



Santa Clara Valley Water District

File No.: 18-0313

Agenda Date: 4/26/2018

Item No.: *2.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Work Study Session to Consider the FY 2018-19 Proposed Operating and Capital Budget.

RECOMMENDATION:

- A. Receive, review and discuss the District's Fiscal Year (FY) 2018-19 Proposed Budget;
- B. Receive comments and input from the public regarding FY 2018-19 Proposed budget; and
- C. Incorporate any changes deemed necessary into the FY 2018-19 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. Taxation and section 20. Adoption of Budget. In accordance with District Act section 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." Board Governance Policy EL-4 Financial Management guides financial planning, budgeting, and ongoing financial activities.

This agenda item presents the Chief Executive Officer's Proposed FY 2018-19 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 the Board's Financial Management Policy (EL-4).

The FY 2018-19 budget was developed based on the Board's FY 2018-19 priorities. There are 9 priorities below in no particular order:

1. Make key decisions regarding the California WaterFix

2. Provide for a watershed-wide regulatory planning and permitting effort
3. Foster a coordinated approach to environmental stewardship efforts
4. Advance the Anderson Dam Seismic Retrofit Project
5. Advance recycled and purified water efforts with San José and other agencies
6. Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)
7. Actively pursue efforts to increase water storage opportunities
8. Advance diversity and inclusion efforts
9. Ensure immediate emergency action plans and flood protection are provided for Coyote Creek.

Staff recommends approval of a FY 2018-19 Operating and Capital Budget totaling \$596 million less \$86 million in intra-district reimbursements. The total proposed net budget is \$510 million. The gross budget is comprised of \$205 million in capital outlays, \$332 million in operations outlays, and \$59 million in debt service. Prior year capital budget carryforward is \$90 million. The proposed revenue budget is \$448 million, which is in sync with the staff proposed groundwater production and other water charges for FY 2018-19. Debt proceeds total \$174 million and make up the difference between total outlays (including capital carryforward) and total revenues. Year-end reserves are \$334 million, of which \$196 million is legally restricted.

The Board has scheduled work study sessions for April 26 through April 27 to discuss and consider the recommended FY 2018-19 budget. The budget process is scheduled to conclude with the Board's adoption of the budget at its regularly scheduled meeting on May 8, 2018.

A Supplemental agenda memo including PowerPoint attachment will be forthcoming.

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 2018-19.

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:

- *Supplemental Agenda Memorandum
- *Supplemental Attachment 1: PowerPoint
- *Supplemental Attachment 2: Draft Summary Budget
- *Handout 2.2-A, D Muirhead

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068