ZONE 7 BOARD OF DIRECTORS
FINANCE COMMITTEE

Monday, June 2, 2014
4:00 p.m.

Location: Board Room
Zone 7 Administration Building
100 North Canyons Parkway
Livermore, CA 94551

Director Figuers
Director Ramirez Holmes
Director Palmer

A G E N D A

1. Public Comment on Items Not on Agenda

2. Proposed Drought Surcharge

3. Proposed FY 2014/15 Budget

4. Verbal Reports

5. Adjournment

5/30/2014

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

M E M O R A N D U M

DATE: June 2, 2014

TO: Members of the Finance Committee

FROM: Tom Hughes, Assistant General Manager, Administration

SUBJECT: Proposed Drought Surcharge

BACKGROUND:

- January 17, 2014: Governor Jerry Brown declared a Drought State of Emergency and requested everyone in the state to voluntarily reduce water use by 20 percent.
- January 29, 2014: Zone 7's Board of Directors declared a local drought emergency and approved a response plan that, in addition to asking everyone in the service area to conserve, includes immediate agency actions aimed at minimizing potential water supply shortages.
- Two of the authorized projects expedite construction of wells to draw from the groundwater basin, and a third involves construction of a pipeline to move water captured in local mining operations to a lake that has groundwater basin recharge capacity.
- March 27, 2014: Zone 7 announced that due to the drought emergency, the agency was being forced to gradually shut off releases of imported State Water Project supplies to the local arroyos that normally help replenish the local groundwater basin.
- April 16, 2014: Zone 7's board set forth water demand reduction measures needed to achieve an overall 25 percent cutback in water deliveries for 2014. Letters were sent the following day to both treated and untreated water customers informing them that they will receive only 75 percent of their requested supplies this year.
- April 18, 2014: The state Department of Water Resources announced that allocations to Zone 7 and other State Water Project contractors in 2014 would increase from 0 percent to 5 percent, which still remains the lowest overall allocation in SWP history and the water won't be available until September.
- April 25, 2014: Governor Brown issued an executive order aimed at strengthening the state's ability to manage water supply and habitat effectively in drought conditions, and to call on all Californians to redouble their efforts to conserve water. The governor's call to limit outdoor irrigation was consistent with measures already outlined by Zone 7.

DISCUSSION:

The drought brings forth a lot of challenges both from a water supply and from a financial perspective. There will be less revenue due to mandatory water usage reductions and increased spending for drought related expenses. For example, any water supply that becomes available will be at premium prices. The agency is also using cash on hand to pay for drought emergency capital projects.

In order to address the financial impact of the drought, staff proposes a drought surcharge. Staff assumed that the duration of drought is through calendar year 2014 and there will be a 25% overall loss of water sales revenue for 2014. All of the drought contingency reserve ($5.9M) and some of the rate stabilization reserve ($6.4M) will be used to help cover the shortfall. In addition to the 25% loss of water sales revenue, the FY 14/15 proposed Fund 100 – Water Enterprise budget includes $3.3M net increase in water, power and chemicals and also an additional $3.3M for the drought emergency capital projects.

Staff is proposing a 15% drought surcharge on the treated water rates, which is $146 per A/F. With the 15% surcharge, we would still need to use $12.3M ($5.9M of the Drought Contingency reserve and $6.4M of the Rate Stabilization reserve). If we didn't have a drought surcharge, we would need to use $14.7M of our reserves as shown in the 0% Drought Surcharge Option (see attachment). If the 15% surcharge is fully passed onto the customers by the retailers, their bill would decrease by $5.56 per month if 25% is conserved.

Two other drought surcharge options (a 0% and a 25%) are also provided, but staff is recommending a 15% drought surcharge.

Staff met with the retailers on April 30, 2014 to discuss the financial impact of the drought and they didn't express any strong objections about the proposed drought surcharge.

RECOMMENDATION:

Upon the completion of the presentation and discussion, staff is seeking the Committee's direction on these recommendations and concurrence to present to the full Board on June 4, 2014 for the 1st public hearing and on June 18, 2014 for the 2nd public hearing.

ATTACHMENTS:

Proposed 15% Drought Surcharge Details
0% Drought Surcharge Option Details
25% Drought Surcharge Option Details

Staff Recommendation - 15% Drought Surcharge/$12.3M Use of Drought Contingency and Rate Stabilization Reserves (Fund 100 - Water Enterprise only)

Calendar Year	2013	2014
Water Rate per AF	$945	$970
Proposed Drought Surcharge per AF	n/a	$146
Volume of Water Sales (AF)	41,484	30,484
YTD Actual (January 2014 - April 2014) Volume of Water Sales	n/a	8,634

Fund 100 - Water Enterprise	**FY12/13 Actual**	**FY13/14 Forecast**	**FY14/15 Proposed Budget**
Beginning Fund Balance:	**27,289,110**	**31,495,970**	**30,522,038**
Sources of Funds			
Revenue	39,469,513	37,076,060	36,908,927
Total Sources	39,469,513	37,076,060	36,908,927
Uses of Funds			
Personnel	12,664,872	12,907,418	12,792,802
Maint-Structures/Equip	1,437,573	1,675,645	3,498,899
Utilities	2,241,667	1,914,354	1,922,616
Chemicals	1,777,427	2,490,960	2,250,973
Water	5,607,796	6,233,010	8,883,578
Professional/Specialized Services	2,759,028	2,747,093	4,356,103
Other Services/Supplies	2,174,289	1,568,252	3,124,014
Capital Equip/Structures	-	13,260	27,700
Budget Savings	-	-	(1,500,000)
Transfer to Fund 120	6,600,000	8,500,000	12,823,924
Total Uses	35,262,653	38,049,992	48,180,609
Ending Fund Balance:	**31,495,970**	**30,522,038**	**19,250,356**
Net Additions/(Uses) of Reserves	4,206,860	(973,932)	(11,271,682)
Reserves Balances(End of Period)			
Operating Reserve	8,308,044	7,366,813	8,067,130
Drought Contingency Reserve	5,861,673	5,861,673	0
Emergency Reserve	4,113,026	4,197,380	4,353,940
Rate Stabilization Reserve	13,213,227	13,096,172	6,829,286
Total	31,495,970	30,522,038	19,250,356
Board Approved Minimum Reserve Levels	9,410,982	9,329,691	9,980,127
Over/(Under) Board Approved Minimum Reserve Levels	22,084,989	21,192,347	9,270,229
Average customer monthly decrease with 25% conservation			(5.56)

Assumptions:

Duration is related to the calendar year 2014 allocation.
25% reduction in water sales for 2014.
Use of Drought Contingency reserve is $5.9M and the use of the Rate Stabilization reserve is $6.4M.
FY 14/15 includes an additional $3.3M in the transfer to Fund 120 for the drought emergency projects.
FY 14/15 includes $3.3M net increase in water, power and chemicals due to drought.

Notes:

Operating Expenses:

Personnel - FY 13/14 expenses are higher due to a shift of staff resources to drought planning efforts rather than planned capital projects.

Maintenance - FY 14/15 proposed maintenance budget includes $0.7M for stand-by generator rental for wells for drought preparedness.

Utilities - FY 14/15 proposed utilities budget reflect energy savings from PWRPA while expected groundwater production is higher.

Chemicals - Even though production volume is down in FY 13/14, expenses are high due to challenges treating Delta water.

Water - FY 14/15 proposed water budget increase of $2.6M plans for premium prices for any available water. There is no guarantee that these sources will be available.

0% Drought Surcharge/$14.7M Use of Drought Contingency and Rate Stabilization Reserves (Fund 100 - Water Enterprise only)

Calendar Year	2013	2014
Water Rate per AF	$945	$970
Proposed Drought Surcharge per AF	n/a	$0
Volume of Water Sales (AF)	41,484	30,484
YTD Actual (January 2014 - April 2014) Volume of Water Sales	n/a	8,634

Fund 100 - Water Enterprise	**FY12/13 Actual**	**FY13/14 Forecast**	**FY14/15 Proposed Budget**
Beginning Fund Balance:	**27,289,110**	**31,495,970**	**30,522,038**
Sources of Funds			
Revenue	39,469,513	37,076,060	34,461,062
Total Sources	39,469,513	37,076,060	34,461,062
Uses of Funds			
Personnel	12,664,872	12,907,418	12,792,802
Maint-Structures/Equip	1,437,573	1,675,645	3,498,899
Utilities	2,241,667	1,914,354	1,922,616
Chemicals	1,777,427	2,490,960	2,250,973
Water	5,607,796	6,233,010	8,883,578
Professional/Specialized Services	2,759,028	2,747,093	4,356,103
Other Services/Supplies	2,174,289	1,568,252	3,124,014
Capital Equip/Structures	-	13,260	27,700
Budget Savings	-	-	(1,500,000)
Transfer to Fund 120	6,600,000	8,500,000	12,823,924
Total Uses	35,262,653	38,049,992	48,180,609
Ending Fund Balance:	**31,495,970**	**30,522,038**	**16,802,491**
Net Additions/(Uses) of Reserves	4,206,860	(973,932)	(13,719,547)
Reserves Balances(End of Period)			
Operating Reserve	8,308,044	7,366,813	8,067,130
Drought Contingency Reserve	5,861,673	5,861,673	0
Emergency Reserve	4,113,026	4,197,380	4,353,940
Rate Stabilization Reserve	13,213,227	13,096,172	4,381,421
Total	31,495,970	30,522,038	16,802,491
Board Approved Minimum Reserve Levels	9,410,982	9,329,691	9,661,904
Over/(Under) Board Approved Minimum Reserve Levels	22,084,989	21,192,347	7,140,587
Average customer monthly decrease with 25% conservation			(10.10)

Assumptions:

Duration is related to the calendar year 2014 allocation.
25% reduction in water sales for 2014.
Use of Drought Contingency reserve is $5.9M and the use of the Rate Stabilization reserve is $8.8M.
FY 14/15 includes an additional $3.3M in the transfer to Fund 120 for the drought emergency projects.
FY 14/15 includes $3.3M net increase in water, power and chemicals due to drought.

Notes:

Operating Expenses:

Personnel - FY 13/14 expenses are higher due to a shift of staff resources to drought planning efforts rather than planned capital projects.

Maintenance - FY 14/15 proposed maintenance budget includes $0.7M for stand-by generator rental for wells for drought preparedness.

Utilities - FY 14/15 proposed utilities budget reflect energy savings from PWRPA while expected groundwater production is higher.

Chemicals - Even though production volume is down in FY 13/14, expenses are high due to challenges treating Delta water.

Water - FY 14/15 proposed water budget increase of $2.6M plans for premium prices for any available water. There is no guarantee that these sources will be available.

25% Drought Surcharge/$10.6M Use of Drought Contingency and Rate Stabilization Reserves (Fund 100 - Water Enterprise only)

Calendar Year	2013	2014
Water Rate per AF	$945	$970
Proposed Drought Surcharge per AF	n/a	$243
Volume of Water Sales (AF)	41,484	30,484
YTD Actual (January 2014 - April 2014) Volume of Water Sales	n/a	8,634

Fund 100 - Water Enterprise	**FY12/13 Actual**	**FY13/14 Forecast**	**FY14/15 Proposed Budget**
Beginning Fund Balance:	**27,289,110**	**31,495,970**	**30,522,038**
Sources of Funds			
Revenue	39,469,513	37,076,060	38,535,249
Total Sources	39,469,513	37,076,060	38,535,249
Uses of Funds			
Personnel	12,664,872	12,907,418	12,792,802
Maint-Structures/Equip	1,437,573	1,675,645	3,498,899
Utilities	2,241,667	1,914,354	1,922,616
Chemicals	1,777,427	2,490,960	2,250,973
Water	5,607,796	6,233,010	8,883,578
Professional/Specialized Services	2,759,028	2,747,093	4,356,103
Other Services/Supplies	2,174,289	1,568,252	3,124,014
Capital Equip/Structures	-	13,260	27,700
Budget Savings	-	-	(1,500,000)
Transfer to Fund 120	6,600,000	8,500,000	12,823,924
Total Uses	35,262,653	38,049,992	48,180,609
Ending Fund Balance:	**31,495,970**	**30,522,038**	**20,876,678**
Net Additions/(Uses) of Reserves	4,206,860	(973,932)	(9,645,360)
Reserves Balances(End of Period)			
Operating Reserve	8,308,044	7,366,813	8,067,130
Drought Contingency Reserve	5,861,673	5,861,673	0
Emergency Reserve	4,113,026	4,197,380	4,353,940
Rate Stabilization Reserve	13,213,227	13,096,172	8,455,608
Total	31,495,970	30,522,038	20,876,678
Board Approved Minimum Reserve Levels	9,410,982	9,329,691	10,191,549
Over/(Under) Board Approved Minimum Reserve Levels	22,084,989	21,192,347	10,685,130
Average customer monthly decrease with 25% conservation			(2.53)

Assumptions:

Duration is related to the calendar year 2014 allocation.
25% reduction in water sales for 2014.
Use of Drought Contingency reserve is $5.9M and the use of the Rate Stabilization reserve is $4.7M.
FY 14/15 includes an additional $3.3M in the transfer to Fund 120 for the drought emergency projects.
FY 14/15 includes $3.3M net increase in water, power and chemicals due to drought.

Notes:

Operating Expenses:

Personnel - FY 13/14 expenses are higher due to a shift of staff resources to drought planning efforts rather than planned capital projects.

Maintenance - FY 14/15 proposed maintenance budget includes $0.7M for stand-by generator rental for wells for drought preparedness.

Utilities - FY 14/15 proposed utilities budget reflect energy savings from PWRPA while expected groundwater production is higher.

Chemicals - Even though production volume is down in FY 13/14, expenses are high due to challenges treating Delta water.

Water - FY 14/15 proposed water budget increase of $2.6M plans for premium prices for any available water. There is no guarantee that these sources will be available.

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M E M O R A N D U M

DATE: June 2, 2014

TO: Members of the Finance Committee

FROM: Tom Hughes, Assistant General Manager, Administration

SUBJECT: Proposed FY 2014/15 Budget

BACKGROUND:

Zone 7 Water Agency submits an annual budget to Alameda County for three operating funds (Funds 100, 110 and 200) for inclusion in the County-wide budget. Upon adoption by the Zone 7 Board, Zone 7's operating fund budgets are then included with the other County department's budgets and presented to the Board of Supervisors for adoption in June each year.

OPERATING BUDGETS:

Zone 7 staff has prepared preliminary FY 14/15 budgets for the three operating funds and the details of these budgets are shown below:

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 39,469,514	$ 37,884,745	$ 37,076,060	$ 36,908,927	-0.45%
Expenses	$ 35,262,653	$ 42,779,364	$ 38,049,992	$ 49,680,609	30.57%
Reserves	$ 31,495,970	$ 20,542,627	$ 30,522,038	$ 17,750,356	-41.84%
Reserve Levels	14/15 Min	$ 10,114,815	14/15 Max	$ 29,665,333	

The proposed Water Enterprise Fund Budget – Fund 100 (formerly Fund 52) expenditure budget is $49.7M and reserves are $17.7M. The FY 14/15 expenditures are increasing by $11.6M compared to the FY 13/14 estimated actuals primarily due to a combination of a $4.3M higher transfer ($3.3M for emergency drought projects and $1M for the Asset Management Plan (AMP)), another $3.3M for drought-related O&M expenses such as water, power and chemicals and other increases in professional services, maintenance and miscellaneous services and supplies. The FY 14/15 revenues are decreasing by $0.17M compared to FY 13/14 due to the estimated 25% loss of water sales offset by a proposed 15% drought surcharge. For more details on the proposed drought surcharge, please see the agenda item titled, Proposed Drought Surcharge. The FY 13/14 estimated expenses are anticipated to be less than budget due to continued cost saving measures; revenue is anticipated to be less than budget due to mandatory water restrictions. FY 14/15 reserves are projected to decrease by $12.8M from FY 13/14 estimated reserve balance because of the drought.

State Water Facilities Fund – Fund 110 (formerly Fund 51)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 12,040,842	$ 13,798,385	$ 13,505,807	$ 14,060,937	4.11%
Expenses	$ 14,002,380	$ 14,118,181	$ 13,599,773	$ 14,227,251	4.61%
Reserves	$ 8,642,285	$ 8,690,708	$ 8,548,319	$ 8,382,005	-1.95%
Reserve Levels	14/15 Min	$ 7,113,626	14/15 Max	$ 14,227,251	

The proposed State Water Facilities Fund Budget – Fund 110 (formerly Fund 51) expenditure budget is $14.2M and reserves are $8.4M. This is a pass-through fund for fixed charges associated with the State Water Project. The FY 14/15 expenditures are increasing $0.6M over the FY13/14 estimated actuals, based on Department of Water Resources' (DWR) statement of charges (SOC) and estimates for 2015. The FY 14/15 proposed revenues are increasing $0.55M over FY 13/14 in order to meet the revenue requirements. Reserves are decreasing by $0.17M due to the use of the fund balance.

General Fund/Flood Control – Fund 200 (formerly Fund 50)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 6,151,496	$ 6,200,347	$ 6,254,848	$ 6,505,936	4.01%
Expenses	$ 5,355,914	$ 25,948,108	$ 20,306,996	$ 10,416,092	-48.71%
Reserves	$ 24,354,979	$ 7,566,062	$ 10,302,831	$ 6,392,675	-37.95%
Reserve Levels	14/15 Min	$ 2,083,218	14/15 Max	N/A	

The proposed General Fund/Flood Control Budget – Fund 200 (formerly Fund 50) expenditure budget is $10.4M and reserves are $6.4M. The FY 14/15 expenditures are decreasing $9.9M compared to the FY13/14 estimated actuals due to a one-time capital expenditure in FY 13/14 for watershed investments. The FY 14/15 proposed revenues are increasing slightly over FY 13/14 estimated actuals, by $0.2M due to increased property tax revenue, and reserves are decreasing by $3.9M due to the use of the fund balance.

CAPITAL BUDGETS:

The Zone 7 Board adopts the operating budgets along with budgets for the three capital funds below (Funds 120, 130 and 210). The Capital Improvement Program (CIP) is usually completed every two years with the last CIP being adopted in 2011. However, the drought makes it difficult to plan for water demands and associated project needs. Therefore, staff is planning to complete the CIP update next year when more is known about our water supply. A one-year CIP plan has been developed and was discussed with the Water Resources Committee on May 29, 2014. The resulting proposed capital budgets are included in the proposed FY 14/15 budget.

Water Enterprise Renewal/Replacement & System-wide Improvements – Fund 120 (formerly Fund 72)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 7,347,879	$ 8,831,962	$ 8,883,400	$ 13,129,324	47.80%
Expenses	$ 5,709,564	$ 25,904,419	$ 22,400,015	$ 7,578,891	-66.17%
Reserves	$ 24,980,749	$ 10,977,982	$ 11,464,134	$ 17,014,567	48.42%
Reserve Levels	14/15 Min	$ 9,850,000	14/15 Max	N/A	

The proposed Water Enterprise Renewal/Replacement & System-wide Improvements Budget – Fund 120 (formerly Fund 72) expenditure budget is $7.6M and reserves are $17M. The FY 14/15 expenditures are decreasing by $14.8M compared to the FY 13/14 estimated actuals due to large one-time projects expenses in FY 13/14, and project deferrals in FY 14/15. The FY 14/15 revenue budget is $13.1M, increasing by $4.2M compared to FY 13/14 due to an increased transfer from Fund 100 for the asset management program plus an additional $3.3M for the drought projects. Reserves are increasing by $5.5M due to the increased transfer and project deferrals. Note: The minimum reserve balance target for this fund is equal to 100% of FY 15/16 project expenses plus 50% of FY 16/17. These reserve minimums are met if the FY 15/16 and FY 16/17 budgets are $7M and $8M, respectively.

Water Enterprise Expansion – Fund 130 (formerly Fund 73)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 29,176,830	$ 20,948,165	$ 21,056,789	$ 22,042,020	4.68%
Expenses	$ 18,814,437	$ 57,289,099	$ 26,430,851	$ 19,485,138	-26.28%
Reserves	$ 31,644,568	$ 21,312,926	$ 26,270,506	$ 28,827,388	9.73%
Reserve Levels	14/15 Min	$ 10,350,000	14/15 Max	N/A	

The Proposed Water Enterprise Expansion Fund Budget – Fund 130 (formerly Fund 73) expenditure budget is $19.5M and reserves are $28.8M. The FY 14/15 expenditures are decreasing by $7M compared to the FY 13/14 estimated actuals mainly due to one-time projects in FY 13/14 and the deferral of capital projects in FY 14/15. The proposed FY 14/15 revenue budget is $22M, increasing by $0.6M compared to FY 13/14 primarily due to a slight increase in projected connection fee revenue. Reserves are increasing by $2.5M due to project deferrals.

Flood Protection and Stormwater Drainage – Fund 210 (formerly Fund 76)

Category	*12/13 Actual*	*13/14 Budget*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 5,180,104	$ 2,632,000	$ 2,576,038	$ 2,646,500	2.74%
Expenses	$ 1,227,729	$ 7,440,315	$ 4,562,856	$ 5,755,275	26.13%
Reserves	$ 40,648,531	$ 33,765,741	$ 38,661,713	$ 35,552,938	-8.04%
Reserve Levels	14/15 Min	N/A	14/15 Max	N/A	

The Proposed Flood Protection and Stormwater Drainage Budget – Fund 210 (formerly Fund 76) expenditure budget is $2.2M and reserves are $35.5M. The FY 14/15 expenditures are increasing $1.2M over the FY13/14 estimated actuals due to planned capital project activities. The proposed FY 14/15 revenues are increasing by $0.08M due to a slight increase in development. Reserves are decreasing by $3M due to increased capital project activities.

SUMMARY OF TOTAL ZONE 7 BUDGET:

Category	12/13 Actual	13/14 Budget	13/14 Estimated Actual	14/15 Proposed Budget	% Change (14/15 budget to 13/14 est actuals)
Revenue	$ 99,366,666	$ 90,295,604	$ 89,352,942	$ 95,293,644	6.65%
Expenses	$ 80,372,676	$ 173,479,486	$ 125,350,483	$ 107,143,256	-14.53%
Reserves	$ 161,767,081	$ 102,856,046	$ 125,769,540	$ 113,919,929	-9.42%

An interim reserve policy was adopted by the Board on April 17, 2013. The reserve balances shown meet the reserve levels outlined in the policy.

Upon the completion of the presentation and discussion, staff is seeking the Committee's direction on these recommendations and concurrence to present to the full Board for the first time on June 4, 2014, with planned presentation for adoption at the June 18th Regular Meeting.

ATTACHMENTS:

Summary of Annual Budget by Account Classification (Proposed FY 14/15 Budget).
Annual Budget By Account Classification (Proposed FY 14/15 Budget).

Summary of Annual Budget by Account Classification - FY 14/15 Proposed Budget

	FY 14/15 PROPOSED BUDGET	Fund 100 Water Enterprise	Fund 110 State Water Facilities	Fund 120 Water Enterprise Capital Renewal/Replacement/ Improvements	Fund 130 Water Enterprise Capital Expansion
1	Available Fund Balance July 1, 2013	$ 31,495,970	$ 8,642,285	$ 24,980,749	$ 31,644,568
2	FY 13/14 Projected Change in Fund Balance (Revenue over Expenses)	(973,932)	(93,966)	(13,516,615)	(5,374,062)
3	FY 13/14 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(3,938,729)	(319,796)	(6,088,415)	(31,579,850)
4	Estimated Beginning Fund Balance July 1, 2014	30,522,038	8,548,319	11,464,134	26,270,506
5	**Revenue**				
6	Water Sales & Service	36,694,476	1,311,950		
7	Property Taxes		11,350,000		
8	Development Fees			250,000	19,020,120
9	Charges for Services		45,000	2,500	
10	Aid from Governmental Agencies - State	-	610		
11	Aid from Governmental Agencies - Local				
12	Investment Earnings	75,000	15,000	52,900	81,100
13	Rents and Royalties	65,263			
14	Other Revenue	74,188	1,338,377		2,940,800
15	*Subtotal (before transfers)*	*36,908,927*	*14,060,937*	*305,400*	*22,042,020*
16	Transfers			12,823,924	
17	**Total Revenue**	**36,908,927**	**14,060,937**	**13,129,324**	**22,042,020**
18	**Expenses**				
19	Labor and Benefits Distributed	$14,916,773		914,729	364,866
20	Credits/Charges for Applied Overhead	($1,957,755)		249,233	242,591
21	Purchased Services	$4,356,103		1,375,033	1,296,400
22	Water	$8,883,578	14,227,251		16,744,211
23	Chemicals	$2,250,973			
24	Energy	$1,922,616			
25	Communications	$174,097			
26	Cleaning Services	$50,931			
27	Repairs and Maintenance	$2,705,999			
28	Rental Services	$792,900		549,198	426,376
29	General Office Services/ Supplies	$586,247		150,000	
30	Organizational Membership/ Participation	$467,783			694
31	Other Services/ Supplies	$827,130			
32	Training and Travel	$402,045			
33	Special Departmental Expense/Capital Projects	$615,781		895,698	410,000
34	Capital Projects				
35	Equipment, Furniture and Vehicles	$27,700		120,000	
36	Land and Facility Improvements			3,325,000	
37	Debt Service				
38	*Subtotal (before transfers)*	*$36,856,685*	*14,227,251*	*7,578,891*	*19,485,138*
39	Transfers	12,823,924			
40	**Total Expenses**	**49,680,609**	**14,227,251**	**7,578,891**	**19,485,138**
41	Estimated Ending Fund Balance June 30, 2015	17,750,356	8,382,005	17,014,567	28,827,388
42	**Reserve Balances**				
43	Operating	8,067,130	8,382,005		
44	Rate Stabilization	5,329,286			
45	Emergency	4,353,940			
46	Drought Contingency	-			
47	Capital Projects			13,129,937	17,483,064
48	Sinking Funds - FY 14/15 Contributions				
49	*Building Sinking Fund*			*407,519*	*520,200*
50	*Future Contractor's Share of the South Bay Aqueduct*				*527,062*
51	*South Bay Aqueduct Enlargement*				*1,073,680*
52	Sinking Funds Reserve Balance			3,884,630	11,344,324
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 17,750,356	$ 8,382,005	$ 17,014,567	$ 28,827,388
54	Change in Fund Balance[2] (use of reserves) - line 53 minus line 4	(12,771,681)	(166,314)	5,550,433	2,556,882

Notes

[1]Shown for comparative purposes only.

[2]In order to achieve a balanced budget, use of reserve as shown in line 54 will appropriated as revenue in the financial/accounting system.

Summary of Annual Budget by Account Classification - FY 14/15 Proposed Budget

	FY 14/15 PROPOSED BUDGET	Fund 200 Flood Protection/General Fund	Fund 210 Flood Protection Development Impact Fees	Total
1	Available Fund Balance July 1, 2013	$ 24,354,979	$ 40,648,531	$ 161,767,081
2	FY 13/14 Projected Change in Fund Balance (Revenue over Expenses)	(14,052,148)	(1,986,818)	(35,997,541)
3	FY 13/14 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(9,692,845)	(1,516,808)	(53,136,444)
4	Estimated Beginning Fund Balance July 1, 2014	10,302,831	38,661,713	125,769,540
5	**Revenue**			
6	Water Sales & Service			38,006,426
7	Property Taxes	6,307,731		17,657,731
8	Development Fees		2,530,000	21,800,120
9	Charges for Services	13,000		60,500
10	Aid from Governmental Agencies - State	54,000		54,610
11	Aid from Governmental Agencies - Local	10,700		10,700
12	Investment Earnings	25,000	91,500	340,500
13	Rents and Royalties	60,505		125,768
14	Other Revenue	35,000	25,000	4,413,365
15	*Subtotal (before transfers)*	*6,505,936*	*2,646,500*	*82,469,720*
16	Transfers			12,823,924
17	**Total Revenue**	**6,505,936**	**2,646,500**	**95,293,644**
18	**Expenses**			
19	Labor and Benefits Distributed	1,349,640	369,155	17,915,163
20	Credits/Charges for Applied Overhead	1,179,356	286,575	0
21	Purchased Services	5,051,000	4,727,723	16,806,259
22	Water			39,855,040
23	Chemicals			2,250,973
24	Energy			1,922,616
25	Communications	3,000		177,097
26	Cleaning Services	10,000		60,931
27	Repairs and Maintenance	2,355,491		5,061,490
28	Rental Services	159,322	121,822	2,049,618
29	General Office Services/ Supplies	19,550		755,797
30	Organizational Membership/ Participation	158,000		626,477
31	Other Services/ Supplies	86,000		913,130
32	Training and Travel	31,400		433,445
33	Special Departmental Expense/Capital Projects	13,333	250,000	2,184,812
34	Capital Projects	-		-
35	Equipment, Furniture and Vehicles			147,700
36	Land and Facility Improvements		-	3,325,000
37	Debt Service			-
38	*Subtotal (before transfers)*	*10,416,092*	*5,755,275*	*94,319,332*
39	Transfers			12,823,924
40	**Total Expenses**	**10,416,092**	**5,755,275**	**107,143,256**
41	Estimated Ending Fund Balance June 30, 2015	6,392,675	35,552,938	113,919,929
42	**Reserve Balances**			-
43	Operating	5,208,046		21,657,181
44	Rate Stabilization			5,329,286
45	Emergency			4,353,940
46	Drought Contingency			-
47	Capital Projects	338,243	34,727,086	65,678,330
48	Sinking Funds - FY 14/15 Contributions			-
49	*Building Sinking Fund*	*90,560*	*90,560*	*1,108,838*
50	*Future Contractor's Share of the South Bay Aqueduct*			*527,062*
51	*South Bay Aqueduct Enlargement*			*1,073,680*
52	Sinking Funds Reserve Balance	846,386	825,852	16,901,192
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 6,392,675	$ 35,552,938	$ 113,919,929
54	Change in Fund Balance[2] (use of reserves) - line 53 minus line 4	(3,910,156)	(3,108,775)	(11,849,611)

Notes

[1]Shown for comparative purposes only.

[2]In order to achieve a balanced budget, use of reserve as shown in line 54 will appropriated as revenue in the financial/accounting system.

Annual Budget by Account Classification Report

	FY 14/15 Proposed Budget	FY 13/14 Estimated Amount (Forecast)	Difference
FUND: 100 Water Enterprise Operations			
Revenue			
411 - Water Sales & Service	$36,694,476.00	$36,257,093.00	$437,383.00
441 - Charges for Services	$0.00	$1,000.00	($1,000.00)
452 - Aid from Governmental Agencies - State	$0.00	$300,199.00	($300,199.00)
461 - Investment Earnings	$75,000.00	$75,622.00	($622.00)
462 - Rents and Royalties	$65,263.00	$63,268.00	$1,995.00
464 - Fines and Penalties (64)	$0.00	$210.00	($210.00)
481 - Other Revenue	$74,188.00	$378,668.00	($304,480.00)
499 - Transfers	$0.00	$0.00	$0.00
Revenue Totals	$36,908,927.00	$37,076,060.00	($167,133.00)
Expenditures			
511 - Personal Services - Salaries and Wages	$13,859,924.00	$10,677,877.00	$3,182,047.00
512 - Personal Services - Overtime	$215,074.00	$160,934.00	$54,140.00
513 - Personal Services - Benefits	$7,120,240.00	$5,737,139.00	$1,383,101.00
600 - Labor & Overhead Distributed	($8,402,436.00)	($3,668,532.00)	($4,733,904.00)
611 - Purchased Services	$4,356,103.00	$2,747,093.00	$1,609,010.00
621 - Water	$8,883,578.00	$6,233,010.00	$2,650,568.00
631 - Chemicals	$2,250,973.00	$2,490,960.00	($239,987.00)
641 - Utilities	$1,922,616.00	$1,786,454.00	$136,162.00
643 - Communications	$174,097.00	$127,900.00	$46,197.00
651 - Cleaning Services	$50,931.00	$38,610.00	$12,321.00
652 - Repairs and Maintenance	$2,705,999.00	$1,575,431.00	$1,130,568.00
653 - Rental Services	$792,900.00	$100,214.00	$692,686.00
661 - General Office Services/ Supplies	$586,247.00	$321,141.00	$265,106.00
662 - Organizational Membership/ Participation	$467,783.00	$482,731.00	($14,948.00)
665 - Other Services/ Supplies	$827,130.00	$246,672.00	$580,458.00
667 - Training and Travel	$402,045.00	$119,814.00	$282,231.00
669 - Special Departmental Expense	$615,781.00	$359,284.00	$256,497.00
671 - Equipment, Furniture and Vehicles	$27,700.00	$13,260.00	$14,440.00
675 - Debt Service	$0.00	$0.00	$0.00
691 - Transfers	$12,823,924.00	$8,500,000.00	$4,323,924.00
Revenue Totals:	$36,908,927.00	$37,076,060.00	($167,133.00)
Expenditure Totals	$49,680,609.00	$38,049,992.00	$11,630,617.00
FUND Total: Water Enterprise Operations	($12,771,682.00)	($973,932.00)	($11,797,750.00)
FUND: 110 State Water Facilities			
Revenue			
411 - Water Sales & Service	$1,311,950.00	$1,252,533.00	$59,417.00
421 - Property Taxes	$11,350,000.00	$10,750,270.00	$599,730.00
452 - Aid from Governmental Agencies - State	$45,000.00	$45,000.00	$0.00
453 - Aid from Governmental Agencies - Local	$610.00	$1,237.00	($627.00)
461 - Investment Earnings	$15,000.00	$14,148.00	$852.00
464 - Fines and Penalties (64)	$0.00	$5.00	($5.00)
481 - Other Revenue	$1,338,377.00	$1,442,614.00	($104,237.00)
499 - Transfers	$0.00	$0.00	$0.00
Revenue Totals	$14,060,937.00	$13,505,807.00	$555,130.00
Expenditures			
621 - Water	$14,227,251.00	$13,599,773.00	$627,478.00
669 - Special Departmental Expense	$0.00	$0.00	$0.00
Revenue Totals:	$14,060,937.00	$13,505,807.00	$555,130.00
Expenditure Totals	$14,227,251.00	$13,599,773.00	$627,478.00
FUND Total: State Water Facilities	($166,314.00)	($93,966.00)	($72,348.00)

Annual Budget by Account Classification Report

	FY 14/15 Proposed Budget	FY 13/14 Estimated Amount (Forecast)	Difference
FUND: 120 Water Enterprise Capital IR&R			
Revenue			
431 - Development Fees	$250,000.00	$310,900.00	($60,900.00)
441 - Charges for Services	$2,500.00	$7,500.00	($5,000.00)
461 - Investment Earnings	$52,900.00	$65,000.00	($12,100.00)
481 - Other Revenue	$0.00	$0.00	$0.00
499 - Transfers	$12,823,924.00	$8,500,000.00	$4,323,924.00
Revenue Totals	$13,129,324.00	$8,883,400.00	$4,245,924.00
Expenditures			
600 - Labor & Overhead Distributed	$1,163,962.00	$2,470,925.00	($1,306,963.00)
611 - Purchased Services	$1,375,033.00	$905,825.00	$469,208.00
643 - Communications	$0.00	$0.00	$0.00
652 - Repairs and Maintenance	$0.00	$0.00	$0.00
653 - Rental Services	$549,198.00	$537,737.00	$11,461.00
661 - General Office Services/ Supplies	$150,000.00	$556,000.00	($406,000.00)
665 - Other Services/ Supplies	$0.00	$0.00	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00
669 - Special Departmental Expense	$895,698.00	$831,543.00	$64,155.00
671 - Equipment, Furniture and Vehicles	$120,000.00	$221,403.00	($101,403.00)
672 - Land and Facility Improvements	$3,325,000.00	$16,876,582.00	($13,551,582.00)
Revenue Totals:	$13,129,324.00	$8,883,400.00	$4,245,924.00
Expenditure Totals	$7,578,891.00	$22,400,015.00	($14,821,124.00)
FUND Total: Water Enterprise Capital IR&R	$5,550,433.00	($13,516,615.00)	$19,067,048.00
FUND: 130 Water Enterprise Cap Expansion			
Revenue			
431 - Development Fees	$19,020,120.00	$18,400,000.00	$620,120.00
441 - Charges for Services	$0.00	$0.00	$0.00
461 - Investment Earnings	$81,100.00	$133,094.00	($51,994.00)
481 - Other Revenue	$2,940,800.00	$2,523,695.00	$417,105.00
499 - Transfers	$0.00	$0.00	$0.00
Revenue Totals	$22,042,020.00	$21,056,789.00	$985,231.00
Expenditures			
600 - Labor & Overhead Distributed	$607,457.00	$808,020.00	($200,563.00)
611 - Purchased Services	$1,296,400.00	$1,339,348.00	($42,948.00)
621 - Water	$16,744,211.00	$18,702,933.00	($1,958,722.00)
643 - Communications	$0.00	$0.00	$0.00
653 - Rental Services	$426,376.00	$418,240.00	$8,136.00
661 - General Office Services/ Supplies	$0.00	$0.00	$0.00
662 - Organizational Membership/ Participation	$694.00	$16,800.00	($16,106.00)
665 - Other Services/ Supplies	$0.00	$0.00	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00
669 - Special Departmental Expense	$410,000.00	$342,675.00	$67,325.00
671 - Equipment, Furniture and Vehicles	$0.00	$0.00	$0.00
672 - Land and Facility Improvements	$0.00	$4,739,001.00	($4,739,001.00)
675 - Debt Service	$0.00	$63,834.00	($63,834.00)
Revenue Totals:	$22,042,020.00	$21,056,789.00	$985,231.00
Expenditure Totals	$19,485,138.00	$26,430,851.00	($6,945,713.00)
FUND Total: Water Enterprise Cap Expansion	$2,556,882.00	($5,374,062.00)	$7,930,944.00

Annual Budget by Account Classification Report

	FY 14/15 Proposed Budget	FY 13/14 Estimated Amount (Forecast)	Difference
FUND: 200 Flood Protection Operations			
Revenue			
421 - Property Taxes	$6,307,731.00	$5,889,175.00	$418,556.00
441 - Charges for Services	$13,000.00	$17,319.00	($4,319.00)
452 - Aid from Governmental Agencies - State	$54,000.00	$25,922.00	$28,078.00
453 - Aid from Governmental Agencies - Local	$10,700.00	$6,820.00	$3,880.00
461 - Investment Earnings	$25,000.00	$42,583.00	($17,583.00)
462 - Rents and Royalties	$60,505.00	$55,874.00	$4,631.00
464 - Fines and Penalties (64)	$0.00	$5.00	($5.00)
481 - Other Revenue	$35,000.00	$200,000.00	($165,000.00)
491 - Other Financing Sources	$0.00	$17,150.00	($17,150.00)
499 - Transfers	$0.00	$0.00	$0.00
Revenue Totals	$6,505,936.00	$6,254,848.00	$251,088.00
Expenditures			
600 - Labor & Overhead Distributed	$2,528,996.00	$2,242,418.00	$286,578.00
611 - Purchased Services	$5,051,000.00	$1,431,906.00	$3,619,094.00
643 - Communications	$3,000.00	$1,200.00	$1,800.00
651 - Cleaning Services	$10,000.00	$6,000.00	$4,000.00
652 - Repairs and Maintenance	$2,355,491.00	$1,636,376.00	$719,115.00
653 - Rental Services	$159,322.00	$143,660.00	$15,662.00
661 - General Office Services/ Supplies	$19,550.00	$14,400.00	$5,150.00
662 - Organizational Membership/ Participation	$158,000.00	$57,500.00	$100,500.00
665 - Other Services/ Supplies	$86,000.00	$15,350.00	$70,650.00
667 - Training and Travel	$31,400.00	$7,800.00	$23,600.00
669 - Special Departmental Expense	$13,333.00	$13,333.00	$0.00
671 - Equipment, Furniture and Vehicles	$0.00	$0.00	$0.00
672 - Land and Facility Improvements	$0.00	$14,737,053.00	($14,737,053.00)
Revenue Totals:	$6,505,936.00	$6,254,848.00	$251,088.00
Expenditure Totals	$10,416,092.00	$20,306,996.00	($9,890,904.00)
FUND Total: Flood Protection Operations	($3,910,156.00)	($14,052,148.00)	$10,141,992.00
FUND: 210 Flood Protection/Drainage DIF			
Revenue			
431 - Development Fees	$2,530,000.00	$2,457,038.00	$72,962.00
441 - Charges for Services	$0.00	$0.00	$0.00
452 - Aid from Governmental Agencies - State	$0.00	$0.00	$0.00
461 - Investment Earnings	$91,500.00	$90,000.00	$1,500.00
481 - Other Revenue	$25,000.00	$29,000.00	($4,000.00)
499 - Transfers	$0.00	$0.00	$0.00
Revenue Totals	$2,646,500.00	$2,576,038.00	$70,462.00
Expenditures			
600 - Labor & Overhead Distributed	$655,730.00	$725,935.00	($70,205.00)
611 - Purchased Services	$4,727,723.00	$536,092.00	$4,191,631.00
643 - Communications	$0.00	$0.00	$0.00
653 - Rental Services	$121,822.00	$119,497.00	$2,325.00
661 - General Office Services/ Supplies	$0.00	$0.00	$0.00
662 - Organizational Membership/ Participation	$0.00	$0.00	$0.00
665 - Other Services/ Supplies	$0.00	$0.00	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00
669 - Special Departmental Expense	$250,000.00	$0.00	$250,000.00
672 - Land and Facility Improvements	$0.00	$3,181,332.00	($3,181,332.00)
Revenue Totals:	$2,646,500.00	$2,576,038.00	$70,462.00
Expenditure Totals	$5,755,275.00	$4,562,856.00	$1,192,419.00
FUND Total: Flood Protection/Drainage DIF	($3,108,775.00)	($1,986,818.00)	($1,121,957.00)
Revenue Grand Totals:	$95,293,644.00	$89,352,942.00	$5,940,702.00
Expenditure Grand Totals:	$107,143,256.00	$125,350,483.00	($18,207,227.00)
Net Grand Totals:	($11,849,612.00)	($35,997,541.00)	$24,147,929.00