



**WATER
AGENCY**

**DISCUSSION ON USE OF
FUND 100 – WATER ENTERPRISE OPERATIONS
UNALLOCATED FUND BALANCE**

Zone 7 Finance Committee Meeting
April 9, 2025

Strategic Plan

Goal H

Fiscal Responsibility:
Operate the Agency in a
fiscally responsible manner

Initiative 21

Continue to effectively
manage financial resources
for the Agency

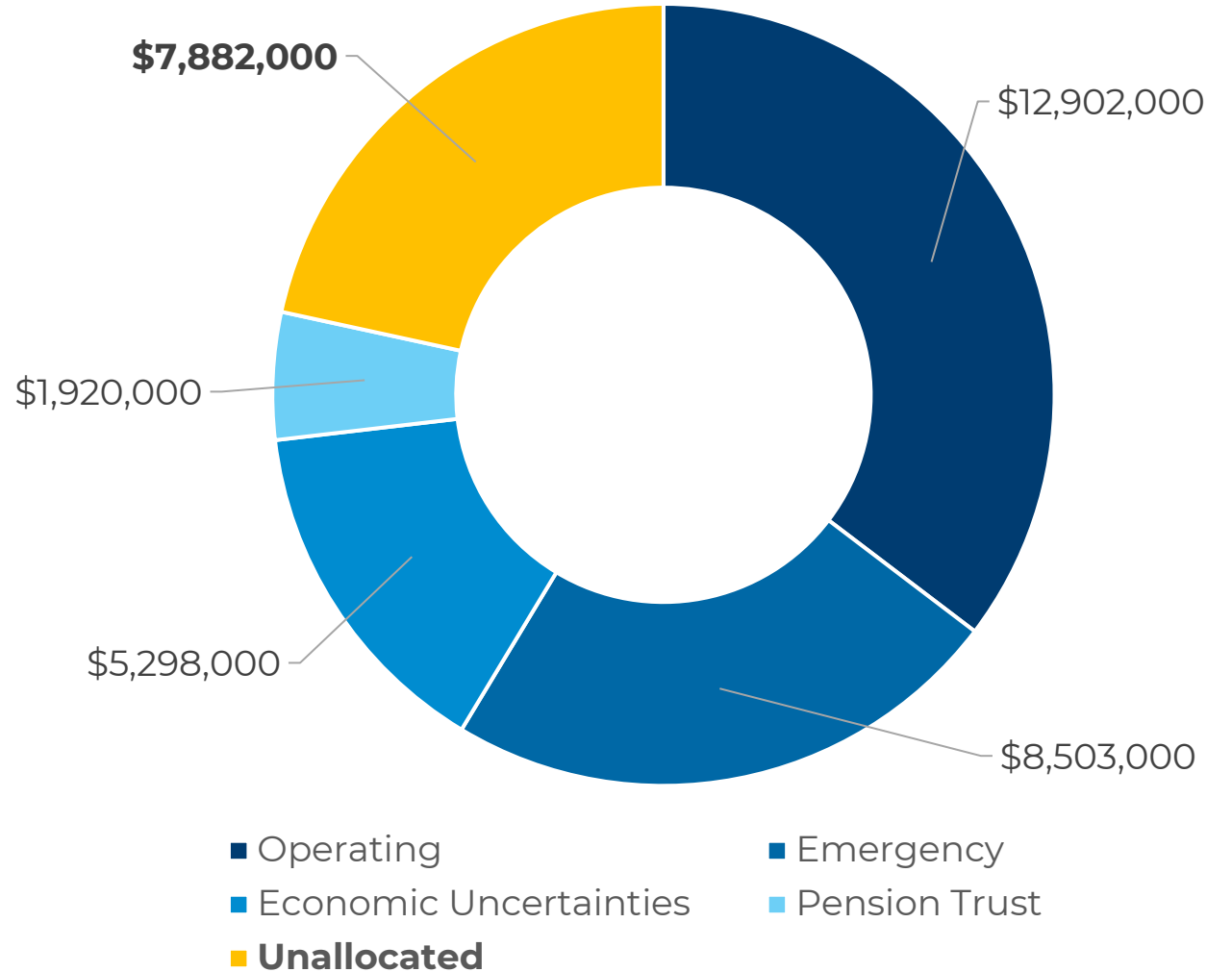
Takeaways

1. Unallocated fund balance projected to be \$7.9M on June 30, 2025.
→ Board has discretion on use of unallocated fund balance.
2. Agency is facing formal commitment decisions and significant long-term financial investments in water supply reliability.
3. Seeking direction from the Committee on the preferred use of the unallocated fund balance to proactively prepare for water supply reliability investments and the financial impacts to water rates.

Background

- Agency's Reserve Policy established three designated reserve funds in Fund 100.
- Funding of Long-Term Pension Liability Policy set up a Pension Trust, partially funded by Fund 100.
- Unallocated Fund Balance is the balance remaining after all designated reserves have been funded at the target level.

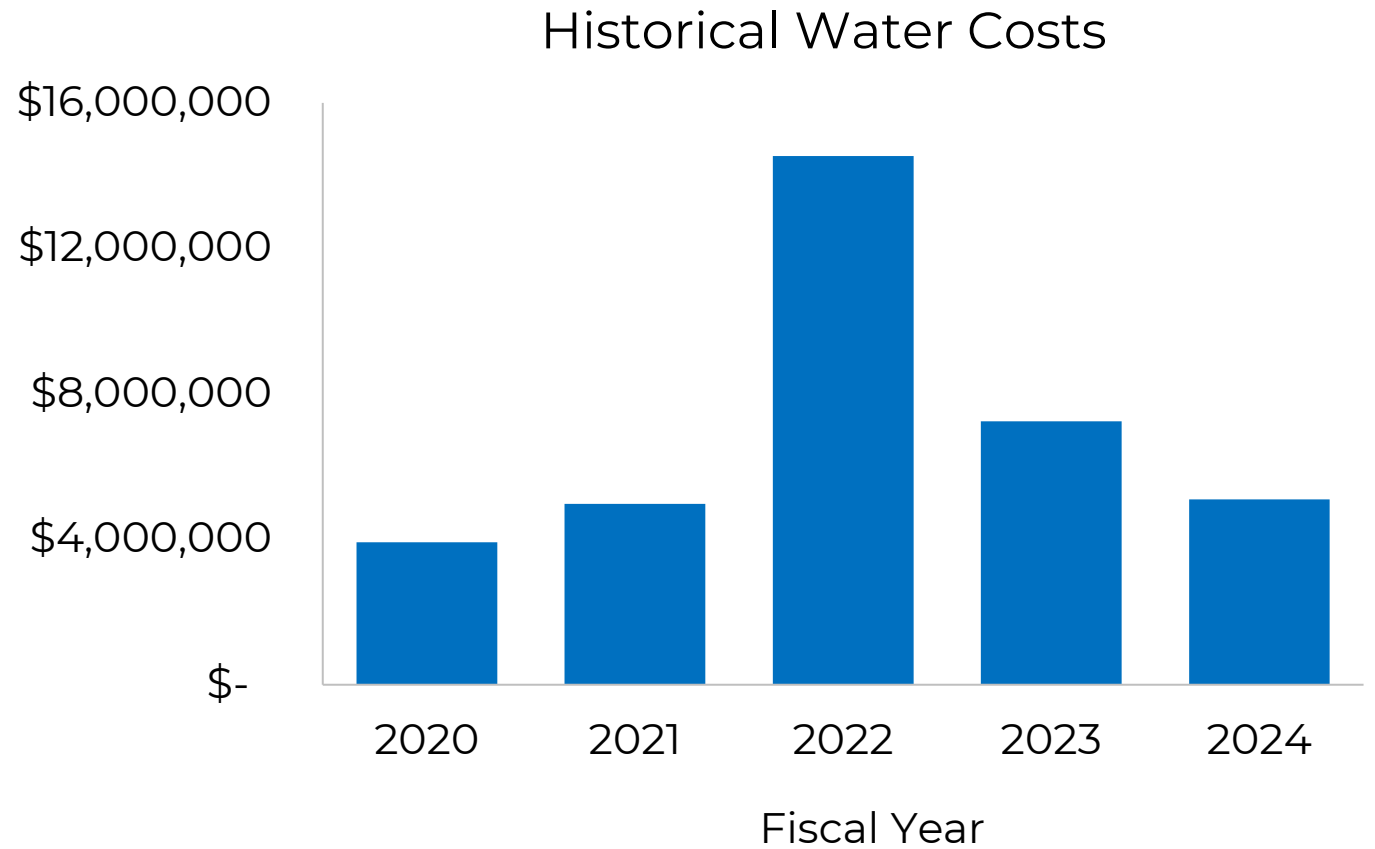
Fund 100 Reserves



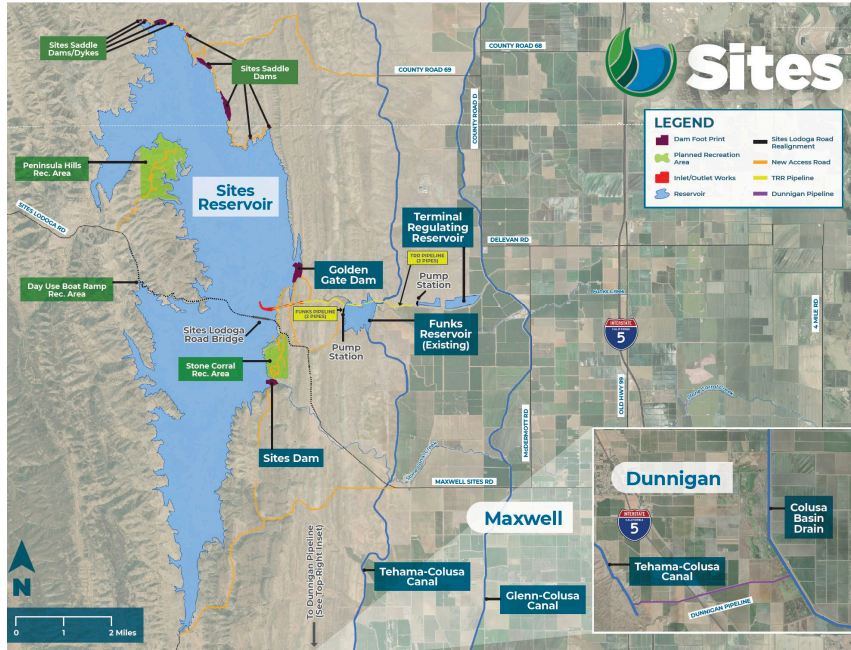
Note: Reserve balances based on FY 24-25 Q2 Year-end projection.

How has the Board directed staff to use unallocated fund balance in the past?

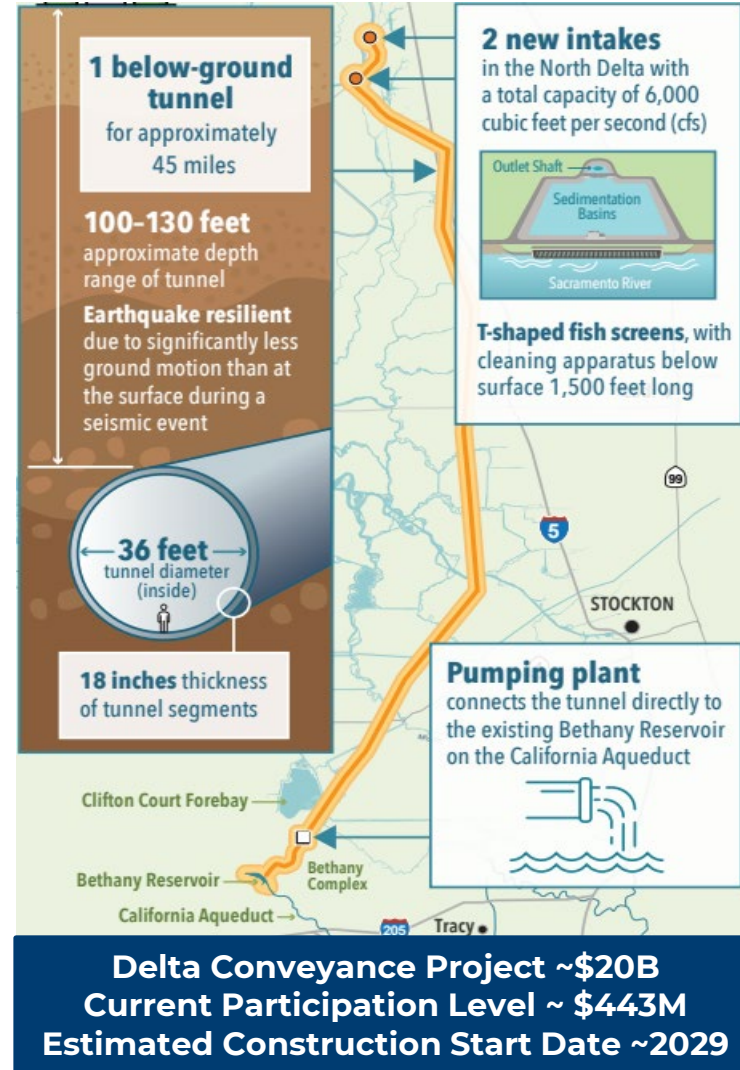
1. Purchase drought water supplies with no impact to water rates
2. Initial and annual funding of Pension Trust
3. Water supply reliability project participation



Future Water Supply Reliability Projects



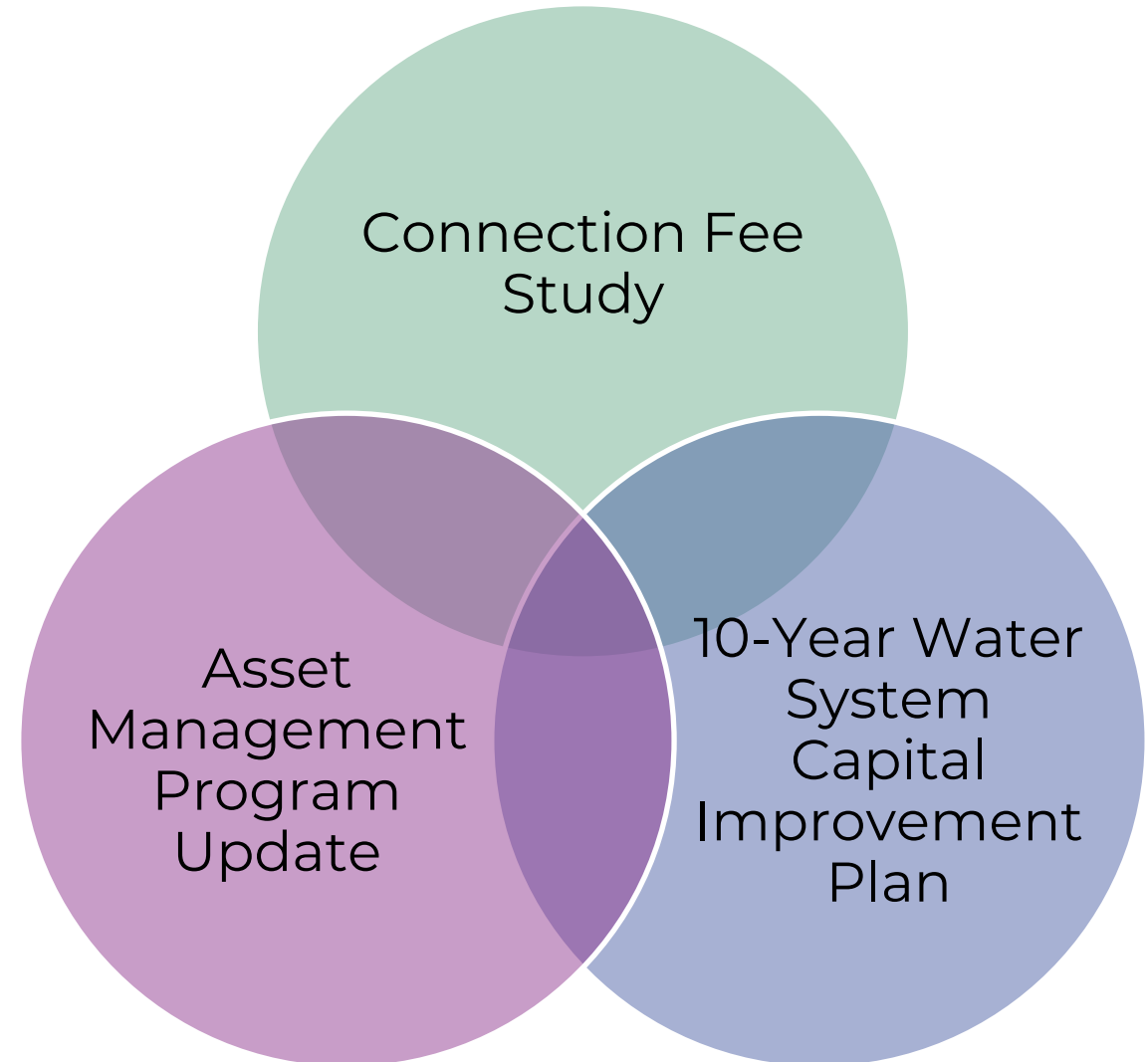
Sites Reservoir Project ~\$5B
Current Participation Level ~\$211M
Estimated Construction Start Date ~mid 2026



COL Conveyance System ~\$110-170M
Estimated Construction Start Date TBD

Other Ongoing Long-Term Planning Efforts

Long-term planning tools will inform future capital needs within the Agency's water system.



Recommended Action / Next Steps

- Discuss and provide direction on the use of unallocated fund balance.
- Options to prepare for future water supply reliability costs include (but not limited to):
 1. Establishing a formal reserve fund with an amendment to the Reserve Policy.
 2. Earmarking a portion of the unallocated fund balance.

Questions?



Water Quality



Water Reliability



Flood Protection