SAN JUAN WATER DISTRICT
Board of Director's Special Minutes
June 30, 2026 – 6:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President (via videoconference)
George Machado	Director
Mike McRae	Director
Manuel Zamorano	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Adam Larsen	General Manager
Donna Silva	Director of Finance
Andrew Pierson	Director of Engineering & Retail Operations
Greg Zlotnick	Director of Water Resources & Strategic Affairs
Daniel Griego	Field Services Manager
Mike Spencer	Water Treatment Plant Manager
Teri Grant	Clerk of the Board/Executive Assistant
Ryan Jones	General Counsel

OTHER ATTENDEES

Bill Stroppe	
Buddy H	
Person 1	
Tom Gray	Fair Oaks Water District
Elishia Sorensen	SJWD Employee
Jed Thorne	SJWD Employee
Mark Hargrove	SJWD Employee

President Costa called the meeting to order at 6:00 p.m.

I. CALL TO ORDER

II. ROLL CALL
The Clerk of the Board took a roll call of the Board. The following directors were present in the Boardroom: Ted Costa, George Machado, Mike McRae and Manuel Zamorano. Vice President Pam Tobin requested to join the meeting via videoconference as she was not feeling well. Legal Counsel Jones noted that she was joining under a provision in the Brown Act and her location did not need to be posted on the agenda.

III. PLEDGE OF ALLEGIANCE

IV. NEW BUSINESS
1. **Resolution 26-16 - Passing of Cathy Avila (W & R)**
   GM Larsen reported that Vice President Tobin provided a resolution for the Board to consider regarding the passing of Cathy Avila, the wife of Ernie Avila, ACWA Board President.

Vice President Tobin moved to adopt Resolution 26-16, a resolution expressing sympathy and condolences to Ernie Avila and his family on the passing of his wife, Cathy Avila. Director Machado seconded the motion. The motion carried with the following roll call vote:

Ayes: Directors Costa, Machado, McRae, Tobin and Zamorano
Noes: None
Absent: None

President Costa opened the floor to public comment at the request of GM Larsen.

Mr. Tom Gray, Fair Oaks Water District General Manager, addressed the Board and noted that there was a meeting today that was attended by President Costa and staff and that FOWD Board President Marx requested that Mr. Gray attend the Board meeting and express their appreciation to the Board and staff for attending the meeting. Mr. Gray noted that a document was presented to SJWD at the meeting and FOWD hopes that the Board considers the document. He encouraged everyone to get to the intended outcome such as settling the litigation, getting reliable water supply, and conducting groundwater banking. He looks forward to working together. President Costa commented that the District still has a 2x2 Ad Hoc Committee with himself and Director McRae that is ready to meet with FOWD's 2x2 committee to discuss these issues.

V. PUBLIC HEARING

1. FY 2026-27 Wholesale and Retail Budget (W & R)

President Costa directed Ms. Silva to continue the Public Hearing.

Ms. Silva conducted a presentation on the District's FY 2026-27 Wholesale and Retail Budget, a copy of which will be attached to the meeting minutes. She reviewed the changes that were made to the budget since the June 17th Board meeting.

In response to President Costa's question, Ms. Silva explained that funds are set aside each year for pay-as-you-go funding on projects and she anticipates that the projects will be funded with existing reserves and in the Fall she will analyze the actuals from this year which will help determine the status of schedule rate increases for next year.

In response to Director Zamorano's question regarding a zero increase in retail rates, Ms. Silva informed the Board that she will provide the information in the Fall when the actuals are finalized in conjunction with the audit.

In response to President Costa's comment on the office remodel, Ms. Silva explained that any projects over $75,000 will come before the Board for approval. She clarified that the Board previous reviewed and rejected a request for a new Administration Building and that what is in the budget is an office remodel/expansion of the existing building instead. GM Larsen explained that Mr. Barela had developed plans for an expansion and staff will be reviewing that plan and staff's needs to determine if it is still necessary or if there are other options; therefore, staff will bring the information to the Board once that is determined.

President Costa closed the Public Hearing at 6:31 p.m.

Vice President Tobin moved to adopt Resolution No. 26-10 adopting the FY 2026-2027 Budget. Director McRae seconded the motion. The motion carried with the following roll call vote:

Ayes: Directors Costa, Machado, McRae, Tobin and Zamorano
Noes: None
Absent: None

At 6:33 p.m., President Costa announced that the Board was adjourning to Closed Session and there were no public comments.

VI. CLOSED SESSION

1. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
   (Section 54956.9) Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 23WM000064, Sacramento County Superior Court

2. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
   (Section 54956.9) Citrus Heights Water District, et al. vs. San Juan Water District, Case Number: 26WM000117, Sacramento County Superior Court

3. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
   Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2) (one case)

VII. OPEN SESSION

There was no reportable action.

VIII. ADJOURN

The meeting was adjourned at 7:42 p.m.

____
EDWARD J. "TED" COSTA, President
Board of Directors
San Juan Water District

ATTEST:

____
TERI GRANT, Clerk of the Board

PROPOSED BUDGET

FISCAL YEAR 2026-2027

San Juan Water District, Granite Bay, California

SAN JUAN WATER
SINCE 1854

April 15, 2026
Reviewed & Discussed budget assumptions

May 28, 2026:
Budget workshop Reviewed proposed budget

June 17, 2026:
Compensation Study and Reorganization reviewed & approved

June 30, 2026:
Public Hearing on Revised Budget – request for adoption

SAN JUAN WATER
SINCE 1854

What Has Changed?

- Added funding to update the Capital Facility Fees (last updated in 2022)
- Moved current year Hinkle Reservoir Dive Inspection costs to FY 2026-27
- Moved current year funding for WTP generator maintenance to FY 2026-27
- Corrected double counting of the contribution to Healthy Rivers and Lakes
- Increased hours for retired annuitant in Field Services from 100 to 960 hours
- Reallocated Salaries and Benefits between wholesale and retail based on approved reorganization
- Corrected error in OT cost calculation
- Increased benefits to account for the loss of the one employee who was taking cash in lieu of health care benefits
- Added new salary schedule reflecting approved compensation study and reorganization

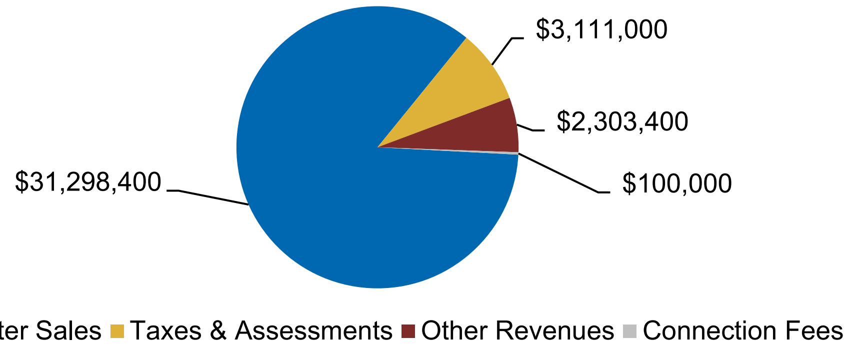
Net Effect of Changes

	Original Transfer Out to Capital	Adjusted Transfer Out to Capital
Wholesale Operating	$420,800	$338,600
Retail Operating	$2,335,400	$2,380,300

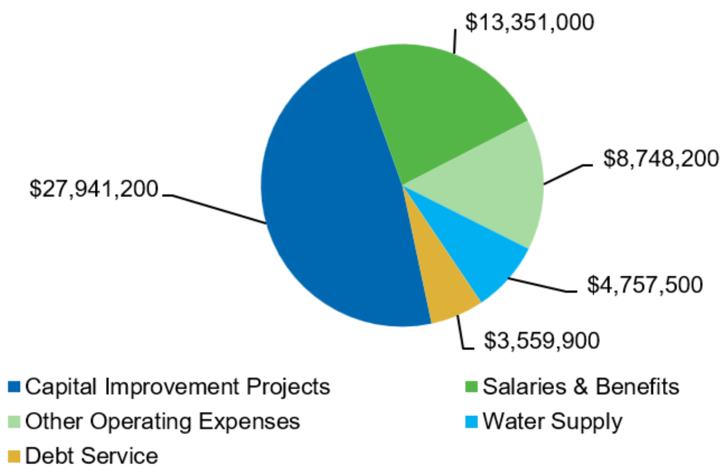
PROPOSED BUDGET OVERVIEW
FISCAL YEAR 2026-2027

SAN JUAN WATER SINCE 1854

All District Revenues $36,812,800



All District Expenses $58,357,800

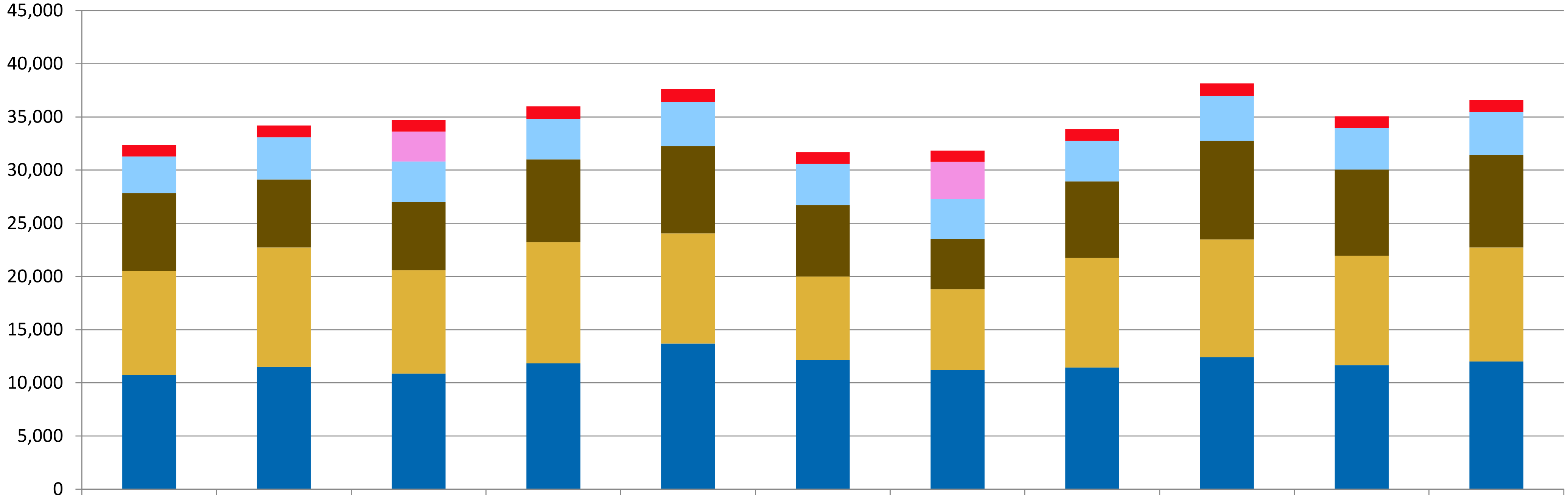


	Wholesale Operations	Wholesale Capital Outlay	Retail Operations	Retail Capital Outlay	Total
Estimated Beginning Reserves July 1, 2026	$ 3,378,671	$ 31,736,203	$ 3,133,401	$ 26,727,612	$ 64,975,887
Revenues					
Water Sales	$ 12,916,100	$ -	$ 18,382,300	$ -	$ 31,298,400
Proceeds from Issuance of Debt	-	-	-	-	-
Property Tax Revenue	-	1,555,500	-	1,555,500	3,111,000
Grant Revenues	-	-	-	-	-
Other Revenues	294,200	897,600	796,100	315,500	2,303,400
Connection Fees	-	75,000	-	25,000	100,000
Total Revenues	$ 13,210,300	$ 2,528,100	$ 19,178,400	$ 1,896,000	$ 36,812,800
Expenses					
Capital Improvement Projects	$ -	$ 8,535,900	$ -	$ 19,405,300	$ 27,941,200
Salaries & Benefits	5,493,400	-	7,857,600	-	13,351,000
Water Supply	1,062,000	-	3,695,500	-	4,757,500
Debt Service - Principal	1,662,300	-	731,200	-	2,393,500
Debt Service - Interest	786,100	-	380,300	-	1,166,400
Other Expenses	3,898,400	826,200	3,835,300	188,300	8,748,200
Total Expenses	$ 12,902,200	$ 9,362,100	$ 16,499,900	$ 19,593,600	$ 58,357,800
Net Income	$ 308,100	$ (6,834,000)	$ 2,678,500	$ (17,697,600)	$ (21,545,000)
Transfer In/(Out)	(238,600)	238,600	(2,380,300)	2,380,300	-
Estimated Ending Reserves					
Restricted for Debt Service	912,105	-	131,521	-	1,043,626
Restricted for Expansionary Projects	-	-	-	1,456,166	1,456,166
Operating Reserve	2,536,066	-	3,300,080		5,836,146
Capital Reserve	-	25,140,803	-	9,954,146	35,094,949
Estimated Ending Reserves	$ 3,448,171	$ 25,140,803	$ 3,431,601	$ 11,410,312	$ 43,430,887

PROPOSED BUDGET: WATER DELIVERIES
FISCAL YEAR 2026-2027

SAN JUAN WATER
SINCE 1854

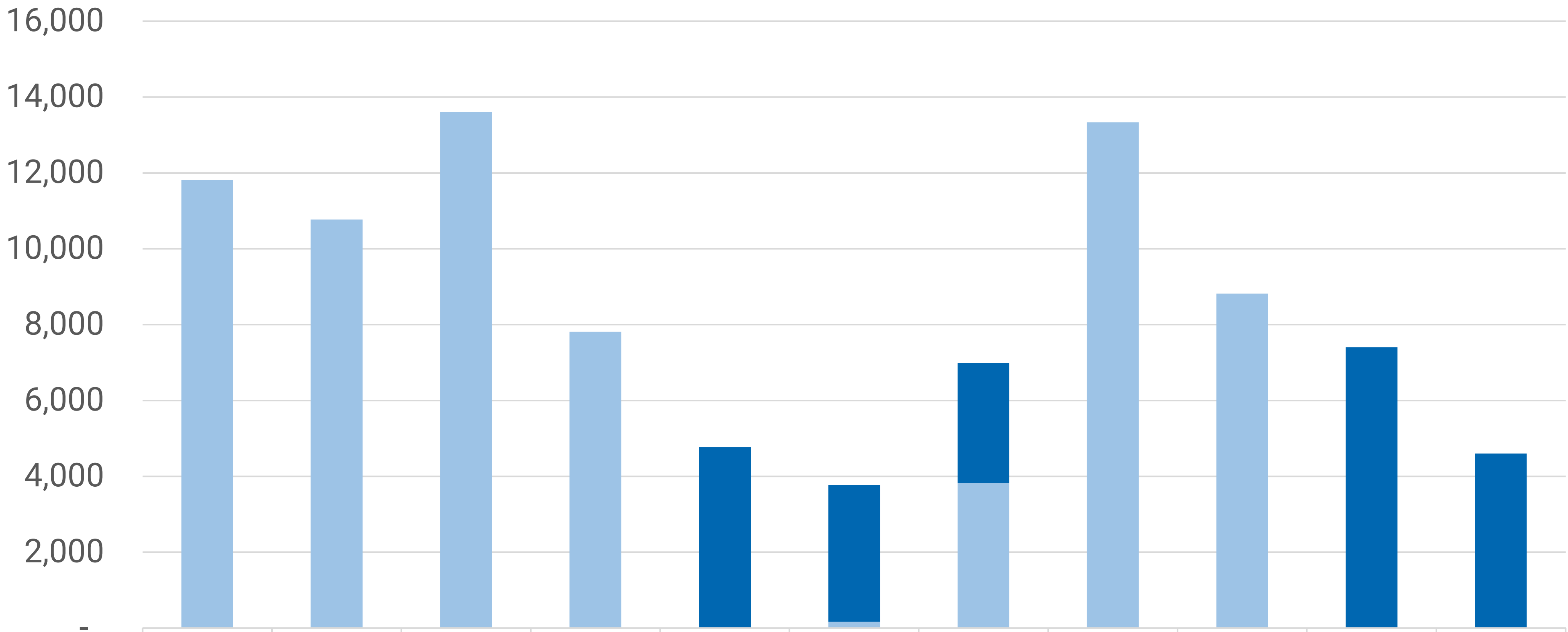
WHOLESALE WATER DELIVERIES - ACRE FEET - Excluding SSWD



	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26 Est.	FY 26-27 Budget
City of Folsom	1,062	1,132	1,080	1,194	1,239	1,092	1,045	1,083	1,169	1,096	1,133
Other (Transfer Customers)	-	-	2,808	-	-	-	3,504	-	-	-	-
Orange Vale Water Company	3,473	3,950	3,822	3,790	4,141	3,883	3,760	3,821	4,220	3,913	4,067
Fair Oaks Water District	7,288	6,400	6,394	7,780	8,202	6,723	4,732	7,208	9,278	8,105	8,692
Citrus Heights Water District	9,775	11,202	9,734	11,407	10,361	7,852	7,595	10,297	11,097	10,319	10,708
San Juan Retail Service Area	10,752	11,520	10,864	11,829	13,690	12,143	11,195	11,442	12,387	11,637	12,012

PROPOSED BUDGET: WATER DELIVERIES
FISCAL YEAR 2026-2027

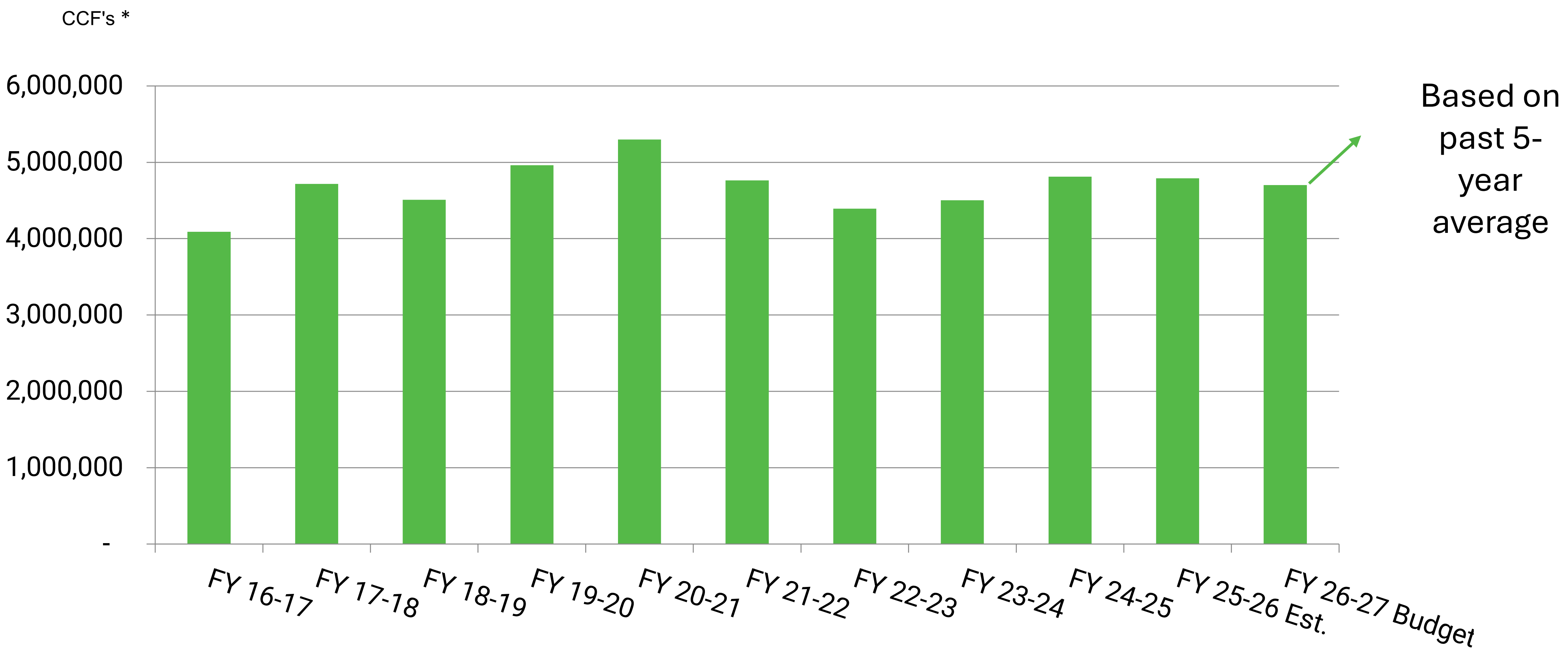
WHOLESALE WATER DELIVERIES TO SSWD - ACRE-FEET



	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26 Est.	FY 26-27 Budget
SJWD Surface Water	-	-	-	-	4,768	3,602	3,170	-	-	7,403	4,600
SSWD's PCWA Water	11,808	10,769	13,605	7,815	-	167	3,821	13,334	8,819	-	-

PROPOSED BUDGET: WATER DELIVERIES
FISCAL YEAR 2026-2027

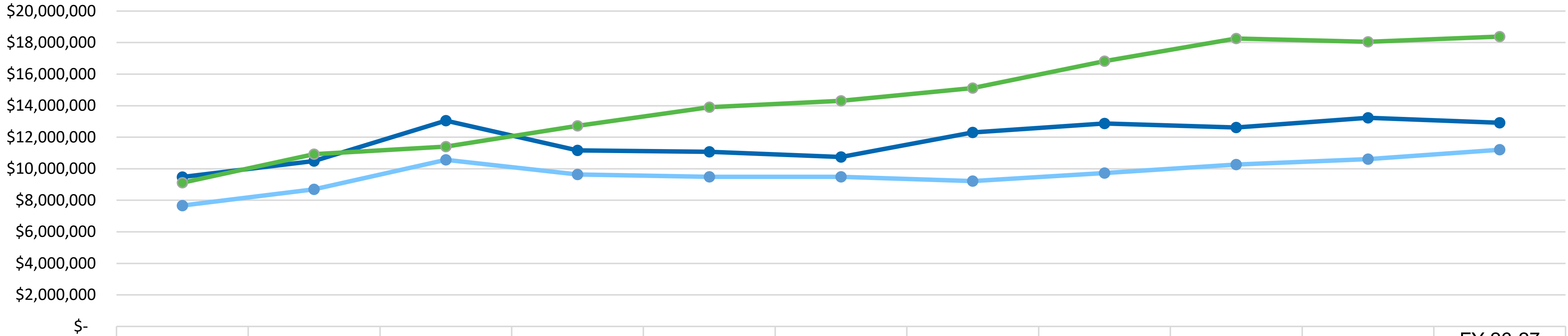
Retail Water Deliveries (in CCF*)



* CCF = centrum cubic feet or "hundreds of cubic feet"
1 CCF = 7.48 gallons

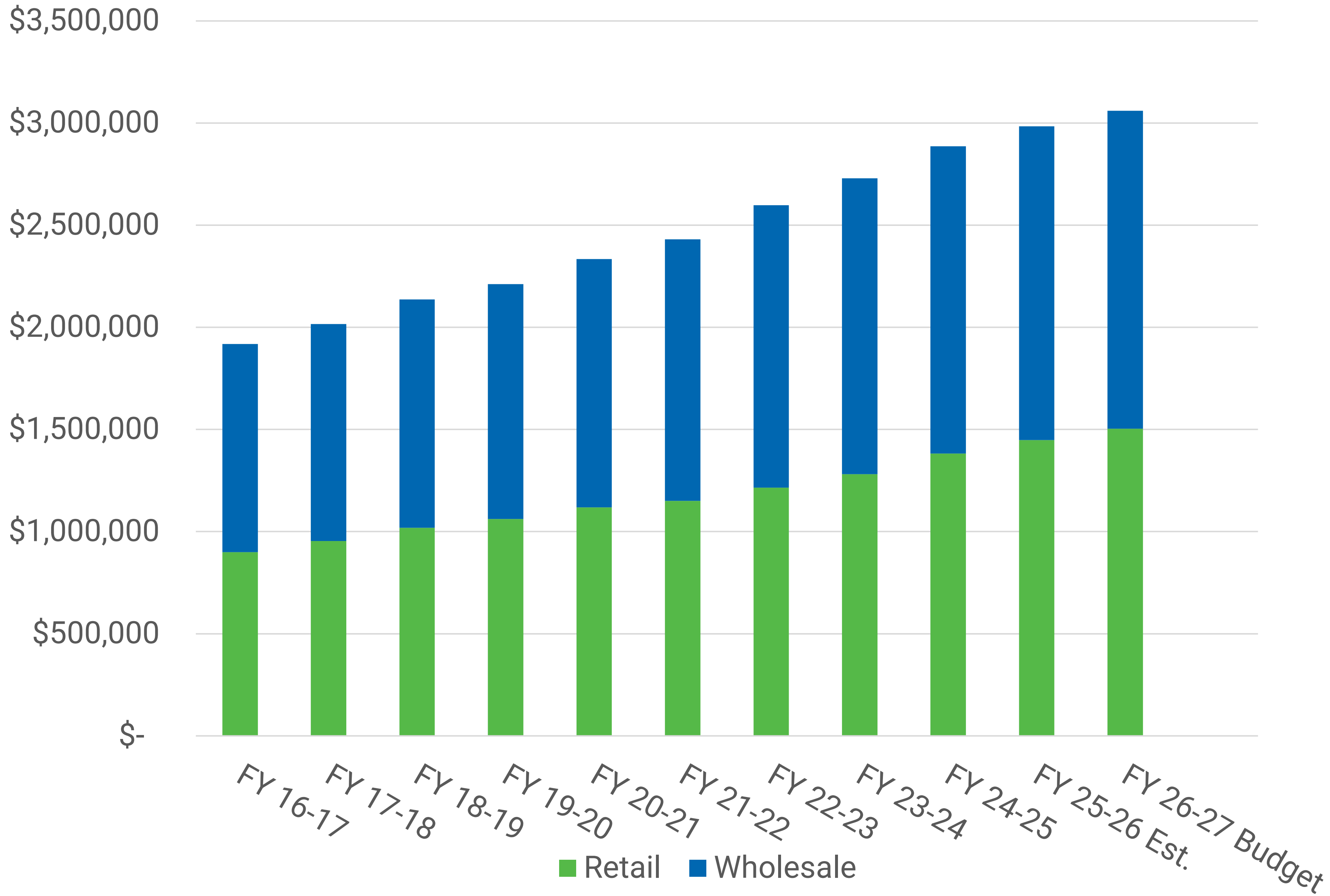
PROPOSED BUDGET: WATER SALE REVENUES

FISCAL YEAR 2026-2027

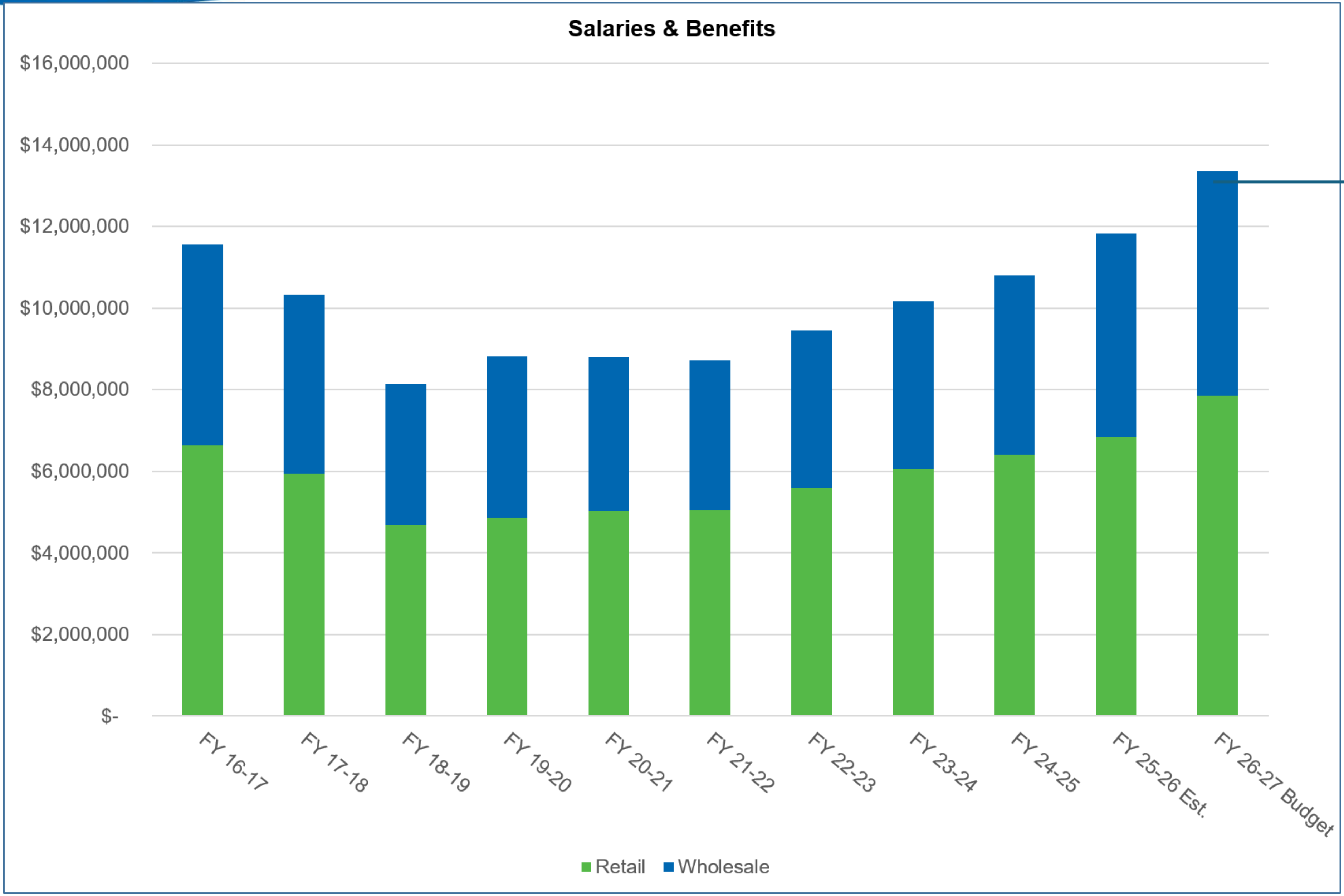


	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY22-23	FY 23-24	FY 24-25	FY 25-26 Est.	FY 26-27 Budget
Wholesale Customer Agencies (WCA's)	$7,665,649	$8,695,872	$10,560,818	$9,642,676	$9,484,251	$9,484,251	$9,213,015	$9,733,014	$10,264,578	$10,615,500	$11,203,000
All Wholesale Sales	$9,477,539	$10,492,472	$13,044,976	$11,157,014	$11,077,962	$10,750,044	$12,297,936	$12,866,619	$12,619,969	$13,231,300	$12,916,100
Retail	$9,114,488	$10,922,285	$11,405,735	$12,716,838	$13,902,296	$14,302,815	$15,116,729	$16,822,756	$18,264,872	$18,045,600	$18,382,300

PROPOSED BUDGET: PROPERTY TAX REVENUES
FISCAL YEAR 2026-2027



PROPOSED BUDGET: EXPENSES
FISCAL YEAR 2026-2027



13% increase

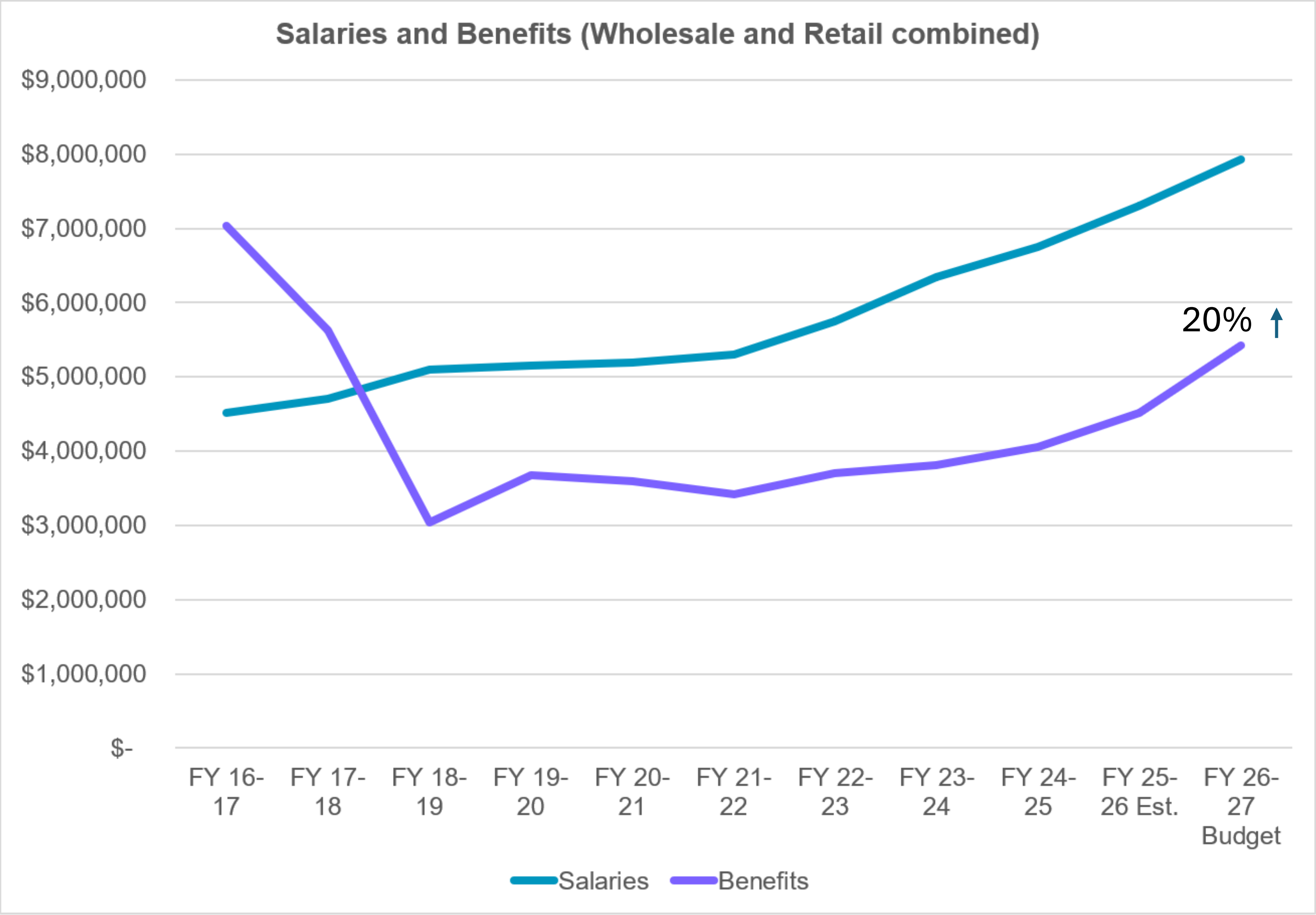
PROPOSED BUDGET: EXPENSES
FISCAL YEAR 2026-2027

- Current Staffing at CalPERS wage growth assumptions

PLUS:

- 2 Full-Time Field Service Temps
- 100 hours for Retired Annuitant in Field Services – revised to 960
- 2 Full-Time Executive Temps

PROPOSED BUDGET: EXPENSES
FISCAL YEAR 2026-2027



Benefit cost drivers = Pension and Health care

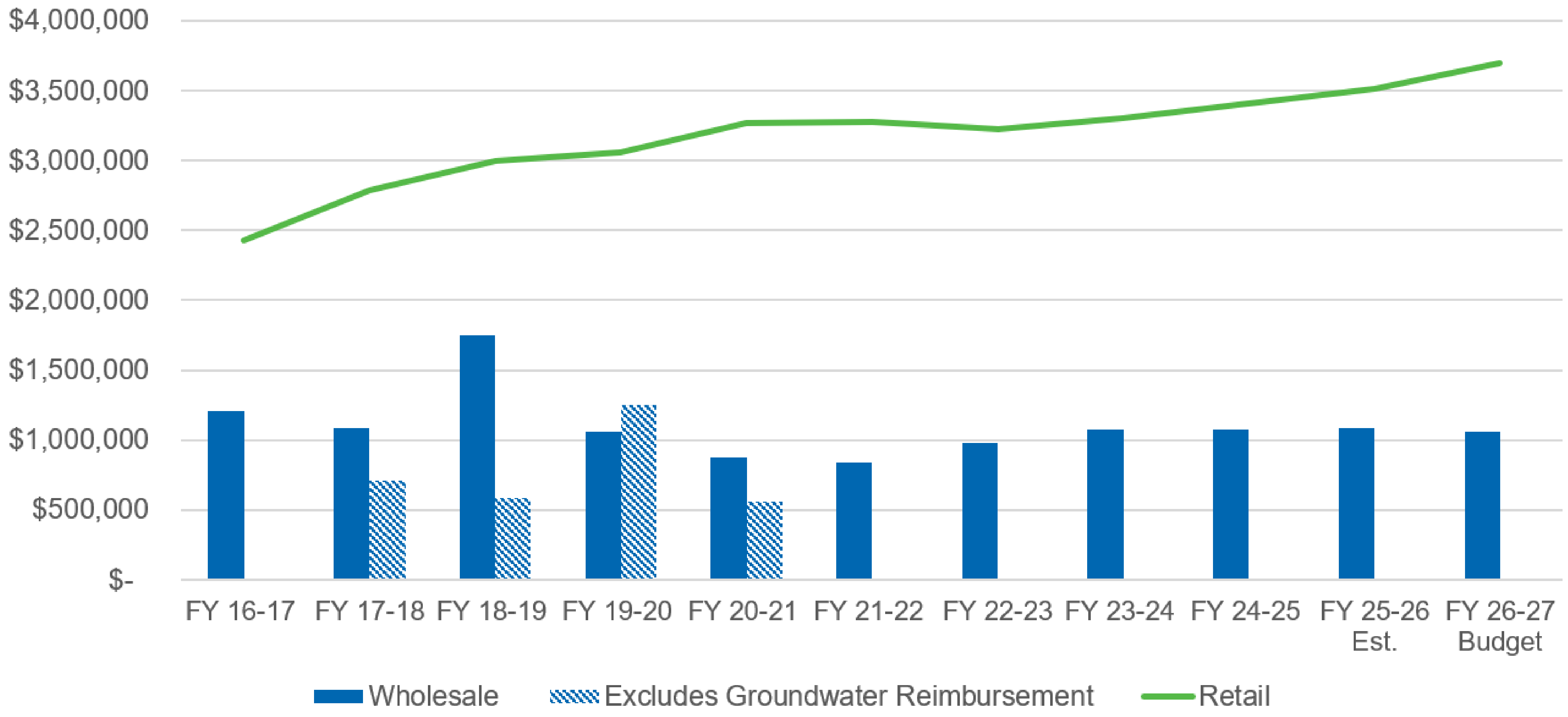
PENSION:

- 91.1% Funded
- $400,000 supplemental payment
- 2 Full-Time Executive Temps

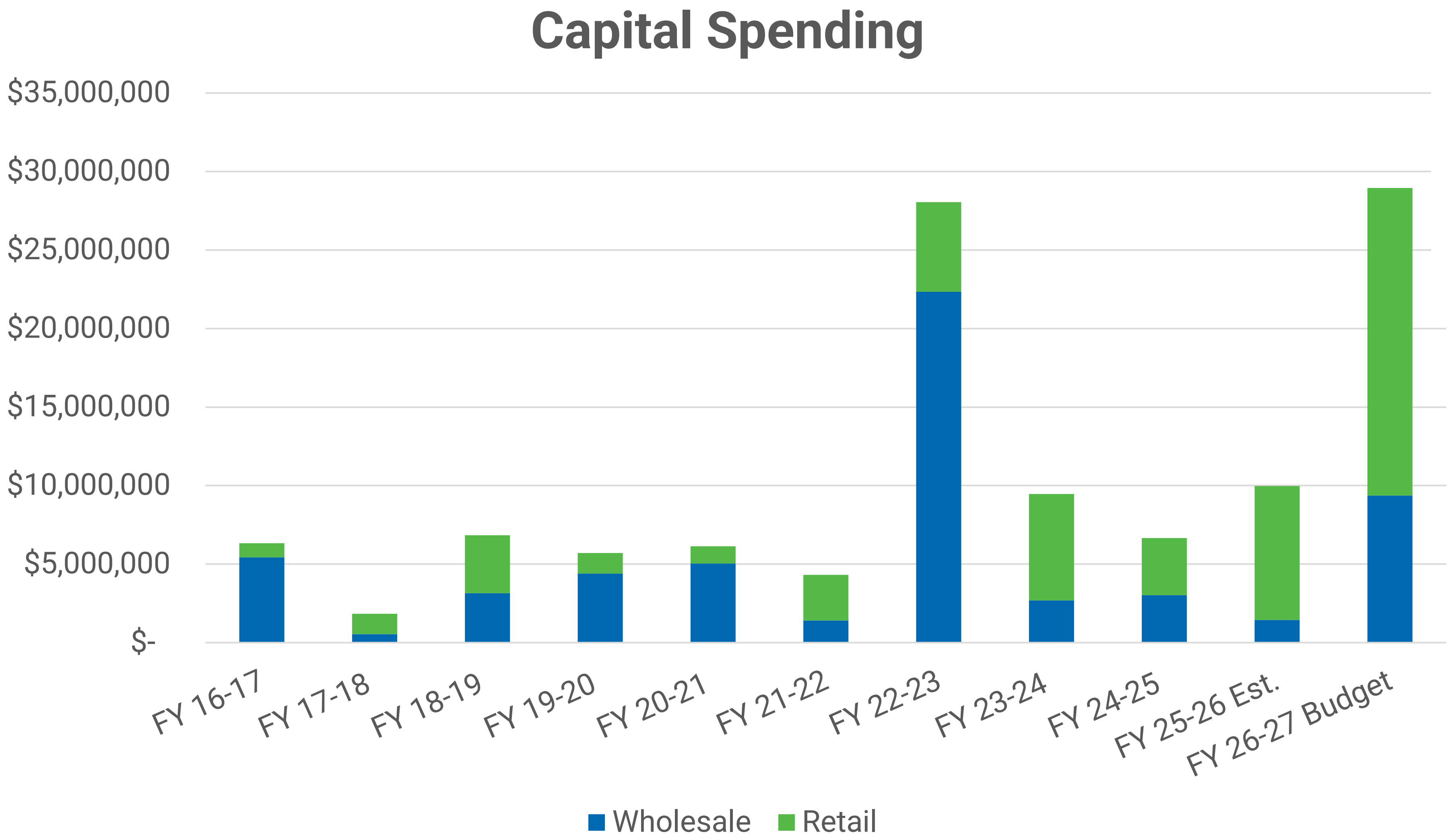
HEALTHCARE:

- 8% assumed increase
- 2 Full-time Executive Temps

Water Supply Costs



PROPOSED BUDGET: EXPENSES
FISCAL YEAR 2026-2027



Operations Plan Report Card FY 2025-26

On Track	
Delayed	
Issues	

ADMINISTRATION/WATER RESOURCES/IT

Task - Strategic Plan Goal/Objective	Original Target Date	Updated Target Date	Completion Date	Comments
Water Quality Control Plan – represent District interests and collaborate with regional and statewide partners to ensure the WQCP is reasonable and achievable - A/5	Ongoing	End 2026		
Delta conveyance – engage as necessary to protect District interests as new project developed, permits sought - A/5	Ongoing			
Represent the District's interests in the implementation of groundwater banking and in the expansion of the regional groundwater bank - A/1,2,4	Ongoing			
Implement "Making Conservation a Way of Life" program (water loss regulations, indoor and outdoor efficiency standards, reporting, etc.) - A/1,5; C/2; D/5	Ongoing			
Seek to develop groundwater partnerships with WCAs and/or SSWD - A/1,2,3,4,7,9	Ongoing			
If conditions warrant and allow, complete actions necessary to implement a groundwater substitution and/or conserved water transfer - A/5	Ongoing			
Prepare annual water rights reports to SWRCB and submit estimated schedule of deliveries of PCWA and CVP supplies to Reclamation - A/All	Post-14 > 2/2026 Pre-14 > 2/2026 Reclamation > 3/2026			
Complete Urban Water Management Plan and related CVPIA Water Management Plan - A/6	UWMP 6/30/2026 WMP 12/31/2026			
Provide Monthly summary reports to Reclamation showing usage of water rights, PCWA, and CVP supplies, as well as treatment of SSWD's PCWA deliveries - A/All	The 10th of the following month			
3rd Annual SJWD Employee Kids Day - E/3	7/2025		7/2025	
Complete Board Ordinance Updates - C/1	6/2026		3/2026	
Implement Document Management System - E/4; C/1	6/2026			

CUSTOMER SERVICE

Task - Strategic Plan Goal/Objective	Target Date	Updated Target Date	Completion Date	Comments
Cross train customer service staff to be proficient in customer service related functions to build redundancy to accommodate vacations, illnesses and staff turnover - C/3	Ongoing			
Work with Field Service and Water Efficiency staff to diagnose customer meter problems and repair promptly - C/2,3	Ongoing			
Work with Field Service staff to update utility billing databases for the meter replacement rollout to ensure accurate customer billing - C/3	Ongoing			
Successful transition to consolidated meter reading - C/4,5	9/2025		9/2025	

OPERATIONS PLAN FY 2026-27

Engineering Services

Task	Strategic Plan Goal	Strategic Plan Objective	Target Date
Complete construction of the Kokila Reservoir Replacement Project	B	3	6/2027
Complete construction and/or rehabilitation of the second Backwash Hoods (construction of the first Backwash Hood completed in FY 2025/26)	B	3	6/2027
Complete design and construction of the Service Lines and Air Release Valves Replacement Programs	B	3	6/2027
Complete construction of the Santa Juanita 3-in Pipeline Replacement Project	B	3	6/2027
Complete designs of the Cavitt Stallman Pipeline Project and the Seeno Ave and Greenhills Dr Pipeline Replacement Project	B	3	6/2027
Complete construction of the WTP and Hinkle to Baldwin Pipeline Valve Project	B	3	6/2027
Complete construction of the WTP Influent Meter Replacement Project	B	3	6/2027
Hinkle 2 Property and Environmental Evaluation for proposed 9-million gallon drinking water reservoir south of existing Hinkle Reservoir	B	1	6/2027

PROPOSED BUDGET: WHOLESALE OPERATING FUND
FISCAL YEAR 2026-2027

	Wholesale Operations	
Est. Beginning Reserves July 1, 2026	**$ 3,378,671**	
Revenues		
Water Sales	12,916,100	
Other Revenues	294,200	
Total Revenues	$ 13,210,300	
Expenses		
Salaries & Benefits	$ 5,493,400	
Debt Service - Principal	1,662,300	
Debt Service - Interest	786,100	
Water Supply	1,062,000	
Materials and Supplies	1,101,300	
Professional Services	850,200	
Maintenance	608,300	
Other Expenses	1,121,500	
Total Expenses	$ 12,902,200	9% increase
Net Income	$ 308,100	
Transfer In/(Out)	(238,600)	
Esimated Ending Reserves		
Hinkle Reservoir Debt Service Reserve	912,105	
Operating Reserve	2,536,066	
Estimated Ending Reserves June 30, 2027	**$ 3,448,171**	

PROPOSED BUDGET: WHOLESALE OPERATING FUND
FISCAL YEAR 2026-2027

SAN JUAN WATER SINCE 1854

Increases:

Salaries & Benefits	**$526,800**
Professional Services	**$248,900**
Hinkle 2 Evaluation	
Preliminary Study on Groundwater Banking	
Hydraulic Modeling	
Materials & Supplies	**$119,300**
Chemicals	
Replacement tools for WTP	
Office Configurations for Engineering, Maintenance and Director of Operations	
New tables and podium for Boardroom	
Other Exp. - Training	**$97,500**

Decreases:

Maintenance	**$76,100**
Baldwin/Solar Field Fire Break Clean up done	
Less needed on Chlorine System	
None needed this year on Polymer System	
Floc Chain replaced last year (replaced every 5 years)	
Less Painting costs at WTP	
One time landscape clean up done in FY 25-26	

PROPOSED BUDGET: WHOLESALE OPERATING FUND
FISCAL YEAR 2026-2027

SAN JUAN WATER SINCE 1854

		Wholesale Operations
Est. Beginning Reserves July 1, 2026	**$**	**3,378,671**
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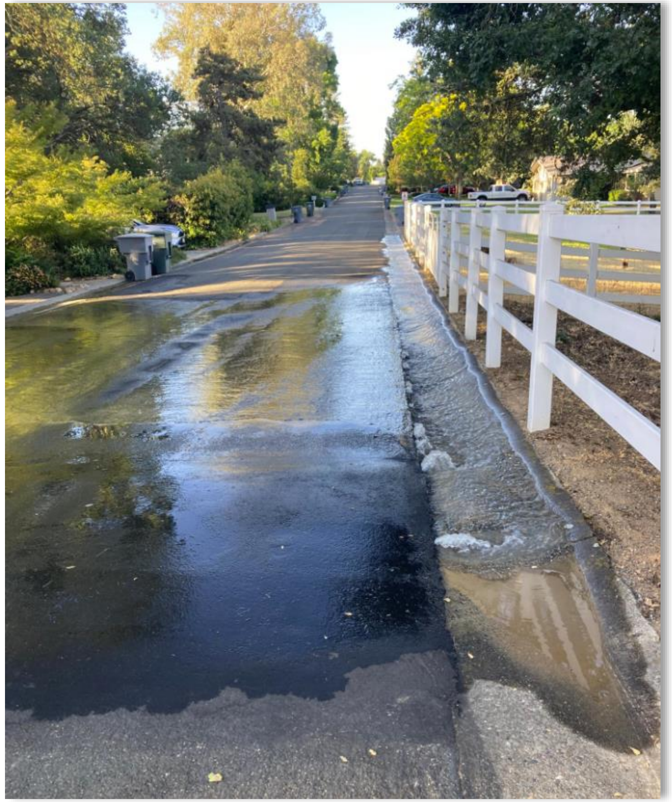
PROPOSED BUDGET: RETAIL OPERATIONS
FISCAL YEAR 2026-2027

	Retail Operations	
Est. Beginning Reserves July 1, 2026	**$ 3,133,401**	
Revenues		
Water Sales	18,382,300	
Other Revenues	796,100	
Total Revenues	$ 19,178,400	
Expenses		
Salaries & Benefits	$ 7,857,600	
Purchase Treated Water	3,695,500	
Maintenance	921,700	
Debt Service - Interest	380,300	
Debt Service - Principal	731,200	
Professional Services	487,600	
Materials & Supplies	422,800	
Other Expenses	2,003,200	
Total Expenses	$ 16,499,900	9% increase
Net Income	$ 2,678,500	
Transfer In/(Out)	(2,380,300)	
Estimated Ending Reserves		
Restricted for Eureka Rd. Transmission Pipeline Debt Service	131,521	
Operating Reserve	3,300,080	
Estimated Ending Reserves June 30, 2027	**$ 3,431,601**	

PROPOSED BUDGET: RETAIL OPERATIONS
FISCAL YEAR 2026-2027

INCREASES:

Salaries & Benefits	**$1,005,400**
Water Supply	**$185,500**
Debt Service – Principal First Year of Eureka Rd. Pipeline SRF Loan Pmt.	**$116,500**
Other Exp. - Training	**$105,500**
Maintenance Hydrant & Valve Maintenance Paving Costs	**$91,900**



DECREASES:

Professional Services Customer Service Temp	**$47,000**

PROPOSED BUDGET: RETAIL OPERATIONS
FISCAL YEAR 2026-2027

		Retail Operations
Est. Beginning Reserves July 1, 2026	**$**	**3,133,401**
Revenues		
Water Sales		18,382,300
Other Revenues		796,100
Total Revenues	$	19,178,400
Expenses		
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Estimated Ending Reserves		
Restricted for Eureka Rd. Transmission Pipeline Debt Service		131,521
Operating Reserve		3,300,080
Estimated Ending Reserves June 30, 2027	**$**	**3,431,601**

PROPOSED BUDGET: WHOLESALE CAPITAL FUND
FISCAL YEAR 2026-2027

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Estimate	FY 2026-27 Proposed Budget
Est. Beginning Available Reserves	**$ 16,281,430**	**$ 18,784,423**	**$ 2,729,455**	**$ 27,364,647**	**$ 28,837,303**	**$ 31,736,203**
Revenues						
Property Taxes	$ 1,281,061	$ 1,382,542	$ 1,448,467	$ 1,504,230	$ 1,535,900	$ 1,555,500
Connection Fees	189,894	279,042	131,890	91,142	92,000	75,000
Capital Contributions	-	911,800	-	-	-	-
Other Revenues	126,380	199,150	514,234	1,145,161	1,133,400	897,600
Proceeds from Issuance of Debt	-	846,424	22,019,068	255,129	-	-
Total Revenues	$ 1,597,335	$ 3,618,958	$ 24,113,659	$ 2,995,662	$ 2,761,300	$ 2,528,100
Expenses						
Water Treatment Plant Improvements	$ 766,153	$ 238,671	$ 293,207	$ 2,858,406	$ 281,300	$ 3,612,000
Mains/Pipelines & Improvements	-	-	-	-	103,400	1,649,600
Reservoirs & Improvements	151,583	21,574,477	1,799,354	13,670	-	1,512,000
Land Improvements	11,814	394,704	12,525	11,023	198,000	1,305,000
Maintenance	3,177	-	-	10,293	641,600	485,200
Professional Services	271,438	61,460	34,685	56,436	128,500	341,000
Buildings & Improvements	7,968	13,110	52,158	-	4,700	389,300
Meters	-	17,097	-	-	11,500	35,000
Vehicles	113,291	-	268,453	22,273	53,800	17,000
Equipment and Furniture	52,243	48,842	222,826	50,764	-	16,000
Software	13,733	-	-	-	15,000	-
Land Acquisition	22,500	-	-	-	-	-
Contributions to Others	-	-	-	-	-	-
Total Expenses	$ 1,413,900	$ 22,348,362	$ 2,683,207	$ 3,022,866	$ 1,437,800	$ 9,362,100
Net Income	$ 183,435	$ (18,729,404)	$ 21,430,452	$ (27,204)	$ 1,323,500	$ (6,834,000)
Transfer In	2,319,558	2,674,436	3,204,740	1,499,860	1,575,400	238,600
Transfer Out	-	-	-	-	-	-
Estimated Ending Reserves	**$ 18,784,423**	**$ 2,729,455**	**$ 27,364,647**	**$ 28,837,303**	**$ 31,736,203**	**$ 25,140,803**

Water Treatment Plant (WTP) Improvements

Backwash Hood Rehabilitation and Rail Track Improvements

Project Status:	In Progress	**Estimated Spending FY 2025-26 & Prior:**	$ 3,099,598
Start Date:	FY 2022-23	**Budgeted Spending FY 2026-27:**	$ 1,900,000
Estimated Completion:	FY 2026-27	**Total Project Cost:**	$ 4,999,598

The final filtration of water occurs in the North and South filter basins which each have a series of filter cells along the bottom of the basin. Each basin has two backwash hoods that move across the basins to backwash (clean) the various filter cells. The backwash hoods suck water up through the filters and send the water back into the first treatment stage of the plant. Each basin currently has one new and one old backwash hood. This project assessed the structural integrity of the two old hoods and determined that they could be rehabilitated instead of being replaced (including the rail track upon which they move). The old hood in the South Basin, and the rail track upon which it moves were rehabilitated in FY 2024-25. The District intended to rehabilitate the old hood in the north basin in FY 2025-26 however prior to starting the shaft on the bridge drive in the South Basin broke. While investigating the shaft break it was determined that the rack was compromised, then a hairline crack was found in the rail. It took a significant portion of the year to investigate and resolve these issues in the south basin. Therefore, the rehabilitation of the old hood in the north basin was postponed to FY 2026-27. This project should not materially affect ongoing operating costs.

Water Treatment Plant Electrical Panel Relocation

Project Status:	Planned	**Estimated Spending FY 2025-26 & Prior:**	$ 40,000
Start Date:	FY 2025-26	**Budgeted Spending FY 2026-27:**	$ 700,000
Estimated Completion:	FY 2026-27	**Total Project Cost:**	$ 740,000

This project will replace the internal components of the Water Treatment Plant Electrical Panel and bring the room in which it is housed up to code. Design is expected to be completed in FY 2025-26 with construction in FY 2026-27. This project will not increase operating costs and will mitigate risk of employee injury.

PROPOSED BUDGET: RETAIL CAPITAL FUND

FISCAL YEAR 2026-2027

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Estimate	FY 2026-27 Proposed Budget
Est. Beginning Reserves	**$ 11,778,997**	**$ 15,906,435**	**$ 18,439,735**	**$ 23,110,283**	**$ 27,314,512**	**$ 26,727,612**
Revenues						
Proceeds from Debt Issuance	$ -	$ -	$ 3,345,186	$ -	$ -	$ -
Property Tax Revenue	1,281,061	1,382,542	1,448,467	1,504,230	1,535,900	1,555,500
Grant Revenue				10,000	1,250,000	-
Connection Fees	2,415,360	3,373,674	1,270,147	565,384	25,000	25,000
Other Revenues	114,532	370,445	783,953	922,447	1,179,500	315,500
Total Revenues	$ 3,810,953	$ 5,126,661	$ 6,847,754	$ 3,002,061	$ 3,990,400	$ 1,896,000
Expenses						
Reservoirs & Improvements	$ 247,822	$ 28,910	$ -	$ 14,310	$ 4,025,000	$ 10,103,000
Mains/Pipelines & Improvements	1,912,374	4,560,800	3,868,907	2,249,378	3,846,000	6,914,000
Land Improvements	6,295	-	29,929	214,502	229,400	1,110,000
Pump Stations & Improvements	297,640	488,664	1,904,295	67,699	31,200	431,000
Buildings & Improvements	34,196	13,110	44,419	56,117	19,400	369,300
Meters and Endpoints	29,081	333,296	738,428	681,647	141,000	288,000
Vehicles	278,140	219,356	134,529	4,243	9,500	190,000
Professional Services	83,933	-	-	208,101	60,900	125,000
Equipment and Furniture	9,482	51,774	64,012	130,881	156,000	-
Capital Maintenance	-	-	-	-	-	63,300
Software	4,578	-	-	13,500.00	15,000	-
Total Expenses	$ 2,903,541	$ 5,695,910	$ 6,784,518	$ 3,640,376	$ 8,533,400	$ 19,593,600
Net Income	$ 907,412	$ (569,249)	$ 63,236	$ (638,315)	$ (4,543,000)	$ (17,697,600)
Transfer In/(Out)	3,220,026	3,102,550	4,607,311	4,842,545	3,956,100	2,380,300
Estimated Ending Reserves						
Reservation of Capital Facility Fees	1,026,250	4,329,966	3,380,308	1,456,166	1,456,166	1,456,166
Capital Reserve	14,880,185	14,109,769	19,729,975	25,858,346	25,271,446	9,954,146
Estimated Ending Reserves	**$ 15,906,435**	**$ 18,439,735**	**$ 23,110,283**	**$ 27,314,512**	**$ 26,727,612**	**$ 11,410,312**

PROPOSED BUDGET: LARGE RETAIL CAPITAL PROJECTS

FISCAL YEAR 2026-2027

Reservoirs and Improvements

Kokila Reservoir Replacement

Project Status:	In progress	**Estimated Spending FY 2025-26 & Prior:**	$ 4,000,000
Start Date:	FY 2019-20	**Budgeted Spending FY 2026-27:**	$ 10,000,000
Estimated Completion:	FY 2026-27	**Total Project Cost:**	$ 14,000,000

Kokila Reservoir is a 4.56 million-gallon Hypalon lined and covered earthen reservoir. The reservoir serves as an operational and emergency storage facility at a high elevation point for the District's Bacon pressure zone in the retail service area. The liner and cover were installed in 1984 with an estimated life of 25 years, however due to regular maintenance, its life was extended an additional 15 years. The liner and cover are now in need of replacement. The District intends to replace the liner and cover with a prestressed concrete tank. The District was awarded a $1.25 million grant for the project and a low-interest rate loan through the State Water Resources Control Board's revolving loan fund. The District anticipates drawing down the grant in FY 25-26 and has no immediate plans to draw on the loan. Construction started in FY 2025-26 and is expected to be completed in FY 2026-27. This project will reduce future operating costs.

Mains/Pipelines and Improvements

Service Lateral Replacements - Hidden Lakes Neighborhood Units 3 and 4

Project Status:	Planned	**Estimated Spending FY 2025-26 & Prior:**	$ -
Start Date:	FY 2026-27	**Budgeted Spending FY 2026-27:**	$ 1,650,000
Estimated Completion:	FY 2026-27	**Total Project Cost:**	$ 1,650,000

A service lateral is the pipeline that runs from the main line, in or next to the road, to individual water meters. In 2020, it was determined that the District's service lateral failure rate is 35% worse than the national average. The District plans to replace 85 identified service laterals per year. The FY 2026-27 Service Lateral Replacement Program continues to focus on the Hidden Lakes neighborhood. Replacing the service laterals will save the District money as less time will be spent responding to leaks and less water will be lost. Project design was done in-house this year, and we anticipate starting construction in July. This project will reduce the likelihood of incurring future operating costs to repair leaks.

PROPOSED BUDGET: OVERVIEW
FISCAL YEAR 2026-2027

	Wholesale Operations	Wholesale Capital Outlay	Retail Operations	Retail Capital Outlay	Total
Estimated Beginning Reserves July 1, 2026	$ 3,378,671	$ 31,736,203	$ 3,133,401	$ 26,727,612	$ 64,975,887
Revenues					
Water Sales	$ 12,916,100	$ -	$ 18,382,300	$ -	$ 31,298,400
Proceeds from Issuance of Debt	-	-	-	-	-
Property Tax Revenue	-	1,555,500	-	1,555,500	3,111,000
Grant Revenues	-	-	-	-	-
Other Revenues	294,200	897,600	796,100	315,500	2,303,400
Connection Fees	-	75,000	-	25,000	100,000
Total Revenues	$ 13,210,300	$ 2,528,100	$ 19,178,400	$ 1,896,000	$ 36,812,800
Expenses					
Capital Improvement Projects	$ -	$ 8,535,900	$ -	$ 19,405,300	$ 27,941,200
Salaries & Benefits	5,493,400	-	7,857,600	-	13,351,000
Water Supply	1,062,000	-	3,695,500	-	4,757,500
Debt Service - Principal	1,662,300	-	731,200	-	2,393,500
Debt Service - Interest	786,100	-	380,300	-	1,166,400
Other Expenses	3,898,400	826,200	3,835,300	188,300	8,748,200
Total Expenses	$ 12,902,200	$ 9,362,100	$ 16,499,900	$ 19,593,600	$ 58,357,800
Net Income	$ 308,100	$ (6,834,000)	$ 2,678,500	$ (17,697,600)	$ (21,545,000)
Transfer In/(Out)	(238,600)	238,600	(2,380,300)	2,380,300	-
Estimated Ending Reserves					
Restricted for Debt Service	912,105	-	131,521	-	1,043,626
Restricted for Expansionary Projects	-	-	-	1,456,166	1,456,166
Operating Reserve	2,536,066	-	3,300,080		5,836,146
Capital Reserve	-	25,140,803	-	9,954,146	35,094,949
Estimated Ending Reserves	$ 3,448,171	$ 25,140,803	$ 3,431,601	$ 11,410,312	$ 43,430,887