




BOARD MEMORANDUM

DATE: April 13, 2026

TO: Board of Directors

FROM: Rochelle Patterson 
Assistant General Manager

SUBJECT: Review Proposed Revisions to the FY 2026/27 Budget and Consider Approving a Resolution Adopting the Revised FY 2026/27 Budget

SUMMARY AND DISCUSSION

Management is pleased to present the revised Operating and Capital FY 2026/27 Budget for SCV Water.

In February 2019, the multi-year budget format—or Biennial Budget process—was adopted by the Board. As a reminder, the process cycle is as follows:

- The Budget for the first fiscal year is formally approved, and the second fiscal year (spending plan) is conditionally approved, via resolution.
- At the following Budget season, the conditionally-approved second year Budget is updated and brought forward for formal approval, via a resolution for the revised Budget.

On June 3, 2025, the first year of the biennial budget (FY 2025/26) was formally adopted, while the second year (FY 2026/27) was conditionally approved for year two of the spending plan.

Staff has completed its review process of the conditionally-approved FY 2026/27 spending plan (revised Budget). This report contains a review of the adopted FY 2025/26 Budget and a comparison of the conditionally-approved, versus the revised FY 2026/27 spending plan ([Attachment 1](#)). At the Board's pleasure, the attached resolution (Attachment 2) may be considered for approval.

Table Definitions

- Audited Actuals – FY 2023/24
- Audited Actuals – FY 2024/25
- Adopted Budget FY 2025/26 – Adopted Biennial Budget (June 3, 2025)
- Projected FY 2025/26 – Projected account balances at fiscal year-end (June 30, 2026), using actuals through December 2025, and projecting account balances through the end of the fiscal year
- Approved Budget FY 2026/27 – Conditionally-approved budget, second year of Biennial Budget FY 2026/27
- Revised Budget FY 2026/27 – Revised spending plan for FY 2026/27

FY 2026/27 Revised Budget

The FY 2026/27 conditionally-approved Budget has been revised to reflect planned activities to meet SCV Water's Mission Statement and remains aligned with the Strategic Plan, while also addressing new regulations and water quality mandates. This revised Budget represents the spending plan for the fiscal year beginning July 1, 2026, and the revenues and resources available to fund the plan.

Financial information is reported on an enterprise fund accounting basis as required by SB 634.

SB 634 (section 4(l)) also allows the Agency to treat divisions as a single unit for purposes of operations and expenses to the extent that it is economically beneficial for the operations of the Agency as a whole. Outstanding preexisting indebtedness of a retail division is required to be accounted for separately. As part of the recent cost-of-service study, that indebtedness continues to be allocated to that retail division and paid from that retail division's rates and charges.

Revised Budget Process Overview

The revised Budget process allows the Agency to update its financial plan based on current operational, economic, and regulatory conditions, ensuring continued fiscal responsibility while addressing changes not fully known at the time of Budget adoption.

As part of this process, departments conduct a focused review of Operating and Maintenance (O&M) expenses, analyzing spending trends, key cost drivers, inflationary impacts, and emerging program or operational needs. Cost-containment measures are applied by prioritizing essential activities and adjusting spending where feasible.

The revised Budget also includes a reassessment of the Agency's staffing plan, evaluating vacancies, hiring progress, workload demands, succession planning, and operational requirements to ensure staffing levels support service delivery and regulatory compliance ([see Staffing Plan section](#)).

The Capital Improvement Program (CIP) is updated to reflect current project schedules, permitting status, procurement conditions, resource constraints, and market-driven cost changes. Cost estimates are refined, and emerging capital needs are incorporated to support long-term system reliability ([see CIP section](#)).

Throughout the process, staff ensures the overall financial plan remains balanced by evaluating updated cost projections against anticipated revenues from adopted 2025 cost-of-service rates, grant funding, and other sources ([see Financial Summary](#)). The Agency also actively manages external cost pressures such as inflation, construction and transportation cost escalation, supply-chain volatility, and potential tariff impacts through proactive planning and timely investment.

Together, the revised Budget and departmental updates advance the Agency's [Strategic Goals, Strategies, and Objectives](#) by strategically allocating resources to sustain reliable water service, protect public health, ensure regulatory compliance, maintain financial stability, and strengthen customer trust, while promoting operational efficiency and responsible cost management over the long term. (see [SCV Water Strategic Plan 2024-2028](#))

Budget Goals and Strategies

STRATEGIC FOCUS	BUDGET-DRIVEN GOALS	OUTCOME
Financial Sustainability (Strategic Goal E)	Maintain balanced budgets, adequate reserves, long-range financial planning, and responsible debt management	Long-term fiscal stability and risk reduction that supports all Strategic Plan goals
Infrastructure Investment (Strategic Goal B)	Upgrade and maintain critical assets, PFAS treatment, Technology, Fleet and Water Supply	Sustainable, reliable infrastructure that reduces failures, enhances system performance, and supports regulatory compliance
Water Supply Reliability & Environmental Stewardship (Strategic Goal C)	Diversify supplies, expand resiliency initiatives, support sustainability, and regulatory compliance	Enhanced drought resilience, increased supply reliability, long-term resource sustainability, and alignment with state water-resiliency mandates (AB 1668 / SB 606)
High Quality Water (Strategic Goal D)	Fund water quality protection, PFAS treatment, monitoring, and regulatory compliance activities	Continued protection of drinking water quality and assurance of compliance with all state/federal standards
Operational Efficiency & Technology (Strategic Goals B, E, H)	Improve processes, invest in enterprise systems, SCADA upgrades, AMI, data analytics, and cybersecurity	More efficient, accountable operations with improved service delivery and better asset/operational visibility
High-Performance Team & Safe and Secure Workplace (Strategic Goals F, H)	Support workforce development, succession planning, safety training, and secure physical/cyber operations	A skilled, trained, safe, and efficient workforce supporting agency-wide performance and service reliability
Customer Care (Strategic Goal A)	Fund billing and payment systems, call center operations, and service enhancements	Timely, accurate, and responsive customer service that builds trust and supports a positive customer experience

FY 2026/27 Revised Budget Objectives

Finance & Administration

- Standardize Budget book, revised Budget, Annual Comprehensive Financial Report (ACFR), and narrative reporting using the Workiva platform
- Expand financial reporting automation to improve accuracy, efficiency, and timeliness
- Perform financial modeling and scenario analysis to support capital projects and funding strategies

- Monitor actual results against the 2025 Cost-of-Service to maintain alignment with long-term assumptions

Technology Services

- Complete enterprise web browser implementation to enhance standardization and security
- Advance cloud-based data warehousing to improve data integration, analytics, reporting, backup, and disaster recovery
- Support and maintain SCADA (Supervisory Control and Data Acquisition), GIS (Geographic Information Systems), and Laboratory Information Management Systems (LIMS) for operations, asset management, and regulatory reporting

Human Resources

- Modernize workforce systems through continued HCM (Human Capital Management) implementation
- Update career path framework to support training, mentorship, and leadership development

Customer Care

- Expand SmartWorks water-use data integration for Automated Meter Infrastructure (AMI) -enabled customers
- Improve tracking and monitoring of after-hours on-call activities in coordination with Operations and GIS

Fleet and Warehouse

- Complete transition to an in-house mechanic structure for on-site vehicle maintenance
- Improve operational efficiency while reducing repair costs and vehicle downtime

Facilities

- Increase security monitoring and access controls to protect assets and enhance staff and customer safety
- Complete E.G. "Jerry" Gladbach (EGJG) facility upgrades, including cubicle redesigns
- Reconfigure office spaces to accommodate staffing growth and evolving workspace needs

TDOMS — Treatment, Distribution, Operations and Maintenance

- Operate, maintain, and repair treatment, distribution, and recycled water facilities
- Implement treatment system repairs and upgrades for PFAS (per- and polyfluoroalkyl substances) and perchlorate-impacted wells

- Coordinate treatment operations to maintain continuous service during outages or regulatory actions
- Update emergency preparedness plans and maintain system-wide response readiness

Water Resources and Outreach

- Conduct long-term water supply planning, regulatory compliance, outreach, and grant management
- Complete Water Reuse Optimization Study and groundwater quality analyses
- Update the [Groundwater Sustainability Plan \(GSP\)](#), [Urban Water Management Plan \(UWMP\)](#), and annual groundwater reports
- Maximize groundwater recharge; negotiate storage, transfer, and exchange agreements
- Advance watershed resilience planning, climate modeling, and California Environmental Flows Framework (CEFF) analysis for the Santa Clara River East Basin
- Evaluate project sites, delivery capacity projects, and beneficial land-use opportunities
- Support staff development in project management, leadership, and communication

Water Use Efficiency and Sustainability

- Implement conservation programs and demand management requirements (AB 1668 / SB 606)
- Update [Ordinance No. 2](#) and implement the [Water Use Efficiency Strategic Plan \(WUESP\)](#)
- Promote recycled water use and support customer conversion projects
- Conduct non-revenue water audits and manage landscape demonstration and education programs
- Optimize solar assets, implement battery energy storage systems, and track sustainability performance

Engineering

- Plan, design, and support construction of water treatment and distribution system improvement projects
- Coordinate with developers on project planning, design review, and construction oversight to ensure compliance with Agency standards and system capacity
- Perform technical analyses to support capital projects, including hydraulic and hydrology studies, system modeling, and engineering design reviews

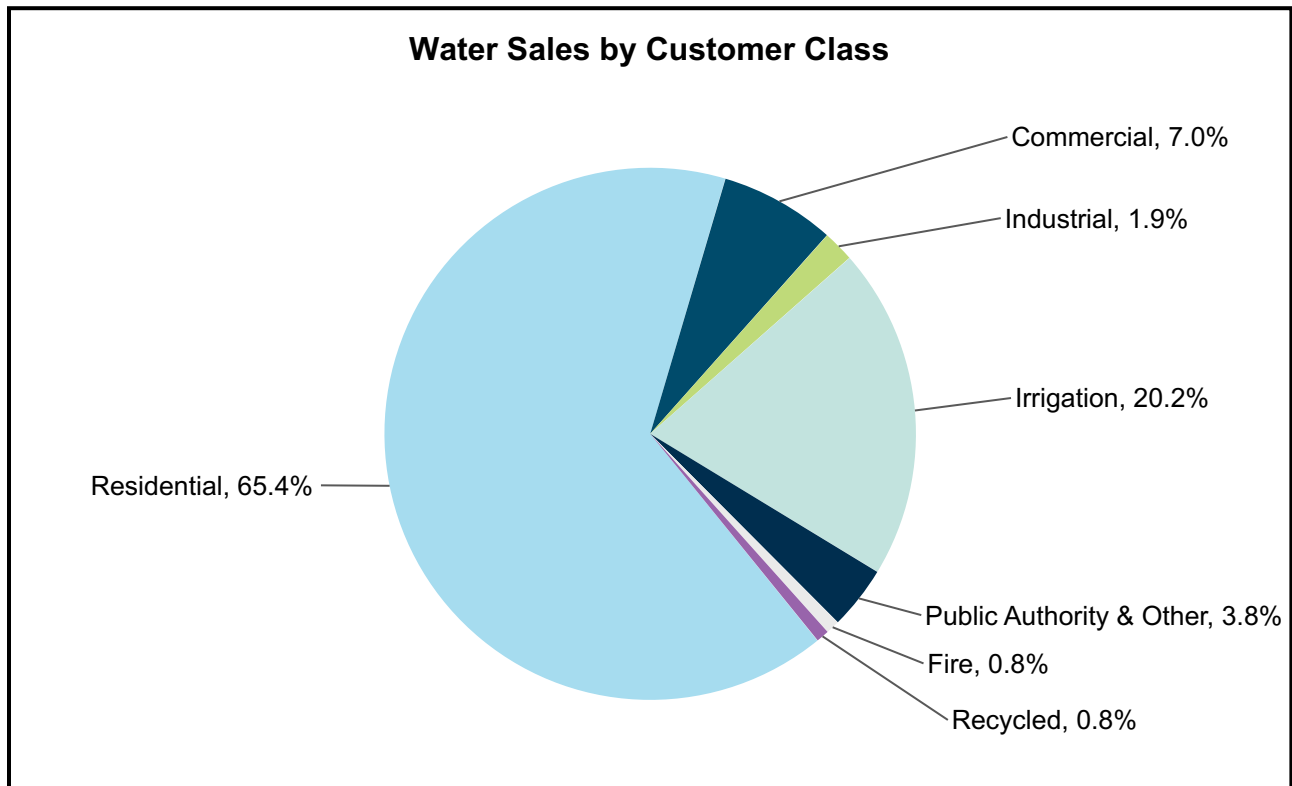
Operating Budget

For more than eight years, SCV Water has focused on integrating the merged organizations. The Agency is committed to synchronizing business processes and functions, as well as cultures and objectives. The operating budget consists of revenues from water sales, one-percent property taxes, one-time water sales, grants and reimbursements and other miscellaneous revenue sources. These revenue sources are used to fund operating expenses that includes expenses, debt service, and PAYGO (pay-as-you-go) capital.

Water Sales Revenues

The revised FY 2026/27 Budget water sales revenues are projected at \$122.6 million which is a 1.0% increase from the conditionally-approved FY 2026/27 Budget. The increase reflects implementation of the adopted customer service fee policy, which updated miscellaneous fees and charges to improve revenue alignment and forecasting accuracy.

Revenue projections include a 9.5% revenue increase consistent with the retail cost-of-service study. It is projected that 59,185-acre feet will be sold in FY 2026/27 under normal conditions. The FY 2026/27 revised Budget incorporates current demand patterns, anticipated growth in service connections, and the projected revenue effects of approved rate adjustments throughout the planning period. Although rate adjustment remain unchanged, water sales by customer class were updated using current meter counts and consumption trends. Total water sales remain consistent with the adopted 2025 Cost-of-Service, with only the distribution among customer classes revised.



Other Revenues

Other revenues consist of property taxes, communication/rental income, facility/retail capacity fees (FCF / RCF), developer project fees, grants and reimbursements, and investment revenues. The FY 2026/27 revised Budget projects approximately \$60.4 million in other revenues, which is an increase of \$5.0 million from the FY 2026/27 conditionally-approved Budget. The primary reason for the increase is attributed to property tax revenues and increased grant revenue.

Property tax revenues for the FY 2026/27 revised Budget assumes a 3.02% increase over the FY 2025/26 year-end projections. This assumption is based on historical data (2008-2025) that was calculated using the mean which gave a growth rate of 3.02%, and included the low years of the recession, drought and normal years to estimate future property tax revenue.

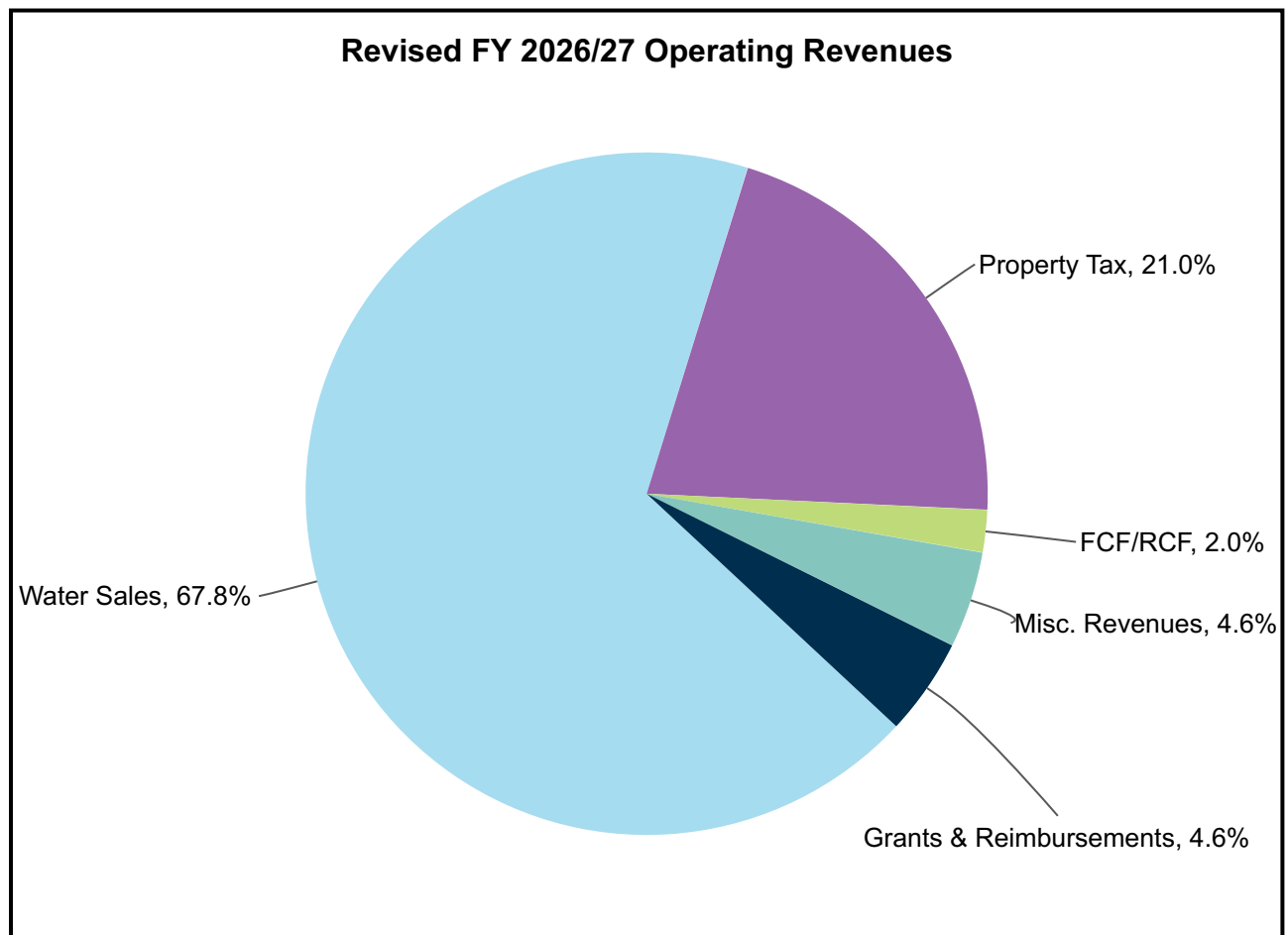
The Facility/Retail capacity fees (FCF / RCF) reflect a significant decrease, driven by current development activity and an updated forecast aligned with the latest project timelines and meter-growth assumptions as provided by the Agency's Engineering Department. The revised projection shows a decline from \$7.74 million to \$3.62 million, representing a decrease of 53.2%. These figures are based on engineers' estimate and the current growth trend.

Beginning in FY 2026/27, a new budget line item for developer project fees (\$750,000) has been added to Non-Operating Revenues. This funding will incorporate staff time and consultant costs associated with work performed on developer projects as part of a fee for service, as opposed to a deposit-based fee structure.

Grant revenues are closely tied to the Capital Improvement Program (CIP) and fluctuate annually based on the scope, scheduling, and timing of capital projects. The Agency anticipates receiving nearly \$19.03 million in grant funding; however, only \$8.31 million will be applied to reduce operating expenses and PAYGO capital. The remaining grant funds will be used to offset debt-funded capital projects, aligning resources with the Agency's long-term capital financing strategy.

Change in Total Operating Revenues

OPERATING REVENUES	ADOPTED BUDGET	REVISED BUDGET	Difference	%
	FY 2026/27	FY 2026/27		
Water Sales	\$ 121,331,125	122,560,605	\$ 1,229,480	1.0 %
Property Tax	36,782,069	37,872,820	1,090,751	3.0 %
FCF/RCF	7,738,405	3,623,724	(4,114,681)	(53.2)%
Misc. Revenues	6,241,048	8,266,390	2,025,342	32.5 %
Grants & Reimbursements	4,617,308	10,603,024	5,985,716	129.6 %
Total Operating Revenues	\$ 176,709,955	\$ 182,926,563	\$ 6,216,608	3.5 %



Operating Expenses

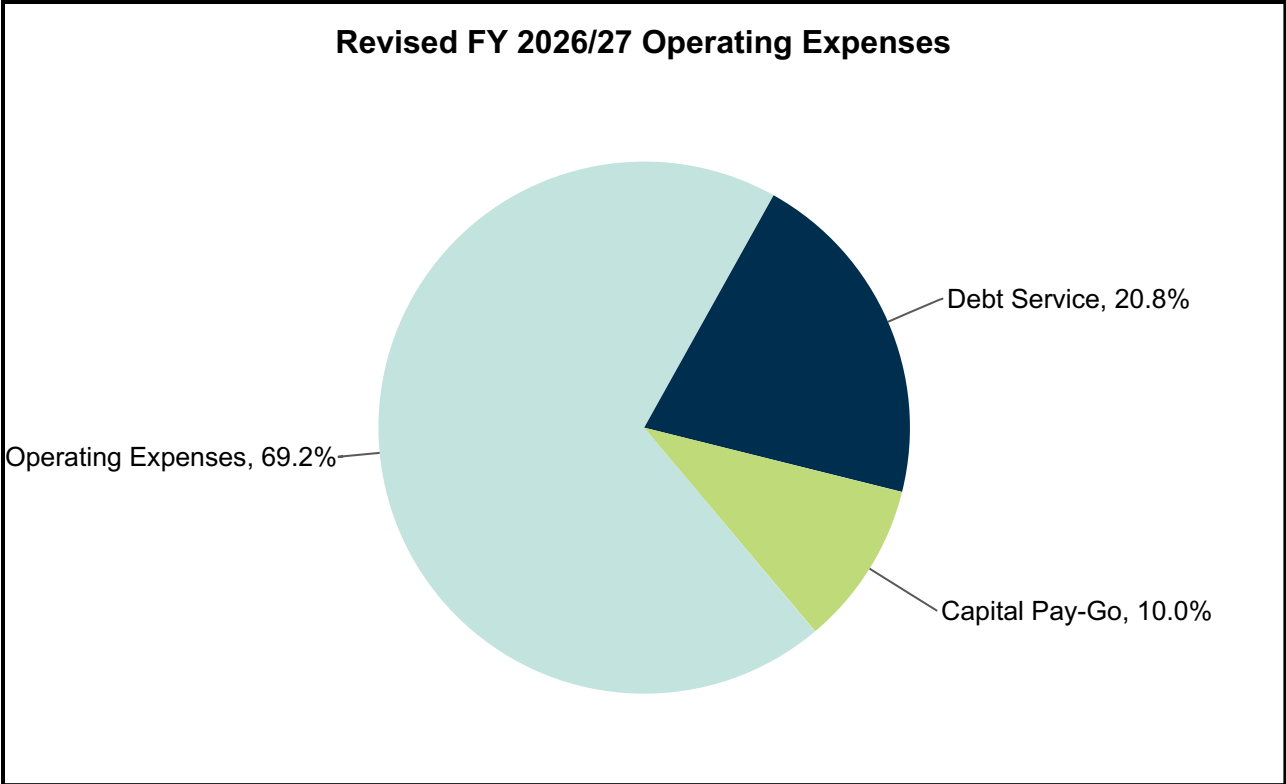
Operating expenses include expenses from all departments, debt service payments, and the portion of PAYGO capital funded by water sales and other revenues. The FY 2026/27 revised operating expenses are projected to be approximately \$182.9 million, which is an increase of \$6.2 million (3.5%) from the FY 2026/27 conditionally-approved Budget. New drivers in operating expenses include updated cost assumptions that reflect current economic conditions and inflation, higher employee-related expenses, particularly Other Post-Employment Benefits (OPEB) and increased funding available for allocation to CIP PAYGO.

Change in Total Operating Expenses

OPERATING EXPENSES	ADOPTED BUDGET	REVISED BUDGET	Difference	%
	FY 2026/27	FY 2026/27		
Operating Expenses	\$ 123,950,090	\$ 126,585,396	\$ 2,635,307	2.1 %
Debt Service ¹	37,848,711	38,048,711	200,000	0.5 %
Capital Pay-Go*	14,911,154	18,292,456	3,381,301	22.7 %
Total Operating Expenses	\$ 176,709,955	\$ 182,926,563	\$6,216,608.00	3.5 %

¹ Includes \$750,000 Commercial Paper (CP) interest expense and \$50,000 for SBITA (Subscription Based Information Technology Arrangement) (GASB 96)

*Capital Project (PAYGO) Funds available from water rates and other revenues



Operating Expenses from all departments increased by 2.1% in the FY 2026/27 revised Budget over the FY 2026/27 conditionally-approved Budget.

Operating Expenses by Department

OPERATING EXPENSES	ADOPTED BUDGET	REVISED BUDGET	Difference	%
	FY 2026/27	FY 2026/27		
Management	\$ 4,440,648	\$ 4,619,203	\$ 178,554	4.0 %
Finance, Administration & IT	28,346,897	29,010,118	663,221	2.3 %
Customer Care	3,791,062	4,080,682	289,620	7.6 %
Transmission & Distribution	13,190,145	13,962,808	772,663	5.9 %
Pumping Wells & Storage	23,780,422	22,982,389	(798,034)	(3.4)%
Water Resources	12,203,728	12,375,035	171,307	1.4 %
Source of Supply	12,454,510	12,416,041	(38,469)	(0.3)%
Water Quality, Treatment & Maintenance	18,411,853	18,886,427	474,574	2.6 %
Engineering Services	4,945,824	5,768,357	822,533	16.6 %
Pension Liability Expense	2,385,000	2,484,336	99,336	4.2 %
Total Operating Expenses	\$ 123,950,090	\$ 126,585,396	\$ 2,635,307	2.1 %

The increase in operating expenses is primarily attributable to higher Salaries and Benefits costs resulting from updated actuarial assumptions for Other Post-Employment Benefits (OPEB). The most recent actuarial valuation incorporates revised assumptions related to healthcare cost trend rates, mortality, and discount rates, which increased the Agency's annual OPEB expense. These higher benefit costs affected all departments and required an Agency-wide upward adjustment to the benefits category.

Additionally, operating expenses reflect the budgeting for on-call staffing and overtime adjustments, along with a shift in labor allocations from the Capital Improvement Program (CIP) to operating activities, resulting in higher operating costs.

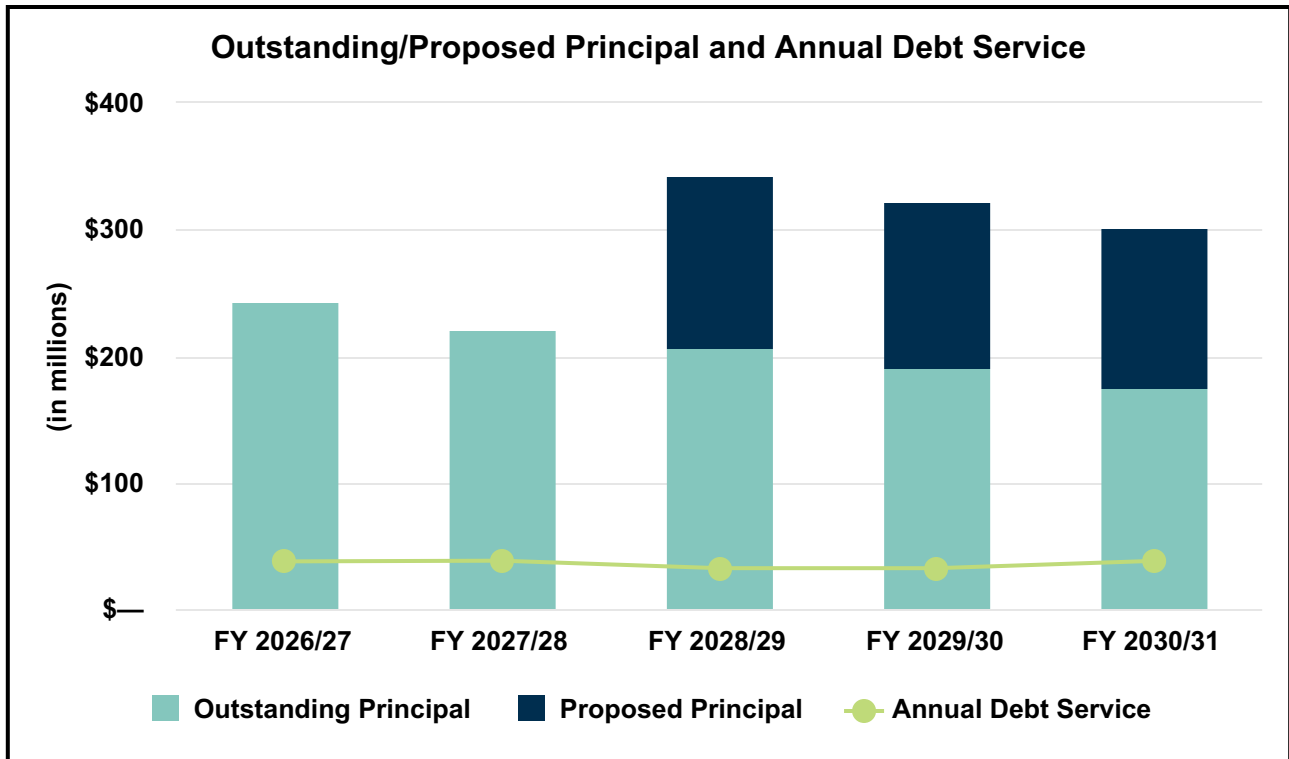
Significant expense increases >10% are attributable to:

- Engineering costs increased due to development-related labor now being captured within the Salaries and Benefits category; however, these costs are largely offset by corresponding development fee revenues on the revenue side of the Budget.
- Capital Project PAYGO amount increased as a result of additional grant funding available to support capital projects.

While most departments show a slight increase driven by higher salaries and benefits, the Pumping Wells & Storage department saw a 3.4% (\$798,000) reduction, largely due to decreased operation and maintenance costs for groundwater perchlorate and volatile organic compounds (VOC) treatment, resulting from delays in bringing new treatment facilities online.

Debt Service

The FY 2026/27 revised Budget debt service of \$37,848,711 increased by \$200,000 for Commercial Paper (CP) Interest expense as the Agency draws down remaining CP balance to support planned CIP projects. While principal and interest payments remain unchanged, the previously planned 2026 bond issuance has been deferred to 2028. As of June 30, 2026, the total principal outstanding, before any new debt is issued is \$263,543,177 (excluding the Valencia Water Division (VWD) Acquisition Interfund Loan and the 1999A accreted interest).



Capital Projects — PAYGO-Funded

PAYGO capital projects increased from \$45.1 million to \$57.6 million — a 27.7% or \$12.5 million increase in the FY 2026/27 revised Budget. There were many projects that were deferred from the FY 2025/26 adopted Budget due to timing differences, permitting delays, compliance with California Environmental Protection Act (CEQA) and National Environmental Protection Act (NEPA) requirements, land acquisition challenges, and Department of Water Resources (DWR) operational shutdowns. These conditions collectively shifted planned expenditures into the revised fiscal year, increasing the PAYGO funding requirement.

It is projected that \$73.7 million will be spent in FY 2025/26, out of an \$83.5 million Budget, using the carryover funds from FY 2025/26 of \$2.2 million, \$39.6 million from rates, \$3.3 million from retail capacity fees, and \$12.6 million from grants. The revised FY 2026/27 PAYGO capital budget is \$57.6 million. Funding sources include \$34.3 million carryover funds, \$18.3 million from rates, \$0.3 million from retail capacity fees and \$4.6 million from grants. See below for a summary of projects by category and the funding source. The revised FY 2026/27 capital projects were presented to the Board of Directors on March 17, 2026. ([see CIP PAYGO Projects](#))

PAYGO-Funded CIP Budget by Category

CIP BY CATEGORY	PAYGO Adopted Budget	PAYGO Projected 6/30/2026	PAYGO Adopted Budget	PAYGO Revised Budget
	FY 2025/26	FY 2025/26	FY 2026/27	FY 2026/27
Admin & Tech	\$ 6,877,000	\$ 5,750,000	\$10,000,000	\$11,592,750
Appurtenance Improvements	630,000	630,000	630,000	630,000
Booster Station/Turnout Improvements	2,690,000	1,609,628	1,115,000	1,770,000
Capital Planning & Studies	7,595,000	6,644,624	7,060,000	6,410,000
Disinfection System Improvements	1,245,000	745,000	1,100,000	1,450,000
ESIPS Improvements	300,000	10,000	100,000	390,000
General Facility Improvements & Replacements	5,967,500	5,050,000	5,655,000	6,750,000
Laboratory Improvements	150,000	30,000	500,000	620,000
Meter & Meter Infrastructure Improvements	6,900,000	6,700,000	4,000,000	6,700,000
Pipelines & Pipeline Replacements	13,612,000	10,022,500	4,962,000	6,930,000
Recycled Water Improvements	1,435,000	360,000	1,270,000	2,345,000
RVIPS Improvements	1,170,447	950,000	240,000	460,447
RVTP Improvements	3,651,616	2,652,000	2,610,000	3,761,616
Tanks & Tank Facility Improvements	6,401,000	3,762,635	3,575,000	3,600,000
Technology Improvements	150,000	150,000	150,000	150,000
Treatment Plant Improvements	100,000	10,000	250,000	250,000
Water Resources & Supply	2,662,500	1,417,500	582,500	1,877,500
Wellhead Treatment Improvements- PFAS	1,625,056	4,952,066	—	—
Wells & Well Facility Improvements	20,339,245	22,292,000	1,277,000	1,875,000
Total CIP — PAYGO-Funded	\$83,501,364	\$73,737,953	\$45,076,500	\$57,562,313

Capital Projects – Debt Funded

Debt-funded capital projects decreased from \$121.8 million to \$115.2 million — a 5.4% or \$6.6 million decrease in the FY 2026/27 revised Budget. There were many projects that were deferred from the FY 2025/26 adopted Budget due to timing differences, permitting delays, compliance with California Environmental Protection Act (CEQA) and National Environmental Protection Act (NEPA) requirements, and land acquisition challenges.

It is projected that \$56.6 million will be spent in FY 2025/26, out of a \$101.6 million budget, using the remainder of the 2023A bond proceeds of \$32.5 million, \$9.2 million from CP, and \$14.9 million from grants. The revised FY 2026/27 debt-funded capital budget will be \$115.2 million. Funding sources include \$100.8 million from Commercial Paper (CP) and \$14.4 million from grants. See the next page for a summary of projects by category and the funding source. The revised FY 2026/27 capital projects were presented to the Board of Directors on March 17, 2026. ([see Debt-Funded CIP Projects](#))

Debt-Funded CIP Budget by Category

CIP BY CATEGORY	Debt-Funded Adopted Budget	Debt-Funded Projected 6/30/2026	Debt-Funded Adopted Budget	Debt-Funded Revised Budget
	FY 2025/26	FY 2025/26	FY 2026/27	FY 2026/27
Booster Station / Turnout Improvements	\$ 250,000	\$ 25,000	\$ 250,000	\$ 250,000
Capital Planning & Studies	1,100,000	—	1,100,000	1,100,000
ESFP Improvements	4,199,025	3,500,000	3,245,000	3,500,000
Pipelines & Pipeline Improvements	4,285,400	3,965,400	1,875,000	2,387,000
Pipelines & Pipeline Replacements	31,855,000	16,568,500	32,271,000	24,447,000
Recycled Water Improvements	7,568,000	6,660,000	2,156,000	3,164,000
RVTP Improvements	1,200,000	—	1,051,000	1,000,000
Tanks & Tank Facility Improvements	17,050,000	9,666,200	31,332,000	43,360,000
Treatment Plant Improvements	200,000	200,000	13,000,000	1,000,000
Wellhead Treatment Improvements - PFAS	31,724,944	15,200,000	24,800,000	28,550,000
Wells & Well Facility Improvements	2,200,000	797,000	10,700,000	6,470,000
Total CIP — Debt-Funded	\$ 101,632,369	\$ 56,582,100	\$ 121,780,000	\$ 115,228,000

Sources of Funding FY 2026/27

Funding Sources	PAYGO Projection FY 2025/26	Debt Projection FY 2025/26	Total Projection FY 2025/26	PAYGO Budget FY 2026/27	Debt Budget FY 2026/27	Total Budget FY 2026/27
Operating Revenues	\$39,568,536	\$ —	\$39,568,536	\$18,292,456	\$ —	\$18,292,456
Available Funds / Carryover ¹	2,246,972	—	2,246,972	34,345,457	—	34,345,457
Retail Capacity Fees	3,300,000	—	3,300,000	300,000	—	300,000
2023 Bond Proceeds	—	32,548,993	32,548,993	—	—	—
CP / 2028 Bond	—	9,180,377	9,180,377	—	100,817,498	100,817,498
Damage Award ²	16,070,680	—	16,070,680	—	—	—
Grants	12,551,765	14,852,730	27,404,495	4,624,400	14,410,502	19,034,902
Reserves	—	—	—	—	—	—
	\$73,737,953	\$56,582,100	\$130,320,053	\$57,562,313	\$115,228,000	\$172,790,313

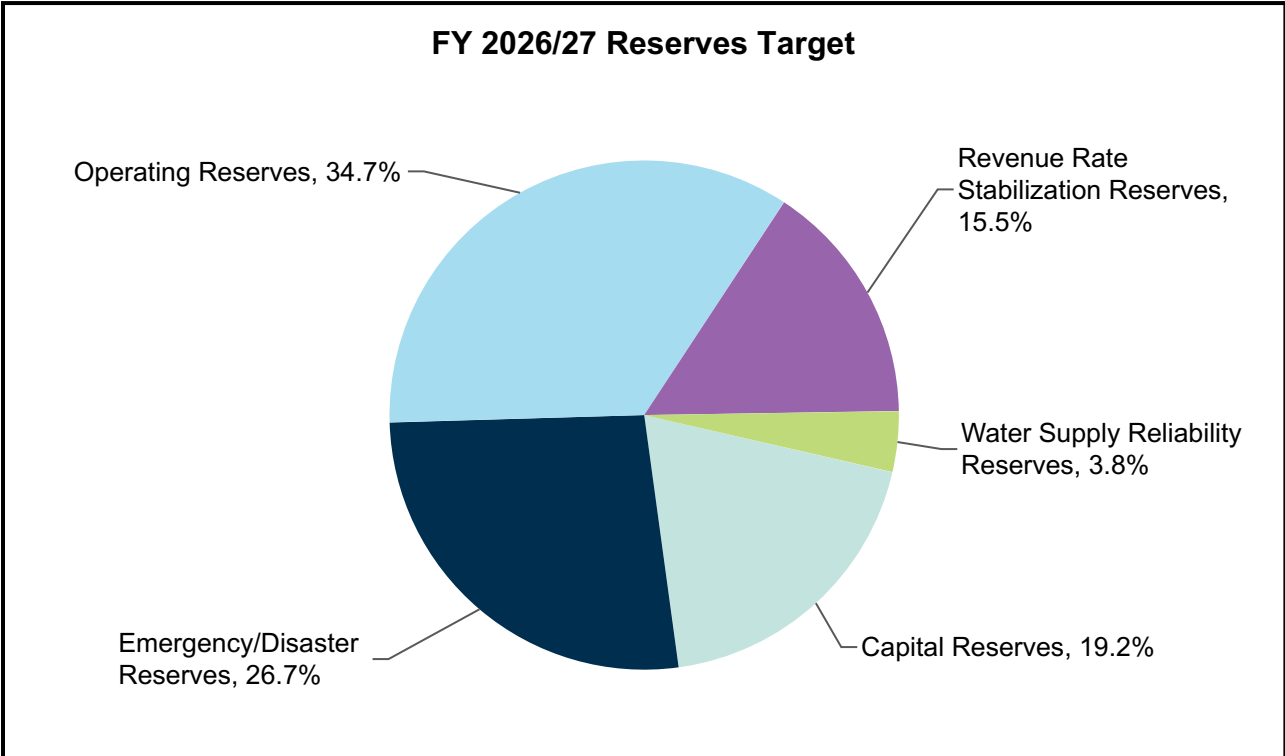
¹ FY 2024/25 Carryover available from prior year

² Damage Award received in June 2024 and used for volatile organic compounds (VOC) projects

RESERVES

At the beginning of FY 2025/26, prior-year carryover funds were added to the Capital Reserve in accordance with the Agency's Unrestricted Cash Reserve Policy, and the remaining Damage Award balance was reflected in the Operating Reserve to support PAYGO project funding in FY 2025/26 (\$18.3 million) and FY 2026/27 (\$34.3 million). Total reserves are projected to reach 107% of the policy target, equivalent to approximately 479 days of cash on hand by the end of FY 2026/27, driven primarily by remaining Damage Award funds and unspent carryover. Reserve levels may vary annually as reserve requirements adjust to reflect evolving operating needs, capital plans, and financial risk assessments. This reserve strategy also aligns with the Agency's long-term financial plan by ensuring stable funding for capital needs, maintaining sufficient liquidity, and supporting the sustainability of future operating and capital commitments. [\(see Unrestricted Cash Reserves\)](#)

RESERVE REQUIREMENTS	
Reserve	Target
Capital Reserve	Upcoming year budget for Pay-Go projects (updated to \$30M in the approved 2025 COS)
Emergency / Disaster Reserve	120 days of operating expenses, excluding debt service
Operating Reserve	120 days of annual budgeted operating expense, including debt service
Revenue Rate Stabilization Reserve	20% of annually budgeted operating revenues
Water Supply Reliability Reserve	The cost to produce 10,000-acre feet from the Agency's banking program in a dry year



UNRESTRICTED CASH RESERVES FOR FY 2026/27

	PROJECTED FY 2025/26	REVISED BUDGET FY 2026/27
Cash Reserve Balance As of June 30	\$ 239,709,545	\$ 205,540,128
Details of Cash Reserve Balance		
Capital ¹	95,645,060	77,546,323
Emergency/Disaster	37,483,898	37,483,898
Operating ²	78,498,961	62,428,281
Revenue Rate Stabilization	22,081,626	22,081,626
Water Supply Reliability	6,000,000	6,000,000
Total	239,709,545	205,540,128
Beginning Balance	239,709,545	205,540,128
Plus		
Capital	39,568,536	18,292,456
Emergency/Disaster	—	—
Operating	—	—
Revenue Rate Stabilization	—	—
Water Supply Reliability	—	—
Less		
Transfer to General Fund	(18,317,652)	(34,345,457)
Capital Expenditures	(55,420,301)	(23,216,856)
Ending Balance	205,540,128	166,270,271
Projected Cash Reserve Balance @ June 30	205,540,128	166,270,271
Details of Cash Reserve Balance		
Capital	77,546,323	38,276,466
Emergency/Disaster	37,483,898	37,483,898
Operating	62,428,281	62,428,281
Revenue Rate Stabilization	22,081,626	22,081,626
Water Supply Reliability	6,000,000	6,000,000
Total	\$ 205,540,128	\$ 166,270,271

Details of Cash Reserve Target	Target	Target
Capital	30,000,000	30,000,000
Emergency/Disaster	37,483,898	41,617,117
Operating	49,859,627	54,126,282
Revenue Rate Stabilization	22,081,626	24,194,882
Water Supply Reliability	6,000,000	6,000,000
	\$ 145,425,151	\$ 155,938,280
Days Cash Ratio	659	479
Reserve Target Funded %	141%	107%

¹ Capital includes carry over balance

² Operating includes remainder of Damage Award

STAFFING PLAN

The revised FY 2026/27 Budget includes funding for thirteen (13) additional full-time regular positions, bringing total staffing to 277 employees — 268 full-time and nine (9) part-time. The number of positions has been reduced from the seventeen (17) positions conditionally approved in the Five-Year Strategic Staffing Plan, adopted by the Board in November 2024, and incorporated into the 2025 Cost-of-Service and Rate Study. During the FY 2025/26 and FY 2026/27 Biennial Budget process, the number of positions was further reduced, and thirteen (13) positions were conditionally approved.

As part of the revised Budget process, staff re-evaluated the positions to ensure alignment with operational priorities, regulatory requirements, and long-term strategic goals. While the total number of positions remains unchanged, some classifications and timing have been adjusted to better meet current organizational needs. Management assessed each role for strategic value, operational necessity, and fiscal impact, refining the staffing plan without increasing the overall headcount. These adjustments help address service delivery needs, fill critical workforce gaps, and ensure the Agency remains positioned to meet both current and future challenges.

The FY 2026/27 staffing plan was approved by the Board of Directors on March 17, 2026.

Staffing Plan History

Year	Action	No. of Positions	Y-O-Y Change
2018	Positions - Pre-Merger	223	
2018	Eliminated 7 Positions	216	-3.14%
FY 2018/19	Eliminated 5 Positions	211	-2.31%
FY 2019/20	Repurposed 5 Positions	216	2.37%
FY 2020/21	Repurposed 5 Positions	221	2.31%
FY 2021/22	Repurposed 2 Positions, Added 3	226	2.26%
FY 2022/23	Added 8 Positions	234	3.54%
FY 2023/24	Added 7 Positions	241	2.99%
FY 2024/25	Added 11 Positions	252	4.56%
FY 2025/26	Added 12 Positions	264	4.76%
FY 2026/27	Approved 13 Positions	277	4.92%

FIVE-YEAR FORECAST

Included in the FY 2026/27 revised Budget is a summarized Five-Year Financial Forecast projection. Advanced planning is an essential tool for the Agency to effectively manage financial stability and to ensure a reliable and sustainable delivery of water to its customers. This forecast projects revenue increases from water sales in order to continue meeting the operational and capital needs of the Agency. The forecast looks at the timing of capital projects required to maintain or improve service levels. By identifying factors such as fluctuations in operations, debt service, days cash, as well as ensuring that the debt service coverage ratio (DSCR) does not fall below bond covenants, in addition to tracking the uses of reserves and its recovery to maintain target levels is crucial.

The forecast projection uses a number of assumptions to project revenues and expenses to identify future financial performance. The forecast model is designed to utilize reserves in order to fund the identified PAYGO projects, and then gradually increase the reserve levels while maintaining a strong PAYGO level for future years. The DSCR is projected to be 1.48 in FY 2026/27, decreasing to 1.36 in FY 2027/28 and 1.30 in FY 2028/29, before strengthening to 1.58 by FY 2029/30 and 1.66 by FY 2030/31. ([see 5-Year Financial Forecast](#))

Key Assumptions

Key Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Water Sales	9.50%	9.00%	9.00%	9.00%	9.00%
Water Sales - WWR	3.00%	3.00%	3.00%	3.00%	3.00%
Water Sales - Recycled	9.50%	9.00%	9.00%	9.00%	9.00%
Misc. Fees and Charges	2.00%	2.00%	2.00%	2.00%	2.00%
Lab Revenues	1.00%	1.00%	1.00%	1.00%	1.00%
Communication & Rental	2.00%	2.00%	2.00%	2.00%	2.00%
Property Tax 1%	3.06%	3.06%	3.06%	3.06%	3.06%
Interest Income	3.67%	3.48%	3.23%	3.19%	2.97%
PERCH Reimbursements	2.00%	2.00%	2.00%	2.00%	2.00%
Facility/Connection Fees	3.00%	3.00%	3.00%	3.00%	3.00%
Overall Inflation	3.80%	3.10%	3.10%	2.69%	2.69%
Utility/Chemical Inflation	4.20%	4.20%	4.20%	4.20%	4.20%
Treatment Inflation	5.00%	5.00%	5.00%	5.00%	5.00%
Pumping and Wells Inflation	5.00%	5.00%	5.00%	5.00%	5.00%
Employee Expenses Inflation	7.00%	7.00%	3.96%	3.96%	3.96%
Salaries and Benefits Inflation	3.30%	3.30%	3.30%	3.30%	3.30%
Equipment Inflation	2.90%	1.50%	1.50%	1.50%	1.50%
Fuels and Automobile Inflation	5.80%	3.50%	3.50%	3.50%	3.50%
Construction Inflation	6.10%	6.10%	6.10%	6.10%	6.10%

STRATEGIC PLAN NEXUS

This revised Budget supports SCV Water's Strategic Plan Goal E: "Financial Resiliency: Maintain a long-range, transparent and well-planned financial condition, resulting in current and future users receiving fair and equitable rates and charges," specifically Strategy E.2: "Increase focus on forward-looking financial information."

FINANCIAL CONSIDERATIONS

The revised FY 2026/27 Budget is consistent with current rate studies, rate structures and financial forecasts.

RECOMMENDATION

That the Board of Directors review the proposed revisions to the FY 2026/27 Budget and consider approving a resolution adopting the revised FY 2026/27 Budget.

RP

[Attachments](#)

M65



ATTACHMENT 1

SUMMARY BUDGET — OPERATING REVENUES AND EXPENSES — REVISED FY 2026/27

	ACTUAL	ACTUAL	ADOPTED BUDGET	PROJECTED	ADOPTED BUDGET	REVISED BUDGET	%
OPERATING REVENUES	FY 2023/24	FY 2024/25	FY 2025/26	6/30/2026	FY 2026/27	FY 2026/27	Change Over
Water Sales - Residential	\$ 48,050,945	\$ 68,313,716	\$ 65,143,526	\$ 70,281,892	\$ 71,857,586	\$ 73,548,015	2.4%
Water Sales - Commercial	6,217,004	7,648,776	6,367,412	7,747,843	7,023,674	7,887,405	12.3%
Water Sales - Industrial	1,391,756	1,664,684	1,959,204	1,987,064	2,161,130	2,161,130	0.0%
Water Sales - Irrigation	11,986,668	19,170,313	20,571,640	18,051,513	22,691,869	22,691,869	0.0%
Water Sales - Public Authority & Other	2,638,560	3,806,458	3,918,408	4,458,162	4,322,261	4,322,261	0.0%
Water Sales - Fire	663,969	709,338	854,341	850,093	935,504	935,504	0.0%
Legacy Debt Revenue - VWD	3,577,856	3,142,822	3,833,251	3,881,665	3,986,683	3,986,683	0.0%
Legacy Debt Revenue - SCWD	5,459,609	5,475,740	7,049,864	4,341,494	6,151,421	4,544,781	(26.1)%
Water Sales - Wholesale Variable	—	28,764	1,141	47,937	1,175	1,175	0.0%
Water Sales - Wholesale Fixed	305,622	288,172	324,237	319,446	333,965	333,965	0.0%
Water Sales - Recycled	288,812	505,198	710,482	703,868	896,762	896,762	0.0%
One Time Water Sales	2,769,604	76,871	—	30,952	—	—	0.0%
Misc Fees and Charges	870,510	988,677	959,500	1,132,066	969,095	1,251,055	29.1%
Lab Revenues	18,035	21,650	23,697	23,580	23,934	23,934	0.0%
Communication & Rental	74,563,823	5,880,466	602,798	15,992,599	612,454	612,454	0.0%
Developer Project Fees	—	—	—	1,700	—	750,000	100.0%
Property Tax 1%	34,773,288	36,047,571	35,689,956	36,761,752	36,782,069	37,872,820	3.0%
Annexation Reimbursements	2,008,017	2,588,669	479,400	466,859	488,988	488,988	0.0%
Interest Income	7,588,947	10,618,836	6,736,873	7,215,865	5,604,660	6,880,002	22.8%
Perchlorate Reimbursements - O&M & CIP	3,062,891	716,320	1,900,000	1,500,000	1,800,000	1,800,000	0.0%
Grants & Reimbursements	4,712,584	16,074,753	14,421,869	4,985,150	2,328,320	8,314,036	257.1%
Transfer In - Facility/Retail Capacity Fees	9,818,610	9,646,857	7,516,000	3,242,669	7,738,405	3,623,724	(53.2)%
Total Operating Revenues	\$ 220,767,109	\$ 193,414,651	\$ 179,063,599	\$ 184,024,169	\$ 176,709,955	\$ 182,926,563	3.5%

	ACTUAL	ACTUAL	ADOPTED BUDGET	PROJECTED	ADOPTED BUDGET	REVISED BUDGET	%
OPERATING EXPENSES	FY 2023/24	FY 2024/25	FY 2025/26	6/30/2026	FY 2026/27	FY 2026/27	Change Over
Management	\$ 2,631,998	\$ 3,240,198	\$ 3,732,470	\$ 3,149,872	\$ 4,440,648	\$ 4,619,203	4.0%
Finance, Administration & IT	20,724,459	23,238,148	25,425,191	23,991,823	28,346,897	29,010,118	2.3%
Customer Care	3,446,013	3,866,227	3,717,709	3,597,678	3,791,062	4,080,682	7.6%
Transmission & Distribution	11,224,488	13,522,432	12,181,114	13,029,489	13,190,145	13,962,808	5.9%
Pumping Wells & Storage	15,232,775	17,670,697	20,346,358	18,660,080	23,780,422	22,982,389	(3.4)%
Water Resources	8,470,323	8,230,455	12,685,494	11,288,891	12,203,728	12,375,035	1.4%
Source of Supply	9,145,305	8,668,915	11,791,992	10,334,184	12,454,510	12,416,041	(0.3)%
Water Quality, Treatment & Maintenance	14,054,801	15,626,458	17,082,843	15,623,551	18,411,853	18,886,427	2.6%
Engineering Services	5,020,769	4,725,816	4,869,530	4,718,049	4,945,824	5,768,357	16.6%
Debt Service	35,607,957	37,554,275	37,642,844	37,881,192	37,848,711	38,048,711	0.5%
Pension Liability Expense	2,040,992	3,312,973	2,180,822	2,180,822	2,385,000	2,484,336	4.2%
Capital (PAYGO)	36,563,347	46,574,129	27,407,232	39,568,536	14,911,154	18,292,456	22.7%
Total Operating Expenses	\$ 164,163,227	\$ 186,230,722	\$ 179,063,599	\$ 184,024,169	\$ 176,709,955	\$ 182,926,563	3.5%
Total Operating Expenses	\$ 125,099,601	\$ 143,115,470	\$ 134,679,206	\$ 138,586,347	\$ 127,732,929	\$ 131,601,329	3.0%
Total Salaries and Benefits	\$ 39,063,626	\$ 43,115,252	\$ 44,384,393	\$ 45,437,821	\$ 48,977,026	\$ 51,325,234	4.8%
Net Operating Expenses	\$ 164,163,227	\$ 186,230,722	\$ 179,063,599	\$ 184,024,169	\$ 176,709,955	\$ 182,926,563	3.5%

TOTAL OPERATING REVENUES — ACTUAL, PROJECTED AND BUDGETED

OPERATING REVENUES	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	
Water Sales - Residential	\$ 48,050,945	\$ 68,313,716	\$ 65,143,526	\$ 70,281,892	\$ 71,857,586	\$ 73,548,015	2.4%	(1) (a)
Water Sales - Commercial	6,217,004	7,648,776	6,367,412	7,747,843	7,023,674	7,887,405	12.3%	
Water Sales - Industrial	1,391,756	1,664,684	1,959,204	1,987,064	2,161,130	2,161,130	0.0%	
Water Sales - Irrigation	11,986,668	19,170,313	20,571,640	18,051,513	22,691,869	22,691,869	0.0%	
Water Sales - Public Authority & Other	2,638,560	3,806,458	3,918,408	4,458,162	4,322,261	4,322,261	0.0%	
Water Sales - Fire	663,969	709,338	854,341	850,093	935,504	935,504	0.0%	
Legacy Debt Revenue - VWD	3,577,856	3,142,822	3,833,251	3,881,665	3,986,683	3,986,683	0.0%	(b)
Legacy Debt Revenue - SCWD	5,459,609	5,475,740	7,049,864	4,341,494	6,151,421	4,544,781	(26.1)%	(b)
Water Sales - Wholesale Variable	—	28,764	1,141	47,937	1,175	1,175	0.0%	
Water Sales - Wholesale Fixed	305,622	288,172	324,237	319,446	333,965	333,965	0.0%	
Water Sales - Recycled	288,812	505,198	710,482	703,868	896,762	896,762	0.0%	
One Time Water Sale	2,769,604	76,871	—	30,952	—	—	0.0%	
Misc Fees and Charges	870,510	988,677	959,500	1,132,066	969,095	1,251,055	29.1%	(c)
Lab Revenues	18,035	21,650	23,697	23,580	23,934	23,934	0.0%	
Communication & Rental	74,563,823	5,880,466	602,798	15,992,599	612,454	612,454	0.0%	
Developer Project Fees	—	—	—	1,700	—	750,000	100.0%	(d)
Property Tax 1%	34,773,288	36,047,571	35,689,956	36,761,752	36,782,069	37,872,820	3.0%	
Annexation Reimbursements	2,008,017	2,588,669	479,400	466,859	488,988	488,988	0.0%	
Interest Income	7,588,947	10,618,836	6,736,873	7,215,865	5,604,660	6,880,002	22.8%	
Perchlorate Reimbursements - O&M & CIP	3,062,891	716,320	1,900,000	1,500,000	1,800,000	1,800,000	0.0%	
Grants & Reimbursements	4,712,584	16,074,753	14,421,869	4,985,150	2,328,320	8,314,036	257.1%	(e)
Transfer In - Facility/Retail Capacity Fees	9,818,610	9,646,857	7,516,000	3,242,669	7,738,405	3,623,724	(53.2)%	(f)
Total Operating Revenues	\$220,767,109	\$193,414,651	\$179,063,599	\$184,024,169	\$176,709,955	\$182,926,563	3.5%	

(1) Changes of more than 10% and \$20,000

(a) Water sales by class were re-evaluated using current meter counts and consumption trends. Total water sales remain unchanged from the adopted 2025 COS, with only the distribution among customer classes updated.

(b) Legacy debt revenues are budgeted based on current meter count data, rather than debt service amounts, allowing the projections to better align with the timing and annual receipt of these revenues.

(c) The Budget update reflects implementation of SCV Water's Customer Service Policy, which revised miscellaneous fees and charges to improve revenue alignment and forecasting accuracy.

(d) Beginning in FY 2026/27, developer fees will include budgeting for staff time and consultant costs for employees working on developer projects as part of the new fee structure.

(e) Grant and reimbursement amounts can fluctuate annually, depending on the scope, scheduling, and timing of Capital Improvement Projects.

(f) FCF revenues have been updated to reflect current development activity and the anticipated timing of meter installations. This revision aligns revenue projections with actual growth trends and expected service connections.

TOTAL OPERATING EXPENSES — ACTUAL, PROJECTED AND BUDGETED

OPERATING EXPENSES	ACTUAL	ACTUAL	ADOPTED BUDGET	PROJECTED 6/30/2026	ADOPTED BUDGET	REVISED BUDGET	% Change Over
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2025/26	FY 2026/27	FY 2026/27	
Management	\$ 2,631,998	\$ 3,240,198	\$ 3,732,470	\$ 3,149,872	\$ 4,440,648	\$ 4,619,203	4.0%
Finance, Administration & IT	20,724,459	23,238,148	25,425,191	23,991,823	28,346,897	29,010,118	2.3%
Customer Care	3,446,013	3,866,227	3,717,709	3,597,678	3,791,062	4,080,682	7.6%
Transmission & Distribution	11,224,488	13,522,432	12,181,114	13,029,489	13,190,145	13,962,808	5.9%
Pumping Wells & Storage	15,232,775	17,670,697	20,346,358	18,660,080	23,780,422	22,982,389	(3.4)%
Water Resources	8,470,323	8,230,455	12,685,494	11,288,891	12,203,728	12,375,035	1.4%
Source of Supply	9,145,305	8,668,915	11,791,992	10,334,184	12,454,510	12,416,041	(0.3)%
Water Quality, Treatment & Maintenance	14,054,801	15,626,458	17,082,843	15,623,551	18,411,853	18,886,427	2.6%
Engineering Services	5,020,769	4,725,816	4,869,530	4,718,049	4,945,824	5,768,357	16.6%
Debt Service ¹	35,607,957	37,554,275	37,642,844	37,881,192	37,848,711	38,048,711	0.5%
Pension Liability Expense	2,040,992	3,312,973	2,180,822	2,180,822	2,385,000	2,484,336	4.2%
Capital (PAYGO)	36,563,347	46,574,129	27,407,232	39,568,536	14,911,154	18,292,456	22.7%
Total Operating Expenses	\$164,163,227	\$186,230,722	\$179,063,599	\$184,024,169	\$176,709,955	\$182,926,563	3.5%

¹ Debt Service includes SBITA (GASB 96) and CP Interest Income

EXPENSE DETAIL BY ACCOUNT	ACTUAL	ACTUAL	ADOPTED BUDGET	PROJECTED 6/30/2026	ADOPTED BUDGET	REVISED BUDGET	% Change Over
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2025/26	FY 2026/27	FY 2026/27	
Salary	\$ 24,781,242	\$ 27,899,249	\$ 29,540,703	\$ 29,523,549	\$ 32,659,268	\$ 32,740,983	0.3%
Overtime	1,939,996	2,656,883	1,838,633	2,492,115	2,029,556	2,510,044	23.7%
Burden & Benefits	14,383,380	15,872,093	15,185,879	15,602,980	16,673,202	18,558,543	11.3%
51301 - Election	—	578,832	—	—	550,000	550,000	0.0%
51326 - Directors Compensation	169,139	205,915	289,170	220,669	303,629	303,629	0.0%
51327 - Directors Expenses	21,408	33,906	89,880	56,249	96,172	96,172	0.0%
51328 - Directors Travel	27,873	24,756	58,850	49,965	62,970	62,970	0.0%
51329 - Directors Training	14,623	12,922	55,640	45,569	59,535	59,535	0.0%
51505 - Employee Expense	121,163	145,367	241,439	177,021	254,861	236,924	(7.0)%
51515 - Employee Travel	160,091	175,800	307,625	250,919	325,950	351,124	7.7%
52005 - Safety Training & Expense	313,840	345,398	330,000	419,017	350,000	350,000	0.0%
52006 - Emergency Preparedness	21,960	49,556	40,000	90,907	40,000	60,000	50.0%
52010 - Supplies & Services	345,570	387,358	458,054	399,961	483,299	483,299	0.0%
52024 - Internal Relations	122,661	110,595	150,000	156,000	150,000	165,000	10.0%
52030 - Devil's Den Landowner Expenditures	96,846	95,174	303,000	200,000	306,030	306,030	0.0%
52050 - Analytical Supplies	367,198	347,929	415,200	280,637	430,978	440,000	2.1%
52085 - Small Tools, Materials and Supplies	609,891	690,274	814,449	723,007	832,476	819,501	(1.6)%
52605 - Gases	4,663	7,809	5,190	10,272	5,387	10,000	85.6%

EXPENSE DETAIL BY ACCOUNT	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over
52611 - Chemicals	1,695,615	1,875,454	3,250,000	2,035,133	3,500,000	3,500,000	0.0%
52651 - Fuel	532,586	497,948	550,000	525,000	600,000	620,000	3.3%
52654 - M&R - Vehicles & Equipment	942,204	972,244	758,000	890,000	795,000	795,000	0.0%
53101 - Employee Education/ Seminars	192,126	258,089	437,894	281,053	465,097	526,444	13.2%
53104 - Uniforms & Apparel	187,235	220,141	217,980	254,395	226,263	232,000	2.5%
53105 - Outside Service/ Contracting	3,514,916	4,191,478	4,068,440	4,335,994	4,273,122	4,661,583	9.1%
53120 - M&R Surface Restoration	977,891	1,506,225	1,600,000	1,199,395	1,600,000	1,600,000	0.0%
53121 - M&R - Storage - Potable Water	65,204	181,317	210,000	125,000	220,500	220,500	0.0%
53122 - M&R - Mains	691,423	1,047,834	900,000	901,416	900,000	900,000	0.0%
53123 - M&R City/County Overlay Projects	99,748	83,996	200,000	88,995	200,000	100,000	(50.0)%
53124 - M&R - Hydrants	484,956	596,667	500,000	890,480	500,000	550,000	10.0%
53126 - M&R Meters	432,400	1,075,753	410,000	574,532	425,000	540,000	27.1%
53127 - M&R - Wells and Structures	127,143	188,505	262,500	160,000	275,625	275,625	0.0%
53128 - M&R - Pumping Stations & Structures - Potable Water	163,868	391,404	275,000	275,000	300,000	300,000	0.0%
53129 - M&R - Sewer Lift Station & Structures	58,389	53,275	63,000	51,555	66,150	66,150	0.0%
53130 - M&R - Equipment Water Treatment	91,190	119,466	150,000	150,000	160,000	160,000	0.0%
53131 - M&R - Pumping Equipment & Structures - Recycled Water	16,282	71	31,500	1,000	33,075	20,000	(39.5)%
53132 - M&R - Storage - Recycled Water	1,440	—	21,000	8,000	22,050	20,000	(9.3)%
53133 - M&R - Groundwater PFAS Treatment	1,116,649	775,490	1,700,000	1,250,000	2,500,000	2,750,000	10.0%
53134 - M&R - Groundwater Perchlorate Treatment	530,435	453,049	2,400,000	1,460,000	4,100,000	3,000,000	(26.8)%
53135 - M&R - Mains & Services - Recycled Water	17,512	152,906	250,000	3,466	300,000	200,000	(33.3)%
53136 - M&R - Valves	215,187	102,243	300,000	44,435	300,000	200,000	(33.3)%
53137 - M&R - Control Valves	327,042	206,397	275,000	378,875	300,000	325,000	8.3%
53138 - M&R - Air Vac / Blow Offs	60,826	146,075	100,000	207,664	100,000	200,000	100.0%
53139 - M&R - Warehouse & Yard	30,674	26,173	68,660	16,300	72,543	75,543	4.1%
53140 - M&R Treatment Plants and Intake Pump Stations	281,283	461,469	367,500	294,256	385,875	385,900	0.0%
53141 - M&R - Groundwater VOC Treatment	—	—	50,000	—	100,000	50,000	(50.0)%
53202 - Legal General	761,492	672,295	860,150	783,474	894,556	894,556	0.0%
53204 - Litigation Perchlorate	269,907	1,814	570,900	1,744	592,594	592,594	0.0%
53205 - Litigation Other	874	345,767	207,600	389,668	215,489	350,000	62.4%

EXPENSE DETAIL BY ACCOUNT	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over
53210 - Professional Services Accounting	105,745	103,618	126,398	116,650	132,057	132,057	0.0%
53212 - Licenses & Fees	67,669	133,704	110,000	8,498	115,000	115,000	0.0%
53213 - Office Storage and Rent/HOA Dues	153,707	166,308	160,890	170,454	167,004	167,004	0.0%
53214 - Technology Services	4,172,088	4,895,065	6,625,557	5,259,051	6,877,443	7,213,099	4.9%
53215 - Recruitment Expenses	40,741	40,416	95,000	94,723	100,000	100,000	0.0%
53216 - Security & Alarm Services	236,291	205,894	243,930	246,589	253,199	271,199	7.1%
53218 - Printing & Publications	28,724	10,500	19,203	25,000	19,933	20,662	3.7%
53219 - BMP Implementation	1,754,667	776,072	2,000,000	1,400,000	2,140,000	2,140,000	0.0%
53222 - Public Affairs & Partnerships	54,382	38,842	119,370	65,000	123,906	123,906	0.0%
53223 - Public Outreach Consultants	63,269	17,181	103,800	55,000	107,744	107,744	0.0%
53226 - Engineering Consulting	1,418,687	1,271,061	1,000,000	700,000	1,000,000	968,000	(3.2)%
53228 - Pipe Inspection Program Services	17,090	42,575	40,000	15,918	40,000	40,000	0.0%
53229 - Hazardous Waste Disposal	153,343	98,957	185,000	97,224	185,000	125,000	(32.4)%
53232 - Tools & Equipment Rental	80,273	5,578	50,000	58,871	50,000	60,000	20.0%
53236 - Professional Services - Other	1,759,106	2,439,282	3,732,900	3,426,038	2,801,761	2,801,761	0.0%
53239 - Other - Misc Permits	94,550	47,878	125,000	155,743	125,000	150,000	20.0%
53241 - Temporary Personnel Services	370,507	209,971	371,978	22,053	382,253	288,364	(24.6)%
53242 - Legislative Advocate Services	226,382	263,596	326,970	333,890	339,395	339,395	0.0%
53243 - Groundwater Sustainability Agency	274,144	374,004	930,000	775,000	710,000	773,000	8.9%
53244 - Website Online Presence	56,946	63,264	62,280	135,000	64,647	64,647	0.0%
53245 - Campaigns & Messaging	186,589	115,896	103,800	103,800	107,744	107,744	0.0%
53246 - Regulatory Fees	527,739	599,237	620,000	597,362	620,000	480,000	(22.6)%
53301 - Uncollectible Accounts	240,005	433,171	175,000	132,248	175,000	175,000	0.0%
53304 - Dues & Memberships	135,931	151,625	170,000	187,000	175,000	195,000	11.4%
53328 - AP Discounts Taken	(2,108)	(2,828)	—	—	—	—	0.0%
53329 - Other General Expenses	72,982	87,708	85,000	89,198	90,000	90,000	0.0%
54300 - DD Variable DWR Charges	26,439	21,978	25,000	21,209	25,000	25,000	0.0%
54310 - Refuse Disposal	88,697	109,773	88,230	115,567	91,583	91,583	0.0%
54401 - Electricity - Wells, Pump Stations, and Potable Water Facilities	8,266,959	9,949,052	9,659,599	9,659,599	10,127,617	10,127,617	0.0%
54402 - Electricity - Treatment Plant & Intake Pump Stations	2,011,274	2,657,245	2,136,000	2,288,949	2,225,712	2,226,000	0.0%
54405 - Electricity - Sewer Lift Station	15,381	9,868	32,930	32,930	34,526	34,526	0.0%

EXPENSE DETAIL BY ACCOUNT	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over
54407 - Electricity - Recycled Water Pump Stations & Facilities	62,744	90,494	120,745	120,745	126,595	126,595	0.0%
54408 - Electricity - Other	205,078	215,168	274,476	207,203	286,004	286,004	0.0%
54415 - Natural Gas	39,087	38,365	53,400	37,399	55,643	55,643	0.0%
54426 - Recycled Water Purchase	54,705	75,937	143,038	183,684	151,120	316,041	109.1%
55200 - Retiree Med/Dental Insurance	858,311	949,411	1,095,173	1,080,746	1,171,835	1,324,210	13.0%
55201 - Retiree Cash In-Lieu	124,055	194,353	190,122	250,578	203,430	273,723	34.6%
55205 - Unemployment Insurance	6,620	60,020	57,090	60,500	59,259	65,185	10.0%
55215 - Liability Insurance	2,908,175	2,524,848	3,360,000	3,150,000	3,696,000	3,696,000	0.0%
55501 - Core Water Supplies	8,150,610	8,377,978	8,800,000	8,650,500	9,300,000	9,100,000	(2.2)%
55502 - Firming Programs	939,990	215,000	2,848,954	1,500,000	3,003,390	3,000,000	(0.1)%
56020 - Capital/Other	36,563,347	46,574,129	27,407,232	39,568,536	14,911,154	18,292,456	22.7%
56021 - Sub-Grantee Pass Through	422,532	—	—	—	—	—	0.0%
57000 - Debt Service	35,228,889	37,043,930	37,142,844	37,142,844	37,298,711	37,298,711	0.0%
57007 - Cost of Issuance	335,738	—	—	—	—	—	0.0%
57011 - Interest Expense - Other	43,330	510,345	500,000	738,348	550,000	750,000	36.4%
57501 - Real Property Taxes	2,559	184,773	3,434	115,526	3,468	123,468	3460.2%
58030 - Overhead Allocated to Projects	(1,868,779)	(2,403,882)	(3,635,579)	(3,446,671)	(3,549,430)	(3,549,430)	0.0%
SCV Water Expense Detail by Account	\$164,163,227	\$186,230,722	\$179,063,599	\$184,024,169	\$176,709,955	\$182,926,563	3.5%

SCV WATER — FINANCIAL SUMMARY — BY FUND
REVISED FY 2026/27 BUDGET

Financial Summary by Fund	General Fund/ Operating		Capital Project Fund	
	Projection	Revised Budget	Projection	Revised Budget
	FY 2025/26	FY 2026/27	FY 2025/26	FY 2026/27
Beginning of the Year Balance	\$ 239,709,545	\$ 205,540,128	\$ 34,213,030	\$ 2,655,469
<i>Water Sales</i>	104,080,435	112,442,946	—	—
<i>Legacy Debt</i>	8,223,159	8,531,464	—	—
<i>Other Operating Revenues</i>	1,530,401	1,586,195	—	—
<i>Non-Operating Revenues</i>	70,190,174	60,365,958	—	—
Total Revenues	184,024,169	182,926,563	15,844,162	14,140,502
Bonds / Loan Proceeds	—	—	9,180,377	100,817,498
Total O&M Expenses	(106,574,440)	(126,585,396)	—	—
Arbitrage Rebate Liability	—	—	—	(1,986,616)
Debt Service	(37,881,192)	(38,048,711)	—	—
Net Balance	39,568,536	18,292,456	25,024,539	112,971,384
<i>Capital Plan</i>	(73,737,953)	(57,562,313)	(56,582,100)	(115,228,000)
<i>Capital PAYGO from Rates</i>	(39,568,536)	(18,292,456)	—	—
<i>Capital PAYGO Covered by Grants & Reserves</i>	(34,169,417)	(39,269,857)	—	—
<i>Contributions to Reserves</i>	—	—	—	—
Ending Balance	\$ 205,540,128	\$ 166,270,271	\$ 2,655,469	\$ 398,853
Reserve Policy 100% Funded	\$ 145,425,151	\$ 155,938,280		
Reserve Target Funded %	141%	107%		
<i>DSCR (Target 1.25)</i>	2.04	1.48		
<i>Days Cash (Target > 300 days)</i>	704	479		

**OPERATING EXPENSES — MANAGEMENT
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 578,263	\$ 604,147	\$ 627,081	\$ 616,962	\$ 633,194	\$ 632,778	(0.1)%	
Overtime	1,831	1,446	4,265	1,547	4,616	4,181	(9.4)%	
Benefits	422,918	383,946	394,900	414,162	430,760	472,477	9.7%	(a)
51301 - Election	—	578,832	—	—	550,000	550,000	0.0%	
51326 - Directors Compensation	169,139	205,915	289,170	220,669	303,629	303,629	0.0%	
51327 - Directors Expenses	21,408	33,906	89,880	56,249	96,172	96,172	0.0%	
51328 - Directors Travel	27,873	24,756	58,850	49,965	62,970	62,970	0.0%	
51329 - Directors Training	14,623	12,922	55,640	45,569	59,535	59,535	0.0%	
51505 - Employee Expense	7,319	4,012	11,984	11,734	12,823	16,000	24.8%	
51515 - Employee Travel	3,557	6,437	14,560	9,903	15,659	15,659	0.0%	
53101 - Employee Education/Seminars	4,630	3,594	12,920	8,599	13,769	13,769	0.0%	
53202 - Legal General	761,492	672,295	860,150	783,474	894,556	894,556	0.0%	
53204 - Litigation Perchlorate	269,907	1,814	570,900	1,744	592,594	592,594	0.0%	
53205 - Litigation Other	874	345,767	207,600	389,668	215,489	350,000	62.4%	(b)
53236 - Professional Services - Other	121,782	90,966	207,600	205,738	215,489	215,489	0.0%	
53241 - Temporary Personnel Services	—	5,846	—	—	—	—	0.0%	
53242 - Legislative Advocate Services	226,382	263,596	326,970	333,890	339,395	339,395	0.0%	
Total Management	\$ 2,631,998	\$ 3,240,198	\$ 3,732,470	\$ 3,149,872	\$ 4,440,648	\$ 4,619,203	4.0%	

(1) Changes of more than 10% and \$20,000

(a) Increases in benefits reflect higher burden and benefit costs, including increased OPEB contributions.

(b) Litigation costs increased due to higher contract rates, inflationary pricing adjustments, and rising market costs for specialized consulting services.

**OPERATING EXPENSES — FINANCE, ADMINISTRATION AND IT
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 6,198,771	\$ 7,185,817	\$ 8,118,792	\$ 7,969,134	\$ 9,439,001	\$ 9,125,308	(3.3)%	(a)
Overtime	202,513	369,545	313,636	372,937	352,637	333,700	(5.4)%	(a)
Benefits	2,809,511	3,480,459	3,395,604	3,231,647	3,911,827	4,258,031	8.9%	(a)
51505 - Employee Expense	35,793	32,204	54,174	51,284	57,924	69,060	19.2%	
51515 - Employee Travel	54,458	58,093	99,311	94,779	105,564	106,566	0.9%	
52010 - Supplies & Services	242,619	253,700	323,114	254,961	343,232	343,232	0.0%	
52024 - Internal Relations	123,314	110,595	150,000	156,000	150,000	165,000	10.0%	
52085 - Small Tools, Materials and Supplies	168,529	168,686	159,495	194,640	164,120	164,120	0.0%	
52651 - Fuel	532,586	497,948	550,000	525,000	600,000	620,000	3.3%	
52654 - M&R - Vehicles & Equipment	942,204	972,244	758,000	890,000	795,000	795,000	0.0%	
53101 - Employee Education/Seminars	77,387	111,601	175,644	129,858	187,110	211,786	13.2%	(b)
53104 - Uniforms & Apparel	187,235	220,141	217,980	254,395	226,263	232,000	2.5%	
53105 - Outside Service/ Contracting	940,290	1,199,079	949,900	1,313,258	991,677	931,677	(6.1)%	
53139 - M&R - Warehouse & Yard	—	—	68,660	16,300	72,543	75,543	4.1%	
53210 - Professional Services Accounting	105,745	103,618	126,398	116,650	132,057	132,057	0.0%	
53212 - Licenses & Fees	67,669	133,434	110,000	8,498	115,000	115,000	0.0%	
53213 - Office Storage and Rent/HOA Dues	153,707	166,308	160,890	170,454	167,004	167,004	0.0%	
53214 - Technology Services	4,172,088	4,895,065	6,625,557	5,259,051	6,877,443	7,213,099	4.9%	(c)
53215 - Recruitment Expenses	40,741	40,416	95,000	94,723	100,000	100,000	0.0%	
53216 - Security & Alarm Services	236,291	205,894	243,930	246,589	253,199	271,199	7.1%	
53218 - Printing & Publications	12,845	3,924	3,633	10,000	3,771	4,500	19.3%	
53228 - Pipe Inspection Program Services	17,090	42,575	40,000	15,918	40,000	40,000	0.0%	
53236 - Professional Services - Other	671,924	788,753	786,100	786,100	815,972	815,972	0.0%	
53241 - Temporary Personnel Services	199,629	127,082	211,427	20,000	218,404	124,521	(43.0)%	(d)
53304 - Dues & Memberships	135,931	151,625	170,000	187,000	175,000	195,000	11.4%	(e)
53328 - AP Discounts Taken	(2,108)	(2,828)	—	—	—	—	0.0%	
53329 - Other General Expenses	72,982	87,708	85,000	89,198	90,000	90,000	0.0%	
54310 - Refuse Disposal	88,697	109,773	88,230	115,567	91,583	91,583	0.0%	
54408 - Electricity - Other	205,078	215,168	274,476	207,203	286,004	286,004	0.0%	
55200 - Retiree Med/Dental Insurance	858,311	949,411	1,095,173	1,080,746	1,171,835	1,324,210	13.0%	(f)
55201 - Retiree Cash In-Lieu	124,055	194,353	190,122	250,578	203,430	273,723	34.6%	(f)
55205 - Unemployment Insurance	6,620	60,020	57,090	60,500	59,259	65,185	10.0%	
55215 - Liability Insurance	2,908,175	2,524,848	3,360,000	3,150,000	3,696,000	3,696,000	0.0%	
57501 - Real Property Taxes	2,559	184,773	3,434	115,526	3,468	123,468	3460.2%	(g)
58030 - Overhead Allocated to Projects	(1,868,779)	(2,403,882)	(3,635,579)	(3,446,671)	(3,549,430)	(3,549,430)	0.0%	
Total Finance, Administration and IT	\$ 20,724,459	\$ 23,238,148	\$ 25,425,191	\$ 23,991,823	\$ 28,346,897	\$ 29,010,118	2.3%	

(1) Changes of more than 10% and \$20,000

(a) The reduction in salaries is due to the deferral of several positions, while increases in benefits reflect higher burden and benefit costs, including increased OPEB contributions.

(b) The increase in employee expenses reflects expanded conference and seminar attendance to support professional development as staff assume new roles requiring broader expertise.

(c) The cost increase in Technology Services is driven by higher software maintenance and licensing fees, expanded use of document management platforms such as SharePoint, and rising costs for communication services.

(d) Temporary services have been reduced to reflect the addition of new permanent staff.

(e) The cost increase in dues and memberships reflects additional memberships added to support new staff and evolving operational and professional needs.

(f) The increase in medical and dental costs is due to a higher number of retirees over the past year.

(g) The increase in real property taxes reflects the City of Santa Clarita's annual property taxes for landscape, lighting, stormwater management, open space, and streetlight maintenance.

**OPERATING EXPENSES — CUSTOMER CARE
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 1,156,640	\$ 1,304,660	\$ 1,487,380	\$ 1,387,393	\$ 1,493,995	\$ 1,493,995	0%	
Overtime	23,419	10,401	6,208	1,755	6,718	6,718	0%	
Benefits	635,437	581,104	701,231	577,025	713,801	733,462	3%	(a)
51505 - Employee Expense	3,071	4,042	4,000	4,122	4,360	4,360	0%	
51515 - Employee Travel	11,068	11,473	16,350	16,976	17,800	19,640	10%	
53101 - Employee Education/Seminars	3,919	12,935	19,600	1,160	21,850	26,000	19%	
53105 - Outside Service/ Contracting	1,322,568	1,452,705	1,287,120	1,477,000	1,336,031	1,600,000	20%	(b)
53241 - Temporary Personnel Services	49,886	55,735	20,820	—	21,507	21,507	0%	
53301 - Uncollectible Accounts	240,005	433,171	175,000	132,248	175,000	175,000	0%	
Total Customer Care	\$ 3,446,013	\$ 3,866,227	\$ 3,717,709	\$ 3,597,678	\$ 3,791,062	\$ 4,080,682	8%	

(1) Changes of more than 10% and \$20,000

(a) Increases in benefits reflect higher burden and benefit costs, including increased OPEB contributions.

(b) The increase in outside services/contracts primarily reflects higher miscellaneous and credit card processing fees required to support daily transactions.

**OPERATING EXPENSES — TRANSMISSION AND DISTRIBUTION
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 4,069,850	\$ 4,573,446	\$ 4,003,291	\$ 4,290,839	\$ 4,597,974	\$ 4,505,342	(2)%	(a)
Overtime	892,695	1,241,218	636,972	1,172,458	687,265	1,154,681	68%	(a)
Benefits	2,227,642	2,149,311	2,070,506	2,173,985	2,337,263	2,638,852	13%	
51505 - Employee Expense	14,884	38,962	25,000	26,071	26,000	31,000	19%	
51515 - Employee Travel	6,147	8,108	15,000	6,242	15,500	15,500	0%	
52085 - Small Tools, Materials and Supplies	257,897	300,149	386,330	298,133	387,711	390,000	1%	
53101 - Employee Education/Seminars	11,169	18,206	40,000	12,173	41,174	36,174	(12)%	
53105 - Outside Service/ Contracting	163,406	156,942	210,000	508,317	211,000	280,000	33%	(b)
53120 - M&R Surface Restoration	977,891	1,506,225	1,600,000	1,199,395	1,600,000	1,600,000	0%	
53122 - M&R - Mains	691,423	1,047,834	900,000	901,416	900,000	900,000	0%	
53123 - M&R City/County lay Projects	99,748	83,996	200,000	88,995	200,000	100,000	(50)%	
53124 - M&R - Hydrants	484,956	596,667	500,000	890,480	500,000	550,000	10%	
53126 - M&R Meters	432,400	1,075,753	410,000	574,532	425,000	540,000	27%	(c)
53135 - M&R - Mains & Services - Recycled Water	17,512	152,906	250,000	3,466	300,000	200,000	(33)%	
53136 - M&R - Valves	215,187	102,243	300,000	44,435	300,000	200,000	(33)%	
53137 - M&R - Control Valves	327,042	206,397	275,000	378,875	300,000	325,000	8%	(c)
53138 - M&R - Air Vac / Blow Offs	60,826	146,075	100,000	207,664	100,000	200,000	100%	
53139 - M&R - Warehouse & Yard	30,674	26,173	—	—	—	—	0%	
53229 - Hazardous Waste Disposal	50	—	—	—	—	—	0%	
53232 - Tools & Equipment Rental	80,273	5,578	50,000	58,871	50,000	60,000	20%	
53239 - Other - Misc Permits	94,550	47,878	125,000	155,743	125,000	150,000	20%	(d)
53241 - Temporary Personnel Services	29,181	—	30,615	—	30,615	30,615	0%	
54415 - Natural Gas	39,087	38,365	53,400	37,399	55,643	55,643	0%	
Total Transmission and Distribution	\$ 11,224,488	\$ 13,522,432	\$ 12,181,114	\$ 13,029,489	\$ 13,190,145	\$ 13,962,808	6%	

(1) Changes of more than 10% and \$20,000

(a) The reduction in salaries is due to the deferral of several positions, while Increases in salaries and benefits reflect adjusted overtime for after-hours repairs and maintenance, higher burden and benefit costs, budgeting for on-call staff, and increased OPEB contributions.

(b) The increase in outside services and contracting costs reflects higher expenditures for traffic control, welding, and landscaping services required to maintain safe, functional, and well-maintained operations.

(c) The increase in maintenance and repair costs for meters, control valves, and air/vac blow-offs reflects higher expenses for routine upkeep, replacements, and repairs to ensure accurate operation, prevent service disruptions, and maintain regulatory compliance.

(d) The increase in miscellaneous permit costs is due to required permits for cleaning and video inspection of the Santa Clara River sewer system, supporting regulatory compliance and effective infrastructure maintenance.

**OPERATING EXPENSES — PUMPING, WELLS AND STORAGE
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 2,623,799	\$ 3,030,236	\$ 2,931,552	\$ 2,878,258	\$ 3,105,731	\$ 3,105,731	0%	
Overtime	394,137	511,928	419,158	520,505	497,388	497,388	0%	
Benefits	1,345,478	1,385,192	1,412,395	1,453,988	1,475,138	1,605,257	9%	(a)
51505 - Employee Expense	2,276	3,137	7,490	3,500	8,014	5,000	(38)%	
51515 - Employee Travel	124	1,003	7,490	3,000	8,014	8,000	0%	
52085 - Small Tools, Materials and Supplies	75,956	101,037	125,000	130,000	130,000	130,000	0%	
53101 - Employee Education/Seminars	14,959	20,228	27,000	27,000	30,000	30,000	0%	
53105 - Outside Service/ Contracting	260,362	405,945	440,000	350,000	460,000	450,000	(2)%	
53121 - M&R - Storage - Potable Water	65,204	181,317	210,000	125,000	220,500	220,500	0%	
53127 - M&R - Wells and Structures	127,143	188,505	262,500	160,000	275,625	275,625	0%	
53128 - M&R - Pumping Stations & Structures - Potable Water	163,868	391,404	275,000	275,000	300,000	300,000	0%	
53129 - M&R - Sewer Lift Station & Structures	58,389	53,275	63,000	51,555	66,150	66,150	0%	
53130 - M&R - Equipment Water Treatment	91,190	119,466	150,000	150,000	160,000	160,000	0%	
53131 - M&R - Pumping Equipment & Structures - Recycled Water	16,282	71	31,500	1,000	33,075	20,000	(40)%	
53132 - M&R - Storage - Recycled Water	1,440	—	21,000	8,000	22,050	20,000	(9)%	
53133 - M&R - Groundwater PFAS Treatment	1,116,649	775,490	1,700,000	1,250,000	2,500,000	2,750,000	10%	(b)
53134 - M&R - Groundwater Perchlorate Treatment	530,435	453,049	2,400,000	1,460,000	4,100,000	3,000,000	(27)%	(c)
53141 - M&R - Groundwater VOC Treatment	—	—	50,000	—	100,000	50,000	(50)%	(c)
54401 - Electricity - Wells, Pump Stations, and Potable Water Facilities	8,266,959	9,949,052	9,659,599	9,659,599	10,127,617	10,127,617	0%	
54405 - Electricity - Sewer Lift Station	15,381	9,868	32,930	32,930	34,526	34,526	0%	
54407 - Electricity - Recycled Water Pump Stations & Facilities	62,744	90,494	120,745	120,745	126,595	126,595	0%	
Total Pumping Wells and Storage	\$ 15,232,775	\$ 17,670,697	\$ 20,346,358	\$ 18,660,080	\$ 23,780,422	\$ 22,982,389	(3)%	

(1) Changes of more than 10% and \$20,000

(a) Increases in benefits reflect higher burden and benefit costs, including increased OPEB contributions.

(b) The increase in PFAS treatment costs is due to higher operations and maintenance expenses, including resin replacements, prefilters, valving, and other key treatment components.

(c) Costs for M&R of Groundwater Perchlorate and VOC Treatment decreased due to postponed operational and maintenance expenses resulting from delays in bringing new treatment facilities online.

**OPERATING EXPENSES — WATER RESOURCES
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 3,065,891	\$ 3,559,326	\$ 4,311,707	\$ 4,063,815	\$ 4,699,745	\$ 4,590,429	(2)%	(1)
Overtime	10,344	13,941	17,213	11,381	12,244	17,469	43%	(a)
Benefits	1,233,829	1,272,578	1,446,399	1,591,063	1,589,631	1,822,471	15%	(a)
51505 - Employee Expense	18,366	19,407	68,315	30,070	72,896	34,285	(53)%	
51515 - Employee Travel	53,370	46,421	68,500	72,833	72,744	93,285	28%	
52010 - Supplies & Services	102,950	133,658	134,940	145,000	140,067	140,067	0%	
52030 - DD Landowner Expenditures	96,846	95,174	303,000	200,000	306,030	306,030	0%	
53101 - Employee Education/Seminars	30,045	23,961	54,570	51,150	56,442	54,069	(4)%	
53105 - Outside Service/ Contracting	32,697	92,611	119,370	119,370	123,906	123,906	0%	
53218 - Printing & Publications	15,878	6,576	15,570	15,000	16,162	16,162	0%	
53219 - BMP Implementation	1,754,667	776,072	2,000,000	1,400,000	2,140,000	2,140,000	0%	
53222 - Public Affairs & Partnerships	54,382	38,842	119,370	65,000	123,906	123,906	0%	
53223 - Public Outreach Consultants	63,269	17,181	103,800	55,000	107,744	107,744	0%	
53236 - Professional Services - Other	965,400	1,559,563	2,739,200	2,434,200	1,770,300	1,770,300	0%	
53241 - Temporary Personnel Services	6,393	—	62,460	—	64,521	64,521	0%	
53243 - Groundwater Sustainability Agency	274,144	374,004	930,000	775,000	710,000	773,000	9%	(b)
53244 - Website Online Presence	56,946	63,264	62,280	135,000	64,647	64,647	0%	
53245 - Campaigns & Messaging	186,589	115,896	103,800	103,800	107,744	107,744	0%	
54300 - DD Variable DWR Charges	26,439	21,978	25,000	21,209	25,000	25,000	0%	
56021 - Sub-Grantee Pass Through	422,532	—	\$ —	\$ —	\$ —	\$ —	0%	
Total Water Resources	\$ 8,470,323	\$ 8,230,455	\$ 12,685,494	\$ 11,288,891	\$ 12,203,728	\$ 12,375,035	1%	

(1) Changes of more than 10% and \$20,000

(a) Increases in salaries and benefits reflect adjusted overtime for growing community events, higher burden and benefit costs, and increased OPEB contributions.

(b) Slight increase in consultant services costs to support periodic evaluations.

**OPERATING EXPENSES — SOURCE OF SUPPLY
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over
54426 - Recycled Water Purchase	\$ 54,705	\$ 75,937	\$ 143,038	\$ 183,684	\$ 151,120	\$ 316,041	109%
55501 - Core Water Supplies	8,150,610	8,377,978	8,800,000	8,650,500	9,300,000	9,100,000	(2)%
55502 - Firming Programs	939,990	215,000	2,848,954	1,500,000	3,003,390	3,000,000	0%
Total Source of Supply	\$9,145,305	\$8,668,915	\$11,791,992	\$10,334,184	\$12,454,510	\$12,416,041	—%

(1) Changes of more than 10% and \$20,000

(a) The increase in Recycled Water purchases reflects updated projections for the volume of recycled water, along with a new agreement that includes a flat 10% adjustment to rates for the next five years.

**OPERATING EXPENSES — WATER QUALITY AND TREATMENT
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 4,767,579	\$ 5,269,463	\$ 5,379,898	\$ 5,670,374	\$ 5,958,255	\$ 6,066,795	2%	(a)
Overtime	402,086	466,756	424,937	407,717	451,268	475,809	5%	(a)
Benefits	2,534,279	2,382,044	2,567,890	2,706,345	2,799,319	3,182,568	14%	(a)
51505 - Employee Expense	26,643	32,643	45,807	40,420	46,564	55,339	19%	
51515 - Employee Travel	3,818	13,345	28,560	5,171	29,159	27,784	(5)%	
52005 - Safety Training & Expense	313,840	345,398	330,000	419,017	350,000	350,000	0%	
52006 - Emergency Preparedness	21,960	49,556	40,000	90,907	40,000	60,000	50%	(b)
52050 - Analytical Supplies	367,198	347,929	415,200	280,637	430,978	440,000	2%	
52085 - Small Tools, Materials and Supplies	92,923	106,612	124,900	89,134	129,884	120,900	(7)%	
52605 - Gases	4,663	7,809	5,190	10,272	5,387	10,000	86%	
52611 - Chemicals	1,695,615	1,875,454	3,250,000	2,035,133	3,500,000	3,500,000	0%	
53101 - Employee Education/Seminars	18,722	25,580	53,255	20,532	56,738	57,132	1%	
53105 - Outside Service/ Contracting	795,593	867,971	1,062,050	568,049	1,150,508	1,276,000	11%	(c)
53140 - M&R Treatment Plants and Intake Pump Stations	281,283	461,469	367,500	294,256	385,875	385,900	0%	
53212 - Licenses & Fees	—	270	—	—	—	—	0%	
53229 - Hazardous Waste Disposal	153,293	98,957	185,000	97,224	185,000	125,000	(32)%	(d)
53241 - Temporary Personnel Services	36,292	18,721	46,656	2,053	47,206	47,200	0%	
53246 - Regulatory Fees	527,739	599,237	620,000	597,362	620,000	480,000	(23)%	(e)
54402 - Electricity - Treatment Plant & Intake Pump Stations	2,011,274	2,657,245	2,136,000	2,288,949	2,225,712	2,226,000	0%	
Total Water Quality, Treatment and Maintenance	\$ 14,054,801	\$ 15,626,458	\$ 17,082,843	\$ 15,623,551	\$ 18,411,853	\$ 18,886,427	3%	

(1) Changes of more than 10% and \$20,000

(a) Increases in Salaries & benefits include additional staffing and reflect higher burden and benefit costs, including increased OPEB contributions.

(b) The increase in emergency preparedness costs is due to plans to purchase additional emergency radios and to update services associated with the emergency response plan, enhancing overall readiness and communication capabilities.

(c) Increase in outside services/contracting for RMP 5-year review, arc flash studies, LHMP update, and new Agilent / Metrohm service contracts.

(d) Reduction in hazardous waste disposal costs due to no large-scale waste removals planned.

(e) Reduction in regulatory fees due to cost savings from consolidating our water systems under a single DDW permit.

**OPERATING EXPENSES — ENGINEERING
ACTUAL, PROJECTED AND BUDGETED**

EXPENSE	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over	(1)
Salary	\$ 2,320,450	\$ 2,372,153	\$ 2,681,003	\$ 2,646,775	\$ 2,731,374	\$ 3,220,605	18%	(a)
Overtime	12,971	41,648	16,244	3,815	17,421	20,098	15%	(a)
Benefits	1,133,292	924,486	1,016,131	1,273,942	1,030,463	1,361,089	32%	(a)
51505 - Employee Expense	12,812	10,961	24,669	9,820	26,280	21,880	(17)%	
51515 - Employee Travel	27,550	30,921	57,854	42,015	61,510	64,690	5%	
52085 - Small Tools, Materials and Supplies	14,587	13,791	18,724	11,100	20,761	14,481	(30)%	
53101 - Employee Education/Seminars	31,295	41,984	54,905	30,581	58,014	97,514	68%	(b)
53105 - Outside Service/ Contracting	—	16,224	—	—	—	—	0%	
53226 - Engineering Consulting	1,418,687	1,271,061	1,000,000	700,000	1,000,000	968,000	(3)%	
53241 - Temporary Personnel Services	49,127	2,588	—	—	—	—	0%	
Total Engineering Services Expenses	\$ 5,020,769	\$ 4,725,816	\$ 4,869,530	\$ 4,718,049	\$ 4,945,824	\$ 5,768,357	17%	

(1) Changes of more than 10% and \$20,000

(a) Increases in salaries and benefits reflect adjustments to development-allocated salaries that will be recovered through development deposit fees, higher burden and benefit costs, and increased OPEB contributions.

(b) Shifting expenses to support increase number of staff attending American Water Works Association (AWWA) conference, dues and employees licenses test and schooling expenses

**OPERATING EXPENSES — SALARY AND BENEFITS
ACTUAL, PROJECTED AND BUDGETED**

DEPARTMENT	ACTUAL FY 2023/24	ACTUAL FY 2024/25	ADOPTED BUDGET FY 2025/26	PROJECTED 6/30/2026 FY 2025/26	ADOPTED BUDGET FY 2026/27	REVISED BUDGET FY 2026/27	% Change Over
Management							
Salary	\$ 578,263	\$ 604,147	\$ 627,081	\$ 616,962	\$ 633,194	\$ 632,778	(0.1)%
Overtime	1,831	1,446	4,265	1,547	4,616	4,181	(9.4)%
Burden & Benefits	422,918	383,946	394,900	414,162	430,760	472,477	9.7%
Finance, Administration and IT							
Salary	6,198,771	7,185,817	8,118,792	7,969,134	9,439,001	9,125,308	(3.3)%
Overtime	202,513	369,545	313,636	372,937	352,637	333,700	(5.4)%
Burden & Benefits	2,809,511	3,480,459	3,395,604	3,231,647	3,911,827	4,258,031	8.9%
Customer Care							
Salary	1,156,640	1,304,660	1,487,380	1,387,393	1,493,995	1,493,995	0.0%
Overtime	23,419	10,401	6,208	1,755	6,718	6,718	0.0%
Burden & Benefits	635,437	581,104	701,231	577,025	713,801	733,462	2.8%
Transmission and Distribution							
Salary	4,069,850	4,573,446	4,003,291	4,290,839	4,597,974	4,505,342	(2.0)%
Overtime	892,695	1,241,218	636,972	1,172,458	687,265	1,154,681	68.0%
Burden & Benefits	2,227,642	2,149,311	2,070,506	2,173,985	2,337,263	2,638,852	12.9%
Pumping Wells and Storage							
Salary	2,623,799	3,030,236	2,931,552	2,878,258	3,105,731	3,105,731	0.0%
Overtime	394,137	511,928	419,158	520,505	497,388	497,388	0.0%
Burden & Benefits	1,345,478	1,385,192	1,412,395	1,453,988	1,475,138	1,605,257	8.8%
Water Resources							
Salary	3,065,891	3,559,326	4,311,707	4,063,815	4,699,745	4,590,429	(2.3)%
Overtime	10,344	13,941	17,213	11,381	12,244	17,469	42.7%
Burden & Benefits	1,233,829	1,272,578	1,446,399	1,591,063	1,589,631	1,822,471	14.6%
Water Quality, Treatment & Maintenance							
Salary	4,767,579	5,269,463	5,379,898	5,670,374	5,958,255	6,066,795	1.8%
Overtime	402,086	466,756	424,937	407,717	451,268	475,809	5.4%
Burden & Benefits	2,534,279	2,382,044	2,567,890	2,706,345	2,799,319	3,182,568	13.7%
Engineering Services							
Salary	2,320,450	2,372,153	2,681,003	2,646,775	2,731,374	3,220,605	17.9%
Overtime	12,971	41,648	16,244	3,815	17,421	20,098	15.4%
Burden & Benefits	1,133,292	924,486	1,016,131	1,273,942	1,030,463	1,361,089	32.1%
Total							
Salary	24,781,242	27,899,249	29,540,703	29,523,549	32,659,268	32,740,983	0.3%
Overtime	1,939,996	2,656,883	1,838,633	2,492,115	2,029,556	2,510,044	23.7%
Burden & Benefits	12,342,388	12,559,120	13,005,057	13,422,158	14,288,202	16,074,207	12.5%
Total Personnel Costs	\$ 39,063,626	\$ 43,115,252	\$ 44,384,393	\$ 45,437,821	\$ 48,977,026	\$ 51,325,234	4.8%
Burden & Benefits as a % of Salary	46.19%	41.10%	41.61%	41.92%	41.07%	45.02%	

Notes:

- Increases in salaries and benefits reflect additional staff, the approved COLA for FY 2026/27, budgeting for on-call staff, and increased OPEB contributions. The higher OPEB costs are driven by updated actuarial assumptions to ensure adequate funding for long-term retiree health and benefit obligations.
- Source of Supply Department budget does not include salaries and benefits.
- Director benefits have been allocated to the Burden and Benefit section of the Management Department.

**PAYGO CAPITAL IMPROVEMENT PROJECTS
REVISED FY 2026/27 BUDGET**

Funding Source	Department	Project Type	Capital Improvement Projects	Revised Budget FY 2026/2027
Pay-go	Administration	Admin & Tech	Administrative CIP Funds	\$ 1,000,000
Pay-go	Administration	Admin & Tech	Fleet Mechanics Structure	710,750
Pay-go	Administration	Admin & Tech	Golden Triangle Remodel - Planning, Design and Permitting	5,200,000
Pay-go	Administration	Admin & Tech	Office Improvements - Various	1,550,000
Pay-go	Administration	General Facility Improvements & Replacements	Equipment and Vehicle Resilience Improvements	3,500,000
Pay-go	Technology	Admin & Tech	Technology Improvements and Replacements	3,132,000
Pay-go	Engineering	Booster Station/Turnout Improvements	Booster Station/Turnout Improvements	250,000
Pay-go	Engineering	Booster Station/Turnout Improvements	Friendly Valley Booster Station (Crossroads)	50,000
Pay-go	Engineering	General Facility Improvements & Replacements	Asset management	450,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Copper Hill Pipeline & PRV (VWC Zone IVA to Catala) (SCV Water Fair Share = 20%)	50,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	External Agency Mandates - Pipeline Relocations	1,000,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Foothill Feeder Service Connection Pipe Repair	55,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Friendly Valley Pipeline @ Via Princessa (Crossroads)	50,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Golden Valley Road Pipe Realignment	100,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	LARC Pipeline	1,000,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	New Mint Association Consolidation	1,550,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Rio Vista Water Treatment Plant Sewer Line	2,300,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Riverview Development (Cost Share, L=600'+/-)	500,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Castaic Zone 3C Residual Management System	300,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Castaic Zone 3C Tank (0.77 MG) (SCV Water Fair Share = 65%)	200,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Deane Tanks - One 1.5 MG Tank @ Sand Canyon Plaza	200,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Friendly Valley Tank (3.25 MG) @ Crossroads	100,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Pine Tank	150,000
Pay-go	Engineering	Tanks & Tank Facility Improvements	Tank Improvements	250,000
Pay-go	Engineering	Treatment Plant Improvements	Treatment Plant Improvements	250,000
Pay-go	Engineering	Wells & Well Facility Improvements	N Wells Drainage Improvements Project	625,000
Pay-go	Engineering	Wells & Well Facility Improvements	Well Improvements	250,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Castaic Zone 1 Bottleneck	250,000
Pay-go	Engineering	Pipelines & Pipeline Replacements	Pine Street Pipeline Replacement	75,000
Pay-go	TDOMS	Appurtenance Improvements	Appurtenance Rehabilitation Program	630,000
Pay-go	TDOMS	Booster Station/Turnout Improvements	Booster Station/Turnout Rehabilitation Program	1,470,000

**PAYGO CAPITAL IMPROVEMENT PROJECTS
REVISED FY 2026/27 BUDGET**

Funding Source	Department	Project Type	Capital Improvement Projects	Revised Budget FY 2026/2027
Pay-go	TDOMS	Disinfection System Improvements	Disinfection System Improvement Program	1,450,000
Pay-go	TDOMS	ESIPS Improvements	Earl Schmidt Intake Pump Station Improvements	390,000
Pay-go	TDOMS	General Facility Improvements & Replacements	ESFP Backup Generator	2,800,000
Pay-go	TDOMS	Laboratory Improvements	Laboratory Improvements & Replacements	620,000
Pay-go	TDOMS	Meter & Meter Infrastructure Improvements	Meter & Meter Infrastructure Improvements & Replacements	6,700,000
Pay-go	TDOMS	RVIPS Improvements	Rio Vista Intake Pump Station Improvements	460,447
Pay-go	TDOMS	RVTP Improvements	Rio Vista Treatment Plant Improvements	3,761,616
Pay-go	TDOMS	Tanks & Tank Facility Improvements	Tanks & Storage Facility Improvement Program	2,400,000
Pay-go	TDOMS	Technology Improvements	SCADA Improvements & Replacements	150,000
Pay-go	TDOMS	Wells & Well Facility Improvements	Wells & Well Facility Improvement Program	1,000,000
Pay-go	Water Resources	Capital Planning & Studies	BVRRB Storage and Recovery Program	3,450,000
Pay-go	Water Resources	Capital Planning & Studies	GW Model Refinement & Calibration	100,000
Pay-go	Water Resources	Capital Planning & Studies	New Water Banking Program (AVEK/Mid Valley/Rosedale)	1,000,000
Pay-go	Water Resources	Capital Planning & Studies	Resiliency Water Master Plan Implementation	860,000
Pay-go	Water Resources	Capital Planning & Studies	Sites Reservoir	500,000
Pay-go	Water Resources	Capital Planning & Studies	Yuba Accord Water	500,000
Pay-go	Water Resources	Recycled Water Improvements	Recycled Water Program Phase II, 2C - South End Customer Conversion	1,470,000
Pay-go	Water Resources	Recycled Water Improvements	Recycled Water Program Phase II, 2D - West Ranch Customer Conversion	875,000
Pay-go	Water Resources	Water Resources & Supply	Battery Energy Storage Project - SGIP	1,410,000
Pay-go	Water Resources	Water Resources & Supply	Devil's Den Property Solar Project	100,000
Pay-go	Water Resources	Water Resources & Supply	Solar Array Improvements and Replacements Program	155,000
Pay-go	Water Resources	Water Resources & Supply	Update Water Conservation and Education Garden	20,000
Pay-go	Water Resources	Water Resources & Supply	Water Demand Factor Software Development	82,500
Pay-go	Water Resources	Water Resources & Supply	WaterSMART Targets Software Development	110,000
Total Pay-Go Funded Capital Improvement Projects				\$ 57,562,313

DEBT-FUNDED CAPITAL IMPROVEMENT PROJECT TABLES
REVISED FY 2026/27 BUDGET

Funding Source	Department	Project Type	Capital Improvement Projects	Revised Budget FY 2026/2027
Debt	Engineering	Booster Station/Turnout Improvements	Newhall Zone 4 Pump Station Improvements	\$ 250,000
Debt	Engineering	Pipelines & Pipeline Replacements	Pipeline Relocation Program	1,000,000
Debt	Engineering	Pipelines & Pipeline Replacements	Sand Canyon Sewer Line Relocation	3,800,000
Debt	Engineering	Pipelines & Pipeline Replacements	Sierra Hwy Bridge Expansion Water Pipelines	2,000
Debt	Engineering	Pipelines & Pipeline Replacements	Tank # 3 Pipeline Replacement	275,000
Debt	Engineering	Pipelines & Pipeline Replacements	The Old Road Pipeline (McBean Pkwy to Pico Canyon Rd) Replacement	2,500,000
Debt	Engineering	Pipelines & Pipeline Replacements	Honby Pipeline Bottleneck	4,000,000
Debt	Engineering	Pipelines & Pipeline Replacements	Magic Mountain Parkway and The Old Road Recycled Waterline and Newhall Ranch Road (West of Avenue Tibbitts) Waterline Replacement Project	5,350,000
Debt	Engineering	Pipelines & Pipeline Replacements	Abdale Street, Smyth Drive, Maplebay Court and Beachgrove Court Water Line Improvements	400,000
Debt	Engineering	Pipelines & Pipeline Replacements	Bouquet Tank Pipeline Replacement	150,000
Debt	Engineering	Pipelines & Pipeline Replacements	Magic Mountain Pipeline Inspection Access Modifications	4,000,000
Debt	Engineering	Pipelines & Pipeline Replacements	Castaic Conduit	200,000
Debt	Engineering	Pipelines & Pipeline Replacements	Dockweiler-Sierra Hwy Pipeline	2,600,000
Debt	Engineering	Pipelines & Pipeline Replacements	Honby Parallel	170,000
Debt	Engineering	Recycled Water Improvements	Recycled Water Program Phase II, 2C - South End Backbone Reach 1	50,000
Debt	Engineering	Recycled Water Improvements	Recycled Water Pump Station PS-1 Upgrades	2,500,000
Debt	Engineering	RVTP Improvements	Rio Vista - Paving Rear Access Road	1,000,000
Debt	Engineering	Tanks & Tank Facility Improvements	Newhall Tank 4 (1.5 MG Tank)	50,000
Debt	Engineering	Tanks & Tank Facility Improvements	Peachland Tanks	810,000
Debt	Engineering	Tanks & Tank Facility Improvements	RIDGE ROUTE 1A	830,000
Debt	Engineering	Tanks & Tank Facility Improvements	Yucca Tank	970,000
Debt	Engineering	Tanks & Tank Facility Improvements	Backcountry (fka Magic Mountain) Pump Station	13,000,000
Debt	Engineering	Tanks & Tank Facility Improvements	Backcountry (fka Magic Mountain) Reservoir	27,000,000
Debt	Engineering	Tanks & Tank Facility Improvements	Keaton Tanks	650,000
Debt	Engineering	Tanks & Tank Facility Improvements	TriPointe Homes IE-SD inc. - Numbus Deane Tank 1 for Skyline Ranch	50,000
Debt	Engineering	Treatment Plant Improvements	Newhall (fka Saugus) Wells (N11, N12, N13) Groundwater Treatment Improvements	1,000,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	Discovery Park Well	500,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	E Wells (E-14, E-15, E-16, E-17)	2,600,000

DEBT-FUNDED CAPITAL IMPROVEMENT PROJECT TABLES
REVISED FY 2026/27 BUDGET

Funding Source	Department	Project Type	Capital Improvement Projects	Revised Budget FY 2026/2027
Debt	Engineering	Wellhead Treatment Improvements- PFAS	Pin Court Well	400,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	S Wells (S6, S7 and S8)	19,000,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	Sand Canyon, Lost Canyon 2/2A, Mitchell 5B Groundwater Treatment Improvements	1,200,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	Well 207 Groundwater Treatment Improvements - PFAS	3,350,000
Debt	Engineering	Wellhead Treatment Improvements- PFAS	Well W9 Groundwater Treatment Improvements - PFAS	1,500,000
Debt	Engineering	Wells & Well Facility Improvements	Saugus 3 & 4 Replacement Wells	5,000,000
Debt	Engineering	Wells & Well Facility Improvements	Saugus Dry Year Reliability Wells 5 & 6	600,000
Debt	Engineering	Wells & Well Facility Improvements	Wells V206, V207, Saugus 3, and Saugus 4 River Outfall Improvement	220,000
Debt	Engineering	Wells & Well Facility Improvements	Bouquet Canyon Well at Central Park	650,000
Debt	TDOMS	ESFP Improvements	Earl Schmidt Filtration Plant Improvements	3,500,000
Debt	TDOMS	Pipelines & Pipeline Improvements	Pipelines & Pipeline Rehabilitation Program	2,387,000
Debt	Water Resources	Capital Planning & Studies	Pinetree Recharge Facility Project – Planning and Design	1,100,000
Debt	Water Resources	Recycled Water Improvements	Recycled Water Program Phase II, 2B - Vista Cyn Customer Conversion	614,000
Total Debt Funder Capital Improvement Projects				\$115,228,000

FIVE-YEAR LONG-TERM FINANCIAL FORECAST — FY 2026/27 TO FY 2030/31

	Year 1 FY 2026/27 Budget	Year 2 FY 2027/28 Forecast	Year 3 FY 2028/29 Forecast	Year 4 FY 2029/30 Forecast	Year 5 FY 2030/31 Forecast
Water Demand Forecast (in acre-feet)	59,185	59,777	60,375	60,978	61,588
OPERATING REVENUES					
Water Sales	\$ 120,077,648	\$ 131,237,073	\$ 137,364,734	\$ 150,373,510	\$ 164,000,695
Water Sales - Wholesale	335,140	345,194	355,550	366,216	377,203
Water Sales - Recycled	896,762	1,063,807	1,250,249	1,461,586	1,593,128
Misc. Fees and Charges	1,251,055	1,276,076	1,301,598	1,327,630	1,354,182
Lab Revenues	23,934	24,173	24,415	24,659	24,906
Communication & Rental	612,454	624,703	637,197	649,941	662,940
Developer Project Fees	750,000	772,500	795,675	819,545	844,132
Property Tax 1%	37,872,820	39,031,728	40,226,099	41,457,018	42,725,603
Annexation Reimbursements	488,988	498,768	508,743	518,918	529,296
Interest Income	6,880,002	4,983,598	3,601,198	3,716,076	3,826,444
Perchlorate Reimbursements - O&M & CIP	1,800,000	1,836,000	1,872,720	1,910,174	1,948,378
Grant Reimbursements	8,314,036	3,847,894	3,000,000	3,000,000	3,000,000
Facility/Connection Fees	3,623,724	4,097,314	4,667,756	7,271,353	7,022,635
Total Operating Revenues	\$ 182,926,563	\$ 189,638,829	\$ 195,605,934	\$ 212,896,626	\$ 227,909,541
OPERATING EXPENSES					
Management	\$ 4,619,203	\$ 4,283,886	\$ 4,977,687	\$ 4,554,548	\$ 5,251,992
Finance, Administration & IT	29,010,118	31,170,645	33,653,606	35,704,722	37,293,140
Customer Care	4,080,682	4,209,970	4,341,887	4,471,056	4,604,182
Transmission & Distribution	13,962,808	15,160,241	15,740,028	16,342,304	16,970,007
Pumping Wells & Storage	22,982,389	28,153,997	29,602,113	30,793,281	37,705,842
Water Resources	12,375,035	12,703,329	13,190,854	13,689,006	14,043,005
Source of Supply	12,416,041	13,118,098	13,870,371	14,660,325	15,393,341
Water Quality, Treatment & Maintenance	18,886,427	19,656,909	20,393,907	21,513,076	22,265,476
Engineering Services	5,768,357	5,963,328	6,159,157	6,357,215	6,561,690
Debt Service**	38,048,711	38,602,286	39,195,386	39,183,003	39,163,217
Pension Liability Expense	2,484,336	2,566,319	2,651,008	2,738,491	2,828,861
Capital (PAYGO)	18,292,456	14,049,822	11,829,931	22,889,597	25,828,787
Total Operating Expenses	\$ 182,926,563	\$ 189,638,829	\$ 195,605,934	\$ 212,896,626	\$ 227,909,541
Debt Service Coverage	1.48	1.36	1.30	1.58	1.66
CIP Total Expenditures	\$ 166,856,500	\$ 135,885,468	\$ 62,032,468	\$ 44,747,468	\$ 51,774,120

*The annual debt service amount for the 2028 bond issuance and future bonds are estimates only, and will be updated once final pricing is concluded.

** Includes SBITA and CP Interest Expense

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