



BOARD MEMORANDUM

DATE: May 19, 2020
TO: Board of Directors
FROM: Rochelle Patterson
Director of Finance and Administration
SUBJECT: Approve a Resolution Revising the FY 2020/21 Budget

SUMMARY AND DISCUSSION

Management is pleased to present the revised Operating FY 2020/21 Budget (budget) for SCV Water. Staff is continuing to move towards the goal of a completely integrated budget by combining operating revenues and expenses Agency-wide.

In February 2019, the multi-year budget format or biennial budget process was approved by the Board. At that time, the budget process itself was discussed and explained that the biennial budget process would closely mimic the process followed in previous years. The first year of the biennial budget (FY 2019/20) would be the formally adopted spending plan for that year, and the second year's (FY 2020/21) appropriations would be tentatively approved to be used as the spending plan for year two. At the end of FY 2019/20, the Agency would go through an abbreviated review process for any critical changes to the FY 2020/21 spending plan and prepare a revised budget for FY 2021/22. The Agency would then send the revised budget through the Committee and Board for formal approval of the FY 2020/21 spending plan.

SCV Water is continuing its efforts to become a "best-in-class" water agency. Staff is committed to the highest performance to equal or exceed current industry standards and has already achieved a significant amount of savings. Although SCV Water has identified savings, it has also identified new initiatives and processes in order to meet our goal of becoming a best-in-class water services provider.

The details that follow represent an abbreviated look at the changes from the previously approved spending plan for FY 2020/21 as compared to the updated FY 2020/21 revised spending plan.

FY 2020/21 Revised Budget

The FY2020/21 preliminary budget has been revised to reflect planned activities to meet SCV Water's mission statement and remains aligned with the strategic plan, while also addressing new regulations and water quality mandates. This draft budget document combines the financial presentations for all divisions of SCV Water and represents the spending plan for the fiscal year beginning July 1, 2020, and the revenues and resources available to fund the plan.

Organizational staffing and strategic planning information is presented by the functional areas of SCV Water (Management; Water Resources, Watersheds and Outreach; Operations and

Maintenance; Engineering Services; and Finance & Administration). Financial information is provided by the following four divisions, in keeping with the enterprise accounting required by SB 634: Regional Division, Newhall Water Division, Santa Clarita Water Division, and Valencia Water Division. SB 634 (section 4(l)), also allows the Agency to treat the retail divisions as a single unit for purposes of operations and expenses to the extent that it is economically beneficial for the operations of the Agency as a whole, but as long as any preexisting indebtedness of a retail division remains outstanding, that indebtedness shall continue to be allocated to that retail division and paid from that retail division's rates and charges.

State Mandates, Key Initiatives and Activities

Specific projects or programs are being undertaken either due to state mandates or to achieve strategic objectives. SCV Water will comply with new state water mandates and pursue a number of initiatives over the next few years to achieve its strategic goals.

- State Mandate – Sustainable Groundwater Management Act (SGMA) – It is required by law to develop a Groundwater Sustainability Plan. SCV Water complied and has included \$1.3 million in the revised FY 2020/21 budget, an increase of approximately \$300,000 from the FY 2020/21 adopted budget.
- Watershed Permitting and Planning - Staff is continuing the preparation of a program and budget, which would support playing a greater role in the stewardship of the Santa Clara River and its Watershed (River System) with a holistic or programmatic approach to the management of the River System. The revised budget includes \$450,000 of funding in FY 2020/21.
- Technology Services – SCV Water is continuing to integrate four entities into one and the goal is to upgrade and standardize our technology throughout. Hardware and software improvements need to be made to keep pace with the rapid adoption of internet connectivity, security and communication. The revised FY 2020/21 expense budget is approximately \$2.8 million and capital budget is approximately \$7.9 million, an increase of approximately \$800,000 and \$2.2 million, respectively, from the FY 2020/21 adopted budget.
- Planning and Studies – Salt and Nutrient Management Plan, Recycled Water Master Plan (Preliminary Environmental Impact Report) and the 2020 Urban Water Management Plan – The revised FY 2020/21 budget for these plans is approximately \$1.1 million, an increase of \$375,000 from the FY 2020/21 adopted budget.

Operating Budget

For more than two years, SCV Water has focused on integrating the merged organizations. The Agency is committed to synchronizing business processes and functions, as well as cultures and objectives. The Operating Budget consists of revenues from water sales, one-percent property taxes, one-time water sales, grants and reimbursements and other miscellaneous revenue sources. These revenue sources are used to fund operating expenses that include expenses, debt service and pay-go capital.

Water Sales Revenues

The revised FY 2020/21 budget water sales revenues are projected at \$113.5 million, which is a 1.97% increase over the FY 2020/21 adopted budget. One-time water sales are not included in the FY 2020/21 revised budget due to less than average rainfall, so the Agency is expecting to utilize its banking programs. SCV Water is expecting to see approximately a 1% growth in connections FY 2020/21, with a total number of retail connections at year-end of 73,767.

Other Revenues

Other revenues consist of property taxes, communication/rental income, connection/facility capacity fees, grants and reimbursements, and investment revenues. The FY 2020/21 revised budget projects approximately \$56.8 million, which is an increase of \$2.3 million from the FY 2020/21 adopted budget. The primary reason for the increase is the reimbursements expected from the perchlorate settlement, as the Saugus 3 & 4 replacement wells are constructed.

Property tax revenues for FY 2020/21 revised budget is projected to decrease by 4.49%. An analysis was developed to project FY 2020/21 revenues by using the data from the last 11 years. The historical data (2008-2019) was calculated using the mean which gave a growth rate of 2.34% and included the low years of the recession and drought to estimate the property tax revenue. The FY 2020/21 adopted budget used a growth rate of 4.9%.

Operating Revenue	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	Difference	1%
Water Sales	\$ 111,291,773	\$ 113,482,001	\$ 2,190,228	1.97%
Property Tax	28,579,070	27,296,070	(1,283,000)	-4.49%
FCF/Connection Fees	11,970,000	11,970,000	-	0.00%
Misc Revenues	2,657,049	2,657,049	-	0.00%
Grants & Reimbursements	11,320,149	14,911,506	3,591,357	31.73%
From Reserves	2,104,629	2,095,879	(8,750)	-0.42%
	\$ 167,922,670	\$ 172,412,505	\$ 4,489,835	2.67%

Operating Expenses

Operating expenses include expenses from all divisions, debt service payments and pay-go capital. The FY 2020/21 revised operating expenses are projected to be approximately \$172.4 million which is an increase of \$4.5 million from the FY 2020/21 adopted budget plan.

Operating Expenses	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	Difference	%
Operating Expenses	\$ 92,722,371	\$ 100,088,223	\$ 7,365,852	7.94%
Debt Service	36,673,698	27,610,418	(9,063,280)	-24.71%
Capital Projects (Pay-go)	30,695,428	43,484,506	12,789,078	41.66%
To Reserves/Pay-go	7,831,173	1,229,358	(6,601,815)	-84.30%
	\$ 167,922,670	\$ 172,412,505	\$ 4,489,835	2.67%

Expenses from all divisions increased by 7.94% in the FY 2020/21 revised budget over the FY 2020/21 adopted budget.

Operating Expenses	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	Difference	%
Source of Supply	\$ 28,133,868	\$ 28,863,297	\$ 729,429	2.59%
Pumping Expense	9,317,912	8,912,340	(405,572)	-4.35%
Water Quality & Treatment	9,227,585	9,754,634	527,049	5.71%
Transmission & Distribution	10,653,237	12,721,347	2,068,110	19.41%
Customer Accounts	3,372,024	2,720,547	(651,477)	-19.32%
Engineering	3,114,621	3,653,231	538,610	17.29%
General & Administrative	18,071,788	18,592,832	521,044	2.88%
Water Resources	10,831,336	14,869,996	4,038,660	37.29%
	\$ 92,722,371	\$ 100,088,223	\$ 7,365,852	7.94%

Significant expense increases >10% are attributable to:

- Transmission & Distribution – The FY 2020/21 revised budget includes an increase to repair mainline breaks. This department also saw fluctuations due to allocated costs and labor and benefits being allocated to/from Customer Accounts to Transmission & Distribution.
- Engineering - Reallocation of labor and benefits, allocated costs and an increase to professional services contracts for VOC litigation, perchlorate support services and water quality monitoring.
- Water Resources – Due to the dry year, the Agency will be drawing from its water banking programs in the amount of \$3 million. There were also increases to the Groundwater Sustainability Agency as well as an increase in allocated costs and professional service contracts for federal grant applications.

Debt Service

The FY 2020/21 revised budget debt service decreased by \$9 million from the FY 2020/21 adopted budget. The reason for the decrease is due to the prepayment (last payment) of the August 1, 2020 debt payment for the 2008A and the 2014A bond issues. This prepayment was planned as part of the financing plan.

Capital Projects – Pay-go

Pay-go capital projects increased by 41% or \$12.8 million in the FY 2020/21 revised budget as compared to the FY 2020/21 adopted budget. There were several projects that were deferred from the FY 2020/21 adopted budget due to timing differences and delays due to the COVID-19 pandemic. Listed below are some of the larger projects that were either deferred from the FY 2020/21 adopted budget or the budget has changed.

	Adopted Budget FY 2019/20	Projected FY 2019/20	Adopted Budget FY 2020/21	Revised Budget FY 2020/21
ERP Software	\$ 1,774,521	\$ 630,000	\$ 3,898,679	\$ 4,681,175
Pipeline Replacements	3,085,000	50,000	995,000	1,955,000
Repair & Replacements	1,335,000	-	633,450	1,193,450
Tank Improvements	3,525,000	30,000	3,100,000	3,500,000
Well Replacements & Impr	1,855,000	265,000	7,025,000	9,070,000
	\$ 11,574,521	\$ 975,000	\$ 15,562,129	\$ 20,399,625

ERP Software – The new ERP Software (Financial Management Information System) was originally expected to start mid-year FY 2019/20. Due to long contract negotiations and delays due to the COVID-19 pandemic, this project is expected to start the beginning of June 2020. The projected go-live date is April 2021. A majority of the project expenses will be expended in FY 2020/21.

Pipeline Replacements – Planned pipeline projects, such as the Valencia Marketplace, SC-2 Conversion to Gravity and the LARC pipeline were expected to be completed in FY 2019/20, but due to timing and project delays, these projects have been added to the FY 2020/21 revised budget. The West Ranch and Vista Canyon recycled water project were delayed and included in the FY 2020/21 revised budget.

Repair & Replacements – Projects began in FY 2019/20 but are not expected to be completed until FY 2020/21, such as the Rio Vista chlorine scrubber replacement and miscellaneous plant improvements.

Tank Improvements – The two Deane Tanks (\$2.3 million) were expected to be completed in FY 2019/20, but due to timing delays, the project has been added to the FY 2020/21 revised budget.

Well Replacements & Improvements – The Saugus 3 and 4 Replacements Wells were expected to start construction in FY 2019/20, due to project delays, the entire project is expected to be completed in FY 2020/21.

Reserves

Although the Agency is projected to utilize some reserves to complete its pay-go capital plan, overall reserves are expected to increase by \$6.8 million. Based on the revised FY 2020/21 budget and the current reserve policy, Agency reserve targets for the FY 2020/21 revised budget is \$175,929,301 and is 84% funded.

Reserves	Adopted Budget FY 2019/20	Revised Budget FY 2020/21	% Funded FY 2020/21	Difference	%
Capital Improv & Replacemt	\$ 28,449,301	\$ 33,354,022	77%	\$ 4,904,721	17.24%
Emergency/Disaster	34,242,313	36,170,306	93%	1,927,993	5.63%
Capital	26,465,005	25,197,649	80%	(1,267,356)	-4.79%
Operating	38,376,983	37,516,216	81%	(860,767)	-2.24%
Revenue Rate Stabilization	10,543,429	12,673,455	100%	2,130,026	20.20%
Water Supply Reliability	3,000,000	3,000,000	100%	-	0.00%
	\$ 141,077,031	\$147,911,648	84%	\$ 6,834,617	4.84%

FINANCIAL CONSIDERATIONS

The draft budget is consistent with current rate studies, rate structures and financial forecasts.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve the attached resolution revising the FY 2020/21 Budget.

RP

Attachments

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

	Adopted Budget FY 2020/21	Revised Budget FY 2020/21	% Change	
OPERATING REVENUE SUMMARY				
Retail				
1	Service Charge	\$ 31,330,310	\$ 32,286,639	3.1%
2	Water Usage Charge	53,325,793	53,182,478	-0.3%
3	Misc Fees	1,386,875	1,386,875	0.0%
4	Property Taxes	572,070	572,070	0.0%
5	Communication/Rental Income	499,688	499,688	0.0%
6	Interest Earnings	653,244	653,244	0.0%
7	Miscellaneous Revenues	174,839	174,839	0.0%
8	Connection Fees	2,970,000	2,970,000	0.0%
9	Transfer from Reserves	-	2,095,879	100.0%
10	Total Retail Operating Revenues	90,912,819	93,821,712	3.2%
Regional				
12	Water Sales - Fixed Charges	15,949,096	15,996,377	0.3%
13	Water Sales - Purveyors - Variable	8,293,700	9,667,954	16.6%
14	Water Sales - Recycled	264,678	264,678	0.0%
15	Water Sales - Saugus 1 and 2 Wells	741,321	697,000	-6.0%
16	One-time Water Sales	-	-	0.0%
17	One Percent Property Tax	28,007,000	26,724,000	-4.6%
18	Facility Capacity Fees	9,000,000	9,000,000	0.0%
19	Laboratory Revenues	120,000	120,000	0.0%
20	Communications Revenues	209,278	209,278	0.0%
21	Reimbursement-Settlement	1,377,579	6,282,500	356.1%
22	Grants and Reimbursements	4,248,000	2,934,436	-30.9%
23	Investment Revenues	1,000,000	1,000,000	0.0%
24	VWD Acquisitions & Loan	5,694,570	5,694,570	0.0%
25	Transfer from Reserves	2,104,629	-	-100.0%
26	Total Regional Operating Revenues	77,009,851	78,590,793	2.1%
OPERATING EXPENSE SUMMARY				
Retail				
29	Source of Supply	28,133,868	28,863,297	2.6%
30	Pumping Expense	9,317,912	8,912,340	-4.4%
31	Water Treatment	2,673,984	2,929,035	9.5%
32	Transmission & Distribution	7,128,132	8,948,109	25.5%
33	Customer Accounts	3,372,024	2,720,547	-19.3%
34	Engineering	1,471,689	1,573,212	6.9%
35	General & Administrative	9,793,604	8,403,346	-14.2%
36	Capital Improvement Projects	9,518,526	20,406,521	114.4%
37	Debt Service	11,671,908	11,065,305	-5.2%
38	Transfer to Reserves	7,831,173	-	-100.0%
39	Total Retail Operating Expenses	90,912,819	93,821,712	3.2%
Regional				
41	Management	2,504,686	3,254,533	29.9%
42	Administration	5,773,498	6,934,953	20.1%
43	Engineering	1,642,932	2,080,019	26.6%
44	Maintenance	3,525,106	3,773,238	7.0%
45	Water Quality & Regulatory Affairs	1,092,194	1,210,792	10.9%
46	Water Resources	10,831,336	14,869,996	37.3%
47	Water Treatment Operations	5,461,407	5,614,806	2.8%
48	Capital Improvement Projects	21,176,902	23,077,985	9.0%
49	Debt Service	25,001,790	16,545,113	-33.8%
50	Available for Pay Go	-	1,229,358	100.0%
51	Total Regional Operating Expenses	77,009,851	78,590,792	2.1%
52	TOTAL OPERATING EXPENSES	\$ 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