



Santa Clara Valley Water District

File No.: 20-0385

Agenda Date: 4/29/2020

Item No.: 2.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Work Study Session to Consider the Fiscal Year 2020-21 Proposed Operating and Capital Budget.

RECOMMENDATION:

- A. Receive, review and discuss Valley Water's Fiscal Year 2020-21 Proposed Budget;
- B. Receive comments and input from the public regarding Fiscal Year 2020-21 Proposed Budget;
and
- C. Incorporate any changes deemed necessary into the Fiscal Year 2020-21 Proposed Budget.

SUMMARY:

Valley Water 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 Valley Water's budget is accomplished in an open transparent process providing opportunity for Board and public input.

Valley Water's financial planning and budget development processes are governed by the District Act, Section 13 (Taxation) and Section 20 (Adoption of Budget). In accordance with District Act Section 20, "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." Board Governance Policy EL-4 Financial Management guides financial planning, budgeting, and ongoing financial activities.

This agenda item presents Valley Water's Chief Executive Officer's Fiscal Year 2020-21 (FY 2020-21) Proposed Budget for Board consideration. The Proposed Budget was planned and developed to enable Valley Water to accomplish the Board's Ends priorities in a cost-efficient and fiscally accountable manner, and to provide a balanced annual budget which is sustainable and complies with the District Act and the Board's Financial Management Policy (EL-4).

The Proposed Budget was developed based on the Board's current strategies; the FY 2020-21 Board Work Plan will be approved in the near future. Staff is presenting the proposed FY 2020-21 Operating and Capital Budget totaling \$746 million less \$93 million in intra-district reimbursements. The total net proposed budget is \$653 million, which does not include the expected carry forward amount of \$64 million for capital projects. The gross budget is comprised of \$303 million in capital outlays, \$382

million in operations outlays, and \$62 million in debt service. The Proposed Budget revenue is \$529 million, which reflects staff's proposed groundwater production and other water charges for FY 2020-21. Debt proceeds total \$136 million and make up the difference between total outlays (including capital carryforward) and total revenues. Budgeted year-end reserves are \$325 million, of which \$128 million are legally restricted.

The attached Board presentation discusses, and provides for consideration, the FY 2020-21 Proposed Budget. On April 28, the Board will have discussed the Budget, Water Charge, and Capital Improvement Program alternatives in response to the COVID-19 pandemic. Dependent on the Board direction to be provided at the April 28 meeting, the proposed budget FY 2020-21 Budget as presented herein may require additional modifications. The budget process is scheduled to conclude with the Board's adoption of the budget at its regularly scheduled meeting on May 12, 2020.

FINANCIAL IMPACT:

There is no financial impact related to this agenda; it is presented for information only.

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 changes in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

Attachment 2: Proposed Fiscal Year 2020-21 Budget Document

UNCLASSIFIED MANAGER:

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