



Solano County Water Agency
Fiscal Year 2025-2026
Proposed Budget

General Manager’s Budget Message

FY 2025-2026 Proposed Budget June 2025

Financial Position

The Water Agency's financial position remained strong at the close of FY 2024-2025, with a projected cumulative fund balance of \$67,470,654. This represents an increase of \$4,067,263, 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 2024-2025 budget year, and the proposed FY 2025-2026 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	Estimated Fund Balance on 6/30/26	
		Dollars	Percent of total
ASW	general	13,255,953	18.8%
State Water Project	restricted	44,481,114	63.2%
Ulati Flood Control	restricted	11,888,717	16.9%
Green Valley Flood Control	restricted	703,465	1.0%
		70,329,249	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. Projects and programs to support the Healthy Rivers and Landscapes Program (HRL), an alternative to the Bay-Delta Water Quality Control Plan Update’s Unimpaired Flows scenario, has put a strain on labor costs and direct funding under the ASW fund. However, the HRL initiative is critical to the Water Agency mission of providing clean, reliable water to all in Solano County. In general, 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 on 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 (Water +) and related technical studies, most of the responsibilities have or will be financially supported by the ASW Fund. The HR initiative will also be cost shared with the SWP Fund, with 75% of costs drawn from the ASW Fund and 25% drawn from the State Water Project Fund (SWP Fund), generally. The Bay Delta Plan's alternative of Unimpaired Flows could have a devastating impact and staff will be shifting funds to protect our water supplies. Over the next several years, there will be a continued shift in this direction which may decrease, or halt funding of other programs. 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, the expenses for groundwater management have shifted to the Solano Subbasin Groundwater Sustainability Agency. Staff are also looking to "jump start" implementation of the Solano Project Habitat Conservation Plan, which could include selling mitigation credits at Petersen Ranch to recoup initial investment costs and to bolster the ASW Fund. Staff have continued to work with USFWS to move the HCP into the federal register and have also enlisted assistance from our federal legislators.

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. To maintain the current level of support for the agency's diverse functions, it has become 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 \$700 million construction project – the North Bay Alternate Intake (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. HRL projects and programs will be partially funded through the SWP Fund.

Ulatis Flood Control Fund

The Ulatis 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 Ulatis 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 Ulatis 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 Ulatis 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 Ulatis 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 anticipate initiating additional investigations related to biology, water quality, and hydrodynamics. Eventually, a management plan will be developed for the Ulatis Flood Control Project, incorporating habitat restoration as one of its functions.

Overall, the Ulatis 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 conduct 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 2024-2025 Budget Synopsis

Some 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 or were reduced substantially to address the shortcomings of the ASW Fund. The Office Expansion project was finally completed and staff moved into the new space during May and June of 2024.

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 2024-2025 budget was initially adopted with the expectation that the Water Agency's ASW fund balance would decrease by \$2.3M, and the overall Fund balance would decrease by less than \$1M. However, due to the aforementioned adjustments to planned activities and projects, the projected decrease in the ASW fund balance for FY 2024-2025 is \$(826,744) compared to the previous fiscal year.

The fund balances for each of the four Water Agency funds, at the close of FY 2023-2024 versus the projected FY 2024-2025, are as follows:

	Audited June 30, 2024 (FY 2023-2024)	Projected June 30, 2025 (FY 2024-2025)
ASW	14,081,970	13,255,195
State Water Project	37,295,363	42,080,952
Ulatris Flood Control	11,507,002	11,503,436
Green Valley Flood Control	<u>519,057</u>	<u>631,070</u>
Totals:	63,403,391	67,470,654

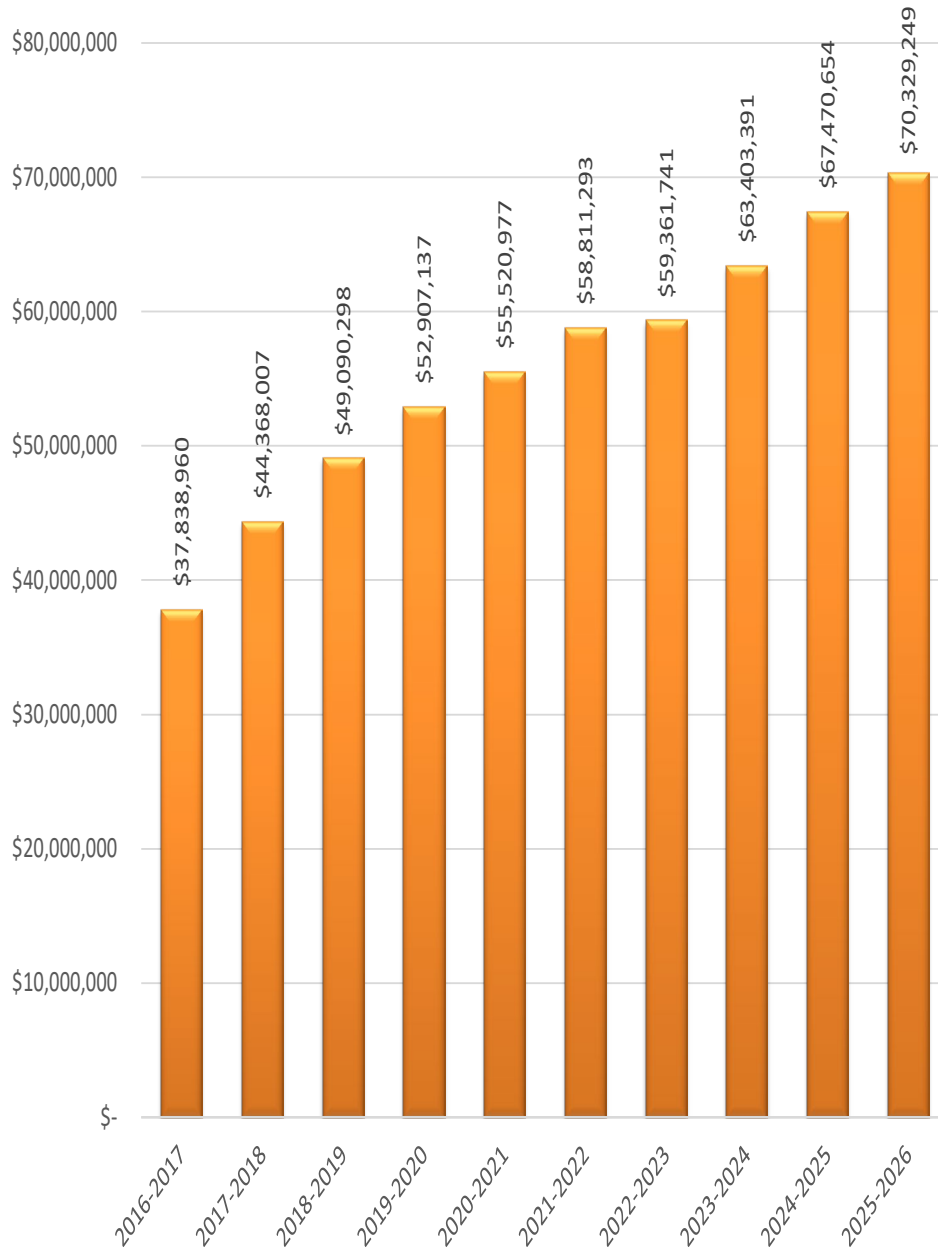
Proposed FY 2025-2026 Budget

The proposed FY 2025-2026 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 2025-2026, due to rehab & betterment needs of the Solano Project, and additional needs of the State Water Project Fund. The budget also reflects additions to the HRL initiative, reductions in Public Education and Outreach, and reorganizing the needs of Sacket Ranch and the growing facilities.

The proposed FY 2025-2026 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

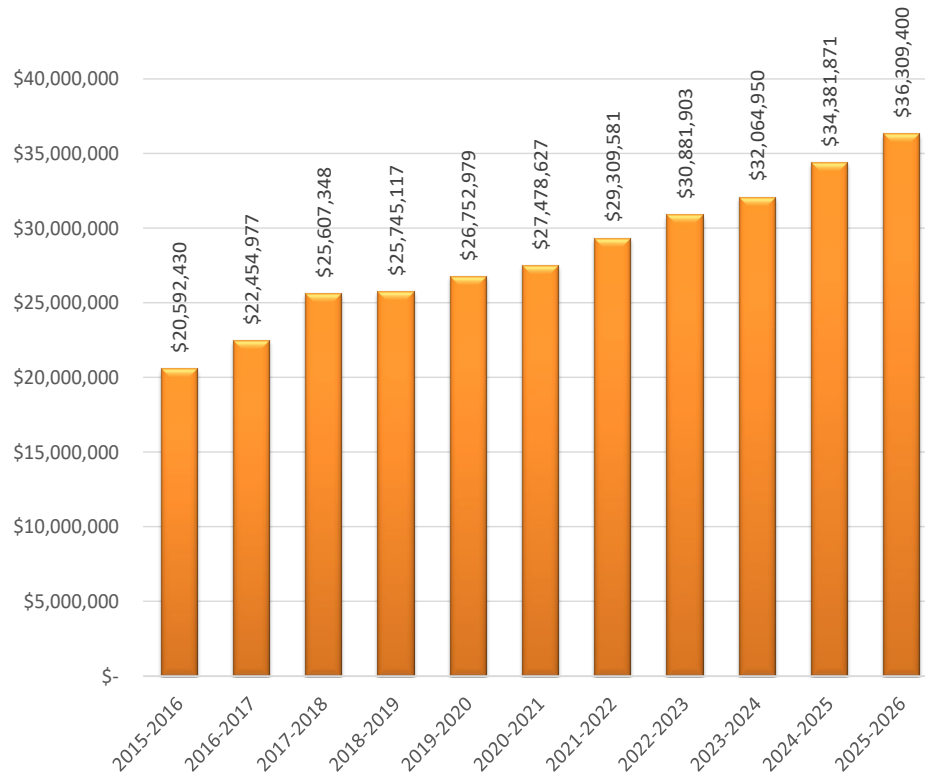
Cumulative Fund Balance



Notes: 2025-2026 cumulative fund balance data based on proposed budget
2024-2025 cumulative fund balance data based on year end projected budget
2016-2017 through 2023-2024 “actuals” from annual audit reports

Figure 2

Property Tax Revenue



Notes: 2025-2026 property tax revenue data based on County estimates
2024-2025 property tax revenue based on year end projected budget
2015-2016 through 2023-2024 “actuals” from annual audited reports

Figure 3

**Summary of Projected Revenues
FY 2025-2026
Total Revenues - \$51,374,312**

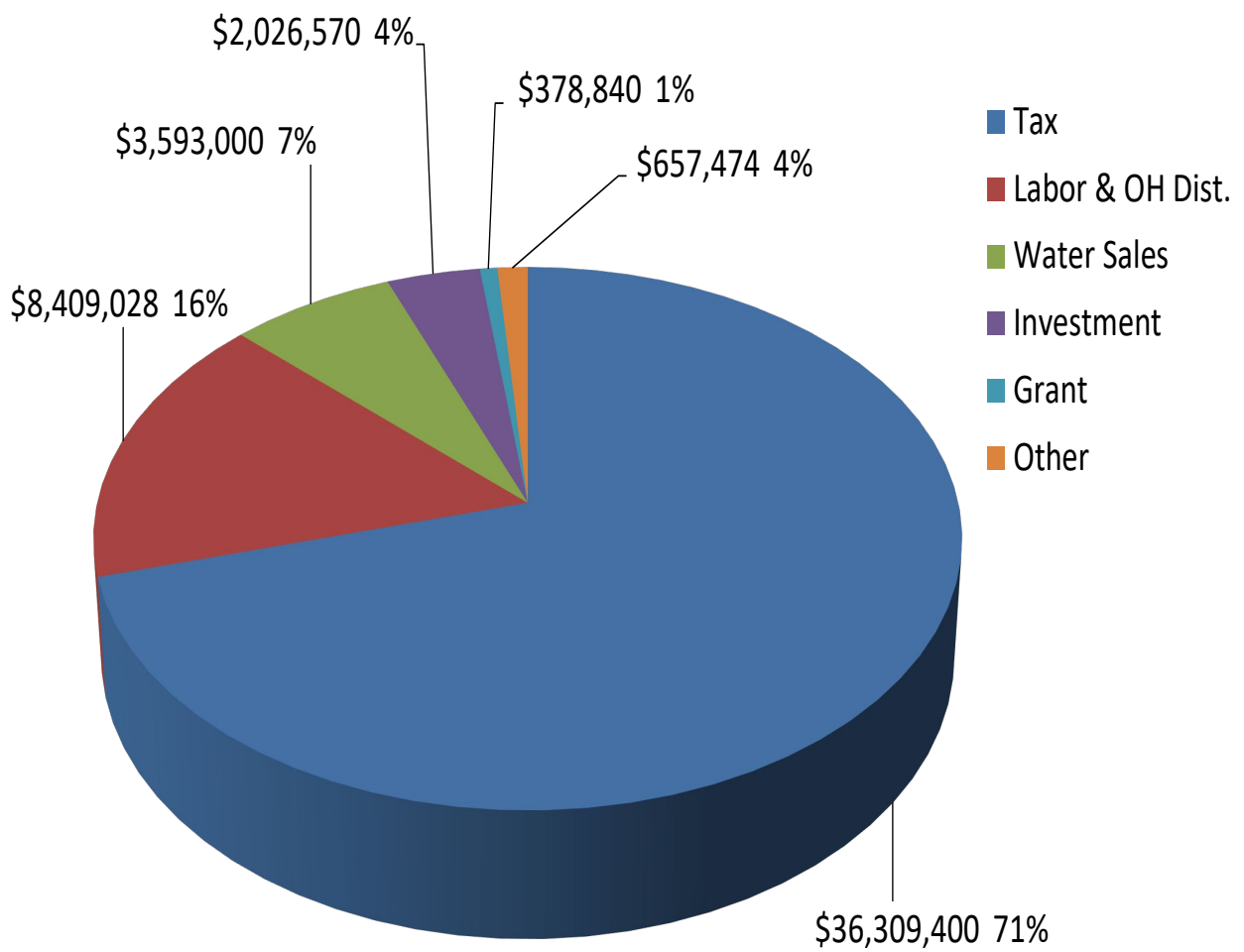


Figure 4

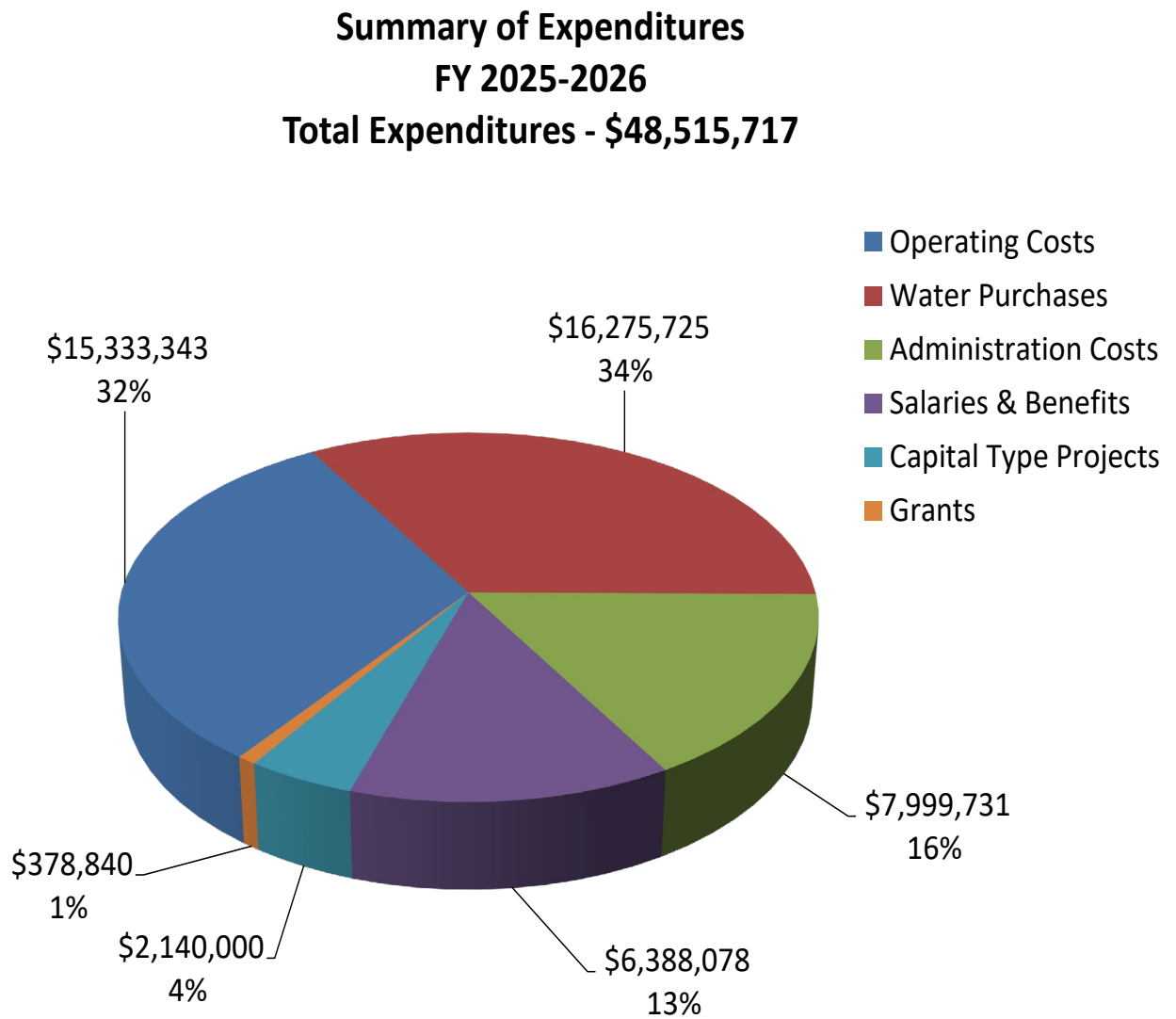
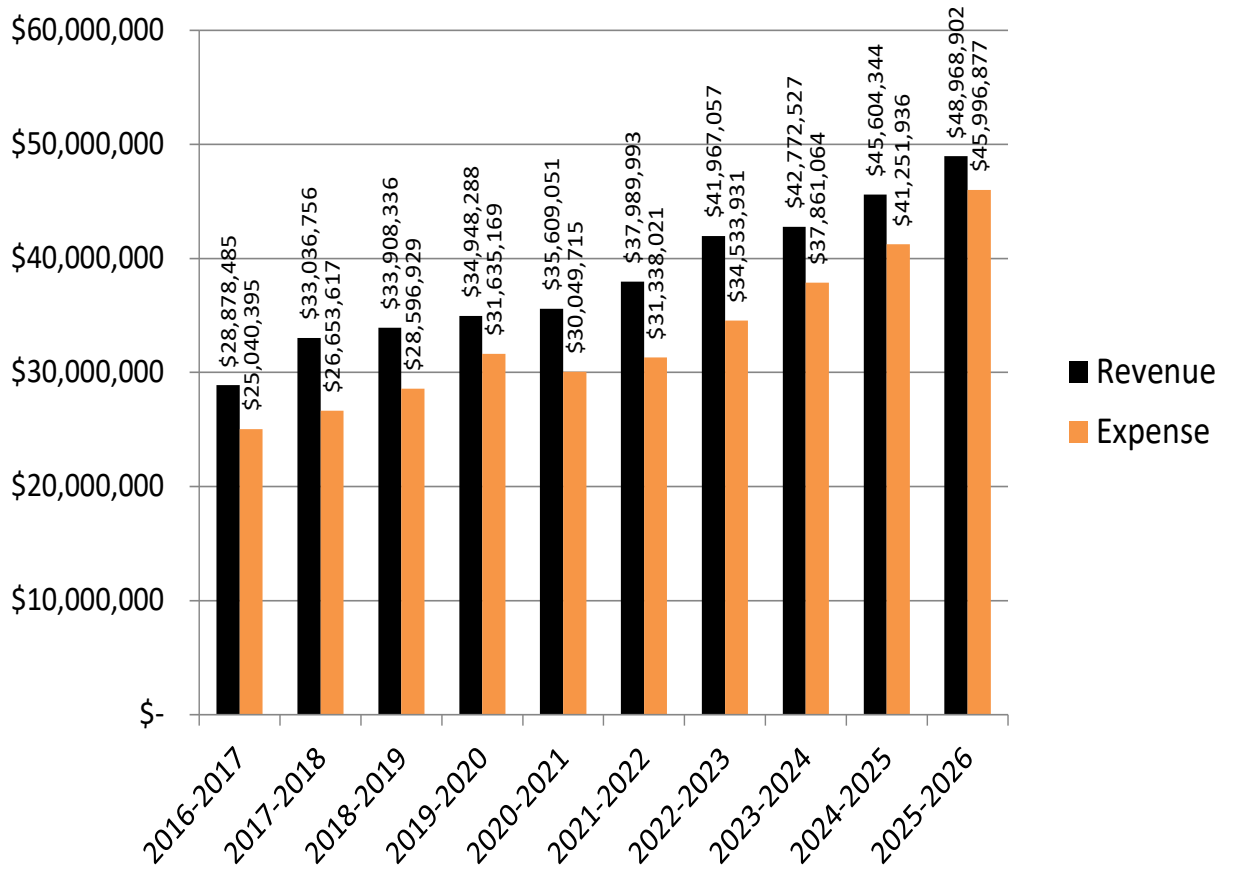


Figure 5

Operating Income and Expense



Notes: 2025-2026 revenue/expense data based on proposed budget
2024-2025 revenue/expense data based on year end projection
2017-2018 through 2023-2024 “actuals” from annual audit reports

**SOLANO COUNTY WATER AGENCY
SCHEDULE 1
ALL FUNDS SUMMARY
FY 2025/2026**

FUND NAME	FUND BALANCE AVAILABLE 6/2023 AUDITED	FUND BALANCE AVAILABLE 6/2024 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 24/25	PROJECTED FUND BALANCE AVAILABLE 6/30/2025	PROPOSED 25/26 REVENUES	PROPOSED 25/26 EXPENDITURES	PROPOSED INCREASE/ DECREASE TO FUND BALANCE	PROPOSED FUND BALANCE 6/30/2026
ADMIN - SOLANO PROJECT - WM*	15,337,712	14,081,970	(826,774)	13,255,195	24,953,616	24,952,858	757	13,255,953
STATE WATER PROJECT	33,512,506	37,295,363	4,785,589	42,080,952	23,524,696	21,124,534	2,400,162	44,481,114
ULATIS FLOOD CONTROL	10,062,001	11,507,002	(3,565)	11,503,437	2,696,000	2,310,720	385,280	11,888,717
GREEN VALLEY FLOOD CONTROL	449,522	519,057	112,013	631,070	200,000	127,605	72,395	703,465
Total All FUNDS	59,361,741	63,403,391	4,067,263	67,470,654	51,374,312	48,515,717	2,858,595	70,329,249

*Administration, Solano Projects, and Watermaster

Schedule 1 provides the fund balances based on the FY 2024/2025 Year End Projections.

This schedule also provides Projected Year End net increase/(decrease) by Fund for the FY 25/26 budget year.

**SOLANO COUNTY WATER AGENCY
SCHEDULE 2
ALL FUNDS SUMMARY - BY FUNDS
FY 2025/2026**

DETAIL BY FUND REVENUE CATEGORY AND FUND EXPENDITURE CATEGORY	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 YEAR END PROJECTION	2025/26 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Admin-Solano Project-Watermaster	16,918,550	21,036,600	21,289,118	22,722,723	24,953,616	2,230,893	10%
State Water Project	18,848,972	20,801,553	21,969,592	22,416,408	23,524,696	1,108,288	5%
Ulati Flood Control	1,756,315	1,993,764	2,447,163	2,633,911	2,696,000	62,089	2%
Green Valley Flood Control	128,112	136,117	136,126	190,872	200,000	9,128	5%
Total Revenues	37,651,950	43,968,034	45,841,999	47,963,914	51,374,312	3,410,398	7%
Expenditures							
Admin-Solano Project-Watermaster	16,111,325	25,591,533	22,544,860	23,549,497	24,952,858	1,403,361	6%
State Water Project	17,182,530	16,573,167	18,186,735	17,630,819	21,124,534	3,493,715	20%
Ulati Flood Control	918,968	1,228,171	1,002,162	2,637,476	2,310,720	(326,756)	-12%
Green Valley Flood Control	148,809	24,716	66,591	78,859	127,605	48,746	62%
Total Expenditures	34,361,631	43,417,587	41,800,348	43,896,651	48,515,717	4,619,066	11%
Net							
Admin-Solano Project-Watermaster	807,226	(4,554,933)	(1,255,742)	(826,774)	757	827,532	-100%
State Water Project	1,666,443	4,228,386	3,782,857	4,785,589	2,400,162	(2,385,427)	-50%
Ulati Flood Control	837,347	765,593	1,445,001	(3,565)	385,280	388,845	-10907%
Green Valley Flood Control	(20,696)	111,401	69,534	112,013	72,395	(39,618)	-35%
Total Net	3,290,319	550,447	4,041,651	4,067,263	2,858,595	(1,208,668)	-130%

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 2025/2026**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 YEAR END PROJECTION	2025/26 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Taxes	29,309,581	30,881,903	32,062,414	34,381,871	36,309,400	1,927,529	6%
Water Sales	3,560,828	3,577,509	3,335,322	3,156,690	3,593,000	436,310	14%
Grant Revenues	80,274	510,559	421,068	208,000	378,840	170,840	82%
Investment Income	(418,318)	1,490,418	2,648,404	2,151,570	2,026,570	(125,000)	-6%
InterFund Cost Allocation	4,687,933	5,462,507	6,797,434	7,527,310	8,409,028	881,719	12%
Other Revenue	431,651	2,045,137	577,357	538,473	657,474	119,000	22%
Total Revenues	37,651,950	43,968,034	45,841,999	47,963,914	51,374,312	3,410,398	7%
Expenditures							
Salaries and Employee Benefits	3,507,340	4,095,194	5,547,166	5,763,060	6,388,078	625,018	11%
Services and Supplies	1,314,259	1,578,821	1,817,262	2,039,438	1,661,490	(377,948)	-19%
Operations & Maintenance	5,975,292	6,808,949	6,907,832	8,777,004	10,173,464	1,396,459	16%
Watershed Management			470,638	561,376	1,195,151	633,775	113%
LPCCC Operations	1,447,613	1,234,828	1,840,492	2,386,489	2,028,228	(358,261)	-15%
Putah Creek Watershed Management	867,185	934,037	1,087,115	2,071,889	3,151,228	1,079,340	52%
Rehab & Betterment	189,323	505,749	349,374	1,326,500	1,420,000	93,500	7%
Water Purchases	12,982,683	13,513,866	14,524,733	14,889,855	16,275,725	1,385,870	9%
Grant Expenditures	466,442	612,968	565,676	470,500	378,840	(91,660)	-19%
Flood Control	381,233	264,909	401,155	340,351	297,160	(43,190)	-13%
HCP Planning	1,079,082	1,532,288	1,582,371	1,339,652	1,234,743	(104,909)	-8%
Water Conservation	1,623,806	2,239,049	2,193,812	1,444,089	1,655,110	211,020	15%
Consultants	2,159,527	2,331,991	1,460,720	1,608,732	1,751,500	142,768	9%
Fixed Assets	2,351,902	7,748,996	3,008,291	790,442	720,000	(70,442)	-9%
Debt Service		15,944	15,944	57,274	-	(57,274)	-100%
Contingency	-	-	27,767	30,000	185,000	155,000	517%
Total Expenditures	34,345,687	43,417,587	41,800,348	43,896,651	48,515,717	4,619,066	11%
Total Net	3,306,262	550,447	4,041,651	4,067,263	2,858,595	(1,208,668)	-30%

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 2025/2026

DETAIL BY OPERATING REVENUE AND EXPENDITURE CATEGORY AND NON-OPERATING REVENUE AND EXPENDITURES CATEGORY	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 YEAR END PROJECTION	2025/26 PROPOSED	FROM PROJECTION TO PROPOSED	PERCENT CHANGED
Operating Revenues							
Taxes	29,309,581	30,881,903	32,062,414	34,381,871	36,309,400	1,927,529	6%
Water Sales	3,560,828	3,577,509	3,335,322	3,156,690	3,593,000	436,310	14%
InterFund Cost Allocation	4,687,933	5,462,507	6,797,434	7,527,310	8,409,028	881,719	12%
Other Revenue	431,651	2,045,137	577,357	538,473	657,474	119,000	22%
Total Operating Revenues	37,989,993	41,967,057	42,772,527	45,604,344	48,968,902	3,364,558	7%
Operating Expenditures							
Salaries and Employee Benefits	3,507,340	4,095,194	5,547,166	5,763,060	6,388,078	625,018	11%
Services and Supplies	1,314,259	1,578,821	1,817,262	2,039,438	1,661,490	(377,948)	-19%
Operations & Maintenance	5,975,292	6,808,949	6,907,832	8,777,004	10,173,464	1,396,459	16%
Watershed Management			470,638	561,376	1,195,151	633,775	113%
LPCCC Operations	1,447,613	1,234,828	1,840,492	2,386,489	2,028,228	(358,261)	-15%
Putah Creek Watershed Mgt	867,185	934,037	1,087,115	2,071,889	3,151,228	1,079,340	52%
Water Purchases	12,982,683	13,513,866	14,524,733	14,889,855	16,275,725	1,385,870	9%
Flood Control	381,233	264,909	401,155	340,351	297,160	(43,190)	-13%
HCP Planning	1,079,082	1,532,288	1,582,371	1,339,652	1,234,743	(104,909)	-8%
Water Conservation	1,623,806	2,239,049	2,193,812	1,444,089	1,655,110	211,020	15%
Consultants	2,159,527	2,331,991	1,460,720	1,608,732	1,751,500	142,768	9%
Contingency	-	-	27,767	30,000	185,000	155,000	517%
Total Operating Expenditures	31,338,021	34,533,931	37,861,064	41,251,936	45,996,877	4,744,941	12%
Net Operating	6,651,973	7,433,126	4,911,463	4,352,408	2,972,025	(1,380,383)	-32%
Non-Operating Revenues							
Investment Income	(418,318)	1,490,418	2,648,404	2,151,570	2,026,570	(125,000)	-6%
Grant Revenues	80,274	510,559	421,068	208,000	378,840	170,840	82%
Proceeds From Sale of Assets			-				
Debt Proceeds	-	-	-				
Total Non-Operating Revenues	(338,043)	2,000,977	3,069,472	2,359,570	2,405,410	45,840	2%
Non-Operating Expenditures							
Rehab & Betterment	189,323	505,749	349,374	1,326,500	1,420,000	93,500	7%
Grant Expenditures	466,442	612,968	565,676	470,500	378,840	(91,660)	-19%
Fixed Assets	2,351,902	7,748,996	3,008,291	790,442	720,000	(70,442)	-9%
Debt Service		15,944	15,944	57,274	-	-	-100%
Total Non-Operating Expenditures	3,007,667	8,883,656	3,939,284	2,644,716	2,518,840	(68,602)	-5%
Net Non-Operating	(3,345,710)	(6,882,679)	(869,812)	(285,146)	(113,430)	114,442	-60%
Net Operating and Non-Operating	3,306,262	550,447	4,041,651	4,067,263	2,858,595	(1,265,942)	-30%

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 2025/26 Proposed Budget

**SOLANO COUNTY WATER AGENCY
SCHEDULE 5
SOLANO PROJECT REHAB & BETTERMENT
FY 2025/26**

FUND	DESCRIPTION	TOTAL AMOUNT	2024/25 Current	2025/26 PROPOSED	2026/27 PROPOSED	2027/28 PROPOSED	2028/29 PROPOSED
SP	MD Metal Works Recoating (MD02)	176,500	-	-	-	176,500	-
SP	MD Electrical Line Updates (MD01)	163,000	-	-	11,500	151,500	-
SP	MD Emergency Spillway Evaluation (MD03)	201,500	-	-	-	-	201,500
SP	MD Bypass Jet Valve	220,000	-	220,000	-	-	-
SP	PDD Access Road & Facility Improvements (PDD01)	1,925,000	75,000	125,000	600,000	1,125,000	-
SP	PDD Flood Gate Rehab & Modernization (PDD02)*	4,075,000	125,000	250,000	2,000,000	1,700,000	-
SP	PDD & PDO Security Upgrades (PDD03)	240,000	200,000	40,000	-	-	-
SP	PDD Retaining Wall Improvements (PDD04)	151,500	-	-	-	-	151,500
SP	PDO Water Quality Assessment (PDO01)	81,500	-	-	81,500	-	-
SP	PDO Fence Installation (PDO02)	101,500	-	-	-	101,500	-
SP	PSC Access Road Gate Rehab (PSC03)	75,000	10,000	20,000	25,000	20,000	-
SP	PSC Check Upgrades (Automation) (PSC06)	375,000	15,000	150,000	150,000	60,000	-
SP	PSC Road Gravel and Turn-Around Improvements (PSC05)	403,000	25,000	-	301,500	76,500	-
SP	PSC Terminal Check Seismic Upgrade & Risk Reduction Project (PSC11)*	23,800,000	125,000	300,000	1,275,000	11,300,000	10,800,000
SP	PSC Electrical Upgrades (PSC01)	150,000	-	-	150,000	-	-
SP	PSC Panel Replacement & Rehab (PSC08)	75,000	-	75,000	-	-	-
SP	PSC Union Check Electrical Connection Improvements (PSC04)	100,000	-	-	100,000	-	-
SP	PSC GIS Database Development (PSC07)	151,500	-	-	151,500	-	-
SP	PSC Computerized Maintenance Management System (PSC09)	201,500	-	-	201,500	-	-
SP	PSC Pipeline Conversion (PSC10)	251,500	-	-	126,500	125,000	-
SP	PSC Guard Rail Improvements (PSC12)	101,500	-	-	-	101,500	-
SP	PSC Seepage Improvements (PSC13)	328,000	-	-	-	76,500	251,500
SP	PSC Radial Gate & Wasteway Gate Rehab (PSC14)	301,500	-	-	-	151,500	150,000
SP	PSC Union Check Gate Optimization (PSC15)	93,000	-	-	-	21,500	71,500
SP	PSC Elmira Road Drainage Improvements (PSC16)	303,000	-	-	-	-	303,000
SP	PSC Green Valley Wasteway Upgrades (PSC17)	21,500	-	-	-	-	21,500
SP	PSC Water Loss Study (PSC18)	61,500	-	-	-	-	61,500
SP	PSC Fencing Improvements*	2,750,000	-	-	2,750,000	-	-
SP	TR Reservoir Lane, Drainage & Road Repair (TR01)	20,500	500	20,000	-	-	-
Total Solano Project Rehab & Betterment		36,898,500	575,500	1,200,000	7,924,000	15,187,000	12,012,000

*Projected fiscal year is dependent upon grant funding awarded.

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

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 YEAR END PROJECTED BUDGET	2025/26 PROPOSED	2026/27 PROPOSED	2027/28 PROPOSED	2028/29 PROPOSED
Revenues							
Taxes	30,881,903	32,062,414	34,381,871	36,309,400	38,338,927	40,484,396	42,752,583
Water Sales	3,577,509	3,335,322	3,156,690	3,593,000	3,695,000	3,695,000	3,695,000
Grant Revenues	510,559	421,068	208,000	378,840	578,840	299,000	200,000
Investment Income	1,490,418	2,648,404	2,151,570	2,026,570	1,971,570	1,971,570	1,971,570
Labor & Ovhd Distr.	5,462,507	6,797,434	7,527,310	8,409,028	8,829,479	9,270,953	9,734,500
Other Revenue	2,045,137	577,357	538,473	657,474	621,955	631,912	642,865
Total Revenues	43,968,034	45,841,999	47,963,914	51,374,312	54,035,771	56,352,831	58,996,518
Expenditures							
Salaries and Employee Benefits	4,095,194	5,547,166	5,763,060	6,388,078	6,904,944	7,495,155	8,140,909
Services and Supplies	1,578,821	1,817,262	2,039,438	1,661,490	1,804,156	1,835,731	1,849,287
Operations & Maintenance	6,808,949	6,907,832	8,777,004	10,173,464	10,558,233	11,003,592	11,510,372
Watershed Management		470,638	561,376	1,195,151	1,213,460	1,158,119	1,127,264
LPCCC Operations	1,234,828	1,840,492	2,386,489	2,028,228	2,056,118	2,144,661	2,262,508
Putah Creek Watershed Mgt	934,037	1,087,115	2,071,889	3,151,228	3,077,812	2,905,418	3,008,342
Rehab & Betterment	505,749	349,374	1,326,500	1,420,000	8,144,000	4,112,000	12,232,000
Water Purchases	13,513,866	14,524,733	14,889,855	16,275,725	17,016,308	17,843,920	18,660,413
Grant Expenditures	612,968	565,676	470,500	378,840	991,500	454,000	15,000
Flood Control	264,909	401,155	340,351	297,160	304,943	303,138	328,553
HCP Planning	1,532,288	1,582,371	1,339,652	1,234,743	1,285,243	1,331,463	1,381,479
Water Conservation	2,239,049	2,193,812	1,444,089	1,655,110	1,679,735	1,764,579	1,857,286
Consultants	2,331,991	1,460,720	1,608,732	1,751,500	1,374,420	1,402,400	1,406,345
Fixed Assets	7,748,996	3,008,291	790,442	720,000	65,000	65,000	65,000
Debt Service	15,944	15,944	57,274	-	-	-	-
Contingency	-	27,767	30,000	185,000	185,000	185,000	185,000
Total Expenditures	43,417,587	41,800,348	43,896,651	48,515,717	56,660,872	54,004,176	64,029,758
Total Net	550,447	4,041,651	4,067,263	2,858,595	(2,625,101)	2,348,655	(5,033,240)

Key Budget Projection Assumptions

1. Projected property tax revenues based on observed post 2008 trend
2. Salary and Employee Benefits increased 4%, annually, includes anticipated new hires
3. Projected grant revenues and expenses are not included as they offset.

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

FUND NAME	FUND BALANCE AVAILABLE 6/2023 AUDITED	FUND BALANCE AVAILABLE 6/2024 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 24/25	FUND BALANCE YEAR END PROJECTION 24/25	PROPOSED INCREASE/ DECREASE TO FUND BALANCE 25/26	FUND BALANCE JUNE 30, 2026 PROPOSED	FUND BALANCE JUNE 30, 2027 PROJECTED	FUND BALANCE JUNE 30, 2028 PROJECTED	FUND BALANCE JUNE 30, 2029 PROJECTED
ADMIN - SOLANO PROJECT - WM	15,337,712	14,081,970	(826,774)	13,255,195	757	13,255,953	6,990,248	5,526,216	(3,516,289)
STATE WATER PROJECT	33,512,506	37,295,363	4,785,589	42,080,952	2,400,162	44,481,114	47,299,515	50,146,130	53,037,822
ULATIS FLOOD CONTROL	10,062,001	11,507,002	(3,565)	11,503,437	385,280	11,888,717	12,640,064	13,533,368	14,576,277
GREEN VALLEY FLOOD CONTROL	449,522	519,057	112,013	631,070	72,395	703,465	774,321	847,089	921,753
Total All FUNDS	59,361,741	63,403,391	4,067,263	67,470,654	2,858,595	70,329,249	67,704,148	70,052,803	65,019,563

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 Agency staff, as well as funding for the Agency’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 12¹ water rights settlement agreement for the Lake Berryessa watershed.

FUND DETAIL COMMENTS***Revenues***

Property Taxes - Property tax revenues are projected to increase 8% from the prior fiscal year, reflecting the prevailing trend of increasing property values and new housing in Solano County.

Grant Revenue – Continuation of: Lower Putah Creek Habitat Enhancement (aka Nishikawa Reach) grant funded project,² reduction of the Prop 1 Los Rios Check Dam (LRCD) Fish Passage grant, and addition of the USBR Lower Putah Creek Watershed Management Plan Update grant. Construction on Nishikawa project is waiting for permits and is expected to resume during 2025-26. The Prop 1 LRCD Fish Passage has been postponed.

Investment Income – Interest rates remained higher than expected, and given the current economic conditions, the Agency has conservatively estimated interest earnings for 25/26 budget cycle, as compared to 23/24 and current year.

Expenditures

Salaries & Benefits – During 2024/25, an Assistant Water Resources Technician, an Assistant Water Resources Engineer, and two Engineering interns were added. The 2025/26 budget includes a dedicated Water Resources Engineer for SWP, and an additional Associate Water Resources Technician. The budget includes funds to paydown the Unfunded OPEB and Pension liabilities.

Services and Supplies- For the ASW fund, this is mostly Agency administrative expenses, necessary for the Agency to function. The biggest saving is in the cuts to Public Education of \$453,739, although reductions are being implemented across multiple areas.

Operations and Maintenance -Includes additional funding for ongoing operations and maintenance of the Solano Project, PSC and Dam Operations, hydrologic station improvements, and the Bay Delta Plan update. The upcoming Urban Water Management Plan is cost shared with SWP, and Eyasco SCADA & Monitoring will be directly recognized instead of through Overhead.

LPCCCC Operations- Efforts will be redirected to the Healthy Rivers and Landscapes program.

Putah Creek Watershed Management – Efforts will shift from other projects to prioritize continued fish monitoring, implementation of the Putah Creek Water Management project, additional support for Healthy Rivers & Landscapes Program (as opposed to unimpaired flows of the Bay Delta Plan Update), and increased supplies and labor due to discovery of the Golden Mussel in the Delta.

Rehab & Betterment – Several Putah South Canal (PSC) and Putah Diversion Dam (PDD) projects were postponed, plus improvements for PSC Terminal Check Seismic upgrade, PSC Check upgrades, PDD Flood Gate Rehab & Modernization, and the Bypass Jet Valve at Monticello Dam are most of the projects slated for budget year 2025/26.

Grant Expenditures - Continuation of the Lower Putah Creek Habitat Enhancement Project (aka Nishikawa Reach) project. The Agency has not yet been granted the permits necessary to complete the construction phase of the Nishikawa project. Continuation of the Lake Berryessa Invasive Mussel Inspection Program is not funded yet, although staff is currently applying for grants. Work on the USBR Watershed Management grant will begin.

Water Conservation – With a wet year, the rebate programs have not been as active and is expected to increase again.

Flood Control -Expenditures have been comparatively low in recent years as localized flooding issues have been largely muted. The current budget includes funding for the completion of the Dixon Watershed Implementation project, Eyasco SCADA & Monitoring, and continued work on Mellin Levee.

HCP -Current budget is for ongoing habitat conservation work at Petersen Ranch and Sackett Ranch, which will increase during 2025/26, and these expenses are also cost shared with State Water Project.

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

Fixed Assets – In addition to two new trucks for the PSC Operations & Maintenance work, the Agency has budgeted an additional service truck, and a tractor/Boom mower. During the current year, the Agency purchased and built four portable Decontamination units for the Mussel program and is already approved to purchase two more.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 YE PROJECTION	2025/2026 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Taxes	11,795,163	12,456,374	12,718,415	13,875,345	14,964,700	1,089,355	8%
Grants	80,274	510,559	421,068	208,000	378,840	170,840	82%
Investment Income	(143,787)	501,520	716,027	499,770	475,570	(24,200)	-5%
InterFund Cost Allocation	4,687,933	5,462,507	6,797,434	7,527,310	8,409,028	881,719	12%
Water Sales	93,208	92,682	91,384	101,690	98,000	(3,690)	-4%
Other Revenue Sources	405,759	2,012,958	544,790	510,608	627,477	116,869	23%
Total Revenues	16,918,550	21,036,600	21,289,118	22,722,723	24,953,616	2,230,893	10%
Expenditures							
Salaries & Benefits	3,507,340	4,095,194	5,547,166	5,763,060	6,388,078	625,018	11%
Services and Supplies	1,194,183	1,442,955	1,622,676	1,931,397	1,423,680	(507,717)	-26%
Operations and Maintenance	4,145,394	4,898,519	5,441,232	6,330,776	7,034,996	704,220	11%
LPCCC Operations	1,447,613	1,234,828	1,840,492	2,386,489	2,028,228	(358,261)	-15%
Putah Creek Watershed Management	867,185	934,037	1,087,115	2,071,889	3,151,228	1,079,340	52%
Rehab & Betterment	108,805	393,723	241,905	575,500	1,200,000	624,500	109%
Grant Expenditures	466,442	612,968	565,676	470,500	378,840	(91,660)	-19%
Water Conservation	955,311	1,350,676	1,314,830	832,044	935,555	103,511	12%
Flood Control	381,233	264,909	401,155	340,351	297,160	(43,190)	-13%
Habitat Conservation	953,937	1,266,151	1,314,907	824,043	907,593	83,550	10%
Consultants	1,512,605	1,332,634	1,240,058	1,275,732	736,500	(539,232)	-42%
Fixed Assets	555,333	7,748,996	1,883,938	660,442	391,000	(269,442)	-41%
Debt Service	15,944	15,944	15,944	57,274	-	(57,274)	-100%
Contingency	-	-	27,767	30,000	80,000	50,000	167%
Total Expenditures	16,111,325	25,591,533	22,544,860	23,549,497	24,952,858	1,403,361	6%
Net Change	807,226	(4,554,933)	(1,255,742)	(826,774)	757	827,532	

¹. 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

². For the Nishikawa Restoration Project, final design and permitting is expected to occur during FY 25-26 as well as initial grubbing of vegetation and site preparation. Construction is expected to occur late Summer 2025 which has been postponed from current year 2024/25.

FUND PURPOSE

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

FUNCTION AND RESPONSIBILITIES

The Agency 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). The Agency administers the State Water Project water supply contract, which among other things, obligates the Agency 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, the Agency 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 2025-2026 property tax revenues are projected to increase 4% over the prior fiscal year, reflecting the prevailing trend of increasing property values in Solano County, which are still trending up.

Water Sales – Based on charges from the Department of Water Resources, which have been steadily increasing.

Investment Income -Interest rates have remained higher than expected during the current year. Given the current economic conditions, the Agency has conservatively estimated interest earnings for 25/26 budget cycle.

Expenditures

Services and Supplies- Charging Dues & Memberships directly instead of allocating through overhead.

Operations and Maintenance – The Agency has budgeted for a dedicated Engineering position to focus on SWP projects. This expense also includes additional staff support reassigned from other projects, and increased activity on hydrologic stations and the watershed program.

Watershed Management- With the addition of Healthy Rivers, the Agency created a Watershed management category which includes the Yolo Bypass/Cache Slough program (previously under Consultants) for better clarity. This fund cost shares 25% of the Healthy River costs with the Solano Project.

Water Purchases- Costs are based on charges from DWR and increase annually.

(RESTRICTED FUND)**STATE WATER PROJECT**

Water Conservation – As a cost saving measure, the Agency has reduced various aspects of the program, and the overall program has not been busy with a wet winter during the current year, and is expected to increase again during the next fiscal year.

Habitat Conservation – Postponement of planning and implementation of habitat improvements at Petersen Ranch and Lang-Tule properties due to weather and other priorities.

Consultants – Funding is increased in anticipation of additional technical studies in support of the North Bay Aqueduct Alternate Reliability Program, the NBA Regional Intertie projects, water rights issues, and the upcoming Urban Water Management plan.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 YE PROJECTION	2025/2026 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	15,570,025	16,549,417	17,235,613	18,086,412	18,829,700	743,288	4%
Water Sales	3,467,620	3,484,827	3,243,938	3,055,000	3,495,000	440,000	14%
Grant Revenues	-	-	-	-	-	-	-
Investment Income	(206,913)	744,235	1,468,634	1,255,000	1,180,000	(75,000)	-6%
Other Sources	18,241	23,074	21,407	19,996	19,996	0	0%
Total State Water Project Revenues	18,848,972	20,801,553	21,969,592	22,416,408	23,524,696	1,108,288	5%
Expenditures							
Services and Supplies	100,386	118,812	176,935	89,911	219,485	129,574	144%
Operations and Maintenance	862,329	786,623	643,494	629,023	1,292,468	663,445	105%
Watershed Management			470,638	561,376	1,195,151	633,775	113%
Water Purchases	12,982,683	13,513,866	14,524,733	14,889,855	16,275,725	1,385,870	9%
Grant Expenditures						-	
Water Conservation	668,496	888,372	878,983	612,045	719,555	107,510	18%
Habitat Conservation	125,145	266,137	267,464	515,609	327,151	(188,458)	-37%
Consultants	646,922	999,357	220,662	333,000	1,015,000	682,000	205%
Fixed Assets	1,796,569	-	1,003,826	-	30,000	30,000	
Contingency	-	-	-	-	50,000	50,000	
Total State Water Project Expenditures	17,182,530	16,573,167	18,186,735	17,630,819	21,124,534	3,493,715	20%
Net Change	1,666,443	4,228,386	3,782,857	4,785,589	2,400,162	(2,385,427)	-50%

FUND PURPOSE

Operation and maintenance of Ulati Flood Control Project.

FUNCTION AND RESPONSIBILITIES

The Ulati Flood Control Project (Project) was constructed by the Soil Conservation Service (now known as the Natural Resources Conservation Service) and is maintained by the Agency 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. The Agency subcontracts with the Solano County Transportation Department for routine maintenance duties while most engineering and administrative functions are performed by Agency staff.

FUND DETAIL COMMENTS**Revenues**

Property Taxes -FY 2025-2026 property tax revenues are projected to increase 7% from the prior fiscal year, and 6% over 2025 year-end-projection, reflecting the prevailing trend of slowly increasing property values, and building in Solano County.

Investment Income – Given the current economic conditions, the Agency has conservatively estimated interest earnings for 25/26 budget cycle, as compared to 23/24 and current year.

Expenditures

Operations and Maintenance – Operations and maintenance expenses have fluctuated over the past few years, and as Solano Project projects are reorganized, more effort will be directed to Ulati projects.

Rehab & Betterment – Current year saw emergency culvert work being completed so going forward, there is additional funding budgeted for a culvert replacement program spanning over multiple upcoming years.

Fixed Assets– The Agency is in the process of purchasing the Horse Creek Easements for property and lot line adjustments. This is budgeted for both the year-end-projection and the proposed 25/26 budget, as timing is unknown. Also included is the purchase of an additional tractor and boom mower.

(RESTRICTED FUND)**ULATIS**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 YE PROJECTION	2025/2026 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	1,813,796	1,748,616	1,991,584	2,247,042	2,331,000	83,958	4%
Investment Income	(65,132)	236,042	444,420	379,000	355,000	(24,000)	-6%
Other Sources	7,651	9,106	11,160	7,869	10,000	2,131	27%
Total Ulati Revenues	1,756,315	1,993,764	2,447,163	2,633,911	2,696,000	62,089	2%
Expenditures							
Supplies and Services	18,271	15,823	16,325	16,805	17,000	195	1%
Operations and Maintenance	892,282	1,100,322	770,526	1,739,671	1,724,720	(14,951)	-1%
Rehab & Betterment	8,414	112,026	107,469	751,000	220,000	(531,000)	-71%
Fixed Assets	-	-	107,842	130,000	299,000	169,000	130%
Contingency	-	-	-	-	50,000	50,000	0%
Total Ulati Expenditures	918,968	1,228,171	1,002,162	2,637,476	2,310,720	(326,756)	-12%
Net Change	837,347	765,593	1,445,001	(3,565)	385,280	388,845	

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 the Agency 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. The Agency subcontracts with the Solano Transportation Department for routine maintenance duties, while most engineering and administrative functions are performed by Agency staff.

FUND DETAIL COMMENTS***Revenues***

Property Taxes - FY 2025-2026 property tax revenues are projected to increase 40% over prior fiscal year, and a 6% increase over year-end-projections, reflecting the prevailing trend of slowly increasing property values, and increased housing in Solano County.

Investment Income - Given the current economic conditions, the Agency has conservatively estimated interest earnings for 25/26 budget cycle, as compared to 24/25 and current year.

Expenditures

Operations and Maintenance— Operations and maintenance expenses have remained steady over the past few years. As Solano Project fund is reorganized, more effort will be directed to Green Valley projects.

Fixed Assets—There are no planned capital purchases for the new year.

(RESTRICTED FUND)**GREEN VALLEY**

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 YE PROJECTION	2025/2026 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	130,597	127,496	116,802	173,072	184,000	10,928	6%
Investment	(2,485)	8,622	19,323	17,800	16,000	(1,800)	-10%
Total Green Valley Revenues	128,112	136,117	136,126	190,872	200,000	9,128	5%
Expenditures							
Supplies and Services	1,419	1,231	1,326	1,325	1,325	-	0%
Operations and Maintenance	75,286	23,485	52,580	77,534	121,280	43,746	56%
Rehab & Betterment	72,103	-	-	-	-	-	
Fixed Assets			12,685	-	-	-	
Contingency	-	-	-	-	5,000	5,000	0%
Total GV Expenditures	148,809	24,716	66,591	78,859	127,605	48,746	62%
Net Change	(20,696)	111,401	69,534	112,013	72,395	(39,618)	

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
RECOMMENDED RESERVES
FY 2025/26**

DETAIL BY FUND RESERVE CATEGORY		RESERVE FUND FY 23/24 APPROVED	RECOMMENDED RESERVE FUND FY 24/25	PROJECTED LONG-TERM CAPITAL PROJECTS ⁵
Solano Project/Admin				
Solano Project/Admin Operating Reserve		\$ 12,253,417	\$ 11,273,639	
Solano Project/Admin Short-Term Capital Improvements (within 5 years) ¹		5,400,000	5,785,000	
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
Solano Project/ Admin Subtotal		17,653,417	17,058,639	17,890,000
State Water Project				
State Water Project Operating Reserves		9,608,257	10,372,267	
State Water Project Short-Term Capital Improvments (within 5 years)		10,000,000	10,000,000	
NBA Capital Improvements				
NBA Alternate Intake Project Implementation ²				15,000,000
NBA Capacity Remediation ³				
State Water Project Subtotal		19,608,257	20,372,267	15,000,000
Ulatris Project				
Ulatris Flood Control Project Operating Reserve		732,073	870,860	
Ulatris Flood Control Project Short Term Capital Improvements (within 5 years) ⁴		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
Ulatris Project Subtotal		8,582,073	8,720,860	800,000
Green Valley Project				
Green Valley Flood Control Project Operating Reserve		68,202	61,302	
Green Valley Flood Control Project Capital Improvements (within 5 years)		300,000	300,000	
Green Valley Flood Control Project Capital Improvements				TBD
Green Valley Project Subtotal		368,202	361,302	
Other Flood Control Projects				
Emergency Reserve				
		2,000,000	2,000,000	
Totals		\$ 48,211,949	\$ 48,513,068	33,690,000

Notes

1. Include R & B projects planned for the next 5 years
2. Tot. est. capital cost = \$700M; 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

Solano County Water Agency Projected Reserves Summary: FY 2024-2025

	Fund				Total
	Solano Project	State Water Project	Ulatris FC	Green Valley FC	
Projected Fund Balance on June 30, 2025 (Available Reserves)	\$ 13,255,195.00	\$ 42,080,952.00	\$ 11,503,437.00	\$ 631,070.00	\$ 67,470,654.00
Less Operating Reserves	\$ 11,273,639.00	\$ 10,372,267.00	\$ 870,860.00	\$ 61,302.00	\$ 22,578,068.00
	\$ 1,981,556.00	\$ 31,708,685.00	\$ 10,632,577.00	\$ 569,768.00	\$ 44,892,586.00
Less Emergency Reserves	\$ 2,000,000.00	\$ -	\$ -	\$ -	\$ 2,000,000.00
	\$ (18,444.00)	\$ 31,708,685.00	\$ 10,632,577.00	\$ 569,768.00	\$ 42,892,586.00
Less Future Short-Term Capital Improvements (within 5 years)	\$ 5,785,500.00	\$ 10,000,000.00	\$ 7,850,000.00	\$ 300,000.00	\$ 23,935,500.00
	\$ (5,803,944.00)	\$ 21,708,685.00	\$ 2,782,577.00	\$ 269,768.00	\$ 18,957,086.00
Projected Available Reserves at Conclusion of FY 2025-2026	\$ (5,803,944.00)	\$ 21,708,685.00	\$ 2,782,577.00	\$ 269,768.00	\$ 18,957,086.00