



Santa Clara Valley Water District

File No.: 21-0510

Agenda Date: 5/11/2021

Item No.: 2.11.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolutions Adopting the Fiscal Year 2021-22 Operating and Capital Budget and Levy of Ad-Valorem Property Taxes, Authorizing the Transfer of Funds From Special Purpose Funds and Making Certain Determinations in Connection Therewith, in a Not to Exceed Amount of \$25 Million in FY 2021-22 to Fund Supplemental Water Purchases; and Approval of Santa Clara Valley Water District Reserve Policy.

RECOMMENDATION:

- A. Discuss and adopt a Resolution APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2021-2022;
- B. Discuss and adopt a Resolution PROVIDING FOR LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2021-22 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA;
- C. Adopt Resolution AUTHORIZING THE TRANSFER OF FUNDS FROM SPECIAL PURPOSE FUNDS AND MAKING CERTAIN DETERMINATIONS IN CONNECTION THEREWITH, in a not to exceed amount of \$25 million in Fiscal Year 2021-22 to fund supplemental water purchases; and
- D. Approve the Santa Clara Valley Water District (Valley Water) Reserve Policy.

SUMMARY:

In accordance with the District Act, Section 20. Adoption of Budget, after conclusion of the public meeting(s) to hear comments from the general public on the proposed budget, the Board shall by Resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and no later than June 30 of each year.

Throughout the Fiscal Year 2021-22 (FY22) budget process, staff provided numerous budget development updates for the Board and the public. The FY 2021-22 budget proposal is consistent with the Board's direction given to staff at those meetings. Therefore, staff recommends Board approval of the Resolution Approving and Adopting the Santa Clara Valley Water District Operating and Capital Budget for Fiscal Year 2021-22. A copy of the resolution will be included in a supplemental agenda memo on May 7, 2021.

In addition, in order for Valley Water to receive funds to pay for the contract costs of water importation from the State of California, staff recommends approval of the Resolution to Provide for a Levy of Ad-

valorem Real Property Taxes in Fiscal Year 2021-22. A copy of the resolution will be included in a supplemental agenda memo on May 7, 2021.

In response to the drought that is expected to continue in FY22, and potential water supply limitations related to imported water, staff recommends approval of the Resolution Authorizing the Transfer of Funds from Special Purpose Funds and Making Certain Determinations in Connection Therewith. Approval of this resolution will allow staff to expediently utilize funds from the Special Purpose Funds, which includes the Supplemental Water Supply Reserve and the Drought Reserve, to purchase supplemental water supply, pursuant to the Water Utility Parity Master Resolution (Resolution No. 16-10, as amended), in an amount up to \$25 million which is the total balance currently budgeted in these Reserves. An initial transfer of \$8 million is currently planned for FY22 to the Imported Water South Bay Aqueduct Deliveries project, Project No. 91131007, to facilitate the purchase of additional imported water in response to the persistent dry conditions. A copy of the resolution will be included in a supplemental agenda memo on May 7, 2021.

Staff recommends approval of the Valley Water Reserve Policy. The Valley Water Reserve Policy will be included in the final summary budget document as has been the case in past years. A copy of the Reserve Policy will be included in a supplemental agenda memo on May 7, 2021.

The transmittal letter for the FY 2021-22 Budget will be included in a supplemental agenda memo on May 7, 2021.

The final summary budget document will be available on the Valley Water website by June 30, 2021.

A supplemental agenda memo including attachments will be forthcoming on May 7, 2021.

FINANCIAL IMPACT:

Currently, the proposed FY 2021-22 Operating and Capital Budget includes a net expenditure budget appropriation of \$837,558,081 which is comprised of Capital Outlays totaling \$440,233,176 and Operating Outlays of \$500,670,817 minus Intra-District Reimbursements of \$103,345,912.

Adoption of the Resolution to Provide for a Levy of Ad-valorem Real Property Taxes in Fiscal Year 2021-22 enables Valley Water to receive funds in the amount of \$26 million to pay for the contract costs of water importation from the State of California.

Adoption of the Resolution Authorizing the Transfer of Funds From Special Purpose Funds will enable one or more transfers, up to \$25 million, from the Special Purpose Funds to facilitate the purchase of additional imported water in response to persistent dry conditions.

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.

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ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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