



Valley Water

Clean Water • Healthy Environment • Flood Protection

FY2020-21 First Pass Budget Development Update

February 11, 2020

Topics

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

FY2020-21 Budget Schedule Update

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Board Budget Development Updates:

- ➔ • February 11 – Budget Update
- March 24 – Second Pass Results
- April 29-30 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- ✓ January 14
- February 5
- April 14-28

Capital Improvement Plan Board Updates:

- ✓ January 14
- February 25

Budget Adoption: (Budget, GWP and CIP)

- May 12

FY2020-21 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charges revenue: \$309.8M, \$32.4M increase or 11.7% over FY20**
 - M&I Ground Water Production Charge: 6.5% increase for North County and 4.7% for South County (Second pass update will be based on staff recommendation)
 - Assumes District-managed water use projection of 251.4KAF (Second pass update will include reduced water use projection of 230KAF)
- **1% Ad-valorem Property Tax: \$109.2M, \$7.2M increase or 7.1% over FY20**
 - Due to both new construction and increased assessed valuation based on the local real estate market
- **Capital Reimbursements & State Subventions: \$50.4M, \$17.8M increase or 54.6% over FY20**
 - Watershed Fund: \$20.1M
 - Safe, Clean Water Fund: \$12.2M
 - Water Enterprise Fund: \$18.1M

FY2020-21 1st Pass Revenue

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Revenue (\$ in millions)	FY20 Adopted	FY21 1st Pass	1st Pass vs Adopted	%
Water Charges	\$ 277.4	\$ 309.8	\$ 32.4	11.7%
1% Ad-valorem Property Tax	102.0	109.2	7.2	7.1%
SCW Special Parcel Tax	45.5	47.1	1.6	3.5%
State Water Project Tax	18.0	18.0	-	0.0%
Benefit Assessment	13.4	13.5	0.1	0.7%
Capital Reimbursements	32.6	50.4	17.8	54.6%
Interest Income & Other	12.9	12.5	(0.4)	(3.1%)
Total Revenue	\$ 501.8	\$ 560.5	\$ 58.7	11.7%

FY2020-21 Salaries & Benefit Assumptions

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Salaries & Benefits - First Pass

Total Salaries budget: \$120.2M (859 regular positions; 8 limited-term, 4 fellowships) up \$8.7M or 7.8% over FY20

- Includes a 4% COLA increase and step increases for eligible positions
- 17 new positions added after FY20 budget adoption

Total Benefits budget: \$64.4M, an increase of \$5.9M or 10.1% over FY20

- CalPERS Employer contribution: \$31.5M, up \$3.4M or 12.1% over FY20
- Health benefits – Active Employees: \$18.0M, up \$1.6M or 9.8% over FY20
- Health benefits – Retirees: \$12.2M, up \$0.8M or 7% over FY20
- Fed & State Taxes and Deferred Comp: \$1.5M, up \$0.1M or 7.1% over FY20

FY2020-21 1st Pass Salaries & Benefits

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Salary and Benefits (\$ in millions)	FY20 Adopted	FY21 1st Pass	1st Pass vs Adopted	%
Salaries				
Salaries - Regular Employees	\$ 112.2	\$ 121.0	\$ 8.8	7.8%
Overtime and Special Pays	4.0	4.1	0.1	2.5%
Salary Savings	(4.7)	(4.9)	(0.2)	4.3%
Total Salaries	111.5	120.2	8.7	7.8%
Benefits				
Fed & State Taxes and Deferred Comp	2.6	2.7	0.1	3.8%
Retirement Contributions (PERS)	28.1	31.5	3.4	12.1%
Group Insurance - Active Employees	16.4	18.0	1.6	9.8%
Group Insurance - Retired Employees	11.4	12.2	0.8	7.0%
Total Benefits	58.5	64.4	5.9	10.1%
Total Salary & Benefits	\$ 170.0	\$ 184.6	\$ 14.6	8.6%

FY2020-21 1st Pass – Districtwide Outlays

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(\$ in millions)	FY20 Adopted	FY21 1st Pass	1st Pass vs Adopted	%
Operations	\$ 340.3	\$ 375.7	\$ 35.4	10.4%
Operating Project	6.4	6.3	(0.1)	(1.6%)
Debt Service	58.6	61.0	2.4	4.1%
Operating Outlays	405.3	443.0	37.7	9.3%
Capital Projects	204.5	275.3	70.8	34.6%
Total Outlays	609.8	718.3	108.5	17.8%
Intra-District Reimbursement*	(80.8)	(91.8)	(11.0)	13.6%
Net Outlays	\$ 529.0	\$ 626.5	\$ 97.5	18.4%

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

FY2020-21 1st Pass– Operations & Operating Projects by Fund

Operations & Operating Projects (\$ in millions)	FY20 Adopted	FY21 1st Pass	1st Pass vs Adopted	%
General Fund	\$ 58.6	\$ 69.7	\$ 11.1	18.9%
Watershed Stream Stewardship Fund	58.4	64.2	5.8	9.9%
Safe, Clean Water Fund	17.3	17.3	-	0.0%
Water Enterprise Funds	184.9	199.7	14.8	8.0%
Fleet Management Fund	4.8	5.2	0.4	8.3%
Risk Insurance Fund	5.8	6.9	1.1	19.0%
Information Technology Fund	17.0	19.0	2.0	11.8%
Total	\$ 346.8	\$ 382.0	\$ 35.2	10.1%

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

FY2020-21 1st Pass – Capital by Fund

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Capital (\$ in millions)	FY20 Adopted	FY21 1st Pass	1st Pass vs Adopted	%
General Fund	2.2	3.0	0.8	36.4%
Watershed Stream Stewardship Fund	28.5	31.0	2.5	8.8%
Safe, Clean Water Fund	34.0	72.6	38.6	113.5%
Water Utility Enterprise Fund	133.5	157.7	24.2	18.1%
Fleet Management Fund	2.2	3.5	1.3	59.1%
Information Technology Fund	4.1	7.5	3.4	82.9%
Total Capital	204.5	275.3	70.8	34.6%

Note: FY21 1st Pass budget is based on draft FY21-25 CIP

Next Steps

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QUESTIONS



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