



Fiscal Year 2026-27

ANNUAL PUBLICATION

FISCAL YEAR BUDGET

Highland, California

LEADERSHIP | PARTNERSHIP | STEWARDSHIP

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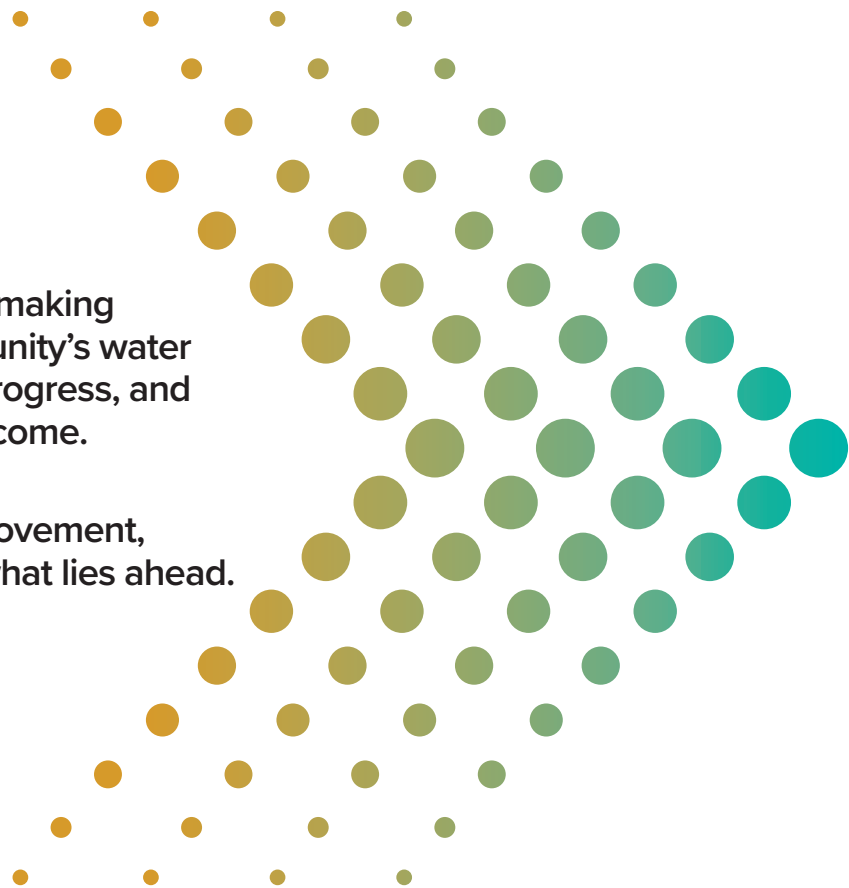
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EAST VALLEY WATER DISTRICT is making strategic investments in the community's water and wastewater systems, driving progress, and planning ahead for generations to come.

The **ARROWS** represent forward movement, innovation, and a commitment to what lies ahead.





Ronald L. Coats
Chairman of the Board

Chris Carrillo
Vice Chairman

Phillip R. Goodrich
Governing Board Member

James Morales, Jr.
Governing Board Member

David E. Smith
Governing Board Member

Michael Moore, P.E.
General Manager/CEO

**3111 Greenspot Road
Highland, CA 92346**

**(909) 889-9501
eastvalleywater.gov**

June 24, 2026

Honorable Chairman, Governing Board, District Ratepayers and Community Members:

Serving our community with exceptional water and wastewater services is our mission and is at the core of everything we do. The East Valley Water District (District) Annual Budget outlines a plan to invest in the people, equipment, and materials required to serve our community. This balanced budget meets the commitments we have made through our Strategic Plan while addressing the changing conditions that impact our water supply. The District's finances remain strong and continue to meet all the requirements of our financial policies.

Like our customers, the District continues to face financial pressures from inflation and rising fuel and power costs. Over the past several months, these costs have outpaced revenue growth. The Fiscal Year (FY) 2026-27 Budget accounts for these inflationary pressures and ensures the District maintains the fiscal resilience needed to operate reliably, even during difficult times. District staff continue to work diligently to improve efficiency and identify opportunities to reduce expenses.

This budget reflects the District's continued commitment to providing safe, reliable, and affordable water and wastewater services while planning responsibly for the future. Through strategic investments in infrastructure, technology, workforce development, and local water supplies, we are strengthening the resilience of our utility system and positioning the District to meet the needs of our growing community.

Budget Process

Every January, the budget process begins with the Governing Board creating and adopting the 5-Year Work Plan, which serves as the District's guiding strategy plan spanning over the course of multiple years. District staff then develop the milestones and objectives needed to meet the 5-Year Work Plan goals within the District's financial forecasts. The effort allows for a strategic planning process through goal setting and planning, while considering ongoing operational needs in the development of the program and capital expenses.

STRATEGIC PLANNING EFFORTS

East Valley Water District aspires to be a beacon of excellence and innovation within the water industry. The Governing Board, staff, and community have established a comprehensive strategic framework consisting of the District's Vision, Mission, Core Values, and Pillars & Strategies. Together, these guiding principles provide clear direction for operational and planning decisions and serve as the foundation for the District's strategic planning workflow. This framework is carried forward through the 5-Year Work Plan, daily operations, industry benchmarks, individual performance goals, and the annual budget to ensure organizational priorities remain aligned and measurable.

With the strategic foundation in place, staff uses the framework to develop the FY 2026-27 Budget outlining the financial steps needed to achieve the goals. Given the high standards of the District, it is important to showcase the strategic value of key projects outlined in the 5-Year Work Plan, including the required planning steps, environmental awareness, and clear prioritization to allow staff to accomplish the set goals. As a performance and operations-based organization, the FY 2026-27 Budget also accounts for on-going daily operations, while maintaining the world-class standards set by the community.

PROGRAMMATIC GOALS AND OBJECTIVES

All Program Goals have been designed to support the priorities outlined in the 5-Year Work Plan.

REVENUE AND PROJECTIONS

Anticipated rate and non-rate revenues are projected to estimate the financial resources available to fund the activities and infrastructure enhancements identified for the fiscal year. Given the significant potential impacts of external factors such as the economy, inflation, drought conditions, and demand, the District calculates these figures in a fiscally conservative manner. A process is in place to allow for adjustments to reflect actual revenue trends at quarterly intervals throughout the year and ultimately reported in the Annual Comprehensive Financial Report (ACFR or Annual Report).

EXPENDITURE PROJECTIONS

Expenditure projections are cost estimates developed to achieve Program Goals and objectives along with daily operational needs. This information is presented from multiple levels, including the Districtwide perspective for each fund, and for individual programs. Once initial expenditures are developed, they are compared to the revenue projections. During the budget process, if expenditures were projected above available revenues, the organization could use the strategic nature of the budget to re-evaluate goals to ensure maintenance of consistent expectations with available financial resources.

BUDGET ADOPTION

To provide an opportunity for discussion and participation, the budget was presented to the Governing Board in phases at a series of three public meetings. In addition, the information was presented during one public meeting of the Community Advisory Commission (CAC). The Community Advisory Commission is a group of seven residents appointed by the Governing Board to provide input to support efforts of transparency and accountability. The annual budget must be adopted by June 30 in order to begin the new fiscal year on July 1.

Budget Summary

The budget for FY 2026-27 is balanced and reflects the District's commitment to maximizing resources to meet or exceed the expectations of District stakeholders. Operating expenses incurred by the District's programs are allocated to the Water, Wastewater, and Water Reclamation Funds based on the assumed benefit of services to each fund. These funds are self-supporting based on rates received for services provided. Total projected revenues for FY 2026-27 are \$61.7 million.

	FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	% Changed
REVENUE					
Operating Revenue	\$ 56,969,277	\$ 53,497,000	\$ 64,656,877	\$ 57,973,000	8%
Non-Operating Revenue	3,508,820	26,851,000	25,593,222	3,724,000	-86%
TOTAL REVENUE	\$ 60,478,097	\$ 80,348,000	\$ 90,250,099	\$ 61,697,000	-23%
EXPENDITURES					
Operating & Maintenance	\$ 39,922,836	\$ 44,007,000	\$ 46,627,017	\$ 45,733,000	4%
Debt Service	10,829,671	10,415,000	10,415,000	10,265,000	-1%
Capital Expenditures	636,220	5,835,000	5,835,000	1,601,000	-73%
Transfer To (From) Reserves	9,089,370	20,091,000	27,373,082	4,098,000	-80%
TOTAL EXPENDITURES	\$ 60,478,097	\$ 80,348,000	\$ 90,250,099	\$ 61,697,000	-23%

Funds

WATER FUND

The Water Fund supports the acquisition, treatment, and distribution of potable water to District customers. Revenue generated through water sales and system charges funds daily operations, capital reinvestment, and debt service obligations. During FY 2026-27, the Fund will continue to support critical infrastructure improvements, maintain reserve targets, and ensure long-term water supply reliability while preparing for a comprehensive Cost of Service Analysis and Rate Study.

WASTEWATER FUND

The Wastewater Fund supports the operation and maintenance of the District's wastewater collection system, which conveys wastewater from homes and businesses to the Sterling Natural Resource Center (SNRC) for treatment. The FY 2026-27 budget provides funding for ongoing system maintenance, pipeline rehabilitation, debt service, and reserve development to ensure reliable service and long-term infrastructure sustainability.

WATER RECLAMATION FUND

The Water Reclamation Fund supports operation of the Sterling Natural Resource Center, which treats wastewater, produces recycled water for groundwater recharge, and generates renewable energy through anaerobic digestion. The FY 2026-27 budget continues to fund facility operations, regulatory compliance, and debt service obligations while advancing efforts to optimize treatment processes, improve energy production, and strengthen the Fund's long-term financial sustainability.

Program Monitoring and Budget Adjustments

Given that the budget is developed based on projections, every program monitors monthly expenses. Each quarter, the budget-to-actuals are reviewed by staff to allow for an opportunity to take formal budget adjustments to the Governing Board for consideration. Consistent budget review eases the transition of programs from year-to-year. Every year staff presents a comprehensive update to the Governing Board midway through the fiscal year where this item is discussed at an open public meeting and provides a summary of budget activity along with updated forecasts for the remainder of the year.

Staffing

The District continues to strategically evaluate the workforce needs to facilitate exceptional service. The FY 2026-27 Budget has identified 81 authorized full-time positions along with two part-time positions. To support the District's growing operational responsibilities and long-term infrastructure needs, the budget includes two additional in-house pipeline replacement positions. These positions will enhance the District's ability to proactively replace aging water infrastructure, improve system reliability, and reduce reliance on contracted services.

Capital Improvement Program

This year's budget includes investments that strengthen the District's resilience and reliability, including:

- Additional renewable energy generation at the Sterling Natural Resource Center (SNRC) to help offset electricity costs.
- A \$12.5 million Capital Improvement Program (CIP).
- Construction of Plant 129 Well and Headquarters Well 152.
- Water main replacement and reservoir rehabilitation projects.

The budget includes significant investments in replacing aging pipelines and pumps, constructing new groundwater wells, and maintaining critical infrastructure. The \$12.5 million Capital Improvement Program is funded by water rates, development fees, and grants. This continued investment helps ensure reliable drinking water and wastewater services for years to come.

Debt

The District utilizes debt funding to finance large capital projects. The District has outstanding debt which has been utilized for water treatment facilities, energy efficiency improvements, mutual water company consolidations, and infrastructure projects. Debt is not used to fund operating expenses. Debt service for FY 2026-27 on all outstanding debt is approximately \$10.3 million.

Outlook for the Year Ahead

The District's Long-Range Financial Plan provides a forward-looking framework for evaluating the financial sustainability of its water, wastewater, and water reclamation enterprises while supporting the goals of the 5-Year Work Plan. Through ongoing assessment of user rates, development fees, energy costs, regulatory requirements, workforce needs, and capital investment priorities, the District remains committed to balancing current operational demands with long-term stewardship. This strategic approach ensures financial resources are aligned with future infrastructure needs, organizational resiliency, and the continued delivery of exceptional services to the community.

Conclusion

As we look ahead, we remain focused on balancing operational excellence with fiscal responsibility. On behalf of the District's Governing Board and dedicated employees, I thank our customers, community partners, and stakeholders for their continued trust and support. We are proud to present the FY 2026-27 Budget and remain committed to serving our community with leadership, partnership, and stewardship.



Yours in Service,

Michael Moore, P.E.
General Manager/CEO

DISTRICT MANAGEMENT

Jeff Noelte

Director of Engineering & Operations

Justine Hendricksen

District Clerk

Kerrie Bryan

Director of Human Resources

Manny Moreno

Water Reclamation Manager

Patrick Milroy

Operations Manager

Rudy Guerrero

Director of Finance

Ryan Ritualo

IT Manager

William Ringland

Director of External Affairs and Customer Experience

Resolution 2026.06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST VALLEY WATER DISTRICT APPROVING THE OPERATING AND CAPITAL BUDGETS FOR FY 2026-27

WHEREAS, East Valley Water District (“District”) is a county water district organized and operating pursuant to California Water Code Section 30000 et seq.; and

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for FY 2026-27, hereinafter referred to as the “Budget;” and

WHEREAS, the 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 the forthcoming fiscal year; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Valley Water District as follows:

Section 1. The Budget, and each and every part thereof, is hereby approved and adopted for the FY 2026-27; and

Section 2. The provisions of this Resolution shall take effect on July 1, 2026.

ADOPTED this 24th day of June 2026.

Ayes: Directors: Carrillo, Coats, Goodrich, Morales, Smith

Noes: None

Abstain: None

Absent: None

ATTEST:



Michael Moore, P.E.
Secretary, Board of Directors

June 24, 2026

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2026.06 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held June 24, 2026.



Michael Moore, P.E.
Secretary, Board of Directors



Ronald L. Coats
Board President

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Fiscal Year 2026-27

INTRODUCTION

The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication.

Introduction Contents

- Budget Guide
- Statistical/Supplemental Information
- District Vision
- District Pillars & Strategies
- Organizational Structure
- 5-Year Work Plan
- Industry Benchmarks

BUDGET GUIDE



The budget document is East Valley Water District's (District) annual financial plan prepared by District staff and approved by the Governing Board. The financial plan serves as a policy document, operations guide for programs, and as a means of transparent communication. The intended audiences of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Document Sections

East Valley Water District's FY 2026-27 Operating and Capital Budgets provide customers, ratepayers, and members of the community with detailed information about the District's programs and operations.

The goal of the budget document is to provide transparency to the community regarding the services, programs, and operations of the District. The budget document consists of seven sections, including:

1 INTRODUCTION

This section includes the Budget Guide on how to read the budget, Statistical/Supplemental Information, Organizational Structure, and District Vision.

2 FINANCIAL SUMMARY

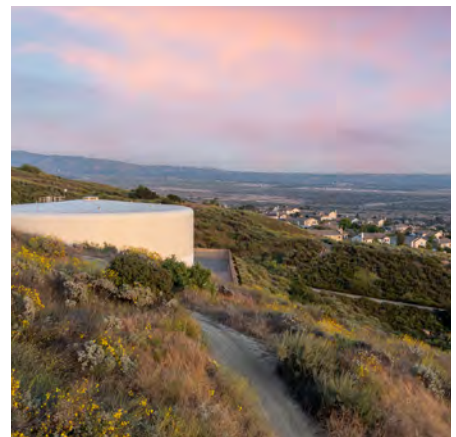
This section presents an in-depth Districtwide overview of the FY 2026-27 Budget, including methodology and principles to provide guidelines for the formation and consideration of the comprehensive annual budget.

3 WATER, WASTEWATER, AND RECLAMATION FUNDS

Financial projections, assumptions and considerations for revenue, expenses, and operations are included in this section.

4 CONSOLIDATED FINANCIAL SCHEDULES

This section is a comprehensive summary of the District's Budget presented for the organization as a whole and for each of the District Funds.



The budget represents actions needed to implement the District's short-term and long-term goals and objectives.

5 PROGRAM SUMMARIES

This section provides comprehensive information for each functional program within the District including their operational budget. Descriptions include highlights of accomplishments, key goals and objectives, and Operating Budget for the specific Program.

The FY 2026-27 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance



6 CAPITAL BUDGET

This section presents the Capital Outlay expenditures and Capital Improvement Projects (CIP) for the FY 2026-27 Budget.

7 GLOSSARY

This section provides definitions for general terms, acronyms, and the Chart of Accounts used throughout the budget document.

Budget Financial Information

The District operates on a fiscal year, or budget time period, that begins on July 1 and ends June 30. The columns typically presented are:

FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
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FY 2024-25 ACTUAL

Actual financial information for FY 2024-25 as reported in the Annual Comprehensive Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

FY 2025-26 BUDGET

The FY 2025-26 Budget was adopted by the Governing Board on June 25, 2025 and may also include any adjustments approved by the Governing Board at the Mid-Year Budget Review.

FY 2025-26 PROJECTED

The FY 2025-26 Projected column reflects the adopted budget in addition to any amendments approved by the Governing Board during the fiscal year. This budget is prepared before the completion of the current year budget. The FY 2025-26 Projected column is also adjusted to reflect management’s estimate of what revenues and expenditures will be at the end of the fiscal year.

FY 2026-27 BUDGET

This column initially reflects the FY 2026-27 “Proposed” Budget submitted by the General Manager/CEO. After the Governing Board reviews and approves the FY 2026-27 Budget, the information in the FY 2026-27 column changes, if necessary, to reflect the Governing Board’s actions.

AMOUNT CHANGED AND % CHANGE

These columns provide the amount changed/percent change from the previous year’s budget to the newly adopted budget.

Budget Awards

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSMFO) presented the Excellence Award to the District for its annual budget for the fiscal year beginning July 1, 2025. In order to receive these awards, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

These awards are 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 GFOA and CSMFO to determine its eligibility for another award.



Award and recognition of the District's annual budget is a testament to the organization's dedication to fiscal excellence. It boosts internal and external confidence while setting a foundation for sustainable financial health.



STATISTICAL/SUPPLEMENTAL INFORMATION

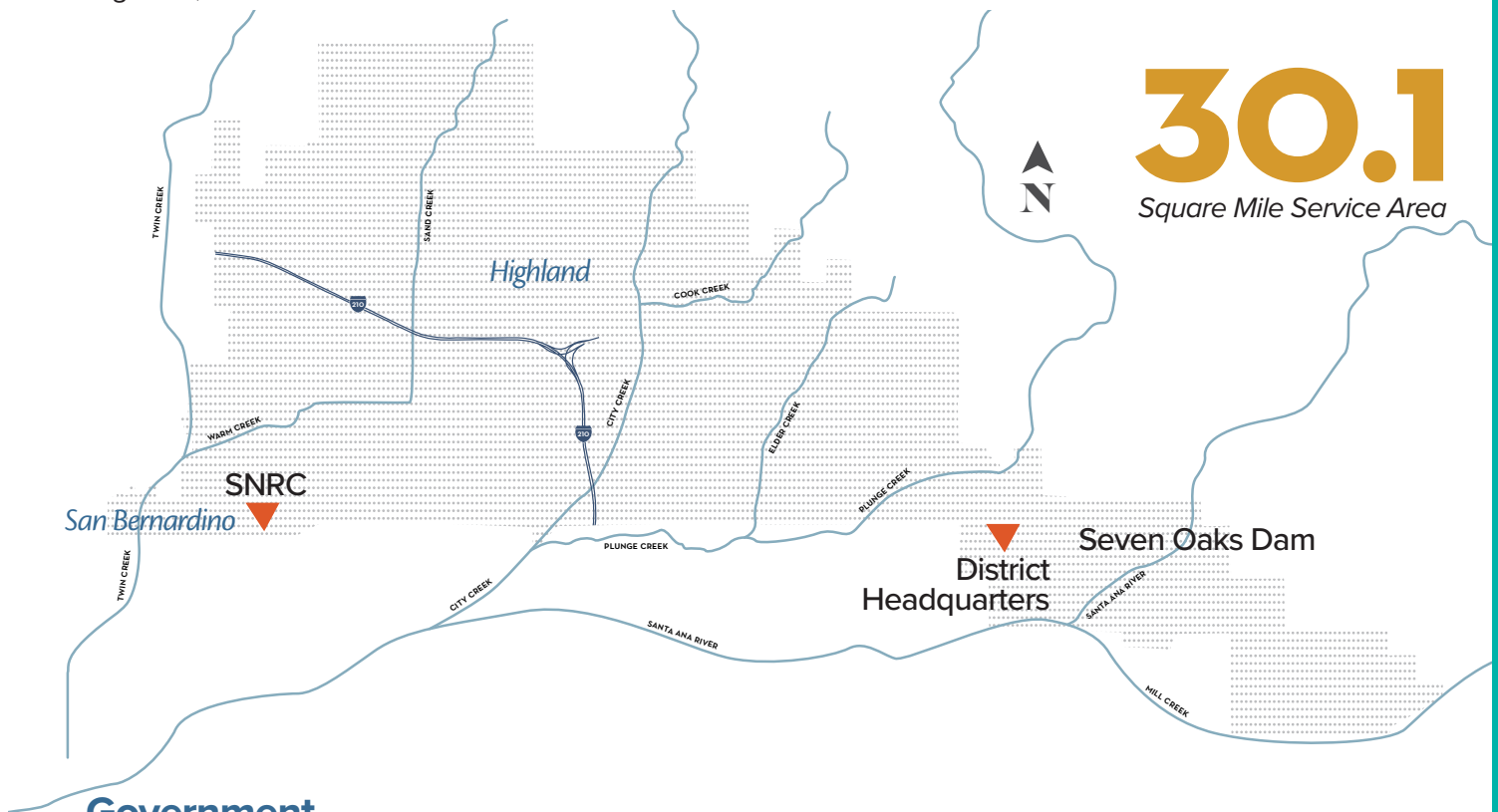


The District provides water and wastewater services to residents within its 30.1 square mile area. This includes over 108,000 people within the cities of Highland and San Bernardino, portions of the unincorporated County of San Bernardino, the Yuhaaviatam of San Manuel Nation, and Patton State Hospital.

District Boundary Map

District Headquarters
3111 Greenspot Road
Highland, CA 92346

Sterling Natural Resource Center (SNRC)
25318 5th Street
San Bernardino, CA 92410



Government

The District is a California Special District established in 1954. The District has a five-member Governing Board elected by voters at-large to staggered four-year terms. The Governing Board represents the public's interest as policy makers with regards to rate for service, policies, ordinances, and budget adoption.



Ronald L. Coats
Chairman of the Board



Chris Carrillo
Vice Chairman of
the Board



Phillip R. Goodrich
Governing Board Member



James Morales, Jr.
Governing Board Member



David E. Smith
Governing Board Member

Appointed by the Governing Board, the General Manager/CEO is responsible for overseeing daily operations and managing staff resources. The District is a rate-based organization that receives no tax-related revenue and operates in accordance with Division 12 of the California Water Code.

The District's service area includes the City of Highland, Yuhaaviatam of San Manuel Nation, Patton State Hospital, and portions of both the City and County of San Bernardino. Additionally, the District is within the sphere of influence of the Inland Valley Development Authority, which oversees the reuse of the former Norton Air Force Base.

Water Sources

The District has two sources of water: surface water and groundwater from the Bunker Hill Groundwater Basin. Water from the basin is drawn from a natural underground storage area made up of soil, sand, and gravel using a series of 12 wells that pump water deep below the surface.

Surface water is filtered and treated at the District's water treatment plant. Surface water can be sourced from either the Santa Ana River (SAR) or Northern California. The Santa Ana River starts with natural springs and snow melt high in the San Bernardino Mountains.

A portion of the District's water is imported from Northern California through the State Water Project (SWP). The District has access to this water through San Bernardino Valley Municipal Water District (San Bernardino Valley) with its use and availability varying year-to-year.

73%

Groundwater
(Bunker Hill Basin)

27%

Surface Water (imported State
Water Project & Santa Ana River)

Wastewater Collection and Treatment

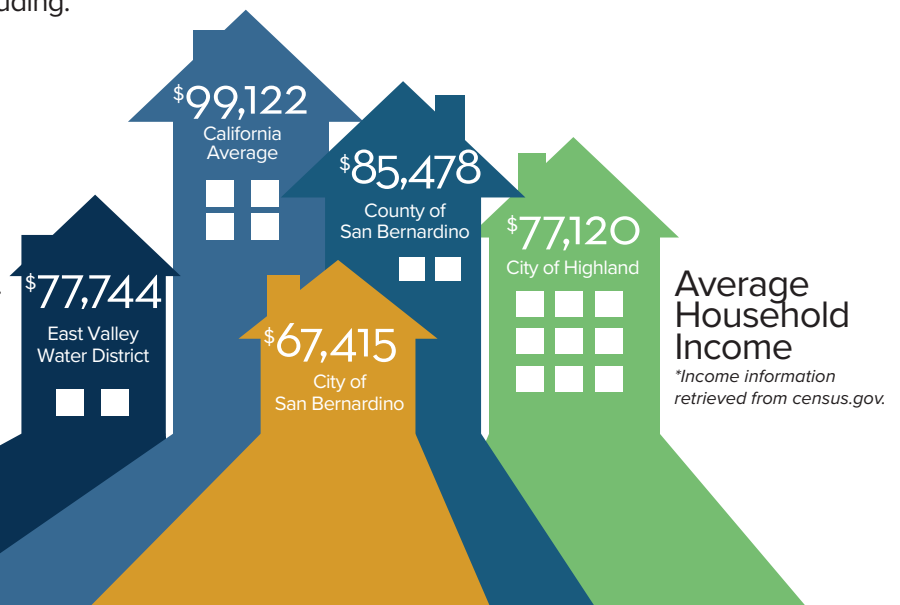
The District is responsible for the collection and treatment of wastewater within the service area, including monitoring and maintaining 230 miles of sewer main that are part of the infrastructure.

Wastewater flows are treated at the District's SNRC facility located in the city of Highland. The facility became fully operational in January 2024 and treats up to eight million gallons (MG) of wastewater daily for recharge into the local Bunker Hill Basin. The SNRC provides drought-proof recycled water supply and allows hundreds of millions of gallons of water to be stored for use in dry years for beneficial reuse higher in the Santa Ana River watershed.

Population Growth

Population growth projections vary within the District's service area due to a number of proposed developments with unspecified timing for completion. There are a number of developments currently under construction and planned for the future within the District's service area including:

- Construction and development of a new shopping center that includes fast food restaurants and a retailer.
- New residential development on the eastern end of service area.
- Logistics warehouse in the airport area.



Climate

The climate in the cities of Highland and San Bernardino vary throughout the year, but overall is considered arid. On average, there are 283 days of sunshine per year. Temperatures average a daily high of 94 degrees in the summer and a daily low of 42 degrees during the winter. This area typically averages 13 inches of precipitation annually, mostly during the months of January through March.

Education

Residents within the District's service area have access to award winning K-12 schools through the Redlands Unified School District (RUSD) and San Bernardino City Unified School District (SBCUSD). Higher education institutions located near the District's service area include: California State University, San Bernardino; California Baptist University; Loma Linda University; University of California at Riverside; and University of Redlands. Community colleges within the region include: Crafton Hills College; Riverside City College; and San Bernardino Valley College.

Hospital and Medical Facilities

Hospital and medical facilities located in or near the District service area include Arrowhead Regional Medical Center, Loma Linda University Medical Center, Kaiser Foundation Hospital, Redlands Community Hospital, Community Hospital of San Bernardino, J. Pettis Veteran's Administration Hospital, and St. Bernardine Medical Center. Additionally, there are a number of urgent care and outpatient facilities located throughout the region.

Transportation

Public transportation is available within the District service area through OmniTrans. With a variety of routes, OmniTrans provides busing services throughout the San Bernardino Valley, including cities of Highland and San Bernardino. Community members have access to the Metrolink commuter rail service, which provides long distance transportation to commuters from the San Bernardino area to major centers of employment including Los Angeles and Orange County. Interstate 210 and both State Route 18 and 330 traverse through the District's boundaries. These roadways provide access to major transportation corridors including Interstates 215, 15, and 10; and State Routes 18, 38, 60, and 91.

Public Safety

The District serves members of the community within the cities of Highland and San Bernardino, unincorporated County of San Bernardino and Yuhaaviatam of San Manuel Nation. Within these communities, law enforcement is provided by the San Bernardino County Sheriff's Department, City of San Bernardino Police Department, and San Manuel Department of Public Safety. Fire protection services are provided by the California Department of Forestry and Fire Protection (CalFire), San Bernardino County Fire Department, and the San Manuel Fire Department.

Major Employers

Major employment industries within the cities of Highland and San Bernardino include education, mental health services, public administration, health care, public safety, casinos, transportation, and construction.

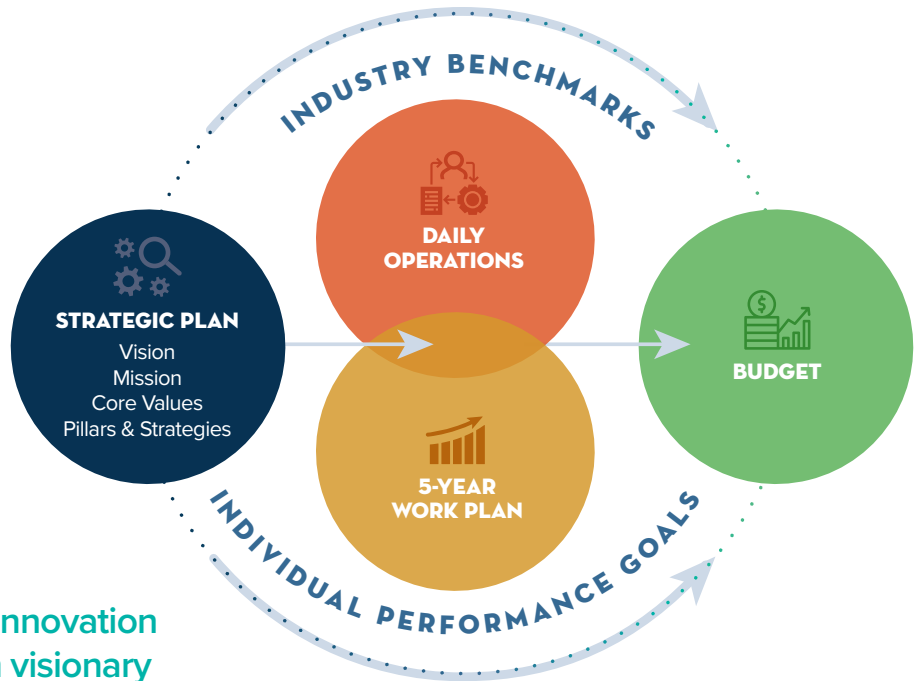
Strategic Planning Workflow

The District has set out to be an exceptional organization, with a focus not only on providing safe and reliable drinking water but enhancing and preserving the quality of life for our community. Through a series of planning measures, the Governing Board, staff, and the community have developed a District Vision that empowers the organization to be innovative, efficient, and effective.

A 5-Year Work Plan has been developed with an emphasis on the elements needed to clearly look to the future and account for daily operations of the District. This effort is designed to consider general policy direction and highlight priority projects that allow for the consideration of specific tasks necessary for implementation.

The District now has a series of measurable guiding elements that have established varying degrees of direction for operational and planning decisions. The strategic planning workflow includes: the guiding principles, bridge measures, and performance measures.

By setting clear expectations, all staff members are encouraged to be active participants in operations while looking for opportunities to make a positive impact on the community.



District Vision

East Valley Water District aspires to be a beacon of excellence and innovation within the water industry. Through visionary leadership, we strive for a sustainable, transparent, and accountable future.

Core Values



LEADERSHIP

Inspiring people to improve our community and advance water resources.



PARTNERSHIP

Developing relationships through collaboration and shared responsibility.



STEWARDSHIP

Protecting our community's resources, now and in the future.

District Pillars & Strategies

Pillar One: Effective Solutions



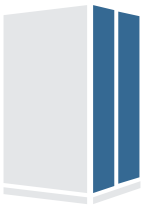
Identify Opportunities to Optimize Natural Resources

Encourage Performance Based Results through Staff Empowerment

Maximize Internal Capabilities through Ongoing Professional Development

Utilize Current Technology and Invest in Future Solutions

Pillar Two: Sustainability, Transparency, and Accountability



Uphold Transparent and Accountable Fiscal and Resource Management

Manage Energy Footprint and Consumption

Pursue External Beneficial Funding Sources

Develop a Resilient Local Water Supply

Pillar Three: Organizational Resiliency



Advance Emergency Preparedness Efforts

Promote a Positive Organizational Culture

Provide Exceptional Customer Service

Embrace an Environment of Active Learning and Knowledge Sharing

Pillar Four: Planning, Maintenance, and Preservation of District Resources



Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service

Dedicate Efforts Toward System Maintenance and Modernization

Utilize a Comprehensive Asset Management Approach

Enhance Planning Efforts that Respond to Future Demands

Pillar Five: Community Engagement, Advocacy, and Leadership



Utilize Effective Communication Methods to Foster Exceptional Community Relations

Cultivate and Strengthen Collaborative Partnerships within the Water Industry

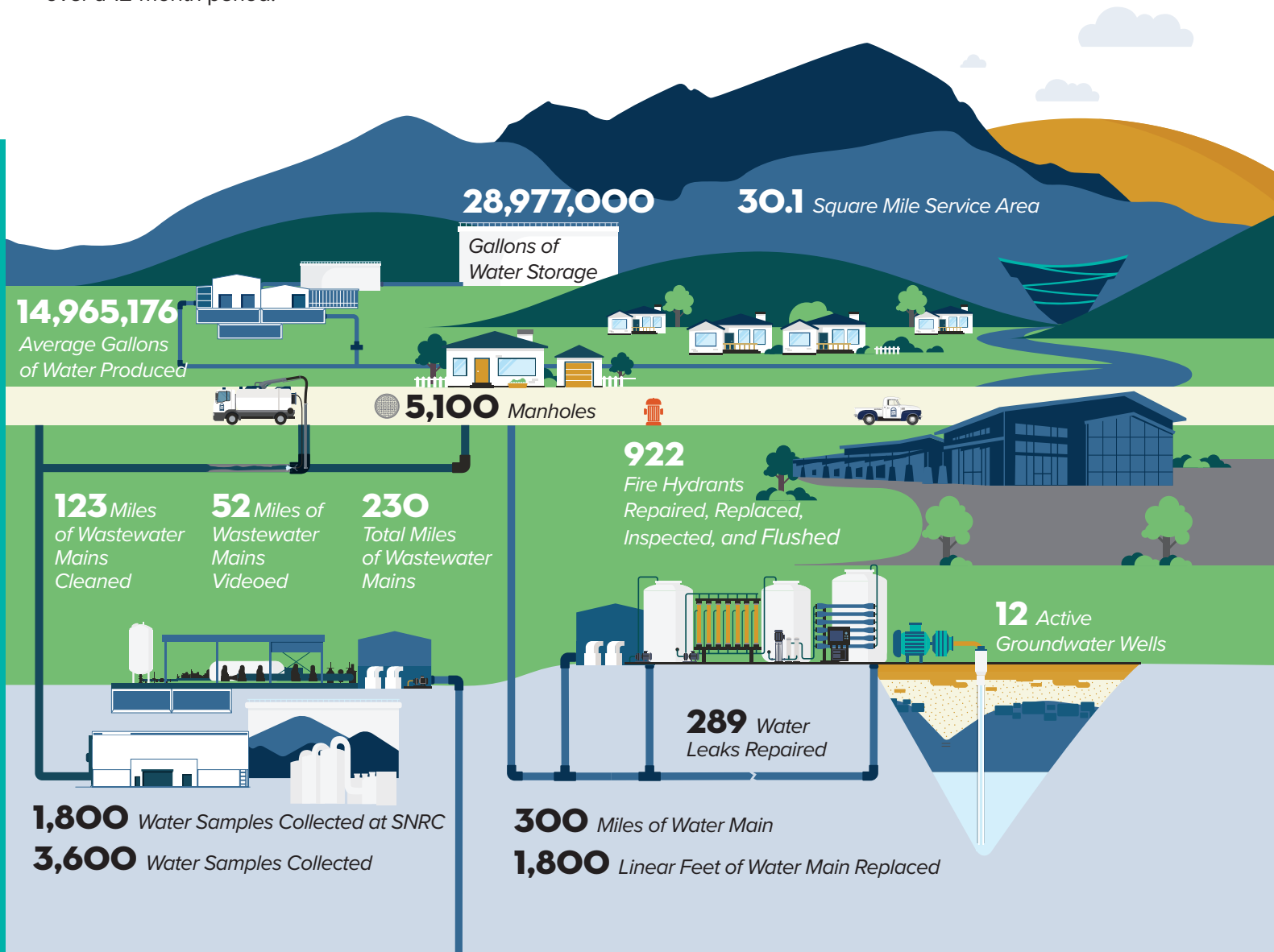
Enhance Legislative Advocacy to Promote Water Security and Sustainability

Provide Education Programming that Empowers the Community

The budget reflects the commitment of allocating resources to meet the needs of District stakeholders.

District Spotlight

A glance at the District's operational highlights for FY 2025-26 is shown below. This summary includes key metrics to understand the overall effort required to maintain the water and wastewater infrastructure over a 12-month period.



The District is committed to maintaining a reliable water and wastewater infrastructure that supports the health, safety, and sustainability of more than 108,000 residents.

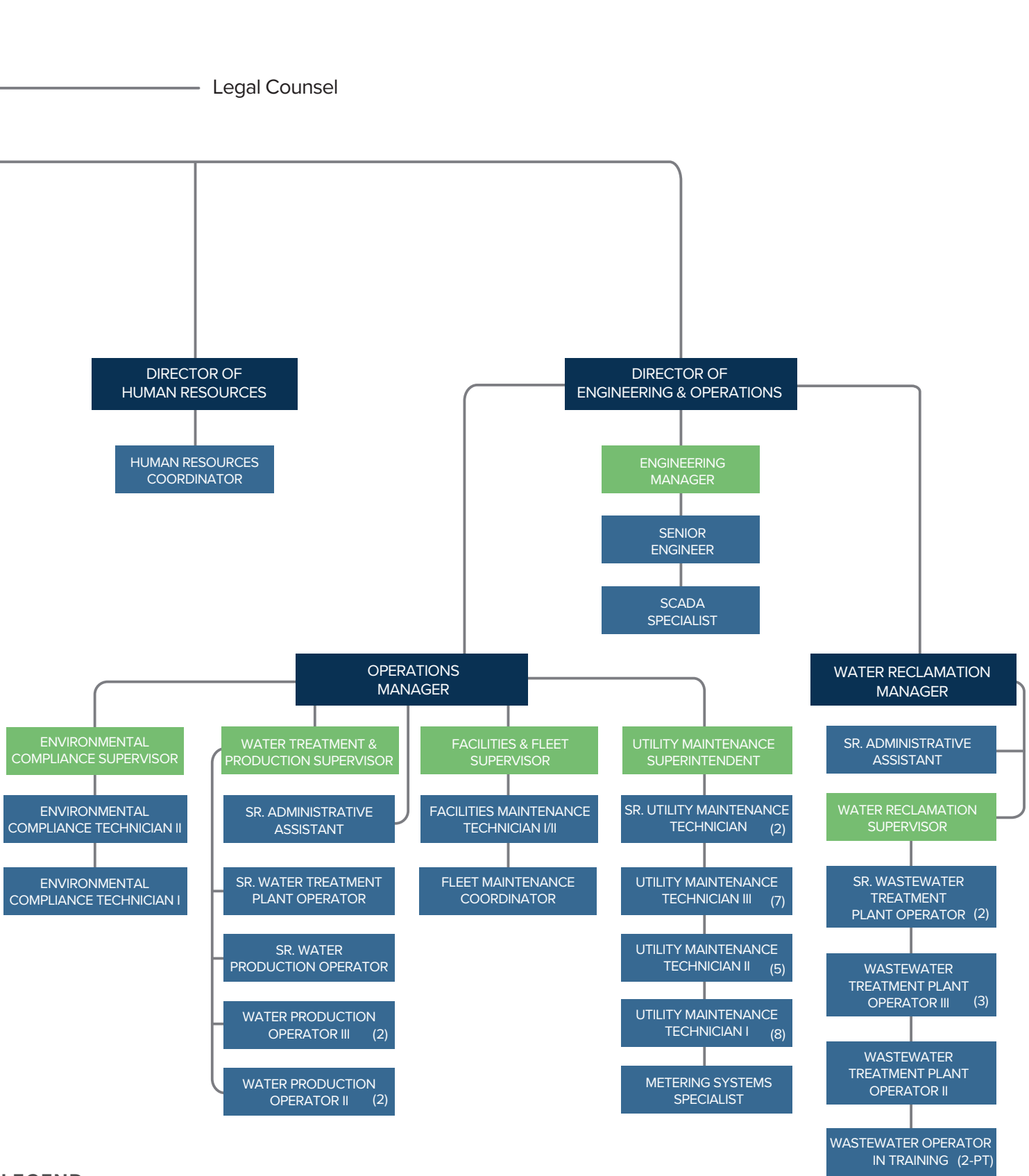
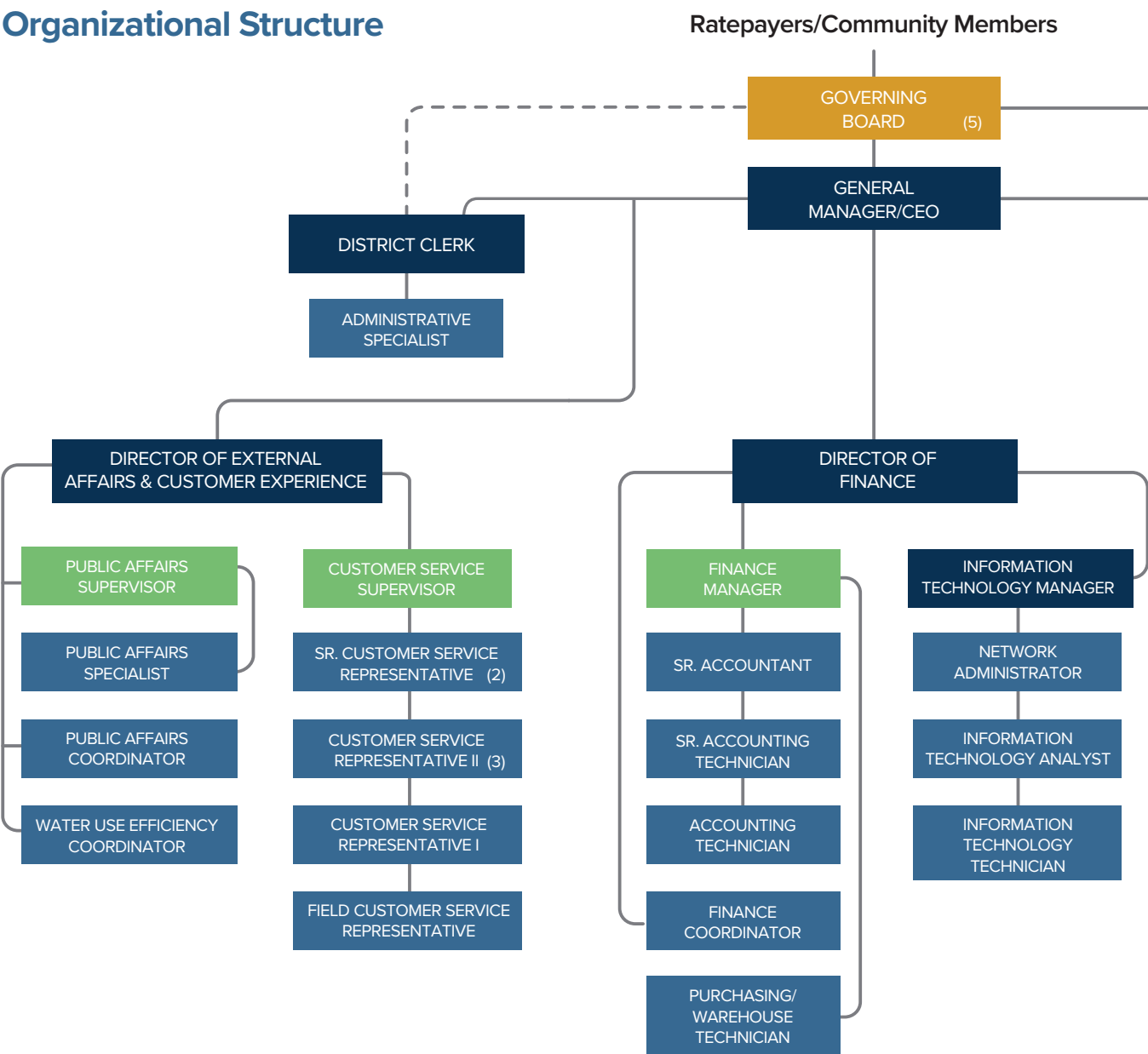


The budget reflects a commitment to aligning resources
with identified priorities to ensure the greatest impact.



MICHAEL MOORE | GENERAL MANAGER/CEO

Organizational Structure



LEGEND

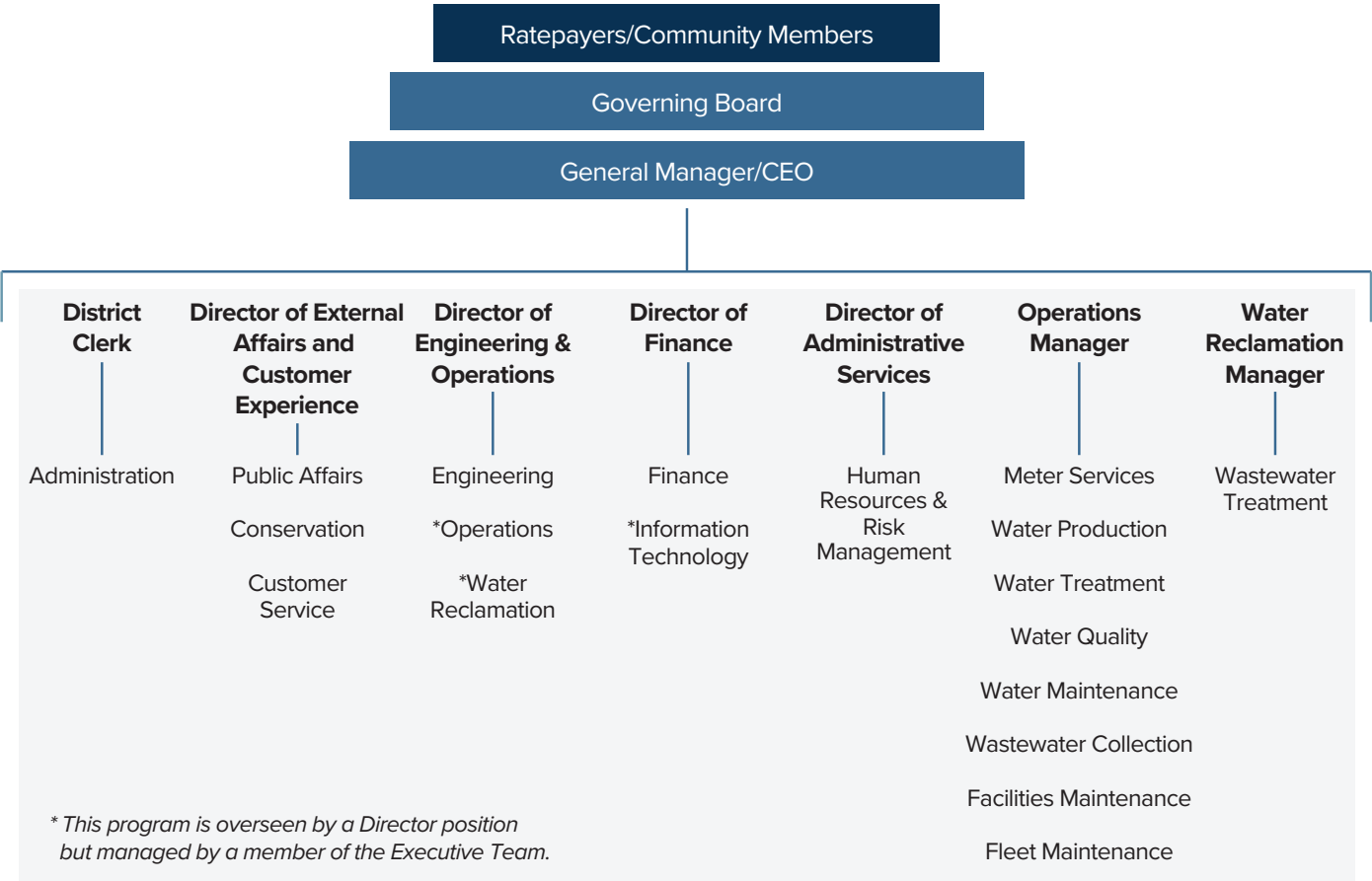
Elected Officials Executive Management Management General Staff

* All positions are full-time unless noted otherwise as part-time (PT).

Program Structure

The District has built an exceptional team of individuals committed to the District Vision and Core Values. The Organizational Chart reflects the current 82 authorized positions in relation to the chain of command structure. It is important to note that the District fosters a collaborative work environment which encourages communication and cooperation between different programs. A more detailed look at staffing can be viewed within each individual Program.

The District currently has 18 programs, which are overseen by various members of the Executive Management Team. This chart reflects the organizational structure based on Program oversight.



Program Level Operational Responsibilities Overview

Ratepayers/Community		The individuals, businesses and stakeholders receiving services from the District.
Governing Board		The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office.
DISTRICT CLERK		
General Administration		General Administration is responsible for ensuring the District's business and daily operations activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District's initiatives.

DIRECTOR OF HUMAN RESOURCES

Human Resources & Risk Management



Human Resources & Risk Management is responsible for administering programs to attract and retain a diverse and qualified workforce. This Program also oversees the District safety program to ensure staff maintain a safe work environment. Additionally, this Program is responsible for managing the District's Emergency Preparedness, Risk Management, and Pathway programs.

DIRECTOR OF EXTERNAL AFFAIRS AND CUSTOMER EXPERIENCE

Public Affairs



Public Affairs oversees internal and external communication initiatives in alignment with the District's Vision, Mission, and guiding principles. Through proactive community engagement and media relations, the Program provides strategic communications to all stakeholders, including residents, community partners, and regional agencies. The Program leads key support functions such as grant writing, crisis communications, and the management of the facility rental program.

Conservation



Conservation is responsible for overseeing programs that facilitate and encourage sustainable water use throughout the District. Additionally, this Program is responsible for communicating conservation benchmarks to various regulatory agencies, tracking and monitoring legislative affairs and advocating on behalf of the District's legislative platform.

Customer Service



Customer Service provides the community with prompt, courteous, and exceptional customer relations.

DIRECTOR OF FINANCE

Finance & Accounting



Finance & Accounting oversees the business operations of the District in order to provide accountability and adequate control over the use of District funds.

Information Technology



Information Technology oversees the District's technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs. This Program also implements routine cybersecurity training campaigns and proactively schedules hardware replacements.

DIRECTOR OF ENGINEERING & OPERATIONS

Engineering



Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. This Program oversees water, wastewater, and water reclamation capital projects.

Water Reclamation



The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons per day (MGD) of wastewater. Reclamation of wastewater generated by District customers also converts solid waste to electricity.

OPERATIONS MANAGER

Meter Services



The Meter Services program maintains a network of approximately 23,000 Advanced Metering Infrastructure (AMI) meters. The Program conducts routine maintenance, testing and replacement of meters to ensure billing is accurate.

Water Production



Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the Supervisory Control and Data Acquisition (SCADA) system.

Water Treatment



Water Treatment is responsible for management of two different sources of supply used by the District. The Program is responsible for the operation of Plant 134, a Surface Water Treatment Plant, and two unique groundwater treatment facilities at Plant 28 and Plant 39.

Water Quality



Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages backflow prevention, water sampling, Fats, Oils, and Grease Program (FOG), and the fire hydrant flushing programs.

Water Maintenance



The Water Maintenance Program is responsible for the maintenance and replacement of the District's 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment.

Wastewater Collection



The Program's purpose is prevention of wastewater spillage and leaks. This is accomplished by routine inspections, cleaning, repairs, and maintenance of the District's 230 miles of collection pipelines.

Facilities Maintenance



Facilities Maintenance is responsible for the maintenance of all District facilities. The Program oversees administration buildings, water facilities, District-Owned vacant properties, and easements.

Fleet Maintenance

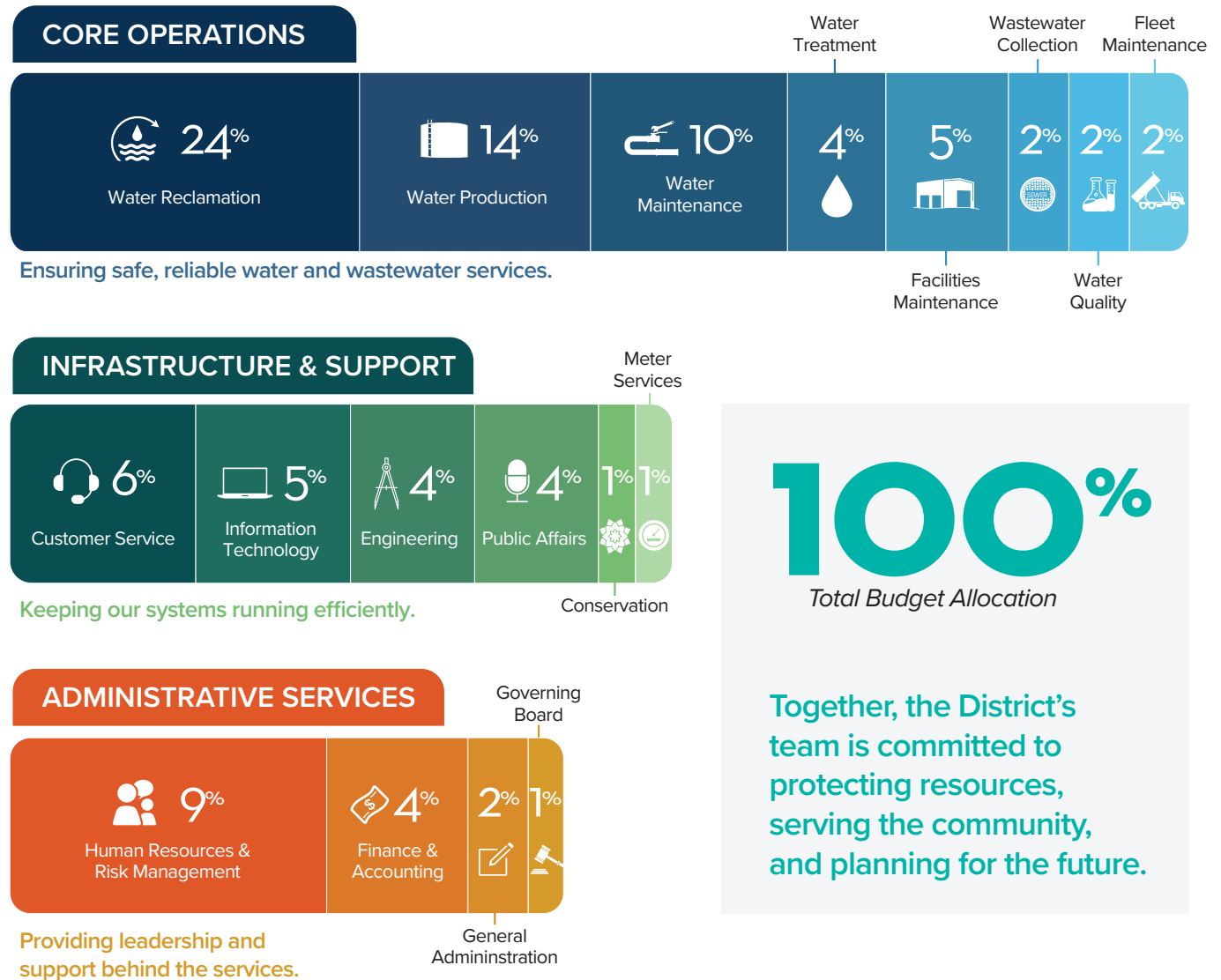


Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintaining compliance with State and Federal air quality rules and regulations.

To align resources with District goals and objectives, it is crucial to strategically staff and budget for the appropriate number of personnel.

Budget Summary by Program

The sum of many pieces makes the whole, and through 18 programs the District is able to provide exceptional services to the community it serves. The graphic below displays the budget allocation for each program within the FY 2026-27 Operating and Capital Budgets.



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Introduction Section

5-YEAR WORK PLAN



The 5-Year Work Plan is essential to plan for key projects, prioritize resources, and maintain diligent stewardship.

5-YEAR WORK PLAN



Every January, the budget process begins with the Governing Board creating and adopting the 5-Year Work Plan, which serves as the District's guiding strategy spanning over the course of multiple years. District staff will then develop the milestones and objectives needed to meet the 5-Year Work Plan goals within the District's financial forecasts. The effort allows for a strategic planning process through goal setting and planning, while considering ongoing operational needs in the development of the program and capital expenses.

Project Look Ahead



EFFECTIVE SOLUTIONS

Create innovative, efficient, and strategic approaches to achieve the District's goals and meet any challenge. Prioritize resources, foster the professional development of employees, and embrace new technology driving innovation.

Goal	Description	Program Lead
Digitize Conservation Rebate Applications	Digitize the District's conservation rebate application process to improve efficiency, accessibility, and tracking for both customers and staff.	Conservation
Nonfunctional Turf Ordinance Update	To comply with State regulations, staff will update the District's ordinance in order to mandate the removal of nonfunctional turf.	Conservation
Commercial, Industrial, and Institutional (CII) Nonfunctional Turf Resource Development	Engage the CII community on non-functional turf (NFT) requirements. Develop educational materials, website content, and Homeowners Association (HOA) workshops to support compliance with State regulations and promote water-efficient landscaping.	Conservation
DIM/SLA Landscape Area Measurement	Conduct the Dedicated Irrigation Meter (DIM) and Special Landscape Area (SLA) measurement assessment to comply with the State's Water Use Efficiency Objectives.	Conservation
Update Water Shortage Contingency Plan	Review and update the District's adopted Water Shortage Contingency Plan as required every five years.	Conservation
Identify Tools and Resources Accessible in Tyler Cloud	Identify modules/capabilities that would be available if the District migrates to a hosted version of Tyler. Develop timeline for adoption of new capabilities.	Customer Service
City Creek Water Company Dissolution	Work with legal counsel to dissolve the City Creek Mutual Water Company with the remaining shareholder.	General Administration
Organizational Administrative Review	Assess and review the District's processes, systems, staffing and regulations.	General Administration

Goal	Description	Program Lead
Electronic Personnel Files	Develop a plan for converting personnel files to electronic format and implement this plan to improve accessibility, and reduce physical storage needs, supporting a more sustainable and secure HR operation.	Human Resources
Develop Permitting Module	Create a new permitting process for Engineering in asset management.	Information Technology
Develop and Implement SCADA Resiliency Program	Replace outdated Supervisory Control and Data Acquisition (SCADA) equipment and radios.	Information Technology
District Security Camera Assessment	Implement new camera system at key sites.	Information Technology
SCADA Enhancements at SNRC	Develop plan to update SCADA technology at the SNRC.	Information Technology
Data Analytics for SCADA	Implement software to export SCADA data to a centralized reporting system for Water Production.	Information Technology
Geographic Information System (GIS) Public Portal for Pressure Zones	Implement a GIS public portal that displays the District's pressure zones, providing customers and partners with accessible, easy-to-understand system information.	Information Technology
Implement GIS Mapping Portal to Identify Fixed Assets	Implement a GIS portal to collectively gather all Fixed Assets information on a GIS layer.	Information Technology
Develop Analytics Dashboard in GIS	Develop analytics dashboards within GIS to track preventative maintenance, corrective maintenance, main breaks, and repair activities.	Information Technology
Evaluate Enterprise Financial Software	Develop a plan to transition Tyler Financials to a cloud-hosted platform.	Information Technology
Migrate Phone System to New Provider	Migrate the District's phone system to Session Initiated Protocol (SIP) trunk routing through the Computer Information System Company (CISCO) platform.	Information Technology
Customer Billing	Assess the customer bill and determine e-billing outreach campaigns. Conduct a review and refresh on the District's billing documents.	Public Affairs
Industry Coalition Engagements/Partnerships	Develop a strategy to engage with water reclamation regional coalitions, including WaterRuse, California Water Environment Association (CWEA), and American Water Works Association (AWWA).	Water Reclamation
Utilize a Comprehensive Asset Management Approach	Work with IT to fully develop the asset management program. Continue to utilize the system and generate useful asset reporting.	Water Reclamation

The 5-Year Work Plan serves as a roadmap for achieving the District's strategic goals and operational objectives.



SUSTAINABILITY, TRANSPARENCY, AND ACCOUNTABILITY

Responsibly manage resources while maintaining open communication and fiscal integrity. Actively build sustainable programs, maintain transparent operations, and open accountability to the community.

Goal	Description	Program Lead
Water Data Access Advanced Metering Infrastructure (AMI)	Enhance utilization of AMI data to provide a resource that empowers customers to proactively reduce water waste prior to receiving inefficiency tier charges.	Customer Service
Customer Autopayments and Paperless Billing	Assess the District's approach to customer autopay and paperless billing. Identify opportunities to improve adoption, and support a smooth customer experience.	Customer Service
Facility Alternative Energy Sources	Conduct an analysis and recommendation for the District to strategically construct alternative energy generation to offset electricity costs.	Engineering
Construct Three New Wells	Identify site, design, and drill a new well in the lower, middle and upper zones.	Engineering
Financing Opportunities for Capital Improvements	Consider alternatives for new capital financing needs, including issuing new debt.	Finance
Cost of Service Analysis / Rate Study	Establish rates based on current costs for all utility services.	Finance
Tyler Enterprise Resource Planning (ERP) Software Review	Assess the District's current Tyler ERP system and evaluate potential platform enhancements.	Finance
Internal Contract Assessment	Conduct internal assessment of the contract compliance and Request for Proposal (RFP) posting process. Identify solutions for procurement and purchasing in compliance with District policies.	Finance
Biennial Financial Budget	Assess feasibility of transitioning from an annual financial budget to a biennial document. Determine related District documents, plans, and reports that will need to be updated as part of the transition.	Finance
Review Investment Management Services	Review and assess the current investment strategy to determine if any updates are needed.	Finance
Fraud Prevention Policy Review	Assess the District's fraud prevention policy and determine updates necessary to ensure continued transparency and efficiency.	Finance
Implement Governmental Accounting Standards Board (GASB) 103 Financial Reporting Standards	Review and implement financial GASB 103 reporting standards.	Finance
Elections/Board Members	Board Member Elections and orientation for new directors.	General Administration
Optimize Agenda Management Platform	Review the current agenda management platform and determine if new features or upgrades are necessary to improve the user experience. The upgrades can include a Board voting module, minutes dictation, and board portal.	General Administration

Goal	Description	Program Lead
Document Management	Scan and digitize documents and microfilm into the District's electronic repository in accordance with adopted Records Retention Policy. Enhance document management process and features for document retrieval.	General Administration
Electronic File Management Training	Train departments on the process/standards of classifying files in accordance with the records retention policy. Implement training for AI technology once the functionality has been added to the platform.	General Administration
Identify and Evaluate Real Property Assets	Develop and maintain procedures to declare properties for surplus. Prepare and process surplus property documents in accordance with the California Surplus Land Act and related state regulations.	General Administration
Disposing of Surplus Parcels	Identify properties across the District for disposal and sale.	Operations



ORGANIZATIONAL RESILIENCY

Prepare, adapt, and respond to challenges facing the District through a visionary organization. Build a strong internal framework to prioritize emergency preparedness, exceptional customer service, and a positive workplace culture.

Goal	Description	Program Lead
Leak Alert Customization	Create customized leak alerts and over-budget usage notifications to help customers track their water consumption.	Customer Service
Community Heritage and Education Foundation (CHEF) Assessment	Determine the direction and activities of CHEF.	General Administration
Enhance Emergency Preparedness Training Program	Develop an emergency preparedness training program and prepare employees to follow plans established by the District.	Human Resources
New Memorandum of Understanding (MOU) Negotiation	Negotiate a 3-year MOU before the current MOU expires, and ensure that agreed-upon salaries, benefits, and related programs are implemented as adopted.	Human Resources
Develop and Implement Comprehensive Succession Plan	Review and update a succession plan tailored to the District's needs, audit existing plan and identify gaps.	Human Resources
Crisis Communication Training	Develop, exercise, and implement annual training program following a new crisis communication plan.	Public Affairs
New Customer Welcome Packets	Overhaul the District's customer welcome packets to better showcase services provided by the District and conservation resources available.	Public Affairs
Customer Experience Assessment	Audit and review the customer experience and identify enhancements necessary to better communicate and improve the experience.	Public Affairs
Develop Leak Notification Standard Operating Procedure (SOP)	Develop a Leak Notification SOP to establish a process for timely community notifications related to District work.	Public Affairs
Establish a Regional Issue Management Coalition	Establish coalitions with regional partners to generate interest in regional concerns and emergency assistance.	Water Reclamation



PLANNING, MAINTENANCE, AND PRESERVATION OF DISTRICT RESOURCES

Focus on the long-term stewardship of the District's infrastructure and resources to ensure reliable service and be proactive in planning, ongoing maintenance, and modernization to meet the community's current and future needs.

Goal	Description	Program Lead
Construct Two Monitoring Wells	Construct water monitoring wells near Plant 40 for recycled water recharge testing.	Engineering
Pipeline Replacement Program	Develop a pipeline replacement schedule to replace necessary pipelines to promote ongoing system maintenance.	Engineering
Plant 101 Rehabilitation	Retrofit and upgrade the water facilities at Plant 101.	Engineering
Plant 134 Process Improvements	Evaluate operational adjustments, solids residual disposal and preliminary treatment improvements in order to maximize the surface water treatment capabilities of Plant 134.	Engineering
Water Reservoir Rehabilitation Program	Rehabilitate the District's water storage reservoirs.	Engineering
Grant Funded Pipeline Replacement Projects	Execute two grant-funded water main replacement projects (seismic retrofit; 6.5 miles each).	Engineering
Site Security and Improvements	Increase perimeter security of satellite facilities and access controls to improve aesthetics/security.	Operations
Water Main Replacement Program	Repair and replacement of linear assets due to age, corrosion, or leak history.	Operations
Plant 134 Membrane Replacements	Replacement of five membrane trains at Plant 134.	Operations
Comply with Electric Vehicle (EV) Fleet Regulations	Install new chargers and replace fleet with electric equipment.	Operations
Santa Ana River Sanitary Watershed Survey	Update and conduct the Santa Ana River Sanitary survey every five years.	Operations
Headquarters Facility Update	Update the internal artwork and design elements throughout District headquarters to create a refreshed and welcoming environment for staff and visitors.	Public Affairs
Evaluate Feasibility of Salt Mitigation	Partner with regional coalitions and identify an approach to assess the needs for salt mitigation in the region.	Water Reclamation
Improve Power Reliability at SNRC	Improve the power plan at the SNRC to ensure reliable plant operations through Southern California Edison (SCE). Evaluate circuit performance, preferred energy service options, and overall grid reliability to identify upgrades that strengthen the facility's long-term power stability.	Water Reclamation
Odor Control System Improvements	Improve the odor control system by installing a dedicated food waste odor control line and completing facility upgrades within the Solids Handling Building.	Water Reclamation
Biosolids Management Plan	Conduct an assessment of alternative biosolids use options in collaboration with regional partners. Evaluate feasibility, regulatory considerations, and long-term benefits to determine viable pathways for future biosolids management.	Water Reclamation

Goal	Description	Program Lead
Natural Gas Pipeline Injection	Evaluate converting digester gas to renewable natural gas for pipeline injection.	Water Reclamation
Digester Process and Mechanical Improvements	Improve digester reliability through process and equipment replacement and upgrades, including purchasing a boiler and sludge piping improvements.	Water Reclamation



COMMUNITY ENGAGEMENT, ADVOCACY, AND LEADERSHIP

Build strong local and regional partnerships furthering the District's priorities and advocating on behalf of the District's community. Foster solid community relationships through effective, informative, and educational communication.

Goal	Description	Program Lead
Water Education Program Enhancements	Develop a roadmap to enhance water education to students within the District's community. Identify opportunities to conduct classroom presentations, assemblies, and the feasibility of an operations showcase.	Conservation
Community Advisory Commission Member Appointment	Conduct a community recruitment process and subsequent commission onboarding/training to fill vacancies resulting from the term limits of sitting members.	Public Affairs
Community Engagement Enhancements	Enhance community engagement through increased in-person activities, develop targeted outreach campaigns surrounding the SNRC and explore the use of technologically based communications tools for residents.	Public Affairs
75th Anniversary	Celebrate the District's 75th anniversary and showcase the many years of service provided to the community.	Public Affairs
Community Influencer Engagement	Actively engage with community groups, HOAs, and informal neighborhood organizations to develop relationships with the "informal" community leaders.	Public Affairs
Develop Strategic Communications Plan	Create and implement a Strategic Communications Plan to effectively engage with the community and highlight the District's strategic initiatives.	Public Affairs
Assess and Enhance Facility Tour Program	Monitor and assess the District's Facility Tour Program. Create and test alternative tour program features such as tours on Saturdays, virtual tour options, and educational program material.	Public Affairs
Mainline Replacement/CIP Outreach	Engage with the community regarding mainline replacement projects and other Capital Improvement Program initiatives.	Public Affairs
Educational Displays	Assess and refine opportunities to provide educational displays throughout the District. Explore the development of displays on community vehicles and informational signage at demonstration sites.	Public Affairs
Digital Experience Enhancements	Implement an AI chat feature on the District website to help customers find answers, request services, and navigate forms. Pilot the tool, evaluate response quality and accessibility, and assess the viability of expanding to a live customer service chat feature.	Public Affairs
Holiday Lobby/Exterior Décor Assessment	Review the District's holiday decorations and evaluate whether a change in vendor or decorating approach is needed to enhance presentation and efficiency.	Public Affairs
Industry Coalition Engagements/Partnerships	Develop a strategy to engage with water reclamation regional coalitions, including WateReuse, CWEA, and AWWA.	Water Reclamation

Introduction Section

INDUSTRY BENCHMARKS



The District actively enhances communication methods to reach a variety of stakeholders.

INDUSTRY BENCHMARKS



The District is committed to delivering exceptional service to its community, customers, and stakeholders. As part of its continuous improvement efforts, the District has established Industry Benchmarks that offer valuable insights into its performance relative to others in the industry.

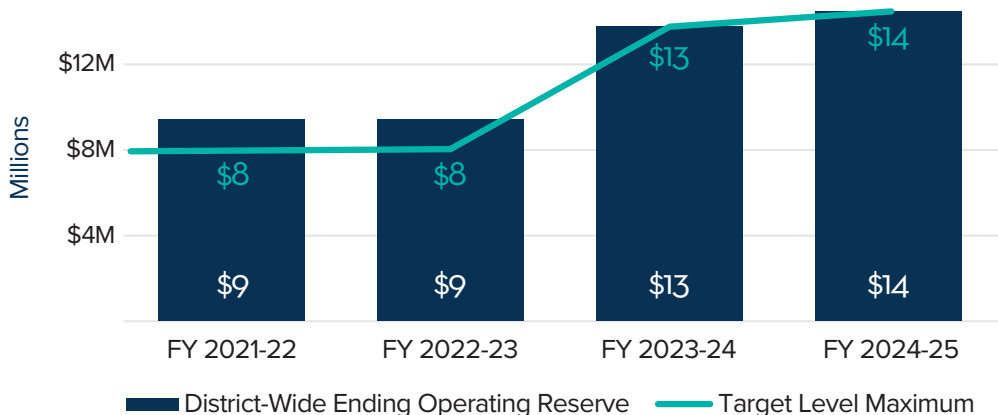
The data presented in the following tables are sourced from the American Water Works Association's (AWWA) 2023 Utility Benchmarking Program, neighboring water districts, and the U.S. Environmental Protection Agency (U.S. EPA). The District's data includes the previous completed fiscal years. By leveraging these benchmarks, the District can enhance its operations, foster trust and transparency with stakeholders, and ensure that it continues to invest resources in building a safe and reliable public utility.

As part of the District's continued efforts to enhance financial transparency and planning, several updates have been made to the way benchmarking data and fund targets are presented:

- **Benchmarking Data:** The District has expanded its benchmarking period from three years to four years of historical data. This provides a more comprehensive view of trends and performance over time, allowing for better context and more informed decision-making.
- **Operating Fund Target Level:** The description of the operating fund target has been refined to match the Reserve Funds Policy No. 7.2. Previously defined by a specific desired amount of days to support operations and financial stability, the updated approach focuses instead on maintaining an appropriate level of operating reserves, one third of the District's total operating expenses. This shift allows for more flexibility in adapting to changing operational and economic conditions.
- **Capital Replacement Fund Balance:** The target for the Capital Replacement Fund has transitioned from a fixed \$10 million balance to a dynamic target. Moving forward, the target level will be based on twice the five-year average of the District's annual CIP budget (Reserve Funds Policy No. 7.2). This methodology better aligns the fund with anticipated capital needs and long-term infrastructure investment.

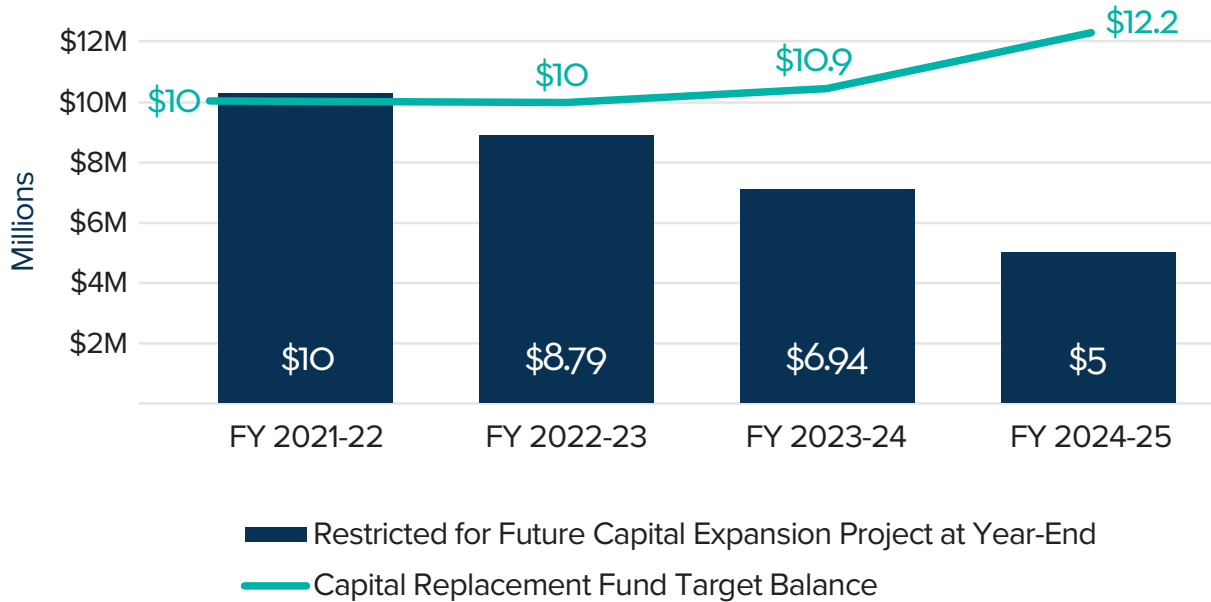
Operating Fund Target Level

The operating fund target level pertains to the desired amount of funds that the District aims to have available in order to sustain day-to-day operations and ensure financial stability. The District's Reserve Funds Policy No. 7.2 establishes the maximum level, which serves the purpose of guaranteeing adequate liquidity and covering operational expenses.



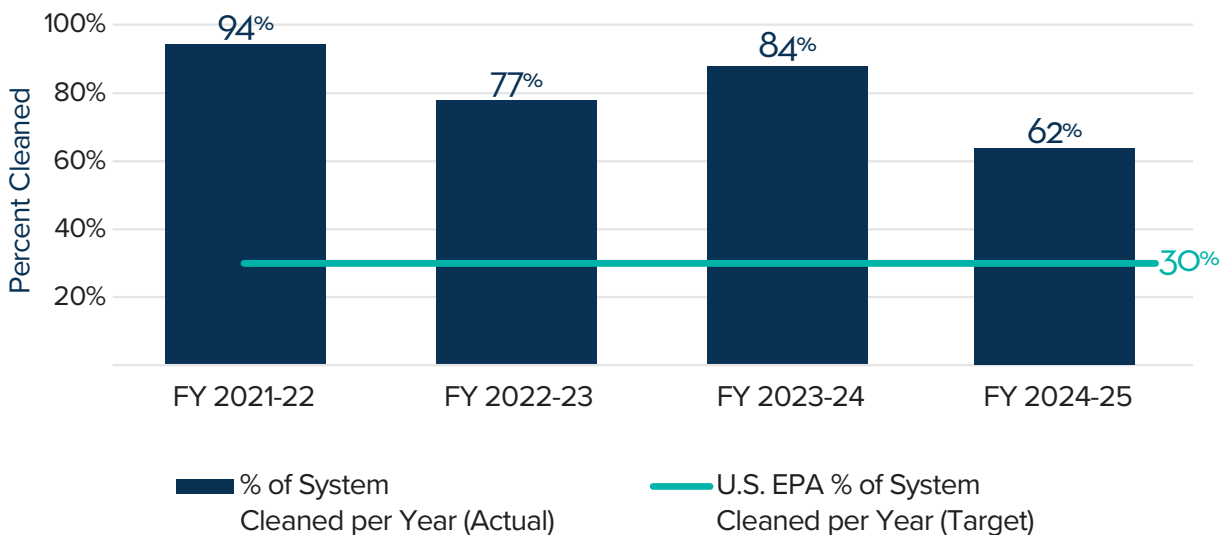
Capital Replacement Fund Balance

The graph illustrates the restricted funds for capital replacement. The Capital Fund Target Balance is set based upon the District's adopted Reserve Funds Policy No. 7.2 to ensure the District has an appropriate level of financial reserves, while allowing for investment in infrastructure projects and optimizing long-term rehabilitation opportunities.



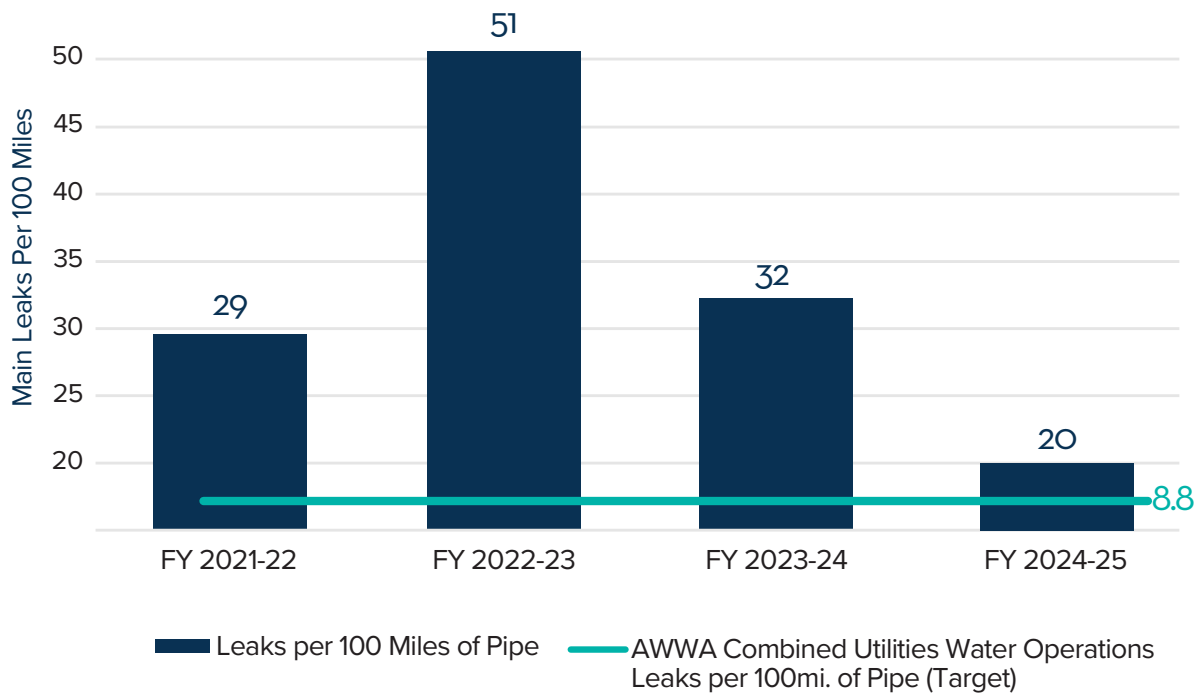
Miles of Sewer Cleaned

The chart provides an overview of the number of miles of sewer lines cleaned. The District aims to clean at least 50% of the system per fiscal year with the U.S. EPA setting a target of 30%.



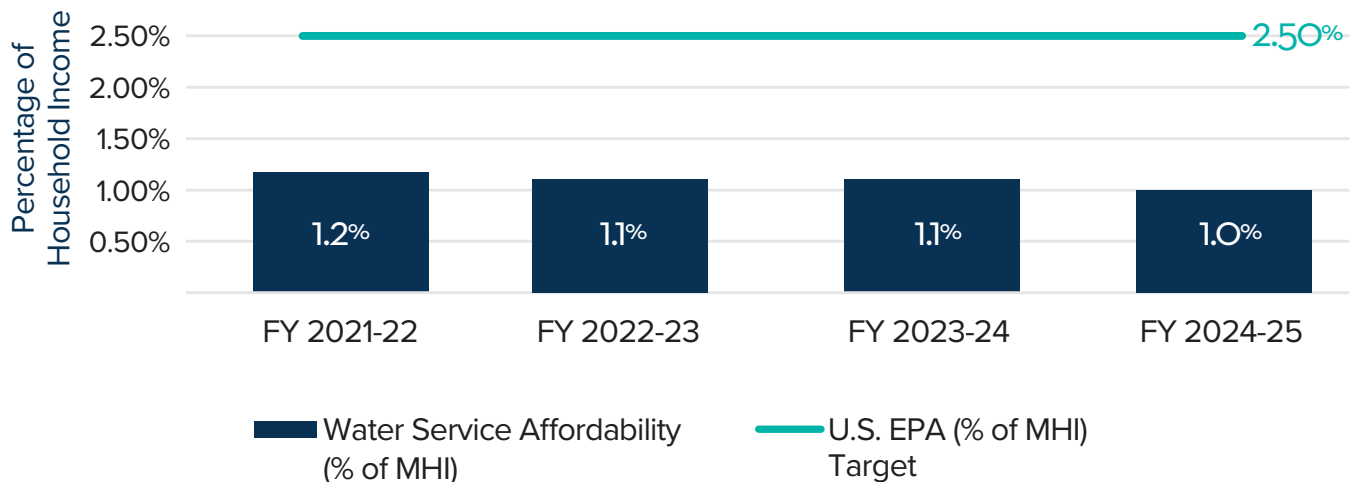
Main Leaks

The chart displays the total number of main line leaks per 100 miles of water. The data includes AWWA's 2023 benchmark information to compare water systems across the United States.



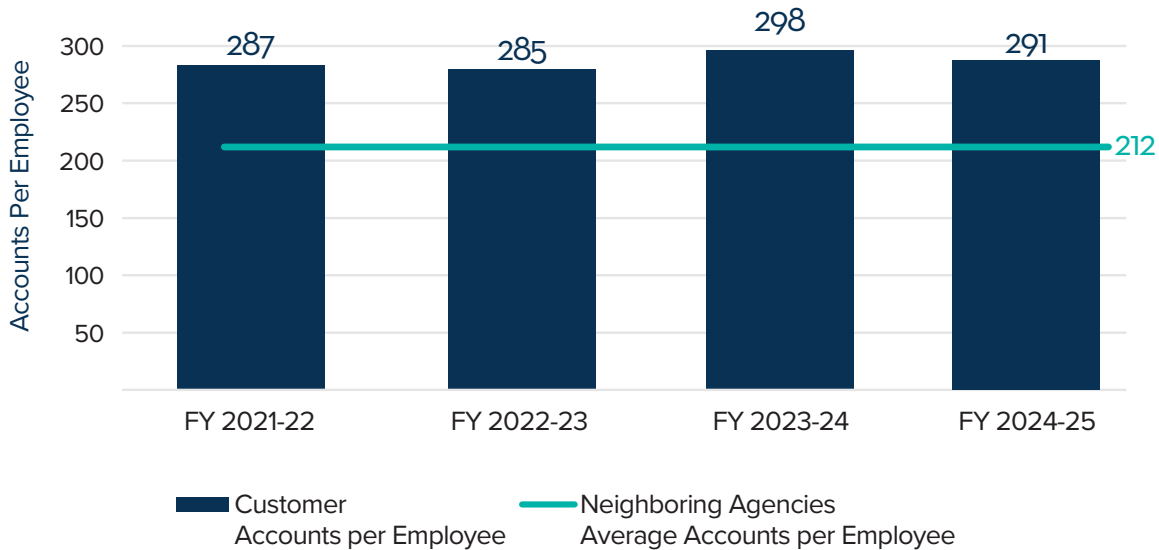
Water Affordability

The chart presents the affordability of the District's water by comparing it to the U.S. EPA 2.5% threshold.



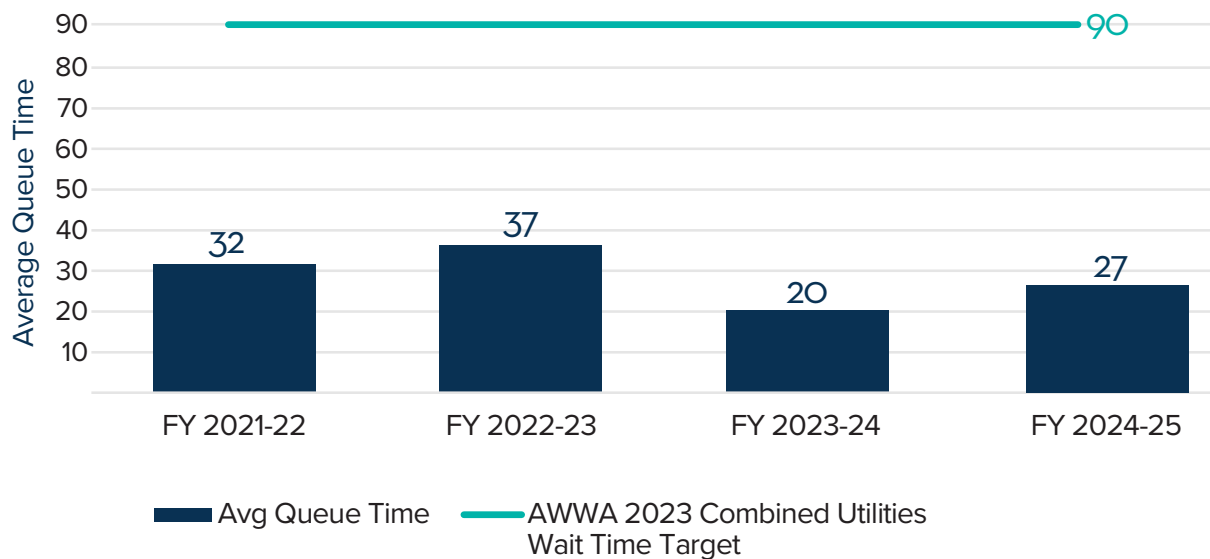
Staffing Levels

The graph highlights the staffing levels of the District in comparison to neighboring water districts. The data is presented in relation to the total number of accounts per employee, offering insights into the efficiency and workload distribution of the District's workforce relative to its counterparts.



Wait Time

The chart illustrates the call wait time experienced by District customers when contacting customer service representatives. It also includes a comparison with other utilities using the 2023 AWWA benchmarking data, offering insights into the District's performance in terms of customer service responsiveness in relation to industry standards.





Fiscal Year 2026-27

FINANCIAL SUMMARY

The annual budget is an opportunity to establish priorities for the fiscal year, identify means to evaluate results, and ensure that the planned operations and capital projects responsibly use District resources.



Financial Summary Contents

- Financial Policies
- Budget Process
- Budget Cycle Calendar
- Basis of Budgeting
- Fund Structure
- Fund/Program Relationship
- Budget Summary
- Revenue Summary
- Expenditure Summary
- Debt Overview
- Fund Equity and Reserves
- Long-Range Financial Plan

FINANCIAL POLICIES



East Valley Water District financial management policies provide a basic framework for the overall fiscal management of the District.

The policies represent a foundation for addressing changing circumstances and conditions, and assist in the decision-making process. Financial policies represent guidelines for evaluating both current activities and proposals for future programs. They also reflect long-standing principles and practices, which have enabled the District to maintain its financial stability. Policies are reviewed annually to ensure the guidelines represent a realistic, current framework for policy decisions.

Operating and Capital Budget Policy

PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines to assist in the formulation and consideration of a comprehensive annual budget, one of the most important financial activities the District undertakes each year. Those guidelines include a Strategic Plan and Capital Improvement Program (CIP), which assist in completing financial planning cycles that deliver efficient and effective public services. This policy applies to all funds under the budgetary and fiscal control of the Governing Board.

BALANCED BUDGET

The District will adopt a balanced budget for each fund this policy covers, where the sum of estimated revenues and use of reserves is equal to or greater than current expenditures. Expenditures will include operating expenses, debt service, and the Budget's contribution to the CIP.

Short-term operating deficits will be mitigated either by raising rates and fees or cutting costs. The use of one-time revenues and development fees for the funding of operating costs is not permitted, and reserves may only be used for the purpose for which they were intended in accordance with the District's Designated Funds Policy.

Budget control is maintained at the program/department level. The General Manager/CEO has the authority to approve budgetary transfers between programs or departments, but changes that increase expenditures at the fund level require budget amendments approved by the Governing Board.

The budget development process is outlined on pages 43-44.



Development of the annual budget provides an opportunity for cooperation and collaboration.

Investment Policy

PURPOSE AND SCOPE

The purpose of this policy is to establish guidelines for the prudent investment of District funds in conformance with California Government Code (CGC) requirements. The policy applies to all funds under direct authority of the District, which does not include funds held in trust for the District's retirement plans and post-employment health benefits.

OBJECTIVES

CGC §53600.5 states that, when investing and managing public funds, the primary objectives, in priority order, of the District's investment activities shall be:

- **Safety** — Safety of principal is foremost, therefore, investments shall be undertaken in a manner that seeks to preserve capital, while mitigating risks such as interest rate risk and credit risk.
- **Liquidity** — The investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements that can reasonably be anticipated.
- **Return on Investment** — The investment portfolio shall be designed for attaining the best yield while keeping in mind that return is secondary to the objectives of safety and liquidity.

DELEGATION OF AUTHORITY

The authority of the District's Governing Board to invest District funds is derived from CGC § 53601. CGC § 53607, allowing the Governing Board to delegate that authority to a Treasurer. The District's Director of Finance has historically been selected to serve as this delegated authority. This delegation expires and may be renewed annually, by Board resolution, in conjunction with the annual review of the investment policy.

AUTHORIZED INVESTMENTS

The District is empowered by CGC §53600 et. seq. to invest in certain types of investments. The District policy is more restrictive than the CGC regarding allowable investments due to the size of the District's investment portfolio and limited staff resources available to manage invested funds.

SAFEKEEPING AND INTERNAL CONTROL

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities are kept in safekeeping by a third-party bank trust department, acting as agent for the District under the terms of a custody agreement.

Internal controls have been established to help ensure assets are protected from loss, theft or misuse. Controls include separation of transaction authority from record-accounting, and confirmation of telephone transactions for investments and wire transfers.

REPORTING

In accordance with CGC §53646, the Director of Finance will prepare, and render to the Governing Board, a quarterly investment report within 45 days of the end of each quarter. The report shall list types of investments, maturity, par and market values of each investment, transactions occurring during the quarter, and identification of funds managed by a third-party.

Reserve Funds Policy

PURPOSE

The District recognizes that fiscal responsibility requires anticipating, and preparing for, unforeseen events, in addition to ensuring sufficient funding is available for current operating, capital, and debt service needs. To that end, the District has adopted a Reserve Funds Policy as part of prudent financial planning and to ensure sufficient funding for current and future needs.

GENERAL PROVISIONS

The following provisions and principles are established for building and utilizing reserve funds.



Interest

Interest income will be credited to reserve funds until maximum target levels have been reached. Once a fund reaches the established maximum, interest will be allocated to other funds.



Funding Priority

Fund balances are reviewed annually to determine whether maximum target levels have been reached. Operating reserves will be funded first. When Operating reserves are at their target levels, Capital reserves will be funded. The Governing Board will determine how excess monies will be allocated after reserves are at their maximum levels.

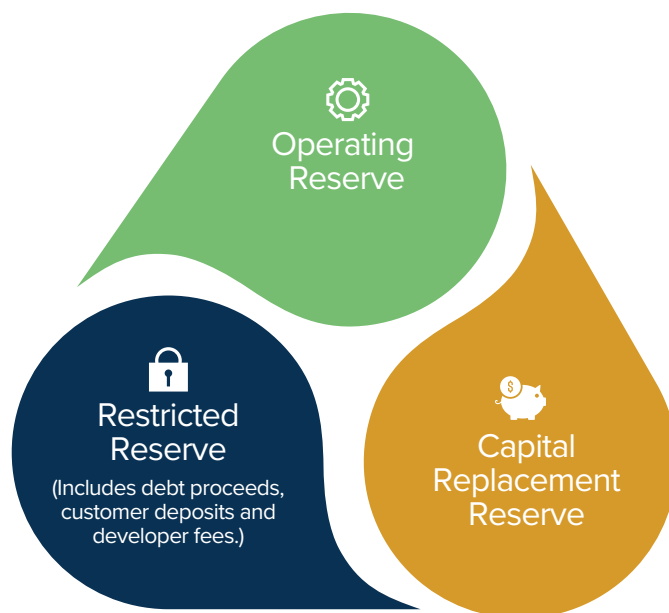


Pay Go Versus Debt

For funding of capital acquisitions and improvements, the District will analyze the use of reserves and/or issuing debt to determine the optimal funding strategy. Current and future liquidity positions will also be considered.

TYPES OF RESERVES

The District has established and will strive to maintain the following:



OPERATING RESERVE

The Operating Reserve is used for unanticipated operating expenses. This fund is designated by the Governing Board to maintain working capital for current operations and to meet routine cash flow needs.

1. **Target Level** – Funding shall be targeted at a minimum amount equal to 90 days of the District's budgeted total operating expenses, and the maximum amount shall not exceed 120 days of the budgeted total operating expenses.

2. **Events or Conditions Prompting the Use of the Fund** – Upon Governing Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases in revenues and unexpected increases in expenses.
3. **Periodic Review Dates for Balances** – Fund balances and target level will be reviewed by staff and the Governing Board during the preparation and approval of the annual budget.

CAPITAL REPLACEMENT RESERVE

All Funds will maintain a reserve for the replacement of capitalized assets when they reach the end of their useful lives or in the unexpected need for emergency repair. The source of reserves will be user fee revenue from the respective fund.

1. **Target Level** – The minimum target level should be equal to twice the 5-year average of the District's annual Capital Improvement Plan plus one percent of the system asset value. The maximum balance shall not exceed the projected needs for five years according to the District's Capital Improvement Plan plus two percent of the system asset value.
2. **Events or Conditions Prompting the Use of the Fund** – Staff will recommend assets to be replaced during the Capital Budget presentation. As projects are approved, funds will be appropriated from undesignated funds or available revenues. Emergency reserves will be used to begin repair of the water and sewer systems after a catastrophic event or other unforeseen circumstances.
3. **Periodic Review Dates for Balances** – Fund balances and projected improvement projects will be reviewed by staff and the Governing Board during the preparation and approval of the annual budget.

RESTRICTED RESERVE

Restricted reserves shall be segregated and limited in use to specific and designated purposes as defined by law or adopted ordinance, contractual agreement, or as a condition or covenant of borrowing.

1. **Bond Proceeds** – Typically consist of construction fund monies, and a debt service reserve.
 - a. **Target Level** – The debt service reserve requirement, if applicable, is established at the time of issue.
 - b. **Events or Conditions Prompting the Use of the Fund** – Construction fund monies must be spent on applicable projects, while the debt service reserve can only be used in the event of a shortfall of pledged revenues.
2. **Development Fees** – Consists of capacity fees paid by developers to buy into the infrastructure system paid for by the investment of existing customers.
 - a. **Target Level** – Capacity fees are collected to pay for facility additions or improvements to support demands on the system by new development.
 - b. **Events or Conditions Prompting the Use of the Fund** – Capacity fees may be used for Capital Improvement Projects necessitated wholly, or in part, by new development.

Debt Policy

The purpose of this policy is to establish guidelines for the issuance and management of District debt, and to provide guidance for decision makers with respect to options available for financing infrastructure, and other capital projects, so that the most prudent, equitable, and cost-effective financing can be chosen.

STANDARDS FOR USE OF DEBT FINANCING

When appropriate, the District will use long-term financing to:

- Achieve an equitable allocation of capital costs/charges between current and future system users;
- Provide more manageable rates in the near and medium term; and
- Maintain minimum rate volatility.

The District will 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. In addition, capital projects financed through debt will not be financed for a term longer than the expected useful life of the project.

METHODS OF FINANCING

The Finance Program will investigate all possible project financing alternatives including, but not limited to: annual operating revenue, reserves, bonds, loans, and grants. When applicable, development fees will be used to pay for increased capital costs resulting from new development.

The District may legally issue short and long-term financing using the following debt instruments:



Inter-Fund Borrowing

Safety of principal is foremost, therefore, investments shall be undertaken in a manner that seeks to preserve capital while mitigating risks such as interest rate risk and credit risk.



Lines of Credit

May be considered as short-term borrowing. The Director of Finance shall determine when it is prudent to recommend that the District enter into an agreement with a commercial bank or other financial institution for the purpose of acquiring a line or letter of credit.



Capital Lease Debt

May be used for equipment purchases where cost exceeds \$50,000 and financing terms are cost effective.



State Revolving Fund (SRF) Loans

Based on availability, loans are low or zero interest for water and wastewater infrastructure projects with a term of 20 to 30 years.



Joint Powers Agency Revenue Bonds

Financing may be obtained through the issuance of debt under a joint exercise of powers agreement with such debt payable from amounts paid by the District under a lease, installment sale agreement, or contract of indebtedness.



Refunding Revenue Bonds

The District may issue refunding revenue bonds to refund District indebtedness pursuant to the State of California local agency refunding revenue bond law (Title 5 of the California Government Code).

COMPLIANCE

The use of bond proceeds must be monitored to ensure compliance with all Internal Revenue Code arbitrage rebate requirements, and requirements under California Government Code §8855. The District is also responsible for verifying compliance with all undertakings, covenants, and agreements of each debt issue, typically including:

- Annual appropriations of revenue to meet debt service payments;
- Timely transfer of debt service payments to the Trustee;
- Compliance with insurance requirements; and
- Compliance with rate covenants.

GOVERNING BOARD DISCRETION

This policy is intended to serve as a guide and in no way restricts the ability of the Governing Board to review proposed rate actions, debt issuances, or other actions of substance to the District.



Operating under the principles of transparency, the District takes steps to make financial reports reader-friendly and easily accessible to the public.

BUDGET PROCESS

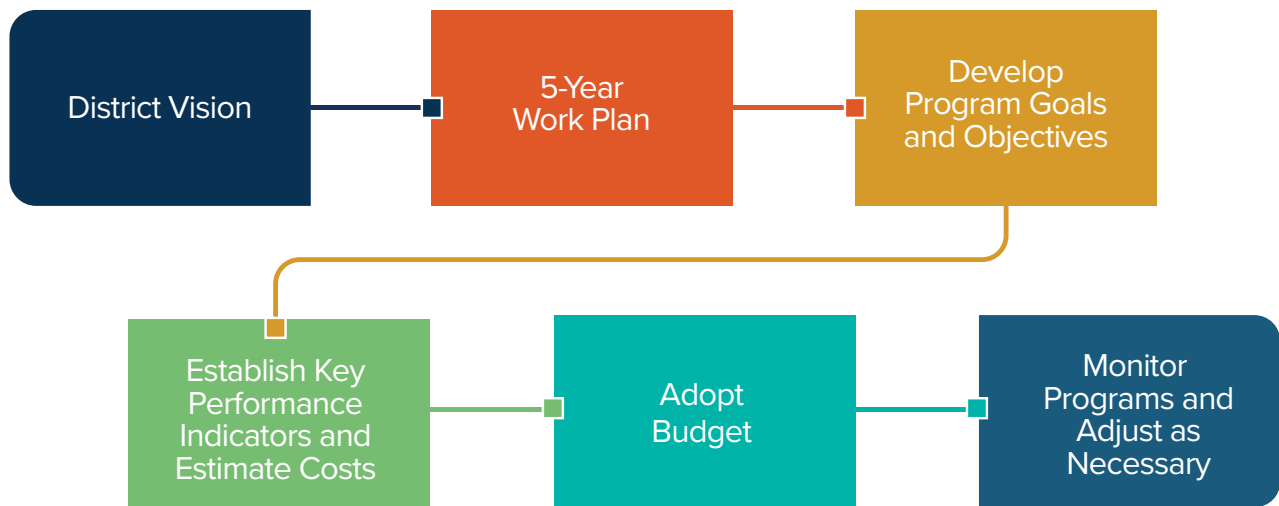


The Budget reflects direction from the Governing Board as established by the District Vision and communicated to District staff through various meetings and workshops.

The purpose of this budget document is to communicate the District's financial priorities with citizens, local businesses, creditors, rating agencies, local agencies, stakeholders, and District staff. The FY 2026-27 Budget reflects the financial guidelines established to achieve the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to strategically invest financial resources in critical capital projects for current and future customers as well as the District's commitment to meet its financial obligations. The FY 2026-27 Budget establishes a prudent financial framework that supports the District's commitment to delivering reliable, high-quality water, wastewater collection, and water reclamation services in a fiscally responsible and sustainable manner.

Each year, administrative and operational program managers establish Goals and Objectives in support of the District's 5-Year Work Plan, which upon adoption by the Governing Board, provide clear direction to staff regarding District priorities. Progress toward accomplishing established goals is measured throughout the fiscal year and reported to the Governing Board.

Moreover, in developing the budget, staff utilized the District Vision for prioritizing District resources for operational and capital activities.



Stakeholder Input

The District has established a Community Advisory Commission (CAC) which meets regularly at publicly noticed meetings and Governing Board workshops, to discuss significant activities of the District, including development of the goals and objectives and 5-Year Work Plan. Members of the CAC are community leaders who donate their time to provide input to staff on agenda items.

District Vision

To help ensure consistent purpose, the District has adopted a comprehensive statement that serves as a guide for the decision-making process throughout the organization. This element of the Strategic Plan remains consistent year-to-year. The District Vision includes the Mission statement, Core Values, and Pillars & Strategies.



5-Year Work Plan

The District has adopted a 5-Year Work Plan (Plan) identifying a series of long-term objectives that link management and staff work efforts to the District's Strategic Plan. Objectives in the Plan have estimated completion dates ranging from 3 to 20 years and present the core work efforts to which District financial and human resources will be dedicated. The Plan will be revised annually to reflect progress made on complex objectives, status of long-range or cyclical planning measures, and external considerations that require a significant response or operational adjustment. The Plan was presented to the Governing Board in January, then adopted as Program Goals in relevant Programs and Capital Budgets.



**Scan this QR code to
view a copy of the FY 2026-27
5-Year Work Plan.**

Develop Program Goals and Objectives

Each program manager is tasked with developing achievable and measurable goals and objectives to be implemented in a single fiscal year. This endeavor clearly identifies the planned efforts of the program for the given period, links the program's efforts to the 5-Year Work Plan when possible, and allows program employees to propose/establish individual goals that support the District's long-term goals and vision. Program Goals and Objectives were presented to the Governing Board and public at a public workshop in April 2026.

Establish Key Performance Indicators and Estimate Costs

To assess the organization's productivity and effectiveness, unique key performance indicators were utilized as a quantitative measure. Cost estimates reflect the anticipated expenses for accomplishing each program's day-to-day operational tasks, special projects and overall Program Goals. Once this effort has been completed, expenses can be compared to revenue projections. In situations where expenses are projected to exceed revenues, staff works collaboratively to reevaluate activities to fit within available funding.

Adopt Budget

To provide an opportunity for discussion and participation, the budget is presented to the Governing Board in phases at a series of three public meetings. In addition, the information is presented during one public meeting of the Community Advisory Commission.

The final budget document is assembled, including projected revenues, expenditures, and funding of all Goals and Objectives proposed by Program Managers. The document is presented to the District Governing Board at the first regular meeting in June for discussion. Barring any revisions or corrections, the budget is agendized at the second Board meeting in June for adoption. A hard copy version of the final budget document is available to the public on request or can be viewed in its entirety digitally on the District website.

The annual budget must be adopted by June 30 in order to begin the new fiscal year on July 1.

Program Monitoring and Budget Adjustments

In January of each year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Given that the budget is developed based on projections, every program monitors monthly expenses. Each quarter, the budget-to-actuals are reviewed by staff to allow for an opportunity to take formal budget adjustments to the Governing Board for consideration. Consistent budget review eases the transition of programs from year-to-year.

Requests for budget adjustments are submitted by Program Managers to Executive Management for review, who then forward the requested adjustments to Finance for incorporation into proposed budget amendments to be presented to the Governing Board at a Mid-Year Budget Review in February.

When possible, adjustments have no net effect on the original budget balance unless additional revenue is available. However, if revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board at a Mid-Year Budget Review in February.

Budget Cycle Calendar

1	ADOPTION AND REVIEW <i>June and November</i>	June 24, 2026	FY 2026-27 Budget Adoption
		November 11, 2026	First Quarter FY 2026-27 Budget Review at Public Board Meeting
2	PLANNING <i>January to February</i>	January 28, 2027	Budget Meeting to Distribute FY 2027-28 Worksheets to Program Managers
		February 24, 2027	FY 2026-27 Mid-Year Budget Review at Public Board Meeting
3	PROGRAM REVIEW <i>February to April</i>	February 22 – March 11, 2027	Discuss FY 2027-28 Goals & Objectives with Program Managers
		March 2 & 9, 2027	FY 2027-28 Capital Outlay and Capital Improvement Program Planning Meeting
		March 25, 2027	FY 2027-28 New Position Requests, Program Goals & Objectives and Budget Requests, Capital Outlay, and CIP Requests
		April 28, 2027	FY 2027-28 Proposed Goals and Objectives Workshop at Public Board Meeting
		April 19-21, 2027	FY 2027-28 Budget Review with Executive Managers and General Manager/CEO

Continued on the following page

4	BUDGET DEVELOPMENT <i>May</i>	May 12, 2027	FY 2027-28 Revenue Projection Workshop at Public Board Meeting
		May 18, 2027	CAC FY 2027-28 Budget Review
		May 28, 2027	FY 2027-28 Budget Complete with all Revisions
5	PUBLIC REVIEW <i>June</i>	June 9, 2027	FY 2027-28 Budget Presentation at Public Board Meeting
6	ADOPTION <i>June</i>	June 23, 2027	FY 2027-28 Budget Adoption at Public Board Meeting

The calendar reflects key milestones in the District's annual budget development process.



BASIS OF BUDGETING



The District's financial records are kept in accordance with **Generally Accepted Accounting Principles (GAAP)** for governmental enterprise funds, which are business-type funds used to report an activity for which a fee is charged to external users for goods or services. Therefore, the District follows the **GAAP** requirement that enterprise funds use the full accrual basis of accounting.

The District uses the full accrual basis for budgeting, however, there are exceptions where the accrual basis is not conducive to effective presentation of the District's budget because it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost.

Exceptions to the full accrual basis used for the District's budget presentation are as follows:

- Compensated absence expense reflects the change in related accrued liabilities during the accounting period on the full accrual basis, but for budget purposes, expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year.
- Principal payments on Long-Term Debt are applied to reduce the outstanding liability on the full accrual basis; but are shown as a current expenditure for Budget purposes.
- Capital Outlay and Construction costs are capitalized and expensed over the useful life of the asset on a full accrual basis; but are shown as a current expenditure for Budget purposes.
- Depreciation is recorded annually to expense the cost of a capital asset over its useful life on a full accrual basis but is not contemplated in the annual Budget.
- Pension expense is budgeted based on employer contribution rates assigned by the California Public Employees' Retirement System (CalPERS). For financial statement reporting, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.
- Other Post Employment Benefits (OPEB) expense (retiree health insurance) is budgeted based on stipulated reimbursements to retirees toward the cost of health insurance until they reach medicare age. For financial statement reporting, OPEB expense is recorded based on the change to net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 75.
- Interest payments related to financing of the cost of a capital asset during construction are capitalized on the GAAP basis; but are shown as a current expenditure for Budget purposes.

Fund Structure

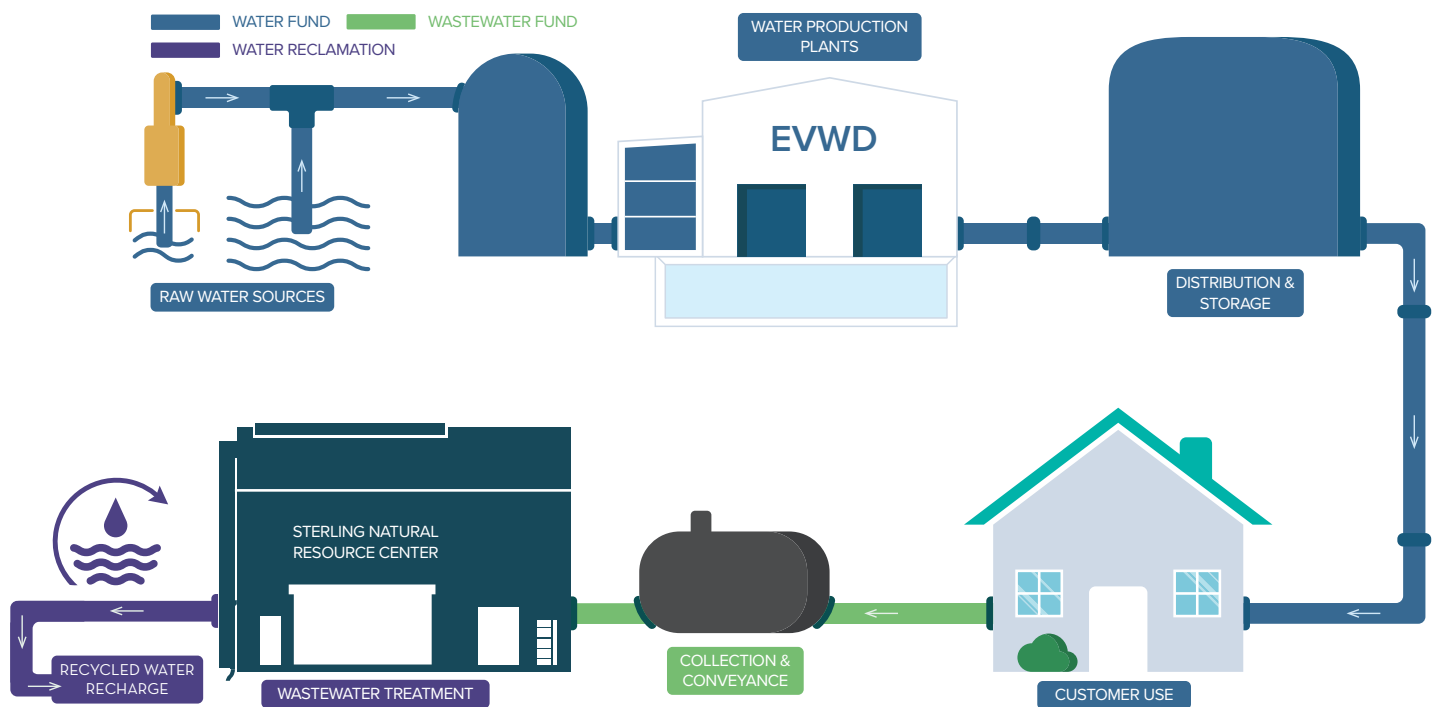
GAAP requires that the District, a California Special District, account for its activities as a single, governmental Enterprise Fund.

The activities of enterprise funds closely resemble those of ongoing businesses, in that rates and fees charged for services are intended to cover the cost of operations and capital needs.

Though it is a single Enterprise Fund, the District engages in three separate and distinct business-type activities including the distribution of potable water, the collection of wastewater, and the reclamation and recycling of wastewater. Accordingly, the District's budget is organized based on these activities, or sub-funds, hereafter referred to as the Water Fund, the Wastewater Fund, and the Water Reclamation Fund.

The Water Fund accounts for the costs of acquiring raw water, treating the water, and then pumping and distributing the treated water to District customers. The Wastewater Fund accounts for the cost of maintaining a system of pipelines responsible for collecting wastewater from residential and commercial customers and delivering the wastewater to the treatment facility. The Water Reclamation Fund treats wastewater to the standards of Title 22 of the California Code of Regulations and conveys recycled water for groundwater replenishment.

Currently, the District operates its own reclamation facility known as the Sterling Natural Resource Center. Recycled water is sent to the Weaver Basins, owned by San Bernardino Valley, for recharge into the Bunker Hill Basin.

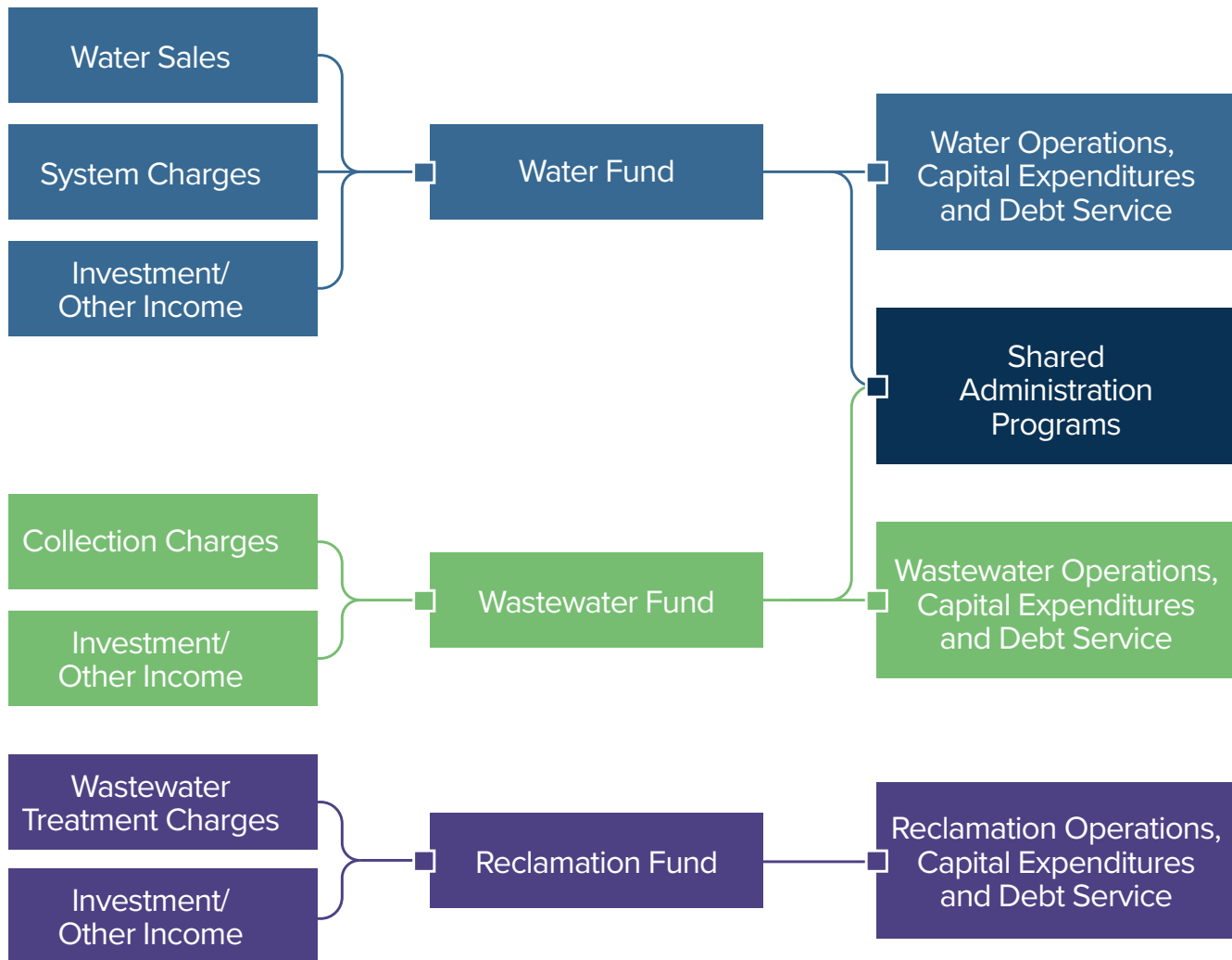


Each of the Funds' operations rely on a significant amount of planning and infrastructure. Accordingly, each fund contributes to the maintenance, replacement, and improvement of that infrastructure. When the issuance of debt is appropriate to fund major capital projects, each fund has the authority to issue debt.

To support these costs, each fund adopts its own user rates, fees and charges, and has its own self-balancing set of accounts. Budgets for each fund are adopted to support the associated capital, and debt service costs, to make reasonable contributions to reserves, and to pay for direct, and allocated, operating and maintenance program expenses.

The District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting.

Flow of Funds



Additional details about the activities and budgets of each fund are included at the Water Fund, Wastewater Fund, and Water Reclamation Fund tabs in this document.

FUND/PROGRAM RELATIONSHIP



District operating and maintenance expenses are all budgeted and accounted for by Program. Expenses incurred by Program are then allocated to the Water, Wastewater and Water Reclamation Funds based on the assessed benefit of Program services to each fund.

The benefit assessment entails the evaluation of each program and the services provided through activity-based costing. Programs with activities fully aligned with the purpose of one fund or the other, are charged fully to the appropriate fund, while programs with general and administrative type functions are allocated proportionally.

For FY 2026-27, the cost of centralized functions such as Administration, Public Affairs, and Finance are allocated between the Water and Wastewater funds, usually by a 70% - 30% split. The Water Reclamation Fund will also share in the future costs of these functions once fund reserves have been established and operating costs for the Water Reclamation Fund are better known and predictable.

The percentage allocation can be adjusted for unique circumstances. For example, with the implementation of water budget-based rates, allocated costs for Customer Service were shifted from the Wastewater Fund to the Water Fund due to the increased cost of administering the new rates. A table illustrating the Fund/Program relationship for FY 2026-27 is shown on the following page.



Programs are budgeted by service and allocated by benefit, ensuring costs are assigned where value is delivered.

Program		Water Fund	Wastewater Fund	Reclamation Fund	Total
1000	Governing Board	\$ 244,300	\$ 104,700	-	\$ 349,000
2000	General Administration	980,700	420,300	-	1,401,000
2100	Human Resources & Risk Mgmt.	2,825,200	1,210,800	-	4,036,000
2200	Public Affairs	1,219,400	522,600	-	1,742,000
2300	Conservation	696,000	-	-	696,000
3000	Finance & Accounting	1,260,000	540,000	-	1,800,000
3200	Information Technology	1,522,500	652,500	-	2,175,000
3300	Customer Service	1,768,200	757,800	-	2,526,000
3400	Meter Services	168,000	-	-	168,000
4000	Engineering	1,321,600	566,400	-	1,888,000
5000	Water Production Administration	783,000	-	-	783,000
5000-51	Wells	4,114,000	-	-	4,114,000
5000-52	Boosters	1,093,000	-	-	1,093,000
5000-54	Reservoirs	536,000	-	-	536,000
5100	Water Treatment	1,802,000	-	-	1,802,000
5200	Water Quality	838,000	-	-	838,000
6000	Maintenance Administration	374,400	41,600	-	416,000
6100	Water Maintenance	4,323,000	-	-	4,323,000
6200	Wastewater Collection	-	1,050,000	-	1,050,000
6300	Water Reclamation	-	-	10,926,000	10,926,000
7000	Facilities Maintenance	1,518,400	564,600	-	2,083,000
7100	Fleet Maintenance	691,600	296,400	-	988,000
TOTAL OPERATING EXPENSES		\$ 28,079,300	\$ 6,727,700	\$ 10,926,000	\$ 45,733,000

Consistent budget review eases the transition of programs from year to year.

BUDGET SUMMARY



The budget for FY 2026-27 is balanced and reflects East Valley Water District's commitment to allocating anticipated resources to meeting the expectations of District ratepayers, creditors, and stakeholders.

The District projects that it will receive \$61,697,000 in revenue during FY 2026-27 and has developed a budget plan to allocate \$45,497,000 toward funding of program operations, \$10,265,000 toward the amortization of outstanding debt and Other Non-Operating Expense, \$1,601,000 toward Capital Outlay, and \$4,334,000 to reserves.

The table below presents a summary of revenue by type, and expenditures by cost category, and is followed by a discussion of revenue and expenditures.

	Water Fund	Wastewater Fund	Reclamation Fund	FY 2026-27 Total
REVENUE / SOURCES				
Water Sales	\$ 20,450,000	\$ -	\$ 1,200,000	\$ 21,650,000
Meter Charges	12,346,000	-	-	12,346,000
Penalties	414,000	120,000	180,000	714,000
Wastewater System Charges	-	7,021,000	-	7,021,000
Wastewater Treatment Charges	-	-	15,062,000	15,062,000
Other Operating Revenue	115,000	65,000	1,000,000	1,180,000
Miscellaneous Revenue	884,000	210,000	2,630,000	3,724,000
TOTAL REVENUE / SOURCES	\$ 34,209,000	\$ 7,416,000	\$ 20,072,000	\$ 61,697,000
OPERATING EXPENSES				
Employment Expenses	\$ 12,219,300	\$ 3,271,700	\$ 2,427,000	\$ 17,918,000
Water Costs	934,000	-	-	934,000
Power Costs	3,225,000	-	1,912,000	5,137,000
Materials & Supplies	2,057,200	198,800	1,365,000	3,621,000
Contract Services	9,207,800	3,143,200	5,198,000	17,549,000
Other Operating Expenses	436,000	114,000	24,000	574,000
TOTAL OPERATING EXPENSES	\$ 28,079,300	\$ 6,727,700	\$ 10,926,000	\$ 45,733,000
OTHER EXPENSES				
Debt Principal	\$ 1,033,000	\$ 180,000	\$ 4,527,000	\$ 5,740,000
Debt Interest Expense	716,000	94,000	3,015,000	3,825,000
Other Non-Operating Expense	490,000	210,000	-	700,000
Capital Outlay	821,000	7,500	772,500	1,601,000
Transfer To (From) Reserves	3,069,700	196,800	831,500	4,098,000
TOTAL OTHER EXPENSES	\$ 6,129,700	\$ 688,300	\$ 9,146,000	\$ 15,964,000
TOTAL OPERATING / OTHER EXPENSES	\$ 34,209,000	\$ 7,416,000	\$ 20,072,000	\$ 61,697,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -

REVENUE SUMMARY

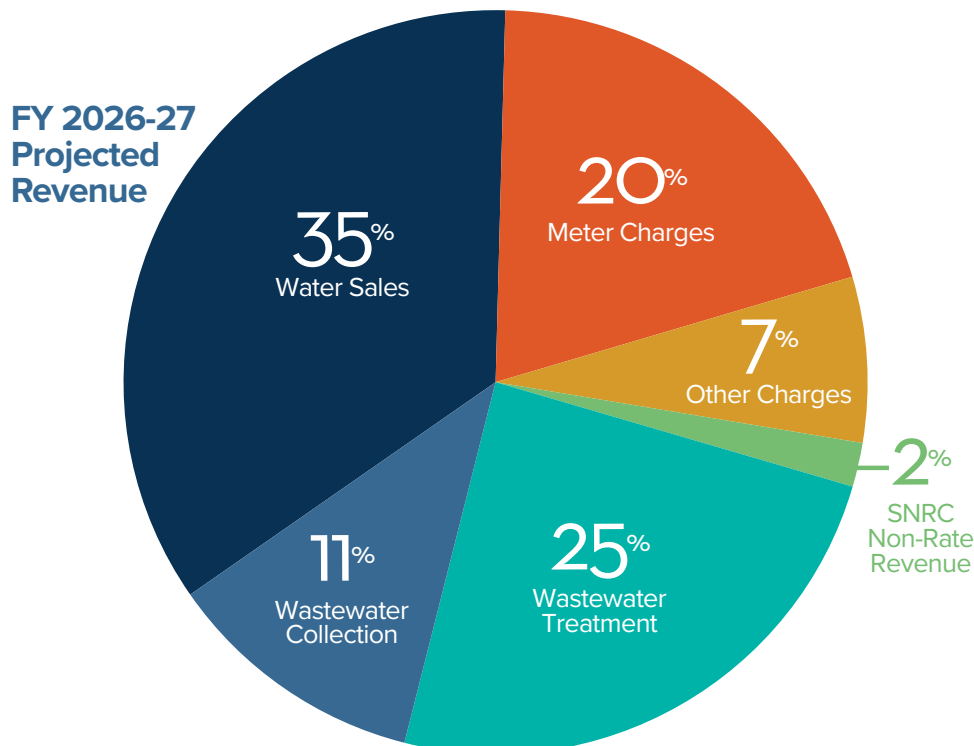
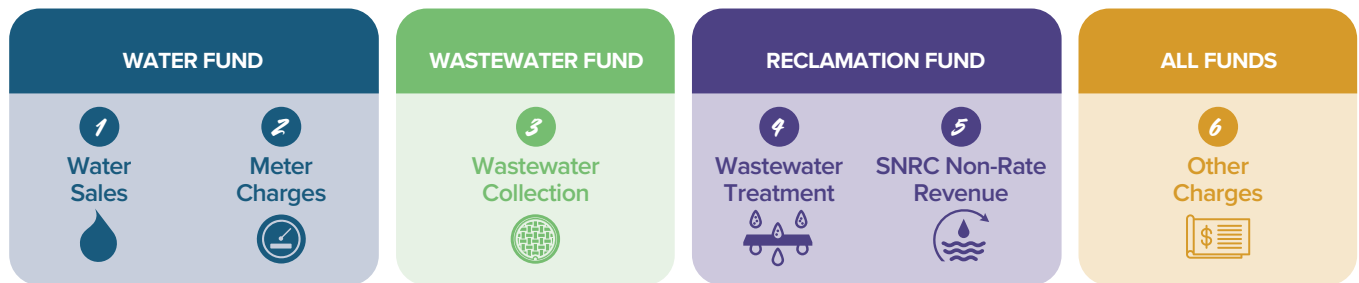


Revenue projections are key to determining the extent of financial resources available to support District programs and other obligations. Therefore, projections are developed early in the budget process and then presented to the District's Governing Board in April.

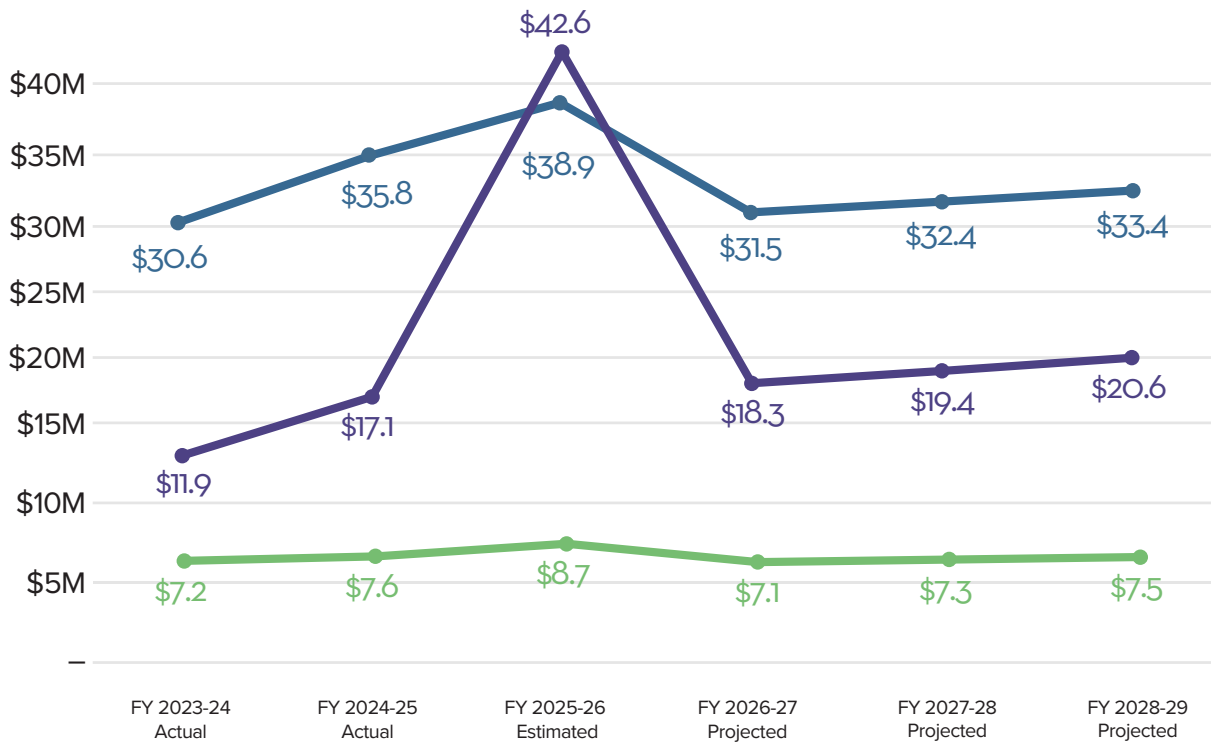
East Valley Water District receives 98% of its revenue from user rates and fees; the District receives no increment from property or sales taxes.

Utility rates and miscellaneous charges are reviewed on three to five-year cycles and adjusted as necessary to cover the costs of providing services to ratepayers. The District derives its authority for setting rates from California Water Code §31000 and rate adjustments are adopted at public hearings conducted in accordance with requirements established by California Propositions 26 and/or 218. User fees, which is the term used to refer to SNRC Non-Rate Revenue, are negotiated with third-party contractors.

The District has six revenue categories based on established rates, fees, and charges. The six categories and the fund which recognizes the revenue are:



Revenue History and Forecast (In Millions)



Forecasting revenue projections requires consideration of external factors that could impact the demand for water services. Elements factored into the FY 2026-27 forecasts include construction activity within the service area, challenges ramping up operations at the Sterling Natural Resource Center, and new legislation discussed below. In addition, water and wastewater rate revenues are highly reliant periodic rate adjustments for overall fiscal sustainability.

Water sales are also reliant on consumer demand, which increases or decreases based on weather, water rates, and drought conditions. Two multi-year droughts since 2015 have led to state legislation introducing Water Use Efficiency (WUE) regulations and a long-term framework referred to as “Making Conservation a California Way of Life”. Under this framework water agencies will be held to an agency-wide water budget which will require the agencies to monitor customer usage. Fortunately, the past two winters have filled state reservoirs and allowed the SWP to announce that they can deliver water allocations to agencies in Southern California. However, WUE regulations will remain effective in wet years as well as dry years, so lower water sales are expected in the future as the result of this legislation.

Construction within the region has increased over the last four years. Multiple moderate sized developments of between 200 and 300 units have requested District assistance with the formation of Community Facilities Districts (CFD), and one of the CFDs has new homes under construction. A state moratorium on collection of development impact fees on second dwelling units (Accessory Dwelling Units or ADUs) on a developed parcel has also stimulated growth, but high interest rates have recently slowed market absorption of new homes.

The most significant factors affecting District revenues in FY 2026-27 will be rate adjustments adopted in May 2024, and the fact that this coming fiscal year will be the first full year of operations for the SNRC Water Reclamation facility. Rate adjustments, with effective dates of July 1, 2026 (wastewater) and January 1, 2027 (water) are expected to impact revenues approximately 8.4% over the coming budget year.

Also, in FY 2026-27 continued efforts to bring anaerobic digesters at the SNRC to full capacity will also allow the District to produce energy from wastewater sludge and other high grade food waste accepted from third-party haulers. Revenue sources associated with the SNRC include:

- Payment from the San Bernardino Valley District Local Resource Investment Program for recycled water used for recharge;
- Tipping fees from liquid waste haulers; and
- Energy produced by digesters will offset the facility's power operating costs by between 50% and 90%. The actual percentage will depend on how efficiently the plant is operated and will have a significant impact on net revenue in the Reclamation Fund. There is also (LRIP) potential that excess power will be produced and sold to the SCE power grid.

A more detailed description of the District's major revenue sources, and related trends, is provided in the following sections. In addition, the Water Fund, Wastewater Fund, and Water Reclamation Fund sections of this document include a detailed discussion of the rates used to calculate FY 2026-27 revenue projections.

WATER SALES

The District produces potable water for sale to four customer classes: single-family residential (SFR), multi-family residential, commercial, and irrigation. All customers are billed on a monthly cycle based on their amount of water usage, which is metered and measured in hundred cubic feet (HCF) where one HCF is equal to 748 gallons.

The District bills for water consumption in three ascending 'Water Budget' rate tiers. Therefore, as customers' water usage exceeds established tier widths or thresholds, water becomes more expensive. Water Budget tiers are unique in that tier width, or the number of units (HCF) billed at each tier is determined based on the individual customer's characteristics.

For single and multi-family customers, the Tier 1 width is determined based on the number of occupants in a dwelling and is intended to allocate the customer with sufficient water for indoor health and safety needs. Tier 2 width is based on a customer's landscaped square footage, and the measured evapotranspiration, or the rate at which plants and soil lose moisture during the month being billed. The Tier 2 budget is intended to allocate sufficient water for efficient irrigation of the landscaped square footage. Tier 3 is billed for water use in excess of the Tier 1 and 2 budgets and is deemed to be inefficient use.

Institutional customers, which consist of schools and a correctional facility with mixed use meters, are billed similar to multi-family customers as they are allocated Tier 1 and 2 water budgets based on populations and irrigable landscape area serviced at the facilities, with usage in excess of those budgets billed at Tier 3 rates.

Irrigation customers receive only a Tier 2 budget as described above, with usage in excess of the budget billed at the Tier 3 rate.

Finally, commercial customers with meters providing water for just indoor business use are billed a flat rate for each unit of water used, a change that became effective in January 2025. The Water Fund section of this document includes more discussion of the new flat rate for non-residential customers.

The annual budget development provides an opportunity for cooperation and collaboration with the understanding that an efficient operation requires high degrees of teamwork and focus.

The table below summarizes water sales volume (HCF) by billing tier for the last four years and also includes conservative projections for FY 2026-27.

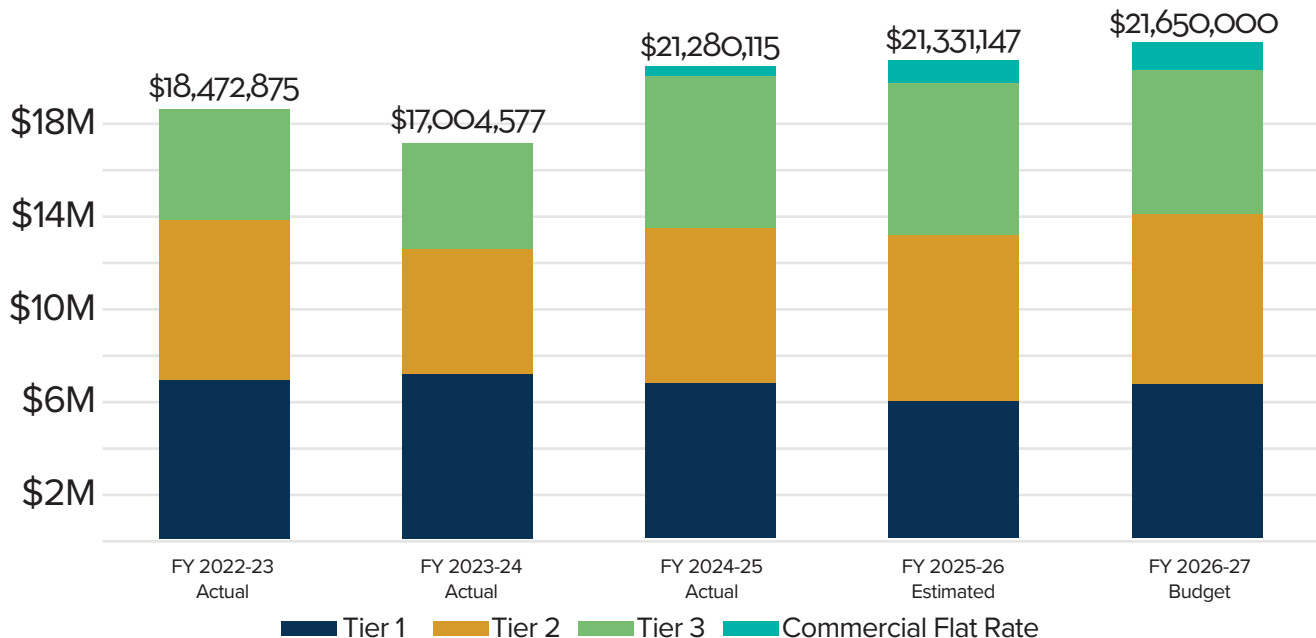
	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Budget
Tier 1	\$ 7,097,090	\$ 7,114,150	\$ 6,990,815	\$ 6,038,572	\$ 6,689,000
Tier 2	5,398,194	5,685,241	7,018,297	7,356,336	7,366,000
Tier 3	4,509,293	5,101,125	6,838,631	6,729,927	6,257,000
Commercial Flat Rate	-	-	432,372	1,206,312	1,338,000
TOTAL	\$ 17,004,577	\$ 17,900,516	\$ 21,280,115	\$ 21,331,147	\$ 21,650,000

CUSTOMER CONSUMPTION IN HUNDRED CUBIC FEET

Water consumption during FY 2026-27 is projected to remain steady at 15.8 thousand-acre feet when compared to FY 2025-26. Sales are likely to remain below 16.0 thousand acre-feet (AF) as the result of rate adjustments and conservation-related legislation.

Based on the projection of water sales in volume, and the tier rates that will be effective throughout the year, the District has projected water sales of \$21,650,000 for FY 2026-27. The graph below shows water sales trends for four years and the current year projection. Additional information about water rates is available in the Water Fund section of this document.

WATER SALES TRENDS



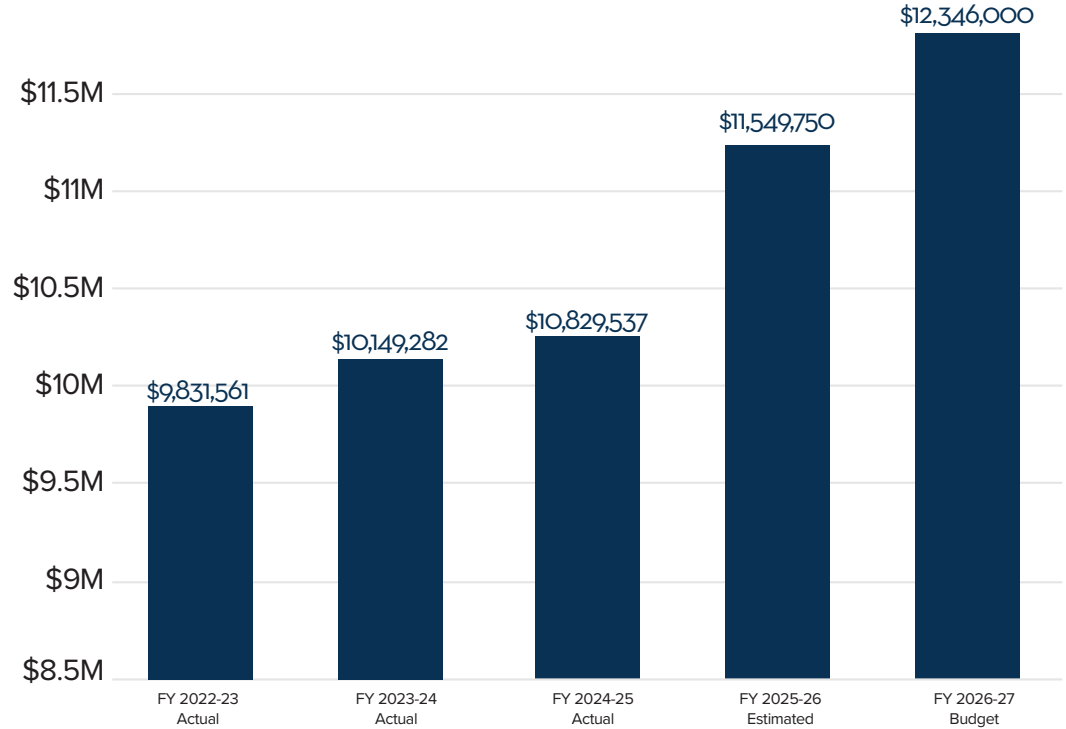
Water System Charges

Also referred to as Meter Charges, water system charge rate revenue consists of a fixed monthly rate assessed to customers based on the size of the meter serving their property. The District sets its meter charge rates to generate between 35% and 40% of annual water operating revenue. In doing so, the District is able to shift some of the burden for revenue stability from unpredictable water sales, such as during times of severe drought and water restrictions, to a more reliable fixed charge.

Meter charges were included in the cost-of-service analysis and rate study completed in January 2024 and adopted in May 2024. The first phase of the rate adjustments became effective in January 2025. The second and third phases became effective in January 2026 and January 2027, respectively.

Revenues have been slightly impacted by development activity in the last two years as there have been over 100 new residential connections added to the District system. Development could potentially add 50 new residential customers consistently over the next ten years, but those new customers have not been counted and factored into projections. Only rate adjustments scheduled for January 2027 have been included in Meter Charge projections which are \$12,346,000 for FY 2026-27.

METER CHARGES



Wastewater Collection (System) Charges

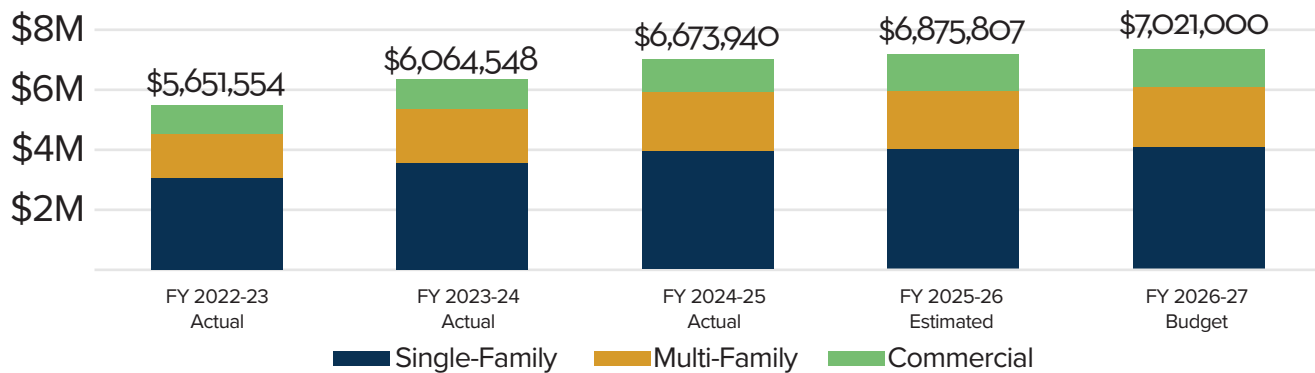
Wastewater Collection charges are assessed to District customers to fund the maintenance and replacement of wastewater collection pipelines, make wastewater debt service payments, and fund program services associated with the Wastewater Fund.

Wastewater collection rates were adopted at the public hearing in May 2024. Adopted rates included a modest 8.6% increase over three years beginning in July 2024. District wastewater customers include 19,770 single-family units and 11,010 multi-family units. These unit counts multiplied by the fixed charges were used to project residential collections revenue.

639 commercial and institutional accounts will be billed at a monthly flat rate plus a volumetric charge based on water usage (measured in HCF). The volumetric rate is the same for all commercial dischargers, with the exception of certain customers served by a mixed use meter, in which case the volumetric rate is moderately lower.

Projected wastewater collection revenue for FY 2026-27 is \$7,021,000. A more thorough discussion of the calculation of projected wastewater collection revenue can be found in the Wastewater Fund section of this document.

WASTEWATER COLLECTION CHARGES



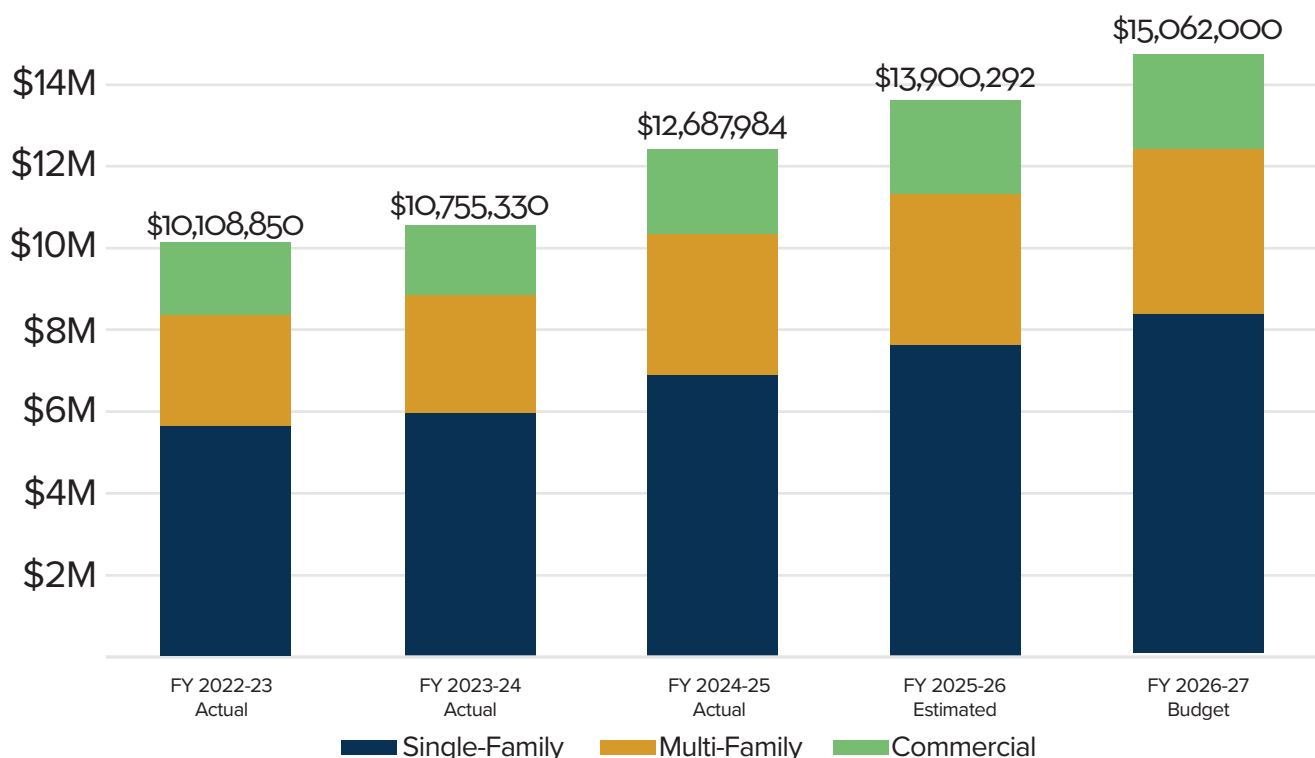
Wastewater Treatment Revenue

Wastewater generated by District customers is treated by the newly commissioned SNRC water recycling plant. District customers are charged for SNRC operations through SNRC treatment rates.

SNRC treatment rates include a monthly fixed charge, assessed based on the number of dwelling units, for both single-family and multi-family residential accounts. Commercial customers are billed both a monthly fixed charge, and then a volumetric charge based on water consumption. The volumetric rate is assessed for every hundred cubic feet (HCF) of water used, and the rate varies based on the 'strength' of the wastewater a customer discharges into the District wastewater system. Strength is categorized as low strength, medium strength, or high strength.

Wastewater Treatment Charges are revenue of the new Water Reclamation Fund, and total charges projected for FY 2026-27 are \$15,062,000.

WASTEWATER TREATMENT REVENUE



SNRC Non-Rate Revenue

The Sterling Natural Resource Center (SNRC) commenced operations in spring 2024. Since that time, the District has continued to assess facility operations, treatment costs, and revenue generation associated with wastewater treatment services, anaerobic digester operations, and recycled water production. The revenue projections for FY 2026-27 reflect the District’s operating experience to date and are summarized below.

LOCAL RESOURCE INVESTMENT PROGRAM (LRIP)

In October 2018, the District signed an agreement to sell up to 11,000 acre-feet annually of recycled water produced by the SNRC to San Bernardino Valley. San Bernardino Valley will initially pay \$173 per acre-foot for recycled water made available to recharge the local groundwater basin. The District estimates that the SNRC will produce and recharge 6,940 acre feet annually beginning in fiscal year 2026-27. As a result of recharging this water, the District will receive an LRIP Contribution from San Bernardino Valley of \$1,200,000.

WASTEWATER HAULER TIPPING FEES

In order to maximize the power generation capacity of the SNRC digesters, activated wastewater sludge from the SNRC will be supplemented by soliciting disposal of high-grade food waste at the SNRC. The District projects that during FY 2026-27 an average 62,274 gallons of food waste will be received and processed daily, with a total of 22.73 million gallons expected to be processed during FY 2026-27, generating tipping fees of approximately \$1,000,000.

ELECTRICAL POWER GENERATION

Gases produced by the anaerobic digesters will be used as fuel to generate electrical power to help offset the cost of supplying the SNRC with power. The District has also installed a two-way electric meter for situations where the digesters are generating surplus power, which can be sold to the power grid. The District does not anticipate any net revenue from power sales during FY 2026-27 as the digesters will not likely reach full capacity by the end of the year.

The table below provides a summary of all projected non rate revenue from the SNRC for FY 2026-27.

Revenue Type	Unit of Measure	Volume FY 2026-27	Fee Per Unit	Non-Rate Revenue Total
LRIP Contribution	Acre-Feet (AF)	~6,940 AF	\$ 173.00	\$ 1,200,000
Tipping Fees	Gallon	22.73 MG	0.044	1,000,000
				\$ 2,200,000

Other Charges and Income

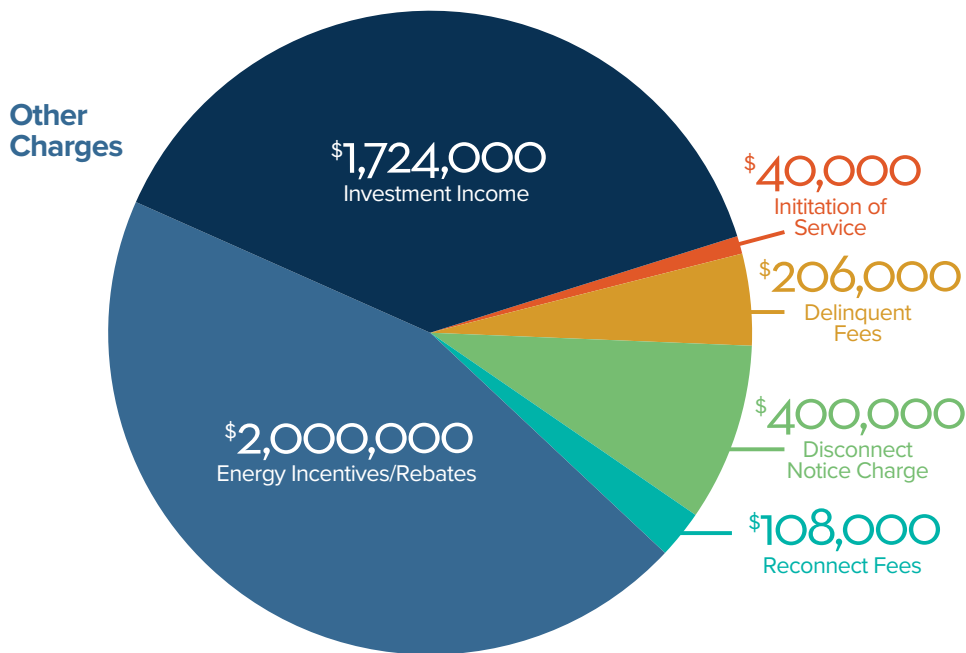
Other charges are assessed according to an adopted fee schedule, but are only charged to users who request, or require, use of District resources beyond the scope of delivering water, wastewater, and water reclamation services. Charges include initiation of service fees, and charges related to collection of customer payments, including delinquent fees, final notice fees, and disconnect/reconnect fees.

In prior years, revenue from charges related to opening a new customer account have been fairly consistent, so as in the prior year Initiation of Service fees are projected at \$40,000. At the same time revenue related to charges for the collection of delinquent customer payments (delinquent fees, notice charges, disconnect/reconnect fees) have been significant, so the District has successfully implemented procedures to work closely with customers to reduce the number of service disconnections for non-payment. Revenue related to fees and charges for collection efforts have been projected at \$714,000 in the upcoming year.

Other Income included in FY 2026-27 projections are interest and energy incentives.

Projections for interest revenue have increased as yields are expected to remain at around 4% and the amount of investible funds held by the District will be fairly significant as the District has substantially completed the construction of the SNRC. Due to these factors, interest revenue is projected to be \$1,724,000 across all funds for FY 2026-27. In addition, the District expect to receive a Self-Generation Incentive Program (SGIP) payment of \$1,850,000 from Edison for construction of the digesters.

In total, the FY 2026-27 projection for Other Charges and Income is \$4,553,000, which is calculated using adopted fees and an estimate of the number of occurrences for each type of fee based on historical trends.



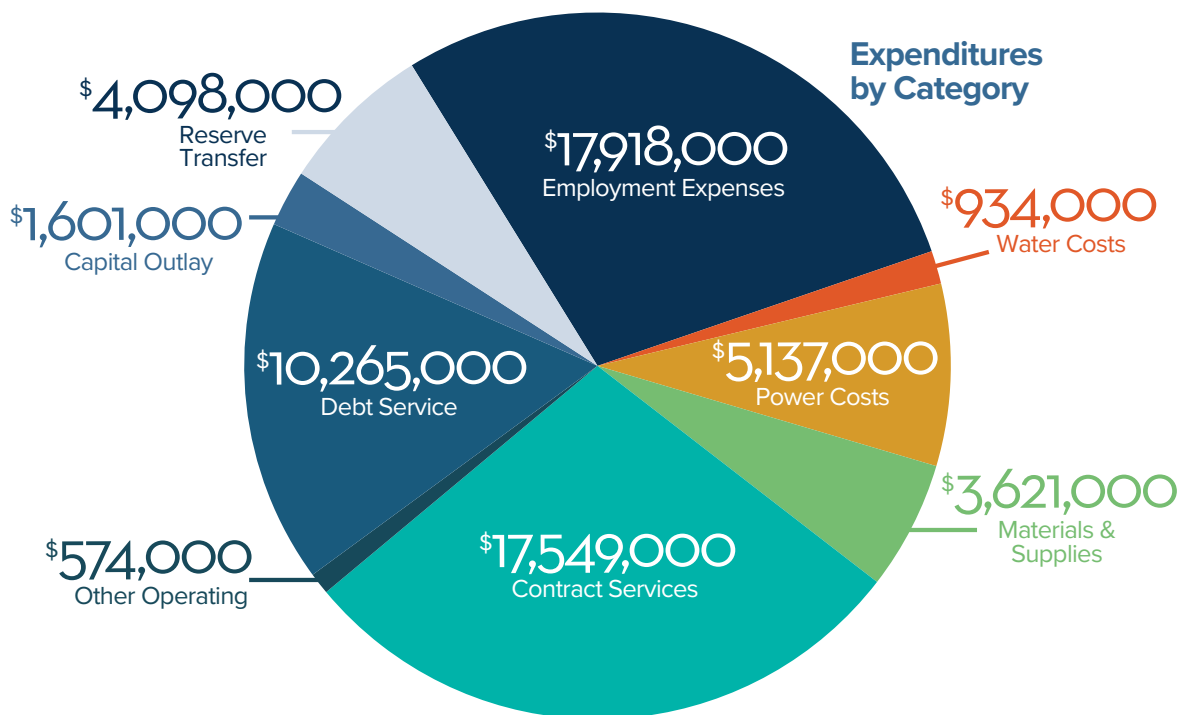
The District acknowledges that fiscal responsibility involves not only meeting current operating, capital, and debt service needs but also anticipating and preparing for unexpected events.

EXPENDITURE SUMMARY



The District prepares its annual budget and financial plan based on operating expenses proposed by program managers, debt service payments scheduled in accordance with covenants and contractual obligations to bondholders and other creditors, and capital expenditures prioritized in the District's Capital Improvement Program and equipment replacement schedules.

Resources required for these expenditures are then appropriated from the District's Water, Wastewater, and Water Reclamation Funds. Operating expenses are addressed on the following pages by broad cost category as listed in the Budget Summary on page 52. Expenses are presented in more detail, by account type, in the Water, Wastewater, and Water Reclamation Fund Sections, and again, by Program in the Program Summaries.



Employment Expenses

Budgeted Employment Expenses include salaries and benefits for 81 full-time equivalent (FTE) positions and two part-time (PT) positions, as well as District contributions toward health insurance benefits for eligible retirees.

Salaries include regular wages, overtime (OT) and standby pay, paid leave time, incentives, and differential payments which are awarded upon attainment of designated certifications. Per an agreement with employees at adoption of the current MOU, a 5% Cost of Living Adjustment (COLA) will also take effect in FY 2026-27 in addition to pay scale step increases of 5% available for employees who have not reached the top step in their pay range, subject to annual performance evaluations. Projected salary expense for FY 2026-27 is \$12,118,000, reflecting the compensation adjustments established under the new Memorandum of Understanding (MOU).

Benefit programs include a retirement plan with the California Public Employee Retirement System (CalPERS), a cafeteria health insurance plan, a deferred compensation plan with employer matching, and Worker's Compensation and Medicare insurance. The District also contributes up to \$900 per month toward retiree health insurance.

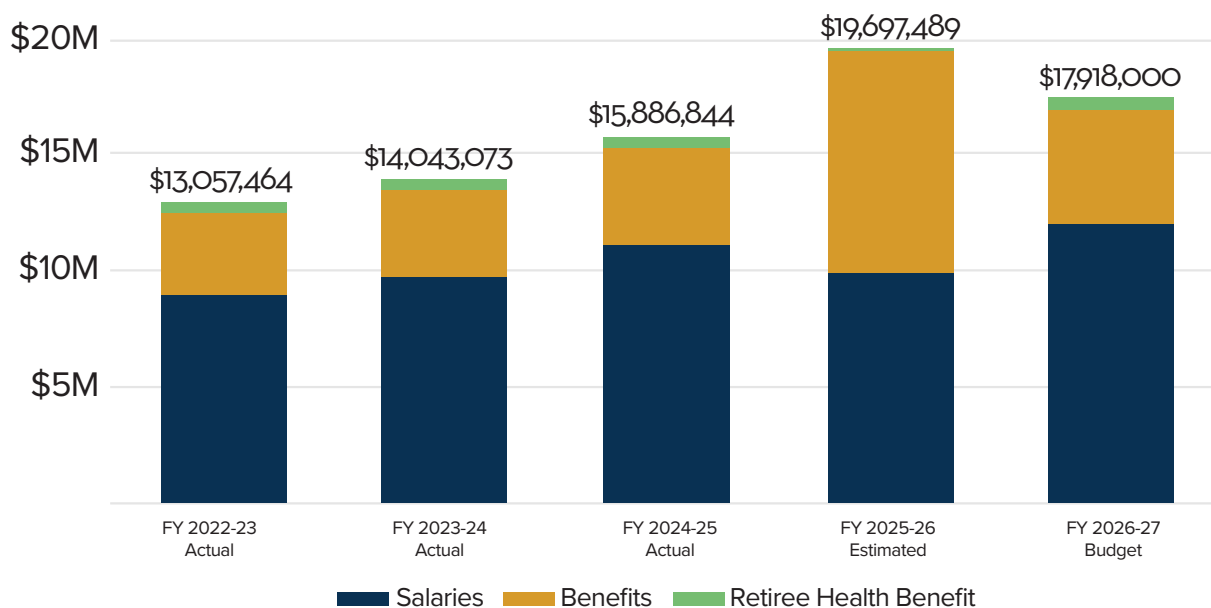
The most significant employee benefit is the CalPERS retirement plan. Funding requirements for the plan are determined through actuarial valuations conducted by CalPERS and include contributions from both the District and the employees. Contributions from the District are made toward the plan's annual normal cost, at a rate of 15.59% of payroll for employees hired prior to January 2013 (Classic), and 8.03% of payroll for post January 2013 hires (PEPRA), and as a lump sum against the plan's unfunded liability. In recent years, unfunded pension liabilities have risen significantly as the plan struggles to meet the expectation administrators have set to earn a 7% return on plan assets each year. The rise of unfunded liabilities has led plan administrators to adopt 25-year amortization schedules, requiring increasing annual contributions to the plan, in an attempt to ensure that the plan is ultimately fully funded. However, instead of relying on the administrator plans for funding, the District has implemented an aggressive 15-year level-pay plan to amortize unfunded pension liabilities in order to reduce the cost of this liability. While the 15-year plan requires higher initial annual contributions of \$1,165,981, the shorter amortization period was originally projected to save the District approximately \$3.5 million. For FY 2026-27, however, the CalPERS required payment will increase, exceeding the level-pay amount and effectively eliminating the projected savings moving forward. As a result, District-paid costs related to the retirement plan are projected to increase by 8.8%. During FY 2026-27, the District will explore potential options to pay down the unfunded pension liability to help stabilize future contribution rates.

Healthcare costs are also split between the District and employees as the District pays 90% to 95% of premiums equal to the designated "benchmark" insurance plan, with employees paying the balance. Premiums for the benchmark plan increased 10.79% between 2025 and 2026, therefore a similar increase for the cost of healthcare benefits is expected. Contributions toward retiree health insurance premiums are capped at \$900 per month for FY 2026-27. Payments continue until the retiree becomes eligible for Medicare; provided they meet all eligibility requirements for this benefit. Worker's compensation and life insurance premiums, cell phone allowances, and auto allowances for managers make up the remaining benefits.

Total District paid benefits are expected to increase 4.6% to \$4,945,000 for FY 2026-27, while contributions toward retiree health insurance were determined by an actuary to be \$551,000.

SALARIES AND BENEFITS

Water Costs



The District anticipates customer demand of approximately 15,796 acre-feet (AF), or 5.15 billion gallons, of water during FY 2026-27. Consumption projections are consistent with the prior fiscal year and are based on the baseline demand assumptions used in the District's rate study, as well as actual consumption trends observed over the past five years.

To meet customer demand, the District relies on two primary sources of supply: groundwater from the Bunker Hill Groundwater Basin and imported surface water. Each source is subject to rates, fees, or assessments charged by external agencies, as described below.

Groundwater



Approximately 73% of the District's water supply is obtained from groundwater pumped from the Bunker Hill Groundwater Basin. Groundwater pumping assessments are paid to the San Bernardino Valley Water Conservation District. The District's total groundwater assessment for FY 2026-27 is projected to be \$352,000.

Surface Water – Santa Ana River Water



The District receives Santa Ana River surface water through its ownership of shares in the North Fork Water Company (NFWC). Annual stockholder assessments fund the operation and maintenance of the company and are based on the number of shares owned. The District currently owns approximately 7,151 shares and projects annual assessments of \$282,000 for FY 2026-27.

Surface Water – State Water Project



The District may also purchase imported water from the SWP through San Bernardino Valley Municipal Water District. State Water Project water is currently estimated to cost approximately \$126 per acre-foot when available. Due to favorable hydrologic conditions, including above-average rainfall and snowpack in California, at least 50% of the normal allocation is expected to be available. Accordingly, the District has budgeted \$300,000 to purchase up to 2,400 acre-feet of SWP water during FY 2026-27.

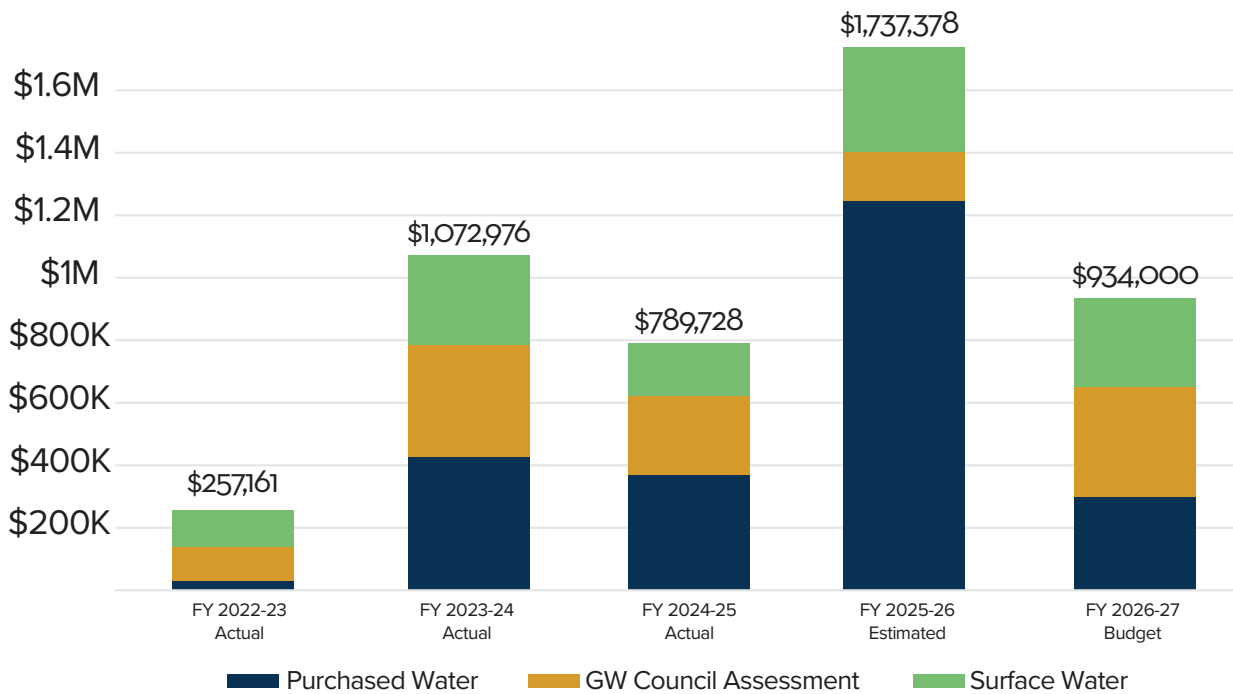
Total water supply costs associated with these sources are projected to be \$934,000 for FY 2026-27.

WATER COSTS

Expenditures are carefully planned and monitored to ensure District resources are used responsibly, transparently, and in alignment with Board-established priorities.



Power Costs



Power costs include the electrical power for extracting groundwater through wells, treating imported water, surface water, and groundwater when necessary, and distributing water throughout nine pressure zones within the District. Significant power costs will continue to be incurred for the SNRC in FY 2026-27 as the new plant commences its third year of operation.

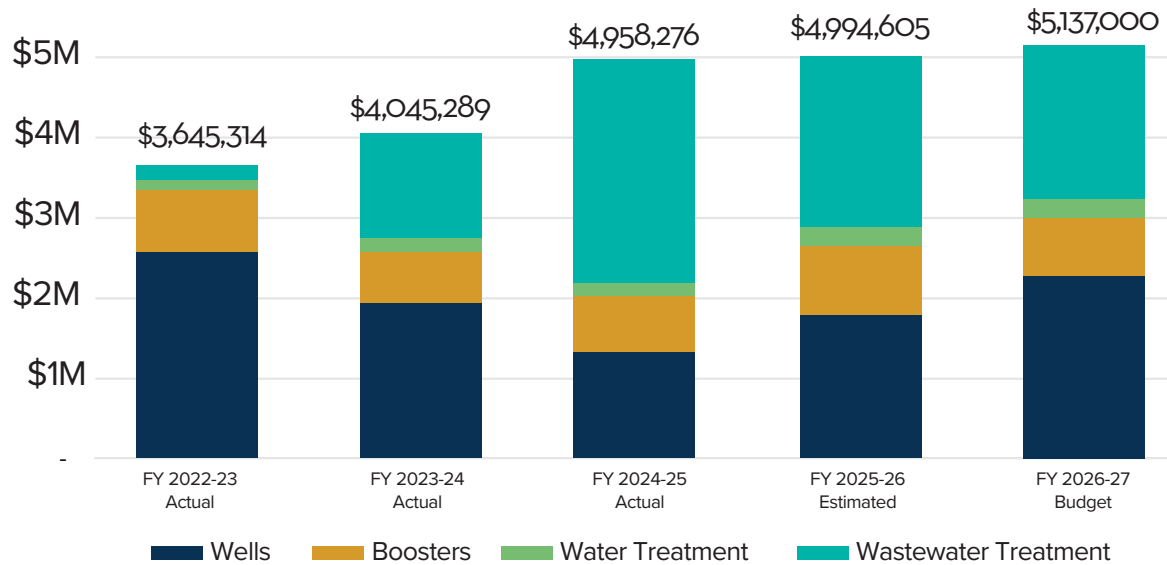
Rates for electrical power have been steadily increasing over the past three years, resulting in significant budget pressure, despite the fact that the District has implemented various energy conservation measures including the installation of high efficiency pumps at several plants, and construction of a hydroelectric generation facility at the District's surface water treatment plant (Plant 134), to help mitigate rising costs. In addition, District operations staff works closely with representatives from SCE to try to ensure that water production facilities are assigned Time-of-Use (TOU) rates wherever possible, encouraging staff to operate facilities to take advantage of the off-peak rates. In spite of these efforts to control costs, electricity rate pressures have continued to steadily increasing power costs.

The addition of the SNRC had the potential to more than double the District's power demand. In order to mitigate the cost, the District added anaerobic digesters to the SNRC project to convert wastewater sludge, supplemented with imported liquid food waste, into energy. The District contracted with SCE to install a two-way meter at the plant, so any excess energy produced by the digesters in the future can be sold on the power grid. During startup, and at least through FY 2026-27, the District expects to consume all power generated on-site for the operation of the plant and expects that the SNRC will be a net user of power. A budget of \$1,912,000 has been established for net power costs at the SNRC for FY 2026-27. This amount is approximately half of the expected cost to run the plant without the self-generated capabilities with the digester.

Power costs for water production were approximately \$2.9 million in FY 2025-26, well below the budgeted amount of \$3,162,000. The District was expecting Edison rate increases to cause energy costs to rise significantly. Instead, a decrease in customer water usage resulted in lower than expected power costs for water production. In projecting power costs for FY 2026-27, the District again expects Edison rate increases, although the percentage is not yet known, and anticipates that the loss of three wells that are too close to the new regional recycled water recharge basins, will make it difficult to avoid peak time-of-use power rates until replacement wells can be placed in service. Under these circumstances, the District expects power costs for water production to be \$3,225,000 in FY 2026-27.

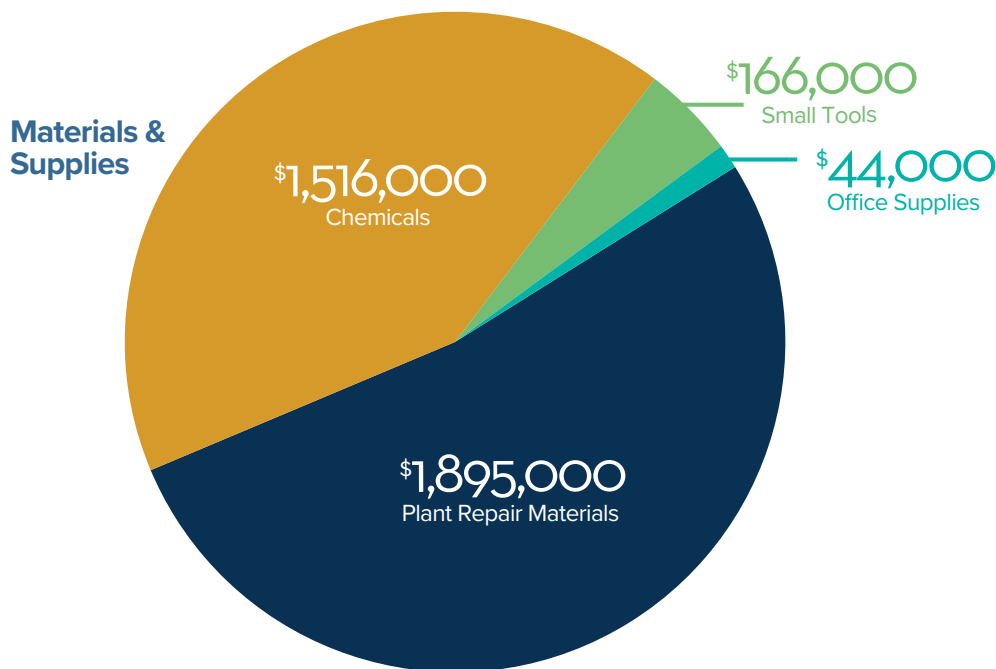
Based on the above, the total budget for power to run production facilities in FY 2026-27 is \$5,137,000.

POWER COSTS



Materials and Supplies

Materials and supplies are purchased to assist staff with the performance of their daily tasks. For administrative programs, materials ordinarily consist of office supplies, informational/educational printed materials for the public, books and reference materials for staff, and small office equipment. For operating and maintenance programs, materials also include some office supplies, but also include items such as chemicals for water treatment, small tools and parts for distribution system repairs, fuel and lubricants, and fill materials for backfilling trenches, among other items. Materials costs are budgeted to increase 6% to \$3,621,000 for FY 2026-27. Materials and Supplies have increased significantly over the past year due to high inflation.

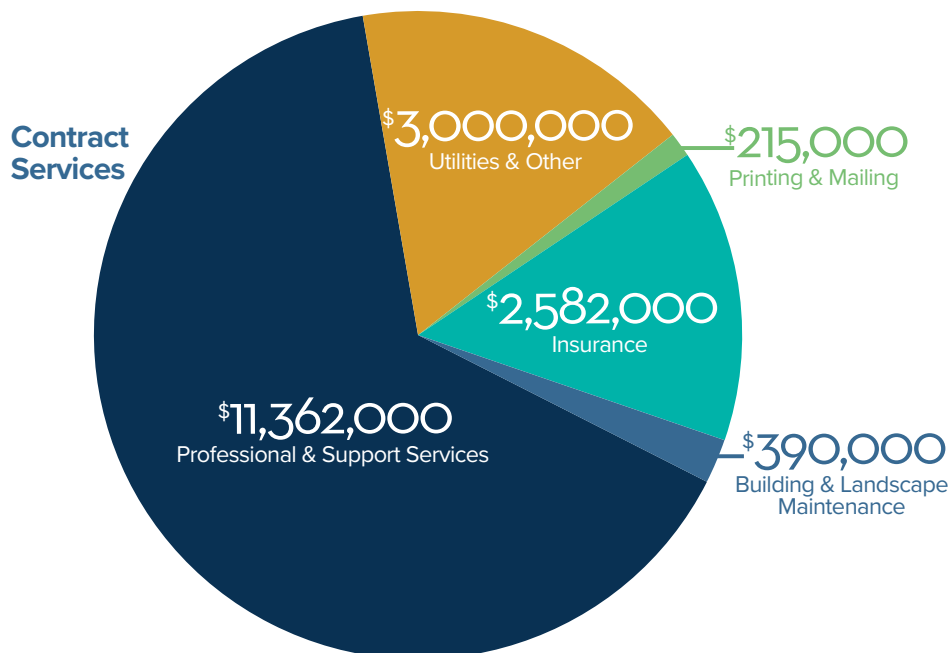


Contract Services

Contract services are proposed by program managers to fund ongoing needs for outside services, and periodic technical expertise to help meet Program Goals and Objectives. For administrative programs, outside services include, but are not limited to, legal services, banking and payment processing, printing, and insurance, while technical services would include rate consultants, engineering consultants, and legislative advocates. Operating and maintenance programs primarily use ongoing outside services such as paving, electrical repair, landscape maintenance, and equipment maintenance.

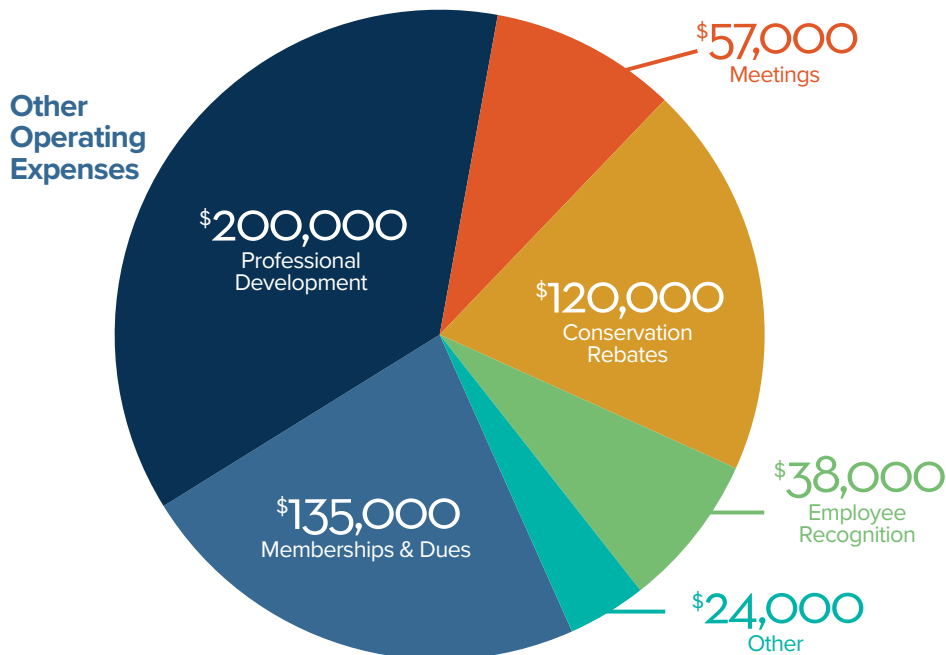
The budget for contract services is expected to increase 6% to \$17,549,000 for FY 2026-27. Significant variances between prior year contract services costs and projections for the upcoming year include:

- A third full year of operations at the SNRC Water Reclamation Facility will add approximately \$5.2 million in Contract Services, including solids hauling and disposal, SCADA support, and new laboratory services.



Other Operating Expenses

Other Operating Expenses budgeted for FY 2026-27 total \$574,000 and includes conservation rebates, professional development, memberships and dues, licensing, meeting expenses, employee recognition, and education assistance. The District emphasizes professional growth and leadership, encouraging employees to utilize resources made available by the District to continue learning through formal education, certifications, and collaboration with other agencies responsible for delivering similar service to its ratepayers.



DEBT OVERVIEW



East Valley Water District's debt service payments in FY 2026-27 will be \$9,565,000 on total outstanding debt of \$196,747,000 as of June 30, 2026. These amounts include the annual debt service payment, and outstanding State Water Resources Control Board (SWRCB) loan balance on the SNRC Water Reclamation Plant that was commissioned in May of 2024.

The SWRCB declared that the project was essentially completed in December 2023, establishing the date for debt service payments to begin in December 2024. A more complete discussion about the funding for this project and annual debt service of approximately \$7.7 million annually is included in the discussion about SWRCB loans below.

The District issues debt for the purpose of building and improving capital assets, and to refund/refinance previously issued debt when interest rates and other circumstances make it financially prudent. In September 2020, the District refunded its outstanding 2010 and 2013 Revenue bonds with 2020 Series A & B Refunding Revenue bonds in order to achieve annual interest savings of approximately \$400,000.

The District's Debt Management Policy states that debt may only be issued to finance capital projects that have been incorporated into the District's Capital Improvement Program. Additionally, debt will only be used to finance projects if it is the most cost-effective means of doing so and the District's credit rating will not be negatively impacted. District policy prohibits the issuance of long-term debt to fund operating activities.

Types of Debt

REVENUE BONDS

Revenue bonds are issued to finance the construction or upgrade of water and wastewater facilities. Debt service on revenue bonds is payable out of water and wastewater system net revenue.

- **2020A Refunding Revenue Bonds:** Issued to refund outstanding 2010 Revenue bonds and save \$380,000 annually on interest. The 2020A bonds have an outstanding balance of \$12,455,000, and bear (tax-exempt) interest ranging from 3.0% to 5.0%.
- **2020B Refunding Revenue Bonds:** Issued to refund outstanding 2013 Revenue bonds, which had been issued to finance the construction of a new administration and operations headquarters. The 2020B bonds outstanding total is \$12,130,000, and bear (taxable) interest ranging from 0.42% to 2.93%.

SWRCB LOANS

SWRCB loans are utilized to finance the construction or upgrade of clean drinking water or recycled water projects. Debt service is payable out of water and wastewater system net revenue.

- **Treatment Plant 134:** Borrowed to finance upgrades to treatment technology at the District's Plant 134. The total loan outstanding is \$4,435,000 bearing interest at 0%.
- **SNRC:** Borrowed as primary funding for the Water Reclamation Plant known as the SNRC. The total loan amount approved is \$168.3 million. As of June 2026, the full amount has been drawn down. Interest on the loan is 1.8%, which has accrued on all draws against the loan during the project construction period. The accrued interest will be added to the loan balance bringing the total amount to be repaid to \$176 million. Annual debt service on this total will be approximately \$7.7 million annually.

The District has also signed two SWRCB loan agreements in support of the State’s consolidation of mutual water companies with failing water infrastructure within the District’s service area. The District is responsible for ensuring payment on the State loans, which is payable from assessments on property formerly served by the water companies.

ASSESSMENT DISTRICTS

- Arroyo Verde & Eastwood Farms:** Borrowed to fund installation of new water distribution system connected to the District’s water supply facilities. Loans outstanding total is \$251,700 and bear interest at 0%.

Other Long-Term Obligations

On November 21, 2017 the District entered into a Settlement Agreement (Agreement) with San Bernardino Municipal Water Department (SBMWD) that defined the terms under which the District would stop sourcing wastewater treatment services to SBMWD in accordance with a 1957 Joint Powers Agreement, and would construct and operate its own water reclamation facilities capable of treating all wastewater flows generated by District customers.

One of the terms of the Agreement is that the District will pay ten annual installments of \$700,000 to SBMWD to help offset the revenue loss resulting from the District’s transition. The District made its third \$700,000 payment in May 2026 as part of the FY 2025-26 budget. These payments will continue annually through FY 2032-33.

Fiscal Year	WATER FUND		WASTEWATER FUNDS		
	Principal	Interest	Principal	Interest	Total
2026-27	\$ 490,000	\$ -	\$ 210,000	\$ -	\$ 700,000
2027-28	490,000	-	210,000	-	700,000
2028-29	490,000	-	210,000	-	700,000
2030-31	490,000	-	210,000	-	700,000
2031-34	1,470,000	-	630,000	-	2,100,000
TOTAL	\$ 3,430,000	\$ -	\$ 1,470,000	\$ -	\$ 4,900,000

The District’s Debt Management Policy stipulates that debt may only be issued to finance capital projects.

Impact of Current Debt Levels

A schedule of FY 2026-27 debt service payments, by debt issue, is shown in the schedule below.

DEBT SERVICE PAYMENTS

Debt Issue	WATER FUND		WASTEWATER FUNDS		Total
	Principal	Interest	Principal	Interest	
2020A Refunding Revenue Bonds	\$ 575,000	\$ 496,000	\$ -	\$ -	\$ 1,071,000
2020B Refunding Revenue Bonds	205,000	220,000	180,000	94,000	699,000
SWRCB Loan-Treatment Plant	234,000	-	-	-	234,000
SWRCB Loans - Assessment Districts	19,000	-	-	-	19,000
SWRCB Loan - SNRC	-	-	4,527,000	3,015,000	7,542,000
TOTAL	\$1,033,000	\$ 716,000	\$ 4,707,000	\$ 3,109,000	\$ 9,565,000

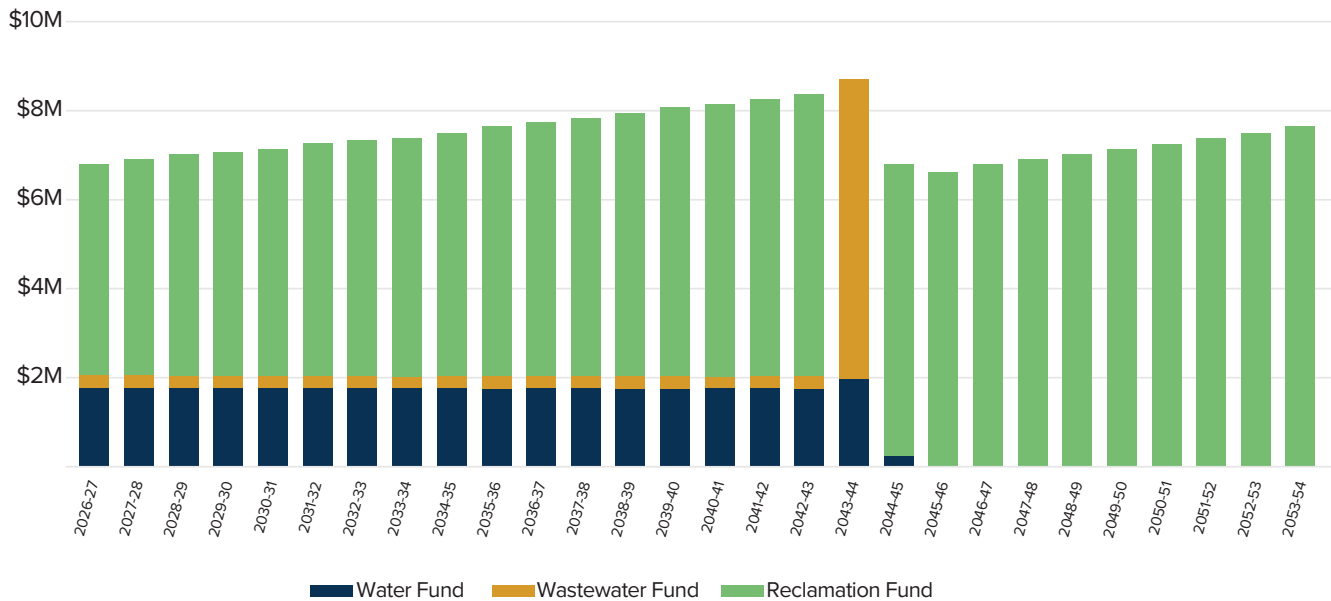
As detailed above, debt service for FY 2026-27 on all outstanding District debt is \$9,565,000. This amount represents 15.5% of the District's total budget for FY 2026-27. This level of debt service does not affect utility services provided to District ratepayers but does directly impact the number of Capital Projects that can be funded by operating revenues.

DEBT SERVICE THROUGH MATURITY

Fiscal Year	WATER FUND		WASTEWATER FUNDS		Total
	Principal	Interest	Principal	Interest	
2026-27	\$ 1,033,000	\$ 716,000	\$ 4,707,000	\$ 3,109,000	\$ 9,565,000
2027-28	1,098,000	681,000	4,916,000	3,022,000	9,717,000
2028-29	1,133,000	646,000	5,002,000	2,934,000	9,715,000
2029-30	1,168,000	608,000	5,093,000	2,844,000	9,713,000
2030-31	1,200,000	568,000	5,187,000	2,752,000	9,707,000
2031-36	6,605,000	2,232,000	27,375,000	12,314,000	48,526,000
2036-41	7,600,000	1,242,000	29,975,000	9,710,000	48,527,000
2041-46	5,543,000	211,000	32,295,000	6,856,000	44,905,000
2046-51	-	-	34,455,000	3,880,000	38,335,000
2051-56	-	-	22,198,000	805,000	23,003,000
TOTAL	\$ 25,380,000	\$ 6,904,000	\$171,203,000	\$48,226,000	\$ 251,713,000

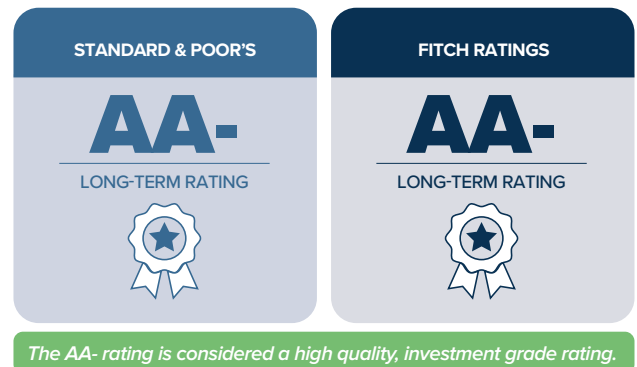
The graph below presents total debt service on existing debt through maturity.

DEBT SERVICE



Bond Ratings

Credit risk is the potential that creditors will suffer financial loss if the District fails to fulfill its obligation to make timely payments to holders of District debt. This risk is measured by the assignment of a rating to the District's bonds by a nationally recognized credit rating organization. Strong credit ratings provide benefits to District ratepayers in the form of reduced debt service costs. Prudent financial management policies resulted in a bond rating of AA- from both Standard & Poor's and Fitch ratings when the District issued 2020 A & B series revenue bonds in September 2020. Fitch affirmed this rating as the result of a review conducted in April 2026.



Debt Capacity and Debt Service Coverage

The District has no policy limitation, and there is no statutory limitation, on the amount of debt that may be issued by the District, however, bond covenants for the District's 2020 Revenue Bonds require an additional bonds test prior to issuing additional obligations payable from Net Operating Revenue. The test determines the amount of additional debt that may be issued by calculating the amount of net revenue available for additional debt service payments.

The Revenue Bond documents, as well as loan agreements with the SWRCB and US Bank, require that the District maintain a debt service coverage ratio equal to 1.2 or 120 percent of annual debt service or greater.

The FY 2026-27 Budget provides the net revenue to debt ratios shown in the table below.

DEBT SERVICE COVERAGE

	Water Fund	Wastewater Fund	Reclamation Fund	Total
REVENUE				
Sales & Services	\$ 32,796,000	\$ 7,021,000	\$ 16,262,000	\$ 56,079,000
Other Charges	529,000	185,000	180,000	894,000
Interest & Miscellaneous Revenue	884,000	210,000	1,630,000	2,724,000
Grants / Self-Generation Incentives	-	-	2,000,000	2,000,000
TOTAL REVENUES	\$ 34,209,000	\$ 7,416,000	\$ 20,072,000	\$ 61,697,000
OPERATING EXPENSES				
Programs	\$ 28,079,300	\$ 6,727,700	\$ 10,926,000	\$ 45,733,000
TOTAL OPERATING EXPENSES	\$ 28,079,300	\$ 6,727,700	\$ 10,926,000	\$45,733,000
NET REVENUE	\$ 6,129,700	\$ 688,300	\$ 9,146,000	\$ 15,964,000
ANNUAL DEBT SERVICE	\$ 2,239,000	\$ 484,000	\$ 7,542,000	\$ 10,265,000
DEBT COVERAGE RATIO	2.74	1.42	1.21	1.56

The District's budget reflects a conservative and disciplined approach.



FUND EQUITY AND RESERVES



As previously discussed, EVWD operates water, wastewater collection, and water reclamation enterprise activities; the District does not have governmental or non-major enterprise activities as part of its operational structure.

For financial reporting purposes, each of the District's activities report Equity, the excess of Assets and Deferred Outflows over Liabilities and Deferred Inflows, as Net Position. Also for financial reporting purposes, Net Position is reported in three distinct classifications:



Invested in
Capital Assets



Restricted



Unrestricted

For budgeting purposes, and for purposes of this discussion, the three classifications above will be referred to as designations of the District's equity, rather than of Net Position.

Restricted and unrestricted equity are spendable reserves, Equity Invested in Capital Assets is not. Equity Invested in Capital Assets maintains a running balance of resources previously spent on the acquisition and construction of capital assets, less outstanding long-term debt, and net of depreciation of those capital assets over time. It does not include spendable funds that are available for appropriation and is therefore not considered as part of the budget process.

Restricted Net Position may include any or all of the following in a given year: 1) unspent proceeds from the issuance of long-term debt, 2) developer paid capacity fees, and 3) debt service reserves. Unspent debt proceeds and capacity fees are available for appropriation for capital projects, but only as defined by contractual agreement with bondholders and other creditors, or by studies adopted by the District that state the purpose and amount of capacity fees to be collected from developers. Debt proceeds are used only for projects specifically stated in debt agreements, and capacity fees are used only for construction of projects that expand the capacity of the District's infrastructure. Debt service reserves may only be used to pay debt service on the associated debt, if and when needed. The amount of funds required to be held in this reserve is equal to one year's debt service.

Unrestricted fund equity is the residual after the balances in the other two classifications of equity have been determined. The District has the most flexibility in determining how unrestricted equity may be appropriated, and the Governing Board has done so by establishing a Reserve Funds Policy, which is summarized on pages 39-40. The policy, which was revised in February 2024, establishes two designations for unrestricted equity, and has defined their purpose, order of priority for funding, target levels, and uses. Those unrestricted designations are the:



Operating
Reserve

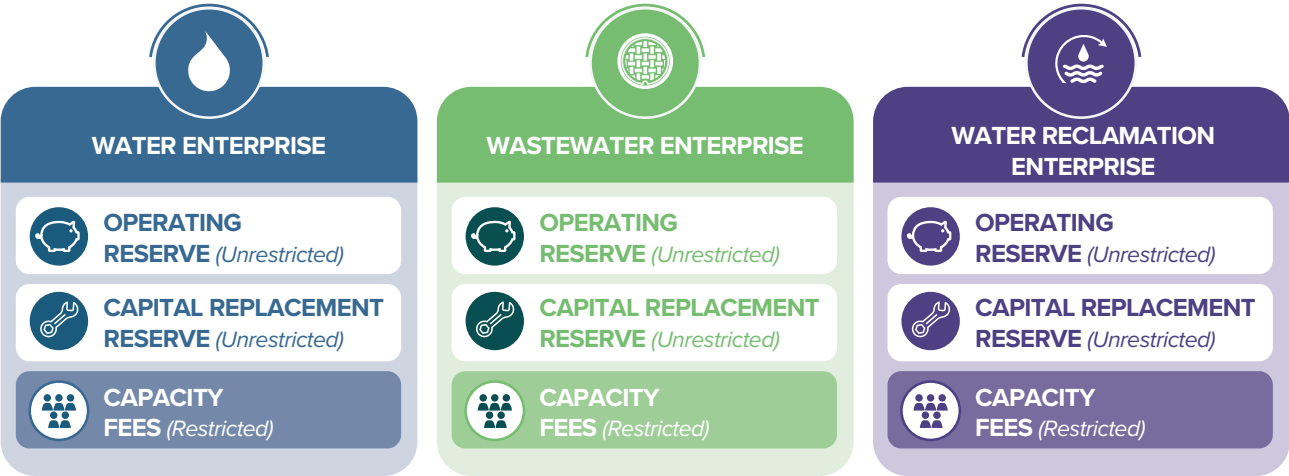


Capital
Replacement Reserve

The Operating Reserve has the highest priority and is funded first out of any excess of revenue over expenditures at the end of each fiscal year. When the Operating Reserve has reached its target level of 120 days operating expenses, excess funds are applied to the Capital Replacement Reserve with a minimum target level of twice the annual average of the District's five-year Capital Improvement Program, and a maximum level equal to the five-year CIP total. If the Capital Replacement Reserve reaches its maximum target, excess funds are to be placed back in the Operating Reserve.

Expenditure of funds out of any of the Unrestricted Reserve categories will be replenished with excess Operating Reserves, and then by transfer from reserves with lower priority. The District’s Governing Board may take action to transfer balances between the Unrestricted Reserve designations at any time.

Enterprise Reserves



Water Fund Reserves

The Water Fund is projected to have \$8,838,000 in Operating Reserves, \$11,762,000 in the Capital Replacement Reserve, and \$10,197,000 in Restricted Reserves at the end of FY 2025-26. The Water Reserves table presents changes to the Water Fund unrestricted and restricted equity, broken down by reserve designation, over a five-year period, and includes beginning balances, annual activity, and ending balances. Target levels for each of the reserve designations, in accordance with the District’s reserve policy, are also shown.

UNRESTRICTED RESERVES

Funding for unrestricted reserves is built into rates when the District conducts a cost-of-service analysis; this occurs approximately every five years. Rate adjustments were last adopted in May 2024 and will become effective in three phases on January 1st of each year, 2025, 2026, and 2027. Modeling for the new rates continued to focus on collecting at least 35% of revenue from the fixed system (meter) charges as California continues living with droughts and mandatory conservation, which results in reduced water sales. The unrestricted Operating Reserve balance will remain near its target level during the fiscal year, while funds from the unrestricted Capital Replacement Reserve will be drawn upon to supplement operating revenue for many important capital projects including drilling a rehabilitation of an existing tank.

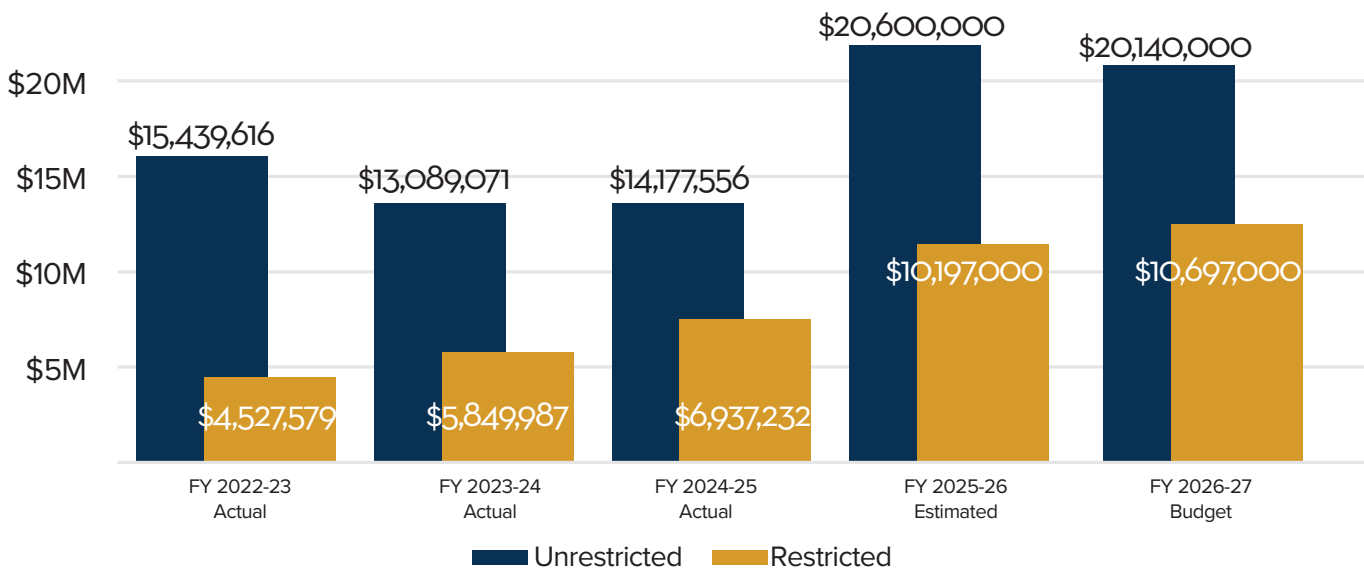
RESTRICTED RESERVES

Restricted Reserves are from the collection of water capacity fees from new development. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. \$2,000,000 of restricted reserve balances are budgeted for use toward construction of a new well during FY 2026-27, leaving a projected year-end balance of \$10,697,000.

UNRESTRICTED AND RESTRICTED EQUITY — WATER

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
WATER OPERATING RESERVE					
<i>Maximum Target Level 120 Days Operations</i>	\$ 6,645,000	\$ 7,245,000	\$ 8,385,000	\$ 8,838,000	\$ 9,360,000
Beginning Fund Balance	8,405,421	6,645,000	6,152,776	8,385,000	8,838,000
Revenue	28,250,377	29,367,492	34,531,648	38,888,000	34,209,000
Operating / Non-Operating Expenditures	(21,919,678)	(26,792,163)	(30,919,628)	(27,954,000)	(28,079,000)
Debt Principal Payments	(2,161,691)	(3,067,553)	(1,379,796)	(1,775,000)	(1,749,000)
Land Sale / Transfer CIP from Wastewater	-	-	-	-	-
Transfer From (to) Other Reserves	(5,929,429)	-	-	(8,706,000)	(3,859,000)
ENDING WATER OPERATING RESERVE	\$ 6,645,000	\$ 6,152,776	\$ 8,385,000	\$ 8,838,000	\$ 9,360,000
WATER CAPITAL REPLACEMENT RESERVE					
<i>Minimum Target Level</i>	\$10,000,000	\$ 10,314,000	\$ 11,285,000	\$13,089,000	\$19,376,000
Beginning Fund Balance	10,000,000	8,794,616	6,936,295	5,792,556	11,762,000
Transfer from (to) Other Reserves	5,929,429	-	-	8,706,000	3,859,000
Capital Expenditures	(7,134,813)	(1,858,321)	(1,143,739)	(2,736,556)	(4,841,000)
ENDING WATER CAPITAL REPLACEMENT RESERVE	\$ 8,794,616	\$ 6,936,295	\$ 5,792,556	\$ 11,762,000	\$10,780,000
TOTAL UNRESTRICTED RESERVES - WATER	\$ 15,439,616	\$ 13,089,071	\$ 14,177,556	\$20,600,000	\$ 20,140,000

WATER RESERVES



WATER CAPACITY FEES

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
WATER CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	3,560,177	4,527,579	5,849,987	6,937,232	10,197,000
Fees Collected	967,402	1,322,408	2,061,493	4,010,000	2,500,000
Capital Expenditures	-	-	(974,248)	(750,232)	(2,000,000)
ENDING WATER CAPACITY FEES	\$ 4,527,579	\$ 5,849,987	\$ 6,937,232	\$ 10,197,000	\$ 10,697,000
TOTAL RESTRICTED RESERVES - WATER	\$ 4,527,579	\$ 5,849,987	\$ 6,937,232	\$ 10,197,000	\$ 10,697,000

Wastewater Fund Reserves

The Wastewater Fund is projected to have \$4,111,000 in Operating Reserves, \$280,000 in the Capital Replacement Reserve, and \$4,260,000 in Restricted Reserves. The following table presents changes to the Wastewater Fund unrestricted and restricted equity, broken down by reserve designation, over a five-year period, and includes beginning balances, annual activity, and ending balances. The target levels established for each reserve designation, in accordance with the District's Reserve Funds Policy, are also shown.

UNRESTRICTED AND RESTRICTED EQUITY — WASTEWATER

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
WASTEWATER OPERATING RESERVE					
<i>Maximum Target Level 120 Days Operations</i>	\$ 1,900,000	\$ 1,620,000	\$ 2,005,000	\$ 2,150,000	\$ 2,243,000
Beginning Fund Balance	538,315	1,937,509	785,197	1,575,029	4,111,000
Revenue	5,795,316	6,576,431	7,111,976	8,734,000	7,416,000
Operating / Non-Operating Expenditures	(4,913,771)	(3,544,775)	(5,147,778)	(5,533,029)	(6,727,000)
Capital Expenditures	-	-	-	-	-
Debt Principal Payments	(175,000)	(175,000)	(175,000)	(175,000)	(180,000)
SRF Loan Proceeds - Net	10,917,310	-	-	-	-
Correct Deposit of Prop 1 Grant Funds	(6,742,125)	-	-	-	-
Transfer To (From) Reserves	(3,482,536)	(4,008,968)	(999,366)	(490,000)	(220,000)
ENDING WASTEWATER OPERATING RESERVE	\$ 1,937,509	\$ 785,197	\$ 1,575,029	\$ 4,111,000	\$ 4,400,000

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
WASTEWATER CAPITAL REPLACEMENT RESERVE					
<i>Minimum Target Level</i>	\$10,000,000	\$ 280,000	\$ 280,000	\$ 280,000	\$ 250,000
Beginning Fund Balance	-	-	-	-	280,000
Transfer From Other Reserves	3,482,536	4,008,968	999,366	490,000	220,000
Loans From (to) Other Reserves	-	-	-	-	-
Capital Expenditures	(3,482,536)	(4,008,968)	(999,366)	(210,000)	(250,000)
ENDING WASTEWATER CAPITAL REPLACEMENT RESERVE	\$ -	\$ -	\$ -	\$ 280,000	\$ 250,000
TOTAL UNRESTRICTED RESERVES - WASTEWATER	\$ 1,937,509	\$ 785,197	\$ 1,575,029	\$ 4,391,000	\$ 4,650,000

UNRESTRICTED RESERVES

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
WASTEWATER CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	2,701,340	3,144,381	3,756,724	3,491,970	4,260,000
Fees Collected	443,041	612,343	533,455	1,268,030	750,000
Debt Issued	-	-	-	-	-
Capital Expenditures	-	-	(798,209)	(500,000)	(500,000)
ENDING WASTEWATER CAPACITY FEES	\$ 3,144,381	\$ 3,756,724	\$ 3,491,970	\$ 4,260,000	\$ 4,510,000
TOTAL RESTRICTED RESERVES - WASTEWATER	\$ 3,144,381	\$ 3,756,724	\$ 3,491,970	\$ 4,260,000	\$ 4,510,000

The accumulation of wastewater Operating and Capital Replacement reserves have been limited due to the investment in construction of the SNRC, a water reclamation facility for which the Water Reclamation Fund was established in FY 2022-23. Prior to establishing the Water Reclamation Fund, the Wastewater Fund financed costs not covered by a grant/loan agreement provided by the State Water Resources Control Board (SWRCB) affecting its ability to build reserves, in spite of the fact that rate adjustments were implemented in each of the years beginning with FY 2021-22.

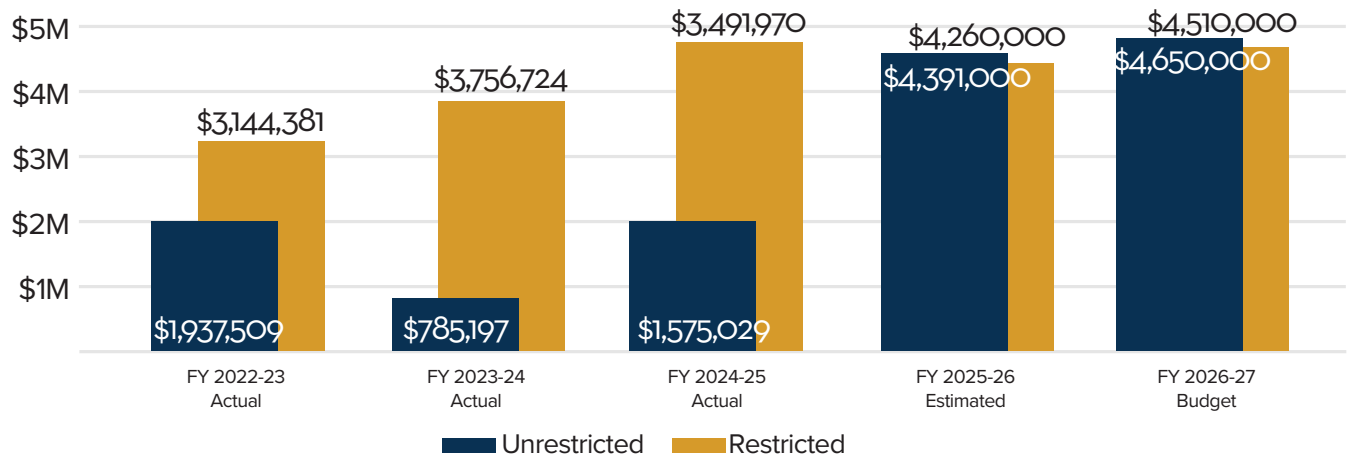
The FY 2026-27 balanced budget projects decreases to wastewater fund unrestricted reserves during the fiscal year; total unrestricted reserves are projected to end at \$4,650,000.

RESTRICTED RESERVES

Restricted Reserves are primarily from the collection of wastewater capacity fees from new development. The table also includes balances and activity for restricted Wastewater capacity fees. Although the receipt of capacity fees is not included in revenue projections and budgeted, accumulated fees are available for appropriation for certain capital improvement projects. The projected restricted reserve balance at the end of FY 2026-27 is \$4,510,000.

The projected total for all Wastewater Fund reserves at the end of FY 2026-27 is \$9,160,000.

WASTEWATER RESERVES



Water Reclamation Fund Reserves

The Water Reclamation Fund was established to account for the revenues and expenditures related to the Sterling Natural Resource Center water reclamation plant which began operations in January of 2024. Target levels will be established as they are for other funds, in accordance with the District's Reserve Funds Policy.

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
RECLAMATION OPERATING RESERVE					
<i>Maximum Target Level</i>					
<i>120 Days Operations</i>	\$ -	\$3,700,000	\$ 3,580,000	\$ 3,505,000	\$ 3,642,000
Beginning Fund Balance	-	6,742,125	5,966,129	3,227,369	3,986,000
Revenue	10,108,850	11,292,394	14,547,319	18,196,631	20,072,000
Operating/Non Operating Expenditures	(10,286,707)	(2,438,337)	(10,859,254)	(13,138,000)	(10,926,000)
Capital Expenditures	-	(9,630,053)	(2,215,175)	-	-
Correct Deposit of Prop 1 Grant Funds	6,742,125	-	-	-	-
Debt Principal Payments	-	-	(4,211,650)	(4,300,000)	(4,500,000)
Transfer From (to) Other Reserves	177,857	-	-	-	-
ENDING RECLAMATION OPERATING RESERVE	\$ 6,742,125	\$ 5,966,129	\$ 3,227,369	\$ 3,986,000	\$ 8,632,000

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budget
RECLAMATION CAPITAL REPLACEMENT RESERVE					
<i>Minimum Target Level</i>	\$ -	\$ 260,000	\$ 660,000	\$ 2,310,000	\$ 1,780,000
Beginning Fund Balance	-	-	-	-	-
Transfer From (to) Other Reserves	-	-	-	-	-
Loans From (to) Other Reserves	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
ENDING WATER CAPITAL REPLACEMENT RESERVE	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL UNRESTRICTED RESERVES - RECLAMATION	\$ 6,742,125	\$ 5,966,129	\$ 3,227,369	\$ 3,986,000	\$ 8,632,000
RECLAMATION DEBT SERVICE RESERVE					
<i>Target - One Years Annual Debt Service</i>	\$ -	\$ -	\$ -	\$ 767,000	\$ 7,670,000
Beginning Fund Balance	-	-	-	-	7,670,000
Transfer From Other Reserves	-	-	-	7,670,000	-
ENDING RECLAMATION DEBT SERVICE RESERVE	\$ -	\$ -	\$ -	\$ 7,670,000	\$ 7,670,000
RECLAMATION CAPACITY FEES					
<i>No Target Level</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance	2,736,642	3,008,522	3,630,159	3,506,511	2,451,000
Capacity Fees Received	449,737	621,637	1,035,926	2,699,489	2,200,000
Expenditures	(177,857)	-	(1,159,574)	(3,755,000)	(2,000,000)
ENDING RECLAMATION CAPACITY FEES	\$ 3,008,522	\$ 3,630,159	\$ 3,506,511	\$ 2,451,000	\$ 2,651,000
TOTAL RESTRICTED RESERVES - RECLAMATION	\$ 3,008,522	\$ 3,630,159	\$ 3,506,511	\$ 10,121,000	\$ 10,321,000

UNRESTRICTED RESERVES

Prior to the SNRC, the District contracted with the SBMWD for wastewater treatment, and all revenue billed and received was remitted to the SBMWD. Given this agreement, there was no opportunity or reason to build a reserve for wastewater treatment operations.

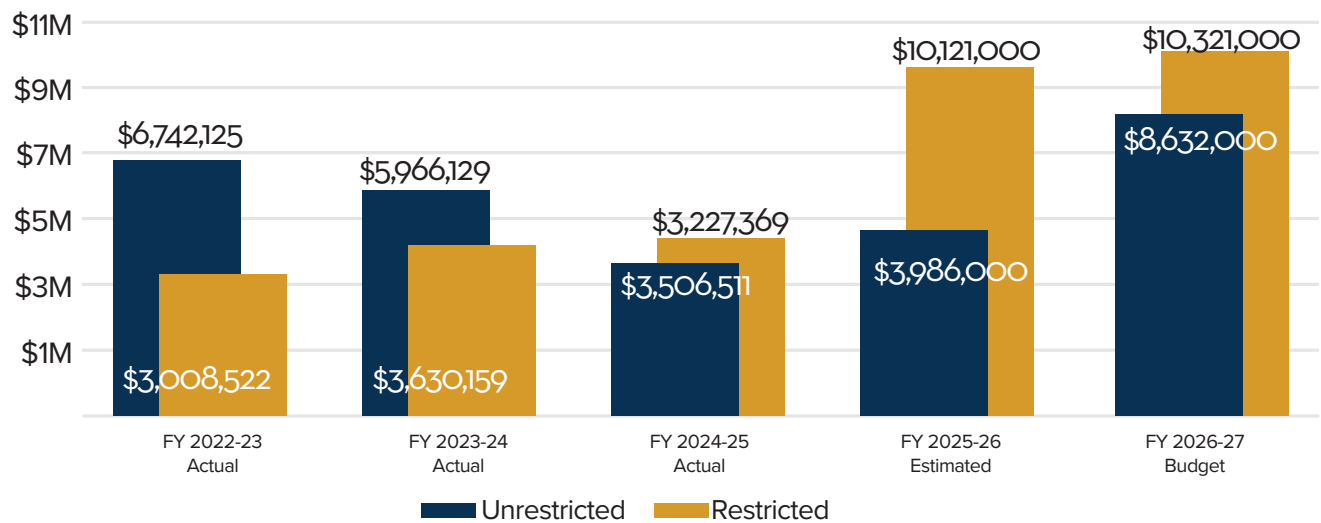
The Water Reclamation Fund will establish unrestricted operating and capital replacement reserves, but unlike other funds, the Water Reclamation Fund must first establish a Debt Service reserve over the next ten years. As with other reserve funds, there is a clear prioritization and target for all types. Projections for the Reclamation Fund operations through the end of FY 2026-27 estimate that the Fund will have Debt Service Reserve, and the balance of \$7,670,000 will continue to build an Operating Reserve. FY 2026-27 will be the second full year of operations for the Reclamations plant, and the second payment on the state loan financing the plant construction is due in December.

RESTRICTED RESERVES

The tables for accumulated wastewater treatment capacity fees, which belong to the Reclamation Fund, and for the new Debt Service Reserve are shown above. The District began collecting wastewater treatment capacity fees when construction began on the SNRC, for this reason the accumulation of restricted funds began occurring prior to the creation of the Water Reclamation Fund. The debt service reserve, which is required by section 3.7(a) of the SNRC loan funding agreement with the State Water Resources Control Board, must have a balance equal to one-fifth year's debt service on the loan from the SWRCB, approximately \$1,534,000 (the Target Level).

The projected total for all Reclamation Fund reserves at the end of FY 2026-27 is \$18,953,000.

RECLAMATION RESERVES



LONG-RANGE FINANCIAL PLAN



The Long-Range Financial Plan provides a forward-looking view of the District's three separate enterprises, allowing leadership, along with other stakeholders, to evaluate whether financial resources will be available to achieve the District's long-term goals and objectives included in the 5-Year Work Plan.

The 5-Year Work Plan and long-range financial planning serve conjunctively as tools for future decision making regarding the District's spending and projected revenues.

As a multi-beneficial organization that provides water, wastewater, and water reclamation services, the District's long-term planning efforts consider factors such as the age, condition, and efficiency of infrastructure used to deliver services to District customers and maintaining compliance with changing regulations. Over the last decade, the cyclical droughts in California has raised water supply reliability, operational flexibility, and water quality, as prominent issues in strategic planning. Based on these identified priorities, the District has developed goals that will have a significant impact on the District's financial planning and Budget over the next few years, including:

- Cost recovery through user rates and development fees, as applicable;
- Address rapidly rising energy costs and green energy regulations;
- Ensure water quality and supply reliability;
- Maintain organizational culture and staff capabilities; and
- Replace aging pipelines and build new groundwater wells.

The achievement of these goals is subject to certain assumptions but will remain a priority as they support the District Vision and 5-Year Work Plan.

Cost Driver	Assumption	Link to District and 5-Year Work Plan
<i>Utility User Rates Support Reasonable Costs Related to Existing Customers; Development Fees Pay for New Infrastructure</i>	• Water usage per capita will not increase due to conservation efforts • Development will add 50 customers annually to District service area	• Practice Transparent Fiscal Management – Conduct Cost-of-Service Analysis for Rates • Enhance Planning Efforts for Future Demand
<i>Energy Costs and Green Energy Regulations</i>	• Digesters at SNRC will support energy requirements of the plant • Incentives and federal credits will help defray the cost of additional self-generation projects	• Identify Opportunities to Optimize Natural Resources – Analyze Alternative Energy Sources • Enhance Planning Efforts that Respond to Future Demand

Cost Driver	Assumption	Link to District and 5-Year Work Plan
<i>Water Quality and Reliability</i>	- Recycled water from SNRC will provide sustainable supply for recharge - Existing treatment processes will need to be enhanced to ensure product water meets standards	- Ensure Safe & Reliable Services - Complete Construction of SNRC - Construct Third Monitoring Well Near Recycled Water Recharge - Evaluate Feasibility of Salt Mitigation
<i>Organizational Culture / Staff Capabilities</i>	Staff training, engagement and knowledge transfer will facilitate exceptional customer relations	- Maximize Internal Capabilities Through Professional Development - Develop Succession Plan - Evaluate IT, SNRC Staffing - Enhance Emergency Preparedness Training
<i>Aging Infrastructure</i>	- District's rates will provide revenue for some, but not all, capital improvement projects - Grant funding will be available to help pay for the District's infrastructure improvements	- Dedicate Efforts Toward System Maintenance & Modernization - Pipeline Replacement Program - Water Reservoir Rehabilitation Program - New Well Construction - Pursue Alternative Funding Sources

User Rates and Development Fees from Reserves

The District updated all water and wastewater user rates in May 2024 to help ensure that operating revenue can cover the cost of operations, debt service costs and help maintain reserves. Updated rates were based on a three-year Cost-of-Service Analysis and financial model, that considered the rapidly escalating cost of capital improvement projects that are needed to replace aging facilities. Adjustments will occur in three phases, one each during the fiscal years 2024-25, 2025-26, and 2026-27.

Developer capacity fees were also updated as the result of an independent capacity fee study. These fees are intended to make sure developers pay for their share of the cost of capacity in District facilities, especially when construction costs are rising so quickly. However, recent state statutes intent on relieving housing shortages in California have placed a moratorium on collection of development impact fees on ADUs built on parcels with a previously existing dwelling unit. Construction of ADUs is heavy within the District's service area, so under the moratorium, the challenge will be to maintain system capacity for new construction that is subject to District capacity fees.

Updated miscellaneous fees and charges are primarily fees related to the collection of delinquents accounts, and charges for Engineering services. The amount of each of the fees and charges was established by determining the average amount of staff and equipment time required for a single occurrence, and then multiplying the time required by labor rates and equipment rental rates.

Energy Costs and Green Energy Regulations

Construction on the Sterling Natural Resource Center (SNRC) was completed in FY 2023-24, including anaerobic digesters designed to generate three megawatts of electrical power. This amount of power self-generation should allow the District to power the plant and produce excess energy to sell back to the Edison grid as soon as FY 2026-27.

In addition, state regulation requiring the integration of electric vehicles into the District's fleet and the furtherance of other green energy goals, and the rising cost of purchased power, compel the District to explore more clean energy generating options, particularly while there are federal incentives to invest in clean energy alternatives. Over the next five years the District will consider the addition of solar panels and Tesla batteries and consider participating in a regional effort to acquire hydro facilities, to help alleviate the pressures of rising energy prices and new regulations.

Water Quality and Reliability

The District built a SWP turnout at its Surface Water Treatment Plant in order to utilize as much imported water as feasible. This strategy would preserve water in the groundwater basin and allow the District to take delivery of, and treat, water at a high elevation, using gravity to assist with water distribution to customers. The alternative is to incur significant pumping costs by extracting water with wells and then pumping it uphill for distribution.

Unfortunately, California continues to experience cyclical droughts, in which SWP deliveries are unreliable. For FY 2026-27, SWP contractor agencies, the source for the District's imported water, were told their annual allocation of imported water will be 50%, whereas, in the previous fiscal year, the supply provided was 50% of requested. As a result, EVWD will experience fluctuating power costs to pump groundwater over the next five years to offset the unreliability of available imported water.

Organizational Culture and Staff Capabilities

An aging workforce, emerging technology, inflation, and beginning a new enterprise activity with the completion of the Sterling Natural Resource Center (SNRC) water recycling facility have highlighted the need for the District to remain competitive regarding staff compensation. This is necessary in order to attract and retain talented team members to operate the state-of-the-art SNRC, or implement and maintain new technologies, while at the same time the District must remain prudent with the public funds used to pay compensation.

The District completed negotiations with staff on a new Memorandum of Understanding (MOU) regarding compensation in June 2026. The three-year MOU, which is effective for the 2026-27, 2027-28, and 2028-29 fiscal years includes a COLA adjustment of 5.5% for each year.

Aging Infrastructure

As mentioned under User Rates, adopted rates included funding for the Capital Improvement Program including water main replacements. The District must also replace three wells that were taken off-line due to their proximity to SNRC recycled water recharge basins, and the rapidly increasing cost to build new water tanks/reservoirs makes it imperative that the District allocate resources for the rehabilitation of existing tanks. Having the funding available to proactively contract for rehabilitation projects, rather than reacting to reports of system leaks or failures, allows the District to select the most opportune time to take plants or infrastructure off-line, minimizing overtime, avoiding excess power to run alternate facilities during peak hours, and avoiding water losses.

The District has identified specific plants for rehabilitation and includes rehabilitation projects in Capital budget requests each year, but the District is also actively searching for external funding.

FY 2027-31 Forecast

REVENUE FORECAST

Water, wastewater, and reclamation revenues are expected to increase moderately over the next five years due to continued development activity and approved rate adjustments.

Water Revenue projections include increases related to rate adjustments (meter charges, commodity rate tiers) as well as a modest growth rate of 2-3% annually. Sales per capita is expected to remain flat as water budget based tiered rates implemented by the District incentivize consumers to use water efficiently. Rate adjustments are scheduled for January 1 of 2027.

Wastewater revenue projections include increases from rate adjustments (collection system charges) that will become effective on July 1, 2026. For years subsequent to 2026, a 1-2% escalation factor was used to account for potential future rate increases and/or growth related to new development.

Reclamation revenue projections also include increases from rate adjustments (treatment charges) that will become effective on July 1, 2026. In addition to revenue from rates, Reclamation relies on revenues from outside sources including: 1) a Local Resource Investment Program (LRIP) contribution from the basin watermaster for recycled water being recharged into the groundwater basin, and 2) tipping fees from food waste haulers for waste delivered to the SNRC digesters for generation of electricity to power the plant.

Wastewater flows into the SNRC reclamation plant are higher than anticipated, so the productions of recycled water is exceeding expectations at about 6,900 acre-feet. However, the commissioning of the digesters is progressing slower than anticipated, meaning tipping fee revenue and energy cost savings expectations have had to be adjusted downward. Until these revenues/savings can be realized, the difference will have to be made up by rate revenue, which would have to increase by 10% – 15% in FY 2027-28 in order to meet net revenue requirements. A cost-of-service analysis will be performed at the beginning of FY 2026-27 to review wastewater treatment rates.

OPERATING COST FORECAST

Operating costs for the District include salaries and benefits, maintenance and operation of the water distribution, wastewater collection systems, water reclamation, contract services, and materials and supplies. Reclamation operation is still ramping up and operation costs are forecasted based on current staffing levels and SNRC Contract Services.

EMPLOYMENT EXPENSES

Labor and Benefits represent the largest expenditure in the District's budget and are adjusted in accordance with two Memoranda of Understandings (MOUs): one covering represented employees and one covering non-represented employees. New three-year MOUs become effective in July 2026 and remain in effect through FY 2028-29. The FY 2026-27 Budget includes a 5.0% COLA and an average market adjustment of approximately 8.0%.

Staffing levels went from 79 to 81 full-time positions in FY 2026-27 due to adding three new full-time positions and eliminating one full-time position. The three new positions include two Utility Maintenance Technicians and a SCADA Specialist. These positions are reflected in the accompanying projections.

Retirement plan contributions and employer paid medical insurance are both expected to increase by about 6%, so these increases are built into the following projections.

All of the items explained above will contribute to increases built into Labor and Benefit projections of 10% for year two and 5% annual increases in years three through five.

POWER COSTS

The District has taken steps to insulate ratepayers from significant increases in electricity costs by implementing energy conservation measures, installing a hydro-electric generation facility, installing batteries at three facilities to avoid peak hour power rates, and constructing digesters at the SNRC to generate electricity.

The SNRC digesters will continue ramping up to full capacity during FY 2026-27, so the budget for that year includes approximately \$1.7 million in net power costs incurred for reclamation activities. Thereafter, the District is projected to increase energy production to the point where energy needed to power the operations of the SNRC is produced on site, and to possibly produce excess energy which can be sold back to the grid.

With all of these measures in place the District should have level power costs agency wide, with decreasing energy demand from the grid for the SNRC offsetting increased power costs incurred for water facilities for the next five years.

MATERIALS AND SUPPLIES

Materials and supplies have increased significantly over the past year due to high inflation. These costs are anticipated to level off for this budget. In the following years cost increase projections continue to be estimated at 3%.

OTHER CONTRACTED SERVICES

Other Contracted Services such as facilities maintenance, professional consulting, security, customer bill generation are expected to increase by a modest 3% annually as reflected on the accompanying projections.

DEBT SERVICE FORECAST

Debt service costs include principal and interest on Series 2020 A & B Revenue Bonds, maturing in October 2040, and State Revolving Fund Loans issued to finance system improvements. Also factored into these costs are years three through seven of a ten-year commitment to pay the SBMWD \$700,000 annually to offset the loss of revenue associated with the District ending a contract for wastewater treatment with that agency in favor of building its own treatment facility, the Sterling Natural Resource Center.

Debt service on all of the above commitments will be about \$10.3 annually and is reflected in the following projections. A 30-year debt service chart is shown in the Debt section of this document.

NET REVENUE

Net revenue, after paying debt service, flows into the Districts reserves where it is combined with other external funding sources to pay for capital expenditures and capital projects shown in the capital section of this budget.

Long-range financial planning is a strategic roadmap for informed decision-making.

Five-Year Forecast FY 2026-27 through FY 2030-31

The following financial forecast is presented to provide a general understanding of how long-term goals will affect operating revenue, operating expenditures, debt service costs, and capital expenditures over the next five years.

FORECAST	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
REVENUE					
Water Sales / Wastewater Collect	\$ 27,471,000	\$ 28,738,000	\$ 29,527,000	\$ 30,337,000	\$ 30,719,000
Wastewater Treatment	15,062,000	17,321,000	19,919,000	20,915,000	21,961,000
Meter Fees	12,346,000	13,086,000	13,479,000	13,884,000	14,023,000
LRIP Revenue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Other Operating Charges	1,180,000	1,180,000	1,166,000	1,166,000	1,166,000
Investment Income	1,724,000	2,364,000	2,366,000	2,455,000	1,854,000
Grants / Other Contributions	2,000,000	501,000	501,000	501,000	501,000
Other Income	714,000	785,000	785,000	785,000	785,000
TOTAL REVENUE	\$ 61,697,000	\$ 65,175,000	\$ 68,943,000	\$ 71,243,000	\$ 72,209,000
EXPENDITURES					
Labor & Benefits	\$ 15,356,000	\$ 16,851,000	\$ 17,617,000	\$ 18,397,000	\$ 19,056,000
Water Costs	934,000	872,000	872,000	872,000	872,000
Power Costs	5,137,000	4,565,000	4,534,000	4,511,000	4,706,000
Contract Services	17,549,000	18,077,000	18,621,000	19,182,000	19,759,000
Materials & Supplies	3,621,000	3,731,000	3,844,000	3,960,000	4,080,000
Other Operating Expenses	574,000	588,000	602,000	616,000	630,000
Insurance	2,562,000	3,104,000	3,187,000	3,271,000	3,358,000
Capital Outlay	1,601,000	1,500,000	1,500,000	1,500,000	1,500,000
Debt Service	10,265,000	9,888,000	9,890,000	9,895,000	9,890,000
TOTAL EXPENDITURES	\$ 57,599,000	\$ 59,176,000	\$ 60,667,000	\$ 62,204,000	\$ 63,851,000
CHANGE IN EQUITY	\$ 4,098,000	\$ 5,999,000	\$ 8,276,000	\$ 9,039,000	\$ 8,358,000
BEGINNING UNRESTRICTED EQUITY	\$39,300,844	\$ 31,619,000	\$27,052,000	\$28,675,000	\$32,605,000
ENDING UNRESTRICTED EQUITY	\$ 43,398,844	\$ 37,618,000	\$ 35,328,000	\$ 37,714,000	\$ 40,963,000

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Fiscal Year 2026-27

WATER FUND

Budget based rates promote water efficiency and are based on the cost-of-service while remaining equitable and fair.

WATER FUND



The Water Fund collects revenue from water sales and meter (system) charges to fund the operating expenses related to acquiring and treating raw water and then pumping and distributing the treated water to District customers. Water fund revenues also pay annual debt service on \$25.4 million in outstanding debt, which in FY 2026-27 will be \$1,748,000.

After paying operating expenses and debt service, Water Fund net revenue is accumulated in Operating and Capital Replacement reserves.

Rates

The District has taken many steps to encourage water-use efficiency and water supply reliability and accordingly utilizes water budget-based rates for use in billing for water usage. The water budget-based rates promote water efficiency and are based on the cost-of-service; they are equitable and fair; and support sustainable behavior change. The State Water Resources Control Board approves of the water budget-based rate structure for its ability to produce superior water savings, and this alternative approach is compliant with the California Drought Conservation Regulations.

The District also collects a monthly fixed charge based on meter size serving the property. This fixed charge helps ensure the water fund's long-term financial sustainability.

In May 2024, the Governing Board adopted utility rate adjustments to be implemented in three annual phases beginning January 1, 2025. The third and final phase of the adopted rate adjustments will become effective on January 1, 2027, and is reflected in the following tables as the January 2027 rates.

To ensure rates continue to support the District's operational, capital, regulatory, and long-term financial needs, the District plans to initiate a comprehensive Cost of Service Analysis and Rate Study during FY 2026-27. An RFP for professional consulting services is anticipated to be issued and awarded in Summer 2026. The study will evaluate revenue requirements, cost allocation methodologies, reserve funding needs, and rate design alternatives for the District's water, wastewater collection, and water reclamation utilities. Findings and recommendations will be presented to the Governing Board upon completion of the study for consideration of future rate adjustments.



East Valley Water District understands the importance of preserving California's water supplies.

COMMODITY CHARGES

Rates	Current	Jan 2027	FY 2027-28
Tier 1	\$ 2.33	\$ 2.47	TBD
Tier 2	3.02	3.21	TBD
Tier 3	4.35	4.62	TBD
Commercial Flat Rate	2.54	2.70	TBD

MONTHLY METER CHARGES

Meter Size	Current	Jan 2027	FY 2027-28
5/8 in.	\$ 29.18	\$ 30.94	TBD
3/4 in.	36.70	38.91	TBD
1 in.	51.76	54.87	TBD
1.5 in.	89.42	94.79	TBD
2 in.	134.59	142.67	TBD
3 in.	390.59	414.03	TBD
4 in.	955.31	1,012.63	TBD
6 in.	1,520.02	1,611.23	TBD
8 in.	3,025.93	3,207.49	TBD
10 in.	4,908.31	5,202.81	TBD
12 in.	6,037.74	6,400.01	TBD

MONTHLY FIRE LINE SERVICE CHARGES

Meter Size	Current	Jan 2027	FY 2027-28
1 in.	\$ 14.86	\$ 15.76	TBD
1.5 in.	15.23	16.15	TBD
2 in.	15.60	16.54	TBD
3 in.	16.34	17.33	TBD
4 in.	17.08	18.11	TBD
6 in.	18.57	19.69	TBD
8 in.	20.05	21.26	TBD
10 in.	21.53	22.83	TBD
12 in.	23.02	24.41	TBD



PROJECTED TIER REVENUE BY CUSTOMER CLASS

Customer Class	Tier 1	Tier 2	Tier 3	Flat Rate	Total
Residential	\$4,637,000	\$4,935,000	\$2,371,000	\$-	\$11,943,000
Multi-Family	1,806,000	637,000	1,143,000	-	3,586,000
Commercial	246,000	425,000	124,000	-	795,000
Irrigation / Construction	-	1,369,000	1,419,000	-	2,788,000
Commercial - Flat Rate	-	-	-	1,338,000	1,338,000
TOTAL	\$6,689,000	\$7,366,000	\$5,057,000	\$1,338,000	\$20,450,000

WATER SALES BY CUSTOMER CLASS – ACRE FEET

Class	No. Of Accounts	Tier 1 (Acre Feet)	Tier 2 (Acre Feet)	Tier 3 (Acre Feet)	Flat Rate	Total (Acre Feet)
Residential	20,244	4,465	3,677	1,269	-	9,412
Multi-Family	496	1,738	475	592	-	2,805
Institutional	34	236	317	64	-	617
Irrigation	368	-	1,022	608	-	1,630
Commercial	1,014	-	-	138	1,180	1,318
TOTALS	22,156	6,439	5,491	2,672	1,180	15,782

The table below projects the amount of water to be produced for FY 2026-27. The amount of water produced is more than the amount of water sold to account for unanticipated water demand and regular system water losses.

WATER PRODUCTION ACRE FEET

Source of Supply	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Projected	FY 2026-27 Budgeted
Ground Water	13,254	12,485	13,059	12,540	12,600
Surface Water	1,128	641	1,316	900	1,500
Purchased Water	2,026	3,147	2,777	3,700	3,100
TOTAL	16,408	16,273	17,152	17,140	17,200

Assumptions and Trends

Following the adoption of utility rate adjustments and the planned Cost of Service Analysis and Rate Study, the development of FY 2026-27 revenue projections requires management to estimate customer water consumption for the upcoming fiscal year. During FY 2026-27, the District is expected to provide water service through approximately 21,864 domestic, irrigation, and commercial service connections. In addition, the District's water system includes 292 commercial fire service connections.

Water demand is projected at 6,875,000 hundred cubic feet (HCF), with one HCF equal to 748 gallons. The projection is based on the baseline consumption established during the District's most recent rate modeling effort and incorporates actual consumption trends from the previous five years.

The resulting revenue projections are intended to provide sufficient funding to support the District’s Program Goals and Objectives while maintaining a prudent and conservative approach to financial planning. Actual revenues will continue to be influenced by customer consumption patterns, weather conditions, conservation efforts, and other external factors that affect water demand.

How Water Bills are Calculated — Residential

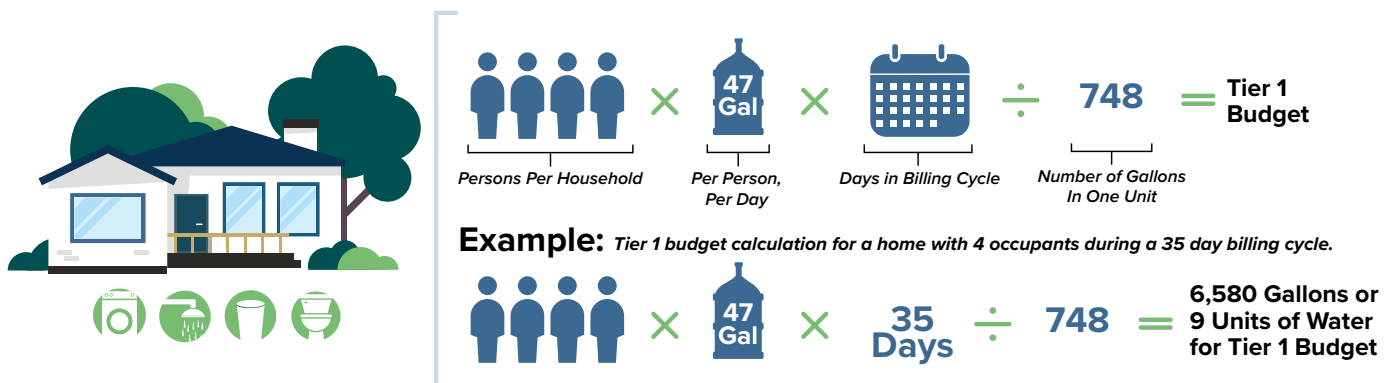
The District considers multiple factors in calculating each customer’s monthly water budget:

- Number of Occupants
- Horses / Livestock
- Irrigable Landscape
- Number of Dwelling Units
- Business Needs
- Weather
- Medical Needs
- Agricultural Needs

The first two of these factors are used to calculate a customer’s Indoor Water Budget (Tier 1) while the remaining factors contribute to the calculation of each customer’s Outdoor Water Budget.

Indoor Water Budgets are unique to each customer and are based on the number of occupants residing in the house. Each occupant is budgeted 47 gallons of water per day (gpd) for efficient indoor use in accordance with state guidelines. The total gallons per day for all occupants is then multiplied by the number of days in the billing period.

TIER 1 INDOOR BUDGET EXAMPLE



Outdoor Water Budgets are unique to customer property and are based on the landscape area. Landscape area represents the square footage of the property’s landscape requiring irrigation (e.g., grass, parkways, trees, bushes, and various plants). In determining the customer’s outdoor budget, the following factors and conversions are made during each billing cycle.

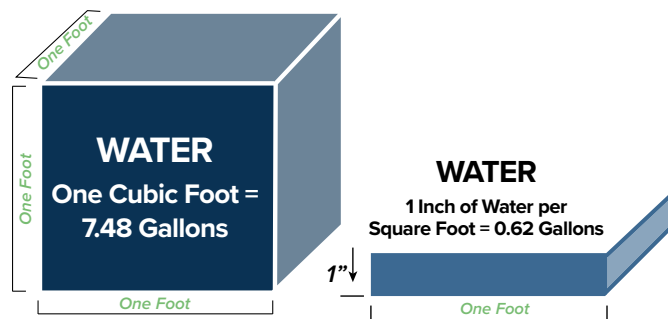
Square Footage of Landscape Area (Irrigable Landscape): When the District restructured its uniform rates to budget-based rates in FY 2014-15, the District hired a consultant that provided property information for each customer’s parcel located within the District’s service area. The consultant used an advanced camera that was attached to an airplane flown over the District boundary capturing each parcel’s unique landscape area square footage.

Evapotranspiration (ETo): The process by which water is transferred from the land to the atmosphere by evaporation from the soil and other surfaces and by transpiration from plants. ETo is measured in inches, which is captured and recorded by a State-Certified weather station. The District received ETo data from the California Irrigation Management Information System (CIMIS) Station ID 251 in Highland, California. The sum of daily ETo measurement during the billing period is used in the calculation for efficient outdoor water usage.

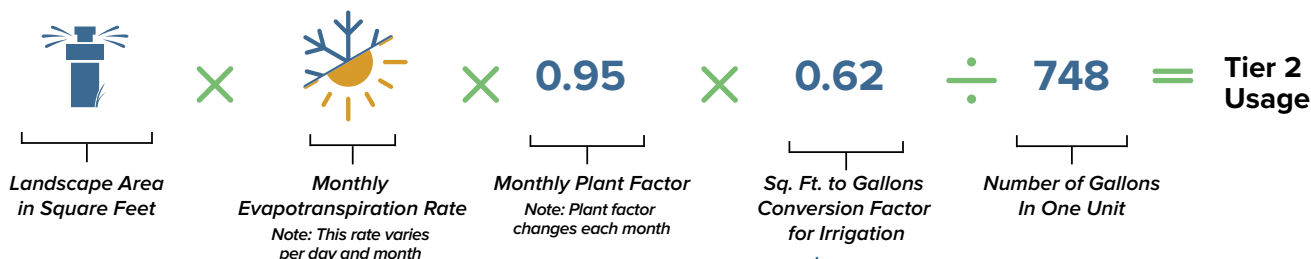
Crop Coefficient (Kc): The properties of plants used in predicting evapotranspiration (ETo). Below is a table listing the values used in each month. The District has elected to use the Cool-Season Crop Coefficient.

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Annual Average
Cool Season Plant Factor	0.61	0.64	0.75	1.04	0.95	0.88	0.94	0.86	0.74	0.75	0.69	0.60	0.80
Warm Season Plant Factor	0.55	0.54	0.76	0.72	0.79	0.68	0.71	0.71	0.62	0.54	0.58	0.55	0.60

Square Footage to Gallons Conversion: The District provides water in the measurement of HCF (1 unit = 748 gallons), but the ETo rate is measured in inches. Additionally, the measurement of landscape area is square foot which must be converted to gallons to determine the outdoor budget. One square foot equals 0.62 gallons. The sum of the billing periods ETo is multiplied by 0.62 gallons to develop the efficient outdoor water budget.

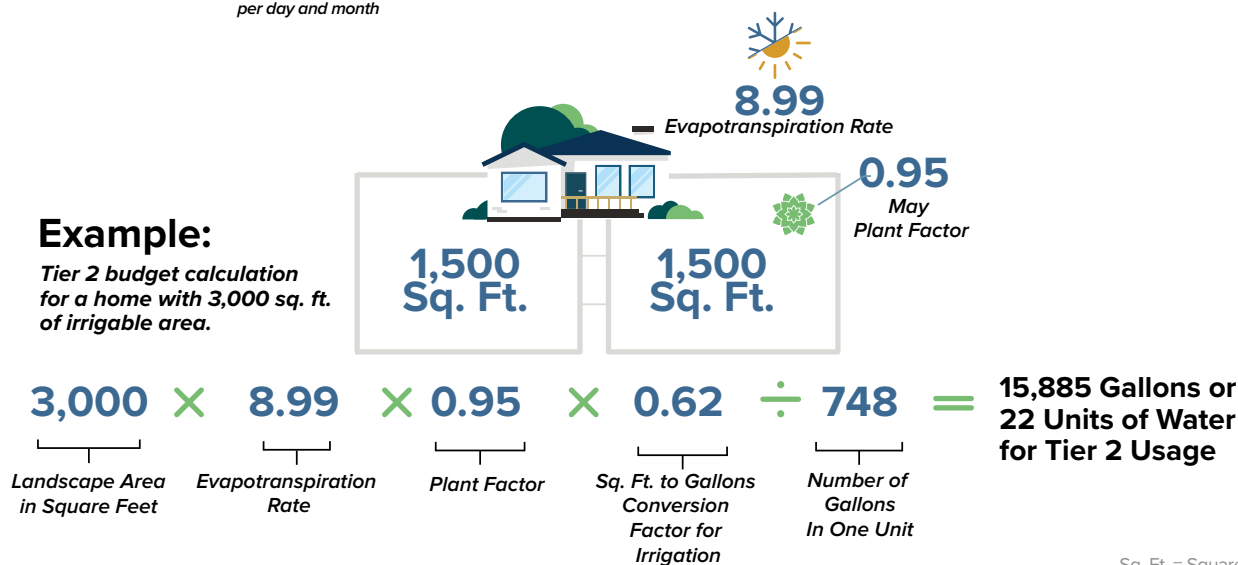


TIER 2 OUTDOOR BUDGET EXAMPLE



Example:

Tier 2 budget calculation for a home with 3,000 sq. ft. of irrigable area.



TIER 3 INEFFICIENT USE

When a customer exceeds their Tier 1 and Tier 2 budgets, the excess units of water used are billed at the Tier 3 rate. The District has developed its rates in accordance with Proposition 218, allowing the District and like agencies to charge customers the highest rate due to the additional cost incurred by the District for delivering inefficient water, including but not limited to, imported water cost, electricity expenses for pumping and boosting water throughout the system, and chemicals needed for the treatment process.

How Water Bills are Calculated — Non Residential

Non-residential commercial customers are billed at a flat rate for each unit of water usage to account for the fact that usage is not specifically allocated for health and safety or irrigation purposes, but for business processes.

METER CHARGE REVENUE

Meter Size	No. of Services	Current	Jan 2027	Total
5/8 in.	3,028	\$ 29.18	\$ 30.94	\$ 1,092,000
3/4 in.	13,860	36.70	38.91	6,288,000
1 in.	4,248	51.76	54.87	2,720,000
1.5 in.	288	89.42	94.79	319,000
2 in.	310	134.59	142.67	520,000
3 in.	83	390.59	414.03	426,000
4 in.	24	955.31	1,012.63	283,000
6 in.	12	1,520.02	1,611.23	222,000
8 in.	11	3,025.93	3,207.49	410,000
Fire Service	292	Varies	Varies	66,000
TOTALS	22,156			\$ 12,346,000

The District delivers nearly 15 million gallons of water daily through 300 miles of water distribution pipeline.

METER CHARGE REVENUE BY METER SIZE

The District's Operating Revenue includes fixed charges, which are based on the size of the meter serving the customer's property. The rates meet the compliance requirements of Proposition 218. Meter Charges have been established based on a comprehensive third-party cost-of-service analysis, and the rates provide funding for operating and capital needs.

Other Charges & Other Revenue Sources

Other charges and other revenue include fees related to the collection of delinquent accounts, investment revenue, reimbursements from other agencies, facility rentals, and other miscellaneous revenue.

ASSUMPTIONS AND CONSIDERATIONS

Delinquent fees, final notice charges, and disconnect/reconnect fees will increase as the State moratorium on service disconnections for non-payment has expired and collection efforts will resume.

The Local Agency Investment Fund (LAIF) interest rate, which is paid on District funds invested with LAIF, lags behind adjustments to the federal rate but should trend upward over the next year, and investment earnings with it.

Expenses

The Water Fund is one of three enterprise funds the District operates. Water Fund resources pay for operations and maintenance of the water distribution system, repair and replacement of water infrastructure, a portion of District customer accounts and administration costs, and debt service. Water Fund debt is incurred to provide full or partial funding for multiple CIP projects.

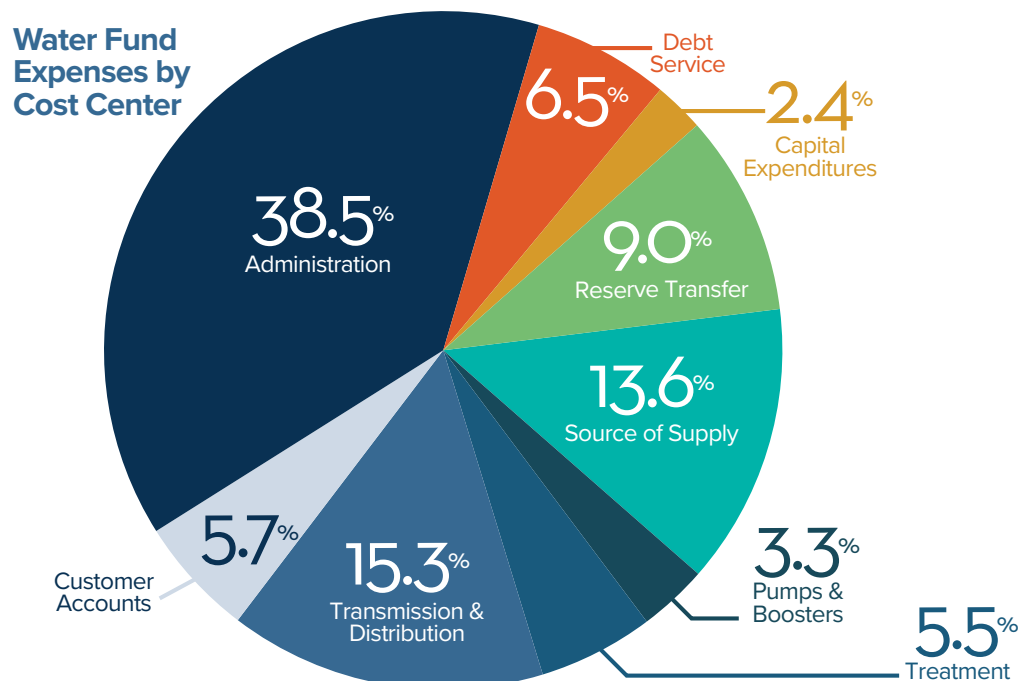
ASSUMPTIONS AND CONSIDERATIONS FOR OPERATING EXPENSES

Expenses are based on the cost of providing water to meet customer demands. Primary cost considerations and assumptions include:

- Electricity Expense for operating wells, pumps and boosters, treatment plants and other facilities.
- Chemical Expense purchased for the treatment of source water before it enters the distribution system for consumption. The FY 2026-27 Budget includes a 14% increase due to inflation.
- Contract Services are expenses incurred for services provided by third parties. Many District programs utilize consultants or vendors who offer quality and economical services. Since these services are unique to the program, it is difficult to list them all. Program Managers are responsible for researching or pre-bidding services in developing their program's budget.
- Materials and Supplies are needed to support field operations and general administration related to operating the District.
- The District is continuing to focus effort on the Conservation Program, which is committed to assisting customers with conservation efforts through the continuance of the rebate programs and instructor-led seminars and demonstrations.

The following costs are allocated to all Funds, including the Water Fund:

- Electricity Expense for operating wells, pumps and boosters, treatment plants and other facilities.
- Chemical Expense purchased for the treatment of source water before it enters the distribution system for consumption. The cost trends for chemicals are stable, with no foreseeable significant increases.



DEBT SERVICE AND CAPITAL EXPENSES

The District has issued debt to pay for capital expenditures for replacing, improving, and adding infrastructure. In addition to debt financing, the District also budgets a portion of operating revenue each year to build a Capital Replacement reserve, which helps cash finance the rehabilitation and replacement of components of assets that will extend the asset's useful life, or replace general plant assets, such as fleet equipment, that have useful lives shorter than 30 years.

Conclusions

The budget for the Water Fund is balanced, including contributions to reserves. District staff will continue to monitor the revenues and expenses and present the progress to the Governing Board on a periodic basis.

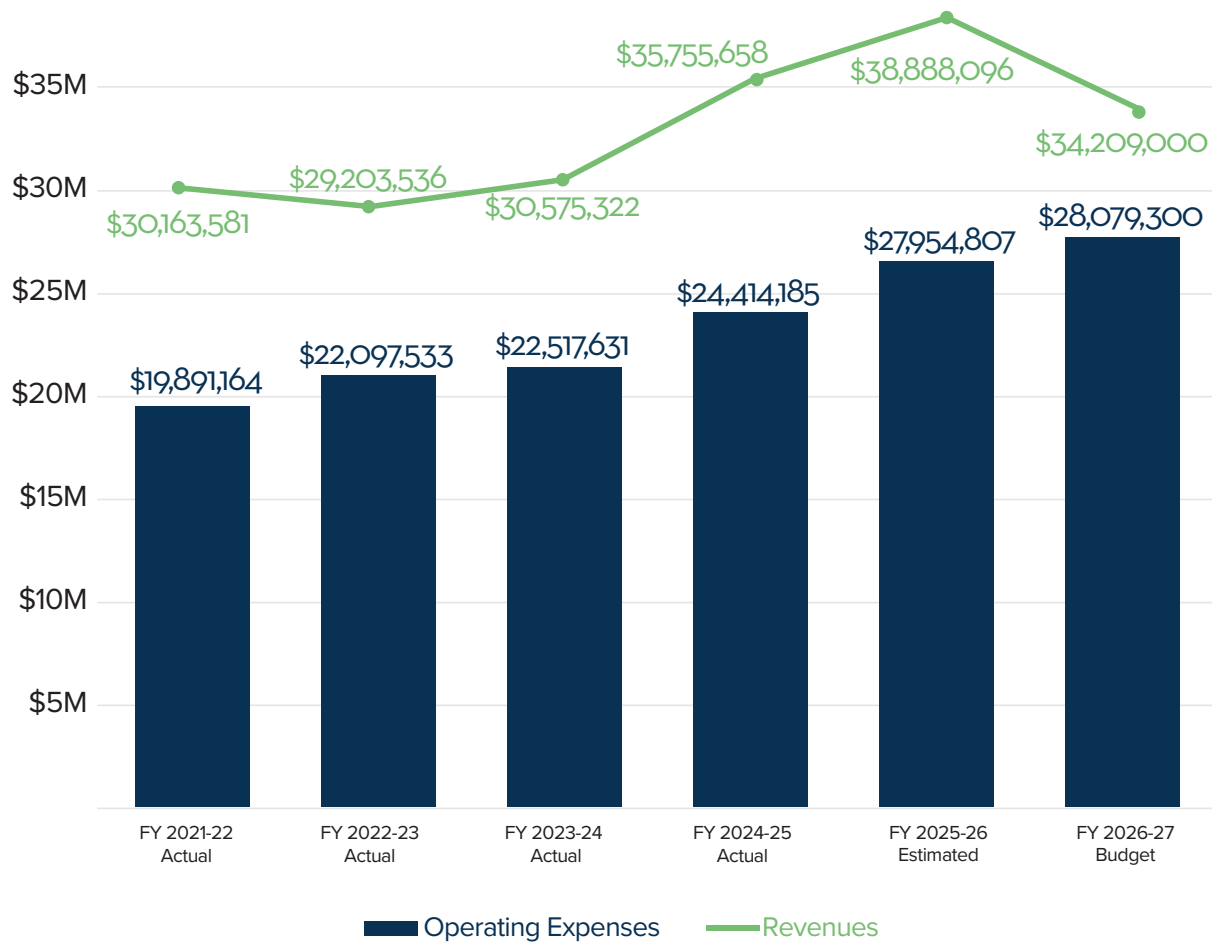
FY 2026-27 Water Fund Budget

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget
REVENUE / SOURCES					
Water Sales	\$ 17,461,065	\$ 20,073,865	\$ 18,900,000	\$ 20,240,580	\$ 20,450,000
Meter Charges	10,149,282	10,829,537	11,525,000	11,549,750	12,346,000
Penalties	565,230	633,103	360,000	663,556	414,000
Other Operating Revenue	1,772,413	2,707,212	30,000	5,583,038	115,000
Interest and Other Revenue	627,332	1,592,947	925,000	835,458	884,000
Gain on Disposal of Assets	-	(81,006)	-	15,714	-
TOTAL REVENUE / SOURCES	\$ 30,575,322	\$ 35,755,658	\$ 31,740,000	\$ 38,888,096	\$ 34,209,000
OPERATING EXPENSES					
Employment Expenses	\$ 9,985,801	\$ 10,874,829	\$ 11,112,700	\$ 12,193,747	\$ 12,219,300
Water Costs	1,072,976	789,728	1,462,000	1,737,378	934,000
Power Costs	2,744,041	2,184,324	3,161,525	2,876,322	3,225,000
Materials & Supplies	1,636,179	1,849,625	1,944,800	1,930,784	2,057,200
Contract Services	6,446,100	8,353,306	9,036,475	8,907,031	9,207,800
Other Operating Expenses	632,534	362,373	401,700	309,545	436,000
TOTAL OPERATING EXPENSES	\$ 22,517,631	\$ 24,414,185	\$ 27,119,200	\$ 27,954,807	\$ 28,079,300

Every rate dollar collected through the Water Fund is carefully allocated to support water production, treatment, and long-term planning efforts.

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget
OTHER EXPENSES / USES					
Debt Principal	\$ 1,442,456	\$ 1,246,699	\$ 1,028,000	\$ 1,028,000	\$ 1,033,000
Debt Interest Expense	894,131	583,644	747,000	747,000	716,000
Other Non-Operating Expense	4,900,000	-	-	-	490,000
Capital Outlay	-	-	1,640,400	1,640,400	821,000
Capital Improvement Program	-	636,220	4,041,000	4,041,000	-
Transfer To (From) Reserves	821,104	8,874,910	(2,835,600)	3,476,889	3,069,700
TOTAL OTHER EXPENSES / USES	\$ 8,057,691	\$ 11,341,473	\$ 4,620,800	\$ 10,933,289	\$ 6,129,700
TOTAL OPERATING / OTHER EXPENSES / USES	\$ 30,575,322	\$ 35,755,658	\$ 31,740,000	\$ 38,888,096	\$ 34,209,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -

WATER FUND REVENUES VS. EXPENSES



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Fiscal Year 2026-27

WASTEWATER FUND

The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while funding operating expenses from current revenues.



WASTEWATER FUND



The Wastewater Fund pays for all activities related to the operations and maintenance of the District’s wastewater collection system.

The collections system consists of 230 miles of pipelines that collect wastewater from customers’ homes and businesses and deliver it to the SNRC water reclamation plant. The system is entirely gravity fed so has no power costs for boosters or other facilities, the primary costs are for the video review and repair, when necessary, of underground pipes.

In addition to direct operating expenses, the Wastewater Fund also pays for a portion of administrative support programs/departments as shown in the Fund/Program Relationship schedule on page 49.

The Wastewater Fund is responsible for debt service on \$3.86 million in outstanding 2020 Refunding Revenue bonds, which in FY 2026-27 will be approximately \$274,000. After paying operating and administrative expenses and debt service, Wastewater Fund net revenue is accumulated in operating and/or Capital Replacement reserves.

Revenues

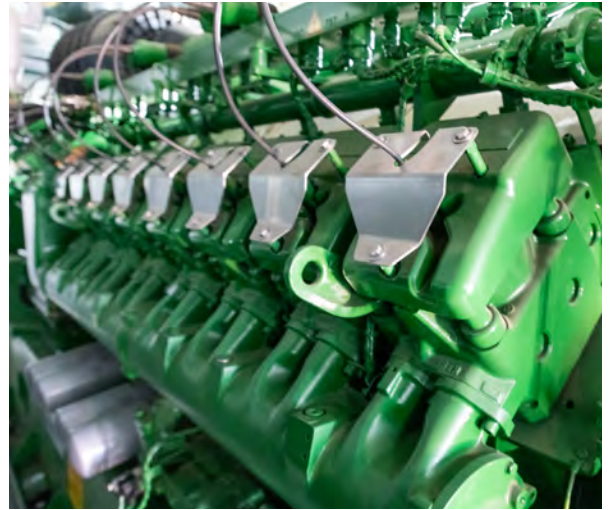
The Wastewater Fund relies primarily on revenue from Wastewater Collection System charges. Wastewater Collection rate adjustments are adopted at a public hearing and are supported by an independent cost-of-service analysis. In May 2024 the District adopted rate adjustments to be implemented in three annual increments beginning July 1, 2024. The third increment, or phase, of rate adjustments will be in effect for FY 2026-27 and is shown in the following tables as “current”.



The SNRC’s Wastewater Treatment Facility is the first of its kind in California.

COLLECTION SYSTEM RATES

	Current	FY 2027-28
MONTHLY FIXED CHARGE		
Single-Family Residential	\$ 17.73	TBD
Multi-Family Residential	16.43	TBD
Commercial	11.24	TBD
COMMERCIAL VOLUMETRIC CHARGE - PER HCF		
Low Strength	0.83	TBD
Medium Strength	0.83	TBD
High Strength	0.83	TBD
Mixed Use	0.49	TBD



RESIDENTIAL

Residential collection system rates are applied to both single-family and multi-family residential accounts/units and are structured as a flat monthly charge to recover revenue requirements from this customer class in a manner consistent with the fact that they generate a fairly constant wastewater flow each month. To facilitate the rate design process, residential wastewater flows were projected based on 47 gallons of water used per capita per day (GPCD) for indoor use, with the assumption that single family units have between 3 and 4 persons per household based on the Department of Finance E-5 report for 2023. Multi-Family units are typically smaller and have smaller household sizes, and this is reflected in a smaller monthly fixed charge.

NON-RESIDENTIAL

The District bills non-residential customers on a monthly basis with a rate design that consists of two components—a flat rate and a consumption-based rate. The flat rate is assessed once per billing cycle, while the consumption-based rate is assessed for every hundred cubic feet (HCF) of water consumption in the billing period.

Additionally, the consumption-based rate varies depending on the strength of wastewater discharged into the collection system. There are four strength categories: low strength, medium strength, high strength, and mixed use.

Shown below are the calculations for projected wastewater system charge revenue from all customer classes for FY 2026-27.

Customer Type	Units	Monthly Fixed Charge	Usage (HCF)	Charge per HCF	Total
Single-Family Residential	19,770	\$ 17.73	-	\$ -	\$ 4,206,200
Multi-Family Residential	11,010	16.43	-	-	2,170,800
Commercial Low Strength	347	11.24	136,000	0.83	159,000
Commercial Medium Strength	89	11.24	69,000	0.83	69,000
Commercial High Strength	119	11.24	234,000	0.83	210,000
Commercial Mixed Use	84	11.24	300,000	Varies	206,000
TOTAL	31,419				\$ 7,021,000

Other Revenue

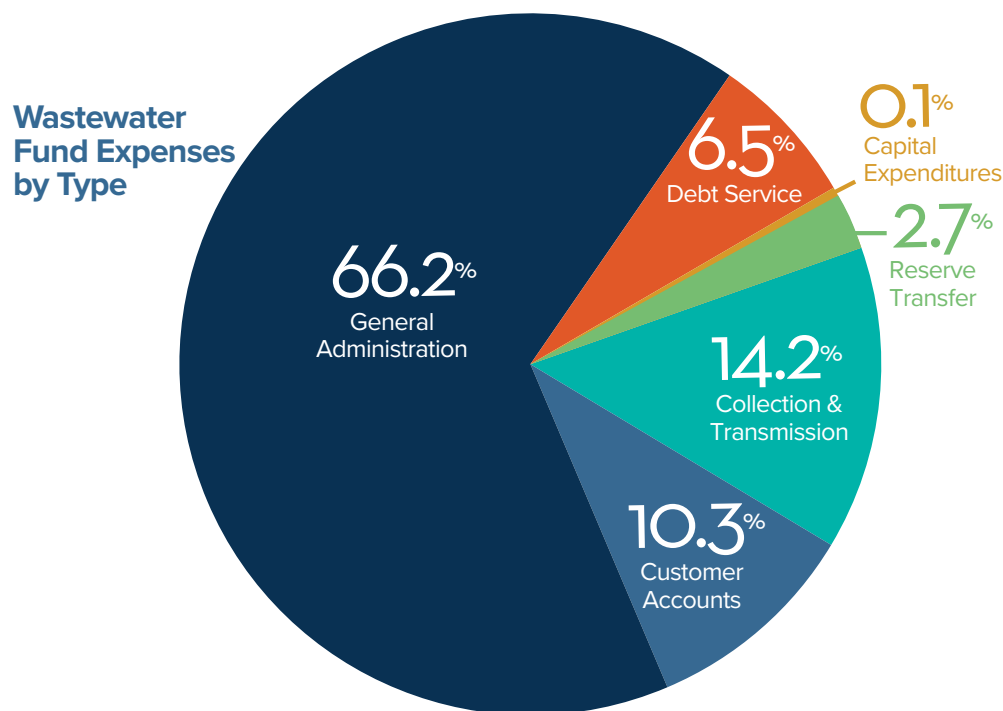
Other revenue posted to the Wastewater Fund includes:

- **Penalties** — Fees related to the collection of delinquent utility accounts. These revenues are projected based on an estimated number of occurrences during the fiscal year and they are shared with the Water Fund.
- **Investment Income** — Interest earned on U.S. Treasury and Agency bonds specifically purchased with wastewater reserves and an allocation of earnings on LAIF liquid investments based on the LAIF balance in wastewater fund.

Expenses

Operating expenses have remained consistent in the Wastewater Fund. The District typically utilizes a crew of four field staff plus a Supervisor to conduct preventative maintenance programs on the wastewater pipelines. This includes video monitoring and cleaning the lines on a regular schedule. Also, the fund's budget includes contracting for spot repairs of the conveyance system when video monitoring reveals minor deficiencies or faults in the wastewater collection lines.

The Wastewater Fund also continues to share in allocated costs from internal service or administrative type programs within the District usually at a 30% allocation.



Conclusions

The Wastewater Fund is balanced and, after several years, is building the financial capacity to begin a pipeline replacement program and/or establish a Capital Replacement reserve. District staff will continue to monitor the revenues and expenses and, if appropriate, recommend funding new projects during the budget review(s) with the Governing Board.

FY 2026-27 Wastewater Fund Budget

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget
REVENUE / SOURCES					
Wastewater System Charges	\$ 6,064,548	\$ 6,673,940	\$ 6,870,000	\$ 6,875,807	\$ 7,021,000
Penalties	59,811	54,047	130,000	24,996	120,000
Wastewater Treatment Charges	8,606	4,405	-	-	-
Other Operating Revenue	614,863	591,693	5,000	1,521,570	65,000
Interest and Other Revenue	440,946	321,345	220,000	309,533	210,000
Gain on Disposal of Assets	-	-	-	2,750	-
TOTAL REVENUE / SOURCES	\$ 7,188,774	\$ 7,645,430	\$ 7,225,000	\$ 8,734,656	\$ 7,416,000
OPERATING EXPENSES					
Employment Expenses	\$ 2,617,198	\$ 2,875,015	\$ 2,974,300	\$ 2,504,239	\$ 3,271,700
Materials & Supplies	164,580	170,620	192,200	151,287	198,800
Contract Services	1,936,901	2,380,157	3,125,000	2,802,606	3,143,200
Other Operating Expenses	85,420	82,710	115,300	75,457	114,000
TOTAL OPERATING EXPENSES	\$4,804,099	\$5,508,502	\$6,406,800	\$5,533,589	\$ 6,727,700
OTHER EXPENSES / USES					
Debt Principal	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 180,000
Debt Interest Expense	136,458	109,831	95,000	95,000	94,000
Other Non-Operating Expense	2,100,000	-	-	-	210,000
Capital Outlay	-	-	153,600	153,600	7,500
Transfer To (From) Reserves	(26,783)	1,852,097	394,600	2,777,467	196,800
TOTAL OTHER EXPENSES / USES	\$2,384,675	\$ 2,136,928	\$ 818,200	\$ 3,201,067	\$ 688,300
TOTAL OPERATING / OTHER EXPENSES / USES	\$ 7,188,774	\$ 7,645,430	\$ 7,225,000	\$ 8,734,656	\$ 7,416,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -



Fiscal Year 2026-27

WATER RECLAMATION FUND

Exceptional public service requires a constant
commitment to creative solutions and innovation.



WATER RECLAMATION FUND



The Water Reclamation Fund supports the operation and maintenance of the Sterling Natural Resource Center (SNRC), which treats wastewater and produces recycled water for delivery to regional groundwater recharge facilities.

In addition to water recycling, the SNRC includes two anaerobic digesters designed to generate up to three megawatts of renewable energy from wastewater solids and imported organic waste. This energy is intended to offset a significant portion of the facility's power requirements.

The Water Reclamation Fund is also responsible for debt service on approximately \$164 million of outstanding State Revolving Fund loans and Water Recycling Bonds. Debt service payments in FY 2026-27 are projected to total approximately \$7.7 million. After operating expenses and debt service obligations are met, remaining net revenues are deposited into debt service, operating, and capital replacement reserves.

Revenues

The Water Reclamation Fund relies primarily on revenue from wastewater treatment charges. These revenues are supplemented by non-rate operating revenue generated from recycled water deliveries, tipping fees, investment earnings, capacity charges, and other miscellaneous sources.

In May 2024, the Governing Board adopted utility rate adjustments to be implemented in three annual phases beginning July 1, 2024. The third and final phase of the adopted rate adjustments became effective on July 1, 2026, and is reflected in the following table as the current rate schedule.

To ensure rates continue to support the District's operational, capital, regulatory, and long-term financial needs, the District plans to initiate a comprehensive Cost of Service Analysis and Rate Study during FY 2026-27. An RFP for professional consulting services is anticipated to be issued and awarded in summer 2026. The study will evaluate revenue requirements, cost allocation methodologies, reserve funding needs, and rate design alternatives for the District's water, wastewater collection, and water reclamation utilities. Findings and recommendations will be presented to the Governing Board upon completion of the study for consideration of future rate adjustments.



The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons of wastewater per day.

TREATMENT RATES

	Current	FY 2027-28
MONTHLY FIXED CHARGE		
Single-Family Residential	\$ 36.05	TBD
Multi-Family Residential	31.07	TBD
Commercial	11.09	TBD
COMMERCIAL VOLUMETRIC CHARGE - PER HCF		
Low Strength	2.66	TBD
Medium Strength	3.08	TBD
High Strength	4.80	TBD
Mixed Use	1.57	TBD



RESIDENTIAL

Residential treatment rates are applied to single-family and multi-family residential accounts/units as a fixed monthly charge. This rate structure reflects the relatively consistent wastewater flows generated by residential customers. To facilitate the rate design process, residential wastewater flows were projected based on 47 gallons per capita per day (GPCD) of indoor water use, with the assumption that single-family units have between three and four persons per household, consistent with regional demographic characteristics. Multi-family units generally have lower average household sizes, which is reflected in a lower monthly fixed charge.

NON-RESIDENTIAL

The District bills non-residential customers monthly using a rate design with two components: a flat rate and a consumption-based rate. The flat rate is assessed once per billing cycle, while the consumption-based rate is assessed for each hundred cubic feet (HCF) of water consumption in the billing period.

The consumption-based rate also varies based on the strength of wastewater discharged for treatment. The four wastewater strength categories are low, medium, high, and mixed use.

The following table shows the projected wastewater treatment charge revenue from all customer classes for FY 2026-27.

Customer Type	Units	Monthly Fixed Charge	Usage (HCF)	Charge per HCF	Total
Single-Family Residential	19,770	\$ 36.05	-	\$ -	\$ 8,552,500
Multi-Family Residential	11,010	31.07	-	-	4,104,500
Commercial Low Strength	347	11.09	136,000	2.66	408,000
Commercial Medium Strength	89	11.09	69,000	3.08	224,000
Commercial High Strength	119	11.09	234,000	4.80	1,139,000
Commercial Mixed Use	84	11.09	300,000	Varies	634,000
TOTAL	31,419				\$ 15,062,000

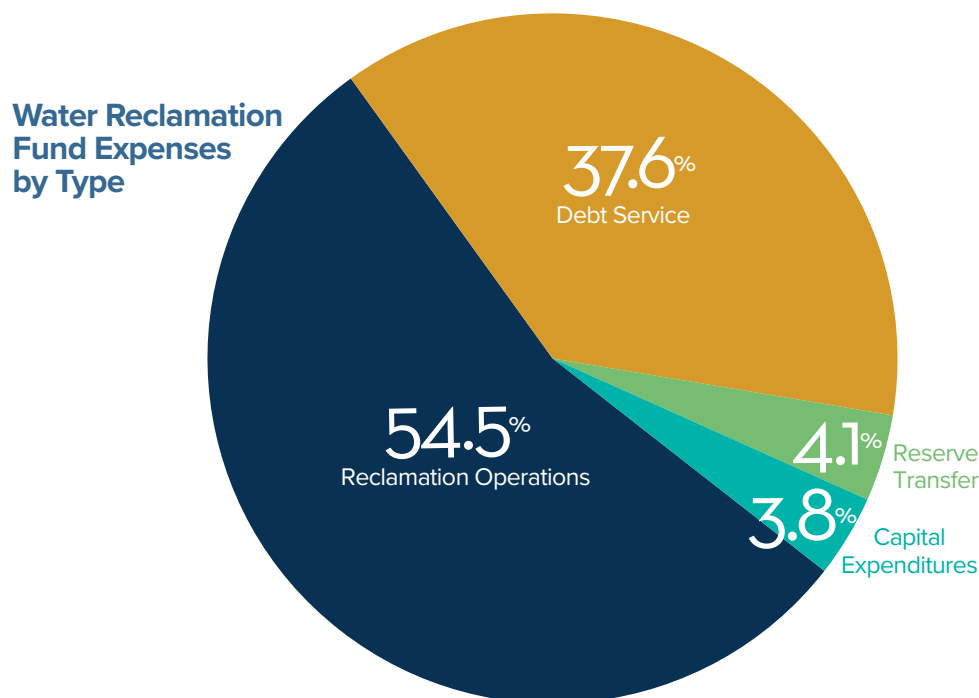
Other Revenues

Other revenues supporting the Water Reclamation Fund include:

- **Water Sales** — Revenue earned through the Local Resource Incentive Program (LRIP) for delivery of recycled water to regional groundwater recharge facilities.
- **Fees and Penalties** — Revenue generated from delinquent account collections, inspections, and other miscellaneous fees.
- **Other Operating Income** — Revenue received from third parties, including tipping fees charged to liquid waste haulers utilizing the SNRC digesters and SCIP payments associated with digester operations.
- **Interest Income and Other Revenue** — Interest earnings on invested reserves and other miscellaneous receipts.

Expenses

Operating expenses in the Water Reclamation Fund continue to evolve as the District refines operations at the SNRC. Major cost drivers include treatment operations, energy consumption, biosolids management, and facility maintenance. The budget also includes contract services to support optimization of treatment and digester operations. During FY 2026-27, the District will continue efforts to improve digester performance, reduce reliance on outside consultants, and expand internal operational expertise.



Conclusions

The Water Reclamation Fund is fully funded for FY 2026-27 and continues to support the operation of the SNRC and related debt service obligations. District staff will continue to monitor revenues, expenses, energy production, and facility performance and will provide regular updates to the Governing Board. The upcoming Cost of Service Analysis and Rate Study will help ensure that future rates provide adequate revenue stability to support ongoing operations, capital investment needs, and debt service coverage requirements.

FY 2026-27 Water Reclamation Fund Budget

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget
REVENUE / SOURCES					
Water Sales	\$ 439,451	\$ 1,206,250	\$ 1,237,000	\$ 1,090,567	\$ 1,200,000
Penalties	-	15,731	90,000	49,589	180,000
Wastewater Treatment Charges	10,746,724	12,683,579	13,835,000	13,900,292	15,062,000
Other Operating Revenue	621,637	1,495,915	515,000	3,157,132	1,000,000
Interest and Other Revenue	106,219	1,675,534	25,706,000	24,429,767	2,630,000
TOTAL REVENUE / SOURCES	\$ 11,914,031	\$ 17,077,009	\$41,383,000	\$42,627,347	\$20,072,000
OPERATING EXPENSES					
Employment Expenses	\$ 1,440,074	\$ 2,137,000	\$ 2,254,000	\$ 4,999,503	\$ 2,427,000
Power Costs	1,301,248	2,773,952	2,330,000	2,118,283	1,912,000
Materials & Supplies	255,832	920,425	1,281,000	1,335,906	1,365,000
Contract Services	7,994,508	4,150,805	4,602,000	4,672,652	5,198,000
Other Operating Expenses	8,740	17,967	14,000	12,277	24,000
TOTAL OPERATING EXPENSES	\$ 11,000,402	\$ 10,000,149	\$ 10,481,000	\$ 13,138,621	\$10,926,000
OTHER EXPENSES / USES					
Debt Principal	\$ -	\$ 4,211,650	\$ 4,580,000	\$ 4,580,000	\$ 4,527,000
Debt Interest Expense	-	4,502,847	3,090,000	3,090,000	3,015,000
Other Non-Operating Expense	-	-	700,000	700,000	-
Capital Outlay	-	-	-	-	772,500
Transfer To (From) Reserves	913,629	(1,637,637)	22,532,000	21,118,726	831,500
TOTAL OTHER EXPENSES / USES	\$ 913,629	\$ 7,076,860	\$30,902,000	\$29,488,726	\$ 9,146,000
TOTAL OPERATING / OTHER EXPENSES / USES	\$ 11,914,031	\$ 17,077,009	\$41,383,000	\$42,627,347	\$20,072,000
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -



Fiscal Year 2026-27

CONSOLIDATED FINANCIAL SCHEDULE

The District conducts an extensive process gathering input from internal staff and the community throughout the budget development and review process.



CONSOLIDATED FINANCIAL SUMMARY



Overview of revenues and other financing sources and expenditures.

Districtwide Summary

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
REVENUES							
4100	Water Sales	\$ 21,280,115	\$ 20,137,000	\$ 21,331,147	\$ 21,650,000	\$ 1,513,000	8%
4200	Meter Charges	10,829,537	11,525,000	11,549,750	12,346,000	821,000	7%
4301	Penalties	702,881	580,000	738,141	714,000	134,000	23%
4400	Wastewater Collection Charges	6,673,940	6,870,000	6,875,807	7,021,000	151,000	2%
4500	Wastewater Treatment Charges	12,687,984	13,835,000	13,900,292	15,062,000	1,227,000	9%
4600	Other Operating Revenue	4,794,820	550,000	10,261,740	1,180,000	630,000	115%
4700	Interest and Other Revenue	3,589,826	26,851,000	25,574,758	3,724,000	(23,127,000)	-86%
4801	Gain on Disposal of Assets	(81,006)	-	18,464	-	-	0%
TOTAL REVENUES		\$ 60,478,097	\$ 80,348,000	\$ 90,250,099	\$ 61,697,000	\$(18,651,000)	-23%
EXPENSES – OPERATING BY PROGRAM							
1000	Governing Board	\$ 292,361	\$ 266,000	\$ 240,207	\$ 349,000	\$ 83,000	31%
2000	General Administration	1,337,613	1,364,000	1,308,792	1,401,000	37,000	3%
2100	Human Resources & Risk Management	3,594,110	4,066,000	3,885,887	4,036,000	(30,000)	-1%
2200	Public Affairs	1,332,529	1,631,000	1,470,345	1,742,000	111,000	7%
2300	Conservation	421,926	626,000	580,024	696,000	70,000	11%
3000	Finance & Accounting	1,517,842	1,591,000	1,669,001	1,800,000	209,000	13%
3200	Information Technology	1,739,208	1,978,000	2,145,269	2,175,000	197,000	10%
3300	Customer Service	2,348,113	2,332,000	2,153,497	2,526,000	194,000	8%
3400	Meter Services	315,911	315,000	360,184	168,000	(147,000)	-47%
4000	Engineering	1,714,640	1,551,000	995,841	1,888,000	337,000	22%
5000	Water Production	4,924,816	6,782,525	7,225,881	6,526,000	(256,525)	-4%

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
5100	Water Treatment	1,682,133	1,775,000	2,135,728	1,802,000	27,000	2%
5200	Water Quality	502,875	666,000	667,652	838,000	172,000	26%
6000	Water Maintenance Administration	511,975	493,000	580,676	416,000	(77,000)	-16%
6100	Water Maintenance	3,746,946	3,924,000	4,063,621	4,323,000	399,000	10%
6200	Wastewater Collection	747,783	990,000	841,819	1,050,000	60,000	6%
6300	Water Reclamation	10,000,149	10,481,000	13,138,621	10,926,000	445,000	4%
7000	Facilities Maintenance	2,344,955	2,237,475	2,324,172	2,083,000	(154,475)	-7%
7100	Fleet Maintenance	846,951	938,000	839,800	988,000	50,000	5%
TOTAL OPERATING EXPENSES		\$ 39,922,836	\$ 44,007,000	\$ 46,627,017	\$ 45,733,000	\$ 1,726,000	4%
OTHER EXPENSES / USES							
Debt Principal		\$ 5,633,349	\$ 5,783,000	\$ 5,783,000	\$ 5,740,000	\$ (43,000)	-1%
Debt Interest Expense		5,196,322	3,932,000	3,932,000	3,825,000	(107,000)	-3%
Other Non-Operating Expense		-	700,000	700,000	700,000	-	0%
Capital Outlay		-	1,794,000	1,794,000	1,601,000	(193,000)	-11%
Capital Improvement		636,220	4,041,000	4,041,000	-	(4,041,000)	-100%
Transfer To (From) Reserves		9,089,370	20,091,000	27,373,082	4,098,000	(15,993,000)	-80%
TOTAL OTHER EXPENSES / USES		\$ 20,555,261	\$ 36,341,000	\$ 43,623,082	\$15,964,000	\$(20,377,000)	-56%
TOTAL OPERATING / OTHER EXPENSES		\$ 60,478,097	\$ 80,348,000	\$ 90,250,099	\$ 61,697,000	\$(18,651,000)	-23%
NET SURPLUS		\$ -	\$ -	\$ -	\$ -	\$ -	-

Itemized Operating Expense Summary

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 9,999,638	\$ 9,996,000	\$ 8,823,907	\$ 11,363,000	\$ 1,367,000	14%
5102	Temporary Labor	124,752	137,000	201,459	170,000	33,000	24%
5103	Overtime	987,691	978,000	955,976	950,000	(28,000)	-3%

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
5104	Standby	169,283	167,000	155,516	167,000	-	0%
5200	Benefits	4,205,768	4,676,000	9,602,197	4,931,000	255,000	5%
5999	CIP Labor Offset	(87,778)	(164,000)	(162,189)	(214,000)	(50,000)	30%
TOTAL PERSONNEL		\$ 15,399,354	\$ 15,790,000	\$ 19,576,866	\$ 17,367,000	\$ 1,577,000	10%

WATER SUPPLY

6101	Purchased Water	\$ 371,525	\$ 1,041,000	\$ 1,248,528	\$ 300,000	\$ (741,000)	-71%
6102	Groundwater Replenishment	249,982	250,000	153,976	352,000	102,000	41%
6103	Water Assessment	168,221	171,000	334,874	282,000	111,000	65%
TOTAL WATER SUPPLY		\$ 789,728	\$ 1,462,000	\$ 1,737,378	\$ 934,000	\$ (528,000)	-36%

OPERATING EXPENSES

6201	Materials & Supplies	\$ 1,754,969	\$ 1,865,000	\$ 1,886,226	\$ 1,895,000	\$ 30,000	2%
6202	Tools	107,150	153,000	91,034	166,000	13,000	8%
6203	Office Supplies	24,896	40,000	22,001	44,000	4,000	10%
6204	Chemicals	1,053,655	1,360,000	1,418,716	1,516,000	156,000	11%
6205	Conservation Rebates	84,635	85,000	87,173	120,000	35,000	41%
6301	Contract Services	9,224,777	10,428,475	10,166,132	11,111,000	682,525	7%
6302	Banking Services	440,529	442,000	467,744	452,000	10,000	2%
6303	Printing & Publishing	164,347	191,000	111,278	215,000	24,000	13%
6304	Legal Services	155,191	226,000	129,433	201,000	(25,000)	-11%
6305	Treatment Services	510	-	612	-	-	0%
6306	Rents & Leases	14,347	15,000	11,170	15,000	-	0%
6307	Uniforms	80,299	111,000	87,365	123,000	12,000	11%
6308	Billing Services	86,609	92,000	62,143	92,000	-	0%
6309	Shut Off Notice Services	314,087	300,000	286,587	300,000	-	0%
6310	Street Services	477,534	575,000	643,788	525,000	(50,000)	-9%
6311	Landscape Services	158,339	233,000	176,216	233,000	-	0%
6312	Janitorial Services	197,949	155,000	193,215	157,000	2,000	1%
6314	Litigation Expense	37,887	50,000	78,497	50,000	-	0%

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
6401	Utilities	168,974	164,000	148,974	183,000	19,000	12%
6402	Telephone	186,739	182,000	211,697	163,000	(19,000)	-10%
6403	Electricity	5,168,551	5,781,525	5,218,961	5,427,000	(354,525)	-6%
6404	Fuel	204,724	280,000	247,774	311,000	31,000	11%
6405	Permits	300,087	304,000	328,108	300,000	(4,000)	-1%
6406	Postage	204,402	253,000	172,532	246,000	(7,000)	-3%
6501	Memberships & Dues	120,392	153,000	117,172	140,000	(13,000)	-8%
6502	Professional Development	143,960	182,000	129,990	225,000	43,000	24%
6503	Education Assistance	150	16,000	13,138	18,000	2,000	13%
6504	Meetings	40,191	54,000	34,027	57,000	3,000	6%
6505	Employee Recognition	33,833	35,000	15,015	38,000	3,000	9%
6701	General Insurance	2,237,450	2,442,000	2,608,284	2,562,000	120,000	5%
6702	Insurance Claims	19,212	30,000	26,384	10,000	(20,000)	-67%
6703	Cash Over/Short	(1,081)	1,000	240	1,000	-	0%
6704	Bad Debt Expense	5,491	5,000	650	5,000	-	0%
6705	Retiree Benefits	487,490	551,000	120,623	551,000	-	0%
6706	Inventory Over/Short	35,479	-	(126)	-	-	0%
SUBTOTAL OPERATING EXPENSES		\$ 23,733,754	\$ 26,755,000	\$ 25,312,773	\$ 27,452,000	\$ 697,000	3%
TOTAL OPERATING EXPENSES		\$ 39,922,836	\$ 44,007,000	\$ 46,627,017	\$ 45,753,000	\$ 1,746,000	4%



Fiscal Year 2026-27

PROGRAM SUMMARIES

Program-based budgeting allows for costs to be clearly identified while easily measuring benefits as outlined in the Key Performance Indicators and completion of Goals and Objectives.



Program Summary Contents

- Program Descriptions
- Position Summary Schedule
- Program Summaries

PROGRAM DESCRIPTIONS



Comprehensive information for each functional program within the District provides a higher degree of operational detail. The District utilizes program-based budgeting. Requested funds are associated with the expected results and performance is measured by indicators and reviewed on a quarterly basis with the Governing Board. This results-oriented strategy provides the ability to monitor expenses related to a particular program or activity and track measurable benefits. Program-based budgeting results can be used in cost-benefit analysis, just as it would be in a business environment to determine the value of decisions and enhance transparency.

Program Goals and Objectives have been designed to correlate directly with the District's adopted Vision and 5-Year Work Plan for the upcoming fiscal year. Key Performance Indicators (KPI) monitor progress towards meeting program objectives. Each KPI has a target that provides users of the budget the ability to assess the Program's performance over time. Program-based budgeting also increases accountability and transparency as community members and Governing Board can see where dollars are invested and monitor program effectiveness.

The FY 2026-27 Budget is organized into the following summary programs:

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance



Goals that directly support the District's 5-Year Work Plan are noted in the various Program Summaries with the use of this icon.



Program Summary Schedule

The District continues to evaluate staffing needs to ensure all services are addressed by a high-quality workforce. This process is supported by the strategic direction and succession planning efforts previously approved by the Governing Board.

The District will add a net total of two full-time positions in FY 2026-27. While several departments will experience staffing increases and others will experience decreases, these changes result in an overall net increase of two positions districtwide.

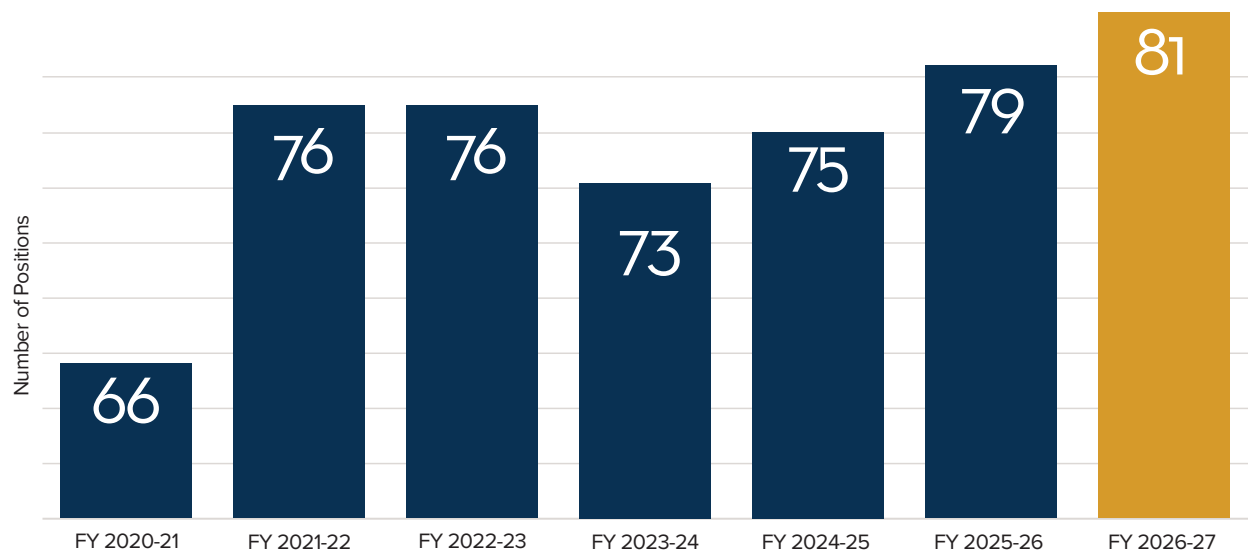
Staffing additions include a SCADA Specialist to support the District's expanding water and wastewater systems by improving monitoring, troubleshooting, and reliability of critical automation and control infrastructure, and two Utility Maintenance Technicians dedicated to in-house water main replacement projects to address aging infrastructure. These additions are partially offset by staffing reductions and reallocations in other departments.

The following table summarizes the number of full-time personnel by Program. All authorized positions are funded in the adopted budget for FY 2026-27. Part-time positions are included in the program descriptions and not shown in the table.

Full-Time Staffing Summary by Program

Program		FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Adopted
2000	General Administration	3	3	3
2100	Human Resources & Risk Management	2	2	2
2200	Public Affairs	4	4	4
2300	Conservation	1	1	1
3000	Finance & Accounting	6	6	7
3200	Information Technology	3	4	4
3300	Customer Service	7	7	8
3400	Meter Services	2	2	1
4000	Engineering	3	3	4
5000	Water Production	7	7	7
5100	Water Treatment	2	2	2
5200	Water Quality	2	3	3
6000	Maintenance Administration	2	2	1
6100	Water Maintenance	14	16	18
6200	Wastewater Collection	4	4	4
6300	Water Reclamation	9	9	9
7000	Facilities Maintenance	3	3	2
7100	Fleet Maintenance	1	1	1
TOTAL		75	79	81

Total Authorized Positions



East Valley Water District is committed to strategic workforce planning that supports current and future operational needs.



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Program Summaries Section

GOVERNING BOARD



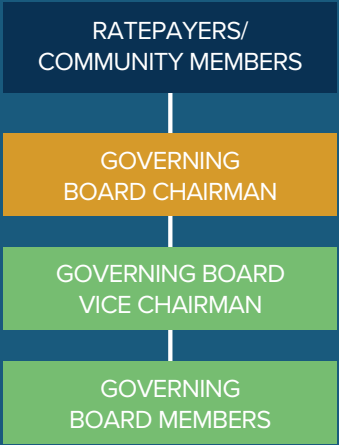
PROGRAM SUMMARIES CONTENTS

- *Governing Board*
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Governing Board Members	5
Elected Officials	5

PROGRAM STRUCTURE



GOVERNING BOARD



The Governing Board is the legislative body of the organization. Comprised of five members elected at-large to four-year staggered terms of office. Governing Board members are responsible for providing leadership, direction, and serving as the organizational policy makers.

Goals

Objectives

1

Provide Organizational Direction and Set Expectations through Policy Decisions Consistent with the 5-Year Work Plan

1. Conduct General Manager/CEO annual evaluation.
2. Review and approve the 5-Year Work Plan update.
3. Maintain fiduciary responsibility and transparency while setting budgets and approving rates to support the 5-Year Work Plan.

2

Engage Stakeholders Regarding District's Capital Expenditure Priorities

1. Meet with community members and local agencies to share current Work-in-Progress.
2. Meet with legislators to discuss Federal/State funding opportunities and legislative priorities.
3. Communicate rate study findings to stakeholders and community.

3

Engage Elected Officials and Community on the District's Strategic and Legislative Priorities

1. Review and adopt the updated Legislative Platform.
2. Engage with legislators to promote the legislative platform.
3. Meet with community, local, and regional elected officials to promote the Strategic Plan, Goals, and Objectives.

The Governing Board is the District's legislative body responsible for serving as the organizational policy makers.

FY 2025-26 Accomplishments

GOAL ONE

Provided Organizational Direction and Set Expectations through Policy Decisions Consistent with the 5-Year Work Plan

- Held City Creek Mutual Water Company Board Meeting to appoint officers and approved an operating assessment.
- Completed General Manager/CEO annual evaluation.
- Approved annual update to the 5-Year Work Plan.

GOAL TWO

Engaged Stakeholders Regarding District's Capital Expenditure Priorities

- Met with community members and local agencies to share current Work-in-Progress.
- Met with legislators in February to discuss Federal/State funding opportunities and legislative priorities.
- Maintained fiduciary responsibility and transparency by adopting the Annual Budget and approving the ACFR.

GOAL THREE

Engaged Elected Officials and Community on the District's Strategic and Legislative Priorities

- Met with legislators to promote the legislative platform.
- Met with community, local, and regional agencies to promote the Strategic Plan, Goals and Objectives.

OTHER ACCOMPLISHMENTS

- The District received the Business of the Year Award from the Highland Chamber of Commerce.
- Attained 85% funding status for pension plans in accordance with the Unfunded Accrued Liability (UAL) Management Policy.
- Adopted updates to the Purchasing/Procurement and Investment policies.

Levels Of Service

The Governing Board has four KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Cultivate and Strengthen Collaborative Partnerships within the Water Industry (V-B)
- Provide Education Programming that Empowers the Community (V-D)
- Uphold Transparent and Accountable Fiscal and Resource Management (II-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Average number of professional development hours per Governing Board Member	10	18	15	20
V-B	Attend Regional and State meetings as representatives of the District	200	225	230	220
V-D	Submit all documentation by deadlines pursuant to transparency policies	100%	100%	100%	100%
II-A	Ensure financial transparency through approval of the ACFR and Annual Budget	2	2	2	2

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 120,380	\$ 137,000	\$ 113,997	\$ 154,000	\$ 17,000	12%
5200	Benefits	87,043	93,000	98,662	99,000	6,000	6%
OPERATING EXPENSES							
6201	Materials & Supplies	-	3,000	-	3,000	-	0%
6301	Contract Services	60,959	7,000	7,668	67,000	60,000	857%
6307	Uniforms	-	1,000	-	1,000	-	0%
6502	Professional Development	23,979	25,000	19,880	25,000	-	0%
GOVERNING BOARD TOTAL		\$ 292,361	\$ 266,000	\$ 240,207	\$ 349,000	\$ 83,000	31%

Significant Changes in Program Budget

- Increased the Regular Labor budget for Board Members to attend meetings throughout the entire year.
- Increased the Contract Services budget due to 2026 Board Elections.

Program Budget Allocation

1%
\$349,000
(Governing Board)

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Program Summaries Section

GENERAL ADMINISTRATION



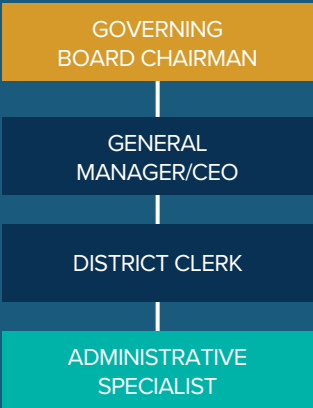
PROGRAM SUMMARIES CONTENTS

- Governing Board
- *General Administration*
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

General Manager/CEO	1
District Clerk	1
Administrative Specialist	1
Total Full-Time	3

PROGRAM STRUCTURE





GENERAL ADMINISTRATION

General Administration is responsible for ensuring the District's business and daily activities are performed following Federal, State, and Governing Board approved policies. The General Manager/CEO provides daily oversight for interagency relations for advancing the District's initiatives. Additionally, the General Manager/CEO implements strategic planning for future operations and capital improvement funding requirements and resource allocation.

Goals

Objectives

1

Evaluate Dissolution
of the City Creek
Water Company 🎯

1. Negotiate with final shareholder to purchase remaining shares and consider disposition of properties.
2. Evaluate disposition of Company assets.

2

Enhance the
Document
Management
Process 🎯

1. Continue to scan vital documents and incorporate them into the electronic document repository.
2. Continue destruction of documents in compliance with the Records Retention Policy.
3. Implement automated workflow and naming convention for Operations' electronic file management.
4. Train departments on the process/standards of classifying files in accordance with the Records Retention Policy.

3

Optimize Agenda 🎯
Management Platform

1. Review current agenda management platform and determine if new features or upgrades are necessary.

4

Organizational
Priorities and
Philosophies 🎯

1. Determine direction and activities of the Community Heritage and Education Foundation (CHEF).
2. Assess and review District processes, systems, staffing, and regulations.
3. Coordinate Board Member Elections and orientation process for directors.
4. Develop and maintain procedures to declare properties for surplus.

General Administration is responsible for implementing the District's Vision, maintaining official records, promoting public trust, and ensuring transparency compliance.

FY 2025-26 Accomplishments

GOAL ONE

Scheduled City Creek Water Company Shareholder Meeting

- Conducted two City Creek Water Company meetings and appointed a full slate of directors and officers.
- Established an operating assessment for calendar year 2026.
- Obtained title reports to establish status of title on company-owned parcels.

GOAL TWO

Enhanced Document Management Process

- Scanned vital documents into the electronic document repository.
- Destroyed documents in compliance with the Records Retention Policy.
- Implemented automated workflow and naming convention for Engineering's electronic file management.

GOAL THREE

Optimized Agenda Management Platform

- Completed training with Directors on Board portal features.
- Evaluated Board Voting and Minutes Dictation modules.

GOAL FOUR

Organizational Priorities and Philosophies

- Reviewed District processes, systems, and staffing.

Levels Of Service

The General Administration Program has four KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Uphold Transparent and Accountable Fiscal and Resource Management (II-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Participate in Professional Development Opportunities	6	22	30	15
II-A	Make administrative documents available online	50	11,000*	75	50
IV-B	Reduce number of boxes held in off-site storage	200	325	431	200
V-D	Publish Open Meeting/Public Notices on or before statutory requirement	100%	100%	100%	100%

* Due to Laserfiche integration with the District's website.

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 739,383	\$ 648,000	\$ 621,678	\$ 680,000	\$ 32,000	5%
5102	Temporary Labor	26,766	27,000	26,288	30,000	3,000	11%
5103	Overtime	3,406	7,000	3,980	4,000	(3,000)	-43%
5200	Benefits	267,242	282,000	362,445	308,000	26,000	9%
OPERATING EXPENSES							
6201	Materials & Supplies	173	3,000	177	3,000	-	0%
6203	Office Supplies	1,014	3,000	1,260	3,000	-	0%
6301	Contract Services	7,264	42,000	3,117	40,000	(2,000)	-5%
6303	Printing & Publishing	1,437	3,000	-	3,000	-	0%
6304	Legal Services	125,471	150,000	80,583	150,000	-	0%
6307	Uniforms	-	1,000	-	1,000	-	0%
6314	Litigation Expense	37,887	50,000	78,497	50,000	-	0%
6402	Telephone	3,091	3,000	2,308	3,000	-	0%
6406	Postage	54	1,000	344	1,000	-	0%
6501	Memberships & Dues	88,778	99,000	91,593	80,000	(19,000)	-19%
6502	Professional Development	19,734	25,000	24,505	25,000	-	0%
6504	Meetings	15,913	20,000	12,017	20,000	-	0%
GENERAL ADMIN TOTAL		\$ 1,337,613	\$ 1,364,000	\$ 1,308,792	\$ 1,401,000	\$ 37,000	3%

Significant Changes in Program Budget

- Removed California Association of Sanitation Agencies membership, resulting in a reduction to the Memberships & Dues budget.

Program Budget Allocation

2%
\$1,401,000
 (General Administration)

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Program Summaries Section

HUMAN RESOURCES & RISK MANAGEMENT



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- *Human Resources & Risk Management*
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Director of Human Resources	1
Human Resources Coordinator	1
Total Full-Time	2

PROGRAM STRUCTURE



HUMAN RESOURCES & RISK MANAGEMENT



Human Resources & Risk Management is responsible for administering programs to attract and retain a diverse and qualified workforce. To remain an industry leader, this Program analyzes compensation and benefits packages against the market and implements new initiatives based upon market demands.

Acknowledging the need to build a work-life balance to support a successful workforce, Human Resources & Risk Management creates programs focused on the health and wellness of all employees. Additionally, Human Resources & Risk Management administers the Risk Management Program to: mitigate personnel injuries, property damage, and financial loss for the District; the Emergency Preparedness Program to ensure business continuity and recovery efforts in the event of a disaster; and the Pathway Program which provides water industry career education and internship opportunities to local students.

Goals

1

Advance the 
District's Emergency
Preparedness Program

2

Promote a Positive
Organizational
Culture that Maintains
a Supportive and
Encouraging Work
Environment 

Objectives

1. Develop an emergency preparedness training program and prepare employees to follow plans established by the District.
2. Develop and update District Emergency Operations Center (EOC) training materials and enhance EOC supply inventory.
3. Establish a vehicle and equipment inspection program to ensure the District's fleet is fully prepared for emergency response.
1. Update the District's Succession Plan to continue identifying organizational growth, prepare for future retirements, and continue to provide training and development opportunities for staff.
2. Implement agreed-upon salaries, benefits, and related programs as approved with the MOU.
3. Facilitate quarterly activities that support employee engagement, team building, and empowerment.
4. Develop a plan for converting employee personnel records into a secure electronic format.
5. Research and launch a new employee engagement survey.

Human Resources & Risk Management focuses on the management and development of employees in an organization.

Goals

3

Promote Regional Involvement and Provide Workforce Experience and Educational Opportunities

Objectives

1. Actively engage schools within the District's service area to promote participation in water industry workforce experiences.
2. Enhance educational Pathway and interactive tours of the SNRC with hands on lab experiments for students to understand wastewater physical and biological processes.

FY 2025-26 Accomplishments

GOAL ONE

Advanced the District's Emergency Preparedness Program

- Updated District emergency response documents to reflect current conditions, regulations, and identified actions.
- Reviewed and transferred the District's administrative role in the Emergency Response Network of the Inland Empire (ERNIE) to a local agency.

GOAL TWO

Promoted a Positive Organizational Culture that Maintained a Supportive and Encouraging Work Environment

- Prepared for future retirements by working with an executive recruiter and continued to provide training and development opportunities for staff.
- Negotiated a 3-year MOU ensuring agreed-upon salaries, benefits, and related programs are included in future years' budgets.
- Held regular activities that supported employee engagement, team building, and empowerment.

GOAL THREE

Promoted Regional Involvement and Provided Workforce Experience and Educational Opportunities

- Implemented an in-house Operator in Training (OIT) program aligned with state requirements for wastewater treatment certification and successfully onboarded two new OITs.
- Engaged schools within the District's service area to promote participation in water industry workforce experiences and expanded the internship program to include two micro-internships.
- Conducted five educational and interactive tours of the SNRC with hands-on lab experiments for students to understand wastewater physical and biological processes.
- Facilitated the Water Workforce Summit to promote regional workforce development opportunities for high school and college students.

Levels Of Service

The Human Resources & Risk Management Program has five KPI metrics that are associated with the District Pillars & Strategies of:

- Encourage Performance Based Results through Staff Empowerment (I-B)
- Promote a Positive Organizational Culture (III-B)
- Embrace an Environment of Active Learning and Knowledge Sharing (III-D)

The program’s performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-B	Percentage of annual non-retirement employee turnover	<7%	1%	4%	5%
I-B	Annual performance appraisals completed in a timely manner	95%	100%	100%	100%
III-B	Maintain high level of employee participation in annual employee engagement survey	90%	100%	74%	78%
III-D	Utilization rate of District’s Employee Assistance Program	>10%	14.86%	16%	15%
III-B	Maintain high level of employee participation in the District’s voluntary 457 supplemental retirement plan.*	93%	N/A	96%	100%

* New KPI starting in FY 2025-26.

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 374,937	\$ 368,000	\$ 303,484	\$ 399,000	\$ 31,000	8%
5102	Temporary Labor	-	-	-	30,000	30,000	100%
5103	Overtime	1,640	3,000	1,587	3,000	-	0%
5200	Benefits	198,166	232,000	406,438	235,000	3,000	1%

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
OPERATING EXPENSES							
6201	Materials & Supplies	299	8,000	4,340	8,000	-	0%
6203	Office Supplies	530	1,000	1,472	1,000	-	0%
6301	Contract Services	223,844	337,000	341,916	158,000	(179,000)	-53%
6303	Printing & Publishing	-	1,000	-	1,000	-	0%
6304	Legal Services	4,710	40,000	42,938	15,000	(25,000)	-63%
6402	Telephone	1,280	1,000	1,261	1,000	-	0%
6406	Postage	63	1,000	15	1,000	-	0%
6501	Memberships & Dues	4,486	5,000	5,503	5,000	-	0%
6502	Professional Development	4,092	8,000	6,303	8,000	-	0%
6504	Meetings	2,489	3,000	324	3,000	-	0%
6505	Employee Recognition	33,422	35,000	15,015	35,000	-	0%
6701	General Insurance	2,237,450	2,442,000	2,608,284	2,562,000	120,000	5%
6702	Insurance Claims	19,212	30,000	26,384	20,000	(10,000)	-33%
6705	Retiree Benefits	487,490	551,000	120,623	551,000	-	0%
HUMAN RESOURCES & RISK MGMT. TOTAL		\$ 3,594,110	\$4,066,000	\$3,885,887	\$4,036,000	\$ (30,000)	-1%

Significant Changes in Program Budget

- Increased the Temporary Labor budget to support document scanning efforts.
- Completed the Class & Compensation Study in FY 2025–26; as a result, the Contract Services budget was decreased.

Program Budget Allocation

9%
\$4,036,000
(Human Resources & Risk Management)

Program Summaries Section

PUBLIC AFFAIRS



PROGRAM SUMMARIES CONTENTS

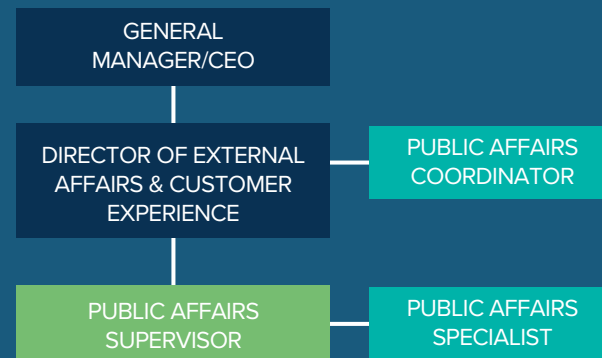
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- Fleet Maintenance

PROGRAM PERSONNEL

Director of External Affairs & Customer Experience	1
Public Affairs Supervisor	1
Public Affairs Coordinator	1
Public Affairs Specialist	1

Total Full-Time	4
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PROGRAM STRUCTURE





PUBLIC AFFAIRS

Public Affairs oversees internal and external communication programs consistent with the District's Vision and Strategic Plan. Through community and media relations, this Program provides effective and strategic communications to various stakeholders. Public Affairs is also responsible for grant writing, legislative affairs, and the facility rental programs.

Goals

Objectives

1

Enhance Strategic
Community
Engagement Initiatives



1. Develop a Strategic Communications plan to enhance and refine the District's messaging while engaging the community.
2. Engage with community members and organizations through pop-ups, presentations, and local events.
3. Identify new community groups, HOAs, and informal neighborhood organizations to develop relationships with the "informal" community leaders.
4. Conduct a community recruitment process and onboarding/training to fill CAC vacancies.

2

Utilize Communication
Methods that
Enhance the
District's Priorities



1. Refine customer messaging touchpoints to enhance the new customer welcome packets and monthly customer bill.
2. Audit and review the customer experience and identify improvements necessary to better communicate and improve the experience.

3

Legislative
and Grants

1. Continue to monitor, track, and review legislative bills that have an impact on District customers.
2. Continue to monitor and respond to grant opportunities in accordance with the District's grant platform.

Public Affairs establishes solid public relationships built on a foundation of trust.

FY 2025-26 Accomplishments

GOAL ONE

Enhanced Strategic Community Engagement Initiatives

- Met with community members and organizations through pop-ups, presentations, and local events.
- Developed strategy and list to engage with local HOAs.
- Updated the Facility-Use Policy to include new rates and assessed Facility Tours.

GOAL TWO

Utilized Communication Methods that Enhanced the District's Priorities

- Developed the Crisis Communications Plan and implemented an annual training program.
- Introduced the Pipeline Newsletter as the District's annual customer publication.
- Showcased District projects and programs through participation in industry related conferences and awards.

GOAL THREE

Legislative and Grants

- Monitored 98 bills and tracked the legislative and regulatory environment surrounding Per- and Polyfluoroalkyl Substances (PFAS) and Low-Income Rate Assistance.
- Monitored and responded to two grant opportunities in accordance with the District's grant platform.

Levels Of Service

The Public Affairs Program has three KPI metrics that are associated with the District Pillars & Strategies of:

- Utilize Effective Communication Methods to Foster Exceptional Community Relations (V-A)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
V-A	Number of Community Advisory Commission meetings conducted	4	4	5	4
V-A	Number of followers on social media	5,500*	3,717	4,360	4,750
V-D	Number of community event presentations	15	23	15	15

* Multi-year target.

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 517,119	\$ 574,000	\$ 482,933	\$ 638,000	\$ 64,000	11%
5103	Overtime	10,266	17,000	10,544	17,000	-	0%
5200	Benefits	139,012	169,000	224,170	178,000	9,000	5%
OPERATING EXPENSES							
6201	Materials & Supplies	52,844	111,000	58,697	100,000	(11,000)	-10%
6203	Office Supplies	1,277	1,000	943	1,000	-	0%
6301	Contract Services	412,608	502,000	554,265	543,000	41,000	8%
6303	Printing & Publishing	132,643	130,000	84,990	147,000	17,000	13%
6304	Legal Services	-	5,000	487	5,000	-	0%
6307	Uniforms	1,279	3,000	1,944	3,000	-	0%
6402	Telephone	3,844	6,000	5,040	5,000	(1,000)	-17%
6406	Postage	10,986	32,000	1,978	25,000	(7,000)	-22%
6501	Memberships & Dues	11,486	19,000	5,667	20,000	1,000	5%
6502	Professional Development	25,094	23,000	19,606	24,000	1,000	4%
6503	Education Assistance	-	5,000	6,000	5,000	-	0%
6504	Meetings	4,643	11,000	3,032	8,000	(3,000)	-27%
FACILITIES RENTAL EXPENSES							
6201	Materials & Supplies	379	5,000	-	5,000	-	0%
6301	Contract Services	1,163	9,000	1,961	9,000	-	0%
6312	Janitorial Services	7,886	9,000	8,088	9,000	-	0%
PUBLIC AFFAIRS TOTAL		\$ 1,332,529	\$ 1,631,000	\$ 1,470,345	\$ 1,742,000	\$ 111,000	7%

Significant Changes in Program Budget

- Increased the Printing & Publishing budget to create Customer Welcome Packets and develop District Videos.

Program Budget Allocation

4%
\$1,742,000
(Public Affairs)

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Program Summaries Section

CONSERVATION



CONSERVATION



PROGRAM SUMMARIES CONTENTS

- Governing Board
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- Human Resources & Risk Management
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- Finance & Accounting
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- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Water Use Efficiency Coordinator	1
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Total Full-Time	1
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PROGRAM STRUCTURE



CONSERVATION



Conservation is responsible for overseeing programs that facilitate and encourage sustainable water use throughout the District. Additionally, this program is responsible for communicating conservation benchmarks to various regulatory agencies, preparing regulatory compliance documents, and monitoring regulatory conservation requirements.

Goals

Objectives

1

Coordinate Program Working Groups to Complete Conservation Reports and Monitor Progress on Water Use Efficiency Objectives

1. Continue to hold internal coordination meetings for the purpose of tracking informational data requests for State mandated reports and identifying data inputs for new reporting requirements.
2. Prepare and submit required water efficiency reports such as the Drought and Conservation reporting and Urban Water Use Objectives.
3. Facilitate water efficiency programs to meet Urban Water Use Objectives.
4. Submit an updated ordinance that includes Nonfunctional Turf mandates to the State Water Resources Control Board by required deadline.

2

Evaluate Rebate Program Success and Implement Program Modifications Objectives

1. Digitize the rebate program and improve the customer experience.
2. Continue to analyze water consumption data to better understand historical conservation responses to forecast trends.
3. Enhance rebate programs to maximize customer water savings through development of new rebate opportunities specifically focused towards CII accounts and the removal of turf.

3

Engage and Educate the Community on Water Resources Consistent with State Curriculum Objectives

1. Continue to engage with students in a classroom environment to provide current water conservation and water resource materials consistent with State curriculum.
2. Engage the CII community of nonfunctional turf requirements.

Conservation programs help educate customers on how to use water efficiently.

FY 2025-26 Accomplishments

GOAL ONE

Coordinated Program Working Groups to Complete Conservation Reports and Monitored Progress on Water Use Efficiency Objectives

- Held group meetings for the purpose of tracking informational data requests for State mandated reports and identified data inputs for new reporting requirements.
- Submitted the required Drought Risk Assessment, Water Loss Audit, and the Urban Water Use Objectives.
- Met Urban Water Use Objectives through conservation and educational efforts.
- Developed roadmap of key requirements for the Water Use Efficiency objectives.

GOAL TWO

Evaluated Rebate Program Success and Implemented Program Modifications Objectives

- Worked with IT and Customer Service to apply rebate credits and streamline the rebate process.
- Launched a home assessment pilot program for high-use residential customers to better understand historical conservation responses to forecast trends.
- Created the direct-to-consumer rebate for high efficiency irrigation supplies.

GOAL THREE

Engaged and Educated the Community on Water Resources Consistent with State Curriculum Objectives

- Enhanced engagement with students at various school sites to provide current water conservation and water resource materials consistent with State curriculum.
- Hosted the annual water conservation festival to showcase water efficiency resources.

Levels Of Service

The Conservation Program has five KPI metrics that are associated with the District Pillars & Strategies of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Provide Education Programming that Empowers the Community (V-D)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-A	Complied with Urban Water Use Objective*	Yes	N/A	Yes	Yes
I-A	Maintain significant level of participation in annual conservation rebate programs	250	257	250	325
V-D	Number of educational materials created	100	109	107	100
V-D	Number of conservation workshops held	4	4	5	4
V-D	Number of attendees at workshops	300	260	425	300

*New KPI in FY 2025-26. GPCD = Gallons Per Capita Per Day

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 138,345	\$ 126,000	\$ 115,903	\$ 133,000	\$ 7,000	6%
5103	Overtime	7,203	7,000	3,881	7,000	-	0%
5200	Benefits	41,773	45,000	42,026	49,000	4,000	9%
OPERATING EXPENSES							
6201	Materials & Supplies	41,180	39,000	25,501	51,000	12,000	31%
6203	Office Supplies	256	1,000	-	1,000	-	0%
6205	Conservation Rebates	84,635	85,000	87,173	120,000	35,000	41%
6301	Contract Services	60,924	248,000	273,592	254,000	6,000	2%
6303	Printing & Publishing	25,006	42,000	14,790	49,000	7,000	17%
6304	Legal Services	-	1,000	-	1,000	-	0%
6307	Uniforms	439	1,000	230	1,000	-	0%
6402	Telephone	631	4,000	414	4,000	-	0%
6406	Postage	9,618	12,000	8,995	12,000	-	0%
6501	Memberships & Dues	9,419	8,000	5,003	8,000	-	0%
6502	Professional Development	1,813	6,000	1,850	5,000	(1,000)	-17%
6504	Meetings	684	1,000	666	1,000	-	0%
CONSERVATION TOTAL		\$ 421,926	\$ 626,000	\$ 580,024	\$ 696,000	\$ 70,000	11%

Significant Changes in Program Budget

- The Materials & Supplies budget was reduced during the FY 2025-26 Mid-Year Review, and \$12K for water education and conservation materials are re-budgeted for FY 2026-27.
- Increased the Conservation Rebates budget due to the addition of CII and turf removal rebates.

Program Budget Allocation

1%
\$696,000
(Conservation)

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Program Summaries Section

FINANCE & ACCOUNTING



PROGRAM SUMMARIES CONTENTS

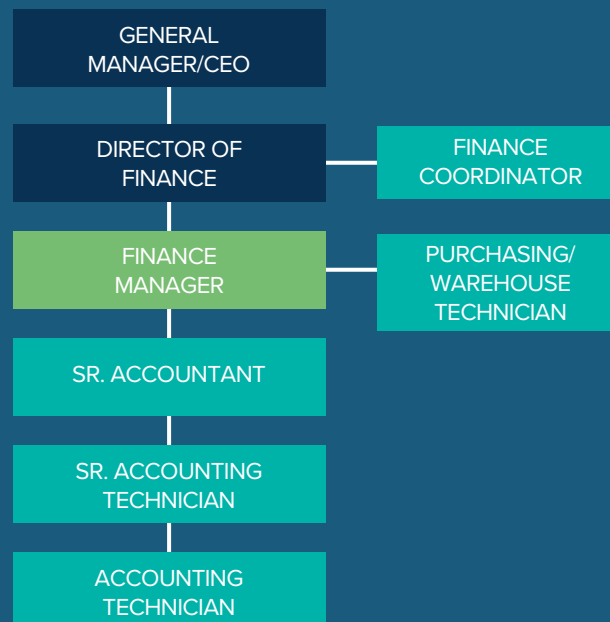
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- Fleet Maintenance

PROGRAM PERSONNEL

Director of Finance	1
Finance Manager	1
Sr. Accountant	1
Sr. Accounting Technician	1
Accounting Technician	1
Purchasing/Warehouse Technician	1
Finance Coordinator	1

Total Full-Time	7
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PROGRAM STRUCTURE





FINANCE & ACCOUNTING

Finance and Accounting oversees the business operations of the District to provide accountability and adequate control over the use of District funds. Staff maintains the financial systems and records in accordance with GAAP as well as applicable laws, regulations, and District policies.

Goals

Objectives

1

Strengthen Financial Management, Reporting, and Strategic Planning 🎯

1. Review adequacy of all utility services to establish rates of current costs.
2. Review and implement financial GASB 103 reporting standards.
3. Ensure fiscal agent account transactions for revenue and CFD bonds are recorded timely.
4. Consider alternatives for new capital financing needs, including issuing new debt.
5. Review and assess the current investment strategy, investment manager relationships, and investment types.

2

Improve Governance, Compliance, and Operational Controls 🎯

1. Conduct internal assessment of the contract compliance and RFP posting process.
2. Create a Credit Card policy for Board approval.
3. Update the Fraud Prevention and Operating and Capital Budget policies for Board approval.
4. Assess the District's current Tyler ERP and review potential implementation of the platform.

3

Transition from an Annual Financial Budget to a Biennial Document 🎯

1. Develop the two-year budget framework and forecasting tools.
2. Expand financial planning to include multi-year projections and assumptions.
3. Prepare an annual budget with a second-year projection.
4. Refine assumptions and processes based on internal use before full implementation.

Finance & Accounting manages, plans, and directs financial resources.

FY 2025-26 Accomplishments

GOAL ONE

Ensured Financial Stability with Full Understanding of Operational Complexities

- Recorded revenue and CFD bonds accurately and timely.
- Updated the Procurement and Investment policies and presented them to the Governing Board for approval.
- Finance and IT management met with Tyler Technologies to further explore migration to Tyler's Munis Enterprise ERP.
- Continued to diversify investment types by adding an account with California Cooperative Liquid Assets Securities System (CLASS).
- Utilized the Direct Pay program and received a \$23.85 million Clean Energy Tax Credit.
- Received Board approval to make an additional discretionary payment (ADC) towards the District's UAL to achieve 85% funded status.

GOAL TWO

Fully Understood the Cost and Accounting Associated with Placing the SNRC in Service

- Met monthly with the Water Reclamation Manager to set up tools and assist in managing expenses.
- Refined process for invoicing San Bernardino Valley to ensure timely payment for recycled water recharge at the Weaver Basins.
- Completed an RFP for a Cost of Service Analysis and Rate Study.

Levels Of Service

The Finance & Accounting Program has six KPI metrics that are associated with the District Pillars & Strategies of:

- Uphold Transparent and Accountable Fiscal and Resource Management (II-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
II-A	Number of days from fiscal year-end to presentation of the ACFR	135 days	135	135	141
II-A	Enhance District bond rating through strong reserves and fiscal policies	AA	AA-	AA-	AA-
II-A	Number of fiscal policies reviewed/updated and presented to the Governing Board	3	2	2	4
II-A	Provide program managers monthly budget variance reports	12	12	12	12
II-A	Number of consecutive years awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting	15	13	14	15
II-A	Number of consecutive years awarded the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)	10	8	9	10

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 890,354	\$ 877,000	\$ 810,030	\$1,023,000	\$ 146,000	17%
5103	Overtime	16,461	13,000	21,737	15,000	2,000	15%
5200	Benefits	368,588	430,000	665,713	361,000	(69,000)	-16%
5999	CIP Labor Offset	-	-	(3,617)	-	-	0%
OPERATING EXPENSES							
6203	Office Supplies	8,730	7,000	6,483	8,000	1,000	14%
6301	Contract Services	149,829	167,000	88,686	292,000	125,000	75%
6302	Banking Services	40,753	42,000	45,483	42,000	-	0%
6303	Printing & Publishing	2,341	4,000	2,643	5,000	1,000	25%
6304	Legal Services	16,990	10,000	2,052	10,000	-	0%
6307	Uniforms	553	2,000	521	4,000	2,000	100%
6402	Telephone	1,747	3,000	1,440	3,000	-	0%
6406	Postage	266	1,000	273	1,000	-	0%
6501	Memberships & Dues	2,070	5,000	2,904	5,000	-	0%
6502	Professional Development	14,054	20,000	11,700	20,000	-	0%
6503	Education Assistance	-	5,000	6,000	5,000	-	0%
6504	Meetings	5,106	5,000	6,953	6,000	1,000	20%
FINANCE & ACCOUNTING TOTAL		\$ 1,517,842	\$ 1,591,000	\$ 1,669,001	\$1,800,000	\$ 209,000	13%

Significant Changes in Program Budget

- Purchasing Technician position was reallocated to the Finance & Accounting program due to a recent organizational restructuring.
- Increased the Contract Services budget to cover the cost of a Cost of Service Analysis and Rate Study.

Program Budget Allocation

4%
 \$1,800,000
 (Finance & Accounting)

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Program Summaries Section

INFORMATION TECHNOLOGY



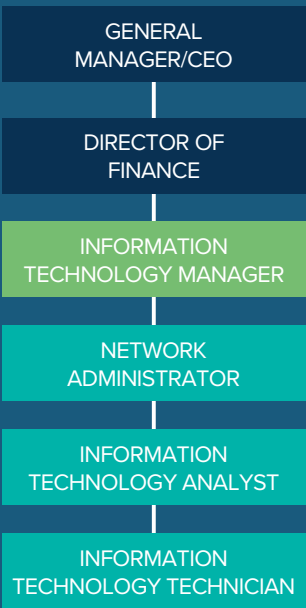
PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- *Information Technology*
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Information Technology Manager	1
Network Administrator	1
Information Technology Analyst	1
Information Technology Technician	1
Total Full-Time	4

PROGRAM STRUCTURE



INFORMATION TECHNOLOGY



The Information Technology (IT) Program oversees the District's technology infrastructure to support essential business and operational functions. The functions utilize industry specific software programs required to meet agency needs. This Program implements routine cybersecurity training campaigns to mitigate financial and data loss. In addition to software management, IT proactively schedules hardware replacements from the point of procurement to installation.

Goals

1

Ensure Reliability of Technology Infrastructure for Primary Business and Operation Requirements 

2

Enhance Systems and Cybersecurity Measures for Response Functions 

3

Analyze Current Systems to Enhance Reporting and Automate Processes 

Objectives

1. Replace technology that has reached end of its useful life to comply with hardware replacement schedule.
 2. Migrate the District's phone system to Session Initiated Protocol (SIP) trunk routing through the CISCO platform.
 3. Upgrade three SNRC SCADA servers.
-
1. Evaluate CISCO advanced cybersecurity applications to monitor application performance, and quickly identify and resolve connectivity issues across internal and external network paths.
 2. Enhance and upgrade VMWare platform for SNRC SCADA hardware.
-
1. Continue to work with the General Manager/CEO and Department heads to identify data-based decisions and source of supporting data.
 2. Work with Finance and Operations to create workflow and update Fixed Asset information for GIS tracking.
 3. Implement a GIS internal portal that displays the District's pressure zones.

Information Technology coordinates and implements agency-wide technology by facilitating vendor access and support for technology focused projects.

FY 2025-26 Accomplishments

GOAL ONE

Ensured Reliability of Technology Infrastructure for Primary Business and Operation Requirements

- Migrated SCADA radios to cell gateways and hardware at 42 sites.
- Replaced 55 devices (laptops, desktops, and mobile) that reached the end of their useful life in compliance with hardware replacement schedule.
- Finance and IT management met with Tyler Technologies to further explore migration to Tyler's Munis Enterprise ERP.

GOAL TWO

Enhanced Systems and Cybersecurity Measures for Response Functions

- Implemented Multi-Factor Authentication (MFA) throughout the Microsoft platform.
- Installed network security firewalls at all 42 Water Production sites.

GOAL THREE

Analyzed Current Systems to Enhance Reporting and Automate Processes

- Implemented GIS data analytics dashboard to assist with data-based decisions and provide a source of supporting data.
- Worked with the Laserfiche development team, Administration, and Engineering to implement automation and workflow in the document repository, in accordance with the retention schedule.
- Worked with the Geographic Information System (GIS) consultant to design and launch a public portal for developers to access as-built designs of the District.
- General Manager/CEO approved new artificial intelligence (A.I.) policy and guidelines.

OTHER ACCOMPLISHMENTS

- Successfully completed Utility Network symbology implementation, standardizing asset visualization to improve map clarity, support accurate data interpretation, and enhance operational decision-making across the organization.
- Developed and implemented a GIS Utility Network for the Public Affairs mapping application, enabling accurate, user-friendly visualization of infrastructure data to support public communication, transparency, and stakeholder engagement.
- Led the implementation of OpenAI ChatGPT across the organization, enabling intelligent automation, improving internal workflows, and enhancing customer support through AI-driven insights and communication.
- Integrated the security alarm system with physical security infrastructure at Plant 39 and District Headquarters, enhancing real-time monitoring, improving incident response capabilities, and strengthening overall facility security.
- Implemented a disaster recovery plan for the water production SCADA system, ensuring system resilience, minimizing downtime, and enabling rapid restoration of critical operations during emergencies.

Levels Of Service

The Information Technology Program has six KPI metrics that are associated with the District Pillars & Strategies of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program’s performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
III-C	Receive “Excellent” scores on IT satisfaction surveys submitted by staff	>95%	100%	100%	100%
III-C	Minimize resolution time for help desk issues submitted by staff	24 Hrs.	12	24	24
IV-A	Elevate Cybersecurity awareness by sending out test ‘phishing’ emails	800	1,200	1,200	1,200
IV-A	Maximize system availability (within District control)	100%	100%	100%	100%
IV-A	Cybersecurity awareness results for phishing email click rate	<7%	3.5%	7%	6.5%
IV-A	Complete disaster recovery drill (system restoration, power outages, emergency notifications)	2	3	3	4

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 515,837	\$ 560,000	\$ 480,544	\$ 612,000	\$ 52,000	9%
5103	Overtime	-	-	264	-	-	0%
5200	Benefits	298,742	353,000	578,239	344,000	(9,000)	-3%

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
OPERATING EXPENSES							
6201	Materials & Supplies	86,063	80,000	108,387	99,000	19,000	24%
6203	Office Supplies	647	1,000	367	5,000	4,000	400%
6301	Contract Services	809,516	954,000	950,473	1,073,000	119,000	12%
6307	Uniforms	1,376	1,000	1,737	3,000	2,000	200%
6402	Telephone	21,563	12,000	19,963	12,000	-	0%
6501	Memberships & Dues	-	4,000	3,696	4,000	-	0%
6502	Professional Development	5,464	13,000	1,433	20,000	7,000	54%
6504	Meetings	-	-	166	3,000	3,000	100%
IT TOTAL		\$ 1,739,208	\$ 1,978,000	\$ 2,145,269	\$ 2,175,000	\$ 197,000	10%

Significant Changes in Program Budget

- Replaced the Part-Time position with a Full-Time Information Technology Technician position.
- Increased the Materials & Supplies budget for PC replacements for Closed-Circuit Television (CCTV) equipment and a Wachs handheld unit.
- Adjusted the Contract Services budget to reflect higher renewal costs.
- Enhanced the Professional Development budget to support conference attendance for new staff.

Program Budget Allocation

5%
\$2,175,000
(Information Technology)

Program Summaries Section

CUSTOMER SERVICE



PROGRAM SUMMARIES CONTENTS

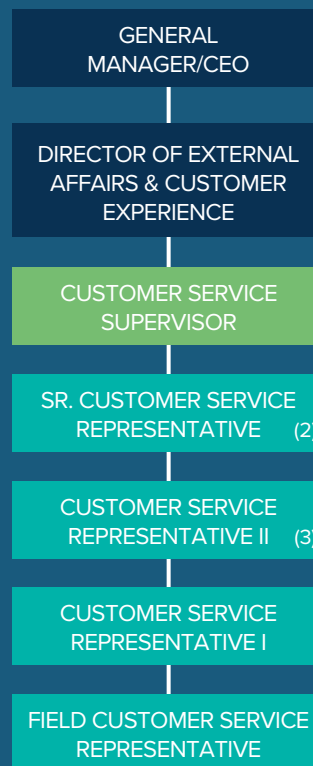
- Governing Board
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 - Water Quality
 - Water Maintenance
 - Wastewater Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

PROGRAM PERSONNEL

Customer Service Supervisor	1
Sr. Customer Service Representative	2
Customer Service Representative II	3
Customer Service Representative I	1
Field Customer Service Representative	1

Total Full-Time	8
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PROGRAM STRUCTURE





CUSTOMER SERVICE

The Customer Service Department serves as the primary point of contact for residents and businesses, assisting with account setup, billing inquiries, and service requests. They help customers understand their water usage, resolve issues, and ensure timely payment processing.

Goals

Objectives

1

Address
Organizational
Service Needs 🎯

1. Streamline customer payment process and assess processing fees charge to ratepayer.
2. Develop training SOP for Customer Service Representatives to ensure consistent onboarding and professional development.
3. Continue seeking cooperation from the County and City of San Bernardino to identify additional billable ADUs within mutual service areas.

2

Enhance Customer
Utilization of Resource
Conservation Tools 🎯

1. Create customized leak alerts and over-budget usage notifications to help customers track their water consumption.
2. Assess the District's approach to customer paperless billing and encourage use of paperless billing.

3

Refine Data in Billing
System Toward
Compliance with State
Indoor and Outdoor
Water Usage Goals 🎯

1. Continue to track the number of household occupants in the billing system to reconcile with District population from external sources.
2. Reduce the number of accounts with default occupant numbers by 10%.
3. Complete final 3% classification for Commercial, Industrial, and Institutional (CII) customers in accordance with WaterUse regulations.

Customer Service downloads meter read data, audits data, and submits data files to a third-party vendor for bill printing and mailing.

FY 2025-26 Accomplishments

GOAL ONE <i>Addressed Organizational Service Needs</i>	- Assessed and determined (text-to-pay) new payment options for District customers are not feasible at this time. - Customer Service Representatives cross-trained with Engineering and Water Reclamation. - Analyzed the District's answering service to determine changes for fiscal year 2026-27.
GOAL TWO <i>Enhanced Customer Utilization of Resource Conservation Tools</i>	- Incorporated AMI portal information on all Customer Service outbound communications. - Continued to communicate to inform and engage with customers regarding the setup process of leak alert notifications.
GOAL THREE <i>Refined Data in Billing System Toward Compliance with State Indoor and Outdoor Water Usage Goals</i>	- Tracked the number of household occupants in the Billing system and reduced the default from 4.01 to 2.01 occupants. - Reduced the number of accounts with default occupant numbers by 9.3%. - Completed 97% classification for Commercial, Industrial, and Institutional (CII) customers in accordance with WaterUse regulations.
OTHER ACCOMPLISHMENTS	Assessed the District's approach to customer auto-pay and streamlined new sign-ups.

Levels Of Service

The Customer Service Program has five KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Provide Exceptional Customer Service (III-C)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Number of customer service training hours per employee	16	7	15	20
III-C	Reduce number of customers disconnected for non-payment each year	1,800	1,943	1,913	1,800
III-C	Number of customer payments received through convenient off-site locations	3,300	3,037	2,708	3,000
IV-B	Customers enrolled in paperless billing	2,000	1,842	1,799	1,900
IV-B	Customers enrolled in the Pre-Authorized Payment Plan (auto-debit)*	5,000	4,805	6,693	6,900

* Major increase in Auto pay was assisted by the Auto pay feature with credit card available online. This was never added to previous reporting.

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 700,421	\$ 660,000	\$ 575,119	\$ 807,000	\$ 147,000	22%
5103	Overtime	11,876	38,000	18,185	11,000	(27,000)	-71%
5200	Benefits	329,021	333,000	486,156	373,000	40,000	12%
OPERATING EXPENSES							
6201	Materials & Supplies	-	-	-	6,000	6,000	100%
6203	Office Supplies	1,963	7,000	2,864	6,000	(1,000)	-14%
6301	Contract Services	292,740	243,000	113,201	262,000	19,000	8%
6302	Banking Services	399,776	400,000	422,261	410,000	10,000	3%
6303	Printing & Publishing	2,690	10,000	8,827	9,000	(1,000)	-10%
6304	Legal Services	-	5,000	-	5,000	-	0%
6307	Uniforms	1,793	4,000	(785)	6,000	2,000	50%
6308	Billing Services	86,609	92,000	62,143	92,000	-	0%
6309	Shut Off Notice Services	314,087	300,000	286,587	300,000	-	0%
6402	Telephone	11,609	13,000	10,691	7,000	(6,000)	-46%
6406	Postage	182,734	201,000	160,603	201,000	-	0%
6502	Professional Development	6,054	13,000	2,785	15,000	2,000	15%
6503	Education Assistance	-	3,000	1,138	5,000	2,000	67%
6504	Meetings	2,330	4,000	2,832	5,000	1,000	25%
6703	Cash Over / Short	(1,081)	1,000	240	1,000	-	0%
6704	Bad Debt	5,491	5,000	650	5,000	-	0%
CUSTOMER SERVICE TOTAL		\$ 2,348,113	\$2,332,000	\$ 2,153,497	\$2,526,000	\$ 194,000	8%

Significant Changes in Program Budget

- Field Customer Service Representative was reallocated to the Customer Service program due to a recent organizational restructuring.
- Overtime increased in FY 2025-26 due to staffing shortages within the department. Overtime is anticipated to return to normal levels in FY 2026-27.

Program Budget Allocation

6%
\$2,526,000
(Customer Service)

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Program Summaries Section

METER SERVICE



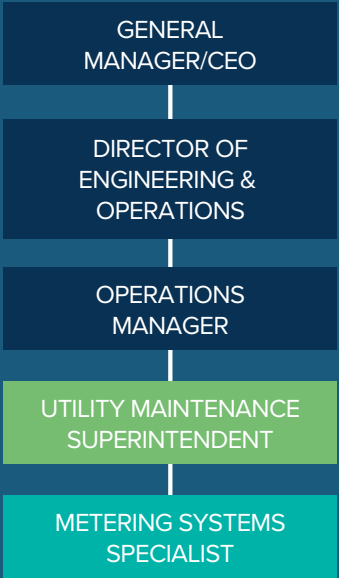
PROGRAM SUMMARIES CONTENTS

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- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- *Meter Services*
 - Engineering
 - Water Production
 - Water Treatment
 - Water Quality
 - Water Maintenance
 - Wastewater Collection
 - Water Reclamation
 - Facilities Maintenance
 - Fleet Maintenance

PROGRAM PERSONNEL

Metering Systems Specialist	1
Total Full-Time	1

PROGRAM STRUCTURE





METER SERVICES

The Meter Services Program maintains a network of approximately 23,000 Advanced Metering Infrastructure (AMI) meters. The AMI meter Program provides the District and its customers with near real-time consumption information; and conducts routine maintenance, testing, and replacement of meters to ensure billing is accurate.

Goals

Objectives

1

Continue Preventative Maintenance and Inspections of the AMI System

1. Identify eight vault lids for replacement.
2. Visually inspect meter boxes in routes where read problems are occurring.

2

Work Towards a Goal of 95% Read Reliability

1. Continue to monitor read reliability throughout the District and provide the General Manager/CEO with monthly updates.
2. Conduct an evaluation to identify which data collectors need replacement.

3

Continue Meter Testing Programs in Compliance with State Water Audits Best Practices

1. Conduct an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards.
2. Replace large meters that do not meet AWWA standards.

Meter Services is responsible for maintaining the District's smart meter network, on-site customer meter-related requests, and customer service assistance.

FY 2025-26 Accomplishments

GOAL ONE <i>Continued Preventative Maintenance and Inspections of the AMI System</i>	• Replaced eight vault lids. • Visually inspected meter boxes in routes where read problems occurred.
GOAL TWO <i>Worked Towards a Goal of 95% Read Reliability</i>	• Confirmed and corrected MIU (Meter Interface Unit) and meter numbers on meters not transmitting reliable read data. • Continued to monitor read reliability throughout the District and provided the General Manager/CEO with monthly updates.
GOAL THREE <i>Continued Meter Testing Programs in Compliance with State Water Audits Best Practices</i>	• Conducted an audit of 12 large meters for accuracy and compliance with AWWA standards. • Replaced 12 large meters that did not meet AWWA standards.

Levels Of Service

The Meter Services Program has three KPI metrics that are associated with the District Pillars & Strategies of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Provide Exceptional Customer Service (III-C)
- Dedicate Efforts towards System Maintenance and Modernization (IV-B)

The program’s performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-A	Number of large meters tested for accuracy	11	11	12	11
III-C	Respond to customer requests for assistance within two hours	100%	100%	100%	100%
IV-B	Number of employees trained on the Mobile Data Collector and access Neptune 360	4	4	5	4

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 197,927	\$ 186,000	\$ 171,287	\$ 103,000	\$ (83,000)	-45%
5103	Overtime	3,734	6,000	9,421	6,000	-	0%
5200	Benefits	100,622	109,000	175,506	45,000	(64,000)	-59%
OPERATING EXPENSES							
6201	Materials & Supplies	-	1,000	42	1,000	-	0%
6202	Tools	-	3,000	72	3,000	-	0%
6301	Contract Services	7,590	6,000	1,129	6,000	-	0%
6307	Uniforms	2,303	2,000	1,718	2,000	-	0%
6402	Telephone	3,735	2,000	1,009	2,000	-	0%
METER SERVICES TOTAL		\$ 315,911	\$ 315,000	\$ 360,184	\$ 168,000	\$ (147,000)	-47%

Significant Changes in Program Budget

- Field Customer Service Representative was reallocated to the Customer Service program due to a recent organizational restructuring.

Program Budget Allocation

1%
\$168,000
(Meter Services)

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Program Summaries Section

ENGINEERING



ENGINEERING



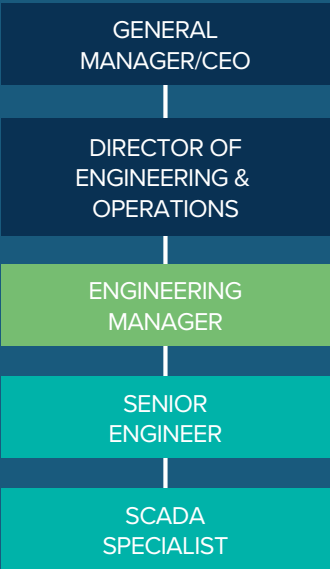
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- [Facilities Maintenance](#)
- [Fleet Maintenance](#)

PROGRAM PERSONNEL

Director of Engineering & Operations	1
Engineering Manager	1
Senior Engineer	1
SCADA Specialist	1
Total Full-Time	4

PROGRAM STRUCTURE



ENGINEERING



The Engineering Program responsibilities include infrastructure planning, maintaining a safe and reliable water supply, and ensuring compliance with Federal and State regulations. This Program also oversees wastewater collection and reclamation capital projects.

Goals

Objectives

1

Develop and Implement the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Preparing for New Development 🎯

1. Complete construction of the water facilities upgrade at Plant 101.
2. Conduct the bid phase and start construction of grant-funded pipeline replacements (Dwight/Sterling), pending FEMA approval of Phase I.
3. Complete grant-funded design package for pipeline replacements (Mountain/Marshall).
4. Initiate and complete rehabilitation of the reservoir at Plant 99.
5. Construct water monitoring wells near Plant 40 for recycled water recharge testing.
6. Evaluate treatment process improvements to allow treatment of lower quality local surface water to optimize the cost of operating Plant 134.

2

Develop Plans to Optimize District Water and Energy Resources 🎯

1. Complete construction of equipping the new well at Plant 129.
2. Develop RFP for Engineering analysis of alternative energy generation opportunities.
3. Complete well drilling and equipping design packages and initiate drilling construction for new Well 152 at District Headquarters site to improve water supply capacity.

Engineering coordinates and supports new development within the District's service area by streamlining plan checking and inspection efforts.

FY 2025-26 Accomplishments

GOAL ONE

Developed and Implemented the District's Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Preparing for New Development

- Initiated construction of the rehabilitation to water facilities at Plant 101.
- Coordinated with grant administrators to move towards FEMA approval of pipeline replacements.
- Completed rehabilitation of the reservoir at Plant 140.
- Purchased portable dams to ensure proper containment processes are in place for Sanitary Sewer Overflow (SSO) in Warm Springs Channel.

GOAL TWO

Developed Plans to Optimize District Water and Energy Resources

- Updated the Urban Water Management Plan (UWMP) by end of FY 2025-26.
- Completed design for equipping the new well at Plant 129.
- Completed preliminary design for well drilling and equipping new Well 152 at District Headquarters site to improve water supply capacity.

OTHER ACCOMPLISHMENTS

- Supported implementation of the GIS Utility Network.
- Supported implementation of the as-built GIS public portal to allow members of the public/developers to access water and sewer information.

Levels Of Service

The Engineering Program has three KPI metrics that are associated with the District Pillars & Strategies of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
III-C	Complete development infrastructure plan reviews in < 14 days	100%	100%	100%	100%
III-C	Issue development impact fee costs estimates in < 2 days	100%	100%	100%	100%
IV-A	Initiate fully funded projects included in the current year CIP	100%	100%	100%	100%

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 725,819	\$ 569,000	\$ 497,932	\$ 887,000	\$ 318,000	56%
5102	Temporary Labor	-	110,000	47,510	110,000	-	0%
5200	Benefits	146,760	131,000	128,699	296,000	165,000	126%
OPERATING EXPENSES							
6201	Materials & Supplies	340	3,000	317	3,000	-	0%
6202	Tools	88	1,000	-	1,000	-	0%
6203	Office Supplies	422	2,000	413	2,000	-	0%
6301	Contract Services	756,565	605,000	227,886	530,000	(75,000)	-12%
6303	Printing & Publishing	230	1,000	28	1,000	-	0%
6304	Legal Services	8,020	15,000	3,049	15,000	-	0%
6307	Uniforms	400	3,000	1,160	3,000	-	0%
6402	Telephone	3,744	3,000	1,754	3,000	-	0%
6405	Permits	62,028	94,000	80,612	23,000	(71,000)	-76%
6406	Postage	112	1,000	98	1,000	-	0%
6501	Memberships & Dues	1,393	5,000	1,480	5,000	-	0%
6502	Professional Development	8,230	7,000	4,871	7,000	-	0%
6504	Meetings	489	1,000	32	1,000	-	0%
ENGINEERING TOTAL		\$ 1,714,640	\$ 1,551,000	\$ 995,841	\$ 1,888,000	\$ 337,000	22%

Significant Changes in Program Budget

- Increased the Regular Labor and Benefits budgets for the Engineering Manager and SCADA Specialist positions due to organizational restructuring and succession planning needs.
- Completed the Pre-Treatment Program Local Limits Study and the Urban Water Management Plan update in FY 2025-26, resulting in a decrease in the Contract Services budget.
- Decreased the Permits budget due to reallocation of encroachment permits for water main repairs to Water Maintenance and Air Quality Management District (AQMD) generator permits to Water Production.

Program Budget Allocation

4%
\$1,888,000
(Engineering)

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Program Summaries Section

WATER PRODUCTION



WATER
PRODUCTION



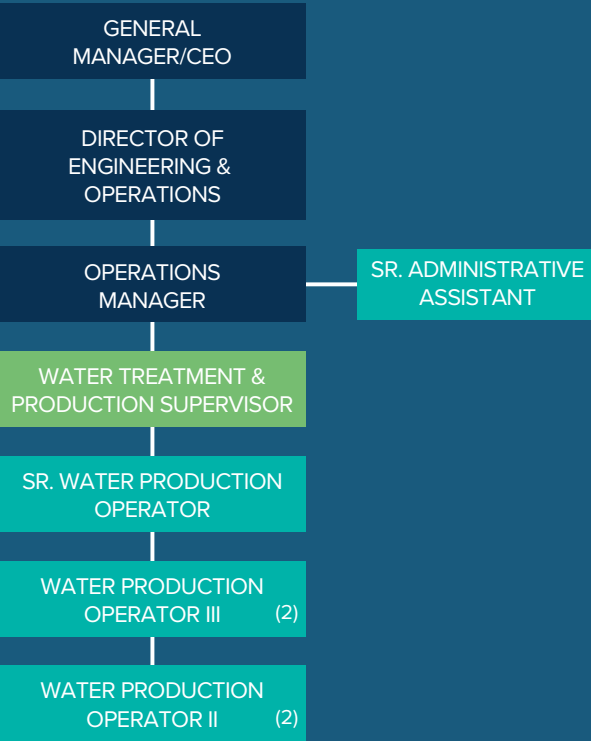
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- Engineering
- *Water Production*
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Operations Manager	1
Sr. Water Production Operator	1
Water Production Operator III	2
Water Production Operator II	2
Sr. Administrative Assistant	1
Total Full-Time	7

PROGRAM STRUCTURE





WATER PRODUCTION

Water Production is responsible for the daily monitoring and operations of the entire water production system to ensure preventative maintenance of all pumps, motors, wells, boosters, reservoirs, pressure regulating valves (PRVs), hydro-pneumatic plants, and the SCADA system. This Program is also responsible for the delivery of Santa Ana River water through the North Fork Water Company canal/pipeline.

Goals

Objectives

1

Implement a Plan to Identify and Enhance Water Sources' Requirements Due to the SNRC Discharge Location 🎯

1. Work with Engineering team and contractor on new well equipping at Plant 129.
2. Work with Engineering team and contractor on drilling new well at District Headquarters (Plant 152).

2

Enhance the SCADA System to Improve Water Production Reliability 🎯

1. Evaluate and replace aging equipment in SCADA cabinets at all District sites.
2. Replace emergency Uninterruptible Power Supply (UPS) batteries at all District sites.

3

Rehabilitate Plant Components to Ensure Water Production 🎯

1. Coordinate with Water Maintenance to replace isolation valves and complete associated plumbing repairs critical to the Intermediate and Lower Zone pressure reducing valves (PRVs) at Pacific/Osbun.
2. Solicit proposals and finalize new master agreements for pump and motor maintenance.
3. Replace obsolete soft start electrical device at plant sites.

Water Production specializes in managing the overall water distribution system.

FY 2025-26 Accomplishments

GOAL ONE

Implemented a Plan to Identify and Enhance Water Sources' Requirements Due to the SNRC Discharge Location

- Continued work with contractor and Engineering to complete rehabilitation of Plant 101.
- Completed drilling new well at Plant 129.

GOAL TWO

Enhanced the SCADA System to Improve Water Production Reliability

- Replaced radio communication with cell gateways and firewalls at 42 sites.
- Installed solar back-up power at Plants 33, 37, 39, 108, and 148.

GOAL THREE

Rehabilitated Plant Components to Ensure Water Production

- Replaced isolation valves and associated plumbing at Plants 56, 131, 140.
- Solicited proposals for pump and motor maintenance.

Levels Of Service

The Water Production Program has six KPI metrics that are associated with the District Pillars & Strategies of:

- Utilize Current Technology and Invest in Future Solutions (I-D)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-D	Perform upgrades to SCADA radios as recommended by consultant	5/YR	4	42	N/A
IV-A	Complete all efficiency testing for all well pumps	12	100%	100%	100%
IV-A	Schedule well replacement of pumps based on pump efficiency reports	1	2	2	1
IV-A	Complete all efficiency testing on booster pumps	30	100%	100%	100%
IV-B	Perform or schedule repairs recommended by reservoir inspection report	1/YR	1	1	1
IV-B	Implement available SCADA software updates	100%	100%	100%	100%

Program Budget Detail

ADMINISTRATION

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 307,957	\$ 312,000	\$ 282,546	\$ 351,000	\$ 39,000	13%
5103	Overtime	-	1,000	-	1,000	-	0%
5104	Standby	37,461	47,000	46,228	47,000	-	0%
5200	Benefits	183,716	208,000	424,207	217,000	9,000	4%
OPERATING EXPENSES							
6201	Materials & Supplies	960	3,000	2,484	3,000	-	0%
6202	Tools	1,211	6,000	7,568	6,000	-	0%
6203	Office Supplies	3,961	4,000	3,672	4,000	-	0%
6301	Contract Services	132,193	111,000	105,858	111,000	-	0%
6304	Legal Services	-	-	324	-	-	0%
6307	Uniforms	12,664	15,000	8,537	15,000	-	0%
6402	Telephone	8,371	14,000	25,018	14,000	-	0%
6405	Permits	-	-	-	3,000	3,000	100%
6501	Memberships & Dues	545	3,000	733	3,000	-	0%
6502	Professional Development	8,651	7,000	8,118	7,000	-	0%
6503	Education Assistance	150	-	-	-	-	0%
6504	Meetings	770	1,000	1,133	1,000	-	0%
ADMINISTRATION TOTAL		\$ 698,610	\$ 732,000	\$ 916,426	\$ 783,000	\$ 51,000	7%

Producing water for the community
requires constant planning,
coordination, and investment.

WELLS

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 341,100	\$ 240,000	\$ 220,342	\$ 265,000	\$ 25,000	10%
5103	Overtime	41,307	40,000	39,002	40,000	-	0%
5200	Benefits	72,982	70,000	67,357	75,000	5,000	7%
OPERATING EXPENSES							
6101	Purchased Water	371,525	1,041,000	1,248,528	300,000	(741,000)	-71%
6102	Groundwater Replenishment	249,982	250,000	153,976	352,000	102,000	41%
6103	Water Assessment	168,221	171,000	334,874	282,000	111,000	65%
6201	Materials & Supplies	87,201	45,000	81,781	45,000	-	0%
6204	Chemicals	129,485	150,000	115,544	150,000	-	0%
6301	Contract Services	48,828	230,000	266,914	230,000	-	0%
6403	Electricity	1,325,712	2,211,525	1,779,905	2,275,000	63,475	3%
6405	Permits	95,885	100,000	115,633	100,000	-	0%
WELLS TOTAL		\$2,932,228	\$4,548,525	\$4,423,856	\$ 4,114,000	\$ (434,525)	-10%

BOOSTERS

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 124,138	\$ 135,000	\$ 123,620	\$ 149,000	\$ 14,000	10%
5103	Overtime	19,048	18,000	12,646	18,000	-	0%
5200	Benefits	62,828	73,000	190,291	86,000	13,000	18%
OPERATING EXPENSES							
6201	Materials & Supplies	10,871	20,000	12,347	20,000	-	0%
6301	Contract Services	38,525	110,000	237,454	110,000	-	0%
6403	Electricity	685,745	710,000	855,001	710,000	-	0%
BOOSTERS TOTAL		\$ 941,155	\$1,066,000	\$ 1,431,359	\$1,093,000	\$ 27,000	3%

RESERVOIRS

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 192,727	\$ 233,000	\$ 220,401	\$ 269,000	\$ 36,000	15%
5103	Overtime	27,376	30,000	28,859	30,000	-	0%
5200	Benefits	59,873	68,000	68,280	76,000	8,000	12%
OPERATING EXPENSES							
6201	Materials & Supplies	11,036	30,000	7,194	30,000	-	0%
6204	Chemicals	14,069	30,000	56,624	60,000	30,000	100%
6301	Contract Services	47,742	45,000	72,882	71,000	26,000	58%
RESERVOIRS TOTAL		\$ 352,823	\$ 436,000	\$ 454,240	\$ 536,000	\$ 100,000	23%
WATER PRODUCTION TOTAL		\$ 4,924,816	\$ 6,782,525	\$ 7,225,881	\$ 6,526,000	\$ (256,525)	-4%

Significant Changes in Program Budget

- Upgraded SCADA devices from radio to cell equipment.
- Decreased the Purchased Water budget due to utilization of a 15% discount secured in FY 2025-26, resulting in reduced SWP water purchases for this fiscal year.
- The Groundwater Replenishment budget was reduced during the FY 2025–26 Mid-Year Review, and \$352,000 is included again in this fiscal year's budget.
- Increased the Water Assessment budget due to \$16 per share North Fork capital assessments.
- Increased the Permits budget due to reallocation of AQMD generator permits from Engineering.

Program Budget Allocation

14%
\$6,526,000
(Water Production)

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Program Summaries Section

WATER TREATMENT



PROGRAM SUMMARIES CONTENTS

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- *Water Treatment*
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Water Treatment & Production Supervisor	1
Sr. Water Treatment Plant Operator	1
Total Full-Time	2

PROGRAM STRUCTURE



WATER TREATMENT



Water Treatment is responsible for the management of two different sources of supply used by the District. The District operates Plant 134, a Surface Water Treatment Plant, that can treat Santa Ana River water and imported water from the State Water Project. Staff also operate two unique groundwater treatment facilities.

Goals

Objectives

1

Maximize Plant 134
Water Production 

1. Monitor backwash sludge for the solids handling process.
2. Prioritize in real-time which source water to use for District needs.

2

Develop a Long-
Term Replacement
Plan Based on Plant
Performance 

1. Track individual membrane integrity test (MIT) results and repairs to prioritize replacement schedule.
2. Begin Phase I of the second cycle to replace membrane trains at Plant 134.

3

Evaluate Aging
Infrastructure
and Technology
at Plant 134 

1. Evaluate replacement of control systems.
2. Replace sedimentation isolation valves.
3. Replace chlorine dosing pump.

Water Treatment manages two sources of water,
including surface water and groundwater.

FY 2025-26 Accomplishments

GOAL ONE

*Maximized Plant 134
Water Production*

- Monitored backwash sludge for the solids handling process.
- Prioritized source water in real-time to maximize treatment processes.

GOAL TWO

*Developed a Long-Term
Replacement Plan Based on
Plant Performance*

- Tracked individual membrane integrity test (MIT) performance and results, completed the fifth membrane replacement cycle at Plant 134.

GOAL THREE

Evaluated Hydroelectric Station

- Developed SOPs for different high pressure operational scenarios.
- Completed maintenance of a large pressure reducing valve and 24 volt battery charging system.
- Replaced influent static mixer.

Levels Of Service

The Water Treatment Program has four KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Staff Capabilities through Ongoing Professional Development (I-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program’s performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Number of Production staff with T-4 certification or higher	4	4	4	4
IV-A	Meet all regulatory requirements	100%	100%	100%	100%
IV-A	Maximize utilization of treatment plant capacity according to peak demands (July – September)	7.5 MGD	4.8	5.0	5.0
IV-B	Percentage of plant equipment and motors on preventative maintenance schedules	100%	100%	100%	100%

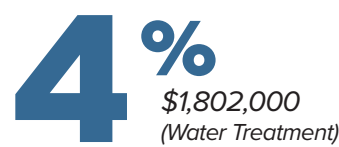
Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 349,182	\$ 312,000	\$ 286,001	\$ 348,000	\$ 36,000	12%
5103	Overtime	24,321	39,000	28,895	39,000	-	0%
5200	Benefits	172,592	192,000	419,545	197,000	5,000	3%
OPERATING EXPENSES							
6201	Materials & Supplies	86,204	100,000	152,993	60,000	(40,000)	-40%
6204	Chemicals	280,015	225,000	290,076	251,000	26,000	12%
6301	Contract Services	590,333	662,000	712,914	662,000	-	0%
6307	Uniforms	200	2,000	-	2,000	-	0%
6402	Telephone	6,419	3,000	3,888	3,000	-	0%
6403	Electricity	172,867	240,000	241,416	240,000	-	0%
WATER TREATMENT TOTAL		\$ 1,682,133	\$ 1,775,000	\$ 2,135,728	\$ 1,802,000	\$ 27,000	2%

Significant Changes in Program Budget

- The Materials & Supplies budget was increased by \$40,000 at mid-year to fund additional materials required for Plant 134 repairs. Staff do not anticipate expenditures to exceed \$60,000 during FY 2026-27.
- Increased the Chemicals budget due to inflation.

Program Budget Allocation



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Program Summaries Section

WATER QUALITY



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- Engineering
- Water Production
- Water Treatment
- *Water Quality*
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Environmental Compliance Supervisor	1
Environmental Compliance Technician II	1
Environmental Compliance Technician I	1
Total Full-Time	3

PROGRAM STRUCTURE



WATER QUALITY



Water Quality is responsible for ensuring District compliance with State and Federal Drinking Water Regulations. This program manages Backflow Prevention, Water Sampling, Fire Hydrant Flushing Programs, and the Fats, Oils, and Grease (FOG) program for SNRC pre-treatment.

Goals

Objectives

1

Evaluate Water Quality Regulations and Improve Process Efficiencies to Enhance Water Quality Compliance 🎯

1. Complete the update on Watershed Sanitary Survey that is required every five years.
2. Conduct performance testing of re-activated carbon for possible use at Plants 134 and 28A.
3. Maintain overall water quality compliance with State and Federal requirements.

2

Implement California Cross-Connection Control Policy Handbook Requirements

1. Update District Ordinance to reflect State Policy changes.
2. Continue site assessments in accordance with plan submitted to State.

3

Evaluate FOG Program Procedures for Effectiveness

1. Continue to identify and investigate non-permitted locations for compliance.
2. Work with Department staff to obtain inspector certification and training.
3. Continue to evaluate program costs to ensure fees are adequate.

Water Quality has dedicated, state certified team members to test water quality and ensure all members of the community receive safe drinking water.

FY 2025-26 Accomplishments

GOAL ONE

Evaluated Water Quality Regulations and Improved Process Efficiencies to Enhance Water Quality Compliance

- Completed scheduled sampling for Perfluorooctane Sulfonate (PFOS)/ Perfluorooctanoic Acid (PFOA).
- Completed three new tank mixer installations at Plants 99, 101, and 140.
- Completed pressure testing and sampling on newly installed Water Main pipeline projects.

GOAL TWO

Implemented California Cross-Connection Control Policy Handbook Requirements

- Updated Backflow software to track assessment status.
- Department staff obtained certification as a Cross-Connection Control Specialist and Backflow Assembly Tester.
- Inspected and tested approximately 150 newly installed backflow devices.

GOAL THREE

Evaluated FOG Program Procedures for Effectiveness

- Inspected and permitted 17 existing locations for pre-treatment compliance.
- Completed sampling needed for “Local Limits Study”.
- Evaluated the FOG program and ensured fees were adequate to cover program costs.

Levels Of Service

The Water Quality Program has four KPI metrics that are associated with the District Pillars & Strategies of:

- Provide Exceptional Customer Service (III-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)

The program’s performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
III-C	Response time to water quality complaints by customers (average)	2.0 Hrs	1.5	2.0	2.0
IV-A	Conduct all water quality sampling required by SWRCB and U.S. EPA	100%	100%	100%	100%
IV-A	Complete annual Hazmat site-handling permits	100%	100%	100%	100%
IV-A	% of permitted FOG sites inspected*	100%	100%	100%	100%

* New KPI starting in FY 2025-26.

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
WELLS PERSONNEL EXPENSES							
5101	Regular Labor	\$ 96,950	\$ 147,000	\$ 133,522	\$ 203,000	\$ 56,000	38%
5103	Overtime	936	6,000	4,172	6,000	-	0%
5200	Benefits	26,862	74,000	63,587	61,000	(13,000)	-18%
WELLS OPERATING EXPENSES							
6201	Materials & Supplies	10,798	15,000	12,355	18,000	3,000	20%
6301	Contract Services	88,748	80,000	47,117	168,000	88,000	110%
6307	Uniforms	1,560	4,000	2,245	4,000	-	0%
6504	Meetings	596	1,000	269	1,000	-	0%
RESERVOIR PERSONNEL EXPENSES							
5101	Regular Labor	158,342	151,000	138,114	174,000	23,000	15%
5103	Overtime	2,249	6,000	1,666	6,000	-	0%
5200	Benefits	72,441	85,000	192,288	90,000	5,000	6%
RESERVOIR OPERATING EXPENSES							
6201	Materials & Supplies	420	3,000	1,806	3,000	-	0%
6202	Tools	7,286	11,000	7,175	11,000	-	0%
6301	Contract Services	33,860	75,000	60,178	83,000	8,000	11%
6406	Postage	210	2,000	104	2,000	-	0%
6502	Professional Development	1,617	3,000	3,054	5,000	2,000	67%
6503	Education Assistance	-	3,000	-	3,000	-	0%
WATER QUALITY TOTAL		\$ 502,875	\$ 666,000	\$ 667,652	\$ 838,000	\$ 172,000	26%

Significant Changes in Program Budget

- Increased the Contract Services budget due to additional costs for the 2026-27 Santa Ana River Watershed Survey, ongoing PFAS monitoring laboratory services, and permitting requirements.

Program Budget Allocation

2%
\$838,000
(Water Quality)

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Program Summaries Section

WATER MAINTENANCE



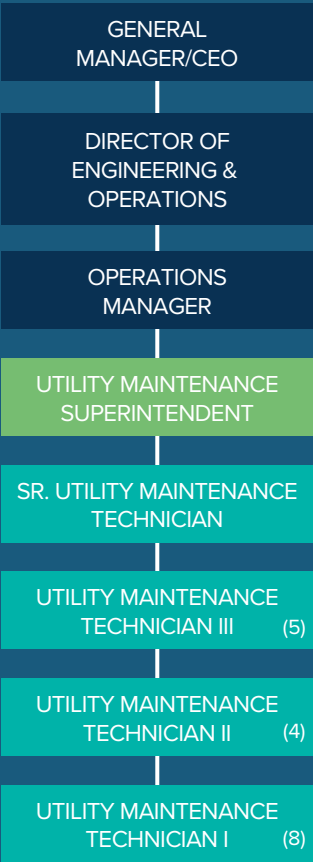
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PROGRAM PERSONNEL

Utility Maintenance Superintendent	1
Sr. Utility Maintenance Technician	1
Utility Maintenance Technician III	5
Utility Maintenance Technician II	4
Utility Maintenance Technician I	8
Total Full-Time	19

PROGRAM STRUCTURE



WATER MAINTENANCE



The Water Maintenance Program is responsible for repair and replacement of the District's 300 miles of water pipeline. Water Maintenance coordinates with Engineering and Water Production to install water service lines, fire hydrants, meters, valves, and all related equipment. Crew members remain on standby during non-business hours to respond to customer after-hours requests and emergencies.

Goals

Objectives

1

Prioritize Preventative Maintenance to Ensure Water System Supply Readiness 🎯

1. Exercise approximately 1,200 isolation valves in the Distribution System to ensure readiness.
2. Replace or repair all isolation valves identified as inoperable during valve exercise program.
3. Coordinate with Production to perform valve replacements to Production and Treatment Facilities.
4. Inspect, flush, and maintain 3,000 hydrants on a three-year cycle.

2

Continue Replacement Program for Water Mains 🎯

1. Identify undersized and high priority water mains located within easements to determine whether to replace or abandon.
2. Replace 8,000 linear feet of undersized water mains located within the District's service area.
3. Onboard two new Field Service Workers to assist with the water main replacement program.

3

Continue to Work with Production to Identify any Inoperable Valves at Plants/PRV Stations 🎯

1. Exercise valves inside plants.
2. Identify inoperable valves.
3. Replace inoperable valves as needed.

Water Maintenance maintains the District's water transmission and distribution system.

FY 2025-26 Accomplishments

GOAL ONE

Prioritized Preventative Maintenance Schedules to Ensure Water system Supply Readiness

- Exercised 1,200 isolation valves within the distribution system.
- Replaced and repaired 30 isolation valves identified as inoperable during valve exercise program.
- Inspected, flushed, and maintained 318 hydrants.
- Serviced, repaired, or replaced 393 hydrants.

GOAL TWO

Continued Replacement Program for Water Mains

- Identified 4 undersized water mains located within easements.
- Replaced 3,365 linear feet of undersized water mains located within the District's service area.
- Hired two full-time staff.

GOAL THREE

Worked with Production to Identify any Inoperable Valves at Plants/PRV Stations

- Exercised 20 valves at District Plants 140, 131, and 99.
- Replaced 10 valves at District Plants 140, 134, 131, and 99.

Levels Of Service

The Water Maintenance Program has six KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Advance Emergency Preparedness Efforts (III-A)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Number of Water Maintenance staff with D-3 certification or higher	5	4	3	5
III-A	Annual equipment and safety training hours per staff member	16	16	16	16
IV-A	Number of gate valves exercised	1,200	1,284	1,343	1,284
IV-B	Respond to, and assess, customer leak concerns within reasonable time frame (two hours)	98%	100%	100%	100%
IV-B	Number of main leaks repaired	<70	120	97	85
IV-B	Estimate of water losses from main leaks (MG)	<10 MG	0.28 MG	1 MG	0.15 MG

Program Budget Detail

ADMINISTRATION

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 232,743	\$ 236,000	\$ 221,691	\$ 176,000	\$ (60,000)	-25%
5103	Overtime	1,254	2,000	5,493	2,000	-	0%
5104	Standby	51,406	55,000	53,789	55,000	-	0%
5200	Benefits	132,175	131,000	238,564	113,000	(18,000)	-14%
OPERATING EXPENSES							
6203	Office Supplies	145	3,000	156	3,000	-	0%
6307	Uniforms	2,517	2,000	2,054	2,000	-	0%
6402	Telephone	40,265	41,000	39,507	41,000	-	0%
6501	Memberships & Dues	650	2,000	593	2,000	-	0%
6502	Professional Development	11,340	18,000	15,414	18,000	-	0%
6504	Meetings	4,001	3,000	3,541	4,000	1,000	33%
6706	Inventory Over/Short	35,479	-	(126)	-	-	0%
ADMIN MAINTENANCE TOTAL		\$ 511,975	\$ 493,000	\$ 580,676	\$ 416,000	\$ (77,000)	-16%

PIPELINE MAINTENANCE

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 1,346,106	\$1,456,000	\$1,260,525	\$1,724,000	\$ 268,000	18%
5103	Overtime	434,736	430,000	425,029	430,000	-	0%
5200	Benefits	645,780	623,000	968,101	740,000	117,000	19%
5999	CIP Labor Offset	(87,224)	(164,000)	(156,224)	(214,000)	(50,000)	30%
OPERATING EXPENSES							
6201	Materials & Supplies	822,282	830,000	807,467	880,000	50,000	6%
6202	Tools	51,085	67,000	42,904	67,000	-	0%
6301	Contract Services	23,960	67,000	33,038	67,000	-	0%
6307	Uniforms	32,687	40,000	38,993	40,000	-	0%
6310	Street Services	477,534	575,000	643,788	525,000	(50,000)	-9%
6405	Permits	-	-	-	64,000	64,000	100%
PIPELINE MAINTENANCE TOTAL		\$ 3,746,946	\$ 3,924,000	\$ 4,063,621	\$ 4,323,000	\$ 399,000	10%

WATER MAINTENANCE TOTAL		\$ 4,258,921	\$ 4,417,000	\$ 4,644,297	\$ 4,739,000	\$ 322,000	7%
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Significant Changes in Program Budget

- Added two Full-Time employees for in-house pipeline projects.
- Total water loss from main leaks increased due to a large watermain break in October 2025.
- Increased the Permits budget due to reallocation of encroachment permits for water main repairs from Engineering.

Program Budget Allocation

10%
\$4,739,000
(Water Maintenance)

Ongoing maintenance helps to
extend the life and performance
of the District's water system.



Program Summaries Section

WASTEWATER COLLECTION



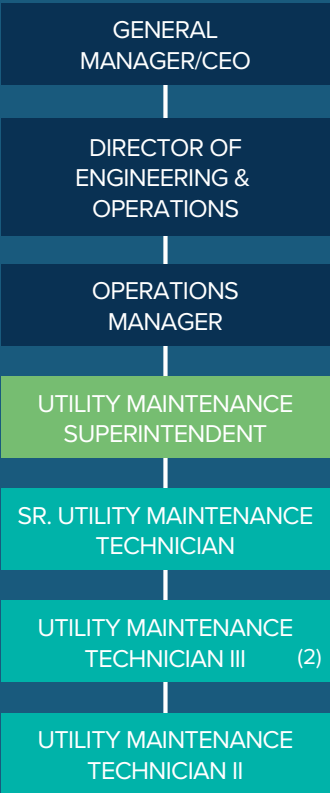
PROGRAM SUMMARIES CONTENTS

- [Governing Board](#)
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- [Water Quality](#)
- [Water Maintenance](#)
- *Wastewater Collection*
- [Water Reclamation](#)
- [Facilities Maintenance](#)
- [Fleet Maintenance](#)

PROGRAM PERSONNEL

Sr. Utility Maintenance Technician	1
Utility Maintenance Technician III	2
Utility Maintenance Technician II	1
Total Full-Time	4

PROGRAM STRUCTURE





WASTEWATER COLLECTION

The Wastewater Collection Program performs routine inspections, cleaning, repairs, and replacement of the District's 230 miles of collection pipelines. The District's collection system has been engineered to use best practice gravity flow conveyance prior to treatment. California public health code mandates the District is responsible for inspection of wastewater collection systems.

The pipeline inspection program uses a sewer inspection camera/transporter and closed-circuit television (CCTV) technology. The video inspection software allows the operator to document pipeline condition attributes and location data for maintenance or replacement consideration. Along with inspecting the collection pipeline, the Wastewater Collection Program conducts a daily sewer cleaning program using specialized equipment. The jetting program ensures the entire system is cleaned within 24 months, and high maintenance areas are cleaned more regularly.

Goals

Objectives

1

Continue Wastewater Collection System Maintenance and Management

1. Video inspect and assess 75 miles of District sewer mains.
2. Schedule foam blasting of identified areas to control roots.
3. Clean 130 miles of sewer main.

2

Provide Support for the New Fats, Oils, and Grease (FOG) Program

1. Identify and inspect unpermitted dischargers within the collection system.
2. Transition FOG inspection from contractor to in-house.
3. Maintain overall system-wide compliance.

3

Keep Sewer Mains Clear of Pests and Obstructions

1. Schedule to spray 2,500 manholes for insect control.
2. Conduct an evaluation to identify areas requiring additional Smart Cover alarm implementation.

Wastewater Collection prevents wastewater spillage and leaks by monitoring and maintaining wastewater pipelines.

FY 2025-26 Accomplishments

GOAL ONE

Continued Wastewater Collection System Maintenance and Management

- Inspected 41.6 miles of District sewer mains between the northern and southern District boundaries, and east of Del Rosa Avenue.
- Cleaned 104 miles of sewer main.

GOAL TWO

Provided Support for the New Fats, Oils, and Grease (FOG) Program

- Three concerns were reported to the FOG supervisor.

GOAL THREE

Kept Sewer Mains Clear of Pests and Obstructions

- Scheduled 25,000 feet of foam blasting for areas to control roots.

Levels Of Service

The Wastewater Collection Program has six KPI metrics that are associated with the District Pillars & Strategies of:

- Maximize Internal Capabilities Through Ongoing Professional Development (I-C)
- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-C	Number of staff holding CWEA certifications	4	5	3	6
IV-A	Miles of wastewater mains inspected by video	55	63	41.6	75
IV-A	Category 1 Sanitary System Overflows reportable to SWRCB	0	1	1	0
IV-B	Miles of wastewater mains jetted / cleaned	230	237	104	230
IV-B	Category 4 or 5 spot repairs identified	0	0	0	0
IV-B	Category 4 or 5 spot repairs completed	0	0	0	0

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 417,077	\$ 411,000	\$ 341,075	\$ 443,000	\$ 32,000	8%
5103	Overtime	13,460	11,000	7,022	11,000	-	0%
5200	Benefits	157,681	187,000	143,574	153,000	(34,000)	-18%
5999	CIP Labor Offset	(554)	-	(2,348)	-	-	0%
OPERATING EXPENSES							
6201	Materials & Supplies	24,907	31,000	23,347	31,000	-	0%
6202	Tools	16,684	7,000	391	7,000	-	0%
6301	Contract Services	117,447	339,000	326,290	401,000	62,000	18%
6307	Uniforms	1,001	4,000	1,958	4,000	-	0%
6502	Professional Development	80	-	510	-	-	0%
WASTEWATER COLLECTION TOTAL		\$ 747,783	\$ 990,000	\$ 841,819	\$ 1,050,000	\$ 60,000	6%

Significant Changes in Program Budget

- Miles of wastewater mains jetted / cleaned were reduced due to out of service equipment.
- Increased the Contract Services budget for root control and manhole cover treatments.

Program Budget Allocation

2%
\$1,050,000
(Wastewater Collection)

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Program Summaries Section

WATER RECLAMATION



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- *Water Reclamation*
- Facilities Maintenance
- Fleet Maintenance

PROGRAM PERSONNEL

Water Reclamation Manager	1
Water Reclamation Supervisor	1
Sr. Wastewater Treatment Plant Operator	2
Wastewater Treatment Plant Operator III	3
Wastewater Treatment Plant Operator II	1
Sr. Administrative Assistant	1

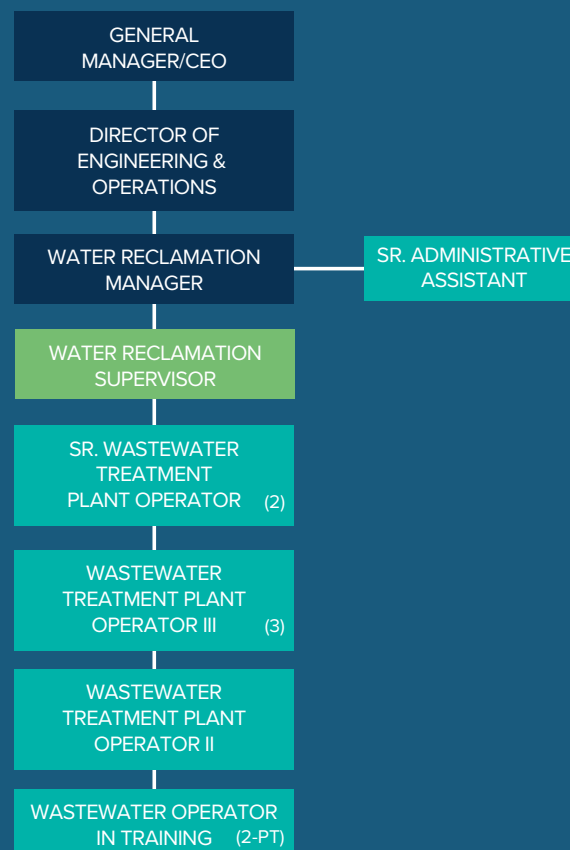
Total Full-Time	9
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Part-Time

Wastewater Operator in Training	2
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Total Part-Time	2
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PROGRAM STRUCTURE



WATER RECLAMATION



The Water Reclamation Program is responsible for treating and disinfecting up to eight million gallons of wastewater per day (MGD) at the District's new water recycling plant known as the SNRC. SNRC operations include anaerobic digestion for energy generation to offset the cost of power needed to operate the plant.

Goals

Objectives

1

Evaluate SNRC
Resourcing

1. Participate in the summer internship program and provide learning opportunities at the SNRC.
2. Maintain the Maintain the OIT Program.
3. Identify specialized system and equipment maintenance needs that exceed current staff capacity.

2

Meet and Exceed
Compliance
Requirements for
the SNRC 🎯

1. Manage and enforce the pretreatment program.
2. Submit yearly Air Quality Management District (AQMD) emissions reports.
3. Submit Waste Discharge Requirements (WDR) and Master Recycling permits and reports, monthly, quarterly, and annually.

3

Operate the
SNRC to Ensure
Long-Term
Sustainability
and Resource
Optimization 🎯

1. Provide operator training on the Computerized Maintenance Management System (CMMS).
2. Participate financially in coalition efforts to implement recommendations of the Salt Mitigation Feasibility Study.
3. Continue to review the SNRC backup power plan and evaluate the feasibility of Southern California Edison (SCE) Preferred Service (PE).
4. Optimize digester operations to meet 50% of average on-site energy needs.
5. Complete construction of the fifth Membrane Bioreactor (MBR) at the SNRC.

Water Reclamation oversees and manages all operations related to the SNRC to ensure compliance with strict State water quality standards.

FY 2025-26 Accomplishments

GOAL ONE

Evaluated SNRC Resourcing

- Onboarded two summer interns and provided learning opportunities at the SNRC.
- Onboarded two part-time Operators in Training (OIT).
- Utilized contractors for Biogas conditioning system and pilot tested alternative sludge and food waste pump equipment in an effort to optimize operations and reduce maintenance costs.

GOAL TWO

Met and Exceeded Compliance Requirements for the SNRC

- Managed and enforced a pre-treatment program.
- Submitted the yearly Air Quality Management District (AQMD) emissions reports.
- Submitted monthly, quarterly, and annual Waste Discharge Requirements (WDR) and Master Recycling permits and reports.

GOAL THREE

Operated the SNRC to Ensure Long-Term Sustainability and Resource Optimization

- Provided operator training on the Computerized Maintenance Management System (CMMS).
- Participated financially in coalition to implement recommendations of Salt Mitigation Feasibility Study.
- Assessed backup power plan at the SNRC and the backup generator powering the entire site and feasibility of an SCE Preferred Service (PE).
- Optimized digester operations to reduce on-site energy needs.
- Began construction to expand Membrane Bioreactor (MBR) capacity at the SNRC from four process trains to five.
- Conducted polymer study that resulted in significant cost savings.

OTHER ACCOMPLISHMENTS

- Performed in-house preventative and corrective maintenance work.
- Secured a new laboratory contract with cost savings.
- Secured a new biosolids hauling contract to maintain costs.

Levels Of Service

The Water Reclamation Program has five KPI metrics that are associated with the District Pillars & Strategies of:

- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
IV-A	Comply with Waste Discharge Requirements (WDR) and Master Recycling Requirements (MRR) for removal of BOD and Total Suspended Solids (TSS) at the SNRC	100%	100%	100%	100%
IV-A	Deliver recycled water to San Bernardino Valley for groundwater recharge	6.0MGD	6.0	6.2	6.2
IV-B	Tipping Fees collected from outside haulers	\$2.4M	\$460K	\$1.0M	\$1.0M
IV-B	Comply with AQMD fence line odor monitoring requirements	100%	100%	100%	100%
IV-B	Comply with City of Highland noise ordinance	100%	100%	100%	100%

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 1,141,248	\$ 1,301,000	\$ 1,107,490	\$ 1,437,000	\$ 136,000	10%
5102	Temporary Labor	97,986	-	127,661	-	-	0%
5103	Overtime	342,468	280,000	304,105	280,000	-	0%
5104	Standby	80,416	65,000	55,499	65,000	-	0%
5200	Benefits	474,882	608,000	3,404,748	645,000	37,000	6%
OPERATING EXPENSES							
6201	Materials & Supplies	270,251	284,000	357,143	255,000	(29,000)	-10%
6202	Tools	16,840	37,000	17,988	50,000	13,000	35%
6203	Office Supplies	3,248	5,000	4,303	5,000	-	0%
6204	Chemicals	630,086	955,000	956,472	1,055,000	100,000	10%
6301	Contract Services	3,862,822	4,339,000	4,396,897	4,906,000	567,000	13%
6305	Treatment Services	510	-	612	-	-	0%
6307	Uniforms	8,099	14,000	13,984	20,000	6,000	43%
6401	Utilities	121,153	117,000	102,694	141,000	24,000	21%
6402	Telephone	10,965	20,000	18,402	8,000	(12,000)	-60%
6403	Electricity	2,773,952	2,330,000	2,118,283	1,912,000	(418,000)	-18%
6404	Fuel	4,723	-	8,078	11,000	11,000	100%
6405	Permits	142,174	110,000	131,863	110,000	-	0%
6406	Postage	359	2,000	122	2,000	-	0%
6501	Membership & Dues	1,565	-	-	-	-	0%
6502	Professional Development	12,821	10,000	9,215	17,000	7,000	70%
6504	Meetings	3,170	4,000	3,062	4,000	-	0%
6505	Employee Recognition	411	-	-	3,000	3,000	100%
WATER RECLAMATION TOTAL		\$ 10,000,149	\$ 10,481,000	\$ 13,138,621	\$10,926,000	\$ 445,000	4%

Significant Changes in Program Budget

- Increased the Chemicals budget to account for higher run time of Combined Heat and Power (CHP) and higher food waste deliveries.
- Goal is to meet 50% of total power demand with renewable energy, reducing the Electricity budget.

Program Budget Allocation

24%
\$10,926,000
(Water Reclamation)

Water reclamation plays a vital role in protecting resources and supporting future water needs.



Program Summaries Section

FACILITIES MAINTENANCE



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- *Facilities Maintenance*
- Fleet Maintenance

PROGRAM PERSONNEL

Facilities & Fleet Supervisor	1
Facilities Maintenance Technician II	1
Total Full-Time	2

PROGRAM STRUCTURE



FACILITIES MAINTENANCE



Facilities Maintenance is responsible for the maintenance of all District facilities. The District has several locations throughout the 30.1 square mile service area for operating the utility systems. The Program's oversight includes administration buildings, water facilities, a water reclamation facility (SNRC), District-owned vacant properties, and easements. The purpose of this Program is to mitigate expenses by maintaining a complex facilities management system to achieve Program goals.

Goals

Objectives

1

Update and Adhere to Project Priority List for Upgrade / Rehabilitation of District Facilities 🎯

1. Coordinate with the Operations Manager to incorporate project proposals into the District's priority list.
2. Contract for painting the building at Plant 33.
3. Contract for wall extensions at plants 108 and 33 to prevent site damage from hillside erosion.
4. Contract for slurry seals at Plants 134, 108 and District Headquarters to prevent costly damage to asphalt base and ensure staff and customer access to facilities.
5. Work with Fleet Maintenance to install new chargers for electric fleet vehicles/equipment.
6. Work with Contractor selected to assist in coordinating the upgrades on District Headquarters remodel.

2

Maintain Focus on Access Control and Security Needs at District Sites 🎯

1. Upgrade perimeter fencing at Plants 25, 99, 107, and 130.
2. Identify camera monitoring options at plant sites.
3. Reinforce doors at plant sites to harden security.

3

Assist Administration with Disposal of Surplus Parcels 🎯

1. Identify comprehensive list of properties to be considered for disposal.
2. Coordinate creation of a heatmap of parcel sites.
3. Identify a real estate broker to assist with selling District properties.

Facilities Maintenance ensures District facilities meet standards for aesthetics, functionality, and operation.

FY 2025-26 Accomplishments

GOAL ONE

Evaluated and Planned Improvements/Demolition of West-End Inventory Storage Facilities (Del Rosa and Plant 39)

- Demolished and disposed of former office trailers located at the Del Rosa site.
- Moved inventory from Del Rosa to new warehouse at Plant 39.
- Determined the new warehouse is sufficient for current storage needs.

GOAL TWO

Continued Phased Upgrades and Rehabilitation of District Facilities

- Painted the building at Plant 33.
- Upgraded light fixtures at Plants 99 and 127.
- Completed painting and roof replacement at the Plant 39 Pumphouse.

GOAL THREE

Assessed Security Needs at SNRC, District Headquarters, and Plant 134

- Coordinated security monitoring with IT and contractor to implement live camera monitoring at District Headquarters.
- Replaced perimeter fencing at Plant 41, 33, 131, and District Headquarters.

Levels Of Service

The Facilities Maintenance Program has four KPI metrics that are associated with the District Pillars & Strategies of:

- Identify Opportunities to Optimize Natural Resources (I-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
I-A	Identify and conduct energy efficiency measures at Plant facilities	2	2	2	2
IV-B	Close all service work orders timely	<30 Days	<30 Days	<30 Days	<30 Days
IV-B	Systematically rehabilitate buildings at Plant sites (paint, roof, general repairs)	2	2	2	2
IV-B	Complete security fencing upgrades at Plant sites	1	1	4	4

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 253,088	\$ 243,000	\$ 211,612	\$ 268,000	\$ 25,000	10%
5103	Overtime	15,799	14,000	19,451	14,000	-	0%
5200	Benefits	127,236	137,000	213,664	143,000	6,000	4%
ADMINISTRATION OPERATING EXPENSES							
6201	Materials & Supplies	126,754	75,000	76,807	75,000	-	0%
6202	Tools	4,233	6,000	5,434	6,000	-	0%
6301	Contract Services	1,077,399	881,475	1,046,859	718,000	(163,475)	-19%
6306	Rents & Leases	14,347	15,000	11,170	15,000	-	0%
6307	Uniforms	12,228	11,000	12,238	11,000	-	0%
6311	Landscape Services	70,934	131,000	85,172	131,000	-	0%
6312	Janitorial Services	190,063	144,000	185,127	146,000	2,000	1%
6401	Utilities	42,876	37,000	43,062	37,000	-	0%
6402	Telephone	32,349	25,000	29,877	25,000	-	0%
6403	Electricity	210,275	290,000	224,356	290,000	-	0%
6502	Professional Development	646	3,000	436	3,000	-	0%
WELLS OPERATING EXPENSES							
6201	Materials & Supplies	3,868	3,000	1,451	3,000	-	0%
6301	Contract Services	16,543	34,000	2,186	20,000	(14,000)	-41%
6311	Landscape Services	52,864	40,000	52,698	40,000	-	0%
6402	Telephone	1,003	1,000	1,252	1,000	-	0%
BOOSTERS OPERATING EXPENSES							
6201	Materials & Supplies	-	3,000	-	3,000	-	0%
6301	Contract Services	-	5,000	4,740	5,000	-	0%
6311	Landscape Services	20,550	35,000	22,194	35,000	-	0%
TREATMENT OPERATING EXPENSES							
6201	Materials & Supplies	782	10,000	-	10,000	-	0%
6301	Contract Services	19,426	25,000	6,174	20,000	(5,000)	-20%
6311	Landscape Services	13,991	27,000	16,152	27,000	-	0%
6312	Janitorial Services	-	2,000	-	2,000	-	0%
6401	Utilities	4,945	10,000	3,218	5,000	(5,000)	-50%
6402	Telephone	32,756	30,000	48,842	30,000	-	0%
FACILITIES MAINTENANCE TOTAL		\$2,344,955	\$ 2,237,475	\$ 2,324,172	\$2,083,000	\$ (154,475)	-7%

Significant Changes in Program Budget

- Eliminated the on-site security guard at District Headquarters and transitioned to a camera-based monitoring system.

Program Budget Allocation

5%
\$2,083,000
(Facilities Maintenance)

Well-maintained facilities support
daily operations across the District.



Program Summaries Section

FLEET MAINTENANCE



PROGRAM SUMMARIES CONTENTS

- Governing Board
- General Administration
- Human Resources & Risk Management
- Public Affairs
- Conservation
- Finance & Accounting
- Information Technology
- Customer Service
- Meter Services
- Engineering
- Water Production
- Water Treatment
- Water Quality
- Water Maintenance
- Wastewater Collection
- Water Reclamation
- Facilities Maintenance
- *Fleet Maintenance*

PROGRAM PERSONNEL

Fleet Maintenance Coordinator	1
Total Full-Time	1

PROGRAM STRUCTURE



FLEET MAINTENANCE



Fleet Maintenance is responsible for the preventative maintenance program for all District vehicles and heavy equipment. This includes the procurement of fleet items and maintaining compliance with State and Federal air quality rules and regulations.

The District fleet is comprised of light and heavy-duty utility trucks for water and wastewater crew members to maintain District infrastructure. The heavy equipment category of the fleet includes large, specialized equipment for routine maintenance and inspection of the water distribution, wastewater collection, and treatment systems.

Goals

Objectives

1

Identify Vehicles and Equipment Eligible for Surplus and Disposal 

1. Prepare justification and presentation to the Board for disposal.
2. Arrange for disposal of surplus vehicles and equipment.
3. Purchase new vehicles for the fleet.

2

Continue to Implement the Air Quality Management Program

1. Manage all air quality regulations for AQMD and California Air Resources Board (CARB).
2. Transmit emissions data to the Bureau of Automotive Repair (BAR) using Network Fleet devices.
3. Submit offroad diesel and off roading reporting system (DORRS).

3

Gain Understanding of New Legislation Affecting the Fleet Maintenance Program 

1. Research and understand fleet regulations.
2. Contract vendor to ensure the District is in compliance with zero emission regulations.

Fleet Maintenance ensures the proper function of vehicles and equipment used in the maintenance of the water and wastewater system.

FY 2025-26 Accomplishments

GOAL ONE

Identified Vehicles and Equipment Eligible for Surplus and Disposal

- Presented surplus vehicles and equipment to the Board.
- Donated a surplus vehicle to the Highland Senior Center.
- Disposed of seven surplus vehicles and equipment.

GOAL TWO

Continued to Implement the Air Quality Management Program

- Managed all air quality regulations for AQMD and CARB.
- Transmitted required fleet emissions data to the BAR using Network Fleet devices.
- Submitted the annual hours/run-time report to Diesel and Off Roading Reporting System (DORRS).

GOAL THREE

Gained Understanding of New Legislation Affecting the Fleet Maintenance Program

- Purchased an electric backhoe using incentives from CORE (Clean Off-Road Equipment).
- Researched fleet regulations.

Levels Of Service

The Fleet Maintenance Program has three KPI metrics that are associated with the District Pillars & Strategies of:

- Develop Projects and Programs to Ensure Safe, Reliable, and Resilient Service (IV-A)
- Dedicate Efforts Toward System Maintenance and Modernization (IV-B)

The program's performance related to these metrics are included in the following table.

Key Performance Indicators

Agency Goal	Key Performance Indicator	Target	FY 2024-25 Actual	FY 2025-26 Estimated	FY 2026-27 Projection
IV-A	Ensure vehicles and equipment are evaluated and replaced on schedule	80% of Net Asset Value	100%	100%	100%
IV-A	Number of vehicle/equipment units replaced	4	4	5	5
IV-B	Percent of vehicles pass annual D.O.T. inspection	100%	N/A	100%	100%

Program Budget Detail

		FY 2024-25 Actuals	FY 2025-26 Budget	FY 2025-26 Projected	FY 2026-27 Budget	Amount Changed	% Changed
PERSONNEL EXPENSES							
5101	Regular Labor	\$ 118,458	\$ 114,000	\$ 104,061	\$ 120,000	\$ 6,000	5%
5103	Overtime	10,151	10,000	10,037	10,000	-	0%
5200	Benefits	39,751	43,000	39,937	47,000	4,000	9%
OPERATING EXPENSES							
6201	Materials & Supplies	117,357	160,000	151,590	180,000	20,000	13%
6202	Tools	9,723	15,000	9,502	15,000	-	0%
6203	Office Supplies	2,703	5,000	68	5,000	-	0%
6301	Contract Services	343,949	305,000	282,737	305,000	-	0%
6307	Uniforms	1,200	1,000	831	1,000	-	0%
6402	Telephone	3,367	1,000	1,031	1,000	-	0%
6404	Fuel	200,001	280,000	239,696	300,000	20,000	7%
6501	Memberships & Dues	-	3,000	-	3,000	-	0%
6502	Professional Development	291	1,000	310	1,000	-	0%
FLEET MAINTENANCE TOTAL		\$ 846,951	\$ 938,000	\$ 839,800	\$ 988,000	\$ 50,000	5%

Significant Changes in Program Budget

- Increased the Materials & Supplies budget for truck parts needed for a Service Truck delivered last fiscal year.

Program Budget Allocation

2%
\$988,000
(Fleet Maintenance)

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Fiscal Year 2026-27

CAPITAL BUDGET

The District's long-term planning efforts includes consideration of the age, condition, and efficiency of infrastructure used to deliver services to its customers.



Capital Budget Contents

- Capital Budget Overview
- Capital Outlay
- Capital Improvement Projects
- Infrastructure Accomplishments

CAPITAL BUDGET OVERVIEW



The District includes two types of capital expenditures in its Capital Budget. The two types are: 1) routine purchases and replacement of assets, referred to as Capital Outlay, and 2) non-routine construction project expenditures that are part of the District's Capital Improvement Program.

The District's FY 2026-27 Capital Budget contains \$14,075,000 in total capital expenditures. Of this amount, \$1,601,000 is Capital Outlay, which typically includes requests to replace heavy equipment, computer and office equipment, and to contract for infrastructure planning studies. The remaining proposed capital expenditures of \$12,474,000 are current year (Year 1) costs pertaining to projects shown in the District's Capital Improvement Program, presented in greater detail in the remainder of this section.

Projects with external funding, regulatory requirements, or that are "shovel ready" were prioritized for inclusion in the FY 2026-27 Capital Budget. A summary of the proposed FY 2026-27 Capital Budget is shown below.

Capital Budget Summary

Capital Outlay (Routine)		Capital Improvement Program	
Computer Hardware/Software	\$ 425,000	Meter Replacement Program	\$ 200,000
Water Quality/Environmental Studies	430,000	Storage Tank/Reservoir Upgrades & Rehabilitations	2,020,000
Facility Improvements	475,000	Plant 134 Membrane Replacement	460,000
Service Trucks	271,000	Pipeline Upgrades	1,000,000
		Plant 129 & 152 Well Design & Construction	5,500,000
		General Facilities Relocations/Rehabilitations	544,000
		Additional MBR at SNRC	1,600,000
		Weaver Basin Shallow Well & Monitoring Well C	1,150,000
TOTAL CAPITAL OUTLAY	\$ 1,601,000	TOTAL CIP EXPENDITURES	\$ 12,474,000

Capital Outlay

The District defines Capital Outlay expenditures as an individually significant acquisition of capital assets (not involving construction) that have expected useful lives of more than two years and have a heavy equipment cost of \$5,000 or more. This threshold is applied at the individual asset level.

Each year as part of the budget process, Program Managers and Supervisors compile and submit a list of Capital Outlay requests for consideration. The requests are reviewed and prioritized by management based on the assessment of need and the amount of funding available. Funding for Capital Outlay is paid out of the Capital Replacement Reserve from the fund that will benefit from the capital item. Items that benefit all funds are allocated accordingly.

FY 2026-27 CAPITAL OUTLAY

Program		Water	Wastewater	Water Reclamation	Total
FUNDED BY OPERATING REVENUE					
3200	Hardware Replacements	\$ 45,000	\$ 7,500	\$ 22,500	\$ 75,000
3200	SNRC SCADA Phase I (Servers and Network Switches)	-	-	350,000	350,000
4000	Upper SAR Habitat Conservation Plan (HCP)	-	-	400,000	400,000
5200	Tank Mixer 108	30,000	-	-	30,000
7000	Fencing at Various Sites	325,000	-	-	325,000
7000	Obsolete Asset Demolition and Removal	150,000	-	-	150,000
7100	Vehicles (3)	271,000	-	-	271,000
TOTAL CAPITAL OUTLAY		\$ 821,000	\$ 7,500	\$ 772,500	\$ 1,601,000

Capital Improvement Program and Prioritization

The District's CIP is a 5-year planning schedule with the first year (Year 1) adopted as part of the Capital Budget for the upcoming fiscal year. A project included in the District's CIP is an individually significant construction project with a cost of more than \$25,000, and either creates a new capital asset, improves an existing asset by increasing its service capacity, or significantly extends an asset's expected useful life.

The Engineering Program is responsible for maintaining the District's Capital Improvement Program and consults various sources for project planning. The primary sources for these planning efforts are the District's Water Master Plan and Wastewater Collection System Master Plan - both were updated during FY 2018-19. The Master Plans identify the infrastructure improvements needed to serve a growing population. In addition, each project being considered must meet one or more of the following criteria:

- Preservation of public health and water quality.
- Improvements required as a result of local, State, or Federal legislation/mandates.
- Reduction of current maintenance expenditures and avoidance of costly future rehabilitation.
- Preservation of existing facilities/infrastructure.
- Positive impacts on customers.
- External funding (grant/debt proceeds) has been secured for a specific project.

Strategic capital investments help strengthen and improve essential water infrastructure throughout the District's service area.

During FY 2026-27, the District has proposed the use of capacity fees, capital replacement reserves, and grant monies to fund \$12,474,000 for current year phases of Capital Improvement Program projects - total project costs for the projects in process are approximately \$112.0 million over the next five years. The names of the projects funded and the reasons for their prioritization this year include:



METER REPLACEMENT PROGRAM

The District completed installation of remote-read meters for all customer accounts in 2021. This perennial project supplies funding for the replacement of damaged or malfunctioning meters, or large meters that have tested more than 5% above or below actual usage. The proposed funding is \$200,000 for FY 2026-27.



WELL 152 DISTRICT HEADQUARTERS

The project began in July 2025 to design, drill, and equip a second well at the District's headquarters property. This project supports the District's long-term strategy to increase groundwater production capacity and improve system reliability. The proposed budget is \$2,000,000 for FY 2026-27 and will be funded by federal grant money and capital replacement reserves.



PLANT 134 MEMBRANE REPLACEMENT

The manufacturer of the filter membrane cartridges at Plant 134 recommends they be replaced every seven years. All five membrane trains were replaced between 2018 and 2024, so the first train replaced is now seven years old. The proposed FY 2026-27 budget is \$460,000 to replace the membrane cartridges in Train 1.



WATER MAIN REPLACEMENT

District water maintenance crews plan to replace approximately 8,000 linear feet of undersized and deteriorated water mains with new 6-inch and 8-inch ductile iron pipe (DIP). These improvements will strengthen system reliability and improve fire flow capacity throughout the service area. The proposed budget for FY 2026-27 is \$1,000,000 and will be funded by water capacity fees.



TANK/RESERVOIR REHABILITATION

The Plant 99 tank has been identified as the next priority for rehabilitation based on a condition assessment completed by an engineering consultant. This 0.5-million-gallon tank serves the Canal Pressure Zone. The proposed FY 2026-27 budget of \$1,070,000 will fund recoating and minor repairs to the tank.



GENERAL FACILITIES RELOCATIONS/REHABILITATIONS

These line items involve various projects such as security upgrades and improving the aesthetics of buildings at plant sites; they also provide a budget for relocating facilities in conjunction with City or County street or storm drain improvement projects. Planned expenditures for FY 2026-27 are \$544,000 to be funded by capital replacement reserves.



PLANT 129 WELL DESIGN & CONSTRUCTION

The project began in March 2024 to design, drill, and equip a new well at Plant 129. During FY 2026-27, work to complete well equipping and prepare the facility for operation will continue. The proposed budget is \$3,500,000, funded by water capacity fees.



PLANT 101 UPGRADE/ REHABILITATION

The Plant 101 hydro-pneumatic tank and booster pumps have been identified as the next priority for rehabilitation based on a condition assessment completed by an engineering consultant. This 1.4-million-gallon hydro-pneumatic tank serves 37 homes that are situated at elevations too high to be gravity fed. The proposed budget for FY 2026-27 is \$950,000 and will be funded by capital replacement reserves.



ADDITIONAL MEMBRANE BIOREACTOR

This project adds a fifth membrane bioreactor (MBR) train at the SNRC to improve operational flexibility, handle fluctuating flows more effectively, and reduce membrane fouling. With existing infrastructure in place, the expansion will enhance long-term performance, reliability, and maintenance efficiency of the treatment facility. The proposed budget for FY 2026-27 is \$1,600,000 and will be funded by reclamation capacity fees.



WEAVER BASIN SHALLOW WELL

The District is responsible for monitoring SNRC recycled water as it is released into the Basin, but rising water levels in the basin have made previously installed monitoring wells ineffective. This new well will be capable of monitoring released water at higher basin levels. The proposed budget for FY 2026-27 is \$150,000 and will be funded by reclamation capacity fees.



MONITORING WELL C

A new groundwater monitoring well will be constructed at the District's Plant 40 site, approximately 2.2 miles west of the Weaver Basins. The well will support groundwater quality monitoring associated with the District's recycled water recharge program. The proposed budget for FY 2026-27 is \$1,000,000 and will be funded by reclamation capacity fees.

Impact of Capital Improvement Program Project Investments on Operating Budgets

The capital projects described in this section will have varying impacts on future operating expenses, including increased costs, cost savings, or little to no impact. Projects such as replacement of filtration membranes in the District's surface water treatment plant will not significantly impact operating costs, but will maintain a highly effective component of the water treatment process that is necessary for public health and safety. Similarly, maintaining the structural integrity and recoating of District tanks will help extend the useful life of those assets, resulting in greater savings in future capital costs than operating costs.

The District's meter replacement program supports accurate customer billing and efficient system monitoring through replacement of damaged, malfunctioning, or inaccurate meters. General Facilities Relocation/Rehabilitation projects, including security upgrades and facility improvements, are intended to preserve District assets, improve site safety, and reduce the likelihood of future maintenance or replacement costs.

The construction of two new wells will provide the District with additional groundwater pumping capacity to replace capacity lost when three wells were taken offline due to their proximity to the recycled water recharge point, while also meeting capacity demands from future growth. The additional pumping capacity will allow the District to take advantage of off-peak power rates and reduce power costs.

The Weaver Basin Shallow Well and Monitoring Well C projects support the District's recycled water recharge program by improving groundwater quality monitoring capabilities and maintaining regulatory compliance. While these projects are not expected to significantly impact operating costs, they are necessary to support ongoing recharge operations and protect groundwater resources.

Water main replacement projects are included in the Capital Improvement Program to replace aging pipes and fittings that are susceptible to seismic damage and to replace undersized mains in support of the District's goal of achieving a 100-year replacement cycle for the distribution system. These projects will reduce emergency repairs and lower associated labor and material costs.

Finally, the addition of a fifth MBR train at the District's water reclamation plant may slightly increase power costs, but will improve operational flexibility and allow for proper membrane maintenance to help prevent system bottlenecks, sewer backups, and spills. The following schedule summarizes the estimated impacts of capital expenditures on future operations:

CAPITAL EXPENDITURE IMPACT OVERVIEW

	Annual Impact on Operations	Nature of Impact
Meter Replacement Program	\$ -	Supports accurate billing and system monitoring / reduced staffing commitments (overtime)
Storage Tank/Reservoir Upgrades & Rehabilitations	-	Extends useful life of assets / avoids future replacement costs
Plant 134 Membrane Replacement	-	Extends useful life / maintains water supply reliability
Pipeline Upgrades	120,000	Reduced staffing needs and emergency repair costs
Plant 129 & 152 Well Design & Construction	100,000	Increased groundwater capacity and ability to utilize off-peak electric rates
General Facilities Relocations/Rehabilitations	-	Preserves facilities / reduces future maintenance and energy costs
Additional MBR at SNRC	-	Improved operational flexibility / helps avoid sewer overflows and spills
Weaver Basin Shallow Well & Monitoring Well C	20,000	Improved monitoring efficiency / reduced staffing commitments (overtime)
TOTAL CIP EXPENDITURES	\$ 240,000	

The following Capital Improvement Projects section includes further detail for each of the projects that have been proposed for funding in FY 2026-27.

CIP 5-YEAR PROGRAM SCHEDULE (FY 2027-31)

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
WATER						
Meter Replacement Program	\$ 200,000	\$ 200,000	\$ -	\$ 2,500,000	\$ 200,000	\$ 3,100,000
Canal Zone Storage Reservoir	-	1,600,000	10,000,000	8,000,000	-	19,600,000
Plant 134 Membrane Replacement	460,000	483,000	507,000	532,000	559,000	2,541,000
Tank/Reservoir Rehabilitation	1,070,000	1,145,000	1,225,000	1,311,000	1,403,000	6,154,000
Plant 134 Pretreatment Feasibility Study	-	100,000	-	-	-	100,000
Reservoir Seismic Retrofits (Grant)	-	3,600,000	3,600,000	2,400,000	-	9,600,000
Reservoir Seismic Retrofits (Reserves)	-	900,000	900,000	600,000	-	2,400,000

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
Seismic Mitigation Main Replacement - Dwight/Sterling (Grant)	-	4,800,000	7,950,000	-	-	12,750,000
Seismic Mitigation Main Replacement - Dwight/Sterling (Reserves)	-	1,600,000	2,650,000	-	-	4,250,000
Seismic Mitigation Main Replacement - Marshall/Mountain (Grant)	-	-	4,800,000	7,950,000	-	12,750,000
Seismic Mitigation Main Replacement - Marshall/Mountain (Reserves)	-	-	1,600,000	2,650,000	-	4,250,000
Plant 129 Well Design & Construction	3,500,000	-	-	-	-	3,500,000
Well 152 Design & Construction - District Headquarters (Grant)	1,000,000	1,900,000	-	-	-	2,900,000
Well 152 Design & Construction - District Headquarters (Reserves)	1,000,000	2,450,000	-	-	-	3,450,000
Well 3 of 3	-	-	500,000	3,000,000	3,000,000	6,500,000
Water Main Replacements	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	9,000,000
Facility Relocations	100,000	100,000	100,000	100,000	100,000	500,000
Facility Relocation - Baseline Bridge Water Main	-	-	1,000,000	-	-	1,000,000
Facility Rehabilitations	444,000	75,000	75,000	75,000	75,000	744,000
Plant 101 Upgrade/Rehabilitation	950,000	-	-	-	-	950,000
WATER SUBTOTAL	\$ 9,724,000	\$ 20,953,000	\$ 36,907,000	\$ 31,118,000	\$ 7,337,000	\$ 106,039,000

Project prioritization helps ensure capital investments are aligned with the District's highest operational and infrastructure needs.

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
RECLAMATION						
Additional Membrane Bioreactor	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000
Weaver Basin - Shallow Well	150,000	-	-	-	-	150,000
Monitoring Well C	1,000,000	-	-	-	-	1,000,000
SNRC MBR Membrane Replacement	-	-	-	-	1,400,000	1,400,000
Replace Diffusers	-	500,000	500,000	500,000	-	1,500,000
Replace UV Lamps	-	150,000	150,000	-	-	300,000
RECLAMATION SUBTOTAL	\$2,750,000	\$ 650,000	\$ 650,000	\$ 500,000	\$ 1,400,000	\$ 5,950,000
TOTAL	\$12,474,000	\$21,603,000	\$37,557,000	\$31,618,000	\$ 8,737,000	\$111,989,000

CIP 5-YEAR FUNDING SCHEDULE (FY 2027-31)

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
Water Replacement Reserve	\$ 4,224,000	\$ 7,053,000	\$ 8,557,000	\$ 10,768,000	\$ 7,337,000	\$ 37,939,000
Water Capacity Fees	4,500,000	2,000,000	2,000,000	2,000,000	-	10,500,000
Water Grants	1,000,000	10,300,000	16,350,000	10,350,000	-	38,000,000
Bond / Debt Proceeds	-	1,600,000	10,000,000	8,000,000	-	19,600,000
Reclamation Capacity Fees	2,750,000	-	-	-	-	2,750,000
Reclamation Replacement Reserve	-	150,000	150,000	-	1,400,000	1,700,000
Reclamation Grants / SGIP	-	500,000	500,000	500,000	-	1,500,000
TOTAL	\$12,474,000	\$21,603,000	\$37,557,000	\$31,618,000	\$ 8,737,000	\$111,989,000

CIP FY 2026-27 PROPOSED FUNDING

	Capital Replacement Reserve	Capacity Fees	Grants / Loans / Other	Project Total
WATER				
Meter Replacement Program	\$ 200,000	\$ -	\$ -	\$ 200,000
Plant 134 Membrane Replacement	460,000	-	-	460,000
Tank/Reservoir Rehabilitation	1,070,000	-	-	1,070,000
Plant 129 Well Design & Construction	-	3,500,000	-	3,500,000
Well 152 Design & Construction - District Headquarters	1,000,000	-	1,000,000	2,000,000
Water Main Replacements	-	1,000,000	-	1,000,000
Facility Relocations	100,000	-	-	100,000
Facility Rehabilitations	444,000	-	-	444,000
Plant 101 Upgrade/Rehabilitation	950,000	-	-	950,000
WATER SUBTOTAL	\$4,224,000	\$4,500,000	\$ 1,000,000	\$ 9,724,000
WATER RECLAMATION				
Additional Membrane Bioreactor	\$ -	\$ 1,600,000	\$ -	\$ 1,600,000
Weaver Basin - Shallow Well	-	150,000	-	150,000
Monitoring Well C	-	1,000,000	-	1,000,000
WATER RECLAMATION SUBTOTAL	\$ -	\$ 2,750,000	\$ -	\$ 2,750,000
TOTAL	\$4,224,000	\$ 7,250,000	\$ 1,000,000	\$12,474,000

Capital Budget Section

CAPITAL IMPROVEMENT PROJECTS



CAPITAL IMPROVEMENT PROJECTS

- Meter Replacement Program
- Plant 134 Membrane Replacement
- Tank/Reservoir Rehabilitation
- Plant 129 Well Design & Construction
- Plant 152 Well Design & Construction (District Headquarters)
- Water Main Replacements
- Facility Relocations
- Facility Rehabilitations
- Plant 101 Upgrade/Rehabilitation
- Additional Membrane Bioreactor
- Weaver Basin Shallow Well
- Monitoring Well C

Projects included in the CIP are individually significant construction projects with a cost of more than \$25,000, and either create a new capital asset, improves an existing asset (increases its service capacity, etc.), or significantly extends an asset's expected useful life.



The District's capital program reflects a continued commitment to innovation, infrastructure investment, and long-term progress.



MICHAEL MOORE | GENERAL MANAGER/CEO

METER REPLACEMENT PROGRAM



The District began implementing Advanced Metering Infrastructure (AMI) in 2016, completing full installation of hardware, software, and meters across the service area in 2021.

As early-installed components such as meters, registers, and antennas approach or exceed 10 years of service, the District is initiating a phased replacement program to address aging and potentially unreliable equipment. Funds allocated to this project will be used to proactively replace these components to maintain meter accuracy, ensure continued system reliability, and extend the overall life of the AMI network.

**START DATE:**

July 2026

PROJECT MANAGER:

Meter Services / Operations

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$200,000

PROJECT TYPE:*Water***PRIOR YEARS BUDGET:**

N/A

LOCATION:

Districtwide

CAPITAL REQUESTS:

Annual Budget Request

Benefits to the Community



Provide customers with meter information in a digital format.



Enhance operations by digitizing consumption information.



Help identify water leaks and losses sooner.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	200,000	200,000	-	2,500,000	200,000	3,100,000
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ 200,000	\$ -	\$ 2,500,000	\$ 200,000	\$ 3,100,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	200,000	200,000	-	2,500,000	200,000	3,100,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 200,000	\$ 200,000	\$ -	\$ 2,500,000	\$ 200,000	\$ 3,100,000



METER REPLACEMENT PROGRAM

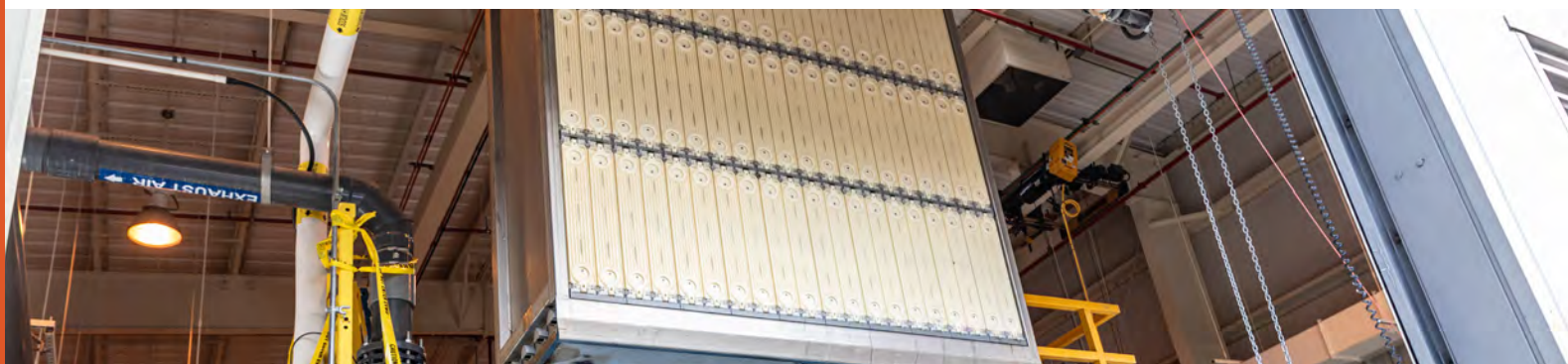
PLANT 134

MEMBRANE REPLACEMENT



Plant 134, the District's surface water treatment facility, operates five water filtration trains, each equipped with 180 membrane filters. The membrane manufacturer recommends replacement every 5 to 7 years to maintain treatment efficiency and reduce maintenance needs.

Beginning in FY 2017-18, the District initiated a phased replacement of the membranes, replacing one train per year over four years. Replacement of the fifth train was deferred due to funding priorities and improved in-house repair capabilities, with those membranes ultimately replaced in FY 2023-24. In FY 2026-27, the District will restart the membrane replacement cycle, beginning with Train 1, which has now been in service for seven years. A budget of \$460,000 has been allocated for this work.

**START DATE:**

July 2026

PROJECT MANAGER:

Water Treatment

ESTIMATED COMPLETION:

June 2031

TOTAL PROJECT COST:

\$2,541,000

PROJECT TYPE:*Water***PRIOR YEARS BUDGET:**

N/A

LOCATION:

District's Surface Water Treatment Facility

CAPITAL REQUESTS:

Annual Budget Request

Benefits to the Community



Allows the District to continue to meet local, State, and Federal system requirements.



Enhancements to the water treatment facility.



Protects health and safety of the community.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	460,000	483,000	507,000	532,000	559,000	2,541,000
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 460,000	\$ 483,000	\$ 507,000	\$ 532,000	\$ 559,000	\$ 2,541,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	460,000	483,000	507,000	532,000	559,000	2,541,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 460,000	\$ 483,000	\$ 507,000	\$ 532,000	\$ 559,000	\$ 2,541,000



PLANT 134 MEMBRANE REPLACEMENT

TANK/RESERVOIR REHABILITATION



The District recently completed a comprehensive, multi-year inspection program of all water storage tanks, resulting in an engineering report that identifies and prioritizes critical rehabilitation needs.

Many of these projects are operationally complex due to limited or no redundant storage capacity, which restricts construction windows to low-demand periods and requires creative approaches to ensure continuous water distribution. For FY 2026-27, the District will focus on the rehabilitation of the 0.5-million-gallon tank at Plant 99, located within the Canal Pressure Zone. This work is essential to preserving system reliability and extending the useful life of this key infrastructure asset.

**START DATE:**

October 2026

PROJECT MANAGER:

Engineering

ESTIMATED COMPLETION:

May 2027

TOTAL PROJECT COST:

\$1,070,000

PROJECT TYPE:*Water***PRIOR YEARS BUDGET:**

Costs from Previous Tank Rehabilitations Do Not Accumulate

LOCATION:

Plant 99

CAPITAL REQUESTS:

New Project

Benefits to the Community



Help prolong the tank's operating life.



Install anti-corrosion system and make repairs to maintain tank reliability.



Allows the District to continue to meet the community's water needs.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 100,000	\$ 107,000	\$ 114,000	\$ 122,000	\$ 131,000	\$ 574,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	970,000	1,038,000	1,111,000	1,189,000	1,272,000	5,580,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$1,070,000	\$ 1,145,000	\$ 1,225,000	\$ 1,311,000	\$ 1,403,000	\$ 6,154,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	1,070,000	1,145,000	1,225,000	1,311,000	1,403,000	6,154,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,070,000	\$ 1,145,000	\$ 1,225,000	\$ 1,311,000	\$ 1,403,000	\$ 6,154,000



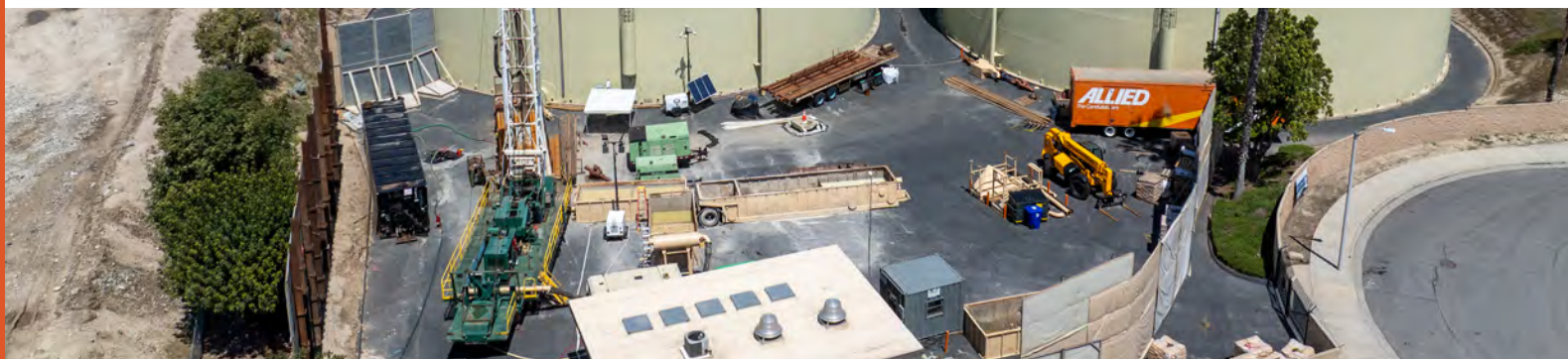
TANK/RESERVOIR REHABILITATION

PLANT 129 WELL DESIGN & CONSTRUCTION



The Drought Contingency Plan (DCP) includes a list of mitigation actions needed to protect against potential risks and impacts from drought and to increase flexibility and resiliency. The Priority 1 mitigation actions in the DCP include six projects to drill and equip new groundwater wells.

A Site Feasibility for New Groundwater Production Well Technical Memorandum, which is included as part of the DCP, provided a high-level assessment of Plant 129 and determined that the site is suitable for a new production well. This project will design, drill, and equip a new groundwater production well at Plant 129.

**START DATE:**

March 2024

PROJECT MANAGER:

Engineering

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$5,000,000

PROJECT TYPE:*Water***PRIOR YEARS BUDGET:**

\$1,500,000

LOCATION:

Plant 129

CAPITAL REQUESTS:

Ongoing Project

Benefits to the Community



Increase District groundwater production capacity.



Allows the District to continue to meet the community's water needs.



Allows the District to continue to meet local, State, and Federal system requirements.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	3,500,000	-	-	-	-	3,500,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$3,500,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	3,500,000	-	-	-	-	3,500,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$3,500,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000



PLANT 129 WELL DESIGN & CONSTRUCTION

WELL 152 DESIGN & CONSTRUCTION (DISTRICT HEADQUARTERS)



This project supports the District's long-term strategy to increase groundwater production capacity and enhance system reliability. Well 152 will be designed, drilled, and equipped at the District's headquarters property.

Once completed, it will provide an additional local water supply source to help meet demand and reduce dependence on imported water. Project completion is targeted for June 2028, with phased efforts including design, permitting, and construction over the next several fiscal years.



START DATE:

July 2025

PROJECT MANAGER:

Engineering

ESTIMATED COMPLETION:

June 2028

TOTAL PROJECT COST:

\$6,800,000

PROJECT TYPE:

Water

PRIOR YEARS BUDGET:

\$450,000

LOCATION:

3111 Greenspot Road, Highland, CA 92346

CAPITAL REQUESTS:

New Project

Benefits to the Community



Increase District groundwater production capacity.



Allows the District to continue to meet the community's water needs.



Allows the District to continue to meet local, State, and Federal system requirements.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	2,000,000	4,350,000	-	-	-	6,350,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$2,000,000	\$4,350,000	\$ -	\$ -	\$ -	\$ 6,350,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	1,000,000	2,450,000	-	-	-	3,450,000
Grants/Loans	1,000,000	1,900,000	-	-	-	2,900,000
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$2,000,000	\$4,350,000	\$ -	\$ -	\$ -	\$ 6,350,000



WELL 152 DESIGN & CONSTRUCTION (DISTRICT HEADQUARTERS)

WATER MAIN REPLACEMENTS



This project will replace 8,000 linear feet of undersized water mains and mains with a history of leaks. Existing pipelines will be upgraded with new 6-inch and 8-inch ductile iron pipe to improve system reliability, increase fire flow capacity, and support the installation of a fire hydrant at the pipeline terminus.

Work will be performed in-house by District water maintenance crews and will require additional staffing.



START DATE:

July 2026

PROJECT MANAGER:

Operations

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$1,000,000

PROJECT TYPE:

Water

PRIOR YEARS BUDGET:

N/A

LOCATION:

Northwest Portion of the District

CAPITAL REQUESTS:

Annual Budget Request

Benefits to the Community



Replaces water main to prevent a future break.



Allows the District to continue to meet the community's water needs.



Protects health and safety of the community.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 900,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	686,000	600,000	600,000	600,000	600,000	3,086,000
District Labor	214,000	1,200,000	1,200,000	1,200,000	1,200,000	5,014,000
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$ 9,000,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	-	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	1,000,000	-	-	-	-	1,000,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$ 9,000,000



WATER MAIN REPLACEMENTS



FACILITY RELOCATIONS

The District's service area covers all of the City of Highland, parts of the City of San Bernardino and parts of San Bernardino County. When these agencies plan and construct improvements within their jurisdiction, there are occasionally alignment or location conflicts with existing District facilities. When this occurs, the District is frequently obligated to relocate its facilities.

This project budget serves to fund relocation costs as they arise.


START DATE:

July 2026

PROJECT MANAGER:

Engineering

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$100,000

PROJECT TYPE:

Water

PRIOR YEARS BUDGET:

N/A

LOCATION:

Districtwide

CAPITAL REQUESTS:

Annual Budget Request

Benefits to the Community



Relocate system facilities to maintain service reliability.



Work with local agencies to ensure a smooth transition with minimal service interruptions.



Extend the useful life of the distribution system.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	100,000	100,000	100,000	100,000	100,000	500,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	100,000	100,000	100,000	100,000	100,000	500,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000



FACILITY RELOCATIONS



FACILITY REHABILITATIONS

This perennial project supports the ongoing rehabilitation and improvement of District facilities to extend their useful life and maintain safe, efficient operations. Facility rehabilitation efforts address aging infrastructure and ensure facilities remain in good working condition. While specific projects may vary from year to year, all improvements are scoped for completion within a single fiscal year and include structural repairs, system upgrades, and enhancements to security, accessibility, and operational functionality.

Additional improvements include exterior painting of plant facilities to protect surfaces and maintain appearance, slurry coating of parking areas to extend pavement life and improve durability, and wall extensions to increase retaining wall height for enhanced runoff mitigation and site drainage control. Improvements at the SNRC Administration Building consist of installation of concrete steps at the kitchen area to improve accessibility and safety. Finally, the project includes construction of curb extensions at Plant 39 to enhance traffic flow, delineation, and overall site functionality.


START DATE:

July 2026

PROJECT MANAGER:

Facilities Maintenance

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$444,000

PROJECT TYPE:

Water

PRIOR YEARS BUDGET:

N/A

LOCATION:

Districtwide

CAPITAL REQUESTS:

Annual Budget Request

Benefits to the Community



Enhance the security of water facilities.



Prevent unauthorized access.



Extend the useful life of facilities.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	444,000	75,000	75,000	75,000	75,000	744,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 444,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 744,000

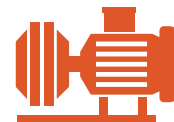
Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	444,000	75,000	75,000	75,000	75,000	744,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 444,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 744,000



FACILITY REHABILITATIONS

PLANT 101 UPGRADE/ REHABILITATION



The Hydro-pneumatic tank and booster pumps at Plant 101 increase water pressure to 37 homes that are situated at elevations too high to be gravity fed by the plant's 1.4-million-gallon reservoir; the Hydro tank is the only means of serving these customers with sufficient water pressure.

An inspection of Plant 101 revealed that the Hydro Tank and booster pumps need to be replaced, but those tasks were deferred until an on-site emergency generator could be installed. With the generator now in place, and design for the tank and boosters complete, replacement of the tank and boosters can be scheduled. An estimated cost of \$950,000 has been included in the FY 2026-27 budget for this project.

**START DATE:**

July 2021

PROJECT MANAGER:

Engineering

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$1,200,000

PROJECT TYPE:*Water***PRIOR YEARS BUDGET:**

\$250,000

LOCATION:

Plant 101

CAPITAL REQUESTS:

Ongoing Project

Benefits to the Community



Extend the useful life of facilities.



Allows the District to continue to meet the community's water needs.



Protects health and safety of the community.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	950,000	-	-	-	-	950,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	950,000	-	-	-	-	950,000
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000



PLANT 101 UPGRADE/ REHABILITATION

ADDITIONAL MEMBRANE BIOREACTOR



This project involves the installation of a fifth membrane bioreactor (MBR) train at the SNRC. The existing treatment process consists of four identical MBR trains, with infrastructure in place to accommodate a future fifth unit. Adding the fifth train at this time will enhance operational flexibility by allowing staff to better manage fluctuating flow conditions and reduce the frequency and severity of membrane fouling.

This proactive expansion supports the long-term performance and reliability of the treatment facility while optimizing maintenance cycles and overall plant efficiency.

**START DATE:**

January 2025

PROJECT MANAGER:

Water Reclamation

ESTIMATED COMPLETION:

December 2026

TOTAL PROJECT COST:

\$10,300,000

PROJECT TYPE:*Water Reclamation***PRIOR YEARS BUDGET:**

\$8,700,000

LOCATION:

Sterling Natural Resource Center

CAPITAL REQUESTS:

Ongoing Project

Benefits to the Community



Enhance
operations to
maintain efficiency.



Increase facility
treatment
capacity.



Increase
groundwater supply
replenishment.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	1,600,000	-	-	-	-	1,600,000
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	1,600,000	-	-	-	-	1,600,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000



ADDITIONAL MEMBRANE BIOREACTOR

WEAVER BASIN SHALLOW WELL



This project involves the construction of a new shallow monitoring well near the Weaver Basin recharge area. Recharging groundwater with recycled water requires monitoring wells to track changes in groundwater quality and to collect data necessary for a tracer study, which is critical for calibrating models used to understand the movement of recycled water within the aquifer.

Due to the exceptionally wet conditions in 2022 and 2023, groundwater levels in the area rose significantly, rendering the existing monitoring well too deep to capture relevant data. The new shallow well will provide accurate water quality data at the appropriate depth, enabling a successful tracer study and ensuring continued regulatory compliance and effectiveness of the groundwater recharge program.


START DATE:

July 2026

PROJECT MANAGER:

Reclamation/Engineering

ESTIMATED COMPLETION:

March 2027

TOTAL PROJECT COST:

\$150,000

PROJECT TYPE:

Water Reclamation

PRIOR YEARS BUDGET:

N/A

LOCATION:

Weaver Basins

CAPITAL REQUESTS:

New Project

Benefits to the Community



Allow the District to monitor groundwater recharge levels.



Provide groundwater quality data and understanding of the aquifer.



Ensure continued regulatory compliance and effectiveness of the groundwater recharge program.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	150,000	-	-	-	-	150,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000



WEAVER BASIN SHALLOW WELL



MONITORING WELL C

This project involves the construction of a new monitoring well about 2.2 miles west of the Weaver Basins on the site of the District's Plant 40. Recharging groundwater with recycled water requires monitoring wells to track changes in groundwater quality to ensure unintended negative impacts do not occur.

Two monitoring wells were constructed prior to the start of groundwater recharge at Weaver Basins. Due to the longer travel time for recycled water to reach the Monitoring Well C area, the construction of this well could be done after recharge activity began.

**START DATE:**

July 2026

PROJECT MANAGER:

Reclamation/Engineering

ESTIMATED COMPLETION:

June 2027

TOTAL PROJECT COST:

\$1,000,000

PROJECT TYPE:*Water Reclamation***PRIOR YEARS BUDGET:**

N/A

LOCATION:

Plant 40

CAPITAL REQUESTS:

New Project

Benefits to the Community



Allow the District to monitor groundwater recharge levels.



Provide groundwater quality data and understanding of the aquifer.



Ensure continued regulatory compliance and effectiveness of the groundwater recharge program.

Project Cost

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
ESTIMATED COST ITEMIZATION						
Planning and Design	\$1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Land and Land Preparation	-	-	-	-	-	-
Construction (Contract)	-	-	-	-	-	-
Project Mgmt/Inspection	-	-	-	-	-	-
Equipment/Furnishings	-	-	-	-	-	-
Materials	-	-	-	-	-	-
District Labor	-	-	-	-	-	-
Other (Legal)	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000

Project Funding

	Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29	Year 4 FY 2029-30	Year 5 FY 2030-31	5-Year Project Total
FINANCING SOURCES						
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	-	-	-	-	-	-
Grants/Loans	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Development Fees	1,000,000	-	-	-	-	1,000,000
Other	-	-	-	-	-	-
ANNUAL TOTAL	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000



**MONITORING
WELL C**

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Capital Budget Section

INFRASTRUCTURE ACCOMPLISHMENTS



The budget reflects the District's commitment to allocating resources to meet the needs of its stakeholders.

INFRASTRUCTURE ACCOMPLISHMENTS



Infrastructure improvements represent a significant investment in maintaining a reliable system for the community served by the District.

There were several Capital Improvement Projects completed during FY 2025-26 that focused on system improvements for both water and wastewater systems.

The District would like to highlight the following:

1 	2 	3 																		
Plant 39 Warehouse Building	Plant 140 Tank Rehabilitation	Plant 134 Membrane Replacement																		
<table><tr><td>PROJECT BUDGET</td><td>\$422,000</td></tr><tr><td>ACTUAL COST</td><td>\$391,289</td></tr><tr><td>COMPLETED</td><td>Sept. 2025</td></tr></table>	PROJECT BUDGET	\$422,000	ACTUAL COST	\$391,289	COMPLETED	Sept. 2025	<table><tr><td>PROJECT BUDGET</td><td>\$1,610,000</td></tr><tr><td>ACTUAL COST</td><td>\$1,614,680</td></tr><tr><td>COMPLETED</td><td>June 2026</td></tr></table>	PROJECT BUDGET	\$1,610,000	ACTUAL COST	\$1,614,680	COMPLETED	June 2026	<table><tr><td>PROJECT BUDGET</td><td>\$443,000</td></tr><tr><td>ACTUAL COST</td><td>\$476,503</td></tr><tr><td>COMPLETED</td><td>January 2026</td></tr></table>	PROJECT BUDGET	\$443,000	ACTUAL COST	\$476,503	COMPLETED	January 2026
PROJECT BUDGET	\$422,000																			
ACTUAL COST	\$391,289																			
COMPLETED	Sept. 2025																			
PROJECT BUDGET	\$1,610,000																			
ACTUAL COST	\$1,614,680																			
COMPLETED	June 2026																			
PROJECT BUDGET	\$443,000																			
ACTUAL COST	\$476,503																			
COMPLETED	January 2026																			
Delivered a new metal warehouse at Plant 39 to centralize water distribution parts storage, strengthening operational readiness, streamlining maintenance workflows, and improving efficiency during critical repair activities.	Successfully rehabilitated the 2-million-gallon storage tank at Plant 140 by completing interior recoating and targeted repairs to enhance asset integrity, operational reliability, and long-term performance.	Replaced the membrane cartridges in Train 1 at Plant 134 in accordance with the manufacturer's seven-year lifecycle recommendation, ensuring continued treatment effectiveness, system reliability, and regulatory compliance.																		

These projects reflect the District's commitment to infrastructure improvements and long-term value for the community.



From infrastructure upgrades to facility improvements,
project investments demonstrate continued progress
across the District.

MICHAEL MOORE | GENERAL MANAGER/CEO



Fiscal Year 2026-27

GLOSSARY

The budget is formally reviewed each quarter, allowing for an opportunity to take formal budget adjustments to the Governing Board for consideration.

Glossary Contents

- Definitions
- Acronyms
- Chart of Accounts

GLOSSARY



Technical terms found in the budget document.

Definitions

A

- **Acre-Foot:** A water measurement equal to 325,851 gallons. - pg. 59
- **Advanced Metering Infrastructure:** The technology of collecting meter reads via a network. - pg. 18
- **Air Quality Management District or South Coast Air Quality Management District:** The air pollution agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin, in Southern California. - pg. 217
- **American Water Works Association:** Established in 1881 and is the largest nonprofit, scientific, and educational association dedicated to managing and treating water. - pg. 31
- **Appropriation:** Board-approved authorization to spend funds on utility operations and capital projects such as pipeline replacements, treatment plant upgrades, SCADA systems, and regulatory compliance activities. - pg. 72
- **Arbitrage:** Relates to managing proceeds from bond issuances (e.g., for infrastructure projects) to ensure compliance with federal tax rules when temporarily investing unused funds before project deployment. - pg. 42
- **Audit:** An annual or periodic independent review of the District's financial statements, capital project spending, and compliance with regulations (e.g., state water boards, grant funding requirements), ensuring accountability for ratepayer funds. - pg. 26

B

- **Balanced Budget:** A financial plan where revenues from water/sewer rates, connection fees, and grants are sufficient to cover operating costs (e.g., treatment, staffing, energy) and capital improvement programs without deficit spending. - pg. i
- **Bonds:** Debt financing used by water/wastewater agencies to fund large-scale infrastructure projects such as treatment facilities, reservoirs, pipelines, and recycled water systems, typically repaid through ratepayer revenues. - pg. 41
- **Budget:** A comprehensive financial and operational plan detailing how the District allocates resources for system maintenance, water quality compliance, capital improvements, emergency response readiness, and long-term sustainability. - pg. i



The District is committed to sound stewardship and transparent operations, through its presentation of the capital and operating budget to the community.

C

- **California CLASS:** A local government investment pool that provides California public agencies with a professionally managed, liquid investment option for public funds. - pg. 156
- **California Public Employees' Retirement System:** An agency in the California executive branch that manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families. - pg. 47
- **California Special Districts Association:** A 501c(6) not-for-profit association that promotes good governance and improved core local services through professional development, advocacy, and other services for independent special districts. - pg. 7
- **Capital Outlay and Construction Costs:** Capitalized and expensed over the useful life of the asset on a Generally Accepted Accounting Principles basis; shown as a current expenditure on a budget basis. - pg. 5
- **Closed Circuit TV:** The use of video cameras to transmit a signal to a limited set of monitors. - pg. 211
- **Compensated Absence:** An expense that reflects the change in related accrued liabilities during the accounting period on the Generally Accepted Accounting Principle basis, but for budget purposes, expense includes anticipated leave time to be used and/or cashed by employees during the fiscal year. - pg. 47

D

- **Depreciation:** Recorded annually to expense the cost of a capital asset over its useful life on a General Accepted Accounting Principle basis but is not contemplated on the budget basis. - pg. 47
- **Diesel and Off Road Reporting System:** Online tool to report off-road diesel vehicle inventories and reduction of emissions to the California Air Resources Board. - pg. 229

E

- **Enterprise Fund:** Business-type funds used to report an activity for which a fee is charged to external users for goods or services - pg. 47

F

- **Fees:** Charges for service that are based upon the cost of providing the service. - pg. 40
- **Fiscal Year:** The time frame in which the budget applies. This period is from July 1 through June 30. - pg. i
- **Full-Time:** A measure of effective authorized positions, indicating the percentage of time a position or group of positions is funded. It is calculated by equating 2,080 hours of work per year with the full-time equivalent of one position. - pg. iii
- **Fund:** An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives. - pg. ii
- **Fund Equity:** The excess of an entity's assets over its liabilities; a negative Fund Equity is sometimes called a deficit. - pg. 72

G

- **Generally Accepted Accounting Principles:** 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. Generally Accepted Accounting Principles (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 statements on the application of GAAP to state and local governments are Government Accounting Standards Board pronouncements. GAAP provides a standard by which to measure financial presentations. - pg. 47

- **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. - pg. 24
- **Governmental Accounting Standards Board:** A private, non-governmental organization who is the source of generally accepted accounting principles used by State and Local governments in the U.S. - pg. 47
- **Government Finance Officers Association:** Represents public finance officials throughout the United States and Canada. - pg. 6
- **Groundwater:** Water that occurs below the surface of Earth. - pg. iii

H

- **Hundred Cubic Feet:** Water billing measurement equal to 748 gallons. - pg. 55

K

- **Key Performance Indicator:** Monitors progress towards meeting program objectives. - pg. 119

L

- **Laserfiche:** A digital content management software. - pg. 132
- **Local Agency Investment Fund:** A program administered by the California State Treasurers office to give local agencies and special districts the opportunity to participate in a major portfolio using the investment expertise of the Treasurer's Office Investment staff. - pg. 94

M

- **Membrane Bioreactor:** A process that combines a biological treatment step with membrane filtration. - pg. 217

N

- **North Fork Water Company:** A mutual water company that secures surface water from the Santa Ana River and other available sources for delivery to its shareholders. - pg. 63

P

- **Pension Expense:** Budgeted based on employer contribution rates assigned by the California Public Employees' Retirement System. For financial statement reporting, pension expense is recorded based on the change to the net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68. - pg. 47
- **Principal Payments:** Payments on long-term debt are applied to reduce the outstanding liability on a Generally Accepted Accounting Principle basis; shown as a current expenditure on a budget basis. - pg. 47
- **Purchased Water:** Imported water purchased from the California State Water Project. - pg. 64

R

- **Revenue:** Income generated by assessments, investments, connection fees, stand-by fees, and user charges. - pg. i
- **Reserve:** An account set aside to meet unexpected costs. - pg. iii

S

- **San Bernardino Valley Municipal Water District (San Bernardino Valley):** Formed in 1954 as a regional agency to plan a long-range water supply for the San Bernardino Valley. - pg. 8
- **Section Sign (§):** Typographical glyph for referencing numbered sections of a document. - pg. 38
- **Self-Generation Incentive Program:** Designed to help major California utilities with energy storage generation systems. - pg. 60
- **Single-Family Residential:** A stand-alone residential building. - pg. 55

- **Southern California Edison (SCE or Edison):** Provides electricity to the District's service area. - pg. 27
- **Sterling Natural Resource Center:** The Sterling Natural Resource Center (SNRC) is a state-of-the-art facility capable of recycling up to 8 million gallons of water per day, that recharges the local Bunker Hill Groundwater Basin. - pg. 7
- **Supervisory Control and Data Acquisition:** Generally refers to an industrial computer system that monitors and controls a process. - pg. 18
- **Surface Water:** Found in large bodies such as oceans or lakes which flows overland in streams. - pg. 8

T

- **Tyler Accounting System:** The District's enterprise resource planning software that integrates across all business processes and activities. - pg. 23

W

- **Wastewater Collection System Master Plan:** Outlines existing deficiencies and facility requirements to meet increasing demands. It provides a general assessment to create a comprehensive CIP for the wastewater collection system. - pg. 236
- **Water Master Plan:** Provides information on proposed CIP for the water system, including phasing of the necessary projects and capital requirements taking existing deficiencies and facility requirements to meet both current and future demand in consideration. - pg. 236

Glossary Section

ACRONYMS



The District is committed to sound stewardship and transparent operations, through its presentation of the capital and operating budget to the community.

ACRONYMS



Technical acronyms found in the budget document.

A

- **ACFR:** Annual Comprehensive Financial Report - pg. 156
- **ADC:** Actuarially Determined Contribution - pg. 156
- **ADU:** Accessory Dwelling Unit - pg. 54
- **AF:** Acre-Foot - pg. 56
- **AMI:** Advanced Metering Infrastructure - pg. 18
- **AQMD or SCAQMD:** Air Quality Management District or South Coast Air Quality Management District - pg. 181
- **AWWA:** American Water Works Association - pg. 24

B

- **BAR:** Bureau of Automotive Repair - pg. 229

C

- **CAC:** Community Advisory Commission - pg. ii
- **CalFire:** California Department of Forestry and Fire and Protection - pg. 9
- **CalPERS:** California Public Employees' Retirement System - pg. 47
- **CARB:** California Air Resources Board - pg. 229
- **CCTV:** Closed-Circuit Television - pg. 164
- **CEO:** Chief Executive Officer - pg. 5
- **CFD:** Community Facilities District - pg. 54
- **CGC:** California Government Code - pg. 38
- **CHEF:** Community Heritage Education Foundation - pg. 26
- **CII:** Commercial, Industrial, and Institutional - pg. 23
- **CIP:** Capital Improvement Program - pg. iii
- **CISCO:** Computer Information System Company - pg. 24
- **CLASS:** California Cooperative Liquid Assets Securities System - pg. 156
- **CMMS:** Computerized Maintenance Management System - pg. 217
- **COLA:** Cost of Living Adjustment - pg. 61
- **CSMFO:** California Society of Municipal Finance Officers - pg. 6
- **CWEA:** California Water Environment Association - pg. 24



Every budget decision represents a balance between today's operational needs and tomorrow's infrastructure priorities.

D

- **DORRS:** Diesel and Off Roding Reporting System - pg. 229

E

- **EOC:** Emergency Operations Center - pg. 137
- **ERP:** Enterprise Resource Planning - pg. 25
- **EVWD:** East Valley Water District - pg. i
- **EV:** Electric Vehicle - pg. 27

F

- **FY:** Fiscal Year - pg. i
- **FOG:** Fats, Oils, and Grease - pg. 18

G

- **GASB:** Governmental Accounting Standards Board - pg. 25
- **GAAP:** Generally Accepted Accounting Principles - pg. 47
- **GIS:** Geographic Information System - pg. 24
- **GFOA:** The Government Finance Officers Association - pg. 6

H

- **HCF:** Hundred Cubic Feet - pg. 55
- **HCP:** Habitat Conservation Plan - pg. 236
- **HOA:** Homeowners Association - pg. 23

K

- **KPI:** Key Performance Indicator - pg. 4

L

- **LAIF:** Local Agency Investment Fund - pg. 55
- **LRIP:** Local Resource Investment Program - pg. 59

M

- **MBR:** Membrane Bioreactor - pg. 217
- **MG:** Million Gallon - pg. 8
- **MGD:** Million Gallons Per Day - pg. 17
- **MOU:** Memorandum of Understanding - pg. 26

N

- **NFWC:** North Fork Water Company - pg. 63

O

- **OIT:** Operator in Training - pg. 138
- **OPEB:** Other Post Employment Benefits - pg. 47
- **OT:** Overtime - pg. 61

P

- **PAFR:** Popular Annual Financial Report - pg. 156
- **PE:** Preferred Service - pg. 217
- **PFAS:** Per- and Polyfluoroalkyl Substances - pg. 144
- **PFOA:** Perfluorooctanoic Acid - pg. 200
- **PFOS:** Perfluorooctane Sulfonate - pg. 200
- **PRV:** Pressure Regulating Valve - pg. 185
- **PT:** Part-Time - pg. 15

R

- **RFP:** Request for Proposal - pg. 25
- **RUSD:** Redlands Unified School District - pg. 9

S

- **SAR:** Santa Ana River - pg. 8
- **SBCUSD:** San Bernardino City Unified School District - pg. 9
- **SBMWD:** City of San Bernardino Municipal Water Department - pg. 68
- **SCADA:** Supervisory Control and Data Acquisition - pg. 15
- **SCE:** Southern California Edison - pg. 27
- **SFR:** Single-Family Residential - pg. 55
- **SGIP:** Self-Generation Incentive Program - pg. 60
- **SNRC:** Sterling Natural Resource Center - pg. iii
- **SOP:** Standard Operating Procedure - pg. 26
- **SRF:** State Revolving Fund - pg. 41
- **SWP:** State Water Project - pg. 8
- **SWRCB:** State Water Resources Control Board - pg. 67

T

- **TBD:** To be determined - pg. 90
- **TSS:** Total Suspended Solids - pg. 219

U

- **UAL:** Unfunded Accrued Liability - pg. 126
- **UPS:** Uninterruptible Power Supply - pg. 185
- **U.S. EPA:** United States Environmental Protection Agency - pg. 31

W

- **WDR:** Waste Discharge Requirements - pg. 217

Glossary Section

CHART OF ACCOUNTS



The District actively enhances communication methods to reach a variety of stakeholders.

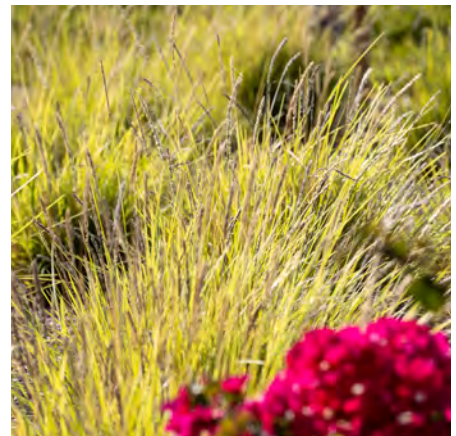
CHART OF ACCOUNTS



In order to maintain consistency across programs and ease the ability to compare expenses, each program budget detail has allocated District resources within a specific list of revenue and expense accounts. This budget includes specific accounts that will be used throughout the current fiscal year.

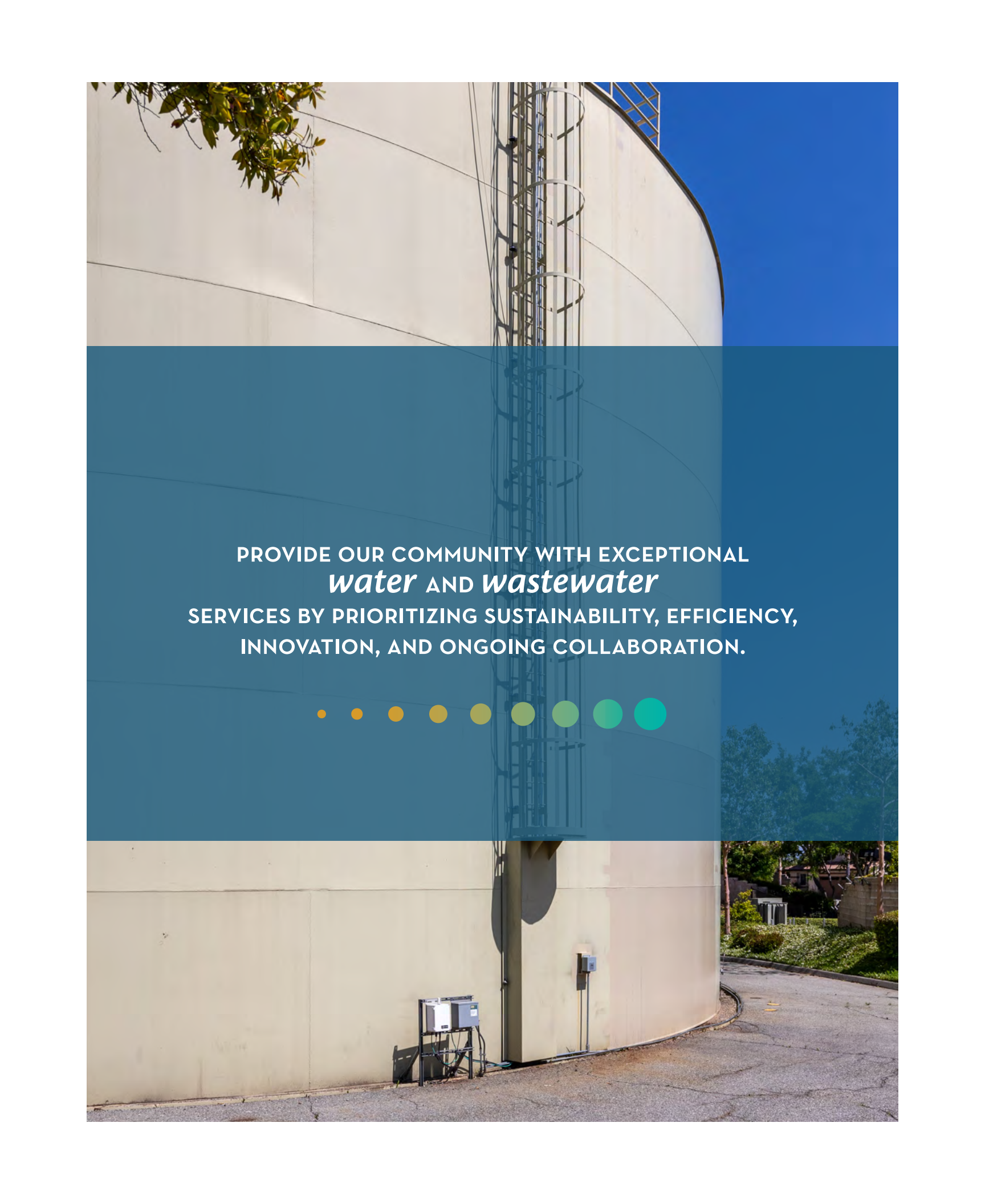
Below is a listing of the District's Chart of Accounts with a brief description of each account.

- **5101 - Regular Labor:** Regular salaries and wages for permanent full-time and part-time employees
- **5102 - Temporary Labor:** Costs for labor not permanently employed by the District
- **5103 - Overtime:** Employees that work more than their regular 40 hours per week
- **5104 - Standby:** Employees that are on call for emergencies during non-business hours, weekends, and holidays
- **5200 - Benefits:** Medical, dental, vision, retirement, and related benefits offered by the District
- **5999 - CIP Labor Offset:** Salaries and wages to offset Regular Labor for staff who work on CIP Projects.
- **6101 - Purchased Water:** Cost to purchase imported water
- **6102 - Groundwater Replenishment:** Cost to pump groundwater from the basin
- **6103 - Water Assessments:** Cost of water shares directly related to North Fork Water Company
- **6201 - Materials & Supplies:** Items used in daily operations, repair, and maintenance
- **6202 - Tools:** Items used to perform repair and maintenance activities
- **6203 - Office Supplies:** Items such as pens, paper, and other related desk accessories
- **6204 - Chemicals:** Used for the treatment of water and cleaning equipment and tools
- **6205 - Conservation Rebates:** Costs to reimburse customers for eligible conservation efforts
- **6301 - Contract Services:** Services rendered by consultants and contractors; software subscriptions and licensing
- **6302 - Banking Services:** Service fees charged by financial institutions, merchant banks, and payment processors



Every budget decision represents a balance between today's operational needs and tomorrow's infrastructure priorities.

- **6303 - Printing & Publishing:** Costs for printing and producing District publications
- **6304 - Legal Services:** Costs for legal advice, consultation, contract review, and litigation
- **6305 - Treatment Services:** Outside treatment services for wastewater
- **6306 - Rents & Leases:** Rental and lease costs for buildings and equipment that are not owned by the District
- **6307 - Uniforms:** Costs for the purchase, rental and laundering of uniforms, and other sundries for employees
- **6308 - Billing Services:** Costs associated with printing and mailing customer utility bills
- **6309 - Shut Off Notice Services:** Costs associated with the printing and delivery of 48 Hour Notices; these costs are charged back to customers through a fee
- **6310 - Street Services:** Costs associated with street restoration after District performs repairs and maintenance to existing infrastructure
- **6311 - Landscape Services:** Costs to maintain landscape, sprinklers, and weed abatement throughout the District
- **6312 - Janitorial Services:** Costs to clean and maintain District facilities
- **6313 - Facilities Repair:** Tracking of minor repairs for District facilities
- **6314 - Litigation Expense:** Costs associated with legal proceedings, legal action, lawsuits, legal disputes, or legal cases
- **6401 - Utilities:** Cable, gas, and other utilities not including telephone and electricity
- **6402 - Telephone:** Land lines, cellular phones, and internet services
- **6403 - Electricity:** Power costs for operating wells, pumps and boosters, treatment plants, and other facilities
- **6404 - Fuel:** Fuel costs for vehicles and generators
- **6405 - Permits:** Permit costs required by Federal, State, and local regulatory agencies
- **6406 - Postage:** Costs for mailing bills, publications, and special deliveries
- **6501 - Memberships & Dues:** Subscriptions (not including software) and memberships for associations and special groups; award applications
- **6502 - Professional Development:** Seminars, conferences, and travel costs for employee development
- **6503 - Education Assistance:** Tuition reimbursement for employees who attend school for a degree or certificate
- **6504 - Meetings:** Costs such as meals, parking, and registration that are not related to professional development
- **6505 - Employee Recognition:** Employee recognition costs to recognize excellent performance throughout the year
- **6701 - General Insurance:** General liability insurance for the District's facilities and infrastructure development
- **6702 - Insurance Claims:** Cost of insurance claims paid during the fiscal year
- **6703 - Cash Over/Short:** Accounts for customer payment processing discrepancies
- **6704 - Bad Debt:** Account used to write off uncollectible customer unpaid water or wastewater charges
- **6705 - Retiree Benefits:** Other post-employment benefits reimbursed to District retirees
- **6706 - Inventory Over/Short:** Account used to report overage or shortage when reconciling inventory



PROVIDE OUR COMMUNITY WITH EXCEPTIONAL
water AND *wastewater*
SERVICES BY PRIORITIZING SUSTAINABILITY, EFFICIENCY,
INNOVATION, AND ONGOING COLLABORATION.



BUDGET ADOPTION

June 24, 2026

EAST VALLEY WATER DISTRICT

District Board Meetings

Second and Fourth Wednesday of Each
Month at 5:00pm

District Headquarters Board Room
3111 Greenspot Road, Highland, CA 92346

District Headquarters

3111 Greenspot Road
Highland, California 92346

Sterling Natural Resource Center

25318 5th Street
San Bernardino, California 92410