



EL DORADO
WATER & POWER
AUTHORITY

El Dorado Water & Power Authority
Fiscal Year 2016-2017
Recommended Budget

Recommended Budget Review Set for:
May 11, 2016 Board Meeting

Public Hearing and Adoption of Recommended Budget set for:
July 13, 2016



El Dorado Water & Power Authority Budget Fiscal Year 2016-2017 (“FY 2016-17”)

Introduction

The El Dorado Water & Power Authority (“EDWPA”) was formed as a Joint Power Authority (“JPA”) March 2, 2004 to support Sacramento Municipal Utility District (“SMUD”) water right negotiation and acquisition efforts. The agreement was amended in November 2005 to include the power to file and prosecute applications or petitions with State and regulatory agencies, in pursuit of water rights to use in the SMUD Upper American River Project (“UARP”) facilities. Current EDWPA members include El Dorado Irrigation District (“EID”), El Dorado County (“County”), and the El Dorado County Water Agency (“EDCWA”).

Board of Directors

EDWPA is an entity separate from its members which are the County, EDCWA and EID. The Board has 10 voting directors (County and EID) and non-voting directors who are directors of EDCWA. Currently, EDCWA has 1 director who is a non-voting director of EDWPA (STPUD). A quorum is 6 directors (voting and non-voting), and action requires the vote of 6 voting members. (Note: when Georgetown Divide Public Utilities District sits on the EDCWA Board, it does not attend or participate in EDWPA director meetings or business which is the case for FY 15-16.)

Officers, Employees, and Staff

The General Manager of EDCWA acts as the Executive Director of the JPA. The duties of the Executive Director include: (i) provide representation of EDWPA in activities and proceedings; (ii) serve as staff to the governing Board to coordinate ongoing operations and to develop and implement standards, policies and procedures consistent with the Board’s direction; (iii) develop meeting agendas, meeting minutes, publishing notices of meetings, and provide reports to the member Boards as requested; and (iv) provide Auditor/Treasurer functions, including budget, (effective with second amendment to the JPA Agreement). EDCWA is also responsible for providing a staff member to act as Clerk, who is responsible for keeping minutes of all Board meetings and all other official records of EDWPA. The General Counsel to EDCWA also acts as counsel for the JPA. The JPA may also employ other employees or officers as necessary.

Budget Process

Consistent with the amendments to Government Code Sections 29060 through 29088, the budget process has been revised beginning with the FY 2012-13 recommended budget. A recommended budget will be brought to the Board for its review during May of each year. During that meeting, the Board will recommend changes, set the public hearing date for the next Board meeting, and direct staff to publish a notice of the public hearing date, time and location. After the public hearing, the Board will adopt by resolution the recommended budget with any revisions, reductions or additions the Board deems advisable.

Since EDWPA receives funding from two different mechanisms, it prepares two separate budgets. One budget is for operations, which is funded by contributions from EDCWA. The other budget is for the El Dorado Water Reliability Project, formerly the Supplemental Water Rights Project (“SWRP”), which EDWPA’s Board adopts and sets the contribution amounts for each of its member Board’s pursuant to the JPA Agreement.

**El Dorado Water & Power Authority
Operating Budget
Fiscal Year 2016-17**

Recommended Operating Budget

The following operating budget, which is balanced, for the FY 2016-17 is:

Operating Funding Sources	
Revenue (e.g., interest)	\$ 6
Contributions	6,400
Carry-over	<u>9,909</u>
Total Funding Sources	<u>\$ 16,315</u>

Operating Expenditures	
Expenses	\$ 11,315
Appropriation for Contingencies	<u>5,000</u>
Total Expenditures	<u>\$ 16,315</u>

Operating Funding Sources Budget Breakdown

EDWPA receives its operating funds through contributions from EDCWA, as well as in-kind staffing.

	FY 2014-15 Actuals	FY 2015-16 Budget	FY 2016-17 Budget
Carry-over from prior fiscal year	8,277	10,194	9,909
Additional Contributions from EDCWA	8,500	6,000	6,400
Interest/Other	<u>2</u>	<u>6</u>	<u>6</u>
Total Funding Sources	<u>15,350</u>	<u>16,200</u>	<u>16,315</u>

The projected carry-over as of June 30, 2016, is estimated to be approximately \$9,909. This represents unused funding provided by EDCWA for operations. Based on anticipated expenditures for FY 2016-17, EDCWA will be requested to contribute \$6,400 for EDWPA's operating budget. EDCWA is the only contributing member for this operating budget.

Since the Board adopted Resolution EDWPA-1-2010 at its February 10, 2010 meeting, EDWPA's treasury has been moved to El Dorado Savings Bank, where EDWPA's funds have been earning a small amount of interest. It is anticipated that EDWPA's operating funds will earn approximately \$6 in interest in FY 2016-17.

Operating Expenditures Budget Breakdown

Expenditures included in this portion of the budget are for operations only and do not include the direct costs of the SWRP.

	FY 2014-15 Actuals	FY 2015-16 Budget	FY 2016-17 Budget
Professional Service Contract	\$4,106	\$ 7,000	\$7,500
Office Expenses	1,436	4,200	3,815
Contingency	<u>--</u>	<u>5,000</u>	<u>5,000</u>
Expenditure Total	<u>\$ 5,542</u>	<u>\$ 16,200</u>	<u>16,315</u>

Professional Services is the largest proposed expenditure in FY 2016-17. It includes funding for expenses, such as the annual financial audit and report issuance required by State law, CPA services, and miscellaneous services, such as legal costs related to the operations of the JPA. Contracts will be brought to the Board for review as required by Board policy. The amount budgeted for professional services in the recommended FY 2016-17 budget is \$7,500.

Office Expenses include such costs as a bond for the Executive Director, memberships, postage, web development, and legal notice publications. Continuing membership in both the State and local chapter of the California Special Districts Association is recommended (estimated fees at \$1,090). These membership provide training and legal/regulatory updates that facilitate administration of EDWPA. Funds have not been included in the budget for travel.

EDWPA's current contingency policy requires 5% of the total operating expenditure budget (excluding refunds) be reserved or \$5,000 whichever is greater. This contingency will cover the necessary bank account balance so that EDWPA will not incur bank fees. The proposed contingency for FY 2016-17 is \$5,000. The amount, if not spent, either becomes part of EDWPA's carry-over funds in the next fiscal year or is refunded back to EDCWA, the sole-contributor of operation funds.

In addition to the above budgeted expenses, EDCWA is currently providing the JPA with staff time for administrative operations and engineering/project management, as well as general legal services.

**EI Dorado Water & Power Authority
EI Dorado Water Reliability Project Budget ("EDWRP")
(formerly the Supplemental Water Rights Project Budget)
Fiscal Year 2016-17**

EI Dorado Water Reliability Project Budget ("EDWRP") Budget

The following budget, which is balanced, is estimated for FY 2016-17:

EDWRP Funding Sources	
Interest	\$ 200
Carryover ¹	1,465,283
Board approved contingencies	400,000
Member Contributions ²	<u>937,500</u>
Total Funding Sources	<u>\$ 2,802,983</u>

EDWRP Expenditures	
Professional Services Contracts	\$ 2,397,983
Other Expenses (e.g., legal notices, printing)	5,000
CEQA/Protest Activities Contingency	100,000
Appropriation for Contingencies	<u>300,000</u>
Total Expenditures	<u>\$ 2,802,983</u>

SWRP Funding Sources

EDWPA receives all of its EDWRP funds through contributions from its member entities. A comparison of actual revenue received in FY 2014-15 and the amounts budgeted in FY 2015-16 and FY 2016-17 are as follows:

Funding Sources	FY 2014-15 Actuals	FY 2015-16 Budget	FY 2016-17 Proposed
Member Contributions	337,500	937,500	937,500
Interest	170	200	200
Carryover	642,675	1,101,915	1,465,283
Board approved contingencies	400,000	400,000	400,000
Total Revenue	1,380,345	2,439,615	2,802,983

Interest

As directed by the Board, the JPA keeps EDWRP funds as safe and liquid as possible. Therefore, a small amount of interest (\$200) is anticipated during FY 2016-17.

Contributions

At its meeting of December 12, 2007, the EDWPA Board approved the amended Cost Share Agreement, which funds the SWRP. The contribution amount breakdown was updated in March 2009 and is as follows:

	<u>EDC</u>	<u>EDCWA</u>	<u>EID</u>	<u>Total</u>
FY 2007-08	\$ 400,000	\$ 500,000	\$ 1,200,000	\$ 2,100,000
Subsequent years	\$ 200,000	\$ 200,000	\$ 225,000	\$ 625,000

In February 2008 the EDWPA Board agreed that contributions would be made quarterly, based on an estimated cash flow projection rather than making the entire year's cost share contribution at once. Up until FY 2012-13 budget, calls for contributions were made as needed with an understanding that the Board could call for previous year's budget approved contribution amounts in subsequent fiscal years.

During the FY 2012-13 budget review, the Board determined that the available funds for the SWRP needed to be increased and increased the calls to 125% of the total annual contribution amount (\$781,250). As of June 30, 2014, the members will have satisfied the budget approved contribution amounts through FY 2011-12 and 13% of the amount for FY 2012-13.

As of FY 13-14 end, members will have contributed a total of \$4,912,500 plus \$598,958 in in-lieu contributions. Based on direction received from the EDWPA Board at its meeting on June 13, 2012, the FY 2013-14 budget includes the 75% balance of the FY 2011-12 (\$468,750) obligation and 50% (\$312,500)² of the FY 2012-13 contributions. If unexpected expenses occur, it may also be necessary to call additional funds from the FY 2012-13 and FY 2013-14 budget approved amounts.

As of FY 14-15 end, members will have contributed a total of \$5,850,000 plus \$598,958 in in-lieu contributions. As the project timeframe was modified during the FY 14-15, staff recommended that an adjusted contribution amount would be sufficient for cash flow purposes and to meet project needs and the EDWPA Board of Directors agreed. The EDWPA Board of Directors determined that a contribution amount of \$937,500 was adequate. This new contribution amount called the remaining amount due for fiscal year 2012-13, as well as the remaining amount due for FY 2014-15.

No calls were anticipated for FY 2015-16.

Future contributions are intended to provide adequate funds for SWRP contracts while minimizing the fund contributions from member entities, which should minimize interest losses for each member. As EDWPA moves further in the application process, contributions may be increased or decreased to meet contract obligations.

By Resolution No. EDWPA-5-2013 the Board approved the reformulation, prosecution and funding of the El Dorado Reliability Project (formerly the Supplemental Water Rights Project). On December 11, 2013 the Board amended the budget by Resolution No. EDWPA-6-2013 to conform to the reconstituted project as established by the Board in Resolution No. EDWPA-5-2013.

Expenditures

Following are the SWRP actual expenditures by vendor for FY 2014-15, the budget for FY 2015-16, and the budget for FY 2016-17:

El Dorado Water & Power Authority							
Budget Fiscal Year 2016-17 Worksheet							
El Dorado Water Reliability Project Funding							
Funding Sources		FY 2014-15 Actuals	FY 2015-16 Budget	FY 2016-17 Proposed	Hearing / Addenda	Amended	FY 2016-17 Final (Amended)
Member Contributions ²		937,500	937,500	937,500			937,500
Interest		170	200	200			200
Carryover ¹		642,675	1,101,915	1,465,283			1,465,283
Board approved contingencies		400,000	400,000	400,000			400,000
Total Revenue		1,980,345	2,439,615	2,802,983	-	-	2,802,983
Expenditures		FY 2014-15 Actuals	FY 2015-16 Budget	FY 2016-17 Proposed	Hearing / Addenda	Amended	FY 2016-17 Final (Amended)
2014 DEIR/Legal							
Project Development	ESA	122,209	310,000	485,000			485,000
DEIR	ESA		927,115	1,050,483			1,050,483
Engineering/Env. Miscellaneous	Various	262,906	-	-	^c		-
Legal - State Board Water							
Application	Downey Brand	57,537	220,000	220,000	^a		220,000
State Board Water Application -	State Water Resources Control						
Miscellaneous	Board	3,373					
Related Litigation Support	Downey Brand ⁵		482,500	482,500	^c		482,500
Legal - CEQA / NEPA	Remy Moose Manley	-	35,000	50,000	^b		50,000
Legal - Bay Delta Coalition	NCWA ⁶	^d -	10,000	10,000			10,000
Public Info / Outreach	Vendor (TBD) ³	-	-	50,000			50,000
Negotiations	Vendor (TBD) ³		50,000	50,000			50,000
Total		446,025	2,034,615	2,397,983	-	-	2,397,983
Other Project Expenses							
Legal Notices	Various Periodicals		5,000	5,000			5,000
Postage Reimbursement	Reimbursement - EDCWA	-	-	-			-
Office Expense Reimbursement	Reimbursement - EDCWA	-	-	-			-
Printing Reimbursement	Reimbursement - EDCWA	-	-	-			-
Total		-	5,000	5,000	-	-	5,000
CEQA/Protest Activities Contingency ⁴		-	100,000	100,000			100,000
Contingency (ending bank balance)		-	300,000	300,000	-	-	300,000
Total Expenditures		446,025	2,439,615	2,802,983	-	-	2,802,983
Notes:				under / (over) budget	0	-	
(a) Budget for the Downey Brand agreement is approved on an annual basis.							
(b) Remy Moose Manley agreement is based on a multiple year not-to-exceed budget amount. If expenditures through June 30, 2016 are different than projected, this amount will be increased or decreased to reflect actual agreement balance.							
(c) Engineering/Environmental and Public Outreach Subconsultants are included in the Downey Brand Contract as of FY 14-15.							
(d) Coalition opposing Bay Delta actions that jeopardize area of origin water rights.							

Notes:

¹ The carryover will be adjusted after FY 2015/16 budget close to reflect actual remaining funds.

² Contributions have been budgeted at 38 percent of the Board approved calls for FY 15-16.

³ As the project progresses and needs of the project are identified, vendors will be selected and Board approval will be sought under the guidelines of the Purchasing Policy.

⁴ Due to the current status of the project, a CEQA/Protest Activities Contingency is included in the budget. This contingency will only be used with Board prior approval. An ending bank balance contingency has also been included, so that the Authority has sufficient funds to operate until funds are received in the new FY 2016-17.

⁵ Engineering/Environmental and Public Outreach Sub-consultants are included in the Downey Brand Contract as of FY 14-15.

⁶ Coalition opposing Bay Delta actions that jeopardize area of origin water rights.