

# Financial Overview

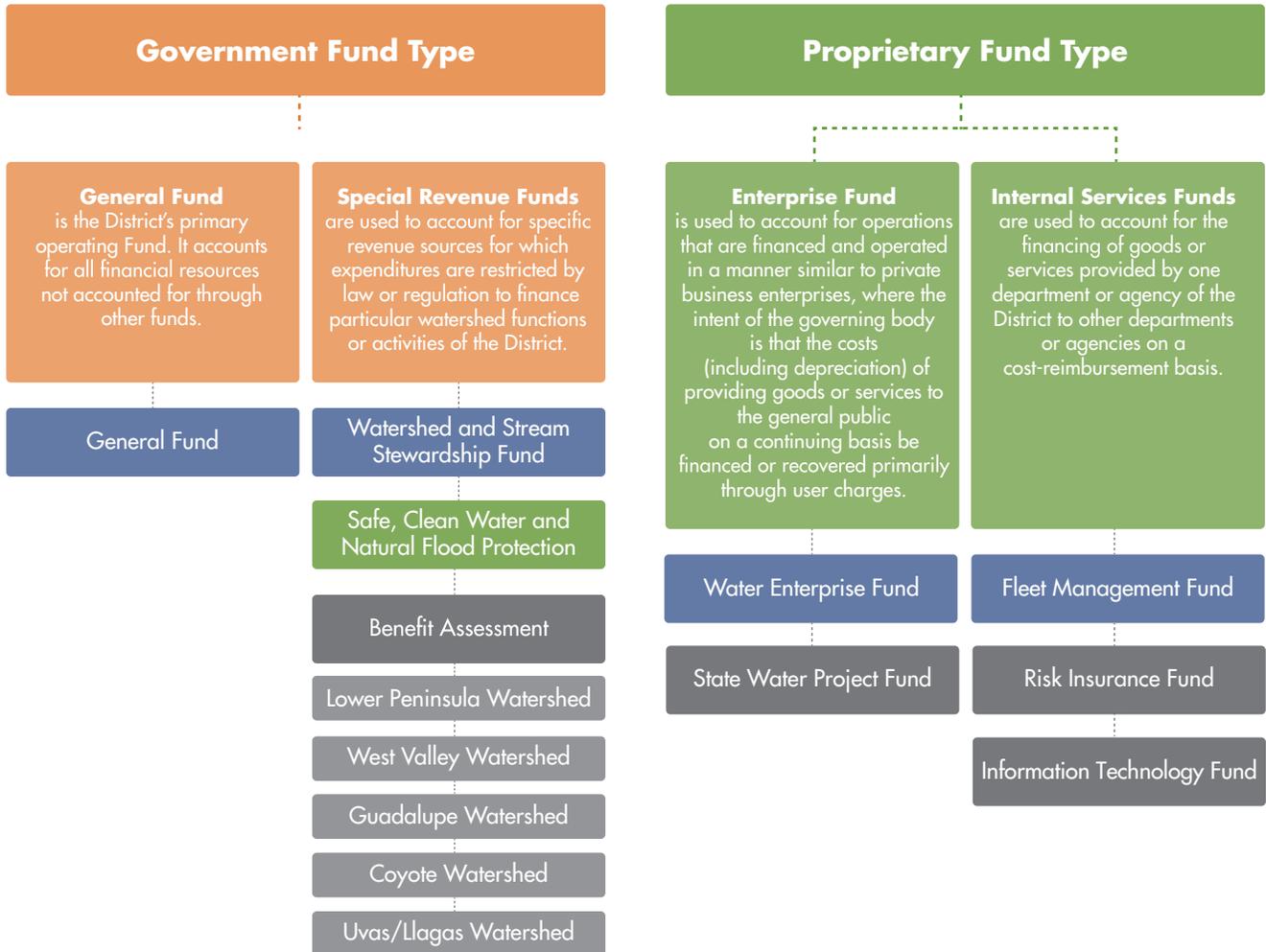
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# Financial Overview

## District Fund Structure



# Financial Overview

## Financial Overview

The accounts of the District are organized based on fund types and account groups. Each fund is an independent accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Fund accounting allows government resources to be segregated and accounted for per their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions.

## Revenue

Revenue projections are, in general, taken from the District's long-range planning documents. These planning tools are continuously updated based on the best information available. They are formalized annually in the Annual Report on the Protection and Augmentation of Water Supplies, the Flood Control Benefit Assessments Report, and the Safe, Clean Water and Natural Flood Protection Report.

The FY 2017-18 budget includes projected revenues of approximately \$444.1 million. These revenues are a net increase of 7.4% from the \$413.6 million included in the FY 2016-17 adopted budget. The net \$30.5 million increase is primarily derived from increases in water revenue (\$28.4 million), 1% ad valorem property taxes (\$6.3 million), special parcel tax (\$1.0 million), capital reimbursement revenue (\$2.6 million) offset by a decrease in State Water Project property tax (-\$7 million) and a net decrease to other revenues (-\$0.8 million).

The specific categories of revenue include:

### Water Revenue

The main source of District revenue is from water charges projected for FY 2017-18 at \$215.2 million, or 48.5% of total revenues. Charges for water that is processed through District treatment plants (treated

water) continue to be the largest contributor with an estimate of \$133.9 million. Groundwater production charges are estimated at \$78.9 million, while surface/recycled water sales are projected at approximately \$2.4 million. Staff is recommending a 9.6% increase in municipal & industrial groundwater charges for Zone W-2 and a 6.4% increase for Zone W-5 in the FY 2017-18 budget.

### Property Tax

Property taxes for FY 2017-18 are estimated at \$113.2 million which is 25.5% of total revenue and represents a 0.6% decrease from the FY 2016-17 adopted budget. The District benefits from two types of property taxes - 1% ad valorem (\$87.3 million) and levies for State Water Project (SWP) indebtedness (\$26.0 million). More information can be found in the Major Sources of Revenue section later in this chapter.

### Special Parcel Tax

The Safe, Clean Water Program special parcel tax was approved by the voters in November 2012. The Special Parcel Tax estimated for FY 2017-18 is \$42.5 million, representing 9.6% of total revenues, and an increase of 2.4% over FY 2016-17.

### Benefit Assessments

Benefit assessment revenue consists of levies approved by voters in 1986 and 1990 to support financing for flood control capital improvements. The FY 2017-18 budget is approximately 1.25 times the duly authorized annual debt service requirements for each watershed. Benefit assessment revenue represents \$14.8 million, 3.3% of total revenue in FY 2017-18.

### Intergovernmental Revenues

Intergovernmental revenues consist of grants from local, state and federal agencies for various operating programs expected to be claimed by the District in this budget period. Intergovernmental revenues are budgeted at \$1.2 million, 0.2% of FY 2017-18 revenue.

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## Capital Reimbursements

Capital reimbursements are from local, state and federal agencies for specified capital projects that the District has completed, initiated or will undertake in this budget period. District-wide capital reimbursements are budgeted at approximately \$49.9 million for FY 2017-18, 11.2% of total revenues. More specific information is provided in the sections for the Watersheds and Water Utility funds.

## Interest

Interest earnings are expected at \$3.5 million in FY 2017-18. This revenue category constitutes 0.8% of total revenues.

## Other Revenue

Other Revenue comprises revenue from minor sources such as rental income and the sale of vehicles, computers and property totals \$3.8 million, 0.9% of total revenues.

## Appropriations/Outlays

Net total operating and capital outlays for the FY 2017-18 budget is \$501.2 million. This figure does not include capital carry forward that was appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Fund charges.

FY 2017-18 net operating outlays have decreased by approximately \$1.0 million compared to the FY 2016-17 adopted budget.

The decrease in net outlays reflects continued efforts to contain cost increases while striving to maintain service levels that support key strategic objectives. Among the issues facing the District are:

- Infrastructure maintenance and construction needs (ensuring dam safety, managing infrastructure for reliability, care of district facilities and assets)

- Funding for capital projects (shortage of federal funding, coordinated planning of permitting efforts, environmental stewardship efforts)
- Advance the District's interest in countywide stormwater resource planning
- Coyote Creek flood response
- Making key decisions regarding the California WaterFix
- Advancing recycled and purified water efforts
- Finalizing the Fisheries and the Aquatic Habitat Collaborative Effort (FAHCE)
- Pursuing efforts to increase water storage opportunities
- Advancing diversity and inclusion efforts

The District is responding to these challenges in several ways, including expanded efforts possible with the help of 18 new positions discussed in greater detail in the sections that follow.

Growth within the appropriation category is limited to essential services that support District-wide strategic objectives and effective use of reserves for one-time costs or priority activities.

## Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. For Fiscal 2017-18, the total is \$81.4 million. Intra-district charges reimburse the General Fund and Service Funds for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management. In general, 49% of intra-district is paid by the Water Utility Enterprise, 34% Watersheds, 11% General Fund, and 6% Internal Service Funds.

## Capital Outlays

FY 2017-18 capital project appropriations total \$218.3 million, a decrease of \$22.4 million from the FY 2016-17 adopted budget. It is anticipated that \$98.8 million of the FY 2016-17 adjusted budget for

# Financial Overview

capital projects also will carry forward into FY 2017-18 at the close of the current fiscal year as most capital improvement projects will require multiple years to complete. The capital budget represents those projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP).

## Other Financing Sources/Use

Other financing sources include debt financing proceeds to fund capital improvements. For FY 2017-18, planned Bond Proceeds of \$62 million and Commercial Paper proceeds of \$140 million are to finance Water Utility (\$118.9 million) and Watersheds (\$83.5 million) capital improvement programs.

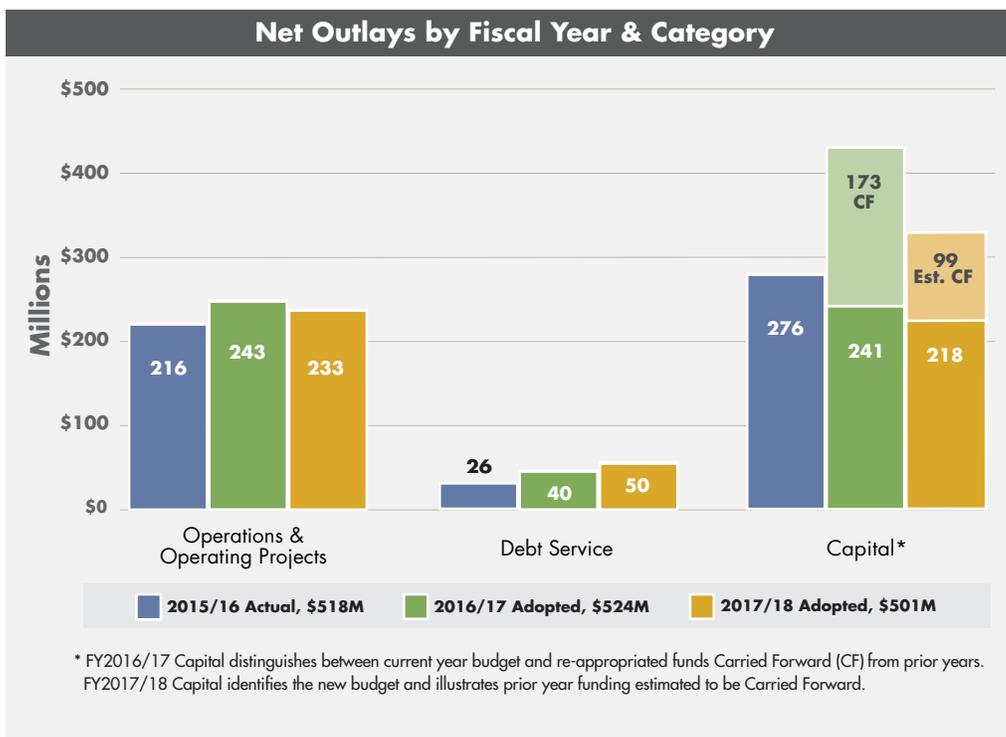
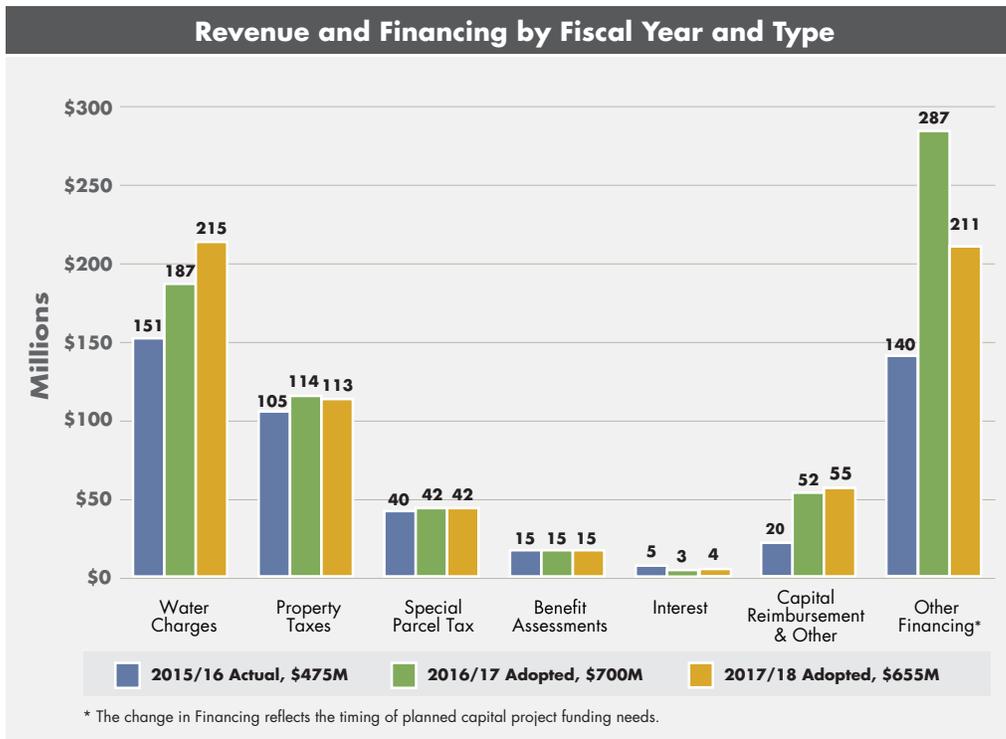
## Reserves

Overall, budgeted reserves for FY 2017-18 are expected to increase \$51.5 million to \$359.4 million. The net increase is primarily derived from increases in the operating and capital reserves (\$67.4 million), drought reserve (\$2 million), offset by a decrease in currently authorized projects reserves (-\$18.6 million).

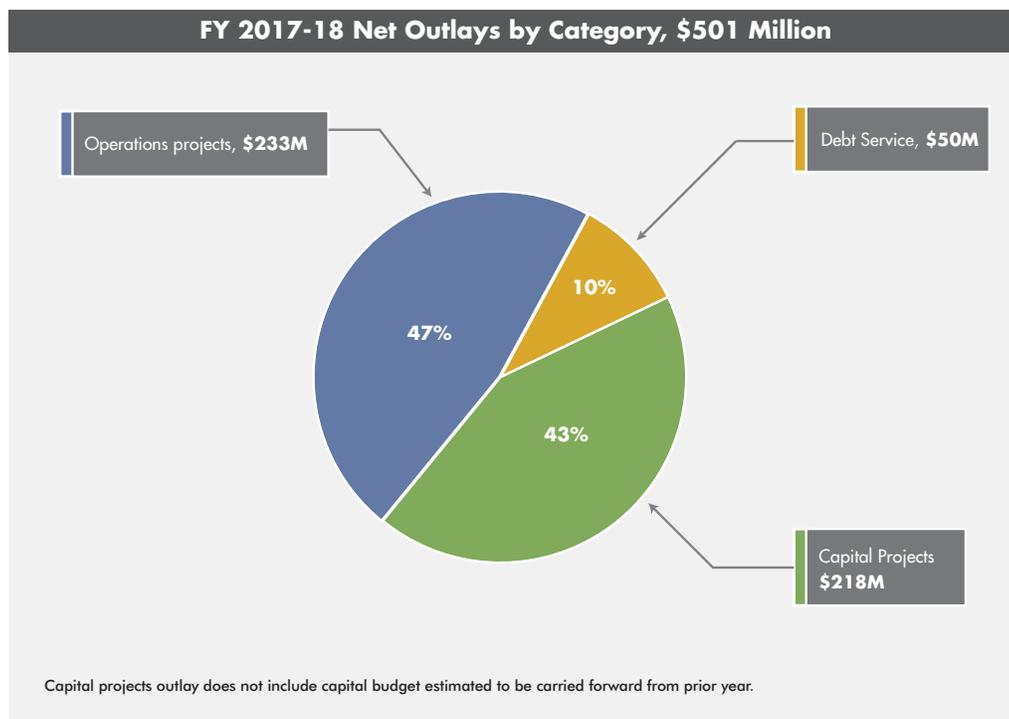
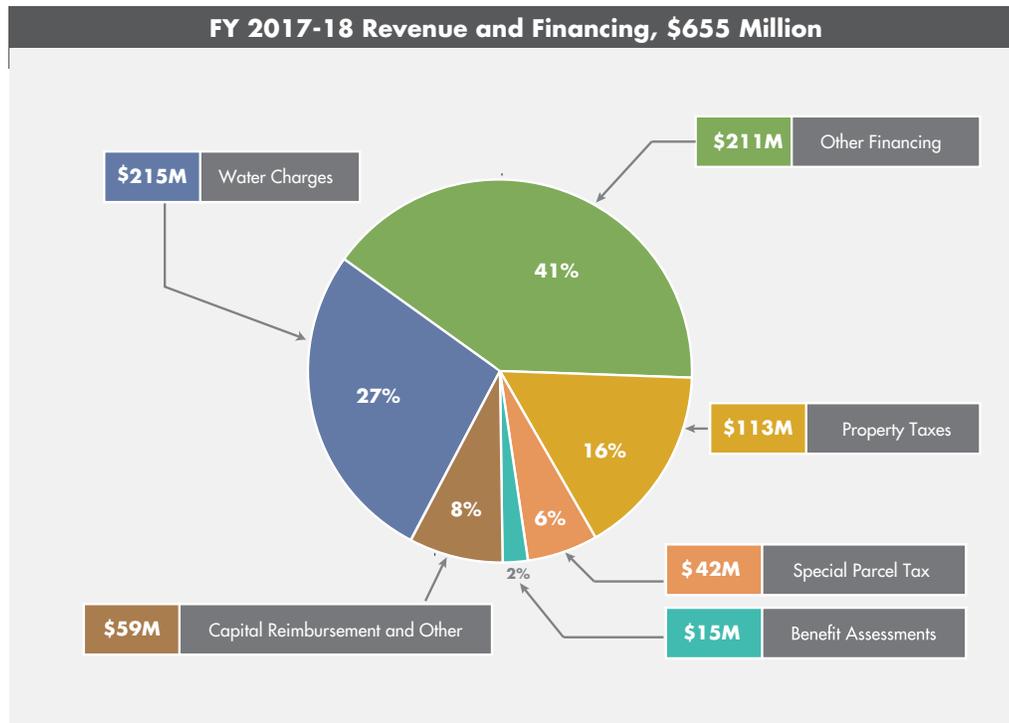
## Staffing

The FY 2017-18 budget includes 809 positions, an increase of 18 new positions from the prior year. The new positions' cost totals \$3.0 million. The 18 new positions support the Watersheds' stream maintenance and Safe, Clean Water programs (9.0), Water Utility water supply (3.0), District-wide information systems and technology (2.0), finance (1.0), communications (1.0), security (1.0), and civic engagement (2.0). More information can be found in the salaries and benefits section of this document.

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# Financial Overview



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## Combined Fund Summary - All Funds

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
Property Tax	\$ 105,268,885	\$ 113,920,290	\$ 117,100,000	\$ 113,249,700	\$ (670,590)	(0.6)%
Special Parcel Tax	39,684,083	41,528,137	41,073,026	42,510,582	982,445	2.4%
Benefit Assessments	14,682,528	14,784,580	14,784,580	14,777,514	(7,066)	(0.0)%
Inter-governmental services	3,002,075	1,985,000	3,492,905	1,189,000	(796,000)	(40.1)%
Groundwater Production Charges	61,128,400	76,847,000	76,847,000	78,943,000	2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water Revenue	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Interest*	5,311,446	3,152,989	3,500,000	3,500,000	347,011	11.0%
Capital Reimbursements	7,919,278	47,271,000	44,703,000	49,846,000	2,575,000	5.4%
Other	7,557,920	4,066,101	4,143,101	3,784,822	(281,279)	(6.9)%
<b>Total Revenue</b>	<b>\$ 334,661,532</b>	<b>\$ 413,597,097</b>	<b>\$ 415,685,612</b>	<b>\$ 444,099,618</b>	<b>\$ 30,502,521</b>	<b>7.4%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 274,729,976	\$ 305,540,935	\$ 314,873,074	\$ 307,834,475	\$ 2,293,540	0.8%
Operating Projects	4,104,361	6,609,170	6,609,170	6,774,971	165,801	2.5%
Debt Service	25,793,542	39,524,762	39,524,762	49,750,357	10,225,595	25.9%
<b>Total Operating Outlays</b>	<b>\$ 304,627,879</b>	<b>\$ 351,674,867</b>	<b>\$ 361,007,006</b>	<b>\$ 364,359,803</b>	<b>\$ 12,684,936</b>	<b>3.6%</b>
Less: Intra-District Reimb	(63,230,956)	(68,024,829)	(68,024,832)	(81,442,097)	(13,417,268)	19.7%
<b>Net Outlays</b>	<b>\$ 241,396,923</b>	<b>\$ 283,650,038</b>	<b>\$ 292,982,174</b>	<b>\$ 282,917,706</b>	<b>\$ (732,332)</b>	<b>(0.3)%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 276,151,630	\$ 240,718,019	\$ 296,363,247	\$ 218,301,231	\$ (22,416,788)	(9.3)%
Carried Forward Capital Projects	—	172,891,000	—	98,812,000	(74,079,000)	(42.8)%
<b>Total Capital Outlays</b>	<b>\$ 276,151,630</b>	<b>\$ 413,609,019</b>	<b>\$ 296,363,247</b>	<b>\$ 317,113,231</b>	<b>\$ (96,495,788)</b>	<b>(23.3)%</b>
<b>Other Financing Sources/(Uses) :</b>						
Bond Proceeds	\$ 131,482,186	\$ 285,220,000	\$ 123,585,000	\$ 62,000,000	\$ (223,220,000)	(78.3)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	—
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
Transfers In	29,269,858	11,777,527	6,225,527	16,914,831	5,137,304	43.6%
Transfers Out	(29,269,857)	(11,777,527)	(6,225,527)	(16,914,831)	(5,137,304)	43.6%
<b>Total Other Financing</b>	<b>\$ 140,199,732</b>	<b>\$ 286,845,340</b>	<b>\$ 125,210,340</b>	<b>\$ 210,500,000</b>	<b>\$ (76,345,340)</b>	<b>(26.6)%</b>
<b>Balance Available</b>	<b>\$ (42,687,289)</b>	<b>\$ 3,183,380</b>	<b>\$ (48,449,469)</b>	<b>\$ 54,568,681</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Restricted Reserves</b>						
WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	—
WUE- Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
WUE- Drought Reserve	—	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
SCW- Currently Authorized Projects***	147,146,206	62,678,000	90,678,000	15,357,000	(47,321,000)	(75.5)%
SCW- Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,714,094	40,097,746	37.6%
<b>Total Restricted Reserves</b>	<b>\$ 190,202,225</b>	<b>\$ 211,323,171</b>	<b>\$ 134,859,916</b>	<b>\$ 207,696,521</b>	<b>\$ (3,626,650)</b>	<b>(1.7)%</b>

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	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 86,668,909	\$ 75,036,279	\$ 96,453,600	\$ 102,378,052	\$ 27,341,773	36.4%
Currently Authorized Projects***	63,026,466	8,862,000	61,066,326	37,575,326	28,713,326	324.0%
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%
Property Self Insurance/Catastrophic	6,864,991	6,149,531	7,519,280	6,065,904	(83,627)	(1.4)%
<b>Total Committed Reserves</b>	<b>\$ 163,060,366</b>	<b>\$ 96,547,810</b>	<b>\$ 169,953,206</b>	<b>\$ 151,685,282</b>	<b>\$ 55,137,472</b>	<b>57.1%</b>
<b>Total Year-End Reserves</b>	<b>\$ 353,262,591</b>	<b>\$ 307,870,981</b>	<b>\$ 304,813,122</b>	<b>\$ 359,381,803</b>	<b>\$ 51,510,822</b>	<b>16.7%</b>
<b>Uncommitted Funds</b>			\$ 0	\$ 0		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

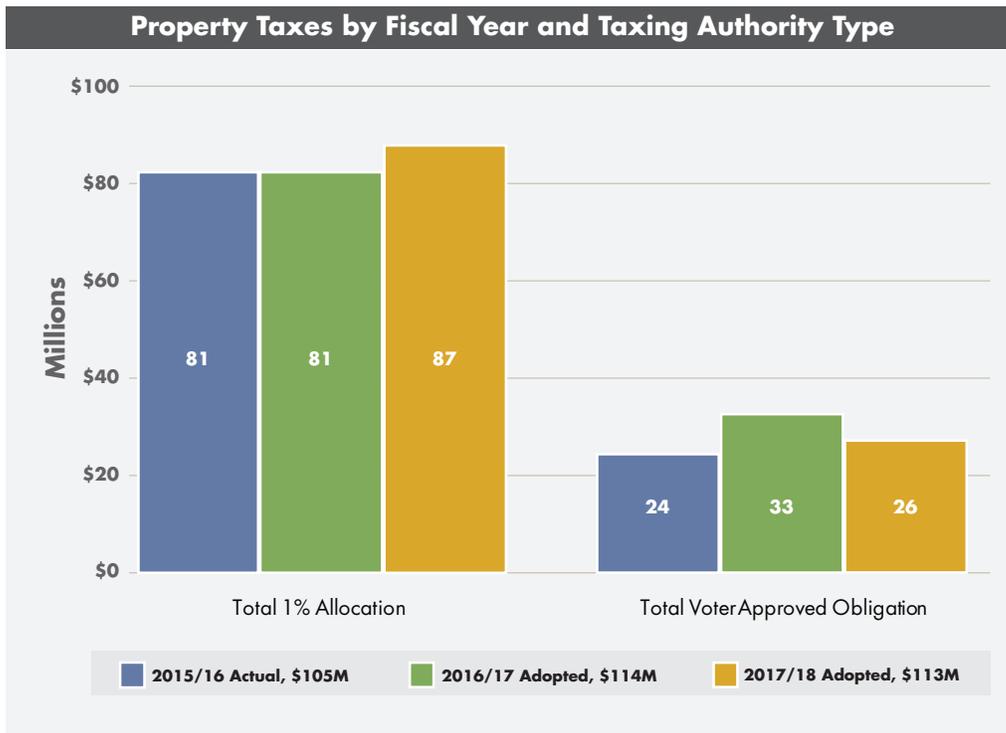
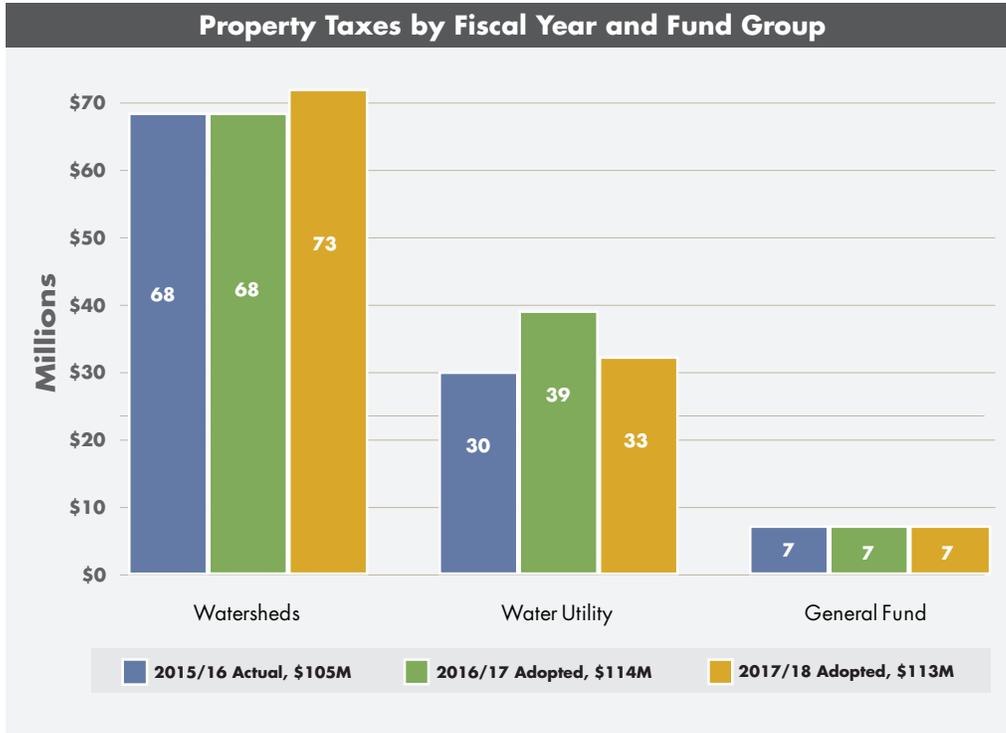
# Financial Overview

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## **MAJOR SOURCES OF REVENUES**

# Financial Overview

## Property Taxes



# Financial Overview

## Property Taxes

The District's property tax revenues are comprised of two distinct categories: an allocated share of countywide 1% ad valorem property tax receipts, and a voter-approved levy for State Water Project (SWP) contract obligations.

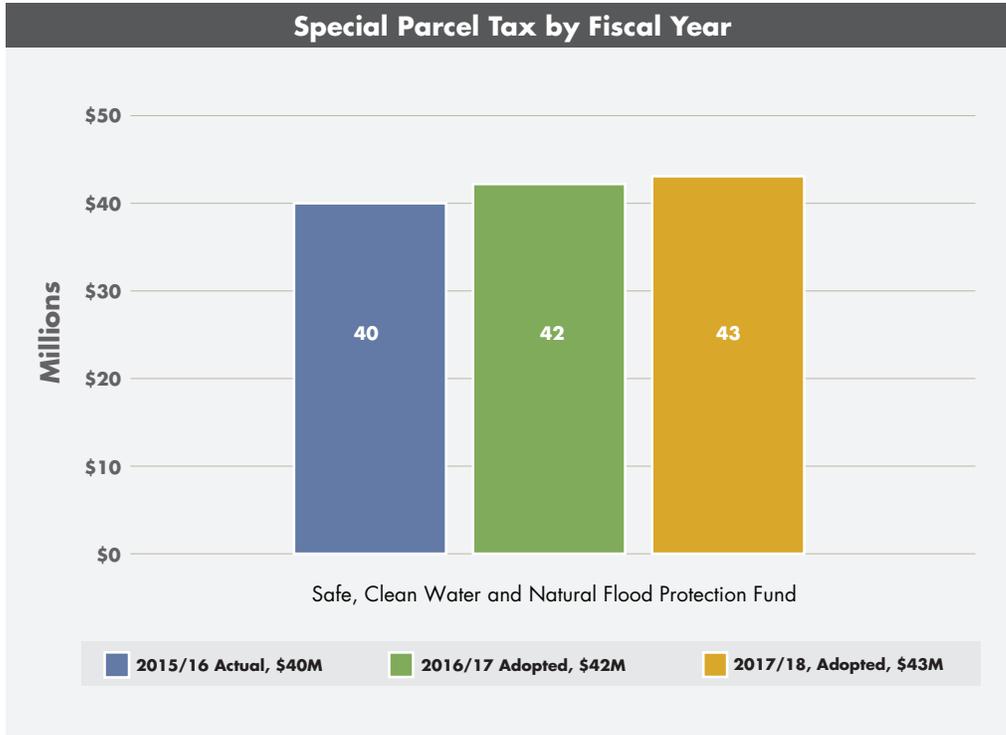
For FY 2017-18, the District is projecting \$87.2 million in ad valorem tax revenues, a 7.8% increase over the FY 2016-17 adopted budget. The increase is based on updates from Santa Clara County staff and is tied to the overall valuation of the Santa Clara County real estate market.

The District also directly levies a property tax based on annual indebtedness to the State of California pursuant to its water supply contract dated November 20, 1961. Such indebtedness is reflected in the District SWP water purchase costs and pays for construction, maintenance and operation of SWP infrastructure and facilities. The amount of District taxes to be collected is estimated at \$26.0 million for FY 2017-18. This is a decrease of \$7.0 million over the FY 2016-17 Adopted budget. The decrease is primarily due to adjustments in State accounting for prior over-collections and a reduction in the State's SWP costs for the short term.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Watershed Fund - 1% Allocation	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
District General Fund - 1% Allocation	6,728,867	6,657,750	6,915,000	7,102,100	444,350	6.7%
<b>Water Enterprise - 1% Allocation</b>						
Zone W-3	\$ 768,502	\$ 780,000	\$ 813,183	\$ 841,644	\$ 61,644	7.9%
Zone W-4	4,816,862	4,701,040	4,969,817	5,148,386	447,346	9.5%
Gavilan Water Conservation District	477,516	502,000	502,000	519,570	17,570	3.5%
<b>Water Enterprise - Voter Approved Obligations</b>						
State Water Project Debt Service	\$ 24,471,718	\$ 33,000,000	\$ 33,000,000	\$ 26,000,000	\$ (7,000,000)	(21.2)%
<b>Total Property Taxes</b>	<b>\$ 105,268,885</b>	<b>\$ 113,920,290</b>	<b>\$ 117,100,000</b>	<b>\$ 113,249,700</b>	<b>\$ (670,590)</b>	<b>(0.6)%</b>
<b>Property Tax Summary</b>						
Total 1% Allocation	\$ 80,797,167	\$ 80,920,290	\$ 84,100,000	\$ 87,249,700	\$ 6,329,410	7.8%
Total Voter Approved Obligations	24,471,718	33,000,000	33,000,000	26,000,000	(7,000,000)	(21.2)%
<b>Total Property Taxes</b>	<b>\$ 105,268,885</b>	<b>\$ 113,920,290</b>	<b>\$ 117,100,000</b>	<b>\$ 113,249,700</b>	<b>\$ (670,590)</b>	<b>(0.6)%</b>

# Financial Overview

## Special Parcel Tax



# Financial Overview

## Special Parcel Tax

In November 2000, over two-thirds of Santa Clara County voters approved the original 15-year special parcel tax to fund the District's countywide Clean, Safe Creeks and Natural Flood Protection Program (Clean, Safe Creeks). In November 2012, more than two-thirds of the voters approved the Safe, Clean Water and Natural Flood Protection program that builds upon the success of its predecessor Clean, Safe Creeks program and extends the special parcel tax another 15 years. The special parcel tax levy is based on the proportionate distribution of storm water runoff per

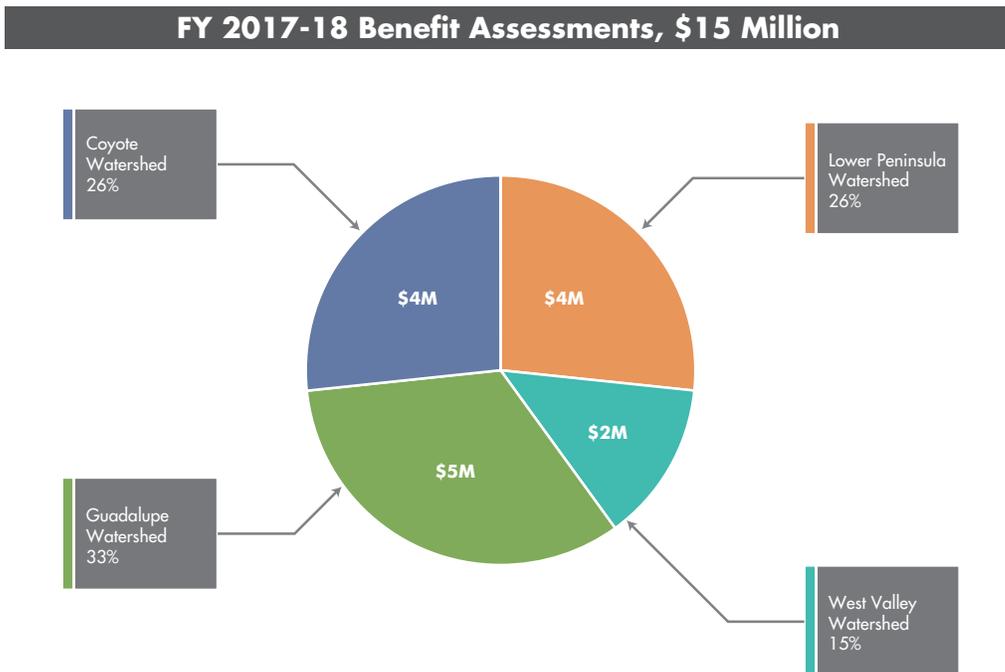
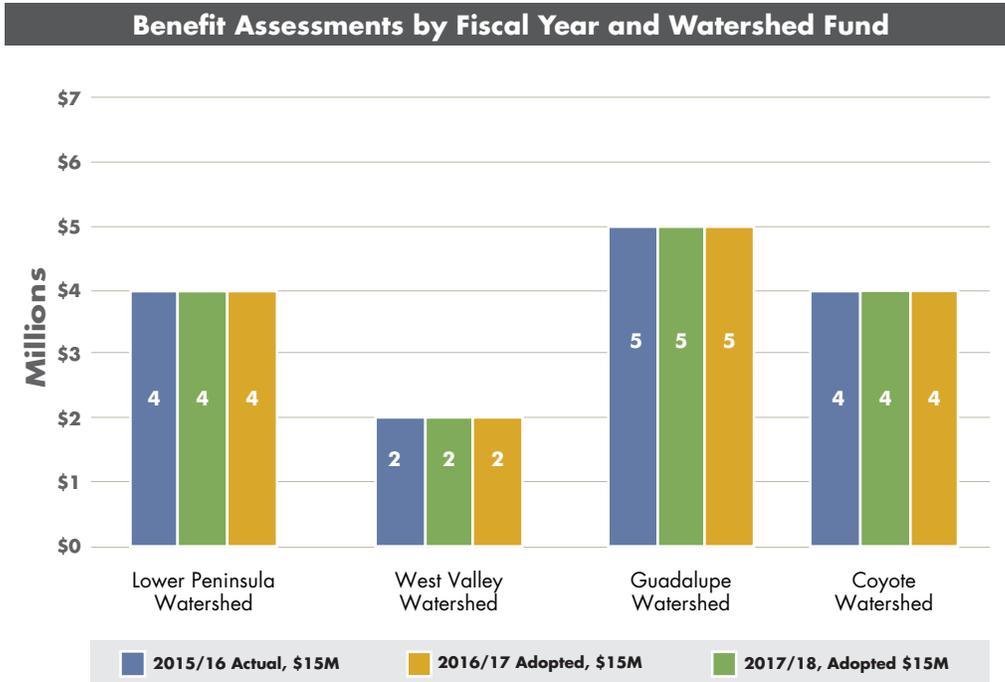
parcel, and may be increased annually by either the prior year's San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI) or 3%, whichever is greater.

For FY 2017-18, special parcel tax revenues are expected to increase by 1.0 million or 2.4% over the FY 2016-17 adopted budget. The increase is mainly due to the increase in the special tax rates, and partially due to an anticipated increase in eligible parcel count from economic growth within the county.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Special Parcel Taxes</b>						
Safe Clean Water & Natural Flood Protection	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%
<b>Total Special Parcel Tax</b>	<b>\$ 39,684,083</b>	<b>\$ 41,528,137</b>	<b>\$ 41,073,026</b>	<b>\$ 42,510,582</b>	<b>\$ 982,445</b>	<b>2.4%</b>

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## Benefits Assessment



# Financial Overview

## Benefits Assessment

The Flood Control Benefit Assessment was first authorized by the District Board of Directors in 1981, and then by ballot measures in 1982, 1986, and 1990. The program had a sunset date of 2000 but the assessment will continue until 2030, when the District will pay off the bonds associated with it.

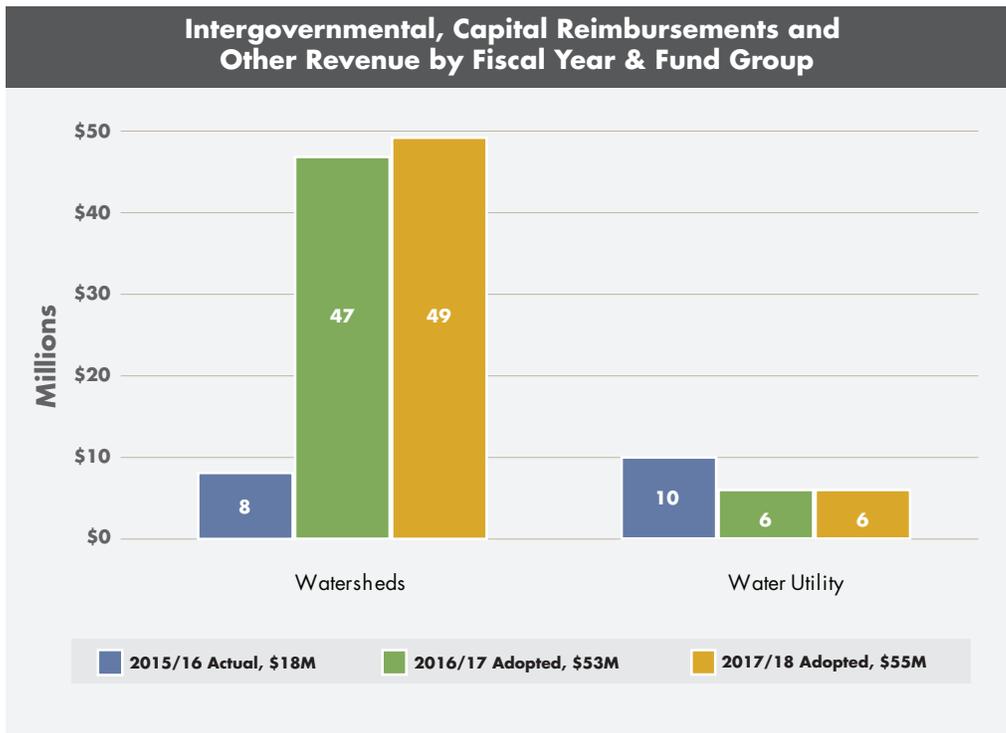
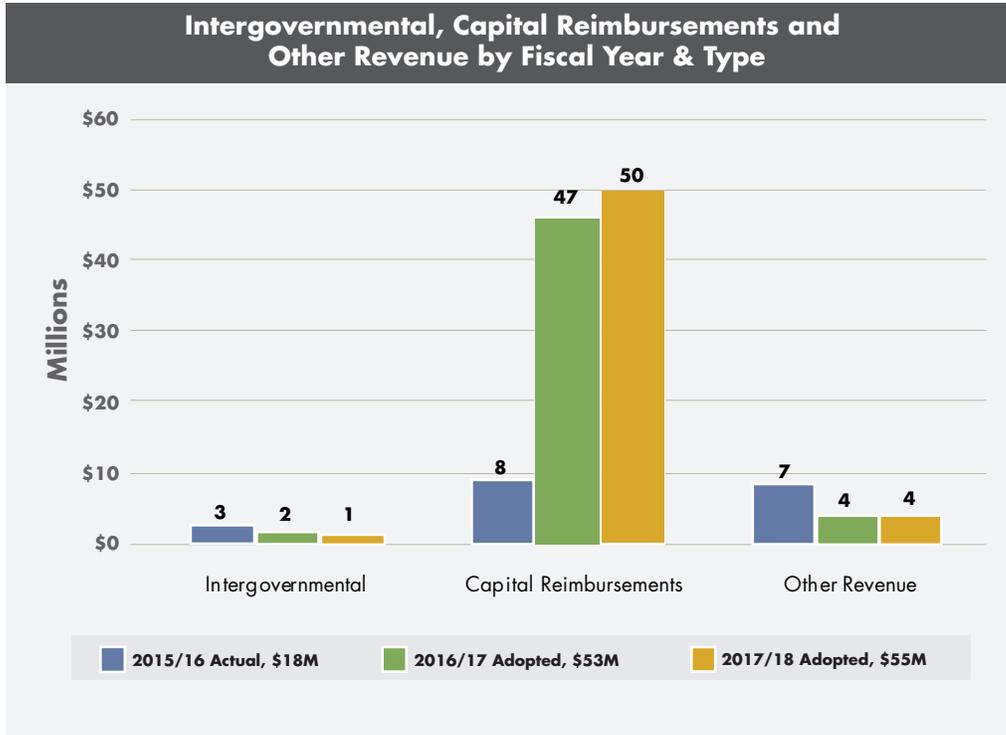
of the benefit assessment program with benefit assessments levied at 1.25 times the annual debt service. For FY 2017-18, the Benefit Assessment revenue receipts are anticipated to come in at \$14.8 million. As the District pays down principal, the amount collected decreases.

FY 2017-18 continues under this debt repayment phase

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted		
					\$ Diff	% Diff	
<b>Watershed Funds:</b>							
Lower Peninsula Watershed	\$ 3,997,345	\$ 4,041,221	\$ 4,041,221	\$ 4,038,079	\$ (3,142)	(0.1)%	
West Valley Watershed	2,246,217	2,266,524	2,266,524	2,265,508	(1,016)	(0.0)%	
Guadalupe Watershed	4,529,288	4,579,897	4,579,897	4,578,702	(1,195)	(0.0)%	
Coyote Watershed	3,909,678	3,896,938	3,896,938	3,895,225	(1,713)	(0.0)%	
<b>Total Benefit Assessments</b>	<b>\$ 14,682,528</b>	<b>\$ 14,784,580</b>	<b>\$ 14,784,580</b>	<b>\$ 14,777,514</b>	<b>\$ (7,066)</b>	<b>(0.0)%</b>	

# Financial Overview

## Intergovernmental and Other Revenues



# Financial Overview

## Intergovernmental and Other Revenues

### Intergovernmental Services

The District anticipates receiving intergovernmental services revenue of \$1.2 million for the Water Utility.

### Capital Reimbursement Revenue

The District anticipates Capital Reimbursement Revenue in the amount of \$49.8 million.

Water Enterprise receipts are budgeted at \$2.7 million comprised of \$2.0 million for the South County recycled water pipeline, \$0.3 million from San Benito County for small capital improvements on the San Felipe pipeline, \$0.3 million from San Benito County for Pacheco conduit inspection and rehabilitation, and \$0.1 million from San Benito County for SCADA remote architecture and communications upgrades.

Total Watersheds reimbursements are budgeted at \$47.2 million. Of this, \$28.0 million is budgeted in the

Watershed and Stream Stewardship Fund and \$19.2 million is budgeted in the Safe, Clean Water Fund. Watershed and Stream Stewardship reimbursements are comprised of \$23.0 million from Department of Water Resources (DWR) Proposition 1E funds and \$5.0 million from State Subventions. Safe, Clean Water reimbursements are comprised of \$6.0 million from DWR Proposition 1E funds and \$13.2 million from State Subventions. More information can be found in the Watersheds section of this document.

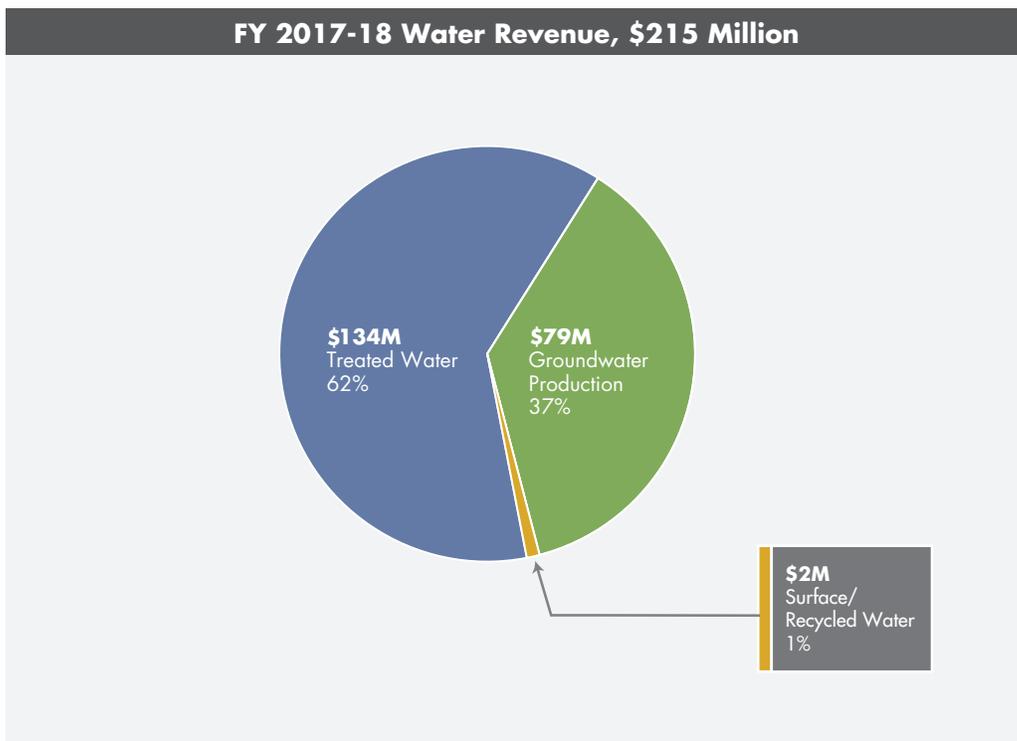
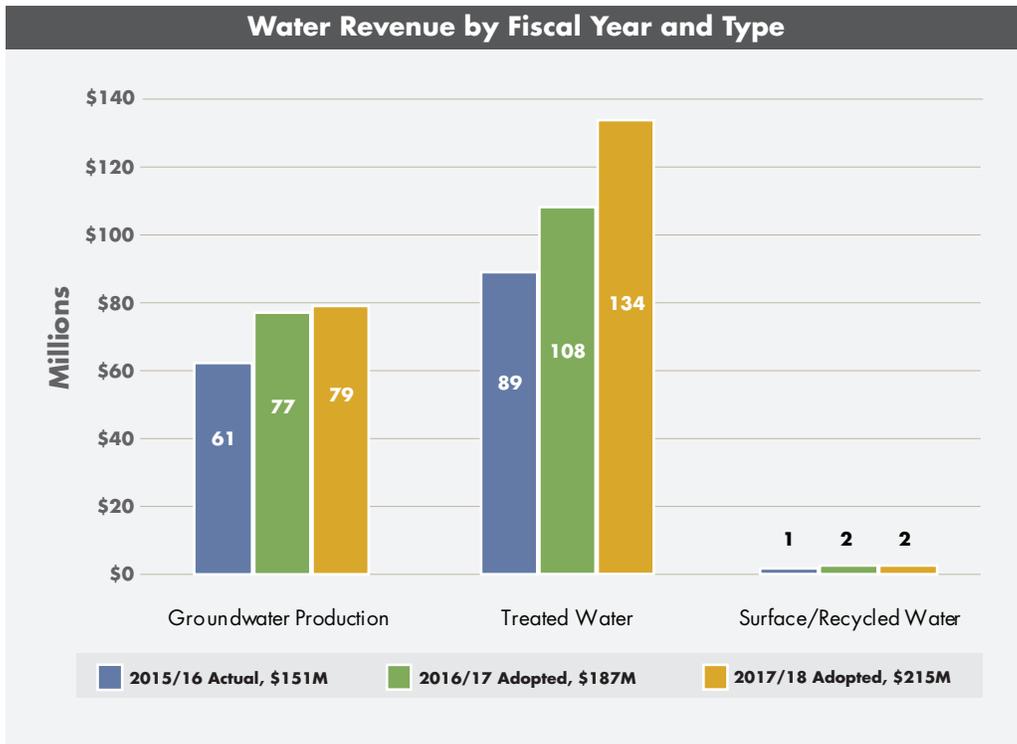
### Other Revenue

The Other Revenue category totals \$3.8 million for FY 2017-18. Approximately \$1.6 million is budgeted for the Watersheds, \$2.1 million for Water Utility and \$0.1 million for the Internal Service Funds.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted		
					\$ Diff	% Diff	
<b>Intergovernmental Services:</b>							
Watershed Funds	\$ 647,963	\$ 800,000	\$ 800,000	\$ —	\$ (800,000)	(100.0)%	
Water Enterprise Fund	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%	
<b>Total Intergovernmental Services</b>	<b>\$ 3,002,075</b>	<b>\$ 1,985,000</b>	<b>\$ 3,492,905</b>	<b>\$ 1,189,000</b>	<b>\$ (796,000)</b>	<b>(40.1)%</b>	
<b>Capital Reimbursements:</b>							
Watershed Funds	\$ 4,742,767	\$ 44,460,000	\$ 32,381,000	\$ 47,158,000	\$ 2,698,000	6.1%	
Water Enterprise Fund	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%	
<b>Total Capital Reimbursements</b>	<b>\$ 7,919,278</b>	<b>\$ 47,271,000</b>	<b>\$ 44,703,000</b>	<b>\$ 49,846,000</b>	<b>\$ 2,575,000</b>	<b>5.4%</b>	
<b>Other:</b>							
Watershed Funds	\$ 2,327,744	\$ 1,928,887	\$ 1,928,887	\$ 1,568,758	\$ (360,129)	(18.7)%	
Water Enterprise Fund	4,893,934	2,037,214	2,112,214	2,114,064	76,850	3.8%	
District General Fund	283,620	—	—	—	—	—	
Internal Service Funds	52,622	100,000	102,000	102,000	2,000	2.0%	
<b>Total Other</b>	<b>\$ 7,557,920</b>	<b>\$ 4,066,101</b>	<b>\$ 4,143,101</b>	<b>\$ 3,784,822</b>	<b>\$ (281,279)</b>	<b>(6.9)%</b>	
<b>Total Intergov'l &amp; Other Revenues</b>	<b>\$ 18,479,273</b>	<b>\$ 53,322,101</b>	<b>\$ 52,339,006</b>	<b>\$ 54,819,822</b>	<b>\$ 1,497,721</b>	<b>2.8%</b>	

# Financial Overview

## Water Revenue



# Financial Overview

## Water Revenue

The District's water revenue is comprised of charges for the following types of water usage:

- **Groundwater Production** - Water produced by pumping from the underground water basins
- **Treated Water** - Water which has been processed through a District water treatment plant
- **Surface Water** - Water diverted from streams, creeks, reservoirs, or raw water distribution lines
- **Recycled Water** - Wastewater which has been treated for use in crop irrigation, landscaping and industrial uses.

Water revenues budgeted for FY 2017-18 are based on staff's recommendation to the District's Board of Directors for water charges in the North County and South County zones of benefit. Revenue estimates reflect a 9.6% and 6.4% increase in groundwater production charges for the North County (Zone W-2) and South County (Zone W-5) respectively, relative to FY 2016-17. For North County, the proposed maximum increase to pay for critical investments in water supply reliability and future supplies was 9.9%, but staff adjusted the proposal to 9.6% due to the schedule extension for the Expedited Purified Water Program. These increases in water charges are necessary to pay for critical investments in water supply

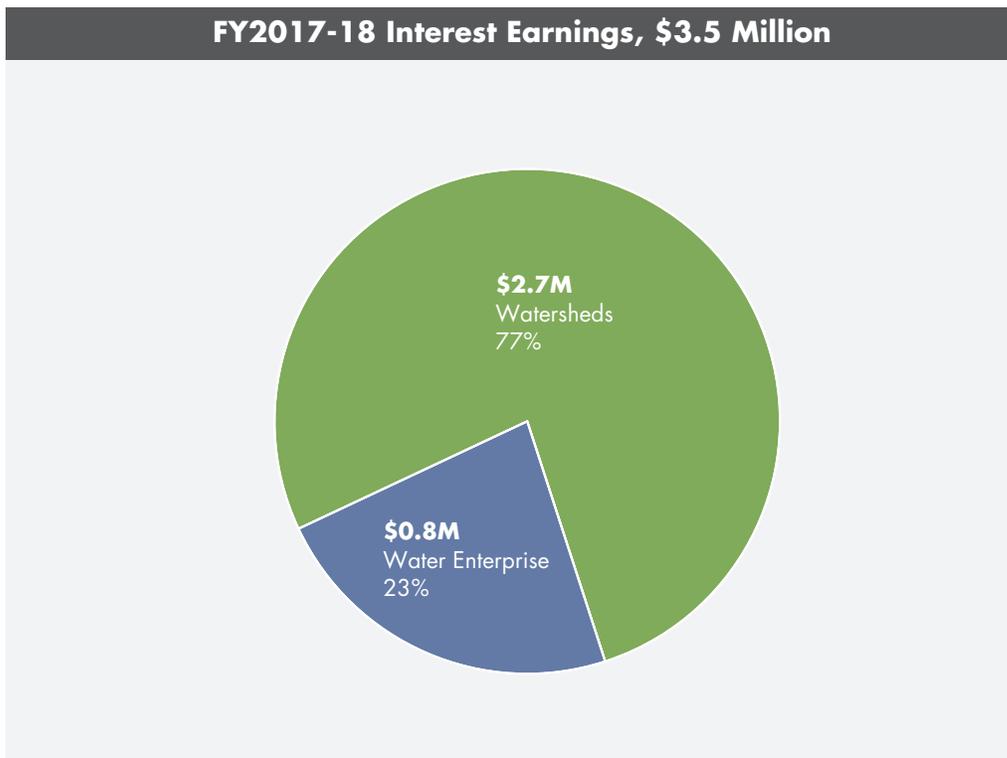
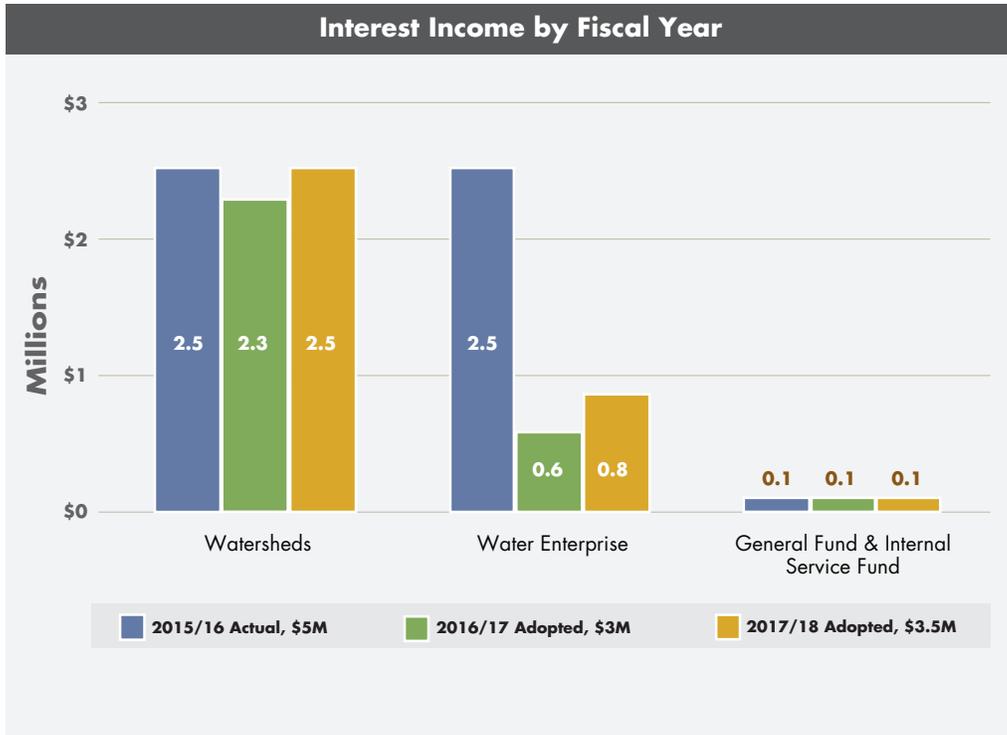
infrastructure rehabilitation and upgrades, and the development of future drought-proof supplies, most notably purified water. In addition, staff projects lower water usage than pre-drought averages, which results in lower revenues and puts upward pressure on water charges in the near term. The water charges are shown in the accompanying Water Enterprise Fund schedules.

The FY 2017-18 revenue projection assumes water usage of roughly 217,000 acre-feet; Treated water demand comprises 48%, groundwater comprises 50%, and surface water and District-delivered recycled water comprise approximately 2% of the assumed water use. Compared to the historical District managed water usage of 286,000 acre-feet in calendar year 2013, this projection equates to a 24% reduction. In addition, other sources, such as Hetch Hetchy and local water supply companies like San Jose Water Company, Stanford and South Bay Water Recycling, provide approximately 70,000 acre-feet of water to Santa Clara County. The District does not receive revenue for these other sources of supply.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Groundwater Production	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
<b>Total Water Revenue</b>	<b>\$ 151,235,317</b>	<b>\$ 186,889,000</b>	<b>\$ 186,889,000</b>	<b>\$ 215,242,000</b>	<b>\$ 28,353,000</b>	<b>15.2%</b>

# Financial Overview

## Interest Income



# Financial Overview

## Interest Income

The District invests funds not immediately required for daily operations in various securities as authorized by California Government Code 53600 et.al. The District's investment policy limits portfolio holdings to obligations of the U.S. Treasury, U.S. federal agencies, the state of California's Local Agency Investment Fund, bankers acceptances, negotiable and time certificates of deposit, commercial paper, corporate notes and bonds, repurchase agreements, municipal obligations, mutual funds, and supranational obligations. Prohibited investments include securities not listed above, as well as fossil fuel companies, inverse floaters, range notes,

interest-only strips derived from a pool of mortgages and any security that could result in zero interest accrual if held to maturity, as specified in Section 53601.6 of the California Government Code.

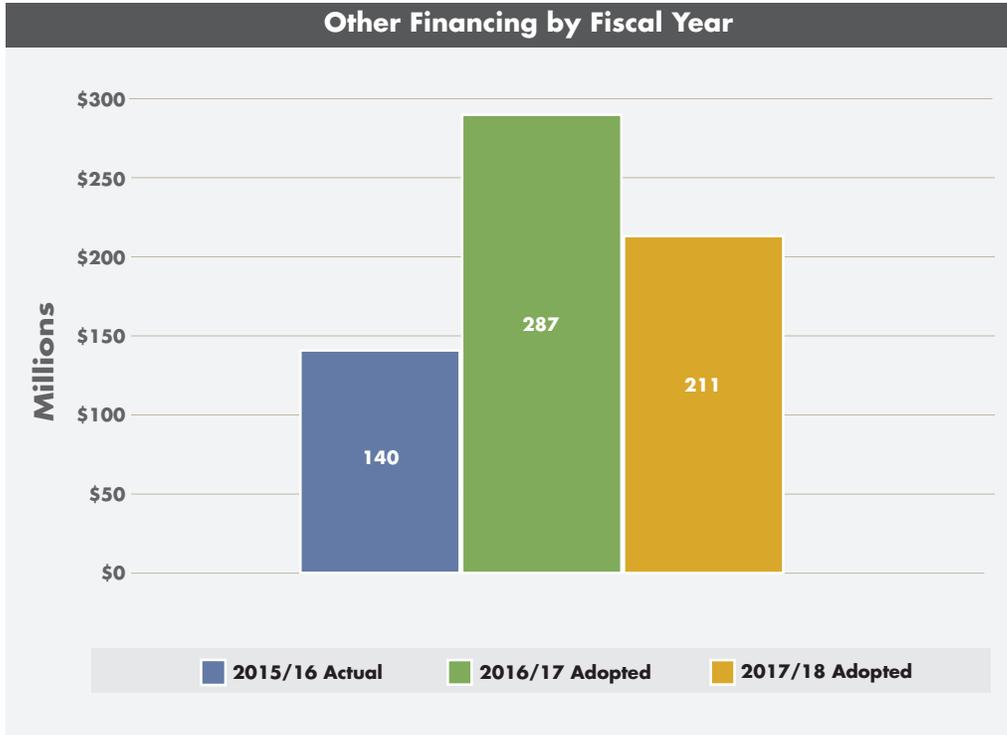
The FY 2017-18 interest revenue is expected to be approximately \$3.5 million. The estimates are using an average portfolio yield of .75% which is a reflection of the overall market environment. The market, coupled with expected short-term liquidity needs for the 5-year Capital Improvement Plan will result in no change in interest earnings compared to FY 2016-17 projected earnings.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Watershed Funds	\$ 2,514,921	\$ 2,343,574	\$ 2,435,000	\$ 2,453,000	\$ 109,426	4.7%
Water Enterprise Fund	2,527,338	629,415	821,000	820,000	190,585	30.3%
General Fund	84,305	50,000	80,000	80,000	30,000	60.0%
Service Funds	184,882	130,000	164,000	147,000	17,000	13.1%
<b>Total Interest Income</b>	<b>\$ 5,311,446</b>	<b>\$ 3,152,989</b>	<b>\$ 3,500,000</b>	<b>\$ 3,500,000</b>	<b>\$ 347,011</b>	<b>11.0%</b>

(\* ) Excludes market valuation adjustments that are required to be recorded in the comprehensive Annual Financial Report

# Financial Overview

## Other Financing Sources/Uses



# Financial Overview

## Other Financing Sources/Uses

The Other Financing Sources and Uses category typically includes one-time or ongoing non-revenue financial transactions. Debt financing instruments in this category include commercial paper, revenue bonds, and certificates of participation (COPs). These financing instruments may be issued to assist in refunding and financing the costs of acquisition, design, construction, improvement, and installation of certain flood control facilities, Safe, Clean Water projects and Water Utility projects.

Overall, the District anticipates issuing approximately \$202.0 million in bonds and commercial paper in FY 2017-18 comprised of \$62.0 million for the Water Utility Enterprise fund and \$140 million for the Safe, Clean Water program. An additional \$8.5 million in Watersheds 2017A COP debt proceeds is expected in FY 2018 for eligible Watersheds projects.

All planned debt financing has been factored into the District's long-term financial forecast models, which are at or above the targeted debt service coverage ratio.

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Other Financing</b>						
Bond Proceeds	\$ 131,482,186	\$ 285,220,000	\$ 123,585,000	\$ 62,000,000	\$ (223,220,000)	(78.3)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
<b>Total Other Financing</b>	<b>\$ 140,199,731</b>	<b>\$ 286,845,340</b>	<b>\$ 125,210,340</b>	<b>\$ 210,500,000</b>	<b>\$ (76,345,340)</b>	<b>(26.6)%</b>

# Financial Overview

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# DEBT STATUS

# Financial Overview

## Debt Service Overview

Provisions of the state constitution, laws, and various portions of Sections 14 and 25 of the District Act authorize the Board of Directors (Board) to incur debt under certain conditions and to issue bonds in a form designated by resolution of the Board, including designation of which participating watersheds are affected by the issuance of new debt. Sections 25.1 and 25.2 of the District Act authorize the Board to issue revenue bonds for the Water Enterprise Fund. The District's debt issuance practices are governed under the California Government and Water codes. The District Act authorizes short-term debt (maturity of less than five years) of up to a limit of \$8 million. Other provisions of state law authorize the issuance of short-term debt up to a specified percentage of revenue anticipated within a period of time.

Specifically, the District may issue short term notes under the tax and revenue anticipation note statute included in the California Government Code (Sections 53850-53858). Under the tax and revenue anticipation note statute, the District may issue notes for principal and interest which do not exceed 85% of the uncollected revenues of the District on the date such notes are issued (and subject to certain other limitations including a 15 month maturity provision). Section 53851 provides that the tax and revenue anticipation note statute is separate authority for the District to issue notes and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

## Board Policies - Executive Limitations

In addition to statutory requirements, the Board has adopted policies (Executive Limitations) related to debt:

EL-4.7 states that a Board Appointed Officer (BAO) shall:

"Not indebt the organization, except as provided in the District Act, and in an amount greater than can be

repaid by certain, otherwise unencumbered revenues within 90 days, or prior to the close of the fiscal year. " Furthermore, the BAO shall:

- 4.7.1. Not issue debt (long or short-term obligations that are sold within the financial marketplace) that conflicts with the District Act or the legal authority of the District, and without Board authorization;
- 4.7.2. Not issue debt without a demonstrated financial need;
- 4.7.3. Meet debt repayment schedules and covenants of bond documents;
- 4.7.4. Establish prudent District Debt Policies that are consistent with Board policies and provide guidance to District staff in regards to administering the debt programs and agreements, including consideration for the appropriate level of debt for the District to carry and structuring debt repayment to address intergenerational benefits;
- 4.7.5. Be consistent with the District's Debt Policies and any addendums when issuing debt;
- 4.7.6. Maintain strong credit ratings and good investor relations.

## Debt Policy

The Santa Clara Valley Water District proactively manages its outstanding liabilities to ensure access to the credit markets at the lowest available borrowing cost, to preserve strong credit standing with the municipal rating agencies, to fulfill its fiduciary responsibility to its customers, and to provide high quality water service, stream stewardship and flood protection at the lowest possible cost. Consistent with these commitments, the District shall periodically review the cost of its outstanding liabilities for opportunities to appropriately reduce these costs through refinancing or restructuring. The CEO shall present the results of these periodic reviews to the Board of Directors.

Covenants and agreements related to outstanding Certificates of Participation and Revenue Bonds are encompassed within the criteria of Senior Master Resolutions adopted on June 23, 1994 (as amended

# Financial Overview

from time to time), and the Parity Master Resolution adopted on February 23, 2016 (as amended from time to time). Coverage ratios required for debt service are set at 1.25 times the annual debt service for senior and parity lien debt. The District is in compliance with all coverage ratio requirements for all outstanding debt.

## Bond Ratings

The bond ratings for the District's outstanding debt reflect high grade investment quality debt. They are based on the District's positive fiscal policy and financial strengths. The bond ratings are either the highest for a water related governmental entity in the State of California or among the highest. Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments.

## Outstanding Debt

Total debt includes Certificates of Participation (COPs), Commercial Paper and Revenue Bonds of \$810 million as of June 30, 2017. Scheduled annual debt service for FY 2017-18 is approximately \$50 million including fees. There are no balloon payments in the future years or significant fluctuations in annual debt service.

Currently outstanding for the Watersheds are Series 2017A COPs, with a final maturity of 2030 and the 2012A COPs, with a final maturity of 2024. Debt service for these COPs is paid via benefit assessments, which are collected based on 125% of the annual debt service. Currently outstanding for the Water Utility are 2006B Water Revenue Refunding Bonds with a final maturity of 2035, the 2007B Revenue Certificates of Participation with a final maturity of 2037, the Water System Refunding Revenue Bonds 2016A/B with a final maturity of 2046, the Revenue Certificates of Participation 2016C/D with a final maturity of 2029, the Water System Refunding Revenue Bonds 2017A with a final maturity of 2037, and the Commercial Paper Certificates which are secured by Tax and

Revenue Anticipation Notes that are subject to annual reauthorization by the District Board.

## Planned Issuances

The District is planning the issuance of debt to finance the Safe, Clean Water program and the Water Utility Enterprise to finance the long-term capital improvement plan. The source of debt service repayment for the Safe, Clean Water program will be the special parcel tax approved by Santa Clara County voters in the November 6, 2012 election. Debt service for the Water Utility Enterprise is paid from water revenues. Bond covenants stipulate that the District must maintain a minimum 1.25 debt service coverage ratio on all senior and parity bonds. Based on the financial models from the Water Utility Enterprise Finance organization, the projected debt service coverage ratios are as follows:

- FY 2017-18: 2.15
- FY 2018-19: 2.57
- FY 2019-20: 2.62
- FY 2020-21: 2.27
- FY 2021-22: 2.11

(Source: FY 2017-18 Annual Report on the Protection and Augmentation of Water Supplies)

## Investment Portfolio

The District's investment portfolio is invested with the following three priorities in mind: safety, liquidity and yield. Safeguarding taxpayers' money and ensuring that the District has funds available when needed to meet expenditures are the two most important goals. Once those goals have been satisfied, the District strives to earn a market rate of return on its investments. About 80% of the portfolio is invested in government securities, such as federal agency notes and US treasury notes. The remainder of the portfolio is invested in instruments of the highest credit quality and in highly liquid instruments such as the Local Agency

# Financial Overview

Investment Fund and money market mutual funds.

The investment holdings are reviewed for compliance with the District's investment policy and California State Government Code by accounting staff on a monthly basis and by the District's independent auditor on an annual basis. In addition, the District's investment committee holds meetings at least quarterly to review the portfolio performance.

In addition to statutory requirements, the Board has adopted policies (Executive Limitations) related to investment:

EL-4.9 states that a Board Appointed Officer (BAO) shall:

- Not invest or hold funds of the District in accounts or instruments that are inconsistent with the following statement of investment policies:
- 4.9.1. Public funds not needed for the immediate necessities of the District should, to the extent reasonably possible, be prudently invested or deposited to produce revenue for the District consistent with the Board Investment Policy and applicable law.
- 4.9.2. The Treasurer or his or her designee shall submit quarterly investment reports to the Board as specified under Government Code Section 53646.4.9.3. No investments will be made in fossil fuel companies with significant carbon emissions potential.

# Financial Overview

## Bond Rating

	Water Utility		Watershed
	Senior Debt	Parity Debt	Debt
Moody's	Aa1	Aa1	Aa1
Standard & Poor's	AA-	N/A	AA+
Fitch	AA+	AA+	AA+

# Financial Overview

## Debt Service Payments Schedule

	Principal	Interest	Total <sup>1</sup>
<b>Watersheds Certificates of Participation</b>			
2017/18	\$ 8,660,000	\$ 3,972,500	\$ 12,632,500
2018/19	8,715,000	3,921,950	12,636,950
2019/20	8,075,000	3,486,200	11,561,200
2020/21	8,485,000	3,082,450	11,567,450
2021/22 and thereafter	57,010,000	12,229,200	69,239,200
<b>Total</b>	<b>\$ 90,945,000</b>	<b>\$ 26,692,300</b>	<b>\$ 117,637,300</b>
<b>Water Utility Revenue Bonds / Certificates of Participation</b>			
2017/18	\$ 8,420,000	\$ 20,092,987	\$ 28,512,987
2018/19	13,730,000	27,309,940	41,039,940
2019/20	14,405,000	27,301,704	41,706,704
2020/21	14,995,000	26,715,348	41,710,348
2021/22 and thereafter	527,400,000	373,043,978	900,443,978
<b>Total<sup>2</sup></b>	<b>\$ 578,950,000</b>	<b>\$ 474,463,956</b>	<b>\$ 1,053,413,956</b>
<b>Commercial Paper<sup>3</sup></b>			
2017/18	\$ —	\$ 6,406,000	\$ 6,406,000
2018/19	—	9,349,000	9,349,000
2019/20	—	12,026,000	12,026,000
2020/21	—	12,525,000	12,525,000
2021/22 and thereafter	140,000,000	54,876,000	194,876,000
<b>Total</b>	<b>\$ 140,000,000</b>	<b>\$ 95,182,000</b>	<b>\$ 235,182,000</b>
<b>Total All Outstanding Debt</b>			
2017/18	\$ 17,080,000	\$ 30,471,487	\$ 47,551,487
2018/19	22,445,000	40,580,890	63,025,890
2019/20	22,480,000	42,813,904	65,293,904
2020/21	23,480,000	42,322,798	65,802,798
2021/22 and thereafter	724,410,000	440,149,178	1,164,559,178
<b>Total</b>	<b>\$ 809,895,000</b>	<b>\$ 596,338,256</b>	<b>\$ 1,406,233,256</b>

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Water Utility total principal includes \$181 million of principal planned for 2018 A/B Refunding Revenue Bonds

(3) The Safe, Clean Water Program is expected to issue up to \$140 million in Commercial Paper to fund capital improvements

# Financial Overview

## All Outstanding Debt to Maturity

	Amount Sold	Date of Issue	Average Interest Rate	Outstanding as of 6/30/17	2017-2018 Debt Service Payments <sup>1</sup>		
					Principal	Interest	Total
<b>Watersheds Indebtedness</b>							
2017A COPs	\$ 59,390,000	3/7/2017 <sup>(2)</sup>	5.000%	\$ 59,390,000	\$ 4,750,000	\$ 2,587,050	\$ 7,337,050
2012A COPs	52,955,000	11/20/2012	4.365%	31,555,000	3,910,000	1,385,450	5,295,450
Safe, Clean Water Commercial Paper	140,000,000	various <sup>(3)&amp;(4)</sup>	1.500%	140,000,000	—	1,676,000	1,676,000
<b>Total Watersheds</b>	<b>\$ 252,345,000</b>			<b>\$ 230,945,000</b>	<b>\$ 8,660,000</b>	<b>\$ 5,648,500</b>	<b>\$ 14,308,500</b>
<b>Water Utility Indebtedness</b>							
<b>2006 Water Utility Revenue Bonds</b>							
Series B - taxable	\$ 25,570,000	12/21/2006	5.279%	\$ 19,670,000	\$ 740,000	\$ 1,041,189	\$ 1,781,189
<b>Total</b>	<b>\$ 25,570,000</b>			<b>\$ 19,670,000</b>	<b>\$ 740,000</b>	<b>\$ 1,041,189</b>	<b>\$ 1,781,189</b>
<b>2007 Water Utility Revenue Certificates of Participation</b>							
Series B - taxable/floating	\$ 53,730,000	10/1/2007 <sup>(3)</sup>	2.000%	\$ 40,700,000	\$ 1,330,000	\$ 1,448,000	\$ 2,778,000
<b>Total</b>	<b>\$ 53,730,000</b>			<b>\$ 40,700,000</b>	<b>\$ 1,330,000</b>	<b>\$ 1,448,000</b>	<b>\$ 2,778,000</b>
<b>2016 Water Utility Revenue Bonds</b>							
Series A	\$ 106,315,000	3/30/2016 <sup>(5)</sup>	5.000%	\$ 106,315,000	\$ —	\$ 5,315,750	\$ 5,315,750
Series B - taxable	75,215,000	3/30/2016 <sup>(5)</sup>	4.300%	75,215,000	—	3,229,621	3,229,621
<b>Total</b>	<b>\$ 181,530,000</b>			<b>\$ 181,530,000</b>	<b>\$ —</b>	<b>\$ 8,545,371</b>	<b>\$ 8,545,371</b>
<b>2016 Water Utility Revenue Certificates of Participation</b>							
Series C	\$ 43,075,000	3/30/2016 <sup>(5)</sup>	4.960%	\$ 43,075,000	\$ 2,020,000	\$ 2,103,450	\$ 4,123,450
Series D- taxable	54,970,000	3/30/2016 <sup>(5)</sup>	3.118%	54,970,000	2,630,000	1,578,185	4,208,185
<b>Total</b>	<b>\$ 98,045,000</b>			<b>\$ 98,045,000</b>	<b>\$ 4,650,000</b>	<b>\$ 3,681,635</b>	<b>\$ 8,331,635</b>
<b>2017 Water Utility Revenue Bonds</b>							
Series A	\$ 59,130,000	6/1/2017 <sup>(6)</sup>	5.000%	\$ 57,925,000	\$ 1,700,000	\$ 3,008,130	\$ 4,708,130
<b>Total</b>	<b>\$ 59,130,000</b>			<b>\$ 57,925,000</b>	<b>\$ 1,700,000</b>	<b>\$ 3,008,130</b>	<b>\$ 4,708,130</b>
<b>2018 Water Utility Refunding Revenue Bonds</b>							
Series A	\$ 95,310,000	6/1/2018 <sup>(7)</sup>	5.000%	\$ —	\$ —	\$ 1,187,750	\$ 1,187,750
Series B - taxable	85,770,000	6/1/2018 <sup>(7)</sup>	5.900%	—	—	1,180,912	1,180,912
<b>Total</b>	<b>\$ 181,080,000</b>			<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,368,662</b>	<b>\$ 2,368,662</b>
Commercial Paper	85,000,000	various <sup>(3)&amp;(4)</sup>	1.500%	—	—	4,730,000	4,730,000
<b>Total Water Utility</b>	<b>\$ 684,085,000</b>			<b>\$ 397,870,000</b>	<b>\$ 8,420,000</b>	<b>\$ 24,822,987</b>	<b>\$ 33,242,987</b>
<b>Combined Total</b>	<b>\$ 936,430,000</b>			<b>\$ 628,815,000</b>	<b>\$ 17,080,000</b>	<b>\$ 30,471,487</b>	<b>\$ 47,551,487</b>

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Approximately \$0.5M of the 2017A COPs annual debt service is funded by the general fund.

(3) The interest rates shown for the 2007B Water Utility COPs and Commercial Paper reflect the planning rates for variable rate bonds for budgeting purposes. The actual rates are subject to change pending actual market conditions throughout the fiscal year.

(4) The total amount sold and outstanding amount shown for CP are estimates only. The final amounts will be determined prior to 6/30/2017.

(5) The 2016 Bonds/COPs refunded all outstanding 2006A bonds, and \$148 million of outstanding commercial paper. 2016 Series A Bonds and Series C COPs were sold at a premium with All-In-True Interest Cost of 3.63% and 2.13% respectively. The taxable 2016 Series B Bonds and Series D COPs were sold at par.

(6) The 2017A Bonds refunded all outstanding 2007A bonds.

(7) The 2018A and 2018B Bonds are planned to refund outstanding Commercial Paper.

# Financial Overview

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## **SALARIES AND BENEFITS**

# Financial Overview

## Salaries and Benefits

The FY 2017-18 budget contains 809 authorized positions. Total salaries budgeted for these positions are \$97.2 million, an increase of \$6.6 million from the FY 2016-17 adopted budget. The increase is primarily due to a 3% cost of living adjustment and funding for 18 new positions. Salaries for FY 2017-18 break down as a total of \$98.0 million in regular salaries less salary savings of \$4.1 million, plus \$3.4 million in overtime and special pay.

Total benefits are budgeted at \$51.6 million, a 5% increase over the FY 2016-17 adopted budget, which includes \$3 million for the District's annual required contribution to Other Post Employment Benefits Trust Fund. The increase is the net of an increase in the retirement contributions of \$1.3 million and \$1.4 million increase in medical costs for active and retired employees offset \$0.2 million savings in employment taxes.

## Salaries and Benefits

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted		
				\$ Diff	% Diff	
<b>SALARIES</b>						
Salaries-Regular Employee	\$ 82,185,272	\$ 92,810,558	\$ 97,954,359	\$ 5,143,801	5.5%	
Overtime	2,603,284	1,851,527	2,561,718	710,191	38.4%	
Special Pays	615,971	939,319	825,695	(113,624)	(12.1)%	
Salary Savings	—	(4,956,000)	(4,144,687)	811,313	(16.4)%	
<b>Total Salaries</b>	<b>\$ 85,404,527</b>	<b>\$ 90,645,404</b>	<b>\$ 97,197,085</b>	<b>\$ 6,551,681</b>	<b>7.2%</b>	
<b>BENEFITS</b>						
Fed & State Taxes & Benefits	\$ 1,209,155	\$ 1,440,427	\$ 1,242,959	\$ (197,468)	(13.7)%	
Retirement Contributions	17,397,000	20,786,528	22,137,797	1,351,269	6.5%	
Group Ins-Active Employees	11,056,591	15,541,890	16,130,666	588,776	3.8%	
Group Ins-Retired Employees	7,108,771	8,253,603	9,055,000	801,397	9.7%	
Other Post Employment Benefits (OPEB)	3,600,000	3,000,000	3,000,000	—	—	
<b>Total Benefits</b>	<b>\$ 40,371,517</b>	<b>\$ 49,022,448</b>	<b>\$ 51,566,422</b>	<b>\$ 2,543,974</b>	<b>5.2%</b>	
<b>Net Total Salary &amp; Benefits</b>	<b>\$ 125,776,044</b>	<b>\$ 139,667,852</b>	<b>\$ 148,763,507</b>	<b>\$ 9,095,655</b>	<b>6.5%</b>	

## Budget Hours

	Actual Labor Hours 2015-2016	Adopted Labor Hours 2016-17	Adopted Labor Hours 2017-18	Change from 2016-17 Adopted	
				Hours Diff	% Diff
<b>LABOR HOURS</b>					
Salaries-Regular Employee	1,213,282	1,375,993	1,425,040	49,047	3.6%
Overtime	25,930	20,303	28,378	8,075	39.8%
Compensated Absences	217,106	255,479	252,104	-3,375	(1.3)%
<b>Total Hours</b>	<b>1,456,318</b>	<b>1,651,775</b>	<b>1,705,522</b>	<b>53,747</b>	<b>3.3%</b>

# Financial Overview

## Summary of Positions

	Adopted Budget FY 2015-2016	Adopted Budget FY 2016-17	Adjusted Budget FY 2016-17**	Adopted Budget FY 2017-18	Position Change
Board Appointed Officers*	60	61	35	35	—
External Affairs***	—	—	25	28	3
Administration	178	183	191	195	4
Water Utility	311	320	329	332	3
Watersheds	209	219	211	219	8
<b>Total Authorized Positions</b>	<b>758</b>	<b>783</b>	<b>791</b>	<b>809</b>	<b>18</b>
One year Fellowships****	—	—	—	4	4
<b>Total</b>	<b>758</b>	<b>783</b>	<b>791</b>	<b>813</b>	<b>22</b>

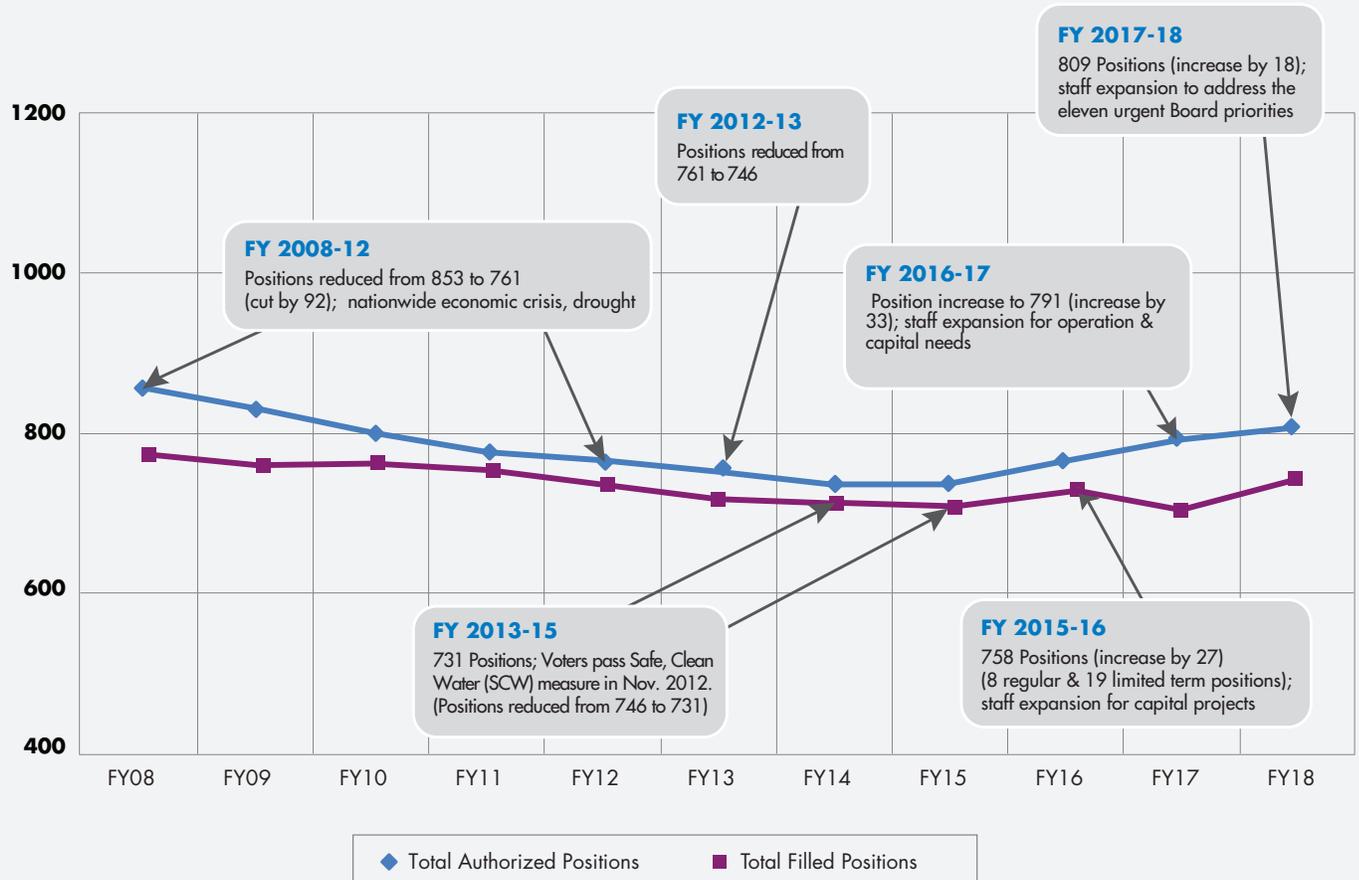
(\*) Board Appointed Officers Include: Chief Executive Officer, District Counsel and Clerk of the Board

(\*\*) FY 16-17 adopted budget has 783 positions; 8 positions were added during the year

(\*\*\*) In FY 16-17, there is a minor re-org and Office of External Affairs was created.

(\*\*\*\*) Fellowship is a pilot program, for FY 2017-18, total authorized positions are 809, and 4 one year fellowships

## District Staffing Trends, FY2008 - FY2018



# Financial Overview

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## **DISTRICT RESERVE POLICY AND FUND BALANCES**

# Financial Overview

## District Reserve Policy

The District Reserve Policy is reviewed annually with the Board of Directors pursuant to Executive Limitation 4.6 - Financial Planning and Budgeting - "At least annually present the Board with information about the District's financial reserves and schedule an opportunity for the public to comment thereon."

The Governmental Accounting Standards Board (GASB) 54 statement, issued in March 2009, required that governmental agencies adopt new standards of reporting fund balance no later than the first fiscal year beginning after June 15, 2010. While the GASB 54 requirement was specifically issued for governmental type funds, the District, under its conservative and prudent fiscal policy, extended the requirement to include the enterprise and internal service funds (Water Utility Enterprise, State Water Project, Fleet, Information Technology and Risk).

Key objectives of prudent financial planning are to ensure sufficient resources for current services and obligations, and to prepare for future anticipated funding requirements and unforeseen events. To meet these objectives, the District will strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and managed in a manner which allows the District to fund costs consistent with the Capital Improvement Program, Integrated Water Resources Plan, and long range financial plans while avoiding significant water charge fluctuations due to changes in cash flow requirements. The District will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating/capital expenditures.

The level of reserves maintained and policies behind them are reviewed annually with the Board of Directors during budget deliberations.

## Definitions

According to a GASB 54 statement issued in March 2009, there are four categories for reporting of fund balances depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). NOTE: For the purpose of this reserve policy, only spendable fund balances are considered.
- Restricted fund balance - these are externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - these are self-imposed limitations or amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - these are amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

District reserves are comprised of Restricted Fund Balance reserves, Committed Fund Balance reserves and Assigned Fund Balance reserves. Within these categories are budgeted reserves and special purpose reserves which are defined as follows:

# Financial Overview

- Budgeted Reserves - Budgeted reserves may vary from those of the Comprehensive Annual Financial Report (CAFR) where it is appropriate to recognize actual cash transactions that are recorded in the CAFR as liabilities. Such adjustments include recognizing inter-fund loans, debt financing, and certain accruals as funding sources available for appropriation or as funding uses that reduce funds available for other purposes. These adjustments must be annually reconciled to the audited CAFR.
- Special Purpose Reserves, Water Utility Enterprise Fund – These reserves are per the Parity Master Resolution which allows establishment of special purpose reserves by District Board resolution. Amounts in the Special Purpose Reserves may be used to offset extraordinary expenses and to supplement District revenues to meet debt service coverage requirements. Special purpose reserves are restricted per debt financing agreements which are in accordance with bond covenants.

## RESTRICTED RESERVES

### Debt Service Reserve

These reserves were established for various bond issues. The funds are not available for general needs of the District and must be maintained as dictated in the bond covenants of the various issues. Not all bond issuances may have all of the following reserves, but the primary debt reserves are: Debt Service Reserve Fund (to fund payments should the District not be able to make debt service payments due to cash shortfalls), Arbitrage Rebate (to accumulate funds to offset the potential liability from excess earnings) and Debt Service Payment Fund (a pass through reserve for initiating debt service payments).

### Debt Proceeds Reserve

Bond covenants prescribe the use of debt financing proceeds. Debt proceeds typically fund capital projects as described in various bond issues. Debt proceeds, however, are not claimed until project expenses are incurred. Unclaimed debt proceeds are held in trust and identified in Debt Proceeds Reserves.

### Rate Stabilization Reserve for Bond Covenant - Water Utility Enterprise Fund

The Parity Master Resolution for the Water Utility Enterprise requires the provision of a Rate Stabilization Reserve to offset expenses and revenue shortfalls, and to supplement District revenues to meet debt service coverage requirements. The minimum funding level is 10% of annual debt service due on all senior and parity obligations plus one month of adopted budget operations outlays. The specific level is to be financially prudent and based on reasonably anticipated needs.

### San Felipe Emergency Reserve - Water Utility Enterprise Fund

This special purpose reserve is required by District contractual obligations with the U.S. Bureau of Reclamation for the operation and maintenance of the San Felipe Division of the Central Valley Project. The purpose of the reserve is to provide resources for unusual operation and maintenance costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or emergencies threatening or causing interruption of water service. Use of this reserve requires authorization by the U.S. Department of the Interior. Per contract, the funding level is accumulated in annual deposits of \$200,000 until the reserve totals \$1.75 million after which interest earned on the reserve is deposited annually.

### Silicon Valley Advanced Water Purification Center Reserve - Water Utility Enterprise Fund

This special purpose reserve serves as a fund for replacement of micro-filtration modules, reverse osmosis elements, and ultraviolet lamps at the Silicon Valley Advanced Water Purification Center (SVAWPC). Per the Recycled Water Facilities and Programs Integration Agreement between the City of San Jose and the Santa Clara Valley Water District dated March, 2010, the annual contribution to the reserve may be up to \$810,000 starting in FY 2009-10 and adjusted

# Financial Overview

annually by 3% for inflation, thereafter, until such time that the reserve reaches the reserve cap. The reserve cap is set in FY 2013-14 at \$2.6 million and is to be adjusted by 3% for inflation annually thereafter. The reserve cap is based on a five-year replacement schedule for the micro-filtration modules and reverse osmosis elements. The specific level of this reserve is to be set based on reasonably anticipated needs and uses.

## **Supplemental Water Supply Reserve - Water Utility Enterprise Fund**

This special purpose reserve funds water banking activities, transfers, and exchanges necessary to augment supplies during water shortages and to sell or bank unused supplies when water resources are available. The minimum funding level is set at 20% - 50% of the annual imported water purchases budget based on prudent projections of hydrology, Delta conditions, and the water market.

## **Drought Reserve - Water Utility Enterprise Fund**

This special purpose reserve funds drought response costs necessary to protect the residents, industry and riparian ecosystems of Santa Clara County, and to minimize water charge impacts during a drought emergency (as determined by the Board). To minimize water rate impacts, this reserve may be funded by Board direction to allocate actual surplus revenue that may have occurred during the prior year. Surplus revenue is defined as the positive difference between actual Water Utility operating revenue and budgeted Water Utility operating revenue. This reserve may also be funded by planned appropriations, which would be paid for by water rates and approved by the Board during annual water rate adoption. Drought response costs may include but not be limited to: water purchases and exchanges; special studies or system improvements related to delivery of water purchases; incremental conservation activities; and accelerated or opportunistic operations and maintenance activities

spurred by the drought. The maximum funding level is set at 10% of adopted budget operating outlays.

## **State Water Project Tax Reserve - Water Utility Enterprise Fund**

The purpose of the State Water Project Tax Reserve is to accumulate unspent funds for voter-approved State Water Project contract obligations. Funds accumulated in this reserve will be available to fund State Water Project contract obligations in subsequent years.

## **Currently Authorized Projects Reserve - Voter Approved Safe, Clean Water Fund**

This reserve is designated to fund those capital projects that are included in the annually adopted 5- Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of this reserve for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board-approved capital project appropriations remaining at the end of each fiscal year.

A portion of this reserve is automatically re-budgeted at the beginning of the following fiscal year consistent with those projects that have been identified in the 5- Year CIP for funding in that year. All remaining amounts shall stay in these reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5- Year CIP.

## **Encumbrance Reserves - Voter Approved Safe, Clean Water Fund and State Water Project Fund**

This reserve represents the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved fund balance is available for subsequent year expenditures based on the

# Financial Overview

encumbered appropriation authority carried over to the next fiscal year. The funding level of this reserve will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

## **Operating and Capital Reserve - Voter Approved Safe, Clean Water Fund**

The purposes of this reserve are to ensure adequate working capital for cash flow needs and to provide a funding source for operating and capital needs that arise during the year. The funding level is a minimum of 50% of adopted budget operations outlays. The minimum level includes remaining available resources after the needs of all other reserves have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

## **Committed Reserves**

### **Liability/Workers' Compensation Self-Insurance Reserve - Risk Fund**

The Liability/Workers' Compensation Self-Insurance Reserve is to ensure that the District's self-insurance programs have adequate resources for general liability and workers' compensation ultimate payouts for both known and incurred but not reported claims. Additionally, because of the District's high self-insured retention, and low claims volume, it also provides for reserve funds to cover one large liability loss which would otherwise virtually deplete existing reserves. The reserve is based on independent actuarial evaluations conducted bi-annually for general liability and workers compensation. The reserve level is set each year based on the actuarially determined confidence level for total claims liabilities discounted to present value. The reserve is intended to be used for claim payouts that are greater than those budgeted.

The Board of Directors approved funding of Workers' Compensation Reserve at 90 percent actuarial confidence level and funding of General Liability

Reserve at 90 percent confidence level at the April 28, 2009 board meeting.

### **Property Self-Insurance/Catastrophic Reserve - Risk Fund**

The Property Self-Insurance/Catastrophic Reserve purposes are to provide for uninsured property losses to District facilities such as pipelines and levees and to provide sufficient funds to initiate repair and recovery of damage to District facilities in advance of FEMA activation and reimbursement. The reserve may be used to pay for uninsured/uninsurable property losses which would adversely impact District operations and/or to cover all or a portion of District-paid expenses necessary to initiate immediate service restoration efforts. It is anticipated that in most cases, the reserves would be replenished from later reimbursement by FEMA for costs initially paid from this reserve. The reserve funding level is a minimum of 5 million adjusted for outstanding reimbursements.

When this reserve is used, the corresponding reimbursements received are deposited in the Risk Management Fund to replenish the reserve directly or through subsequent adjustments to intra-District Risk Fund charges.

### **Floating Rate Debt Payment Stabilization Reserve - Water Utility Enterprise Fund**

This reserve is intended to stabilize the debt service payments on floating rate debt which by its nature fluctuates constantly. This reserve will be for long-term floating rate debt and not short-term floating rate debt (i.e., commercial paper). The reserve will be funded initially at 10% of the floating rate debt service interest payment. The maximum amount is no more than 20% of total floating rate debt service interest payments for a fiscal year. Excess funds over 20% will be used to pay down floating rate debt when advisable (i.e., based on market conditions, future issuance plans, etc.). The minimum amount is 0. Should payments for floating rate interest in a given fiscal year exceed budgeted

# Financial Overview

amounts, this reserve will be drawn down to provide stabilization of debt service interest payments.

## **Operating & Capital Reserve - except for Safe, Clean Water Fund**

These reserves serve several purposes: to ensure adequate working capital for cash flow needs; to provide a funding source for operating and capital needs that arise during the year and, in the case of the water utility, to protect against revenue shortage caused by unusually wet years. The funding level for the Water Utility is a minimum of 15% of adopted budget operations outlays and a minimum of 50% for the Watershed Funds. For the General Fund and Internal Service Funds, the funding level is a minimum of 5% of total adopted budget operations outlays. The minimum level for each fund includes remaining available resources after the needs of all other reserves within those funds have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

## **Currently Authorized Projects Reserve - except for Safe, Clean Water Fund**

These reserves are designated to fund those capital projects that are included in the annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of these reserves for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board approved capital project appropriations remaining at the end of each fiscal year.

A portion of these reserves are automatically re-budgeted at the beginning of the following fiscal year consistent with those projects that have been identified in the 5-Year CIP for funding in that year. All remaining amounts shall stay in these reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of

each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5-Year CIP.

## **Assigned Reserves**

### **Encumbrance Reserves - except for Safe, Clean Water Fund and State Water Project Fund**

These reserves represent the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved fund balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of these reserves will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

### **Market Valuation Reserves**

The reserves for market valuation represent the increase/gain (only) in the market value of the District's pooled investments as of the end of the fiscal year as a result of its compliance with the provisions of Government Accounting Standard Board Statement No. 31 (GASB 31), Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB 31 requires the District to report investments at fair market value in the Statement of Net Assets, the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because of this requirement, investment income must be adjusted to reflect the fair value change from one fiscal year to the next fiscal year. However, the District's investment policy dictates a buy-and-hold strategy in which, with very few exceptions, the District holds all securities to their maturity, thereby not incurring loss or gain that could impact the size and yield of the investment portfolio. These reserves do not represent

# Financial Overview

cash available for appropriation and were established to ensure that the increase in the investment value does not result in an overstatement of funding available for expenditure.

# Financial Overview

## Reserves

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>GENERAL FUND</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 9,117,726	\$ 5,660,754	\$ 5,241,069	\$ 4,091,403	\$ (1,569,351)	(27.7)%
Currently Authorized Projects	1,156,326	207,000	1,060,326	1,060,326	853,326	412.2%
<b>Total General Fund Reserves</b>	<b>\$ 10,274,052</b>	<b>\$ 5,867,754</b>	<b>\$ 6,301,395</b>	<b>\$ 5,151,729</b>	<b>\$ (716,025)</b>	<b>(12.2)%</b>
<b>SPECIAL REVENUE FUNDS (WATERSHEDS)</b>						
<b>Restricted Reserves</b>						
Operating & Capital Reserve	\$ 5,961,701	\$ 106,616,348	\$ 2,153,093	\$ 146,714,094	\$ 40,097,746	37.6%
Currently Authorized Projects	147,146,206	62,678,000	90,678,000	15,357,000	(47,321,000)	(75.5)%
<b>Total Restricted Reserves</b>	<b>\$ 153,107,907</b>	<b>\$ 169,294,348</b>	<b>\$ 92,831,093</b>	<b>\$ 162,071,094</b>	<b>\$ (7,223,254)</b>	<b>(4.3)%</b>
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,189,191	\$ 29,182,917	94.1%
Currently Authorized Projects	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
<b>Total Committed Reserves</b>	<b>\$ 64,850,754</b>	<b>\$ 34,986,274</b>	<b>\$ 50,446,361</b>	<b>\$ 69,558,191</b>	<b>\$ 34,571,917</b>	<b>98.8%</b>
<b>Total Special Revenue Funds Reserves</b>	<b>\$ 217,958,661</b>	<b>\$ 204,280,622</b>	<b>\$ 143,277,454</b>	<b>\$ 231,629,285</b>	<b>\$ 27,348,663</b>	<b>13.4%</b>
<b>Total Governmental Funds</b>	<b>\$ 228,232,713</b>	<b>\$ 210,148,376</b>	<b>\$ 149,578,849</b>	<b>\$ 236,781,014</b>	<b>\$ 26,632,638</b>	<b>12.7%</b>
<b>WATER ENTERPRISE &amp; STATE WATER PROJECT FUNDS</b>						
<b>Restricted Reserves</b>						
Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
Drought Reserve	—	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
<b>Total Restricted Reserves</b>	<b>\$ 37,094,318</b>	<b>\$ 42,028,823</b>	<b>\$ 42,028,823</b>	<b>\$ 45,625,427</b>	<b>\$ 3,596,604</b>	<b>8.6%</b>
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 35,431,539	\$ 36,366,956	\$ 54,005,579	\$ 36,126,107	\$ (240,849)	(0.7)%
Currently Authorized Projects	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
<b>Total Committed Reserves</b>	<b>\$ 64,742,110</b>	<b>\$ 41,041,956</b>	<b>\$ 93,827,579</b>	<b>\$ 63,272,107</b>	<b>\$ 22,230,151</b>	<b>54.2%</b>
<b>Total Water Enterprise Funds Reserves</b>	<b>\$ 101,836,428</b>	<b>\$ 83,070,779</b>	<b>\$ 135,856,402</b>	<b>\$ 108,897,534</b>	<b>\$ 25,826,755</b>	<b>31.1%</b>

# Financial Overview

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2016-17 Adopted	
	2015-16	2016-17	2016-17	2017-18	\$ Diff	% Diff
<b>INTERNAL SERVICE FUNDS:</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 5,267,898	\$ 2,002,295	\$ 3,919,591	\$ 1,971,351	\$ (30,944)	(1.5)%
Currently Authorized Projects	4,560,561	—	3,025,000	—	—	—
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%
Property Self Insurance/Catastrophic	6,864,991	6,149,531	7,519,280	6,065,904	(83,627)	(1.4)%
<b>Total Internal Service Funds Reserves</b>	<b>\$ 23,193,450</b>	<b>\$ 14,651,826</b>	<b>\$ 19,377,871</b>	<b>\$ 13,703,255</b>	<b>\$ (948,571)</b>	<b>(6.5)%</b>
<b>Total Proprietary Funds</b>	<b>\$ 125,029,878</b>	<b>\$ 97,722,605</b>	<b>\$ 155,234,273</b>	<b>\$ 122,600,789</b>	<b>\$ 24,878,184</b>	<b>25.5%</b>
<b>TOTAL RESERVE SUMMARIES</b>						
Total Proprietary Funds	\$ 125,029,878	\$ 97,722,605	\$ 155,234,273	\$ 122,600,789	\$ 24,878,184	25.5%
Total Governmental Funds	228,232,713	210,148,376	149,578,849	236,781,014	26,632,638	12.7%
<b>Total Year-End Reserves</b>	<b>\$ 353,262,591</b>	<b>\$ 307,870,981</b>	<b>\$ 304,813,122</b>	<b>\$ 359,381,803</b>	<b>\$ 51,510,822</b>	<b>16.7%</b>
Total Restricted Reserves	190,202,225	211,323,171	134,859,916	207,696,521	(3,626,650)	(1.7)%
Total Committed Reserves	163,060,366	96,547,810	169,953,206	151,685,282	55,137,472	57.1%
<b>Total Year-End Reserves</b>	<b>\$ 353,262,591</b>	<b>\$ 307,870,981</b>	<b>\$ 304,813,122</b>	<b>\$ 359,381,803</b>	<b>\$ 51,510,822</b>	<b>16.7%</b>

# Financial Overview

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## **WATERSHED MANAGEMENT FUNDS**

# Financial Overview

## Overview

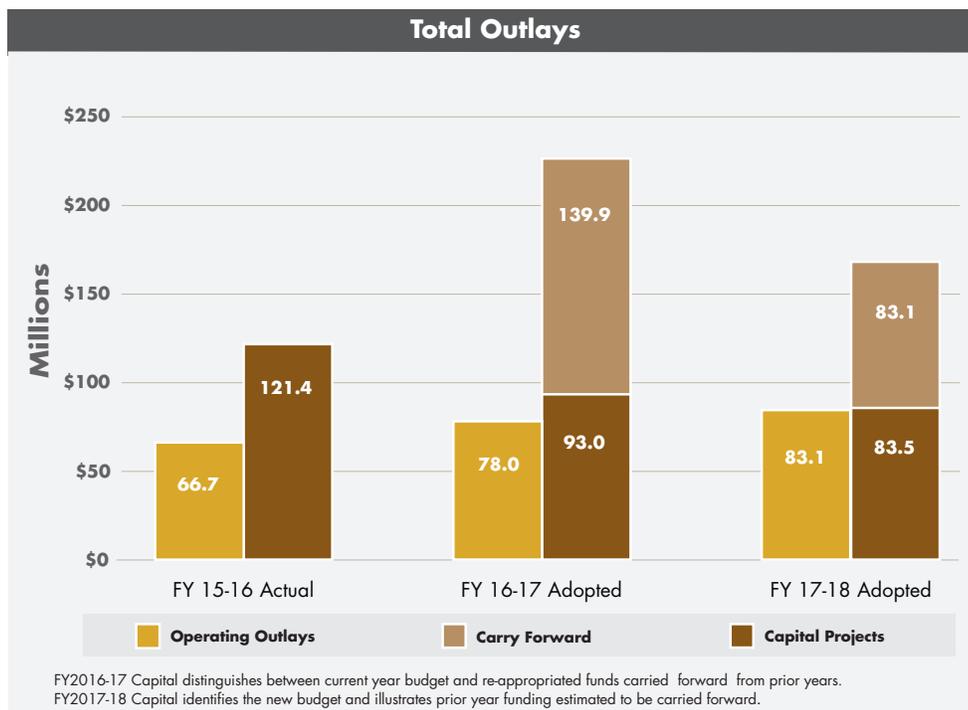
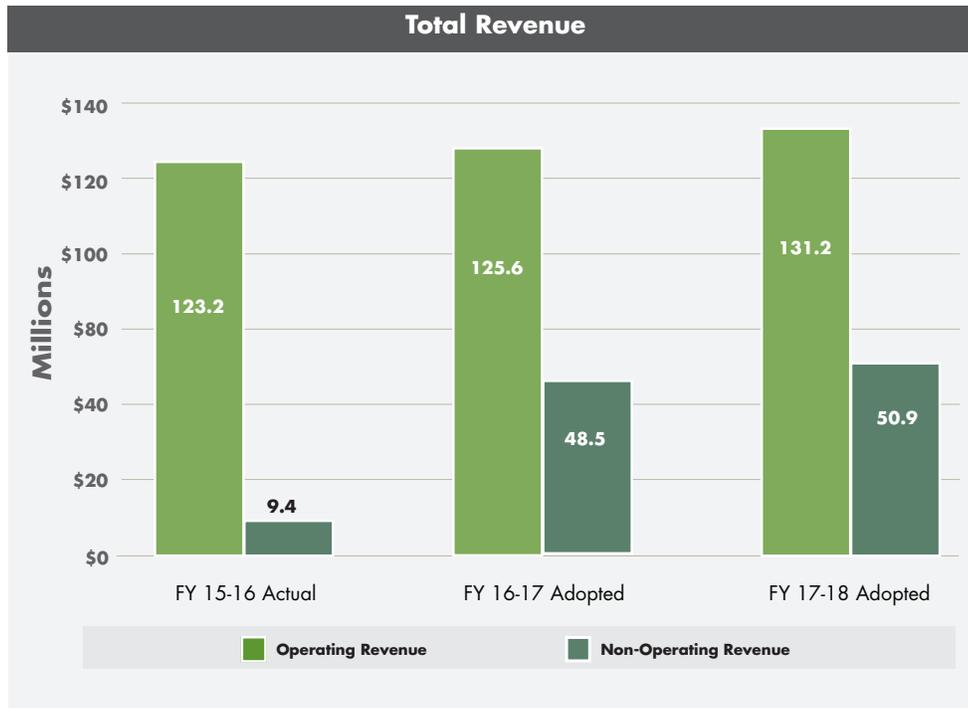
The Board of Directors defines Watershed stewardship as the management of natural resources in a manner that fosters ecosystem health, improved water quality, flood protection and compatible recreational opportunities. The Watersheds Chief Operating Officer leads the implementation of the watershed stewardship program with three funding sources:

- Watershed and Stream Stewardship (Fund 12)
- Safe, Clean Water and Natural Flood Protection (Fund 26)
- Benefit Assessment Funds (Fund 21, 22, 23, 24, and 25)

Financial summaries and a description of programs and outcomes from these funds can be found in this chapter.

# Financial Overview

## Watershed Management Funds



# Financial Overview

## Watershed Management Funds Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Property Taxes	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
Special Parcel Tax	39,684,083	41,528,137	41,073,026	42,510,582	982,445	2.4%
Benefit Assessments	14,682,528	14,784,580	14,784,580	14,777,514	(7,066)	(0.0)%
Intergovernmental Services	647,963	800,000	800,000	—	(800,000)	(100.0)%
Other	181,684	226,375	226,375	233,166	6,791	3.0%
<b>Total Operating Rev</b>	<b>\$ 123,201,678</b>	<b>\$ 125,618,592</b>	<b>\$ 127,783,981</b>	<b>\$ 131,159,262</b>	<b>\$ 5,540,670</b>	<b>4.4%</b>
<b>Non-Operating Income</b>						
Interest*	\$ 2,514,921	\$ 2,343,574	\$ 2,435,000	\$ 2,453,000	\$ 109,426	4.7%
Capital Reimb	4,742,767	44,460,000	32,381,000	47,158,000	2,698,000	6.1%
Other	2,146,060	1,702,512	1,702,512	1,335,592	(366,920)	(21.6)%
<b>Total Non-Operating Income</b>	<b>\$ 9,403,748</b>	<b>\$ 48,506,086</b>	<b>\$ 36,518,512</b>	<b>\$ 50,946,592</b>	<b>\$ 2,440,506</b>	<b>5.0%</b>
<b>Total Revenue</b>	<b>\$ 132,605,426</b>	<b>\$ 174,124,678</b>	<b>\$ 164,302,493</b>	<b>\$ 182,105,854</b>	<b>\$ 7,981,176</b>	<b>4.6%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 51,049,373	\$ 59,193,949	\$ 62,384,787	\$ 64,429,934	\$ 5,235,985	8.8%
Operating Projects	3,556,047	6,287,453	6,287,453	4,066,666	(2,220,787)	(35.3)%
Debt Service	12,096,279	12,504,172	12,504,172	14,622,041	2,117,869	16.9%
<b>Total Operating Outlays</b>	<b>\$ 66,701,699</b>	<b>\$ 77,985,574</b>	<b>\$ 81,176,412</b>	<b>\$ 83,118,641</b>	<b>\$ 5,133,067</b>	<b>6.6%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 121,411,917	\$ 92,970,084	\$ 158,132,128	\$ 83,473,373	\$ (9,496,711)	(10.2)%
Carried Forward Capital Projects	—	139,938,000	—	83,111,000	(56,827,000)	(40.6)%
<b>Total Capital Outlays</b>	<b>\$ 121,411,917</b>	<b>\$ 232,908,084</b>	<b>\$ 158,132,128</b>	<b>\$ 166,584,373</b>	<b>\$ (66,323,711)</b>	<b>(28.5)%</b>
<b>Other Financing Sources/(Uses):</b>						
Bond Proceeds	\$ —	\$ 157,220,000	\$ —	\$ —	\$ (157,220,000)	(100.0)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	8,500,000	6,874,660	423.0%
Transfers In	2,590,118	2,576,808	2,576,808	11,921,163	9,344,355	362.6%
Transfers Out	(23,408,117)	(8,381,828)	(3,877,308)	(4,472,172)	3,909,656	(46.6)%
<b>Total Other Sources/(Uses)</b>	<b>\$ (12,100,454)</b>	<b>\$ 153,040,320</b>	<b>\$ 324,840</b>	<b>\$ 155,948,991</b>	<b>\$ 2,908,671</b>	<b>1.9%</b>
<b>Balance Available</b>	<b>\$ (67,608,644)</b>	<b>\$ 16,271,340</b>	<b>\$ (74,681,207)</b>	<b>\$ 88,351,831</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Restricted Reserves</b>						
Currently Authorized Projects***	\$ 147,146,206	\$ 62,678,000	\$ 90,678,000	\$ 15,357,000	\$ (47,321,000)	(75.5)%
Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,714,094	40,097,746	37.6%
<b>Total Restricted Reserves</b>	<b>\$ 153,107,907</b>	<b>\$ 169,294,348</b>	<b>\$ 92,831,093</b>	<b>\$ 162,071,094</b>	<b>\$ (7,223,254)</b>	<b>(4.3)%</b>
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,189,191	\$ 29,182,917	94.1%
Currently Authorized Projects***	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
<b>Total Committed Reserves</b>	<b>\$ 64,850,754</b>	<b>\$ 34,986,274</b>	<b>\$ 50,446,361</b>	<b>\$ 69,558,191</b>	<b>\$ 34,571,917</b>	<b>98.8%</b>
<b>Total Year-End Reserves</b>	<b>\$ 217,958,661</b>	<b>\$ 204,280,622</b>	<b>\$ 143,277,454</b>	<b>\$ 231,629,285</b>	<b>\$ 27,348,663</b>	<b>13.4%</b>

# Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Uncommitted Funds</b>			\$ 0	\$ 0		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Watershed and Stream Stewardship Fund

### Description

The Watershed and Stream Stewardship Fund was created in FY 2000-01 as part of the Board of Directors' direction to balance the overall Flood Protection and Stream Stewardship Program. When created, this fund supported specific stewardship activities within the watersheds from a portion of the District's ad valorem property tax allocation. Beginning in FY 2008-09, this fund was redefined to support all activities from the five watersheds funds supported by revenue from:

- All District's 1% ad valorem property tax allocation, except the portion allocated to District General Fund and Water Enterprise Fund
- Benefit assessments
- Capital reimbursement
- Intergovernmental revenue
- Interest revenue

The revenues in the Watershed and Stream Stewardship Fund are used to provide:

- Environmentally responsible maintenance of flood conveyance and ecological assets to preserve or improve flood protection, water quality, or environmental values including sediment removal; levee maintenance; erosion protection; debris removal; vegetation management; invasive species removal and control; Good Neighbor Maintenance, trash and graffiti removal; corrective maintenance, property, fence and road repairs
- Administration of the Water Resources Protection Ordinance to protect District assets
- Consultation with other agencies to manage flood risk and to protect ecological assets
- Emergency preparedness/response including sandbags and efforts to respond to or reduce the threat of floods
- Protection and improvement of water quality from urban runoff and other stream impairments

- Monitoring and assessing the condition and performance of both flood conveyance and environmental assets in the watersheds
- Public outreach and education
- Other program activities such as work improvement efforts, floodplain management, hydrology, safety training and workforce development
- Programs and projects are designed to fulfill each goal. Following each goal statement is a list of projects that are included in the FY 2017-18 budget.
- Preliminary targets for sediment removal, field condition assessments, levee maintenance and erosion protection are based on the Stream Maintenance Program-2 (SMP-2) Notice of Proposed Work (NPW) submitted to the regulatory agencies every year in April. The NPW consists of all potential work identified for that season. While the District intends to complete all work listed in the NPW, some of the work may not be completed for numerous reasons, such as the ability to propose and implement required mitigation, timely receipt of regulatory agencies' approvals, changed site conditions, biological restrictions due to nesting birds, and other factors. In addition, a second NPW is planned to be submitted due to late occurring work because of winter storms. Therefore, proposed quantities in this document are subject to change.

### Outcomes

#### **Goal 3.1: Natural flood protection for residents, businesses, and visitors**

Provide flood protection to the county's growing community by building flood protection projects and maintaining conveyance capacity of modified channels.

*Major Capital Projects starting or continuing construction:*

- Berryessa Creek, Lower Penitencia Creek to Calaveras Boulevard

# Financial Overview

- Lower Silver Creek Reaches 4-6, I-680 to Cunningham Avenue
- Cunningham Flood Detention Certification
- Watersheds Asset Rehabilitation Program: El Camino Storm Drain Erosion Repair

## *Major Capital Projects in planning and design:*

- Palo Alto Flood Basin Structure Improvements
- Lower Penitencia Creek Improvements, Berryessa Creek to Coyote Creek
- Watersheds Asset Rehabilitation Program: Coyote Creek Levee Repair, Upstream of SR 237
- Upper Penitencia Creek, Coyote Creek to Dorel Drive

## *Maintain conveyance capacity of modified channels:*

Effectively and efficiently maintain and operate flood water conveyance channels to design specifications including sustainable sediment management, vegetation management and debris removal. Positions have been included in the FY 2017-18 budget to help address a backlog of this critical work resulting, in part, from staffing shortages, additional requirements of the SMP-2 permits, and the increasing demands of the public's online and phone requests for service, which the District is committed to responding to within five (5) business days.

- Remove an estimated 34,850 cubic yards of sediment
- Control of 2,720 acres of upland vegetation to allow access for sediment removal and levee maintenance
- Inspect approximately 294 miles of creeks
- Inspect approximately 204 miles of levees
- Perform maintenance on approximately 940 linear feet of levees

## **Goal 3.2: Reduced potential for flood damages**

Reduce the potential for flood damages by: preparing for and responding to flood emergencies; informing the public on flood awareness; implementing the Water Resources Protection Ordinance; implementing the

Encroachment Remediation and Prevention Plan; consulting with and supporting external agencies for floodplain management; maintaining and improving our flood warning system. To support implementation of Water Resources Protection Ordinance, a new position has been included in FY 2018. This additional resource will support review of development proposals that affect the District's facilities. This function is a key aspect of a coordinated approach to environmental stewardship as the unit coordinates external proposal with District staff.

- Provide approximately 40,000 filled bags
- Send floodplain mailer to approximately 48,000 homes and businesses in flood-prone areas

## **Goal: 4.1: Protect and restore creek, bay and other aquatic ecosystems**

Protect and restore creek and bay ecosystems: managing mitigation and enhancement sites; monitoring the biological values along the creeks and bay; understanding the natural hydrology of the watersheds; responding to hazardous material incidents; educating residents on creek stewardship; conducting stormwater runoff pollution prevention activities and continuing Good Neighbor Maintenance will remove trash from visible creek reaches, repair fences as needed for public safety, respond to requests for trash and graffiti removal within 5 working days and respond to Adopt-A-Creek trash pickups.

- Stabilize approximately 3,888 linear feet of stream banks

## *Capital Projects:*

- SMP Mitigation, Stream and Watershed Protection Program

## **Goal: 4.2: Improved quality of life in Santa Clara County through trails and open space**

Provide additional recreational opportunities by partnering with cities and the County to create creekside trails and open space.

# Financial Overview

## **Goal: 4.3: Strive for zero net greenhouse gas emission or carbon neutrality**

Identify and inventory the district's carbon footprint and develop reduction strategies and support the county Green Business Program.

## **Fiscal Status**

Property tax revenue is projected at \$73.6 million, a 7.8% or \$5.4 million increase from FY 2016-17.

Interest earnings are projected at \$0.8 million, a 17.9% or \$119k increase from FY 2016-17.

Capital Reimbursement of \$28.0 million is budgeted as follows:

- \$23.0 million for Department of Water Resources (DWR) Proposition IE: Lower Silver Creek, I-680 to Cunningham Reaches 4-6 (\$12 million); Berryessa Creek, Lower Penitencia Creek-Calaveras Blvd (\$6.0 million); Lower Penitencia Creek Improvement, Berryessa to Coyote Creeks (\$4.0 million); and Cunningham Flood Detention Certification (\$1.0 million)
- \$5.0 million for State Subventions: Llagas Creek-Lower, Capacity Restoration

Other Income of \$1.6 million is budgeted for rental and other miscellaneous income.

\$3.0 million of Certificates of Participation is expected to be received in FY2017-18

Operating Transfers in from Benefit Assessment Fund for the excess amount over the debt obligations is budgeted at \$2.6 million

Operating Transfers out of \$1.9 million from WSS fund is budgeted at follows:

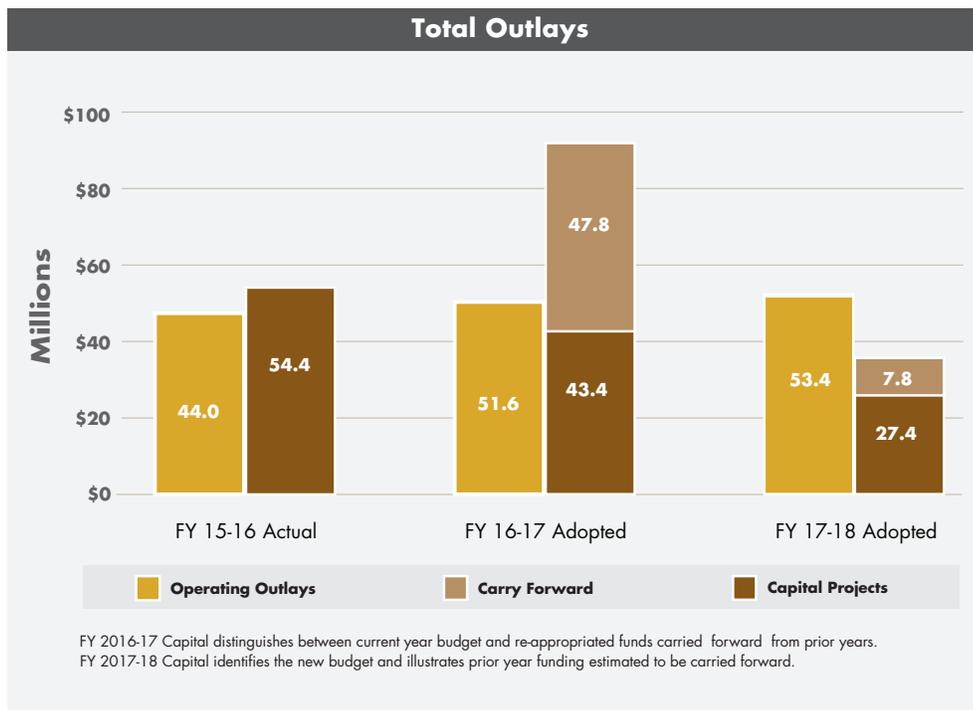
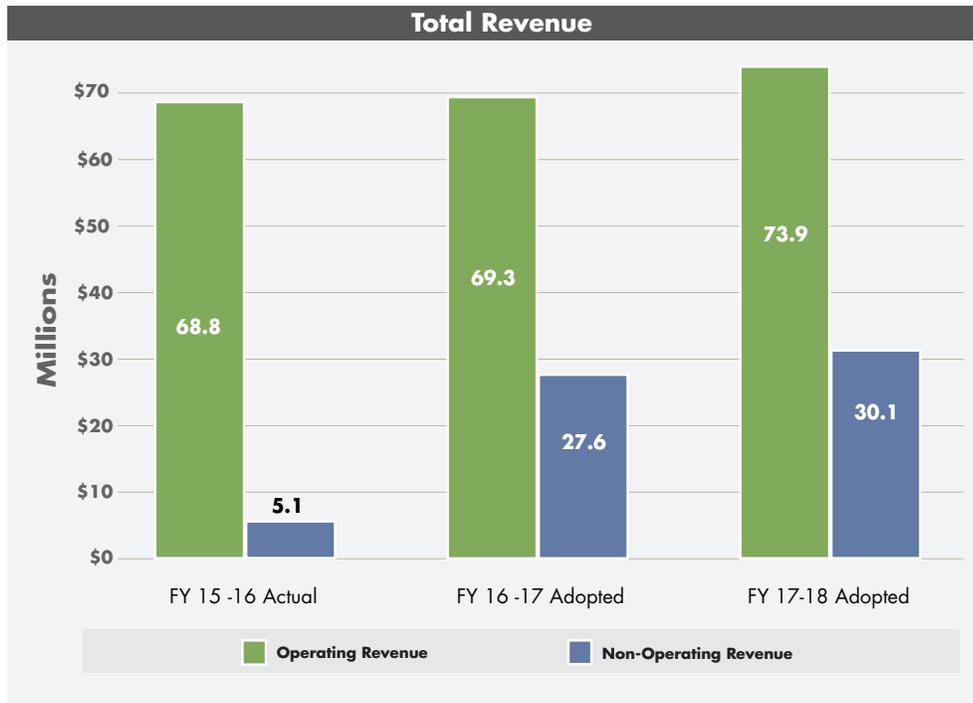
- \$0.3 million to General Fund (11) for Drought Induced Tree Removal
- \$1.6 million to Water Enterprise fund (61) for Open Space Credit

## **Budget Issues**

- Implementation of the Stream Maintenance Program-2 continues to result in increasing demands for staff resources from multiple Operations and Maintenance units and mitigation requirements
- Sandbag program budget may require an adjustment if another exceptionally wet season occurs
- Hazardous Tree program budget may require an adjustment if tree mortality rates continue to rise
- The Watershed and Stream Stewardship fund is limited, and every year staff has identified more work than the fund can support. For an example, the Watersheds Asset Rehabilitation Program, as identified in the FY 2017-21 Capital Improvement Plan funds only half of the identified erosion sites.
- If there is significant increase in sale of surplus properties or addressing encroachments because of change in Board policy, additional resources would be required.

# Financial Overview

## Watershed and Stream Stewardship Fund



# Financial Overview

## Watershed and Stream Stewardship Fund

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Property Tax	\$ 68,005,420	\$ 68,279,500	\$ 70,900,000	\$ 73,638,000	\$ 5,358,500	7.8%
Intergovernmental Services	647,963	800,000	800,000	—	(800,000)	(100.0)%
Other	181,684	226,375	226,375	233,166	6,791	3.0%
<b>Total Operating Revenue</b>	<b>\$ 68,835,067</b>	<b>\$ 69,305,875</b>	<b>\$ 71,926,375</b>	<b>\$ 73,871,166</b>	<b>\$ 4,565,291</b>	<b>6.6%</b>
<b>Non Operating Income</b>						
Interest*	\$ 938,282	\$ 663,934	\$ 905,000	\$ 783,000	\$ 119,066	17.9%
Capital Reimbursements	2,287,692	25,258,000	15,844,000	28,000,000	2,742,000	10.9%
Other	1,854,628	1,702,512	1,702,512	1,335,592	(366,920)	(21.6)%
<b>Total Non-Operating Income</b>	<b>\$ 5,080,602</b>	<b>\$ 27,624,446</b>	<b>\$ 18,451,512</b>	<b>\$ 30,118,592</b>	<b>\$ 2,494,146</b>	<b>9.0%</b>
<b>Total Revenue</b>	<b>\$ 73,915,669</b>	<b>\$ 96,930,321</b>	<b>\$ 90,377,887</b>	<b>\$ 103,989,758</b>	<b>\$ 7,059,437</b>	<b>7.3%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 42,066,802	\$ 47,338,854	\$ 50,023,909	\$ 51,294,156	\$ 3,955,302	8.4%
Operating Projects	1,893,200	4,216,582	4,216,582	2,080,287	(2,136,295)	(50.7)%
<b>Total Operating Outlays</b>	<b>\$ 43,960,002</b>	<b>\$ 51,555,436</b>	<b>\$ 54,240,491</b>	<b>\$ 53,374,443</b>	<b>\$ 1,819,007</b>	<b>3.5%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 54,384,161	\$ 43,442,759	\$ 51,818,097	\$ 27,385,639	\$ (16,057,120)	(37.0)%
Carried Forward Capital Projects	—	47,793,000	—	7,790,000	(40,003,000)	(83.7)%
<b>Total Capital Outlays</b>	<b>\$ 54,384,161</b>	<b>\$ 91,235,759</b>	<b>\$ 51,818,097</b>	<b>\$ 35,175,639</b>	<b>\$ (56,060,120)</b>	<b>(61.4)%</b>
<b>Other Financing Sources/(Uses):</b>						
Certificates of Participation	\$ —	\$ —	\$ —	\$ 3,000,000	\$ 3,000,000	—
Transfer in from Benefit Assess Fund	2,590,118	2,576,808	2,576,808	2,572,163	(4,645)	(0.2)%
Transfers In	—	—	—	—	—	—
Transfers Out	(6,818,000)	(5,805,020)	(1,300,500)	(1,900,009)	3,905,011	(67.3)%
<b>Total Other Sources/(Uses)</b>	<b>\$ (4,227,882)</b>	<b>\$ (3,228,212)</b>	<b>\$ 1,276,308</b>	<b>\$ 3,672,154</b>	<b>\$ 6,900,366</b>	<b>(213.8)%</b>
<b>Balance Available</b>	<b>\$ (28,656,376)</b>	<b>\$ (49,089,086)</b>	<b>\$ (14,404,393)</b>	<b>\$ 19,111,830</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 36,851,746	\$ 31,006,274	\$ 33,287,361	\$ 60,189,191	\$ 29,182,917	94.1%
Currently Authorized Projects***	27,999,008	3,980,000	17,159,000	9,369,000	5,389,000	135.4%
<b>Total Committed Reserves</b>	<b>\$ 64,850,754</b>	<b>\$ 34,986,274</b>	<b>\$ 50,446,361</b>	<b>\$ 69,558,191</b>	<b>\$ 34,571,917</b>	<b>98.8%</b>
<b>Total Year-End Reserves</b>	<b>\$ 64,850,754</b>	<b>\$ 34,986,274</b>	<b>\$ 50,446,361</b>	<b>\$ 69,558,191</b>	<b>\$ 34,571,917</b>	<b>98.8%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Total Outlays - Watershed and Stream Stewardship Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
10291002	Rental Expense Stevens Creek	229,644	356,075	377,721	General Services Division
30061004	Rent Exp Guadalupe & Coyote	191,375	211,071	214,818	General Services Division
30151026	Guad Rvr Mitgtn Monitoring Prg	663,658	380,205	831,532	Watershed Stwdship & Planning Division
**	40061004 Rental Expense Coyote Wtrshd	6,916	0	0	General Services Division
	62001090 Unscoped Projects-Budget Only	0	300,000	300,000	Watershed Design & Construction Division
	62011002 Watershed Asset Protection Sup	3,115,662	3,574,879	4,103,371	Watershed Stwdship & Planning Division
**	62021002 Watershed Emergency Operations	65,187	201,550	0	Watershed Opearions & Maintenance Division
	62021003 CPRU Tech Support	344,454	301,939	398,634	Watershed Stwdship & Planning Division
	62021004 Vegetation Mgmt Tech Support	630,158	642,540	738,673	Watershed Opearions & Maintenance Division
**	62021007 Geomorphic Data Analysis	135,353	147,298	0	Watershed Stwdship & Planning Division
*	62021008 Energy Management	5,780	7,029	8,337	Raw Water Operations and Mgmt Division
	62021009 Watershds O&M Eng&Insp Support	920,243	845,400	885,433	Watershed Opearions & Maintenance Division
*	62031001 Watershed Revenue	75,859	65,958	63,226	Financial Planning and Mgmt Services Division
*	62031002 Grants Management	435,963	350,377	368,967	Financial Planning and Mgmt Services Division
*	62041022 Stream Maint Prog Mgmt	2,043,305	2,898,974	3,048,513	Watershed Opearions & Maintenance Division
	62041023 Wtrshd Stwrdsip Policy & Coord	316,402	352,757	402,927	Watershed Stwdship & Planning Division
	62041026 Watersheds Asset Mgt Plng Prgm	623,327	759,943	920,061	Raw Water Operations and Mgmt Division
	62041027 Integrated Wtr Resrce Mstr Pln	1,428,152	1,909,552	1,630,898	Watershed Stwdship & Planning Division
*	62041039 Integrated Regional Water Mgmt	70,443	103,600	111,606	Water Supply Division
	62041043 Environmental Srvc Tech Suppt	275,228	386,282	267,234	Watershed Stwdship & Planning Division
**	62041046 Survey Record Management	23,384	44,879	0	Watershed Design & Construction Division
*	62041047 Ecolgcal Data Collectn & Analy	191,571	350,815	379,466	Watershed Stwdship & Planning Division
	62061001 Watersheds Administration	5,479,074	5,202,626	5,138,396	Watershed Design & Construction Division
	62061002 Districtwide Salary Savings-12	0	(691,000)	(610,062)	Financial Planning and Mgmt Services Division
	62061005 WS Customer Relations & Outreach	363,748	339,408	493,715	Office of the CEO
	62061008 Hydrology and Hydraulics Technical Support	432,354	607,169	1,211,084	Watershed Stwdship & Planning Division
*	62061019 Supp Volunteer Cleanup Effort	84,632	169,352	172,618	Office of the CEO
**	62061022 Watershed Ops Safety Implement	249,531	367,813	0	Human Resources Division
**	62061023 Watershed Ops Safety Training	431,537	415,915	0	Human Resources Division
	62061028 WS Training & Development	754,608	1,161,399	1,693,319	Watershed Design & Construction Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Watershed and Stream Stewardship Fund (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By	
62061029	Field Operations Support	507,723	482,637	618,061	Watershed Operations & Maintenance Division	
**	62061042	Watershed Customer Relations	255,364	283,183	0	Office of the CEO
**	62061045	AM Systems and Standards	69,536	152,545	187,774	Raw Water Operations and Mgmt Division
**	62061046	District CMMS Administration	69,921	0	0	Raw Water Operations and Mgmt Division
*	62061048	Climate Change Adaptation/Mtg.	46,524	163,072	240,411	Watershed Stwdshp & Planning Division
**	62061054	SCW Implementation	355,928	0	0	Office of COO Watersheds
**	62061055	Watersheds O&M Admin Support	332,540	0	0	Watershed Operations & Maintenance Division
*	62071041	Welding Services	69,006	63,232	76,544	General Services Division
	62181005	SMP Mitigation Site Mgmt	127,260	470,229	524,232	Watershed Stwdshp & Planning Division
*	62741042	Water Resorcs EnvPlng & Permtg	32,355	101,361	74,186	Raw Water Operations and Mgmt Division
	62761006	Invasive Plant Management Prog	1,383,115	727,570	1,029,170	Watershed Operations & Maintenance Division
	62761008	Sandbag Program	972,323	327,010	661,907	Watershed Operations & Maintenance Division
	62761009	Pond A4 Operations	109,445	102,691	154,995	Watershed Operations & Maintenance Division
**	62761010	Watersheds Tree Maintenance	693,527	500,981	0	Watershed Operations & Maintenance Division
*	62761022	Watershed Good Neighbor Maint	855,848	865,382	839,124	Watershed Operations & Maintenance Division
*	62761023	Watershed Sediment Removal	2,185,423	2,949,480	5,309,149	Watershed Operations & Maintenance Division
	62761024	Wtrshd Facility Cndtion Assmnt	910,137	1,762,594	1,847,158	Watershed Operations & Maintenance Division
	62761025	Watershed General Field Maint	1,887,192	1,961,931	1,535,519	Watershed Operations & Maintenance Division
	62761026	Watershed Debris Removal	1,678,405	1,546,944	1,493,713	Watershed Operations & Maintenance Division
	62761027	Watershed Erosion Protection	1,726,437	2,269,567	2,875,914	Watershed Operations & Maintenance Division
	62761028	Watershed Levee Maintenance	1,618,873	1,937,769	1,569,942	Watershed Operations & Maintenance Division
*	62761071	Emergency Management	520,350	618,539	905,318	Office of COO Watersheds
**	62761072	Business Continuity Program	99,587	115,738	0	Office of COO Watersheds
	62761074	Corps Local Sponsor O&M	376,112	1,313,059	1,400,542	Watershed Operations & Maintenance Division
*	62761075	Mgmt of Revegetation Projects	340,175	839,343	909,550	Watershed Operations & Maintenance Division
*	62761078	Vegetation Mangmnt for Access	1,974,666	2,479,601	2,103,614	Watershed Operations & Maintenance Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Watershed and Stream Stewardship Fund (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
62761080	Non SMP Veg Removal for Convey	0	223,576	366,071	Watershed Opearions & Maintenance Division
* 62771011	Inter Agency Urban Runoff Prog	873,414	939,339	995,383	Watershed Stwdship & Planning Division
* 62771031	HAZMAT Emergency Response	62,362	112,435	57,532	Human Resources Division
** 62771068	Watershed Property Vegetation	10,871	0	0	
* 62811043	Hydrologic Data Msrmt & Mgmt	789,437	803,440	842,547	Watershed Stwdship & Planning Division
* 62811046	Warehouse Services	1,134,096	995,634	1,000,885	General Services Division
* 62811049	X Valley Subsidence Survey	0	0	172,039	Watershed Design & Construction Division
* 62811050	Benchmark Maint (Countywide	48,798	140,551	0	Watershed Design & Construction Division
* 62811054	District Real Property Adminis	362,504	325,616	352,387	Watershed Design & Construction Division
<b>Total Operations</b>		<b>42,066,802</b>	<b>47,338,854</b>	<b>51,294,156</b>	

### Operating

40212032	Coyote Creek Mitgtn Monitoring	176,159	170,241	202,078	Watershed Stwdship & Planning Division
** 40262033	Lwr Silver Mitigation & Monitr	18,631	92,957	0	Watershed Stwdship & Planning Division
62042032	Multiple Sm Prjcts Mitgtn Mont	63,222	218,552	279,680	Watershed Stwdship & Planning Division
62042047	Mitigation & Stwdshp Land Mgmt	105,151	229,439	195,362	Watershed Stwdship & Planning Division
** 62042049	Flood Risk Mapping	999,237	987,027	0	Watershed Stwdship & Planning Division
62042050	Watershd Maint Guideline Updte	255,684	2,011,001	270,141	Watershed Opearions & Maintenance Division
62042051	Plant Pathogen Management	184,273	374,092	451,672	Watershed Stwdship & Planning Division
** 62062003	El Nino Flood Emrgncy Response	90,843	0	0	Office of COO Watersheds
* 62762011	Tree Maintenance Program	0	133,273	681,354	Watershed Opearions & Maintenance Division
<b>Total Operating</b>		<b>1,893,200</b>	<b>4,216,582</b>	<b>2,080,287</b>	

### Capital

10394001	PA Flood Basin Tide Gate Imprv	79,686	0	458,005	Watershed Design & Construction Division
20194005	San Tomas Ck, Quito Rd Bridges	270,000	0	123,739	Watershed Stwdship & Planning Division
20444001	Salt Ponds A5-11 Restoration	1,961,225	1,714,565	753,926	Watershed Stwdship & Planning Division
30114002	Canoas Crk, Rodent Damage Repr	6,593,175	388,219	0	Watershed Design & Construction Division
30154015	Guadalupe Rv-DT, Coleman-SCLra	1,800	0	0	Watershed Design & Construction Division
40174004	L. Berryessa Ck, L.Penit-Calav	1,302,901	0	0	Watershed Design & Construction Division
40174005	Berryessa Crk, Lwr. Pen Phs 2	29,223,053	27,176,000	1	Watershed Design & Construction Division
40214021	ERP-Coyote Crk, U/S Hwy 237	0	1,103,846	0	Watershed Design & Construction Division
40214022	ERP-Coyote Crk, D/S Hwy 237	0	1,110,964	0	Watershed Design & Construction Division
40264008	Lwr Silver-R4-6 N Babb-Cunni	3,715,375	710,000	1,980,884	Water Utility Capital Division
40264011	Cunningham Fld Detention Cert	1,200,775	3,829,000	1,673,841	Watershed Design & Construction Division
40264012	Low Silver 680-Cunningham Reim	28,599	0	0	Water Utility Capital Division
40324003	U Penitencia Cr-Corps Coord	204,120	0	0	Watershed Stwdship & Planning Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Watershed and Stream Stewardship Fund (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
40324005	U Penitencia, Coyt-Dorel LERRD	2,055	0	1	Watershed Stwdship & Planning Division
40334005	Lwr Penitencia Crk Improvemnts	3,106,612	2,891,000	4,814,866	Watershed Design & Construction Division
50184003	ERP-Uvas Crk, Wren-Levee end	0	1,014,929	0	Watershed Design & Construction Division
50284010	Lower Llagas Capacity Restore	15,609	0	0	Water Utility Capital Division
50314001	ERP-West Branch Llagas Creek	0	1,020,704	0	Watershed Design & Construction Division
62044001	Watershed Habitat Enhancement Studies	0	0	1,166,914	Office of COO Watersheds
* 62044026	San Francisco Bay Shoreline	1,969,862	0	2,721,261	Watershed Design & Construction Division
62064023	Districtwide Salary Savings	0	(291,000)	(208,775)	Financial Planning and Mgmt Services Division
** 62074030	WU Capital Training & Dvlpment	75,804	0	0	Water Utility Capital Division
* 62074033	CIP Development & Admin	155,410	177,959	350,964	Water Utility Capital Division
* 62074036	Survey Mgmt & Tech Support	71,054	76,463	159,894	Watershed Design & Construction Division
* 62074038	Capital Progrm Srvc Admin	374,898	0	1,834,502	Water Utility Capital Division
** 62074045	Technical Review Committee	70,154	42,390	0	Water Utility Capital Division
** 62074046	WU Captl Health & Safety Trng	15,864	0	0	Water Utility Capital Division
** 62074051	WS Capital Training & Dvlpment	68,213	243,705	0	Office of COO Watersheds
** 62074052	WS Capital Program Srvc Admin	374,772	924,989	0	Office of COO Watersheds
** 62074053	WS Capital Hlth & Safety Trng	5,703	12,451	0	Office of COO Watersheds
62084001	Watersheds Asset Rehabilitation Program	941,367	787,000	11,046,551	Watershed Design & Construction Division
62184001	SMP Mit-Stream Wtrshd Land Acq	2,556,075	509,575	509,068	Watershed Design & Construction Division
<b>Total Capital</b>		<b>54,384,161</b>	<b>43,442,759</b>	<b>27,385,641</b>	
<b>Total</b>		<b>98,344,163</b>	<b>94,998,195</b>	<b>80,760,083</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Safe, Clean Water & Natural Flood Protection Fund

### Description

The Safe, Clean Water & Natural Flood Protection Fund accounts for a 15-year program that was approved by the voters in November 2012 to address several community priorities. The program replaced the Clean, Safe Creeks plan passed by voters in November 2000. The Safe, Clean Water and Natural Flood Protection (SCW) program is funded by a combination of revenues from the continuation of an annual special parcel tax, reserves from unspent funds of the Clean, Safe Creeks plan, and state and federal funding. The program includes a debt financing component that will help fund capital projects earlier in the program rather than later.

Program funds will be used to meet remaining Clean, Safe Creeks plan commitments and to fulfill the following community priorities:

- Ensure a safe, reliable water supply;
- Reduce toxins, hazards and contaminants in our waterways;
- Protect our water supply from earthquakes and natural disasters;
- Restore wildlife habitat and provide open space;
- Provide flood protection to homes, businesses, schools and highways.

The program supplements other available but limited resources to provide stream stewardship activities and flood protection improvements. The program supports activities that benefit not only the community at large but that also provide relief to Water Utility rate payers. For example, the fund will pay towards the project to restore the Main Avenue and Madrone pipelines that otherwise would need to be paid by water utility rate payers. The project will restore the water transmission pipelines to full operating capacity from Anderson Reservoir for groundwater recharge. Furthermore, the FY 2017-18 budget includes an additional position through the SCW Fund to support the Impaired Water

Bodies Improvement and the Interagency Urban Runoff projects.

Preliminary targets for sediment removal are based on the Stream Maintenance Program-2 Notice of Proposed Work (NPW) submitted to the regulatory agencies every year in April. The NPW consists of all potential work identified for that season. While the District intends to complete all work listed in the NPW, some of the work may not be completed for numerous reasons, such as the ability to propose and implement required mitigation, timely receipt of regulatory agencies' approvals, changed site conditions, biological restrictions due to nesting birds, and other factors. In addition, as the work season progresses, a second NPW may be submitted for work later identified as necessary and not included in the April submittal. Therefore, proposed quantities in this document are subject to change.

Following each priority statement is a list of projects that are included in the FY 2017-18 budget.

### Outcomes

#### **Goal 3.1: Natural flood protection for residents, businesses, and visitors**

Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding; Ensure continued coordination with and funding support from the US Army Corps of Engineers (USACE); continue projects to maintain channel conveyance capacity.

#### *Major Capital Projects starting or continuing construction*

- San Francisquito Creek, San Francisco Bay to HWY 101 (SCW Priority E5)

# Financial Overview

- Upper Llagas Creek, Buena Vista Road to Wright Avenue (SCW Priority E6)
- Berryessa Creek, Calaveras Boulevard to I-680 (continue CSC)
- Permanente Creek, San Francisco Bay to Foothill Expressway (continue CSC)
- Upper Guadalupe River, I-280 to Blossom Hill Road (SCW Priority E8)
- Sunnyvale East Channel, Guadalupe Slough to I-280 (continue CSC)
- Sunnyvale West Channel, Guadalupe Slough to Hwy 101 (continue CSC)

## *Major Capital Projects in planning and design:*

- Upper Penitencia Creek, Coyote Creek to Dorel Drive (SCW Priority E4)
- San Francisquito Creek, HWY 101 to El Camino Real (SCW Priority E5)
- San Francisco Bay Shoreline (SCW Priority E7)
- Upper Guadalupe River, I-280 to Blossom Hill Road (SCW Priority E8)
- Coyote Creek, Montague Expressway to I-280 (continue CSC)

## *SCW Priority E1:*

The Vegetation Control and Sediment Removal for Flood Protection – Support the District’s ongoing vegetation control and sediment removal activities that reduce flood risk by maintaining design conveyance capacity of flood production projects. Positions have been included in the FY 2017-18 budget to help address a backlog of this critical work resulting, in part, from staffing shortages, additional requirements of the SMP-2 permits, and the increasing demands of the public’s online and phone requests for service, which the District is committed to responding to within five (5) business days.

- Provides 16% of funding for removal of approximately 34,850 cubic yards of sediment
- Control 408 acres of upland vegetation (program total is 6,120 acres over 15 years)
- Control 619 acres of in-stream vegetation to provide flood protection in all five watersheds

## **Goal 3.2: Reduce potential for flood damages**

Reduce the risk of flooding from creeks by preparing for and responding to flood emergencies.

### *SCW Priority C2:*

Emergency Response Upgrades - Improve the accuracy of flood forecasting services with the use of stream gauges and hydrological, hydraulic and geotechnical studies

### *SCW Priority E2:*

- Enhance inter-agency response to storm-related emergencies by working with agencies to incorporate district-endorsed flood emergency procedures into their Emergency Operations Center plans
- Complete flood fighting action plans for watershed
- Coordinate public outreach for uniform emergency messages and web-based information

### *SCW Priority E3:*

- Implement risk reduction strategies consistent with FEMA’s Community Rating System as appropriate
- Provide more accurate flood plain mapping and potentially change FEMA regulatory floodplain
- Conduct hydrologic and hydraulic study for Lower Silver tributaries to evaluate 1% flood risk

## **Goal 4.1: Protect and restore creek, bay and other aquatic ecosystems**

### *SCW Priority B1:*

- Improve impaired water bodies to help the District meet surface water quality standards and reduces pollutants in streams, groundwater, lakes and reservoirs. Benefits include improved water quality including water going to drinking water treatment plants and reduction of mercury in reservoirs to prevent entry into the food web.
- Fund several pollution prevention and reduction activities such as discouragement of re-encampments along the Guadalupe River and Coyote Creek as well as trash removal.

# Financial Overview

## *SCW Priority B2:*

- Interagency Urban Runoff Program - Support collaborative efforts with other agencies and non-profit organizations to protect surface water quality.
- Support pollution prevention and reduction activities such as the Pajaro River watershed pathogen and microbial source tracking study to determine sources of pollutants.
- Operate and maintain four (4) trash capture devices throughout the county

## *SCW Priority B3:*

- Administer Pollution Prevention grants and partnership projects awarded since 2014
- Provide up to \$200,000 per year for partnerships with municipalities for programs specific to reducing contaminants in groundwater or surface water

## *SCW Priority B4:*

- Good Neighbor Illegal Encampment Cleanup- Perform 52 annual cleanups for the duration of the Safe, Clean Water program to reduce the amount of trash and pollutants entering the streams

## *SCW Priority B5:*

- Hazardous Material Response Program – Respond to 100% of hazardous materials reports requiring urgent on-site inspection in 2 hours or less

## *SCW Priority B6:*

- Good Neighbor Program - Fund 40% of the Good Neighbor Maintenance activity for all watersheds for graffiti and litter removal

## *SCW Priority B7:*

- Administer a portfolio of 5 grants projects for Support Volunteer Clean Up and Education Effort projects awarded since 2014
- Continue to develop and implement partnership agreements
- Solicit new proposals for support volunteer cleanup and education projects as directed by the board

## *SCW Priority D1:*

- Management of Revegetation Projects

- Maintain a minimum of 300 existing acres of revegetation planting annually to meet regulatory requirements and conditions throughout the five watersheds

## *SCW Priority D2:*

- Revitalize stream, upland and wetland habitat by removing non-native, invasive plants and revegetating habitat with native species

## *SCW Priority D3:*

- Develop Stream Corridor Priority Plans to prioritize stream restoration activities
- Conduct proposal solicitation and execute agreements, which includes \$400,000 for partnerships and \$200,000 for mini-grants for wildlife habitat restoration
- Continue to develop and implement partnership agreements
- Administer a portfolio of over 11 wildlife habitat restoration grants and partnership projects awarded since 2014

## *SCW Priority D4:*

- Restore and maintain healthy fisheries populations by improving fish passage and habitat such as installing large woody debris and/or gravel in steelhead streams
- Almaden Lake Improvement - creek/lake separation (Capital project)
- Pre-feasibility study of Ogier Ponds creek/lake separation
- SCW Fish Passage Improvement (Capital project)

## *SCW Priority D5:*

- Create a comprehensive watershed database that tracks stream ecosystem functions
- Establish a baseline ecological level of service for the West Valley Watershed
- Reassess streams to determine if ecological levels of service are maintained or improved

## *SCW Priority D6:*

- Increase the stability through channel improvement projects based on sound geomorphic science principles
- Hale Creek

# Financial Overview

## SCW Priority D7:

- Provide up to \$8 million for the acquisition of property for the conservation of habitat lands to preserve local ecosystems

## SCW Priority D8:

- Reuse local stream sediments to build and rehabilitate tidal habitat
- South Bay Salt Ponds Restoration (Capital project)

## Goal 4.2: Improved quality of life in Santa Clara County through trails and open space

### SCW Priority D3:

- Conduct proposal solicitation and execute agreements, which includes \$571,000 grant funds for trails and open space
- Administer a portfolio of 3 open space and trail grants projects awarded since 2014

## Fiscal Status

The special parcel tax is budgeted at \$42.5 million, reflecting a 2.4% increase from the FY 2016-17 budget. This special tax is based on the land use and parcel size rather than assessed property value.

Consequently, the annual rates of change are different than for the other property taxes in the Watershed Stream and Stewardship Fund.

Interest earnings are projected at \$1.7 million, which is flat relative to the FY 2016-17 budget.

Capital Reimbursement of \$19.2 million is budgeted as follows:

- \$13.2 million for State Subventions: Berryessa Creek (\$2.9 million), Upper Llagas Creek (\$5.8 million), and Upper Guadalupe River (\$4.5 million)
- \$6.0 million for Department of Water Resources Proposition 1E: Berryessa Creek, Calaveras Blvd to I-680

New debt service of \$140 million is planned to be issued in FY 2017-18.

\$9.3 million is budgeted to be transferred in from Water Enterprise Fund for the Main / Madrone project

in FY 2017-18.

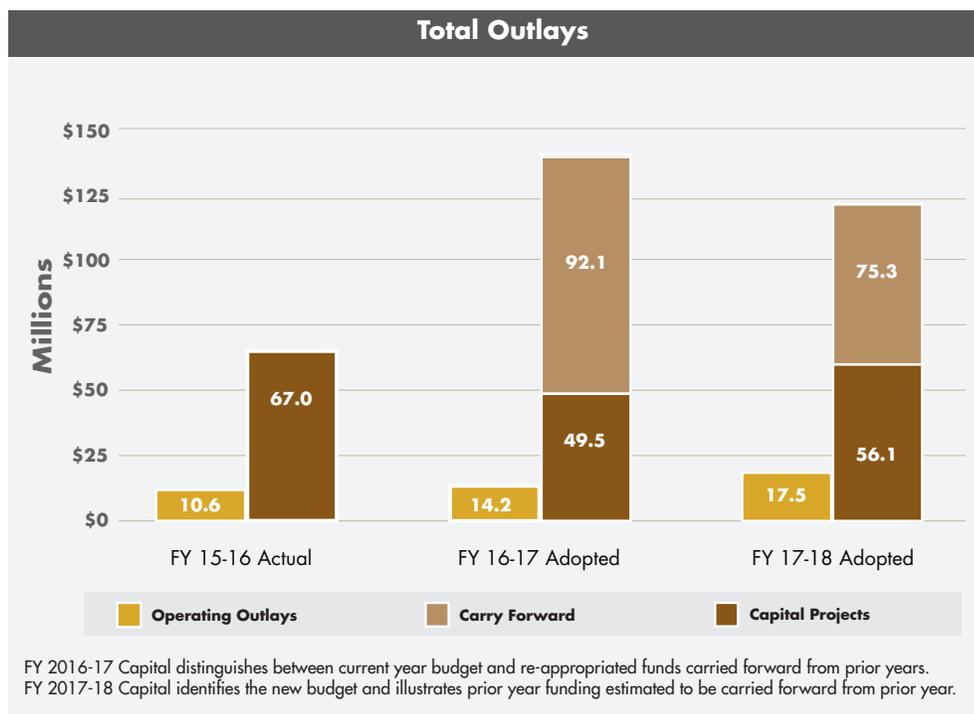
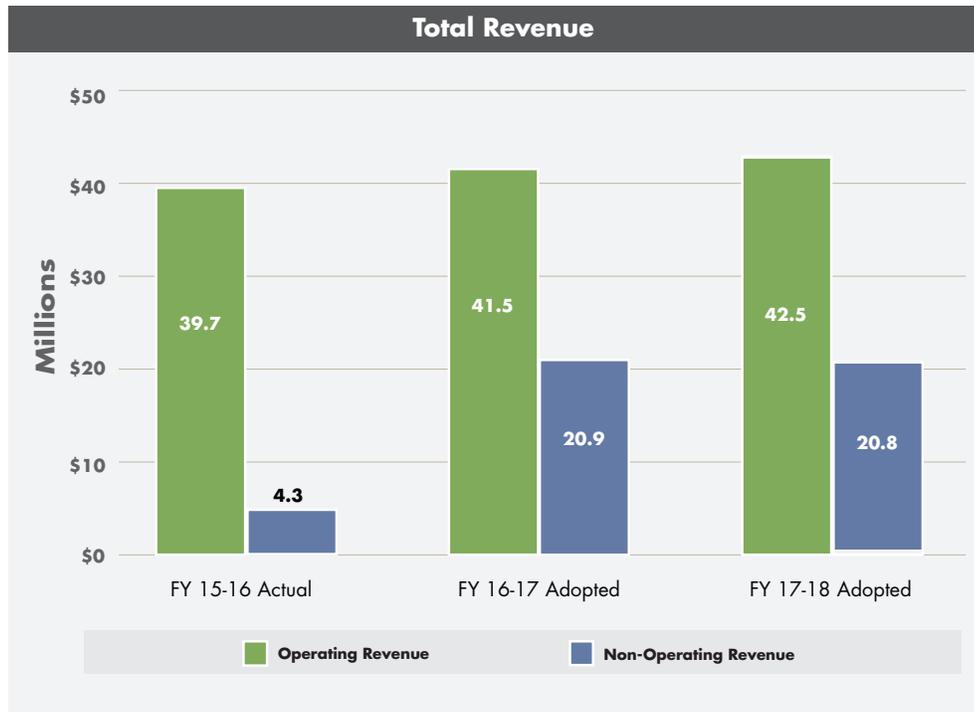
\$5.5 million certificates of participation is expected to be received in FY 2017-2018.

## Budget Issues

- Reallocation of resources to provide short-term flood protection options for Coyote Creek (FY 2017-18 Board Priority 11: Coyote Creek flood response) may delay completion of watersheds operations and maintenance work.
- Staff continues to work aggressively with the USACE to obtain Federal funding. Flood protection projects continue to the extent possible with local funding.
- Due to uncertainty in USACE funding for capital flood protection projects, staff continues to explore other capital funding options.
- Good Neighbor Program: Encampment Cleanup project's 15-year program funding is inadequate to meet the demands for services from the community and partner agencies.

# Financial Overview

## Safe, Clean Water and Natural Flood Protection Fund



FY 2016-17 Capital distinguishes between current year budget and re-appropriated funds carried forward from prior years. FY 2017-18 Capital identifies the new budget and illustrates prior year funding estimated to be carried forward from prior year.

# Financial Overview

## Safe Clean Water and Natural Flood Protection Fund

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Special Parcel Tax	\$ 39,684,083	\$ 41,528,137	\$ 41,073,026	\$ 42,510,582	\$ 982,445	2.4%
<b>Total Operating Revenue</b>	<b>\$ 39,684,083</b>	<b>\$ 41,528,137</b>	<b>\$ 41,073,026</b>	<b>\$ 42,510,582</b>	<b>\$ 982,445</b>	<b>2.4%</b>
<b>Non-Operating Income:</b>						
Interest*	\$ 1,576,639	\$ 1,679,640	\$ 1,530,000	\$ 1,670,000	\$ (9,640)	(0.6)%
Capital Reimbursements	2,455,075	19,202,000	16,537,000	19,158,000	(44,000)	(0.2)%
Other	291,432	—	—	—	—	—
<b>Total Non-Operating Income</b>	<b>\$ 4,323,146</b>	<b>\$ 20,881,640</b>	<b>\$ 18,067,000</b>	<b>\$ 20,828,000</b>	<b>\$ (53,640)</b>	<b>(0.3)%</b>
<b>Total Revenue</b>	<b>\$ 44,007,229</b>	<b>\$ 62,409,777</b>	<b>\$ 59,140,026</b>	<b>\$ 63,338,582</b>	<b>\$ 928,805</b>	<b>1.5%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 8,982,571	\$ 11,855,095	\$ 12,360,878	\$ 13,135,778	\$ 1,280,683	10.8%
Operating Projects	1,662,847	2,070,871	2,070,871	1,986,379	(84,492)	(4.1)%
Debt Service	3,868	296,400	296,400	2,416,690	2,120,290	715.3%
<b>Total Operating Outlays</b>	<b>\$ 10,649,286</b>	<b>\$ 14,222,366</b>	<b>\$ 14,728,149</b>	<b>\$ 17,538,847</b>	<b>\$ 3,316,481</b>	<b>23.3%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 67,027,756	\$ 49,527,325	\$ 106,314,031	\$ 56,087,734	\$ 6,560,409	13.2%
Carry Forward Capital Projects	—	92,145,000	—	75,321,000	(16,824,000)	(18.3)%
<b>Total Capital Outlays</b>	<b>\$ 67,027,756</b>	<b>\$ 141,672,325</b>	<b>\$ 106,314,031</b>	<b>\$ 131,408,734</b>	<b>\$ (10,263,591)</b>	<b>(7.2)%</b>
<b>Other Financing Sources (Uses):</b>						
Bond Proceeds	\$ —	\$ 157,220,000	\$ —	\$ —	\$ (157,220,000)	(100.0)%
Commercial Paper Proceeds	—	—	—	140,000,000	140,000,000	**
Certificates of Participation	8,717,545	1,625,340	1,625,340	5,500,000	3,874,660	238.4%
Transfers In	—	—	—	9,349,000	9,349,000	**
Transfers Out	(14,000,000)	—	—	—	—	**
<b>Total Other Sources/(Uses)</b>	<b>\$ (5,282,455)</b>	<b>\$ 158,845,340</b>	<b>\$ 1,625,340</b>	<b>\$ 154,849,000</b>	<b>\$ (3,996,340)</b>	<b>(2.5)%</b>
<b>Balance Available</b>	<b>\$ (38,952,268)</b>	<b>\$ 65,360,426</b>	<b>\$ (60,276,814)</b>	<b>\$ 69,240,001</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Restricted Reserves</b>						
Currently Authorized Projects***	\$ 147,146,206	\$ 62,678,000	\$ 90,678,000	\$ 15,357,000	\$ (47,321,000)	(75.5)%
Operating & Capital Reserve	5,961,701	106,616,348	2,153,093	146,714,094	40,097,746	37.6%
<b>Total Restricted Reserves</b>	<b>\$ 153,107,907</b>	<b>\$ 169,294,348</b>	<b>\$ 92,831,093</b>	<b>\$ 162,071,094</b>	<b>\$ (7,223,254)</b>	<b>(4.3)%</b>
<b>Total Year-End Reserves</b>	<b>\$ 153,107,907</b>	<b>\$ 169,294,348</b>	<b>\$ 92,831,093</b>	<b>\$ 162,071,094</b>	<b>\$ (7,223,254)</b>	<b>(4.3)%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Total Outlays - Safe, Clean Water & Natural Flood Protection Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
	26001090 Unscoped Projects-Budget Only	0	100,000	100,000	Watershed Design & Construction Division
*	26031001 Watershed Revenue	118,653	153,903	147,528	Financial Planning and Mgmt Services Division
	26041023 Emergency Response Upgrades	398,129	298,119	369,565	Watershed Stwdship & Planning Division
	26041024 Flood Risk Reduction Studies	848,046	656,067	663,790	Watershed Stwdship & Planning Division
*	26041047 Ecolgcal Data Collectn & Anly	388,946	712,257	770,430	Watershed Stwdship & Planning Division
	26061002 Rent Exp Clean Safe Ck 7/1/01+	92,490	150,604	163,498	General Services Division
	26061003 Stwardshp Grnts/Partnrshp Admn	66,757	105,300	71,663	Office of the CEO
	26061004 Districtwide Salary Savings-26	0	(189,000)	(129,585)	Financial Planning and Mgmt Services Division
	26061005 Flood Emrgncy Respns Planning	107,433	213,928	321,349	Watershed Stwdship & Planning Division
	26061006 Pollution Prvtn Prtrnrshp & Grt	709,114	283,092	764,176	Office of the CEO
	26061007 Grants to Rest Habitat Access	1,468,377	1,534,081	1,441,508	Office of the CEO
	26061008 Water Conservation Grants	143,962	126,951	129,314	Water Supply Division
	26061010 Nitrate Treatment Systm Rebate	18,431	55,815	29,000	Water Supply Division
	26061012 Safe Clean Water Implementatn	0	556,154	581,372	Office of COO Watersheds
*	26061019 Supp Volunteer Cleanup Effort	103,437	206,982	210,978	Office of the CEO
**	26061078 Supp Volunteer Cleanup Eff&Ed	140	0	0	Office of the CEO
*	26761022 Watershed Good Neighbor Maint	570,565	576,917	559,416	Watershed Opearions & Maintenance Division
*	26761023 Watershed Sediment Removal	355,765	480,157	864,280	Watershed Opearions & Maintenance Division
*	26761075 Mgmt of Revegetation Projects	469,764	1,159,091	1,256,044	Watershed Opearions & Maintenance Division
	26761076 Rev, Riprn, Uplnd, & Wtlnd Hab	193,334	802,782	916,631	Watershed Stwdship & Planning Division
*	26761078 Vegetation Mangmnt for Access	348,471	437,568	371,226	Watershed Opearions & Maintenance Division
*	26771011 Inter Agency Urban Runoff Prog	613,247	659,544	698,886	Watershed Stwdship & Planning Division
	26771027 Encampment Cleanup Program	929,729	1,011,226	907,984	Watershed Opearions & Maintenance Division
*	26771031 HAZMAT Emergency Response	20,789	37,480	19,177	Human Resources Division
	26771067 Stream Capacity Vegetation Con	1,016,992	1,726,077	1,907,549	Watershed Opearions & Maintenance Division
<b>Total Operations</b>		<b>8,982,571</b>	<b>11,855,095</b>	<b>13,135,778</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Safe, Clean Water & Natural Flood Protection Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By	
<b>Operating</b>						
26042002	Fish Habitat Improvements	465,315	501,006	500,142	Watershed Stwdship & Planning Division	
26062009	Hydration Station Grants	58,121	0	0	Office of the CEO	
26752043	Impaired Water Bodies Imprvmts	1,139,411	1,569,865	1,486,236	Watershed Stwdship & Planning Division	
<b>Total Operating</b>		<b>1,662,847</b>	<b>2,070,871</b>	<b>1,986,379</b>		
<b>Debt Service</b>						
26993001	Commercial Paper Tax Exmpt SCW	3,868	296,400	2,416,690	Financial Planning and Mgmt Services Division	
<b>Total Debt Service</b>		<b>3,868</b>	<b>296,400</b>	<b>2,416,690</b>		
<b>Capital</b>						
26044001	Almaden Lake Improvement	287,917	1,043,608	653,638	Watershed Design & Construction Division	
26044002	SCW Fish Passage Improvement	1,135,730	2,203,000	224,223	Water Utility Capital Division	
26064023	Districtwide Salary Savings	0	(126,000)	(260,977)	Financial Planning and Mgmt Services Division	
26074002	Sunnyvale East & West Channel	1,152,708	0	4,820,232	Water Utility Capital Division	
**	26074030	CPS Training and Development	139,641	15,097	0	Water Utility Capital Division
*	26074033	CIP Development & Admin	286,284	239,852	415,957	Water Utility Capital Division
*	26074036	Survey Mgmt & Tech Support	130,892	103,061	189,505	Watershed Design & Construction Division
*	26074038	Capital Program Services Admin	690,605	78,538	2,174,225	Water Utility Capital Division
**	26074045	Technical Review Committee	129,234	57,128	0	Water Utility Capital Division
**	26074046	WU Captl Health & Safety Trng	29,219	3,762	0	Water Utility Capital Division
**	26074051	WS Capital Training & Dvlpmnt	125,661	319,140	0	Office of COO Watersheds
**	26074052	WS Capital Program Srvc Admin	690,362	1,211,298	0	Office of COO Watersheds
**	26074053	WS Capital Hlth & Safety Trng	10,507	16,308	0	Office of COO Watersheds
	26154002	Guadalupe Rv-Upr, 280-SPRR(R6	256,310	116,000	0	Office of COO Watersheds
	26154003	Guadalupe Rv-Upr, SPRR-BH 7-12	1,143,570	8,499,000	6,543,945	Office of COO Watersheds
	26164001	HaleCreekEnhancementPilotStudy	285,254	482,220	1,305,856	Watershed Design & Construction Division
	26174041	Berryessa Calav/Old Pied Cor	12,859,342	14,747,258	0	Office of COO Watersheds
	26174042	Berryessa Calav/Old Pied LER	4,667,595	0	0	Office of COO Watersheds
	26174043	Coyote Ck, Montague to I-280	77,539	0	0	Watershed Stwdship & Planning Division
	26174051	U. Llagas Ck, Reimburse E6b	5,829,158	0	105,824	Water Utility Capital Division
	26174052	U. Llagas Ck, Nonreimburse E6a	372,984	0	2,354	Water Utility Capital Division
	26174054	U.Llagas Ck Design B. Vsta Rd	697,641	1,071,000	1,039,957	Water Utility Capital Division
	26244001	Permanente Ck, Bay-Fthill CSC	6,436,822	11,722,096	16,905,770	Watershed Design & Construction Division
	26284001	San Francisquito Ck,BaySer CSC	710,157	0	0	Watershed Design & Construction Division
	26284002	San Francisquito Early Implemt	27,539,182	536,467	7,337,635	Watershed Design & Construction Division
	26444001	SFBS EIA 11 Desgn & Part Const	(539)	6,246,492	0	Watershed Design & Construction Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Safe, Clean Water & Natural Flood Protection Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
26444002	SFBS Other EIAs Planning	399,126	422,000	1	Watershed Design & Construction Division
26444003	SBSP Restoration Partnership	25,829	0	12,700	Watershed Stwdship & Planning Division
26564001	Main/Madrone PL Restoration	919,026	520,000	14,616,889	Water Utility Capital Division
<b>Total Capital</b>		<b>67,027,756</b>	<b>49,527,325</b>	<b>56,087,733</b>	
<b>Total</b>		<b>77,677,042</b>	<b>63,749,691</b>	<b>73,626,580</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Benefit Assessment Funds

### Overview

The Flood Control Benefit Assessment was first authorized by the District Board of Directors in 1981, and then by ballot measures in 1982, 1986, and 1990. The program had a sunset date of 2000 but the assessment will continue until 2030, when the District will pay off the bonds associated with it. The Benefit Assessment funds are in place to account for both revenue received and expenditures by zone.

Starting from FY 2008-09, the following watershed funds are redefined as the Benefit Assessment Funds as a result of the watershed fund consolidation effort:

- The Lower Peninsula Watershed (Fund 21) is defined by geographic boundaries encompassing the tributaries and watersheds of San Francisquito Creek, Matadero Creek, Barron Creek, Adobe Creek, Stevens Creek, and Permanente Creek. The geographic area includes the cities of Palo Alto, Los Altos, Los Altos Hills, Mountain View, and portions of Cupertino.
- The West Valley Watershed (Fund 22) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe Slough, Sunnyvale West Outfall, Sunnyvale East Outfall, Calabazas Creek, San Tomas Aquino Creek, and Saratoga Creek. The geographic area includes portions of the cities of Sunnyvale, Cupertino, Monte Sereno, San Jose, Santa Clara, Campbell, Saratoga and the Town of Los Gatos.
- The Guadalupe Watershed (Fund 23) is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe River. The major tributaries are Los Gatos Creek, Canoas Creek, Ross Creek, Guadalupe Creek, and Alamitos Creek. The geographic area includes portions of the cities of Santa Clara, San Jose, Campbell, Monte Sereno, and the Town of Los Gatos.

- The Coyote Watershed (Fund 24) is defined by geographic boundaries encompassing the tributaries and watersheds of Coyote Creek. The major tributaries are Lower Penitencia Creek, Scott Creek, Berryessa Creek, Upper Penitencia Creek, Silver Creek, Thompson Creek, Fisher Creek, and Packwood Creek. The geographic area includes the city of Milpitas and portions of the cities of San Jose and Morgan Hill.
- The Uvas/Llagas Watershed (Fund 25) is defined by geographic boundaries encompassing the tributaries and watersheds of the Pajaro River in Santa Clara County. The major tributaries are Little Llagas Creek, Llagas Creek, the west branch of Llagas Creek, Uvas-Carnadero Creek, Pescadero Creek, and Pacheco Creek. The Uvas/Llagas Watershed Fund is comprised of mostly unincorporated area and includes the city of Gilroy and portions of the cities of San Jose and Morgan Hill.

These funds are redefined as the benefit assessment funds comprised of voter-approved debt repayment phase of the benefit assessment program, with benefit assessment levied at 1.25 times the annual debt service. The excess amount over annual debt service will be transferred out to the consolidated Watershed and Stream Stewardship Fund (Fund 12) for the maintenance of the flood protection infrastructure.

The benefit assessment for a single family residence is expected at approximately:

- \$39.86/year for Lower Peninsula Watershed
- \$13.20/year for West Valley Watershed
- \$21.16/year for Guadalupe Watershed
- \$21.06/year for Coyote Watershed
- \$0.00/year for Uvas/Llagas Watershed. The debt has been paid off

# Financial Overview

## Benefit Assessment Funds

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Benefit Assessments</b>						
Lower Peninsula Watershed	\$ 3,997,345	\$ 4,041,221	\$ 4,041,221	\$ 4,038,079	\$ (3,142)	(0.1)%
West Valley Watershed	2,246,217	2,266,524	2,266,524	2,265,508	(1,016)	(0.0)%
Guadalupe Watershed	4,529,288	4,579,897	4,579,897	4,578,702	(1,195)	(0.0)%
Coyote Watershed	3,909,678	3,896,938	3,896,938	3,895,225	(1,713)	(0.0)%
Uvas/Llagas Watershed	—	—	—	—	—	**
Other revenue	—	—	—	—	—	**
<b>Total Revenue</b>	<b>\$ 14,682,528</b>	<b>\$ 14,784,580</b>	<b>\$ 14,784,580</b>	<b>\$ 14,777,514</b>	<b>\$ (7,066)</b>	<b>(0.0)%</b>
<b>Operating Outlays:</b>						
<b>Debt Service</b>						
Lower Peninsula Watershed	\$ 3,356,915	\$ 3,369,004	\$ 3,369,004	\$ 3,361,126	\$ (7,878)	(0.2)%
West Valley Watershed	1,831,617	1,854,013	1,854,013	1,855,206	1,193	0.1%
Guadalupe Watershed	3,663,735	3,718,445	3,718,445	3,721,829	3,384	0.1%
Coyote Watershed	3,240,144	3,266,310	3,266,310	3,267,190	880	0.0%
<b>Total Operating Outlays</b>	<b>\$ 12,092,411</b>	<b>\$ 12,207,772</b>	<b>\$ 12,207,772</b>	<b>\$ 12,205,351</b>	<b>\$ (2,421)</b>	<b>(0.0)%</b>
<b>Other Financing Sources/(Uses):</b>						
Transfers Out to WSS fund	\$ (2,590,117)	\$ (2,576,808)	\$ (2,576,808)	\$ (2,572,163)	\$ —	—
<b>Balance Available</b>						
<b>Uncommitted Funds</b>			\$ 0	\$ 0		

# Financial Overview

## Total Outlays - Lower Peninsula Watershed Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Debt Service</b>					
** 10993005	2004A COP Lower Peninsula WS	1,082,432	1,089,552	0	Financial Planning and Mgmt Services Division
** 10993006	2007 COP Refunding LP WS	2,274,483	2,279,452	0	Financial Planning and Mgmt Services Division
10993008	2017A COP Refunding LP WS	0	0	3,361,126	Financial Planning and Mgmt Services Division
<b>Total Debt Service</b>		<b>3,356,915</b>	<b>3,369,004</b>	<b>3,361,126</b>	
<b>Total</b>		<b>3,356,915</b>	<b>3,369,004</b>	<b>3,361,126</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - West Valley Watershed Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Debt Service</b>					
** 20993006	2007 COP Refunding WV WS	682,287	683,778	0	Financial Planning and Mgmt Services Division
20993007	2012A COP Refunding WV WS	1,149,330	1,170,235	1,171,611	Financial Planning and Mgmt Services Division
20993008	2017A COP Refunding WV WS	0	0	683,595	Financial Planning and Mgmt Services Division
<b>Total Debt Service</b>		<b>1,831,617</b>	<b>1,854,013</b>	<b>1,855,206</b>	
<b>Total</b>		<b>1,831,617</b>	<b>1,854,013</b>	<b>1,855,206</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Guadalupe Watershed Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Debt Service</b>					
** 30993005	2004A COP Guadalupe WS	30,603	31,368	0	Financial Planning and Mgmt Services Division
** 30993006	2007 COP Refunding Guad WS	758,353	760,010	0	Financial Planning and Mgmt Services Division
30993007	2012A COP Refunding Guad WS	2,874,779	2,927,067	2,930,510	Financial Planning and Mgmt Services Division
30993008	2017A COP Refunding Guad WS	0	0	791,319	Financial Planning and Mgmt Services Division
<b>Total Debt Service</b>		<b>3,663,735</b>	<b>3,718,445</b>	<b>3,721,829</b>	
<b>Total</b>		<b>3,663,735</b>	<b>3,718,445</b>	<b>3,721,829</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Coyote Watershed Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Debt Service</b>					
** 40993006	2007 COP Refunding Coyote WS	2,047,438	2,051,911	0	Financial Planning and Mgmt Services Division
40993007	2012A COP Refunding Coyote WS	1,192,706	1,214,399	1,215,829	Financial Planning and Mgmt Services Division
40993008	2017A COP Refunding Coyote WS	0	0	2,051,361	Financial Planning and Mgmt Services Division
<b>Total Debt Service</b>		<b>3,240,144</b>	<b>3,266,310</b>	<b>3,267,190</b>	
<b>Total</b>		<b>3,240,144</b>	<b>3,266,310</b>	<b>3,267,190</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

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**WATER ENTERPRISE AND STATE WATER PROJECT FUNDS**

# Financial Overview

## Overview

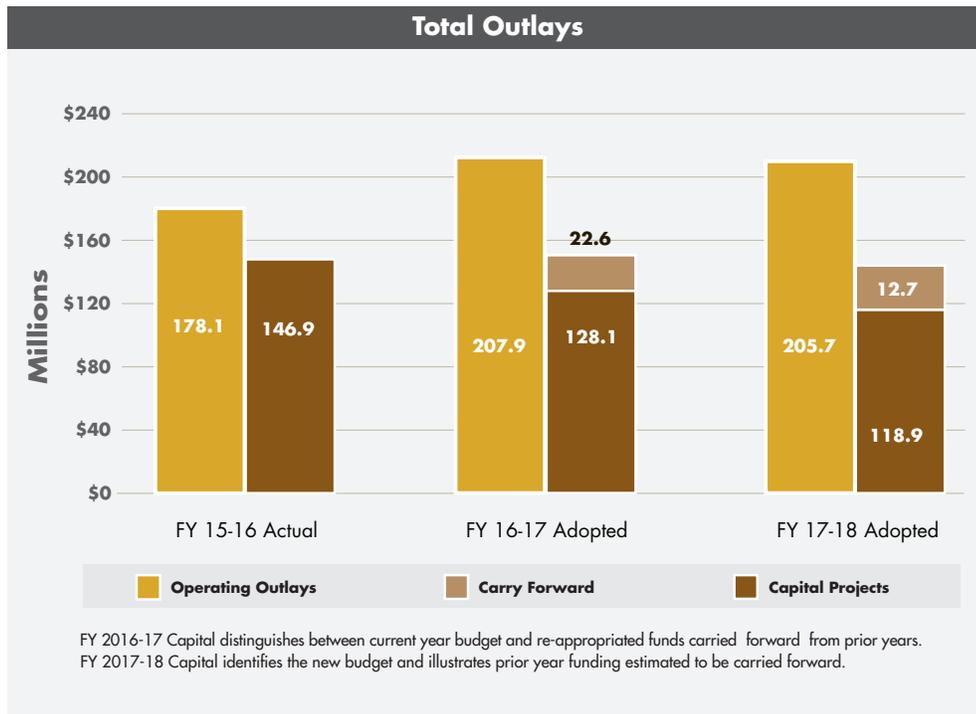
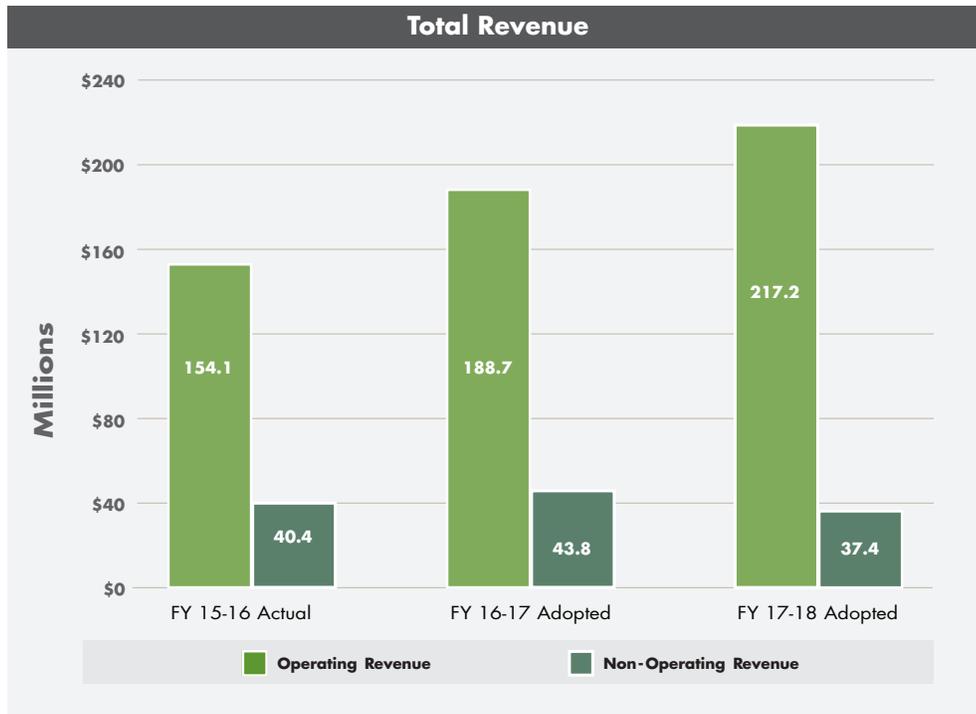
As the water management agency and principal water wholesaler for Santa Clara County, the Santa Clara Valley Water District manages a sustainable water supply through conjunctive use of surface and groundwater resources. The Chief Operating Officer - Water Utility implements the program to protect and augment water supplies through the use of two funds:

- The Water Utility Enterprise Fund (Fund 61)
- The State Water Project Fund (Fund 63)

Financial summaries and a description of programs and outcomes from these funds can be found in this chapter.

# Financial Overview

## Water Enterprise and State Water Project Funds



# Financial Overview

## Water Enterprise and State Water Projects Combined Fund Summary

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2016-17 Adopted	
	2015-16	2016-17	2016-17	2017-18	\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Groundwater Production Charges	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water Revenue	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Inter-governmental services	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%
Other	777,482	660,000	735,000	735,000	75,000	11.4%
<b>Total Operating Revenue</b>	<b>\$ 154,086,492</b>	<b>\$ 188,734,000</b>	<b>\$ 190,316,905</b>	<b>\$ 217,166,000</b>	<b>\$ 28,432,000</b>	<b>15.1%</b>
<b>Non-Operating Income:</b>						
Property Tax	\$ 30,534,598	\$ 38,983,040	\$ 39,285,000	\$ 32,509,600	\$ (6,473,440)	(16.6)%
Interest*	2,527,338	629,415	821,000	820,000	190,585	30.3%
Capital Reimbursements	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%
Other	4,116,452	1,377,214	1,377,214	1,379,064	1,850	0.1%
<b>Total Non-Operating Income</b>	<b>\$ 40,354,899</b>	<b>\$ 43,800,669</b>	<b>\$ 53,805,214</b>	<b>\$ 37,396,664</b>	<b>\$ (6,404,005)</b>	<b>(14.6)%</b>
<b>Total Revenue</b>	<b>\$ 194,441,391</b>	<b>\$ 232,534,669</b>	<b>\$ 244,122,119</b>	<b>\$ 254,562,664</b>	<b>\$ 22,027,995</b>	<b>9.5%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 164,821,183	\$ 181,367,615	\$ 186,290,180	\$ 170,714,192	\$ (10,653,423)	(5.9)%
Operating Projects	155,654	57,121	57,121	292,009	234,888	411.2%
Debt Service	13,162,448	26,482,260	26,482,260	34,656,167	8,173,907	30.9%
<b>Total Operating Outlays</b>	<b>\$ 178,139,285</b>	<b>\$ 207,906,996</b>	<b>\$ 212,829,561</b>	<b>\$ 205,662,368</b>	<b>\$ (2,244,628)</b>	<b>(1.1)%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 146,905,800	\$ 128,053,459	\$ 122,848,030	\$ 118,906,727	\$ (9,146,732)	(7.1)%
Carry Forward Capital Projects	—	22,643,000	—	12,676,000	(9,967,000)	(44.0)%
<b>Total Capital Outlays</b>	<b>\$ 146,905,800</b>	<b>\$ 150,696,459</b>	<b>\$ 122,848,030</b>	<b>\$ 131,582,727</b>	<b>\$ (19,113,732)</b>	<b>(12.7)%</b>
<b>Other Financing Sources (Uses) :</b>						
Bond Proceeds	\$ 131,482,186	\$ 128,000,000	\$ 123,585,000	\$ 62,000,000	\$ (66,000,000)	(51.6)%
Transfers In	24,117,308	2,663,165	3,038,165	4,540,222	1,877,057	70.5%
Transfers Out	(4,243,740)	(2,095,199)	(1,047,719)	(10,816,659)	(8,721,460)	416.3%
<b>Total Other Sources/(Uses)</b>	<b>\$ 151,355,754</b>	<b>\$ 128,567,966</b>	<b>\$ 125,575,446</b>	<b>\$ 55,723,563</b>	<b>\$ (72,844,403)</b>	<b>(56.7)%</b>
<b>Balance Available</b>	<b>\$ 20,752,060</b>	<b>\$ 2,499,180</b>	<b>\$ 34,019,974</b>	<b>\$ (26,958,868)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Restricted Reserves</b>						
WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
WUE- Rate Stabilization Reserve for Bond Covenant	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
WUE- Drought Reserve	—	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
<b>Total Restricted Reserves</b>	<b>\$ 37,094,318</b>	<b>\$ 42,028,823</b>	<b>\$ 42,028,823</b>	<b>\$ 45,625,427</b>	<b>\$ 3,596,604</b>	<b>8.6%</b>
<b>Committed Reserves</b>						

# Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Operating & Capital Reserve	\$ 35,431,539	\$ 36,366,956	\$ 54,005,579	\$ 36,126,107	\$ (240,849)	(0.7)%
Currently Authorized Projects***	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
<b>Total Committed Reserves</b>	<b>\$ 64,742,110</b>	<b>\$ 41,041,956</b>	<b>\$ 93,827,579</b>	<b>\$ 63,272,107</b>	<b>\$ 22,230,151</b>	<b>54.2%</b>
<b>Total Year-End Reserves</b>	<b>\$ 101,836,428</b>	<b>\$ 83,070,779</b>	<b>\$ 135,856,402</b>	<b>\$ 108,897,534</b>	<b>\$ 25,826,755</b>	<b>31.1%</b>
<b>Uncommitted Funds</b>			\$ 0	\$ 0		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB expenses-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Water Utility Enterprise Fund

### Description

Water Enterprise Fund ensures the availability of water to 15 cities, farmers, and individual well owners spread over 1,300 square miles, with District-managed usage estimated to total 217,000 acre-feet (AF) in FY 2017–18.

This requires the operation of the following facilities:

- 10 surface reservoirs with a total operationally restricted storage capacity of 122,924 AF
- 17 miles of canals
- 4 water supply diversion dams
- 393 acres of recharge ponds
- 91 miles of controlled in-stream recharge in the county
- 142 miles of pipelines
- 3 water treatment plants
- 1 Advanced Water Purification Center
- 3 pumping stations
- 1 well field

Accounts related to activities of the Water Utility are segregated into the Water Utility Funds comprised of the Water Utility Enterprise Fund and the State Water Project Fund. For the Water Utility Enterprise Fund, revenue accounts include: groundwater production, treated water, property taxes, surface water, recycled water, interest earnings, reimbursements, grants and other. Cost accounts include both direct and indirect or overhead costs associated with Water Utility projects and activities. The State Water Project Fund accounts specifically for state water project tax revenue and state water project contractual costs.

Revenue is derived from treated, surface and recycled water sales; groundwater production charges; federal, state and local grants; interest earnings; and ad valorem taxes as provided by law. The Water Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing

body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Board of Directors approved staff recommendation for FY 2017-18 North County (Zone W-2) groundwater production charges that reflect a 9.6% increase over the prior year for municipal and industrial water and 6.4% for agricultural water. The approved Municipal and Industrial groundwater production charge is \$1,175 per AF. The approved agricultural groundwater production charge in North County is \$25.09 per AF, and the approved total treated water contract charge is \$1,275 per AF.

The Board of Directors approved staff recommendation for FY 2017-18 South County (Zone W-5) groundwater production charges that reflect a 6.4% increase over the prior year for both municipal and industrial, as well as agricultural water. The approved Municipal and Industrial groundwater production charge is \$418 per AF, and the approved agricultural groundwater production charge is \$25.09 per AF.

Estimated total revenue for FY 2017-18 is \$254.5 million (\$227.5 million for fund 61 and \$27 million for fund 63), or 9.5% more than the FY 2016-17 budget. Operations costs (excluding debt service) are expected to be \$171.0 million for both funds, which includes new positions for Imported Water and Raw Water Operations. This represents a (6%) decrease from the FY 2016-17 budget. The cost of purchased water from the federal and state projects continues to be the largest expense item at \$18.6 million and \$28.2 million, respectively. The budget also includes \$9.7 million to pay the District's capital cost obligations for the federal San Felipe Division of the Central Valley Project. Debt service is budgeted at \$34.6 million.

In FY 2017-18 the capital appropriation is estimated to

# Financial Overview

be \$118.9 million and capital carry forward is estimated at \$12.7 million. This includes new positions, added mid-year 2016-17, to expedite environmental projects and streamline contracts. For FY 2017-18, total requirements of \$337.2 million are to be met from a combination of current revenues, reserves, and debt.

The approved water charges will generate \$215.2 million in revenues from water usage. Property tax revenues are projected to be \$32.5 million, and interest earnings and other revenue are estimated to be \$6.8 million for a total of \$254.5 million.

Total reserves for both funds are \$108.9 million, an increase by \$25.8 million relative to FY 2016-17.

## Significant Business Challenges/ Opportunities

- Support the Board in achieving the Board Budget Priorities for FY 2018 with funding from the Water Utility Enterprise including: Priority 1 Make Key decisions regarding the California WaterFix; Priority 3 Advance the District's interest in countywide stormwater resource planning; Priority 6 Advance the Anderson Dam Seismic Retrofit Project; Priority 7 Advance recycled and purified water efforts with San Jose and other agencies; Priority 8 Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE); and Priority 9 Actively pursue efforts to increase water storage opportunities.
  - Continuing to resolve issues and pursuing regulatory actions conducive to the best possible opportunity for the District to participate in the California WaterFix project, thus enabling the District's Board to make a well-informed decision about whether to participate in the project.
  - Evaluating the benefits of potential expansion of local storage and seeking funding opportunities to offset potential project costs.
  - Participating in the planning and evaluation of storage projects, including Sites Reservoir and Los Vaqueros Reservoir, and evaluation of potential benefits to the District.
- Managing operation of local reservoirs to seismic stability issues.
  - Within approved budgets, providing the required level of supply, treatment, delivery, and renewing aging infrastructure.
  - Meeting or surpassing all drinking water standards and delivering approximately 110,000 acre feet of water to fulfill treated water contracts.
  - Operating Rinconada, Penitencia, and Santa Teresa water treatment plants and SFPUC\_SCVWD Intertie to deliver treated water during scheduled outages for planned inspections/rehabilitations of the Pacheco Conduit and Almaden Valley Pipeline rehabilitation projects.
  - Continuing Rinconada Water Treatment Plant Reliability Improvement Project according to approved schedule and budget.
  - Continuing seismic retrofit planning and design of Anderson, Calero, and Guadalupe dams as well as seismic evaluations of Chesbro, Coyote, and Uvas dams.
  - Expediting development of purified water supply systems to enhance long-term reliability of supply.
  - Resolving the Three Creeks water rights issues through meeting the FAHCE settlement agreement commitments; focusing on completion of the Fish Habitat Restoration Plan and CEQA documentation to support an application to the State Water Resources Control Board for dismissal of the water rights complaint.

## Major Capital Projects

### E 2.1 Current and future water supplies are reliable

- Anderson Dam Seismic Retrofit – Design
- Calero and Guadalupe Dams Seismic Retrofits – Design
- Dam Safety Program Seismic Stability – Continuing evaluation
- South County Water Recycled Pipeline – Construction

# Financial Overview

- Wolfe Road Recycled Water Facilities – Construction to Close out Coyote Pumping Plant ASD Replacement - Planning
- Expedited Recycled and Purified Water Program – Planning

E 2.2 Raw water transmission & distribution assets ensure reliability and efficiency

- Pacheco Conduit Rehabilitation Project Construction
- Almaden Valley Pipeline - Rehabilitation Project – Design/ Construction
- Main & Madrone Pipelines Restoration – Construction
- Penitencia Delivery Main/Force Main Seismic Retrofits – Construction to Closeout
- Vasona Pumping Plant Upgrades – Planning/ Design
- Raw Water Transmission Small Capital Improvements – Ongoing

## **E 2.3 Reliable high quality drinking water is delivered**

- RWTP Reliability Improvement – Construction
- IRP2 Seismic Retrofit of Penitencia WTP Ops Bldg – Closeout
- PWTP Clearwell Recoating & Repair – Construction to Closeout
- Water Treatment Small Capital Improvements – Ongoing
- Fluoridation at Penitencia and Santa Teresa Water Treatment Plants – Closeout

## **Fiscal Status**

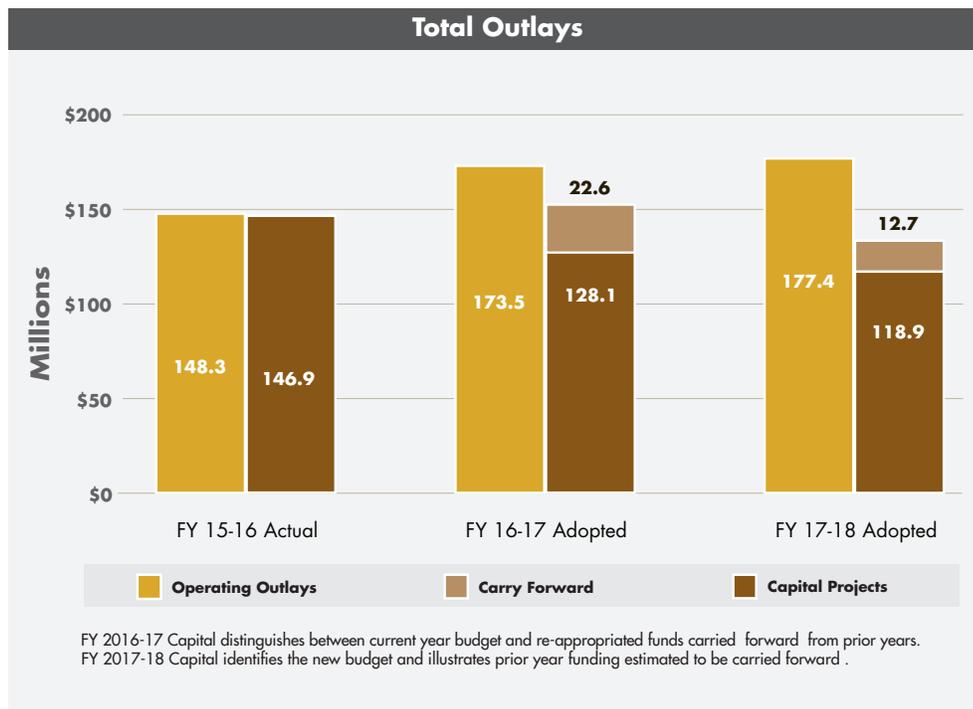
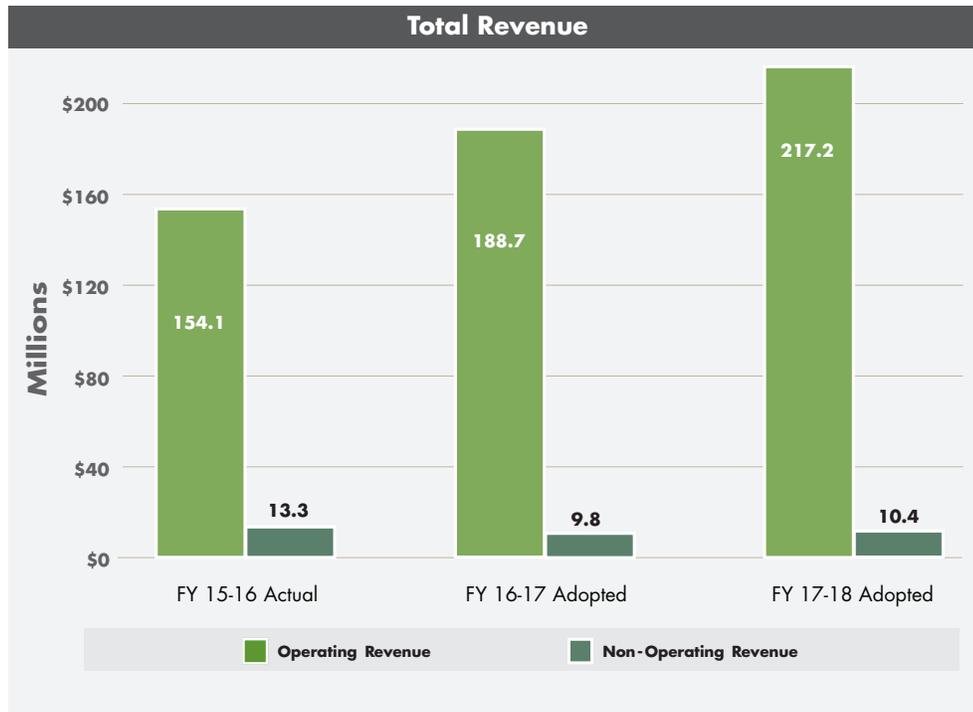
The debt service coverage ratio is targeted at 2.0 or higher to help ensure financial stability and continued high credit ratings. Discretionary reserves are targeted at a minimum per the District's policy.

## **Budget Issues**

Staff assumed that revenue from water charges is based on District water use of 217,000 AF. This represents a 6% increase year over year, but also represents a 24% reduction relative to calendar year 2013 actual. Staff also assumed a debt issuance of \$62 million to help finance critical investments in water supply infrastructure

# Financial Overview

## Water Enterprise Fund (Fund 61)



# Financial Overview

## Water Enterprise Fund Summary (Fund 61)

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Groundwater Production Charges	\$ 61,128,400	\$ 76,847,000	\$ 76,847,000	\$ 78,943,000	\$ 2,096,000	2.7%
Treated Water Charges	89,375,182	107,824,000	107,824,000	133,875,000	26,051,000	24.2%
Surface/Recycled Water	731,735	2,218,000	2,218,000	2,424,000	206,000	9.3%
Inter-governmental services	2,073,693	1,185,000	2,692,905	1,189,000	4,000	0.3%
Other	777,482	660,000	735,000	735,000	75,000	11.4%
<b>Total Operating Revenue</b>	<b>\$ 154,086,492</b>	<b>\$ 188,734,000</b>	<b>\$ 190,316,905</b>	<b>\$ 217,166,000</b>	<b>\$ 28,432,000</b>	<b>15.1%</b>
<b>Non-Operating Income:</b>						
Property Tax	\$ 6,062,880	\$ 5,983,040	\$ 6,285,000	\$ 6,509,600	\$ 526,560	8.8%
Interest*	2,527,338	629,415	821,000	820,000	190,585	30.3%
Capital Reimbursements	3,176,511	2,811,000	12,322,000	2,688,000	(123,000)	(4.4)%
Other	1,535,002	377,214	377,214	379,064	1,850	0.5%
<b>Total Non-Operating Income</b>	<b>\$ 13,301,731</b>	<b>\$ 9,800,669</b>	<b>\$ 19,805,214</b>	<b>\$ 10,396,664</b>	<b>\$ 595,995</b>	<b>6.1%</b>
<b>Total Revenue</b>	<b>\$ 167,388,223</b>	<b>\$ 198,534,669</b>	<b>\$ 210,122,119</b>	<b>\$ 227,562,664</b>	<b>\$ 29,027,995</b>	<b>14.6%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 134,992,970	\$ 147,305,450	\$ 151,853,015	\$ 142,425,970	\$ (4,879,480)	(3.3)%
Operating Projects	155,654	57,121	57,121	292,009	234,888	411.2%
Debt Service	13,162,448	26,482,260	26,482,260	34,656,167	8,173,907	30.9%
<b>Total Operating Outlays</b>	<b>\$ 148,311,072</b>	<b>\$ 173,844,831</b>	<b>\$ 178,392,396</b>	<b>\$ 177,374,146</b>	<b>\$ 3,529,315</b>	<b>2.0%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 146,905,800	\$ 128,053,459	\$ 122,848,030	\$ 118,906,727	\$ (9,146,732)	(7.1)%
Carry Forward Capital Projects	—	22,643,000	—	12,676,000	(9,967,000)	(44.0)%
<b>Total Capital Outlays</b>	<b>\$ 146,905,800</b>	<b>\$ 150,696,459</b>	<b>\$ 122,848,030</b>	<b>\$ 131,582,727</b>	<b>\$ (19,113,732)</b>	<b>(12.7)%</b>
<b>Other Financing Sources (Uses) :</b>						
Bond Proceeds	\$ 131,482,186	\$ 128,000,000	\$ 123,585,000	\$ 62,000,000	\$ (66,000,000)	(51.6)%
Transfers In	22,436,000	2,601,000	2,601,000	3,252,000	651,000	25.0%
Transfers Out	(4,243,740)	(2,095,199)	(1,047,719)	(10,816,659)	(8,721,460)	416.3%
<b>Total Other Sources/(Uses)</b>	<b>\$ 149,674,446</b>	<b>\$ 128,505,801</b>	<b>\$ 125,138,281</b>	<b>\$ 54,435,341</b>	<b>\$ (74,070,460)</b>	<b>(57.6)%</b>
<b>Balance Available</b>	<b>\$ 21,845,797</b>	<b>\$ 2,499,180</b>	<b>\$ 34,019,974</b>	<b>\$ (26,958,868)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Restricted Reserves</b>						
WUE- Restricted Operating Reserve	\$ 17,493,514	\$ —	\$ —	\$ —	\$ —	**
WUE- Rate Stabilization	2,082,388	19,973,809	19,973,809	21,066,011	1,092,202	5.5%
WUE- San Felipe Emergency Reserve	2,876,275	2,872,000	2,872,000	2,976,275	104,275	3.6%
WUE- Supplemental Water Supply	12,736,141	14,277,014	14,277,014	14,677,141	400,127	2.8%
WUE- SV Advanced Water Purification Center	1,906,000	1,906,000	1,906,000	1,906,000	—	—
WUE- Drought Reserve	—	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
<b>Total Restricted Reserves</b>	<b>\$ 37,094,318</b>	<b>\$ 42,028,823</b>	<b>\$ 42,028,823</b>	<b>\$ 45,625,427</b>	<b>\$ 3,596,604</b>	<b>8.6%</b>
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 35,431,539	\$ 36,366,956	\$ 54,005,579	\$ 36,126,107	\$ (240,849)	(0.7)%

# Financial Overview

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
Currently Authorized Projects***	29,310,571	4,675,000	39,822,000	27,146,000	22,471,000	480.7%
<b>Total Committed Reserves</b>	<b>\$ 64,742,110</b>	<b>\$ 41,041,956</b>	<b>\$ 93,827,579</b>	<b>\$ 63,272,107</b>	<b>\$ 22,230,151</b>	<b>54.2%</b>
<b>Total Year-End Reserves</b>	<b>\$ 101,836,428</b>	<b>\$ 83,070,779</b>	<b>\$ 135,856,402</b>	<b>\$ 108,897,534</b>	<b>\$ 25,826,755</b>	<b>31.1%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB expenses-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Water Enterprise Cost Center Summary

	Budgetary Base Actuals 2015-2016	Adopted Budget 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted % Diff
<b>SOURCE OF SUPPLY</b>				
Operations	\$ 100,331,073	\$ 108,546,137	\$ 92,983,880	(14.3)%
Operating Projects	154,541	—	—	—
Capital	54,368,200	57,930,469	27,721,427	(52.1)%
<b>Total</b>	<b>\$ 154,853,814</b>	<b>\$ 166,476,606</b>	<b>\$ 120,705,307</b>	<b>(27.5)%</b>
<b>RAW WATER TRANSMISSION AND DISTRIBUTION</b>				
Operations	\$ 11,245,771	\$ 12,660,668	\$ 13,953,701	10.2%
Capital	12,153,894	10,291,005	1,912,720	(81.4)%
<b>Total</b>	<b>\$ 23,399,665</b>	<b>\$ 22,951,673</b>	<b>\$ 15,866,421</b>	<b>(30.9)%</b>
<b>WATER TREATMENT</b>				
Operations	\$ 33,394,381	\$ 36,454,166	\$ 38,332,440	5.2%
Capital	64,479,965	52,072,736	68,502,106	31.6%
<b>Total</b>	<b>\$ 97,874,346</b>	<b>\$ 88,526,902</b>	<b>\$ 106,834,546</b>	<b>20.7%</b>
<b>TREATED WATER TRANSMISSION AND DISTRIBUTION</b>				
Operations	\$ 1,828,384	\$ 1,695,710	\$ 1,902,604	12.2%
Capital	6,648,475	843,000	231,965	(72.5)%
<b>Total</b>	<b>\$ 8,476,859</b>	<b>\$ 2,538,710</b>	<b>\$ 2,134,569</b>	<b>(15.9)%</b>
<b>ADMINISTRATION AND GENERAL</b>				
Operations	\$ 18,021,574	\$ 22,010,934	\$ 23,541,567	7.0%
Operating Projects	1,113	57,121	292,009	411.2%
Debt	13,162,448	26,482,260	34,656,167	30.9%
Capital	9,255,266	6,916,249	20,538,509	197.0%
<b>Total</b>	<b>\$ 40,440,401</b>	<b>\$ 55,466,564</b>	<b>\$ 79,028,252</b>	<b>42.5%</b>
<b>TOTAL WATER ENTERPRISE FUND</b>	<b>\$ 325,045,085</b>	<b>\$ 335,960,455</b>	<b>\$ 324,569,095</b>	<b>(3.4)%</b>
<b>FUND SUMMARY BY CATEGORY</b>				
Operations	\$ 164,821,183	\$ 181,367,615	\$ 170,714,192	(5.9)%
Operating Projects	155,654	57,121	292,009	411.2%
Debt	13,162,448	26,482,260	34,656,167	30.9%
Capital	146,905,800	128,053,459	118,906,727	(7.1)%
<b>Total</b>	<b>\$ 325,045,085</b>	<b>\$ 335,960,455</b>	<b>\$ 324,569,095</b>	<b>(3.4)%</b>

# Financial Overview

## Water Enterprise Charge Summary

	Adopted 2013/14	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17	Adopted 2017/18
<b>Groundwater Production</b>					
<b>Zone W-2</b>					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	680.00	747.00	894.00	1,072.00	1,175.00
<b>Zone W-5</b>					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	305.00	319.00	356.00	393.00	418.00
<b>Treated Water</b>					
Contract (Scheduled) <sup>(2)</sup>	780.00	847.00	994.00	1,172.00	1,375.00
Non-Contract <sup>(3)</sup>	755.00	897.00	1,094.00	1,272.00	1,375.00
<b>Untreated Water (Basic User Charge)</b>					
<b>Zone W-2</b>					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	680.00	747.00	894.00	1,072.00	1,175.00
<b>Zone W-5</b>					
Agricultural	18.30	19.14	21.36	23.59	25.09
Non-Agricultural	305.00	319.00	356.00	393.00	418.00
Water Master <sup>(1)</sup>	15.31	18.60	22.60	27.46	33.36
<b>Minimum Charge</b>					
Zone W-2 Non-Agricultural	510.00	560.25	670.50	804.00	883.50
Zone W-5 Non-Agricultural	228.75	239.25	267.00	294.75	313.50
Zone W-2 Agricultural	13.72	14.35	16.02	17.69	18.82
Zone W-5 Agricultural	13.72	14.35	16.02	17.69	18.82
<b>Reclaimed Water</b>					
<b>Gilroy Reclamation Facility</b>					
Agricultural	42.10	42.94	45.16	47.38	48.88
Non-Agricultural	285.00	299.00	336.00	373.00	398.00

(1) The surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

(2) The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

(3) The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

# Financial Overview

## Water Utility Cost Allocation between Zone W-2 (North County) and Zone W-5 (South County)

Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Adopted 2017-2018	Basis of Allocation to the South
<b>Operations</b>						
91041012	Water Operations Planning	16.9%	\$ 103,631	\$ 509,569	\$ 613,200	Raw Water Deliveries
91041018	Groundwater Management Program	42.4%	1,707,824	2,320,063	4,027,886	Groundwater Production Ratio
91061012	Facilities Env Compliance	16.9%	7,024	34,536	41,560	Raw Water Deliveries
91081007	Dam Safety Program	14.4%	202,612	1,204,413	1,407,025	Program Benefit Calculation
91101004	Recycled Water Program	5.9%	376,649	6,007,226	6,383,874	Population
91111001	Water Rights	16.9%	54,080	265,921	320,002	Raw Water Deliveries
91131004	Imported Water Program	12.0%	874,701	6,414,471	7,289,171	Imported Water Ratio
91131006	IW San Felipe Division Delvrs	19.7%	4,537,593	18,495,872	23,033,465	Program Benefit Calculation
91131007	IW South Bay Aqueduct Delvrs	—	—	3,053,971	3,053,971	No South County Benefit
91131008	State Water Project Costs	—	—	28,288,222	28,288,222	No South County Benefit
91151001	Water Conservation Program	7.3%	383,353	4,868,062	5,251,415	Program Benefit Calculation
91151012	Recycled/Purified Water Public Engagement	5.9%	53,082	846,611	899,693	Population
91211004	San Felipe Reach 1 Operation	19.8%	129,340	523,891	653,230	CVP Imported Water Ratio
91211005	SFD Reach 1 Administration	19.8%	1,935	7,837	9,771	CVP Imported Water Ratio
91211084	San Felipe Reach1 Ctrl and Ele	19.8%	81,617	330,591	412,208	CVP Imported Water Ratio
91211085	SF Reach 1-Engineering - Other	19.8%	18,547	75,126	93,673	CVP Imported Water Ratio
91211099	San Felipe Reach 1 Gen Maint	19.8%	156,888	635,477	792,365	CVP Imported Water Ratio
91221002	San Felipe Reach 2 Operation	19.8%	26,008	105,345	131,353	CVP Imported Water Ratio
91221006	SF Reach 2-Engineering - Other	19.8%	24,985	101,204	126,189	CVP Imported Water Ratio
91221099	San Felipe Reach 2 Gen Maint	19.8%	37,391	151,454	188,845	CVP Imported Water Ratio
91231002	San Felipe Reach 3 Operation	19.8%	37,814	344,142	381,955	CVP Imported Water Ratio
91231084	San Felipe Reach3 Ctrl and Ele	19.8%	37,753	343,591	381,344	CVP Imported Water Ratio
91231085	SF Reach 3-Engineering - Other	19.8%	15,140	137,786	152,926	CVP Imported Water Ratio
91231099	San Felipe Reach 3 Gen Maint	19.8%	95,306	546,483	641,788	CVP Imported Water Ratio
91281007	SVAWPC Facility Operations	—	—	2,568,927	2,568,927	No South County Benefit
91281008	SVAWPC Facility Maintenance	—	—	1,594,725	1,594,725	No South County Benefit
91441003	Desalination	13.0%	3,030	20,279	23,310	M&I Water Usage Ratio
91451002	Well Ordinance Program	20.7%	328,871	1,259,877	1,588,748	Well Permits and Inspections
91451005	Source Water Quality Mgmt	13.0%	48,548	324,895	373,443	M&I Water Usage Ratio
91451011	Invasive Mussel Prevention	16.9%	102,660	504,795	607,455	Raw Water Deliveries
91761001	Local Res / Div Plan & Analysis	21.5%	205,688	751,001	956,689	Total Water Deliveries Ratio
91761013	SCADA Systems Upgrades	19.8%	10,346	41,906	52,251	CVP Imported Water Ratio
91761099	Dams / Reservoir Gen Maint	22.0%	436,481	1,547,524	1,984,005	Program Benefit Calculation
91061007	Districtwide Salary Savings	13.0%	(174,305)	(1,166,501)	(1,340,805)	No South County Benefit
92041014	FAHCE/Three Creeks HCP Project	4.3%	148,733	3,310,170	3,458,903	Coyote Water Supply Ratio
92061012	Facilities Env Compliance	16.9%	12,642	62,165	74,808	Raw Water Deliveries
92261099	Vasona Pump Station Gen Main	—	—	89,171	89,171	No South County Benefit
92761001	Raw Water T and D Genrl Oper	16.9%	283,973	1,396,341	1,680,313	Raw Water Deliveries
92761006	Rchrg / RW Field Fac Asset Mgt	42.1%	39,415	54,208	93,623	Groundwater Recharge Ratio
92761007	Rchrg / RW Field Ops Pln& Anlys	42.1%	38,360	52,757	91,117	Groundwater Recharge Ratio
92761008	Recycled Water T&D Genrl Maint	100.0%	100,490	—	100,490	Benefits only South County
92761009	Recharge/RW Field Ops	42.1%	1,200,282	1,650,744	2,851,026	Program Benefit Calculation

# Financial Overview

Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Adopted 2017-2018	Basis of Allocation to the South
92761010	Rchrg / RW Field Fac Maint	42.1%	774,907	1,065,727	1,840,633	Groundwater Recharge Ratio
92761012	Untreated Water Prog Plan&Analysis	51.3%	60,257	57,203	117,459	Untreated Water Deliveries Ratio
92761013	SCADA Systems Upgrades	16.9%	5,046	24,812	29,858	Raw Water Deliveries
92761082	Raw Water T&D Ctrl and Electr	16.9%	126,572	622,377	748,950	Raw Water Deliveries
92761083	Raw Water T&D Eng Other	16.9%	33,856	166,474	200,329	Raw Water Deliveries
92761085	Anderson Hydrelctrc Fclty Main	19.9%	46,477	187,077	233,554	Anderson Water Deliveries Ratio
92761099	Raw Water T / D Gen Maint	16.9%	314,700	1,547,431	1,862,131	Raw Water Deliveries
92781002	RW Corrosion Control	16.9%	81,346	399,990	481,335	Raw Water Deliveries
93061012	Facilities Env Compliance	—	—	507,029	507,029	No South County Benefit
93081008	W T General Water Quality	—	—	1,866,724	1,866,724	No South County Benefit
93081009	Water Treatment Plant Engineering	—	—	658,910	658,910	No South County Benefit
93231007	PWTP Landslide Monitoring	—	—	217,485	217,485	No South County Benefit
93231009	PWTP General Operations	—	—	5,563,176	5,563,176	No South County Benefit
93231099	Penitencia WTP General Maint	—	—	2,579,658	2,579,658	No South County Benefit
93281005	STWTP - General Operations	—	—	4,865,555	4,865,555	No South County Benefit
93281099	Santa Teresa WTP General Maint	—	—	3,348,219	3,348,219	No South County Benefit
93291012	RWTP General Operations	—	—	7,594,962	7,594,962	No South County Benefit
93291099	Rinconada WTP General Maint	—	—	3,307,387	3,307,387	No South County Benefit
93401002	Water District Laboratory	5.7%	266,517	4,409,221	4,675,738	Lab Analyses
93761001	SF/SCVWD Intertie General Ops	—	—	213,522	213,522	No South County Benefit
93761004	Campbell Well Field Operations	—	—	188,663	188,663	No South County Benefit
93761005	Campbell Well Field Maintenance	—	—	101,451	101,451	No South County Benefit
93761006	Treated Water Ctrl & Elec Eng	—	—	2,520,054	2,520,054	No South County Benefit
93761013	SCADA Systems Upgrades	—	—	87,708	87,708	No South County Benefit
93761099	SF/SCVWD Intertie Gen Maint	—	—	36,200	36,200	No South County Benefit
94761005	TW T&D - Engineering - Other	—	—	162,303	162,303	No South County Benefit
94761013	SCADA Systems Upgrades	—	—	16,795	16,795	No South County Benefit
94761099	Treated Water T/D Gen Maint	—	—	1,173,558	1,173,558	No South County Benefit
94781001	Treated Water T/D Corrosion	—	—	549,948	549,948	No South County Benefit
95001090	Unscoped Projects-Budget Only	13.0%	13,000	87,000	100,000	M&I Water Usage Ratio
95011003	WU Asset Protection Support	2.4%	24,097	979,935	1,004,031	Program Benefit Calculation
95021008	Electrical Power Support	1.5%	4,337	279,113	283,449	Labor Hours
95031002	Grants Management	14.0%	51,655	317,312	368,967	Program Benefit Calculation
95041039	Integrated Regional Water Mgmt	13.0%	14,509	97,098	111,606	M&I Water Usage Ratio
95061007	WUE Asset Management Plng Prgm	4.5%	54,824	1,163,478	1,218,301	Program Benefit Calculation
95061012	Rental Expense San Pedro,MH	100.0%	32,163	—	32,163	Benefits only South County
95061037	WUE Training & Development	13.0%	176,480	1,181,059	1,357,539	M&I Water Usage Ratio
95061038	WUE Administration	13.0%	957,061	6,404,949	7,362,010	M&I Water Usage Ratio
95061043	WUE ER Response Plan & Implement	5.9%	15,659	249,753	265,413	Population
95061045	AM Framework Implementation	4.5%	25,350	537,973	563,323	M&I Water Usage Ratio
95061047	WUE Technical Training Program	13.0%	144,636	967,949	1,112,585	M&I Water Usage Ratio
95061048	Climate Change Adaptation/Mtg.	13.0%	31,253	209,158	240,411	M&I Water Usage Ratio
95071041	Welding Services	1.5%	6,403	435,199	441,603	Program Benefit Calculation
95101003	W2 W5 Wtr Revenue Program	63.0%	1,038,677	610,016	1,648,693	Labor Hours
95111003	Water Use Measurement	46.0%	807,562	948,007	1,755,569	Labor Hours
95121003	Long Term Financial Planning	13.0%	81,500	545,424	626,924	M&I Water Usage Ratio

# Financial Overview

Job #	Job Description	South County %	South County Cost \$	North County Cost \$	Adopted 2017-2018	Basis of Allocation to the South
95741001	WUE Long-term Planning	13.0%	130,726	874,856	1,005,582	M&I Water Usage Ratio
95741042	Water Resources EnvPlng & Permtg	18.0%	120,181	547,490	667,671	Program Benefit Calculation
95761003	SCADA Network Administration	2.6%	4,964	188,200	193,164	Program Benefit Calculation
95761071	Emergency Preparedness Prog	5.9%	53,414	851,904	905,318	Population
95771011	InterAgency Urban Runoff Program	16.9%	71,583	351,984	423,567	Raw Water Deliveries
95771031	HAZMAT Emergency Response	10.0%	5,114	46,025	51,139	Emergency Response Events
95811043	Hydrologic Data Msrmt & Mgmt	17.0%	143,233	699,314	842,548	Stream Gauge location
95811046	Warehouse Services	13.0%	82,801	554,127	636,927	M&I Water Usage Ratio
95811049	X Valley Subsidence Survey	—	—	172,039	172,039	No South County Benefit
95811054	District Real Property Administration	—	—	151,023	151,023	Program Benefit Calculation
<b>Total</b>	<b>Operations</b>	<b>—</b>	<b>\$ 17,549,343</b>	<b>\$ 153,164,848</b>	<b>\$ 170,714,192</b>	
<b>Operating Projects</b>						
95762011	Tree Maintenance Program	13.0%	\$ 37,961	\$ 254,048	\$ 292,009	M&I Water Usage Ratio
<b>Total</b>	<b>Operating Projects</b>	<b>—</b>	<b>\$ 37,961</b>	<b>\$ 254,048</b>	<b>\$ 292,009</b>	
<b>TOTAL</b>	<b>OPERATIONS AND OPERATING</b>	<b>—</b>	<b>\$ 17,587,305</b>	<b>\$ 153,418,896</b>	<b>\$ 171,006,201</b>	

# Financial Overview

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# Financial Overview

## Total Outlays - Source of Supply

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
91041012	Water Operations Planning	407,859	470,641	613,200	Water Supply Division
91041018	Groundwater Management Program	728,318	3,825,882	4,027,886	Water Supply Division
91061007	Districtwide Salary Savings-61	0	0	(1,340,805)	Financial Planning and Management Services Division
* 91061012	Facilities Env Compliance	34,866	34,927	41,560	Human Resources Division
91081007	Dam Safety Program	1,615,270	1,586,784	1,407,025	Water Utility Capital Division
91101004	Recycled & Purified Water Prog	2,884,052	7,147,452	6,383,874	Water Supply Division
91111001	Water Rights	177,479	266,528	320,002	Water Supply Division
91131004	Imported Water Program	7,074,115	10,962,341	7,289,171	Water Supply Division
91131006	IW San Felipe Division Delvrs	19,737,535	28,826,195	23,033,465	Water Supply Division
91131007	IW South Bay Aqueduct Delvrs	5,498,074	1,873,250	3,053,971	Water Supply Division
91151001	Water Conservation Program	973,213	6,458,308	5,251,415	Water Supply Division
** 91151007	Water Conservation-Residential	1,013,213	0	0	Water Supply Division
** 91151008	Water Conservation-Commercial	869,368	0	0	Water Supply Division
** 91151009	Water Conservation - AG	100,044	0	0	Water Supply Division
** 91151010	Water Conservation-Landscape	12,638,714	0	0	Water Supply Division
** 91151011	Water Conservation Campaign	336,460	225,435	0	Office of the CEO
91151012	WU Customer Relations & Outreach	590,733	599,085	899,693	Office of Chief of External Affairs
91211004	San Felipe Reach 1 Operation	497,191	560,596	653,230	Water Supply Division
91211005	SFD Reach 1 Administration	9,157	8,737	9,771	Water Supply Division
91211084	San Felipe Reach 1 Ctrl and Ele	250,810	393,927	412,208	Raw Water Operations and Maintenance Division
91211085	SF Reach 1-Engineering - Other	80,448	108,737	93,673	Raw Water Operations and Maintenance Division
91211099	San Felipe Reach 1 Gen Maint	671,296	673,373	792,365	Treated Water Operations & Maintenance Division
91221002	San Felipe Reach 2 Operation	53,945	64,546	131,353	Water Supply Division
91221006	SF Reach 2-Engineering - Other	133,465	282,490	126,189	Raw Water Operations and Maintenance Division
91221099	San Felipe Reach 2 Gen Maint	1,882,936	194,536	188,845	Treated Water Operations & Maintenance Division
91231002	San Felipe Reach 3 Operation	156,192	198,843	381,955	Water Supply Division
91231084	San Felipe Reach 3 Ctrl and Ele	158,904	374,408	381,344	Raw Water Operations and Maintenance Division
91231085	SF Reach 3-Engineering - Other	26,307	234,410	152,926	Raw Water Operations and Maintenance Division
91231099	San Felipe Reach 3 Gen Maint	913,094	742,953	641,788	Treated Water Operations & Maintenance Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Source of Supply (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
91281007	SVAWPC Facility Operations	2,360,969	3,211,393	2,568,927	Treated Water Operations & Maintenance Division
91281008	SVAWPC Facility Maintenance	1,106,326	1,339,452	1,594,725	Treated Water Operations & Maintenance Division
91441003	Desalination	4,504	21,532	23,310	Water Supply Division
91451002	Well Ordinance Program	1,319,289	1,381,214	1,588,748	Water Supply Division
91451005	Source Water Quality Mgmt	420,859	378,312	373,443	Treated Water Operations & Maintenance Division
91451011	Invasive Mussel Prevention	553,283	610,509	607,455	Treated Water Operations & Maintenance Division
**	91551001 Groundwater Monitoring	937,184	0	0	Water Supply Division
**	91551002 Groundwater Supply Managemen	803,483	0	0	Water Supply Division
	91761001 Local Res/Div Plan & Analysis	980,696	827,706	956,689	Water Supply Division
*	91761013 SCADA Systems Upgrades	60,419	77,166	52,251	Raw Water Operations and Maintenance Division
	91761099 Dams / Reservoir Gen Maint	1,842,430	1,643,304	1,984,005	Water Utility Capital Division
**	91791012 Groundwater Quality Manageme	600,360	0	0	Water Supply Division
<b>Total Operations</b>		<b>70,502,860</b>	<b>75,604,972</b>	<b>64,695,657</b>	
<b>Operating</b>					
**	91792001 Domestic Well Testing Program	154,541	0	0	Water Supply Division
<b>Total Operating</b>		<b>154,541</b>	<b>0</b>	<b>0</b>	
<b>Capital</b>					
	91084019 Dam Safety Seismic Stability	882,541	0	0	Water Utility Capital Division
	91084020 Calero-Guad Dams Seismic Retro	290,553	0	119	Water Utility Capital Division
	91094009 SoCo Rcyld Wtr PL Short-Trm 1B	1,391,974	15,772,000	1	Water Utility Capital Division
	91094010 So. County Recycled Water Fund	3,692,283	0	0	Water Supply Division
	91154007 Water Purchases Captl Project	8,199,549	8,764,462	9,715,169	Water Supply Division
	91184008 SV Adv Wtr Purification Ctr	713,414	49,184	32,277	Water Utility Capital Division
	91214001 Pacheco Conduit Rehabilitation	677,031	5,434,000	97,004	Water Utility Capital Division
	91214010 Small Caps, San Felipe R1	1,068,220	1,497,454	2,408,824	Treated Water Operations & Maintenance Division
	91224010 Small Caps, San Felipe R2	2,500	1,145,000	48,466	Treated Water Operations & Maintenance Division
	91234002 Coyote Pumping Plant ASD Rplcmt	0	0	535,963	Water Utility Capital Division
	91234010 Small Caps, San Felipe R3	581	966,468	0	Treated Water Operations & Maintenance Division
	91234011 Coyote Pumping Plant Warehouse	157,002	2,227,000	2,903,902	Water Utility Capital Division
	91244001 Wolfe Rd Recycled Wtr Facility	11,747,559	657,000	197,963	Water Utility Capital Division
	91284009 SVAWPC Expansion Project	636,385	4,228,178	(403)	Water Utility Capital Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Source of Supply (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
91304001	Indirect Potable Reuse-Plan	12,994,429	2,090,000	0	Water Supply Division
91384001	Purified Water Pipeline	0	3,350,710	0	Water Utility Capital Division
91854001	Almaden Dam Improvements	2,791,271	2,481,700	519,999	Water Utility Capital Division
** 91854002	Jacques Gulch Restoration	17	0	0	Watershed Stewardship & Planning Division
91864005	Anderson Dam Seismic Retrofit	807,377	0	7,913,297	Water Utility Capital Division
91874004	Calero Dam SeisRetrfit Des&Con	3,750,286	4,593,409	2,187,989	Water Utility Capital Division
91894002	Guadalupe Dam SeisRetf Des&Con	3,258,880	4,673,904	1,160,810	Water Utility Capital Division
** 91934004	Uvas Access Land Acquisition	1,251,000	0	0	Water Utility Capital Division
91954001	Pacheco PP ASD Replacement	55,348	0	0	Water Utility Capital Division
<b>Total Capital</b>		<b>54,368,200</b>	<b>57,930,469</b>	<b>27,721,383</b>	
<b>Total</b>		<b>125,025,601</b>	<b>133,535,441</b>	<b>92,417,040</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Raw Water Transmission and Distribution

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
	92041014 FAHCE/Three Creeks HCP Project	1,749,469	2,085,158	3,458,903	Watershed Stewardship & Planning Division
*	92061012 Facilities Env Compliance	62,753	62,867	74,808	Human Resources Division
	92261099 Vasona Pump Station Gen Main	236,719	276,095	89,171	Treated Water Operations & Maintenance Division
	92761001 Raw Water T&D Gen'l Oper	1,340,051	1,442,985	1,680,313	Water Supply Division
	92761006 Rchrg / RW Field Fac Asset Mgt	63,104	112,626	93,623	Water Supply Division
	92761007 Rchrg / RW Fld Ops Pln & Anlys	145,133	235,474	91,117	Water Supply Division
	92761008 Recycled Water T&D Genrl Maint	77,995	302,236	100,490	Treated Water Operations & Maintenance Division
	92761009 Recharge/RW Field Ops	2,376,105	2,757,959	2,851,026	Treated Water Operations & Maintenance Division
	92761010 Rchrg / RW Field Fac Maint	2,013,273	1,943,336	1,840,633	Treated Water Operations & Maintenance Division
	92761012 Untreated Water Prog Plan	70,827	117,270	117,459	Water Supply Division
*	92761013 SCADA Systems Upgrades	34,525	44,090	29,858	Raw Water Operations and Maintenance Division
	92761082 Raw Water T&D Ctrl and Electr	485,511	711,467	748,950	Raw Water Operations and Maintenance Division
	92761083 Raw Water T&D Eng Other	108,144	461,788	200,329	Raw Water Operations and Maintenance Division
	92761085 Anderson Hydrelctrc Fclty Main	93,991	128,392	233,554	Treated Water Operations & Maintenance Division
	92761099 Raw Water T / D Gen Maint	2,125,532	1,629,571	1,862,131	Treated Water Operations & Maintenance Division
	92781002 Raw Water Corrosion Control	262,639	349,354	481,335	Raw Water Operations and Maintenance Division
<b>Total Operations</b>		<b>11,245,771</b>	<b>12,660,668</b>	<b>13,953,701</b>	
<b>Capital</b>					
	92144001 Pacheco/SC Conduit ROW ACQ	111,002	1,469,095	251,555	Water Utility Capital Division
	92224001 Pen Force Main Seismic Retrofi	11,898,009	8,329,000	441,770	Water Utility Capital Division
	92264001 Vasona Pumping Plant Upgrades	0	118,910	712,050	Water Utility Capital Division
	92374005 SCADA Remote Arch&Comm Upgrade	144,366	374,000	185,960	Water Utility Capital Division
	92764009 Small Caps, Raw Water T&D	517	0	321,385	Treated Water Operations & Maintenance Division
<b>Total Capital</b>		<b>12,153,894</b>	<b>10,291,005</b>	<b>1,912,720</b>	
<b>Total</b>		<b>23,399,665</b>	<b>22,951,673</b>	<b>15,866,421</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Water Treatment

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
* 93061012	Facilities Env Compliance	425,337	426,086	507,029	Human Resources Division
93081008	W T General Water Quality	1,560,536	1,886,291	1,866,724	Treated Water Operations & Maintenance Division
93081009	Water Treatment Plant Engineer	332,809	537,840	658,910	Raw Water Operations and Maintenance Division
93231007	PWTP Landslide Monitoring	112,709	142,833	217,485	Water Utility Capital Division
93231009	PWTP General Operations	4,817,969	4,268,031	5,563,176	Treated Water Operations & Maintenance Division
93231099	Penitencia WTP General Maint	2,661,387	2,364,197	2,579,658	Treated Water Operations & Maintenance Division
93281005	STWTP - General Operations	4,316,969	5,533,667	4,865,555	Treated Water Operations & Maintenance Division
93281099	Santa Teresa WTP General Maint	2,821,180	2,903,902	3,348,219	Treated Water Operations & Maintenance Division
93291012	RWTP General Operations	6,626,428	7,529,434	7,594,962	Treated Water Operations & Maintenance Division
93291099	Rinconada WTP General Maint	2,988,039	3,317,256	3,307,387	Treated Water Operations & Maintenance Division
93401002	Water District Laboratory	3,845,839	4,310,918	4,675,738	Treated Water Operations & Maintenance Division
93761001	SF/SCVWD Intertie General Ops	154,435	284,686	213,522	Treated Water Operations & Maintenance Division
93761004	Campbell Well Field Operations	140,850	182,013	188,663	Treated Water Operations & Maintenance Division
93761005	Campbell Well Field Maint	63,753	116,088	101,451	Treated Water Operations & Maintenance Division
93761006	Treated Water Ctrl & Elec Eng	2,344,631	2,431,199	2,520,054	Raw Water Operations and Maintenance Division
* 93761013	SCADA Systems Upgrades	101,418	129,518	87,708	Raw Water Operations and Maintenance Division
93761099	SF/SCVWD Intertie Gen Maint	80,092	90,207	36,200	Treated Water Operations & Maintenance Division
<b>Total Operations</b>		<b>33,394,381</b>	<b>36,454,166</b>	<b>38,332,440</b>	
<b>Capital</b>					
93084011	Fluoridation at WTPs	5,799,509	3,009,067	276,958	Water Utility Capital Division
** 93234028	PWTP Improvement, Stage 2	4,620	0	0	Water Utility Capital Division
** 93234042	PWTP Water Pump Modifications	6,337	0	0	Water Utility Capital Division
93234043	PWTP Clearwell Recoat & Repair	4,320,747	550,000	1	Water Utility Capital Division
93234044	PWTP Residuals Management	0	0	0	Treated Water Operations & Maintenance Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Water Treatment (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
**	93284028	STWTP Improvement, Stage 2	219	0	0	Water Utility Capital Division
**	93284030	STWTP Incompatible Materials	29,020	0	0	Water Utility Capital Division
	93294051	RWTP FRP Residuals Management	1,419,575	117,561	17,053,401	Water Utility Capital Division
	93294056	RWTP Treated Water Valves Upgd	314,318	55,091	170,276	Water Utility Capital Division
	93294057	RWTP Reliability Improvement	45,939,850	44,712,000	48,143,578	Water Utility Capital Division
**	93504001	Infrst Reliability Master Plan	303,886	0	0	Raw Water Operations and Maintenance Division
	93764003	IRP2 WTP Blds Seismic Retrofit	4,675,402	798,000	345,964	Water Utility Capital Division
	93764004	Small Caps, Water Treatment	1,666,482	2,831,017	2,511,976	Treated Water Operations & Maintenance Division
<b>Total Capital</b>			<b>64,479,965</b>	<b>52,072,736</b>	<b>68,502,152</b>	
<b>Total</b>			<b>97,874,346</b>	<b>88,526,902</b>	<b>106,834,592</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Treated Water Transmission and Distribution

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
	94761005 TW T&D - Engineering - Other	183,181	362,680	162,303	Raw Water Operations and Maintenance Division
*	94761013 SCADA Systems Upgrades	19,419	24,798	16,795	Raw Water Operations and Maintenance Division
	94761099 Treated Water T/D Gen Maint	1,318,709	1,047,676	1,173,558	Treated Water Operations & Maintenance Division
	94781001 Treated Water T/D Corrosion	307,075	260,556	549,948	Raw Water Operations and Maintenance Division
<b>Total Operations</b>		<b>1,828,384</b>	<b>1,695,710</b>	<b>1,902,604</b>	
<b>Capital</b>					
**	94084005 Water Protection	52,599	0	0	Water Utility Capital Division
	94384002 Pen Del Main Seismic Retrofit	6,595,876	843,000	231,965	Water Utility Capital Division
<b>Total Capital</b>		<b>6,648,475</b>	<b>843,000</b>	<b>231,965</b>	
<b>Total</b>		<b>8,476,859</b>	<b>2,538,710</b>	<b>2,134,569</b>	
* Recipient projects					
** Closed, combined or no current year funding					

# Financial Overview

## Total Outlays - Administration and General

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
95001090	Unscoped Projects-Budget Only	0	350,000	100,000	Office of COO Water Utility
95011003	WU Asset Protection Support	447,903	562,294	1,004,031	Watershed Stewardship & Planning Division
* 95021008	Energy Management	196,523	238,961	283,449	Raw Water Operations and Maintenance Division
** 95021009	Pipeline Monumentation	44,103	0	0	Water Utility Capital Division
* 95031002	Grants Management	108,990	350,383	368,967	Financial Planning and Management Services Division
* 95041039	Integrated Regional Water Mgmt	70,444	103,608	111,606	Water Supply Division
** 95041046	Survey Record Management	23,384	44,885	0	Watershed Design & Construction Division
95061007	WUE Asset Management Plng Prgm	737,579	936,270	1,218,301	Raw Water Operations and Maintenance Division
95061012	Rental Expense San Pedro,MH	13,648	26,384	32,163	General Services Division
** 95061027	Water Utility Health & Safety	334,110	383,637	0	Human Resources Division
** 95061032	Water Utility Safety Training	349,547	502,653	0	Human Resources Division
95061037	WUE Training & Development	721,302	1,301,474	1,357,539	Office of COO Water Utility
95061038	WUE Administration	6,231,848	6,754,727	7,362,010	Office of COO Water Utility
95061043	WUE O&M Support	30,651	119,121	265,413	Treated Water Operations & Maintenance Division
** 95061045	AM Systems and Standards	208,612	457,637	563,323	Raw Water Operations and Maintenance Division
** 95061046	District CMMS Administration	209,761	0	0	Raw Water Operations and Maintenance Division
95061047	WUE Technical Training Program	420,915	875,401	1,112,585	Office of COO Water Utility
* 95061048	Climate Change Adaptation/Mtg.	46,524	163,085	240,411	Watershed Stewardship & Planning Division
** 95061054	SCW Implementation	57,942	0	0	Office of COO Watersheds
* 95071041	Welding Services	398,120	364,811	441,603	General Services Division
95101003	W2 W5 Water Revenue Program	1,295,652	1,284,594	1,648,693	Financial Planning and Management Services Division
95111003	Water Use Measurement	1,634,983	1,713,148	1,755,569	Water Supply Division
** 95121001	Fin/Economic Water Rate Stud	483,218	497,866	0	Financial Planning and Management Services Division
* 95121003	LT Financial Planning & Rate Setting	0	0	626,924	Financial Planning and Management Services Division
** 95151002	Water Utility Cust Relations	195,421	286,383	0	Office of the CEO
** 95731001	Water Supply Modeling/Analysis	166,731	0	0	Water Supply Division
95741001	Water Supply Planning	471,257	522,445	1,005,582	Water Supply Division
* 95741042	Water Resorcs EnvPlng & Permtg	291,213	912,215	667,671	Raw Water Operations and Maintenance Division
95761003	SCADA Network Administration	162,333	169,942	193,164	Information Technology Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Administration and General (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
* 95761071	Emergency Management	520,361	618,551	905,318	Office of COO Watersheds
** 95761072	Business Continuity Program	99,587	115,754	0	Office of COO Watersheds
* 95771011	Inter Agency Urban Runoff Prog	371,665	399,713	423,567	Watershed Stewardship & Planning Division
* 95771031	HAZMAT Emergency Response	55,434	99,936	51,139	Human Resources Division
* 95811043	Hydrologic Data Msrmt & Mgmt	789,439	803,429	842,547	Watershed Stewardship & Planning Division
* 95811046	Warehouse Services	488,835	633,586	636,927	General Services Division
* 95811049	X Valley Subsidence Survey	139,383	137,940	172,039	Watershed Design & Construction Division
* 95811050	Benchmark Maint (Countywide	48,799	140,553	0	Watershed Design & Construction Division
* 95811054	District Real Property Adminis	155,357	139,548	151,023	Watershed Design & Construction Division
<b>Total Operations</b>		<b>18,021,574</b>	<b>22,010,934</b>	<b>23,541,567</b>	
<b>Operating</b>					
** 95062012	WUE Maint Audit Impl Plan	1,113	0	0	Treated Water Operations & Maintenance Division
* 95762011	Tree Maintenance Program	0	57,121	292,009	Watershed Opearions & Maintenance Division
<b>Total Operating</b>		<b>1,113</b>	<b>57,121</b>	<b>292,009</b>	
<b>Debt Service</b>					
95993007	Commercial Paper Tax Exempt	442,063	1,333,800	2,735,340	Financial Planning and Management Services Division
95993008	Commercial Paper Taxable	603,873	1,333,800	2,735,340	Financial Planning and Management Services Division
95993010	WU RevInlg 4310027-06SRF01CX114	412,356	0	0	Financial Planning and Management Services Division
** 95993011	2006A WUE Refunding Tax Exempt	1,218,038	0	0	Financial Planning and Management Services Division
95993012	2006B WUE Refunding Taxable	1,785,095	1,782,267	1,803,689	Financial Planning and Management Services Division
95993013	2007A WU Revenue COPs Tax Ex	5,087,910	5,117,000	0	Financial Planning and Management Services Division
95993014	2007B WU Revenue COPs	1,540,938	2,124,000	2,800,500	Financial Planning and Management Services Division
95993015	2016A WU Ref Rev Bond Tax Ex	901,101	5,330,750	5,338,250	Financial Planning and Management Services Division
95993016	2016B WU Ref Rev Bond Taxable	547,241	3,234,622	3,252,121	Financial Planning and Management Services Division
95993017	WU COP 2016C Tax-Exempt	356,418	2,118,450	4,145,950	Financial Planning and Management Services Division
95993018	WU COP 2016D Taxable	267,415	1,583,185	4,230,685	Financial Planning and Management Services Division
95993019	WU Rev Bond 2017A Tax Exempt	0	1,621,130	4,730,630	Financial Planning and Management Services Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - Administration and General (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
95993020	WU Rev Bond 2018A (TE)	0	903,256	1,445,250	Financial Planning and Management Services Division
95993021	WU Rev Bond 2018B (TX)	0	0	1,438,412	Financial Planning and Management Services Division
<b>Total Debt Service</b>		<b>13,162,448</b>	<b>26,482,260</b>	<b>34,656,167</b>	

### Capital

95064011	Districtwide Salary Savings-61	0	0	(388,197)	Financial Planning and Management Services Division
95074001	Capital Warranty Services	158,166	32,288	185,912	Water Utility Capital Division
** 95074030	WU Capital Training & Dvlpmnt	179,542	473,015	0	Water Utility Capital Division
* 95074033	CIP Development & Admin	368,078	340,446	519,946	Water Utility Capital Division
* 95074036	Survey Mgmt & Tech Support	168,288	146,273	236,881	Watershed Design & Construction Division
* 95074038	Capital Progm Srvc Admin	887,924	2,461,261	2,717,781	Water Utility Capital Division
** 95074045	Technical Review Committee	166,155	81,082	0	Water Utility Capital Division
** 95074046	WU Captl Health & Safety Trng	37,569	117,884	0	Water Utility Capital Division
** 95074051	WS Capital Training & Dvlpmnt	161,564	0	0	Office of COO Watersheds
** 95074052	WS Capital Program Srvc Admin	887,606	0	0	Office of COO Watersheds
** 95074053	WS Capital Hlth & Safety Trng	13,507	0	0	Office of COO Watersheds
95084001	5-Year Pipeline Rehabilitation	5,977,960	3,774,000	0	Water Utility Capital Division
95084002	10-Yr PL Inspection and Rehab	0	0	15,965,207	Water Utility Capital Division
** 95144001	PL Hydraulic Reliability Upgrd	1,840	0	0	Raw Water Operations and Maintenance Division
95274003	WU Computer Network Modrnizatn	247,067	180,000	1,300,979	Information Technology Division
<b>Total Capital</b>		<b>9,255,266</b>	<b>7,606,249</b>	<b>20,538,509</b>	
<b>Total</b>		<b>40,440,401</b>	<b>56,156,564</b>	<b>79,028,251</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## State Water Project Fund

### Overview

The State Water Project Fund was created in October 2010 to improve transparency and ensure compliance with Water Code Section 11654. The State Water Project Fund accounts specifically for State Water Project Tax revenue and State Water Project contractual costs. State Water Project Tax revenue can only be spent on State Water Project contractual costs.

Staff proposes that the State Water Project Tax revenue be set at \$26 million for FY 2017-18, which when combined with other revenue (refunds from Department of Water Resources) transfers and the State Water Project Reserve would fund projected contractual obligations of \$28.3 million.

# Financial Overview

## State Water Project Fund (Fund 63)

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
Property Tax	\$ 24,471,718	\$ 33,000,000	\$ 33,000,000	\$ 26,000,000	\$ (7,000,000)	(21.2)%
Other	2,581,450	1,000,000	1,000,000	1,000,000	—	—
<b>Total Revenue</b>	<b>\$ 27,053,168</b>	<b>\$ 34,000,000</b>	<b>\$ 34,000,000</b>	<b>\$ 27,000,000</b>	<b>\$ (7,000,000)</b>	<b>(20.6)%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 29,828,213	\$ 34,062,165	\$ 34,437,165	\$ 28,288,222	\$ (5,773,943)	(17.0)%
<b>Total Operating Outlays</b>	<b>\$ 29,828,213</b>	<b>\$ 34,062,165</b>	<b>\$ 34,437,165</b>	<b>\$ 28,288,222</b>	<b>\$ (5,773,943)</b>	<b>(17.0)%</b>
<b>Other Financing Sources (Uses) :</b>						
Transfers In	\$ 1,681,308	\$ 62,165	\$ 437,165	\$ 1,288,222	\$ 1,226,057	—
Transfers Out	—	—	—	—	—	**
<b>Total Other Sources/(Uses)</b>	<b>\$ 1,681,308</b>	<b>\$ 62,165</b>	<b>\$ 437,165</b>	<b>\$ 1,288,222</b>	<b>\$ 1,226,057</b>	<b>—</b>
<b>Balance Available</b>	<b>\$ (1,093,737)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
State Water Project Tax	\$ —	\$ —	\$ —	\$ —	\$ —	**
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

( Restricted Reserves)

# Financial Overview

## Water Enterprise Summary by Zone

	Budgetary Basis Basis Actual 2015-2016	Adopted Budget 2016-17	Estimated Actual 2016-17	Adopted Budget 2017-18	Percent Change
<b>Zone W2 North County</b>					
<b>Allocated Revenue</b>					
Operating Revenue	\$ 143,844,822	\$ 178,678,944	\$ 180,235,126	\$ 205,633,398	15.1%
Non-operating Revenue	37,561,417	40,525,139	50,496,646	34,461,857	(15.0)%
<b>Total Allocated Revenue</b>	<b>\$ 181,406,238</b>	<b>\$ 219,204,084</b>	<b>\$ 230,731,772</b>	<b>\$ 240,095,255</b>	<b>9.5%</b>
<b>Allocated Operating Outlays</b>					
Operations	\$ 149,827,276	\$ 163,469,009	\$ 168,059,876	\$ 153,164,848	(6.3)%
Operating Projects	19,323	49,867	49,867	254,048	409.5%
Debt Service	13,162,449	26,482,260	26,482,260	34,656,167	30.9%
<b>Total Allocated Operating Outlays</b>	<b>\$ 163,009,048</b>	<b>\$ 190,001,136</b>	<b>\$ 194,592,002</b>	<b>\$ 188,075,063</b>	<b>(1.0)%</b>
Balance Available for Capital/Reserve	18,397,190	29,202,948	36,139,770	52,020,193	78.1%
<b>Capital Appropriations</b>	<b>\$ 146,905,776</b>	<b>\$ 150,696,459</b>	<b>\$ 122,848,030</b>	<b>\$ 131,582,727</b>	<b>(12.7)%</b>
<b>Other Financing Resources</b>					
Bond Proceeds	\$ 131,482,186	\$ 128,000,000	\$ 123,585,000	\$ 62,000,000	(51.6)%
Transfers In	22,436,000	2,601,000	2,601,000	3,252,000	25.0%
Transfers Out	(2,562,432)	(2,033,034)	(610,554)	(9,528,437)	368.7%
<b>Total Other Financing Sources/(Uses)</b>	<b>\$ 151,355,754</b>	<b>\$ 128,567,966</b>	<b>\$ 125,575,446</b>	<b>\$ 55,723,563</b>	<b>(56.7)%</b>
<b>Other Intra-Zone Allocations</b>					
Zone W5 Open Space Credit	\$ (6,896,693)	\$ (6,593,866)	\$ (7,078,737)	\$ (7,528,788)	14.2%
Zone W5 Capital Amortization	3,596,250	4,785,920	4,346,447	4,652,071	(2.8)%
Zone W5 Interest (Earnings)/Payments	(86,349)	(28,694)	(73,426)	(65,134)	127.0%
<b>Balance Available for W2</b>	<b>\$ 19,460,376</b>	<b>\$ 5,237,814</b>	<b>\$ 36,061,470</b>	<b>\$ (26,780,822)</b>	<b>(611.3)%</b>
<b>Zone W5 South County</b>					
<b>Allocated Revenue</b>					
Operating Revenue	\$ 10,241,671	\$ 10,055,056	\$ 10,081,859	\$ 11,532,602	14.7%
Non-operating Revenue	2,793,481	3,275,530	3,308,488	2,934,807	(10.4)%
<b>Total Allocated Revenue</b>	<b>\$ 13,035,153</b>	<b>\$ 13,330,586</b>	<b>\$ 13,390,347</b>	<b>\$ 14,467,409</b>	<b>8.5%</b>
Open Space Credit	6,896,693	6,593,866	7,078,737	7,528,788	14.2%
<b>Total Current Resources</b>	<b>\$ 19,931,846</b>	<b>\$ 19,924,452</b>	<b>\$ 20,469,084</b>	<b>\$ 21,996,197</b>	<b>10.4%</b>
<b>Allocated Costs</b>					
Operations	\$ 11,559,657	\$ 12,536,933	\$ 12,868,632	\$ 13,011,751	3.8%
Operating Projects	136,329	7,254	7,254	37,961	423.3%
Imported Water Purchases	3,434,331	5,361,672	5,361,672	4,537,593	(15.4)%
<b>Total Allocated Outlays</b>	<b>\$ 15,130,317</b>	<b>\$ 17,905,860</b>	<b>\$ 18,237,559</b>	<b>\$ 17,587,305</b>	<b>(1.8)%</b>
Balance Available for Capital/Reserve	4,801,528	2,018,592	2,231,525	4,408,892	118.4%
Interest (earned)/due Utility Reserves	(86,349)	(28,694)	(73,426)	(65,134)	127.0%
Total Capital Amortization	3,596,250	4,785,920	4,346,447	4,652,071	(2.8)%
<b>Balance Available/(Deficit) for Zone W5</b>	<b>\$ 1,291,627</b>	<b>\$ (2,738,634)</b>	<b>\$ (2,041,495)</b>	<b>\$ (178,045)</b>	<b>(93.5)%</b>
<b>Total Balance Available/(Deficit)</b>	<b>\$ 20,752,004</b>	<b>\$ 2,499,180</b>	<b>\$ 34,019,974</b>	<b>\$ (26,958,867)</b>	<b>(1,178.7)%</b>

# Financial Overview

## South County Capital Amortization

(In Thousands \$)						
Job Description	Total Project Cost	South County %	South County Cost	FY -18 Cost Recovery	Year Cost Recovery is Complete	Basis of Allocation to the South
Uvas Dam & Reservoir	\$ 1,124	100.0%	1,124	87	FY 22	Benefits only South County
San Pedro Recharge Facility	1,882	100.0%	1,882	147	FY 22	Benefits only South County
San Pedro Recharge house	700	100.0%	700	46	FY 31	Benefits only South County
Recycled Water Improvements I	7,232	100.0%	7,232	481	FY 32	Benefits only South County
Recycled Water Improvements II	118	100.0%	118	7	FY 33	Benefits only South County
Recycled Water Improvements III	1,721	100.0%	1,721	114	FY 34	Benefits only South County
Water Banking Rights	6,226	8.0%	498	33	FY 35	Total Imported Water Ratio
Dam Instrumentation	6,243	21.0%	1,311	86	FY 41	Program benefit calculation
Geodetic Control Maintenance	236	41.0%	96	6	FY 36	Survey Analysis
Dam Maintenance Mitigation	244	22.0%	53	3	FY 45	Program benefit calculation
SC Recycled Water Masterplan - Immediate Term	3,257	100.0%	3,257	215	FY 37	Benefits only South County
SC Recycled Water Masterplan - Short Term Implementation 1A	4,314	100.0%	4,314	286	FY 42	Benefits only South County
Water Banking FY 06	18,895	9.0%	1,700	112	FY 36	Total Imported Water Ratio
San Felipe Division Capital	9,715	14.1%	1,369	1,369	N/A	Repayment Cost Distribution
Pacheco Conduit Inspection and Rehabilitation	5,668	19.1%	1,082	68	FY 47	CVP Imported Water Ratio
Pacheco Pumping Plant Regulating Tank Recoating	2,550	17.0%	433	28	FY 42	CVP Imported Water Ratio
San Felipe Communications Cable Replacement	235	17.0%	39	2	FY 42	CVP Imported Water Ratio
Small Caps, San Felipe	2,141	19.8%	423	423	N/A	CVP Imported Water Ratio
Santa Clara Tunnel Landslide	4,509	15.1%	680	45	FY 39	CVP Imported Water Ratio
SC Tunnel Landslide Mitigation	217	16.9%	36	2	FY 39	CVP Imported Water Ratio
Small Caps, San Felipe Reach 2	48	19.8%	9	9	N/A	CVP Imported Water Ratio
Small Caps, San Felipe Reach 3	45	19.8%	8	8	N/A	CVP Imported Water Ratio
Water Infrastructure Reliability Program	2,134	1.5%	32	2	FY 36	Program benefit calculation
Water Infrastructure Baseline Improvement	2,403	3.6%	86	5	FY 38	Spare pipe usage
Coyote Dam Control Building Improvement	576	19.6%	112	7	FY 42	Anderson deliveries ratio
Pacheco Pumping Plant ASD Replacement	19,169	18.6%	3,565	236	FY 45	CVP Imported Water Ratio
Radio Repeater Infill	5	11.1%	0	0	FY 42	M&I Water Usage Ratio
Santa Clara Conduit Rehab	1,814	17.0%	308	20	FY 42	CVP Imported Water Ratio
Raw Water Control System	9,188	4.3%	398	26	FY 37	Program benefit calculation
Small Caps, Raw Water T&D	390	16.9%	65	65	N/A	Raw Water Usage
Inf Reliability Master Plan	2,065	12.3%	253	15	FY 46	M&I Water Usage Ratio
Water Protection	11,387	2.3%	260	17	FY 45	Program benefit calculation
Capital Warranty Services	260	13.0%	33	33	N/A	M&I Water Usage Ratio
5-year Pipeline Rehabilitation	29,083	4.6%	1,337	84	FY 47	Program benefit calculation
Microwave Telecommunications	4,595	11.5%	528	35	FY 44	M&I Water Usage Ratio
Pipeline Hydraulic Reliability Upgrade	335	2.3%	7	0	FY 45	Program benefit calculation
Winfield Capital Improvement	1,301	13.0%	169	169	FY 47	M&I Water Usage Ratio
Corp Yard Relocation	26	10.2%	2	0	FY 40	M&I Water Usage Ratio
Information Systems Management	5,802	9.8%	568	37	FY 40	M&I Water Usage Ratio
Peoplesoft Upgrade	78	9.8%	7	0	FY 39	M&I Water Usage Ratio
Peoplesoft System Upgrade & Expansion	1,217	12.3%	149	9	FY 46	M&I Water Usage Ratio

# Financial Overview

<b>(In Thousands \$)</b>						
<b>Job Description</b>	<b>Total Project Cost</b>	<b>South County %</b>	<b>South County Cost</b>	<b>FY -18 Cost Recovery</b>	<b>Year Cost Recovery is Complete</b>	<b>Basis of Allocation to the South</b>
Uvas Property Acquisition	1,251	100.0%	1,251	78	FY 46	Benefits only South County
Capital Program Administration	3,372	6.5%	219	219	N/A	Total Capital Cost Ratio
<b>Grand Total</b>	<b>\$ 173,773</b>	<b>—</b>	<b>37,455</b>	<b>4,655</b>		

( Note) Capital projects that benefit South County are paid for over the life of the project (typically 30 years) beginning when the project is completed

# Financial Overview

## Total Outlays - State Water Project Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
91131008	State Water Project Costs	29,828,213	34,437,165	28,288,222	Water Supply Division
<b>Total Operations</b>		<b>29,828,213</b>	<b>34,437,165</b>	<b>28,288,222</b>	
<b>Total</b>		<b>29,828,213</b>	<b>34,437,165</b>	<b>28,288,222</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

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## DISTRICT GENERAL FUND

# Financial Overview

## District General Fund Overview

### Description

The General Fund is the District's primary funding source for administrative and strategic support services. These services are provided to the Water Utility Enterprise and Watershed programs and projects. They are necessary for governance and delivery of vital water management and watershed stewardship services to the community.

The main purposes of the resources budgeted to the General Fund are to provide:

- Executive leadership and oversight.
- Long and short-term financial planning.
- A capable and knowledgeable workforce.
- Sustainable assets, equipment and infrastructure.

These administrative and strategic services are described below by the organization areas that follow. More detail about these areas is in the division chapter four, page 4-1.

### Office of the Chief Executive Officer

The Chief Executive Officer (CEO) provides strategic direction and oversight to lead the District in implementing its mission and achieving its vision; fosters cooperative and collaborative working relationships with other government agencies, retailers, stakeholders, and the community; supports the Board, advises and informs the Board and provides interface between the Board and staff. The Office of the CEO also oversees the Office of CEO & Board Support, which includes Labor Relations, Continual Improvement, Board and Management Audits, and Quality and Environmental Management Systems Program.

### Office of District Counsel

The District Counsel represents the District's interests in a variety of court and administrative matters and provides timely legal advice to the Board and management as the District implements strategies to streamline operations and increase accountability. The District Counsel also oversees Risk Management Administration. The mission of Risk Management is to protect District assets by identifying and evaluating loss exposures and applying cost effective risk management and risk financing techniques to reduce or eliminate risk.

### Office of the Clerk of the Board

The Clerk of the Board (COB) budgets funds that directly support the work of the District's Board of Directors, including Board Governance Policy management, Board performance monitoring, lobbyist reporting and tracking, elections, regulatory, administrative, and liaison support services to the Board, its Advisory, Ad Hoc and Joint Committees with other public agencies, the Safe, Clean Water and Natural Flood Protection Program's Independent Monitoring Committee, Board Appointed Officers, District staff, and the public.

The COB also facilitates the public's access to Board information, including Board meetings and related committee meetings in accordance with the California Ralph M. Brown Act. Additionally, the COB monitors the Board budget and Board members' expenses in accordance with District Ordinance 02-01, Resolution 11-73, and Board Governance Policy GP-10, and maintains integrity of the Board's legislative records, processes, and actions.

# Financial Overview

## Office of the Chief of External Affairs

The Chief of External Affairs (CEA) reports directly to the Chief Executive Officer and serves as a key member of the executive leadership team and represent the CEO and the District in interactions with employees, the public, and other agencies and organizations. The CEA oversees the strategic planning and integration of external policies and legislation as it relates to the business interests of the District and is responsible for managing the District's relationships with the community, government officials, the media, and other key stakeholders. The Office of the CEA oversees the Civic Engagement, Government Relations, and District Communications.

## Office of the Chief Operating Officer of Administrative Services

The Chief Operating Officer of Administrative Services (COOAS) provides executive leadership and direct oversight to District administrative business areas including Human Resources, General Services, Information Technology, and Financial Planning and Management. The COOAS is responsible for ensuring that administrative functions are operated efficiently and effectively, in accordance with the goals and policies established by the Board of Directors and the Chief Executive Officer.

## Major Capital Projects

The FY 2017-18 Capital Outlay budget in the General Fund is approximately \$1.7 million for the Almaden Winfield Small Capital Improvements project to maintain existing buildings, grounds and services through several small capital improvement projects.

## Fiscal Status

Intra-district reimbursements (overhead) are the primary source of funding in the General Fund. They are budgeted at \$56.4 million in FY 2017-18, a 13.5% increase from FY 2016-17. The Intra-district

reimbursements rate for FY 2017-18 is 90%. The CEO, District Counsel, Clerk of the Board and District Administration costs funded in the General Fund provide services to Watershed and Water Utility Enterprise operations and capital programs. Generally, the intra-district reimbursements are paid for 60% from Water Utility Enterprise and the remainder from Watershed Funds reflecting the level of services provided to each respective operation.

Property tax revenue is projected at \$7.1 million. The projection reflects an increase of \$0.4 million which is a 6.7% increase from FY 2016-17 adopted budget. The increase in property tax revenues is based on updates received from Santa Clara County that project continued growth in the real estate market. Interest income is projected to be \$80K which is an increase of \$30K from FY 2016-17 adopted budget.

Operating Transfers in of \$0.5 million are budgeted as follows:

- \$0.3 million from the Watershed and Stream Stewardship Fund for Drought Induced Tree Removal
- \$0.2 million from the Water Utility Enterprise Fund for Drought Response

Operating Transfers out of \$1.6 million are to the Water Utility Enterprise Fund to offset lost agricultural water revenue associated with the Board's policy of setting low agricultural charges to preserve open space.

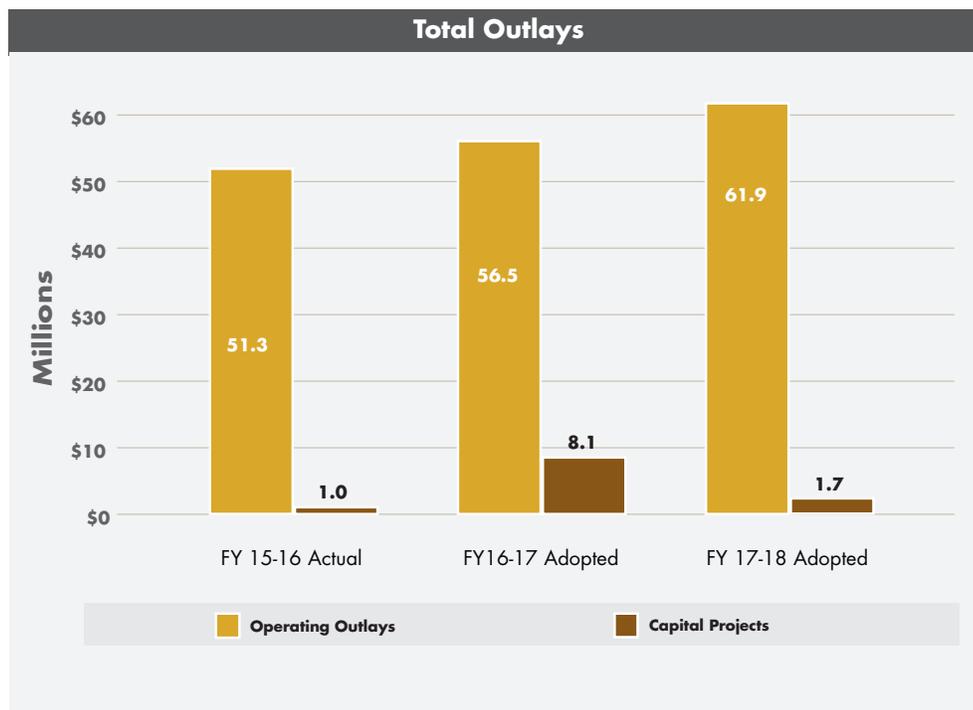
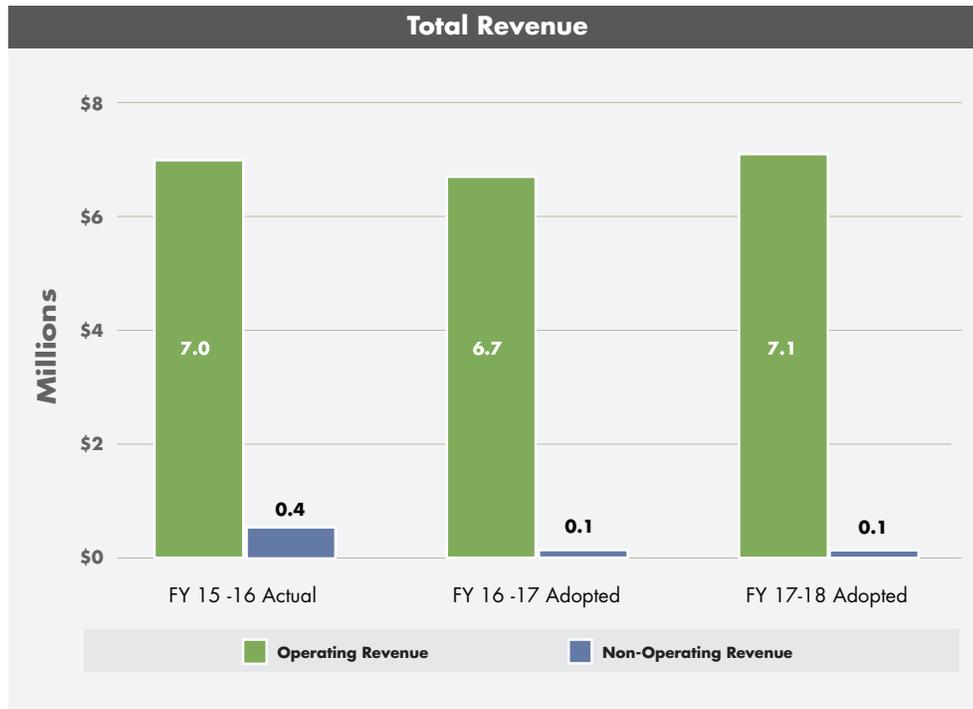
Operating costs for the services provided to Watersheds and Water Utility Enterprise operations total \$61.9 million for FY 2017-18. This is an increase of \$5.4 million which is a 9.5% increase over the FY 2016-17 adopted level. This change is primarily comprised of: costs for six new positions and annual COLA increases (\$1.7 million), increase in Intra-District charges (\$2.3 million) primarily from the Information Technology Fund as well as \$1.3 million increase in services and supplies for various projects and programs.

# Financial Overview

General Fund reserves are estimated at approximately \$5.0 million and are in compliance with the District Reserve Policy.

# Financial Overview

## District General Fund



# Financial Overview

## District General Fund Summary

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual 2015-16	Budget 2016-17	Year End 2016-17	Budget 2017-18	\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Operating Revenue:</b>						
Property Tax	\$ 6,728,867	\$ 6,657,750	\$ 6,915,000	\$ 7,102,100	\$ 444,350	6.7%
Intergovernmental Services	280,419	—	—	—	—	**
<b>Total Operating Revenue</b>	<b>\$ 7,009,286</b>	<b>\$ 6,657,750</b>	<b>\$ 6,915,000</b>	<b>\$ 7,102,100</b>	<b>\$ 444,350</b>	<b>6.7%</b>
<b>Non-Operating Income:</b>						
Interest*	\$ 84,305	\$ 50,000	\$ 80,000	\$ 80,000	\$ 30,000	60.0%
Other	283,620	—	—	—	—	—
<b>Total Non-Operating Income</b>	<b>\$ 367,925</b>	<b>\$ 50,000</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ 30,000</b>	<b>60.0%</b>
<b>Total Revenue</b>	<b>\$ 7,377,211</b>	<b>\$ 6,707,750</b>	<b>\$ 6,995,000</b>	<b>\$ 7,182,100</b>	<b>\$ 474,350</b>	<b>7.1%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 50,344,575	\$ 55,705,551	\$ 56,924,287	\$ 61,360,075	\$ 5,654,524	10.2%
Operating Projects	386,025	264,596	264,596	66,296	(198,300)	(74.9)%
Debt Service	534,815	538,330	538,330	472,149	(66,181)	(12.3)%
<b>Total Operating Outlays</b>	<b>\$ 51,265,415</b>	<b>\$ 56,508,477</b>	<b>\$ 57,727,213</b>	<b>\$ 61,898,520</b>	<b>\$ 5,390,043</b>	<b>9.5%</b>
Less Intra-District Reimbursements	(46,257,335)	(49,735,057)	(49,735,057)	(56,443,682)	(6,708,625)	13.5%
<b>Net Outlays</b>	<b>\$ 5,008,080</b>	<b>\$ 6,773,420</b>	<b>\$ 7,992,156</b>	<b>\$ 5,454,838</b>	<b>\$ (1,318,582)</b>	<b>(19.5)%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 1,010,695	\$ 8,116,555	\$ 2,285,555	\$ 1,704,374	\$ (6,412,181)	(79.0)%
Carry Forward Capital Projects	—	8,327,000	—	—	(8,327,000)	(100.0)%
<b>Total Capital Outlays</b>	<b>\$ 1,010,695</b>	<b>\$ 16,443,555</b>	<b>\$ 2,285,555</b>	<b>\$ 1,704,374</b>	<b>\$ (14,739,181)</b>	<b>(89.6)%</b>
<b>Other Financing Sources/(Uses):</b>						
Transfers In	\$ 2,562,432	\$ 6,537,554	\$ 610,554	\$ 453,446	\$ (6,084,108)	(93.1)%
Transfer Out	(1,618,000)	(1,300,500)	(1,300,500)	(1,626,000)	(325,500)	25.0%
<b>Total Other Sources (Uses)</b>	<b>\$ 944,432</b>	<b>\$ 5,237,054</b>	<b>\$ (689,946)</b>	<b>\$ (1,172,554)</b>	<b>\$ (6,409,608)</b>	<b>(122.4)%</b>
<b>Balance Available</b>	<b>\$ 2,302,868</b>	<b>\$ (11,272,171)</b>	<b>\$ (3,972,657)</b>	<b>\$ (1,149,666)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 9,117,726	\$ 5,660,754	\$ 5,241,069	\$ 4,091,403	\$ (1,569,351)	(27.7)%
Currently Authorized Projects***	1,156,326	207,000	1,060,326	1,060,326	853,326	412.2%
<b>Total Committed Reserves</b>	<b>\$ 10,274,052</b>	<b>\$ 5,867,754</b>	<b>\$ 6,301,395</b>	<b>\$ 5,151,729</b>	<b>\$ (716,025)</b>	<b>(12.2)%</b>
<b>Total Year-End Reserves</b>	<b>\$ 10,274,052</b>	<b>\$ 5,867,754</b>	<b>\$ 6,301,395</b>	<b>\$ 5,151,729</b>	<b>\$ (716,025)</b>	<b>(12.2)%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Total Outlays - District General Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
60001090	Unscoped Projects-Budget Only	0	365,000	100,000	Office of the CEO
60001091	COOAS Unscoped Projects-BdgtOnly	0	300,000	100,000	Office of Chief Administrative Officer
60001092	CEA Unscoped Project-Budget Only	0	0	100,000	Office of the CEO
* 60021008	Energy Management	86,700	105,426	125,051	Water Utility Technical Support Division
** 60061002	Contract Auditing Financial	46,113	0	0	Financial Planning and Mgmt Div
60061007	Drought Emergency Response	2,562,431	610,554	199,170	Office of COO Water Utility
* 60061012	Facilities Env Compliance	174,317	174,629	207,799	Human Resources Division
60061017	Info Technology Div Admin	1,020,049	825,376	709,261	Information Technology Division
60061018	General Services Div Admin	768,757	768,904	489,049	General Services Division
** 60061019	Employee Recognition Program	74,000	66,819	0	Office of the CEO
60061023	Districtwide Salary Savings-11	0	(1,393,000)	(1,133,539)	Financial Planning and Mgmt Div
** 60061026	IT Strategic Plan and Analysis	154,804	346,448	0	Information Technology Division
** 60061032	Internal Communications	181,502	182,138	0	Office of the CEO
** 60061050	District Financial Control	1,047,468	0	0	Financial Planning and Mgmt Div
* 60061053	Admin Asset Mgmt Program	269,434	333,314	364,111	Water Utility Technical Support Division
* 60061055	AM Systems and Standards	52,153	114,408	140,831	Water Utility Technical Support Division
** 60061056	District CMMS Administration	52,441	0	0	Water Utility Technical Support Division
60061058	Drought Induced Tree Removal	0	0	274,003	Watershed Operations & Maintenance Division
* 60071041	Welding Services	15,926	14,591	17,664	General Services Division
60091001	Directors Fees / Expenses	331,924	374,110	364,196	Office of Clerk of the Board
60101001	Purchasing Services	1,503,426	1,617,339	1,542,824	General Services Division
60101002	Building and Grounds	3,439,515	5,022,046	6,204,880	General Services Division
60101006	Telecommunications Sys Opr/M	1,521,548	1,848,253	1,896,404	Information Technology Division
60101008	District Security Services	969,931	1,422,632	1,422,765	Office of COO Watershed
60101011	Technical Infrastructure Services	389,161	378,456	699,601	Information Technology Division
60101017	CADD System Tech Support	70,211	82,375	104,205	Water Utility Capital Division
** 60101018	Local Hazard Mitigation Progrm	28,414	47,640	0	Office of COO Watershed
60111002	General Accounting Services	1,121,660	1,247,404	3,255,980	Financial Planning and Mgmt Div
** 60111003	Accounts Payable Services	796,000	994,413	0	Financial Planning and Mgmt Div
** 60111004	Payroll Services	551,796	565,729	0	Financial Planning and Mgmt Div
60111006	Contract Services	777,291	865,618	1,444,737	General Services Division
* 60121003	LT Financial Planning & Rate Setting	0	0	197,976	Financial Planning and Mgmt Div
60131004	Ofc of Chief Admin Officer	749,016	733,647	910,774	Office of Chief Administrative Officer
60131007	Ofc of Chief Executive Officer	1,082,267	898,904	823,915	Office of the CEO
60131014	Continual Improvement	356,621	416,709	170,694	Office of the CEO
** 60131015	CEO Management Audit Program	306,510	298,342	0	Office of the CEO

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - District General Fund (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
60131016	Office of CEO & Board Support	184,793	599,450	1,022,239	Office of the CEO
60141001	District Counsel	2,915,474	3,023,491	3,234,213	Office of District Counsel
** 60151001	Software Development & Support	599,991	880,126	0	Information Technology Division
60161001	Software Maint & License	707,714	939,525	1,073,884	Information Technology Division
** 60161003	Internet/Intranet Maintenance	273,367	289,250	0	Information Technology Division
60161004	Software Services	0	0	3,273,449	Information Technology Division
60171002	Civic Engagement	371,537	506,447	1,261,258	Office of the CEO
60171009	Community Relations	173,202	169,690	626,370	Office of the CEO
60181002	Network Administration	752,850	733,788	1,680,145	Information Technology Division
** 60191001	Data Center Operations	612,188	609,469	0	Information Technology Division
60201001	District HVAC Services	819,973	0	0	General Services Division
60201021	District Space Allocation	470,061	0	0	General Services Division
60221001	Budget and Financial Analyses	425,156	1,496,978	2,114,631	Financial Planning and Mgmt Div
60221002	Debt & Treasury Management	342,738	421,158	544,404	Financial Planning and Mgmt Div
60221003	FPMD Administration	463,320	753,376	465,029	Financial Planning and Mgmt Div
** 60221005	Fin Forecasting & CIP Analysis	139,406	153,211	0	Financial Planning and Mgmt Div
60221007	Credit Card Services Fees	0	75,000	75,000	Financial Planning and Mgmt Div
60231002	Communications	951,107	1,107,204	1,473,940	Office of the CEO
60231003	Federal Government Relations	1,361,892	675,502	884,125	Office of the CEO
60231004	State Government Relations	752,896	816,439	911,078	Office of the CEO
60231005	Local Government Relations	0	929,919	1,207,501	Office of the CEO
60231006	Chief of External Affairs	0	0	577,466	Office of the CEO
60241026	Quality and Env Mgmt Sys Prog	516,490	583,106	739,230	Office of the CEO
** 60271007	Payroll & Financial Sys Maint	390,429	392,220	0	Financial Planning and Mgmt Div
** 60271010	GIS Maintenance & Support	654,957	573,565	0	Information Technology Division
** 60271011	Computerized Maint Mgmt Syst	405,261	473,305	0	Information Technology Division
** 60271060	ERP System Maint & Support	224,379	448,592	0	Information Technology Division
60271062	Information Security Admin	186,822	286,241	440,179	Information Technology Division
60271064	Office Cmptr Maint/Help Dsk Sup	1,072,879	1,347,185	1,222,395	Information Technology Division
** 60281001	EEO Mandatory Training	85,665	95,037	0	Human Resources Division
60281003	Ethics & EEO Programs	221,602	282,185	616,520	Human Resources Division
60281004	Diversity & Inclusion Program	298,244	347,665	1,284,328	Office of Chief Administrative Officer
60281006	Reasonable Accommodation	101,280	0	228,648	Human Resources Division
60291001	Recruitment and Examination	1,167,265	1,434,649	1,615,957	Human Resources Division
60291002	Benefits and Wellness Admin	727,086	1,023,538	1,079,985	Human Resources Division
60291003	Labor Relations	486,923	575,264	775,832	Office of the CEO
60291004	Talent Management Program	1,199,145	1,239,584	1,576,792	Human Resources Division
60291005	Classification&CompensationPgm	234,890	504,693	321,594	Human Resources Division

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - District General Fund (Continued)

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
** 60291007	Deferred Compensation Committe	114,152	65,465	0	Human Resources Division
60291011	HR Program Admin	728,174	1,026,527	733,464	Human Resources Division
** 60291016	Ethics	212,902	249,251	0	Human Resources Division
** 60291017	Meet and Confer	295,108	160,920	0	Office of the CEO
** 60291018	Compensation Program	97,803	0	0	Human Resources Division
60291032	Bargaining Unit Representation	78,601	137,411	355,262	Office of the CEO
60291038	GF Training & Development	763,689	1,046,102	634,674	Office of Chief Administrative Officer
** 60291039	Professional & Assn Membrships	312,993	393,786	0	Financial Planning and Mgmt Div
60291040	Rotation Program	640,297	877,678	723,228	Human Resources Division
60291041	Internship Program	245,059	540,123	713,450	Human Resources Division
60291042	Skilled Trades Internship Prgm	52,927	0	142,562	Human Resources Division
60301001	Clerk of the Board Serv	1,154,510	2,380,568	1,959,429	Office of Clerk of the Board
** 60301003	Board Committees	331,227	269,638	0	Office of Clerk of the Board
60311001	Records & Library Services	399,262	471,228	1,163,860	Information Technology Division
** 60311002	Request for Public Records	192,995	205,290	0	Information Technology Division
** 60321001	Word Processing Services	252,727	0	0	General Services Division
** 60331001	Research / Library Services	281,104	247,785	0	Information Technology Division
60341001	Mail Services	725,214	0	0	General Services Division
60351001	Business & Customer SupportSvc	1,296,638	3,024,016	3,261,426	General Services Division
** 60361001	Forms Management	245,780	0	0	General Services Division
** 60361002	Graphics Services	251,228	358,515	0	Office of the CEO
60361004	Reception Svcs-EOC Preprdnss	356,015	0	0	General Services Division
** 60411002	GF Safety Training & Admin	210,948	225,215	0	Human Resources Division
* 60811046	Warehouse Services	312,854	610,957	614,180	General Services Division
<b>Total Operations</b>		<b>50,344,575</b>	<b>55,705,551</b>	<b>61,360,075</b>	
<b>Operating</b>					
60042001	Pacheco Res Prop 1 Application Study	0	0	66,296	Water Supply Division
** 60272001	IS Consolidation & Integration	317,914	220,992	0	Information Technology Division
** 60312001	Microfiche Conversion	68,111	43,604	0	Information Technology Division
<b>Total Operating</b>		<b>386,025</b>	<b>264,596</b>	<b>66,296</b>	
<b>Debts</b>					
** 60993005	2004A COP General Fund	534,815	538,330	0	Financial Planning and Mgmt Div
60993009	2017A COP Refunding GF	0	0	472,149	Financial Planning and Mgmt Div
<b>Total Debts</b>		<b>534,815</b>	<b>538,330</b>	<b>472,149</b>	
<b>Capital</b>					
60064023	Districtwide Salary Savings	0	(80,000)	(72,746)	Financial Planning and Mgmt Div

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Total Outlays - District General Fund (Continued)

	Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
**	60074030	WU Capital Training & Dvlpmnt	3,988	15,097	0	Water Utility Capital Division
*	60074033	CIP Development & Admin	8,179	15,473	12,999	Water Utility Capital Division
*	60074036	Survey Mgmt & Tech Support	3,739	6,651	5,922	Watershed Design & Construction Division
*	60074038	Capital Progrm Srvc Admin	19,734	78,538	67,945	Water Utility Capital Division
**	60074045	Technical Review Committee	3,693	3,684	0	Water Utility Capital Division
**	60074046	WU Captl Health & Safety Trng	833	3,763	0	Water Utility Capital Division
**	60074051	WS Capital Training & Dvlpmnt	3,587	17,403	0	Office of COO Watershed
**	60074052	WS Capital Program Srvc Admin	19,718	66,068	0	Office of COO Watershed
**	60074053	WS Capital Hlth & Safety Trng	296	878	0	Office of COO Watershed
	60204016	Almaden&Winfield-Sm Cap Improv	492,727	2,062,000	1,690,255	General Services Division
	60204021	Winfield Capital Improvements	450,364	5,927,000	0	Water Utility Capital Division
	60204032	Headquarters Operations Bldg	3,837	0	0	Water Utility Capital Division
	<b>Total Capital</b>		<b>1,010,695</b>	<b>8,116,555</b>	<b>1,704,374</b>	
	<b>Total</b>		<b>52,276,110</b>	<b>64,625,032</b>	<b>63,602,894</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

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# Financial Overview

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# SERVICE FUNDS

# Financial Overview

## Service Funds Overview

The District manages three Internal Service Funds - the Fleet Management Fund, the Risk Fund and the Information Technology Fund. These funds provide goods and services to District Administration, Watersheds and Water Utility Enterprise divisions and recover costs through intra-district reimbursements. Intra-district reimbursements are the amounts needed for operations and to maintain adequate reserves in accordance with the District Reserve Policy. Further information on each fund is provided below and in the pages that follow.

## Fleet Management Fund

The Fleet Management Fund was established to capture the operations, maintenance and replacement costs of District-owned vehicles and equipment such as: sedans, vans, pickup trucks and field equipment (Class I); heavy duty trucks and trailers (Class II); heavy construction equipment (Class III); and, portable equipment including large pumps, electrical panels, hose and fittings, air compressors, chain saws, weed whackers, generators, etc. (Class IV). Reimbursement charges for FY 2017-18 total \$4.9 million. The reimbursement rate is 5.7% for FY 2017-18.

### Key Highlights

The following are key highlights for the upcoming fiscal year:

- Surplus and replacement of 19 vehicles and 2 pieces of construction equipment in accordance with the 12-year or 125,000 mile replacement criteria.
- Evaluate and implement industry best practices within operation.
- Conduct a vehicle utilization study in collaboration with user department to reduce underutilized assets.

## Risk Insurance Fund

This fund was established to provide for liability, property, Workers' Compensation insurance and self-insurance costs. Included in this fund are various health and safety programs designed to ensure the safety and well-being of employees, a reserve for catastrophic uninsured property loss, and self-insurance reserves for both known and unreported Workers Compensation and liability claims set at levels prescribed by actuarial studies. Currently, loss prevention efforts are being integrated with other performance-based objectives such as quality and cost-control to ensure that health and safety activities are integrated into the day-to-day operations of District business. The District supports the philosophy that all accidents and injuries are preventable through establishment of and compliance with safe work procedures and best management practices for our industry. Reimbursement charges for FY 2017-18 total \$7.8 million with a reimbursement rate of 9.6%.

### Key Highlights

The following are key highlights for the upcoming fiscal year:

- Continuing to administer the Workers Compensation program in a manner that increases employee awareness of potential dangers and seeks to reduce employee injuries and accidents.
- Continuing to administer the Liability and Property programs in a manner that provides prompt and fair adjustment of claims and losses.
- Continuing to manage safety, ergonomics and industrial hygiene programs in compliance with regulatory requirements and industry best practices.

## Information Technology Fund

The Information Technology Fund accounts for the costs to acquire, install and replace capital related information technology projects with District-wide benefit. Projects include acquisition and replacement of

# Financial Overview

computers, networks, and communications systems as well as major investments in enterprise software systems. Intra-District charges for this fund are set to smooth charges over time by recovering current costs and accumulating reserves for major planned future projects. Current year charges or a combination of current year charges and reserves may be used to fund authorized projects. For FY 2017-18, \$12.2 million will be recovered through Intra-District charges. The reimbursement rate is 15.0%.

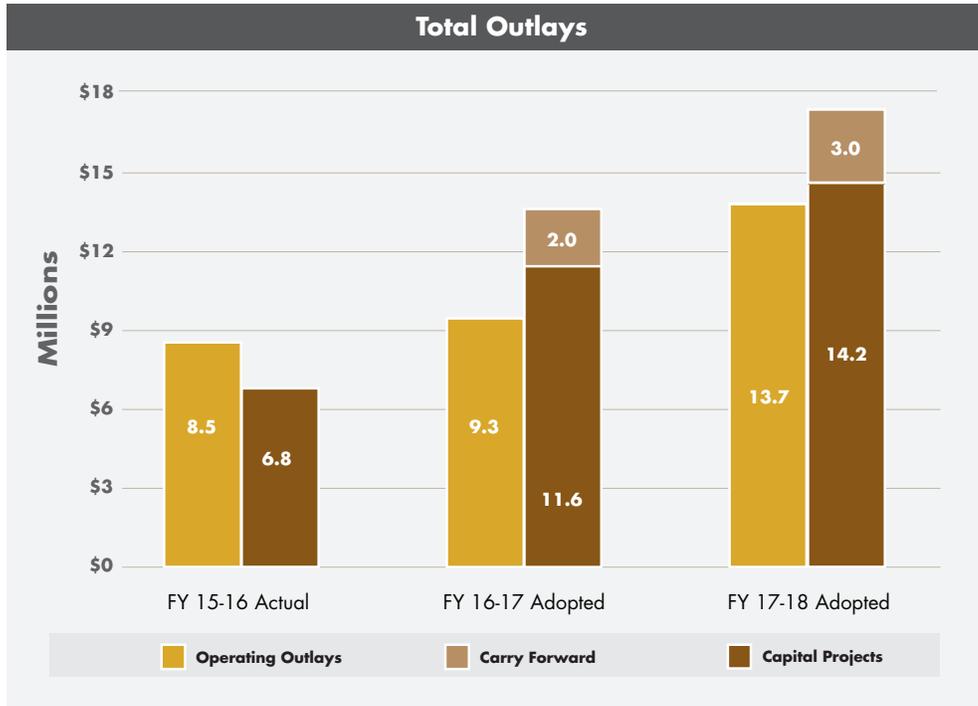
## Key Highlights

The following are key highlights for the upcoming fiscal year:

- Implement the PeopleSoft 9.2 upgrade.
- Complete replacement of the District's Forecasting system and Capital Planning system.
- Implement GIS Roadmap Phase 1.
- Select and begin deployment of an Enterprise Content Management system for the Data Consolidation project.
- Replace and upgrade process control system, Supervisory Control and Data Acquisition (SCADA) computer network.
- Continue to replace desktop computers based on a four-year computer replacement cycle and upgrade the operating systems to the latest standards.
- Complete the last phase of a multiyear wireless networking project, providing wireless networking at all District facilities.
- Prepare plans and implement IT disaster recovery systems and real-time cutover in the event of a major disaster.
- Implement e-litigation and e-discovery system.

# Financial Overview

## Service Funds Combined



# Financial Overview

## Service Funds Combined Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted	
					\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Non-Operating Income:</b>						
Interest*	\$ 184,882	\$ 130,000	\$ 164,000	\$ 147,000	\$ 17,000	13.1%
Other	52,622	100,000	102,000	102,000	2,000	2.0%
<b>Total Revenue</b>	<b>\$ 237,504</b>	<b>\$ 230,000</b>	<b>\$ 266,000</b>	<b>\$ 249,000</b>	<b>\$ 19,000</b>	<b>8.3%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 8,514,845	\$ 9,273,820	\$ 9,273,820	\$ 11,330,274	\$ 2,056,454	22.2%
Operating project	6,635	—	—	2,350,000	2,350,000	**
<b>Total Operating Outlays</b>	<b>\$ 8,521,480</b>	<b>\$ 9,273,820</b>	<b>\$ 9,273,820</b>	<b>\$ 13,680,274</b>	<b>\$ 4,406,454</b>	<b>47.5%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 6,823,218	\$ 11,577,921	\$ 13,097,534	\$ 14,216,757	\$ 2,638,836	22.8%
Carried Forward Capital Projects	—	1,983,000	—	3,025,000	1,042,000	52.5%
<b>Total Capital Outlays</b>	<b>\$ 6,823,218</b>	<b>\$ 13,560,921</b>	<b>\$ 13,097,534</b>	<b>\$ 17,241,757</b>	<b>\$ 3,680,836</b>	<b>27.1%</b>
Less Intra-District Reimbursements	(16,973,621)	(18,289,772)	(18,289,775)	(24,998,415)	(6,708,643)	36.7%
<b>Other Financing Sources (Uses) :</b>						
<b>Balance Available</b>	<b>\$ 1,866,427</b>	<b>\$ (4,314,969)</b>	<b>\$ (3,815,579)</b>	<b>\$ (5,674,616)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 5,267,898	\$ 2,002,295	\$ 3,919,591	\$ 1,971,351	\$ (30,944)	(1.5)%
Currently Authorized Projects***	4,560,561	—	3,025,000	—	—	**
Liability/Workers' Comp Self Insurance	6,500,000	6,500,000	4,914,000	5,666,000	(834,000)	(12.8)%
Property Self Insurance/ Catastrophic	6,864,991	6,149,531	7,519,280	6,065,904	(83,627)	(1.4)%
<b>Total Committed Reserves</b>	<b>\$ 23,193,450</b>	<b>\$ 14,651,826</b>	<b>\$ 19,377,871</b>	<b>\$ 13,703,255</b>	<b>\$ (948,571)</b>	<b>(6.5)%</b>
<b>Total Year-End Reserves</b>	<b>\$ 23,193,450</b>	<b>\$ 14,651,826</b>	<b>\$ 19,377,871</b>	<b>\$ 13,703,255</b>	<b>\$ (948,571)</b>	<b>(6.5)%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

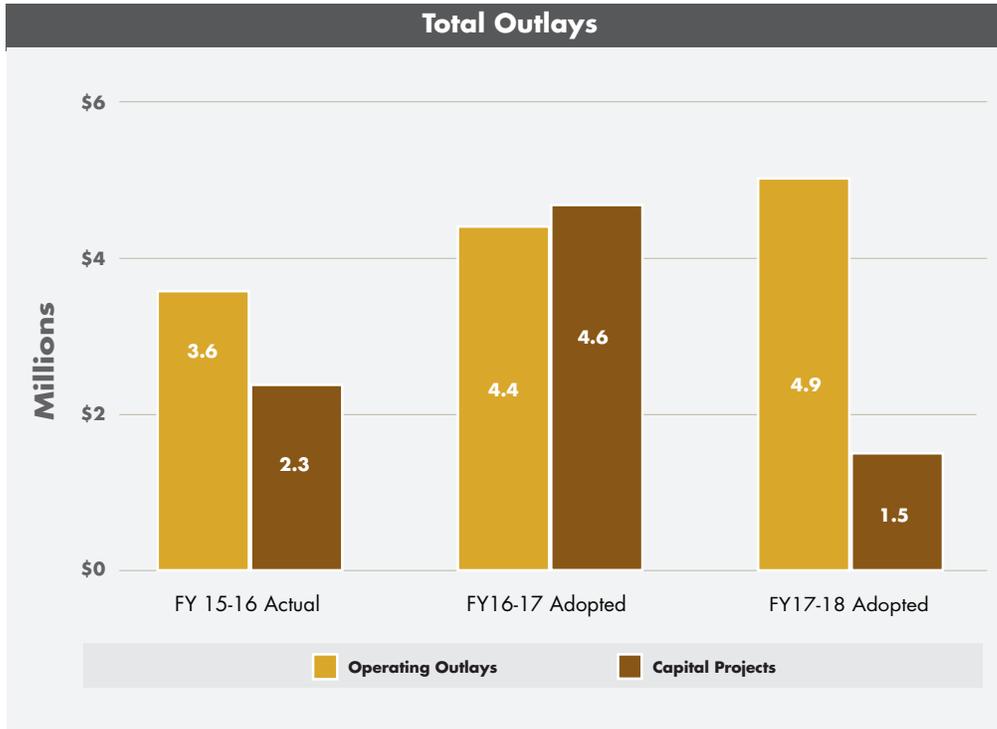
(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Fleet Management Fund



# Financial Overview

## Fleet Management Fund Summary

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2016-17 Adopted	
	2015-16	2016-17	2016-17	2017-18	\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Non-Operating Income:</b>						
Interest*	\$ 38,952	\$ 20,000	\$ 36,000	\$ 36,000	\$ 16,000	80.0%
Other	43,105	100,000	102,000	102,000	2,000	2.0%
<b>Total Revenue</b>	<b>\$ 82,057</b>	<b>\$ 120,000</b>	<b>\$ 138,000</b>	<b>\$ 138,000</b>	<b>\$ 18,000</b>	<b>15.0%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 3,580,590	\$ 4,389,952	\$ 4,389,952	\$ 4,933,602	\$ 543,650	12.4%
Operating Projects	6,635	—	—	—	—	—
<b>Total Operating Outlays</b>	<b>\$ 3,587,225</b>	<b>\$ 4,389,952</b>	<b>\$ 4,389,952</b>	<b>\$ 4,933,602</b>	<b>\$ 543,650</b>	<b>12.4%</b>
<b>Capital Outlays</b>						
Capital Projects	\$ 2,344,019	\$ 4,640,679	\$ 4,640,679	\$ 1,545,000	\$ (3,095,679)	(66.7)%
Carried Forward Capital Projects	—	—	—	—	—	—
<b>Total Capital Outlays</b>	<b>\$ 2,344,019</b>	<b>\$ 4,640,679</b>	<b>\$ 4,640,679</b>	<b>\$ 1,545,000</b>	<b>\$ (3,095,679)</b>	<b>(66.7)%</b>
Less Intra-District Reimbursements	(6,471,122)	(7,353,701)	(7,353,704)	(4,929,990)	2,423,711	(33.0)%
<b>Balance Available</b>	<b>\$ 621,935</b>	<b>\$ (1,556,930)</b>	<b>\$ (1,538,927)</b>	<b>\$ (1,410,612)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves</b>						
<b>Committed Reserves</b>						
Operating & Capital Reserve	\$ 3,187,645	\$ 574,304	\$ 2,280,213	\$ 869,601	\$ 295,297	51.4%
Currently Authorized Projects***	631,495	—	—	—	—	—
<b>Total Year-End Reserves</b>	<b>\$ 3,819,140</b>	<b>\$ 574,304</b>	<b>\$ 2,280,213</b>	<b>\$ 869,601</b>	<b>\$ 295,297</b>	<b>51.4%</b>
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Total Outlays - Fleet Management Fund

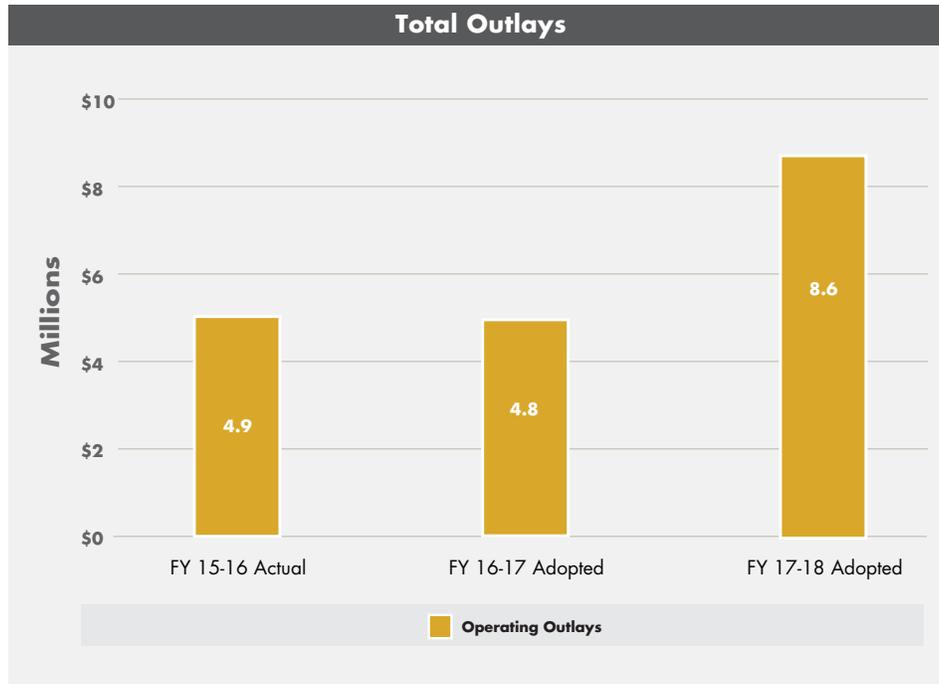
Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By	
<b>Operations</b>						
70011099	Class I Equip Oper / Maint	578,797	963,797	866,844	General Services Division	
70021099	Class II Equip Oper / Maint	725,125	735,910	857,289	General Services Division	
70031099	Class III Equip Oper / Maint	289,264	369,946	389,359	General Services Division	
70041099	Class IV Equip Oper / Maint	871,022	961,499	1,157,700	General Services Division	
70061003	Vehicle & Equipment Admin&Mgmt	924,378	1,143,149	1,418,357	General Services Division	
**	70061045	AM Systems and Standards	18,746	38,137	46,944	Raw Water Operations and Mgmt Division
**	70061046	District CMMS Administration	16,121	0	0	Raw Water Operations and Mgmt Division
*	70061053	Admin Asset Mgmt Program	89,812	111,107	121,370	Raw Water Operations and Mgmt Division
*	70071041	Welding Services	47,775	43,778	52,992	General Services Division
*	70811046	Warehouse Services	19,550	22,629	22,747	General Services Division
<b>Total Operations</b>		<b>3,580,590</b>	<b>4,389,952</b>	<b>4,933,602</b>		
<b>Operating</b>						
70062002	Replace Fuel Management System	6,635	0	0	General Services Division	
<b>Total Operating</b>		<b>6,635</b>	<b>0</b>	<b>0</b>		
<b>Capital</b>						
70004001	New Vehicle Equip Acquisitio	189,681	688,831	0	General Services Division	
70004002	Replacement Vehicle & Equip	2,154,338	3,951,848	1,545,000	General Services Division	
<b>Total Capital</b>		<b>2,344,019</b>	<b>4,640,679</b>	<b>1,545,000</b>		
<b>Total</b>		<b>5,931,244</b>	<b>9,030,631</b>	<b>6,478,602</b>		

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Risk Insurance Fund



# Financial Overview

## Risk Insurance Fund Summary

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2016-17 Adopted	
	2015-16	2016-17	2016-17	2017-18	\$ Diff	% Diff
<b>Revenue Sources:</b>						
<b>Non-Operating Income:</b>						
Interest*	\$ 100,049	\$ 80,000	\$ 80,000	\$ 81,000	\$ 1,000	1.3%
Other	9,517	—	—	—	—	—
<b>Total Revenue</b>	<b>\$ 109,566</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ 81,000</b>	<b>\$ 1,000</b>	<b>1.3%</b>
<b>Operating Outlays:</b>						
Operations**	\$ 4,869,660	\$ 4,783,868	\$ 4,783,868	\$ 6,275,176	\$ 1,491,308	31.2%
Operating Project	—	—	—	2,350,000	2,350,000	**
<b>Total Operating Outlays</b>	<b>\$ 4,869,660</b>	<b>\$ 4,783,868</b>	<b>\$ 4,783,868</b>	<b>\$ 8,625,176</b>	<b>\$ 3,841,308</b>	<b>80.3%</b>
Less Intra-District Reimbursements	(4,780,130)	(3,772,157)	(3,772,157)	(7,842,800)	(4,070,643)	107.9%
<b>Balance Available</b>	<b>\$ 20,036</b>	<b>\$ (931,711)</b>	<b>\$ (931,711)</b>	<b>\$ (701,376)</b>	<b>\$ —</b>	<b>—</b>
<b>Year-End Reserves:</b>						
<b>Committed Reserves</b>						
Liability/Workers' Compensation	\$ 6,500,000	\$ 6,500,000	\$ 4,914,000	\$ 5,666,000	\$ (834,000)	(12.8)%
Property Self Insure/Catastrophic	6,864,991	6,149,531	7,519,280	6,065,904	(83,627)	(1.4)%
<b>Total Year-End Reserves</b>	<b>\$ 13,364,991</b>	<b>\$ 12,649,531</b>	<b>\$ 12,433,280</b>	<b>\$ 11,731,904</b>	<b>\$ (917,627)</b>	<b>(7.3)%</b>
<b>Uncommitted Funds</b>			\$ 0	\$ 0		

(\*) Interest revenue does not include GASB31 market valuation adjustment

(\*\*) Operations outlay does not include OPEB Expense-unfunded liability

# Financial Overview

## Total Outlays - Risk Insurance Fund

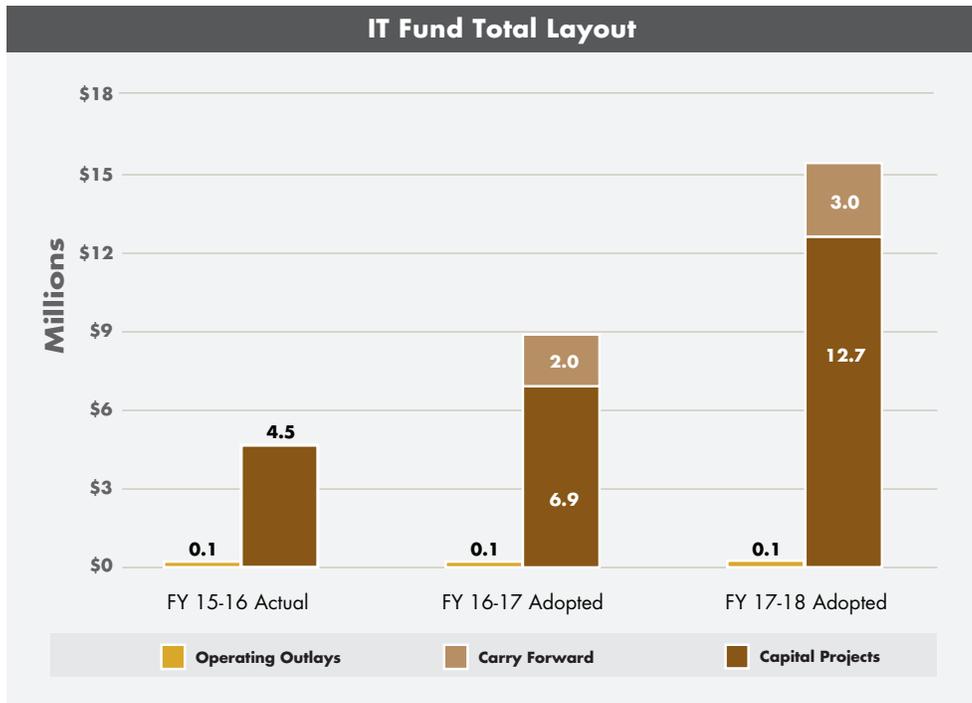
Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
65051001	Risk Management	1,644,063	1,732,014	2,351,239	Office of District Counsel
65051002	Workers Compensation Program	921,539	826,894	821,495	Office of District Counsel
65051003	Health&Safety Program Mgt	974,125	1,122,422	3,102,442	Human Resources Division
** 65051004	Risk Management Program Admi	529,184	463,190	0	Office of District Counsel
** 65051005	Safety Committee	66,979	0	0	Human Resources Division
** 65051008	Employee Wellness Program	167,987	0	0	Human Resources Division
** 65051009	District Ergonomics Program	177,403	222,326	0	Human Resources Division
** 65051011	Industrial Hygiene Program	388,380	417,022	0	Human Resources Division
<b>Total Operations</b>		<b>4,869,660</b>	<b>4,783,868</b>	<b>6,275,176</b>	
<b>Operating</b>					
65052001	President Day Flood	0	0	2,350,000	Office of District Counsel
<b>Total Operating</b>		<b>0</b>	<b>0</b>	<b>2,350,000</b>	
<b>Total</b>		<b>4,869,660</b>	<b>4,783,868</b>	<b>8,625,176</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding

# Financial Overview

## Information Technology Fund



# Financial Overview

## Information Technology Fund Summary

	Budgetary Basis Actual 2015-16	Adopted Budget 2016-17	Projected Year End 2016-17	Adopted Budget 2017-18	Change from 2016-17 Adopted		
					\$ Diff	% Diff	
<b>Revenue Sources:</b>							
<b>Non-Operating Income:</b>							
Interest*	\$ 45,881	\$ 30,000	\$ 48,000	\$ 30,000	\$ —	—	
Other	—	—	—	—	—	—	
<b>Total Revenue</b>	<b>\$ 45,881</b>	<b>\$ 30,000</b>	<b>\$ 48,000</b>	<b>\$ 30,000</b>	<b>\$ —</b>	<b>—</b>	
<b>Operating Outlays:</b>							
Operations**	\$ 64,595	\$ 100,000	\$ 100,000	\$ 121,496	\$ 21,496	21.5%	
<b>Total Operating Outlays</b>	<b>\$ 64,595</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 121,496</b>	<b>\$ 21,496</b>	<b>21.5%</b>	
<b>Capital Outlays</b>							
Capital Projects	\$ 4,479,199	\$ 6,937,242	\$ 8,456,855	\$ 12,671,757	\$ 5,734,515	82.7%	
Carried Forward Capital Projects	—	1,983,000	—	3,025,000	1,042,000	52.5%	
<b>Total Capital Outlays</b>	<b>\$ 4,479,199</b>	<b>\$ 8,920,242</b>	<b>\$ 8,456,855</b>	<b>\$ 15,696,757</b>	<b>\$ 6,776,515</b>	<b>76.0%</b>	
Less Intra-District Reimbursements	(5,722,369)	(7,163,914)	(7,163,914)	(12,225,625)	(5,061,711)	70.7%	
<b>Balance Available</b>	<b>\$ 1,224,456</b>	<b>\$ (1,826,328)</b>	<b>\$ (1,344,941)</b>	<b>\$ (3,562,628)</b>	<b>\$ —</b>	<b>—</b>	
<b>Year-End Reserves:</b>							
<b>Committed Reserves</b>							
Operating & Capital Reserve	\$ 2,080,253	\$ 1,427,991	\$ 1,639,378	\$ 1,101,750	\$ (326,241)	(22.8)%	
Currently Authorized Projects***	3,929,066	—	3,025,000	—	—	—	
<b>Total Year-End Reserves</b>	<b>\$ 6,009,319</b>	<b>\$ 1,427,991</b>	<b>\$ 4,664,378</b>	<b>\$ 1,101,750</b>	<b>\$ (326,241)</b>	<b>(22.8)%</b>	
<b>Uncommitted Funds</b>			<b>\$ 0</b>	<b>\$ 0</b>			

(\* ) Interest revenue does not include GASB31 market valuation adjustment

(\*\* ) Operations outlay does not include OPEB Expense-unfunded liability

(\*\*\*) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

# Financial Overview

## Total Outlays - Information Technology Fund

Job #	Job Description	Budgetary Basis Actual 2015-2016	Adopted Budget 2016-2017	Adopted Budget 2017-2018	Job Managed By
<b>Operations</b>					
73271007	Emerging IT Technologies	64,595	100,000	121,496	Information Technology Division
<b>Total Operations</b>		<b>64,595</b>	<b>100,000</b>	<b>121,496</b>	
<b>Capital</b>					
73274001	IT Disaster Recovery	23,585	1,392,953	440,947	Information Technology Division
73274002	ERP PeopleSoft Upgrade	1,444,003	2,415,000	7,319,644	Information Technology Division
73274004	Network Equipment	1,000,484	1,495,815	1,690,975	Information Technology Division
73274006	Office Computers Replace Equip	1,289,443	1,299,755	967,980	Information Technology Division
73274008	Software Upgrades & Enhancemen	701,053	9,000	610,672	Information Technology Division
73274009	Data Consolidation	20,631	324,719	278,996	Information Technology Division
73274010	Boardroom Technology Upgrade	0	0	817,554	Information Technology Division
73274011	E-Discovery Management System	0	0	544,990	Information Technology Division
<b>Total Capital</b>		<b>4,479,199</b>	<b>6,937,242</b>	<b>12,671,757</b>	
<b>Total</b>		<b>4,543,794</b>	<b>7,037,242</b>	<b>12,793,253</b>	

\* Recipient projects

\*\* Closed, combined or no current year funding