

**NOTICE OF A SPECIAL MEETING
OF THE OLIVENHAIN MUNICIPAL WATER
DISTRICT'S FINANCE COMMITTEE
1966 Olivenhain Road, Encinitas, CA 92024
Tel: (760) 753-6466 • Fax: (760) 753-1578
VIA TELECONFERENCE AND IN PERSON**

Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.

DATE: MONDAY, APRIL 1, 2024

TIME: 11:00 A.M.

PLACE: HYBRID SPECIAL MEETING VIA ZOOM AND IN PERSON

The meeting is being held virtually as a convenience to the public. The meeting will not stop or suspend its in-person meeting should a technological interruption occur with respect to the Zoom or call-on options listed on the agenda.

For Zoom Participation:

www.zoom.us/join

Meeting ID: 875 4817 0940

Passcode: 772224

For Zoom Call-in Only:

Call: (669) 900-9128

Meeting ID: 875 4817 0940

Passcode: 772224

Public Participation/Comment: Members of the public can participate in the meeting by emailing your comments on an agenda item to Leo Mendez at lmendez@olivenhain.com or address the finance committee directly in real-time under the public comment section. If you do not receive a confirmation email that your comment has been received, please call (760) 632-4652 or address the committee under the public comment section to ensure that your comments are heard in real-time. The subject line of your email should clearly state the item number you are commenting on and should include your name and phone number. All comments will be emailed to the finance committee members.

Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS
5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 7, 2024
FINANCE COMMITTEE MEETING
6. REVIEW AND DISCUSS PRELIMINARY FISCAL YEARS 2025 AND 2026
OPERATING AND CAPITAL BUDGET
7. CONSIDER FUTURE AGENDA ITEMS
8. ADJOURNMENT

**MINUTES OF A REGULAR MEETING
OF THE FINANCE COMMITTEE
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

February 7, 2024

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Wednesday, February 7th, 2024, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 2:01pm. In attendance were Neal Meyers, Board Treasurer; Lawrence A. Watt, Board Secretary; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; Jared Graffam, Financial Analyst II; Georgeanna Clark, Financial Analyst I; and Lindsey Stephenson, Engineering Manager. Also in attendance were Sudhir Pardiwala and John Wright from Raftelis regarding agenda item 6.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Meyers, and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE NOVEMBER 2, 2023 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the November 2nd, 2023 meeting minutes, seconded by Director Meyers and carried unanimously.

6. REVIEW OF 2024 WASTEWATER RATE STUDY WITH RAFTELIS FINANCIAL CONSULTANTS

Finance Manager Selamat briefed the committee on the agenda item and introduced Mr. Sudhir Pardiwala from Raftelis. Mr. Pardiwala presented the results of the 2024 Wastewater Rate Study (Study) to the committee noting the goal of the Study is to ensure the District sets wastewater rates at a level that allows the District to recover its projected operating and capital costs over the next five years. Mr. Pardiwala then

presented a graph to the committee illustrating that the District's previous wastewater rate increases, determined in the 2020 Cost of Service Study, were not enough to keep up with the increases in CPI and capital costs. Director Meyers asked if CPI is included in the proposed rate increases. General Manager Thorner responded that the Study includes certain assumptions for future CPI increases which are factored into the proposed rate adjustments.

Engineering Manager Stephenson presented a summary of the major capital projects scheduled for the next five years which are included in the Study, the importance of certain projects that cannot be delayed, as well as the projects that were able to be moved to later years in order to help smooth out capital expenditures. Director Meyers asked why projects that are six to ten years out are also included in the five-year cost of service study. Mr. Pardiwala explained that it is to help ensure the District remains in a strong financial position beyond the five-year rate study period and to avoid rate spikes in future years.

Mr. Pardiwala recommended that the District implement a 5.5% rate increase each year for the next five years and issue \$6.5 million in debt in fiscal year 2026. Mr. Pardiwala explained that he and his team considered several factors, including the District's operating and capital expenses and financial policies when calculating the net revenue requirement for the next five years. Director Meyers why Raftelis is recommending rate a debt issuance in addition to issuing debt. Mr. Pardiwala explained that without the debt issuance the rate increases would have to be higher, at about 7-8%, in order to cover the net revenue requirement. Mr. Pardiwala added that by issuing debt, the District is able to spread out the necessary rate adjustments over a longer period while keeping the year-to-year increase at a lower level. Director Meyers asked what the debt would be used for. General Manger Thorner added that the debt would be used to cover expenses for upcoming capital projects included in the Study. Finance Manager Selamat added that the funds will be used up within five years to avoid arbitrage, but that it would be ideal to use the funds within three years, as the rate study forecasts. Director Watt noted that the total proposed increases across the five years is 27% in total, and asked what the increase was over the prior five years. General Manager Thorner explained that the annual increases in the prior 5 years were 2-3% per year. She added that during the COVID -19 pandemic, the Board chose not to raise rates for one year, due to the pandemic's financial strain to customers. Director Meyers asked how much of the 5.5% increase is driven by increases in operating costs and how much is driven by capital projects. Mr. Pardiwala presented a slide illustrating the total expenses for each fiscal year in the Study by type (operating, capital, debt service), and how much of the total expenses each year would be covered by rates vs reserves.

Mr. John Wright with Raftelis presented the process involved in conducting a cost-of-service analysis. Mr. Wright stated the same methodology was used with the 2024 study as was used in the previous 2020 Cost-of-Service Study, which follows the industry standard. Mr. Wright then presented the proposed rates for each customer class over

the next five years and the financial impact on a typical customer's bill. Mr. Wright also presented a bill comparison survey comparing the District's current and proposed rates to the rates at other local agencies. Director Meyers inquired about why the District's rates are higher than several other local districts. General Manager Thorner explained that it is due to several factors including service area topography, since our system requires pumping in certain areas adding to the overall cost, and economies of scale resulting from the District's wastewater treatment plant being smaller compared to other local districts.

Director Meyers and Director Watt agreed to bring the proposed rate increases before the full Board of Directors for discussion at the next meeting.

7. REVIEW OF DISTRICT INVESTMENTS AND CASH REPORT FOR FOURTH QUARTER 2023

Finance Manager Selamat reviewed the investment report as of December 31, 2023, with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the current yield on District investment portfolio has increased slightly compared to the last quarter due to replacing matured securities with higher yields based on the market. Finance Manager Selamat noted that as securities mature the District is replacing them with shorter maturities to take advantage of the current market conditions.

Finance Manager Selamat reported that District investments are in compliance with the District's Investment policy and that the District has sufficient funds to meet its financial obligations for the next 6 months.

Finance Manager Selamat next presented the summary of fund balances over the previous 5 years which was requested by the committee at the August 8th, 2023, meeting. Director Meyers noted that the Water Operating Fund is nearing the maximum balance limit and asked what the policy is when a fund exceeds its maximum balance. Finance Manager Selamat explained that each year, after the audit has been completed, the Fiscal Year end balances are reviewed. If a fund balance exceeds the maximum balance set by the policy, it is brought to the Board with staff recommendations on whether the money should be transferred to a different fund or remain in its current fund.

7a. UPDATE LIST OF OMWD APPROVED INVESTMENT BROKERS

Finance Manager Selamat explained that one of the District's current approved brokers, Mutual Securities, can no longer provide brokerage services for the District so staff is recommending the District add Multi-Bank Securities, Inc. to the list of approved brokers. This would allow the District to have three approved brokers to choose from, to get competitive quotes. Director Meyers asked why staff recommends having three

approved brokers. General Manager Thorner responded the Board has preferred to have at least three brokers in the past so the District is less dependent on any one broker.

Director Meyers and Director Watt voted to bring the motion before the full Board of Directors at the next meeting.

8. RECEIVE REPORT ON SURVEY OF RESERVE POLICIES (INFORMATIONAL ITEM)

Finance Manager Selamat introduced the item to the Committee, a survey of reserve policies of other water districts. Director Meyers asked where staff believes our policy stands versus the policies of other districts shown. Finance Manager Selamat responded that the District's current policy is a good fit for the District's needs, and that a Fund Balance Reserve Policy is not a "one size fits all" when compared to different districts. Finance Manager Selamat added that when comparing fund balance policies to other agencies, certain factors should be considered, including debt, operating structure is, and the balance of fixed versus variable costs regarding other agencies' revenue and expenses. Director Meyers stated that he wanted to make sure our policy was not causing us to raise rates more than necessary. Finance Manager Selamat responded that maximum balances in the policy are set at a reasonable level compared to other districts and that the policy is not having a negative effect on rates. Director Watt asked if our fund balance reserve policy has ever been checked for reasonableness. General Manager Thorner responded that the District has previously worked with a consultant to review the reasonableness of the District's Reserve Policy and that the consultant had recommended the District increase its minimum reserve balance for one of the funds.

9. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 3:26pm.

Memo

Date: April 1, 2024
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **REVIEW AND DISCUSS PRELIMINARY FISCAL YEARS 2025 AND 2026
OPERATING AND CAPITAL BUDGET**

Staff will present the attached preliminary operating and capital budget for fiscal years 2024 and 2025 at the meeting for review and discussion with the Committee. Following discussion with the Committee, the draft budget will be presented to the Board for consideration and discussion at the April 17th budget workshop.

Attachment: Preliminary Fiscal Years 2025 and 2026 Operating and Capital Budget Presentation

Preliminary Budget Fiscal Years 2025 and 2026

April 01, 2024 Finance Committee

FY 2025 and FY 2026 Budget Setting Process

- Received input from each department manager on their departmental needs for the development of FY 2025 budget
- Developed budget key assumptions for FY 2025
- Held budget workshops with managers and GM
 - Focus on cost cutting measures throughout in order to mitigate wholesale increases and inflation
- Used historical and current information to arrive at FY 2024 projections
- Used current SDCPI to forecast FY 2026 Budget from FY 2025 Draft Budget

Preliminary Budget Revenue Assumptions

- 💧 Potable and Recycled Water Sales Volume:
 - 💧 use average of CY 2022 and CY 2023 for FY 2025 & FY 2026
 - 💧 ~ 1,100 AF less than FY 2024 budget for water sales
- 💧 Wastewater Sales Volume:
 - 💧 SFR- based on water used from Dec to May, cap at 10 units per month
 - 💧 Commercial and MF – based on monthly actual water consumption
 - 💧 Use FY 2024 sewer EDU's
- 💧 Water Revenue:
 - 💧 Use 2020 Financial Plan as a base
 - 💧 Assume 5% planned revenue increase each year for FY 2025 and FY 2026
 - 💧 Assume full pass-throughs of purchased water wholesale price increases
 - 💧 Cost of service based on OMWD O&M and Capital Costs
 - 💧 Pass-through inflation based on SDCPI – 4.8% increase based on 2nd half index in 2023 over 2022
 - 💧 Growth – less than 1% or 50 new meters
 - 💧 Assume 100% build-out in 2030
 - 💧 Rate Reimbursement Credit @11cents/unit
- 💧 Sewer Revenue:
 - 💧 Assume 5.5% rate increase effective July 1, 2024 and July 1, 2025
- 💧 Other Operating Revenue:
 - 💧 Selling of Excess Treated Water from DCMWTP to VWD
 - 💧 Less than FY 2024- DCMWTP planned shutdown for maintenance

Preliminary Budget Revenue Assumptions – cont.

- 💧 Other Operating Revenue - \$760K:
 - 💧 Use FY 2024 projection and increase by escalation factor per the cell tower agreements
- 💧 Property Tax Revenue:
 - 💧 Use FY 2024 projection and escalation factor
- 💧 Investment Income:
 - 💧 Based on forecasted reserves
 - 💧 Assume 3% for FY 2025 and 2% for FY 2026
- 💧 Capacity Fee Revenue:
 - 💧 Estimated by OMWD Engineering Department
- 💧 Grant Revenue:
 - 💧 \$3.5 million (FY 2025) and \$817k (FY 2026)
 - 💧 FY 2025 grant funds are mainly from the Tittle XVI Grant (\$3mil during FY 2025), most costs coming from the Neighborhood 1 SPS and the Manchester Recycled PL Projects.
 - 💧 FY 2026 grant funds are mainly from the Dep of Parks & Rec EFRR grant (\$679k during FY 2026) to expand the parking lot and trails.
- 💧 Other Revenue:
 - 💧 Selling of District Parcels: \$1.15 million in FY 2025 to offset capital expenditures

Preliminary Budget

Operating and Maintenance Expenses

- ◆ Goal: Meeting priorities set by the Board and included in the District's goals and objectives
- ◆ Purchased Water:
 - ◆ Assume 5% purchased water wholesale cost increases for potable and recycled
 - ◆ Will be updated in May
- ◆ Inflation Factors:
 - ◆ CPI-U Carlsbad Annual Increase from January 2024 to January 2023: 5.11%
 - ◆ CPI-U Carlsbad Second Half Increase from 2023 to 2022: 4.75%
- ◆ Labor and Benefit Costs:
 - ◆ Staffing Changes:
 - ◆ FY 2025: No additional FTE, postpone one (1) new position, two (2) Utility positions to remain frozen (Cost Mitigation*)
 - ◆ FY 2026: Includes one (1) Senior Admin Analyst Position per the staffing analysis, two (2) Utility positions to remain frozen
 - ◆ Assume a 6% increase in labor costs for fiscal years 2025 and 2026 based on Labor MOU
 - ◆ SD CPI max of 3.5% plus 2.5% merit pool per MOU
 - ◆ Assume a 10% increase in health insurance premium costs in 2025 and 2026
 - ◆ Insurance Costs:
 - ◆ Workers Comp insurance: use actual ex-mode rate of 60% for fiscal year '25
 - ◆ Liability, Cyber, Property and Crime insurance: estimated increase of 15% for total cost of \$517k in FY 2025
 - ◆ Pension Costs: based on CalPERS report
- ◆ Additional Discretionary Payment of \$311k each year for 2025 and 2026

Preliminary Budget

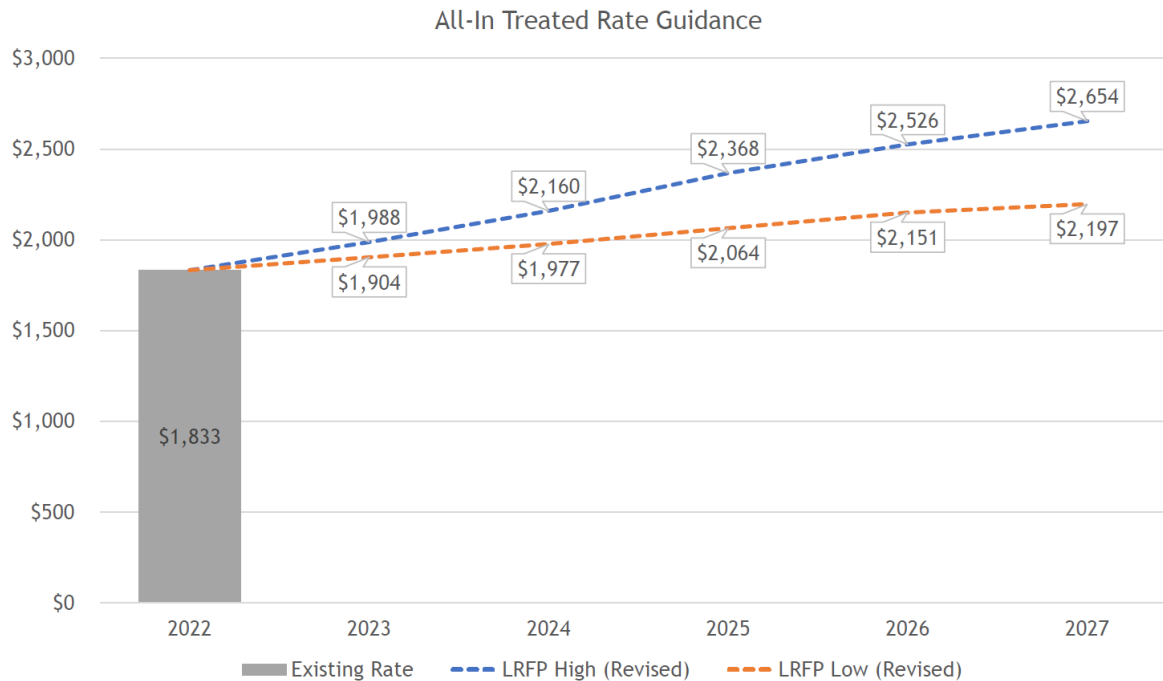
Operating and Maintenance Expenses (cont.)

- 💧 PAYGO from Rates and Charges to pay for CIP
 - 💧 Water: \$8.6mil – pending completion 2024 Water COSS
 - 💧 Wastewater: \$1.1mil – 2024 Wastewater COSS
- 💧 Pension
 - 💧 Meet Board Pension Funding Policy Goal - \$311K ADP
 - 💧 \$500K to Water PSF to pay \$280K ADP to CalPERS
 - 💧 \$50k to Wastewater to pay \$31K ADP to CalPERS
- 💧 Rate Stabilization
 - 💧 Fund Board RRC Program @11 Cents/Unit
 - 💧 Subject to change, pending 2024 COSS
- 💧 Debt Service Obligations
 - 💧 Outstanding Debts: 2015A, 2016A, 2021A, 2021B, SRF, and RAD 96-1
 - 💧 FY 2025 Debt Service Payment, net: \$5.4mil
 - 💧 FY 2026 Debt Service Payment, net: \$5.8mil

Budget Drivers and Uncertainties

- 💧 Rising cost of water from MWD and SDCWA
 - 💧 Increase the cost burden on OMWD rate payers
- 💧 Water revenue and expense volatility
 - 💧 Demand variability based on temperature
 - 💧 Take or Pay Recycled Water Purchase Agreements
 - 💧 Potential increase in recycled water costs for alternative supply due to Vallecitos Water District shutdown in FY 2025
- 💧 Economic and market conditions
 - 💧 Inflationary
 - 💧 Pushing up energy, steel, chemical and other supply costs
 - 💧 Increased project costs
 - 💧 Federal Reserve
 - 💧 Investment income
 - 💧 Tight Labor Market
 - 💧 Unemployment Rate: 4.7%

SDCWA's 2023 Five Year Forecast*



Consolidated Actual vs Budget Summary As of 2/29/2024 (Draft)

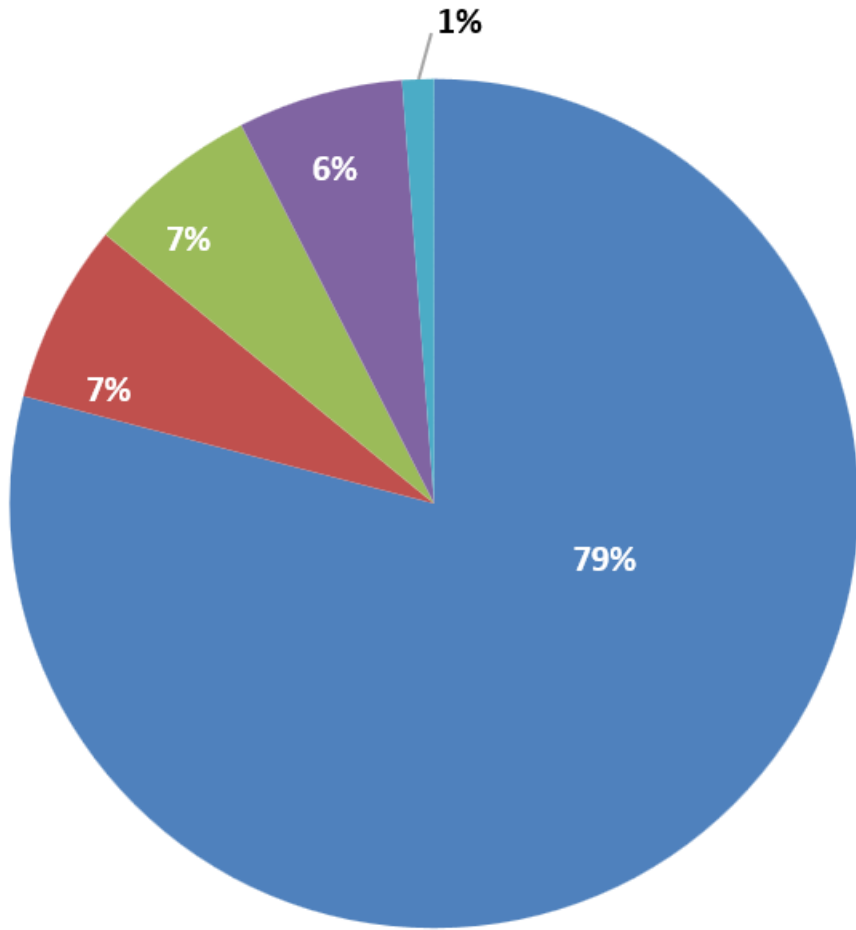
	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %
Operating Revenues					
Commodity Water Sales	\$45,715,000.00	\$26,529,628.97	\$30,251,900.00	(\$3,722,271.03)	(12.3%)
Water Fees and Services	18,651,000.00	11,876,718.40	12,438,800.00	(562,081.60)	(4.5%)
Sewer Revenue	5,390,000.00	3,108,591.16	3,189,700.00	(81,108.84)	(2.5%)
Total Operating Revenues	69,756,000.00	41,514,938.53	45,880,400.00	(4,365,461.47)	(9.5%)
Operating Expenses					
Purchased Water - Variable	24,514,000.00	14,345,717.30	17,368,640.00	3,022,922.70	17.4%
Purchased Water - Fixed	8,731,000.00	5,785,170.00	5,762,900.00	(22,270.00)	(0.4%)
General Manager Dept	2,102,000.00	1,400,840.10	1,401,680.00	839.90	0.1%
Engineering Dept	2,497,000.00	1,573,285.75	1,664,240.00	90,954.25	5.5%
Finance Dept	1,713,000.00	1,098,051.82	1,141,600.00	43,548.18	3.8%
Customer Service Dept	3,104,000.00	1,807,892.78	2,070,608.00	262,715.22	12.7%
Human Resources Dept	860,300.00	546,300.51	574,064.00	27,763.49	4.8%
Water Operations and Maintenance Dept	12,339,000.00	8,212,336.45	8,272,312.00	59,975.55	0.7%
Parks Dept	451,000.00	348,388.75	301,888.00	(46,500.75)	(15.4%)
Other Operating Expenses	50,000.00		33,600.00	33,600.00	100.0%
Sewer Operations and Maintenance Dept	3,269,000.00	2,015,804.66	2,179,064.00	163,259.34	7.5%
Recycled Water Operations Dept	1,293,000.00	712,836.97	862,080.00	149,243.03	17.3%
Paygo Transfers					
Water Operations	5,400,000.00	3,600,000.00	3,600,000.00		0.0%
Sanitation Operations	1,100,000.00	736,000.00	736,000.00		0.0%
Recycled Operations	2,200,000.00	1,464,000.00	1,464,000.00		0.0%
Capitalized Operations Expenditures	(1,619,000.00)	(1,045,862.84)	(1,082,160.00)	(36,297.16)	3.4%
Total Operating Expenses	68,004,300.00	42,600,762.25	46,350,516.00	3,749,753.75	8.1%
Net Operating Income (Loss)	1,751,700.00	(1,085,823.72)	(470,116.00)	(615,707.72)	

Consolidated Actual vs Budget Summary As of 2/29/2024 (Draft) - continued

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %
Nonoperating Revenues					
Water Funds	6,571,200.00	4,707,239.67	3,459,560.00	1,247,679.67	36.1%
Debt Service Funds	1,044,000.00	757,050.72	650,740.00	106,310.72	16.3%
Sewer Funds	29,000.00	128,003.22	19,200.00	108,803.22	566.7%
Recycled Water Funds	225,000.00	158,834.42	150,240.00	8,594.42	5.7%
Total Nonoperating Revenue	7,869,200.00	5,751,128.03	4,279,740.00	1,471,388.03	34.4%
Nonoperating Expense					
Capacity Fee Funds	30,000.00	18,133.30	19,840.00	1,706.70	8.6%
Debt Service Funds	1,400,000.00	875,600.29	934,800.00	59,199.71	6.3%
Potable Water Funds	493,000.00	313,457.80	328,400.00	14,942.20	4.6%
Total Nonoperating Expense	1,923,000.00	1,207,191.39	1,283,040.00	75,848.61	5.9%
Inc before Cap Fees and Capital Contributions	7,697,900.00	3,458,112.92	2,526,584.00	931,528.92	
Capacity Fee Funds	798,000.00	480,314.49			
Capital contributions	2,429,000.00	122,796.98			
Change in Net Position		<u>4,061,224.39</u>			

FYE 2025 & 2026 Sources of Funds

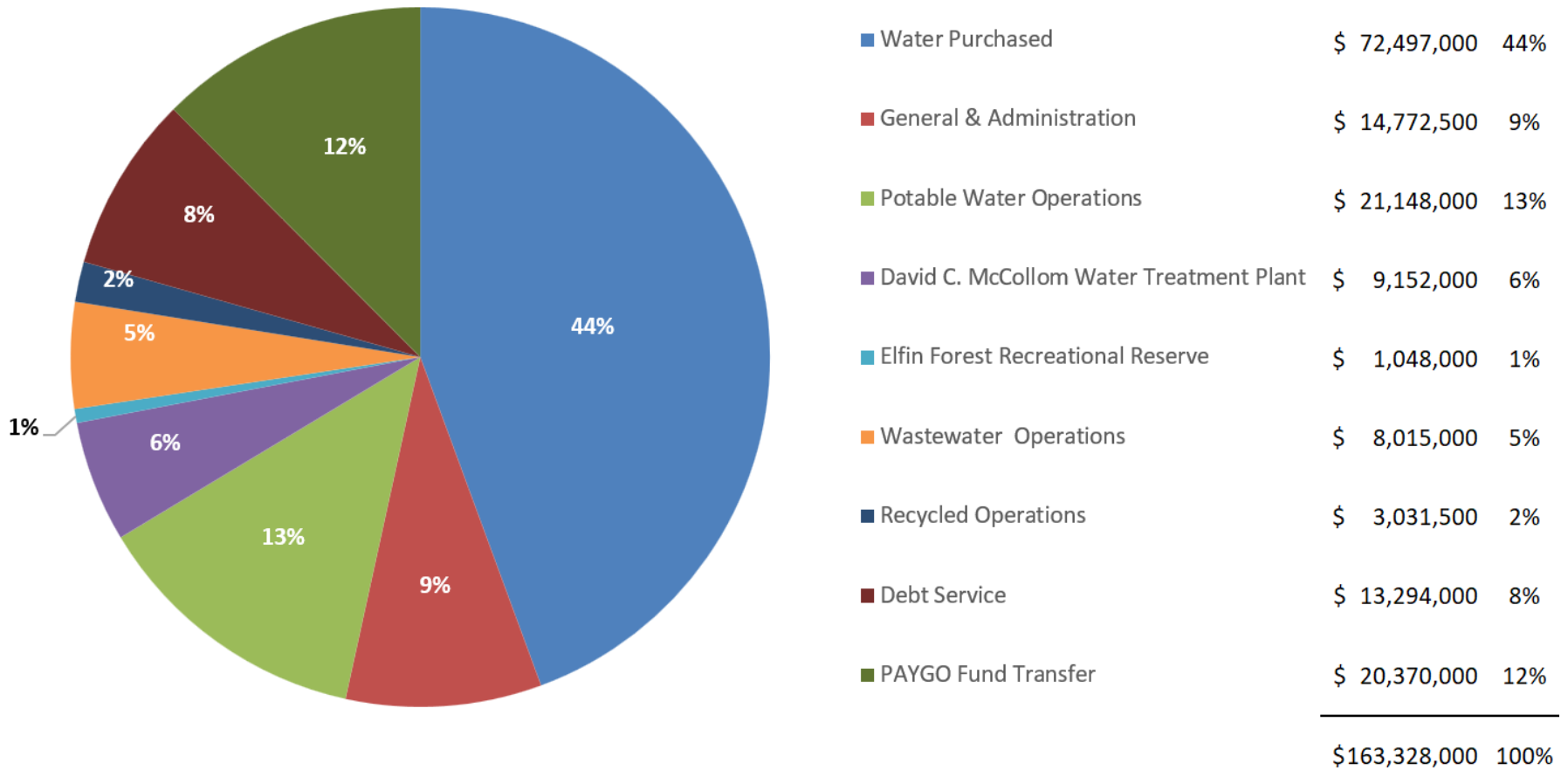
FYE 2025 & 2026 Revenues (\$175.4 million)*



■ Potable Water Operations	\$ 138,715,000	79%
■ Wastewater Operations	\$ 12,010,000	7%
■ Recycled Water Operations	\$ 11,535,000	7%
■ Capacity Fees	\$ 11,049,000	6%
■ Debt Service	\$ 2,118,000	1%
	<u>\$ 175,427,000</u>	<u>100%</u>

FYE 2025 & 2026 Uses of Funds

FYE 2025 & 2026 Expenditures (\$163.3 million)*



Departmental Operating Costs

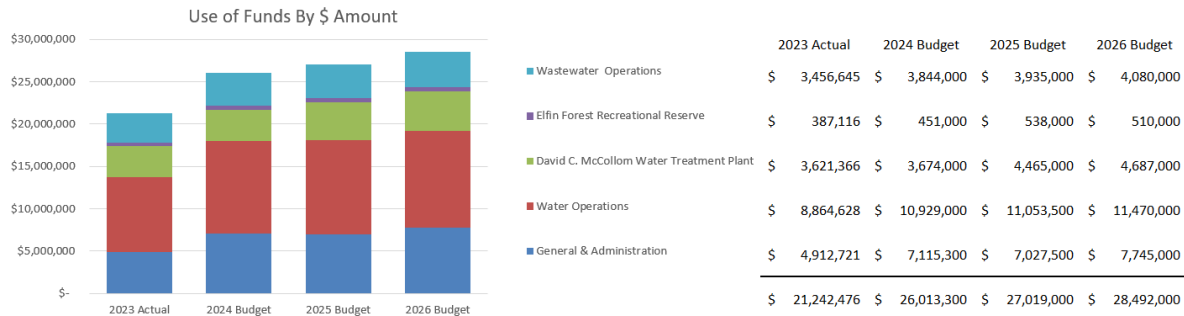
	FYE 2023		FYE 2024		FYE 2025		FYE 2026	
	Actual	Adopted	% Diff	Proposed	% Diff	Proposed ¹	% Diff	
Salaries & Benefits	\$ 13,439,142	\$ 16,490,000	22.7%	\$ 17,245,000	4.6%	\$ 18,404,000	6.7%	
Operations	\$ 9,879,299	\$ 10,923,300	10.6%	\$ 11,506,000	5.3%	\$ 11,999,000	4.3%	
Capitalized Operating Expenditures ²	\$ (2,075,965)	\$ (1,400,000)	-32.6%	\$ (1,732,000)	23.7%	\$ (1,911,000)	10.3%	
Total	\$ 21,242,476	\$ 26,013,300	22.5%	\$ 27,019,000	3.9%	\$ 28,492,000	5.5%	

¹ Includes addition of (1) New FTE for Human Resources Sr Administrative Analyst per District's staffing analysis

² Includes District overhead costs for Elfin Forest Recreational Reserve

Operating Costs by Type*								
	FYE 2023		FYE 2024		FYE 2025		FYE 2026	
	Actual	Adopted	% Diff	Proposed	% Diff	Proposed	% Diff	
G&A	\$ 1,713,922	\$ 1,930,300	13%	\$ 2,061,000	6.8%	\$ 2,105,000	2.1%	
Maintenance	\$ 1,555,906	\$ 1,913,000	23%	\$ 1,894,000	-1.0%	\$ 1,933,000	2.1%	
Supplies	\$ 2,257,399	\$ 2,445,000	8%	\$ 2,537,000	3.8%	\$ 2,645,000	4.3%	
Outside Services	\$ 2,123,586	\$ 2,273,000	7%	\$ 2,458,000	8.1%	\$ 2,530,000	2.9%	
Consulting	\$ 405,257	\$ 554,000	37%	\$ 513,000	-7.4%	\$ 669,000	30.4%	
Utilities	\$ 1,823,230	\$ 1,808,000	-1%	\$ 2,043,000	13.0%	\$ 2,117,000	3.6%	
	\$ 9,879,299	\$ 10,923,300	11%	\$ 11,506,000	5.3%	\$ 11,999,000	4.3%	

*Excludes Salaries & Benefits and Capitalized Operating Expenses



Cost Reductions included in this Budget

- ◆ Reprioritization of non-critical projects to minimize risk
- ◆ Deferral of Water and Wastewater CIP
 - ◆ Water: San Dieguito Groundwater Desalination Project, less critical WTP, postponed pipeline and PRS, postponed or reduced recommended recurring.
 - ◆ Wastewater: \$6MM in less critical projects deferred to years 11 & 12
- ◆ Deferral of several equipment purchases
- ◆ Unfilled two (2) positions, delayed one (1) new FTE until FY 2026
 - ◆ Use interns and temporary labor
- ◆ Renegotiating existing recycled water purchased agreements
- ◆ The preliminary operating budget for FY 2025 includes:
 - ◆ a 2.6% reduction in OMWD O&M expenses compared to original staff proposed budget, or
 - ◆ a 1.1% reduction in total O&M, net of capitalized expenses, compared to original staff proposed budget
 - ◆ FY 2024 Total Approved Budget, net of capitalized expenses: \$26.013 million
- ◆ Pursue other revenue sources to offset increased capital expenditures
 - ◆ Selling of District Parcels - \$1.15MM
 - ◆ State and Federal Grants - \$4.3MM
 - ◆ Title 16 and Department of Parks and Recreation

FYE 2025 & 2026

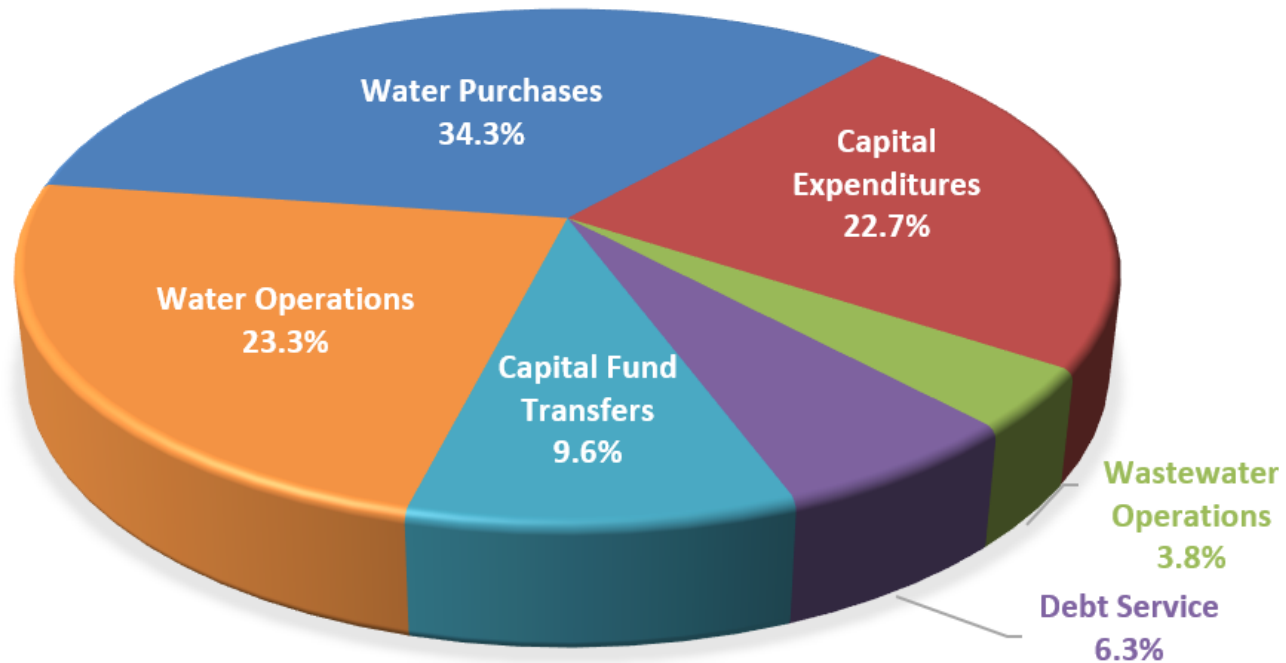
Preliminary Operating Budget – All Funds

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<u>Operating Revenues</u>						
Potable Water Operations	50,523,048	58,721,000	60,542,000	3.10%	63,888,000	5.53%
Wastewater Operations	5,621,985	5,390,000	5,725,000	6.22%	6,040,000	5.50%
Recycled Water Operations	4,195,495	5,645,000	5,314,000	-5.86%	5,578,000	4.97%
Total Operating Revenues	60,340,528	69,756,000	71,581,000	2.62%	75,506,000	5.48%
<u>Non-operating Revenues</u>						
Fund Potable Water - Property Tax	4,577,755	4,250,000	4,600,000	8.24%	4,650,000	1.09%
Water - Investment and Other **	2,154,473	2,321,200	2,672,000	15.11%	1,310,000	-50.97%
Debt Service	1,269,218	1,044,000	1,057,000	1.25%	1,061,000	0.38%
Wastewater - Investment and Other **	77,675	29,000	144,000	396.55%	101,000	-29.86%
Recycled - Investment and Other	238,091	225,000	368,000	63.56%	275,000	-25.27%
Capital Contributions from Others***	5,227,059	3,227,000	6,045,000	87.33%	5,004,000	-17.22%
Total Revenues	73,884,799	80,852,200	86,467,000	6.94%	87,907,000	1.67%
<u>Operating Expenses</u>						
Purchased Potable Water Cost	28,174,119	31,775,000	33,906,000	6.71%	34,815,000	2.68%
Purchased Recycled Water Cost, net of credit	1,435,662	1,470,000	2,102,000	42.99%	1,674,000	-20.36%
Potable Water Operations	19,350,887	22,665,300	23,856,500	5.26%	25,306,000	6.08%
Wastewater Operations	2,855,855	3,269,000	3,397,000	3.92%	3,548,000	4.45%
Elfin Forest Recreational Reserve (Park) Operations	387,116	451,000	538,000	19.29%	510,000	-5.20%
Recycled Water Operations	1,151,219	1,293,000	1,252,500	-3.13%	1,306,000	4.27%
Less: Capitalized Operating Expenditures	(2,290,021)	(1,615,000)	(1,975,000)	22.29%	(2,128,000)	7.75%
Transfer To (From) Other Fund Balances	10,190,000	8,700,000	11,203,000	28.77%	9,167,000	-18.17%
Total Operating Expenses	61,254,837	68,008,300	74,280,000	9.22%	74,198,000	-0.11%
<u>Non-operating Expenses</u>						
Loan and Debt Service Payments	6,100,892	6,420,000	6,420,000	0.00%	6,874,000	7.07%
Water Other Non-Operating Expense	1,710,306	523,000	778,000	48.76%	778,000	0.00%
Wastewater Other Non-Operating Expense	133,321	-	-	0.00%	-	0.00%
Total Expenses	69,199,356	74,951,300	81,478,000	8.71%	81,850,000	0.46%
Net Income	4,685,443	5,900,900	4,989,000	-15.45%	6,057,000	21.41%

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FYE 2025 & 2026 Operating and Capital Expenditures

FISCAL YEARS 2025 & 2026 EXPENDITURES BY COST CATEGORY (\$211 MILLION)*



* Total may not add up to 100% due to rounding.

Capital Expenditures and Spending Plan

FY 2025 & FY 2026
Biennial Budget

Capital Expenditures Summary

Fiscal Years 2025 and 2026

- 💧 Annual Capital Item/Equipment Purchases – less than \$500k FY 2025, less than \$600k FY 2026 (slides 18 and 19)
- 💧 Proposed Fiscal Years 2025 and 2026 Capital Improvement Projects (CIP) Spending Plan
 - 💧 Use 3% capital inflation starting Fiscal Year 2025
- 💧 CIP planned spending of approx. \$46.6 million projected in Fiscal Years 2025 and 2026 (slides 20 and 21)
 - 💧 Of the \$46.6 million proposed forecast spending in CIP, approximately \$15.3 million in unspent capital expenditures approved by the Board from prior budget due to construction delays (slide 20)

Equipment Purchases FYE 2025

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *			
				Potable Water	Wastewater	Recycled Water	
Shop and Field Equipment Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	1	Forklift for 4S WRF (Replacement)	36,000	-	22,000	14,000	
	1	SXS Honda Pioneer 700 side-by-side (New)	20,000	18,000	-	2,000	
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000	
	2	Mobiltext Remote Monitor Unit (New)	6,000	6,000	-	-	
	1	CX36B Mini Excavator (New)	100,000	90,000	5,000	5,000	
	Subtotal Shop and Field Equipment			\$ 179,000	\$ 129,000	\$ 27,000	\$ 23,000
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Ford F-650 Dump Truck (Replacement)	150,000	128,000	8,000	14,000	
	1	Ford F-250 for Sys Ops (Replacement)	60,000	51,000	3,000	6,000	
	Subtotal Automotive Equipment			\$ 210,000	\$ 179,000	\$ 11,000	\$ 20,000
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	9	Desktop Computers	16,000	16,000	-	-	
	14	Laptops	28,000	28,000			
	2	Servers	20,000	20,000			
	3	Desktop Computers	6,000			6,000	
	2	Desktop Computers	4,000		4,000		
	2	Laptops	4,000		4,000		
Subtotal Computer Hardware/Software			\$ 78,000	\$ 64,000	\$ 8,000	\$ 6,000	
TOTAL				\$ 467,000	\$ 372,000	\$ 46,000	\$ 49,000

* Capital item funding sources are allocated based on percentage of use of each asset.

Equipment Purchases FYE 2026

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
Shop and Field Equipment Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	11	Automated External Defibrillators (AED Machines)	23,000	19,000	4,000	-
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000
Subtotal Shop and Field Equipment			\$ 40,000	\$ 34,000	\$ 4,000	\$ 2,000
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Crew Truck for Operations (Replacement)	250,000	213,000	13,000	24,000
	1	PV 500 Vacuum Excavator Trailer (Replacement)	100,000	90,000	5,000	5,000
	1	F-450 Flatbed Truck for Operations (Replacement)	75,000	64,000	4,000	7,000
	2	Mobiltext Remote Monitor Unit (New)	6,000	6,000	-	-
Subtotal Automotive Equipment			\$ 431,000	\$ 373,000	\$ 22,000	\$ 36,000
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	6	Potable Desktop Computers	11,000	11,000	-	-
	9	Potable Laptops	20,000	20,000	-	-
	3	Potable Servers	35,000	35,000	-	-
	3	Wastewater Desktop Computers	6,000	-	6,000	-
	4	Wastewater Laptops	8,000	-	8,000	-
	1	Wastewater Servers	10,000	-	10,000	-
	1	Recycled Desktop Computers	2,000	-	-	2,000
	2	Recycled Laptops	5,000	-	-	5,000
Subtotal Computer Hardware/Software			\$ 97,000	\$ 66,000	\$ 24,000	\$ 7,000
TOTAL			\$ 568,000	\$ 473,000	\$ 50,000	\$ 45,000

* Capital item funding sources are allocated based on percentage of use of each asset.

Unspent Capital from Prior Budget Included in FY 2025 Appropriation

Project Name	Cumulative Appropriation Through FY 2024	Estimated Unspent Capital from Prior Budget	Add New FY 2025 Appropriation	Total FY 2025 Appropriation
Calle Barcelona, VP, & Summerhill HOA Exten	\$ 4,145,000	\$ 3,153,000	\$ -	\$ 3,153,000
Headworks Screening System Improvements	\$ 619,000	\$ 165,000	\$ 2,600,000	\$ 2,765,000
DCMWTP 4th Stage Centrifuge Addition	\$ 3,340,000	\$ 2,716,000	\$ -	\$ 2,716,000
RSF Unit A North PL Repl	\$ 2,094,000	\$ 1,432,000	\$ -	\$ 1,432,000
District-Wide PLC Replacements (WW)	\$ 1,456,000	\$ 1,235,000	\$ -	\$ 1,235,000
District-Wide PLC Replacements (PW/RCW)	\$ 1,466,000	\$ 1,210,000	\$ -	\$ 1,210,000
Rehab Neighborhood 1 Pump Station	\$ 8,132,000	\$ 1,200,000	\$ -	\$ 1,200,000
Gardendale PRS Replacement	\$ 960,000	\$ 827,000	\$ 150,000	\$ 977,000
Village Park PRS Replacement	\$ 960,000	\$ 814,000	\$ 150,000	\$ 964,000
Encinitas Blvd Pipeline Inspection and Rehab	\$ 145,000	\$ 137,000	\$ 537,000	\$ 674,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	\$ 250,000	\$ 232,000	\$ 431,000	\$ 663,000
Tank Safety Improvements	\$ 590,000	\$ 492,000	\$ -	\$ 492,000
San Dieguito Valley Groundwater Desalination Plant (Yellow Sched.)	\$ 6,662,000	\$ 50,000	\$ 367,000	\$ 417,000
EFRR Parking Lot Expansion	\$ 218,000	\$ 109,000	\$ 258,000	\$ 367,000
Unit B & K Rehab	\$ 562,000	\$ 327,000	\$ -	\$ 327,000
Rancho La Cima/Aliso Canyon PL Relocation	\$ 165,000	\$ 102,000	\$ 150,000	\$ 252,000
CIS Infinity System Upgrade	\$ 38,500	\$ 35,000	\$ 178,000	\$ 213,000
Palms I and II Reservoirs Replacemt	\$ 223,000	\$ 144,000	\$ 50,000	\$ 194,000
Fleet Electrification Project (PW/RCW)	\$ 150,000	\$ 107,000	\$ 60,000	\$ 167,000
Wanket RW Reservoir Rehabilitation	\$ 150,000	\$ 132,000	\$ 25,000	\$ 157,000
Golem 14" Pipeline Inspection and Rehab	\$ 150,000	\$ 133,000	\$ -	\$ 133,000
DCMWTP 2nd Stage Membrane Train Overhaul	\$ 232,500	\$ 87,000	\$ 25,000	\$ 112,000
Manchester Recycled Pipeline Ext.	\$ 150,000	\$ 112,000	\$ -	\$ 112,000
PW and RCW Master Plan Update	\$ 583,000	\$ 111,000	\$ -	\$ 111,000
District Wide Scada Upgrades	\$ 256,000	\$ 89,000	\$ -	\$ 89,000
District Wide Physical Security Improvements	\$ 150,000	\$ 75,000	\$ -	\$ 75,000
DCMWTP Chlorine Gen Rm Lining Rehab	\$ 145,000	\$ 73,000	\$ -	\$ 73,000
4S WRF SCADA Upgrades (Inductive Automation)	\$ 64,000	\$ 5,000	\$ -	\$ 5,000
Total	\$ 34,056,000	\$ 15,304,000 ⁽¹⁾	\$ 4,981,000	\$ 20,285,000

⁽¹⁾ Includes approximately \$8MM in encumbered funds

Add New CIP & Recurring	\$ -
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\$ -	\$ 9,565,000	\$ 9,565,000
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Total Fiscal Year 2025 CIP with FY 2024 Unspent Capital
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\$ 14,546,000	\$ 29,850,000
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Summary of Significant Projects (>\$1MM) and Funding Source

Project Name	Cumulative Appropriation Thru FY 2026	Funding Source
Rehab Neighborhood 1 Pump Station	8,132,000	Wastewater Capital Fund & Grants
San Dieguito Valley Groundwater Desalination Plant (Yellow Sched.)	7,373,000	Cap Fees & Grants
Calle Barcelona, VP, & Summerhill HOA Exten	4,145,000	Recycled Capital Fund & Grants
Headworks Screening System Improvements	3,369,000	Wastewater Capital Fund
DCMWTP 4th Stage Centrifuge Addition	3,340,000	Potable Capital Fund
DCMWTP 1st Stage Beam Replacement	2,206,000	Potable Capital Fund
Unit B & K Rehab	2,142,000	Potable Capital Fund
RSF Unit A North PL Repl	2,094,000	Potable Capital Fund
Palms I and II Reservoirs Replacemt	1,788,000	Potable Capital Fund
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,784,000	Potable Capital Fund
District-Wide PLC Replacements (PW/RCW)	1,466,000	Potable Capital Fund
District-Wide PLC Replacements (WW)	1,456,000	Wastewater Capital Fund
EFRR Parking Lot Expansion	1,386,000	Potable Capital Fund & Grants
Dusty Trail PL Replacement	1,180,000	Potable Capital Fund
Gardendale PRS Replacement	1,110,000	Potable Capital Fund
Village Park PRS Replacement	1,110,000	Potable Capital Fund

Fiscal Years 2025 & 2026 Appropriation Summary

Project Type	# Projects	Revised FY 2025 & 2026 Appropriations	Original FY 2025 & 2026 Appropriations	\$ Increase or (\$) Decrease
Multi	26	\$ 18,879,000	\$ 29,408,000	(\$10,529,000) ⁽¹⁾
Recurring	27	\$ 9,559,000	\$ 8,931,000	\$ 628,000 ⁽²⁾
Delayed	14	\$ 11,147,000	\$ -	\$ 11,147,000 ⁽³⁾
New	12	\$ 7,008,000	\$ -	\$ 7,008,000 ⁽⁴⁾
	79	\$ 46,593,000	\$ 38,339,000	\$ 8,254,000

⁽¹⁾ Decrease primarily due to deceleration of Desal project partially offset by increased costs in other CIPs and unspent appropriations from prior budget period.

⁽²⁾ Increase primarily due to addition of new recurring projects for aging infrastructure.

⁽³⁾ Includes unspent appropriations from prior budget period. See slide 20 for more details.

⁽⁴⁾ New CIP projects starting in FY 2025 and FY 2026 that were not included in original 10 year CIP.

Fiscal Years 2025 & 2026

New Multi-Year CIPs

Project Name	Fund	FY 2025	FY 2026	Total
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	Potable	1,784,000	-	1,784,000
Bridge Crane Rehabilitation and Mods	Potable	65,000	-	65,000
DCMWTP Inlet Strainer MOV Actuator Replacement	Potable	61,000	-	61,000
DCMWTP 1st Stage Beam Replacement	Potable	560,000	1,646,000	2,206,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	Potable	184,000	539,000	723,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	Potable	-	142,000	142,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	Recycled	75,000	439,000	514,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	Recycled	22,000	125,000	147,000
Upgrade Filter Electrical	Recycled	17,000	101,000	118,000
Off-Spec and High Flow Diversion Pipeline	Wastewater	366,000	25,000	391,000
Del Dios SPS Structural Improvements	Wastewater	139,000	634,000	773,000
Neighborhood #3 Liner Improvements	Wastewater	-	84,000	84,000
Total		3,273,000	3,735,000	7,008,000

San Dieguito Valley Groundwater Desalination Plant with Staff Recommended Option

Schedule	Cumulative Appropriation Through FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total Spent
Green Schedule (Go)	\$ 6,662,000	\$ 2,813,000	\$ 6,345,000	\$ 21,371,000	\$ 21,371,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,562,000
Yellow Schedule (Delay)	\$ 6,662,000	\$ 367,000	\$ 344,000	\$ 1,146,000	\$ 1,921,000	\$ 3,098,000	\$ 2,922,000	\$ 1,814,000	\$ 28,010,000	\$ 29,153,000	\$ -	\$ 75,437,000
Red Schedule (Stop)	\$ 6,662,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,662,000

Staff recommends Yellow schedule which is included throughout the capital expenditure graphs and CIP tables included in today's presentation.

Staff does not recommend Red Option, which is Red Schedule, as it puts already committed grant funding at risk.

Capital Improvement Projects Spending Plan Water (Potable & Recycled) (1 of 3)

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Potable Water Capital Improvement Projects										
(1) DCMWTP 4th Stage Centrifuge Addition	2,716,000	-	-	-	-	-	-	-	-	-
New DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,784,000	-	-	-	-	-	-	-	-	-
(1) RSF Unit A North PL Repl	1,432,000	-	-	-	-	-	-	-	-	-
(1) District-Wide PLC Replacements (PW/RCW)	1,210,000	-	-	-	-	-	-	-	-	-
(1) Gardendale PRS Replacement	977,000	-	-	-	-	-	-	-	-	-
(1) Village Park PRS Replacement	964,000	-	-	-	-	-	-	-	-	-
(1) Advanced Metering Infrastructure (AMI)	715,000	-	-	-	-	-	-	-	-	-
(1) Encinitas Blvd Pipeline Inspection and Rehab	674,000	-	-	-	-	-	-	-	-	-
(1) DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	663,000	-	-	-	-	-	-	-	-	-
(1) Rancho La Cima/Aliso Canyon PL Relocation	252,000	-	-	-	-	-	-	-	-	-
(1) Golem 14" Pipeline Inspection and Rehab	133,000	-	-	-	-	-	-	-	-	-
(1) PW and RCW Master Plan Update	111,000	-	-	-	-	550,000	-	-	-	-
(1) Tank Safety Improvements	492,000	-	-	-	-	-	-	-	200,000	700,000
(1) District Wide Scada Upgrades	89,000	-	-	-	-	-	-	-	-	-
(1) District Wide Physical Security Improvements	75,000	-	-	-	-	-	-	-	-	-
(1) DCMWTP Chlorine Gen Rm Lining Rehab	73,000	-	-	-	-	-	-	-	-	-
New Bridge Crane Rehabilitation and Mods	65,000	-	-	-	-	-	-	-	-	-
New DCMWTP Inlet Strainer MOV Actuator Replacement	61,000	-	-	-	-	-	-	-	-	-
New DCMWTP 1st Stage Beam Replacement	560,000	1,646,000	-	-	-	-	-	-	-	-
(1) Unit B & K Rehab	327,000	1,580,000	-	-	-	-	-	-	-	-
(1) Palms I and II Reservoirs Replacem	194,000	1,515,000	-	-	-	-	-	-	-	-
Dusty Trail PL Replacement	120,000	1,060,000	-	-	-	-	-	-	-	-
(1) EFRR Parking Lot Expansion	367,000	910,000	-	-	-	-	-	-	-	-
New DCMWTP Combined Filter Influent & Backwash Pipe Replacement	184,000	539,000	-	-	-	-	-	-	-	-
(1) CIS Infinity System Upgrade	213,000	184,000	-	-	-	-	-	-	-	-
(1) Fleet Electrification Project (PW/RCW)	167,000	750,000	1,490,000	-	-	-	-	-	-	-
(1) DCMWTP 2nd Stage Membrane Train Overhaul	112,000	100,000	100,000	-	-	-	-	-	-	-
Harris Ranch Right-of-Way Acquisition	-	150,000	-	-	-	-	-	-	-	-
New DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	-	142,000	-	-	-	-	-	-	-	-
RSF Rd Pipeline Inspection	-	164,000	524,000	-	-	-	-	-	-	-
Del Lago PRS Replacement	-	123,000	846,000	-	-	-	-	-	-	-
DCMWTP BWWEQ Tank Rehab	-	-	625,000	-	-	-	-	-	-	-
DCMWTP FCV Actuators Replacement	-	-	322,000	-	-	-	-	-	-	-
DCMWTP 1st Stage Basins Rehab	-	-	1,368,000	1,368,000	1,368,000	1,368,000	1,368,000	-	-	-
Gaty I Reservoir Decommissioning	-	-	-	398,000	-	-	-	-	-	-
DCMWTP Brine Area Rehab	-	-	-	201,000	-	-	-	-	-	-
DCMWTP Plate Settler Coating Rehab	-	-	-	134,000	-	-	-	-	-	-
Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	-	412,000	1,838,000	-	-	-	-	-
DCMWTP Sodium Hypochlorite Room Rehab	-	-	-	-	103,000	-	-	-	-	-
DCMWTP HVAC Replacement	-	-	-	-	48,000	-	-	-	-	-
SE #1 PRS Replacement	-	-	-	-	135,000	936,000	-	-	-	-
DCMWTP RWEQ BFVs Replacement Project	-	-	-	-	-	556,000	-	-	-	-
DCMWTP General WTP Inspect & Cond Assessment	-	-	-	-	-	500,000	-	-	-	-
DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	-	-	-	-	-	500,000	-	-	-	-

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025
 New Projects started in FY 2025 and FY 2026 that were not included in original 10-year CIP schedule

Capital Improvement Projects Spending Plan Water (Potable & Recycled) (2 of 3)

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Potable Water Capital Improvement Projects - Continued										
Concrete Tank Condition Assessment	-	-	-	-	-	275,000	-	-	-	-
OMWD Parking and Access Improvements	-	-	-	-	-	255,000	-	-	-	-
DCMWTP WTP Repl Main Compressors	-	-	-	-	-	194,000	-	-	-	-
DCMWTP WTP Replace Strainer Isolation Valves	-	-	-	-	-	90,000	-	-	-	-
Long-term Pipeline Budget per HDR	-	-	-	-	-	50,000	-	-	-	-
DCMWTP Replace Chemical Storage Systems	-	-	-	-	-	215,000	222,000	228,000	-	-
DCMWTP Replace Chemical Feed Systems	-	-	-	-	-	100,000	103,000	106,000	-	-
DCMWTP Backpulse Tanks Replacement Project	-	-	-	-	-	-	926,000	-	-	-
DCMWTP Plate Settlers MOV Actuators Replacement	-	-	-	-	-	-	35,000	-	-	-
Encinitas Blvd Pipeline Replacement	-	-	-	-	-	-	710,000	5,280,000	2,110,000	-
DCMWTP Sodium Hypochlorite Generation System Rehab	-	-	-	-	-	-	-	850,000	-	-
DCMWTP Replace Strainers	-	-	-	-	-	-	-	-	862,000	-
Replace Maryloyd Pump Station	-	-	-	-	-	-	-	-	510,000	-
RSF Rd Pipeline Replacement	-	-	-	-	-	-	-	-	655,000	675,000
Quail Gardens PRS Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Via Valle Verde PRS Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Gano Reservoir Improvements	-	-	-	-	-	-	-	-	27,000	178,000
Berk Reservoir Improvements	-	-	-	-	-	-	-	-	9,000	53,000
DCMWTP Bridge Crane Coating Rehab	-	-	-	-	-	-	-	-	-	113,000
Total Potable Water Capital Improvement Projects	14,730,000	8,863,000	5,275,000	2,513,000	3,492,000	5,589,000	3,364,000	6,464,000	4,677,000	3,869,000
Potable Water Recurring Replacement Projects										
Network Security	100,000	104,000	109,000	114,000	119,000	124,000	129,000	133,000	137,000	141,000
Replace Pumps and Motors	175,000	180,000	185,000	191,000	197,000	203,000	209,000	215,000	221,000	228,000
Replace Potable Meters	830,000	927,000	849,000	874,000	900,000	927,000	955,000	984,000	1,014,000	1,044,000
Replace Pipelines	500,000	515,000	530,000	546,000	562,000	579,000	596,000	614,000	632,000	651,000
Replace Valves	750,000	773,000	796,000	820,000	845,000	870,000	896,000	923,000	951,000	980,000
Steel Mains Protection	304,000	313,000	322,000	332,000	342,000	352,000	363,000	374,000	385,000	397,000
Replace Meter Anodes	158,000	163,000	168,000	173,000	178,000	183,000	188,000	194,000	200,000	206,000
Rehab Concrete Tanks	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
Replace PRS Valves	54,000	56,000	58,000	60,000	62,000	65,000	68,000	71,000	73,000	75,000
Replace DCM WTP Membranes	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000	1,231,000	1,280,000	1,331,000
WTP Misc Equipment and Instrumentation Replacement	100,000	106,000	115,000	124,000	134,000	145,000	157,000	170,000	184,000	199,000
WTP Membrane Train Control Wiring Replacement	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000
Total Potable Water Recurring Replacement Projects	3,967,000	4,172,000	4,208,000	4,352,000	4,501,000	4,656,000	4,817,000	4,983,000	5,153,000	5,330,000
Total Potable Water CIP (without Groundwater Desal Project)	18,697,000	13,035,000	9,483,000	6,865,000	7,993,000	10,245,000	8,181,000	11,447,000	9,830,000	9,199,000
San Dieguito Valley Groundwater Desalination Plant (Yellow Sched.)	417,000	344,000	1,146,000	1,921,000	3,098,000	2,922,000	1,814,000	28,010,000	29,153,000	-
Total Potable Water CIP (with Groundwater Desal Project)	19,114,000	13,379,000	10,629,000	8,786,000	11,091,000	13,167,000	9,995,000	39,457,000	38,983,000	9,199,000

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

New Projects started in FY 2025 and FY 2026 that were not included in original 10-year CIP schedule

Capital Improvement Projects Spending Plan Water (Potable & Recycled) (3 of 3)

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Recycled Water Capital Improvement Projects										
(1) Calle Barcelona, VP, & Summerhill HOA Exten	3,153,000	-	-	-	-	-	-	-	-	-
Off-Spec and High Flow Diversion Pipeline	244,000	-	-	-	-	-	-	10,000	40,000	-
(1) Wanket RW Reservoir Rehabilitation	157,000	-	-	-	-	-	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	150,000	-	-	-	-	-	-	-	-	-
(1) Manchester Recycled Pipeline Ext.	112,000	-	-	-	-	-	-	-	-	-
New Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	75,000	439,000	-	-	-	-	-	-	-	-
New Replace WRF Electrical Conduits, Enclosures, and Lighting	22,000	125,000	-	-	-	-	-	-	-	-
New Upgrade Filter Electrical	17,000	101,000	-	-	-	-	-	-	-	-
Chemical Area Upgrades	-	-	37,000	-	-	-	-	-	-	-
Electrical Equipment Testing and Servicing	-	-	22,000	-	-	-	-	-	-	-
Short Circuit Coordination and Arch Flash Studies	-	-	18,000	-	-	-	-	-	-	-
Rehabilitation of Generator Enclosure Top	-	-	8,000	-	-	-	-	-	-	-
Upgrade Flow Equalization Basins	-	-	382,000	2,227,000	-	-	-	-	-	-
Recycled Water Storage Pond Upgrades	-	-	-	390,000	2,278,000	-	-	-	-	-
Replace Roll-up doors	-	-	-	-	-	91,000	-	-	-	-
Replace Existing Recycled Water Pump Station VFDs	-	-	-	-	-	-	-	243,000	-	-
Site Paving Improvements	-	-	-	-	-	-	-	-	63,000	134,000
Total Recycled Water Recurring Replacement Projects	3,930,000	665,000	467,000	2,617,000	2,278,000	91,000	-	253,000	103,000	134,000
Recycled Recurring Replacement Projects										
Recycled Conversions (formerly Retrofit Potable to Recycled)	65,000	80,000	100,000	73,000	76,000	79,000	82,000	85,000	88,000	91,000
Replace Recycled Meters	30,000	41,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000
Replace Recycled Pipeline	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
Replace Recycled Valves	75,000	77,000	79,000	81,000	83,000	85,000	88,000	91,000	94,000	97,000
4S WRF Physical Security Upgrades	12,000	12,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Small Pump and Motor Replacement Program	80,000	85,000	90,000	96,000	101,000	106,000	109,000	113,000	116,000	120,000
Miscellaneous Equipment Replacement Program	12,000	12,000	14,000	16,000	18,000	7,000	7,000	7,000	7,000	8,000
Valve and Gate Replacement Program	-	10,000	20,000	30,000	40,000	52,000	53,000	55,000	56,000	58,000
Instrumentation Replacement Program	-	-	-	10,000	16,000	33,000	34,000	36,000	36,000	38,000
Mechanical and Yard Piping Replacement Program	-	-	-	16,000	20,000	77,000	80,000	82,000	84,000	87,000
Plant A Rehabilitation	-	-	-	-	-	25,000	26,000	27,000	28,000	28,000
Total Recycled Water Recurring Replacement Projects	324,000	369,000	415,000	438,000	474,000	588,000	607,000	628,000	645,000	667,000
Total Recycled Water CIP	4,254,000	1,034,000	882,000	3,055,000	2,752,000	679,000	607,000	881,000	748,000	801,000
Total Potable Water & Recycled Water CIP	23,368,000	14,413,000	11,511,000	11,841,000	13,843,000	13,846,000	10,602,000	40,338,000	39,731,000	10,000,000

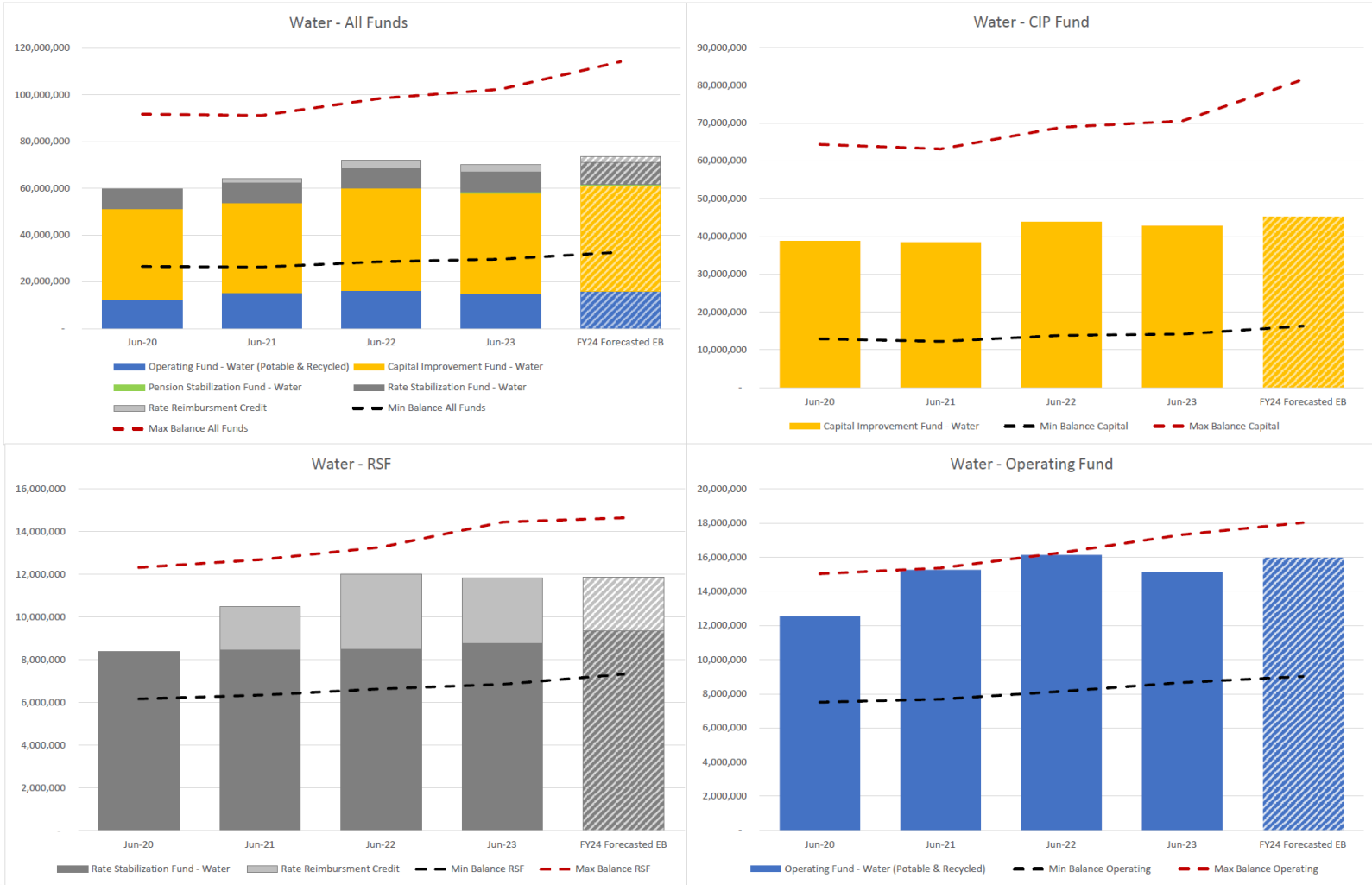
(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025
New Projects started in FY 2025 and FY 2026 that were not included in original 10-year CIP schedule

Capital Improvement Projects Spending Plan Sewer (Wastewater)

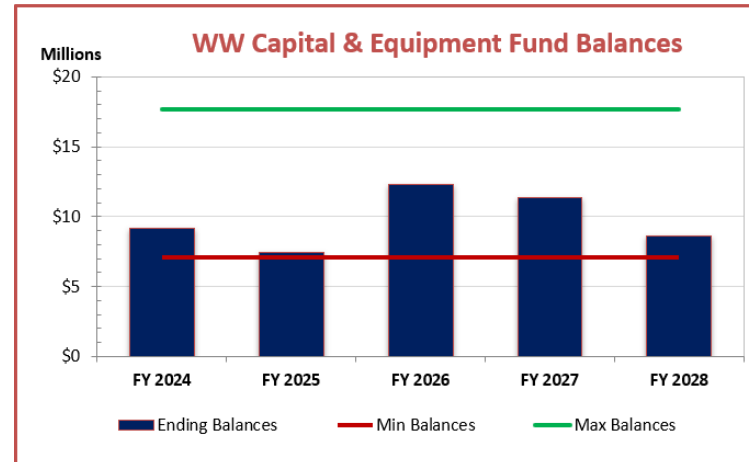
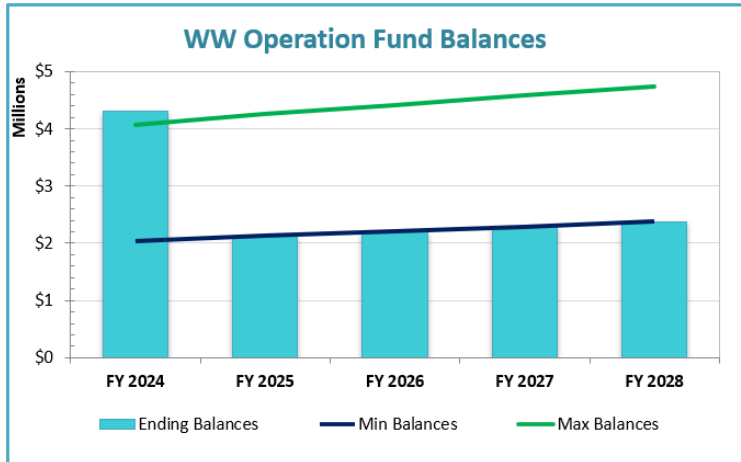
Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Wastewater Capital Improvement Projects										
(1) Headworks Screening System Improvements	2,765,000	150,000	-	-	-	-	-	-	-	-
(1) District-Wide PLC Replacements (WW)	1,235,000	-	-	-	-	-	-	-	-	-
(1) Rehab Neighborhood 1 Pump Station	1,200,000	-	-	-	-	-	-	-	-	-
Replace Existing 75 HP Digester Blower	263,000	-	-	-	-	-	-	-	-	-
(1) Replace Overflow Pond Strainer	25,000	-	-	-	-	-	-	-	-	-
(1) 4S WRF SCADA Upgrades (Inductive Automation)	5,000	-	-	-	-	-	-	-	-	-
New Off-Spec and High Flow Diversion Pipeline	366,000	25,000	-	-	-	-	-	-	-	-
New Del Dios SPS Structural Improvements	139,000	634,000	-	-	-	-	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	113,000	659,000	-	-	-	-	-	-	-	-
Replace WRF Electrical Conduits, Enclosures, and Lighting	32,000	188,000	-	-	-	-	-	-	-	-
Fleet Electrification (WW)	15,000	187,000	748,000	-	-	-	-	-	-	-
New Neighborhood #3 Liner Improvements	-	84,000	-	-	-	-	-	-	-	-
Replace RAS Pump Station Suction Valves	-	-	68,000	-	-	-	-	-	-	-
Chemical Area Upgrades	-	-	55,000	-	-	-	-	-	-	-
Electrical Equipment Testing and Servicing	-	-	32,000	-	-	-	-	-	-	-
Short Circuit Coordination and Arch Flash Studies	-	-	27,000	-	-	-	-	-	-	-
Rehabilitation of Generator Enclosure Top	-	-	13,000	-	-	-	-	-	-	-
Cielo SPS Flow Meters	-	-	120,000	-	-	130,000	-	-	-	-
Del Dios SPS Improvements	-	-	552,000	3,223,000	-	-	-	-	-	-
Midpoint SPS Improvements	-	-	-	319,000	1,860,000	-	-	-	-	-
Neighborhood #3 SPS Improvements	-	-	-	-	373,000	2,179,000	-	-	-	-
Wastewater Master Plan Update	-	-	-	-	-	500,000	-	-	-	-
Replace Roll-up doors	-	-	-	-	-	136,000	-	-	-	-
Upgrade Headworks Odor Control Scrubber	-	-	-	-	-	231,000	1,346,000	-	-	-
Fire House Pump Station Replacements	-	-	-	-	-	-	87,000	509,000	-	-
Biological Treatment Upgrade (Process Study & Pre-Design)	-	-	-	-	-	-	-	150,000	-	-
Santaluz Pump Station Improvements	-	-	-	-	-	-	-	160,000	933,000	-
Site Paving Improvements	-	-	-	-	-	-	-	-	94,000	201,000
Upgrade Plant B Oxidation Ditch Aeration System	-	-	-	-	-	-	-	-	-	303,000
Connect Plant B clarifier splitter box to Plant A Clarifiers	-	-	-	-	-	-	-	-	-	190,000
Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	-	-	-	-	-	-	-	-	-	41,000
Avenida Apice and Avenida Orilla Pump Station Improvements	-	-	-	-	-	-	-	-	-	33,000
Total Wastewater Capital Improvement Projects	6,158,000	1,927,000	1,615,000	3,542,000	2,233,000	3,176,000	1,433,000	819,000	1,027,000	768,000
Wastewater Recurring Replacement Projects										
4S WRF Physical Security Upgrades	18,000	18,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Small Pump and Motor Replacement Program	120,000	128,000	136,000	143,000	151,000	159,000	164,000	169,000	174,000	179,000
Miscellaneous Equipment Replacement Program	18,000	18,000	21,000	24,000	27,000	10,000	10,000	11,000	11,000	11,000
Collection System Pipeline Rehabilitation and Replacement	75,000	78,000	80,000	82,000	85,000	87,000	90,000	93,000	96,000	99,000
Collection System Manhole Rehabilitation Program	43,000	71,000	74,000	76,000	78,000	80,000	83,000	86,000	88,000	91,000
Pump Station Rehabilitation and Maintenance Program	50,000	75,000	78,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000
Valve and Gate Replacement Program	-	15,000	30,000	45,000	60,000	77,000	80,000	82,000	85,000	87,000
Instrumentation Replacement Program	-	-	-	15,000	24,000	50,000	52,000	53,000	55,000	56,000
Mechanical and Yard Piping Replacement Program	-	-	-	23,000	30,000	116,000	119,000	123,000	127,000	130,000
Plant A Rehabilitation	-	-	-	-	-	38,000	39,000	40,000	41,000	43,000
Total Wastewater Recurring Replacement Projects	324,000	403,000	428,000	497,000	546,000	710,000	733,000	756,000	778,000	800,000
Total Wastewater CIP	6,482,000	2,330,000	2,043,000	4,039,000	2,779,000	3,886,000	2,166,000	1,575,000	1,805,000	1,568,000

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025
New Projects started in FY 2025 and FY 2026 that were not included in original 10-year CIP schedule

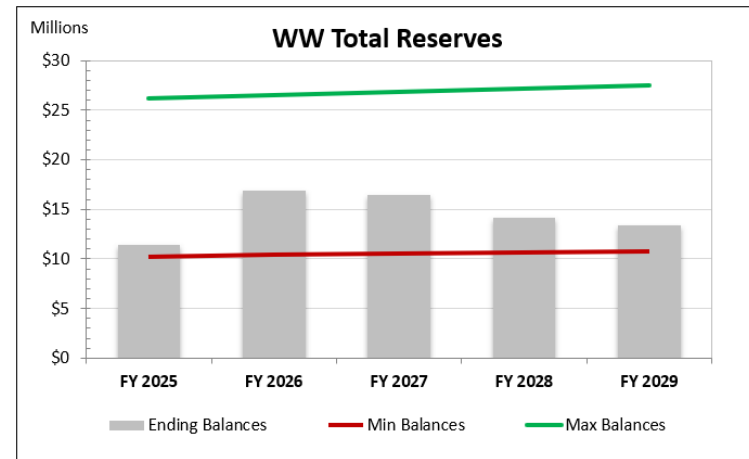
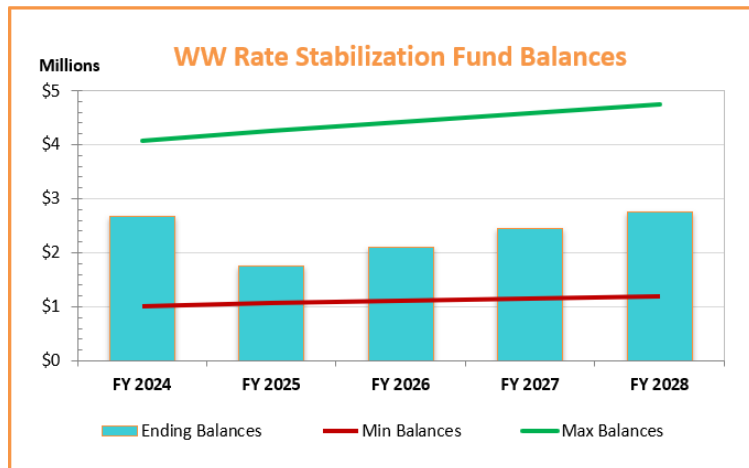
Reserve Balance Historical and Forecasted Water



Reserve Balance Projections Wastewater



*Excess Operating Fund cash will be transferred to Capital Fund with Board approval to align with 2024 COSS.



Staff Requests and Committee Actions

- ◆ Receive direction(s) from the Committee on the preliminary Fiscal Years 2025 and 2026 Operating and Capital Budget, including the Green, Yellow, and Red schedule options for the San Dieguito Valley Ground Water Desalination Plant project.
- ◆ Bring forward the preliminary budget for discussion with the Board at the April 17th budget workshop
- ◆ Staff continues with budget refinement process (April/May)
 - ◆ purchased water cost increases eff 1/1/2025
 - ◆ SDCWA's five-year forecast for 2026 rates
 - ◆ CIP cost estimates
- ◆ Present final draft of the FY 2025 and FY 2026 Operating and Capital budget to the Board for consideration and discussion for consideration and adoption in June (May/June)
- ◆ Update 5 Year LRFPP and complete 2024 Water Cost of Service Study (June/July)