

# FY 2019-20 Second Pass Budget

March 26, 2019

Santa Clara Valley  
Water District



# FY 2019-20 Budget Schedule

## Board Budget Development Updates:

- ✓ • February 12, 2019 – Budget Update
- ➡ • March 26, 2019 – Second Pass Results
- April 24-25, 2019 – Board Work Study Sessions

## Groundwater Production Charge Updates/Hearings:

- ✓ • January 8, 2019
- ✓ • February 12, 2019
- April 9, 11, 23, 2019

## Capital Improvement Plan Board Updates:

- ✓ • January 8, 2019
- ✓ • February 26, 2019

## Budget Adoption: (Budget, GWP and CIP)

- May 14, 2019

# Key Changes Since First Pass

- **18 New Positions Proposed (\$3.2M)**
  - 13 Operations
  - 5 Construction Management
- **Services and Supplies (\$3.3M)**
  - Valley Habitat Plan Fee for Lower Guadalupe River \$750K
  - CIP Project Control System \$650K
  - New Customer Relationship Software \$600K
  - Drought Induced Tree Removal Program \$430K
  - Network and Cyber Security \$376K
  - Districtwide Signage Replacement \$300K
- **Other Minor Refinements**

# FY 2019-20 Revenue Assumptions

## Major Revenue Sources - Second Pass

- **Total water charge revenue: \$277.4M, up \$31.2M or 12.7% over FY19**
  - M&I Ground Water Production Charge: 6.6% increase for North County and 6.9% for South County
- **Property Tax (1% Ad-valorem): \$102.0M, up \$8.1M or 8.6% over FY19, due to both new construction and increased assessed valuation based the continued strong local Real Estate market**
- **Capital Reimbursements & State Subventions: \$32.6M, an increase of \$9.7M or 42.4% versus FY19**
  - Watershed Fund: \$7.3M
  - Safe, Clean Water Fund: \$13.5M
  - Water Enterprise Fund: \$11.8M

# FY 2019-20 Revenue Results

Revenue	(\$ in millions)	FY19	FY20	FY20	Over/ (Under)
		Adopted	1st Pass	2nd Pass	Adopted
Water Charges	246.2	277.4	277.4	31.2	12.7%
1% Ad-valorem Property Tax	3.9	102.2	102.0	8.1	8.6%
SCW Special Parcel Tax	44.0	45.5	45.5	1.5	3.4%
State Water Project Revenues	18.0	18.0	18.0	0.0	0.0%
Benefit Assessment	14.8	13.4	13.4	(1.4)	(9.5%)
Capital Reimbursements	22.9	45.6	32.6	9.7	42.4%
Interest Income & Other	8.1	10.4	12.9	4.8	59.3%
<b>Total Revenue</b>	<b>447.9</b>	<b>512.5</b>	<b>501.8</b>	<b>53.9</b>	<b>12.0%</b>

## Salaries & Benefits - Second Pass

- **Total Salaries budget: \$110.5M up \$7.5M or 7.3% over FY19**
  - Includes a 4% COLA increase and step increases for eligible positions
  - 813 FY19 adopted budget approved & 11 FY19 new regular positions added TOTAL = 824 FT Positions (plus 4 Fellowships)
  - 13 New positions proposed for FY20
  - **Does not yet reflect cost of 5 Construction Management positions**
- **Total Benefits budget: \$58.2M, an increase of \$3.0M or 5.4% over FY19**
  - CalPERS Employer contribution: \$27.9M, up \$1.0M or 3.7% over FY19
  - Deferred Comp Employer contribution: \$1.3M, up \$0.1M over FY19
  - Health benefits – Active Employees: \$16.2M, up \$0.8M or 5.2% over FY19
  - Health benefits – Retirees: \$11.4M, up \$1.0M or 9.6% over FY19

# FY 2019-20 New Positions

- **Provide programmatic support to Board-directed Public Arts Program & support communication functions**  
1 FTE Staff Analyst
- **Support Federal & State reporting requirements for newly-developed Reasonable Accommodation Program**  
1 FTE Management Analyst II
- **Support Water Utility field and facility maintenance at dams, treatment plants, percolation ponds, pipelines and canals**  
4 FTEs Senior Maintenance Worker, Maintenance Worker II, Maintenance Worker III, Heavy Equipment Operator
- **Develop Hydrology, Hydraulics & Geomorphology Program & manage Los Gatos Restoration Project**  
1 FTE Senior Engineer

# FY 2019-20 New Positions

- **Support invasive plant management requirements for Stream Maintenance Program 2 (SMP2) permitting and compliance**  
1 FTE Senior Maintenance Worker
- **Lead One Water Program & develop long-range planning effort for Stewardship and Planning Division**  
1 FTE Senior Water Resource Specialist
- **Support Capital Project Managers in permitting negotiations to obtain regulatory permits**  
1 FTE Senior Water Resource Specialist
- **Support on-site audit, monitoring & documentation requirements under California's Laboratory Accreditation Program to maintain Water Quality Lab accreditation**  
1 FTE Chemist 1

# FY 2019-20 New Positions

- **Augment maintenance resources to ensure electrical system reliability at treatment plants, and water distribution systems**  
1 FTE Industrial Electrician II
- **Support completion and implementation of County's Recycled and Purified Water Master Plan, RO Concentrate Management Program, Purified Water Master Plan, and Potable Reuse Piloting and Testing Program**  
1 FTE Associate Civil Engineer
- **In-house construction management for RWTP Reliability Improvement, Watershed Asset Rehabilitation Program, Upper Llagas Creek Project, & 10-Year Pipeline Rehabilitation Projects**  
5 FTEs 1 Assoc Civil Engineer, 2 construction Inspectors, 1 Senior Engineer, and 1 Assistant Engineer

# FY 2019-20 Salaries & Benefits Results

(\$ in millions)	FY19	FY20	Over/ (Under)	%
	Adopted	2nd Pass	FY19	
<b>Salaries</b>				
Salaries - Regular Employees	103.5	111.5	8.0	7.7%
Overtime and Special Pays	3.9	3.7	(0.2)	(5.1%)
Salary Savings	(4.4)	(4.7)	(0.3)	6.8%
<b>Total Salaries</b>	<b>103.0</b>	<b>110.5</b>	<b>7.5</b>	<b>7.3%</b>
<b>Benefits</b>				
Fed & State Taxes & Benefits	1.3	1.4	0.1	7.7%
Retirement Contributions (PERS)	26.9	27.9	1.0	3.7%
Group Insurance - Active Employees	15.4	16.2	0.8	5.2%
Group Insurance - Retired Employees	10.4	11.4	1.0	9.6%
Other Benefits	1.2	1.3	0.1	NA
<b>Total Benefits</b>	<b>55.2</b>	<b>58.2</b>	<b>3.0</b>	<b>5.4%</b>
<b>Net Total Salary &amp; Benefits</b>	<b>158.2</b>	<b>168.7</b>	<b>10.5</b>	<b>6.6%</b>

# FY 2019-20 Second Pass Operating & Capital Outlays

Category (\$ in millions)	Adopted	2nd Pass	FY19	FY20	(Under)	Over/
						%
Operations	323.5	337.5	14.0	14.0	4.3%	
Operating Project	7.6	6.4	(1.2)	(1.2)	(15.8%)	
Debt Service	59.2	58.6	(0.6)	(0.6)	(1.0%)	
<b>Operating Outlays</b>	<b>390.3</b>	<b>402.5</b>	<b>12.2</b>	<b>12.2</b>	<b>3.1%</b>	
 <b>Capital Projects</b>	 <b>205.1</b>	 <b>207.1</b>	 <b>2.0</b>	 <b>2.0</b>	 <b>1.0%</b>	
Total Outlays	595.4	609.6	14.2	14.2	2.4%	
Intra-District Reimbursement*	(85.5)	(80.6)	(4.9)	(4.9)	(5.7%)	
<b>Net Outlays</b>	<b>509.9</b>	<b>529.0</b>	<b>9.3</b>	<b>9.3</b>	<b>1.8%</b>	

\* Intra-District reimbursements represent cost recovery for support services provided such as Human Resources or Legal

# FY 2019-20 Second Pass Results - Operations

(\$ in millions)	<b>Operations &amp; Operating Projects</b>	FY19	FY20	(Under)	Over/
		Adopted	2nd Pass	FY20	%
General Fund		53.3	57.7	4.4	8.3%
Watershed Stream Stewardship Fund		55.4	58.1	2.7	4.9%
Safe, Clean Water Fund		18.5	17.3	(1.2)	(6.5%)
Water Enterprise Funds		177.6	184.2	6.6	3.7%
Fleet Management Fund		5.1	4.8	(0.3)	(5.9%)
Risk Insurance Fund		7.0	5.8	(1.2)	(17.1%)
Information Technology Fund		14.2	16.0	1.8	12.7%
<b>Total Operations</b>		<b>331.1</b>	<b>343.9</b>	<b>12.8</b>	<b>3.9%</b>

Note: This table reflects gross figures that have not been adjusted for intra-district reimbursements

# FY 2019-20 Second Pass Results - Capital

(\$ in millions)	Capital Budget	FY19	FY20	(Under)	Over/
		Adopted	2nd Pass		%
General Fund		14.9	2.2	(12.7)	(85.2%)
Watershed Stream Stewardship Fund		35.4	27.2	(8.2)	(23.2%)
Safe, Clean Water Fund		37.2	37.3	0.1	0.3%
Water Enterprise Funds		109.2	134.2	25.0	22.9%
Fleet Management Fund		1.8	2.1	0.3	16.7%
Information Technology Fund		6.5	4.1	(2.4)	(36.9%)
<b>Total Capital</b>		<b>205.0</b>	<b>207.1</b>	<b>2.1</b>	<b>1.0%</b>

Note: FY20 Second Pass budget is based on draft FY20-24 CIP

# Next Steps

## Groundwater Production Charges Board Hearings:

- April 9, 11, 23, 2019

## Board Budget Development Updates:

- April 24-25 – Board work study sessions

## Budget Adoption: (Budget, GWP and CIP)

- May 14, 2019