



Valley Water

Clean Water • Healthy Environment • Flood Protection

FY2021-22 First Pass Budget Development Update

February 9, 2021

Topics

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

FY2021-22 Budget Schedule Update

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Operating and Capital Budget Development Updates:

- ➔ • February 9 – 1st Pass Budget Update
- March 23 – 2nd Pass Budget Update
- April 28 to 29 – Budget Work Study Sessions

Groundwater Production Charge (GWP):

- ✓ January 12 – Preliminary GWP Analysis
- April 13-27 – GWP Public Hearings

Capital Improvement Program (CIP):

- ✓ January 12 – Preliminary CIP
- February 23 – Draft CIP
- April 13-27 – CIP Public Hearings

Budget Adoption: (Budget, GWP and CIP)

- May 11

FY2021-22 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charge revenue: \$291.7M, \$30.6M increase or 11.7% over FY21**
 - M&I Groundwater Production Charges
 - Up to a 9.8% increase in North County Zone W-2
 - Up to a 4.6% increase in South County Zone W-5
 - Up to a 10.3% increase in South County Zone W-7
 - Up to a 4.4% increase in South County Zone W-8
 - Valley Water managed water usage projection of 232KAF
- **1% Ad-valorem Property Tax: \$117.9M, \$7.0M increase or 6.3% over FY21**
 - Due to both new construction and increase in the assessed value of all property in Santa Clara County.
- **Capital Reimbursements & State Subventions: \$35.1M**
 - Watershed and Stream Stewardship Fund: \$20.9M
 - Safe, Clean Water Fund: \$7.6M
 - Water Enterprise Fund: \$6.6M

FY2021-22 1st Pass Revenue

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Revenue (\$ in millions)	FY21 Adopted	FY22 1st Pass	1st Pass vs Adopted	% Change
Water Charges	\$ 261.1	\$ 291.7	\$ 30.6	11.7%
1% Ad-valorem Property Tax	110.9	117.9	7.0	6.3%
SCW Special Parcel Tax	45.5	47.1	1.6	3.5%
State Water Project Tax	18.0	26.0	8.0	44.4%
Benefit Assessment	12.4	13.5	1.1	8.9%
Capital Reimbursements	43.6	35.1	(8.5)	(19.5%)
Interest Income & Other	15.1	10.8	(4.3)	(28.5%)
Total Revenue	\$ 506.6	\$ 542.1	\$ 35.5	7.0%

FY2021-22 Salaries & Benefit Assumptions

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Salaries & Benefits - First Pass

Total Salaries budget: \$132.7M (funding for 859 regular positions, 6 limited-term, 4 fellows), an increase of 10.2% or \$12.3M over FY21

- Includes a 4% COLA increase and step increase for eligible positions
- Salary budget includes 27 pay periods, one additional than in a typical year

Total Benefits budget: \$69.3M, an increase of 9.8% or \$6.2M over FY21

- CalPERS Employer contribution: \$35.8M, up \$4.5M or 14.4% over FY21
- Group Insurance – Active Employees: \$17.8M, up \$1.0M or 6.0% over FY21
- Healthcare benefits – Retirees: \$12.4M, up \$0.2M or 1.6% over FY21
- Fed & State Taxes and Deferred Comp: \$3.3M, up \$0.5M or 17.9% over FY21

FY2021-22 1st Pass Salaries & Benefits

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Salary and Benefits (\$ in millions)	FY21 Adopted	FY22 1st Pass	1st Pass vs Adopted	% Change
Salaries				
Salaries - Regular Employees	\$ 121.2	\$ 131.8	\$ 10.6	8.7%
Overtime and Special Pays	4.1	4.2	0.1	2.4%
Salary Savings	(4.9)	(3.3)	1.6	(32.7%)
Total Salaries	120.4	132.7	12.3	10.2%
Benefits				
Fed & State Taxes and Deferred Comp	2.8	3.3	0.5	17.9%
Retirement Contribution (CalPERS)	31.3	35.8	4.5	14.4%
Group Insurance - Active Employees	16.8	17.8	1.0	6.0%
Group Insurance - Retired Employees	12.2	12.4	0.2	1.6%
Total Benefits	63.1	69.3	6.2	9.8%
Total Salary & Benefits	\$ 183.5	\$ 202.0	\$ 18.5	10.1%

FY2021-22 1st Pass – Districtwide Outlays

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<i>(\$ in millions)</i>	FY21 Adopted	FY22 1st Pass	1st Pass vs Adopted	% Change
Operations	\$ 373.0	\$ 408.4	\$ 35.4	9.5%
Operating Project	6.1	5.9	(0.2)	(3.3%)
Debt Service	61.8	71.4	9.6	15.5%
Operating Outlays	440.9	485.7	44.8	10.2%
Capital Projects	259.7	452.6	192.9	74.3%
Total Outlays	700.6	938.3	237.7	33.9%
Intra-District Reimbursements*	(91.1)	(101.4)	(10.3)	11.3%
Net Outlays	\$ 609.5	\$ 836.9	\$ 227.4	37.3%

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

FY2021-22 1st Pass– Operations & Operating Projects by Fund

Operations & Operating Projects (\$ in millions)	FY21 Adopted	FY22 1st Pass	1st Pass vs Adopted	% Change
General Fund	\$ 69.6	\$ 73.0	\$ 3.4	4.9%
Watershed Stream Stewardship Fund	61.8	66.2	4.4	7.1%
Safe, Clean Water Fund	16.5	21.5	5.0	30.3%
Water Enterprise Fund	200.7	219.5	18.8	9.4%
Fleet Management Fund	5.0	4.7	(0.3)	(6.0%)
Risk Management Fund	6.9	7.0	0.1	1.4%
Information Technology Fund	18.6	22.4	3.8	20.4%
Total	\$ 379.1	\$ 414.3	\$ 35.2	9.3%

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

FY2021-22 1st Pass – Capital by Fund

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Capital (\$ in millions)	FY21 Adopted	FY22 1st Pass	1st Pass vs Adopted	% Change
General Fund	\$ 3.0	\$ 6.1	\$ 3.1	103.3%
Watershed Stream Stewardship Fund	27.9	53.8	25.9	92.8%
Safe, Clean Water Fund	58.7	111.5	52.8	89.9%
Water Enterprise Fund	159.1	274.1	115.0	72.3%
Fleet Management Fund	3.5	3.8	0.3	8.6%
Information Technology Fund	7.5	3.3	(4.2)	(56.0%)
Total Capital	\$ 259.7	\$ 452.6	\$ 192.9	74.3%

Note: FY22 1st Pass budget is based on draft FY22-26 Five-Year CIP

FY2021-22 1st Pass – Community Budget Engagement

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The new 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.

Next Steps

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QUESTIONS

