

FY11 Q1 Quarterly Performance Report



Performance SUMMARY

Q1 FY11 Revenue by Fund

Dollars in millions

FUND	YTD (SEP '11)	FY11 ADJ BUDGET	% RECD	COMMENTS
General Fund*	\$0.1	\$5.2	1%	On track to receive 100%
Benefit Assesment Fund*	-	\$19.1	0%	On track to receive 100%
Stream Stewardship*	\$0.7	\$67.0	1%	On track to receive 100%
Clean, Safe Creeks*	\$0.7	\$41.0	2%	On track to receive 100%
Water Utility	\$43.9	\$169.5	26%	Projecting up to \$16M shortfall **
TOTAL	\$45.3	\$301.9	15%	

* Revenues will be received later as taxes are collected in December and April

** Water Utility revenue shortfall projection based on September actuals for treated water and August actuals for groundwater.

Q1 FY11 Operations & Operating Project Costs by Fund

Dollars in millions

FUND	YTD* SEP '11	FY11 ADJ BUDGET	% SPENT	NOTES
General Fund	\$10.8	\$44.9	24%	On track to spend within Budget
Service Funds	\$2.0	\$9.4	22%	On track to spend within Budget
Stream Stewardship	\$10.4	\$41.3	25%	On track to spend within Budget
Clean, Safe Creeks	\$1.7	\$7.1	24%	On track to spend within Budget
Water Utility	\$32.7	\$127.5	26%	On track to spend within Budget
TOTAL	\$57.7	\$230.2	25%	

* Budget actuals (includes encumbrances)

Message from the CEO

I am pleased to present the new quarterly performance report for Quarter 1, FY 2010-11. This report describes district accomplishments and demonstrates the degree to which Board policies are being met throughout the agency. It also provides an overview of district products and services.

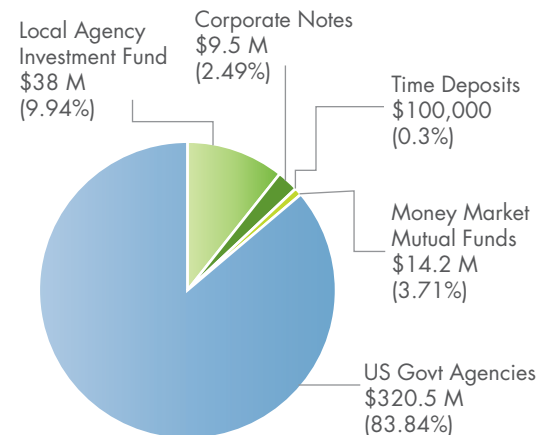
In Quarter 1:

- Over 80 percent of key budget milestones are completed or on track
- Less than 4 percent of the milestones need adjustments
- Revenue projects for five of the six funds are on track
- Revenue in the Water Utility Fund is projected to have a 9.4 percent (\$16M) shortfall
- Capital project expenditures for key projects are on track
- Average of 35 percent small business Participation in consultant, construction and goods and services

As we continue to improve reporting systems to provide greater transparency and accountability about district activities and use of public funds, we invite input on the format and content of this report. Our goal is to inform and engage the community about the work of the water district.


Beau Goldie
Chief Executive Officer

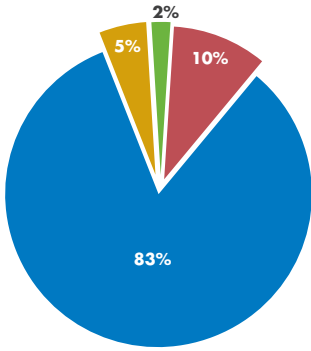
TOTAL PORTFOLIO BOOK VALUE



Portfolio book value as of 09/30/10: **\$382.4 M**

Water Utility Enterprise

Total Milestones

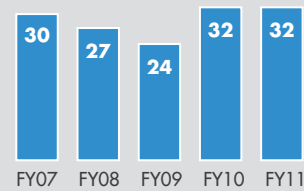


- % Complete and completed on time
- % Not complete but on schedule
- % Not complete and behind schedule
- Not applicable

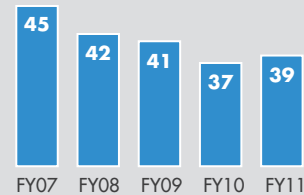


PWTP Backwash Pump Replacement project

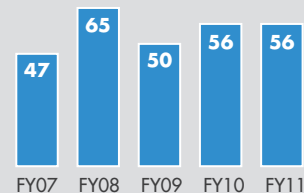
GROUNDWATER RECHARGE 1ST QUARTER - IN 1,000 ACRE FEET



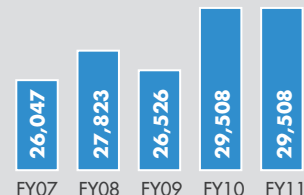
TREATED WATER DELIVERIES 1ST QUARTER - IN 1,000 ACRE FEET



IMPORTED WATER 1ST QUARTER - IN 1,000 ACRE FEET



PERFORMED LAB TEST 1ST QUARTER



Key Capital Projects

Project Name	Total Project Costs (FY07-FY11)	Total Expenditure (FY07-FY11)	Status
RWTP Valve Replacement	\$5.8	\$5.1	In construction
PWTP Backwash Pump Replacement	\$2.6	\$2.4	In construction
RWTP Chemical System Upgrade	\$6.0	\$5.5	In construction
STWTP Incompatible Materials	\$7.7	\$3.6	In construction
Pacheco Pumping Plant ASD Replacement	\$19.3	\$2.7	In construction
South Bay Advanced Recycled Water Treatment	\$63.1	\$5.5	In construction, contract awarded Sept. 2010
PWTP Maintenance Building	\$5.6	\$2.9	In design
Pacheco Pumping Plant Regulating Tank Recoating	\$4.0	\$2.3	In design
Recycled Water South County Masterplan Short Term	\$10.9	\$1.7	In design
Water Protection Project	\$7.9	\$1.6	In planning, to design in Nov 2010
IRP2 Seismic Study Retrofit of WTP Ops Bldg.	\$15.1	\$1.1	In planning
Calero/Fellows Dike Improvement	\$10.7	\$2.9	In planning
Kirk Diversion Dam Improvements	\$4.6	\$0.7	In planning
Coyote Diversion Dam Improvements	\$2.3	\$0.3	On hold
PWTP Chemical System Upgrade	\$2.9	\$0.6	On hold to coordinate with site utilization analysis
TOTAL	\$168.5	\$38.9	

■ TOTAL PROJECT COSTS IN \$M

■ TOTAL EXPENDITURE IN \$M

Water Supply Management

Operations, Planning and Analysis continued to successfully operate the reservoirs subject to the DSOD operating restrictions while optimizing the use of local supply. In Q1, local reservoir storage continued to be above historical average, allowing for greater supply reliability and full recharge programs.

Dam Safety

Completed additional field investigation and briefed Technical Review Board on preliminary study results.

Water Quality

In addition to operating the treated water system with no water quality violations, the treatment plants are making great strides in reducing disinfection by-products, i.e., trihalomethanes and bromate.

Treatment Plant Maintenance

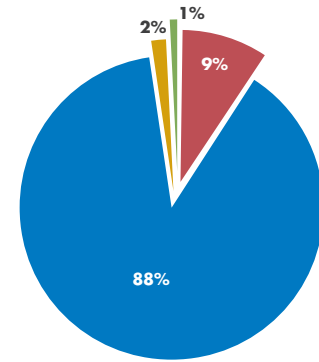
Planned work at all three treatment plants is on track. The work includes instrument calibrations, electrical system tests, and procurement of replacement equipment.

Watershed

Projects	Construction Contract Award (\$million)	*Jobs Created	Parcels Protected
Pond A8 Applied Study	\$2	20 - 40	Environmental Enhancement
Calabazas Creek Miller to Wardell	\$1.5	15 - 30	2,483
Upper Guadalupe River I-280 to SPRR (Reach 6)	\$9.7	90 - 180	4,390**
Lower Silver Creek I-680 to Cunningham (Reaches 4 to 6)	\$30	200 - 400	3,800
TOTAL:	\$43.2	325 - 650	10,673

* Based on estimate of 10-20 jobs created per \$1M of construction
 ** Number of parcels protected by UGR Reach 6 is 903

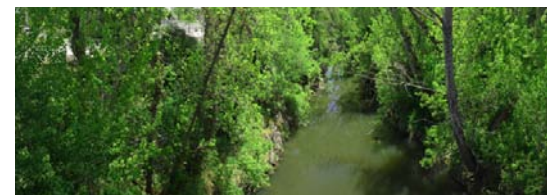
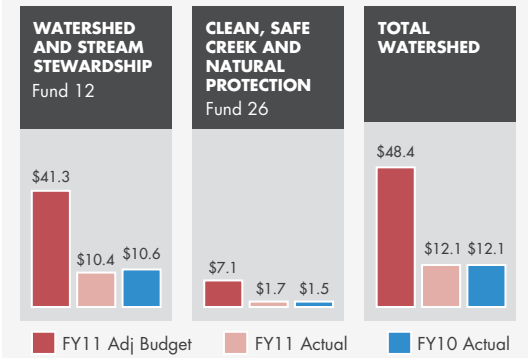
Total Milestones



■ % Completed
 ■ % On track
 ■ % Behind schedule
 ■ Not applicable

Key Flood Protection Capital Projects			Status
Upper Guadalupe River - I-280 to Blossom Hill	\$119	\$46.3	In construction
Calabazas Creek - Miller to Wardell	\$11.5	\$9.6	In construction
Lower Silver Creek - I-680 to Cunningham	\$65.3	\$35	Awarded construction contract
Permanente Creek - Bay to Foothill	\$56.2	\$19.5	In design
Upper Llagas Creek - Buena Vista to Wrigh	\$39.9	\$16	In design
Lower Berryessa Creek - Penitencia Creek to Calaveras	\$52.9	\$27	In design, VTA culvert in construction
Sunnyvale East/West Channels	\$92	\$5.2	In planning, to design Fall 2010
Mid-Coyote Creek - Montague to I-280	\$36.5	\$8.6	In planning
Upper Berryessa Creek - Calaveras to Old Piedmont	\$20.6	\$5.7	In planning, Corps of Engineers
Upper Penitencia Creek - Coyote to Dorel	\$45.9	\$10.1	In planning, Corps of Engineers
Lower Llagas Creek Capacity Restoration - Pajaro to Highway 152	\$8.3	\$1.3	In planning
TOTAL	\$547.1	\$184.3	

Watershed Funds Budget Expended Charts



Guadalupe River, upstream of West Virginia Street bridge.

Guadalupe Watershed Flood Capacity

- 42.90 miles modified
- 94.6% acceptable maintenance level for flood conveyance

Key Environmental Enhancements Projects		
Pond A-8 Applied Study	\$3.3	\$2.9
Status: In construction		
FAHCE Mitigation, Stevens Creek Fish Ladders (Planning Study)	\$13.4	\$0.9
Status: Design on hold until final FAHCE agreement signed		
TOTAL:	\$16.7	\$3.8

Key Stewardship Capital Projects		
Alviso Slough Restoration	\$15	\$2.9
Status: In design and permit acquisition, to construction		
Gold Street Educational Center (Guadalupe River Outdoor Classroom)	\$2.1	\$1.1
Status: Design on hold until final FAHCE agreement signed		
TOTAL:	\$16.7	\$3.9

Key Stewardship Capital Projects		
SMP mitigation, stream and watershed land acquisition and restoration	\$8.5	\$2.8
Status: Continuing to seek and acquire conservation easements		
TOTAL PROJECT COSTS IN \$M	\$8.5	\$2.8
TOTAL EXPENDITURES IN \$M		

Administration

Procurement and Operational Services Division

Procurement Management Plan Phase One

- Consolidation of the water district's consultant contracting, purchasing and warehouse groups to strengthen management oversight and provide effective service to both internal and external customers.
- Completed 30 new Level II and III International Standards Organization (ISO) policies and procedures for procurement to ensure accountability, transparency and efficiency.
- Increased Small Business Enterprise and Local Business Enterprise outreach efforts for all purchases and consulting contracts.
- Streamlined the sole and single source purchases process.
- Defined and quantified procurement cycle times.

Information Management Service Division

- Designed and rolled out a Customer Communications Program to improve Information Management Services Division (IMSD) outreach with customers, help provide seamless integration between technology and business solutions to satisfy the water district's business needs, and gain efficiencies through promoting effective application of technology.
- Email archiving project pilot was deployed to all IMSD users allowing for enhanced searching and indexing of information.
- New helpdesk software has been deployed to enhance IT customer service and productivity. The software enables employees to electronically submit service request tickets, track service requests, communicate with their service provider, and view service history.
- A Technology Master Plan has been developed and approved by executive management.
- The Asset Management Technology Assessment project is in development. This project will provide the foundational technology design to support the water district's Asset Management Initiative.

Overall small business participation target: 10 percent

SMALL BUSINESS PARTICIPATION DATA

	TOTAL DOLLAR SPENT	DOLLARS OUTSOURCED TO SBE	% SBE PARTICIPATION
Consultant Services	\$812,511	\$385,635	47%
Construction*	\$99,537,096	\$38,881,265	39%
Goods, Supplies & Other Services**	\$3,856,808	\$771,541	20%

* Construction data represents rolling 12-month spending ending FY11 Q1

** Does not include chemicals or watershed-related products



AUDIT FINDINGS

For all of the following audits, no material audit findings, non-compliance issues, or internal control weaknesses were reported.

Financial Audits FY 2009-10

- **Financial Statements (CAFR) Audit**
Completed 12/01/10
- **Treasury Audit**
Completed 12/01/10
- **Gann Appropriation Limit Audit**
Completed 12/01/10
- **Travel Expense Reimbursement Process and Procedures Compliance**
Completed 12/01/10

CONTACT US

If you have questions or concerns about this report, contact Ingrid Bella at (408) 265-2607, ext. 3171 or ibella@valleywater.org