

FY2022-23 First Pass Biennial Budget Development Update

January 25, 2022

Topics

- **Budget Schedule Update**
- **Revenue Assumptions**
- **Salaries and Benefits Assumptions**
- **Districtwide Outlays**
- **Next Steps**

FY2022-23 Budget Schedule Update

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Operating and Capital Budget Development Updates:

- ➔ • January 25 – 1st Pass Budget Update
- March 8 – 2nd Pass Budget Update
- April 27 to 28 – Budget Work Study Sessions

Groundwater Production Charge (GWP):

- ✓ January 10 – Preliminary GWP Analysis
- April 12-26 – GWP Public Hearings

Capital Improvement Program (CIP):

- ✓ January 10 – Preliminary CIP
- February 22 – Draft CIP
- April 12-26 – CIP Public Hearings

Budget Adoption: (Budget, GWP and CIP)

- May 10

FY2022-23 Revenue Assumptions

- **Total Water Charges - FY23: \$261.0M & FY24: \$326.5M**
- **Annual M&I Groundwater Production Charge Increases:**
 - 15.0% in North County Zone W-2
 - 5.2% in South County Zone W-5
 - 10.3% in South County Zone W-7
 - 8.0% in South County Zone W-8
- **Water usage projection of 190K AF in FY23 and 205K in FY24**
 - Assume mandatory call for 15% conservation is achieved in FY23
- **1% Ad-valorem Property Tax - FY23: \$126.1M & FY24: \$130.6M**
 - Santa Clara County property value grows despite COVID pandemic
 - New construction and changes of home ownership are the greatest drives
- **Benefit Assessment - FY23: \$13.3M & FY24: \$8.2M**
 - 2012A COP debt service payments ending in FY24

FY2022-23 1st Pass Revenue

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Revenue (\$ in millions)	FY22 Adopted	FY23 1st Pass	FY24 1st Pass	FY23 vs Adopted	FY24 vs FY23
Water Charges	\$ 288.5	\$ 261.0	\$ 326.5	(27.5)	\$ 65.5
1% Ad-valorem Property Tax	118.4	126.1	130.6	7.7	4.5
SCW Special Parcel Tax	47.1	48.1	49.2	1.0	1.1
State Water Project Tax	26.0	27.0	28.0	1.0	1.0
Benefit Assessment	13.4	13.3	8.2	(0.1)	(5.1)
Capital Reimbursements	35.1	29.8	27.9	(5.3)	(1.9)
Interest Income & Other	10.9	13.4	10.9	2.5	(2.5)
Total Revenue	\$ 539.4	\$ 518.7	\$ 581.3	\$ (20.7)	\$ 62.6

FY2022-23 Salaries & Benefit Assumptions

Salaries budget - FY23: \$138.1M & FY24: \$144.6M

- Salary budget includes funding for 893 regular positions, 10 limited-term and 5 fellows
- 3% COLA and step increase for eligible positions
- During FY22, Board approved addition of 14 regular positions and 2 LT positions for drought emergency and urgent project support needs

Benefits budget - FY23: \$77.7M & FY24: \$82.3M

- Retirement Contribution (CalPERS): includes CalPERS required employer contribution plus \$3.0M redirect from OPEB and approximately \$3.0M to replace the employee contribution towards unfunded liability that was eliminated per the new MOU
- Group Insurance for Active Employees: 10% annual increase for Kaiser & Blue Shield plan
- Group Insurance for retirees: 4% increase per year based on actuarial report
- Deferred Compensation: One time increase of \$0.5M in FY23 due to increased employer match per MOU

FY2022-23 1st Pass Salaries & Benefits

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Salary and Benefits (\$ in millions)	FY22 Adopted	FY23 1st Pass	FY24 1st Pass	FY23 vs Adopted	FY24 vs FY23
Salaries					
Salaries - Regular Employees	\$ 134.3	\$ 136.7	\$ 143.4	\$ 2.4	\$ 6.7
Overtime and Special Pays	4.1	4.8	4.8	0.7	-
Salary Savings	(3.4)	(3.4)	(3.6)	-	(0.2)
Total Salaries	135.0	138.1	144.6	3.1	6.5
Benefits					
Fed & State Taxes and Deferred Comp	3.5	4.0	4.1	0.5	0.1
Retirement Contribution (CalPERS)	36.1	42.1	44.7	6.0	2.6
Group Insurance - Active Employees	16.8	18.6	20.1	1.8	1.5
Health Insurance - Retired Employees	12.4	13.0	13.4	0.6	0.4
Total Benefits	68.8	77.7	82.3	8.9	4.6
Total Salary & Benefits	\$ 203.8	\$ 215.8	\$ 226.9	\$ 12.0	\$ 11.1

FY2022-23 1st Pass – Districtwide Outlays

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Outlays (\$ in millions)	FY22 Adopted	FY23 1st Pass	FY24 1st Pass	FY23 vs Adopted	FY24 vs FY23
Operations	\$ 423.6	\$ 476.8	\$ 483.2	\$ 53.2	\$ 6.4
Operating Project	5.8	7.0	6.9	1.2	-
Debt Service	71.3	81.9	101.8	10.6	19.9
Operating Outlays	500.7	565.7	591.9	65.0	26.2
Capital Projects	440.2	419.9	502.1	(20.3)	82.2
Total Outlays	940.9	985.6	1,094.0	44.7	108.4
Intra-District Reimbursements*	(103.3)	(113.0)	(119.4)	(9.7)	(6.4)
Net Outlays	\$ 837.6	\$ 872.6	\$ 974.6	\$ 35.0	\$ 102.0

* Intra-District reimbursements represent cost recovery for support services such as human resources and information technology, etc.

FY2022-23 1st Pass– Operations Expenditures by Fund

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Operations & Operating Projects (\$ in millions)	FY22 Adopted	FY23 1st Pass	FY24 1st Pass	FY23 vs Adopted	FY24 vs FY23
General Fund	\$ 74.0	\$ 79.8	\$ 82.3	\$ 5.8	\$ 2.5
Watershed Stream Stewardship Fund	67.3	73.4	77.1	6.1	3.7
Safe, Clean Water Fund	23.0	24.9	25.2	1.9	0.3
Water Enterprise Fund	230.8	266.9	265.5	36.1	(1.4)
Fleet Management Fund	4.7	5.1	5.4	0.4	0.3
Risk Management Fund	6.9	9.9	10.4	3.0	0.5
Information Technology Fund	22.7	23.8	24.2	1.1	0.4
Total	\$ 429.4	\$ 483.8	\$ 490.1	\$ 54.4	\$ 6.3

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

FY2022-23 1st Pass – Capital Outlays by Fund

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Capital Outlays (\$ in millions)	FY22 Adopted	FY23 1st Pass	FY24 1st Pass	FY23 vs Adopted	FY24 vs FY23
General Fund	\$ 6.1	\$ 6.3	\$ 10.7	\$ 0.2	\$ 4.4
Watershed Stream Stewardship Fund	54.3	36.2	41.1	(18.1)	4.9
Safe, Clean Water Fund	97.7	96.4	117.7	(1.3)	21.3
Water Enterprise Fund	275.1	274.4	323.9	(0.7)	49.5
Fleet Management Fund	3.7	2.5	2.6	(1.2)	-
Information Technology Fund	3.3	4.1	6.1	0.8	2.0
Total	\$ 440.2	\$ 419.9	\$ 502.1	\$ (20.2)	\$ 82.2

Note: 1st Pass Budget is based on draft FY23-27 Five-Year CIP

FY2022-23 1st Pass – Community Budget Engagement

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The budget simulation tool on the Valley Water website provides residents with the opportunity to learn about proposed budgets, give feedback on tradeoffs during the budgeting process, and provide community buy-in for proposed budgets.

Gives our community a better understanding of where and how financial resources are being applied currently while also highlighting the financial constraints.

<https://balancingact.valleywater.org/>

HOME > HOW WE OPERATE > FINANCE/BUDGET > BALANCING ACT BUDGET SIMULATION TOOL

Balancing Act Budget Simulation Tool

Valley Water's Online Budget Simulator

Do you know how Valley Water's budget works or where the money comes from? Would you like to provide feedback about how you think the Valley Water Board of Directors should be allocating your tax dollars?

The Balancing Act budget simulation tool allows you to adjust budgets for various Valley Water priorities and align resources with the services that matter most to you.

The key is to balance the revenues and expenses, similar to the approach Valley Water takes every year, before a budget is officially adopted.

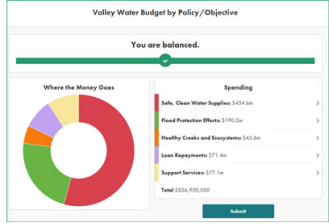
Your input is vital to ensure Valley Water's annual budget is designed to meet the needs of the community.

When you've balanced the budget and provided your input, hit submit and send it directly to Valley Water. We thank you for your feedback and we'll take your suggested budget adjustments into consideration in our annual budgeting process.

Ready? Click or tap the button below to balance the budget:

Questions or comments? [Please let us know!](#)

[Balance the Budget](#)



Where the Money Goes	Spending
Safe, Clean Water Supplies	\$424.0m
Flood Protection Efforts	\$190.0m
Healthy Creeks and Ecosystems	\$45.0m
Local Employment	\$7.0m
Support Services	\$77.0m
Total	\$683,000,000

Next Steps

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