



# 2025 - 2026 ANNUAL BUDGET



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**Principal Officials**  
On the Budget Approval Date of April 10, 2025

**PRESIDENT**  
Michael Gaskins

**VICE-PRESIDENT**

Kathryn Freshley

**BOARD OF DIRECTORS**

Wyatt McClean

Mark Monin

Kay Havens

**GENERAL MANAGER**

Dennis Cafferty

**MANAGEMENT TEAM**

Judy Cimorell  
Vishav Sharma  
Scott Hopkins  
Mike Miazga  
Hannah Ford

Director of Human Resources  
Chief Financial Officer  
Operations Superintendent  
Information Technology Manager  
Director of Engineering



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

April 10, 2025

Presented for your review and consideration is the Budget document for the El Toro Water District for Fiscal Year 2026, which begins July 1, 2025 and ends June 30, 2026. The District's budget provides a framework for achieving the strategic objectives established by the District Board and illustrates how the resources entrusted to the District by customers are utilized to provide effective, efficient, and high-quality water, wastewater, and recycled water services. The core purposes of the District's annual budget include estimating the financial resources that will be available to the District during the budget period and authorizing a spending plan that utilizes those financial resources to support the District's services, programs, and projects. The Budget is developed and modified through an extensive review process that involves the Board of Directors and Staff and reflects a continued commitment by the District to deliver safe, reliable, and high-quality services to customers.

The District remains committed to keeping rates as low as possible for customers but the price increases that are happening in the economy are a severe challenge for achieving this goal. The 2025-26 budget reflects the District's proactive approach to addressing rising costs and economic uncertainty, ensuring fiscal responsibility in the face of evolving challenges. While overall inflation is expected to be stable from previous elevated levels, the costs of purchased water, electrical power, chemicals, insurance, and labor are anticipated to rise. The U.S. economy faces considerable uncertainty due to a variety of factors. These potentially inflationary pressures directly impact the District's 2025-2026 budget.

In fiscal year 2023-24 the District published a three-year rate study and 218 Notice that identified a three-year rate plan to support its Operations and Maintenance and Capital budgets. After developing the 2025-26 draft budget and analyzing various scenarios, staff propose the District continue to follow the path we created in 2023-24 fiscal year for the Capital rates and Wastewater Operations and Maintenance charges.

The Metropolitan Water District adopted budget identifies a 9.5% rate increase on the purchase of treated imported water and an overall cost increase, inclusive of fixed charges, of 10.6%. The cost of water supplies is passed on to the customers without adding any operations or capital charges. Similar to the 2024-25 budget, the increase in the cost of purchased water will require a new rate study and Proposition 218 Notice for the water commodity rate.

The three-year rate study and 218 Notice prepared for the 2023-24 fiscal year budget tied increases in the Water Operations and Maintenance charge to the CPI index. The February CPI figure was 3.4%. A 3.4% increase in the Water O&M charge would result in a significant deficit in the water enterprise. Staff are proposing a 12.9% increase in the Water O&M Charge to produce the small surplus requested by the Budget Committee. The rate increase, exceeding the prior 218 Notice, will require a new rate study and 218 Notice (see attachment 16) for the Water Operations and Maintenance charge.

The process of developing the annual budget includes a thorough assessment of the external environment so the District can respond to challenges that may occur in a particular budget period.

The following examples of cost increases and decreases identify certain of the key drivers in the 2025-26 budget:

- Purchased water expense is projected to increase \$886,502 or 8.99%;
- Electrical power costs are projected to increase by \$240,000 or 11.85%.
- Contracted services expense is projected to increase \$481,736 or 7.59%;
- Commodities or supplies expense is projected to increase \$57,105 or 4.28%;
- Total labor and benefits increase inclusive of base salaries, the performance-based merit pool, benefits and workers compensation premiums at \$582,100 or 5.51%.
- Retiree Health Insurance cost is projected to increase \$57,000 or 16.29%;

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

- Chemical costs are relatively stable from budget to budget.
- Legal Services expenses remain stable in the 2025-2026 Budget;

### **Review of Accomplishments in the 2024 - 2025 Budget Period**

Throughout the 2024 - 2025 budget period, the District accomplished many of the objectives and projects incorporated into the 2024 - 2025 Budget plan, including:

#### **Significant Achievements & Projects**

- The District's continued its commitment to excellent financial management practices as demonstrated by the receipt of the Certificate of Achievement for Excellence in Financial Reporting for the FY 2023 Comprehensive Annual Financial Report, a national recognition of the District's financial reporting by the Government Finance Officers Association (GFOA) of the United States.
- The District successfully implemented new billing module from Springbrook software during the fiscal year. The implementation of the system occurred towards the end of the 2023-24 fiscal year and continued into the 2024-25 fiscal year.
- The District utilized the 2022 Revenue Bond proceeds to continue capital improvement projects that will refurbish significant portions of the District's infrastructure, as described below.

#### **Infrastructure Improvements**

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

- The water distribution system 2025-2026 capital budget includes replacing pumps and motors at the Shenandoah Booster Station. In addition, multiple other capital projects for the water system are budgeted for 2025-2026 including coating the roof of the R-5 Reservoir, stabilizing the R-6 Reservoir southern slope, improving the cathodic protection system on Moulton Parkway and El Toro Road, rehabilitating Pressure Reducing Station No. 19, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.
- The wastewater collection and treatment system 2025-2026 capital budget include construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project at the WRP. In addition, multiple other capital projects for the wastewater system are budgeted for 2025-2026 including the Westline Main Switchboard Replacement, 4920 Lift Station Pump Replacement, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.
- The recycled water 2025-2026 capital budget includes implementing solutions to optimize the tertiary disinfection system. Any additional revenue beyond these expenditures generated from the capital rate charges is being used to pay the debt service costs.

### **Goals and Objectives for the 2025 – 2026 Budget**

The 2025 – 2026 budget includes the following goals and objectives:

- Continue setting rates for operating activities that generate enough revenue to fully support operating expenses;
- Continue the process of increasing Capital Rates to generate additional Capital Facility revenue to fully fund the 2022 Revenue Bond debt service expenses from recurring revenue and to enhance investment in the District capital infrastructure which is necessary to provide reliable service;
- Establish a reliable, stable and predictable rate adjustment strategy that minimizes impact to customers;
- Generate a revenue to maintain minimum reserve levels sufficient to fund legally restricted reserves, board mandated reserves and working capital requirements;
- Employ cost containment and reduction strategies and practices as appropriate to cost effectively maintain reliable service levels.

### **Assumptions Integrated into the 2025 – 2026 Budget**

The following budgetary assumptions are incorporated into the budget:

#### **Revenues**

- Potable water sales are based on the purchase of 7,000 acre-feet (AF) of water and delivery of 6,650 AF to customers;
- The potable water usage charge which funds the purchase of water from the Metropolitan Water District through the Municipal Water District of Orange County and the purchase of water from the Baker Water Treatment Plant will increase by approximately 33 cents effective July 1, 2025 and is supported by an independently prepared Cost of Service Study Report;
- The potable water service charge (Water System Operations & Maintenance "O&M") will increase by 12.90% effective July 1, 2025 as defined in the new 218 Notice;
- The wastewater service charge (Wastewater System Operations & Maintenance) will increase by 3.4% effective July 1, 2025 as defined in the multi-year 218 Notice published in 2023;
- The recycled service charge (Recycled Water System Operations & Maintenance "O&M") will increase by 9.79% effective July 1, 2025 as defined in the new 218 Notice;
- The recycled usage charge will increase by 32 cents effective July 1, 2025 and is supported by an independently prepared Cost of Service Study Report;
- Non-rate revenue includes shared maintenance of joint facilities with neighboring agencies, cellular communication site leases and other miscellaneous revenues;
- Property Tax Revenue decrease by \$20,800 (-1.57%) from \$1,320,800 to \$1,300,000. This change reflects the actual property tax revenue collection was less than projected in current year;
- Investment income is projected to increase by \$150,000 due to interest rate increases in prior period;
- Capital facility charges are designed to assist in covering the cost of the water, wastewater and recycled water capital improvement program during the fiscal year and will increase an average of 25% effective July 1, 2025 as defined in the multi-year 218 Notice published in 2023;
- Rate increases comply with all applicable state constitutional and statutory mandates.

#### **Expenses**

- Purchased water costs are affected by the increased rates charged by Metropolitan Water District of Southern California and Municipal Water District of Orange County and the increased operations and maintenance costs associated with the District's owned capacity in the Baker Water Treatment Plant;
- Energy (electrical power) costs have increased based on expected system operations, capital improvements and analysis of actual Southern California Edison rates and charges;
- SOCWA and MNWD Operation costs for regional bio-solids and effluent disposal are projected to stay the same based on the anticipated 2025/26 budget estimates;
- Personnel costs are projected to increase by 5.51%. This include 3.2% COLA and up to 3- % merit increase. Medical premiums and the District's contributions to the employees 401(k) Retirement Savings Plan increases are included in the budget;
- Operating costs exclusive of purchased water, interest, labor and depreciation have increased by approximately 7.17% compared to the prior budget year.

### **Capital Replacement & Refurbishment Program**

- Staff has updated the ten-year Capital Improvement Program (CIP) to preserve water, sewer and recycled water infrastructure, meet regulatory requirements, and ensure continuous quality services are provided. Projected Water, Sewer and Recycled Water capital improvement expenses (projects and equipment) for budget year 2025 - 2026 total \$8.9 million. The 2025 – 2026 capital improvement expenses will be funded by revenue from the Capital Facilities charge combined with 2022 Revenue Bond proceeds and cash reserves accumulated in prior years.
- Revenue generated from the Recycled Water Capital Facilities charge amounts to \$274,000 and will be used to fund recycled water capital projects and to offset the cost of Recycled Water System debt service.

### **Reserves**

- The District maintains three categories of reserves: (1) Restricted Reserves are legally required to be held as the result of contractual agreement or legal requirement; (2) Committed Reserves are established by an action of the Board; and (3) Assigned Reserves are established by management for particular purposes.
- The Committed Reserves include (1) a Capital Construction Reserve, (2) a Rate Stabilization Reserve, (3) an Operating Reserve and (4) Working Capital. The current target reserve level for the Committed Reserves, established by Board policy, is \$9.3 million.
- The 2025 – 2026 Budget continues the process of replenishing the Rate Stabilization, Operating and Working Capital Reserves to the targets defined in the District Cash Reserve Policy.

### **Conclusion**

The 2025 – 2026 Budget is the result of considerable discussion and careful deliberation by the District's Board of Directors and Staff. The preparation, review and deliberation of the budget require a significant time commitment from the organization. The level of commitment demonstrated throughout this process by the Board of Directors and Staff is greatly appreciated by the General Manager and Chief Financial Officer and ensures the successful completion of the budget process. The Budget is optimistic about the future but conservative in its revenue estimates. Most of all, this Budget is the result of a process in which the opportunities and challenges facing the District have been carefully assessed, documented, and addressed to facilitate the accomplishment of the strategic objectives of the Board of Directors.

*Dennis Cafferty*

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Dennis Cafferty  
General Manager



## 2025 – 2026 Budget Summary

This section of the budget document provides a summary of the District’s financial operations, assuming the estimated revenues and expenses incorporated into the 2025 – 2026 Budget occur as forecast. Also presented is a summary of the number of authorized positions included in the 2025 – 2026 Compensation Plan. The charts and graphs in this section provide an overview of total revenues, expenses, and changes in the projected ending financial position for the District.

### Summary of 2025 – 2026 Budgeted Financial Information

The 2025 – 2026 Budget includes \$38,361,993 in estimated revenues and \$37,865,574 in budgeted expenses, resulting in an estimated Change in Net Position of \$496,419 for the 2025 - 2026 Budget Year. The Net Position of the District is forecast to equal \$66,092,073 at the end of the 2025 – 2026 fiscal year.

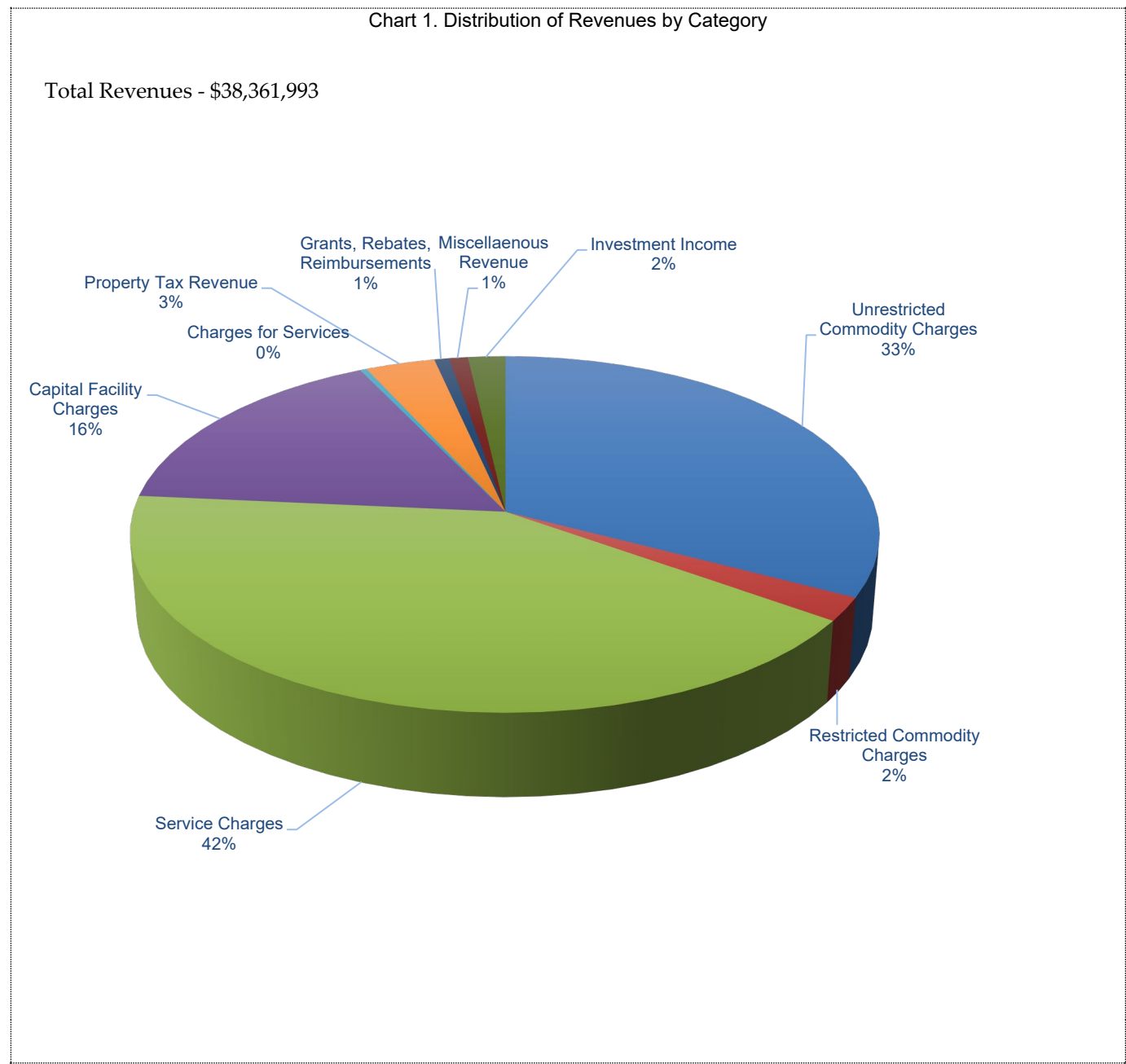
Table 1. Summary of Financial Operations							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
<b>Revenues</b>							
Operating Revenues	27,700,177	26,410,680	28,671,429	32,817,796	34,315,339	36,063,593	9.89%
Non-operating Revenues	1,095,156	1,833,839	2,467,938	2,169,200	2,454,160	2,298,400	5.96%
Capital Grants, Investment Income & Contributions	166,008	8,153,620	5,618,892	-	14,658	-	-
<b>Total Revenues</b>	<b>28,961,341</b>	<b>36,398,139</b>	<b>36,758,259</b>	<b>34,986,996</b>	<b>36,784,157</b>	<b>38,361,993</b>	<b>9.65%</b>
<b>Expenses</b>							
Operating Expenses	30,021,777	29,514,272	33,768,531	33,563,112	33,499,980	35,859,238	6.84%
Non-operating Expenses	1,129,750	1,723,651	1,618,994	2,113,704	2,107,805	2,006,336	-5.08%
<b>Total Expenses</b>	<b>31,151,527</b>	<b>31,237,923</b>	<b>35,387,525</b>	<b>35,676,816</b>	<b>35,607,785</b>	<b>37,865,574</b>	<b>6.13%</b>
<b>Change in Net Position</b>	<b>(2,190,186)</b>	<b>5,160,217</b>	<b>1,370,734</b>	<b>(689,820)</b>	<b>1,176,372</b>	<b>496,419</b>	
<b>Beginning Net Position (July 1)</b>	<b>60,853,624</b>	<b>58,663,438</b>	<b>63,823,655</b>	<b>65,194,389</b>	<b>65,194,389</b>	<b>66,370,760</b>	
<b>Ending Net Position (June 30)</b>	<b>58,663,438</b>	<b>63,823,655</b>	<b>65,194,389</b>	<b>64,504,568</b>	<b>66,370,760</b>	<b>66,867,180</b>	
<b>Net Position (as of June 30)</b>							
Net Investment in Capital Assets	30,402,906	54,968,271	57,428,761				
Restricted - Capital Projects	26,797,887	-	-				
Restricted - Debt Service		-	-				
Unrestricted	1,462,645	8,855,384	7,765,628				
<b>Total Net Position</b>	<b>58,663,438</b>	<b>63,823,655</b>	<b>65,194,389</b>				

## Analysis of District Revenues

Total revenues in the 2025 – 2026 Budget are estimated to be \$38,361,993 an increase of \$3,374,998 (9.65%) compared to 2024 – 2025 budgeted revenues of \$34,986,996. The largest sources of revenue for the District in 2025 – 2026 include Commodity Charges at \$13,340,716 (36.99% of the total), Service Charges at \$15,993,872 (44.35% of the total) and Capital Facility Charges at \$6,276,980 (17.41% of the total). Amongst the three enterprise operations of the District, the Water Enterprise receives 47.79% of total revenues (projected at \$18,331,517 in 2025 – 2026), the Wastewater Enterprise receives 28.86% of total revenues (\$11,070,271), and the Recycled Water Enterprise receives 6.99% (\$2,683,225) of total revenues.

Table 2. Summary of Revenues							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	% Change
Operating Revenues							
Usage Charges							
Water Commodity Charges (Unrestricted)	8,458,976	7,479,815	7,537,990	9,883,704	9,754,600	10,734,833	8.61%
Water Commodity Charges (Restricted)	753,428	667,170	656,904	826,917	1,003,528	823,539	-0.41%
Recycled Water Commodity Charges	2,012,144	1,189,709	1,387,251	1,626,051	2,188,429	1,782,345	9.61%
Service Charges							-
Water System	4,177,676	4,228,718	4,772,884	4,870,494	4,845,315	5,459,145	12.09%
Wastewater System	8,042,358	8,659,162	9,292,348	9,684,426	9,797,552	10,013,671	3.40%
Recycled Water System	372,728	424,813	429,520	465,025	466,975	521,055	12.05%
Capital Facility Charges							-
Water System	1,252,889	1,296,286	1,842,130	2,136,001	2,059,100	2,669,838	24.99%
Wastewater System	1,606,146	1,724,492	2,189,817	2,645,774	2,742,622	3,323,442	25.61%
Recycled Water System	146,847	131,774	173,271	227,377	221,718	283,700	24.77%
Charges for Services	112,110	5,498	188,692	125,000	129,920	125,000	0.00%
Miscellaneous Operating Revenues	33,806	299,496	62,703	51,200	30,310	51,200	0.00%
Grants, Rebates, Reimbursements	731,069	303,748	137,918	275,825	1,075,272	275,825	0.00%
Total Operating Revenues	27,700,177	26,410,680	28,671,429	32,817,796	34,315,339	36,063,593	5.09%
Non-operating Revenues							
Property Taxes	1,121,298	1,184,149	1,246,919	1,320,800	1,320,800	1,300,000	-1.57%
Investment Income	(259,747)	395,956	955,282	550,000	840,096	700,000	-16.68%
Miscellaneous Non-operating Income	233,605	253,734	265,737	298,400	293,264	298,400	1.75%
Total Non-operating Revenues	1,095,156	1,833,839	2,467,938	2,169,200	2,454,160	2,298,400	-6.35%
Capital Contributions	166,008	8,153,620	5,618,950	-	14,658	-	-100.00%
Total Revenue	28,961,341	36,398,139	36,758,317	34,986,996	36,784,157	38,361,993	9.65%
Allocation of Revenues							
Water System	13,566,105	20,939,406	17,810,559	16,001,518	15,949,560	17,507,978	9.77%
Water System - Restricted	753,428	667,170	656,904	826,917	1,003,528	823,539	-17.94%
Wastewater System	8,842,159	8,560,674	10,550,114	10,676,842	10,984,232	11,070,271	0.78%
Recycled Water System	2,793,767	2,060,377	2,053,553	2,472,565	3,823,398	2,683,225	-29.82%
Capital Improvement Program	3,005,882	4,170,512	5,687,188	5,009,153	5,023,439	6,276,980	24.95%
Total Revenue	28,961,341	36,398,139	36,758,317	34,986,996	36,784,157	38,361,993	4.29%

Presented in Chart 1 below is a visual depiction of the distribution of the major revenue sources for the District. The three largest categories of revenue comprise 90% of the District’s total revenues.



## Analysis of District Expenses

Total budgeted Operating and Non-operating expenses included in the 2025 – 2026 Budget equal \$37,865,574, an increase of \$2,194,657 (6.15%) from 2024 – 2025 budgeted expenses of \$35,670,917. Operating expenses are budgeted at \$35,859,238, comprise 94.70% of total expenses, and increase by \$2,296,126 (6.84%) from 2024 – 2025 budgeted expenses. Non-operating expenses are budgeted at \$2,006,336, or 5.30% of total expenses, and decrease \$101,469 (4.81%) from 2024– 2025 budgeted expenses of \$2,107,805.

Table 3. Summary of Expenses							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	% Change
Operating Expenses							
General & Administrative							
Administration	3,840,228	1,259,483	1,185,055	1,294,400	1,247,420	1,292,531	-0.14%
Finance & Risk Management	-	1,343,716	1,264,054	1,420,217	1,459,517	1,492,642	5.10%
Human Resources	-	583,068	538,547	512,110	512,182	553,600	8.10%
Technology Services	-	780,198	740,067	869,275	850,046	889,820	2.36%
Public Relations & Conservation	-	473,720	471,794	590,950	667,035	611,350	3.45%
Customer Service	648,771	919,040	966,391	1,042,700	1,092,237	1,087,300	4.28%
Operations & Maintenance							
Engineering & Compliance	-	826,611	874,234	503,379	523,403	539,961	7.27%
Operations Support	1,988,429	947,692	1,044,985	970,413	1,080,799	1,119,663	15.38%
Fleet Services	393,197	568,701	568,337	575,505	590,989	602,460	4.68%
Water Supply & Treatment	8,811,309	8,435,482	8,732,579	9,856,469	9,890,080	10,742,971	8.99%
Water Storage Operations	-	-	-	585,929	100,101	612,325	4.50%
Water Treatment	54,839	-	-	-	-	-	-
Water Pumping Operations	1,065,350	707,517	795,637	823,180	804,405	864,240	4.99%
Water Transmission & Distribution	1,359,618	1,677,077	1,552,285	1,763,875	1,677,073	1,882,875	6.75%
Wastewater Pumping Operations	637,019	897,987	1,036,002	1,066,100	1,086,933	1,146,660	7.56%
Wastewater Collections	138,988	1,021,523	1,016,762	1,054,000	1,053,246	1,174,350	11.42%
Wastewater Treatment	3,106,835	3,322,987	4,241,523	3,985,710	3,954,363	4,249,363	6.61%
Outside Treatment	1,300,348	-	-	-	-	-	-
Recycled Transmission & Distribution	6,624	269,510	246,499	380,400	369,388	337,900	-11.17%
Tertiary Treatment	446,606	862,645	1,043,703	1,015,600	1,065,932	1,112,228	9.51%
Operating Capital Expenses							
Other Operating Expenses	1,993,017	197,752	2,311,246	346,000	336,000	407,000	17.63%
Depreciation & Amortization	4,287,777	4,419,562	5,138,831	4,906,900	5,138,831	5,140,000	4.75%
Total Operating Expenses	30,078,955	29,514,272	33,768,531	33,563,112	33,499,980	35,859,238	6.84%
Non-operating Expenses							
Interest Expense	1,072,567	1,723,651	1,618,994	2,107,805	2,107,805	2,006,336	-4.81%
Total Non-operating Expenses	1,072,567	1,723,651	1,618,994	2,107,805	2,107,805	2,006,336	-4.81%
Total Expenses	31,151,522	31,237,923	35,387,525	35,670,917	35,607,785	37,865,574	6.15%
Allocation of Expenses							
Water System	14,045,016	14,014,666	14,311,476	16,143,190	15,823,104	17,469,966	8.22%
Wastewater System	8,763,379	9,121,832	10,129,854	10,149,113	10,143,623	10,749,715	5.92%
Recycled Water System	989,766	1,760,460	1,877,124	2,017,909	2,058,422	2,092,558	3.70%
Other Operating Expenses	1,993,017	197,752	2,311,246	346,000	336,000	407,000	17.63%
Depreciation & Amortization	4,287,777	4,419,562	5,138,831	4,906,900	5,138,831	5,140,000	4.75%
Interest Expense	1,072,567	1,723,651	1,618,994	2,107,805	2,107,805	2,006,336	-4.81%
Total Expenses	31,151,522	31,237,923	35,387,525	35,670,917	35,607,785	37,865,574	6.15%

The majority of expenses \$17,469,966 (46.16%) are incurred by the Water System, primarily because the purchase of potable water for sale is a part of the Water System's operations. The Wastewater System incurs



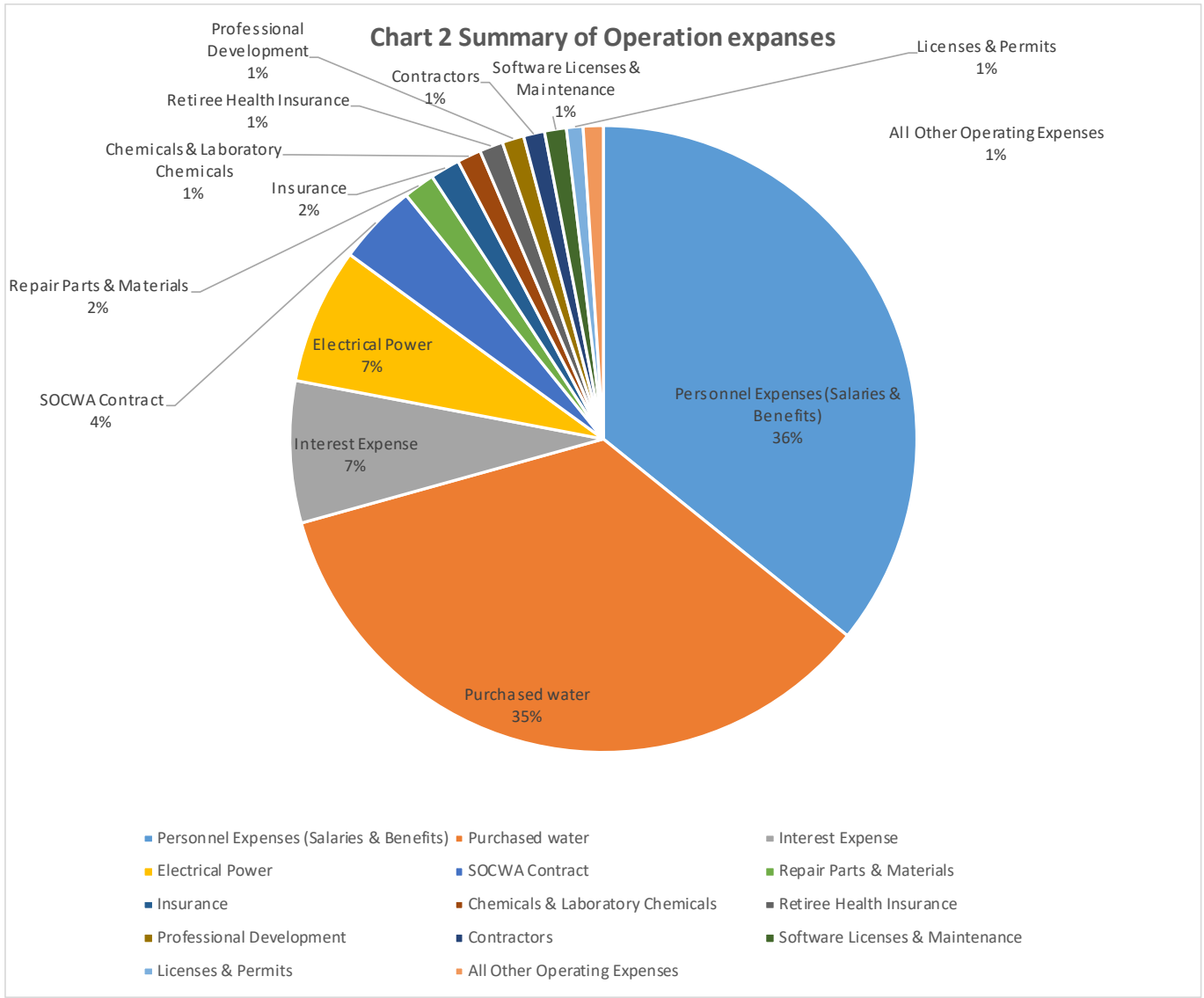
the second highest level of expenses \$10,749,715 (28.39%), third highest expense category is Depreciation & Amortization \$5,140,000 (13.57%), followed Recycled Water System (5.53%) and Interest Expense (5.30%) and the. Other Operating Expenses include retiree health insurance premiums and any OPEB Charges (which are not budgeted).

Presented below, in Table 4, are Operating expense categories with totals greater than \$200,000 in 2025 – 2026. The largest expenses for the District include Personnel, the purchase of water for sale to customers, Electrical Power, and the SOCWA Contract. Combined, these four expenses equal \$25,138,479 and comprise 81.83% of total operating expenses for the District (excluding Interest Expense and depreciation).

	2021 - 2022	2022 - 2023	2023 - 2024	2024-25	2025-26	2025-2026		
	Actual	Actual	Actual	Budget	Proposed Budget	Proposed Change	%age Change	%of total Cash outlay
Personnel Expenses (Salaries & Benefits)	8,877,731	9,791,630	10,376,974	10,369,695	10,933,208	563,513	5.43%	35.59%
Purchased water	8,641,026	7,960,081	8,161,635	9,856,469	10,742,971	886,502	8.99%	34.97%
Electrical Power	1,557,007	1,607,478	1,858,462	2,022,580	2,262,300	239,720	11.85%	7.36%
SOCWA/MNWD RTP O&M Contract	986,679	969,500	1,279,589	1,200,000	1,200,000	-	0.00%	3.91%
Repair Parts & Materials	268,263	334,320	443,458	466,400	472,700	6,300	1.35%	1.54%
Insurance	337,816	358,565	367,025	441,722	452,500	10,778	2.44%	1.47%
Chemicals & Laboratory Chemicals	247,990	266,397	413,618	355,200	416,200	61,000	17.17%	1.35%
Retiree Health Insurance	218,946	263,362	275,197	350,000	407,000	57,000	16.29%	1.32%
Professional Development	179,702	216,285	241,671	324,450	352,221	27,771	8.56%	1.15%
Contractors	345,000	96,671	275,228	312,800	280,300	(32,500)	-10.39%	0.91%
Software Licenses & Maintenance	227,791	246,589	209,421	322,125	327,470	5,345	1.66%	1.07%
Licenses & Permits	169,120	215,114	137,502	245,660	264,290	18,630	7.58%	0.86%
All Other Operating Expenses	1,243,703	2,894,165	3,149,950	2,389,111	2,608,079	218,968	9.17%	8.49%
<b>Total O&amp;M Expenses</b>	<b>23,300,775</b>	<b>25,220,157</b>	<b>27,189,729</b>	<b>28,656,212</b>	<b>30,719,238</b>	<b>2,063,026</b>	<b>7.20%</b>	<b>100.00%</b>

\*Excludes Interest, Depreciation, Amortization, and OPEB Charges

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



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

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

Table 5. Statement of Revenues, Expenses, and Changes in Net position							
	2021 - 2022	2022 - 2023	2022 - 2023	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	% Change
<b>Operating Revenues</b>							
Commodity Supply Charges	\$ 11,224,548	\$ 9,336,693	\$ 9,582,145	\$ 12,336,672	\$ 12,946,556	\$ 13,340,716	8.14%
Service Provision Charges	12,592,762	13,312,692	14,494,752	15,019,945	15,109,842	15,993,872	6.48%
Capital Facilities Charges	3,005,882	3,152,552	4,205,219	5,009,153	5,023,439	6,276,980	25.31%
Charges for Services	112,110	5,498	188,692	125,000	129,920	125,000	0.00%
Other Operating Income	33,806	299,496	62,703	51,200	30,310	51,200	0.00%
Grants, Rebates, & Reimbursements	731,069	303,748	137,918	275,825	1,075,272	275,825	0.00%
<b>Total Operating Revenues</b>	<b>27,700,177</b>	<b>26,410,680</b>	<b>28,671,429</b>	<b>32,817,796</b>	<b>34,315,339</b>	<b>36,063,593</b>	<b>9.89%</b>
<b>Operating Expenses</b>							
General & Administrative	4,488,999	5,359,225	5,165,908	5,729,652	5,828,437	5,927,243	3.45%
Operations & Maintenance	19,309,162	19,537,733	21,152,546	22,580,560	22,196,712	24,384,995	7.99%
Other Operating Expenses	1,935,839	197,752	376,178	346,000	336,000	407,000	17.63%
Depreciation & Amortization	4,287,777	4,419,562	5,138,831	4,906,900	5,138,831	5,140,000	4.75%
Loss on retirement/sale of asset			1,489,216				
Capital expenditure below the 25K			445,852				
<b>Total Operating Expenses</b>	<b>30,021,777</b>	<b>29,514,272</b>	<b>33,768,531</b>	<b>33,563,112</b>	<b>33,499,980</b>	<b>35,859,238</b>	<b>6.84%</b>
<b>Operating Income/(Loss)</b>	<b>(2,321,600)</b>	<b>(3,103,592)</b>	<b>(5,097,102)</b>	<b>(745,316)</b>	<b>815,359</b>	<b>204,355</b>	<b>-127.42%</b>
<b>Non-operating Revenues</b>							
Property Taxes	1,121,298	1,184,149	1,246,919	1,320,800	1,320,800	1,300,000	-1.57%
Investment Earnings	(259,747)	395,956	955,282	550,000	840,096	700,000	27.27%
Capital grant & Investment Earnings							
Other Non-Operating Revenue	233,605	253,734	265,737	298,400	293,264	298,400	0.00%
Interest Expense	(1,129,750)	(1,723,651)	(1,618,994)	(2,107,805)	(2,107,805)	(2,006,336)	-4.81%
<b>Net Non-Operating Revenues</b>	<b>(34,594)</b>	<b>110,188</b>	<b>848,944</b>	<b>61,395</b>	<b>346,355</b>	<b>292,064</b>	<b>375.71%</b>
<b>Net Income/(Loss) before Capital Contributions</b>	<b>(2,356,194)</b>	<b>(2,993,404)</b>	<b>(4,248,158)</b>	<b>(683,921)</b>	<b>1,161,714</b>	<b>496,419</b>	<b>-172.58%</b>
<b>Capital Contributions</b>							
Donations & Contributions (O&M)	166,008			-	14,658	-	-
Capital Contributions		8,153,620	5,618,892				
<b>Total Capital Contributions</b>	<b>166,008</b>	<b>8,153,620</b>	<b>5,618,892</b>	<b>-</b>	<b>14,658</b>	<b>-</b>	
<b>Change in Net Position</b>	<b>(2,190,186)</b>	<b>5,160,217</b>	<b>1,370,734</b>	<b>(683,921)</b>	<b>1,176,372</b>	<b>496,419</b>	
<b>Beginning Net Position</b>	<b>60,853,624</b>	<b>58,663,438</b>	<b>63,823,655</b>	<b>65,194,389</b>	<b>65,194,389</b>	<b>66,370,760</b>	
<b>Ending Net Position</b>	<b>\$ 58,663,438</b>	<b>\$ 63,823,655</b>	<b>\$ 65,194,389</b>	<b>\$ 64,510,467</b>	<b>\$ 66,370,760</b>	<b>\$ 66,867,180</b>	

Operating revenues of \$36,063,593 will exceed operating expenses of \$25,859,238 by \$204,355. This Operating gain will help restore the reserves and these reserves are needed to effectively provide service to customers. Non-operating expense will exceed Non-operating revenues by \$292,064, due to significant interest income for investments. The revenues and expenses from operating and non-operating activities will result in a Net gain

before Contributions which will increase the District's Net Position for 2025 – 2026; the ending Net Position is projected to be \$66,867,180.

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

Attachment 6 - Cash From Operations										
	2021 - 2022		2022 - 2023		2023 - 2024		2024 - 2025		2025 - 2026	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected Actual	Budget	% Change
<b>Cash Generated by Operational Activities</b>										
Total Revenue	28,905,746	28,961,341	29,946,400	28,302,470	32,775,800	36,758,317	-	34,986,996	36,784,156	-
Less Capital Revenues	(3,025,468)	(3,005,881)	(3,262,200)	(3,152,552)	(4,093,900)	(4,205,219)	-	(5,009,153)	(5,023,439)	-
Less Restricted Revenues	-	-	-	-	-	-	-	(826,917)	(1,003,528)	-
Revenue from Operating Activities(1)	25,880,278	25,955,460	26,684,200	25,149,918	28,681,900	32,553,098	-	29,150,926	30,757,189	-
Total Expenses	28,387,775	31,151,522	32,402,280	32,881,983	34,134,560	33,898,308	-	35,670,917	35,607,778	-
Less Depreciation and Amortization	(4,369,000)	(4,287,779)	(4,369,000)	(4,426,408)	(4,906,900)	(5,138,835)	-	(4,906,900)	(5,131,989)	-
Less Interest Expense	(718,000)	(1,072,567)	(2,704,700)	(1,723,651)	(2,203,700)	(1,618,994)	-	(2,107,805)	(2,203,700)	-
Less OPEB Charges	-	(1,595,561)	-	(260,660)	-	202,867	-	-	-	-
Recycled water Revenue used for Debt Service	-	-	-	-	-	-	-	431,135	957,976	-
Expenses from Operating Activities(2)	23,300,775	24,195,615	25,328,580	26,471,265	27,023,960	27,343,346	-	29,087,347	29,230,065	-
<b>Cash Generated from Operations</b>	<b>2,579,503</b>	<b>1,759,845</b>	<b>1,355,620</b>	<b>(1,321,346)</b>	<b>1,657,940</b>	<b>5,209,752</b>	<b>-</b>	<b>63,579</b>	<b>1,527,125</b>	<b>-</b>
Notes										
(1) Excludes Capital Replacement & Refurbishment Charge from Tiered Rates Restricted Revenue.										
(2) Excludes non-cash expenses (Depreciations, Amortization, OPEB Charge) and Interest Expense										



## Debt Service Coverage

Presented in Table 7 below are debt service coverage calculations by fiscal year based on the District's actual financial results (21/22, 22/23 and 23/24 fiscal years) and annual budgets (fiscal years 24/25 and 25/26). Debt service coverage in 2022-23 was at the lowest point and the interest costs associated with the 2022 Revenue Bonds was the highest. However, the District's Ten-Year financial projection shows that debt service coverage will improve every year after 2022-2023 and will return to coverage levels calculated for fiscal years 2020-2021 and 2021-2022 in the next few years.

<b>Table 7.</b> <b>Debt Service Coverage Calculation</b>							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Current Budget	Projected Actual	Proposed Budget	Budget % Change
Commodity Supply Charges	11,224,548	9,336,693	9,582,145	12,336,672	12,946,556	13,340,716	8.14%
Service Provision Charges	12,592,762	13,312,692	14,494,752	15,019,945	15,109,842	15,993,872	6.48%
Capital Maintenance Charges	3,005,882	3,152,552	4,205,219	5,009,153	5,023,439	6,276,980	25.31%
Charges for Services	112,110	5,498	188,692	125,000	129,920	125,000	0.00%
Miscellaneous Operating Revenues	33,806	299,496	62,703	51,200	30,310	51,200	0.00%
Grants, Rebates, Reimbursements	731,069	303,748	137,918	275,825	1,075,272	275,825	0.00%
Property Taxes	1,121,298	1,184,149	1,246,919	1,320,800	1,320,800	1,300,000	-1.57%
Investment Earnings	120,042	395,956	955,282	550,000	840,096	700,000	27.27%
Other Non-operating Revenue	233,605	253,734	423,827	298,400	293,264	298,400	0.00%
Rate stabilization fund		1,483,163	-				
Total Revenues	29,175,122	29,727,682	31,297,457	34,986,996	36,769,499	38,361,993	9.65%
Operation & Maintenance Expenses							
General & Administrative	4,488,999	5,359,225	5,165,908	5,729,652	5,828,437	5,927,243	3.45%
Operations & Maintenance	19,309,162	19,537,733	21,152,546	22,580,560	22,196,712	24,384,995	7.99%
Other Operating Expenses <sup>(1)</sup>	593,936	163,401	376,178	346,000	336,000	407,000	17.63%
Total Operation & Maintenance Expenses	24,392,097	25,060,359	26,694,632	28,656,212	28,361,149	30,719,238	7.20%
Net Revenues	4,783,025	4,667,323	4,602,825	6,330,784	8,408,350	7,642,755	20.72%
Debt Service Expenses							
North Line SRF Loan	258,146	-		-	-	-	-
Recycled Phase I SRF Loan	1,602,958						-
Baker WTP Loan	677,755	677,600	684,262	677,600	684,262	684,262	0.98%
Recycled Phase II SRF Loan	409,046	-	-	-	-	-	-
2022 Revenue Bonds	-	3,564,000	3,332,650	3,333,000	3,333,650	3,336,150	0.09%
Total Debt Service Costs	2,947,905	4,241,600	4,016,912	4,010,600	4,017,912	4,020,412	0.24%
<b>Debt Service Coverage Ratio</b>	<b>1.62</b>	<b>1.10</b>	<b>1.15</b>	<b>1.58</b>	<b>2.09</b>	<b>1.90</b>	
Notes							
(1) Excludes Depreciation and OPEB Charge which are non-cash accounting charges.							

## 2024 – 2025 Budget Authorized Positions

The 2024 – 2025 Budget authorizes 58 Full-Time Equivalent (FTE) employees; three authorized positions have been reduced from 2023-2024 Budget. Table 8 below illustrates the number of authorized FTE employees by Department.

	Table 8. Summary of Authorized Positions by Budget Unit					
	Actual			Budget	Proposed Budget	Proposed Changes
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026
<b><u>Employees by Budget Unit</u></b>						
Administration	2	2	2	2	2	0
Finance & Risk Management	5	5	5	5	5	0
Human Resources	2	2	2	2	2	0
Technology Services	1	1	1	1	1	0
Community Relations & Conservation	1	1	2	2	2	0
Customer Service	7	7	7	7	7	0
Engineering	5	5	5	4	4	0
Operations Support Services	2	2	2	2	2	0
Pumping Operations	8	8	8	8	8	0
Fleet Operations	1	1	1	1	1	0
Transmission & Distribution	9	9	8	8	8	0
Electrical	2	2	2	2	2	0
Treatment Plant	10	10	10	9	9	0
Collections & Distribution	5	6	6	5	5	0
	60	61	61	58	58	0

## PROFILE OF THE EL TORO WATER DISTRICT

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### **History of the El Toro Water District**

#### **The Founding of El Toro Water District**

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

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

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

#### **Expansion Includes Aqueduct, Water Recycling Plant and El Toro Reservoir**

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

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

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

#### **Leisure World**

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

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

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

### **El Toro Reservoir**

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

### **Constructing a Regional Sewer System**

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

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

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

### **The Transition from Wholesale to Retail**

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

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



## **Water Recycling Pioneer**

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

## **Expansion Continues at El Toro Reservoir**

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

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

## **Recycled Water Expansion Project**

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

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

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

## Location and Service Area Information

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

<b>Table 11. Comparison of Economic Characteristics of District Residents</b>				
	Median Gross Rent*	Median Housing Value*	Per Capita Income*	Median Household Income*
El Toro Water District	\$2,060	\$430,793	\$36,549	\$67,605
Orange County	1,929	725,100	\$41,514	\$90,234
State of California	1,614	523,000	\$36,955	\$75,235
<b>Change in Economic Characteristics</b>				
ACS Years 2012-2016	\$1,753	\$321,335	\$32,539	\$57,156
ACS Years 2013-2017	\$1,856	\$355,093	\$33,513	\$60,390
ACS Years 2014-2018	\$1,959	\$410,421	\$34,849	\$63,762
ACS Years 2015-2019	\$2,060	\$430,793	\$36,549	\$67,605
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Tables B19001, B25063, B25075				
*Interpolated value				

## Population Information

The District serves over 51,800 population.

**Educational, Employment, and Income Information** The 2015 – 2019 American Community Survey reported that approximately 46% of District residents age 25 or older have attained a bachelors or graduate degree, including approximately 17% who have a graduate or professional degree. This is much higher than California or national averages (34% and 32.2%, respectively). Another 30% of residents who are age 25 or older have attended some college or attained an Associate's degree. An estimated 92% of District residents

<b>Table 12. Education for Residents Age 25 or Older</b>				
	El Toro Water District	Orange County	State of California	United States
Less than 9th grade	3.63%	7.90%	9.20%	5.10%
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	4.52%	6.60%	7.50%	6.90%
High school graduate (includes equivalency)	16.07%	17.20%	20.50%	27.00%
Some college, no degree	20.86%	19.90%	21.10%	20.40%
Associate's degree	9.12%	7.70%	7.80%	8.50%
Bachelor's degree	28.82%	26.00%	21.20%	19.80%
Graduate or professional degree	16.97%	14.50%	12.80%	12.40%
Percent high school graduate or higher	91.84%	85.30%	83.40%	88.10%
Percent bachelor's degree or higher	45.79%	40.50%	34.00%	32.20%
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table B15003				

age 25 or older have their high school diploma (or equivalent); this is also much higher than the State or National average (83.4% and 88.1% respectively).

The majority of District residents who are employed work in professional or service occupations, as illustrated in the Occupations table below.

<b>Table 13. Occupations</b>				
	El Toro Water District	Orange County	State of California	United States
Agriculture, forestry, fishing and hunting and mining	0.62%	0.75%	2.14%	1.80%
Construction	3.37%	6.61%	6.75%	6.60%
Manufacturing	9.88%	11.19%	8.71%	10.10%
Wholesale Trade	3.07%	3.41%	2.71%	2.60%
Retail Trade	12.62%	10.21%	10.16%	11.20%
Transportation and warehousing, and utilities	3.12%	3.83%	5.71%	5.40%
Information	2.28%	1.85%	2.84%	2.00%
Finance & insurance, real estate, rental & leasing	11.20%	8.49%	5.83%	6.60%
Professional, scientific, management, administrative	15.50%	14.15%	14.15%	11.60%
Educational services, health care, social assistance	20.93%	20.56%	21.16%	23.10%
Arts, entertainment, recreation, accommodation, food services	9.64%	10.65%	10.31%	9.70%
Other Services, except public administration	5.31%	5.28%	5.04%	4.90%
Public administration	2.46%	3.00%	4.49%	4.60%

Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table C24030

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

<b>Table 14. Unemployment &amp; Workforce Participation Rate Comparison</b>					
	2015 5-Year ACS	2016 5-Year ACS	2017 5-Year ACS	2018 5-Year ACS	2019 5-Year ACS
<b>Unemployment Rate</b>					
El Toro Water District	6.0%	5.1%	4.6%	4.2%	4.0%
Orange County	5.0%	4.4%	3.8%	3.3%	3.0%
State of California	6.2%	5.5%	4.8%	4.2%	3.8%
United States	5.2%	4.7%	4.1%	3.7%	3.4%
<b>Workforce Participation Rate</b>					
El Toro Water District	52.0%	52.2%	52.4%	52.8%	53.1%
Orange County	66.0%	65.9%	65.7%	65.6%	65.6%
State of California	63.6%	63.4%	63.5%	63.5%	63.7%
United States	63.3%	63.5%	63.4%	62.9%	63.4%

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

The composition of the population within the District service area also impacts the estimated household income within the District's service area. According to the 2015 – 2019 American Community Survey, the median household income in the District was \$67,605, \$7,630 (10.14%) less than the median for California but \$4,762 (7.58%) higher than the national median. An estimated 10.27% of District households have incomes that exceeds \$200,000 per year; in comparison only 7.7% of United States households had this level of income in the 2015-2019 American Community Survey.

<b>Table 15. Household Income</b>				
	<b>El Toro Water District*</b>	<b>Orange County</b>	<b>State of California</b>	<b>United States</b>
Under \$10,000	6.43%	4.20%	4.80%	6.00%
\$10,000 to \$14,999	3.73%	2.70%	4.10%	4.30%
\$15,000 to \$24,999	9.14%	5.60%	7.50%	8.90%
\$25,000 to \$34,999	7.32%	6.00%	7.50%	8.90%
\$35,000 to \$49,999	11.82%	8.80%	10.50%	1.30%
\$50,000 to \$74,999	16.42%	14.60%	15.50%	17.20%
\$75,000 to \$99,999	11.71%	12.80%	12.40%	12.70%
\$100,000 to \$149,999	14.83%	18.60%	16.60%	15.10%
\$150,000 to \$199,999	8.33%	11.10%	8.90%	6.80%
\$200,000 or more	10.27%	15.50%	12.20%	7.70%
Median Household Income*	\$67,605	\$90,234	\$75,235	\$62,843
Mean Household Income*	\$84,000	\$122,488	\$106,916	\$88,607
Per Capita Income*	\$36,549	\$41,514	\$36,955	\$34,103
Source: U.S. Census Bureau American Community Survey 2015-2019 5-Year estimates, Table B19001				
*Interpolated value				

## Summary of the District

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

General Information	
Date of Original Incorporation	September, 1960
Date of Integration into Retail Utility Operation	September 12, 1983
Form of Government	California Special District
Location and Size Information	
Geographic Location	45 Miles South of Downtown Los Angeles
Total Area of Incorporation	8.5 square miles
Facility Information	
Main Office and Warehouse Complex	1
Wastewater Treatment Plants	1
Water Reservoirs	6
Water Pump Stations	9
Wastewater Lift Stations	11
Enterprise Statistics	
Water System	
Miles of Water Main	170
Service Connections	9,514
Annual Potable Water Imports (MG*)	2,280
Sewer System	
Miles of Wastewater Collection Main	114
Service Connections	9,514
Annual Treated Sewage (MG*)	1,332
Recycled Water System	
Miles of Recycled Water Main	25
Service Connections	276
Annual Recycled Water Production (MG*)	450
*Millions of Ga	

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## WATER SYSTEM

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

### **Budget Analysis**

As depicted in Table 16 below, expenses in the 2025-2026 Budget equal \$17,632,766 an increase of \$1,349,576 8.29%, from the \$16,283,190 in expenses included in the 2024-2025 Budget. Revenues attributed to the Water System are projected to equal \$17,707,9788, an increase of \$1,514,460 or 9.35% when compared to the \$16,193,518 included in the 2024-2025 Budget. As a result of the revenues and expenses included in the 2025-2026 Budget, the Water System is projected to generate a small surplus of \$75,212 for the Board Mandated Cash Reserves in 2025-2026.

Table 16. Water System - Operations & Maintenance Sources & Uses of Cash							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Budget	Projected	Proposed	Budget
					Actual	Budget	% Change
<b>Sources of Cash</b>							
Operating Revenues							
Commodity Supply Charge (Unrestricted)	8,458,976	7,479,815	7,537,990	9,883,704	9,754,600	10,734,833	8.61%
Service Provision Charge	4,177,676	4,228,718	4,772,884	4,870,494	4,845,315	5,459,145	12.09%
Charges for Services	112,110	5,498	188,692	125,000	129,920	125,000	0.00%
Miscellaneous Operating Income	33,806	198,825	36,867	23,000	9,850	31,000	34.78%
Grant, Rebates, Reimbursements	31,814	469	800	-	1,971	-	-
Non-operating Revenues							
Property Taxes	448,512	473,659	498,768	528,320	528,320	520,000	-1.57%
Investment Income	(92,575)	167,724	418,322	275,000	389,141	350,000	27.27%
Miscellaneous Non-operating Income	229,778	246,020	264,547	288,000	283,067	288,000	0.00%
Restricted Reserve Funding	100,000	100,000	200,000	200,000	200,000	200,000	
<b>Total Sources of Cash</b>	<b>13,500,097</b>	<b>12,900,729</b>	<b>13,918,870</b>	<b>16,193,518</b>	<b>16,142,182</b>	<b>17,707,978</b>	<b>9.35%</b>
<b>Uses of Cash</b>							
Operating Expenses							
General & Administrative	1,801,216	2,249,522	2,243,510	2,293,818	2,491,145	2,462,542	7.36%
Operations & Maintenance	12,243,800	11,765,144	12,067,966	13,849,372	13,331,959	15,007,424	8.36%
Other Operating Expenses	87,578	110,079	141,792	140,000	135,000	162,800	16.29%
<b>Total Uses of Cash</b>	<b>14,132,594</b>	<b>14,124,744</b>	<b>14,453,268</b>	<b>16,283,190</b>	<b>15,958,104</b>	<b>17,632,766</b>	<b>8.29%</b>
<b>Net Change In Cash</b>	<b>(632,497)</b>	<b>(1,224,016)</b>	<b>(534,397)</b>	<b>(89,671)</b>	<b>184,078</b>	<b>75,212</b>	



## WASTEWATER SYSTEM

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

### **Budget Analysis**

As depicted in Table 17 below, expenses in the 2025-2026 Budget equal \$10,961,355, an increase of \$630,241, 6.10%, from the \$10,331,113 in expenses included in the 2024-2025 Budget. Revenues attributed to the Wastewater System are projected to equal \$11,070,271 an increase of \$393,430 or 3.68% when compared to the \$10,676,842 included in the 2024-2025 Budget. As a result of the revenues and expenses included in the 2025-2026 Budget, the Wastewater System is projected to contribute \$108,917 to the Board Mandated Cash Reserves in 2025-2026.

Table 17. Wastewater System - Operations & Maintenance Sources & Uses of Cash							
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	Budget % Change
<b>Sources of Cash</b>							
Operating Revenues							
Service Provision Charge	8,042,358	8,659,162	9,292,348	9,684,426	9,797,552	10,013,671	3.40%
Miscellaneous Operating Income	-	78,494	25,514	20,200	20,460	20,200	0.00%
Grant, Rebates, Reimbursements	358,439	-	6,287	-	11,049	-	-
Non-operating Revenues							
Property Taxes	583,086	615,578	648,398	686,816	686,816	676,000	-1.57%
Investment Income	(145,041)	197,333	531,180	275,000	450,956	350,000	27.27%
Miscellaneous Non-operating Income	3,317	6,848	1,094	10,400	10,119	10,400	0.00%
<b>Total Sources of Cash</b>	<b>8,842,159</b>	<b>9,557,414</b>	<b>10,504,821</b>	<b>10,676,842</b>	<b>10,976,952</b>	<b>11,070,271</b>	<b>3.68%</b>
<b>Uses of Cash</b>							
Operating Expenses							
General & Administrative	2,341,779	2,663,757	2,521,658	2,977,629	2,890,844	3,003,516	0.87%
Operations & Maintenance	6,421,600	6,458,075	7,608,196	7,171,484	7,252,778	7,746,199	8.01%
Other Operating Expenses	145,900	143,103	184,325	182,000	175,000	211,640	16.29%
<b>Total Uses of Cash</b>	<b>8,909,279</b>	<b>9,264,935</b>	<b>10,314,179</b>	<b>10,331,113</b>	<b>10,318,623</b>	<b>10,961,355</b>	<b>6.10%</b>
<b>Net Change In Cash</b>	<b>(67,120)</b>	<b>292,479</b>	<b>190,642</b>	<b>345,729</b>	<b>658,329</b>	<b>108,917</b>	

## RECYCLED WATER SYSTEM

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

### **Budget Analysis**

As depicted in Table 18 below, expenses in the 2025-2026 Budget equal \$2,125,118, an increase of \$83,209, 4.80%, from the \$2,041,909 in expenses included in the 2024-2025 Budget. Revenues attributed to the Recycled System are projected to equal \$2,683,225, an increase of \$210,660 or 8.52% when compared to the \$2,472,656 included in the 2024-2025 Budget. As a result of the revenues and expenses included in the 2025-2026 Budget, the Recycled System is projected to generate net cash of \$558,107. However, the Recycled System transfers all of the net cash generated from its operations to the Capital Improvement Fund to pay the debt associated with the original construction of the tertiary treatment facilities.

	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025		2025 - 2026	
	Actual	Actual	Actual	Budget	Projected Actual	Proposed Budget	% Change
<b>Sources of Cash</b>							
Operating Revenues							
Commodity Supply Charge	2,012,144	1,189,709	1,387,251	1,626,051	2,188,429	1,782,345	9.61%
Service Provision Charge	372,728	424,813	429,520	465,025	466,975	521,055	12.05%
Miscellaneous Operating Income	-	15,900	322	-	-	-	-
Grant, Rebates, Reimbursements	340,816	303,279	138,078	275,825	1,062,252	275,825	0.00%
Non-operating Revenues							
Property Taxes	89,700	94,912	99,754	105,664	105,664	104,000	-1.57%
Investment Income	(22,131)	30,899	(1,467)	-	(0)	-	-
Miscellaneous Non-operating Income	510	866	96	-	78	-	-
<b>Total Sources of Cash</b>	<b>2,793,767</b>	<b>2,060,377</b>	<b>2,053,553</b>	<b>2,472,565</b>	<b>3,823,398</b>	<b>2,683,225</b>	<b>8.52%</b>
<b>Uses of Cash</b>							
Operating Expenses							
General & Administrative	346,004	445,946	400,741	458,205	446,448	461,185	0.65%
Operations & Maintenance	643,762	1,314,514	1,476,384	1,559,704	1,611,974	1,631,373	4.60%
Other Operating Expenses	17,516	-	-	24,000	26,000	32,560	35.67%
<b>Total Uses of Cash</b>	<b>1,007,282</b>	<b>1,760,460</b>	<b>1,877,124</b>	<b>2,041,909</b>	<b>2,084,422</b>	<b>2,125,118</b>	<b>4.08%</b>
<b>Transfer Out</b>	<b>(1,096,018)</b>	<b>(1,682,270)</b>	<b>(1,772,241)</b>	<b>(431,135)</b>	<b>(957,976)</b>	<b>(558,107)</b>	
<b>Net Change In Cash</b>	<b>690,467</b>	<b>(1,382,353)</b>	<b>(1,595,812)</b>	<b>(478)</b>	<b>781,000</b>	<b>-</b>	

## Personnel Analysis

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

### Number of Employees

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

The 2025-2026 Compensation Plan authorizes a total of 58 full-time positions, 5 elected officials, and one intern or temporary part-time position. During the fiscal year 2024-2025 the District decreased 3 full time staff positions.

The total budgeted cost for the District's workforce in 2025-2026 is budgeted at \$11,151,434 with salary expenses of \$8,106,021 comprising 72.69% of total costs and benefits of \$3,045,414 comprising the remaining 27.31% of costs. Fringe benefit cost increases were 6.13% in 2025-2026 due to health insurance and retirement benefit cost increases.

Presented below are the total personnel expenses for the 2025-2026 Fiscal Year.

Table 19. Changes in Total Personnel Expenses					
	FY 2024-25 Budget	FY 2025-26 Budget	Delta	% Change	% of Total Personnel Costs
<b>Salaries</b>					
Regular Salaries	7,001,277	7,259,950	258,673	3.69%	65.10%
Overtime and On-Call Salaries	372,360	487,360	115,000	30.88%	4.37%
One-time Salary Payments <sup>(1)</sup>	220,769	250,391	29,622	13.42%	2.25%
Stipends & Allowances <sup>(2)</sup>	105,420	108,320	2,900	2.75%	0.97%
<b>Total Salaries</b>	<b>7,699,826</b>	<b>8,106,021</b>	<b>406,194</b>	<b>5.28%</b>	<b>72.69%</b>
<b>Benefits</b>					
Health Insurance <sup>(3)</sup>	1,266,729	1,372,317	105,588	8.34%	12.31%
Other Insurance <sup>(4)</sup>	215,019	222,845	7,826	3.64%	2.00%
Workers Compensation Insurance	167,772	169,198	1,427	0.85%	1.52%
Retirement Benefits <sup>(5)</sup>	1,219,988	1,281,053	61,065	5.01%	11.49%
<b>Total Benefits</b>	<b>2,869,508</b>	<b>3,045,414</b>	<b>175,905</b>	<b>6.13%</b>	<b>27.31%</b>
<b>Total Personnel Expenses</b>	<b>10,569,334</b>	<b>11,151,434</b>	<b>582,100</b>	<b>5.51%</b>	
<b>Notes</b>					
(1) Includes Vacation Time Payouts and Top of Range one-time payments					
(2) Includes Automobile Allowances, Cell Phone Stipends, and Wellness Stipends					
(3) Includes employer paid Health, Dental, and Vision Insurance Premiums as well as Health Savings Account contributions					
(4) Includes employer paid Life Insurance, Long-term Care and Disability Insurance, and Workers Compensation					
(5) Includes employer contributions to the 401k plan, employer matches to the 401k/457b Plans, and Medicare					
(6) The FY 2025-26 total personnel cost of \$218,226 is allocated to Capital projects and \$10,933,2084 to Operations					

The table 2 presented below provides further analysis of the change in Regular Salary Costs. The base salary for 2025-2026 is \$7,259,950 65.10% of total personnel costs. Merit salary increases for employees add \$326,753 to budgeted salaries in 2025-2026, this assumes a CPI component to the merit increase of 3.2% and a performance adjustment component of 3%.

Table 20. Changes in Salary Expenses					
	FY 2024-25 Budget	FY 2025-26 Budget	Delta	% Change	% of Total Personnel Costs
Analysis of Changes in Personnel Costs					
Regular Salary Changes					
Base Salary ( <i>prior year ending salaries</i> )	7,052,336	7,001,277	(51,059)	-0.72%	62.78%
Merit Increase <sup>(1)</sup>	325,283	326,753	1,470	0.45%	2.93%
Additional Positions	(317,481)	-	317,481	N/A	0.00%
Net Changes from Original Budget <sup>(2)</sup>	(53,818)	-	53,818	N/A	0.00%
Additional Salary Adjustments	(5,043)	(68,080)	(63,038)	100.00%	-0.61%
Regular Salaries Total	7,001,277	7,259,950	258,673	3.69%	65.10%
Notes					
(1) Salary increases occur on July 1 so the base salary is increased for the entire year.					
(2) The District payroll is budgeted for 58 full time positions, 5 elected officials and 1 part-time intern for fiscal year 2025-26					

The table below summarizes changes in additional salary and benefit expenses budgeted for 2025-2026 as compared to the salary and benefit expenses budgeted for 2024-2025.

<b>Table 21. Changes in Other Salary Expenses and Benefit Expenses</b>					
	FY 2024-25 Budget	FY 2025-26 Budget	Delta	% Change	% of Total Personnel Costs
<b>Other Salary Changes</b>					
Overtime Expenses	285,000	400,000	115,000	40.35%	3.59%
On-Call Expenses	87,360	87,360	-	0.00%	0.78%
Top of Range Payouts	95,947	89,555	(6,392)	-6.66%	0.80%
Vacation Payouts	124,822	160,836	36,014	28.85%	1.44%
Car Allowance	45,000	45,000	-	0.00%	0.40%
Cell Phone Allowances	11,520	11,520	-	0.00%	0.10%
Wellness Stipends <sup>(1)</sup>	17,400	17,700	300	N/A	0.16%
Class A / B Drivers Licenses	13,000	12,000			
Employee Education / Cert / Service Award	18,500	22,100	3,600	N/A	0.20%
<b>Other Salary Changes</b>	<b>698,549</b>	<b>846,071</b>	<b>148,522</b>	<b>21.26%</b>	<b>7.59%</b>
<b>Benefit Changes</b>					
Health Insurance	1,149,297	1,232,297	83,000	7.22%	11.05%
HSA Contributions	16,000	28,050	12,050	75.31%	0.25%
Dental Insurance	89,334	99,420	10,086	11.29%	0.89%
Vision Insurance	12,098	12,550	452	3.74%	0.11%
Life Insurance	41,151	41,864	713	1.73%	0.38%
Long Term Care Insurance	8,960	10,498	1,538	17.16%	0.09%
Disability Insurance	52,730	53,883	1,153	2.19%	0.48%
Employee Assistance Program	1,276	-	(1,276)	N/A	0.00%
Workers Compensation	167,772	169,198	1,427	0.85%	1.52%
State Unemployment Insurance	3,000	3,000	-	N/A	0.03%
401k/457b Contributions	1,219,988	1,281,053	61,065	5.01%	11.49%
Medicare Contributions	107,902	113,600	5,698	5.28%	1.02%
<b>Other Salary Changes</b>	<b>2,869,508</b>	<b>3,045,414</b>	<b>175,905</b>	<b>6.13%</b>	<b>27.31%</b>

Presented below are the positions authorized in the 2025 – 2026 Budget, organized by functional area.

Table 22 Position Organization Chart			
Department	Positions	Department	Positions
<b>Administration</b>		<b>Operations Support Services</b>	
General Manager	1	Operations Superintendent	1
Executive Assistant to Board & General Manager	1	Compliance Program Coordinator	1
Total	2	Total	2
<b>Finance &amp; Risk Management</b>		<b>Pumping Operations</b>	
Chief Financial Officer	1	Foreman	1
Accounting Supervisor	1	Crew Chief	1
Senior Accountant	1	Maintenance Worker III	1
Accounting Technician	1	Maintenance Worker II	3
Purchasing Agent	1	Maintenance Worker I	2
Total	5	Total	8
<b>Technology Services</b>		<b>Fleet Operations</b>	
Information Technology Manager	1	Senior Mechanic	1
Total	1	Total	1
<b>Human Resources</b>		<b>Transmission &amp; Distribution</b>	
Director of Human Resources	1	Foreman	1
Office Assistant	1	Crew Chief	2
		Maintenance Worker III	2
		Maintenance Worker II	-
		Maintenance Worker I	3
Total	2	Total	8
<b>Community Relations &amp; Conservation</b>		<b>Electrical</b>	
Public Affairs Manager	1	Electrical Systems/SCADA Supervisor	1
Water Use Efficiency Analyst	1	Electrical Systems / SCADA Technician II	1
Total	2	Total	2
<b>Customer Service</b>		<b>Treatment Plant</b>	
Customer Service / Billing Supervisor	1	Chief Plant Operator	1
Customer Service Office Representative I	3	Truck Driver	2
Crew Chief	1	Waste Water Operator III	3
Customer Service Field Representative II-	1	Waste Water OIT	1
Customer Service Field Representative I	1	Lab Supervisor	1
		Lab Technician II	1
Total	7	Total	9
<b>Engineering</b>		<b>Collections &amp; Distribution Crew</b>	
Director of Engineering	1	Foreman	1
Senior Engineer	1	Crew Chief	1
Inspector	1	Collection Maintenance Worker III	1
Cross Connection Control Program	1	Collections Maintenance Worker I	2
Supervisor	1		
Total	4	Total	5
<b>Total Positions</b>	<b>58</b>		

The District's Compensation Plan includes a salary grade schedule for both non-exempt and exempt employees. Presented below as well as on the following page is the Compensation Plan for non-exempt employees for the 2025 - 2026 Budget. Salary grades that do not have any positions assigned to them are not displayed.

Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt Effective Fiscal Year 2025/2026					
	FY 2024/2025		FY 2025/2026		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 1					
Intern	\$3,189	\$4,327	\$3,291	\$4,466	3.2%
Salary Grade 2	\$3,867	\$5,261	\$3,991	\$5,430	3.2%
Salary Grade 3	\$4,334	\$5,894	\$4,473	\$6,083	3.2%
Salary Grade 4	\$4,462	\$6,070	\$4,605	\$6,264	3.2%
Salary Grade 5	\$4,598	\$6,252	\$4,746	\$6,452	3.2%
Office Assistant					
Salary Grade 6	\$4,737	\$6,441	\$4,889	\$6,647	3.2%
Customer Service Field Representative I					
Salary Grade 7	\$4,874	\$6,632	\$5,030	\$6,845	3.2%
Accounting Technician					
Customer Service Office Representative I					
Salary Grade 8	\$5,024	\$6,833	\$5,185	\$7,051	3.2%
Customer Service Office Representative II					
Administrative Assistant					
Salary Grade 9	\$5,172	\$7,038	\$5,338	\$7,263	3.2%
Administrative Assistant Customer Service/HR					
Customer Service Office Representative Senior					
Salary Grade 10	\$5,348	\$7,247	\$5,519	\$7,479	3.2%
Customer Service Field Representative II					
Collection Maintenance Worker I					
Maintenance Worker I					
Operator in Training					
Salary Grade 11	\$5,491	\$7,466	\$5,667	\$7,705	3.2%
Billing Specialist					
Salary Grade 12	\$5,655	\$7,691	\$5,836	\$7,937	3.2%
Laboratory Technician I					
Salary Grade 13	\$5,824	\$7,919	\$6,010	\$8,173	3.2%
Mechanic					
Waste Water Plant Operator I					
Salary Grade 14	\$5,999	\$8,161	\$6,191	\$8,422	3.2%
Administrative Assistant Senior					
Accountant / Insurance Administrator					
Salary Grade 15	\$6,179	\$8,404	\$6,377	\$8,673	3.2%
Collections Worker II					
Maintenance Worker II					
Salary Grade 16	\$6,364	\$8,655	\$6,567	\$8,932	3.2%
Customer Service Field Representative III					
Compliance Regulatory Coordinator I					



**Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt**  
**Effective Fiscal Year 2025/2026**

	FY 2024/2025 Monthly Salary		FY 2025/2026 Monthly Salary		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 17 Laboratory Technician II	\$6,555	\$8,914	\$6,765	\$9,200	3.2%
Salary Grade 18 Senior Accountant / Payroll Electrical Instrumentation Tech II Tractor - Trailer - Tanker Driver Waste Water Plant Operator II	\$6,751	\$9,183	\$6,967	\$9,477	3.2%
Salary Grade 19 Inspector Engineering Associate Maintenance Worker III Collection Maintenance Worker III	\$6,963	\$9,468	\$7,185	\$9,771	3.2%
Salary Grade 20 Compliance Regulatory Coordinator II	\$7,170	\$9,750	\$7,399	\$10,062	3.2%
Salary Grade 21 Executive Assistant to General Manager & Board Senior Mechanic	\$7,384	\$10,042	\$7,620	\$10,363	3.2%
Salary Grade 22 Accounting Supervisor Customer Service Office / Billing Supervisor Recycled Water Coordinator Purchasing Agent / Inventory Control	\$7,607	\$10,345	\$7,851	\$10,676	3.2%
Salary Grade 23 Laboratory Technician III Water Use Efficiency Analyst Waste Water Plant Operator III Electrical Instrumentation Tech III Public Relations / Emergency Preparedness Admin.	\$7,837	\$10,657	\$8,088	\$10,998	3.2%
Salary Grade 24 Cross Connection Control Program Supervisor	\$8,072	\$10,976	\$8,330	\$11,327	3.2%
Salary Grade 25 Crew Chief	\$8,279	\$11,304	\$8,544	\$11,665	3.2%
Salary Grade 26 Accounting Manager / Auditor Industrial Waste Inspector Compliance Regulatory Coordinator III	\$8,564	\$11,645	\$8,838	\$12,018	3.2%
Salary Grade 27 Laboratory Supervisor	\$8,818	\$11,991	\$9,101	\$12,375	3.2%
Salary Grade 28 Foreman	\$9,081	\$12,349	\$9,371	\$12,744	3.2%

**Table 5 Compensation Plan - Salary Range Schedule - Non-Exempt**  
**Effective Fiscal Year 2025/2026**

	FY 2024/2025		FY 2025/2026		Percent of Increase
	Monthly Salary Minimum	Monthly Salary Maximum	Monthly Salary Minimum	Monthly Salary Maximum	
Salary Grade 29	\$9,354	\$12,720	\$9,653	\$13,127	3.2%
Salary Grade 30	\$9,625	\$13,089	\$9,933	\$13,508	3.2%
Electrical System/SCADA Supervisor					
Salary Grade 31	\$9,913	\$13,483	\$10,230	\$13,915	3.2%
Salary Grade 32	\$10,210	\$13,886	\$10,537	\$14,331	3.2%
Salary Grade 33	\$10,517	\$14,302	\$10,853	\$14,760	3.2%
Salary Grade 34	\$10,832	\$14,731	\$11,179	\$15,202	3.2%
Waste Water Chief Plant Operator					

**Table 6 Compensation Plan - Salary Range Schedule - Exempt**  
**Effective Fiscal Year 2025/2026**

	FY 2024/2025 Monthly Salary		FY 2025/2026 Monthly Salary		Percent of Increase
	Minimum	Maximum	Minimum	Maximum	
Salary Grade 40E	\$8,312	\$11,304	\$8,578	\$11,666	3.2%
Salary Grade 41E	\$9,078	\$12,710	\$9,369	\$13,117	3.2%
Customer Service Manager					
Public Affairs Manager					
Salary Grade 42E	\$9,622	\$13,472	\$9,930	\$13,903	3.2%
Salary Grade 43E	\$10,199	\$14,281	\$10,525	\$14,738	3.2%
Project Engineer					
Salary Grade 44E	\$10,811	\$15,138	\$11,157	\$15,623	3.2%
Senior Engineer					
Salary Grade 45E	\$11,460	\$16,046	\$11,827	\$16,560	3.2%
Operations Superintendent					
Salary Grade 46E	\$12,148	\$17,009	\$12,536	\$17,554	3.2%
Information Technology Manager					
Principal Engineer					
Salary Grade 47E	\$12,877	\$18,030	\$13,289	\$18,607	3.2%
Manager Engineering					
Manager Human Resources					
Salary Grade 48E	\$13,649	\$19,112	\$14,086	\$19,723	3.2%
Director of Engineering					
Director of Human Resources					
Salary Grade 49E	\$14,468	\$20,259	\$14,931	\$20,907	3.2%
Chief Financial Officer					
Salary Grade 50E	\$15,337	\$21,474	\$15,827	\$22,161	3.2%
Salary Grade 51E	\$16,256	\$22,762	\$16,777	\$23,490	3.2%
Salary Grade 52E	\$17,231	\$24,128	\$17,783	\$24,900	3.2%
Assistant General Manager					
Salary Grade 53E	\$18,265	\$25,576	\$18,850	\$26,395	3.2%

## CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

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

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

### **Overview**

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

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

The 2025-2026 Capital Budget includes replacing pumps and motors at Shenandoah Booster Station. In addition, multiple other capital projects for the water system are budgeted for 2025-2026 including coating the roof of the R-5 Reservoir, stabilizing the R-6 Reservoir southern slope, improving the cathodic protection system on Moulton Parkway and El Toro Road, rehabilitating Pressure Reducing Station No. 19, and several Human-Machine Interface (HMI) and Programmable Logic Controller (PLC) replacements.

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

The 2025-2026 budget includes construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project at the WRP. In addition, multiple other capital projects for the Wastewater System are budgeted for 2025-2026 including the Westline Main Switchboard Replacement, 4920 Lift Station Pump Replacement, and several HMI and PLC replacements.

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

The 2025-2026 budget includes implementing solutions to optimize the tertiary disinfection system. Any additional revenue beyond these expenditures generated from the capital rate charges is being used to pay the debt service costs.

## 2025/26 CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM

## Projects

### Source of Supply / Storage Projects

1	JRWSS Capital Budget	24,435
1	JRWSS Capital Budget (Carryover)	(11,368)
2	Baker WTP Replacement Fund	56,200
	<i>Total Source of Supply / Storage Projects</i>	69,267

### Pumping (Water) Projects

4	Water Stations PLC Upgrade to Control Logix	31,000
4	Water Stations PLC Upgrade to Control Logix (Carryover)	(31,000)
5	R-5 Reservoir Rehabilitation	194,000
6	Moulton Parkway/El Toro Road Cathodic Protection	218,000
6	Moulton Parkway/El Toro Road Cathodic Protection (Carryover)	(125,600)
7	R-6 Reservoir Southern Slope Stabilization	500,000
<b>Total Pumping (Water) Projects</b>		<b>786,400</b>

### Pumping (Sanitation) Projects

8	Sewer Stations PLC Upgrade to Control Logix	31,000
8	Sewer Stations PLC Upgrade to Control Logix (Carryover)	(31,000)
	<b>Total Pumping (Sanitation) Projects</b>	<b>0</b>

### Treatment (Sanitation) Projects

9	Headworks and Secondary Clarifier No. 1 Rehabilitation	4,785,000
9	Headworks and Secondary Clarifier No. 1 Rehabilitation (Carryover)	(444,235)
9	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,042,688)
9	Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP M NWD Payout)	(1,000,000)
	<b>Total Treatment (Sanitation) Projects</b>	<b>1,298,077</b>

**Outside Treatment (SOCWA and MNWD)**

10	SOCWA Capital Budget	170,571
10	SOCWA (Revenue Bond)	(170,571)
	<i>Total Outside Treatment (SOCWA and MNWD)</i>	0

### Other Studies

11	Asset Management	86,000
12	General Studies Fund	30,000
	<i>Total Other Studies</i>	116,000

### Contingency

13	Contingency	152,000
	Contingency	152,000

**Total Capital Projects** **\$2,345,743**

**LEGEND**  
**WATER**  
**SEWER**  
**BOTH**

### Equipment

### **Pumping (Water) Equipment**

1	Shenandoah Booster Station Pump & Motor Replacement	198,000
2	Water Station HMI Replacements	10,000
2	Water Station HMI Replacement (Carryover)	(5,247)
3	P-3 Motor Replacement	15,000
4	PRV-19 Rehabilitation	20,000
5	P-1 Chlorine Tank Replacement	22,000
6	P-1 Battery Project	900,000
6	P-1 Battery Project (Grant Funding)	(417,500)
7	Main PR Hydro Turbine	603,000
7	Main PR Hydro Turbine (Grant Funding)	(452,250)
	<b>Total Pumping (Water) Equipment</b>	<b>893,003</b>

### **Pumping (Sanitation) Equipment**

8	Westline Main Switchboard Replacement	113,000
8	Westline Main Switchboard Replacement (Carryover)	(37,250)
9	Sewer Station HMI Replacements	10,000
10	4920 Lift Station Pump Replacement	25,000
	<b>Total Pumping (Sanitation) Equipment</b>	<b>110,750</b>

### Treatment (Sanitation) Equipment

11	Tertiary Disinfection Optimization Project	148,000
11	Tertiary Disinfection Optimization Project (Recycled Water Reserves)	(148,000)
12	Secondary Clarifier No. 3 and 4 Scum Pump Station Replacement	80,000
12	Secondary Clarifier No. 3 and 4 Scum Pump Station Replacement (Carryover)	(80,000)
	<b>Total Treatment (Sanitation) Projects</b>	<b>0</b>

**Vehicles/ Vehicle Equipment**

13	Vehicle Replacement	64,000
13	Vehicle Replacement (Carryover)	(86,515)
14	Solids Hauling Trailer	307,000
<b>Total Vehicles/Vehicle Equipment</b>		<b>284,485</b>

IT and EI & C

15	Radio Communications Conversion from Cellular	70,000
16	WEROC Radios	24,000
17	Satellite Phones	5,000
18	Cyber Security Improvements	15,000
	<i>Total IT and EI&amp;C</i>	114,000

**Total Capital Equipment** **\$1,478,238**

<b>Total Capital Projects</b>	<b>2,345,743</b>
<b>Total Capital Equipment</b>	<b>1,478,238</b>
<b>Total Capital Budget</b>	<b>3,823,982</b>

Ten Year Capital Replacement & Refurbishment Program F.Y. 2025/26 - 2034/35														
NO.	DESCRIPTION	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/2035	TOTAL	WATER	SEWER
<u>Source of Supply / Storage Projects</u>														
1	JRWSS Capital Budget	24,435	12,399	2,087	4,911	10,958	10,958	10,958	10,958	10,958	10,958	109,580	109,580	
1	JRWSS Capital Budget (Carryover)	(11,368)										(11,368)	(11,368)	
2	Baker WTP Replacement Fund	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	56,200	562,000	562,000	
3	Potable Reuse Implementation Plan		517,000									517,000	517,000	
3	Potable Reuse Implementation Plan (Grant Funding)		(387,750)									(387,750)	(387,750)	
4	South Orange County Turnout Project				200,000	1,125,000	1,125,000					2,450,000	2,450,000	
Total Source of Supply / Storage Projects		69,267	197,849	58,287	261,111	1,192,158	1,192,158	67,158	67,158	67,158	67,158	3,239,462	3,239,462	
<u>Pumping (Water) Projects</u>														
1	Water Stations PLC Upgrade to Control Logix	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	40,000	41,000	357,000	357,000	
1	Water Stations PLC Upgrade to Control Logix (Carryover)	(31,000)	(613)									(31,613)	(31,613)	
2	R-6 Seepage Recovery Control Panel Rehabilitation							24,000				24,000	24,000	
3	R-4 Reservoir Interior Recoating					150,700	1,507,000					1,657,700	1,657,700	
4	R-5 Reservoir Rehabilitation	194,000										194,000	194,000	
5	R-2 Reservoir Exterior Recoating							28,300	283,000			311,300	311,300	
6	P-3 Pump Station Generator Project		77,500	775,000								852,500	852,500	
6	P-3 Pump Station Generator Project (Carryover)		(77,500)	(135,625)								(213,125)	(213,125)	
6	P-3 Pump Station Generator Project (Grant Funding)			(639,375)								(639,375)	(639,375)	
7	R-6 Reservoir Floating Cover and Liner Replacement								970,230	970,230	970,230	2,910,690	2,910,690	
8	Moulton Parkway/El Toro Road Cathodic Protection	218,000										218,000	218,000	
8	Moulton Parkway/El Toro Road Cathodic Protection (Carryover)	(125,600)										(125,600)	(125,600)	
9	SMWD Intertie Restoration						111,000					111,000	111,000	
10	R-6 Reservoir Southern Slope Stabilization	500,000										500,000	500,000	
11	Fire Flow Improvements at San Amadeo and Via Carrizo						8,200	82,000				90,200	90,200	
12	Fire Flow Improvements at Avenida Sevilla				45,600	456,000						501,600	501,600	
13	Fire Flow Improvements at Ronda Mendoza			11,600	116,000							127,600	127,600	
14	Fire Flow Improvements at Calle Sonora and Via Campo Verde							130,200	1,302,000			1,432,200	1,432,200	
Total Pumping (Water) Projects		786,400	31,387	44,600	195,600	641,700	1,662,200	301,500	2,593,230	1,010,230	1,011,230	8,278,077	8,278,077	
<u>Pumping (Water) Equipment</u>														
1	Shenandoah Booster Station Pump & Motor Replacement	198,000										198,000	198,000	
2	Water Station HMI Replacements	10,000	10,000	11,000	11,000	11,000	12,000	12,000	12,000	13,000	13,000	115,000	115,000	
2	Water Station HMI Replacement (Carryover)	(5,247)										(5,247)	(5,247)	
3	R-6 Chlorine and Ammonia Injection System Replacement		223,000									223,000	223,000	
4	Main PR Generator Replacement							61,000				61,000	61,000	
5	P-3 Motor Replacement	15,000										15,000	15,000	
6	R-5 Reservoir Mixing System Replacement				82,000							82,000	82,000	
7	R-1/R-2 Reservoir Mixing System Replacement							193,000				193,000	193,000	
8	PRV-19 Rehabilitation	20,000										20,000	20,000	
9	JTM PRV Inlet Isolation Valve Replacement		13,000									13,000	13,000	
10	Alscot Booster Station Electrical Equipment Replacement		285,000									285,000	285,000	
11	Spartan Booster Station Main Switchboard Retrofit		28,000									28,000	28,000	
12	P-1 Pump Replacement					116,000						116,000	116,000	
13	P-1 Chlorine Tank Replacement	22,000						27,000				49,000	49,000	
14	OC-77 Isolation Valve							100,000				100,000	100,000	
15	P-1 Battery Project	900,000										900,000	900,000	
15	P-1 Battery Project (Grant Funding)	(417,500)	(83,500)	(83,500)	(83,500)	(83,500)	(83,500)					(835,000)	(835,000)	
16	Main PR Hydro Turbine	603,000										603,000	603,000	
16	Main PR Hydro Turbine (Grant Funding)	(452,250)										(452,250)	(452,250)	
Total Pumping (Water) Equipment		893,003	475,500	(72,500)	9,500	43,500	(71,500)	393,000	12,000	13,000	13,000	1,708,503	1,708,503	



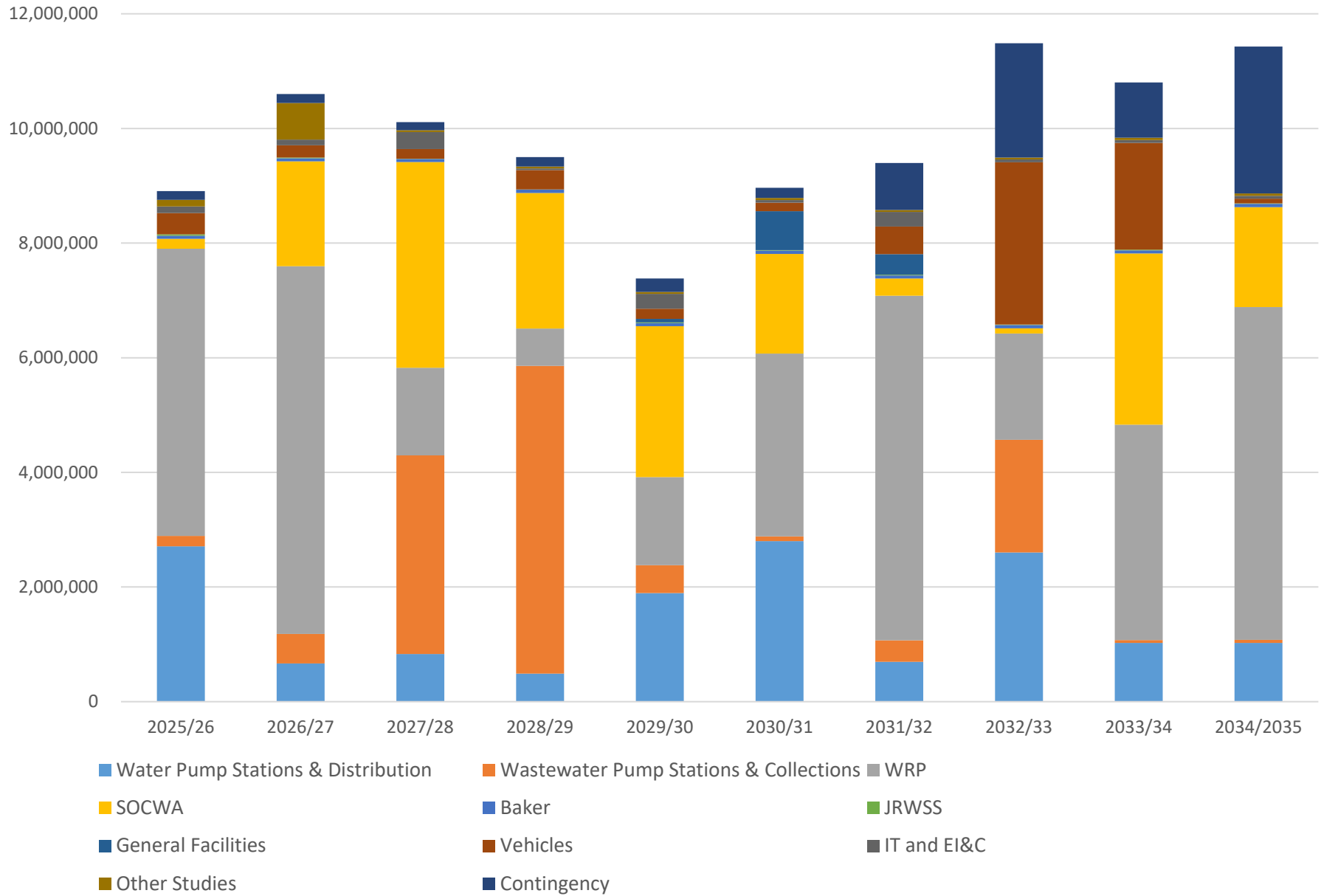
Ten Year Capital Replacement & Refurbishment Program F.Y. 2025/26 - 2034/35														
NO.	DESCRIPTION	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/2035	TOTAL	WATER	SEWER
<u>Pumping (Sanitation) Projects</u>														
1	Sewer Stations PLC Upgrade to Control Logix	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	40,000	41,000	357,000		357,000
1	Sewer Stations PLC Upgrade to Control Logix (Carryover)	(31,000)	(32,000)	(30,295)								(93,295)		(93,295)
2	Aliso Creek Pump Station Rehabilitation Project			3,421,600	5,132,400							8,554,000		8,554,000
2	Aliso Creek Pump Station Rehabilitation Project (Carryover)			(301,734)								(301,734)		(301,734)
2	Aliso Creek Pump Station Rehabilitation Project (Revenue Bond)				(2,000,000)							(2,000,000)		(2,000,000)
2	Aliso Creek Pump Station Rehabilitation Project (Accumulated Capital)			(444,726)								(444,726)		(444,726)
3	4920 Lift Station Coating Rehabilitation		12,000									12,000		12,000
4	Delta Lift Station Coating Rehabilitation				14,000							14,000		14,000
5	Delta Lift Station Wall Repair				55,000							55,000		55,000
6	Freeway Lift Station Coating Rehabilitation		42,000									42,000		42,000
7	Westline Lift Station Coating Rehabilitation					41,000						41,000		41,000
8	Mathis Lift Station Coating Rehabilitation		79,000									79,000		79,000
9	Veeh Lift Station Coating Rehabilitation					24,000						24,000		24,000
10	Westline Techite Replacement							155,000	1,550,000			1,705,000		1,705,000
11	Westline Techite Replacement (Grant Funding)								(1,278,750)			(1,278,750)		(1,278,750)
12	Northline Odor Control Project				125,000							125,000		125,000
13	Westline Site Access Improvements							135,000				135,000		135,000
Total Pumping (Sanitation) Projects		0	133,000	2,677,845	3,360,400	100,000	36,000	327,000	309,250	40,000	41,000	7,024,495		7,024,495
<u>Pumping (Sanitation) Equipment</u>														
1	Westline Main Switchboard Replacement	113,000										113,000		113,000
1	Westline Main Switchboard Replacement (Carryover)	(37,250)										(37,250)		(37,250)
2	Veeh ATS and Main Switchboard Replacement		153,000									153,000		153,000
3	Veeh Pump Replacement						38,000					38,000		38,000
4	Veeh Generator Unit 209 Replacement					269,000						269,000		269,000
5	Mathis Generator Unit 211 Replacement		184,000									184,000		184,000
6	La Paz Stabilization and Rehabilitation							36,200	362,000			398,200		398,200
7	4920 Electrical Equipment Replacement					105,000						105,000		105,000
8	Sewer Station HMI Replacements	10,000	10,000	11,000	11,000	11,000	12,000	12,000	12,000	13,000	13,000	115,000		115,000
9	4920 Lift Station Pump Replacement	25,000										25,000		25,000
Total Pumping (Sanitation) Equipment		110,750	347,000	11,000	11,000	385,000	50,000	48,200	374,000	13,000	13,000	1,362,950		1,362,950
<u>Treatment (Sanitation) Projects</u>														
1	Headworks and Secondary Clarifier No. 1 Rehabilitation	4,785,000	5,981,000	1,196,000								11,962,000		11,962,000
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Carryover)	(444,235)										(444,235)		(444,235)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Revenue Bond)	(2,042,688)	(1,882,125)									(3,924,813)		(3,924,813)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Grant Funding)			(372,211)								(372,211)		(372,211)
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Capital Reserves)		(1,000,000)			1,000,000						0		0
1	Headworks and Secondary Clarifier No. 1 Rehabilitation (Regional WRP MNWD Payout)	(1,000,000)										(1,000,000)		(1,000,000)
2	Secondary Clarifier No. 3 and 4 Rehabilitation								912,000	3,756,000	5,804,000	10,472,000		10,472,000
3	RAS Pump Station Rehabilitation						137,400	1,374,000				1,511,400		1,511,400
3	RAS Pump Station Rehabilitation (Carryover)						(24,800)					(24,800)		(24,800)
4	RAS Pump and Motor Replacement		73,000									73,000		73,000
5	Holding Pond West Side Drainage				390,000	401,000						791,000		791,000
5	Holding Pond West Side Drainage (Carryover)				(68,250)							(68,250)		(68,250)
6	WRP Site Seal Coat								151,000			151,000		151,000
7	WRP Warehouse Roof Repair					57,000						57,000		57,000
8	Air Gap Pump Station Abandonment		52,000									52,000		52,000
9	EPS Electrical Equipment Abandonment				55,000							55,000		55,000
10	Administration Building Pump Station Rehabilitation		309,000									309,000		309,000
11	Fine Screen Rehabilitation Project					726,000	2,990,000	3,849,000	793,000			8,358,000		8,358,000
12	OOPS HVAC System						58,000					58,000		58,000
Total Treatment (Sanitation) Projects		1,298,077	3,532,875	823,789	376,750	2,184,000	3,160,600	5,223,000	1,856,000	3,756,000	5,804,000	28,015,090		28,015,090
<u>Treatment (Sanitation) Equipment</u>														
1	Aeration Basin Diffusers			333,000		353,000						686,000		686,000
2	Tertiary Disinfection Optimization Project	148,000										148,000		148,000
2	Tertiary Disinfection Optimization Project (Recycled Water Reserves)	(148,000)										(148,000)		(148,000)
3	Secondary Clarifier No. 3 and 4 Scum Pump Station Replacement	80,000										80,000		80,000
3	Secondary Clarifier No. 3 and 4 Scum Pump Station Replacement (Carryover)	(80,000)										(80,000)		(80,000)
4	Aeration Basin Valve Replacement				206,000							206,000		206,000
5	New Turbo Blower							791,000				791,000		791,000
Total Treatment (Sanitation) Projects		0	0	333,000	206,000	353,000	0	791,000	0	0	0	1,683,000		1,683,000



Ten Year Capital Replacement & Refurbishment Program F.Y. 2025/26 - 2034/35														
NO.	DESCRIPTION	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/2035	TOTAL	WATER	SEWER
<u>Outside Treatment (SOCWA and MNWD)</u>														
1	SOCWA Capital Budget	170,571	1,828,855	3,586,777	2,362,780	2,633,131	1,740,114	297,051	90,579	2,986,287	1,744,016	17,440,161		17,440,161
1	SOCWA (Reserve Funding)		(1,724,370)	(1,633,380)								(3,357,750)		(3,357,750)
1	SOCWA (Revenue Bond)	(170,571)	(104,485)									(275,056)		(275,056)
2	MNWD Regional WRP Capital Budget											0		0
2	MNWD Regional WRP (Revenue Bond)											0		0
Total Outside Treatment (SOCWA and MNWD)		0	0	1,953,397	2,362,780	2,633,131	1,740,114	297,051	90,579	2,986,287	1,744,016	13,807,355		13,807,355
<u>Vehicles/Vehicle Equipment</u>														
1	Vehicle Replacement	64,000	148,000	169,000	174,000	179,000	148,000	190,000	1,332,000	323,000	80,000	2,807,000	1,403,500	1,403,500
1	Vehicle Replacement (Carryover)	(86,515)										(86,515)	(43,257)	(43,257)
2	Hydro Excavator									1,539,000		1,539,000	1,539,000	
3	Vactor Truck								1,495,000			1,495,000		1,495,000
4	Backhoe				166,000							166,000		166,000
5	Solids Hauling Trailer	307,000										307,000		307,000
6	New 275 kW Portable Generator							290,000				290,000	145,000	145,000
7	Electrical Vehicle Charging Station		65,000									65,000	32,500	32,500
Total Vehicles/Vehicle Equipment		284,485	213,000	169,000	340,000	179,000	148,000	480,000	2,827,000	1,862,000	80,000	6,582,485	3,076,743	3,505,743
<u>General Building Projects</u>														
1	Warehouse Backup Generator Unit 216 Replacement							359,000				359,000	179,500	179,500
2	Main Office Seal Coat						70,000					70,000	35,000	35,000
3	Administration Building Rehabilitation					60,900	609,000					669,900	334,950	334,950
Total General Building Projects		0	0	0	0	60,900	679,000	359,000	0	0	0	1,098,900	549,450	549,450
<u>IT and EI&amp;C</u>														
1	Office Phone System Replacement			54,000								54,000	27,000	27,000
2	Data Center Hardware Replacement					230,000						230,000	115,000	115,000
3	Radio Communications Conversion from Cellular	70,000	100,000	100,000								270,000	135,000	135,000
4	Access Control Panel and Keypad Replacement							179,000				179,000	89,500	89,500
5	WEROC Radios	24,000		26,000		27,000		29,000				106,000	53,000	53,000
6	Satellite Phones	5,000										5,000	2,500	2,500
7	System-Wide Security Camera Implementation						46,000	48,000	49,000	51,000	52,000	246,000	123,000	123,000
8	Cyber Security Improvements	15,000		16,000								31,000	15,500	15,500
9	SCADA and Historian Modernization			101,000								101,000	50,500	50,500
10	Advanced SCADA Analytics for Control Optimization				27,000							27,000	13,500	13,500
Total IT and EI&C		114,000	100,000	297,000	27,000	257,000	46,000	256,000	49,000	51,000	52,000	1,249,000	624,500	624,500
<u>Other Studies</u>														
1	Asset Management	86,000	88,000									174,000	87,000	87,000
2	General Studies Fund	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	40,000	346,000	173,000	173,000
Total Other Studies		116,000	119,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	40,000	520,000	260,000	260,000
<u>Contingency</u>														
1	Contingency	152,000	159,633	142,992	167,036	233,888	178,122	818,723	1,991,581	966,053	2,564,279	7,374,307	3,687,154	3,687,154
Contingency		152,000	159,633	142,992	167,036	233,888	178,122	818,723	1,991,581	966,053	2,564,279	7,374,307	3,687,154	3,687,154

Ten Year Capital Replacement & Refurbishment Program F.Y. 2025/26 - 2034/35														
NO.	DESCRIPTION	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/2035	TOTAL	WATER	SEWER
	<u>Total Capital Budget</u>	3,823,982	5,309,244	6,470,410	7,350,177	8,297,277	8,855,694	9,397,632	10,206,798	10,802,728	11,429,683	81,943,624	21,423,888	60,519,736
	<u>Total Capital Projects</u>	2,430,743	4,193,927	4,901,715	5,518,769	5,646,268	7,724,076	6,871,545	5,903,718	6,887,558	9,117,536	59,195,855	14,385,066	44,810,789
	WATER	994,167	378,644	263,135	528,470	1,939,780	3,255,889	770,839	3,176,783	1,337,901	1,739,458	14,385,066	14,385,066	
	SEWER	1,436,577	3,815,283	4,638,580	4,990,299	3,706,488	4,468,188	6,100,706	2,726,935	5,549,657	7,378,078	44,810,789		44,810,789
	<u>Total Capital Equipment</u>	1,393,238	1,115,317	1,568,694	1,831,408	2,651,010	1,131,618	2,526,087	4,303,080	3,915,170	2,312,148	22,747,769	7,038,823	15,708,947
	WATER	934,246	621,908	87,748	138,259	319,972	70,031	965,681	1,200,395	1,980,513	720,070	7,038,823	7,038,823	
	SEWER	458,993	493,408	1,480,946	1,693,149	2,331,038	1,061,588	1,560,406	3,102,685	1,934,657	1,592,078	15,708,947		15,708,947
	<u>Total Capital Investment</u>	8,907,206	10,601,587	10,111,256	9,501,927	7,380,777	8,963,994	9,397,632	11,485,548	10,802,728	11,429,683	98,582,338	24,146,845	74,413,865
	Capital Budget	3,823,982	5,309,244	6,470,410	7,350,177	8,297,277	8,855,694	9,397,632	10,206,798	10,802,728	11,429,683	81,943,624	21,423,888	60,519,736
	SOCWA Reserve	0	1,724,370	1,633,380	0	0	0	0	0	0	0	3,357,750	0	3,357,750
	Accumulated Capital	0	0	444,726	0	0	0	0	0	0	0	444,726	0	444,726
	Carryover	852,215	110,113	467,654	68,250	0	24,800	0	0	0	0	1,523,032	408,582	1,071,193
	Recycled Reserves	148,000	0	0	0	0	0	0	0	0	0	148,000	0	148,000
	Bond Funds	2,213,259	1,986,610	0	2,000,000	0	0	0	0	0	0	6,199,869	0	6,221,498
	Capital Reserves	0	1,000,000	0	0	(1,000,000)	0	0	0	0	0	0	0	0
	Regional WRP MNWD Payout	1,000,000	0	0	0	0	0	0	0	0	0	1,000,000	0	1,000,000
	Grant Funding	869,750	471,250	1,095,086	83,500	83,500	83,500	0	1,278,750	0	0	3,965,336	2,314,375	1,650,961

### Capital Expenditures by Category



## Capital Expenditures by Funding Source

