

# SONOMA COUNTY WATER AGENCY

Grant Davis  
General Manager

**The mission of the Sonoma County Water Agency is to effectively manage the water resources in our care for the benefit of people and the**

**environment through resource and environmental stewardship, technical innovation, and responsible fiscal management.**

<b>BUDGET AT A GLANCE:</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
Total Expenditures	\$210,141,491	\$216,721,075
Total Revenues/Use of Fund Balance	\$210,141,491	\$216,721,075
Total General Fund Contribution	\$0	\$0
Total Staff	221.75	221.75
% Funded by General Fund	0.00%	0.00%

## DEPARTMENT SERVICES

The Sonoma County Water Agency is a special district founded in 1949 whose Board of Directors is comprised of the same members as the Sonoma County Board of Supervisors. The key functions of the Water Agency are Water Supply and Transmission, Flood Control, Sanitation services, including wastewater collection and treatment, and Sustainability and Renewable Energy Programs.

The Water Agency is responsible for Water Supply and Transmission for much of Sonoma County and beyond. As a water supplier, the Water Agency is responsible for securing and maintaining Warm Springs Dam and water rights, and encouraging water conservation and reuse to meet present and future demand. The Water Agency's water transmission system provides wholesale domestic water supply and delivery to more than 600,000 residents of Sonoma and Marin Counties through eight primary contractors (Cities of 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.

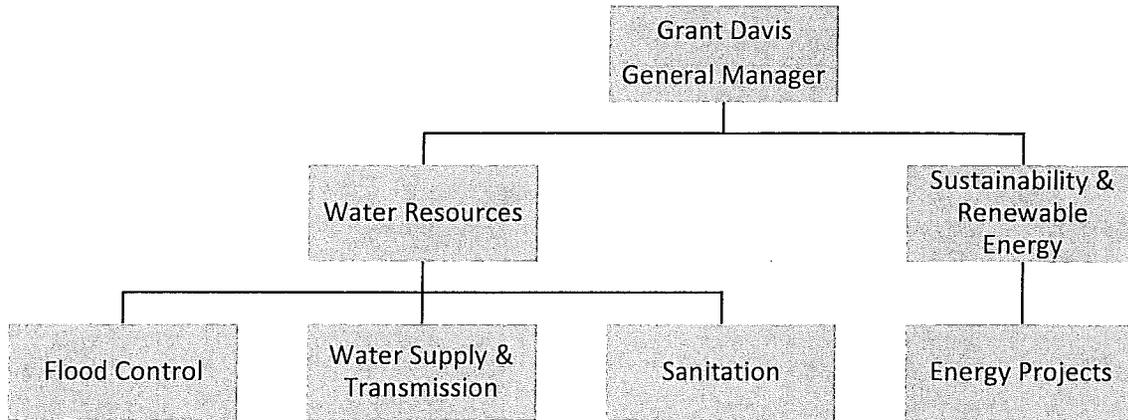
For the Flood Control function, the Water Agency designs, constructs, and maintains flood control facilities and provides flood protection and stream maintenance for over 175 miles of creeks waterways.

The Water Agency operates and maintains eight Sanitation systems which provide wastewater collection and treatment services to over 22,000 residences and businesses throughout the County.

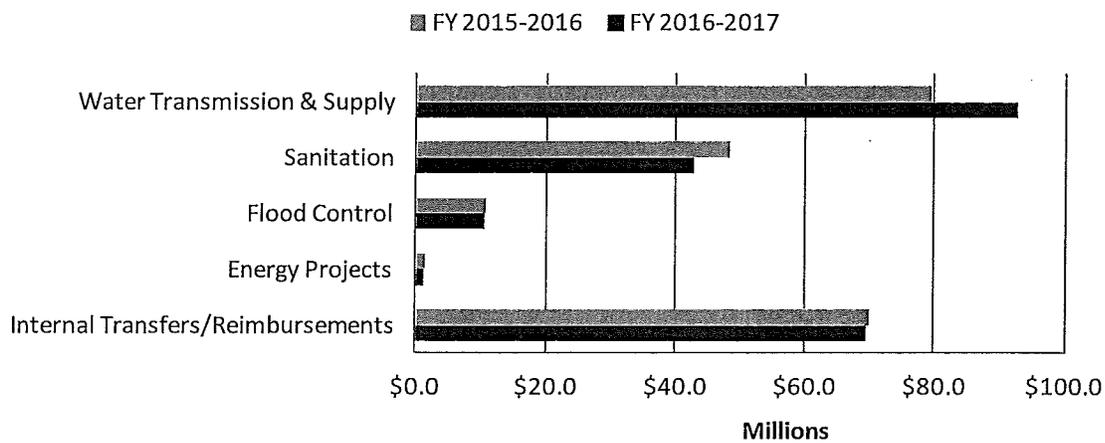
Sustainability and Renewable Energy Programs include energy efficiency improvements, solar power and anaerobic digestion projects, and climate change research, among other activities.

For more information, call (707) 526-5370, or visit [www.sonomacounty.ca.gov/Water-Agency/](http://www.sonomacounty.ca.gov/Water-Agency/).

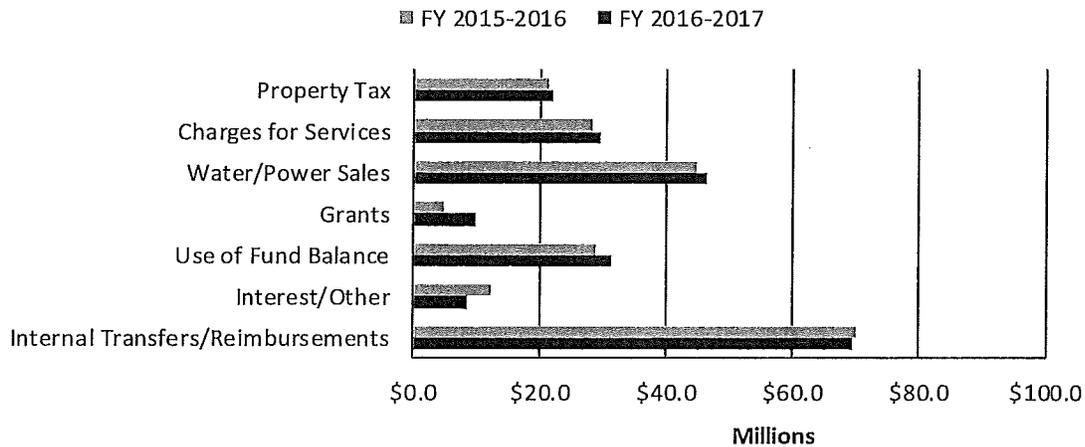
# ORGANIZATIONAL PROGRAM CHART



## FUNDING USES



## FUNDING SOURCES



# FINANCIAL SUMMARY

Expenditures (Uses)	FY 2014-15	FY 2015-16			FY 2016-17		
	Adopted Budget	Recommended Budget	Change from 2014-15	% Change from 2014-15	Recommended Budget	Change from 2015-16	% Change from 2015-16
<b>Water Resources</b>							
Water Transmission & Supply	83,447,375	79,564,104	(3,883,271)	(4.7)	92,686,934	13,122,829	16.5
Sanitation	48,573,052	48,446,930	(126,122)	(0.3)	42,765,943	(5,680,986)	(11.7)
Flood Control	17,116,219	10,720,380	(6,395,840)	(37.4)	10,439,018	(281,361)	(2.6)
Internal Transfers/Reimbursements	68,914,900	69,987,659	1,072,759	1.6	69,584,377	(403,282)	(0.6)
<b>Sustainability &amp; Renewable Energy</b>							
Energy Projects	1,397,539	1,422,418	24,880	1.8	1,244,803	(177,615)	(12.5)
<b>Total Expenditures</b>	<b>219,449,085</b>	<b>210,141,491</b>	<b>(9,307,594)</b>	<b>(4.2)</b>	<b>216,721,075</b>	<b>6,579,584</b>	<b>3.1</b>
<b>Revenues/Reimbursements/Use of Fund Balance (Sources)</b>							
Property Tax	19,066,424	21,335,515	2,269,091	11.9	21,906,021	570,506	2.7
Charges for Services	26,878,064	28,205,799	1,327,735	4.9	29,292,219	1,086,420	3.9
Water/Power Sales	41,004,387	44,772,809	3,768,422	9.2	46,434,472	1,661,663	3.7
Grants	7,062,804	4,750,537	(2,312,267)	(32.7)	9,675,623	4,925,086	103.7
Use of Fund Balance	49,064,419	28,912,444	(20,151,975)	(41.1)	31,322,827	2,410,383	8.3
Interest/Other	7,458,087	12,176,728	4,718,641	63.3	8,505,536	(3,671,192)	(30.1)
Internal Transfers/Reimbursements	68,914,900	69,987,659	1,072,759	1.6	69,584,377	(403,282)	(0.6)
<b>Total Revenues</b>	<b>219,449,085</b>	<b>210,141,491</b>	<b>(9,307,594)</b>	<b>(4.2)</b>	<b>216,721,075</b>	<b>6,579,584</b>	<b>3.1</b>
<b>Total Permanent Positions*</b>	<b>211.50</b>	<b>221.75</b>	<b>10.25</b>	<b>4.8</b>	<b>221.75</b>	<b>0.00</b>	<b>0.0</b>

Note: Transfer and reimbursement of expenses from one section of the Water Agency's budget to another range from \$68 million to \$70 million, resulting in a net budget of \$140 million in FY 2015-2016 and \$147 million in FY 2016-2017.

\* A total of 10.25 FTE were added during FY 2014-2015 mid-year adjustments. This included an increase of 4 Maintenance Worker positions to reduce use of extra help on the stream maintenance program; an additional engineering technician to reduce use of extra help on sanitation and recycled water projects; 1.25 FTE Environmental Specialist and 4 Resource Programs Technicians resulting from a classification study and reorganization to replace extra-help staffing for fisheries management and Biological Opinion projects.

# BUDGET CHANGES

## FY 2015-2016

The recommended budget for the Sonoma County Water Agency reflects overall expenditures of \$210.1 million, a decrease of \$9.3 million or 4.2% over FY 2014-2015. This decrease is attributed to fewer flood control zone channel improvement projects (\$6.4 million); a reduction in new water transmission construction projects (\$3.9 million); and a decrease in sanitation capital projects (\$126,000). These decreases are offset by a \$1.1 million operating transfer increase, primarily for planning and design of new water transmission capital projects.

Revenues and use of fund balance total \$210.1 million, a decrease of \$9.3 million or 4.2% over FY 2014-2015, in line with changes in expenditures. The decrease is accounted for by a \$20.2 million decline in the use of fund balance, while revenues are up \$10.8 million.

### **Water Transmission & Supply**

Water Transmission and Supply expenditures (funded by wholesale water rates and property taxes, respectively) decrease \$3.9 million or 4.7% from FY 2014-2015. This decrease is the result of fewer new capital projects in FY 2015-2016. The Mirabel Fish Screen Fish Ladder, the Westside Facility, aqueduct cathodic protection projects, and storage tank recoat projects all were initiated and incurred a majority of their costs in FY 2014-2015 and will be completed in FY 2015-2016. These projects, along with Russian River watershed modeling and fisheries enhancement studies funded primarily in FY 2014-2015, account for a \$3.3 million decline. There is also a decrease of \$2 million in pass through of funds from a federal WaterSmart grant to North Bay Water Reuse Authority members for recycled water projects. These declines are offset by increases in other areas. Design and initiation of construction in FY 2015-2016 on miles two and three of the Dry Creek Habitat Enhancement Project result in an increase of \$400,000. An additional \$1 million increase is tied to implementation of the National Oceanic and Atmospheric Administration (NOAA) funded Russian River Habitat Blueprint for watershed and climate adaptation studies and support for the two-year process to develop a governance structure for city and County entities and stakeholders under the state Sustainable Groundwater Management Act.

### **Flood Control**

Flood control expenditures decrease \$6.4 million or 37.4% from FY 2014-2015. This decrease is attributable to accomplishing a number of projects in FY 2014-2015 including habitat enhancement and restoration projects, and flood modeling projects in Zone 1A Laguna Mark West (\$1.4 million), flood control studies and channel improvement projects in Zone 2A Petaluma (\$2.9 million), and stormwater detention groundwater recharge projects in Zone 3A Valley of the Moon (\$2.1 million).

### **Sustainability and Renewable Energy**

Renewable energy/sustainability expenditures increase \$25,000 from FY 2014-2015. The increase is attributable to technical assistance provided to Sonoma Clean Power. Expenditures are used for renewable energy, energy efficiency, climate change, and sustainability projects. The Water Agency will continue to provide technical assistance on a reimbursable basis for the Sonoma Clean Power Authority.

### **Revenue**

While revenues and use of fund balance decrease by \$9.3 million or 4.2% compared to FY 2014-2015, this decrease is accounted for by decreasing use of fund balance. Excluding use of fund balance, revenues increase by \$10.8 million. There is a \$4.7 million or 63.3% increase in Interest/Other revenue. This is primarily made up of a \$3.4 million or increase in revenue accumulated from Water Agency enterprise funds for final payment on the administration building loan and \$1 million is for interest earnings on cash used to secure the Phase I Biological Opinion letter of credit from 2009 through 2014. Operating transfers increase by \$1.1 million or 1.6% due to design of new water transmission capital projects. There is also a \$2.3 million or 11.9% increase in property tax revenue in FY 2015-2016. This represents a two year increase based on higher than budgeted collections during FY 2014-2015 and expected growth in FY 2015-2016. Sanitation charges increase by \$1.3 million or 4.9% and power/wholesale water sales increase by \$3.8 million or 9.2% as the result of rate increases. These increases are partially offset by

grant revenue, which decreases by \$2.3 million or 32.7% pending grant agreement execution. Five grants totaling \$5.1 million have been awarded but not yet executed. Once executed, grant revenue will balance projected expenditures and further lower use of fund balance. The combination of decreased spending and increased revenue leads to a \$20.2 million (41.1%) decline in use of fund balance.

#### **FY 2016-2017**

The Sonoma County Water Agency recommended budget reflects overall expenditures of \$216.7 million, an increase of \$6.6 million or 3.1% over FY 2015-2016. This is attributed to water transmission system capital projects, which are up by \$13.1 million and are discussed below. This increase is offset by a \$5.7 million decrease in sanitation capital projects, a \$281,000 reduction in flood control projects, and a \$178,000 reduction in sustainability projects. Operating transfers decline by \$403,000 due to a decrease for water transmission capital projects and water supply studies and a decrease in transfers from the General Fund to Occidental County Sanitation District for the water reclamation project.

Revenues and use of fund balance total \$216.7 million, an increase of \$6.6 million or 3.1% over FY 2015-2016. Use of fund balance increases by \$2.4 million, or 8.3%, while revenues increase by \$4.2 million.

#### **Water Transmission & Supply**

Water Transmission and Supply expenditures increase by \$13.1 million or 16.5% over FY 2015-2016. The increase is attributable to water transmission pipeline seismic hazard mitigation projects totaling \$9 million, \$4.9 million of which will be funded by FEMA Hazard Mitigation Grants, and Dry Creek miles 2 and 3 habitat enhancement design and construction totaling \$4.1 million.

#### **Sanitation**

Sanitation expenditures decrease \$5.7 million or 11.7% due to the estimated completion in FY 2015-2016 of Sonoma Valley County Sanitation District Phase 1 collection system improvements and recycled water projects and fewer planned capital projects for FY 2016-2017.

#### **Flood Control**

FY 2016-2017 flood control expenditures decrease \$281,000 or 2.6% due to fewer habitat restoration projects.

#### **Sustainability and Renewable Energy**

Renewable energy/sustainability expenditures decrease \$178,000 from FY 2015-2016 due to a reduction of consulting contracts related to projects that are expected to be completed in FY 2015-2016, including studies on building a sustainable energy utility and on generating solar power from floating solar panels. Expenditures will be used for climate change and sustainability projects, including technical assistance on a reimbursable basis for the Sonoma Clean Power Authority.

#### **Revenue**

There is a \$4.9 million increase in grant revenue from Federal Emergency Management Agency Hazard Mitigation Grants and a \$2.4 million increase in use of fund balance for water transmission capital projects. There is also a \$571,000 or 2.7% increase in property taxes, a \$1.1 million or 3.9% increase in sanitation charges, and a \$1.7 million or 3.7% increase in power and wholesale water sales. Interest and Other Revenues decrease by \$3.7 million or 30.1% as one time revenues from FY 2015-2016 drop out. Water transmission capital project grants and Occidental County Sanitation District water reclamation design changes result in operating transfer decreases of \$403,000 or 0.6%.

# ALIGNMENT WITH THE COUNTY STRATEGIC PLAN

The Water Agency objectives relate to the County's Strategic Plan in a variety of areas, most substantially through *Safe, Healthy, and Caring Communities* and *Economic and Environmental Stewardship* by providing the infrastructure necessary to transmit clean water to the community as well as collection and treatment of wastewater and flood control measures, with \$201.2 million budgeted in FY 2015-2016 and \$210.5 million in FY 2016-2017. Additionally, \$8.9 million of FY 2015-2016 and \$6.2 million of FY 2016-2017 infrastructure projects will support *Environmental Stewardship* by complying with the Biological Opinion and expanding various recycled water initiatives and continued support of Sonoma Clean Power.

In addition to the County Strategic Plan, there are two key strategic planning documents guiding the Water Agency's functions and activities. The first is the Water Agency's Strategic Plan, developed in 2012, which helps guide the Water Agency's activities for the next five years. The Water Agency Strategic Action Plan Objectives 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 second is the Water Supply Strategies Action Plan, which is updated annually and addresses the water supply challenges faced by the Water Agency and its water customers.

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## ACCOMPLISHMENTS AND OBJECTIVES

### FY 2013-2015 Accomplishments

- Constructed 3.5 miles of the Napa-Sonoma Salt Marsh Pipeline, the largest recycled water project in San Pablo Bay, to restore approximately 640 acres of former salt ponds to wildlife habitat.
- Completed first seismic upgrade project on the Santa Rosa Aqueduct which delivers drinking water to the cities of Santa Rosa and Sonoma, and to the Valley of the Moon Water District.
- Led effort to investigate Community Choice Aggregation and implemented the launch of Sonoma Clean Power to reduce carbon emissions by providing a greener energy choice to Sonoma County residents.
- Completed the move of the Service Center into the Airport Sanitation Zone facility.
- Finished the first mile of habitat enhancement on Dry Creek to improve habitat for listed species in compliance with the Russian River Biological Opinion and completed design and initiated construction of the Mirabel Fish Screen/Fish Ladder Project in compliance with the Russian River Biological Opinion.
- Finalized seven-year groundwater study culminating in the Santa Rosa Plain Groundwater Management Plan to ensure water quality objectives are met and beneficial uses of groundwater are protected.

### FY 2015-2017 Objectives

- Conduct two-year process to develop governance structure for city and county entities and stakeholders under the state Sustainable Groundwater Management Act to ensure that groundwater resources in Sonoma County will be sustainably managed and comply with the requirements of state law.
- Complete design and initiate construction on miles two and three of the Dry Creek Habitat Enhancement Project in collaboration with the US Army Corps of Engineers to continue efforts to improve habitat for listed species in compliance with the Russian River Biological Opinion.
- Complete construction of the Westside Facility, install educational exhibits, and initiate watershed education classes to teach Sonoma County students about their water systems.
- Complete construction of the Mirabel Fish Ladder, Fish Screen, and Viewing Gallery Project and initiate fish monitoring and public tours and improve access for salmonids to the upper Russian River watershed.

Implement the National Oceanic and Atmospheric Administration funded Russian River Habitat Blueprint to restore habitat for endangered fish species; conduct drought and atmospheric rivers research to inform reservoir operations; and improve community and ecosystem resiliency to flooding and drought.