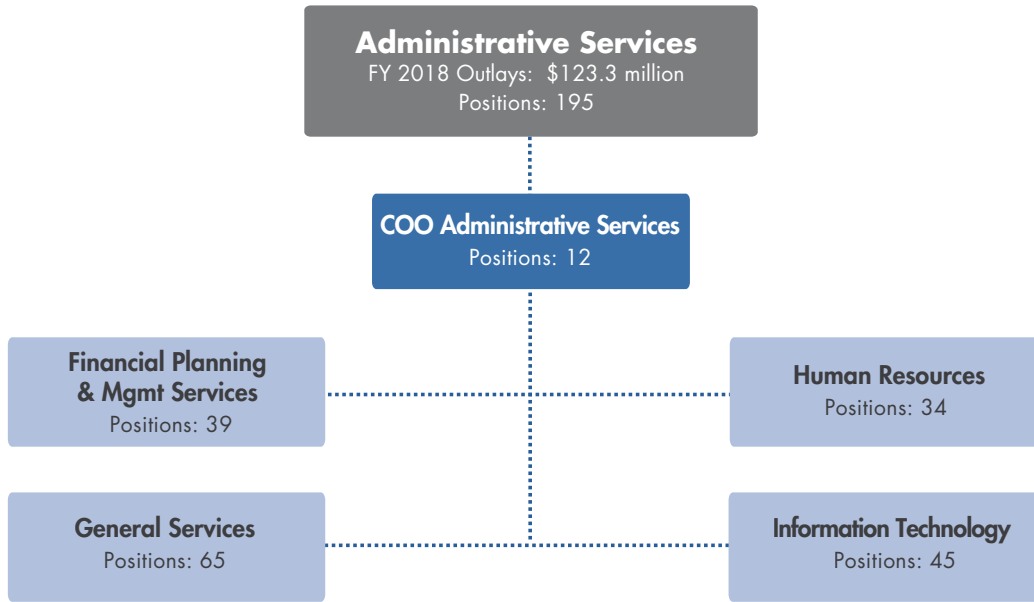
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| District-wide Asset Management | | | | | |
| | Salaries & Benefits | 145,182 | 31,312 | 15,362 | (15,950) |
| District-wide Asset Management (411) Total | | 145,182 | 31,312 | 15,362 | (15,950) |
| Water Resources Planning | | | | | |
| | Salaries & Benefits | 266,731 | 447,681 | 443,683 | (3,998) |
| | Direct Services | 14,615 | 0 | 47,000 | 47,000 |
| Water Resources Planning (412) Total | | 281,346 | 447,681 | 490,683 | 43,002 |
| Raw Water Operations | | | | | |
| | Salaries & Benefits | 14,611 | 16,389 | 0 | (16,389) |
| | Fixed Assets | 1,251,000 | 0 | 0 | 0 |
| Raw Water Operations (455) Total | | 1,265,611 | 16,389 | 0 | (16,389) |
| Utility Electrical & Control Systems | | | | | |
| | Salaries & Benefits | 475,307 | 336,693 | 876,321 | 539,628 |
| | Other Expenses | 597 | 0 | 0 | 0 |
| | Direct Services | (7,884) | 0 | 10,000 | 10,000 |
| | Consultants | 0 | 300,000 | 80,000 | (220,000) |
| Utility Electrical & Control Systems (545) Total | | 468,020 | 636,693 | 966,321 | 329,628 |
| Raw Water Field Operations & Pipeline Maint | | | | | |
| | Salaries & Benefits | 269,280 | 678,402 | 620,220 | (58,182) |
| | Other Expenses | 140 | 0 | 0 | 0 |
| | Direct Services | 771,562 | 2,034,950 | 1,989,000 | (45,950) |
| | Consultants | 23,708 | 120,000 | 75,000 | (45,000) |
| | Supplies | 422,105 | 100,000 | 740,000 | 640,000 |
| Raw Water Field Operations & Pipeline Maint (585) Total | | 1,486,795 | 2,933,352 | 3,424,220 | 490,868 |
| Capital Total | | 3,646,954 | 4,065,427 | 4,896,587 | 831,160 |
| Division Total | | 19,655,190 | 22,710,985 | 21,977,679 | (733,306) |

Division Summaries

Administrative Services

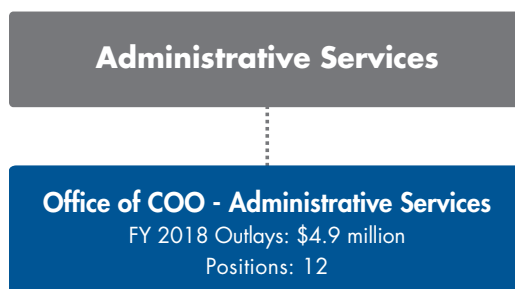


Description

Administrative Services support the mission of the Santa Clara Valley Water District - to provide Silicon Valley safe, clean water for a healthy life, environment, and economy - by providing essential business services for the District including finance operations, general services such as equipment and facilities maintenance, human resources activities, and information technology leadership and support. Administrative Services are vital to District operations and capital programs. They allow the these programs to provide safe, clean water supply; enhance streams and watersheds through creek restoration and habitat protection; provide flood protection for homes, schools, businesses and roadways; and, partner with other agencies to provide trails and open space for the community.

Division Summaries

Office of COO Administrative Services



The Office of the Chief Operating Officer of Administrative Services provides executive leadership and direct oversight to District administrative business areas including Human Resources, General Services, Information Technology, and Financial Planning and Management. Additionally, the COOAS administers the Diversity & Inclusion program for the District and oversees the Office of Emergency Services. Office of the COOAS 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.

Office of COO Administrative Services — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 2,886,309 | 3,593,615 | 4,862,905 | 1,269,290 | 35% |
| Operating | 4,705 | 0 | 0 | 0 | 35% |
| Capital | 0 | 5,019 | 0 | (5,019) | -100% |
| Total | 2,891,014 | 3,598,634 | 4,862,905 | 1,264,271 | 35% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---------------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Office of COO Administrative Services | 739,166 | 1,012,731 | 1,839,122 | 826,391 | 82% |
| Security & Emergency Services | 2,151,848 | 2,585,903 | 3,023,784 | 437,881 | 17% |
| Total | 2,891,014 | 3,598,634 | 4,862,905 | 1,264,271 | 35% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--|---|---|----|---|
| Office of Chief Administrative Officer | 3 | 3 | 12 | 9 |
|--|---|---|----|---|

Division Summaries

Operations Budget by Department and Account Category

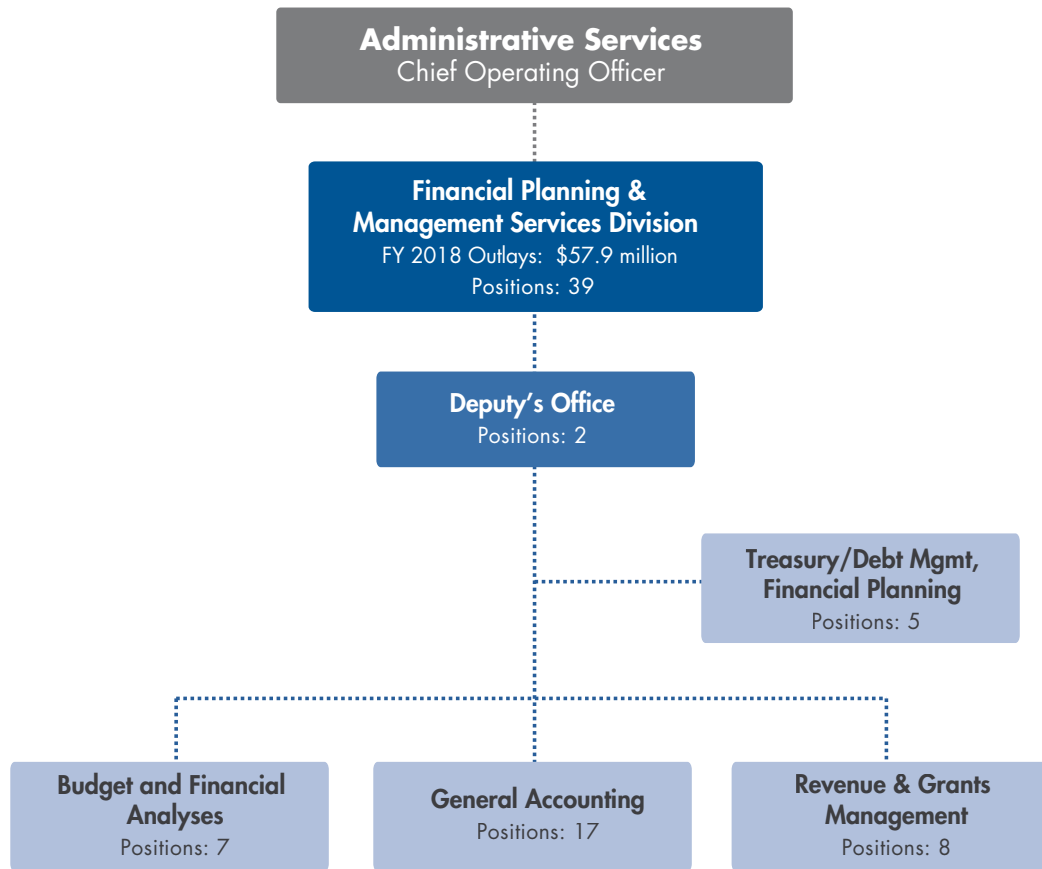
| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Security & Emergency Services | | | | | |
| | Salaries & Benefits | 881,352 | 998,733 | 1,145,746 | 147,013 |
| | Consultants | 112,238 | 125,000 | 214,000 | 89,000 |
| | Direct Services | 1,119,523 | 1,049,201 | 1,268,738 | 219,537 |
| | Supplies | 23,802 | 378,800 | 374,300 | (4,500) |
| | Other Expenses | 14,933 | 29,150 | 21,000 | (8,150) |
| Security & Emergency Services (219) Total | | 2,151,848 | 2,580,884 | 3,023,784 | 442,900 |
| Office of COO Administrative Services | | | | | |
| | Salaries & Benefits | 651,681 | 689,231 | 1,206,822 | 517,591 |
| | Consultants | 50,500 | 0 | 328,500 | 328,500 |
| | Direct Services | 17,709 | 0 | 1,600 | 1,600 |
| | Supplies | 1,798 | 2,100 | 112,500 | 110,400 |
| | Other Expenses | 17,478 | 321,400 | 189,700 | (131,700) |
| Office of COO Administrative Services (602) Total | | 739,166 | 1,012,731 | 1,839,122 | 826,391 |
| Operations Total | | 2,891,014 | 3,593,615 | 4,862,905 | 1,269,290 |

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Security & Emergency Services | | | | | |
| | Salaries & Benefits | 0 | 5,019 | 0 | (5,019) |
| Security & Emergency Services (219) Total | | 0 | 5,019 | 0 | (5,019) |
| Capital Total | | 0 | 5,019 | 0 | (5,019) |
| Division Total | | 2,891,014 | 3,598,634 | 4,862,905 | 1,264,271 |

Division Summaries

Financial Planning and Management Services Division



Division Description and Objectives

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

Treasury/Debt Management and Financial Planning

Treasury manages the District-wide treasury and debt financing programs, Financial Planning prepares and manages financial plans and forecasts, drives the groundwater production charge setting process.

Division Summaries

Budget and Financial Analyses

The Budget and Financial Analyses Department provides timely and accurate financial information and analyses throughout the year. The department captures 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

This department includes the areas of General Ledger, Accounts Payable, Payroll, and Payroll and Financial Systems. The General Ledger area focuses on accounting and financial reporting in compliance with laws, regulations, District policies and accounting professional standards. Accounts Payable is charged with processing payment disbursements to the District's contractors, consultants, and vendors, administering petty cash, and filing payment documents. Payroll processes the timely and accurate bi-weekly payroll, employee benefits accounting, payroll tax withholdings and submission of Federal and State reporting requirements. Payroll and Financial Systems Maintenance provides for the maintenance and security of the payroll, benefits, and human resources system processes and information databases.

Revenue and Grants Management

This department collects the water revenue and the property taxes for the District. Areas of water revenue include: treated, ground, recycled and surface water. Taxes are comprised of the Safe Clean Water Special Tax and Benefit Assessments.

FY 2017 Accomplishments

During FY 2017 the Financial Planning and Management Services Division drove a successful budget process, which included supporting the Board of Directors in crafting their budget message. Other major accomplishments include:

- Implemented Vena budget system on time
- Completed Watershed debt refunding - \$8.9 million present value savings
- Completed Water Utility debt refunding - \$11.2 million present value savings
- Established \$75 million revolving line of credit with Wells Fargo bank
- Completed 46th annual PAWS report and well owner notices mailed on 2/24/17
- Emergency Operations Center – financial estimates of damage submitted on time
- Implemented municipal billing system for water revenue and accounting
- Finalized the FY 2015-16 Comprehensive Annual Financial Report in accordance with the Governmental Finance Officers Association standards for excellence

Division Summaries

FY 2018 Milestones

Below are the major milestones for Financial Planning and Management Division's staff:

- Future Financing: Water Utility: \$2 billion or more for capital improvement projects in the next 10 years; Safe Clean Water: \$140 million in FY 2018
- Timely and accurate billing of water revenue and the appropriate application of property taxes
- Completion of the 47th annual PAWS report and mail well owner notices on 2/23/18
- Completion of the FY 2016-17 Comprehensive Annual Financial Report
- Summary budget document ready for Board adoption on or prior to June 30th
- Recruitment of the program administrator position for Forecasting and Rate Setting program

Several additional FY 2018 milestones are geared toward improving financial management:

- Lessons learned FY 2018 Vena/budget process
- Commitment Control improvement
- GFOA distinguished budget award application
- Update EL4 and take to the Board during the 1st quarter
- Scope performance measures, financial reporting, and operations and maintenance budget task force for FY 2019

Budget Issues and Constraints

Balancing resources to accomplish both short and long term goals of the organization. This balance includes maintaining minimal increases to water rates while ensuring critical operations and capital projects are appropriately funded. Additional FY 2018 budget issues and constraints are below:

- Smooth Vena implementation for CIP and Forecast
- Deliver improved budget document
- ERP Upgrade
- Supporting special projects (California Water Fix, Purified Water Program, Contract Management Process Improvement, Zone of Benefit Study, Fixed Charges Study)

Division Summaries

Financial Planning and Management Services Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 6,523,840 | 7,471,147 | 7,830,841 | 359,694 | 5% |
| Operating | 2,082 | 9,343 | 0 | (9,343) | -100% |
| Debt Services | 25,793,542 | 39,524,762 | 49,750,357 | 10,225,595 | 26% |
| Capital | 1,556,610 | 540,750 | 387,232 | (153,518) | -28% |
| Total | 33,876,074 | 47,546,002 | 57,968,430 | 10,422,428 | 22% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Budget & Financial Analyses | 1,315,130 | 1,603,945 | 1,844,633 | 240,688 | 15% |
| Deputy's Office of FPMSD | 28,591,261 | 41,260,735 | 51,341,535 | 10,080,800 | 24% |
| General Accounting | 2,653,038 | 3,094,896 | 3,057,723 | (37,173) | -1% |
| Revenue and Grants Management | 1,316,645 | 1,586,426 | 1,724,539 | 138,113 | 9% |
| Total | 33,876,074 | 47,546,002 | 57,968,430 | 10,422,428 | 22% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--|----|----|----|---|
| Financial Planning and Management Division | 39 | 39 | 39 | 0 |
|--|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of FPMSD | | | | | |
| | Salaries & Benefits | 1,104,665 | 1,483,122 | 1,322,563 | (160,559) |
| | Consultants | 50,000 | 5,000 | 0 | (5,000) |
| | Direct Services | 107,513 | 107,330 | 143,001 | 35,671 |
| | Supplies | 9,442 | 31,300 | 5,300 | (26,000) |
| | Other Expenses | 6,252 | 8,890 | 8,110 | (780) |
| Deputy's Office of FPMSD (106) Total | | 1,277,872 | 1,635,642 | 1,478,974 | (156,668) |
| Budget & Financial Analyses | | | | | |
| | Salaries & Benefits | 1,257,400 | 1,201,775 | 1,369,994 | 168,219 |
| | Consultants | 1,282 | 0 | 210,000 | 210,000 |
| | Direct Services | 45,121 | 160,200 | 180,800 | 20,600 |
| | Other Expenses | 3,774 | 9,660 | 32,200 | 22,540 |
| Budget & Financial Analyses (606) Total | | 1,307,577 | 1,371,635 | 1,792,994 | 421,359 |
| General Accounting | | | | | |
| | Salaries & Benefits | 2,539,867 | 2,761,447 | 2,701,309 | (60,138) |
| | Consultants | 4,129 | 1,600 | 1,600 | 0 |
| | Direct Services | 64,863 | 100,300 | 106,600 | 6,300 |
| | Supplies | 9,464 | 9,200 | 8,500 | (700) |
| | Other Expenses | 5,505 | 14,240 | 16,325 | 2,085 |
| General Accounting (673) Total | | 2,623,828 | 2,886,787 | 2,834,334 | (52,453) |
| Revenue and Grants Management | | | | | |
| | Salaries & Benefits | 1,215,310 | 1,386,981 | 1,420,539 | 33,558 |
| | Consultants | 34,812 | 13,000 | 9,600 | (3,400) |
| | Direct Services | 62,600 | 181,380 | 287,400 | 106,020 |
| | Supplies | 1,817 | 2,000 | 2,000 | 0 |
| | Other Expenses | 2,106 | 3,065 | 5,000 | 1,935 |
| Revenue and Grants Management (683) Total | | 1,316,645 | 1,586,426 | 1,724,539 | 138,113 |
| Operations Total | | 6,525,922 | 7,480,490 | 7,830,841 | 350,351 |

Division Summaries

Debt Service Budget by Department and Account Category

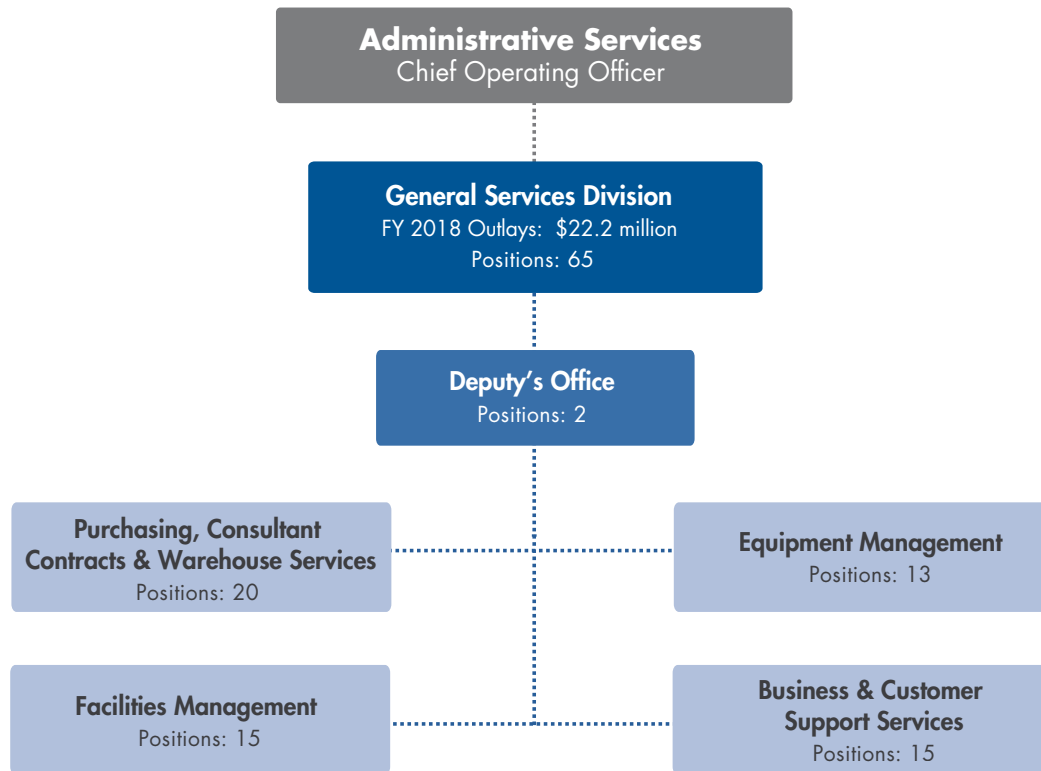
| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of FPMSD | | | | | |
| | Consultants | 25,734 | 300,000 | 200,000 | (100,000) |
| | Direct Services | 875,609 | 1,653,002 | 1,998,870 | 345,868 |
| | Other Expenses | 1,610 | 0 | 0 | 0 |
| | Debt | 24,890,589 | 37,571,760 | 47,551,487 | 9,979,727 |
| Deputy's Office of FPMSD (106) Total | | 25,793,542 | 39,524,762 | 49,750,357 | 10,225,595 |
| Debt Service Total | | 25,793,542 | 39,524,762 | 49,750,357 | 10,225,595 |

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of FPMSD | | | | | |
| | Salaries & Benefits | 82,971 | 100,331 | 112,204 | 11,873 |
| | Consultants | 48,040 | 0 | 0 | 0 |
| | Direct Services | 1,388,605 | 0 | 0 | 0 |
| | Other Expenses | 231 | 0 | 0 | 0 |
| Deputy's Office of FPMSD (106) Total | | 1,519,847 | 100,331 | 112,204 | 11,873 |
| Budget & Financial Analyses | | | | | |
| | Salaries & Benefits | 7,553 | 232,310 | 51,639 | (180,671) |
| Budget & Financial Analyses (606) Total | | 7,553 | 232,310 | 51,639 | (180,671) |
| General Accounting | | | | | |
| | Salaries & Benefits | 29,210 | 208,109 | 223,389 | 15,280 |
| General Accounting (673) Total | | 29,210 | 208,109 | 223,389 | 15,280 |
| Capital Total | | 1,556,610 | 540,750 | 387,232 | (153,518) |
| Division Total | | 33,876,074 | 47,546,002 | 57,968,430 | 10,422,428 |

Division Summaries

General Services Division



Division Description and Objectives

Business and Customer Support Services

Business and Customer Support Services provides receptionist/switchboard, mail delivery, reprographic, word processing and forms management services.

Purchasing, Consultant Contracts and Warehouse Services

Purchasing, Consultant Contract and Warehouse Services Department purchases all goods and services, procures consultant contracts, and serves as the central receiving and distribution point for the organization.

Equipment Management

Equipment Management Department provides District-wide fleet and welding services.

Facilities Management

Facilities Management Department maintains, renews, and upgrades District buildings and grounds.

Division Summaries

FY 2017 Accomplishments

- Business and Customer Support Department provided business services efficiently to support District business needs.
- The Purchasing, Consultant Contract and Warehouse Services Department achieved SBE participation at 59% for consulting services and updated and/or revised Consulting Contract Services intranet page linking templates and documents to process workflow.
- The Equipment Management Department surplus, replaced 34 vehicles and 25 pieces of construction equipment in accordance with the 12-year or 125,000 mile replacement criteria, and achieved 96.1% preventive maintenance compliance on light duty vehicles.
- The Facilities Department's one-time small capital improvement projects for FY 2016-17 included: major work on new Employee Workspace project; design work started on a Hot Water Loop at HQ building; expansion of electric vehicle charging stations; Sacramento office remodel and expansion; leasing and improvements started for new lease space on Santa Teresa Blvd.; mobile workspaces for staff at Winfield; new furniture for Rinconada Water treatment Operations building and repair of sinkhole in driveway of the Water Quality Lab.

FY 2018 Milestones

Highlights of the General Services Division milestones include the following.

- The Business Services Department will produce high quality reprographics and word processing deliverables per customer deadlines.
- Purchasing and Contracts Services Department will continue to host the annual Business Open House and continue to promote the District's business opportunities at vendor outreach events.
- The Warehouse program will continue to improve the current storage process and conduct the annual physical inventory.
- The Equipment Management Department will surplus and replace 15 vehicles and 39 pieces of construction equipment in accordance with the 12- year or 125,000 mile replacement criteria.
- The Facilities Department's one-time small capital improvement projects for FY 2016-17 include: replacement of generators at the Headquarters and Blossom Hill Annex buildings; construction of a Hot Water Loop at Headquarters building; expansion of electric vehicle charging stations; and, replacement of fencing around the Corporation Yard.

Budget Issues and Constraints

Constraints of the General Services Division include funding to address deferred and small capital projects. Additionally, the District's facilities are fully occupied thus there is absolutely no extra space to locate new employees. This constraint on the space requires that the District consider new approaches taking into consideration cost of adding new work space, use of technology, new approaches to work including remote-work and telecommuting.

Division Summaries

General Services Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 15,358,965 | 17,224,737 | 18,384,280 | 1,159,543 | 7% |
| Operating | 11,261 | 0 | 0 | 0 | 7% |
| Capital | 2,804,858 | 6,843,768 | 3,814,114 | (3,029,654) | -44% |
| Total | 18,175,084 | 24,068,505 | 22,198,394 | (1,870,111) | -8% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|---|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Business and Customer Support Services | 2,822,607 | 2,919,845 | 2,978,148 | 58,303 | 2% |
| Deputy's Office of General Services Division | 362,497 | 426,688 | 446,384 | 19,696 | 5% |
| Equipment Management | 5,476,795 | 8,625,596 | 5,632,403 | (2,993,193) | -35% |
| Facilities Management | 5,548,069 | 7,852,588 | 8,197,485 | 344,897 | 4% |
| Purchasing, Consultant Contracts Warehouse Services | 3,965,116 | 4,243,788 | 4,943,973 | 700,185 | 16% |
| Total | 18,175,084 | 24,068,505 | 22,198,394 | (1,870,111) | -8% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---------------------------|----|----|----|---|
| General Services Division | 61 | 63 | 65 | 2 |
|---------------------------|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Business and Customer Support Services | | | | | |
| | Salaries & Benefits | 1,675,096 | 1,899,213 | 1,986,704 | 87,491 |
| | Consultants | 46,790 | 0 | 0 | 0 |
| | Direct Services | 1,051,428 | 974,957 | 966,506 | (8,451) |
| | Supplies | 7,213 | 15,250 | 9,410 | (5,840) |
| | Other Expenses | 2,359 | 14,425 | 11,450 | (2,975) |
| | Fixed Assets | 36,000 | 16,000 | 0 | (16,000) |
| Business and Customer Support Services (775) Total | | 2,818,886 | 2,919,845 | 2,974,070 | 54,225 |
| Deputy's Office of General Services Division | | | | | |
| | Salaries & Benefits | 355,196 | 402,106 | 412,049 | 9,943 |
| | Direct Services | 900 | 0 | 0 | 0 |
| | Supplies | 60 | 3,050 | 3,050 | 0 |
| | Other Expenses | 4,816 | 21,532 | 12,000 | (9,532) |
| Deputy's Office of General Services Division (802) Total | | 360,972 | 426,688 | 427,099 | 411 |
| Purchasing, Consultant Contracts Warehouse Services | | | | | |
| | Salaries & Benefits | 2,783,266 | 2,977,898 | 2,740,431 | (237,467) |
| | Consultants | 12,700 | 50,000 | 55,000 | 5,000 |
| | Direct Services | 133,696 | 153,736 | 471,527 | 317,791 |
| | Supplies | 987,007 | 959,900 | 1,063,000 | 103,100 |
| | Other Expenses | 14,953 | 37,108 | 55,997 | 18,889 |
| Purchasing, Consultant Contracts Warehouse Services (820) Total | | 3,931,622 | 4,178,642 | 4,385,955 | 207,313 |
| Equipment Management | | | | | |
| | Salaries & Benefits | 1,504,112 | 1,793,883 | 1,897,093 | 103,210 |
| | Direct Services | 763,011 | 973,713 | 918,275 | (55,438) |
| | Supplies | 898,561 | 1,197,250 | 1,229,946 | 32,696 |
| | Other Expenses | 15,559 | 26,800 | 18,849 | (7,951) |
| | Fixed Assets | 6,635 | 0 | 0 | 0 |
| Equipment Management (885) Total | | 3,187,878 | 3,991,646 | 4,064,163 | 72,517 |
| Facilities Management | | | | | |
| | Salaries & Benefits | 1,867,755 | 2,133,664 | 2,450,621 | 316,957 |
| | Consultants | 0 | 94,964 | 185,000 | 90,036 |
| | Direct Services | 1,757,343 | 1,822,176 | 2,201,433 | 379,257 |
| | Supplies | 158,443 | 157,465 | 153,950 | (3,515) |
| | Other Expenses | 361,396 | 515,767 | 520,908 | 5,141 |
| | Fixed Assets | 184,317 | 70,000 | 100,000 | 30,000 |

Division Summaries

Operations Budget by Department and Account Category (Continued)

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| | Utilities | 741,614 | 913,880 | 921,080 | 7,200 |
| Facilities Management (887) Total | | 5,070,868 | 5,707,916 | 6,532,992 | 825,076 |
| Operations Total | | 15,370,226 | 17,224,737 | 18,384,280 | 1,159,543 |

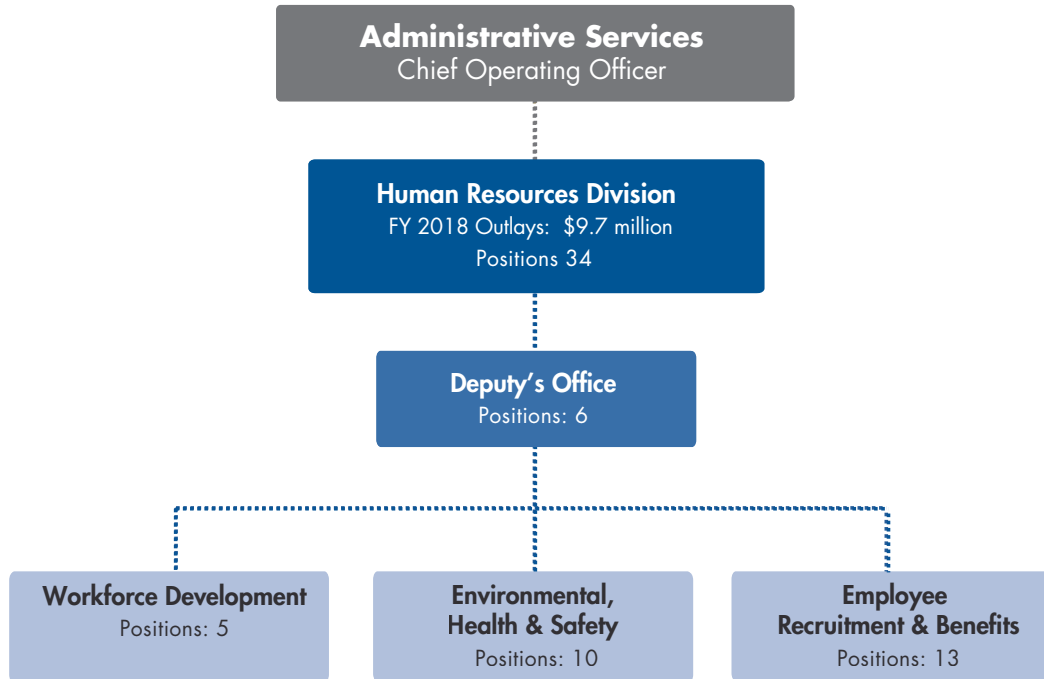
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|--|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Business and Customer Support Services | | | | | |
| | Salaries & Benefits | 3,721 | 0 | 4,078 | 4,078 |
| Business and Customer Support Services (775) Total | | 3,721 | 0 | 4,078 | 4,078 |
| Deputy's Office of General Services Division | | | | | |
| | Salaries & Benefits | 0 | 0 | 19,285 | 19,285 |
| | Other Expenses | 1,525 | 0 | 0 | 0 |
| Deputy's Office of General Services Division (802) Total | | 1,525 | 0 | 19,285 | 19,285 |
| Purchasing, Consultant Contracts Warehouse Services | | | | | |
| | Salaries & Benefits | 30,389 | 65,146 | 558,018 | 492,872 |
| | Other Expenses | 3,105 | 0 | 0 | 0 |
| Purchasing, Consultant Contracts Warehouse Services (820) Total | | 33,494 | 65,146 | 558,018 | 492,872 |
| Equipment Management | | | | | |
| | Salaries & Benefits | 102,258 | 117,800 | 22,629 | (95,171) |
| | Supplies | 0 | 0 | 60,000 | 60,000 |
| | Fixed Assets | 2,186,659 | 4,516,150 | 1,485,612 | (3,030,538) |
| Equipment Management (885) Total | | 2,288,917 | 4,633,950 | 1,568,241 | (3,065,709) |
| Facilities Management | | | | | |
| | Salaries & Benefits | 90,645 | 134,337 | 69,819 | (64,518) |
| | Other Expenses | 112 | 0 | 0 | 0 |
| | Consultants | 18,282 | 0 | 0 | 0 |
| | Direct Services | 368,162 | 2,010,335 | 1,594,674 | (415,661) |
| Facilities Management (887) Total | | 477,201 | 2,144,672 | 1,664,493 | (480,179) |
| Capital Total | | 2,804,858 | 6,843,768 | 3,814,114 | (3,029,654) |
| Division Total | | 18,175,084 | 24,068,505 | 22,198,394 | (1,870,111) |

Division Summaries

Human Resources Division



Division Description and Objectives

The Human Resources Division is responsible for planning, managing, directing and coordinating Division staff and providing District-wide assistance in the areas of human resources. The Division includes the following programs: Recruitment, Classification and Compensation, Benefits, Talent Management, Environmental Health and Safety, and Equal Employment Opportunity.

Workforce Development

This department administers the District-wide Talent Management Program and Rotation Program established to provide a capable workforce by meeting the training and professional development needs of the District. The program will equip employees with the tools to promote continuous learning and professional growth. The program also provides leadership development, performance management, succession development, general training, health and safety training, and the administration of training records in compliance with QEMS ISO processes.

Division Summaries

Environmental, Health & Safety

As part of the District's Administration function, the Environmental, Health & Safety Unit provides services for all District Divisions and staff. These services cover a wide range of activities including environmental, health and safety written program development and maintenance, assisting with ISO 14001 registration, incident investigation services, inspection and audit services and support, hazard analysis and risk prevention services, alcohol and drug abuse prevention and testing services, hazardous materials and hazardous waste management, regulatory permit compliance management, 24/7 hazardous materials emergency response capabilities, ergonomic evaluations and workspace modifications, and liaison with regulatory agencies when required. Additionally, the EH&S Unit is responsible for the management and maintenance of the District Permit Management System, distribution, and collection of the Environmental Compliance Self-Assessment Surveys for monitoring environmental compliance activities throughout the District, and the preparation and submittal of the District level Environmental Compliance Status Report for Senior Management Review. Additionally, the Environmental, Health and Safety (EH&S) Unit responds to requests from customers for specific health and safety services or program assistance to ensure that the District's health and safety programs are functional and sustainable.

Employee Recruitment and Benefits

This department includes Recruitment & Examination, Internship Program, Benefits & Wellness, and Classification & Compensation. These units are responsible for providing oversight of the recruitment and selection processes district-wide including year round and summer internship programs, partnering with community organizations and colleges for workforce planning, maintaining accurate classification specifications and job descriptions, conducting compensation surveys, providing classification and compensation advise to management, administration of employee and retiree benefit plans, conducting new hire orientations and separations, processing payroll and HR transactions, and administration of the award winning Wellness Program (includes on-site fitness classes, ongoing employee education on overall various health initiatives, annual well-being fair, lunch and learns, employee rewards, etc.)

FY 2017 Accomplishments

- Completed biennial Conflict of Interest Code review.
- Conducted annual DI Analysis.
- Developed and posted multiple machine specific energy control procedures at Santa Teresa Water Treatment Plant for control of hazardous energy during maintenance activities.
- Coordinated and facilitated a Process Hazard Analysis for Hydrofluosilicic Acid process at Santa Teresa Water Treatment Plant.
- Worked with district Engineering and district Welders to fabricate and install several fall protection solutions throughout the District.
- Coordinated and facilitated the AlertGPS Personal Safety Device trial used for mitigating or reducing risk of threats of injury to people who work alone, or who work in high risk areas, where there are increased difficulties in quickly communicating and getting help to them if needed.
- Created and managed ongoing leadership, coaching and management/supervisory development training programs including Management 101, Unit Manager Academy, and the Emerging Leaders Certification Program.

Division Summaries

- Created training and promotional videos and E-Learning training modules (Reasonable Accommodation, Recruitment Process and Leaves of Absence).
- Implemented succession development milestones including participation in the Santa Clara County Leadership Academy, Great Talent Developer Recognitions and hosting ICMA Coaching Webinar series.
- The Wellness Program was recognized as the “Agency of the Year” by the Northern California Chapter of the International Public Management Association-Human Resources (IPMA-HR). This award recognizes organizations that implemented exceptional human resource programs that exceed expectations and go beyond the normal standards of a good government human resources program.
- Hired 30 summer college interns to work during the summer of FY 2016-17.
- Filled approximately 125 positions to fill district vacancies.
- Completed the ES Classification study.
- Made significant progress towards completion of EA Classification Study.

FY 2018 Milestones

- Comply with state and federal laws regarding Equal Opportunity and mandated Ethics training.
- Launch and manage the INSPIRE Leadership Programs (Emerging Leaders Certification Program, Unit Manager Academy, and Management 101).
- Provide ongoing competency based classroom training based on continual District-wide training needs analyses.
- Complete annual fire evacuation drill at each applicable District facility (10 total).
- Process annual plan renewals for Districtwide medical benefits by April 1, 2018.
- Coordinate a Health and Wellness Fair by May 2018.
- Implement the District Classification and Compensation studies for the Engineers Society and Employee Association bargaining units.
- Conduct recruitments in a timely and effective manner in partnership with Hiring Managers.

Budget Issues and Constraints

The HR recruitment has been challenged in supporting the District’s managers need to hire permanent and temporary employees. During the last year, HR helped fill approximately 130 permanent positions and 230 unique temporary employees. Also, the need to fill the large number of temporary employees is labor intensive and takes recruiters away from servicing the District manager’s need to fill permanent vacancies. This large demand for services coupled with the relatively small size of the current HR recruitment unit frequently causes service delays.

Division Summaries

Human Resources Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 6,926,094 | 8,529,620 | 9,450,479 | 920,859 | 11% |
| Operating | 13 | 0 | 0 | 0 | 11% |
| Capital | 13,041 | 112,127 | 225,760 | 113,633 | 101% |
| Total | 6,939,148 | 8,641,747 | 9,676,239 | 1,034,492 | 12% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-----------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Deputy's Office of HR division | 643,545 | 687,329 | 1,401,353 | 714,024 | 104% |
| Employee Recruitment and Benefits | 2,791,232 | 3,331,554 | 3,459,745 | 128,191 | 4% |
| Environmental, Health & Safety | 2,318,902 | 2,538,468 | 2,602,931 | 64,463 | 3% |
| Workforce Development | 1,185,469 | 2,084,396 | 2,212,210 | 127,814 | 6% |
| Total | 6,939,148 | 8,641,747 | 9,676,239 | 1,034,492 | 12% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|--------------------------|----|----|----|-----|
| Human Resources Division | 34 | 35 | 34 | (1) |
|--------------------------|----|----|----|-----|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Workforce Development | | | | | |
| | Salaries & Benefits | 666,395 | 1,036,604 | 811,998 | (224,606) |
| | Consultants | 230,262 | 102,000 | 351,600 | 249,600 |
| | Direct Services | 222,110 | 188,380 | 184,500 | (3,880) |
| | Supplies | 30,142 | 5,500 | 60,750 | 55,250 |
| | Other Expenses | 36,560 | 734,796 | 772,300 | 37,504 |
| Workforce Development (623) Total | | 1,185,469 | 2,067,280 | 2,181,148 | 113,868 |
| Deputy's Office of HR division | | | | | |
| | Salaries & Benefits | 575,885 | 648,902 | 1,125,379 | 476,477 |
| | Consultants | 2,307 | 0 | 150,000 | 150,000 |
| | Direct Services | 62,950 | 10,570 | 61,750 | 51,180 |
| | Supplies | 1,910 | 5,000 | 7,200 | 2,200 |
| | Other Expenses | 493 | 12,126 | 4,060 | (8,066) |
| Deputy's Office of HR division (915) Total | | 643,545 | 676,598 | 1,348,389 | 671,791 |
| Environmental, Health & Safety | | | | | |
| | Salaries & Benefits | 1,708,040 | 1,863,896 | 1,887,367 | 23,471 |
| | Consultants | 132,105 | 211,479 | 232,948 | 21,469 |
| | Direct Services | 118,293 | 122,375 | 118,375 | (4,000) |
| | Supplies | 256,658 | 247,691 | 279,441 | 31,750 |
| | Other Expenses | 95,571 | 83,751 | 84,800 | 1,049 |
| Environmental, Health & Safety (916) Total | | 2,310,667 | 2,529,192 | 2,602,931 | 73,739 |
| Employee Recruitment and Benefits | | | | | |
| | Salaries & Benefits | 1,750,418 | 2,242,322 | 2,265,917 | 23,595 |
| | Consultants | 256,665 | 62,000 | 52,000 | (10,000) |
| | Direct Services | 622,661 | 726,128 | 799,344 | 73,216 |
| | Supplies | 2,605 | 32,000 | 21,000 | (11,000) |
| | Other Expenses | 154,077 | 194,100 | 179,750 | (14,350) |
| Employee Recruitment and Benefits (927) Total | | 2,786,426 | 3,256,550 | 3,318,011 | 61,461 |
| Operations Total | | 6,926,107 | 8,529,620 | 9,450,479 | 920,859 |

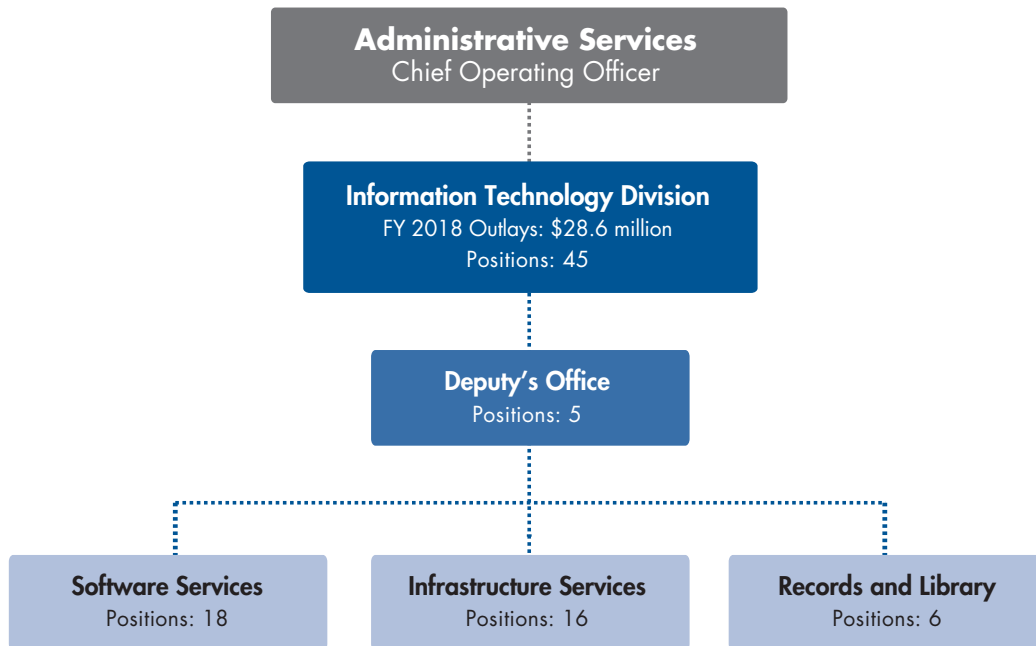
Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Workforce Development | | | | | |
| | Salaries & Benefits | 0 | 17,116 | 31,062 | 13,946 |
| Workforce Development (623) Total | | 0 | 17,116 | 31,062 | 13,946 |
| Deputy's Office of HR division | | | | | |
| | Salaries & Benefits | 0 | 10,731 | 52,965 | 42,234 |
| Deputy's Office of HR division (915) Total | | 0 | 10,731 | 52,965 | 42,234 |
| Environmental, Health & Safety | | | | | |
| | Salaries & Benefits | 8,235 | 9,276 | 0 | (9,276) |
| Environmental, Health & Safety (916) Total | | 8,235 | 9,276 | 0 | (9,276) |
| Employee Recruitment and Benefits | | | | | |
| | Salaries & Benefits | 4,806 | 75,004 | 141,733 | 66,729 |
| Employee Recruitment and Benefits (927) Total | | 4,806 | 75,004 | 141,733 | 66,729 |
| Capital Total | | 13,041 | 112,127 | 225,760 | 113,633 |
| Division Total | | 6,939,148 | 8,641,747 | 9,676,239 | 1,034,492 |

Division Summaries

Information Technology Division



Division Description and Objectives

The Information Technology Division serves the technology needs of the District, enabling business users to carry out their work efficiently, effectively, and securely. These include: (1) Planning, operation, and support of the District's physical technology infrastructure; (2) Planning, design, operations, and maintenance of software applications; and (3) Provision of storage and access to records and reference materials for District's staff and members of the public.

The Division's objectives are:

- Effectively manage the delivery of District's technology services.
- Guide technology decision-making to ensure consistency with the District's business direction.
- Ensure a skilled, responsive, and innovative workforce that keeps current with critical evolving business technologies.
- Provide high quality customer service.

Division Summaries

Administration

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

Infrastructure Services

Infrastructure Services is responsible for implementing and maintaining the network and data-center, cyber security posture, District's computers, systems software, and connectivity (e.g., servers, networks, etc.); first point of contact for staff to report problems and seek answers to questions related to their personal computers, network access, email, personal productivity software, and business application software; and problem triage, resolution, and escalation.

Software Services

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

Records and Library Services

Records & Library Services includes the administration of the Records Management Center, the Records Management Program (including secure storage, retrieval, and proper disposition of District's records and reference materials), the District Library, and the District's responses to legal demands for records.

FY 2017 Accomplishments

- In collaboration with Budget Office, implemented new budget system for the District
- Completed the vendor selection phase of the RFP process for the Enterprise Resource Planning (ERP) upgrade project
- Upgraded District's asset management and work order system
- Implemented municipal billing system for water revenue and accounting
- Implemented single sign-on capability
- Completed roadmap for geographic information system (GIS)
- Completed Wildlife module of a comprehensive environmental database to track stream ecosystem conditions
- Developed system for tracking, analyzing, and reporting on methylmercury
- Deployed Microsoft Office 2016 district-wide
- Implemented Unified Messaging
- Expanded wireless network to Santa Teresa Water Treatment Plant, Vasona Pump Plant, and Coyote Pump Plant.
- Reviewed the findings of the Cyber Security Vulnerability Assessment report and progressively implemented the recommendations, thereby improving the security of the District network
- Implemented District cyber security awareness education program
- Completed review, digitization, and indexing of the District's remaining 150,000 microfiche

Division Summaries

FY 2018 Milestones

- Begin implementation of the Enterprise Resource Planning (ERP) upgrade
- Support Office of Communications to modernize the District website
- Support Financial Planning and Capital Program departments to complete the replacement of the District's Forecasting and Capital Planning systems
- Implement geographic information system (GIS) roadmap Phase 1 and 2
- Continue to expand and develop the environmental database with Fisheries module and migrate historical data into Wildlife
- Implement application portfolio management tool
- Replace and upgrade process control system (SCADA) computer network
- Continue to replace desktop computers based on a four-year computer replacement cycle, upgrading the operating systems to the latest standards
- Continue addressing the findings of the Cyber Security Vulnerability Assessment report and implement the recommendations, thereby improving the security of the District network
- Complete the last phase of a multiyear wireless networking project, providing wireless networking at all District facilities
- Prepare plans and implement IT disaster recovery systems and real-time cutover in the event of a major disaster
- Upgrade the board room audio visual environment and systems
- Implement e-litigation and e-discovery system

Budget Issues and Constraints

The Information Technology Division budget issues and constraints pertain to balancing resources to accomplish both short- and long-term goals of the District:

- Having sufficient and appropriate staffing resources to support the District's growing technology infrastructure and to become a more digital organization
- Having sufficient and appropriate staffing resources to support the District's cyber security improvement program
- Engagement and capacity of business partners to support planned projects
- Decision making support to balance a demanding and growing project portfolio

Division Summaries

Information Technology Division — Budget Summary

| Project Type (Category) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|-------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Operations | 9,827,856 | 11,448,009 | 12,199,831 | 751,822 | 7% |
| Operating | 359,505 | 240,929 | 0 | (240,929) | -100% |
| Capital | 4,332,974 | 8,375,764 | 16,382,082 | 8,006,318 | 96% |
| Total | 14,520,335 | 20,064,702 | 28,581,913 | 8,517,211 | 42% |

| Department (Unit) | FY 2016 Budgetary Actuals | FY 2017 Adopted Budget | FY 2018 Adopted Budget | FY 2018 Change \$ | FY 2018 Change % |
|--------------------------------|---------------------------------|------------------------------|------------------------------|-------------------------|------------------------|
| Deputy's Office of IT division | 1,773,683 | 4,417,227 | 9,239,792 | 4,822,565 | 109% |
| Infrastructure Services | 7,394,053 | 9,842,893 | 12,780,551 | 2,937,658 | 30% |
| Records and Library Services | 862,253 | 889,962 | 1,066,763 | 176,801 | 20% |
| Software Services | 4,490,346 | 4,914,620 | 5,494,807 | 580,187 | 12% |
| Total | 14,520,335 | 20,064,702 | 28,581,913 | 8,517,211 | 42% |

* Totals reflect the net budget and do not include intra-district reimbursement charges.

Authorized Positions

| | | | | |
|---------------------------------|----|----|----|---|
| Information Technology Division | 41 | 43 | 45 | 2 |
|---------------------------------|----|----|----|---|

Division Summaries

Operations Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of IT division | | | | | |
| | Salaries & Benefits | 636,810 | 710,255 | 657,278 | (52,977) |
| | Consultants | 30,552 | 50,000 | 58,000 | 8,000 |
| | Direct Services | 21,338 | 50,000 | 50,720 | 720 |
| | Supplies | 6,041 | 2,050 | 1,030 | (1,020) |
| | Other Expenses | 7,038 | 29,431 | 30,800 | 1,369 |
| Deputy's Office of IT division (715) Total | | 701,779 | 841,736 | 797,828 | (43,908) |
| Software Services | | | | | |
| | Salaries & Benefits | 2,693,520 | 3,120,185 | 2,950,836 | (169,349) |
| | Consultants | 380,868 | 300,000 | 500,000 | 200,000 |
| | Direct Services | 742,836 | 929,318 | 1,044,033 | 114,715 |
| | Supplies | 512 | 0 | 0 | 0 |
| | Other Expenses | 47,786 | 35,741 | 50,000 | 14,259 |
| Software Services (725) Total | | 3,865,522 | 4,385,244 | 4,544,869 | 159,625 |
| Infrastructure Services | | | | | |
| | Salaries & Benefits | 2,057,616 | 2,433,694 | 2,346,730 | (86,964) |
| | Consultants | 325,593 | 229,000 | 546,750 | 317,750 |
| | Direct Services | 2,030,031 | 2,552,950 | 2,589,175 | 36,225 |
| | Supplies | 33,628 | 46,000 | 39,750 | (6,250) |
| | Other Expenses | 263,495 | 310,352 | 285,416 | (24,936) |
| | Fixed Assets | 1,149 | 0 | 0 | 0 |
| | Utilities | 46,295 | 0 | 0 | 0 |
| Infrastructure Services (735) Total | | 4,757,807 | 5,571,996 | 5,807,821 | 235,825 |
| Records and Library Services | | | | | |
| | Salaries & Benefits | 718,527 | 727,003 | 920,753 | 193,750 |
| | Consultants | 5,164 | 0 | 0 | 0 |
| | Direct Services | 107,017 | 128,229 | 92,760 | (35,469) |
| | Supplies | 30,423 | 33,730 | 33,300 | (430) |
| | Other Expenses | 1,122 | 1,000 | 2,500 | 1,500 |
| Records and Library Services (765) Total | | 862,253 | 889,962 | 1,049,313 | 159,351 |
| Operations Total | | 10,187,361 | 11,688,938 | 12,199,831 | 510,893 |

Division Summaries

Capital Budget by Department and Account Category

| Department | Account Category | FY 2016 Budgetary Actual | FY 2017 Adopted \$ | FY 2018 Adopted \$ | FY 2018 Change \$ |
|---|---------------------|-----------------------------|-----------------------|-----------------------|-------------------------|
| Deputy's Office of IT division | | | | | |
| | Salaries & Benefits | 191,854 | 256,205 | 271,567 | 15,362 |
| | Consultants | 719,195 | 2,549,610 | 6,913,396 | 4,363,786 |
| | Direct Services | 157,545 | 712,176 | 1,150,000 | 437,824 |
| | Other Expenses | 3,310 | 0 | 5,000 | 5,000 |
| | Fixed Assets | 0 | 57,500 | 102,000 | 44,500 |
| Deputy's Office of IT division (715) Total | | 1,071,904 | 3,575,491 | 8,441,963 | 4,866,472 |
| Software Services | | | | | |
| | Salaries & Benefits | 388,898 | 286,376 | 574,938 | 288,562 |
| | Consultants | 235,926 | 243,000 | 375,000 | 132,000 |
| Software Services (725) Total | | 624,824 | 529,376 | 949,938 | 420,562 |
| Infrastructure Services | | | | | |
| | Salaries & Benefits | 161,574 | 316,020 | 503,761 | 187,741 |
| | Consultants | 242,204 | 215,000 | 942,670 | 727,670 |
| | Direct Services | 77,724 | 224,000 | 695,600 | 471,600 |
| | Fixed Assets | 2,154,744 | 3,515,877 | 4,830,700 | 1,314,823 |
| Infrastructure Services (735) Total | | 2,636,246 | 4,270,897 | 6,972,731 | 2,701,834 |
| Records and Library Services | | | | | |
| | Salaries & Benefits | 0 | 0 | 17,450 | 17,450 |
| Records and Library Services (765) Total | | 0 | 0 | 17,450 | 17,450 |
| Capital Total | | 4,332,974 | 8,375,764 | 16,382,082 | 8,006,318 |
| Division Total | | 14,520,335 | 20,064,702 | 28,581,913 | 8,517,211 |



Ends Policies and Outcomes

FY 2017-18

Operating and Capital Budget

Ends Policies and Outcomes

Introduction

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

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

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

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

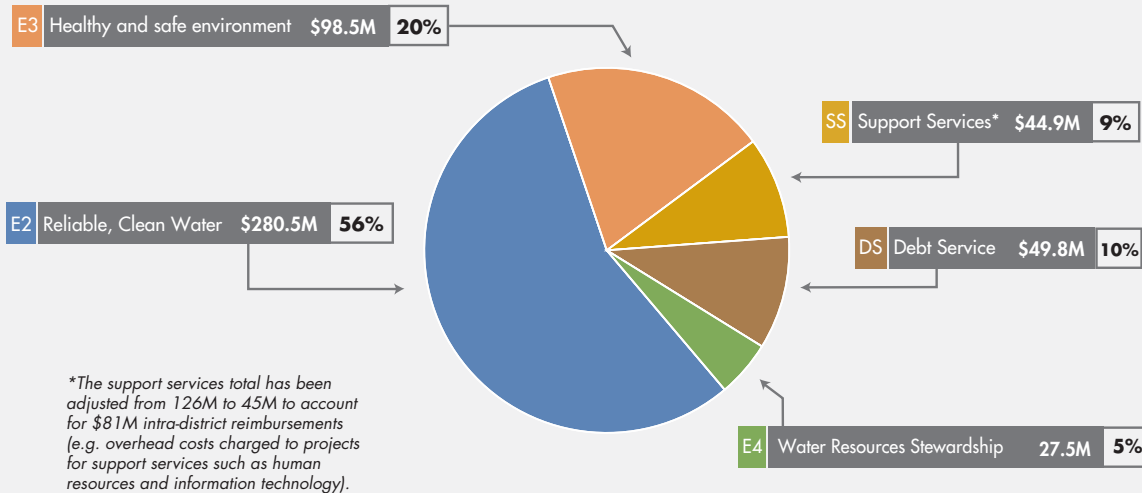
The Fiscal Year 2017-18 table below displays the latest version of the Ends Policies of the Santa Clara Valley Water District Board of Directors.

District wide budget by Ends and Support Services

| Ends Code | Ends Description | FY 2017-18 Adopted Budget |
|---|--|------------------------------|
| E2 | Reliable, clean water supply for current and future generations | 280,503,411 |
| E3 | Healthy and safe environment for residents, businesses, and visitors, as well as for future generations | 98,528,042 |
| E4 | Water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County. | 27,461,114 |
| SS | Support Services | 126,418,108 |
| DS | Debt Service | 49,750,357 |
| Grand Total | | 582,661,032 |
| Minus Intradistrict Reimbursements | | (81,442,096) |
| Net Budget | | 501,218,937 |

Ends Policies and Outcomes

FY 2017-18 total outlays: \$501.2 million



| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|---|--|---------------------------|
| E2.1 | Current and future water supply for municipalities, industries, agriculture and the environment is reliable. | 121,910,271 |
| E2.2 | Raw water transmission and distribution assets are managed to ensure efficiency and reliability. | 48,830,643 |
| E2.3 | Reliable high quality drinking water is delivered. | 109,762,498 |
| E3.1 | Provide natural flood protection for residents, businesses, and visitors | 86,754,569 |
| E3.2 | Reduce potential for flood damages | 11,773,473 |
| E4.1 | Protect and restore creek, bay, and other aquatic ecosystems. | 25,121,946 |
| E4.2 | Improved quality of life in Santa Clara County through appropriate Public access to trails, open space and District facilities. | 1,441,508 |
| E4.3 | Strive for zero net greenhouse gas emission or carbon neutrality. | 897,660 |
| SS.1 | BAO & District Leadership | 25,561,300 |
| SS.2 | Financial Planning & Management Services | 10,212,297 |
| SS.3 | Human Resources Services | 12,550,316 |
| SS.4 | Information Management Services | 25,737,312 |
| SS.5 | Corporate Business Assets | 28,503,134 |
| SS.6 | General Management & Administration | 27,998,435 |
| SS.7 | Salary Savings | (4,144,687) |
| DS.1 | Debt Service | 49,750,357 |
| Grand Total | | 582,661,032 |
| Minus Intradistrict Reimbursements | | (81,442,096) |
| Net Budget | | 501,218,937 |

Ends Policies and Outcomes

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|---|------------------------------|
| E2.1 | Current and future water supply for municipalities, industries, agriculture and the environment is reliable. | 121,910,271 |

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

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

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

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

beneficial uses.

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

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

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

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

Ends Policies and Outcomes

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

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|---|---------------------------|
| E2.2 | Raw water transmission and distribution assets are managed to ensure efficiency and reliability. | 48,830,643 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|---|---------------------------|
| E2.3 | Reliable high quality drinking water is delivered. | 109,762,498 |

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

a budget of \$27.3 million.

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

The largest planned expenditure is operating and maintaining the District’s three water treatment plants at

Ends Policies and Outcomes

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|---|------------------------------|
| E3.1 | Provide natural flood protection for residents, businesses, and visitors | 86,754,569 |

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

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

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|---|------------------------------|
| E3.2 | Reduce potential for flood damages | 11,773,473 |

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

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--|------------------------------|
| E4.1 | Protect and restore creek, bay, and other aquatic ecosystems. | 25,121,946 |

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

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

Ends Policies and Outcomes

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--|---------------------------|
| E4.2 | Improved quality of life in Santa Clara County through appropriate Public access to trails, open space and District facilities. | 1,441,508 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--|---------------------------|
| E4.3 | Strive for zero net greenhouse gas emission or carbon neutrality. | 897,660 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--------------------------------------|---------------------------|
| SS.1 | BAO & District Leadership | 25,561,300 |

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

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

Ends Policies and Outcomes

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

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

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

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-----------|--|------------------------------|
| SS.2 | Financial Planning & Management Services | 10,212,297 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-----------|--------------------------|------------------------------|
| SS.3 | Human Resources Services | 12,550,316 |

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

Ends Policies and Outcomes

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--|------------------------------|
| SS.4 | Information Management Services | 25,737,312 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|----------------------------------|------------------------------|
| SS.5 | Corporate Business Assets | 28,503,134 |

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

Also included in this category are a few of support

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|--|------------------------------|
| SS.6 | General Management & Administration | 27,998,435 |

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

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

| Goal Code | Goal Description | FY 2017-18 Adopted Budget |
|-------------|-----------------------|------------------------------|
| SS.7 | Salary Savings | (4,144,687) |

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

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

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

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

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|------------|--------------------------------------|------------------------------|
| 26061008 | Water Conservation Grants | 129,314 |
| 26061010 | Nitrate Treatment System Rebate | 29,000 |
| 60042001 | Pacheco Res Prop 1 Application Study | 66,296 |
| 60061007 | Drought Emergency Response | 199,170 |
| 91041012 | Water Operations Planning | 613,200 |
| 91041018 | Groundwater Management Program | 4,027,886 |
| 91081007 | Dam Safety Program | 1,407,025 |
| 91084020 | Calero-Guad Dams Seismic Retro | 119 |
| 91101004 | Recycled & Purified Water Prog | 6,383,874 |
| 91111001 | Water Rights | 320,002 |
| 91131004 | Imported Water Program | 7,289,171 |
| 91131006 | IW San Felipe Division Delvrs | 23,033,465 |
| 91131007 | IW South Bay Aqueduct Delvrs | 3,053,971 |
| 91131008 | State Water Project Costs | 28,288,222 |
| 91151001 | Water Conservation Program | 5,251,415 |
| 91151012 | WU Customer Relations & Outreach | 899,693 |
| 91154007 | Water Purchases Captl Project | 9,715,169 |
| 91184008 | SV Adv Wtr Purification Ctr | 32,277 |
| 91211004 | San Felipe Reach 1 Operation | 653,230 |
| 91211005 | SFD Reach 1 Administration | 9,771 |
| 91211084 | San Felipe Reach1 Ctrl and Ele | 412,208 |
| 91211085 | SF Reach 1-Engineering - Other | 93,673 |
| 91211099 | San Felipe Reach 1 Gen Maint | 792,365 |
| 91221002 | San Felipe Reach 2 Operation | 131,353 |
| 91221006 | SF Reach 2-Engineering - Other | 126,189 |
| 91221099 | San Felipe Reach 2 Gen Maint | 188,845 |
| 91224010 | Small Caps, San Felipe R2 | 48,466 |
| 91231002 | San Felipe Reach 3 Operation | 381,955 |
| 91231084 | San Felipe Reach3 Ctrl and Ele | 381,344 |
| 91231085 | SF Reach 3-Engineering - Other | 152,926 |
| 91231099 | San Felipe Reach 3 Gen Maint | 641,788 |
| 91244001 | Wolfe Rd Recycled Wtr Facility | 197,963 |
| 91281007 | SVAWPC Facility Operations | 2,568,927 |
| 91281008 | SVAWPC Facility Maintenance | 1,594,725 |
| 91441003 | Desalination | 23,310 |
| 91451002 | Well Ordinance Program | 1,588,748 |
| 91451005 | Source Water Quality Mgmt | 373,443 |
| 91451011 | Invasive Mussel Prevention | 607,455 |
| 91761001 | Local Res/Div Plan & Analysis | 956,689 |
| 91761099 | Dams / Reservoir Gen Maint | 1,984,005 |

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|---------------------------------|--------------------------------------|
| 91854001 | Almaden Dam Improvements | 519,999 |
| 91864005 | Anderson Dam Seismic Retrofit | 7,913,297 |
| 91874004 | Calero Dam SeisRetrofit Des&Con | 2,187,989 |
| 91894002 | Guadalupe Dam SeisRetf Des&Con | 1,160,810 |
| 92041014 | FAHCE/Three Creeks HCP Project | 3,458,903 |
| 95061043 | WUE O&M Support | 265,413 |
| 95111003 | Water Use Measurement | 1,755,569 |
| E2.1 Total | | 121,910,271 |

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|---------------------------------|--------------------------------------|
| 26564001 | Main/Madrone PL Restoration | 14,616,889 |
| 91214001 | Pacheco Conduit Rehabilitation | 97,004 |
| 91214010 | Small Caps, San Felipe R1 | 2,408,824 |
| 91234002 | Coyote Pumping Plant ASD Rplcmt | 535,963 |
| 91234011 | Coyote Pumping Plant Warehouse | 2,903,902 |
| 92144001 | Pacheco/SC Conduit ROW ACQ | 251,555 |
| 92224001 | Pen Force Main Seismic Retrofi | 441,770 |
| 92261099 | Vasona Pump Station Gen Main | 89,171 |
| 92264001 | Vasona Pumping Plant Upgrades | 712,050 |
| 92374005 | SCADA Remote Arch&Comm Upgrade | 185,960 |
| 92761001 | Raw Water T&D Gen'l Oper | 1,680,313 |
| 92761006 | Rchrg / RW Field Fac Asset Mgt | 93,623 |
| 92761007 | Rchrg / RW Fld Ops Pln & Anlys | 91,117 |
| 92761008 | Recycled Water T&D Genrl Maint | 100,490 |
| 92761009 | Recharge/RW Field Ops | 2,851,026 |
| 92761010 | Rchrg / RW Field Fac Maint | 1,840,633 |
| 92761012 | Untreated Water Prog Plan | 117,459 |
| 92761082 | Raw Water T&D Ctrl and Electr | 748,950 |
| 92761083 | Raw Water T&D Eng Other | 200,329 |
| 92761085 | Anderson Hydrelctrc Fclty Main | 233,554 |
| 92761099 | Raw Water T / D Gen Maint | 1,862,131 |
| 92764009 | Small Caps, Raw Water T&D | 321,385 |
| 92781002 | Raw Water Corrosion Control | 481,335 |
| 95084002 | 10-Yr PL Inspection and Rehab | 15,965,207 |
| E2.2 Total | | 48,830,643 |

Ends Policies and Outcomes

E2

Reliable, clean water supply for current and future generations

E2.3 Reliable high quality drinking water is delivered.

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|--------------------------------------|
| 00761013 | SCADA Systems Upgrades | 186,612 |
| 93081008 | W T General Water Quality | 1,866,724 |
| 93081009 | Water Treatment Plant Engineer | 658,910 |
| 93084011 | Fluoridation at WTPs | 276,958 |
| 93231007 | PWTP Landslide Monitoring | 217,485 |
| 93231009 | PWTP General Operations | 5,563,176 |
| 93231099 | Penitencia WTP General Maint | 2,579,658 |
| 93281005 | STWTP - General Operations | 4,865,555 |
| 93281099 | Santa Teresa WTP General Maint | 3,348,219 |
| 93291012 | RWTP General Operations | 7,594,962 |
| 93291099 | Rinconada WTP General Maint | 3,307,387 |
| 93294051 | RWTP FRP Residuals Management | 17,053,401 |
| 93294056 | RWTP Treated Water Valves Upgd | 170,276 |
| 93294057 | RWTP Reliability Improvement | 48,143,578 |
| 93401002 | Water District Laboratory | 4,675,738 |
| 93761001 | SF/SCVWD Intertie General Ops | 213,522 |
| 93761004 | Campbell Well Field Operations | 188,663 |
| 93761005 | Campbell Well Field Maint | 101,451 |
| 93761006 | Treated Water Ctrl & Elec Eng | 2,520,054 |
| 93761099 | SF/SCVWD Intertie Gen Maint | 36,200 |
| 93764003 | IRP2 WTP Blds Seismic Retrofit | 345,964 |
| 93764004 | Small Caps, Water Treatment | 2,511,976 |
| 94384002 | Pen Del Main Seismic Retrofit | 231,965 |
| 94761005 | TW T&D - Engineering - Other | 162,303 |
| 94761099 | Treated Water T/D Gen Maint | 1,173,558 |
| 94781001 | Treated Water T/D Corrosion | 549,948 |
| 95061007 | WUE Asset Management Plng Prgm | 1,218,301 |
| E2.3 Total | | 109,762,498 |
| E2 Total | | 280,503,411 |

Ends Policies and Outcomes

E3

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

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|---|--------------------------------------|
| 00041022 | Stream Maint Prog Mgmt | 3,048,513 |
| 00044026 | San Francisco Bay Shoreline | 2,721,261 |
| 00761023 | Watershed Sediment Removal | 6,173,430 |
| 00761078 | Vegetation Mangmnt for Access | 2,474,839 |
| 00762011 | Tree Maintenance Program | 973,362 |
| 20194005 | San Tomas Ck, Quito Rd Bridges | 124,000 |
| 26074002 | Sunnyvale East & West Channel | 4,820,232 |
| 26154003 | Guadalupe Rv-Upr, SPRR-BH 7-12 | 6,543,945 |
| 26164001 | HaleCreekEnhancementPilotStudy | 1,305,856 |
| 26174051 | U. Llagas Ck, Reimburse E6b | 105,824 |
| 26174052 | U. Llagas Ck, Nonreimburse E6a | 2,354 |
| 26174054 | U.Llagas Ck Design B. Vsta Rd | 1,039,957 |
| 26244001 | Permanente Ck, Bay-Fthill CSC | 16,905,770 |
| 26284002 | San Francisquito Early Implemt | 7,337,635 |
| 26771067 | Stream Capacity Vegetation Con | 1,907,549 |
| 40264008 | Lwr Silver-R4-6 N Babb-Cunni | 1,980,884 |
| 40264011 | Cunningham Fld Detention Cert | 1,673,841 |
| 40334005 | Lwr Penitencia Crk Improvemnts | 4,814,866 |
| 62021004 | Vegetation Mgmt Tech Support | 738,673 |
| 62021009 | Watershds O&M Eng&Insp Support | 885,433 |
| 62042050 | Watershd Maint Guideline Updte | 270,141 |
| 62061029 | Field Operations Support | 618,061 |
| 62084001 | Watersheds Asset Rehabilitation Program | 11,046,551 |
| 62761006 | Invasive Plant Management Prog | 1,029,170 |
| 62761024 | Wtrshd Facility Cndtion Assmnt | 1,847,158 |
| 62761025 | Watershed General Field Maint | 1,535,519 |
| 62761026 | Watershed Debris Removal | 1,493,713 |
| 62761028 | Watershed Levee Maintenance | 1,569,942 |
| 62761074 | Corps Local Sponsor O&M | 1,400,542 |
| 62761080 | Non SMP Veg Removal for Convey | 366,071 |
| E3.1 Total | | 86,754,569 |

Ends Policies and Outcomes

E3

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

E3.2 Reduce potential for flood damages

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--|--------------------------------------|
| 00811043 | Hydrologic Data Msrmt & Mgmt | 1,685,095 |
| 10394001 | PA Flood Basin Tide Gate Imprv | 458,005 |
| 26041023 | Emergency Response Upgrades | 369,565 |
| 26041024 | Flood Risk Reduction Studies | 663,790 |
| 26061005 | Flood Emrgncy Respns Planning | 321,349 |
| 62011002 | Watershed Asset Protection Sup | 4,103,371 |
| 62021003 | CPRU Tech Support | 398,634 |
| 62041023 | Wtrshd Stwrdsdp Policy & Coord | 402,927 |
| 62061005 | WS Customer Relations & Outreach | 493,715 |
| 62061008 | Hydrology and Hydraulics Technical Support | 1,211,084 |
| 62761008 | Sandbag Program | 661,907 |
| 95011003 | WU Asset Protection Support | 1,004,031 |
| E3.2 Total | | 11,773,473 |
| E3 Total | | 98,528,042 |

Ends Policies and Outcomes

E4

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

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|---------------------------------------|--------------------------------------|
| 00041047 | Ecological Data Collectn & Analy | 1,149,896 |
| 00061012 | Facilities Env Compliance | 831,195 |
| 00061019 | Supp Volunteer Cleanup Effort | 383,596 |
| 00741042 | Water Resorcs EnvPlng & Permtg | 741,856 |
| 00761022 | Watershed Good Neighbor Maint | 1,398,539 |
| 00761075 | Mgmt of Revegetation Projects | 2,165,594 |
| 00771011 | Inter Agency Urban Runoff Prog | 2,117,836 |
| 00771031 | HAZMAT Emergency Response | 127,848 |
| 20444001 | Salt Ponds A5-11 Restoration | 753,926 |
| 26042002 | Fish Habitat Improvements | 500,142 |
| 26044001 | Almaden Lake Improvement | 653,901 |
| 26044002 | SCW Fish Passage Improvement | 224,223 |
| 26061003 | Stewardshp Grnts/Partnrshp Admn | 71,663 |
| 26061006 | Pollution Prvtn Ptnrshp & Grt | 764,176 |
| 26444003 | SBSP Restoration Partnership | 12,700 |
| 26752043 | Impaired Water Bodies Imprvmts | 1,486,236 |
| 26761076 | Rev, Riprn, Uplnd, & Wtlnd Hab | 916,631 |
| 26771027 | Encampment Cleanup Program | 907,984 |
| 30151026 | Guad Rvr Mitgtn Monitoring Prg | 831,532 |
| 40212032 | Coyote Creek Mitgtn Monitoring | 202,078 |
| 60061058 | Drought Induced Tree Removal | 274,003 |
| 60171002 | Civic Engagement | 1,261,258 |
| 62041026 | Watersheds Asset Mgt Plng Prgm | 920,061 |
| 62041043 | Environmental Svcs Tech Suppt | 267,234 |
| 62042032 | Multiple Sm Prjcts Mitgtn Mont | 279,680 |
| 62042047 | Mitigation & Stwdshp Land Mgmt | 195,362 |
| 62042051 | Plant Pathogen Management | 451,672 |
| 62044001 | Watershed Habitat Enhancement Studies | 1,166,914 |
| 62181005 | SMP Mitigation Site Mgmt | 524,232 |
| 62184001 | SMP Mit-Stream Wtrshd Land Acq | 509,068 |
| 62761009 | Pond A4 Operations | 154,995 |
| 62761027 | Watershed Erosion Protection | 2,875,914 |
| E4.1 Total | | 25,121,946 |

Ends Policies and Outcomes

E4

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

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|-------------------------------|--------------------------------------|
| 26061007 | Grants to Rest Habitat Access | 1,441,508 |
| E4.2 Total | | 1,441,508 |

Ends Policies and Outcomes

E4

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

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

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|--------------------------------------|
| 00021008 | Energy Management | 416,837 |
| 00061048 | Climate Change Adaptation/Mtg. | 480,822 |
| E4.3 Total | | 897,660 |
| E4 Total | | 27,461,114 |

Ends Policies and Outcomes

SS

Support Services

SS.1 BAO & District Leadership

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|------------------------------|
| 00761071 | Emergency Management | 1,810,635 |
| 60091001 | Directors Fees / Expenses | 364,196 |
| 60131007 | Ofc of Chief Executive Officer | 823,915 |
| 60131014 | Continual Improvement | 170,694 |
| 60131016 | Office of CEO & Board Support | 1,022,239 |
| 60141001 | District Counsel | 3,234,213 |
| 60171009 | Community Relations | 626,370 |
| 60231002 | Communications | 1,473,940 |
| 60231003 | Federal Government Relations | 884,125 |
| 60231004 | State Government Relations | 911,078 |
| 60231005 | Local Government Relations | 1,207,501 |
| 60231006 | Chief of External Affairs | 577,466 |
| 60241026 | Quality and Env Mgmt Sys Prog | 739,230 |
| 60291003 | Labor Relations | 775,832 |
| 60291032 | Bargaining Unit Representation | 355,262 |
| 60301001 | Clerk of the Board Serv | 1,959,429 |
| 65051001 | Risk Management | 2,351,239 |
| 65051002 | Workers Compensation Program | 821,495 |
| 65051003 | Health&Safety Program Mgt | 3,102,442 |
| 65052001 | President Day Flood | 2,350,000 |
| SS.1 Total | | 25,561,300 |

Ends Policies and Outcomes

SS

Support Services

SS.2 Financial Planning & Management Services

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------------|--------------------------------------|
| 00031001 | Watershed Revenue | 210,754 |
| 00031002 | Grants Management | 737,935 |
| 00121003 | LT Financial Planning & Rate Setting | 824,900 |
| 26001090 | Unscoped Projects-Budget Only | 100,000 |
| 60001090 | Unscoped Projects-Budget Only | 100,000 |
| 60001091 | COOAS Unscoped Projects-BdgtOnly | 100,000 |
| 60001092 | CEA Unscoped Project-Budget Only | 100,000 |
| 60111002 | General Accounting Services | 3,255,980 |
| 60221001 | Budget and Financial Analyses | 2,114,631 |
| 60221002 | Debt & Treasury Management | 544,404 |
| 60221007 | Credit Card Services Fees | 75,000 |
| 62001090 | Unscoped Projects-Budget Only | 300,000 |
| 95001090 | Unscoped Projects-Budget Only | 100,000 |
| 95101003 | W2 W5 Water Revenue Program | 1,648,693 |
| SS.2 Total | | 10,212,297 |

Ends Policies and Outcomes

SS

Support Services

SS.3 Human Resources Services

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|--------------------------------------|
| 60281003 | Ethics & EEO Programs | 616,520 |
| 60281006 | Reasonable Accommodation | 228,648 |
| 60291001 | Recruitment and Examination | 1,615,957 |
| 60291002 | Benefits and Wellness Admin | 1,079,985 |
| 60291004 | Talent Management Program | 1,576,792 |
| 60291005 | Classification&CompensationPgm | 321,594 |
| 60291011 | HR Program Admin | 733,464 |
| 60291038 | GF Training & Development | 634,674 |
| 60291040 | Rotation Program | 723,228 |
| 60291041 | Internship Program | 713,450 |
| 60291042 | Skilled Trades Internship Prgm | 142,562 |
| 62061028 | WS Training & Development | 1,693,319 |
| 95061037 | WUE Training & Development | 1,357,539 |
| 95061047 | WUE Technical Training Program | 1,112,585 |
| SS.3 Total | | 12,550,316 |

Ends Policies and Outcomes

SS

Support Services

SS.4 Information Management Services

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|-----------------------------------|--------------------------------------|
| 60101006 | Telecommunications Sys Opr/M | 1,896,404 |
| 60101011 | Technical Infrastructure Services | 699,601 |
| 60161001 | Software Maint & License | 1,073,884 |
| 60161004 | Software Services | 3,273,449 |
| 60181002 | Network Administration | 1,680,145 |
| 60271062 | Information Security Admin | 440,179 |
| 60271064 | Office Cmptr Maint/Help Dsk Sup | 1,222,395 |
| 60311001 | Records & Library Services | 1,163,860 |
| 73271007 | Emerging IT Technologies | 121,496 |
| 73274001 | IT Disaster Recovery | 440,947 |
| 73274002 | ERP PeopleSoft Upgrade | 7,319,644 |
| 73274004 | Network Equipment | 1,690,975 |
| 73274006 | Office Computers Replace Equip | 967,980 |
| 73274008 | Software Upgrades & Enhancemen | 610,672 |
| 73274009 | Data Consolidation | 278,996 |
| 73274010 | Boardroom Technology Upgrade | 817,554 |
| 73274011 | E-Discovery Management System | 544,990 |
| 95274003 | WU Computer Network Modrnizatn | 1,300,979 |
| 95761003 | SCADA Network Administration | 193,164 |
| SS.4 Total | | 25,737,312 |

Ends Policies and Outcomes

SS

Support Services

SS.5 Corporate Business Assets

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|------------------------------|
| 00061045 | AM Systems and Standards | 938,871 |
| 00061053 | Admin Asset Mgmt Program | 485,481 |
| 00071041 | Welding Services | 588,803 |
| 00074036 | Survey Mgmt & Tech Support | 592,202 |
| 00811046 | Warehouse Services | 2,274,740 |
| 00811049 | Subsidence Monitoring | 344,079 |
| 00811054 | District Real Property Adminis | 503,410 |
| 10291002 | Rental Expense Stevens Creek | 377,721 |
| 26061002 | Rent Exp Clean Safe Ck 7/1/01+ | 163,498 |
| 30061004 | Rent Exp Guadalupe & Coyote | 214,818 |
| 60101001 | Purchasing Services | 1,542,824 |
| 60101002 | Building and Grounds | 6,204,880 |
| 60101008 | District Security Services | 1,422,765 |
| 60111006 | Contract Services | 1,444,737 |
| 60204016 | Almaden&Winfield-Sm Cap Improv | 1,690,255 |
| 60351001 | Business & Customer SupportSvc | 3,261,426 |
| 70004002 | Replacement Vehicle & Equip | 1,545,000 |
| 70011099 | Class I Equip Oper / Maint | 866,844 |
| 70021099 | Class II Equip Oper / Maint | 857,289 |
| 70031099 | Class III Equip Oper / Maint | 389,359 |
| 70041099 | Class IV Equip Oper / Maint | 1,157,700 |
| 70061003 | Vehicle & Equipment Admin&Mgmt | 1,418,357 |
| 95061012 | Rental Expense San Pedro,MH | 32,163 |
| 95074001 | Capital Warranty Services | 185,912 |
| SS.5 Total | | 28,503,134 |

Ends Policies and Outcomes

SS

Support Services

SS.6 General Management & Administration

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|--------------------------------|--------------------------------------|
| 00041039 | Integrated Regional Water Mgmt | 223,213 |
| 00074033 | CIP Development & Admin | 1,299,866 |
| 00074038 | Capital Progrm Srvc Admin | 6,794,452 |
| 26061012 | Safe Clean Water Implementatn | 581,372 |
| 60061017 | Info Technology Div Admin | 709,261 |
| 60061018 | General Services Div Admin | 489,049 |
| 60101017 | CADD System Tech Support | 104,205 |
| 60131004 | Ofc of Chief Admin Officer | 910,774 |
| 60221003 | FPMD Administration | 465,029 |
| 60281004 | Diversity & Inclusion Program | 1,284,328 |
| 62041027 | Integrated Wtr Resrce Mstr Pln | 1,630,898 |
| 62061001 | Watersheds Administration | 5,138,396 |
| 95061038 | WUE Administration | 7,362,010 |
| 95741001 | Water Supply Planning | 1,005,582 |
| SS.6 Total | | 27,998,435 |

Ends Policies and Outcomes

SS

Support Services

SS.7 Salary Savings

| Job Number | Project Name | Adopted FY 2017-18 Budget |
|-------------------|---------------------|--------------------------------------|
| SS.7 Total | | (4,144,687) |
| SS Total | | 126,418,108 |

Ends Policies and Outcomes

DS

Debt Service

DS.1 Debt Service

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

Ends Policies and Outcomes

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Ends Policies and Objectives

E2

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

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

2.1.1. Aggressively protect groundwater from the threat of contamination and maintain and develop groundwater to optimize reliability and to minimize land subsidence and salt water intrusion. **7,571,374**

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

2.1.2. Protect, maintain, and develop local surface water. **21,569,050**

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

2.1.3. Protect, maintain, and develop imported water. **75,345,647**

| | |
|-------------|---|
| OM 2.1.3.a. | 100% of imported water identified in annual operations plan delivered to County to meet annual water needs. |
|-------------|---|

2.1.4. Protect, maintain, and develop recycled water. **11,749,059**

| | |
|-------------|---|
| OM 2.1.4.a. | At least 10% of annual recycled water production as a percentage of total County water demands by 2025. |
|-------------|---|

2.1.5. Maximize water use efficiency, water conservation, and demand management opportunities. **5,409,729**

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

2.1.6. Prepare for and respond effectively to water utility emergencies. **265,413**

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

2.1 Subtotal: \$121,910,271

Ends Policies and Objectives

E2

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

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

2.2.1. Raw water transmission and distribution assets are managed to ensure efficiency and reliability. **48,830,643**

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

2.2 Subtotal: **\$48,830,643**

Ends Policies and Objectives

E2

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

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

2.3.1. Meet or exceed all applicable water quality regulatory standards. **108,357,584**

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

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

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

2.3.2. Maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water. **1,404,914**

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

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

2.3 Subtotal: **\$109,762,498**

E2 Budget Total: \$280,503,411

Ends Policies and Objectives

E3

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

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

3.1.1. Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding. **48,070,047**

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

3.1.2. Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values. **38,684,522**

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

3.1 Subtotal: **\$86,754,569**

Ends Policies and Objectives

E3

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

E3.2. Reduce potential for flood damages.

3.2.1 Promote the preservation of flood plain functions. **5,964,041**

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

3.2.2. Reduce flood risks through public engagement. **896,642**

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

3.2.3. Prepare and respond effectively to flood emergencies countywide to protect life and property. **4,912,790**

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

3.2 Subtotal: **\$11,773,473**

E3 Budget Total: \$98,528,042

Ends Policies and Objectives

E4

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

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

| | | |
|--|--|-------------------|
| 4.1.1. Preserve creeks, bay, and ecosystems through environmental stewardship. | | 18,349,296 |
| OM 4.1.1.a. | Establish new or track existing ecological levels of service for streams in 5 watersheds by 2028. (SCW D5) | |
| OM 4.1.1.b. | Re-assess streams in 5 watersheds to determine if ecological levels of service are maintained or improved by 2028. (SCW D5) | |
| OM 4.1.1.c. | Fish tissue concentration of methyl mercury that meets Total Maximum Daily Load (TMDL) objectives (target = 1.5 ng total methyl mercury per liter water). | |
| OM 4.1.1.d. | Five watersheds meet all Stream Maintenance Program and other mitigation commitments including the management of 300 acres of existing revegetation plantings. | |
| OM 4.1.1.e. | Respond to requests on litter or graffiti cleanup within 5 working days through 2028. (SCW B6) | |
| OM 4.1.1.f. | 100% of pesticide products used in lowest toxicity category. | |
| OM 4.1.1.g. | Operate and maintain existing treatment systems in 4 reservoirs to remediate regulated contaminants, including mercury through 2028. (SCW B1) | |
| OM 4.1.1.h. | Prepare plan for the prioritization of pollution prevention and reduction activities by 2015. (SCW B1) | |
| OM 4.1.1.i. | Implement priority pollution prevention and reduction activities identified in the plan in 10 creeks through 2028. (SCW B1) | |
| OM 4.1.1.j. | Install at least 2, by 2014, and operate 4, through 2028, trash capture devices at stormwater outfalls in Santa Clara County. (SCW B2) | |
| OM 4.1.1.k. | Perform 52 annual clean-ups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams. (SCW B4, Illegal Encampments) | |
| OM 4.1.1.l. | Conduct 60 clean-up events (4 per year) through 2028. (SCW B6, Graffiti and Trash) | |
| OM 4.1.1.m. | Provide up to \$8 million for the acquisition of property for the conservation of habitat lands, total through 2028. (SCW D7) | |
| 4.1.2. Improve watersheds, streams, and natural resources. | | 1,321,910 |
| OM 4.1.2.a. | Establish agreement with the US Fish and Wildlife Service to reuse sediment at locations to improve the success of Salt Pond restoration activities by 2017. (SCW D8) | |
| OM 4.1.2.b. | Update 3 creek hydrology models annually. | |
| OM 4.1.2.c. | Develop 5 Stream Corridor Priority Plans to prioritize stream restoration activities by 2028. (SCW D3) | |
| OM 4.1.2.d. | Revitalize at least 21 acres guided by the 5 Stream Corridor Priority Plans, through native plant revegetation and removal of invasive exotic species by 2028. (SCW D2) | |
| OM 4.1.2.e. | Provide funding for revitalization of at least 7 of 21 acres through community partnerships through 2028. (SCW D2) | |
| OM 4.1.2.f. | Develop at least 2 plant palettes for use on revegetation projects to support birds and other wildlife by 2017. (SCW D2) | |
| OM 4.1.2.g. | Complete planning and design for two creek/lake separations by 2019. (SCW D4) | |
| OM 4.1.2.h. | Construct one creek/lake separation project in partnership with local agencies by 2019. (SCW D4) | |
| OM 4.1.2.i. | Use \$6 million for fish passage improvements through 2019. (SCW D4) | |
| OM 4.1.2.j. | Conduct study of all major steelhead streams in the County to identify priority locations for installation of large woody debris and gravel as appropriate by 2019. (SCW D4) | |
| OM 4.1.2.k. | Install large woody debris and/or gravel at a minimum of 5 sites (1 per each of 5 major watersheds) by 2019. (SCW D4) | |
| OM 4.1.2.l. | Construct site improvements up to \$4 million to allow for transportation and placement of future sediment by 2017. (SCW D8) | |

Ends Policies and Objectives

E4

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

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

4.1.3. Promote the protection of creeks, bay, and other aquatic ecosystems from threats of pollution and degradation. **2,882,011**

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

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

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

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

4.1.4. Engage and educate the community in the protection of water quality and stream stewardship. **1,716,516**

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

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

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

4.1.5. Prepare and respond to emergencies that threaten local waterways. **127,848**

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

4.1.6. To the extent within practicable control of the District, adopt a strategy to restore the salmonid fishery on identified salmonid streams within fifteen years of strategy adoption by creating suitable accessible spawning and rearing. **724,365**

4.1 Subtotal: \$25,121,946

E4

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

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

4.2.1. Support healthy communities by providing access to additional trails, parks, and open space along creeks and in the watersheds. **1,441,508**

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

4.2 Subtotal: \$1,441,508

Ends Policies and Objectives

E4

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

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

4.3.1. Reduce greenhouse gas emissions to achieve carbon neutrality by 2020. **897,660**

| | |
|-------------|---|
| OM 4.3.1.a. | Maintain California Green Business Certification. |
| OM 4.3.1.b. | By 2020, the amount of District greenhouse gas emissions is equal to or less than carbon offsets as calculated by the District carbon offset methodology. |

4.3 Subtotal: **\$897,660**

E4 Budget Total: \$27,461,114



Resolutions

FY 2017-18

Operating and Capital Budget

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 17

ESTABLISHING LAND USE CATEGORIES, CONFIRMING A LEVY OF BENEFIT ASSESSMENTS TO MEET DULY AUTHORIZED DEBT OBLIGATIONS FOR FISCAL YEAR 2017-2018 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 Santa Clara Valley Water District as follows:

FIRST: In accordance with the requirements of law and of the terms of District Resolutions 86-54, 86-55, 86-56, 86-57, and 90-7, the Chief Executive Officer (CEO) of the District has caused a written report to be prepared and filed for the fiscal year 2017-18, setting forth the annual amounts to be collected through benefit assessment rates in each established flood control zone of the District, 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 the District 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 the District 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.

Resolutions

Establishing Land Use Categories, Confirming a Levy of Benefit Assessments to Meet Duly Authorized Debt Obligations for Fiscal Year 2017-2018 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. 17-17

- B. Levy, fix, and establish flood control benefit assessments for fiscal year 2017–18 commencing July 1, 2017, and ending June 30, 2018, on each parcel of real property in each established flood control zone of the District, 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 2017-2018**

| Flood Control Zone | Debt Obligation |
|--------------------|-----------------|
| Northwest | \$4,078,867 |
| North Central | \$2,277,292 |
| Central | \$4,597,191 |
| East | \$3,970,971 |
| South | \$0 |

- C. The actual 2017-2018 rates shall be determined by the CEO or her 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 the District's CEO and the District 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.

Resolutions

Establishing Land Use Categories, Confirming a Levy of Benefit Assessments to Meet Duly Authorized Debt Obligations for Fiscal Year 2017-2018 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

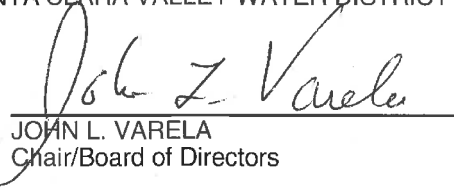
Resolution No. 17- 17

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, G. Kremen, L. LeZotte,
J. Varela
NOES: Directors None
ABSENT: Directors B. Keegan
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Michele L. King
Clerk/Board of Directors

Resolutions

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17-18

APPROVING FISCAL YEARS 2018–2022 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

WHEREAS, the District has determined that it is in its best interest to prepare a Five-Year Capital Improvement Program (CIP) and to have it reviewed by the County and cities having land use jurisdiction within Santa Clara County; and

WHEREAS, the Board of Directors of the Santa Clara Valley Water District was presented with a draft Fiscal Years (FY) 2018–2022 Five-Year CIP on February 28, 2017; and

WHEREAS, the draft CIP was transmitted to the cities and towns in Santa Clara County and to the County of Santa Clara for their review on March 2, 2017, and District staff conducted subsequent meetings regarding the Draft CIP with most of these agencies; and

WHEREAS, the District received letters from the cities of Campbell, Cupertino, Morgan Hill, Mountain View, Saratoga, town of Los Altos Hills, and Santa Clara County, all indicating that the District's CIP is consistent with their General Plans; and

WHEREAS, on April 25, 26, and May 9, 2017, the District conducted a public hearing for purposes of receiving input with regard to the draft FY 2018–22 Five-Year CIP, and considered the inclusion of appropriate comments as input to the FY 2018–22 Five-Year CIP.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District does hereby approve the FY 2018–22 Five-Year Capital Improvement Program.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, G. Kremen, L. LeZotte,
B. Keegan, J. Varela

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 

John L. Varela
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 19

**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 2017-2018**

WHEREAS, the Santa Clara Valley Water District (District) 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, over two-thirds of the electors voting in the Santa Clara County did favor a special tax measure in the November 6, 2012, General Election thereby approving the special tax specified in Resolution No. 12-62 for designated purposes;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Santa Clara Valley Water District (Board) as follows:

FIRST: The Chief Executive Officer (CEO) of the District has directed a summary report to be prepared for fiscal year July 1, 2017, through June 30, 2018, that includes the proposed special tax rates for that year ("Report"), and presented that Report on May 9, 2017, 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 2017-2018 (FY 2017-18)."

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: (i) 0.25 acre for Groups A, B, and C; and (ii) 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.

Resolutions

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 2017-2018

Resolution No. 17-19

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: \$505.15 per acre, \$126.27 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: \$378.87 per acre, \$94.72 minimum for parcels up to 0.25 acre; and (2) condominiums and townhouses: \$30.73 per unit.
- Group C: Parcels up to 0.25 acre used for single family residences and multiple family units up to four units: \$63.11. The first 0.25 acre of a parcel of land used for single family residential purposes: \$63.11.
- Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses and similar uses: \$3.24 per acre, \$32.37 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: \$3.24 per acre.
- Group E: Vacant undisturbed land (1) in urban areas: \$0.95 per acre, \$9.54 minimum on parcels less than 10 acres; and (2) in rural areas: \$0.13 per acre, with a \$9.54 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: The District 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 2017-2018 upon requesting such exemption from the District prior to or during fiscal year 2017-2018. Granting similar exemptions for fiscal years beyond Fiscal Year 2017-2018 will be made at the discretion of the Board.

Resolutions

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 2017-2018

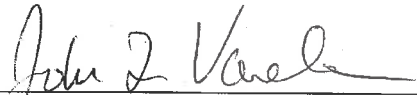
Resolution No. 17-19

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 District Chief Financial Officer and pursuant to procedures approved by the District's CEO and District Counsel.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017.

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 
JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17-20

**DETERMINING GROUNDWATER PRODUCTION CHARGES
FOR FISCAL YEAR 2017-2018**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (District) 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 the District's activities in the protection and augmentation of the water supplies of the District, has been prepared including: a financial analysis of the District's water utility system, information as to the present and future water requirements of the District, the water supply available to the District, 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 the District 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 W2 and W5;
2. That on the 24th day of February 2017, said report was duly delivered to the Clerk of the District 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 11th day of April 2017, at the Santa Clara Valley Water District at the address and at the time stated;
4. That on February 24, 2017, written notice was mailed to all owners and operators of water-producing facilities within the District's boundaries, advising of the proposed groundwater production charge rates to be levied, and of the opportunities to be heard concerning such charges, including the right to file a written protest objecting to any applicable proposed increase;
5. That pursuant to Section 26.6 of the District Act, on the 11th day of April 2017, at 1 p.m. in the Santa Clara Valley Water District Boardroom located at 5700 Almaden Expressway, San Jose, a public hearing upon said report was duly commenced and was continued for further hearing to the evening of April 13, 2017 (in Morgan Hill) and again to the evening of April 25, 2017 (in San Jose), 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 each session of the hearing;
7. The record owners of water producing facilities were given the opportunity to file a written protest objecting to the proposed groundwater production charge increase;
8. 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 the District, paying the cost of purchasing imported water, paying the cost of constructing, maintaining and

Resolutions

Determining Groundwater Production Charges for Fiscal Year 2017-2018

Resolution No. 17-20

- 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 the District incurred for those purposes;
9. That this Board considered all protests objecting to the proposed groundwater production charge increases for Zones W-2 and W-5, 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 groundwater production facilities in either Zone W-2 or Zone W-5;
 10. 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 and W-5, as authorized under the District Act, and that the amount levied does not and will not exceed the proportional cost of service; and
 11. That CEQA does not apply to approval of these charges pursuant to the statutory exemption set forth in California Code of Regulations Title 14, Chapter 3, Section 15273 because, as identified in the District's annual report on the protection and augmentation of the water supplies of the District, the charges are expressly made for the purpose of:
 - a. Meeting operating expenses, including employee wage rates and fringe benefits,
 - b. Purchasing or leasing supplies, equipment or materials,
 - c. Meeting financial reserve needs, and
 - d. Obtaining funds for capital projects necessary to maintain service within existing service areas.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

FIRST: District activities in the geographic area identified as Zone W-2 provide services to the users of water in said zone who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; and District activities in the geographic area of the District identified as Zone W-5 provide services to users of water in said zone 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 2016-2017 groundwater production charges per acre-foot for agricultural water and water other than agricultural water should be extended and increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-2 of the District for fiscal year 2017-2018 (July 1, 2017–June 30, 2018) at the following rates:

**Water Other Than
Agricultural**

Agricultural Water

Resolutions

Determining Groundwater Production Charges for Fiscal Year 2017-2018

Resolution No. 17- 20

\$1,175.00

\$25.09

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 2016-2017 groundwater production charges per acre-foot for agricultural water and water other than agricultural water should be extended and increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-5 of the District for fiscal year 2017-2018 (July 1, 2017–June 30, 2018) at the following amounts:

| Water Other Than Agricultural | Agricultural Water |
|----------------------------------|--------------------|
| \$418.00 | \$25.09 |

FOURTH: Notice of the setting of groundwater production charges in the identified amounts shall be given as provided in Section 26.8 of the District Act.

FIFTH: 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 Santa Clara Valley Water District by the following vote on May 9, 2017.

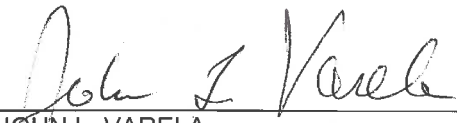
AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 
JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 21

**DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY
RECYCLED WATER CHARGES
FOR FISCAL YEAR 2017-2018**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (District) 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 the District's activities in the protection and augmentation of the water supplies of the District, including a recommendation as to charges for surface water that should be imposed in any zones W-2 and W-5 of the District during the ensuing fiscal year;
2. That on February 24, 2017, written notice was mailed to all owners and operators of raw surface water-producing facilities within the District's boundaries, advising of the proposed raw surface water charge rates to be levied, and of the opportunities to be heard concerning such charges, including the right to file a written protest objecting to any applicable proposed increase;
3. That pursuant to Section 26.6 of the District Act, on the 11th day of April 2017, at 1 p.m. in the Santa Clara Valley Water District Boardroom located at 5700 Almaden Expressway, San Jose, a public hearing upon said report was duly commenced and was continued for further hearing to the evening of April 13, 2017 (in Morgan Hill) and again to the evening of April 25, 2017 (in San Jose), whereupon the hearing was concluded;
4. That during said public hearing, additional information and evidence was provided that was considered by the Board in making this decision;
5. 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 the District, 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 the District incurred for those purposes;
6. The record owners of raw surface water producing facilities were given the opportunity to file a written protest objecting to the proposed raw surface water charge increase;
7. That this Board considered all protests objecting to the proposed raw surface water charge increases for Zones W-2 and W-5, 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 either Zone W2 or Zone W5; and
8. That CEQA does not apply to approval of these charges pursuant to statutory exemption California Code of Regulations Title 14, Chapter 3, Section 15273 because, as identified in the District's annual report on the protection and augmentation of the water supplies of the District, the charges are expressly made for the purpose of:

Resolutions

Determining Raw and Treated Surface Water Charges for Fiscal Year 2017-2018
Resolution No. 17-21

- a. Meeting operating expenses, including employee wage rates and fringe benefits,
- b. Purchasing or leasing supplies, equipment or materials,
- c. Meeting financial reserve needs, and
- d. Obtaining funds for capital projects necessary to maintain service within existing service areas.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Santa Clara Valley Water District that, subject to the provisions of a minimum charge as set forth in Item 5 below, the charges to be applied in fiscal year 2017-2018 (July 1, 2017–June 30, 2018) for raw surface water of the District, which includes a Basic User Charge and charge for watermaster service, and, where applicable for capital cost repayment and the area within which such charges shall be applied, will be as follows:

1. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-2 is:

| Water Other Than Agricultural | Agricultural Water |
|--|---------------------------|
| \$1,175.00 | \$25.09 |

2. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-5 is:

| Water Other Than Agricultural | Agricultural Water |
|--|---------------------------|
| \$418.00 | \$25.09 |

3. The charge for watermaster service throughout the District whether such service is for agricultural water or for water other than agricultural water shall be \$33.36 per acre-foot.
4. The minimum charge for water other than agricultural water in Zone W-2 shall be \$881.25 per fiscal year or part thereof, and in Zone W-5 shall be \$313.50 per fiscal year or part thereof; and
5. The minimum charge for agricultural water in Zone W-2 shall be \$18.82 per fiscal year or part thereof, and in Zone W-5 shall be \$18.82 per fiscal year or part thereof; and
6. Charges (including minimum charges) per acre-foot for surface water delivered to users in the District outside of either Zone W-2 or Zone W-5 shall be the same as those imposed within the zone to which the user's turnout is most nearly located.

Resolutions

Determining Raw and Treated Surface Water Charges for Fiscal Year 2017-2018

Resolution No. 17-21

BE IT FURTHER RESOLVED upon due review of anticipated costs and revenues of the District, 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 2017-2018 fiscal year (July 1, 2017 – June 30, 2018):

| Charge | Amount |
|-------------------------------|------------------|
| Basic User Charge | \$1,175.00 |
| Treated Water Surcharge | <u>\$ 100.00</u> |
| Contract Treated Water Charge | \$1,275.00 |


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 shall be the following for the 2017-2018 fiscal year (July 1, 2017–June 30, 2018):

| Water Other Than Agricultural | Agricultural Water |
|----------------------------------|--------------------|
| \$398.00 | \$48.88 |

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017.

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 

JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

Resolutions

BOARD OF DIRECTORS SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 17-22

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2017-18

WHEREAS, on April 26, 2017, the Board of Directors of the Santa Clara Valley Water District (District) held its annual budget work study session to review and consider the Proposed Operating and Capital Budget (Budget) for Fiscal Year (FY) 2017-18; 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 2017-18 was developed in accordance with the Board's Executive Limitations EL-4 that the District'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, a District-wide financial review and a presentation of fund and business area financial allocations in the Proposed Budget for FY 2017-18; and

WHEREAS, the Board was provided assurance that the Proposed Budget for FY 2017-18 meets Board priorities, realizes efficiencies and cost savings, demonstrates fiscal accountability and value to customers, is balanced and ensures 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 2017-18, 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, interfund transfers, and budgeted reserves, are limited within each fund as follows (plus any changes or modifications made at the time of adoption):

| | |
|---|----------------|
| 1. District General Fund (11) | \$ 70,380,623 |
| 2. Watershed and Stream Stewardship Fund (12) | \$ 152,218,282 |
| 3. Lower Peninsula Watershed Fund (21) | \$ 4,038,079 |
| 4. West Valley Watershed Fund (22) | \$ 2,265,508 |
| 5. Guadalupe Watershed (23) | \$ 4,578,702 |
| 6. Coyote Watershed Fund (24) | \$ 3,895,225 |
| 7. Safe, Clean Water and Natural Flood Protection Fund (26) | \$ 235,697,675 |
| 8. Water Enterprise Fund (61) | \$ 415,995,066 |
| 9. State Water Project Fund (63) | \$ 28,288,222 |
| 10. Fleet Management Fund (71) | \$ 7,348,203 |
| 11. Risk Insurance Fund (72) | \$ 20,357,080 |
| 12. Information Technology Fund (73) | \$ 13,895,003 |

Resolutions

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2017-18

Resolution No. 17-22

BE IT FURTHER RESOLVED, that:

1. Any subsequent changes to the Adopted Santa Clara Valley Water District FY 2017-18 Operating and Capital Budget shall occur as follows:
 - (a) By District Board of Directors action for all budget adjustments that either increase or decrease a fund's total operating, capital, or operating transfer budget or reserve appropriations.
 - (b) By District 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% 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 Chief Executive Officer (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 2016-17 for capital projects are hereby reappropriated to FY 2017-18 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 2017-18. The portion of the balances that are not reappropriated to FY 2017-18 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 2016-17 in Committed Reserves, Restricted Reserves and Other Reserves from those estimated in this FY 2017-18 Budget not otherwise reappropriated above shall result in corresponding adjustments to the FY 2017-18 estimated reserve appropriations in accordance with District 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 2017-18, the appropriations applicable to that year have not been finally determined and adopted by the Board of Directors in accordance with the District Act, the District 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

Resolutions

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2017-18

Resolution No. 17- 22

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 for the final budget if specifically approved by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela

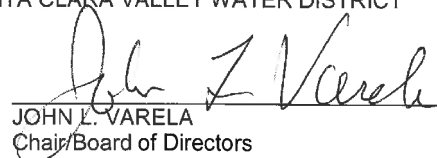
NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

Resolutions

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 23

**PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES
IN FISCAL YEAR 2017-18 TO MEET THE COST OF ITS
WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA**

WHEREAS, the Santa Clara Valley Water District (District) 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, the District anticipates that its contractual indebtedness to the State under the State Water Supply Contract during the fiscal year beginning July 1, 2017 and ending June 30, 2018 (Fiscal Year 2017-18), will be at least \$26 million; and

WHEREAS, Section 11652 of the California Water Code requires the District Board of Directors (Board) to levy a tax sufficient to assure payment of sums due under the District'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, the District's indebtedness from its Water Supply Contract falls within such exemption; and

WHEREAS, the District'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, after reviewing and considering all the facts, information and reports provided by District staff, and information communicated to the Board during public meetings in which the District's Fiscal Year 2017-18 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 practicable to raise said sums from water rates or other sources; and

WHEREAS, said ad valorem real property tax is consistent with the District's past practice and is consistent with (Goodman v. County of Riverside (1983) 140 C.A. 3d quo), 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 the District's Fiscal Year 2017-18 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 \$26 million for payments on the District's State Water Supply Contract dated November 20, 1961.
2. 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 2017-18 an ad valorem real property tax within the District, sufficient to raise the sum of \$26 million to

Resolutions

Providing for a Levy of Ad Valorem Real Property Taxes in District Fiscal Year 2017-18 to Meet the Cost of Its Water Supply Contract With the State of California

Resolution No. 17- 23

meet that portion of the District's Water Supply Contract obligation which may be lawfully so raised.

3. That the funds received by the District 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 Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela

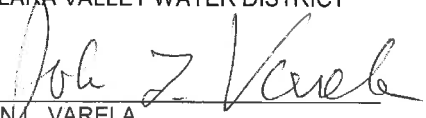
NOES: Directors None

ABSENT: Directors None


ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 24

**DELEGATING AUTHORITY TO DEPOSIT AND INVEST FUNDS
TO THE TREASURER OR HIS OR HER DESIGNEE**

WHEREAS, the Board of Directors (Board) of the Santa Clara Valley Water District (District), 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 the District; and

WHEREAS, from time to time, there are District funds available for the purpose of investment or deposit; and

WHEREAS, the Board of this District has, pursuant to the provisions of California Government Code Sections 53607 and 53608, determined to delegate to the Treasurer/Chief Operating Officer – Administrative Services, designated by the Interim Chief Executive Officer (CEO), 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 this District;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Treasurer/ Chief Operating Officer – Administrative Services, designated by the Interim CEO, 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, the District 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 and his or her designee (the Chief Financial Officer and the Treasury/Debt Officer) 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 this District from any of the various accounts of this District when such funds will not be needed for the immediate necessities of the District.

BE IT FURTHER RESOLVED that the resolution shall be effective for fiscal year 2017-18, and shall be reconsidered by the Board at a public meeting annually.

Resolutions

Delegating Authority to Deposit and Invest Funds to the Treasurer or His or Her Designee
Resolution No. 17- 24

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017:

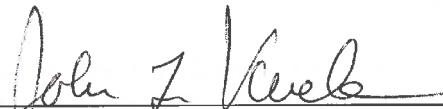
AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk/Board of Directors

Resolutions

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 25

AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND


WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code Sections 16429.1 through 16429.4, as may be amended from time to time ("Government Code"), for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

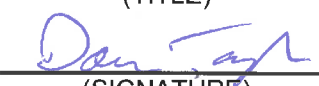
WHEREAS, the Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code for the purpose of investment as provided therein is in the best interests of the District;

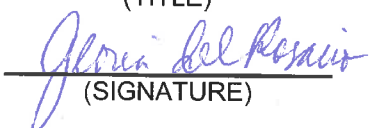
NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby authorize the deposit and withdrawal of District monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code for the purpose of investment as provided therein.


BE IT FURTHER RESOLVED, as follows:


Section 1. The following District officers holding the title(s) specified herein below **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Charlene Sun
(NAME)
Treasury/Debt Officer/
Treasury and Debt Manager
(TITLE)

(SIGNATURE)

Darin Taylor
(NAME)
Chief Financial Officer
(TITLE)

(SIGNATURE)

Gloria Del Rosario
(NAME)
Accounting Manager
(TITLE)

(SIGNATURE)

Marie Martinez
(NAME)
Management Analyst II
(TITLE)

(SIGNATURE)

Chenlei Yao
(NAME)
Management Analyst II
(TITLE)

(SIGNATURE)

Resolutions

Authorizing Investment of Monies in the Local Agency Investment Fund

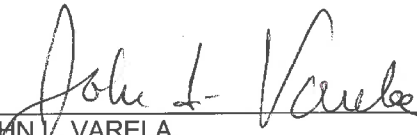
Resolution No. 17-25

Section 2. This resolution shall remain in full force and effect until rescinded by Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT



JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk/Board of Directors

Resolutions

Authorizing Investment of Monies in the Local Agency Investment Fund

Resolution No. 17-25



I hereby certify that the foregoing is a full, true and correct copy of the original thereof on file in my office.

DATED: May 9, 2017

MICHELE L. KING
Clerk, Board of Directors
Santa Clara Valley Water District

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17. 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 A COMMERCIAL PAPER PROGRAM IN A COMBINED AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$225 MILLION

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (the "District"), a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), has previously undertaken a commercial paper program; and

WHEREAS, in order to continue the commercial paper program, the District has determined to issue in fiscal year 2017-2018 tax-exempt tax and revenue anticipation notes (the "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 \$320,000,000 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.

"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 the District authorized, executed, issued and delivered by the District, 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(b) of the Master Resolution.

"Chief Operating Officer - Administration" means the duly appointed Chief Operating Officer – Administration of the District.

"Interim Chief Executive Officer" means the duly appointed Interim Chief Executive Officer of the District.

"Chief Financial Officer" means the duly appointed Chief Financial Officer of the District.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

Resolutions

Authorizing the Execution and Delivery of a Tax-Exempt Tax and Revenue Anticipation Note and a Taxable Tax and Revenue Anticipation Note to Support a Commercial Paper Program in a Combined Aggregate Principal Amount Not to Exceed \$225 Million

Resolution No. 17- 26

“Contract” means all installment purchase agreements or other contracts of the District authorized and executed by the District, 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(b) of the Master Resolution.

“District” means the Santa Clara Valley Water District.

“Master Resolution” means the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors of the Santa Clara Valley Water District on February 23, 2016.

“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 2017-2018 Tax-Exempt Tax and Revenue Anticipation Notes to be issued hereunder.

“Taxable Notes” means the Santa Clara Valley Water District 2017-2018 Taxable Tax and Revenue Anticipation Notes to be issued hereunder.

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 \$320,000,000, 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 District which will be available for the payment therefor. A certificate of the Interim Chief Executive Officer, Chief Operating Officer - Administration, or Chief Financial 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 2017-2018 Tax-Exempt Tax and Revenue Anticipation Notes” and the Taxable Notes shall be designated “Santa Clara Valley Water District 2017-2018 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 the District 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, 2018. The Notes shall bear a rate of interest which shall be determined on the date of issuance of the commercial paper notes or

Resolutions

Authorizing the Execution and Delivery of a Tax-Exempt Tax and Revenue Anticipation Note and a Taxable Tax and Revenue Anticipation Note to Support a Commercial Paper Program in a Combined Aggregate Principal Amount Not to Exceed \$225 Million

Resolution No. 17- 26

other 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 commercial paper or other 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 commercial paper or other short-term obligations to which such Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Notes will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

SECTION 3. EXECUTION OF THE NOTES

The Interim Chief Executive Officer, Chief Operating Officer - Administration, and Chief Financial Officer are 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 the District to make payments of principal of and interest on the Notes is a general obligation of the District. The District hereby pledges Net Water Utility System Revenues of the District on a subordinate basis to all payment of Bonds and Contracts of the District to additionally secure the payment of the principal of and interest on the Notes, all in accordance with the Master Resolution. The Notes do not constitute a debt of the District 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 District Clerk of the Board shall provide a certified copy of this document to the Interim Chief Executive Officer who shall take such action as shall be necessary to assure compliance by the District with the terms and conditions hereof.

Resolutions

Authorizing the Execution and Delivery of a Tax-Exempt Tax and Revenue Anticipation Note and a Taxable Tax and Revenue Anticipation Note to Support a Commercial Paper Program in a Combined Aggregate Principal Amount Not to Exceed \$225 Million

Resolution No. 17- 26

SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017.

| | | |
|----------|-----------|--|
| AYES: | Directors | R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen, L. LeZotte, J. Varela |
| NOES: | Directors | None |
| ABSENT: | Directors | None |
| ABSTAIN: | Directors | None |

SANTA CLARA VALLEY WATER DISTRICT

By: 
JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

EXHIBIT A

SANTA CLARA VALLEY WATER DISTRICT 2017-2018 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Santa Clara Valley Water District acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation \$225,000,000 in lawful money of the United States of America, on October 1, 2018, together with interest thereon at the offices of the District in like lawful money from the date hereof until payment in full of said principal sum. Interest on the Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of the Note outstanding on such day will be equal to the interest accruing with respect to the commercial paper or other short-term obligations to which the Note is pledged outstanding on such day. Interest on the Note shall be payable on any date on which interest is payable with respect to the commercial paper or other short-term obligations to which the Note is pledged. The Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that the principal with respect to the commercial paper or other short-term obligations to which the Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Note will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

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 the District, does not exceed any limit prescribed by the Constitution or laws of the State.


The Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for fiscal year 2017-2018 and which are lawfully available for the payment of current expenses and other obligations of the District. The obligation of the District to make payments of principal of and interest on the Note is a general obligation of the District and 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). The Note does not constitute a debt of the District 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 Interim Chief Executive Officer or Chief

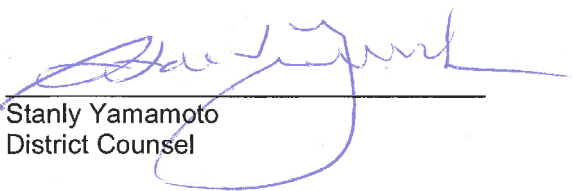
Resolutions

Operating Officer - Administration and the General Counsel or the General Counsel's designee, all as of July 1, 2017.

SANTA CLARA VALLEY WATER DISTRICT

By: 
Norma J. Camacho
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: 
Stanly Yamamoto
District Counsel

SANTA CLARA VALLEY WATER DISTRICT 2017-2018 TAXABLE TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Santa Clara Valley Water District acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation \$95,000,000 in lawful money of the United States of America, on October 1, 2018, together with interest thereon at the offices of the District in like lawful money from the date hereof until payment in full of said principal sum. Interest on the Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of the Note outstanding on such day will be equal to the interest accruing with respect to the commercial paper or other short-term obligations to which the Note is pledged outstanding on such day. Interest on the Note shall be payable on any date on which interest is payable with respect to the commercial paper or other short-term obligations to which the Note is pledged. The Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that the principal with respect to the commercial paper or other short-term obligations to which the Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Note will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

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 the District, does not exceed any limit prescribed by the Constitution or laws of the State.


The Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for fiscal year 2017-2018 and which are lawfully available for the payment of current expenses and other obligations of the District. The obligation of the District to make payments of principal of and interest on the Note is a general obligation of the District and 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). The Note does not constitute a debt of the District 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 Interim Chief Executive Officer or Chief

Resolutions

Operating Officer – Administration, and the General Counsel or the General Counsel's designee, all as of July 1, 2017.

SANTA CLARA VALLEY WATER DISTRICT

By: 
Norma J. Camacho
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: 
Stanly Yamamoto
District Counsel

EXHIBIT B

\$225,000,000
SANTA CLARA VALLEY WATER DISTRICT
2017-2018 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85% 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 \$320,000,000, 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 District, as determined by the following calculation:

| | |
|---|----------------------|
| FY 2017-18 District-wide Estimated Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money ¹ (A) | <u>\$442,600,000</u> |
| FY 2017-18 Tax and Revenue Anticipation Notes: | |
| Principal amount of the Notes ² | 320,000,000 |
| Interest on the Notes ³ | <u>48,853,333</u> |
| Total (B) | 368,853,333 |
| Percentage (B)/(A) | 83.34% |

Dated: July 1, 2017

SANTA CLARA VALLEY WATER DISTRICT

By: 

Darin Taylor
Chief Financial Officer

¹ Source: FY 2017-18 Protection and Augmentation of Water Supplies Report (page 38)

² Up to \$225 million in Tax-Exempt Notes and \$95 million of Taxable Notes may be issued to support a Commercial Paper Program in a combined aggregate principal amount not to exceed \$225 Million

³ Assumes maximum interest rate of 12% calculated based on actual/360-day basis

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17-27

INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the Santa Clara Valley Water District (the "District") 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 the District 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, the District 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 (the "Obligations"); and

WHEREAS, prior to the execution and delivery of the Obligations, the District desires to incur certain expenditures with respect to the Project from available monies of the District, which expenditures are desired to be reimbursed by the District 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 does hereby find, determine, declare, and resolve as follows:

1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the execution and delivery 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 \$137,455,000.
3. This resolution is being adopted on or prior to the date (the "Expenditure Date or Dates") that the District 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 execution and delivery 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.
5. Proceeds of the Obligations to be used to reimburse for 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 the District [other than the Obligations]) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, 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 the District 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

Resolutions

Intention to Issue Tax-Exempt Obligations

Resolution No. 17-27

otherwise set aside by the District (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 the District 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 with respect to 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 the District 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 District expenditures incurred prior to the date of execution and delivery of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.
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 Santa Clara Valley Water District by the following vote on May 9, 2017:

AYES: Directors R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
L. LeZotte, J. Varela
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: 

JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

EXHIBIT A

DESCRIPTION OF PROJECT

Various capital improvements set forth in the Fiscal Year 2018-22 Capital Improvement Plan (the "CIP") for water supply infrastructure, including storage, transmission, treatment, and recycled water facilities, water resources stewardship, and Expedited Purified Water Program, 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. 17- 28

REGARDING INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (the "Issuer") desires to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (the "Project");

WHEREAS, the Issuer intends 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 (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Issuer desires to incur certain expenditures with respect to the Project from available monies of the Issuer which expenditures are desired to be reimbursed by the Issuer from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District:

Section 1. The Issuer 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.

Section 2. The reasonably expected maximum principal amount of the Obligations is \$130,986,000.

Section 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 "Expenditures Date or Dates") that the Issuer will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

Section 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, 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.

Section 5. Proceeds of the Obligations to be used to reimburse for 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 the Issuer [other than the Obligations]) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, 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.

Section 6. This resolution is consistent with the budgetary and financial circumstances of the Issuer, 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

Resolutions

Regarding Intention to Issue Tax-Exempt Obligations

Resolution No. 17- 28

by the Issuer (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 the Issuer 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.

Section 7. The limitations described in Section 3 and Section 4 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.

Section 8. This resolution is adopted as official action of the Issuer 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 Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

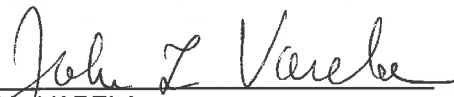
Section 9. All the recitals in this Resolution are true and correct and this Board of Directors so finds, determines and represents.

Section 10. This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017:

| | | |
|----------|-----------|---|
| AYES: | Directors | R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen, L. LeZotte, J. Varela |
| NOES: | Directors | None |
| ABSENT: | Directors | None |
| ABSTAIN: | Directors | None |

SANTA CLARA VALLEY WATER DISTRICT



JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk/Board of Directors

Resolutions

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Michele L. King, Clerk of the Board of Directors of Santa Clara Valley Water District, 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 meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on May 9, 2017, 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 R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen,
 L. LeZotte, J. Varela
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

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 9, 2017

SANTA CLARA VALLEY WATER DISTRICT




MICHÈLE L. KING, CMC
Clerk/Board of Directors

EXHIBIT A

DESCRIPTION OF PROJECT

Various Safe, Clean Water and Natural Flood Protection capital improvements set forth in the Fiscal Year 2018-22 Capital Improvement Plan (the "CIP"), as such CIP may be modified from time-to-time. The current CIP is incorporated herein by reference.

Resolutions

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17- 47

ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017-18

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 District has selected the percentage change in per capita personal income as the factor to be used in the calculation of the Appropriations Limit; and

WHEREAS, the District has prepared the applicable documentation as intended by Article XIII B of the California Constitution, and such documents are available for public review in the Office of the Clerk of the Board during regular business hours.

NOW, THEREFORE BE IT RESOLVED that the Appropriations Limit for Fiscal Year 2017-18 is hereby established at \$146,806,141 by applying the Santa Clara County per capita personal income percentage change over the prior year of 3.69 percent, and the Santa Clara County population percentage change over prior year of 0.81 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.

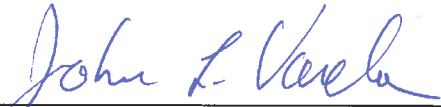
BE IT FURTHER RESOLVED that any judicial action or proceeding to attack, review, set aside, void, or annul the Fiscal Year 2017-18 Appropriations Limit established by this resolution shall be commenced within 45 days from the date of this resolution in accordance with Section 7910 of the Government Code.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on June 27, 2017:

AYES: Directors T. Estremera, R. Santos, N. Hsueh, B. Keegan, L. LeZotte,
J. Varela
NOES: Directors None
ABSENT: Directors G. Kremen
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

Resolutions

EXHIBIT A

Santa Clara Valley Water District Fiscal Year 2017-18 Appropriations Limit on the Proceeds of Taxes *

| | FY 2016-17 Appropriations Limit | Ratio of Change | FY 2017-18** Appropriations Limit | FY 2017-18 Budgeted Proceeds of Taxes | Amount Under/(Over) Limit |
|---|---------------------------------------|--------------------|---|--|---------------------------------|
| Watershed & Stream Stewardship | \$140,484,347 | 1.0453 | \$146,848,288 | \$28,408,761 | \$118,439,527 |

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 District and is 3.69%.

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, 2016 to January 1, 2017 to be used in setting the Appropriations Limit for Fiscal Year 2017-18. That change is 0.81%.

| | | | |
|----------------------------------|------------------|-----------------------|-----------------|
| Per Capita Personal Income: | 3.69% | converted to a factor | = 1.0369 |
| Population: (Santa Clara County) | 0.81% | converted to a factor | = <u>1.0081</u> |
| | Ratio of Change: | (1.0537 x 1.0126) | = 1.0453 |

*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% 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.

Resolutions

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Appendix

FY 2017-18

Operating and Capital Budget

Appendix A Glossary

Accrual Basis of Accounting

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

Acre Feet (AF)

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

Ad Valorem Tax

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

Adjusted Budget

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

Adopted Budget

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

Agreements, Contractual

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

Allocated Project

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

Americans with Disabilities Act (ADA)

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

Annualization

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

Appropriation

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

Appendix A Glossary

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

Assessed Valuation

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

Asset

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

Balanced Budget

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

Beginning Balance

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

Benefit Assessment

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

Benefits

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

Bonds

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

Bond Proceeds

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

Bond Rating

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

Appendix A Glossary

Budget

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

Budget Adjustment

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

Budgetary Basis

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

Budget Document

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

Budgetary Control

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

Budget Process

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

Bureau Repayment Appropriation

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

Budget Year

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

Appendix A Glossary

Capital Budget

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

Capital Expenditure

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

Capital Projects

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

Capital Improvement Program (CIP)

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

Carry-Forward

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

Certificates of Participation (COPs)

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

CEQA

California Environmental Quality Act

CIP

See Capital Improvement Plan

Commercial Paper

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

Comprehensive Annual Financial Report (CAFR)

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

Appendix A Glossary

Contingency Appropriation

A provision for unforeseen expenditures.

COPs

See Certificates of Participation

Cost Center

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

CVP

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

Debt Proceeds

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

Debt Service

Payment of interest and principal on long term debt.

District Act

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

DWR

State Department of Water Resources

EIR

Environmental Impact Report

Encumbrances

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

Ends

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

Enterprise Fund

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

Appendix A Glossary

Executive Limitations (EL)

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

Expenditure/Expense

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

FAHCE

Fisheries and Aquatic Habitat Collaborative Effort

Fixed Assets

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

Fiscal Year

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

Full Time Equivalent (FTE)

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

Fund

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

Fund Balance

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

Gann Limit (Proposition 4)

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

Appendix A Glossary

GASB

Governmental Accounting Standards Board

General Fund

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

Generally Accepted Accounting Principles (GAAP)

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

General Obligation Debt

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

GFOA

Government Finance Officers Association

Government Finance Officers Association (GFOA) Distinguished Budget Award

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

Grants

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

Groundwater

Water pumped from underground aquifers

HAZMAT

Hazardous Materials

Interfund Transfers

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

Intergovernmental Revenue

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

International Organization for Standardization (ISO)

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

Appendix A Glossary

Interfund Transfers

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

Intra-District Reimbursement

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

ISMP

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

IWRP

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

Levy

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

Long-Term Debt

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

MTBE

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

Modified Accrual Basis of Accounting

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

Operating Expenditure

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

Appendix A Glossary

Operations

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

Operating Budget

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

Operating Projects

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

Other Post Employment Benefits (OPEB)

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

Outlays

See Expenditure/Expense.

Overhead

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

Overtime

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

Perchlorate

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

Appendix A Glossary

Projects

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

Property Tax

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

Property Tax Assessment

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

Proposed Budget

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

Purchased Water

Water imported from other agencies to supplement local water supplies.

Recycled Water

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

Replacement Appropriation

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

Requested Budget

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

Revenue

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

Appendix A Glossary

Revenue Bonds

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

Reserve

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

Resolution

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

Rolling Biennial Budget

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

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

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

Salaries

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

San Felipe Appropriation

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

Self-Insurance Appropriation

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

Services and Supplies

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

Special District

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

Supplemental Water Supply Appropriation

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

Appendix A Glossary

Subsidence

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

State Water Project

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

Taxes

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

Transmittal Letter

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

Treated Water

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

TWIP

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

Water Treatment Improvement Project

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

Watershed

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

Watershed and Flood Control Zones

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

WMI

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

Appendix A Glossary

Zone W-1

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

Zone W-2

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

Zone W-3

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

Zone W-4

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

Zone W-5

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

Zone W-6

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

Appendix A Glossary

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Appendix B Status of Project

Status of Project

| Project | Project Descriptions | Explanation |
|----------|--------------------------------|---|
| 00041046 | Survey Record Management | Closed, consolidated into 00074036 Survey Mgmt & Tech Support |
| 00074030 | WU Capital Training & Dvlpment | Closed, consolidated into 00074038 Capital Progrm Srvc Admin |
| 00074045 | Technical Review Committee | Closed, consolidated into 00074036 Survey Mgmt & Tech Support |
| 00074046 | WU Captl Health & Safety Trng | Closed, consolidated into 00074038 Capital Progrm Srvc Admin |
| 00074051 | WS Capital Training & Dvlpment | Closed, consolidated into 00074038 Capital Progrm Srvc Admin |
| 00074052 | WS Capital Program Srvc Admin | Closed, consolidated into 00074038 Capital Progrm Srvc Admin |
| 00074053 | WS Capital Hlth & Safety Trng | Closed, consolidated into 00074038 Capital Progrm Srvc Admin |
| 00761072 | Business Continuity Program | Closed, consolidated into 00761071 Emergency Management |
| 00811050 | Benchmark Maint (Countywide | Closed, consolidated into 00811049 Subsidence Monitoring |
| 40262033 | Lwr Silver Mitigation & Monitr | Closed, consolidated into 62042032 Multiple Sm Prjcts Mitgtn Mont |
| 60061019 | Employee Recognition Program | Closed, consolidated into 60281004 Diversity & Inclusion Program |
| 60061026 | IT Strategic Plan and Analysis | Closed, consolidated into 60061017 Info Technology Div Admin |
| 60061032 | Internal Communications | Closed, consolidated into 60231002 Communications |
| 60101018 | Local Hazard Mitigation Progrm | Closed, consolidated into 00761071 Emergency Management |
| 60111003 | Accounts Payable Services | Closed, consolidated into 60111002 General Accounting Services |
| 60111004 | Payroll Services | Closed, consolidated into 60111002 General Accounting Services |
| 60131015 | CEO Management Audit Program | Closed, consolidated into 60131016 Office of CEO & Board Support |
| 60151001 | Software Development & Support | Closed, consolidated into 60161004 Software Services |
| 60161003 | Internet/Intranet Maintenance | Closed, consolidated into 60161004 Software Services |
| 60191001 | Data Center Operations | Closed, consolidated into 60181002 Network Administration |
| 60221005 | Fin Forecasting & CIP Analysis | Closed, consolidated into 00121003 LT Financial Planning & Rate S |
| 60271007 | Payroll & Financial Sys Maint | Closed, consolidated into 60111002 General Accounting Services |
| 60271010 | GIS Maintenance & Support | Closed, consolidated into 60161004 Software Services |
| 60271011 | Computerized Maint Mgmt Syst | Closed, consolidated into 60161004 Software Services |
| 60271060 | ERP System Maint & Support | Closed, consolidated into 60161004 Software Services |
| 60272001 | IS Consolidation & Integration | Closed, consolidated into 60161004 Software Services |
| 60281001 | EEO Mandatory Training | Non-EEO staff, charge to WS, WU or GF training project |
| 60291007 | Deferred Compensation Committe | Closed, consolidated into 60291002 Benefits and Wellness Admin |
| 60291016 | Ethics | Closed, consolidated into 60281003 Ethics & EEO Programs |
| 60291017 | Meet and Confer | Closed, consolidated into 60291032 Bargaining Unit Representation |
| 60291039 | Professional & Assn Membrships | Closed, budgeted in unit's main operations project |
| 60301003 | Board Committees | Closed, consolidated into 60301001 Clerk of the Board Services |
| 60311002 | Request for Public Records | Closed, consolidated into 60311001 Records & Library Services |
| 60312001 | Microfiche Conversion | Completed |
| 60331001 | Research / Library Services | Closed, consolidated into 60311001 Records & Library Services |
| 60361002 | Graphics Services | Closed, consolidated into 60231002 Communications |
| 60411002 | GF Safety Training & Admin | Closed, consolidated into 60291038 GF Training & Development |
| 62021002 | Watershed Emergency Operations | Closed |
| 62021007 | Geomorphic Data Analysis | Closed, consolidated into 62061008 Hydrology and Hydraulics Technical Support |
| 62042049 | Flood Risk Mapping | Closed, consolidated into 62061008 Hydrology and Hydraulics Technical Support |
| 62061022 | Watershed Ops Safety Implement | Closed, consolidated into 65051003 Health&Safety Program Mgt |

Appendix B Status of Project

Status of Project (cont'd)

| Project | Project Descriptions | Explanation |
|----------|--------------------------------|--|
| 62061023 | Watershed Ops Safety Training | Closed, consolidated into 62061028 WS Training & Development |
| 62061042 | Watershed Customer Relations | Closed, consolidated into 62061005 WS Customer Relations & Outreach |
| 62761010 | Watersheds Tree Maintenance | Closed, consolidated into 00762011 Tree Maintenance Program |
| 65051004 | Risk Management Program Admi | Closed, consolidated into 65051001 Risk Management |
| 65051009 | District Ergonomics Program | Closed, consolidated into 65051003 Health&Safety Program Mgt |
| 65051011 | Industrial Hygiene Program | Closed, consolidated into 65051003 Health&Safety Program Mgt |
| 91151011 | Water Conservation Campaign | Closed, consolidated into 91151012 WU Customer Relations & Outreach |
| 95061027 | Water Utility Health & Safety | Closed, consolidated into 65051003 Health&Safety Program Mgmt |
| 95061032 | Water Utility Safety Training | Closed, consolidated into 95061037 WUE Training & Development |
| 95121001 | Fin/Economic Water Rate Stud | Closed, consolidated into 00121003 LT Financial Planning & Rate Setting |
| 95151002 | Water Utility Cust Relations | Closed, consolidated into 91151012 WU Customer Relations & Outreach |
| 20374002 | El Camino Real Storm Drain | Closed, work is consolidated from individual project into one project 62084001 |
| 40214021 | ERP-Coyote Creek, U/S Hwy 237 | Closed, work is consolidated from individual project into one project 62084001 |
| 40214022 | ERP-Coyote Creek, D/S Hwy 237 | Closed, work is consolidated from individual project into one project 62084001 |
| 50184003 | ERP-Uvas Creek, Wren Ave-Levee | Closed, work is consolidated from individual project into one project 62084001 |



Santa Clara Valley Water District
5750 Almaden Expressway, San Jose, CA 95118-3686
Phone: (408) 265-2600 Fax: (408) 266-0271
www.valleywater.org