



Santa Clara Valley Water District

File No.: 21-1289

Agenda Date: 11/23/2021

Item No.: *9.1.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Fiscal Year 2021-22 Urgent Position Requests and Midyear Budget Adjustments.

REASON FOR SUPPLEMENTAL MEMORANDUM:

This supplemental Board agenda memorandum conveys additional information received after the initial agenda item was released, consistent with Executive Limitations EL-7-10-5. It incorporates one additional unclassified position request for a Water Utility Assistant Operating Officer that was not included in the initial Board Agenda Memorandum Item 21-0947. Additionally, staff is recommending that the Board of Directors approve a revision to the Board Governance Policy Executive Limitation 3.7, which limits the number of unclassified positions Valley Water may retain.

RECOMMENDATION:

- A. *Approve the budget adjustments for the addition of fourteen (14) regular positions and two (2) limited term positions for urgent project support and drought emergency needs;
- B. Approve the Fiscal Year 2021-22 midyear operating and capital budget adjustments; and
- C. *Approve the recommendation to revise the Board Governance Policy Executive Limitation 3.7 to increase the number of unclassified positions from no more than thirty-two (32) to thirty-four (34) positions without Board approval.

SUMMARY:

To help strengthen critical core business functions, urgent project support, and drought emergency needs, Santa Clara Valley Water District's (Valley Water) executive leadership recommends the addition of fourteen (14) regular positions and two (2) limited term positions to be added to the organization during the Fiscal Year 2021-22 (FY22).

Additional Requested Position

The additional regular position of an Assistant Operating Officer request increases the total position request to (14) proposed regular positions, including two unclassified positions, and two (2) limited term positions to address needs across Valley Water business areas. The updated list of positions, including the Assistant Operating Officer, is as follows:

Water Utility Enterprise: Four (4) Regular Positions

- Water Conservation Specialist I/II
- Management Analyst I/II
- Assistant Water Resources Specialist II
- *Assistant Operating Officer

Watersheds: Five (5) Regular Positions

- Real Estate Agent I/II
- Assistant Surveyor I/II
- Engineering Technician II
- Assistant Biologist I/II (2 Positions)

Office of Integrated Water Management: Three (3) Regular Positions

- Senior Management Analyst
- Engineering Technician III
- Assistant Engineer II

Financial Planning and Management Services: One (1) Regular Position

- Accountant I/II

External Affairs: Two (2) Limited Term Positions

- Public Information Representative II (2 LT Positions)

District Counsel: One (1) Regular Position

- Assistant District Counsel

Descriptions of the additional position request and the additional recommendation to revise Board Governance Policy Executive Limitation 3.7 is presented below:

1. Water Utility Assistant Operating Officer, Imported Water Development - (\$357,030):

The Assistant Operating Officer will oversee a team of consultants and staff that will manage the Imported Water Development Program. This position will update and implement Valley Water's short-term and long-term imported water development and acquisition program. Variability in Valley Water's imported water allocations from the State Water Project and Central Valley Project is one of the biggest challenges facing Valley Water's water supply. This position is needed for the current drought to obtain additional emergency water transfers as the drought continues into 2022. Into the future during non-drought times, this position will obtain long-term imported water commitments at a reasonable price to prepare for drier times. Valley Water must improve its Imported Water Development Program to remain competitive in the current and future markets.

Recommendation to revise Board Governance Policy Executive Limitation 3.7

It should be noted that if the Board approves this additional position and the assistant District Counsel position requested in the original memorandum, a revision to the Board Governance Policy Executive Limitation 3.7 (EL 3.7), which limits the number of unclassified positions Valley Water may

retain without prior Board approval, is necessary. EL 3.7 currently allows Valley Water to employ 32 unclassified positions without prior Board approval. For efficiency's sake, if the Board approves both these unclassified positions then staff recommends that the Board concurrently approve amending EL 3.7 to allow Valley Water to retain 34 unclassified positions without prior Board approval.

FINANCIAL IMPACT:

Approval of the mid-year budget adjustments amends the FY22 Budget which was adopted by the Board per Resolution 21-24 on May 11.

Staff estimates the annual cost for fourteen (14) regular positions and two (2) limited term positions total \$3.5 million for salaries and benefits. Due to the necessary lead time to recruit and hire these positions, staff anticipates that the actual reserve impact for FY 22 would be approximately \$1.9 million for salaries and benefits. The impact for FY23 will be incorporated into the FY23 Rolling Biennial Budget.

The mid-year services and supplies budget adjustments for drought emergency needs and capital project construction total \$16.8 million, increasing FY22 appropriations by \$5.2 million in the Water Enterprise Fund, \$3.1 million in the Safe Clean Water Fund, and \$8.5 million in the Watershed and Stream Stewardship Fund.

Assuming the Board approves these budget adjustments, the remaining operating and capital reserves in the FY22 Adjusted Budget would be \$31.8 million in the Water Enterprise Fund, \$50.1 million in the Safe Clean Water Fund and \$58.5 million in the Watershed and Stream Stewardship Fund.

The Pacheco Reservoir Expansion capital project budget adjustment will temporarily reduce surplus project appropriation by \$39 million. The Water Utility Enterprise Fund Rate Stabilization reserve will temporarily increase by \$39 million to \$67.3 million. Replenishment of the Pacheco project budget beginning in FY25 will be included in the rate setting process and the FY23-27 CIP.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have potential for resulting in direct or reasonably, foreseeable indirect physical changes in the environment.

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

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