



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
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AGENDA DATE: November 14, 2018

ITEM NO. 13d

SUBJECT: FY 2018-19 Unaudited First Quarter Revenue and Expenditure (R&E) Report

SUMMARY:

This report provides a summary of FY 2018-19 revenue and expenditures and explanations of any major variances for the first quarter of FY 2018-19 (July 1, 2018 – September 30, 2018) as well as first quarter projections for fiscal year-end for the following funds:

- Fund 100 – Water Enterprise Operations
- Fund 110 – State Water Facilities
- Fund 120 – Water Renewal/Replacement & System-Wide Improvements
- Fund 130 – Water Expansion
- Fund 200 – Flood Protection Operations
- Fund 210 – Flood Protection Development Impact Fee Fund (DIF)
- Fund 300 – Water Facilities Fund
- Fund 310 – Water Supply and Reliability Fund

This report shows adopted budget, year-to-date (YTD) actuals, first quarter projected fiscal year-end, current year revenue over expenses, and reserve balances. Estimated revenue over expenses is the net difference between the revenue and expenditure projections.

RECOMMENDED ACTION:

Information only.

BACKGROUND:

Zone 7 adopted its the two-year budget for fiscal years (FY) 2018-19 and 2019-20 in June of 2018. The two-year budget incorporates and reflects the ongoing challenges of the agency in addressing the combined effects of the recession of 2009, the historic drought conditions of 2014-2016 which was followed an El Nino weather pattern that caused extensive flood damage in 2017. The mitigation of the fiscal effects brought on by these events has presented the agency with an opportunity to fine-tune our planning for flood protection, water supply, water delivery and water quality for those who live and work in the Livermore-Amador Valley.

The period of July 1, 2018 through September 30, 2018 is reported herein, which is approximately 25% of the fiscal year or three months. However, the Agency's revenue and expenditures cycles do not follow this pattern. Please note that the first quarter is not a strong trend indicator for revenue and expenditures. For example, the first installment of property tax revenue is not received until

December and capital project expenses vary based on construction schedules. In addition, by September, we typically expect anywhere between 15-20% of the budget has been used, representing only about two months (17%) of expenditures rather than three months. This is because services rendered/goods purchased in September would typically be billed and paid for in October. Other variations are due to the as-needed, seasonal nature of expenditure and delayed booking of transactions by the Agency and the County.

Highlights of this report include:

Fund 100 – Water Enterprise Operations

- › FY 2017-18 YTD revenue is primarily from the sale of 11,524 acre-feet of treated water through September 2018, which is 15% less than the 13,562 acre-feet sold during the same time frame in FY 2012-13. A conservation rate of 17% is assumed in the FY 2018-19 Budget.
- › On October 17, 2018 (Resolution No. 18-74), the Board adopted a four-year treated water rate schedule for Calendar Years (CY) 2019 through CY 2022. The Board will revisit the rate schedule for CY 2021 and CY 2022, through a public process, with any changed rates adopted by November 2020.
- › The Board also approved funding the Operating, Emergency and Drought Contingency reserves at target levels. The Rate Stabilization reserve will not be funded.

Fund 120

- › Construction of the new ozone facility at DVWTP is underway. The facility is scheduled for completion in Spring 2020.
- › Bids for the PPWTP Upgrades and Ozone project will be advertised in mid-November. Bid opening and award of construction phase contracts is anticipated in January 2019.

Fund 200

- › Phase 1 of the Flood Protection Emergency Repair Program was completed in October 2018. This includes repair of 26 sites at a cost of \$2.8M.
- › Design of Phase 2 (26 additional sites) has been completed and the regulatory permitting process is underway. Construction is expected to start in May 2019 permit pending.

ANALYSIS:

Water Enterprise Fund (Fund 100)

Primary Funding Source: Water Rates

The purpose of this fund is to ensure the delivery of high quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and distribution of potable (drinking) water; distribution of untreated agricultural/irrigation water; and surface water and groundwater management. Water distributed is a combination of locally stored and imported water from the State Water Project. Activities include water treatment; water quality analysis; water resource management; groundwater recharge and protection; maintenance; out-of-area water banking infrastructure and water supply planning and engineering.

The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 100 - Water Enterprise Operations</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance	\$12,087,957	\$12,827,301	\$12,827,301	\$739,344
Revenue	47,951,037	14,676,599	48,223,635	272,598
Water Sales	47,640,173	14,471,835	47,912,771	272,598
Investment Earnings	127,019	40,419	\$127,019	-
Other Revenue	183,845	164,346	\$183,845	-
Expenses*	34,342,319	8,077,362	34,842,319	\$500,000
Labor & Overhead Distributed	15,266,665	2,847,082	15,266,665	-
Professional Services	2,645,695	267,607	2,645,695	-
County Services	1,603,668	-	1,603,668	-
Water ¹	4,825,802	2,520,307	5,325,802	500,000
Chemicals	2,337,648	875,481	2,337,648	-
Utilities	2,361,693	384,078	2,361,693	-
Repairs and Maintenance	1,953,309	346,636	1,953,309	-
Rental Services	122,203	15,344	122,203	-
Other Services/ Supplies	1,533,225	820,827	1,533,225	-
Debt Service	1,692,411	-	1,692,411	-
Capital Funding	12,497,406	3,125,389	12,497,406	-
Estimated Revenue over Expenses	1,111,312	3,473,849	883,910	(227,402)
Estimated Ending Fund Balance	\$13,199,269	\$16,301,150	\$13,711,211	\$511,942

¹Includes \$0.5M approved by the Board on October 17, 2018 for water supply reliability projects.

Revenue

FY 2017-18 YTD revenue is primarily from the sale of 11,524 acre-feet of treated water through September 2018, which is 15% less than the 13,562 acre-feet sold during the same time frame in FY 2012-13. A conservation rate of 17% is assumed in the FY 2018-19 Budget.

The projected Q1 FYE for water sales has been updated to reflect the revenue derived from the water rates adopted for treated and untreated water on October 17, 2018 (Resolution No. 18-74). The

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Board adopted a four-year treated water rate schedule for CY 2019 - CY 2022 as shown in the following tables:

Adopted Volume-Based Treated Water Rates per CCF				
Calendar Year	2019	2020	2021	2022
Volume-based Rate per CCF	\$2.01	\$2.10	\$2.06	\$2.15

Adopted Total Fixed Charges by Retailer and Direct Customer				
Calendar Year	2019 Proposed	2020 Proposed	2021 Proposed	2022 Proposed
Fixed Charge Recovery	37.5%	40%	42.5%	45%
Retailers	\$18,834,149	\$21,060,643	\$25,357,284	\$28,323,642
Direct Customers	\$528,949	\$437,276	\$359,421	\$389,819
Total Fixed Charges	\$19,363,098	\$21,497,919	\$25,716,705	\$28,713,461

An untreated water rate of \$167 per AF was adopted for CY 2019.

Expenditures

YTD expenditures through September total \$8.1M. The first quarter transfer of \$3.1M for the Asset Management Program (AMP) from Fund 100 – Water Enterprise to Fund 120 – Renewal/Replacement & System-wide Improvements has been posted. The end-of-year expenditure projection is based on budget. There are no other information/significant trends available to change the fiscal year-end expenditure projection at this time.

Reserves

The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE. Along with the approval of treated water rates on October 17, 2018, the Board approved funding the Operating, Emergency and Drought Contingency reserves at target levels. The Rate Stabilization reserve is not funded. The end-of-year projected balance of \$13.7M is \$4.3M less than of the target reserve requirement of \$18M.

<i>Fund 100 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
Operating Reserves ¹	\$5,367,108	\$8,050,662
Emergency Reserves ²	4,478,836	5,314,070
Drought Contingency	3,353,326	346,479
Rate Stabilization Reserves	-	-
Total Reserves	\$13,199,270	\$13,711,211

¹The FY 17-18 Q1 Projected FYE Operating Reserve is funded at the target level of 90 days of operating expenses.

²The FY 17-18 Q1 Projected FYE Emergency Reserve is funded at the target level of 2.5% of Water Enterprise assets.

State Water Facilities Fund (Fund 110)

Primary Funding Source: Property Taxes

This fund finances the "fixed cost" payment to the State Department of Water Resources (DWR) to import water to the Agency. The purpose is to pay the fixed costs of the State Water Project delivery system, which includes repayment of voter approved, State incurred, long-term debt.

The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 110 - State Water Facilities</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance	\$21,942,211	\$23,468,449	\$23,468,449	\$1,526,238
Revenue	25,401,261	710,794	25,401,261	-
Dougherty Valley Surcharge	1,854,602	-	1,854,602	-
Property Taxes	20,150,000	682,568	20,150,000	-
Other Revenue	45,610	-	45,610	-
Investment Earnings	243,578	16,418	243,578	-
DWR Refunds	3,107,471	11,808	3,107,471	-
Expenses	22,435,644	8,835,725	22,435,644	-
Estimated Revenue over Expenses	2,965,617	(8,124,930)	2,965,617	-
Estimated Ending Fund Balance	\$24,907,828	\$15,343,519	\$26,434,066	\$1,526,238

Revenue

This is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. The bulk of property tax revenue is not received until December and the second installment is not received until April. A small amount of property tax revenue and DWR refunds have been posted. The FY 2018-19 Q1 FYE revenue projection is based on budget; there are no other information/significant trends available to change the fiscal year-end revenue projection at this time.

Expenditures

YTD expenditures are for DWR fixed charges. These charges occur both monthly and semi-annually. Transportation Capital charges and the improvement portion of the SBA Improvement and Enlargement Project debt service payment are paid in January/July and March/September, respectively. YTD expenditures have exceeded revenue (which is normal at this time of year for this fund given the September bills and the December property taxes). The expenditure projection for FY 2018-19 is based on budget; there are no other information/significant trends available to change the fiscal year-end projection at this time.

Reserves

The reserve policy sets the minimum reserve requirement for this fund at 50% of the following year’s projected expenses. The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE. The projected ending reserve balance of \$26.4M is in compliance with the minimum reserve requirement.

<i>Fund 110 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
Operating Reserve	\$24,907,828	\$26,434,066
Total Reserve	\$24,907,828	\$26,434,066

Water Renewal/Replacement & System-Wide Improvements (Fund 120)

Primary Funding Source: Water Rates via a transfer from the Water Enterprise (Fund 100)

The purpose of this fund is to ensure that funding is available for capital renewal, replacement and system-wide improvement projects needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency’s asset management program and the capital improvement program.

The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 120 - Water Enterprise Renewal/Replacement & Systemwide Improvements</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance	\$57,441,056	\$98,827,349	\$98,827,349	\$41,386,293
Less commitments for:				-
Estimated Carryovers/Encumbrances ¹	-	38,096,178	38,096,178	38,096,178
Adjusted Beginning Fund Balance	57,441,056	60,731,171	60,731,171	3,290,115
Revenue	871,212	524,139	871,212	-
Facility Use Fees	420,000	156,740	420,000	-
Investment Earnings	448,212	367,379	448,212	-
Other Revenue	3,000	20	3,000	-
Other Financing Sources	12,300,000	3,075,000	12,300,000	-
Transfers	12,300,000	3,075,000	12,300,000	-
Expenses	37,956,477	1,755,101	37,956,477	-
Labor & Overhead Distributed	1,301,306	253,732	1,301,306	-
Capital Projects	36,655,171	1,501,369	36,655,171	-
Estimated Revenue/Other Financing Sources over Expenses	(24,785,265)	1,844,038	(24,785,265)	-
Estimated Ending Fund Balance	\$32,655,791	\$62,575,209	\$35,945,906	\$3,290,115

¹Includes encumbrances for the DVWTP Ozone Project of \$37M.

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Revenue

The FY 2018-19 Q1 FYE revenue projection is based on budget; there are no other information/significant trends available to change the fiscal year-end revenue projection at this time.

Expenditures

YTD expenses include agency staff labor capital projects such as the PPWTP Upgrades and DVWTP and PPWP ozone projects. The FY 2018-19 Q1 FYE expenditure projection is based on budget; there are no other information/significant trends available to change the fiscal year-end expenditure projection at this time.

Reserves

The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE. The FY 2018-19 projected ending fund balance is \$36M, includes the Debt Service Rate Stabilization Reserve of \$6.3M and \$29.6M which is designated for capital projects to fund the \$200M of Fund 120 CIP projects the Agency has committed to over the next ten years. The Zone 7 Board adopted the Ten-Year Water System CIP on October 18, 2017 (Resolution No. 17-81).

<i>Fund 120 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
Debt Service Rate Stabilization Reserve	6,300,000	6,300,000
Designated for Capital Projects Reserve	26,355,791	29,645,906
Total Reserve	\$32,655,791	\$35,945,906

Below is summary of the major projects in progress.

A separate quarterly project update is included as a Staff Report in this Agenda Package.

Project	Total Estimated Cost	Fund 120 Share	Fund 120 Cash Financed	Fund 120 Bond Financed	Status	In-service
Del Valle Water Treatment Plant (DVWTP) Ozone Project	\$49M	\$49M	\$11M	\$38M	Construction	Spring 2020
DVWTP Polymer Mixing System Replacement	\$0.6M	\$0.6M	\$0.6M	\$-	Design	Fall 2019
Dougherty Reservoir Recoating and Rehabilitation Project ¹	\$2.2M	\$1.1M	\$1.1M	\$-	Planning	Summer 2020
Chain of Lakes Well 1 Stabilization Project	\$3.4M	\$3.4M	\$3.4M	\$-	Design	December 2019
Patterson Pass Water Treatment Plant (PPWTP) Upgrades ²	\$53M	\$16M	\$16M	\$-	Design	Summer 2022
PPWTP Ozone Project	\$39M	\$20M	\$1M	\$19M	Design	Summer 2022
Total	\$149M	\$92M	\$35M	\$57M		

¹ This project is jointly funded by Zone 7 and DSRSD

² Total Estimated Cost is subject to change based on bid results

Water Expansion (Fund 130)

Primary Funding Source: Water Connection Fees.

The purpose of this fund is to ensure that the Agency is able to meet future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve additional capacity requirements of development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 130 - Water Enterprise Expansion</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance	\$98,756,696	\$98,532,145	\$98,532,145	(\$224,551)
Less commitments for:				-
Estimated Carryovers/Encumbrances		1,079,347	1,079,347	1,079,347
Sinking funds	\$16,592,814	\$14,792,814	16,592,814	-
Adjusted Beginning Fund Balance	82,163,882	82,659,984	80,859,984	(1,303,898)
Revenue	46,478,583	6,334,225	46,478,583	-
Connection Fees	42,537,656	6,107,025	42,537,656	-
Investment Earnings	848,124	227,141	848,124	-
DWR Refunds	3,092,803	-	3,092,803	-
Other Revenue	-	60	-	-
Expenses	73,504,017	12,020,830	73,504,017	-
Labor & Overhead Distributed	428,723	128,141	428,723	-
Water	19,049,100	11,503,254	19,049,100	-
Capital Projects	53,594,160	389,435	53,594,160	-
Debt Service	432,034	-	432,034	-
Estimated Revenue over Expenses	(27,025,434)	(5,686,605)	(27,025,434)	-
Designation for Capital Reserves	52,838,448	74,673,379	51,534,550	(1,303,898)
Rate Stabilization Reserve	2,300,000	2,300,000	2,300,000	-
Sinking funds	\$16,592,814	\$16,592,814	\$16,592,814	-
Estimated Ending Fund Balance	\$71,731,262	\$93,566,193	\$70,427,364	(1,303,898)

Revenue

The primary source of revenue is connection fee revenue. FY 2018-19 YTD revenue is comprised of connection fees from 219 connections, mainly from the Moller, Gale and Wallis Ranch developments in Dublin and Ponderosa Homes in Pleasanton. Other revenue includes interest income. The FY 2018-19 Q1 FYE revenue projection is based on budget; there are no other information/significant trends available to change the fiscal year-end revenue projection at this time.

Expenditures

YTD expenditures are mainly comprised of the first installment of the SBA debt service payments (paid in September and March), transfers to Fund 110 – State Water Facilities Fund, for DWR fixed costs, and the Agency’s staff labor and professional services for projects such as the PPWTP

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Upgrades and Ozone project. There is no other information/significant trends available to change the expenditure projections at this time.

Reserves

The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE.

The 2018-19 projected ending fund balance is \$70.4M, \$53.8M is designated for capital projects to fund the \$710M of Fund 130 CIP projects the Agency has committed to over the next ten years. The Zone 7 Board adopted the Ten-Year Water System CIP on October 18, 2017 (Resolution No. 17-81). The remaining \$16.6M is for the SBA and Future Contractor’s Share of the SBA sinking funds. The projected ending reserve balance is in compliance with Board policy.

<i>Fund 130 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
SBA and Future Contractor’s Share Sinking Funds ¹	16,592,814	16,592,814
Debt Service Rate Stabilization Reserve	2,300,000	2,300,000
Designated for Capital Projects Reserve	52,838,448	51,534,550
Total Reserves	\$71,731,262	\$70,427,364

¹ These reserves were established by the Board to fund debt service payments that continue after service are build-out.

Below is summary of the major projects in progress.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 130 Share</i>	<i>Status</i>	<i>In-service</i>
Patterson Pass Water Treatment Plant (PPWTP) Upgrades Project	\$53M	\$37M	Design	Summer 2022
PPWTP Ozone Project	\$39M	\$19.5M	Design	Summer 2022
Non-discretionary obligations	~\$20M annually	~\$20M	n/a	ongoing

Flood Protection Operations (Fund 200)

Primary Funding Source: Property Taxes.

This fund uses property taxes to provide for general administration, maintenance and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund pays renewal/replacement and improvement projects for the existing flood protection system.

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The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 200 - Flood Protection Operations</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance¹	\$12,770,327	\$18,471,691	\$18,471,691	\$5,701,364
Less commitments for:				-
Estimated Carryovers/Encumbrances	-	3,772,720	3,772,720	3,772,720
Adjusted Beginning Fund Balance	12,770,327	14,698,971	14,698,971	1,928,644
Revenue	9,219,902	408,323	9,219,902	-
Property Taxes	8,841,052	333,772	8,841,052	-
Investment Earnings	155,590	7,574	155,590	-
Aid from Governmental Agencies	64,700	-	64,700	-
Other Revenue	158,560	66,977	158,560	-
Expenses	13,004,855	3,382,140	13,004,855	-
Labor & Overhead Distributed	1,728,983	431,530	1,728,983	-
Professional Services	3,536,140	324,406	3,536,140	-
Repairs and Maintenance	5,840,197	2,403,603	5,840,197	-
Rental Services	21,000	-	21,000	-
Other Services/ Supplies	211,237	54,321	211,237	-
Capital Projects	1,667,298	168,281	1,667,298	-
Estimated Revenue over Expenses	(3,784,953)	(2,973,817)	(3,784,953)	-
Ending Fund Balance	\$8,985,374	\$11,725,154	\$10,914,018	1,928,644

¹ Fund 200 unaudited beginning fund balance of \$18.5M is \$5.7M higher than FY 2017-18 budget projection due to the multi-year nature of flood protection repairs, \$3.7M of which is estimated to be carried forward to FY 2018-19.

Revenue

The primary source of revenue is property taxes. The bulk of property tax revenue will not be posted until taxes are received by the County Auditor in April and December of each year. YTD revenue is from miscellaneous revenue and a small amount of property taxes. The end-of-year projection for revenue is based on the budget. There is no other information/significant trends available to change the revenue projection at this time.

Expenditures

FY 2018-19 expenditures include agency staff labor, summer Flood Control maintenance work and the Flood Emergency Repair Program. On March 15, 2017, the Zone 7 Board adopted Resolution No. 17-10 declaring a local flood emergency. The declared storm disaster caused damage at 208 sites within Zone 7's regional Flood Protection system, estimated at \$44M and several years to repair.

- › The Foothill Property emergency repair project was completed in FY 2017-18.
- › Repair of seven high priority projects was completed in FY 2017-18 at a cost of \$1.4M.
- › On March 7, 2018, the Board adopted Resolution No. 18-17 authorizing up to \$3.5M for project coordination and cost share with the United States Army Corp of Engineers (USACE) to repair damaged sites under the PL84-99 program. The total cost for repairing the 26 of awarded sites including engineering, design and construction is estimated to be \$8.5M, with Zone 7 sharing 20% of the total cost. Construction started in September 2018 and five sites

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will be completed in October 2018. The remaining will restart in April 2019 and will be completed in Summer 2019.

- › Another 26 sites (Phase 1) were completed in October 2018 at a cost of \$2.8M.
- › An additional four are scheduled were completed in October 2018 at a cost of \$0.8M.
- › Design of Phase 2 (26 additional sites) has been completed and the regulatory permitting process is underway. Construction is expected to start in May 2019 permit pending.

Staff continues to work on an amendment to the Stream Management Master Plan for Board adoption.

The end-of-year projection for expenses is based on the budget. There is no other information/significant trends available to change the expenditure projections at this time.

Reserves

The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE. The FY 2018-19 projected ending fund balance is \$10.9M, \$5.7M are operating reserves and \$5.2M is designated for capital projects and flood emergency repairs. The reserve balance is in compliance with Board policy.

<i>Fund 200 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
Designated for Capital Projects Reserve	3,316,595	5,245,239
Operating Reserves	5,668,779	5,668,779
Total Reserves	\$8,985,374	\$10,914,018

The table below lists major projects that are in the planning/design phase.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 200 Share¹</i>	<i>Status</i>	<i>In-service</i>
Flood Protection Emergency Repairs	\$44M	\$44M	Design/Construction	ongoing
Arroyo Mocho Medeiros Parkway	\$8.7M	\$3.7M	Design	December 2020
SMMP Update	\$2.7M	\$1.6M	Planning	2019
Stream Maintenance Program and Permitting Program	\$1.0M	\$0.8M	Planning	Summer 2020

¹The remainder is paid by Fund 210 - Flood Protection Development Impact Fee Fund

Flood Protection Development Impact Fee Fund – Fund 210:

Primary Funding Source: Development Impact Fees.

The purpose of this fund is to ensure that the Agency is able to meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

The table below shows the unaudited beginning fund balance, FY 2018-19 Adopted Budget, FY 2018-19 YTD Actuals, First Quarter (Q1) Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 210 - Flood Protection DIF Fund</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 YTD Actual</i>	<i>FY 18-19 Q1 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Unaudited Beginning Fund Balance	\$62,143,188	\$62,760,524	\$62,143,188	-
Less commitments for:				
Estimated Carryovers/Encumbrances	-	381,713	381,713	381,713
Adjusted Beginning Fund Balance	62,143,188	62,378,811	61,761,475	(381,713)
Revenue	5,119,272	106,138	5,119,272	-
Development Fees	4,494,244	71,704	4,494,244	-
Charges for Services	-	8,474	-	-
Investment Earnings	600,028	25,960	600,028	-
Other Revenue	25,000	-	25,000	-
Expenses	6,090,531	71,040	6,090,531	-
Labor & Overhead Distributed	300,880	54,022	300,880	-
Capital Projects	5,789,651	17,018	5,789,651	-
Estimated Revenue over Expenses	(971,259)	35,098	(971,259)	-
Estimated Ending Fund Balance	61,171,929	62,413,909	60,790,216	(381,713)

Revenue

YTD revenue is from development impact fees, which are seasonal, and interest earnings. The end-of-year projection for revenue is mostly based on the budget. There is no other information/significant trends available to change the revenue projection at this time.

Expenditures

Expenditures also include agency staff labor for capital projects such as the SMMP Update and Arroyo Mocho Medeiros Project. The end-of-year projection for expenses is based on the budget. There is no other information/significant trends available to change the expenditure projections at this time.

Reserves

The table below shows the projected ending fund balances for the FY 2018-19 Adopted Budget and Q1 projected FYE. The ending fund balance of \$60.8M is designated for capital projects to fund the proposed Flood Protection CIP/draft Stream Management Master Plan update. The reserve balance is in compliance with Board policy.

<i>Fund 210 Reserves</i>	<i>FY 18-19 Adopted Budget</i>	<i>FY 18-19 Q1 Projected FYE</i>
Designated for Capital Projects Reserve	\$61,171,929	\$60,790,216
Total Reserves	\$61,171,929	\$60,790,216

The following table lists major projects that are in the planning/design phase.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 210 Share¹</i>	<i>Status</i>	<i>In-service</i>
Arroyo Mocho Medeiros Parkway	\$8.7M	\$4.9M	Design	December 2020
Camp Parks Detention Basin	\$3.0M	\$3.0M	Planning	Summer 2018
SMMP Update	\$2.7M	\$1.1M	Planning	2019
Stream Maintenance Program and Permitting Program	\$1.0M	\$0.2M	Planning	Summer 2020

¹The remainder is paid by Fund 200 - Flood Protection Operations.

Other Funds

Other water enterprise funds and their balances are listed below.

Fund 300 - Water Facilities Fund is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits

Fund 310 - Water Supply and Reliability Fund is used for future water, water storage and Delta-related projects

<i>Fund</i>	<i>FY 18-19 Beginning Unaudited Fund Balance</i>	<i>FY 2018-19 Q1 Projected Interest income</i>	<i>FY 2018-19 Q1 Projected Expenses (transfers out)¹</i>	<i>FY 2018-19 Projected Ending Fund Balance</i>
Fund 300 - Water Facilities Fund	\$3,499,398	\$52,491	-	\$3,551,889
Fund 310 - Water Supply and Reliability Fund	\$3,689,566	\$55,343	(\$50,000)	\$3,694,910

¹Expenses are funding for California WaterFix (\$0.05M)

- › On September 15, 2017, the Zone 7 Board adopted Resolution No. 17-75 supporting the California WaterFix and authorizing up to \$250K from Fund 310 for a gap funding agreement to cover costs starting on January 1, 2018.
- › On December 21, 2016, the Board adopted Resolution No. 16-191 authorizing the General Manager to negotiate and execute the Phase 1 Reservoir Project Agreement for funding in the amount of \$850,000 from Fund 310.
- › On October 26, 2016, Zone 7 accepted the Sites Project Authority's counter-offer to participate in the Phase 1 Reservoir Project Committee at 11,380 AF Class 1 water and 8,620 AF of Class 2 water.
- › On September 21, 2016, the Board also approved contributions of \$100,000 and \$75,000 from Fund 310 for participation in Los Vaqueros Reservoir Expansion Project planning and Lake Del Valle Expansion study, respectively.
- › In the future, staff may also propose using Funds 300 and 310 for other water supply projects, including but not limited to:
 - › Chain of Lakes Pipeline
 - › Potable Reuse
 - › Future Phases of Sites Reservoir and/or other storage projects
 - › Additional gap funding for the California WaterFix