



Santa Clara Valley Water District

File No.: 21-0476

Agenda Date: 4/28/2021
Item No.: *2.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Work Study Session to Consider the Fiscal Year 2021-22 Proposed Operating and Capital Budget.

RECOMMENDATION:

- A. *Receive, review, and discuss Valley Water's Fiscal Year 2021-22 Proposed Budget per Supplemental Attachments 1 and 2;
- B. Receive comments and input from the public regarding Fiscal Year 2021-22 Proposed Budget; and
- C. Incorporate any changes deemed necessary into the Fiscal Year 2021-22 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 2021-22 (FY 2021-22) 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 2021-22 Board Work Plan will be approved in the near future. Staff recommends a proposed FY 2021-22 Operating and Capital Budget of \$941 million, less \$103 million in intra-district reimbursements. The total net proposed budget is \$838 million. The gross budget is comprised of \$440 million in capital outlays,

\$430 million in operations outlays, and \$71 million in debt service. The proposed budget revenue is \$542 million, which includes proposed groundwater production and other water charges for FY 2021-22. Debt proceeds are budgeted at \$274 million and make up the difference between total outlays (including capital carryforward) and total revenues. Budgeted year-end reserves are \$354 million, of which \$184 million is legally restricted.

On April 28 and 29, the Board will discuss the Budget, Water Charge, and Capital Improvement Program. Depending on the Board direction provided at the meeting, the FY 2021-22 Proposed Budget, as presented, 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 11, 2021.

A Supplemental agenda memo including PowerPoint attachment and Proposed FY 2021-22 Budget document will be forthcoming.

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:

- *Original Agenda Memorandum
- *Supplemental Agenda Memorandum
- *Supplemental Attachment 1: PowerPoint
- *Supplemental Attachment 2: Proposed FY2021-22 Budget
- *Handout 2.2-A: K. Irvin, 042721
- *Handout 2.2-B: OSC Board Motions
- *Handout 2.2-C: K Irvin, 042821

UNCLASSIFIED MANAGER:

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