

Solano County Water Agency  
Fiscal Year 2016-2017  
Proposed Budget

# **Solano County Water Agency**

## **FY 2016/17 Proposed Budget**

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# SOLANO COUNTY WATER AGENCY

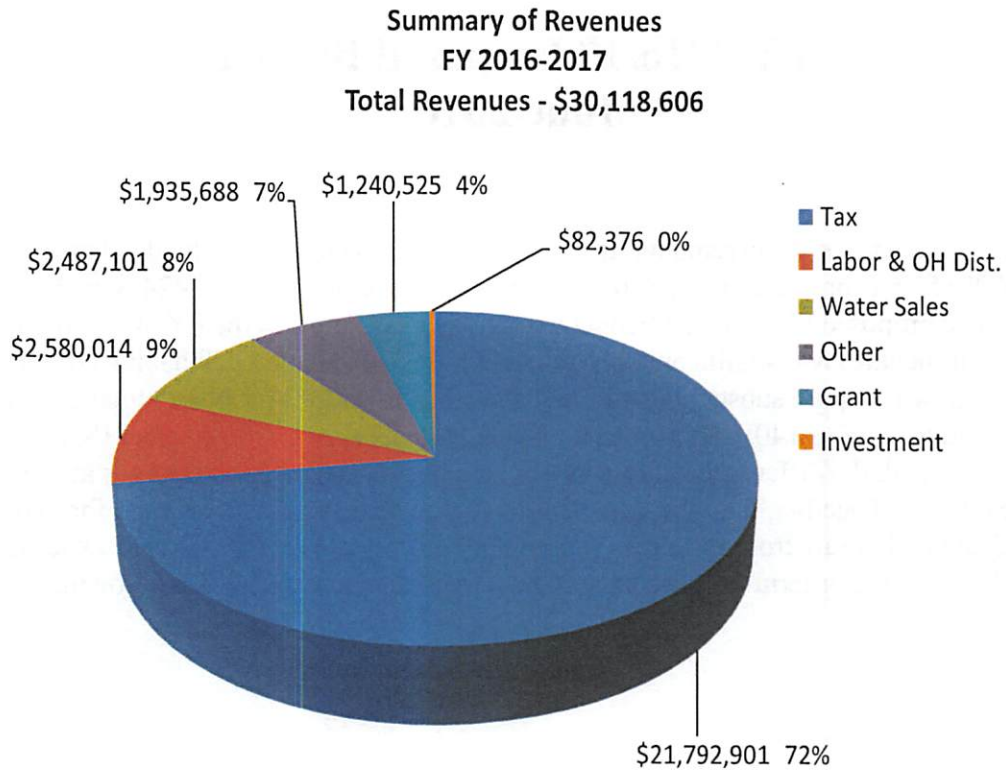


## General Manager's Budget Message

### **FY 2016/17 Proposed Budget June 2016**

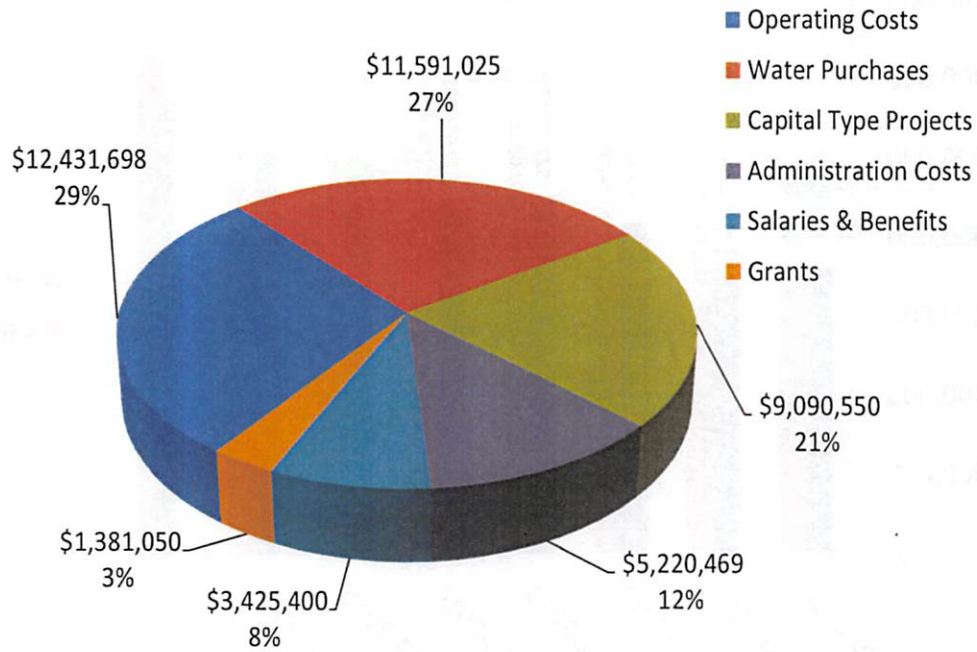
The Agency's financial position remains strong. The Agency's cumulative fund balance at the close of FY 2015/16 is projected to be \$40,643,478; a net increase of \$1,271,424 over the prior fiscal year. The proposed FY 2016/17 budget in many respects mimics the FY 2015/16 budget, but differs in that it includes two significant one-time purchases – land and HCP habitat conservation easements - that will require substantial withdrawals from reserves. As proposed, total anticipated FY 2016/17 expenditures (\$43,140,192) exceed total anticipated FY 2016/17 revenues (\$30,118,606) by \$13,021,587, with the difference - \$ 13,021,587 – to be withdrawn from reserves in order to balance the budget. Together, the two aforementioned one-time purchases account for \$10,000,000 of the anticipated withdraw from reserves. A summary of projected FY 2016/2017 expenses and revenues, along with long-term expense and revenue trends is presented in the following charts and tables.

**Figure 1**



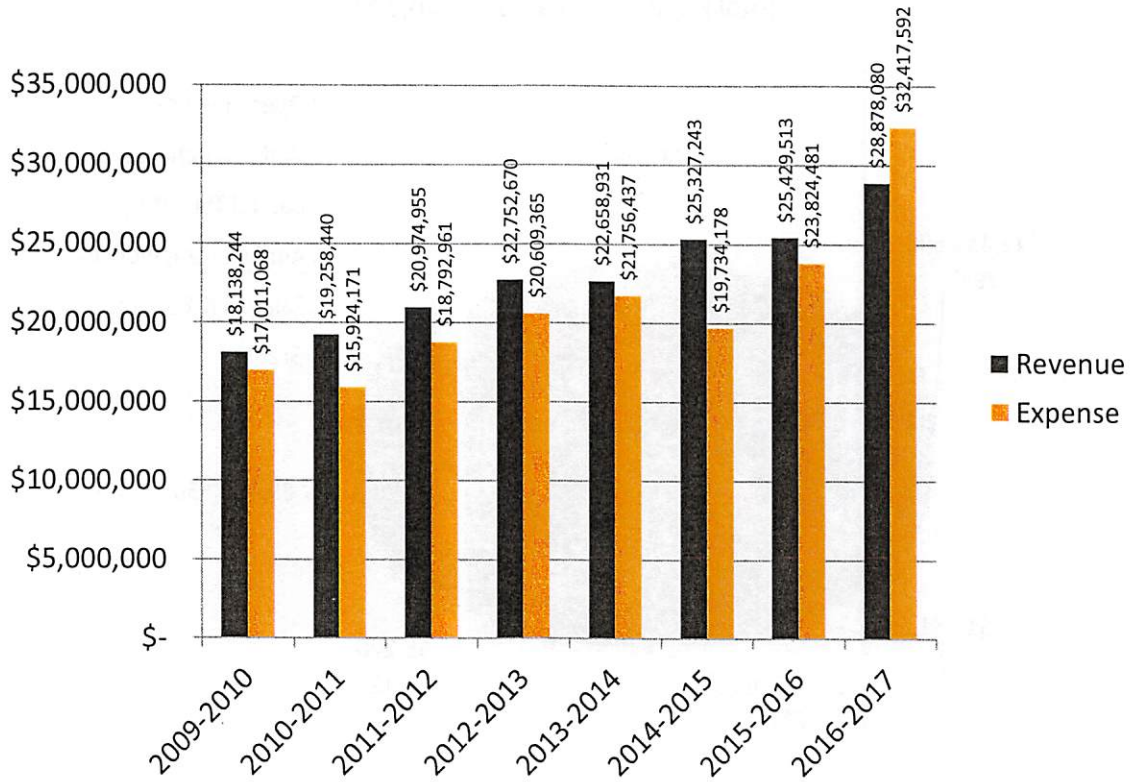
**Figure 2**

**Summary of Expenditures  
FY 2016-2017  
Total Expenditures - \$43,140,192**



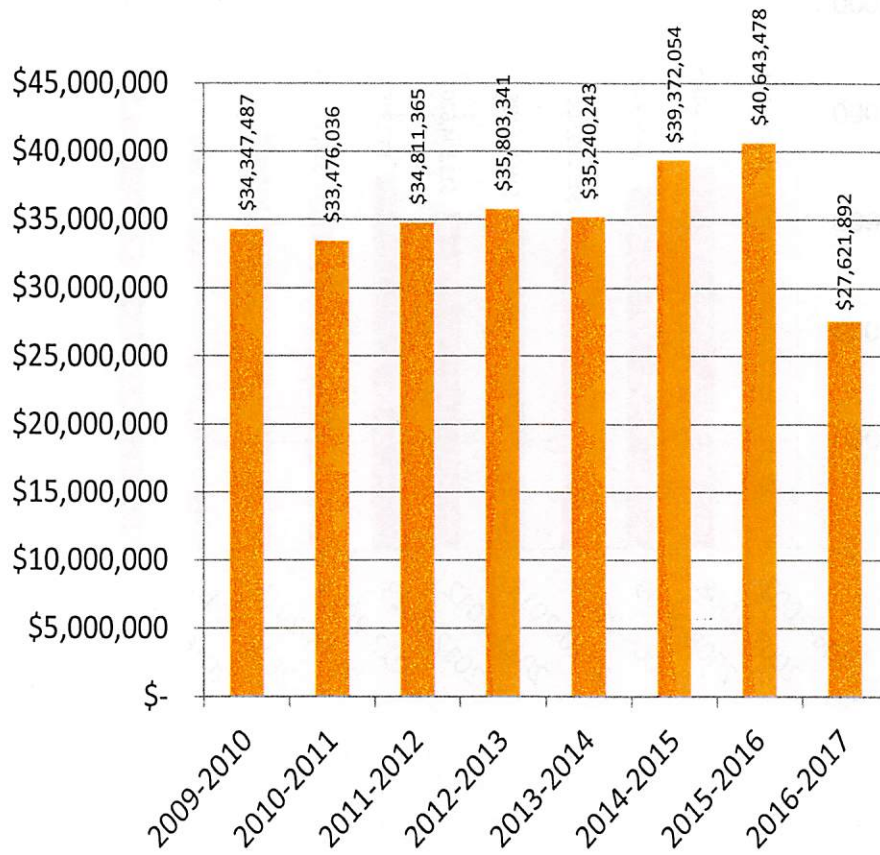
**Figure 3**

**Operating Income and Expense**



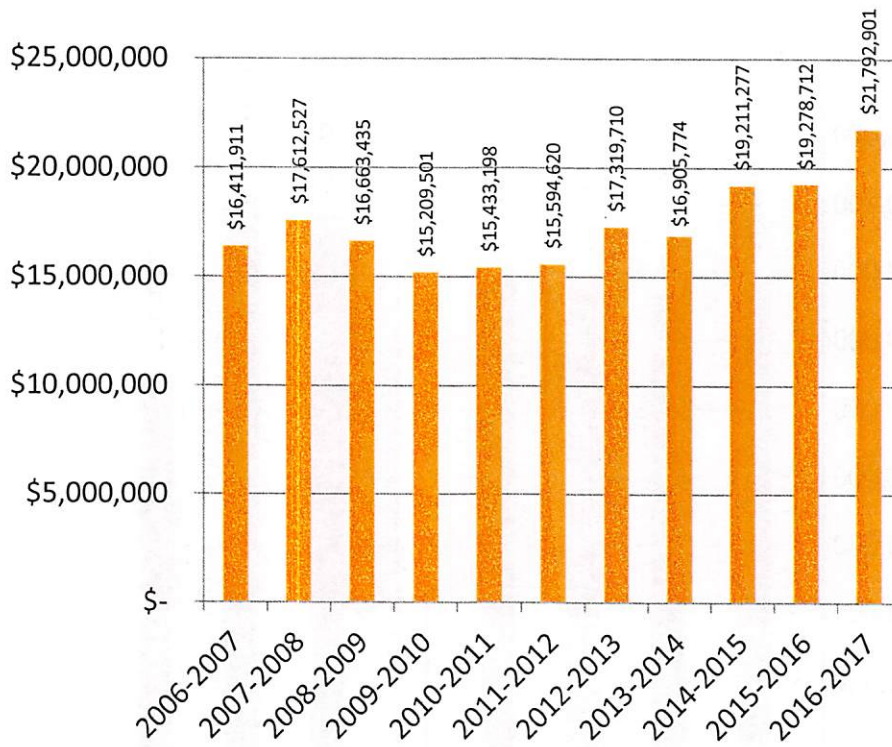
**Figure 4**

**Cumulative Fund Balance**



**Figure 5**

**Property Tax Revenue**



**SOLANO COUNTY WATER AGENCY  
SCHEDULE 1  
ALL FUNDS SUMMARY  
FY 2016/17**

FUND NAME	FUND BALANCE AVAILABLE 6/30/2015 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 15/16 *	FUND BALANCE AVAILABLE 6/30/2016 ESTIMATED	PROPOSED 16/17 REVENUES	PROPOSED 16/17 EXPENDITURES	PROPOSED INCREASE/ DECREASE TO FUND BALANCE	PROPOSED FUND BALANCE 6/30/2017
ADMIN - SOLANO PROJECT - WM	22,431,121	(1,328,169)	21,102,952	14,391,778	24,659,914	(10,268,135)	10,834,817
STATE WATER PROJECT	12,150,127	2,148,635	14,298,762	14,394,526	17,423,459	(3,028,932)	11,269,830
ULATIS FLOOD CONTROL	4,775,440	393,392	5,168,832	1,205,967	936,720	269,247	5,438,079
GREEN VALLEY FLOOD CONTROL	15,366	57,565	72,931	126,334	120,100	6,234	79,165
<b>Total All FUNDS</b>	<b>39,372,054</b>	<b>1,271,424</b>	<b>40,643,478</b>	<b>30,118,606</b>	<b>43,140,192</b>	<b>(13,021,587)</b>	<b>27,621,892</b>

Schedule 1 provides the reserve balances based on the FY 15/16 Year End Projection and the FY 16/17 Proposed Budget.  
This schedule also provides revenue and expenses by fund for the Proposed FY 16/17 Budget.

\* Reflects the shift of \$7 million for land acquisition from the FY 15/16 Year End Projection to the FY 16/17 Proposed Budget.

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 2  
ALL FUNDS SUMMARY - BY FUNDS  
FY 2016/17**

<b>DETAIL BY FUND REVENUE CATEGORY AND FUND EXPENDITURE CATEGORY</b>	<b>2013/14 ACTUAL</b>	<b>2014/15 ACTUAL</b>	<b>2015/16 ADOPTED BUDGET</b>	<b>2016/17 PROPOSED</b>	<b>FROM ADOPTED TO PROPOSED</b>	<b>PERCENT CHANGED</b>
<b>Revenues</b>						
Admin-Solano Project-Watermaster	11,041,433	12,543,718	12,461,805	14,391,778	1,929,973	15%
State Water Project	11,854,087	13,079,412	12,956,977	14,394,526	1,437,550	11%
Ulati Flood Control	964,988	1,120,176	1,148,505	1,205,967	57,462	5%
Green Valley Flood Control	94,089	105,223	106,779	126,334	19,555	18%
<b>Total Revenues</b>	<b>23,954,598</b>	<b>26,848,528</b>	<b>26,674,066</b>	<b>30,118,606</b>	<b>3,444,540</b>	<b>13%</b>
<b>Expenditures</b>						
Admin-Solano Project-Watermaster	9,988,663	10,327,128	15,219,212	24,659,914	9,440,701	62%
State Water Project	13,722,344	11,247,982	13,118,315	17,423,459	4,305,144	33%
Ulati Flood Control	757,949	520,263	980,444	936,720	(43,724)	-4%
Green Valley Flood Control	48,738	82,473	100,886	120,100	19,214	19%
<b>Total Expenditures</b>	<b>24,517,694</b>	<b>22,177,846</b>	<b>29,418,857</b>	<b>43,140,192</b>	<b>13,721,335</b>	<b>47%</b>
<b>Net</b>						
Admin-Solano Project-Watermaster	1,052,770	2,216,590	(2,757,407)	(10,268,135)	(7,510,728)	272%
State Water Project	(1,868,256)	1,831,429	(161,338)	(3,028,932)	(2,867,594)	1777%
Ulati Flood Control	207,040	599,913	168,061	269,247	101,186	60%
Green Valley Flood Control	45,351	22,750	5,893	6,234	341	6%
<b>Total Net</b>	<b>(563,096)</b>	<b>4,670,681</b>	<b>(2,744,791)</b>	<b>(13,021,587)</b>	<b>(10,276,795)</b>	<b>374%</b>

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 2016/17**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>						
Taxes	16,905,774	19,211,277	19,278,712	21,792,901	2,514,189	13% <sup>1</sup>
Water Sales	2,594,108	2,444,535	2,569,101	2,487,101	(82,000)	-3%
Grant Revenues	1,295,667	1,521,285	1,244,554	1,240,525	(4,028)	0%
Investment Income	62,500	55,497	49,605	82,376	32,771	66%
Labor & Ovhd Distr.	2,448,784	2,665,973	2,791,989	2,580,014	(211,975)	-8%
Other Revenue	647,765	949,961	740,105	1,935,688	1,195,583	162% <sup>2</sup>
<b>Total Revenues</b>	<b>23,954,598</b>	<b>26,848,528</b>	<b>26,674,066</b>	<b>30,118,606</b>	<b>3,444,540</b>	<b>13%</b>
<b>Expenditures</b>						
Salaries and Employee Benefits	1,862,271	2,186,190	2,383,201	3,425,400	1,042,199	44% <sup>3</sup>
Services and Supplies	773,406	681,606	864,295	923,963	59,668	7%
Operations & Maintenance	3,523,319	3,381,685	4,919,958	4,809,386	(110,571)	-2%
LPCCC Operations	777,490	1,012,721	931,141	2,100,696	1,169,556	126%
Rehab & Betterment	761,550	304,693	2,980,000	1,055,000	(1,925,000)	-65%
Water Purchases	11,639,635	9,069,737	10,234,678	11,591,025	1,356,347	13%
Grant Expenditures	1,627,108	1,932,239	1,890,000	1,381,050	(508,950)	-27%
Flood Control	84,838	107,109	693,200	719,300	26,100	4%
HCP Planning	618,885	572,898	647,999	3,577,206	2,929,207	452% <sup>4</sup>
Water Conservation	1,598,446	1,826,434	1,972,575	2,506,561	533,986	27%
Consultants	878,148	895,798	1,177,435	2,764,055	1,586,620	135%
Capital Expenditures	372,598	206,735	473,376	8,035,550	7,562,174	1597% <sup>5</sup>
Contingency	-	-	251,000	251,000	-	0%
<b>Total Expenditures</b>	<b>24,517,694</b>	<b>22,177,846</b>	<b>29,418,857</b>	<b>43,140,192</b>	<b>13,721,335</b>	<b>47%</b>
<b>Total Net</b>	<b>(563,096)</b>	<b>4,670,681</b>	<b>(2,744,791)</b>	<b>(13,021,587)</b>	<b>(10,276,795)</b>	<b>374%</b>

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.

<sup>1</sup>average increase of four funds.

<sup>2</sup>includes an additional \$475,000 for IRWMP water conservation funding, \$140,000 from the EPA for the IRWMP, an additional \$465,000 for sub-contract work for the LPCCC and an additional \$88,000 for loan proceeds.

<sup>3</sup> includes \$500,000 for paydown of the unfunded retiree health obligation and \$230,000 for the 2016/17 annual contribution for retiree health.

<sup>4</sup>includes \$3,000,000 for HCP mitigation easements.

<sup>5</sup> includes \$7,000,000 for land acquisition.

**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 2016/17**

DETAIL BY OPERATING REVENUE AND EXPENDITURE CATEGORY AND NON- OPERATING REVENUE AND EXPENDITURES CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Operating Revenues</b>						
Taxes	16,905,774	19,211,277	19,278,712	21,792,901	2,514,189	13%
Water Sales	2,594,108	2,444,535	2,569,101	2,487,101	(82,000)	-3%
Investment Income	62,500	55,497	49,605	82,376	32,771	66%
Labor & Ovhd Distr.	2,448,784	2,665,973	2,791,989	2,580,014	(211,975)	-8%
Other Revenue	647,765	949,961	740,105	1,935,688	1,195,583	162%
<b>Total Operating Revenues</b>	<b>22,658,931</b>	<b>25,327,242</b>	<b>25,429,512</b>	<b>28,878,080</b>	<b>3,448,568</b>	<b>14%</b>
<b>Operating Expenditures</b>						
Salaries and Employee Benefits	1,862,271	2,186,190	2,383,201	3,425,400	1,042,199	44%
Services and Supplies	773,406	681,606	864,295	923,963	59,668	7%
Operations & Maintenance	3,523,319	3,381,685	4,919,958	4,809,386	(110,571)	-2%
LPCCC Operations	777,490	1,012,721	931,141	2,100,696	1,169,556	126%
Water Purchases	11,639,635	9,069,737	10,234,678	11,591,025	1,356,347	13%
Flood Control	84,838	107,109	693,200	719,300	26,100	4%
HCP Planning	618,885	572,898	647,999	3,577,206	2,929,207	452%
Water Conservation	1,598,446	1,826,434	1,972,575	2,506,561	533,986	27%
Consultants	878,148	895,798	1,177,435	2,764,055	1,586,620	135%
<b>Total Operating Expenditures</b>	<b>21,756,437</b>	<b>19,734,178</b>	<b>23,824,481</b>	<b>32,417,592</b>	<b>8,593,111</b>	<b>36%</b>
<b>Net Operating</b>	<b>902,493</b>	<b>5,593,064</b>	<b>1,605,031</b>	<b>(3,539,512)</b>	<b>(5,144,543)</b>	<b>-321%</b>
<b>Nor -Operating Revenues</b>						
Grant Revenues	1,295,667	1,521,285	1,244,554	1,240,525	(4,028)	0%
<b>Total Non-Operating Revenues</b>	<b>1,295,667</b>	<b>1,521,285</b>	<b>1,244,554</b>	<b>1,240,525</b>	<b>(4,028)</b>	<b>0%</b>
<b>Nor -Operating Expenditures</b>						
Rehab & Betterment	761,550	304,693	2,980,000	1,055,000	(1,925,000)	-65%
Grant Expenditures	1,627,108	1,932,239	1,890,000	1,381,050	(508,950)	-27%
Capital Expenditures	372,598	206,735	473,376	8,035,550	7,562,174	1597%
Contingency	-	-	251,000	251,000	-	0%
<b>Total Non-Operating Expenditures</b>	<b>2,761,256</b>	<b>2,443,668</b>	<b>5,594,376</b>	<b>10,722,600</b>	<b>5,128,224</b>	<b>92%</b>
<b>Net Non-Operating</b>	<b>(1,465,589)</b>	<b>(922,383)</b>	<b>(4,349,822)</b>	<b>(9,482,075)</b>	<b>(5,132,252)</b>	<b>1597%</b>
<b>Net Operating and Non-Operating</b>	<b>(563,096)</b>	<b>4,670,681</b>	<b>(2,744,791)</b>	<b>(13,021,587)</b>	<b>(10,276,795)</b>	<b>374%</b>

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 2016/17**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>TOTAL AMOUNT</b>	<b>PLANNED 2016-17</b>	<b>PROPOSED 2017-18</b>	<b>PROPOSED 2018-19</b>	<b>PROPOSED 2019-20</b>	<b>PROPOSED 2020-21</b>
SP	PSC Drainage Rehab and Improvement	130,000	10,000	30,000	30,000	30,000	30,000
SP	PSC Data Management & Automation	250,000	50,000	50,000	50,000	50,000	50,000
SP	Road Gravel and Turn-Around Improvements	275,000	75,000	50,000	50,000	50,000	50,000
SP	PSC Panel Replacement	480,000	80,000	100,000	100,000	100,000	100,000
SP	PDO Renovation	20,000	10,000	10,000	-	-	-
SP	PDO Solar Installation	150,000	-	-	150,000	-	-
SP	PSC Shallow Monitoring Wells	200,000	-	200,000	-	-	-
SP	PSC Check Screen Cleaners	250,000	50,000	100,000	100,000	-	-
SP	PSC Headworks Improvements	425,000	425,000	-	-	-	-
SP	Solano Project Electrical Upgrade	250,000	-	75,000	75,000	50,000	50,000
SP	Reservoir Lane/Terminal Reservoir Paving	300,000	-	-	300,000	-	-
SP	Terminal Check Liner Repair	400,000	-	100,000	100,000	100,000	100,000
SP	PDD Gate Rehab	1,150,000	350,000	200,000	200,000	200,000	200,000
	<b>Total Solano Project Rehab &amp; Betterment</b>	<b>4,280,000</b>	<b>1,050,000</b>	<b>915,000</b>	<b>1,155,000</b>	<b>580,000</b>	<b>580,000</b>

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 6  
BUDGET PROJECTIONS**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2014/15 ACTUAL	2015/16 ADOPTED	2015/16 YEAR END PROJECTED BUDGET	2016/17 PROPOSED	2017/18 PROJECTION	2018/19 PROJECTION	2019/20 PROJECTION
<b>Revenues</b>							
Taxes	19,211,277	19,278,712	21,012,282	21,792,901	21,994,670	22,198,457	22,404,281
Water Sales	2,444,535	2,569,101	2,438,142	2,487,101	2,487,101	2,487,101	2,487,101
Grant Revenues	1,521,285	1,244,554	439,999	1,240,525	600,000	450,000	131,867
Investment Income	55,497	49,605	91,557	82,376	82,376	82,376	82,376
Labor & Ovhd Distr.	2,665,973	2,791,989	2,410,169	2,580,014	2,739,997	2,991,265	3,150,254
Other Revenue	949,961	740,105	796,484	1,935,688	859,818	520,557	333,605
<b>Total Revenues</b>	<b>26,848,528</b>	<b>26,674,066</b>	<b>27,188,632</b>	<b>30,118,606</b>	<b>28,763,962</b>	<b>28,729,755</b>	<b>28,589,484</b>
<b>Expenditures</b>							
Salaries and Employee Benefits	2,186,190	2,383,201	2,229,713	3,425,400	3,076,673	3,224,785	3,378,466
Services and Supplies	681,606	864,295	882,191	923,963	921,488	926,888	923,953
Operations & Maintenance	3,381,685	4,919,958	4,086,220	4,809,386	4,865,553	5,026,218	5,168,565
LPCCC Operations	1,012,721	931,141	1,051,492	2,100,696	1,540,371	1,366,342	1,359,860
Rehab & Betterment	304,693	2,980,000	2,785,000	1,055,000	675,000	475,000	475,000
Water Purchases	9,069,737	10,234,678	10,083,878	11,591,025	12,064,496	12,175,670	12,201,260
Grant Expenditures	1,932,239	1,890,000	518,870	1,381,050	450,000	350,000	90,312
Flood Control	107,109	693,200	143,076	719,300	724,268	729,534	735,116
HCP Planning	572,898	647,999	527,915	3,577,206	450,139	393,432	402,638
Water Conservation	1,826,434	1,972,575	2,133,515	2,506,561	2,414,184	2,319,065	2,246,339
Consultants	895,798	1,177,435	1,082,667	2,764,055	1,708,948	1,568,787	1,386,641
Fixed Assets	206,735	473,376	392,671	8,035,550	15,550	15,550	45,550
Contingency	-	251,000	-	251,000	251,000	251,000	161,000
<b>Total Expenditures</b>	<b>22,177,846</b>	<b>29,418,857</b>	<b>25,917,208</b>	<b>43,140,192</b>	<b>29,157,669</b>	<b>28,822,271</b>	<b>28,574,700</b>
<b>Total Net</b>	<b>4,670,681</b>	<b>(2,744,791)</b>	<b>1,271,424</b>	<b>(13,021,587)</b>	<b>(393,707)</b>	<b>(92,516)</b>	<b>14,784</b>

**Key Budget Projection Assumptions**

1. Projected property tax increase of 1% per year, a conservative approach to the 10 year average of 3%.
2. Salary and Employee Benefits are increased by 5%.
3. Grant expenditures are paid 100% from grant revenues and due to the unpredictability of implementation timing they have been excluded from projections.

SOLANO COUNTY WATER AGENCY  
SCHEDULE 7  
BUDGET PROJECTIONS

FUND NAME	FUND BALANCE JUNE 30, 2014 (AUDITED)	FUND BALANCE JUNE 30, 2015 (AUDITED)	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 15/16	FUND BALANCE JUNE 30, 2016 YEAR END PROJECTION	PROPOSED INCREASE/ DECREASE TO FUND BALANCE 16/17	FUND BALANCE JUNE 30, 2017 PROPOSED	FUND BALANCE JUNE 30, 2018 PROJECTED	FUND BALANCE JUNE 30, 2019 PROJECTED	FUND BALANCE JUNE 30, 2020 PROJECTED
ADMIN - SOLANO PROJECT - WM	20,753,404	22,431,121	(1,328,169)	21,102,952	(10,268,135)	10,834,817	9,257,248	7,962,410	6,658,598
STATE WATER PROJECT	10,318,697	12,150,127	2,148,635	14,298,762	(3,028,932)	11,269,830	11,838,382	12,425,780	13,130,066
ULATIS FLOOD CONTROL	4,175,526	4,775,440	393,392	5,168,832	269,247	5,438,079	6,007,627	6,577,297	7,146,902
GREEN VALLEY FLOOD CONTROL	(7,384)	15,366	57,565	72,931	6,234	79,165	124,928	170,182	214,886
<b>Total All FUNDS</b>	<b>35,240,243</b>	<b>39,372,054</b>	<b>1,271,424</b>	<b>40,643,478</b>	<b>(13,021,587)</b>	<b>27,621,892</b>	<b>27,228,185</b>	<b>27,135,669</b>	<b>27,150,453</b>

## FUND SUMMARY

## ADMINISTRATION – SOLANO PROJECT - WATERMASTER

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### FUND PURPOSE

The Administration-Solano Project-Watermaster (ASW) fund is comprised of three sub funds; Administration, Solano Project, and Watermaster.

### FUNCTION AND RESPONSIBILITIES

Administration – The Administration function provides the human resource and financial services of the Agency and provides other support to SCWA staff. The Administration function also includes flood control, groundwater monitoring, Integrated Regional Water Management Planning, 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 Condition 12 water rights settlement in the Lake Berryessa watershed

### FUND DETAIL COMMENTS

#### Revenues

Property Taxes - FY 16/17 proposed tax revenues are projected to increase 10% from the prior fiscal year adopted budget. This reflects an increase of 10% in property taxes (6% increase in actual tax revenues over budgeted in FY 2015/16 and 4% increase in FY 2016/17). The redevelopment tax revenues projections are the same as the prior year adopted budget.

Lat or & Ovhd Distribution – The decrease of (\$211,975) reflects increased management and administrative tasks, which are not included in fund redistributions.

Other Revenue Sources – Projected to increase by approximately \$1,200,000 over the prior fiscal year and includes \$415,000 for additional water conservation funding, \$140,000 funding from the Environmental Protection Agency, \$465,000 for additional sub-contract work associated with LPCCC and \$88,000 for loan proceeds.

**Expenditures**

Salaries & Benefits –The increase of 44% is primarily due to \$730,000 to be allocated to a Trust to fund anticipated retiree health insurance costs and also includes two new Board approved positions, funding for merit and cost of living increases, and anticipated equity adjustments to salaries, based on a recent salary survey to be presented to the Board in early FY 2016-2017. Employee health benefits are projected to increase by 5%, dental benefits by 2%.

LPCCC Operations- The increase of \$1,170,000 is comprised of \$1,040,000 in additional LPCCC projects (additional \$170,000 for Nut Tree mitigation, \$500,000 for NAWCA, \$200,000 for City of Winters, \$150,000 for FEMA and \$20,000 for the nursery), \$30,000 in additional LPCCC equipment and \$100,000 in additional allocated overhead and labor costs.

Rehab & Betterment - Rehab and Betterment expenditures have decreased by (\$1,955,000) from the prior fiscal year, due in large part to the completion of the Putah South Canal headworks screen project.

Water Conservation – Water Conservation costs are expected to increase by 40% due to increased participation in water conservation programs.

HCP – HCP Planning budget line item has been increased by \$3,000,000 to accommodate an anticipated, one-time purchase of HCP conservation easements.

Consultants – Additional consulting expertise - \$1,217,620 over the prior fiscal year and includes \$64,000 for additional computer services, \$140,000 for the Bay Area IRWMP, \$253,000 for ground water monitoring, \$440,000 for the Putah South Canal pilot cleaning project and \$195,000 for Putah Creek studies.

Fixed Assets – The anticipated fixed Asset purchases of \$4,210,000 includes \$3,500,000 for a land acquisition near Barker Slough, \$500,000 for a boat washing station and \$110,000 for a new dump truck and pick-up truck.

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

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>						
Taxes	6,890,009	7,717,856	7,892,406	8,657,500	765,094	10%
Grants	947,217	1,111,285	940,000	1,100,000	160,000	17%
Investment Income	49,618	42,053	36,805	58,576	21,771	59%
Labor & Ovhd Distribution	2,448,784	2,665,973	2,791,989	2,580,014	(211,975)	-8%
Water Sales	67,418	64,168	65,000	65,000	-	0%
Other Revenue Sources	638,387	942,382	735,605	1,930,688	1,195,083	162%
<b>Total Revenues</b>	<b>11,041,433</b>	<b>12,543,718</b>	<b>12,461,805</b>	<b>14,391,778</b>	<b>1,929,973</b>	<b>15%</b>
<b>Expenditures</b>						
Salaries & Benefits	1,862,271	2,186,190	2,383,201	3,425,400	1,042,199	44%
Services and Supplies	661,602	563,659	726,701	789,163	62,462	9%
Operations and Maintenance	2,247,782	2,175,843	3,348,785	3,700,933	352,148	11%
LPCCC Operations	777,490	1,012,721	931,141	2,100,696	1,169,556	126%
Rehab & Betterment	761,550	304,693	2,955,000	1,000,000	(1,955,000)	-66%
Grant Expenditures	911,619	1,111,285	940,000	1,100,000	160,000	17%
Water Conservation	1,158,965	1,367,217	1,244,875	1,741,111	496,236	40%
Flood Control	84,838	107,109	693,200	719,300	26,100	4%
HCP	618,885	572,898	647,999	3,577,206	2,962,466	452%
Consultants	809,149	802,609	877,935	2,095,555	1,217,620	139%
Fixed Assets	94,514	122,903	270,376	4,210,550	3,940,174	1457%
Contingency	-	-	200,000	200,000	-	0%
<b>Total Expenditures</b>	<b>9,988,663</b>	<b>10,327,128</b>	<b>15,219,212</b>	<b>24,659,914</b>	<b>9,440,701</b>	<b>62%</b>
<b>Net Change</b>	<b>1,052,770</b>	<b>2,216,590</b>	<b>(2,757,407)</b>	<b>(10,268,135)</b>	<b>(7,510,728)</b>	<b>272%</b>

**FUND PURPOSE**

This fund encompasses all expenses and revenues associated with SCWA's State Water Project water supply.

**FUNCTION AND RESPONSIBILITIES**

SCWA is responsible for purchasing water from the State Water Project, for resale to cities in Solano County. The water is delivered via the North Bay Aqueduct (NBA), which originates in Barker Slough and ultimately terminates in Napa County (Napa County has a similar State Water Project water supply contract, for NBA deliveries to Napa County constituents). The NBA is owned, operated, and maintained by the California Department of Water Resources (DWR). SCWA administers the State Water Project water supply contract, which among other things, obligates SCWA to reimburse DWR for Solano's share of the NBA operation, maintenance, as well as capital costs. The majority of the funds used to reimburse DWR are obtained through "NBA Zone of Benefit Tax" – a property tax assessment. In addition to administering the water supply contract, SCWA performs various technical studies related to NBA operations, monitors water quality in Barker Slough, and provides technical assistance to DWR in support of the NBA Alternate Intake Project.

**FUND DETAIL COMMENTS****Revenues**

**Property Taxes** – FY 16/17 proposed property tax revenues are projected to increase by 17% from the prior fiscal year adopted budget. This reflects a 13% increase in actual tax revenues over budgeted in FY 2015/16 and a 4% increase in FY 2016/17.

**Grants** - FY 16/17 grant revenues are projected to decrease by 54% from the prior fiscal year. The only active grant funded project - Preparation of the NBA Alternate Intake Project Environmental Impact Report – is scheduled for completion by mid FY 16/17.

**Expenditures**

**Operations and Maintenance** – operations and maintenance are projected to decrease by 39% - fewer SCWA technical studies are anticipated in FY 16/17.

**Water Purchases** – An increase of 13% due to the easing of drought conditions and in turn increased availability of State Water Project water supplies, SCWA anticipates purchasing more water from the State Water Project than has been purchased by SCWA in recent years

**Grant Expenditures** – FY 16/17 grant expenses are projected to decrease from the prior fiscal year by 70%. The only active grant funded project - Preparation of the NBA Alternate Intake Project Environmental Impact Report – is scheduled for completion by mid FY 16/17.

Consultants – Additional consulting expertise is needed to continue/complete ongoing technical studies. Accordingly, the Consultant budget line item has been increased by \$369,000 over the prior fiscal year.

Fixed Assets-Fixed Assets are projected at \$3,525,000, \$25,000 for the purchase of a water quality monitoring station at the Cordelia Forebay and \$3,500,000 for anticipated land acquisition near Barker Slough.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>						
Property Taxes	8,965,473	10,279,636	10,139,122	11,814,500	1,675,378	17%
Water Sales	2,526,690	2,380,366	2,504,101	2,422,101	(82,000)	-3%
Grant Revenues	348,450	410,000	304,554	140,525	(164,028)	-54%
Investment Income	8,659	9,410	9,200	17,400	8,200	89%
Other Sources	4,815	-	-	-	-	-
<b>Total State Water Project Revenues</b>	<b>11,854,087</b>	<b>13,079,412</b>	<b>12,956,977</b>	<b>14,394,526</b>	<b>1,437,550</b>	<b>11%</b>
<b>Expenditures</b>						
Services and Supplies	98,334	103,720	121,594	118,800	(2,794)	-2%
Operations and Maintenance	760,405	701,165	757,843	463,634	(294,209)	-39%
Water Purchases	11,639,635	9,069,737	10,234,678	11,591,025	1,356,347	13%
Grant Expenditures	715,489	820,954	950,000	281,050	(668,950)	-70%
Water Conservation	439,481	459,217	727,700	765,450	37,750	5%
Consultants	69,000	93,189	299,500	668,500	369,000	123%
Fixed Assets	-	-	17,000	3,525,000	3,508,000	20635%
Contingency	-	-	10,000	10,000	-	0%
<b>Total State Water Project Expenditures</b>	<b>13,722,344</b>	<b>11,247,982</b>	<b>13,118,315</b>	<b>17,423,459</b>	<b>4,305,144</b>	<b>33%</b>
<b>Net Change</b>	<b>(1,868,256)</b>	<b>1,831,429</b>	<b>(161,338)</b>	<b>(3,028,932)</b>	<b>(2,867,594)</b>	<b>1777%</b>

**FUND PURPOSE**

Operation and maintenance of the Ulatis Flood Control Project.

**FUNCTION AND RESPONSIBILITIES**

The Ulatis Flood Control Project (Project) was constructed by the Soil Conservation Service (now known as the Natural Resources Conservation Service) and is maintained by SCWA, pursuant to a contract with the Natural Resources Conservation Service. The Project consists of over 45 miles of flood control channels and is largely located and provides flood protection to the agricultural lands downstream of Vacaville. SCWA subcontracts with the Solano County Transportation Department for routine maintenance duties, while most engineering and administrative functions are performed by SCWA staff.

**FUND DETAIL COMMENTS****Revenues**

**Property Taxes** - FY 16/17 proposed tax revenues are projected to increase 5% from the prior fiscal year adopted budget. This reflects an increase of 9% in property taxes (5% increase in actual tax revenues over budgeted in FY 2015/16 and 4% increase in FY 2016/17). This increase is offset by a projected decrease of (\$25,000) in redevelopment tax revenues. The net increase of 5% reflects the ongoing trend of increasing property values in Solano County.

**Expenditures**

**Operations and Maintenance** - operations and maintenance expenses are projected to decrease by 22% - fewer maintenance activities and in turn fewer labor hours by Solano County Transportation Department are anticipated in FY 16/17.

**Fixed Assets** - The FY 16/17 Fixed Assets includes \$300,000 for a CAT Wheeled Loader.

**FUND SUMMARY****ULATIS**

DETAIL BY REVENUE CATEGORY AND EXPENDITURES CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>						
Property Taxes	956,203	1,108,563	1,140,405	1,194,567	54,162	5%
Investment Income	4,223	4,033	3,600	6,400	2,800	78%
Other Services	4,563	7,580	4,500	5,000	500	11%
<b>Total Ulatis Revenues</b>	<b>964,988</b>	<b>1,120,176</b>	<b>1,148,505</b>	<b>1,205,967</b>	<b>57,462</b>	<b>5%</b>
<b>Expenditures</b>						
Supplies and Services	12,433	13,136	15,000	15,000	-	0%
Operations and Maintenance	467,431	423,295	724,444	566,720	(157,724)	-22%
Rehab & Betterment	-	-	15,000	15,000	-	0%
Fixed Assets	278,085	83,832	186,000	300,000	114,000	61%
Contingency	-	-	40,000	40,000	-	0%
<b>Total Ulatis Expenditures</b>	<b>757,949</b>	<b>520,263</b>	<b>980,444</b>	<b>936,720</b>	<b>(43,724)</b>	<b>-4%</b>
<b>Net</b>	<b>207,040</b>	<b>599,913</b>	<b>168,061</b>	<b>269,247</b>	<b>101,186</b>	<b>60%</b>

**FUND PURPOSE**

Operation and maintenance of the Green Valley Flood Control Project.

**FUNCTION AND RESPONSIBILITIES**

The Green Valley Flood Control Project (Project) was constructed by the United States Army Corps of Engineers (USACOE) and is maintained by SCWA, pursuant to an agreement with the USACOE. The Project consists of approximately 3 miles of flood control channels and is largely located in and downstream of Cordelia. SCWA subcontracts with the Solano Transportation Department for routine maintenance duties, while most engineering and administrative functions are performed by SCWA staff.

**FUND DETAIL COMMENTS****Revenues**

Property Taxes - FY 16/17 proposed tax revenues are projected to increase 18% from the prior fiscal year adopted budget. This reflects an increase of 10% in property taxes (6% increase in actual tax revenues over budgeted in FY 2015/16 and 4% increase in FY 2016/17). Additionally, the redevelopment tax revenues are projected to increase by \$12,000 resulting in a total increase of 18% reflecting the ongoing trend of increasing property values in Solano County.

**Expenditures**

Operations and Maintenance - operations and maintenance costs are projected to remain largely unchanged from the prior fiscal year.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 PROPOSED	FROM ADOPTED TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>						
Property Taxes	94,089	105,223	106,779	126,334	19,555	18%
Investment	-	-	-	-	-	
<b>Total Green Valley Revenues</b>	<b>94,089</b>	<b>105,223</b>	<b>106,779</b>	<b>126,334</b>	<b>19,555</b>	<b>18%</b>
<b>Expenditures</b>						
Supplies and Services	1,037	1,091	1,000	1,000	-	0%
Operations and Maintenance	47,701	81,382	88,886	78,100	(10,786)	-12%
Rehab & Betterment	-	-	10,000	40,000	30,000	300%
Contingency	-	-	1,000	1,000	-	0%
<b>Total GV Expenditures</b>	<b>48,738</b>	<b>82,473</b>	<b>100,886</b>	<b>120,100</b>	<b>19,214</b>	<b>19%</b>
<b>Net Change</b>	<b>45,351</b>	<b>22,750</b>	<b>5,893</b>	<b>6,234</b>	<b>341</b>	

# **Solano County Water Agency**

## **Reserve Fund Policy**

The purpose of the Reserve Fund Policy is for proper allocation of reserve funds to protect the ability to fund capital improvements.

For auditing purposes, the funds do not represent separate governmental funds but rather the Agency maintains the funds as one governmental fund with each separate fund having a reserve balance. This policy provides guidance for the allocation of each fund's reserve balance.

The Solano Project fund is a "General Fund" for the Agency meaning that its revenues can be used to fund anything under the legal scope of the Agency. Revenues for the State Water Project, and Ulatis and Green Valley Flood Control Projects can only be used for those specific projects, so the reserve funds must be segregated.

The Agency is financially responsible for two major water supply projects, the Solano Project and the North Bay Aqueduct of the State Water Project. Additionally the Agency has maintenance responsibility for two flood control projects, the Ulatis and Green Valley flood control projects. The Solano Project was built in the 1950's and has significant future financial needs for rehabilitation projects and improvements. The Agency is also contemplating the North Bay Aqueduct Alternate Intake Project with a capital cost of over \$500 million. Clearly the Agency has future financial obligations that will need to be funded through a possible combination of use of reserves and financing.

The Agency seeks maximum flexibility to fund these future projects and the Reserve Fund Policy provides the Agency with financial options.

The components of the Agency reserve funds are found in a Schedule (see page IV-3) included in each Fiscal Year's adopted budget. There are separate reserves for all four Agency funds: Solano Project and Administration, State Water Project, Ulatis Flood Control Project and Green Valley Flood Control Project. There is also a line for "Other Flood Control Projects" and "Emergency Reserve".

For each of the three major funds there is a further breakdown of the reserves. Each has an "Operating Reserve" and "Capital Improvements" explained below.

### **Operating Reserves**

The purpose of operating reserves is to provide the Agency with working cash flow due to fluctuations in revenue streams. The Agency needs to fund ongoing operating expenses prior to the receipt of the majority of its revenues from the County of Solano property tax collections which are available in December and April. The Operating Reserve balance is determined by calculating six months of projected operating expenses for each fund.

**Solano County Water Agency  
Reserve Funds**

**SOLANO COUNTY WATER AGENCY  
RESERVE FUNDS  
FY 2016/17**

DETAIL BY FUND RESERVE CATEGORY	PROJECTED LONG-TERM CAPITAL PROJECTS <sup>5</sup>	RESERVE FUND FY 15/16 APPROVED MAY 2015	CHANGE	RECOMMENDED RESERVE FUND FY 16/17
<b>Solano Project/Admin</b>				
Solano Project/Admin Operating Reserve		4,454,435	1,609,956	\$ 6,064,391
Solano Project/Admin Rehabilitation & Betterment Program <sup>1</sup>		1,310,000	1,920,000	3,230,000
Solano Project Capital Improvements		12,102,735	(11,762,309)	340,426
Putah South Canal Power line	750,000			
Reservoir Lane Rehabilitation	500,000			
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>17,350,000</u>			
<b>Solano Project/ Admin Subtotal</b>		<b>17,867,170</b>	<b>(8,232,353)</b>	<b>9,634,817</b>
<b>State Water Project</b>				
State Water Project Operating Reserves		5,679,121	866,027	6,545,148
State Water Project Capital Improvements		5,696,284	(971,602)	4,724,682
NBA Alternate Intake Project Implementation <sup>2</sup>	8,000,000			
NBA Capacity Remediation <sup>3</sup>	TBD			
	<u>8,000,000</u>			
<b>State Water Project Subtotal</b>		<b>11,375,405</b>	<b>(105,575)</b>	<b>11,269,830</b>
<b>Ulatris Project</b>				
Ulatris Project Control Project Operating Reserve		348,259	(76,259)	272,000
Ulatris Flood Control Project Capital Projects		4,605,794	560,285	5,166,079
Giant Garner Snake-Preserve (cost shared) <sup>4</sup>	1,400,000			
30 Grade Control Structures <sup>4</sup>	750,000			
All Weather Access Improvements	500,000			
Spoil Easement Purchases	100,000			
Heavy Equipment Acquisitions	200,000			
	<u>2,950,000</u>			
<b>Ulatris Project Subtotal</b>		<b>4,954,053</b>	<b>484,026</b>	<b>5,438,079</b>
<b>Green Valley Project</b>				
Green Valley Flood Control Project Operating Reserve		29,532	7,718	37,250
Green Valley Project Capital Improvements		-	41,915	41,915
<b>Green Valley Project Subtotal</b>		<b>29,532</b>	<b>49,633</b>	<b>79,165</b>
<b>Other Flood Control Projects</b>		<b>200,000</b>	<b>-</b>	<b>200,000</b>
<b>Emergency Reserve</b>		<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>
<b>Total</b>		<b>\$ 35,426,160</b>	<b>(7,804,269)</b>	<b>\$ 27,621,891</b>

**Notes**

1. Include R & B projects planned for the next 4 years
2. Tot. est. capital cost = \$550M; financed by State, Agency reserves to pre-fund costs prior to construction or buy-down debt; seek grant funds.
3. Current analysis underway to determine scope and cost to manage biofilm.
4. Pending completion of Solano HCP.
5. Capital Improvement Plan to be updated in 2016 as part of Strategic Plan.