



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: Osborn Solitei

AGENDA DATE: June 19, 2019

ITEM NO. 15

SUBJECT: Proposed Mid-Cycle Budget Amendment for FY 2019-20

BACKGROUND:

The Agency adopted a two-year budget for Fiscal Year (FY) 2018-20 in June 2018. The Agency is "...committed to providing a reliable supply of high-quality water and effective flood-control system...we develop and manage our water resources in a fiscally responsible, innovative, proactive, and environmentally sensitive way." In managing the Agency's financial resources responsibly, there is a mid-cycle review of the second budget year to confirm that the budget is in-line with Board priorities, economic conditions, capital project schedules, projected revenues/expenses from the first budget year, and reserve policy requirements.

SUMMARY:

- › Agency wide, the proposed budget amendment for revenue decreased by 3% or \$4.1M.
- › Connection and development impact fees in the Water Enterprise and Flood Protection funds have been reduced by \$5M based on recent trends in development and information received from Retailers.
- › Water Sales revenue decreased by \$1M as a result of the change in the water rates adopted by the board in October 2018. The adopted budget assumed 8% rate increases for Calendar Year (CY) 2019 and CY 2020, but 6.7% was adopted by the Board for each year.
- › Projected investment earnings have increased by \$1.4M due to a favorable economy.
- › Agency wide, the proposed budget amendment for expenses has decreased by 6% or \$8M mainly due to the recommendation to defer the Busch Valley Well Project (\$8.7M) which is funded by connection fees, offset by increased professional services in Fund 100 (\$0.6M) Other changes to the expense budget are summarized below and explained in detail on the following pages.
 - Water Enterprise Fund (Fund 100) expenses have a slight increase proposed of \$0.1M.
 - Proposed increases to the Capital Budget total \$2.5M and are discussed in a separate staff report to the Board and are in Exhibit B.
- › Projected reserve balances at June 30, 2020 are in compliance with the Board-adopted reserve policy minimums in all funds except for Fund 100 – Water Enterprise Fund, which is below the target. The Board adopted the wholesale water rates in October 2018 that assumed fully funding Fund 100 reserves at the target level by FY 2021-22.

The proposed budget amendment was presented to the Finance Committee on June 3, 2019, the committee recommended forwarding the amendment to the full Board for adoption, but needed additional information on various items and a separate staff report for the Capital Improvement Program budget changes. This information was provided in the Proposed Changes to the FY 2019-20 Capital Budget staff report included in this agenda package (June 2019).

Recommendations from that staff report are incorporated in the proposed budget amendments herein and reflected in Exhibit B - Water System Capital Improvement Program (CIP) Project/Program Listing.

RECOMMENDED ACTION:

Adopt the attached resolution approving the Proposed Mid-Cycle Budget Amendment for FY 2019-20.

DISCUSSION:

Proposed budget amendments by fund are discussed on the following pages.

Fund 100 – Water Enterprise Fund

	Change			
	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
<i>Estimated Beginning Fund Balance 7/1/2019</i>	\$13,199,270	\$14,444,936	9%	\$1,245,666
Revenue				
Water Sales	52,539,364	51,576,094	0	-963,270
Investment Earnings	132,066	217,377	65%	85,311
Other Revenue	186,550	186,550	0%	-
Total	52,857,980	51,980,021	-2%	-877,959
Expenses				
Personnel	\$17,206,004	\$17,206,004	0%	-
Supplies	10,112,930	9,502,395	-6%	(610,535)
Professional Services	2,092,202	2,737,474	31%	645,272
Legal Services	399,855	399,855	0%	-
County Services	2,003,908	1,669,818	-17%	(334,090)
Insurance Services		421,081	-	421,081
Maintenance	2,126,681	2,140,582	1%	13,901
Other	1,582,655	1,567,807	-1%	(14,848)
Debt Service	3,123,338	3,123,338	0%	-
Transfers	12,995,328	12,995,328	0%	-
Total	51,642,901	51,763,682	0.2%	120,781
Change in Fund Balance (use of reserves)	1,215,079	216,339*		
<i>Estimated Ending Fund Balance 6/30/2020</i>	\$14,414,349	\$14,661,275	1.7%	\$246,926

*To be added to reserves.

- › **Water Sales:** The FY 2019-20 Adopted Budget assumed 8% rate increases for CY 2019 and CY 2020, but 6.7% was adopted for each year. The proposed budget amendment for Water Sales has been updated accordingly.
- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect a yield of approximately 1.5%.
- › **Supplies:** Includes Water, Chemicals, and Utilities. The proposed budget amendment for Water is based on 2019 Water Supply Operations Plan presented to the Water Resources Committee on May 13, 2019. Water has decreased by \$0.6M, mainly because the Agency plans to import less water from Department of Water Resources (DWR) and pump more groundwater because the basin is nearly full. The proposed budget amendment reflects the Agency's plan to send 15 TAF of water for storage with Semitropic and Cawelo in 2019.
- › **Professional Services:** The proposed budget amendment has increased by \$0.6M because several studies are proposed to be added to the budget. These include:
 - › Regional Demand Study (\$0.1M)
 - Recommended in the 2019 Water Supply Evaluation (WSE) Update, in preparation for the 2020 Urban Water Management Plan (UWMP). This is planned to be a joint effort with the retailers
 - › WSE Update/Conjunctive Use Study (\$0.16M)
 - WSE Update: Incorporation of updated water supply info to support 2020 UWMP.
 - Conjunctive Use Study: study of the impacts of different supply sources (surface vs groundwater) on Zone 7's system as recommended in the 2018 Potable Reuse Feasibility Study
 - › Groundwater/Byron Bethany Irrigation District (BBID) Transfer Resolution Study (\$0.1M)
 - Follow-up studies as staff re-initiates discussion with DWR on the BBID transfer agreement
 - › Mitigation Bank Study (\$0.05M)
 - Evaluation of the potential of the Del Valle property to meet future mitigation needs for planned Capital Improvement Projects (CIP)
 - › Environmental Protection Agency – Required Risk Assessment and Emergency Response Plan (\$0.1M)
- › **Professional Services:** additional professional services in this category include Legislative Affairs, Information Technology, airing of Board meetings on TV30, Outreach and Schools Program, Communications, Auditor, Temporary Staffing, Engineering Support, Lab and Security Guard services.
- › **Legal Services:** Includes General Counsel (\$0.28M), Human Resources and Labor Related Legal Services (\$0.08M), and Special Legal Services for Surface Mining and Reclamation Act Issues (\$0.04).
- › **County Services:** In the proposed budget amendment, County Services decreased by \$0.3M because general liability insurance will shift from County to the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) on July 1, 2019. Nine months of County property services are included in the budget.
- › **Insurance Services:** Includes ACWA/JPIA general liability insurance (starting on 7/1/19) and property insurance (starting 4/1/20). These costs are based on the ACWA/JPIA proposal dated 3/6/19 and are subject to change based upon onboarding and reassessment of liabilities prior to the coverage start dates. The increase is due to an updated estimate from Alameda County for its proportion of property insurance and the 10% contingency for ACWA/JPIA.

- › **Water Conservation Rebate Programs:** The proposed budget amendment incorporates staff’s recommendation to increase the water conservation rebate budget from \$136K to \$165K, an increase of \$29K. All water conservation rebate programs are funded through water rates except for the High Efficiency Washer Rebate program (20% funded by Fund 130), so this increase mostly impacts Fund 100. These proposed changes are discussed in detail in the Conservation Program Update staff report also included in this agenda package (June 2019).

Fund 100 – Water Enterprise Fund Reserves

On May 15, 2019, the Board adopted Resolution No. 19-37, approving a revised reserve policy, which eliminated Drought Contingency and Rate Stabilization Reserve and created a Reserve for Economic Uncertainties. The new policy is summarized on the following page:

Reserve		Former Policy	New Policy
Operating	Minimum	60 days of operating expenses	60 days of operating expenses
	Target	90 days of operating expenses	90 days of operating expenses
	Maximum	120 days of operating expenses	120 days of operating expenses
Emergency	Minimum	2% of Water Enterprise Assets	2% of Water Enterprise Assets
	Target	2.5% of Water Enterprise Assets	2.5% of Water Enterprise Assets
	Maximum	3% of Water Enterprise Assets	3% of Water Enterprise Assets
Drought Contingency	Minimum	5% of budgeted water sales	Eliminated the Drought Contingency
	Target	10% of budgeted water sales	
	Maximum	20% of budgeted water sales	
Rate Stabilization	Minimum	10% of budgeted water sales	Eliminated the Rate Stabilization Reserve
	Target	15% of budgeted water sales	
	Maximum	20% of budgeted water sales	
Economic Uncertainties	Minimum	n/a	10% of budgeted volume-based water sales
	Target	n/a	15% of budgeted volume-based water sales
	Maximum	n/a	20% of budgeted volume-based water sales

The table below compares the FY 2019-20 Amended Budget to target levels. The FY 2019-20 Amended Budget reserves are \$4.1M below the target level of \$18.8M. The Board adopted the wholesale water rates in October 2018 that assumed fully funding Fund 100 reserves at the target level by FY 2022.

Fund 100 Reserves	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	FY 2019-20 Target Reserve Level
Operating Reserves	\$5,839,600	\$8,789,182	\$8,789,182
Emergency Reserves	4,673,568	5,454,597	5,454,597
Reserve for Economic Uncertainties	-	417,496	4,564,018
Drought Contingency	3,901,181	n/a	n/a
Rate Stabilization Reserves	-	n/a	n/a
Total Reserves	\$14,414,349	\$14,661,275	\$18,807,797

Budgetary Impact: The proposed budget amendment does not require rate increases or use of reserves. In this proposed budget amendment, revenue exceeds expenses by \$0.2M. This amount will be added to reserves.

Fund 110 - State Water Facilities Fund

	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	Change	
			FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
Estimated Beginning Fund Balance 7/1/2019	\$24,907,828	\$26,447,963	6%	\$1,540,135
Revenue				
Dougherty Valley Surcharge	2,024,319	2,024,319	-	-
Property Taxes	20,150,000	20,150,000	-	-
Other Revenue	51,100	51,100	-	-
Investment Earnings	263,038	379,421	44%	116,383
DWR Refunds	3,097,123	3,097,123	-	-
Total Revenue	25,585,580	25,701,963	0.5%	116,383
Expenses				
State Water Project	27,628,997	27,628,997	-	-
Total Expenses	27,628,997	27,628,997	-	-
Change in Fund Balance (use of reserves)	(2,043,417)	(1,927,034)*		
Estimated Ending Fund Balance 6/30/2020	\$22,864,411	\$24,520,929	7.2%	\$1,656,518

*To be funded with reserves.

- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect a yield of approximately 1.5%.
- › **State Water Project:** There are no proposed changes to the expense budget.

Budgetary Impact: The proposed budget amendment does not require an increase in the Dougherty Valley Surcharge or Property Taxes. In this proposed budget amendment, expenses exceed revenue by \$2M, which will be funded with reserves as previously authorized by the Board in the FY 2018-20 Adopted Budget.

Fund 120 - Water Enterprise Renewal/Replacement & System-wide Improvements

	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	Change	
			FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
Estimated Beginning Fund Balance 7/1/2019	\$32,655,791	\$42,455,210	30%	\$9,799,419
Revenue				
Facility Use Fees	420,000	-	-100%	(420,000)
Investment Earnings	326,558	666,019	104%	339,461
Other Revenue	1,105,000	1,602,500	45%	497,500
Transfers	12,792,000	12,792,000	-	-
Total Revenue	14,643,558	15,060,519	3%	416,961
Expenses				
Personnel	1,434,263	1,434,263	-	-
Capital Projects	7,302,173	9,796,487	34%	2,494,314
Total Expenses	8,736,436	11,230,750	29%	2,494,314
Change in Fund Balance (use of reserves)	5,907,122	3,829,769*		
Estimated Ending Fund Balance 6/30/2020	\$38,562,913	\$46,284,979	20%	\$7,722,066

*To be added to reserves.

- › **Facility Use Fees:** Revenue in this category is Dougherty Valley Facility Use Fees. In the proposed budget amendment, this revenue has been reduced to zero because Dougherty Valley is substantially built-out and no more developer fees are expected from this area.
- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect a yield of approximately 1.5%.
- › **Other Revenue:** Includes reimbursement from DSRSD for the Dougherty Reservoir Recoating Project, which is split 50/50 between Zone 7 and DSRSD. The project cost estimate has increased by \$1M.
- › **Capital Projects:** In the proposed budget amendment, capital project costs have increased by 34% due to the multi-year nature of capital projects, the proposed addition of new projects, or revisions to existing budgets based on new information. These proposed changes are discussed in detail within the Proposed Changes to the FY 2019-20 Capital Budget staff report included in this agenda package (June 2019). The recommended changes are:
 - › MGD Acid Injection Facility (\$0.5M) (new project)
 - › Mocho 3 Sodium Hypochlorite System Renewal/Replacement (\$0.7M) (schedule change)
 - › North Canyons Building HVAC Renewal/Replacement (\$0.3M) (new project)
 - › Emergency Generators (\$0.3M) (new project)
 - › Pipeline Inspection Study (\$0.3M) (new project)
 - › DVWTP Polymer Mixing System Replacement (\$0.5M) (schedule change)
- › **Budgetary Impact:** The proposed budget amendment does not require an increase in water rates. In this proposed budget amendment, revenue exceeds expenses by \$3.8M. This amount will be added to reserves.

Fund 130 - Water Enterprise System Expansion Revenue

	Change			
	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
Estimated Beginning Fund Balance 7/1/2019	\$71,731,263	\$74,738,255	4%	\$3,006,992
Revenue				
Water Connection Fees	36,191,541	32,634,257	-10%	(3,557,284)
Investment Earnings	717,313	1,191,435	66%	\$474,122
Other Revenue	3,085,790	3,085,790	-	\$0
Total Revenue	39,994,644	36,911,482	-8%	(3,083,162)
Expenses				
Personnel	259,763	259,763	-	-
Supplies	18,465,669	18,465,669	-	-
Debt Service	1,090,575	1,090,575	-	-
Capital Projects	16,466,456	6,955,187	-58%	(9,511,269)
Total Expenses	36,282,463	26,771,194	-26%	(9,511,269)
Change in Fund Balance (use of reserves)	3,712,181	10,140,288*		
Estimated Ending Fund Balance 6/30/2020	\$75,443,444	\$84,878,543	13%	\$9,435,099

*To be added to reserves.

- › **Water Connection Fees:** In the proposed budget amendment, estimated connection fee revenue has been reduced by 10% based on recent trends and information gathered from the Retailers on development activities. The adopted budget projects 1,230 connections to materialize in FY 2019-20; however, in the proposed budget amendment this amount has been reduced to 1,107 connections.
- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect yield of approximately 1.5%.
- › **Capital Projects:** In the proposed budget amendment, capital project costs have decreased by 58%. These proposed changes are discussed in detail within the Proposed Changes to the FY 2019-20 Capital Budget staff report included in this agenda package (June 2019).
 - Proposed deferral of the Busch Valley Well (\$8.7M) project for two years. Staff proposes to complete a Well Implementation Plan in FY 2019-20 to determine the need and timing of additional wells.
 - The adopted budget included amounts totaling \$0.8M for the PPWTP Upgrades and Ozone projects, but these budgets were reduced to zero in this proposed budget amendment because the entire project budgets were appropriated in FY 2018-19.

Budgetary Impact: The proposed budget amendment does not require an increase in water connection fees. In this proposed budget amendment, revenue exceeds expenses by \$10M. This amount will be added to reserves.

Fund 200 - Flood Protection Operations

	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	Change	
			FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
Estimated Beginning Fund Balance 7/1/2019	\$8,985,374	\$10,057,622	12%	\$1,072,248
Revenue				
Property Taxes	9,283,103	9,283,103	-	-
Aid from Gov. Agencies	64,700	64,700	-	-
Investment Earnings	89,854	123,071	37%	33,217
Other Revenue	158,560	158,560	-	-
Total Revenue	9,596,217	9,629,434	0.3%	33,217
Expenses				
Personnel	1,852,750	1,852,750	-	-
Professional Services	4,607,774	4,446,774	-3%	(161,000)
Maintenance	3,990,783	3,990,783	-	-
Capital Projects	2,888,399	2,298,399	-20%	(590,000)
Other Services and Supplies	568,476	718,767	26%	150,291
Total	13,908,182	13,307,473	-4%	(600,709)
Change in Fund Balance (use of reserves)	(4,311,965)	(3,678,039)*		
Estimated Ending Fund Balance 06/30/2020	\$4,673,409	\$6,379,583	37%	\$1,706,174

*To be funded with reserves.

- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect yield of approximately 1.5%.
- › **Professional Services:** The proposed budget amendment recommends removing a total of \$0.2M that was budgeted for the Arroyo Mocho Hagemann Project and El Charro Phase 2 - Upper Reach. These projects were re-evaluated as part of the SMMP update.
- › **Capital Projects:** The proposed budget amendment recommends deferring \$0.6M budgeted for a Flood Control Corporation Yard to a future year. The Stream Management Master Plan (SMMP) update will prioritize projects for a Flood Protection ten-year CIP. These proposed changes are discussed in detail within the Proposed Changes to the FY 2019-20 Capital Budget (June 2019) included in this agenda package.

Budgetary Impact: The proposed budget amendment does not require an increase in property taxes. In this proposed budget amendment, expenses exceed revenue by \$3.7M, which will be funded with reserves as previously authorized by the Board in the FY 2018-20 Adopted Budget.

Fund 210 - Flood Protection DIF Fund

	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	Change	
			FY 2019-20 Budget Amendment (%)	FY 2019-20 Budget Amendment (\$)
Estimated Beginning Fund Balance 7/1/2019	\$61,171,929	\$63,340,830	4%	\$2,168,901
Revenue				
Development Fees	4,670,094	3,670,594	-21%	(999,500)
Investment Earnings	611,719	947,055	55%	335,336
Other Revenue	25,000	25,000	-	-
Total	5,306,813	4,642,649	-13%	(664,164)
Expenses				
Personnel	245,407	245,407	-	-
Capital Projects	4,358,863	3,857,863	-11%	(501,000)
Total	4,604,270	4,103,270	-11%	(501,000)
Change in Fund Balance (use of reserves)	702,543	539,379*		
Estimated Ending Fund Balance 06/30/2020	\$61,874,472	\$63,880,209	3%	\$2,005,737

*To be added to reserves.

- › **Development Fees:** In the proposed budget amendment, Development Impact Fee revenue has been reduced based on recent developments within the service area.
- › **Investment Earnings:** In the proposed budget amendment, investment earnings are updated to reflect a yield of approximately 1.5%.
- › **Capital Projects:** Most Flood Protection System Capital projects are funded by Fund 200 and Fund 210. Consistent with the Fund 200 Budget, the proposed budget amendment recommends deferring \$0.4M that was budgeted for a Flood Control Corporation Yard to a future year. The proposed budget amendment recommends removing a total of \$0.1M that was budgeted for the Arroyo Mocho Hagemann Project and El Charro Phase 2 - Upper Reach. These projects were re-evaluated as part of the SMMP update. The SMMP update will prioritize projects for a Flood Protection ten-year CIP.

Budgetary Impact:

The proposed budget amendment does not require an increase in development impact fees. In this proposed budget amendment, expenses exceed revenue by \$0.5M, which will be added to reserves.

Alameda County Budget

- › The agency will continue to submit annual budgets to Alameda County for the three operating funds (Funds 100, 110 & 200). Upon adoption by the Zone 7 Board, Zone 7's operating fund budgets are then included with the other County department's budgets and presented to the Board of Supervisors for adoption in June each year.

ATTACHMENTS:

Board Resolution

Exhibit A – Annual Budget by Account Classification (FY 2019-20 Amended Budget)

Exhibit B – Water System Capital Improvement Program (CIP) Project/Program Listing

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Mid-Cycle Budget Amendment for FY 2019-20

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the budget amendment including revenues, expenses and the use of fund balances (reserves) for Fiscal 2019-20 (Exhibit A):

1. Water Enterprise Operations (Fund 100);
2. State Water Facilities (Fund 110);
3. Water Enterprise Renewal & Replacement, System-Wide Improvements (Fund 120);
4. Water Enterprise Capital Expansion (Fund 130);
5. Flood Protection Operations (Fund 200);
6. Flood Protection Development Impact Fee (DIF) Capital Projects (Fund 210); and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

BE IT FURTHER RESOLVED that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied a property tax within the District sufficient to raise the sum of \$20,000,000 for Fiscal Year 2019-20 to meet that portion of the District's State Water Supply Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in Fund 110, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Years 2019-20 and authorize the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed capital projects (Exhibit B) for Fiscal Years 2019-20 and authorize the General Manager to implement such projects; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues or expenditures.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on June 19, 2019.

By: _____
President, Board of Directors

**Exhibit A - FY 2019-20
Annual Budget by Account Classification**

Estimated Change in Reserve Balances

The fund schedule below summarizes Zone7's overall financial picture by individual fund. It includes revenue and expenses as well as projected reserve balances at 6/30/2020. The fund schedules are grouped by type of fund: Enterprise (Water Enterprise Fund, State Water Facilities Fund, Renewal & Replacement/System Wide Improvement Fund and the Expansion Fund) and Governmental Funds (Flood Protection and Flood Protection/Stormwater Drainage Development Impact Fee Fund).

Summary of Annual Budget by Account Classification - FY 2019-20 Proposed Amended Budget

FY 2019-20 PROPOSED AMENDED BUDGET	Fund 100 Water Enterprise Operations	Fund 110 State Water Facilities	Fund 120 Water Enterprise Capital Renewal/Replace ment/Improvements	Fund 130 Water Enterprise Capital Expansion	Fund 200 Flood Protection/ General Fund	Fund 210 Flood Protection Development Impact Fees	Total
1 Actual Fund Balance 7/1/2018	\$ 12,903,399	\$ 23,468,449	\$ 98,674,047	\$ 98,579,717	\$ 18,352,378	\$ 62,760,524	\$ 314,738,514
2 FY 2018-19 Projected Change in Fund Balance	1,541,537	2,979,514	(56,218,837)	(23,841,462)	(8,294,756)	580,306	(83,253,698)
3 Estimated Fund Balance 7/1/2019	14,444,936	26,447,963	42,455,210	74,738,255	10,057,622	63,340,830	231,484,816
4 Revenue							
5 Water Sales & Service	51,576,094	2,024,319					53,600,413
6 Property Taxes		20,150,000			9,283,103		29,433,103
7 Development Fees				32,634,257		3,670,594	36,304,851
8 Charges for Services	51,600		2,500		47,650		101,750
9 Aid from Governmental Agencies		51,100			64,700		115,800
10 Investment Earnings	217,377	379,421	666,019	1,191,435	123,071	947,055	3,524,378
11 Other Revenue	134,950	3,097,123	1,600,000	3,085,790	110,910	25,000	8,053,773
12 Subtotal (before transfers)	51,980,021	25,701,963	2,268,519	36,911,482	9,629,434	4,642,649	131,134,068
13 Transfers			12,792,000				12,792,000
14 Total Revenue	51,980,021	25,701,963	15,060,519	36,911,482	9,629,434	4,642,649	143,926,068
15 Expenses							
16 Personnel	17,206,004		1,434,263	259,763	1,852,750	245,407	20,998,187
17 Professional Services	3,137,329				4,446,774	70,835	7,654,938
18 County Services	1,669,818						1,669,818
19 Insurance Services	421,081						421,081
20 Water	5,193,829	27,628,997		18,465,669			51,288,495
21 Chemicals	2,668,761						2,668,761
22 Utilities	1,639,805						1,639,805
23 Communications	178,239				8,939		187,178
24 Repairs and Maintenance	2,140,582				3,990,783		6,131,365
25 Rental Services	125,355				21,000		146,355
26 Other General Office Services/ Supplies	474,624				570,972	7,957	1,053,553
27 Organizational Membership/ Participation	435,631				87,150		522,781
28 Training and Travel	144,569				16,561		161,130
29 Water Conservation Rebates	156,000			9,000			165,000
30 Capital Projects			9,796,487	6,946,187	2,298,399	3,779,071	22,820,144
31 Equipment, Furniture and Vehicles	53,389						53,389
32 Debt Service	3,123,338			1,090,575			4,213,913
33 Subtotal (before transfers)	38,768,354	27,628,997	11,230,750	26,771,194	13,293,328	4,103,270	121,795,893
34 Transfers	12,995,328				14,145		13,009,473
35 Total Expenses	51,763,682	27,628,997	11,230,750	26,771,194	13,307,473	4,103,270	134,805,366
36 Estimated Ending Fund Balance June 30, 2020	14,661,275	24,520,929	46,284,979	84,878,543	6,379,583	63,880,209	240,605,518
37 Reserve Balances							
38 Operating	8,789,182	24,520,929			2,198,986		35,509,097
39 Debt Rate Stabilization			6,300,000	2,300,000			8,600,000
40 Emergency	5,454,597						5,454,597
41 Reserve for Economic Uncertainties	417,496						417,496
42 Capital Projects			39,984,979	64,155,729	4,180,597	63,880,209	172,201,514
43 Sinking Funds - FY 2019/20 Contributions							
44 Building Sinking Fund							-
45 Future Contractor's Share of the South Bay Aqueduct				620,000			620,000
46 South Bay Aqueduct Enlargement				1,210,000			1,210,000
47 Sinking Funds Reserve Balance				18,422,814			18,422,814
48 Total Reserves	\$ 14,661,275	\$ 24,520,929	\$ 46,284,979	\$ 84,878,543	\$ 6,379,583	\$ 63,880,209	\$ 240,605,518
49 Change in Fund Balance (use of reserves)	216,339	(1,927,034)	3,829,769	10,140,288	(3,678,039)	539,379	9,120,702

Exhibit B

Capital Improvement Plan (CIP)

Water Enterprise

Capital Projects Listing

Fund 120 – Renewal/Replacement & System-wide Improvements

FY 2019-20 Proposed Budget Amendment - Fund 120 Capital Project List	
Project	FY 2019-20 Proposed Budget Amendment
Dougherty Reservoir Recoating	\$2,900,000
COL 1 Yard and Slope Stabilization	1,000,000
MGDP Concentrate Discharge Pipeline Inspection and Cleaning	1,000,000
Contingency	750,000
Cal Water Service Turnout 6 Renewal/Replacement	700,000
Mocho 3 Sodium Hypochlorite System Renewal/Replacement (schedule adjustment)	700,000
SCADA Upgrades and Replacements	490,000
Minor Renewal/Replacement Projects	470,000
DVWTP Polymer Mixing System Replacement (schedule adjustment)	465,000
MGDP Acid Injection Facility (new project)	445,000
Emergency Generators	310,000
Chain of Lakes - Cope Lake to DVWTP Pipeline	300,000
North Canyons Building HVAC Renewal/Replacement	250,000
Pipeline Inspection Study (new project)	250,000
Monitoring Well Replacements & Abandonments	230,000
Chain of Lakes Facilities and Improvements - Water Supply	150,000
Laboratory Equipment Replacement	140,000
Cal Water Service Turnout 5 Renewal/Replacement	139,000
Arroyo Del Valle Permit Extension	130,000
PPWTP Solar Panels Installation	100,000
DVWTP HVAC Replacement	60,000
Asset Management Program Management	60,000
System-Wide Installation of Line Valves	60,000
North Canyons Renewal/Replacement and Improvements (new project)	50,000
Surface Mining Permit Evaluation (new project)	30,000
Capital Improvement Program Management	30,000
Chain of Lakes Master Planning	21,750
Total	\$11,230,750

Exhibit B
Capital Improvement Plan (CIP)
Water Enterprise
Capital Projects Listing
Fund 130 – Expansion

FY 2019-20 Proposed Budget Amendment - Fund 130 Capital Project List	
Project	FY 19-20 Proposed Budget Amendment
South Bay Aqueduct Enlargement Project	\$15,425,669
Water Supply Planning and Projects	4,650,000
Fourth Contractor's Share of the SBA - Capital Costs	3,000,000
Cawelo Groundwater Banking Program Debt Service Payment	1,090,575
Chain of Lakes - Cope Lake to DVWTP Pipeline	700,000
Arroyo Mocho Diversion Facility Coordination & Implementation	530,000
Contingency	500,000
Chain of Lakes Facilities and Improvements - Water Supply	350,000
Well Implementation Plan (schedule adjustment)	250,000
Capital Improvement Program Management	100,000
Surface Mining Permit Evaluation (new project)	70,000
Chain of Lakes Master Planning	50,750
SWP Peaking Payment (Lost Hills & Belridge Water Districts)	40,000
Efficient Washer Rebate Program	9,000
Water Conservation General	5,200
Total	\$26,771,194

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 19-54

INTRODUCED BY DIRECTOR PALMER
SECONDED BY DIRECTOR QUIGLEY

Mid-Cycle Budget Amendment for FY 2019-20

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the budget amendment including revenues, expenses and the use of fund balances (reserves) for Fiscal 2019-20 (Exhibit A):

1. Water Enterprise Operations (Fund 100);
2. State Water Facilities (Fund 110);
3. Water Enterprise Renewal & Replacement, System-Wide Improvements (Fund 120);
4. Water Enterprise Capital Expansion (Fund 130);
5. Flood Protection Operations (Fund 200);
6. Flood Protection Development Impact Fee (DIF) Capital Projects (Fund 210); and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

BE IT FURTHER RESOLVED that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied a property tax within the District sufficient to raise the sum of \$20,000,000 for Fiscal Year 2019-20 to meet that portion of the District's State Water Supply Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in Fund 110, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Years 2019-20 and authorize the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed capital projects (Exhibit B) for Fiscal Years 2019-20 and authorize the General Manager to implement such projects; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues or expenditures.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS FIGUERS, GAMBS, PALMER, QUIGLEY, SANWONG, SMITH MCDONALD

NOES: NONE

ABSENT: DIRECTOR RAMIREZ HOLMES

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on June 19, 2019.

By: S. Figueroa
President, Board of Directors