

FY 2017-18 Preliminary Budget

March 28, 2017



FY 2017-18 Preliminary Budget

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FY 2017-18 Budget Schedule

Board Budget Development Updates:

- ✓ December 13, 2016 – FY18 budget overview
-  • March 28, 2017 – Preliminary Results
- April 26 to 28, 2017 – Board work study sessions

Groundwater Production Charges Board Hearings:

- ✓ January 10, 2017
- ✓ February 14, 2017
- April 11, April 13 for So. County and April 25, 2017

Capital Improvement Plan (CIP) Board Updates:

- ✓ January 10, 2017
- ✓ February 28, 2017

Budget Adoption: (Budget, groundwater charges, and CIP)

- May 9, 2017

FY 2017-18 Budget Assumptions

FY 2017-18 Major Revenue Sources - Preliminary

Total Water Charge Revenue •Increase up to 9.6% in North County •Increase up to 6.4% in South County	\$215.2 million
Property Tax (1% Ad-valorem)	\$87.2 million
Capital Reimbursements & State Subventions	\$49.8 million
Investment Interest Income	\$3.5 million

FY 2017-18 Budget Assumptions

FY 2017-18 Salaries & Benefits - Preliminary

Salaries	\$97 million	5.3% increase
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Includes new positions, salary and step increases

Benefits	\$51.5 million	5% increase
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Includes health benefits, CalPERS and retiree obligations

FY 2017-18 Board Urgent Priorities

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 storm water 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**

FY 2017-18 Board Urgent Priorities

7. Advance **recycled and purified water** efforts with San José & 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. **Coyote Creek** flood response

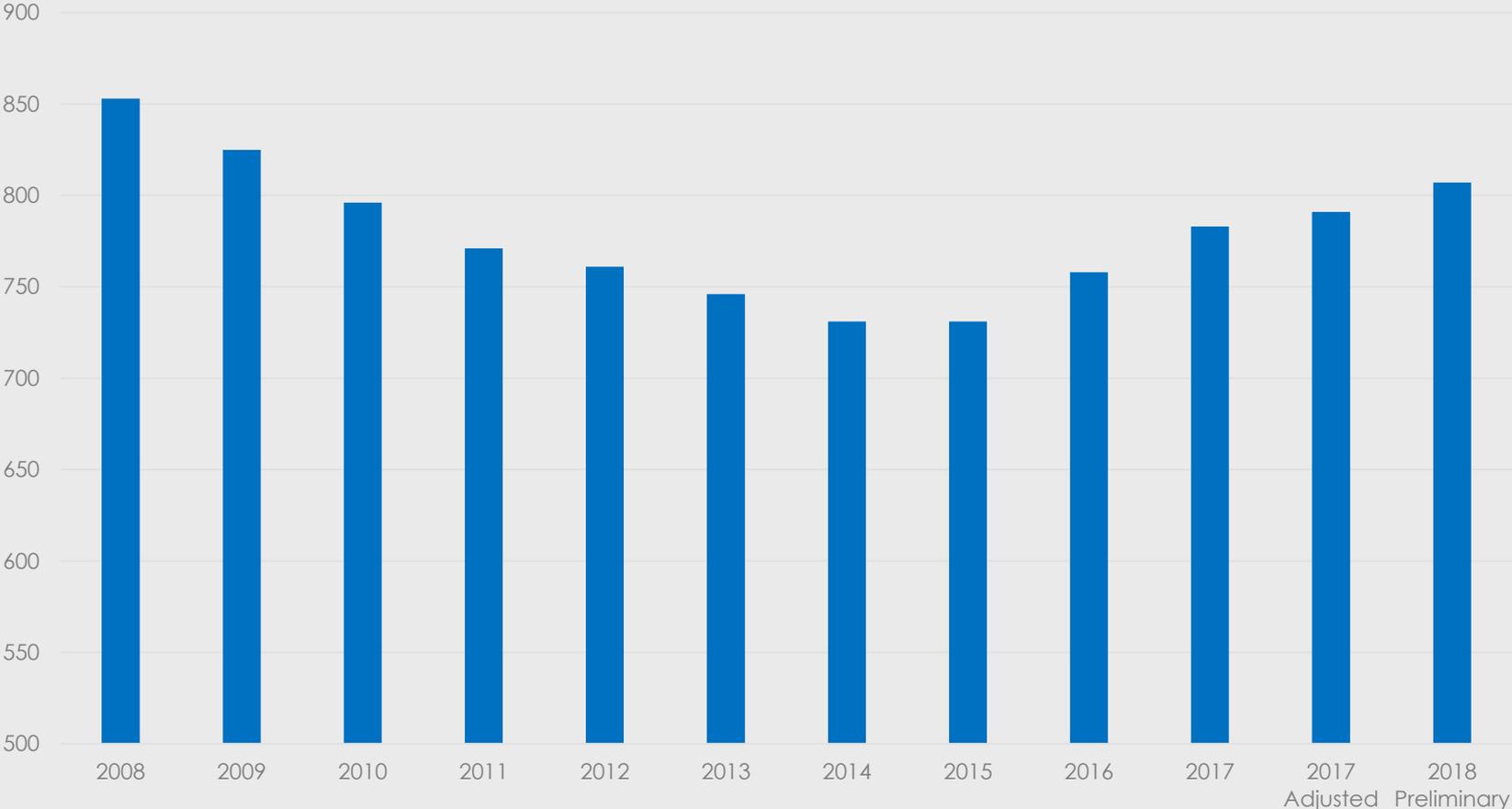
FY 2017-18 Preliminary Operating & Capital Outlays

Category	FY17 Adopted (\$ in millions)	FY18 Preliminary (\$ in millions)	Over / (Under) FY17 (\$ in millions)	% Change
Operations	\$ 312.2	\$ 314.2	\$ 1.8	0.6%
Debt Service	\$ 39.5	\$ 49.8	\$ 10.3	26%
Subtotal	\$ 351.7	\$ 364.0	\$ 12.1	3%
Capital Projects	\$ 240.7	\$ 215.9	\$ (24.8)	(10%)
Intra-District Reimbursement*	\$ (68.0)	\$ (81.3)	\$ (13.3)	N/A
Total	\$ 524.4	\$ 498.6	\$ (25.8)	(5%)

* Intra-district reimbursements are the amounts needed by the Administration funds to maintain adequate reserves

Ten Year Staffing Trend FY08 – FY18

Regular Staffing
Proposed FY18: 807 Positions



FY 2017-18 Preliminary Results - Operations

Operations Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over/ (Under) FY17	% Change
Administration Funds	\$ 65.2	\$ 74.9	\$ 9.7	15%
Water Enterprise Funds	\$ 181.4	\$ 170.9	\$ (10.5)	(6%)
Watershed Fund	\$ 51.6	\$ 53.1	\$ 1.5	3%
Safe, Clean Water Fund	\$ 13.9	\$ 15.0	\$ 1.1	8%
Total Operations	\$ 312.1	\$ 313.9	\$ 1.8	0.6%

FY 2017-18 Preliminary Results

Administration Funds				
Operations Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over / (Under) FY17	% Change
Administration Funds	\$ 65.2	\$ 74.9	\$ 9.7	15%

2nd Pass

Variance

6 New Positions & COLA	\$ 3.6
Salary Savings	\$ (0.3)
Risk Insurance Charges	\$ 1.1
IT Fund Charges	\$ 1.5
President's Day Flood	\$ 2.4
Sacramento & Santa Teresa Lease	\$ 0.4
Training & Instruction	\$ 0.3
Drought Induced Tree Removal	\$ 0.2
Other Professional Services	\$ 0.5
Total	\$ 9.7

Improve Financial Planning

- ▶ 1.0 Engineering Systems Analyst - Software Services
- ▶ 1.0 Sr. Mgmt. Analyst - Financial Planning & Mgmt Div

Engaging with the Community

- ▶ 1.0 Public Info. Rep I - District Communications
- ▶ 1.0 Public Info. Rep II - Civic Engagement Unit
- ▶ 1.0 Executive Asst. - Office of Chief of External Affairs
- ▶ 1.0 Mgmt. Analyst II - Records & Library Services

FY 2017-18 Preliminary Results

Water Enterprise Funds				
Operations Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over/ (Under) FY17	% Change
Water Enterprise Funds	\$ 181.4	\$ 170.9	\$ (10.5)	(6%)

2nd Pass Variance

2 mid-year FY17 and 3 FY18 positions, & COLA	\$ 4.5
Risk Insurance Charges	\$ 1.3
IT Fund Charges	\$ 1.6
Cost Sharing in Recycled Water	\$ (3.0)
Water Banking	\$ (4.0)
Water Purchases	\$ (10.9)
Total	\$ (10.5)

FY 2016-17 Mid-Year Water Enterprise Positions

FY 2016-17 Adjusted Budget

- ▶ 1.0 Assoc. Water Resources Specialist – Water Supply Planning & Conservation: Finalizing FAHCE
- ▶ 1.0 Water Plant Operator – No. Water Treatment Operations: Expanding Educational Outreach for the Silicon Valley Advanced Water Purification Center

FY 2017-18 Water Enterprise Positions

Board Priorities: 1 (California WaterFix)

8 (FAHCE)

9 (Storage Opportunities)

- ▶ 1.0 Assistant Officer – Office of COO Water Utility
- ▶ 1.0 Associate Civil Engineer – Imported Water
- ▶ 1.0 Engineering Systems Analyst – Raw Water Operations

FY 2017-18 Preliminary Results

Watershed Fund				
Operations Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over/ (Under) FY17	%
Watershed Fund	\$ 51.6	\$ 53.1	\$ 1.5	3%

2nd Pass Variance

Partial funding for 7 new positions & COLA	\$ 0.9
Risk Insurance Charges	\$ 0.6
IT Fund Charges	\$ 0.7
Equipment Fund Charges	\$ (1.2)
Consultant for Guad River Mit. & Monitoring	\$ 0.5
Sediment Removal	\$ 1.5
Erosion Protection	\$ 0.6
Vegetation Services for Tree Removal	\$ 0.4
FEMA grant	\$ (0.8)
Maintenance Guideline	\$ (1.7)
Total	\$ 1.5

FY 2017-18 Preliminary Results

Safe, Clean Water Fund				
Operations Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over/ (Under) FY17	% Change
Safe, Clean Water Fund	\$ 13.9	\$ 15.0	\$ 1.1	8%

2nd Pass Variance

Partial funding for 7 new positions & COLA	\$ 0.4
Sediment Removal	\$ 0.2
Pollution Prevention Grants	\$ 0.5
Total	\$ 1.1

Board Priority: 11 (Coyote Creek Flood Response)

- ▶ 1.0 Staff Analyst - Security & Emergency Services

Board Priority: 8 (FAHCE)

- ▶ 1.0 Sr. Water Resources Specialist – Envr. Mitigation & Monitoring

Board Priority: 4 (Regulatory Planning and Permitting)

- ▶ 1.0 Maintenance Worker III - Vegetation Field Operations
- ▶ 1.0 Vegetation Program Spec II - Vegetation Field Operations
- ▶ 1.0 Water Resources Tech - Environmental Planning
- ▶ 1.0 Asst. Engineer - Community Projects
- ▶ 1.0 Assoc. Water Resources Specialist - Stream Maintenance Program

FY 2017-18 Preliminary Results - Capital

Capital Budget (\$ in millions)	FY17 Adopted	FY18 Preliminary	Over / (Under) FY17	% Change
General Fund	\$ 8.1	\$ 1.7	\$ (6.4)	(79%)
Watershed Fund	\$ 43.4	\$ 25.4	\$ (18.0)	(41%)
Safe, Clean Water Fund	\$ 49.5	\$ 54.8	\$ 5.3	11%
Water Enterprise Fund	\$ 128.1	\$ 119.7	\$ (8.4)	(7%)
Fleet Fund	\$ 4.6	\$ 1.5	\$ (3.1)	(67%)
IT Fund	\$ 6.9	\$ 12.7	\$ 5.8	84%
Total Capital	\$ 240.6	\$ 215.8	\$ (24.8)	(10%)

FY 2016-17 Mid-Year Capital Positions

FY 2016-17 Adjusted Budget

Watershed Design & Construction – Expedite Environmental Projects

- ▶ 1.0 Asst. Engineer II (Civil)
- ▶ 1.0 Sr. Water Resources Specialist
- ▶ 1.0 Assoc. Water Resources Spec

Capital Prog Plan & Analysis – Streamline Contracts

- ▶ 2.0 Mgmt. Analyst II
- ▶ 1.0 Program Administrator

Largest FY18 Capital Project Appropriations

Largest FY18 Capital Project Appropriations		
Fund	Project Description	(\$ in millions)
61	RWTP Reliability Improvement	\$ 48.1
61	RWTP FRP Residuals Management	\$ 17.1
26	Permanente Ck, Bay-Fthill CSC	\$ 16.9
61	10-Yr PL Inspection and Rehab	\$ 16.0
26	Main/Madrone PL Restoration	\$ 14.6
61	Anderson Dam Seismic Retrofit	\$ 7.9
26	San Francisquito Early Implemt	\$ 7.3
73	ERP PeopleSoft Upgrade	\$ 7.3
12	Watersheds Asset Rehabilitation Program	\$ 6.8
26	Guadalupe Rv-Upr, SPRR-BH 7-12	\$ 6.5
Total		\$ 153.3

Next Steps

Groundwater Production Charges Board Hearings:

- April 11, April 13 for So. County and April 25, 2017

Board Budget Development Updates:

- April 26 to 28 – Board work study sessions

Budget Adoption: (Budget, GWP and CIP)

- May 9, 2017