



Santa Clara Valley Water District

File No.: 17-0279

Agenda Date: 4/26/2017

Item No.: *2.6.

BOARD AGENDA MEMORANDUM

SUBJECT:

Work Study Session to Consider the FY 2017-18 Proposed Operating and Capital Budget.

RECOMMENDATION:

- A. Receive, review and discuss the FY 2017-18 Proposed Budget;
- B. Receive comments and input from the public regarding FY 2017-18 Proposed budget; and
- C. Incorporate any changes deemed necessary into the FY 2017-18 Proposed Budget.

SUMMARY:

The District develops the annual budget to allocate the public's funds that are necessary to provide Silicon Valley with safe, clean water for a healthy life, environment and economy. The development of the District's budget is accomplished in an open transparent process providing opportunity for Board and public input.

The District's financial planning and budget development processes are governed by the District Act, section 13 for taxation and section 20 for adoption of the budget. In addition, state and federal laws require annual examinations of financial records. Board Governance Policy EL-4 guides financial planning, budgeting and ongoing financial activities. In accordance with District Act §20 Adoption of Budget, "on or before June 15 of each year, the board shall meet, at the time and place designated by published notice, at which meeting any member of the general public may appear and be heard regarding any item in the proposed budget or for the inclusion of additional items."

This agenda item presents the Chief Executive Officer's Proposed Budget for Board consideration. The Proposed Budget was planned and developed to enable the District to accomplish the Board's Ends priorities, become more cost efficient, fiscally accountable and provide a balanced annual budget which is sustainable and complies with the District Act and Board's Financial Management Policy (EL-4).

The FY 2017-18 budget was developed based on the Board's FY 2017-18 budget message, which summarizes the Board's priorities. There are 11 priorities for FY 2017-18, which are listed as follows

in no particular order:

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 stormwater 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
7. Advance recycled and purified water efforts with San José and 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. Ensure immediate emergency action plans and flood protection are provided for Coyote Creek.

Staff is proposing a FY 2017-18 Operating and Capital Budget totaling \$582 million less \$81 million in intra-district reimbursements. The total proposed net budget is \$501 million. The gross budget is comprised of \$218 million in capital outlays, \$314 million in operations outlays and \$50 million in debt service. Prior year capital budget carryforward is \$99 million. The proposed revenue budget is \$444 million, which is in sync with the staff proposed groundwater production and other water charges for FY 2017-18. Debt proceeds total \$211 million and make up the difference between total outlays (including capital carryforward) and total revenues. Year-end reserves are \$360 million, of which \$206 million is legally restricted.

Staff has proposed a minor change to the District reserve policy, which is attached for Board review (See Attachment 2, page 3-1 - To Be Distributed as Supplemental Information).

The Board has scheduled work study sessions for April 26 through April 28. The budget process is scheduled to conclude with the adoption of the budget on May 9, 2017.

FINANCIAL IMPACT:

There is no financial impact related to this agenda. If at a subsequent meeting, the Board approves the proposed budget, the District would have a fiscally responsible, balanced budget that meets the community's expectations, and should have sufficient funding for planned operations and capital improvement activities for FY 2017-18.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

*Supplemental Agenda Memo

*Supplemental Attachment 1: Revised PowerPoint

*Supplemental Attachment 2: FY 2010 Operating and Capital

UNCLASSIFIED MANAGER:

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