


FY 2019-20 Second Pass Budget

March 26, 2019



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

(\$ in millions)					
	FY19	FY20	FY20	Over/ (Under)	
Revenue	Adopted	1st Pass	2nd Pass	FY19 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%
Total Revenue	447.9	512.5	501.8	53.9	12.0%



FY 2019-20 Salaries & Benefits Assumptions

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 Adopted	FY20 2nd Pass	Over/ (Under) FY19	%
Salaries				
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%
Total Salaries	103.0	110.5	7.5	7.3%
Benefits				
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
Total Benefits	55.2	58.2	3.0	5.4%
Net Total Salary & Benefits	158.2	168.7	10.5	6.6%

FY 2019-20 Second Pass Operating & Capital Outlays

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

* 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)	FY19	FY20	Over/ (Under)	
Operations & Operating Projects	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%
Total Operations	331.1	343.9	12.8	3.9%

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

FY 2019-20 Second Pass Results - Capital

(\$ in millions)	FY19	FY20	Over/ (Under)	
Capital Budget	Adopted	2nd Pass	FY20	%
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%)
Total Capital	205.0	207.1	2.1	1.0%

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

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