

RESOLUTION NO. SCV-155

**RESOLUTION OF THE
SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS
REVISING THE BUDGET FOR FISCAL YEAR 2020/21**

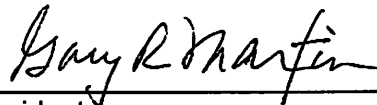
WHEREAS, the Santa Clarita Valley Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

WHEREAS, the Board of Directors approved the FY 2019/20 and FY 2020/21 Biennial Budget on May 21, 2019, but updated and current information calls for the FY 2020/21 Budget to be revised; and

WHEREAS, the Board of Directors has reviewed the Fiscal Year (FY) 2020/21 Budget, including sections on the Operating Budget and Capital Expenditures; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency hereby:

1. Adopts the revised FY 2020/21 Budget (Attachment 1).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for FY 2020/21 as shown in the Financial Summary (Attachment 1).
3. Authorizes the General Manager to adjust the appropriations within each fund, provided however, the total appropriations for the entire fund do not exceed the amounts approved in this budget resolution (or amending resolution).



President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on June 2, 2020, the foregoing Resolution No. SCV-155 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: June 2, 2020



Secretary



SCV WATER - OPERATING BUDGET - SUMMARY
 FY 2020/21 Adopted Budget and FY 2020/21 Revised Budget

ATTACHMENT 1

	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	% Change
OPERATING REVENUE SUMMARY			
Retail			
1			
2	\$ 31,330,310	\$ 32,286,639	3.1%
3	53,325,793	53,182,478	-0.3%
4	1,386,875	1,386,875	0.0%
5	572,070	572,070	0.0%
6	499,688	499,688	0.0%
7	653,244	653,244	0.0%
8	174,839	174,839	0.0%
9	2,970,000	2,970,000	0.0%
10	-	2,095,879	100.0%
10	90,912,819	93,821,712	3.2%
Regional			
12	15,949,096	15,996,377	0.3%
13	8,293,700	9,667,954	16.6%
14	264,678	264,678	0.0%
15	741,321	697,000	-6.0%
16	-	-	0.0%
17	28,007,000	26,724,000	-4.6%
18	9,000,000	9,000,000	0.0%
19	120,000	120,000	0.0%
20	209,278	209,278	0.0%
21	1,377,579	6,282,500	356.1%
22	4,248,000	2,934,436	-30.9%
23	1,000,000	1,000,000	0.0%
24	5,694,570	5,694,570	0.0%
25	2,104,629	-	-100.0%
26	77,009,851	78,590,793	2.1%
OPERATING EXPENSE SUMMARY			
Retail			
29	28,133,868	28,863,297	2.6%
30	9,317,912	8,912,340	-4.4%
31	2,673,984	2,929,035	9.5%
32	7,128,132	8,948,109	25.5%
33	3,372,024	2,720,547	-19.3%
34	1,471,689	1,573,212	6.9%
35	9,793,604	8,403,346	-14.2%
36	9,518,526	20,406,521	114.4%
37	11,671,908	11,065,305	-5.2%
38	7,831,173	-	-100.0%
39	90,912,819	93,821,712	3.2%
Regional			
41	2,504,686	3,254,533	29.9%
42	5,773,498	6,934,953	20.1%
43	1,642,932	2,080,019	26.6%
44	3,525,106	3,773,238	7.0%
45	1,092,194	1,210,792	10.9%
46	10,831,336	14,869,996	37.3%
47	5,461,407	5,614,806	2.8%
48	21,176,902	23,077,985	9.0%
49	25,001,790	16,545,113	-33.8%
50	-	1,229,358	100.0%
51	77,009,851	78,590,792	2.1%
52	\$ 167,922,670	\$ 172,412,505	2.7%
Total Operating Revenue			
	\$ 167,922,670	\$ 172,412,505	2.7%
Total Operating Expense			
	\$ (167,922,670)	\$ (172,412,505)	2.7%
	\$ (0)	\$ (0)	100%
Total Operating Expenses			
	\$ 167,922,670	\$ 172,412,505	2.7%
Total Salaries and Benefits			
	\$ (29,738,430)	\$ (29,253,574)	-1.6%
Net Operating Expenses			
	\$ 138,184,240	\$ 143,158,931	3.6%

SCV WATER - OPERATING REVENUE BUDGET - SUMMARY
FY 2020/21 Adopted Budget and FY 2020/21 Revised Budget

OPERATING REVENUE SUMMARY	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	% Change	(1)
Retail				
Service Charge	\$ 31,330,310	\$ 32,286,639	3.1%	
Water Usage Charge	53,325,793	53,182,478	-0.3%	
Misc Fees	1,386,875	1,386,875	0.0%	
Property Taxes	572,070	572,070	0.0%	
Communication/Rental Income	499,688	499,688	0.0%	
Interest Earnings	653,244	653,244	0.0%	
Miscellaneous Revenues	174,839	174,839	0.0%	
Connection Fees	2,970,000	2,970,000	0.0%	
Transfer from Reserves	-	2,095,879	100.0%	
Total Retail Operating Revenues	90,912,820	93,821,712	3.9%	
Regional				
Water Sales - Fixed Charges	15,949,096	15,996,377	0.3%	
Water Sales - Purveyors - Variable	8,293,700	9,667,954	16.6%	(A)
Water Sales - Recycled	264,678	264,678	0.0%	
Water Sales - Saugus 1 and 2 Wells	741,321	697,000	-6.0%	
One-time Water Sales	-	-	0.0%	
One Percent Property Tax	28,007,000	26,724,000	-4.6%	
Facility Capacity Fees	9,000,000	9,000,000	0.0%	
Laboratory Revenues	120,000	120,000	0.0%	
Communications Revenues	209,278	209,278	0.0%	
Reimbursement - Settlement	1,377,579	6,282,500	356.1%	(B)
Grants and Reimbursements	4,248,000	2,934,436	-30.9%	(C)
Investment Revenues	1,000,000	1,000,000	0.0%	
VWD Acquisition & Loan	5,694,570	5,694,570	0.0%	
Transfer from Reserves	2,104,629	-	-100.0%	
Total Regional Operating Revenues	77,009,851	78,590,793	2.1%	
TOTAL OPERATING REVENUES	\$ 167,922,671	\$ 172,412,505	2.7%	

(1) Significant Changes +/- 10%

(A) Retail Divisions purchasing an additional 10% of state water due to loss of production from wells affected with PFAS
(B) Revenues and expenses are decreased for settlement projects and O&M. Treatment costs are reimbursable through the settlement agreement.

(C) Prop 84 R1 Implementation \$2,284,436
Prop 84 R2 Implementation \$ 27,000
2014 Drought Grant \$ 27,000
Prop 1 R2 SGWP Grant \$ 596,000
GSP Grant will offset expenses from the Water Resources budget

SCV WATER - OPERATING EXPENSE BUDGET - SUMMARY
FY 2020/21 Adopted Budget and FY 2020/21 Revised Budget

OPERATING EXPENSE SUMMARY	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	% Change	(1)
Retail				
Source of Supply	\$ 28,133,868	\$ 28,863,297	2.6%	
Pumping Expense	9,317,912	8,912,340	-4.4%	
Water Treatment	2,673,984	2,929,035	9.5%	
Transmission & Distribution	7,128,132	8,948,109	25.5%	(A)
Customer Accounts	3,372,024	2,720,547	-19.3%	(A)
Engineering	1,471,689	1,573,212	6.9%	
General & Administrative	9,793,604	8,403,346	-14.2%	(A)
Capital Improvement Projects	9,518,526	20,406,521	114.4%	(B)
Debt Service	11,671,908	11,065,305	-5.2%	
Transfer to Reserves	7,831,173	-	-100.0%	
Total Retail Operating Expenses	90,912,819	93,821,712	3.2%	
Regional				
Management	2,504,686	3,254,533	29.9%	(C)
Administration	5,773,498	6,934,953	20.1%	(D)
Engineering	1,642,932	2,080,019	26.6%	(E)
Maintenance	3,525,106	3,773,238	7.0%	
Water Quality & Regulatory Affairs	1,092,194	1,210,792	10.9%	(D)
Water Resources	10,831,336	14,869,996	37.3%	(F)
Water Treatment Operations	5,461,407	5,614,806	2.8%	
Capital Improvement Projects	21,176,902	23,077,985	9.0%	
Debt Service	25,001,790	16,545,113	-33.8%	(G)
Transfer to Reserves	-	1,229,358	0.0%	
Total Regional Operating Expenses	77,009,851	78,590,792	2.1%	
TOTAL OPERATING EXPENSES	\$ 167,922,670	\$ 172,412,505	2.7%	

(1) Significant Changes +/- 10%

(A) Fluctuations due to expenses, labor and benefits being allocated to/from other departments. Field Services moved from Customer Service to Transmission & Distribution. General and Administrative labor and benefits distributed to other departments. Increases to allocated costs, specifically Technology Services.

(B) Increase in Pay-go Capital

(C) Reallocation of labor and benefits. Director benefits added to Director Compensation and Expenses. Increases to allocated costs, specifically Technology Services.

(D) Reallocation of labor and benefits. Increases to allocated costs, specifically Technology Services.

(E) Reallocation of labor and benefits and Increase to professional services contracts. Increases to allocated costs, specifically Technology Services.

(F) Reallocation of labor and benefits and increase to professional services contracts. Increases in allocated costs, specifically Technology Services. Increase of \$3 million for Firming Program to acquire water from banking programs in dry years.

(G) Prepaid 2008A and 2014A debt service payment in FY 2019/20.

SCV WATER - CAPITAL IMPROVEMENT BUDGET - SECTION SUMMARY
FY 2020/21 Adopted Budget and FY 2020/21 Revised Budget

SUMMARY

CATEGORY	Adopted Budget FY 2019/20	Projected 06/30/20	Adopted Budget FY 2020/21	Revised Budget FY 2020/21
Regional				
Major Capital Projects	\$ 26,919,000	\$ 9,342,000	\$ 27,034,000	\$ 50,191,753
Minor Capital Projects	1,125,000	95,000	840,000	1,060,000
Capital Planning, Studies and Administration	10,152,938	8,581,775	9,610,298	10,084,178
New Capital Equipment	2,180,481	1,088,000	2,973,154	3,857,654
Major Repair and Replacement	1,755,000	220,000	988,450	1,918,450
Total Regional CIP	42,132,419	19,326,775	41,445,902	67,112,035
Retail				
Major Capital Projects	7,958,000	888,000	5,310,000	33,226,000
Minor Capital Projects	9,375,739	4,537,500	10,296,026	12,441,021
Total Retail CIP	17,333,739	5,425,500	15,606,026	45,667,021
Total CIP	\$ 59,466,158	\$ 24,752,275	\$ 57,051,928	\$ 112,779,056

SCV WATER - CAPITAL IMPROVEMENT BUDGET - SECTION SUMMARY
FY 2020/21 Adopted Budget and FY 2020/21 Revised Budget

SOURCES OF FUNDING

Regional	Adopted Budget FY 2021	Capital Project Fund	One Percent Property Tax	
Major Capital Projects	\$ 27,034,000	\$ 20,269,000	\$ 6,765,000	
Minor Capital Projects	840,000	-	840,000	
Capital Planning, Studies and Administration	9,610,298	-	9,610,298	
New Capital Equipment	2,973,154	-	2,973,154	
Major Repair and Replacement	988,450	-	988,450	
Total Regional CIP	41,445,902	20,269,000	21,176,902	
Retail	Adopted Budget FY 2021	Water Rates	Reserves	Connection Fees
Major Capital Projects	5,310,000	-	3,722,500	1,587,500
Minor Capital Projects	10,296,026	9,518,526	777,500	-
Total Retail CIP	15,606,026	9,518,526	4,500,000	1,587,500
Total CIP Sources of Funding	\$ 57,051,928	\$ 29,787,526	\$ 25,676,902	\$ 1,587,500

Regional	Revised Budget FY 2021	Capital Project Fund	One Percent Property Tax	Reimbursements	
Major Capital Projects	\$ 50,191,753	\$ 37,751,550	\$ 6,157,703	\$ 6,282,500	
Minor Capital Projects	\$ 1,060,000	-	1,060,000	-	
Capital Planning, Studies and Administration	\$ 10,084,178	-	10,084,178	-	
New Capital Equipment	\$ 3,857,654	-	3,857,654	-	
Major Repair and Replacement	\$ 1,918,450	-	1,918,450	-	
Total Regional CIP	67,112,035	37,751,550	23,077,985	6,282,500	
Retail	Revised Budget FY 2021	Capital Project Fund	Water Rates	Reserves	Expansion Fund
Major Capital Projects	33,226,000	17,348,000	7,965,500	4,500,000	3,412,500
Minor Capital Projects	12,441,021	-	12,441,021	-	-
Total Retail CIP	45,667,021	17,348,000	20,406,521	4,500,000	3,412,500
Total CIP Sources of Funding	\$ 112,779,056	\$ 55,099,550	\$ 43,484,506	\$ 10,782,500	\$ 3,412,500

Retail CIP - Capping Debt Funding at \$10m

Retail	Revised Budget FY 2021	Capital Project Fund	Water Rates	Reserves	Expansion Fund
Major Capital Projects	33,226,000	10,000,000	7,965,500	11,848,000	3,412,500
Minor Capital Projects	12,441,021	-	12,441,021	-	-
Total Retail CIP	45,667,021	10,000,000	20,406,521	11,848,000	3,412,500
Total CIP Sources of Funding	\$ 45,667,021	\$ 10,000,000	\$ 20,406,521	\$ 11,848,000	\$ 3,412,500

SCV WATER
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted*	Total
Cash Reserve Balance As of June 30, 2020	166,500,165	12,892,531	179,392,696
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	28,449,301	-	28,449,301
Emergency/Disaster Reserve	34,242,313	-	34,242,313
Capital Reserve	26,465,005	-	26,465,005
Operating Reserve	38,376,983	5,349,556	43,726,539
Revenue Rate Stabilization Reserve	10,543,429	-	10,543,429
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	7,542,975	7,542,975
Total	141,077,031	12,892,531	153,969,562
Beginning Balance - FY 2020/21	141,077,031	12,892,531	153,969,562
Plus			
Capital Improvement & Replacement Reserve	13,979,724	-	13,979,724
Emergency/Disaster Reserve	1,927,993	-	1,927,993
Capital Reserve	(1,267,356)	-	(1,267,356)
Operating Reserve	(860,767)	-	(860,767)
Revenue Rate Stabilization Reserve	2,130,026	-	2,130,026
Water Supply Reliability Reserve	-	-	-
Grants and Investments	-	180,000	180,000
Bond Proceeds	-	55,000,000	55,000,000
Less			
Transfer to General Fund	(4,575,003)	(5,349,556)	(9,924,559)
Capital Expenditures	(4,500,000)	(55,099,550)	(59,599,550)
Ending Balance - FY 2020/21	147,911,648	7,623,425	155,535,073
Projected Cash Reserve Balance @ June 30, 2021	147,911,648	7,623,425	155,535,073
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	33,354,022	-	33,354,022
Emergency/Disaster Reserve	36,170,306	-	36,170,306
Capital Reserve	25,197,649	-	25,197,649
Operating Reserve	37,516,216	-	37,516,216
Revenue Rate Stabilization Reserve	12,673,455	-	12,673,455
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	7,623,425	7,623,425
Total	147,911,648	7,623,425	155,535,073

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	33,354,022	43,484,506	77%
Emergency/Disaster Reserve	36,170,306	38,770,799	93%
Capital Reserve	25,197,649	31,427,800	80%
Operating Reserve	37,516,216	46,572,741	81%
Revenue Rate Stabilization Reserve	12,673,455	12,673,455	100%
Water Supply Reliability Reserve	3,000,000	3,000,000	100%
	147,911,648	175,929,301	84%
Days Cash Ratio	582	692	

*Restricted - Includes restricted debt service reserve and bond proceeds for Capital Improvement Projects

**SCV WATER - FINANCIAL SUMMARY
FY 2020/21 REVISED BUDGET - REGIONAL**

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2020	\$ 109,785,237	\$ 7,542,975	\$ 72,746,486	\$ 5,349,556	\$ 195,424,254
RESERVES:					
Capital Improvement & Replacement	\$ (23,077,985)	\$ -	\$ -	\$ -	\$ (23,077,985)
Emergency/Disaster	(33,720,745)	-	-	-	(33,720,745)
Capital	(18,441,859)	-	-	-	(18,441,859)
Operating	(25,725,299)	-	-	-	(25,725,299)
Revenue Rate Stabilization	(3,987,856)	-	-	-	(3,987,856)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (107,953,744)	\$ -	\$ -	\$ (5,349,556)	\$ (113,303,300)
Net Available	\$ 1,831,493	\$ 7,542,975	\$ 72,746,486	\$ -	\$ 82,120,954
REVENUES:					
Water Sales - Fixed Charges	\$ 15,996,377	\$ -	\$ -	\$ -	15,996,377
Water Sales - Variable	9,667,954	-	-	-	9,667,954
Recycled Water Sales	264,678	-	-	-	264,678
Saugus 1 and 2 Water Sales	697,000	-	-	-	697,000
One-time Water Sales	-	-	-	-	-
Laboratory Revenues	120,000	-	-	-	120,000
Communications Revenues	209,278	-	-	-	209,278
Facility Capacity Fees	9,000,000	-	-	-	9,000,000
One Percent Property Tax	26,724,000	-	-	-	26,724,000
Agency Set Property Tax	-	-	33,942,000	-	33,942,000
Settlement Agreement	6,282,500	-	-	-	6,282,500
Grants and Reimbursements	2,934,436	-	1,500,000	-	4,434,436
Investment Revenues	1,000,000	180,000	740,000	152,000	2,072,000
VWD Acquisition and Loan	5,694,570	-	-	-	5,694,570
Bond Proceeds	-	37,652,000	-	-	37,652,000
Miscellaneous	-	-	-	-	-
Subtotal	\$ 78,590,793	\$ 37,832,000	\$ 36,182,000	\$ 152,000	\$ 152,756,793
EXPENDITURES:					
Operating	\$ (37,738,337)	\$ -	\$ -	\$ -	(37,738,337)
Capital Improvement Program	(23,077,985)	(37,751,550)	-	-	(60,829,535)
Department of Water Resources	-	-	(34,075,000)	-	(34,075,000)
Debt Service Principal & Interest	(16,545,113)	-	-	(152,000)	(16,697,113)
Subtotal	\$ (77,361,434)	\$ (37,751,550)	\$ (34,075,000)	\$ (152,000)	\$ (149,339,984)
Available Fund Balance 6/30/2021 (Estimated)	\$ 3,060,852	\$ 7,623,425	\$ 74,853,486	\$ -	\$ 85,537,763

*Major Capital Projects - Bond Proceeds

**SCV WATER - FINANCIAL SUMMARY
FY 2020/21 REVISED BUDGET - RETAIL**

Description	NWD General Fund/ Operating	SCWD General Fund/ Operating	VWD General Fund/ Operating	TOTAL
Fund Balance 7/1/2020 (Estimated)	\$ 8,555,990	\$ 36,981,738	\$ 11,177,200	\$ 56,714,928
RESERVES:				
Capital Improvement & Replacement	\$ (1,767,594)	\$ (6,324,082)	\$ (2,184,361)	\$ (10,276,037)
Emergency/Disaster	(343,304)	(1,829,096)	(277,161)	\$ (2,449,561)
Capital	(824,580)	(5,268,314)	(662,896)	(6,755,790)
Operating	(652,958)	(9,885,432)	(1,252,527)	(11,790,917)
Revenue Rate Stabilization	(1,281,584)	(3,918,080)	(3,485,935)	(8,685,599)
Water Supply Reliability	-	-	-	-
Subtotal	\$ (4,870,020)	\$ (27,225,004)	\$ (7,862,880)	\$ (39,957,904)
Net Available	\$ 3,685,970	\$ 9,756,734	\$ 3,314,320	\$ 16,757,024
REVENUES:				
Water Sales - Fixed Charges	\$ 2,762,035	\$ 15,729,401	\$ 13,795,203	32,286,639
Water Sales - Variable	9,901,350	22,601,399	20,679,729	53,182,478
Misc Water Sales - Fees	152,455	850,000	384,420	1,386,875
Recycled Water Sales	-	-	-	-
Saugus 1 and 2 Water Sales	-	-	-	-
One-time Water Sales	-	-	-	-
Laboratory Revenues	-	-	-	-
Communication/ Rental Revenues	120,588	379,100	-	499,688
Facility Capacity Fees / Connection Fees	-	2,970,000	-	2,970,000
One Percent Property Tax	572,070	-	-	572,070
Agency Set Property Tax	-	-	-	-
Settlement Agreement	-	-	-	-
Grants and Reimbursements	-	-	-	-
Investment Revenues	183,244	370,000	100,000	653,244
VWD Acquisition and Loan	-	-	-	-
Bond Proceeds	2,602,200	7,112,680	7,633,120	17,348,000
Miscellaneous	100,539	74,300	-	174,839
Subtotal	\$ 16,394,481	\$ 50,086,880	\$ 42,592,472	\$ 109,073,833
EXPENDITURES:				
Operating	\$ (11,538,051)	\$ (28,800,259)	\$ (22,011,576)	(62,349,886)
Capital Improvement Program - Pay Go	(4,866,357)	(6,324,082)	(9,216,082)	(20,406,521)
Capital Improvement Program - Debt	(2,602,200)	(7,112,680)	(7,633,120)	(17,348,000)
Department of Water Resources	-	-	-	-
Debt Service Principal & Interest	-	(5,370,735)	(5,694,570)	(11,065,305)
Subtotal	\$ (19,006,608)	\$ (47,607,756)	\$ (44,555,348)	\$ (111,169,712)
Available Fund Balance 6/30/2021 (Estimated)	\$ 1,073,843	\$ 12,235,858	\$ 1,351,444	\$ 14,661,145

ATTACHMENT 2

RESOLUTION NO. SCV ____

RESOLUTION OF THE SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS REVISING THE BUDGET FOR FISCAL YEAR 2020/21

WHEREAS, the Santa Clarita Valley Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

WHEREAS, the Board of Directors approved the FY 2019/20 and FY 2020/21 Biennial Budget on May 21, 2019, but updated and current information calls for the FY 2020/21 Budget to be revised; and

WHEREAS, the Board of Directors has reviewed the Fiscal Year (FY) 2020/21 Budget, including sections on the Operating Budget and Capital Expenditures; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency hereby:

1. Adopts the revised FY 2020/21 Budget (Attachment 1).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for FY 2020/21 as shown in the Financial Summary (Attachment 1).
3. Authorizes the General Manager to adjust the appropriations within each fund, provided however, the total appropriations for the entire fund do not exceed the amounts approved in this budget resolution (or amending resolution).