Solano County Water Agency

Fiscal Year 2026-2027

Proposed Budget

SOLANO COUNTY WATER AGENCY

General Manager's Budget Message

FY 2026-2027 Proposed Budget
June 2026

Financial Position

The Water Agency's financial position remains strong at the close of FY 2025-2026, with a projected cumulative fund balance of $78,654,573. This represents an increase of $7,523,643 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 2025-2026 budget year, and the proposed FY 2026-2027 budget.

Budget Structure

The Water Agency's budget is comprised of four funds; the Administration-Solano Project-Watermaster (ASW) Fund, State Water Project Fund, Ulatis 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:

		Estimated Fund Balance on 6/30/27	
Fund	Type	Dollars	Percent of total
ASW	general	16,907,444	21.13%
State Water Project	restricted	48,222,653	60.28%
Ulatis Flood Control	restricted	13,920,692	17.40%
Green Valley Flood Control	restricted	952,686	1.19%
		80,003,475	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 believe 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 2025-2026 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.

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 2025-2026 budget was initially adopted with the expectation that the Water Agency's ASW fund balance would decrease by $249K, and the overall Fund balance would increase by approximately $2.6M. However, due to the aforementioned adjustments to planned activities and projects, the projected increase in the ASW fund balance for FY 2025-2026 is $1,833,245 compared to the previous fiscal year.

The fund balances for each of the four Water Agency funds, at the close of FY 2024-2025 versus the projected FY 2025-2026, are as follows:

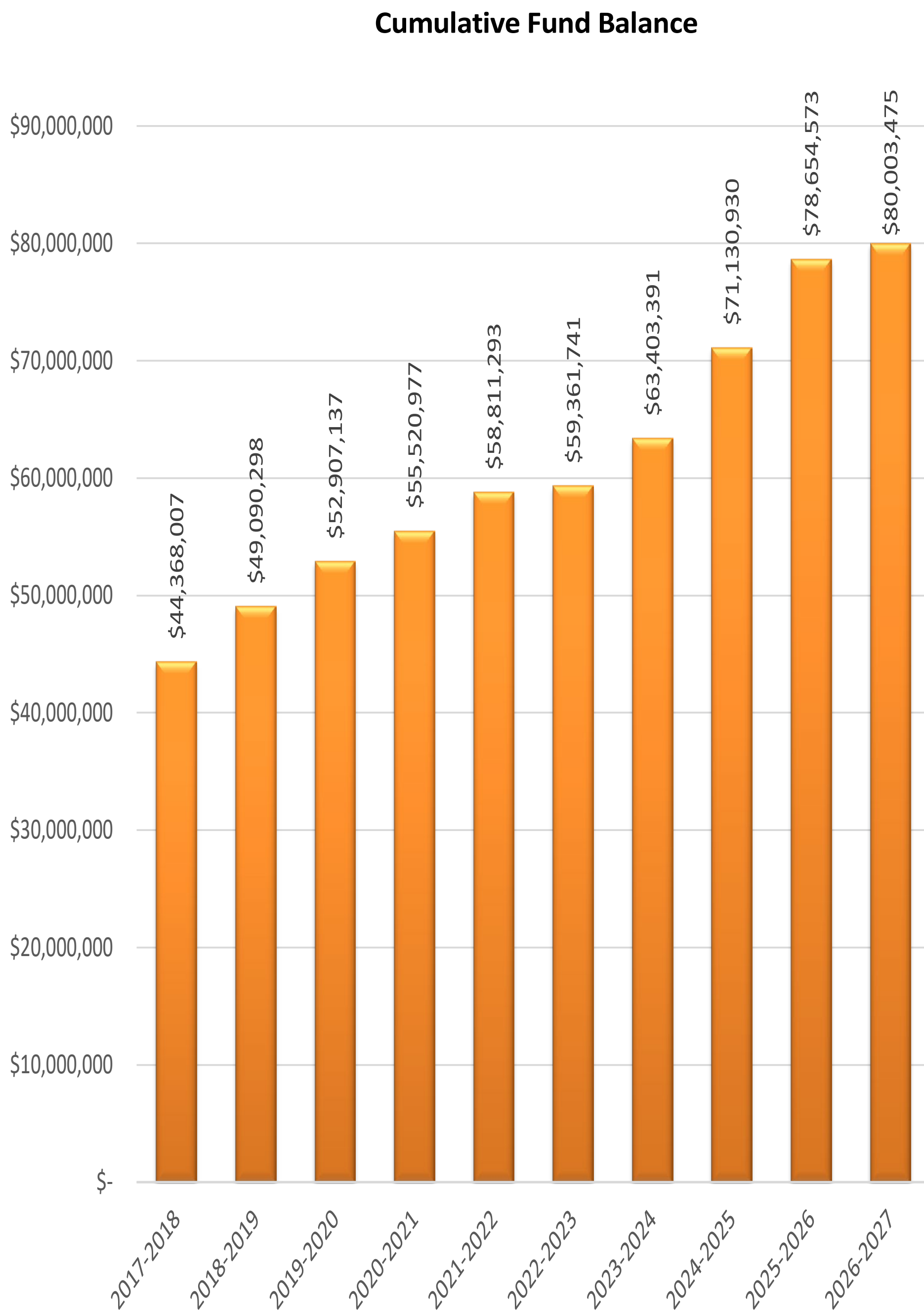
	Audited June 30, 2025 (FY 2024-2025)	Projected June 30, 2026 (FY 2025-2026)
ASW	14,974,349	16,807,594
State Water Project	43,380,524	48,085,948
Ulatis Flood Control	12,064,063	12,894,160
Green Valley Flood Control	711,994	866,871
Totals:	71,130,930	78,654,573

Proposed FY 2026-2027 Budget

The proposed FY 2026-2027 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 2026-2027, due to rehab & betterment needs of the Solano Project, and additional needs of the State Water Project Fund. The budget also reflects modifications to the HRL initiative, maintaining Public Education and Outreach, and reorganizing the needs of Sacket Ranch, Petersen Ranch and the growing facilities.

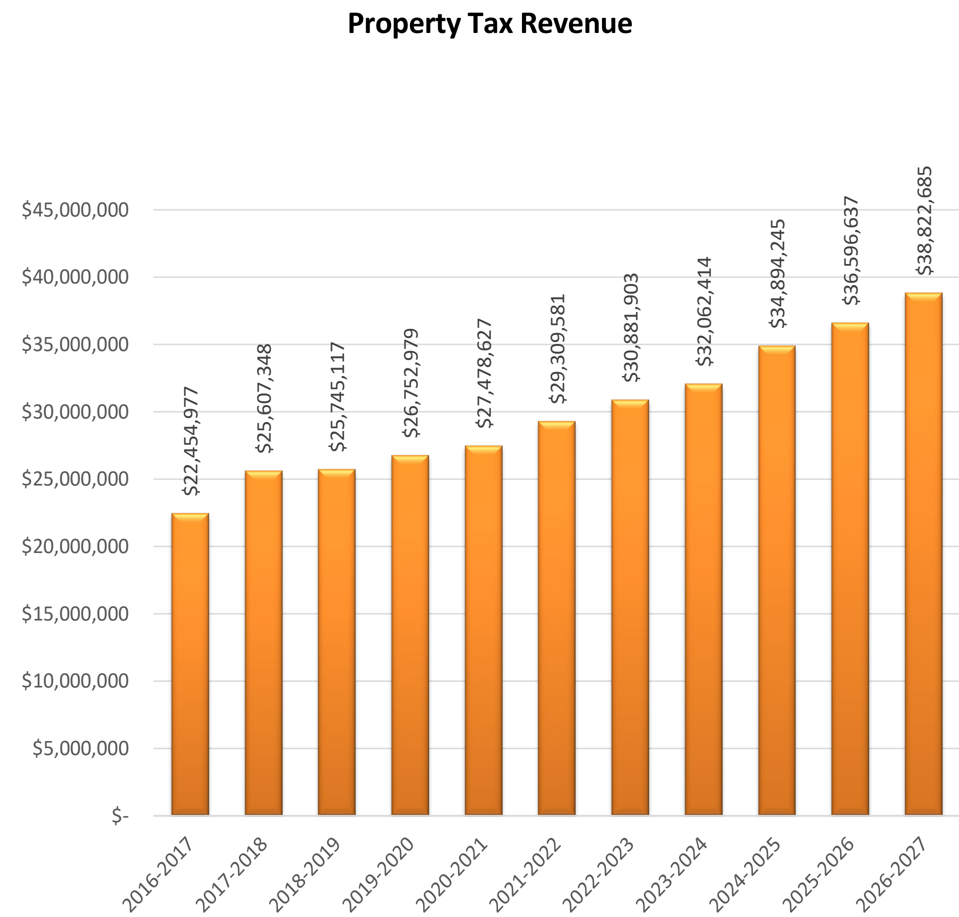
The proposed FY 2026-2027 budget includes a summary of its components, as well as long-term revenue and expense trends. These details are presented in the charts and tables below to provide a comprehensive overview of the budget.

Figure 1



Notes: 2026-2027 cumulative fund balance data based on proposed budget
20252026 cumulative fund balance data based on year end projected budget
2016-2017 through 2024-2025 “actuals” from annual audit reports

Figure 2



Notes: 2026-2027 property tax revenue data based on County estimates
2025-2026 property tax revenue based on year end projected budget
2015-2016 through 2024-2025 "actuals" from annual audited reports

Figure 3

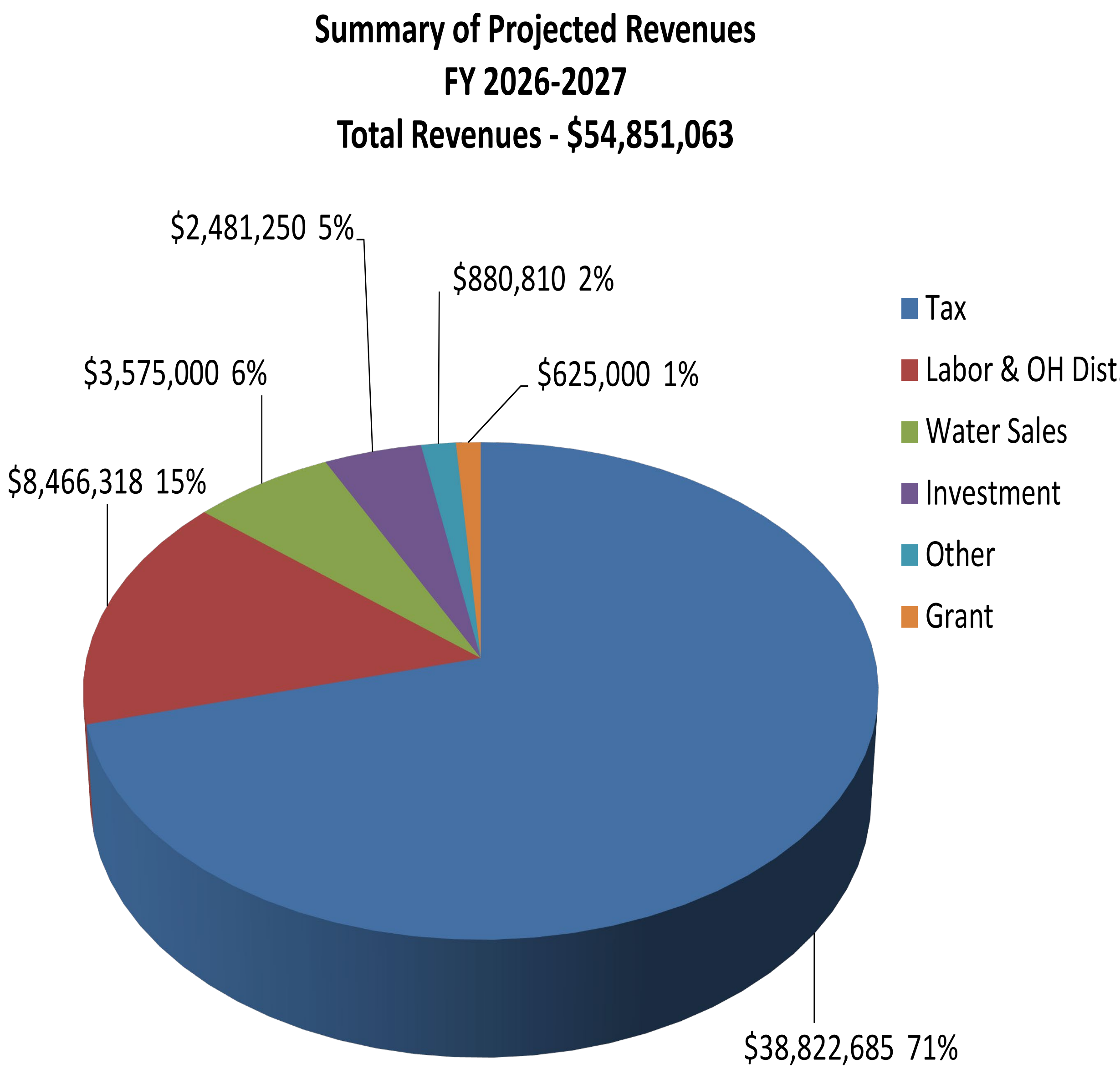
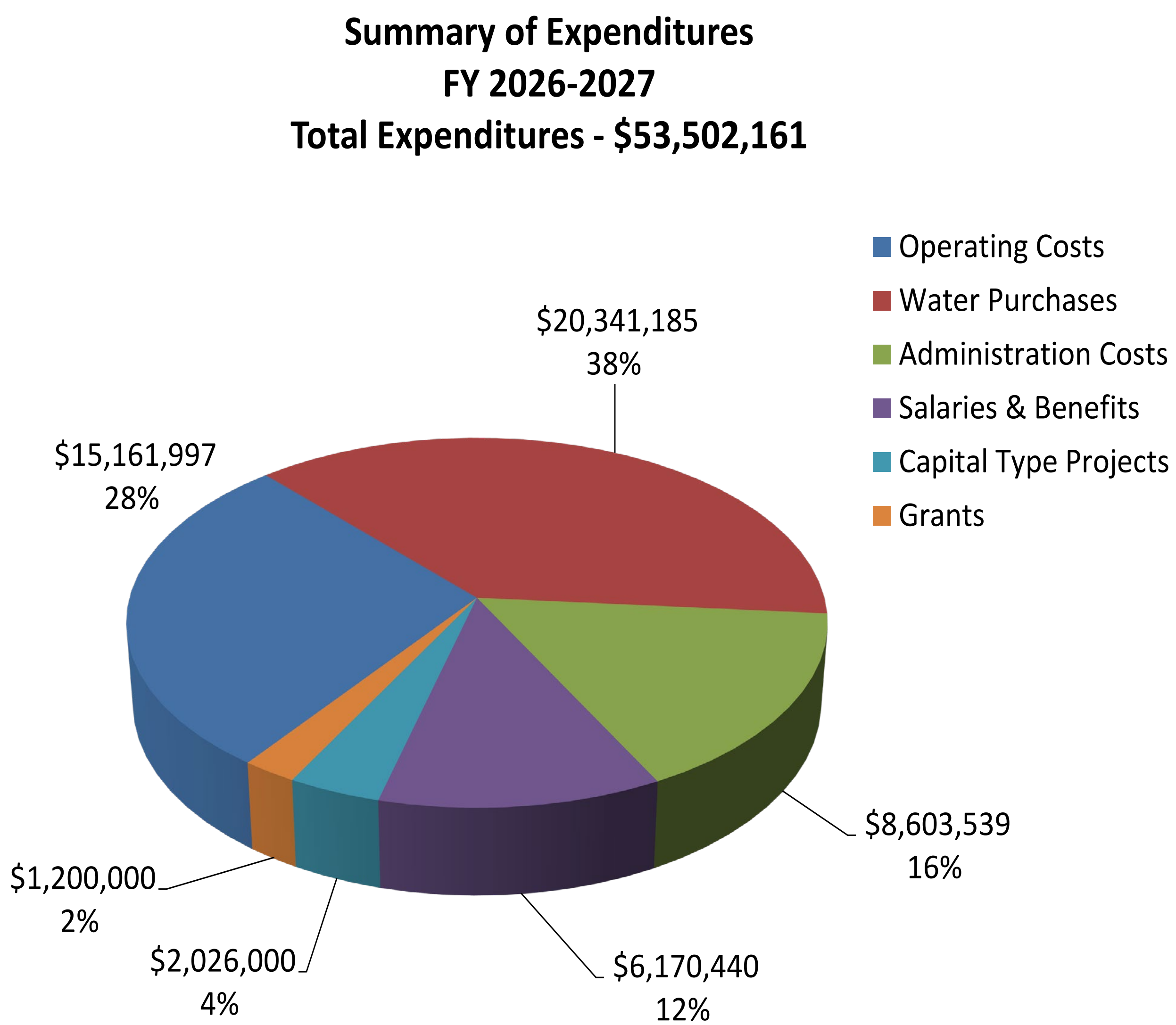

Summary of Projected Revenues
FY 2026-2027
Total Revenues - $54,851,063
$2,481,250 5%
$880,810 2%
$3,575,000 6%
$625,000 1%
$8,466,318 15%
$38,822,685 71%
Tax
Labor & OH Dist.
Water Sales
Investment
Other
Grant

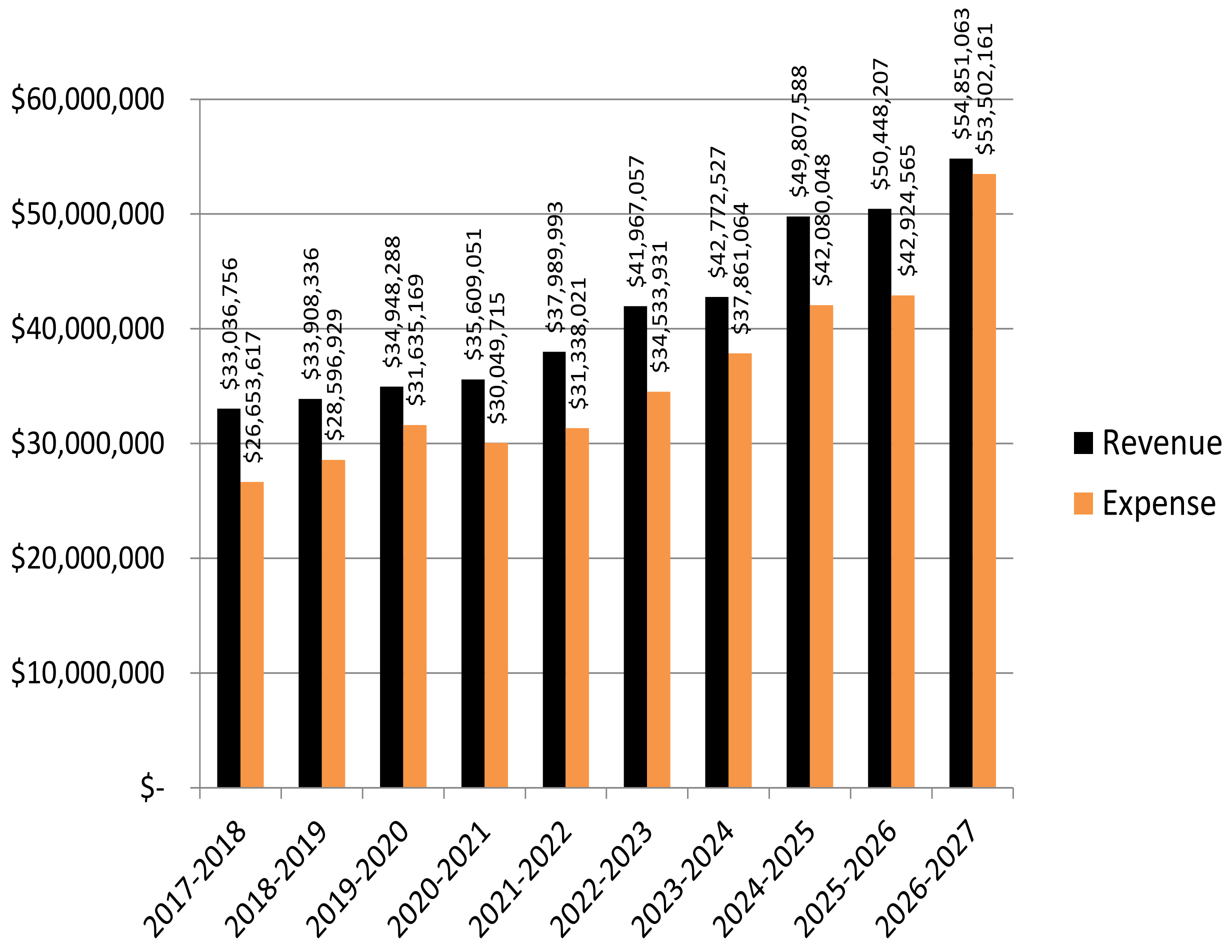
Figure 4



Summary of Expenditures
FY 2026-2027
Total Expenditures - $53,502,161
Operating Costs
Water Purchases
Administration Costs
Salaries & Benefits
Capital Type Projects
Grants
$20,341,185
38%
$15,161,997
28%
$8,603,539
16%
$6,170,440
12%
$2,026,000
4%
$1,200,000
2%

Figure 5

Operating Income and Expense



Notes: 2026-2027 revenue/expense data based on proposed budget
2025-2026 revenue/expense data based on year end projection
2017-2018 through 2024-2025 "actuals" from annual audit reports

SOLANO COUNTY WATER AGENCY
SCHEDULE 1
ALL FUNDS SUMMARY
FY 2026/2027

FUND NAME	FUND BALANCE AVAILABLE 6/2024 AUDITED	FUND BALANCE AVAILABLE 6/2025 AUDITED	YEAR-END PROJECTED INCREASE/ DECREASE TO FUND BALANCE 25/26	PROJECTED FUND BALANCE AVAILABLE 6/30/2026	PROPOSED 26/27 REVENUES	PROPOSED 26/27 EXPENDITURES	PROPOSED INCREASE/ DECREASE TO FUND BALANCE	PROPOSED FUND BALANCE 6/30/2027
ADMIN - SOLANO PROJECT - WM*	14,081,970	14,974,349	1,833,245	16,807,594	26,083,851	25,984,001	99,850	16,907,444
STATE WATER PROJECT	37,295,363	43,380,524	4,705,424	48,085,948	25,520,612	25,383,907	136,705	48,222,653
ULATIS FLOOD CONTROL	11,507,002	12,064,063	830,097	12,894,160	3,017,200	1,990,668	1,026,532	13,920,692
GREEN VALLEY FLOOD CONTROL	519,057	711,994	154,877	866,871	229,400	143,585	85,815	952,686
Total All FUNDS	**63,403,391**	**71,130,930**	**7,523,643**	**78,654,573**	**54,851,063**	**53,502,161**	**1,348,902**	**80,003,475**

*Administration, Solano Projects, and Watermaster
Schedule 1 provides the fund balances based on the FY 2025/2026 Budgeted and Year-End Projections.
This schedule also provides Budgeted and Year-End Projected net increase/(decrease) by Fund for the FY 26/27 budget year.

SOLANO COUNTY WATER AGENCY
SCHEDULE 2
ALL FUNDS SUMMARY - BY FUNDS
FY 2026/2027

DETAIL BY FUND REVENUE CATEGORY AND FUND EXPENDITURE CATEGORY	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 ACTUAL	2025/26 YEAR-END PROJECTIONS	2026/27 PROPOSED BUDGET	FROM PROJECTIONS TO PROPOSED	PERCENT CHANGED
Revenues							
Admin-Solano Project-Watermaster	21,036,600	21,289,118	23,834,654	23,607,030	26,083,851	2,476,821	10%
State Water Project	20,801,553	21,969,592	23,081,185	23,769,914	25,520,612	1,750,698	7%
Ulatis Flood Control	1,993,764	2,447,163	2,666,270	2,854,358	3,017,200	162,842	6%
Green Valley Flood Control	136,117	136,126	225,479	216,905	229,400	12,495	6%
Total Revenues	**43,968,034**	**45,841,999**	**49,807,588**	**50,448,207**	**54,851,063**	**4,402,856**	9%
Expenditures							
Admin-Solano Project-Watermaster	25,591,533	22,544,860	22,942,274	21,773,786	25,984,001	4,210,216	19%
State Water Project	16,573,167	18,186,735	16,996,023	19,064,490	25,383,907	6,319,417	33%
Ulatis Flood Control	1,228,171	1,002,162	2,109,209	2,024,261	1,990,668	(33,593)	-2%
Green Valley Flood Control	24,716	66,591	32,542	62,028	143,585	81,557	131%
Total Expenditures	**43,417,587**	**41,800,348**	**42,080,048**	**42,924,565**	**53,502,161**	**10,577,597**	25%
Net							
Admin-Solano Project-Watermaster	(4,554,933)	(1,255,742)	892,379	1,833,245	99,850	(1,733,395)	-95%
State Water Project	4,228,386	3,782,857	6,085,162	4,705,424	136,705	(4,568,719)	-97%
Ulatis Flood Control	765,593	1,445,001	557,061	830,097	1,026,532	196,435	24%
Green Valley Flood Control	111,401	69,534	192,937	154,877	85,815	(69,062)	-45%
Total Net	**550,447**	**4,041,651**	**7,727,539**	**7,523,643**	**1,348,902**	**(6,174,741)**	-82%

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 2026/2027

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 ACTUAL	2025/26 YEAR-END PROJECTIONS	2026/27 PROPOSED BUDGET	FROM PROJECTIONS TO PROPOSED	PERCENT CHANGED
Revenues							
Taxes	30,881,903	32,062,414	34,894,245	36,596,637	38,822,685	2,226,048	6%
Water Sales	3,577,509	3,335,322	3,385,457	3,093,112	3,575,000	481,888	16%
Grant Revenues	510,559	421,068	316,623	225,000	625,000	400,000	178%
Investment Income	1,490,418	2,648,404	2,490,537	2,317,250	2,481,250	164,000	7%
InterFund Cost Allocation	5,462,507	6,797,434	8,135,604	7,464,268	8,466,318	1,002,050	13%
Other Revenue	2,045,137	577,357	585,122	751,940	880,810	128,870	17%
Total Revenues	**43,968,034**	**45,841,999**	**49,807,588**	**50,448,207**	**54,851,063**	**4,402,856**	9%
Expenditures							
Salaries and Employee Benefits	4,095,194	5,547,166	5,755,668	5,421,634	6,170,440	748,806	14%
Services and Supplies	1,578,821	1,817,262	2,157,555	1,925,305	2,083,240	157,935	8%
Operations & Maintenance	6,808,949	6,907,832	8,812,736	9,794,737	10,220,693	425,956	4%
Watershed Management		470,638	407,118	1,012,026	1,230,859	218,833	22%
LPCCC Operations	1,234,828	1,840,492	1,944,083	1,320,824	1,640,325	319,501	24%
Putah Creek Watershed Mgt	934,037	1,087,115	2,305,331	2,286,539	2,716,389	429,850	19%
Rehab & Betterment	505,749	349,374	751,493	830,000	1,601,000	771,000	93%
Water Purchases	13,513,866	14,524,733	14,573,893	15,427,727	20,341,185	4,913,458	32%
Grant Expenditures	612,968	565,676	564,691	375,000	1,200,000	825,000	220%
Flood Control	264,909	401,155	234,654	221,660	361,980	140,320	63%
HCP Planning	1,532,288	1,582,371	1,297,316	1,534,734	1,732,957	198,224	13%
Water Conservation	2,239,049	2,193,812	1,262,578	1,306,970	1,707,973	401,003	31%
Consultants	2,331,991	1,460,720	1,416,096	1,064,150	1,885,120	820,970	77%
Fixed Assets	7,748,996	3,008,291	538,234	353,259	425,000	71,741	20%
Debt Service	15,944	15,944	58,602	-	-	-	
Contingency	-	27,767	-	50,000	185,000	135,000	270%
Total Expenditures	**43,417,587**	**41,800,348**	**42,080,048**	**42,924,565**	**53,502,161**	**10,577,597**	25%
Total Net	**550,447**	**4,041,651**	**7,727,539**	**7,523,643**	**1,348,902**	**(6,174,741)**	-82%

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
SCHEDULE 4
ALL FUNDS SUMMARY - BY OPERATING & NON-OPERATING
FY 2026/2027

DETAIL BY OPERATING REVENUE AND EXPENDITURE CATEGORY AND NON-OPERATING REVENUE AND EXPENDITURES CATEGORY	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 ACTUAL	2025/26 YEAR-END PROJECTIONS	2026/27 PROPOSED BUDGET	FROM PROJECTIONS TO PROPOSED	PERCENT CHANGED
Operating Revenues							
Taxes	30,881,903	32,062,414	34,894,245	36,596,637	38,822,685	2,226,048	6%
Water Sales	3,577,509	3,335,322	3,385,457	3,093,112	3,575,000	481,888	16%
InterFund Cost Allocation	5,462,507	6,797,434	8,135,604	7,464,268	8,466,318	1,002,050	13%
Other Revenue	2,045,137	577,357	585,122	751,940	880,810	128,870	17%
Total Operating Revenues	**41,967,057**	**42,772,527**	**47,000,427**	**47,905,957**	**51,744,813**	**3,838,856**	8%
Operating Expenditures							
Salaries and Employee Benefits	4,095,194	5,547,166	5,755,668	5,421,634	6,170,440	748,806	14%
Services and Supplies	1,578,821	1,817,262	2,157,555	1,925,305	2,083,240	157,935	8%
Operations & Maintenance	6,808,949	6,907,832	8,812,736	9,794,737	10,220,693	425,956	4%
Watershed Management		470,638	407,118	1,012,026	1,230,859	218,833	22%
LPCCC Operations	1,234,828	1,840,492	1,944,083	1,320,824	1,640,325	319,501	24%
Putah Creek Watershed Mgt	934,037	1,087,115	2,305,331	2,286,539	2,716,389	429,850	19%
Water Purchases	13,513,866	14,524,733	14,573,893	15,427,727	20,341,185	4,913,458	32%
Flood Control	264,909	401,155	234,654	221,660	361,980	140,320	63%
HCP Planning	1,532,288	1,582,371	1,297,316	1,534,734	1,732,957	198,224	13%
Water Conservation	2,239,049	2,193,812	1,262,578	1,306,970	1,707,973	401,003	31%
Consultants	2,331,991	1,460,720	1,416,096	1,064,150	1,885,120	820,970	77%
Contingency	-	27,767	-	50,000	185,000	135,000	270%
Total Operating Expenditures	**34,533,931**	**37,861,064**	**40,167,029**	**41,366,306**	**50,276,161**	**8,909,856**	22%
Net Operating	**7,433,126**	**4,911,463**	**6,833,399**	**6,539,652**	**1,468,652**	**(5,071,000)**	-78%
Non-Operating Revenues							
Investment Income	1,490,418	2,648,404	2,490,537	2,317,250	2,481,250	164,000	7%
Grant Revenues	510,559	421,068	316,623	225,000	625,000	400,000	178%
Proceeds From Sale of Assets			-				
Total Non-Operating Revenues	**2,000,977**	**3,069,472**	**2,807,160**	**2,542,250**	**3,106,250**	**564,000**	22%
Non-Operating Expenditures							
Rehab & Betterment	505,749	349,374	751,493	830,000	1,601,000	771,000	93%
Grant Expenditures	612,968	565,676	564,691	375,000	1,200,000	825,000	220%
Fixed Assets	7,748,996	3,008,291	538,234	353,259	425,000	71,741	20%
Debt Service	15,944	15,944	58,602	-	-	-	
Total Non-Operating Expenditures	**8,883,656**	**3,939,284**	**1,913,020**	**1,558,259**	**3,226,000**	**1,667,741**	107%
Net Non-Operating	**(6,882,679)**	**(869,812)**	**894,141**	**983,991**	**(119,750)**	**(1,103,741)**	-112%
Net Operating and Non-Operating	**550,447**	**4,041,651**	**7,727,539**	**7,523,643**	**1,348,902**	**(6,174,741)**	-82%

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

SOLANO COUNTY WATER AGENCY
SCHEDULE 5
SOLANO PROJECT REHAB & BETTERMENT
FY 2026/27

FUND	DESCRIPTION	TOTAL AMOUNT	2025/26 Current	2026/27 PROPOSED	2027/28 PROPOSED	2028/29 PROPOSED	2029/30 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 Drainage Improvements (MD04)	253,000	-	-	-	-	253,000
SP	MD Access Road Improvements (MD05)	183,000	-	-	-	-	183,000
SP	MD Parapet Wall Improvements (MD06)	51,500	-	-	-	-	51,500
SP	MD Bypass Jet Valve @ Monticello Dam (MD11)	145,000	115,000	30,000	-	-	
SP	MD Penstock Assessment (MD12)	75,000	-	75,000	-	-	-
SP	PDD Access Road & Facility Improvements (PDD01)	990,000	90,000	300,000	100,000	500,000	-
SP	PDD Flood Gate Rehab & Modernization (PDD02)*	4,375,000	125,000	250,000	650,000	350,000	3,000,000
SP	PDD03 Surveillance Implementation (PDD & PDO Security Upgrades)	35,000	35,000	-	-	-	-
SP	PDD Soft Plug Assessment (PDD05)	51,500	-	-	-	-	51,500
SP	PDO Water Quality Assessment (PDO01)	81,500	-	-	81,500	-	-
SP	PDO Fence Installation (PDO02)	101,500	-	-	-	101,500	-
SP	PDO Admin Building Expansion (PDO03)	101,500	-	-	-	-	101,500
SP	PDD Retaining Wall Improvements (PDD04)	151,500	-	-	-	-	151,500
SP	PDO PDO Gravel/Equipment Storage Area and Gate Repairs(PDO06)	130,000	100,000	30,000			
SP	PSC Automated Fence Gate Upgrade(Access Road Gate Rehab)(PSC03)	120,000	20,000	25,000	25,000	25,000	25,000
SP	PSC Check Upgrades (Automation) (PSC06)	740,000	140,000	150,000	150,000	150,000	150,000
SP	PSC Road Gravel and Turn-Around Improvements (PSC05)	403,000	-	-	103,000	300,000	-
SP	PSC Terminal Check Seismic Upgrade & Risk Reduction Project (Mangles Siphon)(PSC02)*	24,550,000	100,000	250,000	2,200,000	11,000,000	11,000,000
SP	PSC Electrical Upgrades (PSC01)	150,000	-	-	150,000	-	-
SP	PSC McCoy Panel Replacement & Rehab (PSC08)	75,000	75,000	-	-	-	-
SP	PSC GIS Database Development (PSC07)	151,500	-	-	151,500	-	-
SP	PSC Computerized Maintenance Management System (PSC09)	200,000	-	50,000	150,000	-	-
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 Liner Assessment (PSC19)	51,500	-	-	-	-	51,500
SP	PSC Fencing Improvements* (PSC32)	2,750,000			2,750,000		
SP	PSC Terminal Check Upgrades (PSC33)	51,500	-	-	-	1,500	50,000
SP	PSC Culvert Replacement (PSC37)	51,500	-	-	-	-	51,500
SP	PSC Gibson Panel Repair (PSC38)	80,000	-	80,000	-	-	-
SP	PSC Overchute (PSC39)	50,000	-	50,000	-	-	-
SP	PSC Peabody Repair (PSC40)	20,000	-	20,000	-	-	-
SP	TR Reservoir Lane, Drainage & Road Repair (TR01)	630,000	10,000	20,000	100,000	500,000	-
SP	TR Operation Road Improvements (TR02)	553,000	-	-	-	-	553,000
SP	Golden Mussel Infrastructure Design (shared with SWP)	100,000	-	100,000	-	-	-
	Total Solano Project Rehab & Betterment	**39,454,500**	**810,000**	**1,430,000**	**6,749,000**	**13,732,000**	**16,733,500**

*Projected fiscal year is dependent upon grant funding awarded.

SOLANO COUNTY WATER AGENCY
SCHEDULE 6
BUDGET PROJECTIONS

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2023/24 ACTUAL	2024/25 ACTUAL	2025/26 YEAR END PROJECTION	2026/27 PROPOSED	2027/28 PROPOSED	2028/29 PROPOSED	2029/30 PROPOSED
Revenues							
Taxes	32,062,414	34,894,245	36,596,637	38,822,685	40,991,225	43,283,637	45,707,172
Water Sales	3,335,322	3,385,457	3,093,112	3,575,000	3,575,000	3,575,000	3,575,000
Grant Revenues	421,068	316,623	225,000	625,000	774,000	-	-
Investment Income	2,648,404	2,490,537	2,317,250	2,481,250	2,438,000	2,423,000	2,407,950
Labor & Ovhd Distr.	6,797,434	8,135,604	7,464,268	8,466,318	8,889,634	9,334,116	9,800,822
Other Revenue	577,357	585,122	751,940	880,810	980,343	637,654	645,331
Total Revenues	**45,841,999**	**49,807,588**	**50,448,207**	**54,851,063**	**57,648,202**	**59,253,407**	**62,136,275**
Expenditures							
Salaries and Employee Benefits	5,547,166	5,755,668	5,421,634	6,170,440	6,829,100	7,171,400	7,534,000
Services and Supplies	1,817,262	2,157,555	1,925,305	2,083,240	1,981,993	2,008,040	2,034,272
Operations & Maintenance	6,907,832	8,812,736	9,794,737	10,220,693	10,339,675	10,479,441	10,758,546
Watershed Management	470,638	407,118	1,012,026	1,230,859	878,358	753,729	749,647
LPCCC Operations	1,840,492	1,944,083	1,320,824	1,640,325	1,705,337	1,773,474	1,854,890
Putah Creek Watershed Mgt	1,087,115	2,305,331	2,286,539	2,716,389	2,226,828	1,921,049	1,978,753
Rehab & Betterment	349,374	751,493	830,000	1,601,000	6,919,000	13,902,000	16,903,500
Water Purchases	14,524,733	14,573,893	15,427,727	20,341,185	18,100,254	18,371,688	18,712,771
Grant Expenditures	565,676	564,691	375,000	1,200,000	730,000	-	-
Flood Control	401,155	234,654	221,660	361,980	776,080	340,885	356,430
HCP Planning	1,582,371	1,297,316	1,534,734	1,732,957	2,704,666	2,424,499	2,528,913
Water Conservation	2,193,812	1,262,578	1,306,970	1,707,973	1,750,507	1,817,488	1,884,176
Consultants	1,460,720	1,416,096	1,064,150	1,885,120	916,336	933,440	928,583
Fixed Assets	3,008,291	538,234	353,259	425,000	215,000	185,000	185,000
Debt Service	15,944	58,602	-	-	-	-	
Contingency	27,767	-	50,000	185,000	185,000	185,000	185,000
Total Expenditures	**41,800,348**	**42,080,048**	**42,924,565**	**53,502,161**	**56,258,134**	**62,267,133**	**66,594,481**
Total Net	**4,041,651**	**7,727,539**	**7,523,643**	**1,348,902**	**1,390,068**	**(3,013,726)**	**(4,458,206)**

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 6/2024 AUDITED	FUND BALANCE AVAILABLE 6/2025 AUDITED	YEAR END PROJECTION INCREASE/ DECREASE TO FUND BALANCE 25/26	FUND BALANCE YEAR END PROJECTION 25/26	PROPOSED INCREASE/ DECREASE TO FUND BALANCE 26/27	FUND BALANCE JUNE 30, 2027 PROPOSED	FUND BALANCE JUNE 30, 2028 PROJECTED	FUND BALANCE JUNE 30, 2029 PROJECTED	FUND BALANCE JUNE 30, 2030 PROJECTED
ADMIN - SOLANO PROJECT - WM	14,081,970	14,974,349	1,833,245	16,807,594	99,850	16,907,444	12,491,374	2,556,667	(9,679,798)
STATE WATER PROJECT	37,295,363	43,380,524	4,705,424	48,085,948	136,705	48,222,653	52,581,456	57,867,306	63,813,045
ULATIS FLOOD CONTROL	11,507,002	12,064,063	830,097	12,894,160	1,026,532	13,920,692	15,267,318	16,799,350	18,526,388
GREEN VALLEY FLOOD CONTROL	519,057	711,994	154,877	866,871	85,815	952,686	1,053,395	1,156,494	1,261,975
Total All FUNDS	**63,403,391**	**71,130,930**	**7,523,643**	**78,654,572**	**1,348,902**	**80,003,474**	**81,393,542**	**78,379,816**	**73,921,610**

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, Ulatis 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 RESPONSIBILITES

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 12[1] water rights settlement agreement for the Lake Berryessa watershed.

FUND DETAIL COMMENTS

Revenues

Property Taxes - Property tax revenues are projected to increase 10% from the prior fiscal year, and increase 7% from current year-end projection, 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] start of the PC Fish Passage @CR106A Fish Passage grant, and addition of the USBR Water Smart Watershed Management grant. Construction on Nishikawa project is waiting for permits and is expected to begin construction during 2026-27.

Investment Income –The Agency has conservatively estimated interest earnings for 26/27 budget cycle, as compared to 24/25 and current year, as the Fund balance fluctuates.

Expenditures

Salaries & Benefits –The Agency has added an Assistant Water Resources Engineer to the budget, cost sharing with State Water Project. The 2026/27 budget also includes a Part-time Lake Berryessa Mussel Prevention Tech, Lake Berryessa Inspectors, and Nursery Technician. The expected 14% increase also accounts for Health Insurance rate hikes, and an Unfunded Liability payment.

Services and Supplies- For the ASW fund, this is mostly Agency administrative expenses, necessary for the Agency to function. These costs continue to increase as the cost of supplies and insurance rates continue to increase.

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, including increases from Solano County Public Works and Solano Irrigation District.

LPCCCC Operations - Efforts have shifted to the Healthy Rivers and Landscapes program, resulting in projected year-end savings of 35% compared with the prior approved budget. Compared with the year-end projection, the proposed budget reflects a 24% increase, driven primarily by the LPCCC Nursery and Labor/Overhead categories.

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 Radial Gate Rehab & Modernization, and the Bypass Jet Valve at Monticello Dam are most of the projects slated for budget year 2026/27. The PSC Mangels Siphon to Terminal Check, PSC Automation Upgrades, PDD Roadway & Drainage improvement projects began this year and will continue into next year.

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, hoping to complete this coming year. Continuation of the Lake Berryessa Invasive Mussel Inspection Program is not fully funded, although staff is currently applying for grants. Work on the USBR Watershed Management grant will begin. The PC Fish Passage @CR106A is scheduled to begin this year.

Water Conservation – During the prior year, the Agency had reduced various aspects of the program, and the overall program has not been as busy with a wet winter during the current year. With the expected hot summer, activity in this program is expected to increase.

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

HCP -The proposed budget is for ongoing habitat conservation work at Petersen Ranch and Sackett Ranch, and culvert and road work at Sacket, which will increase during 2026/27 and these expenses are also cost shared with State Water Project.

Consultants- In addition to ongoing SCADA Monitoring and general engineering support work, the PSC Overchute project and surveying projects will continue into next year. This also includes the Employee Compensation Study, which has been added to the budget. A contract would be brought before the Board for consideration before moving forward.

Fixed Assets – During the current budget cycle, two new trucks for the PSC Operations & Maintenance work were purchased, and an EV Blazer shared with Ulatis. The Agency has budgeted a tractor/Boom mower(cost shared with Ulatis), Hotsy Decon units for Mussel prevention, and additional Ultrasonic Flowmeters. The greenhouse also needs Roofing and shades.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 Actual	2023/24 Actual	2024/25 Actual	2025/26 YE PROJECTION	2026/2027 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Taxes	12,456,374	12,718,415	14,170,837	14,632,372	15,601,185	968,813	7%
Grants	510,559	421,068	316,623	225,000	625,000	400,000	178%
Investment Income	501,520	716,027	553,072	491,750	466,250	(25,500)	-5%
InterFund Cost Allocation	5,462,507	6,797,434	8,135,604	7,464,268	8,466,318	1,002,050	13%
Water Sales	92,682	91,384	101,690	76,344	80,000	3,656	5%
Other Revenue Sources	2,012,958	544,790	556,828	717,296	845,098	127,802	18%
Total Revenues	**21,036,600**	**21,289,118**	**23,834,654**	**23,607,030**	**26,083,851**	**2,476,821**	10%
Expenditures							
Salaries & Benefits	4,095,194	5,547,166	5,755,668	5,421,634	6,170,440	748,806	14%
Services and Supplies	1,442,955	1,622,676	2,046,917	1,692,143	1,869,415	177,272	10%
Operations and Maintenance	4,898,519	5,441,232	6,641,498	7,106,702	7,356,419	249,717	4%
LPCCC Operations	1,234,828	1,840,492	1,944,083	1,320,824	1,640,325	319,501	24%
Putah Creek Watershed Mgt	934,037	1,087,115	2,305,331	2,286,539	2,716,389	429,850	19%
Rehab & Betterment	393,723	241,905	107,062	810,000	1,430,000	620,000	77%
Grant Expenditures	612,968	565,676	564,691	375,000	1,200,000	825,000	220%
Water Conservation	1,350,676	1,314,830	751,478	768,771	964,485	195,714	25%
Flood Control	264,909	401,155	234,654	221,660	361,980	140,320	63%
Habitat Conservation	1,266,151	1,314,907	909,576	1,035,298	1,130,428	95,131	9%
Consultants	1,332,634	1,240,058	1,084,480	533,150	869,120	335,970	63%
Fixed Assets	7,748,996	1,883,938	538,234	202,065	195,000	(7,065)	-3%
Debt Service	15,944	15,944	58,602	-	-	-	
Contingency	-	27,767	-	-	80,000	80,000	
Total Expenditures	**25,591,533**	**22,544,860**	**22,942,274**	**21,773,786**	**25,984,001**	**4,210,216**	19%
Net Change	**(4,554,933)**	**(1,255,742)**	**892,379**	**1,833,245**	**99,850**	**(1,733,395)**	

[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 26-27 as well as initial grubbing of vegetation and site preparation. Construction is expected to occur late Summer 2026 which has been postponed from prior year 2024/25.

FUND PURPOSE

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

FUNCTION AND RESPONSIBILITES

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 2026-2027 property tax revenues are projected to increase 6% over the 2025-26 year-end projection, 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, the fund balance continues to grow, and the Agency consistently estimates conservative interest earnings.

Expenditures

Operations and Maintenance – The Agency has budgeted for a shared Engineering position, with Solano Project, to assist on SWP projects. This expense also includes additional staff support reassigned from other projects, and increased activity on hydrologic stations and the watershed program, and cost increases from Solano Irrigation District

Watershed Management- The Agency created a Watershed management category which includes the Yolo Bypass/Cache Slough program (previously under Consultants), Invasive Species detection and monitoring, and the continuation of Healthy Rivers and Landscapes, 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.

Water Conservation – During the prior year, the Agency has reduced various aspects of the program, and the overall program has not been as busy with a wet winter during the current year. This budget is expecting activity to increase again during the next fiscal year.

Habitat Conservation – Currently planning and implementation of habitat improvements at Petersen Ranch and Lang-Tule were postponed until fiscal year 2026-27, 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, and water rights issues.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 Actual	2023/24 Actual	2024/25 Actual	2025/26 YE PROJECTION	2026/2027 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	16,549,417	17,235,613	18,310,808	19,323,150	20,426,900	1,103,750	6%
Water Sales	3,484,827	3,243,938	3,283,767	3,016,768	3,495,000	478,232	16%
Grant Revenues	-	-	-	-	-	-	
Investment Income	744,235	1,468,634	1,466,185	1,410,000	1,575,000	165,000	12%
Other Sources	23,074	21,407	20,425	19,996	23,712	3,716	19%
Total State Water Project Revenues	**20,801,553**	**21,969,592**	**23,081,185**	**23,769,914**	**25,520,612**	**1,750,698**	7%
Expenditures							
Services and Supplies	118,812	176,935	89,911	214,837	195,500	(19,337)	-9%
Operations and Maintenance	786,623	643,494	694,645	816,265	1,174,346	358,081	44%
Watershed Management		470,638	407,118	1,012,026	1,230,859	218,833	22%
Water Purchases	13,513,866	14,524,733	14,573,893	15,427,727	20,341,185	4,913,458	32%
Grant Expenditures	-	-	-	-	-	-	
Water Conservation	888,372	878,983	511,100	538,199	743,488	205,289	38%
Habitat Conservation	266,137	267,464	387,740	499,436	602,529	103,093	21%
Consultants	999,357	220,662	331,617	531,000	1,016,000	485,000	91%
Fixed Assets	-	1,003,826	-	-	30,000	30,000	
Contingency	-	-	-	25,000	50,000	25,000	100%
Total State Water Project Expenditures	**16,573,167**	**18,186,735**	**16,996,023**	**19,064,490**	**25,383,907**	**6,319,417**	33%
Net Change	**4,228,386**	**3,782,857**	**6,085,162**	**4,705,424**	**136,705**	**(4,568,719)**	

FUND PURPOSE

Operation and maintenance of Ulatis Flood Control Project.

FUNCTION AND RESPONSIBILITES

The Ulatis Flood Control Project (Project) was constructed by the Soil Conservation Service (now known as the Natural Resources Conservation Service) and is maintained by 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 2026-2027 property tax revenues are projected to increase 11% from the prior fiscal year, and 6% over 2026 year-end-projection, reflecting the prevailing trend of slowly increasing property values, and building in Solano County.

Investment Income – The Agency has conservatively projected a 6% increase in interest earnings for the 2026/2027 year-end projection. These projections reflect expectations of stable interest rates and continued growth in the Fund balance.

Expenditures

Operations and Maintenance – Operations and maintenance expenses have fluctuated over the past several years. As Solano Project initiatives are reorganized, a greater share of effort is currently being directed toward Ulatis projects. The current year-end projection is expected to be 35% above budget, while the proposed 2026/2027 expenditures are 16% higher than the prior year and 14% below the projected year-end, reflecting these ongoing fluctuations.

Rehab & Betterment – Current year had minimal grade control worked completed, and postponed the culvert replacement program from current year, spreading across the next 3 to 4 years.

Fixed Assets– The Agency purchased the Horse Creek Easements property this year and purchased a cost-shared EV Blazer. The Tractor and Boom Mower is budgeted for this next year, and will cost share with both Solano Project and Green Valley project.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 Actual	2023/24 Actual	2024/25 Actual	2025/26 YE PROJECTION	2026/2027 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	1,748,616	1,991,584	2,207,463	2,444,710	2,587,200	142,490	6%
Investment Income	236,042	444,420	450,938	395,000	418,000	23,000	6%
Other Sources	9,106	11,160	7,869	14,648	12,000	(2,648)	-18%
Total Ulatis Revenues	**1,993,764**	**2,447,163**	**2,666,270**	**2,854,358**	**3,017,200**	**162,842**	6%
Expenditures							
Supplies and Services	15,823	16,325	19,163	17,000	17,000	-	0%
Operations and Maintenance	1,100,322	770,526	1,445,615	1,811,067	1,565,168	(245,899)	-14%
Rehab & Betterment	112,026	107,469	644,431	20,000	171,000	151,000	755%
Fixed Assets	-	107,842	-	151,194	187,500	36,306	24%
Contingency	-	-	-	25,000	50,000	25,000	100%
Total Ulatis Expenditures	**1,228,171**	**1,002,162**	**2,109,209**	**2,024,261**	**1,990,668**	**(33,593)**	-2%
Net Change	**765,593**	**1,445,001**	**557,061**	**830,097**	**1,026,532**	**196,435**	

FUND PURPOSE

Operation and maintenance of Green Valley Flood Control Project.

FUNCTION AND RESPONSIBILITES

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 2026-2027 property tax revenues are projected to increase 1% 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 - In light of current economic conditions, the Agency has conservatively projected interest earnings for the FY 2026/27 budget cycle compared with FY 2024/25 and the current year. Because the Fund has grown slightly and continues to hold certificates of deposit earning rates above 3%, interest income is expected to increase by 7%.

Expenditures

Operations and Maintenance – The proposed FY 2026–27 budget is approximately 12% higher than the current year's budget and nearly double the year-end projection, reflecting a strategic re-prioritization of maintenance efforts in the upcoming fiscal year.

Fixed Assets –The Agency has budgeted to purchase a Tractor & Boom mower, cost sharing with Solano Project and Ulatis.

DETAIL BY REVENUE CATEGORY AND EXPENDITURE CATEGORY	2022/23 Actual	2023/24 Actual	2024/25 Actual	2025/26 YE PROJECTION	2026/2027 PROPOSED	PROJECTION TO PROPOSED	PERCENT CHANGED
Revenues							
Property Taxes	127,496	116,802	205,137	196,405	207,400	10,995	6%
Investment	8,622	19,323	20,342	20,500	22,000	1,500	7%
Total Green Valley Revenues	**136,117**	**136,126**	**225,479**	**216,905**	**229,400**	**12,495**	6%
Expenditures							
Supplies and Services	1,231	1,326	1,564	1,325	1,325	-	0%
Operations and Maintenance	23,485	52,580	30,978	60,703	124,760	64,057	106%
Rehab & Betterment	-	-	-	-	-	-	
Fixed Assets		12,685	-	-	12,500	12,500	
Contingency	-	-	-	-	5,000	5,000	
Total GV Expenditures	**24,716**	**66,591**	**32,542**	**62,028**	**143,585**	**81,557**	131%
Net Change	**111,401**	**69,534**	**192,937**	**154,877**	**85,815**	**(69,062)**	

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 Ulatis and Green Valley Flood Control Projects can only be used for those specific projects, so the reserve funds must be segregated.

The Agency is financially responsible for two major water supply projects, the Solano Project and the North Bay Aqueduct of the State Water Project. Additionally, the Agency has maintenance responsibility for two flood control projects, the Ulatis and Green Valley flood control projects. The Solano Project was built in the 1950's and has significant future financial needs for rehabilitation projects and improvements. The Agency is also contemplating the North Bay Aqueduct Alternate Intake Project with a capital cost of over $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, Ulatis 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 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.

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

Other Flood Control Projects

This is a reserve for flood control projects that are not part of the Ulatis 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 2026/27

DETAIL BY FUND RESERVE CATEGORY		RESERVE FUND FY 25/26 APPROVED	RECOMMENDED RESERVE FUND FY 26/27	PROJECTED LONG-TERM CAPITAL PROJECTS[5]
Solano Project/Admin				
Solano Project/Admin Operating Reserve		$ 11,273,639	$ 11,439,501	
Solano Project/Admin Short-Term Capital Improvements (within 5 years) [1]		5,785,000	5,785,000	
Solano Project Capital Improvements				
MD Access road/Emergency spillway/Electrical line updates, etc.				1,248,500
PDD Access Road & Facility Improvements/Fence Install/Retaining Wall Improv.				1,243,000
PDD Flood Gare Rehab & Modernaization2				4,375,000
PSC Check Upgrades(Automation)/Automated Fence Gate/Electrical Upgrades				1,010,000
PSC Fencing Improvements/Elmira Road Drainage				3,053,000
Terminal Dam Seismic Retrofit (SCWA 15% share)				3,682,500
TR Reservoir Lane, Drainage & Road Repair/Operation Road Improvements				1,183,000
Solano Project/ Admin Subtotal		**17,058,639**	**17,224,501**	**15,795,000**
State Water Project				
State Water Project Operating Reserves		10,372,267	12,401,954	
State Water Project Short-Term Capital Improvments (within 5 years)		10,000,000	15,000,000	
NBA Capital Improvements				
NBA Alternate Intake Project Implementation[2]				15,000,000
NBA Capacity Remediation[3]				
State Water Project Subtotal		**20,372,267**	**27,401,954**	**15,000,000**
Ulatis Project				
Ulatis Flood Control Project Operating Reserve		870,860	791,084	
Ulatis Flood Control Project Short Term Capital Improvements (within 5 years)		7,850,000	7,850,000	
Ulatis Flood Control Project Capital Improvements				
All Weather Access Improvements				500,000
Culvert Replacments				171,000
Spoil Easement Purchases				100,000
Heavy Equipment Acquisitions				200,000
Ulatis Project Subtotal		**8,720,860**	**8,641,084**	971,000
Green Valley Project				
Green Valley Flood Control Project Operating Reserve		61,302	63,043	
Green Valley Flood Control Project Capital Improvements (within 5 years)		300,000	458,000	
Green Valley Flood Control Project Capital Improvements				TBD
Green Valley Project Subtotal		**361,302**	**521,043**	
Other Flood Control Projects				
Emergency Reserve		**2,000,000**	**2,000,000**	
Totals		**$ 48,513,068**	**$ 55,788,582**	**31,766,000**

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 2027

Solano County Water Agency Projected Reserves Summary: FY 2026-2027

	Fund				
	Solano Project	State Water Project	Ulatis FC	Green Valley FC	*Total*
Projected Fund Balance on June 30, 2026(Available Reserves)	**$ 16,807,594.00**	**$ 48,085,948.00**	**$ 12,894,160.00**	**$ 866,871.00**	**$ 78,654,573.00**
Less Operating Reserves (50% of annual Operating Budget)	$ 11,439,501.00	$ 12,401,954.00	$ 791,084.00	$ 63,043.00	$ 24,695,582.00
	$ 5,368,093.00	$ 35,683,994.00	$ 12,103,076.00	$ 803,828.00	$ 53,958,991.00
Less Emergency Reserves	$ 2,000,000.00	$ -	$ -	$ -	$ 2,000,000.00
	$ 3,368,093.00	$ 35,683,994.00	$ 12,103,076.00	$ 803,828.00	$ 51,958,991.00
Less Future Short-Term Capital Improvements (within 5 years)	$ 5,785,500.00	$ 15,000,000.00	$ 7,850,000.00	$ 458,000.00	$ 29,093,500.00
	$ (2,417,407.00)	$ 20,683,994.00	$ 4,253,076.00	$ 345,828.00	$ 22,865,491.00
Projected Available Reserves at Conclusion of FY 2026-2027	**$ (2,417,407.00)**	**$ 20,683,994.00**	**$ 4,253,076.00**	**$ 345,828.00**	**$ 22,865,491.00**