

I hereby certify that the following agenda was posted at least 24 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



DENNIS P. CAFFERTY, Secretary of the El Toro Water District and the Board of Directors thereof



A G E N D A

EL TORO WATER DISTRICT SPECIAL MEETING OF THE BOARD OF DIRECTORS BOARD BUDGET WORKSHOP

**April 9, 2026
1:00 p.m.**

**BOARDROOM, DISTRICT OFFICE
24251 LOS ALISOS BLVD., LAKE FOREST, CA 92630**

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:
<https://us02web.zoom.us/j/81026620839> (Meeting ID: 810 2662 0839).

Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

CALL MEETING TO ORDER – President Freshley

PLEDGE OF ALLEGIANCE – Director McClean

ROLL CALL (Determination of a Quorum)

ORAL COMMENT AND PUBLIC COMMUNICATIONS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda, until the Board discusses said item later in the meeting.

1. **Consider Board Member’s Request for Remote Participation (AB 2449)**

2. **REVIEW MINUTES OF THE MARCH 24, 2026 BUDGET COMMITTEE #3 MEETING.**

The Budget Committee will consider approving the March 24, 2026 Budget Committee #3 meeting minutes.

Recommended Action: The Budget Committee will consider approving the March 24, 2026 Budget Committee meeting #3 minutes.

3. **EL TORO WATER DISTRICT 2026-2027 BUDGET AND PROPOSED RATE INCREASES**

Staff and the Budget Committee will review and discuss the proposed 2026-2027 Fiscal Year Budget assumptions and associated fiscal implications, the 2026 Water and Recycled Water Rate Update Report, the Draft Proposition 218 Notice and the Schedule to Distribute and Conduct a Public Hearing on the proposed rate increases.

Recommended Action: Subject to Board input, Staff and the Budget Committee recommend that the Board of Directors approve and authorize the following:

- a. Approve the 2026-2027 Fiscal Year Operating & Capital Budget
- b. Approve the 2026-27 Water, Recycled Water and Wastewater Rate Study Report
- c. Approve and Authorize the distribution of the Proposition 218 Notice
- d. Authorize and schedule a Public Hearing on June 11, 2026 to consider taking action on the proposed rate increases.

ADJOURNMENT

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, CA 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Marisol Melendez at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Marisol Melendez.

MINUTES OF THE SPECIAL BUDGET COMMITTEE #3
MEETING OF THE
EL TORO WATER DISTRICT

March 24, 2026

Director Havens called the Special meeting of the Board Budget Committee of the EL TORO WATER DISTRICT to order at 2:30 p.m.

Committee Members KAY HAVENS and MIKE GASKINS were present.

Also present were DENNIS P. CAFFERTY, General Manager, and VISHAV SHARMA, CFO, HANNAH FORD, Director of Engineering, and MARISOL MELENDEZ, Recording Secretary.

ORAL COMMUNICATIONS - PUBLIC COMMENT

Director Havens stated that at this time members of the public may address the Board or they may reserve this opportunity with regard to an item on the agenda, until said item is discussed by the Board later in the meeting.

There was no public.

Review and Consider Approval of Minutes

The Committee approved the minutes of the March 5, 2026 Special Budget Committee #2 meeting.

El Toro Water District 2026/27 Budget

The committee and staff discussed the fiscal year 2026/27 Budget Guidelines and Cost of Service Implications.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:37 p.m. to Thursday, April 9, 2026 for the Special Board Budget Workshop.

Respectfully submitted,

Marisol Melendez
Recording Secretary

APPROVED:

KAY HAVENS, Chair of the
Budget Committee of
the El Toro Water District and
the Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and
the Board of Directors thereof



STAFF REPORT

To: Board of Directors

Meeting Date: April 9, 2026

**From: Dennis Cafferty, General Manager
Vishav Sharma, Chief Financial Officer**

Subject: Fiscal Year 2026/27 Budget

The proposed 2026-27 budget is being developed in response to a challenging economic landscape. While overall inflation is expected to remain stable, the costs of water, insurance, and services are anticipated to rise. The U.S. economy faces considerable uncertainty due to factors such as the ongoing war in Iran, tariff disputes, potential federal budget constraints, employment uncertainty, and the deportation of illegal immigrants in the near term. These inflationary pressures may directly impact the District's 2026-2027 budget.

The District remains committed to keeping rates as low as possible for customers but the price increases that are happening in the economy are a severe challenge for achieving this goal. In fiscal year 2023-24 the District published a three-year rate study and 218 Notice that identified a three-year rate plan to support its Operations and Maintenance and Capital budgets. After developing the 2026-27 draft budget and analyzing various scenarios, staff proposes a five-year rate study and 218 notice.

The Metropolitan Water District (Met) draft budget identifies a 9.5% rate increase on the purchase of treated imported water. Staff continue to propose that the cost of purchased water be passed on to the customers. The increase in the cost of water is so unpredictable from year to year that staff are proposing a pass-through approach in the 218 Notice that will allow the District to raise the potable water commodity rate as necessary to cover any unanticipated increased cost of purchased water without a further 218 Notice.

The following examples of cost increases and decreases identify certain of the key drivers in the 2026-27 budget:

- Investment Revenue expected to decrease by \$300,000 in the fiscal year 2026-27 due to lower interest rates.
- Purchased water expense is projected to increase \$976,226 or 9.2%;
- Contracted services expense is projected to increase \$367,507 or 5.38%;
- Total labor and benefits increase inclusive of base salaries, the performance-based merit pool, benefits and workers compensation premiums at \$444,658 or 3.99%.

- Retiree Health Insurance cost is projected to increase \$44,000 or 10.8%;

In contrast to these expenses, which are necessary for District operations, Staff has strived to limit increases in expenses that are to some extent controllable. Examples include:

- Electrical and chemical costs are relatively stable from budget to budget.
- Legal Services expenses remain stable in the 2026-2027 Budget;

Engineering Staff have been working on an Asset Management Plan for the District's infrastructure and the preliminary results from this plan indicate a significant need to invest in the District's capital equipment and infrastructure, especially at the Water Recycling Plant where certain components are nearly sixty years old. The District needs to continue preparing for this elevated level of capital investments in order to protect the reliability of the water, sewer and recycled water systems. At the beginning of the 2022-2023 fiscal year the District determined that a series of four 25% increases in capital revenue would be necessary to support the critical investments in the reliability of the District infrastructure. The 2026-2027 budget includes the fourth 25% increase in capital rates as planned.

After taking all of the factors discussed above into consideration, the proposed 2026-2027 Budget presented to the Committee proposes a rate increase that would increase the utility bill for a single-family residence by approximately 10.5% for the 2026-2027 fiscal year. The rate increase would be implemented on July 1, 2026 as discussed at various Finance & Insurance Committee meetings. The Board will need to consider the impact of higher rates on customers while understanding the factors that are driving the rate increases. The inflation in expenses and the need to invest in the capital equipment and infrastructure of the District are likely to be factors driving rate increases for the next several budget cycles.

Following the normal budget preparation process, staff and management evaluated current and projected expenses and revenue requirements to develop the initial 2026-2027 Draft Budget. Expenses and revenues are based on historical budget to actual experience, projected resource/asset investment requirements and certain underlying assumptions regarding internal and external factors. Internal factors include the District's operating strategy, implementation/operation of existing and new resources, planned capital replacement and restoration projects/programs and staff implications of succession planning/implementation and organizational changes. External factors include staff's best estimate of expenses that are generally out of the District's control, i.e. purchased water, energy, insurance, interest rates, SOCWA, regulatory mandates/fees and inflation.

Summary of 2026-2027 Fiscal Results Assuming Proposed Budget is Approved as Presented

- Unrestricted Commodity revenue increase to offset the increase in purchased water expense would equal \$855,500 or 7.9%.
- Total O&M revenue increases would equal \$789,400 or 4.9%:
 - Water enterprise - \$484,600
 - Sewer enterprise - \$255,500
 - Recycled Water enterprise - \$49,300.
- Fixed Meter Charge increases for Water and Recycled Water will equal approximately 10% in 2026-2027.
- The MWD Pass-Thru Water Supply component of each Tier increases by \$0.34/CCF representing approximately 9.5% of the Tier 1 rate.

- Flat Recycled Water Commodity rate increases by \$0.28/CCF or 7.8%.
- Wastewater Rate increase of approximately 3.1%.
- Property Tax Revenue increase of \$100,000 from \$1,300,000 to \$1,400,000. This change reflects the actual property tax revenue collection is anticipated to exceed budget in 2025-26.
- Debt Coverage Ratio will equal 238% in 2026-2027 (the 2022 Bonds requirement is 110%).
- The net impact of all rate changes included in the 2026-2027 Budget will increase a utility bill for a single-family residence by approximately 10.5%.

The District has resolved several significant challenges in the last couple of budget cycles but will need to overcome different challenges in the 2026-2027 Budget and future budgets. The proposed 2026-2027 Budget implements a rate increase strategy that will provide sufficient funding for operations, capital improvements, and the debt service for the 2022 Revenue Bonds. Staff looks forward to discussing the proposed 2026-2027 Budget with the Board and working together towards resolving future challenges.

Attachments

- Attachment 1 – Revenue and Expense Summary
- Attachment 2 – Expense Summary by Cost Center
- Attachment 3 – Analysis of Actual and Budgeted Expenses with Totals Greater than \$200,000
- Attachment 4 – Cash from Operations
- Attachment 5 – Purchased Water Cost Analysis
- Attachment 6 – Personnel Expense Analysis
- Attachment 7 – 2026-27 Medical Insurance Premium Analysis
- Attachment 8 – Analysis of Variable and Fixed Revenues and Expenses
- Attachment 9 – Debt Coverage Ratio
- Attachment 10 – Capital Improvement Plan
- Attachment 11 – Ten Year Projected Cash Flow (O&M)
- Attachment 12 – Ten Year Projected Cash Flow (Capital)
- Attachment 13 – Analysis of Projected Changes in Reserve Balances
- Attachment 14 – Proposed Water, Sewer and Recycled Water Rates
- Attachment 15 – Customer Sensitivity Analysis
- Attachment 16 – Proposition 218 Notice
- Attachment 17 – Rate Study
- Attachment 18 – Annual budget 2026-2027

Attachment 1 Revenues and Expense Summary

Attachment 1 is a comprehensive summary of all revenues and expenses for the District in the 2026-2027 fiscal year. The expense portion of the attachment has been organized into major expense categories that are standardized for the Springbrook Software. These categories include:

- Salaries
- Benefits
- Contracted/Purchased Services
- Commodities
- Professional Development
- Other Operating Expenses

Within each category, the total for each expense account across Funds and Cost Centers is presented. This information can be used to understand how the District is expending its resources to provide services to customers. Budget and actual revenue and expense totals are presented for fiscal years 2022-2023 through 2024-2025 and correspond to the audited financial statements. For Fiscal Year 2025-2026, the budget, July to June projected actuals are presented. The proposed Budget is presented for 2026-2027.

Attachment 1. Revenue and Expense Summary												
	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026		Projected	2026 - 2027		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		Actual	Budget	% Change
Revenues												
Commodity Supply Charges	11,305,000	9,336,693	11,989,100	9,582,145	12,336,195	12,814,269	13,340,716	6,723,683	6,400,000	13,123,683	14,796,976	10.92%
Service Provision Charges	13,346,700	13,312,692	14,490,200	14,494,752	15,020,423	14,862,800	15,993,872	6,676,614	9,347,260	16,023,874	16,861,782	5.43%
Capital Facilities Charges	3,262,200	3,152,552	4,093,900	4,205,219	5,009,153	5,043,025	6,276,980	2,603,099	3,644,338	6,247,437	7,807,207	24.38%
Charges for Services	123,000	5,498	125,000	188,692	125,000	146,507	125,000	-	125,000	125,000	140,000	12.00%
Other Operating Income	52,800	299,496	52,200	62,703	51,200	122,487	51,200	173,741	-	173,741	51,200	0.00%
Grants, Rebates, Reimbursements	356,700	303,748	371,000	137,918	275,825	398,878	275,825	234,989	50,000	284,989	297,000	7.68%
Property Taxes	1,120,000	1,184,149	1,155,000	1,246,919	1,320,800	1,308,541	1,300,000	541,667	758,333	1,300,000	1,400,000	7.69%
Investment Income	100,000	395,956	250,000	955,282	550,000	1,237,333	700,000	300,843	399,000	699,843	400,000	-42.86%
Other Non-operating Income	256,000	253,734	249,400	265,737	298,400	1,616,226	298,400	31,156	43,619	74,775	312,400	4.69%
Contributions	8,000	57,952	-	253,220	-	83,520	-	-	-	-	-	-
Revenues - Total	29,930,400	28,302,470	32,775,800	31,392,587	34,986,996	37,633,585	38,361,994	17,285,792	20,767,550	38,053,342	42,066,566	9.66%
Salary Expenses												
51100 · Director's Fees	131,400	138,408	131,400	111,909	131,400	118,610	144,616	67,693	72,944	140,636	144,616	0.00%
51200 · Exempt Salaries	1,262,330	1,393,220	1,407,000	1,603,914	1,423,980	1,652,297	1,583,800	762,186	785,372	1,547,558	1,669,300	5.40%
51210 · Non-Exempt Salaries	5,343,800	5,398,938	5,513,800	5,563,739	5,295,720	5,145,546	5,366,100	2,419,137	2,541,627	4,960,764	5,630,200	4.92%
51220 · Other Salary Pmnts (TOR, Vacation)	189,420	-	188,400	-	218,600	-	250,400	-	250,400	250,400	282,334	12.75%
51300 · Overtime	230,020	179,036	230,000	250,165	285,000	381,083	400,037	140,428	146,494	286,923	375,200	-6.21%
51310 · Overtime - On-Call	72,800	59,100	72,700	90,000	87,300	87,696	87,300	38,740	39,617	78,357	87,300	0.00%
51400 · Stipends & Allowances	74,900	35,950	74,800	60,081	104,997	56,373	107,780	26,740	40,703	67,443	116,200	7.81%
51500 · Employee Service Awards	5,160	3,650	5,000	3,250	-	2,850	-	3,900	3,900	7,800	-	-
Salary Expenses - Total	7,309,830	7,208,302	7,623,100	7,683,058	7,546,997	7,444,456	7,940,033	3,458,825	3,881,056	7,339,881	8,305,150	4.60%
Benefit Expenses												
52100 · Medical Insurance	1,131,490	1,043,848	1,138,900	1,085,476	1,133,800	1,130,876	1,215,016	555,057	639,278	1,194,335	1,231,300	1.34%
52110 · HSA Contributions	4,500	8,600	4,500	16,000	19,400	28,050	28,100	-	27,900	27,900	29,100	3.56%
52140 · Dental Insurance	60,980	55,869	60,300	72,810	85,400	95,466	98,200	45,868	56,615	102,483	97,200	-1.02%
52150 · Vision Insurance	13,320	12,095	13,100	15,163	12,600	12,994	12,300	6,231	6,917	13,148	12,300	0.00%
52200 · Life Insurance	36,600	33,593	36,600	5,141	39,500	39,858	41,300	17,149	19,645	36,793	41,869	1.38%
52210 · Disability Insurance	39,590	54,864	33,300	43,010	41,300	49,362	41,400	21,750	25,487	47,236	43,500	5.07%
52220 · Long Term Care Insurance	11,620	4,021	17,900	16,288	25,800	8,805	21,600	4,920	5,380	10,300	22,000	1.85%
52300 · Workers Compensation Insurance	128,900	139,662	129,100	116,797	162,198	144,601	167,800	64,398	68,373	132,771	149,400	-10.97%
52310 · State Unemployment Insurance	3,010	-	3,060	3,225	3,000	-	3,000	7,332	-	7,332	3,000	0.00%
53100 · 401K Retirement Contributions	594,290	632,990	622,600	680,698	667,600	671,560	701,800	311,710	329,245	640,956	734,600	4.67%
53110 · 401K Employer Match Contributions	-	379,844	235,900	403,998	263,300	453,700	275,800	207,481	223,382	430,863	289,400	4.93%
53200 · 457B Employer Match Contributions	456,200	114,167	235,900	127,327	263,300	75,873	275,800	38,371	55,629	94,001	289,400	4.93%
53300 · Medicare Insurance	100,600	99,554	104,800	105,285	105,500	104,740	111,059	47,294	50,734	98,028	116,200	4.63%
53310 · FICA	-	4,218	-	2,700	-	5,229	-	45,236	46,878	92,114	-	-
53320 · Capitalized Benefits	-	-	-	-	-	(51,704)	-	(39,751)	(39,751)	(79,501)	-	-
Total Benefit Expenses	2,581,100	2,583,327	2,635,960	2,693,916	2,822,698	2,769,407	2,993,175	1,333,046	1,515,712	2,848,758	3,059,269	2.21%
Commodity Purchased for Resale												
54100 · Water Purchases · MWDOC	4,024,200	4,847,081	4,228,600	3,314,918	4,503,475	2,478,376	4,992,965	1,813,387	2,538,741	4,352,128	5,196,177	4.07%
54110 · Water Purchases · MWDOC Fixed	667,000	609,220	784,200	781,982	940,169	892,998	1,026,274	419,437	587,212	1,006,648	1,441,348	40.44%
54120 · Water Purchases · AMP/SAC	9,000	(6,454)	-	31,094	33,725	30,357	41,832	12,981	18,174	31,155	92,554	121.25%
54130 · Regional Water Supply Expenses	-	6,960	8,000	5,385	8,000	6,108	-	5,060	7,084	12,144	-	-
54200 · Water Purchases · Baker	2,935,900	963,383	3,120,500	2,343,743	3,176,250	3,038,460	3,365,400	1,261,989	1,766,785	3,028,774	3,673,502	9.15%
54210 · Baker Plant O&M Costs	778,900	817,597	830,500	819,929	1,054,350	931,932	1,171,500	249,309	349,032	598,341	1,170,616	-0.08%
54300 · Water Purchases · Other Agencies	-	606,070	-	736,103	-	1,962,045	-	378,422	529,790	908,212	-	-
54400 · W/Purchases · MWDOC Meter Charge	125,000	116,224	125,000	128,481	140,500	128,637	145,000	72,250	101,149	173,399	152,600	5.24%
Commodity Purchased for Resale - Total	8,540,000	7,960,081	9,096,800	8,161,635	9,856,469	9,468,914	10,742,971	4,212,833	5,897,967	10,110,800	11,726,797	9.16%

	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026			2026 - 2027			
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Jul - Dec	Jan - Jun	Projected	Actual	Budget	% Change
								Actual	Projected				
Contracted/Purchased Services													
55100 · Consultants	70,000	98,127	61,500	54,732	116,939	216,688	155,190	35,371	90,181	155,190	150,000	-3.34%	
55110 · Engineering Services	52,000	29,374	48,000	564,017	40,000	11,726	40,390	40,620	868	40,390	59,000	46.08%	
55130 · Audit/Accounting Services	28,560	29,906	45,600	42,685	49,300	33,603	54,150	46,726	14,931	54,150	50,350	-7.02%	
55140 · Technology Services	60,000	75,793	60,000	65,482	32,000	42,517	36,000	10,481	20,839	36,000	52,000	44.44%	
55150 · SOCWA Contract	969,500	969,500	1,100,000	1,279,589	1,200,000	1,452,669	1,200,000	397,416	802,584	1,200,000	1,225,000	2.08%	
55160 · Contractors	224,690	96,671	271,500	275,228	312,800	330,101	280,300	133,326	162,341	280,300	396,250	41.37%	
55170 · Contracted Employees	-	88,422	-	44,251	9,000	-	10,000	5,954	4,500	10,000	12,000	20.00%	
55200 · Legal Services - General Counsel	110,000	83,776	90,000	90,385	90,000	99,291	100,000	45,628	43,377	100,000	100,000	0.00%	
55210 · Legal Services - Special Counsel	5,000	9,191	25,000	18,552	26,600	32,064	21,600	528	8,626	21,600	13,700	-36.57%	
55220 · Other Legal Services	-	12,242	-	7,979	-	13,163	1,000	-	520	1,000	9,000	800.00%	
55250 · Emp. Recruitment & Compliance Exp.	5,000	32,753	5,000	13,442	3,000	5,599	5,500	13,252	9,687	5,500	14,350	160.91%	
55260 · Employee Health & Wellness Expenses	17,000	28,378	6,000	30,220	-	18,128	3,800	6,140	5,518	3,800	1,000	-73.68%	
55270 · Employee Relations Expenses	2,000	30,763	1,960	9,075	2,400	10,772	10,000	2,462	3,421	10,000	10,000	0.00%	
55290 · Professional Services	-	28,603	-	1,817	-	3,056	-	-	-	-	-	-	
55300 · Landscaping Contracts	166,900	154,328	150,000	142,258	145,946	189,454	171,341	37,267	47,691	171,341	180,566	5.38%	
55310 · Janitorial Contracts	45,000	38,714	45,000	39,973	45,000	56,772	60,048	22,044	22,044	60,048	60,748	1.17%	
55400 · Equipment Rental	17,000	19,121	15,000	10,008	15,000	32,700	37,000	28,883	34,894	37,000	25,500	-31.08%	
55440 · Uniform Rental	20,000	14,612	15,000	15,755	16,700	19,427	16,800	4,206	6,252	16,800	16,782	-0.11%	
55500 · Laboratory	42,000	32,041	31,800	30,770	23,400	28,356	25,500	12,901	17,733	25,500	28,000	9.80%	
55510 · Disposal Services	34,000	104,511	59,000	109,351	59,000	112,022	91,500	43,278	57,195	91,500	92,200	0.77%	
55520 · Security Services	24,800	28,814	29,500	31,003	80,431	31,410	50,340	8,431	17,305	50,340	71,180	41.40%	
55530 · Insurance	344,000	358,565	378,000	367,025	441,722	422,840	452,500	206,234	202,679	452,500	495,700	9.55%	
55540 · Financial Service Fees	55,000	84,303	55,000	68,395	33,500	106,421	53,500	37,372	24,972	53,500	69,000	28.97%	
55570 · Printing & Reproduction	23,020	29,605	8,020	31,268	28,750	51,633	45,700	7,171	22,809	45,700	43,000	-5.91%	
55580 · Advertising & Publicity Services	11,000	1,200	8,100	1,883	8,800	4,026	9,020	2,053	7,951	9,020	7,200	-20.18%	
55590 · Postage	19,740	16,002	11,620	13,022	10,400	15,529	19,700	-	12,276	19,700	16,600	-15.74%	
55600 · Public Relations & Education Services	190,600	120,573	49,000	74,456	69,000	22,323	54,400	10,722	41,398	54,400	35,250	-35.20%	
55610 · Water Use Efficiency Services	-	-	100,000	12,832	72,000	26,263	45,000	32,836	23,400	45,000	60,600	34.67%	
55700 · Licenses & Permits	189,460	215,114	200,500	137,502	245,660	258,664	264,290	113,387	176,319	264,290	267,620	1.26%	
55760 · Software Licenses & Maintenance	217,930	246,589	240,900	209,421	322,125	273,978	327,470	133,929	196,032	327,470	360,450	10.07%	
55800 · Electrical Power	1,508,500	1,607,478	1,786,000	1,858,462	2,022,580	1,861,830	2,262,300	1,032,874	1,030,931	2,262,300	2,261,100	-0.05%	
55810 · Natural Gas	4,500	7,114	4,500	3,908	4,500	4,145	2,000	7,374	7,619	2,000	2,100	5.00%	
55820 · Cable	11,500	3,900	9,000	11,104	-	7,671	10,000	1,514	7,133	10,000	10,000	0.00%	
55830 · Telecommunications	20,000	26,126	20,000	31,902	10,000	30,811	25,000	9,893	12,749	25,000	50,000	100.00%	
55840 · Mobile Telecommunications	35,000	38,792	38,100	45,876	48,000	42,627	48,000	8,251	36,700	48,000	50,000	4.17%	
55850 · Data Access	65,000	58,819	60,000	61,745	60,000	71,552	65,000	13,462	52,421	65,000	65,000	0.00%	
55900 · Equipment Maintenance & Repair	100,800	193,160	139,000	199,074	175,550	281,657	195,900	82,073	149,503	195,900	234,200	19.55%	
55910 · Pump Maintenance & Repair	103,500	200,955	142,000	178,392	49,300	17,397	54,500	16,302	31,268	54,500	57,500	5.50%	
55920 · Motor Maintenance & Repair	81,500	46,786	91,000	50,942	120,400	137,282	132,500	35,837	105,995	132,500	130,150	-1.77%	
55940 · Electric Controller Maint. & Repair	136,400	86,366	157,000	125,990	110,000	110,955	143,000	22,837	78,433	143,000	116,850	-18.29%	
55950 · Meter Maintenance & Repair	14,800	49,215	30,900	33,925	39,600	37,220	38,000	7,563	27,563	38,000	55,300	45.53%	
55970 · Structure Maintenance & Repair	23,000	166,091	22,000	156,022	34,300	48,138	41,600	20,608	14,517	41,600	55,100	32.45%	
55980 · Asphalt Maintenance & Repair	58,600	137,057	110,600	151,705	176,400	143,920	172,000	26,573	147,000	172,000	189,000	9.88%	
Other Misc Cost (Old Account)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Contracted/Purchased Services	5,107,300	5,699,448	5,721,100	6,701,423	6,350,103	6,716,398	6,831,839	2,723,777	3,780,177	6,831,839	7,199,346	5.38%	

	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026			2026 - 2027			
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Jul - Dec	Jan - Jun	Projected	Actual	Budget	% Change
								Actual	Projected				
Commodities													
56100 · Repair Parts & Materials	389,500	334,320	437,810	443,458	466,400	344,324	472,700	136,347	302,840	439,187	500,550	5.89%	
56200 · Tools & Small Equipment	66,700	81,840	78,510	49,839	89,145	64,644	81,100	11,892	55,658	67,551	81,900	0.99%	
56210 · Safety Equipment	38,000	23,727	25,010	13,651	22,600	17,631	26,700	9,733	13,855	23,588	30,475	14.14%	
56220 · Employee Tools & Safety Equipment	23,500	16,660	23,800	25,631	23,200	28,797	19,400	5,820	7,354	13,174	21,000	8.25%	
56250 · Laboratory Tools & Small Equipment	-	2,663	6,000	38,491	20,000	12,952	20,000	-	15,000	15,000	20,000	0.00%	
56270 · Technology Tools & Small Equipment	35,000	35,142	46,000	17,838	8,000	43,943	40,000	15,891	23,443	39,335	40,000	0.00%	
56300 · Chemicals	259,200	252,131	322,000	385,312	314,200	433,018	375,200	141,842	170,920	312,761	351,000	-6.45%	
56310 · Laboratory Chemicals	-	14,266	53,000	28,306	41,000	33,431	41,000	11,842	29,671	41,513	36,000	-12.20%	
56350 · Gasoline & Oil	160,000	200,851	140,000	164,573	140,000	127,848	140,000	52,522	89,000	141,522	140,000	0.00%	
56400 · Operating Supplies & Accessories	49,510	86,226	34,760	64,642	73,450	34,528	35,200	32,744	5,575	38,319	37,650	6.96%	
56450 · Office Supplies & Accessories	23,910	15,268	21,170	18,690	30,700	12,924	24,700	5,169	14,664	19,833	21,520	-12.87%	
56460 · Technology Supplies & Accessories	31,000	42,874	36,500	32,022	32,000	22,991	30,000	5,726	27,312	33,038	30,000	0.00%	
56470 · Laboratory Supplies & Accessories	-	4,489	22,000	16,378	20,500	16,930	20,500	3,831	10,998	14,829	19,500	-4.88%	
56480 · Meetings/Events Supplies & Food	27,000	35,066	46,540	35,069	36,500	27,899	48,300	11,294	34,936	46,230	35,800	-25.88%	
56490 · Water Use Efficiency Supplies	15,000	-	18,000	638	15,000	14,656	15,000	3,768	10,450	14,218	20,000	33.33%	
Total Commodities	1,118,320	1,145,522	1,311,100	1,334,538	1,332,695	1,236,515	1,389,800	448,422	811,676	1,260,098	1,385,395	-0.32%	
Professional Development													
57100 · Education & Training	46,940	47,025	43,550	75,027	79,390	74,796	95,880	13,570	62,036	75,606	61,805	-35.54%	
57110 · Licenses & Certifications	-	863	7,200	1,161	3,560	178	3,741	180	609	789	1,500	-59.90%	
57120 · Dues & Memberships	105,230	104,056	101,400	97,455	125,650	953	125,900	72,220	71,195	143,415	126,025	0.10%	
57200 · Meetings & Conferences	39,600	12,106	36,700	10,712	27,900	105,189	38,100	4,892	21,274	26,166	33,270	-12.68%	
57300 · Meetings & Conferences						9,896							
57310 · Meetings & Conferences - Directors	9,000	11,857	9,000	15,881	11,000	18,750	13,500	9,049	8,429	17,478	18,000	33.33%	
57400 · Travel Reimbursement	30,840	23,017	40,250	23,481	39,400	23,880	36,900	9,848	20,824	30,672	32,900	-10.84%	
57410 · Travel Reimbursement - Directors	35,000	17,242	35,000	15,790	35,000	20,580	35,000	8,667	14,700	23,368	35,000	0.00%	
57500 · Publications & Subscriptions	3,020	119	2,000	2,164	2,550	4,814	3,200	1,372	2,137	3,509	5,773	80.41%	
Total Professional Development	269,630	216,285	275,100	241,671	324,450	259,036	352,221	119,799	201,204	321,004	314,273	-10.77%	
Miscellaneous													
58100 · Employee Appreciation Expenses	4,000	439	5,000	283	2,000	10,655	500	-	410	410	-	-100.00%	
58110 · Event Related Expenses	10,960		8,000	10,719	3,000	-	1,500	3,601	672	4,273	11,000	633.33%	
58200 · Election Expense	35,000	-	-	-	40,000	-	20,000	-	20,000	20,000	20,000	0.00%	
58300 · Property Taxes	10,000	2,617	10,000	2,499	5,000	2,510	3,000	2,509	1,654	4,163	3,000	0.00%	
58400 · NSF's & Uncollectible Accounts	20,400	25,000	17,000	(717)	19,500	(247)	19,500	(227)	17,940	17,713	20,000	2.56%	
58420 · Refund Overcharges	-	12,626	18,000	6,235	100	-	100	-	92	92	200	100.00%	
58510 · Damage/Repair Reimbursements	2,040	1,400	2,800	-	3,200	-	3,200	-	1,840	1,840	1,500	-53.13%	
58600 · Misc Exp - Cell tower											1,000	-	
Total Miscellaneous Expenses	82,400	42,083	60,800	19,019	72,800	12,917	47,800	5,883	42,608	48,491	56,700	18.62%	

	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026			2026 - 2027		% Change
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Jul - Dec Actual	Jan - Jun Projected	Projected Actual	Budget	
Other Operating Expenses												
53400 · Retiree Medical Insurance	320,000	263,362	300,000	275,197	350,000	349,496	407,000	162,000	174,000	336,000	451,000	10.81%
53450 · Compensated Absences		101,746	-	79,273	-	111,429	-	-	-	-	-	-
53500 · OPEB Charge	-	260,660	-	(202,867)	-	(264,492)	-	-	-	-	-	-
58600 · Misc Expense				6,846	-	(186)	14,400	-	-	-	-	-100.00%
58710-58840 · Depreciation Expense	4,362,100	4,419,562	4,900,000	5,131,989	4,900,000	5,097,365	5,140,000	2,500,224	2,525,000	5,025,224	5,244,000	2.02%
58700 · Amortization Expense	6,900	6,846	6,900	6,338	6,900	6,846	-	3,169	3,169	6,338	6,900	-
58900 · Interest Expense	2,704,700	1,723,651	2,203,700	1,618,994	2,107,805	2,087,499	2,006,336	1,003,168	1,003,168	2,006,336	1,915,000	-4.55%
Interest Income (Capital)				(313,939)		-						
Amortization of premium		-		-		(532,552)						
Non Capitalizable capital expenditure		1,251,108		461,218		404,168			262,000	262,000		
Loss on sale/retirmt of asset				1,489,216								
58990 · Bond Issuance/Adm	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Operating Expenses	7,393,700	8,026,935	7,410,600	8,552,265	7,364,705	7,259,573	7,567,736	3,668,561	3,967,337	7,635,898	7,616,900	0.65%
Total Expenses	32,402,280	32,881,983	34,134,560	35,387,525	35,670,917	35,167,216	37,865,574	15,971,146	20,097,738	36,396,770	39,663,830	4.75%
Net Revenues	(2,471,880)	(4,579,513)	(1,358,760)	(3,994,938)	(683,921)	2,466,368	496,420	1,314,645	669,812	1,656,572	2,402,736	
Cash Generated by Operational Activities						35,167,216	-					
Revenue from Operating Activities ⁽¹⁾	26,684,200	25,149,918	28,681,900	32,553,098	29,977,843	32,590,560	32,085,014	14,682,693	17,123,212	31,805,905	34,259,359	6.78%
Expenses from Operating Activities ⁽²⁾	25,328,580	26,731,925	27,023,960	27,134,141	28,656,212	27,975,692	30,719,238	12,464,585	16,566,401	29,358,872	32,497,930	5.79%
Recycled water Revenue used for Debt Service					431,135	-	558,107			957,976	1,060,220	
Less Restricted Revenues					826,917	717,311	623,539			677,143	700,297	
Cash Generated from Operations	1,355,620	(1,582,006)	1,657,940	5,418,957	63,579	4,614,868	184,129	2,218,108	556,811	811,914	912	
Notes												
(1) Excludes Capital Replacement & Refurbishment Charge from Tiered Rates Restricted Revenue.												
(2) Excludes non-cash expenses (Depreciations, Amortization, OPEB Charge) and Interest Expense												

Attachment 2

Expense Totals by Cost Center

The second attachment provides a summary of the expenses consolidated into the operating cost centers. Attachment 2 provides an overview of the expenses by cost centers from 2022-2023 to 2026-2027.

Attachment 2. Expense Totals by Cost Center												
	2022 - 2023		2023 - 2024		2024 - 2025		Budget	2025 - 2026		Projected Actual	2026 - 2027	
	Budget	Actual	Budget	Actual	Budget	Actual		Jul - Dec Actual	Jan - Jun Projected		Budget	% Change
Expense Budget by Cost Center												
General & Administrative												
Administration (500)	1,231,360	1,259,483	1,169,180	1,185,055	1,294,400	1,185,055	1,292,531	568,796	688,594	1,257,390	1,344,866	4.05%
Finance & Risk Management (510)	1,267,070	1,343,716	1,322,700	1,264,054	1,420,217	1,264,054	1,492,642	739,580	752,708	1,492,288	1,569,853	5.17%
Human Resources (520)	460,970	583,068	470,180	538,547	512,110	538,547	553,600	239,501	300,423	539,924	550,250	-0.61%
Technology Services (530)	717,180	780,198	767,300	740,067	869,275	740,067	889,820	342,796	544,966	887,762	995,950	11.93%
Public Relations & Conservation (540)	566,200	473,720	542,300	471,794	590,950	471,794	611,350	258,911	396,059	654,970	653,953	6.97%
Customer Service (550)	844,400	919,040	990,400	966,391	1,042,700	966,391	1,087,300	483,706	595,869	1,079,576	1,188,800	9.34%
General & Administrative - Total	5,087,180	5,359,225	5,262,060	5,165,908	5,729,652	5,165,908	5,927,243	2,633,291	3,278,620	5,911,910	6,303,672	6.35%
Operations & Maintenance												
Engineering & Compliance (600)	943,000	826,611	980,000	874,234	503,379	874,234	539,961	445,001	347,614	792,615	563,725	4.40%
Operations Support (610)	915,600	947,692	893,500	1,044,985	970,413	1,044,985	1,119,663	500,007	480,698	980,705	1,193,726	6.61%
Fleet Services (620)	466,700	568,701	505,000	568,337	575,505	568,337	602,460	221,639	361,246	582,886	596,750	-0.95%
Water Purchase (630)	9,016,500	8,435,482	9,586,200	8,732,579	9,856,469	8,732,579	10,742,971	4,212,833	5,897,967	10,110,800	11,726,797	9.16%
Water Storage (635)	-	-	-	-	585,929	-	612,325	-	-	-	674,000	10.07%
Water Pumping Operations (640)	608,000	707,517	766,400	795,637	823,180	795,637	864,240	361,139	430,124	791,263	911,035	5.41%
Water Transmission & Distribution (650)	1,541,200	1,677,077	1,496,500	1,552,285	1,763,875	1,552,285	1,882,875	710,822	1,048,088	1,758,910	1,974,120	4.85%
Wastewater Pumping Operations (640)	934,900	897,987	1,017,300	1,036,002	1,066,100	1,036,002	1,146,660	476,305	597,768	1,074,073	1,190,550	3.83%
Wastewater Collections (660)	1,058,500	1,021,523	1,178,700	1,016,762	1,054,000	1,016,762	1,174,350	399,274	611,934	1,011,208	1,219,500	3.84%
Wastewater Treatment (670)	3,314,200	3,322,987	3,771,900	4,241,523	3,979,811	4,241,523	4,249,363	1,691,247	2,324,501	4,015,748	4,277,927	0.67%
Outside Treatment/cap less than 25K	-	-	-	-	-	-	-	-	-	-	-	-
Recycled Transmission & Distribution (650)	243,700	269,510	250,800	246,499	380,400	246,499	337,900	134,092	167,356	301,448	355,700	5.27%
Recycled Tertiary Treatment (680)	879,100	862,646	1,015,600	1,043,703	1,017,499	1,043,703	1,112,228	512,963	577,343	1,090,306	1,059,428	-4.75%
Operations & Maintenance - Total	19,921,400	19,537,733	21,461,900	21,152,546	22,576,560	21,152,546	24,384,995	9,665,322	12,844,640	22,509,962	25,743,258	5.57%
Other Operating Expenses (700 to 910)	320,000	1,841,813	300,000	822,025	350,000	(71,813)	407,000	162,000	174,000	297,533	451,000	10.81%
Depreciation & Amortization	4,369,000	4,419,562	4,906,900	5,138,835	4,906,900	5,104,211	5,140,000	2,503,393	2,528,169	5,031,562	5,250,900	2.16%
Interest Expense	2,704,700	1,723,651	2,203,700	1,618,994	2,107,805	2,087,499	2,006,336	1,003,168	1,003,168	2,006,336	1,915,000	-4.55%
Total Expenses	32,402,280	32,881,984	34,134,560	33,898,309	35,670,917	33,438,350	37,865,574	15,967,173	19,828,597	35,757,303	39,663,830	4.75%

Attachment 3

Expense Accounts with Totals Greater than \$200,000

The third attachment provides an overview of all operating expense categories greater than \$200,000 in the 2026-2027 budget. This analysis covers over 91% of the total budget.

**Attachment 3. Expense Categories with Totals Greater than \$200,000
2026-2027**

	2022-2023 Actual	2023-2024 Actual	2024-2025 Actual	2025-2026 Budget	2026-2027 Budget	Delta	% Change	% of Total 2026-27 Cash Outlays
Operations & Maintenance Expenses								
Personnel	9,791,630	10,376,974	10,213,863	10,933,208	11,364,419	431,211	3.94%	34.97%
Purchased water	7,960,081	8,161,635	9,468,914	10,742,971	11,726,797	983,827	9.16%	36.09%
Electrical Power	1,607,478	1,858,462	1,861,830	2,262,300	2,262,300	-	0.00%	6.96%
SOCWA/MNWD RTP O&M Contract	969,500	1,279,589	1,452,669	1,200,000	1,225,000	25,000	2.08%	3.77%
Repair Parts & Materials	334,320	443,458	344,324	472,700	500,550	27,850	5.89%	1.54%
Insurance	358,565	367,025	422,840	452,500	495,700	43,200	9.55%	1.53%
Chemicals & Laboratory Chemicals	266,397	413,618	466,449	416,200	387,000	(29,200)	-7.02%	1.19%
Retiree Health Insurance	263,362	275,197	349,496	407,000	451,000	44,000	10.81%	1.39%
Professional Development	216,285	241,671	259,036	352,221	314,273	(37,948)	-10.77%	0.97%
Contractors	96,671	275,228	330,101	280,300	396,250	115,950	41.37%	1.22%
Software Licenses & Maintenance	246,589	209,421	273,978	327,470	360,450	32,980	10.07%	1.11%
Licenses & Permits	215,114	137,502	258,664	264,290	267,620	3,330	1.26%	0.82%
All Other Operating Expenses	3,002,588	3,611,168	3,070,573	2,593,679	2,745,371	151,692	5.85%	8.45%
Total O&M Expenses	25,328,580	27,650,947	28,772,736	30,704,838	32,496,730	1,791,892	5.84%	100.00%

*Excludes Interest, Depreciation, Amortization, and OPEB Charges

Attachment 4 Cash from Operations

The fourth attachment provides an overview of the net cash generated by the proposed budgeted operating revenues less budgeted operating expenses. Depreciation and Amortization, OPEB, and interest expense costs have been backed out to show only the result of operating activities.

Attachment 4 - Cash From Operations

	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026		2026 - 2027		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected Actual	Budget	% Change	
	Cash Generated by Operational Activities										
Total Revenue	29,930,400	28,302,470	32,775,800	31,392,587	34,986,996	37,633,585	38,361,994	38,053,342	-	42,066,566	
Less Capital Revenues	(3,262,200)	(3,152,552)	(4,093,900)	(4,205,219)	(5,009,153)	(5,043,025)	(6,276,980)	(6,247,437)	-	(7,807,207)	
Less Restricted Revenues	(726,900)	(567,170)	(626,900)	(456,904)	(611,389)	(717,311)	(623,539)	(677,143)	-	(700,297)	
Revenue from Operating Activities(1)	25,941,300	24,582,749	28,055,000	26,730,464	29,366,455	31,873,249	31,461,474	31,128,762	-	33,559,062	
Total Expenses	32,402,280	32,881,983	34,134,560	33,898,309	35,670,917	35,167,216	37,865,574	36,396,770	-	39,663,830	
Less Depreciation and Amortization	(4,369,000)	(4,426,408)	(4,906,900)	(5,138,835)	(4,906,900)	(5,104,211)	(5,140,000)	(5,031,562)	-	(5,250,900)	
Less Interest Expense	(2,704,700)	(1,723,651)	(2,203,700)	(1,618,994)	(2,107,805)	(2,087,499)	(2,006,336)	(2,006,336)	-	(1,915,000)	
Less OPEB Charges	-	(260,660)	-	202,867	-	264,492	-	-	-	-	
Recycled water Revenue used for Debt Service	-	-	-	-	431,135	-	558,107	957,976	-	1,060,220	
Expenses from Operating Activities(2)	25,328,580	26,471,265	27,023,960	27,343,346	29,087,347	28,239,998	31,277,345	30,316,848	-	33,558,150	
Cash Generated from Operations	612,720	(1,888,516)	1,031,040	(612,882)	279,108	3,633,251	184,129	811,914	-	912	-
Notes											
(1) Excludes Capital Replacement & Refurbishment Charge from Tiered Rates Restricted Revenue.											
(2) Excludes non-cash expenses (Depreciations, Amortization, OPEB Charge) and Interest Expense											

Attachment 5 Purchased Water Cost Analysis

The purchased water budget is based on the following assumptions regarding purchases and sales of potable water:

- Potable Water Sales 6,650 AF
- Potable Water Purchases 7,000 AF

Potable Water Purchase Sources

- 3,450 AF Met (49.29% of total purchases)
- 3,550 AF Baker WTP (50.71% of total purchases)

After factoring in the cost increases from MWD, the Purchased Water Budget is projected to increase by 9.2% in 2026-2027, from \$10,597,971 to \$11,574,197. The attached purchased water worksheets incorporate the assumptions discussed above and identify the need for an average commodity rate increase of \$0.34 per billing unit (hundred cubic feet) to generate sufficient commodity rate revenue to support the purchased water expense.

The original draft Metropolitan Water District (MWD) budget identified rate increases in the next two years of 9.5%. MWD is continuing their budget process. Staff is prepared to modify the budget and rates as the MWD budget evolves. Should MWD provide updated budget information in time, staff will present it to the Board at the Board Budget Workshop.

**EL TORO WATER DISTRICT
2026/27 PURCHASED WATER BUDGET**

	2025/26 Budget		2025/26 Projected Actual		2026/27 Budget	
	Jul 2025	Jan 2026	Jul 2025	Jan 2026	Jul 2026	Jan 2027
Total Period Demand (AF)	3,870	3,130	3,529	2,900	3,870	3,130
Total Annual Demand (AF)		7,000		6,429		7,000
MWD Period Demand (AF)	2,095	1,355	2,046	1,141	2,082	1,371
MWD Annual Demand (AF)		3,450		3,187		3,453
MWD Untreated Commodity Rates						
System Access Rate	463.00	492.00	463.00	492.00	492.00	493.00
System Power Rate	159.00	179.00	159.00	179.00	179.00	155.00
MWD Tier 1 Rate	290.00	313.00	290.00	313.00	313.00	440.00
Subtotal Untreated Full Service	912.00	984.00	912.00	984.00	984.00	1,088.00
Treatment Surcharge	483.00	544.00	483.00	544.00	544.00	382.00
Total Treated Full Service Rate	1,395.00	1,528.00	1,395.00	1,528.00	1,528.00	1,470.00
Total Treated Full Service Annual Cost	2,922,525	2,070,440	2,853,947	1,743,403	3,180,838	2,015,340
MWD Fixed Charges						
Capacity Reservation Charge	91,404	101,951	86,970	97,005	97,005	101,019
Readiness To Serve Charge	407,731	425,188	411,910	427,840	424,747	582,478
Treatment Peaking Capacity Charge						78,081
Treatment Used Standby Capacity Charge						27,783
Treatment Remaining Standby Capacity Charge						130,234
Total MWD Fixed Charges		1,026,274		1,023,726		1,441,348
Total MWD Cost		6,019,239		5,621,075		6,637,525
Total MWD Unit Cost (\$/AF)		1,745		1,764		1,922
Baker Water Treatment Plant						
Period Demand MWDOC (AF)	1,775	1,775	1,483	1,759	1,788	1,759
Period Demand Irvine Lake (AF)						
Annual Demand (AF)		3,550		3,242		3,547
Baker Raw Water Cost	1,618,800	1,746,600	1,352,222	1,730,876	1,759,687	1,913,814
Baker O&M Unit Cost (per AF)	330	330	320	320	330	330
Baker O&M Annual Cost	585,750	585,750	474,464	562,887	590,139	580,477
Total Period Baker Water Treatment Plant Cost	2,204,550	2,332,350	1,826,686	2,293,763	2,349,826	2,494,291
Total Annual Baker Water Treatment Plant Cost		4,536,900		4,120,449		4,844,117
Baker Water Treatment Plant Unit Cost(\$/AF)		1,278		1,271		1,366
Regional Pipeline Operations & Maintenance						
SCP Surcharge	8.38	8.38	8.14	8.14	8.38	8.38
SAC Surcharge	1.15	1.15	1.18	1.18	1.22	1.22
SCWD/JRWSS Operations & Maintenance		8,000		8,000		8,500
EOCF #2 O&M Charge						50,000
Total Regional Pipeline Operations & Maintenance	16,916	24,916	13,819	24,394	17,168	75,387
Total Purchased Water Cost						
MWD Treated Water Cost		6,019,239		5,621,075		6,637,525
Baker Raw Water Cost		3,365,400		3,083,099		3,673,502
Baker O&M Cost		1,171,500		1,037,351		1,170,616
Regional Pipeline O&M Cost		41,832		38,213		92,554
Total Purchased Water Cost		10,597,971		9,779,737		11,574,197
Percent Increase Budget to Budget per Unit						9.21%
Overall Imported Water Effective Rate						
Fiscal Year Cost per Acre Foot Purchased		1,514		1,521		1,653
Fiscal Year Cost per CCF Purchased		3.4757		3.49		3.80
Fiscal Year Rate per CCF Sold		3.66		3.66		4.00

**EL TORO WATER DISTRICT
2026/27 PURCHASED WATER BUDGET**

BUDGET CHANGE & RATE IMPACT BREAKDOWN

Description	Budget	Budget Impact	Rate Impact
25/26 Purchased Water Budget - Total Cost	\$10,597,971		
Period Demand Assumption Change		(\$4,628)	(\$0.00)
MWD Untreated Pass Through Rate Increase		\$783,135	\$0.27
MWD Treated Pass Through Increase		\$145,727	\$0.05
Baker O&M Cost Increase		\$0	\$0.00
Pipeline O&M Costs		\$50,750	\$0.02
26/27 Purchased Water Budget - Total Cost	\$11,572,956	\$974,985	\$0.34

Cost Increase Description		Cost Impact
Period Demand Assumption Change		(\$4,628)
MWD Pass Through Rate Increase		\$783,135
MWD Treated Pass Through Increase		\$145,727
Baker O&M Cost Increase		\$0
Pipeline O&M Costs		\$50,750
Total Purchased Water Cost Increase		\$974,985

Revenue Increase		
Commodity Rate Increase	\$0.34 per ccf	
Budgeted Sales Volume	6,650 AF	
Revenue Increase		\$984,892

Attachment 6

Personnel Expense Analysis

The typical personnel budgeting process includes the development of a merit pool consisting of a cost of living component based on annual Consumer Price Index data for the Los Angeles-Long Beach-Anaheim area as well as a merit performance component, equal to 3%. Salary increases for employees are dependent on performance. Employees must achieve a minimum performance rating to receive the cost of living component while those employees who exceed the minimum performance rating may receive an additional salary increase (the merit performance component). The draft budget includes a proposed 6.3% salary increase pool (3.3% for the CPI component based on the CPI data from December, 2025 and 3% for the performance component). As discussed at the beginning of this memo, inflation is having a significant impact on the purchasing power of employee salaries and the District needs to adjust its salary ranges to remain competitive in a tight labor market.

Attached for the Committee's review is the draft Personnel Analysis section of the 2026-2027 Budget Document. The first table on Page 1 of the document quantifies the total labor budget inclusive of salaries and benefits. The total labor budget cost increase, inclusive of the merit pool, amounts to 3.99% or \$444,658. As illustrated in the next three tables on the following pages of the Personnel Analysis, the primary causes of this increase in expense include:

- The District's increase in salaries is approximately 359,087 or 4.95%. This rate increase includes 3.3% CPI and 3% merit base rate increase;
- An increase in benefits costs of \$69,120 or 2.27%, primarily caused by increases in insurance and retirement contributions as employee salaries increase.

Personnel Analysis

The District’s mission is to provide high quality utility services to its customers and one of the foundations of this mission is having a sufficient number of high-quality staff members to operate the District’s infrastructure and provide service to customers. This section includes an analysis of the District’s personnel costs, which are a primary component of the District’s fiscal operations because they comprise the largest expense for the District.

Number of Employees

Personnel costs are a result of the total number of District employees. The District converts the number of full-time and part-time employees to full-time equivalency to accurately reflect the number of employees on the payroll. Full-time equivalency is equal to 2,080 hours for all employees.

The 2026-2027 Compensation Plan authorizes a total of 58 full-time positions, 5 elected officials, and one intern or temporary part-time position.

The total budgeted cost for the District’s workforce in 2026-2027 is budgeted at \$11,596,092 with salary expenses of \$8,481,558 comprising 73.14% of total costs and benefits of \$3,114,534 comprising the remaining 26.86% of costs. Fringe benefit cost increases were only 2.27% in 2026-2027 due to health insurance and retirement benefit cost increases.

Presented below are the total personnel expenses for the 2026-2027 Fiscal Year.

Table 1. Changes in Total Personnel Expenses					
	FY 2025-26	FY 2026-27	Delta	% Change	% of Total Personnel Costs
	Budget	Budget			
Salaries					
Regular Salaries	7,259,950	7,619,037	359,087	4.95%	65.70%
Overtime and On-Call Salaries	487,360	462,360	(25,000)	-5.13%	3.99%
One-time Salary Payments ⁽¹⁾	250,391	283,461	33,070	13.21%	2.44%
Stipends & Allowances ⁽²⁾	108,320	116,700	8,380	7.74%	1.01%
Total Salaries	8,106,021	8,481,558	375,538	4.63%	73.14%
Benefits					
Health Insurance ⁽³⁾	1,372,317	1,389,790	17,473	1.27%	11.98%
Other Insurance ⁽⁴⁾	222,845	231,674	8,829	3.96%	2.00%
Workers Compensation Insurance	169,198	150,641	(18,557)	-10.97%	1.30%
Retirement Benefits ⁽⁵⁾	1,281,053	1,342,428	61,375	4.79%	11.58%
Total Benefits	3,045,414	3,114,534	69,120	2.27%	26.86%
Total Personnel Expenses	11,151,434	11,596,092	444,658	3.99%	
Notes					
(1) Includes Vacation Time Payouts and Top of Range one-time payments					
(2) Includes Automobile Allowances, Cell Phone Stipends, and Wellness Stipends					
(3) Includes employer paid Health, Dental, and Vision Insurance Premiums as well as Health Savings Account contributions					
(4) Includes employer paid Life Insurance, Long-term Care and Disability Insurance, and Workers Compensation					
(5) Includes employer contributions to the 401k plan, employer matches to the 401k/457b Plans, and Medicare					
(6) The FY 2026-27 total personnel cost of \$231,673 is allocated to Capital projects and \$11,364,419 to Operations					

The table 2 presented below provides further analysis of the change in Regular Salary Costs. The base salary for 2026-2027 is \$7,619,037 which is 65.70% of total personnel costs. Merit salary increases for employees add \$362,795 to budgeted salaries in 2026-2027, this assumes a CPI component of 3.3% and a performance adjustment component of 3%.

Table 2. Changes in Salary Expenses					
	FY 2025-26 Budget	FY 2026-27 Budget	Delta	% Change	% of Total Personnel Costs
Analysis of Changes in Personnel Costs					
Regular Salary Changes					
Base Salary <i>(prior year ending salaries)</i>	7,001,277	7,259,950	258,673	3.69%	62.61%
Merit Increase ⁽¹⁾	326,753	362,795	36,042	11.03%	3.13%
Additional Positions	-	-	-	N/A	0.00%
Net Changes from Original Budget ⁽²⁾	-	-	-	N/A	0.00%
Additional Salary Adjustments	(68,080)	(3,708)	64,373	100.00%	-0.03%
Regular Salaries Total	7,259,950	7,619,037	359,087	4.95%	65.70%
Notes					
(1) Salary increases occur on July 1 so the base salary is increased for the entire year.					
(2) The District payroll is budgeted for 58 full time positions, 5 elected officials and 1 part-time intern for fiscal year 2025-26					

The table below summarizes changes in additional salary and benefit expenses budgeted for 2026-2027 as compared to the salary and benefit expenses budgeted for 2025-2026.

Table 3. Changes in Other Salary Expenses and Benefit Expenses					
	FY 2025-26	FY 2026-27			% of Total
	Budget	Budget	Delta	% Change	Personnel Costs
Other Salary Changes					
Overtime Expenses	400,000	375,000	(25,000)	-6.25%	3.23%
On-Call Expenses	87,360	87,360	-	0.00%	0.75%
Top of Range Payouts	89,555	115,212	25,657	28.65%	0.99%
Vacation Payouts	160,836	168,249	7,413	4.61%	1.45%
Car Allowance	45,000	45,000	-	0.00%	0.39%
Cell Phone Allowances	11,520	10,800	(720)	-6.25%	0.09%
Wellness Stipends ⁽¹⁾	17,700	17,700	-	N/A	0.15%
Class A / B Drivers Licenses	12,000	11,500			
Employee Education / Cert / Service Award	22,100	31,700	9,600	N/A	0.27%
Other Salary Changes	846,071	862,521	16,950	2.00%	7.44%
Benefit Changes					
Health Insurance	1,232,297	1,249,671	17,374	1.41%	10.78%
HSA Contributions	28,050	28,900	850	3.03%	0.25%
Dental Insurance	99,420	98,669	(751)	-0.76%	0.85%
Vision Insurance	12,550	12,550	-	0.00%	0.11%
Life Insurance	41,864	43,381	1,517	3.62%	0.37%
Long Term Care Insurance	10,498	10,498	-	0.00%	0.09%
Disability Insurance	53,883	55,954	2,071	3.84%	0.48%
Employee Assistance Program	-	-	-	N/A	0.00%
Workers Compensation	169,198	150,641	(18,557)	-10.97%	1.30%
State Unemployment Insurance	3,000	3,000	-	N/A	0.03%
401k/457b Contributions	1,281,053	1,342,428	61,375	4.79%	11.58%
Medicare Contributions	113,600	118,841	5,241	4.61%	1.02%
Other Salary Changes	3,045,414	3,114,534	69,120	2.27%	26.86%

Presented below are the positions authorized in the 2026 – 2027 Budget, organized by functional area.

Table 4 Position Organization Chart			
Department	Positions	Department	Positions
Administration		Operations Support Services	
General Manager	1	Operations Superintendent	1
Executive Assistant to Board & General Manager	1	Compliance Program Coordinator	1
Total	2	Total	2
Finance & Risk Management		Pumping Operation	
Chief Financial Officer	1	Foreman	1
Accounting Supervisor	1	Crew Chief	2
Senior Accountant	1	Maintenance Worker III	0
Accounting Technician	1	Maintenance Worker II	3
Purchasing Agent	1	Maintenance Worker I	2
Total	5	Total	8
Technology Services		Fleet Operations	
Information Technology Manager	1	Senior Mechanic	1
Total	1	Total	1
Human Resources		Transmission & Distribution	
Director of Human Resources	1	Foreman	1
Office Assistant	1	Crew Chief	2
Total	2	Maintenance Worker III	3
Community Relations & Conservation		Maintenance Worker II	-
Public Affairs Manager	1	Maintenance Worker I	2
Water Resources Supervisor	1	Total	8
Total	2	Treatment Plant	
Customer Service		Chief Plant Operator	1
Customer Service / Billing Supervisor	1	Truck Driver	2
Customer Service Office Representative I	3	Crew Chief	1
Crew Chief	1	Waste Water Operator III	1
Customer Service Field Representative III	1	Waste Water Operator II	1
Customer Service Field Representative I	1	Waste Water OIT	1
Total	7	Lab Supervisor	1
Engineering		Lab Technician II	1
Director of Engineering	1	Total	9
Senior Engineer	1	Collections & Distribution Crew	
Inspector	1	Foreman	1
Cross Connection Control Program Supervisor	1	Crew Chief	-
Total	4	Collection Maintenance Worker III	2
Electrical		Collections Maintenance Worker I	2
Electrical Systems/SCADA Supervisor	1	Total	5
Electrical Instrumentation Technician II	1	Total Positions	
Total	2	58	

The District's Compensation Plan includes a salary grade schedule for both non-exempt and exempt employees. Presented below as well as on the following page is the Compensation Plan for non-exempt employees for the 2026 - 2027 Budget.

Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt						
Effective Fiscal Year 2026/2027						
	FY 2025/2026			FY 2026/2027		
	Monthly Salary	Monthly Salary	Percent of	Monthly Salary	Monthly Salary	Percent of
	Minimum	Maximum	Increase	Minimum	Maximum	Increase
Salary Grade 1						
Intern	\$3,291	\$4,466	3.2%	\$3,399	\$4,613	3.3%
Salary Grade 2	\$3,991	\$5,430	3.2%	\$4,123	\$5,609	3.3%
Salary Grade 3	\$4,473	\$6,083	3.2%	\$4,621	\$6,284	3.3%
Salary Grade 4	\$4,605	\$6,264	3.2%	\$4,756	\$6,471	3.3%
Salary Grade 5	\$4,746	\$6,452	3.2%	\$4,902	\$6,665	3.3%
Office Assistant						
Salary Grade 6	\$4,889	\$6,647	3.2%	\$5,050	\$6,866	3.3%
Customer Service Field Representative I						
Salary Grade 7	\$5,030	\$6,845	3.2%	\$5,196	\$7,070	3.3%
Accounting Technician						
Customer Service Office Representative I						
Salary Grade 8	\$5,185	\$7,051	3.2%	\$5,356	\$7,284	3.3%
Customer Service Office Representative II						
Administrative Assistant						
Salary Grade 9	\$5,338	\$7,263	3.2%	\$5,514	\$7,503	3.3%
Administrative Assistant Customer Service/HR						
Customer Service Office Representative Senior						
Salary Grade 10	\$5,519	\$7,479	3.2%	\$5,701	\$7,726	3.3%
Customer Service Field Representative II						
Collection Maintenance Worker I						
Maintenance Worker I						
Operator in Training						
Salary Grade 11	\$5,667	\$7,705	3.2%	\$5,854	\$7,959	3.3%
Billing Specialist						
Salary Grade 12	\$5,836	\$7,937	3.2%	\$6,029	\$8,199	3.3%
Laboratory Technician I						
Salary Grade 13	\$6,010	\$8,173	3.2%	\$6,208	\$8,442	3.3%
Mechanic						
Wastewater Plant Operator I						
Salary Grade 14	\$6,191	\$8,422	3.2%	\$6,395	\$8,700	3.3%
Administrative Assistant Senior						
Accountant / Insurance Administrator						
Salary Grade 15	\$6,377	\$8,673	3.2%	\$6,587	\$8,959	3.3%
Collections Worker II						
Maintenance Worker II						
Salary Grade 16	\$6,567	\$8,932	3.2%	\$6,784	\$9,226	3.3%
Customer Service Field Representative III						
Compliance Regulatory Coordinator I						

Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt
Effective Fiscal Year 2026/2027

	FY 2025/2026			FY 2026/2027		
	Monthly Salary		Percent of Increase	Monthly Salary		Percent of Increase
	Minimum	Maximum		Minimum	Maximum	
Salary Grade 29	\$9,653	\$13,127	3.2%	\$9,972	\$13,561	3.3%
Salary Grade 30	\$9,933	\$13,508	3.2%	\$10,260	\$13,954	3.3%
Electrical System/SCADA Supervisor						
Salary Grade 31	\$10,230	\$13,915	3.2%	\$10,568	\$14,374	3.3%
Salary Grade 32	\$10,537	\$14,331	3.2%	\$10,885	\$14,804	3.3%
Salary Grade 33	\$10,853	\$14,760	3.2%	\$11,211	\$15,247	3.3%
Salary Grade 34	\$11,179	\$15,202	3.2%	\$11,548	\$15,704	3.3%
Wastewater Chief Plant Operator						

Table 6 Compensation Plan - Salary Range Schedule - Exempt

Effective Fiscal Year 2026/2027

	FY 2025/2026		FY 2025/2026	FY 2026/2027		Percent of Increase
	Monthly Salary		Annual	Monthly Salary		
	Minimum	Maximum	Maximum	Minimum	Maximum	
Salary Grade 40E	\$8,578	\$11,666	\$139,989	\$8,861	\$12,051	3.3%
Salary Grade 41E	\$9,369	\$13,117	\$157,400	\$9,678	\$13,550	3.3%
Customer Service Manager						
Public Affairs Manager						
Salary Grade 42E	\$9,930	\$13,903	\$166,838	\$10,258	\$14,362	3.3%
Salary Grade 43E	\$10,525	\$14,738	\$176,861	\$10,873	\$15,225	3.3%
Project Engineer						
Salary Grade 44E	\$11,157	\$15,623	\$187,471	\$11,525	\$16,138	3.3%
Senior Engineer						
Salary Grade 45E	\$11,827	\$16,560	\$198,715	\$12,217	\$17,106	3.3%
Operations Superintendent						
Salary Grade 46E	\$12,536	\$17,554	\$210,642	\$12,950	\$18,133	3.3%
Information Technology Manager						
Principal Engineer						
Salary Grade 47E	\$13,289	\$18,607	\$223,285	\$13,727	\$19,221	3.3%
Manager Engineering						
Manager Human Resources						
Salary Grade 48E	\$14,086	\$19,723	\$236,677	\$14,551	\$20,374	3.3%
Director of Engineering						
Director of Human Resources						
Salary Grade 49E	\$14,931	\$20,907	\$250,883	\$15,424	\$21,597	3.3%
Chief Financial Officer						
Salary Grade 50E	\$15,827	\$22,161	\$265,935	\$16,350	\$22,893	3.3%
Salary Grade 51E	\$16,777	\$23,490	\$281,881	\$17,330	\$24,265	3.3%
Salary Grade 52E	\$17,783	\$24,900	\$298,804	\$18,369	\$25,722	3.3%
Assistant General Manager						
Salary Grade 53E	\$18,850	\$26,395	\$316,736	\$19,472	\$27,266	3.3%

Attachment 7

Medical Insurance Benefit

The employee medical insurance budget assumes premium increases of 5.0% for Anthem HMO insurance and 10% for Anthem PPO, CDHP and Kaiser.

The medical insurance budget is calculated through a detailed analysis of employee plan selections and the above assumptions regarding medical premium rate increases. The total employee health insurance budget (including Health, Dental, and Vision) for the 2026-2027 budget year is \$1,249,671 representing a small increase from the 2025-2026 fiscal year budget. The increase is caused by employees choosing different insurance choices (including some who have chosen the High Deductible Health Plan). Please see below the budget cost comparison of the medical, dental and vision insurance cost:

<u>Insurance</u>	<u>2025-2026</u>	<u>2026-2027</u>
Medical Insurance	1,232,297	1,249,671
HSA Contributions	28,050	28,900
Dental Insurance	99,420	98,669
Vision Insurance	<u>12,550</u>	<u>12,550</u>
Total Health Insurance cost	1,372,317	1,389,790

The medical insurance premium analysis is attached.

**Attachment 7
2026 / 27 Medical Insurance Premium Analysis**

Plan	Description	Participants	Employee Share	Actual 2024-25 Medical Insurance Premium (per month)	Actual 2024-25 Employer Cost (per month)	Actual 2024-25 Employee Cost (per month)	Actual 2025-26 Medical Insurance Premium (per month)	Actual 2025-26 Employer Cost (per month)	Actual 2025-26 Employee Cost (per month)	Budgeted 2026-27 Medical Insurance Premium (per month)	Budgeted 2026-27 Employer Cost (per month)	Budgeted 2026-27 Employee Cost (per month)
HMO	Single (Employee Only)	2	10.0%	\$1,081	\$972	\$109	\$1,135	\$1,022	\$114	\$1,192	\$1,073	\$119
HMO	Couple	6	10.0%	\$2,162	\$1,945	\$217	\$2,270	\$2,043	\$227	\$2,384	\$2,146	\$238
HMO	Family	4	10.0%	\$2,863	\$2,577	\$286	\$3,006	\$2,705	\$301	\$3,156	\$2,840	\$316
PPO	Single (Employee Only)	2	10.0%	\$905	\$814	\$90	\$995	\$896	\$100	\$1,095	\$986	\$110
PPO	Couple	3	10.0%	\$1,809	\$1,628	\$181	\$1,990	\$1,791	\$199	\$2,189	\$1,970	\$219
PPO	Family	5	10.0%	\$2,397	\$2,158	\$239	\$2,637	\$2,373	\$264	\$2,901	\$2,611	\$290
CDHP	Single (Employee Only)	0	10.0%	\$724	\$651	\$72	\$796	\$716	\$80	\$876	\$788	\$88
CDHP	Couple	0	10.0%	\$1,448	\$1,303	\$145	\$1,592	\$1,433	\$159	\$1,751	\$1,576	\$175
CDHP	Family	5	10.0%	\$1,918	\$1,726	\$192	\$2,110	\$1,899	\$211	\$2,321	\$2,089	\$232
Kaiser	Single (Employee Only)	15	0.0%	\$780	\$780	\$0	\$858	\$858	\$0	\$944	\$944	\$0
Kaiser	Couple	5	5.0%	\$1,560	\$1,482	\$78	\$1,716	\$1,630	\$86	\$1,888	\$1,794	\$94
Kaiser	Family	10	5.0%	\$2,169	\$2,060	\$108	\$2,386	\$2,267	\$119	\$2,625	\$2,494	\$131
Kaiser HDHP	Single (Employee Only)	1	0.0%	\$565	\$565	\$0	\$621	\$621	\$0	\$683	\$683	\$0
Kaiser HDHP	Couple	1	5.0%	\$1,129	\$1,073	\$56	\$1,242	\$1,180	\$62	\$1,366	\$1,298	\$68
Kaiser HDHP	Family	2	5.0%	\$1,569	\$1,491	\$78	\$1,726	\$1,640	\$86	\$1,899	\$1,804	\$95

Premium Increase Assumptions for Each Plan in January 2026

HMO	5.0%
PPO	10.0%
CDHP	10.0%
Kaiser	10.0%
Kaiser HDHP	10.0%

Attachment 8

Analysis of Variable and Fixed Revenues and Expenses

Attachment 8 provides a comparison of the variable and fixed revenues and expenses of the District as well as some summary statistics.

**Attachment 8.
Analysis of Variable and Fixed Revenues and Expenses**

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
	Actual	Actual	Actual	Budget	Budget
Analysis of Fixed and Variable Revenues and Expenses					
Variable Revenues and Expenses					
Revenues					
Water Supply Charges	8,146,985	8,194,894	10,812,699	11,542,342	12,605,473
Recycled Water Supply Charges	1,189,709	1,387,251	2,001,570	1,798,375	2,191,504
Commercial Wastewater Revenue	1,504,669	1,704,114	1,860,583	1,777,972	1,798,422
MWD LRP Rebate	356,700	137,918	398,878	275,825	297,000
Total Variable Revenues	11,198,063	11,424,177	15,073,729	15,394,513	16,892,398
Expenses					
Purchased Water	7,960,081	8,161,635	9,468,914	10,742,971	11,726,797
Electrical Power - Water System	234,298	333,423	325,513	349,200	349,200
Electrical Power - Wastewater System	366,234	1,352,904	1,318,832	1,625,560	1,625,560
Electrical Power - Recycled Water System	13,557	172,135	206,838	273,340	273,340
SOCWA Expenses	1,843,624	1,279,589	1,452,669	1,200,000	1,225,000
Chemicals	252,131	385,312	433,018	375,200	364,000
Total Variable Expenses	10,669,924	11,684,998	13,205,784	14,566,271	15,563,897
Variable Net Revenue	528,139	(260,821)	1,867,945	828,243	1,328,501
Variable Revenue % of Variable/Fixed Revenue	44.6%	42.4%	46.4%	48.0%	49.3%
Variable Expense % of Variable/Fixed Expenses	40.3%	42.3%	45.9%	47.4%	47.9%
Fixed Revenues and Expenses					
Fixed Revenues					
Service Provision Charges (Fixed Meter)	11,808,023	12,790,637	13,002,217	14,215,901	15,063,361
Charges for Services (Shared R-6 Expenses)	5,498	188,692	146,507	125,000	140,000
Miscellaneous Operating Income	299,496	62,703	122,487	51,200	51,200
Grant, Rebates, Reimbursements	(52,952)	-	-	-	-
Property Taxes	1,184,149	1,246,919	1,308,541	1,300,000	1,400,000
Investment Income	395,956	955,282	1,237,333	700,000	400,000
Miscellaneous Non-operating Income	253,734	265,737	1,616,226	298,400	312,400
Total Fixed Revenues	13,893,904	15,509,971	17,433,312	16,690,501	17,366,961
Expenses					
Labor Budget	9,791,630	10,376,974	10,213,863	10,933,208	11,364,419
All Other Operations & Maintenance Expenses	6,009,711	5,588,975	5,353,090	5,205,360	5,569,614
Total Variable Expenses	15,801,341	15,965,949	15,566,952	16,138,568	16,934,033
Fixed Net Revenue	(1,907,437)	(455,979)	1,866,359	551,933	432,928
Fixed Revenue % of Variable/Fixed Revenue	55.4%	57.6%	53.6%	52.0%	50.7%
Fixed Expense % of Variable/Fixed Expenses	59.7%	57.7%	54.1%	52.6%	52.1%
Recapitulation to Revenue and Expense Summary					
Revenue					
Variable Revenue	11,198,063	11,424,177	15,073,729	15,394,513	16,892,398
Fixed Revenue	13,893,904	15,509,971	17,433,312	16,690,501	17,366,961
Capital Facilities Charges	3,152,552	4,205,219	5,043,025	6,276,980	7,807,207
Total Revenue	28,244,518	31,139,367	37,550,065	38,361,994	42,066,566
Expenses					
Variable Expenses	10,669,924	11,684,998	13,205,784	14,566,271	15,563,897
Fixed Expenses	15,801,341	15,965,949	15,566,952	16,138,568	16,934,033
Depreciation & Amortization	4,426,408	5,138,327	5,104,211	5,140,000	5,250,900
Interest	1,723,651	1,618,994	2,087,499	2,006,336	1,915,000
OPEB Charges	-	6,846	(186)	14,400	-
Total Expense	32,621,323	34,415,115	35,964,260	37,865,574	39,663,830
Net Revenues	(4,376,805)	(3,275,748)	1,585,805	496,420	2,402,736

Attachment 9 Debt Coverage Ratio

Attachment 9 provides the projected Debt Coverage Ratios for the District for the periods from 2022-2023 through the 2026-2027 Budget. The first three fiscal periods (2022-2023, 2023-2024, and 2024-2025) are based on the actual audited numbers and the fiscal year 2025-26 and 2026-27 ratios are based on the budgeted estimates. This provides some historical context to compare the 2025-2026 budget and projected actual, and the 2026-2027 budget to the financial performance of the District in prior fiscal periods:

- Net revenue available to pay for debt service of \$4,020,412 for the fiscal year 2026-27 will be \$9,521,310.
- The district is required to have a debt service coverage ratio of 1.10% or higher as per 2022 bond issuance. The debt service coverage ratio is calculated by dividing total debt service cost by net revenue. For the fiscal year 2026-2027 the Districts' projected debt coverage ratio is 2.37.

**Table 9.
Debt Service Coverage Calculation**

				2025 - 2026		2026 - 2027	
	2022 - 2023	2023 - 2024	2024 - 2025		Projected	Proposed	Budget
	Actual	Actual	Actual	Budget	Actual	Budget	% Change
Commodity Supply Charges	9,336,693	9,582,145	12,814,269	13,340,716	13,339,286	14,796,976	10.92%
Service Provision Charges	13,312,692	14,494,752	14,862,800	15,993,872	15,948,926	16,861,782	5.43%
Capital Maintenance Charges	3,152,552	4,205,219	5,043,025	6,259,985	6,241,162	7,807,207	24.72%
Charges for Services	5,498	188,692	146,507	125,000	125,000	140,000	12.00%
Miscellaneous Operating Revenues	299,496	62,703	122,487	51,200	101,758	51,200	0.00%
Grants, Rebates, Reimbursements	303,748	137,918	398,878	275,825	267,200	297,000	7.68%
Property Taxes	1,184,149	1,246,919	1,308,541	1,300,000	1,300,000	1,400,000	7.69%
Investment Earnings	775,745	955,282	1,237,333	700,000	805,572	400,000	-42.86%
Other Non-operating Revenue	253,734	265,737	1,774,316	298,400	290,263	312,400	4.69%
Rate stabilization fund		1,483,163	-				
Total Revenues	28,624,308	32,622,530	37,708,155	38,344,999	38,419,167	42,066,566	9.71%
Operation & Maintenance Expenses							
General & Administrative	5,359,225	5,165,908	5,596,682	5,927,243	5,856,504	6,303,672	6.35%
Operations & Maintenance	19,537,733	21,152,546	22,310,768	24,384,996	22,697,391	25,743,258	5.57%
Other Operating Expenses ⁽¹⁾	22,939	341,827	196,433	407,000	336,000	451,000	10.81%
Total Operation & Maintenance Expenses	24,919,897	26,660,281	28,103,883	30,719,239	28,889,895	32,497,930	5.79%
Net Revenues	3,704,411	5,962,249	9,604,272	7,625,760	9,529,271	9,568,636	25.48%
Debt Service Expenses							
North Line SRF Loan	258,146	-	-	-	-	-	-
Recycled Phase I SRF Loan	1,602,958	-	-	-	-	-	-
Baker WTP Loan	677,755	677,600	684,262	677,600	684,262	684,262	0.98%
Recycled Phase II SRF Loan	409,046	-	-	-	-	-	-
2022 Revenue Bonds	-	3,564,000	3,332,650	3,333,000	3,333,650	3,336,150	0.09%
Total Debt Service Costs	2,947,905	4,241,600	4,016,912	4,010,600	4,017,912	4,020,412	0.24%
Debt Service Coverage Ratio	1.26	1.41	2.39	1.90	2.37	2.38	

Notes

(1) Excludes Depreciation and OPEB Charge which are non-cash accounting charges.

Attachment 10

Capital Improvement Plan

The 2026-2027 Capital Improvement Plan includes two displays. The first shows the projects that will be completed in 2026-2027 and the second provides a ten-year projection of projects that are included in the plan. Currently, the 2026-2027 Capital Improvement Plan is projected to utilize all of the revenues generated by the Water and Wastewater Capital Facilities Charges each year during the ten-year planning period. Portions of the Capital Improvement Plan will also be funded by existing assigned capital reserves.

2026/27 CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

Projects

<u>Source of Supply / Storage Projects</u>	
1 JRWSS Capital Budget	9,399
1 JRWSS Capital Budget (Carryover)	(4,414)
2 Baker WTP Replacement Fund	56,200
<i>Total Source of Supply / Storage Projects</i>	61,185
<u>Pumping (Water) Projects</u>	
3 R-6 Reservoir SCE Meter Box Replacement	14,000
4 PRV-4 Rehabilitation	50,000
5 Fire Flow Improvements at Calle Sonora and Via Campo Verde	117,700
<i>Total Pumping (Water) Projects</i>	181,700
<u>Pumping (Sanitation) Projects</u>	
6 Freeway Lift Station Coating Rehabilitation	110,000
7 Westline Lift Station Coating Rehabilitation	105,000
8 Mathis Lift Station Coating Rehabilitation	66,000
9 Veeh Lift Station Rehabilitation	170,000
10 Westline Forcemain Replacement	203,860
<i>Total Pumping (Sanitation) Projects</i>	654,860
<u>Treatment (Sanitation) Projects</u>	
11 Headworks and Secondary Clarifier No. 1 Rehabilitation	7,620,000
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP MNWD Payout)	(1,000,000)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,592,965)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Capital Reserves)	(1,000,000)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Accumulated Capital)	(714,345)
12 Holding Pond Asphalt Repair	37,000
11 WRP Network Segmentation	50,000
11 Lab Fume Hoods	237,600
11 Lab Fume Hoods (Carryover)	(50,000)
<i>Total Treatment (Sanitation) Projects</i>	2,587,290
<u>Outside Treatment (SOCWA and MNWD)</u>	
12 SOCWA Capital Budget	662,635
12 SOCWA (Reserve Funding)	(662,635)
13 MNWD Regional WRP Capital Budget	571,990
13 MNWD Regional WRP (Reserve Funding)	(571,990)
<i>Total Outside Treatment (SOCWA and MNWD)</i>	0
<u>General Building Projects</u>	
14 Field Office Floor and Chair Replacement	83,000
15 Main Office MTS Installation	10,000
<i>Total Other Studies</i>	93,000
<u>Contingency</u>	
16 Contingency	150,300
<i>Contingency</i>	150,300
Total Capital Projects	\$3,653,185

LEGEND
WATER
SEWER
BOTH

Equipment

<u>Pumping (Water) Equipment</u>	
1 R-6 Chlorine and Ammonia Injection System Replacement	28,200
2 Spartan Booster Station Main Switchboard Retrofit	63,000
3 Cherry & Shenandoah Spare Motor	12,000
<i>Total Pumping (Water) Equipment</i>	103,200
<u>Pumping (Sanitation) Equipment</u>	
4 Westline Generator Replacement	101,000
5 Veeh Electrical Equipment Replacement	315,000
6 Freeway Pump Replacement	35,000
<i>Total Pumping (Sanitation) Equipment</i>	451,000
<u>Treatment (Sanitation) Equipment</u>	
7 Aeration Basin Diffusers	320,000
8 Aeration Basin Valve Replacement	250,000
<i>Total Treatment (Sanitation) Projects</i>	570,000
<u>Vehicles / Vehicle Equipment</u>	
9 Vehicle Replacement	151,944
9 Vehicle Replacement (Carryover)	(91,693)
10 Valve Insertion Equipment	146,000
<i>Total Vehicles/Vehicle Equipment</i>	206,251
<u>IT and EI&C</u>	
11 Radio Communications Conversion from Cellular	500,000
11 Radio Communications Conversion from Cellular (Carryover)	(500,000)
12 Geolocator	15,000
13 Firewall Replacement	60,000
<i>Total IT and EI&C</i>	75,000
<u>Other Studies</u>	
14 General Studies Fund	31,000
15 GIS Data Updates	15,000
16 Distribution System Condition Assessments	3,700
17 Arc Flash Analysis Update	30,000
18 Impressed Current Cathodic System Monitoring Program	72,000
<i>Total IT and EI&C</i>	151,700
Total Capital Equipment	\$1,632,301

<i>Total Capital Projects</i>	3,653,185
<i>Total Capital Equipment</i>	1,632,301
<i>Total Capital Budget</i>	5,285,485

Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Source of Supply / Storage Projects</i>														
1	JRWSS Capital Budget	9,399	25,171	4,842	334	9,937	9,937	9,937	9,937	9,937	9,937	99,365	99,365	
1	JRWSS Capital Budget (Carryover)	(4,414)										(4,414)	(4,414)	
2	Baker WTP Replacement Fund	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	562,000	562,000	
3	Potable Reuse Implementation Plan		527,000									527,000	527,000	
3	Potable Reuse Implementation Plan (Grant Funding)		(263,500)									(263,500)	(263,500)	
4	South Orange County Turnout Project			212,000	1,229,000	1,266,000						2,707,000	2,707,000	
	<i>Total Source of Supply / Storage Projects</i>	61,185	344,871	273,042	1,285,534	1,332,137	66,137	66,137	66,137	66,137	66,137	3,627,451	3,627,451	
<i>Pumping (Water) Projects</i>														
1	Water Stations PLC Upgrade to Control Logix		32,000	33,000	34,000	35,000	36,000	38,000	39,000	40,000	41,000	328,000	328,000	
2	R-6 Seepage Recovery Control Panel Rehabilitation						10,800					10,800	10,800	
3	R-6 Reservoir SCE Meter Box Replacement	14,000										14,000	14,000	
4	R-5 Reservoir Rehabilitation						811,000					811,000	811,000	
5	R-4 Reservoir Interior Recoating		140,600	1,406,000								1,546,600	1,546,600	
5	R-4 Reservoir Interior Recoating (Carryover)			(194,000)								(194,000)	(194,000)	
6	R-2 Reservoir Exterior Recoating					27,200	272,000					299,200	299,200	
7	P-3 Pump Station Generator Project			81,500	815,000							896,500	896,500	
7	P-3 Pump Station Generator Project (Carryover)			(81,500)	(81,500)							(224,125)	(224,125)	
7	P-3 Pump Station Generator Project (Grant Funding)				(672,375)							(672,375)	(672,375)	
8	R-6 Reservoir Floating Cover and Liner Replacement							970,230	970,230	970,230	970,230	3,880,920	3,880,920	
9	SMWD Intertic Restoration							116,000				116,000	116,000	
10	PRV-4 Rehabilitation	50,000										50,000	50,000	
11	Water Distribution System Main Line Replacements						500,000	500,000	500,000	500,000	500,000	2,500,000	2,500,000	
12	Fire Flow Improvements at San Amadeo and Via Carrizo						93,000					93,000	93,000	
13	Fire Flow Improvements at Avenida Sevilla			47,200	472,000							519,200	519,200	
14	Fire Flow Improvements at Ronda Mendoza						144,000					144,000	144,000	
15	Fire Flow Improvements at Calle Sonora and Via Campo Verde	117,700	698,000	479,000								1,294,700	1,294,700	
	<i>Total Pumping (Water) Projects</i>	181,700	870,600	1,771,200	506,000	62,200	1,866,800	1,624,230	1,509,230	1,510,230	1,511,230	11,413,420	11,413,420	
<i>Pumping (Water) Equipment</i>														
1	R-6 Chlorine and Ammonia Injection System Replacement	28,200	58,200									86,400	86,400	
2	R-5 Reservoir Mixing System Replacement							120,000				120,000	120,000	
3	R-1/R-2 Reservoir Mixing System Replacement										215,000	215,000	215,000	
4	Alscot Booster Station Electrical Equipment Replacement		290,000									290,000	290,000	
5	Spartan Booster Station Main Switchboard Retrofit	63,000										63,000	63,000	
6	Spartan Pump & Motor Replacement		103,000									103,000	103,000	
7	P-1 Pump Replacement						121,000					121,000	121,000	
8	Cherry & Shenandoah Spare Motor	12,000		13,000								25,000	25,000	
9	OC-77 Isolation Valve							102,000				102,000	102,000	
	<i>Total Pumping (Water) Equipment</i>	103,200	451,200	13,000	0	0	121,000	222,000	0	0	215,000	1,125,400	1,125,400	

Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Pumping (Sanitation) Projects</i>														
1	Sewer Stations PLC Upgrade to Control Logix		32,000	33,000	34,000	35,000	36,000	38,000	39,000	40,000	41,000	328,000		328,000
1	Sewer Stations PLC Upgrade to Control Logix (Carryover)		(32,000)	(33,000)	(22,295)							(87,295)		(87,295)
2	Aliso Creek Pump Station Rehabilitation Project			2,566,200	4,277,000	1,710,800						8,554,000		8,554,000
2	Aliso Creek Pump Station Rehabilitation Project (Carryover)			(257,266)								(257,266)		(257,266)
2	Aliso Creek Pump Station Rehabilitation Project (Revenue Bond)			(1,342,235)								(1,342,235)		(1,342,235)
3	4920 Lift Station Coating Rehabilitation			47,000								47,000		47,000
4	Delta Lift Station Main Switchboard Replacement		47,000	145,500								192,500		192,500
5	Delta Lift Station Coating Rehabilitation			51,000								51,000		51,000
6	Delta Lift Station Wall Repair			55,000								55,000		55,000
7	Freeway Lift Station Coating Rehabilitation	110,000										110,000		110,000
8	Westline Lift Station Coating Rehabilitation	105,000										105,000		105,000
9	Mathis Lift Station Coating Rehabilitation	66,000										66,000		66,000
10	Veeh Lift Station Rehabilitation	170,000										170,000		170,000
11	Westline Forcemain Replacement	203,860	763,800	524,800								1,492,460		1,492,460
12	Northline Forcemain Replacement									135,600	1,356,000	1,491,600		1,491,600
13	Veeh 1 Forcemain Replacement							261,400	2,614,000			2,875,400		2,875,400
14	Aliso Creek Forcemain Replacement						522,100	5,221,000				5,743,100		5,743,100
15	Northline Odor Control Project						136,000					136,000		136,000
16	Westline Access Site Improvements		106,000									106,000		106,000
<i>Total Pumping (Sanitation) Projects</i>		654,860	916,800	1,789,999	4,288,705	1,745,800	694,100	5,520,400	2,653,000	175,600	1,397,000	19,836,264		19,836,264
<i>Pumping (Sanitation) Equipment</i>														
1	Westline Generator Replacement	101,000										101,000		101,000
2	Veeh Electrical Equipment Replacement	315,000										315,000		315,000
3	Veeh Pump Replacement						39,000					39,000		39,000
4	Veeh Generator Unit 209 Replacement							291,000	123,000			414,000		414,000
5	Freeway Pump Replacement	35,000		38,000		40,000						113,000		113,000
6	Mathis Generator Unit 211 Replacement							218,000	123,000			341,000		341,000
7	La Paz Stabilization and Rehabilitation							36,900	369,000			405,900		405,900
8	4920 Electrical Equipment Replacement		190,000									190,000		190,000
<i>Total Pumping (Sanitation) Equipment</i>		451,000	190,000	38,000	0	40,000	39,000	545,900	615,000	0	0	1,918,900		1,918,900
<i>Treatment (Sanitation) Projects</i>														
1	Headworks and Secondary Clarifier No. 1 Rehabilitation	7,620,000	1,655,000									9,275,000		9,275,000
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP MNWD Payout)	(1,000,000)										(1,000,000)		(1,000,000)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,592,965)										(2,592,965)		(2,592,965)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Grant Funding)		(72,211)									(72,211)		(72,211)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Capital Reserves)	(1,000,000)			1,000,000							0		0
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Accumulated Capital)	(714,345)	(671,922)									(1,386,267)		(1,386,267)
2	Secondary Clarifier No. 3 and 4 Rehabilitation							903,000	4,185,000	5,268,000		10,356,000		10,356,000
3	RAS Pump Station Rehabilitation					136,000	1,360,000					1,496,000		1,496,000
4	RAS Pump and Motor Replacement					81,000						81,000		81,000
4	RAS Pump and Motor Replacement (Carryover)					(24,800)						(24,800)		(24,800)
5	Holding Pond Asphalt Repair	37,000										37,000		37,000
6	Holding Pond West Side Drainage			397,000	397,000							794,000		794,000
6	Holding Pond West Side Drainage (Carryover)			(68,250)								(68,250)		(68,250)
7	WRP Site Seal Coat									159,000		159,000		159,000
8	Fine Screen Rehabilitation Project				719,000	2,220,000	5,337,000					8,276,000		8,276,000
9	WRP Network Segmentation	50,000										50,000		50,000
10	Lab Office Improvements						110,000					110,000		110,000
11	Lab Fume Hoods	237,600										237,600		237,600
11	Lab Fume Hoods (Carryover)	(50,000)										(50,000)		(50,000)
12	WRP Generator Replacement							1,256,250	431,500			1,687,750		1,687,750
<i>Total Treatment (Sanitation) Projects</i>		2,587,290	910,867	328,750	1,116,000	3,412,200	6,807,000	2,159,250	4,616,500	5,427,000	0	27,364,857		27,364,857

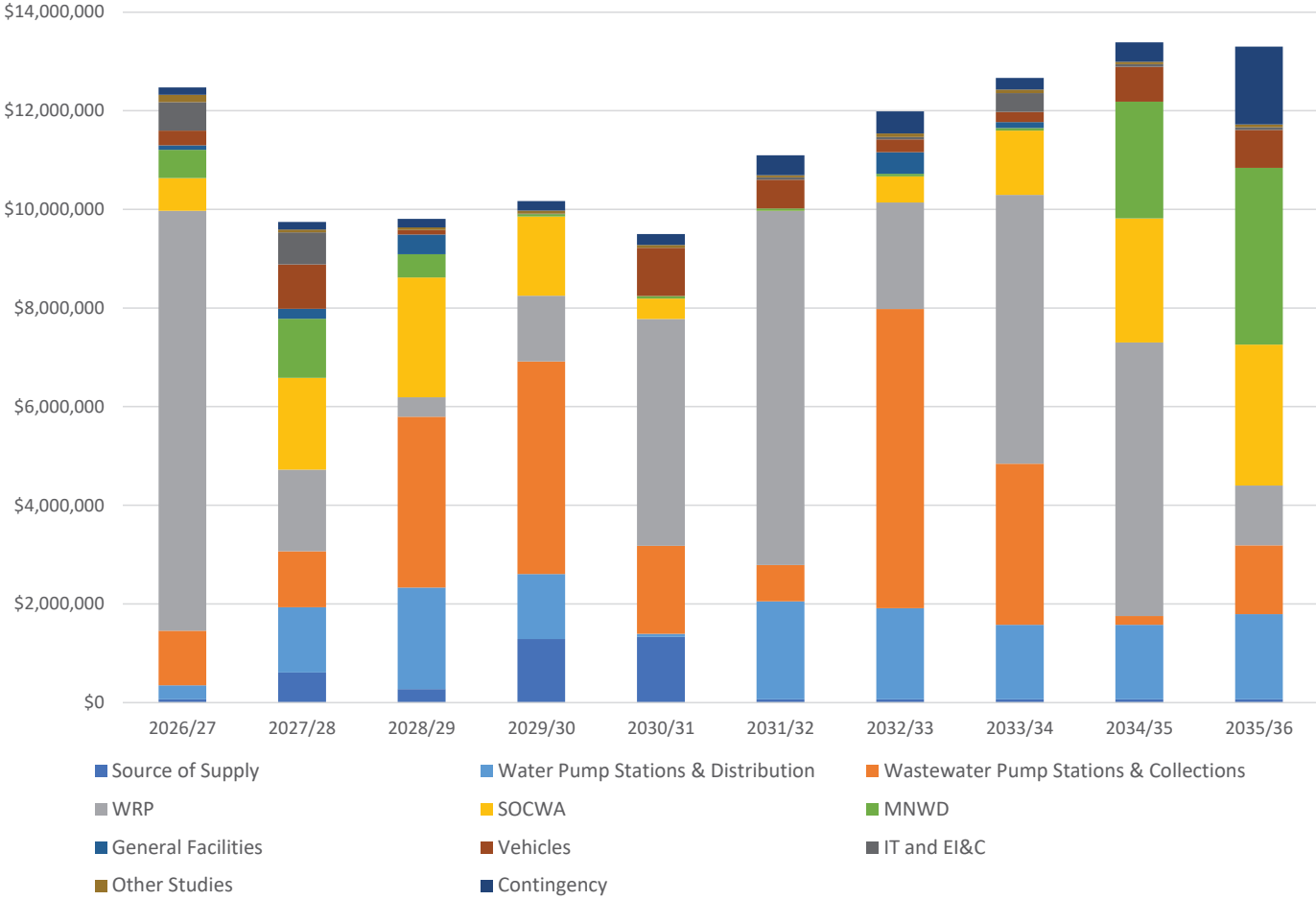
Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
Treatment (Sanitation) Equipment														
1	Aeration Basin Diffusers	320,000					371,000					691,000		691,000
2	Aeration Basin Valve Replacement	250,000										250,000		250,000
3	New Turbo Blower							831,000				831,000		831,000
4	MCC-GB1 Replacement				125,300	1,253,000						1,378,300		1,378,300
5	MCC-GB2 Replacement									121,200	1,212,000	1,333,200		1,333,200
6	MCC-RA Replacement				90,500	905,000						995,500		995,500
	Total Treatment (Sanitation) Projects	570,000	0	0	215,800	2,158,000	371,000	0	831,000	121,200	1,212,000	5,479,000		5,479,000
Outside Treatment (SOCWA and MNWD)														
1	SOCWA Capital Budget	662,635	1,858,376	2,429,200	1,603,406	417,098	4,076	529,385	1,305,350	2,518,150	2,855,000	14,182,676		14,182,676
1	SOCWA (Reserve Funding)	(662,635)	(1,858,376)									(2,521,011)		(2,521,011)
2	MNWD Regional WRP Capital Budget	571,990	1,201,193	471,025	51,025	51,025	51,025	51,025	51,025	2,366,540	3,582,976	8,448,849		8,448,849
2	MNWD Regional WRP (Reserve Funding)	(571,990)	(310,789)									(882,779)		(882,779)
	Total Outside Treatment (SOCWA and MNWD)	0	890,404	2,900,225	1,654,431	468,123	55,101	580,410	1,356,375	4,884,690	6,437,976	19,227,735		19,227,735
Vehicles/Vehicle Equipment														
1	Vehicle Replacement	151,944	86,946	89,554		95,008	293,574	262,064	207,635	201,177	373,980	1,761,881	880,941	880,941
1	Vehicle Replacement (Carryover)	(91,693)										(91,693)	(45,847)	(45,847)
2	Hydro Excavator		813,000									813,000	813,000	813,000
3	Valve Insertion Equipment	146,000										146,000	146,000	146,000
4	Vactor Truck					881,000						881,000		881,000
5	Sewer Camera Truck										397,000	397,000		397,000
6	Sewer Cleaning Truck									506,000		506,000		506,000
7	New 275 kW Portable Generator						287,000					287,000	143,500	143,500
	Total Vehicles/Vehicle Equipment	206,251	899,946	89,554	0	976,008	580,574	262,064	207,635	707,177	770,980	4,700,188	1,937,594	2,762,594
General Building Projects														
1	Warehouse Backup Generator Unit 216 Replacement							366,000	123,000			489,000	244,500	244,500
2	Field Office Floor and Chair Replacement	83,000										83,000	41,500	41,500
3	Main Office Seal Coat							74,000				74,000	37,000	37,000
4	Main Office MTS Installation	10,000										10,000	5,000	5,000
5	Administration Building Rehabilitation		200,000	400,000								600,000	300,000	300,000
	Total General Building Projects	93,000	200,000	400,000	0	0	0	440,000	123,000	0	0	1,256,000	628,000	628,000
IT and EI&C														
1	Radio System for Emergency Communications		124,000									124,000	62,000	62,000
2	Data Center Hardware Replacement		275,000						328,000			603,000	301,500	301,500
3	Radio Communications Conversion from Cellular	500,000	250,000									750,000	375,000	375,000
3	Radio Communications Conversion from Cellular (Carryover)	(500,000)										(500,000)	(250,000)	(250,000)
4	Geolocator	15,000										15,000	7,500	7,500
5	Satellite Routers				11,000							11,000	5,500	5,500
6	Firewall Replacement	60,000										60,000	30,000	30,000
7	System-Wide Security Camera Implementation						47,000	48,000	50,000	51,000	53,000	249,000	124,500	124,500
	Total IT and EI&C	75,000	649,000	0	11,000	0	47,000	48,000	378,000	51,000	53,000	1,312,000	656,000	656,000
Other Studies														
1	General Studies Fund	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000	355,000	177,500	177,500
2	GIS Data Updates	15,000										15,000	7,500	7,500
3	Distribution System Condition Assessments	3,700	3,900	4,000	4,100	4,200	4,300	4,500	4,600	4,700	4,900	42,900	42,900	42,900
4	Arc Flash Analysis Update	30,000	21,000	16,000	22,000	17,000	6,000	30,000	31,000	6,000	13,000	192,000	96,000	96,000
5	Impressed Current Cathodic System Monitoring Program	72,000										72,000	72,000	72,000
	Total Other Studies	151,700	56,900	53,000	60,100	56,200	46,300	71,500	73,600	49,700	57,900	676,900	395,900	395,900
Contingency														
1	Contingency	150,300	155,625	171,691	190,647	225,526	401,494	444,969	236,368	390,831	1,579,782	3,947,233	1,973,617	1,973,617
	Contingency	150,300	155,625	171,691	190,647	225,526	401,494	444,969	236,368	390,831	1,579,782	3,947,233	1,973,617	1,973,617

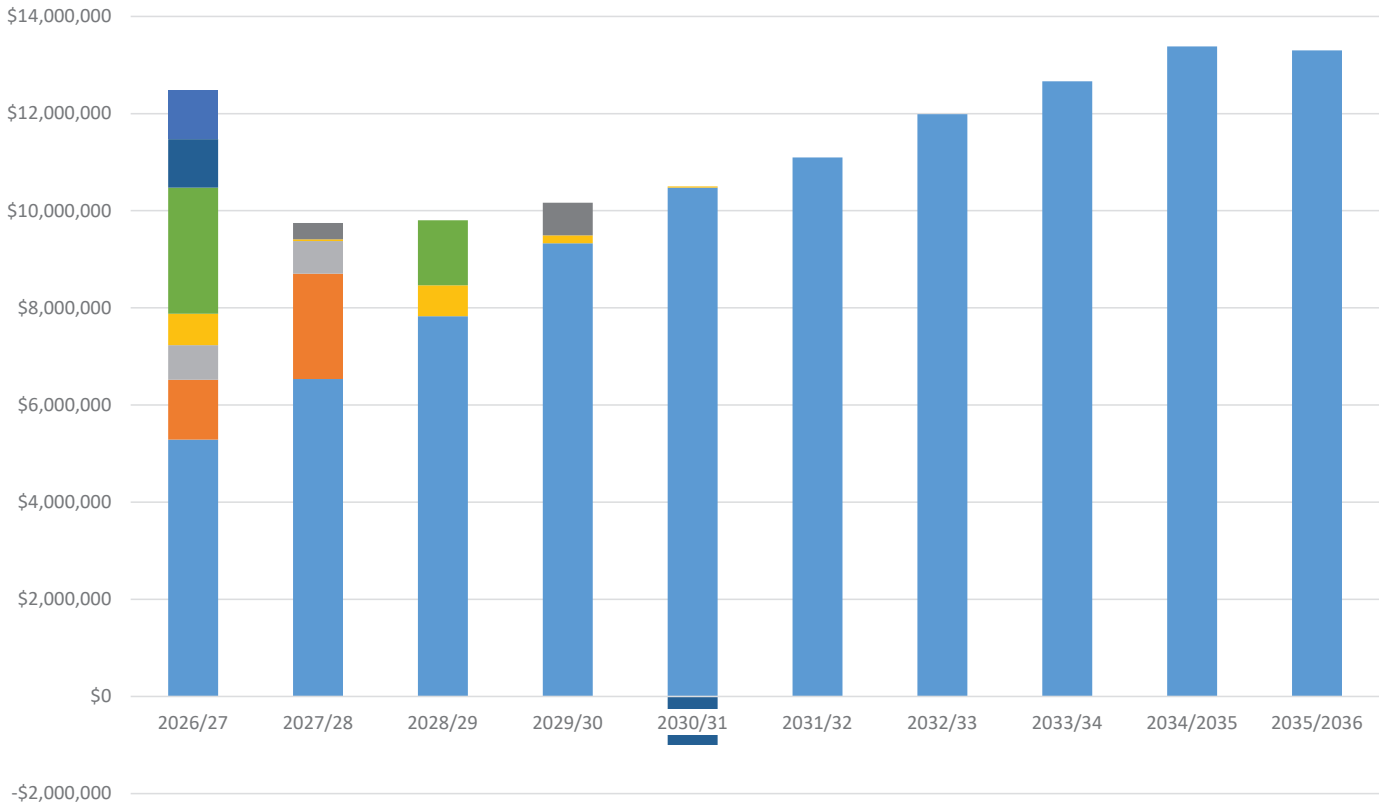
Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Total Capital Budget</i>		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	21,757,382	80,127,966
<i>Total Capital Projects</i>		3,771,885	4,073,052	6,151,949	8,178,878	6,955,361	9,708,634	10,028,206	9,714,838	9,866,427	7,041,146	75,490,376	16,915,579	58,574,796
WATER		424,160	1,509,777	2,315,665	1,871,296	1,480,918	2,058,610	1,876,609	1,673,559	1,701,274	2,003,712	16,915,579	16,915,579	
SEWER		3,347,725	2,563,275	3,836,284	6,307,583	5,474,443	7,650,024	8,151,597	8,041,280	8,165,153	5,037,434	58,574,796		58,574,796
<i>Total Capital Equipment</i>		1,513,601	2,463,160	1,676,512	1,149,339	3,520,832	1,386,871	1,956,653	2,951,007	3,517,138	6,259,859	26,394,972	4,841,802	21,553,170
WATER		370,900	1,546,079	100,700	53,162	103,885	535,160	671,274	413,410	223,797	823,436	4,841,802	4,841,802	
SEWER		1,142,700	917,081	1,575,812	1,096,177	3,416,947	851,711	1,285,379	2,537,597	3,293,342	5,436,424	21,553,170		21,553,170
<i>Total Capital Investment</i>		12,473,528	9,745,010	9,804,712	10,165,512	9,500,993	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	114,120,534	23,263,719	90,708,892
Capital Budget		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	21,757,382	80,127,966
SOCWA Reserve		1,234,625	2,169,165	0	0	0	0	0	0	0	0	3,403,790	0	3,403,790
Accumulated Capital		714,345	671,922	0	0	0	0	0	0	0	0	1,386,267	0	1,386,267
Carryover		646,107	32,000	634,016	164,920	24,800	0	0	0	0	0	1,501,843	570,462	635,534
Recycled Reserves		0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Funds		2,592,965	0	1,342,235	0	0	0	0	0	0	0	3,935,201	0	4,083,124
Capital Reserves		1,000,000	0	0	0	(1,000,000)	0	0	0	0	0	0	0	0
Regional WRP MNWD Payout		1,000,000	0	0	0	0	0	0	0	0	0	1,000,000	0	1,000,000
Grant Funding		0	335,711	0	672,375	0	0	0	0	0	0	1,008,086	935,875	72,211

Capital Expenditures by Category



Capital Expenditures by Funding Source



- Capital Budget
- SOCWA Reserve
- Accumulated Capital
- Carryover
- Bond Funds
- Capital Reserves
- Grant Funding
- Regional WRP MNWD Payout

Attachment 11

Ten Year Projected Cash Flow (O&M)

The District uses a ten-year cash flow model to quantify the rate revenue necessary to support the expenses of the District as well as to maintain adequate reserve levels. In addition to the current fiscal year, the cash flow model predicts expenses and necessary revenues through a ten-year planning horizon.

TEN YEAR REVENUE PLAN AND CASH FLOW ANALYSIS (O&M)

	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>	<u>2031-32</u>	<u>2032-33</u>	<u>2033-34</u>	<u>2034-35</u>	<u>2035-36</u>
O&M REVENUES										
1 Revenue from Potable Commodity Rate	12,707,879	13,848,472	15,124,332	16,264,925	17,529,163	18,890,631	20,339,000	21,932,206	23,670,250	25,582,098
2 Revenue from Potable Fixed Meter Rate	6,039,887	6,336,712	6,935,625	7,260,837	7,610,850	8,048,377	8,474,826	8,911,363	9,343,449	9,786,922
3 Revenue from Sewer Service Rate	10,312,822	10,964,680	11,680,803	12,256,259	12,874,272	13,576,097	14,274,848	15,017,058	15,789,752	16,605,237
4 Revenue from Recycled Water Commodity Rate	2,191,504	2,395,364	2,627,539	2,831,400	3,057,912	3,301,412	3,556,238	3,833,716	4,139,507	4,479,275
5 Revenue from Recycled Water Fixed Meter Rate Less Implementation Offset	580,840 (174,172)	609,712	668,135	699,322	732,993	775,141	816,217	858,239	899,867	942,605
6 Total Unrestricted Rate Revenue	31,658,759	34,154,940	37,036,435	39,312,742	41,805,190	44,591,659	47,461,130	50,552,583	53,842,825	57,396,136
Other Sources of Cash										
7 Restricted Reserves Funding of Conservation Program	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
8 MWD LRP Rebate	297,000	297,000	297,000	297,000	200,000	200,000	200,000	200,000	200,000	0
9 Property Taxes	1,400,000	1,456,000	1,514,240	1,574,810	1,637,802	1,703,314	1,771,447	1,842,304	1,915,997	1,992,637
10 Miscellaneous Revenue	69,600	69,600	69,600	69,600	69,600	69,600	69,600	69,600	69,600	69,600
11 Cellular Site Lease Revenue (Funds Tier 1 Offset)	217,860	224,396	231,128	238,062	245,203	245,203	245,203	245,203	245,203	245,203
12 Cellular Site Lease Revenue	65,140	67,094	69,107	71,180	73,316	82,871	92,713	102,851	113,293	124,047
13 Other Income (R-6 Partners)	140,000	144,200	148,526	152,982	157,571	162,298	167,167	172,182	177,348	182,668
14 MNWD Payment for RW Service to Golf Course	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
15 MNWD Transfer Payment	0	0	0	0	0	0	0	0	0	0
16 Investment Income	400,000	267,000	241,000	297,000	344,000	299,000	359,000	428,000	503,000	628,000
17 Subtotal Other Sources of Cash	2,850,600	2,786,290	2,831,601	2,961,633	2,988,492	3,023,287	3,166,131	3,321,141	3,485,440	3,503,156
18 TOTAL O&M REVENUES	34,509,359	36,941,230	39,868,036	42,274,376	44,793,682	47,614,946	50,627,261	53,873,724	57,328,265	60,899,291
O&M REVENUE REQUIREMENTS										
19 Total O & M Expense Budget	32,497,930	34,684,855	37,030,979	39,317,236	41,771,343	44,404,128	47,206,912	50,223,014	53,442,163	56,930,222
20 Restricted Commodity Reserve	950,297	950,297	950,297	950,297	950,297	950,297	950,297	950,297	950,297	950,297
21 Reserves	0	100,000	500,000	500,000	525,000	552,723	602,563	652,889	693,050	753,534
22 RW Revenue Funding of RW Debt Service	1,060,220	1,206,583	1,387,531	1,507,039	1,548,466	1,705,803	1,866,476	2,043,449	2,240,641	2,264,795
23 TOTAL O&M REVENUE REQUIREMENTS	34,508,447	36,941,736	39,868,807	42,274,572	44,795,106	47,612,951	50,626,249	53,869,649	57,326,151	60,898,847
24 ANNUAL O&M SURPLUS (DEFICIT)	912	(506)	(771)	(196)	(1,424)	1,995	1,012	4,075	2,114	444
25 RATE INCREASE	10.5%	9.0%	10.1%	8.3%	7.3%	6.3%	6.1%	6.2%	6.1%	6.2%

Attachment 12

Ten Year Projected Cash Flow (Capital)

Attachment 12 provides an analysis for the District's capital program, inclusive of debt service. The capital ten-year cash flow plan is based on the following assumptions:

- Capital charge rate increases of 25% in the 2026-27 fiscal year, 15% in the 2027-28, 2028-29 and 2029-30 fiscal years and 10% in the 2030-21 fiscal year to provide adequate and necessary investment in the ETWD infrastructure. The plan assumes subsequent annual capital rate increases of 5% to keep up with anticipated construction cost increases.
- Capital revenues are used first for the revenue bond and Baker loan debt service payments associated with water and wastewater projects exclusive of recycled water debt which is funded through the recycled water revenues and restricted reserve.
- Capital revenues are also used to fund assumed costs of capitalized labor.
- The total capital infrastructure investment is funded from the remaining capital revenue, the use of several existing capital reserves categories and certain assumed grant revenues.

TEN YEAR REVENUE PLAN AND CASH FLOW ANALYSIS (CAPITAL)

	Budget <u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>	<u>2031-32</u>	<u>2032-33</u>	<u>2033-34</u>	<u>2034-35</u>	<u>2035-36</u>
CAPITAL REVENUE										
Total Water Capital Revenue	3,282,489	3,838,869	4,414,091	5,076,265	5,584,191	5,863,364	6,156,464	6,464,138	6,787,515	7,127,085
Total Sewer Capital Revenue	4,176,832	4,884,995	5,621,075	6,467,740	7,117,444	7,472,856	7,844,801	8,236,273	8,649,801	9,082,937
Total Capital Revenue	7,459,321	8,723,865	10,035,166	11,544,005	12,701,634	13,336,220	14,001,265	14,700,411	15,437,316	16,210,022
DEBT SERVICE										
Bond Projects	1,257,900	1,258,650	1,263,900	1,258,400	1,252,650	1,251,650	1,010,150	1,010,150	1,010,150	1,845,150
Baker	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263
Debt Total	1,942,163	1,942,913	1,948,163	1,942,663	1,936,913	1,935,913	1,694,413	1,694,413	1,694,413	2,529,413
DEBT FUNDING										
Capital Revenue	1,942,163	1,942,913	1,948,163	1,942,663	1,936,913	1,935,913	1,694,413	1,694,413	1,694,413	2,529,413
Total Debt Funding	1,942,163	1,942,913	1,948,163	1,942,663	1,936,913	1,935,913	1,694,413	1,694,413	1,694,413	2,529,413
ANNUAL AVAILABLE CAPITAL REVENUE										
Capitalized Labor	231,673	244,739	258,543	273,125	288,529	304,802	321,993	340,153	359,338	379,604
Reserves	0	0	0	0	0	0	0	0	0	0
Total Available Capital Revenue	5,517,158	6,780,952	8,087,003	9,601,342	10,764,721	11,400,307	12,306,852	13,005,998	13,742,903	13,680,609
CAPITAL FUNDING										
Capital Revenue	5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005
Recycled Water Capital Revenue	0	0	0	0	0	0	0	0	0	0
Accumulated Capital Reserve	714,345	671,922	0	0	0	0	0	0	0	0
Capital Carryover Reserve	646,107	32,000	634,016	164,920	24,800	0	0	0	0	0
SOCWA Capital Reserve	1,234,625	2,169,165	0	0	0	0	0	0	0	0
Bond Projects Reserve	2,592,965		1,342,235	0	0	0	0	0	0	0
MNWD Transfer Price Revenue	1,000,000									
Capital Construction Reserves	1,000,000	0	0	0	(1,000,000)	0	0	0	0	0
Grant Funding		335,711		672,375	0	0	0	0	0	0
Total Capital Funding	12,473,528	9,745,010	9,804,712	10,165,512	9,500,993	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005
CAPITAL PROJECT SPENDING										
	12,473,528	9,745,010	9,804,712	10,165,512	9,500,993	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005
CAPITAL CHARGE RATE INCREASE										
	25%	15.0%	15.0%	15.0%	10%	5%	5%	5%	5%	5%

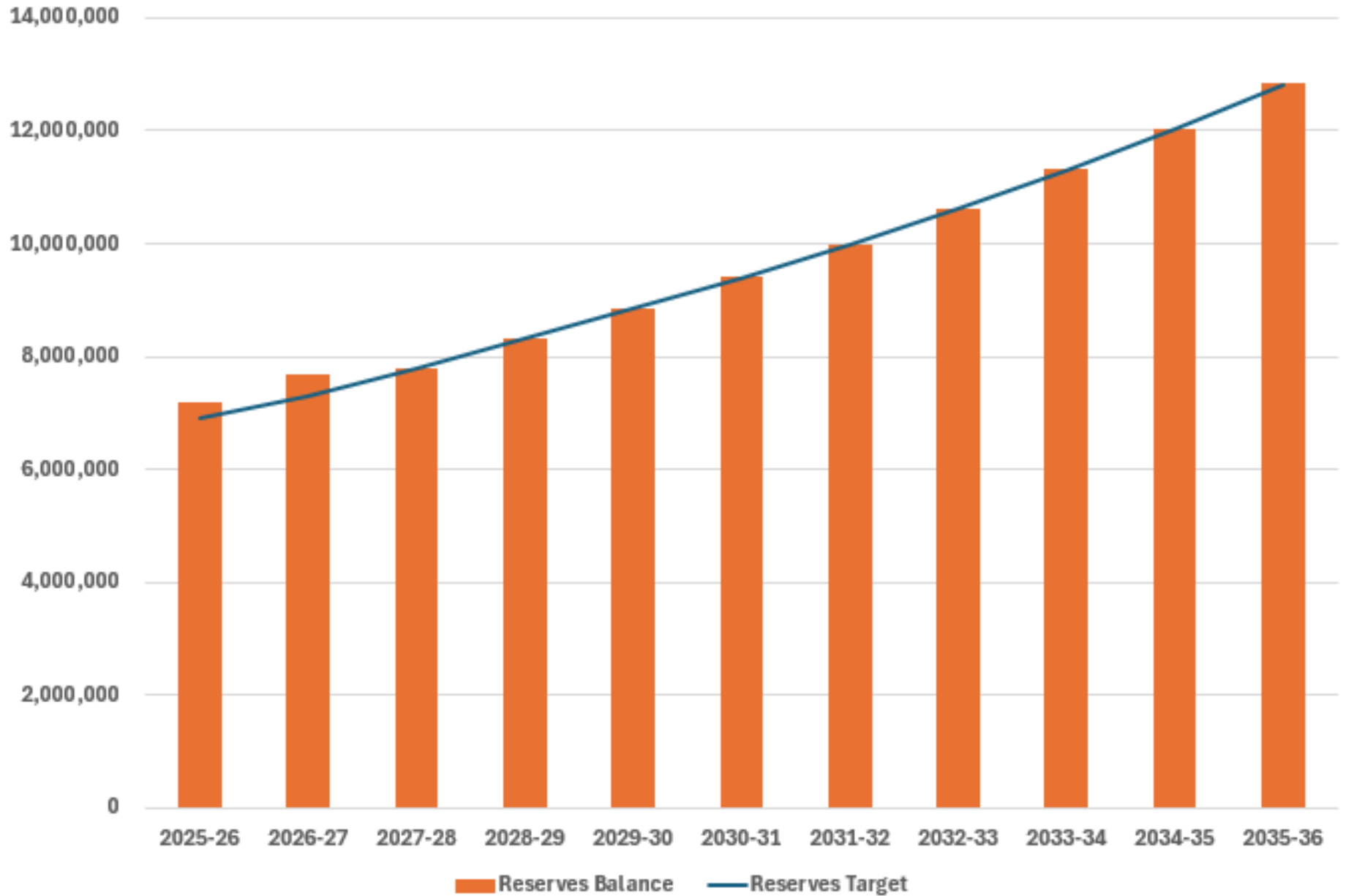
Attachment 13

Analysis of Projected Changes in Reserve Balances

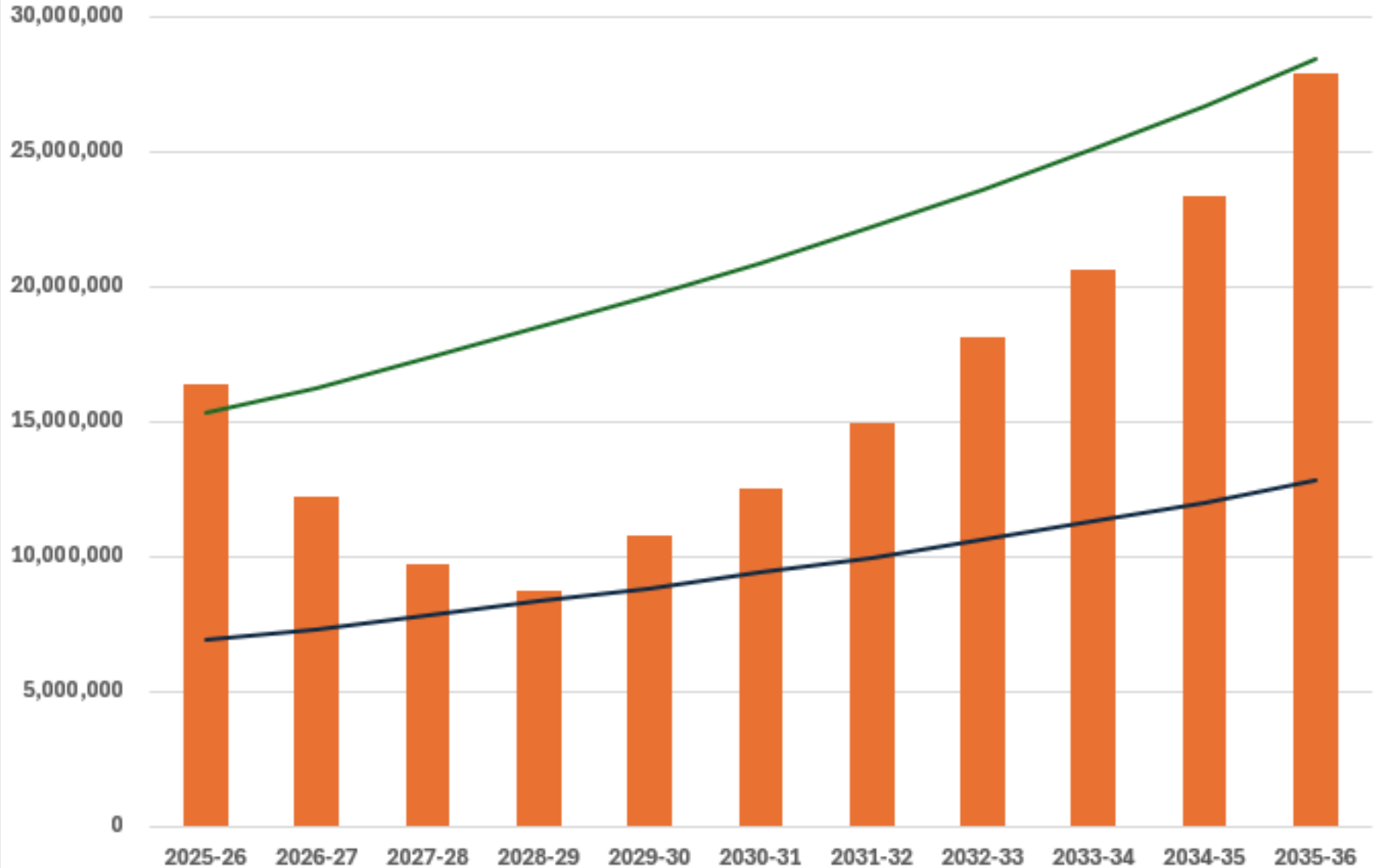
Attachment 13 provides a detailed analysis of the projected changes in the Reserve balances over the ten-year planning horizon.

- The “Committed Reserves” are targets defined in the District’s Cash Reserves Policy. The projected Committed Reserves remain on or above the defined target.
- The Tiered Conservation Reserve is used to supplement revenue in the Recycled Water Enterprise to service the annual debt of approximately \$2.1 million. The combination of rising costs and declining sales previously caused the complete drawdown of the Tiered Conservation Reserve. The projected reserves show a negative balance which will require the use of other reserves to make up the difference until the recycled water system financial posture improves as the debt is paid off. The Phase II debt will be paid off in the 2029-30 fiscal year and the Phase I debt will be paid off in the 2034-2035 fiscal year.
- One of the important financial ratio or metrics is Days of Cash relative to operating expenses. This ratio measures the District’s ability to continue to fund its operations using its available cash. Ratings agencies consider debt coverage ratio and days cash on hand during the rating confirmation process. The District Cash Reserves Policy identifies a target of 180 Days of Cash. The District cash on hand based on 2026-27 to 2035-36 budget projections, will fluctuate between 137 days in 2026-27 to 179 days in 2035-36 based on annual projected budgeted operating expenses and the replenishment of the Tiered Conservation Reserve.

Total O&M Reserves



Total Reserves



Reserves Balance O&M Reserves Target Days of Cash Reserves Target

Attachment 14

Proposed Water, Sewer and Recycled Water Rates

Tables summarizing the proposed rates are attached.

The proposed commodity rate is based on the current MWD draft budget rates including a \$0.34 increase in the water supply component of the commodity rate calculation as well as a minor adjustment to the peaking charge component of the tiered rates.

The water, sewer and private fire O&M rates have been calculated through the Cost of Service Rate Study being performed by Raftelis.

The proposed capital charges for water and sewer represent an approximate 25% increase as previously planned.

Proposed 2026/27 Fixed Meter Rates

Meter Size	Existing 2025-26 Rates	Proposed 2026-27 Rates	Rate Increase	# of Accounts	Water	RW
5/8-in	\$21.18	\$23.21	9.6%	2,380	2,380	0
3/4-in	\$28.98	\$31.81	9.8%	4,853	4,853	0
1-in	\$44.58	\$49.01	9.9%	460	460	0
1 1/2-in	\$83.57	\$92.02	10.1%	743	714	29
2-in	\$161.55	\$178.04	10.2%	1,373	1,126	247
10-in	\$1,595.00	\$1,758.85	10.3%	1		1
Total Projected	\$5,964,610	\$6,560,844		9,810	9,533	277
Water	\$5,437,553	\$5,980,004				
Recycled Water	\$527,057	\$580,840				

Proposed 2026/27 Private Fire O&M Rates

Meter Size	Existing 2025-26 Rates	Proposed 2026-27 Rates	Rate Increase	# of Accounts
4-in	\$17.93	\$10.89	-39.3%	29
6-in	\$25.76	\$20.18	-21.7%	93
8-in	\$39.25	\$36.22	-7.7%	46
10-in	\$59.55	\$60.34	1.3%	4
Total Projected	\$59,512	\$49,200		172

Proposed 2026/27 Sewer Rates

Current WW Rates for	Existing 2025/26 Sewer Rates	Proposed 2026/27 Sewer Rates	Rate Increase
Residential Unrestricted	\$40.80 / EDU	\$42.07 / EDU	3.1%
Multi-Family Restricted	\$19.39 / EDU	\$19.99 / EDU	3.1%
Multi-Family Unrestricted	\$29.82 / EDU	\$30.75 / EDU	3.1%

Current Commercial Classes

Animal Kennel	\$5.94 /ccf	\$6.14 / EDU	3.4%
Auto Service Station(repair)	\$5.94 /ccf	\$6.14 / EDU	3.4%
Basic Commercial	\$5.94 /ccf	\$6.14 / EDU	3.4%
Car Wash	\$5.94 /ccf	\$6.14 / EDU	3.4%
Dept. - Retail Store	\$5.94 /ccf	\$6.14 / EDU	3.4%
Dry Cleaner	\$5.94 /ccf	\$6.14 / EDU	3.4%
Health Spa	\$5.94 /ccf	\$6.14 / EDU	3.4%
Hospital	\$5.94 /ccf	\$6.14 / EDU	3.4%
Hotel	\$5.94 /ccf	\$6.14 / EDU	3.4%
Market	\$11.36 /ccf	\$8.49 / EDU	-25.3%
Mortuaries	\$11.36 /ccf	\$8.49 / EDU	-25.3%
Nursery	\$5.94 /ccf	\$6.14 / EDU	3.4%
Parks Golf Courses	\$5.94 /ccf	\$6.14 / EDU	3.4%
Prof/Financial Office	\$5.94 /ccf	\$6.14 / EDU	3.4%
Public Institution	\$5.94 /ccf	\$6.14 / EDU	3.4%
Restaurants	\$6.06 /ccf	\$5.92 / EDU	-2.3%
Schools	\$5.94 /ccf	\$6.14 / EDU	3.4%
Theater	\$5.94 /ccf	\$6.14 / EDU	3.4%
Warehouse/Storage	\$4.77 /ccf	\$4.73 / EDU	-0.8%

Proposed 2026/27 Capital Water / Recycled Water Charge Rates

Meter Size	Existing 2025-26 Rates	Proposed 2026-27 Rates	Rate Increase	# of Accounts	Water	RW
5/8-in	\$8.69	\$10.85	24.9%	2,380	2,380	0
3/4-in	\$13.02	\$16.28	25.0%	4,853	4,853	0
1-in	\$21.69	\$27.12	25.0%	460	460	0
1 1/2-in	\$43.38	\$54.24	25.0%	743	714	29
2-in	\$86.75	\$108.48	25.0%	1,373	1,126	247
10-in	\$1,000.00	\$1,105.26	10.5%	1	0	1
Total Projected	\$2,954,217	\$3,691,844		9,810	9,533	277
Water	\$2,669,994	\$3,338,171				
Recycled Water	\$284,223	\$353,673				

Proposed 2026/27 Capital Sewer Charge Rates

Customer Classes	2025-2026 Wastewater Capital Charges	Proposed 2026-2027 Wastewater Capital Charges	% Change for Customers	Billing Units (EDU or # of meters)
Residential				
Residential Unrestricted	\$13.86 / EDU	\$17.32 / EDU	25.0%	7,519 EDU
Multi-Family Restricted	\$6.59 / EDU	\$8.23 / EDU	24.9%	15,197 EDU
Multi-Family Unrestricted	\$10.13 / EDU	\$12.66 / EDU	25.0%	2,908 EDU
Commercial/Institutional (Flow Based)				
Low Strength (per CCF)	\$1.63	\$1.95	19.6%	4,244 ccf
Medium Strength (per CCF)	\$2.02	\$2.53	25.2%	244,819 ccf
High Strength (per CCF)	\$3.86	\$3.50	-9.3%	8,181 ccf
Restaurants (per CCF)	\$2.07	\$2.44	17.9%	34,747 ccf
Projected Capital Facility Charges	\$3,410,792	\$4,246,472		
% Increase in WW Capital R&R Rev Req	24.50%			

Attachment 15

Customer Sensitivity Analysis

As part of the annual Budget process staff perform sensitivity analyses to quantify the impacts of proposed rate increases on certain customer classes.

The preliminary sensitivity analysis includes the following tables:

- **Single Family Residential Sensitivity Analysis** – the total monthly bill for a single-family residence, assuming 12 CCF usage (10 ccf at Tier 1 / 2 ccf at Tier 2) per month would increase from a total of \$140.52 to \$155.26, an increase of \$14.74 per month or 10.5%.
- **Laguna Woods Village Sensitivity Analysis** – the total monthly bill for a Laguna Wood Village household will increase from 9.2% to 10.4%, depending on the Mutual, and by approximately 10% overall as compared to 10.5% for single family residences.
- **Ten Year Single Family Residential Sensitivity Analysis** – The ten-year cash flow and reserves projections assume certain rate increases for each of the rate components. The Ten-Year Sensitivity Analysis illustrates the impact of the projected rate increases on single family residences over a ten-year period.
- **Water / Wastewater Rate Comparison** – Staff prepared a comparison of existing and proposed 2026-27 ETWD rates to several other Orange County water and wastewater agencies. The charts illustrate the comparison for water, sewer and total charges and indicate that ETWD remains competitive, on a rate basis, even with the proposed 2026-27 rate increase.

Single Family Residential Sensitivity Analysis

Billing Item	Current Rate	Proposed Rate	% Increase
Tier I (10 ccf)	\$ 35.90	\$ 39.20	9.2%
Tier II (2 ccf)	\$ 7.96	\$ 8.58	7.8%
Water Fixed Meter	\$ 28.98	\$ 31.81	9.8%
Water Capital R & R	\$ 13.02	\$ 16.28	25.0%
Total Water	\$ 85.86	\$ 95.87	11.7%
Sewer O&M	\$ 40.80	\$ 42.07	3.1%
Sewer Capital R & R	\$ 13.86	\$ 17.32	25.0%
Total Sewer	\$ 54.66	\$ 59.39	8.7%
Total Bill	\$ 140.52	\$ 155.26	
	Increase	\$14.74	10.5%

TEN YEAR SINGLE FAMILY RESIDENTIAL RATE SENSITIVITY ANALYSIS

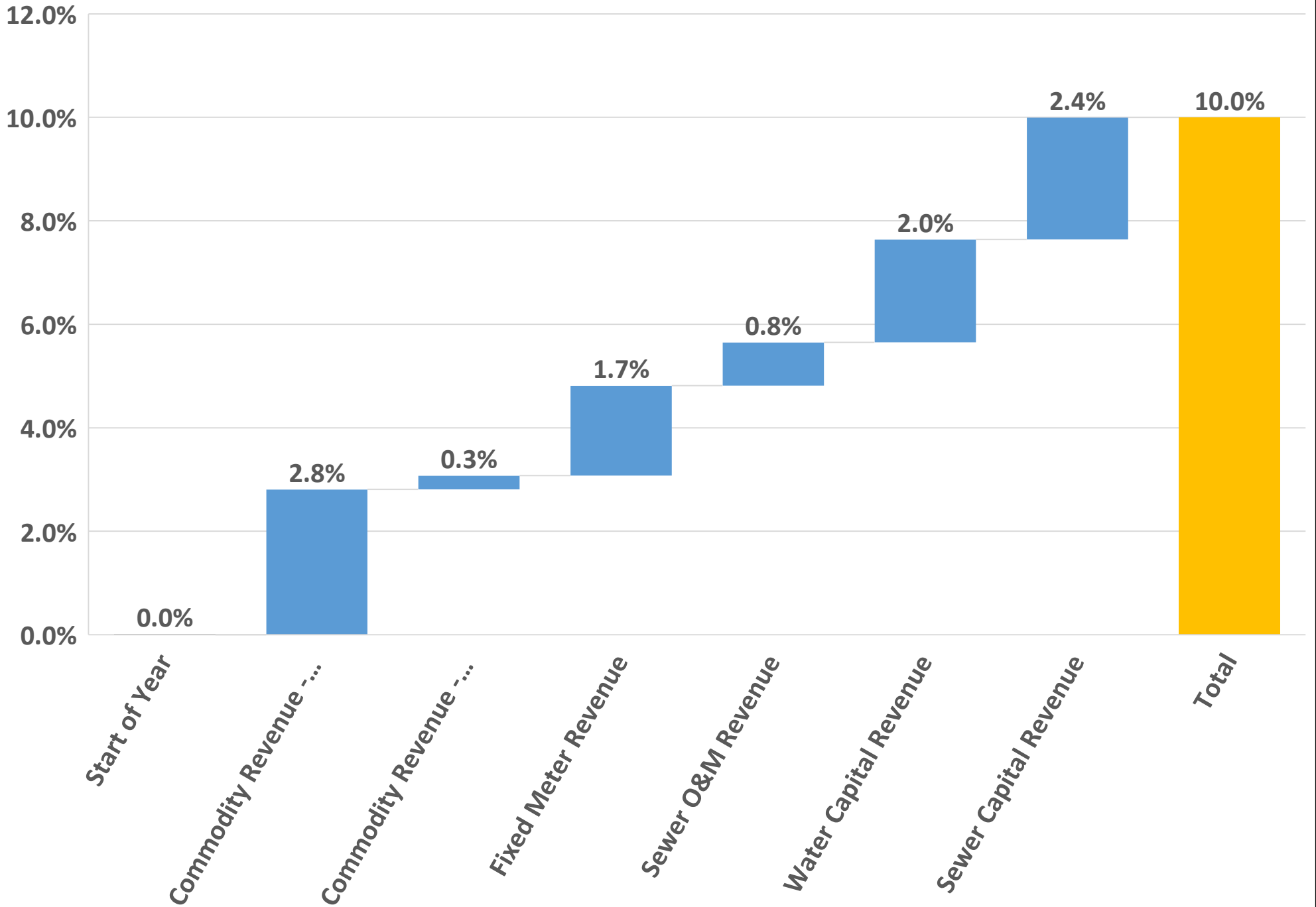
Billing Item	2025-26	2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34		2034-35		2035-36	
	Rate	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase
Tier I (10 ccf)	35.90	39.20	9.2%	43.10	9.9%	47.40	10.0%	51.30	8.2%	55.60	8.4%	60.30	8.5%	65.30	8.3%	70.80	8.4%	76.80	8.5%	83.40	8.6%
Tier II (2 ccf)	7.96	8.58	7.8%	9.38	9.3%	10.30	9.8%	11.10	7.8%	12.00	8.1%	12.94	7.8%	13.94	7.7%	15.04	7.9%	16.24	8.0%	17.56	8.1%
Water Fixed Meter	28.98	31.81	9.8%	33.36	4.9%	36.48	9.4%	38.20	4.7%	40.04	4.8%	42.34	5.7%	44.58	5.3%	46.88	5.2%	49.15	4.8%	51.48	4.7%
Water Capital R & R	13.02	16.28	25.0%	18.72	15.0%	21.52	15.0%	24.75	15.0%	27.23	10.0%	28.59	5.0%	30.02	5.0%	31.52	5.0%	33.10	5.0%	34.76	5.0%
Total Water	85.86	95.87	11.7%	104.56	9.1%	115.70	10.7%	125.35	8.3%	134.87	7.6%	144.17	6.9%	153.84	6.7%	164.24	6.8%	175.29	6.7%	187.20	6.8%
Sewer O&M	40.80	42.07	3.1%	44.73	6.3%	47.64	6.5%	49.98	4.9%	52.49	5.0%	55.35	5.4%	58.20	5.1%	61.23	5.2%	64.38	5.1%	67.70	5.2%
Sewer Capital R & R	13.86	17.32	25.0%	19.92	15.0%	22.91	15.0%	26.35	15.0%	28.99	10.0%	30.44	5.0%	31.96	5.0%	33.56	5.0%	35.24	5.0%	37.00	5.0%
Total Sewer	54.66	59.39	8.7%	64.65	8.9%	70.55	9.1%	76.33	8.2%	81.48	6.7%	85.79	5.3%	90.16	5.1%	94.79	5.1%	99.62	5.1%	104.70	5.1%
Total Bill	140.52	155.26		169.21		186.25		201.68		216.35		229.96		244.00		259.03		274.91		291.90	
Increase		14.74	10.5%	13.95	9.0%	17.04	10.1%	15.43	8.3%	14.67	7.3%	13.61	6.3%	14.04	6.1%	15.03	6.2%	15.88	6.1%	16.99	6.2%

Laguna Woods Village Sensitivity Analysis

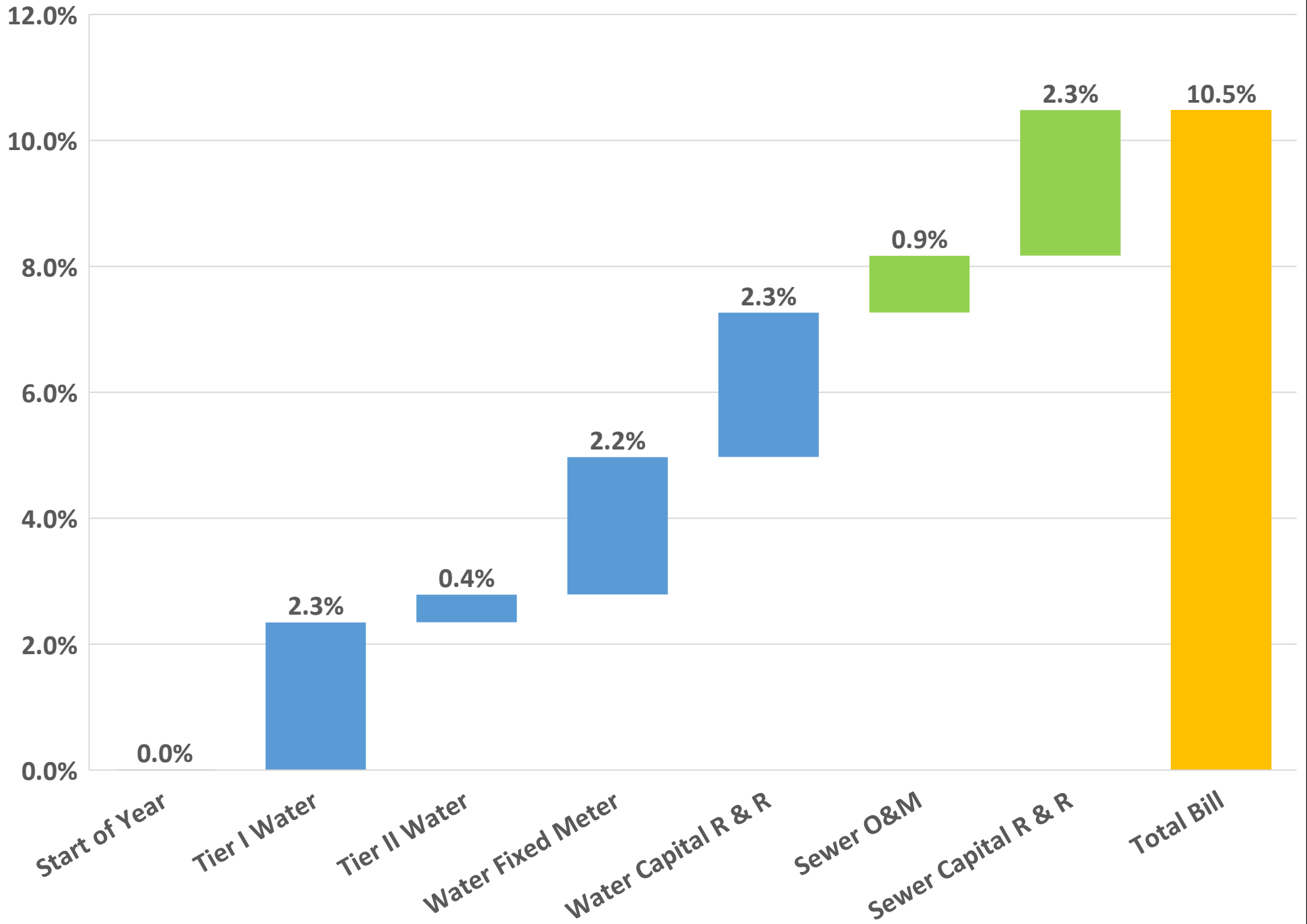
Mutual	WATER				RECYCLED WATER			
	2024/25 Annual Charges	2025/26 Annual Charges	Increase Amount	Increase %	2024/25 Annual Charges	2025/26 Annual Charges	Increase Amount	Increase %
Third Mutual	\$2,174,711	\$2,441,185	\$266,474	12.3%	\$1,592,511	\$1,759,025	\$166,515	10.5%
United Mutual	\$2,435,308	\$2,703,566	\$268,259	11.0%	\$117,401	128,590	\$11,189	9.5%
Golden Rain Foundation	295,591	\$327,203	\$31,613	10.7%	\$606,919	\$657,205	\$50,286	8.3%
Mutual 50	\$72,963	\$80,580	\$7,617	10.4%	\$26,179	\$28,899	\$2,721	10.4%
Total Community	\$4,978,572	\$5,552,535	\$573,963	11.5%	\$2,343,009	\$2,573,720	\$230,710	9.8%

Mutual	WASTEWATER				TOTAL			
	2024/25 Annual Charges	2025/26 Annual Charges	Increase Amount	Increase %	2024/25 Annual Charges	2025/26 Annual Charges	Increase Amount	Increase %
Third Mutual	\$2,368,721	\$2,573,117	\$204,396	8.6%	\$6,135,943	\$6,773,328	\$637,385	10.4%
United Mutual	\$2,450,690	\$2,662,189	\$211,499	8.6%	\$5,003,399	\$5,494,345	\$490,947	9.8%
Golden Rain Foundation	\$192,987	\$211,455	\$18,468	9.6%	\$1,095,496	\$1,195,863	\$100,367	9.2%
Mutual 50	\$120,615	\$131,024	\$10,409	8.6%	\$219,757	\$240,503	\$20,747	9.4%
Total Community	\$5,133,013	\$5,577,785	\$444,773	8.7%	\$12,454,594	\$13,704,040	\$1,249,446	10.0%

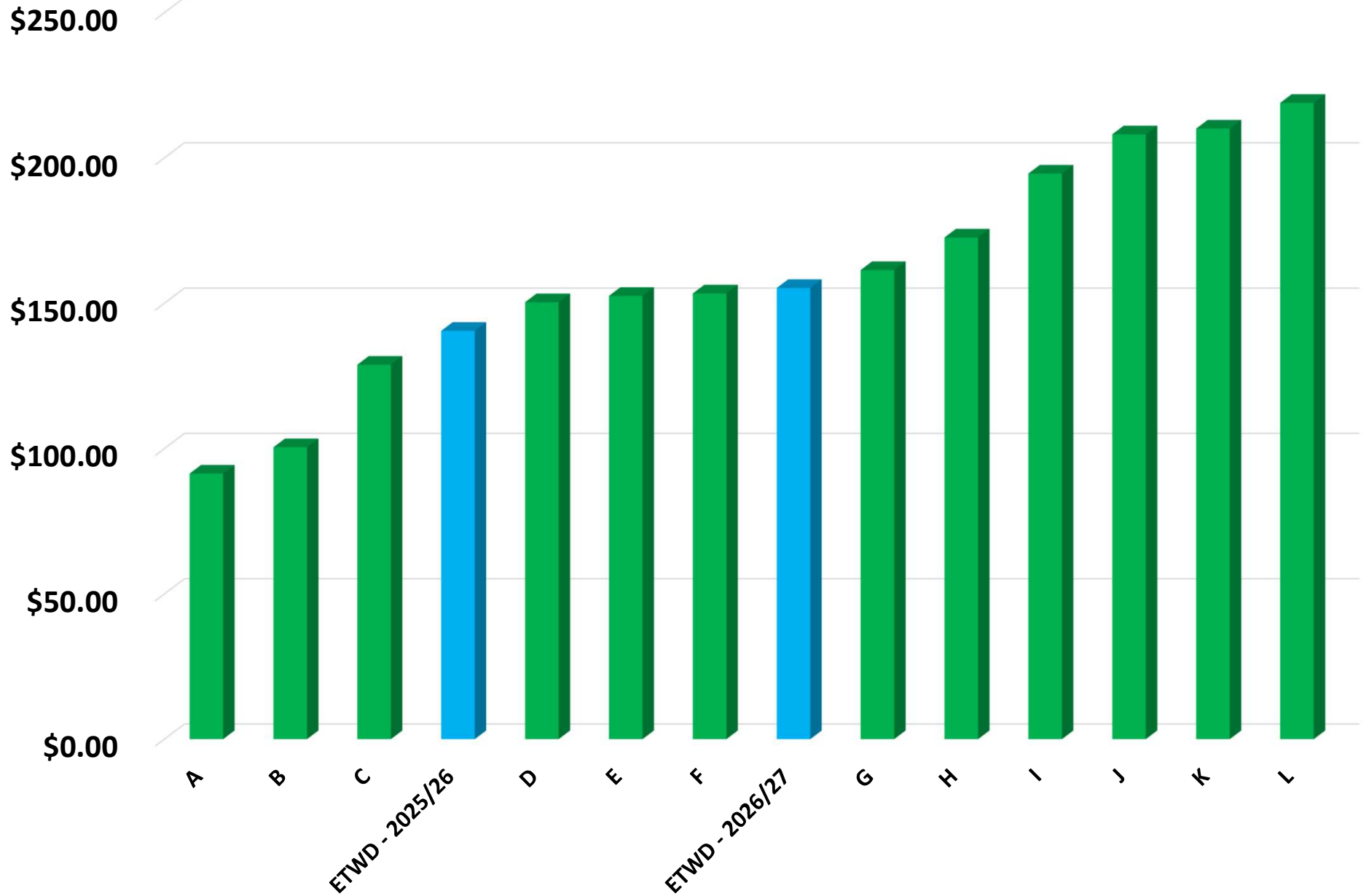
2026-2027 REVENUE INCREASE



2026-27 SINGLE FAMILY RESIDENTIAL RATE INCREASE



TOTAL WATER / WASTEWATER RATE COMPARISON

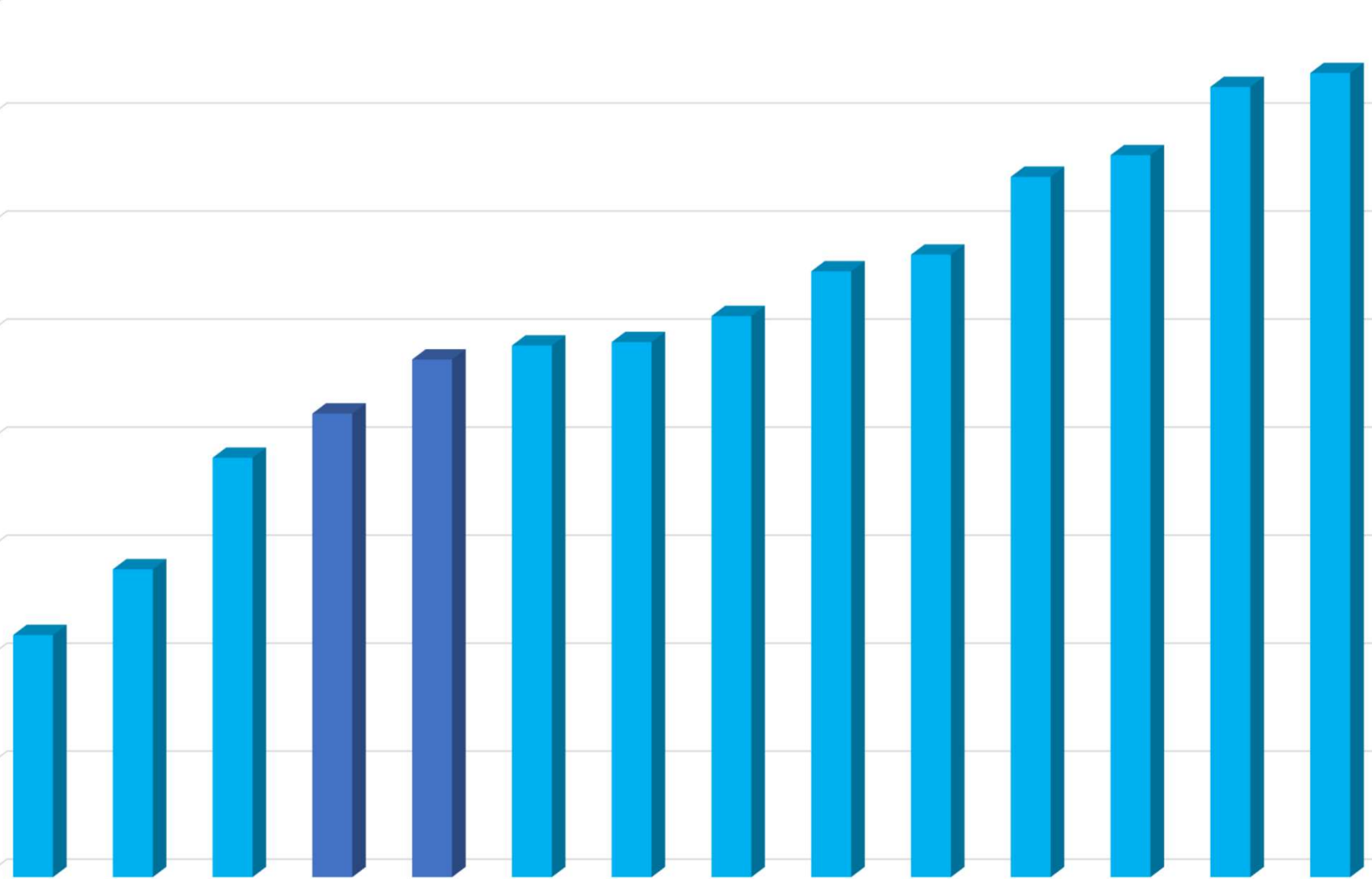


WATER RATE COMPARISON

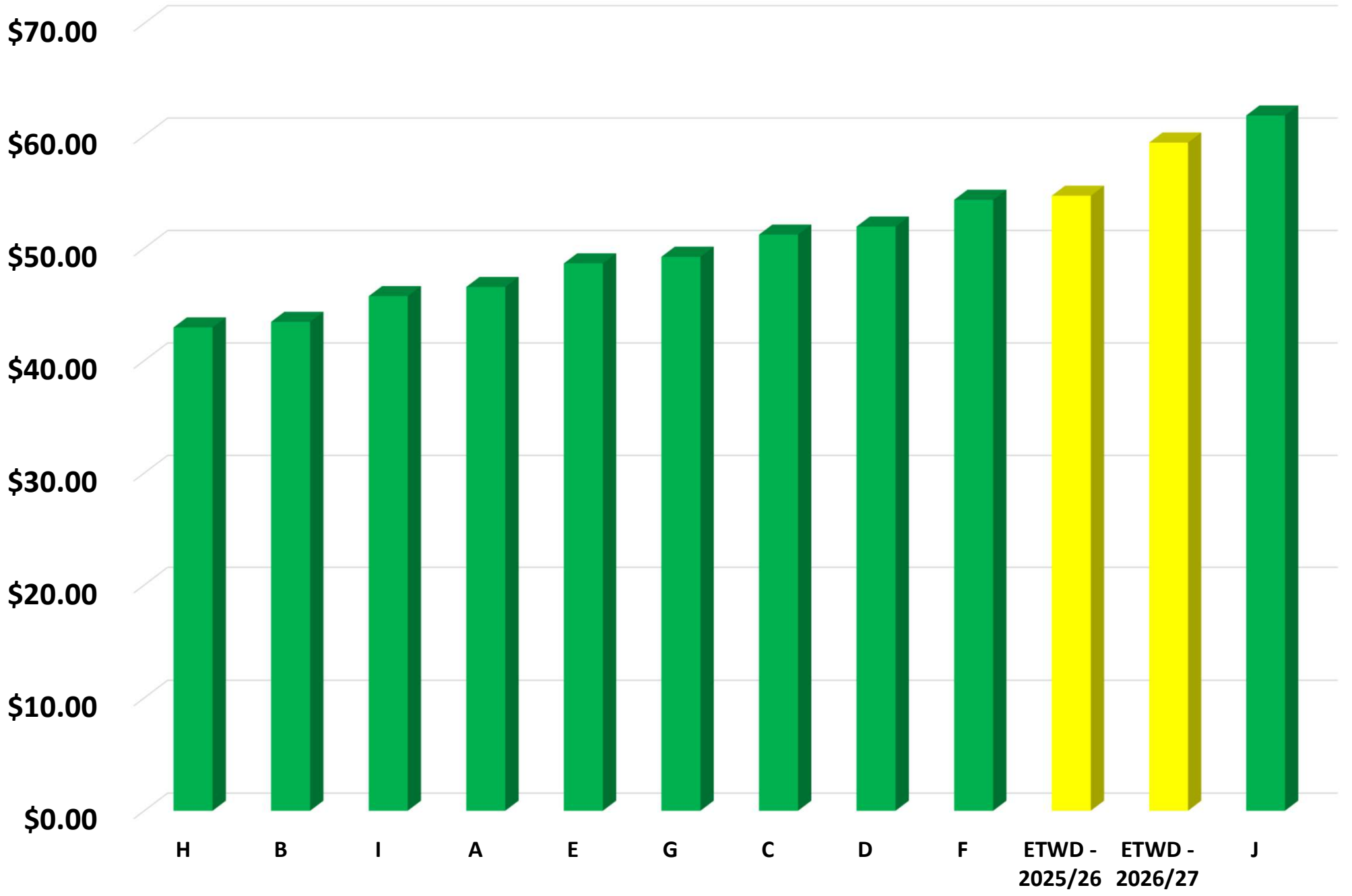
\$160.00
\$140.00
\$120.00
\$100.00
\$80.00
\$60.00
\$40.00
\$20.00
\$0.00

A B C ETWD - 2025/26 ETWD - 2026/27 D F E G K H L J I

ETWD - 2025/26
ETWD - 2026/27



WASTEWATER RATE COMPARISON



Attachment 16

Draft Proposition 218 Notice

As part of the 2627 budget process, the District has developed rate increases for a five-year period, including the fiscal years 2026-27, 2027-28, 2028-29, 2029-30 and 2030-31, and prepared the associated Proposition 218 Notice as required by law.

The 218 Notice includes language that will allow the District to pass through to customers MWD water rate increases from FY 2027-28 to 2030-31 should they exceed the projections that developed the rates in the original 218 Notice. The adjustment of future commodity rates, should they be necessary, to accomplish this pass-through will not require any further 218 Notice.

The 218 Notice will be provided under separate cover.

Attachment 17

Cost of Service Rate Study

The development of each of the proposed rates is described in the Cost of Service and Rate Study Report generated by Raftelis which is based on the District's proposed budget information and factors in legal and regulatory requirements to determine rates appropriate for various customer classes.

The draft Rate Study will be provided under separate cover.

Attachment 18 Annual Budget

The attached draft document that describes the entire budget will ultimately, following approval by the Board, be posted on the District website.



2026 - 2027 ANNUAL BUDGET



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Principal Officials

On the Budget Approval Date of April 9, 2026

PRESIDENT

Kathryn Freshley

VICE-PRESIDENT

Kay Havens

BOARD OF DIRECTORS

Wyatt McClean

Mark Monin

Michael Gaskins

GENERAL MANAGER

Dennis Cafferty

MANAGEMENT TEAM

Judy Cimorell

Vishav Sharma

Scott Hopkins

Mike Miazga

Hannah Ford

Director of Human Resources

Chief Financial Officer

Operations Superintendent

Information Technology Manager

Director of Engineering

The mission of the El Toro Water District is to provide its customers safe and reliable water, sewer, and recycled water services in an environmentally and economically responsible manner. The District intends to accomplish this mission by efficiently and effectively managing its operations and maintenance activities and prudently and effectively investing in its capital assets.

April 9, 2026

Presented for your review and consideration is the Budget document for the El Toro Water District for Fiscal Year 2026, which begins July 1, 2026 and ends June 30, 2027. The District's budget provides a framework for achieving the strategic objectives established by the District Board and illustrates how the resources entrusted to the District by customers are utilized to provide effective, efficient, and high-quality water, wastewater, and recycled water services. The core purposes of the District's annual budget include estimating the financial resources that will be available to the District during the budget period and authorizing a spending plan that utilizes those financial resources to support the District's services, programs, and projects. The Budget is developed and modified through an extensive review process that involves the Board of Directors and Staff, with the support of expert financial consultants, and reflects a continued commitment by the District to deliver safe, reliable, and high-quality services to customers.

The District remains committed to keeping rates as low as possible for customers but the cost increases that are happening in the economy are a severe challenge for achieving this goal. The 2026-27 budget reflects the District's proactive approach to addressing rising costs and economic uncertainty resulting from global conflict and ensuring fiscal responsibility in the face of evolving challenges. While overall inflation is expected to be stable from previous elevated levels, the costs of purchased water, insurance, labor and other critical support materials are anticipated to rise. The U.S. economy faces considerable uncertainty due to a variety of factors. These potentially inflationary pressures directly impact the District's 2026-2027 budget.

Following the normal budget preparation process, staff and management evaluated current and projected expenses and revenue requirements to develop the initial 2026-2027 Budget. Expenses and revenues are based on historical budget to actual experience, projected resource/asset investment requirements and certain underlying assumptions regarding internal and external factors. Internal factors include the District's operating strategy, implementation/operation of existing and new resources, planned capital replacement and refurbishment projects/programs and staff implications of succession planning/implementation and organizational changes. External factors include staff's best estimate of expenses that are generally out of the District's control, i.e. purchased water, energy, insurance, interest rates, SOCWA, regulatory mandates/fees and inflation.

For the Fiscal Year 2026–27 budget, a five-year rate study and Proposition 218 notice have been prepared, incorporating both historical trends and forward-looking assumptions. These assumptions specifically account for projected changes in Operations and Maintenance costs, including payroll, employee benefits, electricity, and water costs. The cost of purchased water will be treated as a pass-through to customers without a significant markup.

Based on the development of the draft 2026–27 budget and analysis of various scenarios, staff recommends adoption of the proposed five-year rate plan to better align revenues with actual cost increases.

The Metropolitan Water District (MWD) draft budget identifies a 9.5% rate increase on the purchase of treated imported water. Staff continue to propose that the cost of purchased water be passed on to the customers through the District Water Usage Charge. The increase in the cost of water from MWD is somewhat unpredictable from year to year. The five-year rate plan identifies water usage rates that represent staff's best projections with information available today. Staff are proposing a pass-through approach in the 218 Notice that will allow the District to revise the potable water usage rates as necessary to cover any unanticipated increased cost of purchased water without a further 218 Notice.

The following examples of cost increases and decreases highlight several of the key drivers shaping the 2026–27 budget:

- Investment Revenue expected to decrease by \$300,000 in the fiscal year 2026-27 due to lower interest rates.
- Property Tax Revenue expected to increase by \$100,000 from \$1,300,000 to \$1,400,000. This change reflects the actual property tax revenue collection is anticipated to exceed budget in 2025-26.

- Purchased water expense is projected to increase \$976,226 or 9.2%;
- Contracted services expense is projected to increase \$367,507 or 5.38%;
- Total labor and benefits increase inclusive of base salaries, the performance-based merit pool, benefits and workers compensation premiums at \$444,658 or 3.99%.
- Retiree Health Insurance cost is projected to increase \$44,000 or 10.8%;

In contrast to these expenses, which are necessary for District operations, Staff has strived to limit increases in expenses that are to some extent controllable. Examples include:

- Electrical and chemical costs are relatively stable from budget to budget.
- Legal Services expenses remain stable in the 2026-2027 Budget;

Review of Accomplishments in the 2025 - 2026 Budget Period

Throughout the 2025 - 2026 budget period, the District accomplished many of the objectives and projects incorporated into the 2025 - 2026 Budget plan, including:

Significant Achievements & Projects

- The District's continued its commitment to excellent financial management practices as demonstrated by the receipt of the Certificate of Achievement for Excellence in Financial Reporting for the FY 2024 Comprehensive Annual Financial Report, a national recognition of the District's financial reporting by the Government Finance Officers Association (GFOA) of the United States. The District has applied for the same award for FY 2025 and awaiting a positive outcome.
- The District successfully implemented new fixed asset software module during the fiscal year. The implementation of the system occurred towards the end of the 2024-25 fiscal year and continued into the 2025-26 fiscal year.
- The District utilized the 2022 Revenue Bond proceeds to continue capital improvement projects that will refurbish significant portions of the District's infrastructure, as described below.

Infrastructure Improvements

The District is dedicated to investing in infrastructure improvement so that the community can rely on its water, wastewater, and recycled water utilities.

- The District invested in its water distribution system by repairing the R-6 Reservoir southern slope, replacing pumps and motors at the Shenandoah Booster Station, and replacing the chlorine tank at the P-1 Pump Station. The District also finalized its water distribution system asset management plan to support planning for future investments.
- The District invested in its wastewater collection system by replacing the Main Switchboard at Westline Lift Station, replacing a pump at the 4920 Lift Station, starting construction for the Headworks/Secondary Clarifier No. 1 Rehabilitation Project, and completing design for the Aliso Creek Lift Station Improvements Project. The District also purchased a new solids hauling trailer to convey wastewater from its Wastewater Recycling Plant to MNWD's Regional Treatment Plant.
- The District obtained regulatory approval and implemented a new control method for its tertiary disinfection system to produce recycled water with less chlorine.

Goals and Objectives for the 2026 – 2027 Budget

The 2026 – 2027 budget includes the following goals and objectives:

- Continue setting rates for operating activities that generate enough revenue to fully support operating expenses based on historical trends and forward-looking assumptions for key cost drivers such as payroll, employee benefits, electricity, water and chemicals;
- Continue the process of increasing Capital Rates to generate additional Capital Facility revenue to fully fund the 2022 Revenue Bond debt service expenses from recurring revenue and to enhance investment in the District capital infrastructure which is necessary to provide reliable service;

- Establish a reliable, stable, and predictable rate adjustment strategy that minimizes impacts to customers and reduces the need for frequent Proposition 218 notices;
- Generate sufficient revenue to maintain minimum reserve levels, including legally restricted reserves, Board-mandated reserves, and working capital requirements;
- Treat the cost of water as a pass-through to customers without a significant markup, while ensuring transparency in rate setting;
- Continue to employ cost containment and reduction strategies, where appropriate, to maintain reliable service levels in a cost-effective manner.

Expenses

- Purchased water costs are affected by the increased rates charged by Metropolitan Water District of Southern California and Municipal Water District of Orange County and the operations and maintenance costs associated with the District's owned capacity in the Baker Water Treatment Plant;
- Energy (electrical power) costs are projected to remain stable based on expected system operations, planned capital improvements, and analysis of current Southern California Edison rates and charges;
- SOCWA and MNWD Operation costs for regional solids and effluent disposal are projected to experience a modest increase based on the anticipated 2026/27 budget estimates;
- Personnel costs are projected to increase by 3.99%. The District merit increase program, medical premiums and the District's contributions to the employees' Retirement Savings Plan are included in the budget;
- Operating costs exclusive of purchased water, interest, labor and depreciation have increased by approximately 5.48% compared to the prior budget year.

Capital Replacement & Refurbishment Program

Engineering Staff have been working on an Asset Management Plan for the District's infrastructure and the preliminary results from this plan indicate a significant need to invest in the District's capital equipment and infrastructure, especially at the Water Recycling Plant where certain components are nearly sixty years old. The District needs to continue preparing for this elevated level of capital investments in order to protect the reliability of the water, sewer and recycled water systems. At the beginning of the 2022-2023 fiscal year the District determined that a series of four 25% increases in capital revenue would be necessary to support the critical investments in the reliability of the District infrastructure. The 2026-2027 budget includes the fourth 25% increase in capital rates as planned.

- Staff has updated the ten-year Capital Improvement Program (CIP) to preserve water, sewer and recycled water infrastructure, meet regulatory requirements, and ensure continuous quality services are provided. Projected Water, Sewer and Recycled Water capital improvement expenses (projects and equipment) for budget year 2025 - 2026 total \$8.9 million. The 2026 - 2027 capital improvement expenses will be funded by revenue from the Capital Facilities charge combined with 2022 Revenue Bond proceeds and capital cash reserves accumulated in prior years.
- Revenue generated from the Recycled Water Capital Facilities charge amounts to approximately \$348,000 and will be used to fund recycled water capital projects and to offset the cost of Recycled Water System debt service.
- The water distribution system 2026-2027 capital budget includes rehabilitating Pressure Reducing Valve No. 4, design to provide adequate fire flow to Calle Sonora and Via Campo Verde, installing a new chlorine injection system at the R-6 Reservoir, retrofitting the main switchboard at the Spartan Booster Station, and purchasing a spare motor for Cherry Pump Station.
- The wastewater collection and treatment system 2026-2027 capital budget includes construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project at the WRP, coating rehabilitations at several lift stations, design for a new forcemain at the Westline Lift Station, installing a new emergency generator at the Westline Lift Station, replacing the existing electrical equipment at Veeh Lift Station, purchasing a new pump for the Freeway Lift Station, rehabilitating the asphalt at the Holding Pond near the WRP, replacing valves and diffusers in the aeration basins at the WRP, and improving network communications at the WRP.

Reserves

- The District maintains three categories of reserves: (1) Restricted Reserves are legally required to be held as the result of contractual agreement or legal requirement; (2) Committed Reserves are established by an action of the Board; and (3) Assigned Reserves are established by management for particular purposes.
- The Committed Reserves include (1) a Capital Construction Reserve, (2) a Rate Stabilization Reserve, (3) an Operating Reserve and (4) Working Capital. The current target reserve level for the Committed Reserves, established by Board policy, is \$9.3 million.
- The 2026 –2027 Budget continues the process of replenishing the Rate Stabilization, Operating and Working Capital Reserves to the targets defined in the District Cash Reserve Policy.

Summary of 2026-2027 Fiscal Results based on the Budget as Presented:

- Unrestricted Commodity revenue increase to offset the increase in purchased water expense would equal \$855,500 or 7.9%.
- Total O&M revenue increases would equal \$789,400 or 4.9%:
 - Water enterprise - \$484,600
 - Sewer enterprise - \$255,500
 - Recycled Water enterprise - \$49,300.
- Fixed Meter Charge increases for Water and Recycled Water will equal approximately 10% in 2026-2027.
- The MWD Pass-Thru Water Supply component of each Tier increases by \$0.34/CCF representing approximately 9.5% of the Tier 1 rate.
- Flat Recycled Water Commodity rate increases by \$0.28/CCF or 7.8%.
- Wastewater Rate increase of approximately 3.1%.
- Debt Coverage Ratio will equal 238% in 2026-2027 (the 2022 Bonds requirement is 110%).
- The net impact of all rate changes included in the 2026-2027 Budget will increase a utility bill for a single-family residence by approximately 10.5%.

Conclusion

The 2026 – 2027 Budget is the result of considerable discussion and careful deliberation by the District’s Board of Directors and Staff. The preparation, review and deliberation of the budget require a significant time commitment from the organization. The level of commitment demonstrated throughout this process by the Board of Directors and Staff is greatly appreciated by the General Manager and Chief Financial Officer and ensures the successful completion of the budget process. The Budget is optimistic about the future but conservative in its revenue estimates. Most of all, this Budget is the result of a process in which the opportunities and challenges facing the District have been carefully assessed, documented, and addressed to facilitate the accomplishment of the strategic objectives of the Board of Directors.

Dennis Cafferty

Dennis Cafferty
General Manager

2026 – 2027 Budget Summary

This section of the budget document provides a summary of the District’s financial operations, assuming the estimated revenues and expenses incorporated into the 2026 – 2027 Budget occur as forecast. Also presented is a summary of the number of authorized positions included in the 2026 – 2027 Compensation Plan. The charts and graphs in this section provide an overview of total revenues, expenses, and changes in the projected ending financial position for the District.

Summary of 2026 – 2027 Budgeted Financial Information

The 2026 – 2027 Budget includes \$42,066,566 in estimated revenues and \$39,656,930 in budgeted expenses, resulting in an estimated Change in Net Position of \$2,407,616 for the 2026 - 2027 Budget Year. The Net Position of the District is forecast to equal \$72,612,032 at the end of the 2026 – 2027 fiscal year.

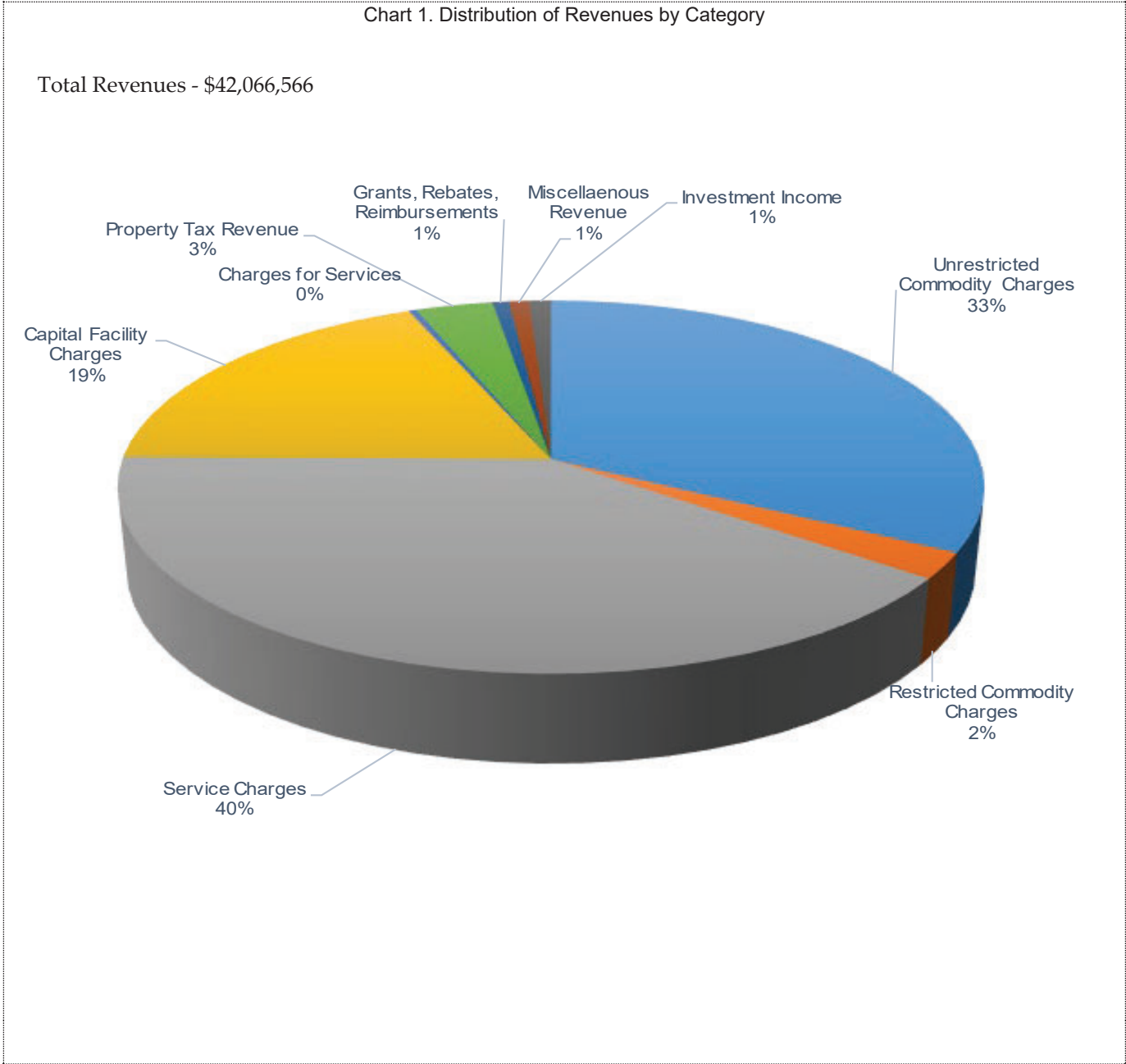
Table 1. Summary of Financial Operations							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	% Change
Revenues							
Operating Revenues	26,410,680	28,671,429	33,387,965	36,063,594	36,023,331	39,954,166	10.79%
Non-operating Revenues	1,833,839	2,467,938	4,162,100	2,298,400	2,395,835	2,112,400	-8.09%
Capital Grants, Investment Income & Contributions	8,153,620	5,618,950	83,520	-	43,862	-	-
Total Revenues	36,398,139	36,758,317	37,633,585	38,361,994	38,463,029	42,066,566	9.66%
Expenses							
Operating Expenses	29,514,272	33,768,531	33,612,262	35,859,239	33,915,119	37,741,930	5.25%
Non-operating Expenses	1,723,651	1,618,994	1,554,947	2,006,336	2,006,336	1,915,000	-4.55%
Total Expenses	31,237,923	35,387,525	35,167,209	37,865,575	35,921,455	39,656,930	4.73%
Change in Net Position	5,160,217	1,370,792	2,466,376	496,419	2,541,573	2,409,636	
Beginning Net Position (July 1)	58,663,438	63,823,655	65,194,447	67,660,823	67,660,823	70,202,396	
Ending Net Position (June 30)	63,823,655	65,194,447	67,660,823	68,157,242	70,202,396	72,612,032	
Net Position (as of June 30)							
Net Investment in Capital Assets	54,968,271	57,428,761	57,428,761				
Restricted - Capital Projects	-	-	-				
Restricted - Debt Service	-	-	-				
Unrestricted	8,855,384	7,765,628	10,232,062				
Total Net Position	63,823,655	65,194,389	67,660,823				

Analysis of District Revenues

Total revenues in the 2026 – 2027 Budget are estimated to be \$42,066,566 an increase of \$3,721,567 (9.71%) compared to 2025 – 2026 budgeted revenues of \$38,344,999. The largest sources of revenue for the District in 2026 – 2027 include Commodity Charges at \$14,796,976 (37.03% of the total), Service Charges at \$16,861,782 (42.2% of the total) and Capital Facility Charges at \$7,807,207 (19.54% of the total). Amongst the three enterprise operations of the District, the Water Enterprise receives 55.09% of total revenues (projected at \$23,174,687 in 2026 – 2027), the Wastewater Enterprise receives 36.52% of total revenues (\$15,363,557), and the Recycled Water Enterprise receives 8.39% (\$3,528,322) of total revenues.

Table 2. Summary of Revenues							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected	Proposed	Budget % Change
Operating Revenues							
Usage Charges							
Water Commodity Charges (Unrestricted)	7,479,815	7,537,990	9,895,387	10,734,833	10,484,188	11,668,389	8.70%
Water Commodity Charges (Restricted)	667,170	656,904	917,311	823,539	877,143	950,297	15.39%
Recycled Water Commodity Charges	1,189,709	1,387,251	2,001,570	1,782,345	1,977,955	2,178,290	22.21%
Service Charges							
Water System	4,228,718	4,772,884	4,858,280	5,459,145	5,398,118	5,995,830	9.83%
Wastewater System	8,659,162	9,292,348	9,537,346	10,013,671	10,032,323	10,289,594	2.76%
Recycled Water System	424,813	429,520	467,174	521,055	518,486	576,358	10.61%
Capital Facility Charges							
Water System	1,296,286	1,842,130	2,097,193	2,669,838	2,577,172	3,338,171	25.03%
Wastewater System	1,724,492	2,189,817	2,721,284	3,323,440	3,388,789	4,115,363	23.83%
Recycled Water System	131,774	173,271	224,548	283,703	275,201	353,673	24.66%
Charges for Services	5,498	188,692	146,507	125,000	125,000	140,000	12.00%
Miscellaneous Operating Revenues	299,496	62,703	122,487	51,200	101,758	51,200	0.00%
Grants, Rebates, Reimbursements	303,748	137,918	398,878	275,825	267,200	297,000	7.68%
Total Operating Revenues	26,410,680	28,671,429	33,387,965	36,063,594	36,023,331	39,954,166	10.91%
Non-operating Revenues							
Property Taxes	1,184,149	1,246,919	1,308,541	1,300,000	1,300,000	1,400,000	7.69%
Investment Income	395,956	955,282	1,237,333	700,000	805,572	400,000	-50.35%
Miscellaneous Non-operating Income	253,734	265,737	1,616,226	298,400	290,263	312,400	7.63%
Total Non-operating Revenues	1,833,839	2,467,938	4,162,100	2,298,400	2,395,835	2,112,400	-11.83%
Capital Contributions	8,153,620	5,618,950	83,520	-	43,862	-	-100.00%
Total Revenue	36,398,139	36,758,317	37,633,585	38,361,994	38,463,029	42,066,566	9.66%
Allocation of Revenues							
Water System	20,939,406	19,292,527	17,769,432	17,507,978	17,219,950	18,886,220	9.68%
Water System - Restricted	667,170	656,904	917,311	823,539	877,143	950,297	8.34%
Wastewater System	8,560,674	10,550,114	11,953,920	11,070,271	11,255,165	11,248,194	-0.06%
Recycled Water System	2,060,377	2,053,553	2,942,921	2,683,225	2,869,608	3,174,648	10.63%
Capital Improvement Program	4,170,512	4,205,219	4,050,001	6,276,980	6,241,162	7,807,207	25.09%
Total Revenue	36,398,139	36,758,317	37,633,585	38,361,994	38,463,029	42,066,566	9.37%

Presented in Chart 1 below is a visual depiction of the distribution of the major revenue sources for the District. The three largest categories of revenue comprise 92% of the District's total revenues.



Analysis of District Expenses

Total budgeted Operating and Non-operating expenses included in the 2026 – 2027 Budget equal \$39,656,930, an increase of \$1,791,356 (4.73%) from 2025 – 2026 budgeted expenses of \$37,865,575. Operating expenses are budgeted at \$37,741,930, comprise 95.17% of total expenses, and increase by \$1,882,692 (5.25%) from 2025 – 2026 budgeted expenses. Non-operating expenses are budgeted at \$1,915,000, or 4.83% of total expenses, and decrease \$91,336 (4.55%) from 2025– 2026 budgeted expenses of \$2,006,336.

Table 3. Summary of Expenses							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	Budget % Change
Operating Expenses							
General & Administrative							
Administration	1,259,483	1,185,055	1,231,018	1,292,531	1,257,390	1,344,866	4.05%
Finance & Risk Management	1,343,716	1,264,054	1,465,805	1,492,642	1,492,288	1,569,853	5.17%
Human Resources	583,068	538,547	489,535	553,600	539,924	550,250	-0.61%
Technology Services	780,198	740,067	820,156	889,820	887,762	995,950	11.93%
Public Relations & Conservation	473,720	471,794	563,766	611,350	599,564	653,953	6.97%
Customer Service	919,040	966,391	1,026,464	1,087,300	1,079,576	1,188,800	9.34%
Operations & Maintenance							
Engineering & Compliance	826,611	874,234	720,055	539,961	792,615	563,725	4.40%
Operations Support	947,692	1,044,985	1,072,726	1,119,663	980,705	1,193,726	6.61%
Fleet Services	568,701	568,337	618,269	602,460	582,886	596,750	-0.95%
Water Supply & Treatment	8,435,482	8,732,579	9,467,387	10,742,971	10,110,800	11,726,797	9.16%
Water Storage Operations	-	-	670,978	612,325	187,429	674,000	10.07%
Water Treatment	-	-	-	-	-	-	-
Water Pumping Operations	707,517	795,637	736,332	864,240	791,263	911,035	5.41%
Water Transmission & Distribution	1,677,077	1,552,285	1,653,458	1,882,875	1,758,910	1,974,120	4.85%
Wastewater Pumping Operations	897,987	1,036,002	1,015,658	1,146,660	1,074,073	1,190,550	3.83%
Wastewater Collections	1,021,523	1,016,762	832,903	1,174,350	1,011,208	1,219,500	3.84%
Wastewater Treatment	3,322,987	4,241,523	4,190,155	4,249,363	4,015,748	4,277,927	0.67%
Outside Treatment	-	-	-	-	-	-	-
Recycled Transmission & Distribution	269,510	246,499	270,722	337,900	301,448	355,700	5.27%
Tertiary Treatment	862,645	1,043,703	1,062,127	1,112,228	1,090,306	1,059,428	-4.75%
Operating Capital Expenses							
Other Operating Expenses	197,752	2,311,246	600,601	407,000	336,000	451,000	10.81%
Depreciation & Amortization	4,419,562	5,138,831	5,104,211	5,140,000	5,025,224	5,244,000	2.02%
Total Operating Expenses	29,514,271	33,768,531	33,612,325	35,859,239	33,915,119	37,741,930	5.25%
Non-operating Expenses							
Interest Expense	1,723,651	1,618,994	1,554,947	2,006,336	2,006,336	1,915,000	-4.55%
Total Non-operating Expenses	1,723,651	1,618,994	1,554,947	2,006,336	2,006,336	1,915,000	-4.55%
Total Expenses	31,237,922	35,387,525	35,167,272	37,865,575	35,921,455	39,656,930	4.73%
Allocation of Expenses							
Water System	14,014,666	14,311,476	15,991,336	17,469,966	16,257,385	18,954,770	8.50%
Wastewater System	9,121,832	10,129,854	9,984,018	10,749,715	10,299,305	11,013,812	2.46%
Recycled Water System	1,760,460	1,877,124	1,932,159	2,092,558	1,997,206	2,078,348	-0.68%
Other Operating Expenses	197,752	2,311,246	600,601	407,000	336,000	451,000	10.81%
Depreciation & Amortization	4,419,562	5,138,831	5,104,211	5,140,000	5,025,224	5,244,000	2.02%
Interest Expense	1,723,651	1,618,994	1,554,947	2,006,336	2,006,336	1,915,000	-4.55%
Total Expenses	31,237,922	35,387,525	35,167,272	37,865,575	35,921,455	39,656,930	4.73%

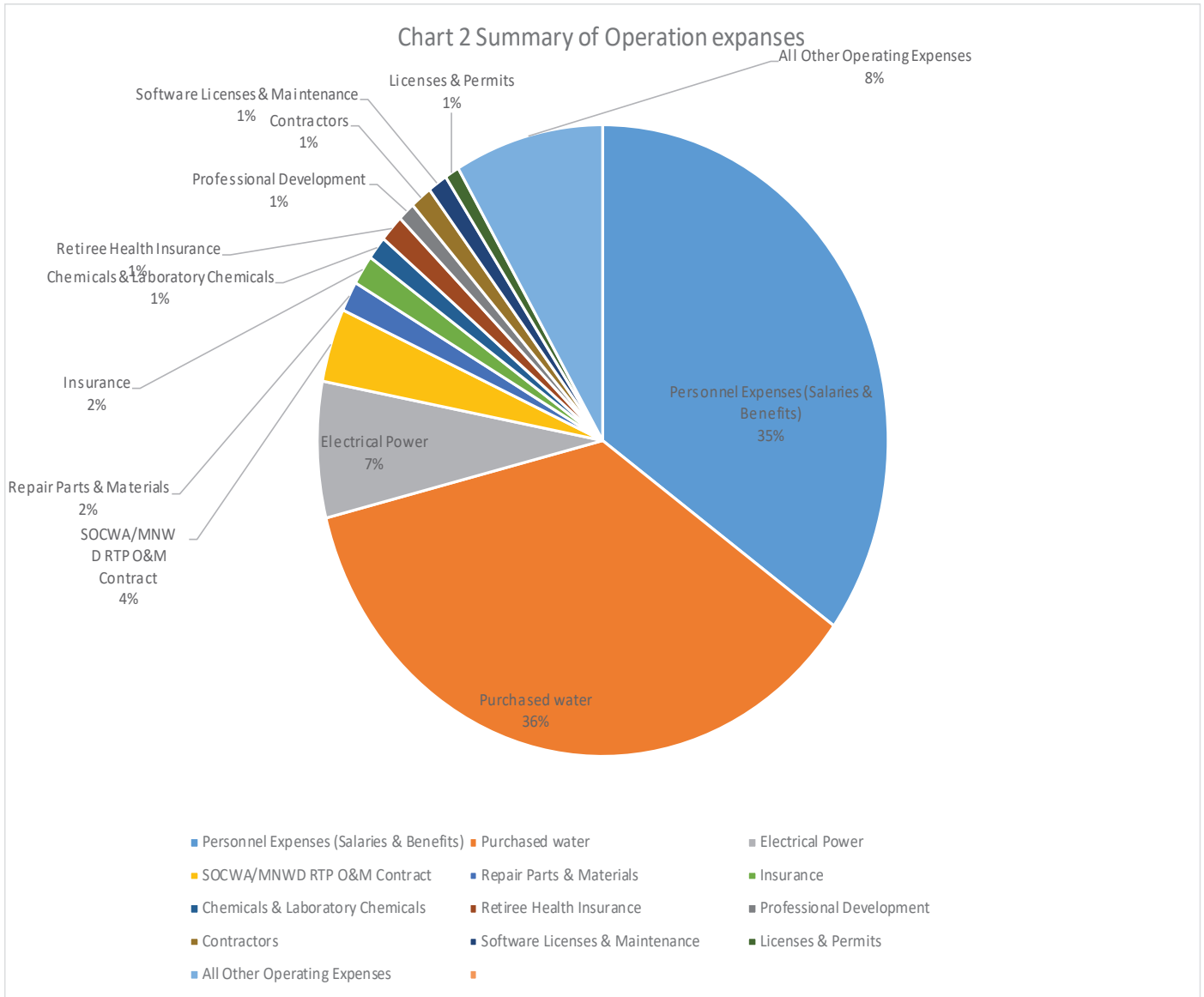
The majority of expenses \$18,954,770 (47.8%) are incurred by the Water System, primarily because the purchase of potable water for sale is a part of the Water System’s operations. The Wastewater System incurs the second highest level of expenses \$11,013,812 (27.77%), third highest expense category is Depreciation & Amortization \$5,244,000 (13.22%), followed Recycled Water System (5.24%) and Interest Expense (4.83%) and the. Other Operating Expenses include retiree health insurance premiums and any OPEB Charges (which are not budgeted).

Presented below, in Table 4, are Operating expense categories with totals greater than \$200,000 in 2026 – 2027. The largest expenses for the District include Personnel, the purchase of water for sale to customers, Electrical Power, and the SOCWA Contract. Combined, these four expenses equal \$26,578,629 and comprise 81.79% of total operating expenses for the District (excluding Interest Expense and depreciation).

	2022 - 2023	2023 - 2024	2024-25	2025-26	2026-27	2026-2027		
	Actual	Actual	Actual	Budget	Proposed Budget	Proposed Change	%age Change	%of total Cash outlay
Personnel Expenses (Salaries & Benefits)	9,791,630	10,376,974	10,213,863	10,933,208	11,364,419	431,211	3.94%	34.97%
Purchased water	7,960,081	8,161,635	9,468,914	10,742,971	11,726,797	983,827	9.16%	36.09%
Electrical Power	1,607,478	1,858,462	1,861,830	2,262,300	2,262,300	-	0.00%	6.96%
SOCWA/MNWD RTP O&M Contract	969,500	1,279,589	1,452,669	1,200,000	1,225,000	25,000	2.08%	3.77%
Repair Parts & Materials	334,320	443,458	344,324	472,700	500,550	27,850	5.89%	1.54%
Insurance	358,565	367,025	422,840	452,500	495,700	43,200	9.55%	1.53%
Chemicals & Laboratory Chemicals	266,397	413,618	466,449	416,200	387,000	(29,200)	-7.02%	1.19%
Retiree Health Insurance	263,362	275,197	349,496	407,000	451,000	44,000	10.81%	1.39%
Professional Development	216,285	241,671	259,036	352,221	314,273	(37,948)	-10.77%	0.97%
Contractors	96,671	275,228	330,101	280,300	396,250	115,950	41.37%	1.22%
Software Licenses & Maintenance	246,589	209,421	273,978	327,470	360,450	32,980	10.07%	1.11%
Licenses & Permits	215,114	137,502	258,664	264,290	267,620	3,330	1.26%	0.82%
All Other Operating Expenses	3,002,588	3,611,168	3,070,573	2,593,679	2,745,371	151,692	5.85%	8.45%
Total O&M Expenses	25,328,580	27,650,947	28,772,736	30,704,838	32,496,730	1,791,892	5.84%	100.00%

*Excludes Interest, Depreciation, Amortization, and OPEB Charges

Presented in Chart 2 below are the District's operating expenses by major category of expense. Personnel expenses are the largest category, followed by Commodity Purchased for Resale and then Interest expenses.



Projected Statement of Revenues, Expenses, and Changes in Net Position

Portrayed in Table 5 below is a projected Statement of Revenues, Expenses, and Changes in Net Position for the District assuming the 2025 – 2026 Budget occurs as planned. The chart also includes Statements from prior years to serve as a comparison for the proposed 2026 – 2027 Budget.

Table 5. Statement of Revenues, Expenses, and Changes in Net position							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
				Budget	Projected	Proposed	Budget
	Actual	Actual	Actual		Actual	Budget	
Operating Revenues							
Commodity Supply Charges	\$ 9,336,693	\$ 9,582,145	\$ 12,814,269	\$ 13,340,716	\$ 13,339,286	\$ 14,796,976	10.92%
Service Provision Charges	13,312,692	14,494,752	14,862,800	15,993,872	15,948,926	16,861,782	5.43%
Capital Facilities Charges	3,152,552	4,205,219	5,043,025	6,276,980	6,241,162	7,807,207	24.38%
Charges for Services	5,498	188,692	146,507	125,000	125,000	140,000	12.00%
Other Operating Income	299,496	62,703	122,487	51,200	101,758	51,200	0.00%
Grants, Rebates, & Reimbursements	303,748	137,918	398,878	275,825	267,200	297,000	7.68%
Total Operating Revenues	26,410,680	28,671,429	33,387,965	36,063,594	36,023,331	39,954,166	10.79%
Operating Expenses							
General & Administrative	5,359,225	5,165,908	5,596,682	5,927,243	5,856,504	6,303,672	6.35%
Operations & Maintenance	19,537,733	21,152,546	22,310,768	24,384,996	22,697,391	25,743,258	5.57%
Other Operating Expenses	197,752	376,178	196,433	407,000	336,000	451,000	10.81%
Depreciation & Amortization	4,419,562	5,138,831	5,104,211	5,140,000	5,025,224	5,244,000	2.02%
Loss on retirement/sale of asset		1,489,216	-				
Capital expenditure below the 25K		445,852	404,168				
Total Operating Expenses	29,514,271	33,768,531	33,612,262	35,859,239	33,915,119	37,741,930	5.25%
Operating Income/(Loss)	(3,103,592)	(5,097,102)	(224,296)	204,355	2,108,212	2,212,236	982.54%
Non-operating Revenues							
Property Taxes	1,184,149	1,246,919	1,308,541	1,300,000	1,300,000	1,400,000	7.69%
Investment Earnings	395,956	955,282	1,237,333	700,000	805,572	400,000	-42.86%
Capital grant & Investment Earnings							
Other Non-Operating Revenue	253,734	265,737	1,616,226	298,400	290,263	312,400	4.69%
Interest Expense	(1,723,651)	(1,618,994)	(1,554,947)	(2,006,336)	(2,006,336)	(1,915,000)	-4.55%
Net Non-Operating Revenues	110,188	848,944	2,607,153	292,064	389,499	197,400	-32.41%
Net Income/(Loss) before Capital Contributions	(2,993,403)	(4,248,158)	2,382,856	496,419	2,497,711	2,409,636	385.40%
Capital Contributions							
Donations & Contributions (O&M)	8,153,620			-	43,862	-	-
Capital Contributions		5,618,950	83,520				
Total Capital Contributions	8,153,620	5,618,950	83,520	-	43,862	-	
Change in Net Position	5,160,217	1,370,792	2,466,376	496,419	2,541,573	2,409,636	
Beginning Net Position	58,663,438	63,823,655	65,194,447	67,660,823	67,660,823	70,202,396	
Ending Net Position	\$ 63,823,655	\$ 65,194,447	\$ 67,660,823	\$ 68,157,242	\$ 70,202,396	\$ 72,612,032	

Operating revenues of \$39,954,166 will exceed operating expenses of \$37,741,930 by \$2,212,236. This Operating gain is from the capital charge and will be utilized on the capital projects and help maintain the reserves and these reserves are needed to effectively provide service to customers. Non-operating expense will exceed Non-operating revenues by \$197,400, due to significant interest income from investments and property taxes. The revenues and expenses from operating and non-operating activities will result in a Net gain before

Contributions which will increase the District’s Net Position for 2026 – 2027; the ending Net Position is projected to be \$72,612,32.

Presented below in Table 6 below is a calculation of the net result from operations which provides an analysis of the financial result of operations if all capital investment related activities were removed from the Statement of Revenues, Expenses, and Changes in Net Position.

Table 6 - Cash From Operations											
	2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026		2026 - 2027		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected Actual	Budget	% Change	
Cash Generated by Operational Activities											
Total Revenue	29,930,400	28,302,470	32,775,800	31,392,587	34,986,996	37,633,585	-	38,361,994	38,053,342	-	42,066,566
Less Capital Revenues	(3,262,200)	(3,152,552)	(4,093,900)	(4,205,219)	(5,009,153)	(5,043,025)	-	(6,276,980)	(6,247,437)	-	(7,807,207)
Less Restricted Revenues	(726,900)	(567,170)	(626,900)	(456,904)	(611,389)	(717,311)	-	(623,539)	(677,143)	-	(700,297)
Revenue from Operating Activities(1)	25,941,300	24,582,749	28,055,000	26,730,464	29,366,455	31,873,249	-	31,461,474	31,128,762	-	33,559,062
Total Expenses											
Total Expenses	32,402,280	32,881,983	34,134,560	33,898,309	35,670,917	35,167,216	-	37,865,574	36,396,770	-	39,663,830
Less Depreciation and Amortization	(4,369,000)	(4,426,408)	(4,906,900)	(5,138,835)	(4,906,900)	(5,104,211)	-	(5,140,000)	(5,031,562)	-	(5,250,900)
Less Interest Expense	(2,704,700)	(1,723,651)	(2,203,700)	(1,618,994)	(2,107,805)	(2,087,499)	-	(2,006,336)	(2,006,336)	-	(1,915,000)
Less OPEB Charges	-	(260,660)	-	202,867	-	264,492	-	-	-	-	-
Recycled water Revenue used for Debt Service	-	-	-	-	431,135	-	-	558,107	957,976	-	1,060,220
Expenses from Operating Activities(2)	25,328,580	26,471,265	27,023,960	27,343,346	29,087,347	28,239,998	-	31,277,345	30,316,848	-	33,558,150
Cash Generated from Operations	612,720	(1,888,516)	1,031,040	(612,882)	279,108	3,633,251	-	184,129	811,914	-	912
Notes											
(1) Excludes Capital Replacement & Refurbishment Charge from Tiered Rates Restricted Revenue.											
(2) Excludes non-cash expenses (Depreciations, Amortization, OPEB Charge) and Interest Expense											

Debt Service Coverage

Presented in Table 7 below are debt service coverage calculations by fiscal year based on the District's actual financial results (22/23, 23/24 and 24/25 fiscal years) and annual budgets (fiscal years 25/26 and 26/27). Debt service coverage in 2022-23 was at the lowest point and the interest costs associated with the 2022 Revenue Bonds was the highest. However, the District's Ten-Year financial projection shows that debt service coverage will improve every year after 2022-2023. The debt coverage ratio is expected to be 2.38 for fiscal year budget 2026-27.

Table 7. Debt Service Coverage Calculation							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected	Proposed	Budget
							% Change
Commodity Supply Charges	9,336,693	9,582,145	12,814,269	13,340,716	13,339,286	14,796,976	10.92%
Service Provision Charges	13,312,692	14,494,752	14,862,800	15,993,872	15,948,926	16,861,782	5.43%
Capital Maintenance Charges	3,152,552	4,205,219	5,043,025	6,276,980	6,241,162	7,807,207	24.38%
Charges for Services	5,498	188,692	146,507	125,000	125,000	140,000	12.00%
Miscellaneous Operating Revenues	299,496	62,703	122,487	51,200	101,758	51,200	0.00%
Grants, Rebates, Reimbursements	303,748	137,918	398,878	275,825	267,200	297,000	7.68%
Property Taxes	1,184,149	1,246,919	1,308,541	1,300,000	1,300,000	1,400,000	7.69%
Investment Earnings	775,745	955,282	1,237,333	700,000	805,572	400,000	-42.86%
Other Non-operating Revenue	253,734	265,737	1,774,316	298,400	290,263	312,400	4.69%
Rate stabilization fund		1,483,163	-				
Total Revenues	28,624,308	32,622,530	37,708,155	38,361,994	38,419,167	42,066,566	9.66%
Operation & Maintenance Expenses							
General & Administrative	5,359,225	5,165,908	5,596,682	5,927,243	5,856,504	6,303,672	6.35%
Operations & Maintenance	19,537,733	21,152,546	22,310,768	24,384,996	22,697,391	25,743,258	5.57%
Other Operating Expenses ⁽¹⁾	22,939	341,827	196,433	407,000	336,000	451,000	10.81%
Total Operation & Maintenance Expenses	24,919,897	26,660,281	28,103,883	30,719,239	28,889,895	32,497,930	5.79%
Net Revenues	3,704,411	5,962,249	9,604,272	7,642,755	9,529,271	9,568,636	25.20%
Debt Service Expenses							
North Line SRF Loan	258,146	-	-	-	-	-	-
Recycled Phase I SRF Loan	1,602,958	-	-	-	-	-	-
Baker WTP Loan	677,755	677,600	684,262	677,600	684,262	684,262	0.98%
Recycled Phase II SRF Loan	409,046	-	-	-	-	-	-
2022 Revenue Bonds	-	3,564,000	3,332,650	3,333,000	3,333,650	3,336,150	0.09%
Total Debt Service Costs	2,947,905	4,241,600	4,016,912	4,010,600	4,017,912	4,020,412	0.24%
Debt Service Coverage Ratio	1.26	1.41	2.39	1.91	2.37	2.38	

Notes
 (1) Excludes Depreciation and OPEB Charge which are non-cash accounting charges.

2026 – 2027 Budget Authorized Positions

The 2026 – 2027 Budget authorizes 58 Full-Time Equivalent (FTE) employees; three authorized positions have been reduced from 2023-2024 Budget. Table 8 below illustrates the number of authorized FTE employees by Department.

Table 8. Summary of Authorized Positions by Budget Unit						
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2026-2027
	Actual	Actual	Actual	Budget	Budget	Proposed changes
<u>Employee by Budget unit</u>						
Administration	2	2	2	2	2	0
Finance & Risk Management	5	5	5	5	5	0
Human Resources	2	2	2	2	2	0
Technology Services	1	1	1	1	1	0
Public Relations & Conservation	1	2	2	2	2	0
Customer Service	7	7	7	7	7	0
Engineering & Compliance	5	5	4	4	4	0
Operations Support	2	2	2	2	2	0
Pumping Operations	8	8	8	8	8	0
Fleet Services	1	1	1	1	1	0
Transmission & Distribution	9	8	8	8	8	0
Electrical	2	2	2	2	2	0
Treatment Plant	10	10	9	9	9	0
Colections and Distribution	6	6	5	5	5	0
Total Employees	61	61	58	58	58	0

PROFILE OF THE EL TORO WATER DISTRICT

History of the El Toro Water District

The Founding of El Toro Water District

On August 12, 1959, a group of local landowners gathered around the kitchen table of Raymond Prothero, Sr., at 23572 South Prothero Drive in the community of El Toro (known today as Cornelius Drive in the city of Lake Forest) to discuss their concerns about the water supply. Water for both agricultural and domestic use was pumped from wells, and landowners feared that the existing supply would not support an increased population or an expanded agricultural area. They wanted to find a more reliable, predictable source of water.

One year later, in September 1960, the El Toro Water District (ETWD) was formed as a special district under the laws applicable to California water districts (Sections 34000 Et Seq of the Water Code of the State of California). Governed by a seven-member Board of Directors elected by landowners, the District's charge was to develop and implement policies that would meet the short and long range economic, water resource and environmental goals of the community. While the immediate need was to provide for its customers, ETWD had the wisdom and foresight to consider the greater Orange County area in their planning as well.

At the time of its inception, the total population of the District was only 125 people, and it encompassed 4,750 acres. Of that, 750 acres were devoted to citrus groves and other agricultural uses.

Expansion Includes Aqueduct, Water Recycling Plant and El Toro Reservoir

Shortly after formation, District leadership began to prepare for the anticipated growth of south Orange County. Given the lack of sustainable groundwater, ETWD knew they would have to maintain a critical dependence on imported water that originated hundreds of miles away. ETWD became a constituent agency of the Municipal Water District of Orange County (MWDOC), which entitled the district to receive imported water from the Colorado River and Northern California.

In addition, ETWD joined with a neighboring water district to form the Santiago Aqueduct Commission in order to secure imported water from the Colorado River. The commission obtained permission from the water supplier, Metropolitan Water District of Southern California, to build an aqueduct. The aqueduct would carry water from a pipeline adjacent to Irvine Park to the El Toro community. In 1961, exercising tremendous foresight and good planning, ETWD authorized a bond issue of \$1.9 million to finance its share of the construction costs for the aqueduct, a water filtration plant, a 232 mg reservoir, and expansion of the distribution system within the District.

ETWD established itself as a water-recycling pioneer in 1963 with the completion of the Water Recycling Treatment Plant in Laguna Woods. The plant was designed to treat approximately 1.5 million gallons of domestic wastewater each day. A small laboratory was situated inside the plant to analyze wastewater operations.

Leisure World

In 1963, Ross Cortese, president of the Rossmoor Corporation, identified about 3,500 acres of the Moulton Ranch to fulfill his vision to build a retirement community and call it Leisure World. Except for scattered dwellings and barns, the ranch was devoted largely to dry farming and cattle grazing. Those who lived in the homes on the ranch relied on water from deep wells and cesspools for sanitation. If Leisure World was to become a reality, Cortese knew he had to meet the requirements for water and sanitation.

Initially, the ETWD Directors, who were also ranchers, didn't share Cortese's vision for a large residential development. However, by January 1963 the Directors changed their minds when they learned that bond programs to bring MWD water into the area had boosted property tax bills to about \$18 for each \$100 assessed valuation – far higher than citrus growers or cattle ranchers could afford to pay.

ETWD and Rossmoor agreed that the District would continue to serve the ranchers by providing irrigation service for agriculture. Since ETWD was not interested in providing domestic water service, the Rossmoor Water Company was formed to serve domestic customers.

El Toro Reservoir

In 1967 the construction of the 233-million gallon El Toro Reservoir was completed. The reservoir served many important needs, including meeting high water demand during hot summer days and wildfires, and emergency backup in the event of a pipeline break or other interruptions in water supplies. ETWD established a policy to maintain a 14-day emergency storage reserve to meet customer demands and fire flow requirements.

Constructing a Regional Sewer System

By 1970 the need for a regional sewer system to dispose of treated effluent to the ocean was becoming increasingly evident. Around the same time, the California Clean Water Program was enacted which allowed certain public agencies to be eligible for joint federal-state construction grants.

Laguna Hills Sanitation, Inc., had been disposing of its treated effluent by irrigating the Leisure World golf course and by spraying vacant land. This latter option was becoming increasingly difficult as the amount of vacant land decreased. Unfortunately since Laguna Hills Sanitation, Inc. was a private corporation, it was ineligible for federal-state grants to provide other methods of effluent disposal. In 1972, the District joined five other public water districts and the City of Laguna Beach to form the Aliso Water Management Agency (AWMA). ETWD believed that it was in the best interest of the community to form a partnership to build a sewage sludge treatment and disposal facility.

Approximately three years later ETWD sold \$6.14 million of wastewater bonds to finance the District's share of the AWMA Regional Treatment Plant and an ocean outfall system. The AWMA Regional Treatment Plant is located near the Laguna Niguel Regional Park (currently known as the South Orange County Wastewater Authority, SOCWA). The Aliso Creek Ocean Outfall is located in Laguna Beach. The construction of the plant was complete in 1982.

The Transition from Wholesale to Retail

The Laguna Hills Utility Company, the parent company of the operating utilities, Laguna Hills Water Company (LHWC) and Laguna Hills Sanitation, Inc. (LHSI) approached the ETWD Board of Directors in August 1982 with a proposal that ETWD acquire the utility operations of LHWC and LHSI. If approved, this acquisition would transform ETWD from a water wholesaler to a retail water company. The Board of Directors carefully considered the proposal. They concluded that the residents of the District would benefit from this transition, providing that the assets of the utilities could be acquired at a fair price.

On September 12, 1983, ETWD signed the agreement to purchase both Laguna Hills Water Company and Laguna Hills Sanitation, Inc. for a sum of \$10.5 million. The amount would be paid with interest, in installments over a 30-year period. After approximately 24 years, ETWD had become a fully integrated water, sewer and recycled water retail operation.

Water Recycling Pioneer

After three decades of service, and multiple expansion projects, portions of the Water Recycling Plant had reached the end of its useful life. ETWD embarked on a reconstruction and replacement project. The new plant was completed in 1998 at a cost of nearly \$14,000,000. The reconstruction project renewed the useful life of the plant for another 30 years and brought ETWD into compliance with applicable regulatory and environmental requirements. A new expanded laboratory was now equipped to perform sophisticated analysis of wastewater and drinking water, and the overall capacity of the plant increased to 6 million gallons per day. In 1999 the Water Recycling Plant was recognized by the industry as “Plant of the Year.”

Expansion Continues at El Toro Reservoir

In an effort to expand emergency storage in south Orange County and reduce operating cost for ETWD, the District entered into an agreement in 2002 with neighboring water districts for joint use of the El Toro Reservoir. ETWD began a four phase project to expand the El Toro Reservoir capacity to 275 million gallons and enhance the ability of ETWD and neighboring agencies to meet their emergency storage requirements. By increasing the capacity by 52 million gallons, the enlarged reservoir would provide 124.5 million gallons to ETWD, 137.5 million gallons to Santa Margarita Water District and 13 million gallons to Moulton Niguel Water District. The expanded reservoir would serve more than 300,000 customers in the cities of Laguna Woods, Laguna Hills, Lake Forest, Mission Viejo, Aliso Viejo, Laguna Niguel, Dana Point, Rancho Santa Margarita, Ladera Ranch, Las Flores, San Juan Capistrano and San Clemente. The total water surface area expanded to approximately 20 acres.

In addition to laying 4,500 feet of pipeline to allow increased water use by the three partner agencies at once, the reservoir was enlarged to increase supply for regional use. The final phase of the project was to add a new floating cover and liner to the reservoir. The cover continues to assist ETWD in preserving the quality of the imported supply.

Recycled Water Expansion Project

In 2012, the District began a comprehensive multi-phase Recycled Water Expansion Project that significantly increased the amount of recycled water produced for local irrigation. The project was completed in 2016 and greatly expanded the District’s ability to produce recycled water. By undertaking this project, the District saves precious imported drinking water (potable) for household consumption and sanitary uses.

The project constructed tertiary treatment facilities at the existing Water Recycling Plant to increase the treatment and delivery of recycled water for irrigation to approximately 1,400 acre feet per year. That’s the equivalent of covering the entire footprint of Laguna Woods Village with five inches of water or filling Angel Stadium nineteen times. Simultaneously, the District built a new recycled water distribution system for irrigation. Approximately 100,000 feet or 19 miles of recycled water pipeline was constructed beneath the roadways in portions of Laguna Woods and the northwest corner of Laguna Hills. This new distribution system is completely separate from the drinking water distribution system and used for irrigation only. In 2018 the District completed construction of the Phase II Recycled Water Distribution System Expansion Project which added another 5 miles of recycled water pipeline to serve additional users in the community of Laguna Woods.

The recycled water projects improve the environment by reserving drinking water resources for use inside homes and businesses, and provides environmentally responsible recycled water for outdoor use. The tertiary treatment facilities at the Water Recycling Plant produce a higher quality of treated water, diminish the amount of treated water discharged into the ocean and help to reduce the greenhouse gases that results from pumping imported water into the region.

Location and Service Area Information

The El Toro Water District is located in Southern Orange County, approximately 45 miles south of downtown Los Angeles. The District encompasses the entirety of the City of Laguna Woods, and portions of the Cities of Aliso Viejo, Laguna Hills, Lake Forest, and Mission Viejo. The total service area of the District is approximately 5,430 acres or the equivalent of 8.5 square miles. Interstate 5 bisects the District with approximately half of the District’s service area on each side of the Interstate.

Population Information

The District serves over 53,415 population.

Table 10. Population Data					
	1990	2000	2010	2020	2026
El Toro Water District	43,786	49,796	47,807	51,800	53,415
Orange County	2,410,556	2,846,289	3,010,232	3,175,692	3,186,989
State of California	29,760,021	33,871,648	37,253,956	39,512,223	39,538,223

Source: U.S. Census Bureau; California State Department of Finance; Center for Demographic Research, CSUF

According to the 2019 – 2023 American Community Survey five-year estimate, the largest portion of the District’s population included Caucasians who were not of Hispanic or Latino ethnicity (57.8%). The next largest racial group in the community were Asian-Americans who comprised 26% of the total population followed by persons who were multi-racial at 14.1% of the population. Overall, there were more females than males residing in the District’s service area. The median age of the population within the District’s service area was 52.4 years, with a large component of the population over the age of 65 due to the presence of Laguna Woods Village, a senior living community, in the District service area.

Table 11. Population Characteristics					
	Number	Percent		Number	Percent
Gender			Household Information		
Male	25,212	47.20%	Family Households	14,700	55.00%
Female	28,203	52.80%	Non-Family Households	12,000	45.00%
Total	53,415		Total Households	26,700	
Racial Composition			Age Groups		
White	30,874	57.80%	0 to 19	8,621	16.14%
African-American	908	1.70%	20 to 34	8,477	15.87%
American Indian/Alaska Native	214	0.40%	35 to 59	13,877	25.98%
Asian or Pacific Islander	13,888	26.00%	60 to 74	11,580	21.68%
Other/More than One Race	7,532	14.10%	75+	10,865	20.34%
Total Population	53,415		Total Population	53,420	
Hispanic/Latino Origin	12,285	23.00%	Median Age*	52.4	

Source: U.S. Census Bureau American Community Survey 2019-2023 5-Year estimates, Tables B01001, B11001, B03002
*Interpolated value

The economic statistics for District residents tend to be lower than similar data for the general population of Orange County or the State of California. This is primarily the result of the inclusion of Laguna Woods within the service area of the District, since most residents in Laguna Woods are retired and do not have salary income. The District’s Median Housing Value, Per Capita Income, and Median Household Income are all less than the values for Orange County or the State of California. Only the Median Gross Rent is more than the values for the County or State. The District’s economic indicators have improved in each of the last four American Community Survey periods, as indicated by the “Comparison of Economic Characteristics” table below which includes data from the 2016-2019 American Community Survey (ACS) to the 2019-2023 ACS.

	Median Gross Rent*	Median Housing Value*	Per Capita Income*	Median Household Income*
El Toro Water District	\$2,350	\$915,500	\$49,300	\$113,700
Orange County	2,350	1,037,200	\$52,816	\$113,702
State of California	1,856	759,500	\$41,800	\$96,300
Change in Economic Characteristics				
ACS Years 2016-2020	\$2,145	\$510,200	\$39,800	\$74,900
ACS Years 2017-2021	\$2,225	\$620,400	\$42,600	\$82,300
ACS Years 2018-2022	\$2,310	\$760,800	\$46,900	\$92,700
ACS Years 2019-2023	\$2,350	\$915,500	\$49,300	\$113,700

Source: U.S. Census Bureau American Community Survey 2019-2023 5-Year estimates, Tables B 19001, B 25063, B 25075
 *Interpolated value

Educational, Employment, and Income Information

The 2019 – 2023 American Community Survey reported that approximately 49.3% of District residents age 25 or older have attained a bachelors or graduate degree, including approximately 19.8% who have a graduate or professional degree. This is much higher than California or national averages (36.8% and 35%, respectively). Another 29.5% of residents who are age 25 or older have attended some college or attained an Associate’s degree. An estimated 93% of District residents age 25 or older have their high school diploma (or equivalent); this is also much higher than the State or National average (85.2% and 88.3% respectively).

The majority of District residents who are employed work in professional or service occupations.

	El Toro Water District	Orange County	State of California	United States
Less than 9th grade	2.80%	5.90%	8.30%	4.60%
9 th to 12 th grade, no diploma	3.90%	5.60%	6.50%	6.30%
High school graduate (includes equivalency)	15.50%	16.80%	19.80%	25.30%
Some college, no degree	19.80%	18.90%	20.50%	19.20%
Associate’s degree	8.70%	7.50%	8.10%	8.80%
Bachelor’s degree	29.50%	27.20%	22.50%	21.20%
Graduate or professional degree	19.80%	17.00%	14.30%	13.80%
Percent high school graduate or higher	93.30%	87.40%	85.20%	88.30%
Percent bachelor’s degree or higher	49.30%	44.20%	36.80%	35.00%

Source: U.S. Census Bureau American Community Survey 2019-2023 5-Year estimates, Table B 15003

Unemployment and Workforce Participation Rate

Due to the composition of the population within the District’s service area, the workforce participation tends to be much lower than the averages for the County, State, or Nation. This is to be expected since Laguna Woods comprises approximately 40% of the population in the District’s service area and almost all of the residents of that community are retired. For the portion of the population in the District’s service area who do participate in the workforce, the unemployment rate has averaged slightly higher than the averages for Orange County or the United States but slightly lower than the average for California.

	2019 5-Year ACS	2020 5-Year ACS	2021 5-Year ACS	2022 5-Year ACS	2023 5-Year ACS
Unemployment Rate					
El Toro Water District	4.0%	5.2%	4.6%	4.2%	4.0%
Orange County	3.0%	4.9%	3.8%	3.3%	3.0%
State of California	3.8%	10.1%	7.5%	4.4%	4.8%
United States	3.4%	8.1%	5.4%	3.7%	3.6%
Workforce Participation Rate					
El Toro Water District	53.1%	52.2%	52.4%	52.8%	53.1%
Orange County	65.6%	65.9%	65.7%	65.6%	65.6%
State of California	63.7%	61.0%	61.5%	62.1%	62.3%
United States	63.4%	61.7%	61.7%	62.2%	62.6%

Source: U.S. Census Bureau, 5-Year American Community Survey Estimates, Table B23025

Household Income:

The composition of the population within the District service area also impacts the estimated household income within the District’s service area. According to the 2019 – 2023 American Community Survey, the median household income in the District was \$113,700 that is higher than the median for California and the national median. An estimated 18.7% of District households have incomes that exceeds \$200,000 per year; in comparison only 13% of United States households had this level of income in the 2019-2023 American Community Survey.

	El Toro Water District*	Orange County	State of California	United States
Under \$10,000	4.80%	3.10%	4.20%	5.20%
\$10,000 to \$14,999	3.00%	2.20%	3.40%	3.80%
\$15,000 to \$24,999	6.80%	4.50%	6.20%	7.50%
\$25,000 to \$34,999	6.00%	4.80%	6.50%	7.60%
\$35,000 to \$49,999	9.50%	7.20%	9.00%	10.60%
\$50,000 to \$74,999	14.20%	12.80%	14.30%	16.50%
\$75,000 to \$99,999	11.00%	11.50%	11.80%	12.20%
\$100,000 to \$149,999	15.80%	18.50%	17.20%	15.80%
\$150,000 to \$199,999	10.20%	12.40%	9.80%	7.80%
\$200,000 or more	18.70%	23.00%	17.60%	13.00%
Median Household Income*	\$113,700	\$113,702	\$96,300	\$75,100
Per Capita Income*	\$49,300	\$52,816	\$41,800	\$34,103

Source: U.S. Census Bureau American Community Survey 2019-2023 5-Year estimates, Table B19001
*Interpolated value

Summary of the District

The District supplies residents with potable water, recycled water for irrigation purposes, and provides wastewater collection and treatment services. Information about District and its services can be found below.

General Information	
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Date of Original Incorporation	September, 1960
Date of Integration into Retail Utility Operation	September 12, 1983
Form of Government	California Special District

Location and Size Information	
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Geographic Location	45 Miles South of Downtown Los Angeles
Total Area of Incorporation	8.5 square miles

Facility Information	
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Main Office and Warehouse Complex	1
Wastewater Treatment Plants	1
Water Reservoirs	6
Water Pump Stations	9
Wastewater Lift Stations	11

Enterprise Statistics	
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Water System	
Miles of Water Main	170
Service Connections	9,514
Annual Potable Water Imports (MG*)	2,280
Sewer System	
Miles of Wastewater Collection Main	114
Service Connections	9,514
Annual Treated Sewage (MG*)	1,332
Recycled Water System	
Miles of Recycled Water Main	25
Service Connections	276
Annual Recycled Water Production (MG*)	450
*Millions of Ga	

WATER SYSTEM

The mission of the Water Enterprise is to deliver potable water to customers for their daily living needs. The Water Enterprise accomplishes this mission by procuring treated water directly from the Municipal Water District of Orange County (MWDOC) through the Allen-McCulloch Pipeline and by partnering with the Irvine Ranch Water District in the Baker Water Treatment Plant which procures untreated water from MWDOC, treats the water, and distributes it to the participating agencies. Potable water is distributed to District customers through significant infrastructure assets that the District has invested in over many years, including the R6 Reservoir, 5 other smaller water reservoirs or storage facilities, 9 water pump stations, 170 miles of water main, and approximately 9,500 water service lines.

Budget Analysis

As depicted in Table 16 below, expenses in the 2026-2027 Budget equal \$19,135,170 an increase of \$1,502,404 or 8.52%, from the \$17,632,766 in expenses included in the 2025-2026 Budget. Revenues attributed to the Water System are projected to equal \$19,136,220, an increase of \$1,428,242 or 8.07% when compared to the \$17,707,978 included in the 2025-2026 Budget. As a result of the revenues and expenses included in the 2026-2027 Budget, the Water System is projected to generate a small surplus of \$1,050 for the Board Mandated Cash Reserves in 2026-2027.

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	Budget % Change
Sources of Cash							
Operating Revenues							
Commodity Supply Charge (Unrestricted)	7,479,815	7,537,990	9,895,387	10,734,833	10,484,188	11,668,389	8.70%
Service Provision Charge	4,228,718	4,772,884	4,858,280	5,459,145	5,398,118	5,995,830	9.83%
Charges for Services	5,498	188,692	146,507	125,000	125,000	140,000	12.00%
Miscellaneous Operating Income	198,825	36,867	68,317	31,000	30,430	31,000	0.00%
Grant, Rebates, Reimbursements	469	800	19,596	-	3,959	-	-
Non-operating Revenues							
Property Taxes	473,659	498,768	523,416	520,000	520,000	560,000	7.69%
Investment Income	167,724	418,322	609,561	350,000	361,720	200,000	-42.86%
Miscellaneous Non-operating Income	246,020	264,547	593,833	288,000	273,445	291,000	1.04%
Restricted Reserve Funding	100,000	200,000	200,000	200,000	200,000	250,000	
Total Sources of Cash	12,900,729	13,918,870	16,914,898	17,707,978	17,396,859	19,136,220	8.07%
Uses of Cash							
Operating Expenses							
General & Administrative	2,249,522	2,243,510	2,496,791	2,462,542	2,458,578	2,706,157	9.89%
Operations & Maintenance	11,765,144	12,067,966	13,494,545	15,007,424	13,798,807	16,248,612	8.27%
Other Operating Expenses	110,079	141,792	-	162,800	135,000	180,400	10.81%
Total Uses of Cash	14,124,744	14,453,268	15,991,336	17,632,766	16,392,385	19,135,170	8.52%
Net Change In Cash	(1,224,016)	(534,397)	923,562	75,212	1,004,474	1,050	

WASTEWATER SYSTEM

The mission of the Wastewater System is to collect wastewater from District customers through service connections, transmit the wastewater to the Water Recycling Plant using lift stations and sewer mains, treat the wastewater, and then send the treated water to the recycled water treatment facilities or dispose of the remaining effluent or solids. To accomplish this mission, the Wastewater System has acquired and/or constructed significant infrastructure assets, including the Wastewater Treatment Plant, 11 wastewater lift stations, and 114 miles of sewer main. The Wastewater System treats a daily average of 3.7 million gallons of wastewater every day.

Budget Analysis

As depicted in Table 17 below, expenses in the 2026-2027 Budget equal \$11,248,332, an increase of \$286,978, 2.62%, from the \$10,961,355 in expenses included in the 2025-2026 Budget. Revenues attributed to the Wastewater System are projected to equal \$11,248,194 an increase of \$177,923 or 1.61% when compared to the \$11,070,271 included in the 2025-2026 Budget. As a result of the revenues and expenses included in the 2026-2027 Budget, the Wastewater System is projected to use \$138 of the Board Mandated Cash Reserves in 2026-2027.

	2022 - 2023 Actual	2023 - 2024 Actual	2024 - 2025 Actual	2025 - 2026		2026 - 2027	
				Budget	Projected Actual	Proposed Budget	Budget % Change
Sources of Cash							
Operating Revenues							
Service Provision Charge	8,659,162	9,292,348	9,537,346	10,013,671	10,032,323	10,289,594	2.76%
Miscellaneous Operating Income	78,494	25,514	54,170	20,200	71,328	20,200	0.00%
Grant, Rebates, Reimbursements	-	6,287	33,962	-	5,146	-	-
Non-operating Revenues							
Property Taxes	615,578	648,398	680,441	676,000	676,000	728,000	7.69%
Investment Income	197,333	531,180	625,567	350,000	443,852	200,000	-42.86%
Miscellaneous Non-operating Income	6,848	1,094	5,195	10,400	5,745	10,400	0.00%
Total Sources of Cash	9,557,414	10,504,821	10,936,681	11,070,271	11,234,394	11,248,194	1.61%
Uses of Cash							
Operating Expenses							
General & Administrative	2,663,757	2,521,658	2,682,483	3,003,516	2,971,752	3,117,867	3.81%
Operations & Maintenance	6,458,075	7,608,196	7,301,473	7,746,199	7,327,553	7,895,946	1.93%
Other Operating Expenses	143,103	184,325	239,681	211,640	175,000	234,520	10.81%
Total Uses of Cash	9,264,935	10,314,179	10,223,636	10,961,355	10,474,305	11,248,332	2.62%
Net Change In Cash	292,479	190,642	713,045	108,917	760,089	(138)	

RECYCLED WATER SYSTEM

The mission of the Recycled Water System is to further treat pre-treated wastewater from the wastewater treatment process until the water meets regulatory standards so that it can be used for irrigation purposes and then to distribute the recycled water to customers to use in irrigation. To accomplish this mission, the Recycled Water System has acquired and/or constructed significant infrastructure assets, including Tertiary Water Treatment facilities and 25 miles of recycled water distribution main. The Recycled Water System produces a daily average of 1.3 million gallons every day.

Budget Analysis

As depicted in Table 18 below, expenses in the 2026-2027 Budget equal \$2,114,428, a decrease of \$28,191, - 1.32%, from the \$2,142,619 in expenses included in the 2025-2026 Budget. Revenues attributed to the Recycled System are projected to equal \$3,174,648, an increase of \$491,423 or 18.31% when compared to the \$2,683,225 included in the 2025-2026 Budget. As a result of the revenues and expenses included in the 2025-2026 Budget, the Recycled System is projected to generate net cash of \$1,060,220. However, the Recycled System transfers all of the net cash generated from its operations to the Capital Improvement Fund to pay the debt associated with the original construction of the tertiary treatment facilities.

Table 18. Recycled Water System - Operations & Maintenance Sources & Uses of Cash							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026		2026 - 2027	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	Budget % Change
Sources of Cash							
Operating Revenues							
Commodity Supply Charge	1,189,709	1,387,251	2,001,570	1,782,345	1,977,955	2,178,290	22.21%
Service Provision Charge	424,813	429,520	467,174	521,055	518,486	576,358	10.61%
Miscellaneous Operating Income	15,900	322	-	-	-	-	-
Grant, Rebates, Reimbursements	303,279	138,078	369,336	275,825	258,095	297,000	7.68%
Non-operating Revenues							
Property Taxes	94,912	99,754	104,683	104,000	104,000	112,000	7.69%
Investment Income	30,899	(1,467)	-	-	-	-	-
Miscellaneous Non-operating Income	866	96	158	-	11,073	11,000	-
Total Sources of Cash	2,060,377	2,053,553	2,942,921	2,683,225	2,869,608	3,174,648	18.31%
Uses of Cash							
Operating Expenses							
General & Administrative	445,946	400,741	417,408	461,185	426,175	479,648	4.00%
Operations & Maintenance	1,314,514	1,476,384	1,514,751	1,631,373	1,571,031	1,598,700	-2.00%
Other Operating Expenses	-	-	25,000	50,061	-	36,080	-27.93%
Total Uses of Cash	1,760,460	1,877,124	1,957,159	2,142,619	1,997,206	2,114,428	-1.32%
Transfer Out	(1,682,270)	(1,772,241)	(993,804)	(32,085,014)	(31,805,905)	(1,060,220)	
Net Change In Cash	(1,382,353)	(1,595,812)	(8,041)	(31,544,408)	(30,933,502)	-	

Personnel Analysis

The District’s mission is to provide high quality utility services to its customers and one of the foundations of this mission is having a sufficient number of high-quality staff members to operate the District’s infrastructure and provide service to customers. This section includes an analysis of the District’s personnel costs, which are a primary component of the District’s fiscal operations because they comprise the largest expense for the District.

Number of Employees

Personnel costs are a result of the total number of District employees. The District converts the number of full-time and part-time employees to full-time equivalency to accurately reflect the number of employees on the payroll. Full-time equivalency is equal to 2,080 hours for all employees.

The 2026-2027 Compensation Plan authorizes a total of 58 full-time positions, 5 elected officials, and one intern or temporary part-time position.

The total budgeted cost for the District’s workforce in 2026-2027 is budgeted at \$11,596,092 with salary expenses of \$8,481,558 comprising 73.14% of total costs and benefits of \$3,114,534 comprising the remaining 26.86% of costs. Fringe benefit cost increases were only 2.27% in 2026-2027 due to health insurance and retirement benefit cost increases.

Presented below are the total personnel expenses for the 2026-2027 Fiscal Year.

Table 19. Changes in Total Personnel Expenses					
	FY 2025-26	FY 2026-27			% of Total
	Budget	Budget	Delta	% Change	Personnel Costs
Salaries					
Regular Salaries	7,259,950	7,619,037	359,087	4.95%	65.70%
Overtime and On-Call Salaries	487,360	462,360	(25,000)	-5.13%	3.99%
One-time Salary Payments ⁽¹⁾	250,391	283,461	33,070	13.21%	2.44%
Stipends & Allowances ⁽²⁾	108,320	116,700	8,380	7.74%	1.01%
Total Salaries	8,106,021	8,481,558	375,538	4.63%	73.14%
Benefits					
Health Insurance ⁽³⁾	1,372,317	1,389,790	17,473	1.27%	11.98%
Other Insurance ⁽⁴⁾	222,845	231,674	8,829	3.96%	2.00%
Workers Compensation Insurance	169,198	150,641	(18,557)	-10.97%	1.30%
Retirement Benefits ⁽⁵⁾	1,281,053	1,342,428	61,375	4.79%	11.58%
Total Benefits	3,045,414	3,114,534	69,120	2.27%	26.86%
Total Personnel Expenses	11,151,434	11,596,092	444,658	3.99%	
Notes					
(1) Includes Vacation Time Payouts and Top of Range one-time payments					
(2) Includes Automobile Allowances, Cell Phone Stipends, and Wellness Stipends					
(3) Includes employer paid Health, Dental, and Vision Insurance Premiums as well as Health Savings Account contributions					
(4) Includes employer paid Life Insurance, Long-term Care and Disability Insurance, and Workers Compensation					
(5) Includes employer contributions to the 401k plan, employer matches to the 401k/457b Plans, and Medicare					
(6) The FY 2026-27 total personnel cost of \$231,673 is allocated to Capital projects and \$11,364,419 to Operations					

The table 2 presented below provides further analysis of the change in Regular Salary Costs. The base salary for 2026-2027 is \$7,619,037 which is 65.70% of total personnel costs. Merit salary increases for employees add \$362,795 to budgeted salaries in 2026-2027, this assumes a CPI component of 3.3% and a performance adjustment component of 3%.

Table 20. Changes in Salary Expenses					
	FY 2025-26 Budget	FY 2026-27 Budget	Delta	% Change	% of Total Personnel Costs
Analysis of Changes in Personnel Costs					
Regular Salary Changes					
Base Salary <i>(prior year ending salaries)</i>	7,001,277	7,259,950	258,673	3.69%	62.61%
Merit Increase ⁽¹⁾	326,753	362,795	36,042	11.03%	3.13%
Additional Positions	-	-	-	N/A	0.00%
Net Changes from Original Budget ⁽²⁾	-	-	-	N/A	0.00%
Additional Salary Adjustments	(68,080)	(3,708)	64,373	100.00%	-0.03%
Regular Salaries Total	7,259,950	7,619,037	359,087	4.95%	65.70%
Notes					
(1) Salary increases occur on July 1 so the base salary is increased for the entire year.					
(2) The District payroll is budgeted for 58 full time positions, 5 elected officials and 1 part-time intern for fiscal year 2025-26					

The table below summarizes changes in additional salary and benefit expenses budgeted for 2026-2027 as compared to the salary and benefit expenses budgeted for 2025-2026.

Table 21. Changes in Other Salary Expenses and Benefit Expenses					
	FY 2025-26	FY 2026-27			% of Total
	Budget	Budget	Delta	% Change	Personnel Costs
Other Salary Changes					
Overtime Expenses	400,000	375,000	(25,000)	-6.25%	3.23%
On-Call Expenses	87,360	87,360	-	0.00%	0.75%
Top of Range Payouts	89,555	115,212	25,657	28.65%	0.99%
Vacation Payouts	160,836	168,249	7,413	4.61%	1.45%
Car Allowance	45,000	45,000	-	0.00%	0.39%
Cell Phone Allowances	11,520	10,800	(720)	-6.25%	0.09%
Wellness Stipends ⁽¹⁾	17,700	17,700	-	N/A	0.15%
Class A / B Drivers Licenses	12,000	11,500			
Employee Education / Cert / Service Award	22,100	31,700	9,600	N/A	0.27%
Other Salary Changes	846,071	862,521	16,950	2.00%	7.44%
Benefit Changes					
Health Insurance	1,232,297	1,249,671	17,374	1.41%	10.78%
HSA Contributions	28,050	28,900	850	3.03%	0.25%
Dental Insurance	99,420	98,669	(751)	-0.76%	0.85%
Vision Insurance	12,550	12,550	-	0.00%	0.11%
Life Insurance	41,864	43,381	1,517	3.62%	0.37%
Long Term Care Insurance	10,498	10,498	-	0.00%	0.09%
Disability Insurance	53,883	55,954	2,071	3.84%	0.48%
Employee Assistance Program	-	-	-	N/A	0.00%
Workers Compensation	169,198	150,641	(18,557)	-10.97%	1.30%
State Unemployment Insurance	3,000	3,000	-	N/A	0.03%
401k/457b Contributions	1,281,053	1,342,428	61,375	4.79%	11.58%
Medicare Contributions	113,600	118,841	5,241	4.61%	1.02%
Other Salary Changes	3,045,414	3,114,534	69,120	2.27%	26.86%

Presented below are the positions authorized in the 2026 – 2027 Budget, organized by functional area.

Table 4 Position Organization Chart			
Department	Positions	Department	Positions
Administration		Operations Support Services	
General Manager	1	Operations Superintendent	1
Executive Assistant to Board & General Manager	1	Compliance Program Coordinator	1
Total	2	Total	2
Finance & Risk Management		Pumping Operation	
Chief Financial Officer	1	Foreman	1
Accounting Supervisor	1	Crew Chief	2
Senior Accountant	1	Maintenance Worker III	0
Accounting Technician	1	Maintenance Worker II	3
Purchasing Agent	1	Maintenance Worker I	2
Total	5	Total	8
Technology Services		Fleet Operations	
Information Technology Manager	1	Senior Mechanic	1
Total	1	Total	1
Human Resources		Transmission & Distribution	
Director of Human Resources	1	Foreman	1
Office Assistant	1	Crew Chief	2
Total	2	Maintenance Worker III	3
Community Relations & Conservation		Maintenance Worker II	-
Public Affairs Manager	1	Maintenance Worker I	2
Water Resources Supervisor	1	Total	8
Total	2		
Customer Service		Treatment Plant	
Customer Service / Billing Supervisor	1	Chief Plant Operator	1
Customer Service Office Representative I	3	Truck Driver	2
Crew Chief	1	Crew Chief	1
Customer Service Field Representative III	1	Waste Water Operator III	1
Customer Service Field Representative I	1	Waste Water Operator II	1
Total	7	Waste Water OIT	1
Engineering		Lab Supervisor	1
Director of Engineering	1	Lab Technician II	1
Senior Engineer	1	Total	9
Inspector	1	Collections & Distribution Crew	
Cross Connection Control Program Supervi:	1	Foreman	1
Total	4	Crew Chief	-
Electrical		Collection Maintenance Worker III	2
Electrical Systems/SCADA Supervisor	1	Collections Maintenance Worker I	2
Electrical Instrumentation Technician II	1	Total	5
Total	2		
		Total Positions	58

Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt
Effective Fiscal Year 2026/2027

	FY 2025/2026			FY 2026/2027		
	Monthly Salary		Percent of Increase	Monthly Salary		Percent of Increase
	Minimum	Maximum		Minimum	Maximum	
Salary Grade 29	\$9,653	\$13,127	3.2%	\$9,972	\$13,561	3.3%
Salary Grade 30	\$9,933	\$13,508	3.2%	\$10,260	\$13,954	3.3%
Electrical System/SCADA Supervisor						
Salary Grade 31	\$10,230	\$13,915	3.2%	\$10,568	\$14,374	3.3%
Salary Grade 32	\$10,537	\$14,331	3.2%	\$10,885	\$14,804	3.3%
Salary Grade 33	\$10,853	\$14,760	3.2%	\$11,211	\$15,247	3.3%
Salary Grade 34	\$11,179	\$15,202	3.2%	\$11,548	\$15,704	3.3%
Wastewater Chief Plant Operator						

Table 24 Compensation Plan - Salary Range Schedule - Exempt
Effective Fiscal Year 2026/2027

	FY 2025/2026		FY 2025/2026	FY 2026/2027		Percent of Increase
	Monthly Salary		Annual	Monthly Salary		
	Minimum	Maximum	Maximum	Minimum	Maximum	
Salary Grade 40E	\$8,578	\$11,666	\$139,989	\$8,861	\$12,051	3.3%
Salary Grade 41E	\$9,369	\$13,117	\$157,400	\$9,678	\$13,550	3.3%
Customer Service Manager						
Public Affairs Manager						
Salary Grade 42E	\$9,930	\$13,903	\$166,838	\$10,258	\$14,362	3.3%
Salary Grade 43E	\$10,525	\$14,738	\$176,861	\$10,873	\$15,225	3.3%
Project Engineer						
Salary Grade 44E	\$11,157	\$15,623	\$187,471	\$11,525	\$16,138	3.3%
Senior Engineer						
Salary Grade 45E	\$11,827	\$16,560	\$198,715	\$12,217	\$17,106	3.3%
Operations Superintendent						
Salary Grade 46E	\$12,536	\$17,554	\$210,642	\$12,950	\$18,133	3.3%
Information Technology Manager						
Principal Engineer						
Salary Grade 47E	\$13,289	\$18,607	\$223,285	\$13,727	\$19,221	3.3%
Manager Engineering						
Manager Human Resources						
Salary Grade 48E	\$14,086	\$19,723	\$236,677	\$14,551	\$20,374	3.3%
Director of Engineering						
Director of Human Resources						
Salary Grade 49E	\$14,931	\$20,907	\$250,883	\$15,424	\$21,597	3.3%
Chief Financial Officer						
Salary Grade 50E	\$15,827	\$22,161	\$265,935	\$16,350	\$22,893	3.3%
Salary Grade 51E	\$16,777	\$23,490	\$281,881	\$17,330	\$24,265	3.3%
Salary Grade 52E	\$17,783	\$24,900	\$298,804	\$18,369	\$25,722	3.3%
Assistant General Manager						
Salary Grade 53E	\$18,850	\$26,395	\$316,736	\$19,472	\$27,266	3.3%

CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

The District has significant infrastructure and capital assets that periodically need to be replaced or refurbished in order to be able to continue to provide services to the District's customers.

- Objectives
- Replace and refurbish District owned facilities to improve the ability of staff to provide services, including the Main Office Building, the Warehouse Complex, the Wastewater Recycling Plant (WRP), and various other buildings and properties owned by the District.
 - Maintain high quality water pump stations, reservoirs, and water mains, sewer lift stations and sewer mains, and recycled water facilities and mains by reconstructing or rehabilitating these infrastructure assets when necessary. Continuously improve the infrastructure in the District to respond to changing needs, challenges, and regulations.
 - Purchase new and replacement vehicles and equipment to support and enhance District operations.
-
-

Overview

The District is committed to the replacement and refurbishment of its facilities, infrastructure, and capital assets and has developed a multi-year Capital Replacement and Refurbishment program to guide the replacement and refurbishment process. The Program is updated in conjunction with the annual budget to reflect changing conditions and resources. One of the primary obligations of the District is the construction, reconstruction, rehabilitation, and maintenance of its facilities, infrastructure, and capital assets. The financial health of the District is greatly impacted by its ability to adequately maintain its capital assets and avoid the substantial financial and service impacts that results from deteriorated capital assets. The types of capital improvements undertaken by the District include:

- **Water System Projects** - The maintenance and improvement of the District's water system is an important component of the capital program. The capacity, structural integrity, and general condition of the reservoirs, storage facilities, pumps, water mains, and service lines are critical to the District's continued ability to supply its customers with clean, high quality drinking water and to provide adequate pressure for daily demands and fire suppression. Water system improvements include the construction or rehabilitation of any part of the water distribution system, including water mains, water main valves, water service lines, reservoirs, and storage facilities.

The 2026-2027 Capital Budget includes rehabilitating Pressure Reducing Valve No. 4, design to provide adequate fire flow to Calle Sonora and Via Campo Verde, installing a new chlorine injection system at the R-6 Reservoir, retrofitting the main switchboard at the Spartan Booster Station, and purchasing a spare motor for Cherry Pump Station.

- **Wastewater Treatment System Projects** - The maintenance and improvement of the District's wastewater treatment system is another important component of the overall capital program. The Wastewater system collects wastewater from residences and businesses, utilizes mechanical and biological processes to metabolize and remove pollutants, and then discharges the effluent (the cleaned water) to either the Tertiary Treatment Plant (for recycled water) or to the Ocean Outfall via the South Orange County Wastewater Authority Effluent Transmission Main. The solids that remain after the treatment process are transported via truck to Moulton Niguel Water District's Regional WRP for final treatment and disposal. Sanitary Sewer System Improvements include the construction, reconstruction, or rehabilitation of any part of the wastewater collection and treatment system, including sanitary sewer mains, sanitary sewer pumps, lift stations, and the WRP.

The 2026-2027 budget includes construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project at the WRP. In addition, multiple other capital projects for the Wastewater System are budgeted for 2026-2027 including the coating rehabilitations at several lift stations, design for a new forcemain at the Westline Lift Station, installing a new emergency generator at the Westline Lift Station, replacing the existing electrical equipment at Veeh Lift Station, purchasing a new pump for the Freeway Lift Station, rehabilitating the asphalt at the Holding Pond near the WRP, replacing valves and diffusers in the aeration basins at the WRP, and improving network communications at the WRP.

- **Recycled Water System Projects** - The maintenance and improvement of the District's recycled water system is the final component of the capital program. The capacity, structural integrity, and general condition of the tertiary treatment facility, recycled water mains, and service lines are critical to the District's continued ability to supply its customers with high quality recycled water for irrigation purposes. Recycled water system improvements include the construction or rehabilitation of any part of the distribution system, including mains, main valves, and service lines.

The 2026-2027 budget does not include any projects for the recycled water system. Any revenue generated from the capital rate charges is being used to pay the debt service costs.

2026/27 CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

Projects

<u>Source of Supply / Storage Projects</u>	
1 JRWSS Capital Budget	9,399
1 JRWSS Capital Budget (Carryover)	(4,414)
2 Baker WTP Replacement Fund	56,200
<i>Total Source of Supply / Storage Projects</i>	<i>61,185</i>
<u>Pumping (Water) Projects</u>	
3 R-6 Reservoir SCE Meter Box Replacement	14,000
4 PRV-4 Rehabilitation	50,000
5 Fire Flow Improvements at Calle Sonora and Via Campo Verde	117,700
<i>Total Pumping (Water) Projects</i>	<i>181,700</i>
<u>Pumping (Sanitation) Projects</u>	
6 Freeway Lift Station Coating Rehabilitation	110,000
7 Westline Lift Station Coating Rehabilitation	105,000
8 Mathis Lift Station Coating Rehabilitation	66,000
9 Veeh Lift Station Rehabilitation	170,000
10 Westline Forcemain Replacement	203,860
<i>Total Pumping (Sanitation) Projects</i>	<i>654,860</i>
<u>Treatment (Sanitation) Projects</u>	
11 Headworks and Secondary Clarifier No. 1 Rehabilitation	7,620,000
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP MNWD Payout)	(1,000,000)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,592,965)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Capital Reserves)	(1,000,000)
11 Headworks and Secondary Clarifier No. 1 Rehabilitation (Accumulated Capital)	(714,345)
12 Holding Pond Asphalt Repair	37,000
11 WRP Network Segmentation	50,000
11 Lab Fume Hoods	237,600
11 Lab Fume Hoods (Carryover)	(50,000)
<i>Total Treatment (Sanitation) Projects</i>	<i>2,587,290</i>
<u>Outside Treatment (SOCWA and MNWD)</u>	
12 SOCWA Capital Budget	662,635
12 SOCWA (Reserve Funding)	(662,635)
13 MNWD Regional WRP Capital Budget	571,990
13 MNWD Regional WRP (Reserve Funding)	(571,990)
<i>Total Outside Treatment (SOCWA and MNWD)</i>	<i>0</i>
<u>General Building Projects</u>	
14 Field Office Floor and Chair Replacement	83,000
15 Main Office MTS Installation	10,000
<i>Total Other Studies</i>	<i>93,000</i>
<u>Contingency</u>	
16 Contingency	150,300
<i>Contingency</i>	<i>150,300</i>
Total Capital Projects	\$3,653,185

LEGEND
WATER
SEWER
BOTH

Equipment

<u>Pumping (Water) Equipment</u>	
1 R-6 Chlorine and Ammonia Injection System Replacement	28,200
2 Spartan Booster Station Main Switchboard Retrofit	63,000
3 Cherry & Shenandoah Spare Motor	12,000
<i>Total Pumping (Water) Equipment</i>	<i>103,200</i>
<u>Pumping (Sanitation) Equipment</u>	
4 Westline Generator Replacement	101,000
5 Veeh Electrical Equipment Replacement	315,000
6 Freeway Pump Replacement	35,000
<i>Total Pumping (Sanitation) Equipment</i>	<i>451,000</i>
<u>Treatment (Sanitation) Equipment</u>	
7 Aeration Basin Diffusers	320,000
8 Aeration Basin Valve Replacement	250,000
<i>Total Treatment (Sanitation) Projects</i>	<i>570,000</i>
<u>Vehicles / Vehicle Equipment</u>	
9 Vehicle Replacement	151,944
9 Vehicle Replacement (Carryover)	(91,693)
10 Valve Insertion Equipment	146,000
<i>Total Vehicles/Vehicle Equipment</i>	<i>206,251</i>
<u>IT and EI&C</u>	
11 Radio Communications Conversion from Cellular	500,000
11 Radio Communications Conversion from Cellular (Carryover)	(500,000)
12 Geolocator	15,000
13 Firewall Replacement	60,000
<i>Total IT and EI&C</i>	<i>75,000</i>
<u>Other Studies</u>	
14 General Studies Fund	31,000
15 GIS Data Updates	15,000
16 Distribution System Condition Assessments	3,700
17 Arc Flash Analysis Update	30,000
18 Impressed Current Cathodic System Monitoring Program	72,000
<i>Total IT and EI&C</i>	<i>151,700</i>
Total Capital Equipment	\$1,632,301

<i>Total Capital Projects</i>	3,653,185
<i>Total Capital Equipment</i>	1,632,301
<i>Total Capital Budget</i>	5,285,485

**Ten Year Capital Replacement & Refurbishment Program
F. Y. 2026/27 - 2035/36**

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/2035	2035/2036	TOTAL	WATER	SEWER
<i>Total Capital Budget</i>		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	20,967,490	79,338,075
<i>Total Capital Projects</i>		3,771,885	4,073,052	6,151,949	8,178,878	6,955,361	9,708,634	10,028,206	9,714,838	9,866,427	7,041,146	75,490,376	16,915,579	58,574,796
WATER		424,160	1,509,777	2,315,665	1,871,296	1,480,918	2,058,610	1,876,609	1,673,559	1,701,274	2,003,712	16,915,579	16,915,579	
SEWER		3,347,725	2,563,275	3,836,284	6,307,583	5,474,443	7,650,024	8,151,597	8,041,280	8,165,153	5,037,434	58,574,796		58,574,796
<i>Total Capital Equipment</i>		1,513,601	2,463,160	1,676,512	1,149,339	3,520,832	1,386,871	1,956,653	2,951,007	3,517,138	6,259,859	26,394,972	4,841,802	21,553,170
WATER		370,900	1,546,079	100,700	53,162	103,885	535,160	671,274	413,410	223,797	823,436	4,841,802	4,841,802	
SEWER		1,142,700	917,081	1,575,812	1,096,177	3,416,947	851,711	1,285,379	2,537,597	3,293,342	5,436,424	21,553,170		21,553,170
<i>Total Capital Investment</i>		12,473,528	9,745,010	9,804,712	10,165,512	9,500,993	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	114,120,534	22,473,828	89,919,001
<i>Capital Budget</i>		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	20,967,490	79,338,075
<i>SOCWA Reserve</i>		1,234,625	2,169,165	0	0	0	0	0	0	0	0	3,403,790	0	3,403,790
<i>Accumulated Capital</i>		714,345	671,922	0	0	0	0	0	0	0	0	1,386,267	0	1,386,267
<i>Carryover</i>		646,107	32,000	634,016	164,920	24,800	0	0	0	0	0	1,501,843	570,462	635,534
<i>Recycled Reserves</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Bond Funds</i>		2,592,965	0	1,342,235	0	0	0	0	0	0	0	3,935,201	0	4,083,124
<i>Capital Reserves</i>		1,000,000	0	0	0	(1,000,000)	0	0	0	0	0	0	0	0
<i>Regional WRP MNWD Payout</i>		1,000,000	0	0	0	0	0	0	0	0	0	1,000,000	0	1,000,000
<i>Grant Funding</i>		0	335,711	0	672,375	0	0	0	0	0	0	1,008,086	935,875	72,211

Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Source of Supply / Storage Projects</i>														
1	JRWSS Capital Budget	9,399	25,171	4,842	334	9,937	9,937	9,937	9,937	9,937	9,937	99,365	99,365	
1	JRWSS Capital Budget (Carryover)	(4,414)										(4,414)	(4,414)	
2	Baker WTP Replacement Fund	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	562,000	562,000	
3	Potable Reuse Implementation Plan		527,000									527,000	527,000	
3	Potable Reuse Implementation Plan (Grant Funding)		(263,500)									(263,500)	(263,500)	
4	South Orange County Turnout Project			212,000	1,229,000	1,266,000						2,707,000	2,707,000	
	<i>Total Source of Supply / Storage Projects</i>	61,185	344,871	273,042	1,285,534	1,332,137	66,137	66,137	66,137	66,137	66,137	3,627,451	3,627,451	
<i>Pumping (Water) Projects</i>														
1	Water Stations PLC Upgrade to Control Logix		32,000	33,000	34,000	35,000	36,000	38,000	39,000	40,000	41,000	328,000	328,000	
2	R-6 Seepage Recovery Control Panel Rehabilitation						10,800					10,800	10,800	
3	R-6 Reservoir SCE Meter Box Replacement	14,000										14,000	14,000	
4	R-5 Reservoir Rehabilitation						811,000					811,000	811,000	
5	R-4 Reservoir Interior Recoating		140,600	1,406,000								1,546,600	1,546,600	
5	R-4 Reservoir Interior Recoating (Carryover)			(194,000)								(194,000)	(194,000)	
6	R-2 Reservoir Exterior Recoating					27,200	272,000					299,200	299,200	
7	P-3 Pump Station Generator Project			81,500	815,000							896,500	896,500	
7	P-3 Pump Station Generator Project (Carryover)			(81,500)	(142,625)							(224,125)	(224,125)	
7	P-3 Pump Station Generator Project (Grant Funding)				(672,375)							(672,375)	(672,375)	
8	R-6 Reservoir Floating Cover and Liner Replacement							970,230	970,230	970,230	970,230	3,880,920	3,880,920	
9	SMWD Intertie Restoration							116,000				116,000	116,000	
10	PRV-4 Rehabilitation	50,000										50,000	50,000	
11	Water Distribution System Main Line Replacements						500,000	500,000	500,000	500,000	500,000	2,500,000	2,500,000	
12	Fire Flow Improvements at San Amadeo and Via Carrizo						93,000					93,000	93,000	
13	Fire Flow Improvements at Avenida Sevilla			47,200	472,000							519,200	519,200	
14	Fire Flow Improvements at Ronda Mendoza						144,000					144,000	144,000	
15	Fire Flow Improvements at Calle Sonora and Via Campo Verde	117,700	698,000	479,000								1,294,700	1,294,700	
	<i>Total Pumping (Water) Projects</i>	181,700	870,600	1,771,200	506,000	62,200	1,866,800	1,624,230	1,509,230	1,510,230	1,511,230	11,413,420	11,413,420	
<i>Pumping (Water) Equipment</i>														
1	R-6 Chlorine and Ammonia Injection System Replacement	28,200	58,200									86,400	86,400	
2	R-5 Reservoir Mixing System Replacement							120,000				120,000	120,000	
3	R-1/R-2 Reservoir Mixing System Replacement										215,000	215,000	215,000	
4	Alscot Booster Station Electrical Equipment Replacement		290,000									290,000	290,000	
5	Spartan Booster Station Main Switchboard Retrofit	63,000										63,000	63,000	
6	Spartan Pump & Motor Replacement		103,000									103,000	103,000	
7	P-1 Pump Replacement						121,000					121,000	121,000	
8	Cherry & Shenandoah Spare Motor	12,000		13,000								25,000	25,000	
9	OC-77 Isolation Valve							102,000				102,000	102,000	
	<i>Total Pumping (Water) Equipment</i>	103,200	451,200	13,000	0	0	121,000	222,000	0	0	215,000	1,125,400	1,125,400	

Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Pumping (Sanitation) Projects</i>														
1	Sewer Stations PLC Upgrade to Control Logix		32,000	33,000	34,000	35,000	36,000	38,000	39,000	40,000	41,000	328,000		328,000
1	Sewer Stations PLC Upgrade to Control Logix (Carryover)		(32,000)	(33,000)	(22,295)							(87,295)		(87,295)
2	Aliso Creek Pump Station Rehabilitation Project			2,566,200	4,277,000	1,710,800						8,554,000		8,554,000
2	Aliso Creek Pump Station Rehabilitation Project (Carryover)			(257,266)								(257,266)		(257,266)
2	Aliso Creek Pump Station Rehabilitation Project (Revenue Bond)			(1,342,235)								(1,342,235)		(1,342,235)
3	4920 Lift Station Coating Rehabilitation			47,000								47,000		47,000
4	Delta Lift Station Main Switchboard Replacement		47,000	145,500								192,500		192,500
5	Delta Lift Station Coating Rehabilitation			51,000								51,000		51,000
6	Delta Lift Station Wall Repair			55,000								55,000		55,000
7	Freeway Lift Station Coating Rehabilitation	110,000										110,000		110,000
8	Westline Lift Station Coating Rehabilitation	105,000										105,000		105,000
9	Mathis Lift Station Coating Rehabilitation	66,000										66,000		66,000
10	Veeh Lift Station Rehabilitation	170,000										170,000		170,000
11	Westline Forcemain Replacement	203,860	763,800	524,800								1,492,460		1,492,460
12	Northline Forcemain Replacement									135,600	1,356,000	1,491,600		1,491,600
13	Veeh 1 Forcemain Replacement							261,400	2,614,000			2,875,400		2,875,400
14	Aliso Creek Forcemain Replacement						522,100	5,221,000				5,743,100		5,743,100
15	Northline Odor Control Project						136,000					136,000		136,000
16	Westline Access Site Improvements		106,000									106,000		106,000
	<i>Total Pumping (Sanitation) Projects</i>	654,860	916,800	1,789,999	4,288,705	1,745,800	694,100	5,520,400	2,653,000	175,600	1,397,000	19,836,264		19,836,264
<i>Pumping (Sanitation) Equipment</i>														
1	Westline Generator Replacement	101,000										101,000		101,000
2	Veeh Electrical Equipment Replacement	315,000										315,000		315,000
3	Veeh Pump Replacement						39,000					39,000		39,000
4	Veeh Generator Unit 209 Replacement							291,000	123,000			414,000		414,000
5	Freeway Pump Replacement	35,000		38,000		40,000						113,000		113,000
6	Mathis Generator Unit 211 Replacement							218,000	123,000			341,000		341,000
7	La Paz Stabilization and Rehabilitation							36,900	369,000			405,900		405,900
8	4920 Electrical Equipment Replacement		190,000									190,000		190,000
	<i>Total Pumping (Sanitation) Equipment</i>	451,000	190,000	38,000	0	40,000	39,000	545,900	615,000	0	0	1,918,900		1,918,900
<i>Treatment (Sanitation) Projects</i>														
1	Headworks and Secondary Clarifier No. 1 Rehabilitation	7,620,000	1,655,000									9,275,000		9,275,000
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP MNWD Payout)	(1,000,000)										(1,000,000)		(1,000,000)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,592,965)										(2,592,965)		(2,592,965)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Grant Funding)		(72,211)									(72,211)		(72,211)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Capital Reserves)	(1,000,000)				1,000,000						0		0
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Accumulated Capital)	(714,345)	(671,922)									(1,386,267)		(1,386,267)
2	Secondary Clarifier No. 3 and 4 Rehabilitation							903,000	4,185,000	5,268,000		10,356,000		10,356,000
3	RAS Pump Station Rehabilitation					136,000	1,360,000					1,496,000		1,496,000
4	RAS Pump and Motor Replacement					81,000						81,000		81,000
4	RAS Pump and Motor Replacement (Carryover)					(24,800)						(24,800)		(24,800)
5	Holding Pond Asphalt Repair	37,000										37,000		37,000
6	Holding Pond West Side Drainage			397,000	397,000							794,000		794,000
6	Holding Pond West Side Drainage (Carryover)			(68,250)								(68,250)		(68,250)
7	WRP Site Seal Coat									159,000		159,000		159,000
8	Fine Screen Rehabilitation Project				719,000	2,220,000	5,337,000					8,276,000		8,276,000
9	WRP Network Segmentation	50,000										50,000		50,000
10	Lab Office Improvements						110,000					110,000		110,000
11	Lab Fume Hoods	237,600										237,600		237,600
11	Lab Fume Hoods (Carryover)	(50,000)										(50,000)		(50,000)
12	WRP Generator Replacement							1,256,250	431,500			1,687,750		1,687,750
	<i>Total Treatment (Sanitation) Projects</i>	2,587,290	910,867	328,750	1,116,000	3,412,200	6,807,000	2,159,250	4,616,500	5,427,000	0	27,364,857		27,364,857

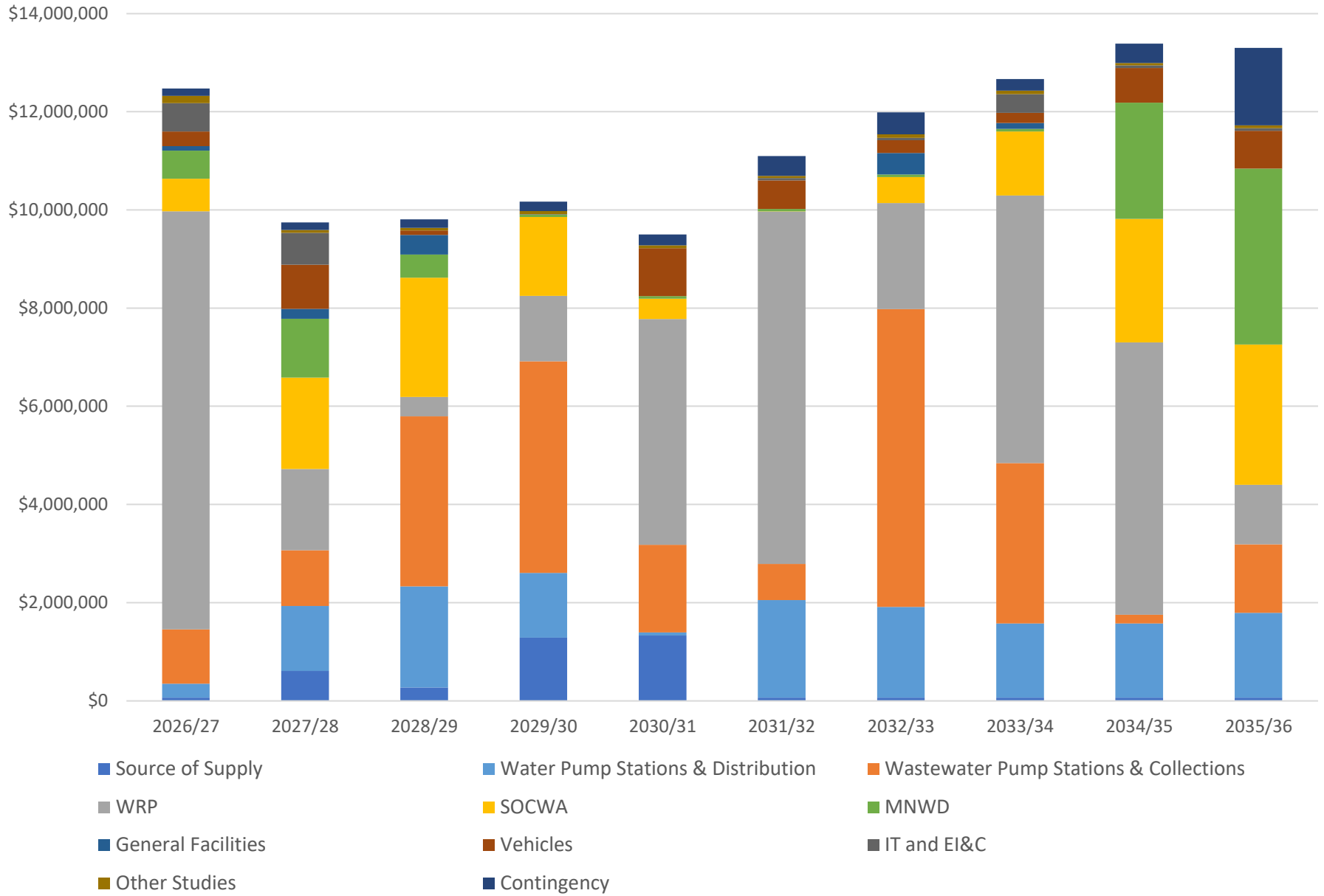
Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Treatment (Sanitation) Equipment</i>														
1	Aeration Basin Diffusers	320,000					371,000					691,000		691,000
2	Aeration Basin Valve Replacement	250,000										250,000		250,000
3	New Turbo Blower								831,000			831,000		831,000
4	MCC-GB1 Replacement				125,300	1,253,000						1,378,300		1,378,300
5	MCC-GB2 Replacement									121,200	1,212,000	1,333,200		1,333,200
6	MCC-RA Replacement				90,500	905,000						995,500		995,500
	Total Treatment (Sanitation) Projects	570,000	0	0	215,800	2,158,000	371,000	0	831,000	121,200	1,212,000	5,479,000		5,479,000
<i>Outside Treatment (SOCWA and MNWD)</i>														
1	SOCWA Capital Budget	662,635	1,858,376	2,429,200	1,603,406	417,098	4,076	529,385	1,305,350	2,518,150	2,855,000	14,182,676		14,182,676
1	SOCWA (Reserve Funding)	(662,635)	(1,858,376)									(2,521,011)		(2,521,011)
2	MNWD Regional WRP Capital Budget	571,990	1,201,193	471,025	51,025	51,025	51,025	51,025	51,025	2,366,540	3,582,976	8,448,849		8,448,849
2	MNWD Regional WRP (Reserve Funding)	(571,990)	(310,789)									(882,779)		(882,779)
	Total Outside Treatment (SOCWA and MNWD)	0	890,404	2,900,225	1,654,431	468,123	55,101	580,410	1,356,375	4,884,690	6,437,976	19,227,735		19,227,735
<i>Vehicles/Vehicle Equipment</i>														
1	Vehicle Replacement	151,944	86,946	89,554		95,008	293,574	262,064	207,635	201,177	373,980	1,761,881	880,941	880,941
1	Vehicle Replacement (Carryover)	(91,693)										(91,693)	(45,847)	(45,847)
2	Hydro Excavator		813,000									813,000	813,000	
3	Valve Insertion Equipment	146,000										146,000	146,000	
4	Vactor Truck					881,000						881,000		881,000
5	Sewer Camera Truck										397,000	397,000		397,000
6	Sewer Cleaning Truck									506,000		506,000		506,000
7	New 275 kW Portable Generator						287,000					287,000	143,500	143,500
	Total Vehicles/Vehicle Equipment	206,251	899,946	89,554	0	976,008	580,574	262,064	207,635	707,177	770,980	4,700,188	1,937,594	2,762,594
<i>General Building Projects</i>														
1	Warehouse Backup Generator Unit 216 Replacement							366,000	123,000			489,000	244,500	244,500
2	Field Office Floor and Chair Replacement	83,000										83,000	41,500	41,500
3	Main Office Seal Coat							74,000				74,000	37,000	37,000
4	Main Office MTS Installation	10,000										10,000	5,000	5,000
5	Administration Building Rehabilitation		200,000	400,000								600,000	300,000	300,000
	Total General Building Projects	93,000	200,000	400,000	0	0	0	440,000	123,000	0	0	1,256,000	628,000	628,000
<i>IT and EI&C</i>														
1	Radio System for Emergency Communications		124,000									124,000	62,000	62,000
2	Data Center Hardware Replacement		275,000						328,000			603,000	301,500	301,500
3	Radio Communications Conversion from Cellular	500,000	250,000									750,000	375,000	375,000
3	Radio Communications Conversion from Cellular (Carryover)	(500,000)										(500,000)	(250,000)	(250,000)
4	Geolocator	15,000										15,000	7,500	7,500
5	Satellite Routers				11,000							11,000	5,500	5,500
6	Firewall Replacement	60,000										60,000	30,000	30,000
7	System-Wide Security Camera Implementation						47,000	48,000	50,000	51,000	53,000	249,000	124,500	124,500
	Total IT and EI&C	75,000	649,000	0	11,000	0	47,000	48,000	378,000	51,000	53,000	1,312,000	656,000	656,000
<i>Other Studies</i>														
1	General Studies Fund	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000	355,000	177,500	177,500
2	GIS Data Updates	15,000										15,000	7,500	7,500
3	Distribution System Condition Assessments	3,700	3,900	4,000	4,100	4,200	4,300	4,500	4,600	4,700	4,900	42,900	42,900	
4	Arc Flash Analysis Update	30,000	21,000	16,000	22,000	17,000	6,000	30,000	31,000	6,000	13,000	192,000	96,000	96,000
5	Impressed Current Cathodic System Monitoring Program	72,000										72,000	72,000	
	Total Other Studies	151,700	56,900	53,000	60,100	56,200	46,300	71,500	73,600	49,700	57,900	676,900	395,900	281,000
<i>Contingency</i>														
1	Contingency	150,300	155,625	171,691	190,647	225,526	401,494	444,969	236,368	390,831	1,579,782	3,947,233	1,973,617	1,973,617
	Contingency	150,300	155,625	171,691	190,647	225,526	401,494	444,969	236,368	390,831	1,579,782	3,947,233	1,973,617	1,973,617

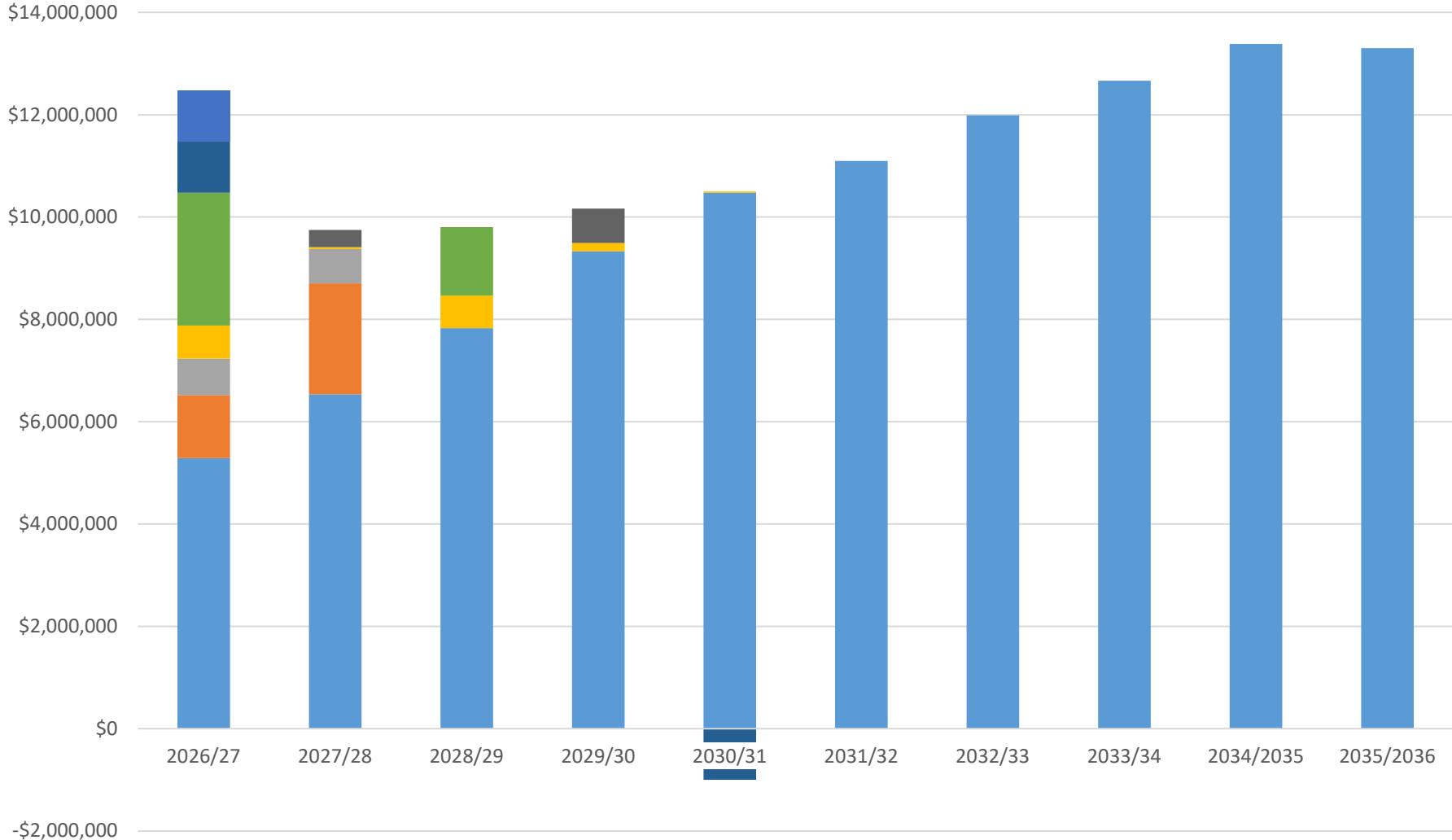
Ten Year Capital Replacement & Refurbishment Program
F.Y. 2026/27 - 2035/36

NO.	DESCRIPTION	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL	WATER	SEWER
<i>Total Capital Budget</i>		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	21,757,382	80,127,966
<i>Total Capital Projects</i>		3,771,885	4,073,052	6,151,949	8,178,878	6,955,361	9,708,634	10,028,206	9,714,838	9,866,427	7,041,146	75,490,376	16,915,579	58,574,796
<i>WATER</i>		424,160	1,509,777	2,315,665	1,871,296	1,480,918	2,058,610	1,876,609	1,673,559	1,701,274	2,003,712	16,915,579	16,915,579	
<i>SEWER</i>		3,347,725	2,563,275	3,836,284	6,307,583	5,474,443	7,650,024	8,151,597	8,041,280	8,165,153	5,037,434	58,574,796		58,574,796
<i>Total Capital Equipment</i>		1,513,601	2,463,160	1,676,512	1,149,339	3,520,832	1,386,871	1,956,653	2,951,007	3,517,138	6,259,859	26,394,972	4,841,802	21,553,170
<i>WATER</i>		370,900	1,546,079	100,700	53,162	103,885	535,160	671,274	413,410	223,797	823,436	4,841,802	4,841,802	
<i>SEWER</i>		1,142,700	917,081	1,575,812	1,096,177	3,416,947	851,711	1,285,379	2,537,597	3,293,342	5,436,424	21,553,170		21,553,170
<i>Total Capital Investment</i>		12,473,528	9,745,010	9,804,712	10,165,512	9,500,993	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	114,120,534	23,263,719	90,708,892
<i>Capital Budget</i>		5,285,485	6,536,212	7,828,460	9,328,217	10,476,193	11,095,505	11,984,860	12,665,845	13,383,565	13,301,005	101,885,348	21,757,382	80,127,966
<i>SOCWA Reserve</i>		1,234,625	2,169,165	0	0	0	0	0	0	0	0	3,403,790	0	3,403,790
<i>Accumulated Capital</i>		714,345	671,922	0	0	0	0	0	0	0	0	1,386,267	0	1,386,267
<i>Carryover</i>		646,107	32,000	634,016	164,920	24,800	0	0	0	0	0	1,501,843	570,462	635,534
<i>Recycled Reserves</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Bond Funds</i>		2,592,965	0	1,342,235	0	0	0	0	0	0	0	3,935,201	0	4,083,124
<i>Capital Reserves</i>		1,000,000	0	0	0	(1,000,000)	0	0	0	0	0	0	0	0
<i>Regional WRP MNWD Payout</i>		1,000,000	0	0	0	0	0	0	0	0	0	1,000,000	0	1,000,000
<i>Grant Funding</i>		0	335,711	0	672,375	0	0	0	0	0	0	1,008,086	935,875	72,211

Capital Expenditures by Category



Capital Expenditures by Funding Source



- Capital Budget
- SOCWA Reserve
- Accumulated Capital
- Carryover
- Bond Funds
- Capital Reserves
- Grant Funding
- Regional WRP MNWD Payout