



# Santa Clara Valley Water District

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**File No.:** 21-0140

**Agenda Date:** 2/23/2021

**Item No.:** 9.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Fiscal Year 2020-21 Midyear Financial Status Update and Fiscal Year 2020-21 Midyear Central Budget Adjustments.

### **RECOMMENDATION:**

- A. Receive the Fiscal Year 2020-21 midyear financial status update as of December 31, 2020; and
- B. Approve the Fiscal Year 2020-21 midyear central operating and capital budget adjustments as per Attachments 2 and 3.

### **SUMMARY:**

Valley Water completed the first six months of the Fiscal Year 2020-21 on December 31, 2020. The midyear financial status update presentation (Attachment 1) summarizes a detailed comparison, and analysis, of the budget to actual status of revenues and expenditures for all funds as of December 31, 2020.

These financial statements have been prepared by Valley Water for informational purposes only and have not been audited by the external auditor. No party is authorized to disseminate these unaudited financial statements to the State Comptroller or any nationally recognized rating agency, nor are they authorized to post these financial statements on EMMA or any similar financial reporting outlets or redistribute the information without the express written authorization of the Chief Financial Officer of Valley Water. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of District bonds, notes or other obligations and investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <<https://emma.msrb.org/>>.

Concurrently, in adhering to Governance Policies of the Board and specifically Executive Limitations EL-4, staff respectfully submits the midyear central budget adjustments to the FY 2020-21 Adopted Budget which are necessary in order to better align limited allocated resources with the Board's Ends, meet Board priorities, and continue to provide for a balanced budget.

**The FY 2020-21 mid-year central budget adjustments are presented in Attachments 2 & 3 and summarized as follows:**

**1. FY 2020-21 Fund Balance Reconciliation and Update FY 2020-21 Beginning Budget Reserves**

The FY 2020-21 budget reserves are based on year-end reserve estimates for FY 2019-20. After the FY 2019-20 Comprehensive Annual Financial Report (CAFR) is finalized and approved by the Board, Staff conducts a reconciliation of FY 2019-20 projected reserves with the final audited reserve balances. The purpose of this reconciliation is to implement the reserve budget adjustments. These actions align the FY 2020-21 Beginning Fund Balance with prior year end audited reserve balances. Total increase to the budget reserves was \$56.7 million. Attachment 2 shows the detailed reserve adjustments.

**2. Capital Project Budget Adjustments:** There are three budget adjustments for capital projects in various funds proposed in this report totaling \$11.7 million. Details are included in the Attachment 3 and are explained below.

**Watershed Habitat Enhancement Project (62044001) - \$490,000**

A budget adjustment to increase the Watershed Habitat Enhancement project FY21 budget by \$490,000 to address the expanded scope of the project. The expanded scope of work includes developing conceptual alternatives for up to three barriers recommended by the Stevens Creek prioritization study and also supports the Anderson Dam Federal Energy Regulation Commission Order Compliance Project (FOCP) by providing on-call consultant work to analyze the proposed Coyote Percolation Pond bladder dam and fish ladder. The project currently includes (1) completing a feasibility study to separate Coyote Creek from the Ogier Ponds complex, (2) completing a feasibility study to separate Coyote Creek from the Metcalf Ponds complex, (3) preparing a fish passage barrier analysis for Stevens Creek, and (4) evaluating and prioritizing fish passage barriers for Stevens Creek.

**Berryessa Creek, Lower Penitencia Creek to Calaveras Project (40174005) - \$10,673,000**

A budget adjustment to increase the Berryessa Creek, Lower Pen to Calaveras Blvd project FY21 budget by \$10.7 million to restore project budget that was previously utilized to fund the construction of the South San Francisco Bay Shoreline Phase 1 project. On February 25, 2020 the Board previously approved the budget adjustment to move funds from the Berryessa Creek project to the South San Francisco Shoreline project. The Berryessa project is now scheduled to begin construction in April 2021, with civil work anticipated to be completed by December 2022, and funds are required to fund such construction. After civil construction has been completed, the construction will also include three years of plant establishment and maintenance and is anticipated to be complete by April 2026.

**Capital Project Management Information System (00074040) - \$522,000**

A budget adjustment to move the Capital Construction Management System project FY21 budget of \$522,000, and actual expenditures, in the Water Utility Enterprise Fund to the newly created Project Management Information System project, which is allocated to the Watershed Stream Stewardship Fund (Fund 12), the General Fund (Fund 11), the Information Technology Fund (Fund 73), and the Water Utility Enterprise Fund (Fund 61) to reflect the benefit to capital projects districtwide. The original project scope included project management software (PMIS) for the planning, design, construction, and close-out phases of capital projects for Water Utility projects. Staff has received direction to expand the project scope to all capital projects in the organization and therefore requires the budget adjustment for the allocated Project Management Information System project.

**FINANCIAL IMPACT:**

Approval of the recommended FY 2020-21 midyear central budget adjustments (Attachment 2 and 3) will align the Fiscal Year 2020-21 budget reserves with FY 2019-20 year-end audited reserve balances. For capital projects, it will appropriate a total \$11.2 million to the Watershed Habitat Enhancement project (62044001) and Berryessa Creek, Lower Penitencia Creek to Calaveras project (40174005), correspondingly reducing Watershed Stream Stewardship Fund (Fund 12) Operating and Capital Reserve; and move the \$522,000 budget to the allocated Project Management Information System project (00074040).

**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

Attachment 2: FY20-21 Midyear Central Budget Adjustment Summary

Attachment 3: FY20-21 Midyear Central Budget Adjustment Details

**UNCLASSIFIED MANAGER:**

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