



Santa Clara Valley Water District

File No.: 18-0087

Agenda Date: 2/13/2018

Item No.: 2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Overview of the Fiscal Year (FY) 2018-19 First Pass Budget Development Process.

RECOMMENDATION:

Receive and discuss the overview of the District's FY 2018-19 First Pass Budget Development Process.

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. This report presents the first pass budget update and schedule for development of the final FY 2018-19 Budget. The process includes over ten (10) open session discussions providing the Board and public significant opportunity for input. In addition to the Board open sessions, Board Advisory committees have opportunities for input during the development of the Budget. The Board has scheduled Budget work study sessions for April 25 through 27. The process is scheduled to conclude with the adoption of the budget on May 8, 2018.

The First Pass budget update includes the various assumptions that support the first pass results (See attachment 1). The key revenue assumption is a 9.6% increase for the North County Zone W-2 Municipal & Industrial (M&I) groundwater production charge and a 7.6% increase for the South County Zone W-5. The base case preliminary groundwater production charge analysis presented to the Board on January 9th, 2018 assumed a 9.2% increase for North County and 6.2% for South County. The difference is driven by an assumed 7.5% participation level in the State Water Project portion of the California WaterFix instead of the 5% participation level assumed in the base case preliminary analysis.

The update also includes a staff proposal to modify the projects that roll up under the Information Technology (IT) Fund. Staff proposes to move IT operations projects, that currently roll up under the General Fund, to the IT Fund. This would allow a reader of the District budget to see the full complement of IT projects and their and cost in one place.

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 Policies EL-4 guide financial management, planning, budgeting and ongoing financial activities.

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

UNCLASSIFIED MANAGER:

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