Municipal Water District

General Manager's Recommended Biennial Operating and Capital Budget

FISCAL YEARS 2027 AND 2028

OLIVENHAIN MUNICIPAL WATER DISTRICT, ENCINITAS, CALIFORNIA

OLIVENHAIN
Municipal Water District

Encinitas, CA

General Manager's Recommended
Biennial Operating and Capital Budget
Fiscal Years 2027 and 2028

COVER

2025 WINNER
32nd Annual North County Water Awareness Fourth Grade Poster Contest
Submitted by a student of Stone Ranch Elementary School

Our Mission

Olivenhain Municipal Water District is committed to serving present and future customers with safe, reliable, high-quality water while exceeding all regulatory requirements in a cost-effective and environmentally responsive manner.

The District is dedicated to providing recycled water, wastewater treatment, and hydroelectricity in the most cost effective, environmentally responsive, and service-oriented manner.

The District is devoted to the safe operation of the Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.

***L–R:* Ebin Lanfried, Kimberly A. Thorner, Matthew R. Hahn, Christy Guerin, Scott Maloni, Neal Meyers, Alfred Smith.**

Board of Directors

Matthew R. Hahn, President
Neal Meyers, Vice President
Scott Maloni, Treasurer
Christy Guerin, Secretary
Ebin Lanfried, Director

General Manager

Kimberly A. Thorner, Esq.

General Counsel

Alfred Smith, Esq., Nossaman LLP

OLIVENHAIN
Municipal Water District

Olivenhain Municipal Water District is a public agency proudly serving portions of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, Elfin Forest, 4S Ranch, San Diego and the Olivenhain Valley.

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RESOLUTION NO. 2026-19

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEARS 2027 AND 2028

WHEREAS, the Board of Directors has reviewed and considered the General Manager's Recommended Operating and Capital Budget for Fiscal Years 2027 and 2028 as presented, hereinafter referred to as the "Recommended Budget;" and

WHEREAS, the Recommended Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for fiscal year ending June 30, 2027 and for fiscal year ending June 30, 2028; and

WHEREAS, the Recommended Budget establishes the basis for incurring liability and making expenditures on behalf of the District.

NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Recommended Budget, and each and every part thereof, is hereby approved and adopted for Fiscal Years 2027 and 2028.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 17, 2026.

Christy Guerin

Christy Guerin, Secretary
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Kimberly A. Thorner

Kimberly A. Thorner, Assistant Secretary
General Manager
Olivenhain Municipal Water District

June 17, 2026

Board of Directors
Olivenhain Municipal Water District

Board of Directors,

I am pleased to present the Board with the Recommended Biennial Operating and Capital Budget for Fiscal Years 2027 and 2028 (Budget). Olivenhain Municipal Water District (the District) continues to focus on the Board of Directors' critical mission, which is to provide a reliable water supply and wastewater collection and treatment services in a cost-effective and environmentally responsive manner.

This Budget document includes strategies to mitigate potential impacts of ongoing external challenges such as inflation, continued increases in purchased water costs, rising insurance premiums, increases in imported supply costs, and declining water sales. This Budget reflects an emphasis on District priorities to implement cost-saving measures and continues to be a reflection of the District's commitment to long-term financial stability and exceptional customer service. These District priorities are achieved through strategic replacement of aging infrastructure, proactive maintenance of capital facilities, and the continued pursuit of new ways to improve services to our water and wastewater customers while complying with the State of California's evolving regulations.

Challenges and Risks

In anticipation of the District's needs in future years, staff has addressed the potential impacts of many challenges and uncertainties which are reflected in the assumptions used in developing this Budget.

Ongoing conflicts abroad continue to stress global supply chains, creating uncertainties in critical markets, which directly impact District operations. In particular, the conflict with Iran has negatively impacted the US and global economies, as the Strait of Hormuz is responsible for roughly 20% of global oil transit and its closure has increased global oil prices. The rising costs of crude oil are further escalating the costs for energy, driving up gas prices, and creating higher prices in several other sectors. Economists are predicting higher chances of a future recession due to the negative impacts of the ongoing conflicts.

Further, the federal government implemented a new tariff policy in 2025 that increased costs for supplies imported into the US. The increases in costs for imported goods were largely passed on to consumers, with prices increasing in vital areas such as food, electronics, construction materials, apparel, and cars. The overall impact of the tariffs is still being realized, but the Congressional Budget Office estimates that household costs increased by as much as $1,700 per year as a result. Additional impacts include retaliatory tariffs from other countries, which created volatility in trade partnerships, long-term reduction in GDP, negative impacts to job growth, and reduced overall economic efficiencies.

Current CPI reports confirm these impacts, suggesting an ongoing annual increase of over 3.3%, well above the target of the Federal Reserve. This increase is largely driven by the rising prices of gasoline. The California Construction Cost Index peaked at a 13.4% increase in 2021, and although some stabilization has been realized since, construction costs remain roughly 25% higher than pre-2020 levels. Construction materials are directly impacted by the tariff policies, driving up the costs on metals, lumber, steel, electronics, and other imported goods. An emerging national labor shortage is also adding upward pressure, with immigration policies reducing the availability of workers, particularly in such sectors as construction and agriculture. The direct impacts on the supply chain, combined with labor shortages and ongoing inflation challenges, contribute to an unstable outlook.

The insurance market is also creating significant challenges for California residents and businesses. The costs for insurance have been driven up by high wildfire risks and outdated regulations, such as those created by Proposition 103, which limits insurers' ability to adjust rates without a lengthy approval process, leading many carriers to limit policies they offer within the state or to outright cancel coverage. The market shift has resulted in significantly higher premiums with less coverage, further reducing affordability.

The winter of 2025-2026 was influenced by a weak La Niña climate system that brought heavy precipitation early on, followed by abnormally warm temperatures in March. The result is a mostly drought-free state, with reservoir capacities exceeding historical averages, but with a dismal snowpack that will significantly reduce the amount of runoff during the spring and summer. Additionally, forecasters are predicting for an El Niño climate pattern to have a significant influence on weather starting in the summer of 2026. An unusually warm summer is predicted to be followed by a wet winter, which could impact water sales for both wholesale and retail providers, putting pressure on revenue streams that support their operations.

The District continues to comply with mandates from the State of California, some of which impose limitations on the amount of water to be made available to customers. Assembly Bill 1668 (2018) and Senate Bill 606 (2018) require retail water agencies, such as the District, to meet an annual water use objective based on residential indoor and outdoor consumption, commercial water use, and water loss. The objectives imposed thus far have not required additional conservation action from the District. However, the legislation introduces more stringent objectives in the future, and the District could be required to impose additional conservation measures to remain in compliance with suggested water use targets. If necessary, these stricter limitations could have substantial impacts to the District's revenue, recycled water operations, and reclamation facilities.

Unprecedented Challenges - Rising Purchased Water Wholesale Costs

The District purchases 100 percent of its untreated water supply from the San Diego County Water Authority which in turn purchases its water supply from Metropolitan Water District of Southern California. The effects of rising purchased water wholesale costs continue to impact District ratepayers. SDCWA has proposed a rate increase of 3% for CY 2027 and 5.9% for CY 2028 for its member agencies, such as the District, which will need to be passed through to ratepayers to sustain operations.

The District continues to stay engaged in the Delta Conveyance Project, designed to modernize the State Water Project in the Sacramento-San Joaquin Delta to secure water supplies against climate change. The California Department of Water Resources approved a single-tunnel design concept in late 2023, and the Delta Conveyance Authority is expected to complete a Basis of Design Report in late 2026. The outcome of the Delta Conveyance Project will have an impact on purchased water costs from MWD and SDCWA in the future. The actual costs of the project to the District, as a retail agency, would depend on methodologies approved by MWD's and SDCWA's boards of directors for allocating these costs to their member agencies. The project has the potential to improve water supply reliability but will result in additional cost to secure that reliability.

Alternative Water Supply from Local Sources

Water purchases from SDCWA are the District's largest expenditure, and SDCWA costs continue to increase. As a result, the District continues to take steps to be less reliant on imported water. It continues to diversify its water supply through recycled water and other local water sources. The District currently meets up to 15 percent of its annual water demands with recycled water. Recycled water demand is projected to continue to grow to replace potable irrigation demands.

The District's strategy to develop additional local water supplies has largely been channeled through interagency coordination with the North San Diego Water Reuse Coalition, a group of water and wastewater agencies for which the Disrict provides leadership. To date, the Coalition has received approximately $5.0 million in Proposition 84 funding and $30 million in funding from the US Bureau of Reclamation via the Title XVI Water Reclamation and Reuse Program, which has been used to finance qualified Coalition projects. Additionally, the District has secured funding from Proposition 1 in the amount of $1.2 million to help fund the District's Manchester Avenue Recycled Water Project and Recycled Water Extensions Project.

The District also continues to pursue the San Dieguito Valley Brackish Groundwater Desalination Project, which would produce up to 1.5 million gallons of potable drinking water per day. In 2020, a one-year pump test was conducted, providing data that confirmed the feasibility study results and indicated the basin could support a potable water supply. For fiscal year 2027, a new test well will be constructed and another pumping test will be conducted within an existing well site to refine hydrogeologic modeling and treatment design criteria. This work will largely be funded by a Community Project Funding grant administered by US Environmental Protection Agency.

Fiscal Stability

Maintaining the District's financial stability is an important consideration to address challenges that lie ahead. In 2026 Fitch Ratings reviewed the District's financial position and confirmed that the District will maintain its AAA bond rating. The District's revenue bonds have held the AAA rating since 2016, which validates the District's creditworthiness and financial stability. The AAA rating enables the District to continue financing improvement projects at the lowest possible interest rates. The Distict's Long-Term Financial Plan and Capital Budget has been updated as part of the budget process. The effects of the District's future capital needs and other financial commitments, such as rising pension costs and debt service obligations, and impacts on the District's rate increases, were included and forecasted as part of the District's Long-Term Financial Plan. This budget represents the District's commitment to achieving structural balance as well as a reflection of the Board of Directors' support for fiscal stability.

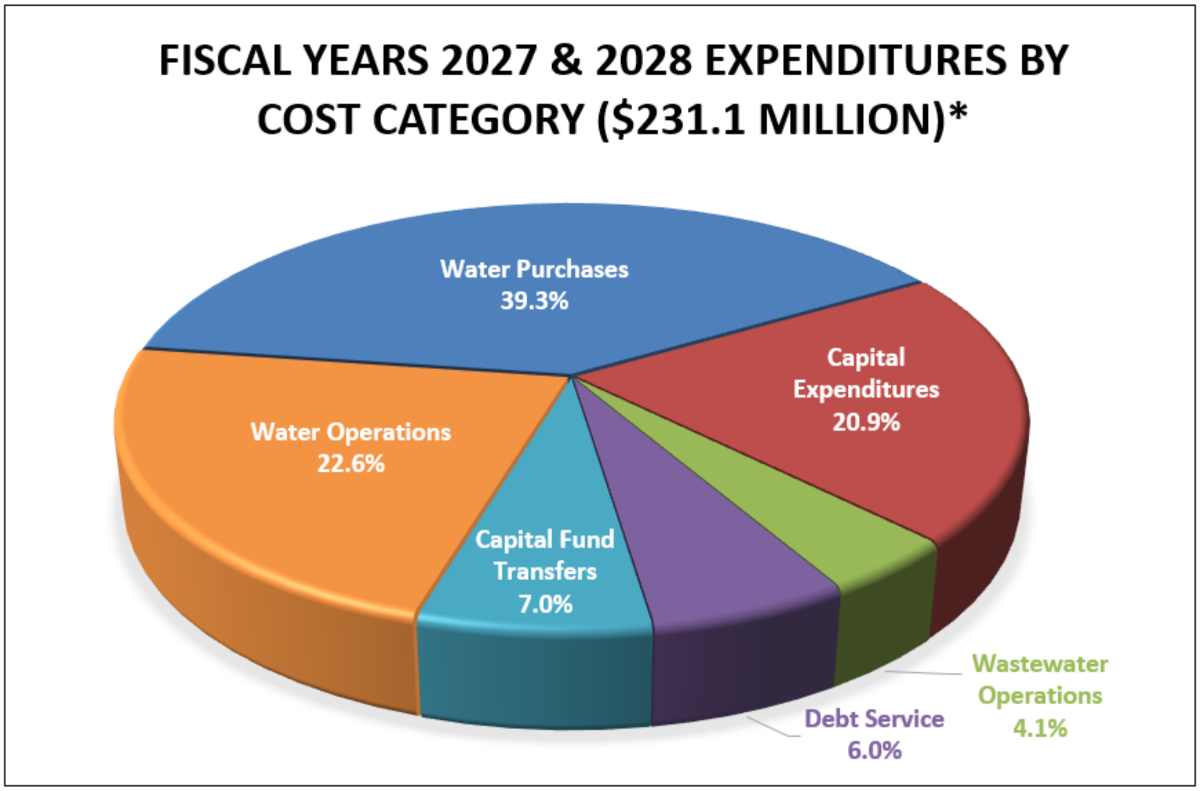
At the District's April 2026 Board Meeting, staff provided initial budget and rate impact presentations for Fiscal Year 2027 and Fiscal Year 2028. At that time, staff demonstrated the challenges brought by rising costs of untreated water supplies from MWD and SDCWA, combined with inflation and decreased water sales, which will put upward pressure on future rate increases. To mitigate excess rate increases for Fiscal Year 2027 and Fiscal Year 2028, the Board directed staff to keep increases to operational expenses for controllable costs at or below the San Diego Consumer Price Index, 3.8%, in the coming fiscal budget cycle.

The District has been proactive with its maintenance of potable water, recycled water, and wastewater capital facilities in order to protect the investments made to date by ratepayers. The ten-year Capital Spending Plan, attached, includes the District's ongoing capital maintenance programs to address aging infrastructure, such as the replacement of pipelines, meters, and valves. Details of the District's Capital Improvement Program for replacement and refurbishment of its capital facilities can be found in the Long-Term Financial Plan and Capital Budget sections of this document.

THE RECOMMENDED BUDGET

The District's Long-Range Financial Plan provides the framework for establishing the rates and charges to support the budget.

Expenditures



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

Summary of Major Expenditures

The District's expenditures are derived from three operations: potable water, wastewater, and recycled water. For Fiscal Years 2027 and 2028, total expenditures are projected to be $231.1 million, consisting of $152.7 million in operating expenditures including water supply costs from San Diego County Water Authority and the Metropolitan Water District, $13.9 million in debt service, $48.3 million in capital expenditures, and $16.2 million in Pay-As-You-Go (PAYGO) transfers from rates and charges to finance planned capital improvement programs.

Water Purchases (39.3%): The District purchases 100% of its untreated water supply from SDCWA to meet potable water demand. Effective January 1st, 2026, SDCWA increased their All-In Untreated M&I rate which increased the District's cost to purchase water by approximately 9.8% per acre-foot. As of the writing of this document, SDCWA has not yet adopted its Calendar

Year 2027 rates. Therefore, the District has incorporated the rate increases proposed by SDCWA staff, which will be presented to their board for consideration and adoption in June. When accounting for an increase in treated water purchases in FY 2027 due to a planned shutdown of the District's water treatment plant for capital repairs, the total impact on the District purchased water costs from SDCWA will be about a 7.3% increase. The projected increase for Calendar Year 2028 water purchases is 5.9% percent.

The SDCWA rates and charges are currently broken down into two cost components: variable rates and fixed charges. The variable rates consist of the Melded M&I Supply Rate and Melded M&I Treatment Rate. The Transportation Rate was previously a variable rate, however, in February 2024, SDCWA's board approved bifurcating the Transportation Rate into a fixed and variable component. The other fixed charges include the Storage Charge, Infrastructure Access Charge, Supply Reliability Charge, Customer Service Charge, Readiness to Serve Charge, and Capacity Charge (the last two being pass-through charges from Metropolitan Water District of Southern California). The variable rate is a commodity charge based on actual volume of water purchases. SDCWA fixed charges are billed and collected monthly by SDCWA from all member agencies irrespective of the actual amount of water purchased by each member agency during the month.

For Recycled water deliveries in the Northwest Quadrant of the Districts service area, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. In the Southeast Quadrant of the Districts service area, the District plans to meet approximately 70% of its recycled water demand from treated effluent produced by the 4S Water Reclamation Facility, owned and operated by the District. About 30% of the Southeast Quadrant recycled water demand is met with purchases from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD).

More information about current and historical purchased water wholesale costs can be found in the Expenditures section of this document.

Water Operations Expenditures (Potable and Recycled) (22.6%)

Potable Water Operations (21.1%): The Fiscal Year 2027 and 2028 budgets include a 3.7% and 6.8% increase, respectively, in operating expenditures, net of capitalized expenses and excluding purchased water costs and PAYGO transfers, over the prior budget period. The main reasons for the increases in potable water operating expenditures are increases in water treatment costs due to higher supply, chemical and utility costs for the David C. McCollom

Water Treatment Plant operations, and higher labor and benefits costs due to rising health insurance costs and compensation adjustments per the District's Memorandum of Understanding (MOU) with its Employee Association and Bargaining Unit Members Association. The District's Fiscal Year 2027 increase is partially offset by a planned 4-month shut down of the David C. McCollom Water Treatment Plant for maintenance and capital improvements, leading to lower budgeted treatment costs for the fiscal year. Inversely, the District's Fiscal Year 2028 treatment costs show a higher increase in comparison as the plant returns to year-round operations. Fiscal Year 2028 operating expenditures may need to be adjusted as part of the midterm budget review process in April 2027 if current economic conditions persist and external cost increases are higher than assumptions used in the budget.

Recycled Water Operations (1.5%): The District has two separate recycled water systems, the Northwest Quadrant and the Southeast Quadrant.

The District owns, operates, and delivers its recycled water to certain portions of the Southeast Quadrant recycled water system, including Santa Fe Valley, Crosby Estates, Fairbanks Ranch, the Farms Golf Club, the Del Mar Country Club, and Morgan Run golf courses.

The Northwest Quadrant recycled water system serves large irrigation areas such as La Costa Oaks Association, La Costa Valley Master Associations, Continuing Life Communities, and Village Park. The Village Park recycled water system serves irrigation customers such as homeowner associations and schools.

To meet its total recycled water demand, the District executed several recycled water purchase agreements with Rancho Santa Fe Community Services District, Vallecitos Water District, City of San Diego, and San Elijo Joint Powers Authority. Recycled water purchased from these agencies are transported through various interagency service connections for distribution to all recycled water customers.

The Fiscal Year 2027 and 2028 budgets include a 10.2% and 2.9% increase, respectively, in recycled operating expenditures net of capitalized expenses and excluding purchased water costs and PAYGO transfers, over the prior budget period. The increases include projected increases in purchased recycled water wholesale costs, increases in labor and benefits costs based on the 2022 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association, and increases in chemicals, supplies, power, and maintenance and repairs costs. The larger increase in Fiscal Year 2027 is mainly due to an increase to outside services, reflecting rising landscaping and site inspections expenses, as well as an increase in recycled water's allocation of supporting department costs compared to the prior budget period.

Capital Expenditures (20.9%) and Fund Transfers (7.0%): Approximately $48.3 million of capital and equipment spending is anticipated in Fiscal Years 2027 and 2028, and $16.2 million of fund transfers to capital reserves are contemplated from water and wastewater rates and charges to pay for planned capital spending in future years (PAYGO).

Large capital projects such as the Palms I and II Reservoirs Replacement project, the DCMWTP 2nd Stage Basin Rehabilitation project, the San Dieguito Groundwater Desalination project, the Elfin Forest Recreation Reserve Parking Lot and Trails Expansion project, and completion of the Headworks Screening System Improvements project are included in Fiscal Years 2027 and 2028 appropriations. More detailed information on the District's planned capital spending can be found in the Capital Section of this document.

Debt Service and Other Long-Term Obligations (6.0%): These items are budgeted at $13.9 million over Fiscal Years 2027 and 2028 combined. The District has six outstanding long-term debt obligations: 2015A Water Refunding Bonds, 2016A Water System Revenue Refunding Bonds, Reassessment District 96-1, 2021A Wastewater System Revenue Bonds, 2021B Wastewater System Revenue Bonds, and the 2012 State of California Revolving Fund Loan.

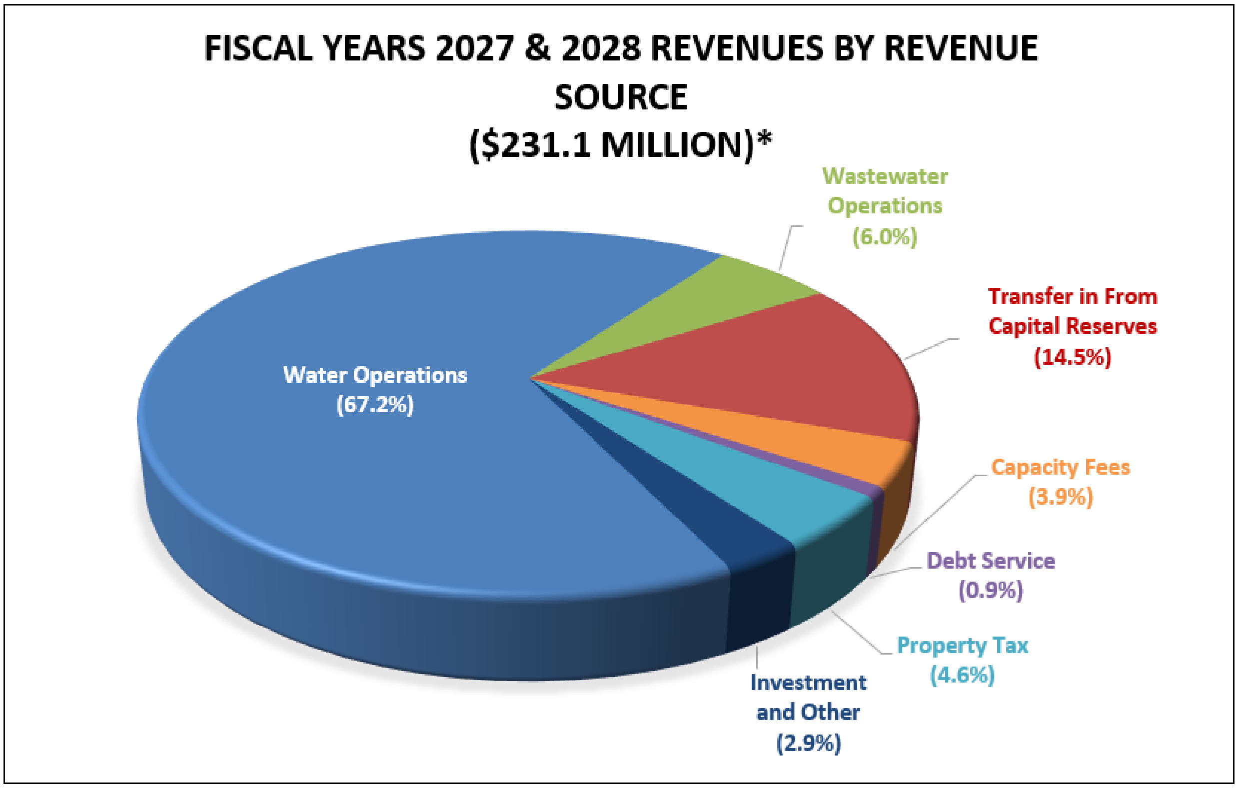
In 2024, The District completed a Cost of Service study for Wastewater to help determine necessary rate adjustments over the next five fiscal years (2025-2029). In order to help smooth rate increases and avoid any spikes over the next five-year period, the District plans to issue approximately $6.5 million in new debt in Fiscal Year 2027 to help fund construction costs of several of its wastewater capital improvement projects. The anticipated debt issuance has been accounted for in the Fiscal Year 2027 budget and will add approximately $522 thousand in annual debt payments starting in FY 2027.

The District pledged water and wastewater system revenues to pay for its debt service obligations. Detailed information on the District's long-term financial obligations can be found in the Debt Service Section of this document.

Wastewater Operations Expenditures (4.1%): The District provides wastewater collection and treatment services to its customers located within the 4S Ranch and Rancho Cielo service areas. Through an extensive sewage collection system and a series of sewage pump stations, the 4S Ranch Water Reclamation Facility (4S WRF) collects and treats wastewater from 4S Ranch and Rancho Cielo wastewater customers. 4S WRF produces tertiary recycled water to meet irrigation demands in the Southeast Quadrant recycled water system. 4S WRF is a 2 million gallons per day (MGD) capacity water reclamation plant.

Wastewater operating expenditures are budgeted to increase 6.4% and 3.1% in Fiscal Years 2027 and 2028, respectively. The year-over-year increases are primarily due to increases in labor and benefits costs based on the 2022 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association, and increases in maintenance and repairs, outside services, and utility costs.

Revenues



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

Summary of Major Revenues

The District's major funding sources are rates and charges (potable water, recycled water, and wastewater), property tax revenues, capacity fees, and investment income. The District's water system is estimated to be at 95% build-out based on a full build-out projection of 33,000 equivalent dwelling units.

Water Operations Revenues (Potable and Recycled) (67.2%)

Potable Water Operations (61.8%): The majority of the District's water customer base is municipal and industrial (M&I) use. Within the District's customer base, residential customers account for about 81.0% of total potable water sales, irrigation for 12.8%, commercial and industrial for 4.8%, and agricultural for 1.5%, based on the last five calendar years potable water sales. Potable water sales are the District's primary source of revenues. At 95% developed, growth is expected to remain relatively flat (less than 1% annually) over the next 10 years, and consequently, new developments and population growth are expected to be minimal. Water consumption from year to year is expected to fluctuate mainly due to variation in weather conditions and the economy. The southern California region has experienced large fluctuations in rainfall over the past 5 years, which resulted in difficulty predicting water sales due to fluctuation in demand from customers. The Budget assumes potable water sales of 15,945 acre-feet each fiscal year for Fiscal Years 2027 and 2028, which is a conservative estimate based on the average sales volume of the last five calendar years, 2021 through 2025.

In November 2024, the District's Board of Directors adopted an ordinance to pass through SDCWA's cost increases and annual inflation for a five-year period commencing January 1, 2025 through December 31, 2029, rates cannot be increased by more than the cost of providing water services, and cannot exceed 12% per year. In January 2026, the District raised its monthly commodity charge and fixed rates by 5.6% to pass-through increased costs in wholesale purchased water and increases to the District's cost of operations and maintenance. The 5.6% increase is net of a Rate Reimbursement Credit that credits customers 11 cents per unit of potable water purchased effective January 1, 2026. In 2021 the District received approximately $3.6 million in rebates from the San Diego County Water Authority for the District's share of awards from a lawsuit filed against the Metropolitan Water District of Southern California (MWD) for unlawful charges assessed by MWD. The District's board established the Rate Reimbursement Credit to refund the rebate amount to customers until the full rebate amount is refunded. As of April 30, 2026, the District has refunded $3.25 million of the $3.6 million total rebate amounts to its customers.

The District updated its Water (Potable and Recycled) Cost-of-Service Rate Study and 5-Year Financial Plan to assess necessary rate adjustments over a five-year period from January 2025 through December 2029. The Rate Study was completed in October 2024. Fiscal Year 2027 and 2028 rate adjustments included in this Budget are assumed based on the District's current rate ordinance adopted by the Board in November 2024, which allows the District to pass-through any increases in its purchased water costs, not to exceed 12%, plus any inflationary adjustments from changes in the San Diego Consumer Price Index, not to exceed 12%. Any adjustments to rates and charges will be brought to the Board for approval prior to implementation each year. The District's Water Cost-of-Service report can be accessed at the following web address:

https://www.olivenhain.com/billing

Water demand is assumed to remain relatively the same in Fiscal Year 2027 and Fiscal Year 2028, which is based on the average of actual water demand in the last five calendar years.

Recycled Water Operations (5.4%): The District sells recycled water for irrigation use in golf courses, parks, landscaped medians, schools, and homeowners associations' common areas. The District's top five water consumers are country clubs, HOAs, and golf courses. The District is expected to sell about 2,520 acre-feet of recycled water each year, or approximately 14% of total projected water sales, in Fiscal Year 2027 and Fiscal Year 2028. Recycled water deliveries are expected to increase in future years due to expansion of the District's recycled water system and conversion of large irrigation meters from potable to recycled water. Consequently, future increases in recycled water demand will be offset by decreases in potable water demand.

Wastewater Operations Revenues (6.0%): Revenue is projected at approximately $6.7 million and $7.2 million from wastewater service fees in Fiscal Year 2027 and Fiscal Year 2028, respectively. The District currently collects and treats sewage from approximately 7,341 equivalent dwelling units (EDUs) as of fiscal year 2026. An additional 110 wastewater EDUs are anticipated in future years to the District's wastewater system. The District's wastewater service area, the 4S Ranch and Rancho Cielo Sanitation Districts, is anticipated to be at 100% build-out at approximately 7,450 EDUs.

This Budget assumes a 5.5% rate adjustment to the District's wastewater rates and charges effective July 1, 2026, and for the next three years. The District completed a Wastewater Cost-of-Service study, conducted by an independent financial consultant, to help determine necessary wastewater service fees over a five-year period. At the June 2024 Board meeting, the Board approved a wastewater rate ordinance to automatically adjust wastewater service fees by 5.5% on July 1, 2025, and by 5.5% on July 1 of the next four years thereafter through Fiscal Year 2029 to keep pace with inflation and increases in costs associated with the operations, maintenance, and replacement of aging wastewater infrastructure. The District's Wastewater Cost-of-Service report can be accessed at the following web address:

https://www.olivenhain.com/billing

The District's wastewater service fees are collected on each property owner's property tax bill on an annual basis. Wastewater service bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Assessor's office, in April and December of each year. The District's annual single-family residential service charge is the sum of Annual System Access Charge plus a commodity charge based on the customer's minimum winter monthly usage (prior year) up to a maximum of 10 hundred cubic feet (hcf).

Transfer-In from Capital Reserves (14.6%): The District funds most of its capital projects using the pay as you go (PAYGO) method. The District annually transfers a fixed amount of revenues from its water and wastewater operations to pay for its planned capital spending for the next 10 years. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are available and when long-term borrowing rates are higher than expected cash reserve fund earnings. Debt will be used to finance projects when it is fiscally prudent under the prevailing economic conditions.

Capacity Fees (3.9%): Capacity fees are one-time fees assessed by the District to new users to pay their fair share of the costs of existing infrastructure required to serve them. The District completed a Water Capacity Fee Study in 2023 to 1) ensure the District's current capacity fees are adequate in keeping up with rising cost increases in construction and 2) ensure that the District's capacity fees are equitable across its zones of benefit. The study used the Capacity Buy-in methodology to calculate capacity fees, which calculates capacity fees by dividing the value of the District's water system by its capacity to arrive at build-out capacity per equivalent dwelling unit (EDU).

Revenue collected from capacity fees is used to pay for the District's planned capital expenditures as well as reimbursing the existing users for capital investment in the District's transmission and distribution system (via lower rates and charges).

As a result of the study, the Board approved capacity fee increases across all zones of benefit as follows, which are being phased-in over a 5-year period, along with annual ENR-CCI adjustments: Zone A – increase of 35%, Zone B – Increase of 9%, Zone C – increase of 19%, Zone D – increase of 1%, and Zone E – increase of 22%. In 2025, the District implemented the year-3 increases of the 5-year phase-in board-approved capacity fee increases.

The District has about 1,180 Equivalent Dwelling Units (EDUs) remaining until it is completely built out in 2050. The District's capacity fee revenues fluctuate from year-to-year depending on developer plans for new construction in the District's service area.

The District's Water Capacity Fee Study report can be accessed at the following web address:

https://www.olivenhain.com/billing

Debt Service (0.9%): The District collects annual benefit assessments on properties within Reassessment District 96-1 to pay the annual debt service. Reassessment District 96-1 consists substantially of all land within the District.

Property Tax (4.6%): The District will receive approximately $5.3 million and $5.4 million in Fiscal Year 2027 and Fiscal Year 2028 respectively from property tax revenues. Property tax revenue is used as an offset to the District's revenue requirement to cover the cost of service. Excess proceeds from property tax revenues are used to help pay for the District's 10-year capital spending plan. Loss of property tax revenue would have a significant impact on the District's ability to sustain operations.

Investment Income and Other revenues (2.9%): The District receives investment income from operating, capital, and rate stabilization fund balances. The District's investments are subject to the Board's Investment Policy included in the Financial Policy section of this document, which is in compliance with California Code requirements for public agency investments. Investment income received in the PAYGO fund is restricted to pay for capital expenditures or debt service. Investment income is estimated each year based on market conditions.

CONCLUSION

This budget reflects the Board of Directors' priorities and strategic plans. The goal of this budget document is to provide the District with a roadmap for prioritizing major capital improvement and replacement programs and fulfill the District's mission statement. The overall purpose is to produce guidelines to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use its capital resources for completing ambitious capital projects for current and future customers as well as the District's commitment to meet its financial obligations.

ACKNOWLEDGMENTS

I would like to thank the Board of Directors for their leadership and continued interest in, and support of, the highest level of prudent fiscal management the District can offer. I would also like to extend my appreciation to all of the District's employees and to the department managers for presenting goals and objectives for this year's budget that will support the District's mission statement, and for their dedication to providing the highest level of customer service while controlling costs. Our goals and objectives cannot be met without your outstanding contributions. Most importantly, on behalf of our Board of Directors and all of the District's employees, thank you to our valued customers, whom we are honored and privileged to serve.

Respectfully submitted,

Kimberly A. Thorner

Kimberly A. Thorner, Esq.
General Manager

GFOA Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Olivenhain Municipal Water District for its Biennial budget for Fiscal Years 2025 and 2026. In order to achieve this distinction, the District's budget must be rated proficient as a policy document, financial plan, operations guide, and communications device by a panel of public finance professionals.

This award is the highest form of recognition in governmental budgeting, and its attainment represents a significant achievement by OMWD.

This is the **twenty-second** consecutive budget the District has received this award from the GFOA. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

CSMFO Operating Budget Excellence Award

The California Society of Municipal Finance Officers (CSMFO) presented their Award for Operating Budget Excellence to Olivenhain Municipal Water District for the District's Fiscal Year 2025 and 2026 biennial budget.

This is the **eighteenth** budget award the District has received from the CSMFO. This award is valid for a period of one year.

HOW TO USE THIS BUDGET DOCUMENT

In the water industry, actual revenues and expenditures are expected to vary from the approved budget. Projecting future water demands with complete precision is understandably impractical due to uncontrollable variables such as economic conditions, customers' conservation efforts, and weather conditions. As such, this budget is presented as a tool for estimating and planning District revenues and expenditures and is used primarily for comparative purposes to identify unusual or unexpected trends.

As a comprehensive management and financial plan, this document also describes the services and resources provided by the District to its customers as well as District policies and Board guidelines for achieving immediate and long-term objectives.

The budget document is divided into several sections, as follows:

- **Introduction** – This section contains a description of the District and its organizational structure, budget policies, budget basis, budget process, and financial policies as well as an explanation of all District fund balances.

- **History and Community Profile** – This section provides various national, regional, and local economic indicators, and shows population and employment trends within the San Diego area.

- **Strategic Plan** – The Strategic Plan was initially developed by the Board of Directors in 2008 and is updated as new annual objectives and performance indicators are developed. This section describes the 2027 plan for the District.

- **Long-Term Financial Plan** – This section includes the District's ten-year financial plan and forecasted fund balances after fulfilling its commitments at the end of each fiscal year. It also includes significant assumptions used in forecasting the District's operating and capital planned expenditures, as well as information about the District's reserves level and debt service obligations over ten years.

SECTION I – BIENNIAL OPERATING BUDGET

- **Summary** – Contains a consolidated budget summary for all fund balances as well as budget summaries by fund.

- **Revenues** – Contains information on the District's operating and non-operating revenues by operating segment and by fund.

- **Expenditures** – Contains information on the District's operating and non-operating expenditures (with purchased water cost shown separately) by operating segment and by department within each operation.

SECTION II – BIENNIAL CAPITAL BUDGET

- **Capital Expenditures Summary** – Contains a discussion on planned capital spending. This section contains planned capital expenditures for Fiscal Year 2027 and Fiscal Year 2028, and a summary of each capital improvement project in excess of $1 million.
- **Capital Expenditures by Fund** – Contains a list of capital projects by funding source and a brief description of each project.
- **Glossary** – Contains a list of terms used in this document and their definitions, as well as a chart with water unit equivalencies.

ABOUT THE DISTRICT

Olivenhain Municipal Water District (District) is a governmental organization governed by an elected five-member Board of Directors. The District was incorporated in 1959 under the provisions of the California Municipal Water District Act of 1911, section 71000 et seq. of the California Water Code as amended. The District provides potable water, wastewater, and recycled water services, hydroelectricity, and operation of the Elfin Forest Recreational Reserve.

Service Area

Potable Water Operations

The District is located in San Diego County, about 30 miles north of downtown San Diego on the California coast. The District's service area is approximately 48 square miles, lies within the northern region of San Diego County, and serves portions of the cities of Encinitas, Carlsbad, San Diego, Solana Beach, and San Marcos, as well as the communities of Elfin Forest, Rancho Santa Fe, Fairbanks Ranch, Santa Fe Valley, and 4S Ranch.

The District is primarily a retail agency which sells water to end users. The District is projected to deliver approximately 16,000 acre feet (AF) of potable water and 2,600 AF of recycled water during Fiscal Year 2026. Water sales were higher than average in Fiscal Year 2025 and on par with average in Fiscal Year 2026 compared to prior years. The District currently provides water services to approximately 28,760 potable water meters and 330 recycled water meters, and has a population of about 86,800.

Based upon the most recent Comprehensive Water Master Plan, it is estimated that the District is approximately 95% built out from an ultimate 33,000 equivalent dwelling units (EDUs). The District customer base is primarily residential and very diverse. The District's service area is an economically vibrant suburban service area in northern San Diego County.

The District’s David C. McCollom Water Treatment Plant has sufficient treatment capacity to meet District customers’ potable water demand each year and to sell excess treatment services to Vallecitos Water District to optimize the plant’s capacity. This includes about 2,750 AF sold to Vallecitos Water District each year.

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA), which gets its water supply from the Metropolitan Water District of Southern California, the Imperial Irrigation District, and the Claude "Bud" Lewis Carlsbad Desalination Plant.

The District owns and operates a potable water treatment facility, the David C. McCollom Water Treatment Plant (DCMWTP). The DCMWTP produces treated water to meet the District’s potable water demand. Through utilization of the DCMWTP and its transmission and distribution system of 466 miles of potable pipeline, pump stations, and storage facilities, the District provides high quality potable water to its customers.

The David C. McCollom Water Treatment Plant was built in 2002 and was the largest ultrafiltration membrane plant in the world at that time. For 24 years it has served the customers of the District with high quality drinking water that has always been ahead of drinking water standards.

For more about our Potable Water operations go to:
https://www.olivenhain.com/your-water-supplies/potable-water/

David C. McCollom Water Treatment Plant and the Olivenhain Dam

Wastewater Operations

On July 1, 1998, the District assumed ownership of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District from the County of San Diego to provide wastewater collection, treatment, and disposal services for these areas.

The District expanded the original wastewater treatment plant into the 4S Ranch Water Reclamation Facility (4S WRF) in 2003. The 4S WRF currently operates at approximately 1 million gallons per day (mgd) and has the capacity to treat up to 2 mgd.

Olivenhain Municipal Water District provides wastewater collection and treatment services to roughly 4,450 sewer connections, or about 7,340 EDUs. Build-out is estimated at 7,450 EDUs.

4S Reclamation Facility and Recycled Water Pond

The expanded and upgraded 4S WRF is capable of providing California Title 22 tertiary treated recycled water which can be used for unrestricted irrigation purposes.

In January 2026, the 4S Ranch Water Reclamation Facility (4S WRF) received the California Water Environment Association (CWEA) San Diego Section’s 2025 Collection System of the Year Award. This award recognizes agencies that demonstrate exceptional performance in sewer system management, including reliability, regulatory compliance, and environmental stewardship.

CWEA's evaluation includes criteria such as administrative and operational practices, safety and training programs, and emergency preparedness.

OMWD manages roughly 70 miles of sewer pipelines and 14 pumping stations, which together collect and transport up to two million gallons of wastewater each day to the 4S Ranch Water Reclamation Facility for treatment. Operators regularly monitor and inspect system infrastructure to identify repairs or rehabilitation needs before failures occur. Staff also conduct routine inspections to remove grease, debris, and tree roots, which are common causes of blockages and leaks.

CWEA is a nonprofit organization that provides education and certification to more than 10,000 wastewater professionals and supports policies that protect California's water quality.

For more about out Wastewater Operations go to:
https://www.olivenhain.com/your-water-supplies/wastewater/

Recycled Water Operations

Recycled water use at a golf course

Diversification of water supply sources reduces the District's operational risks and reliance on San Diego County Water Authority to meet water demands for irrigation use. The District's recycled water system is divided into two non-contiguous recycled water systems, the Northwest Quadrant and the Southeast Quadrant.

The 4S Ranch Water Reclamation Facility (4S WRF) is capable of treating wastewater effluent to California Administrative Code Title 22 levels so that treated water from this plant can be used for irrigation purposes in the southeast portion of the District's service area. The District executed recycled water purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority to meet recycled water demand in the Northwest Quadrant recycled water system. The Southeast Quadrant recycled water demands are met with recycled water produced from the District's 4S WRF, and recycled water purchase agreements with the City of San Diego and Rancho Santa Fe Community Services District.

A number of facilities, including a 1.0 million gallon recycled water reservoir, several pump stations, a 250,000 gallon recycled water blending tank, and over 67 miles of recycled water lines deliver recycled water from the system to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the Southeast Quadrant recycled water system.

The District continues to expand its recycled water system in the southeast and northwest recycled water service areas. The board approved the Recycled Water Retrofit Loan Program in 2017. This program offers financial assistance in the form of low-interest loans to qualified Home Owners' Associations' (HOA) that retrofit their potable water irrigation system to recycled water. The District currently has 330 active recycled water meters in service.

For more information about our Recycled Water Operations go to: https://www.olivenhain.com/your-water-supplies/recycled/

Elfin Forest Recreational Reserve

The 784-acre Elfin Forest Recreational Reserve (EFRR) was developed by the District in partnership with SDCWA and the U.S. Department of the Interior - Bureau of Land Management as an element of the Olivenhain Water Storage Project and SDCWA's Emergency Storage Project. The EFRR first opened in 1992.

Elfin Forest Interpretive Center Honoring Susan J. Varty

The EFRR offers approximately 11 miles of hiking, mountain biking, and equestrian trails as well as picnic areas and scenic mountain-viewing points. In addition, the natural beauty of the EFRR includes such native plant communities as oak riparian, oak woodland, coastal sage scrub, and chaparral.

Owned by SDCWA and managed by the District, the EFRR has been designed to unify the interests of domestic water supply development, natural resources management, and recreational opportunities. The EFRR's rangers conduct guided group tours and student exploration programs to help promote environmental awareness and preservation of local watersheds. SDCWA reimburses the District for a significant portion of the EFRR's operating costs, based on an EFRR cost sharing agreement between SDCWA and the District.

In 2025, EFRR was voted 'Best Place to Volunteer' in The Coast News Group's Best of North County Contest. EFRR's Trail Patrol volunteers help maintain and improve trails while engaging with visitors. Volunteers also support the Elfin Forest Interpretive Center Honoring Susan J. Varty and participate in outdoor education programs. They are encouraged to develop their own public activities, such as nature walks, guided hikes, and concerts. In addition, EFRR volunteers take part in social events, environmental presentations, and educational field trips. Currently, EFRR has a team of 68 volunteers, some of whom have been serving since the program began in 2009.

For more information about the Elfin Forest Recreation Reserve go to: https://elfinforest.olivenhain.com/

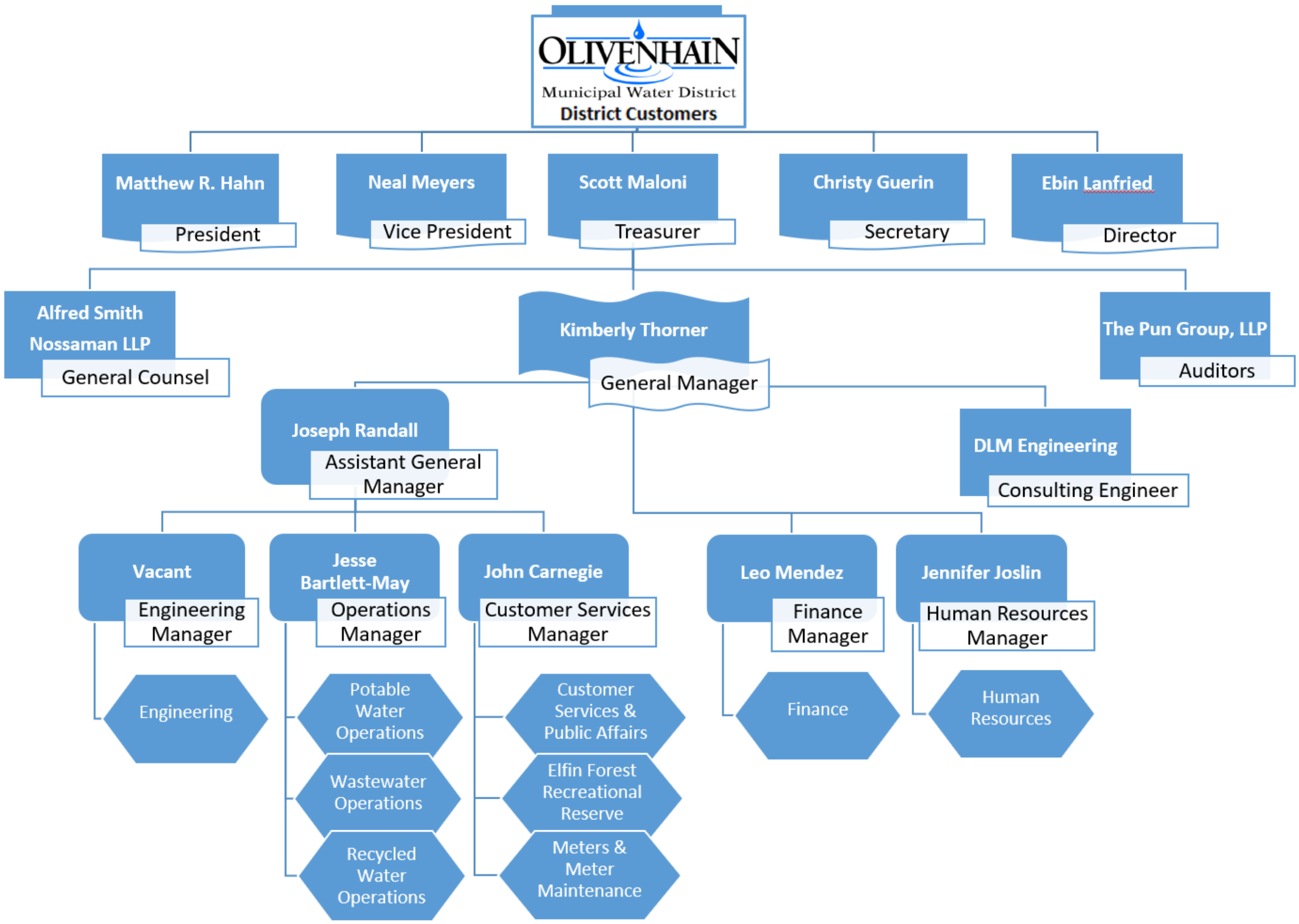
Governance

The District is governed by an elected, five-member Board of Directors. Board members are elected to four-year terms by the voting constituents of the division in which each director resides.

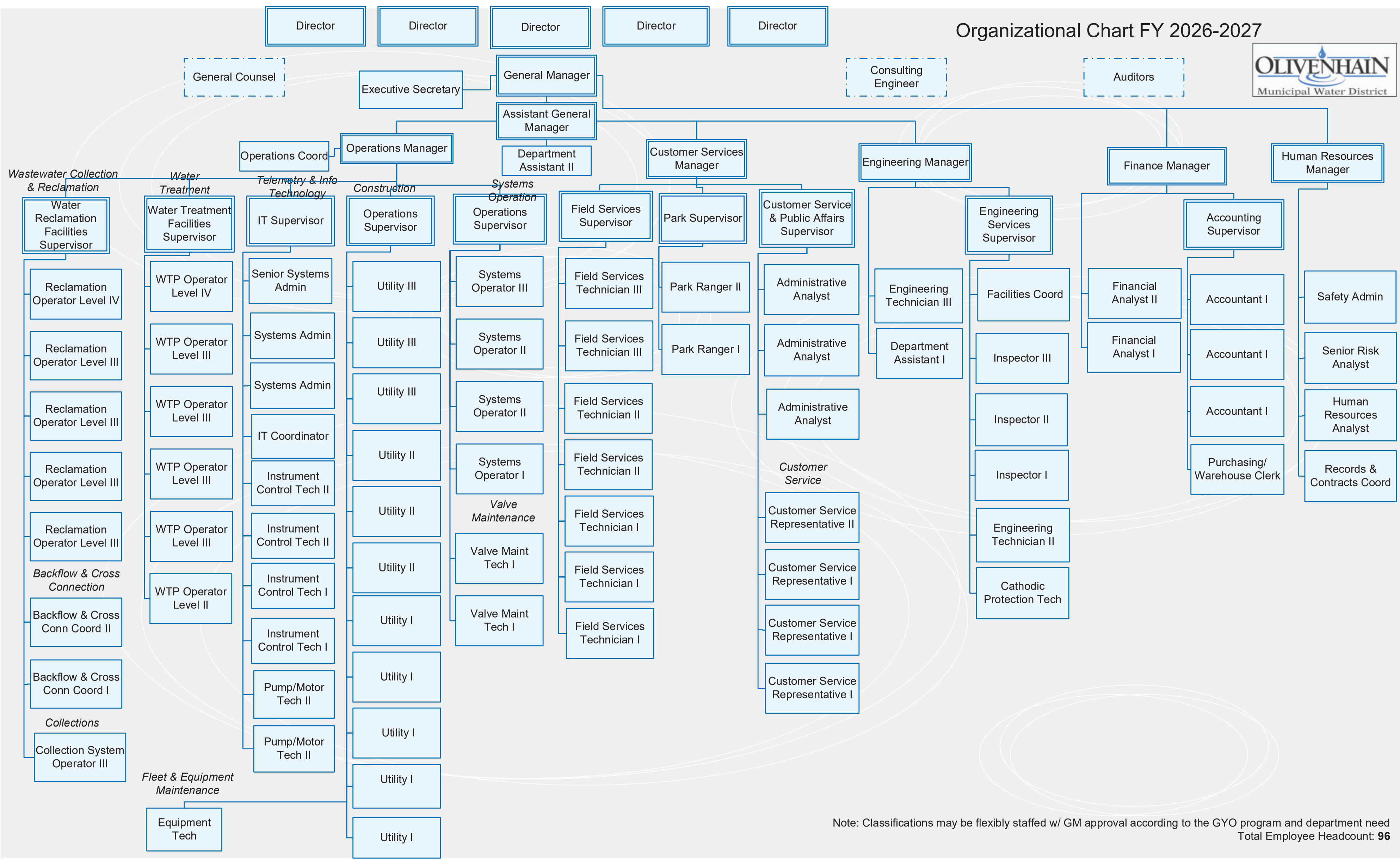
Organizational Structure

The elected Board members delegate management responsibility of the day-to-day operations of the District to an appointed General Manager who, in turn, employs all employees at the District, including an Assistant General Manager, Consulting Engineer, and five department managers. The District's General Manager, General Counsel, and external Auditor report directly to the Board of Directors. The District updates its staffing needs and personnel requirements each year as part of the District Staffing Analysis. Planned staffing levels for the next five years were also included in the District's staffing analysis report which is reviewed with the Board for consideration and approval each year.

The District has 6 departments: General Manager, Operations and Maintenance (water, wastewater, and parks), Finance, Customer Service and Public Affairs, Engineering, and Human Resources. More information on the District's organizational structure and chart can be found on the following page of this section and in the Expenditures section of this document.


OLIVENHAIN
Municipal Water District
District Customers
Matthew R. Hahn
President
Neal Meyers
Vice President
Scott Maloni
Treasurer
Christy Guerin
Secretary
Ebin Lanfried
Director
Alfred Smith
Nossaman LLP
General Counsel
Kimberly Thorner
General Manager
The Pun Group, LLP
Auditors
Joseph Randall
Assistant General Manager
DLM Engineering
Consulting Engineer
Vacant
Engineering Manager
Jesse Bartlett-May
Operations Manager
John Carnegie
Customer Services Manager
Leo Mendez
Finance Manager
Jennifer Joslin
Human Resources Manager
Engineering
Potable Water Operations
Wastewater Operations
Recycled Water Operations
Customer Services & Public Affairs
Elfin Forest Recreational Reserve
Meters & Meter Maintenance
Finance
Human Resources

Organizational Chart FY 2026-2027



Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Total Employee Headcount: **96**

BUDGET GUIDELINES

The Board approved the following guidelines with respect to developing its budget:

- The budget should support the District's mission statement, strategic goals, and major objectives.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligations, and capital needs.
- The District follows its financial policies to ensure fiscal stability in order to meet the District's mission statement, goals, and objectives set by the board. The District may use its Rate Stabilization funds to maintain the balance while leaving rates stable and covering temporary budget shortfalls.
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

BUDGET BASIS

The budget uses a cash basis of accounting for budgeting purposes. However, the financial records and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

BIENNIAL BUDGET PROCESS

In January 2026, the finance team compiled data on the prior year's operating expenses by department and created individualized budget templates to distribute to department managers to assist in their budget development for the next biennial budget period. The department managers then had until early March to compile their departmental operating budgets, submit requests for capital items purchases, and revise the 10-year capital improvement plan. There was a staff workshop during this time, and a second staff workshop in mid-March, led by the finance team to gain feedback and approval from the General Manager, and to keep the Assistant General Manager and departmental managers up to date on the overall budget and long-term plan as it developed. In April 2026, the finance team met with the OMWD Board Finance Committee to present a preliminary draft of the biennial operating and capital budget for Fiscal Years 2027 and 2028 and get input from the committee and the public. The preliminary draft budget was later presented to the board at the April board meeting where it again received feedback from board members and the public. The finance team updated the budget with feedback from the board and a revised draft was presented to, and formally adopted by, the District's Board of Directors at the June 17th, 2026, meeting. A detailed overview of the budget process is described in the Budget Calendar section on the next page.

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through staff budget workshops. The Board of Directors set the District's annual goals and objectives for the General Manager. The General Manager will then communicate Board priorities, issues and concerns to managers and supervisors. The District's annual goals and objectives are used as guidelines in developing assumptions used in the District's Budget.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls.

BUDGET CALENDAR

January 2026

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2026

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2026

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2026

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	**15**	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May 2026

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	**20**	21	22	23
24	25	26	27	28	29	30
31						

June 2026

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	**17**	18	19	20
21	22	23	24	25	26	27
28	29	30				

- Department Managers Plan Budgets
- Staff Workshops
- ACWA Spring Conference
- Facilities Committee Meeting
- Present to Finance Committee
- Objectives, Accomplishments & KPIs Due
- Present to Board of Directors
- Budget Adopted by Board of Directors
- Board meetings
- Holidays

January 20, 2026	Distributed budget folders to all department managers. Included in each folder is the prior year's budget with supporting data and actual departmental expenses from January 1, 2025 through December 31, 2025.
February 3, 2026	Staff Budget Workshop 1 — General questions about the budget process were answered. Management had the opportunity to clarify any questions and ask for more detailed information about specific departmental expenses.
February 27, 2026	Departmental Budgets, Small Cap Requests and 10 YR CIP were received from department managers.
March 10, 2026	Staff Budget Workshop 2 — Discussed the District's short and long term goals and objectives; reviewed the District's water and sewer operations; discussed budget proposals to improve operational efficiencies, strategic plans, and planned capital spending based on priorities and objectives set by the Board; reviewed key assumptions used in developing the budget including water sales and purchases; reviewed the District's financial model with staff's proposed 10 year operating and capital spending plan and financial targets. Each department manager provided explanations for proposed budget increases to the General Manager using prior year's budget and projected actuals. Finance Department presented the proposed biennial budget for fiscal years 2027 and 2028 to the General Manager for consideration and approval.
March 16, 2026	Engineering department presented the 10-year Capital Spending Plan to the Facilities Committee for consideration and approval.
April 2, 2026	Finance department presented the preliminary draft biennial operating and capital budget for fiscal years 2027 and 2028 to the Finance Committee for consideration and approval prior to the Board budget workshop.
April 15, 2026	Board Budget Workshop — Staff presented the General Manager's recommended budget previously discussed with the Board Finance Committee to the Board at the budget workshop for Board consideration and tentative approval. Important underlying assumptions used in the budget were presented and discussed with the Board. Proposed capital spending plans were also reviewed by the Board. The Board accepted budget information presented by General Manager and Staff.
May 1, 2026	Objectives, Accomplishments, and KPIs were received from department managers.
May 1-31, 2026	Finance department updated budgeted amounts for purchased water costs and pass-through revenue adjustments based on SDCWA proposed CY 2027 rates and refined the capital budget for presentation at the June board meeting.
June 17, 2026	Adoption of the biennial Operating and Capital Budget for Fiscal Years 2027 and 2028 by the Board.

BIENNIAL BUDGET MIDTERM REVIEW PROCESS

Following the District Board's approval and adoption of the Biennial Operating and Capital Budget in June, budgeted amounts are appropriated and expended in each fiscal year starting on July 1 of that fiscal year.

In March 2027, the Finance department and other department managers will begin a midterm budget review process. The goal of the midterm budget review is to update the assumptions used in the second year of the District's Biennial Operating and Capital budget adopted by the Board. At the midterm budget review, District Staff will present proposed budget adjustments to the second fiscal year of a biennial budget for consideration and approval by the District's Finance Committee and full Board of Directors. The District's midterm biennial budget adjustment occurs in June of each year.

Adjustments to budgeted capital expenditures are also discussed with the Board during the midterm budget review process. Project Managers will review the progress of the District's Capital Improvement Program. Projects may be delayed or accelerated depending on changes in circumstances and/or schedule of completion. Proposed changes and reasons for adjustments are presented for review with the Board.

Based on staff recommendations, a vote will be taken by the Board to approve or deny the proposed adjustments. Actual adjustments are documented and tracked in the District's financial management system.

Subject to approval of the Budget by the Board, the General Manager has full charge and control over the District's expenditures to ensure that operating and capital expenditures in each fiscal year are within the budgetary guidelines and to ensure that District goals and objectives are met.

In the event the General Manager determines that an emergency situation, as defined by the District's Administrative & Ethics Code Section 3.2.1., exists and requires immediate action, the General Manager shall have the power, without Board action, to enter into contracts or agreements and expend funds beyond the final approved fiscal year budget of an amount not to exceed $1 million.

FINANCIAL POLICY

Introduction

The financial policy document, comprised of individual yet cohesive policies, incorporates many of the District's financial management practices that are used by District staff as guidelines for operational and strategic decision making related to current and future financial matters.

The purpose of establishing these policies is to identify acceptable and unacceptable courses of action, thus establishing parameters in which the District can operate as well as providing a standard against which the District's fiscal performance can be reviewed. Some policies are flexible when they are utilized by District staff as performance measurement tools to monitor the District's finances; others are restrictive to emphasize accountability.

Due to the above reasons, these policies are drafted as a living document to maintain their effectiveness in order to accommodate changes. District staff and Board members review these policies on an annual basis to accommodate minor changes to the existing financial policy or major shifts in financial priorities, as approved by the District's Board of Directors at its sole discretion.

The District's financial policies encompass the following functional areas:

- Operating Budget Policy
- Revenues and Expenditures Policy
- Board Designated Fund Balances Policy: Restricted and Designated Funds
- Debt Management Policy
- Investment Policy
- Pension Funding Policy

Olivenhain Municipal Water District
Operating Budget Policy

The operating budget policy answers some basic questions such as: How is the budget developed? Who is involved in the budget process? What does the budget include?

Budget Development

The District's budget is developed in accordance with the priorities which are linked to the District's financial and strategic plans set forth in the District's mission and long-term goals and objectives. These are found in the District's comprehensive master plans, the long-term financial plan, the needs of the community, and federal and state laws. Current priorities and service levels are established and included in each department's goals and objectives.

Board guidelines with respect to the District's budget are as follows:

- The budget should support the District's mission statement, strategic goals, and critical priorities.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligations, and capital needs of the District.
- From time to time upon recommendation of staff and authorization by the Board, the District shall transfer funds from its Rate Stabilization Fund into the Operating Fund to make all payments required by the bond covenant, including the District's operating costs, and to satisfy its debt service requirement (minimum 125% of debt service on senior obligations and 100% of debt service on all obligations).
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

Budget Form

The District operating and capital budget is developed every two years. Operating and capital appropriations are approved by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year.

Budget Calendar

The District reviews and updates its resources on a fiscal year basis which begins July 1 and ends on the following June 30. The District has a two-year budget. The Biennial Budget is formally adopted by the Board in June every other year. A midterm budget review process is conducted in the middle of the District's two-year budget cycle to update budget assumptions for the second year.

Basis of Budgeting

The budget for the District utilizes a cash basis of accounting for budgeting purposes. However, the financial records and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

Budget Process

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through several meetings. During the process, the Board of Directors provides priorities and guidelines to the General Manager. The General Manager will then discuss Board priorities and other future issues and concerns with department managers during staff meetings. Once goals and objectives for the upcoming year are identified, the General Manager and staff begin developing the District's budget. Where practical, the District integrates performance measurements, service levels, and productivity indicators into its adopted budget document. The General Manager continues to emphasize the importance of meeting each department's goals and objectives in order to facilitate the achievement thereof.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls. As part of the District's cost containment efforts, staff revisits operating priorities and reviews internal procedures, including the utilization of outside services when these can offer greater competitive advantages versus internal services, and/or investing in technology to increase productivity and reduce the need for additional staff.

Olivenhain Municipal Water District
Revenues and Expenditures Policies

Revenues and expenditures are the key drivers of the District's operations. As such, this policy is used as an aid to enable the consistent provision of essential public services. The goal of this policy is to help ensure financial stability regardless of the economic situation and to confirm for the Board that revenue and expenditure practices are consistent with the District's mission and goals.

Revenues Policy

District staff is allowed to estimate the District's revenues. Revenues are estimated conservatively using an objective and analytical approach. Techniques such as historical trends, current information, and economic indicators are utilized to maintain consistency, reliability, and reasonableness. District revenues are projected ten years into the future and are reviewed annually to consider emerging issues as well as ensure that the plan reflects the current fiscal environment. The District's long-term financial plan is developed to assess financial implications of current and proposed policies and programs. It also serves as a financial tool for early detection of budgetary issues, allowing District staff to deal with these issues proactively.

The District's revenue policies cover two basic areas: (1) diversification and stabilization, and (2) rates and charges.

Diversification and Stabilization

The District's revenue policy for revenue diversification and stabilization is as follows:

- Prevention of Fluctuations – Maintain a diversified and stable revenue stream over time as a protection from short-run fluctuations and to reduce reliance on revenues that are not under the District's control (e.g., ad valorem taxes).

- The Use of One Time Revenues – Limit use of these to the purpose for which they were intended as determined by the Board of Directors (e.g., wholesaler rebates/refunds).

- Development of New Revenue Sources – Encourage development of new revenue sources, when practical, which meet the following criteria: community acceptability, competitiveness, diversity, efficiency, and fairness.

Rates and Charges

Rates and Charges are the most important component of the District's revenue portfolio. The District utilizes user charges to fund the provision of services to its customers. The District also utilizes a cost recovery concept to determine how much in costs must be recovered from various customers. The full cost of providing various services is used as the basis for setting rates and fees to the various types of customers served. Full costs incorporate direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Examples of the District's overhead costs include: payroll processing, accounting and administrative services, computer usage, office supplies, and other central administrative charges.

The District's Board of Directors established the following guidelines for the user rate and charge setting process:

- Rates and charges are established utilizing a generally accepted cost recovery methodology that is consistent and legally defensible using the following approaches: revenue requirement analysis, cost of service analysis, and rate design analysis.

- Rate designs shall be reflective of the District's Board of Directors' rate setting objectives.

- Rates shall be set at a level so that the District will increasingly collect more reliable revenues through a combination of system access charges and low to medium user commodity rates. It is the District's goal to collect no more than 30% of net water system revenues from fixed charges in order to promote conservation.

- Rates and charges will be reviewed and updated annually based on factors such as the impact of inflation, other cost increases, the adequacy of the coverage of costs, and current competitive rates.

- The District may make adjustments to rates and charges as the Board deems necessary, but shall adjust rates and charges so that net system revenues from such adjusted rates and charges will be sufficient at all times to meet the requirements of the debt rate covenants.

Expenditures Policy

The District's expenditures reflect the Board and staff's commitment to serve present and future customers with reliable public services and their firm belief that prudent expenditure planning and accountability will ensure fiscal stability.

Expenditures are projected conservatively using an objective and analytical approach along with certain techniques such as historical trends, current information, and economic indicators in order to maintain consistency, reliability, and reasonableness. The District's capital and operating expenditures are projected ten years into the future; this projection is referred to as the Long-Term Financial Plan (LTFP). The LTFP is developed based on the District's Water and Wastewater Capital Improvement Programs. The LTFP is revised biennially during the budget process to reflect changes in construction costs, economic conditions, project estimates, and key financial assumptions. The District uses the LTFP as a tool for early detection of project financing issues, enabling staff to deal with these issues proactively.

The basic components of the District's expenditure policies are broken down into two functional areas: Maintenance of Capital Assets and Review of Services.

Maintenance of Capital Assets

Maintaining a reliable transmission and distribution system as well as a sustained capital program is simply not possible without reliable funding sources. For this reason, prudent financial planning is imperative to an effective capital improvement program. The District uses the "pay as you go" (PAYGO) method to fund the District's capital improvement program and maintenance of its capital assets. A fixed annual amount, called the annual capital funding requirement, is projected by staff and is included in the District's annual revenue requirement to be collected from rates and charges. The annual contributions are then accumulated and kept in the District's capital fund to be spent and withdrawn for District betterment and replacement projects over the 10-year period.

The following elements of the Expenditures Policy reflect the District's philosophy to perform ongoing maintenance of capital investments once they are purchased and capitalized:

- Financial consistency with the Board-approved 10-year Capital Spending Plan.
- Maintain consistency of allocation of resources for programs to carry out the District's mission and goals on behalf of its customers.
- Within available resources each fiscal year, the District shall maintain capital assets and infrastructure at a satisfactory level to protect the District's investments, to minimize future replacement and maintenance costs, and to continue service levels.

Review of Services

The Expenditure Policy is used by staff to prompt a review of services in order to confirm that the services are being provided as effectively and efficiently as possible. The District's Review of Services policies include the following elements:

- Encourage greater efficiency and effectiveness of the delivery of services by sharing resources and coordinating with other public and private organizations.
- Utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs, when feasible.
- Control personnel costs as a proportion of total budget to use available resources more creatively and productively.

Olivenhain Municipal Water District
Board Designated Fund Balances Policy

This Policy represents public affirmation of the Board's commitment to financial prudence and careful stewardship of community assets. This Policy shall cover the District's Operating Fund, Capital and Equipment Fund, and Rate Stabilization Fund for water (potable and recycled) and wastewater operations. These Funds are designated by the District's Board to carry out specific purposes, ensuring prudent management of the District's financial resources, and are used by District staff as parameters within which the Board expects staff to operate.

This Policy has three primary goals:

- To provide adequate funding to meet the District's short-term and long-term plans and commitments to its customers.
- To minimize adverse multi-year budgetary impacts from anticipated and unanticipated expenditures, thus avoiding future rate fluctuations.
- To preserve the financial stability of the District against present and future uncertainties in an ever-changing environment.

Operating Fund, Capital and Equipment Fund, Rate Stabilization Fund, and Pension Stabilization Fund balances will be reviewed annually when the District's financial audit is completed. At that time, staff will present to the Board a recommendation on the handling of these Funds.

Water - Operating Fund

Purpose:	To ensure cash resources are available to pay for day-to-day water operations, including payments for purchased water and debt service payments and to provide funding in case of operating emergencies and unforeseen circumstances.
Target Balance:	A minimum balance equal to 60 days of approved annual water operating and maintenance expenditures in the budget shall be maintained in this fund. The maximum amount in this fund shall not exceed 120 days of approved annual water operating and maintenance expenditures in the budget. Operating Fund balance in excess of the 120-day maximum balance will be transferred into other Fund(s), with Board approval, as long as fund balances are below their maximum amount stated in this Policy. Any excess over the maximum amount shall be reported to the Board at the first monthly regular Board meeting after the excess occurs with a staff recommendation as to the handling of the excess funds. A cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Due to the timing difference between the dates when cash is collected and spent, the District is required to maintain sufficient cash on hand to meet its day-to-day cash disbursements, such as payroll, water purchases, debt service payments, and to provide funding for emergency operating expenditures due to unforeseen situations, such as natural disasters or any other unanticipated expenses that will result in an unexpected increase in the District's expenditures.
Use of Funds:	To pay for day-to-day water operating and maintenance expenditures and any unexpected expenses or emergencies due to the timing difference between cash being collected and spent.
Contributions:	Additions to this fund come from any excess in water operations (revenues over expenses.) When water revenue is not sufficient to meet the District's debt service coverage requirements, funds will be transferred from the Rate Stabilization Fund into the Operating Fund. The adequacy of this fund will be reviewed annually after the financial audit is completed.

Water - Capital and Equipment Fund

Purpose:	To provide funding for the District's water capital infrastructure improvements and replacements approved by the Board and included in the 10 Year Capital Spending Plan. The District also has a Debt Management Policy that provides guidelines on how Capital Improvement Programs should be funded.
Target Balance:	A minimum balance equals to one (1) year of the average approved capital expenditures over the next ten years in the District's 10 Year Capital Spending Plan shall be maintained in this fund. A maximum balance equals to five (5) years of the average approved capital expenditures over the next ten years in the District's 10 Year Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows a 10 Year Capital Spending Plan which outlines water infrastructure improvements and replacements planned for the next ten years.
Use of Funds:	To construct, improve, and replace water capital infrastructures and to purchase capital items approved by the Board and included in the District's Budget.
Contribution:	Water Rates and Capacity Fees. The District will make annual contributions from water rates and capacity fees to this fund to provide funding for District water capital infrastructure improvements and replacements included in the 10 Year Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds.

Water - Rate Stabilization Fund

Purpose:	To protect the District's financial stability and to secure the District's ability to pay for its financial obligations, including debt service installment payments when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate spikes.
Target Balance:	A minimum of 25% of the average estimated Net Water Sales over two (2) fiscal years approved in the District's budget shall be maintained in the Rate Stabilization Fund. The maximum amount in the Rate Stabilization Fund shall not exceed 50% of the average estimated Net Water Sales over two fiscal years approved in the District's budget. Net Water Sales are defined as total revenues from water operations less water purchase expenses. Any excess over the maximum amount in this fund shall be reported at the next regular Board Meeting with staff's recommendation on the handling of these excess funds.
Methodology:	The District relies on water commodity and fixed charge revenues to pay for costs to deliver water and provide service to its customers. This fund allows for financial flexibility to manage water sales fluctuations due to uncontrollable conditions such as prolonged wet or dry weather, enabling the District to stabilize rates from year to year.
Use of Funds:	To mitigate the immediate need to raise water rates in the event of cash flow reductions from operations so that the District has the ability to meet its debt service payments.
Contributions:	Any excess from the Water Operating Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Adequacy of this fund will be reviewed by District staff during the budget process. By maintaining an adequate balance in this fund, the District can experience years when revenues fluctuate (e.g., due to drought or wet weather) without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to unexpected rate increases. The Board must determine the level of risk it is willing to assume for the Rate Stabilization Fund as part of the budget process.

Water - Pension Stabilization Fund

Purpose: To secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal with no rate spikes. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.

Target Balance: A minimum of one (1) year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRA plans shall be maintained in this fund. A maximum of two (2) years average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years included in the most current CalPERS annual actuarial report for Classic and PEPRA Miscellaneous Plans.

Methodology: The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to plan members. The District relies on water revenues which are subject to external and uncontrollable factors such as weather conditions, federal and state mandates, and economic uncertainty to sustain operations. This fund allows the District to continue funding its pension liability during temporary budget shortfalls, such as prolonged wet or dry weather, thus avoiding rate spikes.

Use of Funds: To mitigate the immediate need to use other available reserves to fund the District's pension obligations and to comply with the District's Pension Funding Policy. In the event that a District's pension plan achieves a "superfunded" status (funding level exceeds 100%), District staff will report to the Board and provide a recommendation to the Board on the handling of these excess funds after the most recent CalPERS actuarial report is released and the District's financial audit is completed.

Contributions: Any excess from the Water Operating Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Maintaining an adequate balance in this fund reflects the Board's commitment to achieve a fully funded pension plan in a timely manner when revenues fluctuate from year to year. Adequacy of this fund will be reviewed by District staff annually, after the most current CalPERS actuarial report is released and the District's financial audit is completed.

Wastewater - Operating (Revenue) Fund

Purpose:	The District receives the majority of its wastewater service revenues in December and April at the same time when customers pay their property tax bills. Because of the timing difference between revenues and expenditures, the District must have cash resources available to pay for day-to-day wastewater operations and maintenance, debt service, and operating emergencies.
Target Balance:	A minimum of 180 days of annual wastewater operations and maintenance expenditures approved by the Board in the District's budget shall be maintained in this fund. The maximum in this fund shall not exceed 365 days of annual wastewater operations and maintenance expenditures approved by the Board in the District's budget. After the annual financial audit is completed, any excess over the maximum amount, with Board approval, will be transferred to the Wastewater Capital and Equipment Fund and/or Rate Stabilization Fund as long as the fund balance is below their maximum amount. Any excess over the maximum amount shall be reported to the Board at the first regular Board Meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Wastewater service charges are collected through the County Tax Collector's office at the same time that property tax bills are paid by wastewater customers (the majority of which are collected on December 15 and April 15). Due to the timing of these receipts, the District needs to have sufficient cash on hand to pay for day-to-day Wastewater operating and maintenance expenses.
Use of Funds:	These funds will be used to pay for wastewater operating and maintenance expenditures approved by the Board, wastewater debt service payments, and for any operating emergencies or unanticipated expenditures.
Contributions:	Additions to this fund are a result of net income from Wastewater operations (revenue over expenses) after annual cash transfers to the Wastewater Capital and Equipment Fund and Wastewater Rate Stabilization Fund.

Wastewater - Capital and Equipment Fund

Purpose:	To provide funding for the District's Wastewater Capital Improvement Program as identified in the District's 10 Year Capital Spending Plan. The District follows its Debt Management Policy to fund its Wastewater Capital Improvement Program.
Target Balance:	A minimum balance of two years' average of planned capital expenditures of the approved 10-year Wastewater Capital Spending Plan spending shall be maintained in this fund. The maximum in this fund shall not exceed five years' average of planned capital expenditures of the approved 10-Year Wastewater Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at its next regular Board meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows a 10 Year Wastewater Capital Spending Plan which has a list of wastewater infrastructure improvements and replacements for the next ten years
Use of Funds:	The funds will be used to improve, acquire, and replace Wastewater infrastructures in the 10 Year Wastewater Capital Spending Plan.
Contribution:	Wastewater service charges, wastewater capacity fees, and wastewater annexation fees. Net operating income from wastewater operations collected from user charges will be transferred to Wastewater Capital and Equipment Fund annually to provide funds for Wastewater Capital Improvement Program.

Wastewater - Rate Stabilization Fund

Purpose:	To protect the District's financial resources against economic shortfalls or an unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged wastewater facilities following natural disasters or other unforeseen emergencies. These conditions can lead the District to operating deficits.
Target Balance:	A minimum of 25 percent of annual Wastewater operating and maintenance expenditures approved by the Board shall be maintained in this fund. A maximum equal to 100 percent of annual Wastewater operating and maintenance expenditures approved by the Board. Any excess over the maximum amount in this fund shall be reported at the next regular Board meeting with staff's recommendation on the handling of these excess funds.
Methodology:	This fund will be available to minimize the need for wastewater rate increases as well as for spending changes during the fiscal year. It can also be used to stabilize wastewater rates and charges from year to year.
Use of Funds:	These funds will be used to mitigate the immediate need to raise wastewater rates and charges in the event of cash flow reductions from wastewater service revenues so that the District has the ability to meet its wastewater debt service coverage ratio.
Contributions:	Contributions to this fund can only be made with Board approval and are reviewed by District staff during the budget process. By maintaining an adequate balance in this fund, the District can avoid operating deficits due to major unexpected expenditures without the need to raise wastewater rates and charges and to secure the District's ability to pay its wastewater debt service obligations. When revenues are not sufficient to meet the District's annual debt service payment, funds will be transferred from the Wastewater- Rate Stabilization Fund into this fund.

Wastewater - Pension Stabilization Fund

Purpose: To secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.

Target Balance: A minimum of one (1) year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRA plans shall be maintained in this fund. A maximum of two (2) years average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years included in the most current CalPERS annual actuarial report for Classic and PEPRA Miscellaneous Plans.

Methodology: The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to plan members. The District relies on water revenues which are subject to external and uncontrollable factors such as weather conditions, federal and state mandates, and economic uncertainty to sustain operations. This fund allows the District to continue funding its pension liability during revenue shortfalls.

Use of Funds: To mitigate the immediate need to use other available reserves to fund the District's pension obligations and to comply with the District's Pension Funding Policy. In the event that a District's pension plan achieves a "superfunded" status (funding level exceeds 100%), District staff will report to the Board and provide a recommendation to the Board on the handling of these excess funds after the most recent CalPERS actuarial report is released and the District's financial audit is completed.

Contributions: Any excess from the Wastewater Operating (Revenue) Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Maintaining adequate balance in this fund reflects the Board's commitment to achieve a fully funded pension plan in a timely manner when revenues fluctuate from year to year. Adequacy of this fund will be reviewed by District staff annually, after the most current CalPERS actuarial report is released and the District's financial audit is completed.

Olivenhain Municipal Water District
Debt Management Policy

Introduction

The District's overriding goal in issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds, and makes debt service payments, acting with prudence and diligence while giving attention to prevailing economic conditions. This policy documents the District's goals for the use of debt instruments and provides guidelines for the use of debt for financing the District's infrastructure and project needs.

The District believes that debt is an equitable means of financing projects and represents an important means of providing for the infrastructure and project needs of its customers. Debt will be used to finance projects (i) if it meets the District's goal of equitable treatment of all customers, both current and future, (ii) if it is the most cost-effective means available to the District, and (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than the expected Cash Reserve Fund earnings. The District will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt.

The District's debt management policy is designed to:

- Establish parameters for issuing debt;
- Provide guidance to decisions makers:
    - with respect to all options available to finance infrastructure and other capital projects;
    - so that the most prudent, equitable, and cost-effective method of financing can be chosen;
- Document the objectives to be achieved by staff, both prior to issuance and subsequent to issuance;
- Promote objectivity in the decision-making process; and
- Facilitate the financing process by establishing important policy decisions in advance.

The District will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt;
- The federal and state laws which govern the eligibility of the debt for tax-exempt status;
- The federal and state laws which govern the issuance of taxable debt;
- The federal and state laws which govern disclosure, sale, and trading of debt.

I. General Management Policies

The District will provide for a periodic review of its financial performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting processes.

In recognition of periodic changes in the cost of providing service to system users, service costs and fees will be reviewed annually and adjusted commensurately.

The District will present any proposed adjustments to existing rates, fees, and charges at public meetings and will consider recommendations and input from the public as it relates to such proposed changes.

All District funds will be invested according to the Annual Statement of Investment Policy of the District.

Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget.

The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers, and investors, to ensure future capital market access at the lowest possible rates.

II. Financial Management Policies

The District utilizes a Comprehensive Master Plan to determine its long-term infrastructure and other project needs for the next twenty years. The District's Master Plan is updated at least every five years, or more frequently when necessary. The District evaluates each project in relation to established levels of reserves, the current rate structure, expected asset life and replacement timelines, and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.

The District's Debt Management Policies, Goals and Policies for Community Facilities Districts, Board Designated Fund Balance Policies, Revenue and Expenditure Policies, and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, these policies outline the District's approach to debt management.

The District will evaluate financing for each capital project on a case-by-case basis.

The District will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt.

The District will seek to issue debt only when there is an identified source of repayment. Debt will be issued to the extent that (i) projected fixed revenues are sufficient to pay for the proposed debt service, together with all existing debt service covered by such fixed revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

Debt issuance for a capital project will not be considered unless such issuance has been incorporated into the District Comprehensive Master Plan.

User fees and water rates will be set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operating and maintenance costs, maintain sufficient operating reserves, and pay debt service costs, if necessary.

Property assessment and connection fees will be maintained at a level sufficient to finance a portion of growth-related capital costs and cover related annual debt service requirements.

Property assessments will also be utilized to finance a portion of replacement costs and related annual debt service payments.

III. Debt And Capital Management Policies

The following policies formally establish parameters for evaluating, issuing, and managing the District's debt. The policies outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process; rather, these serve as a set of guidelines to promote sound financial management.

In issuing debt, the District's objective will be to:

- Achieve the lowest cost of capital.
- Ensure ratepayer equity.
- Maintain high credit ratings and access to credit enhancement.
- Preserve financial flexibility.

Standards for Use of Debt Financing

When appropriate, the District will use long-term debt financing to: achieve an equitable allocation of capital costs/charges between current and future system users; to provide more manageable rates in the near and medium term; and to minimize rate volatility.

For growth-related projects, debt financing will be utilized, as needed, to better match the cost of anticipated facility needs with the timing of expected new connections to the system and spread the costs evenly over time.

The District shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Lease Agreements, Installment Sale Agreements, and Certificates of Participation shall be considered forms of long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be treated as long-term fixed rate debt until maturity.

Financing Criteria

Each debt issuance should be evaluated on an individual basis within the framework of the District's long-term financial plan as well as within the context of the District's overall financing objectives and current market conditions.

The District will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety – The District may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The District may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any District debt when it is approved by the Board of Directors.

Call Provisions – In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants – These are established to efficiently balance a strong credit rating and the cost of such covenants to ratepayers. The amount and timing of debt will be planned to comply with the additional bond tests and rate covenants outlined in the appropriate legal and financing documents as well as these policies.

Short-Term Debt – The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

Use of Variable Rate Debt – The District will not issue variable interest rate debt unless: (i) the proposed debt (a) can be converted to a fixed rate, or (b) is hedged (the District has an offsetting position or investment to insulate itself from adverse interest rate changes, either for an interim period or to maturity) by use of a put-type mode, swap agreement, or hedging mechanism (e.g., interest rate cap); or (ii) all outstanding (unhedged) variable rate debt, including the proposed new variable debt, does not exceed 100% of the District's "hedge position" in aggregate. For this purpose, the District's hedge position will be calculated as the District's unrestricted cash reserves multiplied by 130%.

Use of Swaps & Derivatives – The use of any swap agreement in conjunction with the issuance or management of debt instruments will be governed by the District's Investment Policy.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the District's Investment Policy. The District will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision, specifically addressing the arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

Refinancing Outstanding Debt

The District shall have the responsibility to evaluate potential refinancing opportunities presented by underwriting and/or financial advisory firms. The District will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The District shall establish a target savings level equal to 3% of par refunded on a net present value (NPV) basis. This figure should serve only as a guideline. The District must evaluate each refinancing opportunity on a case-by-case basis and must take into consideration the following:

- Time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- Value of the call option

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the District's Ad Hoc Board Finance Committee, any District auditing committee, and the District's Board of Directors.

Restructuring – The District may seek to refinance a bond issue on a non-economic basis, e.g., in order to restructure debt, mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, comply with and/or eliminate rate/bond covenants, or terminate a swap.

Term/Final Maturity – The District may consider extending the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The District may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.

Escrow Structuring – The District shall utilize the least costly securities available in structuring each escrow. A certificate will be required from a third party agent who is not acting as a broker-dealer, stating that the securities were purchased through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Series Securities (SLGS), and that the price paid was reasonable and within Federal guidelines.

When evaluating the economic viability of an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating and credit impacts. The District shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

Method of Issuance

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the District's bonds shall be awarded to the bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to requirements set forth in the official notice of sale.

Negotiated Sale – The District recognizes that some securities are best sold through negotiation. In consideration of a negotiated sale, the District shall assess the following circumstances:

- Issuance of variable rate or taxable bonds;
- Complex structures or credit considerations (such as non-rated bonds) which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders' unique and/or proprietary financing mechanism (such as a financing pool) or specialized knowledge of financing mechanisms or processes;
- Market volatility, such that the District would be better served by flexibility in the timing of its sale in a changing interest rate environment;
- An underwriter's identification of new financing opportunities or presentation of alternative structures that financially benefit the District; and/or
- An underwriter's familiarity with the project/financing which enables the District to take advantage of efficiency and timing considerations.

Private Placement – From time to time the District may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide further advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that financing be completed.

Market Communication, Debt Administration and Reporting Requirements

Rating Agencies – The Finance Manager shall be responsible for maintaining the District's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investment Service. The District may, from time to time, choose to deal with one, two, or all of these agencies as circumstances dictate.

In addition to general communication, the Finance Manager shall: (1) meet or confer with credit analysts at least once each fiscal year, and (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.

Board Communication – The Finance Manager shall include in an annual report to the Board of Directors feedback from rating agencies and/or investors regarding the District's financial strengths and weaknesses and recommendations for addressing any weaknesses.

Continuing Disclosure – The District shall remain in compliance with Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within 270 days of the close of the fiscal year. The inability to make timely filings must be disclosed and would be a negative reflection on the District. While also relying on a timely audit and preparation of the District's annual report, the Finance Manager will ensure the District's timely filing with each Nationally Recognized Municipal Securities Information Repository.

Record-Keeping – A copy of all debt-related records shall be retained at the District's offices. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each District financing (to the extent available). To the extent possible, the District shall retain an electronic copy of each document, preferably in pdf or CD-ROM format.

Administration of Bond Proceeds – The Finance Manager shall review the balances of bond proceeds held either directly at the Agency or by the Bond Trustee at least twice annually. Any expenditure of bond proceeds shall be reviewed for conformance with intended uses. Timely expenditure of bond proceeds shall be monitored and ensured to the extent feasible. Any material delays, cost savings, or other issues which result in the bond proceeds being expended more than 5 years after the original issuance date shall be documented.

Arbitrage Rebate – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation. If a rebate payment is due, such payment shall be made in a timely manner.

Olivenhain Municipal Water District
Annual Investment Policy
Calendar Year 2026

I. INTRODUCTION

The purpose of this document is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of this policy is to enhance the economic status of the District while protecting its funds. These policies shall be followed by the Treasurer in making all investment decisions on behalf of the District.

The Board of Directors of the District has delegated authority to invest funds on behalf of the District to its Treasurer for one (1) year. The Treasurer is required to provide a monthly report of all District investments to the Board. The Treasurer's authority to make investments for the District under this policy is limited to a one (1) year term expiring on December 31, 2026. This authority may be renewed annually at the discretion of the Board of Directors of the District.

This investment policy is intended to guide the Treasurer in the investment of all District funds. These investment policies have four primary goals:

1. To ensure that all District investments comply with federal, state, and local laws governing the investment of all District funds;

2. To recognize that the primary objective of all District investments is to safeguard the principal invested;

3. To recognize that the second objective of all District investments is to meet the liquidity needs of the District; and

4. To maximize the return on all District investments keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained.

II. SCOPE

This investment policy shall cover all funds and investment activities under the direct authority of the District, except for the employee's retirement and deferred compensation funds, checking and payroll accounts, and debt service construction and reserve funds held by trustee in accordance with the District's bond documents.

III. OBJECTIVES

Safety - It is the primary duty and responsibility of the Treasurer to protect and preserve the principal of all District funds and investments. Prior to investing any District funds, the investment shall be evaluated by the Treasurer to ensure that capital losses are avoided whether from institution default, broker-dealer default, or erosion of the market value of the securities. The Treasurer shall evaluate, or cause a qualified professional to evaluate, each potential investment of District funds to verify that the issuer is financially strong and there is adequate security as collateral for each investment sufficient to protect the principal being invested. The Treasurer shall diversify District investments so as to reduce the exposure to principal loss.

Liquidity. An adequate percentage of all District investments shall be maintained at all times in liquid short-term securities which can be converted to cash if necessary to meet the District's financial obligations. The Treasurer should consider the District's liquidity needs over the next year in determining the amount that should be maintained in short term instruments. Since all future cash requirements of the District cannot be anticipated, the Treasurer shall, at all times, invest a portion of all District investments in liquid short-term securities that are readily tradable so as to meet the ongoing liquidity needs of the District. These short-term securities shall be selected in a manner that minimizes market risk and provides for the anticipated needs of the District over the next year.

Return on Investments. The Treasurer should invest all District funds in investments that maximize the return for the District keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained. All investment decisions made by the Treasurer shall be, first, to ensure protection of the principal of all District funds and investments, second, to provide adequate liquidity for the District's future needs, and third, to maximize return where possible without jeopardizing the principal or creating liquidity problems for the District.

Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk and liquidity constraints, the cash flow characteristics of the portfolio, State laws limiting District investments, and ordinances or resolutions that restrict investments. To determine if the District is attaining its return objectives, the Treasurer will periodically review the portfolio's performance against an appropriate benchmark(s).

Diversification. The investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The amount invested by the Treasurer in a particular security at any time shall not exceed the limitations contained in Section VII of this Investment Policy.

Prudence. The District adheres to the guidance provided by the "Prudent Investor Rule" California Government Code (Sec. 53600.3), which obligates a fiduciary to insure that investment decisions be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

The Treasurer and all other individuals assigned to manage the District's investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported monthly and appropriate action is taken to control adverse developments.

Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to review and evaluation by the Board. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and these losses must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been obtained.

Risk Tolerance. The District recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in diversifying the District's investments as a way to minimize default risk. No individual investment transaction shall be undertaken by the Treasurer which jeopardizes the total capital position of the overall portfolio or which exceeds the investment limitations contained in Section VII of this policy. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by investing to ensure required liquidity and appropriate term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied by any other means. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is equal to an appropriate benchmark(s) based on the weighted average of the District's portfolio depending on investments and maturities. In addition to these general policy considerations, the following specific policies will be strictly observed:

- All book-entry transactions will be executed on a delivery-versus-payment basis.
- A competitive bid process, when practical, will be used to place all investment purchases and to minimize investment costs.

IV. DELEGATION OF AUTHORITY

The investment of District money is delegated to the Treasurer by the Board of Directors for one year ending December 31, 2026. The Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program.

V. REPORTING

Although it is no longer required for the Treasurer of a local agency to annually render a statement of investment policy to the legislative body and submit a quarterly investment report to the legislative body (Government Code Section 53646 (b)), the District Treasurer and General Manager shall submit a monthly investment report to the Board of Directors. This report shall include: type of investment, issuer, date of maturity, the par and dollar amount invested on all securities, the total amount of all investments and monies held by the District, a description of any District funds being held or managed by other persons or entities, the coupon and current yield of all securities, a statement that there are or are not sufficient funds to meet the District's obligations for the next six (6) months, and accrued interest receivable. The monthly statement shall also indicate the District's anticipated liquidity needs for the next six (6) months, the ability of the District's investments to meet these anticipated liquidity needs, and a monthly list of transactions, which is required under Government Code 53607 whenever investment authority is delegated by the Board. Additional items listed will also include average weighted average days to maturity, maturity date, purchase date, percentage distribution to each type of investment, and a statement indicating compliance or noncompliance of all District investments with this Statement of Investment Policy. An investment's term or remaining maturity shall be measured from the settlement date to final maturity rather than the commonly interpreted trade date. Furthermore, the forward settlement date of an investment cannot exceed 45 days from the time of investment. All investments not complying with this investment policy shall be called to the attention of the Board during the first monthly meeting after an investment does not comply with this policy.

VI. AUTHORIZED INVESTMENT INSTRUMENTS

The District is governed by the California Government Code, Sections 53600 et seq and 16429.1. For all investment types, the purchase of zero coupon, inverse floaters, range notes, strips, mortgage derived interest-only strips, deep discount treasury bonds, or any security that could result in zero interest accrual if held to maturity is not permitted (Government Code Section 56301.6). Within the context of these limitations, the following investments are authorized:

Local Agency Investment Fund: The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (Government Code Section 16429.1). The fund must have twenty-four hour liquidity. No more than 50% of the total value of all District investments or $40,000,000 (whichever is lesser) may be invested in Local Agency Investment Fund.

The District may also invest bond proceeds in the Local Agency Investment Fund. Liquidity for bond proceeds, per fund regulations, is thirty calendar day increments from the date of the initial deposit.

Treasury Securities: United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (Government Code Section 53601(b)). These investments are considered the safest possible investment available. There is no maximum portfolio limit. Maximum investment maturities in Treasury Securities shall be restricted to five years.

Depository Accounts and Certificates of Deposit: The District may invest in insured or collateralized certificates of deposits, saving accounts, market rate accounts, or other bank deposits insured by commercial banks, savings and loans, state or federal credit union in California (Government Code Section 53630 et seq). A written depository contract is required with all institutions that hold District deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All financial institutions are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule

(Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. Certificates of deposit, shall not exceed 5% per issuer of the value of all District investments at any time.

Deposits, up to the federal deposit limit, are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), regardless of Moody's Investors Service or Standard & Poor's Corporation ratings. The Treasurer, for deposits of up to federal insurance limit may waive collateral requirements. A maximum deposit of up to federal insurance limit may be deposited in any one institution without collateral. No bank shall receive District funds of greater than federal insurance limit if it has a Moody's Investor Service or Standard & Poor's Corporation rating less than "A". Maximum investment maturity will be restricted to three (3) years.

In accordance with section 53638 of the California Government Code, any deposit shall not exceed the shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board of Directors or the General Manager or Treasurer serves on the Board of Directors or any committee appointed by the Board of Directors of the credit union.

Placement Service Deposit: The District may invest in insured deposit placed with a private sector entity that assists in the placement deposits with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposit, shall not exceed 5% per issuer of the value of the District's investments at any time. The maximum investment maturity will be restricted to three years.

Negotiable Certificates of Deposit: Negotiable certificates of Deposits issued by a national or a State-chartered or a State or Federal association or by a federally licensed or State-licensed branch of a foreign bank (Government Code Section 53601(i)). Maximum investment maturity is restricted to two years for notes rated "AA-"or higher and five years for "AAA" rated notes. Negotiable Certificates of Deposit, shall not exceed 5% per issuer of the value of all District investments at any time.

Commercial Paper: Investment is limited to the highest grade of stand alone or enhanced ("prime") commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services (A1/P1/F1) issued only by a general corporation that is organized and operating within the United States, and having total assets in excess of $500 million and has debt other than commercial paper that is rated "A" or higher by Moody's, S&P, or Fitch (Government Code Section 53601(h)). The maximum investment maturity for commercial paper shall be restricted to 270 days. Purchases of commercial paper shall not exceed 20% the total value of all District investments at any time and shall not exceed 5% per issuer of all District investments at any time.

Medium Term Notes: Medium term notes are corporate or bank notes with a maximum remaining maturity of 5 years or less. Investment is limited to "AA- " rated or higher notes, from a nationally recognized rating service like Moody's Investor Service or Standard and Poor's Corporation. All such notes shall be solely from corporations organized and operating in the U.S. or banks licensed in the U.S. or any state and operating in the United States. Permissible types of notes include fixed rate and variable rate. Maximum investment maturity is restricted to two years for notes rated "AA-",or higher and five years for "AAA" rated notes. Medium term notes shall not exceed 5% per issuer of all District investments at any time.

Agencies: The District is permitted to invest in federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies or United States government sponsored enterprises (Government Code 53601(f)). Maximum maturity is limited to 5 years. The amount invested in agencies shall not exceed 50% of all District investments at any time.

Money Market Funds: Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following) (Government Code 53601(l)(2)). Investments are limited to those money market funds that invest in U.S. Treasuries, Federal Agency obligations, and repurchase agreements relating to such obligations. Funds must have the highest ranking or the highest letter and numerical rating by not less than two nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of $500,000,000. No more than 5% of the value of all District investments shall be invested in any fund and no more than 20% of the value of all District investments may be invested in all money market funds combined. Any fund shares purchased will not include any type of commission.

Banker's Acceptances: Bankers' acceptances are bills of exchange or time drafts drawn on and accepted by a commercial bank (Government Code 53601(g)). Purchases of banker's acceptances may not exceed 180 days maturity as per Government Code Section 53601 (g). Maximum portfolio exposure will be limited to 20% of the total value of all District investments at any time and single issuer holdings to no more than 3% per issuer. Banker's acceptances shall not be purchased by the Treasurer without the prior approval of the Board.

Repurchase Agreements and Reverse Repurchase Agreements: A Repurchase Agreement is a purchase of securities by the District under an agreement with another party who will repurchase these securities on or before a specified date and for a specified amount and the other party delivers the underlying securities to the District by book entry, physical delivery, or by third-party custodial account. A Reverse Repurchase Agreement means a sale of securities by the District under an agreement where the District will repurchase the securities on or before a specified date. While Repurchase Agreements and Reverse Repurchase Agreements are permitted by state law (Government Code 53601(j)), the Treasurer shall not purchase any securities under a Repurchase Agreement or a Reverse Repurchase Agreement unless it has first been approved by the Board of Directors of the District. State law prohibits Repurchase Agreements unless the underlying value of the securities covering the Repurchase Agreement are valued at least 102% or greater of the funds borrowed against those securities and this value must be adjusted no less than quarterly. Collateral for repurchase agreements is limited to obligations of the United States government and its agencies. Reverse Repurchase Agreements are only permitted by state law where the security being sold by the District has been owned and fully paid for by the District for a minimum of thirty (30) days prior to sale, The agreement may not exceed a term of 90 days unless the agreement includes a provision guaranteeing a minimum earning or spread for the entire period between the sale of a security and the final maturity date.

The amount invested repurchase agreements shall not exceed 20% of all District investments at any time. The amount invested in reverse repurchase agreements shall not exceed 10% of the base value of the District's portfolio at any time.

Local Government Investment Pool: Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in the Government Code(Government Code 53601(p)). Investments are limited to pools that are rated "AA" or better. Local Government Investment Pools shall not exceed 30% of the value of all District investments at any time. The District shall conduct a thorough investigation of any pool prior to making an investment, and on a continual basis thereafter. Best efforts will be made to acquire the following information:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Municipal Bonds: The Treasurer is authorized to invest in registered treasury notes or bonds of any of the 50 United States payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the 50 United States. Such securities must have ratings from at least two of three ratings as follows: “A1” by Moody’s Investors Service, or “A+" by Standard & Poor’s, or “A+" by Fitch Ratings; or as otherwise approved by the Board; or

Registered general obligation treasury notes or bonds of any of the 50 United States. Such securities must have ratings from two of three rating agencies as follows: at least “A3” by Moody’s Investors Service, or “A-" by Standard & Poor’s, or “A-" by Fitch Ratings; or as otherwise approved by the Board; or

Adjustable rate registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the 50 United States. Such securities must have ratings from at least two of three rating agencies as follows: “P-1” by Moody’s Investors Service, or “A-1+" by Standard & Poor’s, or “F-1+" by Fitch Ratings; or as otherwise approved by the Board; or.

Adjustable rate notes or bonds warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either “P-1” by Moody’s Investors Service, or “A-1+” by Standard & Poor’s, or “F-1+” by Fitch Ratings, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state; or.

Taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either "A1" by Moody's Investors Service, or "A+" by Standard & Poor's, or "A+" by Fitch Ratings (the minimum rating shall apply to the local agency, irrespective of any credit enhancement), including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

The amount invested in municipal securities shall not exceed 5% per issuer of all District investments at any time.

Permitted Investments Without Board Approval: The Treasurer is authorized to invest District funds in federally insured or collateralized depository accounts, the Local Agency Investment Fund, the California Asset Management Pool (CAMP), treasury securities, negotiable certificates of deposit, commercial paper, medium term notes, agencies and money market funds meeting all requirements of this investment policy for the particular investment being purchased without prior Board approval. All other investments such as banker's acceptances, Repurchase Agreements, Reverse Repurchase Agreements, and investments in the San Diego County Investment Pool shall only occur with prior approval of the Board. The Treasurer shall ensure that all investments made on behalf of the District meet all of the minimum requirements contained in this Investment Policy.

VII. PORTFOLIO LIMITATIONS

Following is a listing of potential authorized investments with corresponding limitations on the amount of the District's portfolio that may be invested in each authorized investment at any given time:

Investment Type	**Maximum Maturity Remaining**	**Maximum % of Portfolio**	**% or $ Limit per Issuer**	**Minimum Rating Category**
Local Agency Investment Fund	N/A	50%	$40,000,000	None
Treasury Securities	5 years	None	None	None

Certificates of Deposit	3 years	30% all CDs and Placement Deposits	5% or FDIC Limit for any institution that insures its deposits with FDIC	Minimum rating of A if investment is greater than FDIC limit
Placement Service Deposits	3 years	30% all CDs and Placement Deposits	5% and/or FDIC Limit	None
Negotiable Certificates of Deposit	2 years (AA- or greater) 5 years (AAA)	30% all CDs and Placement Deposits	5%	AA- if 2 years AAA if 5 years
Commercial Paper	270 days	20%	5%	A1/P1/F1
Medium Term Notes	2 years (AA- or greater) 5 years (AAA)	30%	5%	AA- if 2 years AAA if 5 years
Agencies	5 years	50%	None	None
Depository Accounts, Money Market Funds	None	20%	5% in any money market fund	None
Bankers Acceptances	180 days	20%	3% per issuer with prior approval of the Board	None
Repurchase Agreements	90 days	20%	With the prior approval of the Board	None
Reverse Repurchase Agreements	90 days	10%	With the prior approval of the Board	None
Local Government Investments Pools (such as CAMP)	None	30%	None	AA
Municipal Bonds	N/A	30%	5%	A1/A+

The weighted average days to maturity of the total portfolio shall not exceed the liquidity requirements of the District for the next six months based upon on-going staff analyses.

VIII. REVIEW OF INVESTMENT PORTFOLIO

At least once each quarter, a sub-committee of the Board shall meet with the General Manager or his/her designee to review the District's portfolio and provide guidance for future investments. All transactions will be reviewed by the Treasurer on a regular basis to assure compliance with this Statement of Investment Policy and a monthly report shall be provided to the Board on all District investments.

In the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified by the Policy, the Treasurer shall notify the Board at the next regularly scheduled Board meeting along with the Treasurer's recommended course of action. The course of action to be followed will be decided on a case-by-case basis by the Board, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

In the event that the percentage limits attributable to each security type are violated due to a temporary imbalance in the portfolio, the Treasurer will make a determination as to the appropriate course of action. The appropriate course of action may be to liquidate securities to rebalance the portfolio or to hold the securities to maturity in order to avoid a market loss. Portfolio percentages are in place to ensure diversification of the investment portfolio and as such a small temporary imbalance would not violate this basic tenet. When a portfolio percentage is exceeded the Treasurer will report the violation in the Treasurers Report at the next regularly scheduled Board meeting, with detail of the strategy determined to address the imbalance, for Board ratification. However, the Treasurer shall meet the portfolio percentages required by this investment policy at the end of each month, unless waived by the Board.

IX. BOND PROCEEDS, BOND RESERVE FUNDS AND BOND SERVICE FUNDS

Investment of bond proceeds and amounts held in bond reserve and service funds are to be made in accordance with the related bond indentures.

X. INTERNAL CONTROLS

Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the District. Controls deemed most important include: control of collusion; separation of duties and administrative controls; custodial safekeeping; clear delegation of authority; management review and approval of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and code of ethic standards.

Existing procedures require all wire transfers initiated by the Finance Department be reconfirmed by the appropriate financial institution. In addition, the District's signatory resolution specifies authorized signers and number of required signatures for different disbursement transactions. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliations are conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. A listing of all investment transactions is provided on a monthly basis to the Board of Directors for their approval. Current policy also requires that the Treasurer's approval be obtained for the purchase or sale of securities other than transfers to/from investment pools or money market funds.

An independent analysis by an external auditor shall be conducted annually to review internal controls, account activity and compliance with policies and procedures.

XI. QUALIFIED BANKS AND SECURITIES DEALERS

The District shall conduct business only with nationally or state chartered banks, savings and loans or credit unions that are licensed and operating in the United States or a state of the United States, and registered investment securities dealers. The District's staff will investigate all institutions that wish to conduct business with the District prior to any District investment in the institution. All banks shall have a minimum rating of "A" by Moody's or Standard and Poor. A list will be maintained by the Finance Manager of approved institutions and security broker/dealers. A bank rating service will be used by staff to verify financial information provided by a financial institution or dealer. Annually, the Treasurer shall transmit a copy of the current Statement of Investment Policy to all approved dealers. The dealer is required to return a signed statement indicating receipt and understanding of the District's Investment Policies. Primary dealers of the Federal Reserve may provide substitute certification language at the discretion of the Treasurer.

XII. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the Treasurer and the Finance Manager are required to annually file applicable financial disclosures as required by the Fair

Political Practices Commission (FPPC). All officers and employees involved in the investment of public funds are required to comply with the District's Conflict of Interest Code. The Treasurer and any District employees or agents evaluating any investment for the District shall disclose any interest owned or held in any institution or investment being considered by the District prior to the investment.

XIII. BOARD DISCRETION

The District recognizes that this policy consists of guidelines designed to protect District funds and to provide liquidity for the on-going District operations. The Board of Directors may timely approve, on an individual basis, investments which would otherwise not be in accordance with this policy, in the event of unforeseen circumstances, so long as the investment is permitted by state law.

XIV. SAFEKEEPING AND CUSTODY

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities owned by the District, including repurchase agreement collateral previously approved by the Board, shall be kept in safekeeping with "perfected interest" by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and by the District. All book-entry securities will be received and delivered using standard delivery-versus-payment procedures.

XV. INTEREST EARNINGS

All monies earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

XVI. PROHIBITED INVESTMENTS

The Treasurer shall not invest any funds of the District in inverse floaters, range notes, or mortgage derived interest-only strips at any time. The Treasurer shall not invest any funds of the District in any security that could result in zero interest accrual if held to maturity, except as authorized by Code. (Gov't Code §53601.6).

XVII. INVESTMENT PURCHASES

Any investments that the Treasurer purchases for the District that are not purchased directly from the issuer shall be purchased either from an institution licensed by the State of California as a broker/dealer or from a member of a federally registered securities exchange, from a national or state-chartered bank, from a savings association or a federal association, or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank. (Gov't Code §53601.5)

XVIII. QUARTERLY REPORTS

At least once each quarter, and within 45 days following the end of the quarter, the District's Finance Officer shall provide an oral report to the Finance Committee, comprised of the District's treasurer and one board member, evaluating the safety of all District investments and advising the committee of any investments of the District that represent a credit risk.

XIX. TREASURER'S AUTHORITY AND REVIEW OF INVESTMENT POLICY

The Authority of the Treasurer to make investment decisions on behalf of the District shall automatically expire on December 31, 2026 unless renewed or extended by formal action of the Board of Directors of the District. This investment policy shall be presented to the Board of Directors of the District by no later than December 31, 2026 and annually thereafter.

XX. GLOSSARY OF INVESTMENT TERMS

AGENCIES: Federal agency securities and/or Government Sponsored Enterprises (GSE) which include Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Association (Farmer Mac).

ASKED: The price at which securities are offered by the seller.

BANKERS' ACCEPTANCE: A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price at which a buyer offers to buy a security.

BROKER: A broker brings buyers and sellers together for a transaction for which the broker receives a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COUPON: The rate of return at which interest is paid on a bond.

CREDIT RISK: The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT YIELD: The annual income from an investment divided by the current market value. This measure examines the current price of a bond rather than the face value. Current yield represents the return an investor would expect to earn if the owner purchased the bond and held it for a year. However, current yield is not the actual return an investor receives if he holds a bond until maturity.

DEALER: A dealer acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Noninterest-bearing money market instruments that are issued a discount and redeemed at maturity for full face value *(e.g., U.S. Treasury Bills.)*

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT POOL (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office,

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES: Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUNICIPAL BONDS: Securities issued by state and local agencies to finance capital and operating expenses.

NEGOTIABLE CD: A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of foreign bank. Negotiable CDs are traded in a secondary market.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON (PRUDENT INVESTOR) RULE: A standard of responsibility which obligates a fiduciary to insure that investment decisions be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLMC, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A noninterest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

Olivenhain Municipal Water District
Pension Funding Policy

Purpose

Olivenhain Municipal Water District (District) recognizes that a fully funded defined benefit pension plan requires fiscal discipline and financial commitment. The District also recognizes that an unfunded pension liability could potentially cause financial stress, impacts on operations, and pressure on customer rates and charges.

This policy reflects the Board of Directors' commitment to achieve a fully funded pension plan in a timely manner, including when and how the District's pension liability will be fully funded in the most cost-efficient manner possible.

The District has a history of being fiscally conservative and follows prudent financial management practices. Therefore, this policy was developed to:

- ensure that the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenditures;
- provide fiscal protocols to address the District's Unfunded Accrued Liability (UAL) and guidance in developing long-range projections during the budget process;
- maintain the District's financial position;
- preserve the District's creditworthiness; and
- ensure that all pension funding decisions are made to protect ratepayers, retirees, and employees.

Background

The District provides a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). All qualified full-time District employees are required to participate in CalPERS. CalPERS provides retirement, disability benefits, death benefits, and annual cost of living adjustments to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions and other requirements is established by State statues within the Public Employee's Retirement Law.

The District has two (2) pension plans through CalPERS that employees currently have vested pension benefits in:

- Classic Plan (2.5% @ 55) - accounts for about 99% of the District's pension liability for employees hired prior to January 1, 2013.
- Public Employment Pension Reform Act (PEPRA) Plan (2.0% @ 62) – enacted by California Legislation for employees hired after January 1, 2013.

The District is statutorily required to make payments to CalPERS on an annual basis. The District's annual payments to CalPERS are comprised of two components: Normal Costs and UAL Payments.

Normal Cost – represents the cost of pension benefits earned by current employees for their current years of service. Normal Cost payments are made bi-weekly to CalPERS, and are based on a percentage of payroll.

UAL Payments – represents the shortfall in assets needed to fully fund prior benefits earned by employees and retirees. UAL payments are annual fixed dollar payments required to fund this shortfall.

The District's funded status and UAL for its Classic Plan and PEPRA Plan, based on CalPERS' most recent Annual Valuation Report as of June 30, 2020, was 72.4% (or $15,984,782) and 90.3% (or $126,803), respectively.

CalPERS Annual Adjustments to UAL/Amortization Bases

Every August, CalPERS releases a new actuarial valuation report, based on values as of June 30th of the previous year. CalPERS calculates the District's UAL as of this new valuation date, which increases or decreases from year-to-year, due to changes in the following factors/assumptions:

- Investment Performance – adjustment for investment gains/losses relative to the stated CalPERS Discount Rate (currently 6.80%)
- Demographic Performance – adjustments made based on actual performance compared to actuarial assumptions, which includes early/late retirement, disability, mortality, promotions, terminations, etc.
- Actuarial Assumptions - changes in the discount rate, life expectancy, rate of inflation, rate of return, etc.)
- Payroll Changes - increase/decrease in number of employees or salary increases or adjustments

CalPERS accounts for these changes by adding new Amortization Bases each year; adjustments that lower the District's UAL take the form of a "credit". CalPERS amortizes these adjustments over 20 years or less. The District is establishing this policy to address the existing UAL and any new pension liabilities, or amortization bases, that may arise on an annual basis.

Funding Plan and Goal

The goal of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan members. CalPERS is a defined benefit pension plan that pays retirees a benefit based on a formula (for example 2% @ 62). Given the fixed formula-based pay out associated with a defined benefit pension plan, the funding goal of a defined benefit plan is 100%. The minimum targeted funded ratio for the District's defined pension benefit plans shall not be below 85% (based on the most current CalPERS annual actuarial report.)

The District's funded status for its Classic Plan and PEPRA plan, based on CalPERS' Annual Valuation Report as of June 30, 2020, was 72.4% and 90.3%, respectively. The District's goal is to reach a fully funded status (100%) over the next 10 to 20 years.

The District is currently below the minimum targeted funded ratio set in this Policy but plans to continue to stay above the minimum targeted funded ratio once achieved.

The District will utilize the following funding plan to meet its funding goal:

1. Implement a 13-year Fresh Start that would re-amortize the District's UAL over a shorter time, allowing for a quicker pay-off and long-term savings.

2. Make regular annual additional discretionary payments (ADPs) of approximately $311,000 to CalPERS before December 31st of each year. These are optional payments that reduce the District's UAL and result in long-term savings.

The District may also implement additional funding strategies to accelerate the payoff of its Unfunded Accrued Liability (UAL). UAL pension funding decisions shall be made on a case-by-case basis by the General Manager and are subject to review and approval by the Board each year.

Funding Strategies

The District has a number of different financing strategies available to address its UAL and will utilize one or more of the strategies outlined below. All pre-funding decisions will require detailed financial analysis to be performed; and shall include proper documentation of the analysis, methodology, and decision-making process and are subject to the Board's approval.

1. Pension Stabilization Fund - The District will create a Pension Stabilization Fund to stabilize pension costs and achieve its funding goal. The District will make annual contributions from excess funds available in the Water Operating Fund and Wastewater Operating Fund in a manner consistent with the Board Designated Fund Balances Policy (aka Reserve Policy) to the Pension Stabilization Fund, in addition to its annual regular UAL and regular annual additional discretionary payment (ADP) described above.

   The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions (included in Annual Adjustment to UAL/Amortization Bases section below), to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.

   Funds deposited into the District's Pension Stabilization Fund shall be invested in accordance with applicable laws and regulations. Monies in the District's Pension Stabilization Fund will be reported to the Board annually, with staff's recommendation on the handling of funds, to achieve a pension funding goal of 100%.

The District will create a consistent annual UAL contribution (Level UAL payments) going forward utilizing funds available in the Pension Stabilization Fund. Level UAL payments will provide stability to the District's required future UAL contributions to CalPERS, and thereby, will help reduce undue burden on user charges by not having to generate more revenues to pay for a higher UAL contribution.

2. Accelerated Pay-off of New Bases – When new Amortization Bases are added by CalPERS due to change to the District's UAL, the District may endeavor to accelerate the repayment of new bases and choose a shorter timeline (e.g, a 20-year base be repaid in 10 years) by implementing a Fresh Start. Analysis and discussion to accelerate payoff of new bases shall be reviewed with the Board.

3. Tax-Exempt Exchange – The District will continue to review the benefits of utilizing debt to achieve its pension funding plan and objective. Issuance of pension obligation bonds are not permitted. When it is fiscally prudent, responsible, diligent under the prevailing economic conditions, and in compliance with the District's debt management policy, the District may seek a tax-exempt exchange by utilizing debt proceeds from typical pay-go capital improvement projects to apply to the UAL. Analysis and discussion on any tax-exempt exchange contemplated by the District shall be reviewed with the Board.

Superfunded Status

In the event that either of the District plans achieve "superfunded" status, where asset values exceed the accrued liability (i.e., funding level exceeds 100%), any excess amount shall be reported to the Board and staff will provide a recommendation on the handling of these excess funds.

Delegation of Authority

The investment of District funds in the Pension Stabilization Fund is delegated to the Treasurer by the Board of Directors. The Treasurer may delegate day-to-day operations of investing to the Assistant Treasurer and/or General Manager. At least once each quarter, a sub-committee of the Board shall meet with the General Manager and the Assistant Treasurer to review District portfolio and investments.

Board Discretion

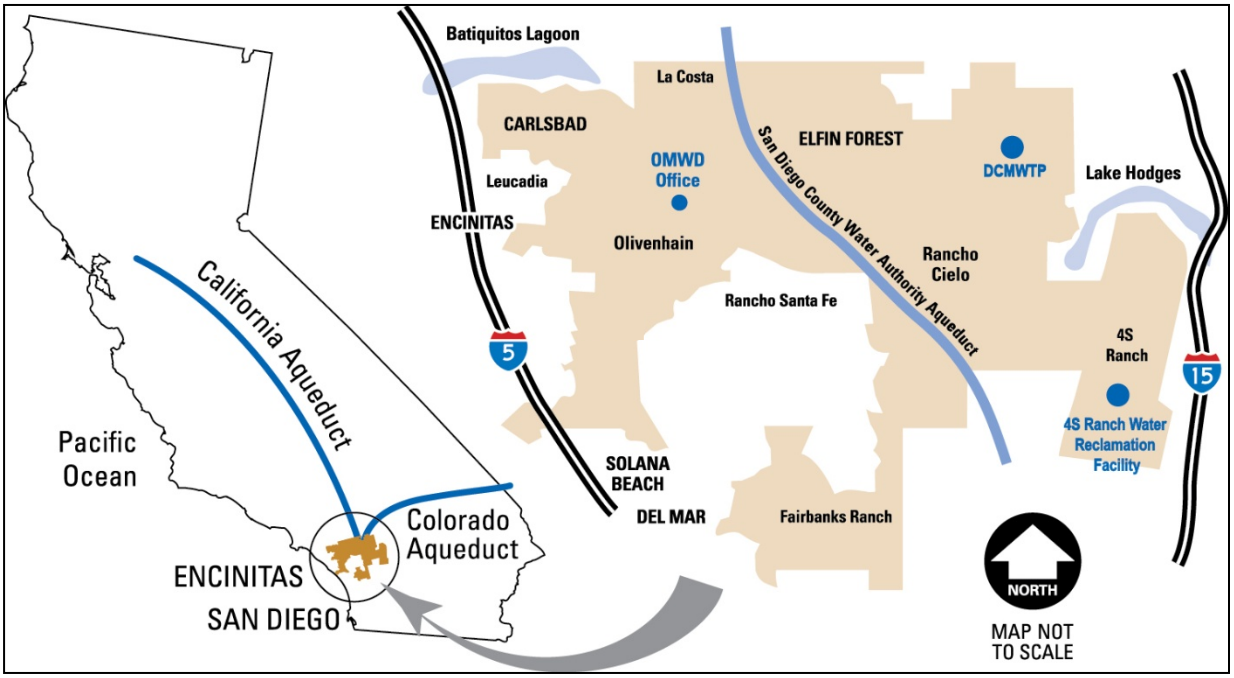
The District recognizes that this policy consists of guidelines designed to achieve the District's pension funding goals. The Board of Directors may timely approve, on an individual basis, actions which would otherwise not be in accordance with this policy, in the event of unforeseen circumstances.

Reporting

This policy will be reviewed by the Board at least every two years to determine if changes are needed to be made to achieve the funding goal of 100%.

District Staff shall review and report pension plans funding status to the Board in December each year after the most current CalPERS actuarial report is released and the District's financial audit is completed. This report shall include: a summary of funding status, funding progress compared to prior years, and recommendations.

Map of the District's Service Area



History

In the early 1800s, the area now known as Olivenhain was in Mexican territory. Through Mexican government land grants, a group of 67 German settlers, some 25 families in all, settled on a tract called Rancho Las Encinitas. On that land, the settlers established the farming colony of Olivenhain in 1884. The name "Olivenhain" (pronounced Oh-Lee-Ven-Hine) is of German origin, meaning "olive grove." Today, some area residents are descendants of the original colonists.

The gradual decline of farming activity during the 1950s, combined with the importation of water to Southern California, slowly transformed the Olivenhain area into a residential community. Olivenhain Municipal Water District (District) was incorporated on April 9, 1959, for the purpose of developing an adequate water supply for the landowners and residents of the District.

The District was incorporated under the provisions of the California Municipal Water District Act of 1911, section 71000 et seq. of the California Water Code as amended.

The District's service area is approximately 48 square miles and includes the unincorporated communities of Whispering Palms, Fairbanks Ranch, Rancho Cielo, Rancho Santa Fe, and Santa Fe Valley, and portions of the cities of Encinitas, Carlsbad, Solana Beach, San Marcos, and San Diego.

Consumers

The District provides potable water and recycled water services through approximately 29,100 meters. The District's water connections are primarily residential (94.7%). Other District water connections include potable irrigation (2.1%), commercial/industrial (1.7%), recycled (1.2%), and agriculture (0.2%). Residential customers consumed the most water provided by the District in Fiscal Year 2025, making up 69% of water deliveries. The District's other customers shared the remaining 31%, with recycled customers consuming 15%, potable irrigation 11%, commercial/industrial 4%, and agricultural customers 1% of all water consumed during the year.

The table below shows the District's top ten customers based on actual water sales for FY 2025.

District's principal water consumers for Fiscal Year ended 2025

Customer Name	Usage (AF)	% of Water Sold
The Bridges Club at RSF Inc (1)	904.7	4.66%
4S Ranch Master HOA (2)	475.0	2.44%
Bando National Corporation(2)(3)	386.3	1.99%
La Costa Oaks Association (2)	259.6	1.34%
La Costa Glen Carlsbad LLC(1)	256.0	1.32%
Del Mar Country Club (2)	246.2	1.27%
Crosby Estate HOA (2)	243.9	1.25%
Cielo Homeowners Assn (1)	235.2	1.21%
Rancho Santa Fe Farms Golf Inc (2)	224.8	1.16%
Rancho Paseana Trust (2)	194.4	1.00%
Total top ten consumers	**3,426.2**	**17.63%**
Other Consumers	**16,009.3**	**82.37%**
Total water billed	**19,435.5**	**100.00%**

Source: Olivenhain Municipal Water District

1 Primarily potable water customer
2 Primarily recycled water customer
3 Previously named Crosby National Golf Club

The District's 4S Ranch Water Reclamation Facility (4S WRF) collects and treats wastewater from two areas within its boundaries, 4S Ranch and Rancho Cielo. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass a total of approximately 5,500 acres. The District bills approximately 7,340 equivalent dwelling units (EDUs) for wastewater discharged from residential and commercial customers.

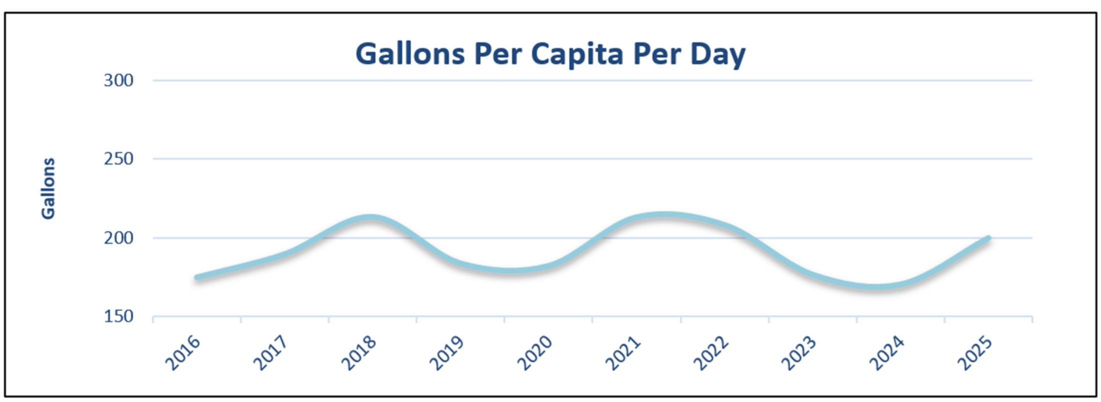
The table below shows the District's top ten wastewater customers based on total billed amount for FY 2025.

District's principal wastewater customers for Fiscal Year ended 2025		
Customer Name	**Amount Billed**	**% of Total Wastewater Billed**
Cymer Inc	$ 324,666	5.64%
4S Ranch Holdco LLC	307,948	5.35%
Amante and Ravenna at 4S Ranch	207,879	3.61%
Summit of Rancho Bernardo HOA	175,811	3.05%
Bridgeport 4S	143,374	2.49%
Gianni at 4S Ranch	121,612	2.11%
Santaluz Family Apartments LP	107,457	1.87%
Poway Unified School District	90,590	1.57%
San Moritz at 4S Ranch HOA	82,086	1.42%
Dove Canyon Apartments	75,542	1.31%
Total top ten customers	**1,636,964.10**	**28.42%**
Other customers	**4,123,923.00**	**71.58%**
Total Wastewater billed	**5,760,887.00**	**100.00%**

Source: Olivenhain Municipal Water District

Potable Water Use and Conservation

The District's customer demand for potable water peaked in 2008 at nearly 25,000 AF. Potable water use has decreased over time. This is largely attributable to increased conservation, improved water use efficiency, conversion of potable water irrigation systems to recycled water, and rising cost pressures. The District forecasts that potable water demand will continue to decline for these reasons.



Source: California DOF population estimates.

Source: Olivenhain Municipal Water District

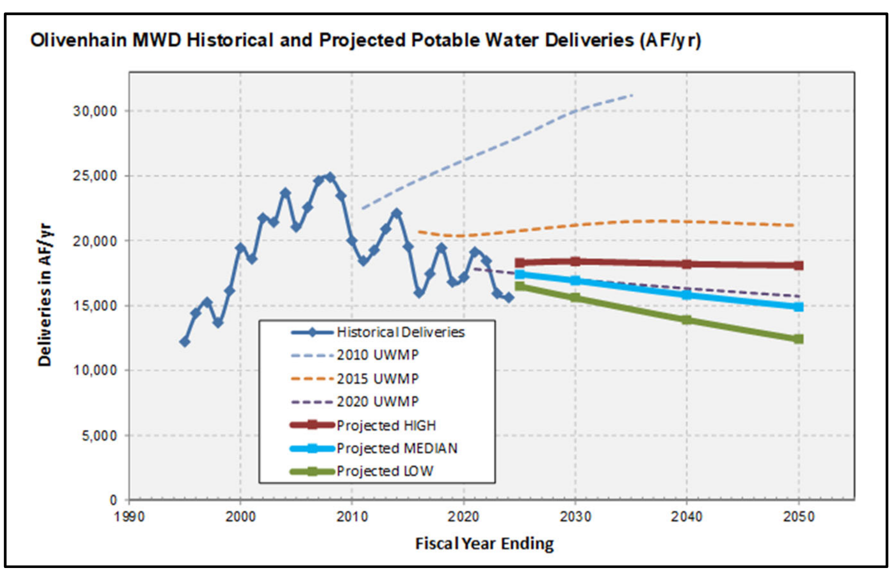
As required by the Water Conservation Act of 2009, Senate Bill X7-7, DWR developed urban water use targets to achieve a 20% reduction in water use by 2020. The District achieved a higher level of reduction than what was required.

Building off the conservation goals set by SB X7-7, SB 606 and AB 1668 were signed into law in 2018. This legislation mandated a water use objective for each water supplier. The target is an amount of water that the supplier is allowed to provide its customers. The amount is based on indoor standards, outdoor standards, distribution system water loss, and commercial, industrial, and institutional (CII) water use.

Additionally, AB 1572 took effect in 2024, and aims to further reduce potable water use by prohibiting the irrigation of nonfunctional turf with potable water. Compliance with this law is required for all commercial properties, including HOA common areas. The law will be phased in over the next three years and the District expects a modest reduction in potable water used for irrigation as a result.

For FY 2025, the District's water use was 12.4% below the water use objective. Being below the objective means that the District was in compliance. The efficiency standards become more stringent over time, notably in the standards for indoor and outdoor residential use. This translates to a lower amount of water that the District will be able to sell to its customers. Since the District's service area is predominately residential, comprised of single-family homes with large landscapes, these decreases have a large impact on the District's water use objective.

The District updated its long-range water demand projections for inclusion in the 2025 Urban Water Management Plan, adopted by the Board of Directors in June 2026. The projections anticipate a gradually shrinking population and a drop in overall water demands by 2050 and also demonstrate that the District expects sufficient supplies to meet demands over a 25-year horizon. Based on the water use efficiency standards implemented by the State Water Resources Control Board, the District's demand, as projected by the 2025 UWMP, may exceed the 2035 mandated water use target. As a result, the District may be required to impose water shortage response actions to reduce customer water usage, irrespective of available supply.

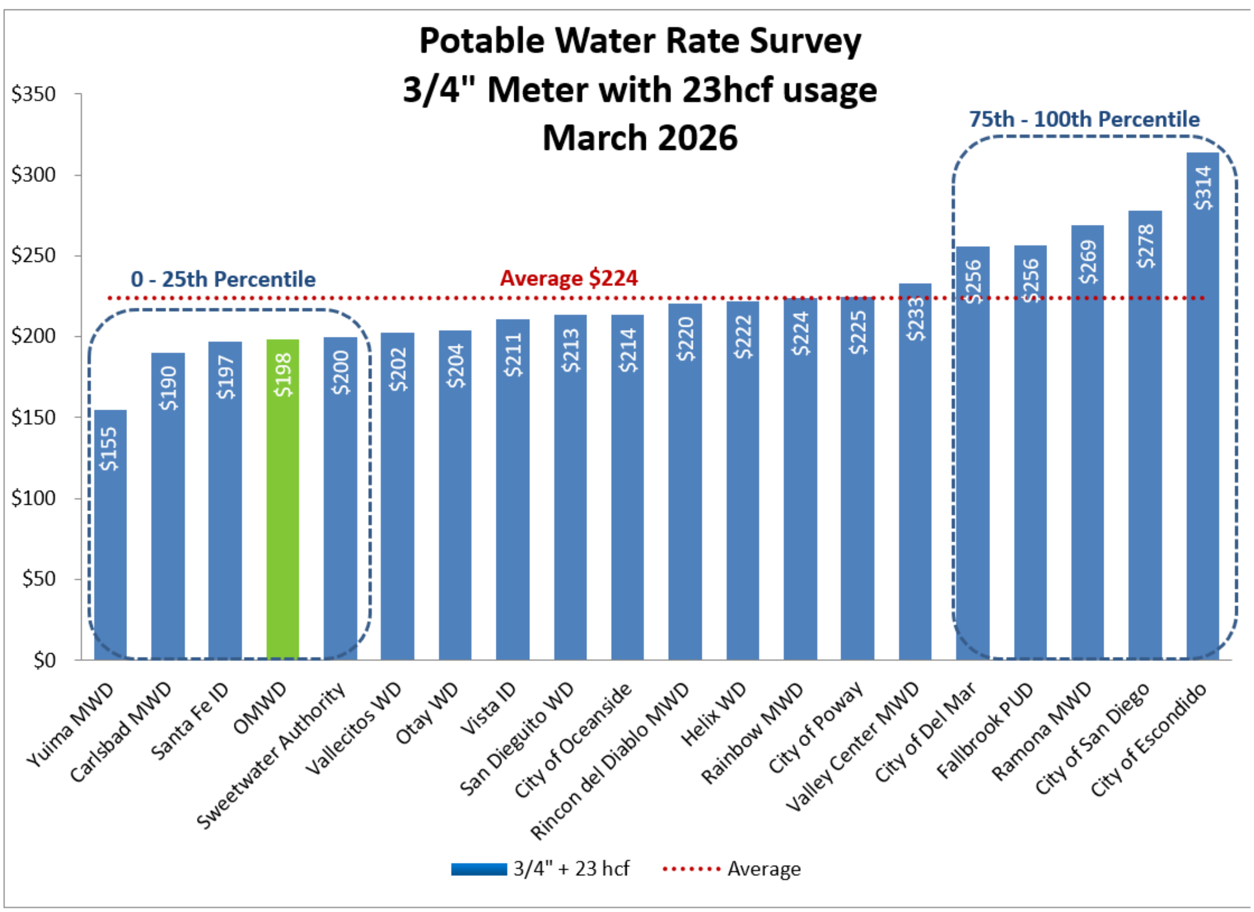


Residential Water Bill Comparison

Although the District faces consistent increases in potable water supply costs from San Diego County Water Authority, and its recycled water suppliers, the District's efforts to contain costs has afforded it the ability to keep rates at an affordable level and below the County average, as shown in the Potable Water Rate Survey graph below. These cost-containment efforts include investments in advanced technology, preventive maintenance programs, utilization of alternative income-producing activities from the investment of cash reserves, rental of district facilities for cellular tower use, and selling of surplus water treatment services to neighboring water agencies. All these activities are intended to increase work efficiency and minimize net costs while providing the best possible value to customers without impacting the quality of service.

The chart below shows a typical single-family residential water bill using 23 hundred cubic feet (HCF) of water per month as of March 2026 at Olivenhain Municipal Water District compared to other local water agencies in San Diego County.

Estimated Monthly Single Family Residential Water Bills Comparison



United States Economy

The US economy remained steady over the past 3 years and going forward that trend is expected to continue, although experts are predicting less growth than previously anticipated. Over the past 3 years, the job market was balanced with the unemployment rate changing at stable levels, and the CPI decreasing to 2.2%%.

During their March 18th meeting, the Federal Reserve decided to keep the benchmark interest rate at a range of 3.5% to 3.75% in a cautious attempt to control inflation. To preserve the job market, the Federal Reserve is hesitant to lower rates, causing strain to some sectors – namely manufacturing, freight, and real estate.

Despite higher inflation than usual, the overall US economy is stable, due to secure consumer spending, a steady labor market and the recent boom in the artificial intelligence sector.

As of April of 2026, the unemployment rate ended at 4.3%, staying the same as the end of 2025. Balance in the labor market is one of the indicators that the Federal Reserve looks for when determining the right time to decrease interest rates, due to employers' pass-through of high employment costs creating upward price pressures in the economy.

The US inflation rate remains elevated, currently at 4.2% as of May 2026. The Federal Reserve will look for enough confidence in the US economy before considering future interest rate adjustments.

Change in Selected U.S. Economic Indicators

	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
Real GDP (% Change)	4.4%	3.9%	4.6%	2.2%	1.8%	1.8%
Unemployment Rate	3.6%	4.0%	4.3%	4.6%	4.5%	4.4%
Nonfarm employment (% Change)	1.5%	0.4%	0.2%	0.2%	0.1%	0.2%
Federal funds rate*	5.0%	5.1%	4.2%	3.4%	3.1%	3.1%
Personal income (% Change)	5.1%	4.3%	3.9%	5.1%	4.6%	4.5%
CPI (% Change)	2.8%	2.6%	2.2%	2.8%	2.4%	2.3%

Source: FRED, Congressional Budget Office, CA Governor's Budget

California Economy

The unemployment rate was at its highest in April of 2020 at 16.1%, and California CPI was at its highest in June of 2022 at an 8.8% year over year increase.

Unemployment was at 5.3% as of March 2026 and annual CPI inflation For February 2026 was 2.9%. The economic outlook shows steady recovery over the next few years with wages and personal income growing faster than inflation, and unemployment remaining around 5%. The economic outlook also shows steady growth in the labor force through 2026.

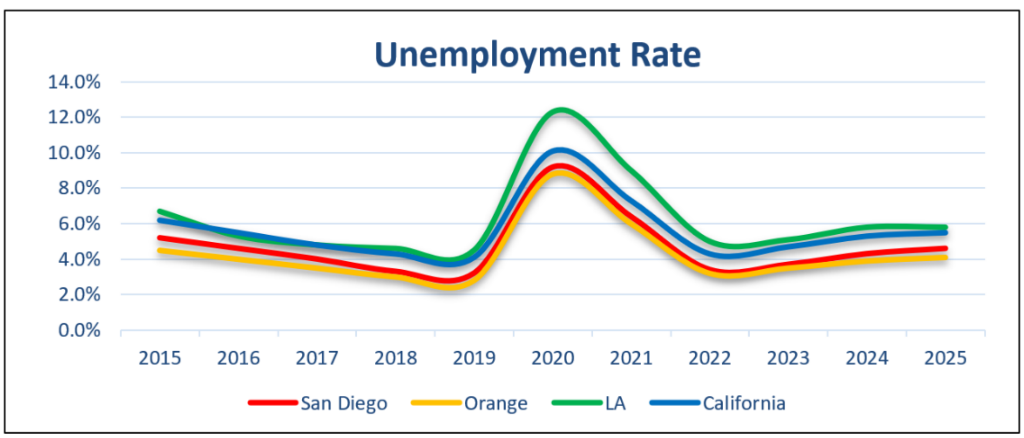
Selected California Economic Indicators

				Forecast		
	2023	2024	2025	2026	2027	2028
Unemployment Rate (%)	4.7%	5.3%	5.5%	5.1%	4.9%	4.7%
Civilian Labor Force (% change)	1.1%	0.8%	0.6%	0.4%	0.4%	0.4%
Nonfarm employment (% change)	0.9%	-0.1%	0.2%	0.6%	0.7%	0.8%
Housing permits (thousands)	112	102	105	112	118	125
Average Wages (% change)	6.2%	4.8%	3.1%	3.7%	3.9%	4.0%
Personal Income (% change)	5.3%	6.8%	5.5%	4.6%	4.7%	4.7%
CPI Inflation Rate (%)	3.9%	3.1%	3.1%	2.6%	2.6%	2.6%

Source: FRED, U.S. BLS, U.S. Census

San Diego County Economy

San Diego's unemployment rate is 4.6% as of end of calendar year 2025, representing a significant decrease from its peak of 15.9% in April 2020, and has remained consistent over the last 3 years.



Sources: California Employment Development Department

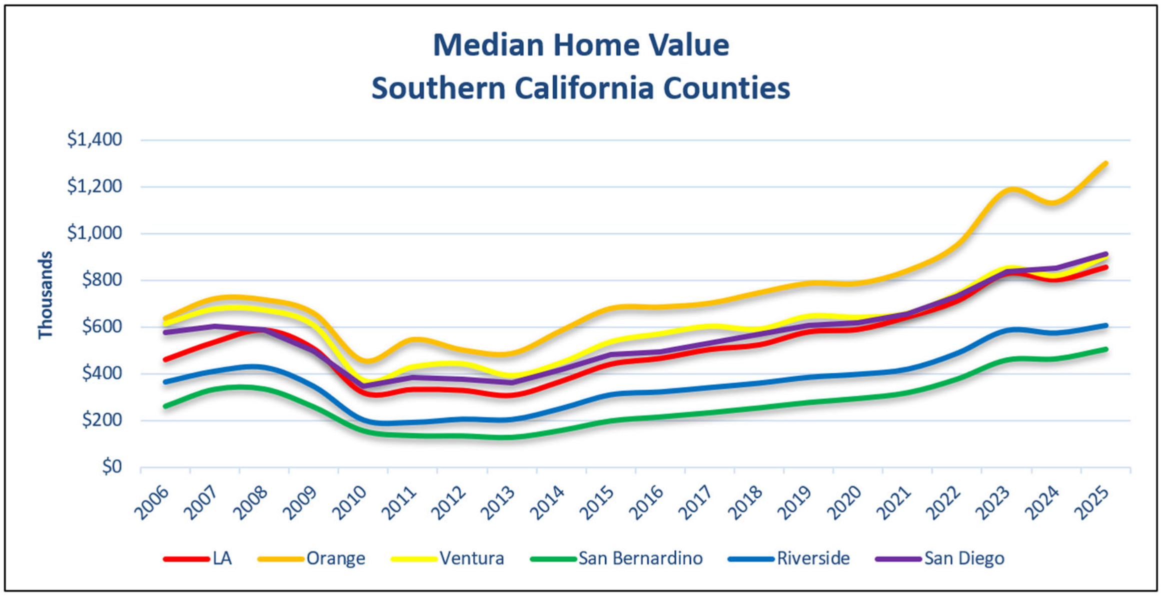
San Diego has experienced the sharpest increases in employment in the Educational & Health Services, and Financial Activities sectors. Both sectors were hit the hardest by the pandemic lockdowns in 2020. Educational & Health Services has recovered to its pre-pandemic levels, and Financial Activities has now surpassed its pre-pandemic level of employment. All other sectors have recovered to their pre-pandemic employment levels except for Information, which is currently at its lowest level and declining.

Selected San Diego Economic Indicators					
	2023	2024	Percent change	2025	Percent change
Civilian Unemployment	75,800	69,200	-8.7%	74,100	7.1%
Civilian Unemployment Rate	6.5%	4.2%		4.4%	
Total Farm	9,500	8,400	-11.6%	8,400	0.0%
Total Nonfarm	1,552,100	1,578,600	1.7%	1,564,400	-0.9%
Mining and Logging	300	300	0.0%	300	0.0%
Construction	89,800	90,600	0.9%	88,700	-2.1%
Manufacturing	115,100	111,200	-3.4%	110,400	-0.7%
Trade, Transportation & Utilities	223,100	231,200	3.6%	219,000	-5.3%
Information	21,900	20,800	-5.0%	18,100	-13.0%
Financial Activities	72,700	71,800	-1.2%	73,200	1.9%
Professional & Business Services	276,000	267,700	-3.0%	263,100	-1.7%
Educational & Health Services	243,200	261,800	7.6%	273,100	4.3%
Leisure & Hospitality	201,600	203,400	0.9%	203,200	-0.1%
Other Services	57,100	57,000	-0.2%	58,000	1.8%
Government	251,300	262,800	4.6%	257,300	-2.1%
Building Permits (total units)	11,468	11,759	2.5%	11,704	-0.5%

Source: State of California Employment Development Department, US Census Bureau

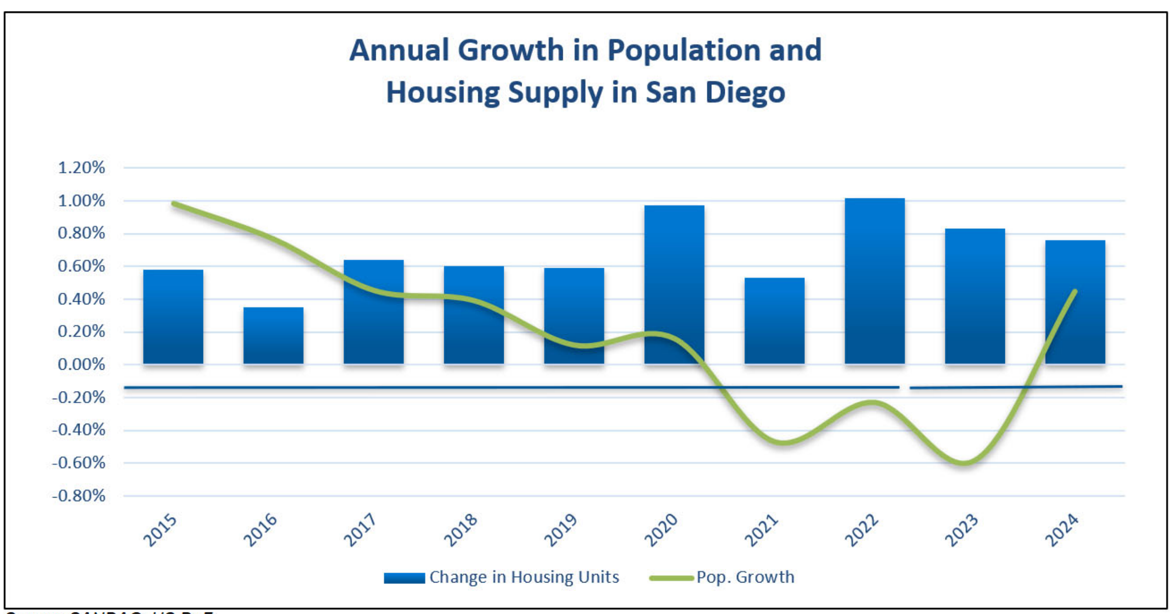
San Diego County Residential Real Estate and Housing Prices

The residential real estate market in San Diego County has slowed slightly from its 2021 highs at a year-over-year increase of 14.6%, compared to a 2024 increase of 7.0% and 2025 increase of 2.6%. The median selling price for a single-family home in San Diego as of the end of 2021 was $836,700, increasing to $1,000,000 by end of 2025, or a 20% increase in 5 years.



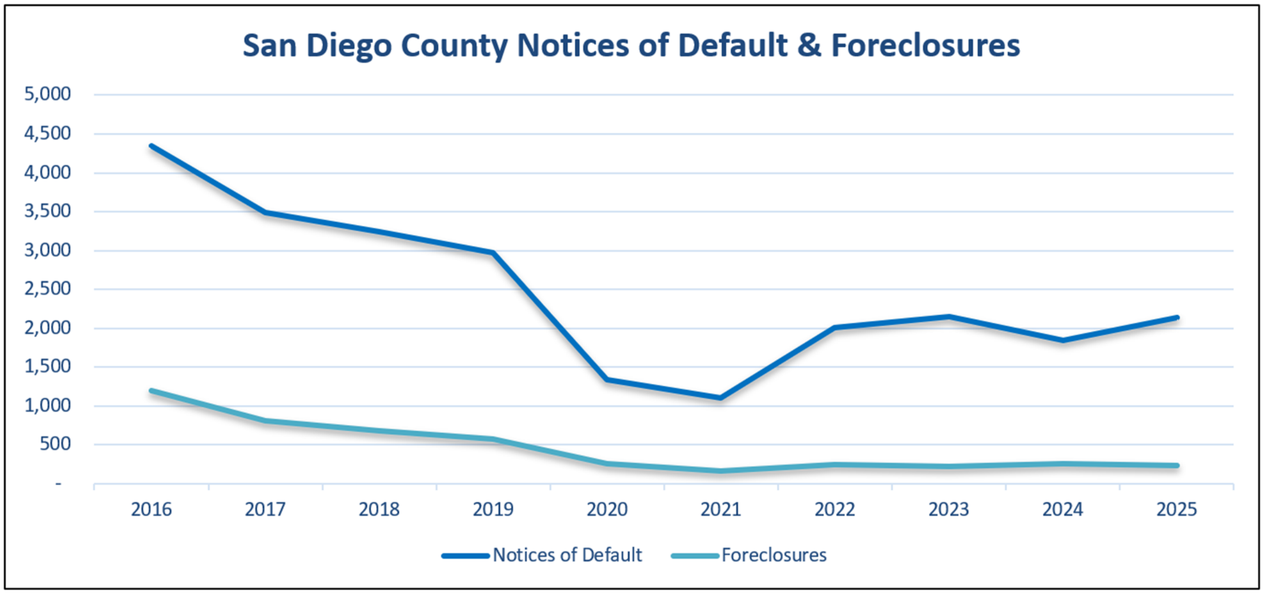
Source: Los Angeles Almanac *All values as of December*

Although the housing market has been growing steadily since 2012, price appreciation has not been this vigorous since the years following the 2008 recession when there was a 16.2% increase between the years 2011 and 2012. The main reason for sharper appreciation rates after the 2008 recession was due to the number of foreclosed homes purchased at a discount and re-sold at normal market rates, and demand for housing outpacing the supply. The 2020 pandemic increased the cost of building supplies, reducing the number of new homes constructed, and causing already low mortgage rates to become exceptionally low when the Federal Reserve lowered the federal fund rate. This caused a shortage of homes but an increase in demand for them, causing the average price to skyrocket 14.6% between the years 2020 and 2021. As interest rates have increased demand has subsided slightly, leading to a less drastic 2.6% increase in home prices between 2024 and 2025 compared to 2020 and 2021.

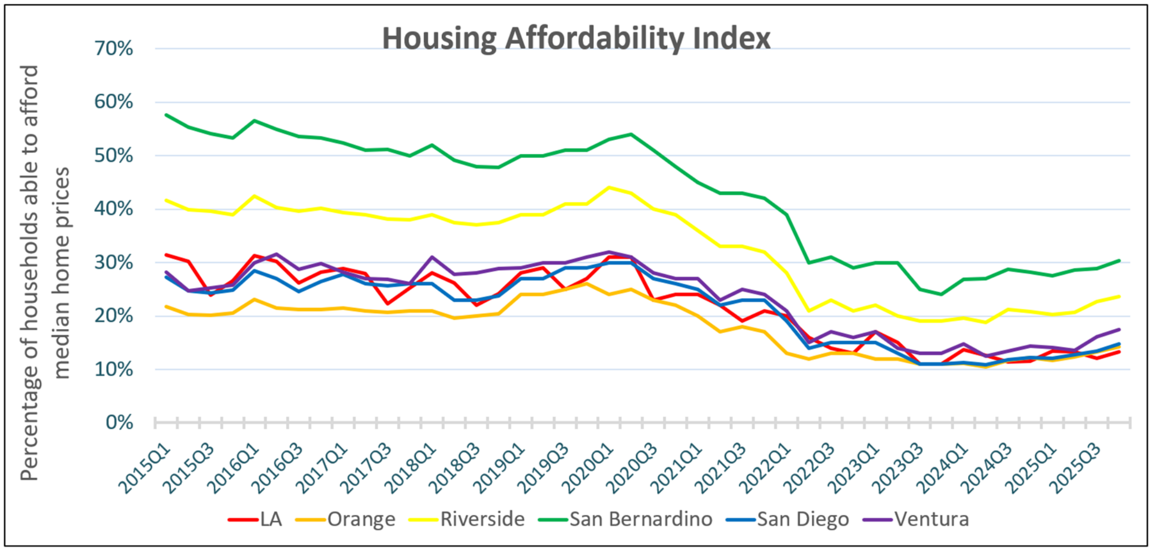


Source: SANDAG, US DoF

The number of notices of default and foreclosures issued in the county is trending upward. The sharp decline in foreclosures in 2020 and 2021 is due mostly to different pieces of legislation put in place during the pandemic that made evictions and foreclosures more difficult. The increases in 2022 in Foreclosures (43.5%) and Notices of Default (82.2%) reflect them returning to pre-pandemic legislation levels, and both are still below their 2019 levels.

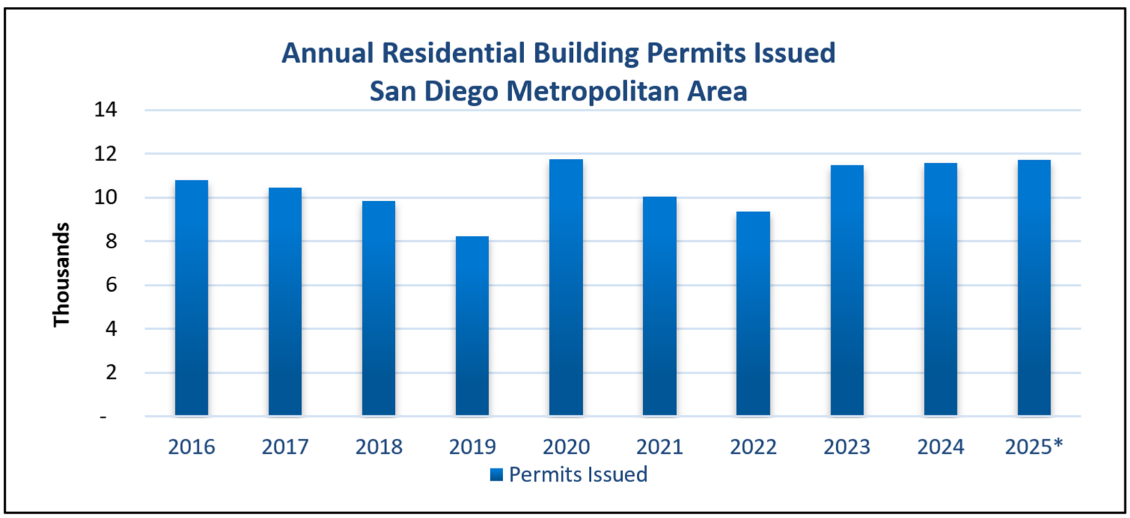


Strong price appreciation and increasing home prices are beneficial for homeowners, potential sellers, and the real estate industry. However, it has a detrimental effect on prospective buyers, particularly first-time home buyers. The California Association of Realtors' Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase a median-priced home in different regions of California. The HAI is the most fundamental measure of housing well-being for buyers in the state but has an inverse relation with increasing housing prices. In the fourth quarter of 2025, approximately 15% of families in San Diego County were able to afford to purchase a median-priced home, up from a low of 11% in 2024 but, down from a high of 46% in 2011 and 2012 when the housing market began its recovery from the crash in 2008.



Source: California Association of Realtors

A strong market demand for housing units in the county led to a steady number of issued building permits since 2023, reaching approximately 11,704. Local builders, taking notice of the continued demand, are expected to gradually increase the amount of building permits in 2026.



Source: U.S. Census Bureau **preliminary numbers*

Even though the number of permits issued is expected to be just as high or higher in 2026, the supply increases of single and multi-family housing units is expected to be inadequate to meet demand. Data from the City of San Diego's 2019 Housing Inventory Annual Report indicated San Diego was far behind in meeting the housing demands of the population, particularly in the low- to moderate-income housing categories. According to the report, San Diego had met only 42% of the housing production needs set by Regional Housing Needs Allocation, with only two years remaining in the cycle at the time. As a result of the shortage, housing prices have continued to increase each year over the last decade.

Olivenhain Municipal Water District

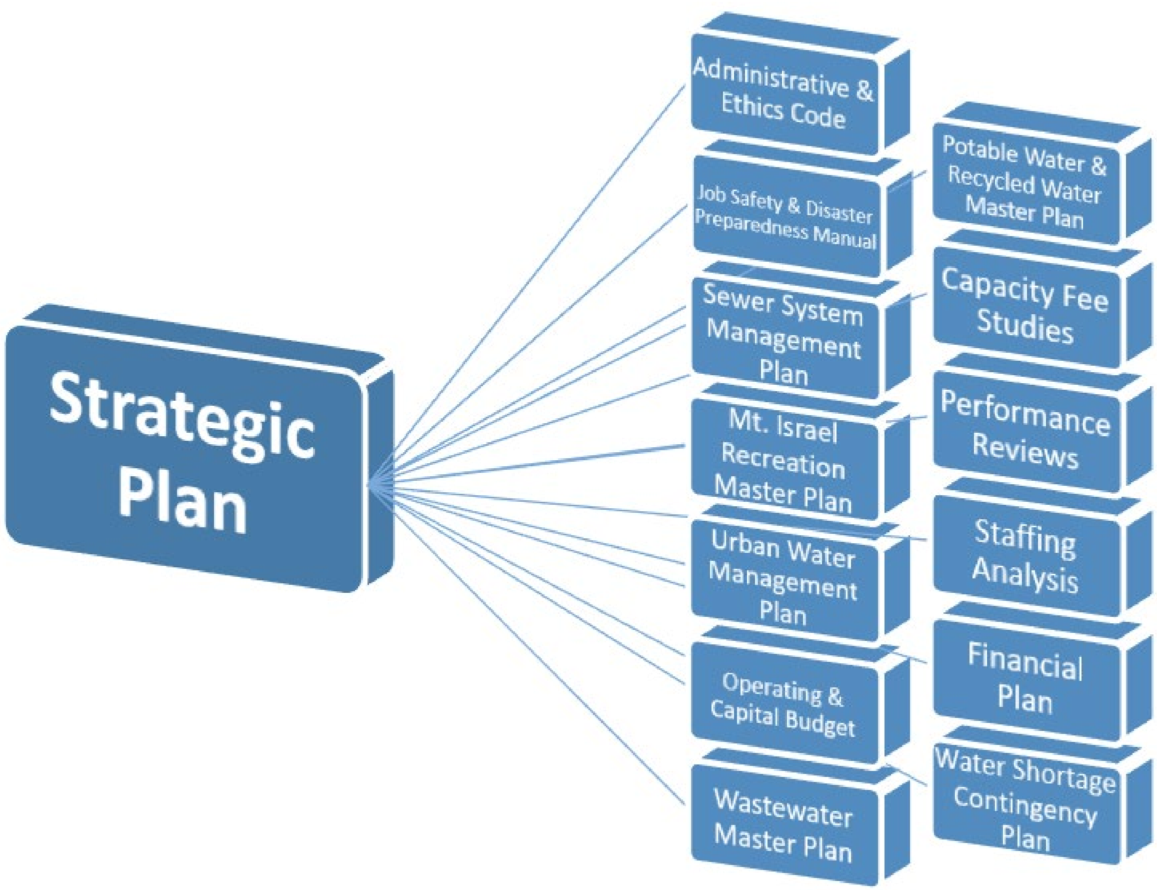
2026 Strategic Plan

A Public Agency Providing · Water · Wastewater Services · Recycled Water · Hydroelectricity · Elfin Forest Recreational Reserve

introduction

Olivenhain Municipal Water District's Board of Directors first established a formal mission statement and goals in 1996. In 2002, OMWD updated the mission statement, revised the goals, and created objectives to uphold the mission and achieve the goals. Objectives are developed at the start of each year. The progress toward achievement of the objectives is reviewed throughout the year. Performance indicators, measured on a fiscal year basis, are included in OMWD's budget to complement the objectives. In 2004, the mission statement and goals were updated to incorporate new OMWD facilities and functions.

Initially developed by OMWD's board in 2008, the Strategic Plan incorporates the mission statement, established values, and strategies by which to achieve each of OMWD's goals and annual objectives. In 2019, OMWD's board established stretch objectives in addition to annual objectives. The Strategic Plan is updated annually after new objectives are adopted by the board.



our values

Beliefs that set the tone and direction of the workforce

- Exercise responsible financial management
- Provide responsive customer service and open communication
- Promote ethical behavior in the conduct of district business
- Ensure fair and open processes involving the public
- Provide a healthy work environment
- Promote environmental responsibility and sustainability
- Ensure provisions for the future

our vision

What we aspire to be

Olivenhain Municipal Water District aspires to cost-effectively provide high-quality services garnering the trust and respect of its customers, employees, partners, and fellow water agencies.

our mission

Why we do what we do

Olivenhain Municipal Water District is a multi-functioning public agency that is dedicated and committed to serving present and future customers by:

water
Providing safe, reliable, high-quality drinking water while exceeding all regulatory requirements in a cost-effective and environmentally responsive manner.

recycled water/wastewater treatment
Providing recycled water and wastewater treatment in the most cost-effective and environmentally responsive method.

parks
Safely operating Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.

emergency management
Complying with policies and procedures that adhere to local, state, and federal guidelines for national security and disaster preparedness.

sustainable operations
Pursuing alternative and/or renewable resources with the most sustainable, efficient, and cost-effective approach.

our goals

What we strive to achieve

1. Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner;
2. Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts;
3. Operate Elfin Forest Recreational Reserve in the most cost-effective, safe, environmentally responsive, and service-oriented manner;
4. Pursue alternative and/or renewable resources as a means of offsetting costs and energy charges, providing sustainability;
5. Provide a safe, healthful, and rewarding work environment that encourages communication as well as values employee participation and personal achievement;
6. Exceed all federal, state, and local regulatory requirements for providing potable water, water reclamation, and recycled water;
7. Minimize all operational costs while maintaining a high level of customer service;
8. Maintain open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision making;
9. Ensure that financial plans, policies, and practices maintain the ability to construct, operate, and maintain all approved facilities, including replacement funds for future needs;
10. Plan and construct facilities to meet long-term water storage, treatment, transmission, and distribution needs;
11. Establish programs and policies to develop alternative water supplies to serve existing and future customers;
12. Cultivate supportive and positive relationships with federal, state, and local agencies, which may impact OMWD operations.

goal 1

Provide safe, reliable, high-quality water to each customer in a cost-effective manner

Strategy: Preserve existing assets and facilities while planning for future needs and demands by way of the Comprehensive Facilities Master Plan, the Urban Water Management Plan, annual capacity fee studies, and annual objectives

2026 Calendar Year Objectives

1. Conduct large diameter flow meter calibrations at David C. McCollom Water Treatment Plant
2. Enhance experience of in-house staff by completing the replacement of 15 valves in support of the Valve Replacement Project
3. Commence refurbishment of the raw water equalization tanks at DCMWTP
4. Complete construction of FY 26 Cathodic Protection Improvements Project
5. Outside of bird breeding season, complete maintenance of five impacted easements
6. Progress DCMWTP basin rehabilitation program; commence procurement to pre-qualify contractors
7. Develop policy for third-party fire protection services and present to Safety Committee

Stretch Objectives

- Complete maintenance of three additional impacted easements beyond Objective 5
- Complete replacement of five additional valves beyond Objective 2

goal 2

Provide wastewater collection and treatment services in an environmentally responsible manner, and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts

Strategy: Expand development and implement widespread use of recycled water through the Sewer System Master Plan, the Urban Water Management Plan, and annual objectives

2026 Calendar Year Objectives

8. Commence next phase of Programmable Logic Controller Upgrades at 4S Ranch Water Reclamation Facility
9. Replace scum boxes at the 4S WRF clarifiers
10. Complete three new connections to recycled water distribution system
11. Complete Del Dios Sewer Pump Station Surge Analysis Study
12. Progress construction of headworks rehabilitation at 4S WRF to install new equipment

Stretch Objective

- Complete two additional connections to the recycled water distribution beyond Objective 10

goal 3

Operate Elfin Forest Recreational Reserve in the most cost-effective, safe, and environmentally responsive and service-oriented manner

Strategy: Work with community and local organizations to efficiently operate EFRR, utilizing grant funding and the Mount Israel Recreation Master Plan

2026 Calendar Year Objectives

13. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, providing at least 2,000 students with in-person field trips to EFRR
14. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects
15. Utilize volunteer groups to conduct two non-native plant removal projects
16. Participate in I Love a Clean San Diego Creek to Bay Cleanup event
17. Complete 19th annual photo contest and launch 20th annual photo contest
18. Utilize past Gold Spotted Oak Borer monitoring data to identify and treat problem areas, focusing on "high value" trees for treatment (e.g., 12"+ diameter, in aesthetically valuable area, etc.); target treatment of at least 150 trees
19. Replace all end-of-life carsonite trail markers throughout EFRR's trail system
20. Complete design of grant-funded parking lot expansion project

Stretch Objective

- Utilize volunteer groups for two additional maintenance or cleanup events at EFRR

goal 4

Pursue alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability

Strategy: Work with local utility companies and regional partners on regional alternative energy-generating programs

2026 Calendar Year Objectives

21. Evaluate new energy management programs to identify new savings opportunities (Solar Shadow or similar); provide update to Facilities Committee
22. Continue working with CARB to secure exemptions for emergency response vehicles; provide update to Facilities Committee

goal 5

Provide a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement

Strategy: Develop and implement workforce plans—including the staffing analysis, annual performance reviews, and team pledge—that identify more efficient methods to perform work, ensure critical work is performed, meet future workforce needs, enhance the ability to recruit a highly qualified and diverse staff, and develop employees to meet workforce demands

2026 Calendar Year Objectives

23. Provide sexual harassment prevention training for employees and supervisors as required by state law
24. Negotiate a new Memorandum of Understanding with the employee bargaining unit representatives; present to board for approval
25. Conduct salary survey as negotiated in the MOU; present to Personnel Committee, then to full board
26. Prepare the five-year staffing analysis succession planning document; present to Personnel Committee, then to full board
27. Conduct defensive driving safety training for district drivers
28. Create an artificial intelligence policy for employees, consultants, and contractors; present to board for consideration and approval

goal 6

Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water

Strategy: Operate and maintain facilities to surpass regulations with a margin of safety to meet customer expectations

2026 Calendar Year Objectives

29. Submit 2025 Urban Water Management Plan to DWR by the July 1, 2026 deadline
30. Monitor customer demands and implement conservation measures, if needed, to ensure compliance with water use objective established in AB 1668/SB 606 (2018) by the January 1, 2027 deadline; report to board on progress
31. Begin the Commercial, Industrial, and Institutional classification process per water use efficiency requirements in advance of the June 2027 deadline
32. Begin CII large landscape identification process (.5-acre or more without a dedicated irrigation meter) per SWRCB WUE requirements in advance of the June 2027 deadline
33. Begin collecting data on Geoviewer's new leak module to comply with the SWRCB new leak registry regulations
34. Complete installation of a backup disinfection compliance analyzer at DCMWTP
35. Continue lead service line inventory per regulatory requirement and record results in Geoviewer
36. Complete 4S WRF Title 22 Engineering Report update
37. Submit Notice of Non-Applicability to declassify OMWD headquarters from the State Industrial General Permit for stormwater
38. Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters; conduct four quarterly meetings

Stretch Objective

- Receive approval of Notice of Non-Applicability to declassify headquarters from State Industrial General Permit for stormwater

goal 7

Minimize OMWD operational costs while maintaining a high level of customer service

Strategy: Continually seek grant funding and create programs that will offset costs

2026 Calendar Year Objectives

39. Continue to pursue local, state, federal, and private grant funding to offset costs
40. Conduct review of customer leak adjustment policy; share results with board
41. Identify and replace at least 1,000 underperforming meters to improve revenue capture and reduce apparent water loss
42. Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments
43. Explore alternatives for recycled water in the Southeast Quadrant; report findings to Facilities Committee

Stretch Objectives

- Achieve one or more new grant awards
- Add 500 new subscribers to the My Water Use dashboard

goal 8

Maintain open communication and participation with the public through active conservation and educational programs, as well as continually seek customer input for informed decision-making

Strategy: Conduct community and customer outreach and provide opportunities for public input and participation, utilizing strategies outlined in the Urban Water Management Plan and annual objectives

2026 Calendar Year Objectives

44. Partner with local businesses, vendors, and community organizations on water conservation-related workshop
45. Launch outreach campaign to raise awareness of private-side water related household maintenance, including pressure regulators, water heaters, and irrigation efficiency
46. Achieve Special District Leadership Foundation's District of Distinction re-accreditation at Platinum level
47. Partner with local conservancy group to host a native plant workshop to advance water conservation

Stretch Objective

- Win award from California Special Districts Association, Association of California Water Agencies, California Water Environment Association, or other industry group

goal 9

Ensure that financial plans, policies, and practices maintain the ability to construct, operate, and maintain all approved facilities including replacement funds for future needs

Strategy: Review plans and implement necessary updates and enhancements through the use of the Long-Range Financial Plan and annual budget

2026 Calendar Year Objectives

48. Complete biennial Operating and Capital Budget for Fiscal Years 2027 and 2028
49. Complete Annual Comprehensive Financial Report, audit, and single audit for Fiscal Year 2026
50. Issue a request for proposals for year-end financial audit services starting with Fiscal Year 2027
51. Complete debt issuance to finance Wastewater capital projects as recommended in Cost of Service Study
52. Develop a plan to address any findings identified in third-party cybersecurity audit and bring to board for consideration, approval, and funding in Fiscal Year 2028 budget
53. Review the recent rate case results of City of San Diego and LADWP with the General Counsel and rate consultants; brief the board based on this comprehensive review, incorporating all issues at hand in California, including current ACWA efforts and other regional member agency efforts
54. Complete annual review of water rates and charges for 2027
55. Implement wastewater, capacity fee, and water-related fee increases for 2026
56. Continue insurance captive investigation for the next cost-of-service study, including consultations with specialized brokers and attorneys, and report findings to the Insurance Committee; if action is recommended by the committee, bring to full board for consideration

goal 9

57. Review the safety, liquidity, and returns of the OMWD portfolio compared to current legal requirements for public agency investments with the Finance Committee, evaluating any adjustments to strategy that could increase market return without jeopardizing the safety or liquidity of OMWD investments; bring any adjustments to strategy or financial policies recommended by the committee to the full board for consideration

Stretch Objective

- Maintain year-to-year operations & maintenance controllable cost increases not to exceed CPI

goal 10

Plan and construct facilities to meet long-term water storage, treatment, transmission, and distribution needs

Strategy: Maintain coordinated master plans for all facilities based on condition and performance assessments and anticipated future needs

2026 Calendar Year Objectives

58. Review and update the 10-year Capital Improvement Plan to support Fiscal Years 2027 and 2028 budget; present to Facilities Committee
59. Complete Train 9 membrane replacements at DCMWTP
60. Finish construction on the Tank Safety Project
61. Commence construction of Palms Reservoirs Replacement Project
62. Complete design of Dusty Trail Pipeline Replacement Project

goal 11

Establish programs and policies to develop alternative water supplies to serve existing and future customers

Strategy: Pursue recycled water, desalination, and conservation opportunities

2026 Calendar Year Objectives

63. If grant funding is available from the federal government, secure Community Partner Funding agreement for $959,752 and complete pilot test well installation and pump test; report progress and findings to board

goal 12

Cultivate supportive and positive relationships with the federal, state, and local agencies that may impact OMWD operations

Strategy: Continue involvement and participation with partner agencies and organizations

2026 Calendar Year Objectives

64. Develop plan with SDCWA Voting and Governance Structure Committee to address SDCWA governance issues at the legislative level; if the committee recommends action in the 2026 legislative session, bring plan for approval to the full board
65. Review findings of LAFCO's SDCWA Municipal Service Review with board
66. Review findings of LAFCO's OMWD Municipal Service Review with board
67. Complete negotiations on three-party recycled water agreement with Vallecitos WD and the City of Carlsbad
68. Coordinate with County of San Diego Registrar of Voters on board filings for the 2026 election
69. Continue to engage and influence legislators and policy groups to oppose the development of a low-income water rate assistance program that lacks a state or federal funding source and that is administratively burdensome to OMWD
70. Continue to engage and influence legislators and policy groups to advocate for exemptions to zero-emission vehicle requirements for emergency response vehicles

LONG-TERM FINANCIAL PLAN (Fiscal Years 2027 to 2036)

The District has two separate Long-Term Financial Plans (LTFP); Water and Wastewater. Each financial plan has a rate model built into the Plan that forecasts rate increases for the next ten years, focusing on the first five years, using financial assumptions and forecasts based on projected operating and maintenance expenditures, capital needs, and targeted reserve levels, set by the Board designated fund balance policy, to pay for the cost of provided services to customers. The District's LTFPs are used as tools to assess the District's future financial health and to develop financial objectives to achieve the District's capital needs and organizational goals in order to support its mission statement.

The LTFPs are updated regularly to reflect current conditions and challenges, such as rising purchased water wholesale costs from the District's suppliers, annual inflation adjustment, and compliance with federal and state mandates to avoid a potential structural imbalance in the District's finances. In today's economic uncertainties, the District's relies on its LTFPs to assess financial risks and address potential cash flow issues that could impact the District's ability to meet its annual debt service requirements and to maintain its credit rating. The District has been successful in mitigating its fiscal challenges proactively before they lead to structural imbalance.

The District has a 10-year Capital Improvement Program (CIP) spending plan for water and wastewater facilities to address current and future capital replacement and betterment needs. The District's 10-year CIPs spending plan, which are part of the LTFPs, for water and wastewater are adopted by the Board as part of the Biennial Budget review process.

The District's LTFPs were developed based on certain financial assumptions and escalation factors. These assumptions were developed by staff based on historical trends, current data, financial commitments, and economic conditions. Any external uncertainties or unknown variables of which staff has no control (such as increased water wholesale costs, the fluctuation in energy prices, future changes in state and federal regulations, and economic conditions) can only be estimated as part of the District's biennial budget process.

This section contains a ten-year financial projection for water and wastewater operations, capital replacement and betterment needs, as well as a ten-year forecast of the District's fund balances. The District's water and wastewater CIP, which are listed in the District's 10 Year Capital Spending Plan, are based on the most recent updates to the District's CIP plans. The District's planned capital expenditures are updated regularly to reflect changes in capital needs and priorities. Significant changes to the District's planned capital expenditures are reviewed with District's facilities committee.

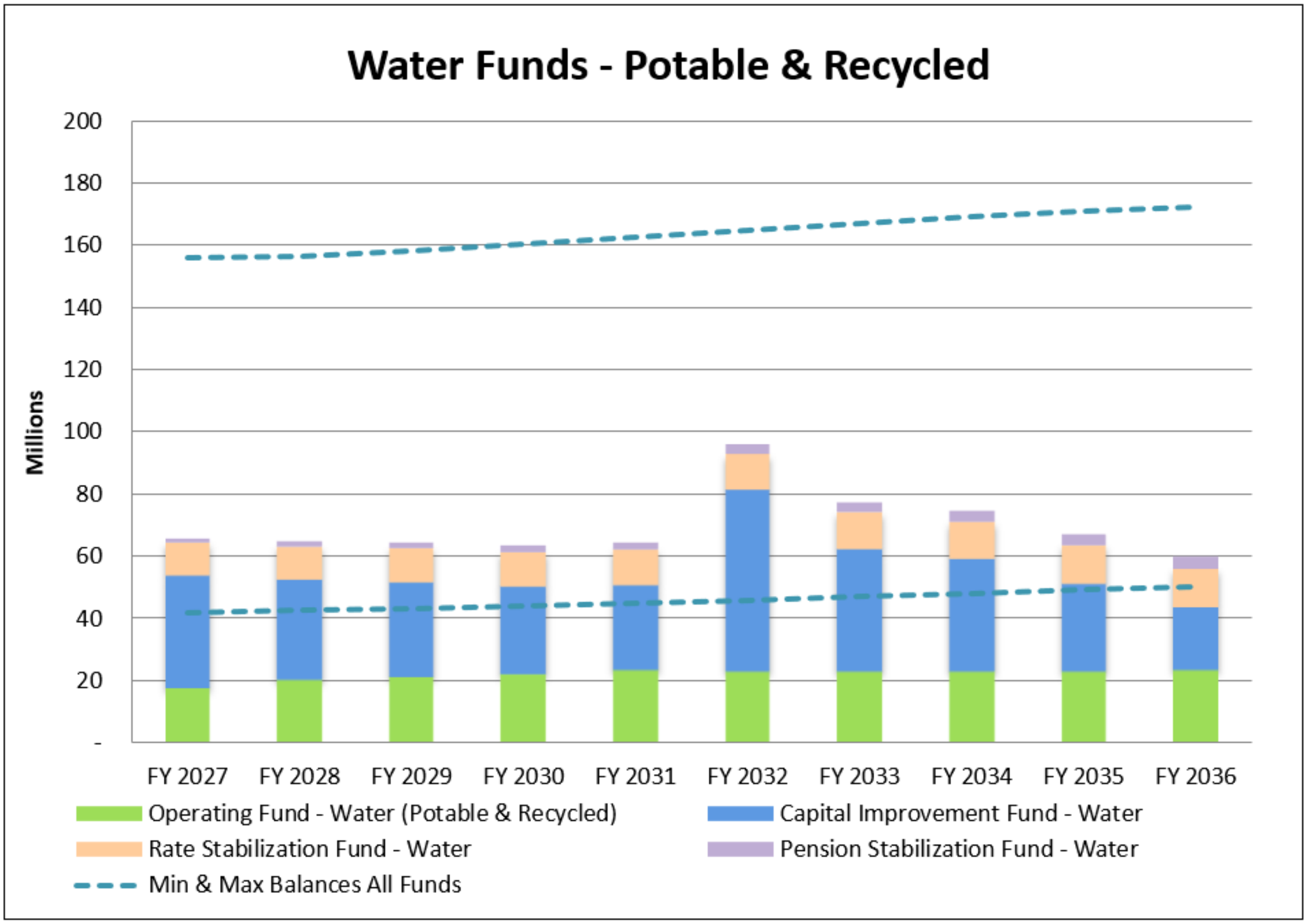
Detailed information about current water and wastewater rate structures are available in the Olivenhain Municipal Water District 2024 Water Rate Study and the Olivenhain Municipal Water District 2024 Wastewater Rate Study. The District completed an update to its Water Capacity Fee Study in 2023.

More information on each study can be accessed at the web page below:

https://www.olivenhain.com/billing

Long-Term Goals:

- Continue the District's commitment to serving present and future customers with safe and reliable water in a cost-effective and environmentally responsive manner.
- Remain dedicated to providing high-quality customer service.
- Secure the District's financial position by collecting sufficient revenues to pay for operating costs and capital expenditures without sacrificing quality of service to our customers.
- Operate the David C. McCollom Water Treatment Plant (DCMWTP) and 4S Ranch Water Reclamation Facility (4S WRF) at maximum capacity to optimize treatment costs per unit.
- Complete planned capital improvement projects to meet current and future water demands based on the District's 20-year Capital Improvement Plan and the Board's goals and objectives.
- Continue efforts to develop alternative water supplies, such as the North County Recycled Water Coalition, San Dieguito Valley Ground Water Project, and the Recycled Retrofit Loan Program.
- Continue efforts to provide the organizational capacity to carry out the District's long-term planning efforts by providing a flexible and skilled workforce and the technology to support our business plan programs.
- Continue efforts to develop other alternative revenue sources, such as selling excess treated water services to other water agencies, renting of District-owned facilities, and pursuing more local, state, and federal grants.
- Continuously support positive relationships with other governmental agencies to address global issues, not limited to water, including inter-agency cooperative projects.
- Provide a safe, rewarding, and healthy work environment for employees to carry out the District's mission to the community it serves.
- Maintain and safeguard the District's water system through implementation of various capital improvement programs based on the District's Capital Spending Plan in a cost-effective and environmentally safe manner.
- Continued compliance with the State Water Resources Control Board's conservation guidelines.



Note: The Min and Max targets reflected above are a total of all potable and recycled funds combined. Each fund has its own Min and Max target set by the Board as defined in the Board Designated Fund Balances Policy section of the Budget.

Operating Fund – Water (Potable and Recycled)

The District's Operating Fund collects revenues from water rates and charges. Potable water sales is the District's largest source of operating revenue. Additionally, the District receives a significant amount of property tax revenue each year from the County. The District uses property tax revenues as an offset to its water revenue requirement to be collected from rates and charges to finance its capital improvement program.

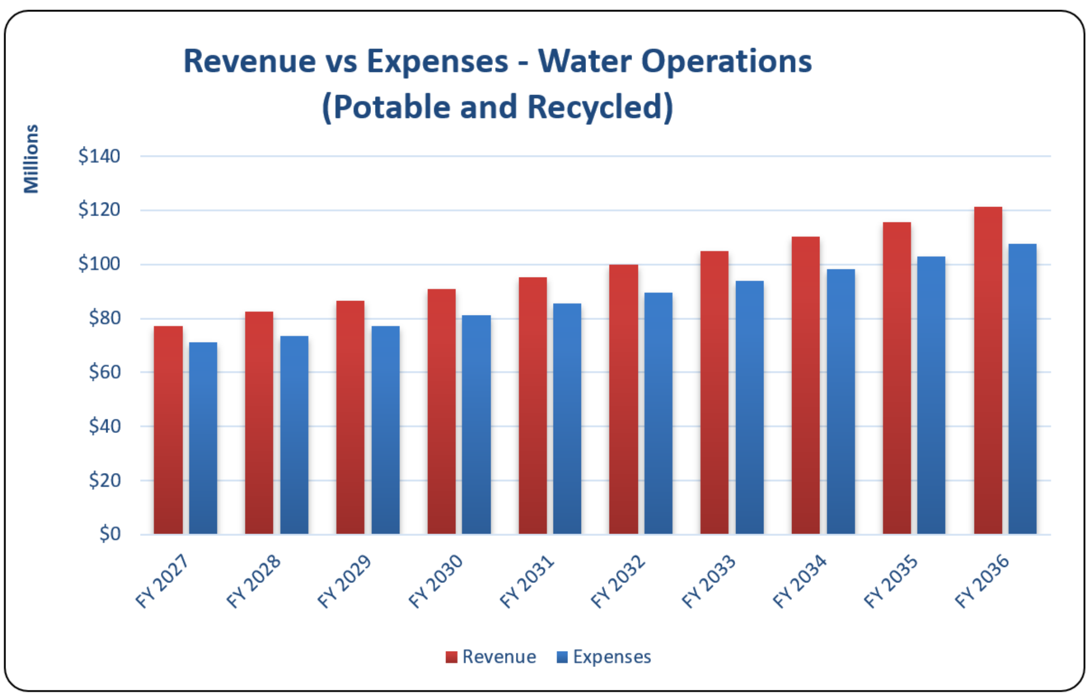
The District's water rates and charges are set by the Board each year consistent with Board Revenues and Expenditures Policy and Designated Fund Balances Policy. A copy of these Board-adopted policies is included in the introduction section of this budget document. These policies are used as a guideline for the rate-setting process and for determining reserve levels. Amounts which exceed the maximum limit set by the Board can only be transferred through board approval after the adequacy of each fund balance is reviewed each year following completion of the District's financial audit.

Water rates and charges are collected to pay for the cost of providing potable and recycled water to customers, replacement and betterment of water capital facilities, and long-term liabilities (debt service and pension obligations).

The District purchases 100% of its untreated water from the San Diego County Water Authority (SDCWA). SDCWA, in turn, purchases a substantial portion of its water supplies from the Metropolitan Water District of Southern California (MWD). SDCWA's supply diversification goal increases reliance on alternative water supplies, for example, by purchasing water from the Imperial Irrigation District and the Carlsbad desalination plant, as a method to reduce dependence on MWD water. Alternative water sources are more expensive than MWD water; therefore, purchased water wholesale costs from SDCWA continue to rise in the future. Purchased water cost accounts for approximately 58% of the District's annual water operating budget.

The District delivers recycled water to large irrigation customers in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest (NW) and Southeast (SE) quadrants are each separate transmission and distribution systems. In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). Roughly 70% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District. More information on the District's recycled water purchases is located in the Expense section of the Budget.

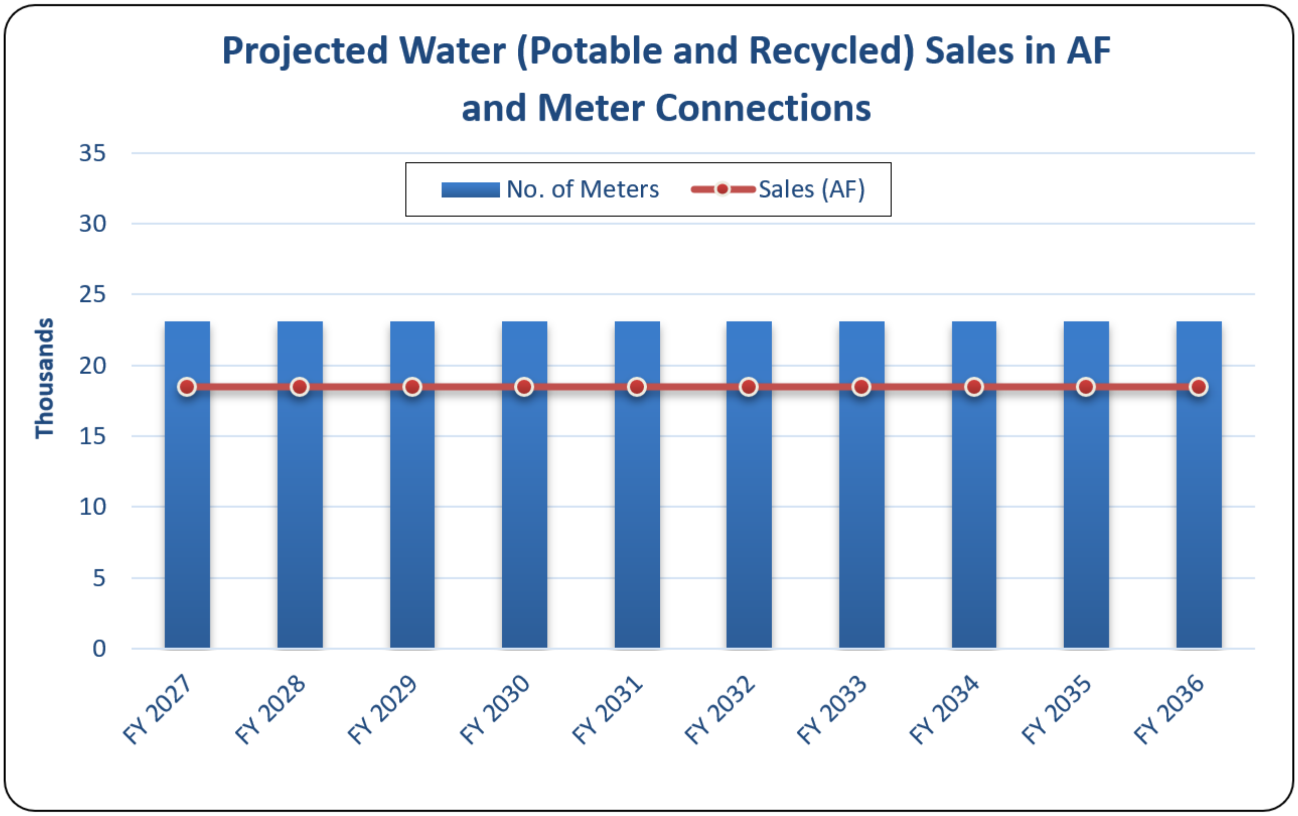
In 2024 the Board adopted a pass-through ordinance which authorizes the Board to adjust water rates and charges as the Board deems necessary not to exceed 12% per year, through December 2029. Assumptions used in developing this budget are based on the existing rate ordinance adopted by the Board in 2024.



Key Financial Assumptions – Water (Potable and Recycled)

- The District has tiered water rate structures for residential (domestic) and potable irrigation customers. The residential (domestic) rate structure has four tiers of usage-based pricing. The potable irrigation rate structure has two tiers of usage-based pricing. Commercial, Recycled, and Construction customers have a flat commodity rate based on consumption.
- The District has Base Rates (no water supply shortage) and Demand Reduction Rates (water supply shortage rates) increasing by 10%, 20%, and 30% over the Base Rates. The Demand Reduction Rates are intended to recover reductions in net revenues resulting from decreased water sales during times of reduced water demand due to drought, water supply emergencies, or other reasons and would only be implemented by the General Manager or by OMWD board action under the terms of the District's Water Supply Condition Ordinance to respond to a specific level of drought. Since the California State Water Resources Control Board continues with its urban water conservation regulations, the District is currently at Base Rates. At the Base Rates, conservation efforts are expected to continue but are not mandatory.
- The District sets rates in accordance with Proposition 218 principles. The District conducted a Water Cost of Service Study (CoSS) in 2024 and issued a Proposition 218 notice to its customers. In line with the Proposition 218 notice, the Board adopted a pass-through ordinance that would authorize the District to pass the following through to its customers each year through Fiscal Year 2029: (1) any future SDCWA charges and any rate increases to any existing SDCWA charges that are imposed on the District (collectively "SDCWA pass-through charges" or individually a "SDCWA pass-through charge"); and (2) annual cost of living increases to the District's rates for its water services fees for increased costs of operations and maintenance, and capital facilities ("Inflationary Pass-Through"). The yearly pass-through increases and adjustments are not to exceed 12% each year for the next five years.
- The Board adopted a Rate Reimbursement Credit effective March 1, 2022 to pass-through approximately $3.6 million in litigation refunds received from the San Diego County Water Authority (SDCWA), the District's potable water wholesaler. The refunds were for damages and interest received by SDCWA from the Metropolitan Water District of Southern California (MWD) as a result of overcharges on MWD's Water Stewardship Rate to SDCWA from 2011–2014, which were then passed on to all SDCWA member agencies, including the District. The Board elected to place the refunds in the Rate Stabilization fund and reimburse District customers. The credit was originally 6.9 cents for each unit of potable water purchased, later increased to 11 cents, then 22 cents, then decreased back to 11 cents. The credit will continue until the full rebate amount has been refunded.
- Water sales volume for Fiscal Years 2027 and 2028 are estimated to remain the same based on the average actual water sales for Calendar Years 2021 through 2025. Fiscal Year 2028 projected sales will be revised at the midterm budget review in March 2027, if necessary.
- Water rates and charges will be reviewed and approved by the Board in October of each year based on the annual revenue required to be collected from rates and charges included in the LTFP.

- Recycled water sales are expected to grow in the future due to the conversion of several potable irrigation meters to recycled meters and expansion of the District's recycled water system. Increased recycled water volume will be offset by a decrease in potable irrigation water sales.
- The District's water sales revenue mix is projected at 90% potable and 10% recycled in Fiscal Years 2027 and 2028.



- The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP) which reduces DCMWTP's fixed costs. Per the agreement, the District began selling a minimum water treatment capacity of 2,750 acre-feet per year to VWD in Fiscal Year 2016. The selling of excess treated services to VWD is projected to generate about $16 million in water operating revenue over the next 10-year period. Fiscal Year 2027 revenue from treatment services is expected to be lower, around $1.0 million, compared to the $1.31 million budgeted for Fiscal Year 2028 due to planned shutdowns at the District's water treatment facility in Fiscal Year 2027 for necessary repair work.

- The District is currently renegotiating its recycled water purchase agreement with Vallecitos Water District, and completed negotiations with City of San Diego in 2025, removing the take or pay included in the prior agreement. Any changes to the current recycled water agreements will be used to update assumptions used in the budget during the midterm budget review process in March 2027.

- The District collects monthly rental income from cellular tower sites and other water-related service fees such as meter and inspection-related service fees. The District expects to receive approximately $677,000 in rental income in Fiscal Year 2027.
- The District uses property tax revenues as an offset to its water revenue requirement, and to pay for its water capital improvement projects. Property tax revenue will be approximately $5.2 million in fiscal year 2026 and is expected to increase slightly every year based on San Diego County's assessed property value and increased housing prices. More information about San Diego home prices which are used by the County to access property value can be found in the History and Community Profile section of this document.
- The Board approved and adopted a 5.7% rate adjustment effective January 1, 2026, to pass through a 9.8% increase in untreated purchased water wholesale variable and fixed costs effective January 1, 2026, and to pass through a 3.5% annual inflation adjustment based on San Diego Consumer Price Index (SDCPI). Fiscal Year 2027 and Fiscal Year 2028 assume a 6.1% projected revenue adjustment to pass-through an estimated 7.3% increase in purchased water wholesale costs from SDCWA rate increases and an increase in treated water purchases due to a plant shutdown at the District's water treatment plant for critical repairs, and from annual inflationary adjustments based on SDCPI per the District's rate ordinance adopted by the Board in 2024.
- The District's operation and maintenance expenses are budgeted to increase by 7.1% for Fiscal Year 2027, compared to the Board-approved budget for Fiscal Year 2026, and a projected increase of 1.5% for Fiscal Year 2028.
- Increase in General Liability, Property, Automobile, Equipment, Excess, and Cybersecurity insurance costs are based on quotes received. Future increases to the District's insurance costs will be included in the budget as part of the midterm budget review process.
- Increases in labor and benefits are budgeted based on the most recent Memorandum of Understanding (MOU) between the District and the District's employee association groups. The District has a full pay-for-performance system based on merit. Pay rate increases are given on July 1st of each year. For the duration of the MOU, the annual merit pool is determined based on San Diego County's CPI-U for the previous year, with a lower limit of 1% and an upper limit of 3.5% with the excess carrying forward to the next year, added to 2.5% into one merit pool. The annual merit pool for Fiscal Year 2027 is 6%, and estimated to be 6% for Fiscal Year 2028. Annual increases in District's labor costs are based on the MOU and subject to Board's consideration and approval in May of each year.
- The investment income rate is projected to be 3% for Fiscal Year 2027 and 2028 and 2% thereafter.
- The District continues with the expansion of its recycled water system to offset potable irrigation use to meet future demands as part of its water supply diversification strategy. More potable irrigation customers are expected to be converted to recycled water customers in the near future.
- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent.

Rate Stabilization Fund - Water (Potable and Recycled)

The District has a Rate Stabilization Fund to protect its financial position and its ability to pay debt service installment payments when revenue shortfalls occur due to dry weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate spikes.

The District will use funds available from the Rate Stabilization Fund, with the Board's approval, to cover temporary budget shortfalls. Actual fund transfers from/to the Rate Stabilization Fund are completed after the District's yearly financial audit is finalized.

As detailed in the Key Assumptions section above, the Rate Stabilization Fund received a transfer-in of $3.6 million that is being refunded to District customers in the form of a Rate Reimbursement Credit. District customers currently receive an 11-cent credit on their monthly water bill for each unit of potable water purchased with consumption beginning March 1, 2022. The credit amount has been increased twice and decreased once as part of rate adjustments to help reduce the impact of increased purchased water costs on customers' bills. Customers will continue to receive the credit until the full $3.6 million has been refunded, which is estimated to be during fiscal year 2027. The District is currently making monthly transfers from the Rate Stabilization Fund to the Water Operating Fund to reimburse for the credit given to customers for that year.

Pension Stabilization Fund - Water (Potable and Recycled)

In June of 2022, the Board approved the addition of a Pension Funding Policy and the establishment of a Pension Stabilization Fund to help stabilize the District's pension costs and achieve its funding goal as outlined in the Pension Funding Policy. The District will make annual contributions from excess funds available in the Water Operating Fund in a manner consistent with the Board Designated Fund Balances Policy to the Pension Stabilization Fund, in addition to its annual regular unfunded accrued liability (UAL) and regular annual additional discretionary payments (ADP). The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions, to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.

Capital Improvement Funds – Water (Potable and Recycled)

The District's Board of Directors has adopted a Reserve policy for the District, which was used to develop the financial plan. Board-adopted reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain the District's financial solvency. Reserves also set aside funds for capital asset replacement as facilities age and need to be replaced, and new capital projects. The District believes adhering to a Board-adopted reserve policy enhances financial management transparency and helps maintain the District's favorable credit rating for future District debt issues.

Capital reserves fund new construction and the replacement and renewal of the District's infrastructure. The District has developed a 10-year Capital Improvement Program (CIP) spending plan to assess the required funding to pay for planned capital replacement and refurbishment expenditures through rates and charges and/or issuing debts over the next ten years.

Potable water and recycled water capital facilities are financed on a pay-as-you-go (PAYGO) basis through fees and charges and/or bond proceeds through debt issuance. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than projected cash reserve fund earnings as mentioned in the District's debt management policy. These funds will be used to improve, acquire, and replace water distribution facilities, and reservoirs, as well as vehicles and equipment identified in the biennial budget and ten-year plan.

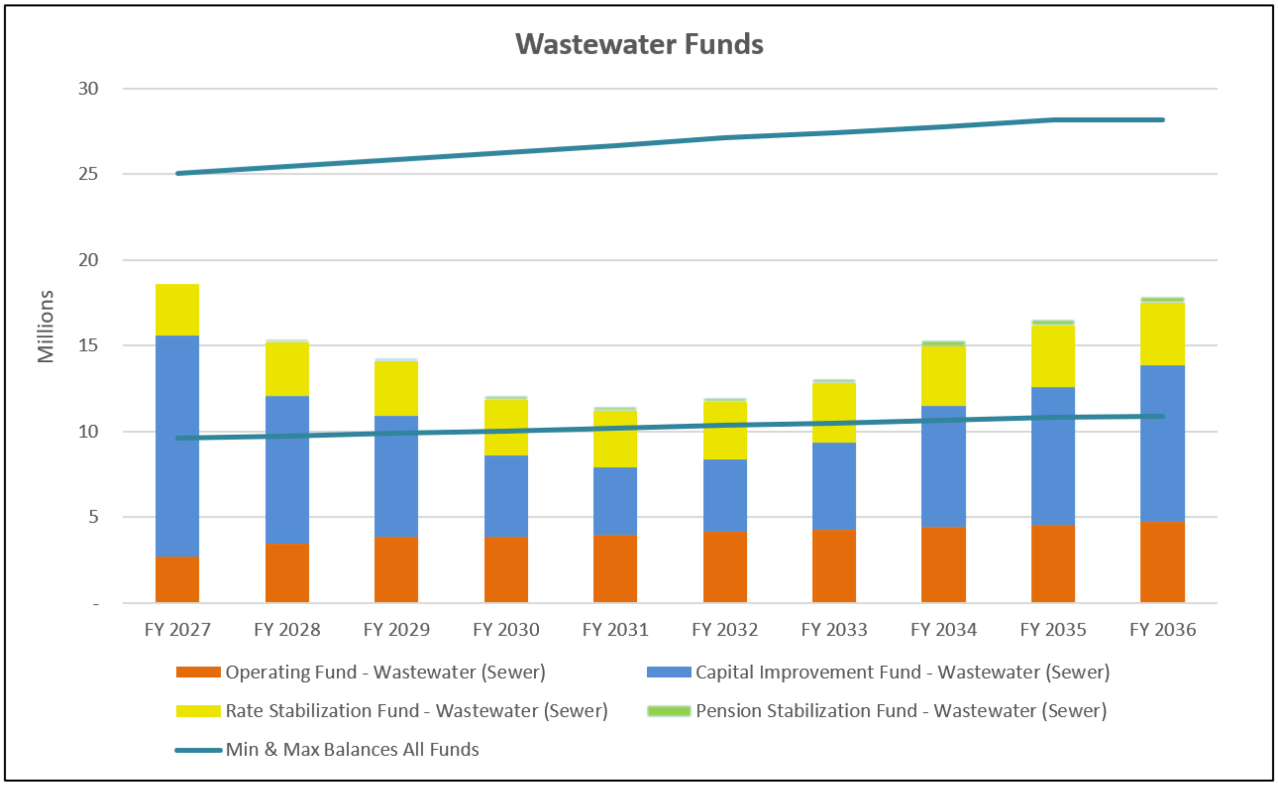
District staff evaluates and reviews the 10 Year Capital Spending Plan on an annual basis as part of the budget process. The purpose of this evaluation process is to review the prior year's plan and propose an update, when required, due to anticipated changes in circumstances. Some projects need to be accelerated to accommodate changes in conditions or to support existing water operations in order to achieve optimum efficiency, thus reducing operating costs. Capital improvement projects included in the District's 10-year Capital Spending Plan are identified in the District's Water Master Plan.

The Long-Term Financial Plan is used by the Finance Department as a cash management tool to forecast the District's cash position and funding requirements over the next ten years. Each fund's current and future projected revenue (cash inflow) is reviewed in relation to the existing reserve levels and its projected cash outflow (operating and CIP expenditures) to ensure that the District has the ability to maintain a strong financial position while accomplishing ambitious programs.

Projects included in the 10-year Capital Spending Plan, which is included in the LTFP reflect the District's short-term and long-term commitments to its mission and objectives and the District's Board of Directors' goals and objectives. The capital reserve minimum balance is one year of capital expenditures of the approved ten-year capital spending plan. The capital reserve maximum balance is not to exceed five years of capital expenditures of the approved ten-year capital spending plan. The target capital reserve balance and methodology used for each fund balance is set according to the District's Reserves Policy which is included in the Introduction section of this budget document. This Policy is approved and adopted by the District's Board of Directors. The timing of inflows and outflows from each fund is the biggest variable in this financial forecast.

Contributions to this fund to pay for the District's capital facilities come from potable and recycled water rates and charges, property tax revenues, debt borrowing, grants, and capacity fees.

Estimated total capital costs for Fiscal Years 2027 to 2036 of planned potable and recycled water capital spending, based on the 10-year Capital Spending Plan for potable and recycled is approximately $226.9 million. These planned expenditures are reviewed every year, and the list of proposed projects is updated based on the priorities and changing conditions faced by the District.



Note: The Min and Max targets reflected above are a total of all wastewater funds combined. Each fund has its own Min and Max target set by the Board as defined in the Board Designated Fund Balances Policy section of the Budget. Additionally, the Fund shortfalls shown in FY 2031 above will be addressed in the next cost of service study scheduled for 2029. Additional projects costs were added after the most recent study was completed, leading to shortfalls in future years based on current rates and reserves.

Operating Fund – Wastewater

The District's wastewater system is comprised of two sanitation districts, which are also an interconnected system:

- Rancho Cielo Sanitation District – This includes the Rancho Cielo development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway – in the Southeast Quadrant of the District's water service area.
- 4S Ranch Sanitation District – This area consists of the 4S Ranch master-planned community, which is located west of Rancho Bernardo. The adjacent communities of Santa Luz and Black Mountain Ranch are annexed to the 4S Ranch Sanitation District for wastewater service only.

Wastewater from the Rancho Cielo Sanitation District is collected through a series of gravity sewers and pump stations and is ultimately pumped to the 4S Ranch Water Reclamation Facility (4S WRF). The 4S WRF produces recycled water to serve irrigation needs within this service area. With financial support from local developers such as 4S Kelwood and Rancho Cielo, the 4S WRF capacity was increased from a 0.25 million gallon per day (mgd) wastewater treatment plant to a 2.0 mgd reclamation facility. The purpose of this expansion was not only to increase wastewater collection services in the 4S Ranch and Rancho Cielo areas but also to improve the existing plant by implementing a "tertiary" treatment process which allows the plant to treat wastewater effluent to a level suitable for irrigation use.

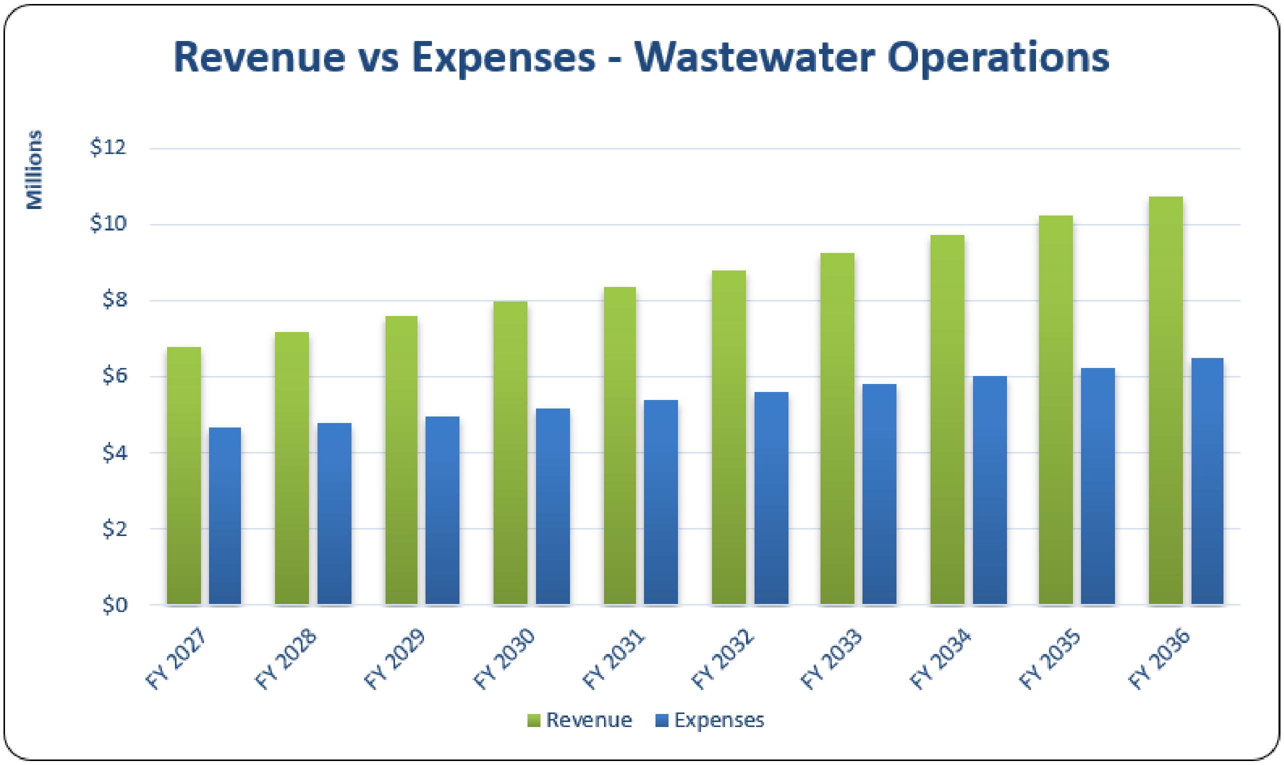
At its June 2024 meeting, the Board adopted an ordinance to increase the Districts wastewater rates and charges by 5.5% effective July 1, 2024, and by 5.5% each July 1 thereafter for the next five years through Fiscal Year 2029. A 2024 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for the rate increases to the District's wastewater services. The Wastewater Rate Study projects the District's wastewater revenues and expenditures over the next ten years, conducts a cost of service analysis, and recommends increases in wastewater rates for the next five years. These increases are based on the District's wastewater revenue requirements to be collected from wastewater rates and charges and wastewater infrastructure needs of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District. As recommended in the 2024 Wastewater Rate Study, the District is planning to issue a new debt of $6.5 million in 2027. This was included in the Rate Study in order to smooth the necessary rate increases while also paying for the near-term capital infrastructure projects in the Districts capital spending plan.

The District's Wastewater Service Fees are collected on each property owner's property tax bill on an annual basis. Wastewater bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessors Office, in April and December of each year.

Due to the timing of receipts, the District needs to have adequate cash on hand to pay for operating expenditures (working capital). Wastewater Service fees are comprised of two components, a monthly system access charge (fixed revenue) and commodity rates based on an estimated amount of sewage generated by each user. Wastewater rates and projected revenues are calculated based on actual water use as well as the 4S Water Reclamation Facility projected operating and maintenance expenses needed to provide wastewater services in the 4S Ranch and Rancho Cielo areas.

More information on the District's Wastewater financial plan and rates can be found in the 2024 Wastewater Cost-of-Service Study report and Proposition 218 notice located at the following web page:

https://www.olivenhain.com/billing



If the projected ending fund balance is more than the 365-day maximum, it will be transferred into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. The adequacy of each fund balance will be reviewed on a yearly basis after the annual financial audit is completed.

Key Financial Assumptions

- Wastewater Service Fees for a five-year period (covering Fiscal Years 2025 through 2029) are based on the 2024 Wastewater Cost of Service Study.
- Wastewater rates and charges are assumed to increase by 5.5% each year for the next three years effective July 1 of Fiscal Years 2027, 2028, and 2029, and by 5% every July 1 thereafter.
- A new debt issuance of $6.5 million is proposed in Fiscal Year 2027 to help pay for capital improvement projects.
- The District has a 10-year Wastewater Capital Spending Plan developed by the District's Engineering department, which included in the 2024 Wastewater Cost of Service Study, and updated for the Biennial Budget.
- General inflation increases are estimated at 2% each year based on the average annual change in the 15-year Consumer Price Index for the San Diego region.

- Growth is projected to be relatively flat, less than 1% each year, until build-out (2030). In Fiscal Year 2024 the District added 84 sewer EDUs from the addition of the Avion development. The Board approved annexing the Avion development into the District's wastewater system which added approximately $40,000 in additional wastewater revenue annually, based on Fiscal Year 2026 wastewater rates.

- Capital Inflation is estimated at 3%.

- Projected increases in labor and benefit costs are budgeted based on the 2022 Memorandum of Understanding (MOU) with the District's employee association groups for all water and wastewater operations. More information on the MOU is located in the Employee Benefit section.

- Utilities costs are forecasted to increase by 16% in Fiscal Year 2027 and 3% in Fiscal Year 2028.

- Investment income is forecasted to be 3% for Fiscal Year 2027 and 2028 and 2% thereafter.

- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent.

Rate Stabilization Fund - Wastewater

The purpose of this fund is to protect the District's financial resources against an economic shortfall, an unexpected increase in expenditures from sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged wastewater facilities.

Pension Stabilization Fund - Wastewater

In June of 2022, the Board approved the addition of a Pension Funding Policy and the establishment of a Pension Stabilization Fund to help stabilize the District's pension costs and achieve its funding goal as outlined in the Pension Funding Policy. The District will make annual contributions from excess funds available in the Wastewater Operating Fund in a manner consistent with the Board Designated Fund Balances Policy to the Pension Stabilization Fund, in addition to its annual regular unfunded accrued liability (UAL) and regular annual additional discretionary payments (ADP). The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions, to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.

Capital Improvement Fund – Wastewater

The District's wastewater capital expenditures are paid by annual wastewater service charges and debt issuances. The District transfers a fixed amount each fiscal year from wastewater service revenue to wastewater capital reserves to help pay for the District's planned wastewater capital improvement program included in the 10-year Capital Spending Plan. 4S Ranch and Rancho Cielo Wastewater Capital Improvement Program to be completed in the next 10 years can be found in the 10-year Capital Spending Plan – Wastewater page in this section and in the Capital Budget section of this budget. The planned expenditures for the next ten fiscal years are updated annually during the budget process.

Estimated total capital costs for Fiscal Years 2027 to 2036 of planned wastewater capital spending is approximately $30.4 million.

More detailed information about the District's wastewater capital reserves, cash inflow, and cash outflow can be found in the following pages of this section.

Debt Service Fund

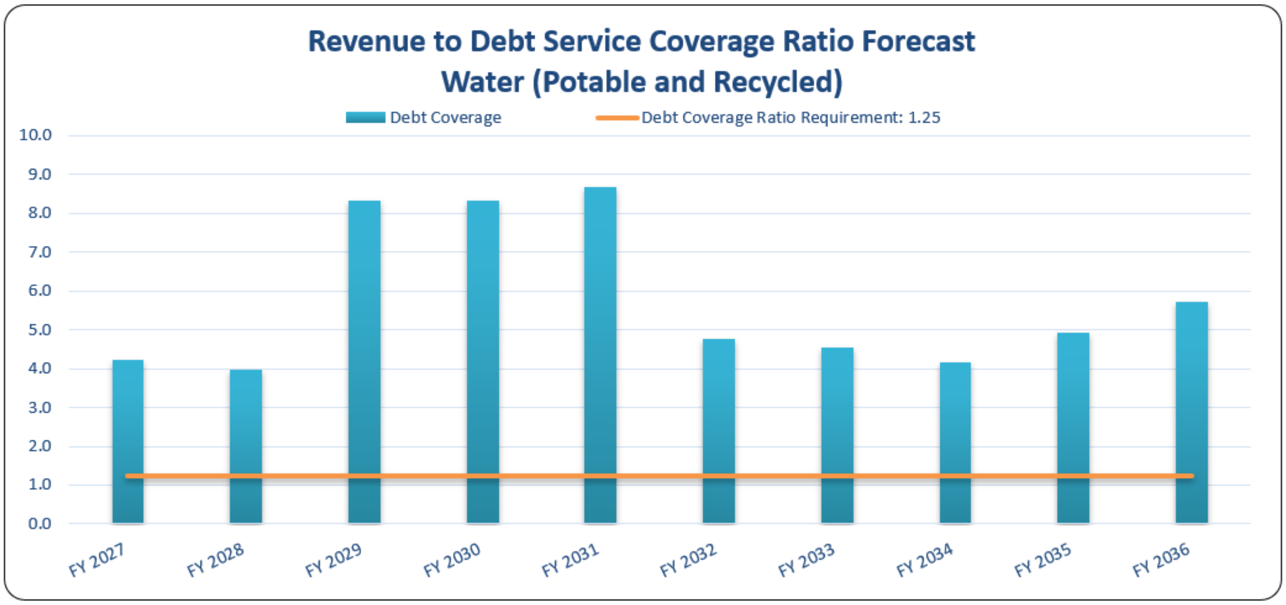
The District currently has six long-term debt issuances: the Reassessment District 96-1 Limited Obligation Improvement Bonds, the 2015A Water Revenue Refunding Bonds, the 2016A Water Revenue Refunding Bonds, the 2012 State Revolving Fund Loan, and the 2021A and 2021B Wastewater Revenue Bonds. Fitch Ratings also reviewed the District's AAA bond rating on its 2015A and 2016A bonds and confirmed that there should be no changes to its existing rating. The District has held the AAA rating since 2016.

The 2019 RAD 96-1 bonds were issued to refund the 2007 RAD 96-1 bonds. The 2007 RAD 96-1 bonds were issued to refund the Assessment District 96-1 bonds. The Assessment District 96-1 bonds ($22,530,000 original principal amount) were issued in August 1997 for the purpose of constructing the dam and reservoir portion of the Olivenhain Water Storage Project. The source of repayment for these bonds are assessments levied on properties within Reassessment District 96-1. Annual levies are placed on the property tax rolls and are collected by the San Diego County Tax Assessor.

The 2015A Water System Refunding Revenue Bonds (2015A Bonds) were issued to refund the outstanding balance of the 2006A Water Revenue Refunding Bonds (2006A Bonds). The 2006A Bonds ($38,940,000 original principal amount) were issued in March 2006 to refund the remaining balance of the 1997 Water Revenue Certificates of Participation. Net water system revenues provided the primary source of repayment for the 2006A Bonds. According to the 2015A Bonds' covenants, the District is now required to maintain net system revenues of at least 125% of debt service on senior obligations and 100% of debt service on all obligations.

The 2016A Water System Refunding Revenue Bonds (2016A Bonds) were issued to refund the outstanding balance of the 2009 Water Revenue Bonds (2009 Bonds). The 2009 Bonds ($19,175,000 original principal amount) were issued on November 5, 2009, to finance improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues.

The 2012 State Revolving Fund (2012 SRF) Agreement was executed by the California Department of Public Health on February 2012. The $17,812,998 loan, at an interest rate of 2.3035% with a 20-year term, was used for the construction of LT2-related improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for 2012 SRF are water rates and charges.



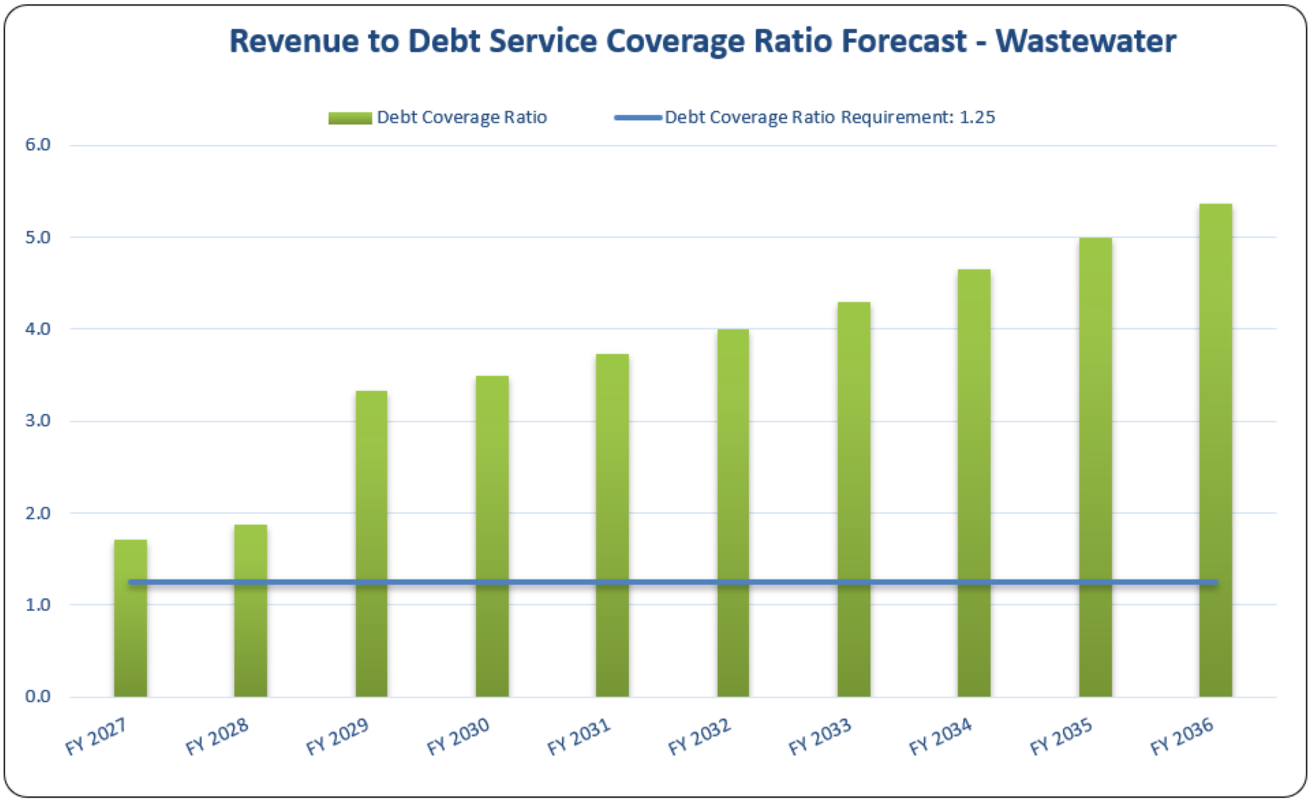
Note: Increase beginning in Fiscal Year 2029 is due to 2015A Revenue Bond debt expiring in Fiscal Year 2028, Decrease beginning in Fiscal Year 2032 is due to a projected issuance of new debt for the District's planned Desalination plant.

The 2021A Wastewater Revenue Bonds (2021A Bonds) in the amount of $5,042,140 were issued through a private placement financing process to finance wastewater improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The 2021A Bonds, which were directly purchased by Sterling National Bank, will mature on June 1, 2041, and carry an interest rate of 2.14%. The primary sources of repayment for these bonds are net system wastewater revenues. Issuance of the 2021A Bonds requires the District to maintain net system revenues of 125% of debt service within the Wastewater Operating Fund only.

The 2021B Wastewater Refunding Revenue Bonds (2021B Bonds) in the amount of $3,932,970 were also issued through a private placement financing process to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Bonds, which resulted in an estimated net present value savings of $243,900 after the cost of issuance. The 2021B Bonds which were directly purchased by Sterling National Bank will mature on June 1, 2028. The primary sources of repayment for these bonds are net system wastewater revenues. Issuance of the 2021B Bonds requires the District to maintain net system revenues of 125% of debt service within the Wastewater Operating Fund only.

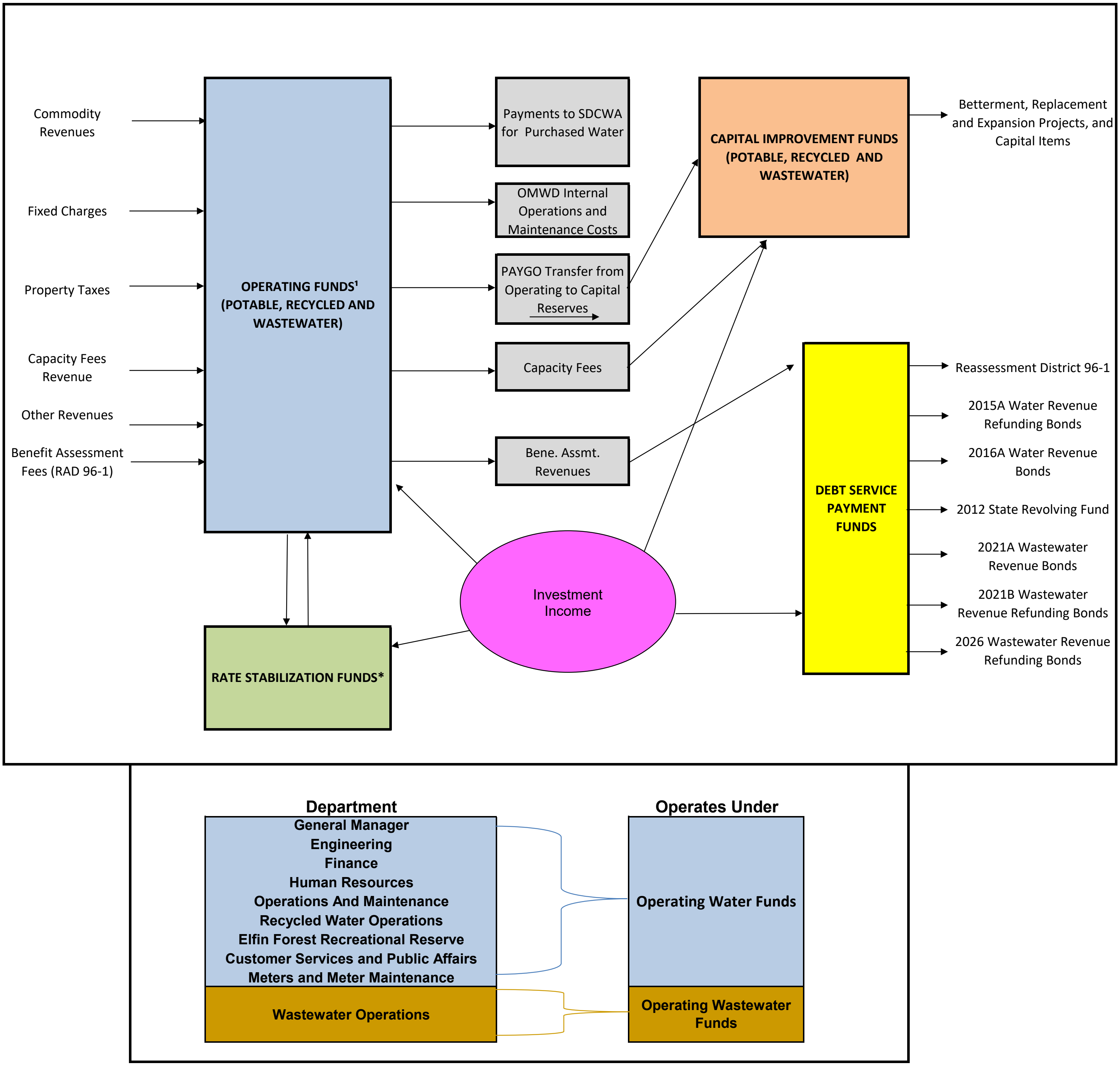
Additionally, as part of the 2024 Wastewater Cost-of-Service study conducted by an independent financial consultant, the District reviewed the need for a future debt issuance in order to help smooth wastewater rate increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities. Per the study, the District intends to issue $6.5 million in bonds in Fiscal Year 2027 which has been accounted for in the budget, with payments beginning in Fiscal Year 2027 of approximately $522 thousand annually.

More information on the District's policies is available in the Financial Policy section of the Budget.



Note: Increase beginning in Fiscal Year 2029 is due to 2021B Sewer Revenue Bond debt expiring in Fiscal Year 2028.

Olivenhain Municipal Water District
Schematic of Fund Structure and Cash Flow Diagram



Notes: More information on these fund balances can be found in the Financial Policies section of this document.

- [1] In keeping its books and records, the District has established various fund balances in order to enhance internal control and further attain other management objectives.
- Each operation (potable, recycled and wastewater) has its own set of funds (operating fund, rate stabilization fund and capital fund). Transactions are accounted and recorded separately within each fund.
- Operating and capital appropriations are approved annually by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year. The District operating and capital budget is developed on an annual basis.

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Operating Fund - Water (Potable and Recycled)

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Operating Revenues										
Water Volume Sales	53,020,000	54,536,000	55,919,000	58,624,000	61,555,000	64,633,000	67,865,000	71,257,000	74,821,000	78,562,000
System Access Charge	19,773,000	21,021,000	22,084,000	23,188,000	24,348,000	25,565,000	26,843,000	28,185,000	29,595,000	31,074,000
SDCWA IAC	1,668,000	1,783,000	1,889,000	2,002,000	2,122,000	2,239,000	2,351,000	2,468,000	2,592,000	2,721,000
Selling Treatment Services to Vallecitos	1,000,000	1,310,000	1,392,000	1,480,000	1,573,000	1,663,000	1,750,000	1,841,000	1,937,000	2,037,000
Other Water Operating Revenues	650,000	650,000	651,000	651,000	652,000	652,000	653,000	653,000	653,000	654,000
Total Operating Revenues	**76,111,000**	**79,300,000**	**81,935,000**	**85,945,000**	**90,250,000**	**94,752,000**	**99,462,000**	**104,404,000**	**109,598,000**	**115,048,000**
Operating Expenses										
Purchased Water	45,860,000	45,080,000	47,664,000	50,406,000	53,400,000	56,296,000	59,095,000	62,030,000	65,112,000	68,348,000
Recycled Water Credit	-	-	-	-	-	-	-	-	-	-
Operating Expenses (exclude depreciation)	24,292,000	25,934,000	26,965,000	28,039,000	29,157,000	30,323,000	31,538,000	32,804,000	34,124,000	35,499,000
Total Operating Expenses	**70,152,000**	**71,014,000**	**74,629,000**	**78,445,000**	**82,557,000**	**86,619,000**	**90,633,000**	**94,834,000**	**99,236,000**	**103,847,000**
Net Operating Revenues	**5,959,000**	**8,286,000**	**7,306,000**	**7,500,000**	**7,693,000**	**8,133,000**	**8,829,000**	**9,570,000**	**10,362,000**	**11,201,000**
Other Cash Inflows										
Investment Income	709,000	800,000	633,000	653,000	680,000	674,000	684,000	702,000	729,000	754,000
Transfer from Rate Stabilization Fund	272,000	-	-	-	-	-	-	-	-	-
Transfer from Pension Stabilization Fund	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Property Taxes	5,298,000	5,404,000	5,512,000	5,622,000	5,734,000	5,849,000	5,966,000	6,085,000	6,207,000	6,331,000
Gain on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	696,565	710,096	723,898	737,976	752,336	766,982	781,922	797,161	812,704	828,558
Total Other Cash Inflows	**7,255,565**	**7,194,096**	**7,148,898**	**7,292,976**	**7,446,336**	**7,569,982**	**7,711,922**	**7,864,161**	**8,028,704**	**8,193,558**
Other Cash Outflows										
Transfer to Capital Fund - PAYGO	5,169,000	4,796,000	8,688,000	8,578,000	8,466,000	8,351,000	8,734,000	9,615,000	10,993,000	11,869,000
Transfer to Capital Fund - Gann Limit	2,031,000	2,404,000	2,512,000	2,622,000	2,734,000	2,849,000	2,966,000	3,085,000	3,207,000	3,331,000
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer to Pension Stabilization Fund	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Transfer for 2015A Debt Service Payment	2,405,000	2,404,000	-	-	-	-	-	-	-	-
Transfer for 2016A Debt Service Payment	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000	979,000	974,000
Transfer for 2012 SRF Debt Service Payment	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	537,000	-
Transfer for 2021B Sewer Revenue Bonds Debt Service	487,000	487,000	-	-	-	-	-	-	-	-
Transfer for Proposed Debt Service Payment	-	-	-	-	-	2,278,250	2,278,250	2,278,250	2,278,250	2,438,250
Transfer for 2012 SRF Reserve Fund Requirement	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Expenditures	282,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Other Cash Outflows	**12,919,000**	**12,649,000**	**13,754,000**	**13,754,000**	**13,757,000**	**16,033,250**	**16,533,250**	**17,533,250**	**18,504,250**	**19,122,250**
Net Other Cash Inflow (Outflow)	**(5,663,435)**	**(5,454,904)**	**(6,605,102)**	**(6,461,024)**	**(6,310,664)**	**(8,463,268)**	**(8,821,328)**	**(9,669,089)**	**(10,475,546)**	**(10,928,692)**
Net Cash Flow	**295,565**	**2,831,096**	**700,898**	**1,038,976**	**1,382,336**	**(330,268)**	**7,672**	**(99,089)**	**(113,546)**	**272,308**
Projected Beginning Fund Balance	**17,026,000**	**17,321,565**	**20,152,661**	**20,853,560**	**21,892,536**	**23,274,871**	**22,944,604**	**22,952,276**	**22,853,186**	**22,739,640**
Projected Cumulative Ending Fund Balance	**$ 17,321,565**	**$ 20,152,661**	**$ 20,853,560**	**$ 21,892,536**	**$ 23,274,871**	**$ 22,944,604**	**$ 22,952,276**	**$ 22,853,186**	**$ 22,739,640**	**$ 23,011,948**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Rate Stabilization Fund - Water

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Operating Revenues										
Total Operating Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operating Expenses										
Total Operating Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Operating Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Cash Inflows										
Investment Income	298,200	307,146	210,907	215,125	219,428	223,816	228,292	232,858	237,515	242,266
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	**298,200**	**307,146**	**210,907**	**215,125**	**219,428**	**223,816**	**228,292**	**232,858**	**237,515**	**242,266**
Other Cash Outflows										
Transfer to Operating Fund	272,000	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	**272,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Other Cash Inflow (Outflow)	**26,200**	**307,146**	**210,907**	**215,125**	**219,428**	**223,816**	**228,292**	**232,858**	**237,515**	**242,266**
Net Cash Flow	**26,200**	**307,146**	**210,907**	**215,125**	**219,428**	**223,816**	**228,292**	**232,858**	**237,515**	**242,266**
Projected Beginning Fund Balance	**10,212,120**	**$ 10,238,320**	**$ 10,545,466**	**$ 10,756,373**	**$ 10,971,498**	**$ 11,190,926**	**$ 11,414,742**	**$ 11,643,034**	**$ 11,875,892**	**$ 12,113,408**
Projected Cumulative Ending Fund Balance	**$ 10,238,320**	**$ 10,545,466**	**$ 10,756,373**	**$ 10,971,498**	**$ 11,190,926**	**$ 11,414,742**	**$ 11,643,034**	**$ 11,875,892**	**$ 12,113,408**	**$ 12,355,674**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Pension Stabilization Fund - Water

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	42,030	49,891	38,658	43,832	49,108	54,490	59,980	65,580	71,291	77,117
Transfer from Operating Fund	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total Other Cash Inflows	**542,030**	**549,891**	**538,658**	**543,832**	**549,108**	**554,490**	**559,980**	**565,580**	**571,291**	**577,117**
Other Cash Outflows										
Transfer to Operating Fund	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Total Other Cash Outflows	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**	**280,000**
Net Other Cash Inflow (Outflow)	**262,030**	**269,891**	**258,658**	**263,832**	**269,108**	**274,490**	**279,980**	**285,580**	**291,291**	**297,117**
Net Cash Flow	**262,030**	**269,891**	**258,658**	**263,832**	**269,108**	**274,490**	**279,980**	**285,580**	**291,291**	**297,117**
Projected Beginning Fund Balance	**$ 1,181,000**	**$ 1,443,030**	**$ 1,712,921**	**$ 1,971,579**	**$ 2,235,411**	**$ 2,504,519**	**$ 2,779,010**	**$ 3,058,990**	**$ 3,344,569**	**$ 3,635,861**
Projected Cumulative Ending Fund Balance	**$ 1,443,030**	**$ 1,712,921**	**$ 1,971,579**	**$ 2,235,411**	**$ 2,504,519**	**$ 2,779,010**	**$ 3,058,990**	**$ 3,344,569**	**$ 3,635,861**	**$ 3,932,978**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast (PAYGO)
Capital and Equipment Fund - Water (Potable and Recycled)

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Other Cash Inflows										
Investment Income	1,063,000	940,000	603,000	554,000	538,000	1,141,000	770,000	709,000	558,000	399,000
Ordinance 280 Revenue	5,000	5,000	-	-	-	-	-	-	-	-
Anticipated Grant Funds	2,211,000	170,000	-	-	-	6,500,000	6,500,000	-	-	-
Transfer from Operating Fund - PAYGO	5,169,000	4,796,000	8,688,000	8,578,000	8,466,000	8,351,000	8,734,000	9,615,000	10,993,000	11,869,000
Transfer from Oper. Fund -Excess Prop. Tax - Gann Limit	2,031,000	2,404,000	2,512,000	2,622,000	2,734,000	2,849,000	2,966,000	3,085,000	3,207,000	3,331,000
Capacity Fee Revenues	5,022,000	1,518,000	2,265,000	1,971,000	2,379,000	4,083,000	2,560,000	155,000	90,000	90,000
Proceeds from the sale of Surplus Property	-	-	-	-	-	-	-	-	-	-
Transfer from Sewer	-	-	-	-	-	-	-	-	-	-
Proposed Debt	-	-	-	-	-	51,000,000	-	-	-	-
Total Other Cash Inflows	**15,501,000**	**9,833,000**	**14,068,000**	**13,725,000**	**14,117,000**	**73,924,000**	**21,530,000**	**13,564,000**	**14,848,000**	**15,689,000**
Other Cash Outflows										
Capital Item Purchases	$619,000	424,000	425,000	425,000	425,000	425,000	425,000	425,000	425,000	425,000
Capital Projects (see next page for detail)	22,478,000	13,580,800	15,129,800	15,811,800	14,471,550	42,698,050	39,985,000	16,234,000	22,098,000	23,340,000
Other Expenditures	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Other Cash Outflows	**23,127,000**	**14,034,800**	**15,584,800**	**16,266,800**	**14,926,550**	**43,153,050**	**40,440,000**	**16,689,000**	**22,553,000**	**23,795,000**
Net Other Cash Inflow (Outflow)	**(7,626,000)**	**(4,201,800)**	**(1,516,800)**	**(2,541,800)**	**(809,550)**	**30,770,950**	**(18,910,000)**	**(3,125,000)**	**(7,705,000)**	**(8,106,000)**
Net Cash Flow	**(7,626,000)**	**(4,201,800)**	**(1,516,800)**	**(2,541,800)**	**(809,550)**	**30,770,950**	**(18,910,000)**	**(3,125,000)**	**(7,705,000)**	**(8,106,000)**
Projected Beginning Fund Balance	**44,117,673**	**36,491,673**	**32,289,873**	**30,773,073**	**28,231,273**	**27,421,723**	**58,192,673**	**39,282,673**	**36,157,673**	**28,452,673**
Projected Cumulative Ending Fund Balance	**$ 36,491,673**	**$ 32,289,873**	**$ 30,773,073**	**$ 28,231,273**	**$ 27,421,723**	**$ 58,192,673**	**$ 39,282,673**	**$ 36,157,673**	**$ 28,452,673**	**$ 20,346,673**

Olivenhain Municipal Water District

10 Year Capital Spending Plan

Capital Improvement Fund - Water (Potable and Recycled)

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Potable Projects										
(1)	Palms I and II Reservoirs Replacement	2,531,000	550,000	-	-	-	-	-	-	-	-
(1)	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	2,027,000	-	-	-	-	-	-	-	-	-
(1)	San Dieguito Valley Groundwater Desalination Plant	1,634,000	1,921,000	3,098,000	2,922,000	1,814,000	28,010,000	29,153,000	1,611,000	-	-
(1)	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,490,000	-	-	-	-	-	-	-	-	-
(1)	EFRR Parking Lot Expansion	1,436,000	60,000	-	-	-	-	-	-	-	-
(1)	Dusty Trail PL Replacement	1,047,000	-	-	-	-	-	-	-	-	-
(1)	10th St PRS Repairs	921,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	648,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd Pipeline Inspection & Rehab	599,000	-	-	-	-	-	-	-	-	-
	DCMWTP BWWEQ Tank Rehab	596,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP 1st Stage Beam Replacement	558,000	367,200	367,200	367,200	367,200	367,200	-	-	-	-
(1)	Tank Safety Improvements	359,000	-	-	-	-	-	-	250,000	760,000	-
(1)	Units B & K Rehabilitation	326,000	-	-	-	360,000	680,000	800,000	-	-	-
(1)	CIS Infinity System Upgrade	316,000	10,000	-	-	-	-	-	-	-	-
	DCMWTP FCV Actuators Replacement	310,000	-	-	-	-	-	-	-	-	-
	Fluoride Safety Improvements	278,000	-	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	252,000	-	-	-	-	-	-	-	-	-
	Emerging Constituents Planning Study	250,000	-	-	-	-	-	-	-	-	-
(1)	RSF Rd Pipeline Inspection	228,000	524,000	-	-	-	-	-	-	-	-
	Miller 14" Valve and Vault Replacement	213,000	731,000	753,000	-	-	-	-	-	-	-
	AC Pipe Risk Assessment Study	150,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd PRS	146,000	260,000	-	-	-	-	-	-	-	-
(1)	Fleet Electrification Project (PW/RCW)	120,000	-	149,000	1,341,000	767,000	-	-	-	-	-
(1)	Gano & San Dieguito Access Imp	120,000	-	-	-	-	-	-	-	-	-
(1)	Centrifuge 731 (original) Major Service	54,000	-	-	-	-	-	-	-	-	-
	DCMWTP On-Site Improvements to Connect to New Sewer Pump Station	50,000	50,000	153,000	1,192,000	-	-	-	-	-	-
(1)	District Wide Scada Upgrades	13,000	-	-	-	-	-	-	-	320,000	-
	DCMWTP 1st Stage Basins Rehab	-	1,204,600	1,204,600	1,204,600	1,204,600	1,204,600	-	-	-	-
	GP Migration	-	405,000	377,000	68,000	-	-	-	-	-	-
	DCMWTP Replace Chemical Storage Systems	-	203,000	209,000	215,000	-	-	-	-	-	-
(1)	Golem 14" Pipeline Inspection and Rehab	-	133,000	-	-	-	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Room Rehab	-	95,000	-	-	-	-	-	-	-	-
	Peay Outlet Air Vac Improvements	-	55,000	57,000	171,000	-	-	-	-	-	-
(1)	Rancho La Cima/Aliso Canyon PL Relocation	-	50,000	200,000	-	-	-	-	-	-	-
	DCMWTP Brine Area Rehab	-	-	198,000	-	-	-	-	-	-	-
	DCMWTP HVAC Replacement	-	-	46,000	-	-	-	-	-	-	-
(1)	Updates to the Potable and Recycled Master Plan and Hydraulic Models	-	-	-	560,000	140,000	-	-	-	610,000	260,000
	DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	-	-	-	469,000	-	-	-	-	-	-
	Concrete Tank Condition Assessment	-	-	-	275,000	-	-	-	-	300,000	-
	DCMWTP AFIF Vault & Mixing System	-	-	-	165,000	-	400,000	250,000	2,150,000	-	-
	DCMWTP Replace Chemical Feed Systems	-	-	-	100,000	103,000	106,000	-	-	-	-
	Long-term Pipeline Budget per HDR	-	-	-	58,000	-	-	-	-	-	68,000
	Data Center	-	-	-	-	320,000	-	-	-	-	370,000
	DCMWTP Replace Strainers	-	-	-	-	252,750	758,250	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	143,000	993,000	-	-	-	-
	DCMWTP WTP Replace Strainer Isolation Valves	-	-	-	-	93,000	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Generation System Rehab	-	-	-	-	-	959,000	-	-	-	-
	DCMWTP Backpulse Tanks Replacement Project	-	-	-	-	-	875,000	-	-	-	-
	OMWD Parking and Access Improvements	-	-	-	-	-	520,000	-	-	-	-
(1)	DCMWTP General WTP Inspect & Cond Assessment	-	-	-	-	-	270,000	270,000	-	-	-

Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
DCMWTP Plate Settler Coating Rehab	-	-	-	-	-	138,000	-	-	-	-
DCMWTP Hydroelectric Turbine Refurbishments	-	-	-	-	-	90,000	680,000	680,000	-	-
DCMWTP Plate Settlers MOV Actuators Replacement	-	-	-	-	-	34,000	-	-	-	-
RSF Rd Pipeline Replacement	-	-	-	-	-	-	655,000	675,000	10,111,000	-
Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	-	-	-	-	480,000	2,140,000	-	-
DCMWTP WTP Repl Main Compressors	-	-	-	-	-	-	212,000	-	-	-
Quail Gardens PRS Replacement	-	-	-	-	-	-	152,000	1,075,000	-	-
DCMWTP Bridge Crane Coating Rehab	-	-	-	-	-	-	-	112,000	-	-
Encinitas Blvd Pipeline Replacement	-	-	-	-	-	-	-	-	790,000	5,932,000
3rd Stage DAF Addition	-	-	-	-	-	-	-	-	709,000	2,383,000
Replace Maryloyd Pump Station	-	-	-	-	-	-	-	-	510,000	-
DCMWTP Switchgear and MCC Upgrades	-	-	-	-	-	-	-	-	446,000	4,142,000
Del Dios PRS Replacement	-	-	-	-	-	-	-	-	161,000	1,118,000
Gaty 2 Overflow	-	-	-	-	-	-	-	-	-	598,000
DCMWTP Settler Unit 1, 2, & 3 Replace	-	-	-	-	-	-	-	-	-	577,000
Recurring Potable Replacement Projects										
Indian Canyon Realignment Project	-	-	-	-	-	-	-	-	-	147,000
Berk Reservoir Improvements	-	-	-	-	-	-	-	-	-	100,000
Gano Reservoir Improvements	-	-	-	-	-	-	-	-	-	29,000
Replace DCM WTP Membranes	1,850,000	1,082,000	1,114,000	1,147,000	1,182,000	1,631,000	1,668,000	1,705,000	1,330,000	1,370,000
Replace Potable Meters	962,000	998,000	900,000	927,000	955,000	984,000	1,014,000	1,044,000	1,075,000	1,107,000
Replace Pipelines	664,000	684,000	705,000	726,000	748,000	770,000	793,000	817,000	842,000	867,000
Replace Valves	363,000	374,000	385,000	397,000	409,000	421,000	434,000	447,000	461,000	475,000
Replace Pumps and Motors	185,000	191,000	197,000	203,000	209,000	215,000	221,000	228,000	235,000	242,000
Replace Meter Anodes	168,000	173,000	178,000	183,000	188,000	194,000	200,000	206,000	212,000	218,000
Impressed current system protection	150,000	540,000	560,000	570,000	590,000	610,000	630,000	640,000	660,000	680,000
WTP Membrane Train Control Wiring Replacement	140,000	144,000	148,000	152,000	-	-	-	-	-	-
WTP Misc Equipment and Instrumentation Replacement	115,000	124,000	134,000	145,000	157,000	170,000	184,000	199,000	215,000	233,000
Network Security	109,000	114,000	119,000	124,000	129,000	133,000	137,000	141,000	145,000	149,000
Steel Mains Protection	100,000	332,000	342,000	352,000	363,000	374,000	385,000	397,000	409,000	421,000
Strategic Major System Valve Replacement Program	75,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,030,000	1,061,000	1,093,000
Replace PRS Valves	58,000	60,000	62,000	65,000	68,000	71,000	73,000	75,000	74,000	77,000
Rehab Concrete Tanks	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	67,000	70,000
Recycled Projects										
Santa Fe Valley RW Reservoir Improvements	150,000	-	-	-	-	-	-	-	-	-
(1) Wanket RW Reservoir Rehabilitation	102,000	-	-	-	-	-	-	-	-	-
Upgrade Filter Electrical	17,000	-	-	-	-	-	-	-	-	-
Recycled Water Storage Pond Upgrades	-	390,000	2,278,000	-	-	-	-	-	-	-
Upgrade Flow Equalization Basins	-	-	-	430,000	2,507,000	-	-	-	-	-
Replace Existing Recycled Water Pump Station VFDs	-	-	-	-	-	243,000	-	-	-	-
Recurring Recycled Replacement Projects										
Recycled Conversions	70,000	73,000	76,000	79,000	82,000	40,000	41,000	42,000	43,000	44,000
Replace Recycled Pipeline	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000	70,000	72,000
Replace Recycled Meters	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	67,000	69,000
Replace Recycled Valves	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
(2) Recycled portion of wastewater projects that benefit recycled operations	345,200	993,200	322,800	300,000	309,200	319,200	328,000	338,000	349,200	360,800
Total	**$ 22,478,200**	**$ 13,581,000**	**$ 15,129,600**	**$ 15,811,800**	**$ 14,471,750**	**$ 42,698,250**	**$ 39,985,000**	**$ 16,234,000**	**$ 22,098,200**	**$ 23,339,800**

Source: Capital Projects Budget for Fiscal Years 2027 and 2028

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2027

(2) Wastewater projects that benefit recycled water operations are funded 60% from the wastewater fund and 40% from the recycled water fund

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Operating Fund - Wastewater

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Operating Revenues										
Service Charges(4S Ranch and Rancho Cielo)	6,658,000	7,154,000	7,554,624	7,939,910	8,344,845	8,770,432	9,217,724	9,687,828	10,181,908	10,701,185
Total Operating Revenues	**6,658,000**	**7,154,000**	**7,554,624**	**7,939,910**	**8,344,845**	**8,770,432**	**9,217,724**	**9,687,828**	**10,181,908**	**10,701,185**
Operating Expenses										
Operating Expenses (Exclude Depreciation)	4,650,000	4,796,000	4,989,327	5,191,479	5,391,657	5,600,167	5,817,377	6,037,257	6,266,016	6,504,031
Total Operating Expenses	**4,650,000**	**4,796,000**	**4,989,327**	**5,191,479**	**5,391,657**	**5,600,167**	**5,817,377**	**6,037,257**	**6,266,016**	**6,504,031**
Net Operating Revenues	**2,008,000**	**2,358,000**	**2,565,297**	**2,748,431**	**2,953,188**	**3,170,265**	**3,400,348**	**3,650,571**	**3,915,891**	**4,197,154**
Other Cash Inflows										
Investment Income	68,000	88,000	75,000	74,000	77,000	79,000	82,000	84,000	86,000	89,000
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
Proceeds New Sewer Revenue Bonds	6,402,500	-	-	-	-	-	-	-	-	-
Transfer from Capital Replacement Fund	-	-	-	-	-	-	-	-	-	-
Transfer From Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer From Pension Stabilization Fund	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Other Non-Operating Revenues/Annexation Fees										
Total Other Cash Inflows	**6,501,500**	**119,000**	**106,000**	**105,000**	**108,000**	**110,000**	**113,000**	**115,000**	**117,000**	**120,000**
Other Cash Outflows										
Annual Transfer to Capital Fund	800,000	800,000	995,000	1,996,000	2,058,000	2,276,000	2,506,000	2,761,000	3,027,000	3,310,000
Transfer to Pot. Capital Fund, bond proceeds	-	-	-	-	-	-	-	-	-	-
Transfer to Sewer Capital Fund, bond proceeds	6,402,500	-	-	-	-	-	-	-	-	-
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer to Pension Stabilization Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Transfer for 2021A Sewer Revenue Bond Debt Service	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Transfer for 2021B Sewer Revenue Bond Debt Service	122,000	122,000	-	-	-	-	-	-	-	-
Transfer for New Sewer Revenue Bond Debt Service	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000
Other Non-Operating Expenditures	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	**8,206,500**	**1,803,000**	**1,877,000**	**2,878,000**	**2,940,000**	**3,158,000**	**3,388,000**	**3,643,000**	**3,909,000**	**4,192,000**
Net Other Cash Inflow (Outflow)	**(1,705,000)**	**(1,684,000)**	**(1,771,000)**	**(2,773,000)**	**(2,832,000)**	**(3,048,000)**	**(3,275,000)**	**(3,528,000)**	**(3,792,000)**	**(4,072,000)**
Net Cash Flow	**303,000**	**674,000**	**794,297**	**(24,569)**	**121,188**	**122,265**	**125,348**	**122,571**	**123,891**	**125,154**
Projected Beginning Fund Balance	**2,043,000**	**2,346,000**	**3,020,000**	**3,814,297**	**3,789,728**	**3,910,917**	**4,033,182**	**4,158,530**	**4,281,101**	**4,404,992**
Projected Cumulative Ending Fund Balance	**$ 2,346,000**	**$ 3,020,000**	**$ 3,814,297**	**$ 3,789,728**	**$ 3,910,917**	**$ 4,033,182**	**$ 4,158,530**	**$ 4,281,101**	**$ 4,404,992**	**$ 4,530,146**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Rate Stabilization Fund - Wastewater

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Other Cash Inflows										
Investment Income	89,000	91,000	63,000	64,000	65,000	67,000	68,000	69,000	71,000	72,000
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	**89,000**	**91,000**	**63,000**	**64,000**	**65,000**	**67,000**	**68,000**	**69,000**	**71,000**	**72,000**
Other Cash Outflows										
Transfer to Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Other Cash Inflow (Outflow)	**89,000**	**91,000**	**63,000**	**64,000**	**65,000**	**67,000**	**68,000**	**69,000**	**71,000**	**72,000**
Net Cash Flow	**89,000**	**91,000**	**63,000**	**64,000**	**65,000**	**67,000**	**68,000**	**69,000**	**71,000**	**72,000**
Projected Beginning Fund Balance	**2,953,000**	**3,042,000**	**3,133,000**	**3,196,000**	**3,260,000**	**3,325,000**	**3,392,000**	**3,460,000**	**3,529,000**	**3,600,000**
Projected Cumulative Ending Fund Balance	**$ 3,042,000**	**$ 3,133,000**	**$ 3,196,000**	**$ 3,260,000**	**$ 3,325,000**	**$ 3,392,000**	**$ 3,460,000**	**$ 3,529,000**	**$ 3,600,000**	**$ 3,672,000**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Pension Stabilization Fund - Wastewater

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Other Cash Inflows										
Investment Income	4,000	4,000	3,000	4,000	4,000	5,000	5,000	6,000	6,000	7,000
Transfer from Operating Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Other Cash Inflows	**54,000**	**54,000**	**53,000**	**54,000**	**54,000**	**55,000**	**55,000**	**56,000**	**56,000**	**57,000**
Other Cash Outflows										
Transfer to OP for PERS ADP	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Total Other Cash Outflows	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**	**31,000**
Net Other Cash Inflow (Outflow)	**23,000**	**23,000**	**22,000**	**23,000**	**23,000**	**24,000**	**24,000**	**25,000**	**25,000**	**26,000**
Net Cash Flow	**23,000**	**23,000**	**22,000**	**23,000**	**23,000**	**24,000**	**24,000**	**25,000**	**25,000**	**26,000**
Projected Beginning Fund Balance	**104,000**	**127,000**	**150,000**	**172,000**	**195,000**	**218,000**	**242,000**	**266,000**	**291,000**	**316,000**
Projected Cumulative Ending Fund Balance	**$ 127,000**	**$ 150,000**	**$ 172,000**	**$ 195,000**	**$ 218,000**	**$ 242,000**	**$ 266,000**	**$ 291,000**	**$ 316,000**	**$ 342,000**

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Capital Improvement Fund - Wastewater (4S Ranch and Rancho Cielo)

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Other Cash Inflows										
Investment Income	384,000	260,000	137,000	91,000	74,000	80,000	96,000	134,000	153,000	174,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-
Transfer from WW-Op, Bond Proceeds	6,402,500	-	-	-	-	-	-	-	-	-
Transfer From Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Required Transfer from Operations	800,000	800,000	995,000	1,996,000	2,058,000	2,276,000	2,506,000	2,761,000	3,027,000	3,310,000
Total Other Cash Inflows	**7,586,500**	**1,060,000**	**1,132,000**	**2,087,000**	**2,132,000**	**2,356,000**	**2,602,000**	**2,895,000**	**3,180,000**	**3,484,000**
Other Cash Outflows										
Capital Item Purchases	49,000	24,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Capital Projects (see next page for detail)	5,778,800	5,269,800	3,037,200	4,323,000	2,926,800	1,996,800	1,701,000	866,000	2,148,800	2,317,200
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	**5,827,800**	**5,293,800**	**3,112,200**	**4,398,000**	**3,001,800**	**2,071,800**	**1,776,000**	**941,000**	**2,223,800**	**2,392,200**
Net Other Cash Inflow (Outflow)	**1,758,700**	**(4,233,800)**	**(1,980,200)**	**(2,311,000)**	**(869,800)**	**284,200**	**826,000**	**1,954,000**	**956,200**	**1,091,800**
Net Cash Flow	**1,758,700**	**(4,233,800)**	**(1,980,200)**	**(2,311,000)**	**(869,800)**	**284,200**	**826,000**	**1,954,000**	**956,200**	**1,091,800**
Projected Beginning Fund Balance	**11,418,000**	**13,176,700**	**8,942,900**	**6,962,700**	**4,651,700**	**3,781,900**	**4,066,100**	**4,892,100**	**6,846,100**	**7,802,300**
Projected Cumulative Ending Fund Balance	**$13,176,700**	**$ 8,942,900**	**$ 6,962,700**	**$ 4,651,700**	**$ 3,781,900**	**$ 4,066,100**	**$ 4,892,100**	**$ 6,846,100**	**$ 7,802,300**	**$ 8,894,100**

Olivenhain Municipal Water District
10 Year Capital Spending Plan
Capital Improvement Fund - Wastewater

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Wastewater Projects										
(1)	Headworks Screening System Improvements	3,234,000	-	-	-	-	-	-	-	-	-
	Neighborhood #3 Liner Improvements	590,000	-	-	-	-	-	-	-	-	-
	Del Dios SPS Improvements	552,000	3,223,000	-	-	-	-	-	-	-	-
(1)(2)	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	310,000	1,164,000	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (WW)	287,000	-	-	-	-	-	-	-	-	-
(1)	Replace 4S WRF Clarifier Scum Boxes	160,000	-	-	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	120,000	-	-	130,000	-	-	-	-	-	-
(2)	Chemical Area Upgrades	92,000	-	320,000	-	-	-	-	-	-	-
(1)(2)	Off-Spec and High Flow Diversion Pipeline	74,000	-	-	-	-	-	-	-	-	-
	Replace RAS Pump Station Suction Valves	68,000	-	-	-	-	-	-	-	-	-
(1)(2)	Replace WRF Electrical Conduits, Enclosures, and Lighting	54,000	332,000	-	-	-	-	-	-	-	-
(2)	Rehabilitation of Generator Enclosure Top	22,000	-	-	-	-	-	-	-	-	-
(2)	Fleet Electrification Plan WW	15,000	-	75,000	425,000	435,000	-	-	-	-	-
(1)	4S WRF Scada Upgrades	3,000	-	-	-	-	-	-	-	-	-
(2)	4S Chemical Line Assessment/Replacement	-	360,000	-	-	-	-	-	-	-	-
	Midpoint SPS Improvements	-	319,000	1,860,000	-	-	-	-	-	-	-
(2)	Replace Roll-up doors	-	209,000	-	-	-	-	-	-	-	-
	Neighborhood #3 SPS Improvements	-	-	373,000	2,179,000	-	-	-	-	-	-
	Wastewater Master Plan Update	-	-	-	500,000	-	-	-	-	579,000	-
	Upgrade Headworks Odor Control Scrubber	-	-	-	231,000	1,346,000	-	-	-	-	-
	4S WRF Site Paving Improvements	-	-	-	157,000	335,000	-	-	-	-	-
	Fire House Pump Station Replacements	-	-	-	-	87,000	509,000	-	-	-	-
	NBHD #1 Overflow Containment Basin Rehab	-	-	-	-	-	580,000	-	-	-	-
	Santaluz Pump Station Improvements	-	-	-	-	-	160,000	933,000	-	-	-
	Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	-	-	-	-	-	-	-	41,000	241,000	-
	Avenida Apice and Avenida Orilla Pump Station Improvements	-	-	-	-	-	-	-	33,000	190,000	-
	Biological Treatment Upgrade (Process Study & Pre-Design)	-	-	-	-	-	-	-	-	160,000	-
	Camino Sin Puente #1 Pump Station Improvements	-	-	-	-	-	-	-	-	81,000	476,000
	Camino Sin Puente #2 Pump Station Improvements	-	-	-	-	-	-	-	-	80,000	467,000
	Upgrade Plant B Oxidation Ditch Aeration System	-	-	-	-	-	-	-	-	-	331,000
	Connect Plant B clarifier splitter box to Plant A Clarifiers	-	-	-	-	-	-	-	-	-	199,000
	Recurring Wastewater Replacement Projects										
(2)	Replace WW Pump and Motor Replacement Program	226,000	239,000	252,000	265,000	273,000	282,000	290,000	299,000	308,000	318,000
	Collection System Pipeline Rehabilitation and Replacement	80,000	82,000	85,000	87,000	90,000	93,000	96,000	99,000	102,000	105,000
	Pump Station Rehabilitation and Maintenance Program	78,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000	98,000	101,000
	Collection System Manhole Rehabilitation Program	74,000	76,000	78,000	80,000	83,000	86,000	88,000	91,000	94,000	97,000
(2)	WW Valve and Gate Replacement Program	50,000	75,000	100,000	129,000	133,000	137,000	141,000	145,000	150,000	155,000
(2)	Miscellaneous Equipment Replacement Program	35,000	40,000	45,000	17,000	17,000	18,000	18,000	19,000	20,000	21,000
(2)	Mechanical and Yard Piping Replacement Program	-	39,000	50,000	193,000	199,000	205,000	211,000	217,000	224,000	231,000
(2)	Instrumentation Replacement Program	-	25,000	40,000	83,000	86,000	89,000	91,000	94,000	97,000	100,000
(2)	Plant A Rehabilitation	-	-	-	63,000	65,000	67,000	69,000	71,000	74,000	77,000
(2)	Recycled portion of wastewater projects that benefit recycled operations	(345,200)	(993,200)	(322,800)	(300,000)	(309,200)	(319,200)	(328,000)	(338,000)	(349,200)	(360,800)
	Total	**$ 5,778,800**	**$ 5,269,800**	**$ 3,037,200**	**$ 4,323,000**	**$ 2,926,800**	**$ 1,996,800**	**$ 1,701,000**	**$ 866,000**	**$ 2,148,800**	**$ 2,317,200**

Source: Capital Projects Budget for Fiscal Years 2027 and 2028

(1) *These projects are carried over from the prior year and have incurred costs prior to FYE 2027*

(2) *Wastewater projects that benefit recycled water operations are funded 60% from the wastewater fund and 40% from the recycled water fund*

Olivenhain Municipal Water District
Ten Year Fund Balance Forecast
Debt Service Funds (Restricted)

Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Other Cash Inflows										
Investment Income	7,000	7,000	7,000	7,000	7,000	8,000	8,000	8,000	8,000	8,000
Benefit Assessment Revenues	962,000	962,000	-	-	-	-	-	-	-	-
Administrative Fee Revenues	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Debt Service Payments - 2015A Refunding Bond	2,405,000	2,404,000	-	-	-	-	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000	979,000	974,000
Transfer from Pot. Operating Fund for 2012 SRF	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	537,000	-
Transfer from Pot. Operating Fund for 2021A Bonds	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Transfer from Pot. Operating Fund for 2021B Bonds	487,000	487,000	-	-	-	-	-	-	-	-
Transfer from Sewer Operating Fund for 2021B Bonds	122,000	122,000	-	-	-	-	-	-	-	-
Transfer from Sewer Operating Fund for 2026 WW Bonds	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000
Transfer from Pot. Operating Fund for 2027 WaterProposed	-	-	-	-	-	2,278,250	2,278,250	2,278,250	2,278,250	2,438,250
Transfer from Pot. Operating Fund for 2012 SRF Reserve	-	-	-	-	-	-	-	-	-	-
Impact Charge Rev and Post-Financing Payoff	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total Other Cash Inflows	**6,937,000**	**6,938,000**	**2,960,000**	**2,960,000**	**2,963,000**	**5,240,250**	**5,240,250**	**5,240,250**	**4,711,250**	**4,329,250**
Other Cash Outflows										
Debt Service Payments - RAD 96-1	963,000	960,000	-	-	-	-	-	-	-	-
Debt Service Payments - 2015A Refunding Bond	2,405,000	2,404,000	-	-	-	-	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000	979,000	974,000
Debt Service Payments - 2012 SRF	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	537,000	-
Debt Service Payments - 2021A Sewer Revenue Bonds	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Debt Service Payments - 2021B Sewer Revenue Bonds	609,000	609,000	-	-	-	-	-	-	-	-
Debt Service Payments - 2026 Sewer Revenue Bonds	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000	522,000
Debt Service Payments - Water Proposed Debt	-	-	-	-	-	2,278,250	2,278,250	2,278,250	2,278,250	2,438,250
Other Expenses	126,000	91,000	94,000	97,000	100,000	103,000	106,000	109,000	112,000	115,000
Total Other Cash Outflows	**6,980,000**	**6,943,000**	**2,970,000**	**2,973,000**	**2,979,000**	**5,258,250**	**5,261,250**	**5,264,250**	**4,738,250**	**4,359,250**
Net Other Cash Inflow (Outflow)	**(43,000)**	**(5,000)**	**(10,000)**	**(13,000)**	**(16,000)**	**(18,000)**	**(21,000)**	**(24,000)**	**(27,000)**	**(30,000)**
Net Cash Flow	**(43,000)**	**(5,000)**	**(10,000)**	**(13,000)**	**(16,000)**	**(18,000)**	**(21,000)**	**(24,000)**	**(27,000)**	**(30,000)**
Projected Beginning Fund Balance	**2,141,000**	**2,098,000**	**2,093,000**	**2,083,000**	**2,070,000**	**2,054,000**	**2,036,000**	**2,015,000**	**1,991,000**	**1,964,000**
Projected Cumulative Ending Fund Balance	**$ 2,098,000**	**$ 2,093,000**	**$ 2,083,000**	**$ 2,070,000**	**$ 2,054,000**	**$ 2,036,000**	**$ 2,015,000**	**$ 1,991,000**	**$ 1,964,000**	**$ 1,934,000**

OPERATING BUDGET OVERVIEW

The District is operated as an enterprise fund, and the financial records are kept on an accrual basis. The budget uses cash basis.

The District provides potable water, wastewater, and recycled water services to its customers. The District also operates and maintains the Elfin Forest Recreational Reserve.

As an enterprise fund, the District maintains a self-balancing set of accounts established to record the financial position and results that pertain to each activity. A description of each fund balance, a schematic of the District's fund structure, and a cash flow diagram are provided in this document.

The activities of enterprise funds are similar to regular private businesses in that a public agency develops revenue projections to collect sufficient revenues through user charges to pay for its operating expenditures and to accumulate adequate funds in its reserves. Revenues are used to maintain existing infrastructure and to finance capital improvements and infrastructure replacement programs. These goals were communicated throughout the organization at the time the annual budget was developed.

Water (Potable) System

Fiscal Years 2027 and 2028 water sales volumes are projected conservatively, based on the average of the last five Calendar Years, 2021 through 2025, water consumption. The San Diego region has experienced varying rainfall over the five-year period due to El Nino' and La Niña weather conditions. Periods of higher rainfall reduce water demand from OMWD customers. Fiscal Year 2028 water sales projection will be updated at the midterm budget review process and reviewed with the Board in spring 2027.

The above average rainfall the last five years has brought the San Diego region out of previous drought conditions and filled the local and state reservoirs. Currently, no mandatory restrictions are in place for the state of California and there are no immediate concerns of water supply for the San Diego region. The SWRCB may require all agencies to mandatorily move to Level 2 in the future if water restrictions become necessary. When San Diego County Water Authority declares Level 2 demand reduction actions for the region followed by the State of California's issuance of mandatory cut back on water use, the District's Demand Reduction Rate Adjustments may be implemented at the Board's discretion to achieve the required level of water cutback. The District's Demand Reduction Rate Adjustments would increase the District's current commodity rates, depending on demand reduction levels, i.e. 10%, 20% or 30%, as necessary to achieve full cost recovery of the District's revenue requirement.

Water services include reading meters and billing water usage on a monthly basis, a backflow prevention program, a meter maintenance program, water quality services, and other on-site services as requested by customers such as testing meters for accuracy and checking for water leaks. More detailed information on financial assumptions used to forecast the District's water operating revenues and expenditures can be found in the Revenue by Fund and Expenses by Fund subsections of the operating budget section of this document.

The District is at approximately 95% of its ultimate build-out. Several water facilities which were added and have been placed into service are now due for replacement and/or betterment to protect rate payers' investment in the District's planned capital improvement program. These projects, which are considered critical, have been prioritized in the budget to start and be completed in the next few years.

The District's capital improvement program and long-term financial plan focus on water and wastewater replacement and betterment projects and development of local water supplies such as recycled water. These capital projects are included in the Long-Term Financial Plan and the Capital Budget sections of this document.

Wastewater System

The District provides wastewater collection and treatment services in the 4S Ranch and Rancho Cielo areas. The coverage areas are comprised of 5,467 residential customers and 89 commercial and industrial customers. The 4S Ranch and Rancho Cielo areas cover approximately 5,300 acres and will contain 7,450 equivalent dwelling units (EDUs) at build out. The District currently provides wastewater collection and treatment services to approximately 7,341 EDUs in 4S Ranch and Rancho Cielo areas.

Through an extensive sewage collection system and a series of sewage pump stations, the District is able to treat wastewater received from 4S Ranch and Rancho Cielo wastewater customers and produce high-quality recycled water for non-potable irrigation through the 4S Ranch Water Reclamation Facility.

Recycled Water System

The District's long-term goal is to convert all non-residential potable irrigation use to recycled water use. The District provides recycled water in two non-contiguous recycled service areas: the Southeast Quadrant and Northwest Quadrant.

Southeast Quadrant:

About 70% of total District Recycled water demand, or 1,760 AF, is in the Southeast quadrant. The 4S WRF delivers approximately 1,500 AF of recycled water demand in the Southeast quadrant to supply recycled water to golf courses, parks, schools, and greenbelts within the 4S Ranch, Santa Fe Valley, Crosby, and The Lakes areas. The District also purchases recycled water from Rancho Santa Fe CSD to meet demand in the quadrant. The construction of the 4S Ranch regional recycled water system was financed primarily through the issuance of $13.95 million in taxable, variable rate bonds in July 2002. Federal and State grants from the U.S. Bureau of Reclamation and the State Water Resources Control Board were also received to finance the construction of this project. The 2002 variable rate taxable bonds were paid off in April 2011.

Northwest Quadrant:

About 30% of total recycled water sales, or approximately 760 AF, is in the Northwest Quadrant. The District purchases recycled water from SEJPA and Vallecitos Water District to meet recycled water demand in this quadrant. Renegotiation of the existing recycled water agreement with Vallecitos Water District is in progress and is expected to be completed in Fiscal Year 2027.

In the northwest portion of the District's service area, the Northwest Quadrant recycled water system Phase I was completed in May 2009. This project allowed the District to take delivery of recycled water from neighboring agencies to meet irrigation water demand, thus reducing potable water demand. The completion of phase 2 of the Village Park Recycled Water Project during Fiscal Year 2017 increased the District's capability of delivering up to 500 additional acre-feet of recycled water per year to its customers. Additionally, the more recent completion of the Manchester Recycled Water Pipeline project and the recycled water infrastructure projects that extended into the Calle Barcelona and Village Park areas will allow the District to convert more customers to recycled water, further reducing reliance on potable water for irrigation purposes.

Operating Budget

The operating budget contains information about the District's revenues and expenditures with descriptions and summaries of major budget elements and variances for Fiscal Years 2027 and 2028 compared to prior Fiscal Years 2026 operating budget and 2025 actuals.

The District's Operating Budget for Fiscal Years 2027 and 2028 were developed based on revenue assumptions and expenditure assumptions. Changes to the assumptions used in the Budget will be reviewed with the finance committee and the Board at the midterm budget review prior to Spring 2027.

The Operating Budget is divided into three sections as follows:

Summary – contains summaries of the District's budgeted revenues and expenditures for Fiscal Years 2027 and 2028 by fund type.

Revenues – contains summaries of, and supporting schedules for, the District's revenues for each fund with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document.

Expenditures – contains summaries, and supporting schedules for, the District's expenditures, broken down by fund type, with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document. This section also includes operating expenditures broken down by water, wastewater, and recycled water operations as well as detailed schedules of departmental expenditures for each operation.

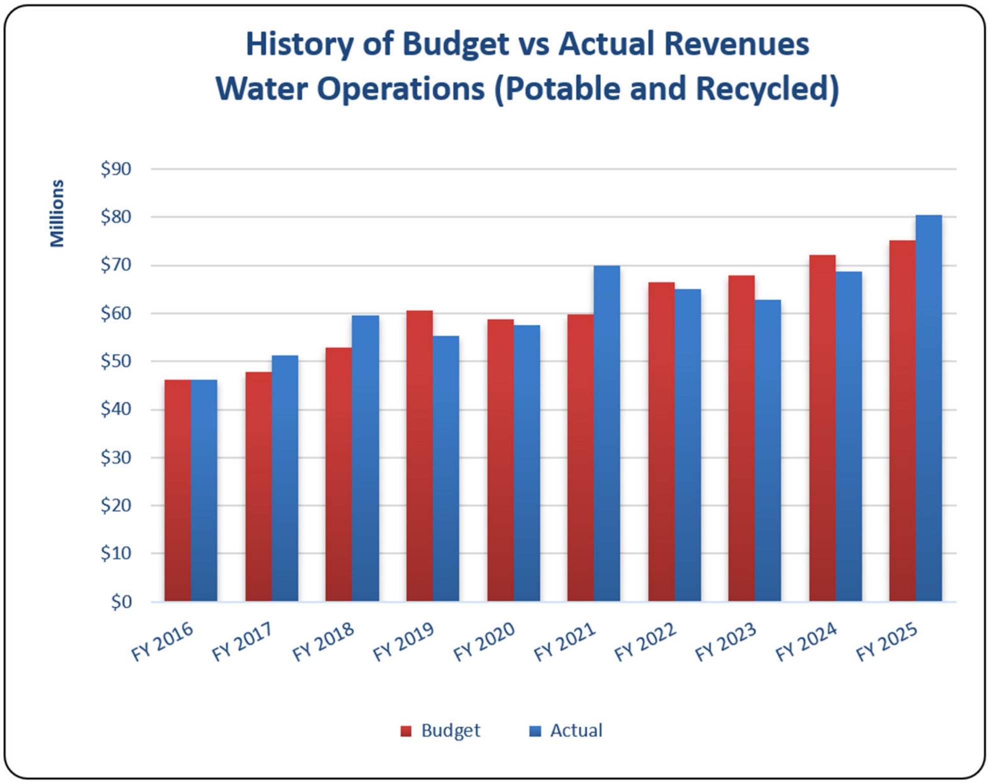
As of the writing of this document, future increases in purchased water costs from SDCWA have not been adopted. The Budget assumes increases to purchased water costs would be passed through to rate payers.

Cost Allocation Plan

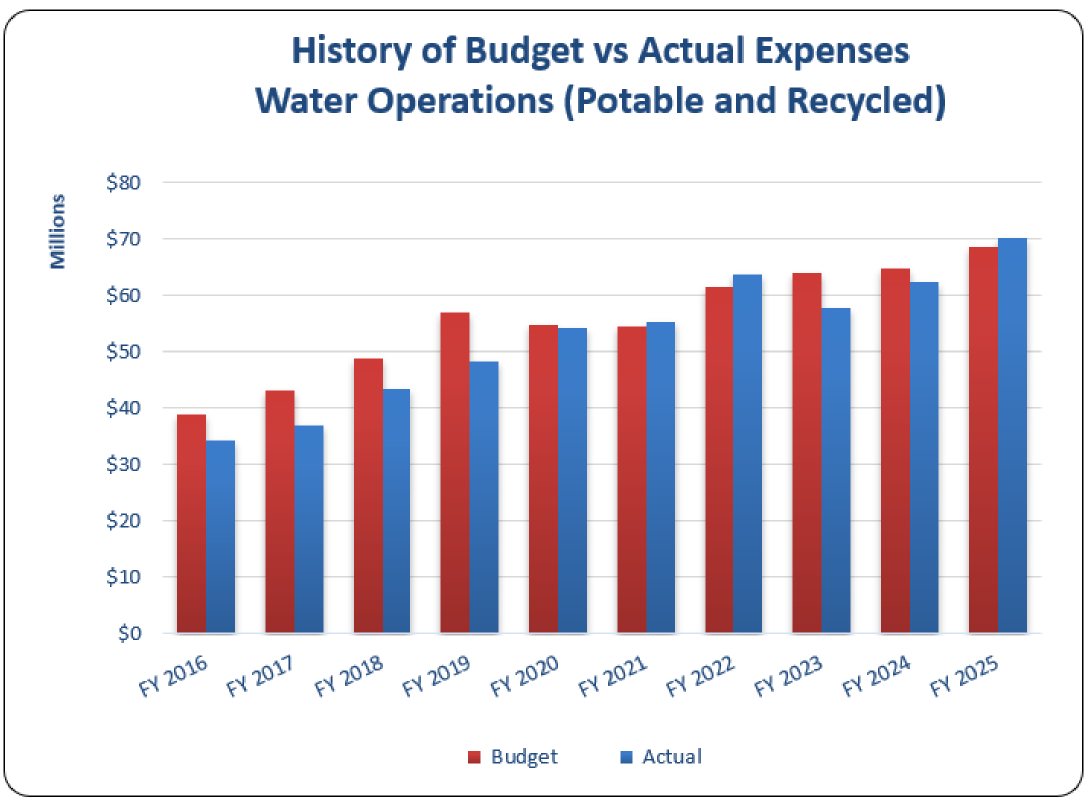
The District prepares and updates its cost allocation plan at the beginning of each Fiscal Year using specialized software to calculate its indirect cost rate. Having a cost allocation plan and indirect cost rates in place allows the District to maximize funding, especially grant revenues.

Ten-Year History of District's Actual VS Budget Operating Results

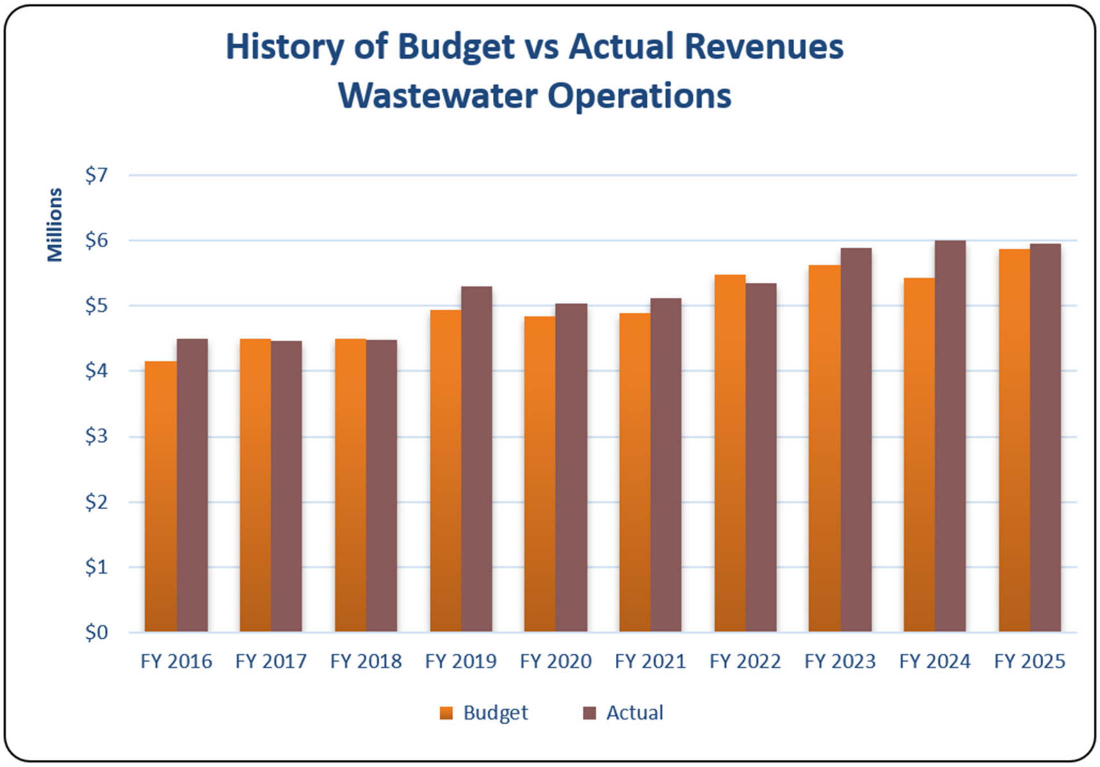
The District's last ten fiscal years of Budget vs Actual in water and wastewater as well as other information about water sales and purchased water wholesale costs are depicted in the following bar graphs for historical data and comparison purposes.



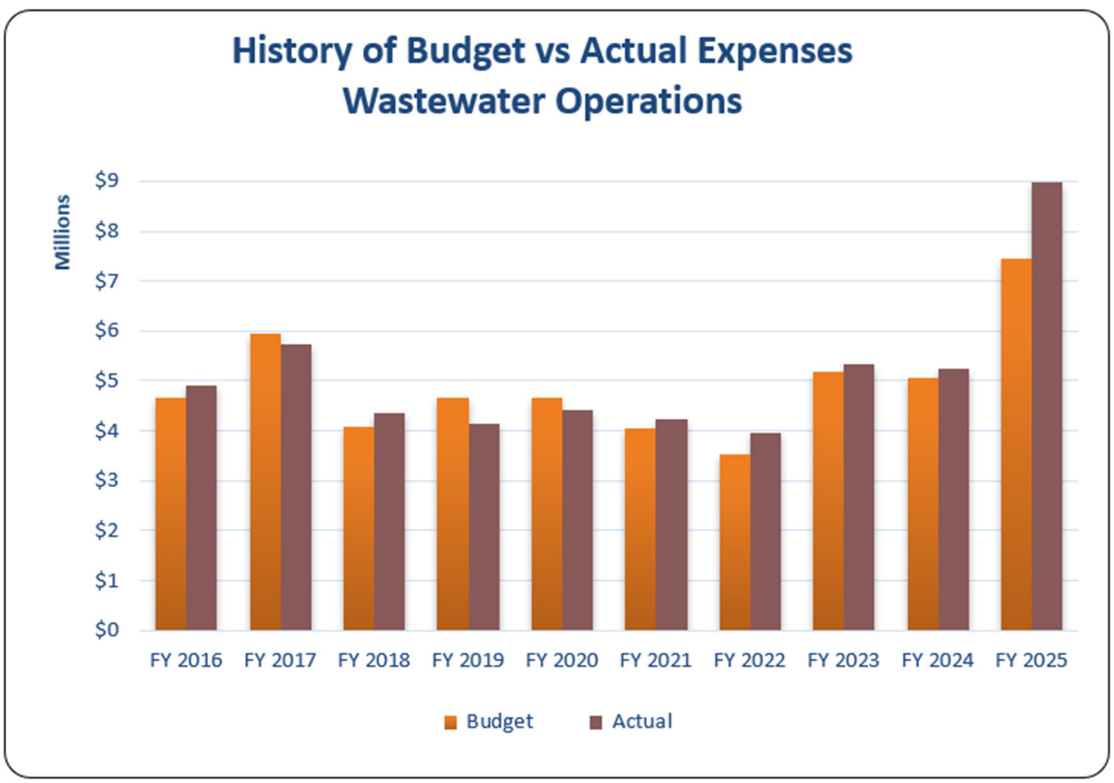
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds.



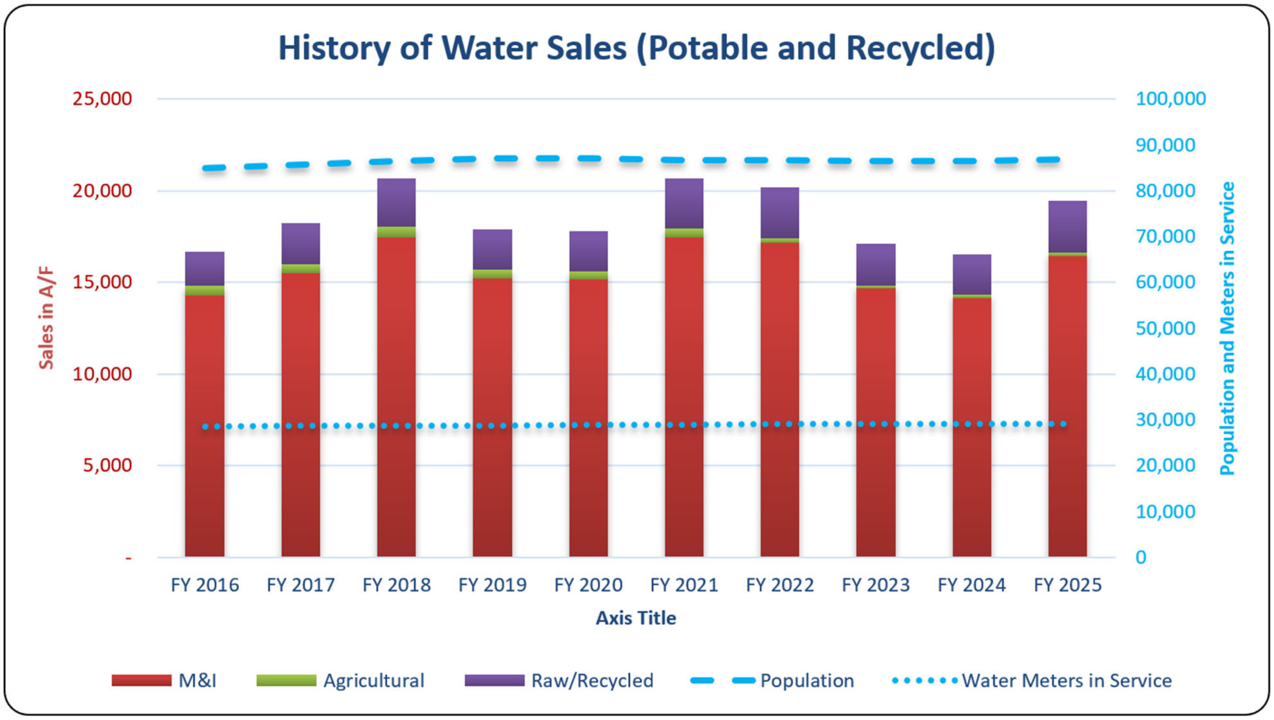
This chart depicts a summary comparison of the District's historical operating expenditures to the approved budgeted expenditure projections for the Water Operating Funds excluding depreciation and pass through grant expenses.



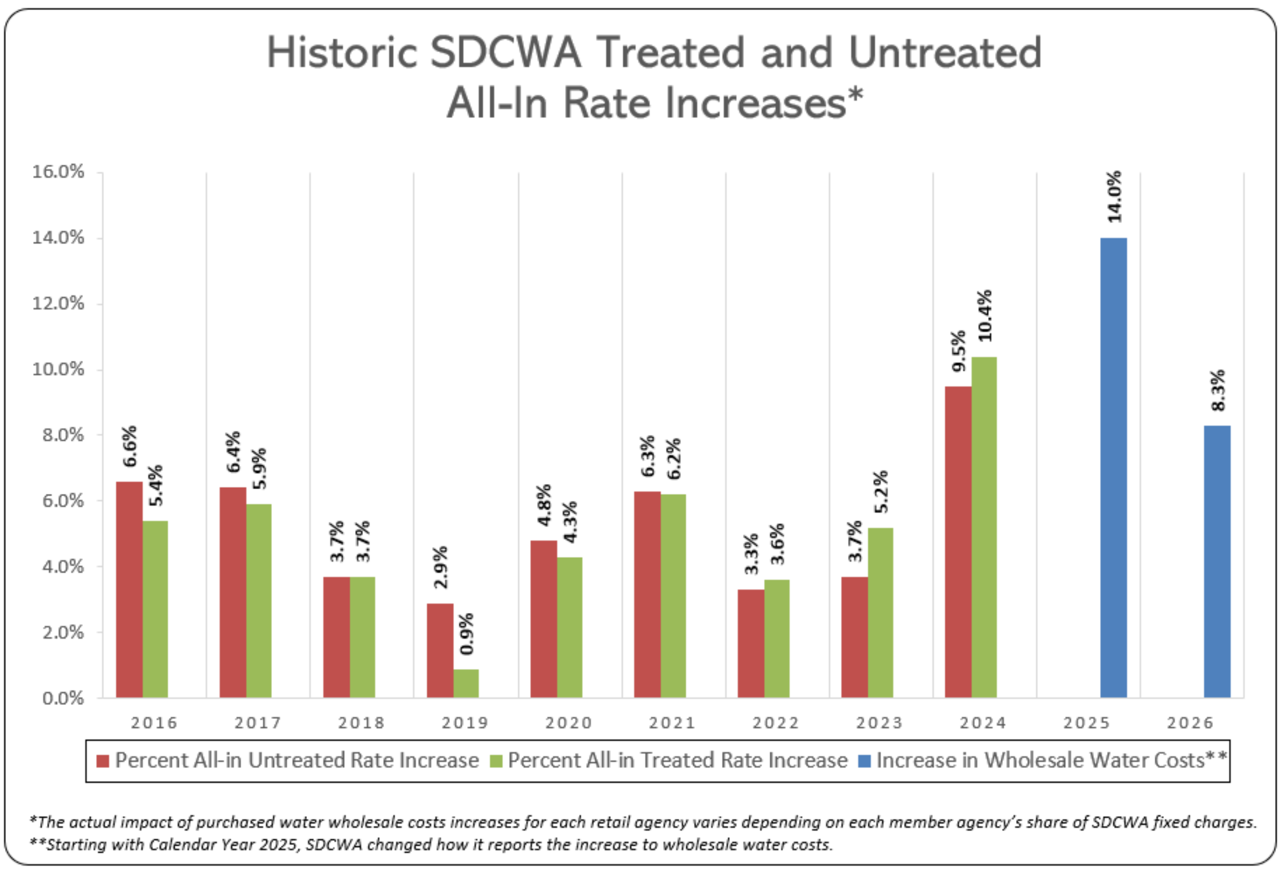
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.



This chart depicts a summary comparison of the District's historical operating expenditures to budgeted expenditure projections for the Wastewater Operating Funds excluding depreciation. Fiscal year 2025 actuals includes loss disposal of fixed assets of $1.1 million.



This chart depicts the district's historical changes in volumetric water sales (left vertical axis), as well as the population served and number of meters in service (right vertical axis).



This chart depicts the historical rate increases for treated and untreated water imposed by the District's water wholesaler, the San Diego County Water Authority.

Olivenhain Municipal Water District
Operating Budget Summary - All Funds
Fiscal Years Ending 2027 & 2028

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Potable Water Operations	64,426,750	67,909,000	69,945,000	3.00%	72,937,000	4.28%
Wastewater Operations	5,760,887	6,428,000	6,658,000	3.58%	7,154,000	7.45%
Recycled Water Operations	5,811,598	6,464,000	6,167,000	-4.59%	6,364,000	3.19%
Total Operating Revenues	**75,999,236**	**80,801,000**	**82,770,000**	**2.44%**	**86,455,000**	**4.45%**
Non-operating Revenues						
Fund Potable Water - Property Tax	5,016,813	4,994,000	5,298,000	6.09%	5,404,000	2.00%
Water - Investment and Other **	1,968,459	1,245,000	1,372,000	10.20%	1,399,000	1.97%
Debt Service	1,159,692	1,061,000	1,046,000	-1.41%	1,046,000	0.00%
Wastewater - Investment and Other **	242,192	92,000	161,000	75.00%	183,000	13.66%
Recycled - Investment and Other	370,164	260,000	374,000	43.85%	468,000	25.13%
Capital Contributions from Others***	12,663,717	3,396,000	8,685,000	155.74%	2,893,000	-66.69%
Total Revenues	**97,420,274**	**91,849,000**	**99,706,000**	**8.55%**	**97,848,000**	**-1.86%**
Operating Expenses						
Purchased Potable Water Cost (from SDCWA)	*37,116,667*	*40,306,000*	*44,050,000*	*9.29%*	*43,148,000*	*-2.05%*
Purchased Recycled Water Cost, net of credit	*1,990,742*	*1,850,000*	*1,810,000*	*-2.16%*	*1,932,000*	*6.74%*
Potable Water Operations	23,413,103	25,188,000	26,115,900	3.68%	27,867,400	6.71%
Wastewater Operations	3,818,447	3,605,000	3,922,000	8.79%	4,078,000	3.98%
Elfin Forest Recreational Reserve (Park) Operations	505,078	496,000	582,500	17.44%	610,000	4.72%
Recycled Water Operations	1,270,905	1,307,000	1,364,500	4.40%	1,418,000	3.92%
Less: Capitalized Operating Expenditures	(2,399,013)	(2,058,000)	(2,168,000)	5.34%	(2,367,000)	9.18%
Transfer To (From) Other Fund Balances	10,089,613	9,334,000	7,967,000	-14.65%	8,239,000	3.41%
Total Operating Expenses	**75,805,540**	**80,028,000**	**83,643,900**	**4.52%**	**84,925,400**	**1.53%**
Non-operating Expenses						
Loan and Debt Service Payments	6,265,178	6,883,500	6,979,500	1.39%	6,941,500	-0.54%
Water Other Non-Operating Expense	9,371,370	1,283,000	312,000	-75.68%	40,000	-87.18%
Wastewater Other Non-Operating Expense	1,101,212	-	-	0.00%	-	0.00%
Total Expenses	**92,543,301**	**88,194,500**	**90,935,400**	**3.11%**	**91,906,900**	**1.07%**
Net Income	**4,876,973**	**3,654,500**	**8,770,600**	**139.99%**	**5,941,100**	**-32.26%**

Notes:
* Amended budget amounts approved by the Board at mid-year review.
** Includes sale of district parcels, rebates, and investment income on all reserve funds, excluding capital.
*** Includes cap fees from developers, grant funding and investment income on capital reserve funds.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Operating - Water (Potable and Recycled)

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Water Sales	49,998,932	52,939,000	53,025,000***	0.16%	54,541,000***	2.86%
Other Water Services and Charges	20,239,417	21,434,000	23,087,000	7.71%	24,760,000	7.25%
Total Operating Revenues	**70,238,349**	**74,373,000**	**76,112,000**	**2.34%**	**79,301,000**	**4.19%**
Operating Expenses						
Purchased Water	39,107,409	42,156,000	45,860,000***	8.79%	45,080,000***	-1.70%
General Manager	2,244,868	2,335,000	2,505,000	7.28%	2,578,000	2.91%
Engineering	2,538,545	2,741,000	2,801,200	2.20%	2,961,400	5.72%
Finance	1,852,462	1,940,000	1,873,000	-3.45%	1,939,000	3.52%
Human Resources	918,276	988,000	1,211,000	22.57%	1,316,000	8.67%
Operations and Maintenance	12,176,909	13,624,000	14,065,700	3.24%	15,249,000	8.41%
Elfin Forest Recreational Reserve (Park) Operations	505,078	496,000	582,500	17.44%	610,000	4.72%
Customer Services	3,241,624	3,510,000	3,610,000	2.85%	3,774,000	4.54%
Recycled Water Operations	1,270,905	1,307,000	1,364,500	4.40%	1,418,000	3.92%
Capitalized Operating Expenditures	(3,044,173)	(2,865,000)	(2,941,000)	2.65%	(3,130,000)	6.43%
Other Operating Expenses	440,420	50,000	50,000	0.00%	50,000	0.00%
Fund Transfer**	6,748,613	6,677,000	7,148,000	7.05%	7,420,000	3.81%
Total Operating Expenses	**68,000,934**	**72,959,000**	**78,129,900**	**7.09%**	**79,265,400**	**1.45%**
Non-operating Revenues						
Investment Income	838,002	478,000	709,000	48.33%	800,000	12.83%
Property Tax Revenue	5,016,813	4,994,000	5,298,000	6.09%	5,404,000	2.00%
Other Non Operating Revenues	981,205	807,000	697,000	-13.63%	710,000	1.87%
Total Non-operating Revenues	**6,836,020**	**6,279,000**	**6,704,000**	**6.77%**	**6,914,000**	**3.13%**
Non-operating Expenses						
Other Non-Operating Expenses	8,567,172	1,253,000	282,000	-77.49%	10,000	-96.45%
Loss disposal of Fixed Assets	779,358	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**9,346,530**	**1,253,000**	**282,000**	**-77.49%**	**10,000**	**-96.45%**
Net Income Before Debt Service	**(273,095)**	**6,440,000**	**4,404,100**	**-31.61%**	**6,939,600**	**57.57%**

* Amended budget amounts approved by the Board.
*** Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project.*
**** Based on projected water sales and anticipated wholesale purchased water cost increases.*

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Rate Stabilization - Water

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Operating Expenses						
Transfer to Operating Fund						
Total Operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Non-operating Revenues						
Investment Income	484,701	197,000	298,000	51.27%	307,000	3.02%
Total Non-operating Revenues	**484,701**	**197,000**	**298,000**	**51.27%**	**307,000**	**3.02%**
Non-operating Expenses						
Total Non-operating Expenses	**-**	**-**	**-**	**-**	**-**	**-**
Net Income	**484,701**	**197,000**	**298,000**	**51.27%**	**307,000**	**3.02%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Pension Stabilization - Water

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
Operating Expenses						
Transfer to Operating Fund						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Revenues						
Investment Income	34,715	23,000	42,000	82.61%	50,000	19.05%
Total Non-operating Revenues	34,715	23,000	42,000	82.61%	50,000	19.05%
Non-operating Expenses						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	34,715	23,000	42,000	82.61%	50,000	19.05%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Wastewater Operations

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Wastewater Services	5,760,887	6,428,000	6,658,000	3.58%	7,154,000	7.45%
Total Operating Revenues	**5,760,887**	**6,428,000**	**6,658,000**	**3.58%**	**7,154,000**	**7.45%**
Operating Expenses						
Wastewater Operations	3,818,447	3,605,000	3,922,000	8.79%	4,078,000	3.98%
Capitalized Operating Expenditures	645,160	807,000	773,000	-4.21%	763,000	-1.29%
Fund Transfer**	3,341,000	2,657,000	819,000	-69.18%	819,000	0.00%
Total Operating Expenses	**7,804,606**	**7,069,000**	**5,514,000**	**-22.00%**	**5,660,000**	**2.65%**
Non-operating Revenues						
Investment Income	115,021	47,000	68,000	44.68%	88,000	29.41%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenues	-	-	-	0.00%	-	0.00%
Total Non-operating Revenues	**115,021**	**47,000**	**68,000**	**44.68%**	**88,000**	**29.41%**
Non-operating Expenses						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Net Income	**(1,928,698)**	**(594,000)**	**1,212,000 *** **	**-304.04%**	**1,582,000**	**23.39%**

* Amended budget amounts approved by the Board.
** Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project and/or Rate Stabilization to avoid rate spikes
*** Negative balance due to large PAYGO (Fund Transfer) transfer from Operating to Capital as proposed in District's 2024 Wastewater COS study.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Rate Stabilization - Wastewater

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
Operating Expenses						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Revenues						
Investment Income	123,972	44,000	89,000	102.27%	91,000	2.25%
Total Non-operating Revenues	123,972	44,000	89,000	102.27%	91,000	2.25%
Non-operating Expenses						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	123,972	44,000	89,000	102.27%	91,000	2.25%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Pension Stabilization - Wastewater

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
Operating Expenses						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Revenues						
Investment Income	3,198	1,000	4,000	300.00%	4,000	0.00%
Total Non-operating Revenues	3,198	1,000	4,000	300.00%	4,000	0.00%
Non-operating Expenses						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	3,198	1,000	4,000	300.00%	4,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

Fund: Capital Improvement (All)**

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Operating Expenses						
Total Operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Non-operating Revenues						
Investment Income	2,475,243	934,000	1,447,000	54.93%	1,200,000	-17.07%
Capacity Fee Revenue	1,955,820	412,000	5,022,000	1118.93%	1,518,000	-69.77%
Ordinance 280 Revenue	131,750	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds/Capital Cont.	8,100,904	2,045,000	2,211,000	8.12%	170,000	-92.31%
Total Non-operating Revenues	**12,663,717**	**3,396,000**	**8,685,000**	**155.74%**	**2,893,000**	**-66.69%**
Non-operating Expenses						
Engineering	-	-	-		-	
Salaries & Wages - Regular	666	-	-	0.00%	-	0.00%
Employee Benefits	723	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	1,124,663	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**1,126,052**	**30,000**	**30,000**	**0.00%**	**30,000**	**0.00%**
Net Income	**11,537,665**	**3,366,000**	**8,655,000**	**157.13%**	**2,863,000**	**-66.92%**

* Amended budget amounts approved by the Board.
** Includes Capital Improvement for Potable, Wastewater and Recycled.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2027 & 2028

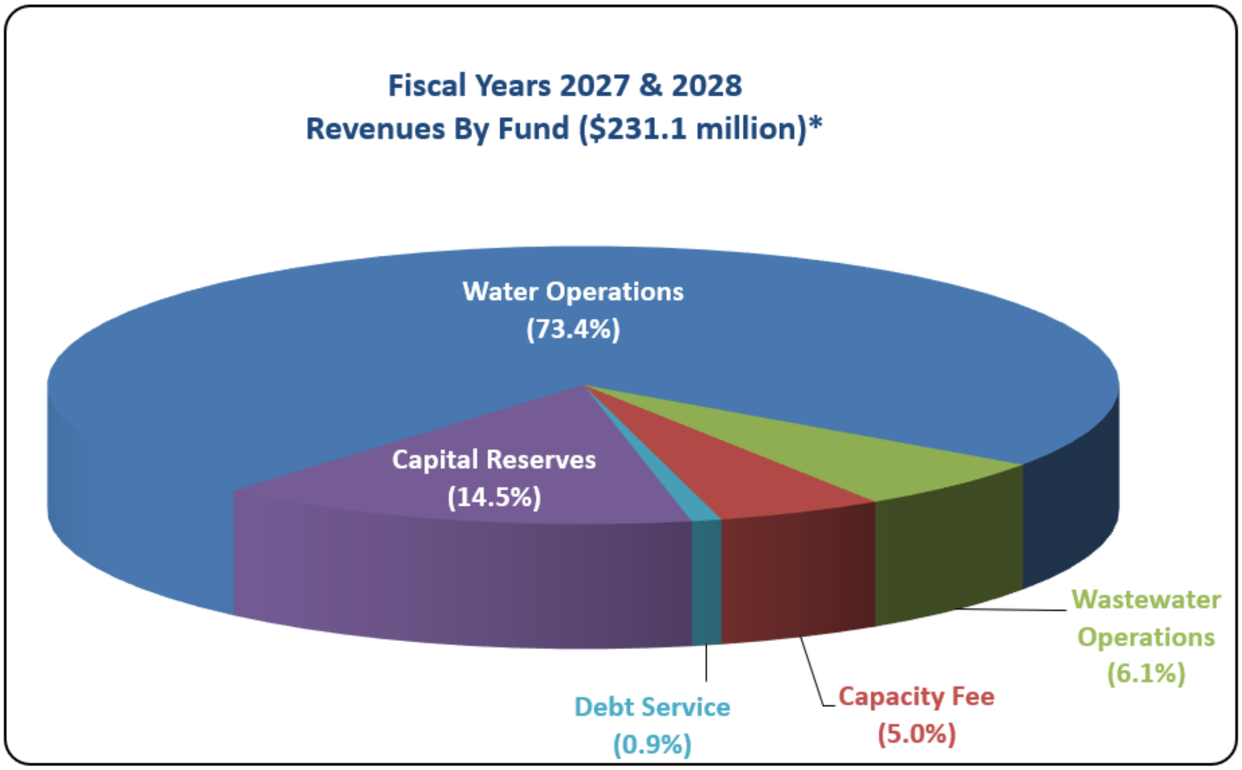
Fund: Debt Service (All)**

Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
Operating Expenses						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Revenues						
Investment Income	37,866	7,000	7,000	0.00%	7,000	0.00%
RAD 96-1 Benefit Assessment Rev.	981,087	977,000	962,000	-1.54%	962,000	0.00%
Administrative Fee Revenues	65,961	65,000	65,000	0.00%	65,000	0.00%
Post-Financing Payoffs	-	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	74,779	8,000	8,000	0.00%	8,000	0.00%
Total Non-operating Revenues	**1,159,692**	**1,061,000**	**1,046,000**	**-1.41%**	**1,046,000**	**0.00%**
Non-operating Expenses						
Consultants	218	35,000	35,000	0.00%	-	-100.00%
Investment Expense	-	-	-	0.00%	-	0.00%
Legal	-	-	-	0.00%	-	0.00%
Bank Svc Chgs	90	-	-	0.00%	-	0.00%
Other admin/gen exp	-	-	-	0.00%	-	0.00%
Outside Service	64,405	80,000	80,000	0.00%	80,000	0.00%
Postage and Shipping	-	-	-	0.00%	-	0.00%
Salaries and Wages	921	2,500	2,500	0.00%	2,500	0.00%
Employee Benefits	849	1,500	1,500	0.00%	1,500	0.00%
Principal	5,189,099	5,462,000	5,747,000	5.22%	5,944,000	3.43%
Loss on Payoff of Bonds	-	-	-	0.00%	-	0.00%
Interest Expenses	1,003,778	1,296,000	1,107,000	-14.58%	907,000	-18.07%
Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
Premium/Call Fee Defeased Debt	-	-	-	0.00%	-	0.00%
Fixed Charge County Assessment	2,316	2,500	2,500	0.00%	2,500	0.00%
Other Expenses	-	-	-	0.00%	-	0.00%
Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
Other Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**6,265,178**	**6,883,500**	**6,979,500**	**1.39%**	**6,941,500**	**-0.54%**
Net Income (Loss)	**(5,105,486)**	**(5,822,500)**	**(5,933,500)**	**1.91%**	**(5,895,500)**	**-0.64%**

* Amended budget amounts approved by the Board.
** Includes RAD 96-1, 2012 State Revolving Fund, 2015A & 2016A Refunding Bonds, 2018 Sewer Revenue Bond.

Revenues

Total projected revenue for Fiscal Years 2027 and 2028 from all funds is estimated at $231.1 million. The Potable Water Fund has the largest portion of the District's revenues at approximately 67.7% or $156.4 million. About 14.5% or $33.6 million will be a fund transfer from the District's Capital Reserves (PAYGO) to pay for the District's planned capital expenditures for Fiscal Years 2027 and 2028. The remaining 17.8% of revenues will come from Wastewater, Recycled Water, Capacity Fee, and Debt Service funds.



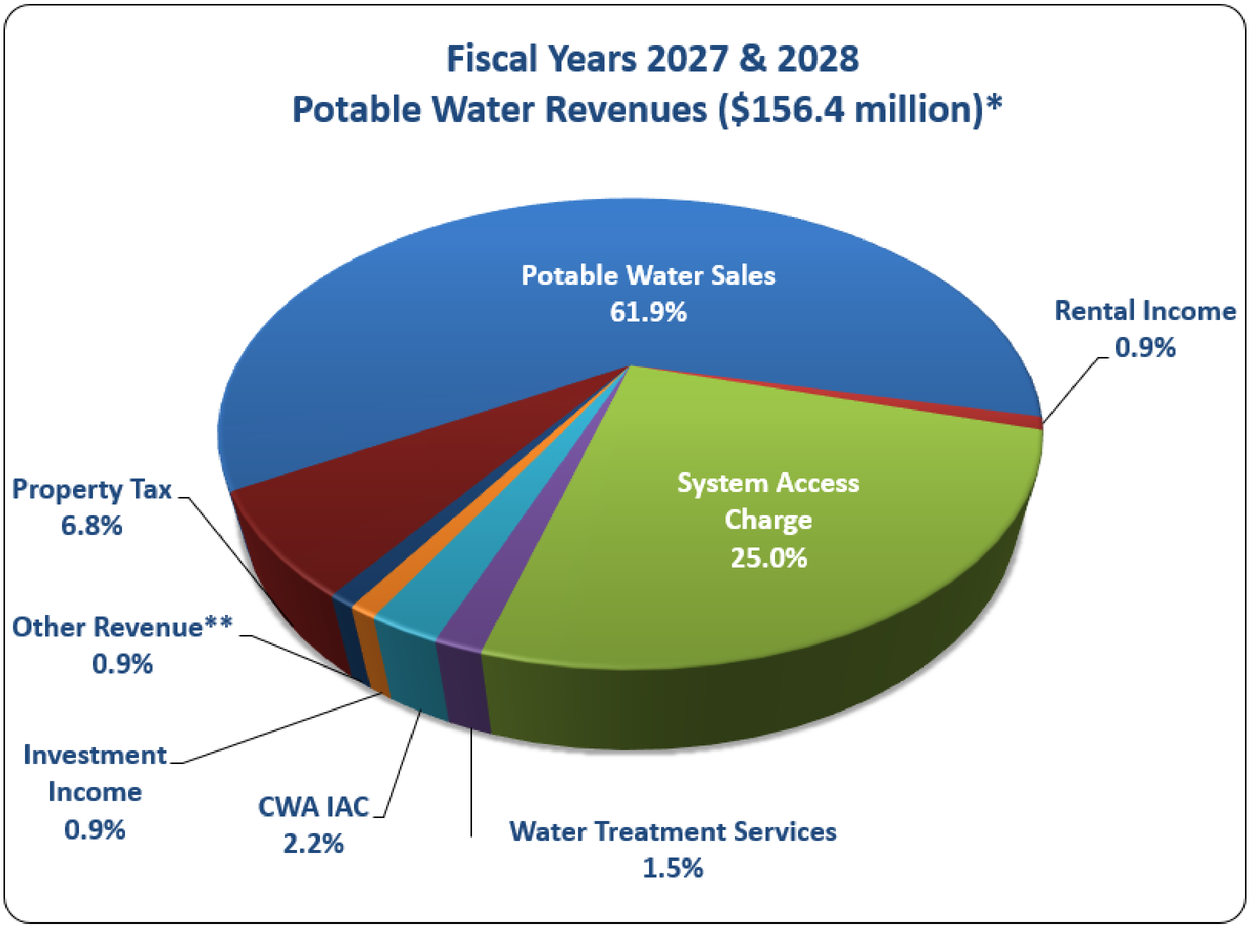
* Total may not add up to 100% due to rounding.

Water Operations (Potable and Recycled) (73.4%)

Potable Water Fund (67.7%)

The District completed a Water Financial Plan and Cost of Service study in 2024 covering Fiscal Years 2025 through 2029. The objective of this study was to review and evaluate the District's planned water rate increases for the next 5 years. Based on the study, it was concluded that the District would need to adjust its revenue requirements by 7.9% in Fiscal Year 2025, and by an estimate of 8.0%, 8.1%, 5.0%, and 4.0% respectively for Fiscal Years 2026 through 2029. However, actual revenue adjustments will be calculated each year based on actual pass-through requirements. These adjustments are based on projected revenue requirements, capital needs, and debt service coverage over the next five years. This study also considered the District's operating, capital and rate stabilization reserve targets established in the District's financial policy.

Water services include potable water deliveries 24 hours per day/7 days per week/365 days per year, reading and billing water meters on a monthly basis, a back-flow prevention program, meter maintenance, water quality services, and other on-site services as requested by our customers, including testing meters for accuracy and checking for water leaks.



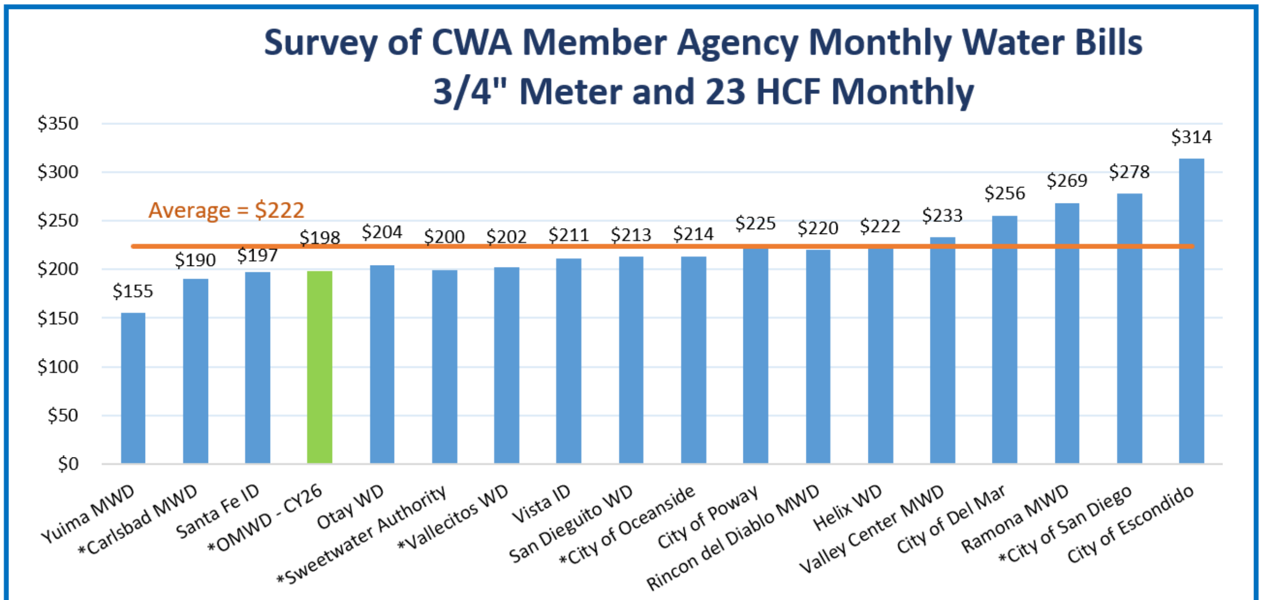
* Total may not add up to 100% due to rounding.

** Includes includes hydroelectric revenue, delinquency charges, inspection fees, gain on sale of fixed assets, and other water-related fees

Description and Summary of Major Budget Elements and Variances

- Potable Water Sales (61.9%) – Potable water sales make up approximately 61.9% of the total Potable Water Fund projected revenue. Approximately 80% of the potable water sales is sold to residential customers. For Fiscal Years 2027 and 2028 potable water sales are forecasted each fiscal year based on the average volume of water sold in the last five Calendar Years, 2021 through 2025. The budget assumes a 6.1% rate adjustment in Fiscal Year 2027 based on the existing rate ordinance approved by the Board in 2024. Proposed rate adjustment effective January 1, 2027, will be updated with the most recent information and reviewed and discussed with the Board for consideration and approval before implementing.

The following graph compares a typical residential monthly water bill for an OMWD customer compared to customers of other CWA member agencies using 23 units of potable water with a ¾" meter.



*CY2026 rates.
Survey of rates as of January 1, 2026
OMWD rates are net of the RRC
Does not include all 22 SDCWA member agencies for comparative purpose.

- System Access Charge (25.0%) - A system access charge is assessed on a monthly basis based on meter size. Monthly system access charge revenue is projected based on the number of water meters in service. The charge is designed to recover fixed charges of purchased water as well as the fixed costs of operating the District. These costs include maintenance of meters, storage facilities and water lines, and customer service costs for meter reading and billing. It is the District's goal to collect no more than 30% of its net water system revenues from fixed charges per the Board's Revenue Policy. The budget assumes 25.0% of the potable water revenue for Fiscal Years 2027 and 2028 will be collected from System Access Charges.

- SDCWA Infrastructure Access Charge (IAC) (2.2%) – This is a fixed charge imposed by SDCWA on all water meters in the County. The charge is designed to collect a portion of SDCWA's fixed costs and is assessed according to meter size. This charge will have the effect of reducing future water rate increases from SDCWA since having a significant source of fixed revenue reduces future reserve requirements. This is a pass-through that the District collects from its customers on behalf of SDCWA. Currently, SDCWA-IAC is set at $4.55 per ¾" meter equivalent. SDCWA's proposed IAC for calendar year 2027 is $4.87.

- Property Tax Revenue (6.8%) – Property tax revenue is expected to experience small year-to-year increases due to changes in assessed property values and increasing median home prices. The District uses this revenue to as an additional resource to fund its capital improvement projects to avoid higher rate increases in future years. Property Tax revenue is estimated to be $5.3 million and 5.4 million annually in Fiscal Years 2027 and 2028.

- Water Treatment Services (1.5%) – The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP). This additional revenue reduces DCMWTP fixed costs and increases plant efficiency. The selling of excess treated services to VWD is estimated to be $1.0 million in Fiscal Year 2027 and $1.3 million in Fiscal Year 2028. Fiscal Year 2027 includes a reduction in projected revenue due to planned shutdowns at the District's water treatment plant for capital improvement and maintenance projects. Treatment revenues are budgeted at estimated AF of treatment services per fiscal year at 80% of the SDCWA's Melded M&I Treatment Rate per the agreement. The Budget assumes SDCWA's proposed Melded Treatment rate is $610/AF effective January 1, 2027.

- Rental Income (0.9%) – The District collects rent for the use of reservoir sites for the placement of cellular and paging transmission towers. The District expects to collect approximately $677,000 in Fiscal Year 2027 and $690,000 in Fiscal Year 2028 from rental income activities.

- Investment Income (0.9%) – The District invests funds to earn interest according to the approved statement of investment policy. The policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income in all funds is estimated to provide an average yield of 3.0% for Fiscal Year 2027 and Fiscal Year 2028, and 2.0% thereafter.

- Other Revenue (0.9%) – This revenue includes hydroelectric revenue, delinquency charges, inspection fees, gain on sale of fixed assets, and other water-related fees. The District operates a hydroelectric generation plant and sells the electricity generated from the plant to San Diego Gas & Electric Company (SDG&E). The hydroelectric plant revenue is projected to be $120,000 annually in Fiscal Years 2027 and 2028.

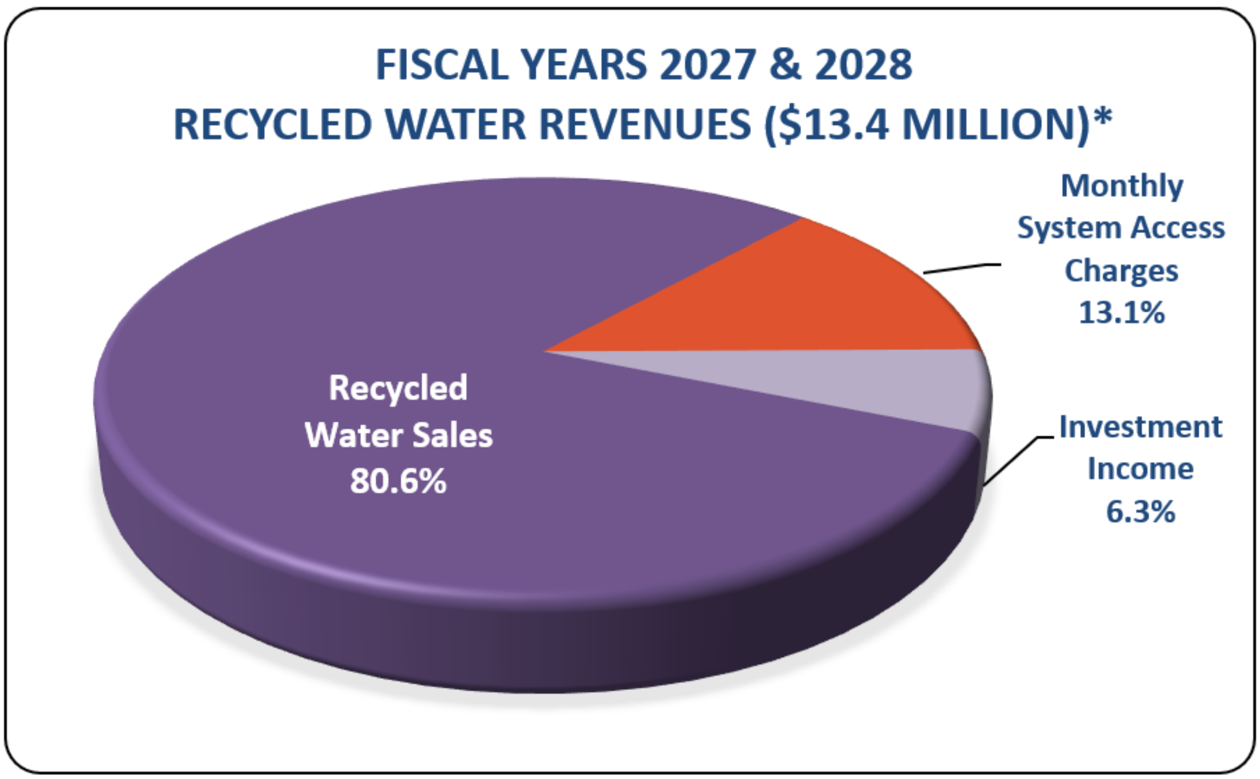
- SDCWA Reimbursement of Parks Costs - Per the Elfin Forest Recreational Reserve (EFRR) settlement agreement, SDCWA is responsible for 75% of EFRR operating and maintenance costs. This allocation has been in effect since Fiscal Year 2011. In Fiscal Year 2027, this reimbursement is projected to increase to approximately $430,000, and to $443,000 for Fiscal Year 2028. SDCWA's reimbursement amount is adjusted annually based on annual increases in the consumer price index for San Diego County and are applied directly against the operating expenses of EFRR. EFRR operating costs in excess of SDCWA's reimbursement are paid by the District's ratepayers.

Recycled Water Funds (5.8%)

The District provides recycled water in the Northwest (NW) and Southeast (SE) Quadrants of its service area. To meet the NW Quadrant service area recycled water demand, the District executed a recycled water purchase agreement with San Elijo Joint Powers Authority and Vallecitos Water District.

The District purchases recycled water from the City of San Diego and the Rancho Santa Fe Community Services District to supplement recycled water demand in the SE Quadrant, which is predominately served by recycled water generated at the District's 4S Water Reclamation Facility (WRF).

The District accounts for its recycled water operations in this fund.

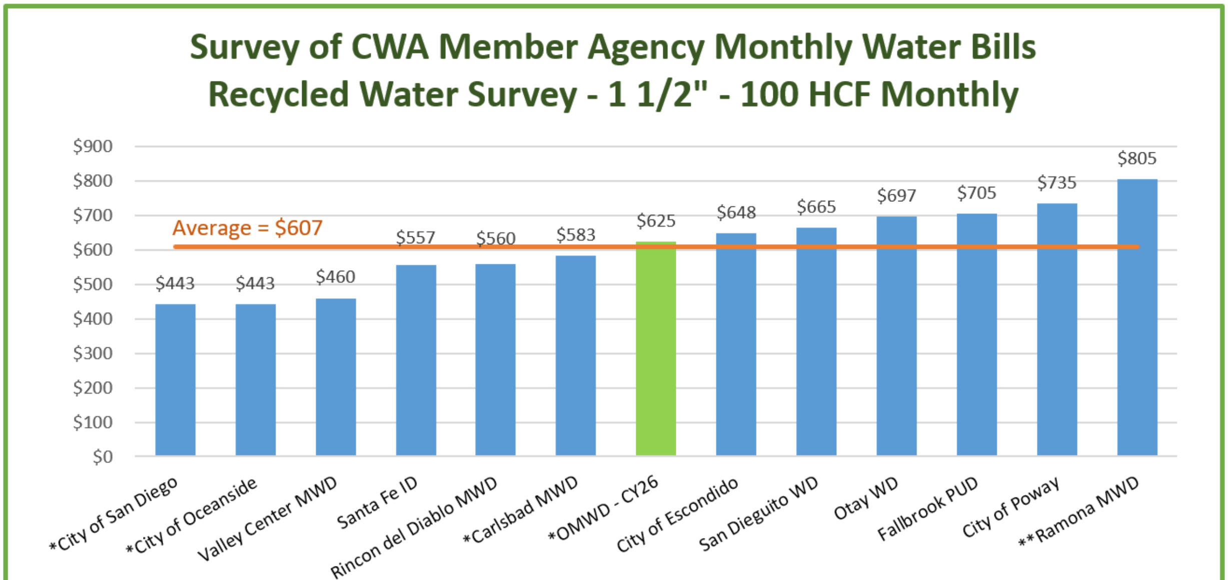


* Total may not add up to 100% due to rounding.

<u>Description and Summary of Major Budget Elements and Variances</u>

- <u>Recycled Water Sales (80.6%)</u> – Recycled water deliveries are expected to increase due to the conversion of large irrigation meters from potable to recycled water from the NW Quadrant of the District's recycled water area. Consequently, increases in recycled water sales are offset by a decrease in potable water sales. Fiscal Years 2027 and 2028 assume the same rate increase as potable water, however actual recycled rate increases are calculated separately from potable rate increase to only pass-through the associated costs of each. Any future adjustments to the District's recycled water rates and charges will be reviewed and considered by the Board based on the 2024 Water Cost-of-Service Study and current 218 notice. Proposed changes to the recycled water sales assumptions will be discussed with the Finance Committee and the Board during the midterm budget review process in Spring 2027.

The following graph compares a typical monthly recycled water bill for an OMWD customer compared to customers of other CWA member agencies using 100 units of recycled water with a 1 ½" meter.



Survey of posted rates as of January 1 , 2026 All rates are CY 2025 or newer.
Does not include all 22 SDCWA member agencies for comparative purpose.
* CY2026 rates.
** Ramona provides an untreated melded supply of water to its agricultural customers

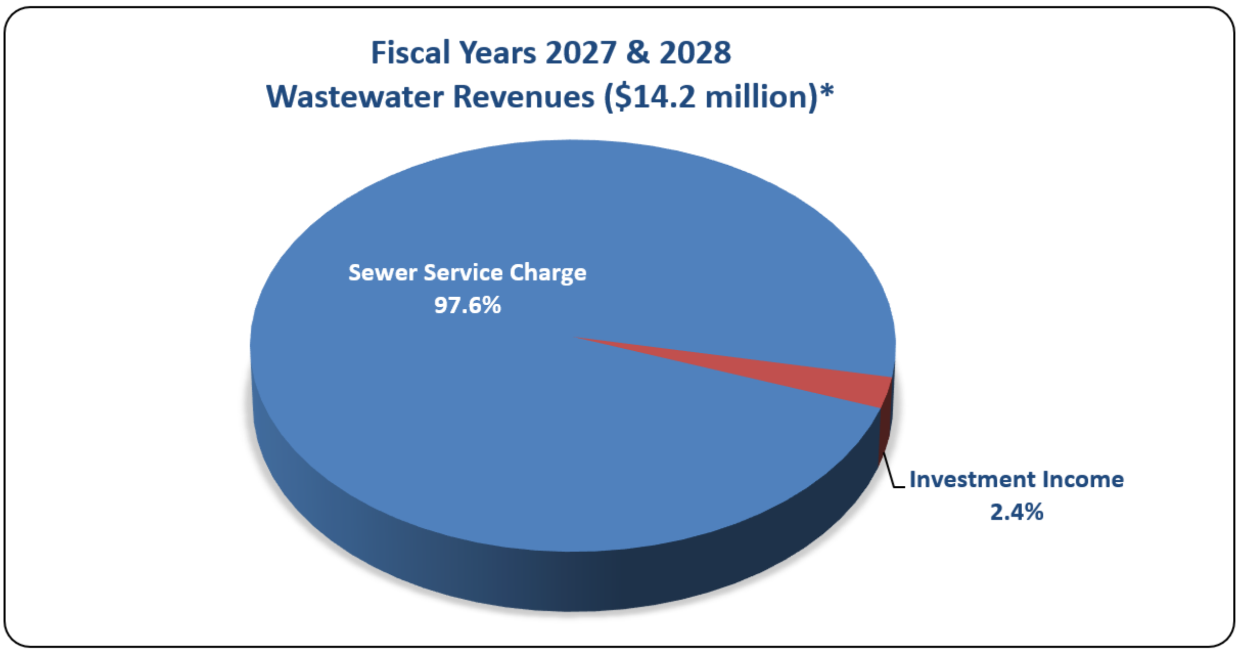
- Monthly System Access Charges (13.1%) – A system access charge is assessed on a monthly basis based on meter size. Monthly System Access Charge (SAC) revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. The costs include maintenance of meters, storage facilities, water lines, and customer service costs for meter reading and billing. For Fiscal Years 2027 and 2028 the budget estimates an 7.0% and 5.1% SAC rate increase respectively, per a ¾" meter. Actual adjustments to the District's monthly system access charge will be based on actual pass-through costs and will be considered for approval by the Board before implementation.

- Investment Income (6.3%) – The District invests funds to earn interest in accordance with the approved investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 3.0% for Fiscal Year 2027 and Fiscal Year 2028, and 2.0% thereafter.

Capital Reserves (14.6%)

Capital Reserves includes transfers from the Capital Reserve Fund to cover the cost of capital expenditures. The District funds most of its capital projects using the pay as you go (PAYGO) method. The District annually transfers a fixed amount of revenues from its water and wastewater operations to pay for its planned capital spending for the next 10 years. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are available and when long-term borrowing rates are higher than expected cash reserve fund earnings.

Wastewater Funds (6.1%)



The District provides wastewater collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch service area is comprised of a wide variety of commercial, industrial, and residential uses, including the annexed areas of Black Mountain Ranch and Santaluz. The 4S Ranch and Rancho Cielo areas encompass a total of approximately 5,300 acres and will serve approximately 7,450 Equivalent Dwelling Units (EDUs) when they are fully built out. An EDU is the standard measurement of water discharged into the wastewater collection and treatment system equal to the average discharge from a detached single-family unit.

Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Wastewater fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11).

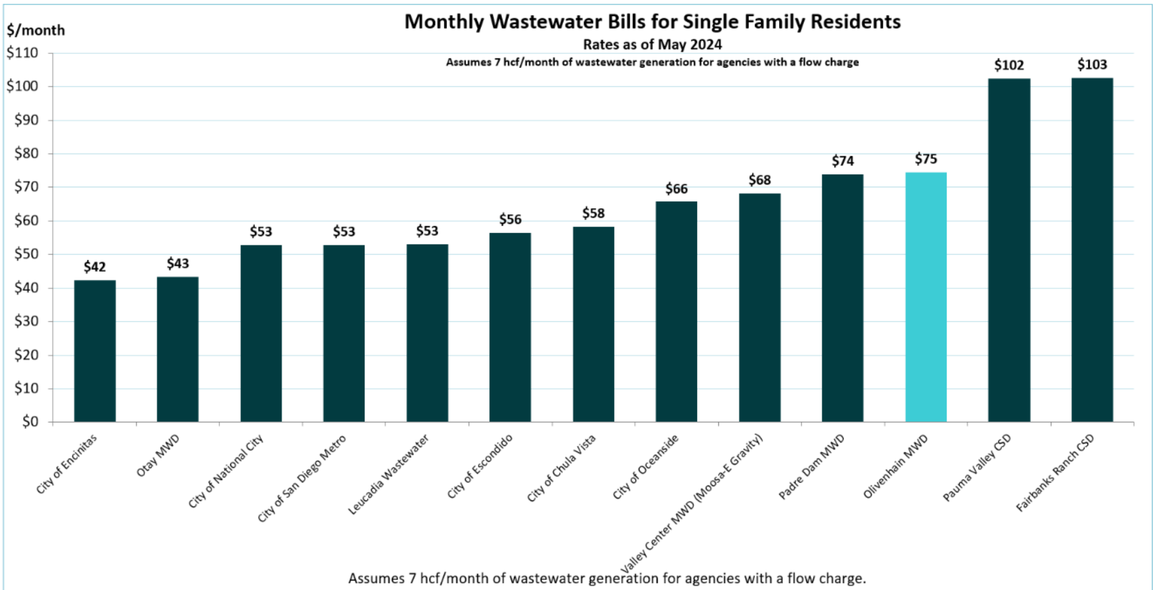
Wastewater service fees are billed through the County of San Diego property tax rolls and are collected by the County of San Diego Property Treasurer-Tax Collector's Office on behalf of the District. The District underwent a Wastewater Cost of Service study, conducted by an independent consultant, to determine necessary wastewater rates for the next five-year period. In 2024, the District's Board of Directors formally adopted an increase to wastewater service fees and charges by 5.5% effective July 1, 2024, and by 5.5% each July thereafter for the next four years through Fiscal Year 2029.

Description and Summary of Major Budget Elements and Variances

- Wastewater Service and Charges (97.6%) – The amount of wastewater processed in Fiscal Year 2027 is predicted to be in line with the amount processed in Fiscal Year 2026. The commodity revenue portion of the District's wastewater revenue is budgeted based on the customer's minimum monthly winter usage up to a maximum of 10 units. As of writing this document, Wastewater revenue for Fiscal Year 2027 is assumed to increase from the prior year due to a 5.5% increase in rates, partially offset by lower water usage during fiscal year 2026 which was used to calculate customers wastewater charges. Fiscal Year 2028 is budgeted to have higher billed usage based on fiscal year 2027 water sales assumptions, and a 5.5% rate increase.

- Investment Income (2.4%) – The District invests cash available in reserves to earn interest in accordance with the approved statement of investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 3.0% for Fiscal Year 2027 and Fiscal Year 2028, and 2.0% thereafter.

Below is a graph comparing the annual wastewater service fee amongst local agencies as of May 2024.

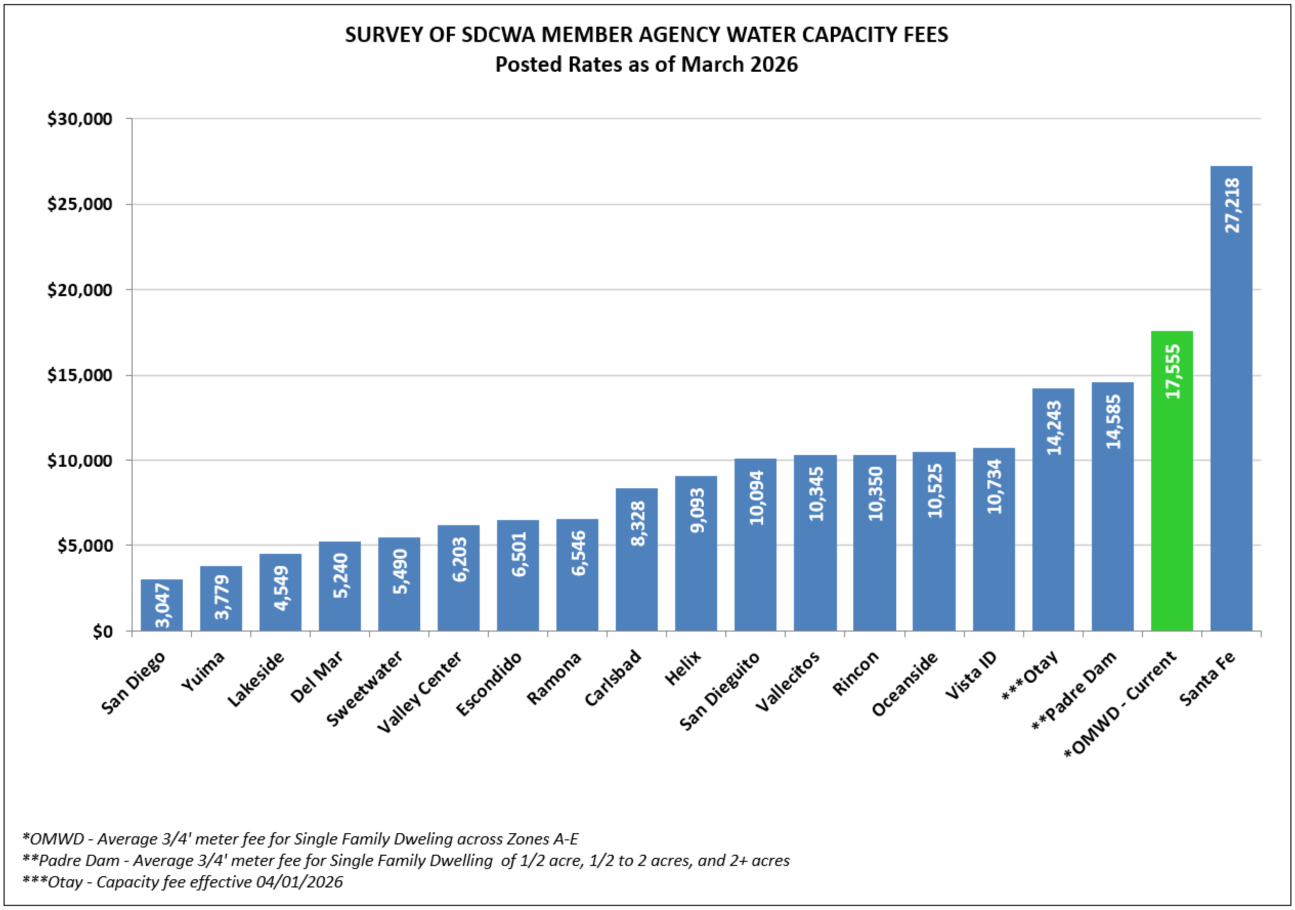


Capital Contributions (5.0%)

Includes capacity fees paid by developers, investment income on the District's investments, and grant revenue for the construction of District projects.

Description and Summary of Major Budget Elements and Variances

- Capacity Fee Revenues – Capacity fees are one-time fees assessed by the District to new users to pay their fair share of the costs of existing infrastructure required to serve them. Revenue collected from capacity fees is used to pay for the District's planned capital expenditures as well as reimbursing the existing users for capital investment in the District's transmission and distribution system (via lower rates and charges). The District has about 1,180 Equivalent Dwelling Units (EDUs) remaining until it is completely built out in 2050. The District's capacity fee revenues fluctuate from year-to-year depending on developer plans for new construction in the District's service area. Capacity fee revenue is anticipated at $5.0 million Fiscal Year 2027 and $1.5 million in Fiscal Year 2028 but is dependent on developers timing.



- Investment Income – The District invests cash available in reserve funds to earn interest in accordance with the approved statement of investment policy which emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is projected to be 3.0% for Fiscal Year 2027 and Fiscal Year 2028, and 2.0% thereafter.

- Grant Revenue – The District consistently pursues local, state, and federal grants to reduce the fiscal impact of projects on its ratepayers. For Fiscal Year 2027 the District is expecting to receive grant monies of approximately $2.2 million, and another $170,000 in Fiscal Year 2028 to reimburse the District for project costs. These grant funds have been awarded to the District to fund its projects, including: various recycled water projects (Title XVI and Proposition 1 Round 2), the Elfin Forest Recreational Reserve parking expansion project (Department of Parks and Recreation), and the District's San Dieguito Valley Groundwater Desalination Plant Project (EPA).

Debt Service (0.9%)

These funds are used to accumulate revenues and transfers necessary to make all required debt service payments and to account for funds as investment income received from investment activities of unexpended bond proceeds. These funds are considered restricted funds because they are restricted for specific uses as governed by the bond covenants.

Description and Summary of Major Budget Elements and Variances

- Benefit Assessment Revenues – These are the assessments levied each year via the property tax rolls against properties located within Reassessment District 96-1 (which is contiguous with the water district's boundaries) and are utilized to make debt service payments on the Reassessment District 96-1 Limited Obligation Improvement Bonds. Benefit Assessment Revenue for Fiscal Years 2027 and 2028 are projected at approximately $962,000 annually.

- Investment Income – Investment of restricted cash held in bond reserve and service funds are to be made in accordance with the related bond indentures.

- Administrative Fees Revenue – Administrative fee revenues are expected to remain consistent with previous fiscal year's revised budget, based on staff's estimate.

- Other Revenue – Includes Post-Financing Payoffs and Impact Charge Revenues. Post-financing payoffs are revenues collected when property owners pay their benefits assessment in advance. This revenue will be used to call a portion of the Reassessment District 96-1 bonds early. Impact charges are revenues collected due to property owners installing larger size meters than originally planned and assessed. Both post-financing payoffs and impact charge revenues are insignificant to the overall budget.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 100 & 120 **Operating - Water (Potable and Recycled)**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
41100-100-000-000	Potable Water Sales - Res/Comm/Irrig/Cons	44,478,620	46,619,000	47,116,000	1.07%	48,481,000	2.90%
41400-100-000-000	Potable Water Sales - Agriculture	389,174	561,000	593,000	5.70%	593,000	0.00%
41500-100-000-000	Water Sales - Raw Water	-	-	-	0.00%	-	0.00%
41600-100-000-000	Potable Water Sales - Miscellaneous	24,396	20,000	5,000	-75.00%	5,000	0.00%
41700-120-000-000	Recycled Water Sales	5,106,743	5,739,000	5,311,000	-7.46%	5,462,000	2.84%
	Water Sales	**49,998,932**	**52,939,000**	**53,025,000****	**0.16%**	**54,541,000****	**2.86%**
41800-100-000-000	System Access Charge - Potable	16,002,023	17,404,000	18,918,000	8.70%	20,120,000	6.35%
41800-120-000-000	System Access Charge - Recycled	704,576	725,000	855,000	17.93%	901,000	5.38%
41900-100-000-000	SDCWA Infrastructure Access Charge	1,575,331	1,609,000	1,668,000	3.67%	1,783,000	6.89%
43210-100-000-000	Selling of Water Treatment Services	802,147	1,061,000	1,000,000	-5.75%	1,310,000	31.00%
43170-100-000-000	Hydro-electric Plant Revenues	118,489	120,000	120,000	0.00%	120,000	0.00%
43001-100-000-000	Turn Off/On Fees/ NSF Charges - Potable	25,225	25,000	25,000	0.00%	25,000	0.00%
43001-120-000-000	Turn Off/On Fees/ NSF Charges - Recycled	30	-	-	0.00%	-	0.00%
43002-100-000-000	Delinquency Charges - Potable	274,368	220,000	220,000	0.00%	220,000	0.00%
43002-120-000-000	Delinquency Charges - Recycled	64	-	-	0.00%	-	0.00%
43003-100-000-000	Transfer Fees - Potable	28,750	30,000	30,000	0.00%	30,000	0.00%
43003-120-000-000	Transfer Fees - Recycled	-	-	-	0.00%	-	0.00%
43004-100-000-000	Meter Installations, net	(57)	15,000	16,000	6.67%	16,000	0.00%
43008-100-000-000	Cross Connection/Inspection - Potable	211,577	205,000	205,000	0.00%	205,000	0.00%
43008-120-000-000	Cross Connection Inspection - Recycled	-	-	-	0.00%	-	0.00%
43020-100-000-000	Outside District Boundary Charges	8,866	10,000	10,000	0.00%	10,000	0.00%
43500-100-000-000	CWA Reimb of Park Costs	-	-	-	0.00%	-	0.00%
43100-100-000-000	Other Operating Revenues	488,028	10,000	20,000	100.00%	20,000	0.00%
	Other Water Services	**20,239,417**	**21,434,000**	**23,087,000**	**7.71%**	**24,760,000**	**7.25%**
	Operating Revenues	**70,238,349**	**74,373,000**	**76,112,000**	**2.34%**	**79,301,000**	**4.19%**
	Non-operating Revenues						
44100-100-000-000	Investment Income - Water	467,838	218,000	335,000	53.67%	332,000	-0.90%
44100-120-000-000	Investment & Interest Income - Recycled	370,164	260,000	374,000	43.85%	468,000	25.13%
44200-100-000-000	Property Tax Revenue	5,016,813	4,994,000	5,298,000	6.09%	5,404,000	2.00%
43123-100-000-000	Rental Income	922,549	807,000	677,000	-16.11%	690,000	1.92%
47000-100-000-000	Gain on Sale of Fixed Assets	34,450	-	-	0.00%	-	0.00%
47100-100-000-000	Other Non-Operating Revenues	24,206	-	20,000	100.00%	20,000	0.00%
	Non-operating Revenues**	**6,836,020**	**6,279,000**	**6,704,000**	**6.77%**	**6,914,000**	**3.13%**
	Total Revenue	**77,074,369**	**80,652,000**	**82,816,000**	**2.68%**	**86,215,000**	**4.10%**

* Amended budget amounts approved by the Board.
** Based on projected water sales and anticipated wholesale purchased water cost increases.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 100 **Rate Stabilization - Water**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	0.00%	-	0.00%
	Non-operating Revenues						
44102-100-000-000	Investment Income	484,701	197,000	298,000	51.27%	307,000	3.02%
	Total Non-operating Revenues	**484,701**	**197,000**	**298,000**	**51.27%**	**307,000**	**3.02%**
	Total	**484,701**	**197,000**	**298,000**	**51.27%**	**307,000**	**3.02%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 100 **Pension Stabilization - Water**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	0.00%	-	0.00%
	Non-operating Revenues						
44104-100-000-000	Investment Income	34,715	23,000	$42,000	82.61%	$50,000	19.05%
	Total Non-operating Revenues	**34,715**	**23,000**	**42,000**	**82.61%**	**50,000**	**19.05%**
	Total	**34,715**	**23,000**	**42,000**	**82.61%**	**50,000**	**19.05%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2027 & 2028

Fund: 110 Wastewater Operations

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Wastewater Services	5,760,887	6,428,000	6,658,000	3.58%	7,154,000	7.45%
Total Operating Revenues	**5,760,887**	**6,428,000**	**6,658,000**	**3.58%**	**7,154,000**	**7.45%**
Non-operating Revenues						
Investment Income	115,021	47,000	68,000	44.68%	88,000	29.41%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenue	-	-	-	0.00%	-	0.00%
Total Non-operating Revenues	**115,021**	**47,000**	**68,000**	**44.68%**	**88,000**	**29.41%**
Total	**5,875,909**	**6,475,000**	**6,726,000**	**3.88%**	**7,242,000**	**7.67%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2027 & 2028

Fund: 110 **Rate Stabilization - Wastewater**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	0.00%	-	0.00%
	Non-operating Revenues						
44102-110-000-000	Investment Income	123,972	44,000	89,000	102.27%	91,000	2.25%
	Total Non-operating Revenues	**123,972**	**44,000**	**89,000**	**102.27%**	**91,000**	**2.25%**
	Total	**123,972**	**44,000**	**89,000**	**102.27%**	**91,000**	**2.25%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2027 & 2028

Fund: 110 **Pension Stabilization - Wastewater**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	0.00%	-	0.00%
	Non-operating Revenues						
44104-110-000-000	Investment Income	3,198	1,000	4,000	300.00%	4,000	0.00%
	Total Non-operating Revenues	**3,198**	**1,000**	**4,000**	**300.00%**	**4,000**	**0.00%**
	Total	**3,198**	**1,000**	**4,000**	**300.00%**	**4,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2027 & 2028

Fund: Capital Improvement (All)**

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Non-operating Revenues						
Investment Income	2,475,243	934,000	1,447,000	54.93%	1,200,000	-17.07%
Capacity Fee	1,955,820	412,000	5,022,000	1118.93%	1,518,000	-69.77%
Ordinance 280 Revenue	131,750	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds	8,100,904	2,045,000	2,211,000	8.12%	170,000	-92.31%
Total Non-operating Revenues	**12,663,717**	**3,396,000**	**8,685,000**	**155.74%**	**2,893,000**	**-66.69%**
Total	**12,663,717**	**3,396,000**	**8,685,000**	**155.74%**	**2,893,000**	**-66.69%**

* Amended budget amounts approved by the Board.
** Include Capital Improvement for Potable, Wastewater and Recycled.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 120, 400, & 500 Capital Improvement - Water (Potable and Recycled)

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
	Non-operating Revenues						
44100-500-000-000	Investment Income **	294,472	118,000	265,250	124.79%	235,000	-11.40%
44300-500-000-000	Capacity Fee	1,951,750	412,000	5,022,000	1118.93%	1,518,000	-69.77%
44103-100-000-000	Investment Income	1,676,430	645,000	795,750	23.37%	705,000	-11.40%
44103-120-000-000	Investment Income	63,102	-	2,000	100.00%	-	-100.00%
44100-400-000-000	Investment Income	310	-	-	0.00%	-	0.00%
44300-400-000-000	Ordinance 280 Revenue	131,750	5,000	5,000	0.00%	5,000	0.00%
49302-100-000-000	Contributed Revenue/Grants	7,859,668	2,045,000	2,211,000	8.12%	170,000	-92.31%
	Total Non-operating Revenues	**11,977,482**	**3,225,000**	**8,301,000**	**157.40%**	**2,633,000**	**-68.28%**
	Total	**11,977,482**	**3,225,000**	**8,301,000**	**157.40%**	**2,633,000**	**-68.28%**

* Amended budget amounts approved by the Board.
** Income from investment in Capacity Fees

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 110 **Capital Improvement - Wastewater**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
	Non-operating Revenues						
44103-110-000-000	Investment Income - Capital Replacement	440,929	171,000	384,000	124.56%	260,000	-32.29%
44171-110-000-000	Investment Income - Capacity Fee	-	-	-	0.00%	-	0.00%
44300-110-000-000	Capacity Fee Revenue - 4S	4,070	-	-	0.00%	-	0.00%
44171-111-000-000	Capacity Fee Revenue - Rancho Cielo	-	-	-	0.00%	-	0.00%
49302-110-000-000	Contributed Revenue/Grants	241,236	-	-	0.00%	-	0.00%
	Total Non-operating Revenues	**686,235**	**171,000**	**384,000**	**124.56%**	**260,000**	**-32.29%**
	Total	**686,235**	**171,000**	**384,000**	**124.56%**	**260,000**	**-32.29%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2027 & 2028

Fund: Debt Service (All)**

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Revenues						
Total Operating Revenues	**-**	**-**	**-**	**0%**	**-**	**0%**
Non-operating Revenues						
Investment Income	37,866	7,000	7,000	0.00%	7,000	0.00%
RAD 96-1 Benefit Assessment Revenues	981,087	977,000	962,000	-1.54%	962,000	0.00%
Administrative Fee Revenues	65,961	65,000	65,000	0.00%	65,000	0.00%
Post-Financing Payoffs	-	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	74,779	8,000	8,000	0.00%	8,000	0.00%
Total Non-operating Revenues	**1,159,692**	**1,061,000**	**1,046,000**	**-1.41%**	**1,046,000**	**0.00%**
Total	**1,159,692**	**1,061,000**	**1,046,000**	**-1.41%**	**1,046,000**	**0.00%**

* Amended budget amounts approved by the Board.
** Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank and Trust Note.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 570 **Debt Service - Reassessment District 96-1**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	0%	-	0%
	Non-operating Revenues						
44100-570-000-000	Investment Income	1,562	1,000	1,000	0.00%	1,000	0.00%
44400-570-000-000	RAD 96-1 Benefit Assessment Revenues	981,087	977,000	962,000	-1.54%	962,000	0.00%
44410-570-000-000	Administrative Fee Revenues	65,961	65,000	65,000	0.00%	65,000	0.00%
44420-570-000-000	Post-Financing Payoffs	-	4,000	4,000	0.00%	4,000	0.00%
44430-570-000-000	Impact Charge Revenues	74,779	8,000	8,000	0.00%	8,000	0.00%
	Total Non-operating Revenues	**1,123,389**	**1,055,000**	**1,040,000**	**-1.42%**	**1,040,000**	**0.00%**
	Total	**1,123,389**	**1,055,000**	**1,040,000**	**-1.42%**	**1,040,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 561 **Debt Service - 2015A Water Revenue Refunding Bonds**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-561-000-000	Investment Income	11,142	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**11,142**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**11,142**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 580 & 581 **Debt Service - 2009 Water Revenue Bond & 2016A Water Revenue Refunding Bond**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	0.00% FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-581-000-000	Investment Income	3,587	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**3,587**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**3,587**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 510 **Debt Service - 2012 State Revolving Fund**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-510-000-000	Investment Income	14,561	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**14,561**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**14,561**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 521 **Debt Service - 2021A Sewer Rev. Bonds**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-521-000-000	Investment Income	7,012	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**7,012**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**7,012**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 522 **Debt Service - 2021B Sewer Rev. Refunding Bonds**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-522-000-000	Investment Income	1	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**1**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**1**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2027 & 2028

Fund: 523 **Debt Service - Proposed 2026 Sewer Rev. Refunding Bonds**

		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
	Operating Revenues						
	Total Operating Revenues	-	-	-	-	-	-
	Non-operating Revenues						
44100-523-000-000	Investment Income	-	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	**-**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**
	Total	**-**	**1,000**	**1,000**	**0.00%**	**1,000**	**0.00%**

* Amended budget amounts approved by the Board.

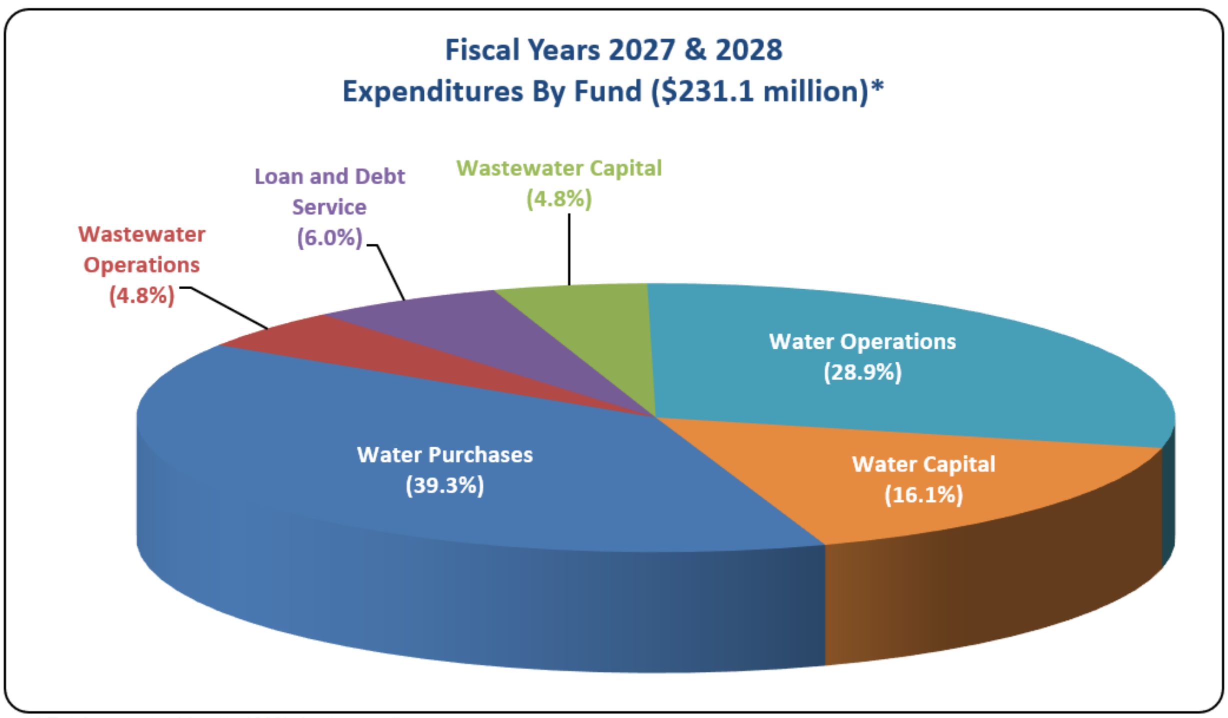
Expenditures

The District's expenditures for the biennial budget covering Fiscal Years 2027 and 2028 are divided into three major categories:

- Operating Expenditures are potable and recycled water operations (with purchased water cost shown separately), wastewater operations, maintenance expenses, and fund transfers to capital reserves (PAYGO) from rates and charges to pay for aging infrastructure.
- Non-Operating Expenditures are costs that are not directly attributable to day-to-day potable water, recycled water, and wastewater operations, such as loan and debt service payments.
- Capital Project Expenditures are defined as funds spent on the District's capital improvement program. More information on the District's capital expenditures funding sources can be found in the Capital Budget section.

Operating and non-operating expenditures are discussed as part of the operating budget section of this document. Detailed Information on Fiscal Years 2027 and 2028 Capital Expenditures can be found in "Section II - Capital Budget."

The District's two-year total expenditures for Fiscal Years 2027 and 2028 are projected to be $231.1 million. The breakdown of these expenditures by category is depicted in the graph below.



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

Water Purchases (39.3%)

Potable Water Purchases

The District purchases 100% of its untreated water supply from San Diego County Water Authority (SDCWA). Untreated water deliveries from SDCWA are processed at the District's David C. McCollom Water Treatment Plant to meet potable water demand. SDCWA's water supplies come from imported water providers such as the Metropolitan Water District of Southern California (MWD), Imperial Irrigation District, American and Coachella Canal Lining and the Carlsbad Water Desalination Plant. It is then transported through MWD's water transmission and distribution system to 24 member agencies, including SDCWA, which distributes the water to retail agencies like the District throughout San Diego County.

Fiscal Years 2027 and 2028 SDC water purchases are estimated at 17,053 AF per year based on projected potable water sales volume and an allowance of 6.5% for unaccounted water loss.

SDCWA's purchased wholesale water costs increased by 9.8% effective January 1, 2026, and SDCWA plans to increase by 2.5% effective January 1, 2027.

The wholesale purchased costs of water are broken down as follows:

Purchased Water Wholesale Variable Charges per Acre-Foot (AF)

1. **Melded Untreated Municipal and Industrial (M&I) Supply Rate** is a uniform volumetric rate set to recover the costs of purchasing Tier 1 water from MWD, water purchases from Imperial Irrigation District (IID), payments in connection with the All American and Coachella Canal lining projects, and other associated supply costs. The Melded Supply Rate increased from $1,355 per acre-foot to $1,490, an increase of 10.0%, from Calendar Year 2025 to 2026, and SDCWA plans to not increase the rate in Calendar Year 2027.

2. **Melded M&I Treatment Rate** is a uniform volumetric rate that is set to recover costs related to the treatment of raw water. The District treats almost all of its customers' potable water demand at its David C. McCollom Water Treatment Plant. SDCWA's melded M&I Treatment Rate increased from $500 per AF to $530 per AF, or 6.0%, from Calendar Year 2025 to 2026, and SDCWA plans to increase it to $610, or 15.1%, in Calendar Year 2027.

3. **Volumetric Transportation Charge** is a uniform volumetric rate that is set in order to recover capital, operation, and maintenance costs of SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. In February 2024, the SDCWA board approved splitting the Transportation Charge into both a fixed and variable component. Effective January 1, 2027, SDCWA will collect 60% of their Transportation revenue requirement from its member agencies through a monthly fixed charge and the remaining 40% from a volumetric rate. Calendar Year 2027 will be the third and final year of phasing in the change. SDCWA's Volumetric Transportation Rate decreased

from $141 per AF to $128 per AF, or -9.2%, from Calendar Year 2025 to 2026, and SDCWA plans to decrease it to $113, or -11.7%, in Calendar Year 2027. SDCWA's Fixed Transportation Charge is discussed below.

4. **SDCWA Permanent Special Agricultural Water Rate Program (PSAWR):** This program exempts farmers and growers from paying storage charges in exchange for receiving a reduced level of water delivery during water shortages or emergencies. In September 2020, the Water Authority Board of Directors approved a Permanent Special Agricultural Water Rate (PSAWR) Program – with an effective start date of January 1, 2021. The current untreated and treated agricultural water rates under the PSAWR program are $984 and $1,514 per AF.

Purchased Water Wholesale Fixed Charges

1. **Customer Service Charge:** This is a fixed charge to recover costs that are necessary to support the functions of SDCWA, to develop SDCWA policies, and to implement programs that benefit the San Diego region as a whole. It is charged monthly and allocated among member agencies based on each agency's five-year rolling average of water purchases. The SDCWA customer service charge allocated to the District for CY 2026 is $1.60 million, and SDCWA plans to increase it to $1.69 million, a 5.7% increase, for Calendar Year 2027.

2. **SDCWA Emergency Storage Charge:** This is a fixed charge to recover costs associated with the Emergency and Carryover Storage Program. It is charged monthly and allocated among member agencies based on each agency's five-year rolling average of non-agricultural water deliveries. The SDCWA storage charge allocated to the District for CY 2026 is $3.68 million, and SDCWA plans to increase it to $3.83 million, a 4.0% increase, for Calendar Year 2027.

3. **MWD Readiness-To-Serve Charge (RTS):** This is a fixed charge collected by the Metropolitan Water District (MWD) to recover costs associated with standby and peak conveyance activity and system emergency storage capacity. The RTS charge is allocated by SDCWA to all member agencies on the basis of each agency's ten-year rolling average of firm deliveries, including water transfers and exchanges conveyed through system capacity. The District's portion of MWD RTS for CY 2026 is $627,084, and SDCWA's proposed passthrough for the District's portion will be $720,325, a 14.9% increase, for Fiscal Year 2027.

4. **MWD Capacity Charge (CRC)**: This is a fixed charge set by MWD on an agency's peak week deliveries over the previous five fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The District's allocation of MWD CRC for CY 2026 is $542,028, and SDCWA's proposed passthrough for the District's portion will be $445,586, a 17.8% decrease for Calendar Year 2027. SDCWA allocates this fixed charge to all of its member agencies based on a five-year rolling average of member agency deliveries during regional peak weeks.

5. **SDCWA Infrastructure Access Charge (IAC)**: This is a fixed monthly charge set by SDCWA based on meter size of all active potable water meters to cover a portion of debt service costs

associated with the construction of county-wide water infrastructure projects. SDCWA's portion of the IAC allocated to the District is $1.55 million for CY 2026, and SDCWA plans to increase it to $1.66 million, a 7.2% increase, for Calendar Year 2027.

6. **SDCWA Supply Reliability Charge:** This is a fixed monthly charge intended to recover a portion of the costs associated with the purchase and distribution of water from the Carlsbad Desalination Plant, IID, and the Canal Lining Project. SDCWA allocates this charge based on a five-year rolling average of firm, non-agricultural MWD deliveries. The District's share of the SDCWA supply reliability charge in CY 2026 is $2.56 million, and SDCWA plans to increase it to $2.65 million, a 3.7% increase, for Calendar Year 2027.

7. **Fixed Transportation Charge** is a fixed monthly charge intended to recover capital, operation, and maintenance costs of SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. In February 2024, the SDCWA board approved splitting the Transportation Charge into both a fixed and variable component. Effective January 1, 2027, SDCWA will collect 60% of their Transportation revenue requirement from its member agencies through a monthly fixed charge and the remaining 40% from a volumetric rate. Calendar Year 2027 will be the third and final year of phasing in the change. The District's share of the SDCWA Fixed Transportation Charge in CY 2026 is $2.10 million, and SDCWA plans to increase it to $2.79 million, a 32.8% increase, in Calendar Year 2027. SDCWA's Volumetric Transportation Rate is discussed above.

Recycled Water Purchases

The District delivers recycled water to large irrigation customers, such as golf courses and homeowners associations, in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest (NW) and Southeast (SE) quadrants are each separate transmission and distribution systems.

In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. The District is expanding its recycled water distribution system to increase its recycled water use and reduce its dependency on potable water for irrigation purposes.

In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). About 70% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District.

The District purchases recycled water from the following suppliers:

1. **City of San Diego (City):** The purchase price for this recycled water is set based on an agreement between the District and the City for the purchase of recycled water from the North City Water Reclamation Plant. The District agrees to pay the City the commodity rate adopted

by the San Diego City Council. The District currently pays $1,316 per AF for recycled water supplied by the City. The District recently revised the recycled water purchase agreement with the City which removed the annual take or pay requirement.

2. **Rancho Santa Fe Community Services District (RSFCSD)**: The District agrees to purchase available recycled water from the Santa Fe Valley Water Reclamation Facility (SFV WRF), which is owned by the RSFCSD. For Fiscal Year 2027, the District projects approximately 215 AF of recycled water will be available from SFV WRF. The purchase price for this recycled water is set at $375 per AF, plus 50% of the difference between the District's projected recycled water rate and the District's actual Fiscal Year 2008 recycled water rate. Currently, the purchase price for recycled water from RSFCSD is $1,023 per AF.

3. **Vallecitos Water District (VWD):** The District entered into an agreement to purchase up to 1.5 million gallons per day of recycled water from VWD and to use VWD's Mahr Reservoir for operational storage for the purchased recycled water. For fiscal year 2027, recycled water purchases from VWD are projected at approximately 450 AF. The ceiling price for recycled water purchased from VWD is not to exceed 75% of SDCWA's Treated M&I Rate, which includes the Tier 1 Melded Untreated M&I Supply Rate, Customer Service Charge, Transportation Rate, Storage Charges and Melded M&I Treatment Rate. For Fiscal Years 2027 and 2028, the price for recycled water from VWD is budgeted to be $1,527 and $1,604 per AF, respectively. The District is currently in negotiations with VWD and Carlsbad Water District to amend the existing recycled water purchase agreement, including a uniform recycled water price for future years.

4. **San Elijo Joint Powers Authority (SEJPA)**: The District also executed a recycled water purchase agreement with the SEJPA to purchase a minimum of 225 AF of recycled water during Fiscal Year 2027. The Fiscal year 2027 price for recycled water purchased from SEJPA is $2,293 per AF. The District also gets an infrastructure credit of $450 per AF for recycled water facilities contributed by the District under the agreement. SEJPA 's price for recycled water will increase to $2,499 starting July 1, 2027. The infrastructure credit will result in a net recycled water rate of $1,843 per AF for Fiscal Year 2027, and $2,049 per AF for Fiscal Year 2028.

Water Operations (28.9%)

Potable Water Operations Expenditures (25.9%)

The District is committed to providing safe, reliable, and high-quality water to each customer in a cost-effective manner. Potable water operations include not only water facilities operations but also maintenance of the District's transmission and distribution system, meter maintenance, reading and billing of water meters on a monthly basis, and other on-site services requested by customers. The District's service area is approximately 48 square miles, with 466 miles of water main lines, 66.9 million gallons of potable water storage capacity, and 12 treated water reservoirs. The District provides potable water services to approximately 28,800 water meters.
Fiscal Year 2027 potable water operating expenditures are budgeted at $29.1 million which includes $23.4 million of operating expenditures net of capitalized labor and non-labor expenses,

and $5.4 million of fund transfers. A 3.7% increase in potable water operating expenditures for Fiscal Year 2027, net of capitalized expenditures, is primarily due to increased labor and benefit costs and other cost increases such as utilities, supplies, and outside services to keep up with annual inflation adjustments.

Detailed information on the personnel and benefit costs is included in the Employee Benefit section of this budget.

Recycled Water Operations Expenditures (3.0%)

Recycled water operating expenditures for Fiscal Year 2027 are budgeted at $3.45 million which includes $1.75 million of operating expenditures net of capitalized labor and non-labor expenses, and $1.70 million of fund transfers. This represents a 10.2% increase compared to the Fiscal Year 2026 budget primarily due to an increase in capitalized operating expenditures. Recycled water operating expenditures for Fiscal Year 2028 are budgeted at $3.50 million, including $1.80 million of operating expenditures net of capitalized labor and non-labor expenses, and $1.70 million of fund transfers, which represents a 2.9% increase compared to the Fiscal Year 2027 proposed budget. The increase is due to an adjustment in salary and wages based on the current labor agreement between the District and its employee association groups, and increases in the cost of supplies, power cost, and facilities repair and maintenance expenditures to keep up with annual inflation adjustments.

Wastewater Operations Expenditures (4.8%)

The District owns and operates the 4S Ranch Water Reclamation Facility (4S WRF) to provide wastewater collection and treatment services to two sanitation districts within its boundaries, namely 4S Ranch and Rancho Cielo, as well as other annexed areas. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass approximately 5,500 acres and provides wastewater service to about 7,340 equivalent dwelling units (EDUs), from its ultimate build-out of 7,450 EDUs.

Fiscal Year 2027 wastewater operating expenditures are budgeted at $5.5 million which includes $4.7 million of operating expenditures net of capitalized labor and non-labor expenses, and $819 thousand of fund transfers. A 6.4% increase in wastewater operating expenditures for Fiscal Year 2027, net of capitalized expenditures and excluding fund transfers, is primarily due labor and benefit costs and other cost increases such as utilities, supplies, insurance, and outside services to keep up with annual inflation adjustments. For Fiscal Year 2028, wastewater operating expenditures, net of capitalized labor and non-labor expenses and excluding fund transfers, are expected to increase 3.1% due to an increase in labor and benefit costs, chemical supplies for wastewater treatment, and utilities.

Loan and Debt Service Fund (6.0%)

Included in this category are amortization expenses and administrative costs. These costs are incurred by the District to administer current outstanding bonds and loans.

The District's financial goal is to keep the level of bond indebtedness within reasonable limits and legal limitations. To meet the bond indebtedness obligation and to avoid rate spikes, the District has a long-term financial plan and rate model that are used by staff as financial tools to forecast water rates. It has been the District's mission to keep water rates stable over time through utilization of rate stabilization funds whenever practicable.

Debt Service expenses for Fiscal Years 2027 and 2028 are budgeted at $13.9 million combined, with $13.7 million budgeted for debt service payments and $216 thousand budgeted for other debt expenses. The District currently has six outstanding bond issues: These are the 2019 Reassessment District 96-1 (2019 RAD 96-1); 2015A Water Revenue Refunding Bonds; 2016A Water Revenue Refunding Bonds; 2021A and 2021B Wastewater Revenue Bonds; and the State Revolving of California Revolving Fund Loan Program (2012 SRF).

The 2019 RAD 96-1 bonds were issued to refund the 2007 RAD 96-1 bonds which were issued to refund the Assessment District 96-1 bonds. Assessment District 96-1 bond proceeds were used to pay for the District's portion of the Olivenhain Water Storage project. The 2019 RAD 96-1 bonds will mature in September 2027.

The 2015A Water Revenue Refunding bonds were issued to refund the 2006A Water Revenue Refunding Bonds, which refunded the 1997 Certificates of Participation (1997 COP). The District used the 1997 COP proceeds to pay for construction of the David C. McCollom Water Treatment Plant (DCMWTP). The District estimates it will save $1.79 million over the life of the bonds due to the 2015 refunding. The District pledged its net water system revenues to pay for the 2015A annual debt service payment. The 2015A Water Revenue Refunding bonds will mature in June 2028.

The 2016A Water System Refunding Revenue bonds were issued to refund the outstanding balance of the 2009 Water Revenue Bonds. The 2009 Bonds were used to finance the required improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues. The 2016A Water System Refunding Revenue bonds will mature in June 2039.

The 2021A Wastewater Revenue bonds were issued on a private placement basis to finance wastewater improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The 2021A Wastewater Revenue bonds will mature in June 2041.

The 2021B Wastewater Revenue bonds were issued on a private placement basis to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Refunding Revenue Bonds, which resulted in an estimated net present value savings of $243,900 after the cost of issuance. The 2021B Wastewater Revenue bonds will mature in June 2028.

The 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP. The 2012 SRF loan will be paid off in July 2034.

Additionally, as part of the 2024 Wastewater Cost-of-Service study conducted by an independent financial consultant, the District reviewed the need for future debt to help smooth rate increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities and infrastructure. The 2024 Wastewater Study recommended issuance of new bonds in Fiscal Year 2026, later delayed to Fiscal Year 2027 issuance, to pay for the wastewater capital improvements program and to smooth out future rate increases. Annual debt service payments of $522 thousand beginning in Fiscal Year 2027 are assumed in this budget.

Debt Coverage Ratio

The 2015A Water Revenue Refunding bonds and the 2016A Water System Refunding Revenue bonds require the District to maintain net system revenues equal to 125% or greater of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements. In March 2026, Fitch Ratings reviewed the District's AAA bond rating on its 2015A and 2016A Water Revenue bonds and confirmed that there will be no changes to its existing rating.

The District's Debt Coverage Ratio information is shown on the following page. The consolidated debt service schedule of principal and interest payments through maturity and a separate debt service schedule by fund type are shown in the Debt Service section.

Water and Wastewater Capital (20.9%)

Detailed information on the District's capital expenditures, including project description, estimated project costs, and funding sources can be found in "Section II – Capital Budget" of this document. Project costs are estimated based on an updated list of capital improvement projects to be completed within the next ten years.

Olivenhain Municipal Water District

Projected Financial Water Operations Debt Service Coverage Ratio

($1,000s - Fiscal Years Ending June 30)

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water System Revenue										
Water Sales	72,793	75,557	78,003	81,812	85,903	90,198	94,708	99,442	104,416	109,636
Other Operating Revenues	3,318	3,743	3,932	4,133	4,347	4,554	4,754	4,962	5,182	5,412
Capacity Fee, Net of Credit	5,022	1,518	2,265	1,971	2,379	4,083	2,560	155	90	90
Investment Income	1,772	1,740	1,236	1,207	1,218	1,815	1,454	1,411	1,287	1,153
Property Taxes	5,298	5,404	5,512	5,622	5,734	5,849	5,966	6,085	6,207	6,331
Other Non-Operating Revenues	697	710	724	738	752	767	782	797	813	829
Total Water System Revenue	**88,900**	**88,672**	**91,672**	**95,483**	**100,333**	**107,266**	**110,224**	**112,852**	**117,995**	**123,451**
Water System Expenditures										
Purchased Water Cost - Potable	44,050	43,148	45,604	48,216	51,110	53,908	56,606	59,435	62,406	65,527
Purchased Water Cost - Recycled	1,810	1,932	2,060	2,190	2,290	2,388	2,489	2,595	2,706	2,821
Operations and Maintenance	24,292	25,934	26,965	28,039	29,157	30,323	31,538	32,804	34,124	35,499
Total Water System Expenditures	**70,152**	**71,014**	**74,629**	**78,445**	**82,557**	**86,619**	**90,633**	**94,834**	**99,236**	**103,847**
Net System Revenues	**18,748**	**17,658**	**17,043**	**17,038**	**17,776**	**20,647**	**19,591**	**18,018**	**18,759**	**19,604**
Coverage Calculation for Existing Debts										
2015A Refunding Bond Debt Services[1]	2,405	2,404	-	-	-	-	-	-	-	-
2016A Refunding Bond Debt Services	975	978	974	974	977	975	975	975	979	974
2012 SRF Debt Services[2]	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	537	-
2032 Proposed Debt[3]	-	-	-	-	-	2,278	2,278	2,278	2,278	2,438
Total Debt Services	**4,450**	**4,452**	**2,044**	**2,044**	**2,047**	**4,323**	**4,323**	**4,323**	**3,794**	**3,412**
REVENUE TO DEBT COVERAGE RATIO	**4.21**	**3.97**	**8.34**	**8.34**	**8.68**	**4.78**	**4.53**	**4.17**	**4.94**	**5.75**
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2015A Refunding Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) 2012 SRF Debt Services will be paid off by the end of Fiscal Year 2035

3) Proposed Debt Issuance

Olivenhain Municipal Water District

Projected Financial Wastewater Operations Debt Service Coverage Ratio

($1,000s - Fiscal Years Ending June 30)

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Wastewater System Revenue										
Service Charges	6,658	7,154	7,555	7,940	8,345	8,770	9,218	9,688	10,182	10,701
Investment Income	452	348	212	165	151	159	178	218	239	263
Total Wastewater System Revenue	**7,110**	**7,502**	**7,767**	**8,105**	**8,496**	**8,929**	**9,396**	**9,906**	**10,421**	**10,964**
Water System Expenditures										
Operations and Maintenance	4,650	4,796	4,989	5,191	5,392	5,600	5,817	6,037	6,266	6,504
Total Water System Expenditures	**4,650**	**4,796**	**4,989**	**5,191**	**5,392**	**5,600**	**5,817**	**6,037**	**6,266**	**6,504**
Net System Revenues	**2,460**	**2,706**	**2,777**	**2,913**	**3,104**	**3,329**	**3,578**	**3,869**	**4,155**	**4,460**
Coverage Calculation for Existing Debts										
2021A Sewer Revenue Bonds	310	309	310	310	310	310	310	310	310	310
2021B Sewer Revenue Bonds[1]	609	609	-	-	-	-	-	-	-	-
New 2026 Sewer Revenue Bond[2]	522	522	522	522	522	522	522	522	522	522
Total Debt Services	**1,441**	**1,440**	**832**	**832**	**832**	**832**	**832**	**832**	**832**	**832**
REVENUE TO DEBT COVERAGE RATIO	**1.71**	**1.88**	**3.34**	**3.50**	**3.73**	**4.00**	**4.30**	**4.65**	**4.99**	**5.36**
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2021B Sewer Revenue Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) Planned debt Issuance during CY 2026

Olivenhain Municipal Water District
Expense Summary
Fiscal Years Ending 2027 & 2028

Fund: 100 & 120 Water Operations (Potable and Recycled)

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expenses						
Purchased Potable Water - Variable	26,899,966	28,154,000	30,740,000	9.19%	28,892,000	-6.01%
Purchased Potable Water - Fixed	4,555,350	4,983,000	5,393,000	8.23%	5,675,000	5.23%
Purchased Potable Water - Transportation Fixed	718,236	1,769,000	2,445,000	38.21%	2,872,000	17.46%
Purchased Potable Water - Agricultural Credits	32,337	54,000	51,000	-5.56%	53,000	3.92%
MWD- Readiness-to-Serve	664,392	668,000	720,000	7.78%	748,000	3.89%
MWD- Capacity Reservation Charge	440,658	516,000	494,000	-4.26%	472,000	-4.45%
SDCWA - Infrastructure Access Charge	1,527,810	1,553,000	1,605,000	3.35%	1,709,000	6.48%
Purchased Recycled Water	1,990,742	1,850,000	1,810,000	-2.16%	1,932,000	6.74%
Recycled Credit	-	-	-	0.00%	-	0.00%
Supply Reliability Charge	2,277,918	2,609,000	2,602,000	-0.27%	2,727,000	4.80%
Purchased Water	**39,107,409**	**42,156,000**	**45,860,000****	**8.79%**	**45,080,000 ****	**-1.70%**
Personnel	16,587,148	16,670,000	17,720,000	6.30%	18,851,000	6.38%
Operations	8,266,318	10,064,000	10,022,900	-0.41%	10,714,400	6.90%
Capitalized Operating Expenditures	(2,791,456)	(2,658,000)	(2,671,000)	0.49%	(2,850,000)	6.70%
Other Operating Expenses - WFO	440,420	50,000	50,000	0.00%	50,000	0.00%
Other Operating Expenses	**22,502,430**	**24,126,000**	**25,121,900**	**4.13%**	**26,765,400**	**6.54%**
Total Operating Expenses	**61,609,838**	**66,282,000**	**70,981,900**	**7.09%**	**71,845,400**	**1.22%**
Non-operating Expenses						
Other Non-Operating Expenses - Potable	1,190,017	1,253,000	282,000	-77.49%	10,000	-96.45%
Loss disposal of Fixed Assets	779,358	-	-	0.00%	-	0.00%
Other Non-Operating Expenses - Recycled	7,377,155	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**9,346,530**	**1,253,000**	**282,000**	**-77.49%**	**10,000**	**-96.45%**
Total Expenses	**70,956,368**	**67,535,000**	**71,263,900**	**5.52%**	**71,855,400**	**0.83%**

* Amended budget amounts approved by the Board.
** Based on projected water sales and anticipated wholesale purchased water cost increases.

Note: Other District water operation expenditures can be found in the "Expenditures by Department" section of this document, broken down by department.

Olivenhain Municipal Water District
Expense Summary
Fiscal Years Ending 2027 & 2028

Fund: 110 Wastewater Operations

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expenses						
Personnel	1,757,443	1,788,000	1,787,000	-0.06%	1,878,000	5.09%
Operations	2,061,004	1,817,000	2,135,000	17.50%	2,200,000	3.04%
Capitalized Operating Expenditures	645,160	807,000	773,000	-4.21%	763,000	-1.29%
Total Operating Expenses	**4,463,606**	**4,412,000**	**4,695,000**	**6.41%**	**4,841,000**	**3.11%**
Non-operating Expenses						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
Loss disposal of Fixed Assets	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Total	**4,463,606**	**4,412,000**	**4,695,000**	**6.41%**	**4,841,000**	**3.11%**

* Amended budget amounts approved by the Board.

Note: More detailed information about each of the expenditures line items shown above can be found in the " Expenditures by Department - Wastewater Operations"

Olivenhain Municipal Water District
Expenses Summary
Fiscal Years Ending 2027 & 2028

Fund: Capital Improvement (All)**

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expenses						
Total Operating Expenses	-	-	-	-	-	-
Non-operating Expenses						
Engineering	-	-	-	0.00%	-	0.00%
Salaries & Wages - Regular	666	-	-	0.00%	-	0.00%
Employee Benefits	723	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	1,124,663	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**1,126,052**	**30,000**	**30,000**	**0.00%**	**30,000**	**0.00%**
Total	**1,126,052**	**30,000**	**30,000**	**0.00%**	**30,000**	**0.00%**

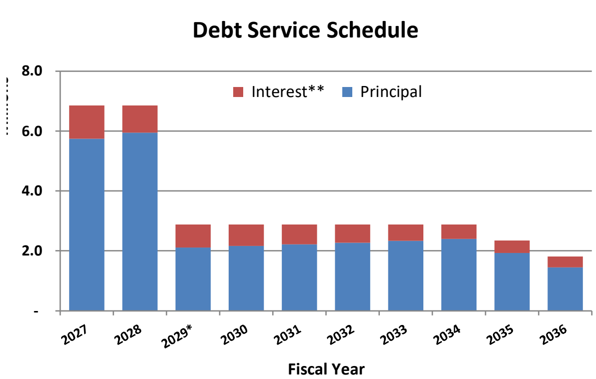
* Amended budget amounts approved by the Board.
** All operations include Potable water, Recycled water, and Wastewater.

Olivenhain Municipal Water District
Expense Summary
Fiscal Years Ending 2027 & 2028

Fund: Debt Service (All)***

	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-
Non-operating Expenses						
Consultants	218	35,000	35,000	0.00%	-	-100.00%
Investment Expense	-	-	-	0.00%	-	0.00%
Legal	-	-	-	0.00%	-	0.00%
Bank Svc Chgs	90	-	-	0.00%	-	0.00%
Other admin/gen exp	-	-	-	0.00%	-	0.00%
Outside Service	64,405	80,000	80,000	0.00%	80,000.0	0.00%
Postage and Shipping	-	-	-	0.00%	-	0.00%
Salaries and Wages	921	2,500	2,500	0.00%	2,500.0	0.00%
Employee Benefits	849	1,500	1,500	0.00%	1,500.0	0.00%
Principal	5,189,099	5,462,000	5,747,000	5.22%	5,944,000.0	3.43%
Loss on Payoff of Bonds	-	-	-	0.00%	-	0.00%
Net Interest Expense**	1,003,778	1,296,000	1,107,000	-14.58%	907,000.0	-18.07%
Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
Amortization	3,502	4,000	4,000	0.00%	4,000.0	0.00%
Premium/Call Fee Defeased Debt	-	-	-	0.00%	-	0.00%
Fixed Charge County Assessment	2,316	2,500	2,500	0.00%	2,500.0	0.00%
Other Expenses	-	-	-	0.00%	-	0.00%
Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
Other Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	**6,265,178**	**6,883,500**	**6,979,500**	**1.39%**	**6,941,500**	**-0.54%**
Total	**6,265,178**	**6,883,500**	**6,979,500**	**1.39%**	**6,941,500**	**-0.54%**

* Amended budget approved by the Board.
** Net interest expense is adjusted for amortization of the bond premium, where applicable.
*** Includes RAD 96-1, 2012 State Revolving Fund, 2015A & 2016A Refunding Bonds, 2018 Sewer Revenue Bond.



** Reduction due to retirement of the 2015A and RAD 96-1 bonds in 2028.*
*** Net interest expense is adjusted for amortization of the bond premium, where applicable.*

Schedule of Payments

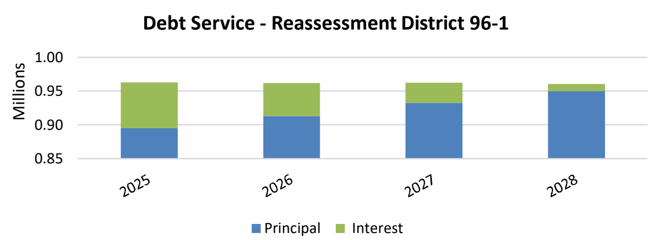
Fiscal Year	Principal	Interest**	Total
2025	5,189,099	1,155,000	6,344,099
2026	5,363,774	971,000	6,334,774
2027	5,746,617	1,107,000	6,853,617
2028	5,944,292	907,000	6,851,292
2029*	2,109,000	767,000	2,876,000
2030	2,162,000	714,000	2,876,000
2031	2,221,000	658,000	2,879,000
2032	2,275,000	602,000	2,877,000
2033	2,335,000	541,000	2,876,000
2034	2,399,000	478,000	2,877,000
2035	1,933,000	414,000	2,347,000
2036	1,443,000	363,000	1,806,000
2037	1,494,000	315,000	1,809,000
2038	1,536,000	266,000	1,802,000
2039	1,589,000	216,000	1,805,000
2040	668,000	164,000	832,000
2041	692,000	138,000	830,000
2042	409,000	113,000	522,000
2043	429,000	92,000	521,000
2044	451,000	71,000	522,000
2045	473,000	48,000	521,000
2046	497,000	25,000	522,000
TOTAL	**59,901,782**	**15,391,000**	**75,292,782**

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 570 **Debt Service - Reassessment District 96-1**

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expenses							
	Total Operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Non-operating Expenses							
52250-570-000-000	Consultants	-	-	-	0.00%	-	0.00%
52660-570-000-000	Investment Expense	-	-	-	0.00%	-	0.00%
52800-570-000-000	Legal	-	-	-	0.00%	-	0.00%
53250-570-000-000	Outside Service	51,905	65,000	65,000	0.00%	65,000	0.00%
51100-570-000-000	Salaries and Wages	921	2,500	2,500	0.00%	2,500	0.00%
51150-570-000-000	Employee Benefits	849	1,500	1,500	0.00%	1,500	0.00%
22510-570-000-000	Principal	895,099	913,000	933,000	2.19%	950,000	1.82%
59750-570-000-000	Interest Expense**	61,570	49,000	30,000	-38.78%	10,000	-66.67%
59200-570-000-000	Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
59265-570-000-000	Amortization	-	-	-	0.00%	-	0.00%
59365-570-000-000	Fixed Charge County Assessment	2,316	2,500	2,500	0.00%	2,500	0.00%
59460-570-000-000	Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
59560-570-000-000	Other Labor Expenses	-	-	-	0.00%	-	0.00%
53200-570-000-000	Other Admin and General Cost	-	-	-	0.00%	-	0.00%
	Total Non-operating Expenses	**1,012,661**	**1,033,500**	**1,034,500**	**0.10%**	**1,031,500**	**-0.29%**
	Total	**1,012,661**	**1,033,500**	**1,034,500**	**0.10%**	**1,031,500**	**-0.29%**

* Amended budget amounts approved by the Board.
** Net interest expense is adjusted for amortization of the bond premium.



Schedule of Payments

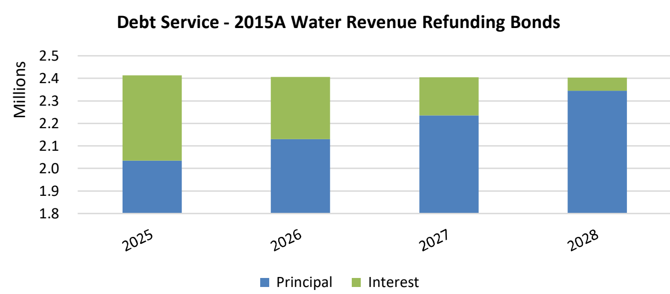
Fiscal Year	Principal	Interest	Total
2025	895,099	68,000	963,099
2026	912,774	49,000	961,774
2027	932,617	30,000	962,617
2028	950,292	10,000	960,292
TOTAL	**3,690,782**	**157,000**	**3,847,782**

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 561 **Debt Service - 2015A Water Revenue Refunding Bonds**

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	-	-	-	**0.00%**	-	**0.00%**
Non-operating Expenses							
53250-561-000-000	Outside Services	2,870	3,000	3,000	0.00%	3,000	0.00%
22800-561-000-000	Principal	2,035,000	2,130,000	2,235,000	4.93%	2,345,000	4.92%
59750-561-000-000	Net Interest Expense**	202,616	277,000	170,000	-38.63%	59,000	-65.29%
59265-561-000-000	Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
52250-561-000-000	Consultants	-	-	-	0.00%	-	0.00%
	Total Non-operating Expenses	**2,243,988**	**2,414,000**	**2,412,000**	**-0.08%**	**2,411,000**	**-0.04%**
	Total	**2,243,988**	**2,414,000**	**2,412,000**	**-0.08%**	**2,411,000**	**-0.04%**

* Amended budget amounts approved by the Board.
** Net interest expense is adjusted for amortization of the bond premium.



Schedule of Payments

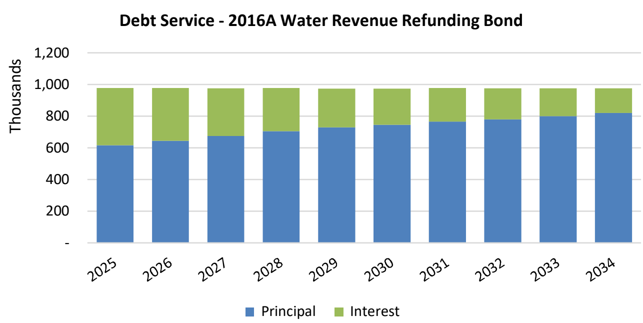
Fiscal Year	Principal	Interest	Total
2025	2,035,000	379,000	2,414,000
2026	2,130,000	277,000	2,407,000
2027	2,235,000	170,000	2,405,000
2028	2,345,000	59,000	2,404,000
TOTAL	**15,940,000**	**3,321,000**	**19,261,000**

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 580 & 581 Debt Service - 2016A Water Revenue Refunding Bond

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	**-**	**-**	**-**	**0.00%**	**-**	**0.00%**
Non-operating Expenses							
52250-581-000-000	Consultants	-	-	-	0.00%	-	0.00%
53250-581-000-000	Outside Services	2,875	3,000	3,000	0.00%	3,000	0.00%
22800-581-000-000	Principal	615,000	645,000	675,000	4.65%	705,000	4.44%
59750-581-000-000	Interest Expense**	358,677	332,000	300,000	-9.64%	273,000	-9.00%
	Total Non-operating Expenses	**976,552**	**980,000**	**978,000**	**-0.20%**	**981,000**	**0.31%**
	Total	**976,552**	**980,000**	**978,000**	**-0.20%**	**981,000**	**0.31%**

* Amended budget amounts approved by the Board.
** Net interest expense is adjusted for amortization of the bond premium.



Schedule of Payments

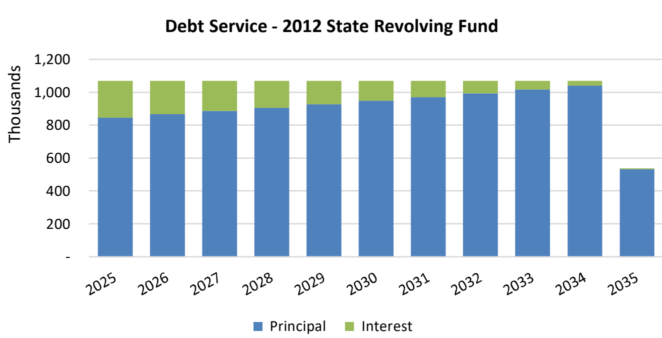
Fiscal Year	Principal	Interest	Total
2025	615,000	363,000	978,000
2026	645,000	332,000	977,000
2027	675,000	300,000	975,000
2028	705,000	273,000	978,000
2029	730,000	244,000	974,000
2030	745,000	229,000	974,000
2031	765,000	212,000	977,000
2032	780,000	195,000	975,000
2033	800,000	175,000	975,000
2034	820,000	155,000	975,000
2035	845,000	134,000	979,000
2036	865,000	109,000	974,000
2037	895,000	83,000	978,000
2038	915,000	56,000	971,000
2039	945,000	28,000	973,000
TOTAL	**13,925,000**	**4,618,000**	**18,543,000**

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 510 **Debt Service - 2012 State Revolving Fund**

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses							
53150-510-000-000	Bank Svc Chgs	90	-	-	0.00%	-	0.00%
29800-510-000-000	Principal	846,000	866,000	886,000	2.31%	906,000	2.26%
59750-510-000-000	Interest Expense	214,135	204,000	184,000	-9.80%	164,000	-10.87%
	Total Non-operating Expenses	1,060,225	1,070,000	1,070,000	0.00%	1,070,000	0.00%
	Total	1,060,225	1,070,000	1,070,000	0.00%	1,070,000	0.00%

* Amended budget amounts approved by the Board.



Schedule of Payments Remaining

Fiscal Year	Principal	Interest	Total
2025	846,000	224,000	1,070,000
2026	866,000	204,000	1,070,000
2027	886,000	184,000	1,070,000
2028	906,000	164,000	1,070,000
2029	927,000	143,000	1,070,000
2030	949,000	121,000	1,070,000
2031	971,000	99,000	1,070,000
2032	993,000	77,000	1,070,000
2033	1,016,000	54,000	1,070,000
2034	1,040,000	30,000	1,070,000
2035	531,000	6,000	537,000
TOTAL	13,128,000	2,389,000	15,517,000

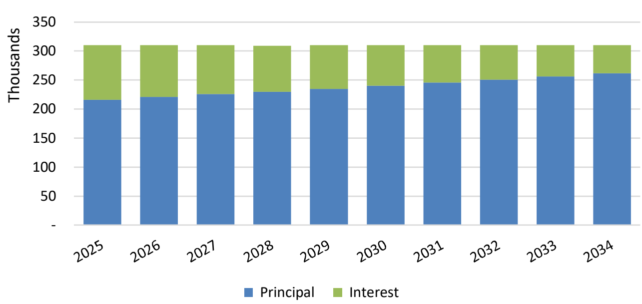
Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 521 **Debt Service - 2021A Sewer Rev. Bonds**

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses							
52250-521-000-000	Consultants	109	-	-	0.00%	-	0.00%
53250-521-000-000	Outside Services	5,103	3,000	3,000	0.00%	3,000	0.00%
29800-521-000-000	Principal	216,000	221,000	226,000	2.26%	230,000	1.77%
59750-521-000-000	Interest Expense	140,333	89,000	84,000	-5.62%	79,000	-5.95%
59460-521-000-000	Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
	Total Non-operating Expenses	**361,544**	**313,000**	**313,000**	**0.00%**	**312,000**	**-0.32%**
	Total	**361,544**	**313,000**	**313,000**	**0.00%**	**312,000**	**-0.32%**

* Amended budget amounts approved by the Board.

Debt Service - 2021A Sewer Rev. Bonds



Schedule of Payments

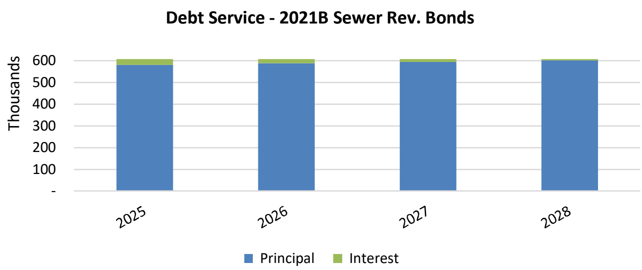
Fiscal Year	Principal	Interest	Total
2025	216,000	94,000	310,000
2026	221,000	89,000	310,000
2027	226,000	84,000	310,000
2028	230,000	79,000	309,000
2029	235,000	75,000	310,000
2030	240,000	70,000	310,000
2031	246,000	64,000	310,000
2032	251,000	59,000	310,000
2033	256,000	54,000	310,000
2034	262,000	48,000	310,000
2035	267,000	43,000	310,000
2036	273,000	37,000	310,000
2037	279,000	31,000	310,000
2038	285,000	25,000	310,000
2039	291,000	19,000	310,000
2040	297,000	13,000	310,000
2041	303,000	6,000	309,000
TOTAL	**5,043,000**	**1,155,000**	**6,198,000**

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 522 Debt Service - 2021B Sewer Rev. Bonds

	Account No. and Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses							
52250-522-000-000	Consultants	109	-	-	0.00%	-	0.00%
53250-522-000-000	Outside Services	1,653	3,000	3,000	0.00%	3,000	0.00%
29800-522-000-000	Principal	582,000	589,000	595,000	1.02%	602,000	1.18%
59750-522-000-000	Interest Expense	26,447	20,000	14,000	-30.00%	7,000	-50.00%
	Total Non-operating Expenses	610,209	612,000	612,000	0.00%	612,000	0.00%
	Total	610,209	612,000	612,000	0.00%	612,000	0.00%

* Amended budget amounts approved by the Board.



Schedule of Payments

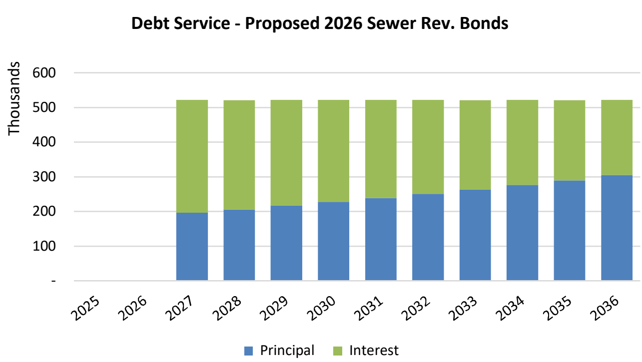
Fiscal Year	Principal	Interest	Total
2025	582,000	27,000	609,000
2026	589,000	20,000	609,000
2027	595,000	14,000	609,000
2028	602,000	7,000	609,000
TOTAL	3,933,000	169,000	4,102,000

Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2027 & 2028

Fund: 523 **Debt Service - Proposed 2026 Sewer Rev. Bonds**

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change From FYE '26 Approved*	FYE 2028 Proposed	% Change From FYE '27 Proposed
Operating Expense							
	Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses							
52250-523-000-000	Consultants	-	35,000	35,000	0.00%	-	-100.00%
53250-523-000-000	Outside Services	-	3,000	3,000	0.00%	3,000	0.00%
29800-523-000-000	Principal	-	98,000	197,000	101.02%	206,000	4.57%
59750-523-000-000	Interest Expense	-	325,000	325,000	0.00%	315,000	-3.08%
	Total Non-operating Expenses	-	461,000	560,000	21.48%	524,000	-6.43%
	Total	-	461,000	560,000	21.48%	524,000	-6.43%

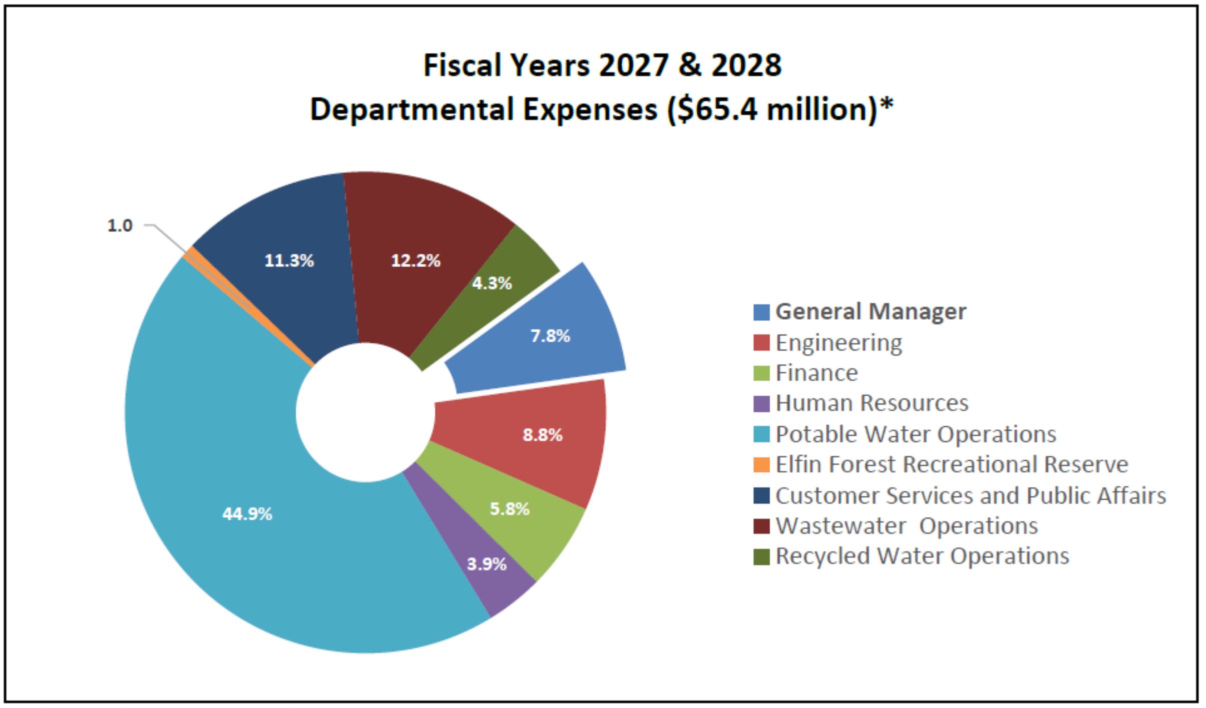
* Amended budget amounts approved by the Board.



Schedule of Payments

Fiscal Year	Principal	Interest	Total
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	197,000	325,000	522,000
2028	206,000	315,000	521,000
2029	217,000	305,000	522,000
2030	228,000	294,000	522,000
2031	239,000	283,000	522,000
2032	251,000	271,000	522,000
2033	263,000	258,000	521,000
2034	277,000	245,000	522,000
2035	290,000	231,000	521,000
2036	305,000	217,000	522,000
2037	320,000	201,000	521,000
2038	336,000	185,000	521,000
2039	353,000	169,000	522,000
2040	371,000	151,000	522,000
2041	389,000	132,000	521,000
2042	409,000	113,000	522,000
2043	429,000	92,000	521,000
2044	451,000	71,000	522,000
2045	473,000	48,000	521,000
2046	497,000	25,000	522,000
TOTAL	4,242,000	3,582,000	7,824,000

General Manager



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Assistant General Manager	1.00	1.00	1.00	1.00
Department Assistant II	-	-	1.00	1.00
Department Assistant I	1.00	1.00	-	-
Executive Secretary	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00
Department Total	**4.00**	**4.00**	**4.00**	**4.00**

Responsibilities

The General Manager Department is responsible for the overall vision, mission, and direction of the District. It ensures that all operations of the District, including legal, administrative, financial, operational, customer service, engineering, conservation, public relations, grant administration, human resources, regulatory compliance, and other responsibilities are exercised and carried out effectively and efficiently in order to exceed the needs of District customers in accordance with District policy.

The department manages and directs all of the day-to-day activities of the District and is also responsible for preparation of board packets, including agendas, reports, presentations, ordinances, resolutions, and minutes; approval of public outreach communications and initiatives; and any and all interviews with the local media. It also oversees the implementation of the District's Master Plans of Facilities, Urban Water Management Plans, operating permits, and is responsible for negotiating agreements in support thereof.

Major Accomplishments – Fiscal Years 2025 & 2026

- Developed strategy to address new California Air Resources Board zero-emission vehicle requirements (District goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).

- Advanced San Dieguito Valley Groundwater Project, including conducting additional hydrogeologic studies, updating/refining economic analysis, and secured $959,752 in Community Project Funding through US Environmental Protection Agency (District goal 11 – Establishing programs and policies to develop alternate water supplies to serve existing and future customers).

- Pursued local, state, federal, and private grant funding to offset costs (District goal 7 – Minimizing all of OMWD's operational costs while maintaining a high level of customer service).

- Held annual 'Water Career Day' events in partnership with neighboring agencies and junior colleges, achieving the California Water Environment Association 2026 Community Engagement and Outreach: Project of the Year award (District goal 5 - Providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).

- Hosted Community Open House and Emergency Preparedness event at OMWD headquarters (District goal 8 – Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Achieved Special District Leadership Foundation's Transparency Certificate of Excellence and District of Distinction re-accreditation at Platinum level, California Water Environment Association's plant of the year award, California Society of Municipal Finance Officers' operating budget excellence award, Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting and Special District Risk Management Authority's McMurchie Excellence in Safety Award among others. (District goal 8 –

Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Conducted review and revision of Social Media Outreach Policy and recent changes in law (District goal 8 – Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Completed District portion of the Municipal Service Review with LAFCO (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Facilitated board tours of Padre Dam MWD's advanced purification and City of San Diego Pure Water (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Developed remediation plan to address key findings identified in third-party cybersecurity audit (District goal 9 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

Objectives - Fiscal Years 2027 & 2028

- Continue working with US Environmental Protection Agency to utilize Community Partner Funding agreement for $959,752 and complete pilot test well installation and pump test (District goal 11 - Establishing programs and policies to develop alternate water supplies to serve existing and future customers).

- Develop plan with SDCWA Voting and Governance Structure Committee and CWA GM Business Model Committee to address SDCWA governance issues at the legislative level (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Review findings of LAFCO's OMWD Municipal Service Review with Board and LAFCO (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Coordinate with County of San Diego Registrar of Voters on board filings for the 2026 election (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Continue to engage and influence legislators and policy groups to advocate for exemptions to zero-emission vehicle requirements for emergency response vehicles (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Complete negotiations on three-party recycled water agreement with Vallecitos Water District and City of Carlsbad (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

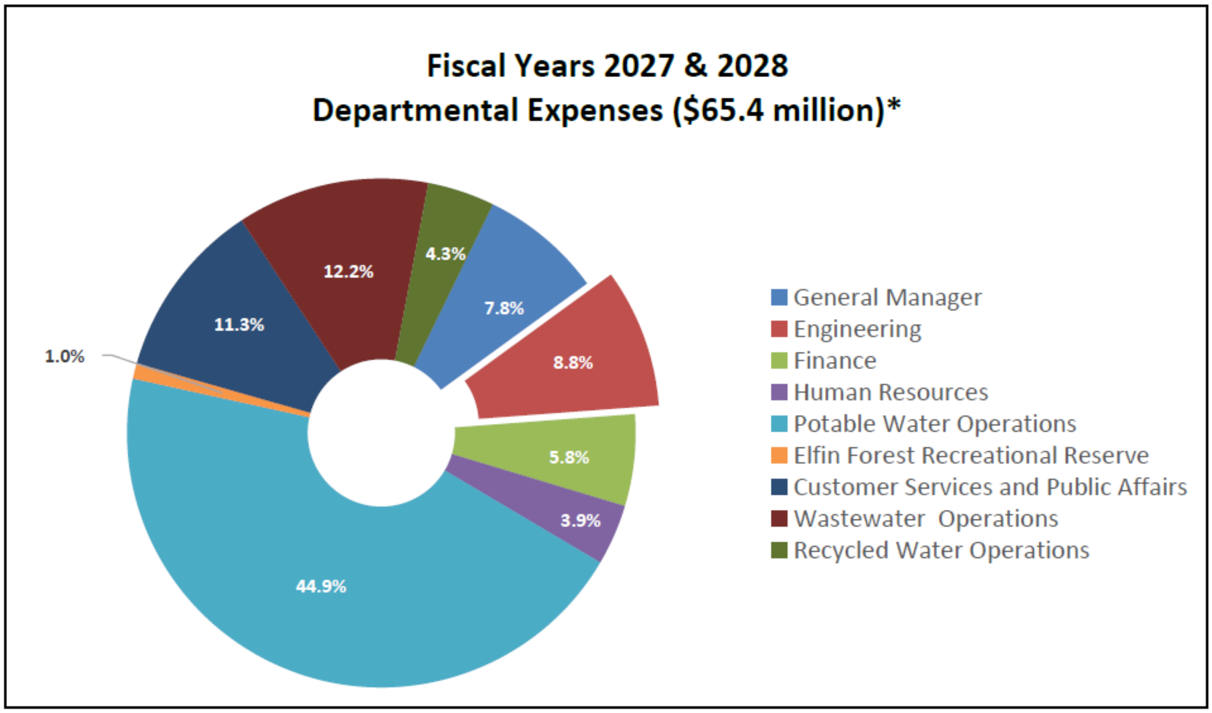
Fund: 100
Operating - Water

Department: **210**
General Manager

	Account No. and Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	685,404	706,000	765,000	8.36%	812,000	6.14%
51110	Salaries and Wages - Overtime	1,204	1,000	2,000	100.00%	2,000	0.00%
51120	Salaries and Wages - Training	4,347	5,000	3,000	-40.00%	3,000	0.00%
51130	Salaries and Wages - Safety	3,054	8,000	3,000	-62.50%	3,000	0.00%
51140	Salaries and Wages - Jury Duty	377	-	-	0.00%	-	0.00%
52400	Directors' Fees	36,450	64,000	75,000	17.19%	77,000	2.67%
51150	Allocated Employee Benefits	709,033	664,000	711,000	7.08%	742,000	4.36%
	Subtotal	1,439,868	1,448,000	1,559,000	7.67%	1,639,000	5.13%
	Operations:						
52000	Collection and Regulatory Fees	-	-	-	0.00%	-	0.00%
52030	Computer Supplies	-	-	-	0.00%	-	0.00%
52350	Customer Outreach Prog and Conservation	-	-	-	0.00%	-	0.00%
52250	Consultants	103,597	98,000	135,000	37.76%	105,000	-22.22%
52500	Engineering	11,698	10,000	15,000	50.00%	15,000	0.00%
52600	Equipment Rental	6,861	15,000	15,000	0.00%	15,000	0.00%
52800	Legal	248,029	331,000	300,000	-9.37%	309,000	3.00%
52900	Maintenance and Repairs - General	1	4,000	4,000	0.00%	4,000	0.00%
53000	Membership Dues and Subscriptions	90,198	85,000	86,000	1.18%	89,000	3.49%
53100	Office Supplies and Expenses	14,465	15,000	15,000	0.00%	15,000	0.00%
53200	Other Admin and General Expenses	29,366	23,000	21,000	-8.70%	22,000	4.76%
53250	Outside Services	15,029	16,000	16,000	0.00%	16,000	0.00%
53300	Postage and Shipping	4,409	5,000	5,000	0.00%	5,000	0.00%
53400	Printing and Copying	2,098	4,000	3,000	-25.00%	3,000	0.00%
53500	Property Insurance	225,093	235,000	275,000	17.02%	283,000	2.91%
53800	Seminars and Meetings	39,662	31,000	40,000	29.03%	41,000	2.50%
53900	Supplies - Operations	559	2,000	1,000	-50.00%	1,000	0.00%
53903	Supplies - Safety	-	1,000	500	-50.00%	1,000	100.00%
54000	Telephone and Communications	13,936	12,000	14,500	20.83%	15,000	3.45%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
	Subtotal	805,000	887,000	946,000	6.65%	939,000	-0.74%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	36,000	39,000	8.33%	39,000	0.00%
59008	Support Allocation	(1,670,400)	(1,584,000)	(1,781,000)	12.44%	(1,781,000)	0.00%
59004	Capitalized Labor	(3,936)	(5,000)	(5,000)	0.00%	(5,000)	0.00%
59005	Capitalized Non-labor Expenses	(5,950)	(7,000)	(8,000)	14.29%	(8,000)	0.00%
	Subtotal	(1,680,285)	(1,560,000)	(1,755,000)	12.50%	(1,755,000)	0.00%
	Total, Net of Capitalized Expenses	564,583	775,000	750,000	-3.23%	823,000	9.73%

* Amended budget amounts approved by the Board.

Engineering



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Cathodic Protection Tech	1.00	1.00	1.00	1.00
Department Assistant I	1.00	1.00	1.00	1.00
Engineering Manager	1.00	1.00	1.00	1.00
Engineering Services Supervisor	1.00	1.00	1.00	1.00
Engineering Technician I	1.00	1.00	-	-
Engineering Technician II	-	-	1.00	1.00
Engineering Technician III	1.00	1.00	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00
Inspector I	1.00	1.00	1.00	1.00
Inspector II	2.00	2.00	1.00	1.00
Inspector III	-	-	1.00	1.00
Department Total	**10.00**	**10.00**	**10.00**	**10.00**

Responsibilities

The Engineering Department is responsible for providing planning, design, coordination, and inspection of all District CIP and developer-contributed projects within District boundaries, including potable water, sewer, and recycled water facilities. This includes the creation and maintenance of records and specifications necessary to process proposed development of these facilities. In addition, the Engineering Department maintains the GIS system through the use of an independent consultant; maintains rights-of-way, easements, and encroachments; and contributes to the maintenance and repairs of all District-owned and operated facilities.

Major Accomplishments – Fiscal Years 2025 & 2026

- Completed construction of the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).

- Completed construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).

- Completed construction of DCMWTP Stage 4 Upgrades, including second centrifuge (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).

- Completed maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).

- Completed construction on Calle Barcelona, Village Park, and Summerhill recycled water pipelines (District Goal 2 - Provide high quality wastewater services and recycled water).

- Completed construction of the Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).

- Completed design of and commenced construction on the 4S Ranch Water Reclamation Facility Headworks Project (District Goal 2 - Provide high quality wastewater services and recycled water).

- Continued interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters (District Goal 6 - Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).

- Updated the 10-year Capital Improvement Plan for FYs 27 and 28 (District Goal 10 - Plan and construct facilities to meet needs).

- Completed the Potable and Recycled Water Master Plan and hydraulic model updates (District Goal 10 - Plan and construct facilities to meet needs).

- Completed update to Wastewater Master Plan (District Goal 10 - Plan and construct facilities to meet needs).

Objectives – Fiscal Years 2027 & 2028

- Complete construction of FY 26 Cathodic Protection Improvements Project (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Commence construction of the DCMWTP basin rehabilitation program (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete construction on the 4S Ranch Water Reclamation Facility Headworks Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commence construction of Palms Reservoirs Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).
- Commence construction of Dusty Trail Pipeline Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).
- Complete construction on the Tank Safety Project (District Goal 10 - Plan and construct facilities to meet needs).
- Update the 10-year Capital Improvement Plan for the FYs 29 and 30 budget cycle (District Goal 10 - Plan and construct facilities to meet needs).

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Note: Summary of all capital improvement projects for fiscal years 2027 & 2028 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both the Long-Term Financial and CIP by Funding Source sections.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Track Capital Projects Budgeted vs Expensed (Engineering Managed)[1]	1, 2, 10	66%	43%	75%	● ●	75%	75%
Labor Capitalized or Billed to Projects	1, 2, 10	34.5%	34%	30%	● ●	30%	30%
Construction Cost Deviations: Final Construction Costs/Bid Amount	1, 2, 10	108%	103%	110% or less	● ●	110% or less	110% or less

● Target met ● Target not met ● Target not available ■ Performance Measure Only

[1]Expenditures on Capitol Projects were lower than anticipated for FY26 due to delays in large CIP's, particularly the Headworks Replacement Project. These funds are expected to be expended in FY27.

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

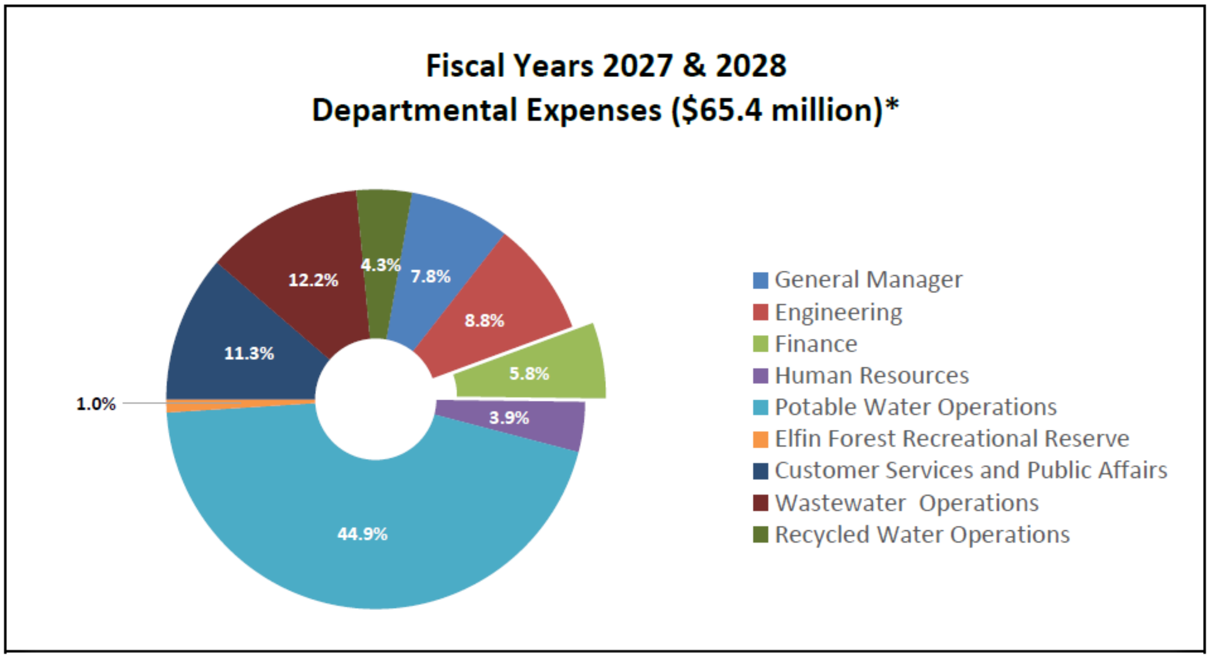
Fund: 100
Operating - Water

Department: **220**
Engineering

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	923,988	992,000	1,052,000	6.05%	1,115,000	5.99%
51110	Salaries and Wages - Overtime	12,499	8,000	12,000	50.00%	13,000	8.33%
51120	Salaries and Wages - Training	6,052	3,000	7,000	133.33%	7,000	0.00%
51130	Salaries and Wages - Safety	1,986	4,000	1,000	-75.00%	1,000	0.00%
51140	Salaries and Wages - Jury Duty	283	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	966,275	929,000	986,000	6.14%	1,027,000	4.16%
	Subtotal	1,911,083	1,936,000	2,058,000	6.30%	2,163,000	5.10%
	Operations:						
52200	Collection and Regulatory Fees	15,156	16,000	15,500	-3.13%	16,500	6.45%
52250	Consultants	29,068	37,000	30,000	-18.92%	38,000	26.67%
52500	Engineering	39,337	73,000	45,000	-38.36%	75,000	66.67%
52600	Equipment Rental	2,004	3,000	3,100	3.33%	3,100	0.00%
52900	Maintenance and Repairs - General	58,183	96,000	96,000	0.00%	99,000	3.13%
53000	Membership Dues and Subscriptions	6,720	5,000	7,000	40.00%	5,200	-25.71%
53100	Office Supplies and Expenses	2,142	3,000	3,100	3.33%	3,100	0.00%
53200	Other Admin and General Expenses	125	2,000	2,000	0.00%	2,100	5.00%
53250	Outside Services	243,550	314,000	284,000	-9.55%	293,000	3.17%
53300	Postage and Shipping	229	1,000	1,500	50.00%	1,000	-33.33%
53400	Printing and Copying	280	1,000	1,000	0.00%	1,000	0.00%
53800	Seminars and Meetings	5,701	7,000	7,500	7.14%	7,000	-6.67%
53900	Supplies	53,091	62,000	64,000	3.23%	64,000	0.00%
53902	Supplies - Tools/Small Equip	13,273	6,000	7,000	16.67%	6,200	-11.43%
53903	Supplies - Safety	8,917	6,000	7,000	16.67%	6,200	-11.43%
54000	Telephone and Communications	10,400	13,000	14,000	7.69%	13,000	-7.14%
51160	Temporary Labor	$7,586.19	4,000	4,500	12.50%	4,000	-11.11%
54300	Utilities	131,702	156,000	151,000	-3.21%	161,000	6.62%
	Subtotal	627,461	805,000	743,200	-7.68%	798,400	7.43%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	62,000	63,000	1.61%	63,000	0.00%
59008	Support Allocation	375,600	377,000	436,000	15.65%	436,000	0.00%
59004	Capitalized Labor	(323,244)	(352,000)	(274,000)	-22.16%	(290,000)	5.84%
59005	Capitalized Non-labor Expenses	(717,261)	(753,000)	(608,000)	-19.26%	(644,000)	5.92%
	Subtotal	(664,905)	(666,000)	(383,000)	-42.49%	(435,000)	13.58%
	Total, Net of Capitalized Expenses	1,873,640	2,075,000	2,418,200	16.54%	2,526,400	4.47%

* Amended budget amounts approved by the Board.

Finance



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Accountant I	3.00	3.00	3.00	3.00
Accounting Supervisor	1.00	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00
Financial Analyst I	1.00	1.00	1.00	1.00
Financial Analyst II	1.00	-	-	-
Project Accountant II	-	1.00	1.00	1.00
Purchasing/Warehouse Clerk	1.00	1.00	1.00	1.00
Department Total	**8.00**	**8.00**	**8.00**	**8.00**

Responsibilities

The Finance Department performs accounting and financial services that are part of the District's administration, including: day-to-day accounting, the issuance of debt financings, the management and investment of District funds, the development of cost of service rate and fee studies, and the development of cost allocation plan for water and sewer operations. The department is responsible for financial reporting and forecasting, accounting, budgeting, investments, debt service administration, grant claims, rate-setting, and treasury functions of the District.

Major Accomplishments – Fiscal Years 2025 & 2026

- Successfully maintained the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Completed the 2024 Water Cost of Service Study and rate setting process, including Proposition 218 notice, rate hearing, and review of the Rate Reimbursement Credit Program (District goal 9 - ensure financial plans and practice).
- Completed annual reviews and updated the District's water and wastewater (sewer) rates and charges (District goal 9 - ensure financial plans and practice).
- Implemented second and third phase of water capacity fee increases recommended in the 2023 Water Capacity Fee Study (District goal 9 - ensure financial plans and practice).
- Completed annual review of water-related service charges (District goal 9 - ensure financial plans and practice).
- Completed fiscal year 2026 midterm budget adjustments (District goal 9 - ensure financial plans and practice).
- Completed fiscal years 2027 and 2028 General Manager's Recommended Biennial Operating and Capital Budget (District goal 9 - ensure financial plans and practice).
- Submitted the District's Annual Comprehensive Financial Reports to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Submitted the District's Biennial Operating and Capital Budget to GFOA for their Distinguished Budget Award program (District goal 9 - ensure financial plans and practice).
- Continued to build, develop, and mentor a cohesive team (District goal 5- providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).

Objectives - Fiscal Years 2027 & 2028

- Maintain the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Complete Annual Comprehensive Financial Report, audit, and single audit (if applicable) for Fiscal Years 2026 and 2027 (District goal 9 - ensure financial plans and practice).
- Issue a request for proposals for year-end financial audit services starting with Fiscal Year 2027 (District goal 9 - ensure financial plans and practice).
- Complete debt issuance to finance Wastewater capital projects as recommended in Cost of Service Study (District goal 9 - ensure financial plans and practice).
- Develop a plan to address any findings identified in third-party cybersecurity audit and bring to board for consideration, approval, and funding in Fiscal Year 2028 budget (District goal 9 - ensure financial plans and practice).
- Review the recent rate case results of City of San Diego and LADWP with the General Counsel and rate consultants; brief the board based on this comprehensive review, incorporating all issues at hand in California, including current ACWA efforts and other regional member agency efforts (District goal 9 - ensure financial plans and practice).
- Complete annual review of water rates and charges for 2027 (District goal 9 - ensure financial plans and practice).
- Implement wastewater, capacity fee, and water-related fee increases for 2026 (District goal 9 - ensure financial plans and practice).
- Continue insurance captive investigation for the next cost-of-service study, including consultations with specialized brokers and attorneys, and report findings to the Insurance Committee; if action is recommended by the committee, bring to full board for consideration (District goal 9 - ensure financial plans and practice).
- Review the safety, liquidity, and returns of the OMWD portfolio compared to current legal requirements for public agency investments with the Finance Committee, evaluating any adjustments to strategy that could increase market return without jeopardizing the safety or liquidity of OMWD investments; bring any adjustments to strategy or financial policies recommended by the committee to the full board for consideration (District goal 9 - ensure financial plans and practice).
- Complete fiscal years 2029 and 2030 General Manager's Recommended Biennial Operating and Capital Budget (District goal 9 - ensure financial plans and practice).
- Submit the District's Annual Comprehensive Financial Reports to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Submit the District's Biennial Operating and Capital Budget to GFOA for their Distinguished Budget Award program (District goal 9 - ensure financial plans and practice).

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Budgetary Management Variance: Operating Expenses to Budget[1]	1, 9	99%	96%	100% or less	● ●	100% or less	100% or less
Account Write-Offs: Total Amount of Accounts Written-off Each Year	1, 9	$7,608	$7,551	Less than $25,000	● ●	Less than $25,000	Less than $25,000
Year End Inventory Physical Count	9	2 working days	2 working days	Complete in 2 working days for all facilities	● ●	Complete in 2 working days for all facilities	Complete in 2 working days for all facilities
Month End Closing	9	7 working days average completion	7 working days average completion	Complete within 7 working days after month ends	● ●	Complete within 7 working days after month ends	Complete within 7 working days after month ends
% of vendor payments made via Electronic Fund Transfers[2]	1, 9	43%	51%	50 % or more	● (not met) ●	50 % or more	50 % or more
Amount of Payments Processed Within 24hrs	9	100% except for holidays	100% except for holidays	100%	● ●	100%	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

[1]*Excludes PAYGO, capitalized expenses, and purchased water costs. FY 2026 as of 8/10/26 (unaudited).*

[2]*Implemented Electronic Fund Transfers (EFT) as a payment option in 2022 which has steadily increased in percentage each fiscal year.*

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

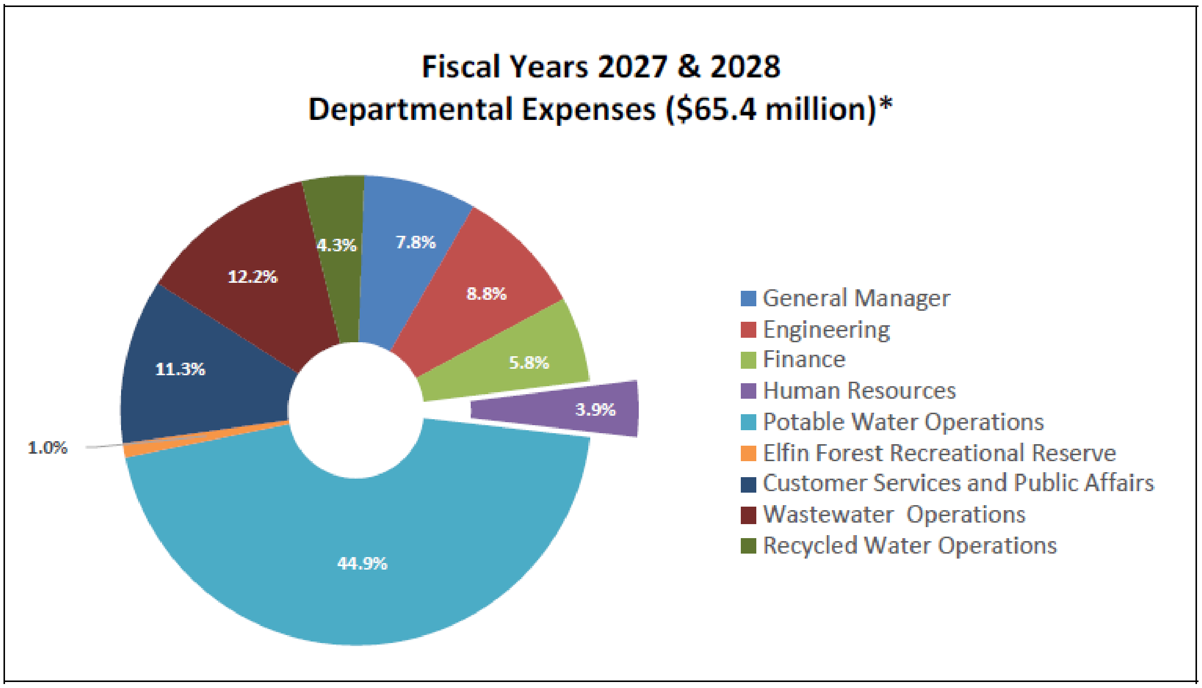
Fund: 100
Operating - Water

Department: **230**
Finance

	Account No. and Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	744,887	804,000	734,000	-8.71%	778,000	5.99%
51110	Salaries and Wages - Overtime	1,250	2,000	4,000	100.00%	4,000	0.00%
51120	Salaries and Wages - Training	8,145	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	580	2,000	-	-100.00%	-	0.00%
51140	Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	777,318	750,000	683,000	-8.93%	712,000	4.25%
	Subtotal	1,532,179	1,563,000	1,426,000	-8.77%	1,499,000	5.12%
	Operations:						
52100	Auditing and Accounting	33,818	40,000	45,000	12.50%	47,000	4.44%
52200	Collection and Regulatory Fees	332	4,000	4,000	0.00%	4,000	0.00%
52230	Computer Supplies	199	2,000	2,000	0.00%	2,000	0.00%
52250	Consultants	64,709	74,000	127,000	71.62%	112,000	-11.81%
52600	Equipment Rental	1,601	5,000	5,000	0.00%	5,000	0.00%
52900	Maintenance and Repairs - General	23,706	38,000	40,000	5.26%	41,000	2.50%
53000	Membership Dues and Subscriptions	1,405	2,000	2,000	0.00%	2,000	0.00%
53100	Office Supplies and Expenses	1,319	3,000	3,000	0.00%	3,000	0.00%
53150	LockBox and Bank Service Charge	38,919	44,000	44,000	0.00%	45,000	2.27%
53200	Other Admin and General Expenses	5,898	10,000	10,000	0.00%	10,000	0.00%
53250	Outside Services	108,207	103,000	113,000	9.71%	116,000	2.65%
53300	Postage and Shipping	2,006	2,000	2,000	0.00%	2,000	0.00%
53400	Printing and Copying	23,470	15,000	15,000	0.00%	15,000	0.00%
53800	Seminars and Meetings	3,324	5,000	5,000	0.00%	5,000	0.00%
53900	Supplies - Operations	17	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	3,746	4,000	4,000	0.00%	4,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
54200	Uncollectible Accounts	7,608	25,000	25,000	0.00%	26,000	4.00%
	Subtotal	320,283	377,000	447,000	18.57%	440,000	-1.57%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	$134,000.00	132,000	-1.49%	132,000	0.00%
59008	Support Allocation	(1,929,600)	(2,041,000)	(2,279,000)	11.66%	(2,279,000)	0.00%
59004	Capitalized Labor	(4,703)	(16,000)	(15,000)	-6.25%	(16,000)	6.67%
59005	Capitalized non-labor Expenses	(7,279)	(22,000)	(23,000)	4.55%	(24,000)	4.35%
	Subtotal	(1,941,582)	(1,945,000)	(2,185,000)	12.34%	(2,187,000)	0.09%
	Total, Net of Capitalized Expenses	(89,120)	(5,000)	(312,000)	6140.00%	(248,000)	-20.51%

* Amended budget amounts approved by the Board.

Human Resources



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Human Resources Analyst	1.00	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	1.00	1.00
Records and Contracts Coordinator	1.00	1.00	1.00	1.00
Safety Administrator**	1.00	1.00	1.00	1.00
Senior Risk Analyst*	-	-	1.00	1.00
Department Total	**4.00**	**4.00**	**5.00**	**5.00**

*Senior Risk Analyst position added in FY 2027
**Position Title changed in FY 2027 from Safety/Risk Compliance Administrator

Responsibilities

The Human Resources Department is responsible for providing leadership in employee and labor relations, classification and compensation, benefits administration, records administration, workers' compensation, and the District's risk and safety compliance programs.

The Department oversees coordination of recruitment and selection, employee training, leadership development, and performance planning.

Major Accomplishments – Fiscal Years 2025 & 2026

- Participated in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).

- Maintained the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).

- Prepared the five-year Staffing Analysis succession planning document annually (District goal 5 - provide safe and rewarding work environment).

- Implemented a new online employment application system on District website to improve data security and the application process (District goal 5 - provide safe and rewarding work environment).

- Completed a comprehensive salary survey in spring of 2026 as negotiated per the current Memorandum of Understanding (MOU) (District goal 5 - provide safe and rewarding work environment).

- Hosted several events to show appreciation for staff and enhance employee morale including the National Public Works Week luncheon, Healthy Heart Walk, Safety Recognition luncheon, and Kids Day (District goal 5 - provide safe and rewarding work environment).

- Enhanced employee health and wellness by hosting a Health and Wellness Expo and wellness challenge for staff (District goal 5 - provide safe and rewarding work environment).

- Provided sexual harassment training for employees and supervisors as required by legislation (District goal 5 - provide safe and rewarding work environment).

- Co-hosted two Water Career Day workforce development events in partnership with Leucadia Wastewater District and San Elijo Joint Powers Authority (District goal 12 - cultivate relationships with other agencies).

Objectives – Fiscal Years 2027 & 2028

- Participate in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).

- Maintain the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).

- Conduct defensive driving safety training for District drivers (District goal 5 - provide safe and rewarding work environment).

- Prepare the five-year Staffing Analysis succession planning document annually (District goal 5 - provide safe and rewarding work environment).

- Host events to show appreciation for staff and enhance employee morale (District goal 5 - provide safe and rewarding work environment).

- Negotiate a new Memorandum of Understanding (MOU) with the employee associations (District goal 5 – provide safe and rewarding environment).

- Enhance employee health and wellness by hosting a Health and Wellness Expo for staff (District goal 5 - provide safe and rewarding work environment).

- Provide sexual harassment training for employees and supervisors as required by legislation (District goal 5 - provide safe and rewarding work environment).

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Interagency cooperative agreements for training, wellness, or safety	12	3	3	2	● ●	2	2
Conduct all required staff safety training on assigned topics	5	6	6	3	● ●	3	3
Total non-management safety training hours	5	1,902	1,843	1,500	● ●	1,500	1,500
Total preventable lost time injuries (as accepted by the Safety Committee)	5	0	0	=< 2	● ●	=< 2	=< 2
Total lost workdays due to a preventable injury	5	0	0	=< 1	● ●	=< 1	=< 1
Percentage of Annual Performance Evaluations (PPRs) completed by due date	5	95%	96%	100%	● ●	100%	100%
Percentage of Mid-year Performance Evaluations (PPRs) completed by due date	5	96%	99%	92%	● ●	92%	92%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

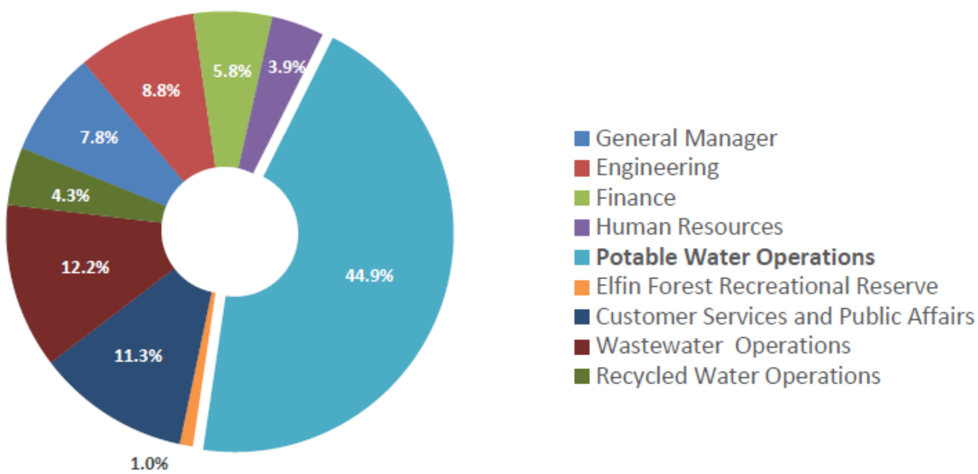
Fund: 100
Operating - Water

Department: **240**
Human Resources

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	441,594	461,000	602,000	30.59%	639,000	6.15%
51110	Salaries and Wages - Overtime	2	1,000	1,000	0.00%	1,000	0.00%
51120	Salaries and Wages - Training	-	1,000	-	-100.00%	-	0.00%
51130	Salaries and Wages - Safety	-	-	-	0.00%	-	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	450,378	427,000	554,000	29.74%	579,000	4.51%
	Subtotal	891,975	890,000	1,157,000	30.00%	1,219,000	5.36%
	Operations:						
52250	Consultants	2,903	63,000	19,000	-69.84%	62,000	226.32%
52800	Legal	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	545	2,000	2,000	0.00%	2,000	0.00%
53000	Membership Dues and Subscriptions	5,354	6,000	6,000	0.00%	6,000	0.00%
53100	Office Supplies and Expenses	229	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	268	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	13,560	15,000	14,000	-6.67%	14,000	0.00%
53300	Postage and Shipping	-	-	-	0.00%	-	0.00%
53400	Printing and Copying	31	-	-	0.00%	-	0.00%
53800	Seminars and Meetings	420	3,000	4,000	33.33%	4,000	0.00%
53900	Supplies - Operations	-	2,000	1,000	-50.00%	1,000	0.00%
53903	Supplies - Safety	724	3,000	3,000	0.00%	3,000	0.00%
54000	Telephone and Communications	2,267	2,000	3,000	50.00%	3,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
	Subtotal	26,301	98,000	54,000	-44.90%	97,000	79.63%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	26,000	27,000	3.85%	27,000	0.00%
59008	Support Allocation	(949,200)	(989,000)	(1,031,000)	4.25%	(1,031,000)	0.00%
59004	Capitalized Labor	-	-	-	0.00%	-	0.00%
59005	Capitalized Non-labor Expenses	-	-	-	0.00%	-	0.00%
	Subtotal	(949,200)	(963,000)	(1,004,000)	4.26%	(1,004,000)	0.00%
	Total, Net of Capitalized Expenses	(30,924)	25,000	207,000	728.00%	312,000	50.72%

* Amended budget amounts approved by the Board.

Water Operations and Maintenance



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Equipment Technician	1.00	1.00	1.00	1.00
Information Technology Coord*	1.00	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	1.00
Systems Database Administrator	-	-	-	1.00
Instrument Control Tech I	2.00	2.00	2.00	2.00
Instrument Control Tech II	2.00	2.00	2.00	2.00
Operations Coordinator*	1.00	1.00	1.00	1.00
Operations Manager*	1.00	1.00	1.00	1.00
Operations Supervisor	2.00	2.00	2.00	2.00
Pump/Motor Technician I*	1.00	-	-	-
Pump/Motor Technician II*	1.00	2.00	2.00	2.00
Senior Systems Administrator*	1.00	1.00	1.00	1.00
Systems Administrator*	2.00	2.00	2.00	2.00
Systems Operator I ***	0.90	0.90	0.90	0.90
Systems Operator II ***	2.70	2.70	2.70	2.70
Utility I**	5.00	5.00	5.00	5.00
Utility II	3.00	3.00	3.00	3.00
Utility III**	3.00	3.00	3.00	3.00
Valve Maintenance Tech I	2.00	2.00	2.00	2.00
WT Facilities Supervisor	1.00	1.00	1.00	1.00
WTP Operator Level II	1.00	1.00	1.00	1.00
WTP Operator Level III	4.00	4.00	4.00	4.00
WTP Operator Level IV	1.00	1.00	1.00	1.00
Department Total	**39.60**	**39.60**	**39.60**	**40.60**

** Positions also support other departments, but are budgeted under Water Ops and Maintenance*
*** One Utility I position and one Utility III position were unfrozen in FY 2026*
**** Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage*

Responsibilities

The Operations and Maintenance Department is responsible for providing customers with high-quality, safe drinking water 24 hours per day, 365 days per year. Operations personnel maintain and operate 467 miles of pipelines and service laterals, 105 pressure control vaults, 2 hydroelectric facilities, close to 29,000 customer meters, 12 treated water reservoirs, 6 pump stations, and nearly 9,000 valves. The department also supports a comprehensive cathodic protection program and is responsible for maintaining the District's fleet.

This department is also responsible for the planning and ordering of water supplies and the operation of the 34 MGD potable David C. McCollom Water Treatment Plant (DCMWTP).

Major Accomplishments – Fiscal Years 2025 & 2026

- Completed construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure (District goal 1 – Provide safe, reliable drinking water).
- Completed Train 5 membrane replacement at the DCMWTP (District goal 1 – Provide safe, reliable drinking water).
- Completed Train 9 membrane replacement at DCMWTP (District Goal 10 – Planning and constructing the Master Plan Facilities to meet the long-term District needs).
- Completed the Installation of a backup disinfection compliance analyzer at the DCMWTP (District Goal 6 – Exceeding all federal, state and local regulatory requirements).
- Completed Phase 1A of systemwide programmable logic controller upgrades (District goal 1 – Provide safe, reliable drinking water).
- Developed first phase strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption requests (District Goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Completed Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW) (District goal 1 – Provide safe, reliable drinking water).
- Enhanced experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement Project (District goal 1 – Provide safe, reliable drinking water).
- Prepared a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification (District goal 5 – Provide a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).

- Commenced United States Environmental Protection Agency Unregulated Contaminant Monitoring Rule 5 sampling and approve certified lab results (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).

- Completed the Electronic Annual Report for CY 2025 and submitted it to DDW (Goal not listed in Annual Objectives).

Objectives – Fiscal Years 2027 & 2028

- Conduct large diameter flow meter calibrations at the DCMWTP (District Goal 1 - Provide Safe, Reliable, high-quality drinking water to each customer in a cost-effective manner).

- Enhance experience of in-house staff by completing the replacement of 15 valves in support of the Valve Replacement Project (District Goal 1 - Provide Safe, Reliable, high-quality drinking water to each customer in a cost-effective manner).

- Commence Refurbishment of the Raw Water Equalization Tanks at the DCMWTP (District Goal 1 - Provide Safe, Reliable, high-quality drinking water to each customer in a cost-effective manner).

- Begin collecting data on Geoviewer's new leak module to comply with the SWRCB new leak registry regulations (District Goal 6 – Exceeding all federal, state and local regulatory requirements).

- Continue lead service line inventory per SWRCB regulatory requirement and record in Geoviewer (District Goal 6 – Exceeding all federal, state and local regulatory requirements).

- Complete the Electronic Annual Report for CY 2026 and submit it to DDW (Goal not listed in Annual Objectives).

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

Note: Summary of all capital improvement projects for Fiscal Year 2025 and Fiscal Year 2026 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both Long-Term Financial and CIP by Funding Source sections.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Number of main valves replaced	1	49	50	50	🔴 🟢	25	25
Rebuild PR stations, per year	1	12	12	100%	🟢 🟢	10	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity ≤ 0.1 NTU	1	>95%	>95%	>95%	🟢 🟢	>95%	>95%
Highest monthly percentage of Distribution System total coliform positive samples	1	*0.81%*	*0.81%*	<5%	🟢 🟢	<5%	<5%
Minimum measured Distribution System total chlorine residual	1	0 – 0.1 2 samples below target	0 – 0.1 4 samples below target	>0.2 100% of time	🔴 🔴	>0.2 100% of time	>0.2 100% of time
Percentage of customer demand met by DCMWTP[3]	1	77.08%	61%	>90%	🔴 🔴	>65%	>90%
Distribution system water loss [1]	1	6.7%	*pending*[1]	<8.00%	🟢 🔵	<8.00%	<8.00%
Number of reservoir spills	1	0	0	0	🟢 🟢	0	0
Track Capital Projects Budgeted vs Expensed or Encumbered (Operations Managed)[2]	1, 2, 10	45%	85%	75%	🔴 🟢	75%	75%
Fix major leaks within 48 hours	1	100%	100%	100%	🟢 🟢	100%	100%
O&M Dept. Cost per MG processed[3]	1	$2,451	2,265	<$1,575	🟢 🟢	<$3,000	<$3,060

🟢 Target met 🔴 Target not met 🔵 Target not available ■ Performance Measure Only

[1]KPI based on prior calendar year to align with state-mandated reporting for SB 555. FY 2026 is pending results of the calendar year 2025 water loss audit.

[2]Excludes placeholder projects for unscheduled replacement of pipelines, pumps, and motors.

[3]Fiscal Year 2025 DCMWTP was offline for two months for the Fourth Stage Improvements Project. Fiscal Year 2027 target reflects anticipated four-month shutdown for capital improvement and maintenance projects.

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

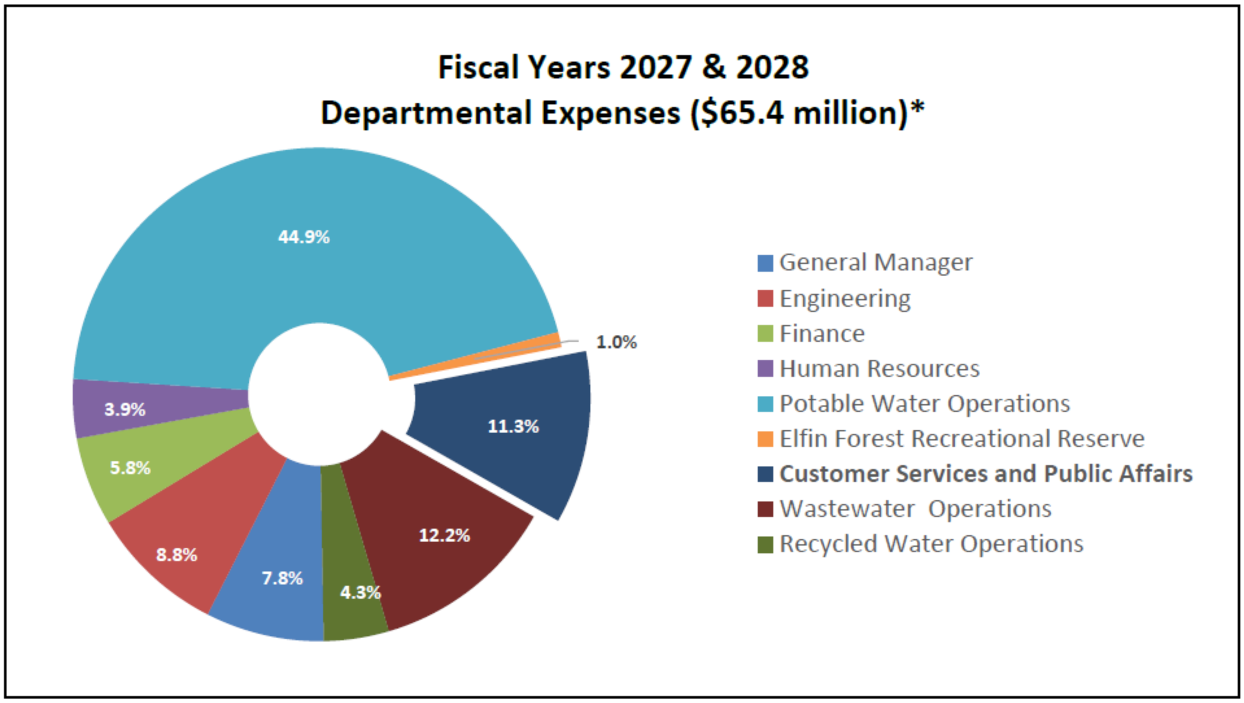
Fund: 100
Operating - Water

Departments: **250 to 258**
Operations and Maintenance (Water O&M and Water Treatment Plant)

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	2,938,354	3,354,000	3,627,000	8.14%	3,959,000	9.15%
51110	Salaries and Wages - Overtime	342,753	271,000	285,000	5.17%	302,000	5.96%
51120	Salaries and Wages - Training	6,385	31,000	9,000	-70.97%	9,000	0.00%
51130	Salaries and Wages - Safety	4,273	23,000	4,000	-82.61%	4,000	0.00%
51140	Salaries and Wages - Jury Duty	1,118	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	3,391,547	3,394,000	3,610,000	6.36%	3,865,000	7.06%
	Subtotal	6,684,431	7,074,000	7,536,000	6.53%	8,140,000	8.01%
	Operations:						
52200	Collection and Regulatory Fees	116,032	134,000	131,500	-1.87%	135,000	2.66%
52230	Computer Supplies	24,614	21,000	28,000	33.33%	28,000	0.00%
52250	Consultants	41,587	75,000	166,200	121.60%	80,000	-51.87%
52375	Dam ops & maint	12,954	17,000	17,000	0.00%	18,000	5.88%
52500	Engineering	-	-	-	0.00%	-	0.00%
52600	Equipment Rental	16,310	25,000	22,500	-10.00%	23,000	2.22%
52900	Maintenance and Repairs - General	1,123,686	1,328,000	1,360,000	2.41%	1,400,000	2.94%
52950	Maintenance and Repairs - Roads	1,062	73,000	68,000	-6.85%	70,000	2.94%
53000	Membership Dues and Subscriptions	153,754	132,000	186,000	40.91%	191,000	2.69%
53100	Office Supplies and Expenses	4,980	8,000	7,000	-12.50%	7,000	0.00%
53200	Other Admin and General Expenses	1,230	3,000	2,000	-33.33%	2,000	0.00%
53250	Outside Services	764,158	935,000	892,000	-4.60%	1,009,000	13.12%
53260	Laboratory Services	122,861	160,000	138,000	-13.75%	166,000	20.29%
53300	Postage and Shipping	997	4,000	4,000	0.00%	4,000	0.00%
53400	Printing and Copying	481	3,000	3,000	0.00%	3,000	0.00%
53500	Property Insurance	375,154	404,000	473,000	17.08%	487,000	2.96%
53800	Seminars and Meetings	10,646	32,000	37,000	15.63%	37,000	0.00%
53900	Supplies - Operations	618,114	721,000	722,000	0.14%	744,000	3.05%
53901	Supplies - Fuel	129,328	162,000	178,500	10.19%	184,000	3.08%
53902	Supplies - Tools/Small Equip	28,176	36,000	41,000	13.89%	35,000	-14.63%
53903	Supplies - Safety	20,140	37,000	32,000	-13.51%	32,000	0.00%
53904	Supplies - Chemical	838,761	1,068,000	834,000	-21.91%	1,068,000	28.06%
54000	Telephone and Communications	89,332	116,000	106,000	-8.62%	108,000	1.89%
51160	Temporary Labor	17,691	36,000	31,000	-13.89%	32,000	3.23%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
54300	Utilities	980,429	1,020,000	1,050,000	2.94%	1,246,000	18.67%
	Subtotal	5,492,478	6,550,000	6,529,700	-0.31%	7,109,000	8.87%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	376,000	376,000	0.00%	376,000	0.00%
59008	Support Allocation	1,484,400	1,331,000	1,341,000	0.75%	1,341,000	0.00%
59004	Capitalized Labor	(225,387)	(310,000)	(372,000)	20.00%	(405,000)	8.87%
59005	Capitalized Non-labor Expenses	(446,320)	(663,000)	(826,000)	24.59%	(899,000)	8.84%
	Subtotal	812,693	734,000	519,000	-29.29%	413,000	-20.42%
	Total, Net of Capitalized Expenses	12,989,602	14,358,000	14,584,700	1.58%	15,662,000	7.39%

* Amended budget amounts approved by the Board.

Customer Services & Public Affairs



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Administrative Analyst	3.00	3.00	3.00	3.00
Customer Service Public AF Sup	1.00	1.00	1.00	1.00
Customer Service Rep I	2.00	3.00	3.00	3.00
Customer Service Rep II	1.00	1.00	1.00	1.00
Customer Services Manager	1.00	1.00	1.00	1.00
Field Services Supervisor	1.00	1.00	1.00	1.00
Field Services Technician I	3.00	3.00	3.00	3.00
Field Services Technician II	2.00	2.00	2.00	2.00
Field Services Technician III	2.00	2.00	2.00	2.00
Department Total	**16.00**	**17.00**	**17.00**	**17.00**

Responsibilities

The Customer Services Department is the lead department for all contact with OMWD customers. It is responsible for billing, account services, reading and maintaining customer meters, public outreach, customer conservation and education programs, and grant administration.

The department was founded in 2014 to consolidate all points of customer contact into one department, with the intent of ensuring that all staff members engaged in direct communication with customers are optimally engaged, trained, and educated on issues facing OMWD.

Major Accomplishments – Fiscal Years 2025 & 2026

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Completed 2025 Urban Water Management Plan (District goal 6 – Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).

  Identified commercial, industrial, and institutional (CII) water users at or above the supplier's 80th percentile and at the 97.5th percentile for CII water use per water use efficiency regulations (District goal 6 – Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).

- Conducted outreach campaign to raise customer awareness of My Water Use dashboard's leak alert feature and added over 800 new subscribers (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Identified and replaced over 3,400 underperforming meters to improve revenue capture and reduce apparent water loss (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Increased customer use of online billing services, with over 1,500 accounts newly enrolled in online payments (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Partnered with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Revised Social Media Outreach Policy per recent changes in law and provided training to staff (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Developed informational resources, including a webpage, related to AB 1572's ban on potable irrigation of non-functional turf (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

Objectives – Fiscal Years 2027 & 2028

- Monitor customer demands and implement conservation measures, if needed, to ensure compliance with water use objective established in AB 1668/SB 606 (2018) (District goal 6 – Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).

- Begin CII classification and CII large landscape identification processes per SWRCB Water Use Efficiency regulations (District goal 6 – Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).

- Conduct review of customer leak adjustment policy (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Identify and replace at least 1,000 underperforming meters per year to improve revenue capture and reduce apparent water loss (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Pursue local, state, federal, and private grant funding to offset costs (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Increase customer use of online billing services, targeting 500 accounts per year newly enrolled in online payments (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Add 500 new subscribers per year to the My Water Use dashboard (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Partner with local businesses, vendors, and community organizations on water conservation-related workshop (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Launch outreach campaign to raise awareness of private-side water related household maintenance, including pressure regulators, water heaters, and irrigation efficiency (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Achieve Special District Leadership Foundation's District of Distinction re-accreditation at Platinum level (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Partner with local conservancy group to host a native plant workshop to advance water conservation (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).

- Engage and influence legislators and policy groups to advocate for exemptions to zero-emission vehicle requirements for emergency response vehicles (District goal 12 – cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District's operations).

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

Performance Indicators

Activity/ Criteria	**2026 Strategic Plan Goal**	**FYE 2025 Actual**	**FYE 2026 Actual**	**Annual Target**	**Target Met? FY '25 I FY '26**	**FYE 2027 Target**	**FYE 2028 Target**
New grant applications per year	7	3	6	3	● ●	3	3
Education/outreach events per year	8	5	5	5	● ●	5	5
Facility tours per year	8	10	7	2	● ●	4	4
Social media posts per year	8	282	217	180	● ●	180	180
Application for awards per year	8	5	5	4	● ●	4	4
Water Use Evaluations *(Commercial, Industrial and Residential)*	8	170	160	75	● ●	110	110
Electronic bill accounts to total accounts	7	64%	65%	55%	● ●	55%	55%
Billing accuracy rate	7	100%	100%	99%	● ●	99%	99%

Percentage of meters read per month	7	100%	100%	100%	● ●	100%	100%
Number of meters replaced	7	1,893	1,754	160	● ●	350	350

● Target met ● Target not met ● Target not available ■ Performance Measure Only

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

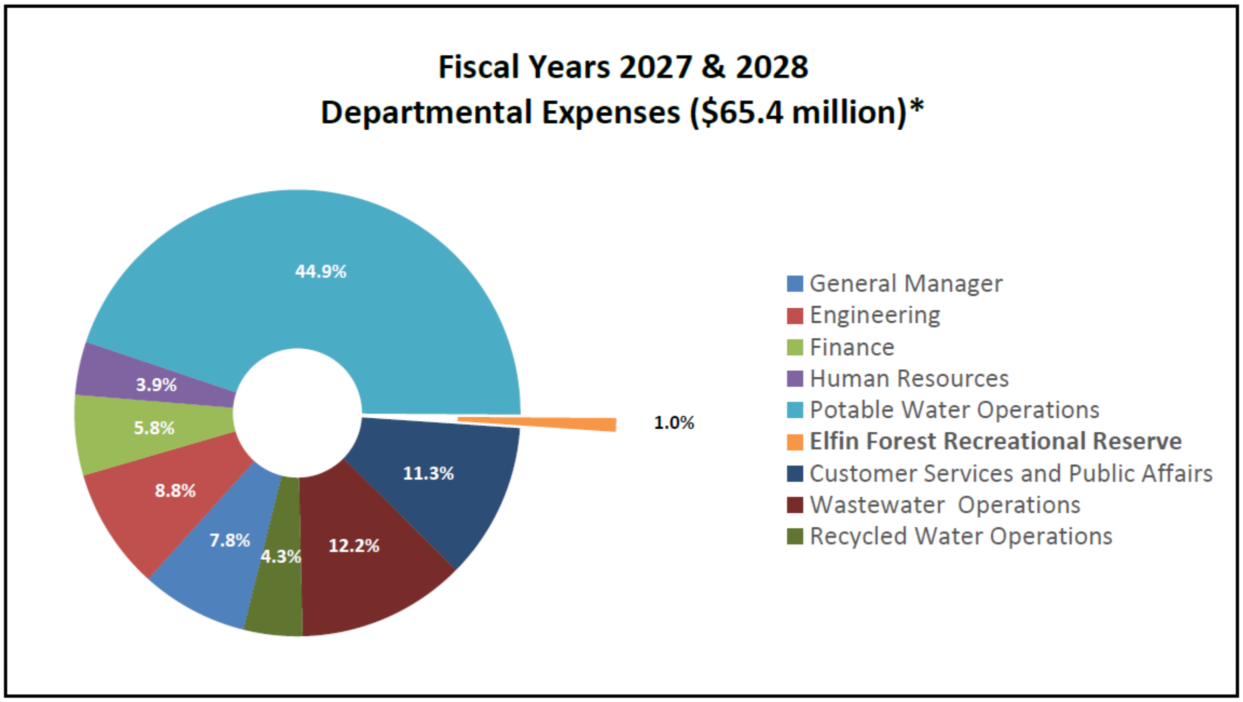
Fund: 100
Operating - Water

Departments: **290 to 292**
Customer Services & Public Affairs

Account No.	Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	1,264,410	1,358,000	1,455,000	7.14%	1,542,000	5.98%
51110	Salaries and Wages - Overtime	47,743	45,000	31,000	-31.11%	33,000	6.45%
51120	Salaries and Wages - Training	7,789	3,000	7,000	133.33%	7,000	0.00%
51130	Salaries and Wages - Safety	7,137	3,000	14,000	366.67%	15,000	7.14%
51140	Salaries and Wages - Jury Duty	252	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	1,361,839	1,301,000	1,386,000	6.53%	1,445,000	4.26%
	Subtotal	2,689,170	2,711,000	2,894,000	6.75%	3,043,000	5.15%
	Operations:						
52230	Computer Supplies	55	2,000	2,000	0.00%	2,000	0.00%
52250	Consultants	62,972	168,000	48,000	-71.43%	49,000	2.08%
52350	Customer Outreach Programs	17,872	26,000	30,000	15.38%	31,000	3.33%
52600	Equipment Rental	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	96,675	125,000	130,000	4.00%	134,000	3.08%
53000	Membership Dues and Subscriptions	345	12,000	12,000	0.00%	12,000	0.00%
53100	Office Supplies and Expenses	1,920	4,000	4,000	0.00%	4,000	0.00%
53200	Other Admin and General Expenses	-	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	180,494	235,000	238,000	1.28%	245,000	2.94%
53300	Postage and Shipping	98,918	104,000	106,500	2.40%	110,000	3.29%
53400	Printing and Copying	47,439	59,000	70,000	18.64%	72,000	2.86%
53800	Seminars and Meetings	2,133	9,000	7,000	-22.22%	7,000	0.00%
53900	Supplies - Operations	8,623	15,000	17,000	13.33%	18,000	5.88%
53902	Supplies - Tools/Small Equip	11,632	10,000	17,000	70.00%	12,000	-29.41%
53903	Supplies safety	2,961	3,000	5,000	66.67%	5,000	0.00%
54000	Telephone and Communications	16,237	19,000	19,500	2.63%	20,000	2.56%
51160	Temporary Labor	4,176	7,000	9,000	28.57%	9,000	0.00%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
	Subtotal	552,453	799,000	716,000	-10.39%	731,000	2.09%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	147,000	146,000	-0.68%	146,000	0.00%
59008	Support Allocation	1,392,000	1,453,000	1,742,000	19.89%	1,742,000	0.00%
59004	Capitalized Labor	(87,981)	(109,000)	(125,000)	14.68%	(133,000)	6.40%
59005	Capitalized Non-labor Expenses	(196,685)	(234,000)	(278,000)	18.80%	(296,000)	6.47%
	Subtotal	1,107,333	1,257,000	1,485,000	18.14%	1,459,000	-1.75%
	Total, Net of Capitalized Expenses	4,348,957	4,767,000	5,095,000	6.88%	5,233,000	2.71%

* Amended budget amounts approved by the Board.

Elfin Forest Recreational Reserve



*EFRR total is net of SDCWA reimbursement. Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Park Ranger I	1.00	1.00	1.00	1.00
Park Ranger II	1.00	1.00	1.00	1.00
Park Ranger Supervisor	1.00	1.00	1.00	1.00
Department Total	**3.00**	**3.00**	**3.00**	**3.00**

Responsibilities

OMWD's park rangers are responsible for the operation and maintenance of Elfin Forest Recreational Reserve (EFRR), a 784-acre open space reserve. Through an agreement with the County of San Diego, the rangers also manage a county-owned 100-acre parcel located in the heart of EFRR. Responsibilities include trail and facility maintenance, visitor services, maintenance of the Elfin Forest Interpretive Center Honoring Susan J. Varty (IC), docent program, volunteer trail patrol program, education program, emergency management, and enforcement of reserve rules and regulations.

Major Accomplishments – Fiscal Years 2025 & 2026

- Continued education program for elementary schools in partnership with the Escondido Creek Conservancy. (District goal 8 - maintain open communication with public).
- Hosted annual EFRR photo contest, Earth Day, and quarterly conservation talks at IC. (District goal 8 - maintain open communication with public).
- Utilized volunteer groups such as San Diego Mountain Bike Association, I Love a Clean San Diego, and EFRR Trail Patrol for maintenance, upkeep, and repairs. (District goal 7 - minimize costs while maintaining high level of service).
- Completed 60% design of EFRR Access Improvement Project utilizing grant funding. (District goal 7 - minimize costs while maintaining high level of service).
- Completed comprehensive assessment of all trail signage and make replacements/repairs as needed. (District goal 3 - operating EFRR in cost-effective and service-oriented manner).
- Continued with Gold-Spotted Oak Borer surveying within EFRR utilizing volunteers. (District goal 3 - operating EFRR in cost-effective and service-oriented manner).

Objectives – Fiscal Years 2027 & 2028

- Continue education program for elementary schools in partnership with the Escondido Creek Conservancy. (District goal 8 - maintain open communication with public).
- Host annual EFRR photo contest, Earth Day, and quarterly conservation talks at Interpretive Center. (District goal 8 - maintain open communication with public).
- Utilize volunteer groups such as San Diego Mountain Bike Association, I Love a Clean San Diego, and EFRR Trail Patrol for maintenance, upkeep, and repairs. (District goal 7 - minimize costs while maintaining high level of service).
- Complete design and begin construction of EFRR Access Improvement Project utilizing available grant funding. (District goal 7 - minimize costs while maintaining high level of service).

- Replace end-of-life wood fencing along Creek Trail with more durable steel post and cable fencing. (District goal 3 - operating EFRR in cost-effective and service-oriented manner, District goal 7 - minimize costs while maintaining high level of service).

- Continue annual Gold-Spotted Oak Borer surveying and treatment. (District goal 3 - operating EFRR in cost-effective and service-oriented manner).

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Number of educational/ community outreach events per year	3	113	121	100	● ●	100	100
Number of days taken to repair damaged signs/vandalism	3	<12	<12	<12	● ●	<12	<12
Maximum number of days to patrol full trail network	3	<14	<14	14	● ●	14	14
Number of ranger-led and docent-led hikes/interpretive orientations per month	3	>25	>25	25	● ●	25	25
Number of days/year Interpretive Center open/ volunteer trail patrol	3	247	269	225	● ●	225	225
Number of volunteer maintenance/cleanup events	3	6	7	5	● ●	5	5
Number of volunteer appreciation events	3	4	3	3	● ●	3	3

● Target met ● Target not met ● Target not available ■ Performance Measure Only

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

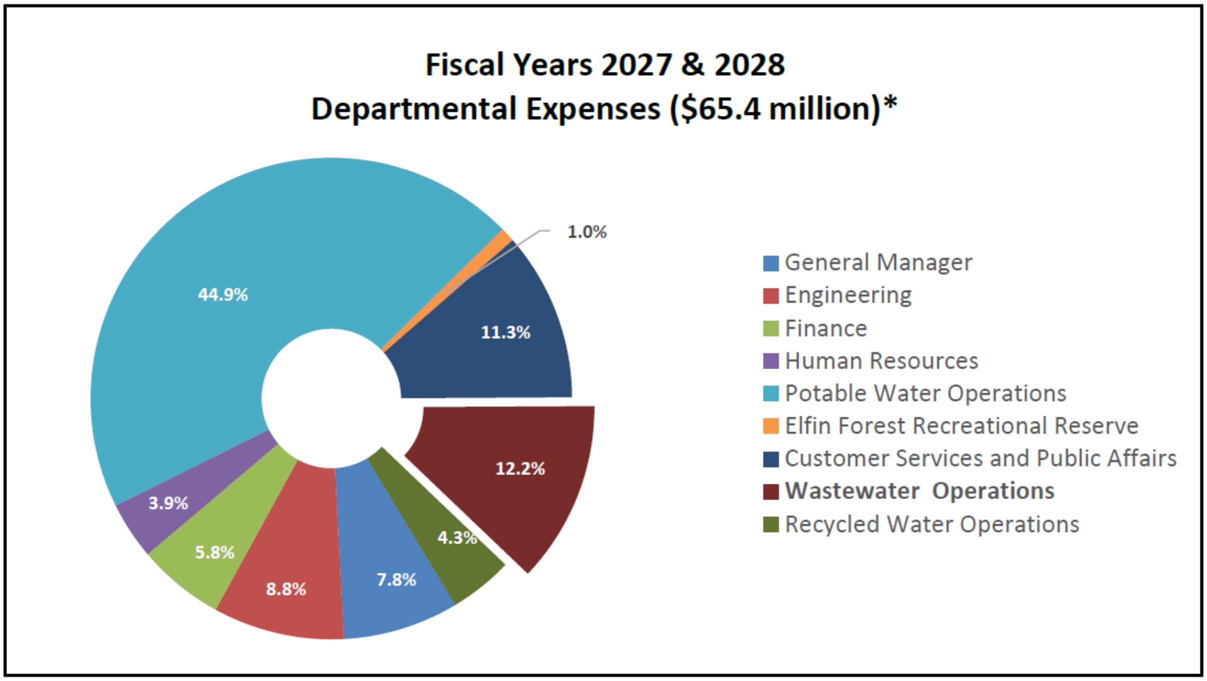
Fund: 100
Operating - Water

Department: **280**
Elfin Forest Recreational Reserve

Account No. and Description		FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	231,145	246,000	256,000	4.07%	272,000	6.25%
51110	Salaries and Wages - Overtime	14,006	14,000	13,000	-7.14%	14,000	7.69%
51120	Salaries and Wages - Training	1,844	2,000	3,000	50.00%	3,000	0.00%
51130	Salaries and Wages - Safety	2,316	2,000	2,000	0.00%	2,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	256,389	244,000	252,000	3.28%	263,000	4.37%
	Subtotal	505,700	508,000	526,000	3.54%	554,000	5.32%
	Operations:						
52230	Computer Supplies	457	1,000	1,000	0.00%	1,000	0.00%
52250	Consultant	-	1,000	1,000	0.00%	1,000	0.00%
52600	Equipment Rental	14,769	12,000	12,000	0.00%	12,000	0.00%
52800	Legal	-	2,000	2,000	0.00%	2,000	0.00%
52900	Maintenance and Repairs - General	3,643	7,000	19,000	171.43%	20,000	5.26%
53000	Membership Dues and Subscription	470	1,000	1,000	0.00%	1,000	0.00%
53100	Office Supplies and Expenses	646	1,000	1,500	50.00%	2,000	33.33%
53200	Other Admin and General Expenses	(400,593)	(412,000)	(430,000)	4.37%	(443,000)	3.02%
53250	Outside Services	33,958	48,000	55,000	14.58%	57,000	3.64%
53300	Postage and Shipping	-	1,000	1,000	0.00%	1,000	0.00%
53400	Printing and Copying	2,954	3,000	3,000	0.00%	3,000	0.00%
53500	Property Insurance	25,010	24,000	28,000	16.67%	29,000	3.57%
53800	Seminars and Meetings	76	1,000	1,000	0.00%	1,000	0.00%
53900	Supplies	31,017	19,000	20,000	5.26%	21,000	5.00%
53901	Supplies - Fuel	5,465	7,000	7,000	0.00%	7,000	0.00%
53902	Supplies - Tools/Small Equipment	641	2,000	2,000	0.00%	2,000	0.00%
53903	Supplies - Safety	740	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	6,387	6,000	7,000	16.67%	7,000	0.00%
51160	Temporary Labor	13,787	12,000	18,000	50.00%	15,000	-16.67%
54300	Utilities	7,236	8,000	8,000	0.00%	8,000	0.00%
54500	Park Depreciation	-	36,000	28,000	-22.22%	28,000	0.00%
	Subtotal	(253,339)	(219,000)	(213,500)	-2.51%	(224,000)	-4.92%
	Capitalized Operating Expenditures:						
54400	Support Allocation	259,200	254,000	296,000	16.54%	296,000	0.00%
59004	Capitalized Labor	(2,289)	(15,000)	(8,000)	-66.67%	(5,000)	-37.50%
59005	Capitalized Employee Benefits	(4,194)	(32,000)	(18,000)	-65.63%	(11,000)	-38.89%
	Subtotal	252,717	207,000	270,000	30.43%	280,000	3.70%
	Total, Net of Capitalized Expenses	505,078	496,000	582,500	17.44%	610,000	4.72%

* Amended budget amounts approved by the Board.

Wastewater System Operations



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	**Approved FY 2025**	**Approved FY 2026**	**Proposed FY 2027**	**Proposed FY 2028**
Collection Systems Operator	-	0.85	0.85	0.85
WRF Operator Level III*	3.40	3.40	3.40	3.40
WRF Operator Level IV*	0.85	0.85	0.85	0.85
WRF Supervisor*	0.85	0.85	0.85	0.85
Department Total	**5.10**	**5.95**	**5.95**	**5.95**

**Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage*

Note: Staffing requirements to supervise and to provide administrative support for the wastewater operations are included in the General Manager, Engineering, and Finance Departments.

Responsibilities

The District provides wastewater collection and reclamation services within the District's southeast service area. This includes the 4S Ranch and Rancho Cielo communities. The plant currently recycles wastewater discharge from approximately 7,100 Equivalent Dwelling Units (EDUs) within this service area. By 2030, these two areas will have nearly 7,450 EDUs from a combination of residential, commercial, industrial, and public uses.

This department is responsible for operating and maintaining the sewer collection and treatment system of the 4S Ranch Water Reclamation Facility (4S WRF).

Major Accomplishments – Fiscal Years 2025 & 2026

- Operated the wastewater collection and water reclamation systems in full compliance with permits and regulatory requirements (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).

- Commenced construction of the Headworks Screening System Replacement Project (District Goal 10 – Plan and construct facilities to meet needs).

- Commenced construction of the Overflow Pond Strainer Project (District Goal 10 – Plan and construct facilities to meet needs).

- Completed construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 – Plan and construct facilities to meet needs).

- Completed the Del Dios Sewer Pump Station Surge Analysis (District Goal 2 – Provide wastewater collection and treatment services in an environmentally responsible manner).

Objectives – Fiscal Years 2027 & 2028

- Replace Scum Boxes at the 4S WRF clarifiers (District Goal 2 – Provide wastewater collection and treatment services in an environmentally responsible manner).

- Commence next phase of Programmable Logic Controller Upgrades at the 4S Water Reclamation Facility (District Goal 2 – Provide wastewater collection and treatment services in an environmentally responsible manner).

- Assist Engineering in the progression of Headworks Rehabilitation Project (District Goal 2 – Provide wastewater collection and treatment services in an environmentally responsible manner).

- Complete 4S WRF Title 22 Report update (District Goal 6 – Exceeding all federal, state and local regulatory requirements for providing wastewater treatment).

- Complete manhole lining for the highest priority manholes in the system (Goal not listed in Annual Objectives)

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY ’25 I FY ‘26	FYE 2027 Target	FYE 2028 Target
Percentage of compliance with Discharge Water Quality parameters	2, 6	100%	100%	100%	🟢 🟢	100%	100%
Wastewater Preventable Permit Violations	6	0	0	0	🟢 🟢	0	0
District Responsible Sewer Spills	2	1	0	0	🔴 🟢	0	0
Actual vs. Budgeted Expenses	7	113%	103%	102% or Less	🔴 🔴	102% or Less	102% or Less

🟢 Target met 🔴 Target not met 🔵 Target not available ■ Performance Measure Only

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

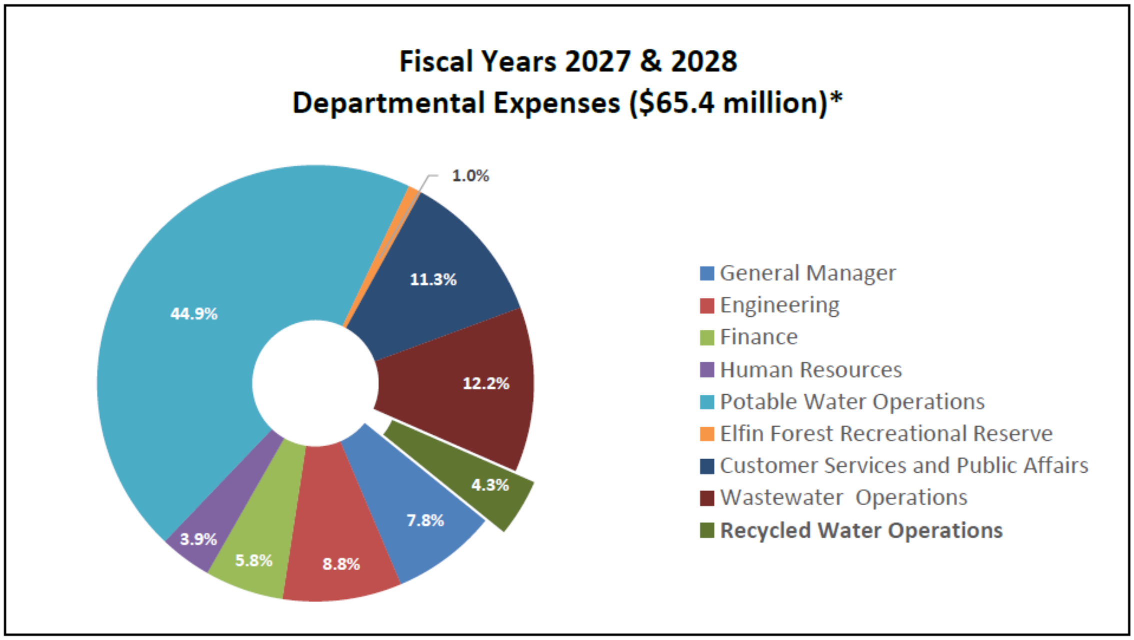
Fund: 110
Operating - Wastewater

Department: **270**
Wastewater

	Account No. and Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	744,907	801,000	826,000	3.12%	875,000	5.93%
51110	Salaries and Wages - Overtime	122,602	114,000	100,000	-12.28%	106,000	6.00%
51120	Salaries and Wages - Training	842	8,000	3,000	-62.50%	3,000	0.00%
51130	Salaries and Wages - Safety	946	6,000	1,000	-83.33%	1,000	0.00%
51140	Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	888,147	858,000	856,000	-0.23%	892,000	4.21%
	Subtotal	1,757,443	1,788,000	1,787,000	-0.06%	1,878,000	5.09%
	Operations:						
52100	Auditing and Accounting	5,318	5,000	5,000	0.00%	5,000	0.00%
52200	Collection and Regulatory Fees	52,766	46,000	45,000	-2.17%	46,000	2.22%
52230	Computer Supplies	-	-	-	0.00%	-	0.00%
52250	Consultants	10,621	13,000	6,000	-53.85%	6,000	0.00%
52350	Customer Outreach Programs	-	1,000	-	-100.00%	-	0.00%
52500	Engineering	-	1,000	5,000	400.00%	5,000	0.00%
52600	Equipment Rental	3,072	3,000	1,500	-50.00%	2,000	33.33%
52800	Legal	1,288	1,000	1,000	0.00%	1,000	0.00%
52900	Maintenance and Repairs - General	238,164	175,000	220,000	25.71%	227,000	3.18%
53000	Membership Dues and Subscriptions	30,590	26,000	25,000	-3.85%	26,000	4.00%
53100	Office Supplies and Expenses	4,175	3,000	3,000	0.00%	3,000	0.00%
53200	Other Admin and General Expenses	527	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	661,728	494,000	650,000	31.58%	670,000	3.08%
53260	Laboratory Services	96,415	88,000	90,000	2.27%	93,000	3.33%
53300	Postage and Shipping	504	1,000	500	-50.00%	1,000	100.00%
53400	Printing and Copying	760	1,000	1,000	0.00%	1,000	0.00%
53500	Property Insurance	-	12,000	14,000	16.67%	14,000	0.00%
53800	Seminars and Meetings	5,263	8,000	7,000	-12.50%	7,000	0.00%
53900	Supplies	188,275	144,000	155,000	7.64%	160,000	3.23%
53901	Supplies - Fuel	17,460	9,000	10,000	11.11%	10,000	0.00%
53902	Supplies - Tools/Small Equipment	1,766	3,000	4,000	33.33%	4,000	0.00%
53903	Supplies - Safety	8,486	5,000	6,000	20.00%	6,000	0.00%
53904	Supplies - Chemicals	93,015	124,000	125,000	0.81%	129,000	3.20%
54000	Telephone and Communications	11,757	9,000	10,000	11.11%	10,000	0.00%
51160	Temporary Labor	9,498	-	-	0.00%	-	0.00%
54300	Utilities	619,004	644,000	750,000	16.46%	773,000	3.07%
58370	Fixed Charge County Collect Fee	554	-	-	0.00%	-	0.00%
	Subtotal	2,061,004	1,817,000	2,135,000	17.50%	2,200,000	3.04%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	49,000	45,000	-8.16%	45,000	0.00%
59008	Support Allocation	740,400	884,000	860,000	-2.71%	860,000	0.00%
59004	Capitalized Labor	(29,430)	(40,000)	(41,000)	2.50%	(44,000)	7.32%
59005	Capitalized Non-labor Expenses	(65,810)	(86,000)	(91,000)	5.81%	(98,000)	7.69%
	Subtotal	645,160	807,000	773,000	-4.21%	763,000	-1.29%
	Total, Net of Capitalized Expenses	4,463,606	4,412,000	4,695,000	6.41%	4,841,000	3.11%

* Amended budget amounts approved by the Board.

Recycled Water Operations



* Total may not add up to 100% due to rounding
* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2025	Approved FY 2026	Proposed FY 2027	Proposed FY 2028
Backflow & Cross Conn Coord I	1.00	1.00	1.00	1.00
Backflow & Cross Conn Coord II	1.00	1.00	1.00	1.00
Collection Systems Operator	-	0.15	0.15	0.15
Systems Operator I **	0.10	0.10	0.10	0.10
Systems Operator II **	0.30	0.30	0.30	0.30
WRF Operator Level III *	0.60	0.60	0.60	0.60
WRF Operator Level IV *	0.15	0.15	0.15	0.15
WRF Supervisor *	0.15	0.15	0.15	0.15
Department Total	**3.30**	**3.45**	**3.45**	**3.45**

**Positions are shared with Wastewater Operations and reflect approx. FTE split percentage*
***Positions are shared with Water Operations and Maintenance and reflect approx. FTE split percentage*

Note: Staffing requirements to supervise and to provide administrative support for the recycled water operations are included in the General Manager, Engineering, and Finance Departments.

Responsibilities

The Recycled Water System serves two areas of the District: the Northwest Quadrant and Southeast Quadrant. The Northwest Quadrant's service area recycled water needs are supplied through purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority.

This department operates the District-owned 4S Ranch Water Reclamation Facility (4S WRF). Personnel responsible for operating the 4S WRF are also responsible for delivering tertiary-treated wastewater to the recycled water distribution system where it is then delivered to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the 4S Ranch and Santa Fe Valley (Southeast Quadrant) portions of the District.

Major Accomplishments – Fiscal Years 2025 & 2026

- Made three new connections to the recycled water distribution system; provided a comprehensive presentation on OMWD's recycled water program to the board, including current project status, grant funding, and plans for system expansion (District goal 11 – Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water).

- Completed additional new recycled water distribution line extensions to take advantage of Title 16/WIIN grant funding (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

- Continued to operate the 4S Recycled Water Storage Pond in a safe, compliant and effective manner (District goal 2 – Produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).

- Met deliveries of take or pay recycled water contract (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

Objectives – Fiscal Years 2027 & 2028

- Complete three new connections to the Recycled Water Distribution System (District Goal 2 – Produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).

- Investigate any new possible sources of recycled or raw water to supplement City of San Diego sources (District Goal 2 – Produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).

- Explore alternatives for recycled water in the Southeast Quadrant; Report findings to the Facilities Committee (District Goal 7 – Minimizing all of the District's operational costs while maintaining a high level of customer service).

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

Performance Indicators

Activity/ Criteria	2026 Strategic Plan Goal	FYE 2025 Actual	FYE 2026 Actual	Annual Target	Target Met? FY '25 I FY '26	FYE 2027 Target	FYE 2028 Target
Recycled Water Program							
Number of Recycled Water Meter Connections	2	345	357	+3	● ●	360	363
Percentage of user compliance with District Recycled Water Rules and Regulations	6	100%	100%	100%	● ●	100%	100%
Backflow Program							
Number of Recycled Water sites inspected annually	2	100%	100%	100%	● ●	100%	100%
Percent of Backflow Assemblies tested	2	100%	100%	100%	● ●	100%	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2027 and 2028

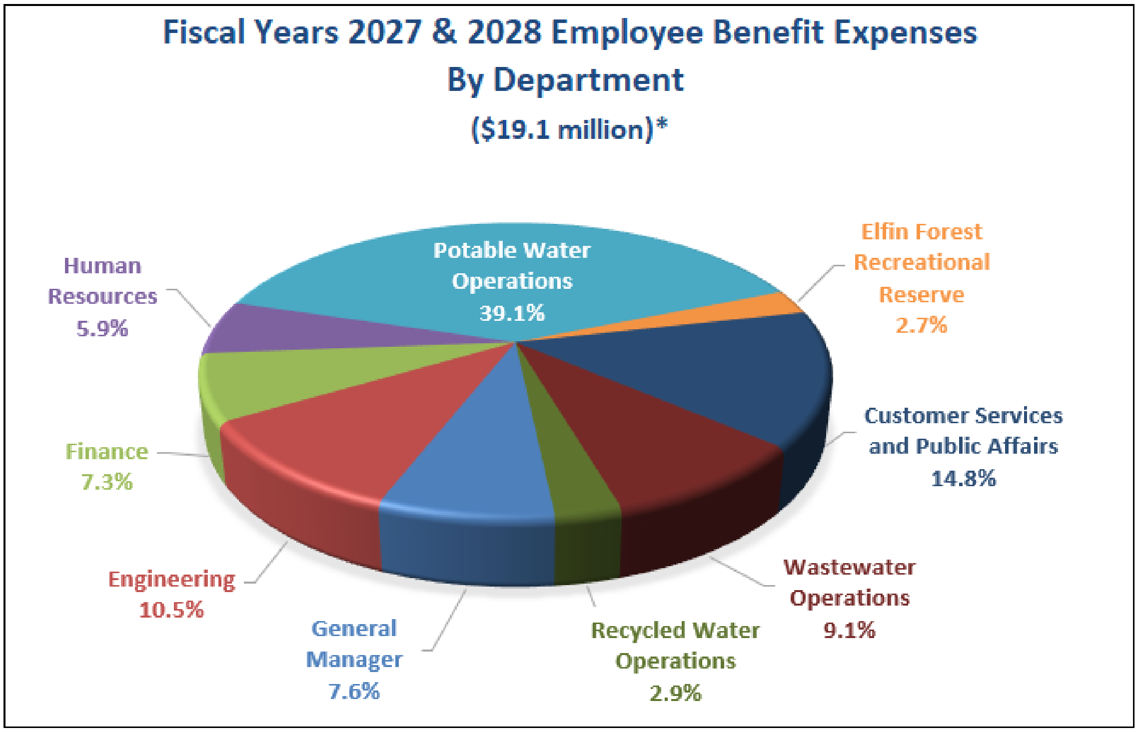
Fund: 120
Operating - Recycled

Department: **260 to 262**
Recycled Water Operations (4S, SE, and NW)

	Account No. and Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 2026 Approved*	FYE 2028 Proposed	% Change from FYE 2027 Proposed
	Personnel:						
51100	Salaries and Wages - Regular	266,147	256,000	274,000	7.03%	291,000	6.20%
51110	Salaries and Wages - Overtime	19,546	18,000	17,000	-5.56%	18,000	5.88%
51120	Salaries and Wages - Training	-	4,000	1,000	-75.00%	1,000	0.00%
51130	Salaries and Wages - Safety	-	3,000	1,000	-66.67%	1,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	289,534	259,000	270,000	4.25%	282,000	4.44%
	Subtotal	575,226	540,000	564,000	4.44%	594,000	5.32%
	Operations:						
52100	Auditing and Accounting	-	1,000	-	-100.00%	-	0.00%
52200	Collection and Regulatory Fees	16,103	19,000	17,000	-10.53%	17,000	0.00%
52230	Computer Supplies	-	1,000	-	-100.00%	-	0.00%
52250	Consultants	63,337	29,000	13,000	-55.17%	13,000	0.00%
52500	Engineering	-	4,000	2,000	-50.00%	2,000	0.00%
52600	Equipment Rental	674	2,000	2,000	0.00%	2,000	0.00%
52800	Legal	15,455	6,000	6,000	0.00%	6,000	0.00%
52900	Maintenance and Repairs - General	44,257	64,000	60,000	-6.25%	62,000	3.33%
53000	Membership Dues and Subscriptions	935	2,000	2,000	0.00%	2,000	0.00%
53100	Office Supplies	2,289	2,000	2,500	25.00%	3,000	20.00%
53200	Other Admin and General Expenses	-	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	144,406	194,000	240,000	23.71%	248,000	3.33%
53260	Laboratory Services	-	-	-	0.00%	-	0.00%
53300	Postage and Shipping	-	-	-	0.00%	-	0.00%
53400	Printing and Copying	63	1,000	500	-50.00%	1,000	100.00%
53500	Property Insurance	3,973	8,000	10,000	25.00%	10,000	0.00%
53800	Seminars and Meetings	3,183	7,000	6,000	-14.29%	6,000	0.00%
53900	Supplies - Operations	62,199	39,000	48,000	23.08%	49,000	2.08%
53901	Supplies - Fuel	7,360	8,000	8,000	0.00%	8,000	0.00%
53902	Supplies - Tools/Small Equipment	-	-	500	0.00%	1,000	100.00%
53903	Supplies - Safety	2,990	2,000	2,000	0.00%	2,000	0.00%
53904	Supplies - Chemical	108,048	113,000	110,000	-2.65%	113,000	2.73%
54000	Telephone and Communications	5,154	5,000	5,000	0.00%	5,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
54300	Utilities	215,254	259,000	265,000	2.32%	273,000	3.02%
	Subtotal	695,679	767,000	800,500	4.37%	824,000	2.94%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	19,000	17,000	-10.53%	17,000	0.00%
59008	Support Allocation	297,600	315,000	416,000	32.06%	416,000	0.00%
59004	Capitalized Labor	(7,796)	(18,000)	(16,000)	-11.11%	(17,000)	6.25%
59005	Capitalized Non-labor Expenses	(18,031)	(38,000)	(35,000)	-7.89%	(37,000)	5.71%
	Subtotal	271,774	278,000	382,000	37.41%	379,000	-0.79%
	Total, Net of Capitalized Expenses	1,542,679	1,585,000	1,746,500	10.19%	1,797,000	2.89%

* Amended budget amounts approved by the Board.

Employee Benefits



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

TOTAL BENEFITS BY DEPARTMENT - Fiscal Years 2027 & 2028

Department	Benefit Expense Percentage	Benefit Expense Amount[1]
General Manager (includes Board)	7.6%	$ 1,453,000
Engineering	10.5%	2,013,000
Finance	7.3%	1,395,000
Human Resources	5.9%	1,133,000
Potable Water Operations	39.1%	7,475,000
Elfin Forest Recreational Reserve	2.7%	515,000
Customer Service	14.8%	2,831,000
Wastewater	9.1%	1,748,000
Recycled Water	2.9%	552,000
TOTAL	**100%**	**$ 19,115,000**

[1] *Amounts are rounded to the nearest thousand, and thus are approximations*

Staffing Projections

The District updates its staffing projections annually. The result of this exercise is the District's annual Staffing Analysis. The report analyzes and projects personnel changes needed to accommodate water and wastewater operation's staffing needs in order to meet service growth over the next five years.

The District's Staffing Analysis is submitted to the Board for review and consideration prior to the adoption of the District's budget by the Board. The objective of this analysis is to show the necessary staffing levels in order to increase department efficiencies, provide better business practices, aid in succession planning, and prepare the District's future leaders (including Grow Your Own "GYO" promotional opportunities). Labor and Employee Benefits expenditures for Fiscal Years 2027 and 2028 were estimated based on current staffing level needs included in the 2026 Staffing Analysis report.

The District's annual Staffing Analysis, approved by the Board in April 2026, includes a staffing increase by one additional full-time Senior Risk Analyst in Fiscal year 2027, bringing the total employee count to 96 employees. The Staffing Analysis also includes 2 "GYO" promotions in Fiscal Year 2027, with the reclassification of the Department Assistant I to Level II and the Engineering Technician I to Level II. In Fiscal Year 2028 staffing levels are projected to increase by one additional full-time IT Systems Database Administrator position, which will bring the total employee count to 97 positions.

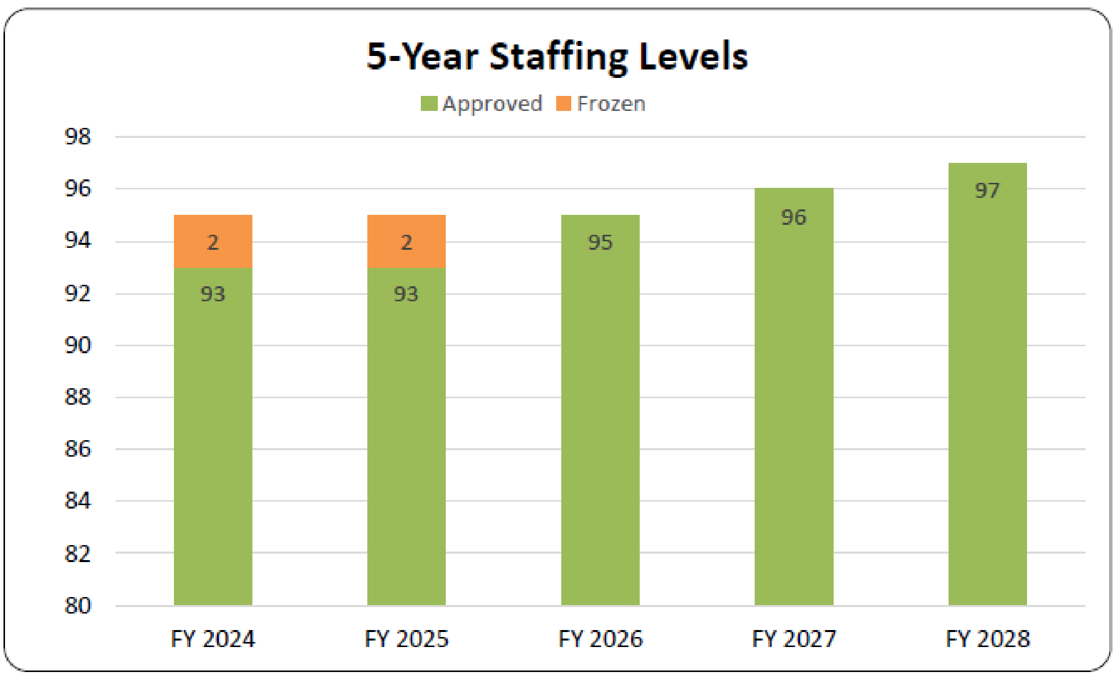
The addition of one Senior Risk Analyst position in Fiscal Year 2027 will primarily be responsible for assisting the Human Resources and General Manager's departments with litigation preparation, insurance, and claims processing. These duties are currently being performed by staff in the Human Resources, customer Service, and General Manager's departments.

The addition of one IT Systems Database Administrator position in Fiscal Year 2028 will primarily be responsible for acting as the liaison with application service providers and other third-party software vendors for the District's critical enterprise systems. These systems include CIS Infinity for Customer Service and Microsoft Great Plains for Finance and Human Resources. These duties are currently being performed by an external consusltant.

The charts below depict the District's historical and approved staffing trends by fiscal year.

CURRENT AND FUTURE STAFFING

Department	Approved Fiscal Year 2026	Approved Fiscal Year 2027	Proposed Fiscal Year 2028
General Manager	4.00	4.00	4.00
Engineering	10.00	10.00	10.00
Finance	8.00	8.00	8.00
Human Resources	4.00	5.00	5.00
Potable Water Operations	39.60	39.60	40.60
Elfin Forest Recreational Reserve	3.00	3.00	3.00
Customer Service	17.00	17.00	17.00
Wastewater and Recycled Water	9.40	9.40	9.40
TOTAL	**95.00**	**96.00**	**97.00**



2024 New Waste Collections System Operator and Customer Service Rep I Positions
2026 2 Utility Positions Unfrozen
2027 New Senior Risk Analyst
2028 New IT Systems Database Administrator

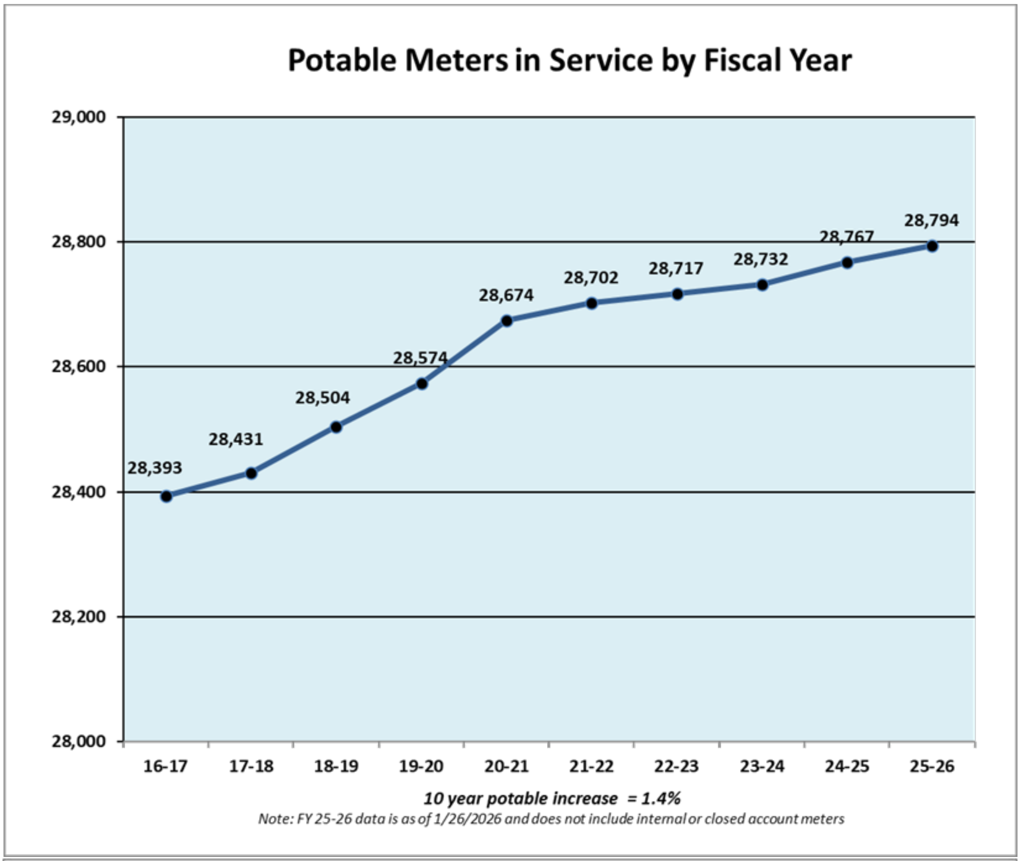
Staffing Analysis

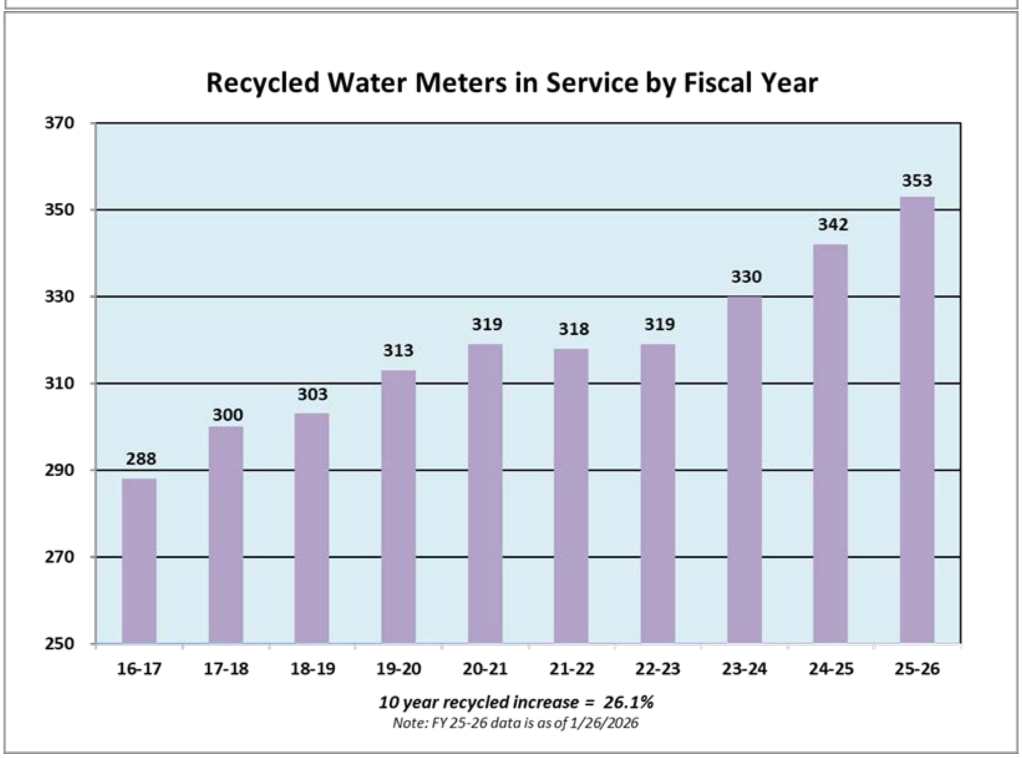
This Staffing Analysis was first presented to the Board and accepted in May of 2005 to forecast staffing levels and to serve as a succession planning tool for the District. The analysis continues to be a collaborative staff process with all District departments participating. The Staffing Analysis takes into consideration the District's Mission Statement, Goals and Objectives, budget, economic revenue and constraints, and the Comprehensive Water Master Plan. Areas that impact the forecasting of the analysis include determining the levels of service provided, operating satellite facilities (including the David C. McCollom Water Treatment Plant, 4S Ranch Water Reclamation Facility, and Elfin Forest Recreational Reserve), and contracting labor.

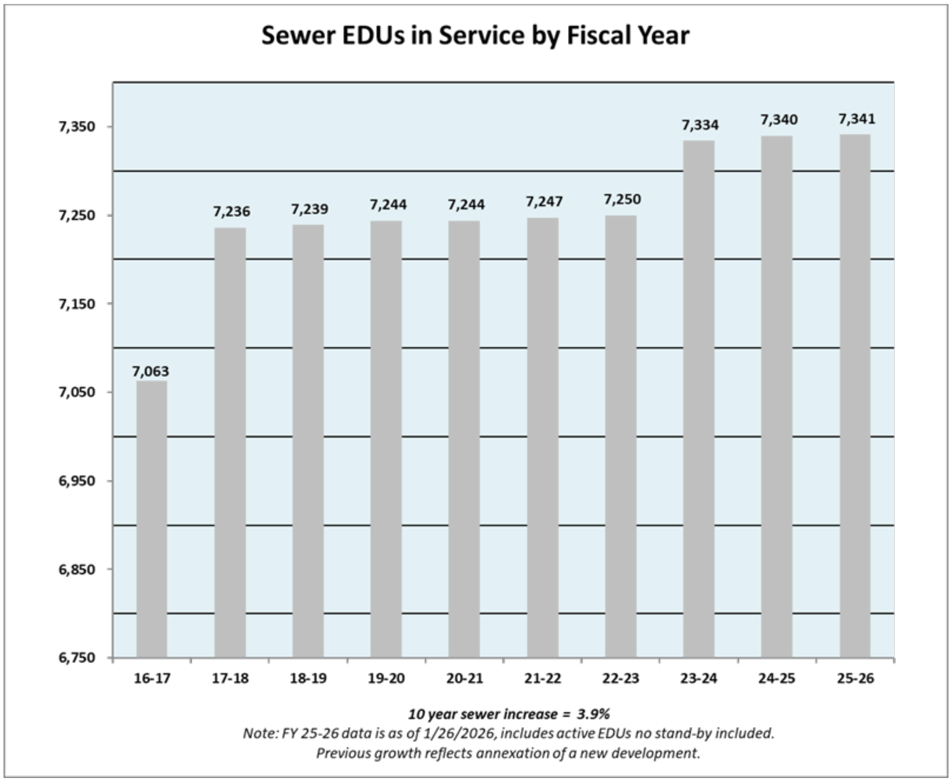
As a living document, the most extended projections are subject to the most change. Staff is committed to seeking innovative and better ways of doing business to contain costs, improve efficiency, and comply with regulatory requirements while meeting customer expectations. The challenge facing the District is to effectively perform the core District functions while maintaining established customer service levels, costs, and staffing at acceptable levels.

Since the Staffing Analysis was first presented to the Board over 20 years ago, the District has continued to grow and has experienced an increase in demand for potable water, sewer, and recycled water service. The District continues to increase recycled water sites throughout its service area and recycled water purchase agreements with other agencies.

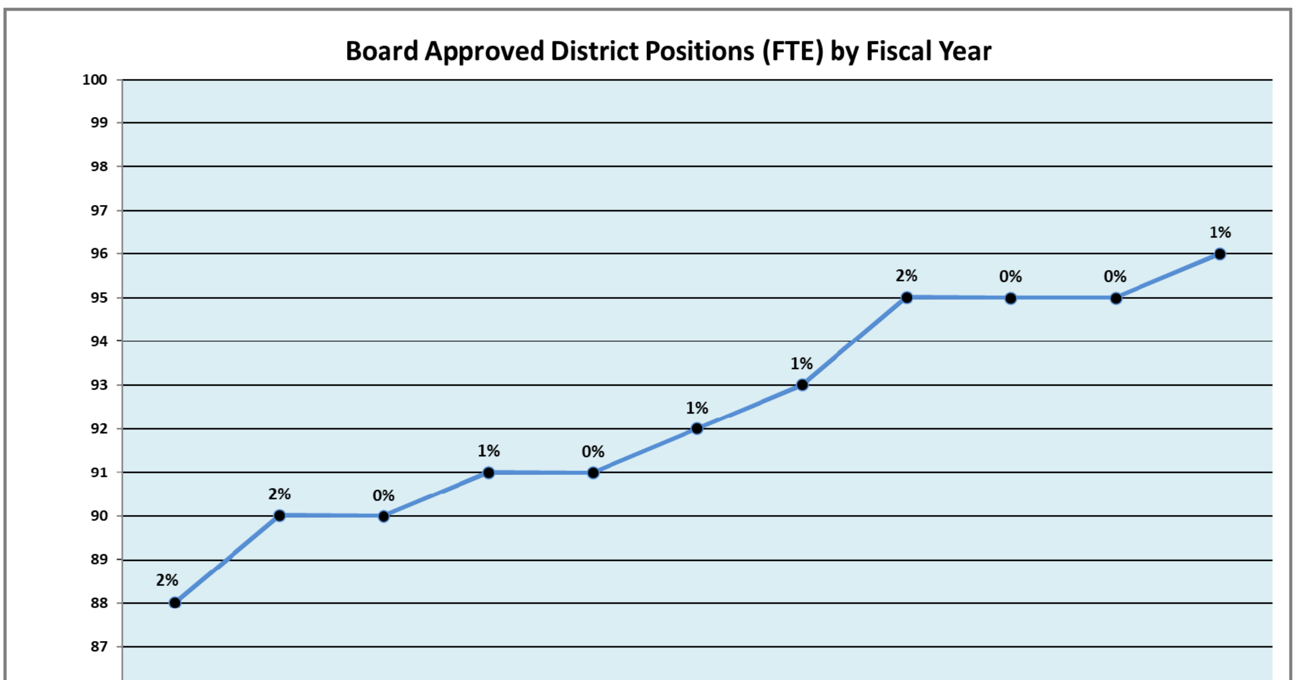
In addition to supporting continued growth as detailed below, District staff have developed a proactive preventive maintenance program to protect existing infrastructure. The valve replacement, cathodic protection, and membrane replacement projects are a few examples of the ongoing work being performed to maximize the reliability of the District's systems. As of January 2026, the District had 28,794 active potable meters and 353 active recycled meters. The graphs on the next pages depict historical District growth as shown by the number of in-service potable water meters (1.4% increase), recycled water meters (26.1% increase), and 7,341 sewer equivalent dwelling units (EDUs) (3.9% increase) over the past 10 years.


Potable Meters in Service by Fiscal Year
29,000
28,800
28,600
28,400
28,200
28,000
28,393
28,431
28,504
28,574
28,674
28,702
28,717
28,732
28,767
28,794
16-17
17-18
18-19
19-20
20-21
21-22
22-23
23-24
24-25
25-26
10 year potable increase = 1.4%
Note: FY 25-26 data is as of 1/26/2026 and does not include internal or closed account meters


Recycled Water Meters in Service by Fiscal Year
370
350
330
310
290
270
250
288
300
303
313
319
318
319
330
342
353
16-17
17-18
18-19
19-20
20-21
21-22
22-23
23-24
24-25
25-26
10 year recycled increase = 26.1%
Note: FY 25-26 data is as of 1/26/2026



The following chart also shows the approved staffing level as a trend over the past 10 fiscal years including a percentage change in approved staffing from year to year.



	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27
% Change	2%	2%	0%	1%	0%	1%	1%	2%	0%	0%	1%
# Positions	88	90	90	91	91	92	93	95	95	95	96

Labor and Employee Benefits

For Fiscal Year 2027 the total projected costs for labor and benefits is $19.5 million, an increase of approximately 5.7% compared to Fiscal Year 2026. For Fiscal Year 2028, total projected costs for labor and benefits is $20.7 million which is an increase of approximately 6.3% compared to Fiscal Year 2027. Employee benefits expenditures are expected to increase by approximately 5.5% in Fiscal Year 2027 compared to the Fiscal Year 2026, and increase by 5.4% in Fiscal Year 2028 compared to Fiscal Year 2027.

The increase in labor and benefit costs for Fiscal Years 2027 and 2028 are based on the anticipated increase in staffing included in the Staffing Analysis Report, and negotiated terms of the Memorandum of Understanding (MOU) between the District, its District Employee Association, and the Bargaining Unit Members Association.

The current MOU went into effect January 2022. Key changes from the prior MOU included a lower ceiling for the San Diego Consumer Price Index (SD CPI) portion of the District's merit pool at 3.5% from 4%. The District's merit pool is made up of a SDCPI portion and a 2.5% merit portion.

Also, as part of the current MOU, the District's compensation policy was updated to reflect the current labor market which resulted in across-the-board salary grade change adjustments to all positions except the General Manager.

The current MOU also includes a re-opener of the existing MOU for health insurance if the average increase of the health insurance plans increases by more than 15% in one year.

District employees pay 100% of their employee's share of District pension costs and the District does not offer Other Post-Employment Benefits to its employees other than pension.

Major Benefits Changes in the Fiscal Year 2027 & 2028 Biennial Budget

Increases in employee benefit costs for Fiscal Years 2027 and 2028 are mainly due to projected increases in group health insurance premiums, payments to California Public Employees Retirement System (CALPERS) for pension costs, and an increase in accrued benefits.

- **Group Health Insurance** – Group health insurance expenditures are projected to increase based on historical average increases for Blue Cross of California and Kaiser Permanente. The District pays 100% of its employees, spouses, and dependents monthly group health insurance premiums for the Kaiser Permanente health plans and the lower cost option Blue Cross HMO/PPO plans. Employees participating in the District's higher cost Blue Cross HMO/PPO plans are required to contribute towards the premiums with the amount depending on which plan they participate in.
- **PERS Contribution** – Employer contributions to CalPERS pension fund for all members, including additional payments to reduce the District's unfunded liability, is approximately 16.3% of estimated total payroll for Fiscal Year 2027. More information on the District's Pension Funding

Policy and Pension Stabilization Fund can be found in the Financial Policy and Long-Term Financial Plan sections of this budget document.

- **Accrued Benefits** – Accrued benefits current rate of pay increases commensurately with increases in salary and wages based on the 2022 labor MOU. Accrued Benefits are paid out at the employee's pay rate when used even if accrued when the employee was at a lower pay rate.
- **Workers Compensation Insurance** – In Fiscal Year 2027, Workers Compensation insurance is expected to remain about the same compared to Fiscal Year 2026. The District's outstanding safety records help reduce the overall worker's compensation premium.

Olivenhain Municipal Water District
Employee Benefits Summary
Fiscal Years 2027 & 2028

Fund: **All**

Account Number	Description	FYE 2025 Actual	FYE 2026 Approved*	FYE 2027 Proposed	% Change from FYE 26 Approved*	FYE 2028 Proposed	% Change from FYE 27 Proposed
51200	Employee Programs	$ 33,083	$ 59,000	$ 61,000	3.39%	$ 61,000	0.00%
51205	Employee Recreation Club	11,725	12,000	13,000	8.33%	$ 13,000	0.00%
51210	Employee Training and Education	37,245	66,000	66,000	0.00%	$ 66,000	0.00%
51215	FICA - Employer's Share	749,141	797,000	845,000	6.02%	$ 901,000	6.63%
51220	Insurance - Dental	156,598	131,000	115,000	-12.21%	$ 119,000	3.48%
51225	Insurance - Group Health	2,312,661	2,509,000	2,661,000	6.06%	$ 2,822,000	6.05%
51230	Insurance - Long Term Disability	25,597	27,000	29,000	7.41%	$ 30,000	3.45%
51235	Insurance - Unemployment	13,259	4,000	6,000	50.00%	$ 6,000	0.00%
51240	Insurance - Vision	20,145	19,000	21,000	10.53%	$ 21,000	0.00%
51245	Insurance - Worker's Compensation	173,970	217,000	216,000	-0.46%	$ 245,000	13.43%
51250	Leave - Employee Sick	516,384	478,000	504,000	5.44%	$ 541,000	7.34%
51260	Leave - Holiday	556,410	558,000	587,000	5.20%	$ 634,000	8.01%
51265	Leave - Vacation	663,531	665,000	694,000	4.36%	$ 771,000	11.10%
51270	Others - Employer's share (457 and VEBA)	244,992	285,000	274,000	-3.86%	$ 304,000	10.95%
51275	PERS Contributions (UL, Normal Costs, ADP)	2,620,356	2,958,000	3,173,000	7.27%	$ 3,257,000	2.65%
51280	Uniforms	35,940	41,000	43,000	4.88%	$ 43,000	0.00%
	Total Employee Benefit Cost	**$ 8,171,037**	**$ 8,826,000**	**$ 9,308,000**	**5.46%**	**$ 9,834,000**	**5.65%**

* Amended budget amounts approved by the Board.

Capital Budget Overview

A capital planning process involves identifying current and future capital needs and prioritizing these needs using certain operating assumptions. The primary objective of the District's capital planning process is to create a stable long-range financial plan to support an orderly, efficient program of improvement, expansion, and replacement of its capital needs. The goal of a capital plan is to develop an independent, self-sustaining capital improvement program using a mixture of financial resources.

In order to achieve its capital planning objectives, the District has developed two separate 10-Year Capital Improvement Program (CIP) Spending Plans for its water and wastewater operations. The 10-Year Capital Spending Plans include planned and projected water and wastewater capital expenditures over the next ten years to provide funding for critical water and wastewater infrastructure needs and are included in the District's Long-Term Financial Plan. More information about the 10-Year Capital Spending Plans can be found in the Long-Term Financial Section of this document.

The 10-Year Capital Spending Plans are brought to the Board for adoption as part of the District's Biennial Operating and Capital Budget approval process. Water and Wastewater Capital Improvement Projects included in the capital budget section of this document for fiscal years 2027 and 2028 are consistent with the list of projects included in the 10-Year Capital Spending Plans for water and wastewater.

Water and Wastewater Capital Improvement Program – Objectives

The following are the District's Capital Improvement Program Goals and Objectives for Fiscal Years 2027-2036:

- Within the resources available each fiscal year, in order to provide safe and reliable services to all customers, maintain and safeguard the District's capital assets and infrastructure through implementation of various replacement and betterment programs based on the District's on-going 10-year Capital Improvement Program.

- Complete replacement and betterment critical projects to sustain water and wastewater operations to meet demands.

- Continue efforts to develop alternate water supplies, including recycled water, through cooperative agreements with various agencies, to provide a reliable and drought-proof water supply to our customers in a cost-effective manner.

- Continue to operate the David C. McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility in a cost-effective manner through operational enhancements and replacements as necessary.

- Use of advanced technology to increase operational efficiency.

The District’s capital plan is a dynamic process. The 10-Year Capital Spending Plans are updated regularly to ensure the focus and scope of the District’s Water and Wastewater Capital Improvement Programs remain in line with the District’s Strategic Plan. CIP are reviewed regularly. Updates on approved capital projects are reported to the District’s Facilities Committee regularly. Proposed adjustments to the District’s planned capital expenditures are brought to the board for consideration and approval as part of the District’s mid-term budget review process. Proposed changes to the District’s projected capital expenditures are primarily due to the timing of the construction of projects.

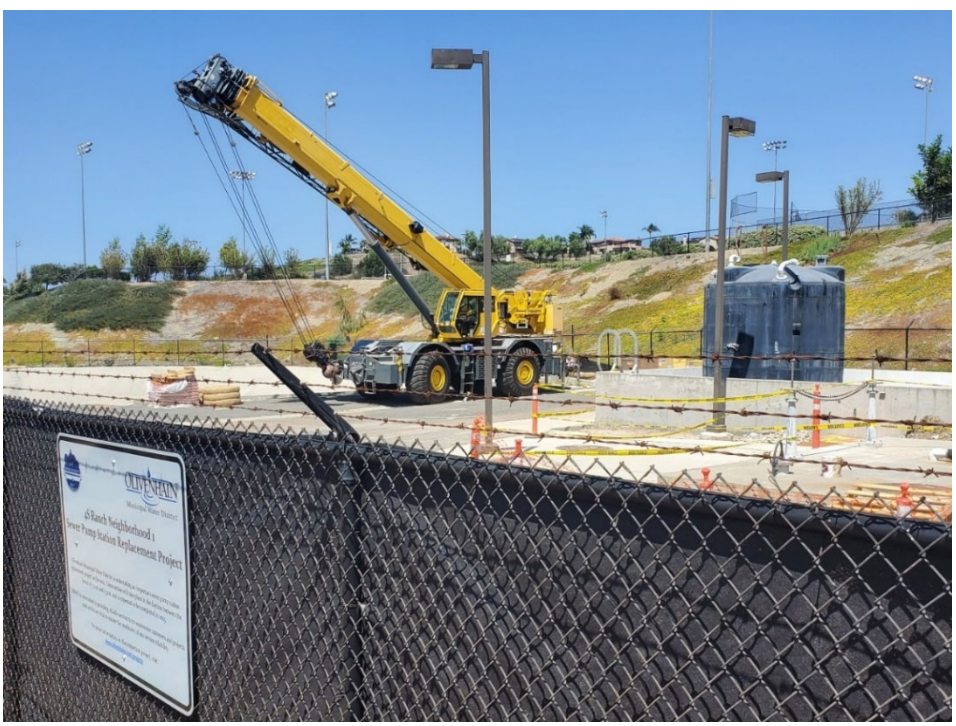
Summary of Completed Capital Improvement Projects
Fiscal Years 2025 and 2026

The District completed several significant projects during the Fiscal Year 2025 and 2026 biennial budget period. Most notably were the Neighborhood 1 Sewer Pump Station Replacement project, and a large-scale pipeline leak and emergency repair that began on Azahar St and extended to additional streets throughout the surrounding neighborhood.

<u>Neighborhood 1 Sewer Pump Station Replacement Project:</u>

The District replaced it's 4S Ranch Neighborhood 1 Sewer Pump Station (NBHD1 SPS) which is located at the south end of 4S Ranch Parkway near the 4S Ranch Sports Park/Boys & Girls Club of Greater San Diego and Stone Ranch Elementary School in Director Division 4. The facility was originally constructed in 2000 by 4S Kelwood and dedicated to the District in 2002 as a part of the 4S Ranch Water Reclamation Facility (4S WRF) expansion. The NBHD1 SPS collects tributary flows from customers in the south end of the 4S Ranch development, including Black Mountain Ranch East Clusters, Heritage Bluffs, and the Avion developments. NBHD1 SPS pumps the effluent up 4S Ranch Parkway and over to the 4S Water Reclamation Facility on Dove Canyon Road through sewer force mains.

The initial construction contract was issued in February of 2022; however, supply chain issues and other unforeseen conditions lead to delays during the construction process. The Notice of Completion was approved by the Board in December of 2024.



Replacement Neighborhood 1 Sewer Pump Station under construction.

Azahar, Cadencia, Romeria Streets and Aldea Place Emergency Project:

On the evening of August 18, 2025, staff received a call from the Carlsbad Police Department regarding excessive water flow on Azahar street located in the District's service area. Systems Operators quickly arrived on site and were able to isolate and shut off water to this main. Even with the quick response time, there was substantial damage to the road due to the high-pressure release of water washing out the base dirt below the asphalt. Further, tree trimming equipment and a heavy truck were sunk into the street at the location of the leak. Staff worked into the morning and ultimately removed 11 dump trucks of mud from the site. Due to the extent of the damage to the street and the number of customers out of water, the General Manager officially declared an emergency on August 18 at 10 p.m.

Work continued on pipeline tie-ins and finishing pavement restoration. However, on Friday, August 29th, another leak was reported on Azahar street just uphill of where previous repairs had been made. While crews were beginning to make repairs to this new leak, staff noticed water running down Cadencia street, where another leak had formed upstream of previous repairs. Therefore, the project grew to include pipeline repairs on the connecting streets of Cadencia street, Romeria street, and Aldea place.

In early September, staff developed a plan to make permanent repairs to the pipe line under Azahar, Cadencia, and Romeria Streets and Aldea Place while keeping customers in water and limiting other impacts. By February 2026 all pipeline removal and replacement was completed and all affected customers were on the new pipeline. Staff remained in frequent communication with the affected community about the repair efforts; for example, staff met many customers in the field, sent several broadcast telephone calls to the affected customers with construction updates, and hand-delivered letters to residents in the area. In total, approximately 3,400 linear feet of pipeline was replaced along with upgrading to the lastest standards with 3 new fire hydrants, 13 new valves, 11 new pipeline clean out points, and 11 new manual air releases.

The site of the initial leak the morning or August 19th (left), and the corner of Azahar St. and Cadencia St. after repaving (right).

Olivenhain Municipal Water District

Summary of Completed Capital Improvement Projects

During Fiscal Years 2025 and 2026

Project Name	Total Project Budget	Capital Expenditures* Capital Improvement Funds Water	Recycled	Wastewater	Total Project Cost	Over (Under) Project Budget	Completed in Fiscal Year
Replace Neighborhood 1 Sewer Pump Station	8,582,000	-	-	8,610,852	8,610,852	28,852	FY 2025
Rancho Santa Fe Rd Unit A North Pipeline	2,094,000	2,004,000	-	-	2,004,000	(90,000)	FY 2025
Fixed Base Advanced Metering Infrastructure (AMI)	715,000	517,814	-	-	517,814	(197,186)	FY 2025
Firehouse Pump Station Sewer Emergency	600,000	-	-	554,380	554,380	(45,620)	FY 2025
Water Capital Improvement Projects Master Plan	583,000	584,295	-	-	584,295	1,295	FY 2025
DCMWTP 2nd Stage Membrane Train	472,500	239,259	-	-	239,259	(233,241)	FY 2025
Chlorine Generation Room Lining Rehabilitation	218,000	217,058	-	-	217,058	(942)	FY 2025
Firehouse Sewer Pump Station Liner Replacement	160,000	-	-	156,351	156,351	(3,649)	FY 2025
Del Dios Sewer Pump Station Wet Well Liner	139,000	-	-	160,072	160,072	21,072	FY 2025
District-Wide Facility Security Upgrades	130,000	104,429	-	-	104,429	(25,571)	FY 2025
Site Asphalt Improvements	60,000	58,790	-	-	58,790	(1,210)	FY 2025
Olivenhain Rd Storage Leak Emergency	55,000	54,915	-	-	54,915	(85)	FY 2025
Azahar & Cadencia Emergency	4,500,000	4,475,851	-	-	4,475,851	(24,149)	FY 2026
HOA Recycled Pipeline Extensions	4,395,000	-	4,365,516	-	4,365,516	(29,484)	FY 2026
DCMWTP 4th Stage Centrifuge	3,340,000	3,323,843	-	-	3,323,843	(16,157)	FY 2026
Village Park Pressure Reducing Station	1,689,500	1,688,275	-	-	1,688,275	(1,225)	FY 2026
Gardendale Pressure Reducing Station	1,463,500	1,463,231	-	-	1,463,231	(269)	FY 2026
Data Center Replacement	275,000	271,196	-	-	271,196	(3,804)	FY 2026
Replace 75HP Digester Blower	263,000	-	-	174,261	174,261	(88,739)	FY 2026
Strainer Coating Repairs	155,000	27,159	-	-	27,159	(127,841)	FY 2026
DCMWTP Bridge Crane Rehabilitation	97,000	97,073	-	-	97,073	73	FY 2026
Edgefield Lane Emergency	90,000	25,512	-	-	25,512	(64,488)	FY 2026
DCMWTP Building & Door Refurbishment	75,000	4,682	-	-	4,682	(70,318)	FY 2026
Replace Overflow Pond Strainer	50,000	-	-	49,995	49,995	(5)	FY 2026
Olivenhain Treated Pipeline (OTP 1) Leak Emergency	27,000	28,497	-	-	28,497	1,497	FY 2026
	$ 30,228,500	**$ 15,185,879**	**$ 4,365,516**	**$ 9,705,912**	**$ 29,257,307**	**$ (971,193)**	

Note: Project list excludes ongoing capital infrastructure replacement projects
* Some projects were still ongoing when Budget was finalized, may not reflect all costs through project close out

Construction Project Awards

The District's Unit A Rancho Santa Fe Road Potable Water Pipeline Replacement Project was recognized as a 2026 Project of the Year by American Public Works Association's San Diego and Imperial County Chapter (APWA).

The District examines its pipelines using a video surveillance tool called a "See Snake." This technology helped the District determine that the Unit A pipeline had reached the end of its useful life. The project replaced approximately 1,600 feet of the 12-inch pipeline under Rancho Santa Fe Road, at the border between Encinitas and Carlsbad.

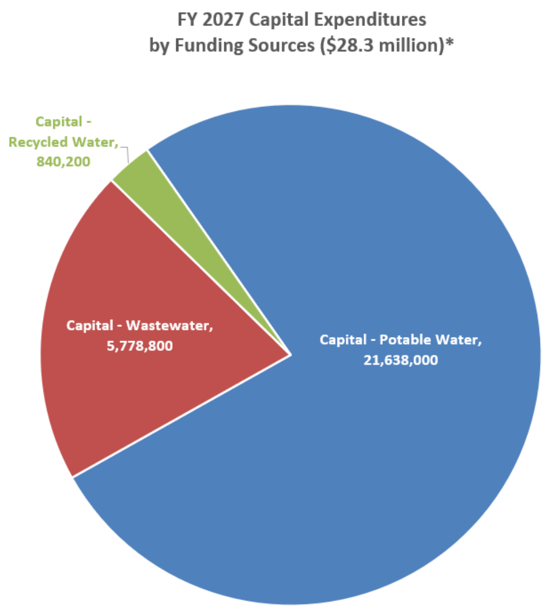
Staff worked with the cities of Carlsbad and Encinitas to minimize traffic impacts and ensure community safety during the project's construction. The District completed the project on time and within the approved budget.

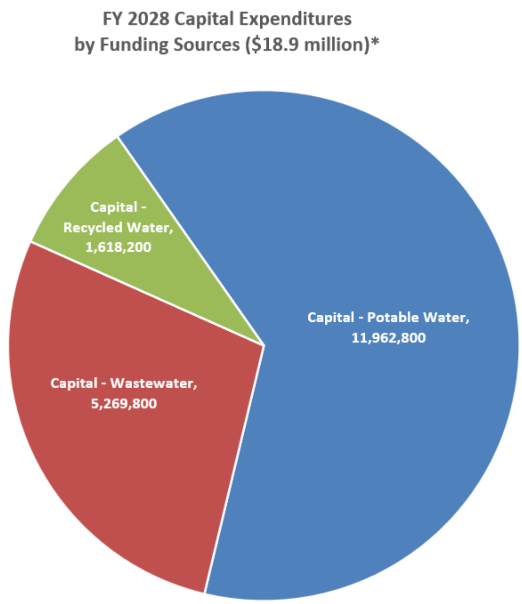
Construction crews installing the Unit A potable water pipeline

APWA is a professional association of public agencies, private companies, and individuals. APWA raises awareness of the benefits of "public works" through education and the sharing of knowledge. APWA's local chapter awards spotlight public works projects that improve a community's quality of life.

One of the reasons APWA honored this project was the District demonstrating "a commitment to the use of a sustainable infrastructure rating system". The pipeline was being replaced as a proactive measure rather than risking its failure. The project employed an innovative conditional assessment. The District used new technology and specialized sensory equipment to measure electromagnetic fields within the existing steel pipe to detect defects. Anomalies in those fatigued pipeline sections were identified and prioritized for replacement. Additional factors influencing pipeline prioritization included the age of the pipeline, emergency repair cost in the event of a pipeline failure (such as depth of pipe and traffic), community benefit, environmental protection, and customer impact in the event of a failure.

Summary of Capital Expenditures





The District's capital expenditures include capital item purchases and capital facilities. Total capital expenditures for Fiscal Years 2027 and 2028 are projected to be $48.2 million, consisting of $1.1 million in capital item purchases and $47.1 million in capital facilities.

Capital item purchases are capital and equipment required for the District's operational needs that cost at least $10,000 each and have a life of more than three years. These purchases include vehicles, shop and field equipment, office furniture and equipment and computers and peripheral equipment. Summaries of capital item purchases for Fiscal Years 2027 and 2028 can be found on the following pages.

Capital expenditures are costs to complete Board's approved water and wastewater infrastructure-related projects that require at least one year to complete. Capital expenditures include accumulated costs incurred for a project under construction, including design, construction, and capitalized expenses for District Staff's time on a project and material/supplies. The District pays for its capital improvement program from revenues collected from capacity/annexation fees, user rates and charges accumulated in the Water and Wastewater Capital Equipment Funds, and new debt issuances (when practicable).

The Board adopted a debt management policy that provides guidelines for the use of debt for financing District water and wastewater capital improvement program. The District's debt management policy can be found in the Introduction section of this document.

When prioritizing and making decisions on funding for its capital improvement project included in the 10-Year Capital Spending Plans, the following criteria are used:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to improve or enhance system reliability
- Diversification of water supply portfolio

Capital Improvement Projects- Funding Sources

The District funds its Water and Wastewater Capital Improvement Projects separately from available funds in Water - Capital and Equipment Fund and Wastewater - Capital and Equipment Fund and new debt issuance, when practicable. The breakdown of funding sources and uses in Water- Capital and Equipment Fund and Wastewater- Capital and Equipment Fund are shown on the following pages in this section of the document for illustration. More detailed information on the District's Water-Capital and Equipment Fund and Wastewater-Capital Equipment Fund can be found in financial policy section of this document. More details on projected and forecasted balances in Water- Capital and Equipment and Wastewater- Capital and Equipment funds are provided in the Long-Term Financial Plan section of this document.

For Fiscal Years 2027 and 2028, total projected capital expenditures and small capital item purchases for Water and Wastewater CIP of $28.9 million and $19.3 million, respectively, will be financed through PAYGO from reserves available in the Water- Capital and Equipment Fund and Wastewater-Capital and Equipment Fund.

Water-Capital and Equipment Fund:

Proposed potable and recycled water capital budget expenditures for Fiscal Years 2027 and 2028 are $22.5 million and $13.6 million, respectively. Proposed potable and recycled capital item purchases for Fiscal Years 2027 and 2028 are $619 thousand and $424 thousand, respectively.

Revenues collected from water rates and charges, capacity fees, excess property revenue, and other one-time revenues, such as selling of District's parcels and grant monies, are used to fund Water-Capital and Equipment Fund. The District makes annual contributions from water rates and capacity fees to this fund to provide funding for District water capital improvement projects included in the 10-Year Capital Spending Plan. Cash available in this fund is used to construct, improve, and replace water capital infrastructure and to purchase capital items approved by the Board and included in the District's Biennial Capital Budget.

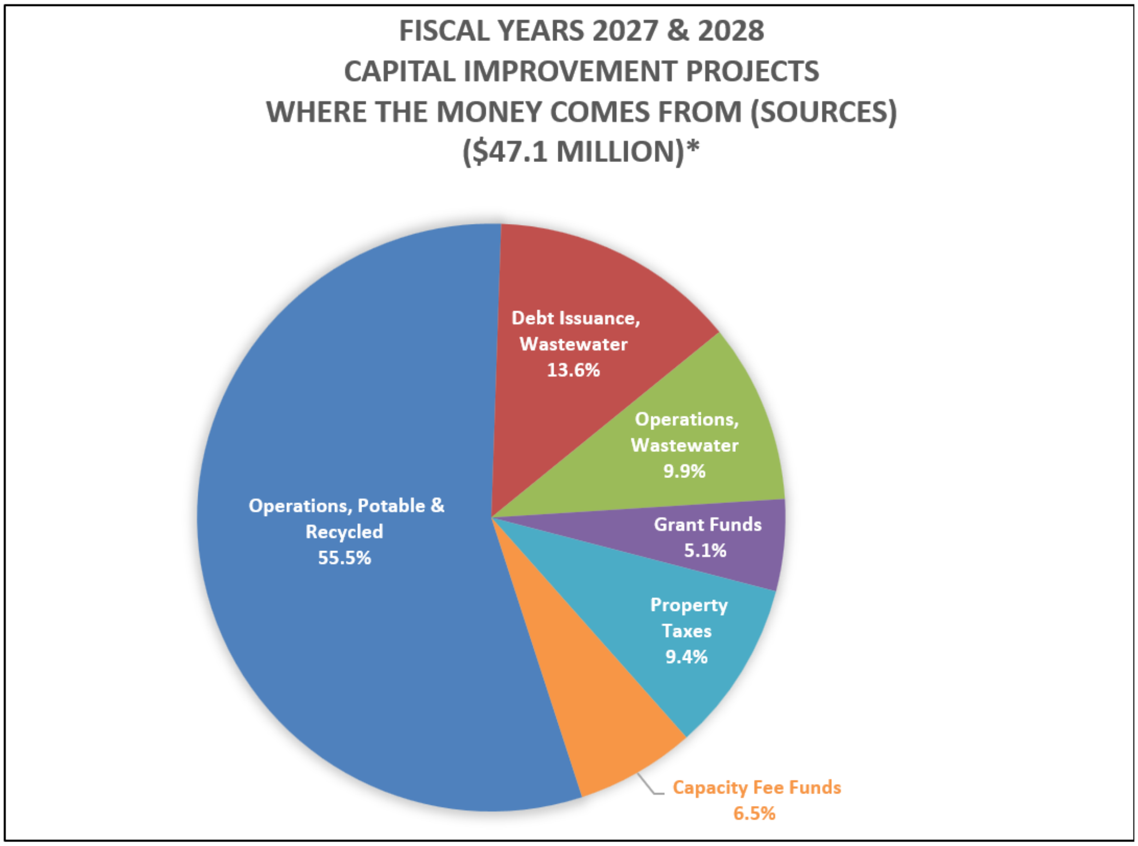
Wastewater-Capital and Equipment Fund:

Proposed wastewater capital budget expenditures for Fiscal Years 2027 and 2028 are $5.8 million and $5.3 million, respectively. Proposed wastewater capital item purchases for Fiscal Years 2027 and 2028 are $49 thousand and $24 thousand, respectively.

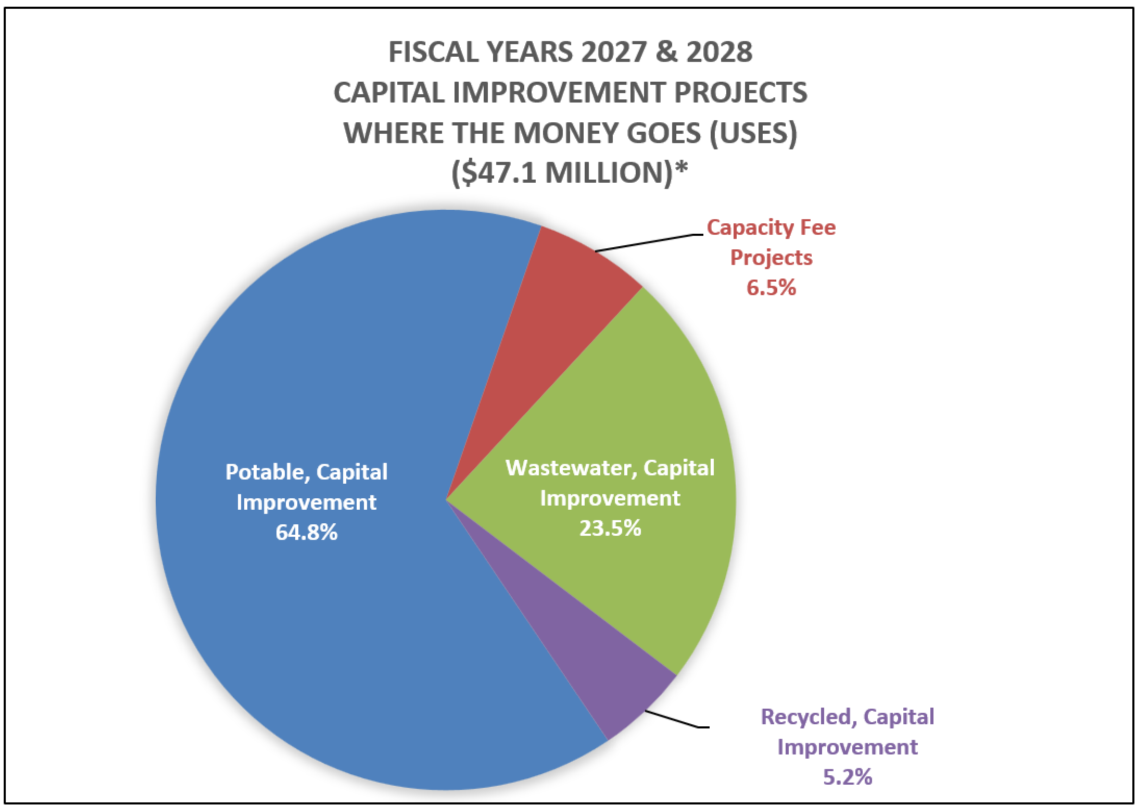
Revenues collected from wastewater rates and charges and annexation fees are funding sources for the Wastewater-Capital and Equipment Fund. The District issued debt in 2021 in the amount of $5 million. The District completed a Wastewater Cost of Service Study in 2024. To avoid future wastewater rate hike, the 2024 study recommended a debt issuance of $6.5 million that the District plans to issue during Fiscal Year 2027.

Additional information on Fiscal Years 2027 and 2028 capital budget expenditures by funding source is provided in the Capital Improvement Projects Summary and in the Summary of Small Capital Item Purchases sections of this budget document.

More details on each capital improvement project can be found in the CIP Detail by Funding Source section of the budget document.



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



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

Olivenhain Municipal Water District
SUMMARY OF SMALL CAPITAL ITEM PURCHASES
WATER, WASTEWATER AND RECYCLED OPERATIONS
Fiscal Year 2027

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	10	Guterman Zonescan NB-IoT Modules - Leak Detection Equipment (Replacement)	19,000	17,000	-	2,000
	2	Mobiltex Remote Monitor Unit - Cathodic Protection Equipment (Replacement)	7,000	7,000	-	-
	3	VHF Emergency Radios for EFRR (Replacement)	9,000	9,000	-	-
				-	-	-
				-	-	-
		Subtotal Shop and Field Equipment	**$ 35,000**	**$ 33,000**	**$ -**	**$ 2,000**
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	4	2027 Ford F-150 Truck (Replacement)	188,000	160,000	9,000	19,000
	2	2027 Ford F-250 Truck (Replacement)	130,000	111,000	7,000	12,000
	1	2026 John Deere 320P Backhoe	155,000	139,000	8,000	8,000
		Subtotal Automotive Equipment	**$ 473,000**	**$ 410,000**	**$ 24,000**	**$ 39,000**
Communication Equipment Project # D129840 - Potable Water Project # D709840 - Wastewater Project # D809840 - Recycled Water	1	Phone System Upgrade	25,000	20,000	4,000	1,000
		Subtotal Communication Equipment	**$ 25,000**	**$ 20,000**	**$ 4,000**	**$ 1,000**
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	1	Boardroom AV Upgrade (Replacement)	25,000	21,000	3,000	1,000
	15	Potable Computers (Replacement)	25,000	25,000	-	-
	3	Wastewater Computers (Replacement)	6,000	-	6,000	-
	7	Recycled Computers (Replacement)	12,000	-	-	12,000
	1	Potable Server (Replacement)	30,000	30,000	-	-
	2	Potable Network Switches (Replacement)	25,000	25,000	-	-
	1	Wastewater Network Switch (Replacement)	12,000		12,000	
		Subtotal Computer Hardware/Software	**$ 135,000**	**$ 101,000**	**$ 21,000**	**$ 13,000**
				Potable Water	**Wastewater**	**Recycled Water**
TOTAL			**$ 668,000**	**$ 564,000**	**$ 49,000**	**$ 55,000**

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

Olivenhain Municipal Water District
SUMMARY OF SMALL CAPITAL ITEM PURCHASES
WATER, WASTEWATER AND RECYCLED OPERATIONS
Fiscal Year 2028

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	10	Guterman Zonescan NB-IoT Modules - Leak Detection Equipment (Replacement)	19,000	17,000	-	2,000
	2	Mobiltex Remote Monitor Unit - Cathodic Protection Equipment (Replacement)	7,000	7,000	-	-
	1	Line Locating Equipment	9,000	5,000	1,000	3,000
				-	-	-
	Subtotal Shop and Field Equipment		**$ 35,000**	**$ 29,000**	**$ 1,000**	**$ 5,000**
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	2028 Crew Truck for Operations (Replacement)	260,000	221,000	13,000	26,000
	1	2028 F-450 Flatbed Truck for Operations (Replacement)	85,000	72,000	4,000	9,000
				-	-	-
	Subtotal Automotive Equipment		**$ 345,000**	**$ 293,000**	**$ 17,000**	**$ 35,000**
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	3	Wastewater Computer Hardware (Replacement)	6,000		6,000	-
	7	Recycled Computer Hardware (Replacement)	12,000		-	12,000
	15	Potable Computers (Replacement)	25,000	25,000		
	1	Potable Server (Replacement)	25,000	25,000		-
				-		
				-	-	
				-	-	-
	Subtotal Computer Hardware/Software		**$ 68,000**	**$ 50,000**	**$ 6,000**	**$ 12,000**
				Potable Water	**Wastewater**	**Recycled Water**
TOTAL			**$ 448,000**	**$ 372,000**	**$ 24,000**	**$ 52,000**

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

Olivenhain Municipal Water District

Capital Improvement Projects Summary

Fiscal Years 2027 and 2028

Project Name	Project Budget Through 2046		FY 2027 Capital Expenditures Capital Improvement Funds * Water	Recycled	Wastewater	Total FY 2027 Capital Exp.	FY 2028 Capital Expenditures Capital Improvement Funds * Water	Recycled	Wastewater	Total FY 2028 Capital Exp.
On-Going Projects										
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,819,000		1,490,000	-	-	1,490,000	-	-	-	-
Palms I and II Reservoirs Replacement	3,473,000		2,531,000	-	-	2,531,000	550,000	-	-	550,000
EFRR Parking Lot Expansion	1,711,000		1,436,000	-	-	1,436,000	60,000	-	-	60,000
10th St PRS Repairs	930,000		921,000	-	-	921,000	-	-	-	-
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	2,069,000		2,027,000	-	-	2,027,000	-	-	-	-
Dusty Trail PL Replacement	1,180,000		1,047,000	-	-	1,047,000	-	-	-	-
RSF Rd Pipeline Inspection	752,000		228,000	-	-	228,000	524,000	-	-	524,000
Encinitas Blvd PRS	411,000		146,000	-	-	146,000	260,000	-	-	260,000
Gano & San Dieguito Access Imp	120,000		120,000	-	-	120,000	-	-	-	-
San Dieguito Valley Groundwater Desalination Plant	75,437,000		1,634,000	-	-	1,634,000	1,921,000	-	-	1,921,000
Rancho La Cima/Aliso Canyon PL Relocation	315,000		-	-	-	-	50,000	-	-	50,000
CIS Infinity System Upgrade	410,500		316,000	-	-	316,000	10,000	-	-	10,000
Fleet Electrification Project (PW/RCW)	2,450,000		120,000	-	-	120,000	-	-	-	-
DCMWTP 1st Stage Beam Replacement	2,396,000		558,000	-	-	558,000	367,200	-	-	367,200
Units B & K Rehabilitation	2,402,000		326,000	-	-	326,000	-	-	-	-
Golem 14" Pipeline Inspection and Rehab	150,000		-	-	-	-	133,000	-	-	133,000
District-Wide PLC Replacements (PW/RCW)	1,466,000		252,000	-	-	252,000	-	-	-	-
Encinitas Blvd Pipeline Inspection & Rehab	677,000		599,000	-	-	599,000	-	-	-	-
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	671,000		648,000	-	-	648,000	-	-	-	-
Fluoride Safety Improvements	393,000		278,000	-	-	278,000	-	-	-	-
Centrifuge 731 (original) Major Service	60,000		54,000	-	-	54,000	-	-	-	-
District Wide Scada Upgrades	576,000		13,000	-	-	13,000	-	-	-	-
Tank Safety Improvements	1,600,000		359,000	-	-	359,000	-	-	-	-
Wanket RW Reservoir Rehabilitation	165,000		-	102,000	-	102,000	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	150,000		-	150,000	-	150,000	-	-	-	-
Upgrade Filter Electrical	17,000		-	17,000	-	17,000	-	-	-	-
4S WRF Scada Upgrades	64,000		-	-	3,000	3,000	-	-	-	-
District-Wide PLC Replacements (WW)	1,456,000		-	-	287,000	287,000	-	-	-	-
Headworks Screening System Improvements	4,869,000		-	-	3,234,000	3,234,000	-	-	-	-
Replace 4S WRF Clarifier Scum Boxes	160,000		-	-	160,000	160,000	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	1,476,000	(1)	-	124,000	186,000	310,000	-	465,600	698,400	1,164,000
Off-Spec and High Flow Diversion Pipeline	685,000	(1)	-	29,600	44,400	74,000	-	-	-	-
Replace WRF Electrical Conduits, Enclosures, and Lighting	386,000	(1)	-	21,600	32,400	54,000	-	132,800	199,200	332,000
Fleet Electrification Plan WW	950,000		-	-	15,000	15,000	-	-	-	-
Neighborhood #3 Liner Improvements	595,000		-	-	590,000	590,000	-	-	-	-
Total, On-going Projects	*112,441,500*		*15,103,000*	*444,200*	*4,551,800*	*20,099,000*	*3,875,200*	*598,400*	*897,600*	*5,371,200*
Recurring Replacement Projects										
Replace DCM WTP Membranes	14,079,000		1,850,000	-	-	1,850,000	1,082,000	-	-	1,082,000
Replace Potable Meters	9,966,000		962,000	-	-	962,000	998,000	-	-	998,000
Strategic Major System Valve Replacement Program	7,759,000		75,000	-	-	75,000	500,000	-	-	500,000
Replace Pipelines	7,616,000		664,000	-	-	664,000	684,000	-	-	684,000
Impressed current system protection	5,630,000		150,000	-	-	150,000	540,000	-	-	540,000
Replace Valves	4,166,000		363,000	-	-	363,000	374,000	-	-	374,000
Steel Mains Protection	3,475,000		100,000	-	-	100,000	332,000	-	-	332,000
Replace Pumps and Motors	2,126,000		185,000	-	-	185,000	191,000	-	-	191,000
Replace Meter Anodes	1,920,000		168,000	-	-	168,000	173,000	-	-	173,000
WTP Misc Equipment and Instrumentation Replacement	1,676,000		115,000	-	-	115,000	124,000	-	-	124,000
Network Security	1,300,000		109,000	-	-	109,000	114,000	-	-	114,000
Replace PRS Valves	683,000		58,000	-	-	58,000	60,000	-	-	60,000
WTP Membrane Train Control Wiring Replacement	584,000		140,000	-	-	140,000	144,000	-	-	144,000
Rehab Concrete Tanks	381,000		27,000	-	-	27,000	28,000	-	-	28,000
Replace Recycled Pipeline	630,000		-	54,000	-	54,000	-	56,000	-	56,000
Recycled Conversions	590,000		-	70,000	-	70,000	-	73,000	-	73,000
Replace Recycled Valves	590,000		-	50,000	-	50,000	-	52,000	-	52,000
Replace Recycled Meters	608,000		-	52,000	-	52,000	-	54,000	-	54,000
Replace WW Pump and Motor Replacement Program	2,752,000	(1)	-	90,400	135,600	226,000	-	95,600	143,400	239,000
Mechanical and Yard Piping Replacement Program	1,569,000	(1)	-	-	-	-	-	15,600	23,400	39,000
WW Valve and Gate Replacement Program	1,215,000	(1)	-	20,000	30,000	50,000	-	30,000	45,000	75,000
Collection System Pipeline Rehabilitation and Replacement	919,000		-	-	80,000	80,000	-	-	82,000	82,000
Pump Station Rehabilitation and Maintenance Program	887,000		-	-	78,000	78,000	-	-	80,000	80,000
Collection System Manhole Rehabilitation Program	847,000		-	-	74,000	74,000	-	-	76,000	76,000
Instrumentation Replacement Program	705,000	(1)	-	-	-	-	-	10,000	15,000	25,000
Miscellaneous Equipment Replacement Program	250,000	(1)	-	14,000	21,000	35,000	-	16,000	24,000	40,000
Total, Recurring Projects	*72,923,000*		*4,966,000*	*350,400*	*418,600*	*5,735,000*	*5,344,000*	*402,200*	*488,800*	*6,235,000*
Proposed Projects										
DCMWTP BWWEQ Tank Rehab	596,000		596,000	-	-	596,000	-	-	-	-
DCMWTP FCV Actuators Replacement	310,000		310,000	-	-	310,000	-	-	-	-
Emerging Constituents Planning Study	250,000		250,000	-	-	250,000	-	-	-	-
Miller 14" Valve and Vault Replacement	1,697,000		213,000	-	-	213,000	731,000	-	-	731,000
AC Pipe Risk Assessment Study	150,000		150,000	-	-	150,000	-	-	-	-
DCMWTP On-Site Improvements to Connect to New Sewer Pump Station	1,445,000		50,000	-	-	50,000	50,000	-	-	50,000
DCMWTP 1st Stage Basins Rehab	6,023,000		-	-	-	-	1,204,600	-	-	1,204,600
GP Migration	850,000		-	-	-	-	405,000	-	-	405,000
DCMWTP Replace Chemical Storage Systems	627,000		-	-	-	-	203,000	-	-	203,000
DCMWTP Sodium Hypochlorite Room Rehab	95,000		-	-	-	-	95,000	-	-	95,000
Peay Outlet Air Vac Improvements	283,000		-	-	-	-	55,000	-	-	55,000
Recycled Water Storage Pond Upgrades	2,668,000		-	-	-	-	-	390,000	-	390,000
Del Dios SPS Improvements	3,775,000		-	-	552,000	552,000	-	-	3,223,000	3,223,000
Cielo SPS Flow Meters	250,000		-	-	120,000	120,000	-	-	-	-
Chemical Area Upgrades	412,000	(1)	-	36,800	55,200	92,000	-	-	-	-
Replace RAS Pump Station Suction Valves	68,000		-	-	68,000	68,000	-	-	-	-
Rehabilitation of Generator Enclosure Top	22,000	(1)	-	8,800	13,200	22,000	-	-	-	-
4S Chemical Line Assessment/Replacement	360,000	(1)	-	-	-	-	-	144,000	216,000	360,000
Midpoint SPS Improvements	2,179,000		-	-	-	-	-	-	319,000	319,000
Replace Roll-up doors	209,000	(1)	-	-	-	-	-	83,600	125,400	209,000
Total, Proposed Projects	*22,269,000*		*1,569,000*	*45,600*	*808,400*	*2,423,000*	*2,743,600*	*617,600*	*3,883,400*	*7,244,600*
Total All Projects	**$ 207,633,500**		**$ 21,638,000**	**$ 840,200**	**$ 5,778,800**	**$ 28,257,000**	**$ 11,962,800**	**$ 1,618,200**	**$ 5,269,800**	**$ 18,850,800**

*** Includes Capacity Fee and Capital and Equipment Funds**

(1) These are multi-fund projects with 60% of the cost being funded by Wastewater and 40% by Recycled.

Significant Capital Improvement Projects

A list of significant capital improvement projects, with a total cost of at least $1 million in capital expenditures, and in progress during the biennial budget period, are summarized below:

#	Project	FY 2027 Capital Expenditures	FY 2028 Capital Expenditures	Total Cost to Complete
1	San Dieguito Valley Groundwater Desalination Plant	1,634,000	1,921,000	75,437,000
2	DCMWTP 1st Stage Basins Rehab	-	1,204,600	6,023,000
3	Headworks Screening System Improvements	3,234,000	-	4,869,000
4	Del Dios SPS Improvements	552,000	3,223,000	3,775,000
5	Palms I and II Reservoirs Replacement	2,531,000	550,000	3,473,000
6	Fleet Electrification Plan (Water & WW)	135,000	-	3,400,000
7	District-Wide PLC Replacements (Water & WW)	539,000	-	2,922,000
8	Recycled Water Storage Pond Upgrades	-	390,000	2,668,000
9	Units B & K Rehabilitation	326,000	-	2,402,000
10	DCMWTP 1st Stage Beam Replacement	558,000	367,200	2,396,000
11	Midpoint SPS Improvements	-	319,000	2,179,000
12	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	2,027,000	-	2,069,000
13	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,490,000	-	1,819,000
14	EFRR Parking Lot Expansion	1,436,000	60,000	1,711,000
15	Miller 14" Valve and Vault Replacement	213,000	731,000	1,697,000
16	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	310,000	1,164,000	1,476,000
17	DCMWTP On-Site Improvements to Connect to New Sewer Pump Station	50,000	50,000	1,445,000
18	Dusty Trail PL Replacement	1,047,000	-	1,180,000
	Total	**16,082,000**	**9,979,800**	**120,941,000**

The enclosed project summary sheets contain details of each significant project including each project's potential impact on District water and wastewater operations, where applicable. To replace and maintain existing water and wastewater facilities, the District has developed Recurring Replacement Projects in the 10-Year Capital Spending Plan.

Project Summary

Project 1 **San Dieguito Valley Groundwater Desalination Plant**

Project Description

This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2012	FY 2029	9,701,000
Construction Phase	FY 2032	FY 2034	65,736,000
Total			$ 75,437,000
Total Spent Through FY 2026			$ 5,274,000

Funding Source

Capacity Fee and capital improvement funds, future debt to be issued, and grant funds.

Estimated Annual Impact on Operating Costs (full year to begin in 2028)

	INC (DEC)	COMMENTS
O&M Costs	-	Project is in the feasibility stage. Impact of operating costs is difficult to estimate at this time.
Other	-	
	$ -	

Non-Financial Impacts

Less dependent on imported water supply as stated below.

Why is Project Necessary

This local product will help the District diversify its current water supply portfolio and improve local reliability. Because the supply is local, it is less subject to reduction from water supply shortages, or wholesale conveyance infrastructure interruptions.

Project Summary

Project 2 **DCMWTP 1st Stage Basins Rehab**

Project Description

Based on 2024 condition assessment results, remove HDPE liner, perform concrete wall repairs, and replace HDPE liner for all 10 1st stage basins. Rehab pipe penetrations and pipe supports.

Estimated Schedule and Costs

	Start	Finish	Cost	
Planning and Design Phase	FY 2025	FY 2026	-	*design being completed with other WTP Basin Rehab Program projects
Construction Phase	FY 2028	FY 2032	6,023,000	
Total			$ 6,023,000	
Total Spent Through FY 2026			$ -	

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
O&M Costs	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improve reliability of DCMWTP.

Why is Project Necessary

Condition assessment revealed failed liner and degraded concrete behind liner. Also, condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 3 **Headworks Screening System Improvements**

Project Description

To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2018	FY 2025	406,000
Construction Phase	FY 2025	FY 2027	4,463,000
Total			$ 4,869,000
Total Spent Through FY 2026			$ 1,635,000

Funding Source

Wastewater capital improvement funds, debt issuances, and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited - additional equipment will have limited additional O&M
	$ -	

Non-Financial Impacts

Improved reliability.

Why is Project Necessary

To provide redundancy in the event of a headworks screen failure. With a redundant screen system, the plant can remain in operation while maintenance and repairs are performed.

Project Summary

Project 4 **Del Dios SPS Improvements**

Project Description

As identified in the 2024 Wastewater Master Plan Update, the Del Dios SPS requires upgrades to pumps, electrical, and other facility improvements.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2027	FY 2028	552,000
Construction Phase	FY 2028	FY 2029	3,223,000
Total			$ 3,775,000
Total Spent Through FY 2026			$ -

Funding Source

Wastewater capital improvement funds, and debt issuance

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improved reliability in collections system.

Why is Project Necessary

Infrastrucure requires improvements.

Project Summary

Project 5	**Palms I and II Reservoirs Replacement**

Project Description

Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321. Includes major system valve replacements required to facilitate operational shutdown.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2025	150,000
Construction Phase	FY 2026	FY 2026	3,323,000
Total			$ 3,473,000
Total Spent Through FY 2026			$ 392,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited - new and rehabilitated infrastructure will have limited additional O&M
	$ -	

Non-Financial Impacts

Improve system reliability.

Why is Project Necessary

Existing tanks are aging and no longer needed for supply. Replace existing tanks with PR stations instead of rehabilitating two aging tanks.

Project Summary

Project 6 **Fleet Electrification Plan (Water & WW)**

Project Description

Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles. This includes two separate projects to encompass water and wastewater.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2024	FY 2029	620,000
Construction Phase	FY 2030	FY 2031	2,780,000
Total			$ 3,400,000
Total Spent Through FY 2026			$ 73,000

Funding Source

Water and Wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Project is in the feasability stage. Impact to operating costs is difficult to estimate at this time.
Other	-	
	$ -	

Non-Financial Impacts

None.

Why is Project Necessary

Comply with legislative guidelines.

Project Summary

Project 7 — **District-Wide PLC Replacements (Water & Wastewater)**

Project Description

Many PLCs are at end of life and will no longer be supported. This includes two separate projects to encompass water and wastewater.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2024	322,000
Construction Phase	FY 2024	FY 2027	2,600,000
Total			$ 2,922,000
Total Spent Through FY 2026			$ 2,383,000

Funding Source

Water and wastewater capital improvement funds, and debt issuance

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Increase the reliability of PLCs throughout the District's system and reduce unplanned service interruptions.

Why is Project Necessary

Existing PLC units are at end of life and no longer supported by manufacturer. Replacement of critical PLCs with supported units will ensure continuity of service throughout the District.

Project Summary

Project 8 **Recycled Water Storage Pond Upgrades**

Project Description

As identified in the 2024 Wastewater Master Plan, replace or relocate duct bank providing power to storage pond pump station located below pond. Replace inlet gates and stem to improve access and mitigate risk of confined space entry.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2028	FY 2029	390,000
Construction Phase	FY 2029	FY 2030	2,278,000
Total			$ 2,668,000
Total Spent Through FY 2026			$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
O&M Costs	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improved reliability and safety.

Why is Project Necessary

Infrastructure in need of rehabilitation.

Project Summary

Project 9 **Units B & K Rehabilitation**

Project Description

This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2027	327,000
Construction Phase	FY 2030	FY 2033	2,075,000
Total			$ 2,402,000
Total Spent Through FY 2026			$ 236,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Reduce unplanned potable water service interruptions, improve water loss.

Why is Project Necessary

Condition assessment inspections revealed areas of internal corrosion and missing lining material. Project will repair those areas of defect and prolong the useful life of the pipelines.

Project Summary

Project 10 — **DCMWTP 1st Stage Beam Replacement**

Project Description

Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2026	420,000
Construction Phase	FY 2028	FY 2032	1,976,000
Total			$ 2,396,000

Total Spent Through FY 2026	$ 2,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improves safety and reliability of DCMWTP.

Why is Project Necessary

Results of the 2024 condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 11 **Midpoint SPS Improvements**

Project Description

As identified in the 2024 Wastewater Master Plan Update, site/civil, mechanical, and electrical improvements to address equipment conditions reaching the end of useful life.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2028	FY 2028	319,000
Construction Phase	FY 2029	FY 2029	1,860,000
Total			$ 2,179,000
Total Spent Through FY 2026			$ -

Funding Source

Wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improved reliability in collections system.

Why is Project Necessary

Infrastrucure requires improvements.

Project Summary

Project 12 — **DCMWTP Combined Filter Influent & Backwash Pipe Replacement**

Project Description

Based on 2024 condition assessment results, replace the Combined Filter Influent piping within blower room and membrane room. Replace backpulse pipe elbow and floor penetration within membrane room.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2026	180,000
Construction Phase	FY 2027	FY 2027	1,889,000
Total			$ 2,069,000
Total Spent Through FY 2026			$ 42,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
O&M Costs	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improve reliability of DCMWTP.

Why is Project Necessary

Infrastructure is in poor condition and are single points of failure.

Project Summary

Project 13 **DCMWTP 2nd Stage Basin Rehab and Beam Replacement**

Project Description

Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2026	360,000
Construction Phase	FY 2027	FY 2027	1,459,000
Total			$ 1,819,000
Total Spent Through FY 2026			$ 329,000

Funding Source

Water capital improvement funds.

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improves safety and reliability of DCMWTP.

Why is Project Necessary

Condition assessment revealed failed liner and degraded concrete behind liner. Also, condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 14 — **EFRR Parking Lot Expansion**

Project Description

This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2015	FY 2027	258,000
Construction Phase	FY 2027	FY 2028	1,453,000
Total			$ 1,711,000
Total Spent Through FY 2026			$ 215,000

Funding Source

Water capital improvement funds and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - system will continue to be managed with existing staff
Other	-	Limited - additional infrastructure will have limited additional O&M
	$ -	

Non-Financial Impacts

Increased saftey by allowing more visitors to park in the expanded parking lot rather than on the main road heading into EFRR.

Why is Project Necessary

To increase the overflow parking lot capacity to accommodate the public’s growing recreation demand due to population increases and development. Expansion of the overflow parking lot will renovate an existing 16-stall parking lot to an approximate 60-stall parking lot.

Project Summary

Project 15 **Miller 14" Valve and Vault Replacement**

Project Description

This project will replace critical Miller PRS infrastrucure to improve system reliablility and reduce risk of service disruption to a major pressure zone.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2027	FY 2028	213,000
Construction Phase	FY 2028	FY 2029	1,484,000
Total			$ 1,697,000
Total Spent Through FY 2026			$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
O&M Costs	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improve system reliability.

Why is Project Necessary

Infrastructure is in poor condition and needs to be replaced or rehabilitated.

Project Summary

Project 16 **Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch**

Project Description

As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF main electrical switch gear as it reaches end of life to maintain operational reliability.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2027	FY 2028	311,000
Construction Phase	FY 2028	FY 2029	1,165,000
Total			$ 1,476,000
Total Spent Through FY 2026			$ 1,200

Funding Source

Wastewater and Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improve reliability.

Why is Project Necessary

Infrastructure approaching end of useful life.

Project Summary

Project 17 **DCMWTP On-Site Improvements to Connect to New Sewer Pump Station**

Project Description

Install pumps and appurtenances and reconfigure manhole to connect to planned sewer lift station being built by developer

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2027	FY 2029	253,000
Construction Phase	FY 2029	FY 2030	1,192,000
Total			$ 1,445,000
Total Spent Through FY 2026			$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
O&M Costs	-	Reduce hauling costs
Other	-	
	$ -	

Non-Financial Impacts

Reduce risk of on-site waste storage

Why is Project Necessary

DMCWTP was always intended to be connected to Cielo sewer, but the original developer went bankrupt before entire sewer system was completed. DCMWTP has been hauling liquid waste off-site since then.

Project Summary

Project 18 **Dusty Trail PL Replacement**

Project Description

Replacement of existing 10" ACP pipeline on Dusty Trail which has experience multiple breaks.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2026	120,000
Construction Phase	FY 2027	FY 2027	1,060,000
Total			$ 1,180,000
Total Spent Through FY 2026			$ 133,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
	$ -	

Non-Financial Impacts

Improve system reliability.

Why is Project Necessary

Infrastructure is in poor condition and needs to be replaced or rehabilitated.

Recurring Replacement Projects

Infrastructure Replacement Program

Project Description

This summarizes major replacement and betterment projects (budgets of $1 million or more) which are included in the 10-Year Plan. Various infrastructure components will be replaced annually, based on historical information (year placed in service, etc.), maintenance records and prioritized need.

Projects:	FY 2027	FY 2028	FY 2029 - 2036	Total
Replace DCM WTP Membranes	1,850,000	1,082,000	11,147,000	14,079,000
Replace Potable Meters	962,000	998,000	8,006,000	9,966,000
Strategic Major System Valve Replacement Program	75,000	500,000	7,184,000	7,759,000
Replace Pipelines	664,000	684,000	6,268,000	7,616,000
Impressed current system protection	150,000	540,000	4,940,000	5,630,000
Replace Valves	363,000	374,000	3,429,000	4,166,000
Steel Mains Protection	100,000	332,000	3,043,000	3,475,000
Replace WW Pump and Motor Replacement Program	226,000	239,000	2,287,000	2,752,000
Replace Pumps and Motors	185,000	191,000	1,750,000	2,126,000
Replace Meter Anodes	168,000	173,000	1,579,000	1,920,000
WTP Misc Equipment and Instrumentation Replacement	115,000	124,000	1,437,000	1,676,000
Mechanical and Yard Piping Replacement Program	-	39,000	1,530,000	1,569,000
Network Security	109,000	114,000	1,077,000	1,300,000
WW Valve and Gate Replacement Program	50,000	75,000	1,090,000	1,215,000
Total	$ 5,017,000	$ 5,465,000	$ 54,767,000	$ 65,249,000

Funding Sources

Water and wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Anticipate saving overtime costs due to a decrease in after-hours calls due to system leaks.
Other	-	None
	$ -	

Non-Financial Impacts

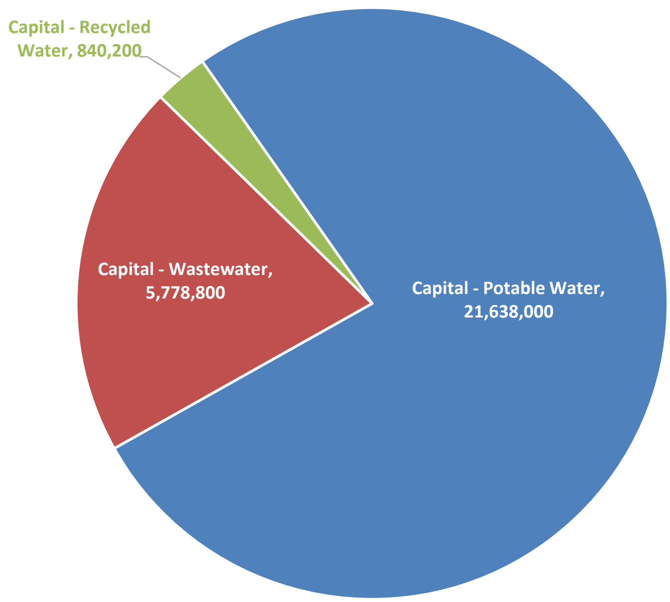
Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

Why Projects are Necessary

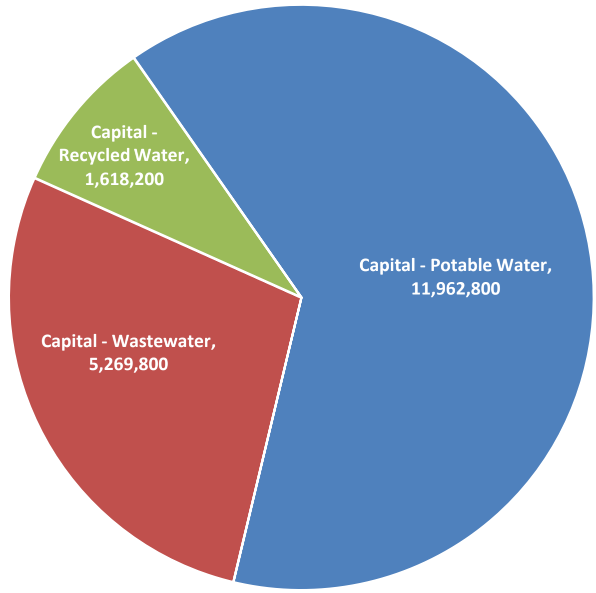
The District is shifting it's focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.

Capital Improvement Project Expenditures By Fund

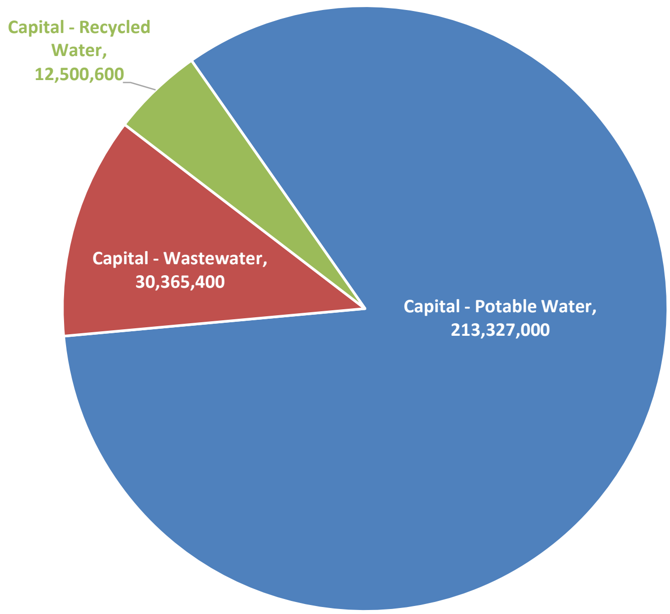
FY 2027 Capital Expenditures
by Funding Sources ($28.3 million)*



FY 2028 Capital Expenditures
by Funding Sources ($18.9 million)*



10 Year Capital Improvement Project
Expenditures by Fund ($244.1 million)*
FY 2027-2036



** Total amounts are rounded*

Olivenhain Municipal Water Distric
Fiscal Years 2027 and 2028 Capital Improvement Program - Budget Review
Capital Improvement Fund - Water (Potable and Recycled)

Project Name		Construction in Progress Budge Project Budget 7/1/2025	Approved FY 2026	Increase (Decrease)	Project Budget 7/1/2026
On-Going Projects					
DCMWTP 2nd Stage Basin Rehab and Beam Replacement		1,784,000	-	35,000	1,819,000
Palms I and II Reservoirs Replacement		2,592,000	-	881,000	3,473,000
EFRR Parking Lot Expansion		1,385,000	-	326,000	1,711,000
10th St PRS Repairs		100,000	-	830,000	930,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement		708,000	-	1,361,000	2,069,000
Dusty Trail PL Replacement		1,180,000	-	-	1,180,000
RSF Rd Pipeline Inspection		688,000	-	64,000	752,000
Encinitas Blvd PRS		100,000	-	311,000	411,000
Gano & San Dieguito Access Imp		75,000	-	45,000	120,000
San Dieguito Valley Groundwater Desalination Plant		75,437,000	-	-	75,437,000
Rancho La Cima/Aliso Canyon PL Relocation		315,000	-	-	315,000
CIS Infinity System Upgrade		400,500	-	10,000	410,500
Fleet Electrification Project (PW/RCW)		2,450,000	-	-	2,450,000
DCMWTP 1st Stage Beam Replacement		2,206,000	-	190,000	2,396,000
Units B & K Rehabilitation		2,142,000	-	260,000	2,402,000
Golem 14" Pipeline Inspection and Rehab		150,000	-	-	150,000
District-Wide PLC Replacements (PW/RCW)		1,466,000	-	-	1,466,000
Encinitas Blvd Pipeline Inspection & Rehab		677,000	-	-	677,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab		671,000	-	-	671,000
Fluoride Safety Improvements		-	225,000	168,000	393,000
Centrifuge 731 (original) Major Service		60,000	-	-	60,000
District Wide Scada Upgrades		256,000	-	320,000	576,000
Tank Safety Improvements		590,000	-	1,010,000	1,600,000
Wanket RW Reservoir Rehabilitation		150,000	-	15,000	165,000
Santa Fe Valley RW Reservoir Improvements		150,000	-	-	150,000
Upgrade Filter Electrical		118,000	-	(101,000)	17,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(1)	514,400	-	76,000	590,400
Off-Spec and High Flow Diversion Pipeline	(1)	274,000	-	-	274,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(1)	146,800	-	7,600	154,400
Recurring Replacement Projects					
Replace DCM WTP Membranes		11,231,000	-	2,848,000	14,079,000
Replace Potable Meters		9,304,000	-	662,000	9,966,000
Strategic Major System Valve Replacement Program		-	-	7,759,000	7,759,000
Replace Pipelines		5,595,000	(192,000)	2,213,000	7,616,000
Impressed current system protection		-	-	5,630,000	5,630,000
Replace Valves		8,604,000	276,600	(4,714,600)	4,166,000
Steel Mains Protection		3,484,000	-	(9,000)	3,475,000
Replace Pumps and Motors		2,004,000	-	122,000	2,126,000
Replace Meter Anodes		1,886,000	-	34,000	1,920,000
WTP Misc Equipment and Instrumentation Replacement		1,434,000	-	242,000	1,676,000
Network Security		1,210,000	-	90,000	1,300,000
Replace PRS Valves		642,000	-	41,000	683,000
WTP Membrane Train Control Wiring Replacement		395,000	-	189,000	584,000
Rehab Concrete Tanks		295,000	-	86,000	381,000
Replace Recycled Pipeline		780,000	-	(150,000)	630,000
Recycled Conversions		819,000	-	(229,000)	590,000
Replace Recycled Valves		850,000	-	(260,000)	590,000
Replace Recycled Meters		543,000	-	65,000	608,000
Replace WW Pump and Motor Replacement Program	(1)	1,015,600	-	85,200	1,100,800
Mechanical and Yard Piping Replacement Program	(1)	-	-	627,600	627,600
WW Valve and Gate Replacement Program	(1)	374,000	-	112,000	486,000
Instrumentation Replacement Program	(1)	-	-	282,000	282,000
Miscellaneous Equipment Replacement Program	(1)	107,600	-	(7,600)	100,000
Total, On-Going and Replacement Projects		$ 147,358,900	$ 309,600	$ 21,526,200	$ 169,194,700
Proposed New Projects					
DCMWTP BWWEQ Tank Rehab		-	-	596,000	596,000
DCMWTP FCV Actuators Replacement		-	-	310,000	310,000
Emerging Constituents Planning Study		-	-	250,000	250,000
Miller 14" Valve and Vault Replacement		-	-	1,697,000	1,697,000
AC Pipe Risk Assessment Study		-	-	150,000	150,000
DCMWTP On-Site Improvements to Connect to New Sewer Pump Station		-	-	1,445,000	1,445,000
DCMWTP 1st Stage Basins Rehab		-	-	6,023,000	6,023,000
GP Migration		-	-	850,000	850,000
DCMWTP Replace Chemical Storage Systems		-	-	627,000	627,000
DCMWTP Sodium Hypochlorite Room Rehab		-	-	95,000	95,000
Peay Outlet Air Vac Improvements		-	-	283,000	283,000
Recycled Water Storage Pond Upgrades		-	-	2,668,000	2,668,000
Chemical Area Upgrades	(1)	-	-	164,800	164,800
Rehabilitation of Generator Enclosure Top	(1)	-	-	8,800	8,800
4S Chemical Line Assessment/Replacement	(1)	-	-	144,000	144,000
Replace Roll-up doors	(1)	-	-	83,600	83,600
Total, Proposed New Projects		$ -	$ -	$ 15,395,200	$ 15,395,200
Total		**$ 147,358,900**	**$ 309,600**	**$ 36,921,400**	**$ 184,589,900**

(1) These projects are also funded by wastewater, only the costs funded by recycled are shown here.

		Capital	Projected 10-Year Capital Expenditures					Construction in Progress Appropriation					
Project Name		Project Budget	Carryover at 6/30/2026	FY2027	FY2028	FYs 2029-2036	Total	As of 7/1/2025	Approved FY2026	Adjust	Balance 7/1/2026	Adjust	Balance 7/1/2027
On-Going Projects													
DCMWTP 2nd Stage Basin Rehab and Beam Replacement		1,819,000	329,000	1,490,000	-	-	1,819,000	577,000	-	1,242,000	1,819,000	-	1,819,000
Palms I and II Reservoirs Replacement		3,473,000	392,000	2,531,000	550,000	-	3,473,000	1,683,000	-	1,240,000	2,923,000	550,000	3,473,000
EFRR Parking Lot Expansion		1,711,000	215,000	1,436,000	60,000	-	1,711,000	476,000	-	1,175,000	1,651,000	60,000	1,711,000
10th St PRS Repairs		930,000	9,000	921,000	-	-	930,000	100,000	-	830,000	930,000	-	930,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement		2,069,000	42,000	2,027,000	-	-	2,069,000	180,000	-	1,889,000	2,069,000	-	2,069,000
Dusty Trail PL Replacement		1,180,000	133,000	1,047,000	-	-	1,180,000	830,000	-	350,000	1,180,000	-	1,180,000
RSF Rd Pipeline Inspection		752,000	-	228,000	524,000	-	752,000	64,000	-	164,000	228,000	524,000	752,000
Encinitas Blvd PRS		411,000	5,000	146,000	260,000	-	411,000	100,000	-	51,000	151,000	260,000	411,000
Gano & San Dieguito Access Imp		120,000	-	120,000	-	-	120,000	75,000	(75,000)	120,000	120,000	-	120,000
San Dieguito Valley Groundwater Desalination Plant		75,437,000	5,274,000	1,634,000	1,921,000	66,608,000	75,437,000	6,808,000	-	100,000	6,908,000	1,921,000	8,829,000
Rancho La Cima/Aliso Canyon PL Relocation		315,000	65,000	-	50,000	200,000	315,000	165,000	(100,000)	-	65,000	50,000	115,000
CIS Infinity System Upgrade		410,500	84,500	316,000	10,000	-	410,500	400,500	-	-	400,500	10,000	410,500
Fleet Electrification Project (PW/RCW)		2,450,000	73,000	120,000	-	2,257,000	2,450,000	193,000	-	-	193,000	-	193,000
DCMWTP 1st Stage Beam Replacement		2,396,000	2,000	558,000	367,200	1,468,800	2,396,000	560,000	-	-	560,000	367,200	927,200
Units B & K Rehabilitation		2,402,000	236,000	326,000	-	1,840,000	2,402,000	562,000	-	-	562,000	-	562,000
Golem 14" Pipeline Inspection and Rehab		150,000	17,000	-	133,000	-	150,000	150,000	(133,000)	-	17,000	133,000	150,000
District-Wide PLC Replacements (PW/RCW)		1,466,000	1,214,000	252,000	-	-	1,466,000	1,466,000	-	-	1,466,000	-	1,466,000
Encinitas Blvd Pipeline Inspection & Rehab		677,000	78,000	599,000	-	-	677,000	677,000	-	-	677,000	-	677,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab		671,000	23,000	648,000	-	-	671,000	671,000	-	-	671,000	-	671,000
Fluoride Safety Improvements		393,000	115,000	278,000	-	-	393,000	-	225,000	168,000	393,000	-	393,000
Centrifuge 731 (original) Major Service		60,000	6,000	54,000	-	-	60,000	60,000	-	-	60,000	-	60,000
District Wide Scada Upgrades		576,000	243,000	13,000	-	320,000	576,000	256,000	-	-	256,000	-	256,000
Tank Safety Improvements		1,600,000	231,000	359,000	-	1,010,000	1,600,000	590,000	-	-	590,000	-	590,000
Wanket RW Reservoir Rehabilitation		165,000	63,000	102,000	-	-	165,000	150,000	-	15,000	165,000	-	165,000
Santa Fe Valley RW Reservoir Improvements		150,000	-	150,000	-	-	150,000	150,000	-	-	150,000	-	150,000
Upgrade Filter Electrical		17,000	-	17,000	-	-	17,000	17,000	-	-	17,000	-	17,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(1)	590,400	800	124,000	465,600	-	590,400	45,200	-	79,600	124,800	465,600	590,400
Off-Spec and High Flow Diversion Pipeline	(1)	274,000	244,400	29,600	-	-	274,000	254,000	-	20,000	274,000	-	274,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(1)	154,400	-	21,600	132,800	-	154,400	21,600	-	-	21,600	132,800	154,400
Recurring Replacement Projects													
Replace DCM WTP Membranes		14,079,000	-	1,850,000	1,082,000	11,147,000	14,079,000	973,000	-	877,000	1,850,000	(768,000)	1,082,000
Replace Potable Meters		9,966,000	-	962,000	998,000	8,006,000	9,966,000	927,000	-	35,000	962,000	36,000	998,000
Strategic Major System Valve Replacement Program		7,759,000	-	75,000	500,000	7,184,000	7,759,000	-	-	75,000	75,000	425,000	500,000
Replace Pipelines		7,616,000	-	664,000	684,000	6,268,000	7,616,000	515,000	(192,000)	341,000	664,000	20,000	684,000
Impressed current system protection		5,630,000	-	150,000	540,000	4,940,000	5,630,000	-	-	150,000	150,000	390,000	540,000
Replace Valves		4,166,000	-	363,000	374,000	3,429,000	4,166,000	773,000	276,600	(686,600)	363,000	11,000	374,000
Steel Mains Protection		3,475,000	-	100,000	332,000	3,043,000	3,475,000	767,000	-	(667,000)	100,000	232,000	332,000
Replace Pumps and Motors		2,126,000	-	185,000	191,000	1,750,000	2,126,000	180,000	-	5,000	185,000	6,000	191,000
Replace Meter Anodes		1,920,000	-	168,000	173,000	1,579,000	1,920,000	163,000	-	5,000	168,000	5,000	173,000
WTP Misc Equipment and Instrumentation Replacement		1,676,000	-	115,000	124,000	1,437,000	1,676,000	106,000	-	9,000	115,000	9,000	124,000
Network Security		1,300,000	-	109,000	114,000	1,077,000	1,300,000	104,000	-	5,000	109,000	5,000	114,000
Replace PRS Valves		683,000	-	58,000	60,000	565,000	683,000	56,000	-	2,000	58,000	2,000	60,000
WTP Membrane Train Control Wiring Replacement		584,000	-	140,000	144,000	300,000	584,000	36,000	-	104,000	140,000	4,000	144,000
Rehab Concrete Tanks		381,000	-	27,000	28,000	326,000	381,000	26,000	-	1,000	27,000	1,000	28,000
Replace Recycled Pipeline		630,000	-	54,000	56,000	520,000	630,000	-	52,000	2,000	54,000	2,000	56,000
Recycled Conversions		590,000	-	70,000	73,000	447,000	590,000	80,000	-	(10,000)	70,000	3,000	73,000
Replace Recycled Valves		590,000	-	50,000	52,000	488,000	590,000	-	77,000	(27,000)	50,000	2,000	52,000
Replace Recycled Meters		608,000	-	52,000	54,000	502,000	608,000	41,000	-	11,000	52,000	2,000	54,000
Replace WW Pump and Motor Replacement Program	(1)	1,100,800	-	90,400	95,600	914,800	1,100,800	85,200	-	5,200	90,400	5,200	95,600
Mechanical and Yard Piping Replacement Program	(1)	627,600	-	-	15,600	612,000	627,600	-	-	-	-	15,600	15,600
WW Valve and Gate Replacement Program	(1)	486,000	-	20,000	30,000	436,000	486,000	10,000	-	10,000	20,000	10,000	30,000
Instrumentation Replacement Program	(1)	282,000	-	-	10,000	272,000	282,000	-	-	-	-	10,000	10,000
Miscellaneous Equipment Replacement Program	(1)	100,000	-	14,000	16,000	70,000	100,000	12,000	-	2,000	14,000	2,000	16,000
Total, On-Going and Replacement Projects		$ 169,194,700	$ 9,094,700	$ 20,863,600	$ 10,219,800	$ 129,016,600	$ 169,194,700	$ 22,135,500	$ 130,600	$ 7,692,200	$ 29,958,300	$ 4,903,400	$ 34,861,700
Proposed New Projects													
DCMWTP BWWEQ Tank Rehab		596,000	-	596,000	-	-	596,000	-	-	596,000	596,000	-	596,000
DCMWTP FCV Actuators Replacement		310,000	-	310,000	-	-	310,000	-	-	310,000	310,000	-	310,000
Emerging Constituents Planning Study		250,000	-	250,000	-	-	250,000	-	-	250,000	250,000	-	250,000
Miller 14" Valve and Vault Replacement		1,697,000	-	213,000	731,000	753,000	1,697,000	-	-	213,000	213,000	731,000	944,000
AC Pipe Risk Assessment Study		150,000	-	150,000	-	-	150,000	-	-	150,000	150,000	-	150,000
DCMWTP On-Site Improvements to Connect to New Sewer Pump Station		1,445,000	-	50,000	50,000	1,345,000	1,445,000	-	-	50,000	50,000	50,000	100,000
DCMWTP 1st Stage Basins Rehab		6,023,000	-	-	1,204,600	4,818,400	6,023,000	-	-	-	-	1,204,600	1,204,600
GP Migration		850,000	-	-	405,000	445,000	850,000	-	-	-	-	405,000	405,000
DCMWTP Replace Chemical Storage Systems		627,000	-	-	203,000	424,000	627,000	-	-	-	-	203,000	203,000
DCMWTP Sodium Hypochlorite Room Rehab		95,000	-	-	95,000	-	95,000	-	-	-	-	95,000	95,000
Peay Outlet Air Vac Improvements		283,000	-	-	55,000	228,000	283,000	-	-	-	-	55,000	55,000
Recycled Water Storage Pond Upgrades		2,668,000	-	-	390,000	2,278,000	2,668,000	-	-	-	-	390,000	390,000
Chemical Area Upgrades	(1)	164,800	-	36,800	-	128,000	164,800	-	-	36,800	36,800	-	36,800
Rehabilitation of Generator Enclosure Top	(1)	8,800	-	8,800	-	-	8,800	-	-	8,800	8,800	-	8,800
4S Chemical Line Assessment/Replacement	(1)	144,000	-	-	144,000	-	144,000	-	-	-	-	144,000	144,000
Replace Roll-up doors	(1)	83,600	-	-	83,600	-	83,600	-	-	-	-	83,600	83,600
Total, Proposed New Projects		$ 15,395,200	$ -	$ 1,614,600	$ 3,361,200	$ 10,419,400	$ 15,395,200	$ -	$ -	$ 1,614,600	$ 1,614,600	$ 3,361,200	$ 4,975,800
Total		**$ 184,589,900**	**$ 9,094,700**	**$ 22,478,200**	**$ 13,581,000**	**$ 139,436,000**	**$ 184,589,900**	**$ 22,135,500**	**$ 130,600**	**$ 9,306,800**	**$ 31,572,900**	**$ 8,264,600**	**$ 39,837,500**

(1) These are multi-fund projects with 60% of the cost being funded by Wastewater and 40% by Recycled.

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Potable Water Capital Improvement Projects										
(1)	Palms I and II Reservoirs Replacement	2,531,000	550,000	-	-	-	-	-	-	-	-
(1)	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	2,027,000	-	-	-	-	-	-	-	-	-
(1)	San Dieguito Valley Groundwater Desalination Plant	1,634,000	1,921,000	3,098,000	2,922,000	1,814,000	28,010,000	29,153,000	1,611,000	-	-
(1)	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,490,000	-	-	-	-	-	-	-	-	-
(1)	EFRR Parking Lot Expansion	1,436,000	60,000	-	-	-	-	-	-	-	-
(1)	Dusty Trail PL Replacement	1,047,000	-	-	-	-	-	-	-	-	-
(1)	10th St PRS Repairs	921,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	648,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd Pipeline Inspection & Rehab	599,000	-	-	-	-	-	-	-	-	-
	DCMWTP BWWEQ Tank Rehab	596,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP 1st Stage Beam Replacement	558,000	367,200	367,200	367,200	367,200	367,200	-	-	-	-
(1)	Tank Safety Improvements	359,000	-	-	-	-	-	-	250,000	760,000	-
(1)	Units B & K Rehabilitation	326,000	-	-	-	360,000	680,000	800,000	-	-	-
(1)	CIS Infinity System Upgrade	316,000	10,000	-	-	-	-	-	-	-	-
	DCMWTP FCV Actuators Replacement	310,000	-	-	-	-	-	-	-	-	-
New	Fluoride Safety Improvements	278,000	-	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	252,000	-	-	-	-	-	-	-	-	-
New	Emerging Constituents Planning Study	250,000	-	-	-	-	-	-	-	-	-
(1)	RSF Rd Pipeline Inspection	228,000	524,000	-	-	-	-	-	-	-	-
New	Miller 14" Valve and Vault Replacement	213,000	731,000	753,000	-	-	-	-	-	-	-
New	AC Pipe Risk Assessment Study	150,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd PRS	146,000	260,000	-	-	-	-	-	-	-	-
(1)	Fleet Electrification Project (PW/RCW)	120,000	-	149,000	1,341,000	767,000	-	-	-	-	-
(1)	Gano & San Dieguito Access Imp	120,000	-	-	-	-	-	-	-	-	-
(1)	Centrifuge 731 (original) Major Service	54,000	-	-	-	-	-	-	-	-	-
New	DCMWTP On-Site Improvements to Connect to New Sewer Pump Station	50,000	50,000	153,000	1,192,000	-	-	-	-	-	-
(1)	District Wide Scada Upgrades	13,000	-	-	-	-	-	-	-	320,000	-
	DCMWTP 1st Stage Basins Rehab	-	1,204,600	1,204,600	1,204,600	1,204,600	1,204,600	-	-	-	-
New	GP Migration	-	405,000	377,000	68,000	-	-	-	-	-	-
	DCMWTP Replace Chemical Storage Systems	-	203,000	209,000	215,000	-	-	-	-	-	-
(1)	Golem 14" Pipeline Inspection and Rehab	-	133,000	-	-	-	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Room Rehab	-	95,000	-	-	-	-	-	-	-	-
New	Peay Outlet Air Vac Improvements	-	55,000	57,000	171,000	-	-	-	-	-	-
(1)	Rancho La Cima/Aliso Canyon PL Relocation	-	50,000	200,000	-	-	-	-	-	-	-
	DCMWTP Brine Area Rehab	-	-	198,000	-	-	-	-	-	-	-
	DCMWTP HVAC Replacement	-	-	46,000	-	-	-	-	-	-	-
(1)	Updates to the Potable and Recycled Master Plan and Hydraulic Models	-	-	-	560,000	140,000	-	-	-	610,000	260,000
	DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	-	-	-	469,000	-	-	-	-	-	-
	Concrete Tank Condition Assessment	-	-	-	275,000	-	-	-	-	300,000	-
	DCMWTP AFIF Vault & Mixing System	-	-	-	165,000	-	400,000	250,000	2,150,000	-	-
	DCMWTP Replace Chemical Feed Systems	-	-	-	100,000	103,000	106,000	-	-	-	-
	Long-term Pipeline Budget per HDR	-	-	-	58,000	-	-	-	-	-	68,000
	Data Center	-	-	-	-	320,000	-	-	-	-	370,000
	DCMWTP Replace Strainers	-	-	-	-	252,750	758,250	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	143,000	993,000	-	-	-	-

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2027

New Projects added to FY 2027 and FY 2028 that were not included in original 10-year capital spending plan

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Potable Water Capital Improvement Projects - Continued										
	DCMWTP WTP Replace Strainer Isolation Valves	-	-	-	-	93,000	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Generation System Rehab	-	-	-	-	-	959,000	-	-	-	-
	DCMWTP Backpulse Tanks Replacement Project	-	-	-	-	-	875,000	-	-	-	-
	OMWD Parking and Access Improvements	-	-	-	-	-	520,000	-	-	-	-
(1)	DCMWTP General WTP Inspect & Cond Assessment	-	-	-	-	-	270,000	270,000	-	-	-
	DCMWTP Plate Settler Coating Rehab	-	-	-	-	-	138,000	-	-	-	-
	DCMWTP Hydroelectric Turbine Refurbishments	-	-	-	-	-	90,000	680,000	680,000	-	-
	DCMWTP Plate Settlers MOV Actuators Replacement	-	-	-	-	-	34,000	-	-	-	-
	RSF Rd Pipeline Replacement	-	-	-	-	-	-	655,000	675,000	10,111,000	-
	Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	-	-	-	-	480,000	2,140,000	-	-
	DCMWTP WTP Repl Main Compressors	-	-	-	-	-	-	212,000	-	-	-
	Quail Gardens PRS Replacement	-	-	-	-	-	-	152,000	1,075,000	-	-
	DCMWTP Bridge Crane Coating Rehab	-	-	-	-	-	-	-	112,000	-	-
	Encinitas Blvd Pipeline Replacement	-	-	-	-	-	-	-	-	790,000	5,932,000
	3rd Stage DAF Addition	-	-	-	-	-	-	-	-	709,000	2,383,000
	Replace Maryloyd Pump Station	-	-	-	-	-	-	-	-	510,000	-
	DCMWTP Switchgear and MCC Upgrades	-	-	-	-	-	-	-	-	446,000	4,142,000
	Del Dios PRS Replacement	-	-	-	-	-	-	-	-	161,000	1,118,000
	Gaty 2 Overflow	-	-	-	-	-	-	-	-	-	598,000
	DCMWTP Settler Unit 1, 2, & 3 Replace	-	-	-	-	-	-	-	-	-	577,000
	Indian Canyon Realignment Project	-	-	-	-	-	-	-	-	-	147,000
	Berk Reservoir Improvements	-	-	-	-	-	-	-	-	-	100,000
	Gano Reservoir Improvements	-	-	-	-	-	-	-	-	-	29,000
	Total Potable Water Capital Improvement Projects	**16,672,000**	**6,618,800**	**6,811,800**	**9,107,800**	**5,564,550**	**35,405,050**	**32,652,000**	**8,693,000**	**14,717,000**	**15,724,000**
	Potable Water Recurring Replacement Projects										
	Replace DCM WTP Membranes	1,850,000	1,082,000	1,114,000	1,147,000	1,182,000	1,631,000	1,668,000	1,705,000	1,330,000	1,370,000
	Replace Potable Meters	962,000	998,000	900,000	927,000	955,000	984,000	1,014,000	1,044,000	1,075,000	1,107,000
	Replace Pipelines	664,000	684,000	705,000	726,000	748,000	770,000	793,000	817,000	842,000	867,000
	Replace Valves	363,000	374,000	385,000	397,000	409,000	421,000	434,000	447,000	461,000	475,000
	Replace Pumps and Motors	185,000	191,000	197,000	203,000	209,000	215,000	221,000	228,000	235,000	242,000
	Replace Meter Anodes	168,000	173,000	178,000	183,000	188,000	194,000	200,000	206,000	212,000	218,000
	Impressed current system protection	150,000	540,000	560,000	570,000	590,000	610,000	630,000	640,000	660,000	680,000
	WTP Membrane Train Control Wiring Replacement	140,000	144,000	148,000	152,000	-	-	-	-	-	-
	WTP Misc Equipment and Instrumentation Replacement	115,000	124,000	134,000	145,000	157,000	170,000	184,000	199,000	215,000	233,000
	Network Security	109,000	114,000	119,000	124,000	129,000	133,000	137,000	141,000	145,000	149,000
	Steel Mains Protection	100,000	332,000	342,000	352,000	363,000	374,000	385,000	397,000	409,000	421,000
New	Strategic Major System Valve Replacement Program	75,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,030,000	1,061,000	1,093,000
	Replace PRS Valves	58,000	60,000	62,000	65,000	68,000	71,000	73,000	75,000	74,000	77,000
	Rehab Concrete Tanks	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	67,000	70,000
	Total Potable Water Recurring Replacement Projects	**4,966,000**	**5,344,000**	**5,473,000**	**5,721,000**	**5,829,000**	**6,505,000**	**6,772,000**	**6,963,000**	**6,786,000**	**7,002,000**
	Total Potable Water CIP	**21,638,000**	**11,962,800**	**12,284,800**	**14,828,800**	**11,393,550**	**41,910,050**	**39,424,000**	**15,656,000**	**21,503,000**	**22,726,000**

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2027

New Projects added to FY 2027 and FY 2028 that were not included in original 10-year capital spending plan

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Recycled Water Capital Improvement Projects										
	Santa Fe Valley RW Reservoir Improvements	150,000	-	-	-	-	-	-	-	-	-
(1)	Wanket RW Reservoir Rehabilitation	102,000	-	-	-	-	-	-	-	-	-
	Upgrade Filter Electrical	17,000	-	-	-	-	-	-	-	-	-
	Recycled Water Storage Pond Upgrades	-	390,000	2,278,000	-	-	-	-	-	-	-
	Upgrade Flow Equalization Basins	-	-	-	430,000	2,507,000	-	-	-	-	-
	Replace Existing Recycled Water Pump Station VFDs	-	-	-	-	-	243,000	-	-	-	-
	Total Recycled Water Recurring Replacement Projects	**269,000**	**390,000**	**2,278,000**	**430,000**	**2,507,000**	**243,000**	**-**	**-**	**-**	**-**
	Recycled Recurring Replacement Projects										
	Recycled Conversions	70,000	73,000	76,000	79,000	82,000	40,000	41,000	42,000	43,000	44,000
	Replace Recycled Pipeline	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000	70,000	72,000
	Replace Recycled Meters	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	67,000	69,000
	Replace Recycled Valves	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
	Total Recycled Water Recurring Replacement Projects	**226,000**	**235,000**	**244,000**	**253,000**	**262,000**	**226,000**	**233,000**	**240,000**	**246,000**	**253,000**
(2)	Recycled portion of wastewater projects that benefit recycled operations	345,200	993,200	322,800	300,000	309,200	319,200	328,000	338,000	349,200	360,800
	Total Recycled Water CIP	**840,200**	**1,618,200**	**2,844,800**	**983,000**	**3,078,200**	**788,200**	**561,000**	**578,000**	**595,200**	**613,800**
	Total Potable Water & Recycled Water CIP	**22,478,200**	**13,581,000**	**15,129,600**	**15,811,800**	**14,471,750**	**42,698,250**	**39,985,000**	**16,234,000**	**22,098,200**	**23,339,800**

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2027

(2) Wastewater projects that benefit recycled water operations are funded 60% from the wastewater fund and 40% from the recycled water fund

New Projects added to FY 2027 and FY 2028 that were not included in original 10-year capital spending plan

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Water (Potable and Recycled) - Capital and Equipment Fund

Project Name	Cumulative Appropriation thru FY '28	Project Budget	Fiscal Year Begin	Fiscal Year Complete	Project Description
Ongoing Projects					
San Dieguito Valley Groundwater Desalination Plant	$ 8,829,000	$ 75,437,000	FY '12	FY '34	This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.
Rancho La Cima/Aliso Canyon PL Relocation	$ 115,000	$ 315,000	FY '17	FY '29	The County of San Diego is constructing a 60-inch storm drain which will conflict with District pipeline. The District needs to relocate the pipeline as the County is senior in the road right-of-way
EFRR Parking Lot Expansion	$ 1,711,000	$ 1,711,000	FY '22	FY '28	This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.
District-Wide PLC Replacements (PW/RCW)	$ 1,466,000	$ 1,466,000	FY '22	FY '27	Many PLCs are at end of life and will no longer be supported. This project will encompass potable and recycled water.
Wanket RW Reservoir Rehabilitation	$ 165,000	$ 165,000	FY 23	FY '27	In partnership with SEJPA who desires to use the tank for recycled service, rehabilitate tank per 2022 condition assessment report.
Tank Safety Improvements	$ 590,000	$ 1,600,000	FY '23	FY '35	Safety improvements recommended as part of the 2022 concrete tank inspection project.
District Wide Scada Upgrades	$ 256,000	$ 576,000	FY '23	FY '27	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
Golem 14" Pipeline Inspection and Rehab	$ 150,000	$ 150,000	FY' 23	FY '28	Conduct condition assessment of 14" CMLC steel pipeline which feeds the Golem Reservoir. Project is necessary to determine reliability of source water for future development.
Palms I and II Reservoirs Replacement	$ 3,473,000	$ 3,473,000	FY '24	FY '28	Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321. Includes major system valve replacements required to facilitate operational shutdown
Fleet Electrification Project (PW/RCW)	$ 193,000	$ 2,450,000	FY '24	FY '31	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
Units B & K Rehabilitation	$ 562,000	$ 2,402,000	FY '24	FY '33	This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.
Encinitas Blvd Pipeline Inspection & Rehab	$ 677,000	$ 677,000	FY '24	FY '27	Condition assessment of these critical pipelines will determine any immediate repairs and make recommendations on eventual replacement
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	$ 671,000	$ 671,000	FY '24	FY '27	As identified in 2024 DCMWTP Condition Assessment, rehabilitate raw water equalization tanks that are in poor condition to maintain operational reliability.
CIS Infinity System Upgrade	$ 410,500	$ 410,500	FY '24	FY '28	Upgrade CIS Infinity (Customer Information & Utility Billing System) to latest version before v4 is no longer supported
DCMWTP 1st Stage Beam Replacement	$ 927,200	$ 2,396,000	FY '25	FY '32	Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	$ 2,069,000	$ 2,069,000	FY '25	FY '27	Based on 2024 condition assessment results, replace the Combined Filter Influent piping within blower room and membrane room. Replace backpulse pipe elbow and floor penetration within membrane room.
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	$ 1,819,000	$ 1,819,000	FY '25	FY '27	Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.
Dusty Trail PL Replacement	$ 1,180,000	$ 1,180,000	FY '25	FY '27	Replacement of existing 10" ACP pipeline on Dusty Trail which has experience multiple breaks.
Santa Fe Valley RW Reservoir Improvements	$ 150,000	$ 150,000	FY '25	FY '27	This project will address deficiencies and safety issues identified in the 2022 condition assessment.
Upgrade Filter Electrical	$ 17,000	$ 17,000	FY '25	FY '27	Replace damaged electrical conduits and control panel at the tertiary filters to protect conductors and provide process reliability.
10th St PRS Repairs	$ 930,000	$ 930,000	FY '26	FY '27	This project will implement repair and rehabilitation measures for the 10th St PRS ,originally constructed in the 1970's, to address corrosion and piping deficiencies identified in the 2025 assessment by HDR
RSF Rd Pipeline Inspection	$ 752,000	$ 752,000	FY '26	FY '28	Condition assessment of existing 1960's vintage pipelines will determine repair or replacement of critical infrastructure.
Encinitas Blvd PRS	$ 411,000	$ 411,000	FY '26	FY '27	This project will implement strucutral improvements to the Encinitas Blvd PRS vault, constructed in the 1970's, to address structrual issues identified in the 2025 structural inspection report by PSE
Fluoride Safety Improvements	$ 393,000	$ 393,000	FY '26	FY '30	Identify potential safety, procedural, or capital improvements to improve fluoride safety and handling at the DCMWTP.
Gano & San Dieguito Access Imp	$ 120,000	$ 120,000	FY '26	FY '27	Easement access improvements over a portion of the 24 inch steel pipeline that needs access for emergency and routine cathodic protection inspections.
Centrifuge 731 (original) Major Service	$ 60,000	$ 60,000	FY '26	FY '27	Rehabilitate main bearing housing on existing centrifuge

Project Name	Cumulative Appropriation thru FY '28	Project Budget	Fiscal Year Begin	Fiscal Year Complete	Project Description
Recurring Replacement Projects					
Replace DCM WTP Membranes	$ 2,932,000	$ 14,079,000	FY '27	N/A	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a safe and reliable treatment system.
Replace Potable Meters	$ 1,960,000	$ 9,966,000	FY '27	N/A	Meters and related equipment which are at the end of their useful life are systematically replaced.
Strategic Major System Valve Replacement Program	$ 575,000	$ 7,759,000	FY '27	N/A	This is an annually recurring program for the planned replacement of system valves in the potable system.
Replace Pipelines	$ 1,348,000	$ 7,616,000	FY '27	N/A	This is an annually recurring program for the unplanned replacement of potable pipeline which may arise during the course of the year.
Impressed current system protection	$ 690,000	$ 5,630,000	FY '27	N/A	This annual recurring program to protect pipelines from corrosion. Project includes impressed current cathodic protection systems and stations.
Replace Valves	$ 737,000	$ 4,166,000	FY '27	N/A	This is an annually recurring program for the planned replacement of smaller valves or any unplanned valves in the potable system.
Steel Mains Protection	$ 432,000	$ 3,475,000	FY '27	N/A	This annual recurring program to protect pipelines from corrosion. Project includes sacrificial cathodic protection systems and stations
Replace Pumps and Motors	$ 376,000	$ 2,126,000	FY '27	N/A	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operationa reliability.
Replace Meter Anodes	$ 341,000	$ 1,920,000	FY '27	N/A	This is an annually recurring program to assess and replace meter anodes, in order to protect water services and maintain a reliable distribution system.
WTP Misc Equipment and Instrumentation Replacement	$ 239,000	$ 1,676,000	FY '27	N/A	This is an annually recurring project to replace miscellaneous equipment and instruments at the DCMWTP on an as-needed basis based on equipment's useful life.
Network Security	$ 223,000	$ 1,300,000	FY '27	N/A	This project covers ongoing improvements suggested by the Department of Homeland Security. Mission critical Network Security upgrades are required to meet the changing cybersecurity threat environment.
Replace PRS Valves	$ 118,000	$ 683,000	FY '27	N/A	This is an annually recurring project to replace Cla-vals and valves in the pressure reducing stations to maintain system reliability.
Replace Recycled Pipeline	$ 110,000	$ 630,000	FY '27	N/A	This is an annually recurring program for the unplanned replacement of recycled pipeline which may arise during the course of the year.
Replace Recycled Meters	$ 106,000	$ 608,000	FY '27	N/A	Meters and related equipment at the end of their useful life are systematically replaced.
Recycled Conversions	$ 143,000	$ 590,000	FY '27	N/A	This is an annually recurring project to support and inspect customers who retrofit existing sites to be served by recycled. (Formerly known as Retrofit Potable to Recycled)
Replace Recycled Valves	$ 102,000	$ 590,000	FY '27	N/A	This is an annually recurring program for replacement of valves in the recycled system.
WTP Membrane Train Control Wiring Replacement	$ 284,000	$ 584,000	FY '27	N/A	Replace control wiring at each basin at the DCMWTP.
Rehab Concrete Tanks	$ 55,000	$ 381,000	FY '27	N/A	This is a recurring program to periodically rehabilitate the District's 5 prestressed concrete water reservoirs to maintain system reliability and water quality.
Proposed Projects					
Miller 14" Valve and Vault Replacement	$ 944,000	$ 1,697,000	FY '27	FY '29	This project will replace critical Miller PRS infrastrucure to improve system reliablility and reduce risk of service disruption to a major pressure zone.
DCMWTP On-Site Improvements to Connect to New Sewer Pump Station	$ 100,000	$ 1,445,000	FY '27	FY '30	Install pumps and appurtenances and reconfigure manhole to connect to planned sewer lift station being built by developer
DCMWTP BWWEQ Tank Rehab	$ 596,000	$ 596,000	FY '27	FY '27	Based on the 2024 condition assessment results, replace the corroded tank floor panels, interior ladders, and rails. Perform coating spot repairs on the interior and exterior of the tank to maintain operational reliability.
DCMWTP FCV Actuators Replacement	$ 310,000	$ 310,000	FY '27	FY '27	Based on 2024 condition assessment results, replace all ten (10) 1st stage flow control valve (FCV) actuators to restore valve actuation to full accuracy.
Emerging Constituents Planning Study	$ 250,000	$ 250,000	FY '27	FY '27	Project will evaluate how the DCMWTP can proactively address emerging constitutents of concern, such as PFAS, as regulations and monitoring requirements evolve. The study will review current and regional monitoring data, regulatory triggers
AC Pipe Risk Assessment Study	$ 150,000	$ 150,000	FY '27	FY '27	This project will conduct a risk assessment of the District's AC pipelines to evaulate condition, consequence of failure, and develop a prioritized replacement strategy.
DCMWTP 1st Stage Basins Rehab	$ 1,204,600	$ 6,023,000	FY '28	FY '32	Based on 2024 condition assessment results, remove HDPE liner, perform concrete wall repairs, and replace HDPE liner for all 10 1st stage basins. Rehab pipe penetrations and pipe supports.
Recycled Water Storage Pond Upgrades	$ 390,000	$ 2,668,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan, replace or relocate duct bank providing power to storage pond pump station locatec below pond. Replace inlet gates and stem to improve access and mitigate risk of confined space entry
GP Migration	$ 405,000	$ 850,000	FY '28	FY '30	Migration of new financial accounting system due to current accounting system losing support at the end of CY 2029. The District will be migrating from Microsoft Dynamics GP to Business Central.
DCMWTP Replace Chemical Storage Systems	$ 203,000	$ 627,000	FY '28	FY '30	Replace existing chlorine storage equipment which is nearing the end of useful it's life.
Peay Outlet Air Vac Improvements	$ 55,000	$ 283,000	FY '28	FY '30	Replace 20" air vac valve and install manifold for improved operational and maitenance access

Project Name	Cumulative Appropriation thru FY '28	Project Budget	Fiscal Year Begin	Fiscal Year Complete	Project Description
Proposed Projects (Continued)					
DCMWTP Sodium Hypochlorite Room Rehab	$ 95,000	$ 95,000	FY '28	FY '28	Based on 2024 condition assessment results, repair the chemical containment walls and coat pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room.
DCMWTP Brine Area Rehab	$ -	$ 198,000	FY '29	FY '29	Based on 2024 condition assessment results, remove and replace brine pump, pad, and tank. Project will also remove and replace concrete pad and damaged potion of surrounding pavement. New pad and pavement to received protecting coating to resist UV exposure.
DCMWTP HVAC Replacement	$ -	$ 46,000	FY '29	FY '29	The WTP HVAC system has three heat pump units. Based on 2024 condition assessment results, one is in poor condition and in need of replacement.
Long-term Pipeline Budget per HDR	$ -	$ 48,826,000	FY '30	FY '30	Strategically analyze the replacement of the District's aging potable and recycled water pipeline infrastructure. The project will establish a long-term pipeline replacement budget that incorporates age, performance, and desired service levels.
DCMWTP AFIF Vault & Mixing System	$ -	$ 2,965,000	FY '30	FY '34	This project will upgrade the AFIF mixing system at the DCMWTP to improve ammonia mixing performance in the treated water pipeline, particularly during low plant flow conditions. The work includes redesign and replacement of the static mixer, a new vault and access system, and improved sampling points to support consistent water quality and reliable operations
Upgrade Flow Equalization Basins	$ -	$ 2,937,000	FY '30	FY '31	As identified in the 2024 Wastewater Master Plan, upgrade the flow equalization basins to include piping & structural changes including vertical reinforced concrete walls and floors and piping improvements
Concrete Tank Condition Assessment	$ -	$ 575,000	FY '30	FY '35	Conduct condition assessment of concrete tanks/reservoirs to identify safety and rehab issues for correction.
DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	$ -	$ 469,000	FY '30	FY '30	Based on 2024 condition assessment results, re-line the septic pipe in the yard with cure-in-place concrete lining to extend useful life.
DCMWTP Replace Chemical Feed Systems	$ -	$ 309,000	FY '30	FY '32	Replace the existing chemical feed system which is nearing end of it's useful life.
Updates to the Potable and Recycled Master Plan and Hydraulic Models	$ -	$ 1,570,000	FY' 30	FY '36	Update and calibrate hydraulic models; assess potable and recycled systems; develop a plan that assesses current status of systems and create long-term CIP plan for both potable and recycled systems to update the District's 10-year CIP project list and capital cost estimates.
SE #1 PRS Replacement	$ -	$ 1,136,000	FY '31	FY '32	Scheduled PRS replacement due to end of life facility.
DCMWTP Replace Strainers	$ -	$ 1,011,000	FY '31	FY '32	Replace the existing plant isolation valves which are nearing end of their useful life.
Data Center	$ -	$ 690,000	FY '31	FY '36	Replace existing data center at end of useful life.
DCMWTP WTP Replace Strainer Isolation Valves	$ -	$ 93,000	FY '31	FY '31	Replace the existing plant isolation valves which are nearing end of their useful life.
DCMWTP Hydroelectric Turbine Refurbishments	$ -	$ 1,450,000	FY '32	FY '34	Energy recovery turbine refurbishment will extend the life of the units, increase reliability, and help offset WTP energy costs.
DCMWTP Sodium Hypochlorite Generation System Rehab	$ -	$ 959,000	FY '32	FY '32	Based on 2024 condition assessment results, repair chemical containment walls and pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room. Project includes coating both chemical areas.
DCMWTP Backpulse Tanks Replacement Project	$ -	$ 875,000	FY '32	FY '32	Based on 2024 condition assessment results, replace both backpulse tanks.
DCMWTP General WTP Inspect & Cond Assessment	$ -	$ 540,000	FY '32	FY '33	This project will assess the condition of assets and equipment at the DCMWTP and make recommendations regarding replacement.
OMWD Parking and Access Improvements	$ -	$ 520,000	FY '32	FY '32	Following slurry and crackfill in FY 2024, project will remove and replace pavement at OMWD HQ upper employee parking lot, as well as improve access around Denk Reservoir
Replace Existing Recycled Water Pump Station VFDs	$ -	$ 243,000	FY '32	FY '32	As identified in the 2024 Wastewater Master Plan Update, replace all three existing recycled water pump station VFDs which have reached the ends of their useful lives.
DCMWTP Plate Settler Coating Rehab	$ -	$ 138,000	FY '32	FY '32	Based on 2024 condition assessment results, the plate settlers are showing signs of corrosion and minor pitting. Project will recoat interior and exterior of the plate settler units.
DCMWTP Plate Settlers MOV Actuators Replacement	$ -	$ 34,000	FY '32	FY '32	Based on 2024 condition assessment results, replace inlet and outlet valve actuators and drain valves to plate settler units.
RSF Rd Pipeline Replacement	$ -	$ 11,441,000	FY '33	FY '35	Existing 12" cmlc steel pipeline constructed in early/mid 1960's requires replacement for increased reliability.
Unit B & K EM CCTV Inspect & Rehab Phase 2	$ -	$ 2,620,000	FY '33	FY '34	This project will perform EM and CCTV inspection of the lower reaches of Unit B and Unit K pipelines and will rehab the facilities as necessary.
Quail Gardens PRS Replacement	$ -	$ 1,227,000	FY '33	FY '34	Scheduled PRS replacement due to end of life facility.
DCMWTP WTP Repl Main Compressors	$ -	$ 212,000	FY '33	FY '33	Replace existing equipment which is nearing the end of it's useful life.
DCMWTP Bridge Crane Coating Rehab	$ -	$ 112,000	FY '34	FY '34	Complete coating rehabilitation based on 2024 condition assessment results.

Project Name	Cumulative Appropriation thru FY '28	Project Budget	Fiscal Year Begin	Fiscal Year Complete	Project Description
Proposed Projects (Continued)					
3rd Stage DAF Addition	$ -	$ 16,047,000	FY '35	FY '38	Based on the 2018 Hazen Reliability Study, this project includes the addition of a Dissolved Air Flotation (DAF) system at the DCMWTP to provide redundancy or replacement for the existing plate settlers, improve operational reliability, and treat strainer backwash water during periods of poor raw water quality. Includes associated mechanical, electrical, instrumentation, process improvements, and sitework.
Encinitas Blvd Pipeline Replacement	$ -	$ 9,093,000	FY '35	FY '37	Existing 12" cmlc steel pipeline between RSF Road and Village Park Way requires replacement for increased reliability.
DCMWTP Switchgear and MCC Upgrades	$ -	$ 8,622,000	FY '35	FY '37	This project will replace aging original electrical switchgear and motor control centers (MCCs) to improve the reliability and safety of the power distribution system. Work will be completed in phases to minimize impacts to plant operations. To be further evaluated during the next DCMWTP Inspection and Condition Assessment.
Del Dios PRS Replacement	$ -	$ 1,279,000	FY '35	FY '36	Scheduled PRS replacement due to end of life facility.
Replace Maryloyd Pump Station	$ -	$ 510,000	FY '35	FY '35	Project to replace the aging Maryloyd Pump Station which is used for emergency operation and redundancy and reliability in the Cielo area.
Gaty 2 Overflow	$ -	$ 2,207,000	FY '36	FY '37	Based on Alternatives Analysis for the Overflow from PSE Reservior Safety Improvements Preliminary Design Report (January 2024)
DCMWTP Settler Unit 1, 2, & 3 Replace	$ -	$ 577,000	FY '36	FY '36	Rehabilitate the 3rd stage plate setters at DCMWTP, originally installed in 2002, to extend service life and improve treatment performance. Work includes new interior and exterior protective coatings, installation of new inclined plate assemblies, and associated hardware. To be further evaluated during the next DCMWTP Inspection and Condition Assessment
Gano Reservoir Improvements	$ -	$ 222,000	FY '36	FY '37	2022 Condition assessment of concrete tank identified rehab issues for correction.
Berk Reservoir Improvements	$ -	$ 158,000	FY '36	FY '37	2022 Condition assessment of concrete tank identified rehab issues for correction.
Indian Canyon Realignment Project	$ -	$ 147,000	FY '36	FY '36	This project will study the feasibility of relocating and replacing the existing 12-inch ACP water main located within environmentally sensitive open space and evaulate alignment, pressure requirements, and potential new PRS infrastructure

Note: The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 202
The annual appropriations will be recorded on July 1, 2026 and July 1, 2027

Olivenhain Municipal Water District
Fiscal Years 2027 and 2028 Capital Improvement Program - Budget Review
Capital Improvement Fund - Wastewater

Project Name		Construction in Progress Budget: Project Budget 7/1/2025	Approved FY 2026	Increase (Decrease)	Project Budget 7/1/2026
On-Going Projects					
4S WRF Scada Upgrades		64,000	-	-	64,000
District-Wide PLC Replacements (WW)		1,456,000	-	-	1,456,000
Headworks Screening System Improvements		4,869,000	-	-	4,869,000
Replace 4S WRF Clarifier Scum Boxes		75,000	-	85,000	160,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	**(1)**	771,600	-	114,000	885,600
Off-Spec and High Flow Diversion Pipeline	**(1)**	411,000	-	-	411,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	**(1)**	220,200	-	11,400	231,600
Fleet Electrification Plan WW		950,000	-	-	950,000
Neighborhood #3 Liner Improvements		-	-	595,000	595,000
Recurring Replacement Projects					
Replace WW Pump and Motor Replacement Program	**(1)**	1,523,400	-	127,800	1,651,200
Mechanical and Yard Piping Replacement Program	**(1)**	-	-	941,400	941,400
WW Valve and Gate Replacement Program	**(1)**	561,000	-	168,000	729,000
Collection System Pipeline Rehabilitation and Replacement		-	-	919,000	919,000
Pump Station Rehabilitation and Maintenance Program		-	-	887,000	887,000
Collection System Manhole Rehabilitation Program		-	-	847,000	847,000
Instrumentation Replacement Program	**(1)**	-	-	423,000	423,000
Miscellaneous Equipment Replacement Program	**(1)**	161,400	-	(11,400)	150,000
Total, On-Going and Replacement Projects		$ 11,062,600	$ -	$ 5,107,200	$ 16,169,800
Proposed New Projects					
Del Dios SPS Improvements		-	-	3,775,000	3,775,000
Cielo SPS Flow Meters		-	-	250,000	250,000
Chemical Area Upgrades	**(1)**	-	-	247,200	247,200
Replace RAS Pump Station Suction Valves		-	-	68,000	68,000
Rehabilitation of Generator Enclosure Top	**(1)**	-	-	13,200	13,200
4S Chemical Line Assessment/Replacement	**(1)**	-	-	216,000	216,000
Midpoint SPS Improvements		-	-	2,179,000	2,179,000
Replace Roll-up doors	**(1)**	-	-	125,400	125,400
Total, Proposed New Projects		$ -	$ -	$ 6,873,800	$ 6,873,800
Total		**$ 11,062,600**	**$ -**	**$ 11,981,000**	**$ 23,043,600**

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

Olivenhain Municipal Water District
Fiscal Years 2027 and 2028 Capital Improvement Program - Expenditure and Appropriation Review
Capital Improvement Fund - Wastewater

Project Name		Capital Project Budget	Projected Capital Expenditures: Carryover at 6/30/2026	FY2027	FY2028	FYs 2029-2036	Total	Construction in Progress Appropriation: As of 7/1/2025	Approved FY2026	Adjust	Balance 7/1/2026	Adjust	Balance 7/1/2027
On-Going Projects													
4S WRF Scada Upgrades		64,000	61,000	3,000	-	-	64,000	64,000	-	-	64,000	-	64,000
District-Wide PLC Replacements (WW)		1,456,000	1,169,000	287,000	-	-	1,456,000	1,456,000	-	-	1,456,000	-	1,456,000
Headworks Screening System Improvements		4,869,000	1,635,000	3,234,000	-	-	4,869,000	3,369,000	-	1,500,000	4,869,000	-	4,869,000
Replace 4S WRF Clarifier Scum Boxes		160,000	-	160,000	-	-	160,000	75,000	-	85,000	160,000	-	160,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(1)	885,600	1,200	186,000	698,400	-	885,600	67,800	-	119,400	187,200	698,400	885,600
Off-Spec and High Flow Diversion Pipeline	(1)	411,000	366,600	44,400	-	-	411,000	381,000	-	30,000	411,000	-	411,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(1)	231,600	-	32,400	199,200	-	231,600	32,400	-	-	32,400	199,200	231,600
Fleet Electrification Plan WW		950,000	-	15,000	-	935,000	950,000	15,000	-	-	15,000	-	15,000
Neighborhood #3 Liner Improvements		595,000	5,000	590,000	-	-	595,000	-	84,000	511,000	595,000	-	595,000
Recurring Replacement Projects													
Replace WW Pump and Motor Replacement Program	(1)	1,651,200	-	135,600	143,400	1,372,200	1,651,200	127,800	-	7,800	135,600	7,800	143,400
Mechanical and Yard Piping Replacement Program	(1)	941,400	-	-	23,400	918,000	941,400	-	-	-	-	23,400	23,400
WW Valve and Gate Replacement Program	(1)	729,000	-	30,000	45,000	654,000	729,000	15,000	-	15,000	30,000	15,000	45,000
Collection System Pipeline Rehabilitation and Replacement		919,000	-	80,000	82,000	757,000	919,000	-	78,000	2,000	80,000	2,000	82,000
Pump Station Rehabilitation and Maintenance Program		887,000	-	78,000	80,000	729,000	887,000	-	75,000	3,000	78,000	2,000	80,000
Collection System Manhole Rehabilitation Program		847,000	-	74,000	76,000	697,000	847,000	-	71,000	3,000	74,000	2,000	76,000
Instrumentation Replacement Program	(1)	423,000	-	-	15,000	408,000	423,000	-	-	-	-	15,000	15,000
Miscellaneous Equipment Replacement Program	(1)	150,000	-	21,000	24,000	105,000	150,000	18,000	-	3,000	21,000	3,000	24,000
Total, On-Going and Replacement Projects		$ 16,169,800	$ 3,237,800	$ 4,970,400	$ 1,386,400	$ 6,575,200	$ 16,169,800	$ 5,621,000	$ 308,000	$ 2,279,200	$ 8,208,200	$ 967,800	$ 9,176,000
Proposed New Projects													
Del Dios SPS Improvements		3,775,000	-	552,000	3,223,000	-	3,775,000	-	-	552,000	552,000	3,223,000	3,775,000
Cielo SPS Flow Meters		250,000	-	120,000	-	130,000	250,000	-	-	120,000	120,000	-	120,000
Chemical Area Upgrades	(1)	247,200	-	55,200	-	192,000	247,200	-	-	55,200	55,200	-	55,200
Replace RAS Pump Station Suction Valves		68,000	-	68,000	-	-	68,000	-	-	68,000	68,000	-	68,000
Rehabilitation of Generator Enclosure Top	(1)	13,200	-	13,200	-	-	13,200	-	-	13,200	13,200	-	13,200
4S Chemical Line Assessment/Replacement	(1)	216,000	-	-	216,000	-	216,000	-	-	-	-	216,000	216,000
Midpoint SPS Improvements		2,179,000	-	-	319,000	1,860,000	2,179,000	-	-	-	-	319,000	319,000
Replace Roll-up doors	(1)	125,400	-	-	125,400	-	125,400	-	-	-	-	125,400	125,400
Total, Proposed New Projects		$ 6,873,800	$ -	$ 808,400	$ 3,883,400	$ 2,182,000	$ 6,873,800	$ -	$ -	$ 808,400	$ 808,400	$ 3,883,400	$ 4,691,800
Total		**$ 23,043,600**	**$ 3,237,800**	**$ 5,778,800**	**$ 5,269,800**	**$ 8,757,200**	**$ 23,043,600**	**$ 5,621,000**	**$ 308,000**	**$ 3,087,600**	**$ 9,016,600**	**$ 4,851,200**	**$ 13,867,800**

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Wastewater Capital Improvement Projects										
(1)	Headworks Screening System Improvements	3,234,000	-	-	-	-	-	-	-	-	-
	Neighborhood #3 Liner Improvements	590,000	-	-	-	-	-	-	-	-	-
	Del Dios SPS Improvements	552,000	3,223,000	-	-	-	-	-	-	-	-
(1)(2)	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	310,000	1,164,000	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (WW)	287,000	-	-	-	-	-	-	-	-	-
(1)	Replace 4S WRF Clarifier Scum Boxes	160,000	-	-	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	120,000	-	-	130,000	-	-	-	-	-	-
(2)	Chemical Area Upgrades	92,000	-	320,000	-	-	-	-	-	-	-
(1)(2)	Off-Spec and High Flow Diversion Pipeline	74,000	-	-	-	-	-	-	-	-	-
	Replace RAS Pump Station Suction Valves	68,000	-	-	-	-	-	-	-	-	-
(1)(2)	Replace WRF Electrical Conduits, Enclosures, and Lighting	54,000	332,000	-	-	-	-	-	-	-	-
(2)	Rehabilitation of Generator Enclosure Top	22,000	-	-	-	-	-	-	-	-	-
(1)	Fleet Electrification Plan WW	15,000	-	75,000	425,000	435,000	-	-	-	-	-
(1)	4S WRF Scada Upgrades	3,000	-	-	-	-	-	-	-	-	-
(2) New	4S Chemical Line Assessment/Replacement	-	360,000	-	-	-	-	-	-	-	-
	Midpoint SPS Improvements	-	319,000	1,860,000	-	-	-	-	-	-	-
(2)	Replace Roll-up doors	-	209,000	-	-	-	-	-	-	-	-
	Neighborhood #3 SPS Improvements	-	-	373,000	2,179,000	-	-	-	-	-	-
	Wastewater Master Plan Update	-	-	-	500,000	-	-	-	-	579,000	-
	Upgrade Headworks Odor Control Scrubber	-	-	-	231,000	1,346,000	-	-	-	-	-
	4S WRF Site Paving Improvements	-	-	-	157,000	335,000	-	-	-	-	-
	Fire House Pump Station Replacements	-	-	-	-	87,000	509,000	-	-	-	-
	NBHD #1 Overflow Containment Basin Rehab	-	-	-	-	-	580,000	-	-	-	-
	Santaluz Pump Station Improvements	-	-	-	-	-	160,000	933,000	-	-	-
	Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	-	-	-	-	-	-	-	41,000	241,000	-
	Avenida Apice and Avenida Orilla Pump Station Improvements	-	-	-	-	-	-	-	33,000	190,000	-
	Biological Treatment Upgrade (Process Study & Pre-Design)	-	-	-	-	-	-	-	-	160,000	-
	Camino Sin Puente #1 Pump Station Improvements	-	-	-	-	-	-	-	-	81,000	476,000
	Camino Sin Puente #2 Pump Station Improvements	-	-	-	-	-	-	-	-	80,000	467,000
	Upgrade Plant B Oxidation Ditch Aeration System	-	-	-	-	-	-	-	-	-	331,000
	Connect Plant B clarifier splitter box to Plant A Clarifiers	-	-	-	-	-	-	-	-	-	199,000
	Total Wastewater Capital Improvement Projects	**5,581,000**	**5,607,000**	**2,628,000**	**3,622,000**	**2,203,000**	**1,249,000**	**933,000**	**74,000**	**1,331,000**	**1,473,000**
	Wastewater Recurring Replacement Projects										
(2)	Replace WW Pump and Motor Replacement Program	226,000	239,000	252,000	265,000	273,000	282,000	290,000	299,000	308,000	318,000
	Collection System Pipeline Rehabilitation and Replacement	80,000	82,000	85,000	87,000	90,000	93,000	96,000	99,000	102,000	105,000
	Pump Station Rehabilitation and Maintenance Program	78,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000	98,000	101,000
	Collection System Manhole Rehabilitation Program	74,000	76,000	78,000	80,000	83,000	86,000	88,000	91,000	94,000	97,000
(2)	WW Valve and Gate Replacement Program	50,000	75,000	100,000	129,000	133,000	137,000	141,000	145,000	150,000	155,000
(2)	Miscellaneous Equipment Replacement Program	35,000	40,000	45,000	17,000	17,000	18,000	18,000	19,000	20,000	21,000
(2)	Mechanical and Yard Piping Replacement Program	-	39,000	50,000	193,000	199,000	205,000	211,000	217,000	224,000	231,000
(2)	Instrumentation Replacement Program	-	25,000	40,000	83,000	86,000	89,000	91,000	94,000	97,000	100,000
(2)	Plant A Rehabilitation	-	-	-	63,000	65,000	67,000	69,000	71,000	74,000	77,000
	Total Wastewater Recurring Replacement Projects	**543,000**	**656,000**	**732,000**	**1,001,000**	**1,033,000**	**1,067,000**	**1,096,000**	**1,130,000**	**1,167,000**	**1,205,000**
(2)	Recycled portion of wastewater projects that benefit recycled operation	(345,200)	(993,200)	(322,800)	(300,000)	(309,200)	(319,200)	(328,000)	(338,000)	(349,200)	(360,800)
	Total Wastewater CIP (Less Recycled Split)	**5,778,800**	**5,269,800**	**3,037,200**	**4,323,000**	**2,926,800**	**1,996,800**	**1,701,000**	**866,000**	**2,148,800**	**2,317,200**

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2027

(2) Wastewater projects that benefit recycled water operations are funded 60% from the wastewater fund and 40% from the recycled water fund

New Projects added to FY 2027 and FY 2028 that were not included in original 10-year capital spending plan

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Wastewater - Capital and Equipment Fund

	Project Name	Cumulative Appropriation thru FY '28	Budget	Fiscal Year Begin	Fiscal Year Complete	Project Description
	Ongoing					
	Headworks Screening System Improvements	$ 4,869,000	$ 4,869,000	FY '18	FY '27	To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.
	4S WRF Scada Upgrades	$ 64,000	$ 64,000	FY '23	FY '27	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
	District-Wide PLC Replacements (WW)	$ 1,456,000	$ 1,456,000	FY '24	FY '27	Many PLCs are at end of life and will no longer be supported. This project will encompass wastewater.
*	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	$ 1,476,000	$ 1,476,000	FY '25	FY '28	As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF main electrical switch gear as it reaches end of life to maintain operational reliability. Budget reflects wastewater's share.
	Fleet Electrification Plan WW	$ 15,000	$ 950,000	FY '25	FY '31	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
*	Off-Spec and High Flow Diversion Pipeline	$ 685,000	$ 685,000	FY '25	FY '27	As identified in the 2024 Wastewater Master Plan Update, install dedicated pipe to convey water to Plant A tanks via the oxidation ditch splitter box to satisfy DDW request to diver off-spec water for re-treatment. Budget reflects wastewater's share.
*	Replace WRF Electrical Conduits, Enclosures, and Lighting	$ 386,000	$ 386,000	FY '25	FY '28	As identified in the 2024 Wastewater Master Plan Update, Replace weather damaged electrical conduits/condulets/fittings, enclosures, conduit supports, and light poles. Budget reflects wastewater's share
	Neighborhood #3 Liner Improvements	$ 595,000	$ 595,000	FY '26	FY '27	As identified in the 2024 Wastewater Master Plan Update, localized lined failure in the west well under the manhole covers. Project will address the local liner failures identified at manhole locations.
	Replace 4S WRF Clarifier Scum Boxes	$ 160,000	$ 160,000	FY '26	FY '27	Replace corroded clarifier scum boxes.
	Recurring Replacement Projects					
*	Replace WW Pump and Motor Replacement Program	$ 465,000	$ 2,752,000	FY '27	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annual placeholder, used to replace failing equipment so as to maintain operational reliability. Budget reflects wastewater's share
*	WW Valve and Gate Replacement Program	$ 125,000	$ 1,215,000	FY '27	N/A	As identified in the 2024 Wastewater Master Plan Update, replace existing valves at the 4S Ranch WRF on an as needed basis. Assuming a valve and gate average useful life of 25 -30 years. Includes valve actuators. Budget reflects wastewater's share.
	Collection System Pipeline Rehabilitation and Replacement	$ 162,000	$ 919,000	FY '27	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate or replace collection system piping within the 4S Ranch and Rancho Cielo Collection Systems as-needed
	Pump Station Rehabilitation and Maintenance Program	$ 158,000	$ 887,000	FY '27	N/A	As identified in the 2024 Wastewater Master Plan Update, this project was created to allocate funds as necessary to provide minor rehabilitation of assets at any of the Olivenhain Municipal Water District Sewer Pump Stations and to implement proactive inspection/maintenance schedule of pipes, pumps, and valves, and perform routine pump testing and maintenance.
	Collection System Manhole Rehabilitation Program	$ 150,000	$ 847,000	FY '27	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate manholes in the collection system to maintain operational reliabilit
*	Miscellaneous Equipment Replacement Program	$ 75,000	$ 250,000	FY '27	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring program to replace miscellaneous equipment at the 4S Ranch WRF on an as-needed basis based on equipment's useful life. Miscellaneous equipment including compressors, conveyor belts, hoists, cranes, and other ancillary equipment. Budget reflects wastewater's share.
*	Mechanical and Yard Piping Replacement Program	$ 39,000	$ 1,569,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring project for the replacement of mechanical and yard piping at 4S Ranch WRF which may arise during the course of the year. Budget reflects wastewater's share.
*	Instrumentation Replacement Program	$ 25,000	$ 705,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, program to replace existing instrumentation equipment at the 4S Ranch WRF on an as-needed basis. Instrumentation includes floats, level switches, level transmitters, level transducers, flow meters, analyzers, and samplers. Budget reflects wastewater's share.
*	Plant A Rehabilitation	$ -	$ 486,000	FY '30	N/A	As identified in the 2024 Wastewater Master Plan Update, rehabilitate and maintain the 4S WRF "Plant A" system Plant A to keep the facility available for operation. Budget reflects wastewater's share.

	Project Name	Cumulative Appropriation thru FY '28	Budget	Fiscal Year Begin	Complete	Project Description
	Proposed Projects					
	Del Dios SPS Improvements	$ 3,775,000	$ 3,775,000	FY '27	FY '28	As identified in the 2024 Wastewater Master Plan Update, the Del Dios SPS requires upgrades to pumps, electrical, and other facility improvements.
	Chemical Area Upgrades	$ 92,000	$ 412,000	FY '27	FY '29	As identified in the 2024 Wastewater Master Plan Update, project will resurface the Sodium Hypochlorite and Sodium Hydroxide system containment area to extend useful life. Budget reflects wastewater's share.
*	Cielo SPS Flow Meters	$ 120,000	$ 250,000	FY '27	FY 30	Flow meters are needed in three Cielo SPSs to capture, monitor and track flows.
	Replace RAS Pump Station Suction Valves	$ 68,000	$ 68,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, replace isolation valves on the Plant B RAS pump suction lines have reached the end of their useful life and need to be replaced. Budget reflects wastewater's share
	Rehabilitation of Generator Enclosure Top	$ 22,000	$ 22,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, Rehabilitate deteriorated generator enclosure top. Budget reflects wastewater's share.
*	Midpoint SPS Improvements	$ 319,000	$ 2,179,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan Update, site/civil, mechanical, and electrical improvements to address equipment conditions reaching the end of useful life
	4S Chemical Line Assessment/Replacement	$ 360,000	$ 360,000	FY '28	FY '28	Inspection and potential replacement of chemical feed lines at the 4S WRF to ensure safe, reliable operation.
*	Replace Roll-up doors	$ 209,000	$ 209,000	FY '28	FY '28	As identified in the 2024 Wastewater Master Plan Update, replace four roll up doors to access headworks building reaching end of useful life. Budget reflects wastewater's share.
*	Neighborhood #3 SPS Improvements	$ -	$ 2,552,000	FY '29	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace existing equipment which is nearing the end of it's useful life.
	Upgrade Headworks Odor Control Scrubber	$ -	$ 1,577,000	FY '30	FY '31	As identified in the 2024 Wastewater Master Plan Update, replace odor scrubbing equipment as it reaches end of life to maintain operational reliability
	Wastewater Master Plan Update	$ -	$ 1,079,000	FY '30	FY '35	As identified in the 2024 Wastewater Master Plan Update, perform a comprehensive Wastewater Master Plan Update that includes an updated condition assessments, Consequence of Failure Analysis update, and technical studies depending on the future planning needs of the District to update the District's 10-year CIP project list and capital cost estimates.
	4S WRF Site Paving Improvements	$ -	$ 492,000	FY '30	FY '31	Perform 4S WRF site paving improvements. Budget reflects wastewater's share.
	Fire House Pump Station Replacements	$ -	$ 596,000	FY '31	FY '32	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability
	Santaluz Pump Station Improvements	$ -	$ 1,093,000	FY '32	FY '33	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability
	NBHD #1 Overflow Containment Basin Rehab	$ -	$ 580,000	FY '32	FY '32	The NBHD #1 SPS Overflow containment basin needs repairs and to be re-lined
	Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	$ -	$ 282,000	FY '34	FY '35	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability
	Avenida Apice and Avenida Orilla Pump Station Improvements	$ -	$ 223,000	FY '34	FY '35	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability
	Camino Sin Puente #1 Pump Station Improvements	$ -	$ 557,000	FY '35	FY '36	As identified in the 2024 Wastewater Master Plan Update, rehabilitate Camino Sin Puente #1 Pump Station including pump and discharge piping replacement, wet well liner and structural repairs, electrical upgrades, and required full station bypass.
	Camino Sin Puente #2 Pump Station Improvements	$ -	$ 547,000	FY '35	FY '36	As identified in the 2024 Wastewater Master Plan Update, rehabilitate Camino Sin Puente #2 Pump Station including pump and piping replacement, wet well and structural repairs, electrical upgrades, and required full statio bypass.
	Biological Treatment Upgrade (Process Study & Pre-Design)	$ -	$ 160,000	FY '35	FY '35	As identified in the 2024 Wastewater Master Plan Update, perform detailed process study and pre-design of biological treatment system to confirm and select aeration system upgrade needs
	Upgrade Plant B Oxidation Ditch Aeration System	$ -	$ 2,264,000	FY '36	FY '37	As identified in the 2024 Wastewater Master Plan Update, retrofit or replace oxidation ditch aeration system based on biological process study project.
	Connect Plant B clarifier splitter box to Plant A Clarifiers	$ -	$ 1,359,000	FY '36	FY '37	As identified in the 2024 Wastewater Master Plan Update, construct a new connection to the Plant B clarifier splitte box and a new pipe that conveys Plant B mixed liquor to the Plant A clarifiers, allowing the Plant A clarifiers to be used in case of a failure to one of the Plant B clarifiers, or maintenance / upgrades of the Plant B clarifiers

Note: The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 2027
The annual appropriations will be recorded on July 1, 2026 and July 1, 2027.

*** Wastewater projects that benefit recycled water operations are funded 60% from the wastewater fund and 40% from the recycled water fund**

4S WRF
4S Ranch Water Reclamation Facility.

AB 32
Assembly Bill 32 – a bill requiring California to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020.

AB 1668
Assembly Bill 1668 – a bill requiring the State Water Resources Control Board and the California Department of Water Resources to adopt water efficiency regulations, outlines reporting requirements for water suppliers, and specifies penalties for violations.

ACWA
Association of California Water Agencies. The largest statewide coalition of public water agencies in the country.

Accrual Basis of Accounting
The basis of accounting under which revenue is recognized when earned and expense is recorded as incurred, resulting in a matching of income and expense, regardless of the timing of cash receipts and disbursements.

Acre Foot (AF)
A unit of measure equivalent to 325,900 gallons of water, which meets the needs of two average families in and around the home for one year. Also the equivalent of an acre of land covered in one foot of water.

Activities
The major programs and projects performed by an organizational unit.

Ad Valorem
A tax assessed "according to value" of a property.

Additional Discretionary Payment (ADP)
An optional payment made to CalPERS to help pay down the pension liability. This payment is in addition to the Normal Cost and UAL Payments that are described in this policy. ADPs serve to reduce the UAL and future required contributions and can result in significant long-term savings.

Agricultural Credit
Agricultural users of water receive a discounted rate on their water purchases. To qualify for this credit, the participant must grow or raise certain products for human consumption or for the market. The discount provided under this program is based upon the ability to reduce or interrupt water delivered to participating customers during a water shortage or other emergency.

Allocated Employee Benefits
Calculated as a percentage of labor-related expenses, this account represents a department's proportional share of employee benefits. This amount will be calculated at the end of each month by the accounting system. Refer to the Employee Benefits section of the budget for a detailed listing of expenses included in the benefit calculation.

AMI
Advanced Metering Infrastructure. Smart metering technologies to increase meter reading efficiency, reduce overhead costs and enhance customer service flexibility.

Amended Budget
The original adopted budget plus any amendments passed as of a certain date.

Amortization
Major outlays for intangible items are recorded as an asset, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is amortization, and it is computed using the straight-line method (an equal amount written off each year.) Some examples of intangible assets are: large-scale studies which benefit multiple years; bond formation costs.

Amortization Bases (Pension)
Separate payment schedules for different portions of the Unfunded Accrued Liability. The separate bases consist of changes in the various factors/assumptions described in the "CalPERS Annual Adjustments to UAL/Amortization Bases" section of this policy. Year-to-year changes to the pension liability are added as new amortization bases by CalPERS.

Annual Revenue Requirement
The amount of money that must be generated through water revenues (fixed and commodity) to pay for the District's costs of service.

Appropriation
Action taken by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations usually are made for fixed amounts and granted for a one-year period.

Appropriation, Cumulative
The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation balance as of July 1, 2027. The annual appropriations will be recorded on July 1, 2026 and July 1, 2027.

Arbitrage Rebate
The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation. If a rebate payment is due, such payment shall be made in a timely manner.

Assessed Valuation
An official government value placed upon real estate or other property as a basis for levying taxes.

Assessment District Bond
Limited Obligation Improvement Bonds (LOIB's) issued pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915.
The obligations of the District under the bonds are not general obligations of the District, but are limited obligations, payable solely from the assessments and other assets pledged under the bond indenture.

Assets
Resources owned or held which have monetary and economic value.

Audit
An independent analysis by an external auditor is conducted annually to review the District's internal controls, account activity, and compliance with policies and procedures to provide reasonable assurance that the financial statements of the District are free of material misstatements, and in compliance with Generally Accepted Accounting Principles.

Balanced Budget
Anticipated operating expenditures do not exceed the sum of anticipated revenues.

Benefit Assessment Revenues
Assessments levied within the Assessment District, for the purpose of repaying principal and interest on the bonds, as well as to reimburse for administrative costs directly associated with the bonds.

BMP
Best Management Practices. Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.

Bond
A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Bond Covenant
A contractual provision in a bond indenture.

Budget
A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various funds. The budget is not only a financial plan; it also serves as a policy guide, as an operations guide, and as a communications medium.

Canal Lining Projects
All-American and Coachella canal lining projects. These projects are a key component of the San Diego County Water Authority's supply diversification and improved water supply reliability goals.

Capacity Fee
Charges paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors.

Capital Items
These are major equipment purchases which are used for District operations.

Capital Equipment
Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over $5,000.

Capital Improvement Program
A multi-year plan – identifying capital projects to be funded during the planning period.

Capital Budget
A government's annual appropriation for capital spending that is legally adopted by the legislative body.

Capital Outlay
Expenditures which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.

Capital Projects
Projects that result in the purchase or construction of capital assets.

Capitalized Non-labor Expenses
A transfer of indirect administrative and employee benefit costs, (using a percentage of direct labor,) which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Capitalized Interest
Interest costs, less interest earned on long-term debt, are capitalized during the construction period of major capital asset additions.

Capitalized Labor
A transfer of direct labor costs, which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Cash Basis
A projection of cash receipts and disbursements anticipated during a fiscal year.

Cash Management
A conscious effort to manage cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without the sacrifice of safety or necessary liquidity.

Cathodic Protection (CP)
A technique used to control the corrosion of metal surfaces in our water transmission pipelines.

CB&T
California Bank and Trust, a financial institution.

Certificates of Participation Bond (COP)
These Water Revenue Certificates of Participation are a special obligation of the District payable solely from net system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

CEQA
California Environmental Quality Act, a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

Classic Plan (2.5% at 55)
Benefit formula for employees hired prior to January 1, 2013. Employees on the Classic Plan are eligible for retirement benefits starting at age 50 and can receive full retirement benefits at age 55. Final retirement benefits are calculated based on the employee’s final compensation, years of service, and benefit factor.

CMP
Comprehensive Master Plan, a key component in the District's long-term planning process. The CMP is developed to help predict and plan for future facility needs and system planning issues, given the District's anticipated priorities.

Collection and Regulatory Fees
Expenses incurred as a result of the need to obtain licenses or permits. This can include such things as health permits, vehicle registration, dumping fees or county recorder fees. Also included are expenses incurred as a result of assigning delinquent accounts receivable to an outside collection agency.

Conservation Mandate
State of California Executive Order B-29-15 that mandates the State Water Resources Control Board to impose temporary restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016.

Construction Projects
The cost to construct major additions and extensions to the District's system, including staff labor and benefits, design and engineering costs and construction costs among other cost elements.

Consultants
Expenses incurred as a result of retaining the services of individuals or businesses to perform various professional services. Examples would include computer programming, salary surveys, water rate consultants, and grant acquiring expertise.

Consumer Price Index (CPI)
Measures the prices of consumer goods and services published by the Department of Labor on a monthly basis.

CSMFO
California Society of Municipal Finance Officers.

Customer Outreach Programs
Expenses incurred for the purpose of meeting Best Management Practices, sponsoring conservation, education, and water awareness programs.

DCMWTP
David C. McCollom Water Treatment Plant.

Debt Service Coverage Ratio
The ratio of operating income available to debt servicing for interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments.

Debt Service - Expense
The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

Debt Service - Labor Expenses
Labor costs, including fringe and overhead, directly related to bond administration.

Debt Service - Non-labor Expenses
Costs other than labor directly related to bond administration.

Department
A basic organizational unit of a jurisdiction which is functionally unique in its service delivery.

Depreciation
Major improvements and equipment are recorded as assets, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is depreciation, and it is computed using the straight-line method (an equal amount written off each year.)

Director's Fees
Per diem fees paid to directors for attendance at District Board meetings or other meetings for which the directors serve as District representatives.

Disbursements
Payments made on obligations.

Discount Rate (Pension)
The long-term interest rate used by CalPERS in determining funding for future pension benefits. Also known as the assumed rate of return because it is what CalPERS expects its investments to earn during the fiscal year. CalPERS Board of Administration meets annually to vote on discount rate changes. Lowering the rate generally results in increased employer contributions.

Distribution System Water Loss
A measure of the percentage of produced water that fails to reach customers and cannot otherwise be accounted for through authorized usage. It includes real loss and apparent loss. Real loss is physical water losses from the pressurized system (water mains and customer service connections) and the utility's storage tanks, up to the point of customer consumption. Apparent loss is unauthorized consumption, customer meter inaccuracies, and systematic data handling errors.

DPH
Department of Public Health.

EAM
Enterprise Asset Management. Management of the physical assets of an organization to maximize value.

EDU
Equivalent Dwelling Unit - the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

Effluent
Sewage discharged from the 4S Ranch Water Reclamation Facility.

EFRR
Elfin Forest Recreational Reserve.

EIR
Environmental Impact Report, a study of factors and results which land development or construction projects would have on the environment in the area.

Employee Programs
Expenses incurred for the purpose of District sponsorship of activities or programs that acknowledge the contributions of District employees. Examples may include plaques that recognize an employee's longevity with the District, reward an employee's suggestion for improving a District procedure, or support of employee health and wellness.

Employee Recreation Club
Expenses incurred for the purpose of the District's annual funding of a recreation club that is administered by the employees for group recreational activities.

Employee Training and Education
Expenses incurred for the purpose of sending employees to training classes or seminars. Also included are expenses incurred to reimburse employees for participation in classes in the pursuit of a college degree. Seminar fees for staff are not included in this account, and should be expensed to "seminars and meetings." Travel expenses incurred by employees while attending seminars and classes are also to be included in "seminars and meetings."

Engineering
Expenses incurred as a result of services provided by the District's engineers or any other engineering firms retained by the District.

Enterprise Fund
Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Equipment Purchases
The purchase of office equipment, furniture, automobiles trucks, shop equipment, office furniture, and other items.

Equipment Rental
Expenses incurred as a result of the one-time or monthly rental of equipment. This may include the rental of heavy machinery, computers, or any other type of equipment of which the District is not the owner.

Expansion Fund
See Capacity Fee Fund.

Expenditure
An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

FICA - Employer's Share
Expenses incurred by the District for the matching of social security and Medicare taxes withheld from employees' payroll as required by the federal government.

Fiduciary
A person legally appointed and authorized to hold assets in trust for another person.

Firm Demands
Refers to actual water volume delivered by SDCWA, during any given year, to one of its member agencies.

Fiscal Year
The time frame in which the budget applies. This is the period of July 1 through June 30.

Fixed Assets
Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

Fixed Charge County Assessment
A collection fee assessed by the County of San Diego Auditor and Controller to recover costs of placing fixed-charge assessments on the county property tax roll.

Fresh Start
A Fresh Start is the re-amortization of one or more of the Unfunded Accrued Liability amortization bases over a shorter period. The goal of a Fresh Start is to reduce the UAL more quickly and provide significant long-term savings.

Fund Balance
The District segregates and reports revenue and expenses by various sources and/or activities. Each source or activity is identified as a fund, with the fund balance being the difference between the assets and liabilities for that fund.

Funded Status (Funding Ratio)
Assessment of the need for future employer contributions. This is measured by dividing the District's Market Value of Assets by its Accrued Liability.

FTE
Full Time Equivalent.

Gann Limit:
Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year. Any revenue from "proceeds of taxes" is appropriated by the Board of Directors of the District for fixed assets (including land and construction) with a useful life of ten years or more and a value which equals or exceeds $100,000. Per resolution by the Board of Directors of the Olivenhain Municipal Water District, the appropriation limit for Fiscal Year 2027 is $3,430,137. Fiscal Year 2028 will go to the Board for approval in June of 2027.

GFOA
Government Finance Officers Association of United States and Canada.

Gain/Loss – Disposition of Assets
Income received or expenses incurred as a result of the voluntary (in the case of items sold by the District) or involuntary (in the case of theft or vandalism) disposition of District assets.

Generally Accepted Accounting Principles (GAAP)
Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

GIS
Geographic Information System - an organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

Grow Your Own (GYO) Program
Program to allow the District to better retain qualified and productive employees for the District's future succession plan. The program does not limit employee's opportunity for growth while maintaining the same headcount.

HCF
Hundred Cubic Feet – equal to 748 gallons.

IAWP
Interim Agricultural Water Program.

Impact Charge Revenues
This charge resulted from an ordinance passed by the District's Board of Directors, and is intended to mitigate impacts to the District's water storage system caused by new development needing greater storage capacity than was originally assessed as part of Assessment District 96-1.

Implementing Policies
Specific guiding principles that directly guide and support achievement of strategic goals and objectives.

Improvement District Bond
Voters of select improvement districts authorize the issuance of these general obligation bonds in which principal and interest are repaid from operating revenues and ad valorem taxes levied upon taxable property located within the improvement district.

Infrastructure
Water, Recycled and Sewer backbone facilities, including collection, treatment and distribution systems, as well as office buildings.

Insurance – Dental
Expenses incurred for the purpose of providing dental insurance for District Board members, employees, and their dependents.

Insurance – Group Health
Expenses incurred for the purpose of providing health insurance for District Board members, employees, and their dependents.

Insurance – Long Term Disability
Expenses incurred for the purpose of providing long-term disability insurance for District employees.

Insurance – Unemployment
Expenses incurred for the purpose of providing unemployment insurance for former District employees.

Insurance – Vision
Expenses incurred for the purpose of providing vision care insurance for District Board members, employees, and their dependents.

Insurance –Workers' Compensation
Expenses incurred for the purpose of providing workers' compensation insurance for District Board members and District employees.

IRWM
Integrated Regional Water Management - a local water resources management approach preferred by the Governor, California Department of Water Resources, and State Water Resources Control Board aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment, and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

LAFCO
Local Agency Formation Commission.

Leave – Employee Sick
Expenses incurred for the purpose of accruing time-off allowed for illnesses of employees as specified in the District's Administrative & Ethics Code.

Leave – Holiday
Expenses incurred for the purpose of accruing time-off for District holidays as specified in the District's Administrative & Ethics Code.

Leave – Vacation
Expenses incurred for the purpose of accruing time-off for vacation as specified in the District's Administrative & Ethics Code.

Legal
Expenses incurred for the purpose of obtaining legal services from the District's legal counsel, Nossaman, LLP, or any other legal services retained by the District.

M&I
Municipal and Industrial.

Maintenance and Repairs
General expenses incurred as a result of the need to maintain equipment in normal operating condition or to repair equipment to return it to its normal operating condition. This account should not be used for repairs that extend the life of the equipment. In situations where a major repair extends the life of a piece of equipment, a tank, or a pipeline, one of the District's annual fixed asset work orders should be utilized.

Maintenance and Repairs – Roads
Expenses incurred to repair damages to roads caused by repairs to mains or service laterals. These costs include the charges from outside contractors to make the repairs, traffic control costs and materials.

Membership Dues and Subscriptions
Expenses incurred as a result of the establishment or renewal of District membership in professional or trade associations or the establishment or renewal of subscriptions for professional or trade publications. Both memberships and subscriptions should be in support of District activities.

Metropolitan Water District of Southern California (MWD)
MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 19 million people in urban Southern California, including San Diego County. This water is wholesaled to Metropolitan's 27 member agencies, including SDCWA which conveys this water to the District. Metropolitan is governed by a 51-member Board of Directors representing its member agencies. MWD receives its water from two main sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct.

Mission
The District's fundamental core responsibility.

MOU
Memorandum of Understanding.

Natural Decrease
Population decrease due to less births and more mortality.

Natural Increase
Population increase due to more births and less mortality.

Net Migration
Total of domestic and international migration.

NW
Northwest Quadrant, a recycled water service area located in the northwest quadrant of the District.

Objective
The yearly organizational levels of achievement expected. A statement of purpose defined more specifically than a goal.

Office Supplies and Expense
Expenses incurred as a result of the purchase of supplies necessary to perform day to day office work as well as other expenses that may be difficult to classify as office supplies. Examples of office supplies are paper, pencils, file folders, etc. and are characterized by their consumable nature. Examples of office expenses are items such as software (unless budgeted as a capital item), staplers, etc.

OMWD
Olivenhain Municipal Water District.

Operating Budget
The normal, ongoing operating costs incurred to operate the District including salaries, employer expenses, professional and outside services, and other operating expenses.

Organizational Philosophy
Formal, general guiding principles for the conduct of District business and the formulation of goals and objectives.

Other Administrative and General Expenses
Expenses incurred for general or administrative purposes that are not included in office supplies and expense. Examples of such expenses may be classified advertisements, plaques, expenses in recognition of ill employees, or application fees.

Other Fringe Benefits
Expenses incurred for fringe benefits not included in other specific fringe benefit accounts.

Outside Services
Services incurred as a result of retaining individuals or businesses to perform non-engineering services. Examples might include bee removal, laboratory testing of water samples, mailing services, couriers, and telephone message producers.

Performance
The measurable unit of types or work related to District activities and, where meaningful, the costs of operation that are used to develop the costs for each unit of activity.

Performance Measurement
A process for determining how a program is accomplishing its mission through the delivery of products, services, or processes.

PERS Contributions
Expenses incurred for the District's contributions to the California Public Employees' Retirement System as specified in the District's Administrative & Ethics Code.

Post-Financing Payoffs
Voluntary payments made by property owners within Assessment District 96-1 to completely pay off the bonded indebtedness on their property. The proceeds from these pay-offs are used to call bonds and reduce the outstanding bond debt.

Postage and Shipping
Expenses incurred for the purpose of mailing or delivering letters, packages, documents, or customer bills.

Printing
Expenses incurred for the purpose of reproducing documents or forms for distribution and use both within and outside of the District.

Property Insurance
Expenses incurred for the purpose of obtaining insurance coverage for District facilities and liability protection.

Public Employment Pension Reform Act (PEPRA) Plan (2.0% @ 62)
Benefit formula for employees hired after January 1, 2013. Employees on the PEPRA plan are eligible for retirement benefits starting at age 52 and can receive full benefits at age 62. Final retirement benefits are calculated based on the employee's final compensation, years of service, and benefit factor.

Rate Reimbursement Credit
An 11 cent credit applied to District customers' monthly water bill for each unit of potable water purchased. The District's Board established the credit to begin passing through $3.6 million in rebates received from the San Diego County Water Authority from whom the District purchase its untreated water. The credit became effective March 1, 2022 and will remain in effect until the full rebate amount has been refunded to customers.

Raw Water
Water delivered to member agencies which has received only chlorination.

Readiness to Serve Charge
This charge is assessed by MWD on an annual basis, and is a cost of being connected to SDCWA's distribution system.

Rentals
This includes costs to rent equipment, copy machines, temporary easements and other items.

Reserves
Funds segregated by the District to be used for future contingencies. Reserve amounts are authorized by the Board of Directors.

Restricted
Funds shown as restricted have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specific purposes, such as service of debt and construction of capital assets.

Revenue
Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

Salaries and Wages – Jury Duty
Wages attributable to employee time spent performing jury duty service.

Salaries and Wages – Overtime
Wages incurred as a result of employees working in excess or nine hours per modified work day or forty hours per modified work week.

Salaries and Wages – Regular
All wages not attributable to overtime, time spent for general training, time spent on safety activities, or time spent on jury duty services.

Salaries and Wages – Safety
Wages attributable to employee time spent attending safety training or safety related activities.

Salaries and Wages – Training
Wages attributable to employee time spent attending classes or seminars for the purpose of increasing knowledge and skills.

San Diego CPI-U
A measure of the average change in prices over time in a fixed market basket of goods and services within San Diego County for a population comprised of all urban consumers. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees, and others not in the labor force.

SANDAG
San Diego Association of Governments.

SB 606
California Senate Bill 606 requires the State Water Board and DWR to adopt water efficiency regulations, outlines requirements for urban water suppliers, and specifies penalties for violations. The bill contains distinct provisions on water shortage planning and water loss reporting for urban wholesale water suppliers, and establishes a bonus incentive for potable reuse water.

SB X7-7
California Senate Bill 7, Seventh Extended Session (2009): Water Conservation Bill of 2009—Bill requiring urban water retailers to achieve 20% per capita water use reduction by 2020.

SDCWA
San Diego County Water Authority, the District's water wholesaler. SDCWA purchases a substantial portion of its water supply from Metropolitan Water District of Southern California (MWD).

SDCWA Infrastructure Access Charges (IAC)
This charge is imposed by the San Diego County Water Authority and is assessed based on meter size. The charge is designed to collect a portion of SDCWA's fixed costs. It is collected by the District and remitted to the SDCWA.

SDMBA
San Diego Mountain Bike Association – the association holds a volunteer trail maintenance event at EFRR every year.

SDRMA
Special District Risk Management Authority.

SE
Southeast Quadrant, a recycled water service area located in the southeast quadrant of the District.

SRF
State Revolving Fund.

Seminars and Meetings
Expenses incurred for the purpose of staff attendance at seminars and meetings. Examples may include seminar fees, meals or lodging. Also included in this account would be travel expenses incurred by non-staff employees for the purpose of attending training. In this case, the fees for the training class would be charged to the fringe benefit account, "employee training."

State Revolving Fund
A state program offering low interest financing agreements. The specific SRF related to the District is used to finance infrastructure improvements to ensure safe drinking water systems.

Strategies
The general approach taken to achieve strategic goals and objectives, inclusive of programs and activities within the programs.

Supplies
Expenses incurred for the purchase of items used to perform operating activities such as water treatment, meter installation, corrosion protection, telemetry, customer service, etc. Also included in this account are charges for auto fuel, small tools and safety supplies. Small tools are defined as tools that cost less than $300. Small tools should not be charged to the annual work order for shop field and equipment.

Supply Reliability Charge
A new fee imposed by the San Diego County Water Authority to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant.

Support Allocation
Distribution of costs incurred by central service units (General Manager, Human Resource, Finance, Information Technology, Facilities Maintenance) for the benefit of operational departments (Engineering, EFRR, Wastewater, Project Team, Potable Water Operations, Recycled Water Operations, Customer Services).

SSMP

Sewer System Management Plan

SWRCB

State Water Resources Control Board - a five-member board in California that protects water quality by setting statewide policy, supporting Regional Water Quality Control Board efforts, and reviewing petitions that contest Regional Board actions.

TECC
The Escondido Creek Conservancy - a non-profit environmental steward of the Escondido Creek with which the District partnered to complete the Elfin Forest Interpretive Center Honoring Susan J. Varty.

Telephone and Communications Expense
Expenses incurred for the monthly service and charges for calls made from District landline and cellular telephones and for the monthly rental of pagers.

Temporary Labor
Expenses incurred for the purpose of obtaining temporary assistance for the completion of special tasks or projects.

Tertiary
A final treated water discharge from the 4S WRF.

Tiger Team
Program incorporating cost-saving efforts by District staff and pursuit of revenue enhancement programs such as energy saving programs to help offset cost increases.

Title XVI
US Bureau of Reclamation's Water Reclamation and Reuse Program - Infrastructure funding program authorized by Title XVI of Public Law 102-575, which directs the Secretary of the Interior to undertake a program to investigate and identify opportunities for water reclamation and reuse of municipal, industrial, domestic and agricultural wastewater, and naturally impaired ground and surface waters, and for design and construction of demonstration and permanent facilities to reclaim and reuse wastewater.

Total Budget
The sum of the total Operating Budget, Debt Service, Water Purchases, and Capital Budget.

Total Capital Budget
The total budget requests for equipment purchases and construction projects.

Treated or Potable Water
Water delivered to customers which has been treated by coagulation, sedimentation, filtration, and chlorination

Uncollectible Accounts
Expenses incurred as a result of the write-off of customer accounts receivable determined to be uncollectible.

Unfunded Accrued Liability (UAL)
Difference between the pension plan liabilities (i.e., money the pension plan owes to current and future retirees) and the pension plan assets (i.e., money coming into the plan via contributions). In other words, it is how much money the pension plan would be short if all benefits for members past and present had to be paid today.

Unfunded Accrued Liability (UAL) Payments
The minimum amount due to CalPERS to fund the District's Unfunded Accrued Liability (UAL). This is an annual lump-sum payment made by the District and in addition to the normal contributions (Normal Cost) that are based made by the District and based on a percentage of payroll.

Uniforms
Expenses incurred for the purchase of District tee-shirts, sweatshirts, and hats, and for the payment to employees for their applicable clothing allowances as specified in the District's Administrative & Ethics Code.

Utilities
Expenses incurred to provide electrical and gas utilities and waste disposal for District facilities.

UWMP
Urban Water Management Plan **–** a report that must be prepared and submitted to the Department of Water Resources every five years by urban water suppliers by which to adequately demonstrate water supply reliability in future years.

Variable Rate Debt
Debt issued with interest reset on a weekly basis. The rates applicable to variable rate certificates or bonds are to be determined by the remarketing agency.

Water System Refunding Revenue Bonds
These bonds are payable solely from new system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

Water Purchases
The cost of purchasing water from the Metropolitan Water District of Southern California and the San Diego County Water Authority.

Wholesalers
The District's treated and raw water suppliers, Metropolitan Water District of Southern California and the San Diego County Water Authority.

WATER UNIT EQUIVALENCIES

c.f.s. = cubic feet of water per second
A.F. = acre feet of water
g.p.m. = gallons of water per minute
g.p.h. = gallons of water per hour
g.p.d. = gallons of water per day
m.g.d = million gallons per day

Unit		**is equal to**		**is equal to**
1 cubic foot	=	7.48 gallons of water	=	62.4 pounds of water
1 h.c.f.	=	1 unit of water	=	748.5 gallons of water
1 A.F.	=	43,560 cubic feet of water	=	325,851 gallons of water
1 c.f.s.	=	448.8 g.p.m.	=	646,272 g.p.d
1 c.f.s. for 24 hours	=	1.98 A.F.		
1 c.f.s. for 30 days	=	59.5 A.F.		
1 c.f.s. for 1 year	=	724 A.F.		
1 g.p.m.	=	60 g.p.h.	=	1,440 g.p.d.
1,000 g.p.m.	=	4.42 A.F. per day	=	2.23 c.f.s.
1 million gallons of water	=	3.07 A.F.		
1 m.g.d	=	1,122 A.F. per year	=	694 g.p.m.

Olivenhain Municipal Water District

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2025 WINNER
32nd Annual North County Water Awareness Fourth Grade Poster Contest
Submitted by a student of Stone Ranch Elementary School