

Solano County Water Agency
Fiscal Year 2014-2015
Proposed Budget

Solano County Water Agency
FY 2014/15 Proposed Budget
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General Manager's Budget Message

Proposed FY 2014/15 Budget June 2014

A budget is a financial plan that includes estimates of expenditures and revenues for a single fiscal year, beginning July 1, and ending June 30. This Proposed Budget is a document which serves as a guide to the management of the Agency. It is a policy decision made by the Board of Directors. The budgeting process provides procedures for evaluating the Agency's needs and identifying revenue sources to meet those needs.

The Board of Directors designates a Budget Committee. The Budget Committee reviews and discusses the budget document and makes a recommendation to the Board of Directors to adopt the budget or provides recommendations to the budget. The Proposed Budget for FY 14/15 is prepared for each fund of the Agency in accordance with the modified accrual method of accounting. The Proposed 14/15 Budget is in a new format, recommended by the Executive Committee in December of 2013. This format was also used for the FY 13/14 Year End Projection.

Budget Overview

The Agency's financial position remains strong. A healthy reserve has been maintained in anticipation for future infrastructure needs. The reserve funds are summarized in Schedule 6.

State grant programs are a very large part of the Agency's budget. Due to a variety of reasons, beyond the control of the Agency, the timing of grant funded projects is not certain. Estimating grant expenses and revenues for budgeting purposes has been difficult and often results in major discrepancies between actual and budgeted amounts. Since grant expenses and revenues make up a large part of the total Agency budget (see Figures 1 and 2 in this report), these grants can skew the overall financial picture of the Agency.

The Agency built up considerable reserves during years when property tax revenues were increasing. Starting in FY 08/09 property taxes began declining until FY 11/12 when they stabilized (see Figure 5). Generally, the property tax remained stabilized in FY 12/13 although the revenues

reflect two onetime payments, the repayment of an 8% State borrowing from FY 09/10 and payments associated with the dissolution of Redevelopment Agencies. FY13/14 has shown an increase in property tax revenues signaling the economic improvements the County has been experiencing over the last months and we are projecting further increases in the FY 14/15 Proposed Budget.

FY 13/14 Year End Projection was accepted by the Board in May 2014. The Year End budget projected an overall reduction in the deficit of (\$3,362,417) when compared to the FY 13/14 Approved Budget from (\$6,122,316) to (\$2,759,899) primarily due to timing delays in implementing some large projects. Also, generally, actual expenditures come in below budgeted amounts due to various delays in project implementation and limitations in Agency staff resources to implement projects.

A budget goal has been to have Agency operating costs paid out of current year revenues (mainly property taxes), not out of reserves. We define "operating costs" as those costs that are not "capital-type" expenses. We use the words "capital-type" rather than "capital" because major "capital-type" projects such as the North Bay Aqueduct Alternate Intake Project and work on the Solano Project are not true capital projects, from an accounting standpoint, because they are on lands that the Agency does not own.

In FY's 12/13 and 13/14 the State Water Project (SWP) operating budget had to tap its reserves to balance the budget. This is because of an onetime increase in State Department of Water Resources charges for SWP water delivered through the North Bay Aqueduct in calendar year 2013 which was due to a recalculation of cost allocation factors. The FY 14/15 water purchases have decreased by (\$1,859,929) from FY 13/14 because ½ of the 2013 calendar year was included in FY 13/14 water purchases. Although the water purchase costs have decreased in FY 14/15 the SWP operating expenditures are still slightly larger than the operating revenues by (\$86,891). If property tax revenues do not keep pace with SWP water charges, we may need to increase charges to cities for water supply, or consider other options.

For the FY 14/15 Proposed Budget as a whole, the "operating revenues" (mostly property taxes) are \$22,597,822, and the "operating expenses" are \$22,478,727. (See Schedule 4).

In the FY 14/15 Proposed Budget, total expenditures are budgeted at \$31,277,217 and total revenues are budgeted at \$26,124,877, for a decrease to the fund balance (tapping reserves) of (\$5,152,340). In addition to the SWP charges described above, this deficit includes two SWP capital-type projects. These are grant funded projects, but have a local share (approximately 50%). The North Bay Aqueduct Alternate Intake Project has a net cost of \$769,000 and the North Bay Regional Water Quality Research Station has a net cost of \$550,000. Other capital type projects are for major Solano Project rehabilitation and betterments costing \$2.94 million (See Schedule 5).

FY 2014/15 Budget Summary

Figure 1, “Summary of Revenues” provides information on all the sources of funds included in the budget document. Tax Revenues represent 64% of all funds followed by 14% for Grant Revenues, 10% for Labor and Overhead Distribution and 10% for Water Sales. Almost all the Water Sales revenues are from State Water Project water sales. Other revenues consist of Napa Make Whole agreement payments, State Water Project water purchase adjustments and water conservation reimbursements from the cities. Investments are interest earnings on reserves.

Figure 1

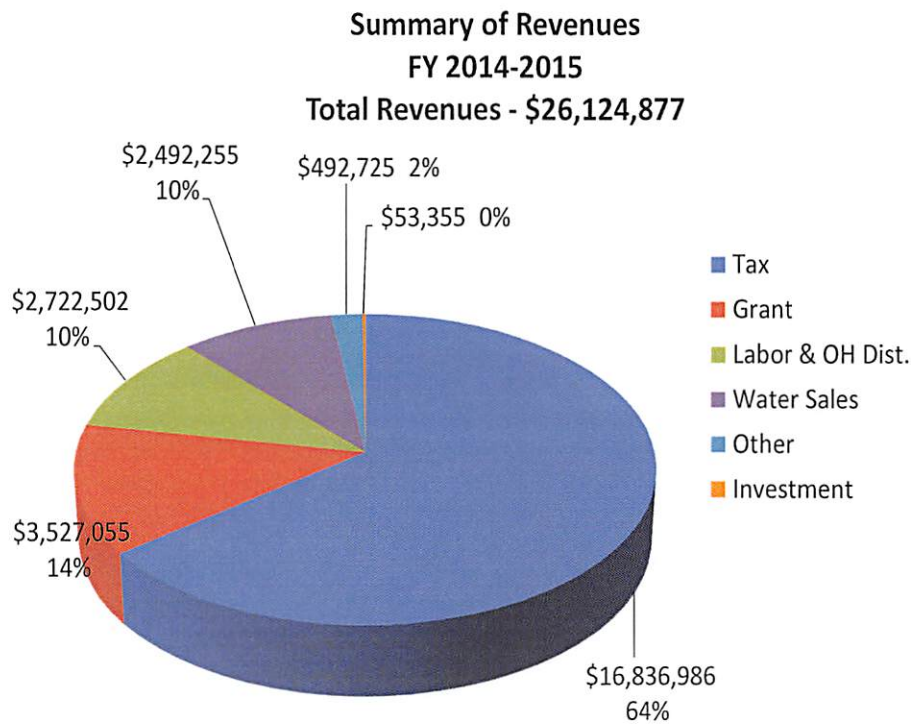
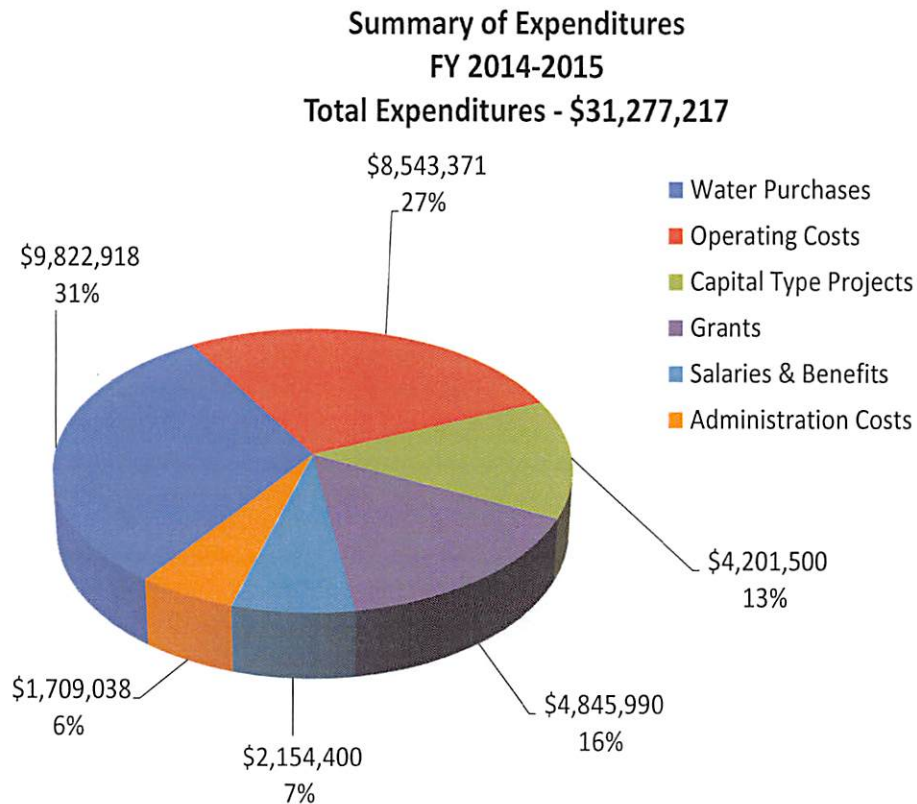


Figure 2, “Summary of Expenditures” portrays spending by categories. The largest expenditure category with 31% of all expenditures is Water Purchases – all for State Water Project water, followed by Operating Costs with 27%, Grant Expenditures 16%, Capital Type Projects with 13%. Salaries & Benefits make up 7% of the overall expenditures with Administrative Costs the remaining 6%.

Figure 2



Trends

Figure 3, “Operating Income and Expense” provides a yearly trend analysis of operating revenues and expenditures. Annual operating expenditures have been funded by annual revenues with the exception of the State Water Project fund. For FY’s 12/13, 13/14 and 14/15 the State Water Project fund has had operating expenses exceed revenues as described in the Budget Overview. Capital-type projects are not included in Figure 3.

Figure 3

Operating Income and Expense

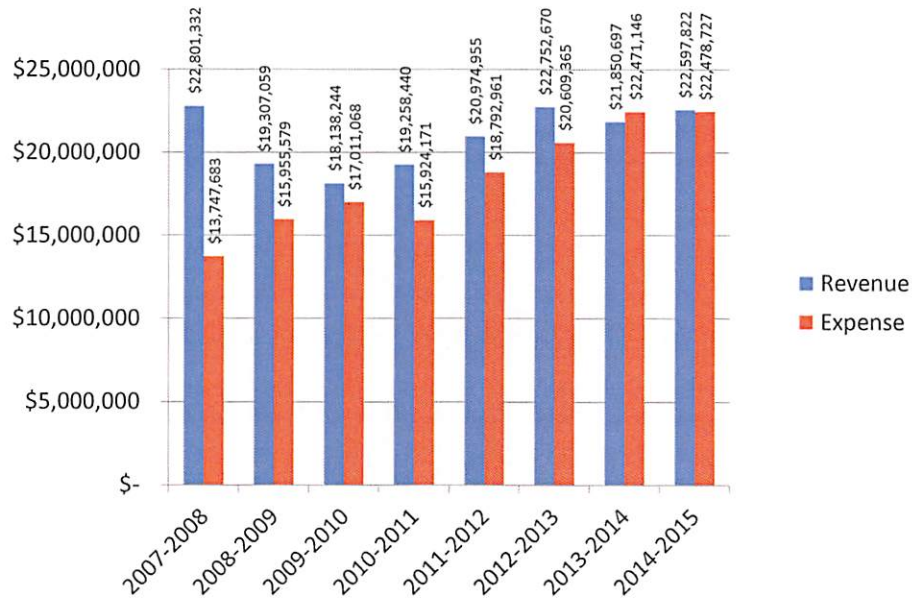


Figure 4, “Cumulative Fund Balance” provides a yearly trend analysis of the Agency’s financial reserves. When annual revenues cannot fully fund expenditures the fund balance is tapped to make up the difference. Conversely, when annual revenues exceed expenditures the excess revenues are added to the fund balance. The FY 14/15 budget contains three large capital-type projects that are funded from reserves, NBA Alternate Intake Project, NBR Research Station, and the PSC Headworks Screens.

Figure 4

Cumulative Fund Balance

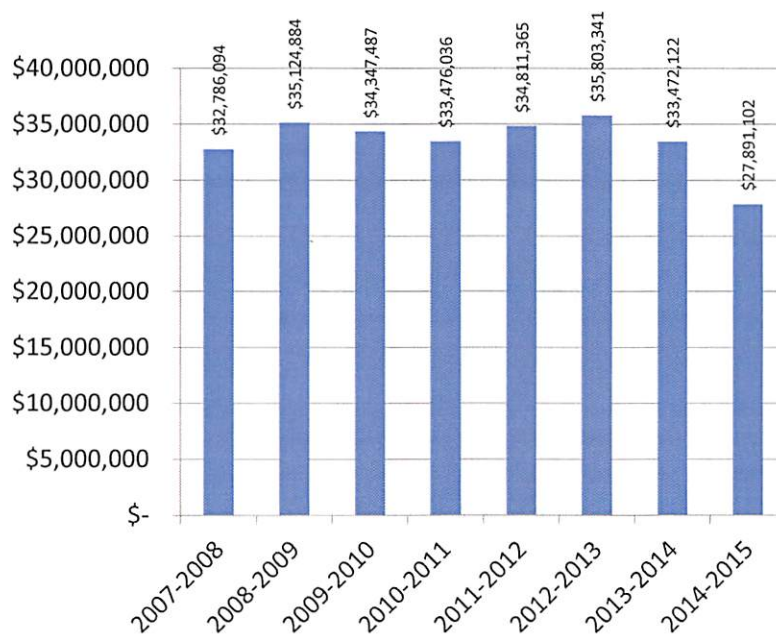
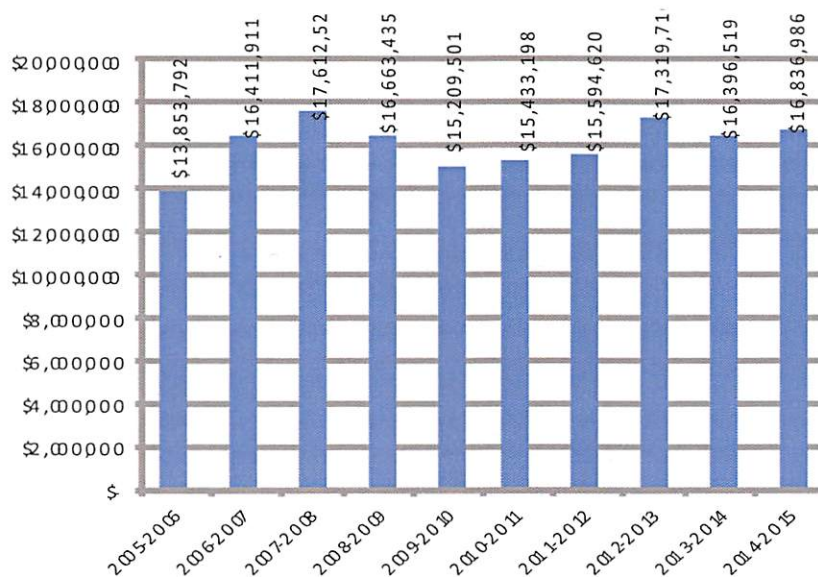


Figure 5, “Property Tax Revenues” provides a trend analysis of property tax revenues. The revenues show the decline in property tax revenue during FY 08/09 and FY 09/10 followed by several years of stabilization. The FY 12/13 tax revenues include one-time payments associated with the dissolution of redevelopment agencies and the repayment of an 8% State borrowing, which occurred in FY 09/10. Without considering FY 12/13 onetime payments, property tax revenues increased in FY 13/14 from FY 12/13 by 4%, and are expected to increase by 2% for FY 14/15.

Figure 5

Property Tax Revenue



**SOLANO COUNTY WATER AGENCY
SCHEDULE 1
ALL FUNDS SUMMARY
FY 2014/15**

FUND NAME	FUND BALANCE AVILABLE 6/13/2013 AUDITED	YE PROJECTION INCREASE/ DECREASE TO FUND BALANCE 13/14	FUND BALANCE AVAILABLE 6/13/2014 ESTIMATED	PROPOSED 14/15 REVENUES	PROPOSED 14/15 EXPENDITURES	PROPOSED INCREASE/ DECREASE TO FUND BALANCE	PROPOSED FUND BALANCE 6/30/2015
ADMIN - SOLANO PROJECT - WM	19,700,634	77,667	19,778,301	12,180,809	16,223,349	(4,042,540)	15,735,761
STATE WATER PROJECT	12,186,954	(2,964,274)	9,222,680	12,867,808	14,073,634	(1,205,826)	8,016,854
ULATIS FLOOD CONTROL	3,968,488	79,005	4,047,493	981,890	886,066	95,824	4,143,317
GREEN VALLEY FLOOD CONTROL	(52,735)	47,703	(5,032)	94,370	94,168	202	(4,830)
Total All FUNDS	35,803,341	(2,759,899)	33,043,442	26,124,877	31,277,217	(5,152,340)	27,891,102

Schedule 1 provides the reserve balances based on the FY 13/14 Year End Projection and the FY 14/15 Proposed Budget. This schedule also provides revenue and expenses by fund for the Proposed FY 14/15 Budget.

**SOLANO COUNTY WATER AGENCY
SCHEDULE 2
ALL FUNDS SUMMARY - BY FUNDS
FY 2014/15**

DETAIL BY FUND REVENUE CATEGORY AND FUND EXPENDITURE CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Admin-Solano Project-Watermaster	12,412,538	11,116,419	10,229,212	12,180,809	1,951,597	19%
State Water Project	10,926,396	11,417,691	12,452,576	12,867,808	415,232	3%
Ulati Flood Control	893,545	1,182,359	916,750	981,890	65,140	7%
Green Valley Flood Control	84,403	95,657	84,219	94,370	10,151	12%
Total Revenues	24,316,881	23,812,126	23,682,757	26,124,877	2,442,120	10%
Expenditures						
Admin-Solano Project-Watermaster	11,072,486	8,824,641	12,238,794	16,223,349	3,984,555	33%
State Water Project	11,389,571	13,458,962	16,531,502	14,073,634	(2,457,868)	-15%
Ulati Flood Control	424,580	460,902	936,504	886,066	(50,438)	-5%
Green Valley Flood Control	94,915	75,646	98,273	94,168	(4,105)	-4%
Total Expenditures	22,981,553	22,820,151	29,805,073	31,277,217	1,472,144	5%
Net						
Admin-Solano Project-Watermaster	1,340,051	2,291,778	(2,009,582)	(4,042,540)	(2,032,958)	101%
State Water Project	(463,175)	(2,041,271)	(4,078,926)	(1,205,826)	2,873,100	-70%
Ulati Flood Control	468,964	721,457	(19,754)	95,824	115,578	-585%
Green Valley Flood Control	(10,512)	20,011	(14,054)	202	14,256	-101%
Total Net	1,335,328	991,975	(6,122,316)	(5,152,340)	969,976	-16%

In addition to the revenues and expenses segregated by funds as in Schedule 1, Schedule 2 provides two years of historical data to allow for comparison and trend analysis.

**SOLANO COUNTY WATER AGENCY
SCHEDULE 3
ALL FUNDS SUMMARY - BY ACTIVITY
FY 2014/15**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Taxes	15,594,621	17,319,710	15,682,020	16,836,986	1,154,966	7%
Water Sales	1,373,642	2,373,203	2,248,076	2,492,255	244,179	11%
Grant Revenues	3,677,384	1,059,456	2,804,500	3,527,055	722,555	26%
Investment Income	96,079	120,090	81,106	53,355	(27,751)	-34%
Labor & Ovhd Distr.	2,349,193	2,265,021	2,150,050	2,722,502	572,452	27%
Other Revenue	1,225,961	674,646	717,005	492,725	(224,280)	-31%
Total Revenues	24,316,881	23,812,126	23,682,757	26,124,877	2,442,120	10%
Expenditures						
Salaries and Employee Benefits	1,590,003	1,714,063	1,871,000	2,154,400	283,400	15%
Services and Supplies	754,860	748,347	870,615	823,560	(47,055)	-5%
Operations & Maintenance	3,414,305	3,314,226	3,745,502	4,385,195	639,693	17%
LPCCC Operations	714,438	737,585	752,945	939,998	187,053	25%
Rehab & Betterment	214,650	291,811	1,370,000	2,960,000	1,590,000	116%
Water Purchases	9,280,146	11,179,540	11,682,847	9,822,918	(1,859,929)	-16%
Grant Expenditures	3,737,087	1,763,714	4,259,000	4,845,990	586,990	14%
Flood Control	78,098	105,145	679,000	705,962	26,962	4%
HCP Planning	517,147	644,218	684,978	679,516	(5,462)	-1%
Water Conservation	1,238,554	1,044,324	1,586,000	1,754,879	168,879	11%
Consultants	1,205,410	1,121,917	1,362,186	1,212,299	(149,887)	-11%
Fixed Assets	236,855	155,261	780,000	741,500	(38,500)	-5%
Contingency	-	-	161,000	251,000	90,000	56%
Total Expenditures	22,981,553	22,820,151	29,805,073	31,277,217	1,472,144	5%
Total Net	1,335,328	991,975	(6,122,316)	(5,152,340)	969,976	-16%

Schedule 3 provides revenue and expenses by activity type for all four funds combined. It includes two years of historical data for comparison and trend analysis.

Solano County Water Agency
All Fund Summary - By Operating & Non-Operating

SOLANO COUNTY WATER AGENCY
SCHEDULE 4
ALL FUNDS SUMMARY - BY OPERATING & NON-OPERATING
FY 2014/15

DETAIL BY OPERATING REVENUE AND EXPENDITURE CATEGORY AND NON-OPERATING REVENUE AND EXPENDITURES CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Operating Revenues						
Taxes	15,594,621	17,319,710	15,682,020	16,836,986	1,154,966	7%
Water Sales	2,261,205	2,373,203	2,248,076	2,492,255	244,179	11%
Investment Income	96,079	120,090	81,106	53,355	(27,751)	-34%
Labor & Ovhd Distr.	2,311,323	2,265,021	2,150,050	2,722,502	572,452	27%
Other Revenue	711,726	674,646	717,005	492,725	(224,280)	-31%
Total Operating Revenues	20,974,955	22,752,670	20,878,257	22,597,822	1,719,565	8%
Operating Expenditures						
Salaries and Employee Benefits	1,590,003	1,714,063	1,871,000	2,154,400	283,400	15%
Services and Supplies	754,860	748,347	870,615	823,560	(47,055)	-5%
Operations & Maintenance	3,414,305	3,314,226	3,745,502	4,385,195	639,693	17%
LPCCC Operations	714,438	737,585	752,945	939,998	187,053	25%
Water Purchases	9,280,146	11,179,540	11,682,847	9,822,918	(1,859,929)	-16%
Flood Control	78,098	105,145	679,000	705,962	26,962	4%
HCP Planning	517,147	644,218	684,978	679,516	(5,462)	-1%
Water Conservation	1,238,554	1,044,324	1,586,000	1,754,879	168,879	11%
Consultants	1,205,410	1,121,917	1,362,186	1,212,299	(149,887)	-11%
Total Operating Expenditures	18,792,961	20,609,365	23,235,073	22,478,727	(756,346)	-3%
Net Operating	2,181,994	2,143,305	(2,356,816)	119,095	2,475,911	-105%
Non-Operating Revenues						
Grant Revenues	3,341,927	1,059,456	2,804,500	3,527,055	722,555	26%
Total Non-Operating Revenues	3,341,927	1,059,456	2,804,500	3,527,055	722,555	26%
Non-Operating Expenditures						
Rehab & Betterment	214,650	291,811	1,370,000	2,960,000	1,590,000	116%
Grant Expenditures	3,737,087	1,763,714	4,259,000	4,845,990	586,990	14%
Fixed Assets	236,855	155,261	780,000	741,500	(38,500)	-5%
Contingency	-	-	161,000	251,000	90,000	56%
Total Non-Operating Expenditures	4,188,592	2,210,786	6,570,000	8,798,490	2,228,490	34%
Net Non-Operating	(846,666)	(1,151,330)	(3,765,500)	(5,271,435)	(1,505,935)	-5%
Net Operating and Non-Operating	1,335,328	991,975	(6,122,316)	(5,152,340)	969,976	-16%

Schedule 4 provides revenues and expenditures segregated by operating and non-operating classes for all four funds combined. The Net Operating line reflects whether the operating revenues fund the operating costs or if reserves will have to be used for the combined four funds.

**SOLANO COUNTY WATER AGENCY
SCHEDULE 5
SOLANO PROJECT REHAB & BETTERMENT
FY 2014/15**

FUND	DESCRIPTION	TOTAL AMOUNT	PLANNED 2014-15	PROPOSED 2015-16	PROPOSED 2016-17	PROPOSED 2017-18	PROPOSED 2018-19
SP	Improve Data Management System	200,000	-	50,000	50,000	50,000	50,000
SP	Road Gravel and Turn-around Improvements	250,000	50,000	50,000	50,000	50,000	50,000
SP	PSC Drainage Rehab and Improve	130,000	10,000	30,000	30,000	30,000	30,000
SP	PSC Panel Replacement	450,000	50,000	100,000	100,000	100,000	100,000
SP	Putah Diversion Compound Renovation	95,000	75,000	10,000	10,000	-	-
SP	PSC HW Screen Rehab	2,600,000	2,600,000	-	-	-	-
SP	Putah Diversion Dam Gate Rehab	350,000	150,000	50,000	50,000	50,000	50,000
SP	Reservoir Lane/Terminal Reservoir Paving	300,000	-	200,000	100,000	-	-
Total Solano Project Rehab & Betterment		4,375,000	2,935,000	490,000	390,000	280,000	280,000

**Solano County Water Agency
Reserve Funds - All Funds**

**SOLANO COUNTY WATER AGENCY
SCHEDULE 6
RESERVE FUND - All FUNDS
FY 2014/15**

DETAIL BY FUND RESERVE CATEGORY	PROJECTED LONG-TERM CAPITAL PROJECTS	RESERVE FUND FY 13/14 APPROVED MAY 2013	CHANGE	RECOMMENDED RESERVE FUND FY 14/15
Solano Project/Admin				
Solano Project/Admin		2,873,000	1,337,477	\$ 4,210,477
Solano Project/Admin Rehabilitation & Betterment Reserve ¹		2,000,000	(560,000)	1,440,000
Solano Project Capital Reserve		10,534,055	(1,653,601)	8,880,454
Putah South Canal Power line	750,000			
Putah Diversion Office Solar Installation	100,000			
Terminal Dam Seismic Retrofit (SCWA 15% share)	6,000,000			
Putah South Canal Sediment Management - est	10,000,000			
	<u>16,850,000</u>			
Solano Project/ Admin Subtotal		15,407,055	(876,124)	14,530,931
State Water Project				
State Water Project Operating Reserves		5,473,000	(158,714)	5,314,286
State Water Project Capital Reserve		2,424,463	278,105	2,702,568
State Water Project Subtotal		7,897,463	119,391	8,016,854
Ulati Project				
Ulati Project Control Project Operating Reserve		235,000	118,259	353,259
Ulati Flood Control Project Capital Reserve		3,664,002	126,056	3,790,058
Giant Garner Snake Preserve (cost shared)	1,400,000			
30 Grade Control Structures	750,000			
All Weather Access Improvements	500,000			
Spoil Easement Purchases	100,000			
Heavy Equipment Acquisitions	100,000			
	<u>2,850,000</u>			
Ulati Project Subtotal		3,899,002	244,315	4,143,317
Green Valley Project				
Green Valley Flood Control Project Operating Reserve		-	-	-
Green Valley Project Subtotal		-	-	-
Other Flood Control Projects		200,000	-	200,000
Emergency Reserve		1,000,000	-	1,000,000
Total		\$ 28,403,520	(512,418)	\$ 27,891,102

Notes

1. Include R & B projects planned for the next 4 years

FUND SUMMARY**ADMINISTRATION – SOLANO PROJECT - WATERMASTER**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Property Taxes	6,275,969	7,620,083	6,299,351	6,855,028	555,677	9%
Grants	3,010,952	402,231	950,000	2,010,000	1,060,000	112%
Investment Income	62,578	91,154	56,806	40,055	(16,751)	-29%
Interfund Cost Allocation	2,311,323	2,265,021	2,150,050	2,722,502	572,452	27%
Water Sales	59,895	67,530	60,000	65,000	5,000	8%
Other Revenue Sources	691,820	670,400	713,005	488,225	(224,780)	-32%
Total Revenues	12,412,538	11,116,419	10,229,212	12,180,809	1,951,597	19%
Expenditures						
Salaries & Benefits	1,590,003	1,714,063	1,871,000	2,154,400	283,400	15%
Services and Supplies	646,882	649,078	756,260	691,975	(64,285)	-9%
Operations and Maintenance	2,165,710	2,256,622	2,457,225	3,070,764	613,539	25%
LPCCC Operations	714,438	737,585	752,945	939,998	187,053	25%
Rehab & Betterment	214,650	285,618	1,340,000	2,935,000	1,595,000	119%
Grant Expenditures	2,951,850	440,715	950,000	2,010,000	1,060,000	112%
Water Conservation	941,798	887,404	1,160,000	1,110,936	(49,064)	-4%
Flood Control	78,098	105,145	679,000	705,962	26,962	4%
HCP	517,147	644,218	684,978	679,516	66,927	-1%
Consultants	1,015,056	990,475	1,012,386	1,073,299	60,913	6%
Fixed Assets	236,855	113,718	465,000	651,500	186,500	40%
Contingency	-	-	110,000	200,000	90,000	82%
Total Expenditures	11,072,486	8,824,641	12,238,794	16,223,349	3,984,555	33%
Net	1,340,051	2,291,778	(2,009,582)	(4,042,540)	(2,032,958)	101%

FUND PURPOSE

This fund is comprised of three distinct sub funds including Solano Project. Because the tax revenues for Solano Project are not solely restricted to that purpose, this fund acts as the General Fund of the Agency.

FUNCTION AND RESPONSIBILITIES

Administration – The Administration function provides human resource and financial services of the Agency and provides other support to SCWA staff. The Administration function also includes flood control, groundwater monitoring, and water conservation activities.

Solano Project - The Solano Project provides about half the municipal water supply and a majority of the agricultural water supply in Solano County. SCWA protects and maintains the reliability and quality of the water supply and operates and maintains Monticello Dam, Putah Diversion Dam and 33 miles of water distribution infrastructure. Solano Project also supports The Putah Creek Accord and the work of the Lower Putah Creek Coordinating Committee (LPCCC) and the HCP.

Watermaster – The Watermaster implements the water rights settlement in the Lake Berryessa watershed.

FUND DETAIL COMMENTSRevenues

- Property Taxes - The FY 14/15 Tax Revenues increased 9% from the FY 13/14 Adopted Budget due to the tax revenues projected in the FY 13/14 Year End Budget increasing 7% from the FY 13/14 Adopted Budget and the projection that FY 14/15 tax revenues will increase 2% from FY 13/14.
- Grants - The FY 14/15 Grant Revenues have increased \$1,060,000 due to increased activity for LPCCC projects.
- Investment Income – Investment Income decreased by 29% from the FY 13/14 Adopted Budget due to a decrease in investment yields on reserves.
- Interfund Cost Allocation – The FY 14/15 Interfund Cost Allocation has increased by 27% from the FY 13/14 Adopted Budget because FY 13/14 did not include labor and overhead charges for the Lake Berryessa interns which is an Interfund Cost Allocation to the Administration fund from the Solano Project fund. Also, salary and benefits have increased in FY 14/15 which increases the amount of the labor and overhead distributed to the non-administrative funds and consequently increases the Interfund Cost Allocation reimbursement.
- Other Revenue Sources - The decrease in the Other Revenue Sources budget of (\$224,780) from the FY 13/14 Adopted Budget is primarily due to decreased reimbursements from water conservation programs funded by grants.

Expenditures

- Salaries & Benefits - The Proposed FY 14/15 Salaries and Benefits includes the addition of a new full time employee approved by the Board and funding for merit and cost of living increases.
- Operations & Maintenance - The FY 14/15 Operations and Maintenance has increased by \$613,539 from the Adopted FY 13/14 Budget due to higher water deliveries from the Solano Project in response to drought conditions.

FUND SUMMARY**ADMINISTRATION – SOLANO PROJECT - WATERMASTER**

- LPCCC Operations - The LPCCC Operations includes additional contract work and additional staff labor & overhead costs of \$187,053 in the FY 14/15 Budget.
- Rehab & Betterment - Rehab and Betterment expenditures have increased \$1,595,000 in the FY 14/15 Budget from the FY 13/14 Adopted Budget due to the an increase of \$2,600,000 for a project to improve the headworks screens on the Putah South Canal and \$335,000 for improvements to the building and grounds at the Putah Diversion Dam. This increase is offset by the completion in FY 13/14 of the Mangles Bypass project.
- Grants - The FY 14/15 Grant Expenditures have increased \$1,060,000 due to increased activity for LPCCC projects.
- Fixed Assets – Fixed Asset purchases in the FY 14/15 budget includes computer system upgrades, a mini excavator, and the Putah Diversion Dam bulkhead (\$600,000).
- Contingency - Contingency has been increased for any unplanned retirement payouts.

The Administration/Solano Project/Watermaster fund has an overall FY 14/15 net decrease of (\$4,042,540), a deficit increase of 101% from the FY 13/14 Adopted Budget net of (\$2,009,582) principally due to a major Solano Project rehabilitation and betterment project and increased LPCCCC grant activity.

DETAIL BY REVENUE CATEGORY AND EXPENDITURES CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Property Taxes	8,366,599	8,436,350	8,392,000	8,914,298	522,298	6%
Water Sales	2,201,310	2,305,672	2,188,076	2,427,255	239,179	11%
Grant Revenues	330,975	657,225	1,854,500	1,517,055	(337,445)	-18%
Investment Income	27,512	18,444	18,000	9,200	(8,800)	-49%
Total Revenues	10,926,396	11,417,691	12,452,576	12,867,808	415,232	3%
Expenditures						
Services and Supplies	92,899	86,189	98,355	115,585	17,230	18%
Operations and Maintenance	744,179	540,329	640,500	506,198	(134,302)	-21%
Water Purchases	9,280,146	11,179,540	11,682,847	9,822,918	(1,859,929)	-16%
Grant Expenditures	785,237	1,322,999	3,309,000	2,835,990	(473,010)	-14%
Water Conservation	296,756	156,920	426,000	643,944	217,944	51%
Consultants	190,354	131,442	349,800	139,000	(210,800)	-60%
Fixed Assets	-	41,543	15,000	-	(15,000)	-100%
Contingency	-	-	10,000	10,000	-	0%
Total Expenditures	11,389,571	13,458,962	16,531,502	14,073,634	(2,457,868)	-15%
Net	(463,175)	(2,041,271)	(4,078,926)	(1,205,826)	2,873,100	-70%

FUND PURPOSE

This fund is for all expenses and revenues associated with SCWA's State Water Project water supply. There is a dedicated property tax for State Water Project related expenses.

FUNCTION AND RESPONSIBILITIES

SCWA is responsible for purchasing wholesale water from the State Water Project via the North Bay Aqueduct for resale to cities. SCWA administers the State Water Project contract with the State. The Department of Water Resources owns, operates, and maintains the Aqueduct. The Department's operation, maintenance, and capital costs are paid by SCWA. SCWA also performs various studies and monitors water quality in the Barker Slough. A major project is the development of the NBA Alternate Intake Project.

FUND DETAIL COMMENTSRevenues

- Property Taxes – The FY 14/15 Tax Revenues increased 6% from the FY 13/14 Adopted Budget due to the tax revenues projected in the FY 13/14 Year End Budget increasing 4% from the FY 13/14 Adopted Budget and the projection that FY 14/15 tax revenues will increase 2% from FY 13/14.
- Water Sales – Water Sales revenue is projected to increase by 11% due to a change in the billing cycle from payment in arrears to payment for the current year in the current year of Kern County Water Transfer sales resulting in one year of Kern Water Transfer sales to be billed over a three year period.
- Grants - The FY 14/15 Grant Revenues have decreased from the FY 13/Adopted Budget by 18% due to the wind down of the Alternate Intake Project Grant.
- Investment Income - Investment Income has decreased from FY 13/14 to FY 14/15 due to a decrease in investment yield on reserves.

Expenditures

- Services and Supplies - The increase in Services and Supplies of \$17,230 is due to an increase in State Water Contractors member dues.
- Operations and Maintenance – Operations and Maintenance decreased by 12% primarily due to less staff labor and overhead charges expected in FY 14/15 because FY 13/14 had an abnormally high labor effort due to State Water Project issues and the drought.
- Water Purchases - The FY 14/15 Water Purchases have decreased by (\$1,859,929) from the FY 13/14 Adopted Budget due to a one time increase in calendar year 2013 (1st half of FY 13/14) water charges from a recalculation of cost allocation factors by DWR that inflated FY 13/14 costs.
- Grant Expenditures – FY 14/15 Grant Expenditures are projected to decrease by (\$473,010) from the FY 13/14 Adopted Budget due to the wind down of the Alternate Intake Project grant.
- Water Conservation - Increased Water Conservation efforts and decreased grant revenues are resulting in a FY 14/15 Proposed Budget cost increase of \$217,944 from the FY 13/14 Adopted Budget.
- Consultants – Consultant expenditures decreased by 60% because legal fees for the NBA water rights case are completed and the Cache Slough Hydrodynamics project is has been delayed into future years.

The Proposed Budget for the State Water Project has a projected net deficit of (\$1,205,826) which is a decrease in deficit from the FY Adopted Budget of (\$4,078,926) primarily due to a decrease in water purchase expenditures and a decrease in costs for the NBA Alternate Intake Project.

FUND SUMMARY**ULATIS**

DETAIL BY REVENUE CATEGORY AND EXPENDITURES CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Property Taxes	867,684	1,167,997	906,450	973,290	66,840	7%
Investment Income	5,955	10,115	6,300	4,100	(2,200)	-35%
Other Services	19,906	4,247	4,000	4,500	500	13%
Total Ulatis Revenues	893,545	1,182,359	916,750	981,890	65,140	7%
Expenditures						
Supplies and Services	13,890	12,104	15,000	15,000	-	0%
Operations and Maintenance	410,690	444,231	566,504	726,066	159,562	28%
Rehab & Betterment	-	4,567	15,000	15,000	-	0%
Fixed Assets	-	-	300,000	90,000	(210,000)	-70%
Contingency	-	-	40,000	40,000	-	0%
Total Ulatis Expenditures	424,580	460,902	936,504	886,066	(50,438)	-5%
Net	468,964	721,457	(19,754)	95,824	115,578	-585%

FUND PURPOSE

This fund appropriates tax revenues for performing maintenance functions on the Ulatis Flood Control Project.

FUNCTION AND RESPONSIBILITIES

The Ulatis Flood Control Project was constructed by the Soil Conservation Service, then turned over to SCWA to maintain, providing flood protection of agricultural land within and downstream of Vacaville. Solano County Channel maintenance staff perform the routine maintenance duties, while SCWA provides engineering, administration, and right of way management.

FUND DETAIL COMMENTSRevenues

- Property Taxes - The FY 14/15 Tax Revenues increased 7% from the FY 13/14 Adopted Budget due to the tax revenues projected in the FY 13/14 Year End Budget increasing 5% from the FY 13/14 Adopted Budget and the projection that FY 14/15 tax revenues will increase 2% from FY 13/14.
- Investment Income - Investment Income has decreased from FY 13/14 to FY 14/15 due to a decrease in investment yields on reserves.

Expenditures

- Operations and Maintenance - The Operations and Maintenance expense increased by 28% because the labor hours projected by the Solano County Department of Resource Management have increased.
- Fixed Assets - The FY 14/15 Fixed Assets includes \$90,000 for a tractor.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 ADOPTED BUDGET	2014/15 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
Revenues						
Property Taxes	84,369	95,280	84,219	94,370	10,151	12%
Investment	34	377	-	-	-	
Total Green Valley Revenues	84,403	95,657	84,219	94,370	10,151	12%
Expenditures						
Supplies and Services	1,189	976	1,000	1,000	-	0%
Operations and Maintenance	93,726	73,044	81,273	82,168	895	1%
Rehab & Betterment	-	1,626	15,000	10,000	(5,000)	-33%
Contingency	-	-	1,000	1,000	-	0%
Total GV Expenditures	94,915	75,646	98,273	94,168	(4,105)	-4%
Net	(10,512)	20,011	(14,054)	202	14,256	-101%

FUND PURPOSE

This fund is comprised of tax revenues and is appropriated to perform maintenance of the Green Valley Flood Control Project.

FUNCTION AND RESPONSIBILITIES

The Green Valley Flood Control Project was constructed by the Corps of Engineers then turned over to SCWA to maintain. The Project provides flood protection of lands in Fairfield and areas downstream of Fairfield. Solano County Channel Maintenance staff perform routine maintenance, while SCWA provides engineering, administration, and right-of-way management.

FUND DETAIL COMMENTS**Revenues**

- Property Taxes - The FY 14/15 Tax Revenues increased by 12% from the FY 13/14 Adopted Budget due to the tax revenues projected in the FY 13/14 Year End Budget increasing 10% from the FY 13/14 Adopted Budget and the projection that FY 14/15 tax revenues will increase 2% from FY 13/14.
- The FY 14/15 Proposed net budget has increased from a deficit of (\$14,054) in the FY 13/14 Adopted Budget to a surplus of \$202 primarily due to increases in Tax Revenue.