

4/24/2012 V1.1

MISSION STATEMENT

The mission of the Sonoma County Water Agency is to effectively manage the water resources in its care for the benefit of people and the environment through resource and environmental stewardship, technical innovation, and responsible fiscal management.

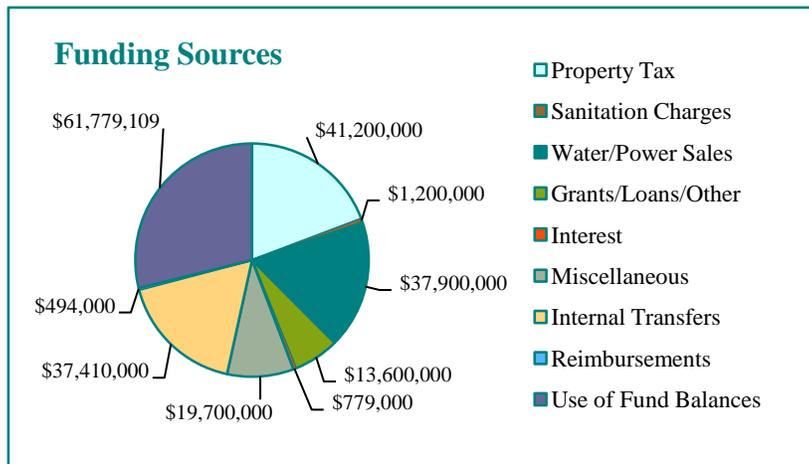
DEPARTMENTAL DESCRIPTION

The Sonoma County Water Agency is a countywide special district founded in 1949 whose Board of Directors is the Sonoma County Board of Supervisors with the exception of the Sonoma Valley County Sanitation District, which is governed by the Chair of the Board of Supervisors, the 1st District Representative, and the Mayor of Sonoma. In all our operations we strive to manage resources and make cost effective investments in Water Resources, the Environment, and the Community.

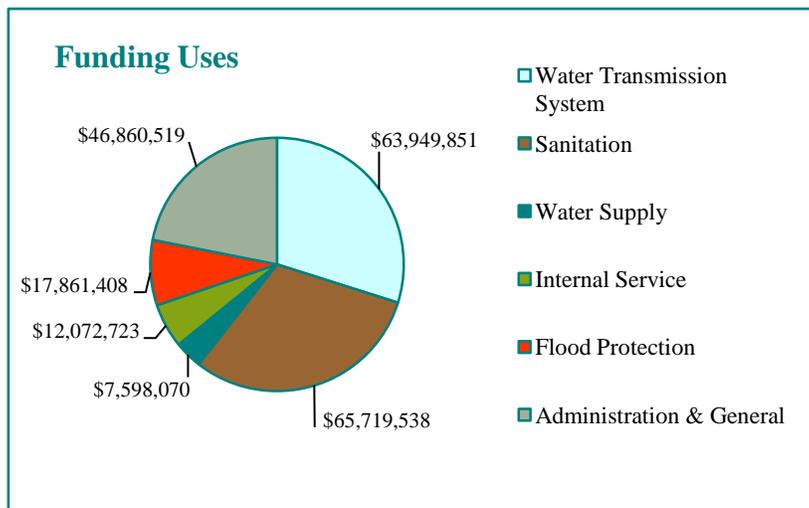
The four key functions of the Water Agency are water supply, water transmission, flood control, and wastewater collection and treatment. As a water supplier, the Water Agency is responsible for securing and maintaining water rights and encouraging water conservation and reuse to meet present and future demand. The Water Agency's water transmission system provides for wholesale domestic water supply and delivery to eight primary contractors (Santa Rosa, Petaluma, Sonoma, Rohnert Park, Cotati, Valley of the Moon Water District, Town of Windsor, and North Marin Water District), a major non-contractor customer, Marin Municipal Water District, and to other smaller customers. For the flood control function, the Water Agency designs, constructs, and maintains flood control facilities. The Water Agency provides sanitation functions to county sanitation districts (CSD) and zones. All of these core functions are key elements in the overall infrastructure necessary for a safe and healthy community.

Budget at a Glance:

Total Expenditures	\$214,062,109
Total Revenues	\$175,240,446
Total Net Cost	\$38,821,663
Total Staff	194.5
% Funded by Local Discretionary Funds	0%



The Water Agency maintains operational funds to finance and support these functions. The Water Agency established and closely monitors fund balance targets (designated fund balance levels) for each of the operational funds to ensure the effective financial management of Water Agency operations. The Water Agency will use expenditure control and rate increases where appropriate to bring any projected fund balance shortfalls in line with these targets. From year to year, the Water Agency may increase fund balances to use for future capital improvements. Later, the fund balance will be decreased to avoid borrowing money for the capital project. The Water Agency has developed long range financial plans for each of its functions and is currently modernizing its cost accounting system. With these tools the Water Agency continues to demonstrate fiscal soundness and management to earn and maintain AA+ bond ratings.



There are two key strategic planning documents guiding the Water Agency's activities. The first is the Water Agency's Strategic Plan, which was adopted in 2007. This plan is currently being updated to cover Water Agency activities for the next 5 years. The second document is the Water Supply Strategies Action Plan, which was approved by the Water Agency's Board in 2010. This plan listed water supply challenges faced by the Water Agency and its water customers and outlined strategies to ensure these customers receive the water they need, when they need it.

Y 11-12 ACCOMPLISHMENTS

Continued the planning and implementation of the Biological Opinion, including: design of the Mirabel fish screen replacement and associated fish ladder upgrade; design of demonstration habitat enhancements in Dry Creek; and filling of the Wohler infiltration ponds. Staff also completed three Dry Creek tributary restoration projects.

Achieved the 2015 goal of “Carbon Free Water” in January 2012, when the Agency started receiving the power purchases from the Sonoma County landfill. That renewable power combined with the Agency’s hydroelectric and solar power generation is more than the total power the Agency consumes annually.

Continued to improve operating procedures, documentation, and the training of employees as required by ISO 14000 and ISO 9001 Standards. These international standards are benchmarks for Environmental and Quality Management Systems and are an indication of the Water Agency’s commitment to operating in an environmentally friendly manner and continually improving our processes.

Received a total of \$6.4 million in grants for various projects. The Agency continues to monitor and aggressively seek alternative funding in order to lower the costs of infrastructure projects.

Achieved cost savings to match declining revenue and received an AA+ bond rating on its water revenue bonds from Standard and Poor’s. Received an A+ rating on the Sonoma Valley Sanitation Bonds.

Partnered with Human Services to sponsor and expand the Sonoma County Youth Ecology Corps summer youth employment program.

Conducted communications satisfaction survey of the Water Contractors and telephone survey of the public regarding the Agency.

Completed renovation and occupied operations building at 204 Concourse Boulevard, near headquarters at 404 Aviation Boulevard.

Used the financial planning model to create multiple financial scenarios which allow the Water Agency and its customers to make key decisions on future major water supply and transmission projects over the next 30 years.

Completed 2nd phase of multiyear project on Laguna De Santa Rosa to reduce flooding in Rohnert Park.

Completed and commissioned the Russian River County Sanitation District (CSD) disinfection upgrade project.

FINANCIAL SUMMARY

Budget Division/Fund	FY 11-12 Adopted	FY 12-13 Recommended	% Change
<i>Administration and General Fund</i>			
Expenditures	43,048,875	46,860,519	8.9
Revenues & Reimbursements	44,029,479	45,952,871	4.4
Net Cost	(980,604)	907,648	192.6
<i>Flood Control</i>			
Expenditures	17,743,985	17,861,408	0.7
Revenues & Reimbursements	11,740,660	13,405,597	14.2
Net Cost	6,003,325	4,455,811	(25.8)
<i>Water Supply</i>			
Expenditures	10,294,900	7,598,070	(26.2)
Revenues & Reimbursements	8,239,025	6,239,897	(24.3)
Net Cost	2,055,875	1,358,173	(33.9)
<i>Water Transmission</i>			
Expenditures	50,588,282	63,949,851	26.4
Revenues & Reimbursements	47,092,559	52,041,847	10.5
Net Cost	3,495,723	11,908,004	240.6
<i>Sanitation Zones</i>			
Expenditures	6,128,521	6,414,442	4.7
Revenues & Reimbursements	4,502,633	5,247,127	16.5
Net Cost	1,625,888	1,167,315	(28.2)
<i>Sanitation Districts</i>			
Expenditures	40,986,983	59,305,096	44.7
Revenues & Reimbursements	32,670,264	40,655,759	24.4
Net Cost	8,316,719	18,649,337	124.2
<i>Internal Services Fund</i>			
Expenditures	15,306,834	12,072,723	(21.1)
Revenues & Reimbursements	12,195,632	11,697,348	(4.1)
Net Cost	3,111,202	375,375	(87.9)
Total Expenditures	184,098,380	214,062,109	16.3
Total Revenues & Reimbursement	160,470,252	175,240,446	9.2
Total Net Cost	23,628,128	38,821,663	64.3

STAFFING SUMMARY

Staffing	FY 11-12 Adopted	FY 11-12 Approved	FY 12-13 Recommended	FTE Change	% Change
Permanent Positions	195.50	193.50	194.50	1.00	0.5

RECOMMENDED BUDGET

See the individual fund budget commentary for details of the changes in expenditure levels by fund. Property tax based revenues are expected to be stable to slightly decreasing and fee based revenues will be stable to slightly increasing for most funds.

No core functions are being eliminated or reduced.

ADMINISTRATION

The recommended budget reflects \$46.8 million, largely consisting of operating transfers through this budget to other budget units. The Administration budget unit collects all salary and benefit revenues and expenses that are then allocated out to the appropriate enterprise budgets, for operations and maintenance labor expenses, and to other internal service funds for equipment, fleet costs, power, facilities, and other expenditures. The labor associated expenses moving out of Administration through reimbursements also show up as expenditures to other budget units, resulting in an overstatement of actual expenditures in the Administration budget. Additionally, operating transfers and equipment transfers from Administration to other enterprises overstate the expenses in Administration and the revenues in other units. The direct expenditures of Administration total \$7.4 million, a \$2.7 million increase from FY 11-12. This increase is primarily due to increases in the funding for the Sustainability Fund (\$578,100), intended for Agency staff and projects related to renewable energy and climate change; increases in occupancy costs for our new operations building while continuing to maintain the 2150 West College site and to plan for the maintenance facility (\$675,631); and increases in position costs due to the elimination of Mandatory Time Off and retirement and benefit cost increases, and additional extra help services budgeted to better align with historical usage.

The recommended budget reflects \$45.9 million in revenues, largely due to operating transfers of received revenues that are designated for other budget divisions and units. The actual Administration expenditures are supported by \$7.2 million in revenues, which decreased by \$206,300 from FY 11-12, primarily due to lower property tax revenues. The balance of expenditures will be covered by usage of **Water Agency general fund and Spring Lake Park Fund balances as needed.**

Recommended positions increase from 193.5 to 194.5 over FY 11-12. This results from the deletion of two long-term vacant positions during FY 11-12 and the recommended position addition of 1.0 FTE Water Agency Program Specialist in FY 12-13 for water conservation programs funded by a two year grant. This is a limited term position to match the grant funding. The Agency is also adding a 0.25 FTE Account Clerk III to allow recruitment of a full time position when added to the current 0.75 FTE position allocation. The Agency is also deleting 0.25 FTE Senior Environmental Specialist to match the less than full time status of the position.

Core Services Maintained:

Core Services in this area include continuing several activities aimed at empowering the workforce and improving the practices and procedures used to deliver services to our customers. These include information technology system upgrades, enhancements to the Geographic Information Systems capabilities, upgrading the financial management and billing systems, and publishing the updated Strategic Plan. These activities are paid for through the Water Agency's general fund.

FLOOD CONTROL

The recommended budget reflects \$17.8 million in expenditures for Flood Control and Warm Springs Dam related expenditures. The direct expenditures of Flood Control Zones total \$9.5 million, a \$44,000 decrease from FY 11-12. This decrease is primarily due to projects being completed in FY 11-12 resulting in discontinuing costs. Total revenues reflect \$13.4 million, including revenues to the Flood Control Zones and Warm Springs Dam. Flood Control Zone revenues are \$7.6 million, which increased by \$1.1 million over FY 11-12, primarily due to a \$1.3 million state grant and decreases of \$232,100 in property taxes. The difference **between revenues and expenditures is made up by decreasing the associated fund balances of each fund.**

Core Services Maintained:

- Continued support for, and possible expansion of, the youth summer job program and use of these resources to help maintain and improve the flood channels.
- The Water Agency's goal for flood control is to provide flood protection in a manner that balances public safety and environmental protection. Work on stream maintenance and creation of riparian habitat will continue similarly to previous years.
- The Flood Control Division includes six flood control zones and the Warm Springs Dam Special Revenue Fund. In the past, benefit assessments, approved by the voters in 1996, provided additional funds for capital projects in the Laguna-Mark West area (Zone 1A) and Petaluma area (Zone 2A). These assessments expired in July 2007. The Water Agency is applying for grants and low cost loans to

supplement the property tax based revenues of the Zones. If the necessary funding is obtained projects will continue to be implemented in all Zones. While the flood control measures and practices currently in place meet current needs, planned projects that would improve the quality and efficiency of the system and meet the demand of potential population growth by enhancing existing, and implementing new, updated, flood control measures will be delayed until additional funding is identified.

WATER SUPPLY AND WATER TRANSMISSION

The Water Transmission recommended budget reflects \$63.9 million, a large portion of which includes operating transfers. The Water Transmission budget division handles all revenues and expenses that are then allocated out to the appropriate specific budget units to pay for construction projects and pay off the interest and principle on debt. The revenues coming into this budget unit, and out as expenditures to other budget units, result in large expense and revenues figures as a result of these operating transfers. Water Transmission System budgeted direct expenditures for FY 12-13 total \$31.5 million. Included in this figure are four designated funds created by the Restructured Agreement for Water Supply. Revenues reflect \$52.0 million, including operating transfers out to other budget divisions, with actual received revenues totaling \$32.5 million, following water deliveries of 45,961 acre-feet, a decrease of 4%. Revenues also reflect the proposed FY 12-13 water rate increases of 5.26% to 5.98% depending on the aqueduct. The increases in rates are primarily attributable to the decreased water deliveries, the costs of the Biological Opinion, and contractor voluntary building of fund balances in the aqueduct capital funds in anticipation of future projects. In past years the Water Agency has been awarded grants totaling \$9.1 million for construction of local natural hazard mitigation projects from the Federal Emergency Management Agency. These will be paid to the Water Agency over several years as the specific projects are completed.

The Water Supply recommended budget reflects \$7.5 million in expenditures, a portion of which reflects operating transfers. Water Supply expenditures decrease by \$2.7 million from FY 11/12, due to decreases in Russian River projects and Recycled Water projects. Revenues total \$6.2 million, including transfers, with revenues decreasing \$2.0 million from FY 11/12 due to reduction in ARRA grants, reduction in Agency general fund transfers, decreases in other donations, and offsetting increases in the Russian River Charge paid by North Marin Water District.

Core Services Maintained:

In 2008, following 11 years of consultation, the National Marine Fisheries Service issued a Biological Opinion (BO) for the Russian River water supply, channel maintenance and flood control activities to the United States Army Corps of Engineers (Corps) and the Water Agency. In addition, the California Department of Fish and Game issued a corresponding Consistency Determination (CD) in 2009. Together the BO and CD mandate mitigation projects to protect the coho salmon and steelhead in the Russian River and its tributaries, and protect the Water Agency and Corps from substantial liabilities for incidental take of protected species as research and mitigation work is undertaken. These projects have and will significantly increase the level of expenditures for staff, consultants, and construction, estimated at \$112.3 million, not including the cost of a pipeline to by-pass Dry Creek, over the 15 year term of the BO. Expenditures specifically related to the BO in the Water Transmission budget for FY 12-13, are projected to be \$3,695,600. The Water Agency is also aggressively pursuing federal appropriations through the Corps and other federal sources to help offset the cost to local rate payers.

The Water Agency's goals for Water Supply and Water Transmission are: 1) meet or surpass public health standards and environmental regulations; 2) integrate and protect available sources of water and responsibly manage infrastructure to meet the current and future needs of the Water Agency's customers; and 3) promote water conservation and recycled water use. Investments in capital replacement are made to extend facilities' capacity, assure reliable supply including periods soon after local natural hazard events, and reduce operations and maintenance costs. Project costs are financed through operating transfers from the Water Transmission System operations fund to various construction funds. If the operations fund does not have sufficient cash available, a transfer of funds for construction will not be made. Capital replacement projects may be delayed until the next fiscal year, or if necessary, bonds may be issued in order to finance the projects.

GENERAL SANITATION OVERVIEW

The Water Agency's Wastewater and Recycled Water Services objectives for supporting the strategic plan are: 1) protect the health and safety of the public and the environment; 2) manage sanitation systems in a cost-effective manner; 3) encourage beneficial use of recycled water; and 4) adequately fund and implement infrastructure replacement and upgrade projects. The primary activities to achieve these objectives are to improve maintenance effectiveness and to conduct customer education to minimize overflows in collection systems.

Because efficient and effective maintenance and eventual replacement of basic wastewater treatment systems are a matter of public health and safety, the Water Agency must set rates to adequately fund these activities. To partially offset the burden of fee increases to

the public, and to save both potable water and wastewater, the Water Agency implemented rebate programs for in-home wastewater saving devices: low flow showerheads, front loading washers, and high efficiency toilets. Additionally, the Water Agency continues to look at alternatives to the current billing method to make it more responsive to the amount of wastewater created by residential customers. Concerns were raised over the fixed rate method, which resulted in the Water Agency exploring the potential to consider actual usage and associated costs. Pending Board approval on May 24, 2012, the Sonoma Valley County Sanitation District will pilot a program for residential customers to have 30% of the total charges based on the amount of water used. The remaining 70% of the charge would be a standard charge for all residential customers to account for the system costs per household. This calculation will replace the existing system of Equivalent Single Family Dwelling (ESD) index, which charges a 100% fixed amount to all single family dwelling units.

The discussion of each county sanitation district (CSD) or zone operated by the Water Agency includes a statement regarding the level of service provided under the proposed budget. The levels of service are defined as follows.

- **Minimum Level of Service:** Includes services necessary for the protection of public health and safety, employee safety, and the environment.
- **Standard Level of Service:** Includes services necessary to operate and maintain the sanitation systems in order to limit or reduce the risk of (1) service interruption and (2) violations of the respective National Pollutant Discharge Elimination System (NPDES) permit or Waste Discharge Requirements issued by the regional boards.
- **Asset Preservation Level of Service:** Includes services and programs necessary to (1) operate, maintain and replace facilities and equipment within the sanitation systems in order to preserve the system's assets, (2) provide a beneficial impact on the quality of life in the community, and (3) provide economic savings to the ratepayers through optimizing life cycle costs.

Occidental CSD – Projected to operate at Minimum Level of Service during FY 12-13

The Occidental CSD continues to face very serious financial and operational difficulties, with operating revenues and Occidental CSD's fund balance being inadequate to fully support operations and maintenance. The Water Agency's General Fund has contributed nearly \$3.8 million since FY 97-98 with contributions of \$960,000 anticipated for FY 11-12. For FY 12-13 the budget includes a \$550,000 transfer from the Water Agency's General Fund to Occidental CSD. The FY 12-13 expenditures total \$1.8 million, an increase of \$213,945 over FY 11-12 primarily due to transfers to finance the Capital Replacement Program. Revenues are budgeted at \$1.4 million, a decrease of \$19,880 from FY 11-12. The Occidental CSD operations and maintenance expenses are expected to decrease \$79,000 in FY 12-13 primarily reflecting decreases in operations and maintenance costs resulting from reduced staff support services. This is offset by an \$80,000 increase in transfers to the Construction Fund for California Environmental Quality Act (CEQA) and design costs of increased storage and reclamation capacity.

Russian River CSD – Projected to operate at Standard Level of Service during FY 12-13

The Russian River CSD irrigates approximately 20 acres of forest area adjacent to the treatment plant (referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. During FY 06-07, it was determined that additional irrigation is necessary and the initial work to complete Environmental Impact Report (EIR) and CEQA studies for expansion of irrigation using recycled water began. The FY 08-09 budget included increased expenditures in preparation of the irrigation expansion and a disinfection process capacity (ultraviolet process) capital project. The disinfection project moved ahead to construction in FY 10-11 after funding through a State Revolving Fund loan. That project will be commissioned when testing and training are completed in April 2012. The FY 12-13 expenditures total \$5.6 million, increasing by \$352,257 over FY 11-12 primarily due to equipment and capital expenditures and increases resulting from service for permitting and regulatory compliance and hazard assessment. Revenues are budgeted at \$4.3 million, decreased by \$223,297 from FY 11-12. The operations and maintenance costs are budgeted to decrease, including transfers of \$220,500 to the Construction Fund and \$118,750 to the Revenue Bond Fund. Revenues are budgeted to increase \$210,800 from increases in the sanitation rates.

Sonoma Valley CSD – Projected to operate at Asset Preservation Level of Service during FY 12-13

The Sonoma Valley CSD is continuing the program to replace its aging collection system in order to improve capacity and to ensure the reliability and safety of the infrastructure. Funding for most of the replacement costs will be from future rate increases. The CSD's long term financial plan anticipates continued annual increases of 5.0% to 5.5 % in order to build revenues and fund balances which will support additional debt. Additionally, the Sonoma Valley CSD is seeking assistance through state and federal infrastructure replacement programs. During FY 12-13, this activity continues. Expenditures are budgeted at \$46.2 million, including transfers within the budget division for constructions costs and debt payments to the appropriate budget unit. Direct expenses total \$23,394,357. Operations and maintenance expenditures are budgeted to increase \$640,500, largely due to contract and consulting services, equipment purchases and rental, and chemical costs. Interest on long term debt also increased by \$271,700. Partially offsetting the increases are reductions in staff

time, legal services, and power costs. Total revenues are budgeted at \$29.8 million, including transfers into and within the budget division. Actual revenues will increase \$604,000 from a 5.5% rate increase, partially offset by a \$420,000 decrease in State Grants.

South Park CSD – Projected to operate at Standard Level of Service during FY 12-13

The South Park CSD wastewater is treated and disposed of by the City of Santa Rosa at the Laguna Sub-regional Treatment Plant. In accordance with an agreement with the South Park CSD, the City of Santa Rosa is currently responsible for the operation and routine maintenance of the collection system. The agreement also requires that the South Park CSD replace, slip-line, or repair 41,610 feet of the collection system and upgrade the Todd Road lift station before the transfer takes place. Approximately 23,500 feet of this work has been completed. Timing of the final replacement of the collection system and other improvements are dependent upon the ability of the district to fund the last \$3 million on a pay-as-you go basis in future years. Completion of this work and the need to annex the district into the City of Santa Rosa will push the transfer of the district into the future.

Expenditures are budgeted at \$5.6 million, including internal budget transfers, a \$2.1 million decrease over FY 11-12, largely due to reductions in service and supply costs and transfer to the construction fund. The operations and maintenance expenditures are budgeted to decrease 0.3%, or \$7,000. Revenues are budgeted at \$5.0 million, a \$102,476 increase from FY 11-12, reflecting increases in rates. In addition, transfers to the Construction Fund will increase to \$1.5 million to build funds for collection system replacement projects. A 2.0% increase in rates will partially offset the increased expenses. Budgets in future years will need to show an increase in fund balances to pay for the last phase of the collection system replacement.

The North Coast Regional Water Quality Control Board (NCRWQCB) has released a draft Cleanup and Abatement Order for halogenated volatile organic compounds (HVOCs) found in the soil and groundwater in the vicinity of Sebastopol Road and West Avenue in the South Park CSD service area. As a part of this, in December 2005, the NCRWQCB issued regulatory orders requiring work plans for investigations and remediation on four privately owned properties within the district. Due to a lack of funding and impact on property owners, extensions have been granted to these orders. Once the property owners complete their investigations and remediation, the South Park CSD will discuss with the NCRWQCB any role or responsibility the CSD may have for cleanup.

Sea Ranch Sanitation Zone – Projected to operate at Standard Level of Service during FY 12-13

The Sea Ranch Sanitation Zone consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Sea Ranch Association (Association) operates and maintains these systems under contract with the Water Agency. The Water Agency has offered an option to transfer all assets, liabilities, and management responsibilities to the Association. In the most recent discussions the Association has not expressed interest in a transfer of ownership. A complete video inspection of the collection system was completed in FY 07-08. Based on this inspection and analysis of the results, the Water Agency completed approximately \$100,000 of repair work to the system in FY 09-10. No capital improvement projects are planned for FY 12-13. Expenditures total \$641,750, an increase of \$22,505 over FY 11-12, reflecting minor increases in operations and maintenance expenditures. Revenues total \$539,870, reflecting a \$36,494 due to rate increases. These increases will slowly build fund balances to pay for future capital improvements.

Penngrove Sanitation Zone – Projected to operate at Standard Level of Service during FY 12-13

Water Agency operations in the Penngrove Sanitation Zone are limited to administrative services and operation and maintenance of the collection system and pumping station. The wastewater collected by the Zone is treated at the City of Petaluma's treatment plant. Petaluma has notified all its customers of rate increases over the next several years to fund their new wastewater treatment plant that meets advanced (tertiary) wastewater standards. The proposed budget for FY 12-13 reflects expenditures of \$742,557, including transfers, reflecting a decrease of \$10,270 from FY 11-12. Revenues total \$650,375, increasing by \$41,780 from FY 11-12. A \$34,500 increase in operating and maintenance expenditures in the zone from several increases in rental equipment, small tool purchases, permits, and maintenance projects will be offset by the proposed rate increase of 5%.

Geyserville Sanitation Zone – Projected to operate at Asset Preservation Level of Service during FY 12-13

Current and future treatment plant inflows are expected to remain less than the treatment and disposal capacity of the Geyserville Sanitation Zone facilities. Therefore, there are no expansions to the treatment and disposal facilities planned at this time and the Zone has funding for programs necessary to provide an Asset Preservation Level of Service. Expenditures total \$421,277, including operations and maintenance budgeted expenditures increasing by \$11,700 from FY 11-12, due to increases in consulting services for permitting requirements. This is offset by a proposed 2.0% increase in sanitation charges, with revenues totaling \$314,921, a \$2,560 increase from FY 11-12, reflecting the rate increases as well as a reduction in delinquent collections revenue.

Airport-Larkfield-Wikiup Sanitation Zone – Projected to operate at Standard Level of Service during FY 12-13

The Airport-Larkfield-Wikiup Sanitation Zone expenditures total \$4.6 million, including transfers, an increase of \$261,986 over FY 11-12. Operations and maintenance expenditures are increasing by \$157,500 due to increases in the cost to haul sludge and for consulting services to help with permitting and collection system modeling. Additional increases reflect transfer to the Bond fund to cover principal and interest payments. Increases are offset by a 7.5% increase in rates. Revenues total \$3.7 million, an increase of \$663,660 over FY 11-12, reflecting increased transfers and rate increases.

Strategic Plan Focus

The Water Agency Objectives for FY 12-13 are listed previously. These objectives reflect the Water Agency's Strategic Action Plans. They relate to the County's Strategic Plan by focusing resources on providing superior services in each of the Water Agency's core functions. The Water Agency continues to implement the Water Agency Strategic Plan and Priorities adopted in April 2007 by the Board of Directors. The Water Agency will continue to select action plans for achieving the goals and objectives for implementation in FY 12-13 and beyond.

Investment in the Future:

- Efficient and effective use of resources supports *Investing in the Future* through investment in water transmission system air valves (\$541,000) and adding check valves (\$133,000) in the system. ISO 9000 and 14000 recertification is another example of how efficient operations and continual improvement are being addressed.
- *Investment in the Future* is further supported by enhanced fiscal soundness and expanded revenues are being addressed through implementation of a new billing system, implementation of the pilot volume based rates for sanitation, and emphasis on obtaining grant funding for projects. The County's changing demographics have been addressed by the Water Agency for several years though our Water Education materials and instruction being in both English and Spanish.
- Through maximizing use of real estate, the Agency is further *Investing in the Future* through consolidation of Water Agency operations and maintenance activities at our 204 Concourse Boulevard facility and moving out (\$600,000) of our more distant 2150 West College location, which will be sold or leased.

Safe, Healthy, and Caring Communities and Economic and Environmental Stewardship:

- Infrastructure necessary for *Safe, Healthy, and Caring Communities and Economic and Environmental Stewardship* is the foundation for the Water Agency's activities: water supply and transmission; wastewater collection and treatment; flood control and stream maintenance; ground water studies and management; recycled water (\$4,635,350); and of course, compliance with the Biological Opinion (approximately \$17,600,000 from all funds involved in Biological Opinion related projects). The Water Agency has developed long term financial models to help with prioritization and sound financial planning for the infrastructure anticipated over the next thirty years.

Economic and Environmental Stewardship:

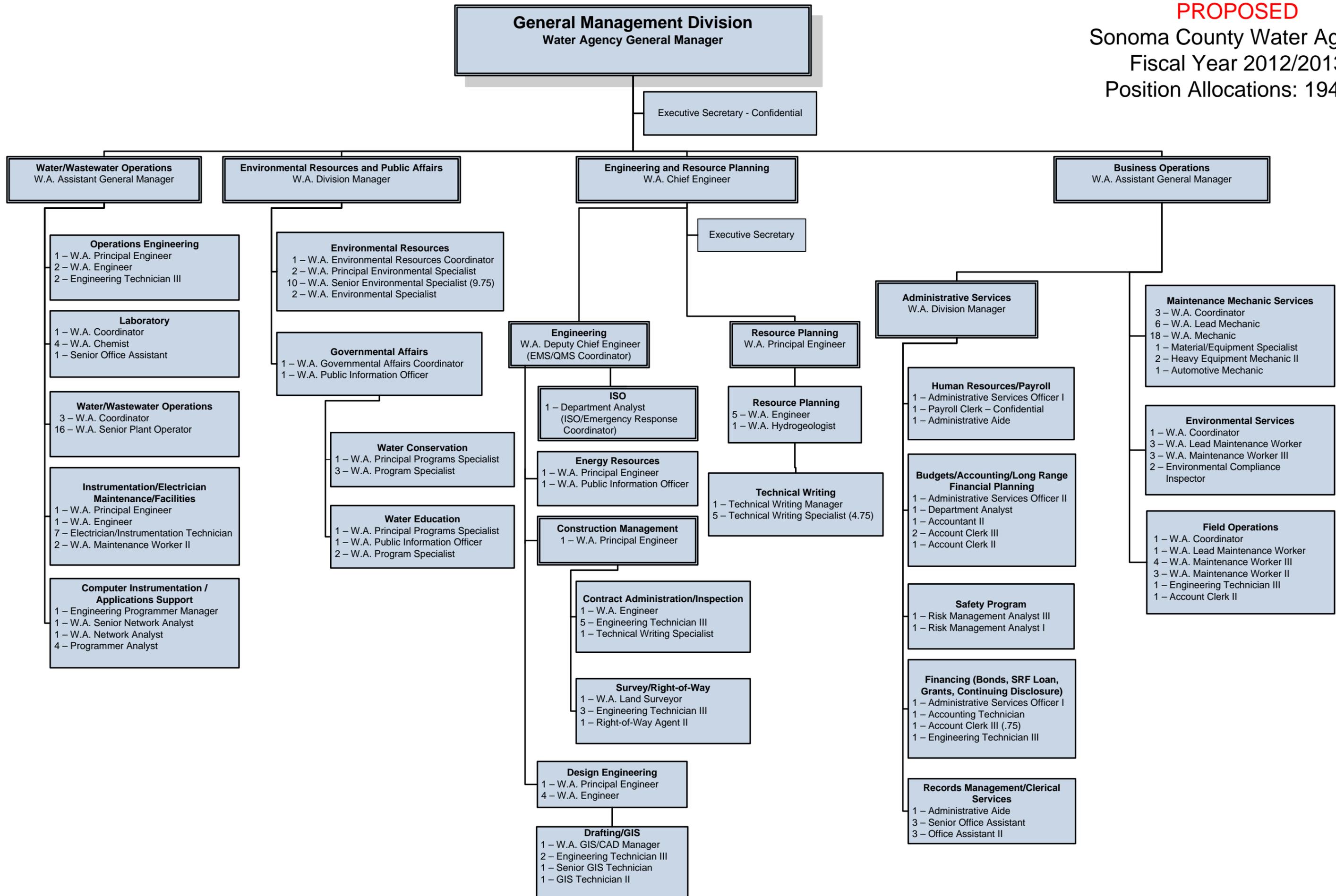
- The Water Agency is also a leading proponent of sustainability programs through its continuing support of Sonoma County Energy Independence Program (\$15,000,000 committed through the purchase of bonds) and through financial and organizational leadership in Sonoma Clean Power, supporting *Economic and Environmental Stewardship*.

DEPARTMENT HEAD CONCURRENCE OR COMMENT

The department head concurs with the County Administrator's recommended budget.

PROPOSED

Sonoma County Water Agency
Fiscal Year 2012/2013
Position Allocations: 194.25



PROGRAM IMPROVEMENT REQUEST

A. Division: Sonoma County Water Agency

B. Section: Environmental Resources & Public Affairs

C. Index No.: 672105

D. Program Improvement Request Summary:

1. Expenditure:
2. Revenue:
3. Net Cost:
4. No. of Positions:

E. Program Description: The Agency's Water Conservation program implements wholesale and retail programs to conserve water and increase water use efficiency in the region. Reductions in water use contribute to future water supply and reduce or defer the need for costly expansion of the water supply system. The group implements the wholesaler best management practices of the California Urban Water Conservation Council, it manages and directs efforts of the Sonoma-Marín Saving Water Partnership, assists local retail water suppliers in implementation of retail conservation programs, implements direct install programs for local sanitation districts and conducts extensive outreach programs as mandated by state agencies.

F. Program Change: The Agency proposes to add one Water Program Specialist to develop and implement water use efficiency programs as required by state agencies. The proposed position would be a term position for Fiscal Years 2012/13 to 2013/14.

G. Staffing Change:

Add: 1 Water Programs Specialist, Water Conservation

H. Statement of Problem: The Agency has been awarded a grant of \$765,000 to expand water use efficiency programs in the south-county region. Implementation of the grant program will require additional professional staff to develop and implement the new programs. The Agency also needs additional staffing to fully implement the Sonoma-Marín Saving Water Partnership and emerging retail service requests. Existing staff are fully committed to ongoing programs including the joint effort Qualified Water Efficiency Landscaper educational program and the Sanitation District Direct Install program. Staffing in this area is currently at historic lows due to recent hiring restrictions.

I. Justification: The added position will enable the Agency to successfully implement the Bay Area Integrated Plan grant for water use efficiency in the Agency's south-county service area. The position will enable further advances in water use efficiency that are proven to reduce costs for ratepayers and contribute to deferring or cancellation of costly water supply expansion initiatives. Note that these programs are funded from grant dollars and water rates and have minimal impact on general fund budgets.

J. Expenditure Change for Requested Program Improvement:

<u>Sub-Object No.</u>	<u>Account Title</u>	<u>Amount</u>
5100, etc.	Permanent Positions	112,554
8709	Reimbursement	112,554

PROGRAM IMPROVEMENT REQUEST

A.	Division:	Sonoma County Water Agency
B.	Section:	
C.	Index No.:	672105
D.	<u>Program Improvement Request Summary:</u>	

1.	Expenditure: See note below	\$22,901
2.	Revenue:	\$0
3.	Net Cost:	\$22,901
4.	No. of Positions:	0.25

E.	<u>Program Description:</u>
Account Clerk III: Accounts receivable tracking, deposits and collections, invoicing, grant and reimbursable projects financial reporting and tracking, water revenue and deliveries tracking, SAP cost accounting system support and maintenance, and financial reporting.	

F.	<u>Program Change</u>
<u>New SAP cost accounting system functionality requiring support and maintenance.</u>	
<u>Increase in number of grants/reimbursable projects requiring invoicing and reporting.</u>	

G.	<u>Staffing Change:</u>
Account Clerk III	
	Add: 0.25 Account Clerk III
	Delete:

H.	<u>Statement of Problem:</u>
Significant increase in work load requires increasing 0.75 Account Clerk III Position to a Full Time Position.	

I.	<u>Justification:</u>
Number of grants/reimbursable projects requiring reporting and invoicing increasing from 10 to 20 in FY12-13. SAP functionality to be added in FY12-13 requires additional support and maintenance.	

J.	<u>Expenditure Change for Requested Program Improvement:</u>
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<u>Sub-Object No.</u>	<u>Account Title</u>	<u>Amount</u>
5100	Permanent Positions	\$23,611
8709	Reimbursements	\$23,611

Notes: Salary and Benefit expense only; no leave accrual; not "fully-loaded". Position costed at "I" Step with benefits.

BVQ

DEPARTMENT HEAD POSITION SUMMARY

06/21/12

01:12:37

DEPARTMENT HEAD : GRANT DAVIS

NO.	NAME	PERMANENT POSITIONS			PERCENTAGE CHANGE	
		FY 10-11 ADOPTED	FY 11-12 ADOPTED	FY 11-12 APPROVED		
62-72	SCWA - ADMIN/GENERAL	197.00	195.50	193.50	194.50	.52
		-----	-----	-----	-----	-----
	TOTAL POSITIONS	197.00	195.50	193.50	194.50	.52

DEPARTMENT HEAD BUDGET SUMMARY

DEPARTMENT HEAD : GRANT DAVIS

NO.	NAME	TOTAL EXPENDITURES			NET COST/USE OF FUND BALANCE		
		FY 11-12 ADOPTED	FY 12-13 RECOMMENDED	PERCENTAGE CHANGE	FY 11-12 ADOPTED	FY 12-13 RECOMMENDED	PERCENTAGE CHANGE
CAPITAL PROJECTS - DIST BOS							
62-72	SCWA - ADMIN/GENERAL	43,048,875	46,860,519	8.85	(980,604)	907,648	(192.56)
SUBTOTAL:		43,048,875	46,860,519	8.85	(980,604)	907,648	(192.56)
DEBT SERVICE - DIST BOS							
62-73	FLOOD CONTROL	17,743,985	17,861,408	.66	6,003,325	4,455,811	(25.78)
SUBTOTAL:		17,743,985	17,861,408	.66	6,003,325	4,455,811	(25.78)
S C W A - DEBT SERVICE							
62-74	WATER SUPPLY	6,285,573	6,285,573	.00	6,205,823	6,244,323	.62
SUBTOTAL:		6,285,573	6,285,573	.00	6,205,823	6,244,323	.62
ENTERPRISE - DIST BOS							
60-51	OCCIDENTAL SANITATION	1,593,000	1,806,945	13.43	136,991	370,816	170.69
60-52	RUSSIAN RIVER SANITATION	5,281,609	5,633,866	6.67	742,467	1,318,021	77.52
60-53	SONOMA VALLEY SANITATION	26,362,590	46,245,667	75.42	4,597,964	16,354,845	255.70
60-54	SOUTH PARK SANITATION	7,749,784	5,618,618	(27.50)	2,839,297	605,655	(78.67)
SUBTOTAL:		40,986,983	59,305,096	44.69	8,316,719	18,649,337	124.24
TRUST/AGENCY - DIST BOS							
62-74	WATER SUPPLY	10,294,900	7,598,070	(26.20)	2,055,875	1,358,173	(33.94)
62-75	WATER TRANS SYSTEM	50,588,282	63,949,851	26.41	3,495,723	11,908,004	240.64
62-78	SAN ZONE 1-SEA RANCH	619,245	641,750	3.63	115,869	101,880	(12.07)
62-80	SAN ZONE-PENNGROVE	752,847	742,577	(1.36)	144,252	92,202	(36.08)
62-81	SAN ZONE-GEYSERVILLE	409,577	421,277	2.86	97,216	106,356	9.40
62-82	SAN ZONE-A.L.W.	4,346,852	4,608,838	6.03	1,268,551	866,877	(31.66)
SUBTOTAL:		67,011,703	77,962,363	16.34	7,177,486	14,433,492	101.09
SCWA-ISF							
62-87	INTERNAL SERVICE FUNDS	15,306,834	12,072,723	(21.13)	3,111,202	375,375	(87.93)
SUBTOTAL:		15,306,834	12,072,723	(21.13)	3,111,202	375,375	(87.93)
TOTAL FINANCIAL		190,383,953	220,347,682	15.74	29,833,951	45,065,986	51.06

FY 2012-13 BUDGET

Fund	Operating Transfers (OT)		
	Index	OT Out (8625)	OT In (4625)
Santa Rosa Capital Fund	675207	1,919,000	198,220
Petaluma Capital Fund	675215	290,000	187,658
Sonoma Aq Capital Fund	675231	0	0
Forestville Capital Fund	675223	0	67,251
Sonoma Rev Bond Fund 2003	675470	325,000	294,056
Storage Rev Bond Fund 2003	675462	240,000	357,683
Storage Rev Bond Fund 2006	675488	500,000	449,964
Common Rev Bond Fund 2003	675454	400,000	500,180
Common Rev Bond Fund 2006	675496	250,000	401,774
Collector 6 Debt Service	675439	0	1,196,268
Collector 6 Reserve	675447	0	119,627
Agency Fund (Discretionary)		1,608,800	0
Agency Fund (Charges)	675108	10,118,990	0
Pipeline Facilities	675413	0	2,534,000
Storage Facilities	675405	0	740,000
Common Facilities	675421	0	3,825,384
North Marin	675512	1,240,876	0
Water Management Planning	675710	0	50,000
Watershed Planning./Restoration	675728	0	3,725,600
Recycled Water & Local Supply	675736	0	735,000
Water Conservation	675744	0	1,510,000
General Fund	672105	1,300,000	0
Sustainability Fund		0	1,300,000
Warm Springs Dam (Special Revenue)	673806	0	0
Warm Springs Dam Debt Service	674200	0	0
Recycled Water Fund	674523	0	0
Russian River Projects	674515	0	0
Occidental Ops	651109	430,000	0
Occidental Construction	651505	0	430,000
Russian River CSD-Operations	652107	339,250	0
Russian River CSD-Revenue Bond	652214	0	118,750
Russian River Construction	652305	0	220,500
Sonoma Valley CSD-Operations	653105	9,943,659	0
Sonoma Valley CSD-Construction	653303	0	13,660,000
Sonoma Valley CSD-Outfall Line	653337	0	49,711
Sonoma Valley CSD-1998 Revenue Bond	653352	6,160,000	1,709,624
Sonoma Valley CSD-SRF Loan Reserve	653428	0	34,984
Sonoma Valley CSD-SRF Loan	653410	0	442,972
Sonoma Valley CSD-State Loan Reserve	653436	0	206,368
South Park CSD-Operations	654103	1,765,809	0
South Park CSD-2000 Revenue Bond	654202	0	265,809
South Park CSD-Construction	654301	0	1,500,000
Sea Ranch Operations	678102	10,000	
Sea Ranch Construction	678300		10,000
ALW Sani Zone-Operations	682104	577,304	0
ALW Sani Zone-Bond	682203	0	502,304
ALW Sani Zone-Construction	682302	0	75,000
Total		37,418,688	37,418,687

FY 2012-13 BUDGET
REIMBURSEMENT (COST APPLIED) SUMMARY

Section:	Administration & General		Number:	672105 - 8709
	<u>Index</u>	<u>Description</u>	<u>Sub-Object</u>	<u>FY 12-13 Amount</u>
<u>Charges From :</u>	672105	Administration & General	Various	\$37,250,000
<u>Charges To :</u>	673202	Zone 1A Laguna Mark West	Various	4,650,859
	673301	Zone 2A Petaluma	Various	723,172
	673400	Zone 3A Valley of the Moon	Various	265,384
	673509	Zone 5A Lower Russian River	6180	192,404
	673707	Zone 8A South Coast	6180	90,673
	675415	Russian River Projects	Various	1,446,344
	674623	Recycled Water Fund	6522	723,172
	675108	Water Transmission	6522	11,825,081
	675405	Storage Facilities	Various	1,234,037
	675413	Pipeline Facilities	Various	0
	675421	Common Facilities	Various	3,781,726
	687103	Equipment Fund	6140	840,384
	687202	Facilities Fund	6180	192,404
	678102	Sea Ranch	6522	48,654
	678300	Sea Ranch Construction	Various	24,327
	680108	Penngrove	6522	59,711
	680306	Penngrove Construction	Various	24,327
	681106	Geyserville	6522	96,202
	681304	Geyserville Construction	Various	24,327
	682104	Airport-Larkfield-Wikiup	6522	720,961
	682302	Airport-Larkfield-Wikiup Construction	Various	586,057
	651109	Occidental CSD	6522	176,923
	651505	Occidental CSD Construction	Various	57,500
	652107	Russian River CSD	6522	1,437,498
	652305	Russian River CSD Construction	Various	630,288
	653105	Sonoma Valley CSD	6522	4,201,918
	653303	Sonoma Valley CSD Construction	Various	2,925,862
	654103	South Park CSD	6522	53,077
	654301	South Park CSD Construction	Various	216,730
		<i>Total</i>		<u><u>\$37,250,000</u></u>

SONOMA COUNTY WATER AGENCY

TAKE HOME VEHICLES LIST

The following employees have take home vehicles:

Brian Anderson
Michael Bendik
Fred Berry
Erik Brown
Brian Burgo
Scot Carpenter
Dennis Daly
Grant Davis
Jim Flugum
James Jasperse
Oscar Martin
Jon Niehaus
Brain Paulson
Ellen Simm
James Smith
Mitchell Southard
Harold Wilson
Jim Zambenini

These vehicles provide the employees with the ability to respond to emergencies.