

Solano County Water Agency  
Fiscal Year 2023-2024  
Proposed Budget



# SOLANO COUNTY WATER AGENCY



## General Manager's Budget Message

### **FY 2023-2024 Proposed Budget May 2023**

#### **Financial Position**

The Water Agency's financial position remained strong at the close of FY 2022-2023, with a projected cumulative fund balance of \$56,511,871. However, this represents a decrease of \$2,299,422 compared to the previous fiscal year. In the following sections of this report, we will provide an overview of the Water Agency's budget structure (funds), its long-term outlook, a synopsis of the FY 2022-2023 budget year, and the proposed FY 2023-2024 budget.

#### **Budget Structure**

The Water Agency's budget is comprised of four funds; the Administration-Solano Project-Watermaster (ASW) Fund, State Water Project Fund, Ulati Flood Control Project Fund, and the Green Valley Flood Control Project Fund. The latter three are "restricted" funds – the respective revenue streams cannot be directed to other funds – while the former, the ASW Fund, in addition to supporting Solano Project and administration, also serves as the Water Agency's general fund – revenues can be used for any purpose. A summary of the four funds is as follows:

Fund	Type	<u>Estimated Fund Balance on 6/30/23</u>	
		Dollars	Percent of total
ASW	general	15,699,815	27.8
State Water Project	restricted	30,658,341	54.2
Ulati Flood Control	restricted	9,838,874	17.4
Green Valley Flood Control	restricted	314,841	0.6
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		56,511,871	100

#### **Long Term Outlook**

The Water Agency's responsibilities have expanded over the years, early on with the adoption of the Putah Creek Accord and commitment to prepare and implement the Solano Project Habitat Conservation Plan, assumption of regional water conservation activities in Solano County, technical support for the North Bay Aqueduct Alternate Intake Project, and more recently with the adoption of the Flood Management Policy and participation in the development of the Solano Sub-basin Groundwater Sustainability Agency and Solano Subbasin Groundwater Management Plan. To some degree the level of effort associated with these newer responsibilities has or will be peaking at different times – different years – and with somewhat different fiscal impacts to the four respective Funds. A long-term outlook summary, by Fund, is presented below.

### ASW Fund

With the notable exception of the NBA Alternate Intake Project and related technical studies, most of the responsibilities have or will be financially supported by the ASW Fund. In the short term – next two to three years – the ASW Fund balance will be drawn down to accommodate implementation activities in support of the State Water Board Bay-Delta Voluntary Agreements and participation in the ongoing Bay Delta Plan Update proceedings, as well as the “jump start” of the Solano Project Habitat Conservation Plan. Ongoing operations and maintenance costs associated with the Solano Project, implementation of the Flood Management Policy, and water conservation programs contribute to fund expenditures. With implementation of the Solano Subbasin Groundwater Sustainability Plan underway, most of the expenses for groundwater management have shifted to the Solano Subbasin Groundwater Sustainability Agency.

While property taxes, the primary source of revenue for the ASW Fund, are expected to increase over the long term, staff believes the Water Agency should continue to explore and whenever possible develop additional revenue streams to support the ASW Fund. In FY 2021-2022 the Water Agency “piggybacked” on the County’s FEMA Hazard Mitigation Plan update. The Plan has been completed and the Water Agency is now eligible to compete for a wider array of FEMA grant funds – funds that will generally be used for Solano Project rehabilitation and betterment projects. The FY 2023-2024 budget includes funds to explore opportunities to develop and monetize habitat mitigation credits at the Water Agency’s Petersen Ranch property. To maintain the current level of support for the agency's diverse functions, it becomes crucial to explore opportunities for generating additional revenue. This could involve seeking alternative funding sources, such as grants, partnerships, or exploring new revenue-generating initiatives. By expanding the financial pie, the Water Agency can ensure that sufficient resources are available to sustain and adequately support its various functions and responsibilities.

### State Water Project Fund

Slightly more than half of the Water Agency’s cumulative fund balance is attributable to the State Water Project Fund. While seemingly robust, at least in the short term, significant expenditures are anticipated in the next three to seven years as the planning, environmental review, and design of what is currently anticipated to be a \$600 million construction project – the North Bay Alternate Intake (NBA AIP or Water +) - resume in earnest. Currently, the Water Agency is funding several technical studies to support formulation of a multi-benefit Water + Project that will hopefully attract significant financial contributions from the Federal and State governments. The planning, environmental review, and preliminary design of the NBA AIP are expected to cost \$15 to \$22 million.

### Ulatris Flood Control Fund

The Ulatris Flood Control Fund has experienced financial benefits from the increased property values resulting from the conversion of agricultural lands to residential housing near Vacaville. However, urbanization has also introduced new challenges and expenses for flood control efforts.

In the next five years, significant capital expenditures are anticipated, primarily for the construction of grade control weirs. These weirs are essential structures for managing water flow and velocity, reducing erosion, and addressing flood risks. The timing of these capital projects is

contingent upon the approval of the Solano Project Habitat Conservation Plan (Solano HCP) by Federal and State resource agencies within the next 12 months.

Once approved, the Solano HCP will streamline permitting processes, facilitating environmental reviews and compliance matters associated with these capital projects. This streamlined approach will help expedite the implementation of the grade control weirs and other related flood control infrastructure.

Additionally, the adoption of the Solano HCP will impose an obligation on the Ulati Flood Control Project to mitigate the loss of habitats for special status species, such as the Giant Garter Snake. The estimated cost for this mitigation effort is approximately \$1 million. Mitigation measures may involve habitat restoration and conservation projects aimed at offsetting the impacts on these species and their habitats.

Apart from flood protection, the Ulati Flood Control Project also plays a role in conveying and storing irrigation water during the summer. It serves as the year-round discharge point for the City of Vacaville's tertiary treated wastewater. Given that the Ulati Flood Control Project drains into the Cache Slough Complex, which is the focus of large-scale habitat restoration efforts, it is anticipated that the project will face increased scrutiny from State and Federal resource agencies in the future.

Based on existing biological information, there is potential for operating and maintaining the Ulati Flood Control Project in ways that enhance habitat values, particularly in the upstream portions of Cache Slough. This could potentially provide opportunities for mitigation credits or a source of revenue. As a result, staff anticipates initiating additional investigations related to biology, water quality, and hydrodynamics. Eventually, a management plan will be developed for the Ulati Flood Control Project, incorporating habitat restoration as one of its functions.

Overall, the Ulati Flood Control Fund is in good financial shape for the foreseeable future. There are no discernible negative trends in expenditures or revenues, and sufficient reserves are available to carry out anticipated capital improvement projects while also exploring new opportunities.

#### Green Valley Flood Control Fund

The Green Valley Flood Control Project was initially constructed when the predominant land uses in and around the area were agricultural and rural residential. During this period, property tax revenues were modest, and as a result, operations and maintenance expenditures were primarily supported through loans from the ASW Fund.

Over time, land uses in the Green Valley Flood Control Project area have shifted, and they are now predominantly residential and commercial. This change has led to some enhancement in property tax revenues. However, the process of urbanization, combined with the challenges posed by sea level rise, has introduced significant operational and maintenance challenges for the flood control project.

While the financial position of the Green Valley Flood Control Fund has improved in recent years, it remains only marginally adequate for the foreseeable future. The shift in land uses and

increased property tax revenues have provided some relief, but the ongoing urbanization and the potential impact of sea level rise continue to place strain on the fund.

The operations and maintenance challenges associated with urbanization and sea level rise require financial resources to address effectively. It is anticipated that the Green Valley Flood Control Fund will continue to face financial constraints as it works to meet these challenges. As a result, careful financial planning and consideration of additional revenue sources may be necessary to ensure the fund can adequately fulfill its operational and maintenance responsibilities in the years to come.

#### **FY 2022-2023 Budget Synopsis**

The FY 2022-2023 budget of the Water Agency was adopted during the ongoing COVID-19 pandemic. The initial hopes of a return to normalcy in the second half of 2022 were muted due to repeated surges in COVID cases. As a result, certain planned activities and projects had to be postponed or canceled.

Activities such as water conservation audits, education and public outreach, specific field data collection activities, and most Solano Project Rehabilitation and Betterment projects did not take place as originally budgeted. The delay in the Office Expansion project also resulted in a postponement of expected expenses.

On the other hand, flood control expenditures were relatively close to what was budgeted. There may still be some additional delayed costs as staff continue to assess and repair the damage caused to flood control facilities from extensive winter storms.

The FY 2022-2023 budget was initially adopted with the expectation that the Water Agency's cumulative fund balance would decrease by \$6,000,000 to \$50,000,000. However, due to the aforementioned adjustments to planned activities and projects, the projected decrease in the cumulative fund balance for FY 2022-2023 is \$2,299,422 compared to the previous fiscal year. The projected fund balances for each of the four Water Agency funds, at the close of FY 2021-2022 versus FY 2022-2023, are as follows:

	June 30, 2022 (FY 2021-2022)	June 30, 2023 (FY 2022-2023)
ASW	19,892,644	15,699,815
State Water Project	29,284,120	30,658,341
Ulati Flood Control	9,296,408	9,838,874
Green Valley Flood Control	<u>338,121</u>	<u>314,841</u>
Totals:	58,511,293	56,511,871

#### **Proposed FY 2023-2024 Budget**

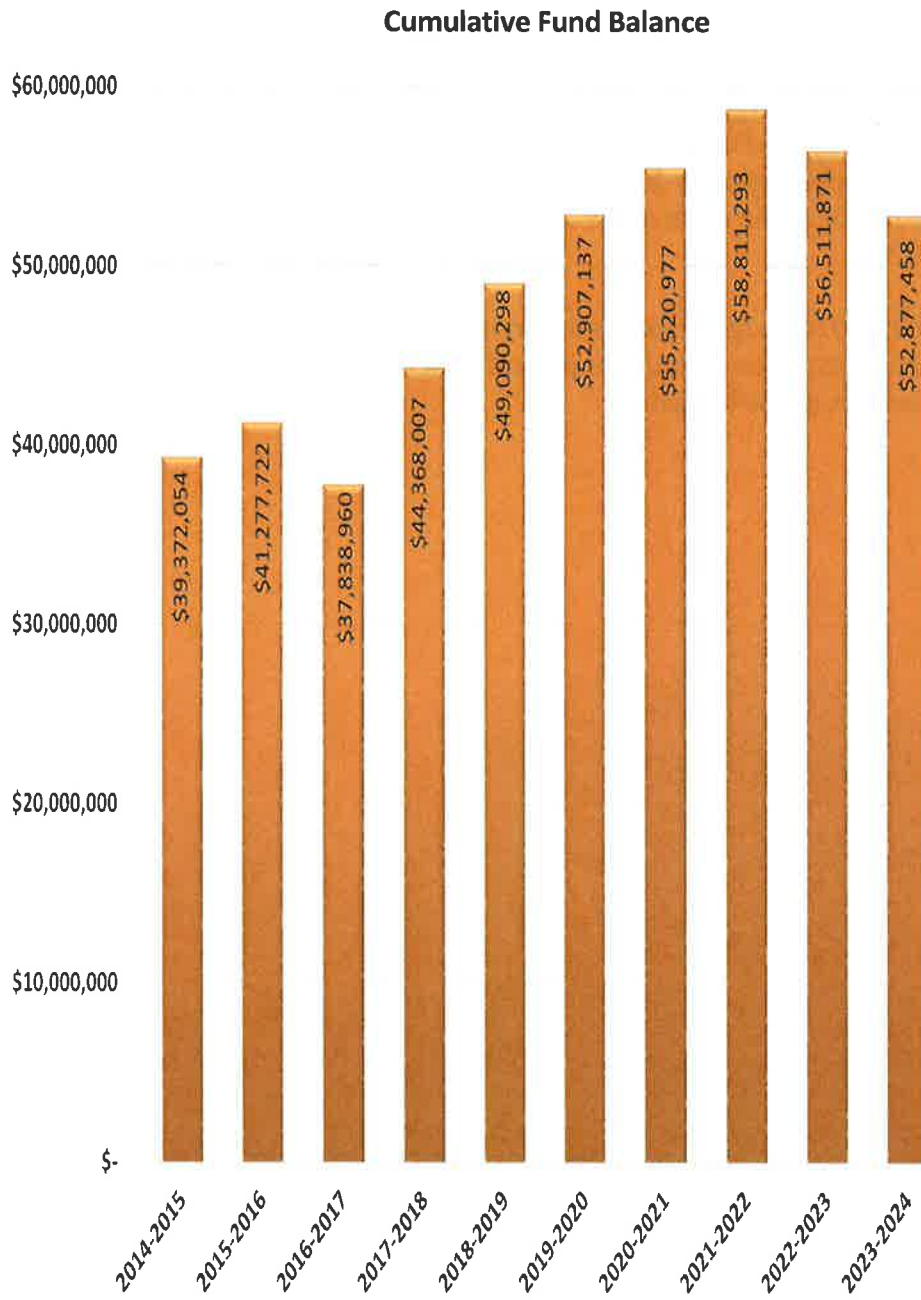
The proposed FY 2023-2024 budget is similar to the previous year's budget, with some notable exceptions. Additional funding is allocated for the potential addition of staff positions in 2023-

2024, following the recommendations of the Workforce Study and Workforce Committee. The budget also includes costs associated with the Office Expansion project.

Significant one-time expenditures that were originally planned for FY 2022-2023 but did not occur are now included in the proposed FY 2023-2024 budget. These include approximately 40% of the costs for the Water Agency office expansion and capital improvements for the Solano Project. As a result, the projected cumulative fund balance at the close of FY 2023-2024 is expected to decrease by approximately \$3,634,413. The balance is estimated to decrease from approximately \$56,511,000 at the close of FY 2022-2023 to approximately \$52,877,000 at the close of FY 2023-2024.

The proposed FY 2023-2024 budget includes a summary of its components, as well as long-term revenue and expense trends. These details are presented in the charts and tables below to provide a comprehensive overview of the budget.

**Figure 1**

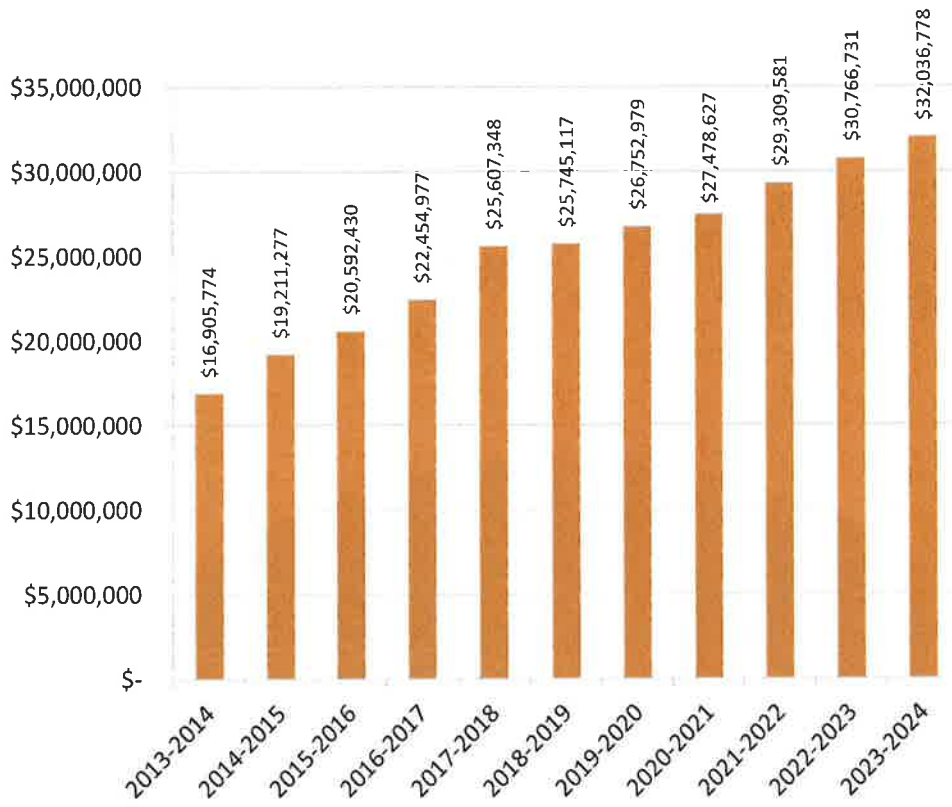


Notes: 2023-2024 cumulative fund balance data based on proposed budget  
2022-2023 cumulative fund balance data based on year end projected budget  
2014-2015 through 2021-2022 “actuals” from annual audit reports



**Figure 2**

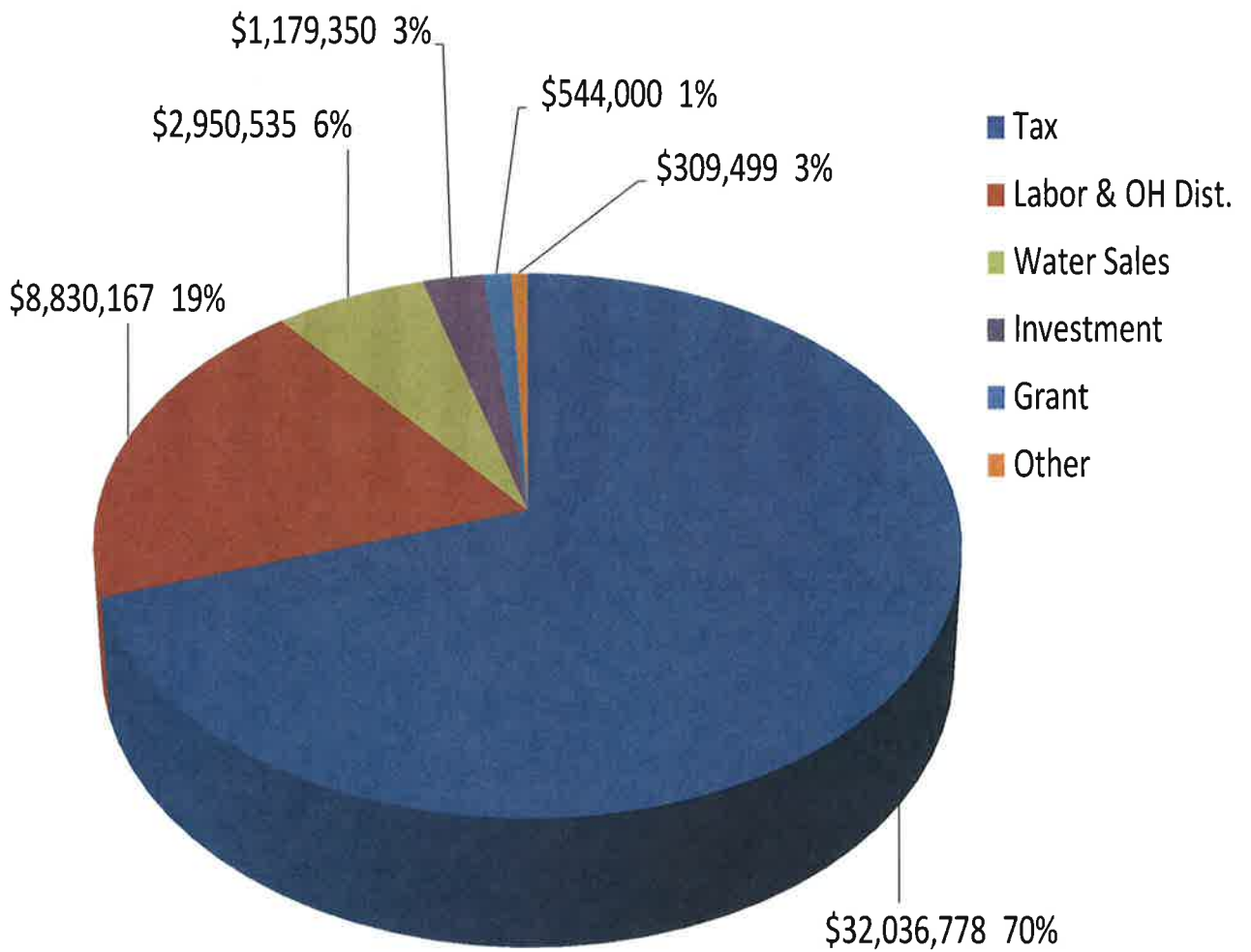
**Property Tax Revenue**



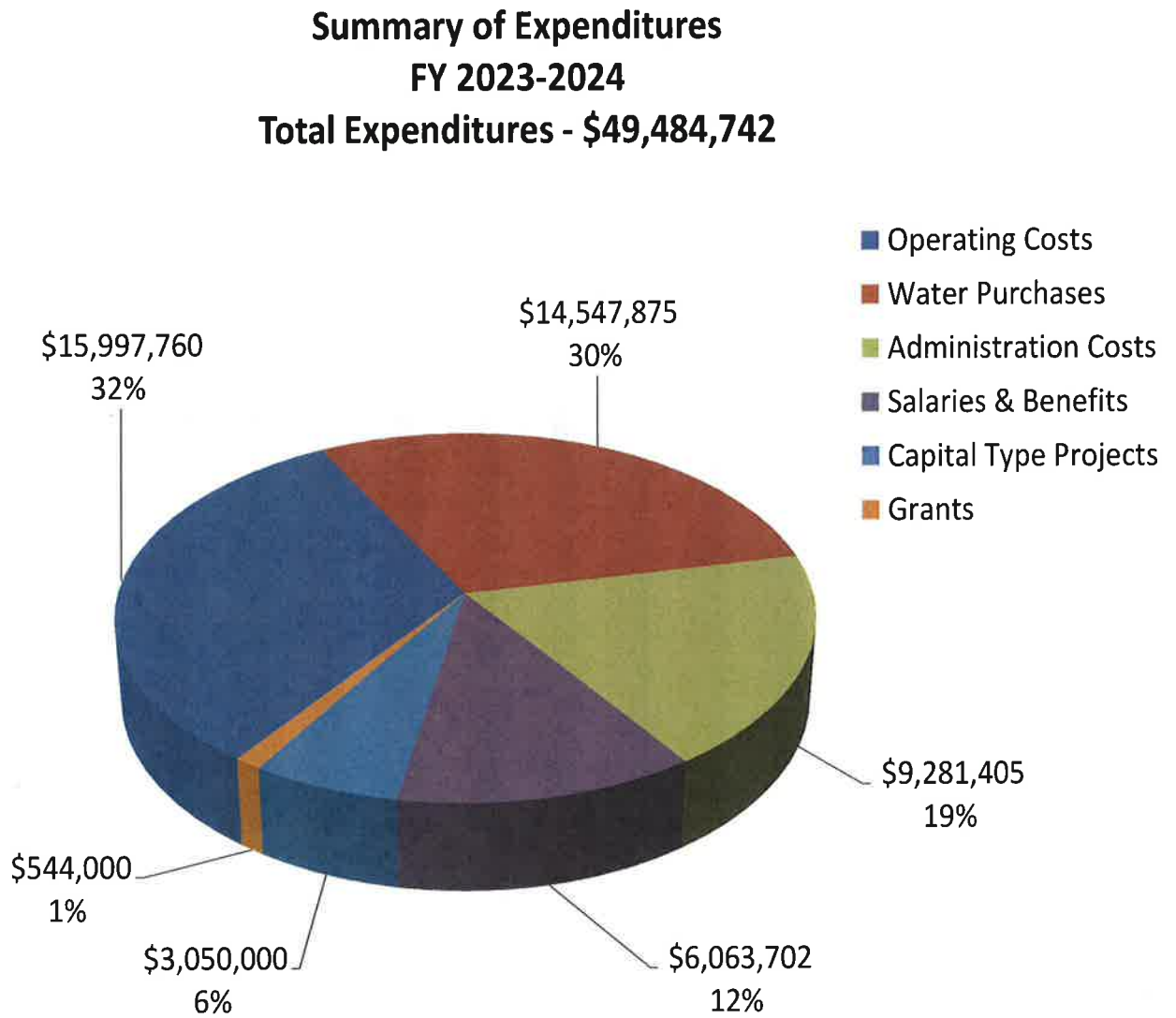
Notes: 2023-2024 property tax revenue data based on County estimates  
2022-2023 property tax revenue based on year end projected budget  
2013-2014 through 2021-2022 “actuals” from annual audited reports

**Figure 3**

**Summary of Projected Revenues  
FY 2023-2024  
Total Revenues - \$45,850,329**

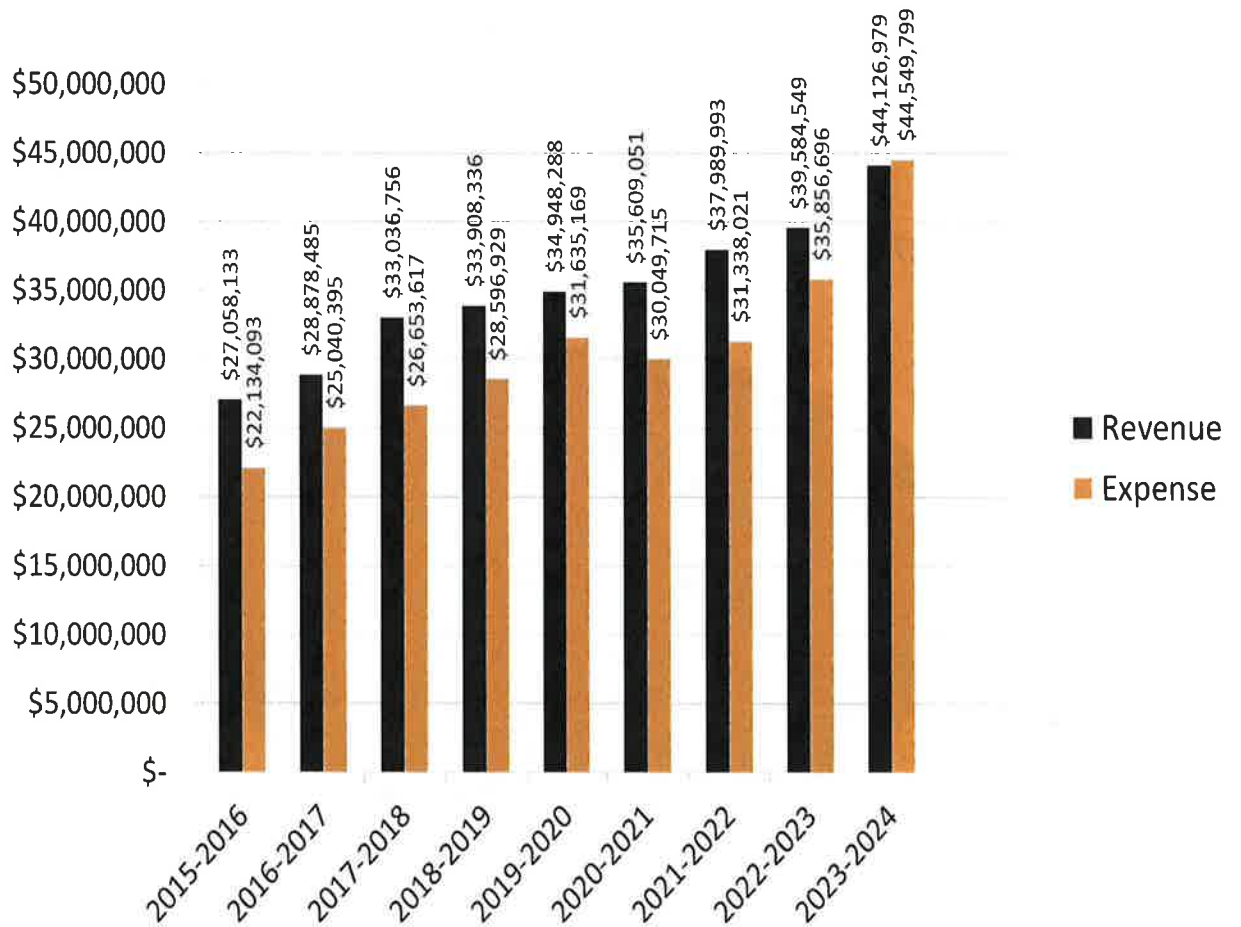


**Figure 4**



# Figure 5

## Operating Income and Expense



Notes: 2023-2024 revenue/expense data based on proposed budget  
 2022-2023 revenue/expense data based on year end projection  
 2015-2016 through 2021-2022 "actuals" from annual audit reports

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 1  
ALL FUNDS SUMMARY  
FY 2023/2024**

FUND NAME	FUND BALANCE AVAILABLE 6/2021 AUDITED	FUND BALANCE AVAILABLE 6/2022 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 22/23	FUND BALANCE AVAILABLE 6/30/2023 PROJECTED	PROPOSED 23/24 REVENUES	PROPOSED 23/24 EXPENDITURES	PROPOSED INCREASE/ DECREASE TO FUND BALANCE	PROPOSED FUND BALANCE 6/30/2024
ADMIN - SOLANO PROJECT - WM*	19,085,419	19,892,644	(4,192,829)	15,699,815	23,308,853	27,956,916	(4,648,064)	11,051,752
STATE WATER PROJECT	27,617,677	29,284,120	1,374,221	30,658,341	20,305,376	19,636,144	669,232	31,327,573
ULATIS FLOOD CONTROL	8,459,061	9,296,408	542,466	9,838,874	2,087,200	1,763,080	324,120	10,162,994
GREEN VALLEY FLOOD CONTROL	358,818	338,121	(23,280)	314,841	148,900	128,602	20,298	335,139
<b>Total All FUNDS</b>	<b>55,520,975</b>	<b>58,811,293</b>	<b>(2,299,422)</b>	<b>56,511,871</b>	<b>45,850,329</b>	<b>49,484,742</b>	<b>(3,634,413)</b>	<b>52,877,458</b>

\*Administration, Solano Projects, and Watermaster

Schedule 1 provides the fund balances based on the FY 2022/2023 Year End Projections.

This schedule also provides Projected Year End net increase/(decrease) by Fund for the FY 23/24 budget year.

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 2  
ALL FUNDS SUMMARY - BY FUNDS  
FY 2023/2024**

DETAIL BY FUND REVENUE CATEGORY AND FUND EXPENDITURE CATEGORY	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 YEAR END PROJECTION	2023/24 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>							
Admin-Solano Project-Watermaster	16,542,976	16,660,772	16,918,550	19,259,850	23,308,853	4,049,003	21%
State Water Project	18,378,149	17,853,935	18,848,972	19,915,961	20,305,376	389,415	2%
Ulati Flood Control	1,615,972	1,580,520	1,756,315	2,045,970	2,087,200	41,230	2%
Green Valley Flood Control	170,468	149,371	128,112	150,245	148,900	(1,345)	-1%
<b>Total Revenues</b>	<b>36,707,565</b>	<b>36,244,598</b>	<b>37,651,950</b>	<b>41,372,026</b>	<b>45,850,329</b>	<b>4,478,303</b>	<b>11%</b>
<b>Expenditures</b>							
Admin-Solano Project-Watermaster	16,380,658	18,603,935	16,111,325	23,452,679	27,956,916	4,504,238	19%
State Water Project	15,212,818	14,193,831	17,182,530	18,541,740	19,636,144	1,094,404	6%
Ulati Flood Control	1,186,883	765,140	918,968	1,503,504	1,763,080	259,576	17%
Green Valley Flood Control	110,367	67,854	148,809	173,525	128,602	(44,924)	-26%
<b>Total Expenditures</b>	<b>32,890,726</b>	<b>33,630,759</b>	<b>34,361,631</b>	<b>43,671,448</b>	<b>49,484,742</b>	<b>5,813,294</b>	<b>13%</b>
<b>Net</b>							
Admin-Solano Project-Watermaster	162,318	(1,943,162)	807,226	(4,192,829)	(4,648,064)	(455,235)	11%
State Water Project	3,165,330	3,660,104	1,666,443	1,374,221	669,232	(704,989)	-51%
Ulati Flood Control	429,089	815,380	837,347	542,466	324,120	(218,346)	-40%
Green Valley Flood Control	60,101	81,518	(20,696)	(23,280)	20,298	43,579	-187%
<b>Total Net</b>	<b>3,816,839</b>	<b>2,613,840</b>	<b>3,290,319</b>	<b>(2,299,422)</b>	<b>(3,634,413)</b>	<b>(1,334,991)</b>	<b>-42%</b>

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

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 3  
ALL FUNDS SUMMARY - BY ACTIVITY  
FY 2023/2024**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 YEAR END PROJECTION	2023/24 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>							
Taxes	26,752,979	27,478,627	29,309,581	30,766,731	32,036,778	1,270,047	4%
Water Sales	2,759,430	3,011,233	3,560,828	3,088,118	2,950,535	(137,583)	-4%
Grant Revenues	861,880	364,190	80,274	523,000	544,000	21,000	4%
Investment Income	897,397	171,005	(418,318)	1,264,477	1,179,350	(85,127)	-7%
InterFund Cost Allocation	4,875,316	4,565,865	4,687,933	5,408,095	8,830,167	3,422,072	63%
Other Revenue	560,563	653,679	431,651	321,605	309,499	(12,106)	-4%
<b>Total Revenues</b>	<b>36,707,565</b>	<b>36,244,598</b>	<b>37,651,950</b>	<b>41,372,026</b>	<b>45,850,329</b>	<b>4,478,303</b>	<b>11%</b>
<b>Expenditures</b>							
Salaries and Employee Benefits	3,990,229	3,499,176	3,507,340	4,295,605	6,063,702	1,768,097	41%
Services and Supplies	1,058,703	916,790	1,314,259	1,539,426	1,852,928	313,502	20%
Operations & Maintenance	6,455,419	5,837,514	5,975,292	6,950,586	9,410,041	2,459,455	35%
LPCCC Operations	1,490,330	1,372,266	1,447,613	1,449,450	1,830,312	380,862	26%
Putah Creek Watershed Management	1,020,547	1,475,426	867,185	826,079	1,268,764	442,685	54%
Rehab & Betterment	231,836	252,646	189,323	560,467	1,325,000	764,533	136%
Water Purchases	12,429,028	12,292,000	12,982,683	14,429,965	14,547,875	117,910	1%
Grant Expenditures	241,306	166,798	466,442	497,666	544,000	46,334	9%
Flood Control	287,378	549,682	381,233	251,470	949,427	697,957	278%
HCP Planning	1,005,830	878,829	1,079,082	1,740,242	2,182,462	442,220	25%
Water Conservation	1,424,364	1,104,260	1,623,806	2,047,784	3,027,824	980,041	48%
Consultants	2,437,125	2,123,772	2,159,527	2,201,087	3,191,463	990,376	45%
Fixed Assets	782,415	3,158,942	2,351,902	6,740,677	3,050,000	(3,690,677)	-55%
Debt Service		2,657	15,944	15,943	15,943	-	0%
Contingency	36,215	-	-	125,000	225,000	100,000	80%
<b>Total Expenditures</b>	<b>32,890,726</b>	<b>33,630,759</b>	<b>34,361,631</b>	<b>43,671,448</b>	<b>49,484,742</b>	<b>5,813,294</b>	<b>13%</b>
<b>Total Net</b>	<b>3,816,839</b>	<b>2,613,840</b>	<b>3,290,319</b>	<b>(2,299,422)</b>	<b>(3,634,413)</b>	<b>(1,334,991)</b>	<b>58%</b>

Schedule 3 provides revenue and expenses by activity type for all four funds combined. It includes three 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 2023/2024**

DETAIL BY OPERATING REVENUE AND EXPENDITURE CATEGORY AND NON-OPERATING REVENUE AND EXPENDITURES CATEGORY	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 YEAR END PROJECTION	2023/24 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
<b>Operating Revenues</b>							
Taxes	26,752,979	27,478,627	29,309,581	30,766,731	32,036,778	1,270,047	4%
Water Sales	2,759,430	3,011,233	3,560,828	3,088,118	2,950,535	(137,583)	-4%
InterFund Cost Allocation	4,875,316	4,565,865	4,687,933	5,408,095	8,830,167	3,422,072	63%
Other Revenue	560,563	553,326	431,651	321,605	309,499	(12,106)	-4%
<b>Total Operating Revenues</b>	<b>34,948,288</b>	<b>35,609,051</b>	<b>37,989,993</b>	<b>39,584,549</b>	<b>44,126,979</b>	<b>4,542,430</b>	<b>11%</b>
<b>Operating Expenditures</b>							
Salaries and Employee Benefits	3,990,229	3,499,176	3,507,340	4,295,605	6,063,702	1,768,097	41%
Services and Supplies	1,058,703	916,790	1,314,259	1,539,426	1,852,928	313,502	20%
Operations & Maintenance	6,455,419	5,837,514	5,975,292	6,950,586	9,410,041	2,459,455	35%
LPCCC Operations	1,490,330	1,372,266	1,447,613	1,449,450	1,830,312	380,862	26%
Putah Creek Watershed Mgt	1,020,547	1,475,426	867,185	826,079	1,268,764	442,685	54%
Water Purchases	12,429,028	12,292,000	12,982,683	14,429,965	14,547,875	117,910	1%
Flood Control	287,378	549,682	381,233	251,470	949,427	697,957	278%
HCP Planning	1,005,830	878,829	1,079,082	1,740,242	2,182,462	442,220	25%
Water Conservation	1,424,364	1,104,260	1,623,806	2,047,784	3,027,824	980,041	48%
Consultants	2,437,125	2,123,772	2,159,527	2,201,087	3,191,463	990,376	45%
Contingency	36,215	-	-	125,000	225,000	100,000	80%
<b>Total Operating Expenditures</b>	<b>31,635,169</b>	<b>30,049,715</b>	<b>31,338,021</b>	<b>35,856,696</b>	<b>44,549,799</b>	<b>8,693,104</b>	<b>24%</b>
<b>Net Operating</b>	<b>3,313,119</b>	<b>5,559,336</b>	<b>6,651,973</b>	<b>3,727,853</b>	<b>(422,820)</b>	<b>(4,150,674)</b>	<b>-111%</b>
<b>Non-Operating Revenues</b>							
Investment Income	897,397	171,005	(418,318)	1,264,477	1,179,350	(85,127)	-7%
Grant Revenues	861,880	364,190	80,274	523,000	544,000	21,000	4%
Debt Proceeds		100,353	-				
<b>Total Non-Operating Revenues</b>	<b>1,759,277</b>	<b>635,547</b>	<b>(338,043)</b>	<b>1,787,477</b>	<b>1,723,350</b>	<b>(64,127)</b>	<b>-4%</b>
<b>Non-Operating Expenditures</b>							
Rehab & Betterment	231,836	252,646	189,323	560,467	1,325,000	764,533	136%
Grant Expenditures	241,306	166,798	466,442	497,666	544,000	46,334	9%
Fixed Assets	782,415	3,158,942	2,351,902	6,740,677	3,050,000	(3,690,677)	-55%
Debt Service		2,657	15,944	15,943	15,943	-	0%
<b>Total Non-Operating Expenditures</b>	<b>1,255,557</b>	<b>3,581,044</b>	<b>3,023,611</b>	<b>7,814,753</b>	<b>4,934,943</b>	<b>(2,879,810)</b>	<b>-37%</b>
<b>Net Non-Operating</b>	<b>503,720</b>	<b>(2,945,496)</b>	<b>(3,361,654)</b>	<b>(6,027,276)</b>	<b>(3,211,593)</b>	<b>2,815,683</b>	<b>-47%</b>
<b>Net Operating and Non-Operating</b>	<b>3,816,839</b>	<b>2,613,840</b>	<b>3,290,319</b>	<b>(2,299,422)</b>	<b>(3,634,413)</b>	<b>(1,334,991)</b>	<b>58%</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.

FY 2023/24 Proposed Budget



**SOLANO COUNTY WATER AGENCY  
SCHEDULE 5  
SOLANO PROJECT REHAB & BETTERMENT  
FY 2023/24**

FUND	DESCRIPTION	TOTAL AMOUNT	2023/24 PROPOSED	2024/25 PROPOSED	2025/26 PROPOSED	2026/27 PROPOSED	2027/28 PROPOSED
SP	SP Risk Assessment	-	-	-	-	-	-
SP	SP Clean Energy Assessment	200,000	100,000	100,000	-	-	-
SP	MD Access Road, Repair & Seal Work	75,000	-	-	25,000	50,000	-
SP	MD Metal Works Recoating	75,000	-	-	25,000	50,000	-
SP	MD Concrete Patch Work	100,000	-	-	25,000	75,000	-
SP	MD Flow Measurement Improvements	20,000	20,000	-	-	-	-
SP	PDD Soft Plug - Hydraulic Assessment & Improv.	40,000	-	-	40,000	-	-
SP	PDD Vegetation Management	70,000	20,000	20,000	10,000	10,000	10,000
SP	PDD Access Road & Facility Improvements	635,000	30,000	30,000	-	225,000	350,000
SP	PDD Flood Gate Rehab & Modernization	300,000	150,000	150,000	-	-	-
SP	PSC Drainage Rehab	75,000	-	-	25,000	25,000	25,000
SP	PSC Aq. Veg. Mngmt. / Veg. Booms	50,000	25,000	25,000	-	-	-
SP	PSC Access Road Gate Rehab	125,000	25,000	25,000	25,000	25,000	25,000
SP	PSC Pipeline Conversion	480,000	180,000	200,000	100,000	-	-
SP	PSC Radial Gate & Wasteway Gate Rehab	125,000	25,000	25,000	25,000	25,000	25,000
SP	PSC Culvert Inspection & Rehab	250,000	-	25,000	25,000	-	200,000
SP	PSC Check Upgrades (Automation)	350,000	100,000	100,000	100,000	50,000	-
SP	PSC Road Gravel and Turn-Around Improvements	250,000	50,000	50,000	50,000	50,000	50,000
SP	PSC Seismic Assessment	100,000	50,000	50,000	-	-	-
SP	PSC Electrical Upgrades	125,000	25,000	25,000	25,000	25,000	25,000
SP	PSC Benching & Reslope of Inside Banks	125,000	25,000	25,000	25,000	25,000	25,000
SP	PSC Panel Replacement & Rehab	500,000	100,000	100,000	100,000	100,000	100,000
SP	PSC Fencing	215,000	-	-	-	-	215,000
SP	TR Reservoir Lane, Drainage & Road Repair	940,000	100,000	100,000	425,000	315,000	-
SP	TR Perimeter Road, Gravel	25,000	25,000	-	-	-	-
<b>Total Solano Project Rehab &amp; Betterment</b>		<b>5,250,000</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,050,000</b>

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

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 YEAR END PROJECTED BUDGET	2023/24 PROPOSED	2024/25 PROPOSED	2025/26 PROPOSED	2026/27 PROPOSED
<b>Revenues</b>							
Taxes	27,478,627	29,309,581	30,766,731	32,036,778	33,294,704	34,631,865	36,027,155
Water Sales	3,011,233	3,560,828	3,088,118	2,950,535	2,950,535	2,950,535	2,950,535
Grant Revenues	364,190	80,274	523,000	544,000	-	-	-
Investment Income	171,005	(418,318)	1,264,477	1,179,350	1,195,632	1,212,240	1,229,179
Labor & Ovhd Distr.	4,565,865	4,687,933	5,408,095	8,830,167	9,761,251	9,956,476	10,155,605
Other Revenue	653,679	431,651	321,605	309,499	309,662	309,662	309,662
<b>Total Revenues</b>	<b>36,244,598</b>	<b>37,651,950</b>	<b>41,372,026</b>	<b>45,850,329</b>	<b>47,511,784</b>	<b>49,060,778</b>	<b>50,672,137</b>
<b>Expenditures</b>							
Salaries and Employee Benefits	3,499,176	3,507,340	4,295,605	6,063,702	6,605,665	6,640,049	6,769,850
Services and Supplies	916,790	1,314,259	1,539,426	1,852,928	1,830,267	1,830,932	1,854,919
Operations & Maintenance	5,837,514	5,975,292	6,950,586	9,410,041	9,779,520	9,593,000	9,476,049
LPCCC Operations	1,372,266	1,447,613	1,449,450	1,830,312	2,037,717	2,095,837	2,168,779
Putah Creek Watershed Mgt	1,475,426	867,185	826,079	1,268,764	1,272,114	1,235,864	1,250,852
Rehab & Betterment	252,646	189,323	560,467	1,325,000	1,300,000	1,150,000	1,050,000
Water Purchases	12,292,000	12,982,683	14,429,965	14,547,875	14,908,815	13,986,530	14,009,955
Grant Expenditures	166,798	466,442	497,666	544,000	-	-	-
Flood Control	549,682	381,233	251,470	949,427	633,010	554,161	527,427
HCP Planning	878,829	1,079,082	1,740,242	2,182,462	2,038,484	2,066,208	2,077,327
Water Conservation	1,104,260	1,623,806	2,047,784	3,027,824	3,246,856	3,351,103	3,464,029
Consultants	2,123,772	2,159,527	2,201,087	3,191,463	2,904,543	2,614,593	2,625,647
Fixed Assets	3,158,942	2,351,902	6,740,677	3,050,000	120,000	80,000	80,000
Debt Service	2,657	15,944	15,943	15,943	57,274	-	-
Contingency	-	-	125,000	225,000	225,000	225,000	225,000
<b>Total Expenditures</b>	<b>33,630,759</b>	<b>34,361,631</b>	<b>43,671,448</b>	<b>49,484,742</b>	<b>46,959,264</b>	<b>45,423,276</b>	<b>45,579,833</b>
<b>Total Net</b>	<b>2,613,840</b>	<b>3,290,319</b>	<b>(2,299,422)</b>	<b>(3,634,413)</b>	<b>552,521</b>	<b>3,637,501</b>	<b>5,092,304</b>

**Key Budget Projection Assumptions**

1. Projected property tax revenues based on observed post 2008 trend
2. Salary and Employee Benefits increased 6%, annually, includes anticipated new hires
3. Projected grant revenues based on currently awarded grants, grant expenditures include matching funds provided by Water Agency

**SOLANO COUNTY WATER AGENCY  
SCHEDULE 7  
BUDGET PROJECTIONS**

FUND NAME	FUND BALANCE AVAILABLE 6/2021 AUDITED	FUND BALANCE AVAILABLE 6/2022 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 22/23	FUND BALANCE YEAR END PROJECTION 22/23	PROPOSED INCREASE/ DECREASE TO FUND BALANCE 23/24	FUND BALANCE JUNE 30, 2024 PROPOSED	FUND BALANCE JUNE 30, 2025 PROJECTED	FUND BALANCE JUNE 30, 2026 PROJECTED	FUND BALANCE JUNE 30, 2027 PROJECTED
ADMIN - SOLANO PROJECT - WM	19,085,419	19,892,644	(4,192,829)	15,699,815	(4,648,064)	11,051,751	10,123,277	10,247,964	11,098,605
STATE WATER PROJECT	27,617,677	29,284,120	1,374,221	30,658,341	669,232	31,327,573	32,285,190	34,946,240	38,079,874
ULATIS FLOOD CONTROL	8,459,061	9,296,408	542,466	9,838,874	324,120	10,162,994	10,647,119	11,460,012	12,529,560
GREEN VALLEY FLOOD CONTROL	358,818	338,121	(23,280)	314,841	20,298	335,139	374,392	413,263	451,744
<b>Total All FUNDS</b>	<b>55,520,975</b>	<b>58,811,293</b>	<b>(2,299,422)</b>	<b>56,511,871</b>	<b>(3,634,413)</b>	<b>52,877,458</b>	<b>53,429,978</b>	<b>57,067,480</b>	<b>62,159,783</b>

**FUND PURPOSE**

The Administration-Solano Project-Watermaster (ASW) fund is comprised of three sub-funds; Administration, Solano Project, and Watermaster. Unlike the Water Agency's State Water Project, Ulati and Green Valley funds, which for accounting purposes are defined as "restricted" funds, the ASW is a "general fund" and therefore the monies within the ASW fund can be used for any purpose – flood control, groundwater monitoring, water conservation, etc.

**FUNCTION AND RESPONSIBILITIES**

Administration – The Administration sub-fund provides human resource and other administrative support for SCWA staff, as well as funding for SCWA's general flood control, water education and outreach, integrated regional water management planning, water conservation activities, and general office supplies and services.

Solano Project - The Solano Project sub-fund supports the Solano Project water supply, including operation and maintenance of the Solano Project facilities (Monticello Dam, Putah Diversion Dam, and Putah South Canal), compliance with the Putah Creek Accord and a variety of technical studies and administrative functions in support of the Lower Putah Creek Coordinating Committee (LPCCC), and implementation of the Solano Habitat Conservation Plan (HCP).

Watermaster – The Watermaster sub-fund is used to implement the Condition 12<sup>1</sup> water rights settlement agreement for the Lake Berryessa watershed.

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

Property Taxes -FY 2023-2024 property tax revenues are projected to increase 6% from the prior fiscal year, reflecting the prevailing trend of increasing property values in Solano County.

Grant Revenue – Continuation of existing water conservation and Lake Berryessa Invasive Mussel Inspection and Education grant funded programs, and addition of Lower Putah Creek Habitat Enhancement (aka Nishikawa Reach) grant funded project.<sup>2</sup>

Investment Income – Interest earnings, which had been declining since the Fall of 2019, have been increasing in response to recent and anticipated interest rate increases by the Federal Reserve. Last year was the first year to recognize fair value measurement for the LAIF pooled money investment account, which created negative interest. That recognition is reversed in the current year and recognized again as part of the 2022/23 year -end audit. Going forward, this market value measurement will have minimal impact on interest earnings.

Other Revenue Sources- Includes water conservation reimbursements from cities, rental income from Petersen, Sackett, and Lang-Tule ranches.

### ***Expenditures***

Salaries & Benefits – Includes additional funding for the addition of staff positions, back-filling vacant positions, and the market equity adjustments approved by the Board through the Workforce Study conducted by Boucher Law in 2021.

Services and Supplies – Expenditures expected to increase over prior fiscal year with an increase of public outreach/education activities, a slightly larger workforce, and the effects of inflation.

Operations and Maintenance -Includes additional funding for ongoing operations and maintenance of the Solano Project, including the Sanitary studies, Algicide surveys, bank stabilization projects, and contract renewal with U.S. Bureau of Reclamation.

Putah Creek Watershed Management - Expenditures expected to increase over prior fiscal year with continued Fish monitoring, implementation of the Putah Creek Water Management project, and expansion of the WaterWays program with Putah Creek Council.

Rehab & Betterment -Anticipated increase in rehab projects for the Putah Diversion Dam and the Putah South Canal, and notable drainage, road repairs, and a pipeline conversion project.

Grant Expenditures - Continuation of the Lake Berryessa Invasive Mussel Inspection Program and water conservation grant funded projects, and continuation of the Lower Putah Creek Habitat Enhancement Project (aka Nishikawa Reach) project.

Water Conservation - Additional expenditures for the continuation and expansion of water conservation programs.

Flood Control -Expenditures have been comparatively low in recent years due to ongoing drought. The new budget includes funding for the Dixon Watershed Implementation project, the Flood Masterplan update, and the Hydrology Manual update.

HCP -Increased expenditures for completion of EIR/EIS and implementation of HCP, and ongoing habitat conservation work at Petersen Ranch and Sackett Ranch.

Fixed Assets - Includes ASW Fund's share of office expansion costs, which is largely encompassed within 22/23 and completing in 23/24. Anticipated purchases include a Dump truck, backhoe, Skid steer, 2 service trucks, SCADA truck, and Flow Monitoring Instrumentation and Sensors.

**(GENERAL FUND)****ADMINISTRATION – SOLANO PROJECT - WATERMASTER**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 YE PROJECTION	2023/2024 PROPOSED	PROJECTION TO	PERCENT CHANGED
						PROPOSED	
<b>Revenues</b>							
Taxes	10,217,141	10,956,483	11,795,163	12,556,302	13,197,178	640,876	5%
Grants	462,533	364,190	80,274	523,000	544,000	21,000	4%
Investment Income	360,482	68,171	(143,787)	395,513	365,250	(30,263)	-8%
InterFund Cost Allocation	4,875,316	4,565,865	4,687,933	5,408,095	8,830,167	3,422,072	63%
Water Sales	91,656	83,062	93,208	92,682	93,000	318	0%
Other Revenue Sources	535,848	522,649	405,759	284,258	279,258	(5,000)	-2%
Proceeds from Debt	-	100,353	-				
<b>Total Revenues</b>	<b>16,542,976</b>	<b>16,660,772</b>	<b>16,918,550</b>	<b>19,259,850</b>	<b>23,308,853</b>	<b>4,049,003</b>	<b>21%</b>
<b>Expenditures</b>							
Salaries & Benefits	3,990,229	3,499,176	3,507,340	4,295,605	6,063,702	1,768,097	41%
Services and Supplies	950,545	817,052	1,194,183	1,403,639	1,713,628	309,989	22%
Operations and Maintenance	4,597,239	4,181,636	4,145,394	4,742,552	6,628,384	1,885,833	40%
LPCCC Operations	1,490,330	1,372,266	1,447,613	1,449,450	1,830,312	380,862	26%
Putah Creek Watershed Management	1,020,547	1,475,426	867,185	826,079	1,268,764	442,685	54%
Rehab & Betterment	231,836	252,646	108,805	493,050	1,050,000	556,950	113%
Grant Expenditures	241,306	166,798	466,442	497,666	544,000	46,334	9%
Water Conservation	860,411	659,170	955,311	1,138,811	1,852,676	713,865	63%
Flood Control	287,378	549,682	381,233	251,470	949,427	697,957	278%
Habitat Conservation	782,170	789,642	953,937	1,388,175	1,716,017	327,842	24%
Consultants	1,503,180	1,678,841	1,512,605	1,210,087	1,495,463	285,376	24%
Fixed Assets	389,271	3,158,942	555,333	5,625,152	2,698,600	(2,926,552)	-52%
Debt Service		2,657	15,944	15,943	15,943	-	0%
Contingency	36,215	-	-	115,000	130,000	15,000	13%
<b>Total Expenditures</b>	<b>16,380,658</b>	<b>18,603,935</b>	<b>16,111,325</b>	<b>23,452,679</b>	<b>27,956,916</b>	<b>4,504,238</b>	<b>19%</b>
<b>Net Change</b>	<b>162,318</b>	<b>(1,943,162)</b>	<b>807,226</b>	<b>(4,192,829)</b>	<b>(4,648,064)</b>	<b>(455,235)</b>	<b>11%</b>

**FY 2023/24 PROPOSED BUDGET**

- <sup>1</sup>. Condition 12 approved the issuance of permits to divert water, reserving up to 33,000 acre-feet annually, from the Lake Berryessa Watershed, above the Monticello Dam, or Upper Putah Creek
- <sup>2</sup>. For the Nishikawa Restoration Project, final design and permitting is expected to occur in FY 23-24 as well as initial grubbing of vegetation and site preparation. Construction is not expected to occur until late Summer 2024 which will be the following fiscal year, FY 2024-2025.

**FUND PURPOSE**

Repayment of capital costs, ongoing operations and maintenance of the North Bay Aqueduct.

**FUNCTION AND RESPONSIBILITIES**

SCWA is responsible for purchasing water from the State Water Project for resale to cities in Solano County. Water is delivered via the North Bay Aqueduct (NBA), which originates in Barker Slough and terminates in Napa County (Napa County has a similar State Water Project water supply contract). 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, and capital costs. The majority of the funds used to reimburse DWR are obtained via the "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 2023-2024 property tax revenues are projected to increase 3% from the prior fiscal year, reflecting the prevailing trend of increasing property values in Solano County.

Water Sales – Based on charges from the Department of Water Resources and fluctuate annually.

Investment Income -Interest earnings rose substantially in response to recent and anticipated interest rate increases by the Federal Reserve. Last year was the first year to recognize fair value measurement for the LAIF pooled money investment account, which created negative interest. That recognition is reversed in the current year, and recognized again as part of the 2022/23 year end audit. Going forward, this market value measurement will have minimal impact on interest.

**Expenditures**

Services and Supplies- Expected increase of State Water Contractor dues.

Operations and Maintenance – Includes increased funding for improvements to the Hydrologic Stations, increased water quality analysis at Campbell Lake and Barker Slough.

Water Purchases – Expecting Increased charges imposed by California Department of Water Resources.

Water Conservation – Additional expenditures for the continuation and expansion of water conservation programs.

Habitat Conservation – Increased funding for habitat conservation planning and implementation of habitat improvements at Petersen Ranch and Lang-Tule properties.

**(RESTRICTED FUND)****STATE WATER PROJECT**

Consultants – Funding has been increased in anticipation of additional technical studies in support of the North Bay Aqueduct Alternate Intake Project, and the NBA Intake and the Organic Carbon projects, and continued work at the Yolo Bypass/Cache Slough Complex.

Fixed Assets - Expenditures were unusually high in FY 2022- 2023 for the SWP Fund's share of the office expansion project, which will have minimal expenditures in the new year.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 YE PROJECTION	2023/2024 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
<b>Revenues</b>							
Property Taxes	14,894,908	14,831,241	15,570,025	16,238,095	16,790,600	552,505	3%
Water Sales	2,667,774	2,928,171	3,467,620	2,995,436	2,857,535	(137,901)	-5%
Grant Revenues	399,346	-	-	-	-	-	-
Investment Income	398,800	77,282	(206,913)	654,189	635,000	(19,189)	-3%
Other Sources	17,320	17,241	18,241	28,241	22,241	(6,000)	-21%
<b>Total State Water Project Revenues</b>	<b>18,378,149</b>	<b>17,853,935</b>	<b>18,848,972</b>	<b>19,915,961</b>	<b>20,305,376</b>	<b>389,415</b>	<b>2%</b>
<b>Expenditures</b>							
Services and Supplies	93,375	83,303	100,386	118,812	121,000	2,188	2%
Operations and Maintenance	958,949	839,319	862,329	811,298	1,295,875	484,578	60%
Water Purchases	12,429,028	12,292,000	12,982,683	14,429,965	14,547,875	117,910	1%
Grant Expenditures	-	-	-	-	-	-	-
Water Conservation	563,953	445,090	668,496	908,973	1,175,148	266,175	29%
Habitat Conservation	223,660	89,187	125,145	352,068	466,446	114,378	32%
Consultants	933,946	444,931	646,922	991,000	1,696,000	705,000	71%
Fixed Assets	9,908	-	1,796,569	919,625	293,800	(625,825)	-68%
Contingency	-	-	-	10,000	40,000	30,000	300%
<b>Total State Water Project Expenditures</b>	<b>15,212,818</b>	<b>14,193,831</b>	<b>17,182,530</b>	<b>18,541,740</b>	<b>19,636,144</b>	<b>1,094,404</b>	<b>6%</b>
<b>Net Change</b>	<b>3,165,330</b>	<b>3,660,104</b>	<b>1,666,443</b>	<b>1,374,221</b>	<b>669,232</b>	<b>(704,989)</b>	<b>-51%</b>



**FUND PURPOSE**

Operation and maintenance of 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 within and provides flood protection to 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 2023-2024 property tax revenues are projected to increase 4% from the prior fiscal year, reflecting the prevailing trend of increasing property values in Solano County.

Investment Income – Interest earnings rose substantially in response to recent and anticipated interest rate increases by the Federal Reserve. Last year was the first year to recognize fair value measurement for the LAIF pooled money investment account, which created negative interest. That recognition is reversed in the current year and recognized again as part of the 2022/23 year end audit. Going forward, this market value measurement will have minimal impact on interest.

**Expenditures**

Operations and Maintenance – Operations and maintenance expenses are projected to increase over the prior fiscal year should 2024 be at least a relatively “wet” hydrologic year, again.

Rehab & Betterment – Includes culvert replacements and related grade control measures to maintain flood flow capacity.

Fixed Assets– Includes Ulatis Fund’s share of office expansion costs, with minimal expense remaining in the new year.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 YE PROJECTION	2023/2024 PROPOSED	PROJECTION	PERCENT CHANGED
						TO PROPOSED	
<b>Revenues</b>							
Property Taxes	1,474,494	1,542,426	1,813,796	1,829,664	1,906,200	76,536	4%
Investment Income	134,084	24,657	(65,132)	207,200	173,000	(34,200)	-17%
Other Sources	7,395	13,436	7,651	9,106	8,000	(1,106)	-12%
<b>Total Ulati Revenues</b>	<b>1,615,972</b>	<b>1,580,520</b>	<b>1,756,315</b>	<b>2,045,970</b>	<b>2,087,200</b>	<b>41,230</b>	<b>2%</b>
<b>Expenditures</b>							
Supplies and Services	13,709	15,251	18,271	15,750	17,000	1,250	8%
Operations and Maintenance	789,938	749,889	892,282	1,289,737	1,382,680	92,943	7%
Rehab & Betterment	-	-	8,414	67,417	275,000	207,583	308%
Fixed Assets	383,236	-	-	130,600	38,400	(92,200)	-71%
Contingency	-	-	-	-	50,000	50,000	0%
<b>Total Ulati Expenditures</b>	<b>1,186,883</b>	<b>765,140</b>	<b>918,968</b>	<b>1,503,504</b>	<b>1,763,080</b>	<b>259,576</b>	<b>17%</b>
<b>Net Change</b>	<b>429,089</b>	<b>815,380</b>	<b>837,347</b>	<b>542,466</b>	<b>324,120</b>	<b>(218,346)</b>	<b>-40%</b>

**FUND PURPOSE**

Operation and maintenance of 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 2023-2024 property tax revenues are projected to increase 1% from the prior fiscal year, reflecting the prevailing trend of increasing property values in Solano County.

Investment Income -Interest earnings rose substantially in response to recent and anticipated interest rate increases by the Federal Reserve. Last year was the first year to recognize fair value measurement for the LAIF pooled money investment account, which created negative interest. That recognition is reversed in the current year and recognized again as part of the 2022/23 year end audit. Going forward, this market value measurement will have minimal impact on interest.

***Expenditures***

Operations and Maintenance – Operations and maintenance expenses are projected to decrease slightly over the prior fiscal should 2024 be at least a relatively “wet” hydrologic year.

Fixed Assets – Includes Green Valley Fund’s share of office expansion costs, with minimal expenses remaining into the new year.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 YE PROJECTION	PROJECTION		PERCENT CHANGED
					2023/2024 PROPOSED	TO PROPOSED	
<b>Revenues</b>							
Property Taxes	166,436	148,477	130,597	142,670	142,800	130	0%
Investment	4,032	895	(2,485)	7,575	6,100	(1,475)	-19%
<b>Total Green Valley Revenues</b>	<b>170,468</b>	<b>149,371</b>	<b>128,112</b>	<b>150,245</b>	<b>148,900</b>	<b>(1,345)</b>	<b>-1%</b>
<b>Expenditures</b>							
Supplies and Services	1,074	1,184	1,419	1,225	1,300	75	6%
Operations and Maintenance	109,293	66,670	75,286	107,000	103,102	(3,899)	-4%
Rehab & Betterment	-	-	72,103	-	-	-	-
Fixed Assets	-	-	-	65,300	19,200	(46,100)	-71%
Contingency	-	-	-	-	5,000	5,000	0%
<b>Total GV Expenditures</b>	<b>110,367</b>	<b>67,854</b>	<b>148,809</b>	<b>173,525</b>	<b>128,602</b>	<b>(44,924)</b>	<b>-26%</b>
<b>Net Change</b>	<b>60,101</b>	<b>81,518</b>	<b>(20,696)</b>	<b>(23,280)</b>	<b>20,298</b>	<b>43,579</b>	<b>-187%</b>

# Solano County Water Agency

## Fund Balance Policy

### I. PURPOSE OF STATEMENT

The purpose of this fund balance policy is to identify the authority for committing and assigning fund balance in conformance with Governmental Accounting Standards Board Statement No. 54 and to establish the order in which unrestricted resources are to be used.

### II. SCOPE

This fund balance policy will be applicable to all funds under the control of the Agency.

### III. DEFINITION OF FUND BALANCE

Fund Balance is used to describe the difference between assets and liabilities reported within a fund. GASB 54 established the following five components of fund balance, each of which identifies the extent to which the Agency is bound to honor constraints on the specific purposes for which the amounts can be spent. These restrictions vary significantly depending upon the source.

- A. **Nonspendable:** Amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- B. **Restricted:** Amounts subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.
- C. **Committed:** Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Agency. Committed amounts cannot be used for any other purpose unless the Agency removes or changes the specified use by taking the same type of action (action item, legislation, resolution, ordinance) it employed to previously commit those amounts.
- D. **Assigned:** Amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Board of Directors itself or the General Manager of the Agency.
- E. **Unassigned:** Residual amounts in the general fund, not classified as nonspendable, restricted, committed, or assigned. For other governmental fund types, unassigned is only used when a deficit or negative fund balance occurs.

### IV. COMMITTING FUND BALANCE

Only the Agency's Board of Directors has the authority to create or change a fund balance commitment. Committing fund balance is accomplished by approval of an action item by the Board of Directors.

### V. ASSIGNING FUND BALANCE

The Board of Directors delegates authority to the General Manager to assign amounts to be used for specific purposes. Assignments are less formal than commitments and can be changed by the General

Manager. An example of an assignment would be the encumbrance of funds for purchase orders approved but not fulfilled by the end of a fiscal year.

## VI. FUND BALANCE CLASSIFICATION

Restricted fund balances will be spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Agency will first reduce committed amounts, followed by assigned amounts, and finally unassigned amounts.

## VII. AGENCY FUNDS

For internal 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 Ulati 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 Ulati 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 \$600 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 included in each Fiscal Year's adopted budget. There are separate reserves for all four Agency funds: Solano Project and Administration, State Water Project, Ulati Flood Control Project and Green Valley Flood Control Project. The small Green Valley Project has not accumulated any reserves. 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 a "Capital Reserve" 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.

### **Capital Reserves**

Solano Project - Future capital projects include rehabilitation and improvements to Solano Project major facilities: Monticello Dam, Putah Diversion Dam, and the Putah South Canal. The Solano Project was completed in 1957 at an original cost of \$40 million. An example of a future capital cost is replacement of the Putah South Canal concrete canal liners that have a useful life varying from 50 to 75 years. Because replacement costs are high for the Solano Project a considerable reserve should be maintained for this purpose. The Solano Project also has a specific Rehabilitation & Betterment Reserve used to fund planned capital projects that are identified in the Five-Year Rehabilitation and Betterment Plan which is updated each year. The amount of this reserve varies each year as projects are completed and new projects are added.

State Water Project – Future capital projects include the NBA Alternate Intake Project. Although the timeline and final costs for this project have yet to be determined, the estimated costs of the capital projects will be at a minimum of \$600 million. Any replacement of the NBA will be financed by the State, but the Agency could accumulate funds to buy-down the financed debt. The Agency may also be required to pre-fund costs prior to construction. The amount to be allocated to the State Water Project Capital Reserve is the balance remaining after the allocation to the State Water Project Operating Reserves.

Ulati Flood Control Project– Future potential capital projects are listed in the schedule. The amount to be allocated to the Ulati Project Capital Reserve is the balance remaining after the allocation to the Ulati Operating Reserves.

### **Other Flood Control Projects**

This is a reserve for flood control projects that are not part of the Ulati and Green Valley Flood Control Projects. The Agency has a funding policy that specifies the types of projects eligible for funding and cost sharing requirements. There are currently no specific projects identified for this fund. The funding amount for Other Flood Control Projects reserve is at the discretion of SCWA Board of Directors.

### **Emergency Reserve**

This reserve provides funding for needs in the event of an emergency or unforeseen event, such as major flooding or an earthquake. The funding amount for the Emergency Reserve is at the discretion of SCWA Board of Directors.

This policy is in place to comply with GASB Statement No. 54.

# Solano County Water Agency Projected Reserves Summary: FY 2023-2024

	Fund					Total
	Solano Project	State Water Project	Ulatits FC	Green Valley FC		
<b>Projected Fund Balance on June 30, 2023 (Available Reserves)</b>	<b>\$ 15,699,815.00</b>	<b>\$ 30,658,341.00</b>	<b>\$ 9,838,874.00</b>	<b>\$ 314,841.00</b>		<b>\$ 56,511,871.00</b>
Less Operating Reserves	\$ 11,648,104.00	\$ 9,651,172.00	\$ 699,840.00	\$ 52,201.00		\$ 22,051,317.00
	\$ 4,051,711.00	\$ 21,007,169.00	\$ 9,139,034.00	\$ 262,640.00		\$ 34,460,554.00
Less Emergency Reserves	\$ 2,000,000.00	\$ -	\$ -	\$ -		\$ 2,000,000.00
	\$ 2,051,711.00	\$ 21,007,169.00	\$ 9,139,034.00	\$ 262,640.00		\$ 32,460,554.00
Less Future Short-Term Capital Improvements (within 5 years)	\$ 5,250,000.00	\$ 10,000,000.00	\$ 8,389,939.00	\$ 300,000.00		\$ 23,939,939.00
	\$ (3,198,289.00)	\$ 11,007,169.00	\$ 749,095.00	\$ (37,360.00)		\$ 8,520,615.00
<b>Projected Available Reserves at Conclusion of FY 2023-2024</b>	<b>\$ (3,198,289.00)</b>	<b>\$ 11,007,169.00</b>	<b>\$ 749,095.00</b>	<b>\$ (37,360.00)</b>		<b>\$ 8,520,615.00</b>



**SOLANO COUNTY WATER AGENCY  
RECOMMENDED RESERVES  
FY 2023/24**

DETAIL BY FUND RESERVE CATEGORY	RESERVE FUND FY 22/23 APPROVED	RECOMMENDED RESERVE FUND FY 23/24	PROJECTED LONG-TERM CAPITAL PROJECTS <sup>5</sup>
<b>Solano Project/Admin</b>			
Solano Project/Admin Operating Reserve	\$ 9,772,604	\$ 11,648,104	
Solano Project/Admin Short-Term Capital Improvements (within 5 years) <sup>1</sup>	7,695,000	5,250,000	
Solano Project Capital Improvements			
Putah South Canal Power line			750,000
Reservoir Lane Rehabilitation			940,000
Putah Diversion Office Solar Installation(Clean Energy Assessment)			200,000
Terminal Dam Seismic Retrofit (SCWA 15% share)			6,000,000
Putah South Canal Sediment Management - est			10,000,000
<b>Solano Project/ Admin Subtotal</b>	<b>17,467,604</b>	<b>16,898,104</b>	<b>17,890,000</b>
<b>State Water Project</b>			
State Water Project Operating Reserves	9,366,750	9,651,172	
State Water Project Short-Term Capital Improvments (within 5 years)	10,000,000	10,000,000	
NBA Capital Improvements			
NBA Alternate Intake Project Implementation <sup>2</sup>			15,000,000
NBA Capacity Remediation <sup>3</sup>			
<b>State Water Project Subtotal</b>	<b>19,366,750</b>	<b>19,651,172</b>	<b>15,000,000</b>
<b>Ulatris Project</b>			
Ulatris Flood Control Project Operating Reserve	539,939	1,399,680	
Ulatris Flood Control Project Short Term Capital Improvements (within 5 years) <sup>4</sup>	7,850,000	7,850,000	
Ulatris Flood Control Project Capital Improvements			
All Weather Access Improvements			500,000
Spoil Easement Purchases			100,000
Heavy Equipment Acquisitions			200,000
<b>Ulatris Project Subtotal</b>	<b>8,389,939</b>	<b>9,249,680</b>	<b>800,000</b>
<b>Green Valley Project</b>			
Green Valley Flood Control Project Operating Reserve	67,156	52,201	
Green Valley Flood Control Project Capital Improvements (within 5 years)	300,000	300,000	
Green Valley Flood Control Project Capital Improvements			TBD
<b>Green Valley Project Subtotal</b>	<b>367,156</b>	<b>352,201</b>	
<b>Other Flood Control Projects</b>	<b>200,000</b>		
<b>Emergency Reserve</b>	<b>2,000,000</b>	<b>2,000,000</b>	
<b>Totals</b>	<b>\$ 47,791,449</b>	<b>\$ 48,151,157</b>	<b>33,690,000</b>

Notes

1. Include R & B projects planned for the next 5 years
2. Tot. est. capital cost = \$600M; 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 2023

